

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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European Council and Parliament adopt Milk Package in first reading

Report Categories:

Dairy and Products

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Report Highlights:

On December 6, 2011, the European Parliament and the Council reached an agreement on the “Dairy Package, which resulted from the recommendations of the High Level Expert Group (HLEG), created by former Agriculture Commissioner Fischer-Boel to help dairy farmers after the dairy crisis of 2009.” The proposal is strengthening farmers’ bargaining position by allowing them to jointly negotiate milk delivery contracts with dairy processors through producer organizations. EU dairy farmers reportedly lost €10 billion as a result of the dairy crisis.

General Information:

On December 6, 2011, the European Parliament and the Council reached an agreement on the “Dairy Package” in first reading under the co-decision procedure. This “Dairy Package” includes the Commission’s proposals to reinforce the bargaining power of milk producers which resulted from the recommendations of the High Level Expert Group (HLEG), created by former Agriculture Commissioner Fischer-Boel to help dairy farmers after the dairy crisis of 2009. Reports on the workings and recommendations of the HLEG are listed below.

The resulting regulation gives Member States the option to make written supply contracts mandatory between dairy farmers and processors. These contracts should be made in advance of delivery and contain elements such as the price, volume, duration, and payment and collection details. Farmers are also authorized to participate in producer organizations (PO) which may negotiate supply contracts.

The volume of milk that a PO may negotiate is limited to 3.5 percent of EU production and 33 percent of the national production of the Member State. However, the limit for small Member States with annual milk production of less than 500,000 MT (Malta, Cyprus and Luxembourg) is set at 45 percent instead of 33 percent. Milk cooperatives are exempt from these obligations if their statutes contain provisions similar to those of producer organizations. This regulation will be in force until mid 2020, with the Commission providing interim reports to the European Parliament and Council on the market situation and the functioning of the regulation in 2014 and 2018.

Commissioner Dacian Cioloş welcomed news of the agreement in a [press release](#) [1]. The EU farmers’ union, [COPA-COGECA](#) [2], also welcomed the news, noting that strengthening farmers’ bargaining position was much needed as EU dairy farmers lost €10 billion as a result of the dairy crisis, while profit levels of the overall dairy food chain has remained stable.

[Related FAS/USEU GAIN reports on the HLEG](#)

E50044	High Level Group makes 7 recommendations for EU dairy sector	06/28/2010
E50038	State of progress of the High Level Expert Group on Milk	05/17/2010
E50009	High Level Expert Group on Milk Prepares Future EU Dairy Policy	02/01/2010

[1]

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/877&format=HTML&aged=0&language=EN&guiLanguage=en>

[2] <http://www.copa-cogeca.be/Download.ashx?ID=857713&fmt=pdf>