

LP(12)4876:1

**MINUTES OF THE WORKING PARTY ON MILK AND DAIRY PRODUCTS HELD
ON 5.03.2012**

Present: Brichart, Loyer, Levron, Humbert, Martin, Osinga, Thurner, de Antonio, Sartella, Fernández Agustin, Quadro, Pofferi, Abrate, De Meo, Mezzogori, Sisinni, Rutkovska, Davis, Cardoso, Basto, Manninen, Isomaa, Kilpelainen, Zielinski, Radzio, Hoyer, Nielsen, Kiersey, Lascurettes, Addison, Flanagan, Mulvihill, Braun, Folgart, Schmidt, Fischer, Buttigieg, Masure, Matousek, Stefanikova, Praunauskas, Varga, Mansel

Secretariat: Gyorffy, Di Rubbo

The group approved the agenda. The minutes of the last meeting were also approved.

Three AOBs were introduced by members: climate conditions across EU (Spain), clarification on Copa-Cogeca paper on export refunds (Ireland), clarification on the strategy in the Advisory Group the following day. The point on the Draft letter on the adjustment of fat correction factors was added to the agenda.

The Chairman, Mr Brichart, the Vice-chairman, Mr Abrate and the DRV expert in the group, Mr Schmidt introduced the presentations to be given in the Advisory Group the following day [LP\(12\)1744 \(rev.1\)](#) (production costs in the milk sector), [LP\(12\)1746 \(rev.1\)](#) (milk price paid by dairy cooperatives), [LP\(12\)1747 \(rev.1\)](#) (the German's cooperative point of view on the milk market situation and perspectives).

Situation, management and perspectives for the dairy market

The Secretariat presented the short term outlook for milk and dairy products [COM\(12\)1507 \(rev.1\)](#).

The exchange of views on the market situation revealed that: there are Member States below quota (Spain, UK, Italy, Poland, Slovakia, Finland, Portugal, Malta, the Czech Republic, Lithuania) and Member States which are likely to exceed their quotas (Belgium, Ireland, Germany, Denmark, Austria, the Netherlands).

A majority of delegations underlined that prices are stable or have slightly fallen but that the production costs have risen. Italy has underlined the particular situation of cheese, with a slightly falling consumption which could also impact the prices. The Finnish delegation draw attention to the situation of the butter market with the decrease in prices.

The legislative proposals for the future of the CAP and the impact on the milk sector

The Secretariat presented this point [PAC\(11\)7038 \(rev.10\)](#), [LP\(12\)182 \(rev.2\)](#).

The delegations expressed the following views:

- internal flat rate represents a problem and has to be reflected in the paper – direct payments are very important in the overall income of milk producers and play a significant role in the investments on farm, phasing-in will not help (Denmark, Ireland); many dairy producers are disadvantaged by this (Spain, France);
- permanent grassland – to be strengthen (Denmark, UK); what happens with the number of cattle, should it be kept as in the accession treaty? (Lithuania)
- private storage of butter should be operable every year and not only used in emergency situations (Denmark, Ireland)
- intervention price – adequate level to have effective safety net (Denmark)
- relate market management to production costs (Spain)

- market support will be funded by crisis reserve; inadequacy of funds for the crisis reserve as crisis can happen in every sector (Ireland)
- no quantitative limits, no time framework for intervention during crisis (Germany)
- welcome provisions on POs, IBOs but it does not support the idea of contributions from non-members (Germany)
- simplification of the school milk scheme (Spain)
- 7% ecological focus area is too much (Italy)
- cooperatives should be POs from a legal point of view (Italy)
- better cope with volatility if regulate production (for cheese)
- income stabilization is an interesting aspect (France)
- art.28 is important - support to groups should not be limited (Spain)
- more flexible greening, producing more with less (the Netherlands)
- EIP – encourage cross-border cooperation, setting agenda for applied research (the Netherlands)

The Spanish delegation asked if the provisions on rural development and risk management will be included in this document and the Dutch delegation asked if art.104 and 106 applies to sheep and goats.

The chairman concluded that the milk sector will be penalized by the flat rate and that a provision on this should be included in the working document.

The milk package – future steps

The Secretariat mentioned that the milk package will be soon published in the Official Journal. The Commission will work on an implementing act on notifications and on a delegated act on trans-national POs and the calculation of amounts of raw milk for negotiation.

Draft letter on the adjustment of fat correction factors

The chairman informed the members that he was invited to have an exchange of views on the milk market situation with the Presidents of Cogeca organizations on 15.02.2012. Following the presentation given [LP\(12\)1124 \(rev.1\)](#) and the exchange of views with no clear political indication, the President of Cogeca suggested that this issue is addressed at technical level in the working party. As a result, the Secretariat prepared the draft letter on the fat correction factors [LP\(12\)1537 \(rev.1\)](#).

The delegations expressed the following views:

- welcomed the initiative and supported the letter - the working party should ensure that soft-landing is possible as this is a technical adjustment (Ireland, Denmark); supported the idea, EU needs to regain its market share, soft-landing is not working for all countries (Austria, the Netherlands)
- gradual reduction of super-levy (Germany)
- reserved position; market balance depends on better price; there is a strong volatility on the market and its balance is fragile (France); against changes (Finland, Poland, Italy, Spain); no change at this point of time (BE);
- more details are needed (UK)

The group was invited to vote on this issue. The Secretariat counted the votes and concluded that there was not a qualified majority in favour of the draft letter and consequently the draft letter would not be sent to the Commission.

EU Action Plan for Animal Welfare

The Secretariat presented this point. EFSA has recently launched an opinion on the welfare of dairy cows [EFSA\(12\)632 \(rev.1\)](#). An active and focused participation on these aspects is important.

The delegations expressed their views on how future legislation will be developed and asked for a coherent legislation and standards.

AOB

On the issue of export refunds raised by the Irish delegation, the Secretariat replied that it was a decision taken by the Praesidia on a horizontal basis.

The chairman concluded the meeting by thanking the members for their good collaboration and announced that he would no longer continue as a Chair of the Working Party on Milk and Dairy Products.
