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Extra-ordinary Agricultural Council stays the course in dairy policy

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Report Highlights:

The extra-ordinary Agricultural Council called on October 5, 2009, by the Swedish EU Presidency to appease farmer protests, did not depart from the 2008 Health Check agreement. However, an originally Franco-German 'common communication' seeking to establish a new EU dairy market management system has now found support with 20 out of 27 Member States. The European Commission has also become open to the latest version that would not seek anymore to reverse the 'soft landing' of the EU milk quota regime as agreed in the 2008 Health Check and has agreed to a High Level Group of dairy experts under DGAgri leadership to explore ideas.

General Information:

Called by the Swedish EU Presidency under pressure from dairy farmers, EU Agriculture Ministers convened in Brussels on October 5, 2009 for an extra-ordinary Council meeting. However, the Ag

Ministers only agreed on the establishment of a High-Level Group (HLG) of experts on milk under the presidency of DGAgri Director-General De Marty (See [press release](#) [1]). The HLG has been tasked with discussing the medium and long-term direction of dairy policy and will meet monthly beginning on October 13, 2009. The focus will be on:

- Contractual relations between milk producers and dairies to better balance supply and demand on the dairy market
- What can be done to strengthen the bargaining power of milk producers?
- Are the existing market instruments appropriate?
- Transparency and information to consumers, quality, health and labeling issues
- Innovation and research with a view to making the sector more competitive
- A possible futures market in dairy

The European Commission (EC) seems to be finding common ground with the now 20 EU Member States supporting the latest version of an originally Franco-German ‘common communication.’ This group, especially pushed by French Agricultural Minister Le Maire, is seeking to find agreement on a new form of EU market management for the dairy sector after the market liberalization or ‘soft landing’ as agreed in the 2008 Health Check. Commissioner Fischer-Boel remains adamant that the Health Check agreement can not be reversed. She warned that she could not support any new short term measures in reaction to a market ‘panic.’ Those were anyhow unrealistic as they would need an approval from EU Finance Ministers to put up more MS money for the CAP or needed an agreement to redirect other CAP money from direct payments to dairy farmers. Fischer-Boel further warned that the HLG’s work should not prejudice conclusions in the wider debate about the CAP post 2013.

Additional dairy support measures already suggested in September, including extending intervention, changing superlevy rules for overshooting milk quota, possibilities for milk quota retirement, increasing de minimis state aids to €15,000 and conveying emergency power for dairy to the EC, will be voted at the upcoming formal Ag Council meeting on October 19, 2009.

Protests during the October 5th extra-ordinary Council and reactions from farmer organizations exposed divisions between EU dairy farmers. Protesters mainly consisted of members from small radical farm organizations in France and Germany, while a majority of mainstream farm organizations refused to support the protests as destructive to EU dairy farmer’s image. Main EU farmer organizations support the abolition of milk production quota in 2015, but also support the ‘common communication’ idea for a new EU dairy market management that is less market distortive than the milk quota regime has been. For more background, see GAIN E49070 - [Informal EU Agriculture Council Meeting to discuss dairy situation, October 5, 2009](#), E49056 - [Update on EU dairy market situation](#) and E49031 - [Fisher-Boel refuses to reconsider agreement on soft landing of dairy quota](#).

[1]

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