



# The Milk Package

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# The Milk Package

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# 1. Objectives

- ✓ Promote use of contracts to increase awareness to market signals
- ✓ Rebalance bargaining power between milk producers and processors
- ✓ Increase transparency



## 2. Amendment to the single CMO

- ✓ Joint negotiation of contract terms
- ✓ Contractual relations
- ✓ Inter-branch organisations
- ✓ Transparency



### 3. Treaty (TFEU)

Article 42 provides that EU rules on competition shall apply to production of and trade in agricultural products only to the extent determined by the European Parliament and the Council within the framework of Article 43(2) TFEU, which itself provides for the common market organisation for agricultural products



## 4. Size limits

A producer organisation (PO) may negotiate contracts - including price - for the delivery of part or all of the joint raw milk production with a processor or collector, provided that total volume:

- ✓  $\leq 3.5\%$  EU milk production, and
- ✓  $\leq 33\%$  national production, and
- ✓  $\leq 33\%$  combined national production of all MS involved



## 5. Theoretical number of possible POs for joint negotiation purposes

Applying mathematically the thresholds of 3.5% of EU milk production and 33% of national milk production would result in:

- ✓ 5-6 negotiating POs in both Germany and France
- ✓ 4 negotiating POs in each of the other MS



## 6. Safeguards

Competition authorities may decide, in individual cases, that negotiations may not take place to prevent competition from being excluded or to avoid serious prejudice to SME processors





## 7. Contractual relations

MS may make contracts compulsory

In such a case, written contracts must be concluded in advance of delivery and include:

- ✓ Price (static or formula)
- ✓ Volume & timing of deliveries
- ✓ Duration of contract



## 8. Inter-branch organisations

Representatives of production, processing and trade

No activities incompatible with EU rules, such as market partitioning and price fixing

Possible activities (non exhaustive list):

- ✓ Improve knowledge & transparency
- ✓ Coordinate research & market studies
- ✓ Draw up standard forms of contract
- ✓ Adjust production to market requirements
- ✓ Improve quality



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## 9. Transparency & disturbance clause

- ✓ Joint meetings of experts from the single CMO Management Committee and the Advisory Group on Milk to assess the market situation and prospects
- ✓ In exceptional cases of serious imbalance, if market tools appear insufficient, the Commission could consider a system that would allow milk producers, on a voluntary basis, to reduce their deliveries against compensation



# 10. Time limit and reports

- ✓ Provisions limited to 30 June 2020
- ✓ Reports by June 2014 and December 2018



The legislative proposal and further information  
are available on

[http://ec.europa.eu/agriculture/milk/index\\_en.htm](http://ec.europa.eu/agriculture/milk/index_en.htm)

Thank you for your attention !



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