

Citizens' summary

"Milk Package" to stabilise the EU dairy sector

WHAT'S THE ISSUE?

- Following the dairy-sector crisis in 2009 – which saw farmers dumping milk in fields and streets – the European Commission is proposing a [package of measures](#) to:
 - **help stabilise the market** – balance supply and demand by improving contracts between farmers and dairies
 - **help stabilise farmers' income** – strengthen farmers' collective bargaining power relative to dairies
 - **improve transparency** throughout the dairy supply chain.

WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- Milk production comes under Europe's [Common Agricultural Policy](#). The EU is responsible for ensuring that CAP-related measures are applied by all member countries.
- However, since contract law is not the same everywhere, **countries will still be able to decide** whether or not to make contracts between farmers and processors compulsory.

WHAT EXACTLY WILL CHANGE?

- **Formal contracts** will encourage those involved in all parts of the dairy industry to:
 - be more aware of the **state of the market**
 - **respond better** to signs of changes in the market
 - keep wholesale and retail **prices more in line with prices paid to farmers**
 - **adapt supply** to demand
 - **end unfair commercial practices.**
- Dairy farmers will have **more collective bargaining power** because they will be allowed to negotiate prices and contracts as **part of a producer organisation.**
- **"Inter-branch" organisations** will bring together actors from the whole supply chain:
 - **improving knowledge** of production and the market
 - making for better-coordinated **research**
 - promoting best practice in **production and processing.**

WHO WILL BENEFIT AND HOW?

- **Dairy farmers** – who will have a **stronger bargaining position** thanks to better milk delivery contracts and the option to negotiate prices collectively.
- The **whole dairy chain** – farmers, processors, distributors and retailers will all benefit from **greater transparency.**

WHEN ARE THE MEASURES LIKELY TO COME INTO EFFECT?

- **2012 [after adoption by the European Parliament and Council]**