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EDA in discussion with EU Farm Commissioner Phil Hogan

Dairy exports are and will be of great importance for the EU market

What might have been planned originally for today ,s annual conference of the European Dairy Association (EDA) in Nice as a kind of cross-examination developed into a quite amicable debate between EU Farm Commissioner Phil Hogan and representatives of leading European dairy companies. In the event, titled "Our European Dairy Ambition", there were only a few dissonances, namely, as the President of the German dairy industry association MIV, Peter Stahl, emphasized that the EU non-delivery premium has come at an absolutely unsuitable time.

Hogan replied not without a slightly aggressive undertone that when the Commission warned of excessive amounts of milk, no one had done anything, neither the Member States nor the dairy industry. For him, said Hogan, the top priority is that the existence of milk producers can be secured, this is what he understands under the economic aspect of sustainability in terms of milk production.

Hogan had previously pointed out that one-third of the EU's MMP annual production is in intervention, that a total of € 1 billion was spent on top of the EU's 56 billion € agricultural budget, including € 600 million € for the extended intervention. Not surprisingly, Irishman Hogan proved as an advocate for dairy exports. The dairy industry accounted for € 9 billion of the EU's agricultural exports, Hogan emphasized. 90% of the sales ousted by the Russian embargo could be

accommodated elsewhere. But Hogan also underlined that the dairy industry will have to diversify their export destinations, so that the market will not get again get into trouble if a buyer country fails. According to Hogan, he does not want the dairy sector to register again as much intervention as in 2015/16. The sector, the Commissioner said on several occasions during the discussion, must remain market-oriented.

Hogan tries to promote exports with numerous trips to other countries. In addition, trade talks with Australia and New Zealand as well as with Japan are in the foreground. While negotiations with the Oceanic countries are progressing slow (and simply cannot take long enough out of the sight of the European agricultural sector), Hogan said that the talks with Japan are encouraging, and a conclusion is expected in the coming months. The situation is more difficult with China, as the negotiating positions of the Chinese are rather opaque and no clear strategy can be derived. Regarding Russia, Hogan reiterated that no relaxation is in sight, so the embargo will continue.



Discussion at the EDA 2016 Congress (from left): moderator Rose O'Donovan (Agra Facts), Daniel Jaouen (GM Lactalis), Peter Stahl (CEO Hochland), Michel Nalet (EDA President), Phil Hogan (EU Farm Commissioner), Peder Tuborgh (CEO Arla Foods) and Elli Siltala (Exec. VP Valio) (photo: IDM)

Brexit

As expected, the Brexit was also a topic for the discussion. Arla Foods CEO Peder Tuborgh is particularly worried because his company has one of his home markets in the UK. Hogan pointed out, among other things, that the UK, with an annual import of 450,000 tonnes of cheese, is a far bigger market than Russia ever was. However, since the UK has not yet entered into any exit negotiations, the question of maintaining mutual market access remains virtually unknown. What is certain, however, is that the EU will lose € 10 billion of contributions through the Brexit. This will certainly have an effect on the agricultural budget. Hogan could not make any promises as to how the

promotion of the EU agricultural sector will continue, because many of the funds currently in the community are disputed by different sectors (f.i. migration). The agricultural policy for 2020 must in any case take account of the international agreements reached so far and to provide stability for the markets. The Commissioner expects the current Task Force's proposals to be included in the CAP 2020.

Nationalist tendencies

Asked by Tuborgh for his opinion on a de facto renationalization of the EU's internal market by nationally imposed raw material origin labels, Hogan only explained that he is personally against such tendencies. Designations of origin should be linked to specific quality assessments, but this has not happened so far.