

INTERNATIONAL DAIRY magazine



A landmark event

eda Dairy Policy Conference 2018

The European Dairy Association (EDA)'s annual Dairy Policy Conference has become a landmark event in Brussels – about 200 dairy experts and executives debated on “European Dairy – Our Way Forward” at the 2018 edition on 21 March.

“The success of the dairy industry across the Union is based on the well-functioning of the Single Market, an ambitious EU trade strategy and on the Common Agricultural Policy – the success of our industry is based on the European project”, highlighted EDA chair Michel Nalet (Lactalis) in his opening statement.

The speakers' list and set-up of the conference underlined this profoundly pro-European approach of the EU dairy sector. In the first session, alongside the **Bulgarian Deputy Minister Dr. Tzvetan Dimitrov** representing the Bulgarian Ministry of Agriculture as well as the current Bulgarian Presidency of the Council of the EU, **Tom Tynan**, a member of the EU Commissioner for Agriculture Phil Hogan's Cabinet, exchanged views on the state of play, priorities and future options for the discussions on the CAP post 2020.

Peter Giørtz-Carlsen, Executive Vice President Europe (Arla Foods) and **Jacques Creyssel**, CEO of the French Retailer Association (FCD), echoed the dairy processors' and retailers' views on the dairy future in Europe and shared their insights into 'What's driving dairy?'



"After 25 years, the Single Market is still far from being completed and we have seen over the past years and months a tendency at Member State level to re-fragment the European market. Even worse: we have seen the European Commission, the guardian of the European Treaties, allowing Member States to do so," Michel Nalet deplored regarding the ongoing re-nationalization of food law, especially in terms of origin and nutrition labelling.

EDA's chair warned: "Over the past year, we have seen for the first time ever a decrease of intra-EU trade of certain dairy products. This tendency of fragmentation of the European market is unacceptable for us".

The EDA Dairy Policy Conference was perfectly timed: just after the European Council of the Agricultural Ministers that failed to reach a consensus position on the future of the CAP and a few days after the European Court of Auditors had criticized European Commission's CAP post 2020 project.

"The Bulgarian EU Presidency in decisive times"

Bulgarian Deputy Minister for Agriculture Dr. Dimitrov drew out a clear and distinctive line of Bulgarian agricultural priorities for their EU Presidency. He recognized the challenges in the balance between the several different priorities for farmers, producers and consumers.

"The main priority under this presidency is to organise an effective debate on modernisation and simplification of the CAP and its adequate



funding”, Deputy Minister Dr. Dimitrov claimed.

According to Dr. Dimitrov, in the past, the focus was on short term solutions for crisis situations, while no instrument has been found to solve the problems of the dairy sector on a long-term basis.

Dr. Dimitrov also elaborated the role and responsibilities of the Bulgarian EU Presidency referring to common long-term challenges like environmental protection, sustainability of EU agriculture, international trade negotiations and EU-UK trade relationships.

The Bulgarian Deputy Minister for Agriculture closed his intervention reminding to the audience the characteristics of the Bulgarian dairy sector and the variety of Bulgarian milk production based on cow, sheep, goat and buffalo milk. These peculiarities and the need to address common challenges clearly support the constructive ambitions of the Bulgarian government throughout its EU Presidency.

Following these reflections on the CAP post 2020 project from a Member State perspective, Tom Tynan reflected EU Commission services’ views on the issue.



“Brexit is a threat for the UK and the EU27 dairy industry”

Tom Tynan started off touching upon the future relations between the EU and UK and – referring to EDA chair Michel Nalet’s remarks – he stated: “The Single Market is the greatest asset of the European Union. The implementation of a customs control system would be a massive shock not only for the economy. We have fully integrated supply chains for instance, especially in

the dairy industry.”

Besides the huge consequences of Brexit on the entire dairy sector, Tom Tynan also recognized the considerable relevance of other trade discussions in comparison to Brexit talks. He acknowledged the quality and importance of EDA and DairyUK’s joint ‘Future EU-UK Dairy Framework’ paper, provided to EU chief Brexit negotiator Michael Barnier and UK chief negotiator David Davis ([see online](#)).

“The Common Agricultural Policy is value for money”

The European Commission representative referred then to the future of the Common Agricultural Policy (CAP) stressing that the scheduled reform will be an evolution and not a revolution. A one-size CAP cannot fit for all EU farmers. “A Member State’s lead approach is the way to take if we want to have the maximum dividend from the CAP in terms of jobs, growth and investment, in terms of environmental protection and in terms of food quality”, he added. “Clear defined, high-level objectives and priorities at

EU level integrating the United Nation Sustainability Goals and COP21 outcomes together with a greater degree of subsidiarity will deliver the environmental dividend that EU citizens expect from the CAP”.

Quoting European Commission’s President Jean-Claude Juncker, he claimed that the whole CAP costs half a cup of coffee per citizen, per day.

On the dairy side, Tom Tynan stressed the massive contribution of the sector to the EU jobs, investment and growth recalling the importance of the protection of dairy products. “This is what I call value for money”, highlighted Tom Tynan.

“LET’S RE-IMAGINE MILK - There is nothing like milk”

“Brexit and some negative debates on milk and dairy are the major challenges of our sector. And when looking at both issues, the discussions have lost all sense of common sense”, said Peter Giørtz-Carlsen, Executive Vice President Europe (Arla Foods) in his speech.

“Myths and alternative facts that were part of the Brexit referendum in 2016 have now been replaced by the facts that the UK will become a third country, but the most important third country and the largest trading partner of EU”, added Peter Giørtz-Carlsen.



The European Arla boss further stressed that the UK Dairy sector is extremely important for European partners and a hard Brexit would be extremely detrimental for the EU dairy sector. “The best possible solution is a free trade agreement without tariffs”, he stated.

“The work done by EDA, our host today, over the past twelve months in the Brexit dossier is impressive: ‘The Future EU – UK Dairy Framework’, that has been published jointly with DairyUK is a pro-active paper that goes far beyond the problem description in proposing solutions for a future UK – EU deal when it comes to dairy”, the former CEO of Arla UK said.

The second major challenge is the detachment of EU consumers vis à vis milk and dairy products. The goodness of a glass of milk is increasingly questioned and consumers are not only moving to alternatives but also to different drink types, including soft drinks. Peter Giørtz-Carlsen exposed the increasing confusion in consumers’ mind.

Emotional campaigns by NGOs are successfully influencing the public opinion by using only selective information and keeping a direct and emotional access to consumers. “No wonder that one fourth of the UK population is actively reducing their milk and dairy intake and the market for alternatives is growing”, claimed Peter Giørtz-Carlsen.

This is a real challenge for our industry and this is where we need to step up in the debate.

“But there is nothing like milk – look at the natural protein, calcium, and other nutrients’ content of milk. And then look at, for instance, almond drink – did you know there is only 3% of almond in almond drink?”

“We need to build a completely new connection to consumers, highlighting the unique nutritional value and recognizing our environmental sustainability”, was Peter Giørtz-Carlsen’s call for action to the audience.

“Emotions make the market”



Echoing Peter Giørtz-Carlsen’s presentation, Jacques Creyssel, CEO of the French retail organization FCD, pointed out the retailer responsibility in the 21st century as a crucial subject for the retail sector.

Jacques Creyssel highlighted some radical changes the retail sector is undergoing: a revolution of the business model, a revolution due to the advent of e-commerce (a risk for one third of jobs in the retail sector) and a digital revolution with a complete change for instance in data value and delivery models.

“97% of the growth in the French retail comes from SME products, ‘local’, organic or gluten-free.”

He further explained how retailers should not underestimate consumers’ expectations – consumers want healthy, natural, organic, local and responsible produced products – all at the same time and often without paying more for it. “Emotions shape the market”, he added.

The French retail boss concluded his reflection recalling the increasing importance of transparency regarding nutrition, origin, production methods and compositions. “Many consumers do mistrust the food industry”, he added. We therefore need to better inform consumers and strengthen trust among all actors of the food chain.

The chair of this session, Wim Kloosterboer (FrieslandCampina & chair of the EDA Trade & Economics Cmte.), concluded the lively debate, stating that: “The most important message is the need for an increased cooperation and better communication between the EU dairy industry and retailers, as the way forward for a common future success.”



