

## PRESS INFORMATION



**EU dairy industry welcomes new research paper indicating that strengthening the position of the EU dairy industry on the world market is the best way to ensure a profitable development for all partners in the supply chain.**

*Brussels, 19 September 2013*

EDA welcomes the research paper by Prof. Dr Holger D. Thiele, Dipl. Ing. Erhard Richarts, Dr. Henrike Burchardi on 'Economic Analysis of EU Dairy Sector Development beyond 2015: Trade, Exports and World Market Integration' that was presented at the "Dairy Conference 2013", University of Hohenheim on 16-17th September.<sup>1</sup>

Commenting on the report by Professor Thiele, Dr Joop Kleibeuker, Secretary General of the EDA said:

"The report demonstrates that the key fact about the European dairy industry is that it now operates in a global context. This must be the starting point for any debate about the future of policy for the dairy industry at the conference on "The EU dairy sector: developing beyond 2015" on organized by the EU Commission on the 24<sup>th</sup> September in Brussels.

It is the world market that will provide the biggest opportunities for the industry. Demand in the EU is only growing very slowly, but world demand is moving ahead vigorously and sustaining higher prices. To share in the growth the EU needs to focus on maintaining and enhancing its competitiveness. That should be the focus of EU's dairy policy in the future.

The global context of the dairy industry also means that the days of supply management are over. If European prices are essentially driven by the world market, then using supply management to try and manage prices would be a futile exercise. Supply management would mean that the EU would be attempting to manage the global supply/demand balance on its own. That would only benefit our competitors and undermine the ability of the European dairy industry to share in the growth of the

<sup>1</sup> Also available on EDA's website: <http://www.euromilk.org/eda/publications2.aspx?cid=22>

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world market. This is also made clear in an earlier report “Analysis of the Crisis Dairy Supply Management” by Michael Keane and Declan O Connor<sup>2</sup>.

Price volatility is an issue, but it has to be seen against a background of rising prices and the existence of the safety net to deal with it along with a potential range of other private sector instruments that could be developed.

EU dairy policy must be based on economic realities. For the dairy sector this means the need for competitiveness in a world market that will provide the industry with opportunities for growth. That’s a challenge, but it’s one that provides a positive prospect, and I’m confident that the EU dairy sector would be successful in meeting it.”

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### ABOUT THE EUROPEAN DAIRY ASSOCIATION

The European Dairy Association represents the interests of dairy processors in the European Union. The membership of the EDA consists of the national trade associations for dairy processors in each EU Member State.

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### FOR MORE INFORMATION

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<sup>2</sup> Analysis of the Crisis Dairy Supply Management; Proposal in the Report of the Committee on Agriculture and Rural Development (COMAGRI) on CAP Reform 2012/2013, Michael Keane PhD, Cork, Ireland, Declan O Connor PhD, Cork Institute of Technology, Ireland - <http://www.euromilk.org/eda/publications2.aspx?cid=22>