Comments on market information and transparency to Agricultural Market Task Force

Eucolait, the European Association of Dairy Trade, fully supports the setting up of the Agricultural Markets Task Force (AMTF) and wishes to contribute to its work. In response to the call for input on market information and transparency, we would like to make the following comments.

General considerations

Since the launch of the Milk Market Observatory (MMO) in April 2014, market transparency of the EU dairy sector has improved considerably. Much of the market data was already publicly available before the MMO, but it was scattered and not always presented in an easy to use manner. Most relevant data is now gathered in a 'one stop shop' for current and historical EU dairy market information as well as for possible future trends. We believe the MMO has also helped the Commission in its role of market monitoring and it has certainly improved the communication about market developments. Overall, despite certain shortcomings, it is fair to say that the MMO has established itself as an important information platform for all dairy stakeholders.

In our response, we have partly merged questions 1 and 2 regarding the quality of data as this is linked to the 'frameworks in data collection' and the role of the Commission and Member States respectively. We do not have a view on the kind of policy support needed to improve the use of market information by farmers. All our comments obviously relate exclusively to the dairy sector.

1. **Which data should be collected and disseminated?**

Data on input costs, cow numbers, milk collection, production, trade, prices and, in so far as available, on consumption and stocks.

2. **What can be improved in EU dairy market data?**

There is still room for improvement when it comes to the reliability and timeliness of some market data. We understand the difficulties linked to collecting data from 28 Member States but it should be possible to bridge at least some of the gap we see in comparison to for instance US dairy market information.

On **milk collection and production of dairy products** for instance, there is a time lag of some 1,5 months (today, 18.03, January production data is not yet available on the MMO website). In terms of reliability, some of the data provided by Member States to Eurostat is considered so inaccurate (e.g. Italy milk collection) that another source is being used instead. Currently, the accuracy of milk collection data is further affected by double counting of volumes (where milk collection centres are

treated as producers rather than first collectors of milk) and cross border deliveries. We hope this is only a temporary phenomenon in the aftermath of the quota removal. Furthermore, some production data per Member State is completely missing and we wonder whether this is always due to reasons of confidentiality.

Trade data (EU exports and imports) should also be made available more rapidly as in this area we also witness a time lag of approx. 1,5 months (publication of January figures in mid-March). We assume this would require further improvements in the coordination and cooperation between Eurostat and Member States.

As far as **price information** is concerned, the weekly reporting is satisfactory. The EU average prices, while reflecting the general trend, do not correspond to real market prices. It is however difficult to find a representative EU quotation. The EEX index for instance is composed of the Dutch, French and German quotations. Perhaps this, or a similar index composed of the quotations of a small number of key Member States for the commodities in question, could be published to complement the EU average.

In addition to EU, US and Oceania price data, **price information from the main operating futures markets should be collected and published on the MMO**. This would contribute to price discovery and promote the use of dairy futures in Europe, where these markets are still lacking liquidity.

Albeit hard to come by, **data on dairy product consumption** should be included on the MMO website. Currently, such data is only available in certain Commission and Eurocommerce presentations at the MMO Economic Board. This should be completed by data on the other uses of dairy products, namely food service and as ingredients for the food industry (chocolate, confectionery, pizza, ready-to-eat foods etc.). In the same vein, it might be considered to invite representatives of such sectors to the MMO meetings on an ad hoc basis in order to complete the picture.

As regards **stock levels**, the MMO provides detailed information on public (intervention) stocks as well as private stocks benefiting from private storage aid (PSA). In relation to the latter, Eucolait has repeatedly stressed the **necessity to obtain information on the stock situation on a weekly basis**, as is the case for volumes for which applications have been lodged (=quantities entering PSA). Today, we know the total private stock level at the end of January, which is by now historical information. Moving to a weekly reporting system will probably require a change to the relevant regulation but this is crucial information for market participants. In addition, this information is already provided on a weekly basis in many Member States so it should not constitute a huge additional burden to also communicate the information to the Commission.

The collection of accurate information on stocks not subject to any public support scheme is difficult, except where publicly available like in the US.

3. At which levels of the food chain should data be collected?

Data on production and on the various uses of dairy products should be collected at all stages, i.e. as is the case at present, completed by data on the utilisation of dairy products in the EU (retail, food service, ingredients for food industry). We question the value of publishing aggregated information on prices and margins at all stages of the supply chain in comparison to the burden involved.

4. Is the level of product disaggregation satisfactory?

We believe it is.