



Vision for Agriculture and Food - Eucolait priorities

The EU Vision for Agriculture and Food, to be unveiled in the first 100 days of the incoming Commission's mandate, is set to outline Europe's strategic priorities in this field and to provide a framework for the next legislative cycle. This revamped Farm to Fork strategy will likely draw heavily on the findings of the strategic dialogue on agriculture.

Eucolait as the voice of the dairy trade has the following priorities and recommendations for the new food strategy.

The Vision for Agriculture and Food must recognise the strategic importance of the dairy sector for food security and promote its competitiveness, resilience and sustainability

The dairy sector is an integral part of sustainable food systems. Dairy products are a rich source of many essential nutrients and thus key to global food and nutrition security. The social dimension of dairying is undeniable as it contributes to the livelihoods of around 1 billion people globally. In the EU, milk is produced in all Member States and is an important contributor to rural economies. On the environmental front, the European dairy sector is constantly improving its environmental performance across the supply chain through a variety of measures, including carbon farming, improved manure, water and energy management and various innovative farming techniques.

The Vision for Agriculture and food must recognise the role of trade as an essential pillar of sustainable food systems and a powerful climate mitigation tool

Trade is vital for ensuring accessibility, affordability and availability of food. Trade complements local food systems by moving products from surplus to deficit regions. In Europe, trade within the highly dynamic single market guarantees that the largest possible variety of dairy foods can be enjoyed all over the continent. In addition, the EU currently exports about 20% of its milk solids and is in principle well placed to continue serving the still growing global demand for dairy nutrition. Greenhouse gas emissions from the European sector are already among the lowest in the world and are being reduced further.

Eucolait calls for an enabling, stable and coherent policy environment which is essential for business planning

We urge the European Institutions to follow through on their commitment to better regulation, limiting the administrative burden on businesses. The main objective of EU policy should be to create a framework stimulating innovation and entrepreneurship, while supporting operators in the green transition. Reporting and other prescriptive requirements should be reduced to the necessary minimum. The corporate sustainability reporting and due diligence directives have laudable objectives but the additional workload for companies is simply gigantic.

Completing and guaranteeing the integrity of the single market for food should be considered a key priority for the next 5 years

The single market with its four freedoms is the cornerstone of the EU. In accordance with the subsidiarity principle, EU legislation should only cover areas and issues which are best addressed at European level. At the same time, fragmentation of the single market for food through diverging national food laws must be avoided. Regulations by individual member states, for instance on mandatory origin labelling, have seriously affected trade flows within the internal market. European dairy exporters are struggling daily with pre-certificates requested for health certificates in cases where milk or ingredients from another Member State are used in the final product to be exported. Similarly, food safety checks on imports and European products are not carried out in a harmonised manner, creating trade distortions.

The EU needs an ambitious trade agenda providing improved access to international markets

Eucolait is convinced that EU must remain a champion in promoting open and rule-based trade. Further diversification of market access opportunities is essential for the resilience of dairy supply chains. We are therefore supportive of all ongoing trade negotiations and pending agreements and hope for their swift conclusion. These deals, like existing FTAs, will boost the competitiveness of EU's dairy exports to the benefit of the whole dairy sector. Many of the ongoing talks are with countries in Asia, which is the world's most dynamic region, including when it comes to dairy consumption growth.

In addition to traditional market access negotiations, the EU's trade policy must continue addressing technical and sanitary barriers to trade, which are constantly growing in number. This can partly be achieved through improved implementation of FTAs, but mostly requires holding importing countries to their WTO commitments.

Develop a comprehensive, coherent and realistic strategy for agri-food trade

A comprehensive strategy for agri-food trade, as recommended by the strategic dialogue, could be a way of achieving greater coherence between the EU's economic, social and environmental objectives. While EU should promote its standards in the relevant international fora, the very different realities and levels of development of our partner countries must be acknowledged. For the same reason, the EU needs to adjust the level of ambition of the sustainability requirements in its free trade agreements, depending on the country. The sustainability commitments in the EU-NZ agreement cannot realistically be replicated in ongoing negotiations, notably with Asian countries, due to different values, resources and priorities and the inability to comply with EU's demands. If the EU does not follow a more pragmatic and moderate approach, it will fail to conclude further trade agreements. The ultimate outcome will be worse from a sustainability perspective, as without any agreement, there will be no framework for further cooperation.

A growing pillar of EU's trade agenda are its unilateral measures applied to imports, in addition to domestic goods, such as the deforestation regulation. Such regulations aiming to boost the green transition must of course be WTO compatible and designed in such a way that they are implementable in practice with a reasonable administrative burden. A failure to do so will trigger retaliation by our trading partners, in turn hurting our industries. As recent examples show, dairy is often among the first in the firing line.

Maintaining the rule-based global trading system is essential for dairy trade

Current WTO rules do not reflect the realities of today, and a reform is needed to revive the system. We encourage the EU to continue showing leadership in reforming the WTO, repairing its dispute settlement mechanism and getting the multilateral trade negotiations moving again.

Further EU enlargement is beneficial and a geopolitical necessity

A growing union, and particularly the prospect of the accession of Ukraine (an agricultural powerhouse) in the next decade, will present both challenges and opportunities for EU agriculture. For the dairy sector, it is primarily an opportunity due to the size of Ukraine's market and the possibilities for reciprocal trade. Ukraine is already partly integrated into the EU dairy sector due to regulatory alignment and the autonomous trade measures which should be made permanent. The groundwork also needs to be done now to prepare for the integration of the other candidate countries into the EU internal market. Open and honest dialogue, considering concerns and issues such as infrastructural shortcomings, will be crucial from now on.

The market orientation of the Common Agricultural Policy and of the dairy sector should be maintained and reinforced

The European dairy sector was subject to progressive deregulation and market liberalisation during past reforms, which culminated in the abolition of the milk quotas. The EU dairy market today is highly transparent, since most relevant market information is publicly available in the Milk Market Observatory and other sources. This allows operators across the supply chain to act according to market signals. Public intervention mechanisms should therefore be limited to exceptional circumstances of market failure. Eucolait directly contributes to market transparency in the MMO and in the agricultural food chain observatory.

A constrained budget means that the available funds must be used wisely. Ideally, all parties should obtain a fair return for their contribution and value added, however we recognise that the provision of public (environmental) goods by producers is currently not sufficiently rewarded by the market.

Eliminate unfair trading practices but refrain from excessive supply chain regulation

Eucolait supports fairness in the supply chain through a robust legal framework which ensures that contracts are respected, and which protects against grossly unfair clauses usually occurring when there is an imbalance in the bargaining power. Any form of unfair trading practices should of course be banned, but the UTP directive should not be misleadingly presented as a solution for obtaining better prices. We are not in favour additional regulation covering contractual relationships in the food supply chain which would interfere in the price formation mechanisms of the market.

