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MINUTES

MEETING OF THE Civil Dialogue Group Milk via videoconference (Interactio) Tuesday 8 February 2022

Chair: Unit AGRI E3 Animal Products

Delegations present: all delegations were present, except EuroCommerce

1. Approval of the agenda and of the minutes of previous meeting

The agenda was approved, with the inclusion of AOB points proposed by ECVV (European Commission position at WTO) and EFFAT (Dutch government's plan to reduce the number of livestock).

2. Nature of the meeting

The meeting was non-public and held via videoconference.

3. List of points discussed

Market situation and outlook

The Commission presented the most recent market data. The milk market is still characterized by tight supply, hardly matching strong demand. Signals of production slowdown were observed also in the US, Oceania and the UK. DE, FR, NL, IT and PL followed by IE, ES, DK, BE and CZ were the top-10 milk producing EU MS in the first 11 months of 2021.

Raw milk and dairy products prices keep moving up week after week and are well above recent and medium term references. From mid-2020, a significant increase in input prices (energy, fertilisers, plant protection products and animal feed) has been observed.

EU cheese and whey powders exports have been showing the best performance last year. Contrary to the export to the UK, EU dairy exports to China have been exceptionally strong in 2021.

Some supply and demand factors were presented to illustrate their potential impacts on the dairy market. Among supply factors, natural gas prices could be reduced in Q2 and Q3, while

crude oil prices could still keep relatively high levels. Fertilizers prices could remain a challenge as well. Freight costs and resulting supply chain disruption could likely last over 2022, with some concerns rising from the current Omicron waves (notably shortages of labour).

Crops prospects are mixed, weather impacts negatively corn and soya beans yields in South America. In the EU, so far, the weather conditions are good, and prices support plantings while fertilizers costs are to be watched.

Global milk supply could still remain tight, with some growth expected in the second half of 2022 in New Zealand (on the lower levels in 2021 due to dry weather) and 1.5% milk production growth in the US in 2022. Increasing supply could help easing prices, and therefore support the demand, which is currently facing some inflationary pressure, the EU included. The EU milk supply growth will need to cope with both market and policy-related factors (e.g. also linked to some changes of governments in some EU countries). The developments of imports to China remain unclear. Nevertheless, their drop could be compensated by other destinations and they could be sustained if the domestic milk price remains above prices of imported products.

COPA expressed the view that milk production is likely not to expand a lot in coming years due to upcoming environmental and animal welfare higher standards and regulations as well as higher production costs. COGECA agreed with COPA. Farmers want to move forward in sustainability but in this drastic economic situation on the farm level is not easy.

Update on the implementation of the market transparency regulation

The Commission gave an overview on the state of play on new prices and market information for milk and milk products and fat-filled powder in the context of market transparency, noting many notifications are still missing. Data on organic raw milk (production and prices) is already published on the EU agri-food data portal. Weekly selling prices of drinking milk and cream are on the priority list for publication.

Update on the EU School Scheme

The Commission highlighted the main points from the Member States' monitoring reports on the 2020/2021 school year, the first one without the UK (formerly participating in the milk part, with around 1,5 million children) and with EL finally not implementing the scheme due to internal issues:

The preliminary figures show a reduction in the number of participating children (around 16 million) and the quantities of distributed products (around 117 million litres of drinking milk) compared to previous school years. This is the result not only of the UK withdrawal but also of difficulties in implementation linked to COVID-19 restrictions. Despite efforts made to ensure continued participation, school closures or distance learning affected the distribution of products; some educational measures, such as farm visits or cooking/tasting classes, could not take place or were significantly reduced.

The impact of Covid-19 is less clear on expenditure, which improved compared to the previous school year. As of 31 December 2021, expenditure for school milk was around EUR 66 million or 66% of EU aid for the school year, on average in the EU.

The monitoring reports are being assessed before they are posted in the Europa school scheme webpage, together with an EU summary.

By 31 January, Member States sent their requests for EU aid in the next school year (2022/2023) and for adjusting EU aid in the ongoing school year (2021/2022). The Commission decision is scheduled for adoption and publication in the OJ by mid-March.

Review of the legislative framework for the EU school scheme planned for 2023: the Commission will consult citizens and stakeholders on the functioning of the current scheme and on the options for its review. The consultation, based on a structured questionnaire in all EU languages, is planned to be launched in March and last for twelve weeks. The Commission commissioned an external evaluation support study – currently ongoing - that is envisaged to be finalised in the last quarter of the year.

In reply to the question by IFOAM whether the Commission encourages organic milk under the EU school scheme, it was clarified that the EU school scheme legislation allows Member States to prioritise organic products. Several Member States do so, usually through the attribution of points in the selection/award criteria. Under the organic action plan, the Commission committed to engage with the Member States to consider ways to increase the uptake of organic products in the EU school scheme as part of its reform.

It was also clarified that the review of the EU school scheme is one of the actions in the Farm to Fork strategy for a more sustainable production and consumption. At this state of the process, it is too early to anticipate the outcome of the review.

Revision of food information rules (origin labelling, nutrition labelling, nutrient profiles, date marking)

The Commission informed about the consultation strategy for the Impact Assessment of the review of Regulation (EU) No 1169/2011 on the provision of food information to consumers (FIC Regulation).

The Commission is consulting the public and all relevant stakeholders through public and targeted consultations. The objective of these consultation activities is to support the Commission's Impact Assessment by gathering citizens' and stakeholders' views while also collecting additional data.

An Open Public Consultation (OPC) was launched on 13 December 2021 via the 'Have your say' portal and is running for a period of 12 weeks until 7 March 2022. This public consultation aims at collecting the views of citizens, professional and non-professional stakeholders about proposals for the revision of Regulation (EU) No 1169/2011 on the provision of food information to consumers (FIC Regulation) in the following areas: Front-of-pack (FOP) nutrition labelling/ Nutrient profiling, Origin labelling, Date marking and labelling of alcoholic beverages. The open public consultation can be consulted here:

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12749-Food-labelling-revision-of-rules-on-information-provided-to-consumers/public-consultation_en

Furthermore, targeted stakeholder surveys will be conducted in this context in the coming weeks and will involve national competent authorities, food business operators, SMEs and consumer/ public health organisations. Stakeholders can register for the targeted survey by using the following link: https://icfconsulting.qualtrics.com/jfe/form/SV_b8ef4rZ1GNzf9hY.

Following the OPC and targeted consultations, interviews with business networks, consumer/public health associations and international partners will follow in the course of February and March to explore particular issues in more depth.

Finally, stakeholder workshops on FOP nutrition labelling/ nutrient profiles, origin labelling and the labelling of alcoholic beverages will be organized, where all relevant stakeholders groups will be invited.

Further information on the proposed initiatives are available on our SANTE webpage: [Food labelling - revision of rules on information provided to consumers \(europa.eu\)](#). All details regarding the upcoming consultation activities will also be published there.

Stakeholders generally expressed concerns about compulsory origin labelling for dairy products and on nutrition labelling/profiling (Nutriscore).

EU sustainable food systems framework initiative

The Commission informed about the upcoming creation (as of 15 July 2022) of an Advisory Group on Sustainability of Food Systems. On 12 January 2022, the Commission launched a call for the membership of the Advisory Group on Sustainability of Food Systems. The published call and more information are available at the following link: [Register of Commission expert groups and other similar entities \(europa.eu\)](#)

The deadline for the submission of applications is 10 February 2022.

EDA (Food Drink Europe) stressed the need to agree on a definition of ‘sustainability criteria’ to be used in an objective way in the different farm to Fork Actions currently under discussion.

Ukraine: safeguard investigation concerning cheese imports from the EU

The Commission informed on the safeguard investigation on imports to Ukraine of certain types of cheese. This investigation process was initiated by Ukraine on 24 December 2021. The Commission provided written comments on the initiation of investigation within the deadline (within 45 days from the notice publication). The Commission presented detailed reasoning why the imposition of safeguard measures by Ukraine would not be legally justified.

Eucolait supported Commission’s intervention in the investigation and outlined their arguments. In addition, the application of safeguard duties or quotas would be completely inappropriate in a context of deeper market integration and negotiation of additional concessions for Ukrainian products to the EU (and vice versa).

Egypt: new Halal certification requirements for dairy products

The Commission gave an overview on the state of play on recent new Halal certification requirements for exports to Egypt. In July 2021, the Egyptian government decided that all Halal certification would have to be carried out by a state-run company IS EG Halal. The Commission expressed concerns regarding the monopoly of one certification body and lack of written guidance to exporters. Following intensive efforts by the Commission to find solutions, Egyptian authorities notified the measure to the WTO and allowed imports of milk and milk products that are not certified by IS EG Halal to enter Egypt until 28 February 2022.

The Commission submitted formal comments to the WTO and asked for detailed written guidance for exporters.

Eucolait welcomed the search for solutions. One Halal certification body remains problematic, as well the extreme lack of confirmed information.

European Commission position at WTO

The Commission provided an update on discussion at the WTO level. 12th Ministerial Conference (MC12) was postponed at the last minute and there is no clarity on the new date. The Commission presented EU's position on a number of issues, including public stockholding, agricultural subsidies, transparency, UN World Food Programme, environmental clauses and standards.

Taking stock after the first year of the new EU – UK trading arrangements: assessment of UK import requirements

Eucolait presented an overview of the dairy supply chain, focussing on the role that trade plays in it. Detailed data on UK-EU trade flows were presented together with an explanation of why trade has declined. Eucolait also informed on significant changes in EU-UK trade conditions, which are in place since 1 January 2022, including new procedures and requirements at UK customs. Export health certificates, physical checks, customs declarations and need for digital certification were also discussed.

Update on ongoing trade negotiations relevant for dairy (New Zealand, Australia, Indonesia)

The Commission informed on the ongoing FTA negotiations with New Zealand, Australia and Indonesia.

The Commission informed on the outcome of the 11th round of negotiation with New Zealand that was held from 28 June to 8 July 2021 by video conference. As of the 2nd half of 2021, consultations were held with New Zealand to explore the possibility of conclusion of the deal by the end of last year. Despite of substantive progress scored, both Parties concluded that not all conditions were met and the negotiations will continue in 2022. 12th round of negotiations is planned for the period from 15 to 25 March 2022. Market access is not on the agenda for discussion.

The Commission informed on the outcome of the 11th round of negotiations on an EU-Indonesia FTA that took place virtually in the week of 8 November 2021, which delivered on the objective of rebuilding momentum in the process. Some progress at technical level has been made. Both sides reached agreement on the SPS chapter, which was closed. Moreover, the Commission reported on the state of play of negotiations on other areas such as Trade in Goods, GIs or Trade and Sustainable Development. Discussion on GIs focused on the finalisation of the respective lists

Eucolait welcomed the agreement on ambitious text on SPS.

The Commission informed on state of play on the 11th and 12th rounds of negotiations for a trade agreement between the EU and Australia. The 11th round of negotiations was held from 1 to 11 June 2021 and the next round will be this and next week.

AOB: Dutch government plan to reduce the number of livestock

As a general comment and without taking position on the basis of a press article, the Commission referred to the room for manoeuvre available for Member States to adopt measures as long as they respect the EU legal framework. From the details referred to by EFFAT, the measure at stake seems rather in line with the farm to Fork strategy ambitions.

ECVC agreed with EFFAT that when environmental transitions are planned, social consequences should be fully taken into account.

4. List of participants - Annex

Michael SCANNELL

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes
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Member Organisations	Number of Persons
EuroCommerce	0
Eurogroup for Animals	1
European agri-cooperatives (COGECA)	7
European Coordination Via Campesina (ECVC)	3
European Council of Young farmers (CEJA)	4
European Environmental Bureau (EEB)	1
European farmers (COPA)	3
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	6
European Milk Board (EMB)	2
Farmhouse and Artisan Cheese and dairy producers' European network (FACEnetwork)	1
FoodDrinkEurope (FoodDrinkEurope)	7
IFOAM Organics Europe	1