



connect to the world of dairy
Secretary General

2020/34/AA-ch
Brussels, 25th March 2020

**Ms Catherine Geslain-Lanéelle, dep hoc EU COM Janusz Wojciechowski
Mr Michael Scannell, director DG AGRI
Mesdames et Messieurs Chair and Coordinators of the EP COM AGRI
Agricultural Counsellors of the EU Member States and of
the United Kingdom**

cc: Ms Brigitte Misonne, hou DG AGRI, Mr Carlos Martin-Ovilo, dep hou DG AGRI, Mr Andreas Schneider, cabinet

25th March 2020 update: COVID19 and milk & dairy supply

Dear Ms Geslain-Lanéelle,
Monsieur le Directeur Michael Scannell,
Mesdames & Messieurs les Député(e)s
Mesdames & Messieurs les Attaché(e)s Agricoles,

just before the videoconference of the EU Ministers of Agriculture, please allow me to share a **short update** to our last 'Covid19 EU Dairy Situation' (dated 23 March 2020):

1. Today, the **three essential sectors are human health, medical supply and food & dairy**. When establishing ever stricter confinement plans at national levels, the dependence of these three sectors on other industries and the vital need of these three essential sectors for workforce, input

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material and supply must be kept in mind in order to assure the functioning of these essential sectors.

2. The full operation of all milk processing capacities is getting limited by **lacking dairy workforce** (#MilkHeroes) due to covid19 and covid19 related measures, **including restrictions of free movement of workforce and technical support teams** within countries and between member states (e.g. from the Czech Republic to Germany).
3. The demand for consumer ready milk and dairy products is still above normal. Today, the **limitation of packaging material** supply forces dairies to make **flexible use of packaging material** without putting at risk the safety of the product (e.g. GMO-free packaging, 'pastureland' packaging, origin labelled packaging, etc etc).
We do expect control authorities to accept this flexibility in current times.
4. Local open-air food markets are the main outlet for a number of SME dairies across the Union. The **closing down of those open-air food markets** in some countries (like in Croatia or France) has cut off a big number of SME dairies from their most important outlet. In the current situation, **the collection of the respective milk and its processing by other dairies cannot be guaranteed**. That's one of the reasons, why we asked (as per 19 March 2020) to **establish urgency schemes for dairy farmers and milk & dairy processing companies** (see below).
5. Today, while we are mobilizing all our efforts and capacities to guarantee reliable and stable supply of milk and dairy products, both within the EU Single Market and at international level, the **dairies in the Union face high pressure from the retail sector to lower down prices for consumer ready goods (esp. UHT milk) and to accept longer payment delays.**





While we acknowledge the extraordinary commitment of the retail workforce in our shared effort to keep shelves and fridges stocked, we all have to condemn such pressure by the retail sector, that can only be qualified as unethical.

6. The market situation and the export situation with regards to the increased bulk production (SMP, butter, cheeses) did become even more worrying since our 23rd March update: the shutdown situation' in now basically all parts of the Union and the increasing raw milk volumes (seasonal peak of milk production) combined with an **increasing number of quarantained / non-operational work force** and a **restricted supply of operational supply** (packaging material et alia for consumer ready products) force EU dairies to **shift milk volumes to less labour intensive and less packaging dependant processing facilities (drying towers)**.
7. Furthermore, all over Europe, export operations are limited by container and freight availability. **In this situation, the storage of dairy products (SMP, butter and cheeses) is the only option. That's why storage costs are increasing throughout the Union.**

We therefore repeat our asks to the European Commission and the Member States of our Union:

- 1) Continue to insist at Member States level to allow **frictionless milk collection and milk & dairy distribution** operations as well as **movement of workforce** across the Union and across borders
- 2) **Activate the private storage aid scheme** according to part II of Regulation (EU) 1308/2013 for butter, skimmed milk powder and cheeses (all types of cheeses)





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- 3) Establish a scheme to allow a **priority-based access to container and freight capacities** for the products categorized as “essential”, like milk & dairy products
- 4) Set up a **milk producer urgency scheme** for the disposal of milk in case milk cannot be collected due to a lack of collection or processing capacities or a cut off from market outlets (local open-air markets) as a covid19 consequence,
- 5) Set up of an **urgency scheme for dairy processors** for alternative uses of milk (for instance bulk produce instead of consumer goods) in case of continued milk collection, but a closing down of processing capacities of (regional) systemic importance as a covid19 consequence.

Vive l'Europe et vive le lait
Vivent les #MilkHeroes

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