News Details
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News from Brussels

Agricultural Outlook Conference (6-7 December 2016)

According to DG AGRI officials, EU milk prices are not expected to go above 32 cents per kilo until 2018, as accumulated stocks of Skimmed Milk Powder (SMP) released onto the market will limit the price upturn. It would take at least two or even three years to empty the 355 000t of SMP.

The Commission foresees good export trade over the next decade. The overall prospects “are positive in the coming years”, as demand from China remains on the rise and demand in Africa will keep growing. A 1.8% rise in global consumption by 2026 is expected as well (with the highest growth expected in India). The EU’s domestic use of milk products is expected to increase by 8 million tons in 10 years, as liquid milk consumption continues to decline (5kg per capita by 2026).

EU milk output is expected to grow by 1.3 million tons annually, to reach 177 million tons by 2026. The European Commission foresees further hikes in yields, a decline in the size of the European herd (except in Ireland) to reach 22 million cattle by 2026 and a drop in greenhouse gas and ammonia emissions per kilo of milk. Furthermore, low feed prices should lead to stable margins for farmers.

Note EMB: Milk prices will be far below production costs in the next few years – the positive forecasts of the European Commission cannot hide that fact! The dependence on exports is also very critical – keywords: growing markets in Africa and India.

Agriculture Council (12 December 2016)

European Agriculture ministers discussed the food chain reform and the strengthening of the farmers’ position. Delegations requesting the Commission to table an impact assessment with a view to proposing an EU legislative framework or other, non-legislative measures to address Unfair Trading Practices (UTPs).

In a bid to allow greater subsidiarity, the Council Conclusions suggest safeguarding well-functioning national systems, as well as already existing national statutory protection, while any EU framework should be complementary to existing voluntary initiatives, both at EU and Member State level. Delegations also discussed greater price transparency in all levels of the food chain and the exploration of risk management tools at EU level.

Malta, which will take over the Presidency on 1 January 2017, will steer further discussions on the food chain dossier.

<<< back