

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on the fat content of whole drinking milk

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1. In accordance with Article 3(8) of Regulation (EEC) No 1411/71 of the Council of 29.6.71 laying down additional rules on the common organization of the market in milk and milk products for products falling within tariff heading No 04.01⁽¹⁾, as last amended by Regulation (EEC) No 566/76 of 15.3.1976⁽²⁾, the Commission submits to the Council the following report on the ways in which the following sections of Article 3 have been applied:

- paragraph 1(b), second indent, on whole milk treated by a milk processor the fat content of which must meet one of the following requirements: "standardized", i.e. at least 3.50% fat; "non-standardized", i.e. milk with a fat content that has not been altered since the milking stage and is not less than 3.00%;
- paragraph 5, on the procedure to be followed by the Member States for the purpose of choosing between the two formulae;
- paragraph 6, on the free circulation on whole milk between Member States which have not chosen the same formula;
- paragraph 7, on the Council's fixing of a guideline figure for the fat content of whole milk exported to Member States which have decided on non-standardized milk.

2. When Regulation 1411/71 was adopted there were a number of difficulties with regard to setting the minimum fat content of whole milk at 3.5% and the date of expiry of the transitional period for meeting the requirement indicated in Article 6(2) of the Regulation was postponed first from 31.12.73 to 31.5.74 by Regulation (EEC) No 3478/73 of 17.12.1973, then to 31.12.75 (Regulation (EEC) No 1556/74 of 18.6.74) and finally to 31.3.76 (Regulation (EEC) No 3358/75 of 23.12.75).

(1) OJ No L 148, 3.7.1971, p. 4
(2) OJ No L 67, 15.3.1976, p. 23

The situation was that in addition to the fears of certain Member States that demand for whole milk with a 3.5% fat content would go down for dietetic reasons and because of the inevitable increase in retail price that would be involved objections were raised by Great Britain and Ireland, in both of which standardization of whole milk was practically unknown, both consumers and industry being oriented exclusively towards milk rich and even very rich in fat, the natural composition and certain physical characteristics of origin of which (homogenization) were not altered before door-to-door delivery. There was a risk that the high and very stable demand for this milk in both Member States would be affected if normalization was introduced and the formation of new surplus stocks of butterfat which would have to be taken into public storage was also feared. The Council therefore in adopting Regulation (EEC) No 566/76 accepted that Member States should be able to choose between standardized and non-standardized milk.

3. Great Britain and Ireland having opted for non-standardized milk within the time limit laid down, all the other Member States except Italy settled for standardized milk with a 3.5% fat content. This had been on the market for several years in Germany and Denmark but in France and the Benelux countries the fat content had to be increased to this level.
4. As regards consumer reaction to a 3.5% fat content in whole milk in the regions of the Community where the level was previously lower, not enough time has yet elapsed to enable conclusions of any real significance to be drawn (a fairly limited quantity of statistical information is available). All that can really be said is that in France demand for pasteurised milk (whole, semi-skimmed, skimmed) has been the same over the twelve months from 1 August 76 to 31 July 77 as it was over the corresponding period in 75-76.

Statistics for Belgium cover only 9 months of 77. The trend in demand for whole milk has been rather irregular in previous years while total consumption of heat-treated milk has been showing some tendency to increase. This situation seems to have changed slightly in 77. In Luxembourg in 77 the declining demand for whole milk and the increase in consumption of semi-skimmed milk have become slightly more marked, while in the Netherlands (provisional data for 52 weeks of '77) demand for heat-treated milk and for whole milk has continued to decline while that for semi-skimmed milk shows a continuous increase.

This has been the trend in the Netherlands for several years and the variations observed are due to a combination of factors among which it is difficult to isolate the influence of fat content. In 1973 the drop in demand for whole milk from the previous year almost reached the level of the '77 drop.

5. Turning to the increase in the retail price of whole drinking milk caused by increasing the fat content to 3.5% the Commission restricts itself to noting that price increases have been fairly small. In Belgium for example, where the maximum retail price system allows more precise comparisons, the increase, expressed as a percentage of the previous price in force, has been appreciably lower or at most close to those made at the beginning of the milk years. On the other hand the upward trend in maximum retail prices dropped off in Belgium in '77 by comparison with the preceding years. The increase in the retail price introduced in France from 1 August 76 appears to have reflected numerous factors among which was the fat content increase.

6. Great Britain and Ireland have duly communicated the weighted average fat content of whole milk produced and marketed during last year. The guideline figures fixed by the Council have been: from 1 October 76 to 31 March 77, 3.51% for Ireland and 3.76% for Great Britain (Regulation (EEC) No 2413/76 of 4.10.76), and for the 77/78 milk year, 3.52% for Ireland and 3.77% for Great Britain (Regulation (EEC) No 540/77 of 14.3.77). The figures for 78/79 will be 3.55% for Ireland and 3.78% for Great Britain (Regulation (EEC) No /78). The figures given above virtually correspond to those communicated by these Member States to the Commission for publication in the "Monthly Milk Statistics" published by EUROSTAT.

As the figures are weighted averages it does not appear necessary to adopt standard Community calculation methods.

7. It is rather difficult in the present situation to evaluate the effectiveness of Article 3(6) of Regulation 1411/71 forbidding prohibition of the free circulation of whole milk between the Member States which have opted for non-standardized milk and the others. It does not appear that there has so far been any trade of this nature. The measure was conceived as first stage in the liberalization of intra-Community trade in drinking milk and the Council's decision of March 76 (Regulation (EEC) No 566/76) was consequently accompanied by a compromise statement (document R/532/76 (AGRI 139)(FIN 107) of 27.2.76, p. 23, point (e)) in which the Council undertook to adopt general rules on the quality and marketing of drinking milk before 31.12.76.

It is unlikely that there will be any effective application of paragraph 6 until the technical barriers (mainly health regulation) presented by the national legislations have been withdrawn.

On the other hand the present satisfactory trend in the demand for whole milk in Great Britian and Ireland must not be underestimated.

8. The Commission's conclusions are as follows:

- the results achieved by increasing the fat content of whole milk and introducing the non-standardized milk option have been satisfactory;
- it is impossible to assess the effectiveness of the prescriptions of Article 3(6) of Regulation (EEC) No 1411/71 since the Council has not proceeded with the originally envisaged programme for liberalizing intra-Community trade in whole milk.

The Commission is therefore of the opinion that the provisions which are the subject of this report can be maintained unchanged but that within as brief a time as possible measures must be introduced to eliminate the barriers against the free circulation of drinking milk.