



FIERAGRICOLA
International Agri-business Show

The Fieragricola Observatory estimates the effects of the "Milk Package"

MARKET UP BY 6-7 PERCENT WITH THE MILK PACKAGE PRODUCTION PLANNING FOR A MORE SOLID SUPPLY CHAIN

The main benefits will be seen by producers and dairy cooperatives within a few months. With the expectation of stable prices based on long-term cycles. In the meantime, exports of the main Italian PDOs up in the first seven months of 2012.

Verona: 24 October 2012. The "Milk Package" paves the way for planning quality production and increasing prices paid for milk, thereby encouraging consolidation in supply chain dynamics even in economic terms. The Fieragricola Observatory suggests that, with proper planning, the market could directly pay dairy farmers 6-7% more than currently. A far from negligible improvement, given that the national milk and cheese industry is worth about 15 billion euros.

Upwards leverage for PDO dairy produce will not only involve Grana Padano and Parmigiano Reggiano (Parmesan cheese) but also other small-medium products with the PDO mark. And the effects and dynamics, with structured markets, will already be seen after a few months.

The best performances, according to the Fieragricola Observatory, will be seen by more than 12,000 members already connected to a network of thousands of dairy cooperatives - the backbone of the section representing 42% of total turnover.

Another positive outcome of the Milk Package will be stable prices, set on the basis of long-term cycles. This would allow producers and associated organisations to plan investments and quantify production targets without the excessive volatility and large swings seen on today's market.

This would also allow farmers and the supply chain to use the most appropriate tools to handle the current milk market, which has now taken on global dimensions and – even in Europe – fluctuates in accordance with free market principles.

The main Italian PDO cheese consortia are still in the process of formulating production planning strategies, on home and international markets alike. Exports in the first 7 months of 2012 on average posted a good performance compared with the same period last year (source: Clal): Grana Padano and Parmigiano Reggiano (Parmesan cheese, +7.36%), Gorgonzola (+5.70%), Pecorino and Fiore Sardo (+4.47%), Asiago, Montasio, Ragusano and Caciocavallo (+10.19%).

The effects of Milk Package as regards stabilising, consolidating and strengthening prices, Fieragricolo emphasises, may clash with future dynamics that the abolition of milk quotas (2015) will probably set in motion. A more than likely increase in milk production, in fact, will inevitably put pressure on cheese producers. In the period January-August 2012, the EU-27 delivered 95,249,000 tons of milk, +1.64% more than in the same period 2011.

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