

Dublin, 11 June 2019

ICOS Response to the European Commission Consultation on Draft Implementation Regulation Amending Implementing Regulation (EU) 2017/1185 laying down rules for the application of Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards notifications to the Commission of information and documents (Market Transparency)

ICOS overall supports the initiative of the European Commission to increase market transparency in the food supply chain and welcomes the opportunity to provide feedback on this draft regulation. Over the last three years, DG AGRI has made great strides in improving market transparency, with the establishment of Market Observatories and we support their continued work towards providing more representative and reliable data with the help of Member States.

ICOS believes that greater market transparency, through such reliable and “real-time” data, can provide many benefits for all operators in the supply chain, ensuring greater bargaining power for producers, enable better use of forward contracting, improve the accessibility and functioning of a European Futures Market and therefore ensure a better and more stable price for producers overall.

However, we wish to note a number of particular concerns with the proposed regulation, specifically:

- **New deadlines to report raw milk prices and production by the 15th of each month in respect to the preceding month (Annex II, Point 7: Milk):** While we support the drive towards collecting more timely data, these new tighter deadlines will be impossible for Irish dairy cooperatives (which process 98% of the raw milk in Ireland) to meet. Due to the democratic price setting structures in place within cooperatives, the price of raw milk is decided by the elected board of the cooperative on a monthly basis (for the proceeding month’s supply), at a meeting taking place in the middle of the month. These board meetings often do not take place until after the 15th of the month, with the date dependant on a number of factors. It would therefore be the case that the data on raw milk prices and production reported from Ireland (a significant EU dairy producer) would fail to include or represent the price or production from a significant number of Irish dairy processors, making the data immediately inaccurate and irrelevant. The Market Observatories have the potential to be a hugely useful and effective market tool, but can only do so if they can sufficiently fit into market structures. Therefore, flexibility is needed with regard to this deadline, and more time must be provided to allow for the democratic price setting processes of farmer owned cooperative businesses.
- **Comparability of data:** As well as providing timely information, accurate information is also essential. This is unfortunately not currently always the case for the data gathered by the Market Observatories. This is the result of the wide range of production systems (pasture-based, grain feed, etc), product and quality variations (with regard to the processing, maturity, fat content, added ingredients, etc.) and multiple market streams (branded and private label) across the EU food chain. As a result, member states utilise different criteria and methodologies to collect and process data, making their comparability and augmentation questionable. This issue has unfortunately not been addressed within the Commission proposal. Key definitions are missing, for example with regard to fat-filled powders within the dairy proposals. In order to address the issue of reliability and accuracy, it is necessary to

standardise data across Member States with regard to the definitions (including quality standards), collection methods and use of representative products. This will make the data more comparable and improve the accuracy of EU level aggregated data.

- **Competitiveness:** There is a concern that the new requirement for price reporting regarding fresh products in the dairy sector could negatively impact processors vis a vis their negotiations with retailers. This is particularly relevant with regard to the price differences between branded drinking milk and private label drinking milk, which would put prices for branded milk under pressure and therefore undermine the investments made by processors in brands and ultimately return a lower price to the farmer.