



COMMISSION OF THE EUROPEAN COMMUNITIES

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT  
AND THE COUNCIL**

**on the implementation of Directive 96/16/EC  
on statistical surveys of milk and milk products  
(pursuant to Article 8 of Directive 96/16/EC)**

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## INTRODUCTION

The Commission has drawn up this report pursuant to Article 8 of Council Directive 96/16/EC of 19 March 1996 on statistical surveys of milk and milk products<sup>1</sup>, which stipulates that "No later than 1 July 1999, the Commission shall submit to the Council a report on experience acquired in implementing this Directive. At the same time it shall submit, in particular, the results of the analysis referred to in Article 4(2) accompanied, where appropriate, by proposals regarding the definitive period."

This final report follows on from an initial interim report of 27 September 2000 [ref. COM(2000)600 final] covering the whole context of the drawing-up and implementation of the present legislation.

This report was to have been forwarded to the Council by 1 July 1999. However, it was not forwarded by that date, mainly for the two reasons set out below:

- on that date the Commission did not have any data on the third year of implementation of the legislation concerned, since this legislation lays down that the Member States should transmit to Eurostat annual data for the year just ended by 30 June 1999;
- in addition, in July 1999 a special meeting of the Working Party for Milk Statistics was held to examine the main problems encountered in implementing Decision 97/80/EC, and this might have influenced certain aspects to be dealt with in the report to be submitted to the Council.

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<sup>1</sup> OJ L 78, 28.3.1996

## 1. IMPLEMENTATION OF THE LEGISLATION

### 1.1. Overview

#### 1.1.1. Progress achieved

Some of the differences between the former legislation<sup>2</sup> and the new legislation<sup>3</sup> are set out below:

Former legislation	New legislation
* The classification of cheese: the Commission classifies the types of cheese supplied by the Member States according to the fat content in the dry matter.	* Cheese is classified by type of milk and by categories according to softness/hardness.
* The breakdown of butter and other fats: mainly comprises two categories.	* Butter is broken down into four categories. The initial breakdown was subsequently amended by a breakdown into nine categories, five of which involve the optional collection and submission of data.
* Treatment of cross-border production: under availabilities and utilisations, imports and exports are entered under different headings.	* Apart from a few differences concerning product specifications, the treatment of information on imports and exports is to be found under different headings for both availabilities and utilisations. The accuracy regarding the origin of the milk must be improved.
* The treatment of the difference is the subject of a specific heading, while the other utilisations heading is broken down into two separate headings.	* The treatment of the differences is the subject of a specific heading; it concerns only fat and inputs of whole and skimmed milk. The utilisations are spelled out in less detail than in the previous regulation but leave the field of response open.
* Milk production on farms: application of Table 5 of the implementing decision.	* In the new implementing decision it is, apart from a few differences, Table C which covers this question. The methodological information on the compilation of statistics on milk production on farms shows that various methods are used to implement the legislation: monthly declarations, estimates or sampling. It should be noted that the figures provided by the statistics on the regional production of cow's milk tally with those provided by Table C of the Decision.

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<sup>2</sup> Council Directive 72/280/EEC and Commission Decision 72/356/EEC

<sup>3</sup> Council Directive 96/16/EC and Commission Decision 97/80/EC

The following are the main differences and progress to which priority has been given during the years in which the new legislation has been in force:

- Statistical information on the protein content of the main milk products is central to the assessment of the implementation of the legislation on milk statistics. Various meetings of the Working Party for Milk Statistics gradually led to an agreement between the Member States and the Commission on the possibility of compiling information on this subject which meets statistical quality criteria. The methods for measuring and/or estimating the protein content of the main milk products were analysed, compared and summarised. The Member States agreed, on the basis of a gentleman's agreement, to provide the data concerned annually, measured or estimated by the method which they deem to be the most appropriate.
- Directive 96/16/EC (hereinafter referred to as "the new legislation") lays down that the Member States should submit an annual methodological report on the implementation of the legislation on milk statistics. The Member States supplied the necessary information and a number of bilateral contacts supplemented the methodological reports submitted in accordance with Article 5 of the said Directive. In addition, a methodological questionnaire covering the key issues involved in the implementation of the legislation on milk statistics was distributed. The replies were used to highlight the similarities and differences in interpreting the legislation and provided further information on which to base this report.
- Regional statistics on the production of cow's milk. The compulsory forwarding of these data by the Member States, provided for by the previous legislation (Directive 72/280/EC, repealed by Directive 96/16/EC), has been abolished by the current legislation. However, the Member States agreed, on the basis of a gentleman's agreement, to transmit these data at the Commission's request. This information is particularly important for analysing and projecting trends in the milk sector. Since it is not directly available in all the Member States, Eurostat proposed the use of estimating methods which produce statistically satisfactory, reliable and comparable results. As a result, a database containing the regional production of cow's milk was compiled and made available to users from the first half of 2002, which represents a significant step forward.

### *1.1.2. Problems of implementation*

The main difficulties encountered in the application of the legislation concerned by this report can be divided into two types: those involved in the transmission of data and the methodological difficulties.

With regard to the difficulties involved in transmitting data, Eurostat singles out two main points: transmission deadlines and confidentiality.

On the subject of transmission deadlines, it should be stressed that the new legislation on milk statistics abolished the transmission of weekly statistics in order to make it easier for the Member States to transmit mainly the monthly and annual statistics within the strict deadlines.

The late transmission of data by some Member States leads to delays in the updating of the Eurostat databases and detracts from the general interest of milk statistics for the main users (see Annex 1).

With regard to confidentiality, it should be noted that data subject to statistical confidentiality has increased considerably since the entry into force of the new legislation (see Annex 2). This obliges Eurostat to publish some of the data only as aggregated EU15 totals. The detailed level of the information available in most of the Member States is therefore lost, resulting in the general impoverishment of the database available to users. If the survey units were included at "local production unit"<sup>4</sup> (and not "enterprise") level, this would increase their number and thus avoid their falling below the confidentiality threshold of three production units. Such a shift from "enterprise" to "local production unit" would also help to better define the information needed for the triennial statistics on the structure of the milk industry (see below).

As for the methodological difficulties in implementing the legislation, there are two main issues: a) the problem of the re-use of intermediate milk products and b) the triennial statistics on the structure of milk enterprises.

The re-use of intermediate milk products deserves special attention for two reasons. First, information on re-use makes it possible to increase our knowledge of the milk sector. Second, knowledge of re-use makes it possible to avoid double counting, which is, furthermore, a requirement clearly set out in Directive 96/16/EC.

Whether or not triennial statistics on the structure of milk undertakings can be compiled depends directly on a clear definition of the milk-producing establishments concerned: are they "enterprises" or "local production units"?

In practice, confusion between these two approaches makes it difficult to compile reliable statistics on the structure of establishments and again highlights the problem of the re-use of intermediate milk products.

One of the issues to which increased attention should be paid is maintaining consistency between the list of definitions in the milk legislation, which has remained unchanged since that legislation came into force, and the various product nomenclatures and classifications which are regularly revised (Combined Nomenclature, Prodcom and Nace).

## **1.2. Analysis of the main issues**

### *1.2.1. Protein in the main milk products*

Article 4(2) of Directive 96/16/EC calls for an analysis of the possibility of extending the annual statistical information to include the protein content of the main milk products. To this end, the Member States conducted, during the three years following the entry into force of the Directive, pilot surveys or studies on achieving that objective. The same article states that the Commission shall draw up a work programme for each of these three years.

At the end of the trial period, the Member States continued to transmit, on a voluntary basis, the data required to calculate the protein content of milk products.

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<sup>4</sup> Within the meaning of Council Regulation (EEC) No 696/93 on the statistical units for the observation and analysis of the production system in the Community (OJ L 76, 30.3.1993, p.1)

In this context, the Commission has drawn up a summary of the various methods for measuring and evaluating<sup>5</sup> the protein content of the main milk products. The methods fall into two broad groups: the first based on measuring or estimating the protein in the end product ("in output") and the second based on the protein content of the products used in input. These measurements provide a satisfactory estimate of the protein content of the main milk products at European level. In the light of the cost-effectiveness criterion and of the burden involved in additional statistical investigations, this solution seems the most effective.

### *1.2.2. Transmission deadlines*

The legislation stipulates that the monthly milk statistics must be sent within 45 days of the end of the reference month. The annual and triennial data should be sent in the June and September following the reference year. The aim is to be able to update the databases rapidly and provide as soon as possible reliable, rapid and harmonised information at European level.

Annex 1 to this report shows the delays in transmitting the annual and monthly statistical data from 1997 to 2000 (and/or 2001). Some Member States are still behind with their returns. Almost two-thirds of the Member States are behind with the annual statistics. During the five years in which the legislation has been in force, the average delay in the transmission of annual statistics has been anything up to five or six months beyond the deadline.

Furthermore, the monthly statistics of two-thirds of the Member States are overdue. During the five years in which the legislation concerned has been in force, three Member States have been behind with their returns for an average of two months or more beyond the 45-day deadline following the reference month. These delays prevent the compilation of the EU-15 totals and compromise the efficient use of statistical data for market analysis and forecasting.

Eurostat has regularly stressed to the Member States the need to send the data within the deadlines, including provisional data, with the definitive data being submitted in the course of the year.

### *1.2.3. "Gross/net" approach*

The current approach to measuring the production of the main milk products is a net approach, i.e. it excludes re-use within the milk sector. It provides the basis for a simple measurement of the quantities intended for direct consumption and export for each of the Member States. Since the raw material entering the manufacturing process is estimated in terms of whole milk/skimmed milk, this solution seems the simplest for drawing up the utilisation balances for this raw material. The "net" approach should be retained for the compilation of the milk statistics.

However, in the light of the experience acquired, and in view of the profound changes which have taken place in the manufacturing process of milk products and which lead to the ever increasing use of intermediate milk products, measuring re-use would extend the range of the statistical information, particularly with regard to the use of milk products outside the sector. Nevertheless, the legislation as it stands does not require data on the use of milk products outside the milk sector. In view of the extent of such uses, accurate information on them (for all the Member States) would improve the quality of the statistics.

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<sup>5</sup> Presented to the meeting of the Working Party for Milk Statistics of 14-15 November 2001.

#### *1.2.4. Triennial statistics*

Article 4(1)(c) of Directive 96/16/EC lays down that the number of survey units, broken down by certain size classes, must be reported triennially. The application of this provision has caused a number of problems. On the one hand, the rapid changes in the structure of the milk industry have rendered the size classes defined by the implementing decision obsolete. Thus, of the sixteen tables required by the previous legislation, eight have been retained, of which six in their original 1972 form and two with different classes (two further classes added). The milk industry has changed considerably over the past thirty years. A reliable indicator of this is the steep rise (almost tenfold between 1995 and 2000, see Annex 2) in the number of confidential codes, which is in direct proportion to the concentration of enterprises. On the other hand, the units observed have been defined as "enterprises". Consequently the changes that have taken place affect both restructuring in the milk industry and changes in the technical structures of production.

## **2. SOME STATISTICAL CONCLUSIONS**

In the light of the assessment factors in this report and on the basis of the experience acquired in the application of the legislation on milk statistics, various improvements will be made to Directive 96/16/EC by means of amendments concerning:

- the protein content of the main milk products;
- the attention paid to the problem of confidentiality, by adopting the local unit as the survey unit and, if possible, gaining the approval of the undertakings concerned for the dissemination of data deemed confidential within the meaning of the Regulation;
- the methodological reports;
- the regional statistics on the production of cow's milk.

These improvements will be made by presenting to the European Parliament and the Council a proposal amending Council Directive 96/16/EC.

## ANNEX 1

### Delays in the transmission of milk statistics

1. Average number of days overdue  
Annual return of milk collected by dairies  
Table B of Decision 97/80/EC  
1997-2000

	1997	1998	1999	2000	Average 1997-2000
<b>B</b>	20	1	-9	-43	-8
<b>DK</b>	2	6	-46	9	-7
<b>D</b>	-67	-1	-128	-65	-65
<b>EL</b>	142	170	182	227	180
<b>E</b>	-1	12	6	20	9
<b>F</b>	-11	-5	0	-3	-5
<b>IRL</b>	62	100	221	198	145
<b>I</b>	-7	132	122	66	78
<b>L</b>	77	98	63	20	65
<b>NL</b>	104	-9	96	82	68
<b>A</b>	27	47	40	62	44
<b>P</b>	15	6	13	30	16
<b>FIN</b>	1	33	0	352	97
<b>S</b>	-12	1	-1	-10	-6
<b>UK</b>	2	-16	0	-1	-4
<b>Average EU-15</b>	24	38	37	63	40

2. Average number of days overdue

Annual milk production on farms  
Table C of Decision 97/80/EC

1997-2000

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Average 1997-2000</b>
<b>B</b>	-63	-91	72	-109	-48
<b>DK</b>	-86	-86	-138	-83	-98
<b>D</b>	-159	-1	39	40	-20
<b>EL</b>	50	82	90		74
<b>E</b>	20	63	3	11	24
<b>F</b>	-103	-85	-92	-95	-94
<b>IRL</b>	-30	8	129	106	53
<b>I</b>	-99	40	30	-26	-14
<b>L</b>	-14	6	135	-72	14
<b>NL</b>	12	-101	4	-10	-24
<b>A</b>	-65	-52	-52	-30	-50
<b>P</b>	-77	-86	-79	-62	-76
<b>FIN</b>	-91	-91	-92	322	12
<b>S</b>	-104	-107	-93	-102	-102
<b>UK</b>	-90	-30	-44	-5	-42
<b>Average EU-15</b>	-60	-35	-6	-8	-22

3. Average number of days overdue

Monthly return of milk collected by dairies  
Table A of Decision 97/80/EC

1997-2001

	1997	1998	1999	2000	2001	Average 1997-2001
<b>B</b>	51	52	103	71	100	75
<b>DK</b>	1	0	-2	-6	-7	-3
<b>D</b>	16	14	16	14	17	15
<b>EL</b>	47	50	71	65	58	58
<b>E</b>	11	7	10	17	25	14
<b>F</b>	18	3	5	3	3	7
<b>IRL</b>	2	-10	-10	2	-5	-4
<b>I</b>	49	41	18	22	10	28
<b>L</b>	26	46	98	43	91	61
<b>NL</b>	-17	30	66	28	-10	19
<b>A</b>	1	8	11	4	10	7
<b>P</b>	11	12	15	19	9	13
<b>FIN</b>	-15	-10	4	0	-5	-5
<b>S</b>	-3	-4	-4	-9	-5	-5
<b>UK</b>	-30	-25	3	1	-1	-11
<b>Average EU-15</b>	11	14	27	18	19	18

## ANNEX 2

### Number of confidential codes per country, 1995-2000

Year	1995	1996	1997	1998	1999	2000
<b>B</b>	0	0	16	7	14	13
<b>DK</b>	0	0	0	1	1	1
<b>D</b>	1	1	3	3	3	3
<b>EL</b>	3	3	3	3	3	0
<b>E</b>	0	0	12	12	15	13
<b>F</b>	0	0	0	0	0	0
<b>IRL</b>	0	0	0	0	0	1
<b>I</b>	0	0	0	0	10	9
<b>L</b>	0	20	33	64	64	65
<b>NL</b>	1	1	3	3	11	13
<b>A</b>	0	0	0	4	4	4
<b>P</b>	0	0	0	0	14	15
<b>FIN</b>	0	8	17	17	17	17
<b>S</b>	5	8	11	10	10	17
<b>UK</b>	7	7	7	7	7	8
<b>Total EU-15</b>	<b>17</b>	<b>48</b>	<b>105</b>	<b>131</b>	<b>173</b>	<b>179</b>
<b>%</b>	<b>100</b>	<b>182</b>	<b>518</b>	<b>671</b>	<b>918</b>	<b>953</b>

**Trends in the number of confidential codes per country, 1995-2000 - Total EU-15**

