

**T.C.
UNIVERSITY OF BAHÇEŞEHİR**

**THE COMMON MARKET ORGANISATION IN THE TURKISH
DAIRY SECTOR**

M.A. THESIS

Ezgi Arslan

ISTANBUL, JUNE 2007

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**THE INSTITUTE OF SOCIAL SCIENCES
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ABSTRACT

THE SETTING IN EUROPEAN STANDARDS IN THE TURKISH DAIRY SECTOR

EZGİ ARSLAN

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This thesis aiming at analyzing the adjustment period of the Turkish Dairy Sector to the European Union Standards regarding to the Common Market Organisation in the Dairy Sector. With analyzing the potential and the problems in the Turkish Dairy Sector, the thesis tries to make clear the process of the establishment of the Common Market Organisation in Turkey with setting in European Standards not to be excluded from the dairy market in the Union.

Key words: Turkish Dairy Sector, European Standards, Common Market Organisation

ÖZET

TÜRK SÜT SEKTÖRÜNÜN AVRUPA BİRLİĞİ STANDARTLARINA UYUMU

Arslan, Ezgi

Yüksek Lisans, Avrupa Birliği İlişkileri Bölümü

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Bu tez, Türk Süt Sektörünün Ortak Pazar Düzeninin oluşturulması aşamasında Türk Süt Sektörünün Avrupa Birliği Standartlarına uyumunun analizini yapmayı amaçlamaktadır. Tür Süt Sektörünün potansiyelini ve problemlerini inceleyerek sektörün Topluluk piyasasında rekabet gücünün oluşabilmesi için Türkiye’de Avrupa Birliği Standartlarına uyumun sağlanarak Ortak Piyasa Düzeni oluşturulması sürecinin nasıl gerçekleşeceğini ortaya koymaya çalışmaktadır.

Anahtar kelimeler: Türk Süt Sektörü, Avrupa Birliği Standartları, Ortak Piyasa Düzeni

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1. INTRODUCTION

The candidature of Turkey for adhesion for the European Union also evokes requires it to realize several reform aiming at the harmonization of the policies and the legislation main roads with those of the European Union. One of these reform that Turkey must realize to integrate in the Community market is the reorganization of the sector of milk and the dairy products

The essential subject of this memory of research will be made up on the common organization of the markets in dairy product and milk within the European Union and the Turkish dairy sector which starts to prepare to integrate in the dairy market of the Community.

The common organization of the agricultural markets aims at the correct operation of the Common agricultural policy (CAP) of the European Union.

The Common agricultural policy is one of essential and important policies of the Community which was made up at the beginning of the Fifties by the construction of the European Union.

Today, the Common agricultural policy, not only, organizes the Community market, but also makes the agricultural markets competitive in the international trade.

To stabilize the agricultural markets in the European Union, the common organization of markets (OCM) imposing several conditions to fill for the Member States, in particular in the field of food safety, the eco-conditionality and respect of the standards as regards environment.

By the evolutions of Common agricultural policy during the enlargement and the deepening of the Community, the common organization of the agricultural markets also changes in order to be adopted with these evolutions.

But, the priority of the common organization of the markets does not change which is to ensure stability in the domestic market. .

For the applicant countries like Turkey, the single market of the Union is an essential purpose for the increase in the national economy this country concerned, but to integrate in the single market in a powerful way, the applicant countries must provide the operation of their agricultural markets and industrial meeting the European conditions.

With regard to the sector of milk and dairy products, the European Union as being one of largest the producer and exporters in the world initially aims at ensuring quality and the food safety of milk and the dairy products and then has to maintain its position advantageous in the international trade.

The common organization of the markets in dairy product and milk is instituted, for the first time, by payment (the EEC) n° 804/68 of the Council of June 27, 1968.

But the mode of today that Turkey will adopt itself there is based on payment (EC) n° 1255/1999 and on payment (EC) n° 1787/2003.

The common organization of dairy market comprises another regulation establishing an additional taking away in the sector of milk and the dairy products which is instituted, for the first time, by payment (the EEC) n° 856/84. The current mode of the additional taking away bases on payment (EC) n° 1788/2003.

By these three complementary payments, the common organization of the dairy markets was based on the modes of interventions, the mode of dairy quota and the additional taking away aiming at preventing imbalance between supply and demand and the structural surpluses by regularizing and stabilizing to it walk of milk and the dairy products.

. As for the dairy market of Turkey which prepares to integrate in the Community market, the disadvantages which are raised of the breeding of the milk cows to consumption prevent the use of the dairy output of the sector in an optimal manner.

These disadvantages become an obstacle in front of the development of the Turkish dairy sector and also constitute the problems to be overcome for the adoption of the sector at the Community market.

Therefore, Turkey must achieve an important progress before adhesion not to be isolated Community market.

This known as, for better including/understanding the course of the Turkish dairy sector during its adoption at the Community market, one initially will start to analyze by the common organization of the markets in dairy product and milk within the Union on the basis of the evolutions of the Common agricultural policy (CAP). Secondly, one will study the current economic situation of the Turkish dairy sector in illuminant his potential and his problems and the probable strategies devoted to prepare the Turkish dairy sector with integration in the Community market.

2. The common organization of the markets in dairy product and milk in the European Union

The common organization of the agricultural markets aims at the correct operation of the Common agricultural policy (CAP) which is one of the most important policies of the Community. The Common agricultural policy is established, during the construction of the European Union, to ensure stability, the productivity and competitiveness in all the agricultural sectors.

On the basis of the objectives of the CAP, to carry them out, the common organization is founded for the various agricultural markets in order to get their integrity in the single market and to standardize their system for all the Member States. The common organization of the markets is also a subject of negotiation for the applicant countries which must adapt its markets to the Community standards to become member.

From this point of view, in the first part of this memory of research, we will analyze the Common agricultural policy and its evolution to the wire of time for better including/understanding the base and the operation of the organization of the Common Markets while concentrating in particular on the common organization of the markets in dairy product and milk which will be an essential subject during negotiations of Turkey with the European Union for becoming member.

2.1. The common organization of the agricultural markets under the framework of “Common Agricultural Policy (CAP) »

The common organization of the agricultural markets is accompanied operation by the Common agricultural policy the purpose of which is to create a stable agricultural market which gets the productivity, the rural development and the food provisioning. In addition, the CAP aims at creating a competitor market in the international trade by causing competitiveness within the Community market.

The common organization standardizes the structure of the agricultural markets in order to ensure a control of the Union which to direct them towards stable Common Market incentive actors of agriculture to be reached with the standards such as food safety, the eco-conditionality, the respect of the standards as regards environment.

On the basis of the objectives of the CAP envisaged in article 33 of the treaty establishing the European Community, the agricultural markets are organized according to criteria's suitable with the market rates.

The common organization of the markets is restructured by the Community as the Common agricultural policy is evolved with the son of time to adapt to the contemporary changes.

For better including/understanding the evolution of the CAP and agricultural structure of the Community, we will analyze reform them CAP since its establishment in the Fifties correspondent with the agricultural, commercial and economic changes.

2.1.1 The evolution, the goals and reform them of the Common Agricultural Policy

In the Fifties, in Western Europe the companies had been devastated by years of war and agriculture had been paralyzed preventing from guaranteeing the food provisioning. In order to restructure agriculture in Europe, the Common agricultural policy was founded on the Treaty of Rome particularly on article 39. (Article 33 of the treaty establishing the European Community.)

According to article 33 (ex-article 39), the purpose of the Common agricultural policy (CAP) is:

- to increase the productivity of agriculture by developing technical progress, by ensuring the development rational of the agricultural production as well as an optimum utilization of the factors of production, in particular of the labor;
- to ensure an equitable life the farming population;
- to stabilize markets;
- to guarantee the safety of the provisioning;
- to ensure of the reasonable prices in the deliveries the consumers¹

With its beginnings, the CAP reflected in particular the need for maintaining and for increasing the food production. From the middle of the Sixties, for the agricultural reorganization, a financial assistance was granted by supporting the investments in order to guarantee the enlarging of the farms and to develop the technology and management sciences. This financial assistance covered also assistances with the less favored areas (RMF).²

In the Eighties, the EU faced quasi permanent surpluses of the principal agricultural produce of which some were exported thanks to subsidies, others stored or eliminated in the Union. These measurements caused a budgetary cost high which

¹"Le traité instituant la Communauté européenne", www.europa.eu.int

²"La politique agricole commune, Une politique qui évolue au fil du temps", Office des Publications de la Communauté européenne, Octobre 2004

was always used neither for the interests of agricultures, nor with those of the consumers and the taxpayers.³

From the Eighties, a change of orientation began for the CAP adapts to the contemporary conditions.

Reforms of 1992 marked a turning in the development of the Common agricultural policy which relates to mainly the reduction in the farm prices in order to make them more competitive on the domestic market and world, the compensation of the losses of incomes undergone by the farmers as well as other measurements related to the mechanisms of market and the environmental protection.⁴

This change of orientation in the CAP entered a new phase with the agreement, in 1999, on reform known as “Diary 2000”. The events such as the international evolution, widening in the Central and Eastern Europe, the constraints budgetary resulting from the preparation to the single currency, the increased competitiveness of products coming from third country and the new cycles of negotiation within the framework of CMO require a news reforms in order to adapt the CAP has new conditions.⁵

Reform in Agenda 2000 concentrated on the tendency to return agricultures more dependent on the market and the respect of the standards as regards environment in the farm.⁶

By the Agenda 2000, an overall policy of rural development encouraging of rural initiatives numbers while helping the farmers to diversify, improve marketing of their products and to restructure their exploitation in any other manner was introduced into the CAP as being a major element.⁷

³ *ibid.*

⁴ www.europa.eu.int/comm/agriculture

⁵ www.europa.eu.int

⁶ "La politique agricole commune, Une politique qui évolue au fil du temps", Office des publications de la Communauté européenne, Octobre 2004

⁷ *ibid.*

The CAP changes unceasingly and is reformed to be directed towards a policy which encourages the environmental respect and food safety by supporting more marketing of the products, competitiveness in the market and the rural development.

On June 26, 2003 in Luxembourg, the Ministers for the farmer of the Union managed an agreement based on the Commission proposals to reform the CAP of Agenda 2000.⁸ This reform was introduced since 2004 and 2005 aiming at establishing a more stable political framework for European agriculture.

This reform modifies in particular the nature of the Community support for the agricultural sector and the rural economy. Reforms are in order to make the Common agricultural policy more profitable for all the parts concerned by simplifying the objectives. The objectives of CAP simplifies are to reduce the costs of transaction for the customers such as the farmers, operators and administrations, to avoid the loads superfluities for the public administrations, to remove the useless public expenditure and to increase the competitiveness of the agricultural sector.⁹

The purpose of the CAP reformed by this agreement is to make the market Community more competitor inside even outside while leaving to agricultures of the EU freedom produce what the market wants and takes fully into account of the consumer and the taxpayers. This reforms is a passage obliged to allow the European farmers to direct itself more towards the market and to become more competitive on the European and world market.

In addition, these reform imply a major development of the policy of rural development which envisages new specific elements of support in order to help the farmers to conform to measurements such as the new standards Europeans as regards environment, of food quality and animal wellbeing.¹⁰

⁸"La réforme de la PAC", Newsletter, Direction générale de l'agriculture, juillet 2003

⁹"La simplification de la Politique agricole commune", www.europa.eu.int/comm/agriculture

¹⁰"La politique agricole commune, Une politique qui évolue au fil du temps", Office des publications de la Communauté européenne, Octobre 2004

The competitiveness of the farmers and the rural development also aim at reinforcing the position of Europe in the negotiations proceeding with OMC. The agreements concluded during negotiations within the framework from the cycle from Uruguay, signed at Marrakech in 1994, on the trade of the goods and of the services, the intellectual property, the settlement of the disputes and the mechanism of examination of the marketing policies and the program of Doha for the Development decided during the ministerial conference of Doha in 2001 pennies the framework of the World Organization of the Trade are determining engagements in the evolution of the CAP concerning the international trade.¹¹

The policy of the European Union as an important actor of the agricultural trade which is the first importer and the second exporter (61,088 billion Euros in 2002) of foodstuffs in the world is clear: The Union promote engagements supporting the improvement of the access to the markets, the liberalization of the exchanges while reducing and then eliminating the or not tariff obstacles. With regard to agriculture, the Union supports the reduction and then elimination of the subsidies granted to export and internal support for agriculture. The European Union encourages the marketing of the products in the international market as in the domestic market.¹²

All these factors gave place to a change of orientation in the CAP and the new policy was characterized by concerns on the budgetary cost of the assistance to the farmers, the need for integrating the new Member States which were going to become member in 2004 and the globalisation of the international trade.

A second wave of reforms according to reforms of 2003 is carried out by the Council of Ministers of the agriculture of the EU who agreed at Luxembourg on

¹¹ www.wto.org

¹² "La politique agricole commune, Une politique qui évolue au fil du temps", Office des publications de la Communauté européenne, Octobre 2004

April 22, 2004 on reforms CAP relating to certain products like the tobacco, hop, the olive oil and cotton.¹³

Today, the CAP changes unceasingly to face of new challenges caused by widening, the environmental policy and globalisation.

The Common agricultural policy takes its origin of requires to ensure the productive agricultural one in Europe after the Second World War, but during the evolution of the European Union and its policies caused by the enlargement and the deepening of the Community, the CAP is reformed to adapt has this evolution and become one of the essential policies which gets the operation of the single market by imposing the standards has to conform for the Member States.

In this respect, “the common organization of the agricultural markets” is founded on article 34 (ex-article 40) of the treaty establishing the European Community to reach with all the objectives mentioned in article 33 (ex-article 39) and in reform CAP.

2.1.2 The common organisation of the agricultural markets

The establishment of CAP which is accompanied operation and the development by the Common Market of the Union comprises a Common Market Organisation (CMO) being able to take various forms for the agricultural produce.

The common organisation of the markets mainly aims achieving the goals of the CAP mentioned in article 33, and in particular to stabilize the markets, to ensure an equitable standard of living the farmers and at increasing the productivity of agriculture. They cover approximately 90% of the Community final agricultural production.¹⁴

¹³“La deuxième vague de la réforme de la PAC”, Newsletter, Direction générale de l’agriculture, mai 2004

¹⁴ <http://europa.eu>

Article 34 (ex-article 40) of the treaty establishing the European Community east devotes has the establishment of the common organization of the agricultural markets aiming to lay down the common rules as regards competition, to ensure the obligatory coordination of various the national organizations of market and the European organization of the market within the Community.¹⁵

They constitute the fundamental instruments of the agricultural Common Market insofar as they eliminate the obstacles with the intra-Community trade from agricultural produce and maintain a tariff barrier common with regard to third countries.

The common organization of the agricultural markets is based on three fundamental principles:

- un unified market, implying freedom of movement of the agricultural produce on the territory of the Member States and the implementation of means and mechanisms common in the whole of the EU for the organization of this market;
- la community preference: the agricultural produce of the EU profits from a preference and an advantage as regards price compared to the imported products. The domestic market moreover is protected with regard to the products imported at low prices starting from third countries and of the great fluctuations on the world market;
- la financial solidarity: the totality of the expenditure and expenses related to the application of the CAP is put at the load of the Community budget.¹⁶

These three fundamental principles of the common organization of the agricultural markets define well the finality concerning the single market of the Community.

The Union encourages not only freedom of movement of the agricultural produce between the Member States but also it takes measures necessary to protect the products Community at the base from price against the products import.

¹⁵"Le traité instituant la Communauté européenne", www.europa.eu.int

¹⁶ <http://europa.eu>

This common organization of the agricultural markets which is in order to ensure a stable and balanced market comprises all measurements necessary like regulation of the prices, of the subsidies as well to the production as with the marketing of the various products, of system of storage and carry forward, the mechanisms common of stabilization to the import or export to carry out these objectives.¹⁷

Several products are covered by the common organization of market like cereals, the pig, eggs and the poultries, the fruit and vegetables, the bananas, the wine, the dairy products, the beef and veal, rice, the olive oil and the olives of table, sugar, the floriculture, dried fodder, the processed fruit and vegetables, the tobacco, the flax and hemp, the hop, the seeds, the goat- ands sheep meat and other agricultural produce which is not the object of a specific organization of market.¹⁸

The institution of the common organization of the markets is decided by the Council of Ministers, ruling in the majority qualified on European Commission proposal and consultation of the European Parliament (article 34 of the treaty establishing the European Community). The Council of Ministers also decides certain procedures for implementing various regulations carrying common organization of market. The European Commission, assisted by a committee, takes measurements of application necessary to the implementation of the common organization of the markets. For each common organization of market, a board of management made up representatives of the Member States and chaired by a European Commission representative delivers his opinion on the projects of measurements. If the European Commission does not want to follow the opinion of the committee, the Council of Ministers makes a decision in last spring.¹⁹

The Member States and the Commission communicate information necessary to the implementation of the various payments to make functional the common

¹⁷ Le traité instituant la Communauté européenne, www.europa.eu.int

¹⁸ www.europa.eu.int

¹⁹ www.europa.eu.int

organization of the agricultural markets. The Member States and the Commission also took measures making it possible to control the respect of the provisions relating to the common organization of the markets.

The types of common organizations of walk are classified as organizations which found mechanisms of premiums to the production and intervention, others which implement a simple system of intervention and some which do not expect that the granting of production aids or make profit the products concerned only from one customs protection.

As for the operation of the common organization of market (OCM), they mainly make it possible to fix the prices of the single agricultural produce for all the European markets, to grant aids the producers or the professionals of the sector, to found mechanisms allowing to control the production and to organize the exchanges with third countries.²⁰

The regrouping of the farmers within organizations of producers in the Member States is also encouraged by the Union. These organizations, recognized by the Member State, can receive Community aids with the producers as the direct assistance with the exploitation founded following reforms CAP of 2003.

In addition, the farmer profits from direct payments provided that the farmers ensure the eco-conditionality by maintaining grounds under good agricultural conditions and by respecting the standards as regards public health, of health of the animals and the plants, of environment and wellbeing of the animals.²¹

The purpose of the operation of the organizations is primarily to ensure the stability of the Community market to balance the demand and the offer for avoiding structural surpluses of the agricultural produce and to support the domestic trade and external.

²⁰ www.europa.eu.int

²¹ www.europa.eu.int

To stabilize the market, three different prices are fixed artificially by the Council of Ministers, in the majority qualified after consultation of the European Parliament and on European Commission proposal, or by the Commission: the guide price, of threshold and intervention of the products. The starting dates of this fixing different according to products', last one year. This fixing of the prices aims at ensuring the organization of the markets. ²²

The prices are in particular fixed in order to ensure the equitable life the farming population in all the sectors, the continuity of the offer of the products at a handsome price for the consumers, and to reach with the objectives of the Policy Agricultural Commune (CAP) and to ensure the competitiveness of the Community products in the international trade. ²³

The guide price or basic price or guide price represent the price to which the Community authorities estimate that the transactions should proceed. The guide price is the targeted price to which the consumers buy these products.

The threshold price or sluice-gate price is the minimal price to which can be sold the imported products. The threshold price is given on the basis of guide price in order to preventing the prices of the products been essential to be lower than those of the Community products.

With regard to the imports, to keep the Community products in the market, the sampling system was instituted so that the prices of the imports are not lower than the Community courses. Certain products are simply subjected to the rates fixed by the Commun Customs Tariff and others are exonerated from it. Analog and digital systems also exist. The taxes of effect being equivalent to a customs duty as well as the application of quantitative restrictions on the importation or having the same effect measurements are prohibited in the exchanges with third countries. Safeguard

²²www.europa.eu.int

²³"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, septembre 2005, p.44

measures going to the suspension of the imports can be taken if the Community market is likely to be seriously disturbed because of the imports.²⁴

The Council of Ministers ruling in the majority on Commission proposal and consultation of the Parliament fixes the general rules relating to the safeguard measures which the Member States can take. Commission of its own initiative or on request of the Member States fixes measurements.

As for the intervention price, this price is the price guaranteed in on this side which an organization of intervention indicated by the Member States repurchases the produced quantities and stores them in the event of the surpluses of supply by report/ratio of of the products. Not to burden the Community budget, the Council of Ministers encourages the storage deprived by allocating a premium with the producers who store themselves the products. Since the reform of 1992, in certain sectors, a rise of the direct assistances to the farmer compensates for the fall of the guaranteed prices. The stored products can be denatured, used with fine humanitarians or sold by the European Commission. The sale is carried out by way of adjudication and the Commission determines beforehand the destination of the products. In the event of sale on the domestic market, it makes sure that the markets will not undergo disturbances.²⁵

Two other instruments to stabilize the agricultural steps and to control the agricultural production in order to prevent the surpluses as well as storage are the system of quota and the fixing of the national quantities in other words the guaranteed national quantities.

The quotas are maximum quantities of production allocated with the farmers in order to reduce imbalance between supply and the structural surpluses. In the event of overproduction, the producer is penalized peculiarly.

²⁴ www.europa.eu.int

²⁵ www.europa.eu.int

The guaranteed national quantities which are granted to the Member States represent maximum quantities of production. In the event of going beyond, the producers must discharge a taking away of joint responsibility. The intervention price for the following marketing year is then reduced.

Moreover, the freezing of the grounds and nonfood diversification aim to put except culture an agricultural surface or to diversify the production with the help of a financial counterpart.²⁶

The organization of the import and export in the markets is based on a policy of protectionism of the Community products against the imported products and of subsidy for export.

The importation of the products is also subjected to certain conditions posed by the Community like the import license, the catch of the safeguard measures and the payment of taking away.

It can be requested from the importers to produce an import license and to discharge a right of taking away to the importation. When the Community market undergoes important disturbances, the European Commission has the capacity to take safeguard measures going to the suspension of the imports. These import licenses issued by the proper authorities of the Member States prove the achievement of the obligations by the importers.²⁷

The sampling system which one already noted was instituted for most of the production so that the prices of the imports are not lower than the Community courses like one has already note in the fixing of the threshold price. Following international engagements of the EU within the framework of the world Organization of trade (OMC) or its relationships to Non-member states or groups of States, the importation of certain productions can be fixed quotas for or granted preferential rates with the importation. Imported products will be seen partly or completely

²⁶ www.europa.eu.int

²⁷ www.europa.eu.int

exonerated from very customs duty. The tariff quotas which fix the quantity of products subjected to a mode of exception can be allotted according to the methods of the arrived first/been useful first, of the examination simultaneous, traditional operators/new operators or other nondiscriminatory methods.²⁸

Safeguard measures which can go to the suspension of the imports, can be taken if the Community market is likely to be seriously disturbed because of the imports and then, in certain cases, of exports can be suspended by the Community for the same reason. The decision of suspension of the import or export depends in particular on the information obtained by the “fast System of exchange of information (RAPEX)” concerning a danger to health and the safety of the people.

As for the export of the Community products, the Union subsidizes European exports so that their courses reach the world prices and the European products guess more competitive in the international trade. The exchanges with third countries aim at the imports of products on the Community market and Community exports of products. Installations were adopted in order to support the transformation of the products and to hold in account integration in the EU of new Member States.²⁹

The European Union reserves the right to prohibit the recourse to the mode of the active improvement which allows the transformation in the EU of an imported product of a third country without charging customs duties provided that the product is re-exported. The mode of the outward processing, which consists of the temporary export of goods in a Non-member state where it is transformed before being reimported without taking away, can also be prohibited.

Today, the Union is the second exporter in many sectors of the food on a worldwide scale with an agricultural volume of export of a value of 61,088 billion euro in 2002.³⁰ Thanks to the common organization of the agricultural markets, on

²⁸ <http://europa.eu>

²⁹ <http://europa.eu>

³⁰ "La politique agricole commune, Une politique qui évolue au fil du temps", Office des publications de la Communauté européenne, Octobre 2004

the one hand, the European Union causes the agricultural productivity, the rural development and then competitiveness by providing food safety and the respect of the environment in the Community market, on the other hand, by taking the precautions for the Community products face has the importation, it plays an important part in the international trade as being an important producer with his formed single market of the twenty-five States.

2.2 The development and the operation of the common organization of the markets in the dairy sector

The European Union is one of the largest producers in the sector of milk and the dairy products with Russia and India.³¹

Its great potential of the production in the sector of milk still comes from the common organization of the markets which is formed of the capacity of twenty-five Member States including the countries like France, Germany and the Netherlands.

The correct operation of the dairy sector depends on the good management of the common organization within the Community.

From this point of view, we will analyze the structure of the common organization of the steps in the sector of milk and the dairy products within the Union for better interpreting the dairy sector Turkish compared to the Community dairy sector.

³¹"Gıda Sektörü Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi ", İstanbul Sanayi Odası Yayınları, İstanbul avril 2006, p. 128

2.2.1 General aspects of the common organisation of the markets in dairy product and milk

The sector of milk and the dairy products was organized for the first time by “payment (the EEC) n° 804/68 of the Council of bearing June 27, 1968 common organization of the markets in dairy product and milk” under the framework of CAP in 1968.³²

Payment (the EEC) n° 804/68 was modified on several occasions for the sector of milk and of the dairy products adapts to the sectoral, agricultural and commercial changes. But because of their number and complexity, a new payment, payment (EC) n° 1255/1999 of the Council, of May 17, 1999, bearing common organization of the steps in the sector of milk and the dairy products, is put into force by abrogating payment (the EEC) n° above-mentioned No 804/68 and the fundamental provisions of payments (the EEC) n° 986/68, (the EEC) n° 987/68, (the EEC) n° 508/71, (the EEC) n° 1422/78, (the EEC) n° 1723/81, (the EEC) n° 2990/82, (the EEC) n° 1842/83, (the EEC) n° 865/84 and (the EEC) n° 777/87 of the Council.

Payment (EC) 1255/1999 is also amended by payment (EC) n° 1787/2003 of the Council of September 29, 2003. Payment (EC) n° 1787/2003 fact of certain amendments on the intervention price of butter and the skimmed milk powder without fixing the guide price, the quantity of the assistance granted by the Community to the school establishments.

Two regulations mainly aim at reducing imbalance between supply and demand, to dismantle the structural surpluses, to encourage the consumption of milk and the dairy products, to improve competitiveness of these products on the international markets in the dairy sector as well as objectives of the CAP mentioned in article 33 of the treaty such as the stability of the market and an equitable life with the farming population.³³

³² JO L 148 du 27.6.1968, p.13

³³ Règlement (CE) n° 1255/1999 du Conseil, du 17 mai 1999, portant organisation commune des

*The common organization of market of milk and the dairy products allowed to stabilize the prices and to ensure an equitable standard of living the farmers thanks to the implementation of systems of intervention, marketing and exchange with third countries. To reach with these objectives, the organization comprises organizations of intervention being based on a single mode of the price which can intervene on the market including while proceeding to the purchase of butter and skimmed milk powder like to the granting of assistances to the private storage of these products; that, however, these measurements should be standardized in order not to block freedom of movement, inside the Community, of the products consider.*³⁴

The type of common organization of the dairy markets comprises the single payments by the exploitation as in all the OCM, the intervention and the production aids and the intervention. For milk and the dairy products, the marketing year begins on July 1 from each year and is completed on June 30 of the following year.

In the common organization of the agricultural markets, the three prices (the guide price, the threshold price and the intervention price) are fixed in order to ensure the market equilibrium. But for the dairy sector, with payment (EC) n° 1787/2003 amending the payment n° 1255/1999, only the intervention price is fixed by the Council of Ministers which is valid from July 1 each year until June 30 of the following year for 100 kilogram's of butter and skimmed milk powder. By the payment, the rates of the intervention prices of butter and skimmed milk powder decrease over the period 2006-2007 to improve competitiveness on the domestic market and external.

The guide price is not fixed for the dairy products in order to encourage the production which made it possible to find the balance of the price in the transactions by reducing the intervention between the actors in the sector.

marchés dans le secteur du lait et des produits laitiers
³⁴ *ibid.*

The intervention system in the dairy sector envisage the purchases of intervention of butter and the skimmed milk powder by the organizations of intervention, the assistance with private storage, the assistances with the school establishments, the quotas dairy, the taking away, the subsidies for export and the customs tariff for the importation.³⁵

The purchases of intervention, the assistances granted for storage deprives, the assistances allowing the purchase has a cut price and the assistances granted with the establishment school are with a view in particular to eliminate the surpluses in the slag production which can disturb to it walk of milk and the dairy products.

The purchases of intervention made by the organizations of intervention indicated by the Member States depend on the price level of the market in butter and of skimmed milk powder.

For butter, when the contract prices of butter reach, in one or more Member States, a level lower than 92% of the intervention price for one representative period, the organizations of intervention indicated by each Member State proceed to purchases in the Member States concerned with way of adjudication.³⁶

The mode of intervention concerning butter is applied to maintain the butter position competitive to the market, to as far as safeguard possible the initial quality of butter and to carry out a storage most rationally possible.

With regard to skimmed milk powder, the organizations of interventions in the Member States buy at the intervention price, under conditions to determine, skimmed milk powder of the first quality.

³⁵ www.europa.eu.int

³⁶ Règlement (CE) n° 1787/2003 du Conseil du 29 septembre 2003 modifiant le règlement (CE) n° 1255/1999 portant organisation commune des marchés dans le secteur du lait et des produits laitiers

The commission can suspend the purchases as soon as the quantities exceed the quantities offered to the intervention for the two products.

With regard to the aids granted for private storage, these assistances is granted for butter, skimmed milk powder and then certain cheeses like grana padano, parmigiano reggiano and provolone. Assistance with private storage subordinate A establishment of a storage contract by the organization of intervention of the Member State. The amount of the assistance is fixed mainly according to expenses' of storage, the foreseeable trend of the stored price of the products.

The assistances with storage aim at reducing the surpluses of the offer of the dairy products protect their quality of it. Stocks can be used for the domestic market or for export but still the market equilibrium does not have to be threatened by the deliveries of these stocks.³⁷

Moreover, the Commission can grant the aids in order to allow the purchase of cream, of butter, and of concentrated butter cut price by the institutions and communities without goal has lucrative, by the armies and comparable units of the Member States, by the manufacturers of products of pastry making and ice-creams, by the manufacturers of other foodstuffs and for the direct butter consumption concentrated in the event of a threat caused by the surpluses.³⁸

Another help which is in order to encourage the children to consume milk is granted to the transfer of dairy products at a rate of 0,25 liters of milk per pupils and per day is versed with the school establishments. The Member States can allot a complementary help to it.³⁹

³⁷ Le règlement (CE) no 1255/1999 du Conseil, du 17 mai 1999, portant organisation commune des marchés dans le secteur du lait et des produits laitiers

³⁸ Le règlement (CE) n° 1255/1999 du Conseil, du 17 mai 1999, portant organisation commune des marchés dans le secteur du lait et des produits laitiers

³⁹ Règlement (CE) n° 1787/2003 du Conseil du 29 septembre 2003 modifiant le règlement (CE) n° 1255/1999 portant organisation commune des marchés dans le secteur du lait et des produits laitiers

In addition, a Member State can perceive the promotional taking away near its milk producers on the quantities of milk marketed in order to finance the widening of the markets of milk, the improvement of quality and consumption in the Community.

The intervention system implying the price and the purchases of intervention, the assistances with private storage and the assistances granted for the school establishments and certain institutions aim rather has to organize to it interior walk and to ensure balance between supply and by preventing surpluses.

These regulations require a market stable and balanced with a production and a consumption which can be envisaged by the national authorities of the Member States in order to prevent the surpluses on the market.

As for the trading system with third countries, this mode comprises regulations aiming protecting the Community products against the imported products and at subsidizing export so that the Community products are competitive in the international trade. All these reglementations are established in accordance with the agreements concluded within the framework from CMO.

The trade arrangement with third countries in the dairy sector is characterized and organized by the delivery of export and import licenses, the Common Customs Tariff, the additional duties exit of the rules of the World Trade Organization, the barriers to trade, the tariff quotas, the restitutions, and the catch of the safeguard measures.⁴⁰

The imports and exports of the dairy products require a presentation of a certificate which proves the achievement of the obligations by the importers and exporters. The delivery of an import license is obligatory for the imports but exports can be subjected to this delivery. These certificates are issued by the Member States

⁴⁰ Le règlement (CE) no 1255/1999 du Conseil, du 17 mai 1999, portant organisation commune des marchés dans le secteur du lait et des produits laitiers

in accordance with the application of articles 29,30 and 31 of payment (EC) No 1255/1999 and they is valid in all Community. ⁴¹

For the products imported at the Community market, the Common Customs Tariff is applied for third countries. The rates of the rights applicable under the Common Customs Tariff are applied for the dairy products aimed to the Article 1st of Regulation (EC) n° 1255/1999. In the event of a risk of destabilization of the Community market by the imports, the rights to the additional importation rising from the agreement on agriculture within the framework of the multilateral trade negotiations of the cycle of Uruguay can be charged. On the lower part of the activating prices which are submitted by the Community to the World Trade Organization, a right to the additional importation can be imposed by the Community.

In the exchanges with third countries, the having the same effect taxes to a customs duty and the application of the quantitative restrictions or having the same effect measurements are prohibited.

But the tariff quotas can be allotted for the products aimed to the article 1st according to the methods of management like the principle of the arrived first/been useful first, the simultaneous examination, the made traditional operators and the new ones or other nondiscriminatory methods. These tariff quotas still raise from the rights allot by agreements concluded within the framework from the trade negotiations from the cycle from Uruguay.

For exports, the difference between the prices charged on the world market and the prices Community can be the object of one export refund.

The restitutions granted for the products and the amounts of these restitutions which are even for all Community are determined by the European Commission. ⁴²

⁴¹ Règlement (CE) n° 1787/2003 du Conseil du 29 septembre 2003 modifiant le règlement (CE) n° 1255/1999 portant organisation commune des marchés dans le secteur du lait et des produits laitiers

The restitutions are fixed by taking into account the trend of the price of milk and the dairy products on the Community and world market, the expenses of marketing and transport, the objectives of the common organization of the markets in the dairy sector which are to ensure these markets a development on the prices and the exchanges of the products, the limits rising from the concluded international agreements, the interest to avoid disturbances of the Community market and the economic aspect of exports considered.⁴³

Moreover, in all the activities Community concerning trade, it is taken account of requires to establish a balance between the use of the basic agricultural produce Community and the uses of the products of allowed third countries to the mode active improvement.

When the free frontier price exceeds in a significant way the Community price level or the intervention price fixed for the product concerned and if this going beyond is likely to persist an imbalance between supply and demand and then if the Community market is threatened by the high level of the prices in the international trade; the import duties and/or the perception of the export taxes can be suspended partially or completely by the Community.⁴⁴

Safeguard measures can be taken if the Community market is likely to undergo serious disturbances because of the imports or exports. The Council, taking a decision in the majority qualified on Commission proposal, can, in particular cases, to completely exclude or partially the recourse to the mode of the traffic of active improvement for the products concerned has the article 1st, intended for the manufacture of products aimed to that the article or of goods concerned has appendix 2 of payment (EC) No 1255/1999.

⁴² www.europa.eu.int

⁴³ Le Reglement 1255/1999 du Conseil, du 17 mai 1999, portant organisation commune des marchés dans le secteur du lait et des produits laitiers

⁴⁴ www.europa.eu.int

These safeguard measures are applied in the exchanges with third countries until the disturbance or the threat of disturbance disappeared.

All these measurements which organize the trade arrangement with third country aim to protect the stability of the Community market and to improve competitiveness of the Community dairy products vis-a-vis the international exchanges.

The Member States and the Commission communicate themselves reciprocally for the correct operation of the common organization of the steps in the dairy sector as one has already mentions in the common organization of the agricultural steps.

For the implementation of the regulation on the dairy sector, there is also a board of management of milk and dairy products, called “committee” instituted by payment (EC) No 1255/1999 bearing common organization of the steps in the sector of milk and the dairy products which is composed by the representatives of the Member States and is chaired by a European Commission representative.

3. Adoption of the Turkish dairy sector at the dairy market of the European Union

During the process of the common organization of the markets in dairy product and milk, the two parts, the European Union and Turkey, will produce the various strategies by two different prospects.

While imposing the payments and the standards, the European Union will encourage Turkey to reach, before and after adhesion, with certain standards relating to the quality of the dairy products and food safety.

But, in the part of Turkey, the adoption will become a course long and difficult. Turkey will be obliged to make major changes and to entirely reorganize its dairy sector.

So that the Turkish dairy sector is adopted at the Community market as much easy than possible, Turkey must ensure total control while starting with the recording of the companies in the sector. In all the fields, breeding until consumption, Turkey needs to develop the projects.

To understand(!!!) the process of integration of the Turkish dairy market in the Community market, in this part, we will analyze the current economic situation of the dairy sector in Turkey while concentrating on the food industry, then the problems and the major difficulties that Turkey will meet during the probable process and finally strategies to overcome these difficulties.

3.1 The current economic situation of the sector of milk and the dairy products in Turkey

In the document of partnership to the accession of Turkey declared in 2003, the common organization of the markets and the establishment of the legislations, administrative bodies and mechanisms of execution to follow indeed the Common agricultural policy (CAP) are one of the medium-term objectives.⁴⁵ But for the dairy sector, Turkey must reach in certain conditions before control on the adoption of the European standards in the dairy sector which will be carried out by the Community before accession of Turkey. Therefore, under the coordination of SETBIR (Union of the milk industries and the products edges of Turkey) while cooperating in particular with the European Commission, the persons in charge start to produce the strategies for the adoption of the dairy sector at the Common Market of the European Union.

The current economic situation of the dairy sector in Turkey includes/understands the disadvantages and the potential for the development at the same time.

The disadvantages depend rather on disorganization and thus on dysfunction of the dairy sector which is concerned the breeding to consumption. The potential for the development rises from the capacity of the sector which can produce for a large increasing population in Turkey.

When we analyze the Turkish dairy sector, one will focus oneself on the food industry which faces serious problems because of this dysfunction which will become a large obstacle during the common organization of the markets.

For better understanding the process of the reorganization of the dairy sector, in this chapter, one will analyze the current economic situation of the sector of milk and the dairy products in Turkey.

⁴⁵ www.disisleri.gov.tr

3.1.1 The Potential and problems of the Turkish dairy sector

Turkey can be identified as a country having an important capacity of the agriculture which comes from its large geographical surface. Thus the farmer and the breeding play an important part in the rural and national economy.

According to the last census of the population in 2001, 24 million inhabitants live in the campaigns (35,1% of the Turkish population). Thus the rural population is made up of significant number inhabitants in Turkey. 97% of this rural population is occupied with the breeding and agriculture together when the remainder is interested only in the breeding.⁴⁶

The structure of the agricultural production in Turkey depends in particular on the geography of the country. Like a large country extending to a broad surface covering 34% from the country, the raw materials agricultural depend on the climatic and regional conditions, of the speculative movements of the market and the agricultural policies installation by the State.⁴⁷

The agriculture practiced in the west and the south of the country is very powerful and uses techniques of modern production while it still remains very traditional in the center, is and north. In the areas of the east and south east of Turkey, the breeding is more widespread.⁴⁸

With regard to the production of milk and dairy products, the dairy farms, exploitations and the companies are dispersed in all the areas of Turkey and a farm of small size to the modern factories and technological, the Turkish dairy sector is composed of many producers, purchasers and intermediaries. The production and the

⁴⁶"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi" İstanbul Sanayi Odası Yayınları, İstanbul, septembre 2006, p.120

⁴⁷F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁴⁸"Le dossier agricole : L'un des obstacles majeurs dans la future négociations entre la Turquie et l'UE", Actualité, n° 33, Paris, avril 2005 p.12

transformation hyper-atomized in the sector. There are hundreds small artisanal dairies and thousands of collective manifold centre.⁴⁹

To define the Turkish dairy sector, one must study the size of the dairy companies, the firms belonged to the State or the private sector, the interaction between the sector of agriculture and the agro-alimentary sector, the vertical relation between agriculture and industry concerning the production, the structure of the market, the direct investments foreign, the request and the provisioning of milk and the dairy products, and finally the foreign trade.⁵⁰

The first condition to produce the milk of quality is based obviously on the breeding in the country concerned.

But, in Turkey, in the breeding of the milk cows, the sector does not succeed in getting the productivity. The problems rise from small size of the farms, of the lack of professionalism concerning the veterinary and plant health field and of the insufficiency in the genetic and environmental rehabilitation by preventing the production of the milk of quality.⁵¹

In Turkey, the average size of a farm is only 2-3 cows and the annual production of milk is 8,5-10 million tons, of which only 20-25% are declared. The level of production is very low for a population of more than 70 million. The dairy output by cow is 1.800 liters, compares with 5.400 liter in the EU and 7.400 liters in the USA.⁵² The UE-25 produced, in 2004, 146.9 million tons of milk and 97% of this production is milk cows.⁵³

⁴⁹Jean Pierre Carlier, "La Turquie laitière commence à bouger, Réussir Lait Elevage", n° 279, mars 2005

⁵⁰F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁵¹"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi" p.122

⁵²"Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁵³"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p.20

The production is marked by a low level of professionalism and the agriculture of substance and half substance is very widespread. For the farms of small and average size, the investment in cooling tanks or the medical catch of the precautions is not very economic thus; produced milk is of small quantity and quality.⁵⁴

On the other hand, the quality of the production of the dairy products depends on the quality of believed milk, of technologies related to the production, the hygienic conditions, packing, and the conservation of the products.⁵⁵

In addition, the farms with the small size⁵⁶ of the cows do not have a financial resource to make investments on the genetic and environmental development. The lack of organization between the producers and the farms also prevents the development of the breeding of the milk cows. The subsidies delivered by the State aiming at the genetic and environmental development are not used in an operative way.⁵⁷

The low number of the milk cows in these small-scale farms has a negative effect on the cost price of the production like on quality of believed milk. For this reason, although the breeding of the milk cows is widespread in the areas of the East and South-east of Anatolia, the contribution of these areas to the national production of milk is only 2%.⁵⁸

The problems in the breeding also prevent purchasers from reaching with the raw materials quality.

⁵⁴ "Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁵⁵ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁵⁶ "Dans l'Union européenne, la taille de ferme est composée d'au moins 28,5 vaches, quand 81,7 % des fermes ont maximum 9 vaches en Turquie" cité dans "Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p.8

⁵⁷ "Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, pp. 13-14

⁵⁸ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

The Turkish milk industry is managed by family companies, companies of the private sector, co-operatives and associations.⁵⁹

The SEK, government enterprise, is created in 1963 having many factories of dairy transformation left again on touts the areas of Turkey. At the beginning of the Nineties, SEK was privatized by the government and company KOÇ has receipt the totality of the actions of SEK. In the food industry, Pınar of group Yaşar, Put SÜt of Tekfen group and the company of Sabancı and Koç are dominant. The foreign companies work in Sabancı-Danone partnership, and Nestle-Tekfen (totality of the actions of Put Süt is acquites by Nestle in 2000). Today, Danonesa (the act of association with the Company of Sabancı) and Nestle, (the act of association with Put Süt) have a margin important in the dairy market. Danone has 12% of share of the market and Nestle has 10% of share of the dairy market following the leaders of the Turkish dairy sector like Pınar and Ülker.⁶⁰ The groups industrialist foreigners concentrate on the production of milk pasteurizes, yoghurt and cheeses in the market.⁶¹

Majority of the dairy companies are located in the west of the country, in particular, in the areas Egée and Marmara which produce more than 60% of milk.⁶² The foreign investments are also carried out in the west of Turkey. The areas of the east and south-east are not gravitational for the foreign companies.

The Project of South East (GAP) aims at encouraging the foreign companies to carry out investments in these areas.⁶³

⁵⁹Jean Pierre Carlier, "La Turquie laitière commence à bouger, Réussir Lait Elevage", n° 279, mars 2005

⁶⁰ www.rekabet.gov.tr

⁶¹F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁶² F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁶³ *ibid.*

The government enterprises continue to produce but of a lower level. There remain still dairy and cheese-making official factories in the areas of the east and the south-east of Anatolia.

According to the assumptions of the Agency of Planning of State, on the basis of the prices of 1998, since 2004, the industry of milk and the dairy products composes 15.8% of the request, 15,2% of the production and 2% of export in food industry.⁶⁴

The development of the food industry, which is the bond between the agriculture and the markets of consumption, is particularly sensitive to the evolutions of the agricultural production and the regulations of supply and.⁶⁵

For the milk industry, the principal problem is raised in the agricultural production. The bad quality of milk, the small size of the breedings is obstacles in front of the development of the food industry in the sector. The problems concerning the raw material are reinforced by many companies not registered in the market.⁶⁶

The quality of milk and the dairy products marketed by these various structures are not homogeneous.⁶⁷ The 80% of too small family dairies, not recorded by the administration are one of the principal handicaps of dairy Turkey.⁶⁸

In Turkey, only 20% of the dairy companies and 2, 5 tons million of the production of milk in the sector are recorded. The not declared companies are rather the family exploitations which continue their production in a traditional way. In the recordings of the ministry for Agriculture and rural Businesses, there is only reliable

⁶⁴"Süt ve Süt Ürünleri Ortak Piyasa Düzeni ", SETBIR, Ankara, septembre 2005, p.15

⁶⁵ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁶⁶ Jean Pierre Carlier, "La Turquie laitière moderne « adhère » à l'Union", AtlaSynthèses, n° 117, Paris, janvier 2005

⁶⁷ Halis Korkut, "Harmonisation du secteur laitier de la Turquie avec la législation de l'Union européenne", Colloque Franco-turc, Istanbul, 2004

⁶⁸ Jean Pierre Carlier, "La Turquie laitière commence à bouger, Réussir Lait Elevage", n° 279, mars 2005

information on 204 companies which makes their recording.⁶⁹ The not declared companies carry out their production without in conformity with the conditions hygienic and medical, in a traditional manner and they work with the not qualified employees.⁷⁰

Contrary to the not declared companies, the processing sector comprises also large companies who are made up of professional transformers applying of the raised standards, comparable with the European Union. But, only 20% of milk is transformed in these modern companies. 40% of milk is transformed in the traditional companies and the remainder is auto consommé in the farms or is sold as milk of street when the rate of quantity of the milk processed in the factories modern is 97% of the production in the European Union.⁷¹

In the dairy sector, the recording is at the origin of the operation of the market guaranteeing the productivity, quality, food safety, the stability of the market and the prices, the organization of the channels of the marketing of the production until consumption.

The complex system of distribution and marketing of milk is also a major problem for the milk industry. In the operations of collection and distribution, there are several intermediaries and this system of distribution and of marketing of milk threatens quality, food safety and causes the production costs for the companies.⁷²

To the consumers, believed or processed milk is transferred to the several actors by the several intermediaries and this system to make difficult for the purchasers to reach with the milk of good quality. In the countries developed like the United States or the Member States of the European Union, milk is collected by the

⁶⁹"Gıda Sektörü Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006, pp. 121-122

⁷⁰"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p.23

⁷¹"Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁷²Jean Pierre Carlier, "La Turquie laitière moderne « adhère » à l'Union", AtlaSynthèses, n° 117, Paris, janvier 2005

co-operatives in the zones of collection under control and is distributed by these co-operatives to the purchasers for their exploitation.⁷³

The industrial companies which make efforts to have a raw material and produce quality thus have a very important cost compared to the artisanal circuit without control and of the products much more expensive.⁷⁴

The existence of several intermediaries and the increase in the costs also cause the raising of prices of milk in the market. This system is advantageous only for the intermediaries contrary to the producers, purchasers or consumers. In this system, the producers cannot obtain one returned sufficient for their production and the consumers buy milk and the dairy products at a high price. 10 tons million of milk manufactured is transferred or distributed by these marketing and channels of distribution without guaranteeing food safety or quality.⁷⁵

This disorganization of the dairy sector prevents obviously the productivity in the market and thus causes a competition unfair between the modern companies and technological which produces the milk and of the dairy products in accordance with the standards medical but having higher production costs and the not declared companies which produce in a traditional manner and without public control.⁷⁶ This unfair competition also threatens the consumers in the food matter of safety which chooses the products at a cheap rate, in particular in the rural areas of Turkey.

The not declared production and consumption are a serious problem for the Turkish economy and the dairy sector. This problem causes the unfair competition for the transformers modern and slows down their development.⁷⁷

The demographic growth, the increase in the levels of income is also factors which affect the structure and the performances of the food industry.⁷⁸

⁷³" Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p.14

⁷⁴ Jean Pierre Carlier, "La Turquie laitière commence à bouger", Réussir Lait Elevage, n° 279, mars 2005

⁷⁵ ibid.

⁷⁶"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p.14-15

⁷⁷ "Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

In the last years, as the investments in the sector of milk and the dairy products are increased by the Turkish or foreign companies, the demand for the products manufactured in a traditional manner decreases. This reduction is caused by the increase in the incomes and the awakening on the healthy food of the consumers which requires dairy products of good quality ensuring the food safety.⁷⁹

The increase in the purchasing power also causes the higher quality of the dairy products.⁸⁰ But still, the rate of consumption of milk and the dairy products is lower than that of the countries developed in Turkey. In the European Union, the quantity of consumption per anybody during one year is approximately 95 kg but in Turkey this quantity is 30 kg, including the milk of street by anybody.⁸¹

Of another with dimensions, one must take into account the economic, social and geographical conditions of Turkey and the rural population that the practices of the consumers do not evolve/move of the same manner compared to those of the consumers in the large cities.

Therefore, although the dairy sector develops by the investments of the companies Turkish or foreign, there is still a great part which continues their production without conforming to the standards necessary for lack of intervention of the State or the public administrations.

These problems touch the imports and exports of the Turkish dairy sector. The imports and exports are very negligible and export to the EU is prohibited since 2001

⁷⁸ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", *Options Méditerranéennes*, Série B, n° 32, 2001

⁷⁹ "Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006, p.122

⁸⁰ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", *Options Méditerranéennes*, Série B, n° 32, 2001

⁸¹ "Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBİR, Ankara, septembre 2005, p. 24

because of the diseases of the animals which are not entirely solved. This situation also slows down competitiveness in the market.⁸²

Several Turkish industrial companies were directed towards the products which they intended for the national market, conditioned by the signals of the domestic demand during their construction. They aim above all, the market interns and thus did not take into account the world market; they adopt weak technologies with the high production costs.⁸³ Today, this situation becomes an obstacle in front of exports for these companies which for drank to make exports towards the foreign countries which surround Turkey.

The companies make export with the countries of the Middle East, the Turkish Kafkas Republics like Azerbaijan, with the Arab countries like Bahrain, Qatar, Saudi Arabia, Arab Emirates plain, and then with the Turkish Republic of Cyprus, the United States and ex-Yugoslavia.

In export, the cheese, butter and the ice are priority products because, contrary to the other dairy products, these products are more resistant to the conditions of export.⁸⁴

Turkey cannot make export with the European Union in spite of its integration in the Customs union⁸⁵, not only because of the protectionist measurements taken by the Union against the importation, but also, because of its production of milk and the dairy products which do not conform to the European criteria and of the diseases of the animals which are not entirely solved.⁸⁶

⁸²"Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁸³ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁸⁴"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006, p. 124

⁸⁵ "L'union douanière prévue dans l'accord entre en vigueur par la décision n° 1/95 du Conseil d'association, le 31 décembre 1995 comprenant la libre circulation et des dispositions douanières", www.europa.eu.int

⁸⁶"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005 p.61

But, certain companies required the official inspection of the EU since 2002. These companies are ready for the Community market by getting the standards of the EU and uses believed milk coming from some close certified without diseases.⁸⁷

As for the importation, the situation is advantageous for the Member States of the European Union. The importation is carried out Member States of the European Union, in particular of France of Germany, the Netherlands and Poland and then of the Ukraine, Australia and New Zealand.⁸⁸

Dried milk is the product more been essential in order to use in the transformation by the companies. Its production in Turkey remains very weak. The industrial request is filled by the imports in this field. Dried milk is used in the manufacture of biscuits and chocolate.⁸⁹

For better understanding the potential of the Turkish dairy sector, while profiting from the analysis of SWOT⁹⁰, we will make an evaluation on the sector.

The forces of the sector come from the big size of the consumers who create a large market for the producers in the sector. In addition, the consumers who take the conscience of the healthy food and give the importance to food safety are important so that the dairy sector adjust with certain the standards concerning food safety and quality. Today, the consumers are more sensitive to the quality of the dairy products and conscious of the diseases of the animals which have a direct negative effect on the sale of milk of street.

The companies make investments more and more to become a reliable mark in the sector and also for the development of diversity of the dairy products. As for the

⁸⁷ "Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁸⁸"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006, p. 124

⁸⁹ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

⁹⁰"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006,, p. 130

weaknesses of the market, the small sizes of the farms which cannot get the productivity in the breeding of the milk cows and the lack of the raw materials of quality are problems at the bottom of the dairy production.

Imbalance in the production of milk causes by conditions climatic and regional because of the different conditions geographical in Turkey, the lack of the zones of collection or the dairy exploitations worsen the problems of quality and obtaining the milk of quality for the producers.

The insufficiency in the organization of the system of cooling which is necessary to maintain the quality of milk during the operations of collection, distribution and marketing causes the disadvantages for the purchasers who need the milk of quality for their production.

The high level of the production not declared causes the production of milk and the dairy products which are not formed in the sanitary arrangements, hygienic and also prevents the sectoral development.

The insufficiency in the diversity of the products targeted with the various needs for the various types of the consumers manufactured by the companies; the lack of professionalism and the organization enters the actors of the sector and then the absence of the skilled workers all the fields of the sector; insufficient control for the products imported in the customs; the difficulties in finding the financing and in the modernization of small and medium-sized companies because of the high costs of the machines imported for the production can be accounts like weakness of the Turkish dairy sector.

With regard to opportunities on the basis of the forces and weaknesses of the sector, the companies which do not manufacture those traditional products can diversify their wallet of the products by taking specimens in the external market. In addition, on the basis of the market researches, the companies can develop the new products for the various categories of the consumers.

The sector can encourage consumption by making investments for publicities aiming at making the consumers more conscious on the benefit of milk and the dairy products. In other words, the sector can make create the great potential of consumption of the large population in Turkey.

Finally, by using the output of the sector in an optimal manner, the producers can reduce their production costs.

In spite of this potential of the sector for the development, its current economic situation comprises also threats.

Most of the consumers in Turkey, because of the economic problems, a priori, the products less expensive without taking into account the quality of these products or food safety thus the increase in the number of the dairy products less expensive can constitute a threat for the large companies.

The foreign companies, by the acts of associations of various Turkish companies, obtain a great part of the market and this competition can cause the disadvantages for the Turkish companies.

Lately, the other soft drinks which are more popular between the young consumers because of their image, are competing products which have a more advantageous place in the market in drink compared to milk. This situation still prevents the increase in consumption of milk.

Despite everything these problems made up of the threats and weakness of the sector, the Turkish dairy sector can overcome all these problems while being mobilized for the development and the reorganization of the sector in order to create an advantageous market for all. It is necessary to define the finality well and to develop the strategies in order to profit from the great potential of the sector and to

eliminate the threats and the weakness in the sector by also aiming to it Community market.

3.2 Objectives of the Turkish dairy sector for the development and integration in the Community market

For the development of the Turkish dairy sector, it is necessary to restructure and reorganize entirely all the fields of the sector. But before reorganization, the public administrations must obtain information detailed and reliable on the actual situation of the sector in order to establish strategies of development.⁹¹ It is necessary to make a total research on all the fields and all the actors either declared, or not declared.

The reorganization of the sector before adhesion can be ensured by the recording of all the actors in the sector, the extension of capacity of the dairy exploitations by subsidize public, the improvement of quality and of the matter rate into fatty of milk and the increase in quantity of milk distribute to the recorded companies⁹²

The two principal problems concerning the recording and the quality of milk must be eliminated for the development from the sector and the adoption from the Turkish dairy sector at the Community market.

To improve quality of milk, the use of the believed milk of recorded and certified exploitations, the establishment of the structures of collection, cooling and transport, the setting does not open of a system of payment of believed milk relating to its fat content and has its quality microbiological can be the priority goals⁹³

⁹¹"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, septembre 2005, p. 75

⁹² ibid.

⁹³ Halis Korkut, "Harmonisation du secteur laitier de la Turquie avec la législation de l'Union européenne", Colloque Franco-turc, Istanbul, 2004

During the process of the recording in the breeding, the farms of the milk cows can be encouraged to specialize on the field in order to increase the productivity. Specialization in the breeding will provide the professionalism which causes work on the genetic and environmental rehabilitation in the farms by the qualified stockbreeders and civil servant.⁹⁴

The investment in the training schemes concerning specialization and professionalism on the breeding of the milk cows and the reorganization of the system to obtain larger farms instead of many farms of small size will cause the increase in quality and the quantity of the production.⁹⁵

Specialization and professionalism can eliminate the problems concerning the diseases from the animals which are one of most important the obstacles in the export and the quality of milk. Measures of eradication should be taken in particular during the phase of pre-accession. A program of follow-up of the number of the bacteria and cells somatic in the milk believed with an aim of ensuring the food hygiene and of protecting health from the consumers must be established.⁹⁶

Strict rules should be applied with regard to the intercommunity trade of alive animals and of livestock products, controls on the domestic market, controls veterinary at the borders outsides, the safety of the foodstuffs and the hygiene and important progress must be accomplished as regards the animal wellbeing.⁹⁷

From this point of view, the project of Karacabey which is entitled “the improvement of the production of milk certified and food safety” is directed by the ministry for Agriculture and the rural Businesses while cooperating with the Netherlands (MATRA) since 2004.

⁹⁴Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi ", İstanbul Sanayi Odası Yayınları, İstanbul, 2006 , p.134

⁹⁵"Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

⁹⁶Jean Pierre Carlier, "La Turquie laitière commence à bouger", Réussir Lait Elevage, n° 279, mars 2005

⁹⁷"Le dossier agricole : L'un des obstacles majeurs dans la future négociations entre la Turquie et l'UE", Actualité, n° 33, Paris, avril 2005

The project mainly aims improving quality of milk and at providing the recording of the production and food safety in the dairy sector. The project is in order to help Turkey in the process of implementation of the regulations of the European Union concerning the quality of the dairy products on the basis of the directive 92/46/EEC on the medical rules for the production of believed milk.⁹⁸

To carry out these two objectives, the purpose of the project is to establish a uniform and centralized system, with a regional prospect, control of the quality of milk while cooperating with the private sector and the farmers. To establish this system of control, the public and private sector must cooperate on the foundation of the independent laboratories which controls the quality of milk and food safety.⁹⁹

The results envisaged by the founders of this project are the development of a policy and of national strategy for the improvement of the quality of milk, the correct operation of the dairy market, the systematization of the structure of the quality control of milk, the establishment of a system of price bases on the quality of milk and the education of the farmers on the improvement of quality of milk.

The purpose of the persons in charge for the Netherlands in this project is, initially, to render comprehensible the regulations of the Union on this subject and to share the experiments of the other Member States in this process. Using the expertise of the Dutch civil servant and thanks to the co-operation between the ministry for Agriculture and the rural Businesses, SETBIR (union of the milk industries and the producers edge of Turkey) and the Association of Turkey of the Stockbreeders of bovine, Turkey develops better the strategies for the organization of its dairy sector.

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⁹⁸"Improving the registered milk production and the food safety of milk", Inception Report of Animal Sciences Group of Wageningen University and Research Centre (ASG-WUR), VRIAN Projects BV (VRIAN), Agri Livestock Consultants LTD (ALC), Ankara, 2004

⁹⁹ *ibid.*

¹⁰⁰ *ibid.*

The government and the ministry for Agriculture and the rural Businesses play the major part by facilitating the process of adoption and stimulating and guiding the dairy sector near sectoral associations.¹⁰¹

Although SETBIR and the association of the stockbreeders of bovine are associations having a real capacity in the establishment of the policy relating to the dairy sector and the breeding while cooperating with the government and the ministry for Agriculture, the organization between the producers and the industrial companies in the dairy sector is not yet sufficient.

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The lack of organization between the actors of the dairy sector blocks on the one hand the application of the policies aiming at the development of the dairy sector, on the other hand the effective organization of and the marketing channels of distribution of milk and the dairy products which is currently directed by several intermediaries.¹⁰²

In the European Union, this type of organizations between the agents of the sector in all the fields is encouraged in order to develop the strategies by the co-operation between the organizations and the authorities for the sectoral increase.¹⁰³

¹⁰¹ ibid

¹⁰²"Gıda Sektörü, Avrupa Birliği'ne Tam Üyelik Sürecinde İstanbul Sanayi Odası Meslek Komiteleri Sektör Stratejileri Geliştirilmesi Projesi", İstanbul Sanayi Odası Yayınları, İstanbul, 2006 p.134

¹⁰³ Règlement (CE) no 1255/1999 du Conseil du 17 mai 1999, portant organisation commune des marchés dans le secteur du lait et des produits laitiers

Today, the quality of the milk which fills of the conditions in “the directive 92/46/CEE of the Council of June 16, 1992 adopting the medical rules for the production and the marketing of believed milk, of milk treats and of products containing milk” is the priority of the government and the ministry for Agriculture.

The ministry for agriculture aims at the improvement of quantity and quality of believed milk, the modernization and the control of the breeding of the dairy races, the establishment of the certified farms and for the local harmonization of legislation with the directive 92/46/EEC of the EU concerning the standards of quality and hygiene.¹⁰⁴

The purpose of this directive is to lay down the medical rules applicable to the production and the marketing of milk and the products containing milk which will contribute to ensure a high level the protection of the public health. The rules of hygiene defined in this directive must apply to the production, conditioning, the storage and the transport of the products.

Moreover, the products put on the market of the Community coming from third countries must allow the same degree of protection from the point of view of human health that it is consequently advisable to require these products of the guarantees equivalent to those given by the products of Community origin.¹⁰⁵

From this point of view, the purpose of the ministry for the Agriculture of Turkey is to harmonize the Order in Council main road on food Codex (KHK 560 in the Turkish legislation) concerning the medical rules on the production, consumption and food control with the directive 92/46/CEE.

¹⁰⁴ Halis Korkut, "Harmonisation du secteur laitier de la Turquie avec la législation de l'Union européenne", Colloque Franco-turc, Istanbul, 2004

¹⁰⁵ Directive 92/46/CEE du Conseil du 16 juin 1992 arrêtant les règles sanitaires pour la production et la mise sur le marché de lait cru, de lait traité thermiquement et de produits à base de lait.

The medical rules on the production, consumption and food control became a priority and major subject for the European Union in the Nineties, by food alarms which defrayed the chronicle like the disease of the insane cow, feedingstuffs contaminated with dioxane, or theedulcorated olive oil. On the basis of these threats concerning food safety, the Union implements all, within the framework of a strategy of total food safety, to reduce the risks as much as possible, while being based on standards of food hygiene modern taking account of the scientific knowledge most advanced. These standards require that all the food have the same high level of quality, that this food is produced on the spot or in another country, inside or outside the Union. The rules apply farm to the table that the food is produced in the Union or is imported of another part of the world ¹⁰⁶

The diseases of the animals which are not entirely solved which are one of the obstacles important in front of the export of the dairy products Turkish towards the European Union in the Turkish dairy sector.

For the development of the dairy sector and the breeding of the milk cows, the ministry for Agriculture delivers premiums or appropriations with the farms in order to help them for the genetic and environmental rehabilitation, it provides the raw material at handsome price for the producers and then follows a protectionist policy in the importation of the products import but still in the sectoral disorganization of the system, these interventions are far from ensuring a concrete development in the sector. ¹⁰⁷

The investments carried out in order to improve quality of milk will also reduce problems in the milk industry concerning obtaining the raw materials of quality for their transformation. The increase in the quantity of the milk of quality will widen and the transformation output of the industrial companies in particular which use modern and technological manners.

¹⁰⁶ "De la ferme a la table, pour une alimentation saine en Europe",
europa.eu.int/comm/publications, 2005

¹⁰⁷"Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara,septembre 2005 pp. 35-36

From this point of view, the companies can encourage the producer to manufacture the hygienic milk and of quality by offering the advantageous price for the producers and by giving the formations necessary.¹⁰⁸

By the increase in the quantity of milk, the production costs of the companies will decrease and the unfair between the modern companies and the family companies and traditional competition in the market will be removed. While supposing that the recording of all the actors in the milk industry will eliminate the companies which use the traditional manners without conforming to the medical standards, the quantity distributed to the recorded companies also will increase.

To facilitate to reach with the raw materials quality by the companies, instead of the thousands of manifold centres collective, Turkey must establish the zones of collection or the purchasers can reach with the raw materials manufactured starting from milk of quality. In the zones of collection, only the milk manufactured by the farms or the exploitations slags recorded and certified must be collection and marketed by the agents of the private or public sector. To maintain the quality of milk during operations of collection, of transport and distribution, one must provide the organization of the dies of these operations ensuring the system of cooling.¹⁰⁹

Thanks to the zones of collection and the organization of the dies of distribution, the purchasers will obtain the milk of quality and hygienic more easily and this system will reduce the number of the intermediaries in the channels complex of distribution and marketing of milk. Improvement of the quality of the milk which also fills of the sanitary arrangements promote the export of the milk and the dairy products of the Turkish companies in particular towards the Member States of the European Union.

¹⁰⁸ *ibid.* p. 76

¹⁰⁹ *ibid.* p.77

Certain companies are already ready for the Community market which required the official inspection of the EU since 2002 by getting the standards of the EU and uses believed milk coming from some close certified without diseases.¹¹⁰

With dimensions of the objectives concerning export to the European Union, Turkey, having an advantageous geographical positioning, is surrounded by countries which have a keen demand in foodstuffs are of this fact of the potential markets for the Turkish companies like Russia¹¹¹

In addition, thanks to the large variety of traditional cheeses in Turkey which are products of soil can cause exports towards the developed countries.

In Turkey, the request comprises a great dynamism coming from the large population and the increase from the purchasing power which in parallel cause the improvement of quality of milk and the dairy products¹¹²

To increase consumption in the company Turkish which is much lower than that of the European Union or the United States, the awakening by the consumers on the healthy food and food safety must be ensured by the companies public or deprived which can also prevent the sale of milk of street in particular in the rural areas where the sale of milk of street is more current. In particular by the increase in the purchasing power, the change in the practices of the consumers and the important national investments or foreigners can be carried out in the sector.¹¹³

The deliveries of the milk to the school establishments which apply in the primary schools in Turkey must be extended in all the areas. The promotion of the traditional products, the development of diversity of the dairy products, the

¹¹⁰ "Bulletin de l'Antenne ATLA à Bruxelles", n° 07, février-mars, 2005

¹¹¹ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", Options Méditerranéennes, Série B, n° 32, 2001

¹¹² *ibid.*

¹¹³ Jean Pierre Carlier,, "La Turquie laitière moderne « adhère » à l'Union", AtlaSynthèses, n° 117, Paris, janvier 2005

campaigns and publicities subsidized by the State, the deliveries of milk has handsome price with the non-profit-making establishment can be other strategy to increase the level of consumption ¹¹⁴

The development concerning the diversity of the dairy products thanks to the installation of large firms specialized in the dairy production will cause the request of the consumers. The firms diversify their productions with the introduction of new products like the milks conditioned for the various groups of age or, of the products to varied consumers. The consumption of yoghurt to the fruits and cheese “mozerella” does not cease increasing. The production of ice is dominated by foreign firms but the last years, the large Turkish company “Ülker” entered the market of ice by creating the mark “Golf”. ¹¹⁵

In the EU, like one already noted in the first part, subsidize them can be delivered for the Member States which want to carry out the campaigns in order to increase consumption or which wants to widen its dairy market and to improve quality of milk. In Turkey, the government and the ministry can also support these types of engagements while giving subsidize financial and administrative. ¹¹⁶

During the difficult and long course of reorganization of the Turkish dairy sector aiming at the durable development in all the fields of the sector, the foundation of an association related to the Ministry for Agriculture and Businesses rural whose competences are goods definite and specialized on the sector which follows the national dairy policy aiming at establishing the regulations necessary for the development of the sector and the harmonization of national legislation with that of the European Union. ¹¹⁷

¹¹⁴ *ibid.* p. 60

¹¹⁵ F. Dogruel, "La portée et les limites de la filière lait en Turquie : une étude dans le cadre de la mondialisation", *Options Méditerranéennes*, Série B, n° 32, 2001

¹¹⁶ "Süt ve Süt Ürünleri Ortak Piyasa Düzeni", SETBIR, Ankara, 2005, p.56

¹¹⁷ "Süt ve Süt Ürünleri Ortak Piyasa Düzeni ", SETBIR, Ankara, 2005, pp.53-54

In the report/ratio on “the common organization of the markets in dairy product and milk in Turkey of SETBIR”, one envisages the establishment of an organization which is intended to ensure the stability of the dairy market by fixing the guide price and of intervention, has to supervise the tendency of the consumers and then which will be responsible for the adoption of the Turkish dairy market at the Community market in the negotiations with the European Union.¹¹⁸

This organization must provide, like a prerequisite and essential, the recording of all the actors in the sector and then to supervise all the stages of the production to consumption, in the sector.¹¹⁹

This type of an organization will be qualified also, after the adhesion of Turkey, the fixing of national quantity and the quantity of individual reference in the Turkish dairy sector under the framework of the mode of quota applied in order to prevent imbalance between supply and demand and the surpluses structures within the European Union. This organization also occupies itself with the purchases of intervention envisaged in the payment No 1788/2003 of the Council of September 29, 2003 establishing a taking away in the sector of milk and the dairy products which are carried out in the event of the surpluses of the offer in the Member States of the Union.

The support awaited by the public authorities and deprived of the European Union for the reorganization of Turkish dairy sector is in the financial, legislative and technical fields. The Union can provide the subsidies for the milk delivered to the school establishments, the assistance for the farms to obtain the tanks of cooling agents, to establish independent laboratories, the assistance for the system of statistics, etc the current priorities of the European Commission are the adoption of the Community legislation and the increase in the administrative capacity of the Ministry for Agriculture. The Commission wants to also carry out a close cooperation with the ministry and to also consult the private sector.¹²⁰

¹¹⁸ *ibid.* p.53

¹¹⁹ *ibid*

¹²⁰“Bulletin de l’Antenne ATLA à Bruxelles”, n° 07, february-march, 2005

But the sector must be recorded before adhesion to avoid the reduction of quota which will be allotted by the Community according to the level of production and the level of fat content milk. If not milk not declared could not be entered in the quota and Turkey can acquire only one quota for the 2.5 million tons of milk declared instead of 10 million tons of the total production of milk.¹²¹

Romania and Bulgaria will be penalized in 2007-2008 by a milk quota lower than their current production because of the production not declared in these two applicant countries.¹²²

Turkey must reorganize its dairy sector, initially for the sectoral development and then for adhesion in the European Union. If the development in the dairy sector is carried out by reform administrative and sectoral while profiting from support of the European Union, the profits of this development will have dimensioned effects on two sides.

On the one hand, by the durable development of the Turkish dairy sector, the improvement of the quality of milk, the increase in the quantity of production, control on the stages of production, food safety, the rural development in the less developed areas of Turkey, the reliability of the sector and in parallel the increase in exports will be succeeds by Turkey. In addition, not only the positive effects will develop the domestic market, but also these effects will reduce the sectoral difficulties as the quota lower than Turkey will meet during the process of integration in the Community market. The sector will be more competitive between the other Member States; the mode of quota will not become a disadvantage for the dairy sector as in Bulgaria and Romania. The communication between Turkey and the EU becomes easier by transmitting the reliable information and statistics on the Turkish dairy sector.¹²³

¹²¹"Süt ve Süt Ürünleri Ortak Piyasa Düzeni ", SETBIR, Ankara, 2005, pp. 74-75

¹²² Jean Pierre Carlier, "La Turquie laitière commence à bouger", Réussir Lait Elevage, n° 279, march 2005

¹²³ "Süt ve Süt Ürünleri Ortak Piyasa Düzeni ", SETBIR, Ankara, september 2005, p.55

If Turkey can continue its sectoral development, integration in the European Union can get the widening of the dairy market for the industrial companies. But, if Turkey cannot succeed in achieving a certain progress before adhesion, it will face risks to become importer Net of milk and dairy products and to acquire a lower quota compared to its total production. Therefore, the government, the ministry for Agriculture, the industrial companies and the stockbreeders of the milch cows in the sector must cooperate in order to develop the strategies to integrate in the Community market and to prevent this integration from becoming a loss for the dairy sector and the economy.

4.CONCLUSION

The official policy of Turkey east to adhere has the European Union while realizing reforms them necessary for integration.

With regard to the sector of the milk of the dairy products, the actors of this sector prepare to integrate in a market which has a production, a very important level of export and importation in the world.

In the European Union, 25 Member States make a large dynamic and competitive market inside the Union and in the international trade. This market standardizes the standards for all the Member States in order to maintain the productivity and to ensure the food safety

The common organization of the agricultural markets which is accompanied operation by the Common agricultural policy is established from this point of view.

The Union aims at ensuring control on the domestic market for stability, maintains it productivity, the market equilibrium while attendant with the standards such as food safety, the eco-conditionality and the respect of the standards as regards the environment.

The objectives of the common organization of the agricultural markets are mainly to ensure a market unified by the correct operation of freedom of movement of the agricultural produce on the territory of the Member States and then to maintain the position advantageous of the products Community as regards price compared to the imported products.

To carry out these objectives, the Union obliges the Member States and the applicant countries to ensure the stability of their domestic market to integrate in the single market without disturbing its balance.

The operation of the single market is essential for the operation of the European Union. But, vagueness of widening brings the new problems and requires it to establish the new strategies concerning the single market for the European Union.

With regard to Turkey, the Union has reasonable questions about the adhesion of Turkey as being a large country which has not only one important socio-economic potential, but also of the problems structural in almost all the fields of negotiations.

In this antagonism of Turkey, the dairy sector which can precisely be defined like a problematic sector, is far from ensuring quality, food safety and the organization, in spite of its great potential of production and its large companies as modern as those of the Union or the world.

The difficulties major that Turkey will meet during the process of adhesion at the EU will be the no lawful production of milk and of the dairy products not having been able to be controlled, the bad quality of milk, small size of the breeding and the existence of 4500 slag establishment of which 80% are not recorded by the administration and who are not to the standards. All these problems can be explained, in fact, on the basis of the agricultural and industrial structures of Turkey.

In the field of agriculture and breeding, Turkey does not aim to create a system organizing all the durable sectors to ensure a development in the rural areas.

Industry, in a perception of modernity, becomes priority for the governments. The governmental policies always aim at ensuring temporary stability in agriculture and the breeding.

Today, during integration in the European Union, the dairy sector suffers from a lack of professionalism in the breeding of the milk cows, of a disorganization in the operations of collection, transport and transformation and the problems of the recording.

To integrate in the Community market without sorrow, Turkey must entirely restructure its dairy sector.

The priorities of the political powers will be the improvement of quality of milk and the recording of the actors in the sector.

The development of the dairy sector of Turkey is based obviously on the improvement of quality of milk and the recording of the sectoral actors. In fact, all the problems in the dairy sector are related to the one with the other.

The lack of professionalism in the breeding of the milk cows causes the bad quality of milk; the insufficiency in the organization of the system of cooling during the operations of collection, transport and marketing of milk worsens bad quality or prevents the maintenance of quality of milk and finally the industrial companies which need raw materials undergo to use their capacity at the lower level which causes the production costs

In addition, if one takes into account that 80% of the companies and 75% of the production of milk in the sector are not declared, the Turkish dairy sector needs a major reorganization not only for adhesion has the European Union but also for the durable development in the sector.

This situation which is far from being to the European standards is still confirmed by the interruption of the export of the milk and the dairy products of Turkey towards the European Union since 2001 in spite of the Customs union

Even if the dairy sector has a great potential for the production and consumption, the companies modern and technological like Pınar, Sütaş, Ülker and the foreign companies which have of a share important of the dairy market like Danone and Nestle remain minority in the sector.

The way will be very difficult for Turkey with reorganizations in the breeding and the dairy companies. This way to be traversed by Turkey must eliminate the production not declared from milk and of the dairy products, bad quality by ensuring the food safety by subsidize lawful, financial political powers in a durable and concrete way.

It should be mentioned that for the European Union, no negotiation is possible when it is about food safety, of quality of milk or the foodstuffs.

It is now with Turkish dairy sector to be mobilized to establish the development strategies of the dairy sector which also provides to reach to the European standards.

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Personal information

First name(s)/ Surname(s) **Ezgi Arslan**
Address(es) Yıldız mah. Eskikonak Sok. Murat Apt. No:11 D:4
Çırağan/Beşiktaş /İstanbul
Telephone(s) - 0090 536 513 66 68
Fax(es) (remove if not relevant, see instructions)
E-mail(s) ezgiarslan@yahoo.com, earslan@iso.org.tr
Nationality(-ies) Turkish Republic
Date of birth 11/08/1982
Gender female

Work experience

Dates 19 October 2006 →
Occupation or position held EU Specialist Assistant
Main activities and responsibilities Information / Advice, Organization
Name and address of employer Serap Isiklar
Head of EIC (TR702) / EU & Foreign Economic
Relations Departement
Mobile: +90 212 292 21 57
e-mail: sisiklar@iso.org.tr
Type of business or sector NGO
Dates August 2005 (8 days)
Occupation or position held Group leader
Main activities and responsibilities Organization
Name and address of employer Meliha Atalay
Coordinator
Mobile: 0532 551 07 24
e-mail: melihaatalay@yahoo.com
Type of business or sector Aphrodisias International Youth Sport, Culture and Art Festival
(Turkish National Olympic Comitee)

Dates	July 2005 (1month)
Occupation or position held	Manager assistant in Social Support Centre for Working Children
Main activities and responsibilities	Organization, documentation
Name and address of employer	Ayşen Nazlı, 661/1 Sok. 33/2 Karabağlar/Izmir
Type of business or sector	International Programme On Elimination of Child Labour(IPEC)

Dates	August-September (6days) 2004
Occupation or position held	Staff
Main activities and responsibilities	Organization
Name and address of employer	İsmail Mertoğlu, Eventus Organizasyon ve Fuarçılık A.Ş. Yıldız Caddesi Sungurlar İş Merkezi No:45/5 Beşiktaş 34353 Istanbul
Type of business or sector	International Trade Fair forInformation Technology, Telecommunication, Software and Services (CEBIT Eurasia)

Dates	June (6days) 2004
Occupation or position held	Staff
Main activities and responsibilities	Transport
Name and address of employer	Anıl Sirt Coordinator of Human Resources Mobile: 0533 6645612
Type of business or sector	NATO Summit

Dates	July-August 2002
Occupation or position held	Volunteer
Main activities and responsibilities	Communication
Name and address of employer	Bilge Öztürk Greenpeace Mediterranean-Turkey Office Direct Dialogue Campaign Coordinator Tel: +90 212 248 26 61 Fax: +90 212 248 18 59 GSM: +90 533 520 06 53 E-mail: bozturk@diala.greenpeace.org
Type of business or sector	NGO (Direct Dialogue Campaign)

Education and training

Dates	2005 →
Title of qualification awarded	MA in EU Relations
Principal subjects/Occupational skills covered	EU EU- Turkey Relations
Name and type of organisation providing education and training	Bahcesehir University
Dates	2005-2006
Title of qualification awarded	MA in International Relations and European Union
Principal subjects/Occupational skills covered	EU & International Relations
Name and type of organisation providing education and training	Institut Européen des Hautes Etudes Internationales