

The Milk Product Board revises the base price forecast for raw milk based on the GVH's proposals

17 May 2023, Budapest – In order to strengthen the competitiveness of Hungarian producers and processors and to reduce the prices of dairy products for consumers, the Milk Interprofessional Organisation and Product Board will review the price forecasting methodology used to determine the price of raw milk, agreed the heads of the milk market interprofessional organisation and the Hungarian Competition Authority. The amendment was proposed by the GVH experts on the basis of the findings of the accelerated sector inquiry into the milk and dairy products market. The GVH aims to ensure that its findings and proposals trigger practical measures that will help to bring down the inflation of food prices.

The Hungarian Competition Authority (GVH) [published a draft report summarising the results of its accelerated sector inquiry into the milk and dairy products market for public consultation on 20 April](#). Based on the findings of the analysis, the competition authority made six proposals in order to reduce inflation. In these, the GVH experts proposed, among other things, a review of the methodology used by the Milk Interprofessional Organisation and Product Board for the basic price forecast for raw milk.

According to the draft report, the methodology is currently based on a price forecast, some elements of which could have further increased the price increase of dairy products in 2023, fuelling inflation. The GVH therefore proposed a review of the price formula to the Product Board, to which the Hungarian Competition Authority offered its technical support. The authority's proposal protects both Hungarian consumers and Hungarian dairy farmers, as the revision will not only help to reduce inflation, but also strengthen the competitiveness of Hungarian dairy farmers.

[On 26 April, the GVH consulted with five national trade associations and the Ministry of Agriculture on its draft proposals to reduce the consumer price of dairy products](#). During the consultation, Miklós Istvánfalvi, President of the Milk Interprofessional Organisation and Product Board, indicated that they are open to the GVH's proposal. Thus, on 16 May, the President of the GVH and its experts hosted another technical consultation with the heads of the Product Board.

Csaba Balázs Rigó, President of the GVH said: *"We are working hard to bring down inflation. We are looking for solutions that contribute to lowering consumer prices and also serve the interests of Hungarian producers and Hungarian agriculture. We have agreed with the heads of the Milk Product Board that we will develop forward-looking solutions to the problems we have identified, which will serve both Hungarian producers and Hungarian consumers."*

Miklós Istvánfalvi, President of the Milk Interprofessional Organisation and Product Board, emphasised: *"We intend to make use of the professional advice offered by the GVH for the price forecast. The sector faces a number of difficulties, and we are working to solve and eliminate them. In order to eliminate drastic market fluctuations and income volatility, the interprofessional organisation of a product range is essential; we have a lot of work to do to maintain market balance, to develop more stable contractual relations and to improve the transparency of the market. The supply of Hungarian consumers with high quality, domestically produced and competitive dairy products is an absolute priority for our interprofessional organisation."*

In the coming weeks, the experts of the GVH and the Product Board will hold further expert consultations to elaborate the solutions necessary to achieve the common objectives.

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