# New milk policy also for consumers

### **New Milk Policy Called For**

### Ensure consumers healthily produced milk at fair prices for producers

The position of dairy farmers in Europe (European Milk Board) 100,000 dairy farmers in 14 countries have banded together in the European Milk Board (EMB) to represent their interests. This is because the Ministers of Agriculture in the EU countries have played their part in making the price of milk plummet. The Common Agricultural Policy has led to an increase in milk production in an already saturated market. This means that the volume of milk produced in Europe has risen above what is required, i.e. the level of demand. The result of this problem of volume is huge pressure on the prices paid to producers.

The milk producers receive only about 18 to 24 cents for a kilo of milk from the dairies. This price covers barely half the actual production costs. Under these circumstances large numbers of farms in Europe will have to close, or have done already. The upshot of this is the distribution of milk production among fewer farms. Such a concentration leads to an industrialisation of milk production and runs counter to the aim of higher quality in production.

# So far the politicians have failed with their instruments. What have they done so far?

They decided to increase the milk quota – the framework for milk production. Coupled with the economic crisis (which caused demand to fall), this resulted in what is called overproduction. When that became apparent, the EU resolved to dump the excess volume from the European market onto other markets. They restarted subsidising exports of dairy produce with EU funds. This reintroduction of export subsidies enables export-oriented dairies and trade groups to sell dairy produce on the world market at artificially low prices. This price dumping is ruinous to small farmers in developing countries. And the export subsidies did not prevent the price collapse in Europe. Moreover, the increased state buy-up of milk powder and butter in the EU has done even less to put an effective stop to the price collapse. So, money is being spent that on the one hand gives no help to the farmers in the EU and on the other hand is ruining producers in other countries. It is the taxpayer that pays for these measures which, this year alone, have cost several hundred million euros.

### Consumers too will benefit from a different milk policy

A fair milk price is crucial to the dairy farmers' livelihood, as well as to the regional supply of healthily produced, high-quality dairy produce.

The excessive volume of milk is the reason for the catastrophic milk prices. So the volume of milk produced has to be adjusted to the actual demand for milk and dairy produce. What the dairy farmers demand from the politicians is that they at last create the requisite basic conditions for this. Only when supply and demand are in equilibrium can farmers have the position they need in the market to achieve fair prices.

### What has to be done in concrete terms?

In the short term the politicians have to use the existing mechanisms of milk supply control and reduce the volume of milk, so that dairies can pay cost-covering milk prices as soon as possible. In addition, milk producers throughout Europe should be encouraged to produce less milk voluntarily.

## The EMB's proposals also include:

Measures to guarantee cost-covering prices in the long term:

Milk producers, consumer organisations, dairies and politicians to assume joint responsibility. They have a European Monitoring Agency keep an eye on the market development and the costs of producing milk. From this they ascertain the actual volume of milk required, with the benchmark being a milk price that covers the producer's costs



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Demand-oriented milk production calls for a legal basis and a levy financed by the producers. This means that the milk producer pays a certain amount into a fund from which compensation is paid out to farmers when they have to produce less milk. In this way the volume of milk can be decreased and increased

For demand-oriented milk production to work, an EU-wide legally enshrined limit on volume for each farm is required, based on existing structures (a milk quota per farm).

Furthermore, milk producers must be allowed to band together to have an influence on the market, so that instead of each individual dairy farmer confronting the dairy industry alone, united farmers can negotiate with the industry on an equal footing





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