

## Market Responsibility Programme – MRP



The MRP is a programme for the EU milk sector that is used when there is a risk of a milk market imbalance. A combination of monitoring and response to the market enables impending crises to be recognised and reacted to in a three-phase programme.

### Recognising crises – Market Index

- A Market Index comprising the trend in product quotations, milk prices and production costs (margin) enables crises to be anticipated.
- If the index is over 100, the prices are covering the total costs of production including a fair income – the market is stable, no action needs to be taken. If the index falls below the 100 threshold, costs are not being covered. If the shortfall is too big, the Market Responsibility Programme is started.

### Reacting to crises – applying the MRP

The implementation of the MRP is set to take place in three phases.

#### 1. Early warning (Market Index falls by 7.5 %)

- Monitoring agency announces early warning
- Private storage is opened
- Incentive programmes for extra consumption such as sucking-calf production, milk fattening of heifers etc.
- Phase is maintained until the index returns to 100

#### 2. Crisis (Market Index falls by 15 %)

- The crisis is officially established and announced by the Monitoring Agency
- Core elements of the Market Responsibility Programme are started
- A reference period is defined
- Call for tenders regarding voluntary production cuts (at least 5 %), bonus for reducing production
- Market responsibility levy from the first kilo for farms increasing production
- Universally applicable reduction in the supply of milk by 2–3 % for a defined

#### 3. Obligatory cutback phase (Market Index falls by 25 %)

- Universally applicable reduction in the supply of milk by 2–3 % for a defined period, e.g. 6 months

### End of the crisis – crisis measures lifted

If the index trend continues towards 100 points and the Monitoring Agency's forecasts for the further market development are positive, the crisis can be declared over. On this date all measures restricting production end. Commitments entered into on a voluntary, contractual basis end as agreed.

**For further details about the MRP:**

<http://www.europeanmilkboard.org/en/special-content/market-responsibility-programme.html>