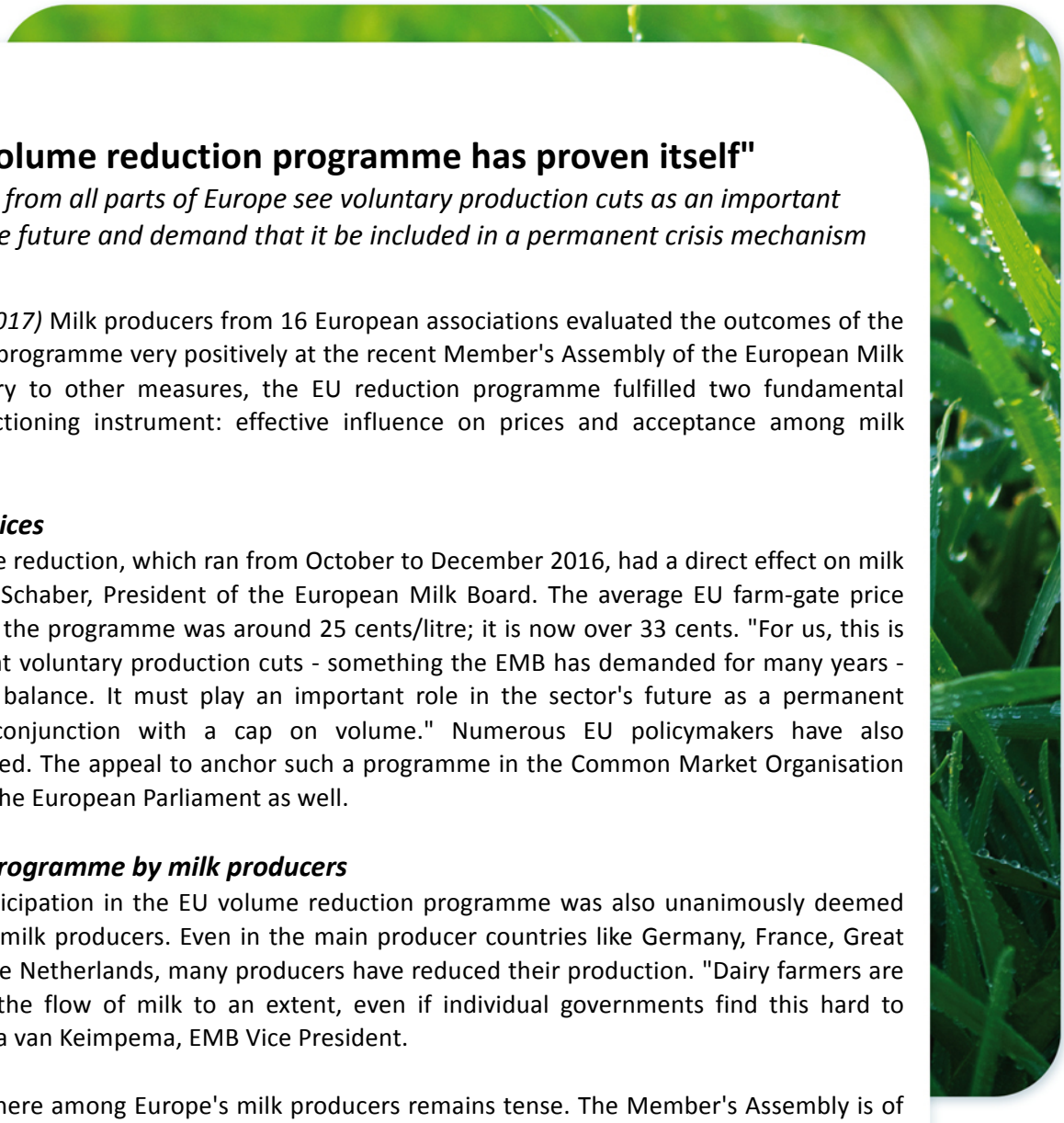

Press release

"EU volume reduction programme has proven itself"

Milk producers from all parts of Europe see voluntary production cuts as an important instrument for the future and demand that it be included in a permanent crisis mechanism

(Brussels, 30 March 2017) Milk producers from 16 European associations evaluated the outcomes of the EU volume reduction programme very positively at the recent Member's Assembly of the European Milk Board (EMB). Contrary to other measures, the EU reduction programme fulfilled two fundamental conditions for a functioning instrument: effective influence on prices and acceptance among milk producers.

Positive effect on prices

"The voluntary volume reduction, which ran from October to December 2016, had a direct effect on milk price," says Romuald Schaber, President of the European Milk Board. The average EU farm-gate price prior to the launch of the programme was around 25 cents/litre; it is now over 33 cents. "For us, this is clear confirmation that voluntary production cuts - something the EMB has demanded for many years - can reinstate market balance. It must play an important role in the sector's future as a permanent instrument and in conjunction with a cap on volume." Numerous EU policymakers have also acknowledged this need. The appeal to anchor such a programme in the Common Market Organisation is gaining strength in the European Parliament as well.

Acceptance of the programme by milk producers

The high level of participation in the EU volume reduction programme was also unanimously deemed positive by European milk producers. Even in the main producer countries like Germany, France, Great Britain, Ireland and the Netherlands, many producers have reduced their production. "Dairy farmers are very willing to stem the flow of milk to an extent, even if individual governments find this hard to believe," explains Sieta van Keimpema, EMB Vice President.

However, the atmosphere among Europe's milk producers remains tense. The Member's Assembly is of the opinion that prices might have risen, but the recovery can only be short-lived so long as a comprehensive crisis mechanism is not put in place. "The expected increase in production in the coming months hangs like the sword of Damocles over our farms," says Schaber. This is why the milk powder in storage from intervention may under no circumstances be placed on the market now and neither may it be sold for a price below production costs at a later stage. The Members' Assembly confirmed unanimously that in order for the milk market to be kept in balance on the long term, a legislative framework allowing for a crisis instrument, based on the EMB's Market Responsibility Programme, should be put in place in the new CAP.

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