Press release

The dairy crisis is far from over - there is still a long way to go to achieve stability on the dairy market!

European milk producers demand legal framework for permanent crisis instrument

Berlin/Brussels, 19 January 2017: Lakes of milk, piles of butter... and now a mountain of milk powder! The European Commission is looking to put 400,000 tonnes of skimmed milk powder from intervention on to the market in the coming months. For heavily-hit dairy farms, these milk powder sales present a very real threat.

"The move will put the survival of many producers even further on the line," reminds Sieta van Keimpema, Dutch dairy farmer and Vice President of the European Milk Board (EMB). "Milk prices are currently at more than 30 cents, but with production costs of 45 to 50 cents per kg milk, we are still suffering daily losses. Every month, Europe's dairy farmers are paying the difference instead of earning a livelihood from their work!" In Belgium, for example, a milk price of 29 cents is paid in the face of 46 cents in production costs. In Germany as well, a price of 33 cents/kg milk does not cover production costs of 45 cents. The milk powder that will be brought into circulation by the European Commission threatens the necessary further rise in prices to reach a cost covering level, says van Keimpema.

Milk producers need a permanent crisis instrument

With the volume reduction programme, the European Commission initiated the urgently needed milk price recovery. This was an important step and was the first time in the current crisis that the issue of surpluses was addressed. The logical next step must be the creation of a permanent crisis instrument. Belgian dairy farmer and EMB Executive Committee member Erwin Schöpges demands a legally-binding crisis instrument to stabilise the market. "Intervention does not solve the problems plaguing the dairy market; it simply sidesteps them. The mountains of milk powder mean that we dairy farmers have to now foot the bill."

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Schöpges mentions the EMB Market Responsibility Programme (MRP), which would make it possible to avoid surpluses. It also uses voluntary production cuts as one of the many measures to control milk volumes in times of crisis. The monitoring mechanism included in the MRP is an added advantage that would ensure that measures are implemented in a timely fashion. In this way, market instabilities would be prevented from becoming major crises.

Even though it should have been implemented much earlier, the European Commission did eventually successfully implement voluntary production cuts - something that the EMB has demanded for years. The EMB's MRP crisis mechanism gives politicians an instrument that can bring lasting stability to the sector and prevent painful crises. "A legally prescribed crisis instrument is the only way out of the crisis!" appeals Schöpges emphatically.

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