

For a responsible milk production – climate-friendly, socially and economically sustainable –

One of the key challenges and requirements of our time is the creation of a socially, economically and ecologically sustainable economic system. This holds true for agriculture, too. To be able to meet this challenge, this calls for the commitment of us farmers, society, and above all political decision-makers.

A change of course is necessary in agricultural policy. The current Common Agricultural Policy (CAP) tends to extremely low prices in the food industry in order to make our agricultural products globally competitive. But this runs counter to social, economic and environmental sustainability. A Common Market Organisation (CMO) that enables a market position of farmers with which we can generate revenues for our agricultural products that equates to their value, is needed. And a way of production that adequately promotes sustainability in all these areas is necessary.

The agricultural sector in the European Union can and wants to make an important contribution to better social standards, climate and environmental protection services as well as biodiversity. The basis for sustainable agriculture is a **responsible way of production** in our community of states. This includes the following points:

- **CO₂ storage**

Agriculture already plays an essential part in CO₂ storage through crop cultivation and adequate agricultural soil management methods. Particularly in the dairy sector, the associated growing of feed and the maintenance of grassland backs up this important point. The carbon storage, biodiversity and soil fertility promoted by this as well as the flood and erosion control play an important part in the ecological balance. On top of that is the filtration performance increased by grassland, which improves the quality of water. This contribution must be recognised and can be developed further by boosting *regional* production.

- **Boosting regional production and consumption**

Agricultural goods are already being produced regionally in the European Union for European consumption. This regionally produced proportion could be increased, and so fewer agricultural goods than before would be imported from abroad to cater for EU demand. If the demand for dairy products from the EU region were shifted to the focus of the agricultural policy, together consumers and producers could strengthen regional production with its positive ecological consequences. This would create fewer emissions caused by transport. In addition, *extensive* regional production in the EU avoids the concentration into few, hence ecologically strongly overburdened locations, enabling excessive environmental pollution to be effectively reduced.

- **Fair, sustainable trade relations**

In this context, free trade agreements on agricultural products are problematical and to be rejected, as they counter fair, sustainable production. For instance, in the dairy sector, cheap milk powder is transported to other continents only for the sake of business and not because producers there could not produce any milk themselves. Firstly, this transportation is very CO₂-intensive and secondly contributes to dumping – and thus the damaging of local production structures in developing countries.

Importing dairy and meat products that are produced in sufficient quantities in the EU itself leads to an unnecessary waste of energy and transport resources and is not compatible with the goals defined in the Climate Agreement. It also results in environmental damage in the country of origin, for instance in South America, since the associated rise in animal feed plantations results in increased rainforest clearances and in large-scale monocultures.

The political decision-makers in particular should review their current line on free trade and keep the agricultural sector out of such agreements.

With regard to the feed used in the EU, care should be taken that the EU's own agricultural structures are marked by family farms with a link *between land and livestock production*. In this way, feed can be grown regionally and/or bought from the EU region, and does not have to be acquired as well-travelled imports.

- **Avoiding harmful overproduction – conserving resources**

The dairy sector is characterised by overproduction and crises. In the EU, this can be curbed by a framework with an effective crisis mechanism such as the Market Responsibility Programme (MRP). In addition to fighting crises, the European Milk Board dairy producers want to make an important ecological and social contribution with such responsible production. Because this spares natural resources and also prevents harmful dumping onto developing countries' markets by exporting surpluses. The EU institutions are called upon to install this crisis mechanism. It must become a permanent instrument of the EU agricultural policy.

To meet the above challenges, the following conditions are vital for the dairy sector:

- Milk prices which cover the **full cost of production***: family farms geared to sustainable production can only continue to exist if market prices cover their full costs of production. This applies both to EU producers and to other continents' producers. Prices covering full costs including a fair income for the producers can be achieved in turn by means of the effective crisis mechanism referred to above,

which helps prevent harmful overproduction, and by fair and sustainable trade conditions.

- At present, there is definitely no such coverage of costs, causing the dairy farms great hardship. This means that even the services already rendered are not adequately paid for by the milk price. That also includes the environmental work currently being done and/or many ecological production requirements. To be able to produce in an effective, environmentally-friendly manner, a way has to be found of covering the costs for this and not merely passing them on to the producers. They cannot bear them!

Our society rightly advocates climate-friendly agricultural production. **In this, the strategies and possibilities must be jointly discussed and co-ordinated with the farmers. This also includes a fair agreement with regard to covering the costs of this important work.** Whether it be that these ecological services are covered by higher market prices or by appropriate public financial payments. As the climate affects us all, we all as members of society have to make our financial contribution.

- * *The following cost items are incurred in milk production in the EU:*

Costs for home-grown fodder and bought-in feed, livestock costs (veterinary costs, insemination, etc.), building & machine upkeep, energy as well as other crop and livestock costs

Labour costs (contract work, wages paid and calculated based on income variable), other general costs, rent, interest, depreciation and taxes

Net investments

Farm-gate milk prices must cover these costs. The current costs of production and milk prices are worked out for various EU countries in the following study:

www.europeanmilkboard.org/en/milk-production-costs.html