



## **Open letter to the European Union by European producers of the EMB, ECVC, APLI and Confédération paysanne, as well as by OXFAM, SOS FAIM and CFSI**

Have a crisis prevention instrument in the dairy sector in place now – take the pressure off the EU market and thus off producers in the EU and in Africa

**We – the European farmers of the European Milk Board, ECVC, APLI and Confédération paysanne, together with the organisations OXFAM (France and België/Belgique), SOS FAIM and the Comité Français pour la Solidarité Internationale (CFSI) – advocate for the implementation of an early warning system for the EU dairy sector, and call on the European Commission to monitor the dairy market closely and, when necessary, to relieve the pressure by triggering a voluntary production reduction scheme. If a crisis instrument is not activated, the dairy sector will very soon be severely affected by an overproduction crisis due to a drop in demand and rising milk volumes. This will have an extremely deleterious impact on farmers in the EU and on their counterparts in African countries, as well as on food security.**

Significant increases in costs, hand in hand with rising producer prices have shaped the situation in the dairy sector in the last year. However, this exceptional situation where the gap between prices and production costs had practically closed in some countries is now over. Higher milk volumes as well as shrinking demand due to inflation have led to significant price decreases. The surplus on the market has triggered a race to the bottom. This is a dangerous and disruptive situation for farmers in the EU as well as for their colleagues in Africa.

**We call on the Directorate-General for Agriculture and Rural Development of the European Commission to:**

- **Immediately collect and carefully analyse EU sectoral data on the drop in demand, production increases and on the development of producer prices, and to compile information on additional price indicators and production costs.**
- **Based on this analysis, to activate a voluntary production reduction scheme - in case of a downward trend where prices fall below production costs, as this is an essential instrument in the EU's toolbox and it is enshrined in the Common Market Organisation (CMO).**

If yet another crisis is not prevented, the number of farms going out of business will break a new record. **Our production framework and thus our food security is already notoriously unstable and the EU cannot afford further losses. For African farmers, on the other**



**hand, EU surpluses lead to dumping exports and thus decimate local markets and threaten local production.**

Voluntary production reduction is a tried and tested measure. However, it is only effective if activated in time. The delicate situation of the dairy market and the impact of recurring major crises in the sector are very well known.

**To deal with problematic situations and crises in the future, we need a mechanism that automatically activates measures such as a voluntary production reduction scheme in light of certain detrimental market developments.** Delays in taking action due to lengthy political discussions and blockades result in producers having to pay the price for this and food security being jeopardised, something that could be avoided. This mechanism would make it possible to rapidly reinstate market balance.

The undersigned organisations stress the importance of preventing a new milk crisis at all costs. Furthermore, attracting the younger generation into the profession is crucial. Letting the market dictate its own law is utterly inappropriate as it squeezes out the economically weaker stakeholders, including those who have just taken over a farm. Every crisis has a “restructuring” effect which leads to producers being pushed out. Yet, that is the complete opposite of what any milk policy is supposed to do. It must ensure farmers a decent income in the long term.

**Essential reforms are therefore needed, for which the following aspects must be taken into account:**

- Put back on the table a real regulation of milk production volumes and prices.
- Milk pricing must be decoupled from global markets and be initially based on 90% of the internal market values.
- The Commission must implement measures to trigger Article 219 of the CMO in the event of a decrease in dairy farmers’ income.
- Dairy policies must promote human-scale farms that are, by nature, easier to pass on and more sustainable. We must distance ourselves from models belonging to companies or banks, in which farmers have lost any financial and decision-making autonomy.
- We must absolutely change the practices and models and adapt them to climate and biodiversity imperatives, the depletion of resources and other issues. It is essential to support small-scale livestock farming and milk production, and to ensure a shift towards a large number of human-scale economically self-sufficient farms, which can be done through grazing. Faced with unforeseen events and the necessity to develop our food sovereignty, our duty is to establish robust farms in large numbers.



The Commission and every European institution must send out positive signals by leading to a path where dairy farmers are stakeholders in a society where solidarity is more important than all-out competition.

We call on the European Commission to inform us as soon as possible about the measures it plans to take to counteract this situation and we remain at your disposal for further discussions.

**The signatories of the letter:**

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