Press release

European dairy farmers from more than ten countries call for voluntary production cuts

(Montichiari, 14.10.2015) They simply won't rest in Europe. For months now dairy farmers have been taking to the streets in many EU member states demonstrating strongly with the same aim. Across Europe they are demanding an end to the EU policy that is currently responsible for doing away with milk production in entire regions. Yesterday and today, dairy farmers from more than ten European countries have now gathered in Montichiari, Italy, to deliberate on how to take joint action against this policy. It became clear at the Members' Assembly of the European Milk Board (EMB) that protests are to continue. Because as long as politicians carry on advocating an increase in production – although global demand cannot keep up with it – farm-gate prices for milk will be well below subsistence level. Romuald Schaber, President of the EMB, explains the background: "No doubt many a politician would be glad if we were to simply stand by and watch as hundreds of thousands of dairy farms collapsed without a word. But these farms produce healthy food, guarantee jobs, bring rural regions alive and stop them dying out. In this way they make a huge contribution to society. Last but not least they are our life."

To manage the problem of overproduction throughout Europe, the European dairy farmers are therefore unanimous in their demand for the volume of production not to be stepped up, but instead to be slightly cut back in times of crisis – in line with less demand. This can be done, for instance, by means of voluntary production cuts, as specified in the EMB's Market Responsibility Programme (MRP). In many places the opinion expressed is that this MRP is at present the only realistic concept for the milk market.

Presentation of the latest milk production costs in Italy

Data from the milk sector make it crystal clear how serious the situation is. A recent study produced by the *Büro für Agrarsoziologie und Landwirtschaft* (BAL, German Office for Agriculture and Agricultural Sociology) on production costs in Italy was published today during the Members' Assembly of the EMB. The study, commissioned jointly with the Italian producer organisation Associazione Produttori Latte della Pianura Padana (APL) and based on EU data in the public domain, shows costs averaging 42.61 cents/kilo of milk for 2014. When EU subsidies are deducted from this, the amount is 38.92 cents. Although the farm-gate price for milk was 39.64 cents in the record price year of 2014, for months now the price has not stopped falling, and is currently 34.49 cents. That means Italian farms, just like those in other countries, are not covering their costs, with all the negative consequences entailed for the continuation of production.

The trend in costs is shown by the Milk Marker Index (MMI), with the costs in base year 2010 being set at 100. The figure shown by the MMI for 2014 is 125 – i.e. a 25 per cent rise in costs since 2010.

Following Germany, France, Belgium, the Netherlands and Denmark, Italy is now another country that has been focused on in the cost study series. In its calculations it incorporates an income for farm managers and family members working on the farm guided by the provisions of standard collective wage agreements. In this way it works fully in line with Article 39 of the TFEU. For this article regards the guarantee of a fair standard of living for agricultural workers as a key aim of the EU Common Agricultural Policy.

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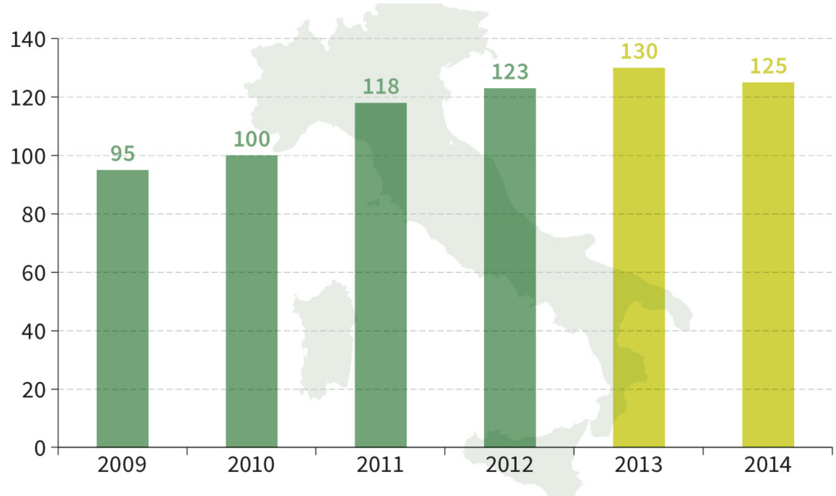
Milk Marker Index (MMI)



Key to the graph:
Dark green: *change in milk production costs in Italy from the previous year, base year 2010=100,*
Light green: *projected interim results for the years 2013 and 2014*

Background:
The cost study, jointly commissioned by the European Milk Board (EMB) and the Italian producer organisation APL (Associazione Produttori Latte della Pianura Padana) from the German BAL (Büro für Agrarsoziologie & Landwirtschaft, Office for Agriculture and Agricultural Sociology), calculates the costs of producing milk throughout Italy. It is based firstly on data from the European Commission's Farm Accountancy Data Network (FADN), and secondly, to update this data, on Eurostat's price indices for agricultural means of production like feed, fertilisers, seed and energy, and takes an income base that calculates the performance of farm managers and family members.

For more on the Market Responsibility Programme (MRP) go to the EMB website: www.europeanmilkboard.org

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