

Big European dairy introduces voluntary restraint on delivery

*Dutch dairy Friesland Campina pays dairy farmers a bonus
for limiting milk supply*

(Brussels, 05.01.2016) One of the major European dairies, Friesland Campina, has just introduced an important instrument for countering further increases in production in the milk market. The idea is for a bonus payment to encourage dairy farmers not to increase or even to reduce their production. The producers are to be paid an extra 2 cents per kilo of milk if during the period from 1 January to 11 February 2016 they supply not more or even less milk. The reference volume taken is the average daily supply within the 13 – 27 December 2015 reference period.

Sieta van Keimpema, Vice-President of the EMB, sees this as a key signal. “So the dairies, too, are making it clear that unchecked growth in volume is problematical, and there must be instruments to counter it.” Sieta van Keimpema also refers in this context to the selection of the instrument. “Friesland Campina has opted for a voluntary limit on supply, or a **voluntary restraint on supply**. Because that is a very effective way of reducing volumes. It means positive action can be taken in the market and distortions prevented”, van Keimpema continues. This instrument ought to be applied not just at individual dairies, but throughout the EU and thus managed centrally. Initiative on the part of individual dairies is not enough. It is up to politicians in particular to establish the proper legal framework for this, stipulating a market volume that enables prices to cover producers’ costs.

In recent months, unchecked growth as a pan-EU strategy has caused huge problems and already driven many dairy farmers to ruin. With prices in some cases at just 20 cents a kilo of milk, survival is simply impossible for many farms. The fact that a major dairy group itself is now pulling in the reins by applying a voluntary restraint on supply shows yet again how drastic the situation is. Alluding to the passive attitude of EU Commissioner for Agriculture Phil Hogan, van Keimpema is adamant: “The EU politicians must finally act now to stop this development and cannot pursue their ignorant line further.” Her forceful appeal to the Commissioner: “Put into practice a Market Responsibility Programme on an EU level with voluntary restraint on supply as the key element to enable the milk market to finally recover.”

Contacts:

EMB Vice-President Sieta van Keimpema (NL, EN, DE): + 31 (0)612 168 000

EMB Press officer Silvia Däberitz (DE, EN, FR): +32 (2)808 1936