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Crisis warning on the European dairy market:

The EMB calls on policy-makers to wake up from their slumber and take action at EU level at last

Given the dire situation on the dairy market when it comes to milk prices, Kjartan Poulsen, President of the European Milk Board asbl (EMB), has sounded the alarm. "We are in the middle of a crisis. It is high time to take action!" The EMB calls on the EU to wake up at last and activate some emergency measures in order to keep the European milk market from going under. Poulsen adds: "We cannot accept that even though EU policy-makers see that the situation is hairy, they remain impassive and pass on the responsibility to the individual Member States." He says that it is time for the European Commission to take up its responsibility at EU level and finally bring some relief to the milk market by activating voluntary production reduction.

Prices are collapsing in EU Member States one after the other and producers are being forced to shut shop. The EMB is issuing an urgent warning that Europe will lose out both economically and socially if cows are no longer reared in rural areas and farms cannot remain in business. "Agriculture is the bedrock of rural regions and infrastructure and without it, rural areas would simply break down," explains Boris Gondouin, the French representative on the EMB Executive Committee. He says that it is well-known that the provision of key services like healthcare has already dropped to dangerous levels because there is an exodus of people and professions from rural areas. But this is only the tip of the iceberg. The environment as well as the cultural fabric in rural areas is also suffering as the number of farmers has reduced drastically. Without dairy farming and without family farms, biodiversity hangs in the balance. "In order to maintain biodiversity, we need to finally lay the foundation for economic and social sustainability," underlines Pat McCormack, the Irish representative on the EMB Executive Committee.

Elmar Hannen, his German counterpart and Vice-President of the EMB, adds: "It is really high time for policy-makers to muster the will to create a framework for better distribution of margins along the value chain. This would make cost-covering prices a reality for producers, while, at the same time, ensure that prices remain accessible for consumers." *Fair Milk*, a project created by EMB members that is active in numerous European countries, is a real-life example that shows that this is possible.

Kjartan Poulsen summarises the task before policy-makers and subsequent links in the food production chain as follows: "Activate voluntary production reduction at EU level NOW, and pay farmers fair prices so that no more farms go out of business, rural areas remain vibrant and the EU is assured stable security of supply. At this juncture, nothing less will do." And there is no time to waste. After all, farmers are already facing the full force of this crisis.

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Background

Crisis prevention through activation of voluntary production reduction

Voluntary production reduction already proved its effectiveness in 2016/2017 as an instrument to counteract crises linked to overproduction in the EU. Contrary to intervention, where processed milk products like skimmed milk powder and butter are simply taken off the market temporarily and put into storage, voluntarily "producing less" actually reduces the volume of milk on the market. In exchange, the EU pays farmers a bonus for reduction in milk production up to a specific number of litres. Considering the current market situation with milk prices falling well below the level of increased production costs once again, this CMO instrument should be activated now.

EU surpluses are problematic for our EU producers, but they are also damaging for local producers in, for example, African markets. Their milk production is priced out by cheap EU milk powder.

Fair Milk: A model for the entire sector

When looking for brands in Europe that pay producers an appropriate price that includes fair remuneration, you will often

come up empty-handed. That is why EMB producers decided to create their own brand, [Fair Milk](#), which upholds this fundamental requirement. With this brand, we are already reaching consumers in Belgium, Germany, France, Luxembourg and Switzerland who recognise the importance of a fair income for farmers. This project is open to all producers and illustrates that fair prices in milk production are possible. This is especially important because it also sends a strong signal to the younger generation and makes it possible to attract them to dairy farming.

However, compared to the number of producers, who still have to get by with unfair prices, the proportion of the sector that is currently covered by Fair Milk projects is too low. The project can and must be expanded and its public benefit must be clearly recognised because more producers and consumers should have access to fair conditions and fair milk products.

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