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Appeal to the EU Ministers for Agriculture and the EU Commission

Make sure you organise the voluntary restraint on supply properly! It’s the only way to stabilise the market

The decisions taken by the Council of Ministers for Agriculture on 18 July 2016 certainly indicate a re-think on the part of the European Commission and many member states. For the first time the centrally co-ordinated voluntary restraint on supply open to every EU producer hits overproduction at source: on the production level.

It was high time the EU decided on an effective instrument. Measures like the first package of 500 million euros and the constant increase in intervention and private storage had done nothing to help the market; farm-gate prices for milk became increasingly removed from a cost-covering level. That is why tens of thousands of producers have already given up milk production, and many production regions are on the verge of disappearing from the map.

But the voluntary restraint on supply can only succeed if it is properly applied. This entails:

- Using more than the planned 150 million and possibly some of the 350 million euros. The EMB calls on every government to make extra funds available for the restraint on supply.
- Capping every country’s production volume during the reduction period. That means no country is allowed to increase volumes in this period. This enables the total volume to be limited without the EU incurring any financial costs, and the requisite active reduction the voluntary restraint on supply would produce to be limited to a smaller dimension.

The measures adopted on 18 July must result in a cost-covering price level in the market by the end of the year. If not, compulsory cuts must be made in every country. Any voluntary reductions made before then should be credited to the obligatory reduction volumes. In this way the mandatory volume that has to be cut per country can be reduced.

The EMB calls on the EU Ministers for Agriculture and the EU Commission to organise or supplement the voluntary restraint on supply in such a way that the market can actually be adequately stabilised. The aim is to reduce production. This can only be achieved with a properly applied voluntary restraint on supply. There are also other additional, not alternative, instruments that could help some countries.

The time for experiments and the erosion of added value in agriculture by erroneous export strategies is over; because farms, agriculture and rural regions cannot take any more.

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