

19.03.2020

Coronavirus crisis spreads to producers in the dairy sector

The EU must have a crisis instrument ready NOW to reduce the resulting fallout

(Brussels, 19 March 2020) Over the last days and weeks, the Coronavirus has taken control of all our daily lives. The health consequences, the burden on our infrastructure as well as the economic impact of this pandemic are already putting us to the test and we can only hope that the situation does not get away from us.

Impact of the Coronavirus crisis on the European dairy sector

All key indicators for the dairy sector are in a strong downward spiral. For example, the Global Dairy Trade index dropped as much as 3.9 percent this week, after a steady decline in recent weeks. Further significant price decreases are also being seen on the Italian spot milk market. These prices have shrunk by almost 7 percent as compared to February. Following the same trend, the rates for milk-product futures on the European Energy Exchange (EEX) have dropped significantly. Contracts for May went down 5.7 percent to 3,300 euros/tonne.

In light of these trying times, individual dairy-market stakeholders are already taking action to limit the fallout of the Coronavirus crisis. For example, Mila, an alpine-milk dairy in South Tyrol, recently asked their producers to voluntarily reduce their production volumes to adapt milk supply to this crisis situation.

It has become clear over the past few days that during crises, everyone needs to act in concert in order to deal with the arising issues effectively. It is not enough for individual regions to react or for different regions or institutions to implement measures that are all very different from each other. The measures must be aimed at everyone and must enjoy broad support – that is the only way to bring the Coronavirus crisis under control. In Europe, our lives are already so closely intertwined that it is impossible for individual action to produce meaningful results. Thanks to these close links – and this is a good thing – we also have the overarching institutions of the EU, which are in a position to make anti-crisis action in the dairy sector a reality.

JOINT anti-crisis action in the dairy sector

Situation: In many areas, the amount of milk being produced on farms is too high for existing processing and market capacity. The spread of the Coronavirus is leading to major difficulties in procurement and logistics in the processing industry. This is further compounded by possible personnel shortages, as well as the collapse in demand for certain products.

An effective way to bring real relief: actively reduce the pressure caused by these surplus milk volumes in the EU.

- In order to do so: The European Commission should IMMEDIATELY start preparing for the launch of a voluntary volume reduction scheme with capping, as foreseen in the [Market Responsibility Programme](#). As the situation continues to worsen as is currently expected, volume reduction must be promptly activated.

In this way, farmers will JOINTLY reduce production on their farms. Such concerted action, coordinated at EU level, can then adapt production volumes to current circumstances and can keep the economic consequences in check.

Make no mistake: the time to act is now. If agricultural production does not react, there is a very high risk of the entire sector falling into its worst crisis yet. Even after the health consequences of the Coronavirus crisis start to subside, the economic fallout will continue to wreak havoc. In the major crisis of 2016, the voluntary production reduction scheme was launched too late. This critical error must not be repeated in the context of the current crisis. Because agriculture and its products are indispensable for all EU citizens' livelihoods.

Creating the necessary tools at EU level

The MRP as an instrument for the agricultural sector should be part of the EU's political toolbox to deal with hard-hitting events, like pandemics or economic and political embargoes (like the Russian embargo), as well as with the impending consequences of Brexit. It is not always possible to predict such events sufficiently in advance, but we can react appropriately once they are upon us. Therefore, we European dairy farmers urgently call on EU policy-makers: the ongoing

CAP reform must be used to equip the EU emergency response with the right tools – not with subsidies, but with the [MRP crisis instrument!](#)

Contacts:

EMB president Erwin Schöppges (FR, DE, NL): +32 (0)497 904 547

EMB vice president Sieta van Keimpema (EN, NL, DE) : +31 (0)612 168 000

EMB director Silvia Däberitz (EN, DE, FR): +32 (0)2 808 1936

[<<< back](#)