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Dairy farmers from all over Europe calling for an effective crisis instrument!



Discussions about dairy sector at international conference in Montichiari

(Montichiari, 15/11/2019) While newly-elected representatives are starting their jobs at the EU institutions in Brussels, dairy-farmer representatives from 15 European countries met yesterday and today in the Italian city of Montichiari near Lake Garda. The discussions about the dairy sector centred around the new guidelines to restructure European agricultural policy.

Farmers are essentially being left behind in society

The shortcomings of the current agricultural policy framework have been clearly demonstrated in recent years by the sector's propensity for crises, which have been especially destructive for producers. For example, dairy farmers were paid milk prices lower than 25 cents per litre in 2009 because of these crises, while their production costs were over 40 cents per litre. In 2012, prices once again fell below 30 cents, and the average price in the EU in 2016 was merely 28 cents. In the mentioned years, EU farmers earned only about 40 percent of the average EU income; in 2009, it was a paltry 27.5 percent. However, even in so-called 'normal' years like 2017, farmers still earned only 46.5 percent of the average EU income, which means that they are being left far behind. These depressing figures imply a very bleak future for dairy farming and younger generations looking to take over farms. When the only constant is that this situation is not going to change in the foreseeable future, young farmers are obviously reluctant to take up the vocation of milk production. Even the current EU-wide milk price of 33 cents is hardly a source of motivation, when production costs themselves are over 40 cents per litre. One also cannot forget that normal market disturbances will be further compounded when Brexit eventually comes into force. The Common Agricultural Policy has no instruments to deal with this or other geopolitical events either.

Guidelines for crisis resistance

At this international conference of dairy farmers in Italy, *social sustainability* and *responsible production* have been key topics. The first step is to counteract the dairy sector's propensity for crises by implementing a crisis detection instrument at EU level. Once a crisis is detected, effective measures must be quickly activated. These measures must aim for responsible production. Therefore, the first step in the face of a crisis must be market relief through voluntary production reduction.

As the President of the European Milk Board, Erwin Schöpges believes that crisis prevention is the most important objective and emphasises a quick reaction in this regard: "A system that is automatically activated at the earliest signs of a crisis is indispensable. Market relief measures must be automatically initiated *at once*. In this way, severe fluctuations, which are always a major burden for farmers, can be avoided." Sieta van Keimpema, the Vice-President of the European dairy farmers' association, adds: "The past has clearly shown us that every measure is, however, not equally effective. Voluntary production cuts have proven to be an effective crisis management measure. Intervention and private storage, on the other hand, could not and cannot prevent a crisis. In fact, intervention can have the contrary effect and subsequently lead to a further market overload." Therefore, the EMB is calling for the implementation of the so-called **Market Responsibility Programme (MRP)**, which is structured around effective crisis prevention measures and should play a decisive role in the future of the EU's Common Agricultural Policy. This instrument can also be effectively implemented in the case of far-reaching events like Brexit or politically-motivated import restrictions – where the current trade policy of the incumbent President of the United States comes to mind.

The dairy-farmer representatives present in Italy believe that in addition to social sustainability, environmental sustainability

is also a must. However, this requires strategies and possibilities that are discussed and implemented *together* with farmers. They also include agreements regarding fair cost coverage for climate-friendly production. Farmers should be able to live off their work, i.e. milk prices must fully cover all milk production costs – including remuneration for farmers and the cost of climate compliance.

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