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EU Parliament Agricultural Committee votes in favour of volume reduction programme

Brussels, 09.05.2017: The first step towards the creation of a legal framework for a permanent crisis instrument in the Common Market Organisation has been taken. Last week, the European Parliament's Committee on Agriculture voted on the so-called "Omnibus proposal", thereby officially expressing their support for an article on a voluntary volume reduction programme. In the dairy sector, such a programme could for instance prevent the production of surplus milk, thereby contributing to a large extent to the highly needed stability in the sector.

The fact that such a voluntary reduction programme works in practice has been proven in the dairy sector in the course of the last months. It allowed for the rapid slump in milk prices to a level of sometimes less than 20 cents to be halted and for prices to start recovering. In order for the measure to become an effective and sustainable instrument, the proposed article would however also need to provide for a cap of production during the reduction period.

Looking ahead, European Milk Board (EMB) president Romuald Schaber wants to give the legal implementation of the reduction programme a fair chance: "I think that also on a political level it has sunk in that without an effective measure with an adequate legal basis the situation cannot go on. This really positive proposal of the Agricultural Committee reflects this clearly." It is now in the hands of two other parliamentary committees as well as of the EU Parliament's plenary to vote on the proposal before it will be presented to the Council and the Commission. "Given the very volatile situation on the dairy market and missing adequate alternatives, the EU institutions now carry a responsibility towards milk producers and consumers in the EU to finally put in place a functioning solution", says Romuald Schaber. This is why he welcomes that current political initiatives, in particular the proposed article on a volume reduction programme, go into the right direction.

Background

Voluntary production cuts are a core element of the EMB's Market Responsibility Programme (MRP). In times of crises, this instrument offers dairy farmers a financial incentive to reduce their production, thus preventing harmful surpluses to be produced in the first place. At the end of last year, the programme was introduced by the EU as a one-off measure and resulted in a high participation rate of producers in the EU, in particular as well in the main producer countries such as France, Germany, the UK and Ireland.

Contacts:

EMB President Romuald Schaber (DE): +49 (0)160 352 4703

EMB Director Silvia Däberitz (EN, FR, DE): +32 (0)2808 1936

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