News Details

News Details

26.03.2021

Fair market participation for European dairy farmers!

Agricultural policy framework should allow for correct interpretation of signals and appropriate market reaction!

(Brussels, 26/03/2020) During the Agriculture Council with the 27 Member States at the beginning of the week, European Agriculture Commissioner Janusz Wojciechowski questioned the need for a comprehensive reform of the Common Market Organisation (CMO) within the framework of the Common Agricultural Policy (CAP): He is of the opinion that the current system and its crisis instruments work well.

“I agree with Mr Wojciechowski that there was something that did, in fact, work well. More precisely: there was only one crisis instrument that proved effective – voluntary volume reduction, which was activated in 2016/2017,” says Sieta van Keimpema from the Netherlands, who is the President of the European Milk Board. “The crux of the matter, however, is that this instrument is still not permanently anchored in the CMO, which means that the extent to which it will be used to deal with future crises is anyone’s guess. The current proposal by the European Parliament makes this instrument part of the CMO and thus puts it on equal footing with intervention, and could lead to quicker activation as well. There is no doubt that the objective of an effective market organisation is avoiding market crises as well as unnecessary burden on farmers and public budgets in a timely manner.” According to van Keimpema, this reaction definitely came too late during the 2016 crisis.

Furthermore, Wojciechowski and many Member States in the Council also stated that the CMO instruments risk calling the market orientation of the CAP into question. On this point, Danish dairy farmer and EMB Vice-President Kjartan Poulsen says: “Voluntary volume reduction is an instrument that permits some kind of market orientation for the dairy sector in the first place. There is a fundamental market mechanism that currently does not operate in the dairy sector: during periods of decreasing prices, supply is not reduced in line with market trends, but producers do the contrary by further increasing production. The logic behind this reaction by producers is to make up for shrinking revenue from decreasing prices by increasing total farm production. However, this just makes the market situation worse.” Therefore, Poulsen believes that “We must create a market framework where producer behaviour actually aligns with the market situation. This means that in the face of milk surpluses that lead to crises, voluntary production cuts as an instrument in the EU could lead to a coordinated, controlled volume reduction during a certain period. This means that excessively low prices would be a signal that triggers the desired reduction in production, thus leading to a stable market situation.” This is the only way to give producers the possibility to shoulder their responsibility, to participate in the market and to contribute to its end goal – improving and simplifying the daily life and well-being of European farmers and consumers. “It is difficult to imagine that this does not align with Commissioner Wojciechowski’s objectives within the EU Agricultural Policy,” concludes Poulsen.

Contacts:

EMB president Sieta van Keimpema (EN, NL, DE) : +31 (0)612 168 000
EMB vice-president Kjartan Poulsen (EN, DK, DE): +45 (0)212 888 99
EMB director Silvia Däberitz (EN, DE, FR): +32 (0)2 808 1936
EMB press office Vanessa Langer (EN, DE, FR): +32 (0)2 808 1935

<<< back