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In a major milk powder action in Brussels, European milk producers demand:



Stop selling intervention milk powder! - Draft a law for a permanent crisis instrument!

Brussels, 23.01.2017: - Like a threatening cloud, milk powder is looming over Europe and Africa. It is a heavy burden on both sides of the planet, suppressing slowly recovering milk prices back to dumping levels. - The farmers of the European Milk Board (EMB) are protesting today in Brussels against the sale of EU intervention milk powder and in favour of the introduction of a permanent crisis instrument. Outlines of Europe and Africa have been placed on the ground in front of the Council of the European Union building. A telescopic handler continuously rains down milk powder, such that the two continents will quickly be entirely covered. "Milk producers all over Europe are still in the throes of the crisis," says Sieta van Keimpema, dairy farmer and vice president of the EMB, in a speech directed at the Ministers as well as the European Commission. "To increase the pressure at this juncture and offer milk powder from intervention on to the market is highly problematic. Even if during the last weeks you rejected extremely low price offers – a fact that we welcome –, neither must milk from intervention be sold in the coming months ", says Keimpema. "Just as for Europe, it is devastating for African markets as well to be flooded with cheap milk powder from the EU."

Slight market recovery thanks to voluntary production cuts cannot be nullified!

Voluntary production cuts contributed to a price recovery in Europe at the end of last year. However, the current milk price of about 32 cents per litre still does not cover production costs that are over 40 cents across Europe. Prices must rise further to finally reach cost-covering levels. "This clearly shows how important it is to reduce the burden on the dairy market by using intelligent instruments - where we will not end up shooting ourselves in the foot," says van Keimpema, underlining the demands of European producers. "A [Market Responsibility Programme \(MRP\)](#), which includes measures like voluntary production cuts coupled with a capping of EU-wide production, can truly avoid damaging surpluses."

It is, however, impossible for intervention – simply buying up and storing milk powder or butter – to provide such relief. This is because the surpluses continue to exist and prevent the urgently needed increase in milk prices. "Intervention can definitely help to iron out cyclical fluctuations and, therefore, should not be completely struck off the list of possible measures. However, it cannot do much in the face of the chronic crisis currently plaguing the dairy sector", adds van Keimpema.

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While mountains of milk powder continue to rain down in front of the Council building, Erwin Schöpges, dairy farmer and Belgian member of the EMB Executive Committee, clearly states the position of milk producers. Addressing the EU Ministers and the Commission, he demands: "Stop the ongoing sales of intervention milk powder! Begin work on a legislative proposal to set up a permanent crisis instrument and present it to the Parliament! There is no time to lose. Our farmers have been so rattled by the crisis that only a real price increase and long-term stability on the market can save milk production across the EU from extinction."

Balanced milk production in Europe is also important from the perspective of African markets. "Stop dumping cheap EU milk

powder on markets in developing countries! We have to give milk production in Africa a chance and allow local farmers to earn a living from their activity," emphasises Schöpges, looking at the milk powder also continuing to the pile up on the map of Africa in front of the Council building.

Market Responsibility Programme - MRP

The MRP is a programme for the EU milk sector that is used when there is a risk of a milk market imbalance. A combination of monitoring and response to the market enables impending crises to be recognised and reacted to in a three-phase programme.

Recognising crises - Market Index

- A Market Index comprising the trend in product quotations, milk prices and production costs (margin) enables crises to be anticipated.
- If the index is over 100, the prices are covering the production costs – the market is stable, no action needs to be taken. If the index falls below the 100 threshold, costs are not being covered. If the shortfall is too big, the Market Responsibility Programme is started.

Reacting to crises - applying the MRP

The plan is to apply the MRP in three phases.

1. Early warning (Market Index falls by 7.5 %)

- Monitoring agency announces early warning
- Private storage is opened
- Incentive programmes for extra consumption such as suckling-calf production, milk fattening of heifers etc.
- Phase is maintained until the index returns to 100

2. Crisis (Market Index falls by 15 %)

- The crisis is officially established and announced by the Monitoring Agency
- Core elements of the Market Responsibility Programme are started
- A reference period is defined
- Call for tenders regarding production cuts (at least 5 %), bonus for reducing production
- Market responsibility levy from the first kilo for farms increasing production

3. Obligatory cutback phase (Market Index falls by 25 %)

- Universally applicable reduction in the supply of milk by 2-3 % for a defined period, e.g. 6 months

End of the crisis - crisis measures lifted

If the index trend continues towards 100 points and the Monitoring Agency's forecasts for the further market development are positive, the crisis can be declared over. On this date all measures restricting production end. Commitments entered into on a voluntary, contractual basis end as agreed.

Please find [here](#) further details about the MRP

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