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Intervention milk powder sold at lowest price yet

European Milk Board criticises dumping tactics

(Brussels, 5 March 2018) At the end of February, the European Commission sold over 4,300 tons of skimmed milk powder at a set minimum price of 110 €/100 kg. This has been the lowest selling price since the beginning of the tendering process and has been met with severe criticism from European milk producers.

The latest sale at 110 €/100 kg clearly contradicts the European Milk Board's call to reduce intervention stocks in a way that will not be detrimental to the market and without selling skimmed milk powder below market value. The largest volume of skimmed milk powder to date – 4,337 tons – was rejected in the most recent tendering process. Since December 2016, 6,421 tons of SMP have been sold as part of 17 calls for tender. About 380,000 tons are still sitting in European intervention storage. The current market price for skimmed milk powder has fallen to 137 €/100 kg.

"Unfortunately, the powder was not sold but outright dumped – this price is scandalous," says the president of the European Milk Board, Romuald Schaber, outraged by the European Commission's behaviour. "You have the feeling that the Commissioner for Agriculture is trying to get rid of stocks without any concern for the consequences." Dumping milk powder in this fashion is very dangerous considering the current market situation and makes conditions even more difficult for milk producers, adds the president of the EMB. "Even the minimum price of 215.10 €/100 kg set in December 2016 does not actually correspond to real production value," continues Schaber. "By steadily reducing the selling price to a mere 110 €, policy-makers continue sending the wrong signs."

After a short-lived recovery, milk prices are already showing a downward trend. German and Belgian dairy farmers have reported a price reduction of about 4 - 10 cents in past weeks. With the projected production increases in coming months, Europe's dairy farmers are heading into the next crisis with their eyes wide open.

Sieta van Keimpema, milk producer from the Netherlands and vice-president of the EMB, remains pragmatic. "Agriculture Commissioner Hogan assured us milk producers that the voluntary production cuts instrument continues to be available at EU level. Mr Commissioner, NOW would be the time to follow through on your assurances and to introduce a new volume reduction programme that includes production caps, as proposed in our Market Responsibility Programme!"

For the EMB it is crystal clear that intervention is ineffective in the face of chronic market instabilities and suppresses future selling prices, thus counteracting market recovery. Instead, production must be aligned with market needs through volume reduction.

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