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Not a minor crisis but the conditions for a wartime economy in the dairy and food sectors

EMB demands measures for affected sectors

(Brussels, 12 October 2022) Sky-rocketing production costs, drought, feed scarcity, fertilizer shortages, large-scale farm abandonment, closures of dairies and other food processors, and a reduction in milk volume – this is the entire range of problems taking a massive toll on the dairy as well as the broader food production sector.

This is why the EMB is calling on the EU and its Member States to implement measures for the sectors and for citizens that include the following:

- Energy price caps for dairy farms, milk processors and other stakeholders in the dairy production chain and the food production sector. Dairy farmers and their families cannot cope with the explosion in costs, which is caused among other things by speculation.
- Financial aid for active farms and processors to help with energy costs.

“The individual actors in the agricultural sector and along the food production chain are dependent on energy and production inputs being available at affordable prices. Today, there is a gradual domino effect and each link in the chain pulls the next one down with it,” says Sieta van Keimpema, President of the European Milk Board (EMB). “Let me give you just one example from the many issues that are currently the norm in the agricultural and food sector: High gas prices lead to interruptions in fertilizer production, which then means higher prices as well as fertilizer and feed shortages – an additional, enormous burden on farmers who are already confronted with rising energy costs of their own and producer prices that continue to be too low. This pushes them to reduce production. This then has an effect on food processors, many of whom are already closing their doors due to their own higher energy costs.”

According to other representatives from the EMB Executive Committee, we are not dealing with a minor crisis – the current conditions already merit being referred to as a wartime economy. They must be taken extremely seriously and constructive steps must be taken at EU level to solve them.

Stakeholders in these sectors have already taken the measures that they could to bring some relief, and the situation has far surpassed what is possible with this approach. Especially when it comes to dairy farms, they were already brought to the brink by the crises in recent years and are unable to continue production under current conditions. But simply allowing producers and processors to disappear is not an option because it will shrink EU food production to dangerous levels. “We must have enough food to feed the EU population,” underlines EMB Vice-President Kjartan Poulsen. “And this means that the foundations of production must be supported with appropriate measures.”

In a broader sense, however, the agricultural system must undergo a massive overhaul so that cost-covering prices that include fair remuneration of dairy farmers actually become possible. “Fundamentally redirecting the system toward social sustainability – ensuring that producers can make a living from their work – is the only way to safeguard a stable production structure and thus food sovereignty in the EU in the long term,” adds Poulsen.

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