

News Details

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Prevent future dairy crises! Ensure long-term milk production!



Milk producers from all over Europe reiterate their demand for a legally-anchored, effective volume control mechanism to deal with crises

(Hoznayo/Brussels, 23 November 2017) Dairy farmers from 14 European associations called for a legal framework that provides for a volume reduction crisis instrument as part of the CAP at the recent Members' Assembly of the European Milk Board (EMB) in Hoznayo, Spain. In order to ensure a balanced dairy market in the long term, such an instrument is a must.

The European umbrella organisation for dairy farmer associations has reiterated its demand for volume control during times of crises. The volume reduction programme launched by the EU last summer had an undeniable positive effect on farm-gate prices. "The [EMB Market Responsibility Programme](#), which envisages voluntary production cuts during times of crisis, must now become a permanent instrument, and coupled with volume caps, must be anchored in the Common Agricultural Policy," says EMB President Romuald Schaber.

Butter versus milk powder

While the image of recovering milk prices is being celebrated in the media, the reality on farms is quite different. Europe's milk producers are still not being paid cost-covering prices. The higher profits made by dairies from milk fat are cancelled out by the extremely low prices for milk protein. Retailers are the ones benefiting the most from the situation of scarcity on the milk-fat market. Consumers are paying inflated prices for butter and – like in France – are confronted with empty shelves; producers, on the other hand, are seeing none of the gains.

For Spanish dairy farmers association OPL, host of this year's EMB Members' Assembly, the situation of local dairy farmers is critical. "Milk prices of 31 cents per litre simply cannot cover our production costs – about two farms must shut down every day," says OPL Vice-president Marta Fernández Nicolás. "Spain is currently one of the five EU Member States with the lowest farm-gate prices – in spite of the fact that we have reduced production by almost 40%." European dairy farmers agree that the recurring crises prevent the long-term positive development of dairy farms.

According to Romuald Schaber, milk powder, which is piling up in public storage, is a problem product on the market. "Our Members' Assembly clearly demands a reduction in intervention volumes of currently 109,000 tons per year and calls for a simultaneous increase of the intervention price to min. 30 c/kg. The European Commission cannot continue to use an instrument that costs money but brings hardly any results and eventually comes back to haunt dairy farmers." Larger quantities should be put in intervention only if the demand for dairy products decreases unexpectedly as it was the case with the Russian embargo. Normally production should be adapted to its sale potential via a volume reduction programme as soon as the fixed quantity has been reached.

The Assembly also spoke out unanimously against the sale of skimmed milk powder at dumping prices and called for possible alternative uses. Against this background, the creation of an effective crisis instrument is the need of the day!

In view of the urgency of the situation, we call on policy makers to implement these measures as soon as possible. Should this not be the case, dairy farmers will already get ready for some impressive demonstrations, in order to stress their demands.

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