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Stripped to the bone - higher butter prices do not end misery in the dairy sector!

Demonstration: European farmers call on the European Commission to anchor voluntary production cuts in the CAP

Brussels, 26.10.2017: Stripped to the bone, standing in front of the European Commission in the middle of mountains of milk powder – the dairy cow that provides milk to Europe's citizens. Around her fly the flags of many European countries, held by farmers who collect this milk on a daily basis. They as well have been shaken by the constantly recurring dairy crises. In spite of the current high butter prices, the dairy sector remains in its chronic poor state because the Common Agricultural Policy (CAP) lacks a mechanism to prevent crises.

The frequency of crises in the sector is alarming and has not only driven many farms out of business in recent years, but has also severely destabilised the farms that continue their activity. As Sieta van Keimpema, vice president of the European Milk Board (EMB), reports, forced cuts are usually made at the cost of animal welfare – read: lifespan – as well as the farmer and his family's living and working conditions. "It is an impossible situation for the last link in the milk production chain, which has received no consideration in policy to date. Major distortions in competition on the dairy market have, for many years, led to prices that are significantly lower than inherent production costs," says van Keimpema.

A study published today, which calculates milk production costs in five key milk-producing countries, documents this deficit. Even so-called "better years" were unable to compensate for these losses: since 2012, the annual average deficit in France has been 21 percent, in the Netherlands 23 percent, in Germany 22 percent, in Belgium 24 percent, and in Denmark 17 percent.

Please find here more information on this international study carried out by BAL (Office for Agriculture and Agricultural Sociology)<link en milk-production-costs.html>

To be very clear: farmers are not asking for subsidies to produce milk. What they need is a mechanism that would finally safeguard the sector from further hard-hitting crises. A mechanism that is flexible enough to allow growth in the sector and could also cater to increasing demand. This mechanism must be legally anchored in the CAP. As the past has clearly shown, the absence of such provisions means that reactions come too late and even then, often lead to nowhere.

The specific proposal is to complement the Milk Market Observatory with a permanent mechanism that could temporarily limit or reduce production in the event of crises.

Please find here more information about the crisis mechanism – the Market Responsibility Programme<link en special-content market-responsibility-programme.html>

Exploitation in the dairy sector can be stopped and the chronic difficult, painful times can be curtailed if a legal provision in the CAP were to sustainably regulate voluntary production cuts in the future.

Contacts:

EMB Vice President Sieta van Keimpema (EN, NL, DE): + 31 61216 8000
EMB Director Silvia Däberitz (EN, FR, DE): +32 (0)2808 1936

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