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Successful crisis management in the EU - What are the lessons to be learnt from the last three years?



(Berlin, 18 January 2018): That a crisis measure is not a crisis measure in and of itself has been clearly demonstrated in the dairy sector in the last three years. As the Executive Committee of the European Milk Board summarised at this year's Green Week press conference, truly effective instruments must be implemented in the future.

The European Commission has taken action over the last few years to temper the dramatic effects of market liberalisation: Aid packages to the tune of millions were introduced, thresholds for intervention volumes were raised, and producer organisations and dairies were given the possibility of product planning. However, the implemented crisis measures had little effect and producers continued to be forced to produce more milk to prop up their cash flow on the basis of higher production volumes. It was only the implementation of the volume reduction programme, where producers could voluntarily scale down their production, that finally brought about a turnaround.

What are the concrete lessons to be learnt?

- According to EMB president Romuald Schaber, Agriculture Commissioner Phil Hogan hit the bullseye after a number of failed attempts with the EU volume reduction programme: "We need the *right* measures. The reduction programme addressed volume and had a substantial effect on prices thanks to a small reduction in delivery volume." He went on to explain that the programme contributed significantly to price recovery from 25.68 cents/litre (July 2016) to 34.16 cents (July 2017) and its implementation was not bureaucratic for milk producers.

In addition, continued Schaber, a scientific analysis of the EU volume reduction programme (Fink-Keßler and Trouvé, 2017) also shows that the measure could be effectively used to keep farms in business using small reductions and could provide direct support to farms during crises.

- The *intervention* measure in particular was definitely overextended in the past and simply ended up as a way to catch the spill over of liberalised production. Public intervention is as such a tried and tested instrument to absorb seasonal surpluses, says Sieta van Keimpema, vice president of the European Milk Board. "But the fact that the European Commission is now sitting on almost 380,000 tons of skimmed milk powder, for which it has no plan, shows that this instrument has been implemented in a completely faulty fashion this time around." In the case of a market imbalance, EU policies should not simply prolong the situation by taking intervention milk off the market in the short-term and leaving it to become a burden further on. "There must be incentives to not produce so much in the first place," says van Keimpema. She believes that this would diffuse looming crises.

The European Milk Board calls for the implementation of effective crisis instruments and the legal anchoring of a milk volume reduction programme during crises. The dairy farmer's association points to its [Market Responsibility Programme](#), which is built on voluntary production cuts and production caps during the reduction period.

Producers can thus react to market signals and adapt their production accordingly as soon as the market balance is disturbed.

Here you will find pictures of the EMB presse conference

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