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Press Release

EU FARM LEADERS OUTLINE MEASURES TO SAFEGUARD FUTURE OF EU DAIRY SECTOR

In a bid to protect farmers against increasing market volatility, EU farm leaders emphasised at a hearing on the long-term future of the EU dairy sector the need to further develop market risk management tools, including futures markets, as well as to maintain EU market management measures as a cornerstone of EU dairy policy, especially as the EU sells 9% of production on the world market.

The move came at a hearing of the High Level Expert Group set up by the EU Commission. Speaking at the hearing, Copa President Pdraig Walshe said “EU farmers are being squeezed by a big fall in the price they receive coupled with soaring costs of production. EU farmers suffered on average a huge drop in their incomes of 12.2% in 2009. To help reduce the volatility of producers’ income, the development of appropriate market risk management tools is an absolute necessity for dairy farming as well as the maintenance of CAP direct income support payments. Market risks could also be better managed if there are incentives for developing collective strategies and enhancing cooperation between dairy chain operators. This would go hand in hand with strengthening producers’ bargaining power in the food chain and guidance on contractual relations and market transparency”.

Juha Marttila, Vice-Chairman of the Copa-Cogeca Working party on milk and dairy products meanwhile insisted “The current EU intervention system for milk and dairy products must continue to be recognised as one of the cornerstones of EU market management. Intervention should set a floor price to prevent a complete market collapse. We have seen through the recent crisis that both public intervention and private storage served this purpose and cost much less than the various national schemes put together which were recently put in place to support farmers’ liquidity and income. To be more effective, we would suggest however a more open intervention. The way intervention stocks are released should also not impact the farmgate milk price. The recent move to extend intervention over the whole year was a step in the right direction. A strong Common Agricultural Policy (CAP), with the right measures in place, is consequently vital in the future to protect farmers’ income and safeguard a viable and flourishing EU dairy sector”.

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