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End of milk quota

The Greens call for a more balanced approach to prevent crisis

On 27th January, the Agriculture Committee of the European Parliament discussed the end of milk quota in the EU. As the end of the milk quota system draws nearer, the dairy industry claims that "milk will remain the white gold for the next decade". However, the expected growth in exports to China and other countries is likely to turn out to the detriment of European farmers, who have not received cost-covering prices for their milk for many years. Additionally, the implementation of policies on environment, animal-welfare and development are being endangered through the EU's productivist and export-driven agenda. Contributing to the up-coming initiative report on milk policy, the Greens/EFA group is demanding a more balanced approach, which strengthens instruments such as the [Milk Market Observatory](#) and puts into place [anticipatory measures](#) to allow farmers to take responsibility and reduce production ahead of crisis.

Europe to "feed the world"?

Quotas were introduced in the beginning of the 1980s, after public price guarantees had led to overproduction and a massive financial strain on the EU-budget. Milk quotas were set about 1.5-2% higher than EU demand, which prevented the measure from having any positive impact on farm-gate prices. However, from the dairy industry's perspective, this built-in oversupply was a guarantee for a cheap "raw material". The abolition of milk quotas by April 2015 is the next step within this logic to keep milk prices low and increase production for export markets. The official argument is that this will bring benefits to both dairies and farmers by providing better access to world markets. However, dairy farmers all over the EU expect milk prices to fall in the long-term, and the continued trend to cut costs and intensify production further, will result in more industrialised production and ultimately more even bigger factory farms.

The EU Commission's prognosis that production will increase primarily from higher yields per cow rather than a rise in the total number of cows is not convincing, as this depends on higher inputs involving higher production costs. Infinitely striving to increase the yield per cow needs to be questioned not only from an animal welfare point of view, but also from a public health perspective. Intensification brings along a myriad of animal health concerns like susceptibility to disease due to high population densities, which requires the use of more antibiotics.

The deregulation of the EU milk sector has consequences not only for EU farmers, but also on farmers worldwide. European exports of dairy products rely on a massive scale upon imports of feed (79% of our

plant protein come from outside the EU); mainly soya from South America. Therefore, the EU cannot claim to “feed the world”. Increasing production here also means increasing land-grab elsewhere to the detriment of smallholder communities.

The current political discussion also neglects common practices of dairy trade like dumping of milk powder on third countries’ markets. Direct eExport subsidies are currently set to zero, but can be revived in case of a crisis on the milk market. Even without export subsidies, the direct subsidies from the EU’s agricultural budget make it possible for. This allows European farmers to sell their products at prices below production costs, leading to systematic dumping on the markets of developing and emerging nations. Rather than treating China, India, and Africa as welcome outlets for European overproduction, the EU should carefully assess and revise its export-oriented policies, and its import dependence, in order to ensure coherence with development goals and the right to food.

Africa to become the playground for EU companies?

Instead, already now in Africa companies such as Arla, Danone and FrieslandCampina have set up joint ventures and subsidiaries in countries such as Côte d’Ivoire, Nigeria and Ghana. These ventures have one thing in common: All of them rely heavily on imported milk powders instead of local milk sourcing. According to [FrieslandCampina](#), it is cheaper to import European raw materials than to purchase raw milk locally. In 2015, the Parliament is to vote on an agreement with West-African states that aims to lower tariffs on European milk powder from 5% to 0%. But most of these countries could very well provide for their own needs if their farmers were given a chance to do so, thereby strengthening rural employment, trade balances, food security and nutrition.

The World Agriculture Report (IAASTD) has clearly shown that in order to ensure the right to food, it is necessary to strengthen small-scale agro-ecological farming worldwide. Food sovereignty, the right of people to decide upon their own food and agriculture systems, should become a principle of European politics. If the goal of the European Year for Development “to achieve a broader understanding of policy coherence for development” is to be taken seriously, the EU’s trade and agriculture agenda also need to be aligned accordingly.

Our main demands:

- Implementing a market responsibility scheme to prevent crisis:

Alternatives to the current system have already been laid on the table. The establishment of a Milk Monitoring Agency (the so-called Milk Observatory) was a first step in the right direction. The Agency now needs to move towards a fully functioning anticipatory instrument for market analysis, to prevent crises and ensure that farmers can act and decide responsibly. It is essential to learn from past mistakes. The allocation of the milk quota was never based on domestic regional or EU demand. The quota system was used to deliberately create surpluses. Therefore, it could not prevent crises.

- Tailoring EU supply with EU demand

The demand for dairy products within Europe is very constant. Therefore, matching European supply with demand would be a much better solution than going after export opportunities that may turn out to be roads to nowhere. That way, an important goal of European agricultural policies, namely the stabilisation of agricultural incomes, could be achieved. Another benefit of closely tailoring EU supply with EU demand would be reduced volatility of prices. It would also provide more space for the implementation of environmental, animal welfare and development policy targets, making milk production “do no harm”.

Read [here](#) the report by MEP Maria Heubuch, Greens/EFA group's shadow rapporteur on the Milk

Package and coordinator in the Development Committee.

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