Press release | 30.03.2015

#### EU milk quota end

#### Crisis management remains necessary

The EU milk quota system, which has been in place for 30 years, will end today. From 1 April on, there will be no instrument governing production quantities for dairy products in the EU. The European Parliament is currently drafting a report on the consequences of this and the possible alternatives. Commenting on the situation, Green agriculture spokesperson **Molly Scott Cato** said:

"The milk quota achieved its purpose of reducing public spending on indefensible butter mountains and milk lakes, but it could not prevent the massive price fluctuations and ever greater concentration of dairy production that we have seen in recent years. It was time to end the quota but simply discontinuing it will leave smaller dairy farmers vulnerable to crisis situations, like oversupply and price shocks. In the UK, the number of dairy farmers has halved in the last decade, and the National Farmers' Union now predicts that there will be fewer than 5,000 dairy farmers left by 2025. The EU must put appropriate measures in place to address this.

"The European Commission is already monitoring the dairy market and an early warning mechanism could be put in place. If overproduction is detected and a warning issued, farmers could be compensated for cutting back production. Penalties for overproduction need only be a last resort.

"It would be wrongheaded to introduce export subsidies for excess milk production products, like powdered milk and baby food. The same applies for a higher intervention price, which would lead to a return to the overproduction of the 1970s and 1980s.

"Further liberalisation of the dairy sector would lead to an industrialisation of the sector, with farms compelled to expand and take on debts to compete or close down. This would undermine attempts to create a more sustainable agricultural model. Instead, smaller farmers should be encouraged to produce quality dairy products in a sustainable manner. Introducing origin labelling rules could promote shorter supply chains, while introducing a compulsory contract system would ensure farmers have greater power in the supply chain."

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Molly Scott Cato

Vice-President

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