

## **Adopted resolution**

### **On the milk crisis**

The current milk crisis is due to the decrease in the price of milk since 2009. In Belgium, for example, the average price at which dairies buy milk is among the lowest in Europe. At the present time, milk is bought at 18-19 eurocents per litre ; added to the direct milk aid, this means that farmers get less than 23 eurocents per litre, while their production costs are between 25 and 40 eurocents per liter.

The main reason for these low prices is the deregulation by the European Commission, leading to higher milk quotas and, in the future, complete suppression of the quotas. There is simply far too much milk on the market.

The present deregulation policy will lead to a concentration of milk production in some areas, and the development of « milk deserts » in others. This will also lead to a decrease in the number of farmers and to more intensive production methods. These methods influence import policies, as more feedstock will have to be imported from the Americas, where feedstock increasingly contains transgenic soya. The surplus milk is also transformed into milk powder and sent to developing countries, thus also contributing to the destruction of local production in those areas.

Moreover, this crisis proves the bankruptcy of the current system. The gradual lifting of the quotas is not the only reason for the current problems; they are caused by a system in which export subsidies, transportation costs that are too low because the environmental costs are not integrated, with a focus on cheap production and price wars between supermarkets and the market power of retailers and supermarkets.

In short, this EU policy is having and will continue to have social and environmental consequences which run counter to the objectives of sustainable development. Local production means less transport, more jobs, more accessibility and a better balance between North and South.

Milk producers have been actively campaigning for months, trying to influence European policy. The movement is spreading throughout the EU, and even the US. Small producers are demanding that quotas be maintained, or at least that regulation mechanisms be set up to decrease milk production and thus increase prices. They also call for a specific sanction for exceeding quotas, to be applied to an individual farmer rather than a State.

The European Commissioner Marian Fischer-Boel has recently confirmed her determination to see quotas abolished.

Instead of advancing towards liberalisation of markets, the EU must act responsibly and find performing regulation mechanisms that reduce the negative environmental consequences of agriculture and improve animal welfare. Agricultural policies must contribute to the urgent reduction of emissions leading to global warming and water pollution coming from agriculture. Agricultural policies must as well take into account the 'human factor' and find solutions that are socially acceptable for farmers and their families.

The EGP council thus urges the EU to review its current milk policy so that it supports small, local and sustainable producers. The need for structural measures, including regulation mechanisms, is extremely urgent and greater than ever.