Resolution on the crisis in the dairy farming sector

2009/2663(RSP) - 17/09/2009 - Text adopted by Parliament, single reading

Following the debate which took place during the sitting on the same date, the European Parliament adopted by 462 votes to 78 with 40 abstentions a resolution on the crisis in the dairy farming sector.

The resolution had been tabled by the ECR, EFD, EPP, S-D and ALDE groups.

It considers that, given the continuing critical situation on the dairy market, both far-reaching and short-term measures are necessary, and points out that the **measures taken by the Commission to date are not sufficient to solve the crisis in the sector**. Members note that there has been a dramatic deterioration in the situation on the dairy market in the last 12 months, with milk prices falling below EUR 0.21 per litre, despite intervention and export subsidies, and many farmers are now selling dairy products below production costs, with the viability of many EU dairy farmers now seriously at risk. They regret that the Commission failed to predict the severity of the current crisis and did not propose adequate measures sooner, and reaffirm their commitment to the **creation of an EU Dairy Fund of EUR 600 million to aid producer organisations and cooperatives and to support farm investment**.

Parliament calls on the Commission to do the following:

- establish, as a matter of urgency, which measures could bring about market stabilisation, and to undertake an in-depth evaluation with stakeholders and Member States on the future of the milk sector with a view to analysing the possibility of reinforcing management mechanisms that avoid price volatility;
- present a detailed analysis concerning all the factors that impact on the price obtained by dairy producers, including the quota increase;
- apply the necessary measures to ensure that imported feedstuffs comply with the same standards that dairy farmers have to meet within the EU, in order to prevent imports of such products that do not meet those standards from undermining the EU's efforts to enhance sustainable milk production;
- propose measures to help producers increase the added value of their products and to encourage them to produce high-quality milk-based products (such as cheese), especially in those areas where there are few production alternatives;
- introduce immediate measures to stimulate demand for dairy products, noting the decline in demand for dairy products at precisely the same time as supply has increased owing to third countries such as New Zealand, Australia, Argentina, Brazil and the USA producing greater quantities;
- encourage contractual relations within the agro-food chain and strengthen producer organisations so as to balance relations between the various parties involved in the sector and forestall market risks, as a complement to the other regulatory instruments which the sector requires;
- examine the possibilities for an early retirement scheme for dairy producers, for example by setting up a quota buy-back scheme, similar to the grubbing-up scheme in the wine CMO;
- increase the maximum amount of de minimis State aid payments to all productive agricultural sectors from EUR 7 500 to EUR 15 000, by way of exception to the set national limit for State aid;
- extend private storage to cheese products and set adequate levels of support in order for that measure to be effective, as well as for an increase in the number of third countries – such as the USA – to which EU cheese products may be exported with export refunds;
- allow agriculture export credit insurance, as is the practice in the USA;
- improve price transparency within the food supply chain, as consumer prices in many Member States remain conspicuously high despite dramatically decreased producer prices;
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present its communication on food prices in Europe without delay, recalling that Parliament has, for a long time, been asking the Commission to investigate potential abuses of market power in the food supply chain, especially in the dairy sector, and that such an investigation is long overdue. Members note that over the period May 2006 to May 2009 prices paid by consumers for milk and cheese increased by more than 14 %, while prices received by producers in some Member States have decreased by 40 % over 12 months;

- implement an EU-wide code of conduct governing relations between retailers and producers;
- vigorously oppose initiatives by certain Member States to renationalise the Common Agricultural Policy.

Lastly, Members insist that the Commission report regularly to Parliament over the coming months on the situation on the dairy markets.