

Crisis measures in the EU:

- **Intervention**
- **Private Storage**
- **420 Million Euros Aid Package**

→ Could not prevent price fall!

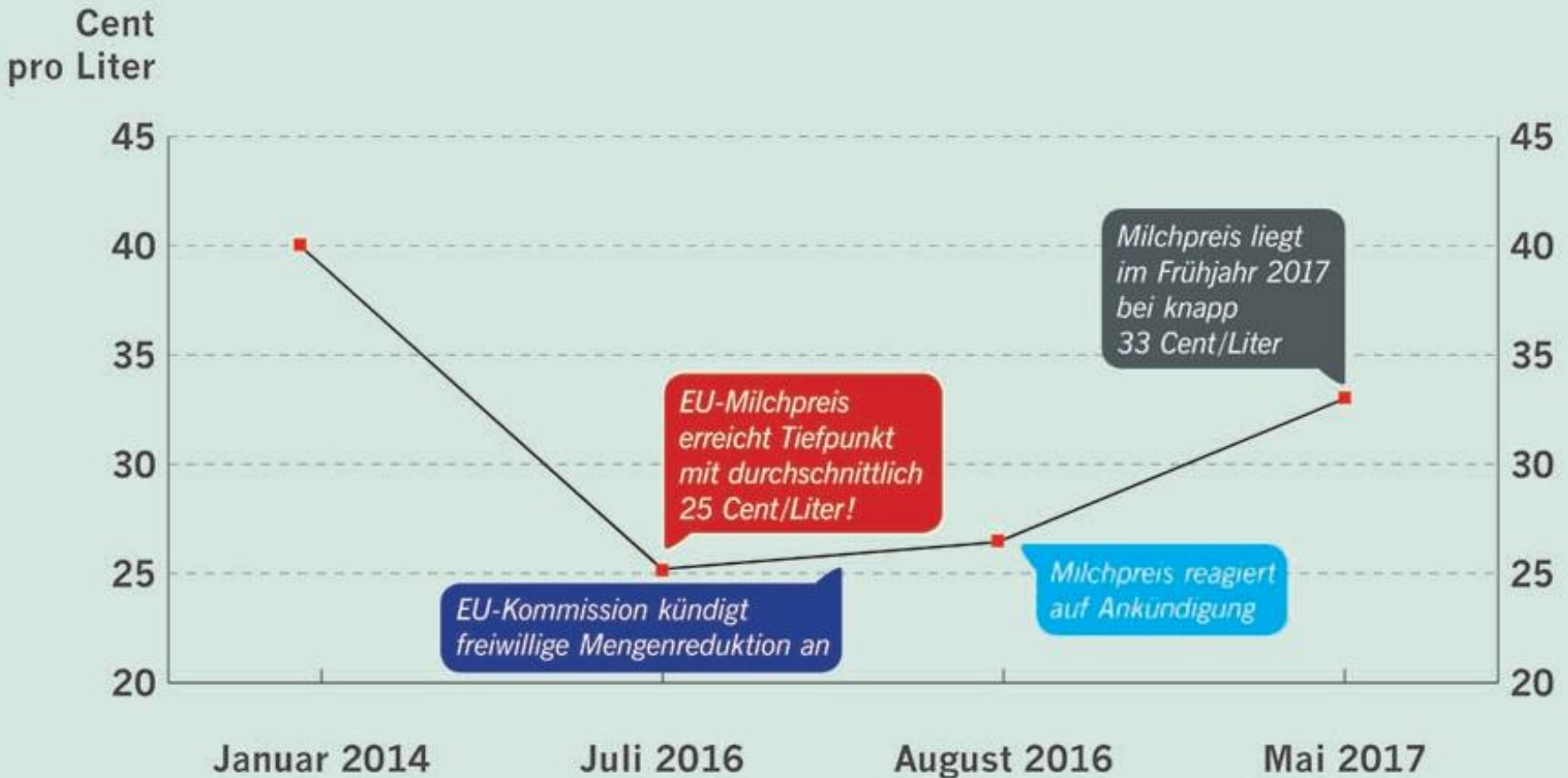
+++ EU-volume reduction programme +++

→ positive price development since July 2016

EU Reduction Programme



Immediate price recovery



Results Analysis

Milk Reduction Programme



The Programme was a success:

- **27 EU-Member states** have participated
- **48.200 Milk Producers** (about 3% of all dairy farms in the EU)
- Reduced volume: **833.551 t** (2,02% of the total Milk volume same period last year)
- The 4 largest milk production member states were the strongest benefactors of the programme: **Germany** (232.300 t), **France** (152.732 t) and **United Kingdom** (90.814 t). Together this three countries were responsible for 57% of the reduction. The **Netherlands** reduced 56.117 t
- **Ireland** had the highest participation in percentage: reduction 4%, and in second place Bulgaria with more than 3% reduction.

Conclusions

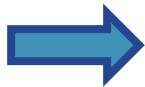
It is hard to say how the market would have developed without the reduction scheme.

- ✓ Fact is, that a small reduction of the quantity delivered, showed a **large price-effect**. This relationship confirms, that comparatively small shifts in volume cause large changes in price
- ✓ Price changes from **25,68 CT** (07/2016) to **34,16 CT** (07/17)
- ✓ Reduction Programme has supported the **positive development** since July 2016
- ✓ Shows that such an Instrument can very well be used to preserve agricultural businesses with only a small reduction
- ✓ Programme enabled direct support to farms in times of crisis

Market Responsibility Programme (MRP)

Reacting to crises – applying the MRP

The plan is to apply the MRP in three phases.



1. Early warning (Market Index falls by 7.5 %)

- Monitoring agency announces early warning
- Private storage is opened
- Incentive programmes for extra consumption such as sucking-calf production, milk fattening of heifers etc.
- Phase is maintained until the index returns to 100



2. Crisis (Market Index falls by 15 %)

- The crisis is officially established and announced by the Monitoring Agency
- Core elements of the Market Responsibility Programme are started
- A reference period is defined
- Call for tenders regarding production cuts (at least 5 %), bonus for reducing production
- Market responsibility levy from the first kilo for farms increasing production



3. Obligatory cutback phase (Market Index falls by 25 %)

- Universally applicable reduction in the supply of milk by 2–3 % for a defined period, e.g. 6 months



Reform of the Common Agricultural Policy

**Responsibility for the market, society
and cohesion of the EU**

Concept Paper of the European Milk Board