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## **Crisis in the dairy farming sector**

### **Greens/EFA motion for a resolution**

*Tabled by by José Bové, Martin Häusling, Alyn Smith, Bas Eickhout*

*On behalf of the Greens/EFA group*

The European Parliament,

- taking note of the communication from the Commission to the Council of 22 July 2009 (COM(2009) 385 final);
- having regard to the reply of eight EU farm ministers of 31. July 09 to the Commission;
- taking note of the conclusions of the Agriculture Council meeting on 7. September on the milk crisis;
- having regard to EP written declaration P6\_TA(2008)0054 on the abuse of power by supermarket chains;

A. Whereas the letter of eight EU- farm ministers considers the measures proposed by the Commission to be "largely insufficient" and ask, among other things, for a lasting and more flexible milk market management as well as increased support for milk producer organisations;

B. whereas still in 2008, the Commission argued for a rapid phasing out of the milk quota system referring to a growing global milk market, e.g. in China, which has proved to be an inaccurate assumption;

C. whereas the EU-Commission now admits in its communication, that the dairy market situation in the EU has deteriorated dramatically during the past 12 months due to global milk production increase and decreased demand world wide;

D. whereas the EU being the largest milk producer in the world, carries substantial responsibility for this situation through:

- support of an increasing concentration of milk production mainly in favoured regions of the EU, due to tariff- free imported feedstuff like soy beans;
- the phasing-out of supply management instruments like the quota system, which could be reformed in order to better balance offer and demand; for a highly sensitive product;
- subsidizing the food industry and trade companies through inadequate market intervention policies and export subsidies, which has led to a permanent structural surplus production of 15

million tons of milk, which cause a depression on milk prices worldwide;

E. Whereas in spite of the fact that only 8% of farm products, including milk, are traded on a global level, liberalized trade has provoked a worrying volatility of food and milk prices, which has destabilized local food markets and destroys the livelihood of millions of farmers as well as jobs in the rural regions across the world;

F. Whereas as compared to other regions, EU milk production is based on small scale family farms which mainly use non-arable grass land and maintain valuable cultural landscapes, offering employment even in disadvantaged and marginalized regions;

G. whereas the unequal distribution of quota in the EU between member states, regions and farmers has led to major disadvantages especially for less favoured areas and in the new member states and has led to long distant transport of milk and milk products;

H. whereas the concentration process in the dairy industry along with the market power of supermarket chains allows the food and trade companies to keep farm gate prices for milk low and consumer prices for dairy products high;

1. endorses the action milk farmers have taken across Europe to raise awareness about the dramatic situation of the milk sector and the pressure they put on the milk processing industry and the Commission to end the milk crisis;

2. calls on the Commission to immediately stop the gradual increase of milk quota and to reduce milk quota by at least 3% as a measure of urgency, with differentiated reduction for small and medium-size producers;

3. Calls on the Commission to propose a budgetary measure to establish a temporary compensation for decrease of production, in order to reach the 5% reduction without the pursuit of drastic financial consequences, especially for small and medium-size producers and less favoured areas;

4. calls on the Commission to reconsider the consequences of giving up supply management in the milk sector and to elaborate proposals for a sustainable, quality oriented, demand driven, region based milk production, including a better balance between regions and farmers, in order to avoid structural surplus production and increasing volatility of producer prices for milk;

5. calls on the Commission to fulfil the EU's commitment to end export subsidies, and to phase out market intervention measures which are oriented towards exports which undermine or destroy domestic milk production, especially in developing countries;

6. calls on the Commission to elaborate proposals for a quality driven regional infrastructure, which takes into account the new challenges, such as climate change goals, conservation of biodiversity, better water and soil management and reduction of energy consumption as compulsory conditions for restructuring of the milk sector;

7. calls on the Commission to take legislative and budgetary initiatives so as to establish support for milk producer organizations, in order to strengthen their position in negotiations, including milk collecting organisation, with dairy processing industries and food trading companies;

8. calls on the Commission to include in its proposals for reforming the CAP after 2013 a better balance of milk production in European member states and regions, giving priority to grass fed milk production with

special attention to less favoured regions and the situation in developing countries with regard to smaller milk producers, so as to preserve employment and the diversity of landscapes;

9. calls on the Commission take the necessary legislative and budgetary measures in order to support the production of protein crops in the EU without additional money, and to favour non-arable grassland areas so as to avoid further dependence on imported feedstuffs for European milk production;

10. calls on the Commission apply the necessary measures so that imported feedstuff respects the same standards which milk farmers have to respect within the EU, in order to avoid that imports of these products which do not respect these standards could undermine the efforts of the EU to enhance sustainable milk production; these measures should be based on the principle of qualified market access, which imposes levies on non-fulfilled standards, but return these to the countries concerned as support for reaching these standards especially in the field of environmental, animal welfare, and GMO legislation;

11. calls on the Commission to strongly oppose initiatives of some member states, to renationalize the Common Agricultural Policy.

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