



Brussels, February 2014

## Ensuring a soft landing in the dairy sector

Dear Commissioner,

19 organisations representing farmers in 11 countries call on you to ensure a smoother soft landing in all member states in advance of the March 31<sup>st</sup> 2015 quota abolition.

At the Agricultural meeting on 16/17 December 2013, several ministers raised the issue of a soft landing in the dairy sector and possible related measures to ensure it. We welcome the fact that so many ministers raised their concern which underlines that a soft landing of the dairy quotas is not on track in many member states.

The European Commission concluded in the latest report on the evolution of the market situation and the consequent conditions for smoothly phasing-out the milk quota system (second “soft landing” report, 10.12.2012) that *“Both the evolution of milk production versus milk quotas, and the downward trend in quota prices show that “soft landing” is on track... Against this analysis, the Commission is of the view that no change is required in the existing framework...”*.

However in reality quota values remain high in major milk producing countries and in some cases have even risen. Paying super levy to a system that is soon to expire puts additional economic burdens on farmers planning for the future. Finally as a trading block the European Union is not fully capitalising on opportunities in the world dairy market. This is at a time where dairy consumption growth is coming increasingly from emerging non-EU regions. This contradiction will be even worse in 2014/15 as Member States will not receive extra quota, because of Health Check provisions. This will be the first time after 5 years that the quota will not be increased.

Hence, no measures are agreed on EU- level to remedy the situation for the dairy producers and to ensure a soft landing of the milk quotas.

Therefore action is necessary.

We call for a smoother soft landing of the dairy quotas either by a reduction of the super levy, further quota increase or an adjustment of the fat correction factors. For regulatory simplicity we request that the Commission begins preparing the political ground by proposing an adjustment of the fat correction factors in the coming Committee for the Common Organisation of the Agricultural Markets - sector Animal Products. This helps European farmers becoming more competitive in a difficult transformation phase of the market organisation without fundamentally changing the existing regulatory framework.



Yours sincerely,

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Manfred Nüssel  
President of DRV – German Raiffeisen Federation

Steen Nørgaard Madsen  
DAFC, chairman of Danish Dairy Board

Gerhard Wlodkowski  
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