

# Responding to change - Sustainable strategies in a diverse and evolving landscape

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# Outline

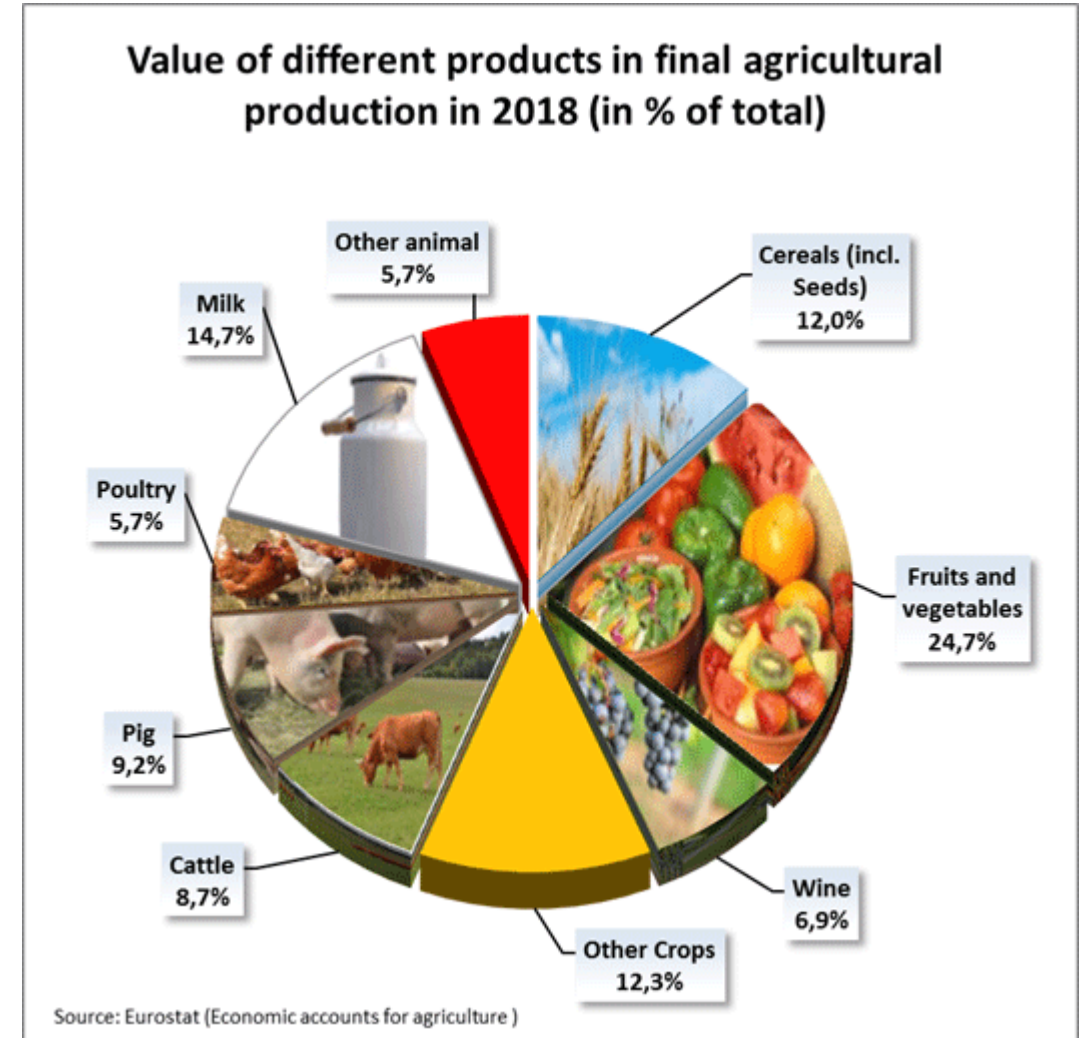
- Introduction: "Changing conditions for European dairy producers"
- 5 short dairy case study presentations:
  - Denmark
  - United Kingdom
  - Latvia
  - France
  - Greece
- Moderated discussion: Sustainable strategies in a diverse and evolving landscape

# Changing conditions for European dairy producers

Martin Thorsøe – Aarhus University

# The importance of dairy for European producers

- Milk is produced in every single EU Member State
- Milk is the EU number one single product sector in terms of value at approximately 15 % of agricultural output
- EU is a major player in the world dairy market
- Recently the conditions for dairy farming have changed
- Dairy farming imply long time-binds



# Market and regulatory conditions

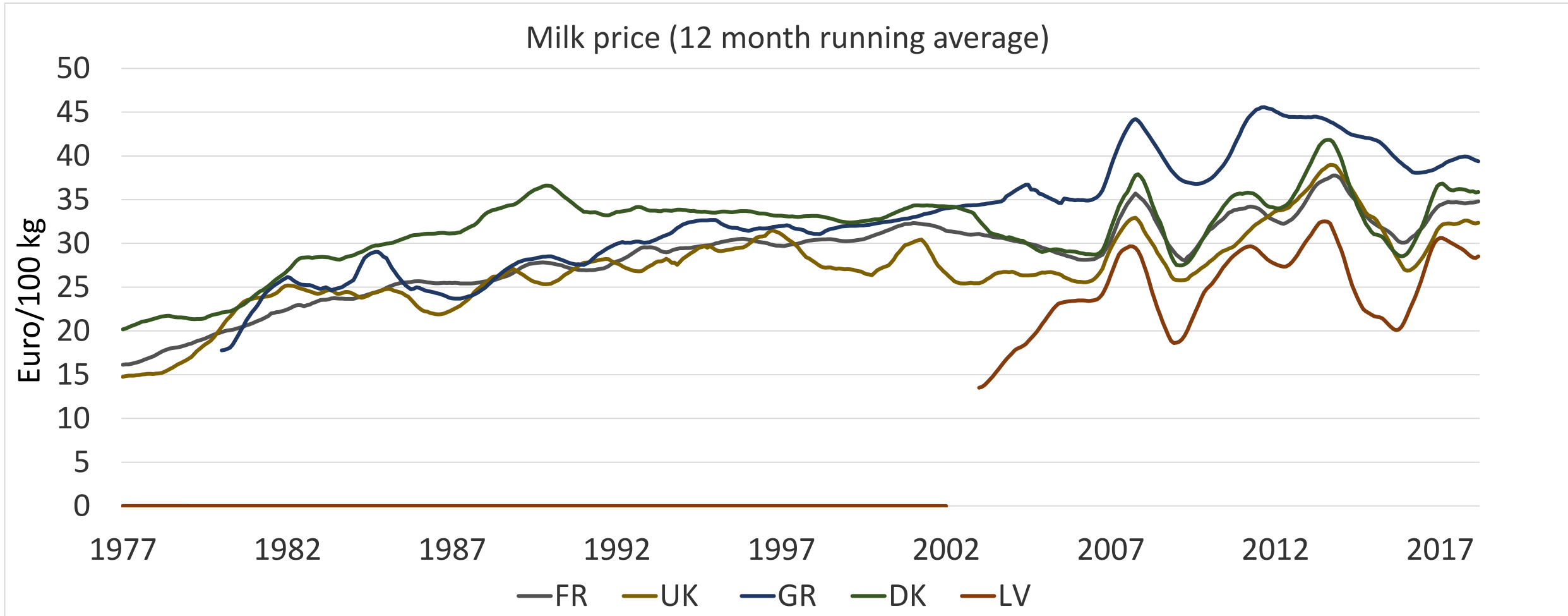
- **1984:** Introduction of milk quotas
- **1992 MacSharry reform** Price support to income support (not direct impact on dairy)
- **1999 Agenda 2000:** Quota abolition in 2008 (2015)
- **Fischler reform 2003:** Decoupling price support and income support, reduction of market interventions
- **2008 Health check:** Gradual quota increase
- **2012: "Milk package":** Producer Organisation, contractualization market transparency
- **2015:** Abolition of milk quotas

# Market conditions

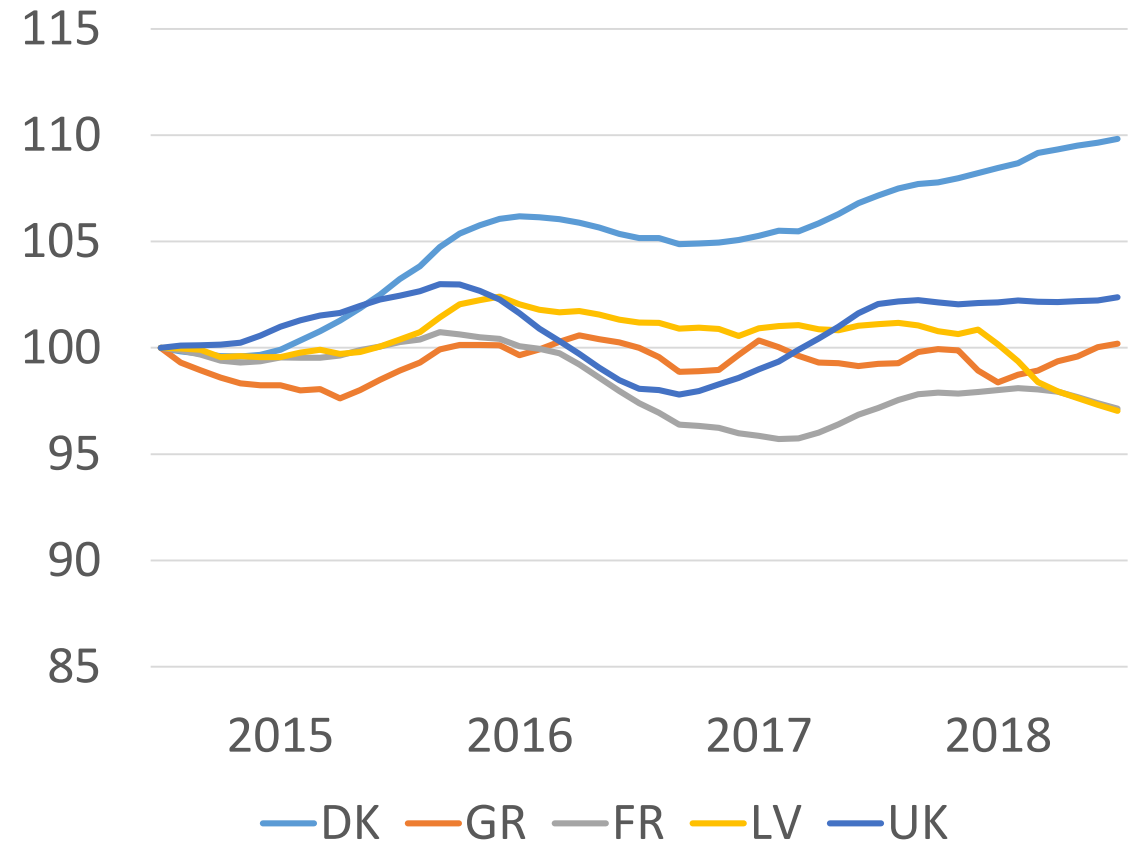
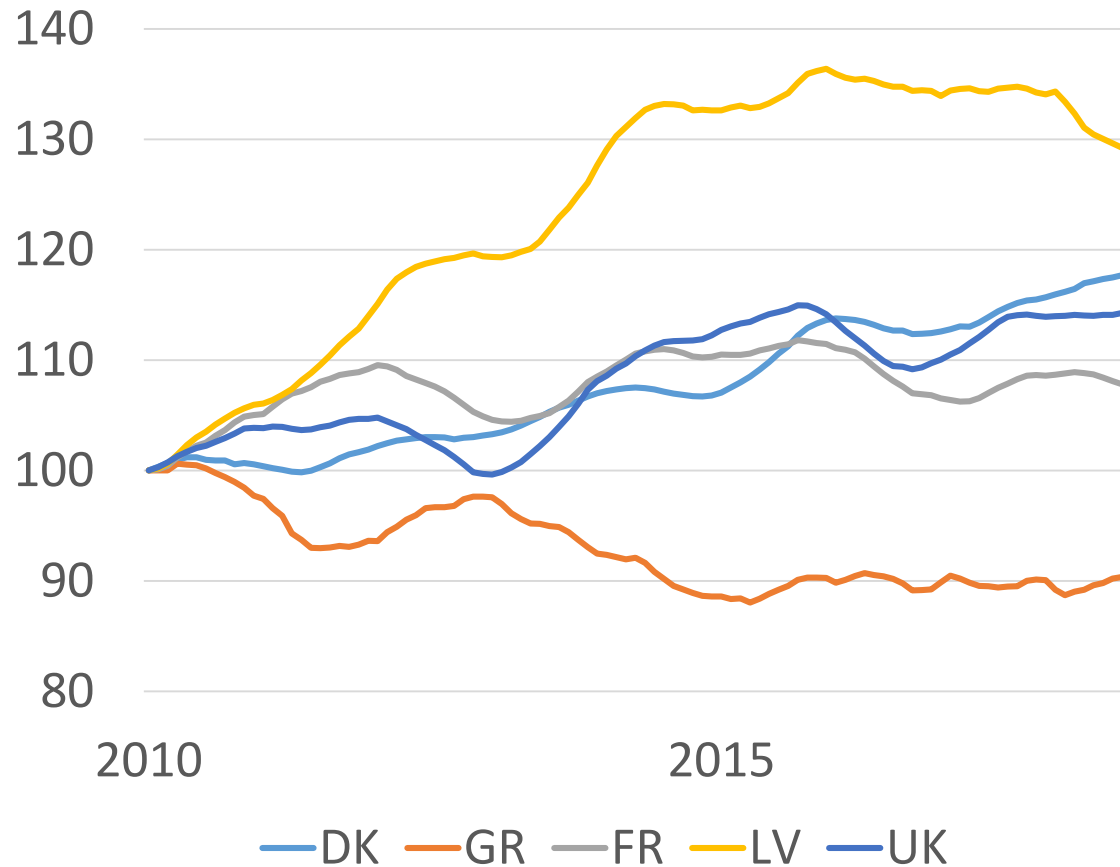
- Stable dairy prices until 2006 due to export refunds and public intervention, import tariffs
- Gradual transition to volatile world market dairy prices
- 2014: Perfect storm due to, Chinese import reduction, Russian import ban, and quota abolition



# Milk price development



# Production development (since 2010 (Left) and 2015 (Right))





# Perspectives for this session

- Transformation from “interventionist” to “liberalized” market policy
  - Changing the configuration of risks (market liberalization implies individualization of risks that were previously collectively managed)
  - Price volatility is generally a challenge for dairy producers due to a long time binds and inability to adjust production
  - Volatile market conditions
    - Quota abolition
    - Chinese market reduction
    - Russian import ban

**Question: How have the heterogeneous European farming systems reacted to these changing conditions?**