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

Martin Thorsøe, AU; Egon Noe, SDU, Mikelis Grivins, BSC; Talis Tisenkopfs, BSC; William Loveluck, IDDRI & Emi Tsakalou, AUA
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)
• **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

Milk price (12 month running average)

Euro/100 kg


FR  UK  GR  DK  LV
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?