

The EU dairy sector

Main features, challenges and prospects

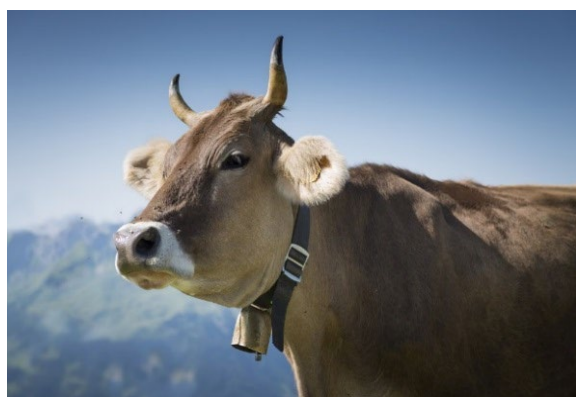
SUMMARY

The EU is the world's largest milk producer. While milk is produced in all Member States, farm and herd sizes, yields and types of farming vary widely across Europe, from free-range farming in Alpine areas to large-scale specialised dairy farms. The EU's dairy farmers produced 160 million tonnes of milk in 2022, 94 % of which was delivered to dairies where raw milk is processed into fresh products such as cheese or butter.

The EU dairy sector must comply with a large number of rules, covering hygiene, animal health and welfare, and official controls, among other things. However, there is also a range of instruments designed to support farmers and address market imbalances. These include common market organisation, public intervention and private storage provisions, direct payments and rural development measures, as part of the common agricultural policy (CAP). The CAP also encourages and supports producers' organisations; these use their bargaining power to stabilise prices in the sector, thereby helping to increase farm milk prices and reduce price fluctuation.

In the coming years, growing EU and global demand is expected to support world dairy markets, but price fluctuations and market imbalances will continue to be problematic. Resilience and sustainability are key for the future of the sector. This can be achieved through innovation, as a way to reconcile the need for farmers to earn a decent living, consumer demand for affordable and quality dairy products, and environmental and animal health requirements.

This briefing updates a previous edition by Marie-Laure Augère-Granier, published in December 2018.



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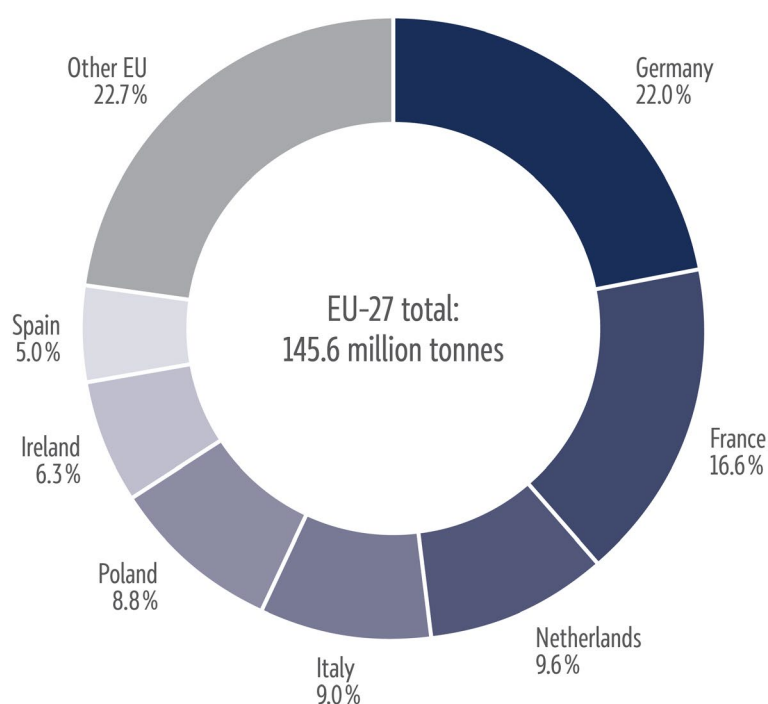
Facts and figures about the EU dairy sector

EU milk production and use

The EU is the world's [largest](#) milk producer, followed by the United States and India. In 2022, EU production of raw milk reached 160 million tonnes (a decrease of 0.3 % compared with the previous year), 96 % of which was cows' milk, with the remaining 4 % from sheep, goats and buffalos.

Germany alone [accounts](#) for more than 21 % of the milk produced in the EU, and together with France, the Netherlands, Italy and Poland it accounts for about two thirds (64.7 %) of total EU milk production. Similarly, for the collection of cows' milk by dairies, Germany, France, the Netherlands, Italy and Poland together account for 66 % of the EU total.

Figure 1 – Collection of cows' milk by EU Member State



Data source: Eurostat, [Milk and milk product statistics](#).

In the same year, almost 94 % of the milk produced was [delivered to dairies](#) for further processing and only 6 % (roughly 10 million tonnes) was used by the farmers and their families, sold directly to consumers, used as feed, or processed directly. Cows' milk accounted for 97 % of milk delivered to dairies.

With regard to milk collected from animals other than cows, Greece alone produces 57.7 % of the total EU milk delivered to dairies, followed by Cyprus, which produces a further 21.1 %

There are around [12 000 processing facilities](#) throughout Europe, collaborating with over 650 000 dairy farmers. Together, they sustain over 300 000 jobs within the milk processing sector, with 45 000 positions directly associated with exporting dairy products to third countries.

Cooperatives represent a significant market share, especially in the Netherlands, Ireland, Austria, Sweden, Slovenia and Slovakia, where their market share is over 80 % (see pages 31 and 32 of the study on '[Development of milk production in the EU after the end of milk quotas](#)'). Countries like Greece, Romania, Portugal, Croatia, Bulgaria and Cyprus have a low presence of cooperatives, but farmers are organised into producers' organisations (although these are more developed in the fruit

and vegetables sector than in dairy). [Studies](#) confirm that cooperatives contribute to higher farm milk prices and fewer fluctuations in farm milk prices.

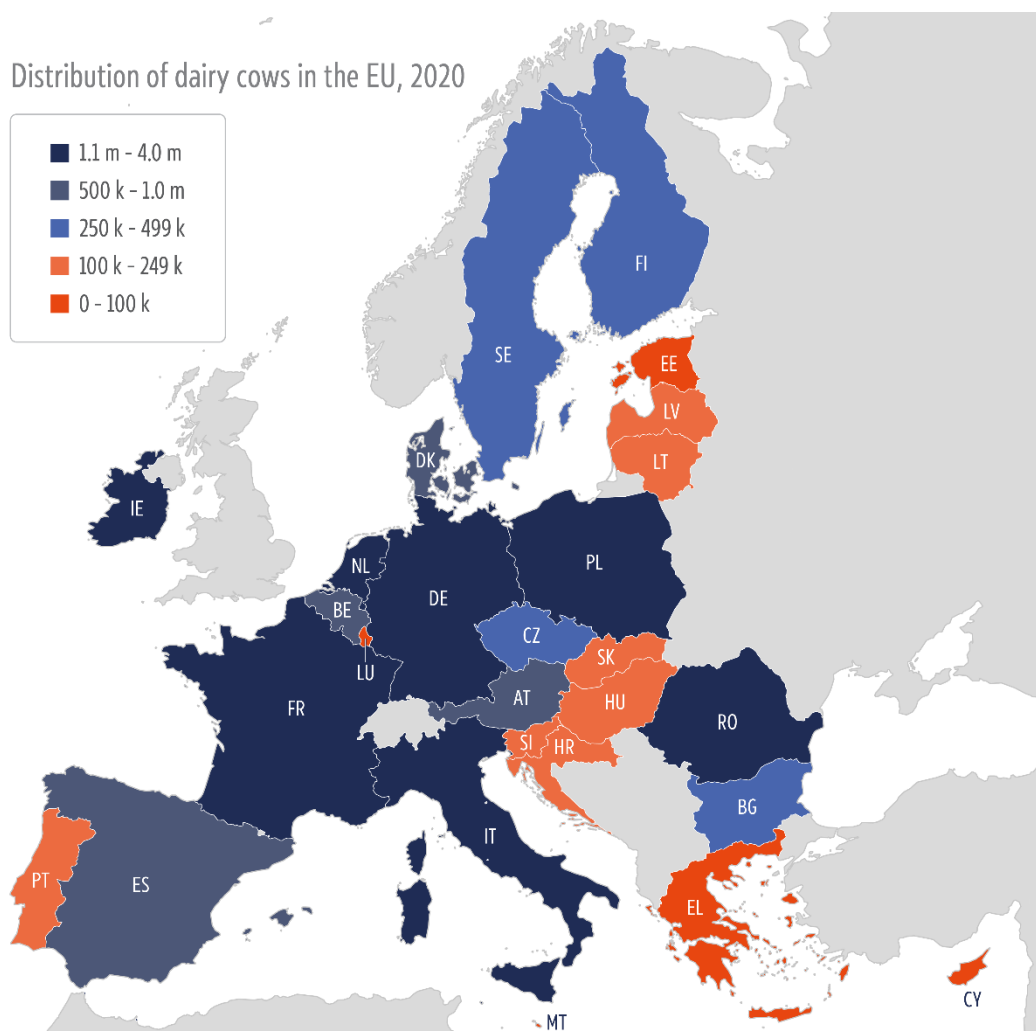
In 2015, about [64%](#) of all European cow's milk deliveries were handled by cooperatives. In the dairy sector, cooperatives have a significant market share, owing partly to the perishable nature of the product, which entails high transaction costs in trading, and also to the instability of markets. In 2015, the Netherlands was the EU country where the market share of dairy cooperatives was the highest, at 86%.

[Cooperatives](#) provide their members with market access and bargaining power. Dairy cooperatives are a specific form of [producer organisation](#) (PO), often engaging in processing activities; POs are encouraged and supported by the CAP, and governed by the [Common Market Organisation \(CMO\) Regulation](#).

Structure of the EU dairy farming sector

There were almost 20 million [dairy cows](#) in the EU in 2022, unevenly distributed across the Member States (see Map 1 below), with an average of 7 653 kg of [milk yield](#) (amount of milk produced by one cow per day). Germany recorded the highest number of dairy cows in 2022 with almost 3.8 million, making up 17% of the total EU-27 dairy cow population, followed by France with 3.2 million animals. Malta remained the smallest milk producer, with 6 120 dairy cows in 2022.

Figure 2 – Distribution of dairy cows in the EU in 2020



Data source: Eurostat, [custom dataset of Isk bovine](#).

Dairy cow distribution in the EU

There were almost 20 million [dairy cows](#) in the EU in 2022, unevenly distributed across the Member States (see Figure 2), with an average of 7 653 kg of [milk yield](#) (amount of milk produced by one cow per day). Germany recorded the highest number of dairy cows in 2022 with almost 3.8 million, making up 17 % of the total EU-27 dairy cow population, followed by France with 3.2 million animals. Malta remained the smallest milk producer, with 6 120 dairy cows in 2022.

The most common dairy cattle breed in the EU is the Friesian Holstein. Other [breeds](#) include the Normande, the Montbéliarde, the Swiss Brown, the Jersey, and the Ayrshire, to name but a few.

Specific types of milk production in the EU

Organic production: According to the Food and Agriculture Organization (FAO) of the United Nations, [organic agriculture](#) is 'a system that relies on ecosystem management rather than external agricultural inputs'. It prioritises, *inter alia*, the health and welfare of animals through preventive measures, allowing them access to pastures and feeding them with organic ingredients, and applies reliable waste management. Thanks to these conditions, [studies](#) demonstrate that organic milk contains higher levels of whey proteins, total polyunsaturated fatty acids (PUFA) associated with a low ratio of omega 6 to omega 3 fatty acids, and vitamin E (α -tocopherol), compared with milk produced by traditional methods.

About 3.7 % of the milk produced in the EU is [organic](#), three quarters of which is produced in Germany, France, Denmark, Austria and Italy. Between 2014 and 2020, Germany and France were able to increase their production of organic milk by 74 % and 115 % respectively. In other countries like Sweden, Austria and Denmark, the production of organic milk accounts for 20 %, 17 % and 13 % (respectively) of the total milk production. On organic farms, cow yields are, on average, 18 % lower than on conventional farms, but this disparity is balanced out by a premium in producer prices, which soared to 27 % in 2020, and 20 % lower veterinary expenses per cow.

Mountain production: Livestock farming, especially dairy farming, is a key activity in the EU's mountain regions, which belong to the category of [disadvantaged areas](#). In its 2013 [resolution](#) on maintaining milk production in mountain areas, Parliament found that, overall, mountain milk accounted for around 10 % of milk produced in the EU. Mountain dairy farming tends to be small-scale and extensive. It contributes to the sustainable development of mountain areas by delivering public goods (maintaining landscapes and biodiversity) and by having a positive impact on the local economy, helping to keep rural communities alive, notably via synergies with tourism. In these regions with natural handicaps, production, transport and collection costs are higher on average than for lowland dairy farming.

A 2023 [study](#) shows that altitude and the type of pastoralism practices in mountainous areas (such as transhumance) has an impact on milk quality, including an increase in milk fat content and a decrease in protein content, compared with cows reared at sea level. These differences lead to different farm management in terms of the choice of cow breeds and feeding.

General evolution of the EU dairy sector

From 2004 to 2022, EU milk production [rose](#) from 134 million tons to 154 million tons, making the EU the leading global supplier of dairy products. However, due to a major increase in global production over the same period, this also represents a fall in the EU share from 21.4 % to 17.1 % of global milk production.

World population growth and improving living standards in many developing countries are expected to lead to an [increased need](#) for animal proteins, including dairy products. However, increasing the number of ruminant animals may have an environmental impact, as they emit greenhouse gases such as methane, carbon dioxide and nitrogen oxide, which contribute to climate change. Addressing climate change and maintaining high environmental standards are key EU

policy priorities, so the development of the dairy industry in EU countries depends on factors related to market conditions, environmental circumstances, politics, and historical contexts.

Capping overproduction: Milk quotas

Prior to 1984, dairy farmers in the 10 Member States benefited from a guaranteed price for their milk that was higher than on world markets, regardless of market demand. This situation led to significant overproduction, surpluses of milk and milk products, and the butter mountains and milk lakes of the late 1970s and early 1980s. In 1983, EU-10 milk production peaked at 111.8 million tonnes. On 2 April 1984, the CAP introduced milk [quotas](#) on all countries to [limit](#) the maximum amount of milk delivered to dairies and the amount of direct sales on the farm. Farmers had to pay a levy if they exceeded these limits and (this second condition was introduced later) if the Member State also exceeded its national quota.

The quota regime was the main policy instrument in the European milk sector and succeeded in capping milk production in the EU. In 2003, it was decided to phase it out by 2015, as the consumption of dairy products had increased considerably, especially on the world market, and EU farmers had to be able to respond to a demand that was expected to keep on growing. Steps were taken to prepare for a 'soft landing' for farmers: from April 2009, quotas were increased by 1 % a year over five years.

Since the abolition of milk quotas on 1 April 2015, the EU dairy sector has become more competitive on the global stage, increasing exports of EU dairy products. Nevertheless, this increase in exports has also led to increased volatility of milk prices and farm incomes, with varying degrees of impact across EU Member States.

EU policy framework for the dairy sector

The Common Market Organisation Regulation

With an average of 155 million tonnes produced per year, the EU is a major producer of milk and milk products, and these are included in the [common organisation of agricultural markets](#) in the EU (CMO); the EU's dairy policy dates from the 1960s. The Common Market Organisation (CMO) Regulation (EU) No 1308/2013 of the European Parliament and of the Council on agricultural products includes several market tools, available to producers, providing a safety net in the event of serious market imbalance, as outlined below.

Public intervention

[Public intervention](#) is one of the tools used by the European Commission to stabilise the market through acquiring and storing oversupplies. When market prices experience a rise, these reserves are subsequently released through public tenders.

Between 1 March and 30 September each year, the Commission buys 50 000 tonnes of butter at a [set price](#) of €2 217/tonne and 109 000 tonnes of skimmed milk powder at a set price of €1 698/tonne. Article 16.2 of the CMO Regulation also provides that products bought in under public intervention may be disposed of by making them available for the EU scheme for [food distribution to the most deprived](#).

Aid for private storage

Aid for private storage is another market tool through which the Commission gives private operators support for the storage of butter, skimmed milk powder and cheeses with a protected designation of origin or protected geographical indication ([PDO/PGI](#)). This helps private operators, who can take products off the market for a contractual storage period, between 90 and 210 days for butter and skimmed milk powder. The aid consists of a fixed rate plus a daily amount per tonne. The operators keep ownership of the products and are responsible for selling them when the storage period has expired.

Exceptional measures

Exceptional measures can be mobilised in cases of severe market disturbance as set out in Articles 219 to 222 of the CMO Regulation, including measures concerning animal diseases and loss of consumer confidence due to public, animal or plant health risks (Article 220).

The EU school fruit, vegetables and milk scheme

This [scheme](#) is funded by the CAP and supports the distribution of fruit, vegetables and milk to school children across the EU. For the school year 2022/2023, the [total budget](#) was almost €221 million, with more than €95 million for milk and almost €126 million for fruit and vegetables. The scheme was launched in 2017 but was reviewed to take account of the new [farm to fork strategy](#). The aim is to promote healthy eating among children and reconnect them with farming.

An evaluation [support study](#) of the EU school fruit, vegetables and milk scheme was published in 2022. According to the study, between the 2017/2018 and 2020/2021 school years the number of children involved in the EU school scheme went from 18.6 million to 16.0 million children in the EU-27. The decrease was partially caused by the COVID-19 pandemic.

Other support

Promotion programmes relating to the dairy sector

[Promotion programmes](#) are aimed at promoting EU agri-food products in the EU and in third countries. They help producers to communicate about the quality of their production, as part of a vast publicity campaign, in order to strengthen their market share or gain new markets. For 2024, a total of €185.9 million was allocated for promotion programmes selected for EU co-financing.

The new CAP 2023-2027

Dairy farmers receive [direct payments](#) under the first pillar of the CAP, which can also include support for those working in areas with natural constraints. The [new CAP](#) introduced CAP Strategic Plans at national level, each one of which envisages interventions addressing specific needs of the country. Coupled support for milk producers facing difficulties can be granted under certain limited conditions. Under the CAP's second pillar, dairy farmers can also benefit from various [rural development measures](#).

The 2012 milk package

From 2010 onwards, the Commission followed the milk sector closely so as to ensure a smooth transition to the end of quotas in 2015. A major amendment to the CMO Regulation, known as the 'milk package', was adopted in 2012; it is now built into the CMO [Regulation](#) under Articles 148 to 152 and 157. It is a package of measures drafted on the basis of recommendations issued by the high level group on milk, which was set up after the [2009 milk market crisis](#).

The milk package was designed to boost the position of dairy farmers in the supply chain and to prepare the dairy sector for stronger market orientation through measures such as imposing written contracts between farmers and dairy processors with minimum contract durations, and the possibility for farmers to organise into producer organisations that can negotiate contracts collectively, including on the price of milk. The 2016 Commission [report](#) on the implementation of the milk package showed that farmers were increasingly making use of the measures provided for, underlining the need to make dairy farmers more aware of the advantages of joining producer organisations.

Created by the Commission in [2014](#), the [Milk Market Observatory](#) aims to provide the EU dairy sector with more data transparency, complemented by market analysis, and short- and medium-term outlook reports, in a timely manner.

The 2014-2016 milk crisis and the EU's policy response

[EU milk reached](#) historically high prices at the end of 2013 and beginning of 2014 at around 40 cents/litre. This was partly driven by high world demand for dairy products, notably from China, which was expected to last. The EU milk sector responded to the market and, between 2013 and 2015, EU milk production increased by close to [11 million tonnes](#).

However, the expected growth in world demand did not happen and, in August 2014, Russia banned imports of some agricultural products from the EU, in particular dairy products, to retaliate against EU sanctions following Russia's annexation of Crimea. This global context led to a dramatic fall in prices for EU milk producers and to an unsustainable situation for many farmers, who received a price for their milk far below their production costs ([25.7 cents/litre in July 2016](#)).

From September 2014, the Commission used all policy instruments available to it, including public intervention (for butter and skimmed milk powder) and private storage without disruption.

Exceptional measures

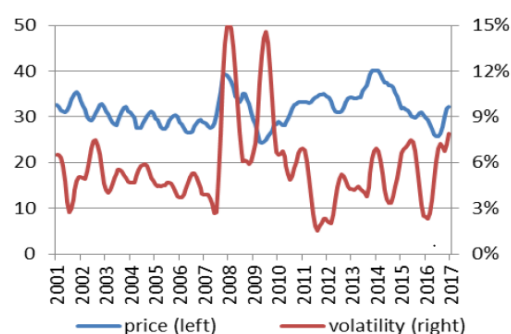
An initial comprehensive [aid package](#) was launched in September 2015, aiming to help farmers in short term cash flow difficulties and to address the market imbalance by stimulating demand and reducing supply. Of a total of €500 million, €420 million targeted the dairy sector.

On 18 July 2016, the Commission presented a new comprehensive [€500 million aid package](#). More than [44 000](#) farmers from across the EU applied for EU support for agreeing to voluntarily lower their milk output, totalling a reduction of nearly 852 000 tonnes of milk over the period.

In 2017, all dairy product prices picked up from the low levels of 2015 and 2016, with the exception of skimmed milk powder (SMP). This increase resulted from reduced output and strong demand, especially for butter and cheese. The EU average farm gate milk price reached €37.8/100 kg in November 2017, a 19 % increase compared with November 2016.

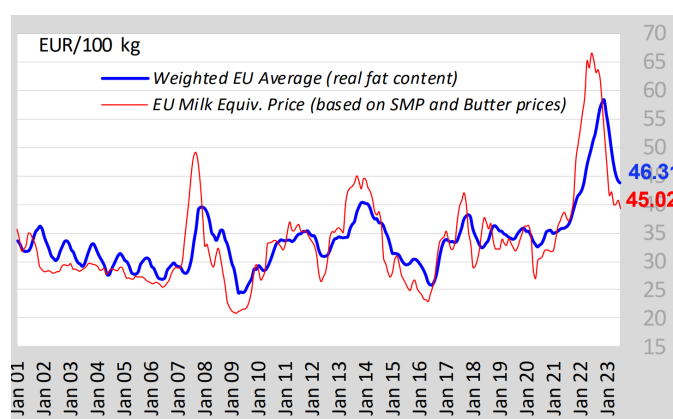
In late 2017 and early 2018, public intervention SMP stocks in the EU peaked at around 375 000 tonnes due to the activation of the automatic buying-in mechanism. There were 351 000 tonnes in stock at the end of 2016 and 30 000 additional tonnes were purchased in 2017. SMP has a shelf life as a food product of around 15 months, after which it becomes animal feed. As a result, on 29 January 2018 the Council adopted a [regulation](#) suspending the automatic buying-in of SMP during the March to September 2018 period of intervention. On 15 October 2018, the Council decided to [confirm these rules](#) for 2019.

Figure 3 – EU raw milk price (€/100 kg) and volatility



Source: European Commission, [Milk Market Observatory](#).

Figure 4 – EU raw milk price evolution (up to April 2024)



Source: [European Commission, Milk Market Observatory](#).

Challenges and prospects for the EU dairy sector

Main current challenges for the EU dairy sector

Generational renewal of farms

In 2020, farm management was predominantly led by individuals aged 55 or older (57.6%), while only 12% of farm managers were under 40 years old, with nearly half of the younger group falling between 35 and 39. Many Member States show a notably high proportion of farmers aged 65 or older. In countries where the proportion of young farmers is lower and the retirement age is higher than average, the issue of [generational renewal](#) is particularly worrying.

Farming continues to be primarily a family-based endeavour: in 2020, approximately 86.1% of individuals regularly involved in agriculture in the EU were either the primary farmer or part of the farmer's family. However, the absence of generational renewal in the farming sector poses a risk of land abandonment.

Price volatility after 2015

A 2017 [study](#) of the EU dairy sector presents price volatility as a major challenge: the 2003 CAP reform and the end of milk quotas in 2015 have opened the sector to global markets, making EU milk prices more susceptible to international price developments. This exposes EU farmers to more competition and makes them more directly dependent on worldwide market movements and trade developments. On the EU domestic market, the conclusion of bilateral free trade agreements where the EU opens its market to higher quantities of reduced duty or duty free imports could mean increased competition for EU producers.

A more recent [study](#) confirms that price volatility is still a challenge and the scenario is unlikely to change. The volatility of milk prices differs between EU Member States and therefore has a different impact on farmers across the Union. When milk prices and production costs move in the same direction, the effects of income fluctuations are less significant; however, in 2023 the high [inflation](#) in the EU led to a steep decline in milk prices; coupled with elevated production expenses, this led to a considerable drop in dairy farm revenues.

Challenges relating to the structure of the EU dairy sector

Most EU dairy sector farms are highly specialised. Although specialisation does offer advantages, specialised farm revenues are tied to a single output. Such dependence can become a substantial threat as it increases farmers' vulnerability to income shocks. Mixed farms, with a more varied output, are less vulnerable.

Also vulnerable to challenging market conditions are the very small dairy farms, which do not have the resources to buffer economic shocks.

The [ageing demographics](#) of dairy producers are a concern. There are relatively few young farmers, and gender imbalance is also common in the majority of Member States, with a predominance of male farmers, except in Latvia and Lithuania.

Environmental concerns and climate change

Improper manure disposal, application of fertilisers for forage production, and excess nutrients (predominantly nitrogen and phosphorus) represent the primary environmental concerns linked to milk production. Indeed, dairy production may have an impact on pollution of surface water, groundwater and marine waters, as well as on air and biodiversity. Water pollution can also cause cross-border pollution and water bodies can be impacted by organic effluents and pathogens present in manure.

Extreme weather conditions can have a significant effect on agriculture, as evidenced by the 2018 '[fodder crisis](#)' in the EU dairy sector, when hot and dry weather led to a lack of forage and grazing in several European countries, an acute problem for the EU's livestock sector.

Cows can suffer from heat stress in hot weather as a result of a combination of high temperatures and humidity. With climate change developing, this is likely to become an increasingly common problem, including in regions with generally temperate climates. Heat stress has negative effects on milk yields and milk fat percentage, and on the reproductive performance of cows. Pasture-based systems of milk production are [particularly sensitive](#) to environmental factors, and grazing cattle are more likely to be affected by the heat than cows that are housed (because they are sheltered and can benefit from heat stress relief technology).

Extreme weather conditions can also lead to outbreaks of disease. For example, very dry or very wet weather and flooding can increase the risk of anthrax, a contagious zoonotic disease.

Unfair trading practices

Farmers, including dairy farmers, mostly occupy a weak position in the food supply chain and often fall foul of unfair trading practices. They generally have weak bargaining power in comparison with the large operators in the chain: the dairy processing industry and the retail sector are highly concentrated. Also, price transmission along the supply chain is uneven. Market shocks are fully transmitted to farmers, while price fluctuations are much more limited for processors and consumers.

The aim of [Directive \(EU\) 2019/633](#) of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain is to improve the role of farmers in the food supply chain by banning some of the most common unfair trading practices, which include: late payment for perishable food products; last-minute order cancellations; and unilateral or retroactive changes to contracts.

The 2020 study on '[Contracting and Farmers' Perception of Unfair Trading Practices in the EU Dairy Sector](#)' concludes that, while unfair trading practices (UTPs) could be driven by incomplete contracts, in reality more complete contracts may result in including UTPs in the content of contracts. The most common UTPs found were: 'no protection for farmer if the buyer fails to fulfil the contract'; 'price is set unilaterally by the buyer'; 'dairy-specific investment required'; and 'buyer can refuse or adjust milk delivery conditions'.

Consumer and society requirements

Consumer and society requirements constitute a challenge for the sector, as some of these requirements can appear irreconcilable. Milk farmers are asked to produce quality milk that meets high environmental standards and animal welfare requirements, while the market demands cheap products. In addition, there is growing interest in plant-based substitutes for milk and other dairy products, and in organic dairy items, and a preference for a short supply chain, requiring local dairy production.

EU dairy trade and market outlook

Short-term outlook

According to the Commission's [short-term outlook](#) for EU agricultural markets in 2023 and 2024, despite the decline in dairy cow herd population, in normal weather conditions 2024 EU milk production is projected to see a modest increase of 0.2% compared to the previous year.

Despite this, there is still uncertainty regarding profit margins for dairy farmers, due to the sharp increase in energy and fertiliser costs, coupled with a decrease in raw milk prices, persistently high inflation, and rising interest rates.

Indeed, the EU average milk price in August 2023 was 25 % lower than its peak in December 2022, with the highest price drop in Ireland. The competitive prices of EU dairy products resulted in some recovery of EU exports.

Medium-term outlook

The Commission's [EU agricultural outlook](#) for 2023-2035, published in 2023, highlights the resilience of the EU's milk and dairy sectors, which faced the COVID-19 pandemic but also increasing costs for energy, feed and fertilisers (also caused by Russia's invasion of Ukraine), as well as transport, increased inflation, lack of workers and higher legislative pressure for better environmental and animal welfare standards.

It is expected that stricter environmental standards will cause a 13 % reduction of EU dairy herds by 2035. Despite the increased yields due to more attention being paid to animal welfare and environmental policies, milk production is expected to fall by 0.2 % yearly between 2023 and 2035.

The EU as a global player in the dairy trade

The EU is the world's biggest exporter of cheese and, more generally, one of the world's top three players in dairy exports, along with New Zealand and the United States. The EU's main dairy products for [exportation](#) are cheese, fat-filled milk powder (FFMP) and condensed milk. In 2023, the United Kingdom was by far the top importer of EU cheese, followed by the United States and Japan. EU dairy exports increased by 1.1 % (533 000 tonnes) in January-April 2024, compared with the same period in 2023.

Innovation for a more resilient and sustainable EU dairy sector

A [2018 EIP-AGRI report](#) explores three key areas through which to achieve robust and resilient production systems. The report looks at ways to increase the capacity of a farm to absorb impacts caused by changes in environmental, social or economic conditions, including genetics and precision livestock farming (PLF)¹ as areas with high potential to enhance robustness and resilience; in addition, the report identifies the essential role of information, communication and dialogue between farmers and consumers, to better understand dairy production.

Dairy sector use of artificial intelligence (AI)

The use of new technologies in the dairy sector is becoming more and more popular, with a major impact on productivity and efficiency, but also on labour costs. Currently, one of the most used technologies is [sensors](#) to detect physiological or abnormal changes in behaviour (i.e. heat detection or calving, lameness or illness, etc.). AI can be used, for example, to modify the [environment](#) and adapt it to animals' needs: if animals' body temperatures increase during the hot season, cooling systems might start automatically in the barns. [Robotics](#) are also used, for example, in milking systems: detecting which cow should be milked and if there are variations in milk quality.

The Commission [EU agricultural outlook](#) for 2023-2035 confirms that sustainability drivers (i.e. high quality/sustainability standards and diversified production systems like organic) will lead EU milk production and give added value. On the other hand, stricter EU and national environmental policies are expected to cause a 13 % reduction of EU dairy herds by 2035, possibly contributing to a yield increase and subsequent meeting of societal demands for enhanced animal health and welfare.

The EU policy framework for the dairy sector

The dairy sector is subject to a large number of legal requirements, specifically:

- the General Food Law ([Regulation \(EC\) No 178/2002](#)), which aims to pursue 'one or more of the general objectives of a high level of protection of human life and health and the protection of consumers' interests, including fair practices in food trade, taking account of, where appropriate, the protection of animal health and welfare, plant health and the environment';
- [Regulation \(EC\) No 852/2004](#) on the hygiene of foodstuffs, laying down general rules for food business operators on the hygiene of foodstuffs, to ensure food safety throughout the food chain, starting with primary production until processing, distribution and export of food;
- [Regulation \(EC\) No 853/2004](#) laying down specific hygiene rules for food of animal origin, both unprocessed and processed products. For dairy, it regulates the safety of raw milk through some animal diseases, housing of herds and drug use on farms, as well as the hygienic conditions for milk production;
- [Regulation \(EC\) No 2073/2005](#) on microbiological criteria for foodstuffs, which regulates the acceptable limits for microorganisms, or their toxins and metabolites, per sample unit tested;
- [Regulation \(EU\) 2017/625](#) on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products. This regulation establishes a consistent framework across Member States for performing official controls on products of animal origin. These risk-based controls include, among other things, chemical and veterinary residues, bacterial and viral contamination, hygiene, labelling, maintenance of the cold chain, animal health and animal welfare requirements, and fraud detection;
- [Regulation \(EU\) 2019/627](#) laying down uniform practical arrangements for the performance of official controls on products of animal origin intended for human consumption. This regulation gives 'specific requirements and uniform minimum frequency of official controls on milk, colostrum, dairy products and colostrum-based products';
- the Animal Health Law ([Regulation \(EU\) 2016/429](#)), laying down 'rules for the prevention and control of animal diseases which are transmissible to animals or to humans';
- [Council Directive 98/58/EC](#) concerning the protection of animals kept for farming purposes. In addition, the European Commission launched the [Care4dairy](#) project in 2021 with the scope of producing guides of best practice to protect the welfare of dairy cows.

Parliament's position

Parliament has adopted resolutions and organised several hearings on the dairy sector in the course of the last few years. A 2015 [resolution](#) examined the challenges and opportunities facing the dairy sector and assessed the operation of the milk package launched in 2012. In particular, Parliament considered that price volatility would be a continuing challenge for the sector, with dairy farmers becoming vulnerable to income variations, occupying a weak position in the food supply chain and being exposed to unfair trading practices.² Another concern was the ageing demographic of this farmer category. On the milk package, the resolution found implementation of the measures had been uneven across the EU and that take-up had been disappointing, while it welcomed the establishment of the Milk Market Observatory.

During the 2019-2024 parliamentary term, a number of questions were tabled to the Commission, mainly on the [impact](#) of COVID-19 on the [EU dairy market](#), including the [increase](#) in prices and [unfair](#) competition, and asking for [extraordinary measures](#). Members asked for [support](#) for the [dairy sector](#), also in reference to the [demographic](#) crisis and the [protests](#) by farmers.

Consultative committees and stakeholders

In its 2015 [opinion](#) on 'The future of the dairy industry', the European Committee of the Regions (CoR) proposed that the Commission revise the intervention price, unchanged since 2008, to make

it more reflective of production costs and better attuned to market changes. In the 2017 [opinion factsheet](#) on 'The CAP after 2020', the CoR recalls for a need for a market regulation for the dairy sector, as this would be more cost-efficient than implementing crisis measures *a posteriori*, allowing better allocation of the CAP budget. In [response](#) to the exceptional measures that the Commission took to face the 2020 COVID-19 crisis, the CoR underlined the need for producers to receive sufficient compensation for each unproduced litre of milk.

On 21 January 2015, the European Economic and Social Committee (EESC) adopted an own-initiative [opinion](#) entitled 'Situation after the expiry of the milk-quota system in 2015'. The EESC argued that EU policy post-2015 should allow for growth and expansion while providing support for smaller farmers, especially in disadvantaged areas and mountainous regions. It advocated making full use of CAP pillar II and the milk package provisions, and encouraging farmers to take part in producer organisations so as to improve their position in the food supply chain.

The European Milk Board ([EMB](#)), an umbrella organisation of European dairy farmer associations representing 100 000 milk producers and with members in 16 European countries, called – in its May 2024 [open letter](#) to the European Commission, following the [farmers' mass protests](#) – for long-term reforms to the agricultural system, to redistribute profits along the whole value chain. The EMB General Assembly in June 2024 underlined the importance of engaging young people in agricultural production, as well as the need for a reform of the European agricultural market in trade, production costs and cooperatives' bargaining power.

MAIN REFERENCES

[The EU cattle sector: challenges and opportunities – milk and meat](#), Study for AGRI Committee, DG IPOL, European Parliament, February 2017.

[Robust and resilient dairy production systems](#), EIP-AGRI focus group, April 2018.

[Development of milk production in the EU after the end of milk quotas](#), Study for AGRI Committee, DG IPOL, European Parliament, November 2023

[EU Agricultural outlook 2023-2035](#), European Commission, December 2023.

ENDNOTES

- ¹ Precision livestock farming (PLF) can be [defined](#) as livestock farm management using continuous automated real-time monitoring or control of the production, reproduction, health and welfare of livestock and the environmental impact.
- ² In its [resolution](#) of 7 June 2016 on unfair trading practices in the food supply chain, Parliament noted that large-scale retailers misused some basic agricultural foods such as dairy products as 'loss leaders' (sold below the cost of production to attract consumers), which threatened the long-term sustainability of EU production of those products.

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