



94 White Lion Street
London N1 9PF
T: 020 7837 1228 F: 020 7837 1141
sustain@sustainweb.org
www.sustainweb.org

MEDIA RELEASE

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Sour subsidies – £11 billion on unsustainable milk policies

How is it that we, Europeans spend around €16 billion (£11 billion) in supporting the European dairy industry, yet in so many ways the dairy system has broken down?

This is the question posed by the new report called '*Land of Milk and Money? A briefing on the dairy system and reform of dairy policies*', launched today by Sustain/UK Food Group.(1). The report is endorsed by 32 major UK public interest consumer, environment, international development, animal welfare and farming organisations.(2)

In reality, the financial support (3) fails to reach the farmers it is intended to support. Farmers are supposed to receive a 'target price' of around €300/tonne equivalent for milk whilst a processor will receive around €2,000/tonne for butter or €1,400/tonne for skimmed milk powder.

So milk processing and exporting companies can get up to **7 times more subsidies** than dairy farmers and in fact, farmers often do not get the target price.

A few more facts:

- *Rural*: UK farmers only get around 40% of the price of milk in the shop, making their farmgate milk prices the lowest in the EU.
- *Poorer countries*: Just one major dairy company is receiving €17.55 million subsidies to export over €65million of dairy products to the Dominican Republic, seriously undermining local production and processing markets and jobs.
- *Environment*: It is estimated that over 80% of the EU's milk production systems damage the environment, in a variety of ways. Organic production causes less damage and needs more support for production and marketing.
- *Health*: Around a fifth of butter consumed is supported by subsidies. So we pay to have butter we don't want, put into our diets.
- *Animal welfare*: problems persist: mastitis costs the UK industry £200 million annually.

The launch of this report coincides with negotiations in Europe on reform of the whole Common Agriculture Policy which includes the Dairy Regime. The report outlines how proposals currently being discussed are totally inadequate and could actually make things worse.

The report also tells the tale of three other dairy support regimes: New Zealand, the US and Canada and reveals how problems have occurred to a lesser or greater degree despite widely differing support systems ranging from none in New Zealand, to a very protected sector in Canada. Clearly we need a new approach.

The report outlines a possible new way of supporting dairy farming to embrace social, environmental, animal welfare, rural and international development, and health objectives. Taxpayers' money should be used to pay for sustainable dairy production that enhances the environment, protects animal health and welfare, produces only what is needed for a healthy diet, and ensures a fair farming income for farmers here and in poorer

countries. Additional support should aid local and regional trade and other measures must also be put in place to ensure that unsustainable farming and food trade is penalised.

Vicki Hird, Policy Director of Sustain says *“The politics of dairy support has gone very sour. Dairy farmers are going bust, the environment is damaged, unwanted subsidised dairy fats are entering our diets and dairy cow and veal welfare problems continue. Poorer country dairy farmers have their livelihoods damaged by cheap subsidised imports. The expensive and complex dairy support system is clearly working for no one but a small part of the dairy processing industry. It has become so badly flawed that only a wholesale reform will do.”*

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A review copy of the full report is available.

**Contact: Vicki Hird at Sustain on 020 7837 1228 mobile 07903 478 249 or
Rachel Sutton at UK Food Group on 0207 523 2369.
For contact in different sectors contact Vicki or Rachel.**

Notes:

- 1) *‘Land of Milk and Money? A briefing on the dairy system and reform of dairy policies’* ISBN 1-903060-26-5 £16. Authors: Vicki Hird with Dr Tim Lobstein.

Sustain: the alliance for better food and farming represents over 100 national public interest organisations working at international, national, regional and local level. www.sustainweb.org. **The UK Food Group** is a network of non-governmental organizations from a broad range of development, farming, consumer and environmental organizations, who share a common concern for global food security. www.ukfg.org.uk.

- 2) As at 30th May 2003, the paper was officially endorsed by 32 organisations: ActionAid, Allergy Alliance, British Dietetic Association, British Heart Foundation Health Promotion Research Group, Butterfly Conservation, CAFOD, Christian Aid, Community Nutrition Group, Commonwork, Compassion in World Farming, Council for the Protection of Rural England, Dept Health Management & Food Policy, City University, Family Farmers' Association, Farmers' Link, Food Additives Campaign Team, Food Commission, Friends of the Earth, Guild of Food Writers, Health Education Trust, International Institute for Environment and Development, International Society for Ecology and Culture, Maternity Alliance, National Council of Women, National Heart Forum, Oxfam GB, Permaculture Association, Royal Society for the Protection of Birds, Small and Family Farms Alliance, Transport and General Workers Union (RAAW), Women's Environmental Network, WWF - UK
- 3) In the form of both institutionally set higher prices for milk products and direct payments such as aid for enhancing butter consumption and export refunds for companies exporting milk products outside the EU.
- 4) The Mid Term Review proposals by the European Commission for reform of the dairy regime of the Common Agriculture Policy are due to be announced within weeks although there are significant divisions within Europe on whether we should bring in any reforms before 2006.