



Press Release
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EU help for milk producers after Russian import ban not targeted well enough

The European Union took broad measures to support farmers during the 2014-2016 milk market disturbances. Its reaction to Russia's ban on dairy products was swift. However, actual producers' needs were not sufficiently assessed and aid granted not enough targeted, according to a report by the European Court of Auditors (ECA). The EU has endeavoured to apply the experience it gained in the 2014-2016 disturbances to improve its management of potential future crises in the milk sector.

In the early 2010s, farmers in some EU Member States significantly increased their milk production, taking advantage of higher prices which peaked at the beginning of 2014. In August 2014, the Russian Federation banned dairy products from Member States in response to EU sanctions over Ukraine, at a time when EU exports to China were slowing down. All these factors led to an imbalance between supply and demand across the whole sector until mid-2016. The EU common agricultural policy (CAP) provides mechanisms that mitigate such situations, including direct payments to stabilise farmers' income, market intervention measures known as the 'safety net' to support prices by temporarily removing surpluses, and exceptional measures to counter market disturbances.

"Milk production makes up a significant part of the EU's agricultural sector, and the European Commission, together with Member States, did take certain action to support farmers' income during the 2014-2016 market disturbances", said Nikolaos Milionis, the member of the European Court of Auditors responsible for the report. "But it must be better prepared in the future to respond more efficiently to potential crises in the sector."

The auditors conclude that the European Commission reacted rapidly to the Russian ban. After it had estimated the volume of lost exports of butter, cheese and other dairy products, it issued – already by the end of 2014 – a first package of exceptional financial support for farmers in the Baltic countries and Finland, which were the most affected countries. But the auditors also note that the Commission took longer to address underlying market imbalances. The Commission provided some €390 million EU funds for voluntary production reduction, available throughout the EU. But, as a reaction to historically low prices, many farmers had already cut their milk production before these aid measures were implemented.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

ECA Press

12, rue Alcide De Gasperi – L-1615 Luxembourg

E: press@eca.europa.eu @EUAuditors eca.europa.eu

Despite the income stabilisation effect of direct payments, whose share in dairy-farm income reached around 35% in 2015 and 2016, milk producers can face cash-flow issues following a sudden price fall. The Commission sought to address this issue, but it did not assess the scale of dairy farms' cash-flow difficulties. The auditors found that the amount of available resources – instead of actual needs – played a major role in the budget allocation. Member States favoured exceptional measures that were simple to deliver and opted for a wide distribution of funds, without much targeting of the aid.

To fund its exceptional measures for 2014-2016, the Commission considered calling on its 'reserve for crises in the agricultural sector'. Ultimately, though, it did not do so. In order to be prepared for future crises, such as those which might be caused by a pandemic, the Commission tried to build on lessons learnt. In particular, for the 2021-2027 CAP, the Commission has proposed to strengthen the role and potential impact of the reserve for crises by making its use more flexible. However, it has not adequately assessed the effects of the arrangements made by Member States, though this could help greatly to increase preparedness for any future market disturbances, say the auditors.

Background information

Cows' milk is the second EU's agricultural sector by value (€59.3 billion in 2019), accounting for around 14 % of agricultural output. Germany, France, the Netherlands, Poland, Italy and Ireland are among the EU's main milk-producing countries. From 1984 to 2015, the EU operated a system of milk quotas, with which it sought to cap total EU milk production. Since 2009, Member States' overall quotas gradually increased until the system was abolished in 2015.

In December 2019, the ECA reported on the use of [exceptional measures to stabilise farmers' income in the fruit and vegetable sectors](#). Today's report focuses on EU milk producers.

Special report 11/2021: "Exceptional support for EU milk producers in 2014-2016 – Potential to improve future efficiency" is available on the ECA website (eca.europa.eu) in 23 EU languages.

The ECA presents its special reports to the European Parliament and the Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations made in the reports are put into practice.

Press contact

ECA press office: press@eca.europa.eu

- Vincent Bourgeois: vincent.bourgeois@eca.europa.eu - M: (+352) 691 551 502
- Claudia Spiti : claudia.spiti@eca.europa.eu - M: (+352) 691 553 547