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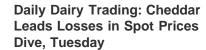








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#### Is Europe Gearing Up for Greater Milk Production?

22 October 2012

EU - With the abolition of quotas creeping closer and the recent announcement by the European Commission that six countries have exceeded their milk quota allowance, Charlotte Johnston, TheCattleSite asks what the future prospects are for EU milk production?

Austria, Ireland, the Netherlands, Germany, Cyprus and Luxembourg have all exceeded their milk quota in 2011/12, triggering superlevy penalties of €79 million.

Despite these countries exceeding their quotas by a combined total of 283,000 tonnes, total EU deliveries remained nearly five per cent below the global quota volume.

But out of these countries, it seems to be only Ireland that is seriously looking to expand milk production once quotas are abolished in 2015.

Ireland hopes to double milk production over the next 10 years, and the fact they have exceeded quota, and have been dangerously close in the past, are all signs that they are gearing up to hit this target.

Sian Davies, Assistant Director of the British Agriculture Bureau in Brussels says that Ireland has the lowest cost of production milk in the EU, and also has the clean, green image to go with it.

Italy is another country that may see an increase in milk production. Over half of Italy's dairy producers belong to a Protected Designation of Origin group or Protected Geographical Indication. This, Ms Davies says, means that any increase milk production will be of higher quality products.

However there are some countries who are opposed to the abolition of quotas. The EC noted that 10 countries recorded deliveries at least 10 per cent below their quota this year.

Newer Member States including Lithuania, Slovenia and some older members such as Spain are concerned for the future of their dairy industries should quotas end.

They believe they will not be able to maintain milk production in these countries due to cheaper products coming onto the market from Ireland and other European countries with a lower cost of production.

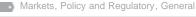
However, will Ireland focus its marketing efforts on Europe or will it continue to focus on China and the rest of Asia where demand is increasing rapidly?

Some countries will see a fall in production, whereas Ireland, Italy and the Netherlands are likely to increase production.

Rather than see a large increase in milk production post quotas, it is much more likely that we will see a redistribution of milk production across the EU.



Charlotte Johnston - Editor Follow @CattleSiteEd\_CJ











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