

**Mr Christophe Hansen**  
**Commissioner for Agriculture and Food**  
European Commission

Budapest, 29 January 2026

**Subject: Proposals to mitigate the current crisis in the dairy market**

Dear Commissioner Hansen,

On behalf of our organisation, the Clean Air Action Group, a national environmental association, I would like to draw your attention to some aspects of the current dairy industry crisis that are often overlooked, but which could influence the measures that the European Commission may take.

The root cause of the crisis is that the EU produces more milk and dairy products than can be consumed by its population. While it produces around 160 million tonnes of raw milk and 100 million tonnes of finished dairy products,<sup>1</sup> it exports 5.7 million tonnes and imports only 1.3 million tonnes, resulting in a net export of 4.4 million tonnes.<sup>2</sup> However, regarding the two most important dairy products, butter and cheese, the EU's net exports are around 10% for each compared to the total EU production. Since producing these two products requires large quantities of raw milk, around 9% of the raw milk produced in the EU is exported to third countries in various forms. If external trade is constrained and the EU cannot export this volume to third countries, there will be an excess of perishable goods in the internal market, driving prices down. This clearly demonstrates the crucial influence of external trade figures on internal market developments, which is also the reason for the current market difficulties.

At the same time, milk production is heavily subsidised by the CAP, to the extent that it would be unprofitable without these substantial subsidies. This was demonstrated in our reports<sup>3</sup> commissioned as part of the Methane Matters project, which examined the situation in

---

<sup>1</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Milk\\_and\\_milk\\_product\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Milk_and_milk_product_statistics)

<sup>2</sup> <https://ec.europa.eu/eurostat/databrowser/bookmark/0c438160-a29c-4247-a914-579e4796f4ad?lang=en&createdAt=2026-01-27T21:55:25Z>

<sup>3</sup> <https://www.levego.hu/sites/default/files/Reducing-methane-emissions-by-cutting-dairy-and-meat-consumption-Berezvai-2025.pdf> and [https://www.levego.hu/sites/default/files/Internalising\\_Food\\_External\\_Costs\\_Hungary.pdf](https://www.levego.hu/sites/default/files/Internalising_Food_External_Costs_Hungary.pdf)

Hungary. This means that the EU and its taxpayers lose money on every litre of raw milk produced. Since the EU exports large quantities of dairy products, EU taxpayers effectively subsidise foreign consumers of dairy products through their taxes. Based on our conservative calculations, this amounts to at least 100 million euros annually. This represents a direct loss for EU taxpayers and a benefit for those foreign countries that import European dairy products.

Adding to these issues, dairy production is a major contributor to climate change, responsible for around 10% of greenhouse gas emissions.<sup>4</sup>

Overall, the EU is currently providing substantial subsidies to an environmentally polluting industry, a large proportion of which actually benefits foreign consumers.

As a result of the current dairy market crisis, the industry is lobbying for even more subsidies. We believe this is the worst option for the Commission to take for three main reasons.

1. The current crisis has been caused by overproduction. Providing additional subsidies will perpetuate the excess production, resulting in even greater problems in the future.
2. More subsidies would encourage more farmers/companies to invest in dairy farming, which would further increase overproduction.
3. Subsidising a highly polluting industry contradicts the EU's climate goals.

On the contrary, we propose to implement a voluntary programme in which dairy farmers cease production until EU production matches EU demand. This can be designed to achieve a 10% reduction in raw milk production. The programme would be similar in nature to the EU sugar market reform of 2006. Once the EU is producing only the amount of dairy products that it actually needs, several tangible results will be delivered:

1. The total amount of CAP subsidies for dairy farmers will be reduced. The money saved could be used for social or environmental purposes.
2. The market will be less volatile as eventual export constraints will no longer lead to a reduction in prices on the internal market. This will lead to a more stable internal market with fewer fluctuations.
3. Reducing production will decrease the EU's greenhouse gas emissions by almost 1%.

We firmly believe that this voluntary farm cessation programme is in the best interests of European citizens. While reducing production may temporarily increase unemployment, this negative effect can be mitigated by the programme itself. Additionally, two more factors should be considered. Firstly, several farmers are already considering ceasing production

---

<sup>4</sup> <https://eplca.jrc.ec.europa.eu/ConsumptionFootprintPlatform.html>

for various reasons (e.g. lack of succession), and this programme could provide them with a valuable opportunity to do so. Secondly, due to the generally tight labour market throughout Europe, former employees of closed farms will find it easier to find another job.

We hope that you will consider these arguments and proposals when drafting the Commission's response to the current dairy market crisis.

Our team would welcome the opportunity to discuss this topic with you and your colleagues. We look forward to receiving your reply regarding our proposal.

Yours sincerely,



András Lukács  
President  
Clean Air Action Group