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## The Impacts of Dairy Policy on Bangladesh and EU15 Dairy Farmers' Livelihoods

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### Abstract

The milk price of the dairy enterprise is the single factor that plays a tremendous role in dairy farmers' income and livelihoods. The historic low price of milk in 2009 has significantly affected million's of dairy farmers' livelihoods all over the world. The dairy policy played a significant role in lowering the milk price. In responding to this issue, IFCN has conducted case study on how this policy affect milk price and affect the rural livelihoods both in Bangladesh and German Typical dairy farmers. Therefore, the aim of this paper is to describe the dynamics of the dairy markets. The impacts of reduction of national milk price on both Bangladesh and EU 'dairy farmers' livelihood is analyzed. A special focus is given on policy instruments like tariffs and export subsidies for dairy products. This project applies the methods developed by International Farm Comparison Network (IFCN). This method uses the concept of 'Typical' farms and utilises the TIPI-CAL model. The results shows that the re-introduction of EU export subsidy policy (5 € per 100 kg skimmed milk powder) in 2009 decrease world milk price by 2.5 € per 100 kg. The results also show that the dairy farm income in Bangladesh has decreased by 43 % and farm household income decreased by 7 %. Due to this, approximately 7 million people in Bangladesh and 0.45 million people in EU are suffering. From this study, it is concluded that the future dairy policy implications might focus on general welfare of both local and international perspectives to improve the dairy farmers' livelihoods.

**Keywords:** Bangladesh, dairy policy, EU15, livelihoods