

Dear dairy farmers, dear interested parties,

The snow has melted, the leaves are unfurling, it is time for a good spring cleaning! Not just in our barns, but also in terms of false solutions to this crisis that we have been enduring for far too long. Contrary to what they have been telling us for decades, selling our production on the global market (China, emerging countries...) never brings us added value – quite the opposite. At the end of the day, global trade inevitably leads to a reduction in our milk prices in Europe. We have to continue trading our products but while making sure that our basic food needs are fulfilled as locally as possible in our respective countries. Irrespective of what we do, our entire milk production should be managed jointly with all the countries of the European Union. It has now been more than ten years since we founded the EMB with organisations from many countries (APLI for France) because this is a European issue, and it needs a European solution as well.

On the one hand, the European institutions have reached the final stretch in the negotiations on the new CAP. The European Parliament's position includes good crisis and supply management instruments, which is in no small part thanks to us and our efforts as the EMB. Instruments like volume reduction during crises are being put on the negotiating table for the new CAP. It is now time for a final push to ensure that these crisis instruments find their way into the final texts as the reform process approaches the finish line.

On the other hand, but closely linked to the first point, we also need to organise better among ourselves as producers, across countries and dairies – we need to create cross-dairy producer organisations. We need to take price negotiations into our own hands. In this regard, let's be brave enough to stop overproduction! Surplus production in Europe is between 15 and 20% today. We should not be afraid to reduce production. At the end of the day, it is not about the number of litres or cows per producer, it is about the remuneration that a producer can hope to earn for his or her efforts each month and up to the end of the career, so that it is possible to pass on a viable, solvent and harmonious farm to the next generation. If we were to expand its scope of action, we could use the Milk Market Observatory in Europe to prevent dumping imports from certain countries.

But, to make all of this possible, we need to drum up support, convince other farmers, and denounce the outdated statements by the general or conservative farmers' unions! Thanks to the EMB, I have had the good fortune to travel across Europe and meet many dairy farmers. I've come to realise long ago that the shared concerns are always linked to the milk price. But some farmers do not have the strength to raise their voices to call the institutions to action. Believe me, most dairy farmers want to find a solution. And our solution is the most comprehensive and also the most plausible when it comes to finally achieving cost-covering prices. Let's get down to work and start mobilising for action!

In this edition, you will find the usual information on market indicators. Two EMB press releases look into the ongoing reform of the Common Agricultural Policy and the series of trilogue meetings held at the end of March. Kaspars Melnis from Latvia and EMB member organisation Bondesolidaritet from Norway report on the current situation of dairy farmers in the two countries. An open letter signed by numerous European environmental protection, farming and development aid organisations calls on EU institutions to make agriculture fair and future-proof. And last but not least, we would like to draw your attention to numerous farmers' actions organised in several EU countries and beyond.

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I hope you will enjoy reading this newsletter!

Boris Gondouin, EMB Executive Committee member and APLI Board member

Market indicators (as on 30/03/2021)

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*The **Global Dairy Trade Index** fell for the first time since 17 November 2020 by a substantial 3.8% on 16 March, after rising sharply by 15% on 2 March. The average price for **Italian spot milk** showed a marked provisional downward trend of 6.42% in March compared to the previous month to reach 34.10 cents per kg (however, +0.53% compared to the beginning of the pandemic in March 2020).*

The **EU-27 milk price** fell in February by 0.6% and is pegged at 34.74 cents per kg, after it dropped in January and December by 1.02% and 0.25% respectively. **EU butter prices** were 391 EUR per 100 kg, which is an increase of 0.5% as compared to the previous week and a significant increase of 9.2% over the last four weeks. Looking back at the last three months, there has been an increase of 16.7% in the new year, after the steady decrease up to early January. This is the highest butter price since mid-2019.

EU skimmed milk powder prices are currently 245 EUR per 100 kg, which is an increase of 0.8% as compared to the previous week and 4.3% across a four-week comparison. The last quarter was characterised by an almost continuous price increase since late December. The price is at its highest since the beginning of the pandemic in March 2020.

The rates for **milk product futures** on the European Energy Exchange (EEX) showed different trends. For example, contracts for skimmed milk powder for June 2021 increased on 29 March by 3.8% to 2,495 EUR per tonne month on month. Contracts for butter for the same timeframe decreased by 1.1% and are now at 4,000 EUR per tonne. Rates for both products reached a significant temporary high in the first half of March.

European Milk Board, April 2021

Fair market participation for European dairy farmers!

An agricultural policy framework is to allow for the correct interpretation of signals and appropriate market reaction! At the Agriculture Council with the 27 Member States at the beginning of the week, European Agriculture Commissioner Janusz Wojciechowski questioned the need for a comprehensive reform of the Common Market Organisation (CMO) in the framework of the Common Agricultural Policy (CAP): he is of the opinion that the current system and its crisis instruments work well.

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“I agree with Mr Wojciechowski that there was **something** that did, in fact, work well. More precisely: there was only **one** crisis instrument that proved effective – voluntary volume reduction, which was activated in 2016/2017”, says Sieta van Keimpema from the Netherlands, who is the President of the European Milk Board. “The crux of the matter, however, is that this instrument is still not permanently anchored in the CMO, which means that the extent to which it will be used to deal with future crises is anyone’s guess. The current proposal by the European Parliament makes this instrument part of the CMO and thus puts it on an equal footing with intervention, which could lead to quicker activation as well. There is no doubt that the objective of an effective market organisation is avoiding market crises as well as unnecessary burdens on farmers and public budgets in a timely manner.” According to van Keimpema, this reaction definitely came too late during the 2016 crisis.

Furthermore, Wojciechowski and many Member States in the Council also stated that the CMO instruments risk calling the market orientation of the CAP into question. On this point, Danish dairy farmer and EMB Vice-President Kjartan Poulsen says: “Voluntary volume reduction is an instrument that permits market orientation for the dairy sector in the first place. There is a fundamental market mechanism that currently does not operate in the dairy sector: during periods of decreasing prices, supply is not reduced in line with market trends, but producers do the contrary by further increasing production. The logic behind this reaction by producers is to make up for shrinking revenue from decreasing prices by stepping up total farm production. However, this just makes the market situation worse.” Therefore, Poulsen believes that “we must create a market framework where producer behaviour actually aligns with the market situation. This means that in the face of milk surpluses that lead to crises, voluntary production cuts as an instrument in the EU could lead to a **coordinated**, controlled volume reduction for a certain period. This means that excessively low prices would be a signal that triggers the desired reduction in production, thus leading to a stable market situation.” This is the only way to give producers the possibility to shoulder their responsibility, to participate in the market and to contribute to its ultimate goal – improving and simplifying the daily life and well-being of European farmers and consumers. “It is difficult to imagine that this does not align with Commissioner Wojciechowski’s objectives within the EU Agricultural Policy”, concludes Poulsen.

EMB press release of 26 March 2021

CAP reform: "super trilogue" week at the end of March

for producers in the CAP!

The Agriculture Ministers of the European Union are meeting on 22 and 23 March as the Agriculture Council to further discuss their position on the future of the Common Agricultural Policy (CAP). On 24 March, the Council and the European Parliament meet in a trilogue to negotiate crisis instruments and competition rules in the Common Market Organisation (CMO) of the CAP. A “super trilogue” is scheduled for Friday, 26 March, where all three CAP dossiers will be negotiated by Council and Parliament.

The European Milk Board calls on the EU institutions to use this week in order to make agriculture and the dairy sector fairer and more crisis-proof. As EMB President Sieta van Keimpema puts it: “The [European Parliament’s position](#) on the CMO reform includes forward-looking amendments that must find their way into legislation.” This specifically means that dairy farmers from the 16 European countries represented in the EMB:

- Expect that in preparation of the trilogues, the Council will engage with the Parliament’s sound amendments and the accompanying conclusive explanations and justifications genuinely and comprehensively. Special attention should be paid to volume reduction during crises (Parliament position Art. 219a & 219b), crisis prevention, monitoring and management (amongst others Art. 1, 1a, 218b, 222, 222a), the Milk Market Observatory (Art. 218a), and sufficient transparency in relation to intervention (Art. 16).
- Support the Parliament’s negotiating team in the trilogue and “super trilogue” to speak out strongly and in one voice in favour of the Parliament’s good position.
- Count on the Commission to defend farmers and a sustainable future for food production during the trilogue.

An ambitious CMO reform is a key concern for many organisations from the environmental protection, development aid, and agricultural sectors. For example, on the occasion of the last trilogue on 3 March, numerous organisations came together in a [joint letter](#) to demand that the CAP reform be used to make agriculture fair and future-proof. Within the context of the ongoing coronavirus pandemic, it has become even more evident that a reliable food supply chain is key and that no effort should be spared in preserving and strengthening food security. An uncertain future for its producers also puts the EU’s food security on the line.

EMB press release of 22 March 2021

Current situation of milk production in Latvia

The amount of raw milk collected in Latvia increased in February 2021 by 2.1% compared to February last year to reach 57,678 tons, according to information gathered by the Agricultural Data Centre. The Centre's data also show that the amount of organic raw milk purchased in February 2021 increased by 0.22% compared to the same month last year, totalling 3,930 tons. The volume of organic milk processed in February 2021 (2,834 tons) decreased by 23.1% compared to February 2020.

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In February 2021, the number of dairy herds was 9.2% down on February 2020, leaving 11,630 herds in Latvia. The number of dairy cows has also seen a decline: while February 2020 recorded 137,546 dairy cows, only 135,874 dairy cows were left this year, which is a 1.2% reduction.

Operational information shows that the milk purchasing price was 296.5 euros per tonne in February this year, which is a 1.6% increase month on month (291.8 euros per tonne). However, the milk price was 3.3% lower than in February 2020 (306.5 euros per tonne).

Kaspars Melnis, Board Member of the Latvian Agricultural Organization Cooperation Council (LOSP) and Executive Director of the Association of Agricultural Statutory Societies, reports: "There are concerns about the very rapid and disproportionate increase in fodder prices. The rise is impressive, and many farmers are starting to give up because raw material prices, e.g. for soybeans, are excessive. Whereas the soybean price was 370 euros in March 2019, it went up to 500 euros in March this year! At 223 euros, the price of rapeseed was already outrageous back in March 2019, but it's reached 310 euros this year. Fuel prices have also risen for no obvious reason and the upward trend seems to continue. The situation in dairy farming is going from bad to worse this year! In 2020, raw material prices and most associated costs were lower. The milk price stood at 29.53 cents in February 2021 and was lower than in February last year (30.65 cents)."

Kaspars Melnis, Board Member, Lauksaimniecības organizācijas sadarbības padome (LOSP)

Open letter: international organisations call on EU institutions to make agriculture fair and future-proof

Numerous European farmers', environmental and development aid organisations urge the Portuguese EU Presidency, the EU Member States and the European Commission to act now for climate, environment, developing countries and EU farmers. The current reform of the Common Market Organisation (CMO) in the framework of the Common Agricultural Policy (CAP) of the EU offers a very important opportunity for crucial improvements: use the current CAP reform to make agriculture fair and future-

proof!

In this context, the organisations call for **the inclusion of articles from the European Parliament's position** in the CMO. As stated in the open letter by the organisations, these essential articles by the Parliament would “help increase the crisis resilience of EU agriculture, promote overall sustainability and allow for a transition towards better food sovereignty.”

Referring to the EU trilogue negotiations currently underway and reminding the Council of its important role as co-legislator, the organisations stress that “with countless farmers and citizens taking to the streets, with many of the CMO reform articles receiving a clear majority in the EP's plenary and with the ambitions of the European Green Deal and its strategies, the profound will and need for reform is evident.” Now would be the time in European agriculture to reduce harmful overproduction, to ensure compliance of imports with EU standards, and to introduce and improve monitoring and management tools. Furthermore, market disturbances should be prevented and not only managed, and transparency on agricultural markets should be improved.

According to the signatories, the proposed CMO articles — such as Article 219a and b, 218b and 222a – “contribute to the fight against the climate crisis, to a better coherence with development policy and to reaching the goals laid out in the Green Deal, but they also help make Europe's agriculture fairer and future-proof.” They consider this contribution indispensable as the “climate and biodiversity crises are only getting worse and third countries are suffering from the adverse effects of the EU's dominant agricultural model. At the same time, numerous studies point out that many farmers have not received cost-covering prices in years.”

Therefore, the organisations conclude: “In light of the manifold challenges, which we urgently need to tackle, an appropriate legal CMO framework is the only way to avoid recurring crises and to bring long-term stability to the EU agricultural sector. (...) It is time to act and deliver.”

You can find the full letter here: **[Time to deliver a framework for a balanced agricultural sector: Act for a CMO that respects climate, biodiversity and farmers in Europe and beyond!](#)**

*The signatory organisations are the European umbrella organisations of farmers **European Milk Board** and **European Coordination Via Campesina**, the environmental and organic farming organisations **Friends of the Earth Europe** and **IFOAM** as well as the development organisations **Oxfam Solidariteit**, **SOS Faim** and **Veterinarians without Borders**.*

EMB press release of 5 March 2021

News from Norway

Norwegian dairy farmers enjoy the advantage of having quota-based regulation. The quotas were slightly raised in recent years to match the need for Norwegian milk. However, the coronavirus pandemic has impacted demand: there are less sales to restaurants and commercial kitchens, but more consumption of Norwegian food in Norwegian homes. But dairy farmers are still struggling to cover the average cost of production.

© Bondesolidaritet

Producer prices are still not keeping pace with cost developments, resulting in structural rationalisation pressure. Farms go out of business, which leads the remaining farmers to take on more work, more animals and more land. One positive conclusion that we can draw one year into the coronavirus crisis is that consumers have come to value Norwegian food production.

There are reports from Denmark about a new Facebook group created by milk producers under the name of "Better milk producer prices at Arla". This is yet another reminder that we farmers must act together. The EMB provides us with the opportunity to act as a catalyst for a better development by mobilizing farmers for joint solidarity action. Over the past ten years, the EMB has fought to achieve fair prices for farmers and we have to keep up this battle. We need to stay creative and continue collaborating on ideas and projects to stabilize the markets and to improve milk prices throughout Europe. And the EMB is crucial for such ideas and projects to succeed.

Even Erlien, Chairman, Bondesolidaritet

Numerous strong farmers' actions in the EU and beyond

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European countries and beyond.

*Even during the pandemic, farmers show their presence and take to the streets for their concerns and demands – always adapting to the circumstances. In the past weeks, **farmers' actions** have taken place in many*

Here you can find an overview of important events as well as pictures of the campaigns, for example in the Netherlands, France and India.

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