

Dear Dairy Farmers and Interested Parties,

There is growing concern amongst Irish dairy farmers regarding the direction of milk price in 2012. The majority of milk processors cut milk price by 3 cents per litre for April and are now strongly signalling further reductions in the coming months. With milk price now at 31 cents per litre and with rapidly escalating costs, a very serious situation could arise unless further milk price reductions are averted. We are carefully monitoring the situation right across Europe and we are only too aware that this situation is being mirrored in many of the Member States; unfavourable weather has driven input costs upwards and international dairy markets have been under pressure in recent months.

ICMSA, the Irish member organisation of the European Milk Board (EMB), is opposing the milk price reductions imposed by the Irish processors and has met with nearly all the major processors in the last two months. Our opposition here is not 'knee-jerk'. It is quite clear that while markets have recently weakened, Irish processors made very substantial profits in 2011 and, given the Co-op ethos, it is our firm opinion - which we have repeatedly expressed to the processors - that those profits and reserves must now be deployed to support milk price. How exactly for this reason producer organisations in different European countries engage in milk pooling to improve their members' lot is also a focus of this issue of the EMB Newsletter.

Milk price will be the key issue over the coming months in Ireland and Europe but the current situation clearly highlights – yet again - the need for a more defined policy at EU level to deal with volatility. And it is precisely the realisation that these problems can only be solved at EU level that has led our Association to make the critical commitment to the EMB. The EMB brings to the question is a dynamism and purely dairy focus that was badly needed and was, perhaps, not completely appreciated by all the representative groups already in situ.

I am a farmer from the west coast of Ireland and on first glance it must seem like I would not have much in common with my counterpart in Holland or Bavaria. But that impression is profoundly mistaken; there is much more in common than there is difference. We are the primary producers of a substance on which an enormous and very valuable international sector actually rests and yet we are – or, at least, we seem to be – the least consideration in terms of deciding upon a policy that will deliver us an income proportionate to the work, skill and investment we make in producing the milk on which everything else rests.

I know this is the case. My counterparts in Holland and Bavaria and everywhere else in Europe know that this is the case. And together in EMB we are going to fight to change a system that puts the people who produce the milk last in line.

John Comer (Member of the EMB-Board and President of ICMSA)

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Contact

European Milk Board

Bahnhofstr. 31
D-59065 Hamm

Phone: 0049/2381/4360495

Fax: 0049/2381/4361153

E-Mail:

office@europeanmilkboard.org

Website:

<http://www.europeanmilkboard.org>

Contact

EMB - European Milk Board asbl

Rue du Commerce 124
B-1000 Brussels

Phone.: +32 - 2808 - 1935

Fax: +32 - 2808 - 8265

office@europeanmilkboard.org

www.europeanmilkboard.org

We have to take charge now!

In the interview below the President of the MEG Milch Board Peter Guhl explains the new strategy of his producer union as a reaction to the EU Milk Package, which came into effect recently.

BESTE: *Mr Guhl, what consequences did the MEG Milch Board as the biggest German milk producer union draw from the outcome of the negotiations on the Milk Package in Brussels?*

GUHL: *"We steadfastly championed our interests in the negotiations on the Milk Package, and together with the EMB were able to contribute many of our ideas as well. The results of the Milk Package make us angry, though. In our view it is now time to roll up our sleeves! The dairy farmers now have to take charge of the matter – and by that I mean the milk."*

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France MilkBoard: Take the Opportunities

MilkBoard is even more important.

As milk producers and companies in France are now obliged by law to conclude contracts, the expansion of a producer organisation like France

producers.

France MilkBoard's primary objective is to become an independent, sectoral organisation: independent not only of the dairies but also of the biggest farmers' union in France, FNSEA, whose priority is quite obviously no longer defending the producers' interests; sectoral to prevent a repetition of such a devastating situation as Switzerland is currently experiencing and the competition between companies inevitably being at the expense of the

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Co-operatives: Members in the Netherlands worse off than in Germany

A short time ago solicitor Oliver Schniewind drew up an expert opinion commissioned by the German Dairy Farmers Association (BDM), studying the legal position of individual milk producers in relation to “their” co-operative. The Dutch Dairymen Board (DDB) has now submitted this expert opinion to Dutch lawyers to have them assess whether the legal position of milk producers in the Netherlands is comparable, and to what conclusions the expert opinion would have come based on Dutch law.

Although Dutch legislation is similar to German law in most areas, there are differences which make the legal position of members of Dutch co-operatives worse than that of their German colleagues.

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Agricultural Social Insurance: Differences throughout Europe

Social security for farmers in Europe operates differently from country to country, varying a great deal depending on the nation states’ traditions and particular features. For instance, it varies mainly with regard to the insured group of persons, the organisation, the range of benefits and the funding. France, Finland, Austria, Germany, Greece and Poland are the only countries that have their own social insurance systems for

agriculture.

In each country with its own agricultural social insurance system, this system usually operates in parallel with a general social security system and the insurance systems of other professional groups. Different life risks are covered in different countries. In Germany, Austria, France and Poland the agricultural social insurance comprises accident insurance, a pension scheme and health insurance, whereas in Finland it consists solely of accident and pension insurance, and in Greece only pension and health insurance.

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Swedish Milk Producers take to the streets

The Swedish member organisation of the EMB Sveriges Mjölkbönder organised an event for consumers and milk producers in Stockholm on the occasion of the World Milk Day on 1 June 2012. Both milk producers from Sweden and other European countries had come to Stockholm to support the day. The aim of the day was to highlight the importance of the Swedish milk production and to address the serious situation with decreasing amount of milk producers in the country.

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The Umbrella Association of Swiss Milk Producers sticks to its Exit from the Inter-Branch Organisation.

The main feature of the current situation in the Swiss dairy market is unprecedented record production levels. Milk prices are plummeting, and the only way to dispose of the increased volume of milk is on the world market in the form of butter and milk powder. In May alone the prices paid to farmers fell by between 2.5 and 4 centimes.

The inter-branch organisation (BOM) has failed to solve the problems in the Swiss dairy market since it was established three years ago. In the end this was the reason why the umbrella organisation of the Swiss Milk Producers (SMP) left the BOM in autumn 2011. This means the BOM has lost its status as a inter-branch organisation, as its only remaining members are the milk trade organisations, the processors and the retailers.

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Co-operatives: a System for the Future?

An international conference on “Co-operative Answers to Global Challenges” was held at Humboldt University in Berlin from 21 to 23 March 2012. The aim was to discuss forward-looking approaches to the creation of a better economic system.

A total of 239 conference-goers from 56 nations came to this event in Berlin as part of the current International Year of Co-operatives. A key conclusion of the presentations and discussion – however only valid in developing countries - was that co-operatives achieve up to 40 per cent higher prices in the market for their members than private companies do. So they were seen as a democratic answer to an increasingly privatised economy.

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EMB Calendar

Please find below some of the most important events in June 2012:

- 4./5.6.: Workshop Food and Agriculture of the ATM network
- 12.6.: Meeting of the EMB-Board in Brussels
- 13.6.: Meeting with ECVC and FFE in Brussels
- 14.6.: Meeting with a milk producer organisation in Brussels
- 25.6.: Advisory group on CAP regarding international aspects
- 26./27.6.: Alliance meeting of the ATM network in Brussels

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European Milk Board ASBL
Rue de la Loi 155
B-1040 Bruxelles

Tel: +32 (0)2808 1935

Fax: +32 (0)2808 8265

Mail: office@europeanmilkboard.org

Document-URL: <http://www.europeanmilkboard.org/https://www.europeanmilkboard.org/english/newsletter-june-2012.html>