

# MILK-NEWS



## **Dear Dairy Farmers and Interested Parties,**

The European Milk Board (EMB) elected a new Board at its Members' Meeting last month. The members also entrusted me with this important office. So I would like to take this opportunity to introduce myself briefly; my colleagues on the new Board will emulate me in subsequent issues of the EMB Newsletter.

My name is Erna Feldhofer, I'm 42 years old and have been the President of IG-Milch in Austria since November 2010. With my family I manage a Simmental breeding farm full time. Our farm is 820 metres above sea level in Styria, Austria.

A member of IG-Milch's Board for many years, I already had the opportunity to attend EMB Members' Meetings on a number of occasions. What I find particularly interesting and impressive is finding out the situation of farms in the individual countries by speaking to farmers face-to-face. But it is also appalling to realise that farmers everywhere are in the same boat. Cost-covering milk production is not possible anywhere. I find it striking that jobs and livelihoods are being destroyed through the arbitrary actions of the very political institutions that were set up for the benefit of their citizens.

What I regard as particularly outrageous is that the general political conditions are quite obviously always created in such a way that the raw material milk ends up being cheap. Dairy farmers are left to their own devices in a free market which in reality is not at all free. The dairy farmers' situation is very tense throughout the EU. With the reform of the common agricultural market organisation, significant political decisions are to be taken soon.

That is why it is even more important to organise on a pan-European basis. The European Milk Board gives this opportunity, and I am glad to be doing my bit as a new member of the Board. For the stronger this organisation is, the more each individual will benefit!

*Yours,*

*Erna Feldhofer (Chairwoman of IG-Milch Austria and member of the EMB Executive Board)*

## **European Milk Board Members' Meeting sets the course for the future of the dairy farmer movement in Europe**

*The half-yearly Members' Meeting of the European Milk Board (EMB) was held in Brussels on 12/13 March. Representatives of the national member organisations elected a new Board and determined the EMB strategy towards policy-makers and civil society.*

As in previous years, the EMB Members' Meeting brought together old acquaintances and new colleagues from the national member organisations to discuss the current situation of dairy farmers in Europe, exchange experiences and define the guidelines for the future work of the EMB on a European level. On the first day, the Dutch EMB Vice-President Sieta van Keimpema reported on the EMB's activities last year, such as the numerous talks with agricultural policy-makers in Brussels and various European capital cities, and the EMB's stands at agricultural fairs like Green Week in Berlin.

That a market needs moral rules for it to work properly was confirmed in a very interesting presentation by Professor Lütge from Munich University of Technology in keeping with the spirit of the European dairy farmers. In addition, reports on progress made in the "Fair Milk" project were presented from the member countries, all very encouraging for the future of the project. After introductory words from the Belgian Board member Erwin Schöpges and exhaustive discussion, the members agreed to proceed in a twin-track manner with the future strategy of the EMB. Firstly, the successful campaigns and talks with European politicians are to be continued; secondly, a start is to be made on uniting milk producers on a European level, the possibility of which was opened up by the EU Milk Package adopted in January.

The focus of the second day was the election of a new EMB Board for the next two years. In the election of the Board members for the first time the EMB member states were subdivided into Northern, Southern, Western and Central/Eastern European groups of countries to ensure a balanced regional distribution of Board members. The main feature of the discussion in the run-up to the election was commitment to and strong personal identification with the EMB's aims. In three ballots Romuald Schaber (BDM, Germany) and Sieta van Keimpema (DDB, Netherlands) were re-elected President and Vice-President respectively. Roberto Cavaliere (APL, Italy) and Erwin Schöpges (MIG, Belgium) were likewise returned as members of the Board. New Board members are Richard Blanc (APLI, France), Erna Feldhofer (IG-Milch, Austria) and John Comer (ICMSA, Ireland).

After two days of hard work all participants were able to head off home with the feeling that the EMB is well geared up to the future in terms of strategy and staff. Now we can start the other tasks to achieve the aim of a fair market structure for dairy farmers in Europe, one that secures their livelihood.

*Christian Schnier (EMB)*

## **Dairy farmers very active in Europe again this spring – join in!**

The weather is getting better, spring is just around the corner, and as ever the members of the European Milk Board and the national dairy farmer organisations throughout Europe are very active with events, campaigns and demonstrations. Only if we are seen will we be heard. That goes especially for EU politics, because to have a say in Brussels the pressure has to come from the grass roots. Ideally that means starting from right behind the farm gate. That is the only way to ensure that our own government and our MEP from the region deliver the message in Brussels.

Here is a synopsis of campaigns we are aware of so far:

### **Campaign 1: Demonstration in Vienna**

In Austria there was a demonstration on 30 March whose motto was "We've had enough!". Farmers

along with non-governmental organisations, consumer groups and above all concerned members of the public turned out in numbers in Vienna to demonstrate their annoyance with a form of agriculture that ignores the basic demands for sustainable food production (contact: Erna Feldhofer, e.feldhofer@ig-milch.at, languages: DE/EN).

### **Campaign 2: Fair Ice Cream in Belgium**

The Belgian Fair Milk FAIREBEL's new range of ice-cream is to be launched in Francorchamps, Belgium, on 19 April from 15.30 hours. Besides guests from Belgium politics, business and media, the guest of honour will be EU Commissioner for Agriculture Dacian Ciolos (contact: Erwin Schöpges, toemmelhof@skynet.be, languages: DE/FR).

### **Campaign 3: Tractor Convoy in Constance**

In Germany this year's Federal Ministers of Agriculture Conference is being staged in Constance. This is a gathering of the Ministers of Agriculture from the German federal states. The German Dairy Farmers Association (BDM) will be taking this occasion to organise a convoy of tractors on 26 April. Dairy farmers from Switzerland and Austria who want to join in are more than welcome (contact: Hans Foldenauer, hans.foldenauer@t-online.de, languages: DE/EN).

### **Campaign 4: Demonstration in Stockholm**

Dairy farmers in Sweden are planning a demonstration in Stockholm for 1 June. The aim is to draw attention to the intolerable price situation in the Swedish milk market. Our colleagues from Sveriges Mjölkbönder can use all the help they can get and are asking especially for personal support from like-minded dairy farmers from other European countries (contact: Niclas Axelsson, henja.lantbruk@gmail.com, languages SE/EN).

*Christian Schnier (EMB)*

## **European Milk Board elects new Board**

*The members of the European Milk Board (EMB) elected a new Executive Committee at their Members' Meeting in Brussels on 13 March. The seven members of the Board are all active dairy farmers and will be at the helm of the EMB for the next two years.*

### **President Romuald Schaber, Germany**

Long-standing Board member Romuald Schaber from Germany was re-elected President of the EMB for the third time. The state-certified farm manager was born in Petersthal in the Allgäu region in 1957 and took on his parents' dairy farm in 1986; it now has 40 cows. He is married with five children. Romuald Schaber is a member of the Stiftung Gesunde Nahrung [Healthy Food Foundation] and has been President of the German Dairy Farmers Association (BDM) since 1998.

### **Vice-President Sieta van Keimpema, the Netherlands**

The President of the Dutch Dairymen Board (DDB) Sieta van Keimpema was re-elected Vice-President of the EMB. She is a founder member of the EMB and comes from the Frisian region in the northern Netherlands. Mrs van Keimpema is married with three sons. Together with her husband she runs a dairy farm with 65 dairy cows.

### **Richard Blanc, France**

Richard Blanc is a new member of the EMB Board. He is 57 years old and married with two sons, 21 and 25 years of age. Together with four business partners he runs a collective farm in La Demi-

Lieue in northern France that covers 327 hectares, 170 of which represent a milk quota of some two million litres. Mr Blanc also has a riding centre with two employees. He is Vice-President of the Association des Producteurs de Lait Indépendants (APLI) and President of Fair Milk in France.

### **John Comer, Ireland**

Likewise a new member of the Board, John Comer hails from Ireland. He is President of the Irish Creamery Milk Suppliers Association (ICMSA) and is the first dairy farmer from the western Irish province of Connaught to be elected to this post. His family-run dairy farm in Shraheens near Castlebar has 42 hectares; it also breeds cattle and rears calves in suckler cow husbandry. Mr Comer has worked in Australia and New Zealand, and apart from his association work for dairy farmers he is interested in cycling, horses and quiz games in his leisure time.

### **Erwin Schöpges, Belgium**

Erwin Schöpges from Belgium was re-elected member of the Board. Born in 1964, he is married with two children. Mr Schöpges runs a grassland farm with 64 hectares in the German-speaking part of Belgium. He speaks German and French as well as Flemish. He founded the Milcherzeuger-Interessengemeinschaft (Milk Producers' Lobby – MIG) and was its first Chairman until October 2010. Since then Erwin Schöpges has been the Deputy Chairman of the MIG and is also Chairman of the Belgian co-operative FAIRCOOP.

### **Roberto Cavaliere, Italy**

Roberto Cavaliere – a founder member of the EMB – was also re-elected to the Board. He has represented the interests of dairy farmers in Italy since 1999 as President of the Associazione Produttori Latte Pianura Padana (APL). He has also been Regional Chairman of the COPAGRI organisation in Lombardy since 2010, responsible for the dairy sector throughout Italy. Roberto Cavaliere runs a dairy farm with 120 dairy cows. In addition he markets fresh milk, his own cheese and ice-cream directly.

### **Erna Feldhofer, Austria**

The third new member of the EMB Board is Erna Feldhofer. Born in Austria in 1970, she is married with three children – two girls and a boy. Together with her husband, Mrs Feldhofer runs a Simmental breeding farm with about 40 dairy cows full time, 820 metres above sea level. She has been dancing in a folk dance group for a good 20 years, and her other hobbies are reading and handicraft. She is the Chairwoman of the Austrian IG-Milch.

Thomas Schmidthaler (IG-Milch, Austria), Anton Sidler (APLI, France) and Willem Smeenk (OPL, France) are no longer on the Board. We are grateful to them for their outstanding work and wish them all the very best for the future. We hope they will continue to be committed to the EMB.

We welcome the new members on board. We trust that working together in the future with them and the re-elected members of the Board will be agreeable for all concerned and successful for the political goals of the European dairy farmers.

*Christian Schnier (EMB)*

## **“Stronger together” symposium – DBB gathers the dairy sector around the table**

On 17 March, the Dutch Dairymen Board (DDB) organised a symposium entitled “Stronger together” in Eemnes, the Netherlands. The programme compiled for the event was extremely interesting and featured top speakers. The symposium gave the DDB members a rare opportunity

for a cross-sectoral discussion with various lobby groups and decision-makers from the dairy sector such as the Presidents and Vice-Presidents of the three largest Dutch dairy co-operatives, dairy industry managers, representatives of the marketing board for dairy products, scientists and officials from the Dutch Ministry of Agriculture. The Board of the DDB is proud of this successful event, one that was much appreciated by a wide audience.

### **Positive market development**

Both the Deputy President of the marketing board for dairy products, Mr Kees Wantenaar, and the General Secretary of the European Dairy Association (EDA), Mr Joop Kleibeuker, expressed positive opinions on the future prospects of the dairy sector. The main reason they both gave for this was the growing demand for milk exceeding supply due to a rise in the prosperity of the world population. Mr Kleibeuker stressed that the proverbial “cake” for sales of milk from the Netherlands and Europe had to grow. With restrictions this was, he said, more important than the proportional division of the “cake”.

The DDB does not dispute the assumption that the future prospects for the European dairy sector are good because of a growing world population. However, that is no guarantee that the producers will also receive their share of the “cake” because of this growth. Although the Dutch dairy industry has shown a strong increase in performance, production and size in the recent decades, the financial situation of the milk producers has deteriorated drastically in the same period. The farm-gate price paid to farmers has not been covering costs for the last ten years. The level of the Dutch milk producers’ debt to the Rabobank has more than doubled in that time, whilst return on equity has dropped to zero.

### **Milk price and cost price**

Forecasts from a presentation by Mr Poppe of the Agricultural Institute of the University of Wageningen show that the full cost price of milk in the next few years can only rise. That is another reason to make sure that the milk producers are paid a fair price. In the view of Ms Greetje van Heezik, a specialist in competition law and the organisation of the European agricultural market who works for the Houthoff Buruma solicitors’ office, the chances of this aim being achieved have risen owing to the new proposals for the reform of the Common Agricultural Policy (CAP), with additional opportunities for producer organisations extending beyond the previous Milk Package.

### **Appeal**

In its presentation the DDB expressly called on every part of the supply chain to focus in talks with policy-makers in Brussels not just on their own concerns but invariably on the interests of the entire dairy sector. This can be crucial in helping create fair and transparent market rules, enabling every player in the market to have the same opportunities to compete and thus earn a decent living. Moreover, this approach is the basis for a sustainable and socially responsible system of production and management both in the Netherlands and in the EU.

### **Monitoring in the supply chain**

A monitoring agency analysing and monitoring the development of prices and costs in milk production is absolutely essential for an assessment to be made whether the changes in the EU dairy policy result in an improvement in the milk producers’ economic situation. Mr Teunis Sterk, President of the Deltamilk cooperative, emphasised that members of co-operatives must also take responsibility themselves for improving their situation.

### **Discussion**

During the lively discussion at the end of the symposium a participant voiced the opinion that the biggest enemies of the milk producers were sitting with them in the same room. This produced a reaction from another DDB member, who said that the biggest enemy of the milk producers was, in

fact, the farmer who on the day of the event stayed at home and worked instead of attending the symposium. And he is right: only if we as milk producers feel responsible for our future and commit ourselves do we have a chance of prevailing with our interests.

*Sieta van Keimpema (President of the DDB and Vice-President of the EMB)*

## **Stop the senseless increase of the milk quota**

The European Milk Board (EMB) is sending a letter to the Ministers of Agriculture of the European Union, the Members of the European Parliament and the Members of the national Parliaments. In this letter it points out that the planned 1% increase in the milk quota on 1 April 2012 makes no sense\*. The farm-gate prices for milk are already under pressure throughout Europe, and a further increase in the production volume would only exacerbate the situation in the markets.

To the Ministers of Agriculture of the European Union,  
Members of the national parliaments and  
Members of the European Parliament

Hamm, 22 March 2012

## **The Milk Package adopted is a first step in the right direction – now there have to be further steps!**

Dear Ministers and Members of Parliament,

The Milk Package which has just been adopted is a first step towards a long-term reform of the EU dairy sector. For this we wish to thank you on behalf of the European milk producers. This new regulation has initiated some forward-looking steps that now have to be systematically implemented and extended. Otherwise the measures will remain ineffective by and large.

Above all the step we regard as particularly positive is the possibility of pooling dairy farmers in producer organisations, of obligatory contracts between producers and processors which can help balance the asymmetrical relations between the market players in the dairy sector and the new Price Monitoring Tool to be created.

However, these measures will only be effective if they are ideally adapted to the real market situation. This means that the pooling options have to be extended to members of co-operatives. In addition, an EU-wide obligation to enter into contracts must be introduced, taking into account the milk producers' production costs. Otherwise the provisions adopted cannot help improve the milk producers' position in the market.

The planned Price Monitoring Tool should be introduced as soon as possible and both empowered to monitor the milk market (prices, supply, demand and production costs) and equipped with effective regulatory powers to prevent market-damaging surpluses being produced. Price monitoring alone is not enough. Moreover it is important to keep an eye on

margins. For instance, from July 2010 to July 2011 the prices of supplies required for milk production rose by 10-15% in many European countries. This means that the average costs of producing milk are now well in excess of 40 cents.

It has been obvious in the last few weeks and months that the dairy sector is not self-regulatory throughout the EU. The markets are noticeably under pressure, which is evident in plummeting farm-gate prices. In Belgium alone the base price fell from 29.84 to 28.5 cents between December 2011 and March 2012. Some French dairies have already announced a decrease in the farm-gate price to 27.5 cents for April 2012. There are similar developments in the other member states. At the same time the producers have so far been unable to react appropriately to this conspicuous market signal. The volumes of milk supplied are still at peak levels.

**That is why it is essential that the 1% increase in quotas scheduled for 1 April 2012 is abandoned for the time being to prevent the markets being burdened even further! This step is vital to stop prices plummeting again for now.**

**We call on you to take active steps in this direction. The market situation can be re-analysed in the middle of the milk year to evaluate the suspension of the increase in quotas.**

\*The current increase in the milk quota is based on a resolution passed by the EU Ministers of Agriculture on 19.11.2009, raising the milk quota by five per cent until 2013, i.e. by one per cent a year from 2009.

*Open letter of the EMB*

### **The dairies' competition for milk "underdeveloped"**

The German Federal Cartel Office regards the farmers' chances of being able to change dairy and sell to another company as now severely limited. At the Milk Conference organised by the Arbeitsgemeinschaft bäuerliche Landwirtschaft (AbL), the Katholische Landjugend (KLJB) and the University of Kassel on 5 March, Eva-Maria Schulze from the Federal Cartel Office pointed to two key reasons: firstly, with most dairies the farmers were tied into long-term supply contracts with excessively long periods of notice of two years. Secondly, the degree of concentration of dairies in some regions is now so high that the farmers are left with practically no choice. So the Cartel Office will, she said, scrutinise new mergers between dairies even more closely than before to see whether negative consequences for dairy farmers can be expected.

From: AbL Press release

### **Contractualisation – French dairy farmers accuse**

*The French presidential elections are being held on 22 April this year. There may be a second ballot on 6 May. Given this scenario the Association des Producteurs de Lait Indépendants (APLI) is sending an open letter to French President Nicolas Sarkozy.*

In its letter APLI highlights the pressing problems of obligatory contracts (contractualisation) to be signed between milk producers and dairies or co-operatives enshrined in a ministerial decree of December 2010. The dairy farmers demand that the resultant precarious economic situation in France be acknowledged and rectified. French dairy farmers and their families must be able to return to economically acceptable and decent living conditions.

The farmers' criticism of the details of the contracts is that they stipulate a minimum term of five years, without specifying a minimum farm-gate price that would cover production costs and secure a livelihood. The farmers feel that this puts them in a position of economic buffer, to be used for cutting costs when times are hard.

Another fear the farmers have is that banks could even demand a minimum term of 15 years as a guarantee and only grant loans upon this condition. Agriculture as a whole as well as associated cultural assets such as French cuisine – which has acquired the status of UNESCO World Cultural Heritage – would be consigned to the history books.

In their letter the dairy farmers raise the question of what it will mean in the future to be a member of an agricultural co-operative: either free to determine his/her conditions or tied for years to a contract. The major co-operatives in France have agreed among themselves to offer only five-year memberships in future. There have never been any serious talks between producers and co-operatives or the private dairies on contractualisation.

The farmers are also against compulsory producer groups in the way foreseen by the French government, as again they regard a compulsory five-year contract as excessive and have no intention of footing the bill for such a producer group's administrative and staff costs.

*Association des Producteurs de Lait Indépendants (APLI)*

## **EMB Calendar**

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

- 16.-18.04.: Meeting with dairy farmers in Poland
- 19.04.: Market introduction of the fair icecream in Belgium
- 20.04.: EMB Executive Board meeting in Brussels
- 26.04.: Tractor Convoy in Constance organised by BDM in Germany

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