

# MILK-NEWS



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

To get straight to the point: we dairy farmers in Europe can be proud of ourselves. Proud of our village communities, proud of our family-run farms, proud of our work as farmers for modern-day society, and primarily of our product, milk. Once again with the demonstration outside the European Parliament in Brussels on 10 July we made it emphatically clear that we will defend our milk by hook or by crook. That is the only way forward now. Until the day our milk is valued again and nobody forces us any more to ditch our precious product out onto the street from milk lakes because of mindless overproduction.

The solutions are so simple. The EMB's demands for a voluntary supply constraint and a European monitoring agency for the milk market must be adopted and put into practice. It is only the politicians in Brussels who now have to understand that and include it in the reform of the European agricultural market organisation in the next few months. Don't worry: the EMB farmers will sort it out. In order to steer discussions and decisions in the European Parliament in the right direction in October/November, the EMB is determined to take even more severe and extensive actions. We count on your support.

Fortunately the dairy farmers are not alone and are supported by many other social groups. Together we champion an agricultural policy in Europe that both maintains the environment's resources and secures the economic survival of milk producers on a family farming basis. That is why the EMB's farmers are taking part in the Good Food March to Brussels in August and September 2012 – see the article on it in this issue of the EMB Newsletter. The aim of this cycle rally to Brussels is to take the demands from various European countries to the heart of the capital of Europe.

So I appeal to you all: come with us, support us and be there at the final demonstration of the Good Food March in Brussels on 19 September.

*Erwin Schöpges (Member of the Board of the EMB)*

## **Dairy farmers' demonstration in Brussels a success**

**Hundreds of the European Milk Board's dairy farmers demonstrated outside the European Parliament in Brussels on 10 July 2012. The reason for the demonstration was overproduction in the European dairy markets, resulting in a drastic collapse in milk prices and directly in the next milk and dairy crisis.**

From the ranks of the European Milk Board (EMB), young and old had travelled to Brussels with rage in their bellies, supported by over thirty tractors, to protest loudly

against the mismanagement in the milk market. To symbolise the current excess production in the European milk markets, they created a milk lake in the square outside the European Parliament and caused it to overflow. In other words: the surplus volumes in the market are producing rock-bottom prices. The survival of farms is at stake.

Under the current reform of the European agricultural common market organisation, the concrete measures demanded by the EMB dairy farmers are **a voluntary supply suspension** and **the setting up of a European monitoring agency** to restore a balance between supply and demand in the milk markets.

At the end of the morning the demonstrators were agreed that the demo was a complete success. Yet again the direct action had shown how vital it is to stand shoulder to shoulder as European dairy farmers and represent the EMB's positions in a credible manner. This impression was also underlined by the considerable resonance in the press, which the demo was accorded in European print media and on the TV. It drew the attention of the European public to the situation threatening the livelihood of dairy farmers in Europe.

The demonstrators announced that if the EMB's demands are ignored by policy-makers in Brussels, they will return with a great deal more support from home. So the demonstration on 10 July was perhaps only a taster of an action-packed summer and autumn 2012. The ball is now in the politicians' court – it is in their hands to put a stop to the milk crisis.

*Christian Schnier (EMB)*

## **New brochure puts a few things straight about co-operatives**

The European Milk Board (EMB) has produced a brochure that brings clarity to the issue of co-operatives in the dairy sector. It shows that the generally positive view the public still has of the co-operative form of organisation no longer reflects reality in many cases.

The worst imbalances and the specific situation in individual EU member states are described in three brochure articles by different authors. These reports are reproduced in abridged form in this and the next issue of the EMB Newsletter. If you are interested you can acquire the full version of the brochure on co-operatives in German, English and French from the EMB.

## **France: Changes in the structure of co-operative dairies and their impact on the producers**

XAVIER TALOUD

The meaning of the term “co-operative” has changed in the course of time. This applies both to how a co-operative works in general and in particular to how it is managed. Let us take as an example the history of comté (a cheese from the French *département* of Jura). Old manuscripts mention what were called “*fruitières*” (“fruit co-operatives”) and how they operated. This original form of a village organisation originated eight hundred years ago and was based on the values of solidarity and sharing.

Nowadays certain co-operatives are no longer processors, they only collect milk to sell it on to other companies or subsidiaries in which private investors have some shares. If one scrutinises the structure of the subsidiaries of the biggest French dairy co-operatives, one realises that they are closely linked with large private and investment companies.

A good example of the development of co-operative structures in France is Sodiaal, the largest co-operative in France that collects more than four billion litres of milk. Sodiaal consists of different components: “Sodiaal Union” is the co-operative of which the members are producers and which

does not process any milk. “Groupe Sodiaal” is a subsidiary of “Sodiaal Union” in the form of a public limited company (plc), which also does not process any milk. “Sodiaal International” is a subsidiary of “Groupe Sodiaal”, likewise in the form of a public limited company, and which likewise does not process any milk. Finally there are the milk-processing companies that are either wholly owned by Sodiaal or partly owned by private investors. One example of Sodiaal’s processing companies is Yoplait. This company is 51% owned by General Mills, a large American food group.

Thus the members of the “Sodiaal Union” co-operative can only influence the decisions of their “milk-collecting co-operative”. They have absolutely no influence on the processing structures in which they acquired shares through their membership of the co-operative.

In France co-operatives were set up to improve the balance of power between producers and private dairies, so that the dairies achieved the maximum added value for the producers from their milk. Nowadays the size of co-operatives forces them to set up subsidiaries. In this process the running of the dairy has passed over into the hands of the administrators, and the members have lost their management of the co-operative.

There is no longer any significant difference between the management of a co-operative dairy and a private dairy. For the producer there is no longer any benefit from being a member of a co-operative; s/he is in the same situation as a producer who is the shareholder in a private company. The only difference is that shareholders in a private company are paid an annual dividend. The claim Sodiaal makes to its members is that it has to retain the profits from the co-operative’s business operation to invest in new means of production.

The balance of power between producers and dairies can only be shifted if the producers, be they members of a co-operative or not, pool their forces and act together. They can only do this effectively in a horizontal producer organisation like the France Milk Board.

*Xavier Taloud is a milk producer in the département of Isere, in the Rhone Alps region, at the gateway to the French Alps.*

*Christian Schnier (EMB)*

## **EU farming is in crisis. The CAP is being reformed. We must act now!**

Back in May 2012, the European Milk Board came together with 7 other organisations to launch what is hoped will be the biggest civil society action ever seen on the reform of the Common Agricultural Policy (CAP): **The Good Food March**.

*ARC2020, European Coordination Via Campesina, European Milk Board, Friends of the Earth Europe, IFOAM EU Group, Meine Landwirtschaft, PAC2013 and Slow Food* issued a joint Call for Action which outlines 11 key demands on which they all agree. These demands include a CAP that delivers **secure and stable cost-covering prices** for farmers in general and fair prices for consumers; a CAP that does not leave behind **real family farms**; and a CAP that **rejects food speculation and ends the export of agricultural products at a price below their production cost**. Since the release of the Call for Action, an additional 60 organizations from 15 countries have become involved, with 1000s of people now expected to take part.

The Good Food March will see farmers, citizens and young people take their demands for food and farming policy in Europe, directly to the EU institutions. It will kick off this August and end in Brussels on September 19<sup>th</sup>. With preparations well underway, there are many ways to get involved:

- Join the main Good Food March route from Strasbourg to Brussels. Other routes will feed into this, for example a German route starting in Munich on August 25<sup>th</sup>.

- Organize or attend national-level events. Current confirmed locations for these include Bucharest, Budapest, Lisbon, Naples, Sofia and Vienna.
- Come to Brussels on September 19<sup>th</sup> - the final day of the march for the Good Food Brunch and a conference in the EU Parliament being organized by *ARC2020* and *Slow Food*.
- Send a photo message! Everyone is invited to send a photo message with their demands for the future of EU food and farming to [photo@goodfoodmarch.eu](mailto:photo@goodfoodmarch.eu). Every single photo will be put into an album and presented to the EU institutions.

Let's march: <http://www.goodfoodmarch.eu/home.html>

*Stephanie Roth (ARC2020)*

## **Great Britain's dairy farmers enjoy the full support of their colleagues throughout Europe**

In the press release below, the European Milk Board states its full support for the protest of british milk producers against the slump of producer prices and the resulting milk strike:

***Dairy farmers in Great Britain are manning blockades set up outside milk processing plants in protest against the current series of cuts in milk prices. The European Milk Board unreservedly supports these actions and the demands of the British dairy farmers.***

(Brussels, 24.7.2012) Hundreds of dairy farmers staged a blockade of milk processing plants in various locations in England to prevent milk deliveries being made. The demonstration, which took place last Thursday, July 19, was the initiative of the British farmers' organisation, Farmers for Action (FFA). The action was one of a series of protests held by British dairy farmers, who are angry at the recently announced cuts in the price of milk. Their milk processors plan to cut the price paid to producers by up to two and a half cents per litre. The dairy farmers fear that the consequences of this move will be so severe as to drive many colleagues out of business. They say the only ones to benefit from the cuts are the milk processors and food retailers. Consumers will continue to pay high prices in the supermarkets. The reduced producer price, which is making the lives of dairy farmers so hard, will not be passed on to consumers, they say.

The president of the European Milk Board (EMB), Romuald Schaber, expresses his full support for the protest staged by the colleagues in Great Britain. "The anger and frustration of our colleagues in Britain and the milk strike this is leading to are more than justified. They represent just one of a whole series of protests being staged by dairy farmers across the whole of Europe, like the one held in front of the European Parliament in Brussels two weeks ago. We must do everything within our power to raise awareness of the current milk prices and the dramatic overproduction in the face of falling prices all over Europe. Dairy farmers and responsible consumers throughout Europe must stand together and express their indignation about this completely untenable situation. Proposals for concrete measures aimed at alleviating the situation, such as voluntarily foregoing deliveries of milk and setting up an agency to monitor the milk market in Europe have already been made. It only remains for politicians to finally take them on board and implement them. "

The European Milk Board (EMB) is the umbrella group of dairy farmers' producer organisations in Europe. It currently represents a total of 100,000 dairy producers in 19 organisations from 14 European countries. Approximately 75% of the milk in Europe is produced in the member countries.

*Press release of the EMB*

## **Dairy farmers in Germany campaigning to retain the Market Structure Act**

The aim of the Market Structure Act (MStG) in Germany is to improve the market position of farms. It enables producer collectives to be set up and permits what is termed “dual membership”, i.e. membership of a co-operative and of a producers’ union. It would not have been possible to set up the MEG Milch Board in Germany without the Market Structure Act.

Now the German Ministry of Agriculture wants to replace the Market Structure Act with the “Act governing the Recognition of Agricultural Organisations” (AgrarOG), supposedly because the EU Milk Package demands it. That’s not the way we see it! It is not at all necessary to amend the Market Structure Act in order to implement the Milk Package on a national basis. In those EU member states where there are no regulations, the Milk Package lays down the legal requirements for producers uniting and partly for the drafting of contracts. The existing Market Structure Act in Germany is not affected by it, apart from the limits on pooling now in force. Moreover, the Milk Package contains no possibilities for improving the current German legal situation regarding the pooling of producers – quite the contrary!

So the draft AgrarOG Act clearly represents a worsening of the producers’ market position and is unnecessary. The possibility of membership of several producer organisations and the admissibility of common rules on selling must be maintained.

That is why from 27 June to 11 July the BDM and the MEG Milch Board conducted public information campaigns on the Market Structure Act outside the Ministries of Agriculture of many federal states in Germany, and called on the Ministers of Agriculture to vote against the new AgrarOG Act in the *Bundesrat* [German Upper House of Parliament]. There are reports on the campaigns and press reactions on the Internet. Here is the link:

<http://www.milch-board.de/News/Stimmen-zu-den-Aktionen-zum-Erhalt-des-MarktStrG>

*Dr. Andrea Beste (MEG Milch Board)*

## **EMB Calendar**

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

- 08.8.: Press conference of the EMB working group on milk pooling
- 25.8.: Start of the Good Food March in Munich, Germany

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