

MILK-NEWS



Dear Dairy Farmers and Interested Parties,

The crisis in the European milk market is back. That is the situation we are experiencing first hand and which is evident from a glance at neighbouring farms. How long the crisis will last and when prices will bottom out is anyone's guess.

However, the report recently presented to the European Parliament by MEP Michel Dantin on the future organisation of European agriculture, and the reactions of the MEPs, hold out some hope. The report contains some important proposals such as the introduction of a crisis mechanism with a cut in production or a European instrument for monitoring food prices. This is proof that our huge efforts in the EMB since the last crisis in 2008 and 2009 have been worth it. What we have to do now is stay on the ball and join our forces.

The EMB's opinion is as clear as ever: the European Commission's soft landing by 2015 means a crash landing in just three years. There is an urgent need for action above the intervention level of 21.5 cents. That can be put into practice only with a cut in production, which is best achieved by a voluntary suspension of milk supply. The good initiatives in Michel Dantin's report must therefore be grasped and further developed in the next few weeks and months in conjunction with the policy-makers, constructively but also resolutely.

Our demonstration on 10 July outside the European Parliament in Brussels is a first step in this direction and is intended to pile on the pressure on the decision-makers in the EU. So I call on you to actively join in and demonstrate alongside dairy farmers from every member state outside the European Parliament on 10 July. It is up to us to take the opportunities to improve the situation and to make sure our voice is heard in Brussels.

Romuald Schaber (President of the EMB)

Agricultural market organisation: major decisions soon to be taken in Brussels

The milk crisis is back again and milk producers all over Europe are suffering from it. With this scenario a further step in the reform process on the future organisation of the EU agricultural market comes at the right moment.

In the course of the next few months the European Parliament will be adopting its own proposal on the Common Agricultural Policy. They are working at full stretch on this and the dairy farmers should be constructively involved in this process. Advantage must be taken of the opportunities that present themselves here for producers with regard to improving the milk market situation. The new market organisation is part of the present reform of the CAP on a European level.

The key figures currently show that milk prices are plummeting – highly redolent of 2009, when the market collapsed. In many EU member states farm-gate prices have already slid under the 30-cent mark, and the trend is downwards. For instance, since November 2011 milk prices have fallen in Belgium on average from just over 34 cents to 26 cents, in Germany from 36.90 cents to 29.80 cents and in France from 33.13 cents to 28.50 cents in May 2012.

A major opportunity to shape the market in a positive way for the milk producers is provided by the overhaul of the organisation of the agricultural market by the EU institutions in Brussels. After the European Commission put forward a proposal last October for a reform of the organisation of the market, on 18 June this year a report on it was presented to the European Parliament's Agriculture Committee. In it the French MEP Michel Dantin suggests improving the Commission's proposal as follows:

- Altering the safety net that comprises intervention and stockpiling measures
- Pressing ahead with the strengthening of producer organisations
- Applying a new crisis mechanism to the agricultural markets
- Setting up a pan-EU body to monitor food prices
- Creating exemptions under competition law.

Although the EMB has to subject Michel Dantin's proposals to closer scrutiny, at first glance they do offer some valuable points of contact with the EMB's demands such as **a voluntary suspension of milk supply or a monitoring agency** for the dairy market. The MEPs on the European Parliament's Agriculture Committee now have until 10 July to propose further amendments. After the Brussels summer break there are to be further discussions on the organisation of the market in September and October, with the Agriculture Committee expected to decide on it in late November.

This timetable gives the EMB's dairy farmers the chance to pool all their resources and jointly lobby the members of the European Parliament to overhaul the milk market rules. **We aim to give this lobbying a symbolic kick-off with our demonstration outside the European Parliament in Brussels on 10 July.**

Christian Schnier (EMB)

The milk producers' demo outside the European Parliament

The European Milk Board (EMB) is calling on its members to demonstrate outside the European Parliament in Brussels in the morning of 10 July 2012. Farm-gate prices for milk are plummeting throughout Europe, and no dairy farmer can cope with the crisis on his/her own. That is why the milk producers in Europe should take the reform of the Common Agricultural Policy (CAP) in the European Parliament as an opportunity to gather in Brussels and show the politicians that the situation cannot go on like this. This is the EMB's call for a major demonstration:

Milk flows over - prices crash!

We show politicians that it does not work this way!

Demonstration of European milk producers on 10th July in front of the European Parliament in Brussels

Dear colleagues,

The current situation on European milk markets pushes milk producers again to tell politicians what they think. With price drops comparable of those in 2008/2009, the milk crisis approaches with no halt and we have to show the EU Institutions in Brussels that the situation cannot go on like this. We definitely should have our say in the reform of the Common agricultural policy that is currently being discussed in the European Parliament in Brussels. There is a chance to improve our situation. Let's not squander this opportunity.

So come to Brussels on 10th July!

On that day, we - European milk producers from the EMB - will organise a big event in front of the European Parliament with an overflowing "milk lake" which symbolises the devastating overproduction of milk on our markets. We thereby clearly show the members of the European Parliament how serious the current situation is. Our demands will be the following:

- A voluntary supply constraint by milk producers to redress the balance on the market in case of a clear overproduction
- The creation of a European monitoring agency which helps to keep the right balance between supply and demand. This would prevent the "milk lake" from slopping over.

Each EMB-member country should send out a delegation to Brussels for the event on 10th July. This is the only way to clearly show that European milk producers stand by each other. This solidarity gives strength to our demands and makes them visible to the members of Parliament.

See you on 10th July in Brussels!



Romuald Schaber, EMB-President

Call for action of the EMB

Shift in direction of the French Dairy Farmers' Association

The FNPL, the biggest organisation of milk producers in France, wants to champion a Common European Agricultural Policy (CAP) to counter the milk crisis, says its new President Thierry Roquefeuil. This shift in direction surprises the French EMB member organisation APLI and the Office du Lait, as previously these two organisations were alone in advocating this position on both a French and European level.

For instance, in future the FNPL wishes to acknowledge the importance of the milk crisis in 2009, which hit all milk producers in Europe equally hard. Moreover, just like the APLI the FNPL is calling for the future of milk production to be secured throughout France, and not just in individual regions.

Whether this shift in direction by the FNPL is credible or not depends on whether the FNPL questions the present organisation of the dairy industry in France. If so, the FNPL would have to position itself against the dairy industry and especially against the dairy co-operatives with their guiding principle of overproduction and competitiveness in the world markets.

It is also questionable how the drafting of contracts in the dairy sector supported by the FNPL is compatible with its re-orientation. For instance, how could contracts containing an obligation to produce under penalty be reconciled with a concurrent obligation to cut production in times of crises? It is regrettably evident that once again the FNPL's proposals are geared only to solving a crisis in the short term and fail to tackle the problem with a simple, inexpensive regulation for a fair milk market.

Paul de Montvalon (President Office du lait) and André Lefranc (President APLI)

The dairy industry in Latvia: the family's broad back

It is possible that the warm afternoon sun helps give Signe Seile's farm near the Latvian capital city of Riga an almost idyllic appearance: flowers everywhere, a tabby cat with white paws stretching in the green grass of spring, ducklings and chicks crowding around their feathered mothers in small pens

But the situation of dairy farmer Seile, whose 27 cows produce 170 000 – 190 000 litres of milk a year, is far from ideal. The blonde farmer describes the situation on the farm as follows: "In the last few years work has piled up, but our income has kept on decreasing. So we can't afford to take on hands, and the three of us family members have to do all the work ourselves." The 38-year-old goes on to explain: "The farm-gate price is about 27 cents a litre at the moment", adding "but my costs are over 20 cents before I factor in our labour."

And yet when Signe Seile talks about her farm there is a smile on her face. She wants to keep the farm because this is where she wants to live and work. To make ends meet she is planning to produce less milk and concentrate more on other products. "I'll still be here in 10 years' time – then I'll be able to milk the 20-odd cows merely as an expensive hobby", Signe Seile grins, whilst glancing in earnest at the cowshed. She would prefer to have it otherwise.

Silvia Däberitz (Director of the EMB)

Uncertainty among Russian dairy farmers about Russia's accession to the WTO

The members of the Russian milk producer organisation Souzmoloko feel that the rise in imports of dairy products after Russia's accession to the WTO could mean a real risk for the sector. They are worried, especially about the Russian retailers. They fear that the retailers will import more and more cheap milk powder and palm oil products from Europe if the Russian markets are opened up further in the future. They say the Russian retailers are entering into fewer contracts with milk producers and waiting until such time as there are unrestricted imports.

The Russian Ministry of Agriculture proposed extending the suspension of income tax for farmers until 2020 and introducing general derogations with regard to income tax for cattle breeding and the importation of embryos and semen to aid breeding. So far there have been no plans for direct measures to support the dairy industry.

Christian Schnier (EMB)

EMB Calendar

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

- 09.7.: Special meeting of the EMB Board in Brussels
- 09.7.: Advisory Group Milk at the European Commission in Brussels
- 10.7.: Demonstration of milk producers in front of the European Parliament in Brussels
- 13.7.: Conference on the future of the CAP in Brussels
- 31.7.: Meeting of the EMB Board in Brussels

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