

MILK-NEWS



Dear Dairy Farmers and Interested Parties,

As I often hear to my satisfaction, time and again many of us in conversation with colleagues and friends recall the huge dairy farmers' demonstration in Brussels in November 2012. It was a complete success for us dairy farmers, because it was loud in the street, everywhere in the media, and at the same time unpleasant for decision-makers in Brussels and in the member states. It opened key doors for us in politics, which in this crucial year of 2013 may be the decisive factor in the reform of the EU Common Agricultural Market Organisation and Commissioner for Agriculture Ciolos' new proposals for the milk market.

We must grasp this opportunity! Let me make it quite plain: the battle for the economic survival of the European dairy farmers must be fought now, not in 2015 when the milk quotas are abolished. It will be too late then, and we will be able to leave our tractors on the farm with no qualms. What is more, at the end of 2014 there will be a new EU Commission in office and the cards will be reshuffled – the outcome uncertain. That is why we must fight now and complete the successful task we started with the 2009 milk strike, noisily and with our heads held high.

We dairy farmers can be proud of our successes so far. More than anything the most recent European Parliament proposal for the voluntary delivery suspension as a crisis instrument in the milk market is an important step forwards towards a radical change in the system with flexible management of EU milk supply. Unfortunately this success is not yet irreversible and must be defended up until this summer against the strong lobby of the dairy industry and its associations. Yet after the huge dairy farmers' demonstration last November our biggest opponents are no longer in Brussels, they are at home in the capitals of the member states. More than any other, the German government in Berlin has been unwavering in its pursuit of liberalisation of the milk market.

As you will see in this issue of the EMB Newsletter, that is why the EMB milk producers resolutely spoke their mind to the German Ministers of Agriculture at Berchtesgaden, southern Germany, in mid-April, and now intend to demonstrate in large numbers and with high-impact campaigns of action in the German capital of Berlin on 3 and 4 June 2013. Do not let up in this decisive year of 2013 and come to Berlin in early June, as many of you as possible. It is worth it, for short-term price rises – as now announced – are no solution. They are not even a drop in the ocean. Don't let them have even a chance of fobbing you off!

Erwin Schöpges (Member of the EMB Board)

Dairy farmers, off to Berlin!

Big demonstration of European dairy farmers in the German capital of Berlin on 3 and 4 June

Dear Fellow Farmers,

The German government cannot be allowed to continually veto every reasonable proposal in Brussels for a functioning milk market. In the scenario of current negotiations between the European Parliament, Member States and the Commission on the Common Agricultural Market Organisation, we must put pressure on the German government to make sure the voluntary supply suspension is not left by the wayside as a crisis instrument for the milk market.

That is why we farmers of the European Milk Board (EMB) will be **travelling to Berlin** with our tractors and demonstrating outside the Federal Chancellor's Office on **3 and 4 June 2013**.

It is important that we turn up in Berlin in large numbers and show the German government with an impressive symbolic action that they cannot have it their own way. Get ready to roll, let's make the demo a complete success!

We will be letting you have more details of the timetable shortly, or you can ask for them from the Brussels EMB Office (e-mail: office@europeanmilkboard.org or phone: 0032 2 808 1935)

Romuald Schaber (President of the EMB)

European milk producers call for German government to change course

The following press release was published on the occasion of the major milk producers' demonstration in Berchtesgaden in southern Germany on 10 and 12 April.

(Berchtesgaden, 12th April 2013) A major tractor convoy will close the three-day demonstration of milk producers and concerned citizens from all over Europe in the Southern German town of Berchtesgaden today. Around 750 milk producers of the European Milk Board (EMB), the association representing milk producer organisations in Europe, had taken the meeting of Germany's Ministers for Agriculture as an opportunity to show their disagreement with the German government's milk policy. Their motto: "organising markets rather than managing crises".

EMB President Romuald Schaber explained that "milk producers from all over Europe have come this long way to Berchtesgaden in order to call for the German government to change its political course. We cannot accept that the German government always blocks any attempt in Brussels for a reasonable regulation of European milk markets. Only a flexible regulation of supply can guarantee the economic survival of milk producers in Europe. Big and powerful member states like Germany may not impede that."

The organisers of the demonstration from the German EMB member organisation BDM had set up an impressive three-day programme. The first evening a farmers' conference on the subject "Agricultural policy for a rural, sustainable agriculture" was held. The second day, at a major demonstration, the farmers called for political decision-makers to finally fulfil their responsibilities for the European dairy market. In order to underline their call, the participants of the demonstration handed over a manifesto with their demands to the Ministers for Agriculture. Today, the demonstration will end with a tractor convoy. The tractors will drive to the meeting venue in order to symbolically go and fetch the good meeting results for European dairy farmers.

Christian Schnier (EMB)

Dairy products with more added value – A model for the future?

Dairy products with more added value are reputed to make the crucial economic difference for milk producers in the milk market. To examine this in depth the Dutch Dairymen Board (DDB), one of the two EMB member organisations in the Netherlands, organised a series of events on four dates. Speakers invited were representatives of the dairy co-operatives, politics and science.

“Even if making products with more added value entails higher costs, and the milk producers cannot expect a clear mark-up on their farm-gate price because of this, manufacturing these products is still the best way forward”, said the chairmen of the dairy co-operatives at the DDB events. They were equally unanimous about the disadvantages of overproduction in the milk market: milk supply exceeding demand. That makes expensive brand milk a special offer. That is why excess milk goes into inferior products and brings the farm-gate price down.

Hence some milk processors feel a system of A and B milk prices is justified. This is perhaps understandable from the viewpoint of dairy representatives who are against a reasonable policy of supply management on principle and want to ensure that surplus production finds a market. In the eyes of the DDB, though, this is the wrong way to go about it. It is by following the EMB and DDB proposals for a monitoring agency in the milk market that the volume of milk produced can be adjusted to demand and price pressure on the milk market prevented. That is the better option!

FrieslandCampina’s “added value” strategy has led to a milk price a few cents higher than the average Dutch milk price. Several speakers at the DDB events welcomed this price increase and regarded it as a sustainable development for the future.

That may well be so, only a higher average price is still a very long way from meaning that this milk price is also cost-covering for milk producers. For today’s milk price is not at all geared to production costs which have soared so much in the last two years that the gap between the milk price and production costs is widening all the time.

Products with more added value are important, but not a panacea, for securing the economic survival of our sector and holding out prospects for young farmers. Should our society be interested in food production in Europe, this puts the pressure primarily on politicians. They have to advocate better competition laws, fair trade and the development of an intelligent agricultural policy that makes farmers enjoy their work again.

The dairy co-operatives could also make a positive contribution here – they have enough political influence after all. Then everyone involved would have a real added value that really makes a difference.

Sieta van Keimpema (Member of the EMB Board and President of the DDB)

Fair Milk in Belgium: co-operation with Luxembourg dairy given official go-ahead

According to a report from the eastern Belgian daily newspaper GrenzEcho (17 April), co-operation between the Belgian co-operative Faircoop and the Luxembourg dairy Luxlait was given the official go-ahead on 16 April with the signing of a joint declaration. Under the brand name “Fairebel”, Faircoop has been marketing the Fair Milk initiated by the European Milk Board (EMB) in Belgium since 2010. Fairebel products such as semi-skimmed milk and chocolate milk are filled by Luxlait in Luxembourg, with the latter not having Belgian suppliers. This practice was criticised in the past.

According to Faircoop, though, there was no alternative, as no suitable dairy for the Fair Milk project could be found in Belgium.

This criticism has now been allayed by the signing of the letter of intent. In it, Faircoop undertakes – by way of balancing out seasonal fluctuations in milk delivery – to buy up in Belgium the same quantity of milk for Luxlait as the latter supplies Belgium with in Fairebel products.

With the signing of the agreement the Belgian-Luxembourg co-operation in the dairy sector has also been given a political blessing, as both the Luxembourg Minister of Agriculture and his opposite number from the neighbouring southern Belgian region of Wallonia were in attendance. According to the GrenzEcho report, however, the Wallonian Minister of Agriculture's support met with a total lack of understanding in the Belgian dairy industry and its lobbies. The minister had stabbed the domestic dairy industry in the back, they said. Be that as it may, the extra attention this created in the Belgian media will not undermine the success of Fair Milk in Belgium – quite the opposite.

Christian Schnier (EMB)

British firm of consultants forecasts milk price slump after 2015

According to the British firm of consultants The Dairy Group, milk prices in the EU could plummet when the milk quotas are abolished in 2015 because of an increase in production. Current assessments that the volume of milk produced in some EU member states will increase are, they say, not unfounded. They point to growing direct investments from China in the Irish dairy sector and the Danish dairy group Arla's plans to increase capacity. In addition, there are signs that milk producers in Germany, the Netherlands, France and Poland are stepping up production capacity.

According to The Dairy Group, an increase in production by the eight largest milk producing countries – Germany, France, Ireland, Italy, the Netherlands, Poland, Spain and the United Kingdom – by just 1 percent would mean an extra 1.2 million tons in volume of milk. As a comparison, a 1-percent increase in production in the less regulated USA milk market resulted in prices falling by roughly 10 percent. Assuming demand remains constant, The Dairy Group says a similar price collapse resulting from increased production is conceivable in the EU.

Moreover, the latest developments in New Zealand show signs of generally growing volatility in the milk markets. A 2.5-percent decrease in the volume of milk produced triggered off a clear price rise of about 20 percent.

Christian Schnier (EMB)

EMB Diary

Here are some of the EMB Board's key dates in May 2013:

- 6.05: EMB Board meeting in Brussels
- 9/10.5: Farmers' Conference in Latvia
- 13/14.05: Meeting with the Irish Minister of Agriculture in Brussels
- 14/15.05: ARC2020 workshop in Berlin

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