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Dear dairy farmers, dear readers,

This newsletter is again a little longer, so it might be the just the right thing to read during a spring shower. It reflects the different levels and places where the European Milk Board (EMB) and its member associations are active very well.

The EMB is in the right place in Brussels where the agricultural committee of the European parliament is currently discussing the milk package of the European Commission. James Nicholson, rapporteur for milk, has presented his commentary on the milk package and is now discussing with the other members of the European parliament, some of whom think that the milk package should go further than proposed by the Nicholson-report, for instance with regard to the pooling limits. A lot of things are in motion and there are several members of the parliament who think that the demands of the EMB are useful and who are willing to back them. It remains, however, to be seen what the dairy policy of the EU will be like in the future and whether it will provide the framework for cost-covering producer prices.

The strong pressure of the grassroots movement is also decisive for the success of dairy farmers at the political level as well. Demonstrations in Salzburg, Austria, in Jena, Germany and in Bern, Switzerland have made a vital contribution over the last few days.

And dairy farmers do not wait for policy-makers to pave the way for them, but take the marketing of their milk into their own two hands. The Freie Milch Austria (Free Milk Austria) has attracted many new members and more and more Austria producers do not deliver their milk directly to a dairy, but sell it to marketing organisation run by dairy farmers. D'fair Mëllech, the Fair Milk, was launched in Luxemburg in February. The buying patterns of consumers show that they are in favour of fair producer prices and high quality production.

I hope that you enjoy this month's newsletter!

Kind regards

Sonja Korpeter, EMB.

European milk producers close in on German ministers of agriculture

Supported loudly by their colleagues from partner organisation from Italy, Austria and the Netherlands approximately 350 German milk producers and other farmers marched to the gates of the German Ministers of Agriculture on March 31st, 2011. The Federal Minister and the Minister from the German Länder (16 regional governments) met in Jena in Thuringia to discuss the reform of the EU agricultural policy. The so-called milk package of the EU that is supposed to strengthen the currently weak bargaining power of milk producers was also on the agenda. The demonstration took place in front of the conference venue. At the demonstration Romuald Schaber, the President of the EMB and the Bundesverband Deutscher Milchviehhalter (BDM), called on the German ministers to support significant amendments of the EU proposals on the milk package. He said that Germany has been putting on the brakes too much. When it transpired that a proposal to this effect, that was submitted by two of the Länder, was rejected, demonstrators protested loudly. Romuald Schaber called on the ministers to take a long-term political approach. In addition milk producers need possibilities to pool themselves as least to same extent as dairies. The special status, that the proposals as well as the German government want to grant cooperative dairies, needs to be done away with, so that milk producers are able to

participate equally on the market.

30 milk producers from Italy hit the road in the middle of the night, to participate actively in the demonstration after an 11 hours drive. „We are tired of working only so that the big dairy companies can skim the cream off the top” said a member of the Italian organisation APL della Pianura Padana.

The Dutch colleagues from DDB and NMV brought along as a gift a bag full of red whistles. „We are sending the current policy off the field as it is neither sustainable for our farms nor for society as a whole” translates Sieta van Keimpema, the EMB vice-president, the message.

The new president of the Austrian organisation IG Milch, Erna Feldhofer, said clearly that the problems of milk producers are quite similar in all European countries. „It does not make any difference whether farms are big or small. All of us need an income to sustain and develop our farms. This is a problem that concerns society as a whole, because not only our farms will be lost, but also the cultural landscape, a piece of the environment and ultimately quality of life.” She called on the protestors to keep on standing for common solutions and was given a big round of applause.

Georg Janssen represented the second German EMB member organisation AbL (Arbeitsgemeinschaft bäuerliche Landwirtschaft) and he presented the initiative „Meine Landwirtschaft“ (My Agriculture). This initiative is supported by a broad alliance of different agricultural, environmental, development aid organisations and churches. „Many people in our country are interested in our farming and the agricultural conditions. With this joint campaign we try to reach out to these people directly. We are convinced that the majority of them supports our demands; the majority of them rejects the current policy. This must and this will also show itself in the reform of the EU agricultural policy” says Janssen confidently.

For more information visit also the web sites: www.bdm-verband.de and www.abl-ev.de.

Ulrich Jasper, AbL

France: law determines nine dairy quota regions

So far quotas were managed at the level of the “departements” (100 departements) in France. Milk producers who went out of business passed on their quotas to the department and the volumes were redistributed according to certain criteria (young farmers, investors and others). After the decrees 2011-259 and 2011-260 came into force on March 10th, 2011 nine milk quota region will now manage the volumes. They were created based on geographic parameters as well as their form of milk production. In each region a commission (“conference”) will decide how these milk volumes are distributed. This commission is made up of prefects, representatives of farmers’ organisations, dairies, policy-makers, one consumer representative and others. The reason that was given for the creation of nine regions was that it should be easier for milk producers and dairies to adjust to the new conditions of the milk sector (higher price volatility for milk and dairy products; phasing out of the quota system). In fact it will now be far easier to relocate milk volumes from difficult production regions to areas that are closer to dairies. This is problematic for producers and regions that might lose their milk production. Another problem is that milk producers are badly represented in these commissions as they can only designate 6 out of 22 representatives. Moreover, the producer representatives are members of the political farmers’ associations and not of producer organisations. For producers this new law is no improvement in their struggle for cost-covering prices. Dairies probably see it as an opportunity to reduce costs as it is easier to concentrate the milk production.

Willem Smeenk, OPL and EMB board member

Criticism of James Nicholson’s milk report

Draft report outlines restrictions for the pooling of milk producers

Why do European milk producers criticise the draft report of the European parliament on the milk package of the European Commission? The European Commission wants to enhance the pooling of milk producers in the EU with its “milk package” – even though the limits are quite restrictive. The draft report on the milk package that was published by James Nicholson, member of the European parliament, limits the pooling of milk producers even further and softens some provisions for cooperative dairies. The proposals of the Commission say, for instance, that producer organisations can negotiate delivery contracts for their farmer with dairies. Members of cooperative dairies can, however, be deprived the right to be represented by producer organisation during contract negotiations as the interests of producers are already sufficiently taken into account by cooperatives according to the explanation given by European Commission.

The report of James Nicholson, a British MEP, says in this context: „The co-operative movement is a means of economical organisation under leadership of the milk producers themselves, where the milk producers participate on a voluntary basis.“ This met with outrage at the European Milk Board, the association of European dairy farmers. In a statement on the draft report of Mr. Nicholson the EMB warns against a special status of cooperatives, as the majority of cooperatives did not, as they were theoretically supposed, represent the interests of producers. „If the cooperatives are given a special position because it is falsely assumed this will put dairy farmers in a better position, this will not improve their weak position at all. This is particularly disastrous, since a high percentage of EU milk producers are in cooperatives – 58 percent of the EU volume is processed in dairy cooperatives“ says the EMB.

Limits are too low

James Nicholson also wants to fix the limit for pooling of producers at 20% instead of 33% as proposed by the European Commission. He does not, however, propose to change the EU-wide ceiling of 3,5% of the European milk production.

The European milk producers criticise both proposals. The EMB demands that the upper limit of the EU-wide pooling should be increased to 30% and that the national pooling is not limited as all. Both proposals do not contain a pooling limit for cooperatives. Mergers of giant companies, such as the recent merger of Nordmilch and Humana, can still not be prevented.

The milk package envisions that each EU member state can decide whether dairies have to conclude contracts with their suppliers. These contracts have to include certain terms and conditions determined by the Commission such as information on the milk price, delivery volume and agenda as well as duration of the contract.

Milk producers in cooperatives

Cooperatives are allowed not to have contracts with milk producers, despite national provisions “if its statutes contain provisions having similar effects” as the provisions outlined by the European Commission.

The draft report of James Nicholson softens this decision in favour of the dairies even further: „Even if a Member State has decided that it will not be compulsory for milk to be covered by a contract, a producer organisation or a farmer may require a contract [...]. In those circumstances, the dairy may either accept the contract, or reject the delivery of milk“.

This meets with criticism of the EMB. „A dairy farmer is in no position at all to push through a contract if the dairy has the right to reject it“ says the EMB. The EMB demands contracts to be mandatory for every member state, every producer and every processor. Furthermore, a monitoring agency ought to be set up at the EU level to determine and implement fair prices.

Transparency for milk producers

Representatives of milk producers welcome, however, some of the proposed amendments as well. The EMB agrees with Mr. Nicholson’s proposal that the entire milk production and milk supply in the EU needs to be determined to increase transparency for all participants of the milk supply chain. To this end the legislative proposals of the Commission and James Nicholson state that: “processors of raw milk shall declare to the competent national authority the quantity of raw milk that has been delivered to them each month”. In his report Nicholson also demands more support of innovation, research and development in the dairy industry “to exploit the full potential of milk and milk products”. Nicholson says as well that in addition advertisement measures for milk and milk products ought to be taken in the EU and third countries to increase the consumption of dairy products. The EMB points out that innovation and research are important, but that they do not contribute to solving the problems of the dairy market. The EMB says: “The report should concentrate on the structure changes required”. The EMB has developed amendments to the draft report of James Nicholson and presented the MEPs in charge with its own proposals for a reform of the dairy market. The final vote of the European parliament on the milk package will probably take place in June.

Marlene Herzog, Bauernstimme

„D’fair Mëllech“ is available in Luxemburg!

In February 2011 the milk producers that are members of the „Luxembourg Dairy Board“ (LDB) presented their own milk brand: D’fair Mëllech“. Having founded an agricultural cooperative called „Fairkoperativ Letzebuerg“ and having prepared everything for months they were able to start selling their milk for a fair price.

The project met with a lot of interest in the ministries that are in charge: sustainability and agriculture. Negotiations with the only dairy in Luxemburg were initiated to discuss packaging and delivery of milk to the shops. Having reached certain

agreements the biggest retail chains included the new product in their range of products. Some private shops included the first "fair" product from Luxemburg immediately in their range of products.

A marketing company was put in charge of the marketing concept. As part of the public relations work the press in Luxemburg received an invitation for a press conference. During this extraordinary press conference that took place on a dairy farm the media representatives could see how the „Fair Mëllech“ is really produced. Newspapers covered the basic principle behind the "Fair Milk" and the standards for a sustainable agriculture that the farmers have to meet when they produce „fair Mëllech“ extensively. The sensible and well-planned start of the nation-wide marketing worked thus very well.

In the meantime about 50 dairy farmers joined the „Fairkoperativ Letzebuerg“. The founding members see that they took the right decision and that the step towards self-marketing is worth it and they already plan to take the next steps on the market in Luxemburg.

We would like to use the opportunity to thank all our forerunners in other European countries and all our negotiating partners in Luxemburg.

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Fredy de Martines, LDM

Switzerland: volume control still pending

The Council of States rejected the Motion Aebi. This motion had demanded that the Federation of Swiss Milk Producers could pass generally binding decisions to enable dairy farmers to regulate the milk volumes at the producer level. After the voting results were published the members of the interprofessional organisation BOM (all participants of the milk market) met and decided to charge 1 Rappen/kg for all dairy products.

Commentary on the BOM and the position of the state

The dairy industry denies any responsibility for the current overproduction. It profited, however, a great deal from the plummeting milk prices. The dairy Emmi has announced that its revenue increased in the year 2010 by 14%. Charging 1 Rappen/kg means that it is once more the producers who have to pay the toll to reduce the butter stocks. The industry and its lobby in the parliament do not want to reduce production in order to keep a lower price. Uniterre thinks that this system cannot work as there are no concrete measures to slow down the increasing production.

Proposed regulation

Uniterre demands a regulation managed by producers. Structures to regulate volumes need to be created and there must be mechanisms to allocate and to withdraw volumes. The individual milk volume per farm in 2008/2009 should provide the basis. A fund that is funded by charges on surpluses would make it possible to support producers who comply with the requirements of the market that covers the production costs. For example: decrease of production in case of overproduction or increase of production in case of significant price increases (system resembles the one proposed by the EMB). The aim of this system is to cover the production costs for milk in the entire sector. The implementation of the regulative structures has to be monitored by the SMP and Uniterre. This solution does not question the existence of the BOM. But for this interprofessional organisation to function, producers need an instrument to regulate the supply. Please visit our website for more information: http://www.uniterre.ch/doc/schema_mesure_Gestion_Suisse.pdf.

Demonstration on April 4, 2011 in Bern

Uniterre is of the opinion that it is urgently required to inform the public about the situation of producers and put pressure on policy-makers so that the issue of the dairy market is put on the agenda again. On April 4, 2011 all groups from the German- and the French-speaking parts of Switzerland organised a demonstration in Bern, the Swiss capital. They wanted to thank the Swiss people for their support of farmers and their families, to address the issue of unfair prices again, to demand 1 CHF for A-milk and the possibility not to produce B- and C-milk, to seek the support of politics for generally binding rules issued by milk producers, to implement the regulative system mentioned above and to make a

stance for an agricultural policy based on the principle of food sovereignty. Please visit Uniterre's website for more information on the demonstration: <http://www.uniterre.ch/Dossiers/revoltePaysanne.html> and <http://www.uniterre.ch/Dossiers/revoltePaysanne.html>

Nicolas Besençon, Uniterre

„Wir haben es satt“ – Demonstration for a reform of the agricultural policy in Salzburg

Leading agricultural politicians met on March 25th, 2011 in Salzburg on the occasion of the 5th Bavarian-Austrian Strategy meeting on the issue "Agricultural markets between regulation and liberalisation". By being present farmers from Via Campesina Austria and the Bavarian AbL showed the agricultural politicians who came to Salzburg as well as the public that they are more than fed up with the gibberish about "free markets". They were supported by IG-Milch, Attac Austria, FIAN Austria, SOL, Grünen Bauern und Bäuerinnen and the Agrarbündnis Österreich.

They stated that the so-called "liberalised markets" would only serve one purpose and that is to support the agricultural industry and to provide food processing companies with cheap raw materials to make sure that the prices of agricultural products produced in Europe are low enough for the European food export industry to compete on the world market.

The appeal for the demonstration says: To sustain family farms throughout Europe, farmers have to receive cost-covering and stable prices. Agricultural markets have thus to be managed so that all people have access to good food and that there are in the future more farmers and not less. To abolish existing regulations and wanting to reduce the resulting price volatilities by means of speculation and risk insurances just takes the biscuit! Therefore we demand that regulative measures for the markets are strengthened and to make them a priority of the future Common Food and Agricultural Policy.

Sonja Kerspeter, EMB

Freie Milch Austria continues to grow

On April 1st, 2011 Freie Milch Austria GmbH (FMA, Free Milk Austria Ltd) welcomed 259 new members. From now on the milk of 584 milk producers will be marketed. Despite the, in some cases, very high graduated prices of dairies in Austria most of which are cooperatives (big suppliers get a higher milk price) above-average farms joined Freie Milch Austria. FMA members have an average quota of about 130.000kg (Average in Austria: 75.000 kg/year). This is a new form of solidarity as all FMA members receive a standardised milk price. Moreover, FMA delivers from April 1st, 2011 onwards milk to a dairy ex works. This means that the dairy will only receive the milk that it needs and from the point of view of the FMA this is a model for the future.

Margit Pirklbaur, IG-Milch

France: OPL Congress

On March 15th, 2011 the OPL-Congress took place in Marmilhat (Puy de Dôme). An analysis of the proposals and the political positions of the European Union and the French minister for Agriculture Bruno LeMaire were on the agenda.

The agro-economist André Pflimlin explained that the global milk market was an illusion given the increasing demand worldwide. One would have to choose between exporting industrialised goods at low prices and hampering (or destroying) local production in developing countries and respecting food sovereignty in these countries and supporting local dairy farming.

According to André Pflimlin we need for dairy farming in Europe: production that is adapted to the domestic demand, external protection and more flexibility when it comes to transferring quotas between regions and countries whereas priority should be given to those who contribute to value creation and use grasslands.

All of this must be supervised by a European agency that has the following tasks:

Monitoring of supply and demand and adjustment,

Framework for negotiations "milk price corridor" based on production costs,

Transparency vis-à-vis civil society and consumers.

Paul de Montvalon, president of the Office du Lait National, presented the Office du Lait and the producer organisation „France Milkboard“ and he said: „We have to combine the producer organisations at the grassroots level in the France Milkboard with the European monitoring agency. The Office du Lait National acts as a mediator.“

The Office du Lait is an independent and transparent interprofessional organisation, a kind of monitoring agency, which consists of five sections:

Section: processors: private + cooperatives

Section: consumers: ACE (Association de Consommateurs et d'Éleveurs laitiers)

Section: retail

Section: public authorities

Section: producers, i.e. France Milk Board.

APLI (Association des Producteurs de Lait Indépendants) and OPL (Organisation des Producteurs de Lait) are members of the Office du Lait and take part in its activities. The Office du Lait is open to all producers. The producer organisation „France Milkboard“ is a national, non-commercial producer organisation run by producers. The aim of this organisation is to pool all French producers of all dairies, no matter whether they are private or run by cooperatives. The main objective is to negotiate jointly a single contract with the processing industry that complies with the legal provisions.

In his closing statement Daniel Condat, the president of the OPL, said: “If many milk producers join the France Milkboard and we keep on cooperating with our dairies at the same time, they give the new producer organisation a mandate to sign collective contracts that guarantee their production costs. They thus show the agricultural minister that they are able to pool themselves and to organise a new form of production regulation.”

Françoise Fourdinier, OPL

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