

## Dear dairy farmers, dear interested parties,

### EMB on the right track for the future

The annual Members' Assembly of the European Milk Board was held on 16-17 April 2018 in Brussels. The agenda included workshops and discussions on strategic issues as well as the usual procedural points. As part of the latter, a new Executive Committee was elected. Johannes Pfaller from BDM, Germany and Pat McCormack from the ICMSA, Ireland have been elected as new members to the Executive Committee. Erwin Schöpges is the new President, and Sieta van Keimpema continues as Vice-president. With the previous team around Roberto Cavaliere, Boris Gondouin and Kjartan Poulsen, the EMB remains well positioned.

In addition to John Comer from Ireland, I too stepped down from my post. Over the last six years, John has contributed significantly to the work of the EMB Executive Committee. Thanks to his openness, knowledge and most definitely his dry sense of humour, he was highly regarded by all his colleagues.

My humble self had the honour of being an Executive Committee member and representing the EMB as its President since the founding of the organisation in 2006. So, it is time and a good opportunity to look back and take stock.

In 2002 and 2003, before the EMB was founded, my fellow colleagues and I from Germany had our first conversations with farmers from neighbouring European countries. To our surprise, after just a couple of hours of talking to each other, we realised that dairy farmers in all European countries were essentially facing the same problems. Milk prices were too low to both cover production costs and make a decent living. At the same time, proposals from the European Commission were pointing the dairy market in the direction of further liberalisation. There was little reason to be hopeful. We came to a common conclusion: We must unite at European level in order to defend our interests ourselves. Waiting for the established farmers' unions was not an option. Their political links are too obvious and they are therefore incapable of presenting a transparent and representative case in favour of producers. The first milestone was November 2004, when dairy farmers from Germany, Netherlands, Denmark and Austria met for the first time in Hamburg. They made a common demand for a milk price of 40 cents per litre. This was followed by meetings in Amsterdam, Billund and Salzburg. The number of countries represented by the attending dairy farmers increased with every meeting, and thus Italy, Belgium, Switzerland and France also joined our ranks. Finally, in June 2006 in Montichari, Italy, we were able to found the EMB. An Executive Committee made up of seven active dairy farmers representing the member organisations began their work. We set up an office with Sonja Korpeter as the first managing director.

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Since then, the EMB has grown to include 20 organisations from 15 countries. We are well-established at European level and enjoy the respect and recognition of MEPs and Commission representatives as a professional organisation. Armed with committed employees in the Brussels headquarters led by managing director Silvia Däberitz, key competences as well as a fighting spirit that is impossible to extinguish, the EMB is striving to bring about corrections in European agricultural policy. Triumphs like the establishment of the Milk Market Observatory and the implementation of volume reduction measures in 2016 motivate us to continue fighting. Since the creation of the EMB, the need to have a dedicated organisation consistently representing the interests of Europe's dairy farmers has not changed. Even the end goal of cost-covering milk prices and socially-viable milk production continues to be valid.

I would like to warmly thank all fellow campaigners in the Executive Committee and the member organisations for their confidence in me over the years. I congratulate the newly-elected Executive Committee under the leadership of Erwin Schöpoges and Sieta van Keimpema and wish them every success. The European Milk Board is on the right track to improve conditions for dairy farmers.

*Romuald Schaber, EMB President 2006-2018*

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## European dairy farmers' organisation: after many years as President, Romuald Schaber passes the baton to Erwin Schöpoges

Video: [new EMB Executive Committee 2018](#)

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*(Brussels, 18.04.2018)* From yesterday's general assembly of the European Milk Board (EMB), Erwin Schöpoges emerged as the new President of the European umbrella organisation. The 53-year-old dairy farmer from Belgium has actively championed a fair milk policy ever since the EMB was founded.

In addition, the EMB Executive Committee was bolstered by two new members: Johannes Pfaller from the German milk producer organisation BDM, and Pat McCormack from the Irish Creamery Milk Suppliers' Association (ICMSA). With this committed team, the EMB is well equipped to continue to strongly advocate fair milk prices and stable milk production. The outgoing President, Romuald Schaber, is retiring after twelve successful years with the EMB to devote more attention in future to his work as a dairy farmer. John Comer from Ireland also left the Board after six years of office.

"Solidarity, cooperation and fairness are the core principles of the European dairy farmers' work", stressed Erwin Schöpoges at the meeting of 20 organisations from all over Europe. "We will continue to be highly motivated in working for cost-covering milk production, including fair pay. A production that is sustainable for consumers, for the EU producers, and also for the producers in developing countries."

In a moving farewell on Tuesday, the dairy farmers had expressed their sincere thanks for the departing President's work. "As a strong and fair President, Romuald Schaber drove the dairy farmers of Europe well forward, creating an important basis for the further work of the milk producers", said Erwin Schöpoges. Schaber himself views his time in the EMB as extraordinarily enriching in both personal and professional terms. "Working together with my European fellow dairy farmers over the last twelve years towards a better milk policy was one of the most significant and pleasurable experiences I have had. It was and always will be important to assume responsibility on the political side of our profession and join forces to defend our position."

### ***The dairy farmers' commitment to sustainable agriculture***

At the general assembly, the milk producers stressed they would continue to engage in the political debate with constructive concepts for a stable milk market and powerful campaigns of action. In this the [Market Responsibility Programme](#) (MRP) is vital for a flexible adjustment of volumes to demand in times of crisis. For fairness and

sustainability had to be truly part and parcel of agriculture.

The EMB takes a very critical view of the paradox in the trading sector: on the one hand there is a legitimate societal need for fair conditions in production and trade for humans, animals and the environment. On the other hand, current trade policy is working precisely against those conditions. With its orientation to extremely low prices and excessive competitiveness, the policy is helping stakeholders to drive one another to ruin and keep fairness out of the frame. It is important that policy-makers take this paradox on board and pave the way for a truly fair policy.

European dairy farmers are doing their best to move forward in this. With concepts like the Market Responsibility Programme they are assuming responsibility in the milk market. As in the last years, the driving force for their successful involvement in the dairy sector will continue to be solidarity among European milk producers and closing ranks with EU citizens.

*EMB press release of 18 April 2018*

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## Appeal for a change in the current agricultural and trade policy

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*Reacting to the Committee of the Regions conference "Changing the rules of international trade, a necessary condition for facing the challenges of agriculture, food and planet" (8 March), with the support of nine other organisations and two experts, the EMB made an appeal to the EU Commission's representatives, Mr Schulz-Greve (DG AGRI) and Mr Somogyi (DG Trade). The undersigned call on the EU Commission to assume more*

*responsibility for the agricultural and trade policy.*

Dear Mr Somogyi, dear Mr Schulz-Greve,

We listened to your presentations at the conference of the CoR "Changing the rules of international trade, a necessary condition for facing the challenges of agriculture, food and planet" with great interest. It became very clear at the event that there is a great need in the agricultural sector to reshape existing trade policy. Shifting priorities toward a trade strategy that is fairer and more socially and environmentally viable is especially indispensable.

As you stated yourself at the conference, the EU is a very large exporter and importer in the agricultural sector and thus, has a huge impact on global trade. The EU as a key player in this context can and must be a pioneer with respect to a much more social and more environmentally-friendly policy.

We need a new direction! Continuing with current EU policy with its one-sided orientation, where "increase trade" is the guiding principle, is not an option anymore considering both EU-wide and global issues.

There are already concepts that could constructively improve conditions for local agricultural producers as well as those in third countries. At the conference, for example, the Market Responsibility Programme for the dairy sector was mentioned. For areas where specific concepts are still to be created, stakeholders, experts and policy-makers must work together toward this goal.

In the EU as well as in the world, we are facing extremely important challenges. The trade framework described by you at the conference is unfortunately not going to be enough for us to deal with them.

**We appeal to you and to your institution to think and act much bigger and to seriously consider a crucial change of the current agricultural and trade policy.**

*Appeal for a change in the current agricultural and trade policy with signatory organisations*

## AbL Milk Conference

*Summary of this year's milk conference "Responsibility in the milk market – for volume, price and quality" of 5 March 2018, a joint event organised by AbL (Arbeitsgemeinschaft bäuerliche Landwirtschaft - German Small Farmers' Association).*

### **EU Commission: small increase in volume drags price down**

"Even small changes in volume can result in excessive price fluctuations", said Jens Schaps, the EU Commission's Director for Markets and Market Analyses. After a year of adequate prices and a milk volume increasing again in 2017, the EU Commission expects a growth in volume across the EU of 1.4% in 2018. So, further falls in prices are to be expected. "It all depends on how the volume develops", Schaps said.

The Commission's expert of long standing advised farmers to pool their supply much more than before in producer organisations in order to negotiate volumes, prices and qualities with the dairies. The EU had once again extended the rights to do so at the beginning of the year. Schaps described the one-off incentives for a voluntary reduction in volumes paid in crisis year 2016 as "more expedient than what had been done before". It was, though, hard to convey the concept of being given money for not producing.

### **MEG Milch Board: criticism of exceptions for co-operatives**

Peter Guhl, President of the national milk producer organisation MEG Milch Board, also regards the pooling of dairy farmers as essential. Yet so far the EU has hindered efforts in this direction with its exceptions for dairy co-operatives. Guhl called for members of co-operatives to also be granted a full right to independent pooling and to a written supply contract. Guhl also advocated the introduction of an across-the-board obligation to conclude supply contracts in which every year volume and price are stipulated prior to supply.

Today there was considerable variation in value creation from the milk among the dairies, but there was little variation in farm-gate prices, as Guhl showed with study results. The consequence was not only in part under-utilisation. The dairies also lacked the incentive to give dairy farmers the signal to withhold volumes when selling options were poor.

### **AbL demands rapid incentives from dairies**

Ottmar Ilchmann, AbL's milk spokesman, called on the German dairies to now quickly give incentives to reduce volumes like that introduced by the large Dutch dairy co-operative Friesland Campina. "Our dairies' current price cutting by up to more than 4 cents a litre a month is hitting farms hard, as they still have to cope with the consequences of the last crisis", Ilchmann warned. Dairy farmers were very capable of reducing the volume in the short term, but they would only do so if many of their fellow farmers did likewise. Incentives from the dairies were now needed. In the medium term, Ilchmann called for political instruments to prevent surpluses that exert pressure on prices, as practised by the EU in 2016 for the voluntary reduction in volumes.

*Uli Jasper, Arbeitsgemeinschaft bäuerliche Landwirtschaft (AbL), Germany*

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## Situation in Spain

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After an objective analysis of the dairy sector, the Spanish Milk Producers' Organisation OPL has sent a message of reassurance to producers in anticipation of stability and even a slight rise in prices for 2018, for the

following reasons:

1. Butter prices continue on an upward trend, despite decreases at the end of 2017, enabling the European Commission to forecast stable farm-gate milk prices throughout 2018.

2. According to estimates from the New Zealand Stock Exchange--, production is expected to fall in that country (the largest milk exporter in the world) by 1.5% because of the drought. This fall will be absorbed by increased production in the EU, 1.7% more than the previous year.

3. So far this year, the Fonterra auctions have seen price increases of 2.2%, 4.9% and 5.9%; only in the last auction has there been a slight decrease, of 0.5%.

4. According to data from the Spanish Agricultural Guarantee Fund (FEGA), the number of heifers in Spain has dropped by 4.4%, which would suggest a decline in production.

Despite the above figures, the dairy industry in Spain treats the arrival of spring as if it were an official sales period. Capitalising on the fact that most contracts with producers are renewed at the beginning of April, they break out their big guns and use ethically dubious techniques to spread fear amongst producers and drive prices down. They announce route cancellations so farmers who are unable to sell their milk have to offer it to other companies at knock-down prices. And then they continue to stress that there is too much milk on the market to achieve their goal of applying reductions now to counteract foreseeable price rises in the second half of the year.

The views of the industry itself have been expressed by Mr Lence, owner of Leche Río. In statements made to the EFE agency and published by El Progreso, he said *"there is no reason to lower the price of milk"*, claiming that *"there is no raw milk surplus, quite the opposite"*, even admitting that *"the possibility of lowering prices may be due to pressure from a major operator, but in no case is it due to objective market reasons"*. These statements should be seen in the light of the fact that Mr Lence has never had any compunction about applying price reductions to farm-gate milk.

For the above reasons, we urge farmers to stay calm, as all the information points to steady milk prices, with a rise in prices also looking likely.

*Press release from the Organización de Productores de Leche (OPL), Spain of 21.02.2018*

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## B.M.G. insolvency: constructive emergency aid, but another raft of measures required

The insolvency of Berliner Milcheinfuhr-Gesellschaft B.M.G., one of the biggest dairy traders in Germany with an annual milk volume of around 950 million kg milk, has put many milk suppliers whose milk was no longer collected from one day to the next in dire straits and their livelihood at risk. All the more so, since the B.M.G. milk suppliers only received an instalment in February for the milk already supplied.

“We are very pleased that both the Federal Ministry and the state ministries in North Rhine-Westphalia and Hesse in close liaison with us were keen to listen, ensuring that very quickly and constructively dairies were able to accommodate the milk from suppliers who initially couldn’t find any buyers, at least on a temporary basis”, BDM President Romuald Schaber explains. “Federal Minister Julia Klöckner and State Ministers Christina Schulze-Föcking in North Rhine-Westphalia and Priska Hinz in Hesse showed appreciation of the dairy farmers’ hardship and considerable personal commitment to accommodate even the last individual cases of suppliers still without buyers. We are also grateful to our teams in the different federal states and many members working away very hard in the background dealing with milk producer organisations affected, with several constructive dairies and committed politicians across party borders to enable quick and unbureaucratic aid and assistance for the dairy farmers affected.”

“However, we mustn’t be satisfied with what has been achieved”, stresses Schaber. “Our work still has to be done. We shouldn’t forget that some of B.M.G.’s milk, which has now been accommodated in a makeshift manner by other dairies, is not needed there, given the tense milk market situation, and will therefore be bought only at rock-bottom prices and only in the short term – which is also probably the main reason for B.M.G.’s insolvency.”

The economic fall-out for the dairy farmers is huge: in many cases the former B.M.G. suppliers are being paid a farm-gate price for their milk that is below the spot market level, because they have to cover the transportation costs themselves. According to initial estimates, the expected losses in revenue for the former B.M.G. suppliers are likely to total at least some 60 million euros – and to rise, assuming that after four weeks the milk price differences from the national average will still be significant.

As the BDM sees it, we now need a whole raft of measures to produce a satisfactory outcome from the situation for every dairy farmer. Besides rapid emergency financial aid for those affected, what is needed more than anything is to unburden the milk market as quickly as possible of milk volumes that put pressure on prices. This means the decision of the EU Commission and the EU Council of Ministers of Agriculture to suspend the fixed-price intervention process has to be retracted immediately, and the EU safety net has to be extended by time-limited volume control measures.

*Press release from Bundesverband Deutscher Milchviehhalter (BDM) of 21 March 2018*

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**Interview with long-standing EMB President Romuald Schaber on bidding farewell to the EMB**

**How would you describe your time as the President of the EMB in three sentences?**

I can easily summarise it in three words: exciting, interesting and I don't want to forget time!

**Do you feel like you learnt something during this time?**

Above all else, I have gotten to know amazing people all across Europe. I have learnt that you need lots and lots of patience – that most things take longer than expected. Of course, the different interactions have contributed to a kind of life experience as well. It was very beautiful and fruitful.

**Were you always so diplomatic and considerate, as has been your hallmark as EMB President?**

No, if you were to ask my fellow campaigners, I think they would say that I wasn't this diplomatic in the beginning but was in fact quite quick-tempered. But that's another thing that I have learnt – to remain calm, hear the other person out, reflect and then react.

**What aspect of policy-making was exciting for you?**

Actually, it was frustrating and disappointing for me to see how so many policy-makers were indifferent to the problems faced by milk producers. They act as if they are aware of the situation, but from their reactions it becomes clear that they were totally in the dark. Eventually our problems are simply shirked off for later. Of course, there are exceptions. The trick is to find people who have the will and to then work with them to achieve progress. There are good people – that is the bit that gives you hope.

**It seems like you must have a doppelgänger considering how much you travel. Will your cows now have the opportunity to see you every day?**

My cows will definitely see much more of me than in the past and that's a good thing. I will be more involved on the farm and will help my family, who has given me full freedom through the years.

**Dear Romuald, thank you very much for the interview!**

*Silvia Däberitz, EMB*

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