

Dear Dairy Farmers and Interested Parties

The situation in the European milk market is becoming dramatically worse. For months prices have been falling in every country. But that's not all: when the milk quotas in Europe are abolished at the end of March 2015, the producers will face another price collapse.

The price paid by the Danish dairy co-operative Arla has dropped from a level above European average to a level below average, which means more than a 10-cent drop. It is deeply worrying, because we, the Danish dairy producers, need at least the same price as the best-paying dairies in Europe to cover national expenses incurred under environmental, animal welfare and other national laws plus interest rates on very large debts. Only a fair milk price will allow dairy farmers to cover the additional costs caused by necessary investments.

The reason for plummeting milk prices throughout Europe is the same: production is totally out of synch with the market, that's why the market is flooded with milk. And when the last system of limits – the milk quotas – ends next year, the livelihood of many farms will be severely at risk. Four meetings of the EU Civil Dialogue Groups (CDG) and the Milk Market Observatory (MMO) have clearly shown that all participants from real life – the farmers, the industry, the buyers and the retailers – know that the situation is very critical. Only the EU officials can see in their old papers from spring that the market is functioning and the subsequent Russian import ban is compensated with money for private storage – of Italian Parmesan cheese. Who does the EU represent?

The milk producers are therefore urging politicians to implement the Market Responsibility Programme (MRP) developed by the EMB. This programme provides effective incentives for farmers to adapt their production volumes to the market. When demand then picks up again, normal production can be restored. The MRP must be implemented, or else it will be a catastrophe for Europe's milk producers.

We – the members of the European Milk Board – are agreed that there is still much to be done in the European milk market. To make this unmistakably clear to the politicians, the EMB is planning a **media campaign outside the EU Commission building in Brussels on 11 December**. We are dangerously close to the crisis scenarios of 2009 and 2012. We will meet at 10:30 hours at the Schuman roundabout in front of the European Commission. We count on your support!

Kjartan Poulsen, Member of the EMB Board and President of the LDM Denmark

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Contact

EMB - European Milk Board asbl
Rue du Commerce 124
B-1000 Brussels

Phone.: +32 - 2808 - 1935

Fax: +32 - 2808 - 8265

office@europeanmilkboard.org

www.europeanmilkboard.org

First European Fair Milk Conference

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The first European Fair Milk Conference was held in Ciney, Belgium, in early November. The aim of the organisers – the European Milk Board together with Faircoop Belgium – was to bring dairy farmers, the retail trade, consumers and politicians together and draw attention to the importance of fairly produced

milk.

Fair Milk products are currently on sale in six countries (Austria, Belgium, France, Germany, Italy and Luxembourg). Representatives from these countries reported on the respective structure of their co-operatives, the product range, their successes and difficulties in marketing, and aims for the

future.

Awarding of the Golden Faironika

At the conference, for the first time the “Golden Faironika” was awarded for special services to sustainable and fair food and milk production. A prize was awarded in each of three categories (Politician/Organisation/Farmer). The EMB honoured former Commissioner for Agriculture Dacian Ciolos with a

Golden Faironika.

Regina Reiterer, EMB

[Image Gallery](#)

[Shortfilm of the conference \(Fairebel\)](#)

EMB Press release in [English](#) or [Dutch](#)

Awarding of the Golden Faironika – words of thanks from Dacian Ciolos

The first European Fair Milk Conference was held in Ciney, Belgium, on 6 November 2014. During the conference the Golden Faironika was awarded to the former European Commissioner for Agriculture, Dacian Ciolos, for his special services to sustainable milk production. Here are a few excerpts from his speech.

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“Of course I recall very well (...) seeing the dairy farmers out in the streets. And I recall the difficult situation in 2009 in detail. From my first day as Commissioner for Agriculture I realised that the milk sector had to be a priority sector on my watch, and more than anything we had to get the farmers off the streets around the table to begin discussions and come up with solutions together.”

According to Dacian Ciolos, the Milk Package, the CAP reform and the amendments made to the competition rules now represent instruments for managing the crises. But he was not “satisfied with that” and in September 2013 organised a major conference on the milk sector. “Afterwards I went to the Council and the Parliament to tell them that from the conclusions of the conference what we had done up until then to manage crisis situations was simply not enough. That even if we had instruments to manage crises, we still didn’t have enough instruments to prevent crisis situations. So, yes, we had taken some steps, but there was undoubtedly still more to be done.

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In his address the former Commissioner also made an appeal to the incumbents: *“And I hope that the team that goes to the Commission, to the Parliament, that the Council of the Ministers of Agriculture will understand that the milk sector must remain on the agenda and must remain a priority sector in the politicians’ concerns. No just because milk is an essential product of European agriculture but also because, unlike other producers, milk producers are scattered throughout Europe, in more productive regions as well as more difficult regions. (...) A public policy like the CAP must take into account these factors and all their specific characteristics. If we want to have dairy farmers in the European Union, more than in other sectors we must allow for the diversity of the sector, as well as its uncertainty, since we are now going to abolish the quotas.”*

He concluded: *“So, there is still plenty of work to be done. But I hope that what we did constituted important steps and will give courage and strength to those who will have to take decisions to carry on the good work.”* The former Commissioner also underlined the importance of setting up the new Milk Market Observatory following the EMB’s requests: *“I am glad that following your request, together we managed to set up this milk sector observatory. It is the first agricultural sector in the European Union to have such an instrument. And that was your request, your proposal. (...) You are now around the table (...), not just in the Milk Observatory, but now your organisation is also represented in the consultative bodies of the European Commission.”*

He ended his speech by congratulating the producers on their efforts to come up with other solutions on the economic level: *“But I also congratulate you on what you have done to come up with economic solutions to the problem you face. (...) You prove that dairy farmers can also have a voice among consumers and retailers in finding solutions for distributing milk at a fair price.”*

“At all events, one thing you must know is that no matter where I am, if I am still involved in agriculture or not, you will always have a friend in me, a supporter, full of optimism that you will be able to come up with solutions – and that together we will be able to come up with solutions. I wish to thank all my friends in your organisation for the trust you have shown in me. Rest assured, I am your friend. Thank you very much.”

Astrid Sauvage, EMB

[Video - Awarding of the Golden Faironika and speech Ciolos \(French/German\)](#)

European milk producers warn against market liberalisation

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Press release - EMB Members' Assembly

(Saint-Brice-en-Coglès, 21.11.2014) The situation in the European milk market is becoming dramatically worse. For months prices have been falling in every

country.

But that's not all: when the milk quotas in Europe are abolished at the end of March 2015, the producers will face another price collapse. It is against the background of this economically and politically tough situation that this year's Members' Meeting of the European Milk Board (EMB) is being held from 20 to 21 November. More than 50 milk producers from 15 European countries are gathering in Saint-Brice-en-Coglès, France, to discuss the current market

situation and future strategies.

“The current price situation is drastic”, says the President of the EMB, Romuald Schaber. “The milk price is in free fall in every European country.” Dairies in Belgium, for instance, have already announced they will be paying only 25 cents from January. In France, too, it is likely that prices will drop to an unbearable level. The worst off at present are the Baltic States, where producers are being paid just 16-17 cents a kilo of milk. The reason is the same throughout Europe: “Production is totally out of synch with the market, that’s why the market is flooded with milk”, Romuald Schaber explains. And

when the last system of limits – the milk quotas – ends next year, the livelihood of many farms will be severely at risk.

Market Responsibility Programme (MRP)

The milk producers are therefore urging politicians to implement the Market Responsibility Programme (MRP) developed by the EMB. This programme provides effective incentives for farmers to adapt their production volumes to the market. When demand then picks up again, normal production can be restored. "The MRP must be implemented, or else it will be a catastrophe for Europe's milk producers", Schaber warns.

In view of the tense market situation in France, Paul de Montvalon, the French member of the EMB Board, is demanding that policy-makers create the basic conditions for producers to join forces. "Current contractual negotiations between producers and the industry are leading to deadlock. More producers must unite for them to have enough clout in the market to influence the content of contracts."

Véronique Le Floc'h, President of the OPL (Organisation des producteurs de lait) also insists on the need to regulate production in order to guarantee farmers a decent income. Only a fair milk price will allow dairy farmers to cover the additional costs caused by necessary investments. "We can currently observe a phenomenon of 'vagrancy' of dairy farmers, who often work hard without an income."

EMB campaign of action in December

The members of the European Milk Board are agreed that there is still much to be done in the European milk market. To make this unmistakably clear to the politicians, the EMB is planning a media campaign outside the EU Commission building in Brussels on 11 December. "We are dangerously close to the crisis scenarios of 2009 and 2012. The present market situation will drive the farmers out into the streets again", Schaber concludes.

Hanna Vauchelle, EMB

[Video - Members' Assembly EMB 11/2014 \(in German\)](#)

Situation in Ireland

Utmost in the mind of dairy farmers in Ireland this winter is milk price and quota.

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Milk price paid to dairy farmers from dairy processors is currently 30-32 cents per litre down from 39 cpl at the start of the year. Based on estimated milk deliveries as submitted by milk purchasers for the period up to 31st of October 2014, Ireland is 7.15% over quota when account is taken of the butterfat content of milk deliveries during that period, meaning at present we are facing a super-levy fine of €110m.

The exceptional growth of grass in summer and autumn coupled with a high average price per litre has seen milk supply surge over our national quota levels to the aforementioned 7.15%. The likelihood is that supply will contract slightly in the winter months but not close to enough to avoid a super levy in the final year of quotas. This means that the super levy will most certainly be paid at the end of the quota year unless a severe supply shock happens in the coming months. There is a huge concern amongst farmers regarding the likely milk price for 2015 and its impact on farm income.

Paul Smith, ICMSA

Switzerland: For food sovereignty - agriculture affects every single one of us!

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Alimentaire

On 30 September the Swiss farmers' union Uniterre, aided by several organisations and personalities, launched a federal people's initiative aimed at enshrining the key points of food sovereignty in our constitution (the country's supreme law). Several of the issues supported apply especially to the milk

sector.

The concept of food sovereignty was developed by the international farmers' movement [La Via Campesina](#) nearly 20 years ago. It is a global concept that goes beyond food security because it focuses on enabling an agricultural and food policy that clearly defines by whom, for whom, how and why we produce foodstuffs. Its initiators therefore want the confederation to promote cost-covering and diversified farming, capable of supplying healthy foodstuffs that

come up to the population's social and ecological expectations.

Relaunch a farmers' momentum

The figures for the last twenty years make bleak reading. More than 100,000 jobs have been lost in the agricultural sector, over 40% of farms have closed down, and what we have been seeing is a concentration of production in areas

easy for buyers to access, and countryside maintenance in marginal areas: in a nutshell, dual agriculture that does not meet the challenges of the future. Whereas the prices paid to farmers have fallen by 28% in these last few years, consumer prices have risen 10%; inevitably certain players between these two links in the food chain seem to be taking advantage of the deregulation of markets. The initiators demand that the confederation put in place general conditions that guarantee the creation of a more transparent agricultural and food market that benefits farmers and consumers alike.

Management of supply and fair prices

The deregulation of milk quotas has allowed the processing industry and retailers to take hold of the milk sector. It is they who dictate prices and the volumes to be produced. The producers no longer have a say in this. None of the dairy farmers' political or organisational activities to date has brought about a change in the situation, because there is no longer a legal framework for the market and the regulation of production. Specifically, the farmers are no longer players in their sector. They are subject to it.

To change the goalposts the initiative is calling on the State to support the creation of farming organisations whose aim is to ensure a match between farmers' supply and consumer needs, such as a market observatory and a regulatory body. It is also calling for a guarantee of transparency in the markets to enable a fair price to be set in each sector. It further calls for the confederation to strengthen its support for local retailing and for regional processing, storage and marketing structures.

Fairer wages and international trade

Uniterre has always stated that every region or population is entitled to protect itself against cheap imports. In return, it must abandon any form of export subsidies. The border has a controlling role that must be used consistently and in solidarity. It must be able to block milk powder or butter exported with export subsidies likely to compete with milk producers from other regions of the world. It must be able to filter, even block products that would harm the maintenance and development of local production.

The text also calls for agricultural workers' wages to be harmonised on a federal level and no longer on a cantonal level, as at present.

To find out more and download the signature forms go to www.souverainete-alimentaire.ch (in French/German/Italian)

Nicolas Bezençon, Uniterre

Interview with David Handley, Chairman of the FFA

*The EMB interviewed Mister Handley concerning the FFA's latest protests that were held all round the country [see article in EMB Newsletter 11/2014]. David Handley is the Chairman of the farmers' organisation **Farmers for Action**, the "grass-root fighting force of British agriculture". FFA formed in May 2000 by a group of farmers who were disillusioned by the ineffectiveness of the organisations representing their industry. David Handley, a dairy farmer from Monmouthshire in South Wales, has been Chairman of the organisation since 2000.*

© FFA

Mister Handley, could you tell us a few words concerning the general context in the UK which lead to the latest protests?

We are currently facing serious problems in the dairy sector. Dairies, retailers and supermarkets devalue milk prices to the level of a throwaway product. We can no longer accept this and understood that we needed to do more than talk about it. This is why we decided to stage protests against concerned businesses in order to address the problems we are facing.

How were these rallies organised?

In the last five weeks we organised protests on a weekly basis. We targeted the retailers, supermarkets, dairies and supermarket distribution centres involved. We held rallies all around the country. The protests had massive media coverage in the press and on national television. We went to the rallies with tractors and farm equipment and also brought our farming families – wives, children – to attract the media. Our aim is to show consumers what is the current situation.

Which businesses did you target in particular?

As for dairies involved, there were Müller, Dairy Crest, Adams Foods, just to give a few examples. On the retailer side we targeted supermarkets such as Morrisons, Iceland and Sainsbury's. But there are many more. They are all involved in the same price war and devalue our milk in the stores, selling it for ridiculous prices, ranging from 60 to 80 pence per litre (0,76 - 1,01 euros).

What is the current milk price in the UK?

We are currently getting a milk price of about 26 pence per litre (33 eurocents). There has been a massive price drop over the last month. On my farm for instance, in May I still received 32 pence (40 eurocents). We have carried out a study that shows that in Great Britain, over the last six years we received a milk price that covers production cost only during six months in total. The current cost of production in the UK is around 30 pence (38 eurocents) per litre for farms producing the whole year, a little bit less (26-27 pence, i.e. 33-34 eurocents per litre) for farms with spring calving and grass-fed dairy cows.

Were there some reactions on a political level following the protests?

As I said, there was huge media coverage of the protests and we also received consumers' support. As for the political level, we had a meeting at the UK government yesterday. It was a meeting of the so-called select committee with Members of Parliament of all parties who take evidence of stakeholders and then make a report that is sent to the government. We also met the Minister in charge later that day. We want the report of this meeting to be sent also to the EU Institutions, as decisions on EU level (Russian embargo etc.) also have an impact on UK farmers. Neither the EU nor the UK government can just sit back and do nothing.

What are your demands?

We want more than just storage aid. Products that are stored do not disappear but are eventually sold on the market, so this is not a solution. We want the intervention price to be raised by at least 4-5 pence (5-6.3 eurocents) per litre. We also propose a model with an A and a B price. With the end of milk quotas there has to be some farmers' control on production. In the system we propose each farm would have a certain volume of production for which it gets the A price. The rest of the milk would be sold at world market prices, i.e. the B price. The B price can be below intervention price. This system would cut down production and allow stabilising the market. We proposed it to the government yesterday and ask them to bring it to Brussels.

Did you plan more protests in the coming weeks?

Yes indeed. There will be another rally in the South West and in the North West this evening. Again, we will bring many tractors. In December as well we will stage rallies at least on a weekly basis, with each time a few hundred farmers. We had protests with 500 to 600 farmers. Farmers are angry and no longer want to accept this situation. Before the start of the protests we organised four meetings. In total 3,000 to 4,000 farmers came to these meetings – farmers from all sectors. Even consumers come to the rallies to show their support.

Mister Handley, thank you for your time.

Astrid Sauvage, EMB

EU Commission sued by European Citizens' Initiative against TTIP and CETA

© European Citizens'
Initiative "Stop TTIP"
register the Citizens' Initiative.

As announced by the European Citizens' Initiative (ECI) "Stop TTIP", they will be taking the European Commission to court over its refusal to officially

The alliance comprising 300 organisations filed a lawsuit with the European Court of Justice in November. The ECI intends to collect signatures against the trade agreement of the EU with the USA and Canada – the TTIP and CETA. The aim of these signatures is to make the EU Commission legally responsible and induce the EU to end negotiations on the TTIP and CETA.

The application submitted in July 2014 for the ECI to be registered was declined by the Commission on the grounds that the Citizens' Initiative was not within its sphere of competence. In the view of the ECI this argument does not stand up, and it is necessary for the undemocratic course of the European Commission to be corrected.

As representatives of the initiative announced in a press release in mid-November: "the EU Commission wants to exclude the people completely." According to the representatives, the people are not allowed to interfere at all throughout the negotiations, and when the treaties are on the table it will be too late. Another aim of the lawsuit against the Commission is to open the doors for future Citizens' Initiatives and prevent them being made toothless paper tigers.

Background

The direct democracy instrument of the European Citizens' Initiative has been in existence in the EU since 2011. It enables EU citizens to call on the European Commission to propose a legal instrument. It has to be supported by at least

one million EU citizens from at least seven of the 28 EU states. The European Milk Board is a member of the alliance and supports the initiative. The Citizens' Initiative can be signed using the following link (the form is available in every language): <https://stop-ttip.org/sign/>

Silvia Däberitz, EMB

Brief news

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Promotion of exports announced in the milk sector

As EU Commissioner for Agriculture Phil Hogan announced in mid-November, the large volumes of milk expected after the end of the milk quota are to be disposed of as exports. During his first trip abroad to Germany, Hogan referred in this context to stepping up milk export promotion.

The commissioner's ideas are, however, misguided. EU dairy farmers themselves and producers the world over will suffer if the massive milk surpluses expected flood the world market, putting downward pressure on prices. And the milk producers themselves run the risk of being hit by a downward price spiral. Instead, to stabilise the markets the foot should be pressed on the production brake in times of milk surpluses. There are reports every now and then of half-hearted appeals by politicians to individual producers, but that falls well short of the mark. Instead, what is needed is a deceleration of production across the board, controlled by general political

regulations.

Debate between Commissioner for Agriculture Phil Hogan and the

Committee on Agriculture

The new Commissioner for Agriculture Phil Hogan will be holding discussions with the members of the Committee on Agriculture in Brussels on 3 December. The topics for discussion are the latest developments in the Agriculture Budget 2015, an update on EU measures with regard to the Russian ban on imports, and the ongoing work on legislative proposals for organic production and school programmes. The situation in the agricultural markets (including prospects for the milk market) are also said to be on the agenda. The discussion will be public and [broadcast live](#).

European Parliament: instruments required for the milk sector

The milk sector issue is still on the European Parliament's agenda. Many MEPs are agreed *that* instruments are required for the milk market to ensure its stability. There are, however, divided opinions on *what* these measures are to look like.

On the one hand there are those from the European People's Party (EPP) saying they prefer market regulation – based on a voluntary restraint on supply. On the other hand there are those who favour promoting/subsidising exports. Furthermore, there are other MEPs who want to implement special programmes for disadvantaged regions. The Green Party MEPs advocate an observatory that can adjust volumes to avoid surplus production. The discussions in the European Parliament's Committee on Agriculture are to be followed by an initiative report to be completed in the next few months.

Russian ban on imports: EU plans aid package for the Baltic states

To reduce the consequences for the Baltic states of the Russian ban on imports, the European Commission is planning an aid package of 28 million euros for dairy farmers in Estonia, Latvia and Lithuania. These countries are worst hit by the ban on imports; milk prices here in the last few months are about a third down on the previous year. The plan is for

Estonia to receive 6.9 million euros of the aid package, Latvia 7.7 million, and Lithuania 14.1 million euros.

The Finnish government is also seeking EU aid for the milk sector. In doing so it hopes to offset to some extent the price collapse brought about by the Russian measures. The EU Commission says it will scrutinise the Finnish request.

China und Australia seal free trade agreement

In mid-November China and Australia concluded a free trade agreement providing for a substantial dismantling of trade barriers. The agreement secures Australian farmers and service-providers better access to the Chinese market. Under the agreement the government in Beijing is initially to allow up to 85 per cent of imports from Australia into the country without surcharges; in four years' time the Australians are even to be allowed to send more than 90 per cent of their exports to China duty-free – from wine, cotton and milk to copper and aluminium. In this way Australian milk producers will gain duty-free access in four years' time to China's lucrative infant food market. There will be reductions in customs duties for other milk products over an 11-year transition period. Customs duties on beef are to cease after nine years.

Next round of negotiations on the TTIP

The 8th round of negotiations on the planned free trade agreement between the EU and the USA will take place in Brussels from 2 - 6 February 2015.

Coca-Cola selling milk at double the price

The American beverages group Coca-Cola is entering the milk business as of December. Called "Fairlife", the milk produced by the company's own filter process is to be low-fat and lactose-free, contain 50% more protein, 30% more calcium and 30% less sugar than traditional milk.

This "super-milk" is to be sold at double the price and to prove a cash cow for the company in a few years' time. Thanks to the latest health campaigns in the USA, demand for low-fat and low-sugar food with enriched additives is rocketing. It remains to be seen whether the Americans will actually buy the super milk – milk consumption in America is on the decline. There are no plans to distribute it outside the USA.

Silvia Däberitz and Regina Reiterer, EMB

Events

10 December 2014: TTIP talks: “What’s cooking?”

The European Milk Board is the co-organiser of a debate on the TTIP in the European Parliament. Sieta van Keimpema will be making a speech on the TTIP & Agriculture. The conference promises an open and honest debate on the TTIP and the potential consequences for food standards, consumer rights, animal welfare and the impact on the countryside.

To [register](#)

For the [programme](#)

Brussels

11 December 2014: Europe is drowning in milk – EMB campaign in

The European milk lake is growing – the price situation is becoming worse and worse. A repeat of the 2009 crisis is looking increasingly likely. Yet there is no prospect of a solution – a market responsibility programme, say – being implemented by policy-makers.

That is why European dairy farmers will be demonstrating outside the EU Commission in Brussels on 11 December 2014 in a powerful campaign highlighting the urgency of sensible measures. For the EU Commission and some EU states do not seem to understand fully what is at stake: the end of the quotas in April 2015 will exacerbate the situation even further. Without an instrument that can predict and manage crises, the consequences for milk production in Europe will be drastic.

We will meet at 10:30 hours at the Schuman roundabout in front of the European Commission. The action will end at around 12:30 hours.

19 December 2014: mobilising forces in Brussels

On 19 December the D19-20 Alliance is mobilising forces against economic liberalisation and specifically against the TTIP. The alliance of citizens, farmers, trade unions and NGOs plans to blockade the meeting of heads of state and government in Brussels. Campaigns are also planned in Great Britain.

EMB Agenda

The EMB Board's key dates in December 2014:

- 4.12.: Meeting of the Dialogue Group with Commissioner for Trade Malmström
- 5.12.: Conference on the development of the agricultural markets (Brussels)
- 10.12.: TTIP talks: “What’s cooking?”
- 10.12.: Meeting with MEPs
- 11.12.: EMB campaign in Brussels “Europe is drowning in milk”
- 11.12.: EMB Board meeting
- 16.12.: Talks with the European Dairy Association (EDA)
- 19.12.: D19-20 mobilising forces against the TTIP and liberalisation

European Milk Board ASBL

Rue de la Loi 155

B-1040 Bruxelles

Tel: +32 (0)2808 1935

Fax: +32 (0)2808 8265

Mail: office@europeanmilkboard.org

Document-URL: <http://www.europeanmilkboard.org>/<https://www.europeanmilkboard.org/english/newsletter-december-2014.html>