

Dear dairy farmers and interested parties,

For us milk producers, a difficult year is coming to an end: another crisis year with precarious milk prices, a new Agriculture Commissioner who trivialises producers' problems and hordes of dairy farmers who are being forced out of business!

Since milk quotas were abolished at the end of March, we have been struggling with the consequences of a dairy market that is out of control. Milk prices have been down in the dumps for months now and there are no signs of improvement.

There is too much milk on the market! As expected, dairy farmers in many EU countries significantly increased their production with the abolishment of quotas. If milk continues to be blithely produced in these times of crisis, there is no way for the milk price to stabilise. The imbalance between supply and demand is only increasing. According to projections, demand for milk in Europe is going to drop further in coming years. In 2015, it is said that there has been a 1% decrease.

2015 was also a trying year for us because policy-makers did not budge and showed no signs of considering structural measures. The European Commission has still not been able to find sustainable solutions to bring an end to this crisis. Agriculture Commissioner Phil Hogan has chosen to focus on new export markets and short-term financial aid. From national agriculture ministers, only a few isolated calls for structural measures are to be heard.

Looking back on 2015, you can see that we have organised major demonstrations this year. Our actions were keenly observed by fellow protesters, by the opposite party and by international media. The EMB made headlines! November 12 was a Europe-wide day of action with impressive protests in different countries. The actions had a concrete demand - the European Milk Board's Market Responsibility Programme should finally be implemented. You can find an overview of the actions in individual countries in this issue of the newsletter.

In spite of the ongoing dairy crisis, Belgian milk producers did have a few rays of hope in 2015. Faircoop, the cooperative founded 5 years ago to offer farmers a fair price for their milk, now offers consumers and citizens the possibility of becoming members. You can read about how this so-called "COWfunding" works in this issue.

I wonder what European dairy farmers can expect from 2016. If we want to continue doing our job in the next year as well and want to be paid a fair price for our milk, we must put up a strong front in favour of a sustainable milk policy. What are our members ready for in 2016?

Erwin Schöpges, EMB Executive Committee member and MIG Belgium board member

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Protest action "Milk for Juncker"

For a few days now, EU Commission President Jean Claude Juncker has been receiving very special mail. To protest against the European Commission's destructive milk policy, dairy farmers from all over Europe have been sending fresh milk to his office.

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Among others, they blame him for not reacting to the European Milk Board (EMB)'s [open letter](#), in which the organisation had called for EU Agriculture Commissioner Phil Hogan to be removed from his office. Juncker thus just stands and watches while an important pillar of EU agriculture – i.e. milk producers – is not only dangerously weakened, but is truly brought to collapse. Chronicle overproduction and the consequent low milk prices literally tear away dairy farmers' livelihoods. Nonetheless, Hogan and Juncker refuse to implement a crisis instrument for the milk market that would require no subsidies. They just keep their eyes shut to the negative consequences this ignorant policy has on jobs and development – and thus on stability in and beyond the agricultural sector.

Too much milk creates problems! This is the message to President Juncker, who will now experience this up close.

Poll: Hogan not popular among dairy farmers

A majority of Dutch milk producers are of the opinion that Commissioner for Agriculture Phil Hogan does not acknowledge the problems that many farmers are facing and therefore want him to leave.

Nearly 60 per cent of the voters who participated in the [poll of Melkvee.nl](#) (Dutch internet site for dairy producers) agree with the European Milk Board (EMB)'s call that Hogan is not suitable as European Commissioner for Agriculture.

Of the remaining 40 per cent, 20% think leaving is a step too far but feel that Hogan should do more for the sector. The other 20 per cent think that he should stay and that the EMB puts itself on the sidelines.

Silvia Däberitz, EMB and Sieta van Keimpema, DDB

Europe-wide day of protests: You policies are destroying dairy farmers!

Under the slogan "Your policies are destroying us dairy farmers!", numerous protests and symbolic actions were held on November 12 in the member countries of the European Milk Board: tractor demonstrations drove through the streets, protest letters were submitted, warning fires were lit and balloons

were released.

Milk producers took to the streets to show that the dairy market crisis is highly topical and represents a major threat to many farms in Europe. They also wanted to show that they are ready to work with colleagues from other countries to look for solutions to help the European dairy market. One of the objectives of the protests was to put the European Milk Board's Market Responsibility Programme (MRP) on the agenda of the EU Agriculture

Council held on November 16 and 17 in Brussels.

"When the milk price drops below production cost, we need the possibility of voluntary production cuts as foreseen in the MRP," stresses Roberto Cavaliere, president of APL (Italy). "If milk production continues blithely, there is no way for the milk price to stabilise. We are then at the mercy of large distributors who pay us obscenely low prices for our milk. In Italy we have raised awareness for this issue with a large tractor demonstration in front of

supermarkets."

Things kicked off on the evening of November 11 with a demonstration in Switzerland. BIG-M and Uniterre organised a large bonfire under the slogan "The dairy market is burning - policy-makers are dozing". Volume regulation has been abolished in Switzerland for a while now, but dairy farmers in the country are still fighting for the following: 1) Legally prescribed sales contracts for all milk producers 2) Removal of the obligation to supply cheap B and C-quality milk 3) Reorganisation of sectoral organisations such that milk producers and milk purchasers are two separate groups.

In Germany, there were a number of actions all over the country to draw attention to the difficult conditions on dairy farms. With slogans like "Milk is cheaper than water!" and "Our money is burning and policy-makers look quietly on", dairy farmers demanded that policy-makers take action.

Statements from policy-makers - just hot air

The Danish action on November 12 aimed to prove just that. 500 balloons were released into the air to symbolise that policy-makers might say a lot, but their words rarely have much effect and are quickly forgotten. "The balloons also represent the 500 million euros allocated by the European Parliament as an aid package. This is not going to solve the milk crisis."

In Northern Ireland, dairy farmers from the associations Fair Price Farming Northern Ireland and Farmers for Action (FFA) assembled before Belfast City Hall to highlight their problems and demands. They handed out milk to passers-by to show that they do not earn any money from what they produce. Placards urged Agriculture Commissioner Phil Hogan to finally take action as also for fair prices and market management as proposed by the EMB Market Responsibility Programme.

Irish EMB member organisation ICMSA participated in a number of discussions with national policy-makers to explain milk producers' concerns and demands. On November 12, the association held a press conference about the alarming situation on the EU dairy market and subsequently on Irish dairy farms.

A press conference was also organised in Paris by APLI, one of the two French EMB member organisations, on the current catastrophic economic situation plaguing milk producers and the need for market management. The Dutch associations DDB and NMV staged a symbolic protest in front of the parliament building in The Hague with a hanged Faïronika. "Your policies leave us dairy farmers hanging and bankrupt" was the slogan. They also held a press conference.

Fair prices and volume management

In Lithuania, milk producers collected signatures for a petition to the European institutions that demands fair prices as also volume management on the dairy market. "To be or not to be" - that was the question for dairy farmer; if they could find a way to have both demands met.

The Spanish OPL organised a symbolic action in Santiago de Compostella, the capital of Galicia, where 1000 litres of milk were given away for free as a way to highlight the low milk price. Milk producers also lit bales of hay which they then extinguished with milk "because milk is cheaper than water in supermarkets."

The protests also continued. On November 13, there was a German-French action by OPL and BDM at the Rhine bridge. A funeral wreath was thrown in the Rhine to symbolise how agriculture is going belly up. Dairy farmers also bathed in a swimming pool filled with milk to highlight the issue of overproduction: "We are drowning in milk."

All the protests make one thing clear: The low milk prices in the past months are not short-term market fluctuations that can be managed by a healthy business. Currently, prices paid to producers in most EU countries are 10 to 20 cents below production costs (in Ireland and northern Germany, the milk price is 25 cents/litre, in Lithuania, merely 19 cents/litre). Such prices are the result of short-sighted policies that focus on cheap raw materials for export rather than formulating long-term solutions for producers and consumers.

Sieta van Keimpema, president of the Dutch Dairymen Board and vice-president of the EMB, summarises the situation in a video message: "Milk prices that cover costs and a flexible crisis management instrument are the foundation for a sustainable dairy sector in the EU!"

[EMB Video on the Europe-wide day of protests](#)

Sonja Korspeter

Press release: Milk prices only cover 66 per cent of costs

New results for July show German dairy farms' slip in profitability

© BAL

(Brussels, 01.12.2015) 100 per cent workload and 100 per cent product quality – but barely 66 per cent of costs covered. The updated study on milk production costs of the German Office for Agriculture and Agricultural Sociology BAL clearly reveals the dreadful financial state of dairy farms in July this year. In Germany, the milk price of 29,42 cents was far from covering the average cost of production of 44,79 cents. Yet, this imbalance in the milk sector and its dramatic consequences for producers and rural development is not only a German problem. As milk prices reported from the other countries show, drastically falling prices have become the norm everywhere in Europe. In Lithuania for instance, producer prices are between 10 and 19 cents a litre. In Belgium farmers only get 25 cents for one litre of milk and in Denmark 29 cents.

The dairy sector in Europe thus currently faces a deep crisis, which forces many dairy farms out of business. But despite all the facts and information on the sector, EU Commissioner Hogan still refuses to acknowledge the existence of a crisis. The political passivity resulting from this postpones the problem, aggravating it even further.

The reason behind these price drops: since April, production in many European countries has increased significantly.

In Ireland for example, between April and August 2015 production increased by more than 12 per cent compared to the same period last year. In Germany, the Netherlands and Poland as well production volumes rose by more than 7, 2.5 and 3.3 per cent, respectively.

Nevertheless, an efficient tool would allow to limit overproduction. The European Milk Board (EMB) has developed such a programme. It includes voluntary production cuts, thanks to which supply could be brought back to adequate levels everywhere in Europe, in a responsible manner.

The Market Responsibility Programme (MRP) is based on a constructive cooperation between politics and the dairy

sector. The MRP is designed to be activated only in times of crises, thus acting as an important safety net when – as currently – supply exceeds both internal demand and exports.

There is a general consensus within the industry that structural changes are necessary in the dairy sector to avoid putting EU production further at risk. In order to put a halt to the Commission's inactivity, for several months now dairy farmers in many countries have been protesting to call for efficient measures. The protests were addressed to EU and national politicians, but also to certain farmers unions' leaders who despite the tense situation continue to hamper the implementation of useful instruments. We greatly encourage them to take the interests of their members seriously instead of working against them. A balanced market and fair prices are prerequisites for the future of milk production. Short-sighted export strategies – which clearly do not work – weaken the EU dairy sector. They show the lack of sight of their advocates and their tendency to set wrong priorities.

For more information on the Market Responsibility programme please visit the EMB's website:
www.europeanmilkboard.org

Background:

The joint study on milk production costs of the European Milk Board (EMB) and the MEG Milch Board, carried out by the German Office for Agriculture and Agricultural Sociology (Büro für Agrarsoziologie & Landwirtschaft, BAL), calculates milk production costs across Germany. It is based on data of the European Commission's Farm Accountancy Data Network (FADN). To update the data it uses price indices for agricultural means of production such as feed, fertilisers, seeds and energy from the German Federal Statistical Office. Additionally, an income rate is used which calculates the workload of farm managers and their family members.

On the basis of this study, the MEG Milch Board has developed the Milk Marker Index (MMI), which records current trends in production costs (using as base year 2010 = 100). The MMI for July 2015 is 108 points. The results of the index are published on a quarterly basis, along with a price/cost ratio, which shows the relation between officially recorded farm-gate prices for raw milk and milk production costs.

EMB press release

The EU Commission's Milk Market Observatory - Helpless on purpose?

At the European Commission's experts meeting, stakeholders from the dairy market do not just lay the sector's problems out on the table, they also elaborate on them and analyse them thoroughly. This is great and provides a detailed overview of what is happening in the dairy market.

Studies clearly show how the market has been significantly destabilised over the last months: As the amount of milk supplied in the EU between April and September 2015 increased by 2.9% as compared to the previous year, the milk price in October was 29.7 cents - well below cost price. Even prices of butter and skimmed milk powder in the EU have been bobbing up and down in the negative. While the price of butter was 326 euros/100kg at the end of March 2015, it had dropped to 304 euros by the end of November. In the same period, the price of skimmed milk powder fell from 207 to 174 euros per 100kg. Furthermore, the current volumes of butter, skimmed milk powder and even cheese in storage are reaching alarming levels and it is highly unlikely that there will be a drop in the coming months.

Clear facts - disconcerting inaction

At this European Commission meeting with representatives from the dairy industry, the dairy market and farmers, the current situation in the dairy sector is thoroughly lamented. Looking at the overproduction on the market provokes deep worry lines on foreheads. Will the market recover? One really hopes so. Does the European Commission want to do anything to help this along? Not really. Commission representatives only allow themselves to go as far as to weakly request individual milk farmers: "Produce a little less, please." Simply appealing to individuals to show solidarity is naive - that is but obvious. It is also obvious that as a milk producer, you often have to react to rock-bottom market prices by producing more, in an attempt to reduce unit cost even further and thus manage to survive at least a little bit longer. But this in turn pushes volumes further and causes price to collapse even quicker. Individual reactions keeping one's own farm in mind are thus contrary to a reaction that would be effective for the entire sector.

If you want to instigate a reaction that is suitable for the market, you have to provide the right incentives. Incentives to produce less rather than more. For example, voluntary production cuts. But the Commission wants nothing to do with such solutions. They would rather furrow their brows once more and feign helplessness.

Silvia Däberitz, EMB

The new EMB milk price comparison - do participate!

The EMB milk price comparison has been recently reworked to ensure better comparability of farm-gate milk price within Europe. The updated calculation template shows the farm-gate price with and without dairy-specific surcharges and reductions. Standard values have been set at 4.0% fat and 3.4% protein.

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The milk price comparison is, first and foremost, an information tool for milk producers and shows them what dairy farmers in other countries are paid for a kilogramme of milk. Member organisations can use the figures as a political instrument for lobbying activities.

According to the current comparison, farm-gate milk prices in October were between 22 and 30 cents.

[Here you can find our new milk price comparison](#)

How are the reported prices calculated and how is the comparison structured?

The updated EMB milk price comparison is structured as follows:

- a) **In Line A**, you have the reported milk price excluding surcharges and reductions received by a dairy for a standard kilogramme of milk with 4 percent fat and 3.4 percent protein. This is the milk price that every farmer receives, independent of quality criteria/further grading. To this aim, the farm's milk volume with its fat and protein content is converted to the volume of standard milk with 4% fat and 3.4% protein that the farm would have delivered and then equated with the farm-gate milk price.
- b) **In Line B**, you have the percentage by which the milk price has changed month on month. As of 2016, it will also be possible to include how the milk price has changed in relation to the same month in the previous year 2015.
- c) **In Line C**, you have the price for milk with 4% fat and 3.4% protein including surcharges and reductions paid to the reporting dairy farm.

Back payments will only be calculated at the end of the year and taken into account in the average annual milk price. All milk prices are excluding VAT.

The bills correspond each to an individual farm or their dairy. The farms/dairies are each marked with a number which is preceded by the relevant country code. Example: the two participating farms in Belgium are numbered as follows: BE1 and BE2.

Call for participation: We are looking for farms willing to provide us their milk statement!

Do help us make the milk price comparison even more convincing! Currently, farms from six countries (Belgium, France, Italy, Luxembourg, Netherlands and Austria) have stated that they will regularly send us their statements. We need as many farms as possible from other countries. Greater the number of countries and farms participating in the milk comparison, better will be the results of this tool!

How can you participate?

- We are looking for farms from as many countries as possible to send us their milk bills. The data will, of course, be treated as confidential and will only be used for the milk price comparison.
- It is important that you send us your milk statement regularly, i.e. every month by email or by fax.

If you would like to participate or have specific questions, please write to Regina Reiterer: reiterer@europeanmilkboard.org

Thank you for your support!

EU increases production whereas production in New Zealand declines

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2014 to 7.36 billion kg in 2015.

Many figures regarding milk production in New Zealand, China's imports and the world market are still pending. According to information from the LDM, the truth is that production in New Zealand has declined from 7.64 billion kg in

In other words, a decline of 3.7 percent or exactly 279 million kg and no more. However, it is still a decline in contrast to their average five-percent increase in production.

According to Eurostat, the current monthly milk intake in the EU is approximately 400 million kg above the milk intake one year ago and 900 million kg above the intake two years ago. Almost all the additional milk intake in the EU has to be exported, so readers can assess for themselves whether this has an influence on the world market or not. In Denmark, we are continually told that the small increase in European production does not affect the world market. For every one percent increase in weight in Europe, exports have to increase by 10 percent, because consumption in Europe is stable. The annual European production is 150 billion kg.

US exports are subsidised

The American Cooperatives Working Together (CWT) gets voluntary payments from producers and their organisations. These payments are used as financial aid for exports in order to raise domestic milk prices. In 2014, CWT provided subsidies for the export of products made from over one billion liters of milk and the amount is supposed to remain the same this year. According to CWT's calculations, the export subsidy results in a milk price that is 0.80 eurocents higher than it would otherwise have been. More information at: www.cwt.coop

Kjartan Poulsen, LDM Denmark

For the first time in Belgium: Fairebel introduces COWfunding

The milk farmers of the cooperative Faircoop have taken fate into their own hands. Because of the ongoing crisis in the dairy sector back in 2010, Belgian milk farmers founded the brand Fairebel with a black-yellow-red cow.

© Faircoop

The objective was and remains - ensuring that farmers receive reasonable compensation for their work. Farms, on the other hand, want to produce real, farm-fresh milk and commit to fulfilling environmental conditions while carrying out their activities. The Fairebel brand now includes whole and skimmed milk, chocolate milk, cheese and premium ice-cream.

As of end October, Faircoop now offers consumers the option of becoming cooperative members through so-called "COWfunding". COWfunding does not only provide financial support to the cooperative to develop new projects, it also helps Belgian farmers to strengthen their negotiating position in the industry.

Any citizen can invest between 50 and 500 euros in Faircoop, become a shareholder in the cooperative's capital and make a conscious decision in favour of fair and sustainable milk production.

You can find all the necessary information on www.fairebel.be.

Video: Fairebel presents COWfunding in Brussels

Daniel Hick, Faircoop explains COWfunding (in German)

Interview with Christian Lenoir, milk producer at Hombourg (in French)

Video: COWfunding is presented in Gent (in Dutch)

Daniel Hick, MIG Belgium

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