

## Dear dairy farmers and interested parties,

Spring cleaning in Danish politics: Six months after Denmark's new right-wing Minister for the Environment and Agriculture, Eva Kjer Hansen, entered into office, she started a thorough overhaul of the Danish special legal provisions.

Originally, the Danish Government had confiscated 50,000 hectares of agricultural land for crop-free buffer zones along all water courses. They have been released again in two stages so that they can be cultivated again in the coming summer. The total agricultural area in Denmark is some 2.6 million hectares.

A phase-out of the constricting Danish fertilizer rules was promised. The rules are so restrictive that growing grain for bread has been impossible for several years as the protein content is too low. The first stage of the phasing out has to take place before the spring planting.

However, the Danish Act on keeping dairy cattle and their offspring is still valid, and no significant changes are planned. Stanchion or stall barns will no longer be allowed after 1 July 2022. As of this date, livestock is to be kept in free stalls. The dimensions of the cubicles in free stalls are governed by the Act on keeping dairy cattle and, unfortunately, many of the existing stables do not meet the new requirements. The National Association of Danish Milk Producers, Landsforeningen af Danske Mælkeproducenter (LDM), would prefer that politicians do not interfere with the detailed design of stalls and other production facilities, but so far there has been no sign that the wishes of Danish milk producers will be accommodated in this matter.

The crisis of Danish agriculture is, unfortunately, so severe that political concessions are not enough to save the farmers, the entire industry still depends on a price increase. The financial challenges of approximately 1,600 Danish farmers out of a total of roughly 10,000 full-time farms are so severe that they risk being closed by financing institutions.

The situation of the Danish dairy farmers is desperate; the reports from the other countries in this issue of the newsletter give no cause for hope either. So it was all the more important that we met with Pope Francis at the Vatican in late January: he encouraged us dairy farmers to carry on fighting for fair, sustainable agriculture.

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

## EMB Newsletter February 2016

- Press release: EMB attends audience in Vatican
- Answer of EU Commission President Juncker
- France: Causes of a prolonged crisis in milk production. Ways to ensure a collective exit
- Ireland: Huge concern amongst dairy farmers
- Dense situation for Suisse dairy farmers
- As a dairy farmer at the "We are fed up" demonstration
- Sustainable project in search of funding: Development of a micro-dairy in Burkina Faso
- You can follow us on Facebook

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## Press release: EMB attends audience in Vatican

(Rome, 27 January 2016) European dairy farmers have sought out an unusual patron in the search for solidarity for the difficult situation they are facing. Today, 140 members of the European Milk Board attended an audience with the Pope in the Vatican and asked for his support. Dairy farmers from all over Europe - from France to Lithuania - made their way to Rome, seeking blessings for themselves, their families and the state of their profession.

"The Pope speaks to us dairy farmers from the heart," said Romuald Schaber, President of the European Milk Board. "Humility, sustainability and respect for what man receives from nature are virtues that guide our lives. Pope Francis's blessing means a lot to us and has strengthened us in our efforts."

"Open to me the gates of righteousness" said Pope Francis at the beginning of the Holy Year in early December, opening the Holy Door of St. Peter's Basilica, which had remained bolted for 15 years. Milk producers are also calling for righteousness. They are the first and weakest link in the food production chain and have had to fight for their financial survival for a long time now, in the face of extremely low milk prices. Prices for producers in Europe have fallen by 30-40% due to politically condoned overproduction. In many countries, the price is as low as 25 cents per litre, while production costs are over 40 cents. Traders and dairy companies, on the other hand, are making hefty profits.

Dairy farmers in Europe are currently facing an extremely difficult situation. The shortcomings plaguing the dairy market are being ignored by policy-makers. "The [Market Responsibility Programme \(MRP\)](#) developed by the EMB, which addresses overproduction, must finally be implemented by EU policy-makers. Only then can milk producers make a living from their work," said Sieta van Keimpema, EMB Vice-President.

The Pope has repeatedly deemed the current economic system unfair and strongly criticised neoliberalism. EU policies with their overproduction and export focus are currently destroying peasant dairy farms in Europe and in developing countries. European companies are standing by to enter local dairy markets in developing countries and end up suppressing local milk production sooner or later. This leads to poverty - an issue that is close to the Pope's heart.

Roberto Cavaliere from APL Italy was very impressed after speaking with the head of the Catholic Church: "Pope Francis takes a firm stand against abuse. We must also continue this uncomfortable struggle with the same fighting spirit. We need better underlying conditions for the dairy market, so that we and our families can have a future and sustainable agriculture becomes possible."

*EMB press release*

[Photos of the papal audience](#)

[Video of the audience](#)

Erwin Schöpoges presented Pope Francis the European dairy farmers' concerns. In [his letter \(in French\)](#), he criticises neoliberalism and industrial agriculture, which are at the expense of farmers and consumers.

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## **Answer of EU Commission President Juncker**

EU Commission President Juncker has replied to our [open letter](#) of 23<sup>rd</sup> November, in which we call attention to the difficult situation of dairy farms in Europe and ask for Agriculture Commissioner Hogan to be removed from his office.

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President Juncker's answer is meaningless and does not help us in any way. The 500 million euro aid package does not provide the slightest solution to the existing problems, the market instruments mentioned in it have not prevented milk prices from falling, not even by one cent.

Although in his letter Juncker states that the Commission keeps contact with all relevant stakeholders (many stakeholders actually also profit from the crisis of the dairy market!), the EMB's proposals are rejected categorically. In order to do so, Juncker refers to the decisions taken as part of the reform of the Common Agriculture Policy. However, it is a fact that the consequences of the new CAP clearly conflict with the Treaty on the Functioning of the European Union (article 39: *to ensure a fair standard of living for the agricultural community*).

Answer of EU Commission President Juncker

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## France: Causes of a prolonged crisis in milk production. Ways to ensure a collective exit

*Extract from the letter from APLI Brittany, January 2016 (in French).*

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### 1. Rules of the game that have remained unchanged over many years:

- Successive European directives have liberalised the markets for agricultural products. With the CAP reform in 2003, it was decided to do away with market regulation tools. The fundamentals of this strategy shall not be called into

question.

- The LME (Law on Modernisation of the Economy) was adopted in France in 2008. It allows for significant powers to be accorded to distributors in business negotiations with transformers and in 2010, led to the adoption of the LMA (Law on the Modernisation of Agriculture). This, in turn, resulted in market conditions and volatility affecting production: Contracting, especially for milk, transferred the right to produce and the management of volumes to dairies,

without any price guarantee for producers.

### 2. How to regulate a liberal market now well-anchored in the Euro zone?

Clearly, this is not simple because those benefiting from these conditions are not going to ask for the rules to be changed...

- Distribution has been able to lure away even more consumers, to the detriment of small business - all while enjoying comfortable margins. They are now the masters of the game.

- Transformation has not needed to restructure in any way: It is enough for them to pass on drops in prices to producers.
- Heads of large agricultural unions and cooperatives: They prefer to protect the interests of 'their' cooperative rather than those of their member farmers. Their liberal convictions prevent them from advocating for regulation mechanisms.

### **3. How to reinforce the power of producers?**

At European level:

- Regrouping supply of agricultural products by creating producer organisations according to region and product that are managed at European level, in order to regulate the volumes released on to the market and to integrate cost of production into the prices fixed for producers.
- Adopting the MRP (Market Responsibility Programme) proposed by the European Milk Board. Regulating production with a flexible, dynamic and temporary measure: simply adapting the supply of agricultural products to market demand.

At French level:

- Targeting the retail sector: they have the means to favour French products. Additional costs resulting from our social and environmental model need to be calculated for a tonne of meat, of milk, etc., and taken into account for French products.
- Creating boundaries between production and the processing sector. We need producer organisations that are independent from the processing industry.
- Reintegrating private subsidiaries into cooperatives to ensure that the added value remains with producers.
- Complementing the observatory for margins with an observatory for gross operating surplus (EBITDA): Margins mask profits in the profit and loss account.
- Adopting a fiscal model that would allow for the creation of reserves that would be exempt from taxation in good years, which can then be reinjected in difficult times.
- Obliging banks to adapt loan repayment annuities according to economic conditions.
- Making it possible for regions to co-finance investment plans for agriculture.

### **4. Conclusion:**

Farmers in all European countries are facing difficult times. We need to unite to protect our collective interests. We are not competing against each other. These crushing crises have emerged in the same way in all Members States. It is up to us to build our common future in a Europe united for progress. This was the dream of Europe's founding fathers.

*Christian Hascoët, APLI*

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## **Ireland: Huge concern amongst dairy farmers**

Irish dairy farmers are hugely concerned regarding current and future milk price as well as the effects on cash flow which is impacting on day to day running of dairy farms. Milk price paid to dairy farmers for December 2015 milk from dairy processors was 24-26 cents per litre down from 30-32 cpl a year previous.

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The volatility of milk price which means Irish dairy farmers incomes can fall potentially to zero in a year means that some existing viable suppliers will exit the sector and will not return. This constant volatility cycle could see the death of the traditional Irish family farm. At present Irish farmers are producing below the cost of production. Most Co-operatives are offering fixed price schemes to alleviate some of the volatility but only small volumes of a farmers milk is usually fixed at this price.

Cash flow at present is very tight if a farmer is a traditional Spring calver. However, it will become even more acute up to March and April when costs are being incurred ensuring cows are producing to their maximum, with milk cheque payments only starting at that time after a considerable time without a milk cheque due to our seasonal supply pattern.

*Paul Smyth, ICMSA*

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## Dense situation for Suisse dairy farmers

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match demand.

It has been 10 years since the early phasing-out of milk quotas ushered in a new era in the dairy market in Switzerland. From that moment on, the dairy sector has struggled with a single problem: Milk volume produced does not

longer!

The EU also decided to abolish caps on volumes and since then, the lack of some minimum control has led to a disastrous situation. Just to refresh your memory: The average production cost for a litre of milk in Switzerland is 60 cents. And this does not even include remuneration for labour (full cost analysis by Hohenrain Agricultural Institute)! For most farmers, all they currently receive is 48 cents per litre. Farms will not be able to survive much

The problem of disastrous prices is now described very well by milk purchasers. Nordostmilch, one of the largest milk producer associations, said in January: "The situation in neighbouring countries is as tense as in Switzerland. European spot milk prices completely plummeted in late December. During the holidays, large volumes of spot milk from the north could be bought in southern Germany and Italy at 14 cents/kg, transport cost included. Considering this milk was eventually processed, it should come as no surprise that you now have full-fat cheese at prices around 2 euros per kg showing up on the market. If we in Switzerland are also looking to export our milk surplus (...) in the form of similar industrial cheeses, we would stand in direct competition with the same cheeses made from cheap European milk. It is therefore no wonder that we cannot even pull in 50 centimes for our surplus milk."

Dairy sector organisations in Switzerland have decided to maintain the reference price for the first three months of 2016 at 68 centimes. However, the price paid is significantly lower due to milk surpluses. Furthermore, as farmers cannot choose to exclusively supply Grade A milk, they are forced to lower their costs even further - something that is most easily done by increasing production! Instead of solving the underlying issue, this only worsens it.

Ten years of a 'free' dairy market have turned Swiss farmers into bitter competitors. No one is willing to support a solution that would albeit present some advantages, but would be of greater benefit to their neighbour! All calls from dairy farmers' associations for solidarity fall on deaf ears. Farmers are not interested in hearing fine words, they want to see results. Associations are repeatedly faced with the reality that they have to take legal action against their members to make they pay their dues. The largest regional association Vereinigte Milchbauern Mitte-Ost VMMO even threatened a group of unwilling producers with prosecution, in order to force them to pay their dues. This is not going to remain an isolated case! There is only one way for the associations to get out of this predicament - if the EMB manages to implement its MRP in Brussels. It is therefore time for dairy farmers' associations in Switzerland to support the EMB immediately.

*Werner Locher, Secretary BIG-M*

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## **As a dairy farmer at the "We are fed up" demonstration**

On January 16, a large demonstration was held under the slogan "We are fed up - no future without farmers" for the sixth time now in Berlin. A large network of 50 supporting organisations staged this event that spoke out against Europe's growth-oriented agricultural policy and demanded a shift in the agricultural model.

The participants included not only environmental and animal protection associations, development organisations and critical consumers' associations, but also farmers' organisations like the Arbeitsgemeinschaft bäuerliche Landwirtschaft AbL. The existential threat to peasant farms, which was heightened this year by the pig meat and milk crises, was one of the main issues.

As a dairy farmer, I addressed this situation in a speech, while a caravan of over 130 tractors from all over the country, some of which had driven days to arrive, drove past the large number of protesters. I knew many of the participants personally from the BDM Tractor Rally to Munich and the large EMB demonstration in Brussels. Seeing over 20,000 people cheering the tractor drivers on Potsdamer Platz was an amazing experience. Citizens' opinion towards dairy farmers is definitely positive! Everyone understands our demand for fair milk prices! Even environmental and animal activists know that peasant farms are integral to the realisation of their demands. It thus came as no surprise that my call to the Federal Government to take action to ensure fair prices and market regulation for farmers and to bring the dairy market back to order by reducing milk volumes was enthusiastically applauded. I sincerely recommend that every farmer participate at least once in such an event to experience the support and appreciation of the people!

*Ottmar Ilchmann, AbL*

[Video of the speech \(in German\)](#)

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## **Sustainable project in search of funding: Development of a micro-dairy in Burkina Faso**

In spite of the difference in standard of living between West Africa and Europe, dairy farmers are confronted by the same problems: Producers do not receive a fair wage for their work. Furthermore, dumping prices and cheap milk powder imports from Europe have robbed African dairy farmers of their

livelihood.

The EU's current export-oriented policy helps European dairies to establish themselves in the West African market. As a result, local milk production is suppressed and small peasant farms and rural structures are disappearing.

This eventually only leads to greater poverty.

Especially against the backdrop of the current refugee crisis, we must be clear about how Europe's milk surpluses and exports at dumping prices are dragging developing countries into the abyss and are thus leading to more

refugees knocking at Europe's doors.

### **Economic and technical support for a micro-dairy**

During my last visit to Burkina Faso in April 2015, a joint project with Oxfam-Solidarité to support a micro-dairy in Ouahigouya was born. The aim is to strengthen local milk production with technical and financial support. A small truck to pick up and deliver milk and the purchase of packing machines and materials are among the activities that will be financed. A feed stock is also to be set up.

Furthermore, exchanges between Burkinabe and Belgian milk producers is also going to play a key role. The dairy itself commits to set up a fund that will be used to help the association's other small dairies as also to pass on the technical know-how received.

Oxfam has set up the contact between the national micro-dairy association and MIG and is responsible for the administration and funding of the project. The total budget is approximately €35,000. MIG Belgium has committed €12,000 and we are looking for other organisations and private individuals who would like to contribute to this project.

*Erwin Schöpges, MIG Belgium*

**The donations collected will go 100% towards the development of dairies in Burkina Faso. By participating in this highly useful project, we can set an example: We want to support local milk production in Africa and we do not want to destroy it with exports!**

### **Donation button (Pay Pal)**

### **Alternatively you can transfer your donation directly to the MIG's bank account**

account holder: Milcherzeuger Interessengemeinschaft asbl

IBAN : BE42 3630 5233 2954

BIC: BBRUBEBB

purpose of transfer: Burkina Faso

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