

## Dear dairy farmers and interested parties,

Our milk powder action on January 23 definitely "stirred things up" - photographs of the powder-dusted Council building did the rounds in the international media. A hundred dairy farmers from all over Europe used this symbolic action to communicate their message to European Agriculture Ministers: **Stop selling intervention milk powder and draft a law for a permanent crisis instrument!** We would like to take this opportunity to sincerely thank our fellow protestors from Lithuania, Belgium, France, Germany, Switzerland, Netherlands, Italy, Spain, Portugal and Denmark, and the supporting organisations Via Campesina, Oxfam and SOS Faim as well.

Agriculture Commissioner Phil Hogan did not comprehend our action and reacted along the lines of: "But milk prices have risen in recent months and the European Commission is managing the sale of milk powder in a responsible manner. So what do those farmers out there want?" The EMB has therefore sent a letter to Commissioner Hogan explaining the reasons for the milk powder protest in detail. This to clarify that Europe's milk producers still have an unsatisfactory market situation.

Through this symbolic action, European milk producers wanted to make it clear to policymakers that we are a long way from cost-covering milk prices and a permanent crisis instrument is also a must to ensure stability on the dairy market. Voluntary production cuts have shown that volume reduction is possible. The Commission must now continue to take decisive action and introduce a permanent crisis instrument so that production can be scaled back in times of crisis (refer to our [Market Responsibility Programme](#)).

Though the European Commission has sold only 40 tonnes of skimmed milk powder from public intervention so far, there are however over 350,000 tonnes waiting in the wings, which corresponds to 3,500,000,000 litres of milk. We advocate for the milk powder to be kept off the market as it would ruin the slowly recovering prices. We are also against this milk powder being sent to Africa and destroying local farming structures. Dairy farmers in Europe and Africa need a functioning market!

The EMB is going to continue to fight with all its might for a balanced dairy sector. We will continue with our political efforts and keep a close eye on the European Commission, the Agriculture Ministers and the new President of the European Parliament. Policymakers must create a permanent crisis instrument once and for all! The EMB will continue with its strongly symbolic actions - we are definitely not going to run out of ideas anytime soon!

*Erwin Schöpges, EMB Executive Committee member*

## EMB Newsletter February 2017

- EMB milk powder event
  - Milk crisis: Exports to Africa are no solution at all
  - OPL Spain: Do they want us to reduce or produce more?  
Danish analysts see the development of farm-gate prices positively, but differently
  - Lessons from the dairy crisis
  - France: A farmer suicide every other day
  - CETA: Vote in the European Parliament
- You can find us on Facebook

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## EMB milk powder event

permanent crisis instrument!

In a major milk powder action in Brussels, European milk producers demand: Stop selling intervention milk powder! - Draft a law for a

Video: "Spectacular milk powder event in Brussels"

Photos milk powder event

*Brussels, 23.01.2017:* - Like a threatening cloud, milk powder is looming over Europe and Africa. It is a heavy burden on both sides of the planet, suppressing slowly recovering milk prices back to dumping levels. - The farmers of the European Milk Board (EMB) are protesting today in Brussels against the sale of EU intervention milk powder and in favour of the introduction of a permanent crisis instrument. Outlines of Europe and Africa have been placed on the ground in front of the Council of the European Union building. A telescopic handler continuously rains down milk powder, such that the two continents will quickly be entirely covered. "Milk producers all over Europe are still in the throes of the crisis," says Sieta van Keimpema, dairy farmer and vice president of the EMB, in a speech directed at the Ministers as well as the European Commission. "To increase the pressure at this juncture and offer milk powder from intervention on to the market is highly problematic. Even if during the last weeks you rejected extremely low price offers – a fact that we welcome –, neither must milk from intervention be sold in the coming months ", says Keimpema. "Just as for Europe, it is devastating for African markets as well to be flooded with cheap milk powder from the EU."

### ***Slight market recovery thanks to voluntary production cuts cannot be nullified!***

Voluntary production cuts contributed to a price recovery in Europe at the end of last year. However, the current milk price of about 32 cents per litre still does not cover production costs that are over 40 cents across Europe. Prices must rise further to finally reach cost-covering levels. "This clearly shows how important it is to reduce the burden on the dairy market by using intelligent instruments - where we will not end up shooting ourselves in the foot," says van Keimpema, underlining the demands of European producers. "A **Market Responsibility Programme (MRP)**, which includes measures like voluntary production cuts coupled with a capping of EU-wide production, can truly avoid damaging surpluses."

It is, however, impossible for intervention – simply buying up and storing milk powder or butter – to provide such relief. This is because the surpluses continue to exist and prevent the urgently needed increase in milk prices. "Intervention can definitely help to iron our cyclical fluctuations and, therefore, should not be completely struck off the list of possible measures. However, it cannot do much in the face of the chronic crisis currently plaguing the dairy sector", adds van Keimpema.

### ***Stop selling intervention milk powder! - Draft a law for a permanent crisis instrument!***

While mountains of milk powder continue to rain down in front of the Council building, Erwin Schöpges, dairy farmer and Belgian member of the EMB Executive Committee, clearly states the position of milk producers. Addressing the EU Ministers and the Commission, he demands: "Stop the ongoing sales of intervention milk powder! Begin work on a legislative proposal to set up a permanent crisis instrument and present it to the Parliament! There is no time to lose. Our farmers have been so rattled by the crisis that only a real price increase and long-term stability on the market can save milk production across the EU from extinction."

Balanced milk production in Europe is also important from the perspective of African markets. "Stop dumping cheap EU milk powder on markets in developing countries! We have to give milk production in Africa a chance and allow local farmers to earn a living from their activity," emphasises Schöpges, looking at the milk powder also continuing to the pile up on the map of Africa in front of the Council building.

*EMB press release (23.1.2017)*

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## Milk crisis: Exports to Africa are no solution at all

The European milk crisis caused by the lack of any instrument regulating production and markets is far from over. Thousands of dairy farmers are still working at a loss owing to the price collapse, farms are being forced to close, and thousands of milk producers are giving up their farms as they cannot make a living out of it.

This situation is intolerable, and Oxfam-Solidarité and SOS Faim Belgium are giving all their and their supporters' backing to the European dairy farmers demonstrating in Brussels today.

Some policy-makers and agribusiness companies view African markets as a way out of the crisis. It is true that market demand is growing and local production cannot always meet it. But they forget that local producers are becoming progressively able to satisfy demand ... as long as imports at rock-bottom prices don't flood their markets and there are policies conducive to reinforcing their desire to increase their production capacity. ***Swamping the African markets with milk powder will undermine the initiatives of local dairy farmers to meet local demand and will crush their ambitions to be able to make a living from their work.***

**The European dairy farmers** know full well that these exports, for which they are not responsible, are harmful to African producers, and in no way do they want their production to threaten the survival of their African colleagues' farming.

For their part, **African producers**, in particular those from West Africa united in the Network of West African Farmer Organisations and Producers (Réseau des organisations paysannes et des producteurs d'Afrique de l'Ouest – ROPPA), who are aware of their European colleagues' problems, give them all their support in the struggle to put in place regulatory instruments enabling them to make a decent living.

**Oxfam-Solidarité** and **SOS Faim**, which stand shoulder to shoulder with the EMB in its demands, are convinced that only food sovereignty policies including market regulation, can guarantee family farming in future, both in Europe and Africa.

*Thierry Kesteloot (Oxfam) and Jean-Jacques Grodent (SOS Faim Belgique); joint press release (23.01.2017)*

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## OPL Spain: Do they want us to reduce or produce more?

The Spanish Milk Producers' Organisation OPL (*Organización de Productores de Leche*) has issued its reply to the statement of the European Commissioner for Agriculture, Phil Hogan. They argue that there has been no such rise in the price of milk in Spain or in the other countries of the European Union.

They noted that "it's not just protest for protest's sake". They condemned the fact that while the industry triples its profits, "farmers fall further into debt because we cannot cover the running costs of our farms, which means we cannot cover production costs either. If our political leaders, in the words of Hogan 'are aware of the fragility of the market and say they will continue to control it', we ask ourselves how it is that they are now selling intervention milk powder when the crisis is far from over. They say they will be 'prudent' and we do not see the proper setting of prices, we see no mediator who will monitor industry and distributor compliance with the measures in place, and we see no penalties incurred by those who do not comply. While we're at it, neither do we see the Spanish Agriculture Minister, who did not even attend the last meeting of agriculture ministers in Brussels. She has left the future of the Spanish livestock sector in foreign hands; our government has next to no interest in this sector."

Concerning the milk package, the OPL insists that it is not working and that there is still a need for controlling milk demand and production in each country and for sales channels to place the products on a market in crisis.

They do not understand, for example, how it is that "when the government is receiving aid from Europe to encourage the reduction of milk production, claiming that there is overproduction, the Junta (Regional Council) of Castile-León comes along and decides to inject money into a megafarm in Soria intending to do precisely the opposite. It's time they explained themselves: do we reduce or produce more? A project that received no support in Navarre lands up in another region and is applauded because it will supposedly create 250 jobs. And we ask ourselves: will supplying milk to a large-scale cheese factory not affect other companies, other cooperatives, will it close down others? Especially at a time when we repeat every day that no milk or cheese is being sold".

The OPL will request a meeting with the Junta of Castile-León to discuss the feasibility of this project, and fear that "like many others they only collect the subsidy then do nothing with it".

*José Alberto Martín (OPL); extract from the press release from 25. Januar 2017*

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**Danish analysts see the development of farm-gate prices positively, but differently**

The National Association of Danish Dairy Farmers (LDM) invited three market analysts to a recent Danish agricultural exhibition to give their view on the progress of on-account prices.

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The first market analyst, who is known to be conservative but also very well-informed, expects a largely unchanged farm-gate milk price with little upward potential of up to € 0.37/litre. The envisaged price hike is mainly based on the increase in the market price of fat, while the protein price is still low. He sees no possibility for significant increases in prices to more than € 0.37/litre if the protein price does not rise. The market analyst is also worried that the protein price will not rise as long as the EU intervention stocks large amounts of milk powder. A sudden increase in exports to China is the only scenario that could cause a change in the current situation, he predicts. As an analyst, he prefers moderate price increases, which implies that any subsequent price decreases will be more moderate, too.

Another analyst sees good opportunities for major price increases to perhaps € 0.44. His argument is partly that he expects prices for feed concentrate raw materials to rise. In addition, he believes that a price of € 0.37 will not be sufficient to increase European production, which means milk deliveries will continue to fall as farmers cease milk production. Only at prices above € 0.37 will milk production will be sufficiently attractive and total production will increase. On this basis, he thinks that prices will continue to rise to a level of € 0.44. Seeing the debts incurred over the past year, he believes that prices of about € 0.44 will last for a long time, perhaps several years.

The third analyst on the panel at the agricultural exhibition analyses all price developments on the basis of time-dependent cycles (Kondratieff cycles). According to his calculations based on the development in the last 100 years, milk prices fluctuate with a 45-month cycle. Therefore, he predicts that the farm-gate price will further rise until late 2017, but the prices will decline again in 2018. He did not put exact figures on the expected price peak, but he considers a price of € 0.44 or maybe even € 0.46 attainable. However, he has no estimate of how severe the subsequent price drop will be, but he believes a decline to be unavoidable.

*Kjartan Poulsen, The National Association of Danish Dairy Farmers (LDM)*

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## Lessons from the dairy crisis

Now that the situation on the dairy market is slowly easing up and most dairies are once again paying farm-gate prices just above 30 cents after a good two years, the farmers' association and politicians finally admit: Yes, there was, in

fact, a dairy crisis!

For a long time, this was either refuted or played down. Even the farmers' association is now talking about an "initial structural collapse" and early figures from the new Länder show that: In the last year, even seemingly "future-oriented" large farms have reduced milk production by more than 10% in each of these Länder. Saxony-Anhalt takes the cake with 18% "restructuring". At around 5%, the figures are significantly lower in the old Länder, which, on one hand, implies greater probability of survival for family farms, but on the other, it is also based on the willingness of these farms to subject themselves to exploitation and structural losses. Many resigned farmers will throw in the

towel in the coming months.

All those involved insist: Such a crisis should never occur again. But how can it be avoided? The vast majority of farmers are now very sceptical of the free market regulating itself and of the world market's ability to take up more supply. When representatives from farmers' associations actually work up the courage to inquire with their members, the thumping majority speaks out in favour of volume regulation. Even liberal market proponents at EU and

Federal level like Commissioner Hogan and Agriculture Minister Schmidt had to reluctantly introduce public market intervention and had to borrow a key element from the EMB crisis plan - voluntary production cuts in exchange for compensation.

But what can farmers do? Continue to demand political frameworks, fight for the implementation of the market crisis programme, like the BDM? Bring the state of contracting between milk producers and dairies into the limelight, insist on binding contracts regarding volume, quality, supply periods and of course milk price, like the MEG Milk Board? In this regard, individuals must do little more than become members of the Milk Board. Put more pressure on dairies, as demanded by various activists? In this current price recovery phase, some groups are seriously considering freezing supply, a kind of warning milk strike, to once again clearly highlight how important it is to pass on higher earnings in full to milk producers. Support the proposal by Graefe zu Baringdorf to decide on volume reduction measures within individual dairies? Should we even contemplate using self-management bodies within cooperative dairies actively once again, in the interest of milk producers? Or, last but not the least, implement measures like reduced use of concentrated feed, more grazing on pastures and less intensive high-yield farming individually on farms, whereby each producer is acting in isolation while trying to achieve the greatest possible degree of solidarity? At the end of the day, all of these actions would lead to the end goal, i.e. preventing future crises and stabilising the income of milk producers. Farmers have the power to determine this, as they are the ones producing the milk and deciding on the volume of the same. However, they must renounce their one-man defences as individual farms and must move on to a powerful, joint representation of their interests, based on solidarity. This must be the lesson from the dairy crisis!

*Ottmar Illchman, Arbeitsgemeinschaft bäuerliche Landwirtschaft (AbL) Germany*

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## France: A farmer suicide every other day

A farmer commits suicide every other day in France, with the numbers particularly high among farmers raising dairy cows and beef meat herds. Faced with financial difficulties and the lack of prospects within the sector, farmers see ending their lives as the only way out.

The French milk producers' organisation APLI (*Association des producteurs de lait indépendants*) refuses to stand by and watch its colleagues disappear. We have therefore launched an action to send letters to the French Minister of Agriculture Stéphane Le Foll. "Our government has let go and is allowing agribusiness to simply steamroller over us, destroying us one after the other. However, there are simple solutions that can end this massacre. That is why we have drafted a letter that highlights these solutions for the dairy sector."

Numerous letters - signed by farmers and citizens - have been sent to Minister Le Foll towards the end of January 2017, demanding concrete, quick action.

*Boris Gondouin, APLI France*

[Letter to Agriculture Minister Le Foll](#)

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## CETA: Vote in the European Parliament

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*by organising a European day of action.*

*After the vote in the parliamentary committee at the end of January, the European Parliament will soon vote in plenary on the trade agreement with Canada. CETA opponents have mobilised against this free trade agreement*

On January 24, the Trade Committee in the European Parliament voted in favour of CETA, the EU-Canada trade agreement. With 25 votes in favour, 15 against and one abstention, the disputed agreement has moved one more step ahead. The Committee thus recommends that the Parliament vote in favour of the agreement. The plenary vote is expected to take place on

February 15.

However, there is still a long way to go before CETA comes fully into force: If the European Parliament votes in favour, all aspects that fall within EU competence can be estimated to come into force in early April. This includes the broad-reaching elimination of customs duties. The aspects of the agreement that affect national competences must then be approved by all the

national and regional parliaments of the 28 EU Member States.

### Manifesto Keep the farm TTIP- and CETA-free"

In their manifesto "Keep the farm TTIP- and CETA-free", the *Dutch TTIP and Agriculture Coalition* has highlighted the effects of these agreements on European farmers and consumers. The manifesto has been signed by farmers' organisations, environmental protection and animal welfare associations, and other civil society organisations from 12 European countries. Seven EMB member organisations are among the signatories.

Manifesto [Keep the farm TTIP- and CETA-free](#) (in English) or [NL](#)

Background document [TTIP and CETA a threat to high-quality European agriculture animal husbandry and food supply](#)

## Day of action

CETA opponents all over Europe mobilised against this free trade agreement by declaring January 21 as a day of action and organising over 100 events.

Photos on social media at [#StopCETA](#) [#StopCETA21j](#) and [#21EstopCETA](#)

*Regina Reiterer, EMB*

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## You can find us on Facebook

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