

Dear dairy farmers, dear interested parties,

At their press conference at the International Green Week in Berlin, the EMB Executive Committee presented solutions for environmentally just and socio-economically sustainable milk production in the EU.

The fact of the matter is that dairy farmers must rise to an ever-increasing number of demands, while they receive no economic compensation for the same. However, it is also fact that dairy farmers today have been pushed into a corner – by the policies that have led them there. And now policy-makers expect farmers to 'adapt'. The farmer protests, which have been highlighting these economic imbalances for many years now, are the logical consequence of an erroneous agricultural policy.

How can we get ourselves out of this quagmire? It is very clear that it begins with agricultural policy at EU level. We need a market policy with an appropriate framework to make fair prices a reality. A sound economic foundation is a must for the dairy sector. Thereafter, we can focus on new environmental and social conditions as well. It is important to state this clearly: we dairy farmers have been thinking about environmental protection for many years now and are already contributing towards this goal. However, the costs of additional environmental restrictions cannot be simply passed on to be borne by farmers!

The EMB has drawn up a paper that looks at both the socio-economic and environmental criteria for sustainable milk production in the EU. The creation of a crisis instrument that effectively prevents any kind of overproduction is an absolute must.

In this edition of the newsletter, you can read about some of the events held at the Green Week and the most recent activities. APROLEP, our newest member association who has been defending the interests of Portuguese dairy farmers since 2010, tells us a little bit about themselves. An interview with Dutch MEP Ruissen sheds some light on how the European Conservatives and Reformists group views the dairy sector.

In our 'Fair Milk' series, our colleagues from Luxembourg present their brand, which makes fair remuneration a reality for dairy farmers. A successful project: the cooperative meanwhile offers 13 different dairy products.

We hope you find this edition an interesting read!

Johannes Pfaller, member of the Executive Committee of the European Milk Board and spokesperson for the BDM Federal Advisory Committee

EMB Newsletter February 2020

- How can EU milk production be climate-friendly as well as socially and economically sustainable?
- Events organised by the German dairy farmers' association BDM
- APROLEP, the association of Portuguese dairy farmers
- Belgian producers claim their space on supermarket shelves
- The DBV sees "extremely stable" producer prices, the AbL sees "an existential threat to farmers" – "Make agriculture strong again!" –
- EMB interview with MEP Bert-Jan Ruissen
- Fair Milk Luxembourg

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How can EU milk production be climate-friendly as well as socially and economically sustainable?

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The fact that being a farmer has been very difficult for a number of years now is no secret. For example, there is a systematic shortfall between milk production costs and producer prices. Over a five-year period, the cost shortfall for German producers has been 20 percent, which implies that production costs to the tune of 9 cents per kilogram of milk are coming out of farmers' pockets. The situation with organic milk is quite similar, with a

shortfall of 21 percent in 2018/2019.

"Our farmers are getting increasingly left behind, both economically and socially," summarises Erwin Schöpges, Belgian dairy farmer and President of the dairy farmer association European Milk Board (EMB). "The orientation of the EU agricultural policy is at the root because it does not promote socially sustainable farming. It is instead aimed at the production of cheap products that can compete on international markets. This has been the situation for many years now and has also led us to take to the streets in protest for just as long." EMB Executive Committee member Johannes Pfaller from Germany adds: "If further restrictions are imposed on farmers in what is already a very unfavourable situation, the current widespread protests should come as no surprise. How can producers, on the one hand, continue to provide cheap raw materials while, on the other, also fulfil additional cost-intensive conditions? This is simply impossible and this conflict is destroying producers." As Pfaller

goes on to mention, it is very clear that the market position of producers needs to be significantly improved through an appropriate framework. This would give farmers the possibility to properly defend their economic interests.

Paper on sustainable production in the EU

In order to resolve this conflict between the pressure to produce cheap products and comply with sustainability conditions, the current agricultural policy must be amended at EU level. "There needs to be a change in tack, to head toward responsible production in the EU," says Erwin Schöpges. "To this aim, the EMB has drafted a **paper that takes both socio-economic and environmental sustainability into account.**" It calls for the necessary implementation of a **crisis instrument** to dampen the effects of constant crises. This instrument would lead to less overproduction, which would contribute to better producer prices as well as to preserving resources – a key factor in environmental sustainability. This paper also rejects agricultural products being included in free trade agreements as they counteract fair and sustainable production practices.

The paper also makes it clear that policy-makers need to uphold a number of important conditions if greater sustainability – both environmental and social – is to have a fighting chance in the agricultural sector:

- Before farmers are able to actually comply with demanding restrictions, the underlying basis for their activity needs to be robust. This means that prices must cover all production costs, including fair remuneration for producers. The above-mentioned crisis instrument must be implemented at EU level and the market position of producers must be strengthened through an appropriate framework.
- The environmental strategies and solutions underpinning the restrictions must be discussed and decided on together with producers. The positive environmental contribution farmers are already making – carbon sequestration and combating erosion, to name just two – must be duly recognised, and a fair decision must be reached on compensation for environmental compliance costs. After all, farmers cannot be the only ones bearing the brunt.

Fair cooperation between all stakeholders is the only way to achieve socially and economically sustainable as well as climate-friendly agriculture. Policy-makers have an important role to play in ensuring the correct framework is in place, so that farmers are no longer left behind but are, once again, recognised as an important part of the social fabric.

In addition to their political work, EMB producers are also tapping into their own strength and engaging directly with consumers. For instance, dairy farmers themselves have launched the *Fair Milk* brand in a number of countries in Europe, and it has clearly shown that cost-covering prices are not a pipe dream. But in order to allow for fair prices to

become a reality beyond a niche market and to actually get a foothold in the dairy market at large, we need – as described above – an appropriate political framework.

EMB press release of 16 January 2020

Events organised by the German dairy farmers' association BDM

Press conference at the Green Week in Berlin

© BDM

An overview of the market situation in 2019 shows that the grossly and continuously inadequate farm-gate milk prices, together with higher operating costs on farms, have led to profits on dairy farms decreasing by 30 percent.

BDM President Stefan Mann described this reality within the context of the many farmer protests that have been held since autumn last year, adding that "it comes as no surprise that farmers have had enough and are ready to take a stand against all additional burdens". The vicious cycle of "cost pressure ? pressure to intensify production ? negative environmental effects ? restrictions ? even more cost pressure" has its origins in an agricultural policy that aims for low prices to ensure competitiveness on international markets.

The BDM, therefore, believes that it is important to strengthen the market position of dairy farmers, so that it becomes possible to pursue market prices that allow for economically sustainable as well as socially responsible dairy farming.

Symposium 2020: Standards, restrictions & more – a vision for future-proof farming?

At the BDM Symposium held on 18 January 2020, a wide range of panelists – dairy farmers, policy-makers and scientists – discussed the questions underpinning the future of dairy farming. Issues like the responsibility of policy-makers and future opportunities were also considered. Johannes Pfaller, member of the BDM's Advisory Committee, also presented the BDM's strategies to solve the current issues affecting farming.

Awards ceremony for the 'Fair Milk' journalism prize

This year, this accolade to the tune of 5,000 euros was awarded in four categories – print, digital, emerging journalists and TV. The winning stories ranged from the everyday reality on farms to mechanisation as well as current political issues.

The journalism prize, which was awarded for the seventh year now as part of the BDM Symposium, definitely qualifies as one of the event's highlights.

Henrik Groeger, German dairy farmers' association BDM

APROLEP, the association of Portuguese dairy farmers

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The association of Portuguese dairy farmers (APROLEP) was officially founded on 4 March 2010 by a group of dairy producers, in response to the major crisis affecting the sector since 2008. From the very beginning, the objective has been clear: "a fair price for Portuguese milk" and "clear rules to adapt production to consumer needs".

We are a non-partisan organisation representing dairy farmers and are independent of any and all distributors, retailers, the dairy industry and other farmer organisations. We are always willing to take a cooperative approach to solve the issues faced by dairy farmers. We are funded by membership fees as well as advertising by companies providing products and services to dairy farmers, featured in our magazine and at our events.

The average milk price paid to producers in Portugal (€30.83/100kg in November 2019) continues to remain below the EU average. Effective solutions for the threats affecting our activity, reputation and products are the need of the day.

APROLEP has a very well-developed communication and outreach service with a [biannual magazine](#), a [website](#), and a [Twitter](#) account. The APROLEP [Facebook page](#) currently has 8,850 followers. Furthermore, we have also launched the "APROLEP Forum" on the Telegram app to facilitate discussions and to exchange information in real-time with producers across the country. We use all of these tools to stay in constant contact with our members.

APROLEP is delighted to join the ranks of the EMB, an organisation that has been a source of inspiration through the years. Together we stand stronger!

Carlos Neves, Vice-president of APROLEP

Belgian producers claim their space on supermarket shelves

On 23 January, some fifty producers from the dairy, meat and fruit sectors made their way to the Holiday Inn Brussels Airport hotel with tractors. The aim of their mobilisation was to present their concerns to the wholesale sector gathered there for an event organised by the Gondola Society, a national network for the food industry and distribution sectors whose main goal is to create added value. The Society offered awards to three outstanding figures for their significant contributions to the retail sector.

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Producers from different sectors are well aware of the important role played by the retail sector – which should be an ally. However, producers and farmers deplore the fact that wholesalers and retailers capitalise on the image of agriculture to maximise their profits, to the detriment of producers. Furthermore, they are concerned by the fact that company profits do not remain in Belgium but end up abroad. The award recipients are no longer exclusively Belgian companies.

How risky would it be for producers to not be able to work with these foreign companies in the future?

The demands of the many sectors present today are the following:

- Increasing the number of fair Belgian products that ensure adequate producer prices, including remuneration for their work;
- Facilitating the listing and entry of products from fair cooperatives and local producers;
- Providing greater visibility for different products so that consumers can locate and purchase these products more easily in stores;
- Forging partnerships based on mutual respect with farmers, who fight on a daily basis for the survival of their farms and our rural areas.

Today, it was not the farmers' intention to block the Gondola event nor provoke a confrontation; in fact, they simply wished to assert their demand that it is time for retailers to re-engage in constructive dialogue. They are, therefore, awaiting concrete results in the coming weeks.

Extract of the press release by MIG Belgium on 23 January 2020

The DBV sees "extremely stable" producer prices, the AbL sees "an existential threat to farmers"

In their year-end market data for 2019/2020, the German farmers' organisation DBV characterised 2019 as "an exceptional year for the dairy sector": on the one hand, raw milk production costs in many regions in Germany were significantly higher in 2018 and 2019 than in previous years because of the extremely hot and dry summers – and the associated poor feed harvests. On the other, producer prices in 2019 were extremely stable. The federal average through the course of the year oscillated minimally between 32.6 and 33.8

cents/kg."

According to Ottmar Ilchmann, dairy farmer and President of the German family farmers' association AbL in Lower Saxony, stability is generally understood as something positive. "However, when the DBV talks about 'extremely stable' milk prices while looking back at the past year, they definitely qualify as frontrunners in the contest for 'euphemism of the year'," explains Ilchmann, because this stability does nothing to improve the situation on dairy farms; in fact, it simply conceals the bitter truth. As Ilchmann puts it, these stable prices throughout the year also mean that the cost shortfall has consistently remained at about 10 cents or 25% below cost coverage levels – and this is something that the DBV chooses to give no mention. "These 'stable' prices imply extreme instability and pose an existential threat to

farmers; further farm closures can be expected", says Ilchmann. In his opinion, if the DBV still saw itself as a representative of dairy farmers' interests, it should have capitalised on the opportunity to strengthen the market position of dairy farmers within the process of drawing up a dairy sector strategy. "It seems, however, that they are more concerned with upholding the interests of cooperative dairies, where their members, all too often, have a major say on executive and advisory boards," criticised the AbL regional president.

The dairy sector has been working on a "Sector Strategy 2030" for a while now. It was supposed to be presented in autumn 2019; however, there is still nothing on the table. The process is being led by a steering committee, which includes representatives from the DBV, the German Raiffeisen Association (DRV) and the Dairy Industry Association (MIV).

Article by FebL/Unabhängige Bauernstimme

“Make agriculture strong again!” – EMB interview with MEP Bert-Jan Ruissen

Bert-Jan Ruissen is a Member of the European Parliament in the European Conservatives and Reformists group. The 47-year-old Dutchman has been a member of the Committee on Agriculture and Rural Development since July 2019. As part of our series of interviews with new MEPs, we asked him about his views on the agricultural sector.

© European Union 2019

What are your top policy priorities for the next five years in the European Parliament?

My focus will be to make agriculture strong again. We simply need to guarantee enough good food for all our citizens. We should never have shortages or become dependent on other countries or continents for our daily bread. It is already very unfortunate that the EU is not self-sufficient in terms of energy – and we see what dependency problems that creates. We should certainly not add dependency of something as important as agricultural products!

I have taken note of the long wish-list from other parties for changes to the European Common Agricultural Policy for the next seven years. An important question is: what will the available budget look like?

We must prevent red tape from killing entrepreneurship in European agriculture. As the negotiator on behalf of the ECR Group, I will fight for competitiveness, innovation and sustainability for the future of our farms.

We are losing 1,000 farms a day. How can we keep farmers on the land?

The foremost thing to do is to decrease the administrative burden in agriculture. Entrepreneurs need the freedom and the tools to explore and innovate in terms of products and processes – so that consumers can buy and enjoy the products they like. To make that possible, we in the European Parliament need to ensure that farmers have access to the tools they need to do their work. That means, for example, effective plant protection and access to the best available techniques. Farmers will remain on the land if they can make a living. Competitiveness of the sector is key here. Traders should refrain from unfair practices and consumers should pay responsible prices to keep agriculture sustainable. And finally, the EU should help and intervene where necessary.

Does the EU-Mercosur agreement represent a risk for farmers on both continents? How do we make sure that it does not lead to a race to the bottom in terms of prices, social protection and the environment?

Yes, the agreement indeed poses big risks for sensitive sectors, for example the European poultry sector, because of tariff-free imports from Mercosur countries. My party SGP (Staatkundig Gereformeerde Partij) from the Netherlands has serious doubts about whether producers in Mercosur countries really uphold the same standards as producers in the EU Member States. We must ensure a level playing field. So, we are critical: it is unfair to ask our farmers to produce according to high and stringent standards while, at the same time, undermining their competitiveness with cheap imports through the back door. For each trade agreement, we should carefully analyse whether it is, in fact, mutually beneficial.

Mr Ruissen, thank you for your time.

Nicolas de la Vega

into their Fair Milk project.

In our previous newsletters, the Swiss and French Fair Milk projects were presented. In this current edition, Luxembourgish dairy farmers give an insight

D'fair Mëllech in Luxembourg

In 2011, forty eight dairy farmers from Luxembourg came together to found the cooperative *Fairkoperativ Lëtzeburg* (FKL) and with it, their own brand called *D'fair Mëllech*. From this point on, it became possible for Luxembourg's consumers to support dairy farmers directly: for every litre of milk sold, 10 cents go to the participating farmers. In this way, the usual inadequate milk

price is raised to a fair milk price.

While producing high-quality fair milk, we producers are conscious about energy and raw-material consumption on our farms. The objective is to optimise the energy balance in order to bring our farm operations in harmony

with nature.

Today, our cooperative FKL offers 13 different milk products in the categories of long-life and fresh milk, chocolate milk, butter, cream, ice-cream, cheese and yoghurt. The chocolate milk as well as some of the ice-cream varieties are

produced in collaboration with fair trade, i.e. all the ingredients are derived from fair trade. The speedy growth over the last few years clearly shows that there is broad support for our concept among Luxembourg's consumers. In fact, retailers also fully back *D'fair Mëllech*.

Direct contact between us producers and our consumers is the most important aspect of our project. Our members regularly present our products in shops and at a range of events. At the end of the day, it always gives us great pleasure to see how much consumers enjoy *D'fair Mëllech*.

Dairy farmers need a fair milk price that fully covers all their production costs. They do all the work and also undertake a significant economic risk. They preserve cultural landscapes and produce high-quality products. If you are in favour of fair, local products and projects such as *D'fair Mëllech*, there is already a lot you can do in Luxembourg to promote fairness.

Further information: www.fairmellech.lu

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