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To all milk producers who speak a foreign language!

To improve and extend the flow of information on a grassroots level across the borders in Europe, we are looking for dairy farmers who speak a European foreign language and are ready and willing to contact their “opposite numbers” in other EMB organisations directly by e-mail, fax or phone.

The milk price campaigns carried out last year by EMB organisations in six countries and the ongoing campaigns in France show that the dairy farmers of Europe are united and will no longer be played off against one another – not by the dairy industry, nor by the EU Commission and the Ministries or by other organisations. To be better and more rapidly informed of everything that is happening in neighbouring and countries further afield, we intend to set up sponsorships. To anyone approaching us about this we will give the contact details of a colleague in another EMB country with the corresponding language.

Interview with Romuald Schaber, President of the European Milk Board:

“The decision on whether to raise the volume has to be down to whether a cost-covering price can be achieved”

On 23 January 2009, the EU Commission reintroduced the export subsidy instrument, i.e. as of now dairies can get refunds for exports to markets outside Europe. This instrument has been the object of social criticism for some time now – why was this decision taken?

This instrument was reintroduced because decisions made by the EU Commission and the Council of Ministers of Agriculture have turned out to be totally wrong. It is old mistakes resulting in the current situation. The market assessments were very superficial, they assumed constantly rising sales opportunities for European products. It was the belief in growing markets that led to the increase in the milk quota. Now just 10 months after the extraordinary increase of 2 % introduced 1st April 2008 the milk market is patently in a catastrophic situation, with spot market prices of 15 eurocents in several European countries. To prevent the total collapse of the market the EU Commission has now opted for intervention and export refunds.

What is the European Milk Board’s position on the reintroduction of export refunds?

The EMB is very critical of this measure. The EU Ministers of Agriculture and the EU Commission’s attempt to liberalise the milk market has already failed in the early stages. The actual answer would now have to be to review the decisions instead of frantically holding the line and resorting to damage mitigation. Especially since these exercises are more beneficial to the dairies than to the farmers. The milk producer price will settle down to a low level. These measures, i.e. intervention and export subsidies will even prohibit an increase of milk prices in the medium-term and long-term. Furthermore export subsidies put pressure on the price of the world market and erode the external protection of the EU. What is more, we have to put up with severe disadvantages for the minor effect of the export subsidies. We are paying a high price on another level.

And what is that?

Sympathy for the milk producers among the populace is in jeopardy. Export subsidies are taboo, scorned because of their impact on other markets. On top of that there is the media's misinterpretation of who benefits from export subsidies. A headline in the *Süddeutsche* (a national newspaper in Germany) ran: "Aid for Farmers!" Nothing could be further from the reality. The farmers don't get a penny. It's the dairies that profit from it. We are forced into a debate about subsidies we want nothing to do with. We milk producers in the EMB call for cost-covering producer prices. We want to operate in line with the market, so we don't need subsidies.

What will happen to the market now?

That's hard to say. The export subsidies were introduced to stick to the base-line of deregulation. It's like not quite drowning a patient but not giving him enough air either! At best after a few weeks of a minor positive effect on prices we'll be back to where we started. If the worst comes to the worst the subsidies will not have any effect because of sated markets. Should the EU commission keep on following its direction and will not limit the production within the EU, there is the danger that milk markets worldwide including Europe will be put under pressure. That would be a catastrophe, especially for the European dairy farmers.

Thank you for the interview.

ZMP Delegates say "Yes" to the National Milk Pool

The delegates of the ZMP (Central Swiss Milk Producers) voted at their meeting in Hochdorf LU on 10 February 2009 by 250 for to 124 against to join in the Swiss Milk Producers' Milk Pool. In doing so they rejected accession to the VSM (Swiss Milk Association) founded by the dairy industry. The result of the ballot may be rated as a victory for the farmers' solidarity.

In the run-up to the meeting, BIG-M had called for a demonstration outside the venue. 150 milk producers from all over Switzerland, from Tessin to western Switzerland to eastern Switzerland, they heeded the call. They showed how vital this decision is for every Swiss milk producer. The effort was worth it. Now there is light at the end of the tunnel again.

DDB survey: Dutch milk producers want flexible quota, even after 2015

The Dutch Dairymen Board (DDB), a member of the EMB, commissioned the AgriDirect bv institute to conduct a representative survey among Dutch milk producers. The DDB wanted to make visible the Dutch milk producers' opinion on abolishing quotas, setting up a milk fund, abolishing netting and increasing the EU quotas. The outcome of the survey sends out a clear message: not fewer than 67.7% of the milk producers said that they were in agreement or total agreement with the statement "After 2015 there has to be a flexible European milk quota whereby supply and demand are adjusted to each other". Among the large farms (70 cows or more) the figure was 64.4% in favour, with the smaller farms it was even 71.1%. And the additional quota top-up called for by Minister of Agriculture Verburg, found only relatively little support among the Dutch producers.

Export Refunds Destroying Markets – Fair Prices and Control of Volumes More Important Than Ever

At a press conference in Vienna on 2 February, the attention of a large group of journalists was drawn to the ruinous consequences of the EU resolutions on the Health Check in November. "With the topping up of volumes that totally ignored the market, within one year the value creation chain and 100% of the dairy farmers' income will be wiped out", stated Ewald Grünzweil, the Chairman of IG-Milch. "So long as Commissioner Fischer-Boel and the Ministers of Agriculture fail to rectify the resolutions they passed blind to reality and until they allow effective control of volumes, there will be no reasonable, cost-covering prices. And that poses a huge threat to jobs, food safety, food sovereignty and the recreational landscape," added Vice-Chairman Ernst Halbmayr.

Milk producers and human rights organisations: press conference in Luxembourg

Milk prices in Luxembourg are in free-fall. Whereas a year ago milk producers were still being paid 42 cents a litre, many are now getting only 30 cents. The EU Commission is reacting with export subsidies, which is coming in for heavy criticism from the Luxembourg dairy farmers and various human rights organisations. The export subsidies mean that European surplus volumes of milk are being shoved onto the world market, causing farmers in developing nations to suffer, as they are unable to compete with cheap EU exports. "TransFair-Minka" President Jean-Louis Zeien was quite

blunt at the press conference: "Have the political decision-makers forgotten that we have just been through a food crisis? What we should be doing is lending a helping hand to farmers in the developing nations, instead of flooding them with cheap milk." Zeien went on to advocate coherency of thinking behind agricultural and co-operation policy.

Stable milk price in Canada

Even in these times there is some encouraging news about milk producer prices. For that we have to look to Canada. In February this year the milk producers will be paid the equivalent of 45.38 cents a litre, according to François Bertrand of the Milk Producers Association in Quebec, and a further price rise is already planned for February. Last year the milk price was put up twice owing to rising costs. In December 2007 the milk producers in Canada were paid 43.61 cents a litre as the basic price. At this juncture it is worth making a comparison with the milk producer prices in Germany, for instance. Whereas the milk producers were still receiving 40.88 cents a kilo in December 2007, the price they were paid recently tumbled to as little as 19 cents a kilo, which is what the dairy cooperation Viol eG is paying its members, and this causes prices to plummet nationwide. In Canada the milk producers have control over the ten milk marketing boards. They achieve cost-covering producer prices by means of active control of volumes geared to demand in the country. The low prices in Europe on the other hand are due to the latest, rigid increase in volumes brought about by the politicians.

Reactions to the export refunds from New Zealand and Australia

Newspapers in New Zealand and Australia reacted with alarm at the EU's reintroduction of export refunds. In New Zealand, Minister of Trade Tim Groser told the Stuff newspaper: "The EU has dug into its political toolbox and pulled out the most despised of all protectionist measures. I find that highly irresponsible.

EMB – Milk price – Annual comparison 2008

Since the beginning of January the European Milk Board's website www.europeanmilkboard.org has posted an annual synopsis of the development of producer prices in the EMB member countries in 2008. The milk producer prices in 12 European countries are continually being updated on the website.

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