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Dear Dairy Farmers and Interested Parties,

At the beginning of 2010, I would like to send a message specifically to all the dairy farmers united in the EMB.

The dairy farms all across Europe are still in an extremely difficult situation. We are all suffering from milk prices that are much too low because production is not adjusted to the market.

The European politicians intend to do away with state regulation of quotas in 2015. So that the quotas can be abolished without the risk of claims for compensation, the plan is to invalidate them already prior to the abolition. That is why the political production framework is being extended as scheduled in a “soft landing” approach oblivious to the market situation. The dairy industry in Europe realises that a “free market” entails too many risks for its companies as well. So at present many dairies are trying to sign long-term supply contracts with the milk producers that do not, however, contain any price commitment. These efforts, aimed at securing supply of raw material, are particularly prevalent in France, where they are seeking to make milk producers dependent on the dairies. Both moves – to abolish effective supply control and to enslave the dairy farmers with one-sided adhesion contracts – have to be stopped at all costs.

Over the past months the EMB dairy farmers have fought vehemently with heart and soul against this fatal development and for an improvement in the situation. The numerous campaigns in the member states and in Luxemburg and Brussels in particular right through to the milk strike have been successful. The EMB has succeeded in turning the EU politicians against the resolute resistance of the European Commission. There are now 22 countries in favour of changing the current policy. Resolutions have been passed giving countries the opportunity to restrict production on a voluntary basis. A new Commissioner of Agriculture takes up his post in February. A High Level Group was set up at EU level to come up with proposals for the milk market of the future. The politicians have evidently realised that there is considerable need for action.

This is our chance. What we have to do now is stick to it. We must not ease off – quite the opposite. Together we must succeed in winning over even more fellow farmers to become involved so they can help shape their own future. There are two levels on which to act. Firstly, the present situation demands that we unite in producer communities. This should be on a national level where possible. Only that way can we prevent the formation of endless ineffective splinter groups. Secondly, the pressure has to be kept up on those with political responsibility. This will ensure that the politicians cannot sneak out of their responsibilities. Now and even more so in the future, the milk producers are reliant on political support.

I wish us all a successful 2010.

Best regards,

Romuald Schaber

EU milk production not standardised

According to the Landwirtschaftliche Informationsdienst (lid) [Agricultural Information Service] there was a marked decrease in milk production in Western and Southeast Europe, particularly in France and Ireland, whereas there was an increase in production in Central and Northern European countries, including Germany, Denmark and Poland. French milk deliveries were down by 4.8 per cent from January to September 2009, whilst Ireland produced 2.9 per cent less.

There was another drop in Great Britain, this year by 1.2 per cent. In Italy, 0.4 per cent less milk was produced. Italy availed itself of a one-off 5% Health Check quota increase instead of a gradual rise. Slight declines in production were also evident in the other countries of Southern Europe by September 2009.

There were major decreases in many Eastern European states. Both Hungary and Slovakia produced less than in the same period the previous year, January – September, 4 per cent less and 8.9 per cent less respectively. Likewise in the Baltic countries and in Southeast Europe markedly less milk was supplied.

Volumes rose in Germany, Denmark and Poland by between 3.6 and 3.9 per cent. In Belgium, the increase was even 5.1 per cent. The Netherlands produced 2.0 per cent more.

By the end of September, the volume of milk in the European Union had risen by 0.1 per cent compared to the same period the previous year.

Source: lid

France's plans for future regulation of the milk market?

Politicians and dairies upping the pace

The French Ministry of Agriculture is working emphatically on implementing contractualisation: by March 2010, the plan is for all milk producers to have signed an agreement with their dairy that not only ties the milk producers to the dairy in the long term but also includes another far-reaching stipulation: the option available to the dairies to supply the world market at any time with milk produced in excess of the national requirement.

The idea behind the LMA (Loi de Modernisation Agricole – Act on the modernisation of agriculture) is to ensure that surplus volumes of milk can be offloaded onto the world market at any time. The A/B 80/20 ratio means a dual price model; the producer is paid the normal market price for 80% of the milk volume. This is geared to value added in the European internal market. Optimists assume a long-term level of 30 cents/kg in the best case. The remaining 20% of the milk supply is paid for at the world market price.

Officially, contractualisation is being presented and praised up as a model to succeed the milk quota regulation that runs out in 2015. The milk producers are more than sceptical. For them the LMA means nothing more than dependence on the dairy industry and no profitability. The only ones to benefit from the LMA are the dairies – of that Pascal Massol, Chairman of the French Dairy Farmers' Organisation APLI, is certain.

The milk producers' response to the endeavours of the government and the dairy industry is to unite the milk producers in the OFFICE du LAIT. Their aim is to establish the marketing of milk and thus a market for the milk before the dairy industry.

Hans Foldenauer (BDM)

Germany

The BDM's "Fair Milk" now on the shelves

A unique concept is being put into practice: a fair milk price for the farmers – high quality – strict controls – healthy, environmentally-friendly and traditional production – GMO-free

"Fair Milk" has also been on sale in stores in Germany since early January 2010. Marketed by MVS Milchvermarktung

Süddeutschland GmbH, it is initially available from 1,200 Rewe outlets and 300 Tegut outlets in Bavaria, Baden-Württemberg and Hesse.

What is so special about this milk?

A key factor for trust is transparency. Consumers want to know whether and how much of their money actually goes to the farmers. That is easy to define: of the 99 cents a litre retail price (3.8% fat) 40 cents go to the milk producers. This secures the survival of the farms and jobs in the region. What is also important is that it is transparent to the consumer where the milk on the shop shelf comes from.

Other key factors in recommending a purchase are added value and sustainability. That is why "Fair Milk" is fair not only to the producer but also to the consumer and the environment. Fairness is based on give-and-take: in future, producers and consumers ought to regard each other more and more as partners.

The special quality features of Fair Milk in a nutshell:

1. It contains 3.8% or 1.8% fat – i.e. in both cases 0.3% more fat than most milk brands, hence it is particularly tasty (nutrition values according to analysis and legal requirements).
2. The omega-3 fatty acid content is markedly higher than in traditional milk (the aim is double the content).
3. The milk is sustainably produced: GMO-free feed and cultivation, local feed, minimum grassland component, plant protection according to beekeeper specifications, animal welfare.
4. Regionally produced and sold: it is stated on the packaging which region the milk comes from.

It is being retailed first only as long-life milk – fresh milk and other dairy produce are to follow as soon as possible, though.

The effect this will have for every dairy farmer is that a higher farm-gate price will enable the MVS to offer a real alternative in marketing. This competition will ensure that the milk price level in Germany will clearly rise – to the benefit of every milk producer.

Romuald Schaber (BDM, EMB)

The development of milk prices in Germany – milk market trends

26.5 cents per kilo was what German milk producers were being paid in November 2009 for milk containing 3.7% fat and 3.4% protein. That means an increase of 4.6 cents on the low of July 2009. The most that can be expected is a marginal increase in milk prices forecast for December 2009. Forecasts for the first quarter of 2010 vary considerably. Most expect the milk price development to stagnate, with decreases in the milk price being regarded as possible, even probable.

Milk supply continues to be up on the previous year's level, the period from January to October saw an increase of 3.7%, in the current dairy industry year it has even been 4.9%. Altogether a record supply of 28.5 million tons of milk is expected for 2009.

Milk market policy

The German federal government will not make any further moves in 2010 to discontinue the increase in quotas at EU level. Nor, according to the Ministry of Agriculture, will there be any attempts on a national level to make use of the national scope granted by the EU Commission to buy up quotas, or to implement a restriction on netting.

Milk producers' campaigns

In the run-up to Christmas, the German milk producers launched a Thank You campaign at many Christmas markets to show their appreciation for the public's support in various ways in 2009.

BDM Symposium ICC Berlin on 23 January 2010

“Milk producers and the soft landing – does the milk market need to be regulated?” – that is the title of the symposium in which two panels of representatives from science, milk producers, politicians, authorities and the media will be discussing a sustainable configuration of the milk market. Farm Minister Ilse Aigner will be opening the symposium, to which milk producers from our neighbouring countries will be welcome.

Hans Foldenauer (BDM)

Europe: society giving moral support to milk producers

In recent weeks and months, it has become increasingly apparent that society is growing more and more aware of the milk producers' concerns and is lending them constantly stronger support. The European milk producers have received numerous declarations of solidarity from the general public, development aid and environment organisations, politicians, the Church and farmers from Central America, Africa and Taiwan, among other countries. This message was sent by farmers from Burkina Faso in West Africa: “The European dairy farmers are calling for the (...) quota in order to guarantee a fair price level. We are of course on their side.” The European Milk Board received the following message from a milk producer organisation in South Africa: “From the southern tip of Africa, we wish to express our backing for all your efforts. The milk producers are very courageous and now there is ever stronger unity among the European milk producers. We hope this turns into a worldwide unity of milk producers. We are all in the same boat.”

A survey carried out among the French population at the end of last year revealed strong support for the milk producers' movement. When asked whether they considered the milk producers' protests justified, 92 per cent replied “Yes”.

From the world of politics, the milk producers received a greeting from German Federal President Horst Köhler on 29 September 2009: “We have to ask ourselves (...) how it is possible that the rock-bottom price seems to be the only sales argument in Germany these days. Anyone who doesn't want his/her milk to be imported one day as powder from overseas should think about that. You farmers can and must fight for your interests. It seems to me, for instance, that at present you can't negotiate on an equal footing with the large corporations, that you don't even make the most of your opportunities in the co-operative dairy sector. Many of those that speak to me when I'm travelling around the country have already taken matters into their own hands and are addressing their concerns to the public. Apart from individual incidents, they have my sympathy.”

The development aid organisation OXFAM announced its solidarity with a general “call to solidarity with the dairy farmers”, which included this statement: “The pictures (of milk being thrown away, Ed.) are indeed shocking. (...) But the real scandal is that the EU politicians are aiming to increase the quotas and bring about overproduction of milk to lower the price.”

In a resolution entitled “Shaping the market instead of putting blind faith in or monopolizing the market”, 40 scientists expressed criticism saying “the trend towards the so-called free market, currently perceptible in the agricultural sector with the abolition of the milk quota, (...) accompanied by a persisting policy of giving preferential treatment to companies with clout in the market (is becoming) a trend towards even greater inequalities for the overwhelming majority of the market players: for consumers, whose freedom of choice is being restricted by the trading monopolies; for the dairy farmers, who are being downgraded for good into suppliers of raw materials to the dairy industry; for the non-EU countries, whose livelihood is being destroyed by the industrial nations' dumping policy that is making them starve; and for broad social strata the world over that have to bear the brunt of an increasingly gigantic and monolithic structure of a food sector.”

The Bund Naturschutz Bayern [Bavarian Union for Nature Conservation] from Germany stated that “the catastrophically low milk price (...) (is) not only ruinous for the dairy farmers (...), but (will) (...) also have repercussions for many sectors of society. It will impact on the protection of the environment and nature conservation, the natural landscape, particularly in grassland regions, animal health and the quality of milk, as well as jobs in rural areas. On international level, the EU agriculture policy is increasingly destroying the livelihood of small producers in developing nations.”

In addition to the organisations and people just mentioned, many more have declared their solidarity.* We thank them all sincerely for their support, which is a boost to the position of the European milk producers.

* They include: Bishop Mixa Southern Germany, Mgr Philippe Breton, Mouvement Rural de la Jeunesse Chrétienne [Rural Movement of Christian Youth], Bread for the World, ATOAP (Association of Taiwan Organic Agriculture Promotion), Upländer Bauernmolkerei, Alliance '90/The Green Party, Stefaan Declercq, General Secretary of Oxfam-Solidarité, Arnaud Zacharie, General Secretary of CNCD, Freddy Destrait, General Secretary of SOS Faim, Carmélina Carracillo, political officer of Entraide et Fraternité, Marc Descotte, General Secretary of Oxfam-Magasins du Monde, Daniel Van Der Steen, CSA co-ordinator, George Dixon Fernandez, President of MIJARC, Daisy Herman, General Secretary of FIMARC.

Silvia Däberitz, Johanna Besier (EMB)

Netting in Belgium

After shedding light in the previous EMB newsletter on the netting system in France, we now turn to the Belgian model.

Supply quota and direct marketing quota

There are two types of milk quota in Belgium: the supply quota, which accounts for over 95 per cent of the total quota, and the direct marketing quota. If one of the two quotas is not met, the remaining volumes are added to the other quota. If supply exceeds the quotas, farms have to pay a super-levy (currently 30 cents/kg milk). Despite the restriction on volumes due to the quota, each farm is given a specific levy-free milk allowance, which means it can exceed its quota up to a certain percentage without having to pay the super-levy. The higher the oversupply on a national level, the lower this levy-free allowance.

No individual penalties unless total quota exceeded

The Ministry of Agriculture offsets the excess volumes supplied against sub-quota supply to work out the exact amounts of the super-levy. Unless the total quota for Belgium is exceeded, though, no super-levies are due. What this means for oversupplying farms is that they do not have to pay any penalty provided the national quota volumes are not exceeded. Since in the last three years the Belgian national quota was not met, the farmers did not have to pay any levies. If this situation changes and the national quota is exceeded, the farms that regularly supply in excess of their quota run a risk. They would have to expect higher costs. In Wallonia, however, dairy farmers have the option of acquiring what they call "leasing milk". In this way, farms that do not meet their quota can sell their "residual quota volumes" to fellow milk producers at negotiable leasing prices. The greater the risk of the national quota being met or exceeded, the greater the demand and thus the prices of leasing milk. After the farmers' negotiations, the dairies and the ministry are sent a communication on contractually stipulated prices and volumes.

Johanna Besier (EMB), Katharina Aurich (BDM)

Spain: In pursuit of quality milk

INTERVIEW with Fernando Ruiz Sarabia, Manager of the AFCA (organization of milk producers of Cantabria - Friesian race), who is responsible for a study on milk quality.

"We need a certification system for all steps of the process, from the point where the milk enters the industry until it goes to the supermarket."

LACT. - What has motivated the AFCA to carry out a study about quality in milk?

FR. – We are trying to draw up a chronological account of the stages from when a litre of milk is produced until it is put on sale in the supermarkets; we had some difficulty obtaining certification of what happens between the time the milk enters the dairy and when it is put on sale. And the question was raised whether all the milk on sale underwent the same process. The aim of this study is to contribute to the creation of a comprehensive information system for the consumer. In this way, once informed, the consumer can make a purchase based on solid arguments.

LACT. - What results do you have at the moment?

FR. - The results we have so far are those of the laboratory analyses and some reports, which must not be considered the results of the study, because this is not the most important aim. Nevertheless, we can see that all the samples are considered safe enough from a health point of view; this is a fact that we never had any doubt about. But we also feel that this is not enough, as milk is a food, after all.

LACT. - What message do you think should be sent to the consumer?

With regard to the consumer, the message is clear: milk is a food whose safety is confirmed from its origin (the farm gate) and with a few nourishing qualities, which make it what it always has been, part of the diet, and for good reasons; nothing to do with trends or campaigns. It is one of the most complete foods - if not the most - and its consumption should be more valued by what it provides.

LACT. – With the results to date, what position must the different organisations in the milk production chain adopt?

FR. - The position of the different stakeholders (producers, politicians, industry, distribution and consumers) should be fundamentally unanimous and along the lines of raising the profile of milk for the consumer, as it deserves, and as has been obtained for other products, differentiating the various qualities. This campaign cannot succeed without increasing the information about the product and its particularities. This project tries to contribute new arguments to endorse these positions and to enable the aims of all the organizations, including those of the consumer, to be achieved.

LACT. - What do think about PROLEC's proposal calling for a controller/auditor at the entrance of the milk industry plants to control the product that goes in and leaves transformed?

FR. - I believe that it might be an effective measure that would need a series of determinant factors to guarantee its operation in the long run, and I also think this would contribute to the transparency of the sector. It is very interesting.

The AFCA have already completed the second round of control in milk cartons. The products that leave the industry observe the minimum quality, but they are far from being of maximum quality. The AFCA have classified their analysis in two groups: milk that is over-processed, and milk that is sold containing additives. In the first group there are milk products with a longer treatment than usual, and that happens because this is milk that is of a lesser quality or quite close to the use-by date. In Mr Ruiz Sarabia's words: "Industry will never admit this, but the truth is that there are some machines specially designed to open milk cartons that are close to the use-by date, in order to re-treat the milk and transform it again to put on sale for the second time". In the second group, there is milk that has suspicious levels of water and milk that has some solid added, usually milk powder, in order to ensure the correct fat and protein content.

Esther Lopera, PROLEC

Young farmers get started

BDM YOUNG – a fresh, youthful offshoot of the Association of German Dairy Farmers (BDM) –will be an independent organisation of its own right with its own funding, and will feature a special programme for teenagers and young people. Ilona Zeimens, founder member of BDM Young, describes the new organisation.

Our organisational structure is democratic, and every active member has a right of co-decision in the form of a vote. Anyone aged between 14 and 30 who comes from a dairy farm or has decided to train to become a farmer can become a member. Anyone that does not qualify as a member can become a supporting member. Supporting members do not have a vote, but can have their say, of course.

The programme will include presentations on the current milk market situation and its prospects for the future. As we are a youth organisation, though, there has to be an element of fun, too. We will be throwing parties for members of our organisation to exchange ideas, get to know one another better and develop a stronger sense of community. We plan to put on excursions to various farms and the upstream and downstream industries at home and abroad for us to become familiar with other farming structures as well.

The intention to give the next generations a say in shaping the milk policy gave rise to the idea to set up an organisation offering young farmers the opportunity to co-decide on their future.

The founding meeting of BDM YOUNG in Germany is being held in Berlin on 22 January 2010. The new Board will be officially presented at the Milk Symposium on 23 January 2010, likewise in Berlin.

Ilona Zeimens (BDM YOUNG)

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