

Dear Dairy Farmers and Interested Parties,

2012 has just begun and things are even more uncertain in the dairy market. This is all down to the worldwide increase in milk production and at the same time high risks in economic development. We know from experience that economic crises quickly result in lower sales of dairy products. So we are prone to a dairy market and price crisis at any time.

Many of those responsible for policy-making and in the European Commission seem to be aware of this. There has not been so much talk of crisis management for a long time.

But what instruments are available? Which ones are to be used when, and according to what criteria? What are the crisis management aims? Is the intention to create stability and a functioning market for producers and processors right through to consumers? Or is the idea just to prevent a total collapse of the dairy market by not intervening, as in 2009, until the farm-gate price is 20 cents?

The debate about the margin is of key importance here. The less the dairy farmers earn, the more critical the situation becomes. That is why mechanisms must be found that shift into gear when the margins fall, and help prevent the kind of crises we have experienced.

The members of the European Milk Board are convinced that flexible supply management through an independent market monitoring agency is the best way to overcome this insecurity. And we are no longer the only ones in favour of such a solution. Colleagues from other sectors are also now advocating volume control measures – such as Wyno Zwanenburg, the Chairman of the Dutch Pig Breeders' Organisation (NVV), who is calling for a limit on the quantity of pork produced in the EU.

We still have the milk quota. The time until 2015 ought to be used in the event of a crisis to submit the instrument of voluntary volume suspension to a stress test. Such a measure has been discussed by the Commission itself. The margin can be taken as the criterion for the right moment to apply it. New instruments have to be fully developed by 2015. The time for experimenting will be over then.

As milk producers we also have to push ahead in 2012 with the pooling of raw milk to enable us to exercise the bargaining power over our product and its price in a balanced market. Contracts in themselves are not a solution. But it is through contracts between widely established Milk Boards and dairies that milk producers can take an active part in the market again and not just supply milk but sell it at a fair, cost-covering price.

In this Newsletter there is also an article on the progress of Fair Milk. It is now available in five countries in different forms. It is not only a good product at a fair price; it also makes it easier for us to strengthen the dialogue about fair prices with consumers and civil-society organisations.

At the International Green Week in Berlin the EMB will be presenting its positions at a press conference as well as Fair Milk on a trade fair stand to a wider audience. In a public discussion with EU Commissioner Dacian Cioloş organised by the "My Agriculture" campaign we as the Board of the EMB will be putting forward the milk producers' view along with other social groups.

I wish you all a lot of energy and all the best for 2012.

We are on the right track!

Newsletter January 2012

- Fair Milk Europe presented at the Green Week in Berlin
- The Swiss Dairy Industry's erroneous ABC
- "Do we have to pay a high price tomorrow for today's cheap milk!?"
- Myths of innocence – How food speculation feeds hunger
- Little (milk) power despite top position
- Sweden: short review 2011
- "We've had enough!" - Invitation to Demo in Berlin
- The current situation in Austria
- Voice from France: a lack of political cohesion
- EMB Agenda

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Kind regards,

Romuald Schaber, President of the EMB

Fair Milk Europe presented at the Green Week in Berlin

The European Fair Milk family will be introduced together for the first time to the general public at the International Green Week in Berlin from 20 to 29 January. The Fair Milk initiatives of EMB countries Austria, Germany, Belgium, Luxembourg and the Netherlands will be sharing a stand at the Agricultural Fair in hall 24, where information will be given out on Fair Milk and people can also try the different products. Besides drinking milk from Germany, Austria and Luxembourg there will also be chocolate milk from Belgium and the Fair-Trade chocolate milk from the Netherlands to sample.

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The Swiss Dairy Industry's erroneous ABC

An article that appeared recently in the Swiss magazine "LANDfreund" puts it in a nutshell: although the dairy sector is struggling with surpluses and the butter mountains are piling up, the milk processors ordered even more milk (an extra 1,423 tons) in 2011. And they then make the farmers pay into a market relief fund so that the extra volumes of surplus products can be exported. Segmenting the market into A, B and C milk does not bring a

solution either.

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“Do we have to pay a high price tomorrow for today’s cheap milk!?”

Foto: Bundesverband Deutscher
Milchviehhalter

The 6th Symposium of the German Dairy Farmers’ Association (BDM) is being held in Berlin on 21 January. This year the following speakers will comment, among others, on the above key question: the Polish Minister of Agriculture Marek Sawicki and Dr. Gerd Müller, the Parliamentary Secretary of State of the German Federal Ministry of Agriculture, Food and Consumer Protection, followed by Prof. Christoph Lütge (Chair of Business Ethics at Munich University of Technology), Wyno Zwanenburg (President of the Dutch Pig Breeders’ Organisation), Florian Dittrich (Analyst at the European Commission) and Peter Guhl (President of the MEG Milch Board w.V.).

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Myths of innocence – How food speculation feeds hunger

“Poor harvests due to drought are to blame”, plus the increasing demand for maize as feed in meat production and the manufacture of bio-ethanol are gleefully cited by stock market speculators as the only reasons for the massive fluctuations in the world price of maize since 2006. Financial speculation, they say, is not at all to blame for these fluctuations; it merely exposes distortions in the real markets, thus reinforcing price developments that were already

underway. Is that true?

says this is a myth.

Dirk Müller, a well-known stock market expert, is of the contrary opinion and

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Little (milk) power despite top position

The EU Council Presidency switches from one member state to the next every six months. After Hungary, which held the presidency in the first half of 2011, it was Poland that had the Council Presidency in the second half of the year. This meant that Marek Sawicki – a progressive farm minister – was responsible for agriculture. However, he had scant opportunity to influence the EU Council of Agriculture's policy. Marek Sawicki is a milk producer himself and knows that stable prices are not possible without control of supply. He has worked long and hard to assert this knowledge in his own country. Many of his EU colleagues still have to be convinced.

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Sweden: short review 2011

farmers in Sweden.

It was a turbulent year for the Swedish dairy market. The Milko dairy was threatened by bankruptcy and is now part of the big Danish / Swedish co-operative Arla. This means that Arla has a strong dominance in Sweden. The other big change is that Skånemejerier, a dairy in the south of Sweden, has been sold to the French dairy Lactalis. As a result, Skånemejerier will from now on act as a producer organisation selling its milk to Lactalis. We have not yet seen the impact of these big changes on the dairy market and dairy

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“We’ve had enough!” - Invitation to Demo in Berlin

Just as it did last year, “My Agriculture” (a civil-society alliance in Germany advocating a different agricultural policy) is again organising a demonstration during the International Green Week in Berlin. The protest is focusing on the reorientation of the European Agricultural Policy until 2020. Many thousands of demonstrators are expected again this year. Be there, when from 11:30 hours on from Berlin Central Station the cry will be: We’ve had enough! We want farms, not industrial agriculture! Yes to sustainable family farming and respect for animals! Yes to the human right to food!

Foto: wir-haben-es-satt.de

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The current situation in Austria

the suppliers of “Freie Milch Austria”.

The way will be paved in the next few months for the implementation of the CAP 2013. IG-Milch will therefore be presenting its views and visions in the next few months during several panel discussions, also in collaboration with NGOs. Otherwise the milk sector situation is calm at the moment: milk prices are slightly up on the previous year, but they are still patently too low to make it possible to farm and cover costs. Intense pressure is still being exerted on

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Voice from France: a lack of political cohesion

The mini-package which has just been adopted by a political agreement between the European Commission, the Council and the European Parliament will not take effect until next February; its provisions will apply until 30 June 2020. Although the quota system is still in force until April 2015, the French milk producers were given contracts by their private dairies in April 2011 and the co-operatives revised their constitutions and their rules of procedure in July 2011. The French milk producers see in this contractualisation a total withdrawal on the part of the state, especially since it is optional under the European Milk Package.

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EMB Agenda

Find here some of the most important meetings of the EMB executive board:

- 19.01.2012: EMB press conference at the Green Week in Berlin
- 20.-29.01.2012: EMB stand "Fair Milk Europe" at the Green Week in Berlin
- 21.01.2012: Demonstration "We have had enough of it" in Berlin
- 21.01.2012: BDM symposium at the Green Week in Berlin

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Document-URL: <http://www.europeanmilkboard.org/https://www.europeanmilkboard.org/english/newsletter-january-2012.html>