

Dear dairy farmers and interested parties,

A difficult and challenging year for farming has come to an end.

For me it is now abundantly clear that the 'toolbox' of policy instruments available to the Commission to support milk price in the post-quota era is woefully insufficient. It's quite possible that this was also the situation during the quota era but the existence of quotas -this one fixed factor - gave the market some degree of stability. Now, with quotas gone and farmers' incomes absolutely ravaged by wild volatility, even the Commission has to face the fact that this situation cannot continue. It's time to put down the policy pea-shooters and get some real firepower.

To those who say that the market must set the price and that the market cannot be wrong, I simply state that the market can – and very often is - completely wrong. The market has a lot of help getting it wrong on milk price. There are those who profit from the chaotic swings in milk price and farmer income volatility. Very powerful elements further along the food supply-chain have a vested interest in these wild swings: the food retail corporations are left unregulated by either governments or the Commission and they have been given a licence to operate a 'win-win' relationship with farmers and primary producers: when supply is short, they 'brick off' their own margins and hike up the price to the consumer, when supply is abundant they cut the price to processors and farmers and gobble up the extra margins. These corporations have been allowed set their own agendas for decades now without so much as a squeak of protest from either government or the EU. If anyone questions their dominance they retreat behind some platitude about giving 'cheap food' to the EU's consumers and that is deemed to excuse the wreckage they have made of Europe's family and small farm system. Milk price to farmers all over the EU has fallen by anywhere from 30% to 40%. How much did it fall in the supermarkets? Across the EU the milk price paid by consumers fell by an average of 2%. That small statistic tells you a great deal about who benefits from the current system of 'no-questions-asked and no-answers-needed'

2016 must see us demanding that the Commission finally summons up the courage and sense of justice to redress this manifest unfairness because it goes to the heart of the debate about sustainability. What about our sustainability? Who's worried about the threat to sustainability contained in a 35% to 40% fall in dairy farmer income of the sort we saw this year and which threatens to continue into 2016?

That's EMB's job. It's our job. And we have to try even harder.

I'll end by wishing you and yours a happy and healthy 2016.

John Comer, Member of the EMB Executive Board and President of ICMSA Ireland

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'Milk for Juncker' campaign

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Too much milk creates problems! A short time ago even the President of the EU Commission Jean Claude Juncker was made aware of this. Fresh milk cartons were sent from all over Europe to his office throughout the month of

December.

In our 'Milk for Juncker' campaign of action, dairy farmers demonstrated their annoyance at Juncker, who lets his Commissioner for Agriculture have free rein, regardless of the consequences.

Dairy farmers from Belgium, the Netherlands, Luxembourg, France, Germany and Italy sent approximately more than 1000 litres of milk to Brussels. Some of them enclosed very personal letters, in which they described their tough situation or demanded point blank that Hogan resign.

[Photos of the 'Milk for Juncker' campaign](#)

[Posts and videos on Facebook](#)

EMB press release on the 'Milk for Juncker' campaign (18.12.2015)

For a few days now, EU Commission President Jean Claude Juncker has been receiving very special mail. To protest against the European Commission's destructive milk policy, dairy farmers from all over Europe have been sending fresh milk to his office. Among others, they blame him for not reacting to the European Milk Board (EMB)'s [open letter](#), in which the organisation had called for EU Agriculture Commissioner Phil Hogan to be removed from his office. Juncker thus just stands and watches while an important pillar of EU agriculture – i.e. milk producers – is not only dangerously weakened, but is truly brought to collapse. Chronicle overproduction and the consequent low milk prices literally tear away dairy farmers' livelihoods. Nonetheless, Hogan and Juncker refuse to implement a crisis instrument for the milk market that would require no subsidies. They just keep their eyes shut to the negative consequences this ignorant policy has on jobs and development – and thus on stability in and beyond the agricultural sector.

Too much milk creates problems! This is the message to President Juncker, who will now experience this up close.

Regina Reiterer, EMB

Press release: Big European dairy introduces voluntary restraint on delivery

(Brussels, 05.01.2016) One of the major European dairies, Friesland Campina, has just introduced an important instrument for countering further increases in production in the milk market. The idea is for a bonus payment to encourage dairy farmers not to increase or even to reduce their production. The producers are to be paid an extra 2 cents per kilo of milk if during the period from 1 January to 11 February 2016 they supply not more or even less milk. The reference volume taken is the average daily supply within the 13 – 27 December 2015 reference period.

Sieta van Keimpema, Vice-President of the EMB, sees this as a key signal. “So the dairies, too, are making it clear that unchecked growth in volume is problematical, and there must be instruments to counter it.” Sieta van Keimpema also refers in this context to the selection of the instrument. “Friesland Campina has opted for a voluntary limit on supply, or a **voluntary restraint on supply**. Because that is a very effective way of reducing volumes. It means positive action can be taken in the market and distortions prevented”, van Keimpema continues. This instrument ought to be applied not just at individual dairies, but throughout the EU and thus managed centrally. Initiative on the part of individual dairies is not enough. It is up to politicians in particular to establish the proper legal framework for this, stipulating a market volume that enables prices to cover producers’ costs.

In recent months, unchecked growth as a pan-EU strategy has caused huge problems and already driven many dairy farmers to ruin. With prices in some cases at just 20 cents a kilo of milk, survival is simply impossible for many farms. The fact that a major dairy group itself is now pulling in the reins by applying a voluntary restraint on supply shows yet again how drastic the situation is. Alluding to the passive attitude of EU Commissioner for Agriculture Phil Hogan, van Keimpema is adamant: “The EU politicians must finally act now to stop this development and cannot pursue their ignorant line further.” Her forceful appeal to the Commissioner: “Put into practice a Market Responsibility Programme on an EU level with voluntary restraint on supply as the key element to enable the milk market to finally recover.”

EMB press release

Belgium: overproduction results in losses

FrieslandCampina is a dairy co-operative in the Netherlands which also collects milk from some 900 Belgian producers. It has a big factory in the Flemish part of the country. Overproduction is the reason for channelling the Dutch producers'/members' surplus to this factory.

Now half of the Belgian producers that delivered their milk to this factory have been dumped: in a few weeks they will have to look for another dairy to take their milk. FrieslandCampina Belgium has decided to stop collecting milk from 443 Belgian dairy farmers with effect from 1 July 2016. The official reason for this is to adjust the national milk volume to market demand in Belgium. According to a FrieslandCampina press release, more milk was produced in Belgium in 2015 than can be sold in the country.

The real reason is quite evident for me: Dutch farmers are cooperative members, the Belgians not! The Dutch members are favoured and are allowed to continue to deliver their milk to the detriment of the non-members (in this case the Belgian farmers). For this reason, a part of the farmers now have to look for another dairy. The other part – those who can stay – have the assurance to stay there for only 3 years.

The so-called “competitor” Milcobel has now signed an agreement to take on the milk producers concerned. FrieslandCampina is paying dairy farmers who become Milcobel members as from 1st February 2016 a bonus of three cents a litre of milk based on the milk supplied in 2015. Of this, 2.5 cents go into Milcobel's member account, and the farmers retain 0.5 cents. Farmers who go to another dairy or who switch to Milcobel after 1st February 2016 or who decide to stop supplying milk from the beginning of July will receive 0.5 cents per litre of milk in compensation. Milcobel also promises to give a bonus to the new members who increase their production later on!

Milcobel, it should be said, pays less than other dairies in the country. So it's hardly a windfall! But Milcobel is hoping to make its oversized milk powder facilities profitable with this transaction. We should not forget that the producer organisation (PO) was ignored throughout this deal: the PO was not informed until the last moment and FrieslandCampina did not give an inch of leeway for amending any minor detail in the agreement with Milcobel. So we have no back-up from the PO for our position. The Belgian Copa-member Boerenbond kept very silent and left the producers alone with their problems as well as during the negotiations with other dairies.

Meanwhile, the cooperative members can go on with their overproduction. The sacking of the non-members can't go fast enough. The management of Friesland can't handle all the overproduction as long as the non-members are not put aside. The ones who have to leave and sign for Milcobel or LDA - the so-called rivals - stop immediately delivering to Friesland. But it doesn't go fast enough for the management of Friesland Campina: they even give a bonus to those who manage to deliver a bit less. By 1st February this problem for the management should be solved (i.e. the Belgians thrown out) and then overproduction can continue at a great pace!

Rik De Coninck, FMB

Current situation in Italy

As in many other European countries, the dairy sector in Italy is facing a difficult situation. In 2015, farmers lost more than one billion euros while the retailers kept increasing their profits. In fact, farm-gate milk prices dropped drastically whereas the price of the finished product on the supermarket shelves is often three times higher than the farm-gate milk price.

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This is why many Italian farmers joined a demonstration organized by COPAGRI and APL outside the Coop Italia supermarket in Pieve Emanuele (Milan) in November. The farmers called for a fair milk price. In particular, they asked the retailers to start a project aimed at valorising products “Made in Italy”. This was based on economic data showing that the retailers earn 20% more than the processors and farmers. The demonstration was continued at other supermarkets: a convoy of tractors drove to a Carrefour supermarket in Massalengo (Lodi), then to Lactalis in Corte Olona (Pavia). At the end, the retailers announced their interest to join a project aimed at enhancing the “Made in Italy” brand.

It is high time for Italian politicians to participate and show their will to save Italian farmers with emergency anti-crisis measures in the dairy sector. On 18 November, COPAGRI took part in a demonstration outside the Assolate milk industry federation, asking for a meeting to jointly decide on a fair milk price.

At the end of November, Lactalis and various farmers’ organisations signed an agreement, defining a farm-gate milk price of 36 cents per litre of milk for the next three months. This agreement was seen as a victory for dairy farmers. Unfortunately, the Italian farmers union (Coldiretti) signed this agreement with Lactalis giving farmers a price of 36 cent/litre. From my point of view, this was a big mistake. As President of COPAGRI, I have therefore not signed the agreement. The dairy farmers will lose almost 300 million euros in this three-month period. I will not betray the farmers; I will continue my battle to achieve a **really fair price** for farmers.

Roberto Cavaliere, President of APL and COPAGRI

Germany: poster campaign against Merkel, Schmidt & Hogan

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are up in prominent, busy places.

Since late 2015, dairy farmers have been putting up posters all over Germany with the slogan ‘Merkel, Schmidt & Hogan would rather ruin dairy farmers than reduce the volume of milk!’ This is to show that the attitude of refusal by the German federal government, its Ministry of Agriculture and the EU Commission is causing the dairy farmers huge losses. The 100 or so posters

Photos of the poster campaign

In December several farmers made a direct appeal by video to German Minister of Agriculture Schmidt to draw attention to their dire situation. The gist of the messages to the minister is: ‘We’re up to our necks in it. We’ve checked and double checked, streamlined, restructured – but it still doesn’t add up at all.’ The dairy farmers are calling on the Minister of Agriculture to create basic conditions enabling them to market their products at a cost-covering price.

[The milk producers’ video messages](#) (in German)

The German producers were also heavily involved in the 'Milk for Juncker' campaign. The dairy farmers are opposing an agricultural policy that caters only for the interests of the food industry and consciously takes on board the ruination of dairy farms.

Thorsten Sehm and Johannes Fritz, BDM

Good news story: EU outlook on agriculture

EMB Board members attended a two-day conference in Brussels on the 1 and 2 of December 2015 on the future challenges for the agricultural sector. A good news story as ever, of course.

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In the first session, Tom Vilsack (United States Secretary of Agriculture) and Phil Hogan (*European* Commissioner for Agriculture and Rural Development) gave us an insight into their vision of the future of agriculture and specifically of the opportunities. Because, as always, they have a positive view – not only of agriculture as such, but also of TTIP, which after all brings prosperity to every American and European citizen, providing even more freedom of choice.

As EU farmers, we should not be concerned or worry about the differences in standards or cost-price differences as consumers look for different products in the market and that gives value-added products from the EU all the room they need!

In Hogan's opinion 'competitiveness' is the key for the European agricultural sector. And how much we have succeeded in the last few decades: we export to the world market at competitive prices!

Tom Vilsack touched shortly on the problematic fact of the ageing of the farming population. But this problem can also be easily overcome: in the US the government is trying to interest veterans, housewives and Mexicans in starting up an agricultural holding.

And by expressing these thoughts, the two speakers indicate – perhaps inadvertently – how big the problems of the agricultural sector for the near future will be with regard to our food security and the rural economy. If the potential successors are not interested anymore in taking over the family farm, and the guarantee of transferring the agricultural knowledge disappears, while our government relies on unskilled farm hands to provide the world population with food, what on earth are we trying to do then right now!

What the speakers also ventilate with this view on farming is the lack of respect they have for the work, knowledge and dedication of farmers.

Maybe we are competitive in the world market. But at the expense of whom? Are production costs worldwide 'one size fits all'? Like standards, conditions or earning possibilities? Reality shows that the EU agricultural policy is a failure for farmers. All the benefits of cost-cutting technology and growth of labour productivity on farms are unilaterally divided at the top of the food chain. The costs of all 'sustainability demands' and production conditions, on the other hand, are dumped on the farmers.

Data from the Central Bureau of Statistics in the Netherlands – published in November 2015 – show this very clearly: the income of the total economy has grown four times more than that of the agricultural sector since 1995. While labour productivity (up 20%), production (up 22%) and the up-scaling of farms (40% less farms) have increased noticeably, no benefits of this have reached the farmers.

The contributions in Brussels on the 1 and 2 of December focused on the influence agriculture has on climate change, food security, food waste etc. No speaker focused on the lack of income of the farmers and how this should be solved, despite the fact that the audience asked a lot of questions about this. The mantra is still to produce more, with less water, energy and use of land. Solutions are sought in technology, more demands and more conditions.

Will this solve the problems farmers face? Will this provide the necessary conditions for the continuity of agricultural returns in future?

At the end of this two-day symposium with a full programme that covered more than 16 hours, ten minutes were spent on the impact on farmers' income, after the majority of the participants had already left. In fact that says it all with regard to the outlook for farmers in the EU agricultural policy.

Sieta van Keimpema, EMB Vice-President and President of DDB Netherlands

Fighting mega deals - The indignation against TTIP must lead to a movement

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mobilise 200,000 citizens in a [mass protest](#) in Berlin.

Things are currently going well for those against the 'Transatlantic Trade and Investment Partnership' (TTIP). On October 10, the movement was able to

On November 17, a representative of the protesters' alliance was invited by the GUE/NGL group to a conference in the European Parliament in Brussels to discuss the effect of the TTIP and similar free trade agreements on democracy and sustainable development. Experts from four continents discussed the threat to the environment, development and rule of law posed by TTIP and other such "mega deals" between the planet's largest trading blocks and evaluated the most recent compromise proposal presented by

Trade Commissioner Cecilia Malmström.

The invited activists and the speakers from the GUE/NGL group in the European Parliament agreed that the new Commission proposal regarding appointment to arbitration courts under the FTA with the US was a farce. The tone of the hearing was nonetheless different: In the opening panel itself, Franco-Belgian publicist Raoul-Marc Jennar said that the indignation against the TTIP must lead to a movement that presents concrete solidarity-based alternatives to free trade. Because as Amélie Canonne reminded the audience, "Free trade means giving more rights to those who already have more than enough rights."

John Hilary, Director of the 'War on Want' network, looked back on the achievements of the movement: "We have attacked TTIP and CETA repeatedly. But the same demands are tabled by policy-makers again and again. The simple fact that the TTIP negotiations are still underway is a violent act against the will and resistance of citizens."

Canadian Gary Neil used a concrete example to show that it is dangerous for the public in Europe to adopt too narrow a view, limited to TTIP. The 'CETA' agreement between the EU and Canada, which was signed in September 2014 but is yet to be ratified, will allow companies access to privileged special courts. Just like how Canadian companies used the ISDS procedure in the past under the NAFTA to take their own 'motherland' to court, American companies with subsidiaries in Canada could also initiate proceedings against EU members states in such arbitration courts.

"The debate around TTIP is already huge, but together we can make it even bigger," said Irish MEP Matt Carthy, appealing to the participants to shake more citizens awake. After all, it is clear that there are currently only two groups of

EU citizens: "Those who are against the TTIP and those who know nothing about the TTIP."

[The full version of the article on the TTIP conference \(in German\)](#)

Hanna Penzer

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