

Dear dairy farmers and interested parties,

We should have learned our lesson by now, but we keep producing ever more milk, anticipating Russia and China to re-enter the market, whilst farm-gate milk prices drop and producers see themselves forced to give up their livelihoods.

Listening to the dairy companies' explanations for the low farm-gate price could create the impression that China has brought all milk imports to a complete stop. That is, however, not true. China has not left the market as we are told; the Chinese still import milk but only to the extent we used to know from the time before their imports skyrocketed in 2013-14. At first we were told that the purchasers had left the market altogether, but were expected to come back in a couple of months. That was postponed to the last quarter 2014, then to the first quarter 2015; now the last quarter 2015 or early 2016 is mentioned as the time of their return. "We may have underestimated the volumes purchased" sounds one of the explanations.

To me it is all too clear that none of the people making these statements knows anything. But a great many people would like to comment at the producers' expense, because we are the ones kept in the dark with the vain hope that we are ready for when the market picks up again.

I see no reason why China should return to the market with the force of 2013-14, and even if the Russian market opens up, the shelf space has meanwhile been taken by others. A return to the Russian market will be like entering a totally new market. In Denmark we hope Arla Foods will find it easier because of to their previous commitment, but we can only hope. In mere desperation we attempt to find new emerging markets like Nigeria, Ivory Coast and other African nations. Fat lot of good that will do!

When the milk price goes up on the world market it is interpreted as "The market is screaming for more milk". Conversely one must now conclude that the world market is screaming for less production. Why are all the great European dairy companies screaming for so much more milk, and why are the dairy farmers producing so much more milk when it is obvious that it cannot be sold at a cost-covering price?

We produce more milk because the free market is not functioning in the big co-ops. The dairy companies sell the most expensive litre of milk with a large profit and the cheapest litre at a loss. The last litre was therefore better not produced. We, the dairy farmers, are paid the average price that the dairies can pay for the milk, thus earning or losing the same amount for each litre produced. In other words, no economic market signals come through to us, hence we cannot respond in a rational manner. We produce milk at full throttle, as long as possible and at any price.

That is how it will work with a divided market: one between farmer and dairy and one between the dairy and the market. This clearly shows the need for an EU mechanism that can reduce milk supply when farm-gate prices are low. That is exactly the mechanism the EMB advocates, but which the dairy companies work against. They want growth, they want to process the goods and get their margin for it, so that they can grow even more.

Kjartan Poulsen, Member of the EMB Board and president of LDM Denmark

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Second European Fair Milk Conference

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milk production.

On 23 June 2015, the Italian dairy farmers' organisation APL della Pianura Padana and the European Milk Board held the second European Fair Milk Conference in Montichiari, northern Italy. The focus was on sustainable, fair

Fair Milk products are currently marketed in six countries (Austria, Belgium, France, Germany, Italy and Luxembourg). The co-operatives presented their products and projects, and discussed their successes and difficulties in marketing them. Despite the bad situation in the dairy sector, the dairy farmers in these countries have succeeded in establishing Fair Milk in the market and expanding their range (fresh and long-life milk, butter, cheese, cream and ice-cream). The various Fair Milk products were presented at the Expo World

Exhibition in Milan during Fair Milk Week.

[Photos of the event](#)

[Videos of the conference](#)

Regina Reiterer, EMB

Ireland: concerns on milk price and superlevy fines

Irish dairy farmers' concerns in June 2015 are the milk price and superlevy fines. The milk price paid to dairy farmers for May 2015 from dairy processors was 28-30 cents per litre, down from 39 cents per litre in the middle of 2014.

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Current and potential milk price reductions will have had a major negative impact on farm income for 2015 as farm production costs continue at last year's level. Lower net margins in 2015 are compounded by the substantial superlevy bill accrued for the 2014/2015 milk quota year.

Based on milk deliveries as submitted by milk purchasers for the period up to the final day of March 2015, Ireland is 4.34% over quota when account is taken of the butterfat content of milk deliveries during that period, meaning at present Ireland is facing a superlevy fine of € 68m.

Paul Smyth, ICMSA

Germany: Market situation gets worse for dairy farmers

when 0.4% more milk was supplied.

The German milk market situation is worsening day by day. The volume supplied has now surpassed the previous year's figure. It was in calendar week 20 that the previous year's milk volume was exceeded for the first time,

cheese.

The number of dairies paying less than 30 ct/kg milk containing 4.2% fat and 3.4% protein is rising from month to month. According to the magazine "top agrar", no dairy in Schleswig-Holstein or Lower Saxony is paying over 30 cents any more. And the trend in the dairies' selling price is clearly downward. Last week official cheese prices fell by 4% and so are now around € 2.20 – 2.45/kg cheese. The dairies themselves are not ruling out a drop to € 2/kg

The BDM (German Dairy Farmers Association) tries to take every opportunity to plant the issue of "milk" and falling raw milk prices in the media. On 1 June, Milk Day, numerous warning fires were lit in rural districts, and campaigns of action were held in various towns and cities. The press and politicians on both federal state and national level were invited along. The campaigns were very well attended. A slap in the face of the dairy farmers came from an announcement by Aldi-Süd that in future it would be marketing a regional farmers' milk in Bavaria. Suppliers of milk for milfina "*meine bayrische Bauernmilch*" (my Bavarian farmers' milk) have to sign up for the "Certified Quality" (*Gepürfte Qualität* - GQ) scheme, supply milk exclusively of the highest quality grade S, keep the animals in loose housing, and forego genetically modified feed. The selling price is to be € 0.69/litre containing 3.5% fat and € 0.61/ litre containing 1.5% fat. The producers are being promised an increase in revenue of 2 cents/kg milk. Yet it was precisely Aldi that had always tried to put pressure on the price in contractual negotiations. In this way Aldi-Süd is killing two birds with one stone: it gains a better image and keeps suppliers on a short leash.

There is some encouraging news, too, though: an expert opinion on the dairy market, studying the effectiveness of our Milk Market Crisis Management Concept confirms the need for swift action in the dairy market. Introducing such a concept should, in the future, increase the effectiveness of measures taken so far and be accompanied by the introduction of new instruments. The aim is to limit the volatility of the market and prevent crises at an early stage.

Thorsten Sehm, BDM Germany

Protests in Lithuania after milkprice of 10 cents per litre

The situation for Lithuanian milk producers is really dramatic at the moment. After offered only 10 cents per litre, producers have poured out 30 tons of milk on 1st of July. Lithuania is dominated by 5 milk processors, purchasing milk not only from local but also from neighbouring milk producers.

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Recently, the Ministry of Agriculture has initiated, and the Government has approved a new law, targeted towards balancing fair trade practice in the milk supply chain. As a reaction to this attempt to tackle the problem of unfair trade practices, the dominating milk processors have started rejecting locally produced milk as "surplus", offering to buy it for a ridiculous, 10 cents per litre price.

In Lithuania, cooperative farmers are currently paid an average price of 16-17 cent/litre. Milk from Latvia and Estonia is bought for a higher price, aiming to ensure independence from local milk producers and cooperated farmers. According to the Lithuanian chamber of agriculture, the processors are trying to destroy consciously local cooperatives - "Divide et empera" (divide and rule...)

Ruta Biciuviene, Lithuanian Association of Agricultural Cooperatives

Switzerland: Consumers benefit from dairy farmers' plight

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According to the latest media reports, there are more and more shopping tourists aiming to benefit from the differences in prices between Switzerland and abroad. The differences in selling prices are actually striking. As regards

dairy products there are three reasons for this:

1. The euro/Swiss franc exchange rate is not recovering to the level of 1.10 Swiss franc hoped for.
2. Switzerland is a high-wage island. It costs about twice as much to process milk in Switzerland. And that is how it should be. Any move towards lowering the wage level in Switzerland would jeopardise our prosperity.
3. European dairies are currently paying their farmers utterly crippling milk prices.

In recent years the large corporations have lobbied intensively in Brussels for the EU to abolish the milk quotas and for every farmer to milk as much as s/he wants. In Ireland, for instance, farmers have now stepped up the milk volume by over 10%! The oversupply is now taking effect. The dairies have reduced prices to a level that is strangling dairy farmers. The situation on our colleagues' farms is drastic; many dairy farmers are on the brink of collapse. This is no badge of honour for the governments of our time: they are introducing a market organisation that is jeopardising the secure supply of the high-quality foodstuff that is milk to the people of Europe.

The farmers' foreseeable losses cannot be made up for by extra subsidies; there is simply not enough money for this in government treasuries. That is why it is even more incomprehensible that the governments are stubbornly refusing to create general conditions in the milk market to enable farmers to represent their interests in the market on an equal footing with the dairies. This urgently needed measure would cost nothing, but would give young farmers prospects for the future once more. Let consumers welcome cheap cheese from Europe. They ought to know, though, that this is also

the price to pay for the end of European dairy farmers.

Werner Locher, BIG-M

TTIP & CETA – Standards were already lowered long ago

An article from *Zeit online* describes the influence of the trade agreements with Canada (CETA) and the USA (TTIP) on the environment, consumer protection and food security. The original intention of the free trade agreements was to abolish traditional barriers to trade, such as quotas and import duties.

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Now the aim of the negotiations is to standardise different rules and regulations and thus facilitate trade. The negotiators are still insisting that the TTIP and CETA free trade agreements will not prune away European standards. However, numerous examples prove the opposite, such as the Fuel Quality Directive, which was neutralised following pressure from Canada, and a planned obligation to label meat and other products from the offspring of cloned animals, which was dumped by the EU Commission to avoid jeopardising the ongoing TTIP negotiations.

Article Zeit online

Regina Reiterer, EMB

News from Brussels

Vote on EU Milk Report (7 July)

The vote on the Milk Report in a plenary session of the European Parliament produced a compromise for the future of the dairy sector. The report needed so much more to improve the drastic situation of the European dairy farmers. More could have been done, especially with regard to minimum standards in contracts, in producer organisations' price negotiations for members of co-operatives, and in supporting producer organisations.

The members of the European Parliament's Agriculture Committee had already voted on the Milk Report in June, incorporating numerous amendments. On July 7, the entire plenary session voted with a majority in favour of the own-initiative report on the milk policy. It is all the more pleasing that the members of the Agriculture Committee managed to consider the demand for regulatory instruments in the report, enabling milk production to be limited in the event of a crisis by managing supply.

[EMB press release: Vote on Milk Report](#)

TTIP: Parliament's recommendations for the negotiations with the USA (8 July)

After the vote on the TTIP free trade agreement was first postponed owing to the quarrelling over investor state dispute settlement (ISDS), the European Parliament has approved a non-binding resolution on the Transatlantic Trade and Investment Partnership on 8 July. The controversial arbitration tribunals are to be replaced by a "new system".

The resolution assesses progress so far in the negotiations and defines the Parliament's position on further TTIP talks with regard to the aims of the agreement and the areas to be excluded or that need to be protected, such as in agriculture. A TTIP agreement between the negotiators requires the approval of the European Parliament and the Council for it to enter into force.

The next round of EU-US negotiations is being held from 13 to 17 July 2015 in Brussels. Topics include the lowering of customs duties, energy and raw material issues, and the protection of geographical indications.

Luxembourg's presidency of the EU

At the beginning of July, Luxembourg took over the presidency of the Council of the European Union for the second half of the year. For Minister of Agriculture Fernand Etgen, the key focuses of the Luxembourg presidency with regard to agriculture are streamlining the CAP texts, adopting a new framework for organic production, and monitoring the impact of the Russian embargo on certain agricultural products of the EU as well as the abolition of milk quotas. In addition, the talks on school schemes for fruit and milk are to be concluded.

Commission seeks clarity on Italian dairy law

The European Commission has sent an official letter to Italy asking for it to abolish the national law banning the use of "milk powder, condensed milk and reconstituted milk" in the manufacture of dairy products. According to Brussels, Italy must conform to the European regulations that allow these ingredients, and the current Italian law prohibiting these milk surrogates represents a "restriction on the free movement of goods." The Italian authorities justify the national provision (in force since 1974) as a way to preserve the high standards of the country's dairy products through sourcing quality raw materials.

Press release Slow Food in [English](#) / [Italian](#)

Regina Reiterer, EMB

EMB Diary

The EMB Board's key dates in July 2015:

- 07.07.: Meeting with the French Ministry of Agriculture
- 13.-14.07.: TTIP & CETA strategy meeting
- 22.07.: Talks with EU-Commission (EMB cost studies)

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