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Dear Dairy Farmers and Interested Parties,

this summer the weather is rather unsettled, so I am sure you can find some time at a rainy day to read the diverse summer edition of the EMB newsletter. The decision of the EU committee on agriculture about the milk package, fair regional milk in Switzerland, a report of the Dutch Rabobank about the income situation of the dairy farmers, the debate on labelling cheese analogues and the CAP reform discussion seen by other societal groups.

At the beginning of the newsletter you find a short summary of the main arguments of each text, more below the the complete texts.

Have a nice reading!

Best regards,

Sonja Korspeter.

SUMMARIES

No light without shadow – report of the Agricultural Committee on the milk package

The political work of the EMB milk producers is partly reflected by the decision of the Committee on agriculture and rural development of the European Parliament. The milk market is, however, not yet out of the woods.

Over the past few weeks the parliament struggled for a compromise for the reform of the dairy policy. The report that was adopted on June 27, 2011 has positive as well as negative elements. Positive aspects are the envisioned EU-wide obligation of making delivery contracts and the recommendation to install a monitoring agency as well as the introduction of a reporting system for delivery data. A negative aspect is that the report says that cooperatives shall be exempted from important regulations and that nebulous pricing formulas shall be authorised for contracts between producers and processors. An effective supply management at the production level is not destined.

Silvia Daberitz

Fair regional milk in Geneva

The fair milk at 1 swiss franc / litre, farm gate price, was launched in April 2010. At that time around 2000 litres were sold each month. Now, one year after the launch, more than 55.000 litres are sold in a canton that has “only” 464.000 inhabitants. Marketing this milk is a great success for Uniterre, because to achieve this goal, political authorities, consumers, farmers and the entire industry had to rally behind an idea, namely the concept of food sovereignty and an alternative form of our society. The family farm is at the heart of all changes. We attach great importance to this idea.

Nicolas Bezencon, Uniterre

DDB comments report on returns of LEI

The institute LEI in Wageningen carried out on behalf of Rabobank an “Update on chain returns in Dutch agribusiness from 2000 till 2009”. It is an update on the previous survey published in 2007. It shows over a period of ten years that primary producers are never able to get any real return on equity in the agricultural, political system that we have now. Aside this shocking fact, DDB criticises the making of the report which presents a lot of opinions instead of scientifically based facts.

Sieta van Keimpema, Vice President of EMB, President of DDB

ARC conference – One year after the Public Consultation for the CAP

Two hundred people – from NGOs, government, European Parliament and others – attended ARC’s Second Conference in Brussels on 13 July. Held one year on from the European Commission’s big Conference of July 2010 on the future CAP, this event was our chance to understand how far the ideas that we and others have expressed have been accepted by the European Institutions, and to consider how civil society can best continue to influence that reform over the next year. As one of the speakers, Commissioner Ciolo?, urged ARC to continue its work, in order to contribute to the debate which will follow the publication in October of the Commission’s legislative proposals for the future CAP. He said, “Your work is only just beginning: you can help us to turn the new Policy into something tangible when the implementation starts”.

Michael Dower, ARC

First step towards improvement of labelling cheese analogues

The Nederlandse Melkveehouders Vakbond (NMV) has been lobbying for clearer labelling of cheese analogues for several years. Consumers are misled by the use of the word “cheese” in the ingredients list for pizza where cheese analogues have been used. After several talks with the NMV, Esther de Lange, a Dutch member of the European Parliament, brought a motion where she asked for better labelling regulations for these products. The parliament voted in favour of the motion. This restated in the decision of the EU Parliament to require that the ingredients of cheese analogues have to be printed on the label.

Eric Bals, NMV

Reaction of associations on the decision of the European Parliament on the CAP reform

„You do not only have to talk the talk, but walk the walk – lack of clear goals and measures – get away from the niche of the agricultural lobbyists” writes “Meine Landwirtschaft – unsere Wahl” (My Agriculture – Our Choice) in its press release from June 23, 2011. This alliance is supported by associations and initiatives from all areas of civil society in Germany. At the European level this initiative is part of ARC, the Agricultural and Rural Convention. The EMB is delighted to see that more and more people and associations are involved in the debate on the European food and agricultural policy and seek a vibrant exchange as well as joint activities with farmers. Therefore we have included the press release of this alliance (cf. www.meine-landwirtschaft.de).

COMPLETE NEWSLETTER TEXTS

No light without shadow – report of the Agricultural Committee on the milk package

The political work of the EMB milk producers is partly reflected by the decision of the Committee on Agriculture of the European Parliament. The milk market is, however, not yet out of the woods.

Over the past few weeks the parliament struggled for a compromise for the reform of the dairy policy. The report that was adopted on June 27, 2011 has positive as well as negative elements. Positive aspects are the envisioned EU-wide

obligation of making delivery contracts and the recommendation to install a monitoring agency as well as the introduction of a reporting system for delivery data. A negative aspect is that the report says that cooperatives shall be exempted from important regulations and that nebulous pricing formulas shall be authorised for contracts between producers and processors. An effective supply management at the production level is not destined.

Positive aspects

For the first time the monitoring agency, a demand of the EMB, is mentioned in an adopted document of a European institution. The recommendations of the Agricultural Committee say in this respect: "a Market Monitoring Agency should be established in order to collect and disseminate data and information on production and supply, exports and imports, production costs, milk prices at farm level, consumer prices and margins at all levels of the milk and dairy product supply chain". Even if the recommended monitoring agency does only collect data and does not (yet) adapt the production to the demand – it is at least a start. The creation of a reporting system that, amongst other things, will pass on information on volumes and prices of milk purchases to national institutions is another positive aspect in this context because thus it will be ensured that information which is important to assess the market situation are really available.

The following issue might also be important and can be considered a positive aspect: while the European Commission wanted to leave it up to the member states whether they want to introduce mandatory contracts in their country or not, the Committee of the European Parliament was able to agree to declare contracts binding throughout the EU. Even if the terms and conditions of these contracts still need to be improved tremendously, the fact that they will binding all over the EU is not insignificant. It will thus be more difficult to pit producers of the individual member states off against each other.

The fact that the national pooling limit for producer organisations was increased from 33%, as proposed by the European Commission, to 40%, as approved by the Committee, must also be considered a positive result of the political work of the EMB. The pooling limit of 3,5% at the European level, however, misjudges the real conditions on the market. Dairy companies conclude one merger after another. For instance Nordmilch and Humana have just formed the new company Deutsches Milchkontor DMK with a market share of EU-wide 4,5%. The politically set limit of 3,5% is a severe obstacle for milk producers who will thus still have a weak position on the market.

Negative aspects

The decision to exempt cooperatives from the obligation to fix prices with their producers is extremely unsatisfactory. As cooperatives do not have to negotiate contracts they are still in a convenient position and can notify producers of their milk price weeks after they have already delivered their milk.

However, even those who are able to negotiate contracts and prices are not immune to low prices as the terms and conditions of contracts defined by the Committee are not yet fully developed. It is possible for processors and producers to fix a price, but they do not have to. It is, however, possible to include nebulous pricing formulas or to take the market development into account – in other words a free ticket to put pressure on prices at the expense of producers who are in a weak position on the market.

The interprofessional organisations where, according to the resolution of the Committee, several participants of the milk market are supposed to work together are also critical. A toothless tiger that has no authority in these matters is thus set loose on milk market. The situation in Switzerland shows very clearly that such a body has very little influence on the market. The interprofessional organisation BOM adopts one decision after another that is not implemented and apart from an excess production of milk the producer prices have been far below a cost-covering level for months.

Conclusion

The positive aspects of the decision of the Committee show how important the political work of the EMB milk producers has been over the last few years. Uncountable meetings with members of the European Parliament, the European Commission and representatives of the national governments as well as actions and events have raised awareness amongst policy-makers and other groups of civil society. The negative aspects of the decision show, however, very clearly that it is an ongoing process that will not be finished quickly. We have to stay on top of the game and keep on presenting our analyses and constructive proposals for the common good of consumers and milk producers. In this context the pooling of producers and milk by organisation in each country is decisive. The pooling provides the pressure and the strength from the grassroots level to enshrine a good milk market reform that is tried and tested in reality in the EU regulations. The latest decisions are unfortunately not apt to prevent the next crisis. It remains to be seen what the Parliament and the Council will make of this draft of the Committee on Agriculture. After the summer recess talks will resume in Brussels.

Silvia Daberitz, EMB

Milk with a producer price of 1 Swiss Franc is sold in Geneva

In 2001, Uniterre and Jardins de Cocagne (a vegetable cooperative) contacted the Council of State in Geneva. They called for a debate to discuss the slogan of Via Campesina that says: "Agriculture concerns all of us. Let's develop food sovereignty at a local level". This proposal was received positively and an official commission of the Council of State in Geneva was set up. Farmers and consumer organisations are represented in this commission as well as labour unions and representatives of the canton. This group develops new legislative proposals to promote agriculture. The final legislative proposal draws upon the major elements of the concept of food sovereignty, that is fair prices for farmers, provisions for wages of labourers, local products are given priority, raising awareness amongst consumers, rejection of GMO. The label "Genève Région Terre Avenir" (Geneva Region Terra Future) was created and in 2004 we started to use this label for different products that were sold in big supermarkets as well as directly on the farm. As producers long time did not put enough pressure on the supermarket chains the issue of fair prices was never discussed, let alone subject to negotiations. Supermarket chains always favouring volumes over prices.

With the milk strikes going on and the ever increasing call for a fair milk price in Europe, that means 1 Swiss Franc / kg, Uniterre was able to unite producers who are supplying the Laiteries Réunies Genevoises (United Dairies of Geneva) with milk. Uniterre cooperated and negotiated with these dairies to market milk with the above mentioned label GRTA and make sure that farmers obtain 1 Swiss Franc per litre. The branch of Manor in Geneva is the only big supermarket where this milk is sold, namely in packs of 3 litres. The product was launched in April 2010. At that time around 2000 litres were sold each month. Now, one year after the launch, more than 55.000 litres are sold in a canton that has "only" 464.000 inhabitants. Marketing this milk is a great success for Uniterre, because to achieve this goal, political authorities, consumers, farmers and the entire industry had to rally behind an idea, namely the concept of food sovereignty and an alternative form of our society that differs from our current system. The family farm is at the heart of all changes. We attach great importance to this idea.

Nicolas Bezencon, Uniterre

DDB comments report on returns of LEI

The institute LEI in Wageningen carried out on behalf of Rabobank an "Update on chain returns in Dutch agribusiness from 2000 till 2009". It is an update on the previous survey published in 2007. It shows over a period of ten years that primary producers are never able to get any real return on equity in the agricultural, political system that we have now.

"The average return on equity in the primary and non-primary links of the agro-food chains studied (dairy, pig meat, vegetables and fruit) is fairly stable on balance", says LEI in their report on the update on chain returns in Dutch agribusiness. In fact, this choice of words is quite peculiar if you see the extreme low and often negative returns on equity for primary producers. An explanation and description of the calculation methods that were applied is not provided by this survey that has 15 pages. It also uses a not very academic language next to the fact that a lot of opinions are presented instead of scientifically based facts.

Furthermore, assumptions are presented that are doubtful: "in the case of cooperatives, it was assumed that they do not make a higher payout, generally speaking, than other businesses. This means that the remaining 'profit' can be compared with other types of business which focus on profit objectives. In addition, no account is taken of the fact that the members of the cooperative provide capital for which they do not receive a competitive return", says LEI. So, the members of a cooperative are assumed to make their personal capital available for the cooperative, but should not expect any returns for this.

Also we can see in paragraph 2.2.2 of the document that "in a number of cases the data for a business for a particular year were not included in the calculations: (1) if a business has a negative equity capital in a given year", says LEI. LEI does not explain how often and in which parts of the chains, this happened. These facts are, however, essential if you want to assess the position that primary producers are in, or the real realised return on equities.

It also gives policy makers a wrong impression because the term "stable" cannot be rated when it comes to the situation of primary producers.

At the end of the report, the experts of the LEI state that "the agro-food sector again has become more efficient because only 15,4% of the household budget is spent on food in 2009 compared to 17,6% in 2000." This efficiency, however, has been achieved at the expense of the primary producers. Dairy processors, supply chain and retail obtained an even higher profit margin in this period. Everybody knows that the input costs for primary producers have increased

tremendously these past years. "The average low return in the primary sectors is a sign from the market that the structure needs to be adjusted", LEI says in section 4;

Discussion and conclusion. "An 'average business' can survive only by contenting itself with an income, without a return on equity", says LEI (also section 4). Are we back to the same old story: primary producers who are part of the top 20% can almost have a return on equity while 80% of producers are in a constant state of crisis. It is one of the reasons why successors are hardly interested in farming anymore. There is a lack of perspective because of an imbalance in margins and returns on equity.

What do we learn from this document? That there is no such thing as a healthy return on equity or margin in the primary sectors. We find them only in another part of the chain. That despite public indignation or numerous studies, the other parts in the chain will never limit their profits on a voluntarily basis. The only solution to this unacceptable situation is a good, solid agricultural policy that is committed to fairly traded margins throughout the entire chain. This is a task for the European policy makers in the European Commission, the European Parliament and the National policy makers.

Sieta van Keimpema, Vice President of EMB, President of DDB

ARC conference – One year after the Public Consultation for the CAP

Two hundred people – from NGOs, government, European Parliament and others – attended ARC's Second Conference in Brussels on 13 July. Held one year on from the European Commission's big Conference of July 2010 on the future CAP, this event was our chance to understand how far the ideas that we and others have expressed have been accepted by the European Institutions, and to consider how civil society can best continue to influence that reform over the next year.

The event was in two parts – a morning Gathering of ARC network members, to clarify our concerns and our hopes for the future policy; and the main Conference in the afternoon, at which we were joined by many others and by a fine team of three invited speakers and then by Agriculture Commissioner Dacian Cioloş, Albert Dess from the European Parliament, Marek Sawicki, the Polish Minister of Agriculture and Lutz Ribbe from the European Economic and Social Committee.

The morning event allowed us to probe a number of themes – market measures; direct payments to farmers; sustainable farming and greening the CAP; public health and agriculture; global food security and fair trade; and rural development. It became clear that the announcements so far made by the Commission and the Parliament, on the future CAP, fall far short of ARC's aspirations. Also clear is that policies and actions outside the CAP – related for example to health, environment, trade, overseas development, and regional development – must be harmonised and linked to those for agriculture and rural development.

In the afternoon, in a final response, Commissioner Cioloş urged ARC to continue its work, in order to contribute to the debate which will follow the publication in October of the Commission's legislative proposals for the future CAP. He said, "Your work is only just beginning: you can help us to turn the new Policy into something tangible when the implementation starts".

(Summary of the conference report, whole text can be found on EMB web site "ARC")

Michael Dower, member of the ARC core team

First step towards improvement of labelling cheese analogues

The Nederlandse Melkveehouders Vakbond (NMV) has been lobbying for clearer labelling of cheese analogues for several years. In cooperation with a television broadcast organisation a documentary film was made about this subject which was seen by many people on a national tv-channel. The program shows that people are being misled by manufacturers of cheap, poor quality pizzas, where cheese analogues are being used without mentioning it. Consumers are misled by the use of the word "cheese" in the ingredients list for pizza where cheese analogues have been used. Cheese is made of milk and rennet, while cheese analogues are made of palm oil, milk protein, starch and artificial flavouring.

After several talks with the NMV, Esther de Lange, a Dutch member of the European Parliament, brought a motion where she asked for better labelling regulations for these products. The parliament voted in favour of the motion. This restated in the decision of the EU Parliament to require that the ingredients of cheese analogues have to be printed on

the label. While this is a small step in the right direction more must be done to properly inform consumers about what they are eating when they eat products where cheese analogues have been used. Right now consumers are still unaware that what appears to be cheese on their food has nothing to do with real cheese. The NMV, along with Esther de Lange, will therefore take further action to convince the parliament that clear and correct labelling is needed for product containing cheese analogues.

Eric Bals, NMV

Reaction of associations on the decision of the European Parliament on the CAP reform

„You do not only have to talk the talk, but walk the walk – lack of clear goals and measures – get away from the niche of the agricultural lobbyists” writes “Meine Landwirtschaft – unsere Wahl” (My Agriculture – Our Choice) in its press release from June 23, 2011. This alliance is supported by associations and initiatives from all areas of civil society in Germany. At the European level this initiative is part of ARC, the Agricultural and Rural Convention. The EMB is delighted to see that more and more people and associations are involved in the debate on the European food and agricultural policy and seek a vibrant exchange as well as joint activities with farmers. Therefore we have included the text from the press release of this alliance (cf. www.meine-landwirtschaft.de)

„As a first attempt towards more democracy and sustainability in the agricultural policy of the EU the campaign “Meine Landwirtschaft” that is supported by 37 farmers’, environmental, consumer, animal welfare and development aid organisations, welcomes the report of the European parliament on the orientation of the European agricultural policy 2014-2020 that was adopted today. “Agriculture concerns all of us” said the spokesman of the campaign, Jochen Fritz. He added: “the entire society has to bear the consequences, costs and responsibility. That is why we, as taxpayers, consumers, producers and civil society, get involved and do no longer leave the agricultural policy up to experts and lobbyists.”

According to Jochen Fritz the decision of the parliament showed important steps towards more sustainability and equality. That included the essential, if still hesitant, commitment to the “greening” of the agricultural policy, that means that payments are tied in with ecological services. He welcomed the clear vote in favour of ceilings of direct payments for big farms taking into account the number of jobs and environmental services and in favour of a strengthening of market power of producers and consumers vis-à-vis food group and retail chains and in favour of more regional marketing. The resolution on more diverse crop rotation and the replacement of soya imports by local protein plants also went into the right direction.

Nevertheless the parliament does not do the big challenges, that Europe’s agriculture are faced with, justice. “Yesterday the members of parliament talked a lot about greening, sustainability, international responsibility, peasant farmers, rural exodus, climate change, biodiversity and protection of resources. The compromise that they have reached today, does, however, provide few concrete goals and measures” criticises Jochen Fritz and asks: „What about the end of excess production, in particular animal products, and food waste? When will be put an end to importing raw materials produced on 35 million hectares of arable land that Europe uses outside its own borders? When will export subsidies that ruin peasants in developing countries really be stopped? How many farms will yet have to die in Europe?”

All amendments that included a specification of the general sustainability goals did not get a majority in today’s vote.

„We regret in particular that members of parliament refused to orientate the future agricultural policy towards the goal that Europeans should no longer use more resources than every human being on earth have at his disposal in a sustainable manner. Furthermore, they refused to formulate concrete goals concerning nitrate levels, biodiversity, ecological footprint as well as climate adaption” said Jochen Fritz. “We hope that this is not the final decision of the parliament when it comes to the practical fleshing out of the orientation towards the environment and global justice of the agricultural policy. We will continue to seek an intensive dialogue with members of parliament.”

The inevitable systematic transition from an industrial form of agriculture and mono cultures to environmentally enhancing forms of farming, management and innovations has to be dealt with now in the common interest of farmers, consumers and taxpayers in Europe. “To do so, we need courageous members of parliament who put their noble goals into practice and counter the agro-industry.”

The approach of the president of the European Commission Barroso, that was backed by Angela Merkel and Nicolas Sarkozy, to eradicate funds of the so-called second pillar for rural development and agricultural environmental measures was emphatically rejected by all factions of the European parliament. “The French and German members of parliament also committed themselves to keeping the agricultural budget” said Fritz delighted.

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