

Contact

EMB - European Milk Board asbl

Rue du Commerce 124
B-1000 Brussels

Phone.: +32 - 2808 - 1935

Fax: +32 - 2808 - 8265

office@europeanmilkboard.org

www.europeanmilkboard.org

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Dear Dairy Farmers, Dear Interested Parties,

Luxemburg, Brussels, St-Hilaire-du-Harcouet, motorways in the Czech Republic – the milk producers have been gathering in many places in Europe. These campaigns of action have invariably had at least three aims. Firstly to inform the general public about the milk producers' situation. Consumers and the media in many countries now know that something is wrong with the prices paid to the producers. Many also have the figure of 40 cents and the need to control volumes in their head when they think of the dairy farms. Secondly the campaigns are of course intend to increase the pressure on the politicians to amend the milk policy in favour of sustainable milk production throughout Europe. Cost-covering milk prices are the sine qua non for the future of milk production in Europe.

But the direct action has a third, greater significance: milk producers are standing up for their interests and mobilizing themselves in union with their colleagues from the other European countries. They see their fellow farmers, who have also travelled a long way, and share their determination to act, even if will make things harder. There is a willingness among milk producers to act in unison once they have met face to face and demonstrated side by side.

On 14 July, many European milk producers will be gathering outside the newly-elected European Parliament in Strasbourg to reiterate the urgent need for action from politicians with regard to the milk market and to repeat their proposals for solutions. Today, 6 July, French milk producers from western France have already set off with their tractors to arrive in Strasbourg on time. Some of them were at the demonstrations in Brittany and Normandy in which 1,500 milk producers took part. Some have hung a sign up on the farm gate saying "We'll soon be striking and giving away milk".

The European Milk Board's Members' Meeting is being held this Wednesday, 8 July. Key decisions will be made on the action to be taken by milk producers in Europe in the next few weeks and months. The focus is on a rapid improvement in milk producer prices and establishing the basis for a system in which the milk producers have the right to sell their product as they wish. What we need are short-term and long-term prospects for dairy farmers – and consequently for the future of milk in Europe.

Enjoy your reading!

Best regards,

Sonja Korspeter

(Director of the EMB)

Entering Brussels

It was a special kind of reception. When the EU heads of state and government arrived at their two-day summit in Brussels on 18 June they were awaited by two thousand milk producers and more than 1,000 tractors.

Chansons blaring out of the radio, a grumpy driver and the sight through the windscreen of countless cars held up in traffic. Anyone heading for Brussels by car or bus on 18 and 19 June had plenty of time to focus on the music, the view or fellow passengers. It took longer to get there than usual, as the European Milk Board (EMB) tractors had blocked the city's streets. More than 2,000 dairy farmers, mainly from Germany, Belgium, the Netherlands and Luxemburg, had descended on the capital of Belgium with over 1,000 tractors. They demanded that the EU heads of state meeting there freeze five per cent of the quota immediately and in the long term create the framework for flexible, effective supply control. Some milk producers had been on the road for five days and travelled up to 900 kilometres in their tractors to pitch camp in the Park Cinquantenaire in central Brussels on Thursday, 18 June.

Two demonstrations outside the gates of the EU Council of Ministers building, where the EU heads of state and government were meeting, were packed with speeches and reports on the milk producers' catastrophic situation and with the EMB's demands. Its President Romuald Schaber, Vice-President Sieta van Keimpema, the President of the Belgian Milk Producers' Lobby (MIG) Erwin Schöpges, representatives of the French Organisation des Producteurs de Lait (OPL) and of Via Campesina stressed the need for joint European work. The Chairman of the German Family Farms' Association (ABL), Friedrich-Wilhelm Graefe zu Baringdorf, praised the courage of the milk producers to undertake such action.

The direct action in Brussels saw the active involvement of every milk producer present. Beneath the blue sky of the capital of Europe, it was clear as day how committed the individual members of the EMB organisations were. Whether it was the German farmers' songs, to which everyone sang along, or off-the-cuff speeches with a megaphone up high on the tractors, face-to-face with the police force. None of it followed any prescribed plan. The dairy farmers had come here to address their problems to their governments. And did they do that! Each and every one of them with their ideas and vigour.

The head of states' and governments' reply to this protest demonstration was poor. No concrete measures were announced. The markets were to be studied in the next two months, nothing more. The speakers at the demonstration called on the EU Commission to implement effective measures to cope with the crisis. At least, the EU heads of state did recognise the dairy farmers' critical situation. What else could they do when they had over a thousand tractors right in front of them?

The milk producers were given special support and understanding by the populace in their individual countries as they drove to Belgium in their tractors. Throughout the one-day journey they chatted with consumers, who were indignant about how low the milk producer prices were. Many folk also urged the farmers on from the side of the road as they drove through, regardless of the inevitable disruption to the traffic. And later a taxi driver in Brussels leaned back in his seat during the traffic jam and mumbled: "They're being really unfairly treated, those dairy farmers. It's a crying shame."

Silvia Däberitz, EMB

Luxemburg: overcome the crisis instead of dragging it out

On 22 June, just a few days after the big day of action in Brussels, dairy farmers from the European Milk Board (EMB) were on the spot in Luxemburg, too. Before the press and the Ministers of Agriculture, who had a meeting there, they reinforced their demand for flexible supply control and the immediate freeze of five per cent of the milk quota.

Sieta van Keimpema, the Vice-President of the EMB, made her point clearly again that morning. At the EMB press conference in Luxemburg City she stressed the need for a change in direction of EU policy. "The strategy of deregulating the market coupled with measures like the export subsidies have to be reversed. Flexible supply control is needed for the price to cover the costs." Fredy de Martines from the Luxemburg organisation Lëtzebuenger Mëllechbaueren (LDB) did not mince his words either: "With our demand for flexible supply control, we are calling for a sensible policy that will enable the farmers to survive."

The EMB was one of the numerous farmers' organisations whose representatives demonstrated that day against current EU agricultural policy with 1,000 tractors and banners outside the building where the EU Ministers of Agriculture were

meeting. A key difference from many farmers' unions is, however, the scale of the political changes the EMB is aiming for. While the German Farmers' Union, for instance, demanded an end to red tape altogether, called for bridging measures and merely touched on the issue of shaping the market with a demand for sales promotion, the EMB's agenda goes much further. The liberalisation of the market should give way to responsible supply control, enabling fair prices to be achieved for the consumers and the dairy farmers. With the volume controlled, a cost-covering price could be achieved via the market, the crisis truly overcome instead of being dragged out even more. The catastrophic situation cannot be resolved by subsidies or bringing forward the EU farm bonus, as proposed by farmers' organisations. Those are merely short-term measures and are simply not enough to put even a temporary halt to the disappearance of farms. The bleeding to death of dairy farms can only be stopped by a sweeping change in the EU agricultural policy, which requires a radical rethink on the part of the Ministers of Agriculture and the EU Commission responsible for it.

Silvia Däberitz, EMB

APLI - the French organisation Association des Producteurs de lait indépendants introduces itself

APLI was formed in the southwest of France in December 2008.

From a handful of producers refusing subservience and manipulation, a national movement was born, one that with rapid growth is now a cornerstone and mainstay of the French dairy industry. The interest we arouse on the highest levels, the incipient media coverage, the concerns we instil with our determination and above all the awareness we have created out in the field and on the street mean that APLI, the grass-roots milk producers, are just a few steps away from taking control of the system. This mobilisation, proportional to the urgency of the situation, has only been possible thanks to the strong surge to follow our argumentation in the major milk-producing regions of our country.

A website visited with ever increasing frequency (www.apli-nationale.org), meetings every day throughout France in packed rooms, a joining of forces exceeding the expectations of the movement's founders – this is all proof that the French producers are firm in their conviction. Because our position is simple and logical. Our actions are legal and in partnership with consumers.

The APLI attracts members of every association, political and geographical background. We advocate a return to control of volumes in line with the markets, a milk price indexed to production costs and the producer's pay (currently € 400), a rebuttal of any form of imposed contract system.

We firmly believe that these demands must be European. These are the reasons why APLI joined the EMB. Governments created the political and administrative Europe to become stronger. Industry and banks combined to shape the economic Europe as they pleased and in their own interest.

Now it is up to us, the grass-roots producers, in tune with consumers, to invent the one and only true, fair, reassuring, united Europe of the citizens.

The APLI Board

No shortage of direct action in France – one example

SAINT-HILAIRE-DU-HARCOUET (Manche), 24 June 2009 (AFP) – At a gathering in Saint-Hilaire-du-Harcouët on Tuesday evening, just under 1,500 milk producers voted for a European milk strike as the last resort to raise the prices paid to dairy farmers.

After the milk producers had voted by a show of hands just before midnight for a milk strike, albeit without setting a date, they stood up and while clapping broke into the song "Stand up, dairy farmer". The meeting had been convened by the national association of independent milk producers (APLI).

According to the deputy mayor of the municipality 1,500 people turned up at the meeting. What a milk strike entails is throwing away the milk produced or giving it away, to put pressure on the dairy industry and the politicians to raise prices. "Nobody can stop an idea whose time has come", cried German milk producer Stephan Lehman to thunderous applause: before, he had tried to show with figures that given the current milk price a milk strike would not cost a lot. In 2008 he had taken part in a ten-day milk strike involving six European countries including Germany, but not France, as he explained from the stage. "Within two months we had recovered the money we had lost during the strike", said the member of the German Dairy Farmers' Union (BDM) before the meeting to AFP.

Pascal Massol, Chairman of APLI, which has already acquired 600 members since it was set up in December 2008, called on the dairy farmers to put up signs in their fields saying: "We'll soon be striking and giving away milk!"

"If you farmers start it off here in the west, the heartland of French milk production, the rest of France will follow, and then Europe", added the milk producer from Aveyrons.

"Nobody wants to strike, but the politicians are forcing us to", said Belgian dairy farmer Erwin Schöppges, who like all the other speakers on the stage belongs to the European Milk Board (EMB), which represents 40% of European milk production. "We have to unite and stop blaming one another for prices being far too low. In Germany they told us: "Look at France. The French are quiet, they're happy with the milk price", reported German milk producer Stephan Lehman. "This year France has to start, as Germany and France account for 50% of European production", told André Lefranc, APLI co-ordinator in the département of Manche, AFP before the meeting.

Agence France Presse (AFP) press agency

Motorway blockades in the Czech Republic

On 29 June, dairy farmers from the Czech Spotted Cattle Association blockaded the motorways in the Czech Republic with 2,000 vehicles. According to the organisation, traffic was brought to a standstill for an average of three hours near Brno (the Brno – Prague motorway), in southern Bohemia and at four more strategic places. The Czech Spotted Cattle Association's demands were directed at their national politicians and focused on these three points:

1. The introduction of a minimum price for milk
2. Establishing flexible supply control
3. No cutting of the national agriculture budget for 2010

Although the blockades caused big traffic jams, the attitude of the general public to the Czech dairy farmers' demands was overwhelmingly positive. The Czech dairy farmers have been stepping up their protests in recent months. For instance, back in April over 5,000 dairy farmers took to the streets in the Eastern European country during a pan-European day of action organised by the European Milk Board (EMB).

Silvia Däberitz, EMB

The background to the German Milk Fund

Interview with Ulrich Jasper, the German Family Farmers' Organisation (ABL)

"Nothing but a sham measure"

In some countries there is a kind of myth about the German Milk Fund. Can you tell us what that's all about?

The Milk Fund promises much more than it can deliver. It is so hard up that it is practically helpless in the face of the catastrophic situation in the milk market. It was created in the course of the debate on the Health Check 2008. Although the German Farmer's Union and the Federal Ministry had called for the abolition of the milk quota in 2015, they were at least publicly opposed to the EU Commission's proposal to vote on an increase in quotas each year until 2015. In what was like a bad deal, in return for their consent to an increase in quotas they demanded money to enable them to cushion the adverse impact of the increase in volumes on the milk price. It was supposed to be extra money from the EU; that was the demand. But no independent milk fund was set up, and not even extra money came from Brussels. All the EU Commission did was to make the monies from the additional direct payments (modulation) available for milk as well. So far only the old EU countries have had the modulation. What it does is cut direct payments to the farms by a specific percentage so as to finance Rural Development Funding Schemes (Second Pillar). The rate of modulation will increase from currently 5 percent to 10 percent by 2015. The money was earmarked to promote solutions to new challenges, such as climate change, renewable energies and biodiversity. The EU simply classified milk as a "New Challenge". But it was erroneous to say that the milk fund could make sufficient new funds available to the milk producers to enable them to

cope with price fluctuations. The fund is not up to that. What is more, the farms won't see any money at all until 2011.

So the Milk Fund doesn't mean any extra money for agriculture in general, but it will still mean more funds for the dairy farmers, won't it?

Of course, but these funds are just a drop in the ocean. They won't do anything to make up for the milk producers' losses in income. It's a simple calculation: if you assume a 15 cent drop in the price per litre of milk on an average for the year, on 28 million tons of annual production in Germany that makes a total loss for the farms of 4.2 billion euros a year. In the first year in Germany the modulation funds will amount to only about 125 million euros, that's less than half a cent per litre of milk; the amount will rise to about 280 million euros by 2013, which still only means one cent a litre. And this sum is intended not just for milk but also for climate protection, diversity of species, etc. So the Milk Fund doesn't solve the dairy farmers' problems. Fair prices can only be achieved via the market by means of flexible control of volumes.

If the German dairy farmers can't be supported effectively, what interests does the Milk Fund serve, then?

It was conceived as nothing more than a sham measure, and it is nothing more. When the dairy farmers go public about the threat to their livelihood caused by the impact of the quota increase on milk prices, the politicians turn round and say that the farmers were actually given money. Then the general public think something is being done for the dairy farmers. So it's primarily a diversion.

A few milk producers will benefit from the money to a limited extent. The lion's share of the money will go into funding investment. But in the four years in which the monies will flow in, at most 10 per cent of German dairy farms will be able to benefit – then the funds dry up. That in turn will have adverse consequences for the milk price level, because investment funding is an incentive to increase the volume in the market. That will put further pressure on the market price.

Although the fund money is not enough to stabilize the dairy sector, the sector it was originally intended for – agricultural development – will lose out on important funding. What does that mean for the so-called new challenges, e.g. for climate protection, renewable energies and diversity of species?

These issues will carry on being unresolved challenges if not enough money is invested in them.

How do you see the future of the agriculture sector in the EU?

Development within the EU and a shift in priorities. Countries like Great Britain, Sweden, Denmark and the Netherlands are pushing for the proportion of finances spent on agriculture to be substantially reduced and instead more invested in sectors like education, science and industry. The fight for the EU budget for the years after 2013 has already begun. There will be an adjustment to the agriculture funds between the old and the new member states of the EU, that's becoming evident. But I also warn our Eastern European colleagues against hoping that the adjustment will be on today's level of the old member states. It will be hard enough to maintain the total budget; it is absolutely certain it will not be increased. So it is advisable not to count on EU funds alone; we have to put as much effort into achieving a fair income with the help of the market. That will not happen if the market carries on being controlled in the interests of the export industry. What the dairy farmers need instead is the chance for flexible control of volumes. In that way fair prices can be achieved again for a valuable product like milk.

Mr Jasper, thank you for talking to us.

Silvia Däberitz, EMB

Tel: +32 (0)2808 1935

Fax: +32 (0)2808 8265

Mail: office@europeanmilkboard.org

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