

Dear dairy farmers, dear interested parties,

Since COVID-19 barged into our lives two years ago, we have witnessed many phenomena that have led to positive evolutions in milk prices on our farms, even though, unfortunately, a cost shortfall continues to be a reality in most countries in the EU, especially in France! Production costs have sky-rocketed in all sectors.

COVID-19 disrupted supply chains at times. Then the war in Ukraine, which, like all wars, brought fear, anxiety and all kinds of disruption, especially financial uncertainty which also led to speculation on food markets. But above all else, in my opinion, milk production in Europe is shrinking.

For too long now, organisations like the EMB have been sounding the alarm about the medium and long-term effects of the foul system we have been dealing with for 20 years. With no money coming in, farmers decide to permanently stop milk production, with no hope of resuming their activity some day! The youth essentially overlooks this profession, which makes total sense, even if I observe this loss with the deepest regret. Most livestock farmers still in business have tried to optimise their production by increasing herd size, investing in technologies to compensate for labour shortages, forming partnerships etc. But nothing seems to come of it all and farmers are tired, especially those who have already spent 20 years in the sector and have realised that no one ever really understood them or understands them anymore.

Food sovereignty

Over the last 20 years, France has lost more than half its dairy farmers. This reduction in the number of producers not only represents a loss in know-how and experience. It also means that we have fewer people maintaining rural landscapes and, above all else, guaranteeing food security for French and European consumers. Food security will soon hang in the balance if we do not radically change this system that does not allow producers to make a decent living.

Ensuring food sovereignty is, first and foremost, aligning production with consumption. The kind of production deregulation that was unleashed throughout Europe in 2003 and that has only increased up to 2021 has led to very low prices that do not even cover production costs. Through the EMB and our member organisations in most European countries, we relentlessly warned every policy and decision-maker we could. Cooperatives (especially the large ones), interbranch organisations, the dairy industry, supermarkets and policy-makers – all should be key stakeholders striving for real harmony and equity for all. Not only did we warn, we also proposed solutions.

How do you ensure good remuneration for farmers?

Margins should finally be shared among producers, industry and retailers. To this aim, producers should have a stronger position and should be better organised because even as part of a cooperative, it is not possible to negotiate and thus impose your price.

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Producer organisations

Negotiation is a show of force and in this area, we are very badly organised. And this is the case even though more than 60% of milk production is collected by cooperatives in some countries and even 100% in others. These cooperatives should stop being the vertical producer structures they are today and should allow their members to join a cross-dairy producer organisation. We are all part of the European market and we should have just a few European producer organisations. We are so weak because we are too many when negotiating with just a few purchasers who can choose from among us and thus bring down prices. I am in favour of cooperatives for milk collection, for shared refrigeration facilities, but they should not be the ones dealing with the milk price.

Market Responsibility Programme

For many years now, we have told everyone willing to listen to implement our programme as a way to avoid overproduction and thus match supply with demand. Let's not forget that the excess supply we have experienced for almost 20 years is the reason behind the dwindling number of livestock farmers today and the production shortages that we will experience tomorrow – without any mention of the disaster this has provoked in developing regions like Africa, because the only way to offload these surpluses is to export them on the world market.

Policy-makers and our governments

Our political leaders are elected to ensure the well-being of everyone in their entire region. They should be the ones arbitrating between us and our purchasers in such a way that all products are sold to citizens at a fair price. They should help us implement solutions that serve everyone, that guarantee food sovereignty, and that promote social and environmental sustainability. Clearly, they have quite a bit on their plate but with a true willingness to improve things for everyone, these objectives are not insurmountable. This would perhaps lead to young people returning to the sector – something that is urgently needed given the average age among farmers today.

Our Fair Milk

Our Fair Milk brand is a great example, and our members would wholeheartedly agree. Now all we need is for you, dear fellow producers, to see the added value of this solution and to join *en masse*. But a word of caution – do not fall for schemes that stand out in terms of remuneration but do not belong to producers themselves. We know all too well that they will not be sustainable, and certainly not fairer.

The CAP and the European Green Deal

In a well-regulated market, both milk purchasers and processors have a role to play. At EU level, the Common Agricultural Policy (CAP) and the European Green Deal should be built on social and environmental sustainability. For the market to be in a position to contribute to such a transformation in the agricultural sector, prices should be fixed at a level that permits full coverage of all production costs. Furthermore, tools aimed at slowing down the current rapid decline in number of farmers should be implemented as well.

Creating the conditions for fair competition

Imported agricultural products should be subject to “mirror clauses” to ensure that agricultural products that do not comply with EU standards do not enter the EU market. Consumers in the EU have the right to the same degree of sanitary and environmental protection, irrespective of where their food is produced. By replacing local EU products, which are more expensive to produce due to stricter local standards, with “cheap” imports, we are simply displacing production and environmentally damaging emissions beyond the EU's borders.

Boris Gondouin, member of the EMB and APLI Executive Committee

Open letter by European farmers to the European Union

We – the European farmers of ECVC and the European Milk Board who, as agricultural producers, are at the heart of food production – regard the current state of EU production systems with great concern. Unless action is taken immediately, it will no longer be possible to guarantee food security in the EU,

i.e. the supply of key foodstuffs.

There is no doubt that the war in Ukraine and the coronavirus pandemic present major challenges to the EU food sector. However, there is another decisive factor that is severely endangering food security: the EU's current agricultural system. While it is difficult to mitigate external wars and pandemics from within the EU, the European Union can and must adopt an agricultural model that can guarantee security of food supply in the medium and long term – despite internal and external crises. If such action is not taken, empty shelves and food shortages as well as the associated negative consequences

will become part of our daily lives.

Status quo of the EU agricultural system is not an acceptable option for farmers and for the planet: predatory production structure

The rate at which the EU is losing producers is alarming. Due to chronic, rock-bottom producer prices that barely cover production costs, many farmers have already exited the food production sector. Farmers have no option but to give up on food production because despite their hard work, they are hardly able to make ends meet. In the dairy sector, for example, the average EU income per hour for dairy farmers is **4.19 euros**; more specifically, 0 euros for Dutch producers, and 5.25 euros and 6.10 euros for their colleagues in Luxembourg and Germany respectively. Furthermore, constantly recurring crises and uncertainties as well as higher requirements the costs of which are not covered on the part of the legislator, processors and retailers push farmers out of business and prevent the next generation from entering the sector, which further exacerbates the situation. In key producing countries such as France, Germany and the Netherlands, the volume of milk produced is therefore declining.

The current explosion in production costs is accelerating this trend to such an extent that the production structure currently in place and expected for the future will be unable to ensure stable food production within the EU.

The main reason behind this problematic situation in the agricultural sector is the orientation of the EU's agricultural policy in favour of cheap products and cheap exports, major trade liberalisation, global dependence and internal deregulation, coupled with the many associated crises in the sector, which have decimated producer structures. Multinational companies capitalise on this orientation, which also translates into massive dependence and weakens the autonomy of farms and of the EU – a potentially fatal blow for the economic and social situation of farmers. Over the last three decades, producer margins have shrunk to untenable levels. In milk production, for example, this reduction is clear from the *Net Economic Margin I*, which, in the EU, has slipped from 3.79 cents per kg of milk in 1989 to **-4.96 cents per kg** in 2019 – clearly in the red. Small and mid-size farms in particular – the backbone of our agricultural sector and rural life – as well as many larger farms cannot stay afloat faced with these conditions.

A robust, comprehensive structure would avoid production becoming concentrated in a small number of locations and thus the unhealthy industrialisation of agricultural production. For all these reasons, the status quo is not an acceptable option for farmers and citizens.

- Producer prices must be coupled with production costs. No agricultural products should be sold below production cost! In Spain, a legislative act within the framework of the UTP Directive currently leads to real improvements in the price situation. An effective obligation that prices must at least provide full cost coverage is necessary at EU level. We must do everything we can to prevent more producers from leaving the sector and to facilitate the entry of young farmers.
- We need to stop or roll back deregulation! The goal must be a balanced market. Suitable crisis instruments must be integrated into the EU agricultural system. This includes a functioning early-warning mechanism, built around correct indicators that reflect real production costs, including appropriate producer income.
- For the dairy sector, for example, we need different objectives and a different functioning of the CDG Milk and the

MMO (Milk Market Observatory), which really need to actively work on a balanced and fair redistribution of added value and which should not just continue to passively observe the distortions from afar.

Green Deal & Farm to Fork – sustainability strategies without sufficient involvement of producers and without necessary tools for implementation

Even though it is clear that an environment and climate policy without the necessary tools and without the involvement of agricultural producers cannot work, these aspects have been massively neglected in the Green Deal and the "Farm to Fork" strategy. The already rampant predatory production structure should have been reformed to create the necessary preconditions for a successful sustainability strategy. This opportunity was squandered.

Furthermore, producers should have been empowered with the necessary tools to fulfil the numerous sustainability targets. Instead, these objectives have been simply placed before them and they have been left to bear the entire burden of these strategies, which is impossible given the already distressing income levels in the agricultural sector.

- Producers must be placed at the heart of agricultural strategies and must be appropriately involved in shaping them. Policy-makers must work in cooperation with farmers. Comprehensive tools to achieve sustainability targets must be provided, in particular by offering the means to expand to short circuits, fair trade and collective catering. The Green Deal must be used to reform the current system towards a socially sustainable model. Without the people who produce food on farms, a Green Deal or "Farm to Fork" strategy serves no purpose.

Imports that do not align with EU standards

As agricultural imports in many areas do not comply with EU standards, European consumers are faced with greater health risks and EU farmers with damaging distortions to competition. Within the context of stricter EU sustainability standards in the future, which will not be upheld outside the EU, greater uncertainty is to be expected.

- To counteract this development, we need mirror clauses to ensure that imported food and feedstuffs comply with EU requirements, and enforcement must be guaranteed through comprehensive controls and sanctions.

Trade liberalisation and cheap exports put local production under pressure – in the EU and in the rest of the world

The strong trade liberalisation approach has significantly increased the EU's dependence on externally produced goods, and external, global dumping prices – instead of adequate EU prices in line with local production standards and costs – dominate the scene. This leads to producers worldwide struggling under the pressure of cheap products, something that is evident from the extremely low producer prices in the EU and translates into the dumping of cheap milk powder on local markets for our colleagues in West Africa.

- Reduce the dependence on imports and damaging cheap exports by excluding agricultural products from WTO and free trade agreements. A responsible EU trade policy would completely disallow the dumping of cheap products on sensitive markets.

The farmers of ECVC and the EMB are highly concerned and alarmed. Our agricultural system must be reformed NOW. There is no time to lose because the EU is treading on thin ice that has already given way in many places. Now is the time to do everything in our power to bring lasting stability to our production structures in terms of sustainability and resilience, in the perspective of food sovereignty in the EU and worldwide. **Without the people that ensure food production, there will be no food and this will be devastating for food security in the EU.**

[Download open letter as PDF](#)

European Milk Board and European Coordination Via Campesina (ECVC)

General Assembly: dairy farmers from across Europe - active politically and on the market for fair agricultural production

With over 20 member organisations from numerous European countries, the European Milk Board (EMB) represents dairy farmers before policy-makers, processors and retailers. With their Fair Milk projects, EMB members, in turn, make a constructive contribution to the market and ensure fair prices for farmers. Representatives from EMB organisations across Europe came together in June at their General Assembly to collectively analyse the challenges faced by the sector due to external and internal crises as well as due to EU agricultural policy.

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The participants unanimously agreed that now more than ever, it is important for dairy farmers across Europe to be well represented and that the political work carried out by the umbrella organisation is constructive and essential. Without these efforts, the concerns and demands of farmers and even EU citizens when it comes to stable production would go unheard. In this context, the EMB regrets that the interests of farmers are not truly represented in certain large associations at EU level, which, as per their definition, should represent those working on farms and in the agricultural sector.

Key topic: economic and social situation on farms

As shown by an analysis of the economic and social situation on farms presented at the EMB General Assembly, the current EU agricultural system is unable to ensure a stable production structure with a sufficient number of robust farms. Important reforms are urgently needed, and farmer representatives across the EU need to advocate for them. Dr. Karin Jürgens from the Rural Sociology and Agriculture Studies Office (BAL) presented the findings of a study on margins as well as the latest cost calculations up to 2021, which showed a systematic worsening of the margin, price and cost situation for dairy farmers over the last few decades.

In fact, the Net Economic Margin I has dropped from 3.79 cents per kg of milk in 1989 to -4.96 cents per kg in 2019. Furthermore, the **latest cost and price figures for 2021** show that the cost shortfall for Belgium, Germany and Luxembourg, for example, is around 20 percent, for France and the Netherlands, it is 30 percent, and for Lithuania, it is a whole 43 percent. This has a disastrous effect on farmer income. It means that farmers in Germany were left with a mere 6.10 euros and their colleagues in Luxembourg with just 5.25 euros as an hourly wage. French farmers received a measly 3.09 euros. As for Lithuanian producers, they did not even earn the minimum wage with 2.33 euros per hour. Their Danish and Dutch colleagues' 2021 average even put them in a deficit. This latest analysis on cost calculations for 2021 which was complemented by price data for the first quarter of 2022 once again clearly indicated that rising costs of feed, fertilizers and energy led to additional cost increases in dairy production. In France alone, the trend analysis suggests that the cost of purchased feed rose from 10.57 cents (2021 average) to a whopping 14.49 cents per kg of milk in April 2022. This dampens expectations that the parallel rise in milk prices will provide them with urgently needed economic relief.

Legal framework for cost-covering prices and mirror clauses for imported products

The EMB representatives underline that stable milk production needs a legal framework to ensure that production costs, including fair remuneration for producers, are actually reflected in prices. A law adopted in Spain in 2021, which makes it obligatory for prices to be higher than production costs, could serve as a template for such a framework at EU level. Such a law needs to be adopted for the EU as a whole and above all else, it must be actively enforced.

In terms of trade policy, the Assembly discussed mirror clauses for imported goods. Such clauses would ensure that imports comply with EU production standards and would thus prevent distortions to competition that are detrimental to local dairy farmers and would also avoid increased health risks to EU consumers.

Social and economic sustainability in the Fair Milk projects

As an active representation of dairy farmer interests directly on the market, the **Fair Milk projects**, which are successfully run by EMB members in different countries, provide an excellent illustrative model. They prove that fair prices that also include fair income for producers are not just a pipe dream, but are absolutely possible in practice. However, this only works when the focus is truly on social sustainability, which barely figures in the political system or among cooperatives,

private processors or retailers. These unique sustainability projects, whose goal is to make a fair distribution of value along the production chain a reality, are shining examples of a distribution system that must be developed from a niche approach into something that is implemented across the EU.

Alongside the political advocacy by EMB members, the Fair Milk projects, which are entirely managed and run by farmers with immense passion, energy and effort, are an important pillar in the representation of dairy farmer interests in the EU. These representation efforts focus on economic and social sustainability on farms – the participants at the General Assembly collectively agreed on this – and continue to be carried out with great momentum by the EMB's farmers. **They invite all stakeholders in the agricultural system – be it associations, political representatives or processors and retailers – to contribute to the work of building a fair and stable production system in the EU.**

EMB press release of 24 June 2022

Market indicators (as on 11/07)

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*The upward trend in the **Global Dairy Trade Index (GDT)** seen at the beginning of the year came to an end in mid-March 2022. Since then, the GDT Index has constantly decreased – for example, it dropped a whole 8.5% in early May. The temporary recovery with an increase of 1.5% on 7 June was short-lived: on 21 June 2022, the Index first dropped 1.3% and then on 5 July*

2022, it fell a further 4.1%.

The average price for **Italian spot milk**, which was still 44.75 cents per kg of milk in January 2022, was reported at 64.75 cents on 11 July 2022, which amounts to an increase of about 45%. Compared to 39.81 cents (July 2021) in the previous year, this then represents an increase of more than 62%. If we were to compare with figures from April last year – 32.13 cents –, the current

spot milk price has doubled.

The **EU-27 milk price** in January 2022 was still at 41.81 cents/kg of milk. It has since increased by 16% to 48.52 cents (June 2022). Compared to June

2021, this is an increase of about 36%.

The **EU butter price** in mid-March 2022 was 614 euros per 100 kg and has increased since then by about 18% to reach 727 euros in early July.

Compared to the previous week (26 June 2022), the price climbed a further 0.7%. A year ago, the EU butter price was significantly lower – around 400 euros (4 July 2021).

The price for **EU skimmed milk powder** is currently (3 July 2022) 399 euros per 100 kg, which is a reduction of 0.5% as compared to the previous week and about 1.2% across a four-week period. A year ago, it was around 255 euros (4 July 2021). In November 2021, the price broke the 300-euro threshold and in late March 2022, it finally passed the 400-euro mark, where it remained almost constantly till late June 2022.

The rates for **milk product futures on the European Energy Exchange (EEX)** are as follows: skimmed milk powder contracts for October 2022 fell from 4,138 euros on 8 June 2022 by about 10% to 3,708 euros per tonne by 8 July 2022. When it comes to butter, the contract prices for October also reduced during the same period. The reduction was about 6% from 7,338 euros (8 June 2022) to 6,866 euros per tonne (8 July 2022).

European Milk Board, July 2022

April 2022 in Germany: costs nearly covered

According to the quarterly figures published by the Rural Sociology and Agricultural Studies Office (BAL) – current figures of April 2022 –, production costs amount to 47.60 cents per kg, whereas the farm-gate milk price was 47.20 cents per kg in the same period. For the first time, costs are nearly covered.

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For the EMB, it is clear that many milk producers have gone out of business due to costs continuously not being covered over the last years. This is one of the main factors underpinning the now tight milk supply which has driven up the price of milk. Cost coverage in the short term will not solve the issue of an imbalanced production structure. Cost coverage should be the long-term rule rather than the exception and part of farmers' daily reality in order to secure stable food sovereignty. It becomes reliable when the price of milk is based on its production costs and when it includes a decent income for farmers. To this end, framework conditions must be laid out in the EU and include sufficiently strong producer organisations that negotiate with several dairies, crisis instruments such as the Market Responsibility Programme (MRP), a socially sustainable CAP, and fair contracts or even mirror clauses on EU imports.

With the figures for April 2022, the calculation of milk production costs was adapted to the latest FADN data of 2020. Figures for 2021 for Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands have been published recently. [Here](#) you can find these current calculations for 2021 as well as an outlook for the first quarter in 2022 for some countries.

Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to April 2022.

Price/cost ratio (shortfall)

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In April 2022, producers recovered 99% of their production costs from the milk price; the shortfall was thus 1%.

[Here](#) you see the cost shortfall since 2014.

Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In April 2022, the MMI was at 116, i.e. production costs for German dairy farmers had risen by 16% as compared to the base year 2015 (2015 = 100).

[Here](#) you see the evolution of the Milk Marker Index over time.

Study on organic milk production costs

In November 2019, a study on the cost of production of organic milk in Germany was published (period: 2011/12 to 2018/19). You can find this study [here](#) as well as current data for 2020/21 [here](#).

Study on milk production costs in eight key milk producing countries

Cost calculations are regularly carried out in Germany but also in seven other countries. They also clearly show that the prices paid to milk producers do not cover the cost of production. The 2019 study on milk production costs in Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands is available [here](#). You can find an update for 2021 with an outlook for the first quarter 2022 [here](#).

A chronic shortfall between production costs and milk prices – what is the solution?

The European Milk Board promotes a legally anchored crisis instrument to counteract the chronic cost shortfall. The Market Responsibility Programme (MRP) observes and reacts to market signals by aligning production.

[Here](#) you have a short description of the EMB's Market Responsibility Programme.

Background:

Commissioned by the European Milk Board and the German producer organisation MEG Milch Board, the Rural

Sociology and Agricultural Studies Office (BAL) started compiling comprehensive data on milk production costs in Germany in 2012 for the study entitled "What is the cost of producing milk?". The calculation is based on data from the EU Farm Accountancy Data Network (FADN) as well as the German Federal Statistical Office (Destatis), and has been updated every quarter since 2014.

[Download data sheet here](#)

EMB press release of 18 July 2022

Irelands' new CAP

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Irelands' new CAP from 2023 will be quite different to its predecessor in terms of implications for family farms and dairy suppliers. With an increased emphasis on environment and reduction of dependence on fossil fuel inputs, it will have a significant impact on dairy producers in Ireland.

Eco-Schemes, Young Farmer Scheme and redistribution will see a straight-line reduction of 38% before cuts accruing from convergence of 85% are calculated. In summation, there will be a significant reduction in monies on dairy farms under the new CAP. A full summary of how it is proposed to look is outlined below and is subject to change given the Strategic Plan is still being negotiated with the European Commission.

Pillar 1:

Basic Income Support for Sustainability (BISS)

- It is proposed that the value of payment entitlements will continue to be subject to convergence, reaching a minimum value of 85% of the average by 2026.
- A maximum BISS payment of € 66,000

Complementary Redistributive Income Support for Sustainability (CRISS)

It is proposed to allocate **10%** of the direct payments ceiling to CRISS. It is also proposed to pay the CRISS up to the **first 30 hectares** at a rate of approximately **€ 43 per hectare**.

Complementary Income Support for Young Farmers (CIS-YF) Purpose

A payment per eligible hectare subject to a maximum of 50 hectares per eligible applicant is proposed under the CIS-YF intervention. It is expected that this will translate to an average rate of approximately € 178 per hectare across the CAP period, though exact rates will fluctuate based on participation.

Eco-Scheme

A farmer must complete at least two of the eight agricultural practices listed below to receive the Eco-Scheme payment.

1. Space for nature – at least 7% of a farmer's holding must be devoted to biodiversity, habitats, or landscape features; those that have 10% will be eligible for two practices.
2. Extensive livestock production - minimum stocking rate of 0.15 LU/ha
3. Limiting chemical nitrogen usage

4. Planting of native trees and hedges
5. Use of a GPS-controlled fertiliser spreaders or sprayers
6. Soil sampling and appropriate liming on all eligible hectares
7. Planting of a break crop(s)
8. Sowing of a multi-species sward

Proposed support rates/financial allocation

If 85% of the eligible hectares currently claimed by farmers participate in the scheme successfully and assuming all hectares receive the same payment rate, the payment rate would be approximately € 77 per hectare.

Pillar II

Agri-Environment Climate Measure (AECM)

A total of € 1.5 billion has been allocated to the AECM. An expected 50,000 farmers may take up this intervention. Payment rates will vary in line with the actions selected by the farmer. Average payments are expected to be in the region of € 5,000 per annum over the five-year period of the scheme with the potential to reach a maximum of € 7,300.

Agri-Environment Climate Training

It is proposed that two training courses will be provided to farmers participating in this scheme. The first course is mandatory and is to be undertaken during the first full year of participation in the National Agri-Environment Climate Measure and will build on the training provided to farmers in the transitional period.

Dairy Beef Welfare Scheme

The maximum number of eligible animals per applicant is forty, a farmer will receive € 20 per animal. The annual indicative financial allocation for this intervention is € 5m, amounting to a total indicative financial allocation € 25 million for the period 2023-2027.

On-Farm Capital Investment Scheme

This scheme will be implemented, like TAMS II (Targeted Agriculture Modernisation Scheme), utilising a tranche-based system, operating in rolling tranches. Ranking and selection will be included. Grant aid will be provided for investment in the following categories:

- Environmental investments
- Young farmers
- Animal welfare
- Women farmers
- Nutrient storage
- Organics
- Tillage farmers
- Farm safety

The scheme will include support at 40% grant rate for investments with a higher grant rate of 50% in the case of some specific investments including some environmental, organic and farm safety-related investments. A grant rate of 60% will be offered to young farmers and women farmers to support generational renewal and gender balance. Investment ceilings will be increased to € 90,000 with separate ceiling for low-emission slurry spreading (LESS) equipment. As this scheme is demand-led, the annual indicative financial allocation for this intervention varies year on year. The total indicative financial allocation for this intervention is € 440m for the period 2023-2027.

Paul Smyth, Policy officer, Irish Creamery Milk Suppliers Association (ICMSA)

The CAP in Belgium: diverging developments in Flanders and Wallonia

In Belgium, the competences for the agricultural sector are seated with the regions and not the federal government. The latter only coordinates dialogue at European level. While this approach allows for better consideration of local specificities in certain cases, it leads to unnecessary competition between farmers in others.

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This means that with every new reform, the measures of the Common Agricultural Policy (CAP) can be increasingly different for farmers in the north (Flanders) versus those in the south (Wallonia). A striking example is the expansion of organic farming. In 2020, 15% of Walloon farms produced organically as opposed to only 2.5% of Flemish farms. With the new CAP, this gap could grow even further but it is still too early to talk about precise figures.

In fact, Wallonia submitted its proposed “CAP Strategic Plan 2023-2027” in March 2022 to the European Commission, who has reverted with a series of remarks... The plan now has to be revised and the final version is yet to be published – when it is meant to enter into force on 1 January 2023!

On the substance, MIG’s main demand is ensuring that dairy farmers receive prices that fully cover their production costs and allow them to draw a decent income. In this context, the MIG would like to recall that it is important to distinguish between the income support measures of the CAP – which unfortunately continue to remain justified – and the necessary remuneration paid to farmers and herders for the environmental services they provide. The MIG is in favour of measures that support the continuation of family farming, a necessary player in the agroecological transition. The Green Deal is a positive driver in this regard.

On the basis of current information, most of the aid measures supported by the MIG have been included in the CAP Strategic Plan proposed by Wallonia:

- The budget earmarked for redistributive payments for the first 30 hectares of each farm (same measure for all Walloon farmers) has been increased. It will represent about € 130/ha, which will contribute to the survival of small family farms.
- Coupled aid for dairy cows has been maintained. It will amount to a maximum € 25/cow.
- Eligible eco-schemes for dairy farms such as maintenance of permanent grasslands (base amount € 44/ha) and ground cover (including grasslands) in winter (€ 15 to 45/ha) have also been planned.

The MIG will remain vigilant about the implementation of these measures as the conditions for the same have not yet been clearly defined.

Benoît Haag, Coordinator, Milcherzeuger-Interessengemeinschaft (MIG)

CAP Strategy Plan – Germany must make improvements

The CAP Strategy Plan – drafted by the previous federal government and presented to the EU about two months late – sets out how Germany plans to reach the goals of the CAP, such as climate-efficient agriculture, reduced dependence on synthetic fertilisers, and lower use of chemical plant protection. However, this plan falls short of the European Commission's

expectations.

In a so-called Observation Letter, Germany was asked to adapt the funds earmarked for the planned eco-schemes to ensure that the envisaged minimum of 25% of direct payments would actually be taken up by farmers. This is motivated by their evaluation that the eco-schemes have been set up in a somewhat unattractive fashion, especially in terms of funding, and that farmers would, therefore, rather forgo the potential subsidies. Derogations to the creation of buffer strips along water bodies have also been criticised.

The European Commission is of the opinion that more action is urgently needed to reduce nutrient loss, pollution and eutrophication of ground and surface water. The adoption of additional measures to avoid a further draining of peatlands and wetlands is also deemed necessary. These are just a few points from the almost 50-page Observation Letter citing a list of shortcomings. The BDM feels that this is essentially a rerun of the usual German strategy when it comes to the implementation of directives adopted at EU level (with Germany's consent).

During the implementation of the Nitrates Directive, Germany also tried to recoup and maintain a competitive advantage over other EU countries when transposing this EU directive into national law through the Fertiliser Ordinance. The outcome is well known – farmers now have an even harder time dealing with the increasingly restrictive production conditions. The BDM hopes that this mistake will not be repeated during the implementation of the CAP. The contribution of agriculture to climate, nature and environmental protection must receive a true market value; mere compensation for the necessary additional efforts is not enough.

Extremely wide range of farm-gate prices in Germany

At 57 cents per kg milk (base price for 4% fat, 3.4% protein) plus value added tax and subsidies, dairies in northern Germany have reported their highest-ever prices for May. With a base price of 40.20 cents per kg, the high-prize Berchtesgadener Land eG dairy, which was the leader in farm-gate prices for a long time, is now languishing in last place. While Arla paid 39.17 cents per kg in April, they have not published a milk price for May. Deutsche Milchkontor (DMK), Germany's largest dairy operating in the same territory and domain as the top payer, offered its members 46.20 cents per kg. With almost 11 cents per kg below the peak price, DMK is also about 3 cents per kg below the average German farm-gate price.

Significant reduction in consumption in Germany

In the first quarter of 2022, the volume purchased by private households has reduced by 11.8% for butter, 9.4% for milk, 6.5% for quark and 4.1% for cheese as compared to the previous year. In addition, plant fats like margarine also saw a 4.6% drop in demand. It is important to note that with the easing of COVID-19 restrictions, eating out has increased once again. All in all, however, it is clear that consumers are making more conscious choices. There is a slight reduction in food waste. This trend shows how important it could be for an autonomous agricultural interbranch organisation – working independently of policy-makers, processors or retailers – to react to market developments.

BDM action on World Milk Day: Everyone profits from fair producer prices – There is enough for everyone – No to resource waste

On the occasion of World Milk Day on 1 June, a delegation of farmers from BDM e.V., the German dairy farmers' association, organised a joint breakfast outside the Federal Ministry of Food and Agriculture (BMEL) in Berlin under the title "Meet & Eat".

The delegation presented a position paper to Dr. Manuela Rottmann, Parliamentary State Secretary of the BMEL, wherein they call on the Ministry of Food and Agriculture to undertake actions to bring about systemic changes to food production in order to fight poverty and hunger, and to create the appropriate framework conditions for fair producer prices. With a home-made Ferris wheel, the farmers pointed out that if we want to bring about positive change for people, animals and the environment, it is not enough to simply tighten a few screws – we have to “turn the big wheel”.

Hans Foldenauer, Spokesperson, Bundesverband Deutscher Milchviehhalter (BDM)

Lithuanian CAP Strategic Plan

In Lithuania, farmers are disappointed at the way in which the Lithuanian CAP Strategic Plan was prepared. The Lithuanian Ministry of Agriculture worked on the Strategic Plan behind closed doors, excluding farmers from the process and not taking their input into account. As a result, dairy farmers are not happy with the outcome of the Lithuanian Strategic Plan.

© LPGGA

Against this backdrop, farmers’ organisations, including the Lithuanian Milk Producers’ Association (LPGA), have voiced their disapproval with the ministry’s work. In addition, Lithuania failed to seize the opportunity to use the Recovery and Resilience Facility (RRF) funds available from the European Agricultural Fund for Rural Development aimed at modernising agriculture and developing new technologies.

Instead, the government earmarked a mere sliver of the available funds for the recovery of wetlands, without setting aside any funds from the RRF for agriculture. In view of these developments, farmers’ organisations are currently calling for the minister of agriculture to be replaced.

Given the new realities created by the war in Ukraine, farmers see the CAP Strategic Plan as lacking because it fails to address the issue of sufficient and adequate food production. The farmers’ organisations believe that the plan threatens to further reduce production. The European Commission’s many comments on the Strategic Plan should be seen as an opportunity to improve it and to strengthen the involvement of farmers in this process.

Eimantas Bižius, Executive director, Lietuvos pieno gamintoju asociacijos (LPGA)

Fair, Fairer, Faironika

At the milk strike or while spraying the European Parliament in Brussels with milk, on World Milk Day alongside Manneken Pis or at the innumerable Fair Milk tastings in or outside supermarkets, at Europe-wide protests, agricultural fairs and press conferences or in many, many fields at the heart of Europe: Faironika, the EMB's symbolic cow in different national colours has stood with farmers for 15 years and embodies their call for fair milk prices.

For the European Milk Board (EMB), this is a special milestone that deserves to be celebrated. EMB President Sieta van Keimpema believes that the mascot – also known as Justine or Onestina in different languages – is a friendly yet fiery fellow combatant with high impact. “15 years of Faironika – 15 years as THE symbol for fair milk. Farmers, consumers and policy-makers across Europe and, to some extent, in Africa as well recognise her and know what she stands for. This has been made possible thanks to the great work by EMB members and the successful Fair Milk projects.” Boris Gondouin, EMB Board member from France says that in this way, Faironika is also a symbol of mutual trust and solidarity: “Through Faironika, farmers show that they are united with their fellow milk producers in Europe and Africa and highlight the importance of a fair agricultural policy for farmers and citizens alike.”

Guy Diderrich from EMB member organisation LDB, who are the organisers of this year's birthday celebration in Luxembourg and have prepared a big cake as a birthday surprise for Faironika, looks back proudly over the past years, at the fighting spirit of his colleagues and the tireless commitment of this symbolic cow: “For 15 years now, Faironika has always been there at the effective, creative actions by farmers and she will continue to be by our side during our intensive discussions, efforts and campaigns for a fair milk price. We farmers from across Europe, together with our colleagues from Africa, know that we must make our voices heard so that fair income for farmers and a stable food production system become a reality.”

Come rain or shine, in the north, south, east or west of Europe or even in Africa: Faironika, Justine and Onestina in their respective country colours or in the EU blue will stand at the forefront of all future actions and will continue to support dairy farmers in their struggle for fair milk prices that will ensure a decent income in the agricultural sector.

Farmers wish Faironika, Justine and Onestina “Happy Birthday”

Carlos Neves, APROLEP, Portugal:

"The cow Faironika is for us the symbol of the unity of European dairy farmers with EMB in our peaceful, but firm fight for a fair milk price and a better life for all farmers from here in western Europe via Luxembourg to eastern countries, without forgetting Ukraine. Together, we are strong!"

Markus Hafner, South Tirol/ Italy:

"Best wishes from South Tirol to Faironika and all our friends across Europe. Cheers to you!"

Paul Smyth, ICMSA, Ireland:

"We dairy farmers love Faironika because it represents a fair milk price across Europe for all dairy farmers. In Ireland, we believe in a fair milk price, which contributes to the sustainability of our family farms."

Boris Gondouin and Jean-Luc Pruvot, APLI and FaireFrance, France:

"It is plain to see that we love Justine – after all, she is wherever we are. She symbolises our political fight for cost-covering prices in Europe. But she is also the mascot of our FaireFrance brand and that is really important.

Justine has been our mascot for 15 years now – we were, in fact, the pioneers of Justine. She takes us on amazing adventures and as Muhammad Ali said: “It isn't the mountains ahead to climb that wear you out; it's the pebble in your shoe.” It is thanks to Justine and the energy of everyone we met along the way that we were able to launch our brand in France. It is a true pleasure to celebrate this milestone today. Happy Birthday!"

Elmar Hannen, BDM, Germany:

"Hello dear friends – it is time to celebrate Faironika's birthday. She is synonymous with all these years of political struggle as well as our efforts with other stakeholders along the value chain for fair treatment. And we will continue this fight till we reach our goal."

Anne Chenevard, Faireswiss, Switzerland:

"On her many travels with Faireswiss, Justine ended up with three chipped legs and a damaged horn. But Justine is a bit like us, she never gives up. She might be brought down to one knee, but never to both. She gets back up and doesn't lose hope. Justine will never give up and she believes in the future of fair milk."

Henning Haschenburger, Karolina Klaus-Althaus, Peter Habbena and Karsten Hansen, BDM, Germany

"Faironika, our symbolic cow, is at all our demonstrations, where she is noticed and showcased by the press. She is a sign of farmers fighting to defend their rights. For me, Faironika stands for our long-standing struggle, for change and for remunerative prices in the agricultural sector. I am proud to have a Faironika on our farm.

Faironika – a love affair that dates back to 2015. The images from demonstrations in Brussels were simply fascinating and seeing this community with all these cows in their different national and European colours really sealed the deal for me.

Faironika – she is not just a German project, but a European one. Together, we fight for a fair milk price and the value of milk in Europe."

Kjartan Poulsen, LDM, Denmark:

"Dear Faironika, it is good to have you with us. It is a symbol of our struggle for fair income for farmers. Thank you!"

EMB and LDB press release of 4 July 2022

In the kingdom of greenwashing, Aldi reigns supreme

It is well known that in the ruthless world of retail, all blows, especially those below belt, are allowed. With the large sums of money amassed at the expense of producers, marketing experts can permit themselves to engage in shameless manipulation with publicity campaigns that strike with surgical precision.

© Aldi

In the latest from the country of milk that wants to be whiter than white, Aldi is promoting its new "Retour aux sources" ("Back to the roots") range. They promise organic products that go even further. And, most importantly, they state that this milk is antibiotic-free. In principle, we can only welcome milk from farms that do not need the use of antibiotics. However, the issue is the underlying message as understood by many consumers: if this milk is produced without antibiotics, then does that mean that the milk sold by other retailers is full of them? What does this say about farmers who administer antibiotics regularly? That they aren't making an effort?

In Switzerland, the use of antibiotics in milk production is strictly regulated. And rightly so. The waiting time before being able to sell milk again after administering antibiotics is twice as long for organic production. Promoting alternative farming methods, milder therapies, more robust species is a good thing. However, it is not right to do this at the expense of your peers, belittling the rest of the profession.

It is important to note that remuneration remains largely insufficient. Even though Aldi promises an additional 10

centimes per kilogramme, this is well below the additional costs resulting from these alternative production methods. The average standard Swiss price paid in 2021 for A-segment milk was 67.4 centimes, which is far from the 1 franc needed to cover production costs. Today, even 1 franc no longer corresponds to reality on a dairy farm.

We producers should not fall for their tricks. Our partners are not these big retailers. Our partners are consumers. We can set up a partnership with them that is based on mutual respect and concerted efforts from each side. For truly sustainable milk production, and a future for our farms!

Vanessa Renfer, Uniterre, Dairy Commission, June 2022

Sustainability tool for farms

© CONVIS

CONVIS - the Luxembourg cooperative for cattle and pig breeding, and consulting, examines sustainability on farms. With the help of a specially developed tool, the cooperative provides farms with objective figures on the nutrient and energy balance, feed self-sufficiency and greenhouse gas and ammonia emissions of the individual branches of the farm based on purchased farm inputs and products sold.

You have developed a tool for sustainable development. Could you briefly explain how it works and how you implement it in this context?

We compare production inputs to see if raw materials are used efficiently. Given that animal husbandry plays a major role in the reduction of greenhouse gas emissions, one of the levers for reducing the environmental impact of the livestock sector is good management of milk production – this means producing high-quality silage, ensuring adequate feed by reducing any nutrient surplus or deficiency to the greatest possible extent, capitalising on roughage, ensuring good herd management etc. All production inputs that have to be purchased (protein correctors, production concentrates, fertilisers, diesel...) should also be used in the most efficient way.

Furthermore, we have also shown through the years that farms that are classified as 'efficient' (that have a below-average carbon footprint per hectare as well as per litre of milk) are, in fact, economically the most viable and are also more resilient to variations in milk price. We can thus conclude that efficient farms not only reduce their environmental impact but also have an economic advantage. Intensification of production is only justified when the milk price is high, as intensive farming can have a slight economic advantage in this situation. An intensive farm could potentially have a negative environmental impact; for example, its nitrogen balance per hectare might be too high. Intensive farms can improve their situation by, for example, transferring their excess organic fertiliser to a more extensive farm that needs it.

In your opinion, what is important when it comes to getting producers to use such sustainability tools – should we use the carrot or the stick?

We have developed this tool step by step over the past 20 years. The initial idea was to come up with a way to objectively measure and quantify the impact of a farm. As a team of agricultural consultants, our main goal is always to help farmers produce better and improve both their zootechnical and economic performance. The tool we have elaborated allows us to carry out a quick annual evaluation of a farm on the basis of key figures and indicators. Farmers can compare their performance with that of their colleagues and can see how things have evolved on their farms over the years. As consultants, we can help our clients identify the strengths and weaknesses of their farm, and we can then work on them and try to improve things together.

In terms of carrot or stick, using our tool should be considered something positive for livestock farmers. As the new CAP calls for the greatest possible reduction in carbon and ammonia emissions etc., our team of advisers has to provide farmers with the necessary data and information about the critical points on their farms. With the help of these key indicators, all farmers can improve production and benefit from the financial advantages of such optimisations. In our opinion, forcing farmers to do something makes no sense. Instead, we need to encourage them to seize such

opportunities and use them to their advantage.

What do you think of the current political efforts regarding sustainable development? Are they adapted to farmers' reality or should policies and practice be better aligned? In what areas?

We are currently in a real transitional period between the two Common Agricultural Policy regimes. The new CAP has goals for the protection of the environment, natural resources, biodiversity... This wasn't the case 20-30 years ago when the main goal of the CAP was food production. The new conditions make sense but they will probably end up dividing farms into two groups: those who try to maximise their income through national or European subsidies and those who continue producing as before, perhaps just a bit more intensively. Personally, I feel that policies and world market rules are often misaligned because policy-makers tend to forget that primary production is subject to the economic laws of supply and demand. Organic production is the best example: everyone is calling for an increase in organic farming, but the market shows that there isn't enough demand for all farms to convert to organic production. Furthermore, in the current political situation, individual purchasing power is further reduced by higher prices and living costs. This means that we should adapt our way of life to become more self-sufficient. And I think this applies to primary agricultural production as well; our current production systems are highly, almost excessively, dependent on imported production inputs.

Tom Dusseldorf, Head of consulting, CONVIS

Quality comes at a price

Some associations and companies keep trying to capitalise on market uncertainties to chip away at long-standing quality standards for agricultural products. The German small farmers' association AbL calls for decent producer prices in the face of higher costs.

© AbL, Ottmar Ilchmann

Ottmar Ilchmann, AbL spokesman for the dairy sector:

"It is important to maintain quality and to improve it, and to stop selling products for cheap rates, especially against the background of possible shortages. Until now, grass-fed milk was always readily available. As farmers, we were constantly told – you guys do it anyway. We like to produce in this way and we are also convinced about this approach. However, we are paid very little or nothing at all for upholding such high standards. This is also the case for the additional costs of GMO-free milk. Dairies use these factors to improve their image but they take no market action to ensure that their suppliers are adequately remunerated. There is enough GMO-free feed. Now is when dairies can and must make the most of market signals – to increase prices and pay farmers adequately for their quality milk. The large majority of consumers want GMO-free milk."

To read the [full article](#) (in German):

Excerpt from a press release by AbL e.V. and VLOG e.V. on 19 May 2022

Mail: office@europeanmilkboard.org

Document-URL: <http://www.europeanmilkboard.org/https://www.europeanmilkboard.org/english/newsletter-julyaugust-2022.html>