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Dear Farmers, Dear Interested Parties,

These are troubled times. Milk prices are rock-bottom, livelihoods at risk, but the milk producers and their representatives are wide-awake and trying to steer the course of history in a new direction. "Change of direction required" it says in the EMB resolution of 25 May passed by the representatives of the EMB organisations in Brussels. The next few weeks will show whether the politicians have grasped what is at stake and whether they are prepared to initiate developments in a new direction: a direction aimed at supplying the people of Europe with fresh, high-quality dairy products produced in line with social and ecological sustainability. Through pan-European milk production at fair prices for everyone. This is a much more important goal than deregulating the market at any price for the benefit of a few companies.

In Switzerland the first consequences of abolishing any regulation whatsoever by the state or farmers are already visible. In France the low milk prices are generating strong protest, and in Brno, in the Czech Republic, new collaborations between the EMB and organisations from Eastern European countries were struck up on 1/2 June. Other news for you to read: a report on the demonstration by 2,000 milk producers in Brussels and the EMB's talks on the highest political level. Plus there are examples of what the parties in the European Parliament have to say about the EMB's demands.

Enjoy reading this very varied newsletter!

Best regards,
Sonja Korpeter

Interview with Jean-Louis Naveau, Member of the Executive Committee of the EMB, President of OPL in France:

"We have to use all our might to get volumes reduced so that milk prices go up again."

1) There have been campaigns of action in France for three weeks now....dairies blockaded, tankers held up and supermarkets picketed. What's going on?

Jean-Louis Naveau: To answer your question I first have to tell you what happened in early May. For the first time ever, the milk price negotiations between the dairy industry and the dairy branch of the farmers' union failed to end in an agreement, and just one day later the dairies announced milk prices of around 21 cents (3.8% fat and 3.2% protein). Some of them, with a high proportion of industrial products, even went down to 19 cents. That had always been unthinkable in France. In January milk producers were still getting 32 cents and in March 30 cents. And now this. Farmers were livid and their rage quickly broke out into direct action.

2) What sort of action was that and how widespread has it been?

It was the Farmers' Union that first gave the call to action; but soon its members ignored the officials' directives. They failed to stop their campaigns when instructed to and took different measures from those suggested from Paris. I'll give you an example from my region: 50 milk tankers were detained in a village for five days, which meant that many milk producers didn't have their milk collected for days. Other campaigns have targeted the supermarket chains. Milk producers have been going into supermarkets and draping the cheap milk shelves with sheeting that read "Do not

touch". In some cases they met resistance from the management, and so the farmers took all the milk off the shelves and left the store without paying. The campaigns are all over France, but the dispute is the fiercest in the west of the country.

3)How did your organisation, the OPL, react to the cut in milk prices?

We also called our members to action, often in collaboration with the Confédération Paysanne and the APLI (Association des Producteurs de Lait Indépendants). On 25 May, for instance, some 400 milk producers drove to the big EMB demonstration in Brussels, and others joined colleagues from the two other organisations at a large rally in Rennes to voice the demand for flexible supply control. On a regional level there have been many individual demonstrations outside dairies and prefectures, because we feel that basic political conditions are required to return milk prices to a cost-covering level. Of course the milk strike is always on the agenda and we have our work cut out holding our people back – some of them want to start right away. They're in deep water with these prices. The average French farm is losing € 3,000 compared to the previous month.

4)A new price agreement came into effect on Wednesday....

That agreement isn't worth the paper it's written on. 28 cents the average price over the year for 2009! After we had about 32 cents in the first three months, you can work out what the agreement means for prices in the rest of the year. On top of that, the dairies that make a large proportion of industrial products like milk powder milk and bulk butter can go right down to 26.2 cents on average for the year. When you spread the extra 30 million from Minister Barnier over the year and all milk producers that makes a whole 0.13 cents a litre!

5)What's the OPL going to do now?

The farmers are livid about this agreement and many have withdrawn from the Farmers' Union. The milk producers are carrying out spontaneous campaigns and are calling for a milk strike as the last resort. But it's crystal clear that we have a European problem. Pressure has to be put on the EU Commission and the EU Ministers of Agriculture for them to lower the quota for 2009 and pave the way for flexible supply control. We can only achieve that if we European milk producers unite and act. That's why the EMB Members' Meeting in early July is crucial for us; there we have to see whether the other EMB countries vote for a milk strike.

6)What impact does that have on your work in France in the coming weeks?

We will certainly carry on campaigning in lots of different ways aimed at the dairies, supermarkets and politicians. The next major campaign plan is to block the motorways throughout the country. We have to make it clear that the milk producers cannot survive with these prices and the right political decisions are needed quickly for prices to rise. The French milk producers cannot stay at home now, they have to do something. As the OPL we will also be holding informative events, some in conjunction with the APLI, to explain how things are interrelated and to prepare ourselves for a strike.

7)Is a strike the only option you have left?

That's the impression we have, yes. But the EMB has given its ultimatum; the politicians have time to act. Our positions are clear: the quotas have to be cut for 2009 and supply adjusted to demand. Reducing volumes is the way to a higher price. And in future we will need appropriate framework conditions, too, because what they are now planning in France – contracts on volume and quality between farmer and dairy with no mention of price – is totally unacceptable. In a milk strike the milk producer is master of his product, s/he controls the supply and s/he decides to stop delivering. Striking is a tough weapon, but we have to ensure the principle that the dairy farmer is in charge of his/her product and the added value s/he obtains from it, so that there is a future for the dairy farms.

Interviewed by Sonja Korpeter, EMB

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Switzerland – the quota is history

In Switzerland the quota was abolished a month ago. The market is still out of control - 5 per cent of the milk supplied is still being processed as surplus into whole-milk powder and offloaded onto the world market. For this the farmer gets 23 centimes (16 cents). This regulation is to apply until the end of June; the price after that has not yet been decided. As catastrophically low as the price for the producers now is, it is still not low enough for the dairy industry. The industry has already had it reported in the press that the price is still 12 centimes too high for it.

The Swiss media are giving a lot of coverage to the problematical situation. One reason for this: the demonstrations in Germany and France that have also been reported in the daily newspapers in Switzerland. But the Minister of Agriculture feels there is still no need to do anything.

As of now BIG-M will be organising an informative event in Switzerland every Monday evening for the foreseeable future.

The idea behind these events is to highlight international solidarity. The producers are all but paralysed by the collapse of the milk price. They now have to realise that the situation can only be improved in the long run with solidarity across national borders.

Werner Locher, BIG-M

EMB steps up contacts with Eastern Europe

Joint declaration adopted with organisations from EU countries in Eastern Europe

June 2 was an important day for milk production in Europe. Milk producer organisations from the new EU member states Poland, the Czech Republic, Slovenia, Slovakia and Bulgaria along with the Executive Committee of the European Milk Board (EMB) adopted a joint declaration in Brno. This is the prelude to closer co-operation between the EMB and Eastern European milk producers to overcome the problems in the milk sector together. Sieta von Keimpema, Vice-President of the EMB, regards the more intensive collaboration as very positive "We have all appreciated for a long time that there is no point viewing other countries as enemies. We are working together to achieve a fair milk price".

After the conference, the declaration was handed over to EU Commissioner Mariann Fischer-Boel.

Joint demands

The focus of the paper is on equalizing agricultural subsidies between the old and the new EU member states from 2010 and on stabilizing the milk market. One of its demands is to reduce the milk quota and thus restore balance to the market. It also emphasises the need for a flexible supply control and cost-covering milk prices of 40 cents a litre of milk.

Jan Veleba, President of the Czech Chamber of Agriculture, said he was very satisfied with the joint approach: "Up until now we had always met on a smaller scale – just the new EU countries. The European milk producers have more clout of course if the organisations from many EU countries stick together." Romuald Schaber, President of the EMB, added: "We back the new EU members in their demand for a harmonization of subsidies." In his opinion, though, there was a further aspect. "Equalizing subsidies will mean a very small price increase of about 1-2 cents per litre of milk for the new EU countries. But about 15 cents are needed to achieve a cost-covering milk price." They ought to be obtained through the market by means of flexible supply control, he said.

Although the President of the European Farmers Union (COPA), Pdraig Walshe, who joined the conference later, expressed scepticism about reducing volumes, he did say: "It is important that farmers in Europe get a fair income, otherwise there will be a gradual decline in food production in Europe."

After some 5,000 Czech dairy farmers had demonstrated in the EMB-wide Day of Action on 29 April, the conference in Brno was a further contribution to the solidarity between the EMB and the organisations from the new member states in Eastern Europe.

Silvia Däberitz, EMB

Brussels: Stand up, if you're a farmer, stand up, if you're a smart one...

The BDM farmers' song also had a rousing effect in Brussels. Even if not every European present understood the words, many sang along. Just under 2,000 milk producers from 15 countries gathered outside the gates of the Council of Ministers building on 25 May 2009. Erwin Schöpoges from MIG in Belgium: "What impressed me most about this day was the fact that from the very start people from different countries were intermingling!" That also became evident when many farmers swapped caps, with the result that several times I spoke to people wearing a yellow OPL cap in French and was answered in German. A wonderful feeling of European community.

Past all the barriers

There were several highlights that day and I do not mean the talks with Mr Sebesta, the Chairman of the EU Council of Agriculture and Fisheries, in the morning or the brief appearance of EU Commissioner Ms Fischer-Boel. The former showed understanding and attentiveness; Fischer-Boel on the other hand reiterated that the low milk prices had nothing to do with the milk quota. It was, she said, just a problem of demand. The Commissioner tried to conjure up a bogeyman in the food retail trade with its market-dominating position. The Commission had no responsibility for the current European milk market situation, she said. The milk producers present were most vociferous in their displeasure.

And as regards the conduct of the police when the procession of demonstrators arrived at Rue de la Loi, we have to ask ourselves what drove the unit's commander to block their way to the agreed spot outside the Council's building with a barrage of truncheons and water cannons. After a brief hesitation the call came through the microphone "We're going through" and after a few minutes of altercation, bruising encounters and horror at the disregard for democratic rights they managed to break through to Schuman roundabout. There was many a shout of "We are the people". Even though

initially this interlude seemed negative to us, especially because of the media presence and the positive message we wanted to get across, that moment was also highly symbolic. The farmers will not be held back by barriers and obstacles; they stand up for their right to fair pay and the prospect of sustainable milk production in Europe. Those familiar with Brussels assured us that people in the capital of Europe still recalled the EMB Congress with 4,000 milk producers back in spring 2008, but this demonstration had left an even greater impression on the agriculture officials in Brussels.

Meeting with EMB representatives

After the demonstration there was a meeting with representatives of the EMB organisations. This was attended by many milk producers from France, who reported on the situation in their country and at the same time learned what the views of their colleagues in neighbouring countries were on a milk strike. "The milk strike is our weapon, and the sooner we get going the better", said the French. The representatives from countries that were involved in the milk strike the previous year injected a little prudent deliberation into the debate: "A milk strike is almost like war, we have to be aware of that and if we go on strike we have to go about it in such a way that we can win." Christian Manauthon of the APLI: "It is obvious that a) we have to know what we will have after the strike and b) a strike can only be successful if it is European." During the meeting there was agreement on a resolution to give the politicians an ultimatum. The Commission and the Council of Agriculture and Fisheries have until the end of the Council presidency to reduce the volume of milk and introduce flexible supply control. An extract from the text sent to the Ministers of Agriculture and the EU Commissioner of Agriculture is reproduced below. The full text can be viewed in the Positions section of the EMB homepage.

Sonja Korspeter, EMB

The European Milk Board has a new website: www.europeanmilkboard.org!

Almost every day you can find new reports from the EMB and the member countries. In the bottom left of the page there is a newsfeed: every hour new press reports with photos from all over Europe are uploaded in the different languages. Simply click on it and check it out.

The website also hosts a forum to which you are more than welcome to write. It is multilingual; we are still working on translating particularly interesting contributions in the future. At present French contributions to the forum are predominantly on the subject of strike. What is your opinion on it?

EMB puts political representatives under pressure

Apart from increasing the flow of information to European milk producers and journalists, in the last few weeks the EMB Executive Committee and managing director have stepped up the number of meetings with European agriculture politicians. These included a discussion with EU Commissioner Mariann Fischer-Boel and a meeting with the Chairman of the EU Council of Agriculture and Fisheries Jakub Sebesta. On 18 May in Brussels Romuald Schaber addressed the European Parliament's Economic and Social Committee as President of the EMB. The EMB has made a name for itself and we shall see how "constant dripping wears the stone", how the pressure from the increasingly well organised grass roots of European milk producers is forcing politicians to rethink. The support from other social groups is also crucial in this respect.

The concrete challenge at the moment is also the closely co-ordinated approach of the EMB organisations in the individual countries. That is indispensable for a strong, effective stance vis-à-vis the politicians. That is why national particularities have to be accepted and seen as strength. At the same time the regular flow of information from the organisations in each country and the EMB office to the milk producers and vice versa is extremely important. The members of the Executive Committee of the EMB now have the special task of listening and talking to milk producers at the grass roots in Europe whilst keeping an eye on the press and politics, and then to make the right decisions within the EMB on how exactly to proceed. In view of the milk prices the situation is most critical and calls for urgency. But we have to focus on the need for a change in the system to secure cost-covering milk producer prices for the future as well. We have to be level-headed and powerful!

EU summit in Brussels

The European heads of state are meeting for a summit in Brussels on 18/19 June 2009. So far EMB organisations have held or scheduled talks with Sarkozy's spokesman for agriculture, with Chancellor Merkel, with President Juncker in Luxemburg and other heads of state. Given this pressure from the member states, the milk market situation will most probably be brought up at the summit meeting. The European Milk Board will be there on the spot in Brussels.

Sonja Korspeter, EMB

From the EMB organisations' Resolution of Brussels: a change of direction required

" ...The EMB therefore urges the European Council of Agriculture and Fisheries to freeze all further quota top-ups already voted on and to refrain from distributing them among the member states. In addition, to restore balance to the milk market as quickly as possible 5% of the quota must be withheld from the market throughout Europe in the current milk business year 2009/10.

The quota system has to be made flexible to prevent market distortions like the current ones happening in the future. In this way the quota can be applied as a market-economy instrument. The milk producers organised in the EMB urge the European Council of Agriculture and Fisheries to start implementing the demands before the end of the Czech presidency of the Council. The EMB will address the milk market situation again at its meeting in early July. If the European Council of Agriculture and Fisheries has not initiated any substantial measures by then the EMB organisations reserve the right to take the most stringent measures to defend the dairy farms..."

Europe sounded out

What do the parties in the European Parliament intend to do

The European elections are over, seats in the Parliament allocated. It is now time to see to what extent the respective parties' electoral programme was just the ticket to Brussels to be binned on arrival. And it is also time to give out more information on the milk issue and to convince all those still believing in ineffective measures to act in a proper, effective way. Here follow the positions of parties from Germany, Spain and Luxemburg specific to the milk market.

Germany

The Greens – in favour of flexible supply control

As Martin Häusling of the Green Party sees it, adjusting the volume of milk to demand ought to be a central focus of the EU policy. His party is for regulating volumes in a flexible way so as to stabilize milk prices. It regards the Milk Board set up just recently in Germany as a key factor in improving the farmers' position: "Farmers have to become even more conscious of their power and unite to take the market in hand", said Häusling in an interview with the German Dairy Farmers' Union (BDM). For the next five years the Greens will make up 14 of Germany's 99 members of the European Parliament.

CDU – no radical measures

Even though Andreas Schwab from the Christian Democratic Union (CDU) describes the current price level as appalling, he still has no radical measures to propose for overcoming the crisis. Like his party he sticks to the position of intending to solve the problematical situation with minor state consolations. In this context he welcomes the preferential treatment of the direct payments and bridging loans as well as subsidised agricultural diesel. Andreas Schwab regards the introduction of the milk fund as proof that his party has reacted quickly to the crisis. "We spotted the problem early on and took action." The only problem here is that the milk fund referred to does not mean any extra money for the farmers, just that EU funds to which Germany is entitled have been shifted around. The volume is also too small to make up for the milk producers' loss in income.

It is evident that the Christian Democrat representative views the milk price crisis as a short-term wretched state of affairs to be bridged. The party has no plans at present for a fundamental change to the market structures. When asked about the farmers uniting and therefore strengthening their market position in general, Andreas Schwab is rather reticent and evasive with vague, empty phrases. "The possibility of setting up a milk board is certainly an interesting option that has to be looked at in detail." The German CDU has 34 seats in the EU Parliament, making one third of all the German MEPs.

CSU – opposed to an increase in the milk quota

Markus Ferber from the Christian Social Union (CSU) is against an increase in the milk quota and agrees with a control of volumes. He says the European Commission has to study what form this will take. The CSU, which after the elections in early June has eight representatives in the EU Parliaments, plans to engage the industry in talks to persuade it to use more animal protein and fats in production.

Luxemburg

The Greens – in favour of flexible supply control

The Luxemburg Greens also have one seat in the European Parliament. They are against the abolition of the quota system and for making the current quota flexible. They further demand "new EU-wide legislation on competition that forbids discounters from selling dairy products below production costs and misusing them as loss leaders". The Greens

also want an end to the export subsidies that result in price dumping. As regards the milk producers, they would like to see an even stronger organisation and joining of forces to enable them to achieve a better position in the milk market.

CSV – in favour of increasing volumes

With a population of just under half a million Luxembourg is allotted a total of six seats in the European Parliament. The Christian Social People's Party (CSV) holds three of them. It is against making the control of volumes flexible, since the Luxembourg farmers would no longer be able to make up for their price deficits by increasing production. The reasoning behind this objection by the CSV makes two things clear. The CSV does not fully understand the positive impact the mechanism of controlling volumes can have across Europe. Furthermore, they are still of the opinion that in particular cases a greater volume can increase income to a sufficient extent. But it is precisely when production all over Europe can be limited that a Luxembourg farmer can also benefit from the higher price. If production is higher, though, he as an individual can no longer achieve cost-covering milk prices and plays his part in exerting greater pressure on prices. The CSV consistently pursues a strategy of increasing volumes. It not only advocates topping up quotas but also opposes the restriction of national netting.

DP - no increase in quotas as long as no demand for more milk

Unlike the CSV the Democratic Party (DP) is against quota increases so long as there is no need for them. Since the sales potential in the milk sector is substantially below the entire EU quota, the DP feels it is absurd to carry on sticking to the 5 x 1 per cent quota increase. The DP is in favour of a cost-covering milk price, which should be checked and adjusted from time to time. The party is also of the opinion it is necessary to do everything conceivable to force milk substitute products out of the market. After the elections in early June the DP retains its seat in the European Parliament.

LSAP - allow supply to be adjusted to demand

The Luxembourg Socialist Workers' Party (LSAP) likewise has one representative in the European Parliament for the next five years. It is opposed to gradually abolishing milk quotas regardless of demand in the world market. As it hinted, the regulation of volumes ought to be made flexible in such a way that it enables supply to be adapted to demand. The LSAP says the halving of the fat correction factor from 0.18 to 0.09 per cent, which was voted in during the Health Check, has to be reversed. It welcomes EU support measures such as buying up butter and powdered milk, but at the same time stresses that the party is opposed to the marketing of European surpluses in non-EU countries at dumping prices backed by EU export subsidies.

ADR – a limited quota owing to severe overproduction

The Alternative Democratic Reform Party (ADR) is against the planned topping up and later abolition of the milk quotas as long as the main feature of the market situation is overproduction. It says the current milk quota system ought to be converted into a system of flexible control of volumes that would have to be able to steer production in such a way that created an equilibrium between supply and demand. The new system should be administered by the representatives of the milk producers. The ADR will not be able to advocate this position in the European Parliament, though: it failed to win any of the Luxembourg seats on 7 June.

Spain

PSOE - focus on the relationship between industry and producers

The Spanish Socialist Workers' Party (PSOE) occupies 21 of the 50 Spanish seats in the European Parliament. In the milk sector its main focus is on the relationship between the industry and producers. However, an officially recognised supply contract between producers and the industry, which the PSOE supports, is not without its problems, according to representatives of the Spanish milk producers' organisation PROLEC. As the dairy farmers' market position is as weak as ever, the monthly price bargaining as envisaged in the contract would favour the industry.

In the opinion of the PSOE's EU candidate Mr Fernando López Aguilar, the increase in the quota should not have been the same in every country, but lower for the high-production countries. The PSOE is quite openly opposed to measures like export refunds, interventionist buy-ups and storage subsidies.

UPyD – opposed to flexible control of volumes

The statements made by the Spanish liberal party the Progress and Democracy Union (UPyD) on flexible control of volumes are clear. "It is my opinion that regulatory controls have failed to produce any good results in other sectors", says Sosa Wagner, the UPyD candidate for the European Parliament. The current EU measures ought to be given time to take effect, she says. Moreover, the aim should be to end the privileged market position of the big companies; mechanisms and levers other than controlling volumes ought to be chosen in order to bring this about. The UPyD has one seat in the European Parliament.

As the brief synopsis above demonstrates, opinions among politicians on the EMB's demand for flexible control of volumes are very divided. From the Greens, who in Germany are clearly in favour, through to the Luxemburg CSV, which is manifestly against. In future it will be important for the milk producer organisations in the individual countries and on the EMB level to constantly remind the recently elected MEPs of the catastrophic situation in the milk market. Even though they sometimes seem a long way off in Brussels, the parliamentarians come from the regions throughout Europe and have to remain the contacts on the spot for the concerns of the dairy farmers.

Silvia Däberitz, EMB

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