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Newsletter June 2011

Dear Dairy Farmers and Interested Parties,

Debate on the agricultural policy in Brussels and grass-roots campaigns of action everywhere! Find out in this Newsletter what the status of discussion of the Nicholson Report is, what French milk producers use their farm slurry tanks for, and what Barack Obama has to say about the future agricultural policy. What is more, young farmers, consumers and people of conviction have been setting off from all points of the compass in Germany to Berlin, to drive home to Chancellor Angela Merkel her responsibility for sustainable agriculture.

The campaign in France referred to above seems to have made the players gel, because only three days later the APLI, OPL and Confédération Paysanne resolved to join forces in future to push ahead with uniting dairy farmers under the France Milk Board. The Man MIGHT Milk photo exhibition in the European Parliament was a success, and even the EP Committee of Agriculture's report on the GAP reform can be regarded as a marked improvement on the original report. EMB member IG-Milch in Austria celebrated World Milk Day with numerous regional events that enabled consumers to appreciate the plus points of "A faire Milch". The German Federal Dairy Farmers' Association took advantage of World Milk day to issue a press release with a critical retrospective of the German milk producers' situation in recent months. It is quite the same as that of most European countries.

From June the "Man MIGHT Milk" photo exhibition is also available in English and French to show non-farmers the faces behind milk production and the impact of the agricultural policy on farmers in Europe and worldwide. If you are interested, you are welcome to approach the EMB Office.

The next EMB Newsletter will appear in late July as a double summer issue.

I hope you enjoy reading this Newsletter!

Best regards,

Sonja Korspeter.

Brussels: MEPs divided on the milk policy

The decision on the Nicholson Report by the European Parliament's Committee of Agriculture has to be postponed to late June or even July owing to numerous applications for amendments and ongoing discussions. This report comments on the milk package presented by the European Commission in December on the reform of the EU dairy policy.

Martin Häusling (Green Party/EFA) says of the discussions: "By mid-June we have to switch the focus of debate away from the detailed drafting of contracts and much more onto the two issues of the possibilities of producers pooling and a monitoring agency, with a successful outcome." However, Häusling estimates the chances of attaining appropriate upper limits for pooling milk as slight (about 30% of the milk volume on an EU level and 75% on a national level). It is precisely

on this point that rapporteur Nicholson does not seem ready to compromise.

Elisabeth Jeggle (EPP) regards the strengthening of the dairy farms, in particular the smaller farms, and greater transparency in the milk market as the most important points in the debate. Her conservative colleague Richard Ashworth from the UK (Conservative Party) on the other hand has a quite different view: the dairy farms have to invest more heavily in growth and in the processing side. That would enable them to negotiate with the dairies on an even footing in the future. Small farms will soon be a thing of the past, and there is no room for nostalgia, he says.

There appears to be a new dynamic in the discussion about a special position for cooperatives. Many MEPs have recognised that the majority of today's cooperatives represent the interest of their members only to a limited extent, and so milk producers in cooperatives must be allowed to join independent producer organisations. This is the position held for instance by the Social Democrat Marc Tarabella from Belgium (S&D party).

However, Sieta van Keimpema, Vice-President of the European Milk Board, feels that this is still not the majority position on the issue: "Not enough decision-makers have understood what a problematic role the cooperatives have for the milk producers, and so they see no need for double membership." On the other hand, van Keimpema feels there are good chances of a monitoring agency being set up. But such an agency must not become a mechanism for serving the interests of the industry. That is why a rational calculation of production costs is so important as the basis for the monitoring agency's work.

Until the end of June there will still be many discussions to come up with a compromise from the many different points of view. Whether this compromise will strengthen the position of the milk producers in the market remains to be seen.

Sonja Kerspeter, EMB

France: heated atmosphere in Angers

On 23 May 2011, the EMB member organisation APLI (Association des Producteurs de Lait Indépendants) in conjunction with the two French organisations Coordination Rurale and Confédération Paysanne called on farmers to join in a major campaign in Angers in western France. The dry weather now prevailing in large areas of France and affecting the dairy regions in the west, north and middle of the country in particular, together with the low milk price, currently 30.5 cents, which bears no relation to today's world market prices of butter and milk powder, is heating up the already testy mood among French dairy farmers. On top of that, as expected the contracts put forward by the major dairies in France will not improve the farmers' position, as they contain no provision for gearing the milk price to production costs.

For that reason some 550 dairy farmers gathered outside the Chamber of Agriculture in Angers to demonstrate against the French agricultural policy and to support the MEPs who champion the cause of the dairy farmers in their endeavours to reform the Common Agricultural Policy (CAP). The dairy farmers also received backing from their colleagues – cattle and sheep farmers, likewise affected by the current crisis.

There was unfortunately no discussion with the representatives of the Chamber of Agriculture, because when the demonstrators arrived they were already met by a large police presence. In return the farmers poured several farm slurry tanks of rotten milk onto the square outside the Chamber of Agriculture.

A main focus of this action was on the need for producers to join forces in an independent organisation, the France Milk Board. Several milk producers from Belgium even travelled to Angers to demonstrably hand over their application for membership of the France Milk Board to the President Paul Montvalon. Now the pooling in Milk Boards has to spill over into all EU countries, and the APLI is counting on the milk producer representatives in each EMB country to carry this out.

According to Anton Sidler, a member of the EMB executive board and APLI member, this direct action in Angers could mark the beginning of a new phase of mobilisation.

Anton Sidler, APLI and EMB / Stephanie Heikamp, EMB

Germany: farmers' rally starts with impressive drive to Berlin

The farmers' rally from Auerberg in the Bavarian Allgäu and from the fishing village of Greetsiel on the East Frisian North Sea coast started on 29 May 2011 with

more than 200 farmers at each of the two opening events. Accompanied by several decorated tractors, two tractors from

both starting points set off on the ten-day journey to the Chancellor's office in Berlin.

"Mrs Merkel, the family farms that give this region its typical face must be maintained. This calls for a totally different agricultural policy. That is why we are now on our way", said Jan Wendel, rally-driver and a student of Agricultural Science in Kassel. Wendel went on: "The federal government will be largely responsible for the configuration of the impending reform of the EU agricultural policy. We are becoming actively involved in this process because we are all in this together and it cannot be handled in back rooms." "Anyone continuing to favour agro-industrial structures is depriving the farmers of their livelihood, as is already the case in many regions of Europe, unfortunately. We are driving to Berlin to stop this process."

"The reform of the EU Agricultural Policy must not be just about money. We need decent basic conditions for the market. We farmers don't want to be reliant on direct payments from the state, we want to be able to live off the proceeds from our produce," says Karin Mannsholt, representative of BDM Lower Saxony in Greetsiel. "We are fighting for fair prices and for basic political conditions that enable fair prices", Romuald Schaber, President of the German Federal Dairy Farmers' Association in Auerberg, made it clear. "We can only achieve that through this strong alliance of farmers, consumers, environmentalists and one-world organisations. That is why we are delighted to have the broad support of 33 organisations in the "Meine-Landwirtschaft.de" alliance. Because the agricultural policy in Europe is crucial to the survival of not only our farmers but our planet as well."

"We're sick of the agricultural policy", said Hubert Weiger, Chairman of the Bund für Umwelt und Naturschutz Deutschland [German league for the environment and nature conservation] at Auerberg. "It not only destroys farmers' livelihoods, it also damages our climate and our environment, at huge social expense. We want to, and we can, no longer allow this failed agricultural policy. A change of system towards organic farming is of the utmost urgency. That is why we support the farmers' rally."

And the fishermen on the North Sea coast need a fair market for their crabs. That is why they have been on strike for several weeks. "If they carry on ruining our prices there'll soon be no fishing boats to be seen in this idyllic harbour and no cows in the pasture", said Dirk Sander, representative of the North German Fishermen at the start of the rally in Greetsiel.

The young farmers taking part in this rally with over 50 events are calling on the federal government to abandon its blockading of the reform of the EU Agricultural Policy in favour of family farms and a fair and ecological agricultural policy that is also humane to animals. The government should no longer represent the interests of the agribusiness and large landowners. To give weight to these messages, farmers from all over Germany will be meeting at the end of the rally on 9 June in Berlin – outside the Chancellor's office. There they will ask the Federal Chancellor for a meeting. For more information in German go to www.bauernsternfahrt.de

Excerpt from a press release for the "My Agriculture" campaign of 29.5.2011

President Barack Obama calls for a restructuring of state subsidies

US President Barack Obama recently expressed his support for a reform of agricultural subsidies in the United States in order to ensure that they are not swallowed up by major groups. When asked at the meeting, which was also attended by farmers, the US President conceded that the current system was out-of-date. In the USA subsidies do not always benefit the farmers that need them most. The system has to be restructured, he said. He stressed that family farms in particular that face hardship through drought, natural disasters etc. should be given temporary aid.

According to Barack Obama a possible solution was introducing upper limits for income when state aid is drawn. Subsidies cannot be paid in the long term if the farmers are in principle capable of generating their own income themselves. He did emphasise, though, that such a change could not be made from one day to the next, and resistance from the farmers was to be expected. He added that the representatives on the US Congress Committee on Agriculture frequently came from mainly agricultural US federal states where many backed the existing schemes, and so it was difficult to implement changes.

With regard to the United States' growing budgetary deficit he said that cuts had to be made cautiously, with a scalpel rather than a machete. He thus reiterated a point he has often made in recent months, namely that: "The USA needs a balanced approach. That means we have to invest in sectors that contribute to growth; we can scale down the sectors that do not."

From an article:http://www.cbsnews.com/8301-503544_162-20062208-503544.html

The Confédération Paysanne joins the APLI and OPL in France Milk Board

Meeting by common consent within the framework of the Office du Lait on 26 May 2011, the three trade unions or associations will be drawing up a joint standard contract, taking into account the economic realities of farms, the indispensable components of which will be supply management and real production costs (including pay).

Complying fully with the resolutions passed by the European Parliament stipulating inter alia that “the farm-gate prices must be higher than production costs”, this contract backed by France Milk Board is the upshot of a collective awareness of the necessity to overcome ideological differences, without denying them, on defending the interests of milk producers; the sine qua non for maintaining a sustainable dairy sector throughout the country and guaranteeing production that satisfies the need of European consumers.

APLI Nationale, the Organisation des Producteurs de Lait (OPL) and the Confédération Paysanne Nationale call on every milk producer to join France Milk Board, the only representative and pluralist producers' organisation across the board.

Press release from the three organisations of 26 May 2011

Man MIGHT Milk in the European Parliament in Brussels

The photo exhibition “Man MIGHT Milk – the European agricultural policy and family farming in the North and South. Effects and perspectives” was inaugurated with many guests in the European Parliament in Brussels on Wednesday, 27.5.2011. On the same day the EU Committee of Agriculture voted on a report on the reform of the Common Agricultural Policy. Georg Häusler, Leader of the Cabinet of European Commissioner for Agriculture Dacian Ciolos, inaugurated the exhibition: “These pictures show people looking determined and vividly into the camera. You can see that they not only farm the land carefully and expertly but also live with their livestock and the land. The European agricultural policy must provide clear basic conditions to offer these people prospects in agriculture.”

Romuald Schaber, President of the European Milk Board, also commented approvingly on the exhibition, stating that it showed that milk is “man-made”: “The pictures show very clearly the daily life of the people behind the milk. The North/South perspective of the exhibition shows exactly how much milk production here and there provides the basis for the livelihoods of countless families. For the long-term prospects of European milk producers as well as milk producers worldwide it is crucial that the production in Europe is adapted to demand. When discussing the future milk policy of the EU the Members of the European Parliament must be aware that they are responsible for the right basic conditions”. Schaber put this demand in concrete terms: “A monitoring agency should monitor production costs and issue precise stipulations to ensure that the milk volume produced corresponds to demand.”

Schaber welcomed the fact that the report on the CAP reform the EU Committee on Agriculture had just voted on highlighted the importance of measures for controlling volumes: “This section states quite correctly that these measures can enable effective regulation of the market and prevent crises due to overproduction without any additional costs for the European Union.”

Martin Häusling, Member of the European Parliament and the exhibition host, referred in his speech to the current negotiations on the Nicholson Milk Report in the European Commission on Agriculture: “Time and again the debate is about contracts between milk producers and dairies. But what is crucial to fair contracts more than anything is a good bargaining position. That is why the politicians have to create basic conditions that enable an effective pooling of milk producers.” His fellow Member of Parliament José Bové likewise stressed that the dairy market could not function without state intervention. If policy-makers ignored this necessity and the quotas were abolished with nothing being put in their place, one would soon see farmers only in photos in museums.

From an EMB press release of 27.5.2011

The European Milk Board Office will be happy to lend out the exhibition for your events from early June.

Report on the CAP Reform adopted by the Committee on Agriculture

On 25 May the European Parliament's Committee on Agriculture adopted its report on the future of the EU agricultural reform, which will now be voted on in the plenary session of the Parliament on 21 June. 1,284 applications for

amendment have been submitted on German CSU MEP Albert Deß's draft report. The version currently adopted marked a clear improvement in the ecological and social orientation, but is still very vague on many issues.

For instance, the report talks of measures aimed at enabling an effective control of the market and preventing crises caused by overproduction; without any additional costs for the European Union. Yet in another part of the report the issues of risk insurance and intervention are raised as a solution for dealing with price volatility in the agricultural markets. In point 59, the EU Commission is explicitly called on to support the setting up of new producer organisations in order to strengthen the farmers' market clout vis-à-vis the retailers and the processors.

Contrary to the Council of Ministers of Agriculture, the report backs the capping of direct payments to farmers proposed by European Commissioner of Agriculture Ciolos. This means a degressive development of payments for large farms taking into account both the number of jobs and the sustainability of farming. It also backs the proposal to introduce flat-rate payments for micro-farms and a gradual redistribution of subsidies among the member states in favour of the roughly eight (out of 15) million farmers in the so far crassly disadvantaged Eastern member states.

Further interesting statements in the report:

A new transparency initiative that not only discloses subsidies to farmers but also obliges the agricultural and food industries to publish their market shares and profits

Special initiatives to enable young farmers to start off in agriculture

Measures to reduce protein imports from overseas and to preserve grassland

Support for direct marketing and other forms of short routes between producers and consumers that are more transparent, fairer and more efficient

Adjusting hygiene standards, primarily for small and medium-sized farms and direct marketing, to the actual extent required.

A rather short paragraph demands that the Community's development and trade policy ought to be consistent with the agricultural policy and should not hinder the opportunities for self-sufficiency in developing countries.

The Commission on Agriculture itself called its report a "Fresh Start for the Agricultural Policy", every political party seems relatively satisfied with the compromise reached. Many were especially relieved that none of the forward-looking approaches of Minister of Agriculture Ciolos was rejected, unlike the reactions of the national Ministers of Agriculture. However, many parts of the report are still vague in their wording, and some are contradictory. Thus the actual discussion of the CAP reform will take place in the autumn, when the European Commission's concrete draft bill is on the table. In view of the postponement of the decision on Nicholson's Milk Report it may be that the CAP reform and the Milk Package will indeed finally be negotiated together.

Sonja Korspeter, EMB

World Milk Day on 1 June in Austria

For Austrian dairy farmers, producing the best quality is a given. Every day – without Sundays or public holidays off – they look after their cows, because only well looked-after cows produce the best milk.

Unfortunately it is not a given that this work is rewarded with a fair price. Consumers can help support the dairy farmers' work by buying Austrian milk and dairy products. They can pick up "A faire Milch" packs safe in the knowledge that the producers are paid more for their milk than they receive from the dairies.

On World Milk Day there were campaigns of action throughout Austria. Visitors treated themselves to delicious milkshakes, children amused themselves with a special programme for children with our Faironikas or simply enjoyed a refreshing glass of milk.

IG-Milch website

Milk Day in Germany: incentive to continue the struggle for diversified milk production

As always the dairy sector will take Milk Day as an opportunity to celebrate and highlight its own strength. The dairy industry also has good reason to. It survived not only crisis year 2009 without any harm, or even successfully. 2010 and

the first half of 2011 have been cause for satisfaction. The milk market has eased and business is doing nicely.

Despite the easing of the market the milk producers face manifestly greater challenges: they are still a long way off being able to live off their produce, milk. The average milk price in Germany is 34 cents, whereas the full cost for 2010 as ascertained by the Thüringian State Institute of Agriculture based on sectoral analyses amounts to 43 cents. Since April 2010 the costs of working materials have soared, though: energy up 20%, feed, seed and fertiliser up 70%, etc. The milk producers still have to fight the consequences of the milk crisis. Loans they had to take out in this period now have to be serviced. There is no money to set aside in reserve for the next crisis – even though it is a standard business management procedure.

Nor has the milk producers' poor market position improved substantially in the added value chain. Although assurances have been given on an EU and national level that the pooling limits for producers will be corrected upwards, at the same time the concentration process on the dairy level continues apace. For instance, milk producers in the north right down to central Germany have in actual fact hardly any marketing alternatives – in essence they face two huge groups (Deutsches Milch-Kontor DMK and Hansa-Arla).

“For the milk producers in the German Federal Dairy Farmers' Association this is an incentive to carry on fighting for a change in the basic conditions of milk production”, is the conclusion drawn by BDM President Romuald Schaber. “We must improve the milk producers' market position as a matter of urgency. This is absolutely essential for the successful marketing of our products and with it cost-covering milk prices. Only in this way can we finally guarantee the diversity the consumers urgently want.”

He goes on: “We appeal to the Federal Cartel Office. As has already happened in the petrol sector, the Federal Government should be given a clear mandate to take action, to be increasingly active in the milk producers' interest in order to redress the existing imbalance in market might in favour of the milk producers.”

From a BDM press release of 31.5.2011

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