

Dear dairy farmers and interested parties,

The situation on the European milk market continues to deteriorate and the decisions and measures adopted by the Commission in March have proven to be - as was clear to see from early on - ineffective and inappropriate as a way out of the current crisis.

The situation in Europe is drastic: Milk prices paid to producers are well below production costs and there is no hope of sustained improvement in the coming months.

The situation in Italy mirrors the rest of Europe: An increase in milk volume (around 2%) and in production of cheese without protected designation of origin (which has however gone into storage on a large scale due to shrinking demand) has led to a collapse of prices. The farms that continue to survive are the ones that concluded production contracts in December 2015 and January 2016 at 31-33 cents. The spot price for milk is currently in a free fall and individual prices below the 20-cent mark have been recorded. We are seeing a clear downward trend and things will only get harder as of June when the contracts signed in December and January will expire.

Good news from Luxembourg: The 3rd European Fair Milk Conference will take place this year on June 30 and July 1 in Ettelbruck. After the success of the Conference last year during the EXPO in Italy, this year will look at the results achieved so far and determine the future direction of the event. This year as well, the "Golden Fairoika" will be awarded to policy-makers, organisations and farmers who have contributed to improvements in the dairy sector.

The EMB will continue to fight for a fair milk price and a European volume control system for producers.

Roberto Cavaliere, EMB advisory board member and president of APL Italy

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The milk volume must be cut!

Uncommon agreement dominated the extraordinary hearing of experts in the EU Parliament's Committee on Agriculture and Rural Development on the new market measures to reduce the volume of milk (25/05)

The invited representatives of the producer organisations European Milk Board and Via Campesina, along with the association of co-operatives COGECA – as well as numerous representatives of the Committee on Agriculture and Rural Development – advocated a rapid reduction in the volume of milk on a European level.

Severe criticism was aimed at the Council and the Commission: the 500 million aid package had fizzled out completely. Instead of earmarking these funds to reduce the volume, they had pumped the money into the sector aimlessly. Simply “twiddling thumbs and hoping for a miracle” was not enough to stabilise the sector, said MEP James Nicholson. Similarly the measures adopted in March by the Council for Agriculture were manifestly unlikely to encourage the member states to implement a reduction in volumes.

Call for a European solution and financial compensation for producers

The tenor of the meeting was that a common European solution was lacking. EMB President Romuald Schaber: “We in the European Milk Board are for a voluntary restraint on supply compensating less production with 30 cents a kilo from EU funds.” With such backing the measure could function on a voluntary basis and would have a swift impact. The financing was not a problem, because if the intention was to cut the volume of milk by 3%, as calculated by the EU Commission, the funds required would equate roughly to the total of the super-levy in the last two years of the quota system. Via Campesina, on the other hand, called for a compulsory reduction in volumes, but likewise stressed the necessity of financial compensation for the producers.

The lively discussion in the well-attended hearing room made it very clear that in view of the disastrous market situation no more time was to be lost, and instead the job had to be done properly at last.

With all the criticism levelled at them, Joost Korte from the EU Commission and Minister Van Dam representing the Council also had to concede that now something had to be done quickly. Van Dam announced new measures for the next summit of the Ministers of Agriculture that could possibly be financed with further money from the Crisis Fund.

Adam Siekierski, Chairman of the Committee on Agriculture, summarised the hearing's demands: “We call on the Council and the Commission to take measures based on Article 222 to reduce volumes and back them up with funding”. This he intended to present at the next plenary session and to demand from Commissioner for Agriculture Hogan.

EMB press release

[Video on Hearing "New exceptional market measures limiting milk production"](#)

(Romuald Schaber's statement 0:50, replies: 2:20)

United for a responsible dairy policy!

Urgent appeal by European and African producers to policy-makers

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In a joint statement, European and African farmers appealed to policy-makers on both continents to advocate for fair and responsible solutions to the milk market crisis.

"EU policy-makers must create a crisis instrument that addresses production volume and is binding for all Member States of the European Union," states an appeal by the European Milk Board, the European umbrella organisation for milk producers, which has also been signed by the Initiative to Support Dairy Cattle Herders in Burkina Faso (PASMEP), the National Association of Small Dairies in Burkina Faso (UMPL/B), as well as development cooperation organisations MISEREOR and Germanwatch.

The appeal goes on to state: "Economic Partnership Agreements between the EU and West Africa should not be concluded at this point because they would negatively affect our West-African partners, especially their local structures."

In addition to UN World Milk Day on June 1, this statement coincides with an ongoing visit by European dairy farmers to Burkina Faso, accompanied by MISEREOR and Germanwatch. This trip is an opportunity for all participants to get to know the conditions under which milk is produced in Africa.

Burkina Faso: "We can provide for ourselves"

Marianna Diallo, a dairy farmer from Tambolo - a small village about 170 kilometres from the Burkinabe capital Ouagadougou, explains to the visitors: "We can provide enough milk for ourselves. We have built a small dairy where we produce milk and yogurt." Farmers from Tambolo also cultivate soy, broad beans and maize, among other crops. The income from the sale of milk is used to feed their families and pay for their children's education. One third of the population of Burkina Faso raises cattle. However, the major import of milk powder from Europe is increasingly putting their livelihood in danger because the EU products are on an average half the price of local milk products.

Farmers on both continents are struggling

The signatories to the mentioned appeal urgently call on Germany and Europe to put a stop to the large-scale overproduction of milk in the EU as this exerts downward pressure on prices worldwide and continues to erode away at the livelihood of farmers. "Milk producers in Europe and Africa are struggling because of current policies," critiques Wilhelm Thees, rural development expert at MISEREOR. "In Burkina Faso, it is the women who produce milk. When this source of income is destroyed, a whole social structure collapses as the women have no alternative and thus no income." Johannes Pfaller, a milk producer from southern Germany and a representative of the European Milk Board on the visit to Burkina Faso, says: "We cannot displace our home-grown problems to Africa. Those who hamper the development of other countries, compromise their own development as well." Christoph Lutze, a dairy farmer from northern Germany, adds: "In my time in Africa, it has become clear to me that our export-oriented policy is very dangerous for the milk producers here."

Practical project on the ground

Belgian EMB member organisation MIG has already been active in Burkina Faso for a number of years. Currently, the Belgian dairy farmers, together with Oxfam, are supporting a micro-dairy in Ouahigouya. Belgian and African milk producers are also working together to create a fair label for milk from Burkina Faso. "Fairefaso" is aiming to position itself as a sign of quality on the market - as a symbol for fair milk prices for producers.

Joint statement: [United for a responsible dairy policy!](#)

Joint press release of EMB, Germanwatch, Misereor, PASMEP and UEMPL/B

Current projects: Support for local dairy farmers in Burkina Faso and Zambia

© Oxfam

Overproduction in Europe is casting a shadow on Africa: Milk powder exported at dumping prices puts local production under significant pressure as more and more consumers reach for these cheap imported products. Local milk producers can therefore no longer live off their work.

Two of our member organisations are currently supporting African dairy farmers very actively.

Burkina Faso: a fair label for local milk

Belgian milk producers (MIG) have been working with West-African dairy farmers in Burkina Faso for many years now. Currently, MIG, together with Oxfam, is supporting a micro-dairy in Ouahigouya (which we [reported on in February](#)). Belgian and African milk producers are also working together to create a fair label for milk from Burkina Faso. "Fairefaso" is aiming to position itself as a sign of quality on the market - as a symbol for fair milk prices for producers.

[Detailed visit report](#) by Erwin Schöpges (DE, FR, NL)

Micro-dairies in Bittou and Fada: Support for women dairy farmers

Oxfam-Solidarité also supports other micro-dairies in Burkina Faso, such as the one in Bittou, in south-eastern Burkina Faso. The goal is to provide lasting reinforcement to local women milk producers, who have to compete with cheap imported milk powder. Within two weeks, enough money has been raised through crowdfunding to modernise the small dairy in Bittou, among others by buying new equipment which will ensure quick and hygienic milk processing and packaging. These women dairy farmers are also working towards the "Fairefaso" label in order to improve the position of their milk on the local market.

The crowdfunding initiative will be running until the end of June. Additional funds will benefit a second micro-dairy in Fada which is facing similar problems to the one in Bittou.

You can support the [micro-dairy in Fada](#) through funding until the end of June - thank you!

Zambia: A dairy for Kasisi

The Swiss association BIG-M has provided financial support for helping build a micro-dairy in Zambia through crowdfunding. This project was initiated by a Swiss employee at a training centre for small-scale farmers in Kasisi, who wanted to set up a dairy on a farm. Funding of 15,000 Swiss francs (about 13,500 euros) will cover the setting-up of a milk processing room as also the purchase of a centrifuge, a pasteurizer, a generator, a water storage tank, a boiler and other utensils necessary for milk processing.

Current contributions stand at 13,600 francs. You can contribute to the project till mid-July.

[Video describing the project](#) (in German)

Regina Reiterer, EMB

The milk crisis in France - Analysis and details of possible solutions

Excerpt from the contribution by Organisation des Producteurs de Lait (OPL) about the milk crisis

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In favour of regulation: absolute consensus

Today, all French farmer organisations are asking for supply regulation – it is the only sensible solution out of this crisis.

OPL believes that Copa-Cogeca is misguided in this regard and should also advocate for real regulation that eliminates risks, rather than for financial tools to cover them and rather than empowering cooperatives. The EMB proposes the MRP – but what does the Copa-Cogeca have to offer?

Elected representatives in France are listening

The agricultural crisis --is worsening and especially the milk market situation is a cause of major concern for national policy-makers, who have approached us to hear our proposals. The time to wait and see has come and gone; current policy has clearly failed.

How can we look for solutions if we have to work with variables that do not work or are counterproductive? – e.g. producer organisations who are supposed to strengthen the negotiating power of producers, their role, their objectives, the role of cooperatives and their real profitability,... Sodiaal for example is taking interest in the Friesland Campina payment system, going so far as to allow a Friesland Campina manager on to their board. Sodiaal is thus considering a payment system where the price would depend on animal welfare, pasture grazing, animals' life expectancy etc.

The discordant discourse of banks

Banks are currently selling a reassuring narrative about the agricultural situation! 2015 has been a very good year, with even greater agricultural investments than in 2013 and 2014!!! Do they even distinguish between investments and cash-flow financing? It is becoming increasingly clear that they are trying to make our farms a pawn in the financial sector - words of caution issued by some chambers of agriculture directed by Fnsea and APCA.

Véronique Le Floc'h, President of OPL

An analysis of the French situation and the OPL proposals with regard to the mentioned solutions (Article 222, other methods of regulation, contracts, the role of POs) can be found in the [full version](#) (in French).

TTIP and CETA: Attacks on the milk market

Negotiations on the planned trade agreement between the EU and Canada (CETA) were concluded in September 2014; up until a few weeks ago, judicial examination was ongoing in both Canada and the EU and the agreement is

now ready for ratification.

The Council of the European Union will deal with the CETA as of June this year, and a vote is expected in September at the earliest. This will be followed by a vote in the European Parliament. It seems likely but is not yet fully clear if the European Commission will present CETA to the Council as a mixed agreement. This would mean that a vote on CETA would be held in each Member State as well. In such a case, experts expect that the European Commission will propose so-called provisional application - something that would not only be undemocratic, but would be highly sensitive as well.

Recently, the Netherlands voted against the provisionally-applied trade agreement between the EU and the Ukraine in a referendum. The government of Wallonia, one of the three regions in Belgium, stated that they would not approve CETA and most recently, it has also been turned down by the Foreign Minister of Romania. Just a vote on such contentious trade agreements can be a point of conflict. And the content even more so. Agricultural trade between Europe and Canada as foreseen by CETA would affect the fragile milk market in Canada, while the meat market in the EU would come under fire.

Customs duties at 245.6% currently protect the Canadian milk market from cheap imports. Canada has an active volume control system for the milk market. Producers pay a fine for every surplus litre of milk. While the price paid to producers in Canada is based on milk production costs and has been almost 48 cents/kg in the last ten months, the European milk price, in terms of international competition, fell to a drastically low 29.3 cents/kg in February. The politically envisaged export orientation - the preparatory work for such trade policy - has completely destroyed the milk price for European producers. If CETA were to be ratified, the Canadian market would also come under immense pressure. Currently, cheese from the EU is exported to Canada using a customs-free tariff quota. CETA would double this quota from 13,472 tonnes to 31,072 tonnes, together with an additional 1,700 tonnes of industrial cheese. This would mean that almost 8 percent of Canada's national demand for cheese (425,400 t) would be covered by the European dairy industry. The cheap EU prices attack the higher Canadian milk prices that actually ensure the livelihood of farmers. The EU industry is expected to be able to fulfil the customs-free tariff quota very easily.

Terry Boehm, a Canadian cereal farmer and past President of the National Farmers Union, says, "Our volume control system is a trading chip in every trade agreement. The Canadian government is going down the path of liberalisation, but continues to protect volume control because a number of dairy farmers live in Quebec and Quebecois votes are important for elections in Canada. Nonetheless, every negotiation makes a dent in the volume control system."

CETA is only a first taste of what would befall agriculture through TTIP. These negotiations began in June 2013 but it is already clear that in terms of the milk market, there will not be only one-sided exports by the EU - one can expect an exchange of blows that will significantly shake up markets on both sides of the Atlantic. According to the latest study by the US Department of Agriculture in November 2015, the abolishment of tariffs would increase EU imports from the US to USD 150.78 million for butter and USD 76.31 million for cheese. The value of cheese exports from the EU would rise to USD 325.35 million. However, an important precondition for growing exports is that milk, the raw material, is very cheap - and currently things are very much to the liking of the export industry.

Berit Thomsen, Arbeitsgemeinschaft bäuerliche Landwirtschaft (AbL)

Trading away our farmers

Friends of the Earth Europe has published a report in April, showing that TTIP could have major impacts on farming and food production in the European Union. The report shows how the TTIP trade deal will favour factory farms over family farms and increase corporate concentration in the agriculture sector.

Impacts on Dairy Production

The EU is the world's largest producer of dairy produce, and exports an average \$1.1 billion of produce to the US every year. In contrast, the US exports just \$87 million of dairy produce to the EU. Both the US and EU use quotas and high tariffs to restrict dairy imports; according to the European dairy trade body Eucolait, most US tariffs on dairy produce are so high that they "make imports practically impossible", while "EU tariffs do not enable regular imports"-On top of this, both the US and EU use regulations and food safety measures that the other considers to be trade restricting, including:

- US Dairy Import Assessment fees,
- the US 'Pasteurised Milk Ordinance' and Grade A regulation,
- US standards of identity for dairy products that are not in line with international standards,
- the EU ban on recombinant bovine growth hormone in milk,
- EU somatic cell count requirements (<400,000/ml), which are stricter than US standards (<750,000/ml)

The EU dairy industry is heterogeneous, with conflicting interests in the TTIP. Dairy farmers see it as a particular threat, and there appears to be a feeling that the interests of some dairy sectors are being sacrificed in negotiations. In contrast, the US dairy lobby is influential and the US government highly protective of the sector. The broad message being presented by the Commission - that the EU will increase trade in dairy – masks the fact that farmers could end up being paid less per litre of milk, even as exports increase. This could exacerbate the structural changes already leading to concentration and intensification of dairy farming. The economic models predict a contraction in output in member states – particularly in Austria, Benelux and the UK.

Predictions about the TTIP

Although the US and EU both protect their dairy productions with relatively high tariffs, the economic modeling studies assume that tariffs will be eliminated and there will be a 25% reduction in non-tariff measures. Two studies, the CEPIL model (Fontaigne , Gourdon, & Jean , 2013) and the European Parliament model (Bureau, et al., 2014) predict that by 2025 US dairy exports will increase by between \$5.2 billion and \$5.4 billion, although the authors state that these findings should be treated with caution because of uncertainties about the effect of removing non-tariff measures. EU exports will increase by much less - \$2.4 billion or \$3.7 billion. Despite the huge increases in the amount of trade in both directions, the dairy industry on both sides of the Atlantic gain little in terms of value added, and in a number of EU member states the value of the industry declines.

The European Commission argues that the TTIP will increase EU dairy exports, but most of the gains will be for cheese. The Commission also appears to be placing great emphasis on getting protection for a list of registered Geographical Indications, a large proportion of which are expected to be cheeses. Farmer organisations have expressed concern that the interests of other dairy sectors will be sacrificed by the Commission in order to strike a deal.

Excerpt from the Friends of the Earth Europe report 'Trading away EU farmers'

Fact sheet 'Trading away EU farmers'

Third European Fair Milk Conference

On June 30, the already third European Fair Milk Conference will be held in Ettelbruck, Luxembourg.

For several years now the European Milk Board has been drawing attention to the necessity for cost-covering milk prices with the slogan "Fair Milk".

Together with Fairkoperativ Lëtzebuerg we want to bring together the dairy farmers, retail trade, consumers and politicians to point up the importance of fairly produced milk.

Fair Milk products are currently marketed in six countries (Austria, Belgium, Germany, France, Italy and Luxembourg). The programme includes inter alia a presentation of Fair Milk projects in these countries. This year again, the "Golden Faironika" will be awarded for special services to sustainable milk production.

[Programme Fair Milk Conference](#)

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