

Dear dairy farmers, dear interested parties,

It's a pleasant surprise when EU policy-makers propose positive developments: At the end of May, the European Parliament voted in favour of the report by Italian MEP Herbert Dorfmann on the 'Future of Food and Farming' and thus presented the Commission with a clear direction for the reform of the Common Agricultural Policy.

From the perspective of milk producers, the report includes some important, positive proposals to bring stability to the dairy market. For example, it talks about the introduction of effective instruments that would be better equipped to align supply and demand. It also specifically mentions the possibility of milk volume reduction during crises, similar to the EU volume reduction programme implemented in late 2016 that was a clear success. Furthermore, the scope of the Milk Market Observatory should also be expanded i.e. it should not simply collect data about the market situation – as is currently the case – but it should also take preventive action as soon as a market imbalance is detected.

Another positive proposal is to exclude sensitive sectors from free-trade agreement negotiations, with special protection for raw milk. This is an important point for European milk producers considering negotiations between the EU and New Zealand & Australia have just begun and there is an inherent imbalance between us and producers from Oceania who have a competitive advantage.

Of course, the key question is whether Agriculture Commissioner Hogan will actually include these proposals in the draft text on the CAP reform, and will take action against chronic overproduction and implement effective measures to combat unfair prices on the dairy market.

On the occasion of World Milk Day on 1 June, many of our member organisations organised actions to draw attention to the topic of milk production. In Italy, we presented a plan to set up a milk and cheese museum. You can read more about the activities in the individual countries in this issue.

There is also some good news from France: On 14 June, the fifth 'Fair Milk Conference' took place in Lille. In recent years, the event has become a meeting point and forum for farmers, processors, consumers and policy-makers, where everything revolves around fairly-produced milk products. Our French colleagues have done their utmost to give the Fair Milk Initiative, which is now present in seven countries, a multi-dimensional platform. This issue also includes an interview with the organisers. The 'Golden Faironika' for outstanding contribution to sustainable food production was awarded at the event this year as well.

Roberto Cavaliere, President of the Italian association of milk producers (APL) and EMB Executive Committee member

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World Milk Day: Fairness in the dairy sector – from cowshed to fridge shelf

Even in 2018, an appeal on World Milk Day for fairness in the dairy sector is not excessive but is, in fact, the need of the day! After all, fair prices are especially important for us milk producers in the EU as well as for our colleagues on other continents.

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Fairness for colleagues from African countries

It is the responsibility of the EU to implement an agricultural and food policy that also keeps the least developed countries in mind. Milk surpluses in Europe not only ruin prices for our farmers, they also flood African markets and prevent the development of the local dairy sector. The EMB is currently participating in [a campaign to support local milk in West Africa](#) in order to draw attention to this issue. For example, 48 million herders in the Sahel draw their income from grazing; hundreds of thousands of pastoralist families live off the production and processing of local milk. We in the EU must produce in a way that does not endanger the livelihood of these people!

For many years now, the milk producers of the EMB have been in contact with their African colleagues and have even documented the effects of EU milk powder exports in an [exhibition](#). **Europe's farmers must not only unite to defend their common goals, they must also show solidarity with producers in third countries.**

More fairness in production as a keystone for a stable EU dairy market

There are increasing signs among EU policy-makers that there is will to take constructive action to combat the chronic overproduction and unfair prices in the dairy sector. In the ['Report on the future of food and farming'](#), a large majority of the European Parliament demands effective instruments to better match supply and demand. The report explicitly mentions the possibility of reducing milk volumes during crises as well as expanding the scope of the Milk Market Observatory to include preventive action in the case of market imbalances in the future. It also states that sensitive sectors like raw milk production should be protected during negotiations for free trade agreements. It is now up to the European Commission to actually implement the European Parliament's guidelines within the ongoing reform of the Common Agricultural Policy! **The goal must be to anchor instruments like the [Market Responsibility Programme \(MRP\)](#) at EU level.**

Actively promoting fairness: The Fair Milk project by farmers

Working on the implementation of a political framework is one thing. Engaging directly with the market creatively, responsibly and passionately is quite the other. In this way, EMB milk producers in seven countries have taken their fate into their own hands and founded the ['Fair Milk'](#) brand. Receiving fair prices and thus ensuring the sustainability of farms so that they can be handed down to the next generation – these are the goals of our milk producers. Consumers can actively support fair farming by purchasing Fair Milk products.

To honour and celebrate this commitment shown by dairy farmers, the fifth European ['Fair Milk Conference'](#) will be held on 14 June in Lille, France. In recent years, the event has become a meeting point and forum for farmers, processors, consumers and policy-makers, where everything revolves around fairly-produced milk products. **Would you like to participate? Then see you on 14 June in Lille – you are cordially invited!**

Fairness is the foundation of a stable dairy market and should be the common theme along the length of the food chain – from dairy farm to consumer, from cow stall to fridge shelf. We, European milk producers, will continue to take decisive action to ensure fair conditions and on the occasion of World Milk Day, we would also like to thank everyone who has supported us through the years in this struggle. Be it through reporting on the real situation in the dairy sector or by deciding to buy fair milk products, all of which contribute to the survival of our farms and a rural Europe.

*It is now time for European policy-makers to play their part and lay the foundation for a future-oriented **fair agricultural policy**.*

EMB press release of 1. June 2018

Switzerland: Stop export dumping!

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to set up a volume regulation system.

On Wednesday, 6 June 2018, the Council of States will take an important decision that will determine the future of the Swiss dairy sector. They will decide whether the Swiss dairy sector organisation (BOM) should be obliged

To date, the BOM has not been able to avoid structural surpluses on the dairy market. These surpluses weigh heavily on Swiss milk producers as well as on our colleagues abroad. Processors and traders, on the other hand, are cashing in on this situation. The fact that high-quality milk products are being offloaded beyond our national borders at dumping prices is simply scandalous!

For ten years now, butter exports have been an ongoing issue. Producers are being asked to spend money to make butter cheap enough to be sold on the world market. To solve the issue of this year's surpluses, Emmi has announced that it will increase its market discount for butter exports by 1 centime (about 0.86 cents) to incentivise taking more fat off the market.

Another inglorious example is the dumping export of Swiss cheese! For years now, hundreds of tonnes of semi-hard cheese have been dumped across the border in Italy at prices lower than 3 francs (about 2.6 euros) per kilo. These dumping exports are possible because, on one hand, farmers are paid miserable prices by BOM and on the other, because the Federal Government adds to it with over a million in cheese subsidies every year.

This would not be necessary if the dairy market were not flooded with milk, which is, in fact, also a necessary condition for products offering high added-value. But to make this possible, a volume regulation system is a must. Something that the BOM has prevented to date. The Federal Council has made standard milk purchasing contracts compulsory across the board, and though this has been in force for a year now, it does nothing to address the issue of surpluses. The built-in loopholes are just too large.

On Wednesday, 6 June, the Council of States will express its opinion on three initiatives that call for a volume regulation instrument. This would mean a definitive end to scandalous dumping exports. We are sadly aware that Chairman of the Board of Directors at Emmi Konrad Graber himself will be arguing against these initiatives in the Council. At the same time, Emmi's information to producers states: "Today, Emmi undertakes the broadest milk volume regulation measures in Switzerland." If that is so, why doesn't Emmi want to hand this task over to someone else? Because these 'measures' are good business for them?

We call on the Council of States to bring these butter and cheese dumping exports to a halt as quickly as possible and to support the initiatives calling for a volume regulation system on Wednesday. The BOM has not been able to address this issue in the last ten years. Without pressure from policy-makers, nothing is going to change.

- Dumping exports tarnish the reputation of Swiss milk products!
- They come at a significant cost for farmers and the State.
- They exert pressure on farmers beyond our borders as well.

- Dumping exports have no place in a credible quality strategy!
- They are unnecessary and with a simple milk volume regulation system in Switzerland, they would be a thing of the past once and for all.

Press release by Uniterre and BIG-M Switzerland on 4 June 2018

APLI declares 2018 as a pivotal year for milk

June 1 was World Milk Day. To mark the occasion, citizens in France and around the world were invited to take a 'behind the scenes' look at milk production. This event was also an excellent occasion for us at APLI to introduce French citizens to what goes into our work.

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In 2009, APLI organised a milk strike and the impressive milk spraying at Mont St Michel. The objective was to raise public awareness about the catastrophic consequences of the milk price collapse on producers, thrown into complete disarray. Nine years on, and the Association's commitment is still an urgent need of the day. 2018 is also set to be a pivotal year for milk producers.

Will 2018 be the year of producers or the year of overproduction?

The last ten years have kept dairy farmers desperately gasping for air with a milk price of about 340 euros/tonne. The number of producers has been in free fall, while industrial mega-structures have developed in parallel. Sadly, the latter does not allow for the fair, sustainable future that producers are advocating.

In France, APLI is currently sending out a message of optimism while keeping a close eye on decisions by policy-makers. The speech by Emmanuel Macron to inaugurate a meeting on the state of agriculture that brought together farmers and industry stakeholders, followed up by meetings with his councillors, have been a source of hope. The fact that social security contributions and wages for producers have to be included in the calculation of production costs has finally attracted the attention of policy-makers. A law on this issue is being drafted as we speak. Will it really take these aspects into account? Or will we remain stuck in a system that will imply the end of days for those who refuse to become substandard clones of the 1000-cow farm?

APLI is optimistic but is not letting up. It is possible that 2018 will be a year of irrational decisions that will leave the country's producers with no other choice but to mobilise even more emphatically. But it could also be the starting point for the implementation of a set of lifesaving political solutions after ten long years of advocacy and suffering in the sector.

Press release by the French association of independent milk producers (APLI) on 26 May 2018

Towards fair pay

Coordination Rurale's (CR) milk producer organisation "Organisation des Producteurs de Lait" (OPL) held its 11th congress in Laval on 17 May. The issue addressed this year was pay, and it was debated by the large number of participants in round tables and speeches.

The OPL congress proudly stated the farmers' demands: for them to live on a decent income, the price of milk should be at around 45 eurocents per litre.

A quest for efficiency in the OP

A better farm-gate milk price does not dent the industrialists' revenue: for example, 2014 was a record year for the French dairy industry, when the price paid to producers was nearly 40 cents per litre... that was stated by the President of OPL, Véronique Le Floc'h, introducing the first round table between the four producer organisations represented. The discussions on the subject of the efficiency of the OP raised several points, notably the representatives' wish to be more involved in the bargaining in order to have an impact on the purchase price paid by the milk buyers. "The more or less long-term aim is to achieve 50 cents per litre", said Jean-Pierre Lemesle from producer association Bio de Seine et Loire, whereas for Jean-Michel Yvard from producer organisation (OP) Lactalis Grand Ouest "either we manage to change the system, or we'll be wiped out in five years". Emmanuel Binois from FMB Grand Ouest added: "the more of us there are in the OP, the more production will belong to us and the dairies will become our customers".

Fair milk, fair income

Three approaches were represented in the round table: three initiatives originating from discontent among some farmers who felt excluded from the traditional system. "The milk strike of 2009 really made the general public aware of the farmers' situation", said Fabrice Hégron from En Direct des Éleveurs (Live from farmers). Jean-Luc Pruvot added "Our fair milk is political, not commercial: once it has left the farm it has a value, and that value is 45 cents a litre!"

Factoring in production costs for fair pay

The afternoon featured a presentation by Frédéric Courleux, Director of Research at Agriculture Stratégies. Drawing a parallel with the United States' agriculture policy, he said that "the CAP today serves solely the interests of the agri-food giants, not those of the producers". The new President of the EMB, Erwin Schöpges, then introduced the production costs study, an initiative of the European Milk Board, "43 to 45 cents a litre has to be our demand! It's absolutely essential if we want to have a next generation of farmers!"

The last word came from Secretary-General Véronique Le Floc'h and the President of the CR Bernard Lannes, who once again hammered home the trade union's positions: "The price of a litre of milk is 10 cents short. While the dairy industry is doing well, the farmers are the only sector that works at a loss".

Véronique LeFloc'h, president of the Organisation des Producteurs de Lait (OPL), France

Milk imports from Oceania will destroy small-scale dairy farms

The Federal Government must turn away from this cheap export-import strategy. The AbL calls for a quality offensive.

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On 22 May, the Foreign Ministers of the EU Member States approved the European Commission's trade mandate, which serves as the basis to launch negotiations for a trade agreement between the EU and New Zealand & Australia. To date, the sensitive European dairy market has been offered the widest protection against imports. This new trade agreement would do away with these safeguards.

"The situation on the dairy market is currently extremely fragile and tense," says Ottmar Ilchmann, spokesperson of the German small farmers' association AbL. "Though the market has recovered slightly in recent weeks, you cannot count on the prospect of price increases as yet. The milk market is still flooded. That is why the prices paid to producers are ten cents short of cost coverage. This situation is disastrous for our dairy farms and with a new trade agreement with New Zealand and Australia, additional dairy imports would be allowed on to our already overflowing market. This will put our entire small-scale dairy farming sector on the line."

New Zealand and Australia mainly want to export dairy products, but they are interested in meat as well. According to calculations by the Thünen Institute, full liberalisation would lead to production reductions in Germany between 3.3% and 3.9% for raw milk and 3.9% and 4.5% for dairy products. Producing milk is significantly cheaper in Oceania as compared to Europe. This low-prices strategy has, nonetheless, had consequences in New Zealand. The environmental impact of nutrient surpluses from agriculture regularly make the local headlines.

"We would be importing this environmental burden as well, if such trade agreements were to be concluded," says Ottmar Ilchmann. "At the same time, our farmers will also be pushed toward more intensive production, driven by this cheap export-import strategy. Society and farmers are more vehement in their critique of this development. The German small farmers' association AbL rejects trade agreements like this one with New Zealand and Australia and calls for a quality offensive in agricultural and trade policy."

Press release of the German small farmers' association AbL (22 May 2018)

EMB milk price comparison

Another big minus on the milk price records – This is the only way to describe the results of the latest EMB milk price comparison. This comparison now includes milk prices reported by dairy farmers supplying to 21 European dairies in the seven most important milk producing countries. In the last four months up to April 2018, milk producers across the board had to absorb

further significant price cuts.

Dutch and German dairies top the list this time around with the largest drop in prices: Milk producers reported decreases of 5.27 to up to 5.74 cents since January. However, the price discrepancies between dairies in these two countries also stand out: In the Netherlands, farm-gate prices were between 34.30 and 30.91 cents (difference of 3.39 cents) and in Germany, they were between 28.88 and 31.81 cents (difference of 2.93 cents). The price decrease in Belgium was -4.32 cents, in Luxembourg -3.35 cents and in France to up to -2.78 cents per kilogram of standard milk (4% fat and 3.4% protein). In April 2018, milk prices in the seven reporting countries ranged between 27.06 (Belgium) and 34.43 cents (Italy); the price for organic milk, which is currently

only reported in Belgium, evened out at about 39 to 40 cents.

Monthly calculations are corrected for subsequent payments. That is why the farm-gate prices for Italy in 2017 were corrected upwards since the last publication. An additional farm from Belgium (BE-1) has joined the exercise as of this edition.

EMB Milk Price Comparison February to April 2018

Karin Jürgens, Farm Economics and Rural Studies Office (BAL)

The EMB milk price comparison is looking to ensure better comparability of farm-gate prices within Europe. The updated calculation model now shows the farm-gate price with and without dairy-specific bonuses and deductions. The standard values have been set at 4.0% fat and 3.4% protein for the same. Monthly calculations are also regularly corrected for subsequent payments.

Interview: "Fair milk to guarantee viable prices"

Mr Pruvot, FaireFrance organised this year's European Fair Milk Conference. What is the context underpinning this event?

This year, we are celebrating five years of the FaireFrance brand – a great occasion for us to organise this year's conference. This is already the fifth European Fair Milk Conference, which is organised by the European Milk Board and one of its member countries.

FaireFrance is a brand that belongs to more than 500 farmers distributed all over France. These dairy farmers decided to take destiny into their own hands and created their own brand, thus guaranteeing that they are paid viable prices and that their farms can remain in business. FaireFrance fair milk provides remuneration on the basis of production costs that also take into account our wages – 45 cents/litre.

Who is behind the fair milk project?

The fair milk initiative is a European project of the European Milk Board. We are now present in seven countries: Germany, Austria, Belgium, France, Italy, Luxembourg and Switzerland. It all began in Austria ten years ago. In December 2017, Switzerland launched their fair milk brand and thus joined our family. The countries generally began by selling milk and then expanded their product palette to include butter, cream, yoghurt, cheese, chocolate milk and even ice cream.

What were the highlights of this year's conference?

This year, a round table discussion took place where the different European fair milk projects participated through their country representatives. The conference was also an opportunity to dialogue with policy-makers, processors and consumers. One of the highlights was the 'Golden Faironika' awards ceremony.

Who were the winners of the "Golden Faironika" award in 2018?

The French awards went to two reliable partners: one "Golden Faironika" was presented to Emmanuel Vasseneix, President of the dairy LSDH, who has been a loyal partner to us since the beginning of our Fair Milk project. Christian Rodot from the retail chain Leclerc also received an award for his active support in sales; as a matter of fact, our first Fair Milk delivery went to his business.

This year, for the first time, two representatives of the press – French reporters Sabine and Bernard Godard and Dutch agricultural and environmental journalist Geesje Rotgers – received awards for their committed and critical reporting. At European level, a Golden Faironika was awarded to the Committee of the Regions, for its commitment to cost-covering prices and sustainable milk production in the last years.

Belgian Alain Minet, who works tirelessly for the Fair Milk project in Belgium, also received an award. Yes, and I was also surprised with a golden cow, which makes me particularly proud!

Mr Pruvot, thank you very much for the interview!

Important political meetings of the European Milk Board

In recent weeks, the EMB Executive Committee has exchanged views on current dairy policy issues on various occasions:

Tsvetan Dimitrov, Deputy Minister of Agriculture of Bulgaria

Exchange of information on the dairy market and the current situation in Bulgaria. Discussion of the EMB's Market Responsibility Programme. The issues of intervention milk powder and CAP reform were also discussed.

Cabinet of Ducarme, Belgian Federal Minister of Agriculture

Topics were the sale of intervention milk powder without harmful effects on the market, including its use as animal feed, as well as a further development of the Milk Market Observatory's competences.

Thomas Waitz, Member of the European Parliament

Discussion on the Dorfmann report "on the future of food and farming", which contains some positive demands for the dairy market. MEP Waitz from Austria, shadow rapporteur for the Greens/EFA group, strongly campaigned in favour of a fair income for producers.

Johannes Fankhauser, Austrian Ministry for Sustainability and Tourism

Exchange of information on the Council Presidency and the current situation of Austrian milk producers. Presentation of the EMB's positions for a sustainable dairy market.

Anna Zauner, Austrian Ministry for Sustainability and Tourism

Discussion on the planned directive against unfair trading practices in the food supply chain and presentation of the position of the European Milk Board.

Austrian Association of Mountain Farmers ÖBV

Exchange on the milk market and the situation of family farms in Austria as well as discussion on efficient crisis instruments.

Meetings with participants of MMO Expert Group

Exchange with various participants of the Milk Market Observatory (MMO) including Eurocommerce, ECVC and Eucolait on the current market situation and a further development of the Observatory's competences.

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