

Contact

EMB - European Milk Board asbl

Rue du Commerce 124
B-1000 Brussels

Phone.: +32 - 2808 - 1935

Fax: +32 - 2808 - 8265

office@europeanmilkboard.org

www.europeanmilkboard.org

Newsletter June

Dear Dairy Farmers and Interested Parties,

At talks held in the Belgian town of Nivelles near Brussels on 10 May 2010, the European Commissioner for Agriculture, Dacian Ciolos, was demonstrably receptive to the milk producers' situation and arguments. Representatives of the Belgian EMB member MIG, of the ECVC member FUGEA and of the EMB reported on possible solutions for the European milk market and pointed up the risks entailed by the measures so far favoured by the European Commission. For the EU High Level Expert Group's provisional report – discussed at a meeting in Brussels on Wednesday, 26.5.2010 – has to be described as very weak. It talks about voluntary guidelines for contracts between producers and dairies, the setting up of a food price monitoring agency, the possible use of futures markets by the producers and a safety net in the shape of intervention and direct payments. The most interesting, albeit very bold, proposal is that of granting the producers an exception under cartel legislation, enabling them to make arrangements about price and volume. What will the European Commissioner for Agriculture do with the proposals? Will he remain under constraint or will the strong support of civil society give him the courage to stamp his own mark on the Agricultural Policy? "I do not have to adopt the High Level Group's proposals, but I need the backing of the majority of the Farm Ministers", was his cautious comment in Nivelles. As soon as the EU High Level Group's final report is published, the EMB will draw up its comments on it and publish them on www.europeanmilkboard.org.

The outcome to be expected from the EU High Level Group will not provide a future for the milk producers. As early as the beginning of June, the European Commission wants to begin selling intervention stocks. Since milk prices are still not cost-covering, this is an affront to the milk producers. We, the EMB, have to carry on lobbying the politicians in our respective countries and our EU contacts in Brussels in the traditional way. Above all, though, we must step up the pressure from the bottom, in every conceivable way, strongly and constantly.

Find allies

We need more alliances with other socio-political groups. We have support for our demands and concepts for milk production among very well organised development aid organisations as well as among environmental protection groups and trade unions. We have to develop these contacts in every EMB country. On a European level, the EMB is one of the driving forces behind the Agricultural and Rural Convention (ARC), a process aimed at developing a common position on the EU Agricultural Policy in the next few months and then applying it powerfully in the CAP2013 discussion and legislation.

Together throughout Europe

The opportunities for exchange of information and mutual strengthening must be grasped even more within the EMB and in collaboration with new members. The EMB stands for over 100,000 milk producers and 18 associations. That is huge potential, which we have to make better use of and develop further.

A very important area of the EMB organisations' work is pooling milk. In France the Office du Lait was officially founded in mid-May. It differs from the German Milchboard in that seats are also planned within the organisation for the dairy

industry, the food retailers, politicians and consumers. In Austria, Milch Austria is at the same time a marketing organisation. You will find interesting information in this Newsletter specifically about Austria and France.

Fair Milk is likewise gaining in importance in many EMB countries. After Germany, the MIG in Belgium has now launched Fair Milk on the market. Preparations are also being made for launches in other countries. Sales of "A faire Milch" have risen in Austria in recent months, probably due in part to the intensive marketing of Fair Milk in Germany.

The EMB Members' Meeting was held in Brussels from 15 to 17 June, attended by representatives from 14 European nations, a member of the EU High Level Expert Group and a specialist in cartel legislation. We will be reporting on that meeting in the next issue of the EMB Newsletter.

I trust you will enjoy reading this Newsletter!

Sonja Korspeter, EMB

France: APLI registered the Office du Lait on 7 May

The French Office du Lait, which represents 12,000 milk producers and more than 20% of the milk produced in France, positions itself as the most representative body of voluntary, not universally binding commitment among producers.

The Office du Lait comprises five groups (producers, consumers, industry, distributors and politics). It sees itself as a structure of pluralist bargaining, exchange, debates for total transparency, an updating of everyone's roles thanks to diversified representation of all the players in the dairy sector.

This position confirms the dairy farmers' intention to put an end to the current situation. The producers are feeling more and more left behind, they are tired of inactivity from the politicians and indignant at the heartlessness of some companies in the face of the producers' difficulties.

For the producers, in its European dimension, the Office du Lait is the alternative solution to the producer organisations that are to be created in France, to the transfer of ownership and direct contracts. The Office du Lait represents the producers' desire to fight for a quality product. The Office also represents respect for the profession, respect for an occupation that enables thousands of men and women to feed themselves with dignity.

For consumers, a key link in the chain that is ignored by the sector, it is the opportunity to take up a truly decisive role in objectively bringing production issues on board.

As for the industry and distributors, indispensable links between producers and consumers, they will have to ensure the continuity of farming and businesses throughout the land.

The politicians will position themselves as guarantors of fundamental values of a more humane society with fair remuneration of labour, respect for food sovereignty and the balanced use of land.

Gwen Martin, EMB

Austria: milk marketing by the producers

Since 1 April 2010, Freie Milch Austria has had just under 300 suppliers from Upper Austria, Lower Austria and Styria under contract to supply 3.5 million kilos of milk a month. Before that, 104 farmers supplying just under 1 million kilos of milk a month belonged to the Freie Milch Austria suppliers.

The dairies in Austria are behaving in different ways: some are raising the price, others are bringing milk prices down.

Sales of "A faire Milch" have risen in recent months, probably due in part to the intensive marketing work done by our German neighbours.

Activities have been planned in every provincial capital for World Milk Day on 1 June, including Faironikas.

IG-Milch

News from Sweden

In Sweden the situation is very serious. Many dairy farmers have had to quit, and the production level in the country is decreasing more than in other countries in the EU. The milk price is somewhat better than before, but still low (the basic price is around 0.27 euros a litre). LDM Swedish Dairy Farmers is working very hard trying to unite the dairy sector to get everyone to work towards the same goal – a reasonable milk price (at least 0.35 euros a litre). We have been in contact with politicians, even the Swedish Minister of Agriculture, and they want to be a part of this. We are also in contact with the farmers' organisations and co-operatives in Sweden, and so far they seem to be willing to join us. We are planning a seminar in June, where we will discuss the future of milk production in Sweden.

Maria Mehlqvist, LDM Sweden

News from Italy

The average price of milk in Italy in 2009 was 29.00 cents a litre, has now reached 33.00 cents a litre, with a forecast for the middle of the second half of 2010 of 36/37 cents a litre, although given the very high production costs (more than 40 cents) the APL (Milk Producers Association) was not entirely satisfied with the stipulated price, so it is preparing a new strategy to raise the price to 40 cents per litre by the end of 2010.

The political situation in Italy is not satisfactory, considering that over the past 10 years more than 50% of Italian agricultural companies have been forced to close their business of producing milk. For the APL, one of the main objectives is precisely to prevent the Italian milk producers going bankrupt, particularly when the cause of this phenomenon is a system that does not work and never worked. The most coveted project of the association is undoubtedly "BUONO E ONESTO", a strategic project designed with the EMB that we believe will bring a great revival to the whole primary sector.

Sara Abelini, APL

The butter mountain in Switzerland has reached a historic peak!

The butter mountain cheerfully keeps on growing. The reason is well known: there is no longer any correlation between supply and demand. According to Alimenta online, there were 10,042 tons of butter stockpiled at the end of May. "That is a record in the history of our butter inter-branch organisation", the Director of BO-Butter, Peter Ryser, told Alimenta. In comparison, the EU produces 50 times more milk than Switzerland and the EU butter mountain is only eight times bigger than ours, at 80,000 tons.

When there were 40,000 tons stockpiled at this time of year in previous years, all the alarm bells were ringing in Bern. This is/was the critical volume that it is possible to offload by the end of the year.

Press release, BIG-M

News from France: OPL consulted on the future of the CAP

When visiting Paris in late January, George Lyon, the Agriculture Committee's rapporteur to the European Parliament, took the opportunity to sound out the opinion of the main farming unions on the future of the CAP. Willem Smeenk told him the OPL's positions. A farmer himself, G. Lyon listened attentively and was relatively open on the majority of issues, but unfortunately holds a very liberal view of the CAP.

The draft law on the modernisation of agriculture in France will be studied in May/June by the Senate and then by the French National Assembly. Unfortunately, in its present wording, the act bears the seal of co-decision. The OPL has therefore proposed a number of amendments to put forward our ideas and as far as possible to prevent disastrous consequences for farmers.

On Tuesday, 23 February 2010, a delegation was received by Bruno Le Maire, who wanted to be updated on this question but also take stock of the plan to support agriculture and the CAP reform. Regulation in Europe was the core issue.

The OPL is starting a European placard campaign in conjunction with the general farmers union Coordination Rurale in order to mobilise all sectors of production and not just the dairy sector. This campaign, which recalls the Coordination Rurale's placards of 1992 or more recently those of APLI and OPL in 2009, aims to draw the attention of every farmer, every member of the public, and every politician to the importance of a totally overhauled Common Agricultural Policy.

OPL, France

Denmark – the model pupil when it comes to problems

The milk price is still low and the banks are not prepared to lend money

Time and again you hear people saying: "Look at Denmark. They manage to produce cheaply and efficiently, and Arla Foods is a huge dairy – that's to everyone's benefit." The reality is rather different.

While the milk price is rising slightly in some European countries, Arla Foods continues to pay just 29 cents/kg – that's already including the seasonal supplement of 3 cents, so the actual farm-gate price is 26.2 cents. The Danish milk producers are suffering very badly from the non-cost-covering milk prices, and because of the financial crisis it is very difficult to plug the finance gap with additional loans. Most of the modern dairy farms took out large loans before the crisis. Now they are finding it hard to pay off the interest. The price of land has fallen 60-80 cents/m² since 2008, and that means collateral is dwindling. The banks are very disinclined to make money available to dairy farms, either for servicing loans or, Heaven forbid, for financing investments.

The Danish politicians still advocate strongly reducing EU direct payments, but the wind is changing. Some politicians have understood that in most member states support for agriculture is not in question, and are now starting to see how they can exert influence on the distribution of funds. Denmark will have the Presidency of the European Council when the budget decisions are taken for the CAP 2013.

Christen Sievertsen, Landsforeningen af Danske Mælkeproducenter

Sonja Korspeter, EMB

News from Germany

Die Faire Milch

The marketing potential has developed very well since the market launch on 20 January 2010. Since then, weekly sales have grown to about 600 tons of UHT milk, more and more stores are selling the Fair Milk, even bulk buyers like ice-cream parlours, bakeries, and cafés are interested. Before long, the Fair Milk will also be launched in other federal states.

Something is astir among the dairies, too. There is increasing willingness to bottle the Fair Milk for farmers on a contractual basis. Intensive negotiations on the acquisition of the Fair Milk's own dairy are still ongoing.

Müller-Milch compensation proceedings

During the milk strike in May/June 2008, Germany's biggest private dairy group instituted legal proceedings for compensation from the BDM, Brandenburg Farmers' Union, Freie Milch AG and ten farmers. In the court of first instance, the Bautzen Regional Court allowed the Sachsenmilch (part of the Müllermilch Group) claim for compensation. The claim is for 684,000 euros; the access roads to Sachsenmilch were blocked by tractors, lorries etc. for about three days in the course of demonstrations. Also under a threat of a 250,000-euro fine or subsidiary detention each, the defendants were required to make a cease-and-desist declaration to the effect they would never blockade Sachsenmilch again.

An appeal was lodged against the judgement, and there is a campaign to make the public aware of Müllermilch's line of action, calling on the public and fellow farmers to make a donation to the costs of the further proceedings.

Hans Foldenauer, BDM

European Milk Board ASBL

Rue de la Loi 155

B-1040 Bruxelles

Tel: +32 (0)2808 1935

Fax: +32 (0)2808 8265

Mail: office@europeanmilkboard.org

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