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Big demonstration of milk producers in Prague

In the Czech Republic the milk market situation has worsened in the last few weeks. The average price paid to producers in February (including all supplements) was about 21 cents a litre. That is why various associations in the agriculture umbrella organisation, the Chamber of Agriculture, decided to organise a big demonstration outside the Ministry of Agriculture in Prague on 12.3.2009. EU Commissioner of Agriculture and Fisheries, Ms Fischer-Boel, will also be in town on the same day. The associations' two main demands are: 1) the same basic conditions for old and new member states; 2) an immediate solution to the milk crisis on both a national and European level.
Sonja Korspeter

400 Austrian dairy farmers without a market from April

Rebranding by the biggest Austrian food discounter Hofer/ALDI and another dairy switching over to soy processing mean that more than 400 dairy farmers in Burgenland and in Lower Austria will no longer have a market for their milk from 1 April and their livelihood will be threatened.
From July the discounter Hofer is switching its product range over to organic milk products, which is why it has cancelled its contract with a small private dairy. The dairy cannot make up for the lost order in the market and for its part had to cancel the contracts with its suppliers. The new range of organic products will be sourced from the big co-operative dairies.
The 300 or so organic farmers that have been given notice, who had developed the range for Hofer over the last few years, therefore have no buyers from April. So far there have been no promises of support for the farmers from the big co-operative dairies.
Walter Stadlober

Organizing milk producers – at breakneck speed in Switzerland

On 1 May 2009, the milk quota (equating to the European quota) is being abolished in Switzerland. The last two years have seen the formation of 38 producer organisations (POs) and producer milk-processing organisations (PMOs) in this little country. It is in these organisations that the Swiss dairy farmers will be deciding in the next few weeks on the future form of controlling volumes in Switzerland.

High quality and a high price

Werner Locher, Secretary of BIG-M, on the peculiarity of Swiss production: "We produce milk to a very high standard of quality under difficult conditions. This quality has its price. Swiss milk is considerably more expensive than milk from Argentina or New Zealand, and so cannot compete; an exception is specialities." That is why the Swiss ought to limit themselves to producing for the national market or exporting high-quality products at Swiss prices.

Success brings greater pressure

Some Swiss dairies still hope to prevent the milk producers organising in a national sector platform. As they lack any pertinent arguments for this they are plumping for dubious means – like threatening to stop picking up milk from producers joining organisations. In this context BIG-M's and Uniterre's events are very important for supporting the milk producers in their POs and PMOs.
Every day now there are new reports in the media that delegates from other organisations have voted in favour of the national sector platform of Swiss milk producers.
Sonja Korspeter

Key figures on the milk market in the EU

We now have the data for some key figures for the whole of 2008 covering the EU-27.

Production/Delivery

According to official reports to the EU, a total of 150.65 million tons of milk were produced in the EU-27, of which 134.35 million tons of milk were delivered to dairies/milk collection points (89.2%). In 2008, production was 1.4% up on 2007, delivery rose by 1.3%. In the EU-15, production was up by 1.3%, delivery up by 1.4%. In the EU-10, production rose by 2.2%, delivery 4.1%. (source: EU-KOM, 27.02.2009).
The milk delivered was again processed into different dairy products. Just under 8 million tons of cheese were produced. To convert from cheese volume into milk volume, the EU Commission uses a ratio of 1:8. That means the cheese volume would equate to some 64 million tons of milk, i.e. about 48% of the milk delivered was processed into cheese in the EU-27 in 2008. With a good 31 million tons the second largest commercialisation (23%) is the product group certified milk and fresh milk. In a comparison over the years it is only the scope of cheese production that has increased for the product groups illustrated here, whereas the trend in the production of certified milk, butter and powder is downwards.

Exports

The trend over the years (1995 to 2008) is clearly downwards both for EU export volumes (respective size) of dairy products – expressed in milk equivalents – and for the percentage of these volumes in milk deliveries (i.e. milk collected by the dairies). In 2008 both figures were as low as they had not been in a long while. The percentage of exports fell to just under 9%. And neither in 2007 – the year the word was of great growth opportunities on the world markets – did export volumes and the percentage of exports make any giant leaps upwards; instead, the figures were still below the figures for 2003 to 2005 and the whole of the 1990s; only in the years with relatively good prices for producers in the EU (2001/2002) were EU export volumes (at that time just EU-15!) lower.
All export volumes fell in 2008 except for full-cream milk powder. Cheese exports in 2008 were down 7% on 2007 at 554,500 tons; skimmed milk powder 12% at 176,600 tons; butter 29% at 115,900 tons; whole-milk powder exports were up 32% at 480,900 tons, but even this did not reach the 2005 level.

Imports

Imports of dairy products into the EU-27 were clearly down in 2008 for every major export product of the EU compared to 2007, by 15% (butter) up to 74% (cheese); there was a marked increase for whey (+ 39%).

Consumption

Consumption is calculated in two ways:
a) Consumption is calculated from other data collated:
Consumption = Production + Exports - Imports - Change in stocks
b) Evaluating the shopping of representatively selected households
For 2008, the EU has data on the consumption (worked out by a)) of butter and cheese.
For years, consumption of butter in the EU-15 and in the EU-10 has been below production. In the EU-15 the discrepancy increased in 2008, i.e. production rose (for the first time in years) again, whereas consumption fell further.

On the other hand production dropped in the EU-10 in 2008, even more sharply than consumption.
Consumption of cheese went up in the last decade both in the EU-15 and in the EU-10. In 2008, however, consumption fell both in the new and the old members states, while production rose. Whereas in recent years consumption was always higher than production, the situation was reversed in 2008: consumption sank below the production level. Everything produced but not consumed in the EU has to be exported or stored.

Prices

Here we talk about prices paid to producers, viz. the average of the EU-25 and for a small selection of member states. For Germany producer prices were below the EU-25 average prior to May 2007; then prices rose faster than the EU average. In January 2008, the “old” situation was restored, i.e. the German price sank below the EU-25 average again. Both in late 2007/early 2008 and late 2008 prices plummeted faster and more sharply in Germany than in the EU average.
(For a complete illustration of the key figures including graphics see the “Dairy_markets_2008” document on the EMB homepage)
Ulrich Jasper

African delegation demands EU export subsidies be retracted

The export subsidies abolished in 2007 were reintroduced at the start of the year. 109,000 tons of skimmed milk powder alone will be sold on the world market at artificially low prices in the next few months. At the same time, the EU is pressing African countries under the Economic Partnership Agreements (EPAs) to open up their markets.
Germanwatch press statement

Ireland: Controlling volumes – the only way

Milk producers in Ireland are very worried: from this month on the milk price will drop well below the cost-covering level. In January, for instance, the Glanbia dairy was paying only 25 cents. Seven regional milk producer meetings were held in recent weeks; Sieta van Keimpema, Vice-President of the EMB, spoke at two of the events and explained the situation in other European countries and the European Milk Board’s strategy for achieving cost-covering milk producer prices to the assembled Irish milk producers. In Ireland, they are increasingly convinced that, apart from short-term measures for quickly reducing surpluses, the solution is to create a market in which supply and demand are balanced.
Ciarán Dolan

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