

Dear dairy farmers and interested parties,

It is no secret that the EU Common Agricultural Policy is in need of reform. The last few years have shown that we urgently need sustainable, responsible agricultural production. And yes, it is true: the first small steps in this direction have been taken in the dairy sector. From October to December 2016, incentives were given to reduce milk production in the crisis-riddled market. As a result, in the Netherlands and Ireland alone, 74 million and 55 million fewer kilos of milk respectively were produced. Something that had failed to be brought about before – by boosting exports and by intervention – was now

functioning: the price collapse was halted throughout the EU. Whereas the average milk price in the EU was still about 26 cents a kilo in August 2016, by December it had already risen to 33 cents.

Was it a sign that supply management measures are effective? Yes, definitely! Is this one measure all that is needed? No, of course not. The world and the milking carousel keep turning. A one-off measure will not have an effect for ever. It can, however, be a model for drawing up a regular crisis instrument available to the milk market whenever required.

The first steps must therefore be followed up with urgency. The Agricultural Policy has been a mainstay of the EU for many years. It has strongly influenced developments and can still do so. But it must be fit for purpose and not operate as a self-service store for multinational agribusiness.

The upcoming GAP review must therefore drive the following developments forward to a significant extent in order to earn the designation “reform”:

- It must address a fair income for farmers and thus reduce social inequalities and enable regional and EU-wide production: promote balanced development throughout the EU instead of supporting harmful concentrations of production!
- Stakeholders must really (be able to) assume responsibility with the new GAP. Producers can act responsibly for their activity – producing raw milk – by collectively cutting production in times of surpluses and preventing crises. This calls for the regular crisis instrument with an appropriate legal framework.
- There must be responsible production in the EU and it should not harm developing nations through dumping prices.

Champion these – your – GAP goals together with us! Join in the debate. You can currently do so, for instance, in a public [EU consultation](#). You can also read more about it in this newsletter.

I hope you find the newsletter interesting reading.

Silvia Däberitz, EMB Managing Director

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Common Agricultural Policy post 2020 - public consultation

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The European Commission launched a survey to determine the future priorities of agricultural policy at the beginning of February. All stakeholders - farmers, citizens, organisations - are invited to provide their experiences and proposals on the future of the European Union's Common Agricultural Policy (CAP) post 2020. The consultation is open for 12 weeks up to 2 May 2017.

The consultation is based on an online questionnaire with 34 questions in total. The majority of the questions are multiple-choice and can be answered with several options. The aim is to evaluate priorities and rank answers. The questions address issues like farmer income, the important challenges faced by agriculture and rural areas, the contribution of farmers to society, objectives of the Common Agricultural Policy, etc. Some questions take up very practical issues like criteria for direct payments and possible simplification of the CAP.

One-sided questions: spoilt for choice (?)

Some questions are presented in a very one-sided fashion: For example, it is not possible to provide a negative evaluation of the export focus imposed on European agriculture (Question 22) - The options only include measures to increase exports! The fact that a maximum three answers can be chosen from among the different environmental objectives of the CAP is also far from ideal.

Concrete proposals: Give your opinion

The five open-ended questions are of the greatest interest as they allow us to provide our own perspectives on different topics like problems and obstacles with the current CAP as well as additional objectives the CAP should pursue. Proposals for simplification and reduction of administrative burden can also be provided. It is also possible to upload an additional document (e.g. a position paper).

Commissioner for Agriculture Hogan wishes to present the results of the consultation in Brussels in July 2017; a first official document on the future of the CAP post 2020 shall be published in late autumn. The European Commission plans to introduce a new reform package for the CAP post 2020 within the ongoing legislative period up to 2019.

The European Milk Board is going to participate in the consultation and has already drawn up its demands regarding the future of agricultural policy (see following article). The open consultation is a chance for milk producers to present their proposals and ideas about the distribution of funds directly to Brussels.

Online questionnaire [Modernising and Simplifying the Common Agricultural Policy \(CAP\)](#)

Regina Reiterer, EMB

Count us in! EMB contribution to CAP consultation

The EMB will participate in the public consultation on the Common Agricultural Policy. We see the open-ended questions in particular as an opportunity for us to present our proposals regarding future developments in the agricultural sector. We have focused on the following questions.

For the multiple-choice questions, you can choose up to 3 or 5 options. For Question 1 (Which are the most important challenges for EU agriculture and rural areas?), the EMB is of the opinion that "fair standard of living for farmers" and "uneven territorial development throughout the EU" are of key importance.

For Question 2 (Which of the current CAP policy tools are best suited to meet the challenges identified above?), our priorities include "risk management schemes" and "support for integration into producers' organisations".

We believe that Question 15 (Which of the following should be the most important objectives of the CAP?) is also important. The EMB is of the opinion that "ensuring a fair standard of living for farmers" and "addressing market uncertainties" are central issues.

We are very critical about Question 22 (Which actions could further improve the EU export performance?). There is no way to express a position against the EU export focus except for the option "no action needed".

For Question 28 (Where should the CAP improve its contribution for rural areas?), we believe that the most important areas are "fostering the economic viability of agriculture throughout the EU, avoiding concentration of production and people in certain areas" and "creating and maintaining jobs in rural areas, including in primary agricultural production".

For the open-ended Question 12 (What are the main problems/obstacles preventing the current policy from successfully delivering on its objectives? What are the drivers behind these problems?), we wish to highlight the following key points:

An important objective - fair income for producers - is not achieved because:

- It is not seriously pursued within the current CAP and social aspects are ignored;
- Interests of producers are systematically seen as secondary to those of the processing industry. This drives the further liberalisation of the raw milk market, resulting in serious consequences for producers;
- Stabilising instruments like an effective crisis mechanism are missing (see MRP);
- Temporary measures like voluntary production cuts must now lead to a legally-anchored permanent crisis instrument;
- The European Commission's calculation methods are sometimes problematic. E.g. A fair remuneration for farmers and family labour is not included in the calculation of production costs at EU level.

For Question 13 (Which elements of the current CAP are the most burdensome or complex and why?), we are of the following opinion:

No permanent crisis instrument as part of the CAP means that during crises, regular meetings/consultations with the Commission and Member States are necessary in order to adopt extraordinary measures. Notwithstanding that voluntary production cuts alone were able to lead to price recovery, these constant ad hoc meetings/consultations are an additional burden and result in additional costs for taxpayers and policymakers. Furthermore, these unsolved problems are very cost-intensive for producers.

In our opinion, the important points with regards to Question 16 (Do you see the need to add objectives for a modernised CAP; if yes, which ones?) are the following:

- The social dimension of sustainability must be firmly anchored.

- Cohesion within the EU: The CAP can be used to promote related developments. Balanced development should be promoted instead of production concentration. This would ensure that the benefits of agriculture (jobs, well-being, etc.) would be evenly distributed across the EU and burdens (e.g. in terms of the environment) would not pile up in specific areas.

For Question 33 (Do you have more ideas for modernising the CAP?), we will recommend the [implementation of the Market Responsibility Programme to prevent crises](#).

Question 34 allows us to upload a concise document such as a position paper. We will submit the European Milk Board Market Responsibility Programme (MRP).

Silvia Däberitz and Regina Reiterer, EMB

Germany: Keep at it is the mantra

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It is clear from the implementation of the volume discipline measures included in the 2nd EU aid package: Significant contributions to market stability can be made with minimal red tape. All the necessary information - for the EU as well as the national component - can fit on an A4 sheet and can be provided

online.

The administrative burden for the necessary controls is very limited. All those who deemed the EMB's Crisis Management Programme unrealistic due to different reasons have now been left red-faced.

About a third of Germany's dairy farmers representing a milk volume of 16.3 billion kg have applied for the ongoing roll-out of the national component of the special aid for milk. The financial aid is granted if the applicant does not increase his production volume during the reference period. This means that mainly larger farms wish to take on temporary volume discipline; 53% of applicants produce more than 1 million kg milk per year. Provisional calculations suggest aid to the tune of 0.70 cents per kg for milk delivered

between 1/12/2015 and 30/11/2016.

The evolution of milk deliveries post the volume discipline period remains a key question. Many expect an increase to set in, in spite of the worrisome wave of dairy farmers continuing to give up their activity. Barely a day goes by without news that another one from our ranks has decided to 'drive' the cows from the barn once and for all.

Politicians and associations in Germany are discussing and demanding highly one-sided sectoral solutions. Apparent improvements in contracting, like abolishment of compulsory supply of full production volume and volume control at dairy level are meant to inspire hope that the balance on the EU market can be maintained. Once again, the Federal Ministry of Food and Agriculture is sending signs that there shall be no more market intervention in the form of volume control measures. A similar line was also adopted with regards to volume discipline before the implementation of the 2nd aid package. However, the Ministry also seems to be threaten that an attitude of refusal by the sector could, nonetheless, lead to governmental action.

In our opinion, political advocacy is our key priority in the coming weeks and months. We have to clearly illustrate that without the introduction of the Dairy Market Crisis Management Programme at EU level, the next dairy market crisis is just a matter of time. The next important opportunity to drive this point home is the Conference of State Agriculture Ministers, which will take place from March 29 to 31 in Hannover. The BDM will be present and will use impressive photographs to try and show the Ministers what sectoral solutions can and cannot achieve. We will clearly state that the

only way to effectively combat crises is an appropriate safety net for the EU dairy market. The incipient campaigning for the Federal elections in autumn 2017 will be used by the BDM to encourage parties and their candidates to take decisive steps to benefit small-scale farming and rural areas.

"Where have the confident, independent farmers gone?" This question was posed by Dr. Robert Habeck, Agriculture Minister of Schleswig-Holstein, at the BDM Dairy Farmers' Conference in Osterrönfeld. Our position is and can only be: Keep at it and don't let yourself be distracted - policymakers must be pushed to act! This is clear to Robert Habeck as well; his question is mainly directed at those dairy farmers who tend to give up in resignation. That is the wrong signal.

Hans Foldenauer, BDM Germany

Junk cheese exports as a surplus outlet

In its latest media release, the Swiss cheese industry boasts that in 2016 Swiss cheese exports grew +2.5%, equating to 1,738 tons. These exports are only one side of the coin, because imports went up by 2,734 tons in the same period.

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But that's not all: as segmentation is only poorly practised by the milk buyers and processors, the industry became more creative and came up with new ways of getting rid of surpluses. And they've struck it rich: they buy cheap B milk at a price of about 40 centimes. This is skimmed as much as possible. The cream is processed separately and sold. Some export it with state funding from the so-called "chocolate law" ("*Schoggigesetz*"), others top their butter stocks up with it. The low-fat milk is used to make a cheese. Finally, for this the federal government gives a cheese subsidy of 15 centimes per kilo of milk, provided the cheese contains at least 15% fat.

This cheese is so cheap in terms of production costs that it can be sold off easily abroad. According to the Swiss Customs Directorate's export statistics, in 2016 more than 1,200 tons of semi-hard cheese were exported to EU countries at a price of between 1.50 and 2.90 Swiss francs (1.41 to 2.72 euros) a kilo (!!!). For instance, in March 2016, 232 tons of semi-hard cheese were exported to Italy alone at a price of 2.20 francs (2.06 euros) a kilo. But the industry does not talk about these pseudo "quality products". Information on the nature and use of these goods remains secret. That the cheapest industrial food is made out of our high-quality milk and is subsidised with taxpayers' money does not fit in with the image of export success!

Processing surpluses as cheap B2 milk into butter and low-fat cheese instead of dumping them as C milk is becoming increasingly popular. When we at BIG-M made this public, the industry reacted tetchily. There is agreement in the industry that these exports damage its reputation. The industry is, however, incapable of grasping the problem by the roots, for that would mean having clear milk purchasing agreements and buying only as much milk as can be sold effectively and reasonably. On top of that, this unnecessary waste of taxpayers' money puts in doubt acceptance of the cheese-making subsidy.

Werner Locher, BIG-M

OPL colloquium: giving the floor to producers

© OPL
in France.

On 9 February, the milk producers' organisation (OPL) of the French farmers' union Coordination Rurale held their 10th colloquium at Hangest-sur-Somme

The OPL wished to give dairy farmers a platform to have a very frank discussion about the problems linked to contracts and producer organisations (producer organisations and associations of producer organisations) as well as the desired developments.

The objective was fully achieved as about fifty producers came together and, based on their personal experiences, exchanged ideas and came up with possible solutions to improve the situation of dairy farmers in France. The farm-gate price paid to producers was the common theme: it is true that it is one of the greatest concerns and rightfully so.

Thanks to contributions by André Pflimlin, agricultural markets expert for the Committee of Regions, and Véronique Pilet, manager of the Economy department at the French Dairy Interbranch Organisation (CNIEL), the OPL also tried to provide some food for thought that would allow a large number of producers to contribute to reorienting the dairy policy.

The overview of the international and European context provided by both speakers was greatly appreciated.

Véronique Le Floc'h, OPL France

Comments by Véronique Le Floc'h in [video](#) (in French)

Exhibition "Milk does not like to travel – but milk farmers do"

Dairy farmers Johannes and Christoph take you on a journey to Burkina Faso! In a fascinating photo exhibition, the two milk producers report on their visit to the Western African country of Burkina Faso. They portray their encounters with their Burkinabe colleagues and show how we, as EU citizens, can contribute to ensure fair trade relations.

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A nicely prepared exhibition and a little gem in terms of expanding our knowledge!

When: from 3 March until Easter

Venue: Saarbrücken, Kirche der Jugend eli.ja

The exhibition is organised as part of the German development organisation **MISEREOR's Lenten Campaign 2017**. The focus of this year's campaign is on Burkina Faso, one of the world's poorest countries.

The exhibition is temporary and will be shown in other locations. Should you be interested in organising it in your own region, please do not hesitate to get in touch: office@europeanmilkboard.org.

Interview with Johannes Pfaller, dairy farmer from Heideck, Bavaria

Mr Pfaller, why was this exhibition about Burkina Faso organised?

We went as dairy farmers along with the EMB and Misereor to Burkina Faso to firstly compare the situation there with ours and to gather information. Then, when we saw that our EU production resulting in milk powder being sold at dumping prices has a negative impact on production there, we wanted to pass on this information here in Germany in an interesting way. An exhibition seemed to us an apt medium through which we could take people along on our journey in a practical way.

What did you personally come away with from your trip to Burkina Faso?

Various things. Firstly, we became aware that Burkina Faso was a very poor country. But that does not mean that people are automatically more unhappy. Although life is comparatively tough, there are happy and contented people there.

In terms of their agriculture, what struck me is that it is both quite similar to ours and very different. There are, of course, differences in prosperity and means of production. Yet there are many similarities with regard to the politico-economic situation of the producers. Like them we have difficulty earning a living.

But what became clear to me is that the EU and Germany are not the centre of the universe. We are not the only ones who can feed the world. All over the world there are people of equal intelligence with similar abilities to produce food etc. We really ought to be less arrogant in this respect.

What surprised you the most in Burkina Faso?

The fact that my colleague Christoph managed to wear trousers all day long in the heat without evidently sweating like a pig (*laughs*).

No, seriously, what was new for me was that there could be such a huge difference between town and countryside. Here in Europe, rural development does not lag so much behind urban development.

What do you think people in Germany ought to learn about Burkina Faso and take away with them from this exhibition?

It would be a fine thing if we could disabuse ourselves of the idea that it is inevitable that Africa has to suffer from poverty. We are too ready to accept that everyone in Africa is, indeed has to be, poor. But it really is partly true that many live in poverty there because we are rich. For example, if we were to produce more responsibly in EU agriculture, this injustice would be lessened.

I think we demonstrate some good approaches in the exhibition as well as recommendations on how more fairness and justice can be achieved. And if one or more people go away from the exhibition with a few thoughts, it will have been worth it. We don't want to lecture anyone, though. If, for instance, people leave the exhibition knowing that "Burkina Faso" means "the land of honest people" in the indigenous language, I'll also be happy, of course.

Thank you very much for talking to us, Mr Pfaller!

Silvia Däberitz, EMB

New German study backs further agricultural reform

Europeans are not happy with the way €55 billion of their taxes is spent on agricultural studies, according to a new study, which has backed further tinkering with the EU's farming policy.

Every single person in the EU member states, from baby to pensioner, pays €110 every year into the bloc's agricultural fund. But when 40% of the EU budget is allocated to the Common Agricultural Policy (CAP), how is it that big investors can carry out land grabs, while pesticides like glyphosate and antibiotic misuse threaten our health and environment?

That is the basic question behind a new German-language study, [Foundations instead of pillars: Proposals for a reorientation of EU agricultural policy](#), published recently by environment and development organisation Germanwatch, commissioned by Greens/EFA agricultural spokesperson

Martin Häusling.

"The European Commission has not given sufficient thought to the concerns of farmers and everyday citizens in its proposals for agricultural reform," said Häusling's study. That is why it also calls for a "fitness check" to be carried out on its policy, similar to what has been done with other EU policies, like the

nature directives.

It is not easy to make out the mechanisms that are behind agricultural production and the process that brings meat or tofu to our plates. The structure of the agricultural and food industries is too complex and global, while the interests of individual players are too strong. That is why the study advocates a number of approaches that would bring about a change of direction for agricultural policy towards sustainability and consumer needs. Those include changing export policy and focusing on biodiversity and soil protection.

The study authors also suggest that European food safety should be based on a circular economy of nutrients based on regional and environmental factors. But the current setup is too focused on growth, cost reduction and global division of labour.

"We must move away from the pillar model towards rewarding performance made in organic farming and define it as the premium standard for receiving public funds," Häusling concluded.

Ama Lorenz, Euractiv vom 13. Januar 2017

[Full article](#)

Study [Foundations instead of pillars: Proposals for a reorientation of EU agricultural policy](#) (in German)

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