

Dear dairy farmers, dear interested parties,

As the end of the winter draws near, we are in a position that we have long hoped for: our proposals for a better and more stable dairy market have entered the political debate. In what are known as trilogues, the European Parliament is currently negotiating the reform of the Common Market Organisation (CMO) with the European Council. As an integral part of the EU Common Agricultural Policy, the CMO sets out market framework conditions and a range of different crisis instruments. However, as the Council seems to be hesitant, it is important to maintain pressure and to support the good proposals, like temporary volume reduction, put forth by the Parliament.

Our arguments underlining the imperative need for effective crisis instruments must also touch on avoiding further equity losses on farms and improving our market position. We have already received positive signals on these points from German food retailers as well as policy-makers. In addition, the CMO proposals provide useful leverage with respect to the necessary sustainability transition on the road to greater climate and environmental protection. Last but not the least, the Green Deal and its strategies can only succeed if farms earn a fair income, receive compensation for additional efforts and are backed by an effective policy framework.

So, let's remain active, keep a close eye on the discussions and negotiations, and continue to take stock of the current state of play. This is how we lay the groundwork for better times!

In this [edition](#), you will find the usual information on the most important market indicators. On the occasion of International Women's Day, our colleagues from Uniterre take a look at the situation of women farmers and the state of gender equality on farms. Arolep reports on a strong action to ensure a sustainable future for milk production. Our Irish Executive Committee member Pat McCormack talks about a surprising assessment by the European Commission on free trade agreements. The BDM provides an update about its work with the partner organisations in the Milk Dialogue, which is now moving forward with demands regarding the CMO and speaking with retailers and processors. And finally, we are happy about some news from a member country, where spring is probably still a bit further on the horizon: Lietuvos pieno gamintojų asociacija reports from Lithuania. And for all of you who would like to dig deeper into agricultural topics, we present the critical agriculture report 2021 with its theme "World feels the heat – climate and change".

I hope you will enjoy reading this newsletter!

Elmar Hannen, EMB Executive Committee member and board member of the BDM

EMB Newsletter March 2021

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Market indicators (as on 23/02/2021)

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*For the seventh time since 17 November, the **Global Dairy Trade Index** has been on the rise, on 16 February by a significant 3.0% (previously +1.8%). The average price for **Italian spot milk** provisionally rises noticeably in February. It is up 6.21% as compared to the previous month to reach 36.44 cents per kg (but -5.05% compared to February 2020).*

The **EU-27 milk price** fell in January by around 0.76% to be pegged at 35.04 cents per kg, after it dropped in December by 0.25%. **EU butter prices** are € 355 per 100 kg, which is an increase of 0.3% as compared to the previous week and a significant rise of 3.8% over the last four weeks. Looking at the last three months, an increase of 5.7% since the beginning of the new year followed the decline from the beginning of December to early January. This is the highest butter price since the beginning of the pandemic.

EU skimmed milk powder prices are currently € 236 per 100 kg, which implies an increase of 0.9% as compared to the previous week and of 4.4% across a four-week comparison. The last three months were marked by an upward trend since beginning of December. The price is at its highest level since mid-March 2020.

The rates for dairy product futures on the European Energy Exchange (EEX) point in different directions. For example, contracts for skimmed milk powder for May 2021 fell on 22 February by 1.0% to € 2,375 per tonne month on month. Contracts for butter for the same period increased by a significant 7.5% and are now at € 3,773 per tonne.

European Milk Board, February 2021

Fellow women farmers: we are still lagging behind!

On 7 February 1971, Switzerland finally gave women the right to vote. Thereafter, we had to wait till 1995 for the Gender Equality Act to see the light of day. One could say that Switzerland is not exactly a shining example when it comes to this issue.

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With respect to the agricultural sector, there is not much to boast about either. The huge majority of farms belong to men and are run by men. What is even worse: while many spouses regularly help on the farm, a mere 30% of them receive wages and have social security coverage. At agricultural extension services, it is very rare to have advisers who provide couples with information on how to provision for and calculate wages for spouses.

In terms of the dairy sector, the assembly of producer representatives is more than 99% men. Why? Because women are not considered producers, even though they are present in the barn each day. This *de facto* prevents them from having their voice heard. Thankfully, things are starting to change and the future agricultural policy includes a provision that makes it compulsory to remunerate the wife (or the husband, in a few cases) or risk losing a part of direct payments (subsidies). That being said, isn't it sad that we have to go to such extremes to ensure that the spouse's work receives its due?

We women farmers fight every day to ensure that we receive a fair price for the milk with produce. We fight for equity. Isn't it time to apply this principle to ourselves and to make sure we give ourselves appropriate remuneration? International Women's Day on 8 March is around the corner. Let's dare to demand what we deserve!

Vanessa Renfer, woman farmer and secretary at Uniterre

Demonstration to ensure a sustainable future for Portuguese milk production

© APROLEP

In a powerful action on 26 February, APROLEP symbolically placed hundreds of boots on Avenida dos Aliados in Porto, the centre of the largest milk-producing region in Portugal. The boots were meant to represent the 200 colleagues and their families and employees who abandoned milk production during the last year. At 30.4 cents per kg, the country has one of the lowest

producer prices in the EU.

The goal of the action was to alert the government to the situation of dairy farmers and call upon politicians to immediately create the necessary framework conditions that allow farmers to survive. Assessments of the future Common Agricultural Policy (CAP) have shown that income aid will decrease. Even the ministry's most optimistic projections suggest a dramatic loss in support. In addition, APROLEP asked for the proposal to install an early warning mechanism and voluntary production reduction in times of surpluses to be integrated in the Common Market Organisation of the CAP. Another objective of the action was to challenge industry and retailers to have a dialogue in order to raise the producer price to a sustainable level. Because what is more important than support is a fair price. But until farmers get a fair price, aid will be essential. We have to reverse the current path that leads to a

slow death of milk production in Portugal!

Associação dos Produtores de leite de Portugal (APROLEP)

Report says EU trade agreements benefit EU farmers – “illogical and pointless”, say ICMSA

The President of ICMSA has rejected the findings of a report published by the EU Commission that purports to show that the EU's policy on trade deals has benefitted its indigenous farming and agri-food sector.

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The **Commission's report** claims that EU policy will result in substantial increases in EU agri-food exports, with more limited increases in imports creating a positive trade balance overall. The report quotes the Commission's Executive Vice President, Valdis Dombrovskis, as saying that the EU "has always stood for open and fair trade which has enormously benefitted our economy, including agricultural producers" and it is this conclusion that will most astonish farmers, according to Pat McCormack.

"Mr Dombrovskis must be aware of the fact that the number of family farms in the EU has declined – and is still declining – year on year. If what he said was true, if EU trade policy was benefitting agricultural producers, then that would be reflected in the numbers of EU citizens farming or otherwise engaged in primary food production, but those people are still leaving the sector every year. They're showing what they think of the EU's attitude to EU farming by leaving the sector. That's the reality and every scrap of data for 25 years shows that that's the case", said Mr McCormack.

"Possibly Mr Dombrovskis means that the EU trade policy is beneficial for the multinational food processors based within the EU, and that may very well be true but it most certainly doesn't benefit the farmers in all the Member States who are struggling to make a reasonable living", he continued.

Mr McCormack was even more scathing of the fact that the report did not incorporate environmental or climate effects, describing their non-inclusion as "a disqualifying omission".

"The illogical and pointless nature of this report can best be illustrated by the fact that environmental and climate change measures – the very things that the EU keeps telling us will be the most important considerations in forming policy now and into the future – form no part of the report and specifically were not taken into account when it was being assembled. Effectively that makes the projections and predictions on the EU side of the comparison questionable at best and meaningless at worst. If EU farming and agri-food is going to be predicated on the transition to lower emissions farming and food production, then what good are any scenarios out to 2030 that take no account of that basis?", asked Mr McCormack.

"Of course the reason why environmental or climate measures couldn't be incorporated into the Commission's report is that it would illustrate very vividly the fact that most of the other entities with which the EU has FTAs or trade agreements don't have anything resembling similar environmental standards or climate mitigation measures. If it was included on the EU side, it would highlight the fact that there was no comparable calculation on the 'other' side – Mercosur is the perfect example. It's difficult to see how anyone can take this report seriously – Irish farmers certainly won't", said Mr McCormack.

ICMSA press release of 27 January 2021

The Milk Dialogue demands: improve market position of farmers

With their demand of significantly higher prices for agricultural products, the associations and organisations in the Milk Dialogue have added their voice to the calls for changes to the market framework conditions anchored in the EU's Common Market Organisation (CMO). At the same time, the Milk Dialogue is explicitly in favour of market forces playing their part and keeping political

market intervention to the bare minimum.

This leads us to the following demands:

- The existing safety net for agricultural markets in Europe must be more effective in the face of market crises. Temporary volume reduction measures must take precedence over intervention storage for surplus production. This would require an early warning mechanism, the introduction of a system of voluntary volume reduction during market crises, the introduction of temporary capping on delivery volumes, and the establishment of a crisis management and monitoring system based on the EU Milk Market Observatory.
- Implementation of Article 148 CMO: adoption of Article 148 CMO as proposed by the European Parliament. This would make contractual specific agreements on price, volume, duration and quality a requirement while concluding written delivery contracts for agricultural products with processing companies.
- Exclusive interbranch organisation for milk producers: In order to continue to effectively represent and further the market interests of farmers in an increasingly monopolistic market environment, it is essential to first create the political framework to recognise the sector as a player in its own right. According to the current Article 157 CMO, an interbranch organisation can only be created if at least two stakeholders in the value chain express the need to do so. The associations and organisations of the Milk Dialogue hereby demand amendment of Article 157 CMO in this regard. As an independent representation of producer interests, a recognised interbranch organisation for (milk) producers at EU level could, in addition to the existing list of duties (such as communication with the sector, digitisation, etc.), also ensure that the market position of producers along the value chain is significantly improved and that market-based solutions actually allow producers to earn a profitable income from the sale of their agricultural products.

Milk Dialogue: discussions between food retailers, processors and farmers' unions

Due to the country-wide protests by the Milk Dialogue as well as other farmer organisations in Germany, food retailers agreed to meet in order to discuss farmers' demands. Origin labelling for food products will also be discussed.

The BDM and the Milk Dialogue are represented by one member in the steering committee, which includes representatives from the four food retailers and processors as well as five representatives from farmers' organisations. The steering committee oversees the Milk & Beef, Pig Meat and Origin Labelling working groups, and the Milk Dialogue is part of the Milk & Beef working group. These discussions are still in their initial stages, which is why the timeline for potential outcomes is yet to be determined.

Dairy Farmer Day in Schleswig-Holstein

Due to current COVID-19-related restrictions, Schleswig-Holstein organised their annual Dairy Farmer Day for the first time in a digital format. The topic was *"Future of the dairy market from an environmental, economic and social perspective."* It included a presentation by Jan Philipp Albrecht, Minister of Schleswig-Holstein for Energy Transition, Agriculture, Environment, Nature and Digitalisation, where he described the current situation from a political perspective. Dr Thomas Bahr was also invited to talk about the current situation on farms. The main points of his presentation were the lack of liquidity and poor returns. Not only did he describe the current reality, he also attempted to provide some insight into future prospects.

EMB Executive Committee member Elmar Hannen was also part of the panel discussion on the Common Market Organisation.

News from Lithuania

The Lithuanian dairy herd size has been in persistent decline. In 2020, the number of dairy cows decreased by 3 percent. Milk production keeps declining as well. In January 2021, the milk volume was down 1.2 percent as compared to January 2020. Milk buying prices remained stable – the average milk price paid in January was € 314 per tonne (4.35% fat, 3.42% protein).

© LPGA

The new government has launched a debate on the need to increase taxes. The first idea put forward was to raise the excise tax for fuel used in agriculture.

Eimantas Bižius, Executive Director, Lietuvos pieno gamintojų asociacija

Critical Agricultural Report 2021 is now out

"World feels the heat – Climate & Change" is the theme for the articles in this year's Critical Agricultural Report (Kritischer Agrarbericht).

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Most things came to a standstill in 2020, global supply chains collapsed, and the increasingly globalised part of the agricultural system was no exception. It is still too early to know what concrete effects the COVID-19 crisis and its economic consequences will have on mitigating the two other global crises faced by humankind – the climate crisis and the biodiversity crisis. However, it is becoming ever clearer that all these crises cannot be looked at in isolation and that they must be confronted with a holistic approach. In this regard, there is no way around the fact that how farming is organised across the globe plays

a significant role.

What we need is a fundamental transformation of the agricultural and food system. A global transition that must live up to regional challenges and must never lose sight of climate change. Even though agriculture undoubtedly suffers directly due to global warming, certain forms of agriculture and diet are also some of the biggest drivers of this phenomenon.

That being said, this is also an immense opportunity: the ecological agricultural and food transition is proving to be an absolutely integral piece of the puzzle to bring on the urgently needed "climate transition". Half of the articles in this report look at pioneering and inspiring examples as well as scientific

findings that show how all of this could actually work.

The articles are available [here](#) (in German only) or can be ordered as a book as well.

AgrarBündnis is a consortium that currently brings together 26 independent organisations from the agricultural sector, environmental and nature protection, animal welfare, as well as consumer protection and development policy, and has more than one million individual members.

Abridged and adapted version of flyer by AgrarBündnis.

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