

Dear dairy farmers and interested parties,

The Association of Milk Producers in the Po Valley (APL - Associazione Produttori Latte della Pianura Padana) will be exhibiting dairy products, sausages and more goods from their own farms together with Copagri at EXPO in Milan. For six months - from May to October 2015 - buyers from all over the world will have the opportunity to sample for themselves products "Made in Italy" that are the fruit of our labour on our own farms. The days will be enlivened with programmes like show cooking with famous chefs. Visitors to the APL pavilion can try homemade ice-cream or a pizza made by Giorgio Sabbatini, the renowned World Champion Pizza Chef of 2012. "Fair Milk" will also be a major feature at this EXPO, being offered in a 200-ml small size as a fresh, light take-away snack. The "Buono e Onesto" project (which is what Fair Milk is called in Italy) is opening up new horizons, enabling us to approach key population groups like schools, with a project explaining and giving information on a good, healthy, natural diet.

The EXPO events include a **conference on "Fair Milk"** on 23 June attended by representatives of the European Milk Board, producers from home and abroad, key figures in the milk and dairy sector and the trade, plus representatives from the countries that market "Fair Milk". They will be displaying their products under the "Fair Milk" label and have the opportunity to explain the market for "Fair Milk" in their own country. The event will also feature the presentation of the Golden Faironika, a prestigious award for persons who have performed a great service to sustainable food production.

From 24 to 28 June, APL will be staging a **"Fair Milk" week** in collaboration with the European Milk Board. The countries involved in the project will be able to display and present their products during the pavilion's opening hours.

The big final event is the **World Milk Summit**, scheduled for Thursday 15 October 2015, which will be attended by members of the European Milk Board, politicians and farmers from home and abroad. Here the representatives will be discussing the various economic ideologies, the diverse milk and dairy systems, and speculation in the food sector. The developing nations will also be represented, contributing the example of their markets to the discussion. The theme of the debate is: "What should the policy for the milk and dairy sector be?"

The situation on the dairy market makes clear that decision makers need to do something. In Italy there is no let-up in the milk and dairy sector crisis. The average price of raw milk is still below 36 cents a litre and has fallen since the beginning of the year and compared to last year. The average cheese prices have not changed since the beginning of 2015, but are below the level of previous years.

Finally, I wish to take this opportunity to welcome the two new members of the European Milk Board – the associations from Lithuania and Latvia. The Baltic States suffered direct consequences of the Russian import ban and are the most affected by the crisis. Milk prices have reached an all-time low.

Together we are stronger and together we will keep on fighting for our future!

Roberto Cavaliere, EMB Board Member and president of APL Italy

EMB Newsletter May 2015

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EMB – new member organisations from Latvia and Lithuania

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and Lithuania were accepted unanimously by the European Milk Board.

At the General Meeting on 1 April, two milk producer organisations from Latvia

We are delighted to welcome the Lithuanian milk producer organisation LPGA and the Latvian organisation LOSP as new members. These two Baltic organisations enable the EMB to gain in size and clout, and also to cover the aspects of milk production more effectively in Eastern Europe in future.

We look forward to working together with our new colleagues!

Background info on the situation in Lithuania and Latvia

[Interview with Jonas Vilionis, President of the Lithuanian milk producer organisation LPGA on the current situation in Lithuania \(11/2014\)](#)

[Interview with Dace Pastare, member of the Latvian milk producer organisation LOSP \(11/2014\)](#)

Regina Reiterer, EMB

The CoR's position embraces the EMB's Market Responsibility Programme

Current EMB press release (22.04.)

Two weeks after the quota system for Europe's dairy farmers ended, the Committee of the Regions (CoR) rings the alarm bells. In the opinion on the milk market adopted on 16 April, the members of the EU committee warn of a problematical future for the EU dairy sector. Moreover, its representatives regard the Market Responsibility Programme developed by the European Milk Board (EMB) as a flexible, cost-effective concept to counter market disruptions.

In its opinion, which takes a critical view of the EU milk policy, the members of the CoR home in on concrete current developments. They warn, for instance, that at present the EU has "no effective instruments" for curbing fluctuations in prices paid to milk producers or ensuring protection in the event of a milk price collapse.

Romuald Schaber, President of the European Milk Board, welcomed the own-initiative report: "The Committee of the Regions' backing is a key signal for us. This year already the dairy farmers in the EU face a fall in prices that threatens the survival of many of them. It is unacceptable that the EU Commission will stand by and do nothing until 2018 as milk production dies out. With the backing of the CoR we will continue to pressurise for the implementation of the Market Responsibility Programme we developed."

The Brussels representatives of the regions view the Market Responsibility Programme presented by the EMB as a "flexible, concrete and cost-effective instrument that should now be scrutinised by the appropriate institutions for its implementability. The aim of the programme is to stabilise the milk market in times of crisis. Back in 2013, the EU Parliament had called for a support mechanism for dairy farmers who voluntarily cut their production in the event of a crisis. The Committee of the Regions is now putting the spotlight on the demand rejected by the Ministers of Agriculture in the course of the CAP reform.

Tying the EU milk price to the world market level is severely criticised

The CoR regards the close linking of the EU farm-gate price for milk to the world market price as unacceptable. According to its position paper, the EU should take as a blueprint models in which the price indexing is geared to actual production costs and not to the world market price. The example of Canada showed that in this way “a clearly more stable and higher milk price can be guaranteed than in Europe”.

The opinion points out further weaknesses of the EU milk policy in connection with the “Milk Package”. Its effectiveness is severely restricted, for instance, because the co-operatives, who market more than 60 per cent of milk in Europe, “have become detached from the contractual obligation and production control.”

In the recently established European Milk Market Observatory the CoR sees greater scope for improvement. The CoR urges its development “into a real instrument for controlling and not just for monitoring retrospectively”. The CoR report further criticises the greater orientation of the European milk policy to exports to developing countries. After the abolition of protective tariffs, this would undermine the development of dairy farming and smaller dairies in West Africa in particular.

The EMB calls upon the European Commission to take on its responsibility and find adequate answers to the Committee of the Regions' demands. We will be sending out a detailed analysis of the CoR's opinion, focusing on the key points, in the near future.

Hanna Penzer, EMB

CoR Opinion "The future of the dairy industry"

Milk crisis in Switzerland – now the politicians are starting to stir!

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have plummeted.

A volume of milk that is not yet under control and the failure of the A, B and C milk price system are still the main problems in the Swiss milk market. Since the Swiss franc is practically at parity with the euro, farm-gate prices for milk

They are now extensively on the level they were 60 years ago! It is foreseeable that thousands of dairy farms will cease milk production.

Now politicians, too, are at last realising how catastrophic the situation is. It was discussed last week by the Swiss National Council's Committee for Economic Affairs and Taxation (WAK-N). This committee now wants to know precisely what is going on and is demanding a report from the Federal Council on the situation and the challenges the Swiss milk market is facing.

In particular the report should:

- *Present the economic situation of and the prospects for the Swiss dairy industry including a cross-comparison with other types of agriculture and food production as regards income;*
- *Assess the implementation and effect of the instruments of market stabilisation adopted by the sector and declared universally applicable by the Federal Council;*
- *Evaluate the potential impact of the end of the EU quota system on the Swiss milk market, particularly with regard to the level and volatility of the milk price;*
- *Assess the steps taken in recent years to open up the milk market against the background of the strength of the Swiss franc, including a cross-comparison with other types of agriculture and food production, and show how the*

prevailing conditions relevant to the market have changed since the opening up of the market;

- *Present and quantify the effect of the Federation's financial measures relevant to the milk market, especially the "Schoggi law"¹, on producers and processors;*
- *Point up the maximum cost-cutting potential in milk production and the corresponding measures for this;*
- *Examine measures that can cut the costs of milk production, the high costs of land and the (compared to the rest of Europe) very high investment costs;*
- *Outline the strategies comparable countries or regions in the EU use to increase production and added value (with particular emphasis on Austria, Bavaria, Baden-Württemberg and Lombardy);*
- *Present the impact if production were increasingly geared to beef cattle/grassland-based feeding, good health and a longer lifespan through shifting direct payments;*
- *Outline different ways of opening up the milk market, e.g. gradual opening up within 8 to 12 years, a customs union, opening up other lines etc.;*

Since the official dairy associations have so far not put forward any bright ideas on how to counter the disaster, dairy farmers now hope that the politicians will finally draw the right conclusions from this report.

Werner Locher, Secretary BIG-M

¹ The act known as the "Schoggigesetz" governs compensation payments for basic agricultural products that are exported in a processed form (chocolate, biscuits etc.), e.g. Swiss milk powder for chocolate is dumped on a world market level. These funds come firstly from the Federation, secondly they are collected through compulsory levies on dairy farmers.

TTIP: Are the politicians caving in to big business?

The industry associations of German corporate groups have called upon German Economic Affairs Minister Gabriel to accept the free trade agreement negotiated in secret between the USA and the EU, including the controversial investor state dispute settlement (ISDS) clause.

There is always something rotten whenever negotiations are held in secret. The Brussels politburo alone is arguing the European case, whereas on the American side representatives of big business and law firms are negotiating alongside government and bank representatives. No wonder businessmen, scientists and the general public in Europe view the TTIP agreement as a plot hatched by the multinationals to do away with national democratic standards of competition.

Under the TTIP agreement, all customs duties are to be abolished along with different standards and protective bans. And every US corporate group is to have in every EU country all the rights it has back in the USA. First and foremost the high standards of protection in Europe that operate in food, agriculture, medicine, health, research, product licensing, environmental protection and of nature conservation, work, welfare and cultural promotion are to be rendered ineffective. For American government policy serves solely the interests of American big business.

The reason why the German corporate groups are likewise in favour of TTIP is firstly it will facilitate exports, and secondly the majority of German big business is owned by international funds – so they have more international interests than national ones. So far in the secret TTIP negotiations no consideration whatsoever has been given to small and medium-sized enterprises, to trade unions, to environmentalists, to cultural representatives, to researchers or to agriculture. So far they have been excluded from the negotiations, for good reason:

- Wherever American standards permit destruction of the environment such as fracking, large-scale deforestation, dumping acid into rivers etc., in future they could also demand this for their production in Europe; in this respect they would have to be granted “equal opportunities for competition”.
- 90% of Germans do not want any chemicals in their food. In the USA the consumer have to prove that they have been harmed by it. In Europe this has been the other way round; under TTIP the burden of proof would be shifted on to the consumer.
- The US biotech giants Monsanto and Syngenta have established seed monopolies in North and South America. TTIP would ruthlessly put German farmers in the hands of the US seed and genetic engineering monopolies.
- The structure of European agriculture is that of small and medium-sized farms. So the agricultural policy in Europe is to protect not only agriculture, but also the environment. Under TTIP, however, the international agribusinesses would swamp Europe with low prices. When free trade in agriculture was introduced in 1870 under pressure from big industry, within ten years this had resulted in the loss of over 100,000 farms of all sizes. The same would happen again now with TTIP.

But what is most outrageous about the US negotiators is that they aim to eliminate European justice through the ISDS clause. Lawsuits against US big business monopoly measures would no longer be possible in normal courts of law in Europe. And German courts of law would likewise no longer have jurisdiction for transatlantic corporate group lawsuits against new national laws like, say, environmental standards or public funding measures; only private secret courts (ICSID) would, without any court of appeal. These courts of settlement would be run by American law firms (with a corporate connection) in the USA. To date more than 70% of such disputes have been decided in favour of the US corporate groups. There is no longer any legal remedy against such decisions. This would turn traditional European legal culture upside down.

Minister Gabriel should scrutinise whether he as minister of big business is willing to have everything generations have created in terms of culture, health standards, GM-free agricultural diversity, freedom from chemicals, and environmental standards, sold in secret negotiations to the US monopolists. For TTIP is not – as claimed – greater freedom in the market, it is a seizure of power by the US monopolies in Europe!

Prof. Dr. Eberhard Hamer, Mittelstandsinstitut Niedersachsen e.V. (excerpt from an article published in Zeit-Fragen 12/2014)

Interview with Sagari Ramdas - Food Sovereignty Alliance, India

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What role does milk production play in India?

Milk production is a critical livelihood and source of food for millions of peasant and pastoral farming households across India. In particular for women, who are the backbone of milk production. Producing milk by rearing a couple of cows or buffaloes, provides milk for home consumption (an important component of the family and communities food security), as well as milk for selling through local markets (a source of income).

Europe abolished the milk quota in March 2015 – increasing milk production in Europe will be the consequence. The European dairy industry is looking for new markets. India is one of the targeted countries. What are your concerns for the milk producers?

We are deeply concerned about this move by Europe as it will result in massive production, which Europe will seek to offload on to countries of the global south – e.g. India. Europe is already attempting to export its highly subsidized milk to India, under the aegis of the EU-India Free Trade Agreement, where it is bargaining hard to force India to reduce all import duties on milk and milk products to “0”. Currently the import duties on milk and milk products range from 30 to 60%. Dumping this subsidized milk – either in the form of milk powder and butter fat, which will be reconstituted to liquid milk and sold, will push down the milk prices paid to producers in India, and force several thousands out of dairying. There were precedents earlier in 1999 and 2009 respectively, when the Government of India removed all quantitative restrictions on milk powder and reduced the import tariff to ‘0’, resulting in an immediate hike in imports from the EU from 600 tons to 25,000 tons (1999) and from 10 to 30,000 tons (2009). As a consequence, milk prices plummeted, making it impossible for producers to cover their cost of production. Many producers were driven out of their livelihoods.

With subsidized milk being potentially dumped from EU into India, private dairy processors in India will most likely either reduce the total quantity of their procurement from the primary producers (the peasants) or lower the prices they pay to farmers. On January 10th 2015, the Chairman of the National Dairy Development Board of India announced through the newspaper that *“private dairy firms were buying less milk than ever, owing to the free-falling global prices.”* He said, *“co-operatives have been absorbing larger milk stocks and have been keeping prices stable for now”*. Talking about milk prices, he declared, *“There is a surplus globally. Here co-operatives are buying more than they did previously although private dairy firms have cut down their purchases.”*

It is madness that in a context of “global surplus” of milk the EU is abolishing milk quotas, resulting in more production. It is evident that the EU wishes to wipe out the livelihoods of peasant and pastoralists, who are the base of milk production in India. Their right to food is severely under threat.

India and Europe will negotiate a free trade agreement. What are your concerns?

Our entire food sovereignty is at stake. Besides the direct impact on milk, there are also several small entrepreneurs who produce cheese. The EU dumping cheese and asking for GI protection of their products in India will threaten these independent producers and their livelihoods. Once the subsidized products swamp our markets, our farmers will not be able to produce at prices that are lower than these and will cover their cost of production - “trade genocide” is what I call this.

The EU – India Trade Agreement is also about giving the EU access to land, and special protections and immunity. It is also about giving them access to our public procurement system. That means a further threat to our local systems of food production, procurement and distribution. Instead of procuring diverse food produced by local peasants, pastoralists, Adivasi (indigenous people) and distributing these through our public distribution system, it could be that cheap EU products are distributed through our public distribution system.

Kerstin Lanje, Misereor (Excerpt from an interview)

Food Sovereignty Alliance

Misereor project: [Hunger bekämpfen](#) (in German)

News from Brussels

Success for the EMB: Committee of the Regions backs dairy farmers

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The Committee of the Regions (CoR) backs the Market Responsibility Programme developed by the EMB in its opinion. The Committee describes it as a "cheap and flexible proposal that should be examined and assessed as to its feasibility and effectiveness". The CoR warns of a problematical future for the EU milk sector. With the CoR's backing we will continue to apply pressure for our Market Responsibility Programme to be implemented by the politicians.

CoR Opinion in [English](#) or other languages

[IT](#) [NL](#) [DA](#) [EL](#) [ES](#) [PT](#) [FI](#) [SV](#) [CS](#) [ET](#) [HU](#) [LV](#) [LT](#) [MT](#) [PL](#) [SK](#) [SL](#) [BG](#) [RO](#) [HR](#)

[TV report on the CoR opinion and the EMB Market Responsibility Programme](#)
(in French)

The TTIP free trade agreement

The European Parliament is currently deliberating on the Lange report, the aim of which is to reflect the parliament's position on TTIP. The European Parliament's Committee on International Trade (INTA) has submitted almost 900 amendments. The report is to be voted on in late May by the lead committee. It will be voted on in June by the European Parliament in a plenary session. The TTIP agreement cannot be adopted without the approval of the EU Parliament.

In the EU Parliament there is growing aversion to the controversial Investor State Dispute Settlement (ISDS). In mid-April, six out of 14 committees in the EU Parliament voted against the ISDS in the planned free trade agreement between the EU and the USA. The ISDS is an instrument that enables foreign investors to sue before international courts of arbitration and demand compensation for loss or damage in disputes – e.g. health, environmental and social standards regarded as damaging to business.

Global day of action against free trade agreements

On 18 April there was a worldwide day of action against the planned free trade agreements (TTIP, CETA and TISA). Throughout Europe people took to the streets to protest against free trade agreements with demonstrations, rallies and various events. The aim of the protests was to draw attention to the risks of the international agreements and to create a democratic counterbalance to the increasing big business dominance of the global economy. The now 9th round of the TTIP negotiations was held in New York on 20 - 24 April. Among others reduction of tariffs and protection of geographical indications have been discussed.

Regina Reiterer, EMB

EMB Diary

The EMB Board's key dates in May 2015:

- 05.05.: Meeting with the Polish Minister for Agriculture + dairy farmer organisation
- 05.05.: Civil dialogue meeting "International aspects"
- 06.05.: Meeting with the Czech Minister for Agriculture + national organisations
- 06.05.: Civil dialogue meeting "Rural development"
- 12.05.: Civil dialogue meeting "Milk"
- 13.05.: EMB Board Meeting

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