

Dear dairy farmers and interested parties,

Butter is expensive and milk powder is cheap. On this basis, dairies pay low prices that have remained practically unchanged. The price difference between protein and fat is abnormally high and the large EU intervention stock is immediately blamed for the low powder price. Is this correct? The EU has hardly sold any of its large stocks and the market price is currently so low that SMP is being sold to stocks again. But at some point, the price of SMP will of course rise again and the intervention stock will then be a way to curb the rise of milk prices. Therefore, the Commission has to vouch for its statement: " ... selling at any cost has never been an option for the Commission. Instead, maintaining market balance and price recovery remain its main objectives."

The only hope for dairy farmers to cling to is that the EU stock has become so old that nobody wants to buy it anymore. The stock has no official expiration date, but buyers will of course prefer fresh goods rather than powder which may be one, one and a half or two years old.

In Denmark, we have three analysts trying to predict milk prices and in most cases, they actually do it very well based on different algorithms. On the other hand, neither of them has been able to explain why the demand for milk fat has increased so much compared to the demand for milk protein.

The price difference between butter and protein is more than 2,200 USD per ton, which has never happened before. Somehow demand has changed, which can be a challenge; but with around 350,000 tons of powder in stock in the EU, the prospects for market equality are almost non-existent. Therefore, the Commission has to come up with a solution to get rid of the stock without affecting market prices. Otherwise, all European dairy farmers will be kept in unacceptable uncertainty forever.

Kjartan Poulsen, EMB board member and president of LDM Denmark

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France: 11 demands of the candidates in the Presidential election

In the run-up to the French presidential elections, EMB member organisation OPL (Organisation des producteurs de lait) of Coordination Rurale (CR) had sent the 11 candidates a list of 11 demands for the dairy sector.

1. Guarantee a price that covers production costs

Today, incentive measures need to be implemented in order to facilitate employment. To make this possible, the *Organisation des producteurs de lait* (OPL) proposes a tax on imports that would be used to finance social protection measures – in other words, a social VAT. Furthermore, considering it endangers the survival of numerous farms, sale at a loss should be prohibited, as is already the case with resale at a loss.

2. Review the payment criteria determining milk price

In addition to outlining uniform quality criteria applicable to all European countries, the OPL proposes a redrafting that would allow producers to benefit from the value of milk “by-products” (whey, casein, etc.), which offer significant added value to processors.

3. Implement the Market Responsibility Programme (MRP)

The OPL hopes that the Market Responsibility Programme (MRP) will become a European crisis management instrument. It allows for European production to be adjusted to market needs and to thus maintain a fair and balanced milk price.

4. Redefine the European dairy strategy

Even though only a fraction of European milk production (10%) is traded on the global market, the milk price is undeniably fixed in reference to these price quotes. Moving toward a policy to increase production for exports is a lure: Considering the constant imbalance between supply and demand on the global market, it would only lead to a drop in dairy market prices.

5. Redefine the conditions for intervention

The OPL demands greater transparency regarding intervention in order to prevent speculation.

6. Implement a global policy for livestock

Anticipating production would allow for more flexibility to adjust production (changes in feed, for example) without drastic reductions in the size of the dairy herd. The dairy strategy should thus be redefined to reflect the initial, founding objectives of the Common Agricultural Policy: ensuring milk supply both in quantity and quality while allowing producers to earn a decent living from their activity.

7. Invest producers with the power to negotiate

The OPL has always opposed the creation of a multitude of Producer Organisations (POs), especially vertical structures linked to a single dairy. The OPL recommends a law that would make it possible for cooperative members to join horizontal POs (like the PO France Milk Boards).

8. Review the functioning of dairy inter-branch organisations

Funding of the dairy inter-branch organisation CNIEL is entirely unjust: Currently, producers pay €1.22/1000l while industry pays €0.4/1000l. The OPL recommends that this funding be reviewed and replaced by a contribution based on turnover.?

9. Audit dairy cooperatives

Considering the accounts of some French cooperatives are not publicly available and in light of the discrepancy between their earnings and that of their European counterparts, the OPL calls for an audit of French dairy cooperatives.

10. Not repeat the mistakes made in the sector for conventional milk with organic milk

The evolution of organic milk production must be anticipated to thus ensure that the same mistakes made with conventional milk are not repeated. Aid should be in line with society's wishes and not based on declarations of intent. Community preference should be considered more than ever before.

11. Promote the advantages of milk consumption

A new milk promotion and distribution programme in schools (excluding meals) would be an excellent driver to promote child health.

Véronique Le Floc'h, OPL France

11 demands for the next President of the Republic (in French)

Germany: new label for pasture-grazed milk

On the first turning out to pasture of 2017 on the Hanken Farm in Wesermarsch on Sunday, April 23, a large alliance of different organisations presented a new quality label "PRO WEIDELAND–Deutsche Weidecharta" for pasture-grazed milk.

In the last three years and in cooperation with 20 organisations from agriculture, environmental protection, animal welfare, science and policymaking, criteria have been drawn up for milk and milk products that have been produced using pasture grazing, thus contributing to the survival of this method. The organisations who have signed the PRO WEIDELAND Charter include Naturschutzbund Deutschland e.V. (NABU) and Bund für Umwelt und Naturschutz e.V. (BUND), as well as Welttierschutzgesellschaft e.V.

The sales strategy of the "PRO WEIDELAND – Deutsche Weidecharta" label aims to maintain the diversity of agricultural production systems employed in dairy farming. "Products from pasture grazing should be identified as such and sold at a higher price in food retail stores, without, however, pitting different production systems against each other," highlights Dr. Arno Krause, Director of Grünlandzentrum Niedersachsen/Bremen, the owner and licensor for the

new label.

Creating transparency for pasture-grazed milk

An increasing number of retail shops now have pasture-grazed milk on their shelves, even though no fixed criteria for its production and processing have been outlined to date. The production process often refers to a minimum grazing time of 120 days at 6 hours per day. The approach of the "PRO WEIDELAND – Deutsche Weidecharta" label, nonetheless, goes substantially beyond these criteria.

The PRO WEIDEMILCH label stands for the following criteria:

- Dairy cows spend at least 120 days with 6 hours per day on pastures.
- A minimum 2000m² of pasture land must be available per dairy cow. Every dairy cow has 1000m² of pasture land close to the farm for grazing.
- Free movement is ensured throughout the year.
- The area used for grazing is defined as permanent pasture.
- Feed is GMO-free.

"In addition to the criteria backing the label, farmers producing pasture-grazed milk should also receive 5 cents per litre milk in the future," explains Dr. Karsten Padeken, CEO of Grünlandzentrum.

Participating dairies must collect and process this milk separately. Ammerland was the first dairy to put a part of its production as pasture-grazed milk under the new PRO WEIDELAND label on the market last Monday. This milk is now available as the in-house brand "Ammerländer Unsere Weidemilch" and as LIDL's brand of pasture-grazed milk "Milbona". All interested dairies can apply to use the label.

Grünlandzentrum has published the production criteria backing the label as well as other explanatory information online at www.proweideland.de.

Press release from Grünlandzentrum Niedersachsen/Bremen e.V.

North Rhine-Westphalia: Controversial panel discussion with agricultural policymakers

In the lead-up to the upcoming Landtag elections in North Rhine-Westphalia (NRW), the German Dairy Farmers' Association BDM invited the Federal State's leading agricultural policymakers to two panel discussions to express their views on the future prospects for North Rhine-Westphalia's dairy farmers.

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The debates shed light on the different positions on the issue as well as on how future milk market crises could be avoided. In the first discussion in Eslohe-Reiste, there was a clash of opinions between Landtag members Hubertus Fehring (CDU) and Norwich Rüsse (Greens) as well as Landtag candidate Margit Hieronymus (SPD). Rüsse and Fehring, in fact, had a heated verbal exchange on the necessary lessons to be drawn from the milk crisis.

Norwich Rüsse, who himself runs a farm alongside his political activities, traced the disastrous milk crisis of 2015/2016 back to the lack of a robust safety net for the dairy market at European level and expressly lauded the BDM plan that envisages a temporary cap on EU milk production volumes in crisis periods in order to stabilise the milk price. Hubertus Fehring, on the contrary, was categorically against any further regulation from Brussels. The qualified agricultural expert said that though milk producers have been in a difficult economic situation since the abolishment of milk quotas, they should not depend on public intervention but should rather take responsible action and also think in a more market-oriented fashion.

However, the panel discussion in Südlohn in the Münster region featuring Landtag members and members of North Rhine-Westphalia's Agriculture Committee Annette Watermann-Krass (SPD), Josef Wirtz (CDU) and once again, Norwich Rüsse (Greens) saw the debate move in a different direction.

Rüsse linked the reoccurring crises on the EU dairy market to milk surpluses that need to be balanced out. To ensure better volume management, he said that dairies and milk producers should collaborate more intensively in the future. Josef Wirtz also strongly supported this and even went so far as to say that dairies should strike an agreement with dairy farmers about volumes at European level - like beet farmers and sugar factories. The former farmer, who himself raised dairy cows till 1990, was however unable to explain how this could actually be implemented. Annette Watermann-Krass, on the other hand, did not contribute any proposals toward balancing supply and demand on the dairy market. Her appeal was rather addressed to dairy farmers, asking them to invest in direct sales to a greater extent. She said that consumers would be more than willing to pay a higher milk price, if they were in direct contact with producers.

Dairy farmers warned the leading agricultural policymakers to stop turning a blind eye to the recurring crises on the milk market, which stem from systemic shortcomings. As decision-makers, they must take on their responsibility and create effective crisis instruments at EU level, in order to reduce the extreme price fluctuations on the dairy market. This would also help dairy farmers improve animal welfare and take on the necessary investments for new environmental regulations.

Florian Wagle, BDM Germany

Phosphate reduction in the Netherlands

The measures for phosphate reduction in 2017 consist of three parts:

- Phosphate Reduction Regulation 2017
- Use of feed in the dairy sector
- Subsidy regulation for farms ceasing dairy production

Regulation for the 2017 phosphate reduction scheme

Since 1 March, dairy farms producing milk for consumption or processing have had to lower their phosphate production step by step. They must reduce their dairy herd to the size it had on 2 July 2015, minus 4%. Grassland-based farms are exempted from this additional 4% reduction.

Phased reduction

A target is set for each dairy farm. It corresponds to the number of dairy cows (converted to livestock units) that were registered on 1 October 2016 in the identification and registration system (I&R). This figure is then reduced by a specific percentage. The percentage depends on the phase.

Reduction targets are imposed based on two-months periods.

- Farms that fail to meet their target have to pay a fine.
- Farms that meet the target of the phase but have not reduced their herd to the level they had on 2 July 2015 minus 4% pay a lower fine.

Levy

Farms that fail to meet their target and do not comply with the phased reduction have to pay a fine. This amounts to 240 euros per month and per livestock unit above the reference number.

Solidarity levy

Dairy farms that reduce their herd by the number of cows imposed for a certain phase but fail to meet the reference number have to pay a solidarity levy charged on all livestock units still to be reduced.

Bonus

Dairy farms that have less livestock units than their reference in a specific month get a bonus.

Feed for the dairy sector

In order to reduce the phosphate level in manure, the phosphate content in mixed feed has to be lowered. This measure will be fully implemented by the feed industry.

Subsidy regulation for terminating dairy farming

Dairy farmers who cease milk production in 2017 can be eligible for the 'subsidy regulation for dairy farms'. The first round was opened on 20 February and closed on the first day of the measure as the target had already been exceeded. The premium paid per livestock unit is 1,200 euros. This measure is intended to lower phosphate production by 2.5 million kilos.

This scheme has of course caused a lot of emotions and discussions and many farmers are caught between different regulations. Numerous lawsuits are being prepared.

Sieta van Keimpema, DDB Netherlands

Extract of "Phosphate reduction in the Netherlands" (full version)

EU Parliament Agricultural Committee votes in favour of volume reduction programme

The first step towards the creation of a legal framework for a permanent crisis instrument in the Common Market Organisation has been taken. Last week, the European Parliament's Committee on Agriculture voted on the so-called "Omnibus proposal", thereby officially expressing their support for an article on a voluntary volume reduction programme.

In the dairy sector, such a programme could for instance prevent the production of surplus milk, thereby contributing to a large extent to the highly needed stability in the sector.

The fact that such a voluntary reduction programme works in practice has been proven in the dairy sector in the course of the last months. It allowed for the rapid slump in milk prices to a level of sometimes less than 20 cents to be halted and for prices to start recovering. In order for the measure to become an effective and sustainable instrument, the proposed article would however also need to provide for a cap of production during the reduction period.

Looking ahead, European Milk Board (EMB) president Romuald Schaber wants to give the legal implementation of the reduction programme a fair chance: "I think that also on a political level it has sunk in that without an effective measure with an adequate legal basis the situation cannot go on. This really positive proposal of the Agricultural Committee reflects this clearly." It is now in the hands of two other parliamentary committees as well as of the EU Parliament's plenary to vote on the proposal before it will be presented to the Council and the Commission. "Given the very volatile situation on the dairy market and missing adequate alternatives, the EU institutions now carry a responsibility towards milk producers and consumers in the EU to finally put in place a functioning solution", says Romuald Schaber. This is why he welcomes that current political initiatives, in particular the proposed article on a volume reduction programme, go into the right direction.

Background

Voluntary production cuts are a core element of the EMB's Market Responsibility Programme (MRP). In times of crises, this instrument offers dairy farmers a financial incentive to reduce their production, thus preventing harmful surpluses to be produced in the first place. At the end of last year, the programme was introduced by the EU as a one-off measure and resulted in a high participation rate of producers in the EU, in particular as well in the main producer countries such

as France, Germany, the UK and Ireland.

EMB press release of 9.05.2017

EMB milk price comparison

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In the previous two months of February and March 2017, most dairies included in the EMB milk price comparison paid milk producers a base price between 30 and 33 cents for one kilogram milk with 4.0% fat and 3.4% protein. However, the farm-gate price has decreased - even if marginally - in almost all dairies included in the comparison between February and March.

This has also been the case with the price for organic milk. The highest farm-gate price was recorded in Italy at 36.67 cents, whereas the lowest at over 8.87 cents below the same was paid, like in previous months, in Austria.

In the period of the EU milk volume reduction programme from October to January 2017, the farm-gate price increased most significantly in the dairies that paid the lowest prices to producers during the milk crisis. The greatest increase was seen at one of the German dairies included in the comparison, where the farm-gate price in September had fallen to less than 21 cents per kilogram and is still oscillating at just 30 cents (+44%) since January.

[Milk price review December 2016 to March 2017](#)

Karin Jürgens, Büro für Agrarsoziologie und Landwirtschaft (BAL)

EMB comment: This recovery phase should not obscure the fact that dairy farmers continue to receive a price that is far removed from cost coverage.

Background: The [EMB milk price comparison](#) has been recently reworked to ensure better comparability of farm-gate milk price within Europe. The updated calculation template shows the farm-gate price with and without dairy-specific surcharges and reductions. Standard values have been set at 4.0% fat and 3.4% protein.

Twenty farms from seven countries now participate in the EMB milk price comparison.

Assistance for farmers facing difficulties

Interview with Ms. Laurence Leruse, coordinator of Agricol Wallonia. The objective of this Belgian organisation is to provide assistance to Walloon farmers and their families when facing economic, financial, technical, legal, psychological or social difficulties while managing their farms.

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What are the social challenges of agriculture that you deal with?

Generally speaking, we have seen that the workload on farms has increased because farms are now bigger and the profession of farming has become more complex. One of the consequences of this is farmers experiencing an ever greater sense of isolation on their farms. We feel that farmers have to continuously adapt and juggle a significant number of uncertainties (greater price volatility, less control on prices, uncertain revenue, unpredictable climatic phenomena, etc.).

This context weakens or exhausts farmers and leaves them more vulnerable when other problems crop up: divorce or separation, family tensions, sickness or accidents, financial difficulties, etc.

How do you assist farmers and their families? What are the most commonly occurring issues?

We assist all farmers in a neutral, independent manner while respecting their values and choices. We guarantee the greatest degree of confidentiality, thus allowing us to create a relationship truly based on trust. The farmer can then speak freely and can confide in us.

Our approach is holistic, that is, we work on all aspects in tandem: economic, psychological, legal, social and agronomic. Often, the problems stem from a number of reasons, which means that solutions need to be devised and analysed in a global manner. For example, advising a farmer to increase his milk production to generate more income and pay back his debts without considering what he has on hand or what he wishes to do is not a good approach. In fact, this solution would not be viable in the medium term because it does not take a global approach, leaving both psychosocial and technical-economic aspects out of the mix.

Do you see a direct link between the current policy of liberalisation in the agricultural sector and your work/the number of farmers seeking assistance?

It is not possible for us to answer this question. The objective of our actions is to find possible solutions to help farmers improve their situation "today and tomorrow". Furthermore, we only look at the aspects that the farmer can act on directly and that will have an effect in the short or medium term. The level of our intervention and the temporary nature of our work is thus different from the political dimensions that operate in the long term and on a more macro level.

Have the milk crises influenced your work?

It is difficult to answer this question because one cannot deny the diversity of the situations we come up against. The farms we assist are mainly dairy farms or livestock farms. The prices currently paid in these sectors affect the liquidity on farms and have a direct impact on their capacity to pay back debts. This can combine with other factors (sickness, inadequate financing structures, lack of efficiency on the farm, professional burnout, family difficulties, arduousness of the profession, etc.) to create even greater fragility and can plunge a farm into a downward spiral.

What do you expect from policymakers and society to improve the situation for farmers?

Our organisation is a support structure. Our mission is to assist farmers facing difficulties. We cannot claim to represent farmers because we are not a trade union organisation fighting for farmers. We are definitely in favour of all initiatives or decisions that contribute to improving the situation of farmers. For us, all initiatives are important, irrespective of whether they are at local or at European level.

Any other aspects that you would like to touch on/that you think are important?

We advise all farmers facing difficulties to not hesitate in reaching out to their existing network (accountant, veterinarian, nutritionist, banker, etc.) to try and find solutions to solve these difficulties and break out of isolation. You can, for example approach an organisation like ours or even a person referred to you or someone you trust for herd management, a specialist in feed, milking or crops, etc. This would allow farmers be less isolated and to interact with those presenting a different perspective, thus finding the best solutions to solve their problems.

We also invite farmers to react as quickly as possible so that a difficulty does not, with time, become a (very) major problem. Pre-emptive (re)action to difficulties allows us to work more calmly and offer more choices in terms of solutions that can be implemented.

Ms. Leruse, thank you for this interview.

Regina Reiterer, EMB

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