

Dear dairy farmers, dear interested parties,

It was a historic moment in the course of the milk-producer movement: West-African dairy farmers stood together with European farmers and both groups called in solidarity for the same thing.

While this solidarity is truly impressive, it is also a reflection of the sad reality that West-African farmers have to travel all the way to Brussels to demonstrate against policies they have had no hand in approving, and have no power to vote against either.

The event was part of the Africa Week organised by the European Milk Board in Brussels and illustrated that those responsible for formulating EU policy are not aware that farming is carried out very differently in the rest of the world. Over 50% of the population of West-Africa is involved in small-scale farming. In many European countries, however, farming is experiencing major technical advances, is becoming more structured and more intensive, and the goal is to produce as much as possible at minimum cost.

Milk is produced on both continents, but we live in two completely different economic worlds. While one side is underpinned by small scale and producing for own consumption, the other side is surviving on intensification and globalisation. The attempt to align these two systems has had catastrophic consequences for the small-scale structures in Africa and for us in Europe as well. At the end of the day, farmers everywhere are suffering.

On a visit to Burkina Faso in West Africa, it was interesting for me see that agricultural policy decisions in Europe do not only greatly affect European dairy farmers, they also spell direct consequences for dairy farmers in third countries, in this case in West Africa, in one of the poorest regions in the world.

It is therefore even more important for us as the EMB to continue to fight for sustainable and fair framework conditions on the dairy market. I was struck by how the West-African dairy farmers approached the event in Brussels with their full energy as well as their complete frustration to showcase the negative effects of the EU's neoliberal market ideology, especially its export orientation, for those in-charge of agricultural policy.

Exchanges with the African colleagues made it clear to me that we need to continue to lobby for our Market Responsibility Programme that would safeguard against milk crises and major milk surpluses. Not only to make the market in Europe fairer and more just, but to protect our friends and colleagues in Africa from dumping as well. Or as my friend Adama Dembele from Mali put it so well: "When you European farmers fight for your interests, you are automatically fighting for the interests of African farmers as well!"

Johannes Pfaller, EMB Executive Committee member and Chairman of the Advisory Board of the German dairy farmers' association BDM

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- Agricultural Policy Officer – 75 % position as of mid-June 2019
- You can find us on Facebook

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When cheap and too much becomes dumping

African dairy farmers call on the EU to stem overproduction

@ EMB

"Milk in Africa is not just important, it is extremely important."

As she says this, Korotoumou Gariko, dairy farmer and manager of a micro-dairy in Burkina Faso, looks on earnestly toward the stage. On 10 April, colleagues from Mali, Senegal, Mauritania and Niger assembled here with their European colleagues, as well as a broad alliance of civil society organisations. In a common declaration, all those present called on the EU to avoid damaging surpluses and dumping in the future.

Increasing imports of re-fattened skimmed milk powder are especially problematic for local production in Africa. "In Niger, we are anything but happy about the poor quality of imported milk products. They are re-fattened with palm oil, and the public does not know about this," says Wouro Habsatou Aboubacar, dairy farmer and founder of a regional milk network, as she explains the situation in her country. As she says this, she has a miniature cow in Nigerien colours in her hand. Palm oil is twelve times cheaper than milk fat. It is practically impossible for a local producer to compete with these cheap imports. For example, a litre of pasteurised local milk in Burkina Faso costs the equivalent of about 91 cents, while a litre from a milk powder mix costs only 34 cents.

The hosts of this action are not here to make generalisations about imports. But there must be a balance and cheap imports in particular cannot have the upper hand. However, the initial reactions from European Commission representatives to the concerns expressed by African producers seem to suggest that the current negative effects of cheap imports are significantly underestimated here in Brussels.

For Koen Van Troos from *Veterinarians Without Borders*, one of the co-organisers of the action in Brussels, a rethinking within the EU is, nonetheless, very important: "Our work on the ground, which includes veterinary services as well as measures to improve access to feed and to develop the milk value chain, cannot achieve much unless EU policy itself changes," says Van Troos.

Mass overproduction, characteristic in the EU and also the cause of numerous crises locally, is what needs to end. In this regard, representatives of the European Milk Board, a dairy farmers' association, are calling for the implementation of a crisis instrument in the EU agricultural policy.

The local dairy sector in West Africa has significant potential to create jobs and generate incomes, and is something that needs to be further developed, rather than exposed to additional threats. Against this backdrop, dairy farmer Korotoumou Gariko from Burkina Faso points to another major setback that the end of local milk production in West Africa would spell for local families: "It is mainly women working in the dairy sector. With the money they earn, they feed their families and are able to send their children to school. Destroying milk production in Burkina Faso means destroying families."

Silvia Däberitz, EMB. Article published in Bauernstimme 05/2019

[Videos on our Africa events](#)

EMB press release: ["Don't export the EU's problems to Africa!"](#)

Regulating the dairy market "cost European farmers 2.3 billion euros"

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Farmers "fleeced of €2.3 billion" by the European Commission to the benefit of milk processors? A study carried out by Agriculture Stratégies on the management of the 2015 and 2016 dairy crisis states that the policy of public storage of milk powder implemented by the European Union could have come at a cost of 2.3 billion euros to Europe's dairy farmers!

"More than a loss for producers, it implies a transfer of value from producers to processors," states the think tank.

What would be a better way to manage market crises in the European Union? This is the question that the **Agriculture Stratégies think tank** has addressed in a study commissioned by MEP Eric Andrieu to help substantiate his proposals for the **reform of the CMO Regulation**, one of the three regulations of the **CAP**.

In this study, Jacques Carles, president of Agriculture Stratégies, and Frédéric Courleux, research director, provide a scathing assessment of the strategy adopted by the European Commission to deal with the **2015 and 2016 dairy crisis**. In response to the dairy crisis in 2015 and 2016, the Commission launched a **milk volume reduction programme** in July 2016 with a budget of 500 million euros to compensate dairy farmers who participated in the three-month exercise.

The success of this plan "was immediate: While aid was to be provided in four phases, 98.8 % of aid was taken up in the first phase itself and the price of milk powder increased as soon as the programme was announced thanks to its psychological effect on market stakeholders' expectations," explains Agriculture Stratégies.

The think tank is especially critical about the **strategy to dispose of milk powder stocks**, which led to "dumping prices for milk powder for over a year." According to their assessment, this strategy cost farmers 2.3 billion euros! The organisation explains this in detail:

"In September 2017, the Commission decided to go on the offensive to dispose of the 350,000 tonnes of milk powder in storage. This volume must be put in context: It represents about 2% of Europe's annual production. Contrary to previous instances of intervention storage where a number of tools, like donations to charity organisations and subsidies for use as animal feed, were implemented in parallel, the Commission chose to deal with the powder, this time around, through tendering alone. Such a measure makes it possible to sell at a price below intervention price, which permits stocks to be disposed of very quickly."

Agriculture Stratégies points out the Commission's "analytical error in assuming that economic operators would be interested in buying up these stocks as quickly as possible."

Operators, however, preferred to capitalise on the dumping effect of these **tenders for milk powder at throw-away prices**, causing the price for milk to collapse as well, thus spelling the failure of the Commission's strategy. "The Commission ended up accepting offers of €1050/t, significantly below the European floor price of €1698/t. While the stocks did, in fact, run out in late 2018, this is mainly due to the drought that affected important production zones in the summer of 2018.

Read the full [article](#) by Arnaud Carpon, Terre-net Média on www.web-agri.fr

Organic milk: Pay attention to the risk of overproduction

The organic milk production sector is the most developed in Europe and North America. The US market for organic milk products is the largest in the world with an annual production of about 1.5 billion litres (16.4% of world production). Many American producers responded to a call from cooperatives to make up for the shortfall in this fast-growing market sector.

This led to an increase in investments and herd size: According to the USDA, the organic dairy cow herd grew by 34% between 2012 and 2016, reaching a total size of 267,523 heads. This market, which was very attractive to dairy farmers, quickly became saturated and then crashed due to excessive supply, leading to an almost 30% drop in prices within the span of two years. Considering the rapid growth in the market for organic dairy products in Europe, shouldn't we be concerned about a similar situation arising here as well?

The crumbling American market

After years of quick growth, the organic milk market in the United States slowed down in 2017 for the first time since 2013, signalling a decrease in consumption of these products by American consumers. This reduction corresponds to American citizens changing their patterns of consumption, turning now to plant-based drinks, which they consider the healthier option – sales of such products have increased by 3% in 2017. The actions of certain stakeholders along the production chain have also contributed to consumers boycotting these products. For example, the company Aurora Organic Valley, which manages organic farms with thousands of cows, was pulled up by the USDA for violating the product specifications for organic milk. As a result, sales growth went from 40% in 2013 to 7% in 2017, with a farm-gate milk price that fell by almost a third in 2017. In an attempt to reduce the pressure on this sector in decline, many organic milk farmers have had production limits imposed on them by their dairies.

Could France end up in a similar situation?

Within the framework of the dairy sector plan, post the conclusions and policies of the law EGA (General States on Food - États Généraux de l'Alimentation), actions aiming at a 'higher range of products' were enacted, with the target to double organic milk production (+600 million litres) in 5 years.

At 630.4 million litres in 2017, French organic milk deliveries were the second-highest in Europe, after Germany and before Denmark, with an increase of 11.3% as compared to 2016. This figure is the result of the entry of a large number of new producers, who began production conversion in 2015. According to a survey by Cniel, organic milk production of a billion litres will become a reality by the end of 2019.

Those consuming organic milk (or organic milk products) are a target group for producers of plant-based drinks as well. That is why a number of dairy companies have anticipated this market maturation for organic milk production by diversifying toward such alternative products. Granarolo, Hochland, Bauer, Agrial... all of these companies known for milk processing have recently invested in the plant-based product segment. The development of these products presents a threat for producers, even more so as the uptake of such modes of consumption might be underestimated! After all, if demand were to grow in favour of plant-based products, companies would align themselves and orient their marketing toward these products, casting aside milk and milk producers, both of which would be economically less interesting. This phenomenon could be further aggravated by deregulation, which would push certain countries to increase production and then end up with weaker outlets. French and European milk producers should, therefore, remain vigilant and not necessarily respond to their dairies' demand to increase production, if they want to avoid the effects that similar action had on the US market.

Joseph Martin, Organisation des producteurs de lait (OPL), France

Study on supply structure in the dairy sector published

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The dairy sector study by the German Federal Cartel Office from 2012 has recently demonstrated that the functional capacity of the raw-milk collection market is, at best, limited. One thing is clear: The existing market conditions are imbalanced and work against milk producers!

A system ruled by compulsory preferential sale, guaranteed purchase and ex-post milk pricing – often significantly below production costs – is common practice even today and acts as a major burden on milk producers.

Against this background, the MEG Milch Board hired Lademann & Associates GmbH (L&A), an independent consulting firm, to investigate the effect of existing supply conditions on the Germany dairy market and to explore possible intervention actions. The competition economics analysis of the effects of how the farm-gate price for milk is currently fixed resulted in four

central results:

1. Full compulsory preferential sale coupled with parallel guaranteed purchase, which continues to be decisive for a large proportion of the volume of raw milk produced, leads to market foreclosure and favours

overproduction and lower prices.

2. Modelling can show how the current market structure makes it possible for dairies to buy raw milk at preferential prices, and to then process and market it as they see fit, without fully considering production costs. This puts producers in a significantly worse situation as compared to one where producers and dairies can negotiate prices before milk deliveries are actually sent to dairies.

3. Due to one-sided ex-post price fixing by dairies, market risks are passed on to producers. In comparison, producers are inherently worse off as they do not have the necessary access to important market information for volume planning, which means that milk surpluses regularly end up on the market, resulting in major price fluctuations for raw milk.

4. From an economic point of view, the relationship between cooperative dairies and milk producers can be defined as a principal-agent problem: (Cooperative) dairies, the 'agents', further their own interests and do not act in the interest of cooperative members, the 'principals'. At the same time, producers have their own different interests as well, which can only coexist harmoniously through regulations that are applicable to all actors.

According to L&A, the existing market and supply structure to the detriment of producers can be overcome through a binding definition of contract terms for prices and volumes. Article 148 of the Common Market Organisation (CMO) provides the appropriate legal basis for the same. Binding prices and volumes for all market actors should be implemented in order to stabilise the dairy market.

MEG Milch Board, April 2019

Comment EMB:

The binding introduction of contracts according to Art. 148 CMO with setting of price and volume supports the position of milk producers within the supply chain and can thus contribute to an improvement of market structures and conditions of competition. Milk prices based on production costs would be important here.

In addition, the milk sector also needs framework conditions within the Common Agricultural Policy, such as an efficient crisis instrument that can be used in the event of a problematic fall in milk prices.

Germany: Milk on the agenda

The BDM presents its sector strategy 2030

© BDM

On the occasion of the spring Agriculture Ministers Conference in Landau, the German dairy farmers' association BDM erected a wooden house in front of the conference venue, bearing the message "Let's build the future of the dairy market – dairy farmers and policy-makers hand in hand".

The three steps of the sector strategy were represented visually in the form of different floors. The crisis management programme and Article 148 of the Common Market Organisation, which must be implemented immediately, laid the foundation. The creation of a dairy farming interbranch organisation was the first floor. The house was topped off by the second floor and roof, which symbolised a two-tier dairy market system.

Through its targeted protest and imposing house (covering an area of 5x5m and 6.45m high), the BDM were able to show policy-makers that the issues plaguing the dairy market are yet to be solved.

Demonstration in Munich in favour of biodiversity

To coincide with the Round Table on the Biodiversity Referendum in late April, the BDM organised a demonstration in front of the Bavarian State Chancellery. Without rethinking agricultural policy, biodiversity will remain a pipe dream.

The current focus on international competitiveness and cheap food has led to high external costs that are not borne by those who profit from the system. The result: Not just insects but even a staggering number of dairy farms have disappeared in the face of a permanent shortfall in cost coverage – a reduction of 53% between 2000 and 2017 alone.

Event with dairy farmers from Mali

Dairy-farmer organisations from six West-African countries, together with the European Milk Board (EMB) and a number of development aid organisations, called on EU policy-makers in Brussels to reorient trade practices with Africa. The export of EU surpluses should not endanger the livelihood of dairy farmers in Africa.

After the events in Brussels, Adama Dembele, spokesperson for the dairy farmer association FEMALAIT in Mali, visited numerous farms in Germany. There was quick consensus that in addition to food security and food sovereignty, local dairy sectors are also the answer to securing and creating jobs in rural areas and thus counteracting poverty and a rural exodus.

Bundesverband Deutscher Milchviehhalter e.V. (BDM)

EMB milk price comparison: Major price differences between dairies within countries

In March 2019, the farm-gate price was between 22.55 and 39.25 cents per kilogram of milk. There were major price differences as well as very different price developments between individual dairies. This is often the result of completely different price-setting and back-payment systems.

Individual dairies in Italy and Ireland significantly increased farm-gate prices in the first quarter of 2019, while other Italian dairies included in the comparison, as well as dairies in Belgium and Germany, majorly reduced prices in the same period.

In most countries, however, prices before subsidies and deductions have remained practically unchanged in recent months, and have been oscillating between about 30 cents (Austria, Germany, Luxembourg) and 35 cents per kilogram of milk.

Between January and March 2019, organic dairy farms reported farm-gate prices between 41 and 42 cents per kilogram. This is a further increase in organic milk prices as compared to the last quarter of 2018. The organic milk prices published to date for farm BE 4 were corrected retroactively.

EMB Milk Price Comparison until March 2019

The [EMB milk price comparison](#) is looking to ensure better comparability of farm-gate prices within Europe. The updated calculation model now shows the farm-gate price with and without dairy-specific bonuses and deductions. The standard values have been set at 4.0% fat and 3.4% protein for the same. Monthly calculations are also regularly corrected for subsequent payments.

Karin Jürgens, Farm Economics and Rural Studies Office (BAL)

Looking to receive the most important messages from the EMB in a quick and concise manner on WhatsApp?

Continue to stay well-informed. To date, the European Milk Board (EMB) has used press releases, newsletters, as well as its website and Facebook page to share information on current topics and developments in dairy policy. WhatsApp has now been added to the list.

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Use your mobile phone, which is now almost always on you – be it in a meeting room or on a tractor – to stay up to date!

If you would like to receive information on WhatsApp, please register with us:

1. Save the number +32 (0) 484 53 35 12 as EMB in your address book.
2. Send us a quick WhatsApp message with your first and last name and preferred language (German, English or French).
3. We will add you to the list and you will be kept in the loop henceforth.

You can withdraw from this service at any time. If you do not wish to receive any more messages, simply send us "STOP" as a WhatsApp message. We will then remove you from the list.

You can now look forward to the latest information, brief reports, and photos from meetings and actions on WhatsApp!

Vanessa Langer, EMB

Thank you very much for your commitment and support!

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EU milk policy in recent years.

In view of the end of the European Parliament's legislative term, we would like to thank the Members who have actively supported a change of direction in

set an important course.

The turbulent last few years have shown that the milk market needs framework conditions in order for problematic overproduction and the crises resulting from it to be avoided. During the last legislative period, your work has

We are convinced that the results of your political work will have a long-term effect.

Thank you very much for your commitment!

The European Milk Board's Executive Committee

Agricultural Policy Officer – 75 % position as of mid-June 2019

We are a young umbrella organisation of European milk producer organisations which advocates for a fair milk price and sustainable milk production throughout Europe, with its positive effects on jobs, rural areas and the environment.

We work with our member organisations from all over Europe and carry out intensive political and public relations work in English, German and French.

We are currently looking for an agricultural policy officer to join our team in Brussels and look forward to receiving your application.

Your tasks will include:

- Analysis of EU milk market policy
- Drafting of position papers and opinions
- Expanding and strengthening of our network of representatives of the European Institutions, civil society organisations and interest groups
- Representing the EMB in European or international cooperation platforms
- Editing the EMB newsletter and help maintaining the website / social media channels
- Press relations / member information
- Contact with EMB member organisations
- Organisation of conferences and events

Your skills and experience:

- Experience in policy analysis and agricultural policy
- Interest in agricultural matters
- Structured working methods and a high sense of responsibility
- Strong communication skills, e.g. to maintain contact with various European countries
- Attention to detail
- Ability to work independently
- Knowledge of Typo3, Mailchimp and image editing as well as editorial knowledge would be a plus
- Very good knowledge of English and German as well as at least good knowledge of French in spoken and written form.

Our office is located in Brussels, Belgium.

Please send your application by e-mail to by 27 May 2019.

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