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Dear Dairy Farmers and Interested Parties,

When one casts one's mind back to what the dairy farmers in Europe have been up to in recent weeks and months, countless images flash before one's eyes. Images of protestors, large numbers of banners being flourished outside official buildings, in streets and squares – all over Europe. You don't have to necessarily be there in Paris, Berlin, Rome, Amsterdam, Brussels, Bern, Luxemburg City or Vienna to experience how a major movement is shaping up on the Continent. The whole of Europe is a stage for protest. Some eighty-thousand dairy farmers from all over France, Germany Italy, the Netherlands, Belgium, Switzerland, Luxemburg and Austria, as well as Spain, have been protesting vehemently since 10 September against an EU policy that threatens their very livelihood. Withholding their milk, taking part in demonstrations, protesting with their tractors, blockading motorways and dairies, lighting warning fires – in their own regions and often hundreds of kilometres away from their farms they have been calling for basic conditions that will enable cost-covering prices for their milk. Every one of them is acting in unity with tens of thousands of fellow European farmers from the European Milk Board.

A result of these protests was that over 500 millions of litres of milk were not supplied to the dairies in eight countries. The market correction that this action by the milk producers brought about has had a positive impact on the spot markets and on the primary product markets, where prices have already risen. Even the politicians have had to react to the strong campaigns. In several countries, ministers and heads of government have promised milk producers their support and discussed the milk producers' catastrophic situation at several extraordinary meetings on a national and European level. A High-Level Group has been set up in which the European Commission and the member states are to sound out measures for defusing the situation; and at a meeting of the EU Ministers of Agriculture in Luxemburg on 19 October the majority of the ministers announced that the volume on the milk market actually represented a problem. Moreover, in its mid-October report the European Court of Auditors pointed up the flaws in the European Commission's strategy to date, thus strengthening the EMB's position.

Now at their meeting on 19 and 20 November the European Ministers of Agriculture have to show whether the politicians have also really "understood" what the heart of the matter is. Flexible control of volumes is an effective measure; it is opposed by a policy of subsidies, intervention and export dumping that cannot solve the problems, but only further exacerbates them. The result of such a policy is well-known and is very graphically described by the buzzwords EU butter mountains and milk lakes.

The catastrophic milk situation has to be countered by effective means. That is why the protesting milk producers throughout Europe advocate an adjustment of supply to demand – flexible control of volumes. If the EU politicians decide against this, thus serving all interests other than the milk producers', that decision is a mistake. But it will not be the end of the dispute. The strong protests will continue undiminished. But above all the European milk producers will extend their activities and put the requisite change of system in practice.

Our aim with this Newsletter is to make you more aware of the strength of the dairy farmers in Europe and pay tribute to their indefatigable commitment. In articles by milk producers from France, Germany, Belgium, Italy, Austria, Switzerland, Ireland and Great Britain, read examples of the protests and find out about the current situation in those countries.

The EU policy to date is firstly not likely to overcome the crisis in the European milk market. Secondly, it is damaging to the milk producers outside Europe, as illustrated by an interview with the Vice-President of the Eastern and Southern Africa Dairy Association (ESADA), Koos Pienaar. During a visit to Brussels in September he exchanged views with European milk producers and discovered how difficult the situation is for fellow farmers in Europe. His conclusion: we will have little chance by going it alone. Milk producers the world over have to unite and become active together.

In the following pages of our Newsletter you can see for yourselves that there has already been a great deal of acting together especially on the European level.

I trust you will find the Newsletter interesting.

Best regards,

Silvia Däberitz

European Milk Board

France

In Paris, milk producers from the OPL (Organisation des producteurs de lait) and the APLI (Association des producteurs de lait indépendants) announced on 11 September that they would stop supplying milk to the dairies. That was the start of the great wave of protest, joined in the following days and weeks by milk producers from the whole of Europe, to which the European politicians must react with suitable supply management measures. Here are some examples of French campaigns in October:

Strong united mobilisation on Friday 2 October at Mésanger, in the Loire Atlantique, where members of the APLI and the Confédération were joined by others in a rally comprising over 1,000 tractors to symbolise the united drive of the milk producers and their expectation of a clear decision from Europe in favour of regulation.

On Monday 5 October, in tandem with the campaign in Brussels, the OPL producers were likewise mobilised almost everywhere in France to keep up the pressure: the various départements organised picnics and convoys right up to the prefectures, in addition several départements took part in sending a message with the tractors or gathered outside various dairies. In Caen the tractors were out on a go-slow and rally.

On Monday 19 October, the EMB demonstrated outside the EU Ministers of Agriculture meeting in Luxembourg. Fifty-odd tractors joined the procession. Practically every département in the Pays de la Loire descended on Paris the same day to take part in a joint demonstration involving a thousand or so people, and balloons were let off at the Eiffel Tower. The same type of joint action with a procession and balloons was also organised in Rennes and Epinal.

Anne-Lise Montay, Upper Normandy Rural Co-ordinator

Germany

Milk producers' action – the German dairy farmers have been addressing their demands for a fair milk price to the politicians in numerous protests over the last few weeks. At present the nationwide "Monday silent protest marches" through the inner cities and town centres have been attracting increasing numbers. These are being co-ordinated alongside church services and approaches to other lobby groups and consumers. The focus in southern Germany has been on milk producers driving their tractors up to the most varied food retail trade depots to draw attention to the precarious situation. This caused delays in supplies to the discounters.

The milk market – the shortage of supply resulting from the European milk strike has had a clear impact on the German milk market. In the last three weeks the prices of spot-market milk (milk not tied to long-term contracts) have levelled out at 27 – 30 cents a kilo, in some cases 30 cents a kilo (based on 3.7% fat and 3.4% protein). The prices of German brand butter have gone up from € 2.4 a kilo to € 3.2 a kilo. This positive development has not trickled down to the milk producers; the producer prices, particularly those paid by the large dairies, are still stuck at a very low level (e.g. Hochwald base price 20 cents).

Formation of the federal government – milk is the controversial issue in the coalition negotiations between the CDU, the FDP and the CSU. Whereas the CDU and the FDP are substantially for abolishing the control of milk volumes, so far the CSU has been insisting on stipulations that would enable supply to be adjusted to market demand. This means the increase in quota will be shelved and in the next business year the issue of netting will also be addressed again.

As the coalition negotiations draw to a close, further aid for the farmers to the tune of € 800 million has been reported for 2010. The talk is of additional financial aid totalling some 2 billion euros for the next three years. According to initial information, that includes subsidies already granted. This is just engaging in window-dressing. It is not yet clear to what extent the CSU's ideas will be taken up in the government agreement between the CDU and the FDP.

Hans Foldenauer, BDM

Belgium

In Belgium the farmers have been heavily involved in the European protests. After the Day of Action on 16 September, when three million litres of milk were ditched in a field in Ciney, the urgency of the milk crisis was brought home to European consumers at a stroke.

The farmers in Belgium are satisfied at the present moment. What has been achieved so far, i.e. the campaigns of action and the resolutions passed by the Ministers of Agriculture meetings in Brussels and Luxemburg, especially the result from Luxemburg on 19.10. of freezing the volume of milk from the national quota, gives the farmers hope. They realise they are making gradual progress. The freezing of the national quota in Belgium seems quite achievable. However, the farmers hope that the other EU member states will also remove quota volumes from the market, because it would make no sense for the quotas to be reduced only in Belgium.

We expect that everything possible will be done in the individual countries to enable the resolutions now passed to be implemented, and that success will be on our side. We are prepared to start new campaigns at any time, if necessary.

Erwin Schöpges, Milcherzeuger Interessengemeinschaft (MIG)

Italy

We were there at the start of the French milk strike in Paris, and officially declared our solidarity with the French dairy farmers on 15.09.09. That kicked off the destruction of 50% of the milk produced in Italy. We invited consumers to our farms and gave out free milk, taking the opportunity to inform them of events.

When over 200,000 litres of milk were ditched near the large Ambrosi private cheese dairy there were five camera crews there filming, and it was shown on the evening news.

On 21.09. our members started throwing away all their milk. There were numerous campaigns of action throughout Italy until 26.09.09, including the blockades of the Brenner, Frejus and Tarvisio. Milk was given away in towns and cities, and a milk lake created outside the "Chigi" government palace. Talks were also held with politicians. Berlusconi and the Minister of Agriculture, Zaia, met with us to discuss the milk market situation. In the evening of 26.09. we officially ended the Italian milk strike, although the campaigns were continued – for instance, we ditched over 3 million litres of milk in the fields near Soncino and enjoyed significant media coverage. At the beginning of the milk campaigns and the European milk strike the price in Italy of a litre of milk containing 3.7% fat and 3.25% protein was about 28 cents. The price is now around 33 cents.

Sara Abellini, APL of Pianura Padana

Austria

When milk supplies were suspended, many Austrian milk producers joined in, and there were a large number of strong protests in the Alpine region. Busloads of farmers also travelled to the key events outside the country, to stand shoulder to shoulder with fellow European milk producers. After their involvement in the big protest in Brussels on 5 October, the Austrian dairy farmers also showed at the extraordinary Ministers of Agriculture meeting in Vienna on 12 October that IG-Milch and the EMB will not let up until there is a lasting solution to the milk market problems. Hundreds of farmers made a deafening noise to draw attention to themselves, giving the Ministers of Agriculture meeting inside their support against the intransigent attitude of Commissioner Fischer-Boel and the European Commission.

Pressure will be kept up on the national politicians to make better use of the national scope for applying the milk policy (netting, ...) in future. Warning fires will be lit and numerous political talks held.

The Austrian dairy farmers were also involved in the demonstrations in Luxemburg on 19 October. The magnificent collaboration with fellow farmers from all over Europe and their tireless commitment resulted in extensive reporting on the radio, television and in the press about the Luxemburg events. The subtext in the media was generally: "Partial victory for the farmers".

Walter Stadlober, IG-Milch

Switzerland

The last weeks of the farmers' revolt in Switzerland and Europe drew huge support from the populace. The overwhelming majority of consumers showed that they are ready to pay a little more for their litre of milk if they are assured the difference will go to the producer.

At present the milk producers in Switzerland are paid 55 centimes a litre; a price covering production costs would be between 98 centimes and CHF 1.17 a litre. In one year the price paid to the producer has fallen by more than 20%. The current overproduction is due to the dairy industries, which have pushed production without ensuring they could sell the produce, to bad management, to lax monitoring by the Federal Agriculture Agency at the time the milk quota system ended, and to some producers with strong links to the industry, tempted by the lunacy of production. These producers preferred to produce at any price without working out the consequences.

This situation is leading to the number of farms being decimated and to a very poor distribution of milk production over the country. Export subsidies are doing nothing to solve the serious structural problem of the Swiss producers, because it is an easy, last-ditch, one-off solution. It benefits only the dairy industry that makes powdered milk and fat extract.

"The proposals put forward by the Interprofession de lait do nothing to solve the problems of excess production," added Isolda Agazzi from Alliance Sud. She calls for surpluses to be exported to markets outside the European Union. Even if the difference between the Swiss price and the international price were covered by private funds, that would result in exports at dumping prices. What is more, we still fear that sooner or later the Federal Council will decide to reintroduce export subsidies all the same, as it already did in June 2009 (14 million Swiss francs), thereby following the bad example set by the European Union and the United States. Export subsidies for agricultural produce are the most disastrous commercial mechanism for farmers in the Southern hemisphere.

"The debate has to re-focus on the farming family and jobs", said Werner Locher from BIG-M. "If we want to maintain jobs and local agriculture in Switzerland, the farmers must be paid fair prices that cover their costs. Of that our organisations in Switzerland and our fellow European producers within the European Milk Board are convinced."

Press release, BIG-M, Uniterre

Spain

Campaign "drink milk, is good for your health"

PROLEC has started a big campaign in order to put the milk in the top of the aliments chain. Three actions:

a) Entering our message inside the schools, in order to organize an education campaign. We need to explain that drinking milk is good for health and also, milk is a very good aliment. That's why we are preparing all the documents and deciding the contents of the guides that we will deliver to the students. The campaign will be in Catalonia.

b) In Spain there is a problem: people cannot find any difference between quality milk and none quality milk (milk that

use to come to Spain from neighbour countries, with very low prices). That's the reason of our second action. We have sent to everyone (consumers, milk producers, veterinarians, industry, mass media), two weeks ago, a useful manual where we teach the people how to find quality qualities in milk, using the nose, the taste and the view.

Producer Organizations

PROLEC has contact with two independent organizations in Spain: Feplac and Ganaderos Unidos. They are quite close to PROLEC ideas. In November there is planned a "white walk", which is a quiet demonstration that goes from north of Spain (Galicia) to capital from Spain (Madrid). It will take more than 20 days walking.

Industry meeting

PROLEC has in the agenda the organization of a meeting, called "Lechálogos" (dialogs about milk). It is a meeting between industry and milk producers, in order to put in common some ideas and try to find solutions to face the milk crisis. The last one was celebrated in Aranda de Duero (Burgos, near from Madrid), on 23rd of October. It was a meeting between producers and Grupo Leche Pascual Industry.

Other countries

PROLEC wants to organize a meeting between French farmers and Spanish farmers, in order to let them talk about the situation: milk prices, exportations and importations of milk products. Is possible that this meeting will be on 2nd of December in Biarritz (north of Spain).

Esther Lopera, PROLEC

Ireland

ICMSA has been engaged in an ongoing campaign to highlight the serious pressures on farmers at present. ICMSA held a protest on Friday, 4 September 2009 outside Government Buildings where farmers milked cows and was attended by over 300 farmers. We have also met with the Prime Minister as well as the Minister for Agriculture, Fisheries and Food seeking a change to Government policy for the dairy sector. Our members throughout the country have been lobbying TD's (members of parliament) and MEPs to seek a policy change. Given the recent improvement in markets, some Co-ops have increased milk price to farmers while others have not. This is why ICMSA is now putting pressure on those Co-ops who have failed to increase milk price. In this regard, there was a protest outside Glanbia's headquarters on Thursday, 15 October 2009, the largest processor of milk in Ireland.

John Enright, Irish Milk and Cream Suppliers Association (ICMSA)

Great Britain

Members from FFA and DFOS show support for EMB colleagues

4 dairy farmers from Scotland, England and Northern Ireland spread milk on the fields to show their support for fellow farmers in Europe. As a result, the European milk boycott received more media attention in the UK with coverage on the BBC TV website and radio as well as in the agricultural press. It has also highlighted the debate on the need for supply management (milk quotas) in the future (the UK Government and NFU view is firmly for the abolishment of milk quotas).

At the Dairy Event in England, David Handley from Farmers for Action sent a message of support to EMB members.

Despite increasing global market price indicators; increasing bulk cream prices; increasing spot prices for liquid milk and a weakening GBP, many milk buyers are still trying to decrease producer prices. The latest official UK average farmgate milk price (figure for August) is 23.26 ppl and for GB (the mainland excluding Northern Ireland) is 24.03 ppl.

Doris Robertson, Dairy farmers of Scotland (DFOS)

If you don't make dust, you will eat dust

Interview: Koos Pienaar, Vice-President of the Eastern and Southern Africa Dairy Association (ESADA)

Mr Pienaar, you travelled to Brussels as a representative of the African organisation ESADA to acquire a general idea of the European milk market. What is your impression?

I am very surprised. I had not expected the European milk producers' situation to be so serious. I thought that only we foreign dairy farmers were suffering from the EU policy, from the export subsidies. But the dairy farmers here are also having a very hard time and they are not even getting the relief funds that affect us so badly abroad. The European politicians are evidently doing nothing effective to defuse the situation for their farmers. But the dairy farmers can't expect things to be quite so easy either. We have a saying: "If you don't make dust, you will eat dust." The farmers have to take matters in hand and make themselves strong. And that applies not just to Europe.

I've travelled around a lot in the last few days and spoken with many people. If things carry on like this in Europe, this landscape and culture will almost cease to exist. The farmers have shaped the landscape, the culture and traditions. They have so many important functions in society. If there are no more farmers, society will have lost a great deal.

What's the situation like back in South Africa?

The EU export subsidies are hitting us hard. Commissioner Mariann Fischer Boel's statement that they aren't high enough to do harm to us is totally untrue. Take a look at South Africa's economic performance. There's no comparison whatsoever with that of the EU or the USA. The export subsidies are high enough for us and for many other countries to ruin prices.

What are the relations of the dairy farmers in your country with the politicians, the dairies and the trade?

In South Africa the politicians have little involvement in the milk market. There are no subsidies etc. There are only a few import duties, which are important though in affording our domestic production at least some protection. We ourselves try to keep relations with the political representatives positive.

The main feature of our relations with the dairies is dwindling chances for the farmers to take control. There are fewer and fewer co-operative dairies. The dairy farmers are often merely shareholders. The situation isn't helped either by four major international dairies dominating some 60 per cent of the market, and exclusivity contracts with retailers meaning that the national and primarily regional small dairies having little or no space on the supermarket shelves for their produce.

The retailers themselves want to make milk as cheap as possible and are putting a lot of pressure on our prices.

So the problems in South Africa and in Europe are similar. What conclusions should we draw from that?

Quite simply: work together. But we have to look much further afield than just South Africa and Europe. We have a lot in common with dairy farmers the world over. The multinationals have a great deal of influence and we have to unite to resist this pressure. The more we work together in this, the better our position is in relation to these companies. A round-table with the milk producer organisations from all over the world would be a good start. The best thing would be a worldwide control of supply. But we have to be realistic, of course. That would be almost impossible to implement on a global level.

But we can do something ourselves. We're still doing far too little to get the consumers on board. We should make it much clearer to them that if they give preference to imports they are doing no favours to their local farmers or to themselves. Firstly there are fewer jobs up and down the country. Then there are problems when supplies become scarce on a regional or global level. If you are too reliant on imports you can't make up for such a food shortage at home, because you shared the responsibility for your own production being hijacked. The BDM, the EMB, every milk producer organisation should give the consumers much more information about this.

Thank you for talking to us, Mr Pienaar.

Silvia Däberitz, European Milk Board

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