

Dear Dairy Farmers and Interested Parties,

Milk prices are in freefall – all across Europe farm-gate prices are plummeting. The hardest hit are the Baltic states directly affected by the impact of the Russian ban on imports. The current milk prices there are 16-18 cents a litre.

In England milk producers have been protesting for several weeks against the dairies' continuing slashing of milk prices. The English dairy farmers have drawn attention to the threat to their livelihood with protest campaigns and tractor blockades of distribution centres. On the other side of the Channel, reports from French farmers of falling prices are becoming louder and louder. The situation in Belgium is similar: one Belgian co-operative dairy announced to its members it was cutting the price to about 25 cents from January – “unless a miracle happens... or the EU takes effective measures.”

So far the European Commission has had no adequate measures at its disposal, though. On top of that the milk quota ends in a few months, and the signs throughout Europe are of restocking and increasing production. We in the EMB are already considering how we can react jointly to the worrying situation and what campaigns of action will force the decision-makers to act. One thing is certain – the EMB will make itself seen and heard!

Apart from these negative headlines we also have positive things to report in this Newsletter. The first European Fair Milk Conference is being staged in Ciney, Belgium on 6 November. For several years now the European Milk Board has been using its "Fair Milk" slogan to draw attention to the necessity for cost-covering milk prices. Fair Milk products are currently on sale in six countries – Austria, Belgium, France, Germany, Italy and Luxembourg. Projects like these will help us to keep our family-run farms in the future and guarantee the consumer high-quality food at fair prices.

Erwin Schöpges, EMB

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Milk prices and an assessment of the market situation in the individual countries

The milk market situation is worsening dramatically: for weeks now the milk price has been falling in every European country. And no improvement is in sight.

One Belgian dairy has told its suppliers it will be paying 25 cents (3.80% fat, 3.35% protein) in January. Just like the Belgian dairy farmers, their colleagues in Germany, France and Denmark are also having to face price cuts. "The milk price in France has dropped 10 cents in the last three months. It is now about 32 cents", says Paul de Montvalon, the French member of the EMB Board. If that were not enough, next year they will have to expect merely 25 cents

(3.80% fat, 3.40% protein), he says.

"The situation is drastic", confirms EMB Chairman Romuald Schaber. "Our costs are no longer being covered, and the situation will deteriorate even further before the end of the year." Whereas prices in Germany have dropped from 40 cents (4.20% fat, 3.40% protein) to 35-37 cents at present, there is a threat of further reductions to 32 cents by December. Prospects are far from bright for Danish dairy farmers, too: they are expecting prices to fall from the

current 34 cents (4.20% fat, 3.40% protein) to 30 cents by the end of the year.

In Italy, Ireland and the Netherlands the situation is similar. John Comer, the Irish member of the EMB Board, is expecting butter prices in Ireland to dip below 28 cents by the end of the year. At the moment the farm-gate price is still 33 cents (3.60% fat, 3.30% protein). In the meanwhile Italian dairy farmers have already had to put up with severe losses. Whereas in August they were being paid about 40 cents a litre, it is now only 36-38 cents (3.70% fat, 3.25% protein). In the Netherlands the guaranteed price is currently 37 cents (4.41% fat, 3.47% protein, 4.51% lactose) with an annual supply of at least 600,000 kilos of milk.

The downward spiral is causing increasing unease among producers. "It cannot go on like this", says Romuald Schaber. "We will certainly make our grievances known in Brussels in due time."

[Video clip: the EMB Board comments on the current situation in Europe](#)

Hanna Vauchelle, EMB

Milk protests in the United Kingdom

The British organisation "Farmers For Action" has been protesting since early October against the continuing milk price cuts by different dairies (incl. Müller Wiseman, First Milk, Dairy Crest). Farm-gate prices have fallen about 25% in recent months, and the milk producers fear for their future.

© James Williams (Farmers For Action)

Dairies, distribution centres, supermarket chains and most recently a cheese dairy were blockaded with tractors in several protest campaigns. The protests are aimed first and foremost against the continuing milk price cuts and against the reduction in value of dairy products. Farmers are complaining that British dairy products are being devalued by pressure from the trade and also by numerous cheap goods advertisements. Another reason for the protests is cheap imports of cheese from Ireland and other European countries, forcing British cheese off supermarket shelves.

For their part the dairies justify the price cuts with the plentiful supply of milk and the weak demand for dairy produce. Many dairy farmers have been involved in the protest campaigns – hundreds of farmers took part in the peaceful blockades. The media gave considerable coverage to the protests, and understanding of the farmers' situation is growing among consumers. One successful outcome is that Arla has announced it is freezing prices. Arla

Foods has started a campaign targeting consumers directly. Called "Support Our farmers", through advertising in the press, leaflets and social media it calls on consumers to buy specific Arla brands of milk, butter and cheese to support the milk producers directly.

The National Farmers Union (NFU) has meanwhile urged the supermarkets and the trade to pay higher milk prices. David Handley, Chairman of "Farmers For Action", feels it is imperative milk producers reduce milk volumes to counterbalance the dairies.

Regina Reiterer, EMB

The situation in Germany

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There is increasing pressure on raw milk prices in Germany. It is not only the fact that the supply to the dairies has gone up 4.6% on average since the beginning of the year that is causing them to cut prices, it is also the Russian ban on imports and the levelling-off of skimmed milk powder exports to China.

A price adjustment is necessary sooner or later depending on what use the milk is put to in the dairy. The first dairy in Schleswig-Holstein reduced the milk price for September to 30 cents/kg for 4.0% fat and 3.4% protein. Others still kept the milk price at 38.5 cents/kg. The average price paid in Germany is 34.6 cents/kg.

The falling milk prices are increasingly inducing milk producers to hold talks with politicians on a state, federal and EU level, to draw their attention to the deteriorating situation. In addition there is more and more talk of the introduction of a milk market crisis management concept as a key component of an effective safety network. The talks reveal a definite awareness of the necessity for such a system, but at present there are no signs of policy-makers implementing it.

Yet it is not just the milk market situation that is unsettling the milk producers, it is also the impending introduction of infringement proceedings by the Commission based on reported levels of nitrate in groundwater. The excessive levels of nitrate necessitate an amendment to the *Düngeverordnung* [Fertiliser Ordinance]. Every farm is affected by an amendment. Besides other things of lesser importance, the draft amendment provides primarily for a longer restriction period for spreading liquid manure, for the first time a restriction period for solid manure, and a maximum spreading volume of 170 kg N/ha of organic fertiliser. The derogation regulation on spreading maximum 230 kg N/ha on intensively farmed grassland has been dropped. And the amendment to the ordinance on using substances hazardous to water quality may force milk producers to invest heavily again. The building and monitoring of slurry, liquid manure and silage effluent plants is now to be regulated on a federal basis. Previous state regulations are to be dispensed with. There are no exceptions for old systems. Instead, transitional periods are to regulate the upgrading of leakage detection systems.

The BDM - the German Dairy Farmers' Association - campaigns for practice-oriented measures. We urge politicians to base additional measures on the polluter pays principle, i.e. they should only apply to farms which produce with a livestock population which size is not adapted to the area of agricultural land available.

Thorsten Sehm, BDM

Belgian dairy announces 25 cents/litre

The Belgian co-operative dairy “Laiterie des Ardennes” is warning its members of a potential cut in the milk price next year. The dairy informs that from 1 January the price will drop to 25 cents/litre under the heading “*Unless a miracle happens... or the EU takes effective measures*”.

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Excerpt from the dairy’s members newsletter

There are two important trends: on the one hand plentiful supply in Europe and on the world market (due to good production conditions and a stimulating milk price), and on the other hand falling demand (primarily due to adjustment to the quantities stockpiled in China). The development of these trends enabled an acceptable milk price, though. The Russian ban on imports has created a huge imbalance between supply and demand (including for cheese). This problem will not resolve itself.

It is not for us to judge the EU institutions’ decisions. Bu we are entitled to a clear position from the EU on the consequences of confrontation between our countries and Russia: either the EU informs producers that this sacrifice is necessary and acknowledges that this will drastically reduce their incomes, or the EU decides that the efforts have to be spread over every sector of the economy and makes a budget to this effect available. But the EU should stop minimising the true consequences of the ban on imports and stating that the budget and the current intervention threshold (let us not forget 2009) will suffice to protect producers against the negative consequences.

Why the “spin”? Why not tell the truth? The price will remain decent until the end of the year, but from January the price will plummet – unless a miracle happens or the EU takes appropriate measures. That is why the EU should act or tell the truth: we cannot hope for a miracle.

Astrid Sauvage, EMB

First European Fair Milk Conference

© EMB

Milk".

On November 6, the first European Fair Milk Conference will be held in Ciney, Belgium. For several years now the European Milk Board has been drawing attention to the necessity for cost-covering milk prices with the slogan "Fair

Together with Faircoop Belgium we want to bring together the dairy farmers, retail trade, consumers and politicians to point up the importance of fairly produced milk.

Fair Milk products are currently marketed in six countries (Belgium, Germany, France, Luxembourg, Italy and Austria). The programme includes inter alia a presentation of Fair Milk projects in these countries. For the first time the "Golden Faironika" will be awarded for special services to sustainable and fair food or milk production.

Regina Reiterer, EMB

Fair Milk in Luxembourg – a success story

Interview with Fredy de Martines, President of D'Fair Koperativ Lëtzebuerg

D'Fair Koperativ Lëtzebuerg

In Luxemburg Fair Milk has been doing very well since its launch in 2011, and sales have risen by 20% year on year. Fresh cream (500ml) was added to the range very recently. Luxembourg supermarkets now stock fresh full-cream milk, fair butter and cream along with UHT milk (3.5% and 1.5%). The plan is to introduce fresh semi-skimmed milk in mid-November. Fresh milk has been supplied to nursery and school canteens in 10-litre pails for six months now.

Mr de Martines, as a small country Luxembourg has a big advantage over the other Fair Milk countries in marketing Fair Milk. What are the reasons for the healthy sales figures?

We are stocked by every supermarket and small shop in Luxembourg, except for Aldi and Lidl. We deliberately haven't contacted the discounters because it doesn't fit in with our concept. We are very strict about pricing, and we want to stipulate the prices and margins ourselves. That wouldn't be possible with the discounters, quite the reverse. In my view it is extremely important that I as a milk producer negotiate prices with the supermarkets. Only a dairy farmer can argue with conviction: "This is how we work and this is how much we want to be paid". We also have very personal contact with all our partners. That is very important with the supermarkets, for instance, as we want our products to be well placed. Another point is undoubtedly our good relationship with Luxlait, the only dairy here in Luxembourg. Our major advantage is that our dairy both packs and distributes our products. Even small orders are supplied every day. We have also built up a customer base that remains loyal to our brand. Every customer who buys the Fair Milk sticks with it.

How is your co-operative – the Fair Koperativ Lëtzebuerg – organised?

Our co-operative is open to any dairy farmer in Luxembourg. At present we have 47 member farms, with very different structures. Our smallest farm has 30 dairy cows, the largest about 150. Essentially the affiliated farms must fulfil three main obligations. Each farm has to work 1½ days a year for Fair Milk and become actively involved in campaigns and events to advertise the "Fair Milk" project. Another condition is that our member farms do not exceed their milk quota.

The third obligation relates to what we call the “farm-gate balance”: the farms are obliged to farm as sustainably as possible to improve the annual nutrient and energy balance. This balance is measured by a neutral agency.

The first thing we associate with Fair Milk is cost-covering prices for the milk producer. An extra 10 cents per litre of milk goes to the farmer. What is the image of the “Faire Mellech” brand among the Luxembourgers?

The consumers know that 10 cents go directly to the milk producer, and that salves their conscience. Without doubt our major strength is also the packaging, which sets us apart from the competition. The Faironika cow in the national colours stands on its own. Another important thing for us is that through the Fair Milk project we establish direct contact between farmer and consumer. We want the consumer to think about what goes into a packet or carton of milk: the work we farmers have, the financial uncertainties. But we also convey an important message with Fair Milk: the member farms work with nature and try to farm as sustainably as possible. The consumers know that in buying our products they are supporting the farmers and at the same time doing something for the environment.

How many people work on the Fair Milk Luxembourg project?

We are a small but very committed team. One person is employed 10 hours a week doing the bookkeeping. Then we have three people working on an hourly basis dealing with orders, customer care and organisation. I myself am responsible for negotiating with the retailers and am the contact for our dairy Luxlait.

What tips can you give other countries?

I feel it is absolutely essential to make a professional start. The supermarket shelves are packed, and nobody is waiting for a new product. We managed to convince the Luxembourg Minister of Agriculture of our project and were given financial support in the start-up phase. The second sponsor we won over was a Luxembourg bank, which is fully behind our project and is still supporting us. With the support of the Ministry and the bank we also come across to the consumers as professional to some extent.

Fair Milk products are available throughout Luxembourg. What are the aims and challenges for the future?

We are stocked by every supermarket and small shop – we can’t expand in this respect. Our aim is to carry on increasing our number of regular customers – we want even more people to enjoy Fair Milk. We want to develop our product range in the long run. We are increasing our efforts to supply educational institutions and old people’s homes with fresh milk.

Thank you very much for the interview, Mr de Martines.

Regina Reiterer, EMB

Brief news from Brussels

European Parliament elects new Commission

The new President of the European Commission, Jean-Claude Juncker, and his team of 27 Commissioners began their work on 1 November. On 22 October, the European Parliament in plenary session in Strasbourg gave its consent to the new Commission. Juncker was able to rely on the votes of the EPP, Social Democrats and most of the Liberals in the European Parliament.

Self-organised European Citizens' Initiative against free trade agreements

After the European Commission rejected the planned European Citizens' Initiative (EBI) against the TTIP and CETA for technical reasons in mid-September, at the beginning of October the initiators started a self-organised Citizens' Initiative against the planned free trade agreements. Since then 800,000 signatures have been collected. The European Milk Board is a member of the alliance and supports the initiative. The Citizens' Initiative can be signed using the [following link](#) (the form is available in any language).

11 October: European Day of Action against TTIP, CETA and TiSA

On 11 October 2014, there were campaigns of action throughout Europe protesting against the EU's planned free trade agreements. More than 1,000 public campaigns were organised in 22 European countries.

Milk quota: super levy of € 409 million

Eight member states exceeded their quota for 2013/2014: Germany, the Netherlands, Poland, Denmark, Austria, Ireland, Cyprus and Luxembourg. The fines ("super levy") total some € 409 million. According to the national figures for the milk year ended 31 March 2014, these eight member states exceeded their national quota by 1,469,000 tons in total.

Targeted EU aid measures for the Baltic states and Finland

At the last meeting of the Council of Ministers for Agriculture the outgoing Commissioner for Agriculture Ciolos announced the introduction of a specific compensation fund to support milk producers in the countries hit hardest by the Russian trade ban. The fund is to benefit the three Baltic states (and perhaps Finland). The proposal to this effect has not been put forward yet. The new Commissioner for Agriculture Phil Hogan is expected to present specific measures.

EU sales promotion programmes

Milk associations and milk institutions from Denmark, Ireland, France and the United Kingdom are being given just short of 5 million euros (of which 2.49 million from the EU budget) for sales promotion programmes in the milk sector. The national initiatives aim to promote the consumption of milk in their own markets. Background: the EU Member States had until the end of September to submit sales promotion programmes. These measures should help producers find new sales opportunities within and outside the EU and soften the impact of the Russian ban on imports.

Regina Reiterer, EMB

EMB Agenda

The EMB Board's most important dates in November 2014:

- 4.11.: Meeting: Dialogue with civil society on the TTIP negotiations
- 4.11.: Meeting of the "Beef" Dialogue Group
- 4.11.: Talks with Members of the European Parliament
- 5.11.: Board meeting in Brussels

- 5.11.: Internal meeting of the Fair Milk countries (Brussels)
- 6.11.: First European Fair Milk Conference (Ciney)
- 12.11.: “End of the Milk Quota“ event, Lithuanian Ministry of Agriculture
- 12.11.: Meeting with the German Farmers’ Union, Brussels
- 19.11.: Meeting of the “Milk” Dialogue Group
- 20.-21.11.: Members' Meeting, France
- 27.11.: Meeting of the “International Aspects of Agriculture” Dialogue Group
- 27.11.: “End of the Milk Quota” workshop

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