Dear dairy farmers and interested parties,

As this dry spell continues for us producers, the situation on individual farms is becoming increasingly dramatic. From every country, there are daily reports of farms being forced out of business. For a while now, this has not been the case only on small farms, but the so-called "growth farms", which invested heavily in the lead-up to the end of milk quotas, are also being affected. One also cannot forget the many young farmers, who expanded their production facilities and can no longer pay their bills.

European dairy farmers will not be able to survive much longer on current milk prices. It seem to us milk producers that the EU is consciously letting its dairy farmers die out; what else can explain the total lack of structural measures for the dairy sector? When will Agriculture Commissioner Hogan finally understand that the situation is dire?

At our recent general assembly in Montichiari, the irritation of the member associations at the apathy of policy-makers was palpable. As a result, **demonstrations and events are going to take place in various European countries on November 12 to tell those responsible loud and clear that we need real solutions, not an aid package!**

On the day of action, Italian milk producers are going to mobilise against the destructive dairy policy with their tractors. Our member organisations have also announced major demonstrations in their respective countries. We milk producers want to make ourselves heard all over Europe on November 12!

For months now, milk prices in Italy have been at rock bottom and we - like colleagues in other countries - have not been covering out costs. A recent study has calculated an average price of 42.61 cents/kilogramme of milk in Italy for 2014. Subtracting EU subsidies, the price would be 38.92 cents. Further details about this cost study are included in this newsletter, together with the usual updates about the situation in different countries.

There is, nonetheless, some good news to report from the World Expo in Milan. Our organisation APL was part of the EXPO for the 6 months from May to October 2015 with its project "Buono e Onesto" (the name for Fair Milk in Italy). We were able to present our brand to a large audience and were also able to make important contacts for distribution and thus the future of our milk producers.

Roberto Cavaliere, EMB Board Member and President of APL Italy

EMB Newsletter November 2015

Contact

EMB - European Milk Board asbl
Rue du Commerce 124
B-1000 Brussels

Phone.: +32 - 2808 - 1935
Fax: +32 - 2808 - 8265

office@europeanmilkboard.org
www.europeanmilkboard.org

---

12 November 2015: Day of action with strong protests against ignorant EU milk policy

The crisis in the milk market has been able to spread like wildfire because there is no crisis instrument to counter it. Every country in Europe is affected – all dairy farmer fight for their survival and for the preservation of milk-producing regions.

© EMB

On 12th November, major protests will thus be held by dairy farmers all over Europe. We invite you to attend these demonstrations. By means of strong symbolic actions, farmers will make clear that they do not accept the current ignorant dairy policy. In the run-up to the Agriculture Council meeting held in Brussels (16-17/11), European dairy farmers will send a clear message to policy makers:

"Put the Market Responsibility Programme (MRP) into action as a crisis instrument in the milk market!"

The dairy farmers' rallies in Europe on 12th November:

Here is some initial information on the planned campaigns of action in the individual countries. More information and protests in other countries will follow shortly.

Regina Reiterer, EMB

Presentation of the latest milk production costs in Italy

© EMB

Current press release from 14.10.2015

Study shows costs averaging 42.61 cents/kilo of milk for 2014.

(Montichiari, 14.10.2015) Data from the milk sector make it crystal clear how serious the situation is. A recent study produced by the Büro für Agrarsoziologie und Landwirtschaft (BAL, German Office for Agriculture and Agricultural Sociology) on production costs in Italy was published today during the Members' Assembly of the EMB. The study, commissioned jointly with the Italian producer organisation Associazione Produttori Latte della Pianura Padana (APL) and based on EU data in the public domain, shows costs averaging 42.61 cents/kilo of milk for 2014. When EU subsidies are deducted from this, the amount is 38.92 cents. Although the farm-gate price for milk was 39.64 cents in the record price year of 2014, for months now the price has not stopped falling, and is currently 34.49 cents. That means Italian farms, just like those in other countries, are not covering their costs, with all the negative consequences entailed for the continuation of production.

The trend in costs is shown by the Milk Marker Index (MMI), with the costs in base year 2010 being set at 100. The figure shown by the MMI for 2014 is 125 – i.e. a 25 per cent rise in costs since 2010.

Following Germany, France, Belgium, the Netherlands and Denmark, Italy is now another country that has been focused on in the cost study series. In its calculations it incorporates an income for farm managers and family members working on the farm guided by the provisions of standard collective wage agreements. In this way it works fully in line with Article 39 of the TFEU. For this article regards the guarantee of a fair standard of living for agricultural workers as a key aim of the EU Common Agricultural Policy.

Milk Marker Index (MMI)

Background:

The cost study, jointly commissioned by the European Milk Board (EMB) and the Italian producer organisation APL (Associazione Produttori Latte della Pianura Padana) from the German BAL (Büro für Agrarsoziologie & Landwirtschaft, Office for Agriculture and Agricultural Sociology), calculates the costs of producing milk throughout Italy. It is based firstly on data from the European Commission's Farm Accountancy Data Network (FADN), and secondly, to update this data, on Eurostat's price indices for agricultural means of production like feed, fertilisers, seed and energy, and takes an income base that calculates the performance of farm managers and family members.

Fact sheet - Milkproduction costs in Italy (English) or Italian

EMB press release

Spain: prepared to start new actions

© wikimedia commons

The situation of the dairy sector in Spain can be described as a total market failure, where dairy farmers have no guarantee that all their milk will be collected and have to compete with the prices of industrial surpluses. The reason why we are in this situation is the ineffectiveness of the industry, which seems to rest on its laurels, only specialising in drinking milk, without trying to generate products of high added value.

The administration as well is inoperative with the absence of quotas. It is still not able to create mechanisms that would make the industry capable of diversifying its products and allow farmers to focus on their main business, i.e. reducing production costs and make sure that the sector is capable of competing in the European market. For farmers, the implementation of the CAP in Spain is a disaster.

The current situation can be defined as calm, yet tense. This summer, massive protests took place. With a series of tractor demonstrations in Galicia we managed to block the whole industry during five days. A "White March" (*#MarchaBlanca*) from León to Madrid was also organised in order to increase the pressure. After these rallies, dairy farmers acknowledged that the administration (federal and regional governments) as well as both the industry and the retail sector had made some efforts to achieve stable conditions that would allow us to live from our work, with dignity.

Unfortunately it was not enough. No sufficient political impulse was given to implement the agreement. No firm commitments, backed by legally binding regulations, were given – only a signed agreement with good intentions.

Today, the milk farm-gate milk price still has not gone up. Only a small increase of 0.01€ is in sight and the industry withdrew its intention of a further reduction of the milk price. Shelve prices, on the other hand, were increased by 0.03€ to 0.05€, but this small rise has not been transferred to farmers and the industry's proposals do not point in the direction of doing so.

Given this situation and that dairy farmers, especially in areas such as Galicia and Castile and León, have been receiving prices under production costs for a long time, we are left with no other choice but think about new protests to put further pressure. The government has shown a lack of courage by not being willing to put the commitments of the Madrid agreement in writing. The industry still looks away, hereby forgetting its responsibility to ensure that all levels of the supply chain receive a fair price. And the retail sector, taking advantage of the economic climate, increased its milk but has done nothing to make sure that this price increase benefits dairy farmers, as it had promised to do.

Despite everything, we are hopeful and believe that the agreement can be good if the government takes the necessary measures to make it work, so that the good intentions become reality.

Dairy farmers are prepared to start new actions against all links of the supply chain that do not try to respect the Madrid agreement. Our protests will above all be aimed at the administration, which tried to sell the agreement as a historical one. At the time, we were already sceptical because we thought that it would not lead to positive consequences for dairy farmers. And time has shown that we were right.

The protests this summer showed that the only way of defending our interests is trough public pressure. We need to get citizens to be on our side by explaining them that it is not only the farmers' economic survival that is at stake, but the entire economic and social fabric of our rural areas.

Anxo Escariz, Coordinator OPL Spain

Netherlands: Fear of phosphate rights

© wikimedia commons

At the moment, Dutch milk producers, like all their colleagues, are having to cope with a milk price that is far too low to cover production costs. Furthermore, Dutch milk producers worry about the measures that have been announced with respect to the manure policy that will affect them all financially.

In 2006 the Dutch government agreed with Brussels on a phosphate ceiling of 172.9 million kilograms per year – the Dutch phosphate production of 2002. While the quota system was in place, there was never a threat of exceeding this ceiling. But since the abolition of the milk quota system, the Netherlands has exceeded this ceiling at a rapid pace, endangering extension of the derogation. No derogation means that the Netherlands will have to shrink its livestock by a third. The announced introduction of so called 'phosphate rights' with a general restriction for all dairy farms has created great turmoil and endangers the future of all dairy farms, including the extensive farms that are mostly run by families and the farms that have not exceed their livestock limits.

It is unacceptable for the Dutch Dairymen Board (DDB) and the Nederlandse Melkveehouders Vakbond (NMV: Dutch Milk Producers Union) that the Dutch government, which concluded the agreements with Brussels and was also the only party to know how much space was available as compensation areas in the Netherlands for extending the dairy livestock, failed to take this knowledge into account when making its decisions to abolish the milk quota or to license farmers who wanted to expand their farms and livestock. The Regulatory Authority has knowingly issued permits for which, at some point, compensation areas were no longer available. It also failed to proceed against permit applications which would cause dairy farming to exceed the phosphate ceiling. The Dutch government is therefore the cause of the problems that all milk producers are now expected to pay for.

DDB and NMV are of the opinion that there can be no general reduction in existing and licensed areas; all the damage done through improper management by the Dutch government has to be reimbursed to the victims by the government and not by milk producers who have no part in exceeding the phosphate production limits, like many family farms or farmers with an extensive dairy farm. The reduction strategy will suddenly turn all milk producers into a ‘hardship case’ and threaten their survival.

“The polluter pays” motto is often used by the Dutch government. Now that the Dutch government is proved to be the polluter, it should also be the starting point for solving the phosphate problems!

DDB and NMV had a meeting with the Nitrates Committee in Brussels on 22nd September about the conditions and possibilities involved in fulfilling the Nitrates Directive. Here is a press release of this meeting in Dutch.

An article about the causes of the phosphate sources in the Netherlands can be found here in English or Dutch.

For DDB and NMV, Sieta van Keimpema, President Dutch Dairymen Board

---

Germany: Disputes about export strategy

Federal Minister of Agriculture Christian Schmidt has invited representatives from the agro-food industry to an Export Summit on October 14 in Berlin to discuss ways to increase the export of German dairy products to international markets. Development organisations and dairy farmers have clearly stated that they are against increasing exports as a possible solution to the dairy crisis.

© Fred Dott

In an open letter to Minister Schmidt (in German), 20 German associations forewarned that a strategy based on cheap exports would endanger thousands of dairy farms. The Minister was called on to actively advocate a short-term reduction in production volumes at EU level.

Organisations like Arbeitsgemeinschaft bäuerliche Landwirtschaft (AbL), Bread for the World, Germanwatch and MISEREOR do not see increased exports as a solution to the dairy crisis. Quite the contrary: "The Federal government is going down the same path that led to the current and earlier price crises in the first place," says Tobias Reichert from Germanwatch, lead author of the recently published study "Cheap milk powder for the world" (in German).

Furthermore, the organisations also criticise the expected market disruptions in developing countries like Burkina Faso and Nigeria. Last year, milk and whey powder accounted for over 60% of the EU's dairy exports. Milk powder is, after all, a standardised mass product and competition is essentially possible only in terms of price. "Milk powder exports are therefore rarely compatible with ensuring that producers are paid reasonable prices for milk," says Reichert.

The new study also shows that this export strategy leads to increasing problems in developing countries as well. "Africa is the most important market for milk powder from the EU. In 2013, one-fifth of EU exports went to sub-Saharan Africa, a further 14% to northern Africa," explains Kerstin Lanje, expert for international trade and food at MISEREOR. "Especially in West African countries like Burkina Faso and Nigeria, cheap imports prevent local dairy farmers from accessing the growing urban markets in their own country. We are afraid that the economic situation of herding families, which represent about a third of the population, will worsen in the near future due to more imports from the EU."

Maria Heubuch, dairy farmer and member of the Committees on Development and Agriculture in the European Parliament, is also very critical about the export strategy proposed by the German Minister for Agriculture: "The approach to global markets promoted by Agriculture Minister Schmidt is contrary to the goals of development policy. European dairies are already causing enough harm in Africa. In recent years, some of them have set up sister concerns in Africa, which use only European milk powder, instead of creating local supply chains. Through a free trade agreement with western African countries, the EU is looking to completely do away with the already low five-percent import duties on European milk powder." Export of milk powder from the EU quadrupled between 2009 and 2014, with a large portion going to Africa.

Regina Reiterer, EMB

Further links to publications on milk/exports (in German and English)

Right to food impact assessment of the EU-India trade agreement

Joint press release from AbL, Brot für die Welt, Germanwatch and Misereor

Das Milchpulver ist zu billig (Misereor)

Milch reist nicht gern, Milchbauern aus Burkina Faso schon - ein Interview (Misereor)

Studie: Wer ernährt die Welt? Die europäische Agrarpolitik und Hunger in Entwicklungsländern

---

Great Britain: Co-ops behaving like corporate groups

© FFA

European farmers need to take proper control of their co-ops, with the exception of Finland. It is Farmers For Action's understanding that Finland is one of the few if not the only country in the EU whose co-op CEOs / managers receive **a minimum salary plus bonuses equivalent to those paid directly to their farmer members on an annual basis,** not to mention Finland's top milk prices until the Russian import ban.

Unfortunately, we can cite too many examples in the UK including Northern Ireland where over paid co-op CEOs / managers pay no dividends or meagre ones after getting huge salaries awarded when employed, with their salary only to be increased as required by a secretive board who bluff it of to members at Annual General Meetings.

In recent times in Northern Ireland the current CEO of United Dairy Farmers and Dale Farm, its processing arm, came to his position a number of years after the demise of the Northern Ireland Milk Marketing Board due to EU competition law, which resulted in the setting up of United Dairy Farmers Co-op. United Dairy Farmers and its very successful monthly milk auction were run a number of years by the founder people including farmers with a vested interest in giving their members a proper return. The auction was working well, with United controlling the lion's share of Northern Ireland milk by far until the original CEO retired. In came the new and current CEO without one member knowing or making it their business to be involved in the hiring or payment structure of his employment. And the first thing he did was to end the 13th milk cheque / co-op annual dividend payment, i.e. the members' annual bonus – never to return! The current CEO then went on to bring Northern Ireland's revered monthly milk auction to an end. Indeed, Famers For Action (FFA) lent full support to a brave United member to call a special Annual General Meeting to force the CEO to behave properly with the then foundering milk auction, only to have half of the 2,200 members not even bothering to vote. The majority of the remaining voting members listened to platitudes from management, and hence the milk auction eventually came to an end a few years ago. Meanwhile, the CEO has spent farmers' money to purchase other dairies, two in Great Britain, and modernise the Norther Irish powder milk and cheese plants at the farmer's expense. This CEO is speculated to be on a £1,000 a day plus salary along with directorships or paid positions in other companies and organisations now running into the teens. How's that for dedication to duty in returning profitability and dividends to his farmer members, the numbers of which have declined rapidly in recent years due to United's continued bottom-of-the-milk-price-league position.

The final story about Northern Irish co-op CEOs for now refers to the recent 2015 takeover of Northern Ireland-s farmer-owned milk processing part of co-op Fane Valley by Southern Ireland co-op Lakeland Dairies. A member of FFA's Steering Committee had until two years ago supplied Lakeland and owns shares in that co-op, then moved to Fane Valley and also became a shareholder, i.e. this man was well placed to question the Lakeland CEO on how he and other top management were to be paid at the pre-merger members meeting prior to the announcement in the press. He got to his feet at the appropriate time and asked if it been agreed by the board in farmer members' interests that the new management will be paid a minimum salary plus bonuses equivalent to those to be paid back to the members of the new co-op on an annual basis. The long-time CEO of Lakeland Dairies retorted 'a basic salary would be no good to me' and not one farmer got to their feet to stop proceedings and support our Steering Committee member and his fundamental point!

If farmers accept more of the same management from their co-ops then they will get more of the same results. In fact co-op CEOs with weak farmers members have more 'corporate' freedom than true corporates – as least the latter have active shareholders to answer to!

In short, dairy farmers must stand up and be counted. Make it your business to know the rules of your co-op and force change legally in farmers' favour as co-ops were originally intended. This won't be easy! Meanwhile, we are pushing for legislation on farm-gate prices in Northern Ireland across the staples to return legally to farmers a minimum of the cost of production plus an inflation-linked margin for their produce. We have local elections next May. This is our opportunity where FFA and a number of other like-minded farm organisations have come together to capitalise on this opportunity only available once every five years!

William Taylor, Farmers For Action UK Northern Ireland co-ordinator

---

News from Brussels

Superlevy - Twelve Member States exceeded their 2014/15 milk quota

© wikimedia commons

Twelve Member States – Belgium, Denmark, Germany, Estonia, Ireland, Spain, Italy, Cyprus, Luxembourg, the Netherlands, Austria and Poland - exceeded their national milk quotas for deliveries in the 2014/2015 quota year by a total of 2 938 000 tonnes, and must therefore pay a surplus levy totalling roughly € 818 million.

This amount reflects the fact that total deliveries across the EU in 2014/15 increased by 2.7% - or nearly 3.9 million tonnes – relative to 2013/14.

In addition, Belgium and the Netherlands overshot their direct sales quota respectively by 529t (1.6%) and 1 990t (2.6%) and face an additional levy of respectively € 147 000 and € 554 000.

Overview Member States - provisional figures for 2014/15

MEP Dantin: "Face up to reality, Mr. Commissioner"

French MEP Michel Dantin (Christian Democrats) sent a letter with facts and figures proving the difficult situation in the dairy sector in France to Agriculture Commissioner Phil Hogan, following his comments in a controversial interview with ViEUws. According to figures from the French Ministry for Agriculture and sectoral organisations, milk producers in France have not been covering production costs since March last year. Ten percent of holdings - 40,000 jobs - are already bankrupt; 20% of farms will not survive the crisis.

Agriculture Commissioner Hogan declared end of September that he did not think "*that many farmers are producing below the cost of production. They say they are but at the end of the day, they continue to produce*

."

Press release by EPP Group of the European Parliament (in French)

"Enjoy, it's from Europe": 111 million euros for promotion of European agricultural products in 2016

The European Commission continues to focus on conquering new markets. A regulation on export promotion was adopted on October 13 to help the sector break into new markets. In 2016, producers will have access to programmes worth 111 million euros to expand to new markets and promote the consumption of farm products inside and outside the EU.

However, the lion's share (68 million euros) has been allocated to promotion measures for export to third countries. Twenty-six million euros have been earmarked for the EU internal market, where 9 million are destined for information and sales promotion programmes for milk and milk products, pigmeat products or a combination of both sectors.

In spite of all the critical voices, Agriculture Commissioner Hogan continues to back exports: *"I look forward to mounting a diplomatic offensive in the coming months, leading trade missions to open further opportunities for EU producers across the globe."*

Detailed information about the programmes

Regina Reiterer, EMB

You can follow us on Facebook

European Milk Board ASBL
Rue de la Loi 155
B-1040 Bruxelles
Tel: +32 (0)2808 1935
Fax: +32 (0)2808 8265
Mail: office@europeanmilkboard.org
Document-URL: http://www.europeanmilkboard.org/https://www.europeanmilkboard.org/english/newsletter-november-2015.html