

Dear dairy farmers and interested parties

Right now and as an Irish and European farmer, I am constantly reminded of the old Chinese blessing/curse: 'May you live in interesting times'.

It has to be doubted whether any period of recent history has thrown up so many 'interesting' dilemmas for Irish farmers. Just today – literally, at the time of writing – the state broadcaster, RTE, has reported that the European Commission has been working on a post-Brexit scenario that envisages farming and the wider agri-food sector continuing on an all-Ireland basis. The leaked memo, which apparently comes from the office of the Commission President, seems to posit that while trade in goods across the border will have to be subject to customs control, agriculture could be treated separately with the controls between Northern Ireland and Great Britain. That would entail Northern Ireland needing to be fully compliant with EU animal health and food safety rules with the checks involved on agri-food products coming into Northern Ireland from GB. There will obviously be significant political sensibilities at play in that scenario and it's easy to see that Unionist parties in Northern Ireland might interpret this as representing a lessening of their integral status within the UK. But it would certainly circumvent the impossible challenge that is disentangling what is already a de facto all-Ireland farming and agri-food sector.

Speaking of food safety standards naturally brings us to the persistent reports that the EU is on the verge of offering a quota of 70,000 tonnes of beef to South American producers as part of the Mercosur process. It has been demonstrated repeatedly that we simply cannot have confidence in the safety standards of, particularly, beef and other meat exports from certain of the countries likely to be the source of much of the 70,000 tonnes that the EU's negotiators have seemingly indicated they are willing to permit.

ICMSA is also working hard to modify the Irish Government's latest nitrates regulations and make their proposals compatible with day-to-day farming. We have also signalled to our processors that the last Global Dairy Trade Auction notwithstanding (-2.4%), we expect to see a further price rise for our milk supplied in September based on underlying market indices and particularly the long-term demand and strength of the butter market. Ireland stands at 11th place in the EU Milk Price League – that is an unacceptable position based on our decade old move to valued-added processing and also our grass-based production. We're still not getting the price that the evidence indicates we should be getting. We won't stop till that's been rectified.

John Comer, EMB Board member and President of Irish Creamery Milk Suppliers Association (ICMSA)

EMB Newsletter October 2017

- Even dairies should pay more for butter
- Political actions by the German dairy farmers' association BDM
- Nestlé setting an 18.5% profit margin by 2020 can only mean grab of farmers' margins
- The right course for Norwegian agriculture
- Absurd political theatre in Swiss agricultural policy
- American dairy industry divided on the issue of supply management in Canada
- 'An angel is on its way'

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Even dairies should pay more for butter

The German small farmers' association (AbL) demands higher prices for high-fat milk. Processors should let producers share in market developments as well, especially in light of milk powder piling up again.

Butter has become expensive. Shops are selling 250-gram packs for almost two euros. As a result, dairies are making hefty profits on the sought-after milk fat. However, the situation is quite different when it comes to milk protein. The quotation for skimmed milk powder continues to cling to the public intervention price. The EU is currently adding to its already towering milk powder mountains through public intervention - in Germany as well¹.

The German small farmers' association is calling on dairies to react to these different market developments and to pass the current market incentives on to dairy farmers through a different pricing model.

Milk with high fat content must consciously receive a better price. The market does not need more milk as such, but has been especially coveting fat for months. However, dairies continue to send farmers contradictory signals. The percentage of protein content in raw milk is priced almost double that of the percentage of fat. This contradicts the market and dairies must correct this.

It would be easy for dairy farmers to react actively to such changes in market signals by adapting feed composition. Milk fat content can be increased by higher amounts of crude fibre like hay and silage grass and lower amounts of concentrated feed. While this would reduce the total milk volume, it would still be viable for dairy farmers if they were paid higher prices for fat. Considering the milk powder mountains and milk volumes increasing in North Germany once again, this would be a good signal for the market at large.

Ottmar Ilchmann, AbL – the German small farmers' association

¹ Editor's note: Since the end of August, skimmed milk powder has, once again, gained ground in public intervention, especially in France, Germany, Poland, Netherlands, Lithuania, Belgium, United Kingdom and Latvia.

Political actions by the German dairy farmers' association BDM

Since 25 August, the German dairy farmers' association BDM has staged a number of 'milk powder demonstrations' under the slogan 'Market Responsibility instead of Milk Powder Madness'.

This includes high-impact actions where dairy farmers are 'trapped' between sacks of milk powder, as well as swirling up large milk powder dust clouds with blowers, in order to draw attention to the massive skimmed milk powder stocks in public intervention in the European Union, which amount to almost 360,000 tonnes. Speculation of these stocks being released from storage and on to the market in the coming weeks and months, coupled with the ongoing production of substantial amounts of milk powder, continue to prevent a more significant recovery of skimmed milk powder prices and thus a real increase in earnings for us dairy farmers as well. The milk powder demonstrations will conclude with a major event in front of the Bavarian State Chancellery on 9

October 2017.

[Photos](#) of the milk powder tour

Special aid for no increases in cow milk production

As part of the national section of the second EU aid package, dairy farmers who have not increased their milk production between February and April 2017 as compared to the same period in the previous year can apply for aid from the Federal Office for Agriculture and Food (BLE). Dairy farmers began to receive payment of special aid for the dairy sector to the tune of 0.88 cents per kg milk (as compared to the annual milk volume in November 2015-2016) as of the second week of September. A total 115.9 million euros were paid; the EU aid of nearly 58 million euros was matched by Federal funds.

BDM dairy farmer in discussion with Chancellor Angela Merkel in live broadcast

In the lead-up to the 2017 Bundestag elections, Federal Chancellor Angela Merkel answered questions from the audience in the September 11 broadcast of the programme "Wahlarena" on ARD. Dairy farmer Ursula Treede (52) from Schleswig-Holstein used this opportunity before a TV audience of millions to tell the Federal Chancellor about the disastrous effects of the dairy market crises in 2015 and 2016 and to ask her about the Federal Government's dairy market policy. The Chancellor has promised to visit her farm for a more in-depth discussion.

Agriculture Minister conference in Lüneburg

From 27 to 29 September 2017, the autumn conference for the agricultural and forestry sector as well as rural development was held in Lüneburg, and was attended by the Agriculture Ministers from both the Federal and Länder governments. Once again, the BDM was also at the Agriculture Minister conference and staged a visually powerful demonstration to highlight the large skimmed milk powder stocks in public storage in the EU and demand the implementation of temporary volume control measures on the EU dairy market (EMB Market Responsibility Programme).

Florian Wagle, Bundesverband Deutscher Milchviehhalter (BDM), Germany

Nestlé setting an 18.5% profit margin by 2020 can only mean grab of farmers'

margins

The Swiss global food corporation Nestlé recently announced to establish a profit margin target of 17.5 to 18.5 per cent by 2020. It could not be more clear as to who will be expected to 'cough up' to enable Nestlé – the epitome of a multi-national corporation – meet this very significant profit margin.

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Reports that Nestlé had decided to 'set' a margin under pressure from investment fund shareholders while at the same time giving no indication of hiking retail prices in this era of low inflation meant that there was only one option for them to achieve this kind of generous double-digit profit margin and that was a relentless attack on the margins of those supplying raw ingredients into Nestle for processing.

What Nestlé is announcing here is that it will be aiming to dictate and cut margins backwards to the primary producers while maintaining or increasing margin achieved through final retail price. Nestlé is telling anyone who's interested that it's going to 'jack-up' its profit margins at the expense of those producing the milk, the grains and all the other raw materials provided by family farms. Sustainability is the buzz word being used by the large global food corporations but the simple question that needs to be asked is how sustainability can possibly be achieved based on policies like those adopted by Nestlé which are overtly aimed at the already dwindling margins available to farm families. That an already powerful and rich corporation can feel so untouchable and beyond any appeals to fairness is revealing and shows how little – if any – trepidation these corporations feel about making their own market and dictating margins both forwards and backwards. If the EU Commission still had any doubts about the need for action on regulation of margins in the supply-chain, then this announcement must act as yet another wake-up call. ICMSA and Irish farmers generally sincerely hope the Commission's consultation process on how to make margins within the food-supply chain fairer will make a careful note of this Nestlé announcement and the very direct implications it has for the farmers and primary producers who Nestlé expect to subsidise their new profit margin.

It is not acceptable to see massive corporations and investment funds announcing in this casual way that they're going to grab the margin of the farmers producing the food without a single voice being raised at EU level to object. The Commission's consultation process EU consultation '[Initiative to improve the food supply chain](#)' ends on November 17 and we urge everyone with any sense of fairness to lodge their arguments online and signal to all the parties involved that this kind of corporate power is to be rejected and must be brought to an end.

Nestlé should spell out in a transparent way how it intends to achieve these margins and who will pay the cost. They should also explain how this fits any coherent model of sustainability.

John Comer, president of the Irish Creamery Milk Suppliers Association (ICMSA)

The right course for Norwegian agriculture

On 11 September, parliamentary elections were held in Norway. The Conservative Party and right wing Progress Party will resume their second four year term. The grassroots organisation Bondesolidaritet (literally 'Farmers' Solidarity') lobbied politicians and parties to make the right choice for our farmers by urging them to embrace international solidarity.

Solidarity is an instrument that can improve conditions for farmers' and ensure food safety for consumers. In the run-up to elections, Farmers' Solidarity wanted to know which parties openly support solidarity with farmers. We asked politicians to take a stand by backing the supply of safe and healthy food, active rural areas and profitable agriculture all over the country. All parties were sent a call to endorse international solidarity.

Arbeiderpartiet, the Norwegian Labour Party, said it intended to focus on two areas: stronger competition and winning consumers. The measures the labour party wants to implement include creating better external economic conditions, increasing investments and modernizing technology, stepping up production in Norway and doing more research on consumer behaviour and food.

Rødt, the far-left 'Red Party', just answered 'We support international solidarity'.

Senterpartiet (Centre Party), an agrarian centrist party, wrote: 'We support international farmers' solidarity. We want to strengthen Norwegian food production – not destroy it.'

We did not hear back from the other parties. Interestingly none of the parties that were elected and might now form a government replied when Bondesolidaritet reached out. This means we will have a lot of work on our plate the next four years. We appreciate your support and are ready to continue fighting for international farmers' solidarity. We subscribe to the statement of the European Milk Board that the basic prerequisite for farmers to earn a decent living from their labour is a milk price that covers the average costs of milk production.

Bondesolidaritet is an organization aiming to increase farmers' income in Norway and internationally. It was established in 2012 when Norwegian farmers over time had fallen behind the general revenue development. The traditional negotiations with the government have not resulted in a sufficient increase in income for the farmers.

Monica Hägglund Langen, Bondesolidaritet Norway

Absurd political theatre in Swiss agricultural policy

On 24 September, the people of Switzerland voted on a new article to the Federal Constitution that deals with food security. In early 2016, the Swiss Farmer's Union collected the required 100,000 signatures for their 'people's initiative for food security' in record time.

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However, this initiative was severely criticised by industry associations as well as environmental organisations. They feared a recoil into protectionism. The Federal Parliament therefore drafted a counter proposal. According to the Farmers' Union, this proposal was almost identical to the one presented by them, and they, therefore, withdrew their people's initiative.

What then occurred was a shining example of political theatre: Many who were against the Farmers' Union initiative, even the most vocal critics of Switzerland's agricultural policy, changed sides and were in favour of the new counter proposal. The Parliament proposal enjoyed full support. This led to the creation of three Yes committees, which wanted nothing to do with each other: In addition to the Farmers' Union committee, you had one calling for more market share and more sustainability. And the third saw this new article as a chance to push through more environmental protection in the future. Everyone wanted to be on the winning team!

78.7% of the Swiss population voted in favour of the new article to the Constitution. But this has led to zero clarity about agricultural policy in itself. It looks like family farmers will have to continue to survive in the gap between greater deregulation and increasingly demanding requirements.

Translation of the new article to the Constitution:

Art. 104a Food security ??'In order to ensure food supply to citizens, the Confederation shall create the conditions for: ??
a) Preservation of the bases of agricultural production, especially arable land;? b) Food production that is adapted to local conditions and is resource-efficient;? c) An agricultural and food-supply chain that is market-oriented; ?d) Cross-border trade relations that contribute to sustainable agriculture and food production;? e) A resource-friendly use of foodstuffs.'

Werner Locher, Secretary BIG-M, Switzerland

American dairy industry divided on the issue of supply management in Canada

At least five organisations wish to create a supply management system in the United States and are calling on Washington to refrain from attacking this system during the NAFTA (North American Free Trade Agreement)¹

negotiations.

A contingent of American farmers has spoken out in favour of the Canadian system that manages the production of milk, eggs and poultry and wants the negotiators from the Trump administration to leave it alone. At least five organisations support such a system, putting them at odds with the position of the American milk lobby. It is also a position contrary to that of the American government, who opposes the Canadian system and has been trying to find a

loophole against it for many years.

"I would hate to go against a measure that aims to protect farmers, when that is exactly what we are trying to achieve here as well," says Darin Von Ruden, owner of a multi-generational farm of 50 cows and head of the farmers' trade union in Wisconsin. "The Canadian supply management programme is probably not perfect. Nonetheless, it does enough to ensure that farmers, especially those in the dairy sector, can continue their activity and pass their

farms on to the next generation," he adds.

In addition to fixing prices, the Canadian system also limits imports. This allows them to protect dairy farms from going out of business, but exposes them to criticism on many fronts like higher prices, a decrease in retail supply and Canada being isolated on the international scene. In response, Ottawa has always said that every country uses some means or the other to help its agricultural sector. In the United States, this takes the form of measures like state aid for farms facing economic difficulties.

Two American organisations have also sent a letter to the American negotiators. "Do not put pressure on Canada to weaken its supply management system," say the National Family Farm Coalition and the Institute for Agriculture & Trade Policy in their letter. "Weakening the Canadian system will not lead to any significant increase in the export of American milk."

Based on the article 'U.S. dairy divided over Canada's supply management system in NAFTA' by Alexander Panetta, The Canadian Press, Washington (18 August 2017)

¹ The North American Free Trade Agreement (NAFTA) is an agreement signed by Canada, Mexico and the United States

‘An angel is on its way’

To all the dairy farmers of the EMB,

We would like to take this opportunity to thank you all for your overwhelming support in light of the tragic death of our son Patrick.

It is only thanks to your support during these past weeks – in the form of words and deeds – that we have been able to come to terms with the current situation in any real way.

We said last year that the EMB is one big family and we have now experienced this sentiment first-hand, albeit in possibly the most unfortunate of circumstances. Thank you very much for the innumerable messages of condolence, the large numbers who came in person, the many prayers said for us and, of course, the generous donations for Patrick's memorial.

Many of you knew Patrick – some were close friends and some of you met him at various events for dairy farmers. Patrick would have loved to travel with us all across Germany and Europe many more times. He understood early on that you must fight for what you believe in and that it is not enough to simply be content with what someone else deems to be enough for you.

We, the entire Lehmann family, thank you for the condolences and support that we have already received, and will continue to receive from you all. We will always remember this.

'Fly, sweet angel, fly.'

Stefan, Elfriede, Tanja, Florian, Steffi, grandma and grandpa

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