

## Newsletter September

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## Dear Dairy Farmers, dear Interested Parties,

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On 13 September 2011, the France Milk Board (FMB) handed over a model contract to Farm Minister Bruno Le Maire that is the potential basis for regulating relations between milk producers and dairies. It was high time the dairy farmers came up with their own draft contract, because the contracts the dairies drew up under the new French Modernising Agriculture Act are so unacceptable that even the Farmers' Union has rejected them, and so far only 5% of French farmers have signed up to them.

Unlike the dairy contracts, the France Milk Board's model contract actually strengthens the milk producers' rights. The producers who sign the contract assign their right to negotiate with the dairy to the FMB. This enables the producers to have their say. The contract would be signed for a period of five years. It specifies the supply volume and stipulates a milk price based on real production costs, verified annually by an independent commission. The current cost price is 41.2 euro cents per litre of raw milk.

Moreover, what is required is a European independent market monitoring agency to control the dairy market in a sensible way and prevent future crises. We, the EMB Executive Committee, will continue to fight for this in talks and activities in Brussels as well as on the spot in EMB member countries in the next few months.

Best regards,

*Anton Sidler, EMB board member from France*

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## Switzerland: General applicability for parts of the BOM resolutions enshrined in law

On 31 August 2011, the Swiss Federal Council (government) granted general applicability to the flat-rate levy of one centime a kilo of milk to ease the pressure on the market. In this way a part of the resolutions passed by the inter-branch organisation (BOM) to reduce the butter mountain in Switzerland can be implemented. Every milk producer can now be obliged to pay one centime/litre into a fund through his/her supply organisation to make the export of surpluses cheaper.

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## New Belgian member of the EMB

The Flemish Milk Board (FMB) has been an official member of the European Milk Board (EMB) since July 2011. Most of the organisation's members are in Flanders, the northern part of Belgium, where Flemish is spoken, but some Walloons from the French-speaking south of the country are also members. The FMB started when a group of milk producers got together after the big EMB demonstration in Brussels on 5 October 2009 and then joined up with the farmers' union ABS in spring 2010 to set up the Flemish Dairy Board. Since

then the number of members has grown constantly.

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## **USA thinking in more and more concrete terms about supply management**

Despite a dairy policy that already has a large number of instruments American dairy farmers are not spared the impact of strong fluctuations in milk prices. Some farmer organisations have been proposing since 2007 that a public supply management system be implemented with a view to stabilising prices. The 13th of July 2011 the democrat Collin C. Peterson has now brought a new law draft into the discussion which consists of a Dairy Producer Margin Protection Program (DPMPP), a Dairy Market Stabilization Program (DMSP) and a Federal Milk Marketing Order Reform. Financial incentives to lower production when demand decreases are important elements of this proposition.

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## **France: standard price 35.66 cents**

The standard price of milk in Brittany and the Pays de la Loire for September is 356.2 euros/1,000 litres according to Cilouest (the inter-branch organisation of western France). This is the figure that emerges from the indices published by Cniel (the national inter-branch organisation). In a ministerial order of 28 July 2011, the French Minister of Agriculture increased the maximum provisional quota the manufacturers can allocate the farmers supplying them with milk by two points for 2011-2012. The maximum rate is now fixed at 7%

instead of the 5%.

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### **Austria: “A faire Milch” from the new former packager**

“A faire Milch” has caused quite a stir in Austria in recent months. Now everything is back the way it was, and even better than before. The new contract which has been concluded between IG-Milch and the Seifried dairy stipulates that only milk from producers that supply to “Freie Milch Austria” can be packaged. Seifried was the only dairy to accept this condition. So “Freie Milch Austria” and with it a farmer-run milk marketing organisation has its own product in the stores.

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### **Germany: the ban on the sale of food below cost price to be abolished?!**

The German Federal Minister of the Economy does not intend to extend the ban on the sale of food below cost price that expires in 2012. The ban, he feels, has proven in practice to be a “blunt sword” and failed to come up to the politicians’ high hopes. Instead of the ban being abolished, it has to be extended to the stage between producers and processing, says the Bundesverband deutscher Milchviehhalter (BDM). “If a knife is blunt you don’t throw it away, you sharpen it”, is how president Schaber puts it in a nutshell.

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## **Bolivia puts up tax on beer to subsidise the price of milk**

On 12 August 2011, the Bolivian government announced that it was putting up taxes on beer and imported alcoholic beverages to subsidise the price of milk with the revenue generated. In future, 1.4 dollar cents on a litre of beer and 5-15 dollar cents on a litre of imported alcohol are to flow into a “pro milk” fund. The aim is to promote the consumption of milk and to develop the dairy industry, which is currently operating at only 60% of capacity.

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## **Food sovereignty, a European response to the crisis!**

precious natural resources.

From 16 - 21 August 2011 more than 400 delegates from 34 European countries attended Nyeleni Europe 2011, the European forum for food sovereignty. In these times of political instability, social and economic crisis, the delegates demanded that the right of all peoples to define their own food and agricultural systems without restricting other peoples' rights or damaging

A common declaration and many lively photos are available at:  
[www.nyelenieurope.net](http://www.nyelenieurope.net)

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## **France: Jeunes Agriculteurs want a European inter-branch organisation**

At a press conference held on 30 August 2011, the young farmers' union in France put forward the idea of uniting the sector on a European level in a large inter-branch organisation in preparation for the end of the quotas planned for 2015. It would bring together the producers and processors from the 27 EU member states. From an EMB point of view the idea of a European inter-branch organisation is very good, but the form proposed by JA is too weak to have any influence, and the gearing to the export market envisaged in the proposed intervention fund is not the solution.

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## **Higher milk prices in Italy**

Most of Italy's milk (over 60%) is produced in the north; the Lombardy region alone accounting for 41.8%. There, farmers are currently being paid a farm-gate price of 40.2 ct/kg (milk containing 3.7% fat, 3.3% protein), without VAT and surcharges, for milk processed into fresh products. For milk used in the production of Grana Padana they are paid at least 42 ct/kg, and for milk processed into Parmesan 65 ct/kg, although that is not paid until two years later.

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## **Israel: Government deregulates the dairy market after consumer protests**

The Israel government has implemented in early August the decisions of a committee set up to monitor the dairy products market. Through market opening and a weakening of the quota system more competition shall arise and prices for dairy products sink. For the calculation of the minimum price per litre the cost price of the most efficient producer should be used. The Israeli farmers union describes the measures as danger for the Israeli dairy production and also contests their efficiency related to consumer prices, the concentration of the dairy industry and the great supermarkets being the main problem.

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