

MILK-NEWS



Dear Dairy Farmers and Interested Parties,

As a new Member of the Board of the European Milk Board (EMB) I would like to take this opportunity to present a few thoughts on a new project that means a great deal to me: FaireFrance - Fair Milk.

Following the lead of Austria, Belgium, Luxembourg and the Netherlands, it is now France that is taking the bold step towards Fair Milk. The project was initiated by the APLI (Association des Producteurs de Lait Indépendants), a French member organisation of the EMB.

The European dimension of our project is of great importance to us, as through it our aim is to convey a specific conception of Europe: the idea of a united Europe, where intelligent and realistic regulation of the market creates fair conditions for everyone. We firmly believe in this aim, one we now approach with total conviction.

We wish to benefit from the valuable experience and knowledge of our EMB colleagues in other European countries, but at the same time will try to develop the project in our own way, by setting up a new kind of sales co-operative. A new kind, because it places fairness at the forefront, the basis on which to pursue the following goals: a fair farm-gate price that covers production costs and promises the producers a decent income; a fair return on the capital invested; a fair distribution of the value added in the food chain; and finally an honest price for the consumer, who we guarantee a high-quality product.

But our faultless products also have a strong symbolic value, because the feature of our commercial chain from the producer to the consumer is fair business relations. This leads us directly to the principle on which our entire project is built, which gives it meaning and from which we draw our energy: reclaiming control of our common destiny, i.e. our destiny as milk producers or fundamentally as normal citizens.

The Fair Milk project will help us achieve this objective. It is making visible progress throughout Europe, as shown by the launch of the new dairy ice-cream range by the Belgian Fair Milk "Fairebel" in April this year (see also the article in this issue of the Newsletter). I promise you that in France we will equal our neighbouring countries, because we have a few tricks up our sleeve to make this project a success: our courage, our intelligence and our membership of the EMB. But more than anything, what we have is our milk!

Yours,

Richard Blanc (Member of the Board of the EMB and Vice-President of APLI)

Dairy market news – The crisis is here

In spring 2012 the dairy market situation of many countries in Europe is the same, vividly recalling the events of 2008 and 2009: milk prices tumbling to worrying levels – with the difference being that this time costs are even rising. Unfortunately the European Milk Board's predictions have proven correct.

In Italy, for instance, when milk contracts expired at the end of March 2012 the market collapsed and the milk price plummeted to below the 30-cent mark. Farmers are now having to face significant price reductions of around 15 per cent for contracts with the Italian dairy industry for 2012. In 2011 the average farm-gate price was still 40 to 41 cents for drinking milk and milk for the production of cream cheese. The price for traditional and quality products like Grana and Gorgonzola was 42 to 43 cents. Milk for the production of Parmigiano Reggiano cheese even fetched short-term peak prices of up to 70 cents.

In the Netherlands the situation on the open market is the most critical, owing to massive overproduction. Here it is currently very hard – if not impossible – for farmers to sell their milk. Spot-market prices of milk have fallen to between 21 and 24 cents. That is ten to twelve cents less than dairy farmers are still being paid by their co-operatives. However, the downward trend is more than clear for everyone.

The situation is similar in other European countries with prices crashing to below 30 cents as a result of huge production volumes. Average basic farm-gate prices for milk in France for instance dropped from 31-32 cents in March to 28 cents in April; in Belgium, to 28-29 cents in March and to 25 cents in April. In Germany the average farm-gate price was marginally above that at 31-32 cents.

And the main feature of the current situation in the Swiss dairy market is an unprecedented record production, expected to be reflected by 3.5% reductions in farm-gate prices in May. The only way to shift the increased volume of milk is to dispose of it on the world market in the form of butter and milk powder. At present every producer must pay a contribution of some 0.8 cents a kilo for these dumping exports.

In addition to the downward trend in farm-gate prices there is an extremely difficult situation with operating costs on the farms in many countries. In Italy, for instance, the prices of fuel and electrical energy have risen by 20 per cent. Soya has gone up by 22 per cent. As a result, the costs of producing one litre of milk in Italy are a whopping 45 cents. According to a recent study, in Ireland production costs rose by six cents a litre of milk between 2006 and 2011. In Germany, too, milk production costs have increased by about five cents since 2009.

Christian Schnier (EMB)

Launch of “Fair Milk” ice-cream

The new “Fairebel” brand ice-cream range was presented to the public in Francorchamps, Belgium, on 19 April in the presence of EU Agriculture Commissioner Dacian Ciolos and the Walloon Minister of Agriculture Carlo di Antonio.

Besides Dacian Ciolos and Carlo di Antonio there were many other interested people who could not help themselves tasting the new ice-cream brand that Thursday evening. They included many

members of the Faircoop co-operative, regional representatives of Belgian politics such as the Chairman of the Agriculture Committee of the Walloon Parliament, and several mayors and local authority representatives. In future the “Fair Milk” ice-cream will be produced in three flavours: “Pure Dairy Ice-Cream”, “Dame Blanche” and “Vanille Bourbon” at the factory of the Gilfin ice-cream manufacturer contracted by Faircoop.

Although to a person the evening visitors felt like celebrating because of the successful launch of the ice-cream, the three Members of the Board of the European Milk Board that were in attendance – Richard Blanc, Roberto Cavaliere and Erwin Schöpges – took the opportunity to take EU Commissioner Ciolos aside to discuss issues, some of a more complex nature. Their main point was that once again dark clouds were gathering over the European dairy market. “We sense considerable unease among farmers. The farm-gate price of a litre of raw milk is currently 28 cents, but there is talk it will soon drop to 25 cents”, said Erwin Schöpges, who was also attending in his role as President of the Faircoop co-operative. He expressly called on EU Commissioner Ciolos to act quickly to prevent the situation escalating as it did in 2009. Dacian Ciolos replied that of course he understood the farmers’ hardship and concerns – primarily because the quota system was ending in 2015. He said he was working flat out on flanking measures to cushion the impact of this watershed on the dairy market, especially for small-farm producers.

The idea and the people behind Fair Milk

The marketing of semi-skimmed milk, chocolate-flavoured whole milk and now ice-cream as well under the “Fairebel” level is a way to nearing the goal of a cost-covering milk price. Of every litre of milk sold in this way, 10 cents goes to the Faircoop co-operative farmers. During the event the Managing Director of the Faircoop co-operative Philippe Massoz addressed the history of the co-operatives to date and repeated time and again that it was a project that now involved 500 farmers from all three Belgian regions. The stated aim was to establish the Fairebel milk price as a reference price for every dairy product and in the long run to sell the entire milk production at the “fair price”. “We have to carry on growing so as to offer the farmers a fair living, but we’re already on the right track”, said Philippe Massoz.

Christian Schnier (EMB)

Latvia: a long way off fair milk prices

At a meeting between the EMB and a milk producer from Latvia it became obvious that the downward pressure on prices is also exerting a strong influence on the Latvian market.

Dace Pastare is a determined woman who does not mince her words when getting to the heart of the matter. “When the quotas are abolished in 2015, the dairy market will collapse with a big bang.” The milk producer and Chair of the Board of the MĀRŠAVA co-operative drove a good 1,000 kilometres from the Latvian town of Valmiera today to meet the EMB in Gdansk for two hours. She wants to find out more about the European milk producer association and to report on the situation in Latvia.

The Latvian producers already have to cope with falling milk prices. “The highest farm-gate prices were 32.7 cents in January, they are now only 29 cents at the most”, Dace Pastare informs the EMB, shaking her head with a worried look. Despite the unstable situation she, along with fellow members of the co-operative, is trying to achieve a half-decent price for the members of MĀRŠAVA. The co-operative collects the milk from its 60 producers to sell it pooled to dairies at fair terms and conditions. But that is a difficult undertaking, day in day out. “The selection of

dairies to work with is very limited, so the producers' bargaining position is very restricted", is how she puts the situation in a nutshell.

There is little difference between the situation in Latvia and in other European countries. That is why the EMB's work is aimed at introducing a monitoring system which allows a close eye to be kept on supply and demand in the EU market. The idea is to take these monitoring data and manage supply in such a way that it invariably meets current demand, and that damaging surplus volumes are no longer produced. For surplus volumes would result in a rock-bottom milk price. The monitoring system can bring about a fair price for producers and consumers. Dace Pastare finds this approach "very interesting" and is determined to report back to her Latvian colleagues about it. "Our situation is problematical and we need European support to push our politicians in the right direction." She nods briefly with a resolute look and gives a firm handshake as she takes her leave, walking quickly to her car to set off on the 1,000-kilometre return journey to Valmiera.

Silvia Däberitz (Director of the EMB)

Man MIGHT Milk photo exhibition still doing the rounds

How do farmers work in Germany, France or in Burkina Faso, Africa? What impact does EU agricultural policy have on them? These questions are answered by the photo exhibition "Man MIGHT Milk – the European agricultural policy and family farming in the North and South. Effects and perspectives." The exhibition has been on the road in Europe since early 2011. Ask us and we will gladly let you use the exhibition free of charge.

For "Man MIGHT Milk", Hamburg photographer Fred Dott recorded the faces and stories behind milk with his camera and took a portrait of seven farms in three European countries and the West African country of Burkina Faso. The aim of the visual presentation is to make the general public and political decision-makers more aware of the challenges and the importance of a sustainable European agricultural and dairy policy. "The photos in our exhibition Man MIGHT Milk make it graphically clear that the excess production of milk in the EU and the resultant low farm-gate prices have a comparably disastrous impact on the economic situation of dairy farmers in Europe and in the third world", says the President of the European Milk Board (EMB) Romuald Schaber.

The "Man MIGHT Milk" photo exhibition is a joint project of the EMB in conjunction with Germanwatch, the German Organisation of Family Farmers (AbL), Brot für die Welt (Bread for the World), the German Dairy Farmers Association (BDM) and MISEREOR. Outside of Germany the exhibition has visited the following places in Europe:

15 March 2011	Annual Congress of Organisation de Producteurs de Lait (OPL) in Clermont-Ferrand, France
23-26 May 2011	<i>Vernissage</i> of the exhibition at the European Parliament in Brussels, Belgium
12 September 2011	Members' Meeting of the Association des Producteurs de Lait Indépendants (APLI) in Rennes, France
29 September 2011	Members' Meeting of the Dutch Dairymen Board (DDB) in Hoogland, the Netherlands
1-3 November 2011	Rundvee & Akkerbouw Vakdagen Agricultural Show in

Hardenberg, the Netherlands

22-24 November 2011

Rundvee & Akkerbouw Vakdagen Agricultural Show in Gorinchem, the Netherlands

At the end of 2012 the exhibition is to be displayed in Eupen and St. Vith in the German-speaking part of Belgium.

You too can have the Man MIGHT Milk exhibition!

The EMB is keen to carry on spreading “Man MIGHT Milk” throughout Europe and so is giving its European member organisations and other interested individuals and organisations in Europe the chance to use the exhibition free of charge for events. If you are seriously interested or have any queries, please contact us by telephoning ++49/2381/4360495 or e-mailing schnier@europeanmilkboard.org.

Christian Schnier (EMB)

5th Dairy Farmers’ Conference in Karow – Dairy farmers demand stronger market position for producers from the politicians

“Strength in the market – How we can achieve it together” was the agenda for the 5th Dairy Farmers’ Conference on 11 April 2012. The German Dairy Farmers’ Association (BDM), one of the German member organisations of the European Milk Board (EMB), had issued an invitation to discuss a better market position for the milk producers. At the conference the Polish Minister of Agriculture Marek Sawicki advocated keeping the milk quotas until 2020.

The Karow marketing centre auction room was full. Over 250 dairy farmers, political representatives and experts from agricultural organisations gathered in Karow in the federal state of Mecklenburg-Vorpommern. The media were particularly interested in the current slump in milk prices, and the local press and the major national TV broadcasters reported extensively on the event.

BDM federal state team leader Christian Karp opened the conference by welcoming the speakers and guests. “If we dairy farmers want to survive we need our own agenda for when the quotas end.” He was in favour of “milk producers and the dairy industry operating on a level playing field”. What annoyed Mr Karp in particular was that no representative of a co-operative dairy had dared to take part in the panel discussion.

The milk producers followed intently the speech made by the Polish Minister of Agriculture Dr. Marek Sawicki, who reported on milk production in Poland. His complaint was that the different level of direct payments within EU farming had created major distortions in competition. The European Commission was complicating the CAP further instead of simplifying it.

The Polish milk producers had an insignificant position in the marketing chain, Dr. Sawicki explained. The biggest problem was the concentration in the trade – it was totally impossible to create a quick counterbalance, he said. Dr. Sawicki was in favour of keeping the milk quotas until at least 2020, to give time to come up with new solutions.

Romuald Schaber, the Chairman of the BDM and President of the EMB, concluded by proposing two key steps towards a better position of milk producers: firstly to press ahead with pooling milk, and secondly to establish common, flexible supply management by the producers. “Production must

be adjusted to demand”, Schaber argued, which is why he championed a monitoring agency. He called on the dairy farmers to carry on fighting for such an agency.

Tobias Elsner (BDM)

Demonstration in Vienna: We’ve had enough

“The agricultural policy affects us all – it must never be decided on behind closed doors again”, that was the demand of the platform “We’ve had enough – we want a new agricultural and food policy now”. The alliance of rural associations, environmental and development aid organisations and social movements in which the EMB member organisation IG-Milch is represented, opened the agricultural policy spring season on 30 March with a demonstration in Vienna.

Some 1,200 representatives of the most diverse groups along with concerned consumers made the demonstration a total success. It was an impressive display of what can be achieved when everyone pulls together – regardless of political wing or affiliation.

In the pre-demonstration event the opinion expressed was that the reform of the Common Agricultural Policy (CAP) affected every citizen of Europe in equal measure – which is why civil society should be involved far more than ever before in discussions on the future of the CAP. And it is imperative it stresses that the reform of the CAP will set the benchmark for the future of our agriculture and our food.

Erna Feldhofer (Chairwoman of IG-Milch Austria and member of the EMB Executive Board)

Dairy farmer: one of the worst jobs in the world, a survey says

According to a US American survey, the occupation of dairy farmer was voted one of the worst in 2012. It is ranked 199 out of 200, only “beaten” by the occupation of tree feller. Top of the table, on the other hand, is the job of software engineer.

The survey is conducted every year by the private employment agency CareerCast. It takes into consideration four different factors, viz. the working environment, stress, physical demands and job prospects. Last year the dairy farmer did not feature among the ten worst occupations. This is a new development, leading to the conclusion that working conditions have clearly deteriorated.

According to the study, dairy farmers earn little, and working with large animals is dangerous. In the last ten years dairy farmers have had more accidents at work resulting in death than ever before. What is more, working conditions are punishing, not least because farmers have to be outside, whatever the weather. Plus the fact that the dairy sector is becoming more and more the plaything of the big players, with the small farms drawing the short straw, resulting in great fears about the economic survival of farmers.

Christian Schnier (EMB)

Survey: How much milk will Flanders produce in 2018?

This April the Flemish Ministry of Agriculture conducted a survey among dairy farmers and milk processors with the aim of developing strategies for the future configuration of the dairy market based on the results. More than 70 per cent of the Flemish dairy farmers were sent the survey.

The independent study was drawn up in collaboration with agricultural associations and milk processing organisations. To gain a realistic picture of the situation of dairy farmers in Flanders, farmers no longer expanding their farm or who had even given up farming were also asked to take part in the study. The survey results are to be published after the summer.

The study focused mainly on any problems arising in the planned increase in production due to the availability of additional land, labour and capital, as well as admissible nutrient emissions. For a long time now there has been stringent legislation on fertiliser in Flanders and stiff competition for land with other sectors of the economy, making it by and large difficult to increase production. The Flemish dairy farmers were also asked about the impact of derogations for the dairy sector. The answers received should enable conclusions to be drawn about the relationship with milk processors, the system of contracting, the producer organisations and pricing.

With regard to the European Milk Board's demand for a fair regulation of dairy markets in Europe it is particularly important that the dairy farmers could also state in the survey that they were generally not in agreement with the abolition of the milk quotas. So it remains to be seen what the results are on this issue and to what extent they will have an influence on political decisions taken by the Flemish and Belgian authorities or perhaps on decisions taken on an EU level as well.

Marc van Autreve (Vice-President of the FMB) and Christian Schnier (EMB)

EMB Calendar

Please find below some of the most important events in May/June 2012:

- 08.05.: Meeting with Prof. Hanisch of the Humboldt University in Berlin
- 22.05.: Meeting of the working group on milk pooling in Brussels
- 1.06.: Demonstration of Swedish dairy farmers in Stockholm

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