

# MILK-NEWS



## **Dear Dairy Farmers and Interested Parties,**

In mid-October after years of negotiations the EU and Canada concluded a free trade agreement. Nobody is really satisfied with the result, though. “Cheese for beef”, is how the French newspaper Le Monde summed up the agreement. The Canadians are to import more cheese from Europe (the majority of cheese imports into Canada already come from the EU anyway), in return the Europeans more beef from Canada.

Even if the deal lacks the definitive approval of the respective parliaments, the small producers on both sides of the Atlantic are already manning the barricades. For they fear being crushed under the wheels of transatlantic free trade.

This demonstrates yet again what unbridled market liberalisation can unleash. The line of approach is dictated solely by the needs of the multinationals, and then the bill has to be paid by the small producers who have committed to fair, environmentally- and consumer-friendly farming. Traditional family farms in the milk market fare no differently. Here, too, there should really be an insistence on greater regulation instead of giving free rein to the devastating market forces for good by abolishing the EU milk quotas in 2015.

None of this bodes well for the even more comprehensive free trade agreement between the USA and the EU, which is being negotiated behind closed doors with no transparency whatsoever. For low US milk production standards using growth hormones certainly have no business in the EU. The policy-makers in Brussels must finally realise that!

Fortunately, though, public resistance to a policy of unrestricted market liberalisation is growing. That is why the European Milk Board and its member organisations are also supporting initiatives like the Alternative Trade Mandate (see the invitation to the kick-off event in this issue of the EMB Newsletter) and the Alliance D19-20 in Brussels, which have begun to give effective organisation to this civil society opposition for a fairer trade/economic order.

*Sieta van Keimpema (Vice-President of the EMB)*

## **Belgian dairy farmers meet the President of the European Commission**

According to reports from the Internet portal Ostbelgien Direkt and the daily newspaper L’Avenir, on 17 October dairy farmers from the Belgian EMB member organisation MIG met the President of the European Commission José Manuel Barroso in the Belgian city of Liège. Headed by EMB

Board member Erwin Schöpges, the farmers took the opportunity to state their standpoint on the future of milk production in Europe and Belgium.

In the meeting the MIG members primarily made it clear that Mr Barroso as President of the European Commission ought to stop promoting solely industrial agriculture. By doing so, they said, he was acting purely in the interests of multinational companies and banks. What was important, on the other hand, was to give the farmers a fair wage for their labour, because only in this way could traditional and family farms have a future. That is why after the end of the EU milk quotas in 2015 supply management was needed in the milk market to enable the dairy farmers to work and cover their costs. So Erwin Schöpges' appeal to the President of the Commission was a clear "Do something for us dairy farmers!".

José Manuel Barroso would not accept this accusation and replied that he was no friend at all of the multinationals. He had nothing to do with them, he said. He was interested only in the common European agricultural policy. He showed willingness to have further discussions in the future and expressed his thanks for a gift of a photo depicting Belgian dairy cows, which reminded him of a region in his home country of Portugal.

*Christian Schnier (EMB)*

## **No more business as usual**

***Please find below the invitation for a debate, action & celebration to launch the Alternative Trade Mandate (ATM) on 26-27 November 2013, Brussels***

The current trading system isn't working. Tons of food – often unsafe – get thrown away while millions of people go hungry. EU trade policy has played a significant role in causing and exacerbating the current crises in our economy, food, energy and the environment. But the recent launch of the EU-US trade negotiations shows that the EU wants more of the same, namely destructive trade agreements which eliminate social and environmental safeguards in pursuit of corporate profit.

The Alternative Trade Mandate Alliance, a group of almost 60 civil society groups from across Europe – among them the EMB – has developed an alternative vision for European trade policy – one that puts people and the planet before big business.

**Join us on 26 - 27 November in Brussels, shortly before the summit of the World Trade Organisation in Bali, when we will present this alternative to the world and outline our plans for a powerful campaign in the run-up to the European elections which will help to make our vision a reality.**

### **Programme:**

#### **26 November 2013**

**13:30-18:00** Gathering with activists from Europe and the global south, to present and discuss our alternatives and our campaign in the run-up to the European elections in 2014

**18:00-22:00** Delicious food & drink and live music

#### **27 November 2013**

**10:00-12:00** Joint action: walk of resistance and alternatives through the EU quarter

**13:00-15:30** Alternative Trade Mandate Alliance meeting to discuss the EU election campaign

For further information, please have a look at the ATM website at:

<http://www.alternativtrademandate.org/>

*Christian Schnier (EMB)*

## **Current Situation in Dairy Farming in Ireland**

The year 2013 has seen two very different sides of dairy farming in Ireland. The first half of the year was characterised by poor weather conditions and high levels of feed inputs. This led to higher costs and high levels of debt on Irish dairy farms. However the second half of the year has seen exceptionally good weather conditions leading to above average grass growth and a substantial increase in milk supply all over the Island.

October itself has proved to be another mild month with pastures filled with grass and plentiful forage for the winter months ahead. Indeed dairy herds are expected to be out on grass up until mid-November in some parts of the country. This exceptional weather coupled with base milk prices of 39 cents per litre has seen milk supply surge over our national quota levels.

Based on weighted monthly supplies, Ireland is currently 0.42% over quota at the end of September. This compares to 4.6% under quota at the end of May. The likelihood is that supply will have increased even more in October and the country will be 1% over the weighted figures at the end of the month. This means that the superlevy will most certainly be paid at the end of the quota year unless a severe supply shock happens in the coming months.

*Paul Smyth (ICMSA)*

## **Economic situation of dairy farmers in Germany tense for some time now**

The dairy farms are still a long way from recovering from the economic consequences of the milk crisis. That is the upshot of an evaluation of data from the accountancy data network and the EU Farm Accountancy Data Network (FADN) carried out by the *Büro für Agrarsoziologie und Landwirtschaft* (BAL) in Germany commissioned by the MEG Milch Board.

First of all Dr. Karin Jürgens (BAL) studied the long-term development of farm income (net value added) taking into account the loss in purchasing power. Milk producers' real income in the last 20 years has not only not risen, it has even fallen markedly compared to the base year 1991. The decrease is particularly apparent among the larger dairy farms. The structural change, the increase in milk volumes produced, and the expansion of dairy cattle herds have had no positive effect. In the German federal state of Rhineland-Palatinate, for instance, the income of farms with 90 dairy cows fell from about 102,000 to 90,000 euros between 2002 and 2009, equivalent to a real income of 64,000 euros. In Schleswig-Holstein nominal income rose only slightly from 110,000 euros (2002) to 119,000 euros (2009), equating to a real income of just 84,000 euros. The cost of living and wages for the 2.4 farm hands on average have not yet been deducted from these amounts. The biggest drop was caused by the milk crisis in the two consecutive years 2008 and 2009, with annual falls in income of 15 to 50 per cent.

“The consequences of the milk crisis are persisting to this day”, says Jürgens. “On the larger farms, liabilities per kilo of milk currently averaging 30 to over 50 cents/kg are not only almost double those on smaller farms, they are not coming down despite the clear increase in the volume of milk produced.” The result is that the repayment of debts is being protracted, net investments plummeted directly after the crisis, and reserves have been exhausted. “It is evident from the cash flow level that the liquidity of farms would be acutely threatened without the single farm payment”, Jürgens continues.

“We suspected that it was bad in parts, but these figures have even exceeded our fears”, says the Chairman of the MEG Milch Board Peter Guhl about the results of the analysis. “If milk is to carry on being produced throughout Germany, the dairy farmers must be given the opportunity at last to be involved in the market and benefit from the currently good selling prices of milk.”

*Ute Zöllner (MEG Milch Board)*

## **Northern Ireland: Farmers for Action push for Cost of Production legislation**

Farmers For Action (FFA) in Northern Ireland have grabbed an opportunity to push the Agriculture Committee at Northern Ireland’s regional parliament to request a bill for legislation stating that Northern Ireland's farmers must be paid at the farm gate a minimum of the cost of production for their produce plus a margin to act as a safety net. This idea originally started with a CAP stakeholders’ submission by the organisation Fairness for Farmers in Europe – of which FFA is a member – sent to the European Commission back in January 2011.

In Northern Ireland as well as in Europe the politicians always say they cannot interfere with the free market. However, Scotland's devolved government is currently trying to introduce legislation placing a minimum price on alcohol in its large supermarkets to prevent binge drinking by young people. But how are they able to do this? The answer is – on a welfare issue. According to Professor Wetherill, an expert on EU Law at Oxford University, the EU cannot interfere with the free market except where there is a welfare issue and if there is a welfare issue, welfare will win every time!

This is FFA's ticket to success in Northern Ireland if we can get through the political maze. With one in four UK family farmers living below the poverty line, not to mention the huge increase in calls to crisis helplines, we have the evidence. However, FFA fear that corporate and other influence will be exerted on the politicians against this proposal. FFA have spent the summer lobbying the political parties involved in the Agriculture Committee and next intend to meet with Northern Ireland's church leaders to force the politicians to unite behind this initiative which could take up to two years to become law. We will keep you informed of our progress.

*William Taylor (FFA UK NI co-ordinator)*

## **EMB diary**

These are some of the most important dates for the EMB Board in November 2013:

- 5.11.: Advisory group on milk of the European Commission in Brussels
- 6.11.: Debate on EU-US free trade agreement (TTIP) in the European Parliament, Brussels

- 26/27.11: EMB general assembly in Hamburg, Germany
- 28.11. Presentation of the Italian fair milk project in Milan, Italy

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