

MILK-NEWS



Dear Dairy Farmers and Interested Parties,

We now have Fair Milk in Italy, too. After the success of the project in Austria, Germany, Luxembourg and Belgium as well as the successful launch in France last year, Italian consumers have been able to enjoy this high-quality product since 24 February. This means that the milk producers involved finally have the chance to demand their fair share of profit in the milk production chain. This is cause for the milk producers in Italy to celebrate, one I wish to share with all our European friends in the EMB.

This is how it will roll out: at the beginning we will start with about 90,000 litres of UHT milk in the branches of a major supermarket chain in the north Italian regions of Lombardy, Piedmont, Trento Alto Adige, Emilia Romagna and Veneto. The plan is to extend the product range to skimmed milk, fresh milk, yoghurt and cheese in a second stage. In Italy, Fair Milk is being supplied by the Fattorie Padane co-operative near Bergamo. Altogether there are 59 farms amalgamated in this co-operative producing roughly 170,000 litres of milk, and all of them are members of the Italian EMB member organisation APL.

Fair Milk is the first project of its kind in Italy. What is unique about it is that it uses a new system of designation of origin based on milk protein markers, which guarantees consumers an unprecedented level of product safety. This innovative system of designation of origin was developed by the University of Milan in collaboration with the APL.

To differentiate it clearly from other dairy products, Italian consumers must be sent a clear message: buy Fair Milk at a fair price and secure the livelihood of non-industrial family farms, the local economy, and with it the future of our country. The target we have set ourselves for 2014 is to sell at least three million litres of milk in various supermarket chains and to start selling yoghurt and cheese.

Fair Milk in Italy must become a success to give other countries in the EMB the courage to initiate their own Fair Milk project. Moreover, we should always bear in mind that the success of Fair Milk not only makes a concrete contribution to the economic survival of the producers on the spot but also boosts the political work of the EMB. Ultimately only this political success can make a difference for milk producers, which is why it is the focus for the EMB and its member organisations. Projects like Fair Milk and the scientific calculation of milk production costs in Europe – the results for France have just been published in February (see press release in this EMB Newsletter) – significantly support this aim.

Roberto Cavaliere (Member of the EMB Board and President of the APL)

Milk Production Costs in France: Large deficit in French dairy sector

The following press release was published on 27 February 2014 on the occasion of the presentation of a study on milk production costs in France at the Paris International Agricultural Show (SIA).

(Paris, 27th February 2014) A new scientific study on milk production in France shows that in 2013, milk production costs in most regions ranged from approximately 40 to 45 cents per kilogramme of milk. The costs are thus significantly higher than the average farm gate milk price of 33,8 cents per kilogramme. As a consequence, dairy farmers in the whole of France had to face important deficits.

The above-mentioned study was launched by the European Milk Board (EMB) and the MEG Milch Board w.V. and carried out by the Büro für Agrarsoziologie und Landwirtschaft (BAL). It is based, among others, on the data of the European Commission's Farm Accountancy Data Network (FADN).

The deficit situation, as clearly revealed by the study's results, is a source of great concern to the EMB and its French member organisations APLI (Association des Producteurs de Lait Indépendants) and OPL (Organisation des Producteurs de Lait). Romuald Schaber, EMB President, finds clear words for his concern: "Unfortunately, this study clearly depicts the current situation: due to too low milk prices, the French dairy sector loses all future perspectives. Dairy farmers in France would need a price of 45 cents per kilogramme on average." According to Véronique Le Floc'h from the OPL, the chronic deficit gradually disintegrates the French dairy sector: "Every day we see or we hear about colleagues who have to give up production - everywhere, in the whole of France." APLI President André Lefranc adds: "We have to put an end to this languishing. The political leaders have to recognise the data and take measures."

A study on the dairy market in Germany published last year showed that German dairy farmers are facing a similar situation. Deficits are also very common among milk producers in Germany. As a consequence, the number of dairy farms is dropping continuously, which might cause milk production to disappear entirely in some regions.

It is foreseen that similar studies on milk production costs will also be carried out in other European countries. "These studies will most probably show as well that there is a big gap between the cost of production and farm gate milk prices", states Romuald Schaber.

"In the dairy sector in Europe, the question is not anymore *whether* there is a chronic deficit or not, but *how large* the deficit is and *when* the majority of dairy farms will have disappeared", Schaber adds. The installation of a monitoring agency could stop this negative trend. Thanks to such a body, supply would be adapted to demand, thus allowing cost-covering prices. "If the EU does not want to jeopardise and lose the last remaining dairy farms, it has to take action. The setting up of a monitoring agency in the near future would be the right way to go", emphasises Schaber.

The study in production costs in France is available online at the following address:
<http://www.europeanmilkboard.org/en/milk-production-costs.html>.

Christian Schnier (EMB)

Open letter from the OPL in France on the issue of milk producer prices

The French EMB member OPL published the following open letter to the French Minister of Agriculture on 10 February.

Negotiations between the dairy industry and the retail trade are now in full swing and the President of the French retail co-operative System U, Serge Papin, has announced that the negotiated milk price will be around the 32 cents a litre mark. Once again, such a price level would be disastrous. Together with the French Price and Margin Monitoring Agency and various other agronomic bodies, the OPL estimates the farm-gate price for milk the producers require is more than 40 cents. That would put the milk price on a par with most other member states of the EU.

The whole situation has to change!

It is important for the OPL that processes by which remuneration for raw materials in France is calculated change, for they are weighted against the milk producers. The current reality is that the industry, the wholesale and retail trade are succeeding in defending or even increasing their margins. This is destroying our ability to produce milk, though – with drastic consequences for the people, the economy and the environment.

The state is directly responsible for this situation

The “milk price tunnel” with Germany and the co-operatives’ A/B price system are creating competition between producers in Europe. The deregulation of production and the milk markets operated by the dairy industry is reaching its limits. Instead of securing long-term nationwide production, France is rolling out the red carpet for the model of highly-industrialised milk production with farms of 1,000-plus cows. The responsibility for such a desperate situation, with farmers giving up their farms, bankruptcies, mental burn-out and scandalous suicides, must lie directly with the state.

The government must act

The OPL urges the government to commit itself to improving the situation of French agriculture. It is this agriculture upon which the entire food industry is based. The government should therefore overhaul the law on selling below cost price and make it illegal for the farm-gate price to be lower than production costs.

Of course, under no circumstances can it be tolerated that milk producers with their demands must serve in current negotiations as cannon fodder when the crux is to stop the rise in inflation, which is due mainly to an increase in Value Added Tax.

Véronique Le Floc'h (President of the OPL)

New study on the situation in the Hungarian dairy sector

The Milk Interbranch Organization and Dairy Board in Hungary has published a study on "The situation of the Hungarian dairy sector in the light of the current disputes and developments with regards to the budget period 2014-2020".

The study results show that, similar to dairy sectors of other member states, Hungarian producers, processors and traders are in an 'emergency situation' because they have to make decisions on their existence and development. Under the latest CAP reform, on 31 March 2015 the milk quota regime ends, the support schemes and market regulations alter, and new priorities are defined for rural development.

Consequently, responding to the new CAP reform and budget and preparing for the 'post-quota' period are the priorities for the Hungarian dairy sector at present. That is why the Dairy Board conducted a comprehensive study with the following aims:

- reveal the real situation of the Hungarian dairy sector in the EU and in the Central/Eastern European region,
- define the potentials as a basis for developing the dairy sector,
- propose concrete measures to enable Hungary to benefit from the dairy reform.

Hungary has a reason to be concerned about the expected tougher competition because of the downward trend of the Hungarian dairy sector after the EU accession and its present state.

Hungarian milk production is decreasing: whereas between 1986 and 1990 it was 2.75 billion litres a year and between 2001 and 2005 it was still nearly 2 billion litres a year, in recent years annual production has reached only 1.6-1.7 billion litres. These results were achieved even though Hungarian milk production is based on world-class professional standards (e.g. genetics and yield).

The milk and dairy product consumption per capita (in milk equivalent) is declining as well, compared to the ideal 260-270 kg/capita/year and the highest Hungarian level of 1987, which was 200 kg/capita. Nowadays Hungarian consumption is 160-165 kg/capita.

Hungary is a net exporter of raw milk, becoming a net importer of processed dairy products. However, calculated in milk equivalent, Hungary exports roughly the same amount of milk (about 600 thousand tons) as it imports (extra-EU and intra-EU).

The following professional aims and objectives have been expressed:

- the elaboration of a European and national support system that stimulates milk production,
- Hungarian milk production should become the leading know-how base of the Eastern European countries,
- the Hungarian dairy industry should have one of the smallest carbon footprints in Europe,
- the organization of the market players should allow for independent market regulation.

According to current expectations the evolution and development of the dairy sector should result in healthy milk and dairy products being produced with less energy, water and feed, and the environment being less polluted. So, by 2020 the upshot of this in Hungary will be

- annual production of raw milk reaching 2,000-2,200 thousand tons;
- milk and dairy product consumption per capita rising to a level of around 200 kg;
- exports of nationally produced processed dairy products increasing by 200 thousand tons;
- the share of imported dairy products in retail sales falling below 20%.

The study is available in Hungarian on the following website:
<http://tejtermek.hu/attachments/article/285/TANULMÁNY.pdf>

The Milk Interbranch Organization and Dairy Board (founded in 1992) is the first and sole recognized interbranch organization in the Hungarian dairy sector. Its voluntary membership represents more than 70% of Hungarian production and 90% of processing, but it has members from traders and other dairy-related interest groups. During its more than 20 years of activity the Hungarian Milk Interbranch Organization and Dairy Board (Dairy Board) has become the most dominant professional organization in the Hungarian dairy sector.

Zoltan Harcz (Milk Interbranch Organization and Dairy Board)

Considerable interest at Karow in the International Pooling Commission

The following press release was published on 25 February 2014 on the occasion of the presentation of the alliance supporting the pooling of milk producers at the Dairy Farmers' Day 2014 in Karow, northern Germany.

(Karow, 25.02.2014) The international alliance for pooling milk producers was presented to German milk producers today at the Dairy Farmers' Day 2014 in Karow. The alliance was formed in August 2012 with the aim of giving producers international prospects. The MEG Milch Board w. V. from Germany, the French Office du Lait – France Milkboard and the Belgian organisation MIG – Milcherzeuger Interessengemeinschaft amalgamated in the International Pooling Commission. Their intention was for milk not just to be supplied but also to be the subject of negotiations with the dairies. However, that only works when the pooling of milk – i.e. many producers bargaining under one banner – forges ahead. The EU Milk Package opens up the possibility of setting up organisations with not only a national orientation but also the brief of negotiating transnationally on their producers' behalf. This is extremely important, given globalisation and the associated concentration of internationally operating dairy groups. The imbalance between dairies and individual producers must be overcome in favour of functioning competition.

The alliance has therefore set itself these goals:

- Exchanging information on production conditions, production costs and farm-gate prices
- Mutual assistance with setting up producer organisations in the respective country
- Transnational founding of umbrella organisations

The Director of the MEG Milch Board, Rainer von Hößlin, stressed the importance for German farmers: "In the long run the milk producers cannot face up to the competition following the internationalisation of the market if they pool only on a national level." Paul de Montvalon from Office du Lait pointed to the situation in France, where, he said, contracts were a legal obligation. "There has to be a prescribed minimum content for these milk purchase contracts, as in a generally binding collective agreement." To achieve this aim the producers' position in the market would have to be strengthened. The International Pooling Commission would therefore promote and support all milk pooling endeavours on a national and international level.

Christian Schnier (EMB)

Stage play in Belgium: Feeding humankind, that is a job

To make the general public aware of the decline in non-industrial farming, the Belgian theatre group Art & Tça staged the play “Feeding humankind, that is a job” at the National Theater in Brussels. What is special about this play is that it combines elements of a classical play with a documentary film. For it the two leading actors Charles Culot and Valérie Gimenez visited various farming families in Belgium and collected some ten filmic testimonials on the state of non-industrial farming.

Altogether the stage play paints a picture of agriculture plagued by crises, globalisation, the impact of the agricultural industry and the increasingly cutthroat competition in deregulated markets. Against this backdrop human and social dramas take place, with more and more family farms being driven out of business. In this situation the farmers themselves feel left to their own devices with their problems and worries. Filmed scenes of the big European Milk Board demonstration in November 2012 in Brussels incorporated in the play strikingly express the anger and discontent of the European farmers. “Our aim with this play is to stimulate people to think at the same time about the state of the modern world and about the collective and individual commitment of us all”, say the director Alexis Garcia and the two leading actors about their motivation for this theatre project.

“Feeding humankind, that is a job” was on at the National Theater in Brussels from 4 to 15 February. Anyone wishing to see the play has the opportunity to do so shortly in further performances in Belgium and France:

Théâtre des Doms/Avignon: 25.03.14, Théâtre de la Cité in Marseilles: 26 > 28.03.14, Centre Culturel de Sivry: 12.04.14, Centre Culturel de Bastogne: 9.05.14, Stavelot: 16.05.14 or Centre Culturel Waremmé: 17.05.14.

Christian Schnier (EMB)

EMB Calendar

These are some of the EMB Board’s key dates in March 2014:

- 05.03.: Board meeting in Brussels
- 06.03.: EU Commission Advisory Group Milk meeting in Brussels
- 13.03.: EU Commission Advisory Group on International Aspects of CAP in Brussels
- 13.03.: Event focusing on the TTIP in Brussels

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