

MILK-NEWS



Dear Dairy Farmers and Interested Parties,

I would like to take this opportunity to think outside of the European milk policy for once and put the EMB's political commitment in a wider context. At the end of last year I was invited by NGOs to visit Burkina Faso in West Africa, and was able to find out about the living conditions of the milk producers in this fascinating but sadly very poor country. I became convinced during the trip that despite the different standard of living in West Africa and Europe the dairy farmers' problems are quite similar: in neither part of the world do producers receive fair pay for their work.

Korotoumou Gariko, a highly intelligent and politically committed dairy farmer graphically described this terrible situation. I met Korotoumou for the first time in Burkina Faso and last month returned the compliment by welcoming her to my farm in Belgium. She believes that cheap imports of milk powder from western industrialised countries are mainly to blame for small farms like hers with fifty-five animals being in difficulty and village structures being destroyed in her land. This is a clear indication that the growth ideology of the European dairy industry not only ignores the needs of farms in Europe but also has a severe impact on other continents. This is the flipside of the globally deregulated trade with dairy products sold to us time and again by our own politicians and representatives of the dairy industry as salvation and a concept for the future.

Given the scenario of hunger in Africa I also asked Korotoumou what she thought about our having thrown away milk in the fields in Europe during the big milk strike in 2009. She simply replied that she did just the same whenever she couldn't sell her milk because prices were too low. One can of course only shake one's head and think what madness it must be when farmers in Africa, where milk is even more precious than in Europe because production is much lower, resort to such desperate measures. And when farmers and people with such different cultural backgrounds as in Africa and Europe reach the same conclusion that it cannot go on like this, then something must be fundamentally wrong.

This realisation that we with our demands in Europe are not alone and are also struggling on behalf of milk producers in other continents, should therefore motivate us even more for our political work in the EMB. Our demands are currently being supported by a report published in March from the United Nation's Special Rapporteur on the Right to Food, Olivier de Schutter. The report stresses that what rich countries will have to do in the future is abandon an export-oriented agricultural policy, leaving space for local smallholders in developing countries. An article in this issue of the EMB Newsletter summarises the key points made in the report.

Erwin Schöpoges (Member of the EMB Board)

Travel report: Europe has to be experienced first-hand! German dairy farmers

visit their counterparts in Italy and Switzerland.

Stefan Lehmann, member of the Board of the German EMB affiliate BDM, was delighted that a total of 102 dairy farmers had signed up for the BDM members' trip to northern Italy. At short notice – but very gladly – Lehmann had to organise a second coach and a second hotel. On Friday, 7 March, at 1.30 in the morning the trippers set off from Zell am Harmersbach in southern Germany heading for Switzerland.

After the Gotthard Tunnel it became daylight and the sun was soon shining brightly on the snow-capped peaks of the Alps. Just before 10 a.m. the travellers finally reached their first port of call: the Costa family farm in Offlaga, a municipality in the province of Brescia in Lombardy, about 40 km south of Lake Garda. The Costa family live in a square-shaped farmhouse that dates back to the 15th century and run a farm with 160 dairy cattle, 250 breeding sows and 26,000 chickens. According to the Costa family the only profit these days comes from the chickens, unfortunately.

After a visit to the farm and a snack we went on to our hotel in Desenzano del Garda, the largest town on Lake Garda with a population of about 27,000. We checked in and continued our journey to member of the EMB Board Roberto Cavaliere's farm in Fenilazzo. Roberto Cavaliere and his two brothers manage a farm with about 120 dairy cattle, its own cheese dairy and its own winery. Roberto also makes his own ice-cream – in more than 100 different flavours. Roberto played the perfect host: the impressive tour was followed by an invitation to savour the original Italian pizza. The German dairy farmers could choose from 14 different toppings. An eventful first day ended in the late evening in a convivial atmosphere.

On Saturday the travelling party all headed for Venice to explore the world-famous historical city on a comprehensive guided tour. In the marvellous weather the city around the famous St. Mark's Square was resplendent in all its beauty. The German dairy farmers were invited back to Roberto Cavaliere's again in the evening. We spent some very pleasant hours together with Italian live music and a tasty barbecue.

On Sunday we took our leave from the beautiful region around Lake Garda, where spring was already in full bloom. The next stop was Switzerland. Passing Lake Lucerne and Lucerne itself we arrived at Toni Peterhans's farm in the municipality of Fislisbach in the region of Baden in the Swiss canton of Aargau.

What the farmers saw there will no doubt remain long in their memories. With 41 cows producing an incredible stall average of 12,600 kg milk, as a real professional cattle breeder Toni Peterhans has not only almost the largest volume of milk in Switzerland but also the longest living cows in the country. What the German visitors also found remarkable was that all the cows were tethered – as is still the case with many farmers in the Black Forest. Another impressive feature was how clean were the animals, the stall and the whole farm with its large fleet of vehicles, which is necessary because Toni Peterhans runs a contracting business as a sideline.

After the three wonderful days, district team leader Stefan Lehmann thanked everyone for their great interest and also the great discipline that is important with such a large travelling group. In particular he thanked Markus Hafner, a colleague and friend from South Tyrol, who had organised everything perfectly on the spot and had made such a major contribution to the success of the three days with his excellent interpreting.

Everyone was agreed how important it was to meet and converse with other German and European dairy farmers. One quickly realises that the situation of dairy farmers is similar throughout Europe. At the same time one also feels that one is not alone in the common endeavour for a sustainable milk market that is not only for the benefit of the dairy farming families but also for the benefit of the population as a whole.

Many of those who went on the trip have already signed up for next year – even though the

destination has not been decided on yet.

BDM district team Ortenau (Germany)

United Nations report: The world's food systems need to be radically and democratically redesigned

The following press release was published on 10 March 2014 on the occasion of the publication of the final report of the UN Special Rapporteur on the right to food, Olivier De Schutter.

GENEVA – The United Nations Special Rapporteur on the right to food, Olivier De Schutter, today called for the world's food systems to be radically and democratically redesigned to ensure the human right to adequate food and freedom from hunger. "The eradication of hunger and malnutrition is an achievable goal. However, it will not be enough to refine the logic of our food systems – it must instead be reversed," Mr. De Schutter stressed during the presentation of his final report to the UN Human Rights Council after a six-year term as Special Rapporteur.

The expert warned that the current food systems are efficient only from the point of view of maximizing agribusiness profits. "At the local, national and international levels, the policy environment must urgently accommodate alternative, democratically-mandated visions," he said. Objectives such as supplying diverse, culturally-acceptable foods to communities, supporting smallholders, sustaining soil and water resources, and raising food security within particularly vulnerable areas, must not be crowded out by the one-dimensional quest to produce more food." "The greatest deficit in the food economy is the democratic one. By harnessing people's knowledge and building their needs and preferences into the design of ambitious food policies at every level, we would arrive at food systems that are built to endure," Mr. De Schutter said.

Local food systems

"Food democracy must start from the bottom-up, at the level of villages, regions, cities, and municipalities," the rights expert said. "Food security must be built around securing the ability of smallholder farmers to thrive," he noted. "Respect for their access to productive resources is key in this regard," he added, calling for priority investments in agroecological and poverty-reducing forms of agriculture. Mr. De Schutter urged cities to take food security into their own hands. "By 2050 more than 6 billion people – more than two in three - will live in cities. It is vital that these cities identify logistical challenges and pressure points in their food supply chains, and develop a variety of channels to procure their food, in line with the wishes, needs and ideas of their inhabitants." "Emerging social innovations in all parts of the world show how urban consumers can be reconnected with local food producers, while at the same time reducing rural poverty and food insecurity," he said. "Such innovations must be supported."

National strategies

The expert warned, however, that these local initiatives can only succeed if they are supported and complemented at the national level. "Governments have a major role to play in bringing policies into coherence with the right to food, and ensuring that actions are effectively sequenced, but there is no single recipe," he said. "In some cases," Mr. De Schutter noted, "the priority will be to promote short circuits and direct producer-consumer links in order to strengthen local smallholder farming and reduce dependence on imports. In other cases, the prevailing need may be to strengthen cooperatives in order to sell to large buyers under dependable contracts." The key lies in democratic decision-making, he stressed. "National right to food strategies should be co-designed by relevant stakeholders, in particular the groups most affected by hunger and malnutrition, and they should be supported by independent monitoring."

International coherence

“Just as local-level initiatives cannot succeed without support from national strategies, efforts at the domestic level require an international enabling environment to bear fruit,” the Special Rapporteur added. Mr. De Schutter highlighted in his report the promising efforts of the UN Committee on World Food Security (CFS) to bring together governments, civil society, international agencies and the private sector to collectively address the challenges that food systems face, but warned that “the CFS remains the exception in bringing participation and democracy into the global governance arena, and in accommodating different visions of food security.” “Other global governance bodies must align themselves with the strategic framework provided by the CFS. The WTO, for example, must not hinder developing countries undertaking ambitious food security policies and investing in small-holder agriculture,” he said.

The Special Rapporteur underscored that attempts by developing countries to improve their food security will only be successful if there are parallel reforms in the global north. “Wealthy countries must move away from export-driven agricultural policies and leave space instead for small-scale farmers in developing countries to supply local markets,” Mr. De Schutter said. “They must also restrain their expanding claims on global farmland by reining in the demand for animal feed and agrofuels, and by reducing food waste.”

The final report can be downloaded at:

http://www.srfood.org/images/stories/pdf/officialreports/20140310_finalreport_en.pdf

Christian Schnier (EMB)

Update on milk market situation in Ireland

Utmost in the mind of dairy farmers in Ireland this spring is milk price and quota. Milk price paid to dairy farmers from dairy processors is currently 38 to 39 cents per litre. Based on estimated milk deliveries as submitted by milk purchasers for the period up to the end of February 2014, Ireland is 1.26% over quota when account is taken of the butterfat content of milk deliveries during that period.

Calving season is in full swing as most herds in Ireland are based on spring production systems. Unfortunately the weather for the last two months has seen above average levels of rainfall which has resulted in land being flooded at worse but at best ground conditions are very soggy, resulting in a late turn-out for spring calving cows. Later turn-out to grass usually means higher costs from extra indoor feed and lower milk production over the course of the lactation. This may have a dampening effect on milk quota which could reduce the exposure to the superlevy fine.

Pat McCormack (ICMSA)

New study results reveal shortfall in milk production

The following press release was published on 3 March 2014 on the occasion of the quarterly updating of the study on milk production costs in Germany:

(Brussels, 3rd March 2014) The new results of the cost study carried out by the German Office for Agriculture and Agricultural Sociology BAL show that the average price paid to dairy farmers in Germany in October 2013, i.e. 41,92 cents/kg, does not cover production costs. For the same

period, production costs amounted to 44,12 cents/kg, thus revealing a gap of more than 2 cents per kilogramme.

The study, launched by the European Milk Board (EMB) and the German MEG Milch Board, also shows production costs according to three different regions. In the South region (Saarland, Bavaria, Baden-Württemberg, Rhineland-Palatinate, Hesse) productions costs amounted to 49,19 cents per kilogramme of milk, in the East region (Thuringia, Saxony, Saxony-Anhalt, Brandenburg, Mecklenburg-Vorpommern) to 42,93 cents/kg and in the North region (North Rhine-Westphalia, Lower Saxony, Schleswig-Holstein) to 38,56 cents/kg.

Romuald Schaber, President of the EMB, underlines the importance of the study. "The study results, which are updated on a quarterly basis, provide us with reliable information on the cost situation in the different regions." It is of great importance to constantly monitor the market, and especially the relation between farm-gate prices and production costs. "But a Monitoring Agency set up on institutional level which would make adjustments on produced volumes in case of major shortfalls is equally important", says Schaber.

For October 2013, the price/cost ratio calculated by the MEG Milch Board revealed that costs were covered by 95 per cent, whereas for the whole of 2013 they were covered by only 87 per cent. "The current price situation has slightly improved", continues Schaber. "But we should not forget that the milk market is characterised by a strong volatility of prices." 2012 the average milk price in Germany was slightly under 33 cents; two years before it was less than 26 cents/kg. Under such conditions, we have to react by adjusting supply, in order to guarantee the survival of milk production in all EU regions.

Christian Schnier (EMB)

Fair Milk in Belgium awarded prizes

This year the Fairebel chocolate milk from the product range of Fair Milk in Belgium was awarded one of the coveted Belgian Golden Archers in the "Fair Product" category. The prize is offered and awarded every year by the Belgian distribution organisation "Comité Royal Belge de la Distribution" and its trade publication "Vertrieb heute". The Faircoop co-operative farmers who market Fair Milk in Belgium under the brand name Fairebel thus have an image-boosting success to announce that is encouraging for the further development of the project. The award ceremony was held on 21 March 2014 in Brussels.

In addition the "Fairebel Vollmilch Original" (full milk) won the Belgian Horecatel trade fair's third innovation prize in the Food category in early March. So another high-quality article produced by Fair Milk in Belgium has already won an award this year.

Erwin Schöpges (Member of the EMB Board and President of Faircoop)

Free trade in cheese – is it really a success story?

"Positive trade balance for Swiss cheese" says Swiss Cheese Marketing (SCM) in its latest press release on last year's trade figures. Swiss cheese exports did indeed rise by 1.8 per cent in 2013.

Yet there is another side to this coin: cheese imports went up 2.5 per cent in 2013. Since the beginning of free trade in cheese with the EU in July 2007, not only have Swiss cheese exports abroad increased, but cheese imports have continually as well. In 2013, Switzerland imported 1,279

tons more cheese than in the previous year, a rise of 2.5 per cent. A total of 52,133 tons of cheese were imported in 2013. The gap between imports and exports is decreasing year on year. If the trend continues at the same rate, imports will top exports in a few years – despite immigration into Switzerland.

SCM's detailed analysis shows that imports from Germany account substantially for the increase in imports. German imports rose 11.8 per cent, or 1,281 tons. This quantity was imported at an average price of 3.8 euros a kilo. So the constantly increasing cheese imports are not primarily quality cheese, but cheap goods instead, with milk in the producing countries having been bought at dumping prices, i.e. below actual cost. This is typical of free trade: competition is about price not quality. Free trade results first and foremost in prices being put under pressure in one's own country.

The cheese trade statistics likewise show that a country can also successfully export to countries with which there is no free trade agreement. Exports overseas went up 17.5 per cent. This is impressive confirmation that whoever has top quality can also export it even when duty is levied on it at the border. The affluent consumers will get over it. But we must ask ourselves why SCM adorns its press release with fine-sounding headlines. It certainly does not produce an objective assessment of the situation. And it is precisely objectivity and sober reasoning that is needed in the debate about free trade.

Werner Locher (Secretary BIG-M)

EMB diary

Here are the EMB Board's key dates in April 2014:

- 02.04.: Board meeting in Brussels
- 15./16.04.: General Assembly in Brussels
- 16.04.: Meeting with the EU Commission in Brussels on the monitoring agency for the EU milk market

Contact:

EMB – European Milk Board, Office
Rue du Commerce 124, 1000 Brussels, Belgium
Phone: 0032 – 2808 – 1935
Fax: 0049 – 2808 – 8265
office@europeanmilkboard.org
www.europeanmilkboard.org