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Corona crisis: current developments and situation for milk producers

The exchange of information regarding the corona crisis is currently very important for all areas of life and work. The European Milk Board sends this newsletter with information on the developments in the different countries. We would like to thank all colleagues on their farms throughout Europe for their support for this information work!

In this newsletter you will first see an overview of the global and European milk market, followed by information from milk producers in 15 European countries.

Global milk market

The indicators show that the market is getting more and more under pressure. This is particularly clear from the current Global Dairy Trade Index and also from the Italian spot market (Milan).

Global Dairy Trade Index: -3.9% (17/03/2020)

On the international trading platform Global Dairy Trade, the overall index fell by 3.9% to 2,980 USD/t this week. With 24,209 tonnes, the volume traded was again below the level of the previous auction (25,576 tonnes).

Skimmed and whole milk powder recorded a significant drop: skimmed milk powder (-8.1% to 2,527 USD/t), whole milk powder (-4.2% to 2,797 USD/t).

Butter showed a slight increase (+0.3% to 4,144 USD/t), as did casein (+1.0% to 9,987 USD/t). The largest increase was recorded for lactose (+4.9% to 914 USD/t) and the index for cheddar (+2.6% to 4,398 USD/t) also developed positively.

European milk market

Italian spot market price (Milan): 36.86 EUR/100 l (03/2020)
The Italian spot milk price (Milan) fell to 36.86 EUR/100 l in March 2020 (-6.84% compared to the previous month). Compared to March 2019 this is a decrease of 13.20%.

Futures on dairy products on the European Energy Exchange (EEX) (13/03/2020)
Prices for dairy futures on the European Energy Exchange (EEX) are falling significantly. The contracts for May, for example, fell by 5.7% to 3,300 EUR/t.

EU-27 milk prices: 35.13 EUR/100 kg (06/03/2020)
The average EU milk price in February 2020 was 35.13 EUR/100 kg. Prices fell by 0.6% compared to the previous month and are at a similar level to the same month last year (35.20 EUR/100 kg).

EU butter price: 350 EUR/100 kg (15/03/2020)
The butter quotations are currently 350 EUR/100 kg. This means a decrease of 0.2% since the previous week and -17% compared to the previous year.

EU skimmed milk powder price: 242 EUR/100 kg (15/03/2020)
The price of skimmed milk powder fell last week by 2.8% to 242 EUR/100 kg. Compared to the same period of the previous year, this represents an increase of 26%.

Situation in the different countries

Italy:
Difficult situation in Italy. The transport of food is complicated, the gastronomy sector is in severe decline. Companies have reduced or stopped their activities due to a lack of personnel.
However, the demand in supermarkets has increased.

South Tyrol, Italy:
Closed catering industry in Italy has also an impact on demand. First measures are being taken: dairy *Mila Bergmilch Südtirol* has called on its members to voluntarily reduce their production due to supply and logistics problems (circular 03/2020 – see video here).

France:
France is currently in lockdown. However, farmers are allowed to go outside to continue priority agricultural activities and ensure food function. Farmers must be in possession of an official certificate. All farming activities that can be postponed must be. In addition, stricter hygiene measures apply.
No feedback has been received from the farmers themselves. Daily work continues as normal.
The milk price has not changed. At present, people buy a lot of milk and dairy products and store them at home. It is likely that demand will decrease in the coming weeks, especially due to the closure of restaurants and canteens. As sales prospects in these sectors seem to be shrinking fast, some milk collection plants are talking about totally or partially shutting down their facilities in the coming weeks. Restrictions in supply and logistics have also been reported on occasion. This is reflected in a lack of packaging, for example.
Government measures in the dairy sector have not yet been taken.

Belgium:
There are currently no acute effects on milk producers. Daily work continues normally. The milk price is around 31 cents. However, as the Flemish Milk Board reports, there are concerns about the risk of employees' absence due to the coronavirus disease. Only Boerenbond members have a farm relief service, but not the other producers.
The demand for Belgian fair milk (*Fairebel*) has currently increased.

Germany:
So far no strong impact on milk producers and no disruption in milk collection. The price remains the same. But some dairies report that they are expecting a sharp drop in exports (especially problematic for the North, which is very dependent on exports). It is estimated that there will be 5% less milk sales and a drop in price.
The BDM calls on all stakeholders in the milk sector, and in particular all associations of the food and dairy industry, to send a signal to politicians: temporary, binding milk volume reductions throughout Europe to keep the economic damage of this pandemic as low as possible. The AbL shares this opinion. It is now extremely important that the decision-makers introduce a programme for reducing milk production (-5% for example). Farmers are not asking for money from the government, but for instruments to be used to tackle the expected crisis now and to avoid measures such as intervention.

Denmark:
Cancellation of all events, restriction of human contacts, as everywhere else. No specific problems in the dairy sector known yet. No special measures taken yet either.
No price changes so far, Arla Foods has the same price all month, the April price will not be announced officially before 24 March.

Netherlands:
At the moment, the effects of the corona crisis on farms are not yet tangible.
The milk price has not changed, but it is expected to fall soon.
The government has not yet taken any special measures. Agriculture and the nitrogen regulation are no longer on the agenda.
Demands of milk producers: it is important that instruments are implemented and that the government does not wait until it is too late.
Interesting: in videos, farmers have offered to look after children when parents have to work. They also offered people to buy fresh milk on their farms.

Luxembourg:
Work on the farms continues normally.
No change in milk prices so far.
Milk sales have risen rapidly since Friday. The dairies have no problem selling milk now. Once people have built up their stocks, sales will drop off sharply.
In general, people wait and will see how the situation evolves.

Switzerland:
The livestock associations suspend the monthly milk sample weighing and linear assessments. All cattle shows and all

meetings are cancelled. Work on the farms continues as normal. But it is noticeable that there are very few cars on the roads. A problem faced by farmers now is that many people go for walks on the field paths and are reluctant to give way.
The demand for Swiss Fair Milk (*Di fair Milch Säuliamt*) has not changed so far.

Spain:
Up to now the daily agricultural work continues without any disruptions. Food processors continue to work with tightened hygiene measures. However, if a case is reported in the company, they will have to close. For the time being, milk collection, basic veterinary care and the supply of food and feed are guaranteed. The milk price remains the same and negotiations on new contracts will be suspended until the crisis is tackled.
General situation in Spain: within 3 days, from 5,000 infected and 40 dead in the whole country to more than 11,000 infected and 300 dead (situation on 17/03). It looks like it is going to get worse. The state of emergency with restrictive measures is initially valid for 15 days. The government is deliberating to take further measures and extend the deadline to 45 days. As of 18 March, the army will patrol all cities and one can only travel with a work permit.

Portugal:
No changes in milk price.
Increased demand for cow's milk, but drop in demand for sheep's and goat's milk due to closed catering industry. The response of some of these farms is a reduction in volumes.

Ireland:
Milk deliveries continue, but with social distancing on the farm and tightened hygiene measures. Cattle markets are limited to 100 people at a time. Some markets have decided to close completely for the next two weeks. Cattle slaughtering will continue as usual.
The public is not allowed on farms. It is recommended that only visits for essential services are made.

Lithuania:
No particular impact on the daily work on farms.
Milk procurement prices increased by 1% compared to January. So far, government is only discussing measures for industry, not for agriculture.
Milk processors are complaining about a reduction in exports, especially to Italy, but also fear that raw milk imports from Latvia and Estonia could fall.

Latvia:
The agricultural sector continues to operate normally, but pays even more attention to hygiene and cleanliness.
The milk price remains the same. Concerns that it could fall due to transport problems in Europe.
Government plans various financial aid measures to help businesses, e.g. tax exemptions, credit exemptions, guarantees.

Norway:
The daily work on the farms continues normally and milk is collected. So far no disruption in food production and transport.
The milk price is stable.

Sweden:
Up to now, the daily work in agriculture goes on as usual. Milk is collected. However, meetings must be avoided and contact with the milk collector, for example, restricted. The milk price rose by 0.01€ on 1 March and remains stable. However, there are concerns that farm workers might be absent due to corona infections.

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