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European General Assembly - Dairy farmers from across Europe: Active politically and on the market for fair agricultural production

(Brussels, 24 June 2022) With over 20 member organisations from numerous European countries, the European Milk Board (EMB) represents dairy farmers before policy-makers, processors and retailers. With their Fair Milk projects, EMB members, in turn, make a constructive contribution to the market and ensure fair prices for farmers.

Representatives from EMB organisations across Europe came together in June at their General Assembly to collectively analyse the challenges faced by the sector due to external and internal crises as well as due to EU agricultural policy. The participants unanimously agreed that now more than ever, it is important for dairy farmers across Europe to be well represented and that the political work carried out by the umbrella organisation is constructive and essential. Without these efforts, the concerns and demands of farmers and even EU citizens when it comes to stable production would go unheard. In this context, the EMB regrets that the interests of farmers are not truly represented in certain large associations at EU level, which, as per their definition, should represent those working on farms and in the agricultural sector.

Key topic: Economic and social situation on farms

As shown by an analysis of the economic and social situation on farms presented at the EMB General Assembly, the current EU agricultural system is unable to ensure a stable production structure with a sufficient number of robust farms. Important reforms are urgently needed, and farmer representatives across the EU need to advocate for them. Dr. Karin Jürgens from the Farm Economics and Rural Studies Office (BAL) presented the findings of a study on margins as well as the latest cost calculations up to 2021, which showed a systematic worsening of the margin, price and cost situation for dairy farmers over the last few decades. In fact, the Net Economic Margin I has dropped from 3.79 cents/kg of milk in 1989 to -4.96 cents/kg in 2019. Furthermore, the [latest cost and price figures for 2021](#) show that the cost shortfall for Belgium, Germany and Luxembourg, for example, is around 20 per cent, for France and the Netherlands, it is 30 per cent, and for Lithuania, it is a whole 43 per cent. This has a disastrous effect on farmer income. It means that farmers in Germany were left with a mere 6.10 euros and their colleagues in Luxembourg with just 5.25 euros as an hourly wage. French farmers received a measly 3.09 euros. As for Lithuanian producers, they did not even earn the minimum wage with 2.33 euros per hour. Their Danish and Dutch colleagues' 2021 average even put them in a deficit. This latest analysis on cost calculations for 2021 which was complemented by price data for the first quarter of 2022 once again clearly indicated that rising costs of cattle feed, fertilizers and energy led to additional cost increases in dairy production. In France alone, the trend analysis suggests, for example, that the cost of purchased feed rose from 10.57 cents (2021 average) to a whopping 14.49 cents per kilogramme of milk in April 2022. This dampens expectations that the parallel rise in milk prices will provide them with urgently needed economic relief.

Legal framework for cost-covering prices and mirror clauses for imported products

EMB representatives underline that stable milk production needs a legal framework that ensures that production costs, including fair remuneration for producers, are actually reflected in prices. A law adopted in Spain in 2021, which makes it obligatory for prices to be higher than production costs, could serve as a template for such a framework at EU level. Such a law needs to be adopted for the EU as a whole and above all else, it must be actively enforced.

In terms of trade policy, the Assembly discussed mirror clauses for imported goods. Such clauses would ensure that imports comply with EU production standards and would thus prevent distortions to competition that are detrimental to local dairy farmers and would also avoid increased health risks to EU consumers.

Social and economic sustainability in the Fair Milk projects

As an active representation of dairy-farmer interests directly on the market, the [Fair Milk projects](#), which are successfully run by EMB members in different countries, provide an excellent illustrative model. They prove that fair prices that also include fair income for producers are not just a pipe dream, but are absolutely possible in practice. However, this only works when the focus is truly on social sustainability, which barely figures in the political system or among cooperatives, private processors or retailers. These unique sustainability projects, whose goal is to make a fair distribution of value along the production chain a reality, are shining examples of a distribution system that must be developed from a niche approach into something that is implemented across the EU.

Alongside the political advocacy by EMB members, the Fair Milk projects, which are entirely managed and run by farmers with immense passion, energy and effort, are an important pillar in the representation of dairy-farmer interests in the EU. These representation efforts focus on economic and social sustainability on farms – the participants at the General Assembly collectively agreed on this – and continue to be carried out with great momentum by the EMB's farmers. They invite all stakeholders in the agricultural system – be it associations, political representatives or processors and retailers – to contribute to the work of building a fair and stable production system in the EU.

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