



## EMB Newsletter December 2008

Dear Readers,

The format of this Newsletter is different from the one you are used to. It contains longer articles owing to recent events: one on the EU Ministers of Agriculture's decision to increase the volume of milk under the Health Check of the CAP and the diverse EMB campaigns of action of the milk producers in the run-up to the vote. Another article reports on milk producers' blockades and strikes in France. There is no good news from Sweden and Great Britain; more and more farms are closing. In eastern Belgium, the milk producers voiced their clear support for a European control of volumes. In Switzerland, where such a control has been almost completely abolished, the dispute between the dairy industry and producers is heightening. In Austria 1,400 milk producers attended IG-Milch's annual meeting. On 17.11.2008, Spain kicked off a campaign to enlighten consumers about the low prices paid to producers and the necessity for consumers and producers to do something together.

In the evening of 19.11.2008, the EU Ministers of Agriculture decided to raise the milk quota by 1 per cent a year for the next five years. But there was an unexpected addition that is also due to the European milk producers' campaigns of action in the last few weeks: in 2010 and 2012 there is to be a study of whether the market situation permits further increases. This contains a rudimentary gearing of the volume of supply to market demand. Now we are supposed to stick to this initial approach and carry on supporting the Ministers of Agriculture that introduced this element. From the outcome of this health check it was once more obvious that, faced with the fact that the dairy industry is still in bed with traditional lobbies and they are in cahoots with the administrative authorities of agricultural policy in every European country, good arguments and strong action are not enough. What is needed is medium-term and long-term work to totally rebuild the solid

structures of influence. The European Milk Board can act as a bridge between the milk producers in the individual nations and also as a strong representation of milk producers in dealings with politicians, the dairy industry and the food retail trade. This calls for the strength from the grass roots – the milk producers – as they showed in their campaigns of action in the last three months.

Enjoy your reading!

Best regards,

Sonja Korspeter.

### **From Annecy to Brussels – on the way to the Ministers of Agriculture's decision**

In the last three months, European milk producers have been drawing attention to their position on the agricultural policy by joint action during the EU Ministers of Agriculture's conferences. Even though the milk quota is now to be increased, gradually talk turns to the flexible control of volumes. From campaign to demonstration it became clearer that there *is* a European movement that carries on growing and is getting itself heard more and more.

For three months dairy farmers have conducted activities parallel to the decision-making process on the Health Check. First in September in Annecy/France, then one month later in Luxembourg and finally from 17-19 November in campaigns across Europe they reminded the EU politicians of their responsibility for milk production. On Wednesday, 19.11.2008, representatives of the EMB stood outside the gates of the Council building in Brussels to present the view of European milk producers to journalists.

#### **September - Annecy/France**

Together with an alliance of organisations from the sectors of agriculture, consumer and environmental protection and development-aid co-operation, the EMB organised a demonstration in Annecy during the EU Ministers of Agriculture's meeting. 5,000 demonstrators from various European nations had come to plead the case for a fundamental

re-orientation of the agricultural policy towards social and eco-friendly agricultural production of high-quality food. The President-in-office of the EU Council of Agriculture and Fisheries, Michel Barnier, was handed a letter by Romuald Schaber as President of the European Milk Board. In it the 27 Ministers of Agriculture of the European Union were called on to make a clear commitment to a **market-oriented control of supply from 2013 onwards.**

**October - Luxembourg City**

250 tractors from five countries were driven to the EU Ministers of Agriculture conference in Luxembourg and put in the limelight to considerable effect. The sea of vehicles made a great picture against the backdrop of the large crystal palaces of the political and business quarter on the Kirchberg. They had travelled from Belgium, Luxembourg, France, the Netherlands and Germany to demonstrate that the milk producers in Europe were in favour of flexible market control. It represented the only way for them to generate fair milk prices in the market. Romuald Schaber, President of the EMB, said in his speech before 600-700 demonstrators from all over Europe: “We don’t want any subsidies in the form of a milk fund; **we want basic conditions that enable a fair, working market in which the costs of producing milk on the farms are paid.**” In the subsequent conversation with Jean-Marie Aurand, the right-hand man of Michel Barnier, President-in-office of the Council of Agriculture and Fisheries, it was once again evident that many national Ministers of Agriculture in Brussels represented not so much the interests of milk producers as the interests of an export-oriented dairy industry.

**November – campaigns across Europe**

The climax of the EMB’s campaign of action was seen finally in the individual countries from 17-19 November. Besides a *soft landing* of another kind, the Dutch organisations DDB and NMV let a Farm Minister look-alike slide down a butter lake and land on a mountain of powdered milk. Attempts were made in Luxembourg and Ireland to speak with the national Ministers of Agriculture. France saw numerous protests and blockades of dairies, and in Belgium they presented binoculars to the politicians with responsibility to make up for their short-sightedness. In Scotland and Italy they went for direct dialogue with consumers in numerous Faironika and Fair Milk campaigns, whilst in Spain they had consumers sent an SMS referring to fair milk prices and journalists given milk bottles with the same message on. In Germany they used a large number of tractors outside the Schleswig-Holstein Ministry of Agriculture in Kiel to drive home the call for reasonable basic conditions for the market.  
*Silvia Däberitz/Sonja Korspeter*

**Health Check: raising the milk quotas even higher (over 5%)**

The scope of the Brussels resolutions on the “Health Check” of 20.11.2008 is – at least as far as milk is concerned – greater than was first reported. In addition to the pan-European 1% annual quota increases over the next 5 years (2009/10 to 2013/14), the EU Ministers also voted in favour of altering the fat correction factor (from 0.18 to 0.09 for the countries whose actual fat content is above the reference fat content). The real impact of that is like an extra rise in the quota in the countries concerned:

Country	Quota 2007/08	Fat correction 2007/08	After new correction factor	Difference = increase in quota by
Germany	28,043,829	728,304	359,236	<b>1.3%</b>
Belgium	3,305,996	210,520	101,632	<b>3.1%</b>
Ireland	5,393,926	203,012	99,441	<b>1.8%</b>
Luxembourg	271,268	13,174	6,422	<b>2.4%</b>
Netherlands	11,113,529	267,967	132,295	<b>1.2%</b>
Austria	2,679,401	82,230	40,464	<b>1.5%</b>

For Belgium the increase in the quota in the next quota year will be not just by 1% but by an additional 3.1 % (Luxembourg 2.4%, Ireland 1.8%, Austria 1.5%, Germany 1.3%, the

Netherlands 1.2%). In the other countries in the last quota year the actual fat content was below or only very slightly over the reference fat content.

All that makes another resolution passed on 20.11.2008 ineffective: for member states that oversupply their national quota by more than 6% the super levy will be increased by half, but only for the amount exceeding the 6%. This applies only to the quota years 2009/10 to 2010/11. Even Italy would have been spared that last year (5.6 % oversupply in 2007/08).

It has since become widespread knowledge that Italy is permitted to spread the 5% quota increase out at a stroke in 2009/10. In a footnote to the resolution Italy's Minister stated that he intends to distribute the additional quotas solely to previous oversuppliers. Roberto Cavaliere from EMB member organisation APL: "What can be regarded as positive about the EU resolutions of 20.11.2008 is that the Italian milk quota was raised, because with the extra 5% quota the real Italian milk production now "conforms to regulations"." The general increase of the European milk volume has been sharply criticized by Cavaliere as ignoring the market situation.

*Ulrich Jasper*

### **Great Britain – milk production continues to fall**

In September the average milk price in Great Britain was 27 p/litre (32 cents). Milk production is still falling. So far this month 1 million litres less a day has been supplied than last year, the number of cows fell by 2% (40,000 cows) in the first half of the year to June 2008. Many dairies are canvassing new milk producers. At the same time some sites have closed down and workers are being laid off.

Milk is still being imported onto the island and these imports will probably rise.

The Scottish association *Dairy Farmers of Scotland* (DfoS) and the Welsh organisation *Farmers Union of Wales* (FUW) joined forces in late November to dish out information and advice to milk producers at the Agriscot Fair just outside Edinburgh/Scotland - with Faironikas on hand to call for fair prices.

### **French milk producers fighting for higher milk prices**

Dairy blockades, consumer campaigns, demonstrations outside prefectures, a milk strike – the activities of our neighbours for a cost-covering milk price and flexible control of volumes are nothing if not diverse. This movement was triggered off by the collapse in

milk price negotiations on a national level between the dairy industry and the FNPL, the milk branch of the French Farmers' Union. The dairies are currently paying differing prices to the milk producers, ranging between 28.5 and 31 cents/litre containing 3.8% fat and 3.2% protein.

### **Negotiations called off**

In the negotiations the French farmers' association FNPL had demanded a milk producer price of at least 32.5 cents per kilo from the dairies. This price, already very low given the rising production costs, was rejected by representatives of co-operative and private sector dairies, whereupon talks were called off after two failed attempts. Some dairies such as Entremont in Brittany are now paying 28.5 cents, far too little for the milk producers, who fear for their livelihoods. The predictable outcome of the decision on the Health Check in Brussels and awareness of the strong campaigns, along with the degree of organisation in the other countries represented in the European Milk, gave the French farmers extra courage to strike for their interests. "We have to stick together, as the Germans did a few months ago", said Bruno Demeuré, a milk producer from Finistère in western France. With the media on hand to report, he poured his milk from the last three days into the liquid manure. "The dual aim is to let the public know that we are selling our milk at a loss and to force the dairies to re-negotiate the milk price." In a first step for November, EMB member Organisation des Producteurs de Lait (OPL) is calling for at least 34 cents per kilo of milk, which equates to the price in November 2007.

### **Midi-Pyrénées in the milk delivery strike**

According to the OPL several hundred dairy farmers from every *département* in the Midi Pyrénées are involved in a milk delivery strike near the Pyrenees on the border with Spain. The strike, says the OPL, started on a few farms on 13 November. Gradually more and more producers joined in. "We want to have all the milk producers on board, no matter which agricultural trade union they belong to", said the OPL. Their aim is shared by milk producers in Normandy. Regardless of which organisation they were members of, 200 farmers gathered with 60 tractors outside the Vire dairy. "The aim of the protest is to hold talks with political decision-makers and representatives of the dairy industry from the region to negotiate the basic political conditions for controlling volumes and

for a cost-covering milk price”, stated a representative from the meeting.

### **Solidarity among producers**

It is not only dairy farmers that are taking part in the various campaigns. At Yonne in central France cereal growers showed solidarity with their fellow farmers and jointly blockaded the Senoble dairy. According to the OPL, 50 farmers blocked the access roads until the Director Yves le Lan said he was prepared to dialogue. No agreement was reached, said OPL. On 24 November 2008, 120 farmers assembled at Loudeac in Brittany and declared that they were ready to go on strike. “We need 40 cents a kilo of milk to cover our costs.” A nationwide milk strike is not to be expected in France this year. Instead the plan is to carry on stoking political pressure in the country and to mobilise more farmers ... for the future of milk production. Co-operation with their European colleagues via the EMB is to be stepped up. “The next time we have to unite in action throughout Europe”, said Jean-Louis Naveau, President of the OPL.

### **A societal issue**

The FNPL of the Farmers’ Union is also calling for short, sharp dairy blockades throughout France. The Ministry of Agriculture wants to bring in a mediator to take the edge of the dispute between the milk producers and the dairy industry, and to come up with constructive solutions. People in France are much more aware what it means if more and more dairies shut up shop and the countryside empties. Farmers marched through the streets of La Roche in southwest France with their cows, pigs and chickens to the local job centre. They symbolically declared themselves and their livestock unemployed and applied for unemployment benefit. “We demand a milk price linked to the costs of producing milk. We also need effective protection from outside to defend European production against cheap imports”, said an OPL spokesman.

*Marlene Herzog / Sonja Korspeter*

### **Survey on regulating volumes in eastern Belgium**

A survey carried out by the MIG (Milk Producers’ Lobby) in the German-speaking part shows clear approval of flexible volume control from eastern Belgian milk producers. The detailed results of the evaluation are as follows: over 95% of the milk producers that responded to the survey were in favour of a flexible

control of volumes, the figure among dairy farmers under the age of 30 being 94.11%, among the 30 to 45-year-olds 95.16% and among the over-45s 96.66%. Roughly a third of the milk producers in the German-speaking area responded to the survey. (Erwin Schöpges)

### **Sweden: low price = low investment**

Swedish investments in the dairy sector have decreased further in recent months. Firstly, once costs have been deducted from the low prices there is little left to re-invest; secondly, borrowing through credit has been adversely affected in general.

The price situation is partly a consequence of smaller dairies being squeezed out the market by Arla Foods; a problem that is felt particularly keenly in southern Sweden. Many milk producers in these regions are against working together with Arla, while in the North more and more farmers are ceasing to produce, since on average they have smaller farms and can no longer withstand the pressure on prices. The lower production volume is impacting on the dairy industry, with the first planned closures of sites already being announced for next year. In November Arla announced its future strategy of expanding new domestic markets in Germany and Poland and ambitious plans for growth; farmers are now discussing this strategy.

The Swedish milk producers’ organisation LDM is carrying out its own strategy to counter Arla Foods’ price-cutting measures. This includes marketing “Fair Milk”, which is to be launched with the support of smaller dairies.

*Paula Ponnainen*

### **1,400 farmers at IG-Milch’s annual meeting**

At the annual meeting of the Austrian IG-Milch, speakers from all manner of sectors came to speak alongside the milk producers. The political representative Burgstaller and the Chairman of the Chamber of Employment Pichler assured them that they would commit themselves again to the issue of the milk price. Both speakers agreed that the partnership between consumers and farmers was vital, and the higher milk prices paid by the consumers for better quality had also to be passed on to the farmers. MEP Friedrich Wilhelm Graefe zu Baringdorf attacked the EU’s export-oriented milk policy. He described the milk strike as a historic movement. “The increase in milk volumes following the Health Check is so absurd, it’s like Opel cancelling holiday leave and producing cars on

waste-heaps", was Baringdorf's scathing comment on the EU policy. Walter Peters from Germany, a farmer with 650 dairy cows in Mecklenburg-Western Pomerania, settled the dispute about large farms and smallholdings. "Today I have the same fear for my livelihood with 650 cows as I had when I started out with 20 cows. They're playing us off against one another. East against West, large against small. We all do the same job, though, and need a fair price for our milk!"

Project manager and deputy shop steward Ernst Halbmayr reviewed the "A faire Milch" marketing project and the sale of milk via "Free Milk Austria" as successes. Despite the market turbulence the milk brand is maintaining steady sales and as the only milk brand in farmers' hand is the driving force for a fair price. Shop steward Ewald Grünzweil appealed to farmers to suspend all investments as a self-protection measure under the current circumstances. Not until basic conditions had been created, with national statutory controls of volumes being implemented that put the reference values of food sovereignty and a cost-covering milk price to the fore, could they re-invest. Grünzweil closed the meeting amid thunderous applause from the farmers: "We have no intention of losing and need the unbending will to win!" *PR*

### Switzerland

The main feature of the Swiss milk market is still the abolition of volume regulation under public law, which is to give way in May 2009 to a market system under private law. The founding of the "Verein Schweizer Milch" [Swiss Milk Association] on 14 October 2008, bundling the four biggest dairies, has to be seen in this context. The umbrella organisations of the cheese manufacturers and one or two producer organisations (chiefly organisations directly associated with dairies) also want to join the new association. This new player in the industry, which expressly refuses to negotiate a base price with the umbrella organisation of the milk producers (the SMP), is another attempt by the milk processors and the retail trade to shape the future milk price unilaterally by the trading interests of the processors and wholesale distributors. This makes the pressure on the income of the producers, competing amongst themselves with fragmented producer organisations, even greater. The milk producers have no intention of accepting price cuts after the industry and the federal administration have

so irresponsibly increased the volumes of milk, blind to the market, devastating the creation of added value. Emmi lowered the milk price by 2.3 cents on 1 November 2008, the PO ZMP by 2.9 cents and the PO Nordostmilch by 6 cents retroactively to 1 October.

For its part the meeting of the delegates of the Swiss Milk Producers' Organisation (SMP) voted with a huge majority in favour of these four points on 19 November:

1. SMP milk support fund: a contribution of 1.0 centimes (+ 0.5 centimes) per kilo of marketed milk is being levied for the months of November/December 2008

2. Self-help measures/Milk support fund from 1.1.2009: a re-orientation of the milk support fund measures to safeguard the volume and price of milk in the shape of an intervention fund

3. Generally binding validity for the milk support fund from 1.1.2009: a contribution of 1.0 centimes per kilo of marketed milk to be levied; an application for the generally binding validity is being made to the Federal Office for Agriculture

4. Market segmentation measures: the Board of the SMP is instructed to finalise and implement a regulation on market segmentation together with the PO, the PMO and the milk processors.

The EMB member organisations Uniterre and BIG-M welcome these decisions and by contractually pooling producers intend to further increase pressure to achieve the goal of a cost-covering milk price of not less than CHF 1.00 per litre. This entails heavy mobilisation of joint forces to add weight to the demand to the federal administration for generally binding validity. *Rudi Berli*

### Spain - juntos somos la leche - together we are the milk!

Confronting politicians and the dairy industry with the dairy farmers' situation to bring about change is a key part of the work of Prolec in Spain. But that is not enough on its own. Contact with consumers, whether directly or via the media, is no less important. The association is stepping up its approach to consumers with a campaign from 17.11.2008 until March 2009. A message is being sent – by SMS directly to a mobile or a milk bottle for journalists – that highlights the problems of the milk prices: "How much do you pay for milk in the supermarket? – It costs the farmers 40 cents a litre to produce it – Let us find a solution

together. Together we are the milk. Every one of us is a consumer”.

As numerous surveys in several European countries show, consumers are quite prepared to pay a fair price. One of the aims of the campaign in Spain is to tell the public that the trade and the dairy industry are preventing this fair price for farmers. Though it may also be against their economic interests, if consumers buy with greater awareness and set store by a fair milk price then trade and the dairy industry will be forced to change their strategy.

*Esther Lopera*