German dairy farmers strike against low milk prices and high energy costs

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On May 27, thousands of German farmers began a strike and boycotted deliveries of milk to protest the low cost of milk and their dwindling returns, which are rendering milk production untenable. Should the farmers continue their boycott this week, it is expected that the supply of fresh milk products could be limited in the near future.

The high level of participation in the strike surprised even the organisers of the protest, the German Association of Milk Producers (BDM). According to its own data, virtually all of the 32,000 members of the BDM stopped deliveries. In a number of German states—Bavaria, Baden-Württemberg and Hesse—support for the protest was at nearly 100 percent.

Non-organised dairy farmers also expressed their solidarity with the action, and according to reliable estimates, up to 60 percent of the 47,000 tons of milk produced daily in Germany is not being processed.

German farmers have also received support from other European countries. Farmers in the Netherlands, Belgium, Austria and Switzerland have also taken action. In Austria, the union IG Milch called upon its members this week to deliver only half of the usual quantity to the dairies.

In France, around 500 dairy farmers blockaded a dairy near Strasbourg in order to stop milk supplies to Germany. The president of the organisation of the milk producers, Jean Louis Niveau. explained: “We are trying to prevent the movement in Germany being weakened through [the delivery of] French milk.” There were also protests against low milk prices in France, where in some regions prices are even lower than in Germany.

The aim of the milk boycott in Germany is to ensure a minimum return of 43 cents per litre of milk for the farmer. At present, they receive between 27 and 35 cents, according to region. Even with a return of 44 cents, many farmers confront losses. A typical family business requires a margin of 44 cents, which represents the minimum necessary to produce the milk in the first place, and does not include the income of the farmer himself.

The financial situation of farmers in Germany and throughout Europe has worsened appreciably in recent years. Previous actions by farmers in Germany against their deteriorating living and working conditions were largely limited to symbolic protest actions, which remained completely ineffective. When farmers today prefer to pour out hundreds of thousands of litres of milk rather than deliver, this testifies to the seriousness of their position.

The striking farmers have no way of compensating for their losses and receive no payment for milk that is not supplied to the dairies. At the same time, they have no strike fund. According to one German newspaper: “Under conditions where they have no strike fund, a strike for the farmers is ruinous. But the lack of a profit margin also leads to ruination. That is why their revolt on the farms deserves some consideration.”

In particular, the dairy farmers are opposing the pricing policy dictated by the major foodstuff concerns, which persistently depress prices in an effort to undercut their competitors. Major German retail chains such as Aldi, Lidl and Rewe have all recently pushed through price reductions for milk products. According to the BDM, the price of milk has dropped by 30 percent since the start of the year. Under conditions of growing demand, farmers worldwide were receiving up to 40 cents per litre just last autumn.

The price for milk—and concomitantly returns for milk producers—is negotiated by the major retail chains with the dairies. In Germany, just five or six major concerns dictate price levels, and it is they who have mainly benefited from the repeated price increases made in recent years. The consumer has to foot the bill while producers receive nothing.

A German farmer currently receives 2 cents less per litre of milk than in 1993, while consumers are paying up to 30 cents more. Farmers receive 3 cents less per kilo for grain products compared with 15 years ago. But in the shops, the price of a loaf of bread has increased over the same periods by more than 1 euro. The situation with meat products is similar.

While some politicians such as German Consumer Minister Horst Seehofer have declared their sympathy for the plight of the farmers, the fact remains it is the policies of the European Union and European governments that have created the basic conditions for the ever-increasing exploitation of the farmers, leading to huge profits for the big companies.

The European Union is increasingly seeking to leave milk prices completely to the whims of the market—a policy that means certain bankruptcy for many small producers. Under conditions where prices are dropping on the global market, only the biggest agrarian enterprises can survive.

The existing EU regulations are due to expire in 2015, and thereafter, milk production in the European Union will be entirely dictated by the framework of the "free market." Up to this date, the EU wants to further liberalise milk ratios, which will mean even lower returns for the farmers.

The so-called milk ratio was introduced in 1984 to put a brake on the overproduction of milk products. A definite amount of milk production was stipulated for each country and subdivided amongst the individual farmers. This kept prices relatively stable and at least partly secured the existence of small and middle-sized agricultural concerns.

More recently, the huge rises in energy costs have massively increased production costs in general. The cost of the production of a litre of milk is currently around 7 percent higher than at the start of this year. The price of diesel to run vitally needed agricultural machines has increased by 250 percent compared to 15 years ago.

The current strike by dairy farmers is part of a wave of protests in a number of European states against the consequences of the enormous rise in oil prices, which last week topped 135 dollars per barrel.

In May, French fishermen took strike action for two weeks to protest against the rising price of diesel, and last Friday, fishermen in Spain and Portugal began unlimited strike action. Thousands of fishermen held a noisy protest in Madrid demanding special assistance from the government. From the backs of trucks the fishermen distributed tons of fresh fish destined for the shops to passersby.

The existence of the European fishermen is just as threatened as that of the German dairy farmers, but in both cases the European Union refuses to take any action that it claims might "distort" the market. The rapidly rising energy prices are having explosive social consequences. The price of diesel has risen by 230 percent during the past five years, but fishermen are receiving the same returns for a kilogram of fish as they did 20 years previously.

The Spanish government has turned a cold shoulder to the protesting fishermen and has rejected their demand for a decrease in the government tax on oil with the argument that the tax on fuel in Spain is one of the lowest in the European Union.

The protests by fishermen in several Portuguese ports continued on Friday. They were also rebuffed by government representatives with the comment that fishermen already receive some help towards the purchase of fuel. Any further assistance was impossible, the government maintained, because of the tight budget situation.

Bus and truck drivers in Bulgaria have also protested against the spiralling price of fuel. Nearly 200 trucks blocked a part of the motorway ring in the capital city Sofia. Similar protests also took place in other Bulgarian cities.