

European Dairy Farmers  
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President Speech at:

## **EDF Congress 2007 in Nitra, Slovakia 2007-06-27.**

Mr.....  
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Honorary members.....  
Dear Members of European Dairy Farmers  
All others if you interested in Dairy production,  
And last but not least The Press and all other Media

It is always a pleasure to open an EDF Congress, to meet all members and to be in a new country with its special conditions of production and with its culture and attitudes to and ways of producing milk. This time it is of special interest as we are in a new member country and in east of Europe here in Slovakia. The topic of this congress is:  
**Competitiveness of the Dairy Sector in new EU-Member States.**

Slovakia, member state of European Union since May 2004, is one of the absolute quickest growing economies of Europe. It is a country with high technical and industrial competence and in Sweden we also know the Slovakian people as skill ice hockey players and very good skiers. I still remember when they beat Russia in the at Hockey World Master final play in Gothenburg. That was a real fight and victory! Here we can see a well structured and effective Dairy Production with big potential situated strategic in the middle of Europe where consumption of dairy products will grow exponentially. It is in the middle of the market!

### **Will there be enough milk in the future?**

After decades of surplus and low economy in agriculture there is time to face this question.

Last congress in Vyborg Prof Bob Thompson in his speech described development in population growth in the World and changing consuming behaviour in the big China and India when salaries to the working population goes up and over 10 US dollars per day.

Who of you believed in and realised that his message was so close to happen?

Here and today we stand only one year after and the milk market has gone from surplus to shortage.

Milk Powder Prices has doubled and intervention stores of Butter in Europe are empty.

**This is just the beginning of a complete new situation in Dairy Sector.**

Agriculture based Energy production concur with livestock production and knock out dairy production in many areas.

At the same time higher cereal prices raises feeding costs for animal production and competition of land.

Next generation of farmers will not go into production systems that cannot give them reasonable good earnings and a life situation that is in the same level as the rest of the society.

On the political level there will be new situation:

Quota systems will be abolished as we heard from Commissioner Fisher-Boel in Vyborg last year.

*Here I must make a remark: EDF is always on the hook and discuss things that will come in advance. EDF members are always in the front of development.*

The EU policy will be dramatically changed in 2013 and intervention systems have been unnecessary as the market makes them worthless as world market prices are far above.

Today intervention prices harm the farmers more than support them. The only winners of today intervention systems are the dairies and retailers who press Farm Gate Prices down to intervention prices.

**It is time that we abolish the whole intervention system!**

The WTO negotiations collapsed once again last week, and I think that USA soon must realise that they have to reform their policy and take away their support systems as market has overflow the necessity of those big farm income support systems that locks up development of US agriculture.

If they do that the WTO negotiations would be ended and we will have a free trade market that will develop agriculture due to the demand of livestock round the globe. Today the problem is not surpluses that press the farmers to low income. The problem is how shall we produce enough livestock due to raising demand of developed food and energy production on arable land.

The Global warming is a reality, if it is caused by human behaviour or by natural cyclical variations, will cause changes in local climates that will have big influences on the production ability of livestock in different regions of the globe.

The possibilities to produce livestock of different sorts will be better in north of Europe.

Conclusion: **Land will be the limiting resource.**

All this makes it necessary to shift paradigms in the whole Dairy Sector.

**We must go from “intervention oriented behaviour” to “market oriented behaviour”.**

At the same time as we rationalise our own farms, we farmers must realise that we sit on the limiting factor, Arable Land, and can do something else if we do not get enough payment. My son did that, and he is doing very good money today with less effort as an arable farmer.

We farmers have to face a development with price variations but on a higher level. We farmers have to be more tuff to our dairies especially to those cooperatives that we own ourselves.

The dairies have to learn to take out more money from the market and transport the money to the farmers if they want to get necessary Raw Milk.

Today they find it easier to press against the owners of the cooperatives than press against the retailers.

Dairies find it today easier to finance their investments from the farmer pockets than from the market.

Here we must have a shift of paradigms if dairies will get enough milk.

This new development will also have an impact of our club.

Therefore we have during the last year had a discussion about development of the club between our main partners DLG and FAL.

We have formulated a vision:

**EDF shall be a strong European Networking Club with a global perspective that serves the members with relevant management support and information to make better management decisions and be a Network between producers, the top ones. We shall also have good contacts with the industry and decision makers and research in the whole dairy sector.**

**We can also use our data and snapshots to support descisionmakers to take decisions that develops European Dairy production. Our network and databases are unique, and we must use that for benefit of our members.**

**We shall cover all Europe and have regional working committees in the main dairy producing countries of Europe.**

This vision shall now be set down into workable strategies and work plans to fulfil the demands of coming EDF members.

The club must be a club that remains in the front of development and attracts the top Dairy Farmers of Europe and descisionmakers.

Today we are here in Nitra to study the development in our new Member States and their potential of development in this new market situation.

It is for me a pleasure to welcome you all. I know that Vladimir with very good assistance from Margita has prepared very interesting days for all of us.

Hereby I declare our 18:th EDF conference opened

