



**EU milk conference – March 26<sup>th</sup>, 2010 - Brussels**  
**Position of the European Coordination Via Campesina**

*Here under a synthesis of the positions of the European Coordination at the 3 hearings of the EU High Level Group.(see our website for complete position)*

**Are the existing market instruments appropriate?**

Supply management is necessary to maintain dairy family farms in the European Union which make a living primarily from their production through fair milk prices and to offer consumers dairy products at fair prices. Milk quotas should be regularly adapted to demand. However, the EU has done the opposite by regularly increasing them since 2003. Let us remember that dairy quotas (up until the reform of 2003) decreased European expenditure in the dairy sector (from 6 billion in 1984 to 2,7 billion euro in 2004). Instead of deleting them in 2015, they should be improved (link with EU demand, no trade of quotas, fairer distribution between producers, regions, Member States). The EU Court of Auditors has recognized their positive role. Supply management must be organized by public authorities, in dialogue with farmer's organizations and the other actors in the sector.

Exports at prices below European production costs, thanks to export subsidies or decoupled direct payments, must be prohibited. In exchange the EU must have the right to protect itself from imports at low prices by adjustable tariffs.

A minimum farm milk price should be applied in case of crises below which dairies cannot buy milk from producers.

**A maximum of sustainable, multifunctional dairy family farms** should be maintained, well distributed in the regions with dairy agro-climatic vocation, and supported with local processing facilities. We oppose any programme of support for farmers to go out of business. The EU should stop to concentrate the dairy production in increasingly larger, more intensive farms, dependent on plant protein imports: these farms are not qualified to face the climatic and energy challenges. That means that the EU should favour milk production on sustainable family farms, especially on grasslands, which fix carbon.

**Contractual relations between milk producers and dairies**

The EU would make a serious error by replacing the public regulation of production by private contracts between producers and dairies. These contracts will not manage the European supply of milk production. In a contract between the producer and a dairy, the latter is generally in a strong position and the contracts will be more favourable to large producers than to small and medium size producers. Such contracts will be a regression of the producers' rights, as we can see in Switzerland, where contracts replace quotas. Contracts would be only possible if there is a public regulation of the production and collective bargains on milk prices, including the farmer's organizations.

### **What can be done to strengthen the bargaining power of milk producers ?**

If there is no suppression of the structural overproduction, as it is the case since 1984 with a too high EU quota, the producers will never be in a good position to negotiate with dairies. Now the EU decided to increase this quota and wants to remove the regulation of the production. Thus before discussing how the participation of the producers could be reinforced, it is necessary to guarantee a public policy regulating production.

### **Transparency for the benefit of milk producers , dairy industry and consumers**

The EU cannot any longer let milk price drop for producers and increase for consumers. We ask for a transparency of prices along the milk chain, from production to consumption. We ask for a limitation of the margins of industry and for retailing sector, according to their real costs. The prohibition of selling at loss should not be limited to the retailing sector and extended to the production: a healthy agricultural economy cannot be based on selling at loss.

### **A futures market for milk?**

The volatility of prices is not by chance, but the consequence of specific agricultural and trade policies which we call into question and which do not answer the current challenges the EU is confronted with. It is not therefore a question of adapting markets to volatility of prices, but of implementing a dairy policy which leads to stable prices from which all the dairy sector and consumers will benefit. Then the European Coordination Via Campesina is opposed to the establishment of futures market: the majority of dairy farmers, who are not financial analysts, will not have the financial means to be covered on the futures markets. Only investment funds, large retailers and the dairy industry will see an interest in a futures market for milk. For the milk industry, this would go hand in hand with the setting up of a contractual system with milk producers. Contractualisation and futures market are two instruments favourable to financial companies and industry - not to producers!

### **Marketing standards**

The designation « milk » should be used only for milk from animals and exclude plant products like soja. The designation “fresh milk” should be exclusively reserved for crude milk or pasteurised milk, not for long conservation milk. Priority should be given to reduce milk transport on long distances and to shorten the food chain between producer and consumer. All milk products should be labelled with the indication of the region (not the Member State !) of production and the region of processing. Consumers have the right to know. It should be allowed to label not only organic milk, but also milk produced from grass, milk from GM-free feedstuffs,..

### **Innovation and research**

Looking for lower production costs without internalising the social and environmental costs has been the main driving factor for innovation and research. To promote the development of milk factory farms with robots, manure lake, and low paid workers is not the innovation we want. Taking in account the social and environmental crisis we are facing, the EU should give priority to promote research on organizing the milk sector to put producers and consumers closer, to bring transparency in the food chain, to develop milk production on a sustainable way, not dependent from imported inputs.