

What can European farmers learn from the oil producers (OPEC)?

Oil is a valuable commodity and is not sold cheaply, this being ensured by OPEC. Food, though, is essential to sustain human life, and is sold in many countries at prices that do not even cover production costs. How is this possible?

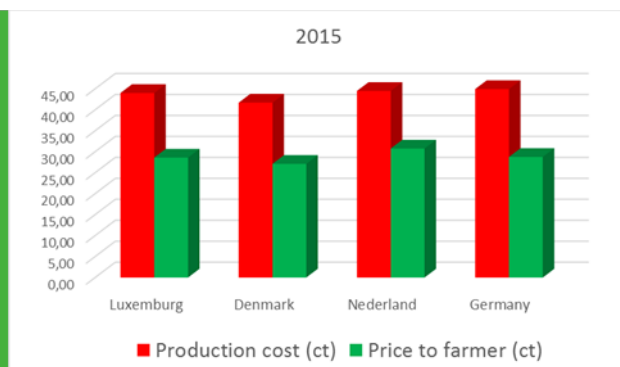
The answer is simple: the world's oil-producing countries know what assets they sit on, and have always been aware that individual countries could not control prices on their own, and thus the global Organization of Petroleum Exporting Countries (OPEC) was established.

In the last couple of years, some oil-producing countries believed they could change the face of the market and increase their own production to compete away from the main oil market. This resulted in the most pronounced decline in oil prices that we have experienced in a long time. The consequences for many oil producers were so dramatic that they met again and agreed on joint production limitation. As illustrated in the graph below, prices rose by almost 10% in two weeks. This shows that solidarity can make a big difference; commodity producers are very dependent on joining forces to achieve long-term profitability.

Price trends for crude oil after last OPEC meeting



The farmers' situation in the EU (productions costs - milk prices)



European farmers can do the same as OPEC

The farmers are sitting on even greater assets than the oil-producing countries, but have so far not used their power in the same manner as OPEC.

Solidarity amongst producers can have a major impact on prices: we observe, for example, a certain trend in oil prices after the last OPEC meeting. If European farmers want a fair price for their products, it is only possible through solidarity in a global market, because individual farmers do not have enough power to make such a claim; not even a single country has such power. The solution therefore is to do what OPEC has done: forming a strong, solidarity-based organization, which can agree on production limitations of as much as 10% and, if necessary, block deliveries from those who do not respect this solidarity.

Bondesolidaritet is a Norwegian solidarity organization working for fair prices for agricultural products. In May 2016, Bondesolidaritet became a member of the European Milk Board and now wants to use the experience with the well-functioning Norwegian quota systems, market regulation and solidarity in a common effort to influence the framework conditions for sustainable food production throughout Europe, including wage and cost levels adapted to the situation in each country.

Many will certainly argue that this is impossible. Bondesolidaritet is convinced that it is possible, but it presupposes that a majority of farmers throughout Europe really want a fair wage for their work in feeding the population, and that they act in solidarity with all farmers across borders in tabling co-ordinated demands to receive fair prices for their products.

On 2 May 2016, a meeting was held in Oslo with participants from EMB, the Norwegian Farmers Union and Bondesolidaritet. At this meeting, an important document was signed: a declaration of solidarity as the basis for future co-operation. Another important topic debated was the milk price crisis in Europe, and various solutions were discussed and proposed to alleviate it. The joint conclusion from this meeting was that international solidarity probably could be the power factor bringing about essential changes to agricultural policy throughout Europe.

Farmers need to learn to think differently: solidarity among European farmers will give them power over food production. To date, farmers have not had sufficient political influence to achieve fair prices for their products. However, if 70% of all farmers in Europe stand solidly together and demand a production limit of, say, 10%, this will most certainly trigger a significant increase in consumer and producer prices. A reduction in deliveries will also reduce production costs, so the overall economic situation of farmers will improve.

So, how can individual farmers make this happen?

The challenge discussed in the Oslo meeting was how to start a solidarity wave in Norway with at least 65-70% of all farmers joining a solidarity organization. Then the solidarity wave could spread to Switzerland, a country very similar to Norway, and then on to Austria and all other European countries. This would send a clear signal to all European countries that effective solidarity is actually possible, and would enable farmers, in the same way as OPEC, to indirectly influence the price they receive for their products by reducing their production. We hope and believe that this could be the inspiration needed to convince all types of farmers to heed the call to become solidarity producers and the wave to roll through Europe.

Once a credible solidarity-based organization has been built, farmers will have a better basis to get fair prices for their products in the long term.

While creating this European farmer solidarity, the EMB's Market Responsibility Programme should be implemented in every country, and a European organization established to be the body responsible for a common European database to which all countries must report.

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