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EU dairy policy: the High Level Group condemns European producers.

The orientation proposed by the HLG doesn’t give any chance to producers

Without public supply management and market regulation, there will be no lasting solution to the milk crisis.

This is a signal in the wrong direction for the CAP 2013.

The recommendations of HLG don’t deal with the causes of the milk crisis. As ECVC said during the first hearing last autumn[1], the experts of the 27 Member States did not work on essential questions like the regulation of production, structures and modes of production, stopping dumping at export, and redistribution of production within the EU.

The proposals of the HLG are an additional step in the abandonment of a European dairy policy, leaving choices to the Member States and the dairies which will accentuate the distortions between countries and producers.

Contractualization: replacing public supply management by private contracts between producers and dairies would be a mistake. These contracts will not manage the European supply of milk production. As stated by Alison Burell (Joint research Center, European Commission) at the EU conference last March 26th, contract farming will not empower farmers, nor will provide them with any guarantee of a fairer distribution of added value. 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 the suppression of the quotas led to an increase of production, price decrease and conflicts.
Any individual contract between a farmer and a dairy would be meaningful only if there is a public supply management, and if prices are determined by collective bargaining that is based on production costs.

Bargaining power of producers: without public supply management adapting production to demand, there will be never good conditions of negotiation between producers’ organisations and dairies, as the HLG proposes. The example of Switzerland shows how such a way leads to a dead-end. As A. Burell pointed out on March 26th, the promotion by the EU of producer’s groups in the fruit & vegetable sector did not reinforce the bargaining power of producers when facing processing industry and big retailers. ./..

[1] See http://www.eurovia.org/spip.php?article240&lang=en

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Transparency : The HLG, too concerned of the interests of industry and distribution, does not put forward significant measures. However, without transparency of the margins of all actors, the producers and consumers stand to lose.
ECVC requires a transparency of prices throughout the milk chain, from production to consumption, as well as a limitation of the margins of industry and distribution according to their real costs.

Market measures, WTO[2] : by proposing to examine complementary measures to the present safety net, compatibles with the green box of the WTO « to reduce income volatility », the HLG expresses the lack of political will of the Member States to attack price volatility at its roots. It remains in the trumped-up frame of WTO and its green box, which are out of date instruments of the last century, not only unable to answer the present challenges, but on the contrary likely to worsen the situation and the future of producers.
Fair and stable dairy prices, related to the costs of sustainable production, should be the objective of the EU, and for that a public European supply management, adaptable to demand, with a better distribution of production between the countries and the producers, is urgently necessary.

No to future's markets!: ECVC is opposed to futures markets, favourable only to industry and financiers, not to producers. They would go along with contractualization.

Origin labelling of the products : *ECVC asks for a mandatory labelling of places of production and processing of milk*.

Innovation, research, competitiveness[3] : Looking for lower production costs without internalising the social and environmental costs has been the main driving factor for innovation and research. To speak about competitiveness without integrating these costs, always externalised and at the end paid by the taxpayers, is not serious. To speak about competitiveness by including subsidies in the financial farm results is not serious either. And what can we say about international competitiveness when the decoupled dairy premium has the same effect as export subsidies since it allows to produce, sell and export milk products at prices below their costs of production, in contempt of producers of third countries?
Research, training, and support should be focused now on modes of production which are sustainable, are based on local fodder, decrease global warming, favour biodiversity and produce positive social and environmental externalities.

The European Coordination Via Campesina call on European farmers to mobilize for changing the orientation proposed by the HLG. The CAP 2013 is also at stake here.

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[2] See ECVCposition- 2nd hearing of HLG http://www.eurovia.org/spip.php?article285&lang=en
[3] See ECVC position on March 26th http://www.eurovia.org/spip.php?article310&lang=en