

News Details

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Press release: Fair Contracts, not Dependency

The France MilkBoard presents a model contract with fair terms and conditions for French milk producers at the SPACE agricultural fair

The Act on the Modernization of Agriculture (LMA) of 2010 obliges French dairies to draw up raw-milk supply contracts to submit to their farmers. To strengthen the milk producers' rights when confronted with unacceptable offers from the dairies, the France MilkBoard (FMB) has now presented a model contract and handed it over to the Minister of Agriculture LeMaire.

Brussels/Hamm, 16 September 2011: The situation in the French dairy sector is problematic: the Act on the Modernization of Agriculture demands for the first time that French private dairies draw up supply contracts for the milk producers. The intention of the Act is to improve the farmers' position vis-à-vis the processing industry. However, the contracts the dairies have come up with are totally unacceptable that so far only 5% of French farmers have signed up. The dairy industry's contracts contain no concrete prices, make the stipulating of supply volumes the sole preserve of the processors, and do not allow the producers to unite in order to boost their bargaining power. In brief, instead of creating fair terms and conditions between equal trading partners the contracts institutionalise the producers' dependence on the dairies.

Reacting to these untenable proposals, the producer organisation France MilkBoard presented its own model contract at the SPACE (Salon International de l'Élevage) agricultural fair in Rennes (France) on 13 September. Afterwards, Paul de Montvalon, President of the FMB, handed the paper over to the Minister of Agriculture Bruno LeMaire in person.

Unlike the dairy contracts, the France MilkBoard's model contract actually strengthens the milk producers' rights. The producers who sign the contract assign their right to negotiate with the dairy to the FMB. This enables the producers to have their say. The contract would be signed for a period of five years. It specifies the supply volume and stipulates a milk price based on real production costs, verified annually by an independent commission. The current cost price is 41.2 euro cents per litre of raw milk.

The European Milk Board expressly welcomes the FMB's initiative. Farm-gate milk prices defined in relation to production costs are a good financial basis for the dairy farmers.

However, what is needed in the long run is an independent market monitoring agency on a European level to ensure intelligent regulation of the milk market and prevent future crises.

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