

La Vía Campesina

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Milk : Via Campesina proposes ways out of the global crisis

Around the world the price of milk at the farm gate has dropped dramatically (1), threatening to put millions of producers out of business. As a result, milk producers have been protesting in many parts of the world. Since the beginning of the year, thousand from Via Campesina member organisations have joined protests in Brussels and Strasburg (EU), Madrid, Berlin, Galicia, France, Belgium, Germany, Portugal, Switzerland, Indonesia, Dominican Republic, and all across the United States.

Although a very small part of the milk produced worldwide is traded at the international level, the "liberalization" of this market has lead to the dependency of all milk producers upon world prices. The WTO pits dairy farmers around the world against each other in a race to the bottom as global food processors like Nestlé, Fonterra, Kraft benefit from access to the cheapest milk. The price is mainly influenced by the low costs of production in some exporting countries such as New Zealand and Australia, and the dumping of US and EU surpluses on the world market. However, instead of reducing their production, the EU and the US have recently reactivated their export subsidies pushing the price even lower.

Everywhere in the world, the current price is far too low for producers to make a living. This does not benefit consumers either because the price of dairy products in supermarkets have remained high since the food price crisis in 2007/08. The milk industry and big retailers are making huge profits at the costs of farmers and consumers.

The European Union has decided to liberalise further the milk market by putting an end in 2015 to its supply management system (quotas), and by increasing quotas by one percent per year until 2015. This policy has led milk producers, women and men, to an unprecedented state of crisis and could end up in a social and environmental disaster.

In the United States, free traders and dairy processors continue to demand further deregulation of milk markets and emphasize the need to be "globally competitive" and export oriented. Milk pricing is largely determined by the price of cheese at the Chicago Mercantile Exchange, which is easily prone to manipulation by a few corporate entities. In December 2008, Dairy Farmers of America, the nation's largest dairy cooperative, was fined \$12 million for price manipulation at the CME. DFA was also under investigation for two years by the U.S. government for antitrust abuses in monopolizing markets and forcing dairy farmers to become part of their cooperative. In many parts of the country, dairy farmers have few alternatives other than DFA to sell their milk to.

Thanks to a trade loophole from the WTO, U.S. dairy farmers have also been hurt by the dumping of cheap foreign milk protein concentrates, mainly from New Zealand, that has displaced U.S. farmers milk while cheapening the quality of dairy products for consumers.

The WTO agreement of 1994 and the IMF conditions for credit pushed governments to deregulate their milk market. Except for a few countries such as Canada, milk supply management mechanisms have disappeared.

Milk is a fresh, nutritious product which gives economic value to millions hectares of grasslands in the world, promoting rural development and employment as long as it is produced by many sustainable family farms. However, as a result of trade liberalisation, industrial milk production has massively replaced small dairy farms. This has had devastating consequences: industrial production depends on expensive inputs (feedstuffs, energy...), it contaminates the environment (manure, methane, transport of imported feedstuffs...), and leads to social disasters (dairy family farms disappear, workers face often bad working conditions in industrial farms...).

In January 2009, the Indonesian Peasant's Union (SPI) demanded the government to protect local dairy farmers from complete bankruptcy. The transnational company Nestle, one of the main buyer of milk in the country, had started lowering the price at the farm gate even though dairy products were sold at an exceptionally high price to the consumers. All milk processing companies followed the move. This seemed to be the last straw for the domestic dairy sector that had been hit by 25 years of deregulation. In 1983, under IMF regulation, the government dismantled the legislation forcing companies operating in Indonesia to buy a certain percentage of milk to local breeders besides imported milk used as their main ingredients. In 2003, the Indonesian government went further by reducing tariffs on imported milk from 5% to 0%. As a result, 70% of the milk consumed in Indonesia is imported from Australia and New Zealand and farmers are wondering if they will be able to maintain their activity.

To urgently solve the crisis, Via Campesina asks governments to act:

- To maintain and develop in all dairy regions a sustainable farmers based milk production, which is based on local fodder;
- To (re)introduce public supply management policies to keep the production in balance with the demand, so that producers and consumers can get fair prices;
- Farm gate dairy prices have to cover the costs of production, including the remuneration of work;
- To stop the WTO obligation to import at least 5% of milk products
- To ban any export subsidy and to allow all countries or unions to introduce tariffs to protect their own milk production.
- To maintain high standards of identity for dairy products to insure the integrity of the definition of milk and prevent the dumping of inferior milk substitute products.

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