

Thank you chair, dear colleagues,

Thank you for inviting me to talk about the role of collective farmers marketing initiatives and the European model of agriculture.

First of all I wish to congratulate the research team for their outstanding professional work and the excellent presentation of success stories. Here in Brussels, we are right now having a close look at the reform of the European Common Agriculture Policy the so-called "health check" of the CAP. Europe and the world face rapid changes in agricultural markets. We are all concerned about the current global food crisis. Therefore your new ideas about farmer's responsibilities and about their new opportunities come time.

After a first reading of your scientific report I dare to say that your recommendations which encourage and strengthen farmers marketing initiatives are a very useful contribution to our mid term review of the Common Agriculture Policy. New forms of cooperation in farmers marketing is also a good answer to the growing insecurity in world food markets. Also the recently published world food report of the United Nations, the International Assessment of Agricultural Science, Technology and Farmers knowledge for Development IAASTD has pointed in the same direction.

You asked me to confront your findings with the European Model of Agriculture. Let me be a bit provocative: Does such a model really exist?

Is it the model "the bigger the better"? Is the EU model a 1500 ha farm in Eastern Germany, which is run with only five employees? One could think so, because with a subsidy of 1,5 Mio € or 120.000€ per farm worker it receives from the EU the top reward of all farms. These subsidies are based on surface and historical yields, nothing else.

Or is the model a small family mountain farmer with 15 ha a model? If you take the generally romantic advertising of food you could believe so. Small is beautiful. But such a farm receives not even 10.000 € or 3000€ per full time working person and per year, even though in general these small family farms offer more than just farm products: a cultivated landscape for rural tourism, biodiversity conservation, and much more.

If you ask which model is *viable* you will have to decide:

Is it the highly specialised milk farm investing direct EU payments in the most recent milking robots, using imported animal feed, selling raw milk to the processing industry?

Or is it the organic farm, which uses sustainable farming practices, which creates high employment and engages in local and regional processing and marketing?

I believe European models for agriculture depend on the markets they target. A food industry, which tries to stay competitive on the international market, will prefer supply from highly specialised farms which deliver cheap raw material in standardized qualities and quantities. The large majority of small farms in Europe

cannot provide this. If they wish to survive in an increasingly difficult situation of rising input costs and low farm gate prices they must target local or regional markets as well as high quality markets. If they manage to add value to their specific products and keep a high level of this added value from marketing on the farm or in the region they may be able to stay in business in spite of the rising production costs.

There is certainly no one and only model or level playing field for all. As I said earlier, the CAP still clearly favours larger rationalised, export oriented farm enterprises. Still roughly 80% of farm subsidies reach only 20% of producers; still hygiene and food safety rules favour long shelf life and standardized processed food which allows for long distance transport and marketing convenience of the large supermarket chains.

You have named in your study the ambitions and fields of engagement of the new generation of cooperatives. They

- pool the offer;
- focus on special high quality products;
- work on a territorial approach with regional branding;
- enhance cooperation between farmers and consumers;
- add renewable energy and non-food;
- combine food supply with services like rural tourism;

All these initiatives for new cooperation share a defensive and an offensive aspect

*Defensive* because they are born mainly where viability of a farm or a whole rural economy is at stake:

- in disadvantages regions
- with a long distance to markets
- too low farm gate prices
- a weak or declining rural infrastructure

*Offensive*, because there is a will to defend, conquer, develop or control the local, regional market and to keep the added value on farm or in the region.

We have just adopted a written declaration in the European Parliament on the abuse of power by large supermarkets operating in the European Union. It says that retailers are becoming gatekeepers for markets; that supermarkets are abusing their buying power to force down prices paid to farmers to unsustainable levels; and that these practices have negative knock-on effects on quality of employment and environment. The declaration calls upon the Commission to investigate the impacts of that concentration of market power and to propose measures challenging the abuse of market power. The declaration was adopted in May 2008.

In a sense COFAMIS are already a response to this problem, an attempt to regain market power. New cooperatives could establish a *new form of market ownership or stewardship*. May be with COFAMI you have even described a new approach of raising awareness for the value of food and the value of communicating through short distance and quality marketing.

Your examples of food cooperative give the local products a face. Instead of the famous invisible hand the local market becomes a meeting place of possibilities, but also of collective expectations and responsibilities.

Farmers markets, food coops, food fares have become popular around the world. The current food crisis reminds us that food security is not just a question of quantities to be made available for the world's growing population. It is a question of access of people to food, to soil, water seeds and productive resources so that they do not depend on food aid but can feed themselves. The right to have access to food in my view includes also the right to supply and to have access to local and regional markets.

Finally I would like to thank you for your timely contribution to our reflections on the progress made in reforming the Common Agriculture Policy. The COFAMI project provides us with concrete case studies and recommendations for support for farmers own marketing initiatives.

For too long farmers were not encouraged to take responsibility for "their" markets. The EU market intervention gave the wrong signal to farmers that regardless what their produce and offer, the price is taken care of by the state. But also corporate cooperatives made farmers believe that their interests were properly taken care of through cooperative banks and international marketing strategies. Finally also consumers have believed that cheap food is a sign of progress and wealth while food scandals have shown the contrary. There is certainly not only one model of gaining collective ownership on food markets but many – just as there is not just one model of European farming.

Thank you very much for your attention.