

**CSO Monitoring 2009-2010 “Advancing African Agriculture” (AAA):  
The Impact of Europe’s Policies and Practices on African Agriculture  
and Food Security**

# **The CAP’s impact on African Agriculture: focus on milk**

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Over the past two years, CSOs have taken the initiative, backed by CONCORD's European Food Security Group (EFSG) and in partnership with African farmers' regional platforms, to monitor the extent to which European policies have been in line with the approaches agreed in the EC's 2007 Communication "Advancing African Agriculture" (AAA). The current review is highly topical as it is being released just at the time the new EC Food Security Communication (an EU policy framework to assist developing countries in addressing food security challenges - COM(2010)127 final) is being launched. The lessons learned from this review are very relevant to the roll-out of the new Communication.

In the first assessment of the CSO monitoring exercise in 2008, the range of issues covered was deliberately broad in order to highlight the dangers of incoherence among policies/practices in areas ranging from aid to trade, agriculture, investment and agribusiness. The findings were presented at a seminar in the Commission attended by representatives of several directorates and departments as well as government representatives and civil society (for details, see <http://www.europafrica.info/en/documenti/advancing-african-agriculture-2>). The assessment was welcomed and CSOs were encouraged to follow up with further, more focused work.

After consultation with the African farmers' regional platforms, three studies that relate to AAA were commissioned - priority policy areas which impact African agriculture directly or indirectly:

- The 1 billion Euro 'Food Facility' (with country studies in Burkina Faso, Burundi and Mali),
- The milk sector of the Common Agriculture Policy (with special emphasis on impacts in Senegal, Burkina Faso and Kenya), and
- European involvement in 'Land grabbing' (with a particular look at Uganda, Mozambique and Ethiopia).

The conclusions of the studies (see below) are a sharp reminder that the impacts of policies, often made for a different set of reasons, can further burden African farmers who are struggling to feed their communities and countries in increasingly harsh environments.

The EC's Communication "Advancing African Agriculture" (AAA) was published, as you may know, in July 2007 after significant input from civil society. It was a proposal for continental and regional level cooperation on agricultural development in Africa. It had an emphasis on promoting smallholder family-based farming, production for local and regional markets, and participation by social actors in decision-making on relevant policies and programmes. What has been found through this CSO monitoring exercise, is a strong degree of policy incoherence with negative effects on African farmers who should have benefited from EC policy, had AAA been fully implemented. We are determined to do what we can to help ensure that the new EC Food Security Communication is applied with rigor across the range of European policies and practices.

This review is intended to make a useful contribution to the debate around the EC's impacts on Africa and especially its small-scale food providers who feed the continent, provide livelihoods for the majority and sustain the biosphere. We hope it will strengthen policy coherence at this critical time for securing future food.

The CSO monitoring report with sign-ons and with the main policy recommendations and the 2 other topical studies are available online at <http://www.europafrika.info/it/documenti/advancing-african-agriculture>.

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## Summary

### The CAP's impact on African Agriculture: focus on milk

Dairy production is very important for the European Union because all member states produce milk and Europe is the number one consumer of dairy products in the world (86,5 litres per capita in 2008, EUROSTAT). The European Commission has long record of supporting dairy farmers through financial assistance, such as coupled or de-coupled subsidies and subsidies for exports of surpluses.

The strength of the dairy production has deteriorated dramatically since mid-2008. After a price spike in 2007, which saw high food prices in general, prices have dropped substantially. This has affected dairy producers' income and, as such, it has caused significant unrest amongst dairy farmers, who have reacted by staging many demonstrations.

The situation characterizing the dairy production's current competitive system is therefore very sensitive. Current policies favour neither small European producers nor African farmers, who both suffer under competition from European exports, which in turn has a negative impact on family-based farming.

Livestock farming is an important part of rural Africa's economy but African milk production is far below people's needs. In a large part of the continent, local production is not high enough to meet consumer demand and countries turn to imports. African demand for milk saw a large increase due in part to growing urbanization. African consumption of milk and dairy products exploded in recent years. In urban African markets, a large part of available dairy products, and above all skimmed milk powder, are imported from Europe.

This report examines the situation in three countries: Senegal, Burkina Faso and Kenya. The first two countries on the list have a great potential for the development of their national dairy-production. However, this development is constrained for many reasons, both internal and external. Among the internal constraints, the most pronounced are lack of feed for animals, weak breed productivity, difficult access to land and water, lack of available credit, difficulties in the milk collection system including transport, and finally problems in assuring product quality. Some measures have been put into place but these are incomplete or unadapted to the actual situation. The principal external constraint is competition from imported milk. It is important to note here that the international dairy markets can be characterized, like many agricultural markets, by extreme price volatility. The case of Kenya is noteworthy because Kenya is a model of proper dairy-production development in Africa. Nowadays, the country can even export milk surpluses while only 10 years ago, in 2000, local production was well below local demand. Kenya's success is the result of both well-adapted policies and programs, and very strong commercial policies. Indeed, the tariff rate in Kenya has been 60% since 2004, while the West African Economic and Monetary Union (WAEMU) has maintained a 5% tariff rate during that period (Berthelot, 2009). The case of Kenya shows that

other African countries could reap significant rewards from an increased milk production, while supplying its population.

This study examines particularly sensitive issues in Europe as well as the difficulties of dairy production in Africa. As such it has to achieve two objectives:

- 1 - To demonstrate whether or not the European Common Agricultural Policy (CAP) impedes the potential development of the African dairy system;
- 2 - To propose actions and political options that will favour both the European and African dairy producers.

The arguments presented in this paper so as to reach those two objectives only derive from responses to questions posed to people involved in milk production activities in both Europe and Africa.

This study is organized into three parts:

→ **The first step** was to review milk production in Europe and data on the EU's CAP. This part analyzes the milk production sector within the European Union primarily according to three criteria: (i) the delicate position of milk producers today and the crisis in the dairy industry; (ii) the analysis of the principal milk producing countries in Europe and their exports to the African continent; (iii) the assistance granted by the European Commission within the framework of the CAP and emergency aid to support producers during the 2009 financial crisis.

As early as 1968, Europe developed the Common Market Organization for milk and thus defined market relief measures by regulating production through quotas and price supports. The Common Market Organization has undergone many reforms, in particular in the area of price supports. On 20 November 2008, the EU agriculture ministers reached a political agreement on the Health Check of the Common Agricultural Policy. The reform of the dairy sector, in line with the CAP reform in general, has aimed at a greater market orientation of production. Therefore, intervention measures were redefined with lower intervention prices gradually being implemented. The situation in the dairy production has considerably degraded since 2008. After rising quickly in 2007, like all food commodities, milk prices collapsed, which had grave repercussions on the income of the dairy producers. Indeed, milk price was brought back to 0.21c/l in September 2009 (compare to 0.26 c/l in August and 0.24 c/l in May), and even less in certain Member States (Commission of the European Communities, 2009).

Trade within the EU 27 (intra EU trade) takes place freely, as all agricultural products benefit from the long-standing internal market. There is a significant trade between Member States. Considering only extra-EU trade, exports of dairy products from the European Union to African countries in 2008 represent 22% of the total dairy exports by the European Union to all trading partners (and about 20% in value) (EURO-STAT). The countries most concerned with dairy imports from the EU are Algeria, Nigeria and Egypt. When considering only extra-EU trade, Africa represents therefore an important market for European dairy products.

This section also demonstrates that current export subsidies no longer account for the largest form of support to European farmers, even after they were revived in 2009 when the crisis struck the dairy industry. In fact, it is mostly decoupled supports that provide assistance to producers. It appears that European farmers, and in particular dairy farmers, are currently facing a crisis and the small producers are the ones who suffer the most in this situation. The Commission quickly recognized the seriousness of the situation of dairy producers due to foreseen seasonal increases in milk production during the first part of the year and has therefore decided to establish a proactive support policy.

→ **This report then looks** carefully at aspects of milk production in Africa, dairy imports and impediments in production that restrains development in the entire industry. In general, the potential strength of farming in Africa can be justified by several factors: (i) the existing market in Africa is large and demand for milk and dairy products has been constantly increasing in recent years; (ii) there is much room for improvement in efficiency in the existing, extensively family-based system; (iii) mini-dairies are developing which have the capacity to revitalize the milk collection and distribution industry in Africa (Broutin *and al.*, 2009). Movement in the African milk industry seems to be driven by small milk-transformation industries and the will of certain market players to improve production levels and access to markets for local milk. But efforts in this domain must be greatly increased. The paper then argues that Kenya stands as a model for Africa as far as dairy production is concerned because its milk production has been increasing greatly in recent years and current dairy imports are insignificant.

Actors in the African dairy production in Burkina Faso and Senegal who participated in this inquiry unanimously thought that policies put in place are insufficient and are not adapted to their needs. There's political will to defend livestock but actors are not satisfied. For example, in Burkina Faso, the political emphasis deals with artificial insemination, while other constraints regarding milk production are the following: animal nutrition, collection, access to credit and to modern equipment, farmer education and marketing networks...

Responses to the questionnaire revealed that competition from imported dairy products represents a major constraint for African producers above all in Africa's urban markets. Furthermore, according to most participants in the survey, subsidies paid to European farmers have the effect of amplifying problems in Africa. Almost all of them agree that taxing milk imports is necessary to help African producers; however, respondents also agreed that this alone is not enough. Kenya has already created a set of policies that have worked well in the markets where they have been implemented. In fact, they have worked so well that Kenya is self-sufficient and even exports surplus production. In Senegal and Burkina Faso, the problem is to design real, well-adapted policies to develop both countries' enormous potential for national milk production.

To summarize this section, it is clear that the poorest African countries have to face cheap milk imported primarily from European countries, which is connected to the high productivity levels in northern countries and assistance granted by the European Union. Those African countries have suffered due to competition from European countries, which massively subsidised their exports, however the problem no longer comes from this type of assistance. We defend the idea that the assistance granted by the



European Union is not negligible and that it discriminates against African farmers by amplifying their difficulties. Nevertheless, problems in the African dairy system are primarily caused by inadequate policies for the general development of the agricultural domain. We argue, therefore, that competition from imports, while far from being negligible, does not account for the essential problem confronting African producers. Imports simply amplify the pre-existing constraints.

→ **Based on interviews** with key resource people in national farmers' organisations, this study's last section concludes that policies are needed that are mutually supportive of both African and European dairy producers. All participants in the survey affirmed their desire to analyze the situation together so as to find strategies that work in everyone's interest. Through the questionnaire, three major areas of interest for African and European farmers can be identified:

- *the desire to gain a proper living from farming*: all respondents, both European and African, replied that the principal interest of farmers is to be able to earn a proper living from farming activities by receiving a fair price for production. Many African respondents also used the term "survival" to describe their difficult situation;
- *the necessity to find ways to defend small family-based farming organizations*: small farmers, in the north and in the south, must work to protect their livelihood from deregulation. In Africa, family-based farming plays an essential role in assuring food security and does not receive the necessary support for its development. Small European producers are also facing a difficult situation, similar to the problems facing African farmers. They consider themselves victims of recent agricultural policies that favor large-scale producers and distributors to the detriment of small producers. They should therefore unite to be stronger and have a greater impact on the future development of policies;
- *to increase food sovereignty*: each country must have the freedom to define their own agriculture policy to defend family based farming, in the north and in the south.

In term of specific strategies that should be encouraged, the idea that keeps coming to the forefront is market regulation in Africa and in Europe. Production limitations in Europe seem to be an option that pleases small dairy producers in both Europe and the South. Both farmer groups emphasise the need to maintain production quotas in order to manage the supply side of the market.

Most respondents to the survey in Senegal and Burkina Faso are aware that setting up protection measures clearly appears to be a necessary step towards the development of local production and the strengthening of self-sufficiency. But protectionism alone cannot suffice. Protectionism has the greatest effect on local production when it is implemented with governmental support and production assistance. Protection in the form of tariffs should not be seen as a complete solution, nor should it be considered an end in itself. Instead, it is a tool that can be used and play an important role in the development of agricultural policies.

Therefore, it appears necessary to allow African countries to protect their borders in order to limit food imports that compete with local production.

Berthelot, J., 2009, « Kenya et Niger: la vache qui rit et celle qui pleure », Juillet 2009.

Broutin, C., Dia, D., Duteurtre, G., 2009, « Les systèmes de collecte du lait en AOC: échec ou espoir ? », *Grain de Sel*, Septembre 2009.

Commission of the European Communities, 2009 d, « Quartely Report on the dairy Market, Agricultural Council », October 2009.

## Résumé

En juillet 2007, la Commission Européenne a présenté une communication intitulée « Faire progresser l'agriculture africaine: Proposition de coopération aux niveaux continental et régional pour le développement agricole en Afrique » (“Advancing African Agriculture: Proposal for continental and regional level cooperation on agricultural development in Africa, ou AAA”).<sup>1</sup> Les acteurs européens comme ceux de la société civile africaine ont accueilli cette stratégie de manière généralement positive compte tenu de l'accent qu'elle place sur le soutien aux petites exploitations agricoles familiales; sur la production pour les marchés locaux et régionaux et sur la participation des acteurs sociaux à la prise de décisions relatives aux politiques et aux programmes. Une inquiétude avait été toutefois exprimée, concernant le fait que l'orientation positive de cette stratégie pourrait être compromise par des incohérences des politiques et pratiques européennes susceptibles d'exercer une influence négative sur l'agriculture africaine. Pour cette raison, les acteurs de la société civile européenne, y compris les ONG membres du Groupe de travail européen de Concord sur la sécurité alimentaire, se sont engagés à mettre en oeuvre des examens réguliers de sa mise en oeuvre, en consultation étroite avec les réseaux d'organisations d'agriculteurs africains. Le Rapport de suivi 2008 des OSC sur l'AAA Impact de l'Europe sur l'agriculture africaine, avec les contributions d'une série d'OSC européennes<sup>2</sup>, a été soumis aux institutions européennes et aux organisations de la société civile à Bruxelles au début février 2009<sup>3</sup>.

Les efforts de suivi 2009-2010 de la société civile européenne sur « Faire progresser l'agriculture africaine: Impact de l'Europe sur l'agriculture africaine » traite de 3 questions spécifiques mises en lumière en consultation avec des réseaux régionaux d'agriculteurs africains<sup>4</sup>:

- (1) spoliations de terres, pour mettre en lumière et documenter l'implication de l'investissement et des politiques de l'Europe dans ce phénomène
- (2) la Facilité alimentaire de l'UE, en tant que réaction immédiate de l'UE à la crise alimentaire, pour tirer les leçons qui peuvent être utiles pour les politiques et programmes à plus long terme de l'UE
- (3) la politique agricole commune de l'Europe, en s'attachant tout particulièrement à l'impact des politiques du secteur de la laiterie sur la capacité de commercialisation du lait des petits producteurs africains.

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<sup>1</sup> (COM(2007)440 final) Le présent document vise à proposer une orientation stratégique pour l'allocation des ressources du Fonds Européen pour le Développement (FED) et autres fonds de la CE, ainsi que pour la coordination d'ensemble des soutiens européens alloués à l'agriculture africaine par tous les États-membres. Il a été examiné et adopté par le Conseil et la Parlement Européen en novembre 2007.

<sup>2</sup> Terra Nuova, Vredeseilanden, Practical Action, UK Food Group, Crocevia, Campagna per la Riforma della Banca Mondiale, 11.11.11, ARI, Via Campesina European Coordination, Réseau Agriculture Durable, Dutch Platform Aarde Boer, Consument, SOMO, Coldiretti, Bank Watch..

<sup>3</sup> Les documents de référence sur cette initiative sont disponibles sur [www.europafrica.info](http://www.europafrica.info)

<sup>4</sup> Fédération des agriculteurs d'Afrique orientale (EAFF), Plateforme Régionale des Organisations Paysannes d'Afrique Centrale (PROPAC), Réseau des Organisations paysannes et de Producteurs de l'Afrique de l'Ouest (ROPPOA).

Comme en 2008, un rapport de suivi de la part des organisations de la société civile est publié pour la période 2009-2010. Ce rapport sera utilisée comme instrument pour plaider auprès des institutions européennes. Elle apporte aussi son appui aux efforts de plaidoyer des organisations d'agriculteurs africains auprès des institutions africaines. Le rapport constitue la synthèse des analyses et recommandations de 3 études<sup>5</sup> plus étendus qui ont été préparés avec des contributions d'OSC européennes et d'organisations d'agriculteurs africains . Les travaux sur les spoliations de terres ont été pilotés par FIAN, les travaux sur la Facilité alimentaire par Terra Nuova - avec l'aide de Tommaso Rondinella et des plates-formes nationales du Burundi, Mali et Burkina Faso - et les travaux sur les problèmes des laiteries dans la Politique agricole commune ont été pilotés par GRET. La coordination générale a été assurée par Terra Nuova, Practical Action avec le UK Food Group et Vredeseilanden (VECO) en coopération étroite avec le Groupe Européen sur la Sécurité Alimentaire de Concord.

## **Résumé de l'étude: L'impact de la PAC sur l'agriculture africaine: la question du lait**

La production de lait est très importante pour l'Union Européenne, car tous les États-Membres produisent du lait et l'Europe est le premier consommateur de produits laitiers du monde (86,5 litres par tête en 2008, EUROSTAT). La Commission Européenne a une longue histoire d'assistance financière de soutien aux producteurs de lait, telle que les subventions couplées ou découplées et les subventions à l'exportation d'excédents.

La puissance de production laitière a dramatiquement diminué depuis la mi-2008. Les prix ont fortement baissé après avoir connu une pointe en 2007 et une hausse générale des prix dans l'alimentation. Cette baisse a affecté le revenu des producteurs de lait et donc causé des troubles importants parmi ceux-ci, qui ont réagi en organisant beaucoup de manifestations.

La situation du système concurrentiel actuel de la production laitière est donc très sensible. Les politiques actuelles ne favorisent ni les petits producteurs européens ni les paysans africains qui souffrent tous de la concurrence des exportations européennes, ce qui rejaillit de façon négative sur les exploitations familiales.

L'élevage du bétail est un élément important de l'économie rurale de l'Afrique, mais la production de lait africain est bien inférieure aux besoins des populations. La production locale n'est pas, sur une grande partie du continent, suffisante pour répondre aux besoins des consommateurs et les pays doivent faire appel aux importations. La demande africaine de lait a connu une forte augmentation, due en partie à l'urbanisation croissante. La consommation africaine de lait et de produits laitiers a explosé ces dernières années. Sur les marchés urbains africains, une grande part des produits laitiers disponibles, et surtout le lait en poudre, est importée d'Europe.

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<sup>5</sup> Ces rapports sont disponibles sur [www.europafrica.info](http://www.europafrica.info)

Le présent rapport examine la situation dans trois pays: le Sénégal, le Burkina Faso et le Kenya. Les deux premiers pays de la liste ont un excellent potentiel pour le développement d'une production laitière nationale. Toutefois, ce développement est freiné par de nombreux facteurs, internes autant qu'externes. Parmi les contraintes internes, les principales sont le manque d'aliments pour animaux, la faible productivité des variétés, les difficultés d'accès à la terre et à l'eau, l'absence de possibilités de crédit, les problèmes liés au système de collecte du lait, y compris le transport, et enfin les problèmes d'assurance de la qualité des produits. Quelques mesures ont été prises, mais elles sont incomplètes ou mal adaptées à la situation réelle. La principale contrainte externe est la concurrence du lait importé. Il importe cependant de relever ici que les marchés laitiers internationaux peuvent être caractérisés, comme beaucoup de marchés agricoles, par l'extrême volatilité des prix. Le cas du Kenya mérite d'être évoqué car il représente un modèle de production laitière appropriée en Afrique. Le pays peut même désormais exporter des excédents de lait alors que la production se situait il n'y a que dix ans, en 2000, bien en-dessous de la demande locale. La réussite du Kenya résulte de politiques et programmes bien adaptés et de politiques commerciales très volontaires. En fait, les droits de douane du Kenya sont de 60% depuis 2004, alors que l'Union économique et monétaire ouest-africaine (UEMOA) a maintenu ses droits de douane à 5 % pendant toute cette période (Berthelot, 2009). Le cas du Kenya montre que d'autres pays africains pourraient tirer un bénéfice important d'un accroissement de la production de lait, tout en approvisionnant leurs populations.

La présente étude examine des questions particulièrement sensibles en Europe ainsi que les difficultés de la production de lait en Afrique. Elle doit de ce fait atteindre deux objectifs:

1. montrer si oui ou non la Politique Agricole Commune (PAC) européenne freine le développement potentiel du système laitier africain,
2. proposer des actions et des options politiques qui favoriseraient les producteurs laitiers de l'Europe comme de l'Afrique.

Les arguments présentés dans le présent document pour atteindre ces deux objectifs ne reposent que sur les réponses aux questions posées à des personnes oeuvrant dans le système de production de lait en Europe comme en Afrique.

Cette étude s'articule suivant trois parties:

→ **la première étape** a été d'examiner la production laitière en Europe ainsi que des données sur la PAC de l'UE. Cette partie analyse le secteur de la production laitière de l'Union Européenne suivant trois critères: (i) la situation actuellement délicate des producteurs de lait et la crise dans le secteur laitier, (ii) l'analyse des pays producteurs de lait les plus importants en Europe et de leurs exportations vers le continent africain, (iii) l'aide apportée par la Commission Européenne dans le cadre de la PAC et l'aide d'urgence pour soutenir les producteurs pendant la crise financière de 2009.

Dès 1968, l'Europe a développé l'Organisation Commune du Marché du lait et défini ainsi des mesures de soutien du marché en régulant la production au moyen de quotas et de soutiens des prix. L'Organisation commune du marché a connu bien des réformes, notamment en matière de soutiens des prix. Les ministres de l'agriculture de l'UE ont conclu le 20 novembre 2008 un accord politique sur le Bilan de santé de la Politique Agricole Commune. La réforme du secteur de la production laitière, tout comme la réforme générale de la PAC, a pour but d'accentuer l'orientation de la production par le marché. Les mesures d'intervention ont donc été redéfinies avec la mise en œuvre d'une diminution progressive des prix d'intervention. La situation de la production laitière s'est considérablement dégradée depuis 2008. Après une hausse rapide en 2007, comme tous les produits alimentaires, les prix du lait se sont effondrés, avec de lourdes conséquences pour les revenus des producteurs laitiers. Le prix du lait a été en fait ramené à 0,21 c/l en septembre 2009 (comparé à 0,26 c/l en août et 0,24 c/l en mai), voire moins encore dans certains États-Membres (Commission des Communautés Européennes, 2009).

Les échanges s'opèrent librement dans les 27 pays de l'UE (échanges intra UE) et bénéficient, comme tous les produits agricoles, du marché interne établi depuis longtemps. Il y a des échanges importants entre États-Membres. Si l'on ne considère que les échanges extérieurs de l'UE, les exportations de produits laitiers de l'Union Européenne vers des pays d'Afrique représentaient en 2009 22% des exportations laitières totales de l'Union Européenne vers tous ses partenaires commerciaux (et environ 20% en valeur) (EUROSTAT). Les pays les plus concernés par les importations laitières de l'UE sont l'Algérie, le Nigéria et l'Égypte. Si l'on ne considère que les échanges hors UE, l'Afrique représente donc un marché important pour les produits laitiers européens.

La présente section montre aussi que les subventions actuelles aux exportations ne représentent plus le principal mode de soutien aux paysans européens, même après avoir été ressuscitées lorsque la crise a frappé l'industrie laitière en 2009. Ce sont en fait les soutiens découplés qui fournissent l'aide principale aux producteurs. Il apparaît que les agriculteurs européens, et en particulier les producteurs de lait, sont actuellement confrontés à une crise, et que les petits producteurs sont ceux qui souffrent le plus de cette situation. La Commission a rapidement reconnu la gravité de la situation des producteurs de lait en raison d'accroissements saisonniers prévisibles de la production de lait pendant la première partie de l'année, et a donc décidé de mettre en place une politique proactive de soutien.

→ **Ensuite, le présent rapport** examine méticuleusement les aspects de la production de lait en Afrique, les importations de lait et les obstacles à la production qui freinent le développement de l'ensemble de cette industrie. En général, la force de l'agriculture africaine peut être rapportée à plusieurs facteurs: (i) le marché existant en Afrique est vaste et la demande de lait et de produits laitiers n'a pas cessé d'augmenter ces dernières années, (ii) il y a de grandes possibilités d'amélioration de l'efficacité du système extensif familial existant, (iii) des mini-laiteries se développent avec la capacité de revitaliser la collecte et la distribution dans ce secteur en Afrique (Broutin *et al*, 2009). L'évolution de l'industrie laitière africaine semble pilotée par de petites entreprises de transformation du lait et la volonté de certains acteurs du marché d'améliorer les niveaux de production et l'accès aux marchés du lait local. Mais il faut beaucoup

accroître les efforts en ce domaine. Le présent document soutient que le Kenya fait figure de modèle pour l'Afrique pour ce qui concerne la production laitière, parce que la production de lait a rapidement augmenté ces dernières années et que les importations actuelles de lait sont insignifiantes.

Les acteurs de la production laitière africaine qui ont participé à cette enquête au Burkina Faso et au Sénégal ont estimé à l'unanimité que les politiques en vigueur sont insuffisantes et mal adaptées à leurs besoins. Il existe une volonté politique de défendre le bétail mais les acteurs ne sont pas satisfaits. Par exemple, au Burkina Faso, la priorité politique est assignée à l'insémination artificielle, alors que les autres contraintes affectant la production de lait sont les suivantes: nutrition animale, collecte, accès au crédit et à des équipements modernes, formation des agriculteurs et réseaux de commercialisation.

Les réponses au questionnaire ont montré que la concurrence des produits laitiers importés représente une contrainte majeure pour les producteurs africains, en particulier sur les marchés urbains. En outre, pour la plupart des participants à l'enquête, les subventions versées aux agriculteurs européens ont pour effet d'amplifier les problèmes de l'Afrique. Presque tous les répondants s'accordent sur le fait qu'il est nécessaire de taxer les importations de lait pour aider les producteurs africains. Toutefois, les répondants conviennent aussi qu'il faut aller plus loin. Le Kenya a déjà mis en place un ensemble de politiques qui ont bien fait leurs preuves sur les marchés où elles ont été appliquées. Elles ont en fait enregistré de si bons résultats que le Kenya est maintenant autosuffisant et exporte même un excédent de production. Au Sénégal et au Burkina Faso, le problème est de définir des politiques réelles et bien adaptées pour développer l'énorme potentiel de production laitière des deux pays.

Pour résumer la présente section, il est manifeste que les pays africains les plus pauvres sont confrontés à des importations de lait bon marché en provenance des pays européens, ce qui renvoie aux taux de productivité élevés des pays du nord et à l'aide accordée par l'Union Européenne. Ces pays africains ont souffert de la concurrence des pays européens dont les exportations étaient massivement subventionnées, mais le problème ne tient plus désormais à ce type d'aide. Nous soutenons l'idée que l'aide accordée par l'Union Européenne n'est pas négligeable et qu'elle est un facteur de discrimination à l'encontre des agriculteurs africains en amplifiant leurs difficultés. Les problèmes du système de la laiterie africaine sont néanmoins essentiellement le produit de politiques inadéquates pour le développement général en matière agricole. Nous soutenons donc que la concurrence des importations, bien que loin d'être négligeable, ne constitue pas le problème essentiel auquel les producteurs africains doivent faire face. Les importations ne font qu'amplifier des contraintes préexistantes.

→ **Sur la base d'entretiens** avec des personnes clés d'organisations nationales d'agriculteurs, la dernière section de l'étude conclut qu'il faut mettre en place des politiques qui soutiennent les producteurs de lait tant africains qu'européens. Tous les participants à l'enquête ont affirmé que leur désir était d'analyser ensemble la situation afin de définir des stratégies qui servent les intérêts de tous. Le questionnaire a permis de mettre en lumière trois grands domaines d'intérêt pour les agriculteurs africains et européens:

- *le désir de s'assurer une vie convenable grâce à l'agriculture*: Tous les ré-

pondants, européens et africains, ont répondu que le principal intérêt des agriculteurs est d'être en mesure de gagner correctement leur vie grâce aux activités agricoles, en recevant un prix équitable pour leur production. Beaucoup de répondants africains ont utilisé le terme de « survie » pour décrire leur situation difficile.

- *la nécessité de trouver des moyens de défense des petites organisations agricoles familiales*: les petits agriculteurs, du nord comme du sud, doivent déployer des efforts pour protéger leur subsistance contre la déréglementation. L'agriculture familiale joue un rôle essentiel en Afrique pour assurer la sécurité alimentaire, et ne bénéficie pas du soutien nécessaire pour son développement. Les petits producteurs européens font également face à une situation difficile, similaire aux problèmes que doivent affronter les agriculteurs africains. Ils se considèrent comme victimes des récentes politiques agricoles qui favorisent les gros producteurs et les distributeurs au détriment des petits producteurs. Ils doivent donc s'unir pour être plus forts et avoir plus d'impact sur les politiques de développement à venir.
- *et renforcer la souveraineté alimentaire*: chaque pays doit être libre de définir sa propre politique agricole pour défendre l'exploitation agricole familiale, au nord comme au sud.

Pour ce qui est des stratégies spécifiques à encourager, l'idée qui revient sans cesse est celle d'une réglementation du marché, en Afrique comme en Europe. Les limitations de la production en Europe semblent être une option satisfaisante pour les petits producteurs laitiers, en Europe et au Sud. Les deux groupes d'agriculteurs soulignent la nécessité de maintenir des quotas de production pour gérer l'offre du marché.

La plupart des répondants à l'enquête, au Sénégal et au Burkina Faso, sont conscients du fait que la mise en place de mesures de protection apparaît manifestement comme une étape nécessaire au développement de la production locale et au renforcement de l'autosuffisance. Mais le protectionnisme ne saurait suffire à lui seul. Le protectionnisme a le plus d'effets pour la production locale quand il est mis en œuvre avec le soutien du gouvernement et une aide à la production. La protection sous la forme de taxes ne doit pas être considérée comme une solution complète, ni comme une fin en soi. Il faut plutôt la voir comme un outil qui peut jouer un rôle important dans le développement des politiques agricoles.

Il paraît donc nécessaire de permettre aux pays africains de protéger leurs frontières pour limiter les importations alimentaires qui concurrencent la production locale.

Berthelot, J., 2009, "Kenya et Niger: la vache qui rit et celle qui pleure", juillet 2009.

Broutin, C., Dia, D., Duteurtre, G., 2009, « Les systèmes de collecte du lait en AOC: échec ou espoir ? », *Grain de Sel*, septembre 2009.

Commission des Communautés européenne, 2009 d. « Rapport trimestriel sur le marché laitier », Conseil agricole, octobre 2009.



# **The CAP's impact on African agriculture: focus on milk**

## **INTRODUCTION**

### **Study Context**

#### **The Situation today in the European Dairy Industry**

For the European Union, the milk and dairy industry is very important because all member states produce milk and Europe is the number one consumer of dairy products in the world.

Since the 1950's agricultural activities have been supported in Europe and CAP expenditures represent about 40% of the community's budget.

On November 20 2008 the EU agriculture ministers reached a political agreement on the Health Check of the Common Agricultural Policy. In Europe, reformation of the dairy industry, in line with the CAP reform in general, has aimed at a greater market orientation of production (in particular with the decisions to stop production quotas).

The strength of the dairy production has deteriorated dramatically since mid-2008. After a price spike in 2007, which saw high food prices in general, prices have dropped substantially which has affected dairy producers' income. This has caused substantial unrest amongst dairy farmers who have reacted by staging many demonstrations. Facing pressure from angry farmers, the European Commission has reacted by granting 280 million Euros in subsidies and by adopting a pro-active support policy (Private storage aid for butter, reactivation of export refunds...). At the end of 2009, it appears that the prices are climbing up on international markets (FAO, 2009).

The Commission has a long record of supporting dairy farmers through financial assistance (coupled or decoupled subsidies, subsidies for exports of surpluses). It seems that this type of assistance primarily benefits big dairy industry (for details see Kesteloot, 2008, part 3, p.10-11).

The situation in the current competitive system in the dairy industry is therefore very sensitive and the current policies do not favour either the small European producers or the African farmers, who suffer because of competition from European exports, which in turn has a negative impact on family-based farming.

## Position of dairy production in Africa

Livestock farming represents an important part of the economy of rural Africa. Live-stock production contributes in 2004 about 35% of agricultural GDP in Sub-Saharan Africa (Otte, Knips, 2005)<sup>6</sup>. In addition, for certain developing countries, milk consumption provides a large portion daily protein needs. It is a balanced nutritious food and is a key element in household food security<sup>7</sup>. It is important therefore that African milk production is far below the needs of the people. In a large part of the continent, demand is too high to be met by local production and African countries turn to imports to meet this consumer demand<sup>8</sup>. In urban African markets, a large part of dairy products have their origin in Europe.

To illustrate the discussion, this report used three countries as examples: Senegal, Burkina Faso and Kenya.

The first two countries on the list have great potential to develop their dairy production but there are many constraints, both internal and external. Among the internal constraints, the most pronounced are difficult access to land, lack of available credit, difficulties in the milk collection system including transport and finally problems in assuring product quality. Some measures have been put into place but these are inadequate or not well adapted to the actual situation. The principal external constraint is competition from imported milk. It is important to note here that the international dairy markets can be characterized, like the markets for many agricultural products, by extreme price volatility.

The example of Kenya is interesting because Kenya represents a model for the proper development dairy production in Africa. Today Kenya can even export milk surpluses while only 10 years ago in 2000 local production was well below the local demand. Kenya's success is the product of well-adapted policies and programs and very strong commercial policies. The spectacular effect of the correctly applied protectionism policies applied in the agricultural sector is clearly seen in comparing Kenya with the West Africa Economic Union and Monetary Fund (WAEUM): tariffs in Kenya went from 25% in 1999 to 35% in 2002 and have been at 60% since 2004 while tariffs in the WAEMU stayed at 5% the entire time (Berthelot, 2009b). Kenya is a net exporting country in dairy products, even with an internal consumption of 112 litres per person per year. In stark contrast, imports represent 64% of the dairy products consumed in western Africa where there is a much smaller average milk consumption, only 35 litres per person per year (Berthelot, 2009a, 2009b). Kenya's example shows that other African countries can reap the same rewards of an augmented milk production even while supplying its population.

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<sup>6</sup> In Kenya, livestock production contributes about 47% of agricultural GDP (FAO, 2005), about 30% in Senegal (ANSD, 2009) and 45% in Burkina Faso (FAO).

<sup>7</sup> FAO, <<http://www.fao.org/Ag/againfo/themes/en/dairy/home.html>>.

<sup>8</sup> With structural adjustment, countries have put emphasis above all on agriculture for exports and less on subsistence crops or livestock farming.

## **Study Objectives**

Addressing particularly sensitive issue in Europe and difficulties of dairy production in Africa, this study will have to respond to two objectives:

- 1 - To show if the European Common Agricultural Policy (CAP) impedes the potential development of the African dairy system
- 2 - To propose actions and political solutions that will favour both the European and African dairy producers.

The body of this report concerns above all the small European and African producers (and not the big industrial ones) and it will therefore concern itself primarily with family farming.

The arguments presented in addressing those two objectives derive only from responses to questions posed to people involved in milk production activities in both Europe and Africa. It is not reliable to do an econometric study based on statistical data.

## **Study Stages**

This study is organized into three parts:

### **Gather and analyze data from the dairy industry in the European Union**

The objective in the first section is to gather news and precise data about production in Europe and European exports of dairy products including powdered milk to Africa and to review financial assistance granted to European milk producers by the European Union through the CAP (the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development). Also in this section this document will return to the sensitive issue of the process efforts and the current crisis in the dairy sector and then describe the pro-active support policy chosen by the Commission when faced with the recent difficulties.

### **Show how European subsidies impede development in the dairy industries in Africa**

First in this section will be a presentation of information about local milk production and dairy imports in Africa and specifically in Senegal, Burkina Faso and Kenya. Next, based on information gathered through the questionnaire, will be a discussion of how the obstacles to development in African dairy production are linked to both internal constraints and to the impact of the CAP. Then follows information obtained through

discussions with various organizations of both European and African producers (participative approach).

**Define strategies and policies that could be mutually supportive for European and African dairy farmers**

The question in this third part is: How to work in collaboration with organizations of producers to determine the types of assistance needed and what political and economic policies would support both the African and small European dairy producers. This study will look for solutions that would advance the common interests of all farmers in southern and northern countries.

# **I - Analysis of the dairy production system in Europe**

This first part will analyze the milk production sector within the European Union primarily along three criteria: (i) the delicate position of milk producers today and the crisis in the industry; (ii) the analysis of the principal milk producing countries in Europe and their exports to the African continent; (iii) the assistance granted by the European Commission within the framework of the Common Agricultural Policy and emergency aid to support producers during the 2009 financial crisis.

## **A - Background**

### **1 - The Reform Process**

As early as 1968, Europe developed the Common Market Organization for milk and thus defined market relief measures by regulating production through quotas and price supports. The Common Market Organization has undergone many reforms, notably in the area of price supports<sup>9</sup>. Europe decided to set up in 1984 a production quota system to limit and stabilize production, which has led to relative stability of milk prices. Nevertheless, it appears that this system was more beneficial to large producers and many smaller enterprises have gone out of business.

On 20 November 2008 the EU agriculture ministers reached a political agreement on the Health Check of the Common Agricultural Policy. The reform of the dairy sector, in line with the CAP reform in general, has aimed at a greater market orientation of production. Therefore, intervention measures were redefined with lower intervention prices gradually being implemented. As compensation, EUR 5 billion were distributed among dairy farmers as direct support to their revenue and linked to the production.

The two principal measures in the framework of the Health Check of the Common Agricultural Policy are the following (Commission of the European Communities, 2008): (i) Phasing out milk quotas; (ii) Decoupling of support: The CAP reform « decoupled » direct aids to farmers i.e. payments were no longer linked to production of a specific product. However, some Member States chose to maintain some « coupled » – i.e. production-linked – payments but these remaining coupled payments will now be decoupled and moved into the Single Payment Scheme (with some exceptions like suckler)<sup>10</sup>. Today, the E.U. wants to eliminate production quotas before 2015 because it is believed that quotas can't assure price stability and that they delay adaption to competition. The E.U. has therefore decided to increase quotas by 1% per year between 2009 and 2015.

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<sup>9</sup> References:

[http://europa.eu/legislation\\_summaries/agriculture/agricultural\\_products\\_markets/111092\\_en.htm](http://europa.eu/legislation_summaries/agriculture/agricultural_products_markets/111092_en.htm).

<sup>10</sup> For more details

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1749&format=HTML&aged=0&language=EN&guiLanguage=en>

It's important to know that it is very difficult for E.U. member states to come to an agreement on the ways to respond to the crisis because Europe is divided between one group that wants a new form of regulation to protect the industry, led by France and Germany<sup>11</sup>, and countries advocating liberalization, notably Sweden and the Netherlands. Additionally, the dangers of deregulation became evident and confidence in the free markets and the financial sectors was increased with the worldwide crisis since 2008.

## **2 – Crisis in the Dairy production**

The situation in the dairy industry has considerably degraded since 2008. After rising quickly in 2007, like all food commodities, milk prices collapsed, which had grave repercussions on the income of the dairy producers<sup>12</sup>. Prices for milk paid to dairy producers have come down from 30-40c/l to an E.U.-27 weighted average of 24c/l with prices for many producers at 20-21c/l or less. This has caused led to great stress among dairy producers who have responded by organizing many demonstrations. The European Commission recognized the seriousness of the situation and has therefore decided to take relief measures, as we will see it in the part C of this section, which is devoted to financial assistance granted.

Even though the quota system had been opposed by farmers, today they support this principle that helps guarantee for them better price stability. In fact, the milk industry finds itself in a serious crisis provoked by the large decrease of prices, which has an impact especially on the small and average producers that, facing these difficulties, are forced to slowly abandon their businesses.

Several agricultural unions belonging to the European Milk Board grouped together in October 2009 to organize a European milk producers' strike in order to try to convince the political powers to regulate the European milk market. This was the first time that a union action was taken at the European level. Facing pressure from angry farmers, the European Commission reacted by granting 280 million Euros in subsidies in October 2009.

## **B- Milk production and exports to Africa**

### **1- Milk Production in the European Union**

The milk dairy products industry plays an important role in the European Union. Indeed, all member states of the E.U. produce milk and the dynamism of the dairy sector is important for the economy and for employment (see on internet for European Commission: Agriculture and rural development:

<[http://ec.europa.eu/agriculture/markets/milk/index\\_en.htm](http://ec.europa.eu/agriculture/markets/milk/index_en.htm)>). The EU enlargement

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<sup>11</sup> *L'assemblée Nationale*, in France, adopted a resolution to regulate the dairy european market (see, *Assemblée Nationale*, 2009).

<sup>12</sup> Estimation of income loss of 30% in 2009 compared with 2008 (see, *Assemblée Nationale*, 2009).

from 15 to 25 Member States in 2004 resulted in a significantly larger volume of cows' milk collected and milk products obtained. The further enlargement to 27 Member States in 2007 produced a much smaller increase. Nevertheless, the 15 Member States which made up the EU between 1995 and 2004 still contribute more than 80% of the cows' milk collected and products obtained from cows'milk (EUROSTAT, 2009).

## **Up to 2008**

Table 1 shows cows' milk collected from 2004 to 2008 in European countries. Germany and France are the two largest milk producers within the European Union (respectively 21% and 18% of European production). The quantity of cows' milk collected remained remarkably stable in the E.U. between 1995 and 2008, due to the milk quota system. Six Member States — Germany, France, the United Kingdom, the Netherlands, Italy and Poland — together contributed more than 70% of the cows' milk collected in the E.U.

**Table 1: Cows' milk collected (1000 T) in European Union**

	2004	2005	2006	2007	2008	% of total production in 2008
<b>European Union (27 countries)</b>	<b>132.009</b>	<b>133.500</b>	<b>132.641</b>	<b>133.396</b>	<b>131.248</b>	
Belgium	2.845	2.867	2.836	2.878	2.849	0,2%
Bulgaria	798	803	839	746	705	0,5%
Czech Republic	2.563	2.543	2.392	2.446	:	
Denmark	4.433	4.451	4.492	4.484	4.581	3,5%
Germany	27.113	27.380	26.876	27.321	27.466	21,0%
Estonia	536	571	606	593	606	0,5%
Ireland	5.268	5.061	5.234	5.241	5.106	4,0%
Greece	687	660	670	716	:	
Spain	5.880	5.899	5.824	5.729	5.834	4,4%
France	22.915	23.388	22.896	22.970	23.817	18,1%
Italy	9.994	10.216	10.193	10.265	10.489	8,0%
Cyprus	140	145	139	144	152	0,1%
Latvia	478	502	592	631	634	0,5%
Lithuania	1.140	1.200	1.296	1.347	1.376	1,0%
Luxembourg (Grand-Duché)	258	258	255	259	265	0,2%
Hungary	1.542	1.518	1.448	1.448	1.425	1,0%
Malta	41	42	41	41	40	
Netherlands	10.561	10.479	10.657	10.799	11.295	8,6%
Austria	2.617	2.621	2.674	2.661	2.717	2,0%
Poland	8.151	8.825	8.826	8.744	8.893	6,8%
Portugal	1.873	1.921	1.851	1.837	1.886	1,4%
Romania	1.019	1.109	1.133	1.136	1.051	0,8%
Slovenia	503	508	511	530	524	0,4%
Slovakia	937	968	962	964	946	0,7%
Finland	2.373	2.362	2.348	2.293	2.254	1,7%
Sweden	3.229	3.163	3.130	2.985	2.987	2,3%
United Kingdom	14.114	14.038	13.920	13.647	13.350	10,2%
Croatia	549	624	651	673	599	0,5%
Former Yugoslav Republic of Macedonia, the	:	:	:	:	:	
Iceland	:	113	:	:	:	
Norway	:	:	:	:	:	

Source: EUROSTAT, 2009

Table 2 points out cows' milk collected and products obtained in 2007 (1000t). As for the products obtained, there was a notable increase in cheese after 1995 (+28 %) and (to a lesser extent) cream production for direct consumption (+23 %). The production of butter fell slightly (by -5 %), especially after 2003, while the production of skimmed milk powder, which is a residual product, registered a marked fall (by -34 %).



**Table 2: Milk products obtained in 2007 (1000t)**

	<b>Drinking Milk</b>	<b>Cream for direct consumption</b>	<b>Skimmed Milk Powder</b>	<b>Butter</b>	<b>Cheese</b>
<b>EU 27</b>	<b>32.031</b>	<b>2.440</b>	<b>849</b>	<b>1.937</b>	<b>8.065</b>
<b>AT</b>	710	63	3	33	148
<b>BE</b>	667	136	62	88	67
<b>BG</b>	53	2		1	59
<b>CY</b>	52				1
<b>CZ</b>	661	46	21	36	109
<b>DE</b>	6.071	547	227	466	2.033
<b>DK</b>	511	58	18	38	324
<b>EE</b>	83	29	8	7	36
<b>ES</b>	3.531	134	5	39	118
<b>FI</b>	738	53	8	54	107
<b>FR</b>	3.778	410	285	435	1.737
<b>EL</b>	434	9		1	17
<b>HU</b>	415	6		8	73
<b>IE</b>	536	11	52	125	
<b>IT</b>	2.974	149		110	1.063
<b>LT</b>	85	45	10	12	107
<b>LU</b>					
<b>LV</b>	89	28		4	32
<b>MT</b>	28				
<b>NL</b>				131	722
<b>PL</b>	1.358	240	114	157	637
<b>PT</b>	882	17	9	30	56
<b>RO</b>	199	47	3	8	65
<b>SE</b>	915	97	17	28	114
<b>SI</b>	156	16		2	20
<b>SK</b>	239	38	7	10	34
<b>UK</b>	6.811	257		113	373

*Source: EUROSTAT, 2009*

## **Situation in 2009 (according to the last available data)**

Dairy production in the E.U. did not increase in comparing January-July 2008 and January-July 2009 (Commission of the European Communities, 2009 d; FAO, 2009). Up to July 31 2009, according to estimates, total milk production stagnated in comparison with the preceding year, despite a quota increase of 1%. The lower production levels in the first quarter were compensated by increases between April and July.

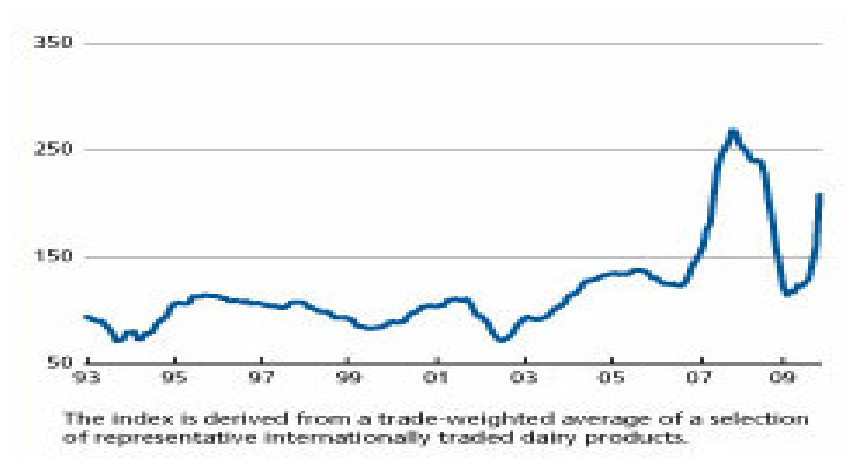
Milk demand nevertheless diminished in the E.U. and on the worldwide market. The decreased demand in the E.U. was essentially in cheese products, which is particularly important given that more than 40% of E.U. milk is transformed into cheese.

The worldwide market has a higher degree of volatility, on account of the fact that the amount of milk traded is less significant in comparison to production and to the total consumption. Indeed, trade share of production reaches 5,8% in 2008 and 5,5% in 2009 (FAO, 2009).

At the beginning of 2009, there was a considerable decrease in prices throughout world markets due to the combined effect of production increases (New Zealand, Australia, Argentina, Brazil and recently again, the United States) and decrease in the worldwide demand linked to the financial crisis. Decreased demand for milk products in the E.U. and the collapse of prices on the worldwide market had direct effects on prices in community markets. Consequently, the milk price was brought back to 0.21c/l in September 2009 (compare to 0.26 c/l in August and 0.24 c/l in May), and even less in certain Member States (Commission of the European Communities, 2009d).

But milk prices increase in the end of 2009 in international trade (see figure 1). Prices for both skim milk and whole milk powder have also increased to USD 3 375 (2000 dollars in April 2009) and USD 3 525/tonne (2200 dollars in April 2009) respectively. The causes of this rapid price rise are not fully clear at the writing of this report. However, for FAO, stock retention combined with reduced milk output in the European Union and the United States, and lower growth than expected in Oceania's milk output may be contributing factors to tight export supplies (FAO, 2009). The economic recovery underway in large Asian countries and in certain oil exporting countries may also be an important factor in renewed import demand. The sustainability of the rise in prices is uncertain, though contingent on the responses of the European Union and other exporting countries which hold dairy product stocks (FAO, 2009).

**Graph 1: FAO price index of dairy products in international trade (2002-2004 = 100)**



FAO, 2009

## 2- Exports of Milk from Europe to Africa

Table 3 shows dairy exports from E.U. 27 to several African countries. Annex 1 gives data on the products that we have used to measure exports. We considered the export of milk and all dairy products (milk and cream, powdered milk, butter, yogurts...).

Trade within the EU 27 (intra EU trade) takes place freely, as all agricultural products benefit from the long-standing internal market. There is a significant trade between Member States. For example in 2008, intra-EU trade in dairy products was 18,1 million tonnes with a value of EUR 24 billion whereas extra-EU trade was 2,3 million tonnes with a value of EUR 6,3 billion.

Considering only extra-EU trade, exports from the European Union to Africa in dairy products represent in 2008 22% of the total quantity exported by the European Union to all trading partners (and about 20% in value). The countries most concerned in considering dairy products are Algeria, Nigeria and Egypt.

Table 4 shows the same countries but only powdered milk exports. The countries most concerned in considering powdered milk exports from the European Union are Algeria, Nigeria, Ivory Coast, Egypt and Senegal. North Africa is a very important trading partner for European dairy products' exports.

The African continent represents therefore an important market for European dairy products (in considering only extra-EU trade). Generally, developing countries are more and more important trading partners for the European Union (for more details consult Mosnier, 2008).

**Table 3: Dairy exports from UE 27 to several African countries (Q: Quantity in 100 Kg; V: Value in euros) Source: EUROSTAT**

	2007		2008	
	Q	V	Q	V
ALGERIA	1.343.226	403.056.290	1.754.991	480.646.500
ANGOLA	249.357	75.331.182	300.616	54.435.437
BURKINA FASO	21.668	7.456.889	26.470	5.199.731
BURUNDI	388	110.022	396	114.716
BENIN	35.449	8.670.961	42.827	6.745.965
DEMOCRATIC REPUBLIC OF CONGO	82.188	25.298.768	72.976	26.158.643
CAMEROON	65.972	14.781.679	76.655	19.545.095
CENTRAL AFRICAN REPUBLIC	676	169.156	1.791	555.389
CONGO	30.424	6.573.728	44.099	11.650.872
EGYPT	501.879	106.558.617	343.240	89.793.966
ERITREA	1.059	84.458	321	76.171
GABON	99.467	19.044.442	101.475	21.970.957
GHANA	132.514	23.199.861	178.394	28.406.481
GAMBIA	19.480	4.251.287	17.059	3.851.588
GUINEA	17.491	2.794.511	23.488	5.378.200
GUINEA BISSAU	4.240	828.518	4.845	1.107.527
IVORY COAST	92.424	20.185.084	155.463	38.225.810
KENYA	3.399	1.213.836	10.416	2.272.459
LIBERIA	10.416	2.272.459	10.743	2.171.764
MADAGASCAR	9.352	2.361.435	12.785	3.040.986
MALI	47.109	15.041.597	53.876	17.604.991
MOROCCO	354.053	89.356.819	314.915	84.864.364
MOZAMBIQUE	15.323	1.097.592	6.636	1.709.097
NAMIBIA	5.620	1.321.593	2.740	938.482
NIGER	14.626	3.502.676	23.986	6.331.034
NIGERIA	785.000	202.551.955	854.432	229.693.096
RWANDA	2.842	985.001	542	164.156
SUDAN	69.783	19.101.882	50.572	19.975.135
SIERRA LEONE	15.196	3.396.957	10.404	2.997.005
SENEGAL	191.352	40.010.245	192.434	45.648.793
SOMALIA	3.322	1.028.919	2.067	785.800
CHAD	9.702	3.382.993	13.229	4.740.146
TOGO	35.294	6.288.868	43.813	7.664.678
TANZANIE	8.766	2.932.705	10.653	3.748.000
TUNISIA	134.865	24.422.233	110.850	20.421.847
UGANDA	849	360.614	842	340.936
SOUTH AFRICA	136.338	37.755.737	109.374	31.269.431
ZAMBIE	1.429	402.285	504	270.301

<b>TOTAL</b>	<b>4.552.693</b>	<b>1.177.229.726</b>	<b>4.980.933</b>	<b>1.280.533.218</b>
<b>% of total dairy exports extra EU 27</b>	<b>19%</b>	<b>20%</b>	<b>22%</b>	<b>20%</b>

**Table 4: Milk powdered's exports from UE 27 to several African countries**  
(Q: Quantity in 100 Kg; V: Value in euros) *Source: EUROSTAT*

	2007		2008	
	Q	V	Q	V
ALGERIA	1.117.110	342.658.418	1.567.931	422.525.759
ANGOLA	100.806	31.224.448	121.406	45.298.105
BURKINA FASO	14.045	3.874.409	19.690	6.293.741
BURUNDI	324	94.683	293	96.838
BENIN	23.501	4.711.216	30.249	6.301.680
DEMOCRATIC REPUBLIC OF CONGO	72.735	23.581.853	62.010	23.804.488
CAMEROON	41.356	10.957.223	51.324	14.973.158
CENTRAL AFRICAN REPUBLIC	377	93.941	1.255	451.452
CONGO	13.878	3.858.119	23.461	8.585.940
EGYPT	126.904	32.493.013	123.442	30.199.129
ERITREA	69	7.274	105	32.328
GABON	64.105	14.008.806	67.289	16.859.742
GHANA	77.745	15.651.455	93.929	18.854.962
GAMBIA	11.936	3.350.081	8.696	2.768.894
GUINEA	7.389	1.682.454	14.995	4.288.724
GUINEA BISSAU	1.741	590.671	2.063	785.386
IVORY COAST	65.743	15.615.198	130.191	33.552.147
KENYA	1.998	545.087	1.355	355.550
LIBERIA	4.659	1.503.230	3.536	1.245.627
MADAGASCAR	5.157	1.502.471	8.863	2.204.446
MALI	41.494	13.353.472	47.429	15.434.979
MOROCCO	128.242	36.167.923	71.904	16.240.551
MOZAMBIQUE	175	28.791	2.344	810.054
NAMIBIA	1.185	397.317	1.661	533.764
NIGER	8.667	2.935.749	16.343	5.585.425
NIGERIA	676.023	178.165.338	759.326	208.328.633
RWANDA	2.666	910.304	536	157.126
SUDAN	60.358	17.185.581	43.114	18.800.332
SIERRA LEONE	12.785	3.094.012	9.335	2.773.990
SENEGAL	96.170	28.889.699	109.396	33.818.368
SOMALIA	3.322	1.028.919	2.067	785.800
CHAD	8.641	3.258.171	10.823	4.154.132
TANZANIE	7.284	2.598.867	9.111	3.244.696
TOGO	26.382	5.186.505	33.423	6.488.947
TUNISIA	36.852	10.910.413	43.089	10.401.531

SOUTH AFRICA	28.026	8.827.673	18.672	5.423.227
ZAMBIE	685	206.167	89	33.432
<b>TOTAL</b>	<b>1481511</b>	<b>398947477</b>	<b>1704729</b>	<b>493261070</b>
<b>% of total dairy exports extra EU 27</b>	<b>19%</b>	<b>20%</b>	<b>19%</b>	<b>21%</b>

## C - Aid granted to the primary players in the dairy industry

Trade globalization, consumer demands and E.U. expansion also brought new challenges to E.U. animal production. To face these challenges, the CAP aims to: (i) stabilize E.U. markets; (ii) ensure a fair standard of living for farmers; (iii) restore consumption levels of animal products; and (iv) make E.U. animal products more competitive on the world market (EUROSTAT, 2009). The main existing market measures are direct payments to producers and public/private storage.

Rural development funds in the E.U. in 2007-13 will total 91.3 billion Euros with about 70 billion Euros more in national public support. The Health Check and Recovery Package have added 4.2 billion Euros to address new challenges. « Dairy restructuring » has been identified as one of these new challenges (Commission of the European Communities, 2009 a).

The Commission has laid down conditions and specific rules for financing expenditure under the CAP and created two new funds in 2005: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

### 1 - Forms of Assistance

As regards expenditure managed jointly by Member States and the Commission, the EAGF finances: (i) refunds for exporting farm produce to non-EU countries; (ii) intervention measures to regulate agricultural markets; (iii) direct payments to farmers under the CAP; (iv) certain informational and promotional measures for farm produce implemented by Member States both on the internal EU market and outside it; and (v) expenditures for restructuring measures in the sugar industry under regulation ([http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/l11096\\_en.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/l11096_en.htm))

The European Agricultural Fund for Rural Development (EAFRD) is in accordance with the objectives and strategic framework of community rural development policy as defined in this regulation. The Fund will contribute to improving: (i) the competitiveness of agriculture and forestry industries; (ii) the environment and the countryside; and (iii) the quality of life and management of economic activity in rural areas. The Fund complements national, regional and local actions. The Commission and the Member States are also to ensure that the Fund is consistent and compatible with other community support measures. Taking into consideration political priorities set at the community level, the Commission established strategic orientations for rural development in accordance with announced policies and objectives. Each Member State will then de-

velop a national strategy indicating, among other things, national priorities and funds to be made available to address the national strategies. Each will also define specific objectives and what specific funds and other resources will be used. These strategic national plans constitute reference instruments for the eventual placement of available funds.

Farmers and producers in the dairy industry will benefit from various forms of aid delivered within the framework of the CAP. The tables below show information concerning the amount of money and the diversity of types of aide allocated to the dairy industry under the EAGF.

Table 5 shows the evolution of the total amount of funds attributed to the EAGF between 2002 and 2008. As this amount was stable after 2005, this shows that the decrease is very sensitive for EAGF exports refunds. The elimination of all exports refunds starting on June 15, 2007 continued in the course of the 2008 budget year. Nevertheless, the European Union restarted this form of assistance in 2009 for dairy production in response to the crisis.

**Table 5: Evolution of the Breakdown of EAGF Expenditures 2003 to 2008  
Financial Years BUDGET EXECUTION (in EUR million)**

FINANCIAL YEAR (*)	BUDGET EXECUTION		STORAGE	EXPORT REFUNDS	DIRECT AIDS	OTHER MEAS- URES	RURAL (**) DEVELOPMENT
	1a	1b					
2002	38.864,8	4.349,4	1.163,1	3.432,3	28.800,8	5.468,7	4.349,4
2003	39.781,6	4.679,6	928,1	3.729,6	29.692,4	5.431,5	4.679,6
2004	38.298,5	6.262,0	322,4	3.384,2	29.824,6	4.767,4	6.462,0
2005	42.100,8	6.827,4	851,5	3.051,9	33.700,8	4.496,6	6.827,4
2006	42.175,3	7.689,9	756,9	2.493,6	34.051,3	4.873,4	7.689,9
2007	42.120,9		-106,7	1.444,7	37.045,8	3.763,9	-26,8
2008	42.181,2		147,9	925,4	37.568,6	3.553,3	-14,1

(\*) 2002 to 2006 Financial years: European Agricultural Guidance and Guarantee Fund-guarantee Section (EAGGF)

2007 and 2008 Financial years: European Agricultural Guarantee Fund (EAGF)

(\*\*) 2007 and 2008 Financial years: RURAL DEVELOPMENT financed by the ex-European Agricultural Guidance and Guarantee Fund-guarantee Section (EAGGF)-Programming period 2000-2006

*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

Table 6 analyses EAGF Exports Refunds expenditure by Member State from 2004 to 2008. The total amount attributed went from 3 384 million Euros in 2004 to 925,448 million Euros in 2008. The table shows that France received the most assistance in every year studied. In 2008, as shown in graph 2, French farmers received 24% of all EAGF export refunds. In 2008, Belgium (13.2%) and Poland (12.8%) were also primary re-

cipients of this aid. The export refund assistance aims to compensate for the low prices at which European exported milk is sold outside of Europe.

**Table 6: Evolution of EAGF Exports Refunds expenditure by Member State – 2004 to 2008**

Member State	EU 25			EU 27	
	2004	2005	2006	2007	2008
Belgium	485,329	388,031	348,527	155,604	122,631
Bulgaria	0	0	0	0	0,767
Czech Republic	3,019	26,868	17,970	12,82	1,666
Denmark	257,714	204,418	133,123	100,294	70,399
Germany	470,098	433,184	233,389	154,106	96,249
Estonia	0,543	3,696	3,690	3,882	0,173
Ireland	223,563	178,090	111,151	64,152	16,568
Greece	18,218	8,637	74,694	30,370	3,065
Spain	125,508	107,567	68,792	38,636	31,688
France	567,149	524,848	403,945	281,850	220,792
Italy	174,966	88,766	89,240	60,380	46,811
Cyprus	0	0,482	1,598	1,054	0,247
Latvia	0,035	0,807	1,539	3,210	0,657
Lithuania	0,052	38,292	59,612	33,107	11,396
Luxembourg	0,018	0,020	0,005	0,009	0,001
Hungary	0,224	29,682	31,244	12,240	17,509
Malta	0	0	0	0,204	0,026
Netherlands	518,667	429,487	308,085	197,847	91,482
Austria	41,636	43,917	37,907	18,868	22,609
Poland	10,761	99,310	140,630	89,197	118,861
Portugal	26,517	14,990	21,238	11,993	12,531
Romania	0	0	0	0	0,023
Slovenia	0,071	4,786	4,458	3,251	0,806
Slovakia	0	6,261	14,535	4,672	1,448
Finland	83,545	66,249	45,373	32,761	7,619
Sweden	51,168	73,263	64,290	27,161	11,338
United Kingdom	325,391	280,267	278,597	107,007	18,086
<b>TOTAL Export Refunds Expenditure</b>	<b>3.384,192</b>	<b>3.051,919</b>	<b>2.493,629</b>	<b>1.444,670</b>	<b>925,448</b>

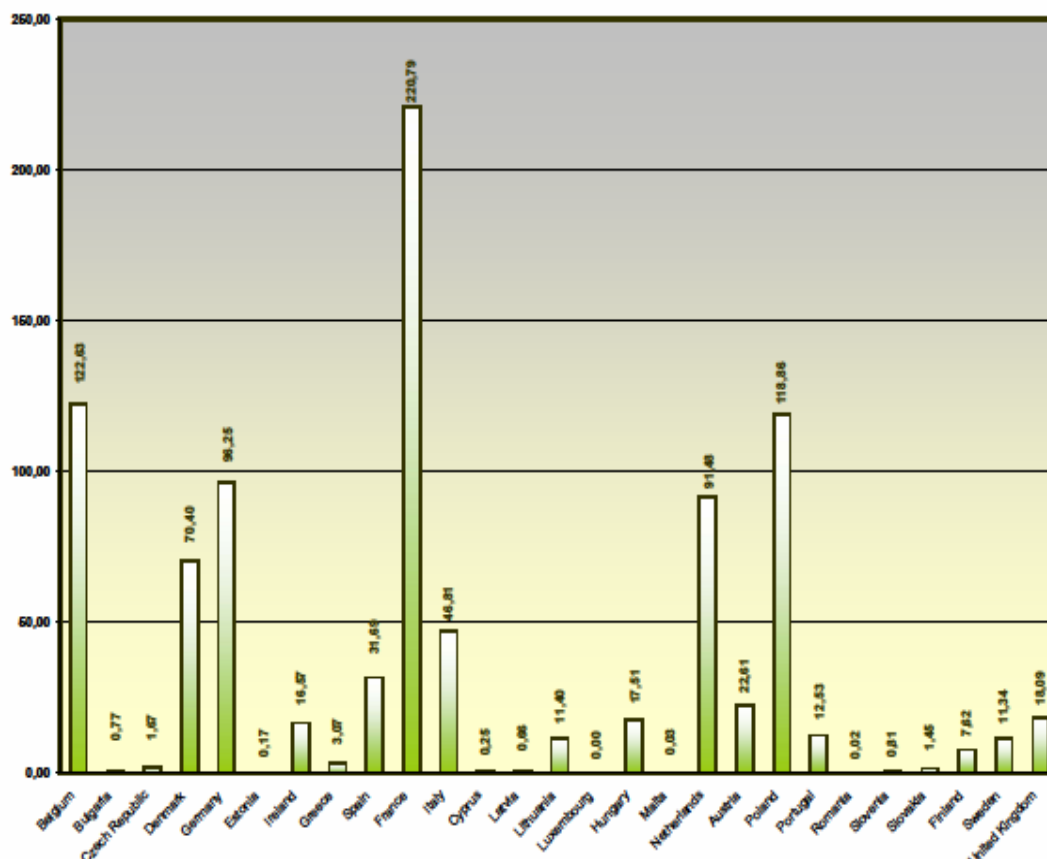
2004-2005-2006: European Agricultural Guidance and Guarantee Fund EAGGF-Guarantee Section

2007-2008: European Agricultural Guarantee Fund EAGF

*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*



**Graph 2: Evolution of EAGF Export Refunds expenditure by member State for 2008**



*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

Details regarding the aids attributed to the milk sector have been compiled. Table 7 and 8 show these details for the EAGF Budgetary Execution for milk and milk products. Export refund rates were still at zero for butter, skimmed milk powder and cheeses. The appropriations retained in the 2008 budgets mainly concerned payment of outstanding balances for exports refunds. However, the expenditure incurred for these balances amounted to 28.8 million Euros, over-spending the budgeted appropriations by 1.8 million Euros.

In the EAGF financial report, the European Commission explains that because of favorable market conditions, all aids for skimmed milk powder destined for casein production and animal feed remained at zero. No new appropriations were foreseen in the 2008 budgets for these products. Nevertheless, expenditures amounting to 4.7 million Euros were incurred for payment of outstanding balances from previous marketing years. Furthermore, continued favorable market conditions led to having no butter in public storage in 2008. Nevertheless, the private storage scheme was operated and

the expenditure incurred amounted to 13.0 million Euros. This expenditure compared to the 2008 budget appropriation of 19.0 million Euros led to an under-spending of 6.0 million Euros, mainly attributable to a shorter storage time period.

**Table 7: Analysis of EAGF Budgetary Execution for Milk and milk products (2008 Financial Year)**

	<b>Adopted Budget  2008</b>	<b>Execution  2008</b>	<b>% adopted EXE- BUDGET</b>
<b>Milk and Milk products</b>	<b>167 000 000</b>	<b>147 994 306</b>	<b>88,60%</b>
Refunds for milk and milk products	27 000 000	28 831 610	106,80%
Intervention Storage of Skimmed-Milk Powder	0	0	
Aid for disposal of Skimmed Milk	0	4 689 663	
Intervention Storage of butter and cream	19 000 000	13 007 356	68,50%
Other measures relating to butterfat	29 000 000	19 065 730	65,70%
Intervention storage of cheese	24 000 000	20 884 023	87%
School Milk	67 000 000	61 511 402	91,80%
Other measures	1 000 000	4 522	0,50%

*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

**Table 8: Evolution of EAGF Expenditure For Milk and milk products (2007 and 2008 in EUR million)**

	<b>2007</b>	<b>2008</b>
Export Refunds	513,378	28,832
Storage	-36,203	33,891
Market measures and Other interventions	161,378	85,271
<b>TOTAL</b>	<b>638,19</b>	<b>147,994</b>

*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

Table 9 displays the evolution of certain EAGF expenditures from 2002 to 2008 and clearly shows that subsidies for milk production and exports from the E.U. under the EAGF greatly decreased, dropping from 2.36 million Euros to 0.15 million Euros. Also, the percentage of EAGF funds distributed to the milk industry declined: in 2002 the milk industry received 5.5% of all EAGF assistance while this number dropped to 0.4% in

2008. The contrast is even stronger when taking into account that the milk industry accounted for 29% of all agricultural expenses in 1985 and even more, 40%, in 1980.

In export refunds, aids amounts are also greatly reduced over previous years because, as we have seen, export subsidies were suspended in June 2007. In comparison with other productions regulated by the E.U., it is clear that the milk industry is far from being the most-aided, receiving only 3.12% of export subsidies in 2008 while the sugar industry received 54.2% of all funds reserved for European agricultural exports.

**Table 9: Evolution of EAGF Expenditures for Milk and EAGF Export Refunds for Dairy Products**

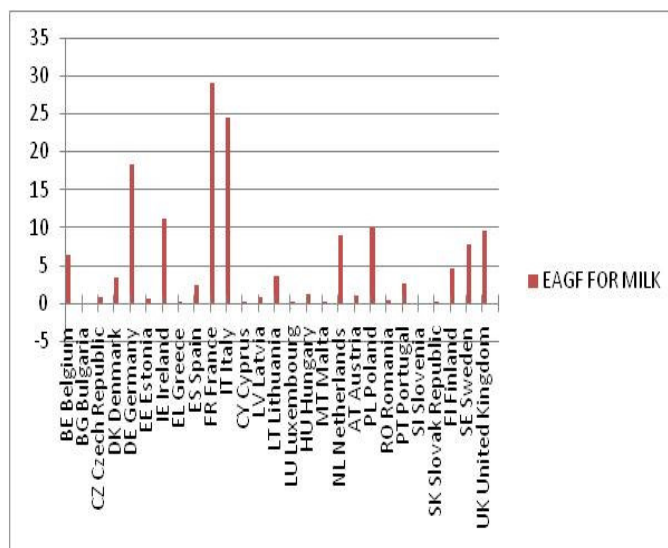
	<b>EAGF EXPENDITURE FOR MILK</b>	<b>% OF EAGF TOTAL EXPENDITURE</b>	<b>EXPORT REFUNDS</b>	<b>% of EAGF EXPENDITURE FOR MILK</b>
2002	2360	5,50%	1159,6	49,1%
2003	2796,2	6,30%	1595,4	57,1%
2004	1993,4	4,50%	1494,9	75,0%
2005	2547,5	5,20%	1140,8	44,8%
2006	2463,4	4,90%	724,9	29,4%
2007	638,2	1,50%	513,4	80,4%
2008	148	0,40%	28,8	19,5%

*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

It is interesting to look at the amount received by each Member State to support the milk production, as shown in table 10 and figure 3. These charts show that French, Italian and German producers are the three principal recipients of aid and assistance for the dairy sector.

**Table 10 and Graph 3: EAGF Expenditure For Milk and milk products by country in 2008 (in EUR millions)**

BE (Belgium)	BG (Bulgaria)	CZ (Czech Republic)	DK (Denmark)	DE (Germany)	EE (Estonia)	IE (Ireland)
6,46	0	0,75	3,4	18,3	0,6	11,26
EL (Greece)	ES (Spain)	FR (France)	IT (Italy)	CY (Cyprus)	LV (Latvia)	LT (Lithuania)
0,1	2,46	28,98	24,42	0,14	0,79	3,58
LU (Luxembourg)	HU (Hungary)	MT (Malta)	NL (Netherlands)	AT (Austria)	PL (Poland)	RO (Romania)
0,07	1,28	0,02	9,02	0,95	10,02	0,39
PT (Portugal)	SI (Slovenia)	SK (Slovak Republic)	FI (Finland)	SE (Sweden)	UK (United Kingdom)	<b>TOTAL</b>
2,63	-0,01	0,3	4,55	7,87	9,65	<b>147,99</b>



*Data from Financial Report from the Commission to the European parliament and the council on the EAGF, October 2009*

Total subsidies to the dairy production from the EAGF are lower in 2008 but facing the current crisis in the industry, the E.U. has deployed other support mechanisms. These new mechanisms are largely financially sponsored by the E.U.

## 2 - Reaction of the E.U. facing the crisis in the dairy sector in 2009

Precise data is not yet available on subsidy amounts granted in 2009 to the milk sector. Under the second pillar of the CAP, support for « dairy restructuring » was acknowledged as an additional priority theme. This allows Member States to use additional funds from modulation to support dairy farmers in preparing for the end of quotas.

Facing the current crisis in this sector, many measures were set up to support the actors of this system.

The Commission quickly recognized the seriousness of the position of dairy producers owing to foreseen seasonal increases in milk production during the first part of the year and has therefore decided to institute a proactive support policy: (i) Private storage aid for butter; (ii) Exports refunds were reactivated for all dairy commodities to the usual destinations on 23 January (in full compliance with E.U. international commitments). Annex 2 gives details of dairy export refund levels. Export refunds will be activated not only for butter and skimmed milk powder but also for all other dairy products that were eligible for these refunds in the past, mainly whole milk powder and cheese; and (iii) Intervention buying started on 1 March for butter and skimmed milk powder<sup>13</sup>.

Then the demand for export licenses has been increasing recently as we see in table 11 (Commission of the European Communities, 2009 d).

**Table 11: Issued licenses (tonnes)**

	23.1.09 – 23.6.09	24.6.09 - 13.10.09
Butter/oil	91.883	55.333
Skimmed Milk Powder	120.860	128.333
Cheese	133.933	102.463
Others	458.958	346.365

*Source: Commission of the European Communities, 2009 d.*

But because of the extent of the crisis and facing organized demonstrations by producers, other urgent measures were also taken. In July 2009, the Commission proposed a measure to allow stabilization of the milk market (Annex 3). Also, in September and October 2009, the Commission allowed Member States to temporarily increase direct aid to producers to up to 15,000 Euros per producers to help stabilize their income (Commission of the European Communities, 2009 b, 2009 c). In addition, the Commission created a group of experts to examine questions relative to the milk industry and its difficulties. The Commission expects to spend an extra 600 million Euros this year on temporary market measures. 70% of direct payments may be paid earlier this year, in October. Under the Health Check and Economic Recovery Package, an extra 4.2 billion Euros is available to address new challenges, including dairy restructuring.

<sup>13</sup> For more details see Commission of the European Communities, 2009 a.  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0385:FIN:EN:PDF> (page 6)

These amounts are in addition to those already available in Rural Development policies. Finally, in January 2010, the European Commission has approved 13 programmes in 11 Member States to promote milk and milk products in the European Union. The total budget of the programmes, running for a period of three years, is € 35.8 million of which the EU contributes € 17.9 million. The Commission committed itself to adopt an additional round of dairy product promotion programmes on the internal market.

So there's a set of measures proposed by the Commission to address the difficult market situation faced by the dairy sector.

The objective in this first section was to gather news and precise data about production in Europe and European exports of dairy products to Africa, and to review financial assistance through the CAP. The next section will be a presentation of information about local milk production and dairy imports in Africa. Next, based on information gathered through the questionnaire, there will be a discussion of how the obstacles to development in African dairy production are linked to both internal constraints and to the impact of the CAP.

## **II - Dairy production, milk imports in Africa and constraints to development in the African dairy production system**

General remark: it is not easy to obtain reliable data about farming in Africa. What's more, different institutions, whether they are international (like the FAO or EUROSTAT) or local like the National Institute of Statistics do not always have the same data. The problem comes from the lack of information which flows poorly because of the informal nature of the economy. Further, the products considered for the different calculations values are not always specified, so institutions do not necessarily count same things.

It is not necessary therefore to consider all the released figures as precise data but rather to use them to understand the order of magnitude of the amounts and values and especially of their evolutions according to the years.

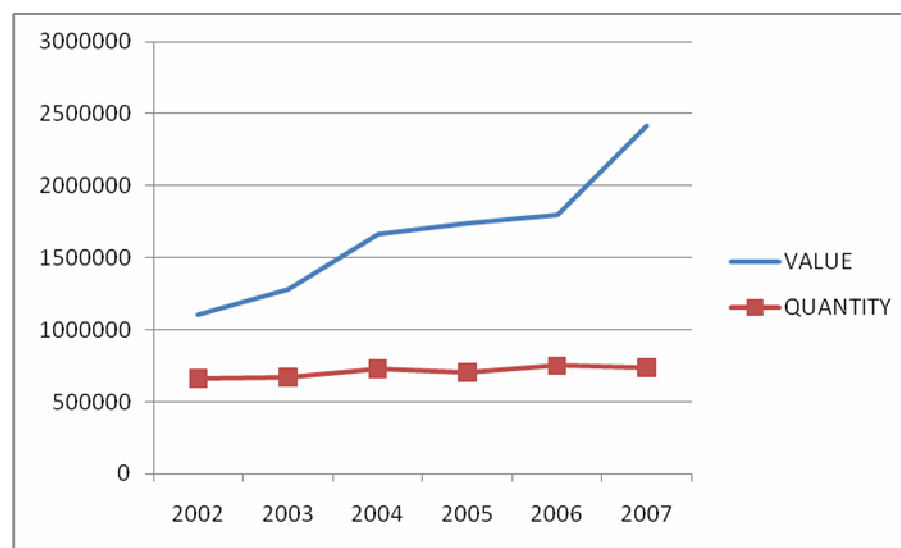
### **A - Analyze of dairy system in Africa and importations**

#### **1- Raise imports and study of the production of milk in Africa**

Structural adjustment and policy changes implemented by the International Monetary Fund and World Bank in developing countries include deregulation and especially the reduction of trade barriers. That favoured the increase of the importation of the food products in Africa, notably milk and dairy products. Since the implementation of these changes, most countries have political policies on commerce favour free exchange with weak protection for imported milk. Like for countries of the West African Economic and Monetary Union (WAEMU), the Common External Tariff in place rose to 5% for powdered milk and 20% for other dairy products.

At the same time, African demand for milk saw a large increase due in part to growing urbanization. African consumption of milk and dairy products exploded in recent years. As this demand could not be satisfied by local production, imports increased dramatically as early as the 1980s, especially in northern and western Africa. The graph below shows the evolution of milk imports between 2002 and 2007 in value and quantity for the African continent. In quantities, milk imports increased from 663 599 tons in 2000 for all of Africa (for included products) to 739 173 tons in 2007. Middle and southern Africa are two regions that import less milk. And value increased from 1,1 billion dollars in 2002 to 2,4 billion dollars in 2007, given the sharp increase in prices at the end of 2007.

**Graph 4: Imports in value (in \$1000) and in quantity (in tonnes) for several milk products<sup>14</sup> in Africa (2002-2007)**



FAOSTAT

Generally, African farming is marked by weak productivity<sup>15</sup>, difficult access to land, difficult access to credit, a lack of information about farming, weak and unreliable marketing and distribution networks. For the dairy system, the problem also includes difficulties in collection of local milk, product quality and problems in transforming milk into the various dairy products. Dairy productivity and profitability are also dependent on animal health, veterinary services and effective disease control and Africa is also inefficient in this domain. Furthermore, milk testing and quality control is an essential component for the successful development of a competitive dairy industry value chain.

The following table shows milk production in Africa by region. Northern Africa is the region that produces the most. Regarding yield one can observe a very small increase since 2004 in eastern and southern Africa. But yield decreased slightly or diminished in middle, northern and western Africa (FAOSTAT). In most African countries, milk production is largely destined for home consumption.

<sup>14</sup> In FAOSTAT: Cow Milk Whole Fresh, Milk Skimmed Condensed, Milk Skimmed Dry, Milk Skimmed of cows, Milk Whole Condensed, Milk Whole Dried (Powder), Milk Whole Evp.

<sup>15</sup> In Africa, milk production is about, on average, 461 Kg per cow per year and in Europe 5874 Kg.



**Table 12: Milk production in Africa (tonnes): includes camel, cow, goat and sheep milk (whole and fresh)**

	2005	% of total	2006	% of total	2007	% of total	2008	% of total
Eastern Africa	9.788.947	30%	10.670.717	31%	11.421.411	32%	10.914.059	32%
Middle Africa	707.130	2%	712.249	2%	716.668	2%	723.058	2%
Northern Africa	16.394.017	50%	16.624.993	49%	16.897.600	48%	15.738.269	47%
Southern Africa	3.211.320	10%	3.247.815	10%	3.279.400	9%	3.346.875	10%
Western Africa	2.650.426	8%	2.761.545	8%	2.861.382	8%	2.998.963	9%
<b>TOTAL</b>	<b>32.751.840</b>	<b>100%</b>	<b>34.017.319</b>	<b>100%</b>	<b>35.176.461</b>	<b>100%</b>	<b>33.721.224</b>	<b>100%</b>
<b>Just COW MILK PRODUCTION</b>	<b>24.192.670</b>	<b>74%</b>	<b>25.492.187</b>	<b>75%</b>	<b>26.578.916</b>	<b>76%</b>	<b>23.932.788</b>	<b>71%</b>

FAOSTAT

## 2 - Dairy production potential in Africa?

It would appear that many African countries have the potential one to produce milk. Livestock farming plays an essential role for about 200 million people in Africa (FAO, 2005), notably among the poorest households. Farming is an important source of income and food again in particular for the poor (OCDE, 2008). The FAO and other institutions recognize the essential role that the livestock farming sector could play to lower poverty and to increase food security in Africa. Farming already is a large proportion of the gross national product in certain countries including Mali.

In general, the potential strength of farming in Africa can be justified by several factors: (i) the existing market in Africa is large and demand for milk and dairy products has been constantly increasing in recent years; (ii) there is much room for improvement in efficiency in the existing, extensively family-based system; (iii) mini-dairies are developing and showing their ability to revitalize the milk collection and distribution industry in Africa (Broutin *and alii.*, 2009). Movement in the African milk industry seems to be driven by small milk transformation industries and the will of certain market players to improve production levels and access to markets for local milk. But efforts in this domain must be greatly increased.

It would be interesting to give more concrete examples from precise cases.

### 3 - Case Studies: Senegal, Burkina Faso and Kenya

Three countries are known to have kept precise data and information. Presented below are tables concerning production and imports of milk in these countries then analysis and comments by country will follow. Table 13 shows the amount of various types of milk produced. The table 14 details imports of milk between 2004 and 2007.

**Table 13: Milk Production in Senegal, Burkina Faso and Kenya in tonnes (from 2005 to 2008)**

		2005	2006	2007	2008
<b>BURKINA FASO</b>	<b>TOTAL</b>	<b>214.775</b>	<b>224.153</b>	<b>233.947</b>	<b>244.240</b>
	Cow milk, whole, fresh	176.223	184.329	192.808	201.740
	Goat milk, whole, fresh	38.552	39.824	41.139	42.500
<b>SENEGAL</b>	<b>TOTAL</b>	<b>116.131</b>	<b>120.152</b>	<b>122.329</b>	<b>146.000</b>
	Cow milk, whole, fresh	97.252	100.731	102.343	125.560
	Goat milk, whole, fresh	10.617	10.799	11.192	11.680
	Sheep milk, whole, fresh	8.262	8.622	8.794	8.760
<b>KENYA</b>	<b>TOTAL</b>	<b>2.835.200</b>	<b>3.681.200</b>	<b>4.423.500</b>	<b>4.158.000</b>
	Camel milk, whole, fresh	25.200	32.000	32.500	27.000
	Cow milk, whole, fresh	2.650.000	3.500.000	4.230.000	3.990.000
	Goat milk, whole, fresh	129.000	118.000	130.000	110.000
	Sheep milk, whole, fresh	31.000	31.000	31.000	31.000

FAOSTAT

**Table 14: Dairy imports in quantity (tonnes) and in value (dollars)**

	2004		2005		2006		2007	
	VOL	VALUE	VOL	VALUE	VOL	VALUE	VOL	VALUE
<b>BURKINA FASO</b>	3.930	7.042.000	4.278	9.888.000	7.556	22.835.000	3.817	13.659.000
Just Milk Whole Dried	1.216	3.846.000	2.966	7.846.000	6.594	21.215.000	2.919	12.170.000
% of MWD in total imports	31%	55%	69%	79%	87%	93%	76%	89%
<b>SENEGAL</b>	34.214	64.380.000	34.273	70.192.000	42.181	88.402.000	35.053	98.572.000
Just Milk Whole Dried	23.535	52.657.000	24.452	58.448.000	32.069	76.323.000	21.444	79.722.000
% of MWD in total imports	69%	82%	71%	83%	76%	86%	61%	81%
<b>KENYA</b>	2.185	2.801.000	942	1.469.000	1.945	3.516.000	1.739	3.826.000
Just Milk Whole Dried	1.007	1.548.000	247	603.000	911	2.179.000	222	356.000
% of MWD in total imports	46%	55%	26%	41%	47%	62%	13%	9%

FAOSTAT

In Burkina Faso and Senegal, dairy imports increase in volume between 2004 and 2006. Then, with sharp increase in prices at the end of 2007, dairy imports' quantity fell, to reach in 2007 the same level that it was in 2004. In the same period, production increased but demand was still too high to be met by local production. For these countries, the structure of dairy imports shows a strong prevalence of milk whole dried which represents, for example in 2007, 76% of the imports of milk in quantity and 89% in value for Burkina Faso.

It will be seen that Kenya is a good example for Africa regarding production of milk because it greatly increased production in later years and imports today are very small.

## The European Union's role in African milk imports

The European Union is a privileged trading partner with Africa and in particular with western Africa in dairy products. Table 15 shows only African imports of powdered milk and shows the importance of imports from European Union for Burkina Faso and Senegal. The European Union is the principal trading partner of these two countries for powdered milk but the percentage of imports from the EU relative to total imports decreased between 2005 and 2007. It's an important element to take into account to see the impact of the CAP and then of subsidies on the development of dairy production in Africa.

It must be pointed out again the difficulty in comparing these data which use different nomenclatures (for the FAO and EUROSTAT) for imports and exports of milk (details of the included products for EUROSTAT in the annex 1 and for the FAO in part II-A-1). The data in table 15 should therefore be considered carefully.

**Table 15: Powdered milk imports in Burkina Faso and Senegal in quantity (tonnes)**

	TOTAL IMPORTS			IMPORTS FROM EU			IMPORTS FROM EU / TOTAL IMPORTS (%)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
<b>BURKINA FASO</b>	2.966	6.594	2.919	1.760	2.398	1.404	59%	36%	48%
<b>SENEGAL</b>	24.452	32.069	21.444	20.184	14.048	9.617	83%	44%	45%

FAOSTAT, EUROSTAT

Following is more detailed information including more precise data about the dairy industry in the selected countries. It is important to explain again that this is not an exhaustive analysis of the industry.

## Burkina Faso

In Burkina Faso, it is estimated that 10% of the population lives through family farming and that milk production is about 110 Kg per year per cow (Oudet, 2009). There is an important herd in Burkina Faso with 7,3 million cattle and 16,7 million of small rumi-

nants (Ministère des ressources animaux, 2005). The difficulties in developing the dairy system are comparable with other African countries. Milk imports began as early as the 1970s during a period of severe drought. In 2006, it was estimated that 55% of the national dairy demand was met by local production (AGECO, 2006). But, in the cities, 90% of dairy consumption was supplied through imported products.

The milk transformation industry, as in most African countries, works equally well using imported and locally-produced milk. Eighty percent of the production of local milk is concentrated in a 4-month window (the wet season) which results in a lack of sufficient local milk in the rest of the year. Imports are therefore necessary to satisfy the needs of the Burkina Faso throughout the entire year and in particular in dry season.

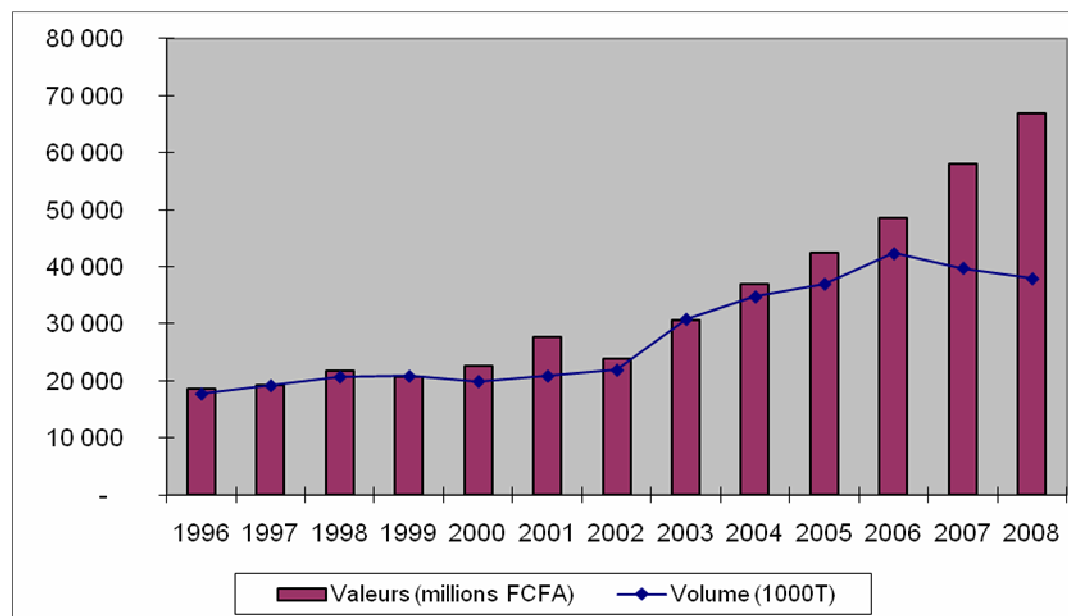
Dairy imports from European countries come above all from France, United Kingdom and Netherlands (EUROSTAT).

## **Senegal**

The bulk of the information available on the milk industry in Senegal originates from study done by Broutin and Al in 2008. About 2/3 of all milk products consumed in Senegal are from imported sources. Many plants exist to transform the powdered milk imported primarily from Europe.

The data presented in table 14 on imports are different from those shown on the website of the National Institute of Statistics of Senegal (ANSD). In 2006, the ANSD specifies that imports of dairy products represented 42 980 tonnes (compared to 42 181 for according to the FAO) and 39 765 tonnes in 2007 (35 053 for the FAO). In 2008, the ANSD says that Senegal imported 37 939 tonnes of dairy products and this decrease can be explained by the volatility of prices since the end of 2007. Graph 5 shows data from ANSD for imports in value and quantity.

**Graph 5: Imports in value and quantity for Senegal (1996-2008)**



*Broutin, 2008, data updated from ANSD for 2008.*

The European Union is the largest trading partner of Senegal regarding Senegalese imports: in 2008, the imports coming from the European Union represented 38,8% of the total imports of Senegal in value and 30,7% in volume (ANSD). The European Union is even more present when considering only imports of powdered milk, as seen in table 15. Dairy imports from European countries come above all from France, Belgium and Netherlands (EUROSTAT). For ANSD, Argentina and Brazil are more and more important trading partners for Senegal and its dairy imports.

Senegal has 3,039 million cattle and 8,764 million of small ruminants (Ministère de l'élevage/Direction de l'élevage, 2004). Different production systems exist in this country, from extended models to models more industrial and intensive but, in general, it is the extended traditional system that dominates, which is characterized by both weak productivity and weak commercial development of the dairy system's potential.

Senegalese policies regarding the milk industry are contradictory because on the one hand authorities put in place commercial measures favouring imports and on the other hand, political programs to try to support local production (Dieye *and alii*, 2005; Duteurtre *and alii*, 2005). When prices rose sharply in 2007 and 2008, Senegalese authorities took incoherent measures by facilitating imports (by lowering customs barriers) and at the same time by developing a vast program to restart agricultural production in the country, notably milk production (PRODELAIT). We'll see that this program was never really put in place because the authorities don't respect farmers' claim. Obviously, it was important to reduce the impact of price hikes for urban customers. Indeed, demand is still too high to be met by local production.

It seems that the Senegalese dairy system is very dynamic having already a large number of mini-dairies (more than 50). Nevertheless, its principal weaknesses, as in most African countries, are in the collection, transformation, marketing and quality of local milk. Furthermore, the supply of local milk is difficult, in particular in dry season.

## Kenya

Kenya is one of the largest producers of dairy products in Africa. Kenya is very different from the other countries studied and looks like a model for Africa: milk production increased by 84% between 2000 and 2007 while it rose only 30% for Africa as a whole in the countries of western Africa (Berthelot, 2009a, according to FAOSTAT). Production has increased (see table 13) but dry weather is hurting dairy production in 2009, and output is expected to decrease by 5 percent to 4,2 million tonnes (FAO, 2009). Kenya is one of the largest producers of dairy products in Africa with an estimated herd of 3,5 million improved dairy animals, 9 million zebus, 12 million goats, and 900,000 camels (Ministry of livestock and fisheries development, 2007).

Imports today are very low in Kenya (see table 14) and they haven't stopped decreasing in recent years. In addition, the European Union exports less and less to Kenya. Kenya is approaching being able to export dairy products, as table 16 shows. Trading in dairy products in Kenya have passed from a clear deficit in 2003 to a growing surplus, in both volume and value since then.

According to table 16, there has been a continuing rise in export since 2003, in both volume and value. Starkly different from other African countries, independent milk collectors in Kenya that get their milk supply from small farms create 86% of the national production. Countries in northern Africa and the Middle East are some of Kenya's customers (SPORE, 2009). In the other countries studied, production is mostly consumed on the national market.

**Table 16: Exports of milk products for Kenya in quantity (tonnes) and value (dollars)**

	2004	2005	2006	2007
<b>QUANTITY</b>	572	2040	4502	5729
<b>VALUE</b>	622 000	1 263 000	6 078 000	13 580 000

FAOSTAT

It can be shown, now, that milk production in Kenya is near 40% higher in 2008 than production in all of western Africa (4 158 000 tonnes in Kenya compared to 2 998 963 tonnes in western Africa, FAOSTAT). This even though western Africa has a much larger land surface and a much higher livestock base.

Two factors seem to explain the development of the dairy industry in Kenya (Berthelot, 2009a): (i) import tariffs on powdered milk that went from 25% in 1999 to 60% in 2004; (ii) the role of the informal economy, with its many small producers, dealers and collectors that strongly revitalized the system. In contrast to Senegal or Burkina Faso, the organization of the market allows the informal sector to deliver milk and dairy products to consumers at prices lower than those of the more modern dairy producers, which use only 10% of the milk produced, and most of whose products are exported (Berthelot, 2009 b).

The liberalization of the dairy industry in 1992 led to the rapid growth of an informal milk trade dealing mainly in the marketing of raw milk, and this informal market eventually accounted for an estimated 80% of the total milk marketed in Kenya (Republic of Kenya, 2006). Today, there appears to be a trend toward formalizing this sector of the economy.

It appears that politics played an important role in the creation of aids and training for dairy farmers, as the establishment of a regulating entity, the Kenya Dairy Board.

Consumption levels nationally have escalated rapidly in recent years to an average of 112 litres per person per year, three times higher than levels in sub-Saharan countries (Berthelot, 2009a).

After that, the next part tries to answer this question: are the obstacles to development of milk production in Africa linked to internal constraints (lack of political support and infrastructure problems, access to credit...) and/or to consequences of CAP?

## **B - Obstacles to development of dairy production in Africa: Internal or External?**

The arguments advanced here rely on the analysis of documents but also on the responses to a questionnaire distributed to many people in both Africa and in Europe. The details of the questions in the questionnaire and people questioned are given in annex 4 and annex 5.

## 1 - Differences in competition between local and imported products

The milk production industry in Africa is less competitive than the one in Europe and this lack of competitiveness results notably in incomparable yields between the two continents.

It is very difficult to obtain precise data on the evolution of milk prices by comparing local and imported milk. Generally, given the sharp increase in prices at the end of 2007 and the beginning of 2008, the gap between the two categories diminished but imported products are on average regularly less expensive than local products. The FAO regularly reports on the evolution of prices in the international markets. The following table shows the prices for skimmed milk powder between 2005 and 2009.

**Table 17: Skimmed Milk Powder Prices (Annual Averages, Oceania, Indicative Export Price, F.O.B)**

	2005	2006	2007	2008	2009
Dollars/tonne	2222,92	2217,92	4290,67	3278,17	1978,67

FAO

As to prices on local markets, information spanning several years is very difficult to obtain. This report will use information obtained through direct discussions with African farmers.

At Ouagadougou in Burkina Faso, the imported powdered milk was valued at 2400 francs CFA the kilogram in January, 2010, each kilogram allowing for the production of about 7 litres of milk. This milk can then be sold at about 340 francs CFA per litre (not counting the cost of transformation the powdered milk). For local milk, the cost is about 700 francs CFA per litre (a little less expensive in the dairy factories, between 500 and 700 francs CFA). The difference fluctuates with the high degree of volatility in the worldwide market.

But the competitiveness of the two systems depends not only on price differences between the local or imported products. There are other important factors: product availability in the marketplace and throughout the year and the need or lack thereof for high quality products (Bricas, 1996). Here again, based on non-price competition levels, the African countries cannot be compared to European countries. It's also important to take into account that competitiveness also depends on consumers' taste. For example, in Dakar, it's imported European powdered milk that is found at the breakfast table.

The problems are therefore important: (i) during production: problems with the production techniques in place (very outdated) and problems with access to credit, to land which make it necessary to import products to satisfy consumers' needs; (ii) at the



level of product distribution: lack of roads, deficient methods of transportations, organizational problems with milk collection, problems with the distribution network.

And discussed earlier, the quality of African-produced milk must be improved to meet international health standards.

## **2 - Role of public policies developed for the milk sector: point of view of African participants (Question I 3 of questionnaire for Africa)**

The objective here is not to discuss in detail policies developed by the authorities of the studied countries for the dairy industry. For that information, it is necessary to consult recent program reports (for example, for Burkina Faso: Ministère des ressources animales, 2005 and 2008; for Senegal: Projet d'appui à l'élevage < <http://www.papelsenegal.org/>> and for Kenya: Ministry of Livestock and Fisheries Development, 2007). Many other programs have been in place for many years sponsored by other political organisms, private institutions and NGOs.

This report tries to define the point of view of some of the participants in the African dairy industry about the political policies that have been put in place.

Actors in the African dairy production in Burkina Faso and Senegal who participated in this inquiry unanimously think that policies put in place are insufficient and are not adapted to their needs. There's political will to defend livestock but actors are not satisfied. Naturally, the one person working in a governmental ministry did not share this opinion and instead gave details about many policies put in place over recent years that he deemed successful. This person underlined the major constraints placed on the dairy industry and the difficulty to put adequate policies in place.

In Burkina Faso, the political emphasis deals with artificial insemination, while the principal constraints dealing with milk are collection, marketing networks, animal nutrition, access to credit, to modern equipment, and to farmer education... Mrs. Gariko (Burkina Faso) goes further to say that recent policies in fact favour only the big producers. Another problem is that these policies, which are already insufficient, do not attain their objectives and there is no follow-up on the measures introduced.

A striking example shows that Senegalese farmers do not agree with program priorities. A Programme National for milk production (PRODELAIT) was to be developed in 2008 in Senegal to restart local milk production after the sharp rise in agricultural prices. This program was never put in place because the professional organisations involved did not adhere to established priorities (see Gueye, 2009). Generally, the programme did not put enough emphasis on priorities essential to farmers and, specifically, the collection system, the milk transformation industry and feed for animals.

The situation is very different in Kenya where, as shown before, policies have played a very important role toward milk production through assistance adapted to farmers' needs and through very strong marketing policies. Actors in Kenya who participated in this inquiry think that the policies and tools used by the government are well-adapted

with: (i) Supporting government institutions such as the Kenya Dairy Board that encourages value addition by small scale entrepreneurs; (ii) the Kenya Artificial Insemination Service (KAIS) that provides semen for AI services in competition with private providers; (iii) the government training institutes that are well run and turn out effective professionals in the field of dairy technologies. They consider that political policies already in place are sufficient because Kenya has the most developed dairy industry in Sub-Saharan Africa, after South Africa, and is the largest producer in Eastern Africa, mainly due to support to the private sector and small-holder farmers. But for them, there is still a concern with the informal sector and there is still potential to increase production to serve the local and regional market.

### **3 - Impact of the CAP on the development of dairy production in Africa**

This section will first of all review studies done to show the impact of the CAP on African farming. Secondly, this report will present points of view of African farmers on CAP and its consequences.

#### **Review of Literature**

A number of articles and studies have tried to define the impact of the CAP on developing countries. Theoretical ideas have been advanced, but we didn't find complete econometric analysis that has been produced to show the impact that production subsidies (as a part of the CAP) to European producers have had on production in Africa.

To summarize, two primary ideological camps are seen: (i) some analysts accuse the CAP of being one of the principal elements creating problems for development in African farming because it creates unfair advantages for European farmers; (ii) others believe that difficulties in milk production in Africa are primarily linked to a lack of political will and thus to the problems of infrastructures and support. Of course, many people share these two points of view.

This report will synthesise the different arguments advanced by people from both ideologies.

#### ***CAP: the principal problem of African farming***

First of all, many NGOs and other institutions support (or have supported) the idea that subsidies to European farmers have had a devastating effect, in particular on the development of the dairy industry in Africa and that they have led to unfair competition for African producers (OXFAM, 2002; Sylla, 2006). Those that denounce the CAP especially condemn export subsidies, which allow marked differences between prices paid to European producers and prices on the international markets. With these subsidies, prices paid do not represent actual European production costs. Therefore, CAP is one

of the principal handicaps to development of the milk production industry in Africa and contributes to the continuing poverty found among small African farmers.

Via Campesina, an international peasant support group, supports this argument. For over 30 years Via Campesina has denounced export aides and “dumping” in all its forms. Via Campesina participated in this study, as did OXFAM and la Confédération paysanne in France. According to these groups, assistance granted by the E.U. constitutes an unfair competition for developing countries through export subsidies, revived for milk in 2009, and also by direct assistance. Direct aids for European producers are a roundabout way to continue dumping by bypassing rules fixed by the WTO. So, from these groups’ points of view, the direct payment for production of milk later exported, agreed to in 2003, was nothing more than disguising the practice of dumping (white-washing of dumping).

Thus, the European Union practically stopped subsidizing its exports (except in 2009 for the crisis in the milk production industry). But the EU supports its farmers through a decoupled direct aid and in the end milk and the dairy products are exported at a price lower than the cost of production, according to Via Campesina.

A study of GRET and CIRAD was undertaken in order to measure the impact of export price supports on food security, to determine: (i) if these supports cause prices and supplies modifications on international markets; (ii) if weak international prices actually lead to weaker prices in milk-importing countries; (iii) if rural and urban prices of milk products are in fact weaker, considering the problems of transport in Africa and marketing difficulties (Alpha *and alii*, 2006). The authors of this article emphasise that it is difficult to analyse the factors affecting prices.

According to the above report, stopping export price supports in Europe would produce a decrease in production and thereby create an increase in prices for powdered skim milk. Even so, while studying the situation of milk production in Mali, the authors conclude that the principal factor putting downward pressure on production is weak infrastructure networks.

This last idea gives transition into the next part of this report, which will show that the CAP is not the primary cause of difficulties in the milk production in Africa.

### ***Milk producers’ problems are primarily caused by a lack of adapted policies***

The idea presented here is that developing countries’ problems stem from structural weaknesses and shortcomings in internal policy, from a lack of local investment and the countries’ poor farm business infrastructures (Schneider, 2007).

On the European Commission’s website, to the question « Do CAP exports subsidies destroy farmers’ livelihood in developing countries? » the Commission replies: « Not any more. 15 years ago, we spent 10 billion Euros per year on export subsidies. In 2009, we will spend no more than 350 million Euros. The main destinations concerned

by export subsidies are the Mediterranean basin and the rest of Europe. Only a very small proportion of subsidized goods find their way to Africa. In any case, export subsidies are generally no longer needed as our prices are now, for the most part, aligned with world market prices. That is why the EU has pledged to remove them all by 2013».

Based on information with people who work in the European Commission, it appears that among all subsidized dairy exports between 2000 and 2007 from the European Union, the percentage destined for Senegal, Burkina Faso and Kenya is less than 2% and lower even than 1% in 2007.

In speeches at least, the European Commission expresses a political will to help developing countries attain their food security objectives with a more development-friendly Common Agricultural Policy (European Commission, 2009).

According to the FAO, « simulation model analyses clearly show direct export policies to have a less distinctive effect on world market price levels than the policy categories of domestic support and market access. World market prices would be significantly higher in the absence of main agricultural policies for most products » (Grethe, Nolte, 2005).

### ***Point of view about the CAP of Africans questioned in this survey***

All the people working in the African dairy industry questioned for this report know that the European dairy is subsidized within the European Union but they have no knowledge of specific details about the support types granted (question II 1). African farmers overall know very little about the details of the European Union's assistance to farmers in European Union through the CAP.

Most of them know that small milk producers in Europe are having financial difficulties. Certain were able to provide more detail, knowing that supports in Europe are generally not sufficient to help small producers to live decently off of their milk production business.

All people responding to the questionnaire say that the assistance granted by the European Union impedes the development of the dairy industry in Africa because imported milk from Europe (and above all powdered milk) is sold at a price well lower than local milk (question II 2). What's more, they insist that many milk-transforming businesses prefer to use imported powdered milk. Only one respondent used the word « dumping » to describe this situation.

To question 6<sup>16</sup>, those able to respond assert that the price of imported milk would be higher and the market would be fairer without the European subsidies. In addition, they predict that local milk would be more competitive in the local markets, which would represent an opportunity for them.

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<sup>16</sup> If the European Union eliminated all subsidies to milk producers, in your opinion, what would be the consequences?

In both Senegal and Burkina Faso, they do not want to eliminate milk imports (question II 5) because imports are needed to satisfy consumers' needs. Most of them think that a progressive regulation of imports is necessary, and the implementation of policies that favour local production of milk.

#### **4 - Which factor has the most impact on obstacles to African milk production? The point of view of the African participants (question II 4)**

The questionnaire asked: are problems in development of the African dairy production linked more to internal national policies or to competition from imported products?

The opinions are divided on this question. In Senegal, all the people questioned think that development problems in Africa are linked to European price supports for farmers (and thus for them to the price of imported milk<sup>17</sup>) and also to a lack of political will in Senegal.

In Burkina Faso, except for the member of the Agriculture Ministry, the opinion is that insufficient and maladapted policies are primarily to blame for the lack of development in milk production in Africa because they don't face the real problems of the industry. The subsidies in Europe exacerbate the internal constraints already present.

#### **5 - Summary of the positions and our viewpoint**

To summarize, it is clear that the poorest African countries have to deal with cheap milk imported primarily from European countries and this milk is linked to the high productivity levels in northern countries and to assistance granted by the European Union. They have suffered due to competition from European countries, which massively subsidised their exports, but the problem no longer comes from this type of assistance. In fact, those who argue that subsidised exports are the origin of African farming problems would expect the dairy industry in Africa to improve after subsidies were stopped between June 2007 and January 2009, but this was not the case.

It would seem that more than export subsidies, today it's the decoupled direct aids granted by the European Union that represent the principal form of support for European farmers. It is evident that this support allows European farmers to better face the current situation of crisis in the entire dairy industry.

We defend the idea that the assistance granted by the European Union is not negligible and that it discriminates against the African farmers by amplifying their difficulties. Nevertheless, the problems in the African dairy system are primarily linked to inadequate policies for the general development of the agricultural domain. We think, therefore, that competition from imports, while far from being negligible, does not represent the essential problem confronting African producers. Imports simply amplify the pre-

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<sup>17</sup> Whereas the percentage of imports from the EU relative to total imports decrease and so there are other trading partners more and more important for dairy imports, without subsidies.

existing constraints. The principal factors originate primarily from insufficient economic policies, poor infrastructure, lack of capital, and problems associated with the collection of milk.

In the last part, we have to formulate policy proposals which are mutually supportive for African and European dairy farmers from interviews with key resource persons of national farmer organizations.

### **III - Reflection on possible policies that would be mutually supportive of both European and African dairy farmers**

#### **A- Links between farmers in the North and the South?**

##### **1 - Is it possible to think together about the situation?**

On the African side, all the people questioned think that it is necessary to encourage meetings between African and European farmers as well as the exchange of ideas and experiences. Many talked about beneficial exchanges they had had, sharing their experiences, especially about industrial organization and about production methods<sup>18</sup>.

Some African producers have already had the opportunity to meet European producers while visiting Europe and this represented for them a valuable learning opportunity. Because small milk producers in Africa and Europe share many of the same problems, there is a common interest to develop common solutions together. According to T.KESTELOOT, these shared problems concern primarily issues related to future reforms of the PAC in 2013, deregulation of markets, unequal advantages for industrialized farming, and price volatility on the international markets.

It is a new situation and farmers in the South no longer want to simply benefit from North/South cooperation but they want to have a hand in developing their own projects. This desire is evident in all people participating in the interrogation but they went on to say that many African milk producers were unaware of the role they could play. A large part of producers are not involved enough in defending and advancing their interests in the political domain.

At the local level, a farmer organization must express itself to the political authorities. The capacity of African farmers to negotiate must be strengthened. Indeed, the methods through which producers communicate are an important factor in determining their success, in having their voices heard by national authorities. National policies developed often don't accord with farmers' needs and so producers must find a way to have more impact on the policies developed in their industry.

An example of the political will to coordinate efforts between farmers from the North and the South may be found in the Declaration of Dakar. While gathered in Dakar from May 19 to May 21, 2003, only a few months before the crucial deadline of WTO negotiations in Cancun, representatives of organizations of both farmers and producers from Africa<sup>19</sup>, the Americas, Asia and Europe created the Declaration of Dakar. During the

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<sup>18</sup> Only for CINAFIL, a farmer organization in Senegal, links are difficult because there is a competition between European and African dairy farmers in their production. But they consider exchanges to be possible only for small producers (smallholder family-based farming).

<sup>19</sup> Federation Nationale des femmes rurales du Burkina Faso (FENAFER), Confederation paysanne du Burkina Faso (CPF), Conseil National de Concertation et de Cooperation des ruraux (CNCR) from Senegal, Kenya Federation of Agricultural Producers (KENFAP).

seminar in Dakar, farmers and producers from over 30 countries not only adopted the resolution, they also decided to enhance communication between groups and to coordinate activities related to trade negotiations with the WTO, trying to develop mutually beneficial agricultural and trade policies. Given the risks and potential consequences of ongoing WTO negotiations, farmers' groups and civil societies must be mobilised on the largest scale possible.

Survey participants in Europe also support common planning and action between producers in the North and South. Every two years OXFAM organises conventions bringing together producers from both regions. Likewise, organisations like IFAP (International Federation of Agricultural Producers) or AFDI (a French association working with farmers from the south countries) try to develop cooperation. IFAP is a worldwide organisation representing over 600 million farm families grouped in 120 national organisations and located in 79 countries. It is a global network allowing farmers from industrialized and developing countries to exchange concerns and develop common priorities.

An example of solidarity expressed by African producers for their counterparts in Europe is the solidarity declaration signed by farmers in western Africa, declaring their support for dairy producers in Belgium in 2009 (SOS FAIM, Défis Sud 2009, see « Europe, gérer l'offre au profit de tous »). A variety of farming groups based in Mali, Niger and Burkina Faso (The Farming Confederation of Faso) showed their support for European dairy producers who were at that time facing a crisis. This declaration clearly condemned deregulation of the dairy industry and the elimination of quotas. The Belgian milk producers also clearly expressed that they opposed all forms of dumping detrimental to African farmers.

## **2 - Common Interests of European and African farmers**

Through the questionnaire, three major areas of interest for African and European farmers become evident: the desire to gain a proper living from farming, defend agriculture as a viable economic activity especially for small family-based farms, and food sovereignty.

### ***To Earn a Proper Living through Farming***

All respondents, European and African, replied that the principal interest of farmers is to be able to earn a proper living from farming activities by receiving a fair price for production. A lot of African respondents also used the term "survival" so their position is delicate.

As we have seen, most African milk producers are informed through reports in the press about difficulties small producers are facing in Europe.



### ***To Defend Family-Based Farming***

In general, producers in both the north and the south want to defend farming as an economical activity. Even though agriculture represents the principal economic activity in developing countries, the supporting policies put in place are insufficient. In Europe, industrial and service sectors represent an increasing percentage of the Gross National Product (GNP). Farmers in both the north and the south therefore would like better support and to play a more important role with their activities in the economics of their country.

More precisely, all participants stressed the importance of the viability of small-scale farming. In Europe, it seems that subsidies are mostly distributed to large agribusinesses while small enterprises are left to share a smaller level of subsidies. What's more, large industrial food businesses receive a second level of support in that they receive export subsidies. They are the ones who transform milk and then export the resulting products, including powdered milk, and not the small producers (Kesteloot, 2008). Small agricultural enterprises in Europe have been constantly disappearing in recent years.

In Africa, family-based farming plays an essential role in assuring food security and does not receive the sort of support necessary for its development. There exists, therefore, a common interest to defend family farming. Small farmers, in the north and in the south, must work to protect their livelihood from the deregulation.

The small European producers are in a very delicate position, like those in Africa. They see themselves as victims of recent agricultural policies that favour the large-scale producers and distributors to the detriment of small producers. They should therefore band together to be stronger and have a greater impact on the future development of policies.

As shown above, there is a common goal to defend and protect small producers in the dairy industry as much in the northern hemisphere as in the southern from the deregulation of markets.

### ***To defend food Sovereignty***

During the inquiry phase of this investigation, one respondent brought up the idea of food sovereignty: father Oudet of the Burkina Faso. Development NGOs want the CAP to be first and foremost an instrument to develop food sovereignty. They argue in particular that each country must have the freedom to define their own agriculture policy.

## **B - Strategies to Develop**

### **1 - Points of view of the principal players**

#### ***The Europeans' point of view***

As already stated, members of Via Campesina participated in this inquiry. The principal goal of Via Campesina is to develop solidarity and unity among small farmer organizations in order to promote gender parity and social justice through fair business practices, to preserve land, water, seeds and other natural resources, to increase food sovereignty and to develop sustainable agricultural production based on small-and medium-sized producers.

This organization has intervened regularly during the recent crisis facing milk producers in Europe. It has written and distributed many press releases defending the interests of the European farmers and defending different strategies (Via Campesina, 2009 a, 2009 b, 2009 c, 2009 d, 2009 e).

According to Via Campesina, the European Union must decrease production quota levels, establish criteria for production redistribution and guarantee milk prices that would remunerate producers' work. Also, it is important to preserve the maximum number of milk producer farms and to maintain traditional milk production (production wherein cows are fed fodder) in all regions. Furthermore, this organization thinks that the Council should not allow the cancelling of milk quotas, which is planned for 2015.

For Via Campesina, although a very small part of the milk produced worldwide is traded at the international level, the deregulation of this market has led 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. The European Union needs to define a European farming and food policy that doesn't include 'dumping' in the markets of third-world countries. And to increase export volumes especially at a time of low global prices would do great damage to farming communities in the global south, who would prefer to produce their own milk rather than to import powdered milk from Europe. This would also hurt farmers in the north, forced to sell at low prices to the export industry.

The organization condemns other dumping practices that never have been going on toward developing countries and asks governments to act on several priorities to defend the interests of the farmers (Via Campesina, 2009 e):

- To maintain and develop in all dairy regions a sustainable farmers-based milk production, in turn based on local fodder as feed for livestock;
- To introduce or reintroduce public supply management policies to keep production (regulation of production) in balance with the demand, so that producers and consumers see stable and fair prices;

- To insure that dairy prices cover the costs of production, which includes the remuneration of the farmers' work;
- To ban any export subsidies and allow all countries or unions to introduce tariffs in order to protect their own milk production;
- To maintain high standards of quality for all dairy products to insure the integrity of the industry of milk and prevent the dumping of inferior milk-substitute products.

According to OXFAM, suppression of quotas will reinforce the concentration of the dairy sector into large enterprises and the small European producers will once again suffer. In addition, that action would cause an increase in European production and therefore an excess of dairy products, which would in its turn increase export volumes toward developing countries.

European organisations participating in this investigation are looking for ways, as small producers would like, to convince the European Union to maintain production quotas, thus helping to reduce production at to adapt production to levels of demand. This would then allow prices to be set at levels that would farmers to earn a living from their work.

If this strategy seems simply for Europeans, it is clear that its consequences would include a direct and significant impact on African countries by regulating the amount of milk traded on international markets.

French chambers of agriculture and the *Confederation paysanne* advocate the development of agricultural systems through the reasonable use of appropriate and adapted policies.

### ***The Africans' Point of View***

Turning now toward Africa, the people interviewed had trouble in defining common strategies. They primarily gave elements of strategies they would personally favour to be used in African countries (referring to elements from Part I of the questionnaire).

One strategy some African representatives advocated is regulation of international commerce. Very often respondents expressed the desire that the rules and regulations of the game of international commerce be more equitable. Also, people from Burkina Faso and Senegal want to see an import regulation in the form of stronger tariffs to protect local production, as Kenya has done.

Kenya represents a model for the proper development dairy production in Africa. Kenya's success is the product of well-adapted policies and programs and very strong commercial policies. Indeed, tariffs in Kenya have been at 60% since 2004 while tariffs in the WAEMU stayed at 5%.

Maurice OUDET, from Burkina Faso, said it would be necessary to tax the imported powdered milk at between 60 or 70% (Oudet, 2009) but all respondents suggested different tariff levels for imports in western Africa. For example, FENAFILS, in Senegal, said imported powdered milk must be taxed at least 35%, while Moustapha DIA gives a minimal level of 20%. BURKINALAIT said that 60% tariffs would be appropriate for Burkina Faso.

For response to question II 7, which was about the will to eliminate export and production subsidies in the European Union, most people agreed that would be a desirable step. Still, they agree that cessation of subsidies are not enough to allow proper development of the dairy industry in African countries and that it would also be necessary to put appropriate adapted economic policies. But it seems that everything depends on protectionism.

### ***Summaries of the Positions***

The idea that keeps coming to the forefront is regulation of the markets in Africa and in Europe. According to G.CHOPLIN, it is necessary to define a general framework and then allow each country to adapt its policies according to their internal situation. It is obvious that each country must define its agricultural policies according to the priorities of farmers in their country.

Production limits in Europe seems to be a condition that satisfies the small dairy producers in both the countries in Europe and those in the South. Both groups affirm the necessity to maintain production quotas to manage the supply side of the market. Most African respondents didn't use the term quota but did talk about their desire to see limits placed on milk imported into their countries.

Furthermore, the current situation forbids Africans from protect themselves from low-cost imports. Protectionism in Africa faces two primary obstacles: (i) many international financial organisations strongly favour unregulated markets, especially since programs of structural adjustment gained popularity, and policies of protectionism would be in opposition to the preconceived ideas of the World Bank, the IMF and the WTO; (ii) such measures would have to be implemented gradually in order to allow consumers, especially in the poorest urban zones, to adjust to a probable increase in prices of imported milk.

Most of the people questioned in Senegal and Burkina Faso are aware that setting up protection measures clearly appears to be a necessary step in the development of local production and in reinforcing self-sufficiency. But protectionism alone cannot suffice. Where protectionism has the greatest effect on local production, it is with governmental support and production assistance. Protection in the form of tariffs must not be seen as a complete solution, not an end in itself but instead it is a tool to be used, playing an important role in the development of agricultural policies.

It appears necessary, then, that African countries be allowed to protect their borders in order to limit food imports that compete with local production. To allow this would re-

quire more flexibility in the agricultural policies and trade agreements of the WTO. Protection from imports has been an essential condition for the development of all countries that have recently become industrialized (Berthelot, 2001). Berthelot explains how protectionism is essential in the first phases of development in countries where agriculture has been preponderant. The principal means to regulate internal markets available for developing countries is tariffs. Increased use of tariffs is a way for a country to protect internal agricultural production. This is not to recommend complete protectionism; the overall idea would be to make certain international commerce activities more equitable and to regulate international exchanges.

We saw that when prices rose sharply in 2007 and 2008, Senegalese authorities took incoherent measures by facilitating imports (by lowering customs barriers) and at the same time by developing a vast program to restart agricultural production in the country. We saw that it was important to reduce the impact of price hikes for urban customers. Nevertheless, the need to find a coherent policy to apply within and among African countries seems very important. It is a matter of defining a framework of ideas and priorities in order to put in place meaningful and appropriate agricultural policies.

## **2 - Towards a Common Agricultural Policy favourable to development**

In a released report, the International Solidarity Organisations, members themselves of Coordination SUD, advocate the defence of small farms as a sustainable model of development leading toward fairer trade practices. With this in mind, careful consideration should be given to any changes made in the CAP because these changes will influence world agriculture markets and therefore have repercussions on small and family-based farms in developing countries (Coordination SUD, 2008).

Above all, it is imperative that the objectives of agricultural policies developed in Europe and in Africa are compatible. In the opinion of many NGOs, the CAP must, above everything else, work toward the objective of food sovereignty.

G. CHOPLIN emphasised two important problems that exist in Africa that should be solved before the implementation of the CAP reform in 2013: the defence of countries to defend themselves from low-cost imports and the need to eliminate all forms of dumping.

## CONCLUSION

This study investigated the role of European Common Agricultural Policy in hindering the development of the dairy industry in Africa through interviews with key resource people of farmers' organizations and other institutions familiar with the dairy sector in Senegal, Burkina Faso, Kenya and in Europe.

The first step was to review milk production in Europe and data on the EU's CAP. This part showed that today subsidies in exportation no longer represent the largest form of support for European farmers, even after they were revived in 2009 when the crisis struck the dairy industry. In fact, it's mostly decoupled supports that provide assistance to producers. It appears that European farmers and in particular dairy farmers are facing a crisis today and the small producers are the ones who suffer the most in this situation.

Next, this report will look carefully at aspects of milk production in Africa, including impediments in production that restrains development in the entire industry. From the responses to the questionnaire it was discovered that competition in African local markets from imported dairy products represents a major constraint for African producers. Also, according to most participants in the survey, subsidies for European farmers have the effect of amplifying the problems in Africa. They almost all agree that taxing milk imports to Africa is necessary to help producers in Africa but that this alone is not enough. Kenya has already created a set of policies that have worked well in their markets, so well that they are self-sufficient and even export surplus production. In Senegal and Burkina Faso, the problem is to define real, well-adapted policies in the industry to develop the enormous potential for the internal production of milk.

In the last section, from interviews with key resource people in national farmers' organisations, the conclusion is drawn that policies are needed that are mutually supportive of both African and European dairy producers. All participants in the survey affirmed their desire to study the situation together to find strategies that work in everyone's interest (to have a stable price for milk that would make milk production and transformation viable activities, to find ways to defend small family-based farming establishments, and to increase food sovereignty).

As far as specific strategies to encourage, two institutions, OXFAM and Via Campesina, insist that quotas must not be eliminated because production must be regulated in order to prevent eventual dumping of surpluses. According to most European producers, the subsidies they receive are justified and small producers are for keeping quotas. For the African side it was difficult to identify specific common strategies. Most groups signalled that it was first necessary to define objectives and policies on the national level. Certain people looked to developing strategies between Europe and Africa to regulate markets and production. For most in Africa, it isn't a priority that Europe stop subsidies to dairy producers.

Production and market regulation then seems the best strategy to follow to help both African and European producers.

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## **Annex 1: Dairy products taking into account to calculate exports of dairy products**

- + 0401** Milk and cream, not concentrated nor containing added sugar or other sweetening matter
- + 0402** Milk and cream, concentrated or containing added sugar or other sweetening matter
- + 0403** Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa
- + 0404** Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included
- + 0405** Butter and other fats and oils derived from milk; dairy spreads
- + 0406** Cheese and curd

## Annex 2: Dairy export Refund Levels (€/100kg)

	040209199000	04022199900	040299199350	040291199370
Dates	SMP	WMP	sweetened per kg	Condensed unsweetened
14/02/2003	51,00	93,00	0,1734	6,804
16/05/2003	60,00	93,00	0,1734	6,804
29/05/2003	60,00	102,40	0,1734	6,804
29/08/2003	57,00	98,00	0,1734	6,804
31/10/2003	57,00	98,00	0,1734	6,804
16/01/2004	64,50	103,50	0,1734	6,804
13/02/2004	64,50	103,50	0,1941	7,589
27/02/2004	64,50	103,50	0,1941	7,589
12/03/2004	54,50	93,00	0,1941	7,589
16/04/2004	40,00	93,00	0,1941	7,589
23/04/2004	40,00	84,00	0,1941	7,589
30/04/2004	35,00	84,00	0,1941	7,589
14/05/2004	35,00	84,00	0,1941	7,589
11/06/2004	35,00	75,00	0,1941	7,589
25/06/2004	29,00	70,00	0,1812	7,083
16/07/2004	29,00	70,00	0,1812	7,083
30/07/2004	29,00	70,00	0,1812	7,083
17/09/2004	29,00	70,00	0,1812	7,083
26/11/2004	27,00	70,00	0,1812	7,083
14/01/2005	28,00	70,00	0,1812	7,083
11/02/2005	28,00	65,60	0,1812	7,083
15/04/2005	28,00	65,60	0,1812	7,083
27/05/2005	15,00	54,60	0,1508	5,895
17/06/2005	15,00	52,10	0,1508	5,895
15/07/2005	12,00	52,10	0,1508	5,895
30/09/2005	10,00	52,10	0,1508	5,895
11/11/2005	10,00	50,00	0,1508	5,895
13/01/2006	10,00	50,00	0,1508	5,895
17/02/2006	10,00	50,00	0,1508	5,895
02/03/2006	10,00	50,00	0,1508	5,895
17/03/2006	5,00	50,00	0,1508	5,895
28/04/2006	5,00	54,00	0,1508	5,895
25/05/2006	3,00	54,00	0,1508	5,895
16/06/2006	-	54,00	0,1508	5,895
13/10/2006	-	52,00	0,1508	5,895
17/11/2006	-	31,00	0,0899	3,520
15/12/2006	-	21,00	0,0609	2,380
09/01/2007	-	10,00	0,0290	1,130
12/01/2007	-	10,00	0,0290	1,130
26/01/2007	-	-	-	-
16/02/2007	-	-	-	-
02/03/2007	-	-	-	-
16/03/2007	-	-	-	-
30/03/2007	-	-	-	-
13/04/2007	-	-	-	-
26/04/2007	-	-	-	-
25/05/2007	-	-	-	-
15/06/2007	-	-	-	-
23/01/2009	17,00	26,00	0,0664	2,580
20/02/2009	19,00	29,00	0,0741	2,880
05/06/2009	21,00	31,00	0,0792	3,080
19/06/2009	22,80	35,00	0,0894	3,480
23/10/2009	-	17,50	0,0447	1,740
06/11/2009	-	-	-	-

### **Annex 3: Commission of the European Communities, Milk crisis: Commission proposes measures to stabilise dairy market, July 2009**

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1172&type=HTML&aged=0&language=EN&guiLanguage=en>

*The European Commission will continue to do all it can to support milk farmers and stabilise the dairy market. In its dairy market situation report, published today, the Commission sets out the catalogue of measures available to help alleviate the very difficult market situation. The Commission will continue to use instruments such as intervention, private storage aid and export refunds. It will allow direct payments to farmers to be paid early and has just launched a new round of dairy promotion programmes. Other potential measures include using levies on producers who exceed their quota to finance voluntary retirement from milk production, and the extension to farmers of the Temporary Crisis Framework for state aid. Member States also have the possibility to redistribute aid to the dairy sector under last year's Health Check agreement, while there are a number of possibilities to help milk farmers within Rural Development policy. The Commission is continuing its examination of potential anti-competitive practices in the food supply chain, especially the dairy sector. In line with the conclusions of the June European Council, the Commission will not reverse decisions already taken on the quota system.*

"We have to do all we can to help our milk producers, who are having to deal with a dramatic fall in prices," said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. "We will continue to use all the measures we possess to stabilise the market. But, as clearly stated by the European Council, we will not reverse our policy of gently phasing out quotas. Putting this into doubt would only create uncertainty and would do nothing to help the situation anyway."

#### **Measures available**

- The Commission opened private storage aid for butter at the beginning of January, and so far this year 113,500 tonnes have been stored. The period for PSA will be extended to the end of February 2010.
- Intervention buying started on 1 st March for butter and skimmed milk powder and the Commission has now proposed to extend it until 28 February 2010, when the new intervention season begins. The Commission has also proposed that it be empowered to do the same in 2010 if the market situation requires. So far, 81,900 tonnes of butter and 231,000 tonnes of SMP have been bought.
- Export refunds for dairy products were reactivated in January. Refunds have been awarded at a prudent level to allow our exporters to compete without undercutting world prices. The Commission will continue to provide refunds for as long as needed.
- The EU school milk scheme has recently been improved and discussions are now ongoing to make it more attractive still.

- The Commission will exceptionally allow Member States to pay up to 70 percent of direct payments to farmers from 16 th October instead of 1 st December.
- Member States may also grant *de minimis* state aid or loans at market conditions to help milk producers with liquidity problems.
- A modification to the Temporary Crisis Framework for state aid could be envisaged.
- This could allow up to €15,000 to be paid per farmer up to the end of 2010, minus any *de minimis* aid received by the farmer in question.
- Earlier this month, the Commission proposed an additional round of dairy product promotion programmes.
- The Health Check introduced the possibility to redistribute a certain amount of direct payments between farmers and sectors within a Member State. They can, for example, establish specific aids for vulnerable types of farming in the dairy sector.
- Rural Development policy has a number of measures to help restructure the dairy sector. The Health Check identified 'dairy restructuring' as one of the new challenges on which money added to the Rural Development fund may be spent.
- Options include early retirement, investment support, payments for milk farmers in Less Favoured Areas, support for environmentally-friendly forms of milk production, and aid for practices which improve animal welfare.
- The Commission is implementing the Road Map proposed in its Communication on Food Prices in Europe, and is looking at setting up a new system for price monitoring.
- It is also examining potential anti-competitive practices in the food supply chain, especially the dairy sector.
- If the Commission finds that competition is not functioning, it will not hesitate to use all its powers under the Treaty. National competition authorities have an equally important role to play.
- Dairy farmers should be encouraged to co-operate more effectively through producer organisations to increase their bargaining power.

### **The quota system**

The European Council called for 'possible options for stabilising the dairy market, while respecting the outcome of the Health Check'.

Changes to the quota system would not respect the outcome of the Health Check. This therefore excludes the idea of quota cuts or a freeze on the already agreed quota increases.

Production is, in any case, currently 4.2 percent below quota.

The Commission suggests that Member States could charge super levy on those producers who exceed their individual quota and use the money to finance voluntary retirement from milk production or redistribute it to priority groups.

#### **Annex 4: Details for Key resource persons of farmers organizations**

##### **AFRICA**

###### **SENEGAL**

- CINAFILE in Casamance (Kolda): Comité Interprofessionnel National de la filière lait local  
Mamadou BALDE, President of CINAFILE, breeder  
Ousmane KANE NDAO, Director, technical support
- FENAFILS: Fédération Nationale des Acteurs de la Filière Lait du Sénégal  
Bocar DIAW, breeder  
Moustapha DIA, general secretary of the Fédération nationale des acteurs de la filière lait, producer
- ASESCAW: Amicale socio-économique sportive et culturelle des agriculteurs du Walo  
Sophie MBODJI, producer

###### **BURKINA FASO**

- Adama OUEDRAOGO, Ministry of animal resources, Member of the Coopérative des Producteurs de Lait (COPROLAIT)
- TABLE DU LAIT  
Nour Al Ayatt OUEDRAOGO, President, Milk producer  
Modeste OUEDRAOGO, Vice President, Milk producer
- BURKINALAIT  
Mme GARIKO, President, breeder
- OGN VETOFARM  
Mr BERTE, Veterinary
- Father OUDET, Agriculture specialist

###### **KENYA**

- EAFF: Eastern Africa Farmers Federation  
Mainza MUGOYA

##### **EUROPE**

- VIA CAMPESINA  
Gérard CHOPLIN
- Confédération paysanne  
Geneviève SAVIGNY
- OXFAM SOLIDARITY

- Thierry KESTELOOT  
- European Representation of French Chambers of Agriculture  
Alexandre MARTIN

## **Annex 5: Details for questionnaire**

### **AFRICA**

#### **I - Questions on African policies developed for African dairy production systems and internal problems (part 2 of the study)**

1. Can you describe briefly the dairy production system in your country? (production and the principal players involved)
2. What political policies have been developed relating to the production of milk in your country? Does there exist a political will in the government to modify these policies? If so, what type of supports or methods might be brought to bear?
3. Are the political policies already in place sufficient? Are the policies and tools used by the government well-adapted?
4. What are the internal obstacles and/or constraints to the development of the dairy production system?
5. What are the commercial policies applied by your country concerning milk imports (taxes, standards, quotas)? What are the objectives of these policies? Do they protect the local production of milk from imports? In your opinion, what measures are needed to improve the situation?
6. What factors should have the highest priority in general in defining policies (agriculture, commercial, industrial) to favor milk production in your country and more globally in Africa?

#### **II - Questions on the impact of European subsidies on African dairy production (part 2 of the study)**

- 1- Are you aware of subsidies granted by the European Union to European milk producers? If so, can you describe them in detail?
- 2- In your opinion, do European national subsidies, especially those to exporters of milk, impede the development of the african dairy system? If so, in what ways?
- 3- How can one prove the impact of these subsidies on dairy production in Africa? Can you provide specific examples to show the effect of subsidized imports in your country?
- 4- Describe the impact of European subsidies and national policies (agriculture and commercial) on milk production in your country. Which factor has the most impact? And why? Can you answer this question for other countries in your region and for Africa in general?
- 5- Do you think it is necessary to eliminate all European exports of milk to the African continent?

- 6- If the European Union eliminated all subsidies to milk producers, in your opinion, what would be the consequences?
- 7- Do you favor the complete and permanent elimination of subsidies by the European Union to European exporters of milk?

**III - Questions on common strategies and policies that would simultaneously defend the interests of African and European farmers (part 3 of the study)**

1. Do you think it is possible that African and European dairy producers can together define a system of subsidies and policies that would support the small dairy producers on both continents?
2. Define the interests that African and European producers have in common.
3. Concretely, what are the measures that should be taken in Africa and in Europe to satisfy the milk producers in both places?
4. At the conclusion of the study, a report will be produced that gives proposals for changes to be made in policies. Would you accept an invitation to comment, criticize and/or improve the ideas in the report?

***EUROPE***

- 1- In your opinion, do European national subsidies, especially those to exporters of milk, impede the development of the african dairy system?
- 2- Do you think it is possible that African and European dairy producers can together define a system of subsidies and policies that would support the small dairy producers on both continents?
- 3- Define the interests that African and European producers have in common.
- 4- Concretely, what are the measures that should be taken in Africa and in Europe to satisfy the milk producers in both places?