

“Fairebel” fair milk: a multi-level innovation

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Abstract: The research focuses on the case study of the Belgian fair-trade milk “Fairebel”, which was created by dairy farmers a few months after the 2009 European milk crisis. This innovation is overseen by the “Fair Milk” programme set up by the European Milk Board (EMB), a European organization of dairy farmers, which has established five fair-trade milk labels in European countries (Austria, the Netherlands, Belgium, Luxembourg, and France).

At the Belgian level, the case study of the “Fairebel” project shows how the dairy system is institutionally, politically, and technically locked in. In such an irreversible system, the developers of “Fairebel” have had to use cunning and espouse some contradictions (even inconsistencies) in order to build their idea of fair-trade milk and to achieve its commercialization in the real world of commodities. Also, the “Fairebel” project is trying to increase the market power of dairy farmers and by-passes entirely the dairy industry in Belgium, which refused to support the project. For example, the developers of “Fairebel” stock up on the spot market and the Fairebel” milk cartons are produced and filled by the Luxembourg co-operative dairy Luxlait. On this level, the “Fairebel” project is more a “reorientation of trajectories” than a radical transition of the system: It uses internal resources of the main system to try to change some of its detrimental consequences, such as the prices paid to dairy farmers, without forcing through associated structural transitions.

On the European level of the EMB, in which “Fairebel” participates, the transition of the system is radicalized by changing the character and the structure of the regime itself (e.g. CAP): reversal of the balance of power between dairy farmers and dairy processors, re-appropriation of the means of production by the farmers, and modification of the economic and trade rules of the dairy products (e.g., monitoring agency).

Taken together, these two levels of this fair-milk innovation strengthen each other, so that the transition that “Fairebel” has inspired is more radical than it would seem when the Belgian level is considered alone.

Keywords: Fair trade, innovation, transition, multi-level governance, milk, dairy industry

The case study: the Belgian fair milk “Fairebel”

The case on which this study focuses is the Belgian fair-trade milk “Fairebel”, which was created by dairy farmers a few months after the 2009 European milk crisis. Usually, “the Fair Trade movement critiques conventional production, trade and consumption relations and seeks to create new more egalitarian commodity networks linking consumers in the global north with marginalized producers in the global south (Raynolds, 2002). But, in the case of milk production and its globalized market, this movement is developing too inside Europe driven by increasing discrepancy between retail prices and milk producers’ incomes. In that situation, the “fairness” of the Fairebel project, according to their promoters, rests entirely on its main idea to guarantee to the

dairy farmers an extra 10 cents return on each litre of milk sold. This new brand of milk is overseen by the “Fair Milk” programme set up by the EMB (European Milk Board), a European organization of dairy farmers, which has established five fair-trade milk labels in European countries (Austria, the Netherlands, Belgium, Luxembourg, and France). In Belgium, it was set up by the organization of dairy farmers MIG (*Milcherzeuger Interessengemeinschaft*), a partner organization of the EMB that was founded in 2008. Since its inception, the MIG has proven to be particularly active in demonstrations dedicated to changing the dairy system to help the farmers to get better prices for their work.

Two theoretical frameworks were used in order to take into account both the local dynamic of the Fairebel project, and its European context in terms of “system governance”; respectively Actor-Network Theory (ANT) and the Multi-Level Perspective (MLP). ANT contributed to understand the specific trajectory taken by the Fairebel project as a niche-innovation (in the sense of the MLP). It contributes to understand the financial impetus in favour of the milk producers as “obligatory passage points” (Callon, 1986). In this perspective, the ANT focuses on the heterogeneous (human and non-human) elements that help to create and evolve the project (Latour, 2005). In order to understand how this innovative and unique financial and industrial project took place within a very conservative Belgian milk industry, negotiation relations between actants were described in a way that maintains the due continuities between technical and social stakes. The Multi-Level Perspective (MLP) as developed by Geels and Schot (2007) enables an assessment of the types of relations that a niche-innovation may have with both its sociotechnical regime and sociotechnical landscape. The sociotechnical regime is defined as a stabilized set of “cognitive/technological routines, regulations and standards, adaptation of lifestyles to technical system, sunk investments in machines and infrastructures and competencies” (Geels and Schot, 2007). The sociotechnical landscape represents the “exogenous environment” (the economic, political and cultural patterns) that ease or impede actions that take place in the niche-innovation and the sociotechnical regime. In the logic of the MLP, transition occurs when a sociotechnical regime is replaced by another under the pressure of niche-innovations and its sociotechnical landscape.

The 2009 dairy crisis

In 2009, European countries faced a dramatic dairy crisis linked to the European Union’s (EU) opening up of the dairy sector to global market liberalisation. Hence, milk prices started to fluctuate for reasons linked to events taking place on the other side of the world. One of those new agents of change was New Zealand, the world’s largest milk producer and – thanks to its climate and land area – the country with the world’s lowest milk production costs. Following a severe drought in Australia and New Zealand in 2007, the mean milk price rose to 45 cents per litre. The year after that was marked by global over-production because of a good season in the Southern Hemisphere and a decrease in Chinese consumption of milk after the melamine milk crisis. Then, the price plunged to 18 cents per litre, whereas the average price in Belgium used to be around 30-33 cents per litre. Thus, dairy farmers in Europe were producing at a loss (Buysse, 2009).

In September 2009, at the height of the crisis, the EMB called for a production freeze and organized a milk strike that was supported by more than 40,000 dairy farmers in different European countries. At the peak of those events in Belgium, during which farmers sprayed 3 million litres of milk on fields, the consumers began to appreciate the situation of dairy farmers. The pictures of farmers throwing out the product of their work received impressive media coverage.

“Fairebel”: from the milk crisis to supermarkets’ shelves

It was in this landscape, when dairy farmers were demonstrating, that enough actors converged to create the Belgian fair-trade milk “Fairebel”. During the crisis, the Walloon Minister of Agriculture, Benoît Lutgen, sought innovative solutions for dairy farmers. At the same time, consumers started to realise the conditions under which farmers were living.

One of the dairy farmers was Erwin Schöpges (E. S.). He produces milk in the German-speaking part of Belgium and was one of the founders of the MIG, which was created in 2008 directly after the dissolution of the BDB (Belgian Dairy Board). Also, he is an administrator of the EMB and now the president of Faircoop, the co-operative that produces the milk “Fairebel”. Before the MIG’s creation, E. S. was already trying to create a Belgian fair-trade milk under the EMB’s Fair Milk project, initially without success. However, during the 2009 milk crisis, many dairy farmers, the Minister of Agriculture, and a part of the consumers together began looking for alternatives to help the farmers. Thus, this convergence of actors generated enough energy to begin the creation of a Belgian fair-milk label inspired by the Austrian fair-milk label “A Faire Milch”, which is sold at an extra 10 cents per litre of milk for the dairy farmers.

Thanks to financial help from the minister, E. S. and other dairy farmers decided to create their own fair milk label. Only one month after the milk spraying on fields, they had found a director and created the Faircoop co-operative. Within a few months, Faircoop had between 150 and 200 co-operators. This positive trend was encouraged by the Walloon Government, which gave any farmer who joined the Faircoop co-operative a 1000 EUR reimbursement. At the same time, negotiations with large retailers and dairy processors had started. An agreement was finalised with the large retailers very quickly and some of the large retailers in Belgium agreed to sell the fair-trade milk “Fairebel”. However, the negotiations with the Belgian dairy processors were stormier and the latter finally all refused to bottle “Fairebel” milk.

With the Minister’s and citizen support, the dairy farmers finally created their own fair-trade milk label in January 2010. Facilitated by E. S., they recruit a director, created the co-operative Faircoop, chose a brand name for their product (“Fairebel”), negotiated and finalised an agreement with the large retailers, found co-operators, and so on, but had no dairy processor to produce their cartons of milk! By this point, the innovation socio-technical network was already extensive and irreversible (Amblard, *et al.*, 1996). Rather than give up on the fair-milk project, the dairy farmers tried to find another way to produce “Fairebel” milk. One alternative was to produce the Belgian fair milk outside Belgium by obtaining supply in a neighbouring country. And so, the dairy co-operative Luxlait in Luxembourg was identified. Luxlait accepted the proposal and appeared to be a providential solution: It was close to Belgium, offered an opportunity for diversification, and had good ties with Faircoop’s director. As soon as the arrangement was finalised, everything moved really fast and cartons of “Fairebel” semi-skimmed milk were on Belgian supermarket shelves in May 2010.

Today, Faircoop has around 600 members and sales are still increasing. The retail price is set at 0.89 EUR, with 10 cents/litre collected by Faircoop and shared out once a year amongst the co-operators according to the number of shares in which they have invested. “Fairebel” has become famous today in Belgium, due in large part to the energy that E. S. devoted to developing his project. From the beginning, he never stopped talking about “Fairebel” to everyone, from politicians to farmers and potential customers. He was present at every demonstration, strike, and agricultural event and accepted every invitation to talk to the media as well. Without E. S.’s energy it is doubtful that “Fairebel” would exist or be as important as it is today.

On the Belgian level: “reorientation of trajectories”

In Belgium, like in other European countries, the number of dairy farmers has decreased over the last few decades. In the 1980s, there were around 40,000 farmers in Belgium, whereas today there are only 10,000. In Wallonia, dairy farmers have an average of 46 cows. Big farms are still limited in comparison with Flanders, where dairy farming is more industrialised.

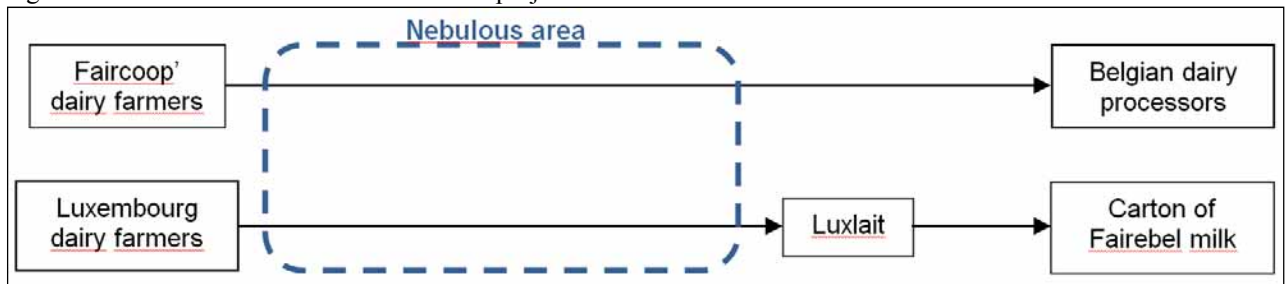
With the concentration of dairy processors that has occurred in the last few decades the dairy industry has become centralised. Today’s dairy processors are fewer but bigger, whilst technology has improved and helped to transport and process the milk under better conditions (Van Mol, 2005). Nowadays, just a few main dairy processors collect the milk of the 10,000 dairy farmers in Belgium. For example, the main dairy processor in Wallonia, *La Laiterie des Ardennes*, collects milk from around 2,500 farmers. The dairy farmer thus has less and less power against these “super-dairy processors”.

The milk innovation process

The ANT approach (Akrich, Callon, and Latour, 2006) helps to understand the type of transition initiated by the “Fairebel” project and reveals the weaknesses of the project that result from the milk commodity chain process. In social sciences, the particularity of ANT is to focus on objects, understood as items (Callon, 1986). In our case study, the monitoring of the technical object – the carton of milk – highlights the absence of connections between the milk produced by the dairy farmers who belong to Faircoop and the milk that is packed under the “Fairebel” label. These ‘milks’ are *different*.

The milk produced by Faircoop dairy farmers is collected and sold by the same Belgian dairy processors as before the creation of “Fairebel”, exactly the same dairy processors that refused to produce the “Fairebel” milk, whereas the milk that is in the cartons of “Fairebel” milk comes from Luxlait, a dairy processor that collects its milk from Luxembourg’s dairy farmers. In other words, the Belgian fair-trade milk – on which the extra 10 cents per litre of milk goes to Belgian farmers – is produced by Luxembourg dairy farmers. The diagram in Fig. 1 shows the absence of connections – or *nebulous area* – between the milk of the Belgian Faircoop dairy farmers and the milk in “Fairebel” cartons.

Figure 1: The nebulous area of the “Fairebel” project



This area is called a “nebulous area” because the absence of connections between the Belgian dairy farmers’ milk and the milk in “Fairebel” cartons is not clear to consumers. In fact, the packaging of the “Fairebel” milk cartons suggests very strongly that they contain Belgian milk: the brand “FaireBEL” sounds Belgian and a cow is drawn in the colours of the Belgian flag (black-yellow-red). Also, it bears the statement that an extra 10 cents is returned to the Belgian farmers belonging to Faircoop on each litre of milk sold. But most confusing for the consumer are the words “fair-trade milk” written above the brand “Fairebel” on the cartons. Indeed, for most Belgians “fair trade” means that the consumer pays more to guarantee a fair remuneration to the

farmer *who produced the product s/he* buys. In the case of “Fairebel”, the extra 10 cents does not go to the Luxembourg farmers who produced the milk inside the cartons of milk “Fairebel”, but to Faircoop’s Belgian farmers.

When the marketing of Fairebel began in May 2010, a Belgian consumer association, CRIOC (the Research and Information Centre of Consumer Organizations), denounced this problem and filed a complaint for “deceptive marketing practices”. Indeed, consumers feel confused when they learn that “Fairebel” milk is in fact produced in Luxembourg. To respond to this criticism, Faircoop’s co-operators explained that they had no other option because all the Belgian dairy processors refused to produce their fair-milk label. They also began sending the dairy Luxlait a volume of Belgian milk equal to the volume of milk processed under the “Fairebel” label. But the most interesting reaction of Faircoop’s members in response to this criticism was to admit that whilst the milk, as a product, was not “fair trade”, the project itself remained fair. Thus, “Fairebel” fair milk was turned into the “Fairebel” *fair project*.

Another main criticism levelled at the “Fairebel” project is that it is not an alternative because it is both using the classical distribution channels (large retailers) and stocking up on the spot market through a trader, even though during the 2009 European milk crisis the farmers – the ones who created “Fairebel” – pointed their fingers at traders and large retailers as being responsible for dairy farmers’ low earnings by pushing down milk prices. Of course, today farmers have changed their tune and now the centralised Belgian dairy processors are denounced as being responsible for the farmers’ financial insecurity. The way that Faircoop farmers finally co-operate with their former sworn enemy shows how difficult it is to carry out their project in such a locked-in system. So they have to use cunning and incorporate some contradictions to build their idea of fair-trade milk and sell it in the real world of commodities. By doing this, the “Fairebel” project is trying to increase the market power of dairy farmers and by-passes the Belgian dairy industry, which refused to support the project, entirely.

“Reorientation of trajectories”

If we take a multi-level perspective (Geels and Schot, 2007), the “Fairebel” project is more a “re-orientation of trajectories” than a radical transition of the system: it uses devices from the main system to try to change some of its bad consequences (the remuneration of dairy farmers) without initiating a structural transition. “*Reorientation of trajectories* results from a shock, either inside or outside the incumbent regime, followed by a response from regime actors, using internal resources” (Geels and Schot, 2007). It results from a low coordination of the actors and uses internal resources.

In the case of “Fairebel”, the 2009 European milk crisis led to a co-evolution of the interests of dairy farmers, the Minister of Agriculture, and a part of the consumers that allowed the creation of a Belgian fair milk and thus pushed the system in a (slightly) different direction. Of course, it is neither a radical nor a structural transition, for the project even uses the devices of the system itself: marketing by large retailers, production by a super-dairy processor, and supply on the spot market. The “Fairebel” project doesn’t reconsider the commercial and agricultural practices involved; it solely tries to help the dairy farmers with an extra return.

This “reorientation of trajectories” shows how the dairy industry is institutionally, politically and technically *locked in* because neither the 2009 European milk crisis pressure nor the innovation niche (“Fairebel”) pressure succeeded in unlocking the system. As a result, the “Fairebel” project is still dependent on some devices of the system, which are so strongly rooted (locked in) in the dairy industry that the innovation “Fairebel” has to use them to try to *lock out* the system. This is why carrying out *ideal* projects is so difficult: the exploitation of an innovation niche has to use

some of the devices that are locking in the system in order to apply pressure to lock out the system itself. For instance, when the Belgian dairy processors all refused to produce “Fairebel” milk, the system was so strongly locked in that the project had to by-pass the Belgian industry by cooperating with a Luxembourg dairy processor.

On the European level: radical transition

On the level of the EMB in which “Fairebel” participates, the transition of the system is radicalised by changing the character and the structure of the CAP scheme itself. In fact, it is necessary to go beyond the Belgian level to understand the transition advocated by the “Fairebel” project and to place it within a European movement (Kurtz, 2003). The alliance of these two scales helps us to grasp that a more complete and radical transition of the system is at work than the Belgian transition taken alone. E. S. himself represents the cohesion of these two levels, for he is the MIG’s founder and president of Faircoop (Belgian level) as well as an administrator of the EMB (European level).

The European landscape

The European dairy landscape is governed by the CAP (the Common Agricultural Policy) and the establishment of milk quotas in 1984. The latter were created to limit the over-production of milk in European countries at the time and set production at the level of 1981 + 1%. But nowadays, the EU (European Union) has voted to phase out the quotas by 2015. After decades of a dairy sector structured mainly by quotas, there is uncertainty about the consequences of this measure on traditional dairy farmers. Connected to this, and as a result of the 2009 milk crisis, the EU also adopted a Milk Package (2010) to adapt the dairy sector before 2015. Finally, there is also the “Soft Landing”, whereby the quotas are to be increased gradually by 1% a year to reduce their restrictive effect and to let the sector adjust to the law of supply and demand gently.

The EU adopted those measures because it believes that the dairy sector will be healthier once it is ruled by market forces, as well as to comply with WTO (World Trade Organization) rules. But the steps that the EU is taking today show an important structural transition of the CAP from intervention to liberalisation: financial subsidies are decreasing whilst confidence in competitiveness on the global market is increasing. However, there are still many unsolved questions about Europe’s ability to be competitive on the global dairy market because of the influence of New Zealand’s prices and the special features of milk itself: a local, perishable commodity (Vatin, 1990). In 2009, a European Court of Auditors report pointed out the difficulty of Europe being competitive on the global dairy market, except when prices are high (European Court of Auditors, 2009).

COPA (Committee of Professional Agricultural Organizations) was created in the 1950s to defend farmers in dealing with European institutions. Today, COPA is an umbrella for around 100 national organizations and represents many farmers from heterogeneous sectors, different countries, and different agricultural practices. It is connected to the COGECA (General Committee for Agricultural Co-operation in the European Union), which is a similar organization but dedicated to agricultural co-operatives. Most of the agrifood companies in Europe are organized as co-operatives.

The EMB was created in 2006 to counterbalance the multi-sectorial COPA-COGECA. The EMB defends the specific demands of dairy farmers before the European institutions. Today it represents more than 100,000 dairy farmers belonging to nineteen partner organizations in fourteen European countries (including the MIG in Belgium). The EMB’s three main fields of action are:

Regulation: to adapt production to demand in Europe and to guarantee dairy farmers a fair remuneration of 40 cents per litre, a “European monitoring agency” needs to be created to monitor (and thus control) the volume of milk that is produced and thus stabilise the price.

Fair Milk: dairy farmers have recovered some of their lost market power by creating their own label of milk. Today, the EMB has established fair-trade milk labels in five European countries (Austria, the Netherlands, Belgium, Luxembourg, and France). “Fairebel” is one of these fair milks.

Consumers: dairy farmers are co-operating with consumers by giving them more information about the dairy sector. In the case of “Fairebel”, the farmers meet the consumers in the supermarkets where they promote their product.

Radical transition

On the European level of the EMB, in which “Fairebel” participates, the transition of the system has been radicalised by changing the character and the structure of the CAP itself: reversal of the balance of power between dairy processors and dairy farmers, re-appropriation of the means of dairy production by the farmers, and modification of the dairy sector’s economic and trade rules (*e.g.*, a monitoring agency).

Firstly, dairy farmers have lost the market power they had before the 1970s (Vatin, 1990). The dairy processors got bigger and more powerful vis-à-vis the farmers whilst supply outstripped demand. The first milk strike in 1972 proved that dairy farmers had lost control over the market that they supplied. By creating fair-milk labels owned by farmers, the EMB is giving this power back to the farmers and initiating a shift in the dairy-versus-dairy farmer’s balance of power.

Also, the creation of fair-milk labels owned by farmers helps them to re-appropriate the means of production held by the dairy processor co-operatives. The EMB criticises several problems that appeared with the emergence of super-dairy processors (European Milk Board, 2012), namely, loss of the farmer’s rights as co-operators; economic dependence due to fewer dairy options for the farmers; outsourcing of activities to separate legal entities (for instance, limited liability companies); and complexification of the challenges of the dairy co-operative. All this is turning dairy co-operatives into commercial tools that act on the global market and create conflicts of interest: the dairy processors want to stock up on milk at the lowest price whilst the farmers want to sell their milk at the highest price. To solve this conflict, the global market price, which is strongly influenced by New Zealand, is partly used as a reference and reduces the prices given to the farmers in European countries.

Finally, the EMB is trying to change the sector’s economic and trade rules. Whilst the CAP is instituting a liberalisation of the dairy sector, the EMB is demanding the creation of a monitoring agency and more political intervention. This goes against the flow of the EU and CAP’s movement towards free trade.

For these reasons, the EMB-instigated transition on the European level is more *radical* than the transition on the Belgian level taken alone. Those main fields of action aim to change the character and the structure of the regime itself. However, this radical transition has not yet been achieved. Today, the main socio-technical regime the EMB is trying to upset is still stable and largely legitimated by many politicians, European and International norms, and even farmers who do not agree with the EMB’s project. Despite suffering from the troubles of the 2009 milk crisis and the gains made by niche innovation projects like “Fairebel”, the main system remains stable and strong. Only once the European institutions reform CAP funding principles will an *effective* radical transition come about.

Conclusions

In conclusion, these two levels – Belgian and European – of this fair-milk innovation strengthen each other, yet at the same time the transition that “Fairebel” has inspired is more radical on the European level than on the Belgian level considered alone. Firstly, Fairebel comes under the fair-milk project of the EMB, which is fighting against liberalisation and free trade in the dairy sector. Even if the transition on the Belgian level is solely a “reorientation of trajectories” and has created some contradictions in the final product (large retailers and spot market), these contradictions are also what has enabled the “Fairebel” project to be real and, through its very existence, to strengthen a radical transition on the European level.

The case on which this study focuses raises an important question of systemic governance: How much systemic change can be achieved by and through regulatory pressure in an institutionally, politically, and technically locked in system like the dairy industry in Belgium?

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