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Developments in EU agri-cooperatives

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The main objectives of agri-cooperatives

To concentrate supply in order to gain:

- economies of scale (lower cost)
- market access
- (higher) certainty in payment

To improve farmers position in the food supply chain by :

avoiding abuses of market power and the impact of UTPs (Unfair Trading Practices) by dominant supply chain partners (mostly retailers)

The specificity of the agri-cooperative business model

The objective of cooperatives is: “**to maximise value to user-members**”, derived from their distinct **“user owned”, “user controlled”** and “**user benefit”** characteristics.

Increased **effectiveness** (market access) and improved **efficiency** (lowering cost), through collective actions are the main reasons to establish cooperatives

They are quite different from IoFs (Investor owned Firms), whose single objective is to maximise profits for their owners.

The profile of Cogeca/ European agri-cooperatives

Within 13 million farmers in the European Union, 6.2 million are organised in some 22 000 agri-cooperatives, which process and trade 40% of the total output of the agricultural sector.

30 national agri-cooperative organisations represent all these agri-cooperatives in Cogeca.

European cooperatives provide employment to 660 000 persons and generate a turnover of €350 billion.

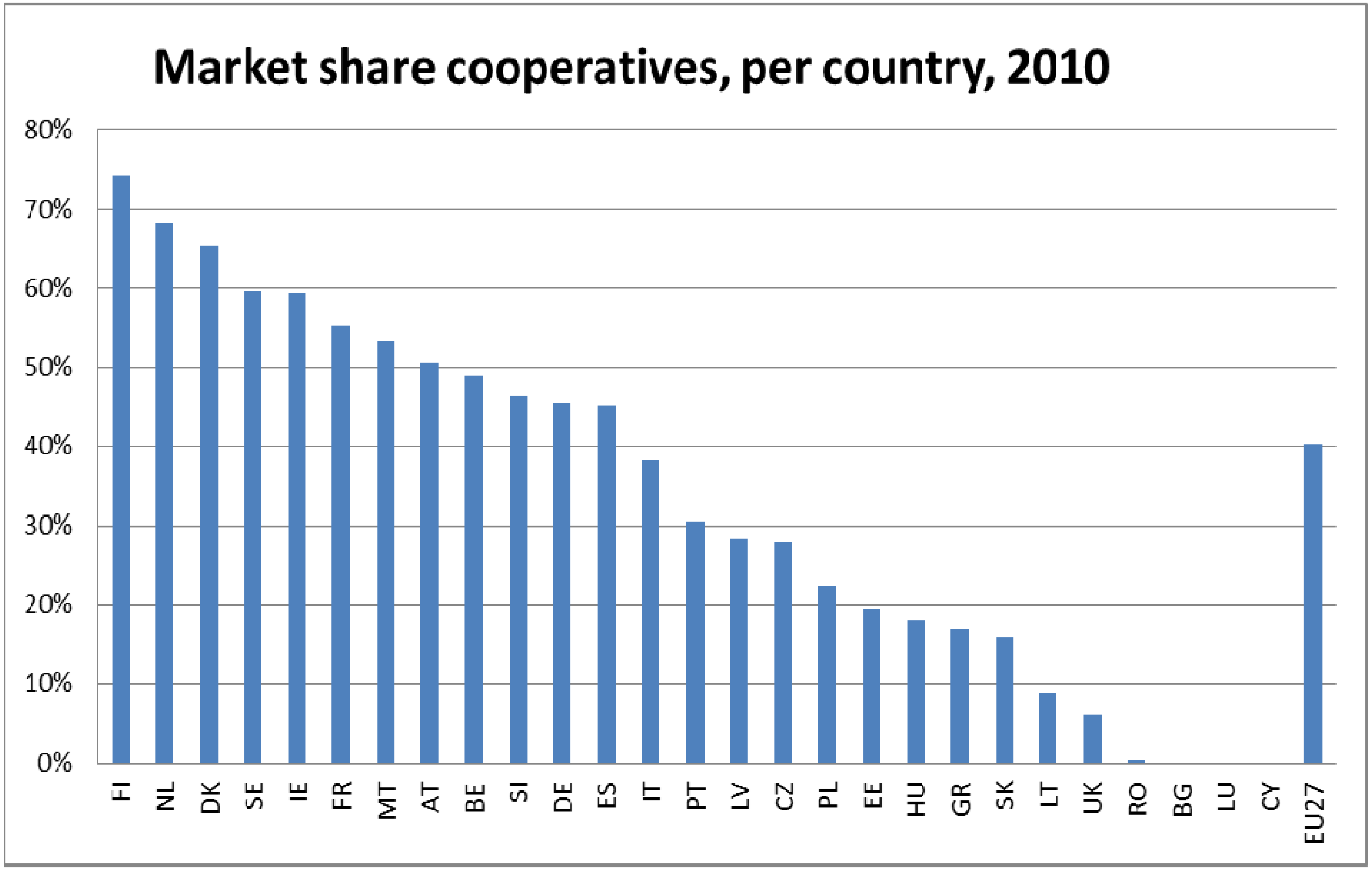
General Data on Agri-Cooperatives in the EU

EU Member State	Total number of Cooperatives	Total number of Members (multiple membership)	Turnover (m€)	Turnover (m €)/ cooperative	Turnover ('000 €)/ member
Belgium	301	:	3 257	10.82	:
Bulgaria	900	:	:	:	:
Czech Republic	548	524	1 327	2.42	:
Denmark	28	45 710	25 009	893.18	547
Germany	2 400	1 440 600	67 502	28.13	47
Estonia	21	2 036	512	56.87	251
Ireland	75	201 684	14 149	188.65	70
Greece	550	690 000	711	1.29	1
Spain	3 844	1 179 323	25 696	6.68	22
France	2400	858 000	84 350	35.15	98
Croatia	613	10 734	167	0.27	16
Italy	5 834	863 323	34 362	5.89	40
Cyprus	14	24 917	62	4.43	2
Latvia	49	:	1 111	22.68	:
Lithuania	402	12 900	714	1.77	55
Luxembourg	55	:	:	:	:
Hungary	1 116	31 544	1 058	0.95	34
Malta	18	1 815	204	11.31	112
Netherlands[1]	215	140 000	32 000	454.79	273
Austria	217	306 300	8 475	39.06	28
Poland	136	:	15 311	112.58	:
Portugal	735	:	2 437	3.32	:
Romania	68	:	204	3.00	:
Slovenia	368	16 539	705	1.92	43
Slovakia	597	:	1 151	1.93	:
Finland	35	170 776	13 225	377.86	77
Sweden	30	160 350	7 438	297.52	196
United Kingdom	200	138 021	6 207	23.43	34
Total	**21 769**	**6 172 746**	**347 342**	**16.06**	**56**

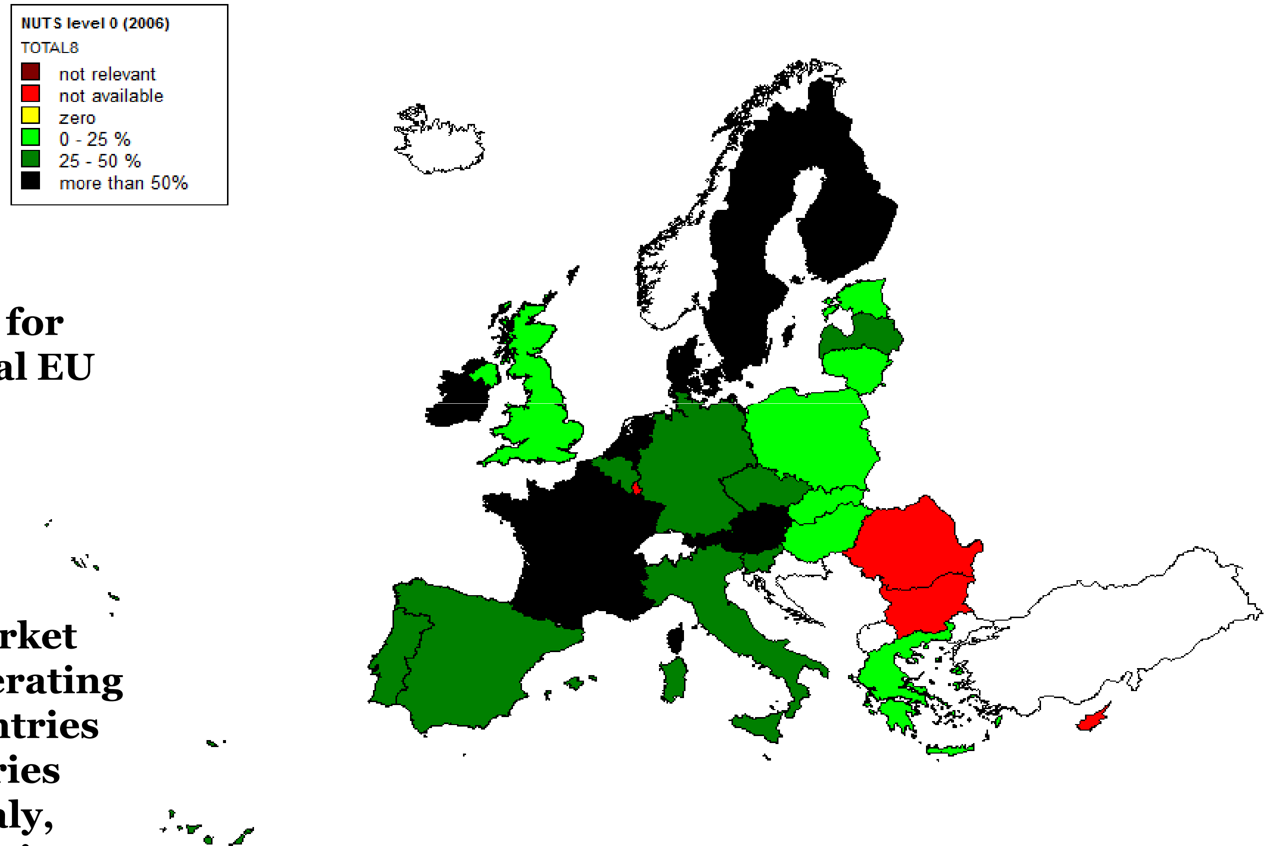
Agri-cooperative models

- Diversity among agri-cooperative models in the EU.
- In the Nordic countries: high level of integration; a small number of highly specialised and large scale agri-cooperatives.
- To the South of the EU: high level of «atomisation», limited integration through second degree cooperatives, limited economic dimension.
- Newer Member States: development of agri-cooperatives, is lagging behind.

Market share of cooperatives across the EU Member States



Market share of cooperatives across the EU Member States



The market share of cooperatives is above 50% for some Northern and central EU Member States (Finland, Sweden, Denmark, The Netherlands, France and Ireland).

In contrast to that, the market share for cooperatives operating in the Mediterranean countries of the European Union varies between 25% and 50% (Italy, Spain and Portugal), while it remains below 25% for Greece.

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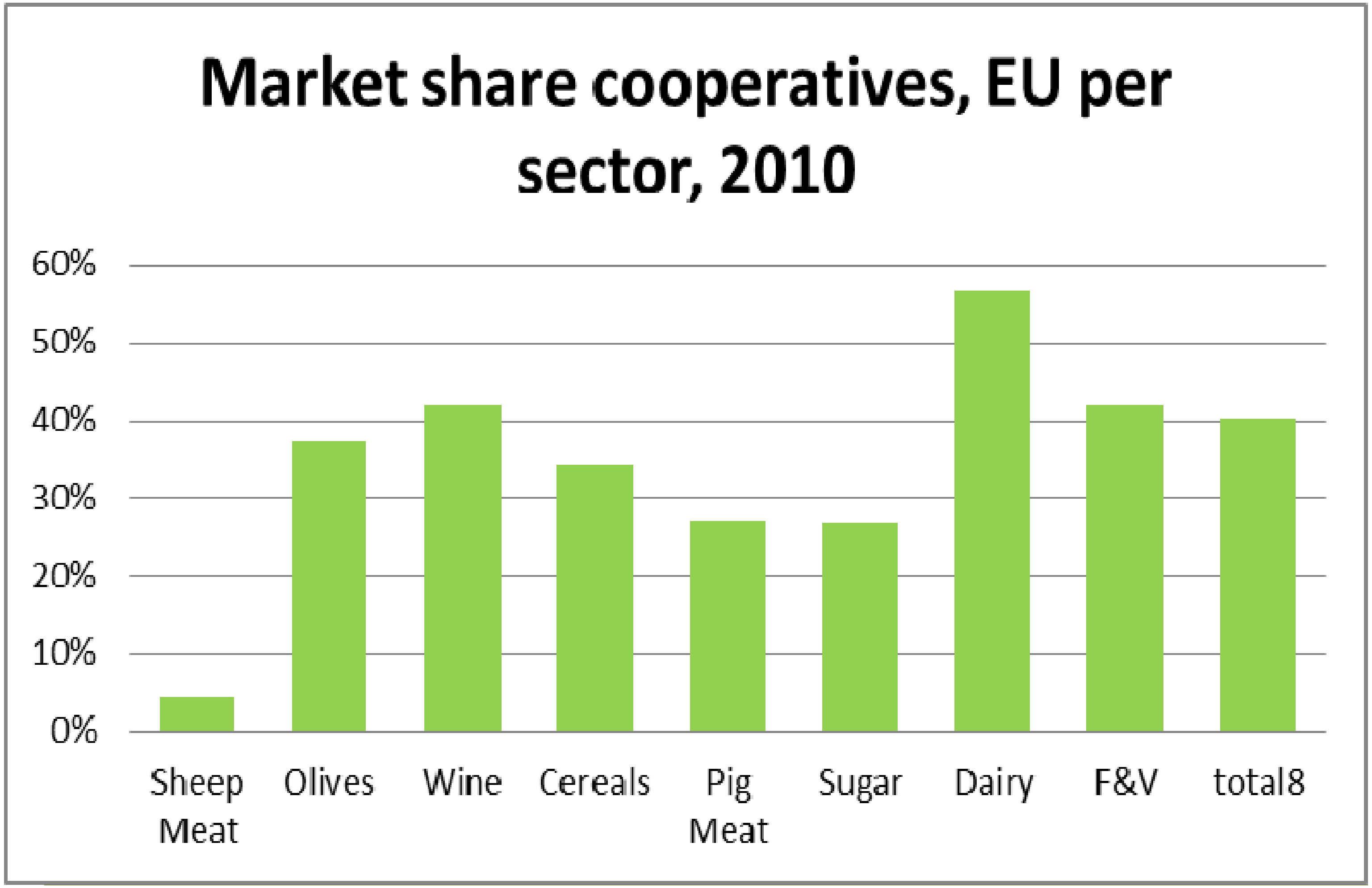
Market share of cooperatives in main sectors



The role of cooperatives in the EU agri-food sector

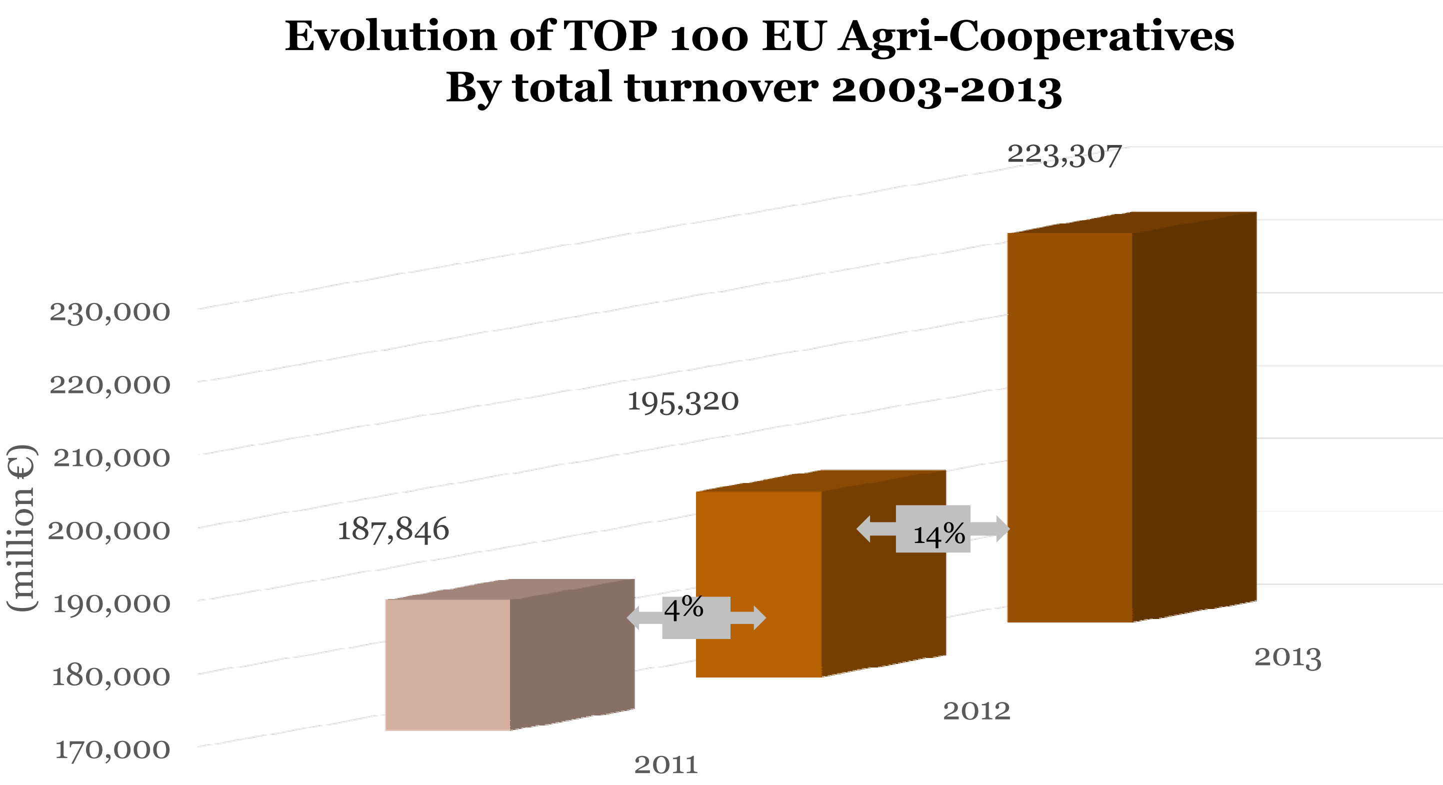
In a market of increasing consolidation and concentration of global retailers and corporations, European agri-cooperatives have weak countervailing power

Growth and development into more effective, more efficient and ultimately more competitive enterprises, is therefore indispensable to European agri-cooperatives.

Cooperatives concentrate the production and offer a market outlet, they process food and offer value adding services to partners in the food supply chain

Cooperatives concentrate demand for farm supply products and services and get economies of scale that allow lower cost

Evolution of TOP 100
Significant growth by leading 100 cooperatives



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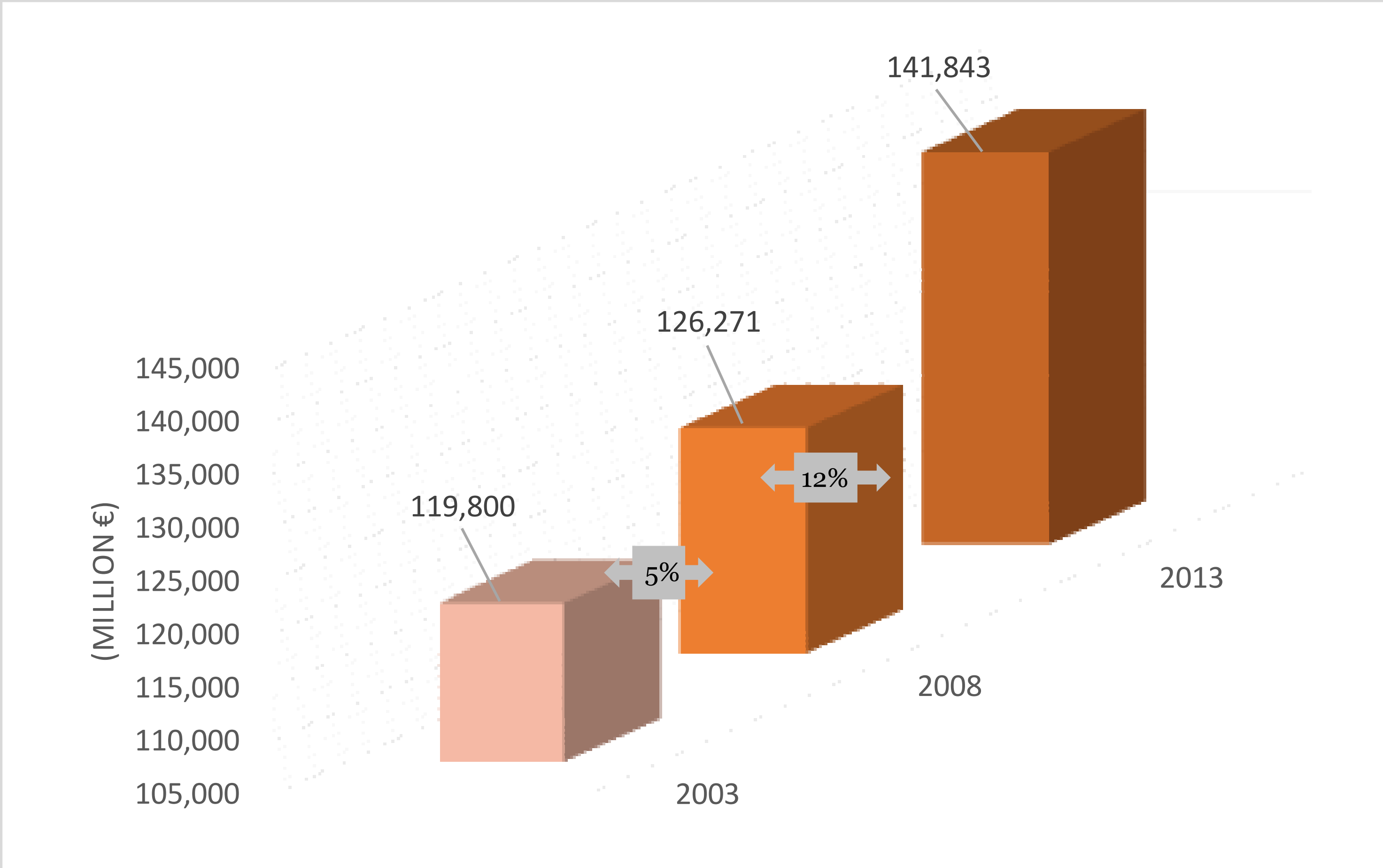
Evolution of TOP 25 EU Agri-Cooperatives
by total turnover, 2003-2013

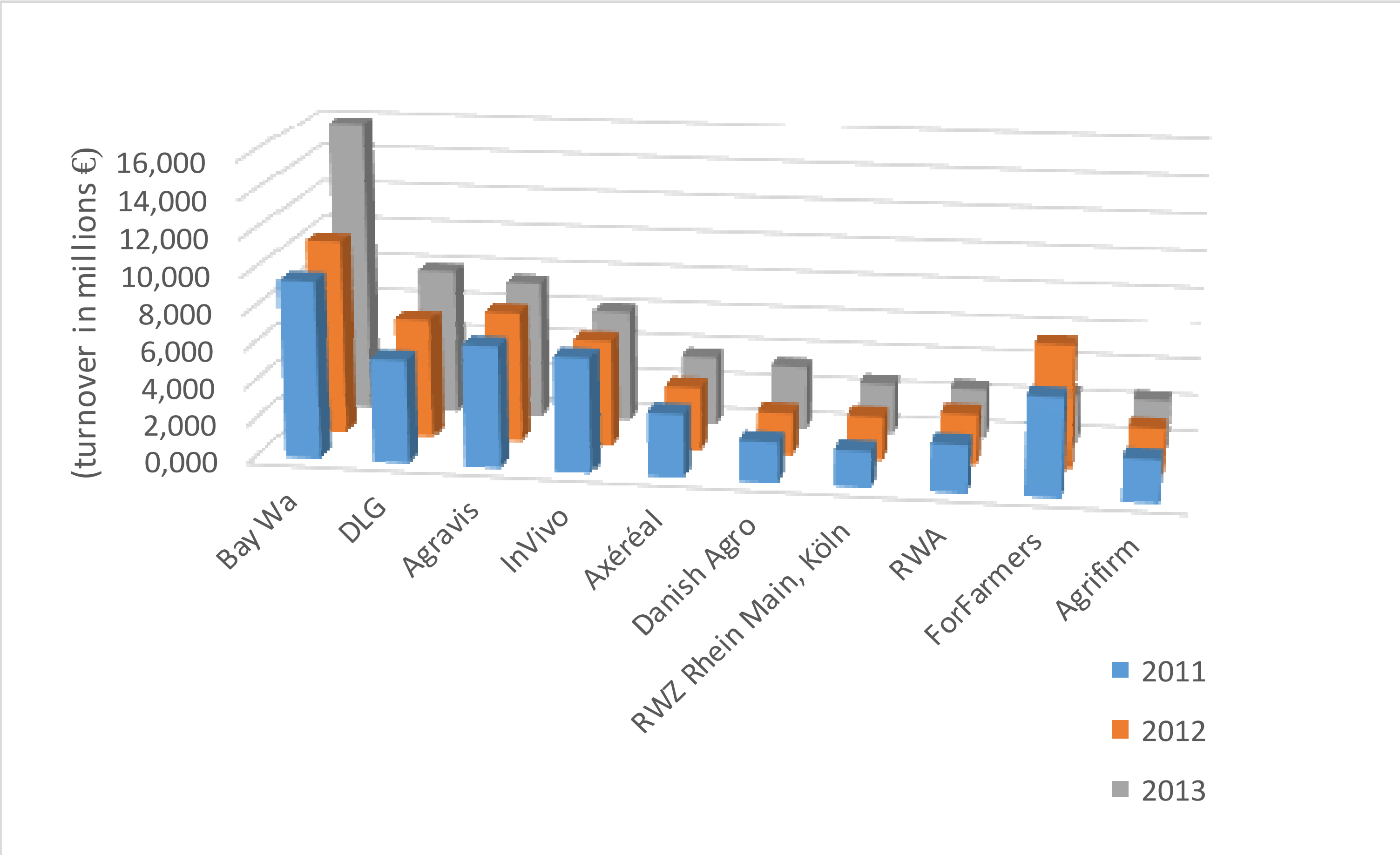


EU Top 10 Farm Supply Cooperatives by turnover (m€)

N°	Cooperative	Country	2011	2012	2013
1	Bay Wa	DE	9,586	10,531	15,957
2	Agravis	DE	6,468	7,108	7,504
3	InVivo	FR	6,083	5,669	6,138
4	DLG	DK	5,494	6,510	7,939
5	ForFarmers	NL	5,224	6,620	2,625
6	Axéréal	FR	3,375	3,400	3,707
7	RWA	AT	2,513	2,696	2,657
8	Agrifirm	NL	2,272	2,436	2,532
9	Danish Agro	DK	2,130	2,263	3,400
10	RWZ Rhein Main, Köln	DE	1,910	2,298	2,683

EU Top 10 Farm Supply Cooperatives

by turnover (m€)



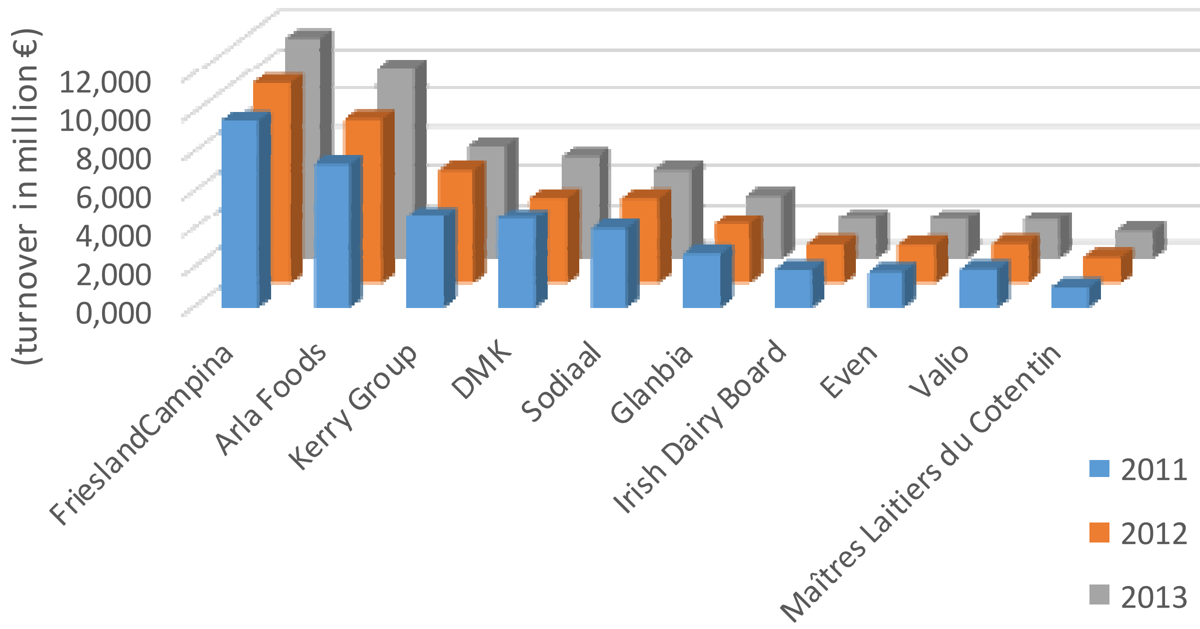
EU Top 10 Dairy Cooperatives

by turnover (m€)

N°	Cooperative	Country	2011	2012	2013
1	FrieslandCampina	NL	9,626	10,309	11,400
2	Arla Foods	DK	7,384	8,450	9,887
3	Kerry Group	IE	4,700	5,848	5,836
4	DMK	DE	4,575	4,438	5,310
5	Sodiaal	FR	4,021	4,421	4,616
6	Glanbia	IE	2,735	3,038	3,282
7	Valio	FI	1,929	1,999	2,029
8	Irish Dairy Board	IE	1,905	1,977	2,100
9	Even	FR	1,800	1,958	2,060
10	Maîtres Laitiers du Cotentin	FR	1,028	1,305	1,400

EU Top 10 Dairy Cooperatives

by turnover (m€)



EU Top 10 Meat Cooperatives

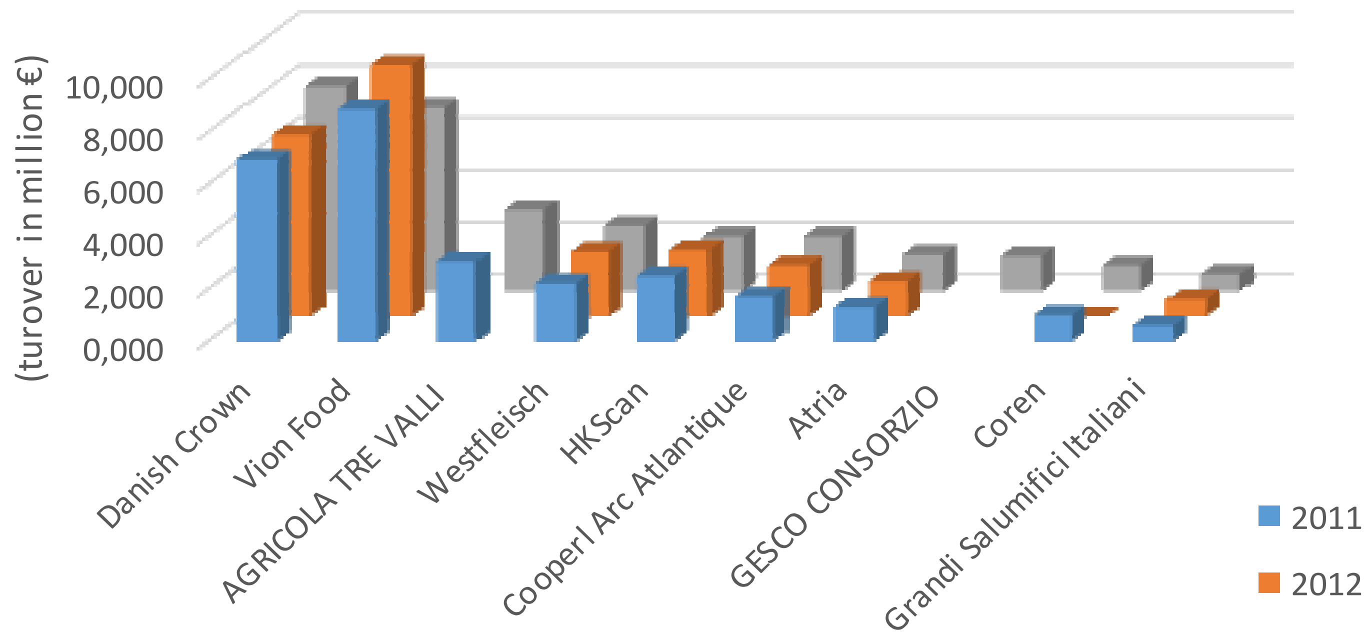
by turnover (m€)

N°	Cooperative	Country	2011	2012	2013
1	Danish Crown	DK	6 954	6 940	7 844
2	Vion Food [1]	NL	8 870	9 620	7 033
3	Agricola Tre Valli SCA [2]	IT	3 056	:	3 135
4	Westfleisch	DE	2 207	2 475	2 507
5	HKScan	FI	2 491	2 546	2 100
6	Cooperl Arc Atlantique	FR	1 700	1 952	2 100
7	Atria	FI	1 302	1 343	1 411
8	Gesco Consorzio Cooperativo SCA [3]	IT	:	:	1 352
9	Coren	ES	1 005	:	982
10	Grandi Salumifici Italiani	IT	605	652	675

[1] Not a cooperative legal form, but farmer owned and controlled.

[2, 3] Societa Cooperativa Agricola

EU Top 10 Meat Cooperatives
by turnover (m€)



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CAP objectives in the current MFF, 2014-2020

The overall objective is to deliver a modern, sustainable and efficient agricultural sector in Europe.

It aims to promote the competitiveness of the sector, to ensure an adequate and secure food supply and to preserve the environment and countryside while <u>providing a fair standard of living</u> for the agricultural sector.

The main elements of the CAP reform regarding POs (cooperatives) in the Single CMO

•Contractual relations open to all sectors

•Producer Organisations & Inter-Branch Organisations

✓Now covering all sectors

✓Extension of rules (e.g. standard contracts, marketing standards)

✓Possibility for POs to collectively negotiate contracts for the supply of olive oil, beef, cereals and other arable crops

✓In case of severe imbalance in the market, the Commission may authorise POs or IPOs to take certain temporary measures collectively (e.g. market withdrawal or storage by private operators) to stabilise the sector concerned

The provisions of the Rural Development regulation on POs (cooperatives)

- ✓ 25 measures – e.g. investments, setting-up producer groups and organisations, area facing natural or specific constraints, risk management
- ✓ Higher support for collective actions
- ✓ Co-operation measure – more options: pilot projects, sharing of facilities and resources, joint approaches to environmental projects etc.

Rural Development **priorities, including** in particular eligibility of POs (cooperatives) on:

- ✓ Enhancing competitiveness and farm viability
- ✓ Promoting food chain organisation and risk management

Policy developments affecting cooperatives in the food supply chain

- ECs green paper on UTPs on the food and non-food sector. Impact assessment study in preparation to identify possible actions
- Copa-Cogeca calls for Legislation to ensure that commercial relations are fair, formal (written contracts) and transparent.
- Need for an EU policy framework to eliminate abusive and unfair commercial practices. This is currently being discussed at the High Level forum for a better functioning of the food supply chain.
- Additional measures are needed to ensure transparency in price formation and distribution of margins in the chain.
- Anonymity, sanctions and an independent arbitrator (Ombudsman), are necessary to ensure effective enforcement.

CONCLUSIONS

→ Cooperatives are developing even during the times of economic crisis.

→ Need to further concentrate in order to increase their sizes

→ Continuous investments and pursue of Innovation to increase value added and revenue to farmers

→ Better functioning of the food supply chain, especially on B2B commercial relations

→ Cooperatives are indispensable to achieve these objectives !

THANK YOU

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