

Producer organisations, cooperatives and interbranch organisations

A means of strengthening farmers' position. Insights from recent studies.

5 November 2018, Michiel van Galen



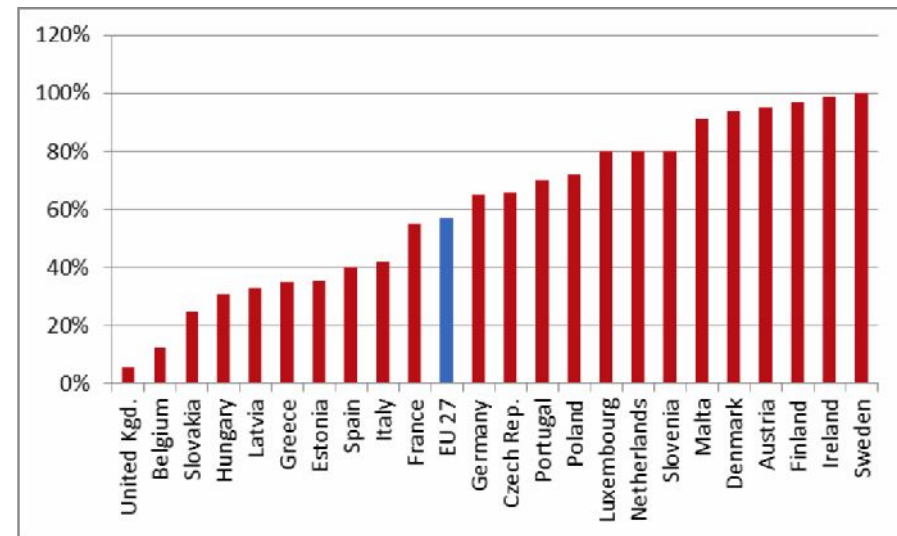
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Role of cooperatives in EU agriculture and EU dairy sector

- 22,000 cooperatives in EU agrifood chain
- 350 billion turnover and 6 million members
- Cooperatives, like other companies, are growing
- 4 of ten largest cooperatives are in dairy

Relative Market Share of Dairy Cooperatives, in 2010



Hanisch, M., M. Müller, and J. Rommel (2012). Support for Farmers' Cooperatives; Sector Report Dairy. Wageningen: Wageningen UR

Modes of cooperation

- Reasons for cooperation:

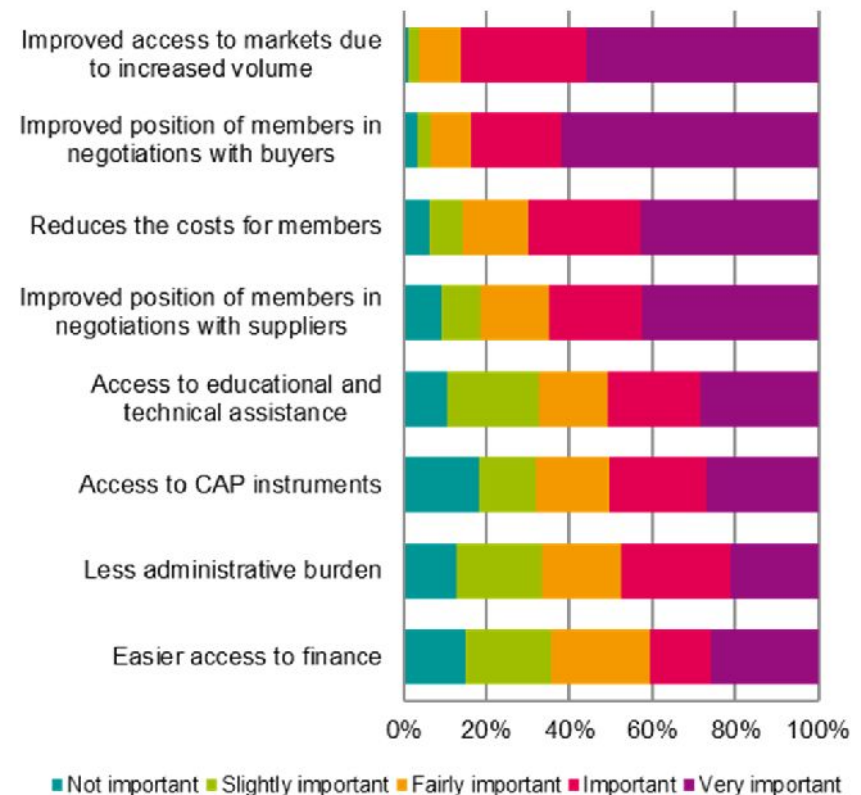
- Strengthening bargaining power
- Reducing risks
- Market access
- Economies of scale
- Social cohesion, learning
- Promoting common interests

- Cooperatives

- Buying, processing, storing, selling, waste management, studying, lobbying
- Horizontal, vertical
- EU recognised Producer Organisations

Reasons for the establishment of producer organisations

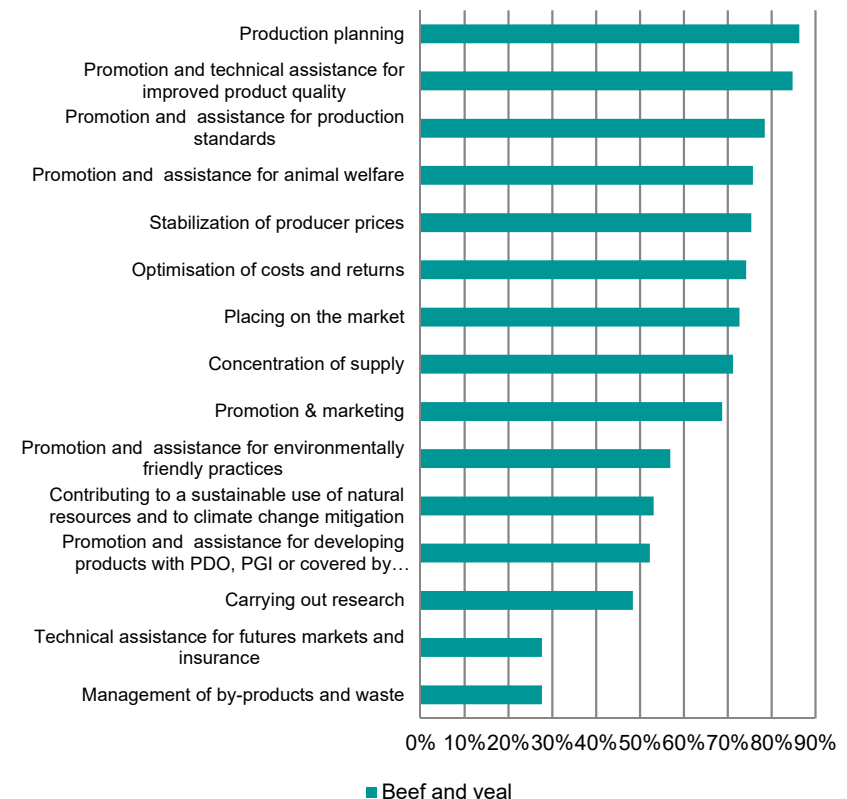
- Improved access to markets due to increased volume (86%)
- Improved position of members in negotiations with buyers (84%)
- Reduction of costs
- Access to technical assistance



Aims of producer organisations

- Improving product quality and animal welfare are frequent aims in the beef and veal sector
- Research, quality schemes, promotion and marketing more often in old MS

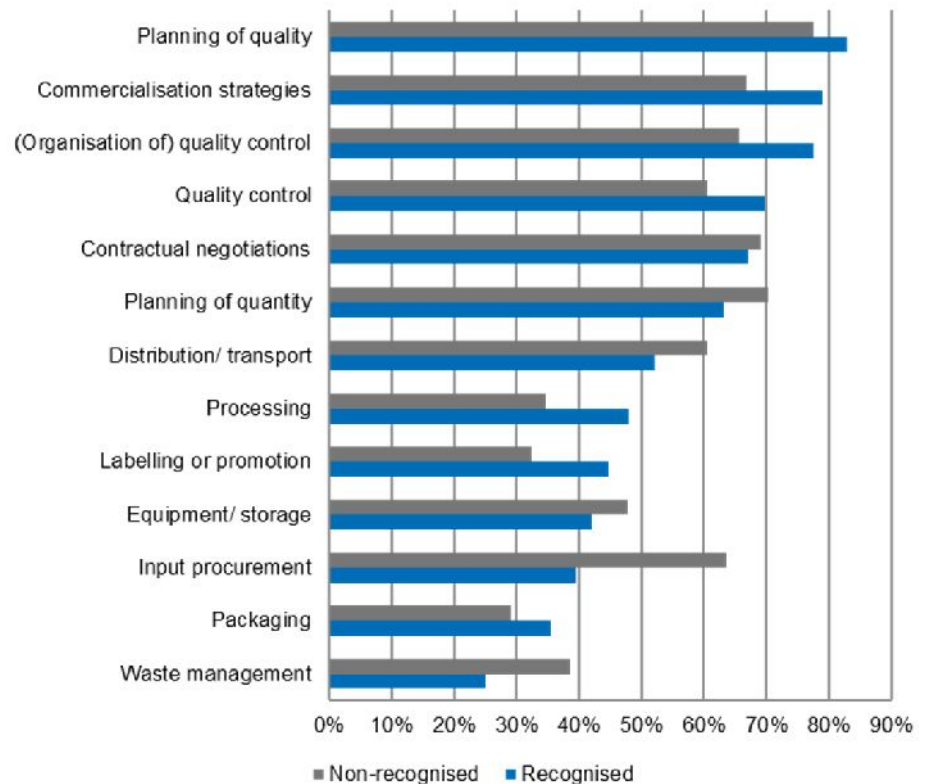
Aims of producer organisations in the EU beef and veal sector



Activities of producer organisations

- POs are engaged in a wide range of different activities
- No major differences between recognised and non-recognised

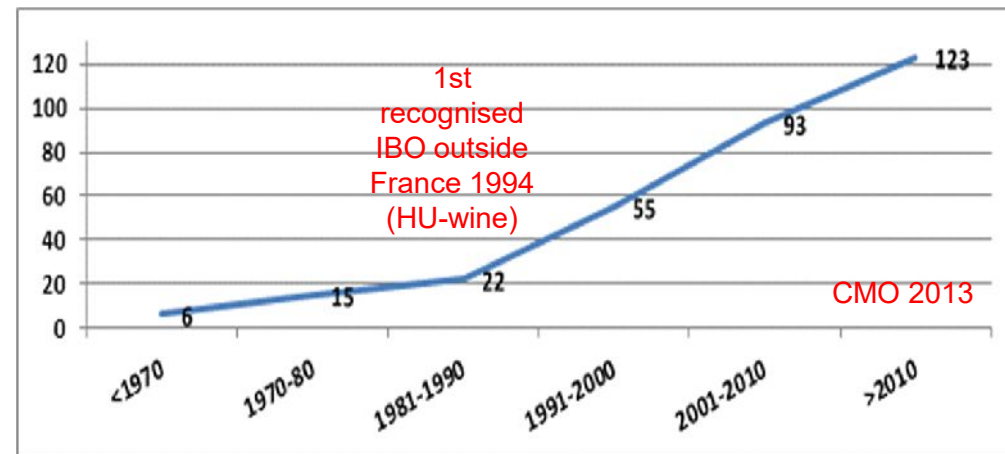
Activities of producer organisations in the olive oil, beef and veal, and arable crops sectors



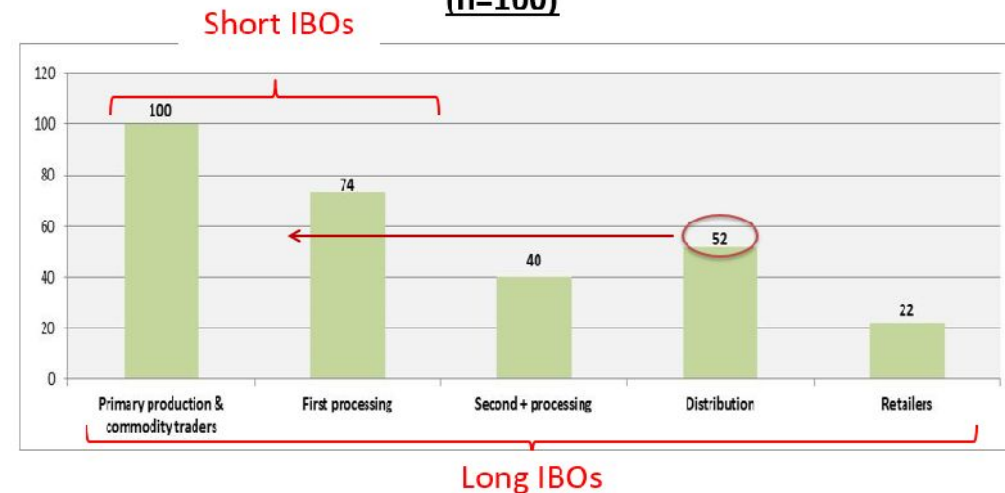
From: Ecorys and Wageningen Economic Research. EU Study on Producer Organisations and their activities in the olive oil, beef and veal and arable crops sectors, 2018

Interbranch organisations

- Steady growth of number of IBOs
- Top 3 objectives:
 1. Improving knowledge and transparency of production and export markets;
 2. Promoting consumption; and
 3. Providing information and performing research
- Concept is still under development with differences in national context



Membership per supply chain stage
(n=100)



From: Laurence Amat (Arcadia), Michiel van Galen (Wageningen Economic Research), Francesco Montanari (Arcadia), and Daniel Traon (Arcadia), Conference on the role of interbranch organisations in the food supply chain. Presentation of the EU Study on 'Agricultural Interbranch Organisations in the EU', Brussels, 24 March 2017.

Factors stimulating and hampering cooperation

■ Stimulating

- Concentration at demand side
- Concentration at input supply side
- EU policy
- Crisis and low prices
- Common interests
- Good examples
- Standard quality

■ Hampering

- Growth of farms
- Decreasing number of farms
- Diverging interests
- High prices
- Historical factors
- Competition policy
- Product differentiation

Does it pay to cooperate?

- Yes it does
- Not necessarily higher prices than other firms
- Yardstick theory: aggregate market price is increased due to cooperatives
- Economies of scale may decrease average prices and IOFs must also pay competitive prices to attract farmers
- Market access, other services, collective learning, and joint research are major benefits

Thank you

Michiel A. van Galen

+31 (0)70 3358 203

Michiel.vanGalen@wur.nl

