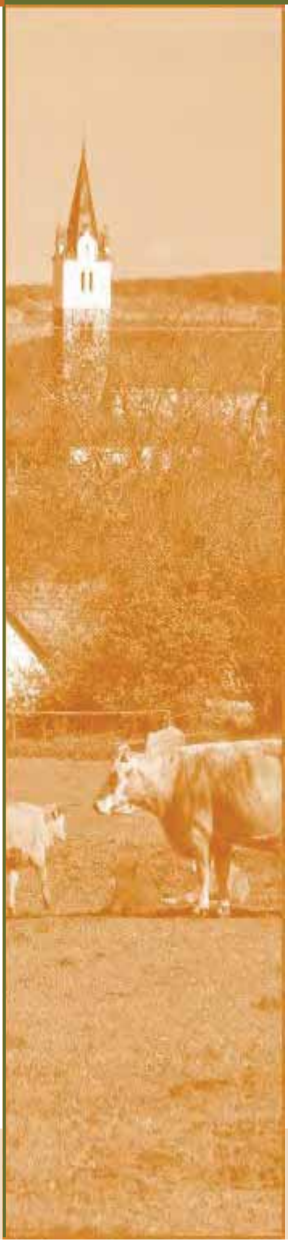
PUB(14)9112:2



DEVELOPMENT OF AGRICULTURAL COOPERATIVES IN THE EU 2014

DEVELOPMENT OF AGRICULTURAL COOPERATIVES IN THE EU 2014

Printed in Brussels, 5th February 2015

Further information on agricultural Cooperatives in Europe can be downloaded from the Cogeca web site: http://www.copa-cogeca.eu/ Cogeca

Printed in Brussels on 5th February 2015

PREFACE

European agriculture is facing a multitude of challenges. Despite the recent reform which started to be implemented in 2014, numerous uncertainties still exist. Market conditions are evolving and pressure is increasing for more effective responses and higher level of efficiency at international level. Nevertheless, opportunities are also significant for our cooperatives and farmer members.

Let me also remind you that when I was appointed President of Cogeca, we approved a working programme that included certain policy objectives aiming to promote the entrepreneurial orientation of European agri-cooperatives. This report constitutes thus a useful instrument of information, to facilitate our lobbying to the European Institutions, as well as our contacts with other stakeholders and international organisations. The information contained in this report, highlights the role of agri-cooperatives and of national cooperative organisations.

Information on the current profile of agri-cooperatives referring to their economic performance and the evolution of their structures, is of fundamental importance in policy decision making at EU level. Recognition of their contribution in economic growth, employment and in sustainable development, is of key importance for policy making. For the same reason it is also essential to present the specificities of cooperatives and the wide variety of different type of cooperative organisations across the EU Member States.

Hence, the importance of this publication, which presents updated general agricultural statistics, cooperative data, and trends for agri-cooperatives across all MSs of the EU. The information contained in this report, has been provided by the Cogeca member organisations, or retrieved from formal sources.

The findings of this report highlight the economic significance of EU agri-cooperatives, while at the same time reflecting a wide spectrum of different levels of their development across the EU MSs. Hence the pressing need for farmers, particularly in these market segments where the market share of agri-cooperatives is still very low, to organise themselves into cooperatives, in order to increase their economic viability and receive a fair share of the value added.

This report also shows that the best economic performance in farming, is found in the most market oriented MSs and sectors. Higher economic performance is achieved by cooperatives that pursue entrepreneurial business strategies and value adding activities through processing and marketing.

These findings demonstrate that the viability of farming depends on the level of organisation in cooperatives. In the future, faced with increasingly competitive markets and a greater diversification of customers' needs and preferences, cooperatives will become an indispensable instrument in the hands of farmers, to attain higher economic performance.

This study is therefore an essential tool for better understanding EU cooperatives, but also to demonstrate to EU institutions the relevance of views and arguments of Cogeca, given that cooperatives are constitute a fundamental part of European agriculture.

Finally, I would like to thank the national organisations, as well as all those who have contributed in this extensive and detailed report and in particular the Secretariat which has undertaken this laborious work.

Brussels, 4th December 2014

Christian Pèes

President of Cogeca

EXECUTIVE SUMMARY

Cogeca has, in recent years, presented periodic reports on the development of EU agri-cooperatives.

This publication follows the path set in previous editions, with an extended scope in the current edition, since it is now covering all EU MSs as well as providing additional analysis. More comparative cooperative figures, as well as covering legal, governance and finance aspects is also provided.

This report has been prepared by the Secretariat, largely compiled on the basis of the contributions received from Cogeca member organisations, in response to a questionnaire (whereas in other cases, the main source of information has been the study: "Support for Farmers' Cooperatives" (Nov. 2012) which has been financed by the European Commission and carried out by LEI Wageningen UR.

In that questionnaire, Cogeca member organisations were requested to provide general information on their identity, contact details and indicate their current elected and executive leaders.

In addition to that, information was requested on current market developments with an impact to agri-food cooperatives, and their policy objectives and priorities. National organisations were requested to provide general data on the development of their member cooperatives as to identify and rank the leading cooperatives as well as their leading cooperatives per sector. The final part of the questionnaire addressed legal aspect and in particular the main legal provisions as well as taxation, governance and auditing aspects.

The responses provided, were organised in different chapters of this report. It should be underlined that this approach has led to a considerable wealth of additional information (as compared to previous editions), since the collected information now, for the first time, covers agri-cooperative developments across all EU 28 MSs.

The first chapter presents a short profile of Cogeca. This information throws light in the establishing phase of Cogeca and the birth of its collaboration with Copa to form a common Secretariat. The current structure and organisation through the Secretariat follows suit, as well as a description of decision making instruments and methods of lobbying towards the European Institutions and stakeholders.

The second chapter summarises the main statistical indicators of agricultural production across the EU MSs, as well as the general cooperative figures in each MS, followed by a list of the TOP 100 agri-cooperatives ranked on the basis of their turnover in the last reporting period (2013).

The overall conclusion derived from these figures is that, EU cooperatives maintain a strong market presence in the European food supply chain. In particular, the total turnover of all cooperatives is currently in the range of some €347 billion, while the total number of cooperatives has decreased to some 22000 (instead of the 38000 figure reported in the previous period). It should be nevertheless noted, that this is due to excluding the 11500 CUMAs, as well as the heavy reduction to the number of Greek cooperatives (by some 6000), as a result of new legal provisions, through a re-registration procedure).

Furthermore, a significant growth trend is demonstrated by the leading cooperatives, since both the total turnover of the TOP 100 cooperatives has grown by 4% from 2011 to 2012, followed by another 14% growth in the next year.

At the same time the growth observed by the TOP 25 agri-cooperatives has demonstrated an equally impressive trend (given the length of the periods), as it has increased by 5% in the period 2003-2008, followed by a 12% growth in the period 2008 to 2013.

When looking at the table of TOP 10 cooperatives in the main 8 sub-sectors, with their turnover reported in the last three years, a significant growth trend may also be observed, with limited exceptions.

Chapter three presents the legal framework, including, finance, taxation and governance aspects related to agri-cooperatives.

A wide variety of different provisions are stipulated through the legislative framework foreseen for agri -cooperatives. These variations are related to the general rigidity of the legal system across the MSs. In other words, some MSs have extensive and thorough laws specifically governing cooperatives, while some have specific legislation for agri-cooperatives even, whereas in other MSs, the legal framework leaves more flexibility to the legal entities to act, provided that they comply with the usually general commercial or enterprise law provisions.

Governance in agri-cooperatives is inseparable from control rights, which in turn is directly related to the finance of cooperatives at least for the equity capital of members. It should be underlined that although notable differences exist in the legal system across MSs, governance (as well as financial aspects), are mostly linked to market conditions. The difference is between traditional structures and operations in commodity markets and more elaborated management structures, when business concerns lead to the adoption of more elaborated methods of business management and strategies. To put it more simply, one tier governance systems where elected farmers are assuming executive roles in everyday management are adequate to handle commodities and less complicated decision making.

On the other hand, when market conditions demand more complicated decisions, because of more market oriented business strategies and higher level of capital intensity, then management requirements call for professional managers. Such circumstances give rise to the need of having a professional management board, which is governed by a board of directors consisted of elected representatives of members, hence the two-tier system. Such two tier systems are frequently met in MSs where cooperatives have grown considerably, being highly competitive even at global level.

The need for more elaborated marketing and business strategies, is what drives also the need to engage external capital. The more distance markets are getting from farmers, the higher the need for capital intensity, thus more external capital is also necessary. Participation of external capital to the equity capital of the cooperative, has thus a decisive impact to governance. Farmers have to balance the need for (external) finance, with the need to maintain control. Thus, in most cases governance structure reflect this balance, through allowing limited participation of external financers to decision making.

Specific taxation provisions for cooperatives are indeed foreseen in certain MSs, mostly allowing for limited tax exemptions for transactions with members. The national legal system has specific tax provisions for agri-cooperatives in certain cases, while in the majority of countries agri-cooperatives are subject to the general tax system.

IFRS are indeed applied, though from a relative limited number of large scale cooperatives, with extensive international operations. Some cooperatives adopt IFRS standards, when comparability at international level, is fundamental to them. In such cases cooperatives choose to adopt IFRS, without any adverse legal implications in their national legal framework.

These basic legal provisions are summarised in the tables provided at the end of the chapter, allowing a direct comparison of the legal framework for agri-cooperatives across the EU MSs.

The fourth and final chapter is the most extensive, since it includes individual country reports for all EU 28 MSs. A short statistical profile for the agricultural production structure is presented at the beginning of each profile. This is followed by some information on the current elected and executive leaders of each national organisation member to Gogeca. These organisations provide information on their activities in different areas, in particular regarding training, information and other services to farmer members. More detailed information on leading cooperatives in general, as well as per sector, is also provided in each country.

Finally, members also commented on their current priorities as well as possible actions at EU level.

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

KEY TO SYMBOLS AND ABBREVIATIONS

CAP	Common Agricultural Policy
Cogeca	European Agri-Cooperatives
Copa	European Farmers
Council	Council of Ministers of the European Union
DG AGRI	Directorate General for Agriculture and Rural Development of the European Commission
EC	European Commission
EP	European Parliament
EU	European Union
EU-15	Total of the Member States of the European Union from 1995 – 2004 (April)
EU-25	Total of the Member States of the European Union from May 2004
EU-27	Total of the Member States of the European Union from January 2007
EU-28	Total of the Member States of the European Union from July 2013
CC	Candidate Countries
NMSs	Newer Member States (those who joined on 01.05.2004 and onwards)
MSs	Member States (of the EU)
EUROSTAT	Statistical Office of the European Communities
FAO	Food and Agriculture Organisation of the United Nations
GATT	General Agreement on Tariffs and Trade
ICA	International Cooperative Alliance
Cooperatives Europe	European region of ICA
IFAP	International Federation of Agricultural Producers
NICE	The Netherlands Institute for Cooperative Entrepreneurship
OECD	Organisation for Economic Cooperation and Development
WTO	World Trade Organisation
GVA	Gross Value Added in Agriculture
GDP	Gross Domestic Product

KEY TO SYMBOLS AND ABBREVIATIONS

BE	Belgium	**ECU**	European Currency Unit
BG	Bulgaria	**EUR or €**	Euro (from 01.01.2002)
CZ	Czech Republic	**CZK**	Czech Crown
DK	Denmark	**DKK**	Danish Crown
DE	Germany	**EEK**	Estonian Crown
EE	Estonia	**LVL**	Latvian Lat
IE	Ireland	**LTL**	Lithuanian Litas
EL	Greece	**HUF**	Hungarian Forint
ES	Spain	**PLN**	Polish Zloty
FR	France	**SEK**	Swedish Crown
HR	Croatia	**GBP**	United Kingdom Pounds
IT	Italy	**b€ or bEUR**	Billion Euro (thousand million)
CY	Cyprus	**bECU**	Billion ECU (thousand million)
LV	Latvia	**m€ or MEUR**	Million Euro
LT	Lithuania	**mECU**	Million ECU
LU	Luxemburg	**UAA**	Utilised Agricultural Area
HU	Hungary	**ha**	hectare
MT	Malta	**('000 ha)**	Thousand hectares
NL	Netherlands	**Km^2**	Square Kilometers
AT	Austria	**('000)**	Thousands
PL	Poland	-	Nil
PT	Portugal	**0**	Less than half a unit
RO	Romania	**0,000**	Less than half the unit considered
SI	Slovenia	**:**	Not available
SK	Slovakia	**#**	Uncertain
FI	Finland	**p**	Provisional
SE	Sweden	*****	Estimate
UK	United Kingdom	**%**	Percentage

I

PROFILE OF COGECA

1. COGECA: A EUROPEAN ORGANISATION AT THE SERVICE OF NATIONAL COOPERATIVE ORGANISATIONS AND THEIR MEMBERS

When the Treaty of Rome was signed on 25 March 1957, it already contained the most important framework provisions establishing the Common Agricultural Policy (CAP).

The relationship between the Community authorities and the representatives of the agricultural sector was left open by the Treaty, but the European Commission expressed its desire for close cooperation at an early stage and invited representatives of the national agricultural organisations to attend the 1958 Stresa Conference as observers.

Farmers themselves were convinced of the importance of the Community for their sector, and on 6 September 1958, the first European representative farmers' organisation, Copa (Committee of Professional Agricultural Organisations), was created.

One year later, on 24 September 1959, the national agricultural cooperative organisations decided, in The Hague, to create their European umbrella organisation – Cogeca (General Committee for Agricultural Cooperation in the European Union) – that also includes fisheries Cooperatives.

When Cogeca was created it was made up of 6 members. Currently, seven enlargements (of the EU) later, it has 30 full member organisations and 1 affiliated member in today's Europe of 28 Member States. In addition to that, Cogeca has another 36 partner members (including 10 coming from Non EU Member States).

In line with the latest European Union enlargements of 2004, 2007 and 2014 Copa and Cogeca together are further reinforcing their position as Europe's strongest farming representative organisations. Copa and Cogeca have jointly welcomed, in total, 38 national farming and cooperative organisations from the newer Member States in total. Membership has thus risen to 70 organisations from all EU-28 MS.

Cogeca, now called "European agri-cooperatives", currently represents the general and specific interests of some 22.000 farmers' cooperatives throughout an enlarged Europe.

Since its creation, Cogeca has been recognized by the European Institutions as the main representative body and indeed the spokesman for the entire agricultural, forestry, fisheries and aquaculture cooperative sector.

2. COOPERATIVES JOINT ENTERPRISES OF FARMERS AS AN OPPORTUNITY FOR THE FUTURE

Cooperatives came about in difficult economic and social circumstances in the 19th century. Farmers where gradually discovering that through joining forces, they could improve their access to markets and jointly finance vital complementary activities, namely: procurement, research, processing, marketing, distribution and promotion. Agri-cooperatives constitute significant partners in the agri-food sector in all EU Member States .

Cooperatives have a double role, since they are simultaneously associations of individual people, as well as economic enterprises.

Cooperatives are the extension of the farming activity, as they enable farmers to increase their bargaining power, which is essential to reduce cost when supplying inputs and material. By joining forces and concentrating supply, farmers achieve economies of scale and valuable synergies to process and market the produce of members.

The activities of Cooperatives are founded on the principles of economic democracy, transparency and solidarity.

Agricultural Cooperatives play a vital role in the adjustment of the production of their members to the requirements of consumers and to improve their positioning in the marketplace.

Agricultural Cooperatives actively contribute to guarantee environmentally friendly quality products that are made available from the producer to the retailer.

Emanating from the “concern for the local community” cooperative principle, agricultural cooperatives are important rural development operators. Hence, they contribute actively to the economic viability in rural areas, including the less favoured regions. They are therefore an important source of direct and indirect employment and of economical growth, thus contributing to attain the goals of the EU 2020 Strategy.

Agricultural Cooperatives in the EU are an important socio-economic element in the economy and society at large: On average across all EU MS, agri-cooperatives are managing over 40 % of the farm supply activity and of the collection, processing and marketing of agricultural products.

3. DEFENDING THE FOOD AND BUSINESS ORIENTATION OF EUROPEAN AGRICULTURE

OBJECTIVES

Cogeca enables agri- and fisheries cooperatives to have their political interests represented at a European level. To this end, it has five central objectives:

- ◊ To represent the general and specific interests of European agri-cooperatives in discussions with EU institutions and other socio-economic organisations, contributing to policy-making,
- ◊ To promote contacts and cooperation between agri-cooperatives in EU countries,
- ◊ To undertake legal, economic, financial, social or other studies of concern to agricultural and fisheries cooperative enterprises,
- ◊ To seek solutions which are of common interest, and
- ◊ To maintain and develop relations with Copa and any other organisations working in the agricultural, economic or social fields at European and/or global level.

4. COGECA AS A LOBBY AND A PLATFORM FOR INTER-COOPERATIVE RELATIONSHIP

Cogeca participates in the shaping and further development of all Community policies impacting on cooperatives.

Cogeca also fosters cooperation between cooperatives at European level.

Cogeca Presidency Business *forum* on the Farm Supply Sector, 15th May 2014, Berlin, Germany: A Presidency Business Forum that adressed key policy issues and business strategies of European cooperatives in the farm supply sector with CEOs and leaders of relevant cooperatives.

From left to right: Christian Pèes, President of Cogeca, Eduardo Baamonde - Noche, Cogeca Presidency coordinator of Business fora and Director General of "Cooperativas Agro-Alimentarias", Prof. Harald Von Vitzke, Humbolt University, A. (Ton) Loman, CEO of Agrifirm (NL), Mr Manfred Nüssel, President of DRV, Giovanni Rizzo, President and COO of AGRITEAM (IT), Christophe Brasset, Deputy Managing Director of VIVESCIA (FR) and Prof. Klaus Josef LUTZ, CEO of BayWa (DE).

5. PROMOTING INNOVATION AS A KEY STRATEGY TO IMPROVE THE COMPETITIVENESS OF AGRI-COOPERATIVES

THE EUROPEAN AWARD FOR COOPERATIVE INNOVATION (EACI)

Cogeca, has launched this initiative – the "European Award for Cooperative Innovation" (EACI) for the first time in 2009, aiming to raise awareness and promote innovation in European agri-cooperatives.

Innovation, is the driver for differentiation strategies aiming to gain a higher share of the value added, that is created in the food value chain. Innovation can also be of crucial importance for cost reduction as well.

Presentation of the 2014 EACI

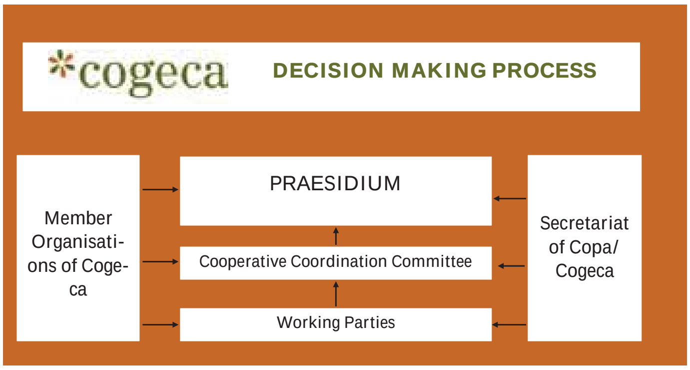
From left to right: Martin PÝCHA , Vice-President of Cogeca, Emilio SÁNCHEZ SERRANO, President of VALLE DEL JERTE, Pierre-Yves DYMARSKI, project manager of DIJON CÉRÉALES, Christian PÈES, President of Cogeca, Maria-Antonia FIGUEIREDO, Vice-President of Cogeca and Tomás FILLOLA VICENTE, CEO of COOPERATIVA GANADERA DE CASPE

Technological innovation (based on research and development), as well as non-technological innovation (new applications of existing technology) are equally important in order to confront the two main current challenges (sustainability and economic performance) and to improve both effectiveness and efficiency, in other words, "to produce more, with less".

6. DECISION MAKING PROCESS OF COGECA

PRAESIDIUM

The Praesidium consists of representatives of the full members of Cogeca and it is the highest decision-making body. It examines and settles all matters which are in the scope of Cogeca' s objectives. Positions of the Praesidium are taken jointly with Copa whenever they concern the agricultural sector as a whole.



PRESIDENCY

The Praesidium elects from among its members a President and four Vice-Presidents for a three-year term of office. The Presidency of Cogeca and Copa together form a Coordination Committee which tries to reach an agreement as far as the common activities and positions of Cogeca and Copa are concerned.

COOPERATIVE COORDINATION COMMITTEE

This group has the task of preparing the work of the Cogeca Praesidium. Its role is also to exchange information, to co-ordinate actions and to assure the follow-up of the decisions made by the Praesidium. It also co-ordinates with Copa the work of the joint Copa-Cogeca working parties.

WORKING PARTIES

Cogeca has some 46 Working Parties addressing either specific commodity sectors or general/ horizontal questions. Most of these Working Parties are constituted jointly with Copa, but Cogeca and Copa may also have separate Working Parties.

BIANNUAL CONGRESS

The purpose of the biannual conference, which consists of representatives delegated by the full members, the affiliated and associated members and the partner organisations, is to inform the participants and to exchange views on relevant policy areas. It may also make proposals on the general policy of Cogeca.

Congress of European Farmers 2008: "Visions for the future of agricultural policy in Europe", 30 September – 01 October 2008 at the European Parliament in Brussels. The Congress was organised by Copa-Cogeca. More than 800 participants from 31 European Countries as well as international guests and speakers took part in the event.

SECRETARIAT

Since 1962, the Secretariat has been operating jointly on behalf of Cogeca and Copa. It assures the smooth and efficient functioning of the two organisations and the implementation of decisions taken by the Praesidia of Cogeca and Copa. The Secretariat, made up of approximately 50 people from different nationalities, organizes some 300 meetings each year.

Founding and development

With each President serving initially a two-year, but lately changed to three year mandate the following people have served the organisation as Presidents: A. Hermes (DE), P. Martin (FR), A. Van Hulle (BE), A. Bettei (IT), C.R. Tybout (NL), R. Schubert (DE), J. Lequertier (FR), A. Van Hulle (BE), T.J. Maher (IE), M. Vetrone (IT), J. Arbuckle (UK), H. Nouyrit (FR), W. Croll (DE), M. Mioni (IT), E.W. Wilson (UK), W.R. Nagel (IE), J. Gaudinat (FR), J. Ewert (LU), O. Hakelius (SE), M. Campli (IT), M. Borgstrom (FI), E. Baamonde (ES), D. Cashman (IE), G.Van. Dijk (NL) and P. Bruni (IT).

The current Presidency (2013-2015) consists of President C. Pèes assisted by four vice-presidents M. Nüssel (DE), T. Magnusson (SE) , M.-A. Figueiredo (PT) and M. Pýcha (CZ). E. Baamonde (ES) has been appointed as coordinator of Presidency Business *fora*.

COGECA'S RELATIONSHIP WITH OTHER EUROPEAN AND INTERNATIONAL ORGANISATIONS

Cogeca is a member of "Cooperatives Europe", the European region of the International Cooperative Alliance - ICA created at its initiative in 1982, on the basis of a protocol of agreement and is officially recognised as spokesperson for all sectors of EU cooperatives.

At the same time Cogeca maintains close collaboration with representative organisations of cooperatives in other sectors such Cooperative Banking (EACB– European Association of Cooperative Banks and retailing (Eurocoop– European Community of Consumer Cooperatives).

II

COOPERATIVE STATISTICAL INDICATORS

1. EU AGRICULTURAL STATISTICS

1.1. MAIN AGRICULTURAL STATISTICS IN THE EU

	Total area (Km²)	**Popula-tion** ('000 in-habitants)	**UAA** ('000 ha)	**UAA per hold-ing** (ha)	**Em-ployment in agri-culture** (%)	**GVA/ GDP** (%)	**Output of the agricultural industry** (m€)
Belgique/ België	30 528	11 095	1 358	8.2	1.3	0.6	8 545
'Bulgaria	111 001	7 327	4 476	1.6	18.9	4.2	4 424
Česká republika	78 866	10 505	3 484	3.0	3.3	0.9	4 866
Danmark	43 098	5 581	2 647	2.1	2.4	1.5	11 873
Deutschland	357 127	81 844	16 704	4.9	1.6	0.6	54 578
Eesti	45 227	1 334	941	1.4	4.7	2.1	898
Éire/Ireland	70 285	4 583	4 991	0.9	4.7	1.1	7 049
Elláda	131 982	11 123	5 178	2.1	12.2	2.8	10 752
España	505 365	46 818	23 753	2.0	4.2	2.1	42 191
France	551 695	65 800	27 837	2.3	2.8	1.6	77 353
Italia	301 323	60 821	12 856	4.7	3.8	1.6	48 632
Hrvatska	56 590	4 276	1 331	3.0	:	2.7	2 780
Kýpros	9 250	862	118	7.3	3.6	1.9	720
Latvija	64 559	2 045	1 796	1.1	7.9	1.4	1 323
Lietuva	65 300	3 004	2 743	1.1	8.8	3.5	2 973
Luxembourg	2 586	525	131	4.0	1.1	0.3	397
Magyarország	93 034	9 932	4 686	2.1	7.4	2.7	7 514
Malta	316	418	11	36.5	3.2	0.8	128
Nederland	37 355	16 730	1 872	8.9	2.5	1.4	26 268
Österreich	83 870	8 408	2 878	2.9	4.5	1.0	7 245
Polska	312 680	38 538	14 447	2.7	12.6	2.4	23 198
Portugal	91 909	10 542	3 668	2.9	11.0	1.3	6 466
România	238 391	20 096	13 306	1.5	30.6	4.7	14 410
Slovenija	20 270	2 055	483	4.3	8.3	1.1	1 149
Slovensko	49 036	5 404	1 896	2.9	3.1	0.8	2 397
Suomi/ Finland	338 420	5 401	2 291	2.4	4.6	0.9	5 032
Sverige	447 420	9 483	3 066	3.1	2.1	0.5	6 429
United Kingdom	244 101	63 495	16 882	3.8	1.2	0.5	29 257
TOTAL	**4 380 987**	**509 585**	**177 842**	-	-	-	**410 858**

2. GENERAL DATA ON AGRI-COOPERATIVES IN THE EU

2.1. MAIN AGRI-COOPERATIVE DATA IN THE EU

EU Member State	Total number of Cooperatives	Total number of Members [1]	Turnover (m€)
Belgium	301	:	3 257
Bulgaria	900	:	:
Czech Republic	548	524	1 327
Denmark	28	45 710	25 009
Germany	2 400	1 440 600	67 502
Estonia	21	2 036	512
Ireland	75	201 684	14 149
Greece	550	:	711
Spain	3 844	1 179 323	25 696
France	2400	858 000	84 350
Croatia	613	10 734	167
Italy	5 834	863 323	34 362
Cyprus	14	24 917	62
Latvia	49	:	1 111
Lithuania	402	12 900	714
Luxembourg	55	:	:
Hungary	1 116	31 544	1 058
Malta	18	1 815	204
Netherlands[1]	215	140 000	32 000
Austria	217	306 300	8 475
Poland	136	:	15 311
Portugal	735	:	2 437
Romania	68	:	204
Slovenia	368	16 539	705
Slovakia	597	:	1 151
Finland	35	170 776	13 225
Sweden	30	160 350	7 438
United Kingdom	200	138 021	6 207
Total	**21 769**	**6 172 746**	**347 342**

[1] multiple membership

3. EVOLUTION OF TOP 100 EU AGRI-COOPERATIVES 2011 -2013

3.1. EVOLUTION OF TOP 100 EU AGRI-COOPERATIVES 2011 -2013

(by turnover in m€)

Rank-ing (2013)	Cooperative	Country	Sector	2011	2012	2013
1	Bay Wa	DE	Farm supply	9 586	10 531	15 957
2	FrieslandCampina	NL	Dairy	9 626	10 309	11 418
3	Arla Foods	DK	Dairy	7 384	8 450	9 887
4	DLG	DK	Farm supply	5 494	6 510	7 939
5	Danish Crown	DK	Meat	6 954	6 940	7 844
6	Agravis	DE	Farm supply	6 468	7 108	7 504
7	Vion Food[1]	NL	Meat	8 870	9 620	7 033
8	InVivo	FR	Farm supply	6 083	5 669	6 138
9	Kerry Group[2]	IE	Dairy	4 700	5 848	5 836
10	DMK	DE	Dairy	4 575	4 438	5 310
11	Metsä Goup	FI	Forestry	5 346	5 001	4 932
12	Tereos	FR	Arable (Sugar)	4 409	5 037	4 697[3]
13	Terrena	FR	Multi-purpose	3 871	4 478	4 667
14	Sodiaal	FR	Dairy	4 021	4 421	4 616
15	FloraHolland	NL	Horticulture	4 130	4 281	4 350
16	VIVESCIA	FR	Cereals Supply	3 483	3 983	4 209
17	Agrial	FR	Multi-purpose	2 261	2 715	3 901
18	Lantmännen	SE	Multi-purpose	4 244	4 302	3 750
19	Axéréal	FR	Farm supply	3 375	3 400	3 707
20	Danish Agro	DK	Farm supply	2 130	2 263	3 400
21	Glanbia[4]	IE	Dairy	2 735	3 038	3 282 [5]
22	Agricola tre valli	IT	Meat	3 056	:	3 135
23	Agrana	AT	Sugar, Starch, Fruit	2 576	3 065	3 042
24	RWZ Rhein Main, Köln	DE	Farm supply	1 910	2 298	2 683
25	RWA	AT	Farm supply	2 513	2 696	2 657

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

[2] PLC legal form, but (partly) farmer owned and controlled, controlling cooperatives are member to ICOS

[3] Financial report 31/03/2014

[4] Same as for Kerry

[5] revised on the basis of 2013 report

Rank-ing (2013)	Cooperative	Country	Sector	2011	2012	2013
26	ForFarmers	NL	Farm supply	5 224	6 620	2 625
27	Agrifirm	NL	Farm supply	2 272	2 436	2 532
28	Westfleisch	DE	Meat	2 207	2 475	2 507
29	HKScan	FI	Meat	2 491	2 546	2 478
30	Triskalia	FR	Multi-purpose	2 200	2 200	2 200
31	Cosun	NL	Arable (Sugar)	1 776	1 945	2 166
32	Irish Dairy Board	IE	Dairy	1 905	1 977	2 100
33	Cooperl Arc Atlan-tique	FR	Meat	1 700	1 952	2 100
34	Even	FR	Dairy	1 800	1 958	2 060
35	Landgard	DE	Horticulture	2 024	2 033	2 035
36	Valio	FI	Dairy	1 929	1 999	2029
37	Cristal Union	FR	Arable (Sugar)	1 100	1 700	1 957
38	Limagrain	FR	Arable	1 555	1 784	1 938
39	Cecab	FR	Multi-purpose	1 300	2 044	1 910
40	Södra	SE	Forestry	2 037	1 971	1 900
41	Kopenhagen Für	DK	Other (Fur)	954	1 070	1 799
42	Euralis	FR	Multi-purpose	1 326	1 321	1 544
43	Hochwald	DE	Dairy	1 257	1 253	1 497
44	Maïsadour	FR	Multi-purpose	1 206	1 230	1 491
45	ZG Raiffeisen, Karlsruhe	DE	Farm supply	1 317	1 595	1 474
46	Atria	FI	Meat	1 302	1 343	1 411
47	Maîtres Laitiers du Cotentin	FR	Dairy	1 305	:	1 400
48	Gesco Consorzio Cooperativo	IT	Supply	:	1 290	1 352
49	ADVITAM	FR	Multi-purpose	723	1 189	1 349
50	Coforta (The Greenery)	NL	Horticulture	1 843	1 397	1 293

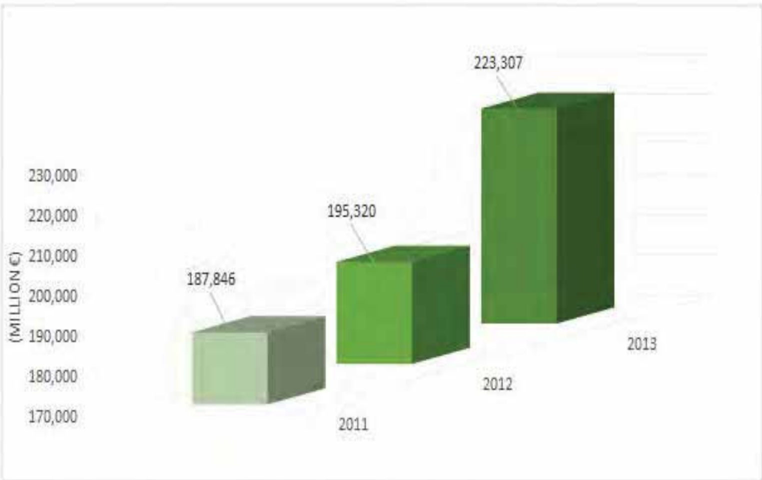
Rank-ing (2013)	Cooperative	Country	Sector	2011	2012	2013
51	Bayernland	DE	Dairy	1 146	:	1 210
52	AVEBE	BE	Farm supply	1 010	1 200	1 200
53	RWZ Kurhessen-Thüringer, Kassel	DE	Farm supply	913	1 090	1 137
54	Lur Berri	FR	Multi-purpose	610	1 128	1 125
55	Lactogal	PT	Dairy	657	:	1 000
56	Milcobel	BE	Dairy	820	885	985
57	Coren	ES	Meat	1005	:	982
58	Conserve Italia	IT	Horticulture	1009	1 033	980
59	Granarolo	IT	Dairy	884	956	941
60	Berglandmilch	AT	Dairy	770	832	900
61	Eurial	FR	Dairy	625	810	900
62	Dairygold	IE	Dairy	694	731	847
63	CAP Seine	FR	Cereals Supply	698	716	839
64	Mlekovita	PL	Dairy	610	:	829
65	3A	FR	Dairy	709	:	800
66	Mlekpol	PL	Dairy	636	:	800
67	SCAEL	FR	Cereals/ Supply	:	:	798
68	CAVAC	FR	Cereals Supply	:	:	798
69	Arterris	FR	Cereals Supply	594	678	778
70	Ammerland	DE	Dairy	584	585	750
71	First Milk	UK	Dairy	652	680	741
72	Apo Conerpo	IT	Horticulture	696	702	723
73	TERRA LACTA (GLAC)	FR	Dairy	620	746	705
74	Terres du sud	FR	Multi-purpose	553	616	685
75	Fane Valley	UK	Multi-purpose	431	469	681

Ranking (2013)	Cooperative	Country	Sector	2011	2012	2013
76	Capsa	ES	Dairy	738	738	677
77	Grandi Salumifici Italiani	IT	Meat	605	652	675
78	Grupo AN	ES	Multi-purpose	528	665	665 [6]
79	Le Gouessant	FR	Multi-purpose	588	638	643
80	Omira	DE	Dairy	582	627	637
81	Tican	DK	Meat	588	628	628 [7]
82	DOC Kaas	NL	Dairy	448	455	624
83	EMC2	FR	Cereals Supply	491	474	602
84	AVEBE	NL	Cereals Supply	565	595	591
85	Bayerische Milchindustrie	DE	Dairy	:	:	581
86	DCOOP (Hojiblanca)	ES	Olive-oil&Olives	453	541	564
87	Virgilio	IT	Dairy	507	:	554
88	Consorzio latterie	IT	Dairy	:	:	554
89	CHARANTES AL-LIANCE	FR	Cereals Supply	:	:	538
90	United Dairy Farmers	UK	Dairy	455	512	533
91	ACOLYANCE	FR	Cereals Supply	:	:	525
92	Noriap	FR	Cereals Supply	455	499	518
93	VIVADOUR	FR	Cereals Supply	:	:	514
94	Anecoop	ES	Horticulture	506	508	508 [8]
95	AVELTIS	FR	Meat	:	:	507
96	Unipeg	IT	Meat	437	:	488
97	DIJON CEREALES	FR	Cereals Supply	421	455	488
98	VZ Südwest GmbH	DE	Meat	:	:	479
99	Raiffeisen Viehvermarktung GmbH	DE	Meat	:	:	454
100	Goldsteig Käsereien	DE	Dairy	:	:	435
TOTAL				**187 846**	**195 573**	**223 358**

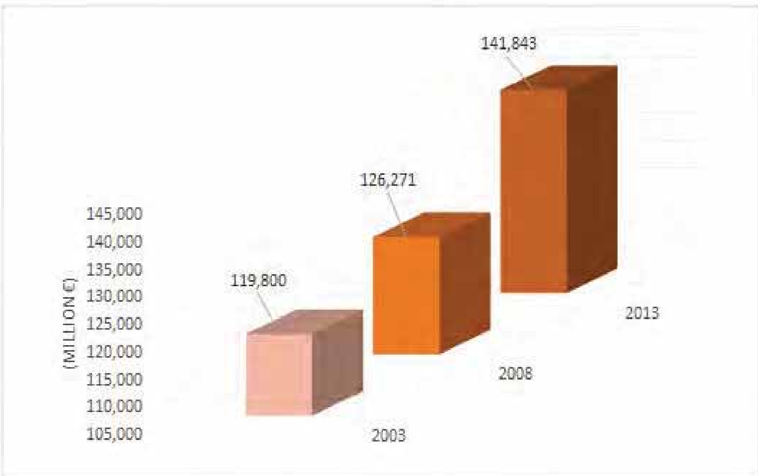
[6] Turnover 2012
[7] Turnover 2012
[8] Turnover 2012

4. EVOLUATION OF TOP 100 AND TOP 25 EU AGRI-COOPERATIVES 2011-2013

4.1. EVOLUTION OF TOP 100 EU AGRI-COOPERATIVES (by total turnover 2003 – 2013)



4.2. EVOLUTION OF TOP 25 EU AGRI-COOPERATIVES (by total turnover 2003 – 2013)



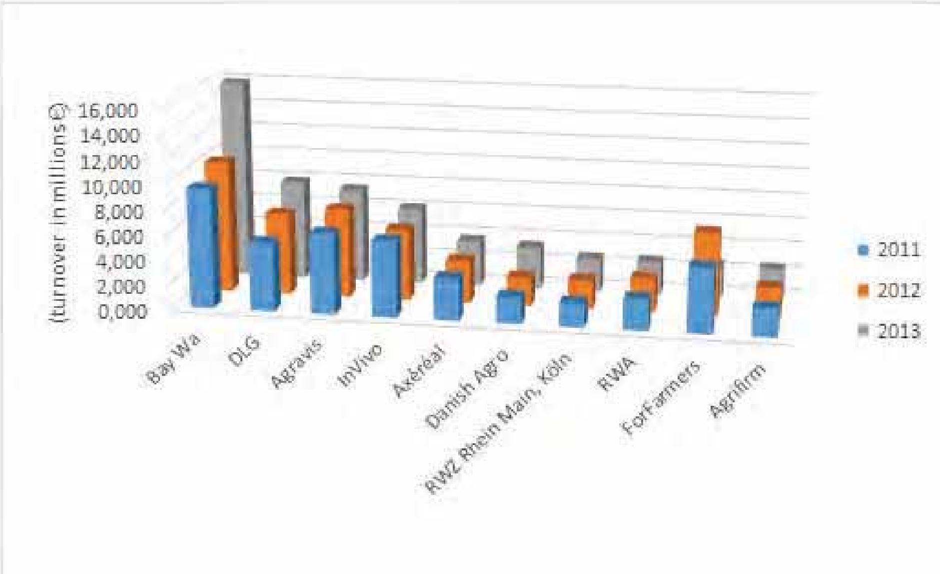
5. TOP COOPERATIVES IN THE EU, IN 2013, PER SECTOR OF ACTIVITY

5.1. EU TOP 10 FARM SUPPLY COOPERATIVES BY TURNOVER (m€)

5.1.1. EU top 10 farm supply cooperatives (by turnover in m€)

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

5.1.2. EU top 10 farm supply cooperatives (by turnover in m€)

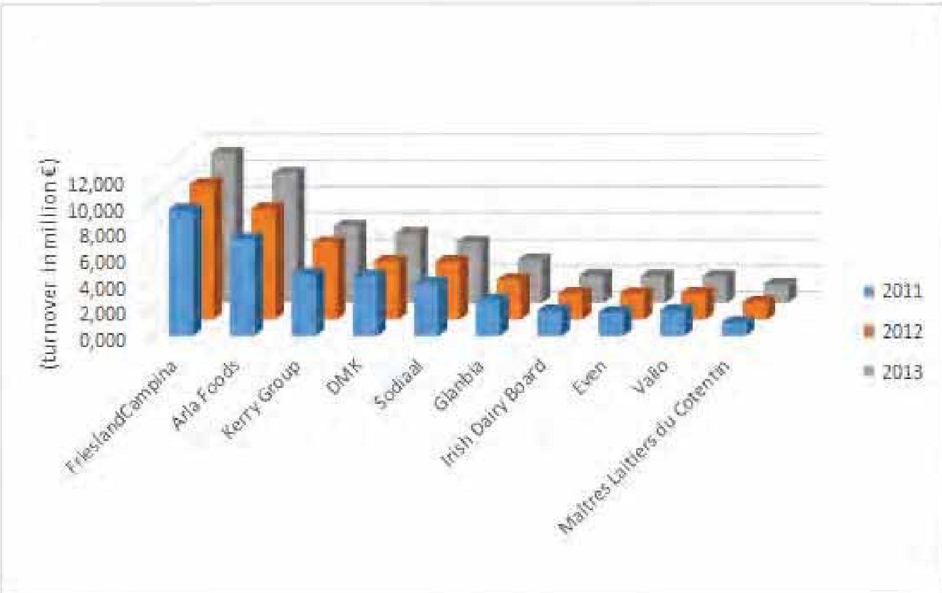


5.2. EU TOP 10 DAIRY COOPERATIVES BY TURNOVER (m€)

5.2.1. EU top 10 dairy cooperatives (by turnover in m€)

N°	Cooperative	Country	2011	2012	2013
1	FrieslandCampina	NL	9 626	10 309	11 418
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	Irish Dairy Board	IE	1 905	1 977	2 100
8	Even	FR	1 800	1 958	2 060
9	Valio	FI	1 929	1 999	2 029
10	Maîtres Laitiers du Cotentin	FR	1 028	1 305	1 400

5.2.2. EU top 10 dairy cooperatives (by turnover in m€)



5.3. EU TOP 10 MEAT COOPERATIVES BY TURNOVER (m€)

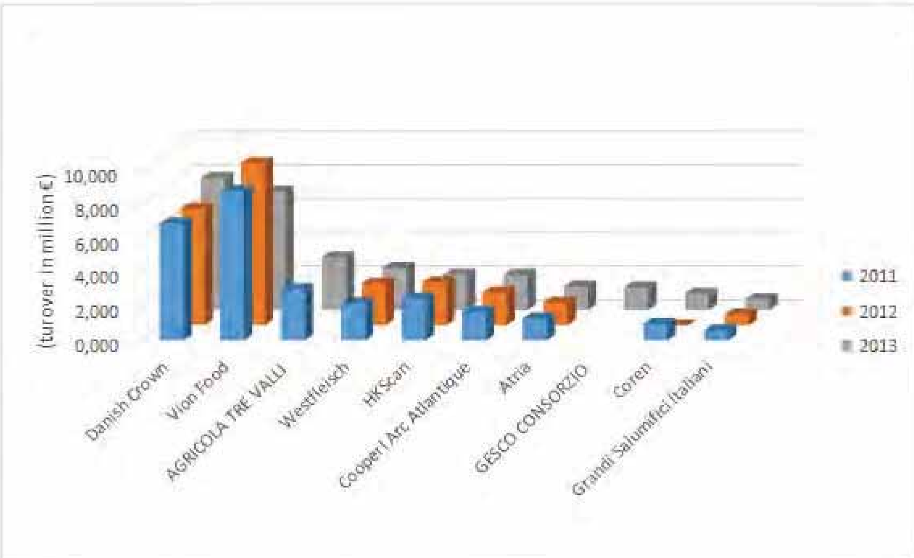
5.3.1. EU top 10 meat cooperatives (by turnover in m€)

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

5.3.2. EU top 10 meat cooperatives (by turnover in m€)

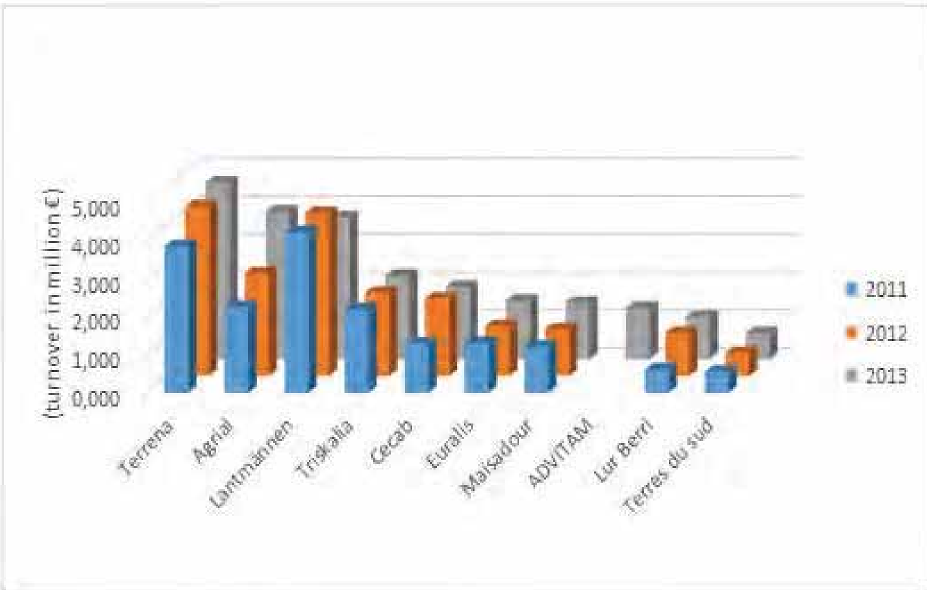


5.4. EU TOP 10 MULTIPURPOSE COOPERATIVES BY TURNOVER (m€)

5.4.1. EU top 10 multipurpose cooperatives (by turnover in m€)

N°	Cooperative	Country	2011	2012	2013
1	Terrena	FR	3 871	4 478	4 667
2	Agrial	FR	2 261	2 715	3 901
3	Lantmännen	SE	4 244	4 302	3 750
4	Triskalia	FR	2 200	2 200	2 200
5	Cecab	FR	1 300	2 044	1 910
6	Euralis	FR	1 326	1 321	1 544
7	Maïsadour	FR	1 206	1 230	1 491
8	ADVITAM	FR	:	:	1 349
9	Lur Berri	FR	610	1 128	1 125
10	Terres du sud	FR	553	616	685

5.4.2. EU top 10 multipurpose cooperatives (by turnover in m€)

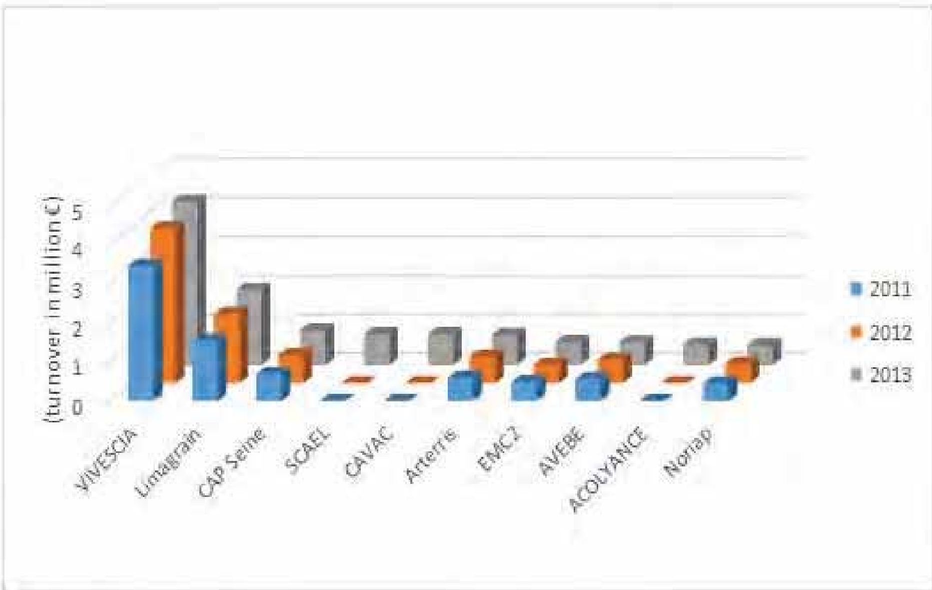


5.5. EU TOP 10 CEREALS SUPPLY COOPERATIVES BY TURNOVER (m€)

5.5.1. EU top 10 cereals supply cooperatives (by turnover in m€)

N°	Cooperative	Country	2011	2012	2013
1	VIVESCIA	FR	3 483	3 983	4 209
2	Limagrain	FR	1 555	1 784	1 938
3	CAP Seine	FR	698	716	9
4	SCAEL	FR	:	:	798
5	CAVAC	FR	:	:	798
6	Arterris	FR	594	678	778
7	EMC2	FR	491	474	602
8	AVEBE	NL	565	595	591
9	ACOLYANCE	FR	:	:	525
10	Noriap	FR	455	499	518

5.5.2. EU top 10 cereals supply cooperatives (by turnover in m€)

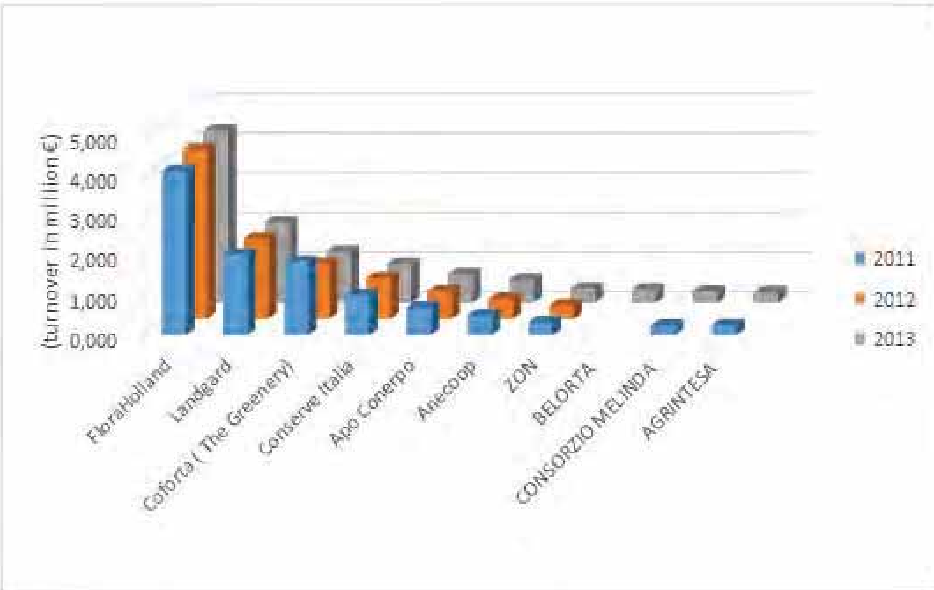


5.6. EU TOP HORTICULTURE COOPERATIVES BY TURNOVER (m€)

5.6.1. EU top 10 horticulture cooperatives (by turnover in m€)

N°	Cooperative	Country	2011	2012	2013
1	FloraHolland	NL	4 130	4 281	4 350
2	Landgard	DE	2 024	2 033	2 035
3	Coforta (The Greenery)	NL	1 843	1 397	1 293
4	Conserve Italia	IT	1 009	1 033	980
5	Apo Conerpo	IT	696	702	723
6	Anecoop	ES	506	508	593
7	ZON fruit & vegetables	NL	326	353	362
8	BELORTA	BE	:	:	350
9	CONSORZIO MELINDA	IT	244	:	286
10	AGRINTESA	IT	250	:	274

5.6.2. EU top 10 horticulture cooperatives (by turnover in m€)

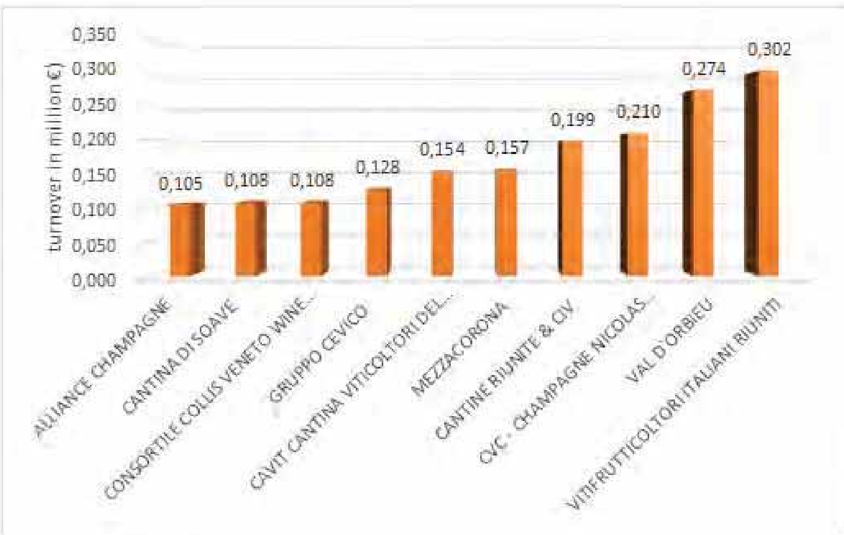


5.7. EU TOP 10 WINE COOPERATIVES BY TURNOVER (m€)

5.7.1. EU top 10 wine cooperatives (by turnover in m€)

N°	Cooperative	Country	2013
1	Cooperative Agricole Vitifrutticoltori Italiani Riuniti Organizzati	IT	302
2	Val D' Orbieu	FR	274
3	CVC - Champagne Nicolas Feuillatte	FR	210
4	Cantine Riunite & Civ - SCA[2]	IT	199
5	Mezzacorona Societa' Cooperativa Agricola	IT	157
6	Cavit Cantina Viticoltori Consorzio Cantine Sociali Del Trentino	IT	154
7	Gruppo Cevico - Centro Vinicolo Cooperativo Romagnolo	IT	128
8	SCA[1] Consortile Collis Veneto Wine Group	IT	108
9	Cantina Sociale Cooperativa Di Soave	IT	108
10	Alliance Champagne	FR	105

[1, 2] Societa' Cooperativa Agricola

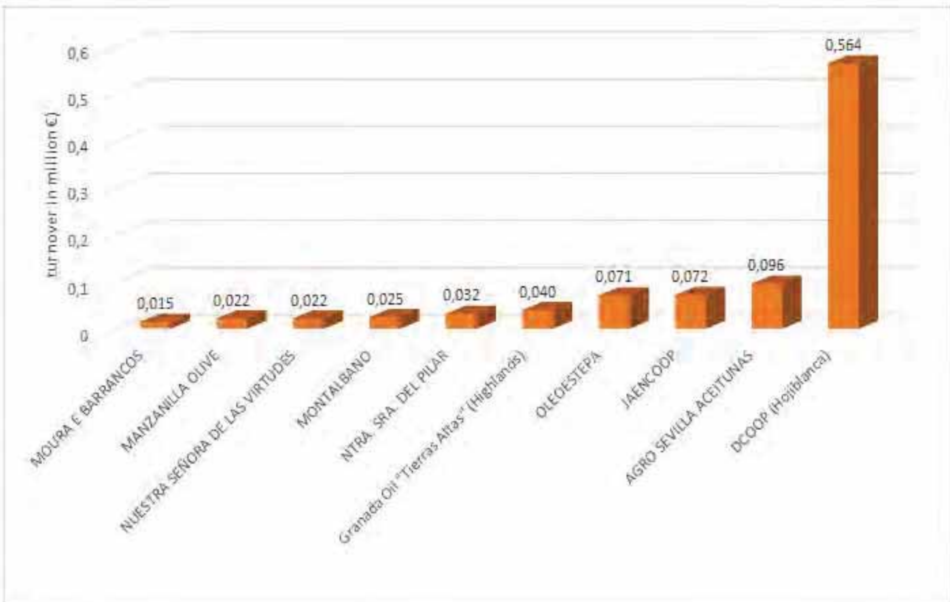


5.8. EU TOP 10 OLIVE OIL & OLIVE COOPERATIVES BY TURNOVER (m€)

5.8.1. EU top 10 olive oil & olive cooperatives (by turnover in m€)

N°	Cooperative	Country	2013
1	Dcoop (Hojiblanca)	ES	564
2	Agro Sevilla Aceitunas	ES	96
3	Jaencoop	ES	72
4	Oleoestepa	ES	71
5	Granada Oil "Tierras Altas" (Highlands)	ES	40
6	Ntra. Sra. Del Pilar	ES	32
7	Montalbano	IT	25
8	Manzanilla Olive	ES	22
9	Nuestra Señora De Las Virtudes	ES	22
10	Moura E Barrancos – Cooperativa Agrícola, Crl	PT	15

5.8.2. EU top 10 olive oil & olive cooperatives (by turnover in m€)



III

THE LEGAL FRAMEWORK FOR COOPERATIVES

1. THE NATIONAL SPECIFICITIES OF THE COOPERATIVE LEGISLATION FRAMEWORK

Most of the national legislative frameworks on cooperatives, across the EU MSs, draw their references to a special branch of civil law (namely the respective commercial law) and in the majority of the cases, there is a “specific cooperative legislation”. Only in few cases targeted pieces of legislation are addressed to agricultural cooperatives.

In many MSs the legal forms for cooperatives are: Cooperative society with limited liability, or Cooperative society with unlimited liability, or Economic interest grouping/ joint-stock company.

As for the minimum requirements on membership, it should be noted that a specific minimum number of members, is not always requested by law. Nevertheless, whenever this is indeed specifically foreseen in the respective legislation, it could be varying among 1 and 3 members. In general, (in few cases even a minimum of 5 is indicated such as in Portugal, or can be up to 10 in Greece, 8 in Estonia or 9 in Italy).

Regarding the requirement for a minimum level of capital, we can conclude that it (a minimum initial capital or a minimum share) is not often foreseen (unless stipulated in the statutes). In certain MSs however, the average minimum capital is less than 1.000 euro (with exceptions such as Belgium, Latvia, Portugal).

In some MSs, cooperative laws give flexibility to the internal governance structure, to the financial structure as well as the type of activities the cooperative can take up (e.g. The Netherlands).

In very few cases, legislation includes provisions for the establishment/functioning of groups (associations or unions) of cooperatives.

2. GOVERNANCE

In the majority of MSs, the legislation doesn’t prescribe a standard principle for the governance of cooperatives, although in most cases the majority of them apply the principle of “one member one vote”.

The two tier system is the most widespread as well as, making use of an elected management board with a president and a director (in some 80% of the Member States).

Two decision-making bodies are generally foreseen (by law and more often by the statutes) to manage governance issues: the Board of Directors (BoD) and the General Assembly (GA).

Sometimes an additional board of supervisors is foreseen (for the finance). In many cases there are executive or audit committees as well.

In other cases where the cooperative doesn’t have an independent auditor, there has to be a business inspector (e.g. Finland). In a few cases, when a cooperative does not have more than 20 members, it is not required to have an advisory board (e.g. Germany).

3. IMPACT ON GOVERNANCE STRUCTURES DUE TO PARTICIPATION OF EXTERNAL FINANCE (NON-MEMBERSHIP)

In some MSs cooperative legislation, may allow non-cooperative associates, to contribute to the equity capital.

In general, these associates have no voting rights (e.g. in Finland) but in some cases they may vote in the general assembly and can also participate in the management board (e.g. France).

In the majority of MSs, representatives of external investors, have only observer's rights, such as the right to express their opinion in the assembly, but not to vote (e.g. Croatia).

In some other cases (for instance in Germany), it is possible to be an investor member, providing capital only without transactions and without involvement in the executive board or in the supervisory board and with limited voting rights.

There is also the case (e.g. Czech Republic) where there is no participation of external finance (no control/ voting rights, no representation to the board).

4. ADAPTATIONS OF THE NATIONAL TAXATION SYSTEM TO THE SPECIFICITIES OF AGRICULTURAL COOPERATIVES

In the majority of the cases, EU cooperatives are subject to the general tax system, without any exceptions or special rules, according to the general tax system (i.e. in Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Latvia and Romania).

Few exceptions are foreseen (Belgium for accredited cooperatives; in France special tax arrangements mainly apply to three taxes: corporate tax, regional levies and property tax; Greek cooperatives are exempted from several articles of the corporate tax law; in Italy the taxation system is adapted to cooperatives – and to agri-cooperatives in particular – since, first and foremost, they are subject to the general rules and ordinary taxation that any other business is subject to; in The Netherlands, the law facilitates a reduction of taxable profits, earned as a result of the economic transactions between natural persons/members and the cooperative; in Portugal, there is an article in the by-law on tax benefits, specific to cooperatives; in Spain, cooperatives have a distinct tax regime, in particular with regard to corporate tax (this is complementary to corporate legislation).

There are few cases of specific exemptions for agricultural cooperatives. For instance in Germany, for cooperatives whose business operations are limited to particular listed cases; in Portugal specific exemptions for agricultural cooperatives are foreseen by law.

5. THE IMPACT OF IFRS[1] TO COOPERATIVES

IFRS are applied by cooperatives in few MSs.

In Finland, IFRS applies but only by hybrid cooperatives (Atria, HKScan), in France only by cooperatives with listed subsidiaries, in Italy, Portugal, Sweden, it applies totally.

In Spain, there is a relevant implementation of the provisions of the International Accounting Standards Board[2].

---

[1] International Financial Reporting Standards

[2] IASB – institution publishing the IFRS that were later adopted by the EU through IAS32, which prompted a review of the criteria under the previous EHA Order, defining equity and debt according to the law 27/1999 on cooperatives, and thus their balance sheet as well.

6. ANNEXES

A. THE LEGISLATIVE FRAMEWORK FOR COOPERATIVES (I)

Country	National cooperative law	Legal framework
BE	Cooperative society with limited liability (Law of July, 20 1991); Cooperative society with unlimited liability (Law of May, 7 1999); Economic interest grouping ('Economisch Samenwerkingsverband' / 'Groupement d'intérêt économique') (Law of July, 17 1989)	Minimum number of members: 3 for cooperative society with limited or unlimited liability ; For economic interest groupings: no min. number required. Minimum capital: cooperative societies with limited liability: €18.550; Cooperative societies with unlimited liability and for economic interest groupings: not required.
BG	National cooperative law	No mandatory requirements
CZ	90/2012: Law on commercial companies and cooperatives (Business Corporations Act)	Minimum number of members: 3 No other mandatory requirements
DK	None	No mandatory requirements
DE	Law on Cooperatives (Genossenschaftsgesetz (GenG)).	Minimum number of members: 3 No other mandatory requirements
EE	The Law of Commercial Association Feb 1st, 2002	The legal form of a cooperative is commercial association (most frequently private limited company). Minimum number of members: 5. Minimum capital 2556 EUR.
IE	Industrial and Provident Societies Acts (1893-2005), which apply mainly to cooperative societies.	Minimum number of members: 8; One ordinary, one euro share
EL	Law 4015/2011 effective as modified, Law 2810/2000 effective as modified.	Minimum number of members: 10; minimum capital 10.000 EUR
ES	Law 27/1999 of 16th July on Cooperatives; Cooperative legislation in Spain falls under the jurisdiction of civil law, not commercial law Its basis is Article 129.2 of the current Spanish Constitution	If the Cooperative is a first-degree cooperative, it must have 3 members (Article 8, Law 27/1999). If the Cooperative is a second-degree cooperative, it must have 2 cooperatives (Articles 8 and 77, Law 27/1999). No minimum capital required.
FR	Law of 10th September 1947 on the status of cooperatives; book V, heading II of the rural and maritime fishing code	Minimum number of members: 7. No set minimum capital, but there is a membership share (minimum €1.50).
HR	Law of cooperatives (NN 34/11, 125/13; 76/14)	Minimum number of members 7; Minimum capital 1000 kunas (130 euro)

Country	National cooperative law	Legal framework
IT	Italian Civil Code	Minimum number of members 9- cooperative can be founded by three members, if they are natural persons. No other mandatory provisions.
CY	Cooperative Societies Law (1985- 2003)	No mandatory provisions
LV	None	Minimum capital 2000 Ls (approx. 2845 €). No other mandatory provisions.
LT	Law on Cooperative Companies	Minimum number of members: 5.
LU	None	None
HU	Law X/2006 on Cooperatives (General C-o-operative Act)- November 2011; the Law CXLI on the agricultural cooperative business shares (2000).	None
MT	Cooperatives Societies Act XXX of 2001.	Minimum number of members: 5, capital 100,000 EUR
NL	National cooperative law	None
AT	Commercial Code (Unternehmensgesetzbuch (UGB) ; Law on Cooperatives (Genossenschaftsgesetz (GenG); Cooperative Auditing Law (Genossenschaftsrevisionsgesetz (GenRevG).	No expressed provisions required by law
PL	Act from 15th September 2000a Commercial Companies Law	Minimum number of members: at least 10 people or 3 legal entities, for agricultural production cooperatives at least 5 people. Minimum capital: At least one share, its value defined by the general assembly
PT	Cooperative Code (Law No 51/96, of 7th September); Decree-Law No 335/99, of 20th August; Commercial Companies Code - Decree-Law No 262/86, of 2nd September.	Minimum number of members: 5. Minimum capital 5,000.00 EUR
RO	Law no. 566/2004 on agricultural cooperatives	Minimum of members : 5, Capital—1st degree cooperatives 114 EUR, 2nd degree cooperatives 2.275 EUR
SI	Cooperatives (2nd Consolidated version, Official Journal of RS, No. 97/2009)	Minimum number of members: 3. No other mandatory provisions.
SK	None	Minimum number of members: 5 (but if there are at least 2 legal entities the minimum of 5 is not necessary). Minimum capital 1250 EUR
FI	Cooperatives Act. January 1st 2014	Minimum number of members: 1. Not minimum capital required.
SE	Swedish cooperative law.	Minimum 3 Members. Minimum 1 SEK of capital
UK	None	No mandatory provisions

B. THE LEGISLATIVE FRAMEWORK FOR COOPERATIVES (II)

Country	Governance (Proportionality)	Governance (Board structure)
BE	"one member one vote" is not mandatory but in principle followed by the 66% of existing cooperatives.	Two tier system generally: Board of Directors (BoD), the General Assembly (GA), sometimes an additional board of supervisors is installed.
BG	None	None
CZ	The rule of "one-man one-vote" is respected.	The two tier system is permitted.
DK	The rule of "one-man one-vote" is generally respected.	Variable
DE	Both one-man one-vote or proportional representation are possible and must be laid down in the statutes by the members.	In principle, the cooperative must have a board and a supervisory board;
EE	"one man-one vote"	The Board of Directors (BoD) is the main decision-making body of the cooperative.
IE	No expressed provisions required by law	No expressed provisions required by law
EL	"one man-one vote"[1]	Three mandatory bodies are required the general assembly, the board of directors and the supervising board.
ES	"one man-one vote"	Two tier system, composed by General assembly and the board.
FR	"one man-one vote"	The most widespread system comprises an elected management board with a president and a director.
HR	"one man-one vote"	Two tier system: cooperative bodies are: assembly, supervisory board, manager.
IT	"one man-one vote"	3 different systems are allowed (traditional, one tier or two tier system)
CY	"one man-one vote"	Two mandatory bodies: (a) The Annual General Assembly of all members and (b) the executive Committee elected among members
LV	"one man-one vote"	At the moment, cooperatives are mostly working according to the regulations of the Cooperative Societies Law.

[1]While it refers explicitly to the cooperative principle of one member-one vote, it permits proportional voting according to patronage if a cooperative's bylaws permit it. Furthermore, in case proportional voting is chosen, the law sets a maximum of three votes per member. The law, however, does not permit non-member voting in the cooperative.

Country	Governance (Proportionality)	Governance (Board structure)
LT	“one man-one vote”	The bodies foreseen are: meeting of members, the board and the head of the administration.
LU	None	None
HU	None	None
MT	None	None
NL	None	Two tier system with a General assembly and a Board of Directors.
AT	“one man-one vote” if no other provisions exist in the statutes	Once a specific size is reached, a supervisory board becomes mandatory and thus a dual system becomes mandatory. In cooperatives that have fewer than 40 permanent employees, the statutes can stipulate that there be a supervisory board.
PL	“one man-one vote”	None
PT	“one man-one vote”	"Classic" system: general assembly/ management (administration)/supervisory board – Cooperative Code
RO	“one man-one vote”	Two tier system: the General Assembly and the Administrative Board.
SI	“one man-one vote”	One tier system with a General Assembly
SK	Distribution of votes among members is fully proportional and depends on the amount of membership contribution.	3 mandatory bodies: general assembly (assembly of all members); board of directors (if a coop is small, it means it has less than 50 members; the Statutes can stipulate that there will be only one director); control committee
FI	One-man one-vote and proportional representation are both possible	One or two tier system are both possible, at least one tier (board) is mandatory.
SE	Both one-man one-vote or proportional representation.	One tier system.
UK	“one man-one vote”	None

C. THE LEGISLATIVE FRAMEWORK FOR COOPERATIVES (III)

Country	Taxation	Accounting Standards
BE	The general law for enterprises applies	None
BG	None	None
CZ	Agricultural cooperatives are subject to the general taxation provisions, without any specific exemptions for agricultural cooperatives	None
DK	Cooperatives are taxed today after several provisions in the Corporation Tax Act	Some cooperatives apply IFRS
DE	The same income tax laws apply, as with all legal persons, as does as the Corporation Tax Act (Körperschaftssteuer), and the Trade Tax Act (Gewerbesteuer)	None
EE	None	None
IE	None	None
EL	The surpluses of the fiscal year of Agricultural Cooperatives, which are distributed to its members, are taxed only at member level.	None
ES	In Spain, cooperatives have a distinct tax regime, in particular with regard to corporate tax (law 20/1990, of 19th December, on cooperative tax regimes)	None
FR	In principle agricultural cooperatives are subject to general taxation provisions	Only cooperatives with listed subsidiaries are obliged to apply IFRS
HR	The agricultural cooperatives are subject to the general taxation provisions	IFRS is applied by cooperatives in Croatia
IT	Several provisions referred to cooperatives taxation	Italian cooperatives apply IFRS
CY	None	None
LV	None	None
LT	None	None
LU	None	None
HU	None	None

Country	Taxation	Accounting Standards
MT	None	None
NL	There is a specific tax facility in article 9 of the Corporate Income Tax 1969	None
AT	Austrian cooperatives are subjected to the general tax system. There are no exceptions or special rules	IFRS standards apply only to the biggest companies, because of provisions concerning capital market law
PL	None	None
PT	Agricultural cooperatives are subject to the general taxation provisions, but to what concerns income tax - 23% rate -, agricultural cooperatives are exempt.	IFRS applies to cooperatives in Portugal
RO	Agricultural cooperatives are subject to the general taxation provisions	None
SI	Agricultural cooperatives are subject to the general taxation provisions	None
SK	The following tax law regime applies to the legal business form of the cooperative /PO: income tax of coop (19%); VAT (20%)	None
FI	Agricultural cooperatives are subject to the general taxation provisions	Hybrid cooperatives (Atria, HKScan) apply IFRS
SE	Agricultural cooperatives are subject to the general taxation provisions	The largest cooperatives have opted to apply IFRS
UK	All legal business forms that can be used by cooperatives and collaborative structures are subject to corporate tax law	None

IV

COUNTRY REPORTS

1. BELGIUM

Belgium

1.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Brussels

Total area: 30 528 km²

Population: 10.7 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1985

Source: http://europa.eu/about-eu/countries/member-countries/belgium/index_en.htm

Belgium	2000	2010	Change (%)
Number of holdings	61 710	42 850	-30.6
Total UAA (ha)	1 393 780	1 358 020	-2.6
Livestock (LSU)	4 359 330	3 798 680	-12.9
Number of persons working on farms (Regular labour Force)	107 150	80 940	-24.5
Average area per holding (ha)	22.6	31.7	40.3
UAA per Inhabitant (ha/person)	0.14	0.13	-8.0

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Belgium

Belgium

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	8 449.7	2.2%
Crop output, of which:	2013	42.9%	1.7%
Vegetables and horticultural products	2013	14.8%	2.6%
Forage plants	2013	7.7%	2.4%
Potatoes	2013	7.6%	5.4%
Animal output, of which:	2013	57.1%	2.8%
Pigs	2013	20.5%	4.5%
Milk	2013	16.6%	2.4%
Cattle	2013	13.0%	3.4%
Gross value added at basic prices (million EUR)	2013	2 288.2	1.5%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

1.2. MEMBER ORGANISATION

AVEVE/BOERENBOND (BB)
BELGIAN FARMERS' UNION
Diestsevest 40
BE-3000 LEUVEN

Tel:+32 16 28 66 01
Fax:+32 16 28 66 09
E-mail:marc.rosiers@boerenbond.be

Website:www.boerenbond.be

President: Piet VANTHEMSCHE
Secretary General :
Peter BRUGGEN
Advisor : Marc ROSIERS

Pieter VERHELST

Rue d'Arlon 82, 3ème étage
1040 BRUXELLES

Tel:+32 (0)2 230 02 22 / 016.28.64.17
Fax:+32 (0)2 231 00 27 / 016 24 20 11
E-mail:brusselsbureau@boerenbond.be

Belgium

1.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

1.3.1. Developments in in the food supply chain

Food (and non-food) demand trends (health concerns, sustainability)

Worldwide demand for food is triggered by both growth in population and growth in income which implies a shift in the food diet. Agricultural production has to grow spectacularly. In addition, growing urbanisation will put pressure on logistics. Finally, the civil society as well as the consumer expect more sustainable production systems as healthier food. As a net exporting region, the Flemish agro-food sector can and will play an active role in answering the above descripted demand and supply challenges.

Agri-food trends

The Flemish agro-food sector understand the above descripted demand and supply challenges, by searching for economies of scale through specialisation, consolidation. However, a lot is still to be done.

1.3.2. Developments in agricultural cooperatives

National cooperative organisation

In Belgium the national cooperative organisation are

- Boerenbond
- Association of Belgian Horticultural Cooperatives
- Association of Belgian Dairy Cooperatives
- Association of Belgian Cooperatives of agricultural equipment
- the National Council of Cooperatives (all sectors, so not only agricultural)

Cooperative Entrepreneurship

In 2011, Veiling Brava and Greenpartners merged into Coöbra. In 2013 Coöbra merged with Mechelse veiling into BelOrta. In 2014 Belorta took over Veiling borgloon. As a result, the number of independent vegetable auctions was reduced to 4 (Belorta, Veiling Hoogstraten Reo veiling, Limburgse tuinbouwveiling), while the number of independent fruit auctions was reduced to 3 (Belgische Fruitveiling, Veiling Haspengouw, Groupement des Producteurs Horticoles Namurois).

Investments of cooperatives in new activities

INGRO is a cooperative of growers of vegetables supplied to the processors of frozen and canned vegetables. INGRO was created in 2005 with the support of Boerenbond, Algemeen Boeren Syndicaat and REO veiling.

International activities

European Fruit Cooperation (EFC) was set up in 2002 as a cooperative venture between Veiling Haspengouw in Belgium, Koninklijke FruitmastersGroep in the Netherlands and WOG (Württembergische Obstgenossenschaft) Raiffeisen e.G. in South Germany.

Belgium

1.3.3. Main cooperative statistics

Country profile cooperative statistics

No. of agri-cooperatives per sector*	**Turnover** (m€)	**No. of employees**
Dairy	2 168	2 800
Livestock	0.4	30
Fruit and Vegetables	1 381	900
Farm supply	241	200
Arable crops	1.5	4
Other (... :)	0.7	7
TOTAL	3 793	3900

TOP agri-cooperatives in 2013 (Measured by turnover)

	Name of Agri-cooperative	**Sector**	**Turn0ver (m€)**	**No. of employees**
1	Milcobel	Dairy	985	2 000
2	Laiterie des Ardennes	Dairy	375	300
3	Belorta cvba	Fruit and Vegetables	358	300
4	Laiterie Coopérative eupenoise	Dairy	238	20
5	Veiling Hoogstraten cv	Fruit and Vegetables	210	70
6	Coöperatieve Veiling Roeselare – REO cv	Fruit and Vegetables	191	100
7	Société coopérative de la Meuse – SCAM	Farm Supply	184	200
8	Belgische Fruitveiling – BFV cv	Fruit and Vegetables	141	100
9	Unigrow cvba	Fruit and Vegetables	98	10
10	Telersvereniging Industriegroen-ten – INGRO cv	Fruit and Vegetables	97	3

Belgium

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of employees
11	Veiling Borgloon – VB cv	Fruit and Vegetables	91	60
12	Veiling Haspengouw – VH cv	Fruit and Vegetables	82	100
13	Sociétés coopératives agricoles réunies des Régions herba-gères – SCAR	Farm Supply	38	40
14	Euroveiling – Hallen van de Producenten cv	Fruit and Vegetables	31	50
15	IN-CO	Fruit and Vegetables	31	
16	Vereniging Onafhankelijke Champignontelers – V.O.C. cvba	Fruit and Vegetables	26	20
17	Green Diamond cvba	Fruit and Vegetables	18	1
18	European Fruit Cooperation cvba – EFC	Fruit and Vegetables	4	3

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of employees
1	Milcobel	Dairy	985	2 000
2	Belorta cvba	Fruit and Vegetables	358	300
3	Société coopérative de la Meuse – SCAM	Farm Supply	184	200
4	Devripom scrl	Arable crops	0.7	
5	Gaume Fermière	Livestock	0.4	300

Belgium

1.4. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

The legislation of Belgian cooperative corporations is quite open: there are some default rules, but furthermore you can organize the cooperative as you think it should be. There aren't a lot of taxation and other rules especially for cooperatives.

1.4.1. Legal framework for cooperative

Minimum requirements to set up a cooperative

The minimum number of members is 3

The minimum of capital is 18.550€

The other mandatory requirements for compliance to other legal, administrative or economic provisions are :

- Compliance to the common legislation of corporation and cooperatives
- Facultative 'recognized' cooperatives (National Council of Cooperatives)
- Facultative for agricultural: legislation for Producer Organisations

1.4.2. Cooperative governance

The mandatory governance structures:

Regarding the one-man one vote or proportional representation, default is proportional but most agricultural cooperatives work with 0ne man, one vote.

Belgium uses the two tier system.

The external finance participates very rarely. In some cases a minority share is allowed for an external shareholder with limited voting rights.

The structure of the supervisory board depends on the size of the cooperative

All legal forms in Belgian must have an independent external auditor which will audit the annual accounts, annual report and quit often also the internal reporting system.

1.4.3. Taxation

In Belgium, there are agricultural cooperatives subject to the general taxation provisions.

There isn't any specific exemptions for agricultural cooperatives.

There isn't any general tax rate applicable to cooperatives.

There isn't any different tax rates for transactions with members and for non-member transactions.

Belgium

1.4.4. Accounting Standards

The IFRS (International Financial Reporting Standards) does not apply to cooperatives in Belgium. There isn't any implications to cooperatives from the application of IFRS.

1.4.5. State aid

Competition law regarding state aid

Cooperatives as well as non-cooperative companies are subjected to the same rules.

1.4.6. Financing

Cooperatives as well as non-cooperative companies are subjected to the difficulties in access to financing.

Belgium cooperatives haven't yet modified their governance structures in order to allow diverse/ proportional finance from members but they think about it.

Cooperatives accessed external (non-membership) finance, allowing for external capital providers, by setting up joint venture companies, in which cooperatives became shareholder.

There haven't been any recent changes in the governance structures of cooperatives due to the participation of external (non-membership) finance but they think about it.

1.5. POLICY CONCERNS

The expected impact of the CAP reform on cooperatives

Belgium is expected a growth of existing cooperatives and growth in the number of cooperatives.

Main policy objectives of COGECA within CAP and other related policy areas

The main policy objective is to develop a toolbox in order to show to individual farmers the advantages of cooperatives

1.5.1. Main activities

Boerenbond, the Flemish farmers' union, unites 16,700 members active in the agricultural or horticultural sector of whom 2,430 voluntary committee members democratically elected with its own communication channels. Boerenbond is active in 6 different domains: Uniting members; Defending the farmers' interests; Organising training and education; Providing services and support ; Representing the farmers' ideas and values and Promoting initiatives with regard to production improvement, delivery, sales and services. Boerenbond offers specific advice and support services: Agro|bedrijfshulp - caretaker for farmers at special risk; Agro|services – employment in the agricultural sector; Agro|aanneming – contractors; TIBER business bookkeeping ; Innovatiesteunpunt – service promoting innovation in the agricultural sector and International Agriculture and Horticulture days of mechanisation.

Belgium

Boerenbond collaborates very closely with Coopburo, in order to provide services to cooperatives.

Coopburo is the cooperative service provider of Cera, providing services to agri-cooperatives as well as in other sectors. In particular, it informs, advises, inspires people, organizations and policy on cooperative businesses. Coopburo coaches new initiatives as well as established cooperatives in diverse sectors. Furthermore Coopburo offers an extensive training program and explores new application possibilities for cooperative business proceeding from present-day social challenges.

Consequently Coopburo has 3 assignments: (1) advice and coaching - Coopburo advises and coaches both the established cooperatives and people who have just started a cooperative idea. In very diverse sectors profit as well as social profit. Coopburo gives advice on the following topics: Cooperative organization development; Legal advice; Financial advice and Governance. (2) training and meeting - Coopburo has its own fixed training and meeting offer. Furthermore, Coopburo can work out a tailor-made lecture or workshop for specific organisations and/or sectors. (3) research and development – e.g. Observatory for Belgian cooperatives. Reliable statistic data on the cooperative movement remain scarce. Also in Belgium cooperatives cope since decades with a lack of visibility and recognition amongst the wider public, policymakers and sometimes even their own members. A common identity is absent, amongst others through the large diversity of sectors in which we encounter cooperatives. That's why Coopburo is investing in the development of an observatory for Belgian cooperatives. Coopburo negociated a partnership with the 'Centrum voor Sociaal en Coöperatief Ondernemen' (CESOC) of the KHLeuven, under the leadership of Wim Van Opstal. Periodically Coopburo issues 'profiles', amongst others, on the activities, the employment, the financial position and the geographical spreading of cooperatives in our country. Furthermore these data are also set in perspective through the calculation of the macro-economic importance of the sector. The scope of the observatory covers all cooperative companies in Belgium. Furthermore separate profiles are being set up by the NRC official cooperatives and cooperatives with a social purpose.

1.5.2. Training Programs

As mentioned before, Boerenbond offers training programs through Coopburo. An intense collaboration was set up between Boerenbond, Coopburo and Innovatiesteunpunt (the Innovation Support Team) of Boerenbond. Together with a special training program for agricultural cooperatives was developed. This is off course a work in progress.

Boerenbond also offers:

- Network moments, e.g. a Forum with the presidents and CEO of Belgian Agricultural Cooperatives
- Visits and exchanges with Belgian (Coop Explore) and Foreign (Coop Tour)
- Study moments, e.g. we organised a study moment with the Flemish Agricultural Department on Producer Organisations
- Open Training for the board members of Belgian Agricultural Cooperatives
- Different In-company training

In Belgium external training opportunities are available by associations as VBT and by external organisations.

As a number of issues of cooperatives differ wildly between countries as a result of different legislation and regulation, and in addition the language knowledge of cooperative board members is poor, European training programs have little interest. However, exchange between program developers could be interesting.

2. BULGARIA

Bulgaria

2.1. GENERAL PROFILE

Year of EU entry: 2007

Capital city: Sofia

Total area: 111 910 km²

Population: 7.6 million

Currency: lev (лв)

Schengen area: Not a member of Schengen

Source: http://europa.eu/about-eu/countries/member-countries/bulgaria/index_en.htm

Bulgaria	2003	2010*	Change (%)
Number of holdings	665 550	370 220	-44.4
Total UAA (ha)	2 904 480	3 616 960	24.5
Livestock (LSU)	1 628 140	1 149 470	-29.4
Number of persons working on farms (Regular labour	1 348 110	738 630	-45.2
Average area per holding (ha)	4.4	9.8	123.9
UAA per Inhabitant (ha/person)	0.37	0.48	29.2

**Figures on common land not included*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Bulgaria

Bulgaria[1]

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	3 349.7	0.9%
Crop output, of which:	2013	69.6%	1.1%
Wheat and spelt	2013	21.3%	2.8%
Oil seeds and oleaginous fruits	2013	18.0%	5.4%
Grain maize	2013	9.2%	2.6%
Animal output, of which:	2013	30.4%	0.6%
Milk	2013	10.8%	0.6%
Poultry	2013	5.6%	0.9%
Pigs	2013	4.1%	0.4%
Gross value added at basic prices (million EUR)	2013	1 402.3	0.9%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

2.2. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES[1]

Agricultural production cooperatives in Bulgaria show a low level of vertical integration and hence low engagement in food chains. They are horizontally diversified to several branches of agricultural production (multi- purpose cooperatives). Cooperatives in winery, which highly engage in producing their own wine, are an exception to this rule.

The production cooperatives are predominantly operating in the production in last decade. Their strategies do not target to participate in food chains.

From the last 20 years regarding production cooperatives show that the members' satisfaction in the last decade is notable higher compared to the members' satisfaction in the 1990s, however it is still insufficient. The positive trend is due to the new strategies and development within the production cooperatives.

Production cooperatives have a significant role as countervailing power on the land market. Dikov (2011) highlights facts for north-east part of Bulgaria where the rent paid for leased land is higher in areas where production cooperatives operate compared to areas where production cooperatives do not exist.

The 15 Agricultural Credit Cooperatives affiliated to the NAC Evrostart have a constant small growth over time in equity and total loans. In 2009, the cooperatives of the Association Evrostart took part in a project to measure their social performance following the methodology of CERISE Social Performance Indicators. The Appraisal revealed that the agricultural credit cooperatives offer financial services and accompanying non-financial services

Agricultural production cooperatives in Bulgaria show a low level of vertical integration and hence low engagement in food chains. They are horizontally diversified to several branches of agricultural production (multi- purpose cooperatives).

[1] Source: Boevsky, I. (2012). Support for Farmers' Cooperatives; Country Report Bulgaria. Wageningen: Wageningen UR.

Bulgaria

Cooperatives in the wine sector, which highly engage in producing their own wine, are an exception to this rule.

The cooperatives in agriculture are predominantly in the sector of agricultural production. Only producer groups/organisations are in the sectors logistics and marketing. Irrigation associations and agricultural credit cooperatives (credit cooperatives) promote mainly small scale farmers and members of agricultural production cooperatives which are well adapted to the need of small private farmers. They achieve income growth in remote rural regions or among clients who otherwise would be excluded from financial services and access to knowledge about agriculture, state support programs and other specific issues.

The main function of the production cooperatives is organizing the agricultural production. This production is focused on sectors which are predominantly not labor intensive, because they operate with low number of full time employees and hire part time and seasonal workers. The additional functions on the table show a clear trend in the direction towards multifunctionality by most of the production cooperatives and follow the pre- communist tradition of multi- and all-functionality of agricultural cooperatives.

Sector	Cereals, dairy, fruits, vineyard, beekeeping, poultry
Main and additional functions	Main function: organizing production; Additional functions: providing farm machinery service, supply farm inputs, warehousing, milling, oil pressing, providing food for members' households, extension service, lease-in small plots from members consolidate this plots in big plots and lease-out (release) the consolidated agricultural area to other firms
Diversity of function and products	(1) Economic (Organizing production, providing farm machinery service, supply farm inputs, warehousing, milling, oil pressing, providing food for members' households, extension service)
	(2) Rural development (cooperation with the municipality or village administration in deferent projects)
	Social services (social and health security), Cultural services (organizing cultural events in the village)
Position and function in the food chain	Production and logistics
Type of members	Primary members
Geographical scope	Local (village, municipality)
Financial/ownership structure	Participation share cooperative
Legal form	Cooperative

Bulgaria

Production Cooperatives have established a three-tier structure of cooperative organisations on territorial principle.

Primary cooperatives on local level (Production Cooperatives). At the end of June 2011, 687 production cooperatives are members of the National Association of Agricultural Cooperatives. Not all of the existing 900 production cooperatives are members of regional and national associations as the Bulgarian Cooperative Act they are not obliged to participate in secondary and tertiary cooperative associations. This means that participation in these structures is voluntary in contrast to Germany for example. Furthermore some members of the National Association of Agricultural Cooperatives change their membership to the Central Cooperative Union, which is the national association of consumer cooperatives and vice versa.

Secondary cooperatives on regional level (Regional Associations of Agricultural Cooperatives) which provide their members (Production Cooperatives) non-economic services as: auditing, consulting, information, extension service and representation of members' interests on regional level. One exception existed years ago. The Regional Association of Agricultural Cooperatives in Varna operated a cooperative enterprise for supplying their members with agricultural inputs but went bankrupt after few years. Most of the primary Production Cooperatives are members in secondary cooperatives. A small number of primary cooperatives are direct members of the tertiary cooperative due to the absence of secondary cooperative in their district/region. At the end of June 2011 the number of Regional Associations of Agricultural Cooperatives was 195;
Tertiary cooperative on national level (National association of Production Cooperatives in Bulgaria) provides their members (secondary and primary cooperatives) non-economic services as: auditing, consulting, information, extension service, representation of members' interests on national level (lobbying).

2.3. MAIN COOPERATIVE STATISTICS

List of top 5 largest production cooperatives per sector

Most important production cooperatives per sector

Sector		Name of Cooperative
Cereals	1	Edinstvo (Единство)
	2	Jiten krai (Житен край)
	3	Bavlovo (Бавлово)
	4	Gurkovo (Гурково)
	5	Iztok (Изток)
Fruit and vegetables (the only cooperatives in the fruits' sector existing)	1	Niva-93 (Нива-93)
	2	Edinstvo (Единство)

Bulgaria

Most important production cooperatives per sector

Fruit and vegetables (the only existing)	3	Hristo Botev-92 (Христо Ботев-92)
	4	Shatrovo-94 (Шатрово-94)
	5	Plodorodie-93 (Плодородие-93)
Wine	1	Nov jivot (Нов живот)
	2	Grozd (Грозд)
	3	Hristo Botev (Христо Ботев)

Source: Experts and Chairman of National Association of Agricultural Cooperatives in Bulgaria

Agricultural production cooperatives in Bulgaria show a low level of vertical integration and hence low engagement in food chains. They are horizontally diversified to several branches of agricultural production (multi- purpose cooperatives). Cooperatives in winery, which highly engage in producing their own wine, are an exception to this rule.

2.4. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

2.4.1. Legal framework for cooperative

The performance of Bulgarian cooperatives is influenced by Cooperative Law. This law is national and has direct impact of cooperative development. However, there are also other laws and regulations that play essential role for successful development of the cooperatives For instance such laws, regulations and measures, are water law, law for water users, forest law, law for regional development, etc.

Another regulation that has important role for cooperative development is the Rural Development Program, especially in Axis 1 - measures 112 and measure 142. In Bulgaria, we do not have special regional regulation that may influence cooperative organisations.

Agricultural cooperatives do not operate downstream in the food chain.

2.4.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil Law / Commercial Law	Min. No. of farmer - members	Min capital (€)
National cooperative law	None	None	Not required by law	Not required by law

3. CZECH REPUBLIC

Czech Republic

3.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Prague

Total area: 78 866 km²

Population: 10.5 million

Currency: Czech koruna (Kč)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/czechrepublic/index_en.htm

Czech Republic	2003*	2010	Change (%)
Number of holdings	23 840	22 860	-4.1
Total UAA (ha)	3 602 630	3 483 500	-3.3
Livestock (LSU)	2 260 080	1 722 460	-23.8
Number of persons working on farms (Regular labour Force)	164 950	132 730	-19.5
Average area per holding (ha)	151.1	152.4	0.8
UAA per Inhabitant (ha/person)	0.35	0.33	-6.1

** The 2003 data presented in the table were filtered using the 2010 threshold*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_the_Czech_Republic

Czech Republic

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	4 657.8	1.2%
Crop output, of which:	2013	62.1%	1.4%
Wheat and spelt	2013	16.0%	2.9%
Oil seeds and oleaginous fruits	2013	13.2%	5.5%
Forage plants	2013	10.0%	1.7%
Animal output, of which:	2013	37.9%	1.0%
Milk	2013	17.7%	1.4%
Pigs	2013	7.9%	1.0%
Poultry	2013	5.2%	1.1%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

3.2. MEMBER ORGANISATION

ZEMĚDĚLSKÝ SVAZ ČESKÉ REPUBLIKY
AGRICULTURAL ASSOCIATION OF THE CZECH REPUBLIC

Hybernská, 38
CZ - 110 00 PRAHA

Tel:+420 2 2422 5287
Fax:+420 2 2422 5521
E-mail:aacr@zscr.cz;

Website:www.zscr.cz

President : Martin PÝCHA
Director : Jan ULRICH

Czech Republic

AGRÁRNÍ KOMORA ČESKÉ REPUBLIKY
CZECH AGRARIAN CHAMBER
Stépanska 63
CZ – 11000 PRAGUE

Tel/Fax:+420 2 24 21 59 39
E-mail: cac.cz@volny.cz

Website:www.agrocr.cz

Karel MATOUSEK
Chaussée d'Alsemberg, 876
BE-1180 Bruxelles

Tel/fax:+32 (0)2 376 10 81
E-mail:km_agri@yahoo.fr

President : Miroslav TOMAN
Secretary General : Martin FANTYŠ

3.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

3.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

3.4.1. Main cooperative statistics

Sector	Name of the cooperative	Turnover (in m €)	Market Share
Dairy	JIH	122 400 000	14.6 %
Dairy	Střední Čechy		8 – 10 %
Dairy	Morava		4 – 5 %
Vegetables	Bramco	28 333 333	30 %
Fruit	CZ Fruit	9 925 926	16.5 %
Eggs	Zlatá vejce	25 222 222	18.2 %
Eggs	Česká vejce	18 370 370	13.3 %
Hops	Chlemařství, družstvo Žatec	75 55 556	20 %
Multipurpose	Viamilk CZ (cereals, oil seeds, milk and meat)		

Czech Republic

The 50 largest farmers' cooperatives in the food chain of Czech Republic

Rank	*Name of the organisation*	*Sector*	*Annual turnover 2009, CZK[1] million*
1	Mlékařské a hosp. družstvo JIH	Dairy	1 887.7
2	Mlékařské hospodářské družstvo Střední Čechy	Dairy	1 265.8
3	Morava, mlékařské odbytové družstvo	Dairy	1 107.2
4	VIAMILK CZ družstvo	Dairy	839.0
5	MILKAGRO a.s.	Dairy	726.1
6	Agroport-družstvo	Pigs, beef-cattle	719.8
7	Pragolaktos družstvo	Dairy	573.3
8	Svaz výrobců mléka a.s.	Dairy	371.4
9	CZ FRUIT, odbytové družstvo	Fruits&Veget.	341.7
10	Odbytové družstvo Vrchovina	Multipurpose	337.7
11	Mléko Kunín odbytové družstvo	Dairy	325.0
12	GOLDSTEIG Käsereien Bayerwald CZ s.r.o.	Dairy	285.2
13	Obchodní družstvo ŽĎÁR	Pigs, beef-cattle	275.1
14	Mlékařské odbytové centrum Třebíč-družstvo	Dairy	262.5
15	OD MASO, družstvo	Pigs, beef-cattle	262.2
16	CENTROODBYT	Pigs, beef-cattle	217.0
17	INTAGRO Nymburk s.r.o.	Pigs, poultry	211.4
18	Dešná, odbytové družstvo	Multipurpose	188.7
19	ODBYTOVÉ DRUŽSTVO TŘEBÍČ, družstvo	Multipurpose	170.4
20	JIHOODBYT, družstvo	Multi-commodity	164.9
21	VEPAODBYT s.r.o.	Multi-commodity	136.1
22	VHM družstvo	Multi-commodity	133.5
23	Odbytové družstvo Rožmberk	Pigs, beef-cattle	126.3
24	Odbytové družstvo LITOZEL	Fruits&Veget.	126.1

[1] 1 *EUR* = 27.7823 *CZK*

Czech Republic

Rank	Name of the organisation	Sector	Annual turnover 2009, CZK[1] million
25	LZ- odbyt, s.r.o.	Pigs, beef-cattle	122.2
26	AGP Znojmo, s.r.o.	Multipurpose	121.5
27	AGROODBYT MORKOVSKO, s.r.o.	Multipurpose	106.4
28	KUNAMA s.r.o.	Multipurpose	103.9
29	Drůbež HK – odbyt, s.r.o.	Poultry	100.0
30	HASINA, spol. s r.o.	Multi-commodity	98.7
31	Odbytové družstvo Dynín	Pigs and poultry	93.7
32	TXP odbyt, družstvo	Multipurpose	91.4
33	MONTANO – KVĚTINY s.r.o.	Multipurpose	89.7
34	Odbytové družstvo Agroodbyt – družstvo	Multipurpose	88.8
35	Primagra, a.s.	Multipurpose	88.4
36	RVO TRÁVNÍK, odbytové družstvo	Multipurpose	85.9
37	Odbytové družstvo Labe	Multipurpose	85.7
38	Družstvo Rolník	Multipurpose	79.4
39	LUKOS komodity, s.r.o.	Multipurpose	77.0
40	Zevospork s.r.o.	Multipurpose	77.0
41	Odbytová společnost Podzvičinsko, a.s.	Pigs, beef-cattle	77.0
42	SH odbyt s.r.o.	Multipurpose	76.9
43	BROJLER TRADE s.r.o.	Poultry	74.9
44	AG odbyt s.r.o.	Multipurpose	72.4
45	CORNPIG OD s.r.o.	Multipurpose	71.4
46	DM Morava, družstvo	Multipurpose	69.1
47	ROLS ODBYT s.r.o.	Multipurpose	69.0
48	EB Fruit, odbytové družstvo ovocnářů	Fruits&Veget.	69.0
49	MASOODBYT – družstvo	Pigs, beef-cattle	67.4
50	Odbytové družstvo Biota, družstvo	Multipurpose	66.9

Source: SZIF 2011, web pages of PO, business register

1 1000 kunas (130 euro)

Czech Republic

List of top 5 largest farmers' cooperatives per sector

Sector		***Name of producer (marketing) organisation***	***Legal form***
Cereals	1	Agroodbyt, družstvo	Cooperative
	2	Odbytové a hospodářské družstvo Pardubice	Cooperative
Fruit and vegetables	1	CZ Fruit	Cooperative
	2	OD Litozel	Cooperative
	3	EB Fruit	Cooperative
	4	Jihomoravská zelenina	Cooperative
	5	Družstvo producentů rajčat	Cooperative
Wine	1	Templářské sklepy Čejkovice, vinařské družstvo	Cooperative
	2	Císařské sklepy Čejkovice, družstvo	Cooperative
	3	Družstvo božických vinařů	Cooperative
Dairy	1	Mlékařské a hosp. družstvo JIH	Cooperative
	2	Mlékařské hospodářské družstvo Střední Čechy	Cooperative
	3	Morava, mlékařské odbytové družstvo	Cooperative
	4	VIAMILK CZ družstvo	Cooperative
	5	MILKAGRO a.s.	Joint stock
Sheep meat	1	OVEKO a.s.	Joint stock
Pig meat	1	Centrodbyt, národní odbytové družstvo	Cooperative
	2	Agropork, družstvo	Cooperative
	3	OD Maso, družstvo	Cooperative
	4	INTAGRO	Ltd.
	5	Obchodní družstvo ŽĎÁR	Cooperative

3.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

3.5.1. Legal framework for cooperatives

The minimum number of members for Czech cooperatives is three, there is not a minimum capital to have, there are not other mandatory requirements for compliance to other legal, administrative or economic provisions (mandatory registration to certain organisations).

3.5.2 Cooperative governance

The rule of one-man one-vote is respected. The two tier system is permitted.

There is not a participation of external finance (no control/ voting rights, representation to the board).

Czech Republic

The structure of the supervisory board is usually composed by 3 members, and each member cannot have another role in the cooperative.

Accountability (external/ independent audits) and mandatory reporting are provided in cases of assets higher than 40 mil CZK (1.44 mil EUR), turnover higher than 80 mil CZK (2.88 mil EUR), average numbers of employees higher than 50. Two of these conditions must be met.

The cooperative business form is given by the Commercial Code (the Law 513/1991 Coll.).

The cooperative is a legal entity with a minimum of 5 members (it can be less than 5 if there are at least two legal entities among the members).

The membership in a cooperative is not limited. The Law 42/1992 Coll. regulates transformation of "socialist" cooperatives into the new cooperatives according to the Commercial Code of 1991. Naturally, it concerns those cooperatives which existed before the political changes: agricultural production cooperatives (collective farms), housing/flat cooperatives and consumption cooperatives. Particularly in the case of collective farms, the law states options for members to decide to withdraw their assets or decide on any commercial form in line with the Commercial Code of 1991 (for details see Ratinger, Rabinowicz, 1996).

The first cooperative ("Food and Saving Association") was founded in Prague in 1847.

Because it would violate the general principle that legal entities are excluded from restitution.

	Agricultural Association	***Sectoral cooperatives***	***Primary sectoral cooperatives***
Sector	Agriculture	Any	Any
Main functions	Political representation	Marketing farm products	Marketing or processing farm products
Diversity of function and products	Political	Economic	Economic
Position and function in the food chain	Collective bargaining	Collective bargaining	Collective bargaining/ collecting farm products/primary or secondary processing/marketing commodities/ marketing branded products/ wholesaling/retailing
Type of members	Secondary National cooperatives	Secondary Regional cooperative	Primary-farmers
Geographical scope	National	National	Local/Regional/interregional
Financial/ownership structure	No share-holding association	Transnational	Traditional or Proportional
Legal form	NGO	Cooperative	Cooperative, Ltd./Joint stock

Czech Republic

The Agricultural Association of the Czech Republic provides a political umbrella for agricultural producer organisations jointly with agricultural production cooperatives and farming companies. Although no all agricultural producer organisations are represented by the Agricultural Association, there is no alternative body representing producer organisations at the political level.

There are two other types of cooperatives in the agri-food marketing chain: agricultural production cooperatives and consumer cooperatives.

Other types of cooperatives in the agri/food chain in the Czech Republic

	Agricultural production cooperatives	**Consumer cooperatives**
Sector		
Main functions	Primary production	Marketing food products and other consumption goods
Diversity of function and products	Economic	Economic
Position and function in the food chain	Production of agricultural commodities/ provision of environmental services	Retailing
Type of members	Land or asset owners	Primary - Consumers
Geographical scope	Local	National or regional
Financial/ ownership structure	Traditional or proportional	Traditional
Legal form	Cooperative	Cooperative

Source: Own classification

The Cooperative Association of the Czech Republic as the coordination centre of the Czech and Moravian cooperative system represents the interests of its members in relation to legislation and state execution and to the public. Members of the national Cooperative Association are four main sectoral cooperative associations: the Union of Czech and Moravian Housing Cooperatives, the Union of Czech and Moravian Consumer Cooperatives, the Union of Czech Production Cooperatives and the Agricultural Association of the Czech Republic (integrating most of the agricultural marketing cooperatives).

Czech Republic

3.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
90/2012: Law on commercial companies and cooperatives (Business Corporations Act)			3	No

3.5.4. Taxation

Agricultural cooperatives are subject to the general taxation provisions, without any specific exemptions for agricultural cooperatives.

There is not a general tax rate applicable to cooperatives.

There are not different tax rates for transactions with members and for non-member transactions.

3.5.5. State aid

There are not implications to cooperatives from the existing provisions of Competition law regarding state aid.

3.5.6. Financing

Agricultural cooperatives are not facing many problems in access to financing now, after the EU accession of Czech Republic, but in the past they had problems.

3.6. POLICY CONCERNS

3.6.1 Competitive position in the food chain

Cooperative Entrepreneurship

In Czech Republic there is an extremely high power of Chain stores.

The Czech agri-food market is increasingly dominated by the “Agrofert” conglomerate.

Czech Republic

The position of producer (marketing) organisations in the food chain varies significantly among sectors and sub-sectors. The strongest (having the largest market share) marketing cooperatives are in the hops sector, than in dairy sector, while in marketing cereals, producer organisations play only a negligible role. The differences in the position depends on a number of factors: the market structure, the relative size of agricultural producers, the nature of the product, the nature of "social capital", etc.

3.6.2. Sector Analysis

Cereals

Most of the cooperatives marketing cereals are multi-commodity (e.g. Agroodbyt) or combined agricultural input and output cooperatives (e.g. Odbytové a a hospodářské družstvo Pardubice). The share of marketing cooperatives on cereal sales is low (estimated below 10%). Moreover, cereal cooperatives are intermediaries between farmers (or Agricultural Input or Output Merchants regional cooperatives) and cereal merchants, i.e. additional intermediaries, - a fact that is likely to reduce their attractiveness for all parties in the food chain. Direct sales to mills or the other processors are limited by the access to storage capacities (silos).

Wine

The privatisation of the sector (including the transformation of collective farms into cooperatives) did not attract "cooperation" among grape producers, instead most wineries became private companies. The exemption is the cooperative Templarske sklepy Cejkovice (South Moravia, wine region Velke Pavlovice) which built on the tradition of the pre World War II wine cooperative as well as Templar wine cellars. This cooperative has a share of 7% in the domestic wine production, the other two identified cooperatives account for less than one percent. The cooperative sells directly on the spot in the cellars and through internet, but most of the production is sold through wholesalers and retailers. All wine is branded and distributed under the "Teplarske sklepy" trade mark. The marketing strategy combines selling quality wine in the general consumer market, with selling high quality wine and organic wine in the niche market.

Hops

In contrast to the other crop marketing cooperatives, the marketing cooperative Chmelarstvi has a dominant position in the hop market. Hop producers with more than 90 percent of the hop production are members of this cooperative. As it has already been mentioned, Chmelarstvi provides not only market, but also processing (adding value to hop by making concentrates), advisory and services and supplies inputs. The cooperative also organises promotion activities. Its subsidiary company Bohemia Hop a.s. provides world-wide export of hop and hop concentrates.

The strategic objective of the cooperative Chmelarstvi is to maintain and expand production of hop in the Czech Republic; i.e. on the one hand, to maintain production of high quality aromatic varieties of hop, and on the other, to motivate and to instruct hop producers to expand production of high yield semi-aromatic varieties of hop with a high alpha-acid content; the former as highly differentiated product to be targeted to the niche markets and the latter in the form of quality concentrates to be sustained in the highly competitive brewery markets in the country and world-wide.

A joint stock company of which Chmelarstvi owns 98% of the shares.

Czech Republic

Dairy

On the milk market, despite having no governmental support, there operates a large number of marketing organisations with an overall important market share. In 2003, the number of farmers´ organisations reached 27. As the activity scope of most of these associations was regionally limited, part of farmers´ associations started to cooperate with one another. In 1998, this cooperation got an official status by the establishment of the Mlecoop cooperative, founded as a cooperative of farmers´ associations. Mlecoop particularly focussed on negotiating milk prices, and all milk sales of members were registered as milk sales of Mleccop. However, the national government issued a regulation (Decree No. 258/2005) prohibiting more than one milk sale intermediary between farmer and dairy plant and, since that time, Mlecoop has lost the official status of a milk sales agent.

Due to milk quotas, each of the milk suppliers (dairy farmers) and each of the milk purchasers (farmers´ associations and dairy plants) is obliged to be registered at the national payment agency SZIF (State Agricultural and Intervention Fund). The regulation No. 258/2005 enforced new registration of all subjects involved in dairy supplies and sales. In 2005, there were registered 3 015 milk farmers and altogether 91 milk purchasers, thereof 51 being dairy plants and 40 farmers´ associations.

Since 2005, the number of milk farmers has continuously been declining while the number of farmers´ associations has almost not changed. At the quota year 2009/10, there were registered 2 375 quota holders and a total of 83 milk purchasers, 45 of them being dairy plants and 38 farmers´ associations.

The biggest part of the volume of milk is being purchased by a small number of cooperatives, while the rest of cooperatives trade small milk volumes only and their importance is local. In the quota year 2009/10, the mentioned 38 marketing cooperatives purchased 66.2 % of national quantity delivered to dairy plants. A total of 0.7 million tons of milk, i. e. 27.5 % of the national volume delivered, was purchased by the three largest cooperatives.

The 8 cooperatives unified in MLECOOP represent together about 450 dairy farmers from all over the country and their share accounts for around 25% on the national raw milk sales.

Sheep

In the Czech Republic, the market for sheep meat is tiny as compared to the market of pork, chicken or beef meat. About 85 percent of sheep and goat meat production is for subsistence or farm direct sales in the local market (mostly in family and friends networks). The rest is either marketed in the domestic retail network or exported. The producers' marketing organisation OVEKO a.s., has a share of about 20 % in this marketed production. Although OVEKO is actually a subsidiary company of the Association of Sheep and Goat Producers, nevertheless, most animals are traded outside the marketing organisation/company.

Beside sheep and goat meat, OVEKO sales wool and cheese, supplies inputs and provides information for sheep and goat producers. The strategy of OVEKO is to expand both the export of sheep meat and the sales of wool and cheese.

Sheep and goats for slaughtering

The Association of Sheep and Goat Producers provides marketing promotion (e.g. through its website) and organises exhibitions and auctions of breed animals.

Czech Republic

Pigs

The first producer marketing organisations in the pork meat sectors emerged in 1999. One of them and the largest “Agropork – druzstvo” was initiated by the Association of Producers of Pork and Chicken Meat and Eggs. Its goal was to organise export of pigs and, by doing this, to contribute to the pork meat price stabilisation.

The measure supporting “Setting up producer (marketing) organisations” of the Horizontal Rural Development Programme (2004-2006), attracted a large number (i.e. 176) of producer groups from the pig sector . Due to weak viability of such producer organisations, the number gradually dropped to 85 which do currently exist. Even that is a too large number, stressing that quite a few of them must have a market share below one percent. Most of these producer organisations have a strong regional or local character; Agropork and Centroodbyt are exemptions.

Agropork-družstvo has 180 members – producers of pigs and bulls. Agropork covers most of the country and for this has four regional centres. The annual turnover of pig sales variates between 500 and 600 million CZK (€20-24 millions). The second most important pig marketing cooperative OD MASO is much smaller, unifying marketing activities of 18 pig producers.

In 2004, the national cooperative Centroodbyt was established by 6 primary marketing cooperatives dealing with pigs and bulls. Currently, Centroodbyt has 10 members including Agropork and OD MASO. Besides trading pigs and bulls domestically and internationally, Centroodbyt provide market information to its members. In 2009 and 2010, Centroodbyt, including its members, sold 18% and 14.4% of slaughtered pigs, respectively. Alltogether, the producer marketing organisations marketed 25% of slaughtered pigs (and 6% of bulls). Centroodbyt stopped to exist in 2014.

3.6.3. Main activities

The main activities that our organisation provides to its members are: lobbying, information service, common demand of various commodities, training.

3.6.4. Training

The Organisation has its own Institute of Education in Agriculture, it develops and runs training programmes, which are accessible to all interested participants.

There is not a required education level to attend these courses.

The areas covered by these training programmes are: farmers education, education of management in agriculture, communication with state operated system “Farmer”, veterinary legislation.

The other external training opportunities that are available, are only general.

We do not consider as a priority to set up a high level European training programme for (elected) cooperative leaders. Howhever, should such a programme be establsished, it should be accessible to every interested participant.

3.6.5. Other activities of agricultural cooperatives

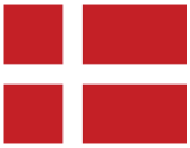
Czech cooperatives have limited engagement in other significant activities. Our organisation is directly involved in such activities.

3.6.6. Impact of the CAP reform on cooperatives

The expected impact of the CAP reform on cooperatives is that it can be positive on Czech farm sector.

3.6.7. Main Policy objectives at EU level

The main policy objectives of COGECA within CAP and other related policy areas should be to press more against big farmers discrimination (degresivity abolition etc.)



4. DENMARK

Denmark

4.1. GENERAL PROFILE

Year of EU entry: 1973

Capital city: Copenhagen

Total area: 43 094 km²

Population: 5.5 million

Currency: Danish krone (kr.)

Schengen area: Member of the Schengen area since 1996

Source: http://europa.eu/about-eu/countries/member-countries/denmark/index_en.htm

Denmark	2000	2010	Change (%)
Number of holdings	57 830	42 100	-27.2
Total UAA (ha)	2 644 580	2 646 860	0.1
Livestock (LSU)	4 361 770	4 919 400	12.8
Number of persons working on farms (Regular labour Force)	102 670	80 120	-22.0
Average area per holding (ha)	45.7	62.9	37.5
UAA per Inhabitant (ha/person)	0.50	0.48	-3.6

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Denmark

Denmark

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	11 201.9	3.0%
Crop output, of which:	2013	34.7%	1.9%
Wheat and spelt	2013	7.5%	3.3%
Forage plants	2013	7.2%	2.9%
Vegetables and horticultural products	2013	6.4%	1.5%
Animal output, of which:	2013	65.3%	4.3%
Pigs	2013	28.8%	8.4%
Milk	2013	17.4%	3.4%
Cattle	2013	3.8%	1.3%
Gross value added at basic prices (million EUR)	2013	3 916.2	2.5%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

4.2. MEMBER ORGANISATION

LANDBRUG & FØDEVARER
DANISH AGRICULTURE AND FOOD COUNCIL

Axelborg, Axeltorv 3
DK – 1609 Kobenhavn V

Tel:+45 33 39 40 00
Fax:+45 33 39 41 11
E-mail:info@lf.dk

Website:www.lf.dk

Chairman : Martin MERRILD
Vice-President : Lars HVIDTFELDT
Vice-President : Ib W. JENSEN
Director General : Søren GADE

Annette TOFT

2ème étage
Rue du Luxembourg, 47-51, bte 2
BE-1050 BRUXELLES

Tel:+32 (0)2 230.27.05
Mobile:+32 476 78 22 98
E-mail: at@agridan.be

Denmark

4.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

A series of growth plans have been agreed upon by the Danish Parliament in order to improve the business climate in Denmark. This is part of the current government´s reform agenda for jobs and growth.

Agri-food trends

There has recently been done a survey of the 200 biggest food companies in Denmark. Despite many developments among the private companies, the top companies in Denmark are predominantly cooperatives.

4.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

4.4.1. Main cooperative statistics

Cooperative	Turnover 2011 (in m kr)	Turnover 2011 (in m€)	Turnover 2012 (in m€)	Number of Farmers
Arla Foods A.m.b.a	54 893	7 356	8 450	17 417
Danish Crown A.m.b.a	51 754	6 935	6 940	23 557
DLG	40 841	5 473	5 494	
Danish Agro A.m.b.a	15 833	2 121	2 263	1 586
Kopenhagend Fur	8 086	1 083	1 070	
Andelsselskabet Tican A.m.b.a	4 376	586	628	1 983
DLA Agro A.m.b.a	4 166	558	:	44
Vestjyllands Andel A.m.b.a	1 390	186	:	132
Daka A.m.b.a	1049	140	:	295
KMC, Kartoffelmelcentralen, A.m.b.a	882	118	:	236
Thise Mejeri A.m.b.a	539	72	:	130
Maskinhandler Indkøbsringen A M B A	458	61	:	62

Denmark

Cooperative	Turnover 2011	Turnover 2011	Number of Farmers
Sydvestjydsk Pelsdyrfoder A.m.b.a	313	41	24
Danske Landbrugeres Kreatursalgs-forening A.m.b.a Århus	259	34	5
Fodercentralen For Holstebro og Omegn A.m.b.a	254	34	28
Fodercentralen Limfjorden. A.m.b.a	221	29	27
Karup Kartoffelmelfabrik A.m.b.a	209	28	34
Salling Grovvarer A.m.b.a	185	24	18
Nordsjællands Andels Grovvareforen-ing A.m.b.a	163	21	20
Andelskartoffelmelsfabrikken Midtjyl-land A.m.b.a	153	20	20
Vejrup Andels Grovvareforening A.m.b.a	141	18	6
Andelskartoffelmelsfabrikken Vendsys-sel A.m.b.a1	127	17	40
Bording Minkfodercentral A.m.b.a	102	13	7
Sjællands Pelsdyrfoder A.m.b.a	71	9	16
Minkfodercentralen Vildsund A.m.b.a	67	9	9
Skovdyrkerforeningen Midtjylland A.m.b.a	37	5	7
Hvalpsund Fodercentral A.m.b.a	36	4	7

4.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

4.5.1 Legal framework for cooperative

Formation of a cooperative is usually done on a first general meeting, during the preparation of draft statutes, etc., but there is no detail regulation in the law.

Similar to other companies the set-up of a coopperative must be reported to the authorities as a condition for obtaining the right as a legal entity.

On notification it must be ensured that the cooperative has a cooperative aim indeed.

Denmark

4.5.2. Cooperative governance

Cooperative principles are:

- One man, one vote in a democratic member government

- Voluntary and open membership

- The profit belongs to the members and is distribution in proportion to the turnover between the member and the cooperative.

The General Assembly, Representatives, Elections: There are many ways of defining the overall structure.

4.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
None	None	None	None	None

4.5.4. Taxation

Cooperatives are currently taxed on the basis of several provisions in the Corporation Tax Act. The tax provision – which the cooperative is subject to - is partly determined by what type of business the cooperative operates, and partly whether the cooperative meets a number of conditions, including statutory purposes.

Taxation of cooperatives covered by § 1. 1 pt. 3 is a wealth tax. The taxable income is calculated as a percentage (4,0-4,5%.) of the assets, which is taxed at 14.3%. Shareholders are taxed on dividend income as personal income and realized profits of shareholders on their share certificates are taxed as capital income.

4.5.5. Accounting Standards

Some cooperatives use IFRS.

4.5.6. State aid

There are no implications to cooperatives from the existing provisions of Competition law regarding state aid. Companies are subject to the general state aid rules/de minimis rules.

4.5.7. Financing

There has for some years been a discussion in Denmark on securing more capital to the cooperatives in order to allow investments in production facilities, innovation, development, LEAN etc.

For instance, Danish Crown was in 2010 changed to a stock company, which is owned 100 % by the cooperative Danish Crown Amba. This was initiated in order to allow for the participation of external (non-membership) finance.

Denmark

4.6. POLICY CONCERNS

4.6.1. Main activities:

The Danish Agriculture & Food Council (DAFC), promotes the political influence of the agricultural sector, monitors and supports its members on issues related to:

- Overall industrial policy and regulatory framework,
- Research and innovation policy;
- Trade and market policy and the EU Common Agricultural Policy (CAP)
- Animal welfare
- Food safety;
- Environmental and energy policies, and it
- Offers a comprehensive range of cost-effective advisory services for its members .

The DAFC also implements research and development programmes within food safety and veterinary issues, animal health and productivity, animal welfare, environment and energy.

4.6.2. Other activities of agricultural cooperatives

The Danish cooperatives are especially involved within the area of information, communication, research and innovation, project support (generic promotion, CSR), environmental, food safety, rural development.

The organisation is directly involved in such activities.

Investments of cooperatives in new activities

Many Danish cooperatives have – as part of their business model – invested in and developed better use of resources (environment, energy, bio-energy), green packing etc.

International activities (expansion to foreign countries).

Many cooperatives are looking towards mergers and acquisitions as part of their growth strategy. Especially Arla Foods has been expanding its activities through a series of mergers and joint-ventures in recent years.

As many as 1.600 UK milk producers have become owners of Arla Foods. The majority of milk producers have been part of the Arla Foods Milk Partnership (AFMP), which has long been closely associated with Arla Foods UK.

Establishment of new cooperatives or of Producer Organisations.

The Danish Agriculture & Food Council believes that adaptation and consolidation of the agricultural sector through the promotion and creation of strong producer groups (PO and cooperatives) is a principal answer to securing fairer returns for the farming community.

There has been little momentum in terms of new cooperatives. Due to the high percentage of cooperatives in Denmark, we have so far not seen much interest in creating POs (the exception being the fruit & vegetable sector, which falls under a different regulation). The PO scheme in the single CMO is not considered as a very useful scheme in Danish context.

Denmark

4.6.3 Impact of the CAP reform on cooperatives

There has since the CAP-reform been little momentum in terms of setting up POs.

4.6.4 Main policy objectives at EU level

In recent years there has foremost been a European focus on food chain issues, such as securing a better return from the market for the farmers. The Danish Agriculture & Food Council believes that adaptation and consolidation of the agricultural sector through the promotion and creation of strong cooperatives and other forms of producer groups, is a principal answer to securing fairer returns for the farming community.

As Europe is facing increasing competition from emerging countries with low production costs, it is vital to prioritize the much-desired market-orientation of the sector to a much larger extent.

5. GERMANY

Germany

5.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Berlin

Total area: 356 854 km²

Population: 82 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1985

Source: http://europa.eu/about-eu/countries/member-countries/germany/index_en.htm

Germany	2000*	2010	Change (%)
Number of holdings	399 350	299 100	-25.1
Total UAA (ha)	16 944 690	16 704 030	-1.4
Livestock (LSU)	19 182 520	17 792 560	-7.2
Number of persons working on farms (Regular labour	1 017 990	749 740	-26.4
Average area per holding (ha)	42.4	55.8	31.6
UAA per Inhabitant (ha/person)	0.21	0.20	-1.0

** The 2000 data presented in the table were filtered using the 2010 threshold*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Germany

Germany

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	51 351.4	13.6%
Crop output, of which:	2013	48.6%	12.0%
Forage plants	2013	14.4%	27.0%
Wheat and spelt	2013	7.6%	15.3%
Vegetables and horticultural products	2013	7.9%	8.3%
Animal output, of which:	2013	51.4%	15.6%
Milk	2013	22.2%	19.8%
Pigs	2013	14.5%	19.5%
Cattle	2013	7.7%	12.3%
Gross value added at basic prices (million EUR)	2013	14 644.7	9.3%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

5.2. MEMBER ORGANISATION

DEUTSCHER RAIFFEISENVERBAND (DRV)

GERMAN RAIFFEISEN ASSOCIATION

Pariser Platz 3

Postfach 080549

DE - 10005 Berlin

Tel:+49.30.856214-3

Fax:+49.30.856.214-550

E-mail:info@drv.raiffeisen.de

(central address)

Website:www.raiffeisen.de
President : Manfred NÜSSEL

Secretary General : Henning EHLERS

Thomas MEMMERT

Rue du Luxembourg, 47-51

BE-1050 BRUXELLES

Tel:+32 (0)2 285 40 50

Fax:+32 (0)2 285 40 59

E-mail: memmert@drv.raiffeisen.de

Germany

5.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

In Germany, the market for foodstuffs is characterised by the price conscious nature of consumers, and the fierce competition in the food retail sector which results from this. At the same time, the supply of food is characterised by the wide variety of products, which respond to the consumer habits of different groups of the population. Trends indicate that the share of organically and regionally produced food is increasing. Issues of sustainable production play an increasingly important role for the public. The agricultural sector, meat producers and the food retail sector have reacted to the increasing sensitivity of consumers, particularly concerning animal welfare, with the industry-wide Animal Welfare Initiative (Initiative Tierwohl). As part of this initiative, production processes which pay particular attention to animal welfare will be rewarded.

Agri-food trends

Structural change in German agriculture continues unabated. Between 2007 and 2012 the number of agricultural holdings decreased by a good 10% and last stood at 288,000. There continues to be a corresponding increase in the concentration among upstream and downstream agri-businesses. This applies to cooperative and non-cooperative businesses alike. At the same time, it has been noted that foreign companies are highly interested in becoming involved in the agri-business and the food industry in Germany and to thereby profit from the large German market, and its relatively strong purchasing power.

Despite the continuous structural changes in the food industry, in comparison to the food retail sector, the level of concentration within it is still relatively low. Together, the four biggest commercial enterprises make up two thirds of total turnover. Discount outlets play a comparatively important role in Germany, and have considerable influence on the pricing of many standard products.

5.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

5.4.1. Main cooperative statistics

In Germany almost 2,400 cooperative enterprises are active in the agriculture sector and food industry. In particular, their areas of activity encompass on the one hand the supply side (fertilizers, crop protection products, seeds, feedingstuffs, machinery, energy, etc.) and on the other hand the marketing of various agricultural products (cereals, oil seeds, dairy sector, livestock, meat, fruit and vegetables and wine). The cooperative market share stands, on average, at around 50%. Additionally, in East Germany around one third of agricultural area is cultivated by agricultural cooperatives that are run by several families. The total turnover of Raiffesien cooperatives amounted to almost 68 billion euros in 2013. Farmers, gardeners and wine producers are members and thus owners of the cooperatives.

Germany

No. of agri-cooperatives per sector	Turnover (m€)	No. of Farmer members (multiple memberships ('000)	No. of employees
Dairy	14 301	84.5	14 900
Livestock	6 503	140.6	2 700
Fruit and Vegetables	3 417	23.2	5 200
Farm Supply	39 484	1 032.6	52 000
Wine	825	43.8	2 200
Other (... :)	2 972	115.9	20 300
TOTAL	67 502	1 440.6	97 300

TOP* agri-cooperatives in 2013

Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	No. of employees
BayWa	Supply	15 957.6	*	15 974
Agravis	Supply	7 504.5	*	5 640
DMK Deutsches Milchkontor GmbH	Milk*	5 310	10,593	7 158
RWZ Köln	Supply	2 683.6	*	2 694
Westfleisch	Meat	2 507.8	n/a	1 880
Landgard	Fruit	2 035.0	n/a	approx. 4 000
Hochwald Foods GmbH	Milk	1 497.0	5.747**	1 717
ZG Raiffeisen Karlsruhe	Supply	1 474.4	*	1 880
Bayernland eG	Milk	1 210.0	*	807
RWZ Kassel	Supply	1 137.8	*	1 359
Molkerei Ammerland eG	Milk	750.0	2.249**	327**
Bayerische Milchindustrie eG	Milk	581.0	*	approx. 860
VZ Südwest GmbH	Livestock	479.0	2.100	221
Raiffeisen Viehvermarktung GmbH	Livestock	454.0	0.456	75

Germany

Name of Agri-cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships)	No. of employees
Goldsteig Käsereien	Milk	435	n/a	approx.:
Viehvermarktungsgenossenschaft Oberbayern-Schwaben eG	Livestock	389	15 000	70
Erzeugergemeinschaft Südostbayern eG	Livestock	389	9 121	95
Pfalzmarkt	Fruit and vegetables	125	250	150
Erzeugergroßmarkt Langförden-OL Vechta	Fruit	110	:	:
Gartenbauzentrale Papenburg	Fruit	110	:	approx.: 180
WZG Möglingen	Wine	76	*	152
Moselland	Wine	74	2 236	approx.:

TOP* agri-cooperatives per sector in 2013

	Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members	No. of employees
1	BayWa	Supply	15 957	(*)	15 974
2	Agravis	Supply	7 504	(*)	5 640
3	RWZ Köln	Supply	2 683	(*)	2 694
4	ZG Raiffeisen Karlsruhe	Supply	1 474	(*)	1 880
5	RWZ Kassel	Supply	1 137	(*)	1 359

a. TOP 5 supply

	Name of the cooperative	Sector	Turnover (€ mill.)	No. of Farmer members (multiple memberships)	No. of employees
1	DMK Deutsches Milchkontor GmbH	Milk	5 310	10 593	7 158
2	Hochwald Foods GmbH	Milk	1 497	5 747**	1 717
3	Bayernland eG	Milk	1 210	*	807

Germany

b. TOP 5 milk

	Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	No. of employees
4	Molkerei Ammerland eG	Milk	750	2.249**	327**
5	Bayerische Milchindustrie eG	Milk	581	*	approx. 860

* Central cooperatives, no direct members
** 2012

c. TOP 5 Livestock

	Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	No. of employees
1	Westfleisch eG	Meat	2 507	:	1 880
2	VZ Südwest GmbH	Livestock	479	2.100	221
3	Raiffeisen Viehvermarktung GmbH	Livestock	454	0.456	75
4	Viehvermarktungsgenossenschaft Oberbayern-Schwaben eG	Livestock	389	15.000	70
5	Erzeugergemeinschaft Südostbayern eG	Livestock	389	9.121	95

d. TOP 5 Fruit and Vegetables

	Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	Number of employees
1	Landgard	Fruit and vegetables, flowers and plants	2 033	Around 2,700	approx. 4 000
2	Pfalzmarkt	Fruit and vegetables	125	0.250	150
3	Erzeugergroßmarkt	Fruit and	110	0.052	78
4	Gartenbauzentrale Papenburg	Fruit and vegetables	110	0.057	159
5	Marktgemeinschaft Bodenseeobst	Fruit and vegetables	62	0.534	12

e. TOP 5 Wine

	Name of the cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple member-ships) ('000)	Number of employees
1	Württembergische Weingärtner Zen-tralgenossenschaft Möglingen	Wine	76.5	*	152
2	Moselland	Wine	74.7	2.236	194
3	Badischer Winzerkeller	Wine	47.0	*	136
4	Deutsches Weintor	Wine	42.0	0.568	095
5	Winzergemeinschaft Franken	Wine	37.9	2.317	127

5.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

5.5.1. Legal framework for cooperative

The minimum number of members: At least 3 members according to § 4 of the Law on Cooperatives (Genossenschaftsgesetz (GenG)).

Minimum capital: no requirement, unless stipulated in the statutes, § 8a GenG

Any other mandatory requirements for compliance to other legal, administrative or economic provisions (mandatory registration to certain organisations). Registration of the statutes and the board members in the Cooperatives Register at the competent court based on the site of the registered office, § 10 GenG, and compulsory membership of an auditing association, § 54 GenG.

5.5.2. Cooperative governance

Both one-man one-vote or proportional representation are possible and must be laid down in the statutes by the members.

In principle, the cooperative must have a board and a supervisory board; a cooperative which does not have more than 20 members does not need an advisory board, § 9, paragraph 1, point 2, GenG.
It is possible to be an investing member providing capital only, without involvement in the board or supervisory board and with limited voting rights, § 8 Paragraph 2 GenG.
The supervisory board consists of at least 3 people according to § 36 Para. 1 GenG and is elected by the members in the general assembly. They determine the structure.

Cooperatives are subject to mandatory audits by the auditing association to which they belong, § 53 GenG.

Germany

5.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Law on Coopera-tives (Genossenschafts gesetz (GenG)).	None		3	Not re-quired by law

5.5.4. Taxation

The same income tax laws apply, as with all legal persons, as does as the Corporation Tax Act (Körperschaftssteuer), and the Trade Tax Act (Gewerbesteuer).

There are specific exemptions for agricultural cooperatives for purchasing and trading cooperatives if their business operations are limited to: joint use of land and forestry operating equipment and materials; services which are part of contracts for services/work and labour contracts for the production of agricultural and forestry produce for the members' holdings; the processing and use of agricultural and forestry produce produced by the members themselves; consultation on the production or use of agricultural and forestry produce from the holdings of the members.

The general tax rate applicable to cooperatives is 15% corporation tax, plus tax on industry and trade, which depends on the region.

There are not different tax rates for transactions with members and for non-member transactions. The general tax provisions for the development of tax reserves apply.
Regardless of the tax arrangements, the statutes regulate the possibility to divide profits, which means the mandatory allocation of funds to the legal reserves or the allocation of funds to a voluntary reserve.

As a rule IFRS are not applied by cooperatives, the reporting in the balance sheet is still done according to the German Commerical Code.

5.5.5. State Aid

There are implications to cooperatives from the existing provisions of Competition law regarding state aid, where a market organisation is regulated. However, this applies to all legal forms.

5.5.6. Financing

In general, agricultural cooperatives in Germany have no problem accessing financing. Cooperative banks play an important role in financing, providing small and medium-sized companies with access to capital. Of course, accumulation of equity capital depends on the willingness of members to deposit money in the form of shares. For outside financing, the creditworthiness of the cooperative is decisive.

Germany

Insofar as problems of financing have arisen in individual cases, in general these can be traced back to the specific situation of the company and are less linked to their specific legal form.

In few cases cooperatives use the option of permitting investing or external members (according to §8 Paragraph 2 GenG)

5.6. POLICY CONCERNS

5.6.1. Competitive position in the food chain

Cooperative Entrepreneurship

In the German agricultural sector and food industry there is a high level of competition (see also question 1b). Cooperatives are in competition with non-cooperative enterprises, but are also in competition with each other. The Raiffeisen cooperatives occupy a very strong market position, but one which must be continually defended. Against this background there is also structural change in the cooperative field, particularly the swift progression of mergers between cooperatives. Additionally, cooperation between cooperatives, but also with other companies, joint ventures as well as stakes in other companies all play an important role.

Investments of cooperatives in new activities

New areas of business are opening up for cooperatives, in particular renewable energies, which in past years have received strong political support and have been developed correspondingly (key term: energy transition). This primarily affects the generation of electricity from solar and wind energy, but also biogas.

International activities (expansion to foreign countries).

Agricultural markets are, to an increasing extent, globalised. Good export opportunities, to third countries, for livestock products in particular, have arisen for the European and thus also the German agricultural sector and food industry. On the other side, German agriculture is dependent on imports of raw materials from third countries, for instance, to a large extent for soya imports for the feed sector. In this context, German cooperatives are expanding their export activities in third countries (inter alia by setting up sales offices there) and in some cases they are involved in the commercial activity of companies in third countries, or do this entirely.

Establishment of new cooperatives or of Producer Organisations (any legal form of farmer owned, controlled and benefit businesses).

Apart from renewable energies, in recent times in Germany there has been not been a noteworthy number of cooperatives that have been newly established. In the classic business areas the number of cooperatives is falling, due to mergers, which results from the process of greater concentration in the sector, which was needed in terms of improving competitiveness.
There has only been a limited number of other legal forms of producer groupings (in particular in accordance with the EU Milk package) that have been newly established. This is not surprising, as Germany has long had a national legal framework which recognises and supports producer groupings

Germany

5.6.2. Main activities

As a national umbrella organisation, the Deutscher Raiffeisenverband (DRV), a registered association, represents the interests of almost 2,400 Raiffeisen cooperatives when dealing with policy makers, administrative authorities, as well as with other associations and companies at national and European level. The headquarters of the association are in Berlin. The DRV also has a liaison office in Brussels.

Regional cooperatives associations are members of the DRV, as are affiliated cooperative companies (DZ BANK, R+V Versicherung, etc.), as well as central cooperatives. In turn, through the regional cooperative associations, all agricultural cooperatives are involved in the activities of the DRV.

As well as representing members' interests, the association's services include regular flows of information vis-à-vis cooperative members about current political and economic developments as well as fiscal and legal conditions. With the aim of a close exchange of information and opinions with and between members, the DRV maintains a broad structure of association boards and technical committees.

5.6.3. Training

In addition to the regular cooperation offered by the DRV in the association committees, each year the DRV offers specialist workshops for the individual cooperative sectors, where current topics and strategic issues are looked at in depth. This offer is available to the management and elected representatives of the cooperatives.

Besides this, the regional cooperative associations also run numerous training events for the cooperatives in the area where the association is situated, as well as running seminars for board members (farmers representatives) and full-time staff (management). At these events, issues related to management and financial control in cooperatives as well as business considerations are addressed. Additionally, at national level the Academy of German Cooperatives (ADG) offers a highly diverse programme of professional qualification measures, the main aim of which is to support the development of the next generation of cooperatives employees.

In principle, there are no requirements concerning the level of education of those taking part in the different workshops or training events. However, the ADG's qualification measures programmes (organised at a different level) naturally require a certain level of education.

The DRV's view is that there is no real need for a high level European training programme for (elected) cooperative leaders running in a complementary basis to existing National schemes, but should the need for one arise, it should offer real added value when compared with existing national programmes. As a rule, the cross-border activities of German cooperatives do not take place in the form of transnational cooperatives, but in the form of subsidiaries and financial participation in other companies.

5.6.4. Other activities of agricultural cooperatives

First and foremost, the activities of the Raiffeisen cooperatives focus strictly on promoting the economic interests of their members. Each cooperative therefore acts in an economically autonomous way. Cooperatives facing acute financial problems can, in certain cases and under strict condition, be granted support from a support fund, financed internally by the organisation.

The DRV's Raiffeisen foundation has been established since 2012, and pursues the aim of promoting initial and further training, as well as science and research for agricultural cooperatives.

Germany

Additionally, the German cooperatives are involved in some activities which serve the general interest of the agricultural sector. These include diverse research projects, particularly in the areas of animal welfare, livestock farming and feed. The Animal health Agency (Tiergesundheitsagentur eG (TiGA)) has established a common animal health standard throughout Germany to monitor piglet health and to make information available via an animal health database. The Alliance for Feed Safety in Germany (Allianz Futtermittelsicherheit Deutschland eG (AFS)) offers a system for a jointly organised supplier evaluation in the compound feed industry and thereby supports quality assurance schemes. Cooperatives also support the activities of the German Society to Promote Sustainable Agriculture (Fördergemeinschaft Nachhaltige Landwirtschaft ((FNL).

The DRV is actively involved in all named fields of activity and has an important coordinating role.

5.6.5. Impact of the CAP reform on cooperatives

From a German view, the CAP's direct effects on the business activity of cooperatives is rather limited. Indirectly, the fact that direct payments have been secured politically until 2020 has a positive effect, and the income of farmers, who are often both members and clients of marketing cooperatives, will remain relatively stable. Agricultural cooperatives in East Germany involved in primary agricultural production also welcome the fact that mandatory capping of high direct payments has been averted.

The greening measures which have been decided on, in particular the mandatory designation of ecological focus areas, will tend to lead to extensification of production with a corresponding set of negative effects on the marketing and business of cooperatives. The safety net provided by the common market organisation still hangs very low, so the increasing price fluctuations on the agricultural markets can only be partially mitigated. Alternative instruments to secure prices on the commodities futures markets will become even more important for marketing cooperatives.

The EU-wide possibility enabled by the new CAP rules to set up producer groups in all sectors will probably only have very limited effects in Germany.

5.6.6. Main policy objectives at EU level

The DRV believes that the EU internal market with uniform standards and a free exchange of goods between countries is one of the main achievements of the European Union. Considerable benefits and market opportunities have arisen for the agricultural sector in particular because of it. Under no circumstances must the functioning of the internal market be jeopardised by the reintroduction of bureaucratic rules or separate national approaches, e.g. excessive origin labelling of products. Cogeca must continue to fight for this.

Likewise, agricultural cooperatives are dependent on fair competition conditions-, which take their particular position as producer groupings into account and give them sufficient margin for manoeuvre to develop in view of necessary structural adaptations. Here, in particular, the highly concentrated food retail sector and upstream industry branches (plant protection, fertilisers, agricultural technology, etc.) must be taken into account.

As part of the discussion on the functioning of the food chain at EU level, the DRV has spoken out in favour of an in-depth dialogue in the spirit of partnership, with all involved parties. The aim must be to establish fair conditions of competition: the DRV's view is that, in terms of creating a code of good conduct, the voluntary principle should still apply. It must not be possible to circumvent the freedom to draw up contracts for the industry in question through EU legal provisions.

6. ESTONIA

Estonia

6.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Tallinn

Total area: 45 000 km²

Population: 1.3 million

Currency: Member of the eurozone since 2011 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm

Estonia	2003	2010	Change (%)
Number of holdings	36 860	19 610	-46.8
Total UAA (ha)	795 640	940 930	18.3
Livestock (LSU)	326 260	306 280	-6.1
Number of persons working on farms (Regular labour Force)	92 500	52 340	-43.4
Average area per holding (ha)	21.6	48.0	122.3
UAA per Inhabitant (ha/person)	0.58	0.70	21.1

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Estonia

Estonia

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	791.0	0.2%
Crop output, of which:	2013	46.3%	0.2%
Wheat and spelt	2013	8.5%	0.3%
Forage plants	2013	8.7%	0.3%
Barley	2013	8.1%	0.6%
Animal output, of which:	2013	53.7%	0.3%
Milk	2013	30.5%	0.4%
Pigs	2013	11.4%	0.2%
Cattle	2013	4.3%	0.1%
Gross value added at basic prices (million EUR)	2013	304.1	0.2%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

6.2. MEMBER ORGANISATIONS

EESTIMAA TALUPIDAJATE KESKLIIT

ESTONIAN FARMERS FEDERATION

1, Teaduse

EE- 75 501 SAKU

Tel:+372 6 041 783

Fax:+372 6 041 783

E-mail:kaul@taluliit.ee

Website:www.taluliit.ee

Ene KÄRNËR

Rue de Trèves, 61

BE-1040 BRUXELLES

Mobile:+32 494 90 01 73

E-mail:est.chamber@skynet.be

Chairman of the Board : Kalle HAMBURG

Managing Director : Kaul NURM

Estonia

EESTI ÜHISTEGELINE LIIT

ESTONIAN COOPERATIVE ASSOCIATION

53b, J. Vilmsi
EE-10147 TALLINN

Tel:+372 6 010 734
E-mail:eca@hot.ee

Website:www.eca.ee

Ene KÄRNËR
Rue de Trèves, 61
BE-1040 BRUXELLES

Mobile:+32 494 90 01 73
E-mail:est.chamber@skynet.be

Member of the Council: Mrs. Kaie LAANEVÄLI

EESTI PÕLLUMAJANDUS-KAUBANDUSKODA

ESTONIAN CHAMBER OF AGRICULTURE AND COMMERCE

J. Vilmsi 53G
EE – 10 147 TALLINN

Tel:+372 6 00 93 49
Fax:+372 6 00 93 50
Mobile:+372 51 42 124
E-mail: info@epkk.ee; martin@epkk.ee

Chairman of the Council: Mr Andres OOPKAUP
Chairman of the Board : Mr Roomet SÕRMUS

Ene KÄRNËR
Rue de Trèves, 61
BE-1040 BRUXELLES

Mobile:+32 494 90 01 73
E-mail:est.chamber@skynet.be

Estonia[1]

6.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

According to the data of Estonian payment agency PRIA, by 31.12.2013 there were 21 registered and approved agricultural producer groups (cooperatives) in Estonia. There are 9 cereal cooperatives, 7 dairy cooperatives, 2 pig meat cooperatives, 2 potato cooperatives and 1 mixed production (organic farming) cooperative. 9 of these 21 cooperatives have less than 10 members, while 2 cooperatives have more than 100 members. Only 5,8% of total 11 000 agricultural producers in Estonia are members of a cooperative.

6.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

6.4.1. Market share of farmers' cooperatives in the food chain

	2000		2010		Comments
Sector	**Number of members**	**Market Share (%)**	**Number of members**	**Market Share (%)**	
Cereals	70	7.7%	172	25 %	
Pig meat	138	17.7 %	14	10 %	In 2000 there existed several small cooperatives, in 2010 there are only two
Potato	16		15	2.7 %	
Dairy	3000	33 %	338	54%	Only 2 dairy cooperatives have processing capacities, many are collecting and trading with raw milk
Animal breeding	900	100 %	1300	100 %	Animal Breeders´ Association of Estonia was founded in 1993 and is owned by 1300 members who represent breeders of Estonian Holstein, Estonian Red, Estonian Native and beef cattle.

[1] Source: Roos, A. (2012). Support for Farmers' Cooperatives; Country Report Estonia. Wageningen: Wageningen UR, and Estonian Cogeca member organisations

Estonia

6.4.2. Main Cooperative Statistics

List of top 5 largest farmers' cooperatives per sector

Most important cooperatives in selected sectors

Sector		Name of Cooperative
Cereals	1	Põllumeeste Ühistu Kevili (Farmers` Cooperative Kevili)
	2	TÜ Vooremaa Viljakasvatajad (Cooperative Vooremaa Grain Growers)
Organic cereals	1	TÜ Wiru Vili (Cooperative Wiru Grain)
Potato	1	TÜ Talukartul (Cooperative Farm Potato)
	2	TÜ Eestimaa Kartul (Cooperative Estonian Potato)
Dairy	1	Piimaühistu E-Piim (Dairy cooperative E-Piim)
	2	TÜ Laeva Piim (Cooperative Laeva Milk)
	3	TÜ Jõgevamaa Põllumajandustootjate Liit (Cooperative Farmers Union of Jõgeva County)
Pig meat	1	Viru Lihaühistu (Viru Meat Cooperative)
	2	Lihaühistu PYHL (Meat Cooperative PYHL)
Mixed production	1	TÜ Eesti Mahe (Cooperative Estonian Organic)

Source: http://www.agri.ee/sites/default/files/content/arengukavad/mak-2007/seire/pysihindamine-mak-2007-meede-1-9-2014-iv.pdf

6.5. TRANSNATIONAL COOPERATIVES

There are no transnational cooperatives acting in Estonia. There are some foreign (Finnish) cooperatives which do not accept Estonian farmers as their members. Interacting with Estonian farmers these international cooperatives operate as any other non-cooperative business entity which aim is to maximize their profits.

The table below presents the foreign international cooperatives active in Estonia. These are cooperatives from other EU Member States that have come to Estonia to directly trade with farmers as contractual customers.

Estonia

Selected foreign international cooperatives that are trading with farmers in Estonia

Name of the Cooperative	Mother country	Sector(s) involved in:
Valio Oy (subcompany Valio Eesti AS)	Finland	Dairy
Atria Oy (subcompany Atria Eesti AS)	Finland	Meat
HKScan (subcompany HKScan Estonia AS)	Finland	Meat

Source: Estonian Chamber of Agriculture and Commerce

6.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

6.6.1. Legal framework for cooperative

In Estonia, all legal and private persons have the right to be members of different types of cooperatives (with few exceptions). A cooperative can also be a member of another cooperative.

All members have one vote irrespective of the amount of share capital invested into the cooperative in Estonia. All shareholders are members of a cooperative. The legal form of a cooperative is commercial association.

The Law of Commercial Association was enacted on Feb 1st, 2002. Before that, the legal field of cooperatives was regulated by the Commercial Code.

The most frequently used legal form in Estonia is private limited company, but sometimes also non-profit association or commercial association.

The law in Estonia does not stimulate the use of a specific legal business form for farmers to organize themselves.

Initial costs of setting up the legal business form in Estonia is about 300 euro, it also includes the formation of a cooperative and this sum includes state duty, notary fee and consultation cost.

The minimum share capital incorporators of a cooperative have to pay is 2556 EUR in total.

Each cooperative has to have at least 5 incorporators, they can be legal or private persons. If a cooperative is founded by other cooperatives, then the minimum number of incorporators is 3.

In Estonia, the same laws apply to the legal business form of the cooperative like to other forms of business. There are no noteworthy provisions, neither any noteworthy restrictions in the tax law fostering or promoting the activity of cooperatives.

Cooperatives in Estonia are subject to competition law regulations on the same footing as investor-owned firms and there are no general exemptions, especially formulated for cooperatives.

Estonia

6.6.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
The Law of Commercial Association was enacted on Feb 1st, 2002	None	The legal form of a cooperative is commercial association.	5	2 556

6.6.3. Governance

All observed farmers´ cooperatives in Estonia are one legal person by its legal structures. Additionally, Dairy cooperative E-Piim owns several subsidiaries and Saaremaa Dairy Cooperative owns private limited company (processing and marketing).

The Board of Directors (BoD) is the main decision-making body of the cooperative.

The number of board members varies from 1 to 8 members which does not depend on the size of the cooperative but rather results from different agreements among members of different cooperatives. As traditions of different cooperatives are different, the structure of the board varies also.

In the General Meeting (General Assembly) every member has one vote.

Estonian cooperatives are mostly trading also with non-member farmers.

6.7. POLICY CONCERNS

6.7.1. Competitive position in the food chain

There has been only very little development in position of Estonian cooperatives in the food chain. The strongest and the most outstanding farmers´ cooperative in Estonia is Dairy cooperative E-Piim. Its activity in 2000 was relevant in providing market, collective bargaining, collecting farm products, primary processing, secondary processing, marketing commodities, marketing branded products as well as integration of supplying inputs and processing and marketing of farm products. Today, Dairy cooperative E-Piim is a considerable market participant and its activity is most relevant in collective bargaining, collecting farm products, secondary processing, marketing commodities and marketing branded products. Other farmers` cooperatives have had no relevant position in secondary processing in 2013.

The other quite strong and outstanding farmers´ cooperative is Põllumeeste Ühistu Kevili. Kevili was established on 12 April 2005. Hence, the cooperative did not have any position in food chain in 2000, but it has achieved relevant position in providing market, collective bargaining, collecting farm products and primary processing for 2013.

All farmers´ cooperatives in Estonia use cost leadership as their most relevant marketing strategy. Only Dairy Cooperative E-Piim uses differentiation as its marketing stategy.

Estonia

6.7.2. Sector Analysis

Cereals

The cereal sector is the second important sector of agricultural production in Estonia. The structure of cereals and cereals processing industry has undergone restructuring. The share of cooperatives is increasing (currently ca 25%). The number of members has grown in last years.

Fruit, vegetables and potatoes

The fruit and vegetables sector is rather small in Estonia (ca 6% out of total agricultural production). The total production of fruit and vegetables amounted to 43.3 million euro in 2011. The total production of potatoes amounted to 51.0 million euro in 2011 (7,1% out of total agricultural production). There are basically no fruit and vegetable cooperatives in Estonia. There are two potato producer cooperatives in Estonia having very small market share (ca 3% of total Estonian potato production).

Dairy

The dairy sector is the most important sector of agricultural production in Estonia. The structure of the milk processing industry has undergone restructuring during the period of 2000-2010. Milk processing industry is also the only industry in Estonia, where agricultural cooperatives play a significant role. About 1/3 of dairy industry has been cooperative during 2000-2010 in Estonia.

Accession to the EU and the accompanying harmonization of legislation has influenced the development of the Estonian dairy sector. The limited supply of raw milk has created competition among the dairies, and during 2000-2010 numerous small dairies were liquidated or merged with bigger ones. There existed 41 dairies in 2000, but only 29 in 2010. Changes in consumer preferences have been driving processors to produce higher quality and value added products.

Sheep meat

The sheep meat sector is very small in Estonia. There is no substantial cooperative presence in this field in the country. Only few very small slaughterhouses are taking sheep meat from farmers for processing. There are about 100 000 sheep in Estonia, sheep are mostly exported as live animals.

Pig meat

The pig meat sector is the third important sector of agricultural production after dairy and cereals production in Estonia. The structure of pig meat production industry has undergone restructuring during the period of 2000-2013. Only two cooperatives are active in the pig meat sector having relatively small market share (ca 10%) and no processing capacities. Today the market of pig meat production had undergone a great concentration process and the sector is dominated by two Finnish cooperatives owned bigger slaughter houses (HKScan, Atria).

7. IRELAND

Ireland

7.1. GENERAL PROFILE

Year of EU entry: 1973

Capital city: Dublin

Total area: 70 000 km²

Population: 4.5 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Not a member of Schengen

Source: http://europa.eu/about-eu/countries/member-countries/ireland/index_en.htm

Ireland	2000	2010*	Change (%)
Number of holdings	141 530	139 860	-1.2
Total UAA (ha)	4 443 970	4 568 940	2.8
Livestock (LSU)	6 444 300	5 787 400	-10.2
Number of persons working on farms (Regular labour	257 950	272 020	5.5
Average area per holding (ha)	31.4	32.7	4.0
UAA per Inhabitant (ha/person)	1.18	1.02	-13.1

**Figures on common land not included*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Ireland

Ireland

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	7 097.5	1.9%
Crop output, of which:	2013	25.6%	0.9%
Forage plants	2013	14.3%	3.7%
Barley	2013	3.1%	2.2%
Vegetables and horticultural products	2013	2.9%	0.4%
Animal output, of which:	2013	74.4%	3.1%
Cattle	2013	30.2%	6.7%
Milk	2013	28.8%	3.5%
Pigs	2012	6.7%	1.2%
Gross value added at basic prices (million EUR)	2013	1 936.5	1.2%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

7.2. MEMBER ORGANISATION

IRISH COOPERATIVE ORGANISATION SOCIETY LTD (I.C.O.S.)

The Plunkett House
84, Merrion Square
IE - DUBLIN 2

Tel:+353 1 6764 783
Fax:+353 1 6624 502
Website:www.icos.ie

President : Bertie O’LEARY
Vice-President : Martin KEANE
General Director : Seamus O'DONOHOE

Conor MULVIHILL
Rue de Trèves, 61
BE-1040 BRUXELLES

Tel:+32 (0)2 231 06 85
Fax:+32 (0)2 231 06 98
E-mail:cmulvihill@icos.ie

Ireland

7.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

Ireland is currently in the midst of rolling out the national 'Origin Green' programme across its food industry.

It currently is the only sustainability programme in the world that operates on a national scale. And it is a government back initiative helped run through Bord Bia, the Irish Food Board.

The programme aims to allow Ireland's farmers and producers to set and achieve measurable sustainability targets – reducing environmental impact, serving local communities more effectively and protecting the extraordinarily rich natural resources that our country enjoys.

The aim is to see 100% of Ireland's food and drink exports on the road to sustainability by 2016.

Agri-food trends

There is great variety in the Irish agricultural cooperatives especially in terms of size, structure and activity. There are cooperatives that over the years have evolved to resemble producer groups, assembling and selling their members produce to a processor and negotiating price on behalf of their members. At the other extreme there are Irish agricultural cooperatives operating on the global market with subsidiaries in both Europe and the U.S. Some of these co- operatives have taken a Public Limited Company (PLC) route to raise finance for this growth, while others have merged or created a federated cooperative jointly.

7.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

7.4.1 Developments in agricultural cooperatives

The Irish Cooperative Organisation Society (ICOS) is a cooperative umbrella organisation that serves and promotes commercial cooperative businesses and enterprise, across multiple sections of the Irish economy.

ICOS started from agricultural cooperativeroots, and the vision of founding president, Sir Horace Plunkett in 1894.

Now, ICOS member cooperatives and their associated companies collectively have over 150,000 individual members, employ in excess of 12,000 people in Ireland (a further 24,000 abroad) and have a combined turnover of €14bn.

As a representative umbrella organisation for the cooperative movement in Ireland, ICOS is focused on driving the evolution of the Irish cooperative sector through the promotion of best practice, change and helping to enhance the sustainability of our member cooperatives. We endeavour to:

Advocate greater engagement with our member cooperatives and foster greater interaction between ICOS and our member cooperatives.

Effectively use our collective voice and lobbying capabilities.

Ireland

Challenge our members to promote continuous improvement and competitive change, and be open for challenge ourselves within ICOS.

Promote the principles of the cooperative movement to ensure stronger governance, education, and cooperation.

Develop our membership base through the training and education of our grass-roots membership.

Promote greater member participation within cooperatives, particularly with younger generations of members

Deliver tangible value to our members in the services we provide, the initiatives we lead and the programs we promote.

7.4.2. Market share of farmers' cooperatives in the food chain

It is difficult to identify the market share of cooperatives. In Ireland farmers cooperatives only operate in the dairy processing and livestock sales with any significant presence. Including the Kerry Group, Glanbia Plc Wexford Creameries and Donegal Creameries; all of whom have a co- operative basis or shareholding, in the dairy sector would mean that the market share is 100%. As a general rule the cooperative marts handle the sale of two thirds (66%) of the throughput of live animals through the marts nationally.

An aggregate summary of 2008 trading results for the Irish Cooperative sector is shown in the table below. Total sectoral turnover for 2008 has increased to €12.7 billion as compared to €12.6 billion in 2007. The Dairy sector turnover has increased to €11.8 billion in 2008 as compared to €11.7 billion in 2007. The Mart sector turnover has increased to €573 million in 2008 as compared to €554 million in 2007. All Other Irish Cooperative sectors turnover had increased to €267 million in 2008 as compared to €247 million in 2007 (ICOS, 2010).

Market share of Cooperatives

	2000		2008	
Sector	**Number of members**	**Market share (%)**	**Number of members**	**Market Share (%)**
Dairy	86 834	99%	74 882	99%
Livestock sales	45 584	66%	28 186	66%

Sources: ICOS, Cooperatives researched and researchers estimate.

Ireland

7.4.3. Main Cooperative Statistics

List of top 50 largest farmers' cooperatives

The table below presents the 50 largest farmers cooperatives in the food chain in Ireland. The measurement of size used was "net profit as a percentage of sales". This was based on the differentiation between dairy and the livestock marts. In the case of the dairy cooperatives, many may be viewed as multipurpose cooperatives with sales of farm inputs and cereal sales also included in their activities. Some dairy cooperatives are major or minor shareholders in processing companies. In contrast, the livestock marts charge an entry fee and a percentage commission on sales and therefore to use turnover as a measure of size would portray a different picture. In addition the measure of profitability would be an important criteria in the decision making process of the board in respect of the current years dividend but more significantly in the price paid to the members in the following year.

The 50 largest farmers cooperatives in the food chain of Ireland

	Cooperative	Sector	Turnover (in m€)	Members	Employees
1	Kerry Group	Dairy	5 848.3	13 000	24 182
2	Glanbia	Dairy	2 906.5	17 837	3 418
3	Irish Dairy Board	Dairy	2 028.1	3 276	3 104
4	Dairy Gold	Dairy	731.2	8 994	1 099
5	Lakeland Dairies	Dairy	472.9	4 658	591
6	Connacht Gold	Dairy	407.1	16 203	731
7	Commercial Mushroom Producers Cooperative Society	Other	210.8	97	23
8	Arrabawn	Dairy	185.2	5 657	290
9	Town of Monaghan	Dairy	183.9	515	154
10	Tipperary Cooperative Creamery Ltd	Dairy	138.8	1 838	117
11	Barryroe	Dairy	109.2	645	210
12	Bandon	Dairy	97.8	680	180
13	Drinagh	Dairy	96.9	2 440	250
14	Centenary Thurles	Dairy	74.8	1 257	118
15	Wexford Milk Producers	Dairy	66.5	364	2
16	Wexford Farmers	Mart	65.8	2 500	104
17	Lisavaird	Dairy	59.2	1 039	100
18	North Cork	Dairy	49.7	550	50
19	Castleisland	Mart	32.8	311	19
20	Castlerea	Mart	31.5	716	38

Ireland

The 50 largest farmers cooperatives in the food chain of Ireland

	Cooperative	Sector	Turnover (in m€)	Members	Employees
21	Ballyjamesduff	Mart	30 .6	455	53
22	Mullinahone	Dairy	25.0	52	73
23	Lee Strand	Dairy	22.5	271	57
24	East Donegal	Mart	22.1	283	21
25	Boherbue	Dairy	17.2	164	49
26	Inishowen	Other	16.0	2 046	50
27	Callan	Dairy	14.4	175	33
28	ICS Europaks	Other	14.0	26	79
29	FRS Network Amalgamated Co-operativeSocieties Ltd	Other	13.7	5 541	733
30	Templercrone	Other	13.3	1 407	116
31	IFAC	Other	12.5	16 906	134
32	Newtownsandes	Dairy	11.3	200	10
33	Cork Marts	Mart	9.1	10 229	96
34	Maudabawn	Dairy	7.8	190	7
35	Templemore	Mart	7.6	:	:
36	Fealesbridge	Dairy	7.5	241	9
37	Drombane	Dairy	6.5	181	10
38	Oldcastle	Other	5.8	500	12
39	SECBS	Other	5.1	30 447	37
40	Nat CooperativeFarm Relief	Other	4.6	8	13
41	Tuam	Mart	3.6	1 300	15
42	Killasnett	Other	3.1		14
43	Corcaghan	Mart	2.9	290	46
44	Doapey	Dairy	2.6	90	3
45	OldCastle CooperativeCreamery Ltd	Dairy	2.5	374	9
46	Country Markets Limited	Other	1.9	1 100	1
47	Clare Marts	Mart	1.8	2 435	41
48	Kilkenny	Mart	1.7	727	30
49	Central Auctions	Mart	1.3	1 489	30
50	NFGWS	Other	0.8	391	10

Source: ICOS

Ireland

List of top 5 largests farmers' cooperatives per sector

The table below presents the largest dairy cooperatives. These are selected based on turnover. Seven are selected as the two most important operators – Kerry Group and Glanbia are Plc companies with a cooperative shareholding. Glanbia Plc processes 30% of the national milk pool, the Kerry Group process 18% and Dairygold process 17%. Excluded from this list are the cooperatives with shareholding in the federated cooperative - Carbery Milk products. Cummulatively these cooperatives process almost 7% of the national milk pool.

Top 10 Dairy cooperatives per sector (in terms of annual turnover)

Dairy cooperatives	Turnover (in m€)	Members	Employees
Kerry Group	5 848.3	13 000	24 182
Glanbia	2 906.5	17 837	3 418
Irish Dairy Board	2 028.1	3 276	3 104
Dairy Gold	731.2	8 994	1 099
Lakeland Dairies	472.9	4 658	591

Marts	Turnover (in m€)	Members	Employees
Wexford Farmers	65.8	2 500	104
Castleisland	32.8	311	19
Castlerea	31.5	716	38
Ballyjamesduff	30.6	455	53
East Donegal	22.1	283	21

Other cooperatives	Turnover (in m€)	Members	Employees
Commercial Mushroom Producers CooperativeSociety	210.8	97	23
Inishowen	16.0	2 046	50
ICS Europaks	14.0	26	79
FRS Network Amalgamated CooperativeSocieties Ltd	13.7	5 541	733
Templercrone	13.3	1 407	116

Ireland

7.5. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Ireland has a number of cooperative with transnational and International interests.

There Irish Dairy Board for example is a Marketing cooperative that expertly markets Irish cooperative dairy product around the globe though it's world famous Kerrygold brand.

Many of our cooperatives across the sectors have significant independent global interests, such as Glanbia, Kerry, Dairygold, Carbery, Lakelands, Aurivo, Tipperary to name but a few.

But in a country that exports from the island around 90% of its two key agricultural outputs in the form of Dairy and Beef, it is not surprising that many of our cooperatives have international outward looking interests.

It's should also be noted that two of the case study examples of the hybrid coop/plc models of Kerry and Glanbia are also headquartered in Ireland, and the development of this model is seen as one of the drivers of their internationalization.

Transnational cooperatives and international cooperatives from Ireland ,trading with farmers in other countries

Name of the Cooperative	Host countries	Sector(s) involved in:
TRANSNATIONALS		
Town of Monaghan Cooperative Dairy	Northern Ireland farmers are members supplying across the land border into the processing facility in both Northern Ireland and the Republic of Ireland	Dairy
Lakeland Dairies		
Glanbia Cooperative/ Plc	USA- Idaho and New Mexico	Dairy
Dairygold	France-Nantes	Dairy and food products
INTERNATIONALS		
Carbery Milk Products	UK, USA,	Dairy, Flavourings
Glanbia Plc	UK, Belgium, France, Germany, North and South America, Africa and Asia	Dairy
Kerrygroup/Kerry cooperative	France, Italy, Poland, the UK, North and South America, Africa and Asia	Dairy, Food Ingredients, Consumer RTE foods.

The table above presents the transnational and international cooperatives that have their seat in Ireland. In these cases the cooperatives or cooperative plc's trade directly with the farmers. In addition there are several dairy cooperatives that have subsidiary interests in food processing firms in the EU. In general activities in other countries are mainly through joint ventures and contribute to the companies supply chain.

Ireland

The principle area of agricultural cooperative activity is in the dairy and livestock sales sectors. However, the cooperatives in these sectors are not strictly restricted to dairying or livestock sales.

They could be best described as multipurpose producer cooperatives, involved as they are in a variety of activities such as milk and grain purchase and processing, stock trading, farm input sales, hardware sales and general auctioneering and property development. Across the sectors there is a large variation in the activities of agri cooperatives and this is reflected in their position on the food chain. In Ireland 98% of milk processing is carried out by cooperatives, with approximately 80% of this supply processed by the five largest cooperatives (Carroll, 2010). In terms of milk processing volume the top eight cooperatives are, Glanbia, Kerry, Dairygold, Lakelands, Arrabawn, ConnachtGold, Drinagh and Tippeary (DAFF, 2011).

7.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

7.6.1 Legal framework for cooperative

The minimum number of members is Eight (seven members plus a Secretary). Secondary cooperatives can be formed by two cooperativesocieties.

The minimum capital: One ordinary one euro share

Compliance with Schedule II of the Industrial and Provident Societies Act 1893 – 2014.

There is no specific cooperative law in Ireland.

The Industrial and Provident Societies Acts (1893-2005), which apply mainly to cooperative societies, is currently being reviewed in connection with the Governments Better Regulation Programme.

This act provides some regulation and facilitates the registration of cooperatives as limited companies with the registrar of friendly societies.

Possibly the most significant issue is the raising of funds and share capital where “no member other than a society registered under the act shall hold an interest exceeding €150,000 or an amount equal to 1 per cent of the total assets of the society, whichever is the greater in the shares of the society or such maximum amout as may be fixed by statute from time to time”. This is a significant limiting factor for many cooperatives.

7.6.2. Cooperative Governance

Irish cooperatives have the liberty to write their own rule book, within the very loose parameters outlined by ICOS, where the cooperative is affiliated to that organisation. Therefore each cooperative has a unique set of rules. But broadly speaking there are a number of characteristics featuring in boards structure and membership policy.

Regarding the issue of proportional representation (One-man one-vote), schedule II simply stipulates that the rules of the society must provide for the mode of voting.

A one tier decision making governance structure is standard but not mandatory. Some cooperatives will have representational (as distinct from decision making) tiers below the Board who in some isolated instances may be delegated certain authorities in respect of membership policies.

Ireland

Participation by external loan finance from banks is common with no consequent change to control/ voting rights or to the board. Participation in the form of equity finance by external investors does not occur directly in our cooperative societies but may occur where the cooperative parent establishes a public limited company and invites external equity participation.

In addition, some cooperatives that do not have a share redemption policy or whose redemption policy is relatively inactive find that they have a growing number of member shareholders who are no longer actively trading. Such inactive members constitute an investment source while not 'external' may have a distinct agenda from that of the active members.

No supervisory boards.

Accountability (external/ independent audits) and mandatory reporting:

Statutory requirement to have all accounts audited by an independent auditor annually. Accounts and annual return must be submitted to the Registrar of Friendly Societies annually.

7.6.3. Taxation

Agricultural cooperatives are subject to the general taxation provisions.

There are not any specific exemptions for agricultural cooperatives.

There is not a general tax rate applicable to cooperatives.

There are not different tax rates for transactions with members and for non-member transactions.

The national taxation system is not adapted to the specificities of agricultural cooperatives.

7.6.4. Accounting Standards

IFRS (International Financial Reporting Standards) are applied by cooperatives in the country.

7.6.5. State aid

Cooperative Societies are subject to state aid measures in the same manner as companies.

7.6.6. Financing

Agricultural cooperatives are not facing problems in access to financing.

Some cooperatives accessed external (non-membership) finance (through the use of different types of not linked to patronage, non-voting "B-Class or C-Class -shares", or through financial markets/ stock exchange). – see 2 (c) above.

Ireland

7.6.7. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Industrial and Provident Societies Acts (1893-2005), which apply mainly to cooperative societies,	None		8	One ordinary one euro share

7.7. POLICY CONCERNS

7.7.1 Main activities

ICOS works with its member cooperatives to tailor services depending on their current and future needs and to meet the goals of the organisation. These services include the following:

1. Providing a Cooperative Voice

ICOS is a registered cooperative that has been representing and serving the cooperative sector in Ireland for close to 120 years.

2. Customer Service, CooperativeDevelopment and New CooperativeRegistration

ICOS's core business is to provide vision, leadership and value to the cooperative movement in Ireland. ICOS uses its collective voice to put the needs of the cooperative movement and member cooperatives to the forefront of what it does.

3. CooperativeRules and Governance

ICOS is a leader in cooperative development. It is Ireland's leading organisation for registering new cooperatives. It aims to deliver vision, leadership, and value to its members. For prospective cooperativestart-ups, ICOS follows a process whereby these cooperatives are evaluated for suitability, registered with the assistance of ICOS, and put through a two-year, startup development programme.

In 2014 we launched the Plunkett Foundation for Cooperative Governance to further our aims in this sector, and increase the status and attractiveness of being a cooperativedirector with the public.

More info on the institute can be seen here: http://plunkettinstitute.ie

Ireland

4. Lobbying and Representation

ICOS lobbies and represents its members on nearly 50 boards, industry bodies and governmental institutions etc. It also maintains an active network across many departments of government. ICOS is one of the few Irish industry organisations that has a full-time office in Brussels since the early 1970s. The Brussels office maintains a network with over 150 groups and organisations across Europe.

ICOS's reputation for openness, fairness, pragmatism and integrity advances its status both at home and abroad.

5. Sectoral Expertise

ICOS supports the creation of commercially viable cooperatives that are structured, and focused on the economic drivers promoted through cooperative principles. Cooperatives provide over 100 million jobs around the world, 20 per cent more than multinational enterprises.

ICOS's expertise across many industry sectors, together with its lobbying activities and international networks help it to deliver tangible value for its members.

6. Training and Education

A policy pursued by ICOS is: 'educate to cooperate'.

A primary focus for its education initiatives is on corporate governance. Through ICOS Skillnet, targeted training and personal development programmes are facilitated. The training offering from ICOS is further strengthened through the establishment of the Plunkett Institute of Cooperative Governance to channel training and support for the establishment and promotion of best practice in cooperative governance in Ireland.

ICOS also provides targeted training across a broad number of cooperative industry sectors and fields of interest.

7. Networking and Synergy

ICOS actively promotes and supports the principle of 'cooperation amongst cooperatives'.

ICOS facilitates networking and business opportunities amongst its member cooperatives both in Ireland and internationally. When called upon, ICOS has always been the first to help facilitate and guide willing cooperatives to forge new relationships, drive industry-wide initiatives, and pursue joint ventures and mergers.

8. Communication

In today's information age ICOS has focused on actively communicating with its members in a timely fashion. Its website, Twitter, and Facebook feeds, are updated regularly. Depending on the cooperative sector ICOS also sends targeted emails on a regular basis, organises networking events, seminars and conferences.

9. Promoting Overseas Development

Through the Irish Foundation for Cooperative Development (IFCD), ICOS aids in the advancement of the cooperative model in developing countries. Through its overseas networks and connections, it is always on the lookout for business opportunities for its members back home in Ireland.

10. Permanent Presence in Brussels

The Irish Cooperative Organisation Society is one of the few representative industry organisations to have a full-time office in Brussels spanning the history of Ireland's membership of the European Union.

Ireland

The services and role provided by the ICOS Brussels office for cooperative members include:

• Lobbying and driving policy that promotes the aims of the Irish cooperative movement

• Representing ICOS members on European and international farming and cooperative organisations such as COPA COGECA

• Working with Irish government officials to ensure that cooperative objectives are reflected in international government policy

• Developing links with national representative and non-governmental groups to further its goals and objectives.

The ICOS Brussels office remains at the disposal of its members at all times and is a key element of the service that ICOS provides, especially in an era where cooperative interests are increasingly being shaped by international legislation and global trade.

7.7.2 Training

In the previous section on ICOS services a brief outline of the importance of training was given.

A key component of ICOS strategy was realized this year with the launch of the Plunkett foundation for cooperative governance at the end of October 2014.

The Plunkett Institute for Cooperative Governance is dedicated to the establishment and promotion of best practice in Cooperative Governance in Ireland.

The Institute's principal focus is on the elected members of Boards of ICOS Cooperatives, and Board officers. The following is a list of the functions of the Institute:

- Act as an expert body for the governance of Cooperative organisations
- Establish a set of governance principles for Cooperative Societies in Ireland
- Act as a network through which members of the Boards of cooperative organisations could protect and promote their interests
- Provide recognised training and education for its members
- Hold a register of those who are considered to have reached a particular level of competence with regard to acting as a Board Member of a Cooperative Society
- Represent the interests of the Boards of Irish cooperative organisations internationally
- Act as an organisation which provides mutual support to its members
- Establish structures to ensure compliance with the Institutes set of Governance principles, including disciplinary procedures.

As well as the Plunkett institute, and dovetailing in with it, ICOS also has the long established and successful ICOS Skillnet.

The ICOS Skillnet is a network of member cooperatives nationwide. Members use the network to avail of grant-assisted training and networking opportunities for their owners, managers and staff. We believe that members need to improve the skills of their workforce if they are to grow and be successful in today's business environment.

The ICOS Skillnet's application under the Skillnets Training Networks Programme 2014/15 has been successful and grant aid for 2014 has been secured.

Ireland

The network's long term strategy is to continue in supporting the cooperativeand agri-business sectors in meeting their training & development needs to sustain competitiveness and growth for the sectors.

The aims of the programme are:

- To provide industry specific, customised and most relevant training to the member companies in order to improve their competitiveness.
- To promote training as a viable strategic tool.
- To improve the quality of training and development activities and provide real opportunities to employees of the member companies.
- To assist in creating a long term future for cooperative businesses in rural areas.
- To contribute to the up-skilling of the unemployed.

We provide training in the following areas: Cooperative & Industrial Provident Society Director Training; People Management; Planning & Strategy; Management Development; Communication Skills; Sales & Marketing; Finance; Technical Skills; Health & Safety and Information Technology.

In keeping with the current focus of Skillnets, ICOS Skillnet also offers FREE training places to job-seekers who are training with those in employment. If you are unemployed and fulfil the Skillnets definition of a job-seeker, you can attend a range of ICOS Skillnet courses at no cost.

There are a myriad of institutions and organisations that provide training for board members and executives. But ICOS aims to target the governance and commercially required skills needed by the coops through both the Plunkett Institute and Skillet programmes.

Our members and directors are free to augment these skills through training and course run by other organisations in specific areas from law to international sales.

ICOS has long backed the establishment of this level of training, and fully back the need of a European level for Coop director training.

We also feel that COGECA is the prime body to co-ordinate the delivery of such a programme.

We understand that the launch of such a programme will create many logistical difficulties, and will have teething issues, but we are confident that the long term payback for both COGECA and members will be worth it.

7.7.3. Other activities of agricultural cooperatives

Many ICOS member coops are multipurpose in structure and are involved in a range of activities to augment their position at both a societal and at a business level.

These include, energy programmes, support for community programmes and partnerships on R&D.

These are done sometimes unilaterally, but also sometimes in tandem with ICOS.

An excellent example for development and CSR is the ICOS affiliated Irish Foundation for Cooperative Development (IFCD).

The Irish Foundation for Cooperative Development (IFCD) was established by ICOS in 1978 to provide a practical response from the Irish cooperative movement to the challenges in developing countries. IFCD was intended as a channel through which to share the success and experience of Irish cooperatives working together in cooperatives and to those in developing countries to help themselves in the same way.

Ireland

Other ICOS facilitated examples of cooperation amongst cooperatives include:

ICOS helps facilitate a purchasing group comprising 18 cooperatives with total purchases of in excess of €23m. The “CooperativeSource” branded product grouping has a compliment of seven product groupings under its brand these;

Crop packaging

Animal mineral supplements

Dairy Detergents

Clothing

Grass Seeds

Milking Machine filter socks

Cow teat foam sanitizer

The purchasing group’s membership extends throughout the country. The Group is headquartered in the ICOS office in Cork.

The **Irish Milk Quality Cooperative (IMQCS)** has been central to promoting milk quality in recent years. The website (www.milkquality.ie) of the IMQCS is updated twice per year and contains numerous presentations on milk quality including an update on flukicides and detergents. In addition, the website contains the names, addresses and telephone numbers of all milking machine technicians registered with the IMQCS and dairy cooperatives.

ICOS Ltd is the registered formal administrator for two group industry-wide pension schemes, the Irish Cooperative Societies’ Pension Scheme and the Dairy Executive Pension Fund, covering 35 contributing cooperatives. In a typical year, ICOS pensions department handles in excess of 2,000 phone calls, administers about 100 new retirement/deaths, and answers enquiries from several hundred former members, in addition to providing contribution and year-end reports for participating cooperatives. It also manages the other professional inputs into the schemes from actuaries, investment firms, insurers, legal advisors and audit services.

7.7.4. Impact of the CAP reform on cooperatives

The pressure of declining budget in a reformed CAP will undoubtedly have implications, with farmer members demanding higher returns from their cooperatives.

This is further exacerbated with the continued dismantling of market tools in the CMO, many of which were integral to the protection of income for farmers and their cooperatives.

At direct payment level, the declining budgets and envelopes will increase the pressure on coop boards to return more offset these reductions.

We have fought a good battle to retain the budget at its current level, but as we have seen in recent decisions taken by the college of commissioners since the conclusion of CAP, agriculture remains a target for raids to plug holes in other sectors.

Ireland

7.7.5. Main policy objectives at EU level

For ICOS, and as the umbrella organisation for an export oriented cooperative economy, Trade is a key policy item that we want COGECA to continue to push especially in an era of internationalization and globalization.

Within the CAP, we lament that cooperatives, while still supported, has been largely eliminated from the text.

The producer group/organisation legal lexicon used creates many opportunities, but also dangers for the current agri cooperative structures that have served Irish and European farmers well for over a century.

COGECA has to be at the vanguard of a movement to protect against this, and we would like to see more synergies and joint work with other cooperativeorganisations to enable national organisations to give service of competition legislation, taxation changes, new cooperativefields of mutual interest such as energy etc.

7.7.6. Sector Analysis

Cereals

There is no independent cereal cooperative in Ireland. However many of the dairy/multipurpose cooperatives are involved in the sector, processing cereals for animal feedstuffs to meet their members needs.

Fruit and vegetables

There is no cooperative activity in the sector although there is cooperative involvement in the mushroom sector and PO's and PG's throughout, but these have largely registered as limited companies consequently details are scarce.

Dairy

The dairy industry is the key cooperative sector in the agrifood industry in Ireland. It is an intensive sector, however there is adifficulty in obtaining cooperativeinformation once you get beyond the larger cooperatives, especially the smaller dairy. They feel vulnerable and don't want information getting around which could be used, in their perception to de-stablaise them. Nevertheless, they have developed specialisms, utilisising what would previously be perceived as waste products into value added food ingredients and nutra ceuticals, sports drinks and baby formula. However the sector has remained concentrated in the processing area, with little vertical integration and although some cooperatives have invested in retail, this has not resulted in the introduction of new members i.e. the consumers.

Ireland

Sheep meat

Cooperative involvement in sheep production is solely through the livestock marts. There is no cooperative processing plant.

Pig meat

Pig meat is a rapidly contracting sector at farm level, down to one producers cooperativefiling annual returns to Registrar of Friendly Societies for year end 2009 or 2010, this is Roughty Valley Co-operative Society Ltd. Ten years ago there was a significant involvement on pig meat processing by larger dairy cooperatives, notably Dairygold and Glanbia. They have since exited the sector with view to concentating on dairy and milling as the pig meat sector was viewed as volatile and loss making. However there is still some dairy cooperative involvement in the sector by CentenaryThurles Cooperative who own and run their own piggery, using meal from the cooperativemill and selling the pigs to an outside processor. Barryroe Cooperative is a dairy cooperative which has a 100% cooperativeowned pig meat processing subsidiary, Stauton Foods. Staunton Foods operates a slaughtering and processing plant on a single site.

8. GREECE

Greece

8.1. GENERAL PROFILE

Year of EU entry: 1981

Capital city: Athens

Total area: 131 957 km²

Population: 11.06 million (2014)

Currency: Member of the eurozone since 2001 (€)

Schengen area: Member of the Schengen area since 1992

Source: http://europa.eu/about-eu/countries/member-countries/greece/index_en.htm

Greece	2000	2010	Change (%)
Number of holdings	817 060	723 010	-11.5
Total UAA (ha)	3 583 190	3 477 930	-2.9
Livestock (LSU)	2 540 110	2 406 520	-5.3
Number of persons working on farms (Regular labour Force)	1 431 250	1 212 720	-15.3
Average area per holding (ha)	4.4	4.8	9.7
UAA per Inhabitant (ha/person)	0.33	0.31	-6.4

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Greece

Greece

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	9 106.1	2.4%
Crop output, of which:	2013	69.5%	3.0%
Fruits	2013	19.9%	6.9%
Vegetables and horticultural products	2013	16.5%	3.1%
Olive oil	2013	6.9%	18.4%
Animal output, of which:	2013	30.5%	1.6%
Milk	2013	11.7%	1.8%
Sheep and goats	2013	7.2%	12.8%
Pigs	2013	3.9%	0.9%
Gross value added at basic prices (million EUR)	2013	5 101.6	3.2%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

8.2. MEMBER ORGANISATION

ΠΑΝΕΛΛΗΝΙΑ ΣΥΝΟΜΟΣΠΟΝΔΙΑ ΕΝΩΣΕΩΝ ΑΓΡΟΤΙΚΩΝ ΣΥΝΕΤΑΙΡΙΣΜΩΝ (ΠΑΣΕΓΕΣ)
CONFEDERATION OF AGRICULTURAL COOPERATIVE UNIONS (PASEGES)

26 Arkadias St. and Mesogeion Av
EL - 115 26 Athens

Tel:+30 210 7499400
Fax:+30 210 748 49 14
E-mail : :info@paseges.gr

Website: www.paseges.gr

Representative: Elli TSIFOROU

Rue de Trèves, 61
BE-1040 BRUXELLES

Tel:+32 (0)2 230 66 85
Fax:+32 (0)2 230 59 15
E-mail:paseges@skynet.be; pasbru@skynet.be

President: Tzannetos KARAMICHAS
Deputy President: Thomas KOUTSOUPIAS
First Vice President: Konstantinos SKIADAS

Director General: Ioannis KOLYVAS

Greece[1]

8.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

8.3.1. Developments in agricultural cooperatives

In recent years it is understood and widely accepted in Greece that the agricultural sector can not survive without healthy functioning Agricultural Cooperatives. Indeed, it has been shown in practice that Agricultural Cooperatives contribute greatly to reducing the cost of inputs (economy of scale) and achieve better selling prices for producers.

In the post-1990 period, facilitated by EU and national policies, various types of so called social enterprises/cooperatives have emerged, nevertheless agricultural cooperatives outnumber all other types of cooperatives.

The national umbrella organisation that represents all agricultural cooperatives is the Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (PASEGES). PASEGES was founded in 1935, initially as an association of Unions of agricultural cooperatives. Today, however, PASEGES represents the interests of all agricultural cooperatives, and provides them with lobbying, technical assistance, cooperative education, and other related services. Greek agricultural cooperatives are involved in many food sectors while Producer Organisations are mainly involved in fruit & vegetables and olive oil & table olives.

8.3.2. Main Cooperative Statistics

Number of farmers (2013) : 764.000 (beneficiaries of CAP payments)

Number of Cooperatives: 550 (2014- provisional data)

Source: PASEGES

TOP* agri-cooperatives in 2013 (Measured by turnover)

Name of Agri-cooperative		Sector	Turnover (m€)	No. of Farmer Members	No. of Employees **
1	"PINDOS"	Poultry	176	485	680
2	Venus Growers	Fruit	67	530	430
3	A.C.of Kavala	Multi-purpose	30	700	143
4	ALMME	Processed fruit	30	2 000	123
5	U.A.C. of Lamia	Multi-purpose	29	254	107

** (full) man years

[1] Source: Iliopoulos, C. (2012). Support for Farmersâ€™ Cooperatives; Country Report Greece. Wageningen: Wageningen UR., and PASEGES

Greece[1]

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of Farmer Members	No. of employees**
6	A.C. of Trikala	Multi-purpose	28	410	88
7	U.A.C. of Peza	Wine, olive oil & other	25	3 000	95
8	Agricultural partnership of Aeghion	Multi-purpose	25	4 500	135
9	Agr. Dairy C. of Kalavryta	Dairy	21.2	370	60
10	U.A.C. of Naxos	Dairy, seed potato & other	17	3 274	84
11	A.C. of Zagora	Fresh fruit	16	670	77
12	U.A.C. of Volos	Dairy , cereals & other	15	300	133
13	Chios Gum Mastic Growers Association	Gum mastic	14	4 543	46
14	A.C. of Messolonghi & Nafpactia	Olives, olive oil, cotton & other	14	70***	66
15	A.C. of Agrinio	Multi-purpose	12	156***	116

Source: PASEGES
** (full) man years
*** direct farmers' memberships

8.4. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

There are no transnational or international cooperatives owned by Greek farmers.

However, only FrieslandCampina has invested in local capacity and thus buys milk from Greek farmers who, though, are not members of the cooperative.

8.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

8.5.1. Legal framework for cooperative

The agricultural cooperatives are governed by the Law 2810 / 2000, as amended primarily by the Law 4015 / 2011. Amending L. 2810 / 2000 by L. 4015 / 2011 introduced significant changes to the status of agricultural cooperatives. Among others, there was introduced the obligation of Cooperatives to register in the electronic Register of Agricultural Cooperative Organisations of the Ministry of Rural Development and Food, provided they meet certain criteria to be considered as active. The Law 4015/2011 also provides the obligation of the Unions of Agricultural Cooperatives (UACs) to be transformed either to Agricultural Cooperatives (A.C.s) by merging with their members or to Agricultural Partnerships S.A.s.

[1] ***Sources:*** Iliopoulos, C. (2012). Support for Farmers' Cooperatives; Country Report Greece. Wageningen: Wageningen UR., and PASEGES (2014)

This obligation for transformation has caused great disruption to the agricultural cooperatives during the last years because in many cases great difficulties arose during the implementation effort in practice. Given the recent and ongoing procedure for the adjustment of cooperatives to the arrangements set out by Law 4015 / 2011, it is very early to evaluate of the legislative impact.

8.5.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Law 4015/2011 effective as modified, Law 2810/2000 effective as modified	-	Presidential Decree 456/1984 (Civil Code), Law 2190/1920 (for agricultural S.A's)	10	10.000

8.6. POLICY CONCERNS

8.6.1. Competitive position in the food chain

Agricultural cooperatives are active in many sectors as the fruit (both fresh and processed) and vegetables supply chain, olive oil & table olives, cereals, dairy industry including products of goat and sheep milk, wine supply chain and other while some of them are involved in special sectors (e.g., the PINDOS Poultry Cooperative which is the first among the top cooperatives, the Chios Gum Mastic Growers Association etc). Many of the agricultural cooperatives are involved solely in first-level processing activities while several of them are involved in second-level processing; these are much better positioned to capture a larger share of the retail value and return it to their farmer-members.

It should be noted that several agricultural cooperatives have invested considerably during last years in processing facilities and expanded in both domestic and export markets. For example, the Union of Agricultural Cooperative of Volos, the Agricultural Dairy Cooperative of Kalavryta, the Dairy Cooperative "Thesgala-Pies" in Thessaly have invested in the dairy industry and constantly improve their positioning in the domestic market by introducing high-quality innovative dairy products. Additional brilliant examples are the Union of Agricultural cooperatives of Peza in Crete in the sectors of Wine and Olive-oil and the Agricultural partnership of Aeghion in the sector of fruit (currants).

Greece

8.6.2. Sector Analysis

Cereals

The supply chain structure of cereals is relatively straightforward. The sector is characterised by numerous small farms. A common marketing channel used by the majority of farmers is to sell their production either to middlemen or to cooperatives for storage and first marketing. Furthermore, farmers can store their production in the premises of cooperatives on a voluntary basis. In that case the product can be sold by the Coop a) upon the Coop's will or b) upon farmer's will as regards time and price.

There are several cooperatives which are engaged in storage and trade of cereals, including rice. A significant quantity of cereals (mainly maize and barley) is directed to the feed industry. The next stage downstream the supply chain for durum and soft wheat is mainly the milling industry which provides inputs for the pasta, sweet and bread industry. The cultivation of malting barley under contracts with the brewing industry has been developed significantly during the last years. The country is a net exporter of durum wheat and rice.

Fruit and vegetables

The fruit and vegetables sector is of strategic importance for agriculture in Greece**.**

Taking full advantage of EU regulations, many producers are organized in producer groups and associations in the sector. Currently there are 136 producer groups specialising in fruit, citrus fruit included, and vegetables.

The agricultural cooperatives and producer groups play an important role in the Greek fruit and vegetables sector . As regards food safety the agricultural cooperatives and producer organisations, supply safe and high quality fruit and vegetables.

General comments about the competitive position or performance of fruit and vegetables cooperatives/producer groups are difficult to make as many product sub- categories exist and several cooperatives specialize in one or two of these groups of products.

Data on the market share of cooperatives/producer groups are not available. Yet, according to sector analysts, cooperatives' market share is estimated to be around 30-40%.

VENUS Growers, "ALMME" and the A.C. of Velvendos in Macedonia, the A.C. of Zagora, the A.C. of Amykles in Lakonia, the Agricultural partnership of Aeghion, the UAC of Argolida –"REA", the A.C. of Ierapetra in Crete are included among the top co- operatives of the sector.

Olive oil and table olives

Overall, the production sector for olive oil is made up of a large number or companies whose size and activities vary. Several agricultural cooperatives operate successfully in this sector with a significant role, whose main activity is to collect the produce of their members and then take responsibility for processing, standardizing and marketing it. The olive oil Inter-professional Association was the first association of this kind to be created by the supply chain stakeholders.

Greece

The UAC of Lakonia, the UAC of Peza, the UAC of Amfissa , the A.C. of Rovies, the UAC of Korinthia, the A.C. of Gargalianoi in Messinia, the UAC of Lesvos are included among the top co- operatives of the sector.

Wine

The Greek wine industry includes both cooperatives and Investor Oriented Firms (IOFs). In terms of size, the industry is comprised by 4-5 large and several small and medium size firms. Large companies hold the lion's share of bottled wine sales in the domestic market, while the smaller ones are divided into two categories: the ones that produce both bulk and bottled wine and the others who had made significant investments towards the production of improved quality wines.

Many cooperatives sell wine in bulk to taverns and restaurants. Also, they sell wine to wine-making IOFs, which bottle the wine and sell it under their own brand name.

In 2010, wine cooperatives had a total turnover of € 97 million as compared to € 59.6 million in 2000. Both figures corresponded, roughly, to 20% of the market. Ever since co- operatives improved their position in the sector as today they contribute to 35%- 40% of the total turnover of the industry.

The Union of winery cooperatives of Samos, the U.A.C. of Peza, the A.C. of Tyrnavos, the Union of Santorini Cooperatives, the Wine cooperative of Nemea and the Wine cooperative VAENI Naoussa are included among the top co- operatives of the wine industry.

Dairy

The domestic dairy market consists of several firms both cooperatives and IOFs. The market for fresh pasteurized milk however, is highly concentrated to a limited number of firms (among them 3-4 cooperatives). The structure of the dairy industry poses significant challenges to dairy cooperatives. Small farm holdings, highly fragmented markets, and inefficiently organized dairy operations make difficult to capture a significant market share in some of the most profitable markets (e.g., yoghurt).

The lack of a cooperative with very strong bargaining power is painfully felt by small milk producers, particularly in regions where IOFs hold a monopsonistic position. While dairy cooperatives are dominant players in the world dairy markets, Greek dairy cooperatives struggle to gain influence in the terms of trade to the benefit of their members.

Currently, some attempts to form new, innovative, value-added farmer-owned cooperatives are underway. This effort to build strong cooperative organisations will further strengthen the production and promotion of excellent quality, high nutritional value products many of which are PDO. Feta cheese (PDO) and Greek Yogurt feature prominently among the products of the dairy sector.

The Union of Agricultural Cooperatives of Volos- “EVOL”, the Agricultural Dairy Cooperative of Kalavryta, the Dairy products Cooperative of Trikala- “Trikki”, the Dairy Coperative “Thesgala-Pies” in Thessaly, the UAC of Lamia, the A.C. of Agrinio- “AMFIGAL”, the UAC of Naxos, the Dairy cooperative Union of Drama & Kavala- “ NEOGAL” are included among the top co- operatives of the sector.

9. SPAIN

Spain

9.1. GENERAL PROFILE

Year of EU entry: 1986

Capital city: Madrid

Total area: 504 782 km²

Population: 45.8 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1991

Source: http://europa.eu/about-eu/countries/member-countries/spain/index_en.htm

Spain	2000	2010	Change (%)
Number of holdings	1 287 420	989 800	-23.1
Total UAA (ha)	26 158 410	23 752 690	-9.2
Livestock (LSU)	14 994 220	14 830 940	-1.1
Number of persons working on farms (Regular labour Force)	2 439 040	2 227 020	-8.7
Average area per holding (ha)	20.3	24.0	18.1
UAA per Inhabitant (ha/person)	0.66	0.52	-21.1

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Spain

Spain

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	42 148.4	11.2%
Crop output, of which:	2013	62.8%	12.7%
Fruits	2013	17.6%	28.5%
Vegetables and horticultural products	2013	16.8%	14.6%
Forage plants	2013	5.7%	8.8%
Animal output, of which:	2013	37.2%	9.2%
Pigs	2013	14.9%	16.4%
Milk	2013	6.6%	4.8%
Poultry	2013	5.5%	10.9%
Gross value added at basic prices (million EUR)	2013	22 799.5	14.5%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

9.2. MEMBER ORGANISATION

COOPERATIVAS AGRO-ALIMENTARIAS

AGRIFOOD COOPERATIVES

c/Agustin de Bethencourt, 17 - 4ª planta

ES - 28003 MADRID

Tel:+34.91.535.10.35

Fax:+34.91.554.00.47

E-mail:agro-alimentarias@agro-alimentarias.coop

Website:www.agro-alimentarias.coop

Juan CORBALAN GARCIA

Rue de Trèves 61, RdCh

BE-1040 BRUXELLES

Tel:+32 (0)2 280 05 54 / 231 19 54

Fax:+32 (0)2 230 94 97

E-mail:corbalan@agro-alimentarias.coop

President : Angel Villafranca

Director General : Eduardo BAAMONDE NOCHE

Spain

9.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

Demand for new products.

More informed and aware consumers (quality, food security, environment, animal health, etc.) are demanding new products, and innovation within the agri-food sector.

The current economic crisis has bolstered a feeling of solidarity for "Made in Spain" products. Cooperatives represent these values.

Some consumers and retailers perceive a positive, differentiated value in cooperative products.

The potential of information and communication technologies (ICT).

The liberalisation and opening up of markets has enabled new competitors to become established.

The European agri-food market is more exposed, with no intervention and no suitable market policies.

Very strict rules compared to our competitors.

The need to enhance competitiveness through efficiency.

Modernise the structure of cooperatives; production and sales.

Scattering of the production sector and its poor power to negotiate within the chain.

The role of the economic crisis, decline in consumption and costs.

Unclear support for cooperative integration, lack of confidence amongst peripheral administrations to encourage merging and collaboration processes between cooperatives from different regions.

R+D+i expenses in Spain have decreased over the past few years.

The ageing population in Spain, and also in agriculture.

The agricultural sector has little economic appeal to attract young people.

Need to further professionalise, to enhance efficiency.

Enhance society's awareness about cooperatives, especially that of the younger generations.

Agri-food trends

The agri-food chain in Spain is made up of sub-sectors that regroup operators and carry out various activities, stretching from production right down to the final consumer.

The retail distribution segment

Over the last few decades, **commercial distribution** has become more concentrated, even more so that the industrial or cooperative segments. Sales figures for the top ten distribution companies have multiplied by 12 over the past 25 years, whereas sales by the main **industries** have multiplied by five. The distribution segment is still growing at a more intense rate. Since 2002, sales figures have gone up by 22% and 21% for the top ten cooperatives and industries respectively. Whereas sales of the top ten distributing companies went up by 46%.

Spain

9.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

9.4.1. Developments in agricultural cooperatives

Agri-Food Cooperatives from Spain, is composed of 16 federations and regional cooperative unions (with one located in each and every one of the 16 autonomous regions) + 1 second degree cooperative (in the autonomous region of Cantabria, where there is no federation).

On top of their lobbying activities, other **lines of work and services** are developed to foster competitiveness and professionalisation of the cooperative. Such activities include:

- Organising and coordinating training activities,
- Organising and coordinating technical assistance and cooperative integration activities,
- Consulting in legal, accounting, fiscal, employment, credit and agricultural insurance matters,
- Activities to boost quality, innovation, environment, energy, etc.,
- Coordinating and participating in different European projects (energy, innovation, etc.),
- Organising promotion activities for cooperatives and their products.

Furthermore, the organisation has a firm commitment to **foster the corporate dimension** of cooperatives and encourage cooperative integration projects by promoting the development of tools to enable said processes. A good example of this is the approval of the *"law to promote the integration and consolidation of agricultural associative bodies (LICA)"*, developed by the Ministry for Agriculture, Food and the Environment (MAGRAMA).

9.4.2. Main cooperative statistics

Key figures: the latest available data is from 2012.

Complete figures for Agri-cooperatives in Spain	2012
Number of cooperatives	3,844
Number of members	1,179,323
Turnover (millions=M€)	25,696
Total employment (direct)	98,999
Sales per employee (€)	259,555

Total direct turnover from all Spanish agri-food cooperatives (not including shares in other companies) amounts to:

- 60% of the value of **final Spanish agricultural production****,
- 30% of the value of **gross production in the Spanish food industry***,** (cooperatives represent 13% of the companies).

Spain

	2012	Variation 2011/12
Cooperative turnover (Millions €)*	**25,696**	**+7.8%**
Final Agricultural Production (Million €)	43,151	+4.3%
Gross food industry production (Million €)	90,169	1.7%

**Total Turnover, first and second degree cooperatives combined, without the participation of coops in private companies*

Projections from the World Directory of Cooperatives 2013 ((Cooperativas Agro-alimentarias de España)

***Statistical yearbook 2012 MAGRAMA*

****The Spanish Federation of Food and Drink Industries (FIAB).*

Main cooperative sectors in 2012 (in order of turnover)

	Sectors	% turnover 2012/ total agri-food cooperatives
1	**F & V**	24.1%
2	**Olive Oil**	12.9%
3	**Supply**	12.8%
4	**Feed**	10.3%
5	**Arable crops**	8.5%
6	**Wine:**	7.2%
7	**Dairy**	5.3%
8	**Pig**	3.5%
9	**Poultry**	3.2%
10	**Services**	2.0%
11	**Table olives**	1.9%
12	**Sheep and goat**	1.7%
13	**Beef**	1.4%
14	**Rice**	1.2%
15	**Shops**	0.9%
16	**Nuts and dried fruit**	0.8%
		97.6%

***Source**: OSCAE World Directory of Cooperatives 2013 (sample of 2,758 cooperatives)*

This column does not add up to 100% because the same cooperative can have several areas of activity

Spain

Ranking of cooperatives		Main sectors	Turnover (m€)	No of farmer members	No of employees	Degree	No of mem bers
1	COREN, S.C.G., S.COOP.GALEGA	Livestock, feed	980.0	6 000	3,550	2	10
2	Grupo AN	Livestock, arable crops, supply	665.2	21 000	1,172	2	134
3	DCOOP, S.C.A.	olive oil, table olives, livestock, supply	541.0	55 000	256	2	171
4	ANECOOP S.Coop.	Fruit and vegetables, wine	508.4	90 000	202	2	76
5	SCA GANADERA DEL VALLE DE LOS PEDROCHES COVAP	Livestock, dairy, supply	358.0	14 548	556	1	
6	S. COOP. COBADU	feed, livestock, supply	245.0	11 677	136	1	
7	ACOREX S.C.L.	Supply, arable crops, feed, rice, fruit and vegetables	244.5	6 500	131	2	42
8	S. COOP. GENERAL AGROPECUARIA (ACOR)	Sugar crops and sugar, supply	200.6	6 895	493	1	
9	Del Camp d'Ivars d'Urgell i Secció de Crèdit, SCCL	Livestock, feed, supply	189.8	2 930	87	1	
10	ARENTO, Grupo Cooperativo Agroalimentario de Aragón, S. Coop	Arable crops, supply, livestock	182.8	20 000	24	2	112
11	CASI, S.C.A.	Fruit & vegetables:	177.2	1 358	581	1	
12	S. COOP. COPISO SORIA	Feed, livestock, supply	164.0	1 271	95	1	
13	Actel, SCCL	Supply, fruit	159.5		213	2	127
14	SUCA, S.C.A.	Supply, shops	142.9	6 562	42	2	26
15	SAT CENTRAL LECHERA ASTURIANA	Dairy	129.5	7 336	18	1	0
16	Grupo Arco Iris	Livestock, feed, supply, services	129.3	1 020	301	2	5
17	Vicasol, S.C.A.	Vegetables, fruit, supply	121.2	480	1,088	1	
18	Mugiverde	Vegetables, supply	112.4	423	752	2	26

Spain

Ranking of cooperatives		Main sectors	Turnover (m€)	No of farmer members	No of employees	Degree	No of members
19	ALIMER, S. COOP	Vegetables, fruit, feed, livestock, dairy, flowers, supply, services	110.9	1 415	755	1	
20	COARVAL Coop.V.	Supply	106.0	100 000	50	2	160
21	S. COOP. AGROPECUARIA PALENTINA (AGROPAL)	Arable crops, fodder, supply	103.8	2 727	288	1	
22	Unica Group, S.C.A.	Vegetables	98.3	1 190	26	2	6
23	AGRO SEVILLA ACEITUNAS SOCIEDAD COOPERATIVA ANDALUZA	Table olives	96.2	0	322	2	10
24	Granada La Palma, s.coop.and.	Fruit, Vegetables, supply	88.4	625	816	1	
25	S.C.A. Santa Maria de la Rábida	Vegetables, supply	87.6	118	360	1	
26	UTECO-Toledo Sociedad Cooperativa de Castilla la Mancha	Supply	86.9	175	16	2	179
27	DELAGRO SOC.COOP	Feed, supply, services	86.8	17 286	36	2	45
28	ACOPAEX SDAD. COOP.	Arable crops, supply, fruit and vegetables	79.7	2,500	45	2	17
29	Agropecuària Catalana, SCCL	Feed	78.6	1 617	34	1	
30	FEIRACO S.C.G	Dairy, feed, supply, services, shops	77.7	3 302	214	1	
31	S.C.A. Cuna de Platero	Vegetables, supply	75.9	88	408	1	
32	Camp i Secció de Crèdit Sant Isidre de Bellcaire d'Urgell, SCCL	Feed, livestock, arable crops, supply	75.0	2 800	20	1	
33	JAENCOOP, S.C.A 2º	Olive Oil	72.0	4 200	17	2	11
34	OLEOESTEPA SCA	Olive Oil	71.0	4 580	29	2	16
35	S. COOP. AVÍCOLA Y GANADERA DE BURGOS	Feed, livestock	67.8	590	124	1	
36	S. COOP. CONSORCIO DE PROMOCION DE OVINO	Sheep's milk and goat's milk	67.0	700	7	2	8

Spain

Ranking of cooperatives		Main sectors	Turnover (m€)	No of farmer members	No of employees	Degree	No of mem bers
37	S.C.A. AGRO-OLIVARERA SAN COSME Y SAN DAMIAN	Feed, livestock, supply	65.6	834	31	1	
38	VIÑAOLIVA SDAD. COOP.	Wine, table olives, olive oil	64.8	8 367	78	2	28
39	Baco Bodegas Asociadas Cooperativas Sociedad Cooperativa de Castilla La Mancha	Wine, supply	61.9	9	16	2	9
40	Sdad. Coop. Agraria Virgen de la Oliva	Supply, arable crops, shops	61.9	2 494	30	1	
41	COMERCIAL AGROPECUARIA SAT	Feed, supply, olive oil	61.8	212	62	1	
42	KAIKU S. Coop.	Dairy	61.7	383	9	1	
43	AGROCANTABRIA	Dairy, supply	60.6	2 500	75	1	
44	Cotecnica, SCCL	Feed, livestock	59.6	2 571	69	2	11
45	S.Coop. Rizana	Feed, livestock	59.4	70	0	1	0
46	Agrària Plana de Vic i Secció de Crèdit, SCCL	Feed, livestock	57.5	1 114	72	1	
47	GREGAL SCOOP	Vegetables, supply	56.7	134	327	1	
48	SCA OLEÍCOLA EL TEJAR N.S. ARACELI	Olive oil, services	55.4	80 000	186	2	158
49	GARLAN S. COOP	Arable crops, supply, vegetables	53.7	550	19	2	8
50	OVISO	Livestock, feed, supply	53.1	1 092	19	2	4

List of Top 5 cooperatives per sector

Sector Fruit & vegetables:							
	Name of the cooperative	**Sector (F&V) Turnover** (m€)	**Total turnover** (m€)	**Degree**	**No of coop members**	**No of members of the cooperatives**	**No of employees**
1	ANECOOP	487	508	2	76	90 000	202
2	CASI	177	177	1	0	1 358	581
3	VICASOL	110	121	1	0	480	1 088
4	MURGIVERDE	100	112	2	26	423	752
5	UNICA GROUP	97	98	2	6	1 190	26

Spain

Sector Olive Oil							
	Name of the cooperative	Sectoral Turnover (m €)	Total turnover (m €)	De-gree	No of coop mem-bers	No of members of the co-operatives	No of employ-ees
1	Hojiblanca (currently DCOOP)	425	541	2	171	55 000	256
2	JAENCOOP	72	72	2	11	4 200	17
3	OLEOESTEPA	71	71	2	16	4 580	29
4	Granada Oil "Tierras Altas" (Highlands)	40	40	2	15	6 680	14
5	NTRA. SRA. DEL PI-LAR	31	32	1	0	1 692	33

SECTOR: SUPPLY							
	Name of the cooperative	Sectoral Turnover (m €)	Total turnover (m €)	De-gree	No of coop mem-bers	No of members of the co-operatives	No of employ-ees
1	SUCA	140	143	2	26	6 562	42
2	AN, S.COOP.	133	665	2	134	21 000	1,172
3	COARVAL	105	106	2	160	100 000	50
4	UTECO-Toledo	87	87	2	179	175	16
5	ARENTO, Grupo Coo-perativo Agroalimenta-rio de Aragón	75	183	2	112	20 000	24

SECTOR: FEED							
	Name of the cooperative	Sectoral Turnover (m €)	Total turnover (m €)	De-gree	No of coop mem-bers	No of members of the co-operatives	No of employ-ees
1	COREN	245	980	2	10	6 000	3,550
2	COBADU	123	245	1	0	11 677	136
3	Del Camp d'Ivars d'Ur-gell i Secció de Crèdit	86	190	1		2 930	87
4	Agropecuària Catalana	79	79	1		1 617	34
5	SCA GANADERA DEL VALLE DE LOS PE-DROCHES COVAP	72	358	1	0	14 548	556

Spain

SECTOR: ARABLE CROPS							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	AN, S.COOP.	159	665	2	134	21 000	1 172
2	ARENTO, Grupo Coo-perativo Agroalimenta-rio de Aragón	74	183	2	112	20 000	24
3	Actel	69	159	2	127		213
4	ACOREX	67	245	2	42	6 500	131
5	S. COOP. AGROPECU-ARIA PALENTINA (AGROPAL)	59	104	1	0	2 727	288

SECTOR: WINE							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	BACO- Bodegas Asocia-das Cooperativas	54	62	2	9	9	16
2	VIÑAOLIVA	47	65	2	28	8 367	78
3	Virgen de las Viñas	45	46	1	0	3 188	66
4	Cristo de la Vega	24	24	1	0	897	41
5	Jesús Del Perdón Bode-gas Yuntero	24	28	1	0	693	39

SECTOR: DAIRY							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	SCA GANADERA DEL VALLE DE LOS PE-DROCHES COVAP	187	358	1	0	14 548	556
2	SAT CENTRAL LECHERA ASTURI-ANA	129	129	1	0	7 336	18
3	CONSORCIO DE PRO-MOCION DE OVINO	67	67	2	8	700	7
4	KAIKU	62	62	1		383	9
5	Cadí	44	44	1		141	121

Spain

SECTOR: PIGMEAT							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of members of the co-operatives**	**No of employ-ees**
1	COREN	225	980	2	10	6 000	3,550
2	Del Camp d'Ivars d'Ur-gell i Secció de Crèdit	63	190	1		2 930	87
3	COPISO SORIA	49	164	1	0	1 271	95
4	SCA GANADERA DEL VALLE DE LOS PE-DROCHES COVAP	32	358	1	0	14 548	556
5	ARENTO, Grupo Coo-perativo Agroalimenta-rio de Aragón	32	183	2	112	20 000	24

SECTOR: POULTRY							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of members of the co-operatives**	**No of employ-ees**
1	COREN	294	980	2	10	6 000	3 550
2	AN, S.COOP.	198	665	2	134	21 000	1 172
3	SAT 7282 Avicultores del Centro	30	30	1	0	6	80
4	GUADAVI	24	25	1	0	34	4
5	AVÍCOLA Y GANADERA DE BURGOS	24	68	1	0	590	124

SECTOR: SUPPLY							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	Grupo Arco Iris	129	129	2	5	1 020	301
2	COREN	78	980	2	10	6 000	3 550
3	SCA OLEÍCOLA EL TE-JAR N.S. ARACELI	34	55	2	158	80 000	186
4	S. COOP. GENERAL AGROPECUARIA (ACOR)	20	201	1	104	6 895	493
5	Virgen del Monte de Agricultores y Ganade-ros	6	6	1	0	885	7

Spain

SECTOR: TABLE OLIVES							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	AGRO SEVILLA ACEITUNAS	96	96	2	10	0	322
2	Hojiblanca (now DCOOP)	66	541	2	171	55 000	256
3	MANZANILLA OLIVE	22	22	2	9	0	7
4	VIRGEN DE BELÉN	12	15	1	0	945	49
5	NUESTRA SEÑORA DE LAS VIRTUDES	11	22	1	0	2 187	66

SECTOR: SHEEPMEAT-GOATMEAT							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	Pastores Grupo Cooper-ativo	36	36	2	4	1 120	76
2	Carnes Oviaragón	33	33	1	0	947	79
3	OVISO	33	53	2	4	1 092	19
4	CORDEROS DEL SUR	22	22	2	5	1 365	4
5	SCA GANADERA DEL VALLE DE LOS PE-DROCHES COVAP	21	358	1	0	14 548	556

SECTOR: BEEF							
	Name of the cooperative	**Sectoral Turnover** (m €)	**Total turnover** (m €)	**De-gree**	**No of coop mem-bers**	**No of mem-bers of the coopera-tives**	**No of employ-ees**
1	COREN	118	980	2	10	6 000	3 550
2	COBADU	20	245	1	0	11 677	136
3	SCA GANADERA DEL VALLE DE LOS PE-DROCHES COVAP	18	358	1	0	14 548	556
4	Del Camp d'Ivars d'Ur-gell i Secció de Crèdit	15	190	1		2 930	87
5	ACOREX	14	245	2	42	6 500	131

Spain

9.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

9.5.1. Legal framework for cooperative

Concerning the minimum number of members, Article 8 of the law 27/1999 on cooperatives, of 16th July 1999 stipulates that **first degree** cooperatives must have at least three members.

Article 77.1 states that **second degree** cooperatives are composed of at least two cooperatives.

According to Article 11.1.f), cooperatives are free to set their own minimum capital.

To sign up to the register of cooperatives in the regional area where the cooperative is headquartered; it is also necessary to register with the tax office, with a specific tax identification number, and with social security services, giving the cooperative its own identification number. Depending on their activities, there is a wide range of options for registration numbers with different administrative authorities, such as the industry or health authorities, etc.

9.5.2. *Cooperative governance*

The legal principle is one-man, one-vote, established by Article 26.1 of the aforementioned law on cooperatives 27/1999. For agri-food cooperatives, the statutes may establish weighted voting to a proportion that cannot exceed five social votes per member (Article 26.4). There is a two tier system, composed by General assembly and the board.

In the law on cooperatives 27/1999, there is no mention of the possibility to have external investors.

The functions of the board, according to Article 32 et seq. of the law 27/1999, are to manage, to oversee managers and to represent the cooperative enterprise.

Articles 38 and 39 of the law 27/1999 deal with auditors and the annual accounting report that has to be presented to and accepted by the members' assembly. Moreover, Articles 60, 61 and 62 of the aforementioned law establish the obligation to have company documentation, accounting and annual accounts, as well as account auditing.

Spain

9.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Law 27/1999 (16th July 1999) on Cooperatives	This is a general law for all types of cooperatives. There are no sectorial laws for the individual types of cooperatives, except for credit cooperatives	Cooperative legislation in Spain falls under the jurisdiction of civil law, not commercial law Its basis is Article 129.2 of the current Spanish Constitution	If the Cooperative is a first-degree cooperative, it must have 3 members (Article 8, Law 27/1999) If the Cooperative is a second-degree cooperative, it must have 2 cooperatives (Articles 8 and 77, Law 27/1999)	There is no minimum capital established by Law 27/1999 Article 45.2 establishes that it is the statutes which fix the minimum equity.

9.5.4. Taxation

In Spain, cooperatives have a distinct tax regime, in particular with regard to corporate tax (law 20/1990, of 19th December, on cooperative tax regimes). This is complementary to corporate legislation.

Indirect taxation (VAT, special taxes, etc.) there is no fiscal specificity.

On top of corporate tax, law 20/1990 *establishes some incentives or beneficial rules for cooperatives with regard to taxes that have limited or marginal importance*, i.e. property tax (IBI), B&O tax (IAE) and property transfer and certified legal documents tax (ITPyAJD).

These benefits also apply to other types of companies, such as mutual companies, agricultural processing companies, small-sized enterprises (ERD) and SMEs, etc.

Law 20/1999 also established adjustment rules on top of the aforementioned benefit rules. These adjustment rules are specific and respond to the particularities of cooperatives with regard to corporate taxes, for instance setting tax bases, differentiating between operations with members and non-members, applying different percentages to operations with members or non-members, distributing profits, creating specific mandatory funds, etc.

Spain

9.5.5. Accounting Standards

Spanish accounting laws have been heavily amended through law 16/2007 (4th July 2007), on the reform and adaptation of corporate legislation on accounting, in view of harmonising this at international level, according to European Union standards. Consequently, as the final provision of this law stipulates, a new general accountancy plan (PGC) was published, enacted by the Royal Decree 1515/2007, of 16th November.

The approval of the new PGC necessitates amending the standards in its previous version. In particular, the special accounting rules approved for cooperative corporations, as per Order ECO/3614/2003 (16th December 2003).

9.5.6. State aid

Provisions on competition are fully applicable to cooperatives, without distinguishing them from corporations with a different legal status. This is established both under the Treaty and the national law 15/2007 (3rd July 2007), on protecting competition.

9.5.7. Financing

Agricultural cooperatives are facing problems with access to financing. An agricultural cooperative is composed of a high number of members, who usually have put forth a reduced start-up capital. However, all of these members are responsible for debts incurred in the management of the cooperative.

As a general rule, the financial system and its entities do not favour granting credit to these types of joint member-responsibility corporations. This is very clear in risk capital situations. On the other hand, cooperatives in Spain, since their capital is not divided into shares, have no easy way of accessing the financial markets. Moreover, law 27/1999 on cooperatives does not consider the existence of external investors.

There have not been changes in the governance structures of cooperatives due to the participation of external (non-membership) finance. It is true that, contrary to the provisions under national law 27/1999 on cooperatives, some pieces of regional cooperative legislation do include the possibility to have external investors.

9.6. POLICY CONCERNS

9.6.1. Competitive position in the food chain

Cooperative Entrepreneurship

After the recent approval of the law 13/2013, published on 2nd August entitled the "*law to promote the integration and consolidation of cooperatives and other agricultural associative bodies (LICA)*", which will be implemented by the Royal Decree 550/2014 of 27th June, there are some important integrations and acquisitions afoot in the cooperative sector.

The most important developments thus far:

Spain

Multisectoral integration between:

DCOOP (headquartered in Andalusia) - €565 million in 2013 - (merger witch incorporates the "Hojiblanca" cooperative), leader of the virgin olive oil sector, which also carries out other activities, to a lesser extent, such as table olives, goat's milk, inputs, etc.,

"Bodegas Asociadas Cooperativas **BACO**" (Castilla La Mancha), main wine cooperative in Spain (€61 million),

Procasur (Andalusia) which is the main Spanish cooperative that markets goat's milk. This is a second degree entity, which brings together 2,500 livestock breeders, who in turn are members of six basic cooperatives. This cooperative has recently joined DCOOP and brought along its milk production for the livestock breeding section that DCOOP already had.

Four cooperatives from four autonomous regions merged in within the nuts sector, thus becoming the main Spanish cooperative in this sector.

9.6.2. Main activities

The main activities of the Organisation are: Lobbying; strategic think tank; organising and coordinating training activities; developing and coordinating tools and methods geared at regional federations and unions (FUTs) in order to harmonise and enhance the qualifications of staff members within the organisation; technical assistance; quality; projects; promoting cooperatives and their products.

9.6.3. Training

The training programmes on offer are very diverse:

- Agri-food cooperative employees,
- Courses for professionals from rural areas, in which members of agri-food cooperatives take part,
- Foster integration and inter-cooperation, structural re-dimensioning, improve competitiveness and internationalisation, foster the corporate culture, innovation and technology transfer, mainly targeting members of the cooperative board, its employees and members.

The areas covered by these training programmes are: Teachers, training material and lunch, if the courses are held in the morning and afternoon.

Programmes are only open to cooperative leaders (managing directors and general managers). This is common for managers from cooperatives or other types of company. There are no programmes for board members.

The European training programme for cooperative leaders, organised by Cogeca is very interesting and well designed. Awareness raising is necessary to show that investing in this programme is worthwhile for cooperatives.

Investments of cooperatives in new activities

Energy: 161 cooperatives take part in the special regime for renewable energy (mostly energy cogeneration, biomass for energy purposes, solar panels).

Spain

In particular, there are:

A potential 166 MW of renewable energy from 161 cooperatives, coming from photovoltaic panels, biogas facilities, etc.,

146 MW of high-efficiency cogeneration in 28 cooperatives.

Services:

16.6% of agri-food cooperatives carried out some kind of activity related to this field, with a turnover representing **2%** of the total.

International activities (expansion to foreign countries).

24% of the cooperatives' turnover comes from exports. This represents 27% of total agri-food industry exports. In 2012, the turnover of export activities went up 7%. The challenge is to internationalise and not just to export.

Establishment of new cooperatives or of Producer Organisations (any legal form of farmer owned, controlled and benefit businesses).

Producers Organisations (POs) are being developed in Spain, in certain sectors under the European and national legislation and mainly under the legal form of cooperatives. They support farmers so as to improve their position in the market and they provide many services to farmers as innovation, cost reduction, logistical services, etc. These sectors are:

- Fruit and vegetables: in Spain there are around 600 recognised POs by the Regulation (CE) 1308/13. The 80% of these POs are cooperatives.
- Cow and sheep milk: the milk package is giving to cooperatives the way to collaborate and setting up bigger enterprises such LACTEOESCOP. This provides for common price negotiation and logistical coordination for collection and delivery. **These POs created under milk package which are really operating in the market are Cooperatives.**
- Sheep and goat: the Spanish regulation RD 104/2008 is being developing OP in these sectors.

9.6.4. Other activities of agricultural cooperatives

There are many initiatives put forward by cooperatives in information, communication, research and innovation, project support (generic promotion, CSR), economic, social, cultural, environmental, food safety, rural development, etc.

A few examples are:

◊ **Supporting CSR**, which is developed via our website: http://www.agro-alimentarias.coop/servicios/rse. Herein are several cooperative case studies that have received awards over the past few years.

Spain

◊ **Innovation:**

Most Spanish cooperatives have extensive R+I+D activities and participate in international research and technological development projects.

- **Coselva** and **Feiraco** won the 2009 Copa-Cogeca European award for cooperative innovation.
- **Oviaragon**, as well as the aforementioned award, also won the prize for the best innovative Spanish food business in 2007.

The Organisation is directly involved in such activities, for example with the Tesla European project, aiming to enhance energy efficiency in the cooperative agricultural industry.

9.6.5. Impact of the CAP reform on cooperatives

- Supply management. The role that POs could play with a sufficient structure and dimension, and with the green light from the competition authorities. POs themselves do not serve this purpose, because they bring about additional costs for producers. POs need economic integration to generate productive efficiency for their members in order to be veritably attractive to their members.
- Value chain. There have been no new developments at EU level. In Spain, the national rural development programme has bet on integration as a structural tool that will rebalance the chain.
- Rural development. If scattering is indeed the problem, then incentives to create new POs and counterproductive, as they further scatter supply.

9.6.6. Main policy objectives at EU level

- To boost a corporate cooperative sector, at the correct dimension, which is solid and competitive throughout the EU.
- To rebalance the value chain. To integrate cooperatives where necessary and achieve a competition policy that is more sensitive towards and knowledgeable about the sector.
- To encourage market policies, structural measures that foster the resizing of cooperatives, investment in R+D and a focus that helps achieve the competitiveness that the sector needs to face the new challenges and obligations posed by climate change and preserving the environment. This is a key tool for the economic development of rural areas.

10. FRANCE

France

10.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Paris

Total area: 550 000 km²

Population: 64.3 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1985

Source: http://europa.eu/about-eu/countries/member-countries/france/index_en.htm

France	2000	2010*	Change (%)
Number of holdings	663 810	489 980	-26.2
Total UAA (ha)	27 856 310	26 963 250	-3.2
Livestock (LSU)	23 892 230	22 527 900	-5.7
Number of persons working on farms (Regular labour Force)	1 319 140	966 290	-26.7
Average area per holding (ha)	42.0	55.0	31.1
UAA per Inhabitant (ha/person)	0.47	0.43	-9.2

**Figures on common land and over seas territories not included*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_France

France

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	67 624.3	17.9%
Crop output, of which:	2013	60.7%	19.8%
Wine	2013	13.1%	53.5%
Wheat and spelt	2013	10.1%	26.6%
Vegetables and horticultural products	2013	8.2%	11.4%
Animal output, of which:	2013	39.3%	15.7%
Milk	2013	13.4%	15.7%
Cattle	2013	11.7%	24.6%
Poultry	2013	5.6%	17.7%
Gross value added at basic prices (million EUR)	2013	26 935.5	17.1%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

10.2. MEMBER ORGANISATION

COOP DE FRANCE

43, Rue Sedaine

CS 91115

FR-75538 PARIS Cedex 11

Tel:+33 1 44 17 57 00

Fax:+33 1 48 06 52 08

E-mail:contact@coopdefrance.coop

Website:www.coopdefrance.coop
President : Philippe MANGIN
Vice-President : Michel PRUGUE
Vice-President : Boris CALMETTE
Vice-President : Hubert GARAUD
Vice-President : Christian PEES

Director General : Thierry BLANDINIERES

Managing Director : Yves LE MORVAN

Isabella MARINUCCI and

Claire MARTIN

Rue de Trèves 61, 7ème étage

BE-1040 BRUXELLES

Tel:+32 (0) 2 282 46 73

E-mail: isabella.marinucci@coopdefrance.coop,

claire.martin@coopdefrance.coop

France

10.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

A new "consumption" law was adopted in France, aiming to re-establish relations between agri-food suppliers and major retailers. Coop de France is monitoring how this law comes into force, yet there are significant obstacles that are causing problems. Balanced trade negotiations must be based on both the general terms and conditions that apply on the date of entry into force, as set by the supplier, and reciprocal counterparty negotiations, formalised in the annual agreement.

Agri-food trends

Sanitary quality is an essential prerequisite and priority area to monitor

Anticipating regulatory changes: Coop de France is contributing to considerations on the European Commission's health package and its draft law on the future of agriculture.

Good practices and standards: Coop de France monitored the development of national and European guides to good hygiene practice, and the standards related to ISO 22000.

Preventing health risks: Coop de France is compiling information sheets for its members on quality and other sensitive matters (PPP residues, E. coli, mycotoxins, etc.). Coop de France is also involved in setting up the health wing of the food observatory and contributes to the national agricultural council's working group on communication on health risks.

Nutritional quality demands commitment from the whole sector

Quality related to a product's origin and production methods makes it stand out

Origin labelling: Although the regulatory framework on origin labelling was set by the European regulation on the provision of food information to consumers in 2011, concrete implementing rules must be established once the ongoing impact assessments will have concluded. Coop de France is paying close attention to this strategic matter.

The EU term "mountain product": The Commission is aiming to define common conditions of use for this term. Coop de France is lobbying MEPs to defend the necessary level of coherence between the French approach and the definition adopted at European level.

The EU term "product from my farm": Coop de France worked hard to ensure that cooperatives were eligible to use this term, which is supposed to provide added value to direct and local sales. A prerequisite to using this term is to avoid any overlaps with national provisions.

Labelling "GM-free" livestock sectors: Coop de France has actively contributed to the work of the national consumer council (CNC) on reviewing the decree on "GM-free sectors", in order to overcome technical constraints (interpreting the notion of species) that are blocking the use of this claim.

The "Agri Confiance" standard is in operation, with new ambitions on the cards

New members are joining: 132 cooperatives have signed up to the "Agri Confiance" standard, representing 30,000 farms and 10% of the French agricultural sector.

France

10.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

10.4.1. Developments in agricultural cooperatives

Name of Agri-cooperative	Sector	Turnover	No. of Farmer Members	No. of employees
Dairy	250	14 780	42 000	24 000
Livestock farming	181	9 000	90 000	14 000
Fruit and vegetables	250	4 500	35 000	17 000
Agricultural inputs				
Arable crops	172	16 000	300 000	35 000
Olive oil and table olives	42	23	22 000	250
Wine	690	6 000	84 000	8 000
Forestry	20	447	120 000	900
Other	795	33 600	165 000	65000
TOTAL	2,400	84 350	858 000	164 150

Coop de France is the organisation that represents agricultural cooperatives in France. It brings together 2,800 cooperatives and 11,500 CUMAs (cooperatives for the use of agricultural equipment):

Cooperatives directly working in the following sectors: arable crops, alfalfa drying, collecting and processing livestock production goods (pig, cattle, goat-sheep, poultry), and animal feed,

Sectoral federations for other production types: milk, fruit and vegetables, wine, olive oil, perfume plants, tobacco, flax, sugar, the CUMA federation, etc.,

Regional agricultural cooperative federations,

A "Promocoop" college, bringing the largest cooperatives together.

The structure of the professional organisation is divided into two economic areas (arable crops and livestock production), with three support departments specialising in legal and tax affairs, human resources and a sustainable food chain. The communications department reports directly to the directorate general.

France

10.4.2. Main cooperative statistics

TOP* agri-cooperatives in 2013 (Measured by turnover)

	Name of the agricultural cooperative	**Sector**	**Turnover** in 2013 (m€)	**No. of farmer-members** (in 2012)	**No. of employees** (in 2012)
1	INVIVO	Cereals Supply	6 138		6 730
2	TEREOS	Sugar	*4 970*	12 000	26 000
3	TERRENA	Multi-sector	4 667	22 000	12 046
4	SODIAAL UNION	Dairy	4 616	12 100	7 250
5	VIVESCIA	Cereals Supply, Milling, Malting	4 209	12 165	8 322
6	AGRIAL	Multi-sector	3 901	10 000	1 000
7	AXEREAL	Cereals Supply, Milling, Malting	3 707	13 000	3 325
8	TRISKALIA	Multi-sector	2 200	18 000	5 000
9	COOPERL ARC AT-LANTIQUE	Meat	2 100	2 700	4 800
10	EVEN	Dairy	2 060	1 500	5 240
11	CRISTAL UNION	Sugar	1 957	9 700	2 200
12	LIMAGRAIN	Seeds, Agri-industry, Bio-health	1 938	3 500	7 800
13	CECAB	Multi-sector	1 910	8 500	7 000
14	EURALIS GROUP	Multi-sector	1 544	15 000	5 000
15	MAISADOUR	Multi-sector	1 491	8 000	5 000
16	LES MAITRES LAI-TIERS	Dairy	1 400	810	2 600
17	ADVITAM	Multi-sector	1 349	11 500	2 000
18	LUR BERRI	Multi-sector	1125	5 000	543
19	EURIAL	Dairy	900	4 500	1 900
20	CAP SEINE	Cereals Supply	839	3 350	613

France

	Name of the cooperative	Sector	Turnover- in 2013 (m€)	No. of farmer-members (in 2012)	No. of em-ployees (in 2012)
21	3A	Dairy	800	2 450	1 950
22	SCAEL	Cereals Supply	798	1 600	409
23	CAVAC	Cereals Supply	798	6 000	950
24	ARTERRIS	Cereals Supply	778		1 334
25	TERRA LACTA	Dairy	705		
26	TERRES DU SUD	Multi-sector	685		1 445
27	LE GOUESSANT	Multi-sector	643	4 500	714
28	EMC2	Cereals Supply	602	6 000	680
29	ACOLYANCE	Cereals Supply	525	3 500	440
30	NORIAP	Cereals Supply	518	5 000	484
31	VIVADOUR	Cereals Supply	514	4 500	850
32	AVELTIS	Meat	507	800	116
33	CHARENTE ALLI-ANCE	Cereals Supply	488	8 000	630
34	DIJON CEREALES	Cereals Supply	488	4 022	479
35	COBEVIAL	Meat	482		
36	LA DAUPHINOISE	Cereals Supply	454	10 800	1 050
37	INGREDIA / LA PROSPERITE FERMIERE	Dairy	414	1 900	430
38	COMPTOIR AGRICOLE HOCH-FELDEN	Cereals Supply	392	3 981	298
39	INTERFACE CERE-ALES	Cereals Supply	380		
40	CORALIS	Dairy	350		
41	L'ERMITAGE	Dairy	348	1 016	435
42	LORCA	Cereals Supply	346	2 015	571
43	CENTRE OUEST CEREALES	Cereals Supply	345	2 200	276
44	CAP 50 PORCS	Meat	320	120	

France

	Name of the cooperative	Sector	Turnover- in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)
45	CAM 53	Multi-sector	320	8 000	490
46	AGORA	Cereals Supply	316	2 600	130
47	UNICOR	Multi-sector	313	5 000	704
48	PRESTOR	Meat	309	580	400
49	COREA POITOU-CHARENTES	Cereals Supply	303	4 699	257
50	VALFRANCE	Cereals Supply	292	1 368	131

TOP* agri-cooperatives per sector in 2013 (Measured by turnover)

Name of the cooperative		Turnover- in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)	No. of employees (in 2012)
1	TERRENA	Multi-sector	4 667	22 000	12 046
2	AGRIAL	Multi-sector	3 901	10 000	1 000
3	TRISKALIA	Multi-sector	2 200	18 000	5 000
4	CECAB	Multi-sector	1 910	8 500	7 000
5	EURALIS GROUP	Multi-sector	1 544	15 000	5 000

Name of the cooperative		Turnover- in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)	No. of employees (in 2012)
1	INVIVO	Cereals Supply	6 138	-	6 730
2	VIVESCIA	Cereals Supply	4 209	12 165	8 322
3	AXEREAL	Cereals Supply	3 707	13 000	3 325
4	LIMAGRAIN	Cereals Supply	1 938	3 500	7 800
5	CAP SEINE	Cereals Supply	839	3 350	613

France

	Name of the cooperative	Sector	Turnover-in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)
1	SODIAAL UNION	Dairy	4 616	12 100	7250
2	EVEN	Dairy	2 060	1 500	5 240
3	LES MAITRES LAI-TIERS	Dairy	1 400	810	2 600
4	EURIAL	Dairy	900	4 500	1 900
5	3A (merger with Sodiaal in 2014)	Dairy	800	2 450	1 950

	Name of the cooperative	Sector	Turnover-in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)
1	COOPERL ARC AT-LANTIQUE	Meat	2 100	2 700	4 800
2	AVELTIS	Meat	507	800	116
3	COBEVIAL	Meat	482	-	-
4	CAP 50 PORCS	Meat	320	120	-
5	PRESTOR	Meat	309	580	400

	Name of the cooperative	Sector	Turnover-in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)
1	TEREOS	Sugar	4 970	12 000	26 000
2	CRISTAL UNION	Sugar	1 957	9 700	2 200

France

Name of the cooperative		Sector	Turnover-in 2013 (m€)	No. of farmer-members (in 2012)	No. of employees (in 2012)
1	Val d'Orbieu	Wine	274	-	-
2	CVC - Champagne Nicolas Feuillatte	Wine	210	-	-
3	Alliance Champagne	Wine	105	-	-
4	Union Auboise	Wine	99	-	-
5	UVDCR - Cellier des Dauphins	Wine	98	-	-

10.5. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Name of the cooperative		Sector	Production No. of countries	Turnover in (m€) 2013
1	INVIVO	Cereals Supply	19	6 138
2	TEREOS	Sugar	9	4 970
3	SODIAAL UNION	Dairy		4 616
4	VIVESCIA	Cereals Supply, Milling, Malting	12	4 209
5	AGRIAL	Multi-sector	11	3 901
6	CRISTAL UNION	Sugar		1 957
7	LIMAGRAIN	Seeds, Agri-industry, Bio-health	41	1 938
8	AXEREAL	Cereals Supply, Milling, Malting	9	3 707
9	EURALIS GROUP	Multi-sector	13	1 544
10	MAISADOUR	Multi-sector	6	1 491

France

10.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

10.6.1. Legal framework for cooperatives

Agricultural cooperatives are governed by book V, heading II of the rural and maritime fishing code and by the law of 10th September 1947 on the status of cooperatives. This law applies to all cooperatives.

The minimum number of members is 7 members for cooperatives and 2 cooperatives per cooperative union.

No set minimum capital, but there is a membership share (minimum €1.50) per member: the capital is always variable.

According to Article L 521-3 of the rural code, the statutes must include the following (some of the main points):

“Only companies with the following provisions in their statutes may bear the name and quality of a cooperative:

> *a) All cooperative members are obliged to utilise the services of the company for a set period of time and, correlatively, to take out a share in the capital depending on their type of activity,*
>
> *b) The company is obliged to only carry out operations with its own cooperative members,*
>
> *c) The interest paid on the issued share capital from cooperative members must be limited to a level that is at most equal to the fixed rate.*

Agricultural cooperatives must sign up to the register of commerce and companies, and must be approved by the high council on agricultural cooperation, provided that their statutes comply with the model statutes approved by the Ministry of Agriculture. Their scope and catchment area are limited, and only limited categories of members may apply, namely farmers, regardless of the legal form of their farm.

10.6.2. Cooperative governance

The most commonly used principle is "one-man, one-vote".

The members directly elect their leaders, except in larger cooperatives, where they elect delegates per section, who then vote for their elected leaders during the plenary assembly. The most widespread system comprises an elected management board with a president and a director.

Cooperatives may allow non-cooperative associates to contribute to the social capital (less than 50%). These associates may vote in the general assembly in the limit of 20% and can sit on the management board.

France

Cooperatives must undergo a statutory audit, as any other business.

What's more, every five years they must undergo **a cooperative audit, as is the case for all cooperatives, both agricultural and non.** It is called "Revision". The aim of this audit is to verify whether their "organisation and functioning complies with the principles and rules of cooperation and the interests of their members."

10.6.3. Taxation

In principle agricultural cooperatives are subject to general taxation provisions. They fall under the scope of corporate tax (Article 206 of the general tax code) and are subject to VAT under the conditions of ordinary law.

Special tax arrangements mainly apply to three taxes: corporate tax, regional levies and property tax.

Corporate tax

Agricultural cooperatives are exempt for operations with their members, as long as these respect the legal restrictions of their functioning, as set out in their statutes (Article 207 of the general tax code). Operations with non-member third parties or ancillary operations are subject to corporate tax.

Cooperatives are subject to the same tax rates as trading companies.

The different taxes on transactions with members and non-members are not based on the rates, but on the tax regime (with specific derogations for transactions with members and general tax provisions for transactions with non-members as far as corporate tax is concerned).

The specific tax provisions for agricultural cooperatives are offset by their legal requirements. All tax derogations are linked to whether cooperatives respect the legal requirements set out in their statutes. This reasoning was ratified by an ECJ judgement on 9th September 2011.

Regional levies

The regional levy (CET) replaced the professional tax on 1st January 2010. The CET comprises the "corporate property tax" (CFE) and the "tax on companies' added value" (CVAE). Agricultural cooperatives are exempt from the CET (Article 1451 of the general tax code) if they are recognised producer organisations, if they employ a maximum of three workers, or if they engage in certain agricultural cooperative activities, which can cut their tax base in half.

Property tax

Agricultural cooperatives are exempt from property tax on farm buildings, as long as these respect the legal restrictions of their functioning, as set out in their statutes (Article 1382 of the general tax code).

All profit after tax coming from activities with third parties, all subsidies received and all products resulting from the devolution of the property of dissolved cooperatives must be placed in a special reserve, which cannot be accessed both during and at the end of the society's existence.

France

Three articles from the model statutes of agricultural cooperative companies refer to the special indivisible reserve (Article 20 on the reimbursement of capital, Article 40 on the order of allocating divisible surpluses in the general assembly, and Article 48 on surpluses).

10.6.4. National legislative framework for cooperatives

10.6.5. Accounting Standards

Only cooperatives with listed subsidiaries are obliged to apply IFRS. The number of cases is therefore rather limited. Only two cooperatives must apply these standards: Limagrain and TEREOS.

10.6.6. Financing

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
law of 10th September 1947 on the status of cooperatives.	book V, heading II of the rural and maritime fishing code		7	No set minimum capital, but there is a membership share (minimum €1.50)

This may occur due to the banking rules set out by Basel III, which limit businesses' access to credit. They may face problems if investors want to buy into the company's capital due to the lack of added value on their shares. However, there are no particular problems with loans.

Some cooperatives have established "shares with particular benefits" for their members, which grant them a priority return. These shares do not grant any additional voting rights. One cooperative has opened up its capital to a foreign investor, who sits on the board.

Certain cooperatives have opened up the holding's social capital to cooperative members from the parent cooperative, or have issued bonds subscribed for by private investors.

France

10.7. POLICY CONCERNS

10.7.1. Competitive position in the food chain

Cooperative Entrepreneurship

Coop de France provides the following to its members:

Support and advice services for legal and tax matters, training, logistical audits, the safety of classified installations, and help to implement CSR (corporate social responsibility) with a guide of the reporting of CSR in cooperatives,

A forum to hold discussions on practices or difficulties linked to their jobs,

Specific publications and guides of good practice, such as "the administrators guide", or sectoral documents, such as the guide to managing price risks in the arable crop sector,

Support to lobby members of parliament,

An European office in Brussels,

Communication via a general newsletter, sectoral and thematic newsletters, and a bi-monthly magazine,

A communication plan aiming to inform the general public about agricultural cooperatives.

10.7.2. Training

Coop de France created an "institute of agricultural cooperation", which aims to promote training for cooperative leaders:

There is no required minimum level of education, yet the training courses can be adapted to all levels.

The areas covered by these training programmes are: Agricultural cooperatives - identity, governance, strategy, finances, management, marketing, communication, teamwork.

Some agricultural cooperatives use other external training opportunities. They commission business schools, universities or engineering schools to develop training programmes for their boards.

The idea of setting up a high-level European training programme is appealing, but not yet feasible: problems relate to the time available, the language, and predominantly the fact that few agricultural cooperatives have internationalised. Nonetheless, these elements could change very quickly and must be closely monitored. If the idea is to encourage European cooperative leaders to meet, then thematic seminars would without doubt be more appropriate.

10.7.3. Investments of cooperatives in new activities

Agricultural cooperatives are active in a whole host of areas, such as information; communication; research and innovation; supporting projects (generic promotion, corporate social responsibility); economic, social, cultural, environmental and food security; and rural development.

For more details, visit our website: www.lacooperationagricole.coop

France

Coop de France participates directly in such activities or supports and fosters them with the appropriate tools.

Establishment of new cooperatives or of Producer Organisations (any legal form of farmer owned, controlled and benefit businesses).

In France, the majority of bodies that are recognised producer organisations are agricultural cooperatives and they follow the principle on the transfer of ownership.

10.7.4. Impact of the CAP reform on cooperatives

Rendering the transfer of ownership mandatory would have been the fundamental precondition to veritably structure the sectors. However, the Commission did not dare to go this far.

The way in which the question is posed, leads us to believe that we have the opportunity to support setting up new producer groups.

Yet, if the transfer of ownership is left out, we run the risk of seeing a plethora of new smaller groups cropping up here, there and everywhere, having seized the opportunity to leave their cooperative. This does indeed reflect the current trend of "small is beautiful".

There are doubts surrounding how these organisations can truly provide structure to the sectors in question.

10.7.5. Main policy objectives at EU level

Concerning concentrating agricultural cooperatives, Cogeca should promote the fact that cooperative principles and the resulting level of organisation means that, cooperatives cannot be assimilated into "capitalist" trading companies, and that the relationship between members and their cooperatives is neither a trade relationship nor a simple "client" and "supplier" relationship.

Likewise, the notion of a "relevant market", which underpins analyses on concentration, should be harmonised at European level.

As for collective actions undertaken by farmers, Cogeca should work with European authorities on the pre-eminence of the CAP on "classic" competition rules.

More decisive action to better balance relations between suppliers and major retailers, for ONE sustainable food chain.

11. CROATIA

Croatia

11.1. GENERAL PROFILE

Year of EU entry: 2013

Capital city: Zagreb

Total area: 56 594 km²

Population: 4 398 150

Currency: kuna

Schengen area: Croatia is expected to join the Schengen area by 2015

Source: http://europa.eu/about-eu/countries/member-countries/croatia/index_en.htm

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	2 270.3	0.6%
Crop output, of which:	2013	61.9%	0.7%
Grain maize	2013	14.4%	2.7%
Vegetables and horticultural products	2013	9.1%	0.4%
Wine	2013	8.3%	1.1%
Animal output, of which:	2013	38.1%	0.5%
Milk	2013	12.3%	0.5%
Pigs	2013	8.0%	0.5%
Cattle	2013	7.1%	0.5%
Gross value added at basic prices (million EUR)	2013	849.5	0.5%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

Croatia

11.2. MEMBER ORGANISATION

HRVATSKA POLJOPRIVREDNA KOMORA HPK

CROATIAN CHAMBER OF AGRICULTURE

Ulica Grada Vukovara 78

10 000 Zagreb

Croatia

Tel:+385 1 610 98 09

Fax:+385 1 610 98 10

GSM:+385 99 811 50 05

E-mail:info@hrpk.hr

Website:www.hrpk.hr

President : Mr Mato BRLOSIC

11.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AG-FOOD COOPERATIVES

Agri-food trends

In the cooperative register there are 7 sectors of cooperatives: agriculture, fishery, manufacturing, construction, trade, tourism and services. This classification is in line with the national classification of activities. As per this classification, food cooperatives are under the sector manufacturing. For purpose of this questionnaire we added up food cooperatives and fishery cooperatives to sector of agriculture cooperatives.

According to the Croatian Centre for Cooperative Entrepreneurship in Croatia in November 2014 there are 498 agricultural cooperatives, 40 fishery cooperatives, and 107 food cooperatives. In total those are 645 cooperatives with turnover of 1.274.274.076,00 kunas (166.091.067,55 €) in 2013[1].

In overall balance of trade of agriculture goods, the share of cooperative is 6%, which is not significant in overall agricultural trade exchange.

[1] 1 HRK = 0.129 EUR

Croatia

11.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

11.4.1. Developments in agricultural cooperatives

The Croatian Centre for Cooperative Entrepreneurship (CCCE) is a professional business institution for cooperatives and cooperative associations, that promote and represent the individual and mutual interests of cooperatives. CCCE was established in 2014 as a legal successor of Croatian Association of Cooperatives and has responsibility for the development of the existing cooperatives, as well as managing the Cooperatives Register.

SECTOR	No. of cooperatives	No. of coop members	No. of employees	Turnover in 2013 (m€)
Agriculture	472	8 151	1 341	121.6
Fishery	41	600	140	29.9
Manufacturing	202	2 898	383	22.7
Construction	80	835	124	10.8
Trade	120	3 903	370	18.5
Tourism	68	569	95	2.9
Services	174	2 444	281	14.0
Unknown	12	85	:	:
TOTAL	**1 169**	**19 485**	**2 734**	**220.7**

In 2013, 63 new cooperatives (23 agriculture, 1 fishery, 9 manufacturing....) were established . We do not have data about any cooperative licensed as Producer Organisation.

No. of agri-cooperatives per sector*	Turnover (m€)	No. of members (multiple memberships)	No. of employees
Agriculture coop : 472	121.97	8 151	1 341
Food coop : 100	14.48	1 983	275
Fishery coop : 41	30.07	600	140
TOTAL : 613	**166.52**	**10 734**	**1 756**

Croatia

11.4.2. *Main cooperative statistics*

TOP* agri-cooperatives in 2013

Name of agri-cooperative	Sector	Turnover 2013 (m€)	Members	Employees
PRVČA Poljoprivredna zadruga	Agriculture	19.2	7	121
NAPREDAK Poljoprivredna zadruga	Agriculture	15.5	54	74
RIBARSKA ZADRUGA OMEGA 3	Fishery	8.5	24	47
POLJOPRIVREDNA ZADRUGA ČAKOVEC za poljoprivrednu proizvodnju, trgovinu i usluge	Agriculture	6.8	66	69
Poljoprivredna zadruga JANKOVCI	Agriculture	6.1	8	51
MARINA, poljoprivredna zadruga	Food - coop	4.2	267	54
RIBARSKA ZADRUGA LIBURNIJA	Fishery	3.7	10	9
Poljoprivredna zadruga BRESTOVE MEĐE	Agriculture	3.7	57	1
DINGAČ zadruga	Agriculture	3.5	295	17
Ribarska zadruga FRIŠKA RIBA	Fishery	3.1	31	3
Ribarska zadruga LANTERNA	Fishery	2.6	72	17
Ribarska zadruga PUNTA ZUB	Fishery	2.5	81	0
POLJOPRIVREDNA ZADRUGA ALMUS	Agriculture	2.2	25	12
RIBARSKA ZADRUGA ZADAR	Fishery	2.2	12	0
POLJOPRIVREDNA ZADRUGA SEKICE	Agriculture	2.1	7	2
Poljoprivredna zadruga KOROĐ	Agriculture	2.1	20	16
RIBARSKA ZADRUGA ISTRA	Fishery	2.0	49	10
POLJOPRIVREDNA ZADRUGA AGRO-DUNAV	Agriculture	2.0	25	1
SVETI KRIŽ ZAČRETJE poljoprivredna zadruga	Agriculture	2.0	19	71
Poljoprivredna zadruga VRBNIK	Food - coop	2.0	120	9

Croatia

TOP* agri-cooperatives per sector in 2013 (Measured by turnover)

	Name of agri-cooperative	Sector	Turnover (m€)	No. of members	No. of employees
1	Prvča	Agriculture	19.3	7	121
2	Omega 3	Fishery	8.6	24	47
3	Marina	Food	4.2	267	54

11.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

11.5.1. Legal framework for cooperative

The minimum number of members: 7 members

Minimum capital: 1000 kunas (aprox 130 euro) per member

11.5.2. Cooperative governance

ONE MAN ONE VOTE.

Two tier system: cooperative bodies are: assembly, supervisory board, manager

Law of cooperatives is allowing external finance but representative of investor has only right to express the opinion to assembly, but not to vote

Supervisory board has at least 3 members (if more, the number has to be odd). One member can be external expert who is not member of cooperative.

There is no special cooperative audit, all cooperatives are obligate to do mandatory reporting by Law equally like limited liability companies.

11.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Law of coopera-tives (NN 34/11, 125/13; 76/14)	None		7	1000 kunas (130 eu-ro)

Croatia

11.5.4. Taxation

Agricultural cooperatives are subject to the general taxation provisions. Same as all (Limited Liability Companies)

Each cooperative is obliged to allocate 20% of surplus to indivisible reserves.

According to Law of cooperative (article 37, paragraph 2) the cooperative is obliged to allocate 20% of surplus to development of cooperatives. Each cooperative individually can determine by Statute the way of how these funds will be channelled to the development of the cooperative.

11.5.5. Accounting Standards

IFRS is applied by cooperatives in Croatia but it is not adjusted to cooperatives.

11.5.6. Financing

Agricultural cooperatives, like all other types of cooperatives are facing problems in access to financing due the lack of trust of banking sector in cooperative entrepreneurship.

New cooperatives with no assets are not eligible for a loan. Banks require from cooperative members to pledge their own assets in order to get a loan. When it comes to old cooperatives, which possess assets, this problem is not so prominent.

It is allowed by Law for a cooperative member to finance the cooperative, but there is no practical examples of this.

There are no practical examples of non-membership finance although this is allowed by the Law on cooperatives (The representative of such an external investor, has no right to vote).

11.6. POLICY CONCERNS

11.6.1. Main activities

Main activities of CCCE are promotion, improvement and development of cooperative movement in Croatia, representing the interests of cooperatives, education; professional help to the cooperatives, central cooperative register management etc.

11.6.2. Training

CCCE is organising training programs for both members and executives in the field of cooperative entrepreneurship and cooperative legislation, we do not organize any education in the field of agricultural production

For attending the training there is no required educational level, however, we are organising different levels of training (basic, advanced...) and accordingly we are selecting participants.

Basics of cooperative entrepreneurship, rights and obligations of cooperative members, legislation, accounting, marketing and management, practical experience.

Croatia

There is no external training for elected Members of the Board or executives of cooperatives except the one organised by CCCE.

There is a need to set up high level European training program for some of the cooperative leaders. The characteristics of such a training programme should be that beside specialized knowledge that cooperative manager must have (such as economics, finance, marketing) it is necessary for cooperative manager and members of supervisory board ,to be familiar with particularities of a cooperative society, as well as the rights and obligations of cooperative member in a cooperative.

Special requirements for such a programme should be: for cooperative members – legislation related to cooperatives and rights and obligations of cooperative member; for cooperative manager and members of supervisory board – besides legislation related to cooperatives, also the knowledge about economy and finance.

11.6.3. Other activities of agricultural cooperatives

Cooperatives in Croatia are engaged in most significant activities (economic, social, environmental, rural development, communication, cultural....) and as such they are an important factor for local community and their economic development. CCCE is directly involved in activities which can contribute the strengthening cooperatives in their activities. Especially, CCCE is taking care about implementation of cooperative principles in Croatian cooperative movement.

11.6.4. Impact of the CAP reform on cooperatives

We are expecting that by adjusting of specific sectoral regulation for PO, cooperatives can be recognized as a producer organisation considering that they are already present on the market and many of the already existing cooperatives fulfil formal requirements to be recognised as a PO.

12. ITALY

Italy

12.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Rome

Total area: 301 263 km²

Population: 60 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1990

Source: http://europa.eu/about-eu/countries/member-countries/italy/index_en.htm

Italy	2000	2010	Change (%)
Number of holdings*	2 396 274	1 620 880	-32.4
Total UAA (ha)	13 062 260	12 856 050	-1.6
Livestock (LSU)	9 969 560	9 911 520	-0.6
Number of persons working on farms (Regular labour Force)	3 963 630	3 392 700	-14.4
Average area per holding (ha)*	5.5	7.9	45.5
UAA per Inhabitant (ha/person)	0.23	0.21	-7.2

* For the year 2000, the number of holdings was estimated using the 2010 threshold

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Italy

Italy

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	43 134.7	11.4%
Crop output, of which:	2013	60.9%	12.6%
Vegetables and horticultural products	2013	19.1%	17.0%
Fruits	2013	14.6%	24.2 %
Wine	2013	6.3%	16.4%
Animal output, of which:	2013	39.1%	9.9%
Milk	2013	11.6%	8.7%
Cattle	2013	7.9%	10.6%
Pigs	2013	7.1%	7.9%
Gross value added at basic prices (million EUR)	2013	26 647.4	16.9%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

12.2. MEMBER ORGANISATION[1]

ALLEANZA COOPERATIVE ITALIANE
ITALIAN COOPERATIVE ALLIANCE

Palazzo della Cooperazione

Via Torino, 146
IT – 00184 ROMA
Tel:+39 06 46 97 81, Fax:+39 06 48 81 469
E-mail:s.presidenza.agroalimentare@alleanzacooperative.it

President : Giorgio MERCURI
Co-presidents: Giampaolo Buonfiglio, Giovanni Luppi
Director General : Pier Luigi ROMITI
Responsibility for European Affairs : Leonardo POFFERI

Board of directors: Giuseppe Piscopo, Pierluigi Romiti, Mauro Vagni

Leonardo POFFERI

Confederazione Cooperative Italiane
Square Ambiorix, 32-bte 35
BE-1000 BRUXELLES

Tel:+32 (0)2 235 28 60
Fax:+32 (0)2 235 28 69
E-mail:bruxelles@confcooperative.it; pofferi.l@confcooperative.it;

[1] As from 1.1.2015, the three pre-existing Italian cooperative organisations ,delegated their representation to: ACI— Alleanza Cooperative Italiane

Italy

FEDAGRI-CONFCOOPERATIVE
NATIONAL FEDERATION OF AGRICULTURAL COOPERATIVES
Palazzo della Cooperazione

Via Torino, 146
IT – 00184 ROMA
Tel:+39 06 46 97 81, Fax:+39 06 48 81 469
E-mail:fedagri@confcooperative.it

Website:www.fedagri.confcooperative.it

President : Giorgio MERCURI
Director General : Pier Luigi ROMITI
Responsibility for European Affairs : Leonardo POFFERI

Leonardo POFFERI

Confederazione Cooperative Italiane
Square Ambiorix, 32-bte 35
BE-1000 BRUXELLES

Tel:+32 (0)2 235 28 60
Fax:+32 (0)2 235 28 69
E-mail:bruxelles@confcooperative.it; pofferi.l@confcooperative.it;

LEGACOOP AGROALIMENTARE
NATIONAL ASSOCIATION OF AGRIFOOD COOPERATIVES FOR RURAL DEVELOPMENT

Via G.A. Guattani, 9
IT - 00161 ROMA

Tel:+39 06 44 03 147
Fax:+39 06 44 26 53 01
E-mail:info@ancalega.coop; g.bolini@ancalega.coop; g.piscopo@ancalega.coop

Website: www.legacoopagroalimentare.coop

President : Giovanni LUPPI
Director General : Giuseppe PISCOPO

Sabrina LUISE

LEGACOOP
Square Ambiorix, 32-bte 2
BE-1000 BRUXELLES

Tel:+32 (0)2 514 38 49
Fax:+32 (0)2 514 38 43
E-mail:bruxelles@legacoop.be

AGCI AGRITAL
ITALIAN GENERAL ASSOCIATION OF AGRICULTURAL COOPERATIVES – AGRO, FOOD, FISHERIES SECTOR

via A. Bargoni, 78
IT – 00153 Roma

Tel:+39 06 58 32 81
Fax:+39 06 583 28 350
E-mail:info@agciagrital.coop

President : Giampaolo BUONFIGLIO
Director : Raffaella DE ROSA

Contact person : Mauro VAGNI

Tel:+390658328361
Fax:+390658328360
E-mail:mauro.vagni@agciagrital.coop

Italy

12.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

The role of retailers is growing within the agri-food chain, with major increases in terms of produced value. These increases are largely absorbed by employees' salaries paid by retail companies. Sanitary issues/emergencies and customs barriers still lead to unfavourable circumstances. Moreover, for foods of international importance, the aforementioned penalising factors are exacerbated by competition from substitute products (or simply imitations, as is the case in Italy) and the absence, in practice, of production constraints. Agri-cooperatives remain the basic type of organisation that is capable of assuring quality and food security. Appropriate synergies with related producer organisations pave the way to processing the supply of raw materials in order to satisfy market demand.

12.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

12.4.1. Developments in agricultural cooperatives

There are more than 8,100 agri-food cooperatives in Italy, 97.3% of which are 'mainly mutual' cooperatives.

The most widespread type of cooperative is the sort that deals with the supply of agricultural products and livestock, totalling 52% of all enterprises: such businesses process, package, market and concentrate the supply of agricultural products, which are predominantly provided by its members.

Another very important category, accounting for 26.3%, is agricultural labour cooperatives, i.e. businesses specifically dealing with primary production. 21.1% of the total is represented by business dealing with agri-food production and agricultural labour together, offering their members better working conditions compared to those on the regular labour market.

Associations of cooperatives are members of the "Centrali cooperative di rappresentanza". There are 5,834 active cooperative enterprises in this field, which are supported by more than 863,000 members, employing 93,786 workers. The overall economic value generated totals 34.362 million euros, with the main contribution coming from the leading agri-food cooperative sectors in Italy.

Enterprises			Turnover		Operators		Members	
	Number	%	Million €	%	Number	%	Number	%
Fruit & Veg	1 321	22.6	8 158	23.7	30 448	32.5	103 276	12.0
Meat	494	8.5	7 953	23.1	20 663	22.0	20 282	2.3
Dairy	963	6.5	7 043	20.5	11 932	12.7	36 236	4.2
Services	1 547	26.5	6 231	18.1	14 802	15.8	269 850	31.3

Italy

	Enterprises		Turnover		Operators		Members	
	Number	%	Million €	%	Number	%	Number	%
Wine	611	10.5	3 736	10.9	8 619	9.2	190 726	22.1
Other	516	8.8	1 000	2.9	5 546	5.9	39 680	4.6
Olives	383	6.6	242	0.7	1 775	1.9	203 273	23.5
Total Italy	5 834	100.0	34 362	100.0	93 786	100.0	863 323	100.0

12.4.2. Main cooperative statistics

TOP* agri-cooperatives in 2013

NAME	Turnover (in m€)	MAIN SECTOR
AGRICOLA TRE VALLI SOCIETA COOPERATIVA	3 135	LIVESTOCK
GESCO CONSORZIO COOPERATIVO SOCIETA COOPERATIVA AGRICOLA	1 352	LIVESTOCK
CONSERVE ITALIA - CONSORZIO ITALIANO FRA COOPERATIVE AGRICOLE	980	FRUIT & VEGETABLES
GRANLATTE SOCIETA COOPERATIVA AGRICOLA	941	MILK & DAIRY PRODUCTS
APO CONERPO SOCIETA' COOPERATIVA AGRICOLA	723	FRUIT & VEGETABLES
CONSORZIO LATTERIE SOCIALI MANTOVANE VIRGILIO	554	MILK & DAIRY PRODUCTS
UNIPEG SOCIETA' COOPERATIVA AGRICOLA	488	LIVESTOCK
COPROB COOPERATIVA PRODUTTORI BIETICOLI SOCIETA	366	SUGAR
AVI.COOP SOCIETA' COOPERATIVA AGRICOLA	333	LIVESTOCK
PROGEO SOCIETA' COOPERATIVA AGRICOLA	323	CEREALS-FEEDINGSTUFFS
COOPERATIVE AGRICOLE VITIFRUTTICOLTORI ITALIANI RIUNITI ORGANIZZATI	302	WINE
LATTERIA SORESINA SOCIETA' COOPERATIVA AGRICOLA	297	MILK & DAIRY PRODUCTS
CONSORZIO MELINDA SOCIETA' COOPERATIVA AGRICOLA	286	FRUIT & VEGETABLES
AGRINTESA SOCIETA' AGRICOLA COOPERATIVA	274	FRUIT & VEGETABLES

Italy

NAME	Turnover (in m€)	MAIN SECTOR
CONSORZIO GRANTERRE - CASEIFICI E ALLEVAMENTI -	270	LIVESTOCK
CARNJ SOCIETA COOPERATIVA AGRICOLA	268	LIVESTOCK
OROGEL SOCIETA' COOPERATIVA AGRICOLA	266	FRUIT & VEGETABLES
APOFRUIT ITALIA - SOC. COOP. AGRICOLA	245	FRUIT & VEGETABLES
CONSORZIO CASALASCO DEL POMODORO SOCIETA AGRICOLA COOPERATIVA	243	FRUIT & VEGETABLES
COOPERATIVA PRODUTTORI SUINI PRO SUS S	242	LIVESTOCK
VI.P COOP. SOC. AGRICOLA	238	FRUIT & VEGETABLES
COOPERLAT SOCIETA COOPERATIVA AGRICOLA	223	MILK & DAIRY PRODUCTS
ALLCOOP SOCIETA COOPERATIVA AGRICOLA	223	LIVESTOCK
LATTE MONTAGNA ALTO ADIGE	216	MILK & DAIRY PRODUCTS
C.L.A.I. - COOPERATIVA LAVORATORI AGRICOLI IMOLESI	216	LIVESTOCK
ITALCARNI SOCIETA' COOPERATIVA AGRICOLA	212	LIVESTOCK
CANTINE RIUNITE & CIV - SOCIETA' COOPERATIVA AGRICOLA	199	WINE
CONSORZIO AGRARIO DI CREMONA SOC. COOP. A R.L.	187	SERVICES TO AGRICULTURE
COOPERATIVA TERREMERSE SOC.COOP. IN SIGLA TERREMERSE SOC.COOP.	163	SERVICES TO AGRICULTURE
MAGEMA SOCIETA AGRICOLA COOPERATIVA	162	LIVESTOCK
OROGEL FRESCO SOCIETA COOPERATIVA AGRICOLA	162	FRUIT & VEGETABLES
MEZZACORONA SOCIETA' COOPERATIVA AGRICOLA	157	WINE
AGRIFORM - SOCIETA' COOPERATIVA AGRICOLA	156	MILK & DAIRY PRODUCTS
CAVIT CANTINA VITICOLTORI CONSORZIO CANTINE SOCIALI DEL TRENTINO	154	WINE
POLLO DEL CAMPO SOCIETA COOPERATIVA AGRICOLA	144,	LIVESTOCK
AZOVE - SOCIETA' AGRICOLA COOPERATIVA SIGLA AZOVE SOC. AGR. COOP.	143	LIVESTOCK
ASSEGNATARI ASSOCIATI ARBOREA	143	MILK & DAIRY PRODUCTS
ITALSUINI - SOCIETA' COOPERATIVA AGRICOLA	132	LIVESTOCK
GRUPPO CEVICO - CENTRO VINICOLO COOPERATIVO ROMAGNOLO	128	WINE
FRUTTAGEL SOCIETA' COOPERATIVA AGRICOLA	127	FRUIT & VEGETABLES
LATTERIA SOCIALE MANTOVA SOCIETA AGRICOLA COOPERATIVA	123	MILK & DAIRY PRODUCTS

Italy

NAME	Turnover (in m€)	MAIN SECTOR
CONSORZIO AGRIBOLOGNA - SOCIETA' COOPERATIVA AGRICOLA	122	SERVICES TO AGRICULTURE
ASSOCOM SOCIETA COOPERATIVA	110	LIVESTOCK
OPAS SOCIETA COOPERATIVA	109	LIVESTOCK
CANTINA SOCIALE COOPERATIVA DI SOAVE	108	WINE
SOCIETA' COOPERATIVA AGRICOLA CONSORTILE COLLIS VENETO WINE GROUP	108	WINE
COMAZOO - COOPERATIVA MIGLIORAMENTO AGRICOLO ZOOTECNICO	104	CEREALS-FEEDINGSTUFFS
GRANFRUTTA ZANI SOCIETA' COOPERATIVA AGRICOLA	100	FRUIT & VEGETABLES
SANTANGIOLINA LATTE FATTORIE LOMBARDE SOCAGRCOOPERATIVA	98	MILK & DAIRY PRODUCTS
COOPERATIVA ZOOTECNICA SCALIGERA SOCIETA' AGRICOLA COOPERATIVA	95	LIVESTOCK
NATURITALIA SOC COOP AGRICOLA	94	FRUIT & VEGETABLES
AVICOLA SAN MARTINO SOCIETA' COOPERATIVA AGRICOLA	92	LIVESTOCK
LATTEBUSCHE LATTERIA DELLA VALLATA FELTRINA	91	MILK & DAIRY PRODUCTS
GRANDI COLTURE ITALIANE SOCIETA' COOPERATIVA AGRICOLA	91	FRUIT & VEGETABLES
S.A.GE.M. SOCIETA' ABRUZZESE GESTIONE MANGIMIFICI SOCIETA' COOPERATIVA	88	CEREALS-FEEDINGSTUFFS
LA VIS S.C.A.	86	WINE
VOG PRODUCTS -	85	FRUIT & VEGETABLES
CAFAR SOCIETA AGRICOLA COOPERATIVA FRA ALLEVATORI ROMAGNOLI	82	LIVESTOCK

12.5. TRANSNATIONAL AND INTERNATIONAL COOPERATIVES

CONSERVE ITALIA – CONSORZIO ITALIANO TRA COOPERATIVE AGRICOLE - in the field of fruit & vegetables.

12.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

12.6.1. Legal framework for cooperative

The minimum number of members is at least nine (Article 111f – guidelines for the implementation of the Italian Civil Code).

Italy

A cooperative can be founded by three members, if they are natural persons and the company follows the rules that apply to limited liability companies.

In the case of cooperative consortia (cooperatives of cooperatives, or secondary cooperatives), the minimum number of members is three (Article 27 (1) a of the Legislative Decree No 1577 of the Provisional Head of State, of 14th December 1947), but members can solely and exclusively be cooperative companies.

Cooperative companies are open-ended investment companies and there is no fixed amount (minimum capital).

Each member holds a number of shares, the nominal value of which cannot be below 25 Euros or above 500 Euros.

Cooperative companies must be registered, as any other company, in the Register of Undertakings at the Chamber of Commerce, Industry, Craft Trades and Agriculture (CCIAA), and must also request a VAT identification number or tax number.

12.6.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Civil Code	None		9- A cooperative can be founded by three members, if they are natural persons	Not required by law

12.6.3. Cooperative governance

The one-man, one-vote system is still the most common. There can be exceptions to the one-man, one-vote rule.

The administration systems that cooperative companies can use are:

1) The "traditional" system: this comprises an assembly, a board of directors, the president, a supervisory board or the single auditor (if mandated by law or if appointed) and the board of auditors. The functions of the shareholder meeting are stipulated in the Italian Civil Code. The shareholder meeting approves the financial statements, the board of directors, the board of auditors and the amendments to the articles of association.

Italy

2) The “one tier” system: this comprises an assembly, the president, a board of directors (with a management control committee within) and the board of auditors. This system is rather similar to the traditional one, except that the administration cannot be entrusted to a single manager and there is no audit board, as this is replaced by the management control committee.

3) The “two tier” system: this comprises an assembly, the president, the steering board, the supervisory board and the board of auditors. The company is guided by the steering board, composed of at least two members who are nominated by the supervisory board. The steering board follows the rules applied to the board of directors, as long as they are compatible. The supervisory board is nominated by the assembly.

The articles of association allow the introduction of financial instruments. The holders of said financial instruments cannot have more than 1/3 of the votes of all of the present or represented members.

12.6.4. Taxation

Direct income taxes are a particularly relevant feature of the Italian taxation system. They can be divided as follows:

Personal income tax (IRPEF), dealing with the income tax payable by natural persons.

Corporate income tax (IRES), which applies to the total taxable income of some organisations, including companies (including agricultural cooperatives).

There is also the regional tax on productive activities (IRAP) – agricultural cooperatives also have to pay this tax, although they benefit from the reduced rate provided for agricultural businesses.

The main indirect taxes are:

VAT, value added tax. The standard VAT rate is today fixed at 22 per cent for goods or services. Some rates are reduced by ten and by four per cent for some categories of goods (many agricultural products) or services.

Taxes on production and consumption (‘excise duties’) paid by economic operators (including cooperatives) for specific products, especially when they are placed on the market.

Taxes on legal transactions and on transactions for all taxpayers (the main kind here is the registration duty. The rate changes according to the type of transaction).

As for taxes on property, the municipal tax on real estate property (IMU) is of particular relevance and applies to the properties used by the company for its business activities (including agricultural companies’ properties).

Other minor taxes and local taxes are paid on top of the IMU, which have a significant impact on the general tax burden. Such taxes are: the tax on indivisible municipal services (TASI), which does not apply to agricultural land, and the tax on waste collection (TARI), which does not apply to producers of special waste and to producers of special waste similar to domestic waste (including agricultural producers).

According to the aforementioned standards, agricultural cooperatives are subject to the general taxation provisions.

Besides the facilitations they are entitled to as agricultural undertakings, agri-cooperatives can also access two additional facilitating measures for IRES.

Italy

As is the case for any other cooperative, agri-cooperatives are exempt from taxable income for IRES, for profits that are considered as 'asset locking'. These assets cannot be used or distributed by the company during its lifetime, nor can they be distributed after the company's dissolution (they become remaining assets to be transferred into mutual funds).

There used to be a total exemption for profits destined to asset lock. From 2000, this advantage was significantly reduced. At this stage, the minimum level of profit to be taxed for cooperatives is 20%.

Moreover, agri-cooperatives have a significant advantage, which is nevertheless limited to those cooperatives dealing with supplies (i.e. enhancing, processing and marketing the products supplied by their members).

There is not a general tax rate applicable to cooperatives. All agri-cooperatives have the same IRES rate (27.5%). Nonetheless, agricultural holdings can benefit from reduced rates both for IRAP (1.7% instead of 3.5%), and VAT, as far as the supply of some agricultural and food products is concerned.

There are not different tax rates for transactions with members and for non-member transactions. Still, it is important to remember that special treatment is applied to 'rebates', i.e. money given to members when the balance sheet is approved, as an indirect reward for the mutual benefit.

The Italian taxation system is adapted to cooperatives – and to agri-cooperatives in particular – since, first and foremost, they are subject to the general rules and ordinary taxation any other business is subject to.

However, there are also some special rules, especially on income taxation, for example with the partial exemption of profits to be asset locked or the exemption of income for the cooperatives dealing with supplies.

According to the provisions of the Civil Code:

-Prevalently mutual cooperatives (enjoying tax benefits) must have in their articles of association, inter alia, that it is prohibited to distribute assets amongst the cooperative members (Article 2514, of the Italian Civil Code).

-Locked assets, according to law or to the articles of association, cannot be divided amongst members, even after the company's (Article 2545b, paragraph 1 of the Italian Civil Code).

-They can be used to cover losses only if there is an increase in the assets the company had previously allocated to capital and a fall in the assets that members can share after the company's dissolution (Article 2545b, paragraph 2 of the Italian Civil Code).

-Whatever the amount, at least 30% of the annual net profits must go into the legal reserve fund (Article 2545c, paragraph 1 of the Italian Civil Code).

The taxation law for the profits to be asset locked, described under point 14.b1, can be found under the following provisions:

Article 12, Law No 904/1977,

Article 3, Law No 28/1999,

Article 6, Legislative Decree No 63/2002,

Article 1, paragraphs 460 to 466, Law No 311/2004,

Article 2, paragraphs 36a to 36c, Legislative Decree No 138/2011.

Italy

The exemption for agri-cooperatives dealing with supplies is detailed by Article 10, Presidential Decree No 601/1973 and Article 1, paragraph 461, Law No 311/2004.

12.6.5. Accounting standards

Italian cooperatives apply IFRS.There may be problems with IAS 32, laying down the principles for the categorisation of financial instruments as liabilities or equity instruments. It is hard to apply these principles to members' shares within cooperatives and to such instruments.

12.6.6. State aid

The special scheme for Italian cooperatives has been brought to the attention of the EU authorities, especially the exemption of profits destined to be asset locked.

In this respect, it should be pointed out that with the EU court ruling of 8th September 2011, cases C-78/08, C-79/08, C-80/08, the European Court of Justice determined that one of the criteria necessary to create anti-competitive aid was unfounded: in particular, the criterion of selectivity, in accordance with which the advantage must be appropriate to favour some businesses or productions or specific categories of businesses or productions. Having said that, the court requested that national courts determine whether the specific principles on the functioning of cooperatives, which "clearly distinguish them from other economic operators", are respected.

The court added that, in any event, it would be necessary to check if the special regime is not somehow justified by the "nature or general scheme" of the Italian taxation system (points 64-72 of the judgment), i.e. that it "complies with the principles of consistency and proportionality".

In other words, the definitive interpretation of EU legislation given by the Court of Luxembourg values the specific difference of cooperatives compared to any other profit-making undertaking and it does not consider the structure of the special tax treatment as "state aid".

12.6.7. Financing

Agri-cooperatives have problems accessing financing. This has become particularly urgent over the last few years because of a general credit restriction introduced by banks.

Agri-cooperatives sometimes have problems accessing credit because banks do not comprehend their budgetary system, especially in the case of cooperatives that pay their members after the necessary set amount of time to process products, such as wine or cheese. Moreover, the problem for other types of agri-cooperatives is a scarce capitalisation.

Cooperatives did not modify their governance structures in order to allow diverse/proportional finance from members, since governance is still linked to the quality of the membership or, possibly, to the quality and quantity of mutual exchanges. In any event, fundraising activities from the public are outlawed. Members' loans do not affect governance.

Agri-cooperatives may issue financial instruments according to the law applicable to companies limited by shares.

Cooperatives may also have financing members who may transfer money, assets in kind or credit and they are represented by registered transferable shares.

Italy

12.7. POLICY CONCERNS

12.7.1 Main activities

The Organisation protects, represents and informs the cooperative members on the different areas of the agri-food sector.

12.7.2. Training

The Organisation doesn't directly develop and run training programmes for members, but there are specific bodies that carry out such activities, i.e. Inforcoop, Irecoop and Foncoop. These are cooperative instruments designed for cooperative leaders and elected members. The target is composed by both elected members and executives.

The required educational level to attend these courses is Secondary/tertiary.

Some issues targeted under such programmes are quality, food safety, occupational safety and internationalisation.

Other Training opportunities are available with external competent bodies for advanced training (such as IPSOA and Sole24ORE) and with universities, which offer master's and post-graduate specialised courses.

There is a significant need to set up at EU level, a high level European training programme for (elected) cooperative leaders running in a complementary basis to existing national schemes. But it should be developed in a manner that is attractive to businesses. There could be a course at national level with international events or a sort of "exchange programme" in order to be able to see how cooperatives in the same sector work in other countries.

12.7.3. Investments of cooperatives in new activities

In the past, activities carried out by agri-cooperatives almost always targeted the production of food. Nowadays there is a new trend, which is more and more orientated towards other types of activity. These activities are not connected to food production, but are still strictly related to the farming world: protecting resources, tourism and leisure services, strengthening local historical and cultural value, etc.

The development of bioenergies, following the ever-increasing global commitment to protect the environment, is offering new perspectives to agri-cooperatives in the area of producing energy from renewable sources. Cooperatives are investing considerable amounts in such new activities. Remarkable progress has been made in the fields of energy produced from photovoltaic panels, biomass and biogas.

International activities (expansion to foreign countries).

Just like other Italian agri-businesses, agri-cooperatives need to further internationalise. Italian cooperatives are active in the fields of fruit and vegetable exports, vegetable processing, wine and cheese, producing controlled designation of origins and PDOs, and tapping niche markets the world over.

Germany, the United Kingdom, France, the USA, Switzerland, Canada and China are our cooperatives main target markets.

Italy

12.7.4. Other activities of agricultural cooperatives

Cooperatives are engaged in other significant activities such as: information, communication, research and innovation, project support (generic promotion, CSR), economic, social, cultural, environmental, food safety, rural development, etc., usually in partnership with research centres and universities.

12.7.5. Impact of the CAP reform on cooperatives

We expect more cooperatives to be created, with a focus on penetrating new markets and strengthening the position of cooperatives on existing markets; improving bargaining power with large-scale retailers; and greater simplification. Moreover, the creation of organisms that differ from POs is not expected to have a negative effect, producing fake associations that do not gather input materials. This should be avoided at all costs.

12.7.6. Main policy objectives at EU level

To further strengthen cooperatives; to facilitate cooperation and projects amongst European cooperatives; to reduce obstacles that hinder the free movement of goods; and to protect the real interests of farmers, trying to mediate between the needs of the different delegations as much as possible and acting as an independent body, in particular as far as the single market and competition are concerned.

13. CYPRUS

Cyprus

13.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Nicosia

Total area: 9 250 km²

Population: 0.8 million

Currency: Member of the eurozone since 2008 (€)

Schengen area: Not a member of Schengen

Source: http://europa.eu/about-eu/countries/member-countries/cyprus/index_en.htm

Cyprus	2003	2010	Change (%)
Number of holdings	45 200	38 860	-14.0
Total UAA (ha)	156 380	118 400	-24.3
Livestock (LSU)	256 760	200 750	-21.8
Number of persons working on farms (Regular labour Force)	86 240	82 040	-4.9
Average area per holding (ha)	3.5	3.0	-11.9
UAA per Inhabitant (ha/person)	0.22	0.14	-34.0

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php

Agricultural_census_in_Cyprus

Cyprus

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	704.0	0.2%
Crop output, of which:	2013	50.9%	0.2%
Fruits	2013	19.3%	0.5%
Vegetables and horticultural products	2013	15.3%	0.2%
Potatoes	2013	5.4%	0.3%
Animal output, of which:	2013	49.1%	0.2%
Milk	2013	16.5%	0.2%
Poultry	2013	11.1%	0.4%
Pigs	2013	10.0%	0.2%
Gross value added at basic prices (million EUR)	2013	349.7	0.2%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

13.2. MEMBER ORGANISATION

ΠΑΝΑΓΡΟΤΙΚΟΣ ΣΥΝΔΕΣΜΟΣ ΚΥΠΡΟΥ
PANAGROTIKOS FARMERS' UNION

P.O.Box 23987
CY – 1687 NICOSIA

Gonia Kyriakou Matsi & Samou 15
Elvasti Building
1st Floor, Apt. 12
CY – 1086 NICOSIA

Tel:+357 22 42 28 09 / +357 22 42 32 67
Fax:+357 22 42 33 58
E-mail:panagrotikos@panagrotikos.org.cy
Website:www.panagrotikos.org.cy

President : Antreas PAPAPOLIVIOU
Secretary General : Tasos YIAPANIS

Cyprus[1]

13.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

It is clear that as the local economy and the population grow agriculture is decreasing both in real and relative terms. This decline in agriculture partly explains the problems faced by some agricultural cooperative societies in the past few years.

As expected, employment in the sector is dropping as well as the share of agriculture in the overall economic production decreases. Another contributing factor is that capital in the form of machines and technology substitutes human capital.

Actually agricultural production varies from year to year based on the climate for each year. Cyprus being a Mediterranean island suffers from low rainfall and years of draught that affect agricultural production as well. Natural disasters such as hail storms in spring, frost in winter and tornadoes also negatively affect agricultural production.

The total gross output of the broad agricultural sector increased by 6.2% at current prices and reached € 682.1 million in 2008 compared to € 642.5 million in 2007. In real values, gross output decreased by 10.5% in 2008 continuing the decrease of 1% that occurred in 2007. In real terms, crop production decreased by 26.5%, forestry production by 8.6% and the hunting sub-sector by 12.8%, while livestock production and ancillary production recorded an increase of 0.8% and 6.9%, respectively.

The sector's value added at current market prices reached € 349.3 million while, in real terms, value added decreased by 42.8% in 2008 compared to a decrease of 9.5%, in 2007. Exports of agricultural products recorded a decrease of 3.5% in value terms reaching € 116.6 million in 2008 compared to € 120.9 million in 2007. This is attributed mainly to the decrease in the value of exports of potatoes, which decreased from € 56.3 million in 2007 to € 46.9 million in 2008. The earnings from citrus fruit exports remained at € 29.4 million in 2008 and earnings from grape exports increased from € 0.1 million in 2007 to € 0.4 million in 2008. The European Union countries absorbed 67.1% of agricultural exports in 2008, in comparison to 72.6% in 2007.

Employment in the agricultural sector recorded a decrease, falling to 25,290 persons in 2008 from to 26,319 in 2007. The share of employment in agriculture in relation to the total economically active population was 6.3% in 2008, compared to 6.6% in 2007, 7.2% in 2006, and 7.8% in 2005.

The total value of fixed capital investments of the sector increased to € 29.1 million in 2008 compared to € 18.7 million in 2007. This increase resulted mainly from the outlays on construction and land improvement works, which increased to € 23.8 million in 2008 from € 13.9 million in 2007. A significant increase was also recorded in the value of breeding stock (€ 1.3 million.) compared to 2007. A decrease was recorded in investments on transport equipment, which reached € 1.4 million.

In recent years there is steady increase of inexpensive imports of agricultural products from European Union and third countries, as far as China and South America that negatively affect and, in certain sectors such as fruit, endanger local production. The local production of vegetables and greens is sufficient to cover demand but small quantities are imported during the high tourist season or after a natural disaster.

---

[1] Source: Georgiou, Kyriakos E. (2012). Support for Farmers' Cooperatives; Country Report Cyprus. Wageningen: Wageningen UR.

Cyprus

For the most part agricultural production is carried out in inefficient, private small plots and a farmer may have several such plots spread over a large area around his village. This further reduces efficiencies of scale but protects the overall production from plant diseases and natural disasters. The Government has been running projects of consolidating plots into larger sizes for some decades now but these projects take time to mature and face resistance from farmers.

The production of the livestock sub-sector exhibited an increase in the value by 13.6% reaching €

336.2 million Euros in 2008 as compared to €296.0 million in 2007. Meat production had an overall increase of 5.0% in 2008. Pork, which is the main type of meat consumed, recorded an increase of 7.6% reaching 59,173 tons. Sheep and goat meat increased by 1.5% reaching 7,211 tons in 2008. Beef meat production also increased by 8.4% and reached 4,248 and last, poultry production decreased by 0.3% reaching 28,727 tons in 2008.

Egg production increased by 15.2% in 2008 reaching 9,880 tons from 8m577 tons in 2007. Milk production recorded an increase of 6% and reached to 194,981 tons in 2008 as opposed to 183,480 tons in 2007. During 2008, cow milk, which constitutes 78.1% of the total milk production, recorded an increase of 5.7% and reached to 152,264 tons from 144,100 tons of the previous year. Sheep and goat milk production registered an increase of 8.5% reaching to 42,717 tons in 2008. Producers' prices of cow milk increased by 18.2%, sheep milk by 7.2% and goat milk price by 7.8%, compared to the prices of the previous year.

The overall assessment is that agriculture in Cyprus is in decline and faced with structural problems. It is slowly contributing less to the national economy at 2% of GDP, and the Gross Output at constant value (1995) prices is decreasing. It employees about 6.3% of the economically active population yet young people chose to work in other sectors. There is little and decreasing investment in fixed capital formation and the final product, as measured by the Producers Price Index, is too expensive compared to other regional competitors.

Types of Cooperatives

According to the Law there are three types of cooperatives:

1.Primary Cooperative Society - Cooperative Society whose members are only natural persons.

The minimum people that participate are twelve.

2. Secondary Cooperative Society - Cooperative Society which has as members 12 individuals and a primary cooperative society or at least five primary cooperative societies.

3.Higher Cooperative Society - Cooperative Society of which at least one member is a secondary Cooperative Society.

Everyone can become a member of a cooperative provided they are at least eighteen years old, a resident of the area served by the cooperative serves and/or he/ she is a property owner . Moreover a cooperative is an autonomous organisation governed by a board which is elected by the General Assembly of members every three years. The members of the BOD receive no payment for their services.

Cyprus

13.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

13.4.1. Market share of farmers' cooperatives in the food chain

	2010		Comments
Sector	**No of members**	**Market Share (%)**	
Cereals	5	10%	SOPAZ (Cooperative Organisation for the Production of Feed) Ltd
	4 458	30%	SPE Athienou (Cooperative Credit Company of Athienou) Ltd
	13 766	15%	SPE ALLILEGGYIS (Solidarity Cooperative Credit Company) Ltd
	940	15%	Regional SPE (Regional Cooperative Credit Company) of Nicosia Ltd
Fruit and vegetables	230		SEDIGEP Sotiras (Cooperative Company of Agricultural Products Supply of Sotira)
	134		SEDIGEP Parekklisias (Cooperative Company of Agricultural Products Supply of Parekklisia),
	5 384		SEDIGEP(Cooperative Company of Agricultural Products Supply) , LTD Limassol
	N/A		SEDIGEP FARMAKA - ODOUS (Cooperative Company for the Supply of Agricultural Products of Farmakas- Odou) Ltd
	N/A		SEDIGEP Argakas (Cooperative Company for the Supply of Agricultural Products of Argaka) Ltd
	N/A		SEDIGEP Lysis (Cooperative Company of Agricultural Products Supply of Lysi) Ltd

The concentration of supply through producer organisations is on a voluntary basis as a result of the free will of the producers to form POs. The usefulness of POs is demonstrated by the extent and effectiveness of services that they offer to their members.

Cyprus

13.4.2. Market Share of Cooperatives

Apart from the Cooperatives that operate in Cyprus, currently there are also 27 recognised Producer Organisations (POs), according to the Ministry of Agriculture of Cyprus. Most of these Producers Organisations that are independent of the cooperative movement are currently inactive and those that are active are small organisations with limited influence on the market. Only one of them Vegetable Producers Group Spring Public LTD had a turnover of 5 million Euros in 2010. Back in 2007 it was estimated that the PO were contributing 26% (€39,784 Million Euros) of the total market for fruit and vegetables (151,919 Million Euros) (Department of Agriculture, 2010). The managers of these PO's were not very forthcoming with information on their operation. The table below presents all the POs and the information that it is available.

Registered Producer organisations

Name	Sector	Number of members	Comments Producers Organisation PO or Producers Group - PG
Cyprofresh Citrus SEDIGEP3 (PO) LTD	Fruit & Vegetable	N/A	Producers Organisation, Citrus
Citrus Producers Company "Genesis" LTD	Fruit & Vegetable	135 Natural Persons 4 Legal Persons	Producers Organisation Citrus
SEDIGEP	Fruit & Vegetable	N/A	Producers Organisation
SEDIGEP Lysis	Fruit & Vegetable	N/A	Producers Organisation
SEDIGEP Argakas	Fruit & Vegetable	95 Natural Persons	Producers Organisation
SEDIGEP Sotiras	Fruit & Vegetable	230 Natural Persons	Producers Organisation
Bananas Growers Cooperative Pafos	Fruit & Vegetable	N/A	Producers Group
Tobacco Growers	Tobacco	N/A	Producers Group
SEKEP Olive and Olive Oil	Olives & Olive Oil	N/A	Producers Organisation.
SEDIGEP – Paralimniou	Fruit & Vegetable	N/A	Producers Organisation.

Cyprus

Name	Sector	Number of members	Comments Producers Organisation PO or Producers Group - PG
Vegetable Producers Group Spring Public, LTD	Fruit & Vegetables	69 Natural Persons	Producers Organisation. Established in 1991, run by 5 member BOD and had a turnover of 5 million
Producers' Group of Vegetables and Fruit Odou Area "Royal	Fruit & Vegetables	43Natural Persons	Producers' Group
Producers Group Horizon LTD	Fruit & Vegetables	35 Natural Persons	Producers' Group
SEDIGEP Polis Chrysochous LTD	Fruit & Vegetables	N/A	Producers' Group member of the cooperative movement

Name	Sector	Type of organisation
MOF Sotiras Public LTD	Fruit & Vegetables	Producers' Group
SEDIGEP Amiandos – Pelendri	Fruit & Vegetables	Producers' Group
SEDIGEP Pitsilias – Troodous	Fruit & Vegetables	Producers' Group
Cooperative Company of Vine Cultivators (SEAP) LTD	Wine and Grapes	Producers' Group organic fruit, grapes
POP (Pancyprian Group of Potato Growers) Cyprus	Fruit & Vegetables	Producers' Organisation
Pancyprian Organisation of Cattle Producers	Cattle	Producers' Organisation
Horizons Fruit and Vegetable (Euro) Public Company	Fruit & Vegetables	Producers' Group
Group of Potato Growers Avgorou – Achnas Public	Fruit & Vegetables	Producers' Group
Group of Potato Growers Xylofagou, Ormideia, Liopetri	Fruit & Vegetables	Producers' Group

The Term SEDIGEP is an abbreviation that stands for Cooperative Company Distribution Agricultural Products. All SEDIGEPs are members of the cooperative movement.

Cyprus

Although collecting data on individual POs was not feasible, the existing aggregate data available for the years 2004 to 2008 can help in gaining insights into the success of this new institutional arrangement. Although the data refers only to four or five years, still they are helpful in tracing the development of POs in a particular sector. Overall it appears that POs in the cow milk and meat, and potatoes sectors have served as important buyers of farm products; in terms of volume, POs cover 67% of the cow milk and meat, 40% of the potato markets. The assessment is that the formation of POs has overall helped the development of agriculture. At the same time it has enabled two state managed organisations, SEKEP in olive oil, and the Potato Marketing Board to smoothly convert into Producer Organisations4.

It is still the early days for PO's in Cyprus. The Government has demonstrated its willingness to support farmers and their organisations to form a sustainable professional organisation that can survive in the long run. Survivability is a critical issue as the catalogue of PO's is changing constantly with organisations joining and others dropping out. The expectation is that the current situation is more or less stable.

The major issue that needs to be resolved is that some of these POs are small in terms of members and turnover. For example in a rather small area in the Ammoxostos District there are about five organisations within a 15 Km radius producing the same products (potatoes and vegetables) and competing for the same markets. Local rivalries, personal and family interests, politics and the desire to lead rather than to be led give rise to the phenomenon of small POs in a relatively small area. This development does not allow them to derive benefits resulting from economies of scale and the establishment of professional structures, even when funding for this is available.

Source: Ex post assessment of the Rural Development Programme 2004-2006 for Cyprus: Final Report, 2008.

Available Aggregate Data on Producer Organisations

Sector	Date of approval	Members on approval	Members (2008)	Production On (approval in €)
Cow Milk & Meat	Mar 2005	173	176	46 394 123
Olive Oil	Nov 2004	1 830	1003	2 098 095
Potatoes	Feb 2004	875	578	7 372 330
Potatoes	Oct 2005	62	87	2 070 284
Pork Meat	Feb 2006	10	11	5 037 008

Source: Ex post assessment of the Rural Development Programme 2004-2006 for Cyprus: Final Report, 2008.

Cyprus

13.4.3. List of top 5 largest farmers' cooperatives per sector

Sector	Name of Cooperative
Cereals	Carobs Supply Cooperative Federation (SODH) Ltd
	SOPAZ (Cooperative Organisation for the Production of Feed) Ltd
	Regional SPE of Nicosia (Regional Cooperative Credit Company) Ltd
	SPE ALLILEGGYIS (Solidarity Cooperative Credit Company) Ltd
	SPE Athienou (Cooperative Credit Company of Athienou) Ltd
Fruit and vege-tables	SEDIGEP Sotiras (Cooperative Company of Agricultural Products Supply of Sotira) Ltd
	SEDIGEP Parekklisias (Cooperative Company of Agricultural Products Supply of Parekklisia) Ltd
	SEDIGEP(Cooperative Company of Agricultural Products Supply) LTD Limassol
	SEDIGEP Farmaka- Odous (Cooperative Company for the Supply of Agricultural Products of Farmaka-Odou) Ltd
	SEDIGEP Argakas (Cooperative Company for the Supply of Agricultural Products of Argaka) Ltd
	SEDIGEP Lysis (Cooperative Company for the Supply of Agricultural Products) Ltd
	SEDIGEP Paralimniou (Cooperative Company for the Supply of Agricultural Prod-ucts of Paralimni) Ltd
	NEA SEVEGEP (New Cooperative Company for Industrial Processing of Agricul-tural Production) Ltd
Wine	SODAP (Cooperative Organisation of Wine Products Supply Ltd)

13.5. TRANSNATIONAL COOPERATIVES

Currently there are no transnational cooperatives as such registered and active in Cyprus. Of course in supermarkets and other markets one can find products produced by cooperatives operating in other countries but are imported in Cyprus by private companies. The main reason for not establishing an SCE in Cyprus is the local character of cooperatives and the absence of a need for cross border activities. It should be noted that there is no presence of Cypriot cooperatives in foreign markets.

13.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

13.6.1. Legal framework for cooperatives

Cooperatives in Cyprus are functioning under the consolidated "Cooperative Societies Law (1985-2003) and associated regulations (1985-2001). Cooperatives in Cyprus are registered as limited or unlimited companies under the Law on Cooperatives as it was amended thorough the years. If the company is unlimited then the members are jointly and separately liable for all obligations in the event of dissolution. On the other hand if the company is with limited liability then members are responsible for the nominal value of the paid share capital in case of dissolution, except in certain cases where

Cyprus

the liability of members increases to double or triple under the cooperative's bylaws. Regardless of the nature of Cooperative the principle of "one- member, one-vote" always prevails. Most cooperatives are limited liability companies.

13.6.2. Cooperative governance

There are two mandatory bodies: (a) The Annual General Assembly of all members and (b) the executive Committee elected among members for a 3 year term, renewable. The Executive Committee has no executive powers as such and has to rely on professional management (manager / Secretary) and staff to carry out daily operations.

The legal status of the society is limited liability company with a non executive Board of Directors and an employed secretary / manager, almost always a man and sometimes a member of the society, with executive powers and no voting rights on the BOD who is responsible to execute the strategy devised by the BOD and carry out their decisions.

Farmers can organise themselves in two ways (1) form a regular limited liability company registered with the Registrar of Companies and (2) form a cooperative under the Law on Cooperatives

Moreover Cooperative Societies are separated in 3 different categories depending on the type of members that are participating in the Society: "Primary Cooperative Society"- Cooperative Society whose members are only natural persons (minimum 12 people).

"Secondary Cooperative Society"- Cooperative Society which has as members or 12 individuals and a primary A primary or at least 5 Primary Cooperatives.

"Higher Cooperative Society"- Cooperative Society of which at least one member is a secondary Cooperative Society.

The National law enforces the principle of 'one man, one vote' for members. Non-members do not have any voting rights. There is a small admittance fee as well a purchase of few / nominal shares. The main legal restrictions are that the member has to be over 18 years old, reside and or have property in the area that the cooperative operates in.

13.6.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Cooperative Societies Law (1985- 2003)	None		Not required by law.	Not required by law

13.6.4. Financing

Equity is raised from among members and from retained earnings. The profits of the cooperative are distributed to the members based on their shareholding. In the case of PO the farmers also get paid fair prices for the products they sell to the PO. Rules are flexible within the limits imposed by the Law. The cooperatives are audited yearly and the audited accounts are available to the members.

13.7. POLICY CONCERNS

13.7.1. Competitive position in the food chain

Farmer's cooperatives remain an influential player in the agricultural food chain but its role has been diminishing as the overall influence of the local agriculture on the economy is decreasing. In recent years there is a steady increase on imports even on products that are produced locally, from low cost imports from the EU and other third countries. The structural problems of the economy addressed in this study including the small size of plots, the lack of a steady supply of water and the erratic weather all contribute to make agriculture less competitive. The erratic weather is a factor that cannot be controlled for. In the past few years it has destroyed production either due to high temperature in spring and summer or low temperature in the winter, or through storms, especially hail storms in spring.

In rural areas the Cooperative organisations offer both financial and agricultural production support either by supplying seeds, chemicals and fertilizers and marketing the final products. The norm is to have up to three cooperative societies. These cooperative societies collaborate among themselves and there are cases that the membership of their BOD is mixed. These are:

A Cooperative Credit Company (SPE) that offers financial services, and agricultural production, support by supplying seeds, chemicals and fertilizers to farmers. These functions come directly under the supervision of the Central Cooperative Bank. These companies offer low interest loans and therefore accept deposits at a lower rate than retail banks.

A Cooperative Company for the Distribution of Agricultural Products, (SEDIGEP), which is responsible to market the final products to local and international markets.

A Cooperative Grocers / Supermarket Store (Synergatiko / ESSEL SPOLP) that runs as grocers store and or supermarket. These stores receive most of their supplies from two distributions centres in Limassol and Nicosia that buy in wholesale and are able to provide the cooperative stores with products in smaller quantities and competitive prices. This model has come under attack from large supermarkets both local and international which are gradually expanding in the rural areas as well. Nevertheless for smaller remote areas the cooperative store remains the only choice.

In urban areas only the cooperative credit company is viable and actually in places like Nicosia and Limassol these organisations are large enough to be in direct competition with the large retail banks and control about 20% of the banking sector.

13.7.2. Sector Analysis

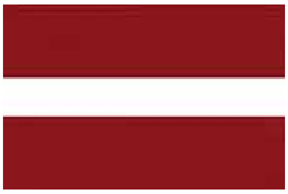
Olive Oil

Overall the formation of Producer Organisations has not delivered the desired results and there are still some legal issues with the old semi-public organisation SEKEP.

The opening up of the market after 2004 had a negative effect on the membership of SEKEP as about 800 members left to take advantage of new available opportunities.

Dairy

In the cow milk and meat sector the Producer's Organisation has been in operation long before the accession, is very strong and control's the market. The evolution into a Producer Organisation was smooth and strengthened its existing operation. As a result of the control they exert over the market they command a higher average ex farm price than the EU27. In addition the dairy products made out of cow milk (mainly haloumi cheese) have increased in recent years from 4.000 tons in 2003 to 5.500.



14. LATVIA

Latvia

14.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Riga

Total area: 65 000 km²

Population: 2.3 million

Currency: Member of the eurozone since 2014 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/latvia/index_en.htm

Latvia	2000	2010	Change (%)
Number of holdings	140 840	83 390	-40.8
Total UAA (ha)	1 432 680	1 796 290	25.4
Livestock (LSU)	445 100	474 630	6.6
Number of persons working on farms (Regular labour Force)	274 260	180 990	-34.0
Average area per holding (ha)	10.2	21.5	111.8
UAA per Inhabitant (ha/person)	0.60	0.80	32.8

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Latvia

Latvia[1]

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	770.6	0.2%
Crop output, of which:	2013	57.0%	0.2%
Wheat and spelt	2013	22.1%	0.7%
Oil seeds and oleaginous fruits	2013	9.4%	0.6%
Forage plants	2013	8.0%	0.2%
Animal output, of which:	2013	43.1%	0.2%
Milk	2013	22.5%	0.3%
Pigs	2013	6.4%	0.1%
Poultry	2013	4.4%	0.2%
Gross value added at basic prices (million EUR)	2013	169.6	0.1%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

14.2. MEMBER ORGANISATION

LATVIJAS LAUKSAIMNIECĪBAS KOOPERATĪVU ASOCIĀCIJA (LLKA)

LATVIAN AGRICULTURAL COOPERATIVES ASSOCIATION

Republikas Square 2-519

LV – 1010 RIGA

Tel:+371 670 27 546

Fax:+371 702 7243

Mobile:+371 291 18 615

E-mail: birojs@llka.lv

Website:www.llka.lv; www.kooperacija.lv

President : Indulis JANSONS

Secretary General : Linda BILLE

Representative : **Nora LAPINA**

E-mail:es.birojs@llkc.lv

Tel:+371 67027022

[1] Source: Zobena, A., E. Zača (2012). Support for Farmers' Cooperatives; Country Report Latvia. Wageningen: Wageningen

Latvia

14.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS[1]

14.3.1. Developments in agricultural cooperatives

There are many types of cooperatives in Latvia, such as agricultural cooperatives, housing cooperatives, work cooperatives, producer cooperatives, consumer cooperatives, etc.

The three main types of cooperatives are:

-Apartment ownership cooperative societies. These cooperatives were established for the administration of flats. This type of cooperation is mainly related to apartment houses that had been built in Soviet times (the newest houses have their own managers).

-Agricultural cooperatives. The cooperatives unite farmers in different sectors of agricultural production. They provide the opportunities for farmers to jointly distribute their production. It also provides various services in terms of education and exchange of experience.

-Producing cooperatives. The system and idea of these cooperatives are similar to that of agricultural cooperatives. Only the membership of producing cooperatives is not restricted to farmers – they are open to producers of any sector.

In Latvia, cooperatives only operate in four sectors. As shown in the Table, most of the Latvian cooperatives are similar in their structure, aims and working principles. In the sectors, both local and regional cooperatives co-exist, except for the sheep meat sector where only one cooperative exists which is regional. The biggest, second level cooperatives of the dairy sector constitute an exemption as they include also so-called first level cooperatives.

14.3.2. Description of the agricultural cooperatives

Sector	Cereals	Fruit and	Dairy	Sheep meet
Main functions	Joint Production Processing farm products Marketing farmer products	Joint Production Processing farm productsMarketing farmer produts	Joint production Providing water Processing farm products Marketing farmer products	Joint production Processing farm products Marketing farmer products

Latvia

Diversity of function and products	Social activities	Social activities	Social activities	Social activities
Position and function in the food chain	- Collecting farm products - Primary processing - Secondary processing - Marketing commodities - Retailing	- Collecting farm products - Primary processing - Secondary processing - Marketing commodities - Retailing	- Collecting farm products - Primary processing - Secondary processing - Marketing commodities - Retailing	- Collecting farm products - Primary processing - Secondary processing - Marketing commodities - Retailing
Type of members	Primary cooperative / PO	Primary cooperative / PO	- Primary cooperative / PO - Secondary or federated cooperative / association of POs	- Primary cooperative / PO
Geographical scope	- Local (e.g. municipality) - Regional (e.g. Province, State or Department	- Local (e.g. municipality) - Regional (e.g. Province, State or Department	- Local (e.g. municipality) - Regional (e.g. Province, State or Department	Regional (e.g. Province, State or Department)
Financial/ ownership structure	Traditional cooperatives	Traditional cooperatives	Traditional cooperatives	Traditional cooperatives
Legal form	Cooperative	Cooperative	Cooperative	Cooperative

Latvia

Operating all under the Cooperative Law, which provides the same rules and requirements for all cooperative business types, cooperatives in Latvia do not show major differences, although they represent different sectors.

Most of the cooperatives in Latvia belong to the dairy sector – 22 cooperatives. A total of 19 cooperatives operate in the cereals sector and four are fruit and vegetables cooperatives. It is a quite remarkable fact that there is only one cooperative in the sector of meat – the "Latvijas aita" cooperative operating in the sheep meet sector.

There are no olive farms in Latvia because of climatic conditions. As was mentioned before, since 2007-2008 there is no more a sector of sugar beet producers. And although Latvia ranks forth in wine production among Northern countries, the production of wine is so small, that there is no necessity to establish a cooperative.

14.3.3. Main cooperative statistics

List of top 5 largest farmers' cooperatives per sector

As it was mentioned before, there are cooperatives only in four sectors: cereals, fruit and vegetables, dairy and sheep meet. In the Table below, the top 5 most important cooperatives of these sectors are listed.

Most important cooperatives in the sectors studied in this project

Sector		Name of Cooperative
Cereals	1	LPKS "Latraps"
	2	LPKS "Vidzemes agroekonomiskā kooperatīvā sabiedrība"
	3	LPKS "Durbes grauds"
	4	LPKS "Akots"
	5	LPKS "Sēlijas āres"
Fruit and vegetables	1	LPKS "Zaļais grozs"
	2	LPKS "Kurzemes dārzi"
	3	LPKS "Latgales ekoprodukti"
	4	LPKS "Gatuga"
	5	LPKS "VTT Dārzi"
Dairy	1	LPKS "Trikāta KS"
	2	LPKS "Piena ceļš"
	3	LPKS "Dzēse"
	4	LPKS "Māršava"
	5	LPKS "Kalnmuiža"
Sheep meat	1	LPKS "Latvijas aita"

Source: Authors' own data

Latvia

The biggest cooperative not only in its sector of cereals but also among all other sectors is "Latraps"cooperative. In 2009, it had a turnover of more than 101.6 million euro. The second largest cooperative in Latvia is "Trikāta KS" cooperative– its turnover in 2008 was 29 million euro. The third biggest and profitable cooperative in Latvia is "Vidzemes agroekonomiskā kooperatīvā sabiedrība" co-operative.

14.4. TRANSNATIONAL COOPERATIVES

There are neither foreign transnational cooperatives nor international cooperatives that are active in Latvia. There are also no transnational and international cooperatives that have their seat in Latvia.

All three Baltic States have signed the memorandum of cooperation on November 25, 2010. The main aim of this memorandum is to develop cooperation between the cooperatives in Latvia, Estonia and Lithuania.

There are also cases when Latvian cooperatives sell their products to producers in other countries. For example, the cooperative "Dzēse" delivers part of its milk production to a processing unit in Lithuania. But this milk quantity is not recorded in Latvia then.

So it can be concluded that up to now there has been no legally established corporation between Latvian cooperatives and cooperatives in other member states.

14.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

14.5.1. Legal framework for cooperative

In Latvia, the legal business forms for farmers to organize themselves into producer organisations (POs) are: individual businessmen, self-employed persons, and farms.

The form most frequently used is farmer. But the national law does not actively stimulate the use of a specific legal business form for cooperatives/POs. The trend may be more the result of the initiative taken by the farmers themselves.

The initial costs of setting up the legal business form in Latvia are as follow:

- To establish a limited company (Ltd.), 2000 Ls (approx. 2845 €) are needed.
- To establish a small limited company (Ltd.), 1-1999 Ls (approx. 1.5-2844 €) are needed.
- To establish a joint-stock company, 25 000 Ls (approx. 35 570 €) are needed.
- To establish a cooperative, 2000 Ls (approx. 2845 €) with few exemptions where 200 Ls (approx. 284 €) are needed.

With regard to the membership in cooperatives and the decision-making process, all cooperatives respect the rule that one member has one vote (article 1, paragraph 3).

Latvia

14.5.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
None	None		Not required by law.	2000 Ls (approx. 2845 €)

14.5.3. Governance

At the moment, cooperatives are mostly working according to the regulations of the Cooperative Societies Law.

In Article I, paragraph 1 of Cooperative Societies Law, the cooperative society is defined as a voluntary association of natural persons and legal persons in the aim of providing services in order to increase the effectiveness of the commercial activity of its members. Cooperatives in Latvia conform to this definition.

The equity capital of a cooperative society shall be material and money resources, which are formed by the sum of cooperative share values of all members of the society.

The equity capital shall be variable. The equity capital of a cooperative society shall increase or decrease depending on the number of cooperative shares and the face value of cooperative shares as well as on the changes in the face value of cooperative shares introduced in accordance with the procedures specified in the articles of association (article IV, paragraph 24).

The management functions of a cooperative society within the framework of its competence shall be performed by the general meeting of members (meeting of authorised persons), the council and the board of directors.

14.5.4. Taxation

There are no direct provisions in the Tax Law that would foster or promote cooperatives/POs. But, for example, paragraph 39, clause 2 of the Cooperative Law stipulates that cooperatives do not pay taxes as these are paid by each of the members individually. It means that the cooperative as a whole does not have to pay taxes, which could be described as an advantage.

In general, Latvian laws do not specifically highlight or support cooperatives as they do not provide any specific measures for stimulating the development of cooperatives.

Latvia

14.6. POLICY CONCERNS

14.6.1. Competitive position in the food chain

There has still been an ongoing discourse about the nature of Latvians which inhibits the founding of cooperatives. Historically, Latvian farmers heavily relied on their own by living and working on their own and striving for self-subsistence. Still this discourse flares up in many interviews and focus group discussions.

But over the last years, cooperatives became a more popular way of cooperation. Also farmers more and more realize that cooperatives can be the best way of distributing their products.

During the last years, the number of cooperatives fluctuated (see the table below). However, there is rather big number of cooperatives that operate in different regions of Latvia.

14.6.2. Number of cooperatives in year 2004-2010

Year	Number of coopera-tives
2004	30
2005	52
2006	55
2007	64
2008	51
2009	52
2010	49

Source: The Ministry of Agriculture

Although the number of cooperatives has decreased lately, cooperatives experience a growing popularity and influential position of in the food chain. The main reason of the decrease in the official number of cooperatives may be the fact that smaller cooperatives have merged with bigger ones, thus creating so-called second level cooperatives. The mergers are reasonable as the biggest cooperatives have established already strong brands that are successful on the local as well as on international market (e,g, cooperative “Trikāta KS”). Representatives of cooperatives “Trikāta KS” and “Dzēse” confirmed that some smaller cooperatives have joined them as their members.

Ongoing efforts are made to develop the positive idea of collaboration between cooperatives. Many of these activities can be credited to the Latvian Agricultural Cooperatives Association. There ars also some activities to develop the international collaboration with countries, e.g. the previously mentioned memorandum of cooperation of three Baltic States dated of 2010.

Latvia

From the sectoral point of view, there is an interesting pattern of cooperatives in Latvia. Most of the agricultural cooperatives are specialized in dairy production – 21 cooperatives unite dairy producers (one extra cooperative (LPKS "Laura") is specialized both in dairy and in cereals). And alhough meat production (pig and sheep meat as well as cattle) comprise very important sectors, there is only one cooperative that represents meet producers – that is cooperative "Latvijas aita" that unites sheep meat producers.

The lack of cooperatives in this sector can be explained by various reasons. As it was mentioned before, a big part of pig meat producers are foreign investors that already have good success in the food chain or produce the meat only for the export. For them it is not necessary to build or join in any cooperative. Although the production of sheep meat has increased, the sector is still not well enough developed in food chain in Latvia.

15. LITHUANIA

Lithuania

15.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Vilnius

Total area: 65 000 km²

Population: 3.3 million

Currency: Member of the eurozone since 2015 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/lithuania/index_en.htm

Lithuania	2003	2010	Change (%)
Number of holdings	272 110	199 910	-26.5
Total UAA (ha)	2 490 960	2 742 560	10.1
Livestock (LSU)	1 174 400	900 080	-23.4
Number of persons working on farms (Regular labour Force)	539 950	366 090	-32.2
Average area per holding (ha)	9.2	13.7	49.9
UAA per Inhabitant (ha/person)	0.72	0.82	14.5

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Lithuania

Lithuania

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	2 567.2	0.7%
Crop output, of which:	2013	61.0%	0.8%
Wheat and spelt	2013	21.5%	2.1%
Oil seeds and oleaginous fruits	2013	8.9%	2.0%
Forage plants	2013	8.0%	0.8%
Animal output, of which:	2013	39.0%	0.6%
Milk	2013	19.4%	0.9%
Pigs	2013	7.2%	0.5%
Poultry	2013	4.6%	0.6%
Gross value added at basic prices (million EUR)	2013	945.4	0.6%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

15.2. MEMBER ORGANISATION

LIETUVOS ŪKININKŲ SĄJUNGA

LITHUANIAN FARMERS' UNION

K. Donelaičio 2,

LT – 44213 Kaunas

Tel:+370 37 22 53 01

Fax:+370 37 20 85 68

E-mail:lus@lus.lt

Website:www.lus.lt

President : Jonas TALMANTAS

Lithuania

LIETUVOS ŽEMĖS ŪKIO BENDROVIŲ ASOCIACIJA (LŽUBA)

LITHUANIAN ASSOCIATION OF AGRICULTURE COMPANIES

Tilto Nr. 35/4-6

LT- 01101 Vilnius

Tel:+370.85.2122248

E-mail:lzuba@post.omnitel.net

Website:www.lzuba.lt

President : Jeronimas KRAUJELIS

Director General : Jonas SVIDERSKIS

LIETUVOS RESPUBLIKOS ŽEMÉS ŪKIO RŪMAI

CHAMBER OF AGRICULTURE OF THE REPUBLIC LITHUANIA

K. Donelaičio Str. 2
LT – 44213 KAUNAS

Tél:+370.37.400362
Fax:+370.37.400350
E-mail: ruta@zur.lt

Website:www.zur.lt

President : Andriejus STANČIKAS

Director : Sigitas DIMAITIS

'KOOPERACIJOS KELIAS'

LITHUANIAN ASSOCIATION OF AGRICULTURAL COOPERATIVES

K. Donelaičio Str. 2

LT – 44213 KAUNAS

Fax:+370 673 81231

E-mail: kooperkelias@gmail.com

Website:www.koopkelias.lt

Chairwoman : Ms. Jurate DOVYDENIENE

Lithuania

15.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

The year 2013 was one of the most successful for the Lithuanian agricultural and food sector. While in 2013, as compared to 2012, the gross domestic product created in agriculture, forestry and fisheries went up by only 1.6%, but the growth was faster than in the whole country. In 2013 the Lithuanian agricultural and food sector increased export even by 10.8%. Balance of foreign trade in agricultural and food products has been positive since 2004. In 2013 it was 2.5 times higher than in 2009 and amounted to LTL 3385 million.

15.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

15.4.1. Developments in agricultural cooperatives

The Lithuanian Association of Agricultural Cooperatives "Kooperacijos kelias" was established in 2000. It is a self-sufficient, non-profit organisation, uniting Lithuanian agricultural cooperatives (cooperative companies, operating in agricultural and/or related activities) to meet their common needs and implement common goals. At present the Association unites 10 members – cooperatives and cooperative companies, representing various agricultural sectors.

The National cooperative organisation – Confederation of Lithuanian Cooperatives was established in 2014 by the representatives of 3 economic sectors (agriculture, sales-consumers and credit), i.e. Lithuanian Association of Agricultural Cooperatives (representing grain sector), Lithuanian Association of Agricultural Cooperatives “Kooperacijos Kelias” (representing milk and other agricultural sectors); cooperative company Union of Lithuanian Cooperatives, representing sales – consumers sector, and Lithuanian Association of Credit Unions, representing the credit sector.

15.4.2. Main cooperative statistics

In compliance with the activities of cooperative companies and cooperatives (CCCs), determined in the State Cooperative Law, transport, construction, agricultural, fisheries, industrial, sales and other CCCs are established, registered and operating in Lithuania.

The scope of activities of agricultural CCCs is relatively wide. It includes arable crops (grain, fruit and vegetables, potatoes, etc.), animal husbandry (milk, meat, poultry, etc.) and fisheries sectors.

State CCCs operating in agricultural and food sectors deal with various activities, starting with production of agricultural products and finishing with sales of processed agricultural products, i.e. : production of agricultural products; provision of agricultural services; feed production; procurement and sales of agricultural products (grain, fruits and vegetables, potatoes, milk, animals and fowls); processing of agricultural products; representation of members during price negotiations, etc.

Considerable part of agricultural and food CCCs deal with immediate production of agricultural products: cultivate cereals, rape, vegetables and other cultures ; breed and sell pigs, cattle, cows, sell milk.

Some of agricultural and food CCCs provide agricultural services (cultivation, seeding, harvesting, feed production, etc.) to their members (as well as non-members).

Lithuania

Major part of CCCs deal with procurement and sales of agricultural products (grain, potatoes, fruit and vegetables, milk, cattle) produced in the farms of their members (and non-members) for Lithuanian and foreign companies dealing with processing of the abovementioned products. Most of CCCs operating in the scope of procurement and sales are dealing with raw milk. In 2013, there were 41 CCCs providing such services. In 2013, such CCCs administered 30.5 percent of total raw milk market (according to the data of Ministry of Agriculture of the Republic of Lithuania). More than ten Lithuanian CCCs deal with procurement and sales of fruit and vegetables, as well as potatoes. Activities of several CCCs include procurement of animals from members (as well as non-members) and sales in Lithuanian and foreign markets.

Considerable part of CCCs dealing with procurement and sales of agricultural products from their members, administer other activities as well: provide agricultural services to their members, produce feed and supply it to their members, and (or) provide necessary resources to their members.

Sugar beetroot sector unites several CCCs, representing the interests of their members (representing their members in negotiations for procurement prices with buyers of production). One cooperative representing raw milk sector also deals with similar activities.

TOP agri-cooperatives in 2013 (Measured by turnover)

No.	Name of cooperative	Sector	Turnover (in m€)	Number of members	Number of employees ('000)
1.	Agricultural cooperative "Pienas LT"	Dairy	40.0	211	40
2.	Cooperative company „ Grūdų centras"	Grain	37.9	5	40
3.	Agricultural cooperative „Joniškio aruodas"	Grain sector	30.6	52	21
4.	Agricultural cooperative „Vilkaviškio grūdai"	Grain sector	11.9	32	3
5.	Cooperative „Pieno puta"	Dairy	9.7	1 104	86
6.	Agricultural cooperative Mikoliškio paukštynas	Poultry sector	8.4	5	125
7.	Agricultural cooperative „Viduklė"	Grain sector	8.0	15	4
8.	Agricultural cooperative „Šiaurės aruodai"	Grain sector	6.6	23	2
9.	Cooperative company „Dzūkijos pienas"	Dairy	6.5	795	50
10.	Cooperative „Agroaves group"	Poultry sector	6.4	5	6

Lithuania

No.	Name of cooperative	Sector	Turnover (in m€)	Number of members	Number of employees
11.	Agricultural cooperative „Agrolit“	Fruits and vegetables	5.7	5	2
12.	Cooperative „Pieno gėlė“	Dairy	5.2	810	49
13.	Cooperative “Rešketėnai”	Dairy	5.0	602	48
14.	Cooperative company „Lietuviškas pienelis“	Dairy	4.8	922	50
15.	Cooperative company„Žemaitijos pašarai“	Grain	4.8	5	15
16.	Cooperative „Krakių grūdai“	Grain	4.7	6	9
17.	Agricultural cooperative „Lit KOOP““	Grain	3.0	24	6
18.	Cooperative „Šiaulių aruodas“	Grain	2.9	27	2
19.	Cooperative company „Savas derlius“	Fruits and vegetables	2.4	7	5
20.	Agricultural cooperative company „Pamario pienas“	Dairy	2.1	239	18
21.	Cooperative „Eko Žemaitija”	Dairy	2.0	48	12
22.	Cooperative „Pienininkai“	Dairy	1.8	23	19
23.	Agricultural cooperative company„Agromega“	Fruits and vegetables	1.5	8	5
24.	Cooperative company „Žalioji lanka“	Dairy	1.2	467	21
25.	Cooperative „EKO tikslas“	Dairy	1.2	30	4
26.	Cooperative company „Panemunys“	Dairy	0.9	119	12
27.	Cooperative „Lietuviški javai“	Grain	0.9	13	2
28.	Cooperative company „Baltoji plunksnelė“	Poultry sector	0.8	5	81
29.	Agricultural cooperative „Ėriškių pienas	Dairy	0.8	176	22
30.	Cooperative „Gerkonių elevatorius“	Grain	0.7	5	10
31.	Agricultural cooperative „Suvalkijos daržovės“	Fruits and vegetables	0.7	5	4
32.	Agricultural cooperative „Šilalės Agro“	Meat	0.4	6	5

Lithuania

No.	Title of cooperative	Sector	Turnover (in m€)	Number of members	Number of employees
33.	Agricultural cooperative „Pašarai“	Agricultural services	**0.1**	**7**	**8**
34.	Agricultural cooperative „Ažuožerių sultys“	Fruits and vegetables	**0.1**	**5**	**5**
35.	Agricultural cooperative „Šeimos ūkis“	Fruits and vegetables	**0.1**	**12**	**6**
36.	Cooperative company „Šeduva agro“	Grain	**0.1**	**9**	**4**
37.	“Baltos avies” cooperative	Meat	**0.01**	**5**	**1**

TOP agri-cooperatives per sector in 2013

No	Title of cooperative	Sector	Turnover (in m€)	Number of members	Number of employees
Dairy					
1.	Agricultural cooperative ”Pienas LT“	Dairy	40.0	211	40
2.	Cooperative „Pieno puta“	Dairy	9.7	1 104	86
3.	Cooperative company „Dzūkijos pienas“	Dairy	6.5	795	50
4.	Cooperative „Pieno gėlė“	Dairy	5.2	810	49
5.	Cooperative “Rešketėnai”	Dairy	5	602	48
Grain					
1.	Cooperative company „ Grūdų centras“	Grain	37.9	5	40
2.	Agricultural cooperative „Joniškio aruodas“	Grain	30.6	52	21
3.	Agricultural cooperative „Vilkaviškio grūdai“	Grain	11.9	32	3
4.	Agricultural cooperative „Viduklė“	Grain	8.0	15	4
5.	Agricultural cooperative „Šiaurės aruodai“	Grain	6.6	23	2

Lithuania

No	Title of cooperative	Sector	Turnover (in m€)	Number of members	Number of employees
Poultry sector					
1.	Agricultural cooperative Mikoliškio paukštynas	Poultry sector	8.4	5	125
2.	Cooperative „Agroaves group“	Poultry sector	6.4	5	6
3.	Cooperative company „Baltoji plunksnelė“	Poultry sector	0.8	5	81
Fruits and vegetables sector					
1.	Agricultural cooperative „Agrolit“	Fruits and vegetables sector	5.7	5	2
2.	Cooperative company „Savas derlius“	Fruits and vegetables sector	2.4	7	5
3.	Agricultural cooperative company„Agromega“	Fruits and vegetables sector	1.5	8	5
4.	Agricultural cooperative „Suvalkijos daržovės“	Fruits and vegetables sector	0.7	5	4
5.	Agricultural cooperative „Ažuožerių sultys“	Fruits and vegetables sector	0.1	5	5
Meat sector					
1.	Agricultural cooperative „Šilalės Agro“	Meat sector	0,4	6	5
2.	Baltos avies kooperatyvas	Meat sector	0.01	5	1

*Data of 2012

15.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

15.5.1. Legal framework for cooperative

According to State legal requirements, the minimum number of members in cooperatives and cooperative companies is five (Article 3, Part 3 of Law on Cooperative Companies (Cooperatives) of the Republic of Lithuania).

According to State legal requirements, the minimum capital is undefined.

The capital of a CCC shall consist of the equity and loan capital.

All mandatory requirements (e.g. requirement to have a title including a wording “Cooperative Company” or “Cooperative”, to be registered in the Register of Legal Bodies, etc.) are specified in the Law on Cooperatives of the Republic of Lithuania.

Lithuania

15.5.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil Law - Commercial Law	Min. No. of farmer - members	Min capital (€)
Law on Cooperative Companies (Cooperatives	None		5	Not required by law

15.5.3. Cooperative governance

Management of CCC according to the Law on Cooperatives is based on “One-man one-vote” principle.

The bodies of a CCC comprise of the meeting of members, the board and the head of the administration.

If the number of members of CCC exceeds 100, the meeting of members may be replaced by the meeting of representatives of members of the CCC. At the meeting of representatives of members of the CCC, each representative shall have one vote.

In case the CCC has less than 50 members, statute of such CCC may foresee that the board shall not be formed and that its functions shall be performed by the head of the administration.

Application of external finance is possible – members can give loans to CCCs, whereas CCCs may borrow from crediting institutions.

15.5.4. Taxation

Taxable profits of entities, more than 50% of income of which during the tax period consists of income from agricultural activities, including income of CCCs from the sold agricultural products acquired from their own members produced by those members, shall be taxed at a rate of 5% (standard income tax rate - 15%).

Non-taxable income of the person shall include the taxable income from agricultural activities of receiving people received benefits, paid to CCC members by distributing the profit of such CCC, if through the tax period for which the benefits are paid the profit of this CCC is subject to the application of the 5 percent tax rate mentioned above.

The current national system is not very well adapted to the specificities of agricultural cooperatives. At present, there are no encouraging tax exemptions for cooperatives, which would facilitate farmers to cooperate.

Article 12, part 3 of the Law on Cooperatives of the Republic of Lithuania specifies: “deductions from reserve capital are mandatory for cooperative companies, until the reserve capital comprises up to 1/10 of total own capital value. Mandatory deductions to reserve capital must comprise no less than 5 percent of net profit”.

Lithuania

15.5.5. Financing

Agricultural cooperatives are facing problems in access to financing, if speaking about the situations when a cooperative aims to receive a bank loan.

The main aim of agricultural cooperatives is to ensure profit to the members – farmers, not to the co-operative itself. Therefore profits of cooperatives are very marginal. However in case any cooperative needs to get a bank loan, the bank does not consider an agricultural cooperative a qualified beneficiary for a loan as a result of very limited profit.

The abovementioned situation results from specific legal form of agricultural cooperatives, as well as specific targets of such cooperatives. Association of agricultural cooperatives also does not qualify to receive bank loans for any activities, as it is a non-profit entity.

15.6. POLICY CONCERNS

15.6.1. Competitive position in the food chain

Cooperative Entrepreneurship

According to Article 2, Part 2 of Law on Cooperatives of the Republic of Lithuania, a cooperative company (cooperative), is a legally established company by natural and (or) legal bodies established in the Republic of Lithuania or other EU member state or state of European Economic Area by legal entities or other organisations and their subsidiaries, established to meet economic, social and cultural requirements of their members. The members of such company input their funds to comprise capital, divide risks and benefit according to the turnover of goods and services of members with this company, taking active participation in management of cooperative company.

Entrepreneurship of Lithuanian agricultural and food CCCs is increasing, however is still insufficient. Members of some CCCs still lack skills and determination to make appropriate decisions, enabling to hire professional leaders. Moreover, it is not easy to find such professional leaders, determined to lead cooperative companies. Therefore quite a lot of newly registered CCCs delay starting activities, or start their activity and end it within several years, or undergo bankruptcies.

Lithuanian raw milk procurement cooperative “Pieno Puta” has acquired a milk processing company “Bagaslaviškio Pieninė”, invested into modernization of this company and is now dealing with processing of raw milk, procured from members of cooperative. So far, it is the only processing company owned by farmers’ cooperative.

15.6.2. Main activities

Some Lithuanian agricultural and food CCCs are members of various associations and unions. Such unions are based on branch (activity-based) principle, which is also reflected by their memberships.

The union of cooperative companies “Plungė-Loiret” (registered in 1999) unites agricultural CCCs, providing services to their members. Lithuanian Association of Agricultural Cooperatives “Kooperacijos Kelias” (registered in 2000) unites CCCs operating in milk and some other agricultural sectors. Lithuanian Association of Milk Producers “Karvutė” (registered in 2004) unites CCCs of milk producers. Lithuanian Association of Agricultural Cooperatives (registered in 2012) unites CCCs of grain producers, operating in different regions of Lithuania.

Lithuania

The abovementioned unions and associations are not commercial – their main activity is to represent their member CCCs in various organisations (both governmental and non-governmental, e.g. Chamber of Agriculture).

The Lithuanian Association of Agricultural Cooperatives "Kooperacijos Kelias", is a member of COPA-COGECA since 2004. The main goal of this membership is to aim for Common Agricultural Policy favorable to Lithuanian agricultural cooperatives, farmers and rural society, to take active part in law- and decision- making process, ensuring international representation of the interests of Lithuanian agricultural cooperatives.

15.6.3. Training

Our organisation does not run training programs for our members so far, however it would be valuable. Training programs targeted towards proficiency building of cooperative leaders would be especially needed.

In 2002, the Ministry of Agriculture of the Republic of Lithuania has developed several training programs ("Organisation of Cooperative Management and Control", "Cooperation and Establishment of Cooperatives", "Cooperation in Agriculture").

Information, consulting, training and education related with cooperation in agriculture is administered by the Chamber of Agriculture.

The Vilnius Cooperation College, established by the Union of Lithuanian Cooperatives, has study programmes for specialists in cooperation.

European training programme for cooperative leaders would be highly valuable, as cooperation in Lithuania is a quite new phenomenon. The leaders of Lithuanian agricultural cooperatives would be very much interested in gaining experience from cooperatives of the other EU member states, having deep traditions in the cooperation in agriculture.

15.6.4. Investments of cooperatives in new activities

Lithuanian CCCs make investments in new activities. Activities of several CCCs, established by farmers and other agricultural bodies, are related with renewable energy.

15.6.5. International activities

Lithuanian agricultural cooperatives closely cooperate and communicate with cooperatives of the other Baltic States (Latvia and Estonia), constantly exchanging information among colleagues. However this cooperation is not legally binding.

15.6.6. Establishment of new cooperatives or of Producer Organisations

So far, Lithuanian agricultural bodies (farmers, agricultural companies and other producers of agricultural production) have only established CCCs. No Producers' Organisations have been established in Lithuania so far. Within the last decade, 10 to 30 new cooperatives and cooperative companies are established annually. However only one cooperative is recognized as a producers' group in Lithuania (operating in vegetables sector).

Lithuania

15.6.7. Other activities of agricultural cooperatives

Lithuanian agricultural cooperatives are in close relations with rural communities. They provide sponsorship for different festivals and cultural events organized by rural communities, fund various environmental projects. In 2012 (International Year of Cooperatives) Lithuanian agricultural cooperatives have planted a Cooperation Park (symbolizing cooperation among agriculture, sales and credit unions). Lithuanian agricultural cooperatives also fund various projects designed for the disabled persons. Moreover, cooperatives disseminate relevant information to their members, as well as provide information highlighting the benefit of cooperation to the society. Cooperative is the main source of information and communication to a considerable part of rural society.

Cooperatives also provide information to their members on legal and taxing issues – during direct communication with farmers, or during meetings and cooperative events. They also update relevant information on their websites.

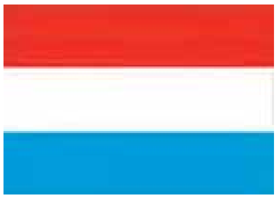
The Lithuanian Association of Agricultural Cooperatives “Kooperacijos Kelias” ensures constant information of its members on all relevant issues – it is the main source of information to its members. Moreover, the Association informs society on the activities of members, benefit of cooperation, etc.

15.6.8. Impact of the CAP reform on cooperatives

Considering the role of POs is extended to cover all sectors (since rural development measures could support the setting-up on new Producer Groups), a favourable impact of CAP reform on cooperatives is expected.

15.6.9. Main policy objectives at EU level

The main policy objective of COGECA should be to strengthen competitiveness of EU agricultural and food producers and their cooperatives in global markets.



16. LUXEMBOURG

Luxembourg

16.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Luxembourg

Total area: 2 586 km²

Population: 0.5 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1985

Source: http://europa.eu/about-eu/countries/member-countries/luxembourg/index_en.htm

Luxembourg	2000	2010	Change (%)
Number of holdings	2 740	2 200	-19.7
Total UAA (ha)	127 400	131 110	2.9
Livestock (LSU)	172 140	167 660	-2.6
Number of persons working on farms (Regular labour Force)	6 290	4 960	-21.1
Average area per holding (ha)	46	60	28.2
UAA per Inhabitant (ha/person)	0.29	0.26	-11.1

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Luxembourg

Luxembourg

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	429.6	0.1%
Crop output, of which:	2013	53.6%	0.1%
Forage plants	2013	37.0%	0.6%
Wine	2013	5.1%	0.1%
Wheat and spelt	2013	3.9%	0.1%
Animal output, of which:	2013	46.4%	0.1%
Milk	2013	25.0%	0.2%
Cattle	2013	13.5%	0.2%
Pigs	2013	6.3%	0.1%
Gross value added at basic prices (million EUR)	2013	123.4	0.1%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

16.2. MEMBER ORGANISATION

CENTRALE PAYSANNE LUXEMBOURGEOISE (C.P.L.)
LUXEMBURG FARMERS' UNION

Agrocenter , B.P. 48
LU – 7501 MERSCH

Tel:+352 32 64 64 480
Fax:+352 32 64 64 481
E-mail:jwillems@cepal.lu

Website: www.centralepaysanne.lu

President : Marc FISCH
Director : Josiane WILLEMS

Luxembourg

16.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

16.3.1. Developments in agricultural cooperatives

The main points in this section are the types of cooperatives in Luxembourg and their importance. In agriculture, cooperatives have always played an important role. Over more than 100 years, they developed their activities, without any links to political parties. Nowadays they still remain the main actors on the national agricultural market in Luxembourg.

16.3.2. Types of cooperatives

The main branches are milk, wine, cereals, seeds, meat (cattle, pig or sheep), potatoes, fruit and vegetables. The most important cooperatives, taking into account their economic position, are Luxlait in the milk sector, Les Domaines Vinsmoselle in the wine sector and de Verband in the cereal and feedstuff sector.

The main functions of cooperatives are processing and marketing of agricultural products. Moreover, they provide also farm inputs, advisory services, loans, insurance and farm machinery services.

Due to the small dimension of the national territory of Luxembourg, almost all cooperatives and agricultural associations are created with a national geographical position; nevertheless, some cooperatives are concentrating their activities in one or the other geographical region. This is mainly the case for the cooperatives specialised in the promotion of regional products. The public politics for promotion of cooperatives and agricultural associations is national.

As far as financial/ownership structures are concerned, it is possible to find various kinds of cooperatives in Luxembourg. In the legal framework, a difference is made between “société cooperative”, “cooperative” and “association agricole”. A cooperative can participate, as part of its objectives, in the equity of other companies, cooperative or not.

The Banque Raiffeisen, an important partner for the agricultural sector in the field of finance, is also a “société cooperative”.

16.3.3. Main cooperative statistics

List of largest farmers’ cooperatives per sector (cooperatives ou sociétés cooperatives) in the sectors studied in this project

Sector	Name of Cooperative
Cereals	de Verband
	Luxemburger Saatbaugenossenschaft (LSG)
	R-W-G, Raiffeisen-Wuere-Genossenschaft

Luxembourg

Sector	Name of Cooperative
Fruits & vegetables	Synplants (potato plants)
	BEOLA (vegetable oil, pasta and mustard)
	Obstbaugenossenschaft Steinsel (fruit kooperative)
Organic farming	Bio-Baueren Genossenschaft Lëtzebuerg
Wine	Les Domaines de Vinsmoselle
Dairy products	Luxlait
	Procola (subsidiary of ARLA, Pronsfeld)
	Corelux (subsidiary of Hochwald-Gruppe)
	Fairkooperativ
Cattle	Convis
	Les Patrons bouchers du Nord
Pigmeat	Convis
	Cochy
	Les Patrons bouchers du Nord
Services	Maschinen- und Betriebshilfsringe
	Delpa

16.4. TRANSNATIONAL COOPERATIVES

Many cooperatives are active at an international level. In most cases the foreign activities of cooperatives are limited to marketing, trade and sales. Usually they don't buy agricultural products from farmers, or provide them with commodities. However, there is a growing group of cooperatives doing business with farmers in other EU Member States. These cooperatives are called international cooperatives. They can be marketing cooperatives that buy from farmers in different countries, or they could be supply cooperatives that sell inputs to farmers in different countries.

Luxembourg

One particular group of international cooperatives are the so-called transnational cooperatives. These cooperatives do not just contract with farmers to buy their products or sell them inputs, they actually have a membership relationship with those supplying or purchasing farmers. In sum, a transnational cooperative has members in more than one country.
Table below presents the foreign transnational cooperatives and the international cooperatives active in Luxembourg. These are cooperatives from other EU Member States that joined Luxembourg to directly trade with farmers, either as member or as contractual customer.

Foreign transnational cooperatives and international cooperatives trading with farmers in Luxembourg

Name of the Cooperative	Country of origin	Sector(s) involved in:
ARLA, Pronsfeld	Denmark	Dairy

In 2014, ARLA took over the „Milch Union Hocheifel", located in Pronsfeld, Germany. ARLA has a subsidiary in Luxembourg, called PROCOLA, association agricole. PROCOLA holds about 39.50% of milk quota in Luxembourg, just behind Luxlait, association agricole (45.24%).

Transnational and international cooperatives from Luxembourg trading with farmers in other countries

Name of the Cooperative	Host countries	Sector(s) involved in:
de Verband	Germany, Belgium, France	Cereals, animal feed, fertilizer...
Luxemburger Saatbaugenossenschaft (LSG)	Germany, Belgium, France	Cereals
BEOLA	Belgium	Vegetable oil, pasta, mustard

The transnational and international cooperatives having their seat in Luxembourg became international by contracting members in other countries and/or doing business with non-member farmers in other countries.

The above-mentioned cooperatives are international, because all of them do business with farmers in other EU member States. But, to be considered as a transnational, a cooperative must have members in more than one country. This is the case for ARLA with its subsidiary in Luxembourg (PROCOLA).

Luxembourg

This is also the case for de Verband and the Luxemburger Saatbaugenossenschaft (LSG) with members in Germany and France. This is not the case for Beola, doing only business with farmers in Belgium without integrating them as members.

16.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

16.5.1. Governance

In the agricultural sector, it is necessary to distinguish sociétés coopératives, cooperatives and associations.

In cooperative or agricultural associations, the decision making process is based on the provisions of the statutes of companies. So, the age of the cooperative members, the size of their farms or any other criteria can possibly have an impact on decision-making if the statutes have foreseen it as such.

16.6. POLICY CONCERNS

16.6.1. Competitive position in the food chain

It is not easy, due to missing statistical data, to determine with precision, the position of cooperatives and agricultural associations in the food chain in Luxembourg. Nevertheless a rather strong quality and promotioun policy, the development of promotional concepts and the development of quality labels („produits du terroir", etc) have largely contribute to strengthen the market position of the products coming from Luxemburgish farmers.

16.6.2. Sectors Analysis

Wine

Wine represents an important sector in Luxembourg; it is the main agricultural activity beside the Moselle and represents a major asset for tourism. Wine and crémant are also the main exported agricultural products of Luxembourg.

The bigger part of this sector is organized around the major cooperative, Les Domaines de Vinsmoselle. All the members of the former local cooperatives have become members of Vinsmoselle since 2012 and will therefore directly determine the price of the grapes.

Cattle and Pig meat

Cooperatives are committed in cattle and pig meat. Even if they are not the only operators acting in the sector, they are the main actors.

Luxembourg

The most important cooperative is CONVIS, while the "Coopérative des Patrons Bouchers du Nord" is an important cooperative in the meat sector, which is owned and managed by butchers.

Dairy

Breeding is developed all over the country and dairy is the main agricultural production. This explains also that Luxlait is the biggest cooperative of the country, with a turnover of more than one hundred million Euros. Luxlait receives 44% of the Luxemburgish quota. By its activities of transformation and the presence on the Luxemburgish market, Luxlait is the biggest actor in the sector. Luxlait deals only with producers and providers located in Luxembourg, all members of the agricultural association.

16.6.3. Performance of the cooperatives

The weight of agricultural cooperatives (and associations) is important, even if it is difficult to be very precise because of the lack of official statistics. In the main sectors, cooperatives are the most important actors of transformation and/or marketing. Luxembourg is historically a poor country with a lot of forests. The wealth of Luxembourg came with new economic activities, first siderurgy and then banking and financial services. The relative poorness of agriculture has probably led farmers to organize themselves and cooperatives began to gain importance. In other words, cooperatives are relatively powerful, because of the small market in the country. It is also important to notice that the non cooperative business in the Luxemburgish agriculture is performed by firms of the greater region (Belgium, Germany, France and Luxembourg).

17. HUNGARY

Hungary

17.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Budapest

Total area: 93 000 km²

Population: 10 million

Currency: forint (Ft)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/hungary/index_en.htm

Hungary	2000	2010*	Change (%)
Number of holdings	966 920	576 790	-40.3
Total UAA (ha)	4 555 110	4 612 360	1.3
Livestock (LSU)	3 097 540	2 483 790	-19.8
Number of persons working on farms (Regular labour Force)**	1 464 670	1 143 480	-21.9
Average area per holding (ha)	4.7	8.0	69.7
UAA per Inhabitant (ha/person)	0.45	0.46	3.4

**Figures on common land not included*

*** For values on labour force reference years are 2003 and 2010*

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Hungary

Hungary

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	6 987.5	1.9%
Crop output, of which:	2013	64.2%	2.2%
Grain maize	2013	15.4%	8.9%
Wheat and spelt	2013	11.8%	3.2%
Oil seeds and oleaginous fruits	2013	10.7%	6.7%
Animal output, of which:	2013	35.8%	1.5%
Poultry	2013	11.2%	3.7%
Pigs	2013	9.8%	1.8%
Milk	2013	8.0%	1.0%
Gross value added at basic prices (million EUR)	2013	2 621.0	1.7%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

17.2. MEMBER ORGANISATION

MAGYAR GAZDAKÖRÖK ÉS GAZDASZÖVETKEZETEK ORSZÁGOS SZÖVETSÉGE (MAGOSZ)

NATIONAL ASSOCIATION OF HUNGARIAN FARMERS' SOCIETIES AND COOPERATIVES

Nádor street 32
HU - 1051 BUDAPEST

Tel/Fax:+36 1 269 1243
E-mail:zsil@axelero.hu

Website: www.gazdakorok.hu

President : István JAKAB

Hungary[1]

17.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES[1]

Agri-food trends

Only the output of cereals, of the fruit and vegetables and of the sheep sector, has grown during the period of 2001-2009. There are probably many explanations but the CAP and its instruments (CMO, different support scheme for different sectors etc.) probably influence sector development apart from the changes and crisis in world economy.

17.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

17.4.1. Developments in agricultural cooperatives

Types of cooperatives

There are about 5000 cooperatives in Hungary. The share of cooperatives in agriculture is relatively high although their number is decreasing (see later). Cooperatives which are connected to agriculture or to rural areas are active in retail (e.g. AFÉSZ-Coop Group), agricultural (e.g. POs, PGs and transformed "production type" cooperatives etc.) and credit sector (savings cooperatives).

From the year of EU accession (2004) till 2009 the number agricultural cooperatives has decreased by 700.

There are three main types of agricultural cooperatives in Hungary:

- "Production type" cooperatives (in Hungarian "TSZ") which are most of the time multipurpose co-operatives as well and transformed many times due to the ever changing cooperative laws. With the exemption of some minor tax advantages (see more details in 3.Policy measure and legal aspests file) they do not get any support at present (2011)
- Supply and Marketing Cooperatives (in Hungarian "BÉSZ") organised on territorial bases (e.g. in-tegrating more activities and marketing channels) which has not got any support at present (2011).
- Marketing or"new", western type cooperatives, like POs (in Hungarian "TÉSZ") and PGs (in Hungarian "termelői csoport"), which are often single purposed ones focused on one marketing channel and got support from EU and/or national budget. These are mostly marketing and/or supply cooperatives which does not carry out production, but they supplement the farmers' production activity.

[1] Source: Szabó, G. G., (2012). Support for Farmers' Cooperatives; Country Report Hungary. Wageningen: Wageningen UR.

Hungary

"Production type" cooperatives in agriculture

Some of the "agricultural cooperatives" (successor organisations of privatised, former socialist "production-type" cooperatives) are "multi-purpose" ones in that they have taken up other tasks than organising production like for example machinery services, bargaining rental prices on the land market, marketing and warehousing, financial services etc.

Number of "production- type" cooperatives in Hungarian agriculture

Despite the fact that it is very hard to give an exact number cooperatives, one can conclude that the number of (active) cooperatives, especially the number of production type cooperatives is declining, as can be seen below:

The number of "active or functioning" cooperatives in area of agriculture, forestry and fishery

Legal form	2002	2003	2004	2005	2006	2007	2008
Cooperative	1225	1049	992	903	811	705	663

Source: Abridged, shortened and translated version of Kapronczai (2010: p. 75, Table 55)

Regarding the table above, probably the majority of the cooperative are "production-type" ones, however this information based on oral communication needs to be confirmed.

The main products of these types of cooperatives are cereals, oil seeds and other crops and the ones can be cultivated by machines. They also hire lands from their members and also from other landowners and cultivate huge farms (1,000 - 2,000 hectars or more).

It is notable that in case of "production-type" cooperatives - apart from the three dimensions of member-cooperative relationships (product, capital and control) - there is another one which makes the whole incentive scheme very complex. It is the member-employee relationship since most of the members are at the same time employees of their own company (cooperative). It is one of the causes why these types of cooperatives are not effective most of the times since the incentives are rather complex in these organisations. After the forced transformation of cooperatives in 1992, the interest of most of the members of cooperatives to remain as a member, was the wage they earned as employees.

Supply and Marketing Cooperatives

Some of the Support of supply marketing cooperatives ("BÉSZ" in Hungarian) had been transformed into PGs or POs (see later). It is interesting that they were also not registered as agricultural organisations, so they very much disappeared from the "map" although some of them still get some supports since they gained it for a five-year period before or in 2007.

Marketing or ”new”, western type cooperatives

Marketing cooperatives (also sometimes called "Producer Groups": PGs and Producer’s Organisations: POs) who gain support from EU (e.g. through CMO of CAP) and national budget (POs) are ‘new types’ of cooperatives and most them are specialized in marketing one or few commodities in the area of cereals, sugar, pig meat, sheep meat, fruit and vegetables, dairy, wine etc., so we are gonna deal with them in the next subsection, connected to analysis by cooperatives by sectors.

In the CEECs of the European Union producer groups dominate the pattern of collective action among farmers. Groups are mostly small in size 10-200 members and specialize in marketing one or few commodities.

Brief data on producer organisations (POs) in fruit and vegetable sector

The number of Producers Group in 2011 is 29 (it was 47 on 1 January 2008 and 24 on 14 January 2010), the number of Producers Organisations is 48 (it was 11 on 1 January 2008 and 48 on 14 January 2010). The number of secondary organisations (“associations” of producers’ organisations) is 9 in 2011 (it was 5 on 14 January 2010). It is interesting to note that from the 48 POs 40 and from the 29 Producers Group 13 choose the cooperative form in 2011. There were 53 cooperatives, 19 Ltds and 1 share-holding company altogether (POs + fruit and vegetable PGs) in fruit and vegetable sector on January 2010.

According to experts’s estimation the share of POs in F-V sector is rather low: it was proximately 17% in 2009 and less than 20% in 2010 instead of 40% which would be expected and proposed (see more data in Table 8 below). The concentration is rather weak from the point of building countervailing against the retail chains.

17.4.2. Main cooperative statistics

List of top 5 largests farmers’ cooperatives per sector

Most important cooperatives in the sectors studied in this project

Sector		Name of Cooperative (POs, PGs)	
Cereals	1	MÁTRAGABONA Mátravidéki Gabonatermelők Szövetkezete	1
	2	Komáromi Híd Gabonatermelők Szövetkezete	2
	3	“Szabolcs-Grain” Gabonatermelő és Kersekedelmi Kft.	3
	4	Tevel és Környéke Gabona Termelői Csoport Termeltető és Értékesítő Szövetkezet	4
	5	Csabai Raktárszövetkezet	5

Hungary

Sugar	1	Kapos Cukorrépa Termelők Szövetkezete	6
	2	Brigetio Cukorrépatermelő Szövetkezet	7
Pig meat	1	Alföldi Sertés Értékesítő és Beszerző Szövetkezet	8
	2	KA-TÉSZ Szövetkezet	9
	3	Söptéri Mezőgazdasági Szövetkezet	10
	4	Zala-Sertés Értékesítő és Beszerző Szövetkezet	11
Sheep meat	1	Juhtenyésző Kft.	12
	2	Juhexport Kft.	13
	3	Merino Értékesítő Szövetkezet	14
	4	Aranyszőrű Juh – Termelői Csoport Tenyésztő és Értékesítő Szövetkezet	15
	5	Dél-Alföldi Juhászati Beszerző és Értékesítő Kft.	16
Fruit and vege-tables	1	Dél-alföldi Kertészek Zöldség-Gyümölcs Termelő Értékesítő Szövetkezete	17
	2	Észak-Alföldi Zöldség-Gyümölcs Termelői Értékesítő Szövetkezet	18
	3	GYÜMÖLCSÉRT Termelői Értékesítő Kft.	19
	4	BOTÉSZ Bodzatermelők Értékesítő	20
		Szövetkezete	
	5	ZÖLD-TERMÉK Termelő Ér-tékesítő Szövetkezet	21
Dairy	1	Alföldi Tej Értékesítő és Beszerző Kft.	22
	2	Fehérvár-Tej Tejértékesítő és Beszerző Kft.	23
	3	TEJÉRT Tejértékesitő és Beszerző Kft.	24
	4	Magyar-Tej Értékesítő és Beszerző Kft.	25
	5	Fino-Tej –Tejtermelői Csoport Értékesítő Szövetkezet	26
	6	Gazda-tej Értékesítő Szövetkezet	27
Wine	1	SECRETUM Agrár, Termékbeszerző-értékesítő és Szolgáltató Szövetkezet	28
	2	Balatonboglári Pinceszövetkezet	29
		Arany Sárfehér Szőlő és Bortermelők Szövetkezete	30
		Debrővin 2004 Szövetkezet	31

Hungary

17.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

17.5.1. Legal framework for cooperative

The Law X/2006 on Cooperatives (General C-o-operative Act) sets up and influences the internal governance of the cooperatives. It is a rather flexible and general law so suitable for any kind of cooperation, although it might change in the very future. Some expert argue that is is not Act to improve bargaining and countervailing power of small and medium agricultural producers. They argue that it is a step towards to money and capital which represented by the possibility of rather strange institution of investor-membership.

Changes in the life of agriculture cooperatives in 2000-2001 and the Law CXLI on the agricultural cooperative business shares (2000):

There were significant changes in the Hungarian agricultural cooperative life at the end of Year 2000, because of the plan of a law on the settlement (arrangement) of the so-termed ‘business cooperative shares’.

17.5.2. Governance

For producer organisations in fruit and vegetable (hereafter f&v) sector the Cooperative (see Act X/2006 on Cooperatives, MAGYAR KÖZLÖNY, 2006a), as well as the Ltd., the so-termed private Share-holding company or any other registered form stated by the Law IV/2006 on Companies (MAGYAR KÖZLÖNY, 2006b) are available as legal forms. For producer groups (hereafter PGs) in other sectors than F&Vs: Cooperative or Ltd. legal forms, are the possibilities.

In general, some simpler forms of business companies are the legal business forms which are the most frequently used in agriculture like different types of partnerships and Ltd.

Apart from the general Law on Cooperatives (X/2006), the Decree of Ministry of Agriculture and Rural Development 67/2009. (VI. 9.) on national regulation of fruit and vegetable producer groups and producer organisations contains the rules and process of setting up and recognition of producer organisations (POs or in Hungarian: “TÉSZ”) and producer groups in fruit and vegetable sector.

17.5.3. Type of members

Most of the cooperatives are primary cooperatives, only a very few, especially in the fruit and vegetables sector, are secondary cooperatives. There were 9 associations (secondary cooperatives and 1 private share-holding company) of POs they aim would be to harmonise their trade but none of the associations are really effective.

Most of the cooperatives/POs/PGs in Hungary have farmers (natural persons) as members; however in some cases there are legal persons (as producers) among the members. I regard those cooperatives still primary cooperatives since they do not get any local (primary) cooperatives as members.

Apart from distinguishing active and non-active members according to general Cooperative Law (X/2006) there is a possibility of two types of memberships in every cooperative: “normal” and investor-type membership (more on that type in Chapter 5). Usually “production type” cooperatives.

(“A” type, see above) could involve investor-member, since the EU and national support for producer.

Hungary

17.5.4. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Law X/2006 on Cooperatives (General C-o-operative Act)- November 2011	the Law CXLI on the agricultural co-operative business shares (2000):		Not required by law.	Not re-quired by law

17.5.5. Financial/ownership structure

According to general cooperative Law (X/2006) there is a possibility to be investor member in each cooperative.

As we have already mentioned there is no exact data on membership issues a but probably there are not so many investor members so far.

Cooperatives financed from their earnings (surplus), members' loan, and if applicable (e.g. in case of producers organisation) from some EU and national support as well members' and the cooperative' contributions to operational programs if needed. Risk-bearing capital is not common, therefore there are not many types of cooperatives according to types of financial ownership.

17.6. POLICY CONCERNS

17.6.1. Competitive position in the food chain

Positions of the cooperatives in the food chain are not very good. Most cooperatives are active in agri-cultural row material production, only a few active in the processing sector (see the table below).

Hungary

Number and share of Producers' Groups per sector (2006-2008)

Sector	Producers' Groups					
	number	Market share %	number	Market share %	number	Market share %
	2006		2007		2008	
Cereals	73	31.9	73	31.2	82	33.6
Oil crop (oil seed)	27	11.8	27	11.5	31	12.7
Sugar Beet	9	3.9	9	3.8	8	3.3
Tobacco	3	1.3	3	1.3	2	0.8
Soya	3	1.3	3	1.3	3	1.2
Potato	5	2.2	5	2.1	5	2.0
Grape and Wine	14	6.1	14	6.0	14	5.7
Plant breeding Total	***134***	*58.5*	***134***	*57.3*	***145***	*59.4*
Dairy	8	3.5	9	3.8	10	4.1
Slaughter cattle	0	0.0	0	0.0	1	0.4
Pig meat	25	10.9	25	10.7	25	10.2
Sheep	12	5.2	12	5.1	12	4.9
Poultry	35	15.3	38	16.2	37	15.2
Rabbit	5	2.2	5	2.1	5	2.0
Honey	8	3.5	9	3.8	7	2.9
Fish	2	0.9	2	0.9	2	0.8
Animal husbandry Total	***95***	*41.5*	***100***	*42.7*	***99***	*40.6*
Aggregate total	**229**	100.0	**234**	100.0	**244**	100.0

Source: Dorgai et al. (2010: p. 88, Appendix 1) which is based on data from Hungarian Ministry of Rural Development

Note: As stated before, the above cooperatives (POs/PGs) are not necessarily the biggest.

Hungary

Most of the cooperatives are active in joint production, wholesaling, collecting member' products, marketing and supplying but only a few in processing and retailing. The function of marketing branded products is extremely rare such as secondary processing in case of cooperatives/POs/PGs. It is interesting that in some cases there is a big trader as a member who sells the whole amount of the marketed produce on behalf of the cooperative(.e.g. selling the products of all other members as well).

There is no real change in competitive position of cooperatives during the examination period. There have been many POs and PGs set-up from 2000 to 2010, however their performance and concentration is still rather weak and none of them has dominant position in the chain. On contrary retail chains still rule the chains in Hungary and only bind contracts with producers and processors which are very favourable for them (Dobos, 2007, 2009). Even bigger players in food industry can not countervail them.

Because of the dual, in some sector atomised, farm structure, co-ordination implemented by producer-owned organisations is become a crucial issue regarding competitiveness and efficiency of the whole chain in Hungary and abroad as well, especially after the EU accession. There is another so-termed "anti-global" trend in the world: small local supply chains can integrate small- and medium sized farms. In those cases the trust and personal, informal connections along the chain including the consumers and agricultural producers are even more important.

As already stated, regarding the position and function in the food chain most of the cooperatives are active in joint production, wholesaling, collecting member' products, marketing and supplying but only a few in processing and retailing. The function of marketing branded products is extremely rare such as secondary processing in case of cooperatives/POs/PGs.

Apart from normal and investment cooperative shares, members' loans or (maximum once a year) an additional cash-in on behalf of members, in case of losses of the cooperative, are the instruments (legal methods) for raising equity. In case of member' loan the total amount of them can not exceed twice the cooperative own equity and it can used only for achieving the aims of the cooperative (Law 10/2006).In case of POs and PGs EU and supplementary national supports (related to the CMO of CAP) and are also sources of financing and sometimes can contribute to rise of the equity. In the latter case members have also contributed to the financing the operational programme, but not to the equity.

In some EU supported POs and PGs members have to contribute to the cost of the operational programme in proportion with their transactions but generally speaking it is not a rule in other cooperatives working only under Law X/2006. In case of losses, cooperative members have to pay an additional amount maximum once a year, but it is only in special cases and the maximum amount is 30% of the financial contribution to the equity.

17.6.2. Market share of farmers' cooperatives in the food chain

The following table contains some data on market shares of POs in fruit and vegetable as well as of PGs in other sectors.

Hungary

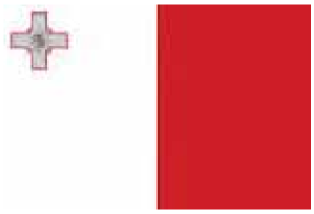
Market share of agri-cooperatives in Hungary

	2006		2008	
Sector	**Number of members**	**Market Share (%)**	**Number of mem-bers**	**Market Share (%)**
Cereals	4,969	11.0	6,212	12.2
Sugar	301	26.1	270	30.1
Pig meat	884	19.5	1033	24.9
Sheep meat	836	18.9	969	19.5
Fruit and vegetables	20,494	14.3	20,177 (in 2007)	17-19 (in 2010)
Dairy	414	27.5	558	30.8
Wine	2,653	6.1	2,325	8.9

Sources: Main Department of Agricultural Market of Hungarian Ministry of Rural Development, Dorgai et al. (2010: p. 92, Appendix 5) based Central Statistical Office and Ministry of Rural Development, FruitVeb

Notes: 1) The table contains only the market shares of POs (Fruit and vegetables) and PGs (other sectors), data other types of cooperatives are not included; 2) Instead of 2004 and 2010 data is available for 2006 and for 2008 unless othwerwise sated

It is clear that despite the EU and national support there is no real development in degree of concentration in the fruit and vegetable sector. However, there is a slow growth in the number of members and also in market shares of PGs in other sectors.



18. MALTA

Malta

18.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Valletta

Total area: 316 km²

Population: 0.4 million

Currency: Member of the eurozone since 2008 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/malta/index_en.htm

Malta	2003	2010	Change (%)
Number of holdings	10 990	12 530	14.0
Total UAA (ha)	10 790	11 450	6.1
Livestock (LSU)	48 940	42 910	-12.3
Number of persons working on farms (Regular labour Force)	17 870	18 500	3.5
Average area per holding (ha)	1.0	0.9	-6.9
UAA per Inhabitant (ha/person)	0.03	0.03	0.0

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Malta

Malta[1]

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	122.3	0.0%
Crop output, of which:	2013	40.6%	0.0%
Vegetables and horticultural products	2013	25.5%	0.1%
Fruits	2013	5.9%	0.0%
Potatoes	2013	5.4%	0.1%
Animal output, of which:	2013	59.4%	0.0%
Milk	2013	17.5%	0.0%
Pigs	2013	11.5%	0.0%
Poultry	2013	6.3%	0.0%
Gross value added at basic prices (million EUR)	2013	64.7	0.0%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

18.2. MEMBER ORGANISATION

KOPERATTIVI MALTA
MALTESE COOPERATIVES

Mdina Road, Qormi
Malta. QRM 9011

Tel:+356 21484835
Fax:+356 21485422
E-mail:info@cooperatives-malta.coop
Website:www.cooperatives-malta.coop

President : Anthony DALLI
Vice-President : Louis ZAMMIT
Secretary General : Paul PISCOPO

18.3. CLASSIFICATION OF AGRICULTURAL COOPERATIVES/POS[1]

In Malta at the end of 2010 there were 18 cooperatives and 16 producer organisations and 3 producer groups registered with the Cooperatives Board and the Government Agricultural Directorate respectively. Eight of these POs have just been registered in mid-2010 and are still in the first months of their formation. Moreover no official public information about membership, turnover, operations etc is available on POs and PGs in general. Hence our analysis is limited when it comes to the PO domain. For the purpose of this study, basic information about POs will include all POs registered with the Government Agriculture Directorate. However, for the purpose of further details and analysis only the 9 POs which have been established for some time and are effectively operational within their sectors will be considered. These include the 2 POs and 2 PGs in the Fruit and Vegetables, 4 POs in the tomatoes for processing and 1 PO in the wine/grapes sector. The other 2 POs though registered for some time may not be effectively operational, while the 8 POs that have just been established and hence still gearing to be operational will not be considered in the analysis within this study.

Initial experience with the setting up of POs in Malta, indicates that these are EU led with the financial assistance, as already explained in this section, being one of the perceived benefits. It is worth mentioning that the 8 POs that have just been registered in 2010 are still waiting for the application of the setting up funds under measure 142 in the Rural Development Programme.

Likewise, the two cooperatives – one in the wine sector and another in the broiler sector – that are still registered with the Board of Cooperatives but resulted are not effectively operational, will not be considered in the analysis within this study.

For simplicity, these 10 POs and 2 cooperatives are referred to as “OTHER” whenever we make reference to these for statistical or information purposes within this study.

The following table highlights the classification of ALL registered cooperatives/POs in Malta and Gozo and their relative sector within the agricultural industry.

Agricultural Cooperatives/POs by Sector

Sector	Coops	POs
Cereals	n/a	n/a
Sugar	n/a	n/a
Pig Meat	1	1
Sheep Meat	-	-
Beef *	-	-
Fruit & Vegetables	10	4
Olive oil & Table olives	-	-
Dairy *	1	2
Wine	1	1

[1] **Source:** Buttiġieġ, G., Zahra, E. (2012). Support for Farmers’ Cooperatives; Country Report Malta. Wageningen: Wageningen UR.

Malta

Potatoes	-	2
Tomatoes for Processing	1	4
Mushrooms	-	1
Poultry	1	2
Rabbit Meat	-	2
Farm Supplies	1	
Other - Non Food	2	
Total Registered	**18**	**19**
Total Operational	**16**	**9**

3 December 2010
*Cooperative in milk sector is also active in sale of beef production of members

Agricultural Cooperatives/POs in Malta by Function, Scope and Food Chain Position

The table highlights the classification of cooperatives/POs in terms of their main functions, their diversity of functions and products, and their position and function in the food chain. The non food cooperatives in the agricultural sector and the "OTHER" cooperatives/POs (2 Cooperatives and 10 POs), which are not effectively operational at the moment have not been considered in this classification.

Main Functions			**Diversity Functions & Products**			**Food Chain Position/ Function**		
	Coops	POs		Coops	POs		Coops	POs
Farm Inputs	1	0	Single Product	2	5	Provide Market Auction	13	9
Marketing	12	9	Multiple Product	12	4	Secondary Processing	1	0
Processing & Marketing	1	0	Multipurpose	Majority	Majority	Marketing Branded Products	1	5
Other Non food	2	0				Wholesaling	0	4
Other Non Operative	2	10				Retailing	1	4

Malta

The table shows the classification of cooperatives/POs in Malta based on their main functions. Practically all the agricultural cooperatives/POs which are operating in the food chain have the marketing of the produce of their members as the primary objective and function. Apart from this function, one cooperative is currently involved in the processing and marketing of milk and dairy products. One has to point out that apart from the marketing functions, there are cooperatives also providing other services to their members – farm inputs, farm machinery services, starting material etc.

This brings us to the classification on the diversity of products and functions. In Malta 12 of the agricultural cooperatives and 4 POs are handling multiple products while 2 cooperatives and 5 POs are handing single products.

Diversity of functions is also a characteristic of Maltese cooperatives/POs. Apart from the main function of marketing the produce of their members, most cooperatives/POs have become multipurpose and are extending their tasks to other activities and services to satisfy better the demands by their members. Such additional activities may include farm input supplies and consumables, starting material, extension and advisory services, machinery repairs, etc.

The table also gives an important classification for this project highlighting the position and function of the cooperatives/POs in the food chain. The main role of all the cooperatives/POs in the food chain in Malta is to provide a market at the best price and conditions for the produce of their members particularly in the major agricultural sectors – fruit and vegetables, wine grapes, pig meat, milk, beef. Most are dealing with the sale of primary products which are then sold to intermediaries either for selling to retailers/consumers or to processors in the various food sectors. However, some cooperatives/POs are simultaneously developing other functions along the supply chain to increase the value added and strengthen their position in the food chain.

Thus, one cooperative in the milk sector is also processing the milk delivered by the members into liquid pasteurised milk and other dairy products and then distributed to the retail chain and marketed under its own brand.

In the case of fruit and vegetables, POs are also doing other functions – (a) wholesaling by selling member products and other products in order to supply a full assortment to the retail; (b) retailing by directly selling to consumers; (c) marketing pre-packed, graded quality products under the PO brand.

In the wine sector, the PO is also trying to subcontract and process some of the grape production of its members into quality wine which is then marketed under its own brand. One farm supply cooperative in the non food is retailing its products for the crop/horticulture to its customers.

As mentioned in these examples, these functions are important to increase the value added to the produce of the members and hence to strengthen their position in the respective value chain, thus contributing to the final sustainability of the respective sector.

Malta

Agricultural cooperatives/POs, classification by membership

Types of members		Geographical scope of membership		
			Coops	POs
Primary Cooperatives	13	Local	7	
Primary PO/PGs	9	Regional	1	2
Secondary Cooperatives	1	Interregional	-	-
Association of POs	-	National	6	7
		Transnational	-	-

The table above shows that at the end of 2009, the classification by types of members shows that practically all the cooperatives/POs are primary organisations. In Malta, there is only one secondary cooperative in the fruit and vegetables sector, incorporating 7 primary cooperatives mostly based on a village level together with a PO on a national level. Currently there is no association of POs in Malta, although these exist in other member states.

The classification by the geographical scope of membership shows that in Malta, being a small island most of the cooperatives/POs are operating on a national level with membership from all over the country. If fact we find only 7 cooperatives operating on a local level while 4 cooperatives/POs are operating on a regional level in the sister island of Gozo. In Malta there are no interregional or transnational cooperatives/POs.

Agricultural Cooperatives/POs Ownership & Legal Form

Financial/Ownership Structure			Legal Form		
	Cooperatives	POs		Cooperatives	POs
Traditional Cooperative	13	9	Association	-	-
Participation Coop	-	-	Cooperative	14	2
Cooperatives with Subsidiaries	1	-	Partnership	-	-
Proportional Tradable Share Cooperative	-	-	Corporation	-	-
PLC Cooperative	-	-	Company	-	-
			Other	-	7

Malta

The table shows the classification based on the financial/ownership structure and confirms that in Malta all the cooperatives/POs except one are classified as traditional whereby the equity capital is provided by the members in conjunction with retained surpluses and where the equity capital is collective. One cooperative in the dairy sector is likewise traditional but has a subsidiary company where there is non-member minority shareholder. In Malta there are no examples of participation cooperatives, PLC cooperatives or proportional tradable share cooperatives.

The table also shows that all cooperatives adopt one legal form – that of a cooperative as stipulated in the Cooperative Societies Act XXI of 2001. Producer Organisations are registered under the Producer Organisation Act No IX of 2002. Two POs adopted the cooperative legal form but the other POs have not yet adopted any of the legal forms mentioned. In Malta there are four registered cooperatives which also set up a PO – two of these under a cooperative legal form.

18.4. MAIN COOPERATIVE STATISTICS

List of top 5 largest farmers' cooperatives per sector

This section will focus on the 5 largest cooperatives in the eight food sectors under consideration in this project. In Malta there is no local production of cereals and sugar.

Moreover although the olive oil and table olives sector and the sheep meat sector exist in Malta, there are no farmers' cooperatives or producer organisations. With the exception of the fruit and vegetables sector, in the other sectors (wine, dairy, pig meat), the number of cooperatives/POs active in each sector is limited to one organisation.

Most important cooperatives in the sectors studied in this project

Sector		Name of Cooperative
Fruit and vegetables	1	Farmers' Central Cooperative Society Limited
	2	Koperattiva Agrikola Ghawdxija Gozitano Ltd.
	3	Koperattiva Gomriza Maltese Agri Products Ltd.
	4	Mgarr Farmers' Cooperative Society Limited.
	5	Rabat Farmers Cooperative Society Limited
Olive oil and table olives		No cooperative/PO in this sector
Wine	1	Organizzazjoni Produtturi Gheneb ghall-Inbid (PO)
	2	Farmers Wine Cooperative Limited (Not active)
Dairy	1	Koperattiva Produtturi tal-Halib Limitata (Milk Producers Cooperative Ltd)
Sheep meat		No cooperative/PO in this sector
Pig meat	1	Koperattiva ta' min irabbi l-Majjal Limited (Pig Breeders Cooperative Society Ltd)

Malta

Major Agricultural (Agro-food) Cooperatives in Malta

	Name of Cooperative (in Maltese)	Name of Cooperative in English
1	Koperattiva Produtturi tal-Halib	KPH (Milk Producers Cooperative Ltd)
2	Koperattiva ta' Minn Irabbi il-Majjal	KIM (Pork Producers Cooperative Ltd)
3	Koperattiva Central ital-Bdiewa Ltd	FCCS (Farmers Central Cooperative Ltd)
4	Koperattiva Ghawdxija Agrikola Gozitano Ltd	Gozitan Agricultural Cooperative, Ltd
5	Koperattiva GOMRIZA Agri Products, Ltd	Koperattiva GOMRIZA Agri Products Ltd. (Cooperative & PO)
6	Koperattiva Produtturi tat Tadam Ltd.	Tomato Producers Cooperative, Ltd

- **Koperattiva Produtturi tal-Halib Ltd - KPH - (Milk Producers Cooperative Ltd)**

One of the most important, if not the most important Cooperative in Malta, registered way back in 1958, the milk producers of both Malta and Gozo formed a cooperative. It offers its members benefits and services including the importation of all cereals and other feed material; the manufacture of these into animal balanced compound feeds; the supply of farm equipment, farm support services and insurance; support in marketing of members' beef; and the purchasing, processing and marketing of all milk produced by members. Membership: 129 (as at December 2010)

- **Koperattiva ta' Minn Irrabi il-Majjal Ltd – KIM (Pork Producers Cooperative Ltd)**

The Cooperative of Pork Producers, also known as KIM, ensures that the Multiplier Units are stocked with good quality Parent Stock in order to supply its members with a variety of Gilts and Boars. KIM purchases all the pigs slaughtered by their members. Membership: 166 (as at December 2010).

- **Koperattiva Centrali tal-Bdiewa Ltd - Farmers Central Cooperative Society Ltd**

This cooperative is made up of seven primary cooperatives comprising around a thousand farmers who deliver their products at the Pitkali Centre, Ta' Qali. This cooperative struggles to obtain the best prices for their farmers, who altogether represent over 26% of the products sold at the Pitkali (Market).

- **Koperattiva Ghawdxija Agrikola Gozitano- Gozitan Agriculture Cooperative Ltd. (Cooperative & PO)**

This cooperative operates a vegetable market service from the centre at Xewkija Gozo. It also runs a shop and supplies its members with seeds, fertilizers and farming equipment amongst other things. Membership: 453 (as at December 2010).

- **Koperattiva GOMRIZA Agri Products Ltd. (Cooperative & PO)**

This cooperative aims to buy seeds, fertilizers, pesticide and agricultural machinery from abroad for the local farmers. It also strives to trade and sell abroad, locally produced products by its members. Membership: 100 (as at December 2010).

- **Koperattiva Produtturi tat-Tadam Ltd. (Tomato Producers Cooperative Ltd)**

This farmers' cooperative is also in its entire a registered Producers Organisation. It was formed with the aim to organise farmers. This Cooperative/ PO offer technical and advisory assistance in the field of tomato production that is produced specifically for processing. Membership: 36 (as at December 2010).

18.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

18.5.1. Legal framework for cooperative

The main piece of legislation is the Cooperatives Societies Act XXX of 2001.

Producers Organisation legislations in Malta is regulated by CHAPTER 447

PRODUCER ORGANISATIONS ACT, to provide for the creation of Producer Organisations in the Agricultural and Fisheries sectors enacted on the 6th January, 2003.

Producers Organisations in Malta are regulated by Rural Development Department, Agricultural Services and Rural Development Division within the Ministry for Resources and Rural Affairs.

In order to apply for recognition, a Producer Organisation must comply with the following mandatory criteria:

It must draw its membership from producers in the Maltese islands of potatoes, pig meat, poultry, milk, traditional cheeselets made from sheep and/or goat's, honey and rabbit meat. Each individual can only be a member of one Producer Organisation of the same product.

It shall be set up for the purpose of jointly adapting the production, and jointly marketing their agricultural product, including preparation for sale and supply to bulk buyers, and of establishing common rules of production information, with special reference to harvesting and stocks.

Thus groups forming for other purposes are ineligible for support.

It must have a minimum of 5 members.

All the members must be farmers or livestock breeders registered with IACS or with the Food and Veterinary Regulation Division,

The Cooperatives Societies ACT 30 of 2001 is a legislation that encapsulates all registered cooperatives in Malta, both agricultural and urban. Generally speaking, agricultural cooperatives never voiced out any concern about any limitations in this legislation when it comes to applying it to the agricultural sector.

Malta

18.5.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Cooperatives Societies Act XXX of 2001.	None		5	€100 000

18.5.3. Governance

The Producer Organisation Act No IX of 2002 (CAP 447) followed by the publication of Legal Notice 63 of 2004, Fruit and Vegetables Producer Organisations 2004 and three years later Legal Notice 237 of 2007 Producer Organisation (Certain Products) Regulations 2007, introduced the legal framework for POs in the various agricultural sectors.

Producer Organisations/Groups set up under the Fruit and Vegetables Producer Organisations Regulations 2004 (Legal Notice 63 of 2004) and operate under Common Market Organisation (CMO) in the relevant sectors (including fruit, vegetables, products for processing, citrus fruits, nuts and mushrooms), could apply for financial assistance from the European Agriculture and Guarantee Fund (EAGF) as per Council Regulation (EC) No 1234/2007; 1182/2007 and Commission Regulation 1580/2007.

The minimum requirements are that the PO must have a minimum of 5 members and must have a minimum VMP of €100,000.

18.6. POLICY CONCERNS

18.6.1. Competitive position in the food chain

Being a group of small islands in the middle of the Mediterranean Sea, the Maltese have always heavily depended on their agricultural produce. Generally speaking, the Maltese consumer tends to prefer locally produced agricultural products because Maltese believe that locally grown produce is fresh and tastes better.

In a report called “Strengthening the Organisational and Business Capacities of Agricultural Cooperatives in Malta” published in August 2005 by the Food and Agricultural Organisation of the United Nation (FAO – TCP/MAT/3001 (A), it was stated that:“Since joining the European Union on the 1st of May 2004 the environment within farmers, rural communities and agricultural cooperatives in Malta and how they operates has changed. The European Union has influenced Agricultural Policy making and Maltese producers, traders and processors are now faced with increased import competition.

Malta

The reality of a common agricultural policy, and, new trading regulations and standards. Since May 2004 most import levies, duties and excise taxes with EU partners has been dismantled. Malta and Gozo (the sister island) is now a member of a trading block that has more than 400 million consumers."

Way back in 2004, the above was a state of fact. As a reaction and inevitably the agricultural sector had to go through radical changes. As one might have expected, unfortunately, there were some very serious failures. One prominent example is the collapse of the "Koperattiva Produtturi tat-Tjur Ltd. – Poultry Producers Cooperative Ltd, a cooperative that was set-up specifically as a means of achieving farmer-led vertical integration of the Maltese broiler industry and which financially collapsed in a matter of months because of bad decision making and bad governance, because of this, this local broiler breeders industry is still in disarray up to today.

Having said that, the Maltese Agriculture sector had a number of very positive results, a case in point is the Koperattiva Produtturi tal-Halib – KPH – Milk Producers Cooperative. This Cooperative reacted intelligently to the open market forces and established itself as a high quality, reliable local Milk Producer.

It has to be appreciated that because Malta's Agricultural land is so minute, its yield is considerably high. This is because being right in the middle of the Mediterranean Sea, Malta's weather, especially in winter time is considered to be very mild when compared to mainland Europe. On the negative side, Maltese fields are tiny and it is very difficult to employ heavy machinery to cultivate the fields with efficiency. Another major problem is irrigation, being an island, Malta has very limited water resources and more often than not, irrigation has to be carried out through borehole extracted water which has also become very scarce and the authorities are in the process of placing more stringent control on the use of it.

It is therefore understandable that more often than not, Maltese produce is generally perceived as more expensive than the imported agricultural produce, although this is not always the case.

Many cooperatives and producer organisations have reacted to the importation of Agricultural produce from the European Union and beyond by improving (a) the quality of their Produce and (b) the presentation of the local produce being sold. It is worth mentioning that the volume of locally produced agricultural produce being sold to the local consumer in attractive sealed and labelled containers is on the increase as most Cooperatives and POs have developed branding and marketing strategies which they are now implementing, albeit to varying degrees. Perhaps the most obvious case can be found within the dairy sector. However, other sectors, such as, the pork and fruit and vegetable sectors are also adopting a more savvy approach to the consumer.

For example, KIM launched a point-of-sale 'Majjal ta' Malta frisk u genwin' ('Maltese pork: fresh and wholesome') campaign. The Ta' Qali Producers Group have developed branded packaging which they are using across their product range.

Some Cooperatives have also opened up their Market shops improving drastically their marketing position.

Malta

The Milk Producers Cooperative (KPH) and its subsidiaries which have always led the way in achieving results through cooperation, reacted by making huge technical advancement both on Farm and Dairy Plant level. This Cooperative continued to improve its marketing strategy. The Milk Producers Cooperative also made available to its customers an increased variety number of marketed dairy products.

The Pig Breeders Cooperative (KIM) started to react to the external Market forces very late in the day. KIM was one of those Cooperatives that complained with the local authorities of unfair competition. KIM complained that “low quality”, “water saturated” pork was being imported. The Cooperative complained that KIM’s products could never compete, pricewise, with such products. As mentioned above, KIM’s reaction was to launch a marketing campaign aimed at “educating” the local consumer to appreciate locally-bred, fresh pork which yielded positive results. KIM also embarked on a restructuring exercise with the aim of further improving the quality of the pork. They also put in place the necessary facilities to offer the ‘deboned’ carcass, thus increasing the ‘added value’ to their customers. Although official statistics are not available to assess the result of this campaign the Cooperative’s management informed us that there was a positive reaction. They estimate that sales of local pork rose by around 23%, with its local market share stabilising at around 70%.

18.6.2. Market share of farmers’ cooperatives in the food chain

Farmers’ cooperatives in Malta still have an important role particularly in organising farmers in their respective sectors and in supporting and promoting the sale of their produce and in the supply of various farm inputs.

The following table gives details of developments and market share of cooperatives in the various sectors during the period 2000 – 2010. This applies to the eight sectors in the food chain but details will be given on other sectors in the food chain not studied in detail in this project (e.g. beef, tomatoes for processing) and other related sectors (feed, breeding, farm supplies). Information about the source or method of calculation of market share will be given hereunder in the relative commentary explanation for each product/sector. Where information is available, the market share of cooperatives represents the volume of sales by the cooperative in relation to the total local production or requirements within that sector. No data is available for the individual Producer Organisations.

Malta

Market Share of Cooperatives

Sector	2000 Number of members	2000 Market Share (%)	2010 Number of members	2009 Market Share (%)	Comments
Pig meat	173	100%	166	100%	Pigs slaughtered
Fruit and vegetables	1703	22%	1520	21%	Sales value at official wholesale market
Dairy	189	89%	129	91%	Total milk production (weight)
Wine	:	:	:	70%	Local wine grapes (weight)

Sources: Various – Cooperatives Board – National Statistics Office – Market Research

The table above highlights the importance and role of cooperatives/POs in the market in the eight sectors in the food chain.

18.6.3. Sectors Analysis

Fruit and Vegetables

Since decades, in the fruit and vegetables sector there were various cooperatives (including a secondary cooperative comprising seven primary cooperatives) that are active in buying and selling the produce of their members. Since 2005, after EU accession, these cooperatives were joined by Producer Organisations/Producer Groups with similar objectives.

In Malta, fruit and vegetables are sold directly by the farmers or through the POs but mainly through cooperatives and various other private middlemen (Pitkala) at the official wholesale market (Pitkali). At this market the produce is then sold by auction to wholesalers.

There are no official statistics of all the sales of fruit and vegetables by POs/cooperatives together. Based on the value of sales/turnover, the main secondary cooperative (operating on behalf of 7 primary cooperatives at the official wholesale market) is estimated to have a market share of 21% of all the sales at the Pitkalija – similar to its market share in year 2000 (22.8%). However, it follows that the largest share of the volume of fruit and vegetables sold through the wholesale market (Pitkalija) is in the hands of private middlemen (Pitkala).

This is also reflected in the membership of cooperatives (official information for POs not available), whereby a large proportion of farmers are not members and do not deliver their produce through the cooperatives or POs.

Malta

Wine

Since 1960, the Farmers' Wine Cooperative Society was established to buy the wine grapes production of its members and to process and market the wine produced. This cooperative is still registered but is not active and stopped its operations in recent years (2007). No information is available on its market share in the local production of wine grapes and local wines since 2000. However, market information shows that in Malta privately owned wineries always had the largest market share.

In 2008, a Producer Organisation "Organizazzjoni Produtturi Gheneb ghall-Inbid" was established to buy and provide a market for wine grapes produced by its members. From market and other sources, it is estimated that the PO has a market share of about 70% by weight in the total local production of wine grapes. The PO has also started to cooperate with private wineries to produce small quantities of quality wines under its own brand.

Pig Meat

In Malta pig breeders have always been well organised in one cooperative – Koperattiva ta Min Irabbi l-Majjal Ltd. (KIM) and sell all their pigs for slaughter through their cooperative. Since all the local pig breeders are members, for the last 10 years, the cooperative enjoyed 100% market share in the slaughter and sale of local pig carcasses. Local pig meat is sold to butcher shops and to the local pork processing industry – all privately owned.

Recently the cooperative KIM has started to debone pig carcasses and to sell pork cuts (not just carcasses).

Since May 2004, imports of pig meat as raw material for processing and finished processed pork products are on the increase, competing strongly with the local production of pig meat.

Dairy

The local dairy sector is composed of cows' milk (93%) and goats and sheep milk (7%). The latter is mainly used for cottage production of cheeselets while practically all the cows' milk is delivered to the dairy in Malta. All the local licensed milk producers delivering their milk to the local dairy are members in one cooperative – Koperattiva Produtturi tal-Halib (KPH) and sell all their milk through the cooperative. For the last 10 years, the cooperative enjoyed a market share ranging from 89% in 2000 and increasing to 91% in 2009 of the total milk production (by weight). The cooperative is also a majority shareholder (70%) in the local dairy processing company which enjoys 90% of the liquid milk market in Malta and a significant market share in other dairy products – yoghurts, cream, cheeselets, irkotta etc.

Apart from the farmers' produce in the main sectors under consideration, there are other related products (food and non food) where cooperatives/POs have a substantial market share.

Malta

Tomatoes for Processing

Market sources confirm that practically all the tomatoes for processing to private processors are sold by farmers through their four Producer Organisations.

These are Koperattiva Produtturi tat-Tadam ta' Malta Ltd registered as PO in 2008, Ghaqda Produtturi tat-Tadam Maltin (2005), Ghaqda Bdiewa Produtturi tat-Tadam (2007) and Ghaqda Ghawdxija Produtturi tat-Tadam (2005).

The first PO (also a cooperative) organised farmers to contract their produce with the private processor in Malta while the other three POs organised farmers on a regional level and contract their produce with the other main private processor, relatively much larger and established in the sister island in Gozo.

However, although all farmers in this sector are organised in these four POs, production and prices and hence the stability of this sector depend to a large extent on the demand, prices and conditions offered by the two main private processors.

Cereals Importation

Malta imports all its requirements of cereals and feedstuffs for the local livestock sector. The Milk Producers Cooperative (KPH) is the leading importer and from official statistics and market analysis, has a market share (by weight) of about 45% in this importation – crucial for the local livestock sector. The situation is more or less on the same level for imports of other feedstuffs.

Animal Compound Feeds

Imported feedstuffs and cereals are mostly manufactured by local feed mills into animal compound feeds. The milk producers cooperative (KPH) operates one of the two leading feed mills in Malta. According to official statistics and market analysis, the cooperative has a market share (by weight) of about 45% in the local animal compound feeds sector.

Beef

Local beef production is mostly composed of the bovine animals coming from milk production holdings, which belong to the members of the Milk Producers Cooperative (KPH). Bovine animals for slaughter are mostly sold to private middlemen. However, in this respect, the cooperative, through its subsidiary helps members to find a market to slaughter their bovine animals at the best price and conditions. The cooperative also intervenes and buys directly any surplus animals from its members when the private market is not functioning properly. In such case, the beef is sold to private beef processors.

Farm Inputs/Supplies

Most agricultural cooperatives in Malta apart from their main objective to find a market for their members' produce are also engaged in providing members with their farm inputs requirements.

In this respect in the dairy and pig sectors, cooperatives are exclusively the providers of artificial insemination and breeding services. In the pig sector, the cooperative is the exclusive importer of breeding stock.

Malta

Likewise, these two cooperatives enjoy with their members a large market share in farm supplies, consumables and equipment required on the farms in the pig and dairy sectors respectively. Moreover, various cooperatives/POs are also very active in supplying fertilisers, seeds, supplies and equipment to farmers in the crop and horticulture sector. There are no official statistics to establish the correct market share.

The market share information shows that cooperatives/POs still play a significant role in the primary products in the food chain. Apart from milk, cooperatives/POs have not yet entered concretely into the processing sector and the downstream chain of the food sector. This shows that ultimately the downstream private investors have the final control on the market, even more when imports of similar products are easily available. The share of member participation and commitment in the various agricultural sectors highlight the marked difference in Malta between the structure and role of cooperatives in the livestock sectors (pig and dairy) and those in the fruit and vegetables sectors. Farmers' cooperation and market share is also strong in the sale of local wine grapes and tomatoes for processing.

Producer Organisations in the food chain

Group A	**Producers' Organisations in Fruit & Vegetables**	**Reg. Year**	**Sector**
	Gozitano	2004	Fruit & Vegetable
	Ghaqda tal-Produtturi Gomriza	2005	Fruit & Vegetable
Group B	**Producers Group (PG) Fruit & Vegetables CMO**		
	Ta' Qali Producers Group	2005	Fruit & Vegetable
	Frott Artna Producers' Group	2009	Fruit & Vegetable
Group C	**Producers Organisations (POs) in Tomatoes**		
	Ghaqda Produtturi tat-Tadam Maltin	2005	Tomatoes for Processing
	Ghaqda Ghawdxija tal-Produtturi tat-Tadam	2005	Tomatoes for Processing
	Ghaqda Bdiewa Prdutturi tat-Tadam	2007	Tomatoes for Processing
	Koperattiva Produtturi tat-Tadam ta' Malta	2008	Tomatoes for Processing

Malta

Group D	Producer Organisations (POs) - Other		
	Mushroom Producers Organisation	2004	Mushroom
	Organizazzjoni Produtturi Laham tal-Fenek Malti	2007	Rabbit Meat
	Organizzazjoni Produtturi Gheneb ghall-Inbid	2008	Wine Grapes
	Ghaqda Produtturi tal-Patata	2010	Potatoes
	Ghaqda Produtturi tal-Fniek Lokali	2010	Rabbit
	Ghaqda Produtturi tat-Tigieg	2010	Poultry
	Malta Poultry Producers Organisation	2010	Poultry
	Malta Patata Producer Group	2010	Potatoes
	Gbejniet Producers Group	2010	Cheeselets
	Koperattiva ta' Min Irabbli l-Majjali	2010	Pig Meat
	Ghaqda Produtturi tal-Halib tan-Nghag	2010	Sheep Milk

Source: Agriculture Directorate, Malta

At the end of 2010 the agricultural sector in Malta comprised 18 cooperatives and 19 producer organisations. In Malta farmers have started to organise themselves in cooperatives since 1947. During the period 2000 – 2010, eight new cooperatives were registered while the POs were all registered during this period, particularly following Malta's accession to the European Union on 1 May 2004.

All the producer organisations are related to the food chain - fruit and vegetables (4), tomatoes for processing (4) and other agricultural produce – wine (1), potatoes (2), mushrooms (1), poultry (2), rabbit meat (2), pig meat (1), sheep milk (1), cheeslets (1).

Cooperatives are also active in various agricultural sectors in the food chain. The fruit and vegetables (10), tomatoes for processing (1) and one cooperative in each sector – dairy, pigs, broilers and wine. The cooperatives in the broiler and wine sector, respectively, are not effectively operational. Moreover, three agricultural cooperatives are not related to the food chain.

In Malta four cooperatives have also a producer organisation in the food chain.

19. THE NETHERLANDS

The Netherlands

19.1. GENERAL PROFILE

Year of EU entry: Founding member (1952)

Capital city: Amsterdam

Total area: 41 526 km²

Population: 16.4 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1985

Source: http://europa.eu/about-eu/countries/member-countries/netherlands/index_en.htm

Netherlands	2000	2010	Change (%)
Number of holdings	101 550	72 320	-28.8
Total UAA (ha)	2 027 800	1 872 350	-7.7
Livestock (LSU)	7 348 030	6 711 500	-8.7
Number of persons working on farms (Regular labour	275 730	211 630	-23.2
Average area per holding (ha)	20.0	25.9	29.7
UAA per inhabitant (ha/person)	0.13	0.11	-11.6

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_the_Netherlands

The Netherlands

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	23 893.5	6.3%
Crop output, of which:	2013	52.6%	6.0%
Vegetables and horticultural products	2013	35.1%	17.3%
Potatoes	2013	6.6%	13.1%
Fruits	2013	2.7%	2.5%
Animal output, of which:	2013	47.4%	6.7%
Milk	2013	20.9%	8.7%
Pigs	2013	12.5%	7.8%
Cattle	2013	7.2%	5.3%
Gross value added at basic prices (million EUR)	2013	9 093.3	5.8%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

19.2. MEMBER ORGANISATION

NATIONALE COOPERATIEVE RAAD VOOR LAND- EN TUINBOUW (N.C.R.)
NATIONAL COOPERATIVE COUNCIL FOR AGRICULTURE AND HORTICULTURE

Groenmarktstraat 37
NL - 3521 AV UTRECHT

Tel:+31 (0) 30 28 40 490

Fax:+31 (0) 30 284 04 99

E-mail:ncr@cooperatie.nl

Website:www.cooperatie.nl

President : Bernard OOSTEROM
Director General : Arjen Van NULAND

The Netherlands[1]

19.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

The Netherlands is a country with many large cooperatives. In the ICA Global 300 list of largest cooperatives worldwide, the Netherlands is represented with 20 cooperatives (Van Bekkum, 2008a). Taking the total turnover of these largest cooperatives, the Netherlands takes a fifth position, after France (1), Japan (2), USA (3) and Germany (4). Comparing the total turnover of these 20 cooperatives with the GDP of the mother country, the Netherlands is also fifth on the list, after Finland, New Zealand, Switzerland and Denmark (all with a smaller GDP than the Netherlands). Finally, combining both dimensions, i.e. share of Dutch cooperatives in ICA 300 total turnover and the ratio turnover of Dutch cooperatives in ICA 300 / GDP, makes the Netherlands the second most cooperative country, after France.

Cooperatives in the Netherlands can be found in all sectors of the economy. Next to well-known sectors with a large market share for cooperatives like agriculture and credit (e.g. Rabobank), cooperatives can be found in food wholesale and retail, insurances, manufacturing, housing and health care. Most of the growth in number of cooperatives can be found in professional services and in healthcare. In 2010-11 the Netherlands had about 2,640 active cooperatives (Coöperatie+, 2012).

In the agricultural sector the number of farmer cooperatives is influenced by two parallel developments. One development is the process of continuous consolidation through mergers among cooperatives. While most of the consolidation has taken place before 2000, this process continued in the 21st century. This has been the case in dairy, where the number of dairy cooperatives decreased from 6 in 2000 to 4 in 2009 (but increased to 5 in 2010). This trend is even more visible among supply cooperatives, where the number of feed cooperatives declined from 25 in 2000 to 13 in 2010.

A rapid decline in number of local cooperatives because of mergers, can also be seen in the Rabobank organisation. Rabobank is one of the largest financial companies in the Netherlands, and has its roots in rural credit. Still today Rabobank is the main provider of loans to farmers, but it has grown substantially in other financial services. For instance, it is the largest provider of mortgages in the Dutch housing market. The Rabobank organisation consists of local banks who jointly own Rabobank Netherlands, a federated cooperative. While in 2000 there were still almost 400 local Rabobanks, in 2014 the number had decreased to 123. Although most of the 75,000 farmers in The Netherlands are member of Rabobank, the total membership of this financial cooperative was 1.9 million at the end of 2014.

While the total number of cooperatives is declining, the number of cooperatives in the fruits and vegetables industry has increased. A large number of new cooperatives and producer organisations have been established in response to the restructuring of the auction cooperatives (in the mid-1990s) and the introduction of the 1996 EU regulation for a Common Market Organisation (CMO) for fruits and vegetables. Bijman and Hendrikse (2003) found that between 1995 and 2000 a total of 73 new POs in the Dutch fruit and vegetables industry have been established. These new POs, some taking the legal form cooperative and others the legal form association. POs registered under the EU regulation for CMO for fruit and vegetables all have the legal form cooperative.

---

[1] **Source:** Bijman, J., G. van der Sangen, K.J. Poppe and B. Doorneweert (2012). Support for Farmers' Cooperatives; Country Report The Netherlands. Wageningen: Wageningen UR and NCR (2014)

The Netherlands

Farmers have also set up new cooperatives and POs for marketing regional products, such as cooperative Oregional, which brings together farmers from both Germany and The Netherlands (Griffioen, 2011). Some of these organisations for promoting and marketing regional products have other legal forms, such as association or foundation, either because other stakeholders are involved next to farmers or because the organisation only functions as an interest organisation.

In addition, we find new cooperatives and POs for collective purchase of gas and electricity, particularly among greenhouse farmers.

An interesting development among farmer cooperatives that started in the 1990s is the rise of environmental cooperatives (also called nature conservation associations). These POs can have different legal forms, such as cooperative, association, or foundation. The main purpose of these POs is for the members to enter into a joint contract with local and regional public authorities to conserve nature on the land of the farmer members.

19.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

19.4.1. Main cooperative statistics

List of top 50 largest farmers' cooperatives (2010)

Rank	**Name of the Cooperative** (popular name)	**Sector/Activity**	**Turnover** (million €)	**Farmer-Members***
1	FrieslandCampina	Dairy	8 972	20000/14829
2	ForFarmers	Supply / Feed	4 162	6 300
3	FloraHolland	Ornamentals	4 130	4 949
4	Royal Cosun	Sugar	1 766	8 000
5	Coforta/The Greenery	Vegetables and Fruit	1 263	1 640/1 007
6	Agrifirm	Supply / Feed	1 983	15 000
7	Avebe	Potatoes	522	2 960
8	FresQ	Vegetables	480	76
9	DOC Kaas	Dairy	390	1 105
10	ZON fruit & vegetables	Vegetables and Fruit	334	372
11	CZAV	Supply	304	3 014
12	CNB	Flower bulbs	280	1 576
13	Agrico	Potatoes	233	980

The Netherlands

Rank	Name of the Cooperative (popular name)	Sector/Activity	Turnover (million €)	Farmer-Members*
14	FruitmastersGroup	Fruit	229	505
15	Rijnvallei	Supply / Feed	225	2 315
16	Horticoop	Supply / horticulture	201	2 074
17	CNC	Mushrooms/compost	201	198
18	Best of Four	Vegetables	200	150
19	Boerenbond Deurne	Supply / Feed	181	585
20	CONO Kaasmakers	Dairy	175	460
21	Versdirect.nl	Vegetables	152	76
22	CRV	Cattle Breeding	140	23 478
23	Coöperatie Funghi	Mushrooms	133	78
24	Delta Milk	Dairy	129	150
25	BGB	Vegetables	128	52
26	Vitelia	Supply / Feed	120	600
27	Plantion	Ornamentals	105	452
28	Pigture Group	Pig Breeding	92	2 160
29	Rouveen	Dairy	87	291
30	Isidorus Nederpeel	Supply / Feed	81	256
31	Arkervaart	Supply / Feed	74	1 074
32	De Valk Wekerom	Supply / Feed	68	577
33	Batavia**	Vegetables	:	:
34	Nedato	Potatoes	63	500
35	CSV COVAS	Sugar beet	58	1876
36	Komosa	Vegetables	60	50
37	Brameco-ZON	Supply / Feed	54	236
38	Agruniek	Supply / Feed	48	399
39	Fossa Eugenia**	Vegetables	:	:
40	Nautilus	Vegetables (organic)	38	50

The Netherlands

Rank	Name of the Cooperative (popular name)	Sector/Activity	Turnover (million €)	Farmer-Members*
41	CAV Wieringermeer /CAV Agrotheek	Supply	34	395
42	Veiling Zaltbommel	Fruit and Vegetables	34	219
43	CAV Den Ham	Supply / Feed	30	350
44	Fresh Produce Growers**	Vegetables	n.a.	n.a.
45	Sun Quality**	Vegetables	n.a.	n.a.
46	De Schakel**	Vegetables	n.a.	n.a.
47	CLV De Samenwerking	Supply / Feed	20	726
48	Zundert**	Fruit and Vegetables	n.a.	n.a.
49	Fruitveiling Zuid-Limburg	Fruit	14	190
50	CAVV Zuid-Oost-Salland	Supply / Feed	11	188

Sources: Annual Reports; Company websites; Press releases; professional media. In some cases (like flower or F&V auctions) the turnover is not the turnover that the cooperative as a juridical entity generates (by charging a fee for its services) but the turnover generated by the members' use of the services of the cooperative.

*: farmers/farms (some cooperatives have individual persons as members; often a farm is owned by two members (man and wife, or two brothers/sisters);

**: ranking on basis of an estimate of turnover; n.a. = not available.

Most of the cooperatives in the Netherlands are specialized, particularly on the marketing side. They have been called single purpose cooperatives (Bekkum et al., 1997) as they focus on the processing and/or marketing of one farm product or a small range of farm products, such as only dairy, only sugar, only potatoes, only vegetables, only fruits, only mushrooms, or only starch potatoes. On the input side we find more diversified cooperatives, providing farmers with seeds, fertilizers, agrochemicals, feed, and other inputs. Even the financial services are specialised, where Rabobank provides credit, and former mutual Achmea Agro, cooperative Univé, and mutual AgriVer provide insurances to farmers.

The number of agricultural cooperatives and POs per agricultural sector

Sector	Coops in Top 50	Other Coops and POs	Total
Marketing cooperatives			
Dairy	5	5	10
Cereals (and oilseeds)	2	3	5
Fruits and vegetables	17	>25	>42
Sugar	2	0	2

The Netherlands

Sector	Coops in Top 50	Other Coops and POs	Total
Potatoes (starch, seed and ware)	3	4	7
Mushrooms	3	0	3
Ornamentals	3	0	3
Wine	0	1	1
Goat milk	0	3	3
Regional specialties	0	>2	>2
Supply of inputs			
Supply (particularly feed)	16	1	17
Compost for mushrooms	1	1	1
Animal breeding	2	0	2
Others			
Employment	0	11	11
Machinery	0	6	6
Credit	0	1	1
Environmental Coops	0	±150	±150
Energy cooperatives	0	n.a.	n.a.
Ornamental growers' associations	0	n.a.	n.a.
Total	**54**	n.a.	n.a.

Source: Bijman, J., G. van der Sangen, K.J. Poppe and B. Doorneweert (2012). *Support for Farmers' Cooperatives; Country Report The Netherlands.* Wageningen: Wageningen UR ; total of 54 in column Top 50 is because the two cereal coops are also supply coops; the mushroom compost coop is also a mushroom processing coop; and Coforta/The Greenery is counted both in fruit/vegetables and in mushrooms; n.a. = not available.

List of top 5 largest farmers' cooperatives per sector

In this study we f ocus on eight sectors: dairy, pig meat, sheep meat, cereals, sugar, fruit and vegetables, olives and olive oil, and wine. In three out of these eight sectors, there are no cooperatives in the Netherlands. For olives and olive oil this is quite understandable, as there are no olives grown in the Netherlands. For wine, it is actually surprising that there is a cooperative. Wine growing is a young and still small economic activity in the Netherlands. Most of the 130 vineyards started as a hobby, and many continue to be so. However, the number of commercial winegrowers is steadily increasing.

Cooperatives are particularly strong in the sectors dairy, sugar, cereals (but this is not an important crop), fruits and vegetables. The following table provides the names of the top 5 largest cooperatives in each of these sectors. For three sectors there are less than 5 cooperatives left. In dairy there are exactly 5 cooperatives (and a few bargaining associations). While in fruits and vegetables there are multiple cooperatives, the top 6 represent 75 % of the total domestic production.

The Netherlands

Most important cooperatives in the sectors studied in this project (2010)

Sector	Rank	Name of Cooperative	Turnover 2010 (million euro)*
Cereals	1	Agrifirm	1983
	2	CZAV	304
Sugar	1	Cosun	1766
	2	CSV COVAS	58
Fruit and vegetables	1	Coforta/The Greenery	1263
	2	FresQ	480
	3	ZON	334
	4	Fruitmasters	229
	5	Versdirect.nl	152
Dairy	1	FrieslandCampina	8972
	2	DOC Kaas	390
	3	CONO	175
	4	DeltaMilk	129
	5	Rouveen	87
Mushrooms	1	CNC	201
	2	Funghi	133
Potatoes	1	Avebe	522
	2	Agrico	233
	3	Nedato	63
Wine	1	Coöperatief Verenigde Achter-hoekse Wijnbouwers	n.a.

* Total turnover of the cooperative; turnover in specific sector is unknown, unless the cooperative is fully specialized

The absence of cooperatives in the pig meat and sheep meat sectors is surprising. Pig meat is an important sector in Dutch agriculture. Also, the Netherlands has a long tradition of cooperative slaughter houses. However, this tradition is not a success story. Cooperatives have always had a hard time to survive in the very competitive and volatile pork market. During many decades, pig slaughtering was linked to feed supply, either within the same cooperative or through agreements between cooperative feed suppliers and cooperative slaughter houses. These so-called integration arrangements were meant to create efficient supply chains and build strong competitive positions. However, one of the key problems among cooperative slaughter houses was the free riding behaviour among their members. As pig production is located relatively close to Belgium and Germany, farmers could easily sell their pigs abroad when prices were slightly higher on the other side of the border, leaving the domestic cooperatives with idle capacity. Not only foreign processors, also domestic IOF slaughter houses often paid just a little more for the animals, giving farmers an incentive to deliver their pigs to the IOF instead of to their own cooperative.

The Netherlands

In the sheep meat sector, most lambs are transported abroad, to be slaughtered in France or Spain. This trade in live sheep is mainly done by small trading and transporting companies. As farmers have substantial freedom in choosing to sell today or next week, as sheep is a commodity, as it is not perishable when still alive, and as there are many traders interested in buying sheep, there does not seem to be a need for a cooperative.

19.5. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Cooperatives in the Netherlands have an international scope. They sell their products in many different countries or even on different continents. For instance, FrieslandCampina is earning more than 70% of its turnover outside of the Netherlands (Heyder et al., 2011). A substantial part of this turnover is not just sales from the Netherlands, but is generated by production units in other countries. While internationalisation through export and foreign direct investments is not surprising for food processing cooperatives, it is interesting to see that a substantial number of Dutch cooperatives also have members in other countries.

Many Dutch cooperatives have international operations. In most cases the foreign activities of the cooperatives are limited to marketing, trade and sales. These exporting cooperatives do not buy agricultural products from foreign farmers, or supply inputs to them. However, there is an increasing group of cooperatives that do business with farmers in other EU Member States. These cooperatives are called international cooperatives. They can be marketing cooperatives that buy from farmers in different countries, or they can be supply cooperatives that sell inputs to farmers in different countries. One particular group of international cooperatives is the so- called transnational cooperatives. These cooperatives do not just contract with farmers to buy their products or to sell them inputs, they actually have a membership relationship with those supplying or purchasing farmers. In sum, a transnational cooperative has members in more than one country, while an international cooperative has customers or suppliers in more than one country. Table 7 lists the Dutch cooperatives that had members in other EU Member States (in 2012). More recently we should add the regional marketing cooperative Oregional, which has members on both sides of the German-Dutch border, in the region around the city of Nijmegen.

Dutch agricultural cooperatives with foreign members (2012)

Name of Cooperative	Sector/Activity	Number of foreign members / total number of members	Home countries of foreign members
FrieslandCampina	Dairy	1,070/14,132 *	Germany, Belgium
DOC Kaas	Dairy	1/1,100 **	Germany
Royal Cosun	Sugar	140/9,524 ***	Belgium, Germany
Coforta/The Greenery	Vegetables and Fruit	13/700	Belgium, Germany, France, England, Italy, Spain
ZON fruit & vegetables	Vegetables and Fruit	17/365	Belgium, Italy, Germany

The Netherlands

FruitmastersGroep	Fruit	3/474	Belgium
Avebe	Potatoes	1,150/2,600	Germany
FromFarmers	Supply / Feed	531/6,304	Belgium, Germany, Denmark
Horticoop	Supply / horticulture	54/1,593	Germany, Belgium, Luxemburg, Canada
CNC	Mushrooms/compost	15/176	Germany, Belgium, France, Poland
CRV ****	Cattle Breeding	7,120/28,481	Belgium
FloraHolland	Ornamentals	585/4,672	Kenya, Ethiopia, Israel, Belgium, Denmark, Germany

* FrieslandCampina distinguishes member dairy farms and members. These numbers concern dairy farms.

** DOC Kaas has 100 German members which will be members in the future

*** Including foreign members of CSV COVAS.

**** Formally CRV has no foreign members; it is a joint venture between Dutch cooperative CR Delta and Flamish cooperative VRV.

Source: 'Nederlandse land en tuinbouwcoöperaties in Europees perspectief', Jos Bijman and NCR, 2013

The table below presents the foreign transnational cooperatives and the international cooperatives active in The Netherlands. These are cooperatives from other EU Member States that have come to The Netherlands to directly trade with farmers, either as members or as contractual suppliers. Interestingly, a rather large group of Dutch fruit and vegetable growers is (also) member of a Belgium cooperative. According to information in the professional press, more than 1000 Dutch growers are member of Belgium auction cooperatives and other producer organisations (AGD, 09/02/10). Reasons for Dutch growers to become member of Belgium coops/POs is the use the auction clock (abolished in the Netherlands), the lost membership cost and the better price they may get.

Name of the Cooperative	Mother country	Sector(s) involved in:
Transnationals		
Mechelse Veilingen; Veiling Hoogstraten; Brava	Belgium	Fruit & Vegetables
Internationals		
Arla	Denmark/Sweden	Dairy
Hochwald	Germany	Dairy
Limagrain	France	Supply (seeds)

The Netherlands

19.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

19.6.1. Legal framework for cooperative

The Dutch cooperatives have benefited from a flexible cooperative law. The cooperative law gives flexibility to the internal governance structure, to the financial structure as well as the type of activities the cooperative can take up. It also allows cooperatives to organise their activities in a holding structure.

19.6.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
None	None		Not required by law.	Not required by law

19.6.3. Cooperative governance

The traditional model of cooperative governance consisted of the following bodies. A general assembly of all members has the right to elect the board of directors, to approve (or disapprove) the financial accounts of the cooperative, and to decide on mergers and dissolution of the cooperative and on major investments. The board of directors (BoD) is chosen by and from the members of the cooperative. The BoD is the main governing body, taking all major decisions both about the association and firm. Almost all cooperatives have a professional manager for the running the cooperative firm. The manager is an employee of the cooperative firm and is appointed by the BoD. The third governing body in the traditional cooperative governance model is the Board of Supervisors (BoS). Although legally not compulsory for small cooperatives, in practice almost all cooperatives have some kind of supervisory body. The BoS also consists of members of the cooperative.

Many Dutch cooperatives do no longer apply the one-member-one-vote decision-making rule.

In the sugar and potato starch cooperatives, the votes are linked to the delivery rights. Even in a small organic cooperative like Nautilus the votes are related (with an upper limit) to sales- classes into which the members are divided.

For organizing the internal governance of the cooperatives, Dutch legislation is very flexible.

Capital as such in the Netherlands has always been relatively cheap, the sector being linked to the international capital market. The cooperative Rabobank has to be mentioned here too.

It integrated farmers in the capital market and its access to rural savings made it a big player in the mortgage market in the Netherlands as well as in financing international agribusiness.

19.6.4. Taxation

Through a specific tax facility in article 9 of the Corporate Income Tax 1969, the Netherlands legislator has tried to enhance the economic position of 'small' cooperatives, aiming at facilitating a reduction of taxable profits, earned as a result of the economic transactions between natural persons/ members and the cooperative.

This was meant as a financial inducement, though in practice it has had little effect.

With regard to the tax position of cooperatives and their members vis-à-vis IOFs, it is important to note that in the Netherlands a tax system is used to levy taxes from corporate identities separately from its members or shareholders.

In this respect, IOFs and cooperatives are corporate identities. In principal, cooperatives are treated for the purpose of taxation at the same footing as private companies limited by shares and are subject to the Corporate Tax Act 1969 (article 2). This implies that cooperatives have access to the same tax facilities as corporations like the facility of the fiscal unity (fiscale eenheid) between the cooperative and its subsidiaries, but cooperatives and their members in principle also suffer the same burden of taxation as corporations and its shareholders.

In order to take into account the hybrid character of the cooperative as an incomplete vertical integration between the economic units of its members and the cooperative, the Netherlands legislator introduced a specific tax deduction regime for cooperatives in article 9 of Corporate Income Tax Act 1969. This tax facility was introduced to benefit small cooperatives with natural person members. The profits of a cooperative are deemed to be split in an independent profit— connected with non-cooperative activities—and a partially deductibility regime profit (PDR profit).

19.7. POLICY CONCERNS

19.7.1. Training

At higher agricultural education, some attention is given to cooperatives and their role in the food chain. However, no compulsory courses exist. At the level of individual cooperatives, members participating in governing bodies often follow special training programs for cooperative leaders. However, these courses are fully paid by the cooperatives themselves. No public support is available.

19.7.2. Competitive position in the food chain

The traditional position of the farmer-owned cooperative in the food chain was very close to the producer and rather distant from the consumer. This has been changing significantly over the last two decades. Cooperatives have copied the market strategies of (international) IOFs in the food industry. Those IOFs have always had a stronger focus on developing and marketing branded products. Dutch cooperatives have substantially increased their effort in product innovation and marketing branded products since the 1980s. However, as cooperatives differ, also their strategies differ.

Besides a strategy of keeping costs as low as possible, marketing cooperatives have developed two other strategies to increase member income. The first strategy was to diversify into different products on the basis of the same commodity. Dairy cooperatives, the starch potato cooperative, the sugar cooperative, they all tried to develop new consumer and industrial products based on the ingredients of the commodity supplied by their members (milk, starch potato, sugar beet).

The second strategy, particularly followed by cooperatives producing final consumer goods, was to develop own brands. The main objective of this branding strategy was to strengthen the competitive position of the cooperative, both horizontally towards other food companies and vertically towards large food retailers (supermarkets).

Cooperatives perform well in many sectors. Activities of cooperatives that are not directly related to the members' product have to fit in the marketing strategy of the cooperative and have to generate a profit. The latter is then used for strengthening the surplus of the cooperatives, and could be paid out to the members or is retained for investments. Operating at the most efficient scale of production often makes the cooperatives strong competitors for IOFs which have to make a return on capital that is in line with the stock market expectations. Financing market-oriented strategies has not been a serious problem for most cooperatives.

In some sectors of agriculture, cooperatives have traditionally been less active. The Netherlands has no tradition of cooperatives active in processing open air vegetables. Some attempts have been taken in the past, for instance by former top-cooperative Cebeco, but most have not survived the tough competition from either IOFs with strong consumer brands or from foreign (low cost) competitors. Large scale open air vegetable growing is mostly governed by strict contracts with detailed instructions and requirements provided by the processing industry. Tight coordination between production, harvesting and processing is needed for efficient planning of the processing facilities, and for maintaining high quality. Direct contracting between producers and IOF processors does not mean that producers have not been organised. Often contract negotiations have been done by bargaining associations. A number of these bargaining associations have transformed over the last ten years into producer associations or cooperatives, to be eligible for EU financial support under the GMO regulation for fruits and vegetables.

Cooperatives have not been successful in the pork, beef and veal industries. These industries have traditionally been characterized by low technology (thus relatively low investment costs) and tough competition. As animals can easily be traded, domestically and across national borders, farmers always looked for the best price and often chose another buyer even when they were member of a slaughtering cooperative. This “trading” mentality does not combine well with basic philosophy of a cooperative.

19.7.3. Market share of farmers' cooperatives in the food chain

The market of farmers' cooperatives in the food chain has increased over the last ten years. Although exact figures are hard to get, it can safely be stated that cooperatives as a group have expanded their market share compared to IOFs. In this section we discuss the developments of the market shares of cooperatives in the following sectors: dairy, sugar, fruit and vegetables, pork, cereals, potatoes and mushrooms. There are no cooperatives in sheep meat or olives (not grown in the Netherlands).

The Netherlands

Agricultural cooperatives in The Netherlands, per sector

	Agricultural Cooperatives (N°)		Market Share (%)		Farmer (only in NL)	Members
	2000	**2010**	**2000**	**2010**	**2000**	**2010**
Sugar	3	2	63	100	13700	9 940
Cereals	3	3	n.a.	>55	:	:
Dairy (milk processing)	5	5	83	86	21600	15 200
Pig meat	3	0	34	0	10000	0
Wine	0	1	0	:	0	12
Fruit & Vegetables	15	19	71	95	9000	4 500
Potato starch	1	1	100	100	4800	1 600
Seed and Ware Potatoes	7	6	:	:	3900	1 500
Mushrooms	2	3	>50	>80	470	200
Flowers	6	3	95	95	9400	5 300
Pig breeding	1	1	:	85	:	2 300
Cattle breeding	1	1	90	80-90	34750	18 000
Farm inputs	25	15	:	:	50000	35 000
Of which animal feed	20	13	53	55	:	28 000

Source: 2000 data[2]: NCR (Cooperatie No. 568), but adjusted by authors for number of sugar, potato, mushroom, and fruit and vegetables cooperatives; 2010: authors' estimates (: = not available);

[2] Source for 2000 data: Commission of the European Communities (2001), Report from the Commission to the Council on the state of implementation of Regulation (EC) No 2200/96 on the Common Market Organisation (CMO) in fruit and vegetables. Brussels. COM(2001) 36 final. Including: Cooperatieve Groentenveiling Katwijk.

In the dairy industry, which is one of the most important sectors of Dutch agriculture, cooperatives continue to be the dominant actors. The share of the five cooperative milk processors is around 80%, with FrieslandCampina accounting for more than 70% of all milk deliveries. In addition to the cooperative milk processors (or cooperative dairies), there is also a cheese marketing cooperative. This cooperative, named De Producent, has existed since 1915 and is storing and selling cheese on behalf of 45 farmers that make their own cheese. A recent development among dairy cooperatives in the Netherlands is the establishment of bargaining associations, such as Eko-Holland (2003) for organic milk, and the regional associations DeltaMilk (2003), Flevomelk (2004), Noorderlandmelk (2007) and Coöperatie Hermes (2010). These associations mostly sell to IOF dairy companies but may also sell to cooperative dairies if the latter have demand that cannot be filled by their own members. DeltaMilk has become a milk processing cooperative in 2009, by acquiring a cheese factory that FrieslandCampina had to divest in order to get EU approval for their merger.

The Netherlands

In sugar sector there used to be two companies processing sugar beets into sugar and sugar products: CSM, a stock market listed IOF, and Cosun, the sugar beet growers' cooperative. After earlier (even hostile) merger and acquisition processes in the 1970s, Cosun acquired all of the sugar business of CSM in 2007. The former suppliers of CSM became members of Cosun (under the requirement of paying an entry fee). The main reason for CSM, an international food industry concern, to withdraw from the sugar industry was the lack of growth potential in the sugar industry. Besides Cosun there is one other sugar cooperative in the Netherlands: CSV COVAS . This cooperative (a 2009 merger of the cooperatives CSV and COVAS) has no processing capacity but is a service provider to 2000 growers of sugar beets (on 12.000 ha) in the south east of the country. These services include bargaining on the delivery conditions to Cosun. In addition, CSV COVAS is collecting and selling potatoes (to Cosun subsidiary Aviko), malting barley, ginseng and chicory (the latter product is also processed by Cosun).

In fruit and vegetables, the majority of products is sold through cooperative marketing organisations. All of the major fruit and vegetables cooperatives are registered producer organisations under the EU/CMO regulation. In 2000 there were 14 formally registered POs, accounting for about 70% of all fruits and vegetables sold in The Netherlands. Together these 14 cooperatives received 30 million euro subsidies from Brussels (Bijman, 2002). In 2009 there were 21 officially registered POs in the Dutch fruit and vegetables industry, while this number reduced to 19 in 2010 [3]. The total value of products marketed by these POs was 2.345 billion euro. This represent approximately 95% of the production value of all fruits and vegetables produced in the Netherlands [4]. Together these 21 POs received about 100 million euro subsidies under the CMO regulations for Fruits and Vegetables (Productschap Tuinbouw website).

In the pork sector there is no longer a farmer-owned cooperative. In 2000 there still was one cooperative slaughterhouse (Dumeco). This slaughterhouse was actually owned by three cooperatives: Dumeco, Cebeco and Cehave [5]. Dumeco was acquired by Sobel in 2003. The new company was named Best Agrifund, and later became what is now known as VION Food Group, the largest pork slaughtering company in Europe. VION is fully owned by the Dutch farmers'organisation Zuidelijke Land- en Tuinbouworganisatie (ZLTO). ZLTO is an association of 18,000 farmers in the south of the Netherlands. It is an lobbying and service providing organisation for many different farmers (among which hog producers are a minority), but it also has a number of commercial activities. It is the 100% shareholder of VION. Although most hog suppliers to VION are member of ZLTO, they have no direct influence on the strategy and the policies of VION. Although VION is farmer-owned, it does not operate like a cooperative.

In marketing cereals, cooperatives have a market share of more than 55 per cent. Two large cooperatives – Agrifirm and CZAV – take care of most of this 55%. In addition, two other feed cooperative also purchase much smaller quantities of cereals from their arable crop members, Rijnvallei and ForFarmers.

---

[3] In 2010 three POs (Unistar-Brassica, Tradition and Westveg) merged into a new PO, "Best of Four". The number of 19 registered POs in 2010 includes Cooperatieve Verzendhandel, although this cooperative was announcing, in August 2010, its termination (AGD, 06/08/10)

[4] Calculated by using Eurostat data (Agricultural Goods Output) and European Commission data on POs in the fruits and vegetables.

[5] Formally, Dumeco was a limited liability company (BV). It was established in 1995, by merging the slaughtering activities of cooperatives Coveco and Encebe and the family-owned company Gupa. In 2001, the shareholders of Dumeco B.V. were Coöperatie Cehave Landbouwbelang U.A. (35%), ZLTO (19%), Coöperatie Koninklijke Cebeco Groep U.A. (22%) and Coöperatie Dumeco U.A. (24%).

The Netherlands

Most of the cereals produced in the Netherlands are used for animal feed. Thus, the same cooperative that sells grains on behalf of the arable crop farmers uses the grains in the production of feed for its livestock farmers. The fifth cooperative in selling grains is a small regional cooperative for barley: Triligran. The barley produced by the members of Triligran is used by a regional brewer [6]. A sixth cooperative is becoming involved in cereals marketing. The cooperative Carnola has been set up, in 2005, by arable farmers to collectively sell oilseed rape to the biodiesel industry [7]. In 2011 the cooperative also established a marketing pool for grains, for farmers in the North of Limburg. It is expected that some 3000 tons of wheat and barley will be sold by the cooperative.

In the potato sector, which is rather important for the Netherlands, there are still seven cooperatives. Within the potato industry one should make a distinction between seed potatoes, starch potatoes, and ware potatoes (either for processing into French fries and other products, or for so called table / fresh potatoes). For seed potatoes there are two specialized cooperatives: a large one named Agrico, and a very small one, named ZAP. For starch potatoes there is only one cooperative, Avebe. Starch from starch potatoes is partly used in food products, partly in non-food products. For ware potatoes there are basically two marketing channels: one is fresh potatoes, and the other is processed potato products (mainly French fries). In the market for fresh potatoes, several cooperatives are active: Nedato, Agrico, CSV COVAS (via its subsidiary AZN), and Veiling St. Annaland. Processing of potatoes into French fries and many other potato products is done by four large companies, all with international activities: McCain, FarmFrites, LambWestonMeijer, and Aviko. The latter is a subsidiary of sugar cooperative Cosun.

For mushrooms there are three cooperatives. One cooperative – CNC – is both supplying compost to mushroom growers and processing the mushrooms into different products. All of the Dutch mushroom producers are member of CNC, because of the compost supply. A subset of the members of CNC is supplying mushrooms to the processing subsidiaries of CNC. Cooperative Funghi is specialized in selling fresh mushrooms. Funghi is also a registered PO under the EU/CMO regulation for fruits and vegetables. Finally, fruit and vegetables cooperative Coforta/The Greenery is also marketing mushrooms. In fresh mushrooms, Funghi and Coforta/The Greenery have about 80% of the market. In processed mushrooms there are a number of IOFs next to CNC.

Although not part of the food chain, the marketing of ornamentals (cut flowers, potted plants and flower bulbs) is very important for Dutch agriculture. With a production value of 6.3 billion euro, ornamentals are the largest agricultural sector in the Netherlands. By far the largest share of this value is generated at one flower auction, FloraHolland, with a turnover of more than 4.1 billion. The market share of cooperatives in selling cut flowers has not changed and is still around 95 per cent. For potted plants, trees and other ornamentals there are no reliable figure, but the market share of cooperatives is probably much smaller, as there is much more individual contracting between growers on one side and traders, wholesalers or retailers on the other side.

---

[6] This cooperatives produces, exclusively, for Gulpener brewery the following crops: barley under environmental certificate, organic barley, wheat, spelt and rye. The 40 members of Triligran all live in Mid and South Limburg, together they produce about 2500 tons of barley for the brewery, on about 475 hectare (CSV COVAS Jaarverslag 2009-2010, p. 24)

[7] Aviko used to be a subsidiary of Cebeco (70%) and Cosun (30%). Cosun became full owner in 2002. Cosun does not present itself as a sugar beet and potato cooperative. Aviko has always been managed as an IOF, and it continues to do so, although it is owned by a cooperative. Potato producers do not have control over the strategy of the company.

The Netherlands

19.7.4. Sectors Analysis

Cereals

Most of the grains are sold through marketing pools, organised by the grain cooperatives Agrifirm and CZAV or by non-cooperative traders.

Until the 2010 merger between Agrifirm and Cehave Landbouwbelang, there were several cooperatives collecting grains: Agrifirm, Agerland (daughter of Cehave Landbouwbelang), and CZAV. Until 2007 farmers in the North of the Netherlands could also sell their grains to Agrarische Unie. By the January 1, 2007, Agrarische Unie was acquired by Agerland. Blonk, a non-cooperative trading firm, is one of the few alternative buyers of Dutch grains.

Sugar

In the last decade the Dutch sector was stable and had two main companies, cooperative Cosun and IOF CSM. Both companies were continuously trying to improve their efficiency. While in 2000 there were still 5 sugar refineries, in 2010 there were only two left. In 2006, Cosun acquired the sugar production facilities from CSM.

Fruit and vegetables

An interesting international collaboration is the European Fruit Cooperation (EFC), which was founded in 2002, as a joint venture between three cooperatives: FruitmastersGroep from the Netherlands, Veiling Haspengouw from Belgium, WOG (Württembergische Obstgenossenschaft) Raiffeissen e.G. from the south of Germany. EFC is a cooperative society with limited liability, established under Belgium law. The principal objectives of EFC are the implementation of the operational programme about the existing legislation with regard to the Common Market Organisation in fruit and vegetables, the acquisition and the introduction of new varieties of fruit through a chain-strategy, the exchange of commercial information between the three partners and the worldwide organisation of the cultivation of trees and starting material for the new varieties. In 2005, EFC acquired the worldwide licensing rights for two apples varieties, namely Nicoter cov and Nicogreen cov, which are being marketed under the brand names Kanzi and Greenstar.

Wine

There is at least one cooperative of winegrowers. This cooperative has invested in joint facilities for making winemaking and in hiring foreign winemakers for managing the vinification process. Other winegrowers collaborate in associations and foundations, mainly for exchanging information and knowledge.

Dairy

A major event in the past decade in the Dutch dairy sector has been the 2009 merger between Friesland Foods and Campina. Those two cooperatives were already the two largest dairy companies of The Netherlands, with joint market share of between 70 and 80% of the Dutch milk market (in volume milk deliveries). The merger had to be approved by the EU Competition authorities. As part of the approval, FrieslandCampina had to divest two factories and several brands. This opened the door for a foreign dairy cooperative to enter the Dutch dairy industry. Thus, the entry of Arla Foods into the Dutch dairy industry implied serious competition for FrieslandCampina in the daily fresh milk segment. Arla purchases its milk partly from FrieslandCampina (which is legally obliged to supply milk until 2017). For organic milk, Arla purchases milk from Cooperatie Eko Holland.

The Netherlands

Besides the factory in Nijkerk, which was producing daily fresh milk and dairy products, FrieslandCampina also had to divest its cheese factory “De Graafstroom” in Bleskensgraaf. This opened an opportunity for the cooperative bargaining association DeltaMilk to enter into milk processing. In 2009 the cooperative took over the factory, and became the fifth dairy producing cooperative in the Netherlands.

In 2005 the first foreign cooperative became active in the Dutch dairy sector, when German cooperative Hochwald took over the Bolsward factory of Nestle.

The other cooperatives in the top 5 are not only much smaller, they are also very specialized in one dairy product, mainly cheese.

Sheep meat

The professional sheep sector in the Netherlands is not very large or important.

Interestingly for a very long time there has been a cooperative that marketed the wool from sheep farmers and supplied specialized inputs for sheep farming, de Wolfederatie (the Wool- federation). This cooperative had its own retail outlets. It existed in 2000, but was restructured in 2009 through a management buy out in a company owned by four former staff members.

Pig meat

The Dutch pig sector is characterised by an intensive farming system. Over the last years sector output has remained stable. At the same time the number of farms producing pigs has declined.

The Netherlands legislation provides for the cooperative as a flexible business form. It is easy to set-up and easy to maintain in time and money. At the same time, the business organisational rules on the cooperative—which are directly linked to the Dutch rules for the legal form association—provide enough flexibility to tailor the internal governance to the needs of the incorporators/members. The SCE Statute has not been used by the Netherlands government to promote the use of the SCE or the cooperative.

20. AUSTRIA

Austria

20.1. GENERAL PROFILE

Year of EU entry: 1995

Capital city: Vienna

Total area: 83 870 km²

Population: 8.3 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1995

Source: http://europa.eu/about-eu/countries/member-countries/austria/index_en.htm

Austria	2000	2010	Change (%)
Number of holdings	199 470	150 170	-24.7
Total UAA (ha)	3 388 230	2 878 170	-15.1
Livestock (LSU)	2 673 930	2 517 170	-5.9
Number of persons working on farms (Regular labour Force)	525 950	346 260	-34.2
Average area per holding (ha)	17.0	19.2	12.8
UAA per Inhabitant (ha/person)	0.42	0.34	-18.8

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Austria

Austria

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	6 359.4	1.7%
Crop output, of which:	2013	46.1%	1.4%
Vegetables and horticultural products	2013	9.0%	1.2%
Forage plants	2013	8.1%	1.9%
Wine	2013	7.9%	3.0%
Animal output, of which:	2013	53.9%	2.0%
Milk	2013	18.7%	2.1%
Cattle	2013	13.6%	2.7%
Pigs	2013	13.5%	2.2%
Gross value added at basic prices (million EUR)	2013	2 757.6	1.7%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

20.2. MEMBER ORGANISATION

ÖSTERREICHISCHER RAIFFEISENVERBAND (ÖRV)
AUSTRIAN RAIFFEISEN ASSOCIATION

Friedrich-Wilhelm-Raiffeisenplatz 1
Postfach 300
AT - 1020 WIEN

Tel:+43 1 211.36.25.50
Fax:+43 1 211.36.25.59
E-mail: andreas.pangl@oerv.raiffeisen.at

Website:www.raiffeisenverband.at

President : Walter ROTHENSTEINER
Secretary General : Andreas PANGL
European affairs : Johann KÖLTRINGER

N.N.
Rue du Commerce, 20/22
BE-1000 BRUXELLES

Tel:+32 (0)2 549.06.78
Fax:+32 (0)2 502.64.07
E-mail:raiffbxl@raiffeisenbrussels.be;

20.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

The Austrian agrifood sector is charecterised by a high level of competition, internationalisation, highly interconnected with international trade.

Demand trends

In Austria there is a high level of nutritional awareness, sustainability and environmental matters in food production as well as in the production of renewable energy, e.g. GMO free, high-value food, "higher standards" than the EU rules, high share of organics, regional produce.

Agri-food trends

A battle between brands names and distributors private labels is ongoing.
There is a highly concentrated food retail sector (3 chains have 85% of the market share between them).
The Austrian competition authorities have a very strict approach with food producers and in the food sector.
The turnover of Austrian food producers stands at around 13 billion euros, in addition to cooperative business enterprises, there are branches comprised of multi-national food producers who frequently sell imported products; at the same time, in Austria, there are also food producers which are privately owned.

20.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

20.4.1. Main cooperative statistics

National cooperative organisation: The Austrian Raiffeisen Association includes cooperatives from the financial services sector, which are organised on the basis of Raiffeisen system, as well as agricultural cooperatives and cooperative structures involved in food production and processing.

TOP agri-cooperatives in 2013

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	No. of employees ('000)
1	Agrana	Sugar, Starch, Fruit	3.000	7.5	8.7
2	RWA	Supplies	2.100	114	13
3	Berglandmilch	Dairy	0.900	13.5	1.6
4	NÖM	Dairy	0.340	3.5	0.5
5	Gmundner Molkerei	Dairy	0.200	2.8	0.33

Austria

TOP 5 Dairy cooperatives in 2013

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of Farmer members (multiple memberships) ('000)	No. of employees ('000)
1	Berglandmilch	Milk	900	13.5	1.6
2	NÖM AG	Milk	340	3.5	0.47
3	Gmundner Molkerei	Milk	201	2.8	0.33
4	Salzburg Milch	Milk	172	2.7	0.29
5	Kärntnermilch	Milk	98	1.4	0.17

20.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

20.5.1. Legal framework for cooperative

Legal framework: Commercial Code (Unternehmensgesetzbuch (UGB)), Law on Cooperatives (Genossenschaftsgesetz (GenG)), Cooperative Auditing Law (Genossenschaftsrevisionsgesetz (GenRevG).

Essentially, the minimum standards to found a cooperative are laid down in §3 of the Law on Cooperatives (GenG) - (company name, statutes, registering in the commercial register).

There is no expressed provision on the minimum number of members included in the Law on Cooperatives. The prevailing opinion/ judicature is that a minimum of 2 members is sufficient.

There are no provisions on minimum capital.

Protection of creditors is ensured on the one hand by the requisite profitability prognosis (§ 25 GenRevG) in the audit pledge, as well as through the cooperative obligation to make an additional capital contribution, and through the relevant provisions of the statutes.

Before the mandatory inclusion of the cooperative agreement in the commercial register, a requirement to found the cooperative that must be fulfilled is to assure that the cooperative is accepted in an auditing association.

20.5.2. Cooperative governance

According to § 5 point 9 in conjunction with § 27 of the Law on Cooperatives, the voting rights fall solely under the jurisdiction of the statutes. However, each member must have at least one vote. If there is no provision in the statutes, the “one person one vote” rule applies.

Once a specific size is reached, a supervisory board becomes mandatory and thus a dual system becomes mandatory. In cooperatives that have fewer than 40 permanent employees, the statutes can stipulate that there must be a supervisory board.

According to current thinking, the acceptance of a silent partner into the cooperative is considered to be permissible.

Advisory boards are regulated under § 24 GenG. Advisory boards are mandatory for cooperatives with more than 40 permanent employees. They must comprise at least 3 members, who are elected from the cooperative ranks.

Acceptance into an auditing association is required (mandatory).

20.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil Law - Commercial Law	Min. No. of farmer members - Members	Min capital (€)
Commercial Code (Unternehmensgesetzbuch (UGB)	None	§3 of the Law on Cooperatives (GenG) - (company name, statutes, registering in the commercial register).	Not required by law.	Not required by law
Law on Cooperatives (Genossenschaftsgesetz (GenG)				
Cooperative Auditing Law (Genossenschaftsrevisionsgesetz (GenRevG).				

20.6. POLICY CONCERNS

20.6.1. Cooperative Entrepreneurship

There are not cases of Austrian cooperatives being insolvent, there are some mergers.

A new areas of business for Austrian Cooperatives is Energy: a field of activity for some individual co-operatives, continuous development and adaptation regarding the market activity of cooperatives.

20.6.2. Main activities

- Accepting and processing of agricultural produce
- Providing working capital and services for the agricultural sector
- Further processing of foodstuffs
- Renewable energies
- Provision of services

Austria

20.6.3. Training

There is a mandatory initial training and further training programme for cooperative officials, with different requirements depending on your role. This programme is run by cooperative training institutes, sometimes with the help of external speakers. In addition, those mandated to attend the cooperative programme also take part in further training events. At the moment, in Austria there is no need for an additional set of international training schemes.

20.6.4. Investments of cooperatives in new activities

Cooperatives are sometimes the main participants initiators of new activities, such as information, communication, research and innovation, project support (generic promotion, CSR), economic, social, cultural, environmental, food safety, rural development.

20.6.5. International activities (expansion to foreign countries)

At the moment, there are not major expansions at international level.

20.6.6. Impact of the CAP reform on cooperatives

In Austria in many areas there is a high level of organisation among cooperatives; producer organisations, which have been initiated through support and which the new CAP has been the driving force behind, often do not seem to be sustainable.

Additionally there is a risk of fragmentation caused by such structures. Producer organisations should therefore only be supported if this leads to an improvement in the structure of the market.

20.6.7. Main policy objectives at EU level

The main objective of COGECA should be to ensure that cooperatives can carry out their tasks even more effectively and that their members – the farmers – are provided with support to be involved in the international open markets, and, finally, that farmers benefit from cooperatives. Therefore, support measures to improve cooperatives structures should be granted. In any case, cooperatives should not be excluded from these kinds of support.

21. POLAND

Poland

21.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Warsaw

Total area: 312 679 km²

Population: 38.1 million

Currency: Zloty (zł)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/poland/index_en.htm

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	21 864.0	5.8%
Crop output, of which:	2013	49.8%	5.2%
Vegetables and horticultural products	2013	10.2%	4.6%
Wheat and spelt	2013	7.7%	6.6%
Fruits	2013	5.7%	4.8%
Animal output, of which:	2013	50.2%	6.5%
Milk	2013	18.7%	7.1%
Pigs	2013	11.4%	6.5%
Poultry	2013	11.0%	11.3%
Gross value added at basic prices (million EUR)	2013	8 806.9	5.6%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

Poland[1]

21.2. MEMBER ORGANISATION

KRAJOWY ZWIĄZEK ROLNIKÓW, KÓLEK I ORGANIZACJI ROLNICZYCH (KZRKIOR)
NATIONAL UNION OF FARMERS'CIRCLES AND AGRICULTURAL ORGANISATIONS

ul. Solec 18/20
PL - 00-410 Warszawa

Tel:+48 22 827 3001
Fax:+48 22 827 3001
E-mail:europa@kolkarolnicze.eu

biuro@kolkarolnicze.eu

Website:www.kolkarolnicze.pl

Magdalena NOWICKA
+48 22 827 30 01
+48 22 827 75 55
+48 662 404 713
biuro@kolkarolnicze.eu

bruksela@kolkarolnicze.pl

magdalena.ryzlak@kolkarolnicze.pl

President : Władysław SERAFIN
Director General : Jan GRYGIEŃĆ

21.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS[1]

21.3.1. Developments in agricultural cooperatives

Different types of cooperatives in Poland

	1989	2000	2007	2009
Agro- (rural) cooperatives	8133	4741	3840	2941
Samopomoc Chłopska	1912	1648	1385	1311
Dairy	323	238	188	165
Garden and bee- keepers	140	128	106	87
Agricultural production type	2089	1024	840	760
Farmer's circles	2006	1063	731	618

Source: National Cooperative Council database

[1] Source: Matczak, P. (2012). Support for Farmersâ€™ Cooperatives; Country Report Poland. Wageningen: Wageningen UR.

Poland

At the end of 1980s, in agriculture, the position of cooperatives in Poland was similar to that in Western European countries (although the context was different). Cooperatives purchased around 60% of agriculture production. After 1990 there was a significant decrease and currently only in the dairy sector it has remained about 70%. In other sectors it has fallen below 10% of the market.

Since the weak position of producers in the food chain became a growing problem, the establishment of Producer Organisations (POs) was enhanced as solution from 2000 onwards. POs can have the form of a cooperative (indeed almost 30% have), but the very name was avoided taking into account the bad image of cooperatives.

In Poland, there are the following different main types of cooperatives:

Community based cooperatives "Peasant Mutual Aid" (Samopomoc Chłopska). They were established just after the end of the Second World War. Their scope of operations was basically restricted to one community (gmina), although after some time they could operate at a larger scale covering several communities. These cooperatives supplied people living in a community with goods and services, breeding materials, goods collecting services, etc. They basically deliver most services necessary for a community. After the transition, their role became less important although they have still a huge potential in Poland.

Dairy cooperatives. They have a long-standing tradition. After the Second World War, they were nationalised in 1948. However, after Stalin's death in 1953 the regime partially retreated the most violent enforcements. Also the nationalised cooperatives were allowed to change back into cooperatives and regained some independence. In the 1980s, milk production and consumption in Poland was very high. Milk consumption was subsidized. Milk production was extremely dispersed, based on small producers keeping only few cows. After 1990, the sector changed its shape. Introducing high quality standards for producers led to a radical decrease of producers while the average size of the remaining producers increased. Cooperatives restructured their operations significantly, and currently, cooperatives in the sector constitute 70% of the market which is the biggest success among cooperatives in Poland.

Horticultural and beekeeping cooperatives. Currently, there are 90 cooperatives in the sector and their role is marginal. They only supply fruits and vegetables for local markets without processing. Recently there is tendency to transform them into producer organisations.

Agricultural production cooperatives (RSP - Rolnicze Spółdzielnie Produkcyjne). Agricultural production cooperatives were established after the Second World War. They managed common land. Currently there are about 800 of them with 40 000 members. The average size of the farms is 350 hectares employing, on average, 60 people. Most of these cooperatives are situated in the South West and the Northern regions of Poland. Their business is mainly animal husbandry: pig (about 400 000) and cattle (about 60 000). A total of 70% of the cooperatives, that are active in plants growing, produce cereals and 30% of them industrial oil seeds. Some of these cooperatives have multiple activities (services, secondary production, etc). Some of them are specialized, but many are multifunctional, including, processing and services (agricultural and also financial, book keeping, computers).

Farmer circles' cooperatives (SKR – Spoldzielnie Kolek Rolniczych). They are based on farmers' circles, which had a long tradition of self aid. In 1988, there were almost two thousand of them. After 1990, their number and role suddenly decreased. Their role was basically to provide agricultural machinery services and supply of production means. They still supply about 22-25% of agricultural services. They are also present in trade and production.

Poland

Producer groups cooperatives. Producer groups, is a new form of organisation of agricultural producers. In 2000, the law on producer groups was passed. Initially few producers groups were established, but after 2004 (the accession to EU) their number is growing. They can operate under different business types: cooperatives, limited liability companies, associations and unions. Currently, about 30% of the about nine hundred existing producer groups are of the cooperative type.

Most of the cooperatives in Poland are local and regional ones – members are located within a municipality or county. There are no cooperatives at a national level, and no transnational ones in Poland. There are cooperatives trading with farmers from other countries.

There are cooperatives of wider geographical scope, as one specialised in organic food. Members of this cooperative are geographically dispersed within more than a hundred kilometres.

21.3.2. Main cooperative statistics

TOP* agri-cooperatives in 2013 (Measured by turnover)

The dominance of the dairy sector in the list is a consequence of the fact that it is the only integrated cooperative sector in Poland. Among the 50 biggest cooperatives, there are only few from other sectors. It may be the evidence for the specific development of cooperatives in Poland.

List of top 5 largest farmers' cooperatives per sector

The lists of the top five largest farmers' cooperatives presented below are based on various data sources.

Most important cooperatives in the sectors

Sector	Rank	**Name of Cooperative**
Cereals	1	Agrofirma Witkowo (Cooperative)
	2	Karolew z o.o. (Producer Group)
	3	Adorol (Coopeartive)
	4	RSP[1] Wydrowice (Cooperative)
	5	RSP Jedność (Cooperative)
Sugar	1	RSP Zwycięstwo Rudno (Cooperative)
	2	RSP Dzierzkowice (Cooperative)
	3	RSP "Rostkowice" (Cooperative)
	4	RSP "Niechanowo" (Cooperative)
	5	"Zalesie" (cooperative)

[1] RSP: (*Rolnicza Spółdzielnia Produkcyjna) /* agricultural production cooperative

Poland

Sector	Rank	Name of Cooperative
Fruit and vegetables	1	"Mularski" Sp. z o.o.
	2	Agrofirma Szczekociny (Cooperative)
	3	Hajduk Sp.z.o.o. Producer Group
	4	"Agrochamp" Sp. z o.o. Producer Group
	5	Grzybek Łosicki (Cooperative)
Dairy	1	Mlekpol (Cooperative)
	2	Mlekowita (Cooperative)
	3	Łowicz (Cooperative)
	4	Piątnica (Cooperative)
	5	Spomlek (Cooperative)
Sheep meat	1	Gazdowie (cooperative, producer group)
	2	Ovis (cooperative, producer group)
Pig meat	1	Agrofirma Witkowo (Cooperative)
	2	Sorol Tucz sp. z o.o. (Limited Liability Company)
	3	RSP Bądkowo (Agricultural Production Cooperative)
	4	RSP Rzecko (Agricultural Production Cooperative)
	5	Stowarzyszenie Producentów Rolnych ,, Zagroda" (Agricultural PO)

Source: Matczak, P. (2012). Support for Farmersâ€™ Cooperatives; Country Report Poland. Wageningen: Wageningen UR.

21.4. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Many cooperatives are active internationally. In most cases the foreign activities of cooperatives are limited to marketing, trade and sales. Usually they buy agricultural products from farmers or supply inputs to them. However, there is a growing group of cooperatives that do business with farmers in other EU Member States. These cooperatives are called international cooperatives.

Foreign cooperatives in Poland

Name of the Cooperative	Mother country	Sector(s) involved in:
Internationals		
DLG	Denmark	It owns a LLC company producing premixes, concentrates and complete feed.
Danish Crown HKScan	Denmark Finland	Meat processing. They own share of the Sokolow SA – a large meat processing company.
TiCan	Denmark	Meat processing. It is the owner of ZM Nove – a meat processing company.

Source: Matczak, P. (2012). Support for Farmersâ€™ Cooperatives; Country Report Poland. Wageningen: Wageningen UR.

Poland

There are few Polish cooperatives detected, trading with farmes from other countries, but no cooperatives were found acting as transnational cooperative.

21.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

21.5.1. Legal framework for cooperative

In Poland, there are cooperatives in a strict sense as well as registered producer groups (these organisational forms are the focus of this study). The latter can choose the following legal form :

- association
- cooperative
- partnership
- Limited Liability Company (Ltd, BV, SARL., GmbH, SL, etc.)
- Corporation (Plc., NV, AG, SA, etc.)
- other form.

21.5.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Act from 15th September 2000, Commercial Companies Law	Act from 16th September 1982 *Cooperative Law*		At least 10 people or 3 legal entities, for agricultural production cooperatives at least 5 people	At least one share, its value defined by the general assembly

Poland

Table 6. Possible legal forms of the producer groups

Characteristic	Association	Union	LLC	Cooperative
Legal foundation	Act from 7th April 1989 *Association Law*	Act from 8th October 1982 *Social and Vocational Farmer Organisations*	Act from 15th September 2000a *Commercial Companies Law*	Act from 16th September 1982 *Cooperative Law*
Purpose	Social	Social and vocational, but can also be economic	Any	Economic, but can also be social
Area of operation	no limitations	Poland	no limitations	no limitations
Members	People, or legal entities only as supportive members	People	People or legal entities	People or legal entities
Minimal number of members	At least 15 people	At least 10 persons, at least 8 of whom run a farm	1 and more	At least 10 people or 3 legal entities, for agricultural production cooperatives at least 5 people
Form of members' financial contribution	Membership fees	Membership fees	Share	Share
Minimal financial contribution per member			At least one share with minimal value 50 PLN (=13 EUR)	At least one share, its value defined by the General Assembly
Participation in decision making	Equal for all members	Equal for all members	Based on number of shares	Equal for all
Participation in accumulated capital	Equal for all members	Equal for all members	Based on number of shares	Based on number of shares
Member liability	no liability	no liability	Based on number of shares	Based on number of shares

Source: Banaszak (2008)

Poland

The Law on Producer Groups of 2000, aimed at enhancing cooperation among producers, was liberal about the legal form of cooperation.

As a result the forms varied and evolved over time. At the beginning, after the law was introduced, producer groups were relatively often taking the form of an association.

Number of registered producer group in different legal forms

Legal form of agricultural producer groups	Number of organisations in 2009
Limited Liability Company	315
Cooperative	136
Union	48
Association	10

Source: Krajowa Rada Spółdzielcza (2010)

21.5.3. Cooperative Governance

According to experts, there are many shortcomings of internal governance in cooperatives. Basically, they can be attributed to the past (before 1990) habits that have remained.

21.5.4. Financing

In terms of financial and ownership structure, Polish cooperatives are traditional and participation cooperatives.

The lack of other forms can be explained by the path of historic development. During the communist era, in the economy of shortage, the whole economy was centrally regulated, so equity capital was not available on a competitive market. After the collapse of the communism, the general strategy among cooperatives in agriculture was to search for a survival strategy under unstable and unfriendly conditions. Eventually, it led to the dissolution of many cooperatives. It was a form of privatisation of remaining assets instead of active search for growth and development. As a result, if there was a need for capital the cooperatives rather changed their structure, for example, into Limited Liability Company. No efforts were made towards establishing subsidiaries structures, proportional tradable share co- operative or PLC cooperative.

21.6. POLICY CONCERNS

21.6.1. Competitive position in the food chain

Providing a market by cooperatives (e.g. auction cooperative) hardly exists in Poland. There is an auction system for fish organized in Ustka at the Baltic Sea, but it is basically established by regional and local governments with some participation of fishermen. However it is not organized as a cooperative.

Poland

Collective bargaining as an important role of cooperatives is strongly present in several sectors, in the meat (pig, beef, mutton) and the fruits and vegetables sectors.

Moreover, certain role in bargaining is played by sectors' unions. The unions are strong in the pig meat and the beef meat sectors. They act on national and regional levels and are involved in bargaining at both levels. Also in the sugar industry, unions are important. There are 45 regional unions of sugar beet producers and the national union. The role of cooperatives in this sector is marginal but the unions are strong and incorporated in the bargaining system.

In some sectors, cooperatives collect farm produce e.g. horticultural and beekeeper cooperatives and cooperatives of the Peasants Mutual Aid. This type of activity is most developed in the dairy sector. In this sector, both primary and secondary processing is done by cooperatives. However, this is exceptional for the dairy sector. In the other sectors, cooperatives do only at a minor extent engage in primary or secondary processing.

Some cooperatives produce private label products, epecially for big retailing companies (e.g. milk). However, except for cooperatives in the dairy sector, only few cooperatives sell their own branded products. Some cooperatives have their own retailing chain (e.g. Agrofirma Witkowo, Suchowola, Stare Bogaczowice).

Wholesaling is weak in the cooperative sector. The Peasants Mutual Aid operated partially in wholesaling, but this has decreased. There are two cooperative retailing chains: SCh, and Spolem networks. Their operations declined - from vertically integrated consumer cooperatives to mere retailing chains competing with other retailing chains.

21.6.2. Market share of farmers' cooperatives in the food chain

Data on the cooperatives' market share in sectors is not available in Poland. Some current estimates based on experts' estimates and literature is presented in the following table.

Market Share of Cooperatives (in 2010)

Sector	Estimated number of members	Market Share (%)	Comments
Cereals	232 producer groups; most of about 800 RSP (70% of them specialise in crops)	6-7%	Cereals production is mainly a specialty of RSP.
Sugar	Few producer groups	marginal	There are few producer groups specialised in sugar beet production. There are also multiply products cooperatives producing sugar beet as one of the production (especially by RSP). The market is highly regulated, and current situation give dis-incentives for establishing cooperatives (pressure for privatisation).

Poland

Pig meat	107 producer groups	7%	The prospect for cooperation in pig meat sector is assessed optimistically. Number of producer groups is growing. There first attempts of vertical integration.
Sheep meat	About 50 producers, two co-operatives	Marginal	There was a dramatic decline in the number of sheep in Poland after 1990. Currently, this is a very narrow sector, with some attempts aimed at specific market
Fruit and vegetables	90 cooperatives, 150 producer groups, 20 other producers organisations	10-12%	After a sudden decline of the sector after 1990 it seems to consolidate. There are new producer groups.
Dairy	25 producers groups	70-74%	The most integrated sector.

Sources: Estimations done by experts, based on information from auditing unions, and data from literature.

21.6.3. Sectors Analysis

Generally in Poland, cooperatives have a significant (in fact - dominant) position only in the dairy sector. They represent more than 70% of the dairy market in Poland. There is a slow concentration process in the market - the biggest cooperatives have taken over smaller ones. In other sectors, the role of cooperatives is much smaller. In crop production, the share of cooperatives is around 6-7%. Mostly, agricultural production cooperatives (RSP) are specialised in the crop production.

An interesting case is the fruit and vegetables sector (horticultural and bee keepers – according to Polish categorisation), where cooperatives had been strong till 1990, then - rapidly - almost entirely collapsed. Since 2000, the sector has recovered in the form of producer groups which now represent around 10-12% of the production.

The situation is similar in pig meat production. Over the last ten years, producer groups have been established in this sector and now cooperatives in terms of PGs represent about 7% of the market. For the rest of the sectors the role of cooperatives is marginal.

With the exception of the dairy sector, which is dominated by cooperatives and stable, all other sectors show great dynamics as the establishing POs exert a big influence by changing the composition of the markets. Below, the situation of the sectors is presented taking into account the role of cooperatives and POs

Cereals

In Poland, there are more than 350 000 farms growing cereals and oil seeds on more than 10 ha. Despite of this, Poland had to import crops over the last 20 years. The smaller farms do not sell on the market. Large, systematic devlivery of cereals is problematic due to very fragmented production. About 70% agricultural production cooperatives are specialised in crops. There are 232 Pos specialised in cereals; The older ones of these organisations, from the times before the EU accession, have more than 10 members, while the newly established ones have less, mostly 5-6 members.

Poland

Sugar

There are only few sugar beet cooperatives. The number of registered POs has also been small. Due to the high level of regulation of the sugar market, there is little incentive for establishing a cooperative or a PO in this sector. Instead, there are 45 regional unions of sugar beet producers, representing 60 000 sugar beet producers.

Pig meat

By 2009, a total of 107 producer groups specialising in pig production were registered, 90 of them had registered after 2004.

In 2009, the average size of such an organisation was 20 farms. 51% of these POs were registered in the Wielkopolska Region, where the pig meat production market is dominated by the organised POs.

Another 14% of the POs were registered in the Kujawsko-Pomorski Region. In the rest of the country, pig farms are less organised – the registered amount of POs is much under the needs. In this sector most of the POs choose the cooperative form.

Similarly to sugar beet producers, pig producers are organized in unions. There are 24 regional unions as well as the Polish Union of Pig Breeders and Producers (POLSUS).

Sheep meat

This is a marginal sector in Poland. There are only 2 POs registered for sheep products. One chose the form of cooperative and one of an association. Both consisted of 49 producers (in 2007). There are some regional unions and associations of sheep (and goats) producers but their position is much weaker than that of sugar beet and pig producers.

Beef

beef producers organisation is at a low level. Altogether there were 14 POs registered till 2009. In 2002, the Polish Union of Breeders and Producers of Beef was established. It mainly represents the sector in the relations to the Polish government.

Fruits and vegetables

In Poland, this sector is called horticultural and beekeepers sector. Till the transition period, the cooperatives were the main actors on the market. In 1990, the assets of the National Horticultural and Beekeepers Cooperatives Union were transferred to a company “HORTEX”. The importance of cooperatives in this sector declined rapidly. Currently, there are about 90 cooperatives in the sector.

They still they have an important function on the local markets as they purchase production from the farmers, and, in the last years, they started slowly to regain their position. There are about 150 POs in the sector.

Poland

Dairy

The dairy market has been well organized, traditionally within cooperatives and during the last years also through POs. The cooperatives are strong, well organized and there is a consolidation process in the sector.

Also, POs have been formed. Till 2009, 26 producer groups did register representing 2634 farms. Of them, 17 groups started after 2004. Most of the dairy POs are located in the western part of Poland. A recent tendency is the transformation of the RSPs into POs. They are typically a group of 5-6 producers.

The Dairy sector is considered modernised and strong enough to operate in the highly competitive market. The cooperatives dominate the wholesale of milk in Poland, and practically, have a monopolistic position in processing.

Potatoes

A total of 14 producer groups specializing in potato production were registered till 2009. Most of these are registered as Limited Liability Company. A specificity of this type of production is that most of these producers already had contracts (e.g. with chips producing companies). Altogether, the number of the potato producers that is registered in producer groups is very small.

Mature marketing function can only be observed in the dairy sector. In other sectors and types of cooperatives it is much weaker. Consumer cooperatives (Społem) used to be linked to producers. After 1990, those bonds were transformed into shop chains without vertical integration (despite some attempts).

In Poland, there are more then 1.5 million farms. Since 2000, there has been the legal base to form agricultural producer groups. However till 2009, only 2% of farmers belong to any organised groups, like cooperatives or companies or other producer associations. The low organisation rate among farmers is one of the major problems in Polish agriculture. As a result, farmers sell their products to resellers, and the farmers' position is weak. The intermediate resellers prefer buying from individual farmers rather than from organised groups since it gives them a stronger bargaining position.

Foreign investors and resellers show sometimes more willingness to cooperate with producer groups since they have the know-how of cooperation in their mother countries, and they rely on long-term and stable cooperation.

22. PORTUGAL

Portugal

22.1. GENERAL PROFILE

Year of EU entry: 1986

Capital city: Lisbon

Total area: 92 072 km²

Population: 10.6 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1991

Source: http://europa.eu/about-eu/countries/member-countries/portugal/index_en.htm

Portugal	2000	2010	Change (%)
Number of holdings	415 970	305 270	-26.6
Total UAA (ha)	3 863 090	3 668 150	-5.0
Livestock (LSU)	2 551 320	2 205 950	-13.5
Number of persons working on farms (Regular labour Force)	1 063 770	708 080	-33.4
Average area per holding (ha)	9.3	12.0	29.4
UAA per Inhabitant (ha/person)	0.38	0.35	-7.9

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Portugal

Portugal

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	6 227.8	1.7%
Crop output, of which:	2013	58.4%	1.8%
Fruits	2013	19.5%	4.7%
Vegetables and horticultural products	2013	19.2%	2.5%
Wine	2013	6.0%	2.3%
Animal output, of which:	2013	41.6%	1.5%
Milk	2013	11.8%	1.3%
Pigs	2013	10.6%	1.7%
Poultry	2013	8.3%	2.4%
Gross value added at basic prices (million EUR)	2013	2 232.2	1.4%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

22.2. MEMBER ORGANISATION

CONFEDERACÃO NACIONAL DAS COOPERATIVAS AGRÍCOLAS E DO CRÉDITO AGRÍCOLA DE PORTUGAL, CCRL (CONFAGRI)
PORTUGUESE CONFEDERATION OF AGRICULTURAL COOPERATIVES AND AGRICULTURAL CREDIT

Rua Maria Andrade 13
PT – 1199 – 013 LISBOA

Tel:+351 2 1.811.80.00
Fax:+351 2 1 811.80.08
E-mail:confagri@confagri.pt

Website:www.confagri.pt

President : Manuel Santos GOMES
Secretary General : F. BERNARDINO DA SILVA
Deputy Secretary General : Aldina FERNANDES
Deputy Secretary General : Maria Antónia FIGUEIREDO

Isabel BASTO
Rue de Trèves, 61 - R/Ch.
BE-1040 BRUXELLES

Tel:+32 (0)2 280 38 00
Fax:+32 (0)2 280 68 00
E-mail:confagribxl@skynet.be; i.basto.confagribxl@skynet.be

Mobile: +32 471 996 204

Portugal

22.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Final Report on Trade Relations between the Food Distribution and its Suppliers (Competition Authority, 2010)

Recommendations relating to:

⇒ Self-regulation - including the Code of Practice;

⇒ Regulation of problematic business practices - including Restrictive Practices and Payment Terms;

⇒ Transparency in the food chain – Statistical information of prices along the food supply chain.

The PARCA - Monitoring platform of the Agri-food Chain Relationships was established by Joint Order No. 15480/2011 of the Ministries of Economy and Employment and Agriculture, Sea, Environment and Spatial Planning. This platform was created to foster equity and balance of the food chain, promoting dialogue to allow increased market transparency and balance in the distribution of value among different sectors of production, processing and distribution of agricultural and agri-food products.

STAKEHOLDERS

State:

- MAS - Ministry of Agriculture and Sea
- MEE - Ministry of Economy and Employment
- DGAE - Directorate General for Economic Activities
- GPP - Planning and Policies MAS (secretariat)
- CA - Competition Authority

Production:

- CONFAGRI - National Confederation of Agricultural Cooperatives and Agricultural Credit of Portugal, CCRL
- CAP - Farmers Confederation Portugal
- CNA - National Confederation of Agriculture

Industry, trade and services

- FIPA - Federation of Portuguese Agro-Food
- CCP - Confederation of Trade and Services of Portugal
- Centromarca - Portuguese Association of Branded Products
- CIP - Confederation of Portuguese Industry

Distribution

- APED - Portuguese Association of Distribution Companies

Portugal

PARCA'S DISCUSSION TOPICS

Relationships in the Agri- Food Chain

Transparency

As a result of the work carried out by PARCA, regular reports on the evolution of prices (price indices) began to be published:

- Price Developments in the Food Supply Chain - 1st Report - May 2012
- Price indices in the food supply chain: Pigmeat - 2nd Report - September 2012
- Price indices in the food supply chain: Milk - 3rd Report - December 2012
- Cereals - bread and animal feed - 4th Report - May 2013

Equity Regulation:

- Increased regulation of relations between suppliers and distribution (distribution brands, payment terms, unilateral revision of contracts, deals and discounts);
- Review of existing legislation (competition, individual restrictive practices, late payments and unfair trade practices);
- Review the system of licensing of premises;
- Review of statutory individual competition and restrictive practices and monitoring thereof;
- Self-Regulation;
- Increased monitoring of imports;
- Consider the difference in size and nature of the operators and organisations;
- Advancing the Centre of Agricultural and Agro - Industrial Markets Food;
- Disseminate regular indicators that cover processing costs of goods and logistics operations;
- Establish measures to encourage competition and prevent the creation of monopolies.

Self-Regulation:

With the exception of CAP and APED all other organisations argued that first there should be a change within the legislation and only then should there be a move to a process of self-regulation;

A National Code of Good Practices is being drawn up, based on the European Framework but tailored to national characteristics. There is no consensus on this Code and it will continue to be discussed in 2014.

Development of domestic production

It began to be discussed and in December 2012 the Government took over the campaign "Portugal is me", to promote national products.

Conflict management and equity in the distribution of value

The question of an Ombudsman continues to be discussed related to the Code of Good Practices.

Portugal

Private labels (or Private Brands)

Discussion on this issue depends on what could be defined in legislation, especially in the amendment of DL 370/93, so the discussion will continue in 2014.

Current state of affairs :
1. Legislation:

Amendments to two decree-laws:

1. Decree-Law No. 118/2010 of 25 October. Limits for payments to micro and small enterprises

   • Amended by the Decree-Law No. 2/2013 of 9 January 2013

2. Decree-Law No. 370/1993 of 29 October: Individual restrictive practices

   • Revoked by the Decree n. º 166/2013 of December 27, 2013

The changes introduced by these new Law Decrees are not considered as ideal by the production, but they are considered a 1st step towards the ultimate goal of increasing equity value in the agro-food chain.

2. Self-Regulation and the Code of Good Practices:

A National Code of Good Practices is being prepared, based on the European Framework but tailored to national demands.

Note that Copa-Cogeca did not sign the European Document so the request made by APED for its immediate application in Portugal will not take place.

There is no consensus on this code, so the negotiations will continue in 2014.

Proposed topics for 2014

- Self-Regulation: code of good practices (further work);
- Regulation of the food chain: Private Labels (further work)
- Regulation of the food chain: mandatory purchase and sale contracts of agricultural and agri-food products;
- Transparency: Food Chain Observatory;
- Organisation of the food chain: Interprofessional Organisations
- Monitoring and evaluation: assessment of legislative implementation

Demand trends

Value local productions – rediscovering of food and products, choosing more natural foods and betting on local resources are fast growing tendencies strongly supported by renowned Portuguese Chefs

Spiritual food – foods no longer address only basic need but have now a more spiritual fulfilment connotation

Portugal

Ethical positioning – consumers are now more aware and interested on the origin of the foods they choose, as such they are becoming more receptive to environmental, animal welfare, recycling or fare trade campaigns

Brands that tell a story– when a consumer is looking at a product, the story he is told may be the decisive choosing factor. Private Labels respond to basic needs, brands offer value to the basic

Food rhythms associated to life rhythms – more and more consumers adapt their food regimen to their life rhythm

Online sales – online sales, specially related with big surfaces are increasing, a trend which is expect to continue in the future

Super foods – every year new super foods appear in the market and the demand for such products has been increasing

Anti-allergy foods – the market for food intolerant consumers is growing and the offer of gluten-, soya -, nuts- or dairy-free products should increasing accordingly

Senior market – a segment in clear expansion, it translates into easy to open packaging, bigger writing and products with less salt.

Price – price is still the decisive factor. Smaller packages and doses have been the solution to accommodate modern families without changing the prices.

Valorisation of national production – there is a greater concern with the external market, a higher interest in exporting and new markets are being exploited, the "saudade" market but also other emerging markets.

22.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

22.4.1. Main cooperative statistics

	Number of Cooperatives per sector*	**Turnover- (m€)**	**No. of Employees** ('000)
Dairy	83		
Livestock farming	70		
Fruit and vegetables	67		
Agricultural inputs	135		
Arable crops	50		
Olive oil and table olives	156		
Wine	121		
Forestry	15		
Other	38		
TOTAL	735	2 437	9.616

(1) **Source**: Conta Satélite da Economia social (CSES), INE e CASES – 2010 data

Portugal

TOP* 20 agri-cooperatives in 2013

	Name of the agricultural cooperative	Sector	Turnover (m€)
1	AGROS	Dairy	198 152
2	PROLEITE, Crl	Dairy	77 902
3	COOPERATIVA AGRÍCOLA DE BARCELOS, Crl	Dairy	72 238
4	VILA DO CONDE – Cooperativa Agrícola, Crl	Dairy	70 729
5	LACTICOOP	Dairy	57 325
6	AGROMAIS – Entreposto Comercial Agrícola, Crl	Agricultural inputs	32 070
7	PÓVOA DE VARZIM – Cooperativa Agrícola Leiteira do Concelho, Crl	Dairy	27 369
8	BENEDITA – Cooperativa Agrícola dos Criadores de Gado, Crl	Livestock farming	24 413
9	BORBA – Adega Cooperativa, Crl	Wine	19 473
10	REDONDO – Adega Cooperativa, Crl	Wine	19 350

Portugal

TOP* 20 agri-cooperatives in 2013

	Name of the agricultural cooperative	Sector	Turnover (m€)
11	PORTO ALTO – Rações para Animais, Crl	Agricultural inputs	18 416
12	MOURA E BARRANCOS – Cooperativa Agrícola, Crl	Olive oil	15 280
13	UCARNORTE XXI—União Agrícola do Norte, UcrUCANORTE XXI—União Agrícola do Norte, Ucrl	Agricultural inputs	15 036
14	BEBEDOURO – Cooperativa Agrícola, Crl	Dairy	13 439
15	LOURICOOP – Cooperativa de Apoio e Serviços do Concelho da Lourinhã, Crl	Agricultural inputs	12 387
16	MONÇÃO – Adega Cooperativa Regional, Crl	Wine	11 936
17	TOCHA – Cooperativa Agrícola, Crl	Dairy	11 260
18	FAVAIOS – Adega Cooperativa, Crl	Wine	10 925
19	VIVALEITE – Cooperativa de Produtores de Leite, Crl	Dairy	9 963
20	CAMINHOS DO FUTURO – Coop. Comercial. Transf. Agro Pecuário Montemor-o-Novo, Crl	Livestock farming	9 945

22.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

22.5.1. Legal framework for cooperative

The minimum number of members is: Five for cooperatives / two for cooperative unions, federations and confederations – Cooperative Code (Law No 51/96, of 7th September) – Article 32.

Minimum capital: €2,500.00 – Cooperative Code (Law No 51/96, of 7th September) – Article 18 – For agricultural cooperatives, €5,000.00 (Decree-Law No 335/99, of 20th August) – Article 6.

Mandatory to sign up to the Trade Register, as is the case for other companies – Cooperative Code (Law No 51/96, of 7th September) – Article 16.

Portugal

22.5.2. Cooperative governance

One-man, one-vote, except in cooperative unions, federations and confederations, where weighted voting is possible depending on the number cooperative members or other democratic criterion – Cooperative Code (Law No 51/96, of 7th September) – Articles 51 and 83.

"Classic" system: general assembly/management (administration)/supervisory board – Cooperative Code (Law No 51/96, of 7th September) – Article 39.

Participation of external finances provided for in the form of investment securities and bonds. May be acquired by non-members. These do not grant voting rights and their holders cannot be represented in the board – Cooperative Code (Law No 51/96, of 7th September) – Articles 26 and 30.

The supervisory board is an internal supervisory body, composed of at least three cooperative members and elected by the general assembly. Cooperative Code (Law No 51/96, of 7th September) – Article 60.

Cooperatives of a larger economic scale also have an external supervisory body – an official auditor. This applies to agricultural cooperatives if they exceed two of the following three economic indicators for two consecutive years:

- Balance sheet total (€): 1,500,000.00
- Total turnover (€): 3,000,000.00
- Number of employees: 50 - Decree-Law No 335/99, of 20th August, Article 11.

22.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Cooperative Code (Law No 51/96, of 7th September)	Decree-Law No 335/99, of 20th August	Commercial Companies Code - Decree-Law No 262/86, of 2nd September	5	5 000
		By-law on tax benefits – Decree-Law No 215/89, of 1st July		

22.5.4. Taxation

Agricultural cooperatives are subject to the general taxation provisions. However, there is an article in the by-law on tax benefits, specific to cooperatives – Article 66-A.

There are specific exemptions for agricultural cooperatives, in the aforementioned Article 66-A of the by-law on tax benefits.

Cooperatives are either subject to the general 23% rate for income tax, or are exempt – this applies to agricultural, culture, consumption, housing and social solidarity cooperatives.

For cooperatives that are exempt, i.e. agricultural cooperatives, the general tax rate applies to revenue from transactions with non-members.

There are no tax derogations to establish indivisible reserves. Yet the law does provide for the existence of indivisible reserves. This applies to the legal reserve and the reserve for cooperative education and training. The minimum yearly allocation for the legal reserve is 5% of the surplus. The minimum yearly allocation for the reserve for cooperative education and training is 1% of the surplus – Cooperative Code (Law No 51/96, of 7th September) – Articles 69 and 70.

22.5.5. Accounting Standards

IFRS applies to cooperatives in Portugal.

22.5.6. Financing

Agricultural cooperatives are facing problems with access to financing.

There are also difficulties relating to the "legal form". For example, the variability and, in some cases, the weakness of company capital, and the difficulty to access external financing.

Cooperatives didn't modify their governance structures in order to allow diverse/proportional finance from members.

It is not legally possible for cooperatives to access external financing from the financial markets.

22.6. POLICY CONCERNS

22.6.1. Main activities

In addition to the function of national and international representation of Agricultural Cooperatives and Agricultural Credit Portuguese, CONFAGRI also provides the following services:

⇒ Dissemination of information and technical support to associated organisations and farmers

⇒ Support in the preparation of investment projects

⇒ Agricultural advisory services

⇒ Professional training for farmers, technical staff and cooperative leaders

⇒ Participation in the organisation and promotion of postgraduate studies in Social Economy

⇒ Cooperative entrepreneurship promotion amongst the younger population (students and unemployed, from 6 to 35 years old), through different projects (CoopJovem, GeraçãoCoop and ES Jovem)

Portugal

By transfer of functions of the Ministry of Agriculture, CONFAGRI coordinates the following services for farmers:

- CAP Direct Payments requests
- Revision of the LandParcel Identification System (L.P.I.S)
- Revision of the National System of Animal Identification and Registration

22.6.2. Training

CONFAGRI develops "Training-Action" projects for its members. These consist in programmes that articulate consultancy services to the cooperative company with specific technical training for its directors and executives. The target group is composed by elected members and executives.
The required educational level to attend these courses is elementary.
The areas covered by these training programmes are: Corporate Communications, Strategy, Marketing, Internationalization, Innovation Management, Social Responsibility, Taxation, Cooperative principles, Social Responsibility and the CAP. Other more generic training options regarding management and various technical areas are also available, mainly directed to the executive member of companies.

The training developed by CONFAGRI is more specific and tailored to the specific characteristics of agricultural cooperatives.

We would consider of interest a training program specifically tailored for elected managers, having as objectives:

a) Providing a comprehensive view on the agri-food cooperatives in the EU and worldwide,
b) Identifying the main challenges faced by this model in specific sectors
c) To analyze strategic actions that can promote better performances of cooperative enterprises.

Some characteristics of such a training program:

- To be administered in the form of a training cycle comprising forming units (up to 2 days each), with a minimum interval of 3 weeks between them.
- Getting groups with some linguistic and possibly sectorial homogeneity
- Discussion of issues should be based on the presentation of evidence and concrete cases.
- Obtain funding in order to reduce the burden to participants

22.6.3. Investments of cooperatives in new activities

Almost all agricultural cooperatives develop information and communication activities directed to their associated farmers, particularly on the Common Agricultural Policy, incentive policies and cultural practices.
Although fewer in number, some cooperatives are also involved in innovation or promotion projects, diversification of activities in rural and social support environment, as well as in inter-cooperation projects (including commercial) with other cooperatives.

CONFAGRI promotes and encourages its members to develop these activities by disseminating news on available incentives and success stories.
In the case of information and communication on the most diverse topics of agricultural policy CONFAGRI engages directly, promoting numerous initiatives together with our local members.

Portugal

22.6.4. Impact of the CAP reform on cooperatives

National legislation on the recognition of Producer Organisations (POs) will be reviewed. CONFAGRI expects most agricultural cooperatives will be recognized as POs without any considerable administrative difficulties

On the other hand, we fear that the incentives to create new POs, provided for in the Rural Development Programme, may encourage associated farmers to exit their current cooperatives (especially those who have greater economic size) and create new POs, which would lead a weakening of the cooperatives.

Scaling and the integration of cooperatives is a priority in our country, which will benefit from the existence of specific support under the CAP.

22.6.5. Main policy objectives at EU level

The main policy objectives of COCEGA should be:

- To raise awareness within the EU institutions to the essential role of agri-food cooperatives in the sustainable development of European agriculture

- Ensure appropriate treatment of Cooperatives in all aspects of EU policy, in particular the CAP

- To promote inter-knowledge and inter-cooperation amongst COCEGA members

23. ROMANIA

Romania

23.1. GENERAL PROFILE

Year of EU entry: 2007

Capital city: Bucharest

Total area: 237 500 km²

Population: 21.5 million

Currency: Romanian leu

Schengen area: Not a member of Schengen

Source: http://europa.eu/about-eu/countries/member-countries/romania/index_en.htm

Romania	2003	2010	Change (%)
Number of holdings	4 484 890	3 859 040	-14.0
Total UAA (ha)	13 930 710	13 306 130	-4.5
Livestock (LSU)	7 248 920	5 444 180	-24.9
Number of persons working on farms (Regular labour Force)	8 883 590	7 156 930	-19.4
Average area per holding (ha)	3.1	3.4	11.0
UAA per Inhabitant (ha/person)	0.64	0.62	-3.1

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Romania

Romania

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	16 525.9	4.4%
Crop output, of which:	2013	75.0%	6.0%
Grain maize	2013	16.1%	22.1%
Vegetables and horticultural products	2013	12.7%	4.3%
Forage plants	2013	10.9%	6.6%
Animal output, of which:	2013	25.0%	2.4%
Milk	2013	6.9%	2.0%
Pigs	2013	5.9%	2.5%
Eggs	2013	4.1%	8.1%
Gross value added at basic prices (million EUR)	2013	7 819.2	5.0%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

23.2. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

In Romania, customers prefer quality products at affordable prices, which has a strong influence on the agri-food market. Product variety in shops currently accounts for 30-40 % of the varieties available in Western countries.

In Romania products are generally sold in average weight packaging (250-500 grams) or up to one-litre / one-kilo packaging units.

From an organoleptic point of view, the supply is not very dynamic, as people's gastronomic preferences are still being shaped and remain strongly reliant on the basic product.

In general, consumers find on the market locally supplied food staples (such as meat, dairies, eggs) and less ready-made foods (ice-cream, paella, etc.), the latter being sourced from imports.

Consumer goods and dry foods are generally supplied by multinationals (Nestle, Kraft etc.), marketed through local or national retailers, mostly through distribution networks such as hypermarkets, supermarkets, cash & carry, but also through small traditional shops (groceries), especially in rural areas or proximity stores in urban areas.

Organic products have a low impact on Romanian consumers and a low share on the market (2-5 %). They are not clearly distinguished from traditional or home-made products.

Agri-food trends

In general, agri-food production units are made up of limited liability companies with foreign capital (multinationals, investment funds) or domestically-owned capital.

Own retailers' brands of fresh food are produced in Romania, and most of the dry foods are provided from imports.

Romania

23.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

23.4.1. Main cooperative statistics

Federaţia Naţională PRO AGRO is a professional organisation created by and for the Romanian agri-food producers and providers of related services in order to promote, represent, support and defend the interests of its 16 professional member organisations representing their sector at national level in their relation with European and national public and/or private bodies and institutions.

While several cooperatives from different sectors are members of PRO AGRO, there is no national umbrella organisation for agri-cooperatives.

Though cooperation was historically significant for Romania since 1889 (as a founding member of the International Alliance of Cooperatives), cooperatives reached their development peak before the 1989 revolution without sharing many elements with the Western cooperative principles.

After 1989, the self-dissolution of production agri-cooperatives damaged local or regional investments, including agri-infrastructure. The lack of a new vision, of a strategic programme for economic, and in particular, agricultural management and development was one of the main shortcomings of the 1989 events.

There was no progress until Law no. 566/2004 came into force. Compared to European cooperatives, which have been operating on the same principles for decades, Romanian cooperatives are only just beginning. In the last 10 years we have started from scratch and made small steps. We need to rebuild cooperatives based on sound principles, with patience and capable and committed people.

	TOP 50 AGRI-COOPERATIVES IN ROMÂNIA IN 2012		
No.	Name of the agri-cooperative	Sector	Turnover EUR (2012)
1	DOBROGEA SUD COOPERATIVA AGRICOLĂ	Cereals	10.357.778
2	AGRICOP COOPERATIVĂ AGRICOLĂ	Multiporpose	5.094.800
3	SELECT PIG LOGISTIC COOPERATIVA AGRICOLĂ	Livestock	4.920.873
4	AGRICOP COOPERATIVĂ AGRICOLĂ	Cereals	3.330.238
5	BÂRSA PROD 2012 COOPERATIVĂ AGRICOLĂ	Farm supply	3.099.275
6	COOPERATIVĂ AGRICOLĂ DE GRADUL II MONTE-FELTRO	Livestock	2.868.551
7	SOMES ARIES COOPERATIVA AGRICOLĂ	Dairy	2.654.256
8	COOPERATIVA AGRICOL BUCOVINA NORD	Livestock	2.564.394
9	AVIA ŢARA BÂRSEI COOPERATIVĂ AGRICOLĂ	Farm supply	2.445.545
10	STOIAN LAND COOPERATIVĂ AGRICOLĂ	Horticulture	2.441.662
11	TIMLACTAGRO COOPERATIVĂ AGRICOLĂ	Dairy	2.297.914
12	BUZGĂU TUŞNAD COOPERATIVĂ AGRICOLĂ	Cereals	2.033.161
13	AGRI GEEA PROD - COOPERATIVĂ AGRICOLĂ	Cereals	1.929.427
14	SIBIANA BIONATUR COOPERATIVĂ AGRICOLĂ	Livestock	1.734.813
15	INTEGRA PARALELA 45 COOPERATIVĂ AGRICOLĂ	Livestock	1.511.332

Romania

	TOP 50 AGRI-COOPERATIVES IN ROMÂNIA IN 2012		
No.	Name of the agri-cooperative	Sector	Turnover EUR (2012)
16	AGROPROD CRASNA COOPERATIVĂ AGRICOLĂ	Arable and livestock	1 498 496
17	DOROBANŢU 2009 COOPERATIVĂ AGRICOLĂ	Cereals	1 370 727
18	CONSORŢIU ILEANA COOPERATIVĂ AGRICOLĂ	Cereals	1 309 004
19	CEREALSUIN COOPERATIVĂ AGRICOLĂ	Livestock	1 257 272
20	IL TIGLIO COOPERATIVĂ AGRICOLĂ	Cereals	1 015 399
21	CHEREJI PIŞCOLT COOPERATIVĂ AGRICOLĂ	Cereals	928 323
22	UNIREA SUTEŞTI COOPERATIVĂ AGRICOLĂ	Cereals	767 861
23	AGRO COM SIC COOPERATIVA AGRICOLA	Cereals	657 566
24	INDAC AGRO COOPERATIVĂ AGRICOLĂ	Livestock	614 791
25	COOPERATIVA AGRICOLĂ MOLDAVIA	Cereals	557 226
26	GRANO-ALBEŞTI COOPERATIVA AGRICOLĂ	Cereals	531 450
27	AGROPLANT BIO GRUP DE PRODUCĂTORI COOPERATIVA AGRICOLĂ	Cereals	417 368
28	COOPERATIVA AGRICOLA MUNTENIA SUD PROD	Livestock	415 395
29	DUNĂREA DE JOS COOPERATIVĂ AGRICOLĂ	Cereals	353 791
30	INTERAGRIA COOPERATIVA AGRICOLĂ	Cereals	350 040
31	AGRODAVA NEMŢEANĂ COOPERATIVA AGRICOLĂ	Cereals	315 747
32	COOPERATIVA AGRICOLĂ ŞASE SPICE	Cereals	315 351
33	GRUP DE PRODUCĂTORI PROLEG SLOBOZIA MOARĂ COOPERATIVĂ AGRICOLĂ	Cereals	314 979
34	DOBROVIN PODGORIA CHIRNOGENI COOPERATIVA AGRICOLĂ	Horticulture	263 811
35	BETA PIRMAR COOPERATIVĂ AGRICOLĂ	Arable	258 739
36	COOPERATIVA AGRICOLĂ ROMAPIS CARPATICA	Bee keeping	236 242
37	ITROM TRADE COOPERATIVĂ AGRICOLĂ	Cereals	217 691
38	CASA MIERII IALOMIŢA COOPERATIVĂ AGRICOLĂ	Honey	199 274
39	COOPERATIVA AGRICOLĂ - POMICULTORUL DÂMBOVIŢEAN COOPERATIVĂ AGRICOLĂ	Horticulture	138 551
40	AGROLAND SUPUR COOPERATIVA AGRICOLĂ	Arable and livestock	124 683
41	PUNCT URS PUFTA COOPERATIVĂ AGRICOLĂ	Livestock	120 654
42	MINDVID AGROCOOP COOPERATIVA AGRICOLĂ	Arable and livestock	120 299
43	COOPERATIVA AGRICOLĂ UNIREA	Cereals	112 830
44	COOPERATIVA AGRICOLĂ SULIŢA	Dairy	112 072

Romania

	TOP 50 AGRI-COOPERATIVES IN ROMÂNIA IN 2012		
No.	Name of the agri-cooperative	Sector	Turnover EUR (2012)
45	ALBINA COOPERATIVĂ AGRICOLĂ CA	Bee keeping	108 099
46	BURGOCOMCIUC SOCIETATE COOPERATIVĂ AGRICOLĂ	Horticulture	99 791
47	ZOOVET GORBĂNEŞTI COOPERATIVA AGRICOLĂ	Livestock	87 863
48	PROD ACTIV IMPEX SLOBOZIA MOARĂ COOPERA-TIVĂ AGRICOLĂ	Horticulture	82 575
49	SOCIETATE COOPERATIVA AGRICOLA DE GRADUL I GRUPUL DE PRODUCATORI SIEUT	Dairy	81 373
50	COMPOSTAR COOPERATIVĂ AGRICOLĂ	Horticulture	76 398
	TOTAL		**64 715 753**

23.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

23.5.1. Legal framework for cooperative

Law no. 566/2004 on agricultural cooperatives

Articles 4 and 5: there are cooperatives of 1st degree (associations of natural persons and authorised natural persons as defined by Government Emergency Ordinance No. 44/2008) and of 2nd degree (legal persons as defined by the same ordinance). An agricultural cooperative must have at least 5 members.

About minimum capital: **Law no. 566/2004 on agricultural cooperatives**

Article 15: for 1st degree cooperatives – EUR 114

for 2nd degree cooperatives – EUR 2.275

Law no. 566/2004 on agricultural cooperatives

Article 14 – Agricultural cooperatives must register at the Trade Register Office. See also Law no. 1/2005 and the Civil Code.

23.5.2. Cooperative governance

Romanian cooperatives respect the One-man one-vote representation.

Law no. 566/2004 on agricultural cooperatives

The governing bodies of an agricultural cooperative are: the General Assembly and the Administrative Board.

Romania

Concerning the supervision: Law no. 566/2004 on agricultural cooperatives

Administrative Board: made up of an uneven number of members (at least 3) elected by the GA by secret ballot for at least 4 years. It meets once a month and makes decisions based on the members' vote (at least two thirds of them must be present).

Membership requirements (members of the Administrative Board can be neither employees of the agricultural cooperative, nor associates, shareholders, managers or auditors involved in the same activity sector as the cooperative itself).

Law no. 566/2004 on agricultural cooperatives

Auditors : once every 4 years, the General Assembly elects 3 auditors and 1 to 3 alternate auditors. They must not be members or employees of the cooperatives, nor relatives of the members.

23.5.3. National legislative framework for cooperatives
23.5.4. Taxation

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
	Law no. 566/2004 on agricultural co-operatives		5	1st degree co-operatives – EUR 114 2nd degree co-operatives – EUR 2 275

Agricultural cooperatives are subject to the general taxation provisions. And they are subject to the general rules on exemptions.

There is not a general tax rate applicable to cooperatives, they are subject to the same tax rate as that applicable to all taxpayers, namely 16%.

Also transactions are subject to the general rules.

About the percentage of "surplus" that could be allocated to (indivisible) reserves, the general rule provides for a 20 % exemption for the profit share allocated to indivisible reserves. The applicable exemption is progressive: 5 % from the tax due until reaching 20 % of the share capital.

23.5.5. Accounting Standards

IFRS are not applied by Romanian Cooperatives.

23.5.6. State aid

Cooperatives are subject to the general rules of the existing provisions of Competition law regarding state aid.

23.5.7. Financing

Agricultural cooperatives are facing problems in access to financing.

It is due to both business related problems and their specific legal form. In Romania there is no law on cooperative financing, cooperatives are not included in the banks nomenclature and are treated as limited liability companies (SRL). Agricultural cooperatives working on the genuine cooperation principles are still at the beginning in Romania, also because of the reluctance caused by the cooperative history in the communist period. Only seldom do cooperatives obtain funding from banks.

23.6. POLICY CONCERNS

23.6.1. Competitive position in the food chain

Cooperative Entrepreneurship

Agri-food market is strongly influenced by the price competition and the marketing capacity of the producers.

International non-cooperative groups or private companies with domestically-owned capital control the production segment and set the prices and market trends.

Milk (Danone, Friesland Campina, Lactalis, Albalact, Covalact, Olympus)

Meat (farms & processing: Smithfield, Aldis, Agricola Bacau, Transavia, Avicarvil, Agricola Buzau, or just processing: Elit, Reinert, Cris-Tim, Caroli, Unicarm, Marex, Angst etc.)

Eggs (Tonelli)

Vegetable oil (Bunge-Prio, Expur Slobozia, Argus Constanta etc.) - mostly commodities traders

Sugar (Agrana, Lemarco)

Wine (Jidvei, Domeniile Ostrov, Vincon Vrancea, Cramele Recas, Cramele Hollywood, Serve, Murfatlar)

International retailer chains (Carrefour, Metro etc.) set the product variety, quality, packaging design and the selling price in general. They often claim shelf-space charges and other fees from producers, who are discouraged from working with big retailers under such conditions.

In 2012, Israeli company TNUVA (the biggest greenfield investment in the milk-processing sector) went bankrupt due to fierce competition for food staples (milk and yoghurt). The investment in now taken over by Sutas (a Turkish group) and it is under reorganisation.

In 2013, Bunge entered a joint venture with the Portuguese group Martifer (Prio) to produce vegetable oil (sunflower and rapeseed) and biodiesel in Lehliu Gara, the newest production unit in Eastern Europe.

The Chinese-American group Smithfield has the biggest livestock farm, owning several slaughterhouses, processing units and specialised stores.

Romania

Meat industry groups (Cris-Tim, Ana si Cornel, Angst) promote their products through their own stores, through modern trade or specialised stores.

Processing units with domestically owned capital are also starting to develop and have national or regional impact (Albalact, Transavia, Agricola Bacau) with average competition capacity in modern trade (Lactag, Kosarom, Agroli, Tonelli etc.)

23.6.2. Main activities

The main activities of PROAGRO are to:

- represent and defend its members' interest before national and international authorities;
- submit proposals to local and central authorities on measures and policies to improve economic efficiency in different agricultural sectors;
- submit proposals for the improvement of activities in the product-related industries regarding market information, analysis, estimates for a better targeting of the production to meet consumers' needs and ensure their protection, product promotion and labelling, protection of origin, capitalising on traditional products, PDGs, PGIs, consultancy and training for producers, among other activities in members' interest;
- present opinions on draft laws related to agriculture by holding and taking part in working group meetings focused on drafting legislative proposals, it drafts model contracts in accordance with EU rules;
- collaborate with the competent authorities in actions related to production and food products control;
- sign institutional agreements/conventions with the competent authorities on procedures regarding the implementation of market regulatory instruments;
- adopt initiatives on enhancing the agricultural production potential, optimising product quality in all stages (production processing and marketing), promoting and advertising for quality products in fairs, exhibitions, conferences and other national and international events in the farm sector;
- support the alignment with the CAP by increasing the sector's productivity, promoting the technical progress, ensuring the rational development of the production, the optimal use of inputs and developing workforce skills; by ensuring fair living standards for Romanian farmers, economic stability for farms and increasing the farm workers' income; and by stabilising the markets and optimising consumer supply
- aim at increasing economic efficiency and improving the production and distribution, as well as competitiveness on third countries markets;
- provide counselling for small farmers on production and marketing;

Main activities of the Romanian agri-cooperatives, by turnover and sector of activity:

⇒ Purchasing and marketing of the members' production, as well as supplying the farms with cereal seed, industrial plants, fodder plants, pesticides, gasoline, fertilisers, agro-technical consultancy;

⇒ Wholesale of live animals, dairies, fruits and vegetables

- Mixed farming, rearing of pigs
- Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
- Warehousing of cereals, cold stores and storage tanks
- Growing of cereals (except rice), leguminous crops and oil seeds

23.6.3. Training

The Organisation doesn't run training programs for members. Based on the information available, there are no training programmes, except for the European programme for cooperative leaders organised by Cogeca and Wageningen Academy.

For this reason, there is a significant need to set up at EU level, a high level European training programme for (elected) cooperative leaders. Its characteristics should be adapted to the farmers' knowledge level of cooperatives and their systems, depending on the specificities of each country. Perhaps a gradual system depending on cooperatives' development and grouping level in several countries would have a strong impact.

Establishment of new cooperatives or of Producer Organisations (any legal form of farmer owned, controlled and benefit businesses).

As mentioned before, almost all the Romanian agricultural cooperatives are new. When we filled in the statistical table, we took into consideration all the cooperatives, including those created in 2014.

23.6.4. Other activities of agricultural cooperatives

In the near future we would like to launch a strong information and promotion campaign regarding agricultural cooperatives.

24. SLOVENIA

Slovenia

24.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Ljubljana

Total area: 20 273 km²

Population: 2 million

Currency: Member of the eurozone since 2007 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/slovenia/index_en.htm

Slovenia	2000	2010	Change (%)
Number of holdings	86 470	74 650	-13.7
Total UAA (ha)	485 880	482 650	-0.7
Livestock (LSU)	611 100	518 480	-15.2
Number of persons working on farms (Regular labour Force)	259 420	208 490	-19.6
Average area per holding (ha)	5.6	6.5	15.1
UAA per inhabitant (ha/person)	0.24	0.24	-3.5

Note: 2000 data does not account for common land

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Slovenia

Slovenia

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	1 148.9	0.3%
Crop output, of which:	2013	53.3%	0.3%
Forage plants	2013	17.6%	0.7%
Fruits	2013	9.9%	0.4%
Wine	2013	8.6%	0.6%
Animal output, of which:	2013	46.7%	0.3%
Milk	2013	15.9%	0.3%
Cattle	2013	12.7%	0.5%
Poultry	2013	8.5%	0.5%
Gross value added at basic prices (million EUR)	2013	389.8	0.2%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

24.2. MEMBER ORGANISATIONS

ZADRUŽNA ZVEZA SLOVENIJE (ZZS)
COOPERATIVE UNION OF SLOVENIA

Miklošičeva 4,
SI - 1000 Ljubljana

Tel:+386 1 2441 360
Fax:+386 1 2441 370
E-mail:info@zzs.si;
Website:www.zadruzna-zveza.si

President : Peter VRISK
Director General : Bogdan STEPEC
Head of International Division : Matjaž PODMILJŠAK

Slovenia

KMETIJSKO GOZDARSKA ZBORNICA SLOVENIJE (KGZS)

CHAMBER OF AGRICULTURE AND FORESTRY OF SLOVENIA

Gospodinjska ulica 6,

SI-1000 LJUBLJANA

Tel:+386 1 51 36 600

Fax :+386 1 51 366 50

E-mail: international.office@kgzs.si; ales.tolar@kgzs.si

Website:www.kgzs.si

Président/President : Cvetko ZUPANČIČ

Directeur/Director : Branko RAVNIK

24.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

Consumers are more oriented on locally produced food, but the price is often the most important purchasing decision factor. They are also interested in organic produced food.

Agri-food trends

Cooperatives with their own food processing units are offering products, which are made from locally produced agricultural products in accordance with local recipes. Cooperative food processing units are trying to avoid competing with mass production with niche products, that are locally made, with local recipes and other value adding measures (GMO free production, not homogenized milk, protection of origin, etc...)

Recently Slovenia adopted a law, where the payment deadline throughout all the food supply chain is limited. For quickly perishable food the deadline will be 75 days (from 1. September 2014 - from 1. January 2015 60 days and from 1st January 2016 45 days). All other food will also have a payment deadline of 90 days beginning from 1st January 2016.

Slovenia

24.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

24.4.1. Developments in agricultural cooperatives

The Cooperative Union of Slovenia is a non-governmental organisation with voluntary membership. We support the development of cooperative movement and represent the interests of our members. Our mission is to stimulate and represent the sustainable development of cooperatives by working together for the benefit of our members and consumers. The Cooperative Union of Slovenia unites 67 agricultural and forestry cooperatives and some central business organisations of these cooperatives.

24.4.2. Main cooperative statistics

The Cooperative Union of Slovenia unites 67 cooperatives which generate more than 84 % of income of all Slovenian cooperatives. Cooperatives, members of the Cooperative Union of Slovenia, have more than 14,000 members and employ 3,000 people. They generate an income of more than 680 million EUR per year. Agricultural and forestry cooperatives, members of the Cooperative Union of Slovenia, operate in fourteen Slovenian regions all over the country. All cooperatives are more or less general, that means, that they in general buy from farmers all products and place them on the market and supply them with material they need.

An average Slovenia cooperative has: 10.178.121 EUR of turnover, 2.684.210 EUR of capital, and employs 40 people and has 210 farm members.

Sector*	**No. of cooperatives**	**Turnover** (m€)	**No. of Farmer-members** (multiple memberships)	**No. of employees**
Dairy	52			
Livestock	44			
Fruit and Vegetables	10			
Farm supply	43			
Arable crops	19			
Olive oil and Table olives	-			
Wine	12			
Forestry	15			
Other (... :)				
TOTAL	**67**	**682**	**14 095**	**2 650**

Slovenia

List of top 5 largest farmers' cooperatives per sector

Most important cooperatives per sector

Sector		**Name of Cooperative**
Cereals	1	KZ Radgona
	2	KZ Ptuj
	3	SKZ Ljutomer Križevci
	4	KZ Lenart
	5	KGZ Sloga Kranj
Fruit and vegetables	1	KZ KRKA Novo mesto z.o.o.
	2	KZ Agraria Koper, z.o.o., Koper
	3	KZ Ptuj
	4	KZ Cerklje
	5	H-KZ Petrovče
Olive oil and table olives	1	KZ Agraria Koper, z.o.o., Koper
	2	Oleum Nostrum Slovenske Istre
	3	Vinska klet "Goriška Brda" z.o.o., Dobrovo
Wine	1	Vinska klet "Goriška Brda" z.o.o., Dobrovo
	2	VINAKRAS z.o.o. Sežana
	3	KZ Metlika
	4	KZ Vipava
	5	KZ Krško
Dairy	1.	MLEKARSKA ZADRUGA Ptuj z.o.o.
	2	KKGZ Slovenj Gradec
	3	KZ Cerklje
	4	KGZ Sloga Kranj
	5	KGZ Sava Lesce
Sheep meat	1	KGZ Škofja Loka
	2	KZ Krka Novo mesto
	3	KGZ Idrija
	4	KZ Metlika
	5	KGZ Slovenske Konjice
Pig meat	1	KZ Radgona
	2	KZ Lenart
	3	KZ Ptuj
	4	SKZ Ljutomer Križevci
	5	KGZ Sloga Kranj

Slovenia

24.5. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

We don't have registered Slovenian transnational cooperative. Many cooperatives are trading internationally.

The table below presents the foreign transnational cooperatives in Slovenia.

The foreign transnational cooperatives and international cooperatives that are trading with farmers in Slovenia

Name of the Cooperative	Mother country
Transnational	
Raiffeisen	AT

No. of agricultural cooperatives, members and employed for members of the Cooperative Union of Slovenia, by statistical regions

Region	No of coops	Nr. of employees	Nr. of members
Ljubljanska Regija	9	165	717
Kamniško Zasavska Regija	6	174	1 506
Štajerska Regija	8	155	736
Ptujsko Ormoška Regija	4	148	1 737
Koroška Regija	1	136	1 006
Celjska Regija	9	299	1 669
Savinjsko Šaleška Regija	1	57	311
Gorenjska Regija	8	274	2 137
Severno Primorska Regija	4	246	1 395
Notranjska Regija	2	12	124
Južno Primorska Regija	2	130	370
Posavska Regija	6	178	700
Dolenjsko Belokranjska Regija	3	587	1 150
Prekmursko Prleška Regija	4	89	537
Total	**67**	**2 650**	**14 095**

Slovenia

24.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

24.6.1. Legal framework for cooperative

A cooperative may be established by at least three founders.

The founders may be natural persons or legal entities.

No minimal capital is required. A cooperative shall acquire legal and business capacity by the entry of its founding act in the court register.

24.6.2. Cooperative governance

In adopting decisions at meetings of the General Assembly and during elections, each member or delegate is entitled to one vote, unless the Rules of the cooperative stipulate that an individual member or delegate may, for specific reasons, be entitled to several votes.

Cooperatives in Slovenia have a two tier system: a managing board and a supervisory board

All cooperatives must keep books and make year-end accounts once a year in accordance with the Slovenian Accounting Standards or the International Accounting Standards. Annual financial statements must be compiled every financial year within three months after the end of the financial year.

The provisions about financial reports apply to cooperatives depending on their classification as micro, small, medium-sized and large cooperatives.

The annual reports of large and medium-sized cooperatives, the annual reports of small cooperatives whose securities are traded on the regulated market and consolidated annual reports of cooperatives must be examined by an auditor.

24.6.3. National legislative framework for cooperatives

National cooperative law	**National sectoral law on agri-cooperatives**	**Legal basis affecting cooperatives Civil law: Commercial law:**	**Min. No. of Farmer - Members**	**Min capital** (€)
Act on Cooperatives (2nd Consolidated version, Official Journal of RS, No. 97/2009)	Does not exist.	Numerous pieces of legislation affect cooperatives, for instance: Court Register of Legal Entities Act (OJ, 54/07...82/13), Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (OJ, No. 13/2014) etc.	Three	Not prescribed, but may be introduced by the statutes of a cooperative.

24.6.4. Taxation

Cooperatives have the same tax obligations as commercial companies. There are not specific exemptions. There is not a general tax rate applicable to cooperatives, neither different tax rates for transactions. The national taxation system is not adapted to the specificities of agricultural cooperatives.

24.6.5. Accounting Standards

Only those cooperatives whose securities are listed on one of the organized securities markets in the European Union Member States and which are subject to consolidation, must compile consolidated financial statements according to IFRS. Other cooperatives compile financial reports according to IFRS, if so decided by the general meeting, but for the minimum period of five years.

In practice, cooperatives in Slovenia do not apply IFRS. However, we are aware that the treatment of members' shares in cooperatives by IFRS may pose a serious problem, for instance, for credit cooperatives. Therefore, we support the efforts of cooperative international associations that the IFRS are adjusted to the specific features of cooperatives.

24.6.6. State aid

There are not implications to cooperatives from the existing provisions of Competition law regarding state aid. However, some state aids, above of those of horizontal nature, which are accessible to all enterprises, are sometimes limited only to commercial companies and individual entrepreneurs, being not accessible to cooperatives.

24.6.7. Financing

In general, agricultural cooperatives are not facing problems in access to financing. The problem of financing seems to affect more the newly established, start-up cooperatives, where also alternative forms of financing are being tested (for instance, crowd-funding). If a cooperative has problem accessing loans, it's mostly business related problem.

In some cases cooperatives have organized a production unit as a subsidiary company in order to improve access to finance (to attract outside investors and to be eligible for state aid). As a cooperative, they were regularly turned down, despite the fact, they had a successful production.

24.7. POLICY CONCERNS

24.7.1. Competitive position in the food chain

Cooperative Entrepreneurship

It differs from cooperative to cooperative: cooperatives with a skilful and committed leadership work well despite the weak economic situation in Slovenia. There are very few cases that a cooperative in Slovenia went bankrupt, the operating and financial difficulties may be solved also through merger and similar business.

27.1.2. Sectors Analysis

Cereals

The cooperatives are playing important role in the grain supply chain in particular by buying wheat. Also the role of cooperatives in grain price formation is important. The biggest cereal product is corn, but the most important one important on is wheat.

The market share in wheat production is 46%, in corn 58,7%.

Fruit and vegetables

Until the year 2007, the common market order for vegetables did not provide direct payments for producers, but only the co-financing of the producer organizations programs, what was not made use of in Slovenia. Since 2007, the fields under vegetable production have the payments rights for fields which has amounted to 332 €/ha.

The role of cooperatives in vegetable production is increasing, as many small producers are entering the production, due to economic reasons and existing investment support within the CAP. The market share of cooperatives represents 68 % of the total domestic supply, what in total vegetable market represents 25%. The activities of two cooperatives (KZ Krka and KZ Agraria) represent the most of this share.

The purchase of fruits by regular marketing channels (organized purchase and selling on market places) has decreased over the last years and has, in 2009, totaled in 32,000 tons, what represents about a quarter of all fruit produce.

The fruit producing cooperatives have, when compared to vegetable producing cooperatives, an even lower importance, as the fruits are mainly grown in orchards in the ownership of private companies and these are also the main buyer from private producers. The only exception is a production of industrial peaches, where the cooperative is a direct partner to a processing company, which in the 80's also together with the cooperative invested in the production of peaches.

Wine

Grapes and wine production is one of the sectors where cooperatives are important, both as producer and processor. There are still cooperatives where not only the wine making is done in cooperative owned cellars, but many of them they also cultivate their own vineyards. This is true for all the biggest cooperatives also listed in this report. The cooperatives in wine the sector are also among the few, which are besides towards domestic market, also export oriented. The total market share of the cooperatives represents 71%. One of the specificities of the operation of the winemaking cooperatives is that, that they are paying the delivered grapes to the producers after the wine is already sold, what is considered as a higher degree of business risk dispersion between members and the cooperative itself.

The biggest concern and threat for the cooperatives in the sector in last years are the competition from other winemaking countries within the EU and in third countries, and the growing number of private independent wine producers, who are with their more flexible production regarding the changing consumers taste and behavior, entering the domestic market. One of such example is the Cviček consortium, which is dominating in the production of the Cviček wine. Also there are unsatisfactory controls of the wine market, where there are no exact controls of how many wine is produced and how many is sold.

Slovenia

Dairy

In the dairy sector the cooperatives dominate the buy-off of the milk. They are organizing the collection of the raw milk for the dairies and negotiation a milk price is also the important role of cooperatives.

Some dairies are partly or totally owned by the cooperatives. Namely the ownership is resulting from the Act on Cooperatives from 1992, which gave the cooperatives which transformed based on this Act from socialist type to classical type an ownership share in the existing food processing companies.

Pig meat

In the pig meat sectors the cooperatives don't have a strong tradition, so their market share is only low, but is rising due to financial problems of big farms, which are in private hand. Traditionally the pig meat production in Slovenia was organized on big farms (previously state owned, now private companies), so the small scale farm production was either only for own consumption or part of these farms and organized by them. Due to such historical development even today the pig breeders are directly linked to processing industry and organized by them.

27.1.4. Main activities

Principal activities of the Cooperative Union of Slovenia:

- Advisory service (law, economy),
- Education,
- Representation,
- Information service,
- Promotion of cooperative movement,
- Concern for the development of cooperatives,
- International cooperation.

We provide several services to our member cooperatives:

- Advisory service (law, economy)
- Organisation of cooperative training,
- Representation of their interests in Slovenia and abroad,
- We monitor the operation of the cooperatives,
- Promote cooperative movement and cooperative principles and values,
- We draw their attention to current problems in the cooperative movement,
- Keep them well informed by publishing different publications, via media and our web page www.zzs.si and journal www.spodezelja.si

The Union performs following tasks for the affiliated cooperatives:

- professional, organizational, technical, legal, economic and administrative assistance to member cooperatives;
- representation of affiliated cooperatives in chambers of economy (for instance, Agricultural and Forestry Chamber) and before state authorities (for instance, in State Council);
- organizing training programs for members and employees of cooperatives;
- drafting informed opinions and proposals to competent authorities for adoption of regulations or measures significant for the development of cooperative business form,
- care for preservation and development of business contacts between members;
- management of the property acquired after dissolution of a cooperative.

27.1.5. Training

The organization develops and runs training programs for members, the target is composed by elected members and executives. Also workers in cooperatives can attend as well. The cooperative suggests who will attend, depending on the theme.

No uniquely defined educational level is required. Some training programs are prepared for people with specialized knowledge and responsibility in a cooperative (for instance, accountants, members of supervisory bodies etc.).

The areas covered by these training programs, which are important for cooperatives and their business, are:

- Cooperative business and governance,
- Cooperative legal framework,
- Cooperative finance,
- Tax issues of cooperatives,
- Strategy issues in a cooperative,
- Marketing functions of cooperatives.

Not many other external training opportunities who would target cooperatives explicitly are available.

We would welcome European training programs, who would cover business operation and potentials of cooperatives on the EU market and in various EU policies, including programs for accessing foreign markets. But the main problem is the price of such a training program and the lack of speaking foreign languages, especially of elected members.

Slovenia

27.1.6. Investments of cooperatives in new activities

Due to new tax provisions about the agricultural activity, several agricultural cooperatives offer their members accounting services for tax purposes.

27.1.7. International activities (expansion to foreign countries)

Cooperatives and the food industry in Slovenia mostly focus on the domestic market. However, the share of turnover cooperatives realize in foreign countries has been increasing in last years, mainly for agricultural and food products where the domestic production exceeds the domestic demand (milk, wine, poultry meat etc.). Some cooperatives “export” raw milk to diaries in neighboring countries, also some of our wine cellars try to get access to third countries.

Establishment of new cooperatives or of Producer Organisations (any legal form of farmer owned, controlled and benefit businesses).

On the basis of Social Entrepreneurship Act from 2011 some small cooperatives as social enterprises have been established in recent years, mainly for local supply, ecological production and/or employment of vulnerable persons.

27.1.8. Other activities of agricultural cooperatives

Some cooperatives work on projects, where they inform consumers about local food, trying to motivate the consumers to buy local, higher quality food from local farmers or food processing unit.

Our Organization cooperates with governmental and non-governmental organizations in the fields of Common Agricultural Policy, promoting agriculture, establishing a code of good business practices, involved in all strategic plans concerning agriculture and food safety.

27.1.9. Impact of the CAP reform on cooperatives

The impact of producer organizations (POs) and producer groups (PGs) is difficult to predict because it should be assessed on the basis of the bargaining position of all farmers vis-a-vis their partners in food processing and retail on the relevant product and geographical market. If measures are to encourage only newly established primary producer organizations and producer groups, the challenge of further concentration of supply in cooperatives and similar existing producer organizations may remain unanswered. Some restrictive provisions and/or their interpretations, e. g. regarding the exclusive membership of producers of certain product in a producer organization or even in a legal person, which itself does not apply for recognition as a producer organization, but only participates at the establishment of a producer organization, may have an impact different from their purpose. Therefore, the provisions about POs, PGs and their associations as well as measures to encourage them should take into account various organizational patterns of agricultural cooperatives in Member States to a greater extent.

27.1.10. Main policy objectives at EU level

The main problems are the unequal producing conditions farmers are facing. Especially imported food wouldn’t be competitive, if it was produced under the same conditions as in the area, where it is sold. We are not talking only in the field of agriculture, the problem is present in all business sectors.

25. SLOVAKIA

Slovakia

25.1. GENERAL PROFILE

Year of EU entry: 2004

Capital city: Bratislava

Total area: 48 845 km²

Population: 5.4 million

Currency: Member of the eurozone since 2009 (€)

Schengen area: Member of the Schengen area since 2007

Source: http://europa.eu/about-eu/countries/member-countries/slovakia/index_en.htm

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	2 039.9	0.5%
Crop output, of which:	2013	58.8%	0.6%
Wheat and spelt	2013	13.2%	1.0%
Oil seeds and oleaginous fruits	2013	11.4%	2.0%
Grain maize	2013	11.0%	1.8%
Animal output, of which:	2013	41.2%	0.5%
Milk	2013	12.9%	0.5%
Pigs	2013	7.6%	0.4%
Cattle	2013	7.6%	0.5%
Gross value added at basic prices (million EUR)	2013	545.3	0.3%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

Slovakia[1]

25.2. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

According to data from Statistical Office of Slovak republic, in Slovakia there are 1580 cooperatives registered up to 31.12.2010. The largest group are cooperatives active in the agricultural sector - farmers (597 in 2009) and cooperatives providing agricultural services (34 in 2009). Agricultural cooperatives produce on an area of 52% of the agricultural land in Slovakia, i.e. app. 1,268,000 ha. Most of cooperatives are members of Union of agricultural cooperatives and companies in SR.

· In present time, farmers are being associated in the new form of cooperatives, so called “producer groups”. These groups were established to facilitate the role of farmers in the market.

They help to:

- fit the amount of production to market demand,
- common introduction of products in the market,
- increase added value of common production and its valorisation,
- set the common rules for information on production in respect to harvesting and distribtion of production.

In 1990 the process of transforming the national economy to a market economy started, which has significantly affected the agriculture and entrepreneurship in this sector. Agricultural cooperatives embarked on a long journey of transformation. Result of cooperative transformation was approved transformation project, part of which was the decision on the further existence of the cooperative. They could have been changed into a commercial company (joint stock company, limited liability company, public company, limited partnership), or adapt to new legislation of cooperatives under the new Commercial Code. The bulk of the cooperatives decided to continue the cooperative form of business. The above mentioned cooperatives operate in almost all the sectors except olive oil and table olives. Their production is usually oriented to more sectors.

We will focus on cooperatives as „producer organisations“ as the main object of the report. Producer organisations started to be established in order to increase economic power of its members in the market.

Main functions of producer organisations are mainly as follows:

- Joint sale of products
- Providing farm inputs for members
- Providing farm machinery services
- Marketing of products

25.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

[1] Source: Bandlerová, A., P. Schwarcz, J. Lazíková And I. Takáč (2012). Support For Farmers' Cooperatives; Country Report Slovakia. Wageningen: Wageningen Ur.

Slovakia

25.3.1. Main cooperative statistics

List of top 5 largests farmers' cooperatives per sector

Most important cooperatives in selected sectors

Sector		Name of Cooperative
Cereals	1	ODO - Odbytové družstvo obilnín Trnava
	2	Odbytové družstvo obilniny Hordeum Agro
	3	Odbytová organizácia výrobcov - družstvo Šamorín
	4	Odbytové družstvo obilniny KOSTRIN
	5	Odbytové družstvo obilniny BEBRAVA
Dairy	1	Odbytové družstvo mlieka Levice, družstvo
	2	Výrobno odbytové družstvo Mliečny východ
	3	NOVOMILK Slovakia, a.s.
	4	SAVYN, odbytové družstvo
	5	Odbytové družstvo mlieko BEBRAVA
Pig meat	1	Odbytové družstvo Bebrava
	2	Odbytové družstvo Dvory, družstvo
	3	ČILIZMÄSO, odbytové družstvo, družstvo
	4	Odbytové družstvo HB
Fruit and Vegetable	1	Ovocinárske družstvo BONUM
	2	DRUTOMA družstvo
	3	Odbytové družstvo producentov ovocia SK FRUIT
	4	GreenCoop družstvo
	5	Odbytové družstvo producentov rajčín
Oil seeds and leguminous	1	Odbytové družstvo Jevišovice
	2	Odbytové družstvo olejniny BEBRAVA
	3	OOV Zempol - družstvo
	4	Odbytové družstvo olejniny Heliantus Agro
	5	OILAGRO, odbytové družstvo
Potatoes	1	Zemiakarské obchodné družstvo
	2	OOV - DRUŽSTVO MALINOVO, družstvo
	3	Slovsolanum - Družstvo pestovateľov a spracovateľov zemiakov
	4	Zeleninárska spoločnosť - Kráľová pri Senci, družstvo
Poultry and eggs	1	Odbytové družstvo Ponitrie
	2	EGGS VAN - Odbytová organizácia prvovýrobcov hydiny a vajec, s.r.o.
	3	Odbytové družstvo Kysuca, družstvo
Slaughter cattle	1	Odbytové družstvo HD BEBRAVA

Source: APA

Slovakia

25.3.2. Market share of farmers' cooperatives in the food chain

Market Share of Cooperatives

	2004		2010	
Sector	**Number of members**	**Market Share** (%)	**Number of members**	**Market Share** (%)
Cereals	5	3	32	15.9
Pig meat	2	2	4	11.1
Sheep meat	1	1	0	0
Fruit and vegetables	6	n.a.	7	10.2
Dairy	6	9	18	24.5
Poultry and eggs	0	0	3	13.9
Tobacco	1	86.5	0	0
Potatoes	1	11.2	3	17.9
Beef meat	0	0	1	1.7
Oilseeds and pulses	0	0	11	11.3

Source: Agricultural Paying Agency

Slovakia

25.4. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

25.4.1. Legal framework for cooperative

Cooperatives can be established in 2 forms: cooperatives or limited liability company (Ltd.)

Legal form of majority of producer organisations is cooperative. Their members are also mainly cooperatives.

The Policy Measures and Legal Aspects relate to business organisational law (e.g. the laws and regulation on cooperatives as a business organisation), tax law and competition law.

The legal business forms available for farmers to organize themselves into producer organisations (POs) are cooperatives, business companies such as Limited Liability Company, Share Company, partnership, limited partnership. In case of Slovakia the most frequently used legal business forms are cooperatives and limited liability companies.

The relevant developments and changes of the regulation of cooperatives/POs since 1 January 2000 (2004) with regard to business organisational law related mainly to the implementation of EU commercial directives such as 68/151/EHS; 77/91/EHS; 78/855/EHS; 82/891/EHS; 89/666/EHS; 2003/58/ES; 2005/56/ES; 2006/46/ES; 2006/68/ES; 2007/36/ES; 2007/63/ES; 2009/102/ES.

Cooperatives can be formed by at least 5 persons but if there are at least 2 legal entities (to receive support minimum 5 members per one Coop/POs), the minimum of 5 is not necessary.

The minimum basic capital is €1250; the minimum member´s fee is not stipulated but it could not be zero.

The conditions are usually defined in the Statutes of cooperative.

25.4.2. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
None	the implemantation of EU commercial directives such as 68/151/EHS; 77/91/EHS; 78/855/EHS; 82/891/EHS; 89/666/EHS; 2003/58/ES; 2005/56/ES; 2006/46/ES; 2006/68/ES; 2007/36/ES; 2007/63/ES; 2009/102/ES.		5 persons but if there are at least 2 legal entities the minimum of 5 is not necessary.	1 250

Slovakia

25.4.3. Cooperative Governance

The legal structure of the producer organisation is a single legal organisation (in most cases cooperative). Cooperatives associate combination of at least 5 corporate or individual farmers.

Internal governance is represented by three mandatory bodies: general assembly (assembly of all members); board of directors (if a coop is small, it means it has less than 50 members; the Statutes can stipulate that there will be only one director); control committee (at least three members; in a small coop, its function can fullfil general assembly if the Statutes so stipulates). The other bodies of coop are only facultative.

Distribution of votes among members is fully proportional and depends on the amount of membership contribution. The members have proportional voting rights to their equity capital contribution and it does not represent the volume or value of trade with the cooperative.

Although the members of cooperatives represent their primary farms, the secondary cooperatives (producer organisations) do not have direct ownership shares in subsidiaries.

25.4.4. Taxation

The following tax law regime applies to the legal business form of the cooperative /PO: income tax of coop (19%); VAT (20%); consumer tax of beer, vine, alcohol, tabacco, oil, electricity, coal and gas; real estate tax of plots, buildings; tax of vehicles using for doing business.

There are not special provisions in tax law taht foster or promote cooperatives/POs, only the dividends of coop members are not taxed.

25.4.5. Financing

The general assembly can decide on the increasing and decreasing of the basic capital. The general assembly can delegate on the board of directors to make a decision on the basic capital increasing up to the limited high from the net income or other coop sources of equity.

The legal methods and instruments for raising equity are commonly used reservation of net proceeds in a general reserve, and member participation in equity raising connected to and proportional to the volume of economic transaction between the member and the cooperative/PO if the statutes does not stipulate otherwise.

25.5. POLICY CONCERNS

25.5.1. Competitive position in the food chain

The main task of producer organisations is collective bargaining on product sale on the market. Their position depends on the sector they represent. With the view to the total turnover of the sectors, the market share of producer organisations is highest in the Dairy (24.5%), Potatoes (17.9%), and Cereals (15.9%) sectors. Their position is quite dominant since they represent only several cooperatives (5-7 producer organisations) in comparison to the overall number of cooperatives in various sectors. Mainly large cooperatives are involved as members in producer organisations. There is quite low share of other legal forms and individual farmers.

25.5.2. Sector Analysis

Cereals

The state and development of the position of the cooperatives in the food chain does not vary between the observed cereal cooperatives. They were established and supported due to measures of the rural development program and their strategies and performance show no great differences between each other. Since they started to run their business mainly during 2005-2008 driven by the policy support, their strategies are mainly focusing on: collective bargaining and in some cases collecting farm products. However, the cooperatives have not yet engaged in other major activities to strengthen their position in the supply food chain, such as providing a market (e.g. auction), collecting farm products, transport and storage, primary processing (producing intermediary products for the food industry), secondary processing (producing final consumer products), marketing commodities (bulk products; private label products), marketing branded products, wholesaling (selling both member products and non- member products), and retailing (i.e. directly selling to consumers). This could be facilitated by a policy that supports producer organisations according to the amount of production to market demand, common introduction of products in the market and set the common rules for information on production in respect to harvesting and accessibility of production.

The competitiveness of producer organisations has been raised by the common negotiation and realization of production and increased sales rates through common product marketing and propagation. In 2010, the market share of cereal producer organisations was 15.9% in the total turnover of the sector. The competitiveness of the cereal producer organisations in the food supply chain increased more than 5-fold in 2010 as compared with 2004. The marketing strategy of cereal cooperatives emphasises on low cost (cost leadership). The coops have formal groupings of members mainly per product. The members with large volumes of trade with the coop do not get any premium. The coops do not apply a differentiated cost policy between small and large members. The scope of products purchase assortment of the cooperative is narrow. The members are medium specialized farmers and have multiple crops production. In comparison with the national average, the members of the Cereals coops are more specialized.

The coops have all equity capital as individual shares of members. Only members can provide equity capital in the coops. They cannot have non-member investors directly in the cooperative or in one of its subsidiaries. Liability of members is partial for the losses of the cooperative. According to the membership policy there are medium requirements (product quality) to become a member of a coop. Membership policy on capital contribution requires only entrance fee for the new members. The cooparatives do not have members and farmer-suppliers in other EU-member states and also do not have source from foreign farmers. The coop is legally a single organisation where the members represent several companies that have a different legal form.

Dairy

The state and development of the position of the cooperatives in the food chain does not vary between observed dairy cooperatives. They were established and supported due to measures of the rural development program and their strategies and performance not differ between each other. Since they started to run their business between 2006 and 2008, they are driven by the policy support. The strategies of dairy cooperatives are mainly focusing on: providing a market, collective bargaining, integration of supplying inputs and marketing farm products and in some cases collecting farm products.

Slovakia

However, the activities as transport and storage, primary processing (producing intermediary products for the food industry), secondary processing (producing final consumer products), marketing branded products, wholesaling (selling both member products and non-member products), retailing (i.e. directly selling to consumers) have not yet been performed by the dairy cooperatives to strengthen their position in the supply food chain. It could be caused by the policy that supports producer organisations according to the amount of production to market demand, common introduction of products in the market and set the common rules for information on production in respect to accessibility of production. The competitiveness of dairy producer organisations has increased by common negotiation and realization of production and increased sales through common product marketing (e.g. milk machines, milk for schools policy measure). The coops have formal groupings of members mainly per product and region. The members with large volumes of trade with the coop do not get any premium. The coops do not apply a differentiated cost policy between small and large members. The scope of the purchase assortment of the cooperatives is narrow (only milk).

Coops have all equity capital as individual shares of members. Only members can provide equity capital in coops. They cannot to have non-member investors directly in the cooperative or in one of its subsidiaries. Liability of members is partial for the losses of the cooperative. According to membership policy there are medium requirements (geographical, volume of delivery and product quality) to become a member of coops. Membership policy on capital contribution requires only an entrance fee for the new members. The coops do not have members and farmer-suppliers in other EU member states and also do not have sources from foreign farmers. The coops are legally one organisation where the members represent several companies that have a different legal form.

The market share of all dairy producer organisations in 2010 was 24.5% of the total turnover in the sector. The competitiveness of the dairy producer organisations in the food supply chain increased almost 3-fold in 2010 as compared with 2004. The marketing strategy of dairy cooperatives emphasises on low cost (cost leadership). The members are medium specialized farmers; they have multiple crops and animal production. In comparison with the national average, the members of these coops are more specialized.

Pig meat cooperatives

The state and development of the position of the cooperatives in the food chain does not vary between the observed pig meat cooperatives. They were established and supported due to measures of the rural development program and their strategies and performance are similar.

Since they have started to run their business in 2006-2008 they are influenced by the policy measure. The strategies of pig meat cooperatives are mainly focusing on: collective bargaining and marketing of products.

To strengthen their position in the supply food chain, the pig meat cooperatives have not yet performed activities, such as transport and storage, primary processing, secondary processing, marketing branded products, wholesaling and retailing. This could be assisted by policy support goals as described for the other sectors.

The competitiveness of pig meat producer organisations has improved by common negotiation and market realization of production. The market share of all pig meat producer organisations in 2010 went up to 11.1% of the total turnover in the sector. The competitiveness of the pig meat producer organisations in the food supply chain slightly decreased in 2010 as compared with 2004. The members are medium specialized farmers growing multiple crops and having animal production. As compared with the national average, the members of these Coops are more specialized. The marketing strategy of pig meat cooperatives emphasises on low cost (cost leadership). The coops have formal groupings of member mainly per product and region.

Slovakia

The members with large volumes of trade with the coop do not get any premium. The coops do not apply a differentiated cost policy between small and large members. The scope of products sold by the cooperative is narrow (only Pig meat).

Coops have all equity capital as individual shares of members. Only members can provide equity capital in Coops. They cannot to have non-member investors directly in the cooperative or in one of its subsidiaries. Liability of members is partial for the losses of the cooperative. The membership policy puts medium requirements (geographical and product quality) to new members of the coops. Membership policy on capital contribution requires only entrance fee for the new members. The coops do not have members and farmer-suppliers in other EU member states and also do not have sources from foreign farmers. A coop is legally a single organisation where the members represent several companies that have a different legal form.

Fruit and Vegetables

The members of POs in this sector are represented by individual farmers and business companies (primary cooperatives, LTD, joint-stock companies) on average with 9 members per PO. The state and development of the position of the cooperatives in the food chain does not vary between the observed cooperatives. They were supported due to the first pillar of CAP under the regulation EC 1234/2007 on single CMO and their strategies and performance are similar. The POs started to run their business between 2000 and 2008 and are driven by the policy support, their strategies are focusing on: collective bargaining, collecting farm products (including transport and storage), marketing branded products, wholesaling and retailing for the members. However, other activities, such as providing a market (e.g. auction), producing intermediary products for the food industry, producing final consumer products, have so far not been taken by the POs to strengthen their position in the supply food chain. It could be improved by a policy that supports producer organisations according to the amount of production to market demand, common introduction of products in the market and set the common rules for information on production in respect to harvesting and accessibility of production.

The competitiveness of POs have increased by common negotiation and realization of production and increased sales through common product marketing and propagation. The market share of Fruit and Vegetable POs in 2010 made 10.3% of the total turnover in the sector. The marketing strategy of Fruit and Vegetable POs emphasises on low cost (cost leadership). They have all equity capital as individual shares of members. Only members can provide equity capital in coops. They cannot have non-member investors directly in the cooperative or in one of its subsidiaries. Liability of members is partial for the losses of the cooperative. Membership policy on capital contribution requires only the entrance fee for the new members. The coops do not have members and farmer-suppliers in other EU member states and also do not have sources from foreign farmers. The coops are legally a single organisation where the members represent several companies that have a different legal form. The coops have formal groupings of members mainly per product. The members with large volumes of trade with the coops do not get a premium. The coops do not apply a differentiated cost policy between small and large members. The scope of the product assortment of the POs is narrow.

Oil seeds and leguminous plants

The members of POs in this sector are represented by individual farmers and corporate farms (primary cooperatives, LTD, joint-stock companies), on average, with the higher number of members per POs. The state and development of the position of the cooperatives in the food chain does not vary between the observed cooperatives.

Slovakia

They were established and supported due to measures of rural development program, their strategies and performance being similar. Cooperatives/POs started to run the business during 2006-2008 and are driven by policy support, their strategies are focusing on: collective bargaining and providing the inputs (e.g. seeds, fertilizers) for the members. Other activities, such as providing a market (e.g. auction), collecting farm products, transport and storage, primary processing (producing intermediary products for the food industry), secondary processing (producing final consumer products), marketing commodities (bulk products; private label products), marketing branded products, wholesaling (selling both member products and non-member products), retailing (i.e. directly selling to consumers), have not yet been taken by the cooperatives to strengthen their position in the supply food chain. It could be facilitated by a policy that supports producer organisations according to the amount of production to market demand, common introduction of products in the market and set the common rules for information on production in respect to harvesting and disponibility of production. Other offered services to the members next to marketing are production and supply of farm inputs.

The competitiveness of producer organisations has improved by common negotiation and realization of production and increased sales through the common product marketing and propagation. In 2010, the market share of POs in Oil seeds and leguminous plants was 11.3% of the total turnover in the sector. The competitiveness of the cereal producer organisations in the food supply chain increased in 2010 as compared with 2004. The marketing strategy of cereal coops/POs emphasises on low cost (cost leadership). They have all equity capital as individual shares of members. Only members can provide equity capital in Coops. They cannot have non- member investors directly in the cooperative or in one of its subsidiaries. Liability of members is partial for the losses of the cooperative.

According to membership policy it is relatively easy to become a member of coops. Membership policy on capital contribution requires only entrance fee for the new members. The coops do not have members and farmer-suppliers in other EU member states and also do not have sources from foreign farmers. The coops are legally a single organisation where the members represent several companies that have a different legal form. In one case, an Oilseed coop has 5% of non- active members but their influence on decision making is low. The coops have formal groupings of member mainly per product and region. The members with large volumes of trade with the coop do not get a premium. The coops do not apply a differentiated cost policy between small and large members. The scope of the product assortment of the cooperative is narrow (only oil seeds and leguminous plants).

26. FINLAND

Finland

26.1. GENERAL PROFILE

Year of EU entry: 1995

Capital city: Helsinki

Total area: 338 000 km²

Population: 5.3 million

Currency: Member of the eurozone since 1999 (€)

Schengen area: Member of the Schengen area since 1996

Source: http://europa.eu/about-eu/countries/member-countries/finland/index_en.htm

Finland	2000	2010	Change (%)
Number of holdings	81 190	63 870	-21.3
Total UAA (ha)	2 218 410	2 290 980	3.3
Livestock (LSU)	1 216 880	1 121 050	-7.9
Number of persons working on farms (Regular labour Force)	183 660	125 290	-31.8
Average area per holding (ha)	27.3	35.9	31.3
UAA per Inhabitant (ha/person)	0.43	0.43	-0.2

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Finland

Finland

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	4 187.5	1.1%
Crop output, of which:	2013	42.6%	0.9%
Vegetables and horticultural products	2013	14.3%	1.2%
Barley	2013	8.3%	3.5%
Wheat and spelt	2013	5.0%	0.8%
Animal output, of which:	2013	57.4%	1.4%
Milk	2013	24.7%	1.8%
Pigs	2013	8.4%	0.9%
Cattle	2013	6.6%	0.9%
Gross value added at basic prices (million EUR)	2013	1 405.7	0.9%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

26.2. MEMBER ORGANISATION

PELLERVO
CONFEDERATION OF FINNISH COOPERATIVES

P.O. Box 77
FI – 00101 HELSINKI

Tel:+358 9 476 75 01
Fax:+358 9 694.88.45
E-mail:finncoop@pellervo.fi

Website:www.pellervo.fi

President : Martti ASUNTA
Vice-President : Tiina LINNAINMAA
Managing Director : Sami KARHU

Jonas LAXÅBACK
Rue de Trèves, 61, 6th floor
BE-1040 BRUXELLES

Tel:+32 (0)2 285.48.12
Fax:+32 (0)2 285.48.19
E-mail: jonas.laxaback@mtk.fi

Finland

26.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

The new nutrition recommendations (2014) by the National Nutrition Council of Finland highlight the components of a health-promoting diet: vegetables, berries, fruits, leguminous plants and wholegrain cereals as well as fish, vegetable oils and vegetable oil based spreads, nuts, seeds and fat-free and low-fat milk products. Vegetables, berries and fruit should be consumed half a kilo a day instead of the 400 grams recommended earlier (and still in NNR2012). The consumption of red meats (beef, pigmeat and sheep meat) and especially that of processed meats and food containing a lot of saturated fats, added sugar and salt and little fibre should be reduced.

Agri-food trends

Food trade is still largely in the hands of domestic operators, founded on chains of wholesalers and retailers, where the buying-in operations both in Finland and abroad are highly centralised. Besides the German Lidl, which came to Finland in 2002, the small markets and high transportation costs have not attracted any other foreign food chains.
According to the Statistics Finland, food prices in Finland are 16 % higher than in the EU on average. Besides the trends in food prices, in recent years there has been discussion on the distribution of the price paid by the consumer within the food chain. The share of the retail sector in the price paid by the consumer has grown while the shares of primary producers and processing sector have decreased.

The two main sectors in the Finnish food industry are dairy industry and meat processing. In recent years the trends in the dairy industry have been quite steady while in meat processing the quite drastic changes in feed prices and difficulties on the export market have pushed the turnover down from the peak figures in 2007.

Russia has for a long time been the main destination for Finnish food exports. Most significant single product group is dairy.

Agri-food trends in regards to bioenergy: in Finland bioethanol in not produced from agricultural feedstocks but mainly from household and other waste and residue.

26.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

26.4.1. Main cooperative statistics

Name of the cooperative	Sector	Turnover (m€)	Members	Personnel
Metsä Group	FOREST	4 931.60	123 275	10 741
HKScan Oyj/Plc	MEAT	2 478.60		739
Valio Oy/Plc	DAIRY	2 029.10	7 500	4 567
Atria Oyj/Plc	MEAT	1 411.00		4 669
Hankkija-Maatalous Oy[1]	AGRI	945.00		119

[1] Since 1.1.2015 owned by DLA (DK)

Finland

Name of the cooperative	Sector	Turnover (m€)	Members	Personnel
Osuuskunta ItäMaito	DAIRY	318.40	2 228	72
Osk. Pohjolan Maito	DAIRY	245.90	1 785	23
Osk. Maitosuomi	DAIRY	160.60	1 242	20
Osk. Tuottajain Maito	DAIRY	154.30	1 119	49
Osk. Länsi-Maito	DAIRY	101.80	791	23
Hämeenlinnan Osm.	DAIRY	73.90	154	79
Munakunta	EGG	52.60	171	99
Osk. Maitomaa	DAIRY	51.90	119	49
Osk. Satamaito	DAIRY	43.04	213	57
Osk. Maitokolmio	DAIRY	35.60	113	71
FABA osk.	BREEDING	33.09	10 507	393
Milka	DAIRY	32.90	265	6
Kuusamon Osm.	DAIRY	22.05	147	97
ÅCA	DAIRY	19.20	41	57
Österbottens Kött/Pohjanmaan Liha	MEAT	14.38	419	11
Laaksojen Maitokunta	DAIRY	11.70	82	4
Kaustisen Osm.	DAIRY	9.70	5	62
Porlammin Osm.	DAIRY	8.50	15	17
Andelslaget Ålands Skogsägarförbund	FOREST	7.91	840	23
Hirvijärven Osm.	DAIRY	7.80	44	3
Evijärven Osm.	DAIRY	7.20	38	2
Härmän Seudun Osm.	DAIRY	6.80	34	2
Limingan Osm.	DAIRY	3.90	31	3
Ilmajoen Osm.	DAIRY	3.20	27	1
Finnpig	BREEDING	2.90	0	12
Itikka Osk	MEAT	1.53	1 829	5
Paavolan Osm.	DAIRY	1.50	11	0
LSO	MEAT	0.00	1 430	1
Lihakunta	MEAT	0.00	3 396	2

26.4. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

There are no cooperatives in Finland that have members outside of this country. Valio has production plants outside Finland. Finnish meat cooperatives have internationalized: HKScan operates in Baltic countries, Sweden and Denmark. Atria expanded to Scandinavia, Estonia and Russia. Also, Forest Co-operative Metsä Group has production units in Europe.

Finland

26.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

26.5.1. Legal framework for cooperative

In January 1st 2014 the new Cooperatives Act came into force in Finland. The minimum number of members is of 1 person and there is not a minimum capital. There are no other real mandatory requirements for compliance to other legal, administrative or economic provisions (mandatory registration to certain organisations), except Trade Registration Notice (380 €).

26.5.2. Cooperative governance

One-man one-vote and proportional representation are both possible, assumption is the one-man one vote, but in the rules of the cooperative a proportional system can be assigned.

One or two tier system are both possible, at least one tier (board) is mandatory.

Having regards to participation of external finance, (control/ voting rights, representation to the board), no voting rights or board representation on the basis of financial participation.

Supervisory board is not mandatory nor is its structure.

If the cooperative doesn't have an independent auditor, there has to be a business inspector.

26.5.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Cooperatives Act. January 1st 2014			1	Not required

26.5.4. Taxation

Agricultural cooperatives are subject to the general taxation provisions.

There are not any specific exemptions for agricultural cooperatives.

There is a general tax rate applicable to cooperatives.

There are not different tax rates for transactions with members and for non-member transactions.

National taxation system is not adapted to the specificities of agricultural cooperatives.

26.5.5. Accounting Standards

Those hybrid cooperatives (Atria, HKScan) where the business operations are in plc:s apply IFRS.

Finland

26.5.6. State aid

There are not implications to cooperatives from the existing provisions of Competition law regarding state aid.

26.5.7. Financing

Agricultural cooperatives are not facing problems in access to financing.

Cooperatives didn't modify their governance structures in order to allow diverse/ proportional finance from members.

None of the cooperatives accessed external (non-membership) finance (through the use of different types of not linked to patronage, non-voting "B-Class or C-Class -shares", or through financial markets/ stock exchange), although according to the Cooperative Act, they could. None have done so, yet.

No recent changes in the governance structures of cooperatives due to the participation of external (non-membership) finance.

26.6. POLICY CONCERNS

26.6.1. Main activities

Pellervo has some 250 members of which 2/3 are cooperative banks. All producer cooperatives in Finland are directly or indirectly members. With personnel of 7 Pellervo promotes and develops competitive operational conditions for cooperatives (lobbying) and improves the professional and intellectual skills of the administrators in cooperatives (training, publications). In addition, Pellervo promotes and develops the cooperative idea and the strategic advantages of user-owned enterprises and encourages the foundation of new cooperatives in all sectors of economy (develop cooperatives, give advice to small new cooperatives).

26.6.2. Training

Pellervo owns, together with the Central Union of Agricultural Producers and Forest Owners MTK, the Pellervo Institute Ltd also known as PI Leadership Academy.

Target group is both elected members and executives. PI Leadership Academy offers three types of training: open, tailor-made and theme-based training under the name PI-Forum (for instance Meat Forum, Dairy Forum, Grain Forum).

Not required educational level to attend these courses (elementary/ secondary/ or tertiary).

The areas covered by these training programmes:

The aim is to develop the leadership and management skills of member-based organisations and help cooperative leaders plan for constructive decision making in the development of their administrative and management skills.

Other training opportunities exist, through private institutions which provide training for board members and executives, but none specialises in cooperatives and their issues.

27. SWEDEN

Sweden

27.1. GENERAL PROFILE

Year of EU entry: 1995

Capital city: Stockholm

Total area: 449 964 km²

Population: 9.2 million

Currency: krona (kr)

Schengen area: Member of the Schengen area since 1996

Source: http://europa.eu/about-eu/countries/member-countries/sweden/index_en.htm

Sweden	2000	2010	Change (%)
Number of holdings	81 410	71 090	-12.7
Total UAA (ha)	3 073 200	3 066 320	-0.2
Livestock (LSU)	1 979 550	1 751 890	-11.5
Number of persons working on farms (Regular labour Force)	156 850	141 530	-9.8
Average area per holding (ha)	37.7	43.1	14.3
UAA per inhabitant (ha/person)	0.35	0.33	-5.3

Source: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agricultural_census_in_Sweden

Sweden

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	5 628.4	1.5%
Crop output, of which:	2013	48.4%	1.3%
Forage plants	2013	18.0%	3.7%
Vegetables and horticultural products	2013	8.2%	0.9%
Wheat and spelt	2013	5.5%	1.2%
Animal output, of which:	2013	51.6%	1.7%
Milk	2013	21.6%	2.1%
Cattle	2013	9.1%	1.6%
Pigs	2013	8.6%	1.3%
Gross value added at basic prices (million EUR)	2013	1 737.6	1.1%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

27.2. MEMBER ORGANISATION

LANTBRUKARNAS RIKSFÖRBUND (LRF)

FEDERATION OF SWEDISH FARMERS

Franzengatan 6
SE - 105 33 Stockholm

Tel:+46 8 787.50.00
Fax:+46 81 49 166
E-mail:info@lrf.se

Website:www.lrf.se

President : Helena JONSSON
Vice-President : Thomas MAGNUSSON
Åsa ODELL
Managing Director : Anders KÄLLSTRÖM
Chairman of the LRF Cooperative Committee : Thomas MAGNUSSON

Permanent Representation in Brussels
61, rue de Trèves
1 040 BRUXELLES
Belgium

Ingrid RYDBERG
Rue de Trèves, 61
BE-1040 BRUSSELS

Tel:+32 (0)2 280 06 64
Fax:+32 (0)2 280 06 08
E-mail : ingrid.rydberg@lrf.se

Sweden

27.3. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Demand trends

In 2010-2012, the Swedish primary production of food increased in value by 5.2 percent at the farm level after many years of stagnation. The link between the food, the chef and farmer is getting more important. As a parallel the low cost trend is strong and the share of private label products in retailing is increasing.

Agri-food trends

Sweden has a rather high concentration in the retail sector with the three biggest actors having almost 90 % of the market. The power of the retailers has increased the last years in a similar way to other European countries.

LRF and the biggest retailer in Sweden (ICA) just started collaborating in the areas of food and agriculture. It started last autumn as a joint project with the retailer, but was only communicated publicly recently in regional and national media.

LRF's joint project with this retailer will continue for three years. It consists of three parts. The first is about communicating the benefits of Swedish food to customers. The second is to increase the range of Swedish products in ICA stores and the third is to create opportunities for ICA store managers and farmers to meet and share experiences.

When responding to surveys, Swedish consumers say it is important to know where their food comes from. Unfortunately, this is not the case in reality because when they are in the grocery store, many customers just focus on the price.

Right now LRF also collaborates with another retail chain. Also two large-scale catering establishments, McDonald's and the competition for Sweden's Chef of the Year.

Some development in recent years with an increase of small local cooperatives in dairy, meat, grains and supplies.

27.4. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

27.4.1. Main cooperative statistics

The 30 main cooperatives have together about 160 350 members (multiple membership)

- Arable crops/supplies: 10+ cooperatives, market share 75 %, 4 100 MEuro turnover, 38 000 members, 8 900 employees.
- Dairy: 7 cooperatives (including ArlaFoods), market share 95 %, turnover 485 MEuro (excluding ArlaFoods), 1 350 members (excluding Arla Foods), 700 employees (excluding ArlaFoods).
- Meat: approximately 5 small and local cooperatives, market share 5 % (?),
- Fruit & veg: 6 cooperatives, market share approximately 50 %; for pot plants 40 %, turnover

Sweden

- Forestry: 4 cooperatives, market share approximately 45 %, 2 600 MEuro turnover, 111 000 members, 4 650 employees.
- Livestock extension services/breeding: 2 cooperatives, approximately 50 % market share, turnover 53 MEuro, 9 500 members, 165 employees
- Banking: 1 cooperative, 45 000 members, 120 employees.

TOP* agri-cooperatives in 2013

Name of Agri-cooperative		Sector	Turnover (m€)	No. of Farmer Members	No. of employees
1	Lantmännen	Arable/supplies	3 750	32 000	8 600
2	Södra skogsägarna	Forestry	1 900	51 000	3 800
3	Mellanskog	Forestry	320	32 000	200
4	Norrmejerier	Dairy	210	550	480
5	Norra skogsägarna	Forestry	200	16 000	360
6	Norrskog	Forestry	185	13 000	300
7	Kalmar lantmän	Arable/supplies	135	1 900	195
8	Skånemejerier	Dairy	135	450	5
9	Falköpings mejeriförening	Dairy	80	200	70
10	Kristianstadsortens lagerhusförening	Arable/supplies	70	625	25
11	Varaslättens lagerhusförening	Arable/supplies	70	1 600	30
12	Sydgrönt	Fruit/Veg	70	65	26
13	Grönsaksmästarna	Fruit/Veg	60	30	45
14	Vallberga lantmän	Arable/supplies	50	850	33
15	Växa Sverige	Livestock extension services/breeding	47	8 300	340
16	Mäster Grön	Fruit/Veg	45	55	30
17	Gefleortens mejeriförening	Dairy	40	100	110
18	Odlarlaget	Fruit/Veg	35	80	12
19	Södra Åby lokalförening	Arable/supplies	16	165	8

Sweden

	Name of Agri-cooperative	Sector	Turnover (m€)	No. of Farmer Members	No. of employees
20	Gäsene mejeriförening	Dairy	15	40	25
21	Äppelriket	Fruit/Veg	15	97	20
22	Ljungbyheds lantmän	Arable/supplies	8	250	15
23	Knislingeortens lagerhusförening	Arable/supplies	8	N/A	N/A
24	Skånesemin	Livestock extension services/breeding	6	1 200	45
25	Tyringe lokalförening	Arable/supplies	5	190	6
26	Kalmar-Ölands Trädgårdsprodukter	Fruit/Veg	5	174	13
27	Sju gårdar	Dairy	3	7	N/A
28	Arlafoods (DK)	Dairy			
29	Danish crown (DK)	Meat			
30	HK Scan (SF)	Meat			

Source: LRF

27.5. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Arla Foods (DK)

27.6. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

27.6.1. Legal framework for cooperative

In Sweden there is a specific cooperative law. The minimum number of members is 3 and the minimum capital is 1 SEK.

It is mandatory to appoint a board, adopt statutes, registered by the valid authority and thus acquired status as legal entity.

Sweden

27.6.2. Cooperative governance

Both one-man one-vote or proportional representation are allowed (one vote gives certain tax advantages).

Only one tier system is permitted. The AGM appoints the board of directors.

External financing does not give voting rights or board representation

Supervision is executed by Members through the AGM, which appoints the board, which in turn appoints CEO. Thus no supervisory board.

Annual report is required, as well as independent auditing. Except for smaller cooperatives also external auditing is required.

27.6.3. National legislative framework for cooperatives

National cooperative law	National sectoral law on agri-cooperatives	Legal basis affecting cooperatives Civil law: Commercial law:	Min. No. of Farmer - Members	Min capital (€)
Specific cooperative law	None	None	3	1 SEK

27.6.4. Taxation

Agricultural cooperatives are subject to the general taxation provisions

Cooperatives applying one man – one vote can deduct from tax, profits distributed to members.

There is not a general tax rate applicable to cooperatives.

No different tax rates for transactions with members and for non-member transactions.

The national taxation system is not adapted to the specificities of agricultural cooperatives.

27.6.5. Accounting Standards

The largest cooperatives have opted to apply IFRS International Financial Reporting Standards.

27.6.6. State aid

There are not any implications to cooperatives from the existing provisions of Competition law regarding state aid.

Sweden

27.6.7. Financing

In Sweden agricultural cooperatives are sometimes facing problems in access to financing.

The larger Swedish cooperatives are not too different from normal stock market listed enterprises. But when it comes to larger investments banks could ask for financing from members of the cooperative. This could be more of a challenge to larger cooperatives and due to their legal form. Farmers are nowadays having higher expectations on their cooperative and also need more capital on their own farms for investments. There is a stronger business focus among farmers which could result in aversion towards investments in a large common organisation when they want to invest in their own farm.

None of LRF cooperatives have modified their governance structures in order to allow diverse/ proportional finance from members.

LRF Member Lantmännen, has launched trading with bonus shares and issued b-shares in 2009, not just for members but also employees. Södra issued b-shares for the first time on 1999 for members but also employees.

27.7. POLICY CONCERNS

27.7.1. Competitive position in the food chain

Cooperative Entrepreneurship

Integration of a dairy factory by a retailer. In summer 2012 the Swedish consumers cooperative Coop decided to take over a dairy factory west of Stockholm after the previous owners Arla. This is the first dairy owned by a retail chain in Sweden. The aim is to keep the lower price of dairy products, but also to ensure quality. The milk, which is produced in their own dairy since the end of October 2012. Milk supply agreements from farm to the dairy are 5 years. The products are sold in more than 700 stores since the beginning of 2013. In the summer of 2014 Coop sold this dairy operation to the producer cooperative Falköpings Mejeri.

27.7.2. Investments of cooperatives in new activities

LRF want Sweden to increase the food production which had a massive downward trend since the 1980s. To facilitate the marketing of the food LRF is establishing a subsidiary with restaurant and food specialization called “By”. The first step toward establishing the concept BY, which means the village, in Stockholm was taken this year. The Swedish primary production increased in value at the farm level the last years. This is a new trend and LRF is now taking the next step - the formation of this subsidiary. The link between the food, the chef and farmer is highly important in this concept.

27.7.3. International activities (expansion to foreign countries)

The only cooperative with significant international presence is Lantmännen.

27.7.4. Impact of the CAP reform on cooperatives

No significant impact expected.

28. UNITED KINGDOM

United Kingdom

28.1. GENERAL PROFILE

Year of EU entry: 1973

Capital city: London

Total area: 244 820 km²

Population: 61.7 million

Currency: pound sterling (£)

Schengen area: Not a member of Schengen

Source: http://europa.eu/about-eu/countries/member-countries/unitedkingdom/index_en.htm

Agricultural output			% of EU-28
Agricultural goods output (million EUR), of which:	2013	26 784.8	7.1%
Crop output, of which:	2013	39.3%	5.1%
Vegetables and horticultural products	2013	10.3%	5.7%
Wheat and spelt	2013	8.8%	9.2%
Potatoes	2013	4.1%	9.1%
Animal output, of which:	2013	60.7%	9.6%
Milk	2013	18.4%	8.5%
Cattle	2013	16.7%	13.9%
Poultry	2013	9.9%	12.4%
Gross value added at basic prices (million EUR)	2013	10 431.9	6.6%

Source: http://ec.europa.eu/agriculture/statistics/factsheets/index_en.htm

United Kingdom[1]

28.2. FOOD SUPPLY CHAIN DEVELOPMENTS AND THE IMPACT TO AGRI-FOOD COOPERATIVES

Agri-food trends

Agricultural cooperatives in the UK food chain display a variety of functions. In the top 5 per sector, there is a significantly greater emphasis on marketing in livestock and cereal cooperatives, than in both fruit and vegetables and dairy, where there is more activity in cooperative production and processing. While there is a range of organisations that operate in retail and wholesale in the top 50, they are outside the sectors of interest for this study. Therefore, retail and wholesale in the food chain play only a peripheral role for the cohort of individual cooperatives, most of which do not engage in retail at all. Historically, this was not the case, with early cooperatives formed primarily to maximise direct retail opportunities for farmers in the UK. The necessity for the processing and marketing intermediaries operating today has developed because of the increasing scope and complexity of global agricultural markets.

28.3. AGRI-FOOD MARKET AND COOPERATIVE DEVELOPMENTS

28.3.1. Main cooperative statistics

The UK cooperative sector is predominantly comprised of consumer cooperatives, worker co- operatives, community cooperatives, agricultural and fishing cooperatives, cooperative consortia, cooperative federations (secondary cooperatives) and housing cooperatives. While reliable data on composition of the sector does not yet exist; ICA categorisation has enabled the UK's agricultural and fishing cooperatives to be recognised as 'one of the great success stories of cooperation in the UK, with 'over 500 cooperatives turning over £4.5 billion [5.1 billion euro] in the last year alone' (Cooperatives UK, 2011b).

As members of CUK, the majority of these cooperatives are incorporated as Industrial and Provident Societies (IPS), since this legal route offers statutory assurance of the ICA's seven cooperative principles and scrutiny by the Financial Services Authority (FSA). UK law also provides the option to register as a private company limited by guarantee, which is arguably the most well-known and accessible legal form, but does not offer protection of the cooperative principles. Additionally, the newest route for incorporation is as a Community Interest Company (CIC), which promotes business for community benefit through features such as asset locks (Cooperatives UK, 2008) and limited profit distribution. However, since there is currently no single legal structure in the UK which specifically underpins the cooperative model, there is also an array of unincorporated organisations that have chosen to adopt a written constitution that adheres to cooperative principles, but not to register under a legal form.

Cooperatives in the North West of England employ more people than any other region in the UK - although they constitute the 6th highest in terms of regional turnover.

Scotland and South East England generate the 2nd and 3rd largest regional turnovers in the UK. However, cooperatives in the East Midlands and East of England demonstrate the 2nd and 3rd highest average organisational turnovers.

---

[1] Source: Spear, R., Westall, A. Burnage, A. (2012). Support for Farmers' Cooperatives; Country Report: The United Kingdom. Wageningen: Wageningen UR.

United Kingdom

Scotland is home to the most cooperatives in the UK, more than Wales and Northern Ireland combined. However, turnover in Northern Ireland is higher per employee than in any other region in the UK.

List of top 5 largest farmers' cooperatives per sector

In the UK, the majority of the 5 largest farmers' cooperatives per sector appear in the top 50 list for cereals, fruit and vegetables, dairy, pig meat and sheep meat. Notably, three cooperatives appear in both the pig and sheep industry since they are specialist at their point in the livestock food chain, as opposed to being specialist in one type of meat. There is evidence that only one co- operative in the UK used to produce sugar beet (Fleggmart Ltd), but enquiries have so far failed to produce any organisation contact details or further information. The absence of cooperatives dealing in sugar is potentially due to British Sugar farms (a private sector company) having an apparent monopoly of beet production and processing for the UK's EU quotas (NFU, 2010). As such, although Fleggmart Ltd has been included in the table below, it is excluded from the analysis that follows.

Most important cooperatives per sector

Sector	Rank	Name of Cooperative
Cereals	1	Openfield Group Ltd
	2	Fane Valley Cooperative Society
	3	Atlasfram Group Limited
	4	United Oilseeds Marketing Limited
	5	Humber Grain Limited
Fruit and vegetables	1	Speciality Produce Limited
	2	Society of Growers of Topfruit Limited
	3	Bedfordshire Growers Limited
	4	(Premier Vegetables Limited?) East of Scotland Growers Limited
	5	Berry Garden Growers Limited
Dairy	1	Milk Link Ltd
	2	First Milk Ltd
	3	United Dairy Farmers Limited
	4	Fane Valley Cooperative Society
	5	Ballyrashane Cooperative Agricultural and Dairy Society (1990)

Source: Cooperatives UK, 2011d

United Kingdom

Most important cooperatives per sector

Sheep meat	1	ANM Group Limited
	2	Yorkshire Farmers Livestock Marketing Limited
	3	Dungannon and District Cooperative Enterprises Limited
	4	Pembrokeshire Quality Livestock Limited
	5	Caithness Livestock Breeders Limited
Pig meat	1	ANM Group Limited
	2	Scottish Pig Producers Limited
	3	Yorkshire Farmers Livestock Marketing Limited
	4	Anglia Quality Meat Association Limited
	5	Progressive Lean Pigs Limited
(Sugar	*1*	*Fleggmart Limited)*

28.4. TRANSNATIONAL, INTERNATIONAL COOPERATIVES

Many cooperatives are active internationally. In most cases the foreign activities of co- operatives are limited to marketing, trade and sales. Usually they do not buy agricultural products from farmers, or supply inputs to them. However, there is a growing group of co- operatives that do business with farmers in other EU Member States. These cooperatives are called international cooperatives. They can be marketing cooperatives that buy from farmers in different countries, or they could be supply cooperatives that sell inputs to farmers in different countries.

The table below presents the international cooperatives that have their base in the UK. They have gone international by taking up business with non-member farmers in other countries. In the UK, this activity is evident in the fruit and vegetable sector, where a demand for year round supply has replaced a reliance on seasonal produce, and has resulted in sourcing from farmers internationally. However, none of the organisations listed below have membership from their foreign suppliers.

International cooperatives from the UK, trading with farmers in other countries

Name of the Co- operative	Host countries	Sector(s) involved in:	Comments:
Berry Gardens	Belgium, Germany, Netherlands, Spain, Egypt	Fruit and Vegetables	Berry Gardens is a UK based cooperatives that markets berries grown by members in the UK and across Europe for year round supply. It also has partners who grow in USA and Australia.

United Kingdom

Name of the Cooperative	Host countries	Sector(s) involved in:	Comments:
Premier Vegetables Ltd	Spain, Holland	Fruit and Vegetables	Premier Vegetables Ltd do not have members in other EU but do sources produce from non- member growers in other countries to meet demands for year round supply.
Bedfordshire Growers Ltd	Spain, New Zealand, Chile	Fruit and Vegetables	Bedfordshire Growers Ltd do not have members in other EU countries but sources produce from other countries to meet demands for year round supply.

International & transnational cooperatives from overseas trading in the UK

Name of Cooperative	Origin Country	UK Members	Sectors	Comments
Arla Foods AmbA	Denmark	No, but Members of AFMP	Dairy	Major dairy business in UK. Operates through Arla Foods Milk Partnership (AFMP), with membership structure for producer groups and milk cooperatives. First entry into UK market through dairy products exports more than 100yrs ago, then via acquisitions from 1990s. Major growth in 2003, via merger with Express Dairies plc.
Town of Monaghan agricultural and dairy society ltd	Ireland	Yes	Dairy	Dairy products. Northern Ireland farmers are members supplying across the land border into the processing facility in both Northern Ireland and the Republic of Ireland
Lakelands dairies	Ireland	Yes	Dairy	Members and processing facilities in Northern Ireland.
Coöperatie Coforta U.A./ Coforta	Netherlands	Yes	Fruit & Vegetables	Suppliers of fruit and vegetables to supermarkets and wholesalers, through their subsidiary The Greenery UK. Membership is open to select international growers.

United Kingdom

Name of Cooperative	Origin Country	UK Members	Sectors	Comments
TELERSCOOPERATIE FRESQ U.A. /FresQ	Netherlands	Yes	Fruit & Veg.	Its subsidiary FresQ Kent markets tomatoes, peppers and cucumbers for UK members.
Danish Crown AmbA	Denmark	No	Meat	The Danish Crown Group's processing activities in the UK is handled by Tulip Ltd (Turnover 1.3 b€). It carries out slaughterhouse and meat processing activities and operates in product groups: Bacon, luncheon meat, canned goods and poultry products.
Axéréal	France	No	Cereal	Its subsidiary Boortmalt has 2 malt houses in England and 2 in Scotland
Champagne Céréales	France	No	Cereal	Operates in 25 countries; One of its companies, Ineos, owns an English biodiesel company.
Tereos	France	No	Sugar	Owns a sugar refinery in Selby, Yorkshire.
Limagrain	France	No	Seeds	Operates through its subsidiary Limagrain UK
Agrial	France	No	Fruit & Veg.	Operates 2 sites in UK through its subsidiary: Florette Group
Cecab	France	No	Fruit & Veg.	Cecab Group exports to more than 50 countries
Sodiaal Union	France	No	Dairy	Exports branded dairy products such as: Candia, Entremont, Le Rustique, Cœur de Lion, Riches-Monts, Régilait, Yoplait.
Carbery Milk Products	Ireland	No	Dairy	Now known as Carbery Group, Euro 200m food business; Part owned by 4 Irish dairy co-operatives.
Glanbia cooperative society ltd	Ireland	No	Dairy	Part owner of Glanbia plc, a major food business.
Kerry Cooperative society ltd	Ireland	No	Dairy	Part owner of Kerry Foods, a Global Euro5m. Food business.

Based on the table above, it appears that globalisation of cooperative business is largely for processing and distribution, but not generally accompanied by globalisation of membership.

28.5. LEGISLATION, TAXATION AND RELATED POLICY ASPECTS

28.5.1. Cooperative governance

Since most cooperatives in the UK, particularly in the agricultural sector, are registered under the Industrial and Provident Society legal form, it is common for their constitutions to be based upon the "one member, one vote" system (HMRC, 2011).

In terms of membership rules for these organisations, entrance fees usually take the form of £1 shares, with I&P law restricting cooperative share-holding to no more than £10,000 per member (ibid).

In the UK, the principle of 'one member, one vote', enshrined in ICA principles, can be more or less enacted depending on the needs and predilections of those collaborating together under different legal forms.

With regards to bona fide cooperatives or Societies for the Benefit of the Community, the main focus of the legislation is not to be prescriptive but to ensure that the overall rules created by an organisation fit with ICA principles: "In general, the principle of 'one member, one vote' should apply."

The legislation does not prescribe the content of the society's constitution in respect of members'

IPS law also does not enable non-members to have voting rights but there is no restriction about accepting members who may come from other member states.

Looking at internal governance, no particular mechanisms are mandatory.

However, as noted above, those groups that adopt IPS structures have to do so in the spirit of co-

28.5.2. Raising equity

If we focus primarily again on the IPS model there are currently limits of £20,000 per member for "withdrawable" and "non-withdrawable" shares.

The possibility for non-member equity has been made possible but has not it appears been taken up in this form. Rather, it seems that some producer organisations or agricultural cooperatives may convert to a PLC or investor-owned company in order to acquire more equity or go into a variety of joint ventures or complex legal structures (for example using subsidiaries for certain ventures).

Following the introduction of the Statute for a European Cooperative Society (SCE) at EU level there was concern that cooperatives which chose to adopt the IPS model might be at a disadvantage relative to other cooperatives or in relation to other business models.

A decision was made that non-user investment should be allowed but be subject to limitations. The Government and FSA decided against adopting the SCE model directly for investor membership, preferring instead a 'principles' based approach where cooperatives are free to determine the share proposition, rewards and governance rights. The FSA therefore ruled in a Policy Note on Investor Membership of Cooperatives Registered under the Industrial & Provident Societies Act, 1965 that it was possible to have non-user investors.

United Kingdom

It was deemed that there would need to be protections in the Rules of the IPS to ensure that having

With regards to surplus distribution, the rules may or may not enable profits to be distributed but if so “they must be distributed amongst the members in line with those rules. Each member should receive an amount that reflects the extent to which they have traded with the society or taken part in its business...”

There are no formal restrictions but FSA oversight ensures that the primary objective of any co- operative under IPS legislation is not to make profits mainly for the payment of dividend or bonuses.

28.5.3. Taxation

All legal business forms that can be used by cooperatives and collaborative structures are subject to corporate tax law.

If you are a bona fide cooperative you deduct payment of interest and dividends before you calculate taxable income, in other words, it is seen as an expense.

If you are a company limited by shares or guarantee and adopt cooperative principles, you can apply to Defra (Department for Environment, Food and Rural Affairs) to be dealt with similarly and to become a Company for Cooperative Status with a formal certificate.

If the IPS legal model is set up in the UK, there is no impact of members from other member states on the relative tax situation or treatment.

28.6. POLICY CONCERNS

28.6.1. Competitive position in the food chain

Reliable data on the share of farmers’ cooperatives in the food chain as a whole is not yet available in the UK. The most up-to-date figures approximate cooperative turnover by industry (but only including cooperatives with a 2010 turnover of more than 11,300 euro) Market share estimates, based on a total cooperative sector turnover of 37.9 billion euro, show a national turnover of 3.5 trillion euro - figures sourced from CUK (Cooperatives UK, 2011b) and ONS (Office for National Statistics, 2011) respectively. Unfortunately accurate estimates of the UK agricultural sector as a whole is extremely difficult to gauge due to inconsistent industry classification (for example CUK includes all members registered as Agricultural ICAs, including marketing and retail, whereas ONS only includes on-farm activity). These differences have resulted in an ONS estimate of 5.4 billion euro turnover for the whole agricultural sector in 2009, compared with the CUK estimate of 4.8 billion euro in the cooperative agricultural sector alone. These figures make calculations of the size of the sector unreliable. As such, the most accurate representation of agricultural cooperatives’ market share is based on UK national turnover as a whole.

United Kingdom

28.6.2. Market share of farmers' cooperatives in the food chain

Market Share of Agricultural Cooperatives in 2009

	Turnover in £million (approx.)	Market share of whole Cooperative Sector (%)	Market share of All UK sectors (%)	Comments
Cereals	915	2.4 %	0.03%	Cereal cooperatives along the food chain
Meat and Livestock	283	0.7 %	0.01%	Meat and livestock cooperatives along the food chain, with the majority dealing in more than one kind of animal
Fruit and vegetables	181	0.5 %	0.01%	Fruit and/or vegetable co-operatives along the food chain
Dairy	2079	5.5 %	0.06%	Dairy cooperatives along the food chain
Inputs	610	1.6 %	0.02%	Producers, marketers and purchasers of all types of input, included feed, fertiliser and seed
Retail	576	1.5 %	0.02%	Country stores and farming supplies retail covering farm, small-hold, equestrian and domestic sales
Other arable services	42	0.1 %	0.001%	Providers of arable services including farm building, labour and machine provision, animal hair marketing, pest control, animal/crop health advice, etc.
Total cooperative Turnover	4 686* (€6 207)	12.4%	0.14%	

Source: CUK database (2011d); NB This is based on the cooperatives turnover, as a proportion of total agricultural turnover; cooperatives share of throughput is much higher – upto 100% in some sectors - see Section 3.5 for details.

*Only includes cooperatives with a turnover of more than 11 300 euro

United Kingdom

28.6.3. Sectors Analysis

Cereals

In grain there is one large cooperative (Openfield) as well as several smaller regional cooperatives. Co-operatives either store or market grain or do both; they may also supply inputs such as fertiliser – including in some cases crop protection products. Cooperatives probably account for over 25% of this market.

United Grain Producers is an informal grouping of many of the cooperatives and doesn't employ any staff. Then there are those organisations like Fengrain or Cam Grain (which is probably the biggest storage cooperative). Network Grain is an association of cooperatives for information sharing about best practice, how to get grants oraccess resources, etc.

The future policy issues affecting cooperatives are now largely to do with the CAP proposals in November 2011.

Sugar

Sugar is dominated by British Sugar (a subsidiary of Associated British Foods), which has a monopoly on processing sugar beet. The NFU negotiates prices and contracts on behalf of farmers.

Fruit and vegetables

Overall margins in this sector are low and have been declining. High capital spending requirements, together with current barriers to investment, limits the prospects for the sector; although good returns from glasshouse farms indicate good potential. Producer organisations (such as cooperatives) are particularly important in this sector which is very fragmented; there are large numbers of growers who are geographically dispersed. Only 35% of produce in the UK goes through producer organisations. Nonetheless there have been some important achievements such as KG growers (a producer organisation in the soft fruit sector) which has increased in turnover from £18 million in 1995 to £117 million in 2008. Such collaborative activity should also improve supply chain efficiency and reduce waste.

Dairy

This sub-sector has seen growing international competition since the conversion of the Milk Marketing Board to cooperative structures. A major competitor is the Danish/Swedish cooperative Arla Foods. After its merger with Express Dairies it became the UK's leading supplier of dairy products.

Deregulation and privatisation have been constant themes since the early 90's when the parastatal organisation, the Milk Marketing Board of England and Wales, was closed. From its ashes, Milk Marque (a farmers' producer cooperative) was formed with well over 50% of the market. It was required to split into 3 regional cooperatives, on competition grounds, in 2000.

There are two major cooperatives (Milk Link and First Milk) which account for about 36% of the UK market. They each have 2000 - 3000 producers supplying them. They add value through cheeses, branded dairy products such as flavoured milks, and dairy ingredients, and broker milk to the larger PLCs.

United Kingdom

Sheep meat

The UK has one of the largest sheep flocks in Europe (about 20% in 2008), producing about 34% of sheep meat in the EU.

This sub-sector does not have a great number of cooperatives, but there are new organic meat coops and informal agreements with abattoirs.

Pig meat

There is not a great number of cooperatives amongst producers, or in marketing or abattoir ownership - due to a historical lack of cooperatives in these areas. Instead there is a growing business model of large pig producers renting space for pigs on smaller farms. This has come about because small farmers face trading difficulties and/or succession issues, selling their own pigs and sweating and building assets (a practice termed contract finishing), possibly as part of an exit strategy.

Cogeca
European agri-cooperatives

Rue de Trèves 61
B-1040 Brussels
Tel.: + 32 2 287 27 00
FAX: + 32 2 287 27 11
E-Mail: mail@copa-cogeca.eu
www.copa-cogeca.eu