

“How European Farmers and Agri-Cooperatives
can ensure Food Security,
Innovatively and Profitably”,
in the Future Common Agricultural Policy (CAP)”

Prodromos KALAITZIS, Senior Policy Advisor,
Copa-Cogeca
Osijek, Croatia 16th October 2012

Structure of the presentation

Main points:

- **Position of agri-cooperatives in the food chain**
- **Development of agri-cooperatives in the EU**
- **CAP reform and agri-cooperatives**
- **Conclusions**

The position of European farmers and structure of European agri-cooperatives

Within 13 million farmers in the European Union, 7 million are organised in some 38 000 cooperatives, which process and trade 50% of the total agricultural output of the agricultural sector.

32 national cooperative organisations represent all these cooperatives in Cogeca.

European cooperatives provide employment to 660 000 persons and generate a turnover of 360 billion euro.

Developments in European agri-cooperatives

TOP 20 Cooperatives by turnover in 2008

Top cooperatives in the dairy and in the fruit and vegetables sector

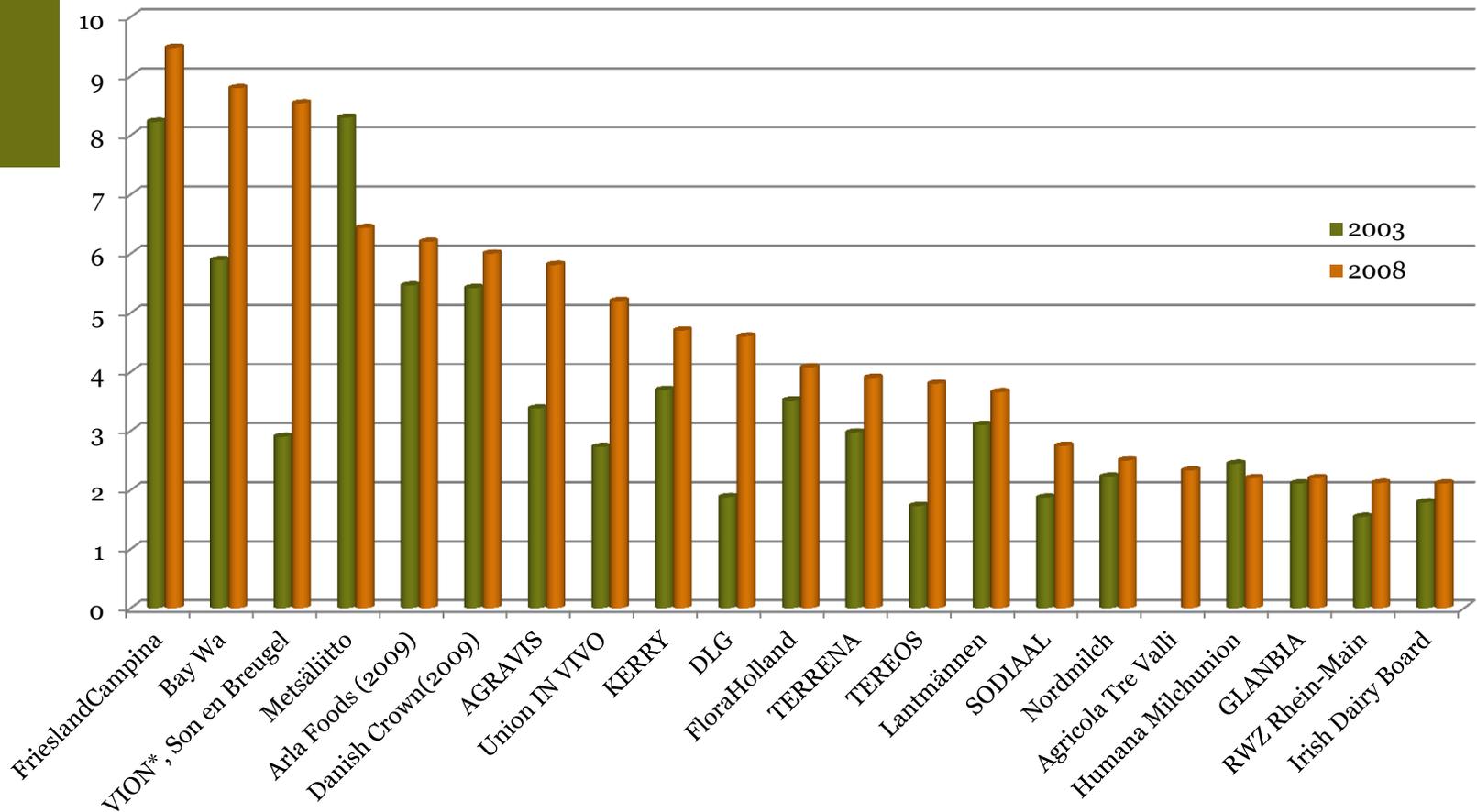
TOP 10 EU cooperatives in 2008 (turnover)

	NAME	COUNTRY	ACTIVITY / SECTOR	TURNOVER (BILLION €)	FARMER - MEMBERS (‘000)	EMPLOYEES (‘000)
1	FrieslandCampina	NL	Dairy	9,481	15,837	20,568
2	Bay Wa	DE	Supplies	8,795	:	15,540 ⁽²⁰⁰³⁾
3	VION	NL	Meat	8,540	:	35,583
4	Metsäliitto	FI	Forestry	6,434	129,270	17,540
5	Arla Foods ⁽²⁰⁰⁹⁾	DK-SE	Dairy	6,200	7,625	16,200
6	Danish Crown ⁽²⁰⁰⁹⁾	DK	Meat	6,000	10,700	23,500
7	AGRAVIS	DE	Supplies	5,811	:	4,000 ⁽²⁰⁰³⁾
8	Union IN VIVO	FR	Cereals, Supplies	5,200	:	1,500
9	KERRY	IE	Dairy	4,700	9,700	22,300
10	DLG	DK	Supplies	4,600	28,000	5,000

TOP 20 (10-20) EU cooperatives in 2008 (turnover)

	NAME	COUNTRY	ACTIVITY / SECTOR	TURNOVER (BILLION €)	FARMER - MEMBERS (‘000)	EMPLOYEES (‘000)
11	FloraHolland	NL	Horticulture (flowers, plants)	4,074	5,124	3,555
12	TERRENA	FR	Multipurpose	3,900	27,500	9,900
13	TEREOS	FR	Sugar	3,800	9,500	9,000
14	Lantmännen	SE	Cereals, Feedingstuffs	3,656	37,000	10,500
15	SODIAAL	FR	Dairy	2,746	13,000	7,700
16	Nordmilch	DE	Dairy	2,500	7,989	7,989
17	Agricola Tre Valli	IT	Meat, feedingstuffs	2,332	:	:
18	Humana Milchunion	DE	Dairy	2,200	5,000	5,000
19	GLANBIA	IE	Dairy	2,200	18,600	4,900
20	RWZ Rhein-Main	DE	Supplies	2,119	:	:

Evolution of Top 20 European agri-cooperatives 2003-2005 (average composite growth 36%)

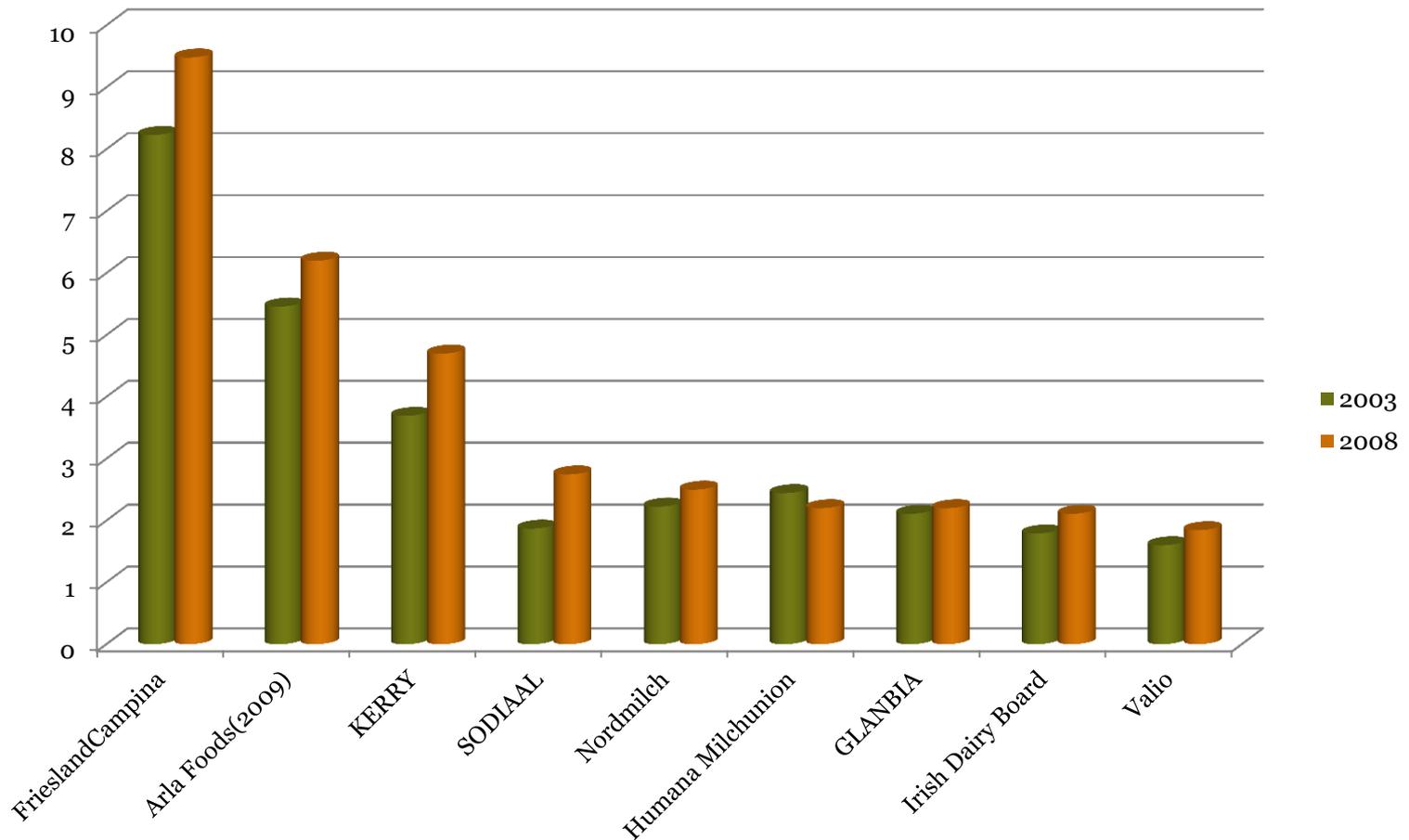


Top 10 Dairy cooperatives in 2008 (turnover)

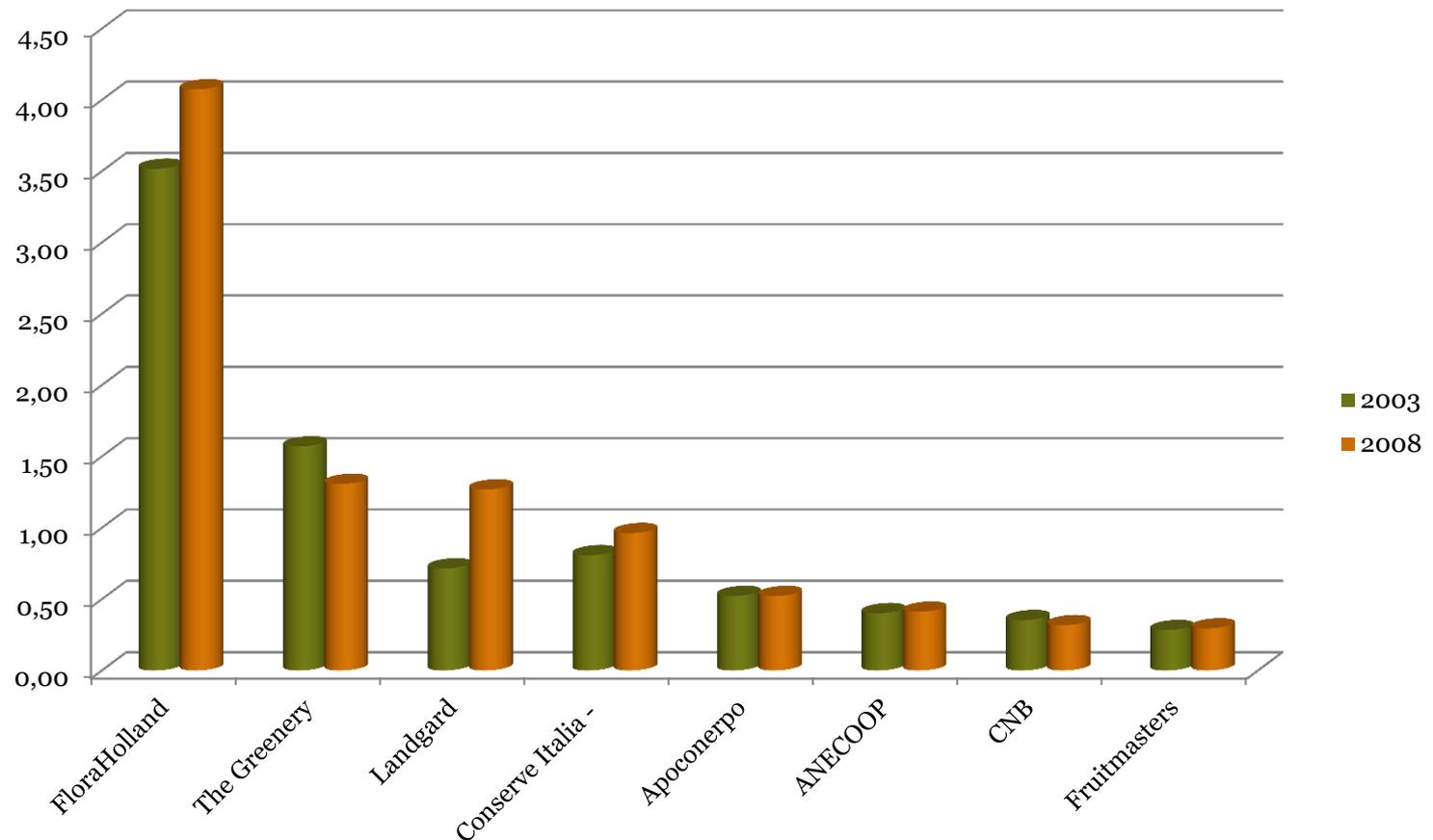
Name	Country	Turnover (billion €)	Farmer members (‘000)	Employees (‘000)
FrieslandCampina	NL	9,481	15,837	20,568
Arla Foods ⁽²⁰⁰⁹⁾	DK-SE	6,200	7,625	16,200
KERRY	IE	4,700	9,700	22,300
SODIAAL	FR	2,746	13,000	7,700
Nordmilch	DE	2,500	7,989	7,989
Humana Milchunion	DE	2,200	5,000	5,000
GLANBIA	IE	2,200	18,600	4,900
Irish Dairy Board	IE	2,110	0,070	3,788
Valio	FI	1,844	10,250	4,350
Hochwald Nahrungsmittelwerke	DE	1,000	10,500	1,600

Evolution of top Dairy cooperatives 2003 -2008

(Turnover in billion €)



Evolution of top cooperatives in Horticulture (fruit, vegetables, flowers and plants), in 2003 – 2008 (turnover in billion €)



Policies for European cooperatives

- European agri-cooperatives have a business orientation to increase the value added of agricultural production
- The ultimate objective of Cogeca is to improve the competitiveness of European agri-cooperatives
- To improve their competitiveness, agri-cooperatives need to increase their size as well as the value added to the food products they sell.
- To get a fair share of what consumers pay for their food, cooperatives need to improve the balance of power in the food chain. Until now, retailers get the largest share of this value.
- Cogeca supports policies to improve the position of agri-cooperatives in the food chain.

Fostering Cooperative Entrepreneurship, *The Cogeca Presidency Business Forum*

The Cogeca Presidency Business Forum, allows European Cooperatives to discuss their Business Strategies.

We have organised discussions in different sectors. In the sectors of meat, fruit and vegetables, multipurpose, cereals and wine.

We now prepare another one, on the dairy sector, at the end of next month in Brussels. Six important dairy cooperatives will be represented there (**ArlaFoods, Sodiaal, Bayernland, DOC Kaas, Irish Dairy Board** and **E-Piim**).

This is an opportunity for Dairy cooperatives to participate in a high level discussion with their colleagues from other top EU Cooperative,s on their business perspectives.

Fostering Cooperative Innovation, the *European Award for Cooperative Innovation*

In the context of the proclamation of **2012**, as the **UN International Year of Cooperatives**, Cogeca presented the:
“European Award for Cooperative Innovation, 2012”.

The objective is to promote innovation and show how creative and innovative European agricultural cooperatives are. It also encourages cooperatives to improve their competitiveness and positioning in the food chain and to create more innovative products.

The winners were:

in “Food processing”, the Danish dairy cooperative **NATURMAELK** (for their innovative beverage based on whey).

in “Sustainability and resource efficiency”, the French cooperative **TERRENA**.

in “Cooperative entrepreneurship/member service”, the German cooperative **ZG RAIFFEISEN**.

Main cooperative trends

Cooperative models:

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

CAP Objectives in the New MFF

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

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

The main elements of the CAP reform in the proposal for the next MFF 2014- 2020

direct support will be reserved to **“active” farmers**

“greening” (30% of direct payments, for measures going beyond cross-compliance).

“convergence” (MS with Direct Payments below 90% of the EU-27 average will, close one third of the gap between their current level and 90% of the EU average DP.

“capping” the level of direct payments for the largest farmers

The main elements of the reform II

A rural development policy focused on results

To maximise the **synergies** between **rural development policy** and the EU's other **territorial development funds**,

the European Agricultural Fund for Rural Development (EAFRD) will be incorporated in the Partnership Contracts between the Commission and each Member State.

CONCLUSIONS, I

- Agri-cooperatives are developing dynamically (there is growth in terms of turnover)
- Need to further concentrate (merge) in order to improve competitiveness in the food chain
- Cooperatives as a tool to ensure a better positioning of farmers in the food supply-chain
- POs should be extended to all sectors of agricultural production and further supported, in order to improve the functioning of the food supply chain

CONCLUSIONS, II

- A Strong CAP, with modern risk management tools is needed is necessary to ensure a fair income for farmers
- Dynamic and flexible Market management instruments are needed and retain economic viability
- Investments are needed in European agriculture to improve productivity and market competitiveness

THANK YOU

Copa - Cogeca
61, rue de Trèves
1040 Bruxelles

www.copa-cogeca.eu