



Workshop on 'The Farm-to-Fork Strategy and cooperation in the agri-food supply chain' - ENRD

Lessons learned from Commission studies on agricultural economic organisations

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Commission initiatives & research

- Commission has conducted several studies (and continues to research) in the field of agricultural economic organisations since the launch of the High Level Forum on the Functioning of the Food Supply Chain:
 - 2013: Study on agricultural cooperatives (AGRI)
 - 2016: Study on interbranch organisations (AGRI)
 - 2017-2018: Studies on Producer Organisations (COM & AGRI)
 - Ongoing: Additional study on POs (added value for farmers in cooperation and opening of the Operational Programmes to all CMO sectors)

- All reports are available on the EU Bookshop.
(<https://op.europa.eu/fr/web/general-publications/publications>)

AGRI study on Producer Organisations

PO means 'any agricultural economic organisation' not only recognised producer organisations.

'POs are defined as any type of entity that has been formed on the initiative of producers in a specific sector (horizontal cooperation) to pursue one or more of the specific aims listed in the common market organisation (CMO) Regulation, whether or not it is formally recognised; POs are controlled by producers and can take the legal forms e.g. of cooperatives, different forms of associations, and private companies in which agricultural producers are shareholders.'

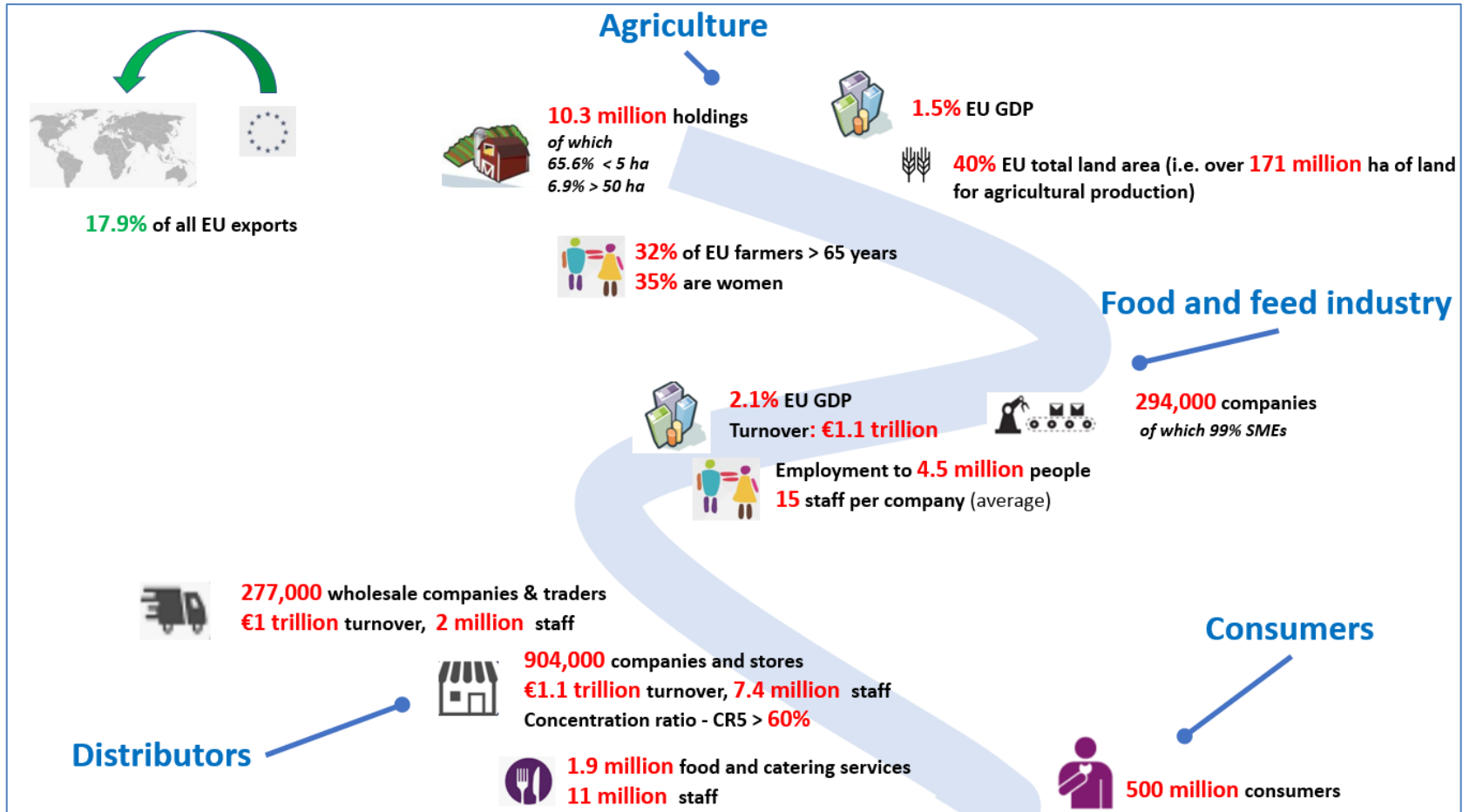
Objective: This study aims to identify good practices of POs and APOs through an in-depth analysis of their internal organisation and operational processes.

Themes:

- Estimation of the number of POs in the EU
- Advantages/disadvantages for farmers to act collectively
- Competitive factors and enabling conditions for cooperation

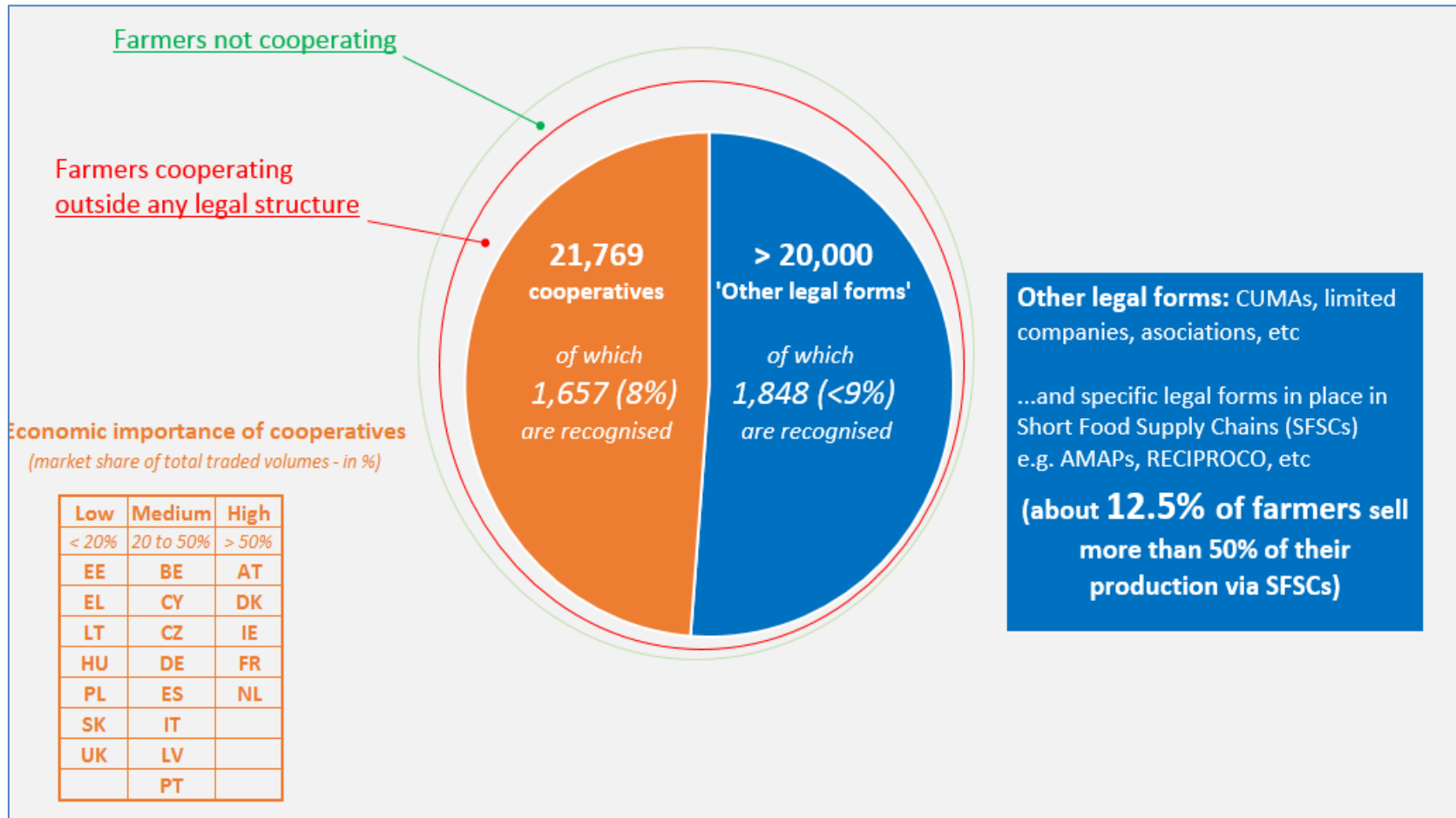
AGRI study on Producer Organisations - *Some figures*

The EU food and drink industry (at a glance)



AGRI study on Producer Organisations - *Some figures*

Level of farmers' cooperation



Incentives of producers to create POs

ECONOMIC	TECHNICAL
<ul style="list-style-type: none">▪ POs strengthen farmers' position (bargaining power, higher market penetration)▪ POs often provide services to their members (packaging, marketing, etc..)▪ Contribute to mitigating economic risks and costs (stable commercial relations, security of payments, sharing of investments, joint procurement of inputs, support during market crisis)▪ For recognised POs, economic incentive via funds made available at EU or national level (e.g. OPs in F&V)	<ul style="list-style-type: none">▪ Technical assistance/advise for production and supply▪ Logistic support▪ Infrastructures for conditioning, packaging, processing▪ R&D and development activities
SOCIAL	
<ul style="list-style-type: none">▪ Farmers attach particular value to the openness of the POs towards their members and their democratic functioning<ul style="list-style-type: none">➤ Help to consolidate and maintain trust in horizontal cooperation	

Disincentives of producers to create POs

- Fear of producers to lose their own identity and entrepreneurial freedom
- Low trust towards collective organisations (MS with history of government-driven collectivisation)
- Lack of information of benefits of POs
- Fear regarding the burden of complying with POs or production standards (or conditions for complying with operational programmes obligations under certain CMO sectors).

Enabling factors to the success (or failure) of POs

INTERNAL	EXTERNAL
<ul style="list-style-type: none">▪ Existence of well-established tradition in agricultural cooperation at MS level▪ Governance model chosen by the PO to pursue its objectives shall fit the purpose (suitability)▪ Capability to take business decisions effectively▪ Degree of homogeneity across members▪ Governance flexibility	<ul style="list-style-type: none">▪ Essential that POs are able to compete and operate in the current globalised markets.▪ Ability to continuously implement adjustments and improvements in terms of product differentiation, technological innovations and marketing strategies▪ For recognised POs in F&V, the functioning may be impacted by high administrative burden (audits)▪ Relation with other supply chain actors:<ul style="list-style-type: none">➤ Processors and retailers highlight interest to work with POs (plan supply more effectively, less shortages and delays, maintain input process stable, reducing transaction and logistic costs) but also a threat to their bargaining power.➤ Recognition adds marketing credibility