Support for Farmers' Cooperatives

Country Report Luxembourg

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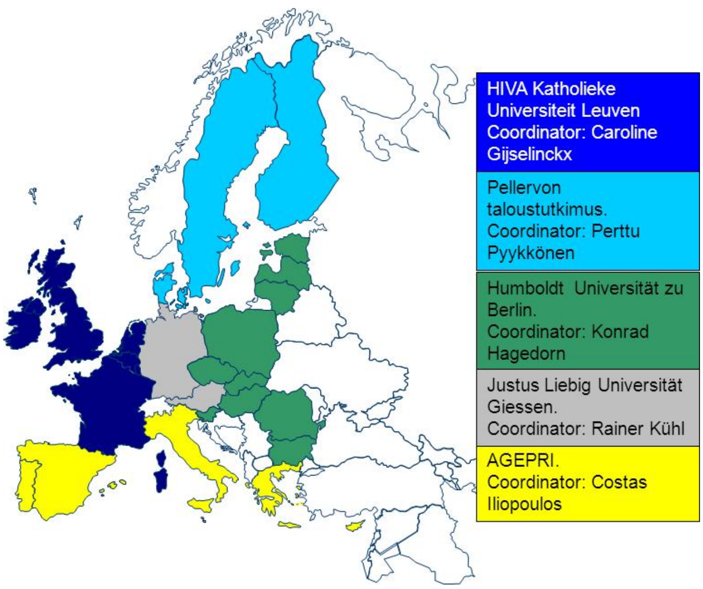
Preface and acknowledgements

In order to foster the competitiveness of the food supply chain, the European Commission is committed to promote and facilitate the restructuring and consolidation of the agricultural sector by encouraging the creation of voluntary agricultural producer organisations. To support the policy making process DG Agriculture and Rural Development has launched a large study, "Support for Farmers' Cooperatives (SFC)", that will provide insights on successful cooperatives and producer organisations as well as on effective support measures for these organisations. These insights can be used by farmers themselves, in setting up and strengthening their collective organisation, and by the European Commission in its effort to encourage the creation of agricultural producer organisations in the EU.

Within the framework of the SFC-project this country report on the evolution of agricultural cooperatives in Luxembourg has been written. Data collection for this report has been done in the summer of 2011.

In addition to this report, the project has delivered 26 other country reports, 8 sector reports, 33 case studies, 6 EU synthesis reports, a report on cluster analysis, a study on the development of agricultural cooperatives in other OECD countries, and a final report.

The Country Report Luxembourg is one of the country reports that have been coordinated by Caroline Gijselinckx, HIVA University of Leuven, Belgium. The following figure shows the five regional coordinators of the SFC-project.



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1 Introduction

The objective of this chapter is to give an introduction to the project and the report, so that it will be readable as a stand-alone document.

1.1 Objective of the study

The imbalances in bargaining power between the contracting parties in the food supply chain have drawn much attention, also from policy makers. The European Commission is committed to facilitate the restructuring of the sector by encouraging the creation of voluntary agricultural producer organisations. DG Agriculture and Rural Development has launched a large study, "Support for Farmers' Cooperatives", that will provide the background knowledge that will help farmers organise themselves in cooperatives as a tool to consolidate their market orientation and so generate a solid market income. In the framework of this study, this report provides the relevant knowledge from Luxembourg.

In this context, the specific objectives of the project, and this country report, are the following:

First, to provide a comprehensive description of the current level of development of cooperatives and other forms of producer organisations in Luxembourg. The description presented in this report will pay special attention to the following drivers and constraints for the development of cooperatives:

- Economic and fiscal incentives or disincentives and other public support measures at regional and national;
- Legal aspects, including those related to competition law and tax law;
- Historical, cultural and sociologically relevant aspects;
- The relationship between cooperatives/POs and the actors of the food chain;
- Internal governance of the cooperatives/POs.

Second, identify laws and regulations that enable or constrain cooperative development and third, to identify specific support measures and initiatives which have proved to be effective and efficient for promoting cooperatives and other forms of producer organizations in the agricultural sector in Luxembourg.

1.2 Analytical framework

There are at least three main factors that determine the success of cooperatives in current food chains. These factors relate to (a) position in the food supply chain, (b) internal governance, and (c) the institutional environment. The position of the cooperative in the food supply chain refers to the competitiveness of the cooperative vis-à-vis its customers, such as processors, wholesalers and retailers. The internal governance refers to its decision-making processes, the role of the different governing bodies, and the allocation of control rights to the management (and the agency problems that goes with delegation of decision rights). The institutional environment refers to the social, cultural, political and legal context in which the cooperative is operating, and which may have a supporting or constraining effect on the performance of the cooperative. Those three factors constitute the three building blocks of the analytical framework applied in this study (Figure 1).

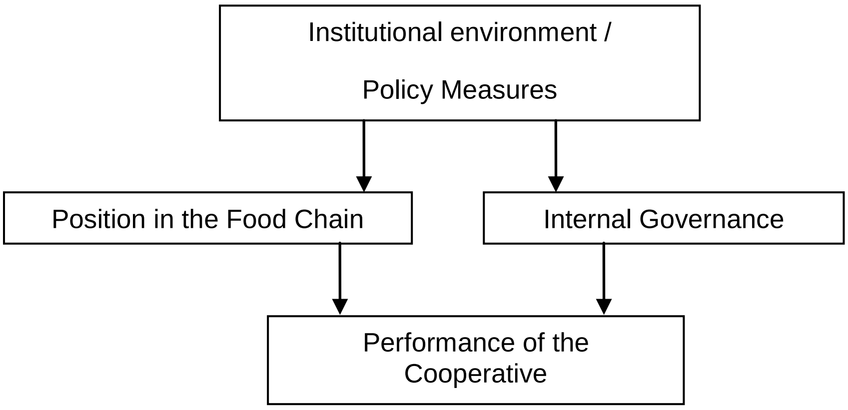


Figure 1: The core concepts of the study and their interrelatedness

1.3 Definition of the cooperative

In this study on cooperatives and policy measures we have used the following definition of cooperatives and Producer Organisations (POs). A cooperative/PO is an enterprise characterized by user-ownership, user-control and user-benefit:

- It is user-owned because the users of the services of the cooperative/PO also own the cooperative organization; ownership means that the users are the main providers of the equity capital in the organization;
- It is user-controlled because the users of the services of the cooperative/PO are also the ones that decide on the strategies and policies of the organization;
- It is for user-benefit, because all the benefits of the cooperative are distributed to its users on the basis of their use; thus, individual benefit is in proportion to individual use.

This definition of cooperatives and POs (from now on shortened in the text as cooperatives) includes cooperatives of cooperatives and associations of producer organization (often called federated or secondary cooperatives).

Beside the abovementioned criteria for a definition of a cooperative, cooperative law defines a cooperative only on the basis of the variability of its equity and on the basis of the fact that it is a person company and not an equity company. There is no attention to the ownership of members and there is no allusion to the services a cooperative should deliver to its members. Member control and profit distribution are not precisely regulated. Nevertheless, as law explicitly regulates cooperatives, we decided to consider them as such, presenting the limits of the regulation.

Other structures must be noticed in the agricultural field: the agricultural associations which are not nominative cooperatives but which fit the criteria of cooperatives as presented above. We will treat them as cooperatives.

1.4 Method of data collection

Multiple sources of information have been used, such as databases, interviews, corporate documents, academic and trade journal articles. The databases used are Amadeus, FADN, Eurostat and a database from DG Agri on the producer organisations in the fruit and vegetable sector. Also data provided by Copa-Cogeca has been used. In addition, information on individual cooperatives has been collected by studying annual reports, other corporate publications and websites. Interviews have been conducted with representatives of national associations of cooperatives, managers and board members of individual cooperatives, and academic or professional experts on cooperatives.

1.5 Period under study

This report covers the period from 2000 to 2010 and presents the most up-to-date information. This refers to both the factual data that has been collected and the literature that has been reviewed.

2 Facts and figures on agriculture

2.1 Share of agriculture in the economy

A study of farmers' cooperatives can best start at the farmer's side, in agriculture. In 2007 agriculture was around 0, 4% of GDP (Figure 2). The share of agriculture in the national economy is decreasing significantly year after year. Ten years back, it was around 0, 8% of Luxembourg GDP, that is a collapse of 50%.

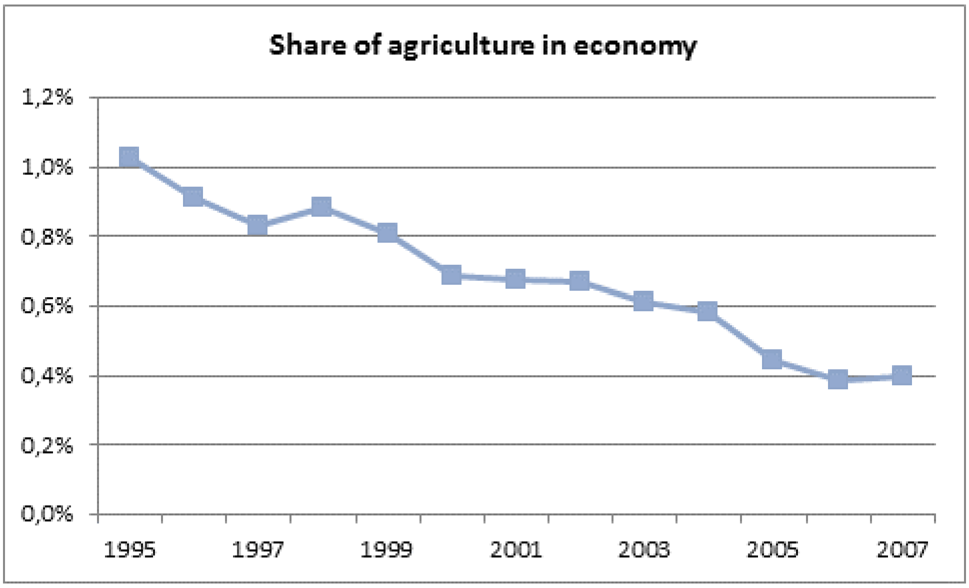


Figure 2: Share of agriculture in Luxembourg GDP. Source: Eurostat Nat. Accounts

2.2 Agricultural output per sector

Within agriculture several sectors exist. Figure 3 (a and b) provides information on the main sectors in Luxembourg, and Figure 4 the trend in output per sector.

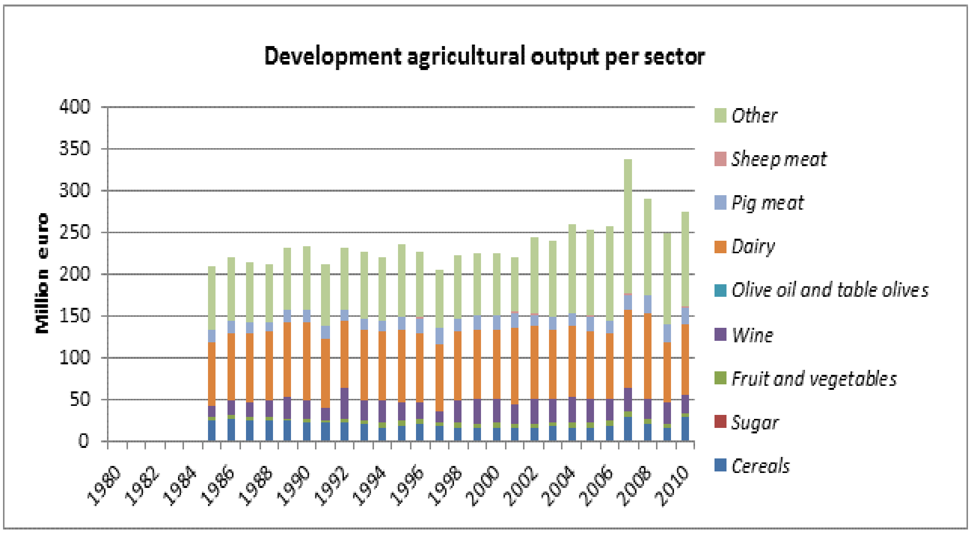


Figure 3a: Development of the different sectors in agriculture, value of production at producer prices, in millions of Euro. Source: Agriculture Economic Accounts, Eurostat

Apart from wine and to some extent meat, the production in other sectors increased in 2010 compared to the results of 2009. In the preceding years (before 2009), there were ups and downs year after year in all the sectors, but without any disturbing collapse or dramatic increase. However, 2007 stands out. In general, the agricultural output is higher in 2010 than in 1995.

The fruit and vegetable and the olive (olive oil and table olives) sectors are marginal in Luxembourg. Also the sugar sector and pig and sheep meat sectors are of minor importance.

The main sectors of production that is the ones which present a concrete economic importance are dairy, wine and cereals.

Acording to the information gathered in the 2010 Report of the Ministry of Agriculture of Luxembourg, after the increase in the result of crop farms (+86%) and dairy farms (29%) in 2007, following the favorable prices of cereals and milk, the result falls in all sectors in 2008. It is the same in 2009, apart from the pig sector. In other sectors, the decline is most pronounced in the dairy farms (-39%), with falling milk prices. Beside the dairy sector, the business result in big agricultural companies decreased by 15% compared to 2008 due to the unfavorable situation on the cereals market. It is the same for the nursing cow farms (-5%), despite a stable beef market.

On the contrary, hog farms which have seen their income decrease twice (- 15% in 2007 and -19% in 2008), are experiencing an increase in operating income by 37%. This reflects a stable pigs market, favorable prices of piglets as well as by lower food costs concentrated from 15% from 2008 to 2009. Wine income which recorded a slight decline in turnover, remained stable (+ 2%).

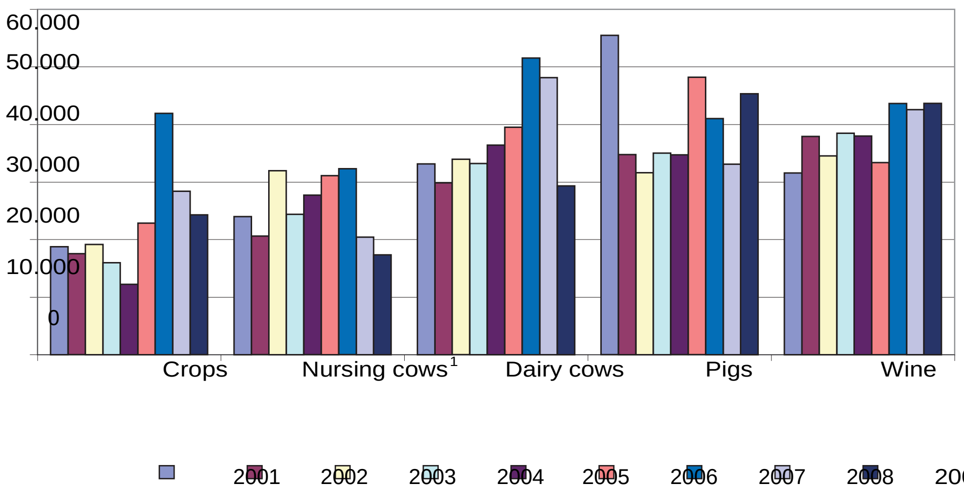


Figure 3b: the evolution of the operating income following the guidance of agricultural production (in €). Source: 2010 Report of the Ministry of Agriculture of Luxembourg, page I-29.

It is to precise that the calculations of the above data are not based on the agricultural benefit, but on operating income. This is the earning adjusted income and expenditure excluding current year, representing a more reliable basis for comparing the technical and economic orientations.

[1] From the French "vache allaitante", meaning cow suckling its litter. The translation might be imperfect.

Figure 3b shows the evolution of the operating income following the guidance of agricultural production (in €).

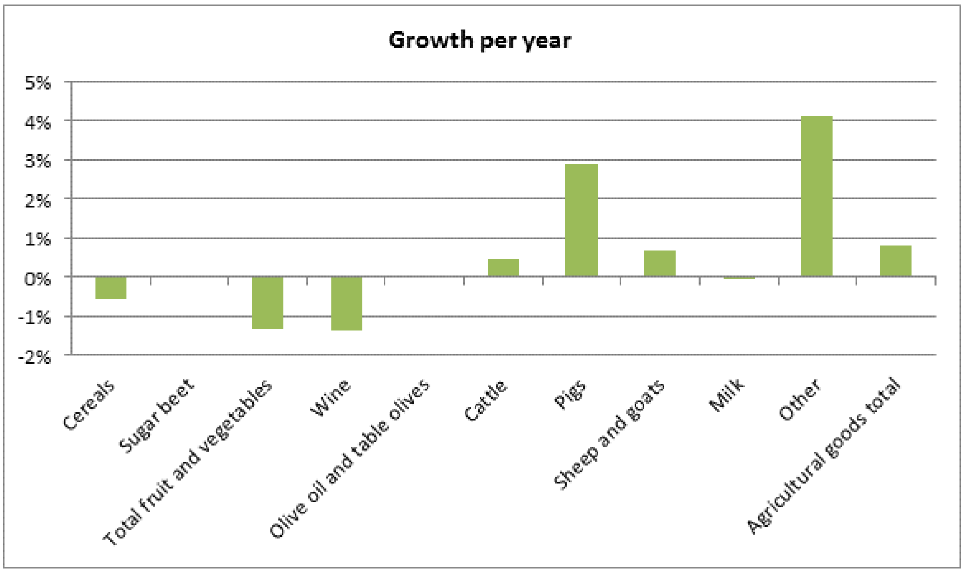


Figure 4: Trend in output per sector "2001" - "2009". Source: Economic Accounts of Agriculture, Eurostat.

Figure 4 is a presentation of the trend in output per sector under the period 2001-2009. There is a collapse of up to -1,4% in certain sectors within this period. It is the case in wine production and also in fruits and vegetable production. The collapse in cereals represents less than 0,5%. In fact, , with the exception of meat in general, the trend in output is negative in all sectors.

2.3 Development in the number of farms

The number of farms in Luxembourg is given in Table 1a and Graph 4a.

Table 1a: Number of farms

Number of farms

	2000	2007	% change per year
Cereals	170	150	-1,77
Sugar	20	20	0,00
Pig meat	50	40	-3,14
Sheep meat	220	240	1,25
Total fruits and vegetables	40	40	0,00
horticulture	30	20	-33,33
Olive oil and table olives	0	0	
Wine	460	380	-2,69
Dairy	910	640	-4,90
Beef	280	220	-3,39

Source: Eurostat, Farm Structure Survey.

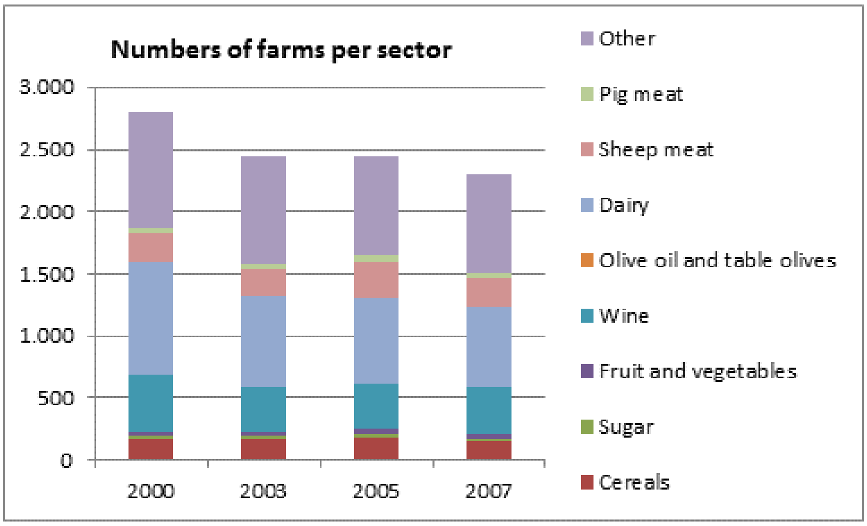


Figure 5a: Number of farms 2000 - 2007 with data per specialist type of farming. Source: Eurostat, Farm Structure Survey.

Table 1a presents the evolution in the number of farms per sectors. Figure 5a gives details about the number of farms per type of farming. The period covered is the period 2000-2007. There have been a stability in the number of farms involved in fruits and vegetables. Apart from this sector there have been a collapse in the numbers of farms in all the other sectors. In cereals, the change per year is -1,77% and almost twice as high in meat in general (sheep meat and beef). Even the main sectors (dairy (from 910 in 2000 to 640 farms in 2007), wine (from 460 in 2000 to 380 farms in 2007)) have been affected by a collapse in the number of their farms.

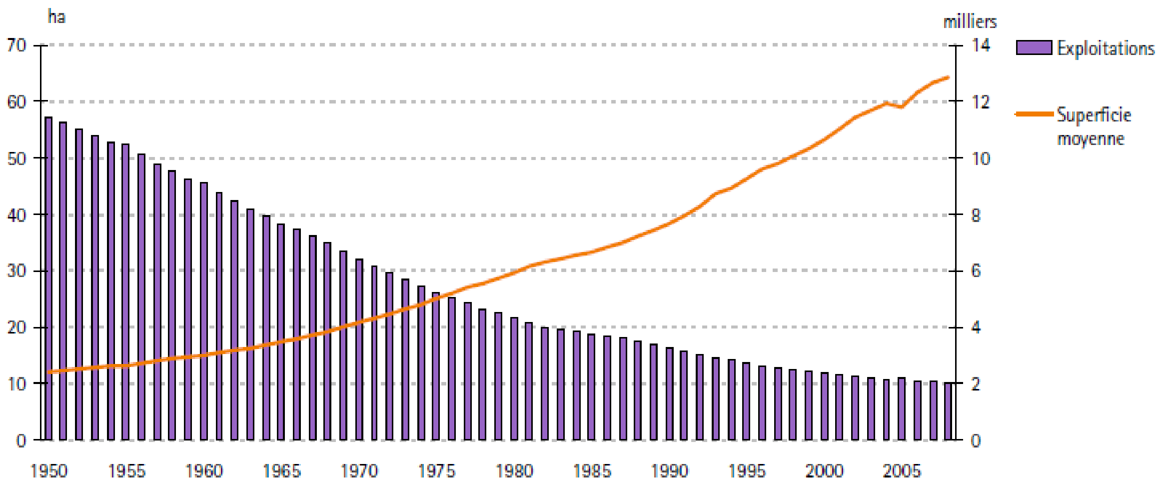


Figure 5b: Development of the number of farms over 2 ha and their average size (Source: Agricultural Census 2009).

According to a study conducted in the framework of the Dairyman programme (http://www.lta.lu/docs/news/Agriculture/Report_sustainability_DAIRYMAN_Luxembourg.pdf), 2242 farms in Luxembourg in 2009 and 2, 5 % of farms cease their activities every year in Luxembourg.

2.4 Size of farms

Farms come in different sizes from small part-time farms to large exploitations. Figrue 6shows the distribution of farms per size class, measured in European Size Units (ESU). The largest areas are farms of milk production, and the smaller are, among other, those of fruits and vegetables. It is not surprising that milk production is using the largest surface in Luxembourg. According to the 2010 report of the Ministry of Agriculture, the value of livestock production, taken as a whole increased by 8.2% in 2010, reaching 165.6 million Euros, or 56% of the value of the agricultural industry. This underlines the importance of this sector, as well as areas that its proponents use.

The smallest areas include, among other farms of fruits and vegetables. According to the Ministry of Agriculture, fruit and vegetables account for no more than 2% of national agricultural production.

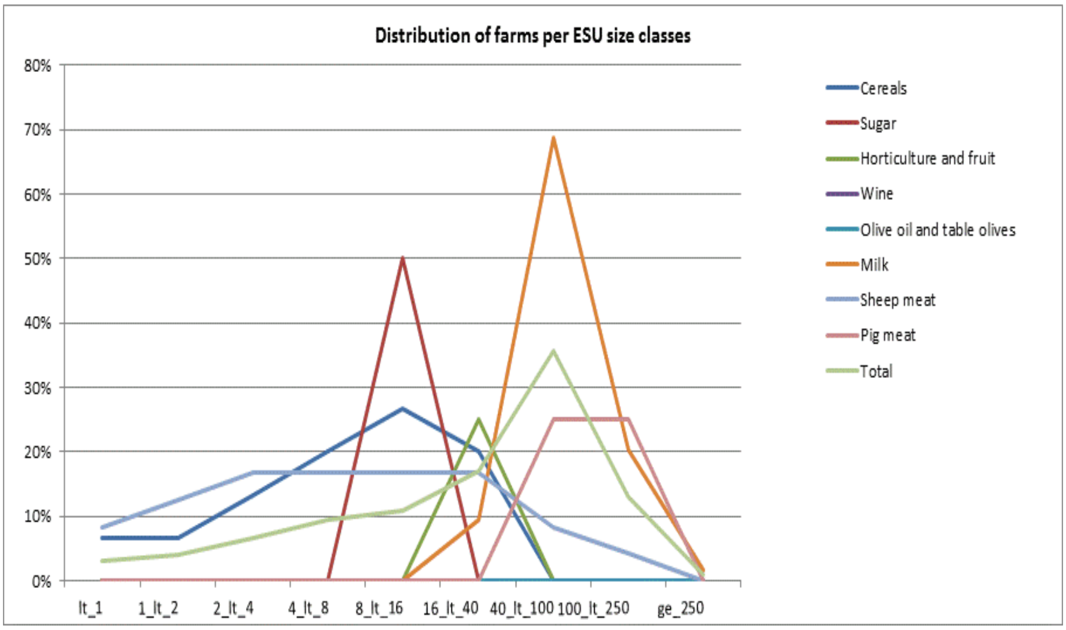


Figure 6: Number of farms per size class, measured in ESU, per specialist type of farming. Source: Eurostat, Farm Structure Survey.

2.5 Age of farmers: distribution of farms to age classes

The age of farmers differs. As in all European Union member countries, people not older than 35 are less present in farms activities. In Luxembourg, the largest group in farms activities is the one regrouping people belonging to the age group between 45 and 54, followed by 35-44, 55-64 and finally those of over 65.

The peculiarity of Luxembourg is the presence of a financial place that attracts youth. Attraction of young people for enterprises in general, at the expense of agriculture is justified by the double risk in the exercise of agriculture, risks that they are not willing to take, because they can simply find alternative livelihoods. The first risk to agriculture is climate. Depending on the vagaries of climate, agricultural profits can range from one year to another, which creates instability. Also, the market risk is increasing. Prices may be better this year and worse another, according to several parameters such as changes in world prices, the flux of the demand ... For these reasons, young people are less interested in agriculture. This activity ends up in the hands of the oldest practicing the activity as a regular occupation or as a family heirloom. However, increasingly, cooperatives are taking steps to attract youth. They are aided by the state through its policy for allocating grants.

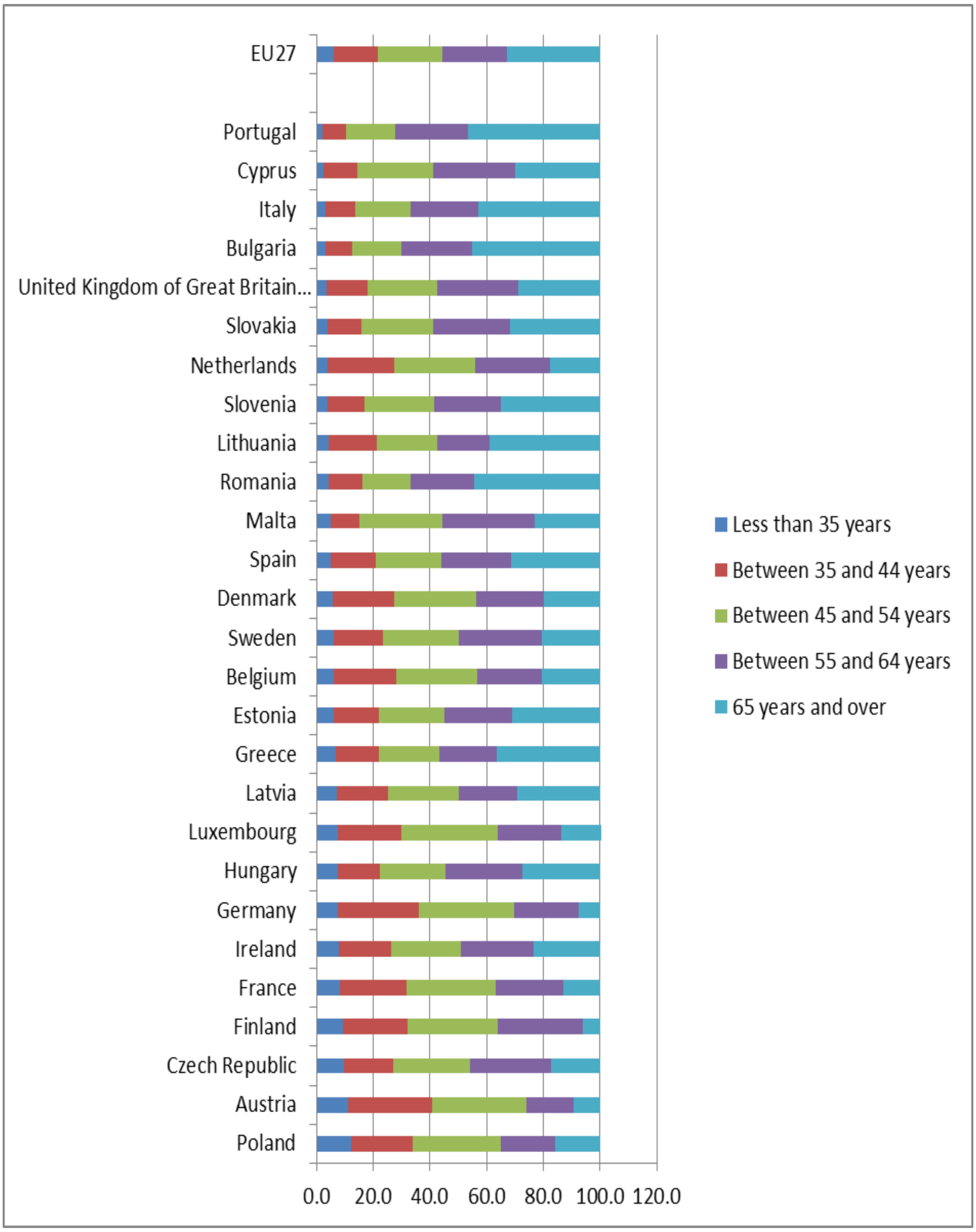


Figure 7: Percentage of farmers per age class, per Member State and EU27, 2007 (ranked with countries with the lowest percentage of young farmers on top). Source: Eurostat, Farm Structure Survey.

Table 1b gives an idea of the age structure of farmers. This structure is relatively shifted in favor of older people. More than half of farmers are over 50 years.

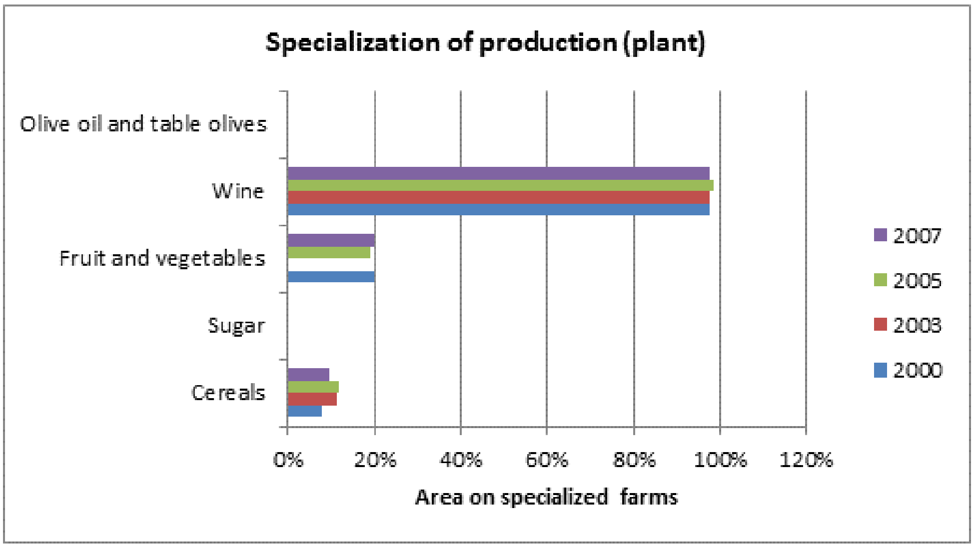
Tableau 1b: Age structure of farmers (number of farmers in Luxemburg per cohort)

Age (years	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-70	>70
Farmers	**15**	**34**	**68**	**196**	**281**	**376**	**353**	**363**	**188**	**111**	**180**

Source: Statec (National Institute for Statistics and Economic Studies of Luxembourg), 2008.

2.6 Specialisation of farm production

Cooperatives might not only have member-farmers with different farm sizes or different age. Farms also have a different composition of their production and therefore their input. This is even true for specialist farms, where e.g. some so called specialst dairy farmers also have beef or sheep or sell hay. In addition to that a lot of mixed (non-specialized) farms exist. The heterogeneity of farming in terms of specialisation can be estimated by calculating the share that specialized farms have in the total production. This is what Figure 8 (split in 8A for plant production and 8B for animal production) shows.



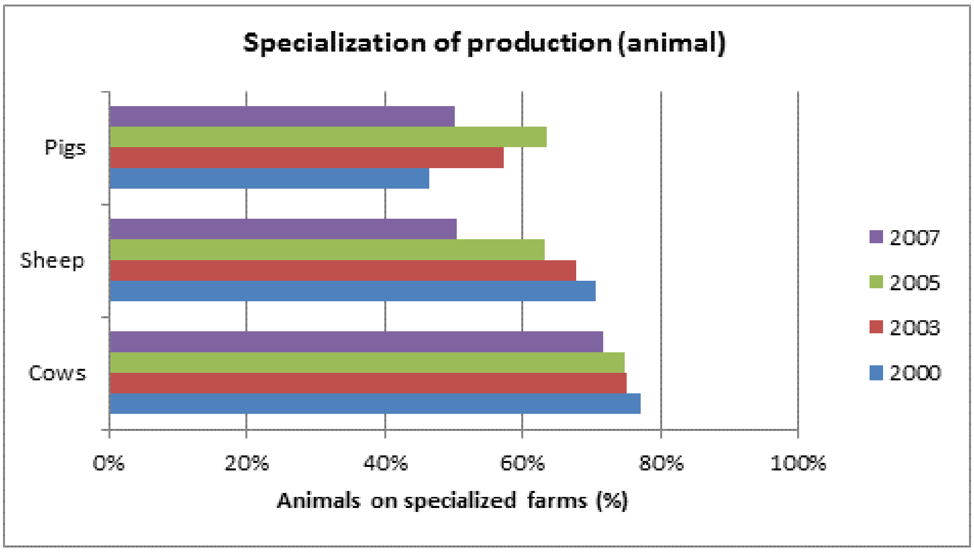


Figure 8 A & B: Heterogeneity in farm production: the share of specialist farm types in total production. Source: Economic Accounts of Agriculture, Eurostat.

The degree of specialization in animal production is more stable than in plant production. Whereas it has not been more than 20% in cereal production and fruits and vegetables production over the period 2000-2007, it has reached almost hundred percent in wine production, over the same period. In animal production, the level of specialization of production lies between 43 and 78%.

2.7 Economic indicators of farms

The description of agriculture is concluded with some economic indicators (Table 2a). These indicators focus on the net value added and income from farming for farmers, as well as the level of their investment. Some of this investment might be in equity of the cooperatives, but far the most will be in farm assets.

Unfortunately, available data are insufficient for a comprehensive analysis of indicators of farms by sector. The only data that are nearly complete are those of the dairy sector

Table 2a: Economic indicators for farms

Economic indicators average per farm (2006 - 2008)								
	Cereals	Sugar	Fruit and vegetables	Olive oil and table olive	Dairy	Wine	Pig meat	Sheep meat
Economic size-ESU	-	-	-	-	81,83	-	-	-
Total labour input-AWU	-	-	-	-	1,66	-	-	-
Total Utilised Agricult. Area-ha	-	-	-	-	90,12	-	-	-
Total output €	-	-	-	-	188 346	-	-	-
Farm Net Value Added €	-	-	-	-	72 308	-	-	-
Family Farm Income €	-	-	-	-	57 193	-	-	-
Total assets €	-	-	-	-	1 021 420	-	-	-
Net worth €	-	-	-	-	839 558	-	-	-
Gross Investment €	-	-	-	-	70 981	-	-	-
Net Investment €	-	-	-	-	22 937	-	-	-
Total subsidies-excl.investm. €	-	-	-	-	46 365	-	-	-
Farms represented	50	-	-	200	-	200	20	27

Note: - less than 3 years available. Source: DG Agri, FADN.

We will use the information contained in the 2010 report of the Ministry of Agriculture for an appreciation as closer as possible to reality (Table 2b). But even the data contained in the Table 2b is not enough to solve the question because there are no data concerning the levels of investments. Table 2b reports only the evolution of the production per agricultural sectors.

Table 2b: Evolution of quantity of production of main agricultural products

Specification	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010
Cereals (t)	156 507	147 929	147 585	152 830	160 568	161 463	148 423	190 895	189 908	166 185
Wheat and spelt (t)	31 976	43 513	52 745	61 184	71 745	75 603	70 469	97 240	90 903	83 474
Rye (t)	4 090	2 366	1 703	3 603	5 715	6 156	6 953	8 727	6 924	5 118
Barley (t)	74 736	69 612	62 822	53 533	52 853	50 061	44 640	52 450	54 398	43 003
Oat (t)	37266	18 757	12 150	9 217	7 734	6 650	5 634	6 241	7 197	4 789
Corn grain (t)				2 040	2 060	1 875	2 192	3 467	3 799	3 116
Triticale (t)	2 163	11 041	14591	19 843	18 530	19 678	17 666	21 525	25 415	25 523
Other cereals	6 280	2 640	3 574	3 410	1 932	1 438	870	1 246	1 272	1 162
Rape (t)	950	5 201	6 795	8 370	14 704	16 250	18 302	16 425	18 132	15 895
Peas and beans	305	1 360	1 380	1 235	1 474	1 107	797	737	1 138	1 735
Potatoes	29 088	24 870	22 857	27 858	19 329	16 449	19 968	21 757	20 044	19 531
Wine (hl)	107 000	151 120	149 654	131 931	135 366	123 652	141 972	129 669	134 786	110 248
Beef meat (t)	14 195	14 024	15 560	17 030	16 779	16 211	15 061	16 689	17 038	16 257
Veal meat (t)	34	140	245	475	355	366	329	292	267	252
Farms live calves (heads)	23 742	17 707	16 151	16 625	14 399	12 691	12 136	10 526	12 306	14 698
Pork meat (t)	6 870	8 402	8 950	11 710	13 728	12 972	13 262	13 843	13 789	15 142
Slaughters pigs	59 000	48 187	41 200	34 426	30 526	24 431	19 582	16 650	15 679	13 774
Farms live piglets (heads)				19 584	7 095	10 906	14 789	12 149	16 549	17 383
Sheep and goat	51	73	61	119	146	144	96	153	165	172
Poultry	90	62	72	163	236	225	211	217	229	225
Cow's milk (t)	300 463	290 250	268 600	264 480	269 654	268 073	274 243	277 672	283 876	295 291
Fat content	3,86	4,09	4,20	4,19	4,19	4,21	4,19	4,21	4,18	4,18
Eggs (t)	986	915	775	880	1 187	1 134	1 169	1 239	1 306	1 274

Source: 2010 report of the Ministry of Agriculture

Nevertheless, additional interesting data can be found in the 2010 report of the ministry of agriculture (downloadable via this link: http://www.ma.public.lu/ministere/rapport/rapbudg2010.pdf).

The value of crop production increased significantly in 2010 compared to 2009 (15%) following a recovery in prices partially offset by a lower production. The value of grain production increased by 79.1% over 2009 as a result of an increase in prices (103.4%) and lower harvest (-21.9%). The total harvest of cereals with 166,000 tons is below the term average. The plantings are slightly behind compared to 2009 and the results are 3% below the average of the 5 last years.

The acreage of potatoes is very stable. In 2010, yields are slightly below the average of the five last years. The harvest of potatoes is in the average of recent years. Overall, the crop value increased by 22%. Harvest of wine, expressed in wine, is 110,248 hl of wine is largely below the long-term average that is around 135,000 hl. Prices sale of wine grapes to vintners do not really move, compared to the previous year, so the value of the crop is declining (-18.2%) compared to 2009.

Livestock production consists of animal production and the production of animal products (milk, eggs, honey).

The value of livestock production taken as a whole increased by 8.2% in 2010 and reached 165.6 million Euros, or 56% of the value of the agricultural industry. The value of pig production in 2010 decreased by 3.8% compared to 2009. Gross domestic production of pigs (slaughter pigs + balance trade in live pigs) increases, while producer prices decrease. The pig population increased slightly in 2010 compared to 2009. The production of sheep and goats is relatively stable over the years, but is still at a very low level. However an increase in production can be observed over the last 2 years.

The production of poultry meat very little developed in Luxembourg falls in volume compared to 2009, producer prices remain stable so that the value of production decreased by 30% compared to 2009.

3 Evolution, position and performance of cooperatives

The main points to examine in this section are the importance of cooperatives and the types of cooperatives in Luxembourg.

Over the first point (importance of cooperatives), the answer is difficult since the importance of a sector can be analysed in different directions and each one has got a particular importance. Statistically, nowadays, the cooperative sector is not very important in Luxembourg. As we will study below, cooperatives are involved in many sectors of activities and the most important are finance and agriculture. In agriculture, we see major actors in processing. In the sectors of viticulture and milk, they are the most important firms, taking into account the economic positions of Les Domaines de VInsmoselle (wine, viticulture) and Luxlait (milk).

Another aspect is the perception of cooperative sector. There is no promotion of the sector: neither the public authorities nor the politicians, or the co-operators themselves have initiated a plan to ameliorate the position of cooperatives in the economics of Luxembourg. It is very unfortunate for example that there is absolutely no federation of cooperatives. Cooperatives and agricultural associations would have better reputation or would be more recognized for their contribution in national economics today if only in the past decades, these structures had been seriously promoted.

For instance, as there is no built cooperative sector in Luxembourg, the sociological and political impact of cooperatives have not been strong. We can select two examples which have been more or less famous in Luxembourg: "coopérative de Bonnevoie"[2] which was a consumer cooperative for the railway workers, and Raiffeisen[3]. The first was a cooperative established by trade unions, the second was deeply embedded in the countryside. But there was no important link between political parties and cooperatives. We can even say that the cooperative legislation, much inspired by the Belgian one, was made to avoid such links: if cooperative law is very liberal, it is to attract cooperatives into business. Unlike in Belgium or France no Council for Cooperation has been established to safeguard the cooperative principles and to promote cooperative entrepreneurship, and no system of 'accreditation' of cooperatives has been established.

The weakness of the cooperative sector is certainly a consequence of a total lack of global movement. It is therefore sure that a promotion organ would be a very good thing. In 2009 a department for solidarity economy has been created within the ministry of employment, which could impulse such an organ.

3.1 Types of cooperatives

Concerning the types of cooperatives, it can be assumed that the weak diversity of cooperative types in Luxembourg can be linked to the small dimension of the national territory. Let's try to describe the different cooperative types that are present, using particular criteria.

As mentioned above, the main branches are wine and dairy, while the others represent just a small percentage of the national production. Cooperatives are involved in meat (pig or sheep), fruit and vegetables, dairy, wine and potatoes.

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[2] For more details about this cooperative, see point 2.2.6 below.

[3] The first Raiffeisen bank was created in 1925 and the central bank in 1926. The banking network grew and in 1970 there were 138 banks. After reorganizations, there are now 13 banks but that doesn't mean a regression at all. The Raiffeisen is still growing, especially in the city, and its position has been reinforced with the crisis. Before the reorganization of Raiffeisen, most Raiffeisen banks in the countryside acted also as agricultural cooperatives. Besides the agricultural sector, these are the main cooperatives in Luxembourg.

Taking into consideration the economic functions of the cooperatives, they provide farm inputs, credit, insurance, farm machinery service, farm product and marketing. The marketing function is probably essential to the functioning of a cooperative movement. In fact it is possible that cooperatives exercising marketing could be promoting the activities and products of cooperatives, so as to encourage the customers to prefer cooperatives goods and services. Unfortunately, in Luxembourg, such function is less developed and this poor development can have had a negative influence on the progress of cooperative action.

Apart from economic activities, there are cooperatives involved in social activities like the support of disabled people, or elderly care. Also, it is common to meet multipurpose cooperatives that are engaged in more than one activity. Even if the majority of cooperatives are concentrated on a single product, such as Luxlait, which produces milk and derivated products. An example of multipurpose cooperative is KOBOLD, Société coopérative. Following the constitution of this cooperative, its main functions are: commercialization, diffusion, buying and selling of diverses products, realization and selling of decoratives and crafts and the socioprofessional insertion of young unemployed people.

Cooperatives in Luxembourg are essentially primary one. There are only few secondary cooperatives, such as GAART AN HEEM, a national league, made up of multiple cooperatives located in almost all the villages and towns of Luxembourg, and all involved in gardening.

For instance, due to the small dimension of the national territory of Luxembourg, almost all cooperatives and agricultural associations are created with a national geographical position. Contrary to large countries whether federated or united, there is no possibility of local or regional support to cooperative located in a particular part of Luxembourg. The public politics of promotion of cooperatives and agricultural associations is national.

But, support and promotion can come from private bodies. “Beola” for example is a cooperative owned by a non profit association (“association sans but lucratif, a.s.b.l.”). And one of the aims of this a.s.b.l., is the regional socio-economic development of the North region of Luxembourg.

As far as financial/ownership structure is concerned, it is possible to find various kinds of cooperatives in Luxembourg. Obviously, there are numerous traditional ones (without subsidiaries or participation in the equity of other companies). A cooperative might participate, as part of its objectives, in the equity of other companies, cooperatives or not (cooperative holding), but we have not found anyone in the agricultural sector in Luxembourg. There is also a special type of cooperative, called cooperative organized as an anonymous or limited company (société anonyme). But in practice, this cooperative is much more a limited company than a cooperative. That is why we have excluded it from this report.

On the basis of the legal form, a distinction can be made between cooperatives and agricultural associations (see the definition above).

3.2 Market share of farmers' cooperatives in the food chain

In this section, we have absolutely no statistics or information. The first reason relies on the poorness of Luxembourgish statistics about cooperatives and agricultural associations. There is no deepened study and all the statistics available are in the meantime poor and approximate. We naturally red all the available statistics and asked to the statistics service (STATEC) which complementary help it could give us. Unfortunately, it was unable to perform. It was answered that cooperatives were so marginal that it was not planned to make wider statistics. And, more technically and in a more convincing way, the problem was pointed out that, because of the size of Luxembourg, and far more for agriculture and therefore agricultural cooperatives, it was often impossible to aggregate data, so that to give data would mean give information on individual businesses. In a country where, probably especially because of its size, privacy is considered as holy, people are very sensitive not to deliver too many information.

When statistics are missing, the next step is to replace and complete them by other sources. The first one is the cooperatives themselves. Here, we must say that they have been very kind but actually few collaborative. In spite of several contacts and reminders, many cooperatives never sent the questionnaire and the ones who did often were not exhaustive at all.

There is still a third source of information, an administrative database, namely the register of companies. We can find there the constitutions and the balances of companies. However, also, here we were disappointed. Of course we found statutes but many were very concise. But the worse was for accounting reports. Companies, also cooperatives, must publish these documents when their turnover is over 100.000 euro. Many don't publish, which means that their activities are limited. But when the documents are published, they are often very badly prepared and some information is missing.

Obviously, we gathered the data for the biggest cooperatives. But many cooperatives are small. Nevertheless, we tried to insert all our data, crossing sources to catch the best result. Discussions with shareholders gave us a better view than the figures and we tried to pass it through the comments.

3.3 List of top 50 largest farmers' cooperatives

STATEC (National Institute of Statistics and Economic Studies of the Grand Duchy of Luxembourg) is a department under the Ministry of Economy and Foreign Trade. This structure provided us with the information contained in table 4 below. The list of cooperatives committed in agriculture we received from STATEC is made up of 55 cooperatives. All units that had employees in January 2011 or those who are still affiliated as subject to the VAT from the Administration of the recording are listed.
In terms of economic activity (NACE), units directly or indirectly related to the food business namely the units classified under the following headings of NACELUX . 2 are included:

- Divisions 01, 10, and 11;
- Groups 46.2, 46.3 and 47.2;
- Subclass 47.110.

All information relating to the NACELUX rev. 2 (methodology, structure, explanatory notes) can be found in the following publication:
http://www.statistiques.public.lu/catalogue-publications/nace/PDF-NACE-2.pdf
The variable "numformjur" provides information on the legal status of the unit:

- 25 = cooperative;
- 60 = Agricultural Association.

Nevertheless, on the occasion of the research using other sources, we realized that the STATEC list was not exhaustive. The reasons are multiple. We found that there are certain cooperative created recently in 2009 or 2010 and that it is not obvious to find their references in statistics yet. Also, the STATEC used only the NACE codes to identify the cooperative involved in agriculture. This criterion can be insufficient to identify the entire cooperatives that can be useful for the present study. That is why we have decided to study other cooperatives or agricultural associations, and to add their name (in bold) in the table below.

Also, due to the fact that many of the cooperative and agricultural associations listed below does not have any activity linkable to one of the sectors defined by the European Commission for the scope of this study (in italics), we have decided to limit the presentation of cooperative in the questionnaire to cooperatives and agricultural associations involved in one of these sectors of activity: cereals, fruits and vegetable, sugar, oil, meat, dairy and wine. Most of the cooperatives marked in italics are committed in the renting of agricultural machines or in services to people involved in agriculture, or have selling activities not directly linked to agricultural sectors defined above.

Table 4 The 50 largest farmers' cooperatives in the food chain of Luxembourg

Name of cooperative/agricultural association	"NumNaceRev2" or code to identify the nature of the activity	"numformjur" or number to identify the legal form
UELIGGENOSSENSCHAFT EISLECK AN NATURPARK OURDALL	01.110	60
SPELZGENOSSENSCHAFT NATURPARK UEWERSAUER	01.110	60
KAREGENOSSENSCHAFT ESLECK AN NATURPARK OURDALL	01.110	60
WEIS-FRERES ASSOC. AGRICOLE	01.110	60
COPROPRIETE VITICOLE SCHUMACHER-KNEPPER	01.210	60
OBSTBAUGENOSSENSCHAFT VON STEINSEL SOC. COOP.	01.240	25
COMICE AGRICOLE DIEKIRCH	01.240	60
KRAIDERGENOSSENSCHAFT NATURPARK UEWERSAUER, LANDWIRTSCHAFTLECH GENOSSENSCHAFT.	01.280	60
OP DER SCHOCK, SOCIETE COOPERATIVE	01.300	25
LELLJER GAART, SOCIETE COOPERATIVE	01.300	25
CONVIS HERDBUCH SERVICE ELEVAGE ET GENETIQUE	01.410	25
LUXEMBURGER SCHAFERGENOSSENSCHAFT	01.410	60
FRANCK ET FILS S.C.AGRICOLE	01.410	60
UNION DES APICULTEURS DU CANTON MERSCH	01.490	25
LIGUE HMC COOPERATIVE S.C.	01.500	25
ASSOCIATION POUR LA PROMOTION DE LA MARQUE NATIONALE DE LA VIANDE DE PORC, ASSOCIATION AGRICOLE.	01.500	60
CORELUX	01.500	60
VAN DE SLUIS GEBRUDER CORNELIS UND GERRIT	01.500	60
ASSOCIATION AGRICOLE HOFFMANN PIERRE ET FILS	01.500	60
PROTVIGNE ASSOCIATION AGRICOLE	01.611	60
COOP HELICOPTERE BECH/KLEINM/WELLENSTEIN/REMICH	01.611	25
COOP HELICOPTERE GREIVELDANGE S C/O M STRONCK JOSEPH	01.611	25
COOP HELICOPTERE AHN S C/O M MAX EGIDE	01.611	25
COOP HELICOPTERE EHNEN S C/O M BECKER HERBER	01.611	25
COOP HELICOPTERE GREVENMACHER/MERTERT/WASSERBILLIG	01.611	25
COOP HELICOPTERE LENNINGEN S C/O M STEINMETZ MARC	01.611	25
COOP HELICOPTERE REMERSCHEN S C/O M JOS WEBER	01.611	25
COOP HELICOPTERE SCHENGEN S C/O M REINARD LEON	01.611	25
COOP HELICOPTERE NIEDERDONVEN	01.611	25

COOP HELICOPTERE MACHTUM S C/O M SCHMIT GASTON	01.611	25
COOP HELICOPTERE WINTRANGE S	01.611	25
COOP HELICOPTERE STADTBREDIMUSS C/O M BEISSEL JOSEPH	01.611	25
COOP HELICOPTERE SCHWEBSANGE S C/0 M GLODEN RAYMOND	01.611	25
COOPERATIVE HELICOPTERE WORMELDANGE	01.611	25
COOPERATIVE HELICOPTERE MERTERT	01.611	25
MBR – SERVICES	01.612	60
MASCHINEN- UND BETRIEBSHILFSRINGES 'NORDSPETZ'	01.612	25
MASCHINENGENOSSENSCHAFT AMA II REISDORF C/O JOSY WEBER	01.612	60
AMA TECHNOPARK WUELESSEN	01.612	60
ASSOCIATION DES ELEVEURS LUXEMBOURGEOIS DE BOVINS LIMOUSINS, ELBL	01.620	60
NOUVEL ABATTOIR D'ESCH-SUR-ALZETTE, SOCIETE COOPERATIVE	10.110	25
MARQUE NATIONALE DES EAUX-DE-VIE NATURELLES LUXEMBOURGEOISES	10.390	60
LUXLAIT ASSOCIATION AGRICOLE	10.510	60
Fairkoperativ, SC		25
Beola		60
KOBOLD, Société coopérative		25
Ligue Luxembourgeoise du Coin de Terre et du Foyer (association agricole), Liga CTF		60
Luxemburger Saatbaugenossenschaft (LSG)		25
Obstbaugenossenschaft von steinsel soc. Coop.		25
Blonde d'Aquitaine Ziichter Lëtzebuerg		25
BIOG (BIO BAUEREN GENOSSENSCHAFT LETZEBUERG)	10.510	60
CORNELYSHAFF, SOCIETE COOPERATIVE	10.840	25
LES DOMAINES DE VINSMOSELLE, SOCIETE COOPERATIVE	11.020	25
R-W-G, RAIFFEISEN-WUERE-GENOSSENSCHAFT	46.210	25
PRODUCTEURS LUXEMBOURGEOIS DE SEMENCES	46.210	60
BAUERE KOPERATIV, SOCIETE COOPERATIVE	46.210	25
LANDWIRTSCHAFTLICHER LOKALVEREIN VON HARLINGEN (COMICE AGRICOLE DE HARLANGE) ASSOCIATION AGRICOLE.	46.210	60
SYNDICAT DES PRODUCTEURS DE PLANTS DE POMMES DE TERRE	46.310	60
COOPERATIVE DES PATRONS-BOUCHERS DU BASSIN MINIER.	46.320	25
PROCOLA ASSOC AGRIC	46.330	60
KOM-IMPORT, SOCIETE COOPERATIVE	46.390	25
COOPERATIVE DES CHEMINOTS	47.110	25

Source : STATEC Luxembourg

3.4 List of top 5 largest farmers' cooperatives per sector

Table 5 Most important cooperatives in the sectors studied in this project

Sector		Name of Cooperative	Turnover 2010 (Euros)
Cereals	1	R-W-G, Raiffeisen-Wuere-Genossenschaft	1 384 219, 62
	2	Luxemburger Saatbaugenossenschaft (LSG)	5 000 000
	3	BAUERE KOPERATIV, SOCIETE	No data
	4	Beola[4]	77 440
Fruit and vegetables	1	Ligue Luxembourgeoise du Coin de Terre et du Foyer (association agricole), Liga CTF	No data
	2	Obstbaugenossenschaft von steinsel soc. Coop.	No data
	3	Syndicat Des Producteurs De Plants De Pommes De Terre	No data
	4	Bio Baueren Genossenschaft Letzebuerg	No data
Wine	1	Les Domaines De Vinsmoselle, Société Coopérative	24 200 000
	2	Protvigne association agricole	No data
Dairy	1.	Luxlait Association Agricole	64 300 000
	2	Procola (subsidiary of Milch-Union Hocheifel eG)	613 000 000 (MUH)
	3	Fairkoperativ, SC	No data
Sheep meat	1	Blonde d'Aquitaine Ziichter Lëtzebuerg	No data
	2	'Nouvel Abattoir D'Esch-sur-Alzette, Société Coopérative	1 116 082,38
	3	Coopérative des Patrons bouchers du Nord	No data
Pig meat	1	Convis Herdbuch Service Elevage Et Genetique	No data

3.5 Transnational cooperatives

Many cooperatives are active internationally. In most cases the foreign activities of cooperatives 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 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 could 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.

Table 6 below presents the foreign transnational cooperatives and the international cooperatives active in Luxembourg. These are cooperatives from other EU Member States that have come to Luxembourg to directly trade with farmers, either as members or as contractual customers.

[4] The insertion of Beola within the Cereal sector is questionable: in fact, according to the information gathered through a conversation with a responsible of the cooperative, one third of its production concerns vegetable oil, another third, flour and pasta and the last third mustard. Because there is no mustard or vegetable oil sector within the framework of this study, we have decided to position Beola within the existing Cereal sector.

Table 6 the foreign transnational cooperatives and international cooperatives that are trading with farmers in Luxembourg

Name of the Cooperative	Mother country	Sector(s) involved in:	Turnover 2010
Milch-Union Hocheifel eG	Germany	Dairy	613 000 000

Milch-Union Hocheifel eG is a transnational cooperative group with headquarters in Pronsfeld (Germany). Pronsfeld is located in the West Eifel, at the junction regions between Germany, Belgium and Luxembourg. Milch-Union Hocheifel eG has a subsidiary in Luxembourg, called PROCOLA Association agricole. In the questionnaire, we entered the data of the entire group, instead of the one of Procola (not provided by the group). The only useful data about PROCOLA we found is that this structure detains 39, 50% of milk quota in Luxembourg, just behind Luxlait association agricole (45, 24%).

Table 7: the transnational cooperatives and international cooperatives from Luxembourg that are trading with farmers in other countries

Name of the Cooperative	Host countries	Sector(s) involved in:	Turnover 2010
Beola	Belgium	Vegetable oil, flour and pasta, mustard.	77 440
Luxemburger Saatbaugenossenschaft (LSG)	Germany, Belgium, France	Cereals	5 000 000

Table 7 above presents the transnational and international cooperatives that have their seat in Luxembourg. They have gone international by taking up members in other countries and/or doing business with non-member farmers in other countries.

It is evident that all the three above-mentioned (table 6 and 7) cooperatives are international ones because all of them do business with farmers in other EU members States. But, to be considered as a transnational, a cooperative must have members in more than one country. That is the case of Milch-Union Hocheifel eG, with its subsidiary in Luxembourg (PROCOLA). That is also the case of Luxemburger Saatbaugenossenschaft (LSG) which have members in Germany. That is not the case of Beola which only does business with farmers in Belgium without integrating them as members.

4 Description of the evolution and position of individual cooperatives

4.1 Data gathering per cooperative

We used two main methods to collect data per cooperative. In the first place, we sent the questionnaire to cooperatives. The expectation was to receive filled questionnaires and to analyse the data provided and eventually to obtain more information through phone calls and exchanges of e-mails. Unfortunately, in spite of several reminders and direct contacts, only 7 cooperatives have actually filled the questionnaire and returned it. For the other, we used a second method, less reliable than the first. We have been obliged to fill the questionnaire by ourselves, using data from websites, constitutions of cooperatives and information from public institutions. But, data were not always available. Therefore we have been unable to provide certain information due to lack of sources.

4.2 Position in the food chain

It is not easy, due to unavailability of statistical data, to determine, with lot of precision, the position of cooperative and agricultural associations in the food chain in Luxembourg. To try to approach the matter, we can say that almost all the 8 sectors chosen by the European Commission exist, except sugar. But, concretely, even the other sectors apart from wine and dairy, doesn’t constitute solid sectors of activity taking into account the economic data of cooperative and agricultural associations involved in (see the questionnaire and the detailed presentation of sectors below).

4.3 Institutional environment

The cooperative movement is not strong enough in Luxembourg to have a political weight and has never been structured so that a cooperative sociability was created. The question of the appreciation of cooperatives should be faced distinctively for the different sectors. As a whole, cooperatives are not well known and, overall, they are not clearly considered as original companies: let's not forget that they are defined by the law as commercial companies. Worker cooperatives could have been related to the trade unions but, actually, they have no existence but the cooperative of Bonnevoie. There were two banking cooperatives: Raiffeisen and savings and credit cooperative society, which became Fortuna bank in the 1990s, still a cooperative. These cooperative banks were related to the rural context or the urban Christian network. The agricultural cooperatives, and probably far more the agricultural associations, are partly related to an agricultural trade union, quite active in Luxembourg, the "centrale paysanne". But, that link has been problematic in the past, it seems nowadays calm. The "centrale paysanne" has been very active to sustain agriculture but not especially cooperatives. Today, we cannot detect a natural political support for cooperatives.

4.4 Internal Governance

In the agricultural sector, it is necessary to distinguish cooperatives and associations because of their different regulation. It must thus be noted that the farmers use the term Genossenschaft (which means cooperatives in German and therefore in Luxemburgish) to design the agricultural associations and not the cooperatives. It is not surprising, as we explain it the legal part of the report, associations fit far more cooperative principles than Luxemburgish cooperatives themselves. This has important effects with respect to the internal management. In the agricultural associations, members take part, of course more or less, in the assembly and in the governing board. The situation in cooperatives is far more variable.

Whether 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 previewed it. The hypothesis of impacts of any nature on decision-making is not excluded, since the regulations governing cooperatives and agricultural associations grant the statutes the freedom to organize the mode of decision making. In such a context, regardless of the rules that will be adopted to govern the pattern of votes, they will be admitted because they comply with the statutory freedom granted to cooperatives and agricultural associations by organizing standards. However, to be precise, we have to note that in agricultural associations, every member has at least one vote, and no more than three ones.

4.5 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. Richness of Luxembourg has become 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. It is significant that, for viticulture for example, cooperatives are still more active for medium wines than for high quality which is produced and commercialized by individual owners. In other words, cooperatives are less absolutely powerful than they are relatively, because of the narrow 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 great region (Belgium, Germany, France and Luxembourg).

5 Sector analysis

5.1 Introduction

In this chapter we discuss the developments in the eight sectors that are central in this study. We report on trends in the markets, important changes in (agricultural) policy and we try to link this to the strategies and performance of the investor-owned firms and cooperatives in the sector. The period of observation is 2000 – 2010.

5.2 Cereals

Whereas the production of cereals is an important activity of farmers in the south of the country, it does not represent a high production in absolute figures, so that it cannot lead to important cooperatives. We did not achieve to gather precise figures for the place of cooperatives in the market but it is sure that they are the only Luxemburgish actor. Some businesses of the Great Region[5] collect some cereals in Luxembourg and Luxembourgish cooperatives are not dominant. The production is oriented to animal's food.

5.3 Fruit and vegetables

The production of fruit and vegetable is very low in the country, probably less than 5% of the consumption. The existence of cooperatives in the sector cannot therefore have a significant economic weight. We must also notice that, besides the so called cooperatives, in Luxembourg there exist structures that promote and organize direct trade between some farmers and consumers which, by its aim, could be considered closer to cooperatives than to businesses, whatever its legal statute. Let us also remark that cooperatives are not absent in the development of bio production.

5.4 Wine

Wine represents an important sector in Luxembourg for several reasons. First, it is the main agricultural activity beside the Moselle. Second, it is the main exportation agricultural product of Luxembourg. The majority of the sector is organized around the biggest cooperative, Les Domaines de VinsMoselle, but some other exists. Other cooperatives are the historical cooperatives of the country which are all members of VinsMoselle, the wine producers being members of the cooperatives and not of VinsMoselle. In this way, in the practice, Vinsmoselle stands as a second degree cooperative, but a reorganization of the internal governance is in progress. The decrease of the number of wine producers makes useless that intermediate level and the primary cooperatives should be dissolved this year if their general assemblies accept the project. All the members will then become members of VinsMoselle and will therefore directly decide the price of their grapes.

It is to be noticed that the highest quality of wine is not produced nor marketed through Les Domaines de VinsMoselle, but directly by private farmers. However, this is not the opinion of VinsMoselle itself. According to the cooperative, this feeling results from the fact that wine producers are not allowed to select the different wines or grapes to bring to VinsMoselle, whereas private wine producers may do so. Nevertheless, VinsMonselle claims to have a high quality policy and gives the example of their initiative in the production of “Crémant”. In some

[5] The Greater Region includes: the Saarland and Rhineland - Palatinate in Germany, Lorraine in France, Luxembourg, Wallonia, the French Community and the German Community of Belgium.

years, VinsMoselle thinks that two thirds of Luxemburgish wine production will be made up of “Crémant”, for which profit is better.

Also, according to information received from the Administration of Vinsmoselle, 100% of sales are in bottles. Sometimes, however, it happens that the cooperative has an important collection of wines, and from 5 to 10% (from 500,000 to 1,000,000 liters) are sold on spot markets for export (normally to Germany).

Concerning the quality, in Luxembourg, Vinsmoselle follows a so-called “appellation contrôlée” (Moselle Luxembourgeoise pour les vins et “Crémant” de Luxembourg), under the control of the State, through the “Commission de la marque nationale des vins et “crémants””. In European law, these wines belong to the category of *vqprd* (quality wine of a given region). 95% of the production is sold under the label of the National Brand, 5% are sold as table wine from Luxembourg.

5.5 Dairy

Breeding is more developed in the north of the country and dairy is therefore an important activity of farmers. This is characterized by the presence of a big cooperative Luxlait, the biggest of the country, with a turnover of more than one hundred million Euros. In absence of rate about its place on the market, we can use the milk quota. Luxlait gets 44% of the Luxemburgish quota. Just behind it stays Procola which is an agricultural association part of a cooperative group based in Germany (MUH), which gets 39% of the milk quota. By its activities of transformation, Luxlait is nevertheless the uncontested biggest actor in the sector.

Concerning Luxlait, it is important to precise that it deals only with the producers and purveyors located in Luxembourg, which are all members of the agricultural association. This information follows an additional request for more information addressed to Luxlait, so as to ensure that it is not supplied by foreign producers. And if that was the case, we would have to reconsider our remarks about his place in the dairy and agricultural landscape in Luxembourg.

5.6 Sheep meat and Pig meat

That is the second aspect of breeding. Cooperatives are committed in Sheep meat and pig meat, even if they are not the only operators acting in the sector. Still, they are the main actors. It is notable that one of the most important cooperatives is not owned and managed by farmers but by butchers that is "Cooperative des Patrons Bouchers du Nord".

6 Overview of policy measures

6.1 Regulatory framework

The performance of cooperatives (including producer organisations) is influenced by the regulatory framework in a country. This framework is multi-level: EU regulations, national laws and –in some countries- even regional policies influence the way cooperatives can operate. In this chapter we look especially at the regulatory framework that influences the competitive position of the cooperative versus the investor-owned firm (IOF) or the competitive position of the cooperative versus other players in the food chain (e.g. the retail sector).

These competitive positions are influenced within the regulatory framework by much more than the law that establishes the rules for running a cooperative (business organization law). Well known other examples include agricultural policy (e.g. the EU's common market organization that deals with producer organizations in the fruit and vegetables sector), fiscal policies (at the level of the cooperative and the way returns on investments in cooperatives are taxed at farm level) and competition policies. There are different types of policy measures in the regulatory framework (McDonnell and Elmore (1987):

POLICY MEASURE TYPE	DEFINITION
Mandates	Rules governing the actions of individuals and agencies
Inducements	Transfer money to individuals in return for certain actions
Capacity Building	Spending of time and money for the purpose of investment in material, intellectual, or human resources (this includes research, speeches, extension, etc.)
System Changing	Transfer official authority (rather than money) among individuals and agencies in order to alter the system by which public goods and services are delivered

The objective of this project / report is to identify support measures that have proved to be useful to support farmers' cooperatives. In section 5.2 the relevant policy measures and their potential impact in Luxembourg are identified. In section 5.3 a number of other legal issues are addressed.

6.2 Policy measures

There is no specific regulation for agricultural cooperatives. In the contrary, the agricultural association is an original structure, created in 1901 but totally reorganized by the "arrêté 1945", which has no link with the "associations sans but lucratif". This agricultural association has a definite object, quite wide but limited to agricultural ones. The control of agricultural associations belongs to members. The members, all farmers can control their structure with or without a board of directors, everything depending on their number. They have no right on the results and no dividend can be distributed. The regulation of cooperatives is opposite. It is a commercial company, regulated by the commercial companies act (1915). Their specificities amongst commercial companies are simple: in on hand, the number of their members and the amount of the equity is not fixed; in the other hand shares are not freely negotiable. The only mandatory rules deal therefore with the modalities to enter or leave the cooperative. About management, there is absolutely no mandatory rule and the substitution ones refer to "société anonyme", but for the distribution of dividends the system is half capitalist half equalitarian. The consequence of this is the great importance of the statutes for an important freedom is granted to the founders. No systematic examination of the statutes has been possible but the inquiry revealed that most cooperatives have few members, which are not necessarily the users.

At the competition or fiscal level, there is only one policy measure that can be identified as a measure that affect the development and performance of cooperatives (see table 9.a). It is an Act adopted on April 18th 2008 (Act of 18 April 2008 on the renewal of support for rural development).

This Act aims to create a general framework for the promotion of a multifunctional, sustainable and competitive agriculture in Luxembourg, able to integrate the development of rural areas and implemented in accordance with the principles of the common agricultural policy. The act concerns all legal form of organizations involved in agriculture and following a certain number of criteria defined in sections 1 and 2 of the Act.

The focus of the Act is agriculture. And as cooperative and agricultural associations are important agricultural actors in the country the supporting measures will also help them.

The Act proposes financial assistance to investment in agricultural areas, engagement of Youth in agriculture, reduction of charges in the acquisition or renting of agricultural materials or properties, economic and technical cooperation among individual farms, encouragement to the amelioration of professional quality and research based on agriculture, amelioration of the transformation and commercialization of agricultural products, protection of environment and biodiversity, etc.

The Act also defines fiscal advantages to farmers (see sections 35 to 38). According to section 35 of the Act, farmers can deduct from their agricultural and forestry benefit, as defined in section 62 of the Act, a share of the purchase price or cost of investment in new equipment and productive equipment as well as development of premises used for the operation, when such investments are made in farms lying to the Grand Duchy and are intended to remain permanently.

Table 9. a and b. Policy Measure Description

Name of Policy Measure	**Type of Policy Measure**	**Objective of the Policy Measure**	**Target of the Policy Measure**	**Expert comment on effects on development of the cooperative**
Support to investment (Act of 18 April 2008 on the renewal of support for rural development)	**2. Inducement** e.g. 2.1 Financial and other incentives	1. Correction of market or regulatory failures	2. Specific to an agricultural sub-sector	As it is not specific to cooperatives, it doesn't advantage them but helps the entire agricultural sector. As cooperatives are numerous in it, they profit of it. It is manly a support to adaptation to the new technical norms and, more, an incentive to innovative projects.

Table 9.b presents the score of the influence of the policy measure presented above on the development of cooperatives in Luxembourg. On a scale from -4 to +4, where -4 is extra negative, 0 is neutral, and 4 is extra positive, 1 seems to correspond to the level of influence of such law on the development and performance of cooperatives in Luxembourg. As mentioned above, the policy does not point directly cooperatives or agricultural associations. The financial and fiscal advantages are indirectly opened to cooperatives and agricultural associations. That is why the policy is just more than neutral and could be extra positive if it was orientated only to promote cooperatives and agricultural associations. Nevertheless, 1 is still positive since cooperatives and agricultural associations benefit from the advantaged proposed by the policy even if it is not limited to them.

Policy measure	Assessment score
Sustain to investment (Act of 18 April 2008 on the renewal of support for rural development)	1

6.3 Other legal issues

The Luxemburgish legislation to regulate cooperative and agricultural associations is very poor. It is impossible to recognize cooperatives in the definition given by the law. Luxembourg could have taken the opportunity of the introduction of European cooperative to make its national provisions more clear and precise. But it didn't. Today, that is the sign of the absence of interest for cooperatives. Nevertheless, a great question is asked about non lucrative activities that the "associations sans but lucratif" should not perform. Instead of reforming the cooperative model in positive legislation, the perspective is the creation of a new legal personality. In that sense, legal aspects are the sign of a general lack of interest. The implication of public policy in the building of a network and a sector would be excellent for agricultural cooperatives.

7 Assessment of developments and role of policy measures

This chapter provides a concluding assessment on the developments of cooperatives in Luxembourg. In chapter 2 some statistics on agriculture and farmers' cooperatives were provided. In chapter 3, even not exhaustively, data on individual cooperatives were reported, especially concerning their internal governance, their position in the food chain and the institutional environment in which they operate.

This lead to some first impressions in section 3.5 on the performance of cooperatives in Luxembourg in relation to their internal governance, institutional environment and position in the food chain.

In chapter 4 the data gathering and analysis was broadened by looking at the differences between the sectors and the influence of sectorial issues on the performance of the cooperatives. Chapter 5 looked into more detail on the how the regulatory framework influences the competitive position of the cooperatives in the food chain and vis-à-vis the investor-owned firms.

This final chapter assesses the (performance) developments of cooperatives and how they can be explained in terms of the building blocks (institutional environment, position in the food chain including sector specifics, and internal governance). Section 6.1 focuses on the explanation of the performance of cooperatives in terms of their internal governance, their position in the food chain (including sector specifities) and the institutional environment (including the regulatory framework). In section 6.2 an assessment is given on which policy measures in Luxembourg seem to benefit cooperatives and which ones have a constraining influence.

7.1 Explaining the performance of cooperatives

Agricultural cooperatives in Luxembourg have a good performance, even if they often have no great economic weight in absolute figures. That situation is related to the Luxembourgish context, in which agriculture is not a strategic sector and for which farmers have to build their own future. In a poor legislative context, with no definition of cooperatives, making use of the freedom to write the statutes, farmers managed to create suitable structures. Cooperatives have tried to be perceived as positive actors, notably in the public administration, that is to say economically efficient and guaranteeing fairer relations with farmers.

7.2 Effects of policy measures on the competitive position of cooperatives

Till the 1980s, some policy measures were aimed specifically to cooperatives but they were replaced by measures for all agricultural structures. The last dispositions are stated in an act of 2008, 18th of April. They provide 30% of the investments, paid by the Ministry of agriculture, with condition of an economic plan. An additional 5% is granted when the investment aims innovation. For innovative investments 35% is provided. This support is important for agriculture but gives no advantage to cooperatives. The only specificity for cooperatives results from taxation. It is obviously favorable to them but our meetings didn't make appear that this could be a reason to choose the cooperative way. They are even not contested by capitalist businesses.

8 Future research

The lack of the research is about statistics. First they are poor because of the size of the country and the consequent little staff of public institutions, and second the small number of economic agents involves the risk that figures might fit the position of an individual structure and therefore affect its privacy. But it also is the result of the absence of a cooperative sector neither built nor felt. It would be nevertheless very important to give incentive to deepen these data because the aggregation of such figures could surely take part and give grounds to the emergence of such a sector. The creation in 2009 of a department of solidarity economy may be a chance in that perspective but its position is unclear: it aims to gather all the shareholders of a wide solidarity and social economy but it faces difficulties to avoid the strong link established in the country between solidarity economy and job insertion measures.

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