

# Study on Producer Organisations and their activities in the olive oil, beef and veal, arable crops sectors

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# Main objectives of the study

1 Inventory of Producer Organisations (POs) and Associations of Producer Organisations (APOs) in 3 sectors

2 Describe the activities of POs and APOs

3 Analysis of the benefits and disadvantages of these activities

4 Analysis of relation to the CAP objectives, of the recognition under the CMO regulation

# Definitions

## PO

*Any type of entity that has been constituted by and is controlled by producers in a specific sector, formed on the initiative of producers to pursue one or more of the specific aims listed in the CMO, whether or not the organisation is recognised under article 152 of the CMO Regulation as enforced until the end of 2017*

## APO

*An association of producer organisations whether or not the association is recognised under article 156 of the CMO Regulation as enforced until the end of 2017*

# Background

- Common Agricultural Policy (CAP) objectives:
  - To increase agricultural productivity,...;
  - To ensure a fair standard of living for the agricultural community,...;
  - To stabilise markets;
  - To assure the availability of supplies; and
  - To ensure that supplies reach consumers at reasonable prices.
- Recognised POs which pursue concentrating supply, placing on the market of members' products and optimising production costs, may negotiate on behalf of members, part or all of their production.
- Provided efficiencies from e.g. a joint selling platform, transportation, quality control, storage, waste management, or input procurement.
- Maximum market share of national production

# Scope

- Cooperatives and associations, other private companies in which farmers are shareholders
- Recognised and non-recognised organisations
- Three sectors: olive oil, beef & veal and arable crops
- EU-28 Member States

# Approach

1. Literature study

2. Inventory:

- Country experts
- Desk research
- Contact competent authorities
- Triangulate with company registers

3. Survey/ interviews in national language:

- Sample of 200 POs and 20 APOs from Inventory
- Broad range of EU MS
- All three sectors
- Recognised and non-recognised
- Small and large POs/APOs

4. Five specific examples

# Plan of the presentation

- 1 Main findings from the inventory
- 2 Reasons for establishment of a PO, aims and perceived benefits to the members
- 3 Challenges for the establishment of a PO
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# Inventory - PO

	Number of recognised PO	Estimate of the number of non-recognised PO
Olive oil	252	1161><1181
Beef and veal	178	627><673
Arable crops	189	1378><1433
Total	619	3166><3287

On average, 1 recognised PO for 5 non-recognised POs



# Inventory - APO

	Number of recognised APO	Estimate of the number of non-recognised APO
Olive oil	8	0><10
Beef and veal	2	7><27
Arable crops	3	9><29
Total	13	16><66

## Differences between sectors

- Most of the APOs in olive oil are recognised
- Not the case for arable crops and beef & veal

# Inventory – key findings

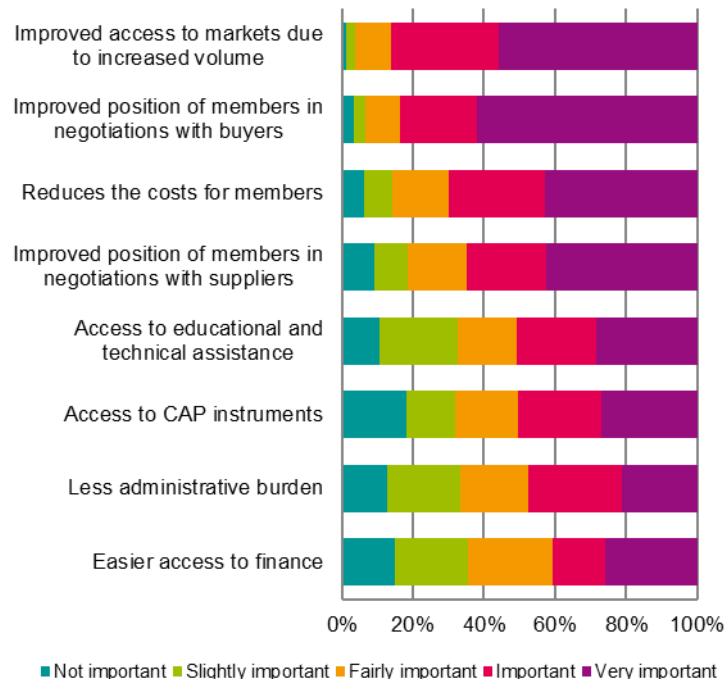
1. Most POs are not recognised: at least 5 non-recognised POs for every recognised PO
2. Recognised POs in 11 countries
3. Recognised POs mostly in Germany, Italy, France, Greece
4. Most recognised POs and APOs in 'old EU MS'

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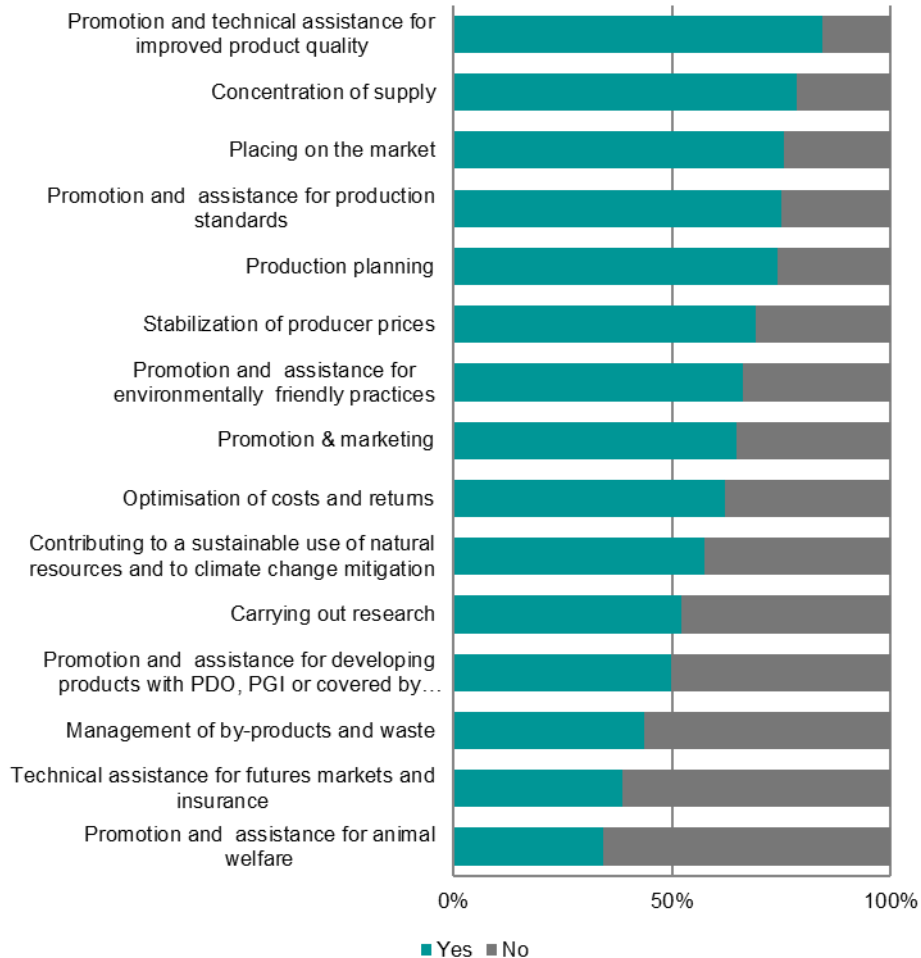
# Reasons for establishment of POs and APOs

- Improved access to markets due to increased volume (86%)
- Improved position of members in negotiations with buyers (84%)
- Many different reasons for cooperation between farmers



# Aims of POs/APOs

- Aims are in line with reasons for establishment
- Improving product quality is very important
- Concentration of supply, placing on the market and production planning are pursued by most organizations



# Example 1

## *Bónusz Agro Ltd in Hungary*

- PO of 21 arable crops farmers (60 to 300 hectares)
- Non-recognised PO
- Created in 2015
- The founders knew each other for a long time
- They were geographically close to each other

*“in practice the one with bigger volumes in the market gets better conditions both when it comes to the selling price as well as the input prices”*

- The main aim is joint selling
- The long-term aim is to help members to use precision farming

# Benefits for the members (1/2)



- Market and price stability (41% of the replies to open question on top-3 benefits)
- Reduced costs and economies of scale (38%)
- Higher prices and ensuring a fair standard of living (for the members) (26%)
- Improved market opportunities or market access (21%)

# Benefits for the members (2/2)



- Other benefits:
  - Technical assistance and support;
  - Improved product quality;
  - Education and training;
  - Better access to market information...



# Example 2

## *APAG in Spain*

- PO in the olive oil sector
- Non-recognised PO
- Created in 2014
- 98 members
- Main reasons for establishment: training farmers and providing technical support

## **Benefits for the members:**

- Enhancing their skills and technical knowledge at lower or no cost to them;
- Accessing market information and markets more easily;
- Building a network of and sharing lessons between producers, paving the way for the development of joint activities in the future.

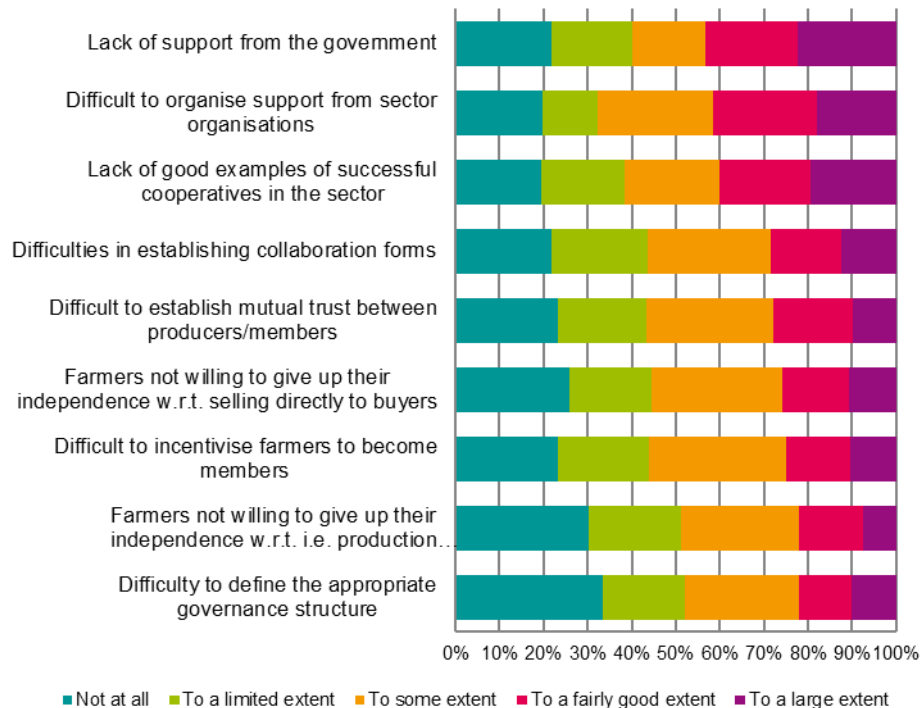
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# Challenges for the establishment

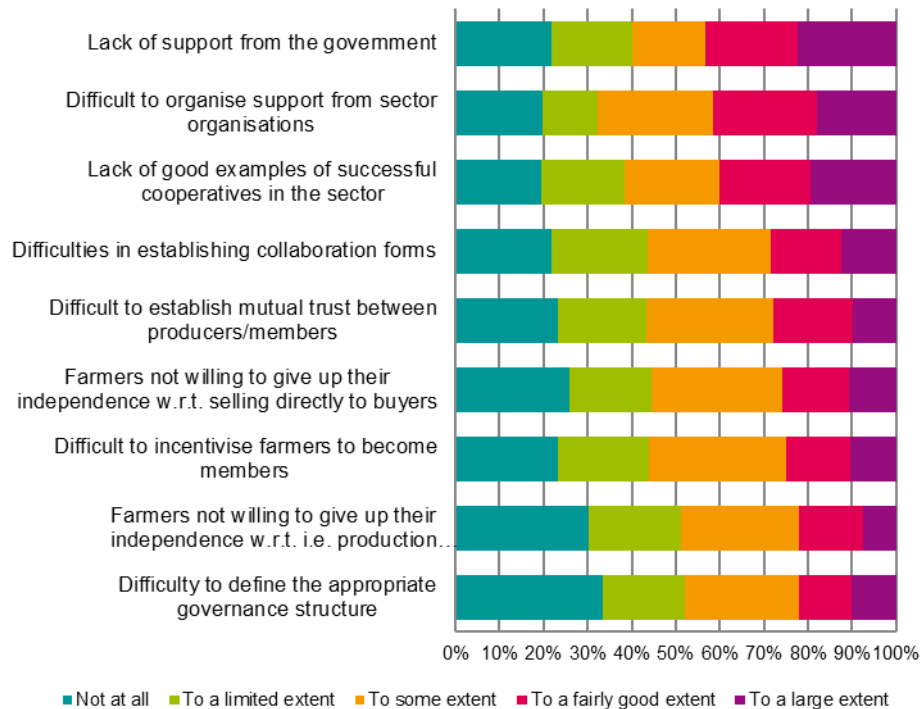
Several challenges mentioned but no outstanding one(s):

- Lack of support from the government (43% fairly good or large extent barrier)
- Lack of support from sector organisations (42%)
- Lack of good examples of successful cooperatives in the sector (40%)



# Other challenges

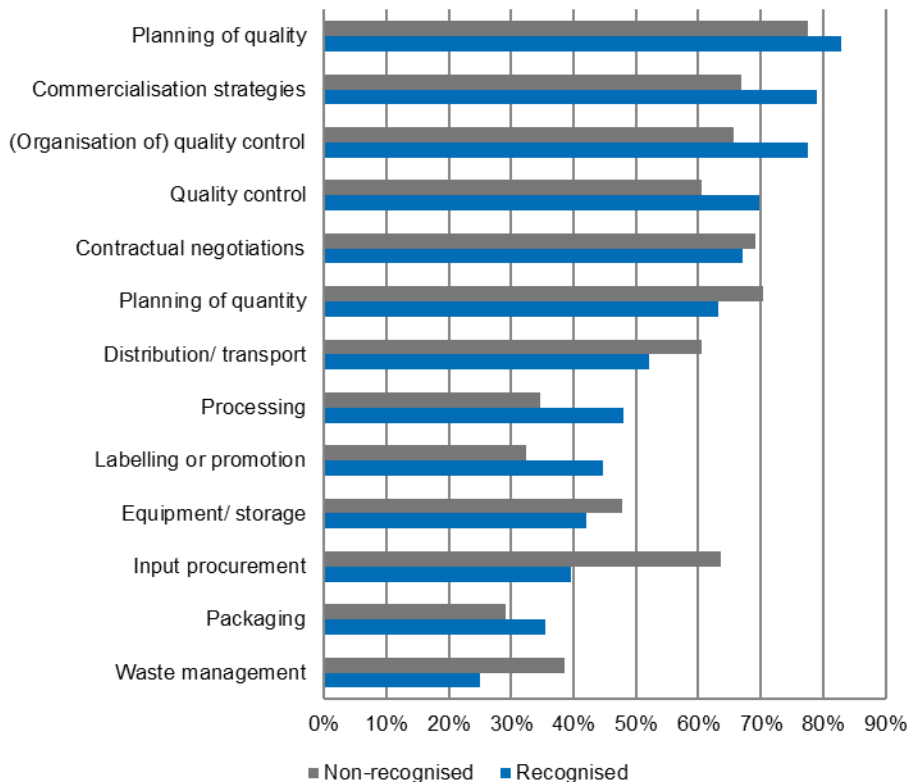
- Difficulties in establishing collaboration forms;
- Difficult to establish mutual trust between producers/members, independence of farmers;
- Difficulty to incentivise farmers to become members.



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# Main activities of the PO/APO - overview



- POs are engaged in a wide range of different activities
- No major differences between recognised and non-recognised
- PO engaged in commercial activities also carry out other “efficiency enhancing activities”
  - 93% of POs that carry out commercial activity carry out at least one other type of activity
  - 69% carries out 3 or more other activities

# Efficiency enhancing activities



- Activities most frequently implemented:
  - (Organisation of) quality control (70%)
  - Distribution and transport (57%)
  - Input procurement (55%)

Packaging (31%), waste management (34%), labelling and promotion (37%) and processing (39%).

# Challenges - commercial activities

- Weak negotiating power;
- Access to capital;
- Diverse quality of products delivered by members;
- Access to market information.

*In addition to financial and information constraints, the heterogeneity of members – e.g. in terms of farm size, product quality, and business behaviour etc. – can constitute an important challenge*



# Challenges - other activities

- Difficulties in obtaining financial resources and of funding investments;
- Lack of human capital.

# Example 3

## *CODIVO-BOVICOOP in France*

- PO in Beef & Veal
- Recognised PO
- Created in 2003
- 794 members
- Mission: to optimize the value of its members' production in beef & veal

## Main activities:

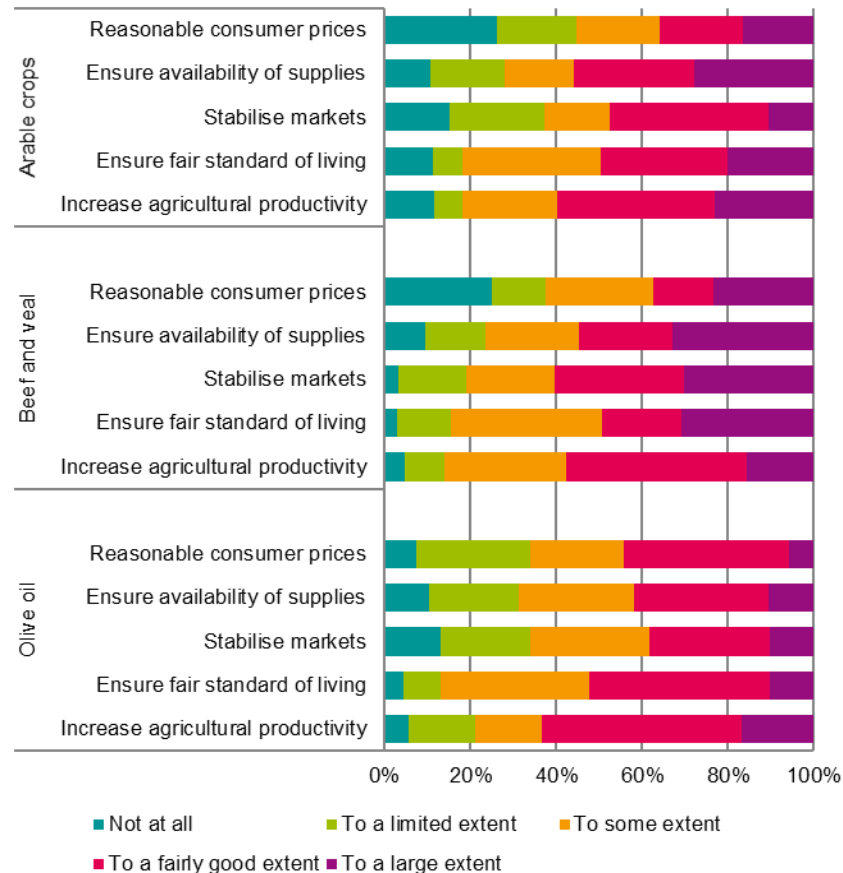
- Segmentation of the offer, with a significant part (approximately 40%) of the animals marketed under various quality labels.
- Negotiating minimum price contracts for fed cattle in order to anticipate market fluctuations (forward contracts);
- Quality control of the product to ensure a homogenous product quality;
- Technical guidance to young farmers;
- Communication to members via an online platform and publications.

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# Relation to the CAP objectives

- Majority considers that their activities contribute to at least some extent to all five CAP objectives
- Increasing agricultural productivity is most frequently important in all sectors

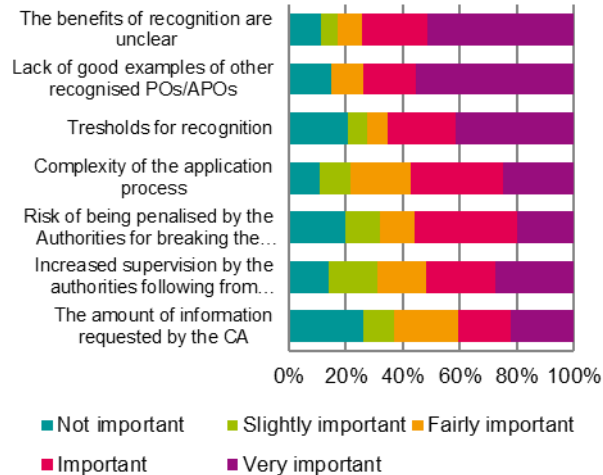


# Recognition under the CMO

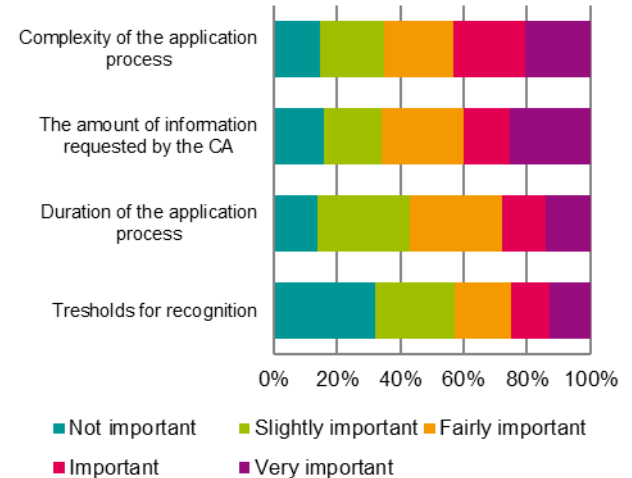
- 50% of non-recognised POs/ APOs is not aware of possibility of recognition under the CMO; in all sectors and in old MS (47%) and new MS (53%)



Reasons for not applying for recognition



Barriers encountered during recognition process



# Conclusion: 4 “take-home” messages

1- Many more non-recognised POs than recognised POs

2- POs engaged in commercial activities also carry out other efficiency enhancing activities” (quality, logistics, promotion, input procurement etc.)

3- Market & price stability, reduced costs and economies of scale are the most important perceived benefits

4- Majority considers that the activities contribute to the CAP objectives

# Thank you for your attention!

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