

Interbranch organisations

Results of a 2016 European study

Brussels, 10 October 2019, Michiel van Galen



Content

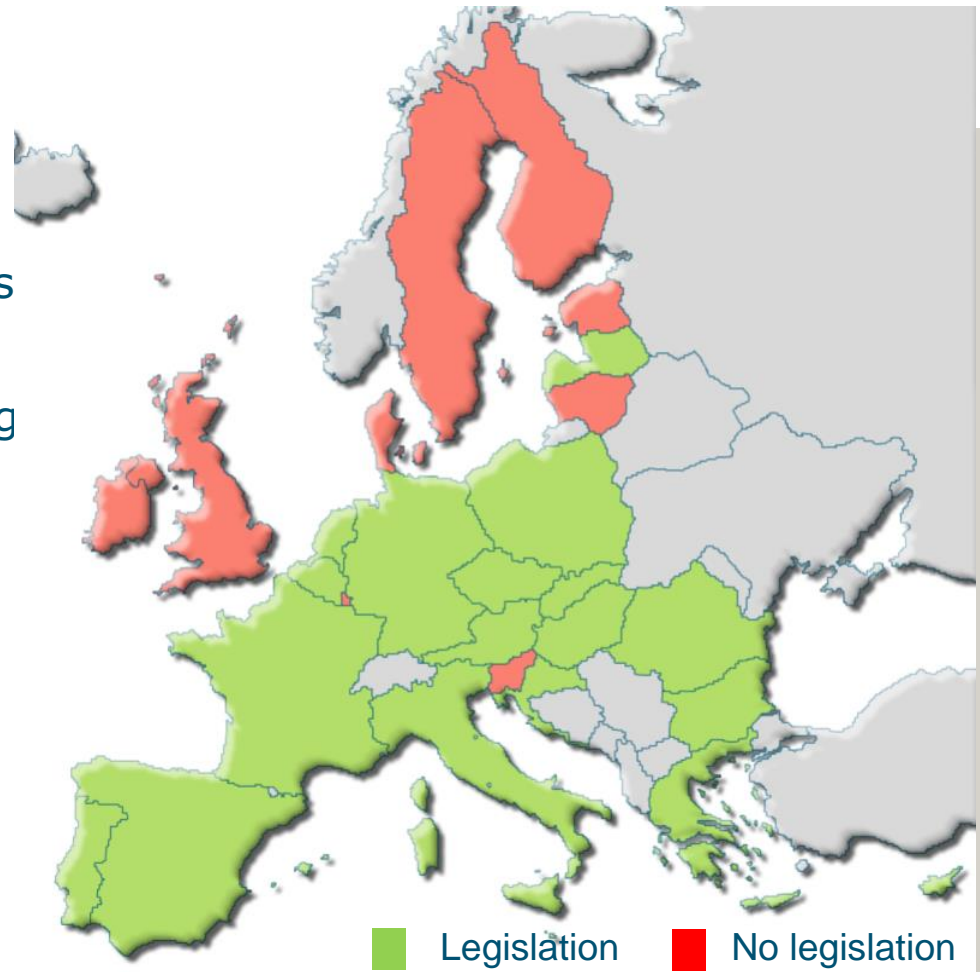
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Background

- General objective: to provide a state of play of agricultural interbranch organisations in the EU28
- Specific objectives:
 - Provide a comprehensive inventory of the rules applicable to IBOs under national law
 - Present an inventory and a comprehensive description of the current existing IBOs
 - Examine the role IBOs play in the food supply chain, the factors influencing their functioning, and the benefits offered by IBOs to their members
- Study for DG AGRI, by Arcadia International, Wageningen Research, Dr. Luc Bodiguel and national experts

Results: national legal frameworks (1)

- France was first to develop IBO legislation in 1975
- EC Communication 1990 led to sectoral provisions regarding IBOs in tobacco, fruit and vegetables, wine and olive oil, and later in Reg (EC) 1234/2007, Reg. (EU) 1308/2013 and Reg. (EU) 2017/2393 to a horizontal EU framework
- In 2016 19 MS with legislation on IBOs, Italy and Spain also have regional legislation



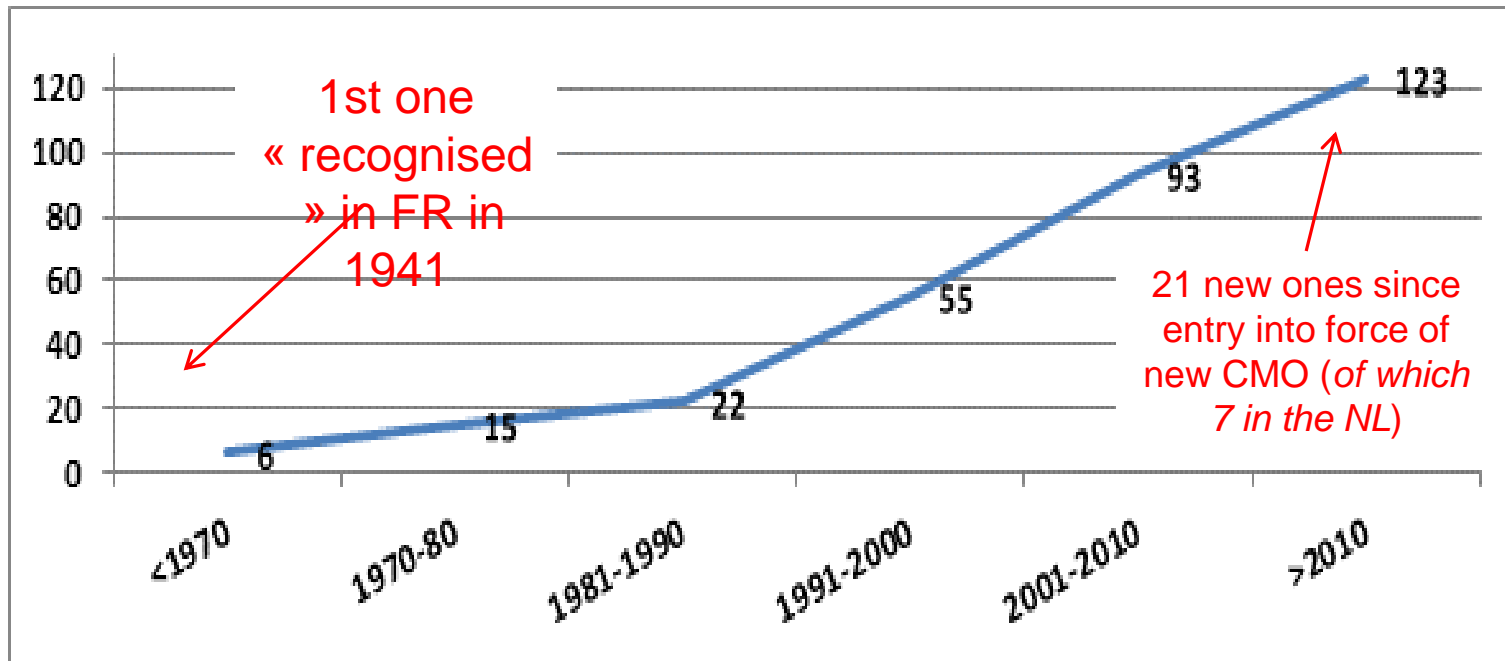
Results: national legal frameworks (2)

- MS legislation reflects CMO requirements but each national framework has its peculiarities (e.g. IBOs definition/objectives, representativeness for recognition (quite heterogeneous) and extension of rules)
- In ES/FR/IT/MT/NL/PT/RO national law specifically provides for the extension of rules to non-members under certain conditions
- Extension of fees to non-members set in national law of ES/FR/GR/IT/PT - IT/NL/PT have sanctions laid down for non-payment of fees

Results: national legal frameworks (4)

- In MS without legislative framework on IBOs, reasons for not implementing specific legislation were:
 - Lack of interest from supply chain actors
 - Expected administrative burden
 - Presence of other type of cooperation: Non-recognised IBOs, cooperatives, other private and public bodies
 - General lack of cooperation
 - Lack of awareness of the relevant EU legislation
 - Lack of funding opportunities for IBOs
 - Uncertainty around application of competition rules

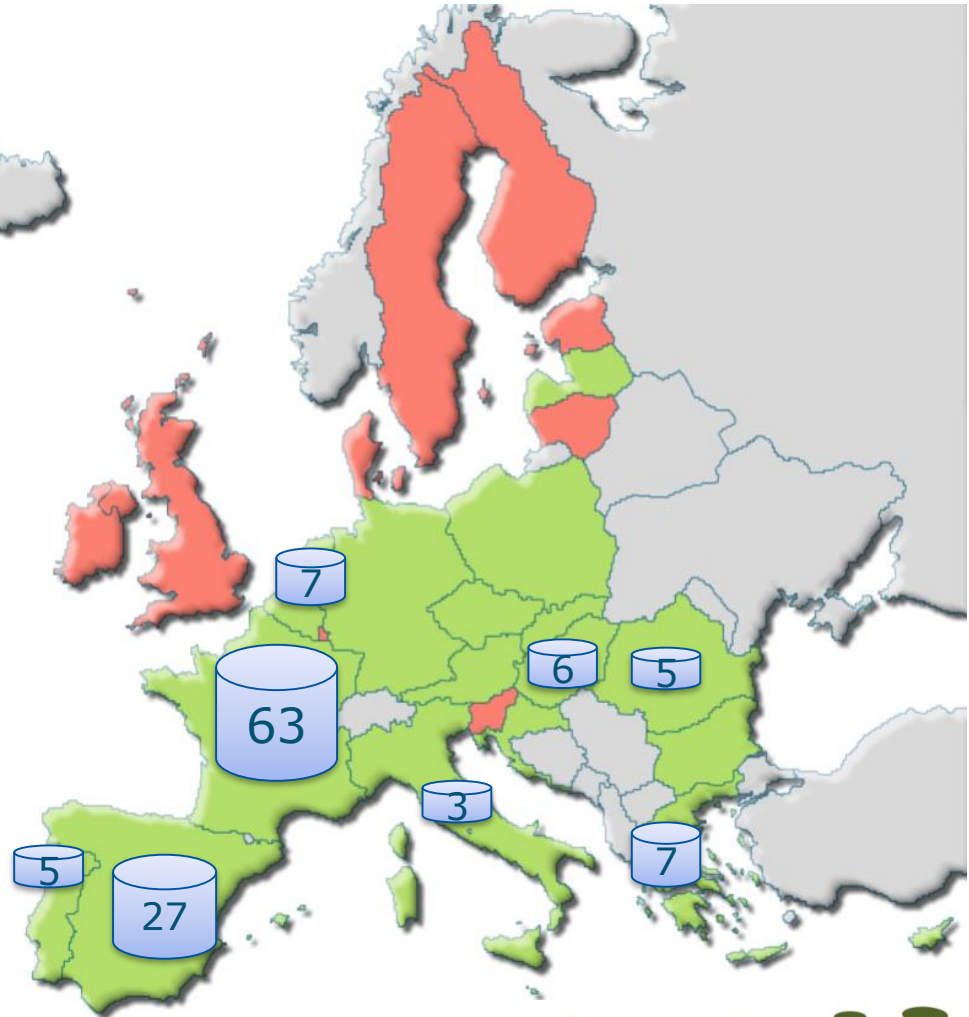
Inventory of existing IBOs (1)



↑
1st recognised
IBO outside FR in
1994 (HU-wine)

Inventory of existing IBOs (2)

- 123 IBOs recognised in 8 MS, in June 2016
- 85 national IBOs
- 38 regional ones (36 in France – mostly wine - and 2 in Spain)
- Wine (31), fruit and vegetables (12), dairy (10) are the most important sectors
- Flax and hemp: 2 (FR)



Inventory of existing IBOs (3)

- Top 5 objectives of IBOs:
 - Improving knowledge and transparency
 - Promoting consumption
 - Providing information and performing research to innovate, rationalise or adjust production
 - Developing methods to improve product quality
 - Developing initiatives to strengthen competitiveness and innovation
- Recently IBOs focus more on promotion and marketing and less on market regulation actions
- Food safety, traceability and environmental protection
- Geographical Indications (PDO, PGI)

Inventory of existing IBOs (4)

- Representativeness rarely reaches 100% (between 80 and 95% for primary production)
- Number of members ranging from 3 to more than 500
- Legal forms (farmers, associations, private entities, farmers and/or trade unions, POs/APOs, etc.)
- Governance mainly based on a General Assembly, a Board and a secretariat.
- Approach in “colleges” only in FR based on 3 main principles: Representativeness, Parity and Unanimity
- 50 IBOs (out of 89 respondents) reported the use of **extension of rules** (mainly FR, NL, ES and IT)

Functioning and benefits of IBOs (1)

- Maturity of IBOs and socio-political context differs across MS and sectors, different dynamics of actors within the supply chain have to be fully considered to really understand the functioning of individual IBOs
- Regulation alone doesn't lead to the creation and recognition of IBOs. IBOs are often a response to a crisis situation (economic, governance issues)
- Creation and request for recognition often come from primary production. Need to be structured to enter into discussions/negotiations with public authorities

Functioning and benefits of IBOs (2)

- The internal structure of the IBO is not the most important, what counts is “IBO system”
 - Relation between members of the IBOs (search for consensus – at least at the top of the organisations). Platform for communication
 - Privileged relationship of IBOs in the supply chain with public authorities (entry point for authorities)
 - This relation is even stronger with extension of rules and/or delegations of official tasks
 - Application of extension of agreements (including fees) allows long-term funding of IBOs

Functioning and benefits of IBOs (3)

■ Challenges:

- Representativeness (25%-66%) & extension of fees (2/3 in CMO, but higher in some MS)
- Transparency of decision making
- Long term funding when extension is not used
- Positioning as regards application of competition law applied to agricultural sector => remaining grey zone(s)
- Benefits mainly of intangible nature and therefore difficult to measure/to quantify.

Functioning and benefits of IBOs (4)

- Impacts of IBOs actions and bargaining power:
 - The presence of IBOs has little impact on existing asymmetries in the bargaining power of the involved actors.
 - But impact on research, innovation, transparency, transaction costs, quality agreements, promotion
- Impacts of IBOs' actions on CAP objectives mainly not determined (farmer income, productivity, sustainability, price stability, and risk management).
- But presence of IBOs in the supply chain clearly benefits actors and other stakeholders and competent authorities.

Conclusions

- Legislation is evolving and the number of recognized IBOs is gradually increasing
- “Presence of IBOs benefits actors, stakeholders and competent authorities”.
- The full implementation of the “IBO concept ” –full use of legislative provisions, including extensions of rules and financing to non-members – is still under development.
- Each MS might thus consider defining the optimal conditions of the national “concept”. Under these conditions, IBOs could constitute efficient tools for vertical cooperation leading to further development of the supply chain.

Conclusions

- Member States should reflect on whether IBOs (good) functioning is just brought about by further implementing Regulation (EU) No 1308/2013 or whether further steps are needed (e.g. how to set-up good working principles within the chain) to make the best use of IBOs for the strengthening of the food supply chain.
- Each MS might thus consider defining the optimal conditions of the national “concept” (full use of all IBO provisions and optimal relationship between actors within and outside the IBOs). Under these conditions, IBOs could constitute efficient tools for vertical cooperation leading to further development of the supply chain.

Thank you

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This study was performed by Arcadia International, Wageningen Research, Dr. Luc Bodiguel and national experts

https://ec.europa.eu/agriculture/external-studies/2016-interbranch-organisations_en



IBO activities	Benefit level of the action and impact on CAP objectives				
	Farmer income	Productivity	Sustainability	Price stability	Risk management
(i)Improving the knowledge and the transparency of the production and the market through the publication of relevant statistical data in an aggregated form as well as via the analysis of future market developments	+	+	+	+	++
(ii)Forecasting of production potential, and recording public market prices	+		+	+	+
(iii)Helping to coordinate better the way the products are placed on the market, in particular by means of research and market studies	+	+	+		+
(iv)Exploring potential export markets			+	+	+
(v)Drawing up standard forms of contract, compatible with Union rules, for the sale of agricultural products to purchasers and/or the supply of processed products to distributors and retailers	+		+	+	+
(vi)Exploiting to a fuller extent the potential of the products , including at the level of market outlets, and developing initiatives to strengthen economic competitiveness and innovation	+		+		+
(vii)Providing the information and carrying out the research necessary to innovate, rationalise, improve and adjust production and, where applicable, the processing and marketing	++	++	++		++
(viii)Seeking ways of restricting the use of animal-health or plant protection products , better managing other inputs, ensuring product quality and soil and water conservation, promoting food safety, in particular through traceability of products, and improving animal health and welfare	++		++		+
(ix)Developing methods and instruments for improving product quality at all stages of production and, where applicable, of processing and marketing	+		++		+
x)Taking all possible actions to uphold, protect and promote organic farming and designations of origin, quality labels and geographical indications	+		++		+
xi)Promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods	+		++		+
xii)Encouraging healthy and responsible consumption of the products on the internal market and/or informing about the harm linked to hazardous consumption patterns	+		++		
(xiii)Promoting consumption of, and/or furnishing information concerning, products on the internal market and external markets	+		+		+
xiv)Contributing to the management of by-products and the reduction and management of waste.	+		++		+