



How to promote cooperation  
in eastern Member State ?

# Inventories of reasons for low level of involvement of growers in recognized PO

- **Red tape:** No real incentives to join a PO as it entailed huge administrative burden, high costs and heavy controls that are time consuming.
- **Legitimate expectation and legal insecurity:** rules are complex and unsecured . They depend of local interpretation and precautionary principles. It might lead to insecurity for investments that might be challenged after being approved . There is a lack of consistency
- **Image and perception:** There is still overall a deficit of positive image and benefit of the role of PO. The advocacy by public authorities for PO often remains limited. Regulation to enhance PO is too often lagging behind. In some cases, private companies also receive funding to build cold stores and compete with cooperatives/PO projects





# Inventories of reasons for low level of involvement of growers in recognized PO

- **Mentality and generation shift:** The cooperation model reminds the “*Soviets*” model. Only the new generation, borned as of the eighties are looking into the model with a fresh mind.
- **Economic return:** Better return is not guaranteed from the supply chain when part of a PO, and direct sales are always possible for growers, namely on local market. PO when supplying supermarkets are under prices pressure due to the competition among retailers/discounters.
- **Priorities actions and national strategic plan:** Within the EU scheme, under the previous CMO and now under the national strategic plan, the priority investment are not always reflecting the needs and expectations (orchards renewal, grubbing up, insurance and protection against climate havocs...). Sometimes, national subsidies or loans are made available at Member States levels are more flexible and at higher rate than 4,1% EU threshold. ( up to 10%! ). The priorities in the strategic national plans are too limited as well



# Inventories of reasons for low level of involvement of growers in recognized PO

- **Size is not always the solution:** Even the largest PO might not hold a stronger position towards retailers or processors. Joining a PO is not attractive for small growers, who usually prefer to operate locally and independently. However, the overall number of PO in “Eastern Europe” tend to decrease but overall the value of organized producers show an increase in many cases indicating slightly higher concentration of the production
- **Profitability:** The consequences of the Russian embargo are still not totally offset . Besides, the rising costs (energy, labour, inputs, services, packaging , machinery, general inflation ) resulting from war in Ukraine impacted profitability of growers as prices increases were not compensated sufficiently down in the chain and by consumers. Under these circumstances, it is not demonstrated that growers in PO were better protected by higher prices return. Under retail pressure for lower prices, local growers might not always compete with cheaper supply to supermarkets from other origins





## Inventories of reasons for low level of involvement of growers in recognized PO

- **Diversity of situation:** There is no “one size fit all “ situation and the need and benefits to join forces within a PO might vary among growers operating either open field production for fresh or processed vegetables, greenhouse vegetables production or fruit production. Growers not always see the benefits of joining a PO as direct sales remain possible. PO might be more attractive in case of joint investments (greenhouse, packing facilities, processing infrastructure)
- **Lack of incentive:** being part of a PO does not always give a preferential status for access to finance or to public procurement





## Inventories of reasons for low level of involvement of growers in recognized PO - Polish Case

- Dynamic development of producer organizations in the years 2006 - 2012 about 300 recognized entities
- In 2012-2013, numerous audits checking the activities of the Polish government in the field of market organization
- Since 2014, there has been a significant change in the approach of officials to the issue of Operational Programs - negative attitudes
- Very frequent inspections in Producer Organizations implementing Operational Programs - obstruction
- As a result, we have a reduction in the number of implemented Operational Programs and a general bad attitude towards Producer Groups



National Association  
of Fruit and Vegetables  
Producer Groups

