

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

DG AGRI civil dialogue group on animal products, 24 April 2018, Brussels

Michiel van Galen (Wageningen Economic Research) - Olivier Chartier (Ecorys)

| 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

Focus today on beef and veal

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 beef and veal 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.
- Max 15% of national production for beef and veal (former CMO, art 170).

Scope

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



Approach

1. Literature study

2. Inventory:

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

3. Survey/ interviews in national language:

- 200 POs and 20 APOs
- Recognised and non-recognised, small and large, EU-wide
- All three sectors

4. Five specific examples, one from beef and veal

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
- 4 Main activities of the PO
- 5 Relation to the CAP objectives
- 6 Recognition under the CMO regulation

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

- 178 POs in beef and veal in 20 EU MS
- On average, 1 recognised PO for 4 non-recognised Pos in beef and veal
- Beef and veal has somewhat more recognised POs than other two sectors

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

- Most APOs in beef and veal are not recognised, unlike in olive oil
- Recognised APOs can have non-recognised members and vice versa

Inventory – key findings

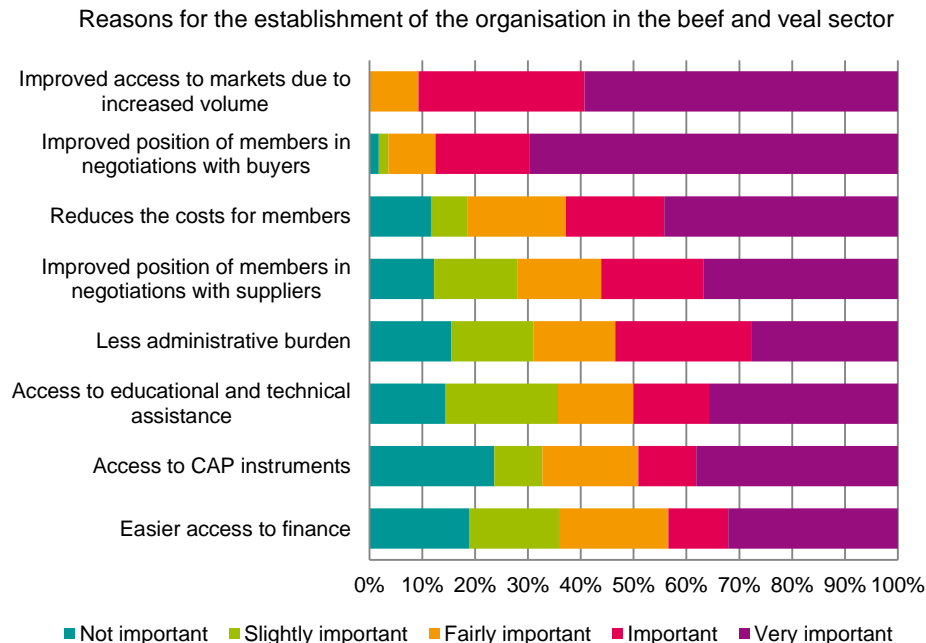
1. Most POs and APOs are not recognised under former CMO article 152 and 156
2. Recognised POs and APOs in beef and veal are mostly found in old Member States; only two exceptions in Croatia and Czech Republic
3. Non-recognised POs in beef and veal in some new MS are Producer Groups

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
- 4 Main activities of the PO
- 5 Relation to the CAP objectives
- 6 Recognition under the CMO regulation

Reasons for establishment of POs and APOs

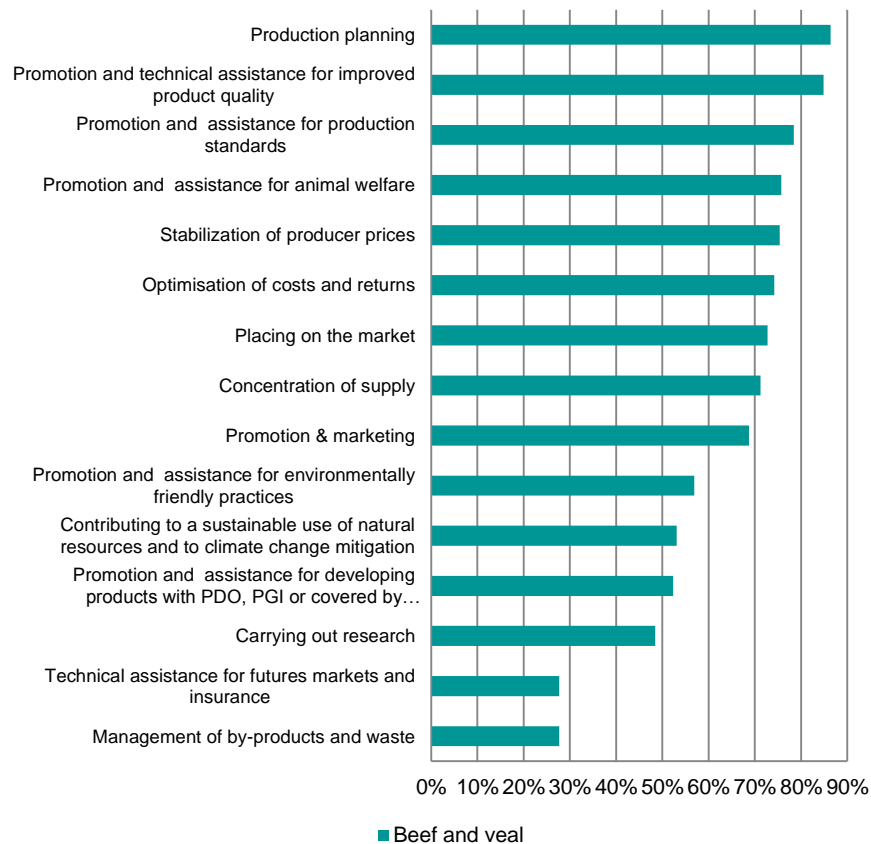
- Improved access to markets due to increased volume (91%)
- Improved position of members in negotiations with buyers (88%)
- Many different reasons for cooperation between farmers



Aims of POs/APOs

- Aims are in line with reasons for establishment
- Improving product quality and animal welfare are frequent aims
- Production planning, concentration of supply, and placing on the market are pursued by most organizations
- Research, quality schemes, promotion and marketing more often in old MS

Aims of the organisation in the beef and veal sector



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...

Plan of the presentation

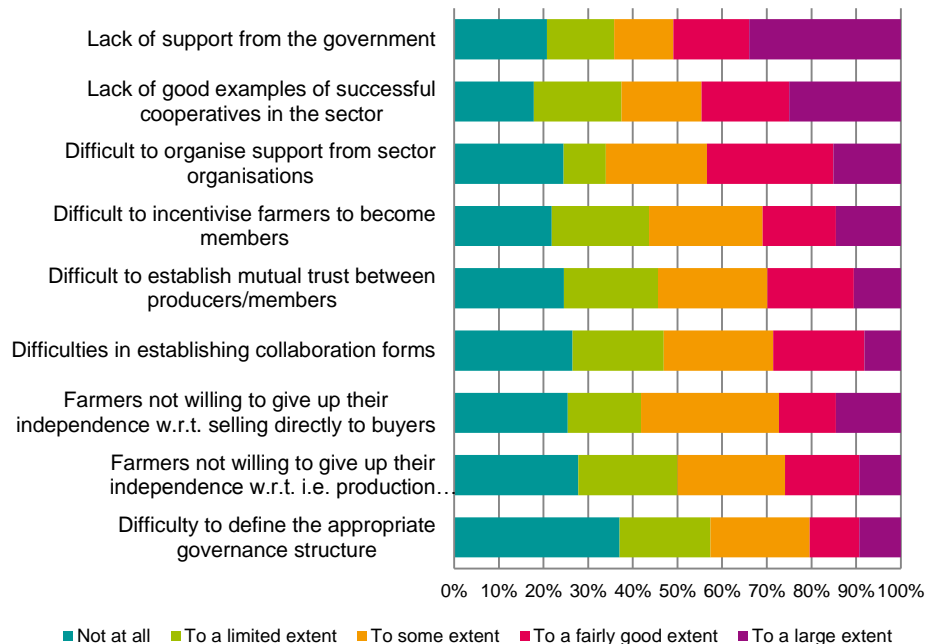
- 1 Main findings from the inventory
- 2 Reasons for establishment of a PO, aims and perceived benefits to the members
- 3 Challenges for the establishment of a PO
- 4 Main activities of the PO
- 5 Relation to the CAP objectives
- 6 Recognition under the CMO regulation

Challenges for the establishment

Several challenges mentioned but no outstanding one(s):

- Lack of support from the government (51% fairly good or large extent barrier)
- Lack of good examples of successful cooperatives in the sector (45%)

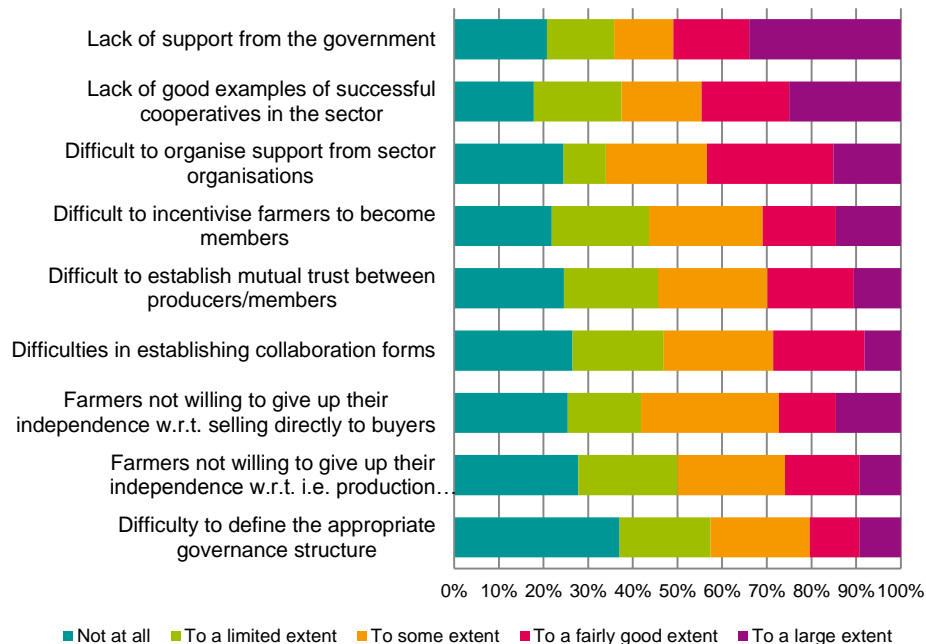
Barriers to the establishment of the organisation in the beef and veal sector



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.

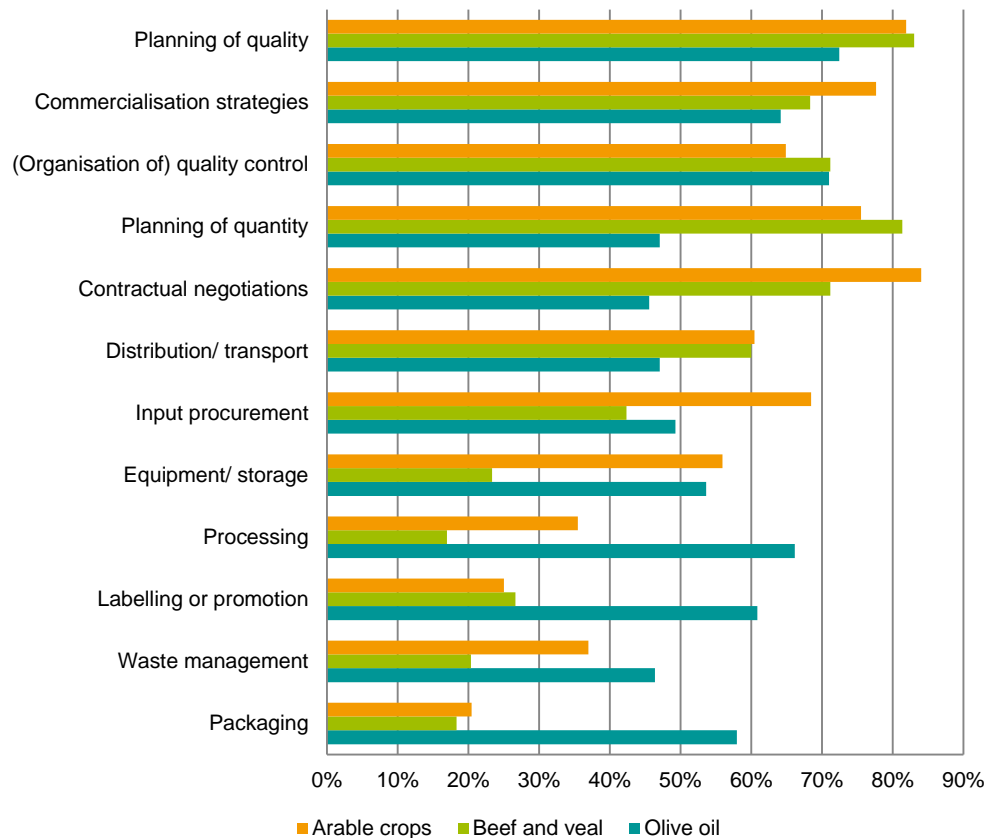
Barriers to the establishment of the organisation in the beef and veal sector



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
- 4 Main activities of the PO
- 5 Relation to the CAP objectives
- 6 Recognition under the CMO regulation

Main activities of the PO/APO - overview



- Wide range of different activities
- Beef and veal POs/APOs involved in planning of quantity (slaughtering capacity)
- No major differences between recognised and non-recognised
- POs engaged in commercial activities also carry out other “efficiency enhancing activities”
 - 93% of POs with commercial activity carry out at least one other type of activity
 - 69% carries out 3 or more other activities

Efficiency enhancing activities in beef and veal



- Activities most frequently implemented:
 - (Organisation of) quality control (71%)
 - Distribution and transport (60%)
 - Input procurement (42%)
 - Labelling and promotion (27%), equipment and storage (23%), waste management (20%), packaging (18%), and processing (17%).

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

- Diverse interests of members
- Difficulties in obtaining financial resources and of funding investments;
- Lack of human capital;
- Commitment and member involvement.

Example

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:

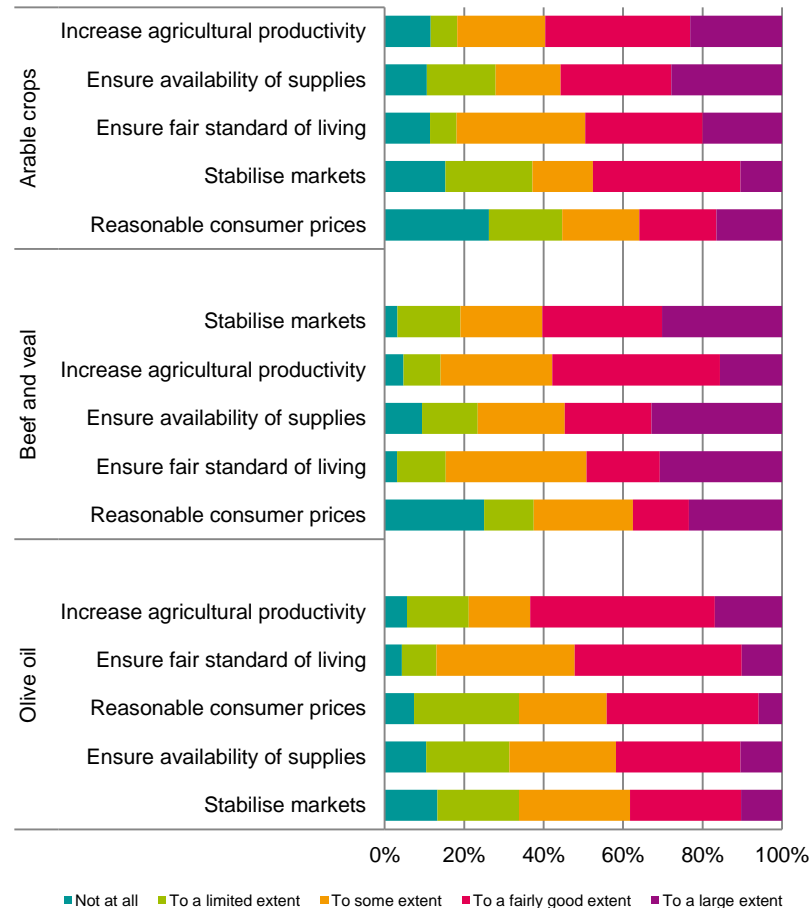
- Segmentation of the offer, with a significant part (approximately 40%) of the animals marketed under various quality labels.
- Negotiating minimum price contracts for fed cattle in order to anticipate market fluctuations (forward contracts);
- Quality control of the product to ensure a homogenous product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

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
- 4 Main activities of the PO
- 5 Relation to the CAP objectives
- 6 Recognition under the CMO regulation

Relation to the CAP objectives

- Majority says activities contribute to at least some extent to all CAP objectives
- Stabilising markets is very important in beef and veal next to increasing productivity
- Contribute to fair standard of living to some extent mostly

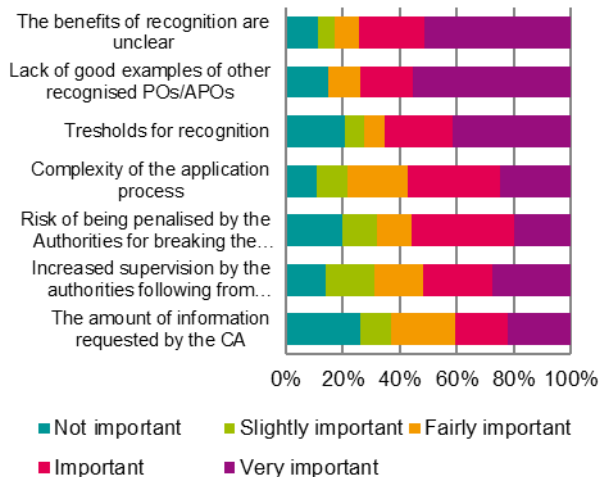


Recognition under the CMO

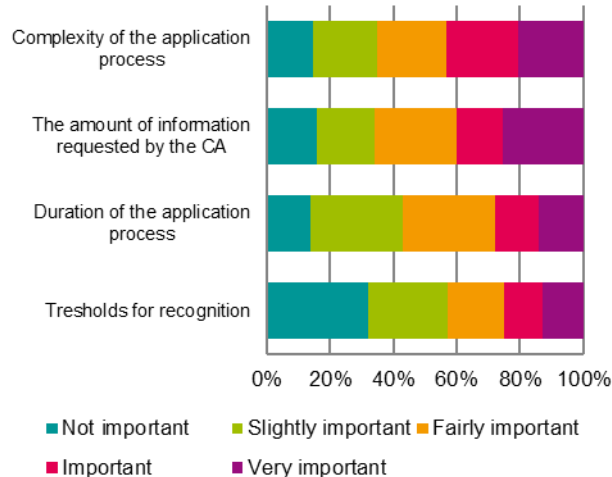
- 50% of non-recognised POs/ APOs is not aware of possibility of recognition under the CMO; in all sectors and in old MS (47%) and new MS (53%)



Reasons for not applying for recognition (all sectors)



Barriers encountered during recognition process (all sectors)



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!

Olivier.Chartier@ecorys.com
Michiel.VanGalen@wur.nl
