



National Co-operative Council

Development of Co-operative Movement in EU

Dr. Adam PIECHOWSKI

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Why co-operatives?

- They do exist on all continents, in developed and developing countries
- Are active in all sectors of economy
- Associate over 899 million members all over the world
- Employ 100 million workers
- The International Co-operative Alliance (ICA) – the biggest non-governmental organization
- They have an important position in development programmes of UN, ILO, FAO, EU

Why co-operatives?

The most „co-operativized” countries:

- Africa – Kenya (20% of the population)
- South America – Argentina (29%)
- North America – USA & Canada (40%)
- Asia – India (23%)
- Europe – Norway (33%)

- Poland – appr. 20%
- Latvia – ???

Why agricultural co-operatives?

Co-operatives – the most friendly and profitable for farmers form of conducting economic activity

- **farmers are co-owners, co-customers and co-managers of their co-operative**
- **the surplus (profit) remains in the farmers' pockets i.e. is not let out outside (like in private companies) but is returning to the local communities**

Why agricultural co-operatives?

Agricultural co-operatives in EU „15”:

- 29 000 co-operative societies with the turnover 250 billion Euro
- 9 million members, 600 000 employees
- Most of farmers are associated in 2 – 3 sectoral cooperatives
- 60% of market share in purchasing and marketing food products
- 50% of market share in farms input supplying
- Over 60% of agri-food processing
- COGECA – one of most important organizations in Brussels playing a crucial role in representing farmers' interests and being consulted in formulating CAP

Roots of co-operatives

Pre-co-operative forms of working together

- Did exist in all rural communities in Europe during many centuries
- Common performing of some activities connected with the needs that were appearing regularly or occasionally in the country life
- Spontaneous establishing of small, more or less formalized associations operating in the direct neighbourhood, that were taking activities difficult or impossible to be taken by single individuals

Roots of co-operatives

- „Regular“ co-operative movements appeared in Europe in mid XIX century; so was in Poland (even in 1816 – first farmers' society of Staszic) – in Latvia ???
- Further development of co-operative movements ran under the free market economy system, but in the frameworks of different legal systems in various countries, in very differentiated economic, social and political conditions and traditions; in Poland under 3 different legal systems and economic conditions in 3 parts of the country occupied by Russia, Germany and Austria
- Co-operative societies were active among farmers, workers, handicraftsmen, small traders; in Poland as well among intelligentsia and had a patriotic character

Ideological sources of co-operatives

Socialism

- Ch. Fourier
- R. Owen

1844

**Rochdale Pioneers
(consumer coops)**

1869 in Poland

Changing human awareness and the whole social, economical and political system

Liberalism

- H. Schulze-Delitsch

1849

**People's Banks
(coop banks)**

1861 in Poland

Minimizing conflicts among individuals who have own business; supporting those who already have achieved something

Christian solidarism

- F.-W. Raiffeisen

1862

**farmers' savings &
credit coops**

1890 in Poland

Creating strong social bonds according to Christian ideals to love our neighbours; assisting those who need support

Development of co-operatives (till World War II)

- Quick reviving and development of the co-operative movements after World War I
- Co-operative legislations – in Poland 1920
- Co-existing of all 3 models and many co-operative sectors
- The role of national co-operative organizations/federations
- **Dynamic development of farmers' coops on many fields of activity:** co-operative banks (among richer farmers), Raiffeisen's credit/savings coops (among poorer farmers), farmers marketing/supplying coops, dairy coops, meat coops, poultry coops, horticultural coops, beekeepers coops, wine coops, fishermen's coops, forestry coops, processing coops, service coops etc.
- **The role of coops in increasing general education level and agricultural know-how among farmers**
- In Poland 8.000 farmers' coops, 2 million members, 12% of market share in farm products marketing, 20% of deposits in financial coops

Development of co-operatives (after World War II)

Western Countries

Further
development

Mergers of
smaller coops

Creating huge co-
operative
enterprises

Developing countries

Coops as tools of
development,
alphabetisation,
liquidation of hunger
etc.

Communist countries

Subordination to the
state

Centralization

Bureaucratization

Monopolization

Dramatic role in
agriculture
collectivization

Co-operatives in communist countries

- **Economic growth of the movement**

In Poland: - 15.000 co-op societies (8.000 agricultural)
- 15 million members
- 12% GDP

- **Weak democratic structures**

- **Disappearance of co-operative identity**

- **Co-operative treated as an element of state apparatus**

After 1990 – political/economic transformation in transition countries

- Lack of confidence into cooperatives
- Bankruptcies & liquidations of many cooperatives
- Transformations into limited companies
- Lack of knowledge how to operate in the free market economy, lack of young generation of modern cooperative managers
- Weak cooperation among cooperatives
- Bad image of the cooperative movement among politicians/journalists/society – co-ops treated as the remnants of the old system

After 1990 – political/economic transformation

- **Decreasing number of co-ops**
(in Poland on 50%, in agriculture on 60%)
- **Decreasing number of co-op employees**
(in Poland on 60%)
- **Decreasing share in GDP**
(in Poland to 1 – 1.2% of GDP; 2.4% at present)
- **Decreasing share in agri-food market**
(in Poland to 3.5%; only in dairy market 75%)
- **The low degree of farmers' self-organizing is the main weakness of agriculture in all transition countries**

Why farmers should organize themselves?

- **Globalization processes are advancing** – the number of bulk purchasers is declining
- **Individual farms are always**, independently of their size, very small units **on the global market**
- **Only joint activity of farmers guarantees them a better position** on the market vs. bulk purchasers: big trade chains, big processing industries
- **Decreasing costs, increasing profits**
- **Opportunities to offer large batches of products of same standard, quality...**
- **Opportunities for joint farms input supplying and investments**

Why farmers should organize themselves?

- **The best form of farmers' self-organizing are co-operatives**
-



What is a co-operative - definition

Statement on the Co-operative Identity adopted by the ICA Congress in Manchester, 1995

- A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.



What is a co-operative – co-operative values

Statement on the Co-operative Identity (Manchester, 1995)

- Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.



What is a co-operative – co-operative principles

Statement on the Co-operative Identity (Manchester, 1995)

- The co-operative principles are guidelines by which co-operatives put their values into practice.



What is a co-operative – co-operative principles

Statement on the Co-operative Identity (Manchester, 1995)

■ **1st Principle: Voluntary and Open Membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

■ **2nd Principle: Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.



What is a co-operative – co-operative principles

Statement on the Co-operative Identity (Manchester, 1995)

■ 3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.



What is a co-operative – co-operative principles

Statement on the Co-operative Identity (Manchester, 1995)

■ 4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

■ 5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.



What is a co-operative – co-operative principles

Statement on the Co-operative Identity (Manchester, 1995)

- **6th Principle: Co-operation among Co-operatives**
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- **7th Principle: Concern for Community**
Co-operatives work for the sustainable development of their communities through policies approved by their members.

What is a co-operative – co-operative society vs. private company

	Objective	Tool
Private company	<i>Capital</i>	<i>Work/ services</i>
Co-operative society	<i>Work/ services</i>	<i>Capital</i>

Decision making

Company: One **share** – one voice

Co-operative: One **member** – one voice

Types of co-operatives (in agriculture)

- **Marketing/supplying co-operatives** (associating farmers-producers of one or few products)
- **Processing co-operatives** (e.g.. dairy coops)
- **Retail co-operatives**
- **Service co-operatives** (agricultural services, financial services - credit etc.)
- **Agricultural productive co-operatives** (collective farms)
- **Multipurpose co-operatives**

Co-operatives in the world

ILO Recommendation No 193 on the Promotion of Co-operatives

- Adopted on June 20th, 2002 by the International Labour Conference in Geneva
- Is the most advanced and generally recognized international normative document regarding co-operative movement
- Stresses the role of co-operatives in socio-economic development, confirms co-operative identity (by quoting *in extenso* ICA Statement on Co-operative Identity), recommends to treating co-operatives on equal terms as other kinds of businesses, specifies the role of governments in drafting political and legal frameworks for co-operatives and in facilitating them access to supporting services, specifies the role of employers', employees and co-operative organizations in the activities focused on the promotion of co-operatives and specifies the frameworks for international co-operation in this measure.

Co-operatives in EU

European Co-operative Society (ECS)

- Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) entered into force in August 2006.
- In most EU countries the national laws resulting from this regulation were passed in 2006 – 2007.
- ECS – a co-operative society which, being registered in one EU Member State, will have the same legal personality in all other states, will be able to perform business activity with no limitations in all other states and will be amenable first to the European legal regulations

Co-operatives in EU

European Co-operative Society (ECS)

Preamble

- *Cooperatives are primarily groups of persons or legal entities with particular operating principles that are different from those of other economic agents. These include the principles of democratic structure and control and the distribution of the net profit for the financial year on an equitable basis.*
- *These particular principles include notably the principle of the primacy of the individual which is reflected in the specific rules on membership, resignation and expulsion, where the "one man, one vote" rule is laid down and the right to vote is vested in the individual, with the implication that members cannot exercise any rights over the assets of the cooperative.*

Co-operatives in EU

Communication from the Commission to the Council and the European Parliament, the European Economic and Social Committee and the Committee of the Regions of 23 February 2004 on the promotion of co-operative societies in Europe

„ ...national legislators should be based on the co-operative definition, values and principles when drafting new laws governing co-operatives. In this context however Member States are required also to be sufficiently flexible in order to enable co-operatives to compete effectively in their markets and on equal terms with other forms of enterprise. Co-operatives do not need preferential treatment, but a legislation creating a more level playing field, in the sense that they are allowed to act free from restrictions and obligations, which are based on various national policy objectives, and to which are not however subject the other forms of companies with which they compete in a modern market economy”.

Co-operative legislation in EU

**Specific legislation for co-operatives
exists in all European countries**

besides Denmark

but

is very differentiated

Legislative regulations for co-operatives in EU

Austria *Gesetz über Erwebs- und
Wirtschaftsgenossenschaften* 1873

Ireland *Industrial and Provident
Societies Act* 1893

France *Loi sur les coopératives* 1947

.....

Poland *Prawo spółdzielcze* 1982

Finland *Cooperatives Act* 2002

Legislative regulations for co-operatives in EU

Co-operatives in constitutions:

Belgium

Portugal

Italy (art. 45) „*The republic recognizes the social function of cooperation for mutual benefit free of private speculation. The law promotes and encourages its implementation with suitable provisions and ensures its character and purposes through proper controls*”.

Legislative regulations for co-operatives in EU

2 types of co-operative legislations:

- (1) General law for the whole co-operative movement (sometimes with some specific chapters concerning different sectors) – e.g. Austria, Belgium, Finland, Spain, Germany, Poland
- (2) Lack of a general law, but specific laws for different sectors, in particular credit, agricultural, workers' etc. – e.g. France, Greece, Sweden, UK

Legislative regulations for co-operatives in EU

New regulations for new types of
coops:

Italy social cooperatives (1991)

France sociétés coopératives d'intérêt
collective (*co-operative societies of
collective interest*) (2001)

Poland social cooperatives (2005)

Legislative regulations for co-operatives in EU

Minimum number of members:

- 2 – Netherlands
- 3 – Belgium, UK, Latvia
- 5 – Finland, Spain, Luxemburg, Portugal
- 7 – France, Ireland, Germany
- 9 – Italy
- 10 (5) – Poland
- 20 – Greece
- No specification – Austria, Sweden

Co-operatives in EU

Cooperatives Europe

- Association established during joint ICA Regional Assembly for Europe and General Assembly of former Coordinating Committee of European Cooperative Associations (CCACE) in Manchester on 11/11/2006.
- At present – main European co-operative organization: 175 national organizations from 37 countries, 6 European sectoral organizations, consultative status towards European authorities

Co-operatives in EU – statistics (2005)

- **Co-operatives** – 267.000 (246.000 in EU countries)
- **Members** – 163 million (145 in UE)
- **Employees** – 5.4 million (4.7 million in UE)

Co-operatives in EU – statistics (2005)

Most „co-operativized” EU countries

In terms of the number of co-op societies:

- I. France (over 80.000),
- II. Spain (about 50.000),
- III. Italy (almost 50.000),
- IV. Poland (about 10.000)
- V. Germany (almost 10.000),

then Sweden, Finland, Austria, Portugal, Romania, Hungary,
Netherlands, Czech Republic, Bulgaria, Cyprus, Estonia...

Co-operatives in EU – statistics (2005)

Most „co-operativized” EU countries

In terms of the number of co-op members:

- I. France (almost 40 million),
- II. Germany (about 25 million),
- III. UK (almost 20 million),
- IV. Italy (over 10 million),
- V. Poland (almost 10 million).

Co-operatives in EU – statistics (2005)

Most „co-operativized” EU countries

In terms of the number of co-op employees:

- I. France (over 1 million),
- II. Italy (about 1 million),
- III. Germany (almost 600.000),
- IV. Spain (about 500.000),
- V. Poland (over 400.000).

Co-operatives in EU – statistics (2005)

Outside EU:

I Russia (almost 3600 coops, Over 7 million members, about 350.000 employees)

II Switzerland (almost 2.500 coops, over 2 million members, about 10.000 employees)

III Ukraine (2.200 coops, almost 1 million members, over 100.000 employees),

IV Serbia (1400 coops, 100.000 members, 10.000 employees),

then Croatia, Norway, Byelorussia, Moldova, Turkey, Georgia...

Co-operatives in EU – statistics (2005)

Strongest sectors:

I co-operative banks (55.000 banks, over 50 million members, 0.8 million employees)

II agricultural co-operatives (over 30.000 coops, 17 million members, 1 million employees),

III housing co-operatives (25.000 coops, 12 million members, 20.000 employees),

IV consumer co-operatives (5.000 coops, 35 million members, over 1 million employees),

V workers' co-operatives (almost 70.000 coops, 1,3 million members-employees).

Co-operatives in EU – statistics (2005)

Ranking of 50 biggest European co-operatives
(regarding the countries)

- 13 from France,
- 8 from Germany,
- 6 from Netherlands,
- 4 from Finland & Italy,
- 3 from Denmark & Sweden,
- 2 from Ireland, Switzerland & UK,
- 1 from Austria & Spain,
- 1 multinational (Swedish/Norwegian/Danish).

Co-operatives in EU – statistics (2005)

Ranking of 50 biggest European co-operatives
(regarding the sectors)

- 25 agricultural & food sector
- 13 consumers'
- 11 financial
- 1 workers'

Co-operatives in EU – statistics (2005)

Ranking of 50 biggest European co-operatives/co-operative groups
(biggest coops)

- I **Credit Agricole** (France, banking) est. 1897, turnover 25 billion euro, assets 1 trillion euro)
- II **Migros** (Switzerland, trade chain) est. 1925, turnover 14 billion euro, assets 11 billion euro
- III **Co-operative Group** (UK, consumer) est. 1863, turnover 12 billion euro, assets 23 billion euro
- IV **Mondragon** (Spain, workers'), est. 1955, turnover 11 billion euro, assets 19 billion euro
- V **Rabobank** (Netherlands, banking), est. 1898, turnover 10 billion euro, assets 0.5 trillion euro

Agricultural Producers' Groups in Poland

- First attempts – since 1991 (Foundation for Rural Co-operatives) => poor results
- 2000 – Law on Agricultural Producers' Groups and their Unions (amended then several times -> 3 types of legal form:
 - limited companies
 - associations of farmers'
 - co-operatives
- Modest financial support

=> Still poor results (till 2005 only 108 groups registered, mainly in the form of companies)

Agricultural Producers' Groups in Poland

After joining EU => new support measures (under EC Regulation No 1698/2005 of December 2005 *on support for rural development by the European Agricultural Fund for Rural Development*)

- **Financial support** for establishing and administrative activity (max. 390.000 Euro during 5 years in 2007-2013)
- **Special credit schemes for investments** (max. 16 million PLN)
- **Fiscal exemptions** (since 2007)
- **Separate regulations for producers of fruits & vegetables**

Agricultural Producers' Groups in Poland

New established groups:

2001	2002	2003	2004	2005	2006	2007	2008	2009
4	8	28	27	35	46	104	133	150
								(est.)

2009 – Total >450 groups (+ 150 fruits/vegetables)

Estimation for 2013 > 1000 groups

Agricultural Producers' Groups in Poland

Role of National Co-operative Council:

- **Several projects (in co-operation with the Ministry of Agriculture and State Agency of Development and Modernizing of Agriculture) of promoting Agricultural Producers' Groups in 2006 – 2008, accepted proposal for 2010**
- **Covering all territory of Poland or some regions**

Agricultural Producers' Groups in Poland

Role of National Co-operative Council:

- Handbook and other publications
- Special web-site
- Contest for journalists
- Regional/district meetings for farmers
- Individual consulting by NCC experts
- Study visits (Spain, Greece, Belgium, Austria)
- Conferences with farmers, NGOs, politicians etc.

The projects promoted all types of groups with special emphasis for co-operative forms (at present 25% of groups are co-operatives)

Agricultural Producers' Groups in Poland

Main products (600 groups)

- **Crops & rapeseed** **32%**
- **Pork** **16%**
- **Poultry** **12%**
- **Other agri-products** **15%**

(cattle, potatoes, eggs, hop, honey, energy plants, organic food products)

- **Fruit/vegetables** **25%**

Organic farming

- Not popular in Poland yet – only **0.97 % of farms** and **0.37% of arable land** (in EU 1.7% farms, 3.9% land)
- Law of 2004 on ecological farming
- **9 agencies** for control and certification
- **National and EU support** for specific projects
- Limited number of customers
- **4 Agricultural Producers' Groups**
- **only 1 co-operative**

Organic farming

- **Podlaska Cooperative of Ecological Producers
NATURA**
- **Established June 2008 by 13 farmers conducting organic farms on 335 ha of land (communities of Bielsk Podlaski and Hajnówka)**
- **Activities for 2008 – 2009: opening of an well equipped office, promotion of members products, common investments (machinery), searching new business partners (purchasers of the group's products and suppliers with farms input), recruitment of new members (2 per year)**
- **The group operates with own financial resources and external support**

www.podlaska-natura.com.pl

Organic farming

- *„Podlaska Cooperative of Ecological Producers NATURA produces and sells ecological products coming from various plants and animals, and the Cooperative's main goal is to increase the opportunities of its group members to sell their ecological products at attractive prices while keeping production costs down. This is possible by forming an association of many producers of various types of ecological products. As a unified group of producers, production materials are purchased at lower prices which is reflected in lower production costs.*

The producers of PCEP Natura are rich in knowledge and experience with the production, maintenance, and selling of their products. Company members offer this knowledge of ecological production through advice on how to obtain and utilize European Union funding”.

Ecological farming

Offer of PCEP Natura

Post Harvest Autumn 2008

Carrots	Peas
Rye	Mustard
Beef	Flax
Raspberry seedlings	Narrow-leaved Lupin
Ponies	Pea Mixture
Oats	Pumpkin Seeds
Grain Mixtures	Common Bird's Foot Seeds
Broad Beans	Spring Wheat
Garden Peas	Common Evening Primrose
Spring Triticale (rye/wheat hybrid)	Dried Wheatgrass
Lamb	Potatoes
Sheep	Regional Sheep
	Honey

*Thank you
for your
attention!*

piechowskia@krs.com.pl

