

Report Europe, ICAO April 2018

OH April 1, 2018

This report has much of the same message as the last report from November 2017.

From the northern part of Europe, we see a clear tendency towards a more unsustainable future both in international trade and politics. In this context and with the UN sustainability goals we believe cooperative could play a stabilizing role. Both for the farmer and the society as whole.

Successful Cooperatives, but still need for more cooperation amongst farmers

Europe has more than 20000 agricultural cooperatives of different size. Some of them are amongst the largest food-industries in the world. They have shown that the cooperative model is successful and very important for the income of their members.

However, in many areas and productions, the farmers are the weakest part in the value chain. Several measures, both political and practical, are taken to increase the level of networking and cooperation amongst farmers.

Competition legislation

The European Union has earlier actively supported establishing producer organizations and cooperatives as a tool for the farmers to achieve better and more foreseeable prices. However, the competition regulations in many cases are an obstacle for the farmers to negotiate collectively.

Recently EU endorsed new rules to allow farmers to collectively negotiate value-sharing terms inside contracts. With a view to improving the position of farmers in the food supply chain, farmers' organisations would be allowed, under the Common Market Organisation, to plan production & negotiate delivery contracts on behalf of members without breaching EU competition rules. Collective negotiations have so far been allowed only for milk, olive oil, beef, cereals & arable crop producers. This could pave the way for farmers to defeat low prices, and ensure that production is planned and adjusted to demand, particularly in terms of quality and quantity.

In Norway, farmers can co-operate on marketing agricultural products within the framework of the agricultural policy. During 2018 – 2019 this regulation will be evaluated and the outcome could cause less favorable condition for Norwegian Agricultural Cooperatives.

The BOND project – Better networking in the farming sector

The 3-year project financed by EU started late 2017. The title of the project is “Bringing Organisations and Network Development to higher levels in the farming sector in Europe” (BOND). Participants in the project are 3 European Universities, FAO and 13 organisations from 11 countries, amongst them Norwegian Agricultural Cooperatives. The project will look at several case studies, analyze and learn from them, and present the results for implementation. The project will hopefully be a good contribution to understand the importance of agriculture and the co-operation amongst farmers.

Norway will be one of the case studies. A special program for learning about the cooperatives in Norway will be arranged next week.

The climate challenge – policies and action

As reported in November has agreed on the EU's 2030 climate and energy policy framework – one on reducing emissions in sectors not covered by the EU emissions trading system (ETS) and the other on emissions from land use and forestry. Both will have great impact on the agriculture sector.

The proposal for an Effort Sharing regulation foresees emissions cuts in non-ETS sectors including buildings, transport, waste and agriculture from 2021-2030, through binding annual targets for all member states. These sectors together account for more than half of all emissions in Europe. The distribution of emission reduction targets between sectors is up to member states to decide upon.

On the other hand, farmers and their Co-operatives are taking an active role in being a part of the solution. Using Norway as an example, strong efforts are made in research and advisory service for farmers to help them reduce emission on the farm level. In the same way the co-operatives are acting to be more energy-efficient in the industry, and switch from fossil to renewable green energy. As a good example, the dairy co-operative TINE starts using bio-gas produced from manure on their trucks. This turns an emission problem on the farm to a value both for the farmer and co-operative.

Co-operative Governance – training for elected leaders

Member control is important for a co-operative success. However, the complexity of markets, policy and the business in the co-operatives is rapidly increasing. Not only the staff, but also the elected leaders needs excellent competence to fulfill their role. Because of this, NAC has now increased our resources and renewed our competence and training program. This also includes cooperation with colleagues in our neighbor countries.