

**„The Importance of the  
Institutional  
Environment for the  
Internationalization of the  
Agrifood Business**

**Challenges for Cooperatives  
– A European Perspective -“**

**Paper by**

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**Institute of Cooperatives**

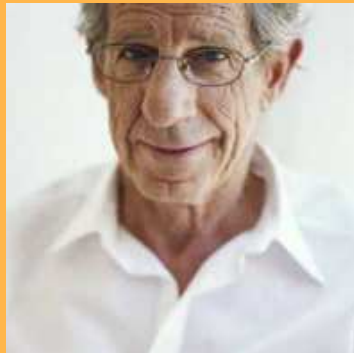


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Agribusiness Management**

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Germany**



## Global Megatrends foster Innovations



Growth of elderly  
World Population



Urbanisation  
and  
Population Density



Energy Demand  
and Climate  
Consequences



Economic  
Globalisation and  
new, increasing  
Markets

### Megatrends



Health &  
Nutrition



Housing &  
Investment

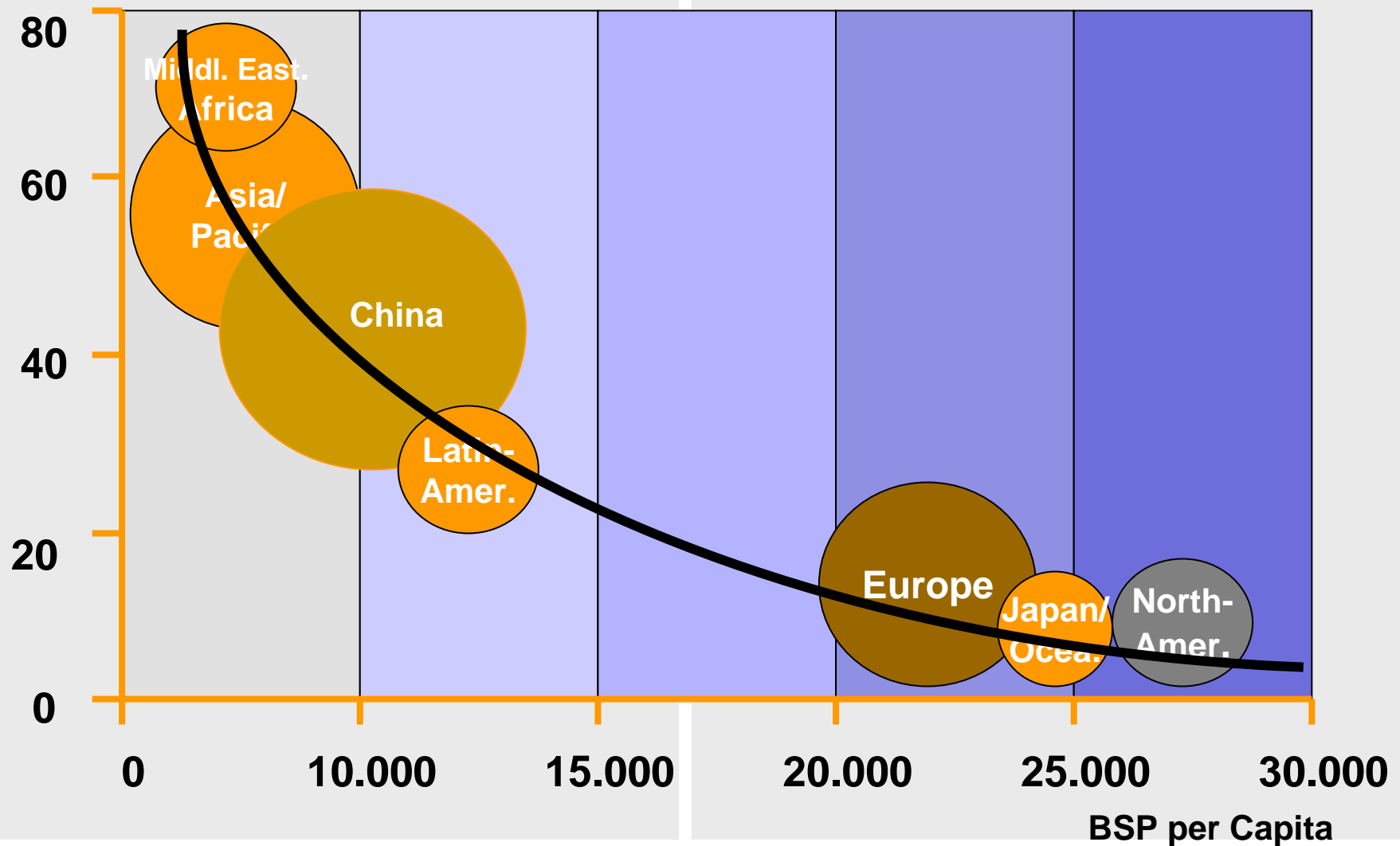


Energy &  
Resources

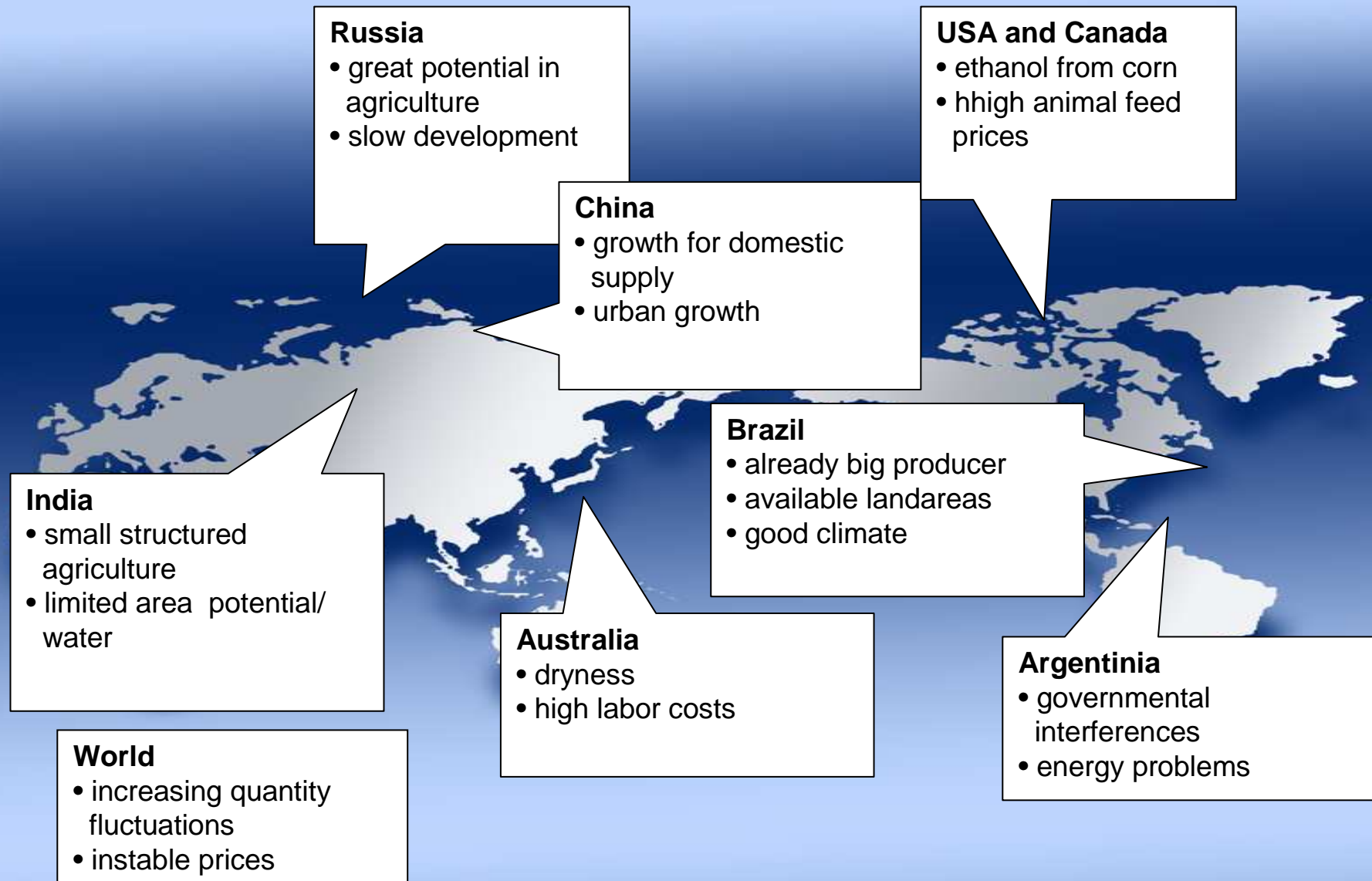


Mobility &  
Communication

### Share of Food Expenditures on Total Expenditures in %

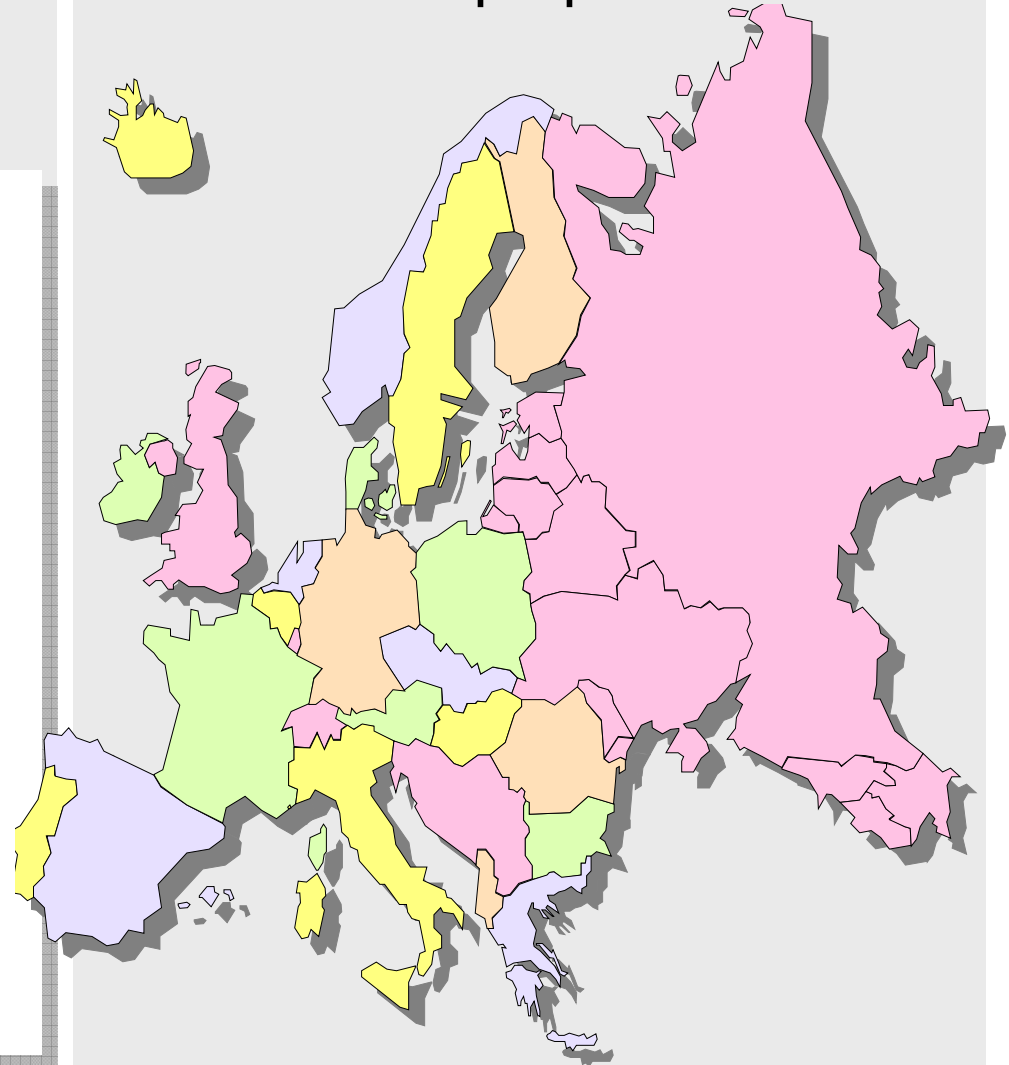


V Encontro de Pesquisadores Latino-americanos de Cooperativismo  
06 a 08 Agosto/2008 Ribeirão Preto/SP

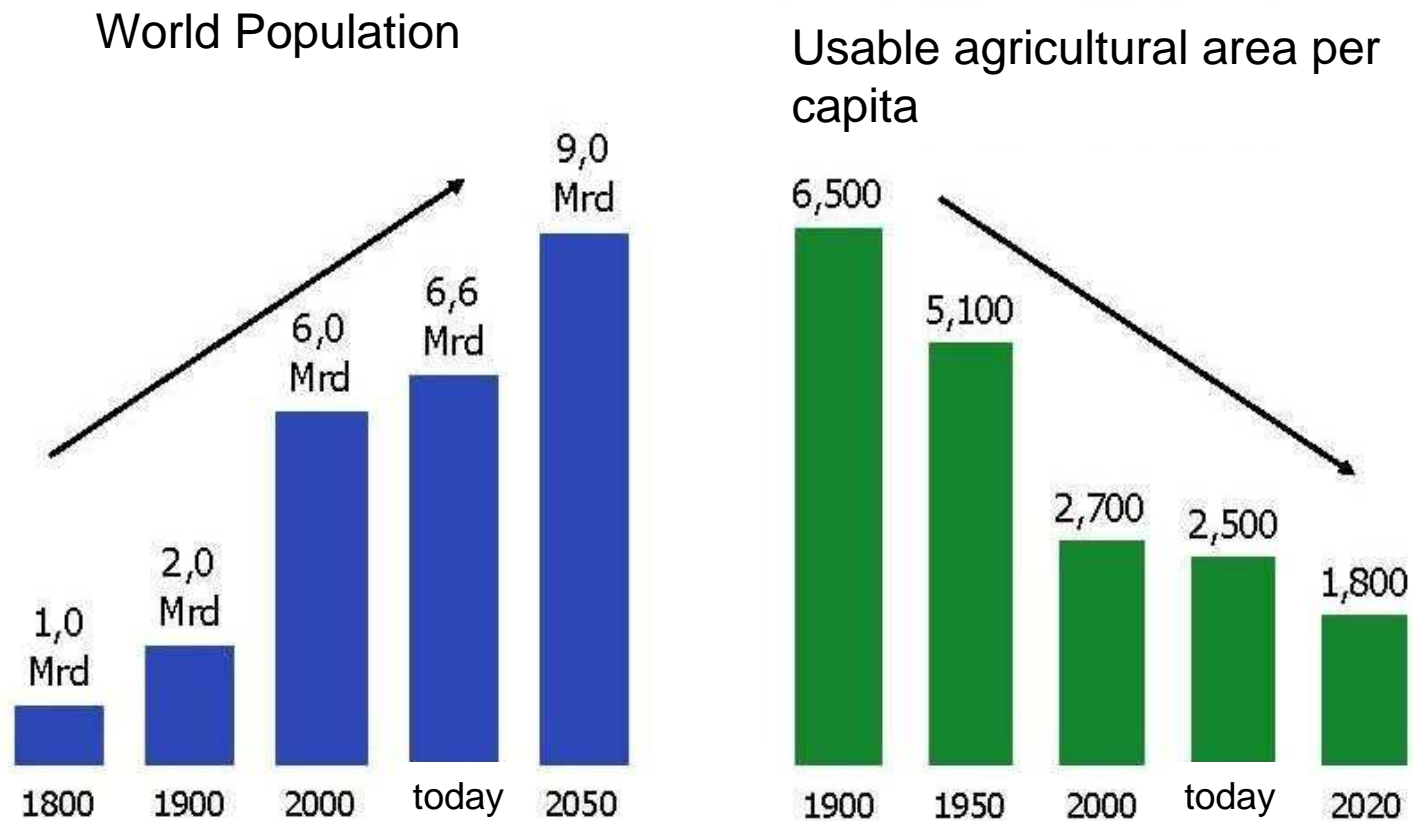


## What is happening in Europe? – How is Europe positioned in this scenario?

- **great climatic differences**
- **great expenditure for phytosanitary and sanitary measures**
- **lowering of subsidies**
- **different expansion potential**
- **competition food – non-food**
- **little growth in the number of customers in important regions**
- **intensive agriculture**



## Agricultural Mechanisation of decisive importance



**Sustainable high agricultural productivity**

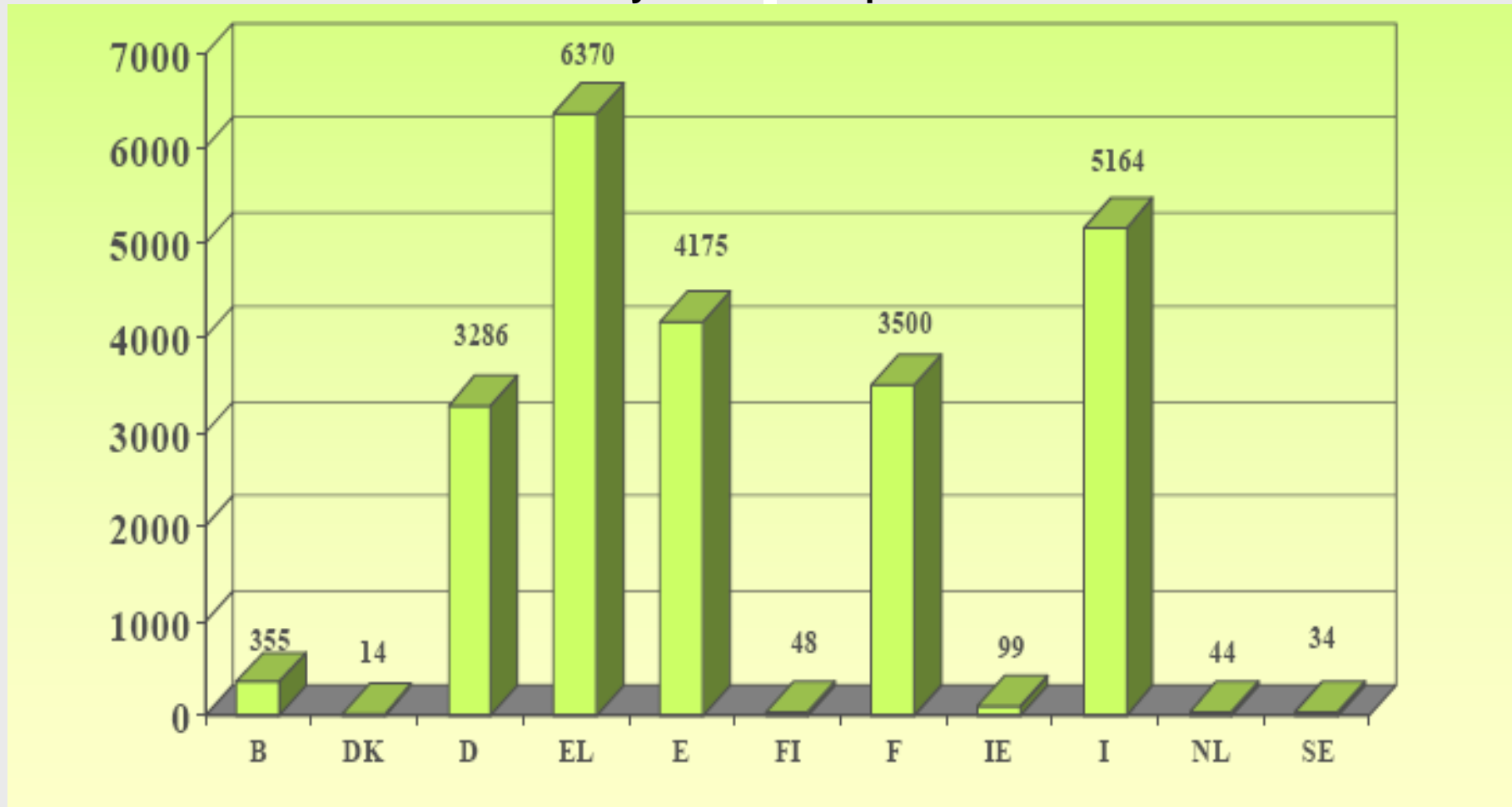
**The institutional environment in  
agribusiness has become  
increasingly complex**

- **Political aspects**
- **Legal factors**
- **Technological factors**
- **Cooperative law**



**Factors affect  
cooperative agribusiness**

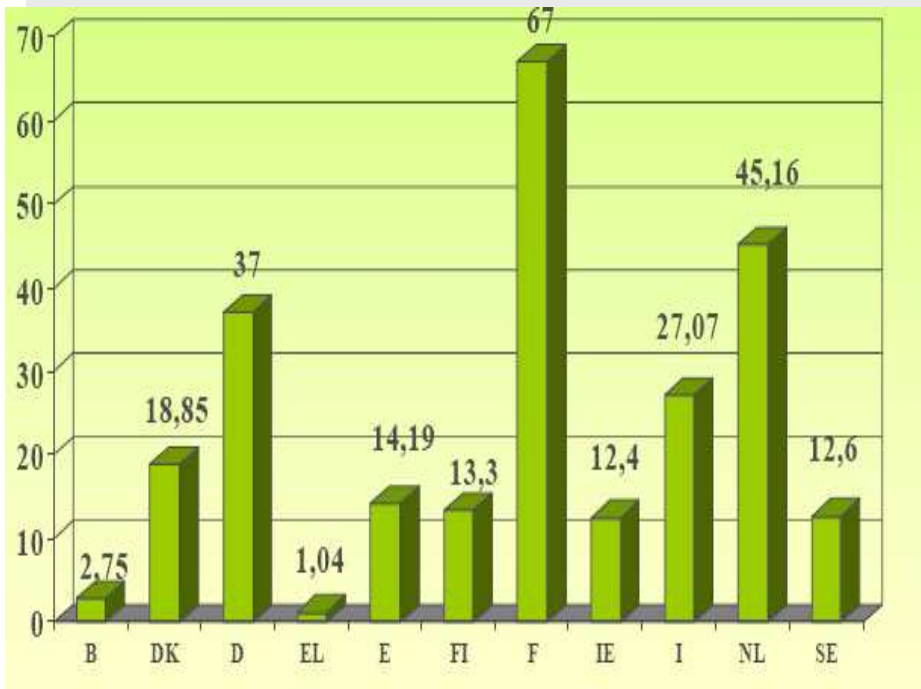
Total number of Cooperatives  
in several European countries (2004)  
- totally 23.089 enterprises -



Source: COGECA, 2007

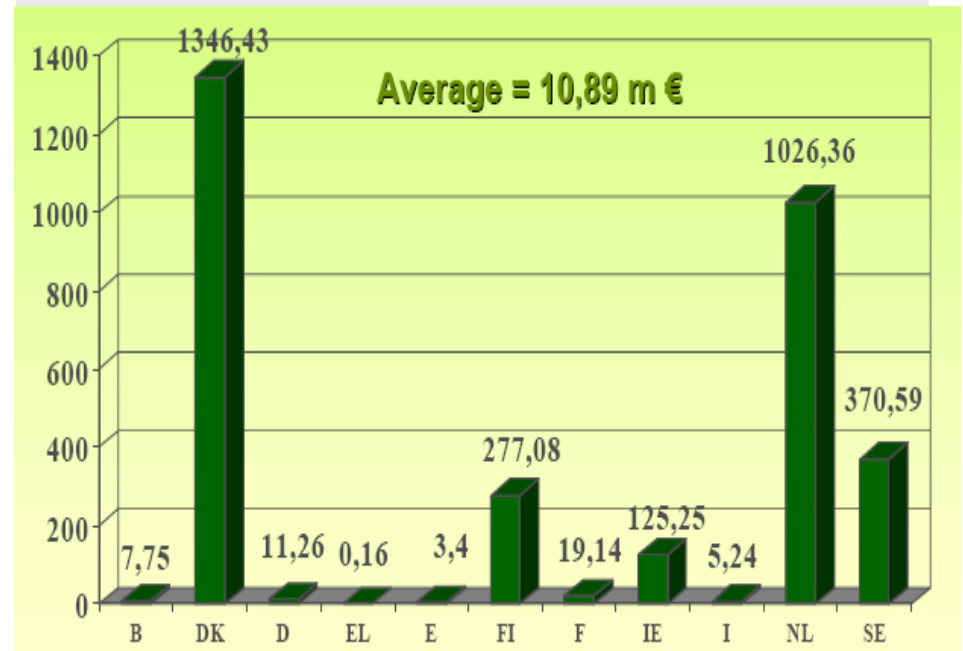


**Total turnover 2003  
(bn €)**



Source: COGECA, 2007

**Average turnover  
per enterprise  
(bn €)**



## European Cooperatives (2006)

name	country	sector	turnover- (bn €)
1. Metsäliitto	FI	forestry	9,270
2. Bay Wa	D	agricultural trade	7,300
3. Arla Foods	DK	dairy	6,100
4. Danish Crown	DK	meat	5,942
5. Friesland Coberco Dairy Foods	NL	dairy	4,675
6. Kerry	Irl	dairy	4,650
7. Agravis	D	agricultural trade	3,925
8. Campina	NL	Dairy	3,624
9. Svenska Lantmänen	S	agricultural trade	3,563
10. Terrena	F	agricultural trade	3,100

name	country	sector	turnover (bn €)
11. Humana Milchunion	D	dairy	2,930
12. Union IN VIVO	F	agricultural trade	2,845
13. DLG	DK	agricultural trade	2,323
14. Flora Holland	NL	horticulture	2,136
15. Irish Dairy Board	Irl	dairy	2,047
16. Sodiaal	F	dairy	2,016
17. Nordmilch	D	dairy	1,940
18. Tine	Nor	dairy	1,863
19. Glanbia	Irl	dairy	1.870
20. Norturna	Nor	meat	1,811

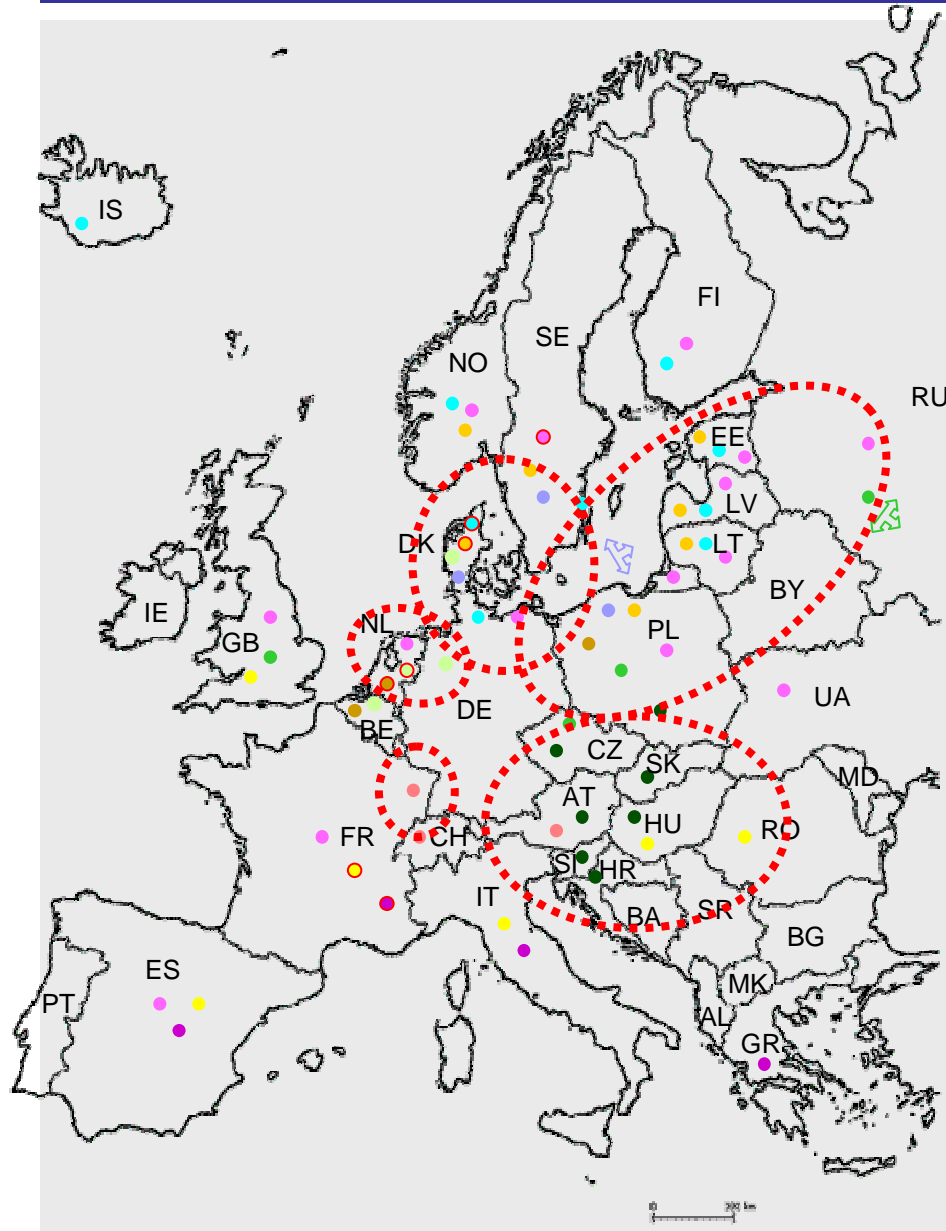
**TOP 20 European agricultural trade  
cooperatives  
( 2003 )**

Name	country	turnover (bn €)
1. Bay Wa	Germany	5.891
2. Agravis	Germany	3.380
3. Svenska Lantmänen	Sweden	3.100
4. Terrena	France	2.973
5. Union IN VIVO	France	2.727
6. DLG	Denmark	1.880
7. RWZ Rhein-Main	Germany	1.543
8. RWA	Austria	1.530
9. Coopagri Bretagne	France	1.370
10. CECAB	France	1.348

name	country	turnover- (bn €)
11. Agrial (*)	France	1.328
12. Den Lokale Andel	Denmark	1.270
13. IAWS	Ireland	1.251
14. UNICOPA	France	1.193
15. HaGe Kiel	Germany	995
16. AVEVE	Belgium	883
17. EURALIS	France	868
18. Cehave	Netherlands	760
19. Agrifirm	Netherlands	660
20. AVEBE	Netherlands	635

Source: COGECA, 2007

(\*) 1,452 m € in 2004;  
10.000 members and 6.000 employees



## International Perspective

- DLG
- DLA
- SvL
- ForFarmers
- Cehave Landbouwbelaang
- HaGe
- Agravis
- BayWa
- ZG Karlsruhe
- InVivo
- Epis Centre

○ Ursprung

## **Institutional environment that define the power of agribusiness**

- **Segment rivalry**
- **Threats from new entrants**
- **“Buyer” power: retail chains**
- **Integration and tighter coordination**

**Cooperative agribusiness is  
capable of exerting influence  
on these factors**

## **Strategies in cooperative agribusiness with international focus**

- **Implications of market shares**
- **Resource availability**
- **Growth strategies**
  - **Intensive growth**
  - **Integrated growth**
  - **Diversification growth**

## **Challenges for cooperatives**

### **Likely consequences from institutional environment:**

- **Necessity to invest in new products**
- **Improvement in distribution and member service**
- **Member commitment**
- **Supply chain extension**
- **Investment in human resources**