



"Man's will to work together and cooperate has kept us on the planet"

"One plus one is three"

"Together you are not alone" "Ensemble c'est tout"
"Tillsammans är man mindre ensam"



"Farmers cooperation means profitability, economic growth, poverty reduction, food security, rural development, belonging and you name it"

Otherwise a cooperative is just like any other business. It needs to ensure farmers' interests. It needs to be effective and competitive or it goes out of business.



Historical context

1852 – first farmers cooperative

1900-1950: Rapid expansion of farmers cooperatives in many sectors, creation of national federations

1971 – Federation of Swedish Farmers

1971 – 700 farmers cooperatives

1990 – National deregulation of agricultural policy

1995 – EU membership

2012 – about 30 cooperatives are today members of the LRF. The sector consist of many more, perhaps....



Market position and structure over time

Cooperatives in the grain, dairy, meat and forestry sectors were from the early days aiming for business orientation and a strong position in processing.

1950-1990: Market position for farmers cooperatives strengthened by national farm policy.

From 1990 onwards increasing competition, free EU market in 1995, major process of consolidation and internationalization still on-going.



Changing structure and weaker market position

Considerably weakened market position for nationally controlled farmers cooperatives today.

Primary production has stagnated in Sweden and imports have increased.

Successive liberalization of the CAP.

Volatile commodity markets.

Fewer and bigger commercial farms.

More differentiated demands from members/owners.



Mergers and acquisitions

- 1997 Swedbank – merger between Föreningsbanken and Sparbanken
- 2000 Arla Foods - merger between Arla and MD Foods
- 2001 Lantmännen – merger between regional co-ops
- 2005 Danaeg – merger between Kronägg and Danaeg
- 2007 HK Scan – HK Ruokatalo acquires Swedish Meats
- 2008 DLG acquires Svenska Foder
- 2008 Danish Crown acquires KLS
- 2011 Arla Foods acquires Milko, merger with Hansa Milch
- 2012 Lactalis acquires Skånemejerier
Arla Foods – merger with Milch-Union Hocheifel and Milk Link



Arla Foods has owners in Sweden, Denmark, Germany, Great Britain, Belgium and Luxemburg



Current position for cooperatives

Strong position

Dairy (Arla Foods and regional co-ops)

Grain, supplies (Lantmännen)

Forestry (4 regional co-ops)

Fruit and vegetables (Southern Sweden)

Weaker position

Meat

Banking

Eggs



New farmers cooperatives

Recent years have seen an increase in local and small-scale agri-businesses.

Many of these are cooperatives.

Examples: dairy, meat processing, grain & oilseeds, inputs.

Two categories: "Old Big" and "New Small".

Very different strategies



What is needed ?

Experiences from Sweden

Business orientation and market pricing – also towards members/owners.

Professional executive management.

High demands on board members.

Governance by active owners – on-going strategic discussion.

Make priorities.

No one is prepared to pay for inefficiency!

Capacity to finance investments - key challenge.



Thank you

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