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Collective action in the Greek agrifood sector: a focus on the North Aegean Region co-operatives

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1. Introduction I

Definition of collective action

Collective action can be defined as a voluntary action carried out by a group of people working towards a common goal.

Forms of collective action

1. ***Farmer co-operatives,***
2. ***Co-ordinated supply chains of specialised regional or typical products,***
3. ***Wine and olive oil routes,***
4. ***Initiatives aiming to direct producer-consumer relations,***
5. ***Initiatives offering agro-services*** (including tourism, agro-environmental services) ***and non-food initiatives*** (e.g. bio-energy).

2. Introduction II

- *Co-operative*: 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.
- Collective action has been identified as a key point of rural development and the main benefits for its members are: *resource access*; *economies of scale and scope*; and *reduced transaction and co-ordination costs*.

3. Forms of collective action in the Greek agrifood sector

- First and second-degree co-operatives,
- Interprofessional organisations that refer to *types* of products (e.g. olive oil, wine) and not to *specific products*,
- Producer groups and associations,
- Other forms of collective action.

Co-operatives

6,350 first-degree (with around 746,000 members) and 114 second-degree agricultural co-operatives exist in Greece.

First-degree co-operatives: trade farm input supplies for members; and provide services. Many practically inactive, yet continue to exist for the election of representatives.

Second-degree co-operatives: engaged in processing and standardisation of agricultural products and their trade and marketing. They handle EU subsidies and trade farm supplies and machinery. Significant differences in efficiency: On one hand, co-operatives such as the Union of Agricultural Co-operatives of Sitia (UACS), with annual turnover 35,000,000€ and responsible for half of Greece’s exports of bottled olive oil (4,500 tons) and on the other, co-operatives with accumulated debt.

Interprofessional Organizations

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The existing interprofessional organisations refer to types of products and not to specific products and 7 out of 8 are national ones, a recent development in Greece (after 1999): Olive Oil and Olives; Vines and Wines; Fruit-bearing Trees and Horticultural Plants; Honey and Beehive Products; Tobacco; Aviculture; Organic Products; and Vines and Wines of Crete.

Producer groups and associations

Defined by EU Reg. 952/1997, exact number in Greece today is unknown, but rapidly increasing. They are spontaneous collective actions of producers that want to 'escape' co-operatives, or work with existing co-operatives, or provide a common solution to a shared problem of producers in an area. *In many cases, they are formed by the most 'active' members of existing co-operatives*.

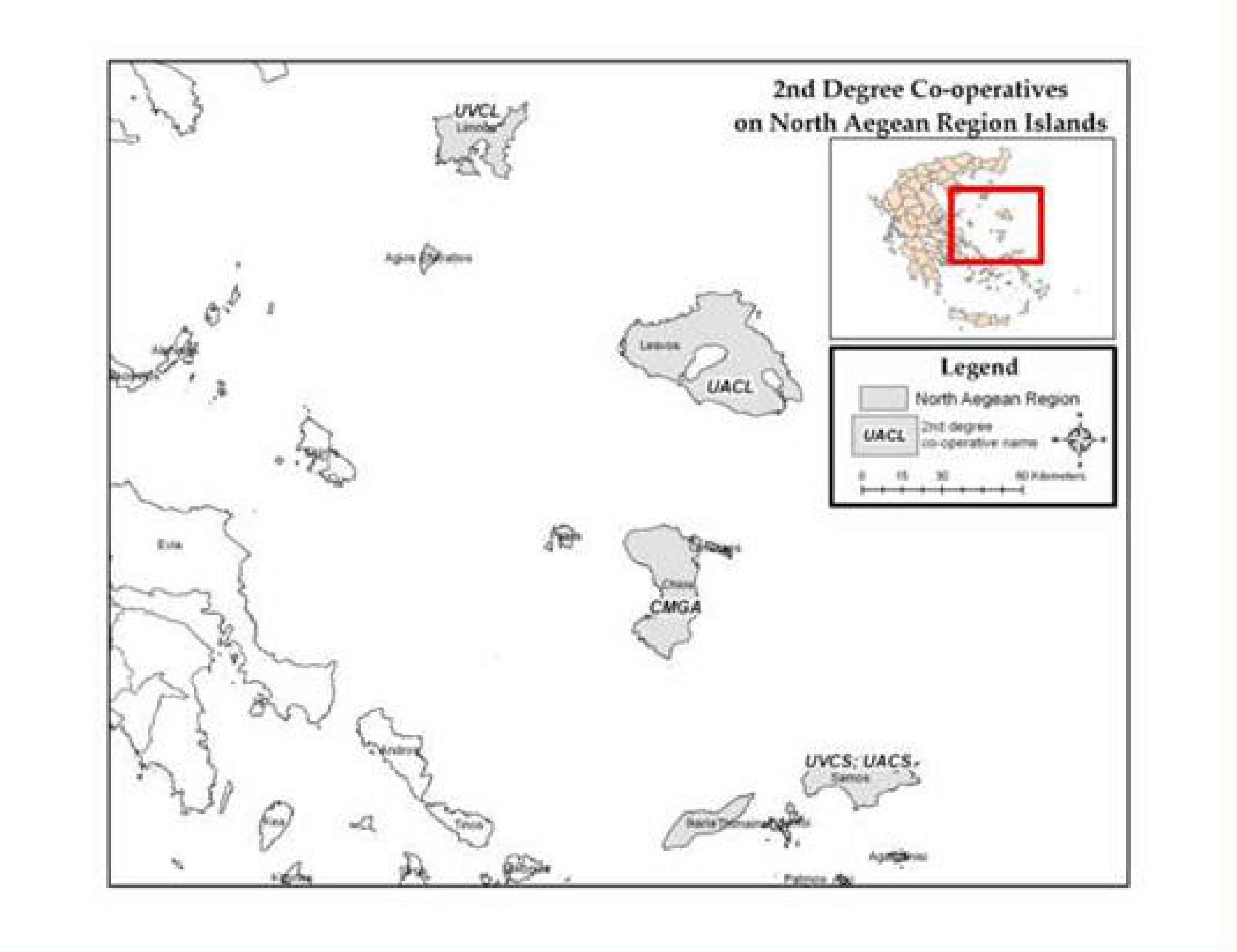
Other forms of collective action: (a) Wine routes (recent in Greece); (b) Regional labels and companies for regional products

Research method

Here, focus on North Aegean Region with 5 case studies: *4 typical products (mastiha, wine, olive oil, cheese) and women co-operatives***.** Data sources:

1. **NAIAS Programme** (innovation in agrifood SMEs): Questionnaires (2002-2003) to 98 enterprises (cheese making units, women's co-operatives, olive oil mills, olive oil bottling companies), ***32 co-operatives***.
2. **Euromed–Heritage Programme** (traditional know-how in olive oil & cheese-making): Questionnaires (2002) to 41 enterprises, ***12 co-operatives***.
3. **Research** (for PhD Thesis) for the contribution of specific agrifood products in the North Aegean region to sustainable development: 4 case studies in 3 islands (2005, PDO Ladotyri cheese and PGI Lesvos olive oil on Lesvos, VQPRD Samos wine on Samos, and Mastiha PDO resin on Chios); **2 products (VQPRD Samos, Mastiha PDO) are exclusively produced by co-operatives**.

The North Aegean Region co-operatives



Products I

<u>1. Mastiha</u>: resin of *Pistacia Lentiscus var. Chia* trees found **<u>only</u>** on the southern part of Chios island.

•Approx. 4,850 farmers with 1,900 ha of Mastiha trees.

•20 first-degree co-operatives, only one ***obligatory*** second-degree cooperative, the CMGA, by law solely responsible for collecting and selling Mastiha.

•Other companies who use Mastiha (for foodstuff, chewing gums, skin creams, and pharmaceuticals) buy the product from Mediterra SA which is a subsidiary company of CMGA. Therefore the production of Mastiha is an *exclusively* co-operative business.

•The type of market is a monopoly, ***<u>increase of 89.4% in price of Mastiha during 1998-2004</u>***. This has resulted in a renewed interest among farmers for its production and for the activities of Mediterra SA and the CMGA in general.

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Products II

2. Wine

-6,224 vine producers of 2,215 ha vineyards in the North Aegean Region

- 36 first-degree & 1 second-degree co-operatives on Limnos (UVCL); 25 first degree & 1 **obligatory** second degree co-operatives on Samos (UVCS); these two handle 95.7% of grapes.

-13 wineries (Limnos:6, Samos:2, Ikaria:3, Lesvos:1), on Ikaria and Lesvos small family businesses

3. Olive oil

-24,000 olive oil producers with 60,000 ha in the North Aegean Region, average olive oil production (1991-2005) 19,359 tons/ year; 80.9% produced on Lesvos Island. 107 olive mills (71 on Lesvos) 44 belong to co-operatives

-9 bottling companies (8 on Lesvos)

-62 first-degree & 1 second-degree co-operatives on Lesvos Island; 17 first-degree & 1 second-degree co-operatives on Chios Island; 7 first-degree co-operatives on Samos Island; 7 first-degree co-operatives on Ikaria Island

Products III

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<u>4. Cheese</u>

- 13,294 sheep and goat farmers in the North Aegean Region with 502,598 sheep and goats (69.1% on Lesvos and 15.7% on Limnos Islands)
- 17 Livestock co-operatives (15 on Lesvos Island); 3 (2 on Lesvos, 1 on Chios Islands) produce cheese products with 9.5% of milk; the others sell their milk to private-owned cheese-making units.
- 29 cheese-making units in the Region (21 on Lesvos, 4 on Limnos, 2 on Chios, 1 on Samos, 1 on Ikaria Isalnds)

<u>5. Women's Co-operatives</u>

- 11 Women's Co-operatives in North Aegean (2003) (9 Lesvos, 1 Limnos, I Chios); 28 members on average (only 12 active on average).
- They produce food products (mainly pastries and sweets); 2 produce embroideries and 1 ceramics.
- 5 sell their products to extra-local markets (Athens, Thessaloniki); None of the 9 Co-ops of Lesvos have sales-shops in the urban centre of Mytilini; they sell to small unspecialised stores (bakeries, groceries)

Socio-economic importance & impact

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	CMGA (2nd degree)	UACL (2nd degree)	UVCL (2nd degree)	UVCS (2nd degree)	ACM (1st degree)	ALCE (1st degree)	WCM (1st degree)
Permanent personnel (2005)	60	51	n.a.	97	1	3	n.a.
Permanent personnel (2002)	65	75	6	153	1	3	-
Seasonal personnel (2005)	-	10	n.a.	20	4	5	n.a.
Seasonal personnel (2002)	-	10	10	30	4	6	25
Number of members	4,850	13,000	3,026	3,500	45	100	25
HACCP certification	Yes	No	No	No	No	Yes	No
ISO 9000 certification	Yes	Yes	No	No	No	Yes	No
ISO 14000 certification	No	No	No	No	No	No	No
Main activities	Mastiha production	Olive oil bottling and trading	Wine production	Wine production, olive oil bottling	Cheese making	Cheese making	Production of 'traditional' products
Main Products	Mastiha PDO, Tsikla Chiou PDO, Mastihelaio Chiou PDO	Olive oil (bottled, bulk). Minimum production of Lesvos PGI oil	VQPRD Wine (bottled, bulk)	VQPRD Wine (bottled, bulk)	Feta PDO, Ladotyri PDO, Graviera, Yoghurt, butter	Kasseri PDO, Yoghurt, butter	Noodles, pasta, fruit preserves, liqueurs, jams, embroideries
Standardised production	165 tons of Mastiha (2005)	1,203 tons (2005)	750 tons (2002)	150 tons (2005)	25 tons of Feta PDO, 40 tons of Ladotyri PDO, 80 tons of Graviera (2005)	150 tons of Kasseri PDO (2005)	n.a.
Standardised production/ bulk production	100%	Around 25%	Around 25%	Around 2,5%	100%	100%	100%

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Socio-economic importance & impact II

	CMGA (2nd degree)	UACL (2nd degree)	UVCL (2nd degree)	UVCS (2nd degree)	ACM (1st degree)	ALCE (1st degree)	WCM (1st degree)
Organic production	No (there is a small production of organic Mastiha but it is mixed with the conventional product)	No	Yes (37 tons in 2002)	Yes (45 tons in 2005)	No	No	No
PDO, PGI or VQPRD production	Yes	Yes	Yes	Yes	Yes	Yes	No
Producer price (in €/kg or lt)	72 (2005)	1,99 (1999)	0,35 (2002)	0,88 (2002)	Sheep milk: 0,76 (2002) Goat milk: n.a.	Sheep milk: 0,83 (2002) Goat milk: 0,49	-
Average producer price in Greece (in €/kg or lt)	72 (2005)	2,17 (1999)	0,56 (2002)	0,56 (2002)	Sheep milk: 0,81 (2002) Goat milk: 0,53	Sheep milk: 0,81 (2002) Goat milk: 0,53	-
Annual turnover 2002 (in €)	13,363,000	14,833,035	3,000,000	9,453,152	n.a.	n.a.	58,690
Annual turnover 2003 (in €)	9,994,000	24,884,440	n.a.	9,289,737	n.a.	n.a.	117,000
Annual turnover 2004 (in €)	13,761,000	14,283,509	n.a.	8,218,707	600,000	1,000,000	n.a.
Annual profits 2002 (in €)	1,196,000	411,084	293,470	-540,650	n.a.	n.a.	n.a.
Annual profits 2003 (in €)	95,000	-381,827	n.a.	-234,350	n.a.	n.a.	58,500
Annual profits 2004 (in €)	45,000	18,450	n.a.	-32,794	-38,900	72,000	n.a.

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Conclusions

- Dominant form of collective action in North Aegean is co-operatives

- The CMGA is the most successful co-operative (the role of Mediterra SA)

- Co-operatives such as the UVCL and the UACL are characterised by the usual inflexibilities of co-operatives: unspecialised personnel at 'key positions', inability to make quick decisions and respond to a constantly changing market, inability to produce manufactured products (sales in bulk), inability to differentiate their manufactured products and to achieve good market prices

- The legal status of the co-operatives is of great importance. The 2 most successful cooperatives (CMGA & UVCS) are **obligatory** co-operatives and this is a 'safety net'. But, in 2 cases (olive oil, wine on Limnos Island) small private companies flourish in number and constitute an increasing size of the market and in 1 case (cheese) private companies dominate the market. *Will this be the case for Mastiha and Samos' VQPRD wines too, if the legal status of the CMGA and the UVCS changes in the future?*