

Status Quo Analysis (WP3) European Comparative Report (D3.3)



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Encouraging Collective Farmers Marketing Initiatives (COFAMI)

Background and objectives

1. Collective action by farmers has played an important role throughout the history of European agriculture and rural development. During the 20th century, the joint action of farmers in many EU countries gave rise to the foundation of agricultural marketing cooperatives, resulting in better market access, increased farm incomes and regional employment. More recently farmer collectives have made an important contribution to the spread of sustainable production methods.
2. Now European agriculture is facing a range of new challenges. Farmers have gradually lost control over supply chains, due to the growing power of retailers, and are also confronted with a general decline and reorientation of policy support. At the same time, there is a need to respond to changing consumer demands for food safety, quality and an attractive countryside. Again, collective action may help in finding appropriate answers to these new challenges.
3. Against this background, the COFAMI project studies the potential role of collective farmers marketing initiatives (COFAMIs) in finding adequate responses to changing market and policy conditions. More specifically, it aims at identifying the social, economic, cultural and political factors that limit or enable the development of such initiatives. The project also seeks to identify viable strategies and support measures to enhance the performance of collective farmers marketing initiatives.

Steps of research

- At the start of the research a **conceptual framework** for the study of COFAMIs will be developed. A review of relevant scientific literature and a quick-scan of 8 previous EU research projects which included COFAMI cases will provide the basis for this.
- For each country included in the study a **status quo analysis** of collective marketing initiatives and relevant contextual factors will be made. This involves an overview of existing COFAMIs, their aims, organisational forms and strategies, relations with other supply chain partners, and relevant market and policy environments. This report represents a consolidated synthesis of these National Status Quo reports.
- A series of 18 in-depth **case studies** of different types of COFAMIs will be conducted. These will provide more detailed insights into the influence of different factors that limit and facilitate the development, performance and continuity of COFAMIs. The performance of initiatives in terms of social, economic and environmental impacts will also be assessed.
- In the **synthesis**, the results of these different research activities will be integrated into general conclusions about the relative importance of various limiting and facilitating factors regarding different types of COFAMIs. Support strategies for COFAMIs and measures to improve their performance and dissemination will be formulated as well.

Project results and consultation

Participatory methods and stakeholder consultation will play a key role at all stages of the project, to ensure that research findings are grounded in field experiences and policy debates. A National Stakeholder Forum will be established in each country participating. In addition, a European-level expert group of scientific and field experts will be formed to broaden geographical coverage beyond the 10 countries represented in the project.

The research will provide farmer groups, support organisations and government agencies with insights into different collective marketing strategies, their success and failure factors, and suggestions of measures that support COFAMIs. Additionally, the project will contribute to scientific and policy debates on the role of farmers initiatives and new supply chain arrangements in promoting sustainable rural development and the supply of safe and high-quality food.

All project results will be made available through the project website www.cofami.org.

Project partners

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Abbreviations

AG: Aktiengesellschaft (Joint stock company), Germany

AGRIDEA: National Advisory Services for Agriculture and Rural Areas, Switzerland

AMA: Agrarmarkt Austria Marketing GmbH (Agricultural Marketing Association), Austria

AMAP: Association pour le Maintien d'une Agriculture Paysanne, France

ATTAC: Association pour la taxation des transactions pour l'aide aux citoyens (Association for the Taxation of Financial Transactions for the Aid of Citizens)

BMLFUW Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft (Federal Ministry of Agriculture, Forestry, Environment and Water Management), Austria

CAP: Common Agricultural Policy

CEE: Central and Eastern European Countries

COFAMI: Collective Farmers Marketing Initiative

CUMA: Cooperative d'Utilisation du Matériel en commun (Cooperative of agricultural equipment used in common), France

EU: European Union

GmbH: Gesellschaft mit beschränkter Haftung (Limited liability company), Germany

HACCP: Hazard Analysis and Critical Control Point

INAO: Institut National des Appellations d'Origine, France

LEADER: Liaison entre actions de développement de l'économie rurale, EU-initiative

Ltd: Private Limited Company by Shares

MARD: Ministry of Agriculture and Rural Development

MoA: Ministry of Agriculture

MTO: Macro Trade Organisations (Italy)

NGO: Non-Governmental Organisation

PDO: Product of Designated Origin

PGI: Product with Geographical Indication

PLC: Public limited companies

PMA: Purchasing and marketing associations

PMO: Producer marketing organisations

PO: Producer Organisations

RDAs: Rural development agencies

SAPARD: Special accesssion programme for agriculture and rural development

SMEs: small and medium-sized enterprises

WTO: World Trade Organization

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1 Introduction

This report is based on the ten national status quo reports prepared for the countries participating in the COFAMI project. The objective of the national reports was to give an overview of the collective farmers marketing initiatives existing and the relevant contextual factors for each country. This includes an overview of their aims, organisational forms and strategies, relations with other supply chain partners, and relevant market and policy environments.

In this comparative report, we map the range of collective farmers marketing initiatives (COFAMIs) across the countries studied and the corresponding European regions. Emphasis is put on (a) territorial diversity, and (b) different forms of cooperation among farmers and with other partners along the supply chain.

This report is set out to:

- give an overview of the status quo of COFAMIs across Europe, the diversity they represent and the differences and commonalities between different regional contexts,
- provide an overview of the current political- economical-, technical-, socio-cultural- and geographical environments of COFAMIs and examine the influence of different institutional settings on producer cooperation in marketing, and
- identify key issues related to (a) the promotion and dissemination and (b) the successful performance of producer cooperation in marketing.

The comparative analysis is also the basis for defining an interim clustering of COFAMIs, which takes into account different organisational forms of producer cooperation.

The report is structured as follows: Chapter 2 gives an overview of the importance of collective farmers marketing initiatives by first describing the historical context in which they have developed and then examining the present situation and trends. With respect to the historical context as well as the present situation, the ten examined countries are clustered into four regions: Central and Eastern Europe, North-Western Europe, Southern Europe and the Alps.

A characterisation of the main forms of collective farmers marketing initiatives will be presented in chapter 3. In the national reports, the research teams were asked to categorise the COFAMIs existing in their respective country. In this summary report we try to develop a new overarching clustering for all ten countries. The clustering that was undertaken now differentiates between cooperatives with the aim of pooling volume, initiatives with a focus on high-quality food production, initiatives concentrating on regional food production, initiatives establishing regional marketing, initiatives aiming at direct producer-consumer relations and initiatives developing non-food-markets.

To better understand the contextual factors influencing the emergence and performance of COFAMIs, chapter 4 summarises the findings of the ten national reports. The chapter covers political and institutional factors, economic and market-related factors, technical and knowledge-related factors, social and cultural factors and, finally, geographical and location-related factors. In each group of factors, the analysis differentiates again between the four regions of Central and Eastern-, North-Western- and Southern Europe and the Alps.

In the final chapter 5, the main findings are summarised.

2 General description of the importance of collective farmers marketing initiatives

2.1 Historical development context of collective farmers marketing initiatives

In nearly all countries studied, the first cooperative movements in agriculture date back to the second half of the 19th century. This development commenced in Germany, Switzerland, Austria and parts of Hungary. Trying to ease the misery of the socially disadvantaged, Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen ventilated the idea of cooperatives in the German-speaking world. These first cooperatives were primarily credit cooperatives founded to solve the problem of personal loans for farmers.

The so-called savings and loan associations realised the financing of seeds and machinery, but also organised the trade of agricultural goods. In a second step, cooperatives for particular commodities were established (cereals, milk, meat, wine, etc.). This development expanded to many more countries all over Europe, but mainly to those areas where farming was in the hands of more or less independent, small-scale (peasant) farms.

In regions with larger farms (owned by landlords), where the population had no land of its own and therefore was forced to sell their labour to the landlords, the necessity was not given to found cooperatives as self-help organisations. Among the project countries, this situation is reported for Hungary, for some regions of Latvia, for the northern part of Germany and also for the southern regions of Italy (with its latifundist farm structure).

2.1.1 Central and Central and Eastern Europe

Cooperative movements in agriculture in Central and Eastern Europe started in the end of the 19th century, but were interrupted by the Soviet system that established large, mainly state owned farms. At the same time, the economical and agricultural situation made it necessary to allow croft farming (e.g. 0.5 hectares per family) for self-provisioning, which remained important or regained a major role in agriculture, besides collectivisation. Its tradition derived also from the large estates, where workers received part of their earning this way. The main goal of croft farming was to use the labour of the family, which also reduced the number of jobless people. Due to these activities, an (informal) market became more and more important for rural households. These were typical examples of the so-called second economy, which provided an additional income and a higher standard of living. Producers did not 'officially' act collectively on this market, but still cooperated informally for marketing purposes and trained alternative approaches.

The food chain and agricultural marketing structure in the Central and Eastern European Countries completely changed in the early 1990s, after the breakdown of the Soviet Union and the abandonment of the socialist system in the respective countries. Many of the state run agricultural farms or cooperatives got into economical dilemmas, but the doorway for new ideas and private farming was opened.

2.1.2 North-western Europe

In North-western Europe, the international agricultural crisis led to the creation of cooperatives, often actively supported by local notables (as e.g. in the Netherlands). From Denmark, it is reported that the emerging cooperative strategy of processing and marketing was seen as a strategy to maintain independency from the landlords and to improve income and livelihood. At the same time, the cooperatives did not interfere with the internal affairs of the farms. Right from the beginning it has been a core characteristic of the cooperative movement that farmers were to be treated equally and to have equal influence on the decision-making, the principle being one head-one vote independent of farm size.

The different cooperatives which developed in the late 19th and early 20th century in North-western Europe traded and still trade with cereals, milk, wine, meat, fruit and vegetables. They mainly had the purpose of improving the processing and marketing of goods produced individually. Concluding, farmers cooperative processing and marketing strategies have played a major role in Northern Europe, and continue to do so. Generally, these COFAMIs have been more or less successful in modernising themselves and in coping with a changing society. Accordingly, cooperatives are still highly present in agricultural markets.

2.1.3 Southern Europe and the Alpine Region

Also in Southern Europe, represented by southern France and Italy in the COFAMI project, and the Alps, represented by Austria and Switzerland as well as parts of Germany and France, the cooperative movement started in the 19th century.

In **Austria** as well as in **Germany**, the first cooperatives were developed in the credit sector. In the second half of the 19th century, producer cooperatives developed, primarily to ensure quality standards. As already described above, **Switzerland** (with the largest part German-speaking) was also influenced by the ideas of Raiffeisen and Schulze-Delitzsch. Dairy cooperatives, agricultural supply and marketing cooperatives as well as financial¹ cooperatives can be identified as the main categories of cooperatives developing until the Second World War. The first one mentioned was established as a result of the increase in milk production and aimed at processing and marketing milk that was not directly consumed. On the other hand, supply- and marketing-related initiatives had the aim to facilitate the access to new agricultural means of production (e.g. fertiliser) through collective purchase and only later also became involved in marketing activities.

After the Second World War, Swiss agricultural policy changed. There was no need and incentive for farmers any more to become involved in marketing. Self-help measures were not necessary since the economic situation of farmers was addressed by governmental policies. In **Italy**, the cooperative movement received its ideological inspiration from the new socialist movement which expanded its influence in the countryside at the end of the 19th century. It is interesting that most of the Italian cooperatives were created in the north and centre of the country, while in the south with its latifundist farm structure and oppression of farm labourers, almost no significant forms of cooperation among farmers developed. Between 1902 and 1914, the number of Italian cooperatives increased from 2 000 to 7 000. In **France**, a rather fast development of agricultural cooperatives took place only after the First World War. The first legal regulation of relevance dates from 1906, giving credit cooperatives the responsibility for proposing advantageous loans to agricultural cooperatives; other important finance- and organisation-related regulations followed until the 1970s.

Regarding the types of cooperatives emerging in Southern Europe and the Alpine region, production cooperatives can be differentiated from processing and marketing cooperatives in **Italy**. In **France**, the development after the First World War concerned agricultural cooperatives (supplying, purchasing, processing, selling agricultural products and services) and financial cooperatives ('Crédit agricole'). From the first **Austrian** and **German** producer cooperatives, through which farmers had already bundled their products, it was only a small step to the development of purchasing and marketing cooperatives. Thus, farmers gained better trading conditions through collective purchase and sale and could increase their market power as well as develop common strategies of opening up new markets. The structures of this type of cooperative have not changed during the last decades. Most of them have not succeeded in selling their products directly to bigger retailers. Smaller cooperatives are often dependent on big retailers and wholesalers (like in the case of wine cooperatives: big wine cellars) to a high degree. Recently,

¹ The first cooperative lending bank was founded in 1900 and provided the possibility for farmers to borrow money for technical investments.

cooperatives have lost market shares to capital-oriented forms of enterprises such as public limited companies (PLC / AG²) and limited liability companies (Ltd / GmbH³).

The main difference between the traditional and the new cooperatives (that came up in the last three decades) can be found in their respective market access. Traditional cooperatives provide economies of scale, whereas new cooperatives try to access niches by offering high-quality products.

2.2 Configuration of collective farmers marketing initiatives: Present situation and trends

2.2.1 Central and Eastern European Countries

The transformation of society after 1989 significantly changed farming, products and marketing in Central and Eastern Europe. The role of the state was minimised, and neo-liberal discourse began to dominate in economy and economics. Collective marketing initiatives developed, but, as experience in marketing skills and concerning bottom-up initiatives was lacking, the overwhelming majority of them did not survive. Other constraints were the legacy of socialist collective farming and resistance to cooperation, a relatively weak civil society in rural areas as well as, in the Latvian case, economic stratification among farmers (better-off farmers hesitate to cooperate with small-holders). Today, in the Central and Eastern European Countries, individual marketing strategies are more widespread, diversified and developed than collective ones.

In **Latvia**, most of the attempts to set up farmers grass-roots as well as organised collective marketing initiatives have failed. Intermediaries that provided short-term solutions for farmers were often playing the role of traditional cooperatives. However, there is a growing number of successful producers associations, farmers cooperatives, shareholding companies and other initiatives that demonstrate the potential of COFAMIs. From the current development of COFAMIs in Latvia it can be derived that collective marketing initiatives can contribute to the competitiveness of farms, improve the functioning of food supply chains and enhance sustainable rural development. There are several processes and factors which are fostering the Latvian development of COFAMIs. Among them are an establishment of farmers' organisations and associations, a revival of cooperatives and rural NGOs and political support to cooperations. Special national agricultural subsidy programmes aim at promoting farmers' cooperation, economic opportunities and benefits derived from cooperation, as well as the demand for COFAMI products from retailers, consumers and the processing industry. The growing competition among producers also stimulated COFAMIs.

In spite of the individualistic discourse in society as a reaction to over-collectivised life from 1948 to 1989, joint action gained importance in the **Czech Republic** as the majority of farmers increasingly perceived themselves as losers in the transition process. Various locally grounded initiatives (including marketing ones) and many initiatives addressing countryside and agriculture emerged, but only a few survived.

In **Hungary**, three main categories of collective production- and marketing initiatives can be identified: (1) big integrating organisations usually built on former state cooperatives (both vertical and horizontal), (2) new types of cooperatives and enterprises that are conform to EU regulations and mainly encouraged by state and EU support and (3) unofficial alternative types of bottom-up initiatives that represent only a very small segment of the market. As can be concluded, in Hungary the significance of collective farmers marketing initiatives is threefold. On the one hand, it can be assumed that the market share of these organisations is smaller than in the old EU countries, although it is growing (this assumption is reinforced by statistics and publications). On the other hand, a significant part of present farmers' cooperatives is rooted in the

² AG: Aktiengesellschaft (joint stock company)

³ GmbH: Gesellschaft mit beschränkter Haftung (limited liability company)

former socialist-type cooperatives, which poses the question of how the latter could transform and be successful in a highly competitive market. Finally, we assume that COFAMIs are able to contribute to a reduction of the duality of small-scale family farms and large-scale agribusinesses.

2.2.2 North-western Europe

Traditional farmers' cooperatives have undergone a tremendous transformation process in North-western Europe from small cooperative processing and marketing companies to big multinational business groups – a transformation process that has also changed the internal strategic logic of the companies to a mixture of cooperative and limited company.

In line with this development, the cooperative movement in **the Netherlands** is characterised by continuous processes of scale enlargement, which the following figures underline. In 1949, there were about 3 500 cooperative organisations in agriculture with a total of about 600 000 members. In 1992, these numbers were reduced to 1 048 cooperative organisations with a total of 311 000 members. The number of cooperative banks decreased in the period from 1949 to 1992 from 1 322 to 744, the number of marketing cooperatives from 1 160 to 60, of dairy cooperatives from 426 to 13, whereas the number of cooperative auctions reduced from 187 to 29. This process of scale enlargement becomes also clear if we look at scale indicators such as total turnover as well as number of members and employees. Table 1 gives an idea of the current importance of cooperatives in the Netherlands.

Table 1: Current importance of cooperatives in the Netherlands

The following numbers will give an idea of the **current importance** of cooperatives in **the Netherlands**:

- In the dairy sector, cooperatives commercialise 84 % of the total national production.
- Regarding fruit and vegetable production, the percentage is 67 respectively 85.
- In arable production, cooperatives dominate the processing and marketing of sugar beet and starch potatoes (63 % respectively 100 %).
- Cooperatives are furthermore active in the area of non-food products such as (bulb) flowers (50 %) and ornamental plants (97 %).
- In beef and pork production, cooperative market outlets have also existed for a long time, but in particular cooperative slaughterhouses have faced difficulties in the last decades and only few have succeeded to survive.
- Additionally, cooperatives are of great importance as input suppliers (e.g. fertilisers, chemicals, machinery, credit, accountancy, insurance, etc).
- To give an overall impression of cooperative spirit in the Netherlands: about two third of farmers are members of at least one cooperative, on average farmers participate in four cooperatives at the same time.

Source: OOSTINDIE, H., H. RENTING, 2006

Farmers, as owners of the cooperative, continue to have formal final decision-making power, but in practice operational and strategic decisions are made by professional cooperative managers. Privatisation tendencies within the cooperative movement might have further undermined farmers influence on decision-making processes. Cooperatives are often (major) shareholders of limited companies, mostly motivated by the wish to increase opportunities for external capital mobilisation and, in general terms, to increase market orientation. Also, such privatisation tendencies have resulted in a growing diversity of cooperatives in terms of marketing strategies, organisation of control, ownership and distribution of benefits.

In **Germany**, starting in the early 1990s, a significant number of producer-, producer-consumer and producer-consumer-environmentalist initiatives have been established. The aim is to experiment with and, if possible, establish alternative patterns of production, processing and marketing – often characterised by more direct linkages and shorter chains. In comparison to the

traditional form of collective marketing through Raiffeisen-type cooperatives which is still the most important one, there are younger forms of collective marketing. One of them is anchored in EU regulations, namely Producer Organisations (POs). In order to bundle the supply, POs commonly market fruit and vegetables. As the existing 30 to 40 POs in Germany were established only 10 to 15 years ago, they seem to be more dynamic than the traditional cooperatives. But as they are mainly bigger organisations with more than 250 members on average, self-administration and voice are nearly as limited as in traditional cooperatives.

Moreover, accredited Producer Communities were founded in line with the German Marktstrukturgesetz (market structure law). Financial support aims at adjusting production and supply to the needs and requirements of the market. Producer Communities have much more the character of bottom-up farmers' initiatives although they have to fulfil requirements to be officially recognised. Concluding it can be said that collective marketing initiatives in Germany have a long history, but potentials were not fully used in the last decades. It is therefore critically important to go further into detail about the factors that are limiting or facilitating the establishment, maintenance and development of collective farmers marketing initiatives.

In **Denmark**, today, traditional farmers' cooperatives have merged into one or two cooperatives within each branch. It is reported that in all agricultural sectors the vast majority of industries are farmers' cooperatives (more than 90 %). Cooperative societies still have the ownership of the cooperatives capital, but in most cases with limited liability. The board of directors is held by farmers' representatives, the management board, however, by professional business managers. There is a growing internal differentiation into sub-divisions of production. This means differentiated production and payment to different producer groups, e.g. to organic and conventional cooperative shareholders. This is leading to a situation with declining common interests and less transparency of market prices and internal costs.

Due to their big volume of produce, these cooperatives have a strong position in the domestic market and a high bargaining power in the international market. Common to these companies is the fact that they are responsive to globalisation, and that they primarily compete based on price and standardisation of quality and health safety. Their main market is the big retailers' chains offering a full product range within a certain branch of products, e.g. milk or meat. They operate on national and international scale, with no particular local or regional affiliation. Processing plants are centralised and situated at strategic points in relation to infrastructure. These cooperative companies have been very successful in creating responses to changes in society, in terms of changes in technology, globalisation, etc. Although, at the moment, three alternative Danish development pathways of new COFAMs emerging can be observed, namely (1) the development of organic agriculture, (2) the new trend of gourmet food initiated by chefs of gastronomy and (3) a revitalisation of local / regional food in relation to regional development.

2.2.3 Southern Europe

In Southern Europe, policy discourses on sustainable development of the agri-food sector and rural areas have led to changes in the agricultural sector, and therefore also in the sector of already existing cooperatives.

In **Italy**, as a matter of fact, a strong incentive was given to farmers to market their products directly, either individually or as farmers groups. The most significant legal innovation has been that processing and marketing have been recognised as agricultural activities besides the traditional function of production. In contrast to Northern Europe, the Italian cooperative system is still characterised by small sizes and fragmented structures, although the main aim of the traditional cooperatives and the (similarly organised) producer organisations is to increase farmers bargaining power. There are also huge differences between different regions. In the northern and central regions of Italy, cooperatives still have much more market power whereas the Southern European regions needed support from public institutions to establish and develop cooperatives. This (sometimes) excessive support has created overdependence leading to many cooperatives suffering from problems of undercapitalisation nowadays.

Besides traditional cooperatives, greater dynamic is recorded for consortia of products with a designation of origin as well as collective initiatives of territorial and direct marketing. This trend reflects the increasing interest of both consumers and policy makers in food quality and a sustainable development of rural areas. As far as PDO (Product of Designated Origin) and PGI (Product with Geographical Indication) products are concerned, promotional activities are strong all over Italy and not confined to certain regions of the country.

In (southern) **France**, solidarity and cooperation ideals are regaining increasing importance. The collective development of PDO / PGI and other kinds of new quality and terroir labels is one of the outcomes of a farmer- and sometimes consumer- or processor-driven process of reinventing new organisational forms or diversifying existing ones.

Other relevant French organisational forms are the creation of collective direct sale of agricultural products, partly involving consumers, and the diversification of CUMA⁴ cooperatives towards service selling (e.g. the common use of machinery) (for rural projects implemented in cooperation with local municipalities). Those new cooperation initiatives emerge as responses to issues such as (1) transformation of cooperatives into international industrial groups resulting in loss of credibility and trust, (2) the major concern of the quality and traceability of food in certain groups of the population with better income levels, (3) an attempt to increase the added value and income resulting from the processing of farm products by focusing on local brands and terroir quality labels, (4) the will to create new relationships, based on values such as ethics and citizenship, between consumers and producers to preserve farmers incomes and meet consumers expectations regarding quality, and (5) new responsibilities of local municipalities for environment and landscape protection. The goals and functions of those new initiatives are very diverse, comprising the development of services and non-food production, social reintegration, the building of new relations between producers and consumers as well as direct sale.

2.2.4 The Alpine Region

Although **Austria's** accession to the European Union in 1995 and the introduction of specific support programmes induced an increasing number of collective farmers marketing initiatives throughout the country, recently the establishment of new cooperatives, especially in the milk sector, is decreasing. Traditional cooperatives, mainly dealing with milk or dairy products, are facing a strong concentration process. The reason for this development can be seen in the generally increasing pressure on the European milk market, accompanied by overproduction and price decline. Additionally, new legal (e.g. hygienic) regulations and administrative burdens force old established cooperatives either to take high investment risks, to search for cooperation partners or to shut down.

A new development in Austria which came up in the 1980s is organic farming. In the beginning organic farmers focussed much more on the concept of direct sale. From that, a new type of collective action developed in the form of collective direct marketing activities. Since 1994, supermarkets started to shelf organic products, since then collective marketing in the organic sector includes also bundling of raw products and increasingly vertical integration with processors. Furthermore, collective farmers' action emerged in the service sector in the last years, e.g. preservation of the environment, regional development, communal services, etc.

The **Swiss** agricultural policy after the Second World War provided no incentives for farmers to develop an entrepreneurial attitude and to put effort into marketing activities; only the policy change in the 1990s provided a basis for new cooperative actions. These new collective initiatives, however, are to a lesser extent self-help measures, but rather business strategies to improve the competitiveness of farms. At present, collective farmers' marketing initiatives have great economic importance in the agricultural sector. Many traditional cooperatives, which originally were founded as self-help movements but united later on to federations of coopera-

⁴ CUMA: Cooperative d'Utilisation du Matériel en commun (cooperative of agricultural equipment used in common)

tives, have become conventional agri-industrial companies, where farmers have only little influence on the management.

The importance of collective farmers' marketing initiatives in Switzerland varies widely, depending highly on the respective commodity. Collective initiatives play a very dominant role in the milk sector. Almost 100 % of the milk produced in Switzerland is marketed through cooperatives or producer pools. Furthermore, most of the cereal and oilseed production is sold through cooperatives (the 'FENACO'-group alone markets 80 % of the countries oilseed and 50 % of the cereal production). In contrast to this, collective farmers marketing initiatives are less dominant in the meat, vegetable and fruit sectors. These commodities are mostly traded directly between individual farmers and traders or processors. Table 2 shortly summarises Swiss collective farmers marketing initiatives.

Table 2: Key figures on collective farmers marketing initiatives in Switzerland

Type of initiative	Goods marketed	Organisational form	Legal form	Estimated number
Producer cooperatives	Milk, cereals, oil seeds, meat, eggs, vegetables, wine	Horizontal, vertical	Cooperative	4 000-6 000
Federations of cooperatives	Cereals, oil seeds, meat, feeding stuff, processed goods	Horizontal, vertical	Cooperative, public limited company	5
Producer pools	Milk, meat, vegetables, cheese; advisory services	Horizontal, vertical	Public limited company, private limited company	40-60
Interest groups	Cheese, meat, cereals	Horizontal, vertical	Association	50-100
Regional marketing initiatives	Processed products (e.g. cheese, sausages), but also all kinds of farm products	Mainly vertical	Association	100-300
Producer associations	Milk, cereals, oil seeds, meat, eggs, vegetables, wine	Horizontal	Association	50-100
Service-oriented associations	Machinery, farm stays, tourist activities	Horizontal	Association, private limited company	10-20
Consumer-producer cooperatives	All kinds of farm products	Vertical	Cooperative	5-10

Source: BAHRDT, K., J. SANDERS, O. SCHMID, 2006

2.3 Conclusions: General importance of collective farmers marketing initiatives

History

Looking at the historical development of COFAMIs in the European regions regarded within the projects scope, it becomes clear that Europe looks back on a long tradition of cooperative movement dating back to the 19th century. The cooperative concept emerged first of all as an approach to ameliorate the difficult economic situation of farmers by providing credits for seed and machinery in regions where small-scale, individually run agricultural enterprises predominated. Trading of agricultural produce was soon included in the early cooperatives' activities, which later on sectorally differentiated, e.g. specialised in the marketing of dairy products.

In the **North-western region**, specified cooperatives that traded with cereals, milk, wine, meat, fruit and vegetables were mainly focussed on improving the processing and marketing of products in order to increase their market power. The political focus mainly laid on the improvement of competitiveness by rationalisation. Except for Germany with its market structures law, policy measures to support alternative production/marketing strategies (especially organic farming) were established only very recently. In **Southern Europe**, an early political focus was laid on quality and PDO/PDI. However, it is not easily possible to distinguish the policy discourse and contextual factors like e.g. food culture, as they may be expected to be interdependent. At the same time, it is obvious that there is a strong connection between the development of CO-FAMIs and the policy discourse and policy measures respectively.

In the **Alpine region**, COFAMIs helped maintaining rural life and culture in areas less suitable for industrialisation. An interesting aspect is that it seems that exaggerated political help-measures can have quite negative influences on the development of farmers' own initiative: in Switzerland, after World War II, there was no need for farmers to become involved in marketing as governmental policies addressed the economic situation sufficiently. In Italy, excessive support for the establishment of cooperatives in the Southern regions has sometimes created overdependence leading to cooperatives' problems of undercapitalisation nowadays. One of the main problems of Austria's agriculture has always been the small-scale farm structure in a competitive market environment. In a mountainous country, the productivist strategies of farm and production enlargement, characterized by the keywords of rationalisation, specialisation and mechanisation, reached their limits earlier than in other, more advantaged regions of Europe. But likewise in other countries studied, smaller cooperatives are often dependant on big retailers and wholesalers and lose market-share to capital-oriented forms of enterprises.

While in North-western Europe, Southern Europe and the Alpine region the evolution of cooperatives is characterised by relative continuity, there were breaches in development due to changes of regime in **Central and Eastern Europe**. From Latvia is reported that during the Soviet regime, individual farms did not exist at all, as rural population was working as wage-workers on large estates. Still, there was an informal market, where products from croft farming were marketed, to some extent with cooperative approaches. In Central and Eastern Europe, as a result of the forced collectivisation during the Soviet time, for many people collective action still has a negative connotation which is only slowly beginning to be overcome. It seems to be obvious that from 1990 on, the legislation has gradually created a more and more favourable situation for real co-operatives. This process is also supported by the EU accession as the Union requires changes in organizational structures in order to dispose financial support. Moreover, as farmers have to hold on the market competition, they realize that co-operations result in many tangible advantages regarding their position on the market. These are all promising signs of a future trend of growing market significance of farmers' collective marketing initiatives.

Concluding, also in the other regions studied, political conditions have played decisive roles in contributing to an environment in which the emergence of cooperative structures was either nurtured by lack of policy support for 'alternative' ways of agriculture or in which a high level of support made the idea of benefiting from collective initiatives less important.

Present situation and trends:

Although farmers' cooperatives presently are not widespread in the **Central and Eastern European** countries studied – as a consequence of historical development as well as due to the other reasons mentioned – there is evidence of cooperatives potential that might be realised if constraints such as lack of qualification, of marketing skills and of trust in collective action are overcome. For Hungary, it is reported that former co-operatives continue to live either after a successful capitalist transformation maintaining their initial market power or partially transform towards a more flexible, marketable organization. In contradiction to these two types, producers' marketing organizations (based on the EU regulation) and alternative bottom-up initiatives (based on individual ideas) have broken away from the socialist traditions of co-

operatives. As the Czech example demonstrates, even unfavourable conditions may give rise to farmers' joint action.

In the case of Latvia, targeted public support of collective farmers marketing initiatives and growing demand for their products are named as advantageous factors. Although lots of attempts to set up farmers' initiatives have failed, there is anyhow a growing number of successful producers associations, farmers' cooperatives, shareholding companies and other initiatives demonstrating the potential of COFAMIs. Comprehension among farmers grows that collective marketing initiatives can contribute to competitiveness of farms, improve functioning of food supply chains and enhance sustainable rural development.

In the **North-western** European research regions, cooperatives have undergone a considerable transformation process towards scale enlargement, responding to the tendency of concentration in retail, resulting in little influence of the individual farmer as one of many members. In spite of the long history of (Raiffeisen-type) collective marketing initiatives and their remaining importance in Germany, for instance, potentials need to be better realised in future. From the Danish point of view, a kind of crossroads in terms of collective actions is reached: On the one hand, more and more traditional farmers' cooperatives are taking the shape of limited companies. Structural development is happening fast and the producing units reach a size where cooperation is no longer necessary. On the other hand, there are lot of resources in terms of human and social capital to initiate new innovative collective marketing strategies. However, these strategies face harsh conditions gaining ground. Recapitulating, it seems to be a very interesting period of time to study, to learn and hopefully to be able to facilitate these innovative collective actions on marketing.

Regarding **Southern Europe**, new marketing approaches, for instance concerning a territorial reference of products, are a development path which can be seen as more important than traditional types of cooperatives. However, within Italy, the market power of the latter strongly varies regionally. In France, the creation of direct sales' initiatives that partly involve consumers seems to be promising. It corresponds to the wish of many well-situated consumers to obtain high-quality products with a high traceability.

In Austria, as one of the countries studied in the **Alpine region**, like in North-western Europe concentration processes especially in the traditional cooperatives dealing with milk or dairy products, have increased. Their general importance differs with regard to Austria and Switzerland, and is strongly sector-related in both countries: While in Austria especially the formation of new dairy cooperatives is on the decline, they are the strongest type of cooperative in Switzerland. These new collective initiatives are to a lesser extent a self-help measure, but rather a business strategy to improve the competitiveness of farms. In Austria, besides concentration processes of traditional cooperatives, also new objectives, mainly in the non-food and service sector appeared. There seems to be also potential in more recent organic marketing initiatives. The main difference between the traditional and the new cooperatives can be found in the market access. Traditional cooperatives provide economies of scale, whereas new cooperatives try to access niches through high-quality products.

So even though the global trends that the emerging innovative COFAMIs are facing are almost the same, the historical trajectories vary much due to different policy discourses and measures and due to different contextual embeddings. The importance of traditional-type farmers' cooperatives is rather heterogeneous comparing regions, countries and even sectors. However, **traditional cooperatives** still play a relatively important role in those countries where their evolution has been rather continuous. Still, in some Central and Eastern European Countries, they are recently experiencing a revival and gaining an important role in agricultural market. On the other hand, in all countries an emergence of **promising new approaches** to collective farmers marketing can be observed, such as e.g. organic and territory-related ones. Moreover, partnership building with farmers and other rural actors, cooperation around non-food and quality products, regional marketing initiatives etc. are trends that have a great potential for future development of collective action in rural areas.

3 Characterisation of the main forms of collective farmers marketing initiatives

A typology shall help to handle the complexity and diversity of COFAMIs all over Europe in certain respects. The main purpose of trying to cluster COFAMIs in this report is to present and describe the different development pathways of innovative COFAMIs present in Europe, trying to abstract as far as possible in order to amount to a more aggregated approach. A clustering shall comprehend the important trends and nuances and therewith give a basis for drawing conclusions on limiting and enabling factors for collective action.

3.1 Different forms of collective farmers marketing initiatives

In each of the ten national reports, researchers were asked to characterise the main forms of the respective country's collective farmers marketing initiatives. The aim was to come to a certain categorisation of different forms of COFAMIs, knowing that it might be difficult to do so at an aggregated level. Therefore, a short description of a limited number of typical or outstanding examples within each group (form) of initiatives identified will be given.

It was taken into account that the starting point of research was that COFAMIs operate within a changing configuration of market relations, policy and institutional environments and also networks at territorial level. Through collective action, they attempt to mobilise new strategies that adequately respond to these changes or even turn them into their benefit. The exact nature of changing market, policy and territorial relations will always be specific and differing between regions. Each national team decided on its own how to carry out the clustering of initiatives groups in order to most adequately describe the national situation in a sort of bottom-up approach. Table 3 presents the results of the clustering effectuated in each country.

In the following paragraphs, an overview of the broad variety of different initiatives across Europe is given. In this summary overview, the initiatives identified in the national reports were clustered according to the following, quite broad characteristics:

- Initiatives with the aim of pooling volume
 - Traditional cooperatives
 - Innovative forms of classic co-operatives and producer organisations
- Initiatives with a focus on high-quality food production,
- Initiatives concentrating on regional food production,
- Initiatives establishing regional marketing,
- Initiatives aiming at direct producer-consumer relations,
- Initiatives developing non-food-markets
 - for agri-environmental and rural services
 - for non-food production

Table 3: Overview of the forms of COFAMIs identified in each county

Austria	No 1: Traditional cooperatives with a horizontal strategy 1. for livestock and meat 2. for cereals	No 2: Traditional cooperatives with a vertical network	No 3: New forms of farmers cooperation, focusing on high-quality products	No 4: New form of farmers cooperation, focusing on non-food products and services	-	-	
The Czech Republic	No 1: Marketing cooperatives/Marketing organisations	No 2: COFAMI as a sort of agency theory type	No 3: COFAMI as group of farmers as shareholders of food processing companies (Includes elements of a traditional cooperative)	No 4: Informal group of cooperating farmers involved in special agricultural production (wine) (Includes high-quality products)			
Denmark	No 1: Traditional (modern) farmers cooperative companies	No 2: Neo-cooperative companies (Includes elements of a traditional coop)	No 3: Homogeneous network association to protect and create a certain label	No 4: Network association of alternative food chains (Includes the production of high-quality products and direct producer-consumer relations)	No 5: Heterogeneous pluri-activity-network to promote regional development (Includes non-food products and agri-services)		
France	No 1a: Industrial food market-driven initiatives: Cooperative groups (Includes elements of a traditional coop)	No 1b: Industrial food market-driven initiatives: A hybrid organisational form (Includes elements of a traditional coop)	No 2a: Locally driven collective initiatives: Independent local/regional cooperatives (PDO/PGI)	No 2b: Locally driven collective initiatives: Short distribution initiatives dealing with ethical and social issues⇒ services	No 2c: Locally driven collective initiatives: Non-food initiatives		

Germany	No 1: Traditional cooperatives (Raiffeisen type)	No 2a: Regional marketing cooperatives: Direct marketing	No 2b: Regional marketing cooperatives: Collective sale to wholesalers or large-scale consumers (Includes elements of high-quality production)	No 2c: Regional marketing cooperatives: Cooperation with other actors along the chain (Includes elements of high-quality products)	No 3: Non-food initiatives	No 4: Initiatives offering particular services	
Hungary	No 1: Integrators (group of giants)	No 2: Producers cooperation conforming to EU regulations	No 3: Alternative bottom-up cooperatives (Includes elements of high-quality production)				
Italy	No 1: Wine routes and other enogastronomic tours (Includes agri-services and high-quality products)	No 2: Macro Trade Organisation (MTO)	No 3: Organic farmers market (Includes high-quality products and direct producer-consumer relations)				
Latvia	No 1: Informal cooperation among farmers (This form of cooperation has no focus on marketing!)	No 2: Agricultural service cooperative societies (This form has no focus on marketing!)	No 3: Producing cooperatives/shareholder companies	No 4: Producers associations	No 5: Cooperation focusing on special quality products	No 6: Shareholding in processing companies	No 7: Cooperation in (tourism) services

Switzerland	No 1: Independent producer cooperatives (Show characteristics of traditional cooperatives)	No 2: United cooperatives/federations of cooperatives	No 3: Producer pools	No 4: Interest groups (It is difficult to compare this form with other forms.)	No 5: Regional marketing initiatives (It includes agri-tourism; and also high-quality products)		
The Netherlands	No 1: Conventional cooperatives	No 2: Producer organisations (POs) with the aim of being more directly involved in negotiations with chain partners	No 3: Collectives around alternative food qualities: Active response to societal demands for alternative food quality (initiated by farmers or SMEs) (is corresponds to high-quality food production)	No 4: Collectives around direct producer-consumer relations Contribution to social (farm-income), environmental (reduction of food miles) and other societal concerns	No 5: Collectives around new rural services and goods 1. Collective marketing of energy production 2. Collective marketing of agri-tourism 3. Collective marketing of care-facilities 4. Agri-environmental cooperatives	No 5: Collectives for region marketing (Partly related to agri-environmental cooperatives)	

Source: Own compilation

3.2 Individual characterisation of each main form

3.2.1 Volume pooling

Within the category of cooperatives and producer organisations with the aim of pooling volume, two sub-categories were identified: traditional cooperatives and the so-called “innovative forms of classic co-operatives and producer organisations”. What they have in common is the aim of pooling the goods produced by a rather large number of farms. Due to larger quantities which can be offered, and in many cases also due to the larger quantities available for processing, there are economies of scale (e.g. lower transport or processing costs). Also, offering bigger volumes enables farmers to have much more influence on the development of prices than a single farmer or a smaller initiative has. In many cases, these types of cooperative have only little reference to territory.

Traditional cooperatives

Traditional cooperatives can be found in nearly all of the countries studied where they have existed already for many decades. In general, many farmers are participating in one cooperative, which often have several thousand members, although not always very actively.

The general **current trends** of traditional cooperatives are, amongst others, that (1) business operations are internationalised, that they (2) lose competitiveness due to the occurring concentration processes in the processing and retailing sector. And, it can be observed that (3) the traditional cooperative principles (e.g. farmer-owned, farmer-controlled, farmer benefits) are undermined. For farmers, it gets more and more difficult to understand the processes taking place and the management decisions made. Resulting from that, they have increasingly less influence and are more or less relegated to the position of deliverers of raw materials.

Traditional cooperatives also have to face the trends in large-scale markets which are oversupply, concentration of retail power (big retailers start to seek direct supply from contract producers undermining the market power that was originally created by traditional cooperatives), and the treadmill to continually invest in new technologies, regulations and quality control.

The answer of many traditional cooperatives to the above-named trends is (in competition with retailers who do the same) to increasingly internationalise business operations in order to further increase economies of scale, enable year-round supply, and to be able to supply different markets outside the traditional home-base of the cooperative. Lots of those cooperatives which show some activities towards innovativeness and which appear to be dynamic and relevant for the COFAMI research project are found in Central and Eastern European Countries.

Concerning the data available on this form of COFAMI, it has to be admitted that there is a lack of sufficiently detailed information. This is mainly because the traditional cooperative world is relatively little transparent.

Innovative forms of classic co-operatives and producer organisations

This sub-category comprehends semi-traditional cooperatives and producer organisations with many similarities to traditional cooperatives, but with a more bottom-up dynamic. They are **legally supported** and often based on EU or national regulations, like e.g. the decrees for Producer Organisations (POs) and Producer Groups or, in Germany, the law on market structure for Producer Communities. Public support aims at adjusting production and supply to the needs and requirements of the market.

In general, large-scale farms are participating in this type of cooperative. Their aim is, similar to the traditional cooperatives, to pool volume and to be able to take influence on price development. This sub-category is **much younger** than the traditional cooperatives. Initiatives have developed only in the last two to four decades. And it is notable that many of these initiatives try to improve their product quality in response to public or even private **quality standards**. They

are often following chain control approaches, in response to hygiene and food safety regulations and quality demands of e.g. retailers. As example may serve the private company Biolait in France, which is a national collective marketing instrument for organic milk producers. Biolait collects and sells $\frac{1}{4}$ of the national milk production to the dairy industry.

It can be stated that the semi-traditional cooperatives and producer organisations show the most important movements concerning new collective action in the **Central and Eastern European Countries**. Through their collective action, some initiatives construct new marketing channels and supply chains where these had not emerged as a result of the free-market action of wholesalers. Such cooperatives are a specific response to the market vacuum after the breakdown of state-controlled market structures which is mainly strategically used by Producer Groups to strengthen their market position. Another type of cooperation is mentioned in the Czech report as a sort of agency theory type: farmers set up an organisation which works for them as an agent. This agency operates for the benefit of the farmers as their service but in the independently. The farmers thus are not both principals and agents.

An interesting tendency which should be mentioned here is that – either under the umbrella of larger traditional cooperatives or directly supplying to retailers – **smaller groups** of producers make use of traditional cooperative mechanisms. This can be supplier groups of large-scale producers, thereby enlarging their bargaining power to negotiate better (higher) prices, but also small groups of five to ten horticultural producers in different countries that guarantee year-round supply of specific fruit and vegetables of a standardised quality or e.g. groups of dairy farmers producing milk of a specific composition (protein contents, medicinal substances).

It is evident that in several countries, **EU legislation** influences the dynamic within the traditional cooperative sector, while the Italian report also mentions Macro Trade Organisations (MTOs) in response to the availability of Objective-1 structural funds. In general, it seems that the development in this category mainly responds to trends in traditional commodity markets (globalisation, concentration, quality standards) and much less to policy factors and territorial dynamic.

3.2.2 High-quality food production

In this category, collective initiatives put emphasis on quality specification at production level with the aim to create exclusive, distinctive products. Collective action here is targeted at the production and marketing of distinctive products, i.e. market segmentation or differentiation. Product differentiation is rooted in quality specification at production level, in contrast to the activities of retailers, processors and traditional cooperatives that try to differentiate their products through marketing, image building and branding.

Within the initiatives of this category, farmers try to create an exclusive product which is scarce in the market and sufficiently distinctive to generate a premium price or ensure customer loyalty. In order to define and realise a special product quality, an externally defined production code is adhered to, which is often controlled and guaranteed by an external control agency and/or backed up by state legislation. Examples of this mechanism include organic or animal-friendly production. In this category, labels play a crucial role to communicate the differentiated nature of products to consumers: they provide quality guarantees and build product reputation.

3.2.3 Regional food production

This category is very much related to the latter one, as the COFAMIs' main focus also lies on the production of agricultural quality products. At the same time, in this case, quality differentiation is effectuated on the basis of the territory. COFAMIs of this category are often pools or associations of local producers that have confederated in order to produce and market their products in a certain region commonly and therefore define their own product standards. A product's specificity is enhanced by increasing its place-based nature and embeddedness, e.g. by valorising or renewing traditions of typical local products and gastronomy. To achieve distinctiveness, one strategy is to make use of locally specific ecological resources (as there are e.g.

specific soil types, distinctive ingredients derived from these, specific animal [land] races and local crop varieties). Another strategy is to emphasise the specific nature of the human capital and producer's knowledge involved (e.g. handicrafts, generational tradition) and stress distinctiveness in taste and authenticity.

Comparison: 'High-quality food production' and 'Regional food production'

It is important to distinguish between these two mechanisms, because the way in which they respond to changing contextual factors as well as the challenges arising from them for the initiatives involved are different. Concerning **motivation**, both categories target at product differentiation, niche marketing and attempt to generate premium prices, but the first category appears to be primarily driven by market developments (as there are: the existence of consumer demand or, alternatively, the need to construct marketing channels). In contrast, the second category generally seems more driven by the desire to valorise territory-specific resources and contribute to local economic development.

Also with regard to relevant **networks**, the first category generally appears to be more sector- or product- oriented; while in the second category, networks more often involve a diversity of actors within the respective territory. They include e.g. local governments and entrepreneurs in non-agricultural sectors (tourism, local shops, SMEs).

As for **challenges and threats**, the first category is more vulnerable to pressure on prices due to external competition and associated price-squeeze effects, since organic / animal-friendly production codes are not restricted to any locality. The second category, by contrast, due to its geographical delimitation and link to territory, follows an implicit strategy of creating scarcity and exclusivity in the market which in turn implies limitations of the possibilities of scaling up to larger market shares (often not an objective of such initiatives). Of course, the second category is also affected by price competition, since its price policy cannot neglect the price of substitutive products.

Again, it can be seen that **challenges** to initiatives of the first category mainly lie in creating competitiveness in the relevant markets and finding sufficient market outlets. As an example, in Austria, new forms of COFAMIs focusing on high quality products can be observed: Producers look for niche markets as they have mainly products with special production methods, local / regional traditions or product innovations. In the second category, challenges are rather related to the construction and alignment with various relevant territorial actors. The initiatives are looking for agreement upon product qualities that adequately use locally specific resources and at the same time sufficiently appeal to consumer demands. In this second category, the need to produce against competitive prices especially becomes apparent when initiatives leave local markets and attempt to extend market outlets to (inter)national markets. In these markets they need to compete with substitute products having similar distinctive quality attributes, which may bring about tendencies towards the dilution of quality standards.

The strategies and underlying mechanisms of both categories are quite distinct. Although, there is a **convergence** of both categories and several COFAMIs make use of a combination of both strategies. This is especially the case regarding organic initiatives, which due to competition and pressure on prices increasingly leave generic organic quality standards and heighten the specificity of their products by emphasising their local character. Although less common, there are similar examples of regional quality products that in the course of time develop organic product lines to achieve additional premium prices. As example here can be mentioned one form of COFAMIs from Germany (category N° 2c, see Table 3) with the initiative 'Gutes vom See'. This form of initiative has the aim to better represent a particular region, the region of the Lake of Constance. Other actors than farmers have been the initiators. The initiative is committed to foster a sustainable promotion of the Lake of Constance region as an economic and landscape area and it supports those farmers that are producing in an environmental friendly or organic way. Another factor contributing to the convergence of both categories (formalised production codes and localised product quality) results from policy influence, most notably EU and national legislation for the protection of PDO/PGI labels. Such legal recognition and associated

formalisation of production codes especially appears to be relevant for regional quality initiatives that attempt to use marketing channels outside the local territory.

3.2.4 Regional Marketing

This type comprehends regionally based and labelled production. The difference between this category and the category of Regional food production as described above is that the latter is clearly based on one or more agricultural products, while regional labels are much more comprehensive and in fact involve an umbrella-type label to market a range or basket of different products from the same region. Examples are described e.g. in Switzerland and in Germany (Rhön label). In the Swiss category No. 5 (see Table 3) regional marketing initiatives are characterised by offering regional products. The initiatives are often vertically organised, including both farmers and small regional processors like bakeries, dairies and butchers. In some cases even the consumers are part of the initiative. The common legal form is an association. The distribution of the products varies between product sales at farmers markets, farm shops, bakeries, butchers and local shops. In specific cases, products are also sold via retailers. Marketed products include the whole range of farm products like fruits, vegetables and eggs but also all kind of processed products and even agro-tourism, such as farm visits and farm holidays. One example is the local initiative Uster plus.

The basic idea of this strategy is to create, by means of collective action, an assortment or basket of products which all carry the same regional connotation. Together they raise sufficient volume to make joint investments in logistics and marketing and to supply medium-sized market outlets (local shops). Jointly they make the region more visible and attractive. As indicated in the Swiss national report, such initiatives regularly do not only involve food products, but also e.g. tourist services or cultural activities (museums) may belong to the same initiative or label. In fact, the idea is to market and brand the region as a whole, which is expressed by different types of products and services.

These initiatives are clearly grounded in territorial networks, and often have strong linkages with rural development initiatives and policy schemes (e.g. LEADER). A critical element of these initiatives is often how to reach agreement between different individual producers which already have their own marketing networks. They have to be convinced that working collectively brings advantages compared to working alone. Also the diverse nature of the actors involved in the initiatives – coming from different agricultural sectors, and also shopkeepers, restaurants, tourist entrepreneurs, etc. – may be an obstacle in the formation and alignment of networks. But, despite these hindrances, the establishment of such networks often creates important synergies which convince the actors participating to continue their commitment.

As such initiatives often get public support, it is interesting to see how such initiatives continue when no more public money is given and the initiative have to self-finance their activities.

3.2.5 Direct producer-consumer relations

The basic strategy of this type of initiatives is to create direct linkages between producers and consumers. Thus, they avoid the dependence on middlemen, and through their activity also increase the understanding and communication between both ends of the supply chain, and retain a larger share of value added at producer level. Increasingly, the fairness of trade, apart from arguments like authenticity and local origin, is becoming an important quality attribute stressed by such initiatives. Often direct producer-consumer relations are combined with other quality aspects like organic and/or typical quality.

To delimit this category from other quite similar initiatives, it has to be stressed here that e.g. box schemes operated by private entrepreneurs or organic distribution centres (such as 'Aarstiderne' in Denmark or 'Odin' in the Netherlands) are not included in this category of direct producer-consumer relations, although they are quite often very successful. They are not considered to be within the scope of the COFAMI project as a collective participation of farmers is not given.

Certainly interesting are collective initiatives that attempt to lift direct sale to a higher level. Their measures are e.g. the exchange of products and thus enlarging assortment, by collective branding of retail points, by central organisations that coordinate box schemes at national or regional level (e.g. AMAP in France⁵); the extension of direct sale by means of joint investments in logistics (including Internet portals, delivery services); and the creation of selling points for producers (farmers' markets).

In this category, there is a lot of dynamic, partly because it increasingly comments on political discourses on local and slow food or protest movements against globalisation. Generally, this category appears to be of a very bottom-up nature with little involvement of the government or public regulations. Its roots lie mainly in social coalitions at local or regional level. Cases that are interesting to look at are those where local direct marketing schemes become integrated with wider local policy schemes to promote sustainable development. One example is the 'Terre Avenir' programme around the city of Geneva to promote the availability of local food in the city (e.g. supplied by the 'Jardin de Cocagne' initiative, as described in the French report).

3.2.6 Non-Food-markets

Within the category of COFAMIs engaged in "Non-Food-Markets", two sub-categories can be divided: COFAMIs offering agri-environmental and rural services and COFAMIs producing and marketing non-food products. Even though there are considerable differences between both sub-categories, they both share the challenge of having to construct totally new supply chains.

Initiatives offering agri-environmental and rural services

This category refers to new non-agricultural activities that are taken up on-farm or collectively off-farm, mostly resulting in the supply of services (tourism, care, energy, etc.) or public goods (landscape, biodiversity, etc.). Such initiatives are a response to the differentiation of the markets relevant for agricultural enterprises from strictly food markets to markets for services and public goods. A characteristic of these initiatives is that they get involved in new types of supply chains they are unfamiliar with and for which market knowledge and networks are missing. Farmers need to get in contact and negotiate with new types of market parties.

Initiatives in the field of agri-services and tourism often seem to be less clearly oriented towards one specific type of product or service, and rather tend to be involved in a range of different activities. This type of multi-activity may create interesting synergies. The activities realised include agri-environmental measures, landscape management and tourism, but in some cases also the production of region-specific food products or energy production. In the Netherlands there is a category of COFAMIs (category N° 5, see Table 3) which is a collective farmers' response with the objective to strengthen new rural markets as tourism, energy production, provision of care facilities and Green Services in broad sense.

Concluding, it can be stated that this category of COFAMIs strongly supports the idea of multi-functional agriculture as an alternative farm development trajectory for agricultural modernisation.

Initiatives engaged in non-food production

This category involves non-food use of agricultural products, such as is the case with bio-diesel, dyes, fibres, textiles, etc.

In terms of the driving forces and bottlenecks experienced, this category is very much related to the previous category of agri-environmental and rural services. Again, this category is a response to the differentiation of relevant markets for agricultural enterprises from strictly food

⁵ The Association pour le Maintien d'une Agriculture Paysanne (AMAP) is a community supported initiative. It is another way to think the direct relations between consumers and producers. The first AMAP were created in 2001 and 2002 in the region Provence by farmers, members of the 'Confederation Paysanne' (farmers union) and consumers members. This type of projects is based on an association between both categories of actors, producers and consumers.

markets to non-food commodity markets. Another similarity is that farmers start an activity, or rather enter a supply chain they are not familiar with. In general, they do not have much market knowledge, and networks (even for processing) have to be newly set up.

One advantage, however, distinguishing these initiatives from those of the previous category is that they generally have a clear product nature. They also share several characteristics of traditional food sector cooperatives. At this, the most important ones are the pooling of volume to become an attractive market partner for potential processors or the pooling of capital for joint investment in collective processing facilities.

One difficulty non-food initiatives still have to struggle with is to find appropriate market parties (private or semi-public) that are willing to invest in technology development or the scaling up of processing facilities.

3.3 Conclusions: Different clusters of COFAMIs – towards a typology

In the previous chapter, it was shown that Europe is characterised by an **enormous diversity** of collective marketing activities. This diversity is expressed in a market orientation that varies from international (as the traditional cooperatives) to local, in different food quality definitions and in farmers' diverse involvement in rural activities and services. On the whole, this diversity shows that COFAMIs might include a broad spectrum of rural SMEs and that it is increasingly irrelevant to make rigid distinctions between agricultural and other rural economic activities. The big diversity also shows that COFAMIs may express significant discrepancies in **network configurations**. Some COFAMIs are more vertically oriented (food chains), others more horizontally (territorially) oriented and over again others are characterised by combinations of both orientations. Regarding COFAMIs as networks, it becomes evident that farmers' collectives are to different degrees the principle actors in collective marketing activities and that their role is often difficult to isolate from chain or territory driven collective action. From the analysis of the ten national reports, six main forms of COFAMIs, as described in chapter 3.2, were derived.

Current collective farmers' marketing initiatives are getting more and more relevant for **sustainable rural development** and for **food quality** or food safety concerns. During the last years, together with the revival of rural areas, agriculture as multifunctional living and working spheres, with growing competition in food market and with increasing food safety concerns, farmers start up new businesses and on-farm activities and develop non-traditional and niche production. This on one hand created a base for the formation of new cooperation fields and forms, but on the other hand many of the collective initiatives contribute to environmental protection and the protection of employment in the agricultural sector and in rural areas. At the actual stage of research there no more detailed information can be given and it will be a task for the case studies to prove the impacts of COFAMIs on (sustainable) rural development including rural employment.

It also can be stated that COFAMIs show a significant diversity in terms of **life-cycle characteristics**. Very young initiatives are often characterised by a relatively little economic impact at higher aggregation levels (sector, region), less formalized organisational structures and multi-purpose natures. These new COFAMIs often combine marketing activities with other objectives as the mobilization of policy, institutional or societal support, the creation of new strategic alliances with specific food chain or rural partners and – in broader sense- collective learning. Dynamics in time illustrate that these other driving forces might be important catalysts for later involvement in collective marketing activities. The situation of the Central and Eastern European Countries after the accession into the EU is characterised as follows: the CEE now have to face not only large and integrated retail chains and food producers but also old EU member states marketing organizations who want to operate on the Eastern European market and to sell their growing production for the disadvantage of the CEE.

For all types of COFAMIs' strategies or mechanisms, an interesting question is **how initiatives evolve** when they become involved with larger market parties in retail and wholesale, and to which extent it is possible in such cases to reach stable supply chain configurations which sufficiently take into account the interest of producers. Another interesting question is how these initiatives develop when the initial support by public funding has stopped. Moreover, it is interesting to watch how COFAMIs act when it becomes necessary to raise capital for joint investments in processing, storage and logistics facilities, especially in sectors where processing is indispensable for the commercialisation of products (dairy, meat, wine) or in horticulture to decrease dependence on seasonal factors. The aspect of raising capital together for joint investments in processing, storage and logistics is often a critical element in local cooperation. But of course, it is a motivation to bring producers together because of the financial commitment involved in such a step. Accordingly, state support in the form of investment subsidies or capital guarantees seems to be important to facilitate COFAMI initiatives.

Concluding it can be pointed out that COFAMIs have different aims and follow different strategies to meet their aims. In the previous paragraphs, various dimensions were used to describe and understand this diversity: it is expressed above all in terms of driving actors, development dynamic of the initiative, legal status, outputs, chain relationships, and spatial scale. Against the background of these dimensions, preliminary comprehending types (or rather forms) were proposed and provide a first step to develop a typology of COFAMIs. Attention should be paid to the fact that there are **different ways of typifying COFAMIs**. The advantage of a typology based on strategies is the possibility to describe the relationships between internal resources and external environment. It can also be regarded as more context-related and therefore more useful in policy terms. At the same time, it needs to be noted that strategies of COFAMIs are not always apparent and may change over time. Consequently, there is the risk to start with a wrong assumption when using a strategic approach. Moreover, it is difficult to cluster those initiatives that follow different (sometimes complementary) strategies. These aspects would rather suggest using a more descriptive typology on the basis of the organisational form. Such a typology has the following advantages: discrimination due to misunderstandings could occur only on a rather simple level, the typology takes into account the diversity of strategies implemented by organisations and it gives more flexibility to deal with strategies that may not have been anticipated.

In this report, a hybrid typology taking into account elements of both approaches was applied in order to make it as clear and manageable as possible. Based on the ten national Status-Quo-reports, the following main forms have been identified: Initiatives with the aim of pooling volume (Traditional cooperatives and innovative forms of classic co-operatives and producer organisations), initiatives with a focus on high-quality food production, initiatives concentrating on regional food production, initiatives establishing regional marketing, initiatives aiming at direct producer-consumer relations, and initiatives developing non-food-markets (for agri-environmental and rural services and for non-food production).

4 Contextual factors influencing the emergence and performance of COFAMIs

4.1 Relevant contextual factors and their influence

As in chapter 2, the discussion of contextual factors is clustered according to geographical regions. Against the background of different framework conditions in the four European regions considered, the following groups of contextual factors were examined: (1) political and institutional, (2) economic and market-related, (3) technical and knowledge-related, (4) social and cultural and (5) geographical and location-related factors.

4.1.1 Political and institutional factors

CENTRAL AND EASTERN EUROPEAN COUNTRIES

The Central and Eastern European Countries, including the Czech Republic, Hungary, Latvia and in some respect also the Eastern part of Germany, had to face enormous political changes after 1990, the breakdown of the socialist system. These changes included the privatisation of land, of production, of processing and marketing. Moreover, in the last years, related to the integration of CEE countries in international organisations like WTO and EU, also a shift to food safety and quality issues.

A burden still recognisable is that in the former socialist system, farm workers and rural households had to deal with a type of collectivity which was enacted top-down. As this forced collectivity in the course of time turned out to show many disadvantages (e.g. the right to participate in important decisions decreased continuously), the rural population started to mistrust the system per se. Until now, farmers trust in collectivity and the idea of cooperatives is low.

However, in spite of this mistrust, new developments towards collectivity can be observed in most of the Central and Eastern European Countries. The EU and other national or international organisations currently support collective action.

In the **Czech Republic**, for instance, the Ministry of Agriculture (MoA) has set up a special fund to implement state aid to agricultural entrepreneurs. Although the main purpose is to support collateral action such as buying land and investment in machinery as well as technical facilities, the support of COFAMIs (producer groups, in particular) is also a special focus.

Also in **Hungary**, in the mid-1990s the Ministry of Agriculture and Rural Development (MARD) started supporting collective action such as producer marketing organisations (PMO), purchasing and marketing associations (PMA) and producer groups by law and corresponding decrees.

In **Latvia**, only starting from the end of the 1990s, there was a change in rural policy towards multifunctional and integrated rural development which encourages entrepreneurial and cooperative initiatives among farmers. In order to receive the support measures for agricultural cooperatives introduced in 2002 a cooperative has to be approved by a commission of the Rural Support Service. EU laws concerning the protected designation of origin (PDO) and protection of geographical indications (PGI) were introduced, but there is no state programme supporting PDO/PGI products or the corresponding initiatives. However, various foreign and international programs for rural development, like e.g. the Baltic-American Partnership Program, a World Bank program, and a Dutch foundation are promoting cooperation development in rural areas in general.

The situation in the eastern part of **Germany** distinguishes itself from the above-mentioned countries in so far as the law of the western part of Germany was mainly adopted in the eastern part. Also, several entrepreneurs from the western part came to establish new enterprises which gave much stimulus to the population in terms of a guide or archetype how to establish a

private enterprise or how to act successfully as a collective. The mistrust concerning collective action can be described as less intense than in the other CEE countries studied. In eastern Germany, a considerable part of the former Agricultural Producer Cooperatives survived as cooperatives and even joined the Raiffeisenverband umbrella organisation.

Although, as already mentioned above, in each of the countries considered, the EU and other national or international organisations actually support collective action, it has to be stated that mainly large-scale farms are able to establish successful collective initiatives. The support programmes and measures are often not suitable for small- and medium-scale farms and smaller initiatives.

Nevertheless, to compete with multinational enterprises, small-scale producers feel encouraged to join forces and to establish alternative pathways such as COFAMIs. Often, as reported from the **Czech Republic**, they are supported by NGOs (e.g. unions, associations or chambers) in form of lobbying and shaping of newly emerging COFAMIs.

In **Hungary**, there is even a new decree on small-scale food production, processing and marketing (enacted in Feb. 2006) which allows small-scale producers to sell their own products in the local markets. Farmers only have to register themselves at the local office of the Animal Health Service and Food Quality Production. They do not have to adapt HACCP systems.

The Marketing Council of **Latvia**, consisting of 13 NGO member organisations, is an intermediary organisation between producers, product developers, labels and certification systems. They do also, to a great extent, support smaller initiatives, including COFAMIs.

What the examined CEE countries have in common is that there is a strong national debate on agriculture and its role in rural development. Mostly there are two opposing perspectives: modern and industrialised agriculture versus multifunctional agriculture. Depending on which party is stronger in the national debate, the former or the latter perspective and the corresponding action will be emphasised more within the national policy.

NORT-WESTERN EUROPE

For the North-western European Countries as there are Denmark, the Netherlands and also part of (northern) Germany, it can be stated that the historically significant traditional cooperatives still have considerable market power. The majority of agricultural products in these countries is marketed through big cooperatives.

Particularly in **Denmark**, dairy cooperatives play an important role. More than 90 % of the Danish milk is marketed through only one cooperative ("ARLA"). This dominance of traditional cooperatives leaves little room for the development of new forms of collective action and the Danish legislation has not been very supportive to niche production so far.

Additionally, the Ministries of Agriculture have their main focus on traditional agriculture and traditional rural policies. The agricultural modernisation model is characterised by an intensification of land use, specialisation, scale enlargement in food production and standardisation of food qualities. This development, in general, is limiting the creation of new and alternative pathways as they are needed for innovative COFAMIs. Only recently, in the three northern countries examined a growing attention to food safety and quality issues and to new activities of farm households under headings like rural renewal and broadening of agriculture can be observed.

As already mentioned with regard to the Central and Eastern European Countries, the present regulations on food safety and control are mainly adjusted to large-scale production. This means that small-scale production and processing, including alternative farm development trajectories, are becoming difficult and expensive. This again has the effect that farmers trust in policy institutions has become seriously affected in a negative way due to the last decades growing density of restricting regulations.

Policy-driven programmes (such as LEADER) can be mentioned as enabling factors for the development of new COFAMIs. Although from **Denmark** it is reported that the focus of the LEADER II programme was more or less on the development of individual farms (in terms of scale and enlargement as well as environmental support measures), the focus of the new LEADER programme should be more on rural development. It is expected that this new focus will provide more support for niche production as well as collective action.

In some countries, policy programmes also help sustaining the societal interest in food production- and consumption-related concerns such as animal welfare, environmental friendliness, nature and landscape values. This can be observed particularly in the organic sector. As a consequence, farmers feel encouraged to adopt the pioneering task of establishing alternative pathways.

The following table provides a short overview of the limiting and enabling factors that were mentioned in the national reports concerning the political and institutional environment.

Table 4: Political and institutional factors that limit or enable the existence and establishment of COFAMIs in North-western Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Little support from rural and agricultural policy for alternative pathways in rural development ▪ Mainstream research primarily supports industrial quality regime ▪ Limited experience with decentralised rural policies ▪ Contrasting views on the role of agriculture and rural areas within policy and institutional environment ▪ Incapacities of conventional cooperatives to deal with tendencies of food chain differentiation ▪ Lacking sense of belonging within large-scale/internationalising cooperatives ▪ Lacking investment capacity of newly emerging COFAMIs ▪ Lacking marketing skills within newly emerging COFAMIs 	<ul style="list-style-type: none"> ▪ Regionally increasing attention to alternative development pathways and access to economic means ▪ Establishment of knowledge and research centres on rural development ▪ Growing policy/institutional attention to multifunctionality of agriculture
<ul style="list-style-type: none"> ▪ Hybridisation tendencies within organisational forms (cooperative and public/private limited company) ▪ Farmers growing distrust of policy and institutional environment (⇒ constructive dissatisfaction) 	

Source: National Status Quo reports (Compilation by the research teams)

SOUTHERN EUROPE

From the countries of the southern part of Europe, as there are Italy and parts of France, it is reported that professional agricultural organisations and conventional cooperatives are still very influential on the governments agricultural policy (e.g. defence of the Common Agricultural Policy and the dominant French agricultural model). Specially, in the south of Italy, where farms are traditionally very large (latifundist farm structures), there is still a lack of awareness and also a lack of public support for alternative approaches in agriculture, including the development of new COFAMIs.

However, as there are decentralisation processes taking place (in Italy as well as in France), the state intervention capacity in agriculture, food and rural development is getting weaker. The decentralisation, by giving more responsibilities to local authorities, contributes to the development of networks and projects with rural actors and project holders (farmers but also non-farmers). This may be considered as an opening process from the public side towards the territorial diversity of agriculture and rural development. For example, in **Italy**, the National Law on the Reorientation and Modernisation of Agriculture (228/2001) has created new policy tools to enhance the Italian cooperation system, providing opportunities for developing new collective initiatives.

In the northern part of Italy and mainly in the southern half of France, small-scale and traditional production and also retail systems can still be found. Over the years, this has led to a stronger awareness of locally/regionally produced food. In those areas, a relatively high percentage of PDO and PGI products is registered. Although such products are not always initiated by farmers groups, collective action of farmers is quite often required. The fact that a high number of PDO and PGI products is registered indicates a tendency towards alternative pathways. In France, this movement was supported by the Confederation Paysanne farmers organisation which closely works together with organic producers and ATTAC association members. It has played an active role in the development of local collective initiatives aiming at preserving small-scale farming (agriculture paysanne).

This situation, in parallel, was supported by an increasing attention to rural development measures from the public side (including food labelling schemes). In Italy e.g., a rural development fund (marketing of high-quality products) was established and in France new institutional and regulatory frameworks encourage local actors to develop networks and projects (but the financial support remains rather limited).

The main limiting and enabling factors that seem to be relevant in the Southern European Countries are summarised in the following table.

Table 5: Political and institutional factors that limit or enable the existence and establishment of COFAMs in Southern Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Strong influence of conventional cooperatives lobby ▪ Remaining lack of awareness and public support in some regions (especially in the southern Italian regions) ▪ Difficulties for small producers to comply with quality standards regarding food hygiene and safety 	<ul style="list-style-type: none"> ▪ Decentralisation of policies leads to proximity between production and policy ▪ National legal framework supports a broader approach to cooperation (Orientation Law in Italy) ▪ Labelling policy (mainly PDO/PGI)

Source: National Status Quo reports (Compilation by the research teams)

THE ALPINE REGION

The countries studied in the Alpine region – Austria and Switzerland, but also parts of Italy, France and Germany – show some special features because of the mountain conditions. The governments of these countries take a high responsibility for rural areas, and rural development has a rather long tradition. Organic production or direct marketing are therefore comparatively advanced. There are well-developed policies for rural development which include food production, but also non-food impacts of agriculture such as landscape conservation.

In the mountain areas, many small- and medium-scale farmers as well as small and medium scale processors and retailers can still be found. On the one hand, this is advantageous for

newly established COFAMIs which only have small amounts to process. From **Switzerland** it is reported that smaller processing units can operate under special conditions, sometimes also with a bit lower health and hygiene standards (e.g. for small-scale artisanal processing) than the ones that have to be applied by large companies. But on the other hand, stakeholder groups of e.g. butchers, bakeries and/or dairies don't want to compete with farmers in their own business. Accordingly, they try to prevent more governmental support for collective action.

For both Austria and Switzerland, the second pillar of the agricultural policy is becoming increasingly important (development of rural areas), providing growing financial support.

On the one hand, this is a stimulus for the creation of COFAMIs, as new forms of initiatives are established. In **Austria**, rural development agencies (RDAs) and other regional networks (like Agenda 21, biosphere parks or national parks) are becoming more important as partners for new local and regional initiatives. Often they are supported within the framework of the LEADER programme. In **Switzerland**, also a LEADER-type governmental rural development programme (⇒ Regio Plus) offered funds for collective action. Amongst others, it did provide funds for the sale of regionally produced food. The focus is on projects that facilitate the creation of regional added value and of new jobs in rural areas. From 2007 a new programme for Rural Development has started by the Federal Office of Agriculture which is focussing on giving support also to smaller initiatives with less bureaucratic burdens. Although, in Switzerland, the rate of funds given to marketing initiatives is almost negligible compared to direct-payments related to farms.

Depending on the conditions, it has to be taken into account that an increasing financial support, or direct income transfer, for the provision of public goods and services could reduce the necessity of collective action. However, it can also be a stimulus for new forms of cooperation.

Furthermore, in **Austria** some developments are connected to the accession to the EU:

- The cooperative law was amended to better enable cooperatives to act trans-nationally and on a larger scale.
- Hygiene regulations have hampered to some extent the creation of small innovative initiatives.
- EU programmes and support from the structural fund within the first programme period (1995-2000) have led to the formation of small-scale local initiatives by Objective-5b funding. Through LEADER projects, a more territorially focused development was initiated.
- The use of PDO/PGI is very much underdeveloped in comparison to other countries (e.g. Italy). The few PDO/PGI products registered are not promoted effectively.

The government was reducing the formerly strict market regulations in preparation to EU-accession and focusing on regulation at production level, like environmentally sound and animal-friendly production methods.

The limiting and enabling factors that are relevant for countries in the Alpine region are summarised in the following table.

Table 6: Political and institutional factors that limit or enable the existence and establishment of COFAMIs in the Alpine Region

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ A high share of direct income transfer promotes rather individualistic behaviour ⇒ less pressure to establish collective initiatives (e.g. in Switzerland) ▪ Negative influence of the processing sector on support policy for COFAMIs 	<ul style="list-style-type: none"> ▪ Small- and medium-scale processors ▪ Second pillar provides financial support ▪ Consumers patriotism (buying nationally, regionally or even locally)

Source: National Status Quo reports (Compilation by the research teams)

4.1.2 Economic and market-related factors

CENTRAL AND EASTERN EUROPEAN COUNTRIES

As already mentioned, the Central and Eastern European Countries faced enormous changes. In the Czech Republic, even in the first years after 1990 (the period of economic transformation), farmers were not allowed to consolidate producing and processing properties. Accordingly, collective activities in this sector were not possible.

In the retail sector, multinational firms replaced the former state companies. The retail and also processing sector undergo an enormous concentration process. Large processing industries, retailers and importers dominate the development of conventional food chains. This development to a greater or lesser extent limits the maintenance or establishment of COFAMIs. Thus, existing small shops which are, to a certain extent, the basis of small-scale collective action often disappeared or new ones did not develop. Besides, business relations of small processing units and producers with supermarkets became difficult (e.g. difficulties to regularly supply large volumes of consistent quality). But, as already mentioned, a situation like this is not only a limiting factor, but also stimulates small-scale producers to join forces in order to be able to compete with large multinational enterprises.

In the Central and Eastern European Countries, the farm structure varies widely. In **the Czech Republic**, e.g., large-scale farms of corporate type are dominating. Their existence is predominantly limiting the establishment of COFAMIs as large agricultural organisations are less inclined to cooperate with each other than e.g. small (family) farms. In **Latvia**, the former 800 state-owned and large-scale collective farms (before 1990) have been replaced by some 200 000 predominantly small-scale individual farms. Although now a new concentration process can be observed, the farm structure remains fragmented and the economic performance of farms is moderate. Most of the 131 400 economically active farms (in 2003) practice farming predominantly for family subsistence. Only 10 % of the farms sell the main part of their produce and only for 23 % of them, agricultural production is the basic source of income.

Although it is mentioned that small shops have had little room to develop in the environment of multinational firms and retailers with its hyper- and supermarkets, the surviving traditional marketing channels show potential of liveability and have potential to diversify activities through combined involvement in existing conventional and traditional chains. This can be mainly observed in Latvia, where non-specialised and small holdings are testing new products and new forms of marketing.

As consumers food awareness is comparatively low, their influence on the development of COFAMIs is rather weak. The market access of innovative and new products is still complicated as there is only little demand. However, this situation may change in the coming years, as the interest in special quality products as well as local food patriotism is growing. This may encourage the formation of new initiatives.

NORTH-WESTERN EUROPE

One strong characteristic and limiting factor regarding the development of COFAMIs in the northern countries such as Denmark and the Netherlands, and to some extent Germany and France, is the strong presence of big retailers. In **Denmark**, there are mainly two big supermarket chains controlling the retail market (Danish Supermarket and Coop Denmark). Independent wholesalers and medium-sized processing industries are disappearing. The retailers with their tremendously increasing shop sizes have only limited interest in alternative food qualities and therefore there is no encouragement for new COFAMIs to develop. But to differentiate and enhance their image, supermarket chains need to find new marketing approaches. In this sense,

there is a chance for COFAMIs to start negotiations with regard to supplying supermarkets with alternative or regional products.

A relatively constraining factor regarding the development of COFAMIs is the limited existence of small and medium-sized enterprises (SMEs) that could serve as strategic chain partners. If farmers want to establish a collective processing and marketing initiative, they mainly have to operate on their own. Additionally, they have to consider the changing power relations between producers and retailers. If producers want to sell their products in supermarkets, they have to buy shelter space and have to bear the risk on their own.

The most common reaction of **Danish** farmers to these globalisation and market trends has been scale enlargement, but not searching for (smaller-scale) alternatives. Only in the organic sector, there has been a rather strong farmer-driven movement which has been supportive to alternative pathways and forms of cooperation. Another sector where alternative pathways are developing, are smaller islands and the less densely populated areas of Denmark. In those areas, mainly non-farmers have started initiatives, the aims being diversification, production with a higher added value and to maintain livelihood. These areas can be expected to stay interesting to live and work in for their population.

In **the Netherlands**, the importance of agriculture in regional and rural economies is decreasing. Instead, other rural sectors such as tourism and / or services or the economic value of regional nature and landscape are becoming more important. Although food production is losing importance for other rural economies, the trends mentioned may enable the development of innovative non-food COFAMIs.

In the following table the most important economic and market-related limiting and enabling factors are summarised.

Table 7: Economic and market-related factors that limit or enable the existence and establishment of COFAMIs in North-western Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Increased competition is answered by mechanisation and rationalisation ▪ High soil prices are an incentive to sell and leave agri-business ▪ It becomes increasingly expensive to buy shelter space at supermarkets and discount markets ▪ Dependence on international (food) market outlets ▪ Decreasing number of traditional SMEs as strategic partners ▪ Dependence on international bulk market outlets 	<ul style="list-style-type: none"> ▪ Supermarket chains need to find new ways to differentiate and enhance their image ▪ A counter-reaction towards the discount wave is an orientation towards aesthetics of products ▪ New media are supporting market relations, i.e. the Internet ▪ New kinds of food chain networks ▪ Cost efficiency of conventional cooperatives organisation of logistics and marketing activities ▪ Growing economic impact of new rural SMEs (tourism/care/public goods/services) ▪ Emergence of public-private partnerships

Source: National Status Quo reports (Compilation by the research teams)

SOUTHERN EUROPE

As already mentioned, the Southern European Countries are characterised by a relatively high share of small- and medium-scale processors and retailers. Despite the globalisation and concentration process taking place all over Europe, food supply chains are still characterised by many weak producers, operating at a very small-scale level. In parallel, a rediscovery of regions (or *terroirs*) and origins can be stated. There are strong potentials linked to local high-

quality food production. As a result, in Italy as well as in France, a high percentage of PDO and PGI products are registered.

In **France**, the INAO (Institute National des Appellations d'Origine), a national public institution, is very active in broadening the scope of PDO/PGI from cheese and wine towards meat, pork processed products (charcuterie), cereals and grains or honey. There are some 660 PDO/PGI in France at the moment. On average, one of three farms is related to an official quality label. But in spite of this positive development, it has to be kept in mind that PDO/PGI strategies do not suffice to protect farmers against new international producers aggressive marketing strategies in key export markets.

In **Italy**, the consumption of typical products is closely linked to tourism, in particular to the enogastronomic tourism circuit (wine, olive oil, cheese routes), and to the more general rediscovery of the values of rurality, within a typical urban, middle-class trend.

On the demand (consumers) side, a shift to quality products can be noted as well in the Southern European Countries. Particularly, population groups with higher incomes ask for high-quality products, either at hyper- and supermarkets or specialty shops. The demand for organic products is increasing as well. Hypermarkets react to this change by diversified marketing strategies to capture the demand for more highly differentiated quality products and to face the hard discount competition.

Table 8: Economic and market-related factors that limit or enable the existence and establishment of COFAMIs in Southern Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Growing dominance of international agri-food companies and large retail chains (increasing dependence of producers) ▪ Difficulty to communicate contents of collective labels to consumers ▪ Difficulty for members of COFAMIs to reach a common standard of product quality 	<ul style="list-style-type: none"> ▪ Several marketing initiatives aiming at promoting local food are carried out by large retailers (this factor may also be a limiting one) ▪ Labelling policy (mainly PDO/PGI) ▪ Increasing demand for high-quality produce, although there is still a lack of consumers social responsibility ▪ Recently, efforts are made to find alternative ways to guarantee product quality within short/local marketing circuits ▪ Consumers demand for Price transparency (price composition should be communicated) ▪ New opportunities for COFAMIs as suppliers of public school canteens

Source: National Status Quo reports (Compilation by the research teams)

THE ALPINE REGION

The income situation of farmers in the Alpine countries of Austria and Switzerland has been rather stable during the last years. This is due to the fact that there is a high non-agricultural share within farm incomes (e.g. direct payments or extra-agricultural income generation). In **Austria** e.g., only on the average about 54 % of the total farm household income derives from agricultural production. In mountain region this percentage is increasing with altitude and difficult conditions for farm operations. Additional income is obtained from activities such as farm holidays, communal machinery services, involvement in energy production or traditional direct marketing activities. In **Switzerland**, producer prices have decreased by 25 % (the prices as well as many production factors are still almost twice as high as in the EU), but incomes of farm

households showed a rather stable development due to increasing direct payments. But similar to the farmers in Austria, Swiss farmers have started diversifying their activities. It is difficult to conclude whether this aspect is a limiting or enabling factor for the development of COFAMIs. On the one hand, farmers do not only live on their primary production, but as they receive rather high direct payments from the government, the need to join for collective action is not given.

Despite ongoing concentration processes along the food supply chain, small-structured food retailing enterprises and processors are still important in Austria. The existence of many small- and medium-scale processors and retailers is a factor favourable for the development of COFAMIs. Increased consciousness and sensitivity of farmers to collective marketing action, growing market pressure along the traditional supply chain and the introduction of specific public support programmes has positively contributed to the development and maintenance of small-structured actors along the supply chain. Also, based on the fact that new, innovative COFAMIs only produce smaller quantities and therefore need smaller units for processing and retail, the existence of small- and medium-scale processors and retailers will be advantageous. Concerning purchasing behaviour, like in many other countries, also in the Alpine region an increased consumers awareness of high-quality products can be noted. Consumers are attracted by high-quality products and are willing to pay higher prices for extra quality.

Another factor enabling COFAMIs can be observed in the retail sector. Big retailers (e.g. COOP and Migros in Switzerland) start launching regional food branches with products from small processors or regional marketing initiatives.

One relatively new aspect that may support the development of new COFAMIs is farmers interest in the field of non-food products (e.g. bio-energy), services and public goods.

4.1.3 Technical and knowledge-related factors

CENTRAL AND EASTERN EUROPEAN COUNTRIES

The impact of technical and knowledge-related factors differs widely from country to country. Aspects influencing the development and maintenance of COFAMIs are, amongst others, infrastructure, education, advisory services and, related to that, farmers managerial knowledge.

A strongly limiting factor is lacking telecommunications and other infrastructure in many rural areas. From **Latvia** it is reported that, besides lacking telephone and Internet access, a poor provision with roads and electricity generally hampers business development in the countryside. The deficient communication infrastructure in rural areas complicates the exchange among potential cooperative members and the social organisation of cooperatives. In **the Czech Republic**, the introduction of new technologies has been an enabling factor for collective action. It is reported that smaller farmers had to join together in order to use new technologies efficiently. In **Hungary**, technology transfer does not fulfil its potentially enabling role in establishing and developing COFAMIs. Mainly enterprises that are rich in capital and integrated farm units have the possibility to renew their farming technology. Smaller farms still do not have the financial resources to participate in the advantages of new technology. This is the situation to be found in the countries studied, but it has to be taken into account that the availability of modern infrastructure varies widely from country to country and therefore contributes to a development of COFAMIs to different degrees.

Another factor limiting the development of COFAMIs is inadequate agricultural education. In **Hungary**, before the 1990s agricultural education was focused on large-scale farming and was mainly too theoretical, without or with only very little field practice. Nowadays, it responds to technological changes to a certain extent, but still the level of linguistic and computer skills education remains pretty low and the amount of field practice has decreased even further during the last decade. Accordingly, insufficient education is one of the factors considerably limit-

ing the development of COFAMs in Hungary. Also in **Latvia**, the dissemination of innovative practices and modern technologies in rural areas and agriculture is hampered by a low education level and a lack of knowledge. These factors lead to limited social capital, which includes that the managerial knowledge of farmers is not very well-developed.

One further limiting factor is the lack of adequate advisory services. Despite a significant number of researchers and research institutes in **Hungary**, none of them would dedicate their activity especially to the development of collective farmers marketing initiatives. This gap (concerning technology transfer and innovative know-how) is filled by intermediate actors, including members of a village manager network, agri-chambers, provincial Agricultural Offices or other institutions and networks. In **Latvia**, advisory services are more or less already adapting to the contemporary demand for knowledge and are facilitating the spread of innovative ideas and practices. However, their capacity is still limited and not all knowledge and information needs can be satisfied. For instance, training courses and consultation are missing specifically on cooperation. Also, the links between science and business are considerably weak. From **the Czech Republic** it is reported that small farms are mainly excluded from participation in research as subjects of study or at least from its findings.

In the following table the most important limiting and enabling factors identified in the Central and Eastern European Countries are summarised.

Table 9: Technical and knowledge-related factors that limit or enable the existence and establishing of COFAMs in the Central and Eastern European Countries

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Difficult access to advisory services is limiting for some farmers ⇒ sometimes integrator and retailer companies are financing the advisory system, so it is available only for partners; in other cases, the official advisory network is relatively weak ▪ The agricultural education system is still under transformation ⇒ still a lack of practice and interest of students can be observed; there is also a lack of language and computer skills ▪ Dynamic of change in technology and machinery are limiting for some farmers ⇒ large farms are able to use SAPARD resources to invest in new machinery and to produce at a modern level; smaller farms have difficulties to apply for SAPARD funds 	<ul style="list-style-type: none"> ▪ New technologies necessitate cooperation ⇒ smaller farmers should act collectively to apply for SAPARD funds and to be able to profit from modern technology and machinery ▪ Advisory services are enabling to those farmers who have access to them ▪ Diversification of advisory services ⇒ new pathways (e.g. for alternative approaches) are started

Source: National Status Quo reports (Compilation by the research teams)

NORTH-WESTERN EUROPE

The North-western European Countries, in comparison to the Central and Eastern European Countries, can count on a very well-developed infrastructure including roads, agricultural technology or modern communication media. The widespread use of the Internet among producers and consumers is opening up new opportunities for direct marketing and shortening food chains. In **Denmark**, e.g., 89 % of the population have Internet access.

Ongoing technological development with regard to alternative energy sources may represent favourable perspectives for production units of relatively small scale. This aspect opens up new prospects for (smaller) farmers to collectively establish new initiatives.

Concerning advisory services and research, it has to be stated that there is a growing attention to alternative pathways. In **Denmark**, there are two publicly supported research institutes that reflect the growing concern of development and dissemination of knowledge and technology for innovative processing and marketing strategies. Also the National Centre of the Danish Agricultural Advisory Service (owned and run by the farmers unions) pays growing attention to the issues of rural development and innovation. In **the Netherlands**, public extension services have been (almost) completely privatised, which clearly had negative effects on information and knowledge dissemination to individual farmers. It is likely that, going along with privatisation, outdated extension models characterised by linear thinking, blueprint models or simplifications with little consideration of alternative pathways might be re-introduced.

The following table shortly summarises the limiting and enabling factors identified in North-western Europe.

Table 10: Technical and knowledge-related factors that limit or enable the existence and establishment of COFAMIs in North-western Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Existing advisory institutions are all primarily orientated towards production and dissemination technology as well as knowledge supporting the industrial production regime ▪ Lack of agreement on the future of agriculture within the agri-expert system 	<ul style="list-style-type: none"> ▪ Widespread use of internet for direct marketing ▪ Human and organisational resources to meet new technical and knowledge-related challenges ▪ Long tradition of farmers study groups (CO-FAMI nurseries) ▪ Growing attention to multiple stakeholders learning processes as basis of innovation

Source: National Status Quo reports (Compilation by the research teams)

SOUTHERN EUROPE

The limiting factors that are mentioned with regard to the Southern European Countries are predominantly the costs and organisation of logistics. Especially from **Italy** it is reported that small-scale collective initiatives have to struggle with a lacking adequate transportation system for their products.

A factor that is both limiting and enabling is the introduction of traceability systems. On the one hand, it is a big challenge for farmers to meet all of the requirements related. However, by adopting a traceability system, cooperatives are able to meet the growing demand for supply chain transparency. Product traceability also represents an important incentive related to processing chain marketing which can be used by farmers to counterbalance the strong power of large-scale distribution channels. Unfortunately, traceability applied to the food sector is a particularly complex technique, as it represents the cross-roads of two important categories of knowledge. The first one concerns the need to adopt technical, economic and organisational innovations in the fields of production, processing and marketing. The other one is linked to the need to develop new information technology and new skills in order to manage the information flows between different companies along the supply chain. Very often, the adoption of a traceability system is not economically feasible. In fact, a single farm would have great difficulties in doing so, without the technical and organisational support of a cooperative. The introduction of this control system accordingly requires a suitable level of organisation within the company involved, which must also be big enough to bear the investment costs required. Some cooperatives in **Italy**, above all in the fruit and beef sectors, have already implemented traceability systems, which have allowed them to achieve some relevant benefits. For example, some fruit cooperatives have succeeded in entering big retail chains such as Carrefour, which always require complete traceability from their suppliers.

Until now a rather limiting factor is the compulsory compliance with newly implemented food safety standards. This has led to the closure of many small plants, and to a consolidation of large processing facilities. In this context, livestock farmers in **Italy** operating at a small scale are facing big problems related to having their animals slaughtered economically, thus adding to their difficulties to survive. This has stimulated some producers associations to adopt mobile abattoirs, already successfully operating in the mountainous areas of the north-eastern regions (Trentino, Alto Adige). These initiatives also meet the community's demand for high-quality and locally produced meat. The biggest obstacle to a wider implementation of such innovative plants may be the cost of the mobile unit. Of course, only a group of farmers could afford this investment.

Another relevant aspect is that alternative farmers often have to organise their own advisory services for innovative solutions. For instance, in western **France**, there is a very dynamic horizontal process implemented by farmers groups to develop technical learning and training through concrete exchange of experience with the support of a technician contracted by several groups. Those groups, mostly involved in organic and integrated farming methods, had not been able to find adequate technical advice within agricultural councils. In the south-east of France, where organic farming is rather advanced, farmers often contract agronomic consultants. Those examples show that there may be problems with the conventional extension services of the agriculture councils, which may be evaluated as disconnected from farmers needs: most of them face cuts in funding and have to reduce the number of technicians and thus their capacity to respond to the needs of agricultural practice. In the examples mentioned, they are not seen as competent interlocutors for solving the agronomic problems of innovative farming.

In the following table the main limiting and enabling factors identified in the Southern European Countries are summarised.

Table 11: Technical and knowledge-related factors that limit or enable the existence and establishment of COFAMIs in Southern Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ In some marginal areas, lack of adequate extension services and assistance to producers ▪ Scarce technological transfer from research centres to the level of production ▪ Costs and organisation of logistics still represent the main constraint, especially for small-scale collective initiatives ▪ Introduction of traceability systems has destroyed SMEs ▪ Costs of marketing and distribution are often underestimated due to lacking knowledge 	<ul style="list-style-type: none"> ▪ Need to commonly adopt electronic traceability systems ▪ Common activities to adapt to new food safety standards (e.g. new technologies supporting small-scale production, for instance mobile abattoirs) ▪ Extension services offered by public institutions (Italy)

Source: National Status Quo reports (Compilation by the research teams)

THE ALPINE REGION

In the countries of the Alpine Region, the availability of the Internet is well-developed. E.g. in **Austria**, the Internet is available in good quality in rural areas countrywide. This is a good basis of COFAMI-internal communication and helps minimise the risk of wrong decisions, as the Internet provides a broad variety of information to farmers, in terms of processing and marketing, potentially necessary investments, or general market requirements. In **Switzerland**, for example, many COFAMIs selling products directly to consumers have built up websites providing information on their initiative as well as their products and the producers participating.

Concerning the availability of extension or advisory services, it can be positively stated that in the Alpine Region a wide range of regionally established extension services can be found. In **Switzerland**, extension is offered by various advisory services that are run by cantons and private offices (such as the Research Institute of Organic Farming, FiBL). In addition, the National Advisory Services for Agriculture and Rural Areas (AGRIDEA) offers advice from two locations – one in the German-speaking and another one in the French-speaking part of Switzerland. In the last years, advice was focused on production, issues related to multifunctional agriculture and optimisation of individual farm enterprises. Farmer-related marketing aspects are just beginning to play a greater role, in particular with a new promotion instrument introduced in 2007. In **Austria**, extension services are offered by public institutions. However it has to be noted that also in Austria the staff of traditional extension services are not prepared to support efficiently the establishment of territorial oriented and/or vertically integrating initiatives, they are still predominately focussing on production issues. In 1998, a special information system, the so-called Agrarprojektverein, was established by the Ministry of Agriculture. This service is specifically responsible for supporting innovative processes and knowledge transfer between COFAMIs all over Austria. In this respect, an Internet platform was established, providing a detailed overview of various collective projects in the field of agriculture as well as agriculture-related areas.

The following table summarises the limiting and enabling factors that are relevant in the Alpine Region.

Table 12: Technical and knowledge-related factors that limit or enable the existence and establishment of COFAMIs in the Alpine Region

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Lack of COFAMI-related extension services in some areas ▪ Practical monopoly of the advisory system is held by the agricultural chamber (Austria) ▪ Generally low agricultural education of part-time farmers (Austria) ▪ As extension services are mainly offered by private companies, farmers have to pay for them (Switzerland) 	<ul style="list-style-type: none"> ▪ High diffusion of Internet technology ▪ Opportunities offered by extension services: public institutions (Austria) or wide range of regionally established agents (Switzerland)

Source: National Status Quo reports (Compilation by the research teams)

4.1.4 Social and cultural factors

CENTRAL AND EASTERN EUROPEAN COUNTRIES

Social and cultural factors appear most of all as constraints with regard to the development of COFAMIs in the Central and Eastern European Countries studied. One important limiting factor is a lack of the social capital as well as farmers managerial skills and knowledge necessary to build and maintain new collectives. This can be attributed to the historical background of these countries as sketched out above. In **Hungary, the Czech Republic and Latvia**, the experience of forced collectivisation has resulted in distrust of cooperation. It is often unclear to farmers what facultative collective initiatives might look like, and which advantages they could derive from them. From **the Czech Republic** is reported that farmers that are already willing to work together are often not able to clearly define their motivation and business goals.

Embeddedness in micro-regions can be regarded as one of the factors facilitating COFAMIs, not only because of the positive association of products with a special regional image, but also because the community-based social capital available might be higher within such smaller areas. For example, in some traditionally rooted geographical units in **Hungary**, within whose

boundaries, some decades ago, social and commercial relations were more common than trans-boundary relations, there are still particularly dense actor networks. Although folk traditions etc. have disappeared also in these regions, the trust necessary for developing collective initiatives still exists.

However, while community-based social capital is missing, individual initiative is given. For example, in **the Czech Republic**, farmers selling their produce on their own can be found. This decision is sometimes the consequence of experiences as members of a collective marketing organisation who are obliged to supply a given amount (or all) of their production and feel they lose control over marketing matters. In **Latvia**, parallel to the modernisation, concentration and intensification of large-scale farms, small and medium-sized farms prove observably that they are durable and liveable. Those farms are mostly active in natural farming but some of them partly enclose a potential for innovative traditional and non-traditional agricultural production and on-farm economic activities. These activities are a good basis for a future development of COFAMIs.

It is assumed that the success of COFAMIs is, among other factors, based on local identity. Going along with the process of globalisation, changes in food consumption have taken place which have led to the partly disappearance of traditional dishes. As they are of considerable value to local culture, this means to some extent a loss of local identity. Only recently, there is a trend of a re-localisation of food, for instance in **Latvia**, where the names of specific places are attributed to products. Although a reference is made to the products origin and / or its traditional preparation, this does not mean that the product actually comes from the respective geographical region or is produced according to locally grounded knowledge, using old technologies, traditions and recipes. Rather, production technologies are often highly standardised and similar across the country. Nevertheless, this can be regarded as an important step because it might raise consumers awareness of specific territory-related product qualities, which might lead to an increasing demand for real local specialities. In line with that, the establishment of **Czech** wine associations is based on consumers demand for products associated with local cultures, whose specific qualities they are aware of and appreciate.

With regard to **Hungary**, a re-invention of the original dishes typical of villages or regions is reported to be unlikely. Rather, well-known dishes such as gulash, which are perceived as typical Hungarian, can be found countrywide, thus playing a role similar to that of globalised dishes. There is a lack of special knowledge about local traditions and customs.

Table 13: Social and cultural factors that limit or enable the existence and establishment of COFAMIs in the Central and Eastern European Countries

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Historical background (negative connotation of collectives) ▪ Lacking community-based social capital ▪ Lack of the skills necessary for managing COFAMIs ▪ Lacking social acceptance of COFAMIs ▪ Old fashioned image of farmers in society ▪ Lack of local identity for some farmers ▪ Conflict due to global dishes replacing traditional local ones ▪ Modishness of individual prosperity and traditions of individual farming 	<ul style="list-style-type: none"> ▪ Individual initiative ▪ Growing local identity for some farmers ▪ (Slowly) growing consumers demand for special local / regional products and dishes ▪ (Emerging) process of a re-localisation of food ▪ Long history of family farming ▪ Generation shift ⇔ Openness of young generations

Source: National Status Quo Reports (Compilation by the research teams)

NORTH-WESTERN EUROPE

In North-western Europe, an important factor limiting the development of COFAMIs is the weak heritage regarding territorial food culture and weak gastronomic tradition, mostly in **the Netherlands** and **Denmark**.

Recently, however, a slow revival of regional identities can be observed, a kind of reinvention of locality. There is a growing interest in food quality and attention to locality as well as environmental concerns and animal welfare from farmers and consumers sides in the countries studied. From the northern part of **Germany** is reported that regionalism seems to play a decisive role because the highest preferences of consumers are always accredited to the own region. Second best origins are those of neighbouring regions, followed by regions of a high tourist interest. Consumers in **the Netherlands** have great confidence in food products in general, while concerning meat, poultry and GMOs, there are serious concerns. A general revival of regional identities is taking place in this country, including a growing popularity of regional dialects, music, folklore, food and other cultural heritage. Food consumption is increasingly intertwined with life-style and personal identity, resulting in a growing demand for alternative food qualities and / or preference of food of national or regional origin.

A changing composition of rural population as it is observed in **Denmark** can be regarded as a factor facilitating COFAMIs as it might mean an increase in social resources. While the number of farmers is decreasing dramatically in Danish rural areas, an in-migration of diverse non-agricultural actors takes place, many of them attracted by rural culture. Changing rural identities brought about by farmers and other rural actors might profoundly influence the nature of processes of social and political representation in rural areas in **the Netherlands**. There are not only opportunities for new coalitions and partnerships, but also new tensions and conflicts, and the legitimacy of traditional structures of representation, e.g. by farmers unions and professional organisations, is scrutinised.

Table 14: Social and cultural factors that limit or enable the existence and establishment of COFAMIs in North-western Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Food culture and aesthetics of food have been neglected in favour of export-orientation ⇒ but are slowly being re-invented ▪ Growing diversity of rural identities ⇒ loss of orientation 	<ul style="list-style-type: none"> ▪ Cultural / historical background well-suited for organisation of and cooperation in new initiatives ▪ Dominance of family-based farming ▪ Societal appreciation of living-working combinations in rural areas ⇒ new kinds of actors are moving to the countryside, increasing rural resource base

Source: National Status Quo Reports (Compilation by the research teams)

SOUTHERN EUROPE

In the Southern European countries considered, typical (alternative) products play a major role. There is strong consumers demand for such products, and historically a strong consumers awareness of food quality and gastronomy. In **Italy**, however, mainly foreigners have initiated new patterns of rural development, for instance, related to organic farming or agri-tourism, which can be regarded as a parallel to the implications of a changing rural population in the North-western European region as described above.

The situation in **Italy** is characterised by considerable regional differences regarding readiness of farmers to cooperate. In some regions, especially marginal regions, where small-scale farm-

ing prevails or the southern regions with its latifundist structures, trust between farmers is weak, resulting in individualistic behaviour which is limiting the development of COFAMIs. Other regions have a strong tradition of farmers cooperation facilitating COFAMIs. Reference to regional differences in Italy was made earlier in this report.

Regional differences with regard to favourable or less favourable preconditions for the development of COFAMIs are explained by **French** experts with a territory-related theoretical approach. According to this theory, territory is the result of a social construction which relies on the principles of identity, appropriation and anchoring, with three characteristics: (1) a geographical basis, related to location, size of the area, physical features, but not always to identifiable limits, (2) a reference to actor groups acting within this geographical space and which possess or forge a common culture, visions of the territory and anticipations of its future, and (3) interactions between this spatial basis and the actor groups, which frame projects and practices implemented for carrying out economic, social, political or cultural activities. These characteristics may explain why and how territorial identity, appropriation and anchoring may differ from one region to another, and thus explain regional differences.

Table 15: Social and cultural factors that limit or enable the existence and establishment of COFAMIs in Southern Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Often individualistic behaviour of small-size farms located in marginal rural areas ⇒ weak trust and cooperation 	<ul style="list-style-type: none"> ▪ Strong tradition of cooperation in some regions (i.e. Emilia Romagna) ▪ Long-standing tradition of high-quality food production ▪ New rural actors ▪ Capacity to build a common vision of the territory outside of the territory

Source: National Status Quo Reports (Compilation by the research teams)

THE ALPINE REGION

Due to a strongly developed environmental awareness in the countries of the Alpine Region studied, demand for products from organic and animal-friendly production, including products with a regional identity is high. Consumers are increasingly aware of high-quality products, and have a strong confidence in local / regional produce. A consumer survey in southern **Germany** on the reciprocal importance of the catchwords regional and organic shows that most consumers prefer food from their own region. The wish for regional origin is even stronger when buying organic products.

On the one hand, a lack of farmers willingness to cooperate can be observed in some regions, especially in mountain areas where farmers live quite distant to their neighbours and therefore are characterised by a strong individualism. On the other hand, farmers cooperation has a long-standing tradition. **Austria**, for instance, has a long history in endogenous rural development approaches starting in the early 1970s. At present, there can be distinguished at least four approaches with relevance to the territorial embeddedness of COFAMIs in Austria, building on local resources, especially on food. This includes, amongst others, a bottom-up approach combining organic agriculture and regional development (Bioregionen – eco-regions), as well as a rather new initiative of the BMLFUW⁶ and AMA⁷ (Genussregionen – regions of food enjoy-

⁶ BMLFUW: Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft (Federal Ministry of Agriculture, Forestry, Environment and Water Management)

⁷ AMA: Agrammarkt Austria Marketing GmbH (Agricultural Marketing Association)

ment), which is geared towards regional positioning via promoting a typical product of a certain region (www.genuss-region.at).

Due to the high and increasing number of part-time farmers as well as the small-scale production structure in Austria, there is less economic pressure and thus less necessity and interest to get involved in collective marketing initiatives. A generally low entrepreneurship might be a factor related to the relatively low share of full-time farmers.

The global trends of a decrease in local processing structures, centralised structures for the provision of food to gastronomy and tourism as well as an urbanisation of food-styles replacing rural food culture are further aspects contributing to conditions less favourable for the development and maintenance of COFAMIs.

Table 16: Social and cultural factors that limit or enable the existence and establishment of COFAMIs in the Alpine Region

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Individualistic / autonomy-oriented attitude of many farmers (in particular in mountain areas) ▪ Low degree of entrepreneurship ▪ Urbanisation of food-styles ▪ High number of part-time farmers ⇒ less economic pressure as stimulus to develop collective marketing approaches 	<ul style="list-style-type: none"> ▪ Long-standing tradition of cooperation in some regions (e.g. mountain areas) ▪ High local / regional identity ▪ High number of part-time farmers ⇒ they may be more open to new approaches

Source: National Status Quo Reports (Compilation by the research teams)

4.1.5 Geographical and location-related factors

CENTRAL AND EASTERN EUROPEAN COUNTRIES

One important aspect that seems similar in all of the Central and Eastern European Countries studied is that economic activities are concentrating and developing mostly in and around a few bigger towns (or even only the capital). The more remote an area from urban centres or the main transport roads, the lower the level of development.

The demographic trends in rural areas are in general: a decreasing birth rate, an ageing population and a negative migration balance (more people are leaving than moving to rural areas). In **the Czech Republic**, e.g., this leads to a lack of appropriate labour force in the smallest communities. Also in **Hungary**, many rural areas are characterised by an ageing population as well as by the danger of depopulation of settlements. There is still a gap between urban and rural areas concerning living standards and – as mentioned above – technical infrastructure. The same has to be stated for **Latvia**; though a positive trend is also reported: in regions of non-intensive farming, rural tourism and organic production are developing. It also can be stated that cultural and historical resources as well as nature and landscape are more valorised in regions where conventional farming practices are more difficult to apply.

Opposing to the developments illustrated above, in some regions the migration of non-rural population to rural areas is also a demographic trend that can be observed. In **the Czech Republic**, a high level of conflict can be found in suburbanised areas. There are frictions between (poor) traditional dwellers and rich urban newcomers. In **Hungary**, urban-rural migration commenced in the mid-1990s when economic liberalisation had led to an enormous growth of the unemployment rate. Accordingly, land use nowadays has two conflicting sides: the traditional one of agricultural modernisation and the post-productive one of urban colonisation through tourism and out-migration. This development contains both advantages and disadvantages for rural development including the creation of COFAMIs.

The following table summarises the limiting and enabling factors that are relevant for the Central and Eastern European Countries.

Table 17: Geographical and location-related factors that limit or enable the existence and establishment of COFAMs in the Central and Eastern European Countries

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Lack of appropriate labour force in the smallest communities (but generally relatively good level of education in rural areas) ▪ 	<ul style="list-style-type: none"> ▪ Urban-rural aspects: proximity to urban centres is favourable for marketing purposes ⇒ more visitors, more consumers ▪ Location of farms in tourist areas ▪ Successful foreign examples ▪ Less favoured areas offer potentials, as cultural and historical resources are more valued.

Source: National Status Quo reports (Compilation by the research teams)

NORTH-WESTERN EUROPE

From the perspective of geographical and location-related factors, for the North-western European Countries it can be stated that they are characterised by intensive land use. This includes the number of inhabitants, gross net value, number of cattle and pigs per square metre as well as road infrastructure. From **Denmark** is even reported that modern agriculture is not maintaining semi-natural areas like meadows and common land. Such areas would be too expensive, alternative solutions always need to compete with high prices on farmland. Accordingly, in the last decades a strong reshaping of the agricultural landscape has taken place due to specialisation and enlargement of machinery. Mainly monocultures and large-scale fields can be found.

Denmark can be divided into three different zones or types of rural areas with some particular characteristics:

1. Areas closer to bigger cities:
 - increasing population
 - urban people settle in rural areas because of space and nature qualities;
 - conflict between industrial use of land and landscape/nature values,
 - good market access, especially for niche and high-quality products
2. Areas remote from cities:
 - decrease in population
 - general decrease in economic activities
 - favourable conditions for industrial agricultural production
3. Smaller islands:
 - decreasing population
 - industrial agricultural production is becoming less favourable (due to deficient infrastructure)

It is reported that only less favoured rural areas such as the smaller islands seem to have potential for developing alternative pathways including COFAMs. Innovative marketing strategies emerge from farms of the Danish islands or from non-agrarian stakeholders (initiatives such as The taste of Jutland).

In **the Netherlands**, there are strong claims on agricultural and rural land resources. In studies it was illustrated that agricultural land has to be reduced in the next decades due to other needs such as infrastructure, housing, recreation, water safety or nature and landscape. As land use intensity and claims on land resources show a significant regional variety, this high pressure on

rural land resources for new functions may have both positive and negative effects on the development of alternative approaches including COFAMIs. Agricultural development opportunities, therefore, might vary according to regional land use characteristics, urban pressures and specific spatial needs.

The following table summarises the limiting and enabling factors that are relevant for the Northern European Countries.

Table 18: Geographical and location-related factors that limit or enable the existence and establishment of COFAMIs in North-western Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Most of Denmark’s surface area is suitable for industrial agricultural production; alternative solutions need to compete with high prices on farmland due to an intensive land use 	<ul style="list-style-type: none"> ▪ Less favoured areas (many small islands) ⇒ need to reconsider how income can be generated in the future (Denmark)
<ul style="list-style-type: none"> ▪ High pressure on rural land resources for new functions (the Netherlands) 	

Source: National Status Quo reports (Compilation by the research teams)

SOUTHERN EUROPE

The Southern European Countries such as Italy and France show an extraordinary territorial diversification.

For example, in **Italy**, there are three main regions: (1) mountainous and less favoured areas, (2) professional agricultural areas and (3) peri-urban areas. The mountainous and less favoured areas are characterised by a marginal role of agricultural production in terms of a very low level of farm incomes. This weak economy system is mainly due to the difficult conditions of production and the ongoing process of abandonment of agricultural activities, which is linked with a significant rate of migration to urban areas. The system of professional agriculture is characterised by the survival of a strong rural fabric. This rural system is mainly located in the flat areas and represents the most advanced agricultural system in Italy, especially in the livestock and cereals sectors. The peri-urban areas are characterised by a very high population density (two third of the total population of northern Italy), and a high rate of generation change. Furthermore, the existence of a good level of facilities and road infrastructure has supported the development of a highly specialised system of agricultural production, such as the horticultural and nursery plants sector, agri-tourism activities and other niche markets for quality produce.

France can be divided into two big different sub-regions: the first one is situated north of a line between Bordeaux and Strasbourg (west, centre, north, Bassin Parisien). This sub-region is dominated by mass production; the second one is situated south of the line between Bordeaux and Strasbourg (east, south-east and south-west); natural conditions and farm structure are different and less favourable for industrial agriculture. However, in this region the term quality has a particular meaning and is defined by attributes such as taste, natural, terroir, authenticity and tradition. So quality and its corresponding production methods can be associated with specificity, rareness, market niche and high price.

With regard to the two countries considered, it can be concluded that regions with conditions less favourable for industrial agriculture tend to search for alternatives.

The following table summarises the limiting and enabling factors that are relevant for the Southern European Countries.

Table 19: Geographical and location-related factors that limit or enable the existence and establishment of COFAMIs in Southern Europe

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ General fragmentation of the agri-food system ▪ Lack of infrastructure, especially in marginal rural areas 	<ul style="list-style-type: none"> ▪ Proximity to urban areas provides opportunities to fulfil consumers new demands and for short supply chains ▪ Richness in environmental and cultural heritage (also in less favoured areas)

Source: National Status Quo reports (Compilation by the research teams)

THE ALPINE REGION

The geography of the Alpine Region is characterised by its great diversity in terms of climatic conditions, landscape features and economic areas. **Switzerland** e.g. can be divided into three different regions: (1) the Plateau, (2) the Jura and (3) the Alps.

1. The Plateau covers 30 % of the surface area, but two third of the population are located here. Most of the country's industry and farmland are concentrated in this region. Intensive production can be found. Due to dense population and economic concentration, more and more agricultural land is being lost.
2. The Jura makes up about 12 % of the Swiss surface area and is located (on average) 700 metres above sea level. The highland is crossed by river valleys.
3. The Alps have an average altitude of 1 700 metres and cover nearly two third of the total surface area. This region contributes enormously to the Swiss identity. Agriculture is mainly grassland-based. Extensive beef or milk production is very common.

Austria can also be divided into three main production areas:

1. Areas along the main mountain range of the Alps (the main part of Austria's surface area).
2. Areas of middle altitude adjacent in the south-east and the north (including areas belonging to the Bohemian massif).
3. Rather level areas with good production conditions along the Danube and in the north-east of Austria.

Although there are regions with rather good production conditions, there is a high percentage of less favoured regions where only extensive farming is possible. In those less favoured regions, collective initiatives are more common. The existing strong territorial identity is often used as basis of promotion.

In regions where urban agglomerations are located, good possibilities for direct sale and consumer-close marketing forms are provided. For instance, the cultivation of vegetables (and marketing via box-schemes) strongly correlates with density of population. Vegetables as perishable food need a close market. Accordingly, urban agglomerations enable especially small COFAMIs that cannot afford expensive logistics to market their products through direct sale.

It can be stated that the influence of geographical and location-related factors integrates two main aspects, namely the conditions of agricultural production and the proximity to potential markets.

The following table summarises the limiting and enabling factors that are relevant for the countries of the Alpine Region.

Table 20: Geographical and location-related factors that limit or enable the existence and establishment of COFAMs in the Alpine Region

Limiting factors	Enabling factors
<ul style="list-style-type: none"> ▪ Trends of a concentration of production in favoured regions 	<ul style="list-style-type: none"> ▪ Proximity to urban areas and/or tourist centres ▪ Richness in environmental and cultural heritage ▪ Extensive farming
<ul style="list-style-type: none"> ▪ COFAMs are common, but very small 	

Source: National Status Quo reports (Compilation by the research teams)

4.2 Conclusions: Reflections on the influence of the different contextual factors identified

With regard to **political and institutional factors**, in most countries agricultural support still seems to focus on the promotion of the traditional model of rationalisation, intensification and specialisation of farms. Compared to that, only little support is provided for alternative development paths, such as rural development and the establishment of collective initiatives respectively. Also, in Northern European countries, support for research activities still seems to concentrate on mainstream research for an industrialised and rationalised agriculture. Although, growing policy attention to a multifunctional agriculture can be observed. Some policy-driven programmes such as LEADER focus on rural development and enable the foundation and development of COFAMs. In the CEE countries, where scepticism towards collective action is still not yet overcome, new development towards collective approaches supported by European/ National policies can be observed, although they are mainly advantageous for large-scale farms. However, NGOs seem to play an interesting role in the promotion of small-scale-producers' COFAMs.

In the Southern countries, political decentralisation tendencies and an increasing political attention to locally/ regionally produced food (e.g. promotion of PDO/PGI labels) positively influences collective action in the regions. In the Alpine region, there is also a high political involvement for rural areas, and regional development agencies/ networks have supporting effects. However, an excessive support for rural areas can also have negative impacts on cooperative approaches as no need for farmers to join for collective action is given.

Thus, policies can have negative influences on small collective initiatives, e.g. when mainly promoting rationalisation tendencies or –as mentioned in the Southern European and the Alpine region– when requiring strict hygiene standards, but can also have positive influences, e.g. when –without exaggerating– furthering rural development, environmental- and animal friendly production or regional quality production.

Concerning **economic and market-related factors**, it has to be stated that in all countries studied, big and strong retailers have emerged. This development can have negative influences, as small shops which are predestined potential market partners of collective initiatives had to give up in consequence to pressure of competition. On the other hand, the establishment of a strong market power by processors and retailers can stimulate small-scale-producers to join forces in order to be able to compete with or to become market partners of large enterprises. Another factor that could possibly negatively influence the development of COFAMs is that large companies might have a limited interest in developing alternative food qualities. On the other hand, as competition grows, they get interested in listing alternative or quality products in order to differentiate and improve their image. From the Alpine countries, it is reported that big retailers start launching their own regional food branches. Also, in contrary to the Northern region, there are many small- and medium-scale processors and retailers; a factor favourable for the development of new COFAMs that only produce smaller quantities and therefore need smaller units for processing and retail.

While consumers' awareness is low in the CEE countries, in all Western countries a high consumers' demand for quality- and sometimes even regional products is discovered. This growing aware-

ness surely positively influences the development of COFAMIs concentrating on quality (or even organic) and territorial issues.

In most countries studied, a high potential of diversification of production activities can be observed. Particularly in the Western countries studied, lots of farmers realize an additional income through alternative activities such as tourism, services and direct marketing activities. In some regions, alternative approaches can be found especially in less densely populated areas as well as in the organic sector. Of course, such diversification bears a high potential for the development of COFAMIs. Especially initiatives in the CEE countries could grasp chances to engage in these fields.

With regard to **technical and knowledge-related factors**, lacking or costly logistics seem to represent an important obstacle to the development of COFAMIs in Central and Eastern Europe as well as in Southern Europe. Thus, an adequate transportation system seems to be an essential precondition for the development of COFAMIs. This is also the case for telecommunication infrastructure, which, in some Latvian rural regions, is still lacking and hinders the exchange of potential cooperative members. In other regions of CEE countries, the introduction of new technologies is regarded as an important advantage that has enabled collective action. Still, small farmers quite often do not have the financial resources to participate in the advantages of new technologies. This factor, at first sight a negative point, has the positive aspect that farmers have to join together in order to be able to use new techniques.

The spreading use of internet in all countries builds the basis for an efficient communication between COFAMIs members, offers them an easy possibility to present their initiative to the public and on the other hand offers new opportunities for direct marketing. An interesting aspect comes from Austria, where a special information system has been established by the MoA specifically responsible for supporting innovative processes and knowledge transfer between nationwide COFAMIs and using an internet platform as its information medium.

In Southern Europe, the introduction of traceability systems seems to have positive and negative impacts on the development of collective initiatives: on the one hand, it is a big challenge for farmers to meet all the requirements related. On the other hand, product traceability can help counterbalancing the strong power of large distribution channels. The adoption of traceability system is mostly not economically feasible for a single farmer- but a cooperative can give technical and organisational support. Moreover, impacts regarding the new food safety standards are also ambiguous: on the one hand, it has led to the closure of many small plants and the consolidation of large processing facilities. However, it has stimulated producers to join together in associations e.g. in order to adopt mobile abattoirs in Italy.

The lack of adequate advisory services seems to constitute a considerable obstacle to collective tendencies in many countries. In CEE countries, innovative practices are only very slowly being disseminated in rural areas which results e.g. in an underdeveloped managerial knowledge of farmers. Also in the Western countries, agricultural advisory services seem to be mainly oriented towards questions supporting industrial production. Still, the lack of adequate advisory services offers a chance for farmers to organise their own services for innovative solutions, as it is reported for France. However, there is a positive tendency in all countries towards growing attention for alternative pathways and a slow adaptation on new requirements.

Regarding **social and cultural factors**, many countries face a loss of local identity and a lack of knowledge of local traditions, customs and dishes. Although, there is a positive trend towards a relocalisation of food and a slowly growing interest in local identities can be observed. This may be well-grounded in a growing linkage of food consumption with lifestyle questions. On the other hand, typical products have always played a major role in Southern European countries, where a strong consumers' awareness for food quality and gastronomy can be observed. Also in the Alpine countries, a high consumers concern for ecology as well as high-quality and local production is noted. The Alpine countries also realise a lack of farmers' willingness to cooperate in remote mountain areas, but on the other hand look back at a long tradition of territorially embedded farmers' cooperation. An interesting aspect is that the high rate of part-time farmers can either present a limiting or an enabling factor: on the one hand, economic pressure to get involved in collective action and therefore entrepreneurship between farmers is lower- on the other hand, part-time farmers may be more open to new approaches.

In the Central and Eastern European countries, a big disadvantage for the development of COFAMs lies in the fact that farmers seem to still mistrust the idea of collective action due to bad experiences made during the Soviet regime. Also, due to lacking adequate advisory services, especially farmers in remote areas lack managerial skills and knowledge. Nevertheless, in certain areas, people are still much embedded in their region, and still dense actor networks exist. Also, individual innovative initiatives are arising and offer a great potential for collective action.

In most Western European countries, a tendency of migration of non-agricultural actors into rural areas can be observed. This can give rise not only to tensions and conflicts, but also offer opportunities for new coalitions and partnerships. From Southern Europe, it is reported that new rural actors have initiated new patterns of regional development (e.g. organic farming or activities in tourism).

The influence of **geographical and location-related factors** integrates two main aspects, namely the conditions of agricultural production and the proximity to potential markets. Most countries can be divided in at least three regions: areas close to urban centres, remote areas with good agricultural conditions and remote areas with unfavourable agricultural conditions. The first category is characterised by a high population density and mostly good production conditions, especially for niche- and high-quality products, and partially accommodate highly specialised production systems (such as horticultural and nursery plants, as reported from Italy). These areas are favourable for (direct) marketing purposes and enable the establishment of collective marketing initiatives. Especially small COFAMs that cannot afford expensive logistics have advantages. In contrast, remote regions with favourable conditions for agricultural use offer quite limiting possibilities for COFAMs, as alternative solutions there need to compete with a high added value provided by intensive agricultural land use.

Within the last category, remote regions with non-intensive farming, different trends can be observed: for the Central and Eastern European countries, it can be stated that the more remote an area is from urban centres and main transport roads, the lower is the level of development. These remote areas are often characterised by a decreasing birth rate, an ageing population, a negative migration balance and as a consequence a lack of labour force. On the other hand, afield areas that are often characterised by a process of abandoning agricultural activities may tend to search for alternatives and therefore offer potentials for the development of new pathways and for the establishment of COFAMs. For Western European countries it can be stated that cultural, historical, natural and landscape-related resources are often much more valorised in these regions and provide a territorial identity that can constitute the basis for promotion activities. Therefore it is not amazing that in such areas alternative approaches such as organic farming or rural tourism and services are developing.

Concerning the further classification of geographical areas, it can be pointed out that the Alpine countries divide their landscapes into level areas close to urban centres, middle-altitude areas and the Alpine areas with an extensive land use in the latter ones. On the other hand, land use in Northern Europe is mostly very intensive. By contrast, in the Southern European countries, including many regions with comparatively less favourable conditions for agricultural production, quality issues have a much higher significance.

Concluding, it can be stated that **with regard to the examined contextual factors**, there are big differences but also quite a lot of similarities that could be observed between the countries studied: On the one hand, it becomes apparent that there is a **high diversity** concerning the factors limiting and enabling COFAMs. Regarding the region-specific political background in the Central and Eastern European Countries, for instance, compulsory collectivisation in the former socialist system is still reflected by farmers' mainly negative attitudes towards cooperation. In North-western Europe, on the contrary, farmers' cooperation is free of negative connotations and has a long-lived and rather successful tradition.

On the other hand, there are international and trans-regional **commonalities**, for instance, with regard to market-related factors. Generally, due to the concentration process in the processing and retail sectors, alternative marketing initiatives have little room to develop, while conventional cooperatives still have considerable market power. However, small- and medium-scale farmers start reacting to this development by cooperating in the framework of collectives and

other forms of alliances and networks. The introduction of food hygiene standards by the state or by retailers constitutes a particular obstacle for smaller initiatives that often have difficulties to fulfil the requirements related. However, the growing consumers' demand for alternative food qualities and products with a regional identity that can be observed to a varying degree throughout the countries studied, is advantageous for the development of COFAMIs.

5 Summary of the main findings

History, present situation, trends of COFAMIs

Chapter 2 gives an overview on the history, present situation and trends of collective farmers' marketing initiatives. Looking at the **historical development** of COFAMIs, it becomes clear that COFAMIs have played an important role in European farming since mid 19th century. The cooperative concept emerged first of all as an approach to ameliorating the difficult economic situation of farmers in regions where small-scale, individually run agricultural enterprises predominated. **Trading** of agricultural produce was soon included in the early cooperatives activities, and later on sectorally differentiated. While in North-western, Southern Europe and the Alpine region the evolution of cooperatives is characterised by relative continuity, there were breaches in development due to changes of regime in Central and Eastern Europe. There, the **'trauma of collectivisation'** attaching a negative connotation to collective action is only slowly beginning to be overcome.

Although farmers' cooperatives are presently not widespread in the **Central and Eastern European** countries studied, there is evidence of cooperatives' potential that might be realised if constraints such as lack of qualification, of marketing skills and of trust in collective action are overcome. In the case of Latvia, targeted public support of collective farmers marketing initiatives and growing demand for their products are named as advantageous factors. But even unfavourable conditions may give rise to farmers' joint action, as the Czech example demonstrates.

In the **North-western European** research regions, the political focus mainly laid on the improvement of competitiveness by rationalisation. There, cooperatives have undergone a considerable transformation process towards scale enlargement, responding to the tendency of concentration in retail, resulting in little influence of the individual farmer. However, there are alternative approaches emerging.

In **Southern Europe**, an early focus was laid on quality and PDO/PDI. New marketing approaches, for instance concerning a territorial reference of products, are a development path that is more important than traditional types of cooperatives. However, within Italy, the market power of the latter strongly varies regionally.

In Austria, as one of the countries studied in the **Alpine region**, concentration processes have had a strong influence on traditional cooperatives. Their general importance differs with regard to Austria and Switzerland, and is strongly sector-related in both countries: While in Austria especially the formation of new dairy cooperatives is on the decline, they are the strongest type of cooperative in Switzerland. There is a great potential in recent organic and region-related marketing initiatives.

In most countries, **policy measures** to support alternative production/marketing strategies (especially organic farming) were established only very recently. Even though the global trends that emerging innovative COFAMIs are facing are almost the same, the historical trajectories vary much due to different policy discourses and measures and due to different contextual embeddings. The importance of **traditional-type farmers' cooperatives** is rather heterogeneous comparing regions, countries and even sectors. However, traditional cooperatives still play a relatively important role in those countries where their evolution has been rather continuous. At

the same time, an emergence of promising **new approaches** to collective farmers' marketing can be observed, such as organic and territory-related ones.

Characterisation of COFAMIs

In chapter 3, a characterisation of the main forms of COFAMIs is provided uniting results of each of the ten national reports, with the aim of building a certain categorisation of different forms of COFAMIs.

As a first category, '**initiatives with the aim of pooling volume**' were characterised. This group includes '**traditional cooperatives**' standing for initiatives that have a long tradition, a rather low innovative capacity and that often developed into highly international oriented agri-business. In terms of total turnover, these cooperatives play the most important role, but they often have to face a decrease in members as farmers feel little involved and very much depending on the decisions of the management board. In some cases such traditional cooperatives have changed their legal status and had become shareholder firms. On the other hand, '**innovative forms of classic co-operatives and producer organisations**' were identified; initiatives that have developed only in the last two to four decades. They are often based on EU or national regulations like e.g. the decrees for Producer Organisations and Producer Groups. Support aims at adjusting production and supply to the needs and requirements of the market. Many of these initiatives try to improve their product quality in response to public or even private quality standards. In general, it seems that the development in this category mainly responds to trends in traditional commodity markets (globalisation, concentration, quality standards) and much less to policy factors and territorial dynamic.

In the category '**High-quality food production**', collective initiatives put emphasis on quality specification at production level with the aim to create exclusive, distinctive products. In order to define and realise a special product quality, an externally defined production code is adhered to, which is often controlled and guaranteed by an external control agency and/or backed up by state legislation. In this category, labels play a crucial role to communicate the differentiated nature of products to consumers.

COFAMIs disposed in the category '**Regional food production**' lay their focus on the production of local food quality products. Often, local producers with the desire to valorise territory-specific resources and contribute to local economic development have confederated in order to produce and market their products in a certain region commonly. A product's specificity is enhanced by increasing its embeddedness, e.g. by valorising or renewing traditions of typical local products and gastronomy.

The category '**regional marketing**' unites COFAMIs that market and brand a region as a whole. Regional labels are thus much more comprehensive and comprise all kinds of farm products, processed products or even agro-tourism. Jointly, the activities make the region more visible and attractive. The initiatives often include both farmers and small regional processors; in some cases even consumers.

The basic strategy of initiatives aiming at '**direct producer-consumer relations**' is to create direct linkages between producers and consumers. Thus, they avoid the dependence on middlemen, and through their activity also increase the understanding and communication between both ends of the supply chain, and retain a larger share of value added at producer level. Generally, this category appears to be very dynamic, well-grounded in a very bottom-up nature with little involvement of the government or public regulations.

Within the category of COFAMIs engaged in '**Non-Food-Markets**', the group '**initiatives in agri-environmental and rural services**' was characterised. This sub-category strongly supports the idea of multifunctional agriculture as an alternative farm development trajectory for agricultural modernisation. It refers to new non-agricultural activities that are taken up, mostly resulting in the supply of services (tourism, care, energy, etc.) or public goods (landscape, biodiversity, etc.). Initiatives in this field often seem to be less clearly oriented towards one specific type of product or service, and rather tend to be involved in a range of different activities, which creates

interesting synergies. Another sub-category specifies COFAMIS engaged in '**non-food production**'. This group involves the non-food use of agricultural products, such as is the case with bio-diesel, dyes, fibres, textiles, etc. Thus, the COFAMI generally has a clear product nature. As the latter, this sub-category is a response to the differentiation of relevant markets for agricultural enterprises from strictly food markets to non-food commodity markets. But it also shares several characteristics of traditional food sector cooperatives, e.g. the pooling of volume or of capital.

Limiting and enabling factors influencing COFAMIs

In chapter 4, contextual factors influencing the emergence and performance of COFAMIs are examined. Against the background of different framework conditions in the four European regions considered, the groups of factors examined – (1) political and institutional, (2) economic and market-related, (3) technical and knowledge-related, (4) social and cultural and (5) geographical and location-related factors – are of different impact on the situation of COFAMIs, i.e. influencing them more or less strongly in an either more positive or more negative way. The following summary gives examples of insights gained regarding the five groups of factors.

Political and institutional factors played an ambiguous role in the Central and Eastern European Countries where farmers' attitudes towards collective action were largely negative. On the one hand, there are a remarkable number of supportive and encouraging policy measures; on the other hand support programmes and measures are often not suitable for small- and medium-scale farms and smaller initiatives. Like in North-western and Southern Europe as well as in the Alpine Region, policy support for alternative initiatives such as COFAMIs is rather low, as schemes of promotion are predominantly either contributing to individualistic behaviour or primarily supporting large-scale agriculture. However, political and institutional attention to the role of a multifunctional agriculture related to rural development is growing.

Economic and market-related factors that are considerably constraining the development of COFAMIs are, in Eastern and North-western Europe, processes of concentration in retail as well as a decreasing number of SMEs as strategic partners in the processing sector. In Southern Europe and the Alpine Region, the situation is more favourable due to a comparatively high share of small and medium-sized retailers and processors.

Technical and knowledge-related factors have a rather limiting impact on Central and Eastern European COFAMI development, as there are considerable deficits especially concerning infrastructure in many regions. Concerning agricultural education and advisory services, the situation in different CEE countries is ambiguous. In the other regions, constraints related to this group of factors are mostly concerning inadequate advisory and extension. However, the growing significance of internet use offers big potentials for COFAMIs.

Social and cultural factors are of high impact throughout the European regions studied. With regard to the often long-standing (albeit area-specific) tradition of cooperation, this influence is predominantly positive in North-western and Southern Europe as well as in the Alpine Region, while in the Central and Eastern European Countries, the historical background of collectivity once more poses an obstacle. Although, changing consumption patterns - growing consumers' interest in special quality and local foods - stimulate the development of collective initiatives in the respective fields.

Geographical and location-related factors include, as an aspect to be found in all of the regions studied, territorial disparities resulting in area-specific, more or less favourable preconditions for the development and maintenance of COFAMIs. Proximity to urban areas is generally favourable, as it means proximity to an important group of consumers. In the Central and Eastern European Countries studied, demographic trends in rural areas play an important role, especially with regard to an ageing and decreasing population, but urban-rural migration patterns also offer chances for collective action.

Conclusion

The European countries participating in the COFAMI project are characterised by a long tradition of farmers' cooperatives that for decades actively contributed to agricultural processes through a clear focus on efficiencies and standardisation of food qualities. In combination with broader dynamics in food chains, society as well as agricultural and rural policies, the initial success of the international cooperative movement is nowadays threatened by gradually deteriorating positions in globalising food chains, serious declines of farmers' income as well as an organisational inflexibility to respond adequately to dynamics in food chains and society.

Though, in particular in the last decade, a broad variety of new types of new collective marketing initiatives can be witnessed that at least partly are to be understood as active farmers' responses to conventional cooperatives' incapacity to respond adequately to food chain dynamics (differentiation tendencies), societal changing needs with regard to rural areas and a growing policy attention for integrative rural and regional development approaches. Today, lots of innovative COFAMIs could be perceived as multi-purpose networks that combine product marketing with collective learning, and collective strategic action with other actors as consumers, food chain partners, societal organisations, policy institutions, agricultural advisory services etc. Many national contexts illustrate that these multi-purpose networks might reflect promising innovations with regard to agricultural development trajectories, food quality concerns and/or sustainable rural development, but also have to confront different types of path dependencies that contain important constraints for further development.

Although COFAMIs' developments have followed different pathways, all initiatives are now facing the challenges of globalisation and the growing market power of multinational processing and retailing companies. These concentration processes leave relatively little space for alternative movements. However, this development opens new opportunities of marketing strategies in terms of consumers' demand for alternative food qualities and products with a regional identity, thereby growing niche products markets and the possibility to 'market' environmental and rural development issues. Thus, small- and medium-scale farmers start to react against the strong power of the retail sector by building alliances, collectives, networks etc.

The status quo reports of the countries examined within this project have exposed a wide range of new innovative collective marketing strategies exploring new possibilities. These trends, e.g. partnership building with farmers and other rural actors, cooperation around non-food and quality products, regional marketing initiatives, engagement in tourism/ services etc. offer a great potential for the future development of collective action in rural areas.

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Annex

Findings from other European countries

In general, similar forms of COFAMIs can also be found in other European countries that have not been taken into account in the status quo analysis. In the following paragraphs, some findings that were presented on the project accompanying first European Expert Meeting, held on the 22nd of September 2006 in Amsterdam are shortly summarised.

In **Ireland**, traditional dairy cooperatives played a very important role in agriculture. They are still a dominant form of collective farmers marketing activities. In the last decades, they faced considerable changes (amalgamation, rationalisation, internationalisation, and privatisation). Recently, new forms of collective activities have emerged such as farmers markets, regional branding initiatives and initiatives aiming at producing/marketing speciality food products. Particularly in the case of niche markets, COFAMIs represent an important vehicle for the development of such markets. These new types of initiatives are not widespread in Ireland yet. As far as farm household viability and the rural social fabric are concerned, farmer women's' initiative has played a substantial role indicating the relevance of gender issues.

In **Greece**, farmers' cooperatives have a very long tradition. Cooperatives had been heavily supported by the state in the 1920s. After Greece joined the EU, cooperatives served as an important vehicle to transfer information on the new situation to farmers. Many traditional cooperatives have been influenced by political parties. As a result of this influence, many cooperatives faced financial problems and became unattractive to farmers. Due to these experiences, Greek farmers are still reluctant to join state-driven/-initiated collective action. Furthermore, as a result of the financial problems, many farmers left the traditional cooperatives and initiated new, independent COFAMIs/farmers groups. Out of these groups, new processing companies were established which are not directly run by farmers but are closely collaborating with them. Women's cooperatives are another interesting form that started to emerge in the 1980s. They were originally conceived as a means of empowering rural women, while exploiting hidden household resources, especially in the field of home-made food. Apart from these two types, COFAMIs were also established in connection to the LEADER programme. COFAMIs dealing with agri-environmental services or non-food production do not exist in Greece.

In **Spain**, the most widespread COFAMIs are those aiming at pooling volume. Several of them have expanded their activities to foreign markets. In several cases, individual COFAMIs have established federations of cooperatives to increase their market power. Initiatives that are based on externally defined production standards exist also in Spain. However, farmers do not regard this type of initiative as real collective action. Further potential is expected for COFAMIS offering rural/agri-/gastro-services or aiming at increasing the added value of locally produced food.

In **Norway**, a distinction can be made between national cooperatives and more regionally or locally organised cooperatives. National cooperatives have a considerably strong position in the national market. So far, Norwegian cooperatives have not become internationally oriented or owned. They have played an important role in the development of organic farming and the market of organic food. Moreover, they are closely connected to the recent emergence of farmers markets in Norway.