



The European agricultural cooperatives, promoters of the unequal globalization

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12 August 2012

By declaring 2012 the international year of cooperatives, "The General Assembly of the United Nations intends to raise public awareness of the invaluable contributions of cooperative enterprises to poverty reduction, employment generation and social integration", particularly "to increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals"². This profession of faith requires to be checked because the history of cooperatives is full of setbacks in all countries and political regimes, mainly in communist countries and developing countries (DCs), in consequence of which the very concept of cooperatives became taboo, as a result of an excessive control by the State, corruption and economic inefficiency. However we will concentrate here on the agricultural cooperatives of the European Union (EU).

As cooperatives account for more than 60% of the EU turnover in collection, processing and marketing of agricultural products³, the national federations of agricultural cooperatives and Cogeca (General Committee for Agricultural Cooperation in the European Union) at the EU level influence largely the positions taken by the national and European federations of all agro-industries (FoodDrinkEurope⁴). Even if we can identify a share of roles, the cooperative federations claiming sometimes the risks of a too broad liberalization of agricultural trade for farmers of DCs, and particularly of the least developed countries (LDCs). Nevertheless, given their weight within all EU agro-industries, Copa-Cogeca agrees largely with their stance for a freer agricultural trade, revealing contradictory discourses.

One must underscore the close collaboration between Copa – Committee of Professional Agricultural Organisations, which federates the EU main and conservative agricultural unions – and Cogeca, so much so that all their positions are common and that they share the same web site. The "couple" presents itself as follows: "*Copa-Cogeca is the united voice of farmers and agri-cooperatives in the EU. Together, they ensure that EU agriculture is sustainable, innovative and competitive, guaranteeing food security to half a billion people throughout Europe. Copa represents over 13 million farmers and their families whilst Cogeca represents the interests of 38,000 agricultural cooperatives. They have 77 member organisations from the EU Member States*"⁵.

These close links are to be found as well within the EU Member States' federations of agricultural unions and cooperatives, of which in France between FNSEA and Coop de France. Historically the agricultural unions were at the origin of cooperatives and today still most leaders of agricultural unions wear also a cap of member of the Board or president of cooperatives. Whereas the 1913 congress of the French agricultural unions considered that "*by subordinating cooperatives, the union will prevent them to become a "business"... It will*

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² <http://www.un.org/fr/events/coopsyear/>

³ <http://www.agro-alimentarias.coop/ficheros/doc/03020.pdf>

⁴ <http://www.fooddrinkurope.eu/>

⁵ http://www.copa-cogeca.be/img/user/file/902_v_E.pdf

guarantee to themselves the recruitment and fidelity as well as morality of their members"⁶, today the main unions prioritize, in a relaxed frame of mind, the competitiveness objective of cooperatives.

Clearly the political leaders of the EU (Commission, Council and European Parliament) and of its Member States do their best to adapt the CAP to the wishes of Copa-Cogeca and its national organizations. It is therefore useful to compare the European Commission's analyses with those of the leaders of the EU and French agro-industries, Copa-Cogeca and Coop de France. But also to underscore the contradictory positions of Copa-Cogeca and Coop de France on agricultural trade liberalization and on the North-South agricultural relations.

I – The CAP is subservient of agro-industries, of which cooperatives

It is Pascal Lamy's speech of 19 June 2003, then the EU trade Commissioner, to the Confederation of the EU agro-industries (CIAA, now FoodDrinkEurope), which clarifies the best the subservience of the CAP to the demands of agro-industries, and this justifies a long quotation:

"The food and drink industries, exceptionally, can claim the attention of no fewer than three members of the Commission: Franz Fischler at agriculture, for the agricultural tariff aspect of the processed products sector; Erkki Likanen at industry from the internal market standpoint, since these are manufactured goods; and my humble self, as the person with overall responsibility for trade-related issues... in the knowledge that a united stand will increase your leverage with all three interlocutors. Your own clear stand makes it easier for us as negotiators to see where, and how far, we can or must go. Your backing and your stance reinforce our position, though of course the EU position will not invariably coincide 100% with that of the industry... While we show a deficit of €19 billion on our trade in unprocessed products, the food and drink sector is producing a surplus for the EU of close to €7 billion...

First, market access. As I said a moment ago, the food and drink industry is one of the EU's export flagship sectors, and I agree with you that it will be helped by tariff reductions negotiated in the WTO. I hope indeed that you will in due course be providing me with suggestions so that we can identify a list of priorities. But tariff cuts, of course, will apply to the EU market as well and I well realise that we need a balanced result that will enable our industry to go on producing that added value...

For there are other ways of creating value. A second solution, that I will only mention in passing, is investment abroad. Some of you have already taken this step and it is something that will certainly be developed further, also helped by bilateral agreements with other countries...

The third solution therefore, as you so often remind us, is to ensure that you can secure raw materials at competitive prices, as close as possible at world market prices. This means importing raw materials and processing them into goods with high added value. So you see that once again market access is crucial for the future of your industry. For imports, not just exports.

But of course there is a fourth solution, which is simply to obtain supplies on the internal market at competitive prices. This raises the issue of internal prices and the reforms needed to bring them down. Which brings us to internal support, which is also an issue for the WTO.

⁶ Michel Augé-Laribé, *Syndicats et coopératives agricoles*, Armand Collin, 1926.

*Thanks to a series of CAP reforms, internal prices have become highly competitive, especially for primary products such as wheat. And the performance of the processing industry bears witness to this. We must therefore persevere and also not lose sight of the need to overhaul our system of support so that it has a minimal impact on trade. That is why we have proposed the new CAP reforms and why they are so important in the WTO negotiations on internal support"*⁷.

Let us summarize this message:

- 1- The EU agro-industries benefit from lower tariffs in the rest of the world, a reduction obtained at the WTO and already imposed by the IMF and World Bank to the indebted DCs from the early 1980s, under the pressures of the EU and other developed countries which control the majority of their capital.
- 2- Conversely the EU Commission is watchful that the most sensitive products for agro-industries remain highly protected.
- 3- The EU agro-industries' foreign investments are facilitated by EU bilateral free-trade agreements (FTAs), particularly the EPAs (Economic Partnership Agreements) with ACP countries, in which the EU imposed this "Singapour issue" even though DCs refused to discuss it in the Doha Round.
- 4- The agro-industries' interest is to import duty free or at very low tariffs the agricultural raw materials they process but, to avoid the conflict they would have with the EU farmers, the best solution was found in the CAP successive reforms (1992, 1999 and since 2003): to lower by steps domestic agricultural prices and compensate the reductions by domestic subsidies authorized by the WTO. By so doing the EU continued to export with a massive dumping hidden under its authorized direct payments of the blue and green (SPS: single payment scheme) boxes and was able at the same time to reduce its imports, particularly of feedstuffs, given the lowered domestic prices of cereals.

Recently the EU Council and Parliament adopted specific subsidies for the promotion of EU food products, following a Commission's Green Paper of July 2011: *"To strengthen its competitive position, the European Union could, in particular: Support the opening and development of markets – particularly connected with the negotiation of international agreements – so that European producers have more opportunity to raise awareness of and export their products"*⁸.

FoodDrinkEurope continues in 2012 to pressure the EU to sign new bilateral FTAs: *"The food and drink industry is a leading exporter with exports of €65.3 billion in food and drink products to third countries and a positive trade balance of approximately €9.8 billion in 2010. However, the industry still faces numerous tariff and regulatory barriers when exporting to third countries. In the current situation, comprehensive Free Trade Agreements (FTAs) present the most feasible way to secure better market access for European food and drink products by reducing excessive customs duties and eliminating Non-Tariff Barriers (NTBs). FoodDrinkEurope strongly supported the EU-Korea FTA and welcomed its entry into application in July 2011"*⁹. It also supported, the 19 January 2012, the FTA negotiated with

⁷ *From Doha to Cancun – Challenges and opportunities of the WTO negotiations for the food sector*, General assembly of the Confederation of the EU Food and Drink Industries (CIAA) - Brussels, 19 June 2003, http://trade.ec.europa.eu/doclib/docs/2004/july/tradoc_113875.pdf

⁸ http://ec.europa.eu/agriculture/promotion/policy/green-paper/com2011-436_en.pdf

⁹ *FoodDrinkEurope 2011 annual report*, April 2012

http://www.fooddrinkeurope.eu/uploads/publications_documents/1527_FoodDrinkEurope_AR11_12_FINAL_7.6.2012.pdf

Morocco¹⁰ on the ground that it "would grant European food and drink manufacturers better access to the Moroccan market and improve the bilateral trade balance". It supported even the on-going negotiations on an EU-Mercosur FTA in November 2010 as "Most members of CIAA consider a free trade agreement with Mercosur as an opportunity to create better conditions to increase their market share in Latin America" and as "Some European food manufacturing sectors have an interest in sourcing raw materials from Latin American countries", even if "For sectors with defensive interests... sector-specific treatment (selected tariff line exclusions, longer lead-in times for specific products, etc.) need to be provided to respond to those particular interests". On the other hand Copa-Cogeca claimed the 17 February 2012 that it was "opposed to trade agreement with Mercosur or Morocco since it would have a devastating impact on EU agriculture"¹¹. There remains to know the extent to which this opposite Copa-Cogeca stance was purely political to put off the track to its farmers' constituency or if it reveals a real disagreement with FoodDrinkEurope. This does not seem to be the case as Copa-Cogeca applauded in April 2012 the other on-going negotiated FTAs with India, Canada and Japan¹².

The same FoodDrinkEurope 2011 annual report stresses the necessity to minimize the constraints to the working of derivatives markets: "Food and drink companies use commodity derivatives for price discovery and hedging purposes against price risk of the underlying physical agricultural raw material. Derivatives and Over-The-Counter (OTC) markets enable food industries to manage their exposure to volatility in agricultural commodity markets so as to secure greater business predictability. This is of particular importance when considering that successive CAP reforms have introduced more market orientation in the agricultural sector".

II – The EU cooperatives' double talk on the liberalization of agricultural markets

1) For Copa-Cogeca

"The opening up of markets shifts production to areas with a comparative advantage and therefore encourages a more efficient allocation of resources and leads to greater overall growth"¹³. However, in this paper of 17 February 2012 for the Advisory Group on International Aspects of the CAP, Copa-Cogeca qualified strongly this first statement: "However, in the case of a sector producing a commodity which is vital for human life... governments must take into account wider strategic objectives which often cannot be achieved through market forces, the opening of markets or the pursuit of growth. This is why agriculture must continue to be treated differently from other economic sectors in trade policy and in the WTO... The liberalisation of trade can undermine the attempts of rural communities in the poorer developing countries to build up their agricultural base by exposing farmers in these countries to competition from stronger exporting countries". Copa-Cogeca adds even: "that EU agriculture must play its part in contributing to world food security but it is not the aim of the CAP to feed the world's hungry nor could it be". Indeed, the EU27 food trade deficit reached on average, from 2000 to 2010, €16.8 billion fish included or €5 billion without fish. As it had an average food trade surplus of €17.4 billion over the developed countries, of which €11.9 billion over Western countries and €5.5 billion over Russia, the end result is that the EU

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http://www.fooddrinkeurope.eu/uploads/statements_documents/FoodDrinkEurope_on_the_EU_Morocco_Agreement_2_1.pdf

¹¹ trade.ec.europa.eu/doclib/html/149837.htm

¹² http://www.copa-cogeca.be/img/user/file/MAG%20CC/M_E.pdf

¹³ *Position du Copa-Cogeca sur les aspects internationaux de l'agriculture*, 17 février 2012, trade.ec.europa.eu/doclib/html/149837.htm

received an average food aid of €34 billion from DCs. Before contemplating to feed DCs, the EU should cease to be fed by them.

Yet, despite these brave statements, Copa-Cogeca strives to minimize the negative impact of the EU agricultural trade with the LDCs, using a series of contradictory arguments.

*"The CAP is often accused of damaging farmers in developing countries because of the subsidies it gives to encourage exports but this picture is totally outdated. Today export subsidies represent less than 2% of the total CAP budget and only a tiny proportion of this small amount finds its way to developing countries"*¹⁴. It is true that the export refunds shrunk drastically, to €179 million in 2011. But *"Copa-Cogeca reiterates its call for parallel elimination of export subsidies and all other similar forms of public support to exports by all members of WTO. In the meantime, the EU should maintain its export subsidy mechanism but should not use export subsidies on exports to LDCs or ACP countries"*. Well, but Copa-Cogeca pretends to accredit that domestic direct payments, which benefit as well to the exported products, do not belong to *"all other similar forms of public support to exports"* and do not have the same dumping effect as export refunds even though the WTO Appellate Body ruled the contrary the 3 December 2001 and 20 December 2002 in the Dairy products of Canada case, the 3 March 2005 in the US Cotton case and the 9 April 2005 in the EU Sugar case. Yet Copa-Cogeca acknowledges that *"On average direct payments represent two-thirds of farmers' income in the EU 27"*.

Another contradiction: on the one hand Copa-Cogeca is proud to claim, following the European Commission, that *"The EU also gives preference to imports from the 50 least developed countries in the world and, as a result, 58% of their agricultural exports are sent to the EU"*; on the other hand it asserted in 2008: *"Since 2001 all 50 least developed countries in the world have been given tariff free and quota free access to the EU but this has still not enabled them to reduce hunger and poverty in their country. The poorer countries have repeatedly stated that their priority is to enable their farmers to expand production for local needs so that they can reduce hunger, increase the income of rural communities and ensure food security. They cannot build up their own agricultural base if they are faced with increased imports from large scale exporters"*¹⁵. A statement confirmed in February 2012: *"Nor would the opening up of the EU market benefit the poorer developing countries, as is sometimes claimed. The main beneficiaries would be the highly developed export businesses established in countries such as the USA, Canada, Brazil, Argentina, Australia and New Zealand"*.

That is why Copa-Cogeca stands up for a strong import protection of the EU agricultural domestic market: *"The EU should not conclude trade agreements which undermine the EU's objectives under the CAP... In the Doha Round Copa-Cogeca considers that the EU offer on tariff reductions (of July 2008) went much too far... The Commission has estimated that the Doha agreement would mean a €19 billion annual loss to the EU agriculture sector. Copa-Cogeca estimates this loss to be more realistically closer to a €30 billion"*. If Copa-cogeca is in its role to defend the EU food sovereignty, why not to do the same for the rest of the world?

Indeed Copa-Cogeca declares at the same time: *"The EU should develop new tools, with a long-term perspective, to make the most of new export opportunities for the EU's high quality products"*

¹⁴ *The Future of the Common Agricultural Policy. What is at stake*, 6-7 October 2011, http://www.copa-cogeca.be/img/user/file/PAC_BROCHURE/PAC_E.pdf

¹⁵ *Why Commissioner Mandelson is wrong on WTO - A challenge from European farmers*, 14 July 2008, http://copa-cogeca.eu/img/user/file/declaration_4649/dec4649-1e.pdf

(for example payment guarantees, measures to overcome technical barriers to trade and facilitating market research & brand promotion)".

When Copa-Cogeca declares that "*Only some 4% of EU agricultural exports go to LDCs*", it is wrong as they received on average, from 2002 to 2011, 13.4% of the EU-27 cereals exports (in value), 8.3% of its sugar exports, 6.6% of its dairy exports and 5.7% of its meat exports, all products which benefitted the most from export refunds, not to speak of the direct payments received by these exports.

Copa-Cogeca is also an ardent champion of agrofuels, under the pretext that their production is accompanied by a production of feedstuffs (distillers grains, sugarbeet pulps and oilseeds meals): "*Biofuels are an important weapon in the fight against climate change... For example, in the case of oilseeds, 55% of the oilseed grain goes to make oil cakes fed to animals and only the remainder is used to produce biodiesel. Increased production of biofuels will therefore not only help to combat climate change. It will also enable the EU to reduce its heavy dependence on feed imports and free up land in the rest of the world*". In fact these feedstuffs account for only a third of the feedstock nutritional value.

This type of argument was used by the European Commission to justify increasing the quantity of EU cereals processed into ethanol from 10 million tonnes in 2011 to 30 million tonnes in 2020¹⁶. Yet, with the current drought in the U.S., all livestock producers and 150 Congress' members (Democrats and Republicans) are pressuring the Environment Protection Agency to waive the obligation to process maize into ethanol¹⁷, and IFPRI requested the 6 August 2012 that the EU also stop producing biofuels¹⁸.

2) The Danish cooperatives

For Henning Hansen, "*Both cooperatives and capital owned companies usually have the objective to ensure owners the highest possible earnings... Profits of member of a cooperative will come through dividends and through more favorable sales or purchase prices... Among the 100 largest food companies in Denmark, 52 per cent of the turn over comes from cooperatives, and 48 per cent from capital owned companies... In recent years, Danish cooperatives have been very focused on global off shoring of production and the use of foreign commodities. For several large cooperatives production abroad now exceeds exports based on the members' own production... Globalization of cooperatives in the form of foreign members, increased use of foreign commodities, investments in foreign production, etc. will imply a shift of paradigm for many cooperatives*"¹⁹.

3) The European cereals cooperatives

Rainer Kühl concludes his evaluation of the EU cereals cooperatives as follows: "*The larger the size (in turnover or number of members) of the cooperative becomes the more the institutional governance of cooperatives deviates from the traditional cooperative model. More and more the board of directors or the management takes the final decision and there is a growing separation between the member relationship functions, which are assumed by the*

¹⁶ http://ec.europa.eu/agriculture/publi/caprep/prospects2011/index_en.htm

¹⁷ http://www.washingtonpost.com/opinions/congress-wrongheaded-approach-to-drought-relief/2012/08/05/16211a12-dcc8-11e1-9974-5c975ae4810f_story.html

¹⁸ <http://www.ifpri.org/pressrelease/effectively-responding-drought-united-states-can-prevent-another-global-food-crisis>

¹⁹ Henning Otte Hansen, *Agricultural cooperatives and globalization: A challenge in future?*, 2009, http://www.ifmaonline.org/pdf/congress/09_Hansen.pdf

regional councils and the operational functions, which are assumed by the management. The procedures of internal governance in these cooperatives become more and more similar to those of investor-owned firms. This observation could be made for nearly all cooperatives in all sectors that were analysed"²⁰.

4) The French cooperatives

For Coop de France "The internationalization of cooperatives is in line with their aims. As Tereos or In Vivo, Limagrain shows how the logic for the cooperative member and the logic for the cooperative "shareholder" may complement one another (recovery of dividends). For Pierre COUDERC, Euralis' general manager which targets notably this year China and Canada, "We must go to international markets with a clear and shared strategy"... Despite the many mergers and acquisitions which occurred in the last ten years, the size of French cooperatives leaves much to be desired. Thus, in the European top 25, only one (InVivo) is among the 10 first... On the other hand the average turnover of the Northern Europe cooperatives (4.500 M€) represents three times the size of their French counterparts (1.890 M€)... Relatively to the French cooperatives, their European counterparts are more internationalized and get more than 50% of their turnover with their foreign operations... Beyond strategic challenges of development and governance, cooperatives have to take up new challenges, particularly financial and social ones. It is crucial for cooperatives to accelerate the movement, to face and participate to globalization"²¹.

To conclude we see that the large EU cooperatives are following a strategy similar to that of private agro-industries, setting up capitalist subsidiaries abroad and prioritizing the competitiveness of the cooperative business rather than the level of prices paid to farmer members. To maintain nevertheless their farmers' competitiveness they share with the European Commission the objective to enlarge the size of farms and to rely on input intensive production systems, preferring to ignore their negative impacts on employment and environment.

III – Tereos: exemplary economic success and disregard of the cooperative spirit

The French sugar beet cooperative Tereos distributed the 13 September 2011 to each of its 12,000 members 180 euros for each of their 173,700 hectares of sugar beet as dividends paid by its private subsidiaries Guarani in Brazil and Companhia Sena in Mozambique producing sugar cane (plus ethanol for Guarani). This corresponded to an average dividend of 2,600 euros per cooperative Member²², which is however little relatively to the average revenue of 50,600 euros (including dividends, additional prices and interest on cooperative shares) of each cooperator from his average 14.5 hectares of sugar beet. To this should be added the decoupled single payment scheme (SPS) of €525 per hectare of sugar beet, or \$7,613 on average per cooperator. As the average beet producer has a farm of around 100 ha – of which about 75 hectares of cereals and 10 hectares of oilseeds and pulses – he gets an average SPS of around €375 per hectare²³, adding €32,000 euros of additional income, without forgetting the sizeable revenues from the 75 hectares of cereals and 10 hectares of oilseeds and pulses, given their average high prices in the last four years. In other words these sugar beet cooperators are not the poorest French farmers.

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<http://www.lei.dlo.nl/wever.internet/applications/leirapporten/images/spr/SFC%20Cereals%20Final%20rev%20draft.pdf>

²¹ <http://www.coopdefrance.coop/fr/179/business-forum-2011/>

²² http://www.tereos.com/rapport-annuel-2011/Tereos_rapport_annuel_2011.pdf

²³ http://agreste.agriculture.gouv.fr/IMG/pdf_Gaf11p061-064.pdf

But there is more: Tereos, which produces 40% of the French sugar, was by far the first beneficiary of the CAP subsidies from 16 October 2008 to 15 October 2009, having received €117.9 million in export refunds on sugar²⁴, plus €12.7 million received by its subsidiary of La Réunion, the Sucrerie du Bois Rouge, hence a total of €130.6 million in export refunds ! However these refunds are no longer available since 2010. Let us add that Tereos, as the other French agricultural cooperatives, is exempt from income tax for its activities with members, even if there is no exemption on the income of non-cooperative subsidiaries.

In September 2011 21,909 or 82.2% of the total 26,657 employees (excluding the sugar beet cooperators) of Tereos International were working in Brazil and Mozambique. Tereos annual report for 2008-09 stresses the "cooperative spirit" motivating its actions: *"Since its creation, Tereos has drawn from its cooperative origins a specific approach of its development ... Tereos began as soon as the 1990s a diversification to enlarge its field of activities in new zones (European Union, Brazil, Africa, Indian Ocean)... under the status of subsidiaries of its hard core constituted by the cooperative. This successful diversification is a response to markets globalization and the critical size of its customers and competitors... Thus Tereos' historical activities, its international development and its diversification continue to obey to the cooperation values – transparency, solidarity and equity –, but with a modern and prospective vision. Tereos is built owing to its cooperative members but also its 13,500 employees who share a well agreed mutual interest, anchored on the various territories, between the valuation of agricultural resources and the necessary knowledge to achieve it"*²⁵.

However, it is dubious that the employees of its sugar factory Sena in Mozambique do "*share a well agreed mutual interest*" with the 12,000 Tereos cooperators, as they were periodically on strike. In early July 2008, 7,000 cane cutters accused Sena for not paying the work made on public holidays and not providing the boots and protection equipment required by law. The regional Governor had to intervene to close the conflict²⁶. The 8 August 2009, 3,000 cane cutters began a strike for 4 days and burnt 150 hectares of sugar cane to protest against the too low wages and the lack of protection equipment requested the previous year. The 18 September 2009, as the company did not fulfill its commitments to raise wages, the striking employees burnt an ambulance and six of them were injured after police intervention. The employment Minister declared the strike illegal because the workers did not submit first their demands to the factory manager²⁷. The fact that the Mozambique government holds 12% of Sena's shares may explain its reaction to the strike. The situation worsened in 2010 when Brazilians replaced the Maurician managers: the transport premium was suppressed and some employees had to walk 10 kilometers, with wages reduced for late arrival to the factory; beverages are no longer distributed and there are no wage increases for the Mozambique workers²⁸. Yet the minimum wage for workers of sugar factories was of €38.9 per month in 2009 and, if it rose to €48.4 euros in 2011, it is because it followed the general rise for all minimum wages following an inflation rate of 13% in 2010 and 12% in 2011. Furthermore the cane cutters are seasonal workers for at most 7 to 8 months a year. And we do not know the extent to which Sena – one of the four sugar factories of Mozambique – is concerned by the alarm call of UNICEF the 13 June 2012 about child labour: *"Statistics show that approximately 15% of the million children from 7 to 17 working in agriculture, forestry and fishing in Mozambique are suffering lesions*

²⁴ <http://news.smh.com.au/breaking-news-world/eu-sugar-companies-big-winners-from-cap-subsidies-20100502-u0kc.html>

²⁵ <http://ligaris.dokineo.eu/Tereos>

²⁶ <http://manueldearaujo.blogspot.com/2008/07/marromeu-companhia-do-sena.html>

²⁷ *Na Companhia de Sena: Falta de diálogo precipitou a greve - conclui ministra Helena Taípo*, http://macua.blogs.com/moambique_para_todos/2009/09/na-companhia-de-sena-falta-de-di%C3%A1logo-precipitou-a-greve---conclui-ministra-helena-ta%C3%ADpo.html

²⁸ <http://portaldesena.blogspot.com/2011/03/mau-relacionamento-na-companhia-do-sena.html>

and injuries, because they are wearing too heavy loads or use machetes, for instance in cane cutting"²⁹. On the other hand the population of Marromeu, where the factory is situated, complains that the ground water is polluted by the leakage of the irrigation water, full of pesticides and fertilizers, and the effluents of the factory³⁰. Such a situation would likely worsen as Tereos intends to raise the irrigated area from 7,000 ha in 2011 to 10,000 ha in 2014 and finally 30,000 hectares later on, given the irregularities of pluviometry.

In order to be forgiven those behaviours, and reminding the Ladies Bountiful, wives of the 19th century capitalists exploiting shamelessly their workers, the factory Sena offered in January 2012 to the city of Marromeu a building to accommodate 120 students and financed the renovation of the local radio building³¹; it organized the 16 June 2012 a children day for the children of the personnel and of the city orphanages; and it took the habit to celebrate a mass in the factory the first day of the new sugar cane year, which occurred the 12 June in 2012³².

On the other hand the sugar factory Sena is a good example of the land grabs going on in Subsaharan Africa. Tereos International, which controls 75% of Sena capital, received from the government a concession of 98,000 hectares for 50 years, renewable, with a possible enlargement over 15,000 hectares. According to Tereos, to produce sugar in Mozambique, and possibly ethanol (currently less profitable than sugar), presents three advantages: the land belongs to the State (which does not care about the traditional land rights despite they are recognized by law); there are large tax exemptions (80% reduction on income tax and total exemption on tax on dividends); and there is a duty free-quota free access to the EU domestic market with a good price for sugar, owing to the EU "Everything But Arms" Decision of 26 February 2001 for LDCs³³. According to the World Bank³⁴, investments in the sugar-ethanol chain in Mozambique would value the land price at \$9,800 per hectare, whereas it is actually rented by the State at \$.60 per year over 50 years. Such a valuation implies a rate of return of 21.4% as \$.60 placed at that rate would yield \$9,800 after 50 years. Hence it is that rate of return which is expected by Tereos.

Beyond the land grabbing without indemnities to the farmers using the land, such a policy compels the DCs which sell off those lands to guarantee on a long-term basis the free export of their productions, hence losing the power to tax exports and to reallocate the land to staple foods for the domestic market in case of large food deficits or spikes in their domestic prices. This interdiction is reinforced when such countries sign bilateral free-trade agreements which forbid to increase import protection and to use export taxes on agricultural products, as it is the case for the interim EPA with the EU that Mozambique signed, together with Mauritius, Madagascar and Seychelles. This EPA (as all others EPAs with the EU) forbids also increases in applied import duties above the level at the time of signature, even if they remain below the bound duties, and the use of non-quantitative import and export restrictions. Yet Mozambique

²⁹ <http://www.africa21digital.com/comportamentos/ver/20000285-unicef-considera-qgrave-e-alarmanteq-o-trabalho-infantil-em-mocambique>

³⁰ Rodrigues Gaspar, *A população de Marromeu preocupada com a água potável*, 3 de Setembro de 2009, /2009_09_01_archive.html; http://macua.blogs.com/moambique_para_todos/2011/03/mau-relacionamento-na-companhia-do-sena.html

³¹ <http://portaldesena.blogspot.fr/search?updated-max=2012-02-01T08:03:00%2B02:00&max-results=200&start=42&by-date=false>

³² <http://portaldesena.blogspot.fr/search?updated-max=2012-07-12T12:32:00%2B02:00&max-results=200>

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http://www.mzweb.com.br/tereosinternacional/web/arquivos/20100608_Tereos_Internacional_Presentation_POR_T_v1.pdf

³⁴ World Bank, *Rising Global Interest in Farmland, Can It Yield Sustainable and Equitable Benefits?* 7 September 2010, page 30 : <http://www.responsibleagroinvestment.org/rai/node/692>

is one of the Sub-Saharan countries having conceded the largest area of land, including for agrofuels (jatropha and ethanol), despite its large food trade deficit, particularly in wheat and rice, and which witnessed food riots in September 2010, with 13 deaths and 400 people injured, following a 30% spike in wheat price³⁵. The recent explosion of wheat price, linked also to the US drought affecting mostly corn and soybean, could trigger new food riots, not to speak of increased risks of higher prices in the long run linked to climate change. Yet Mozambique was the 184th on 187 countries for the UN index of human development in 2011 (only Burundi, Niger and Congo Democratic Republic were in a worst situation), with 60 % of its population below the \$1.25 a day for the poverty line, and 38% of its population chronically underfed³⁶. In these circumstances, rather than devoting heavy investments to irrigate sugarcane for export, it would be advisable to devote its water to produce rice, whose trade deficit in value is higher than that of wheat – €112 million on average from 2007 to 2010 against €79 million for wheat – even if the deficit in quantity is higher than that in rice: 285,580 tonnes against 158,000. The more so as the population would more than double up to 2050, from 23.4 million inhabitants in 2010 to 50.2 million in 2050, a 1.94% increase per year.

IV – Conclusion: challenging the capitalist drift of agricultural cooperatives

The capitalist or even imperialist drift of EU agricultural cooperatives is profound and increasing. The actual root lies in the abdication and blindness of the grassroots cooperators who share only an objective of short term profitability without any collective project of a broader social transformation, having given free rein to the cooperatives superstructures. Clearly this criticism does not concern the local agricultural cooperatives, including the services cooperatives such as those of common use of agricultural equipment, which play a very positive role. And this does not concern either the industrial production cooperatives, consumption cooperatives and credit cooperatives (such as Crédit Coopératif in France) which share a real project of social transformation in a sense of more solidarity.

In the face of such profound drifts, one might question the extent to which it is really possible to rebuild the EU agricultural cooperatives, of which the French ones, on values of a broader solidarity than that between their sole members. For Coop de France, there is no ambiguity as it promotes "*The cooperative capitalism: to take in hand one's own economic future in an enterprise of Men*"³⁷. The founding fathers of the cooperative movement, the utopian socialists of the 19th century, must be turning in their graves. Coop de France adds: "*Being partnerships and not joint stock companies, cooperatives are not subject to take-over bids; attached to the specific territory of their farmers-members, they cannot be relocated either*". However to what extent can we say that they are neither joint stock companies nor can be relocated when a large or even the largest part of the capital of the "cooperative group" is in subsidiaries? And when it is also the case for the majority of farmers and workers as in Tereos despite that Coop de France claims that "*Cooperatives' governance, through its objective and implementation, leads to take into account the human dimension in every collective decision affecting the working community*"? And when the production in foreign subsidiaries, where the manpower is much less expensive, in view to re-export duty-free in the EU, jeopardizes the survival of its own cooperators, of whom an increasing share of income comes from the dividends coming from the exploitation of this foreign manpower? And how can we say that these cooperatives cannot

³⁵ http://www.tdg.ch/depeches/monde/deuxieme-jour-emeutes-mozambique-gouvernement-ne-cede;http://abonnes.lemonde.fr/afrique/article/2010/09/06/le-mozambique-pret-a-etouffer-les-emeutes-de-la-faim_1407538_3212.html

³⁶ hdr.undp.org/en/reports/global/hdr2011/

³⁷ <http://www.coopdefrance.coop/ft/15/un-modele-particulier-d-entreprise/#capitalisme-cooperatif>

be taken over when they are bought by capitalist companies as was the case in 2011 for Yoplait, when the cooperative Sodiail, the first producer of French milk (20%), transferred 51% of Yoplait shares to General Mills³⁸? The cooperative principle "one man-one vote" is then replaced by the capitalist principle of proportionality of votes to the share of social capital and the cooperators are associated to risks of bad management that they cannot control.

Therefore, in this international year of cooperatives, we should not praise to the skies the cooperative statutes. A large number of private enterprises, particularly when they are not internationalized, prove a spirit of solidarity and of dedication to regional development greater than many cooperatives do.

What is sure is that the endorsement of agricultural trade liberalization by the EU large agricultural cooperatives – from which they are partially sheltered unilaterally given the unfair rules of the present WTO Agreement on agriculture, of that proposed in the Revised draft on agricultural modalities of 6 December 2008, and by the EU bilateral free-trade agreements – did not lead them, as the United Nations would like, to contribute to "*the achievement of the Millennium Development Goals*". To do it the agricultural unions should take over the strategy of cooperatives and choose to rebuild the agricultural policies on food sovereignty, which implies to do it at the levels of WTO, of bilateral trade agreements and of the CAP itself. Without such a radical reversal of the EU main agricultural unions and cooperatives, LDCs have no chance to go out of hunger and poverty.

On the other hand the headlong rush in agricultural trade liberalization will be more and more detrimental, not only to the EU farmers – as, on average from 2000 to 2011, 84.7% of the EU27 exports of primary food products and beverages were done between the EU27 Member States on the internal market against 15.3% as extra-EU27 exports – but also to the agri-food industries as 73.9% of the EU27 trade of processed food products and beverages were done on the EU27 domestic market against 26.1% as extra-EU27 exports. Furthermore, the Report on the Competitiveness of the European Agro-Food Industry of 17 March 2009 acknowledged that "*The European agro-food industry is confronted with an overall decrease of its share in the world market. Emerging economies and large agricultural exporters, such as Brazil have triggered this by increasingly adding value to their own agricultural raw materials at the expense of food product imports*"³⁹. Another good reason to at least safeguard the domestic market instead of trying to force the access of the other countries' markets.

That is what the Southern and Northern peasant organizations (POs) of small family farmers, group together in la Via Campesina, understood well whereas IFAP – the International Federation of Agricultural Producers, global platform of agricultural unions dominated by Western countries – was dissolved in November 2010 after bankruptcy⁴⁰. The fundamental reason was that its main backer, the Dutch NGO Agriterre, was very dissatisfied of IFAP's lack of mobilization to enrol Southern POs: "*What probably was the biggest setback of this period: the bankruptcy of the International Federation of Agricultural Producers (IFAP). We had entrusted much faith in IFAP as implementer of a huge advocacy sub-programme that would increase the capacity of farmers' organisations to consult their members, come up with urgent issues and have these elaborated into advocacy trajectories with the help of scholars... IFAP did not make use of the PIPGA (Promotion of the use of Participatory Policy Processes as a*

³⁸ <http://fr.wikipedia.org/wiki/Yoplait>

³⁹

http://ec.europa.eu/enterprise/sectors/food/files/high_level_group_2008/documents_hlg/final_report_hlg_17_03_09_en.pdf

⁴⁰ http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_183415.pdf

way of improving members' participation in the IFAP policy preparation work) or a similar participatory method in its policy generating activities... The members from developing countries have been critical about IFAP's work"⁴¹. Agriterra reproached particularly to IFAP its lack of interest to enroll the five regional platforms of African POs united in the PAFFO (Pan African Farmers Forum): EAFF (East African Farmers Federation), PROPAC (Plateforme Régionale des Organisations Paysannes d'Afrique Centrale), ROPPA (Réseau des organisations paysannes et des producteurs agricoles d'Afrique de l'Ouest), SACAU (Southern African Confederation of Agricultural Unions), UMAGRI (Union Maghrébine des Agriculteurs). Yet Agriterra financed largely IFAP to implement a programme called "*Farmers Fighting Poverty*". On the other hand Agriterra rejoices that "*FIPA's bankruptcy is in a striking contrast with the regional networks of farmers organizations at international level*", quoting PAFFO and other Asian and Latin America networks of POs. Even if Agriterra does not seem to have followed a well-defined political strategy, it realized eventually that those POs are the only farmers organizations fighting really against poverty at the world level and that the agricultural unions grouped together in IFAP are defending essentially the interests of Western farmers. And there is little chance that the World Organisation of Farmers, created in March 2011 at Copa-Cogeca initiative to replace IFAP, would renew significantly its positions⁴².

Precisely the strategy to fight hunger and poverty of these networks of POs is poles apart from those of IFAP and COPA-COGECA: far from advocating an increased agricultural trade liberalization and "modern" capital intensive agricultural production systems, they defend policies of food sovereignty – against the WTO Agreement on agriculture and bilateral free-trade agreements, particularly the EU-ACP EPAs – and agro-ecological production systems on the lines promoted by the IAASTD (International Assessment of Agricultural Knowledge, Science and Technology for Development).

What we should underscore is that those POs do not consider cooperatives as the most adapted organizational form to structure them at the grass roots level. Within ROPPA for example the Senegalese POs preferred, when they needed a legal entity, to use the statutes of GIE (economic interest group), much more flexible than that of cooperative⁴³.

At a joint conference on 24 April, organized by Euro Coop (consumer co-operatives) and Cogeca in Brussels, entitled "Co-operatives working towards a fair and competitive food supply chain", Claire Bury, Director at Directorate E (Services) of the European Commission, backed the idea of integrating cooperative values and principles into the supply chain: "*The founding fathers of the Equitable Pioneers, in Rochdale, who founded the principles of co-operative movement, brought social conscious into business, which echoes very loudly into the world. These principles are still relevant and make business sense*"⁴⁴. Fine, but this social consciousness of business should not stop at the EU border.

⁴¹ <http://www.agriterra.org/assets/uploads/15740/Activiteitenverslag%202010.pdf>

⁴² <http://worldfarmersorganisation.com/default.aspx>

⁴³ Mamadou Cissokho, *Dieu n'est pas un paysan*, GRAD et Présence Africaine, 2009.

⁴⁴ <http://2012.coop/en/media/news/creating-fair-food-chain-co-operation>