

## Case study: How do the French do it?

### 18,000 French beef farmers are in POs. Thomas Hubert reports

Some 18,000 French beef farmers belong to 38 so-called “non-commercial producer organisations” across the country. They help farmers to regulate relations with processors without taking ownership of their animals at any point.

Traditional co-operatives are also active in the beef sector. Much like in dairy, they buy their members’ production according to an agreed price structure and bring it to the market. French beef co-ops have more than 60,000 members and some operate their own abattoirs and processing plants.

While co-ops require their members to commit their production and invest in marketing or processing capacity, non-commercial POs are lighter structures, closer to the system proposed in Ireland – although the French administration checks that each group accounts for at least 5,000 cattle per year before it is deemed strong enough and licensed to operate.

The first lesson to learn from the French experience is that such organisations’ negotiating power has up to now been strictly limited by competition law. The recent CAP reforms will make it easier for Irish and French groups to comply with national and European legislation against price-fixing.

“Currently we are not allowed to agree prices, but we can agree on how the price is going to be set – how it will follow a certain index, for example – as well as on price premia attached to quality specifications,” said Philippe Auger, who chairs the national beef producer organisations’ federation ELVEA.

#### Better deal

Despite this limitation, he claims that his fellow members get a better deal than farmers who work on their own – while retaining more freedom than if they joined a co-op.

“Among our members, no animal leaves the farm without us knowing what price it will fetch,” he says. Each local producer organisation includes buyer representatives – from dealers and factory operators to exporters – which helps disseminate market information.

And while each sale remains a privately agreed

transaction between a farmer and a buyer, they all agree to play by certain rules. “Coming together gives us more weight when dealing with the abattoirs,” said Auger.

For example, Kermené, the meat processing arm of the retail multiple E. Leclerc, has agreed various types of bonuses with the local PO in the area where Auger keeps 90 Charolais suckler cows in eastern France. For example, the factory pays an extra 13 c/kg for females under eight years of age weighing between 400 to 450kg, which are then promoted in the region’s supermarkets as locally sourced meat.

Some deals are short-term: Kermené recently offered the group’s members a bonus of 5 c/kg for 4,000 cows over two to three weeks to feed a beef promotion.

#### A better deal

POs try to get the highest possible premium for quality products and to formalise it in a continuing agreement. “The heart of what we do is quality labels such as suckler veal, etc.” said Auger. “At the end of the day, our aim is to get a better deal for farmers. We suffer from price drops like everyone else, but we try to anticipate them.”

Despite these promises, non-commercial producer organisations and co-ops each account for less than one-third of nationwide beef production – which means that nearly half of French farmers choose to go it alone.

A report on the beef sector compiled three years ago by French senators concluded that collective bargaining in the French beef sector appeared “weak”. “Producers are not unanimously convinced that collective marketing options bring them real added value,” they noted.

“Producer organisations have probably not gained the critical mass required to really weigh on the markets in the face of highly concentrated buyers,” the senators added, recommending that the EU rules on the beef common market organisation be relaxed on the competition side to allow larger POs to form.

The French did most of the pushing at EU level to give producer groups more power. I’m sure now they have got it they will look to use it.



The first lesson from the French experience is that the negotiating power of producer organisations has up to now been strictly limited by competition law.

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