
Present and future lines of the co-operative entrepreneurship in the Walloon agricultural sector

Duquesne, B., Turlot, A., Lebailly, Ph.

Rural Economics and Development Unit
Gembloux Agricultural University
Gembloux (Belgium)
Tel-32 81 62 23 65 Fax-32 81 62 23 63
duquesne.b@fsagx.ac.be

Abstract. The rapid globalization process has provoked a new wave of initiatives, particularly in the agricultural sector. This has at least partly regenerated and given new strength to rural social economics by claiming a new political and social-economic project that contests the absolutization of market-economics and its concomitant market society.

If the approved co-operatives sometimes had to adapt their structure to the economic changes and to take part in the movement of regrouping and concentration, the values and Rochdale's principles remain present.

Demand for terroir products has been instrumental in the CAP reform programme and the emergence of alternative food systems with the idea of short food chains has been central to the formulation of new regional agricultural policies. Part of the strategy consists in alternative distribution channels, like participation in farmers' markets or on-farm retail activities that diverge from the global hypermarket system. The revival of local food, related to trust, equality and a connection between consumers and producers suggest a civil and solidarity-based economy.

This paper seeks to present the current and future lines of the Belgian co-operative entrepreneurship, concerning more particularly the small Walloon agricultural cooperatives through case studies from co-operatives of local products' marketing.

1. Introduction: origins and distinctive features of belgian cooperatives

The founding principles of the "cooperative" movement inspired by the spirit of Rochdale are based on the following characteristics: recognition of a shared need at local or regional level and people's desire to cooperate to meet that need, lack of profit-seeking motive amongst the members, and the democratic principle of "one member, one vote".

Without being exhaustive, we will note first of all that, in the past, cooperative entrepreneurship developed above all in three main sectors:

- The financial sector;
- The agricultural sector;
- The distribution sector, especially pharmaceutical distribution.

This development was supported by the social pillars of Belgian society (unions, mutual benefit societies, agricultural professional organizations, etc.) and to a lesser extent by organizations with no social and political involvement.

In Belgium, the first cooperatives appeared following the 1848 revolution in Paris and the social unrest which accompanied it. People decided to join together to buy wholesale all the staple foods and consumer goods they needed. From 1849 to 1852, various production cooperatives were organized but most of these broke up very quickly. In 1865, the first Belgian section of the International Workingmen's Association set up a cooperative. Although it disappeared totally during the 1870s, this first "cooperative industry" arising out of the developing labour movement was to leave productive traces in people's minds. The creation of cooperative banking societies in the 1860s aimed at allowing the middle and working classes access to credit heralded a social dimension. It was from that period onward that we saw the appearance and development of initiatives aimed at the working classes such as, for instance, the "Caisse Générale d'Épargne et de Retraite" (General Savings and Pension Fund)

Meanwhile, agricultural cooperatives appeared in Germany during the difficult years of 1846-47 in the form of a credit cooperative set up by F.W. Raiffeisen. This type of credit became more widespread between 1878 and 1890, during the agricultural crisis. In Belgium, the first agricultural cooperatives, called at that time "Agricultural Syndicates" put in an appearance around 1885-1890 (Landen Agricultural Syndicate and Liège Agricultural Syndicate) A few years later, R.P. Goor, a priest at Campine, set up a "Boeren-Gilde", bringing small farmers together in a religious, social and cooperative spirit. Thanks to the support of a statesman (Helleputte), the "Boerenbond" was set up, which is still active today and described by H. Pirenne as follows: "Whereas in the cooperative movement born in the city, the form came from below, in this case it is decreed from on high; it penetrates according to instructions issued by the head of the organization and the clergy will always be the guild's inspiration, ensuring the domination of their social influence."

In the agricultural domain, the cooperative movement played a vital role in organizing the economic channels for the consumption and distribution of agricultural products. At the instigation of the large agricultural unions, farmers first set up cooperatives to purchase raw materials and fertilizers jointly and then to store or market their produce. This is how the horticultural auctions, and the dairy and cereal cooperatives were created. These cooperatives allowed farmers to make the large investments necessary to make Belgian agriculture and horticulture more efficient. In recent years, there has been an upsurge in interest in the cooperative form, in the agricultural domain, through the development of farm machinery cooperatives (CUMAs). Farmers buy farm machinery which they would not be able to acquire alone and share its use.

The cooperative is also the special channel farmers use to set up new ventures:

- Selling produce on the farm;
- Marketing organic foods;
- Promoting local produce.

With regard to the law, in Belgium it was not until the 1870s that the statute on cooperatives was added to the Commercial Code. The "Conseil National de la Coopération"(National Cooperatives Council) was set up in 1955 and, in 1962, approval conditions were instituted by a royal decree of 8 January covering the five main principles of the cooperative movement:

- Voluntary membership;
- The principle of equality or voting right restrictions at general meetings;
- The appointment of directors by the General Meeting;
- The practice of a low interest rate, limited to equities, which cannot exceed 6%;
- The practice of paying dividends to members, proportional to operations.

To promote the development of cooperatives which undertook to comply with the approval conditions, these conditions were given a special status in ordinary law providing financial and tax benefits.

Most Belgian cooperative societies developed in the wake of social movements and, from the start, had strong links with the agriculture and labour movements, both Christian and socialist. Moreover, the cooperative world quickly formed into large networks within the traditional "pillars" of Belgian society: on the one hand, the socialist cooperative movement within the Belgian Cooperatives Federation (Febecoop); on the other hand, cooperatives linked to the Christian workers' movement came together within what is today called the ARCO Group. A third large network developed in the Flemish agricultural world with the cooperatives linked to the Boerenbond and the CERA Bank.

The table below shows the growth in the number of approved cooperatives per commission since 1970.

Growth in the number of CNC-approved cooperative societies per commission
(Source: National Cooperatives Council – 2005)

Commissions	1970	1990	1995	2000	2005
Coopératives de consommation	156	71	62	59	56
Coopératives agricoles	203	126	188	318	330
Coopératives de production et de distribution	42	48	29	26	26
Coopératives de services	842	525	350	140	123
Total	1243	770	629	543	535

In 2005, Belgium had 535 cooperative societies. Together, they have more than two million members, provide approximately 6,750 direct jobs and between 50,000 and 100,000 indirect jobs. These cooperatives are distributed unevenly between the different sectors. In 2005 there were 56 consumer cooperatives; 330 agricultural cooperatives; 26 production and distribution cooperatives and 123 service cooperatives.

The regional distribution shows a clear preponderance in Wallonia: approximately two-thirds of approved societies are located in the Walloon Region. This situation is linked especially to the major development of Farm Machinery Cooperatives (CUMA) in the south of the country.

2. Examples of cooperatives in the Walloon Region

2.1. Terlux

The Terlux cooperative is a cooperative of Ardenne and Gaume producers specializing in marketing local produce. It was set up in 1991 by an association called "Produits et Marchés de Pays" (Country Produce and Markets, set up in 1978) which wished to go beyond that aspect and ensure the marketing of the products.

Its purpose is "wholesale and retail marketing, import and export, manufacture, transformation, production, and packaging of all food or other products, and all consultancy activities related to these activities".

The cooperative markets the produce from 39 producers. About fifteen of them attend the Ansart farmers' market each week.

Setting up a weekly market is the result of lessons learned from the failure of several marketing experiments in the traditional networks:

- Home marketing;
- Weekly markets;
- Restaurants;
- Regional shops.

It was the lack of profitability linked to transport, staff and stall rental costs, the poor turnover made at markets and the demands of restaurant owners and retailers which led the cooperative members to set up a permanent market in 1994. The Ansart farmers' market takes place every Friday evening and brings together nearly forty local producers in a single place. To take part in this market, each producer present must sign a commitment charter specifying the conditions of their involvement in the market. A presentation of regional events and the promotion of produce or producers, depending on the season, are also carried out. In addition, a bar, snacks and a friendly space to meet are available to consumers.

The quality of the products, some of which are certified as organic and all of which are local or fairly traded, and the activities offered contribute to the market's success.

Although turnover is fairly low, it still allows about forty small producers to sell their produce directly at a good price and to promote it. In addition, the cooperative has enabled jobs to be created in the form of a social economy. It is involved in maintaining

a friendly meeting place in the rural environment and the marketing of the products meets new consumer expectations.

2.2. Coprosain

In 1976, three farmers decided to sell their produce together on Ath market in Belgium. They were leaders and members of a sociocultural, not-for-profit association, "Les Equipes Rurales" (Rural Teams). Driven by the desire to build relationships with consumers, they opened their farms up to them. At the same time, as part of the "return to the countryside" fashion caused by the economic crisis following the oil price increases of 1973, consumer movements were set up. In various Belgian towns, they undertook jointly to place orders every fortnight or every month.

"Open door rallies" organized by the producers allowed discussion between farmers and consumers following a farm visit and a meal tasting the produce.

In 1980, a group of producers formed themselves into a cooperative: AGRISAIN. The range of farm produce was quite wide but the producers chose a flagship product to make their association known: the AGRISAIN free-range chicken. A few years later, AGRISAIN's 16 members-producers decided to invest in a fixed structure. They took over a butcher's shop and formed a second cooperative: COPROSAIN. For this, they hired 2 employees, one of whom was a butcher. This cooperative was to carry out the transformation and marketing of the AGRISAIN produce as well as certain traditional beers and organic groceries.

At consumers' request, following the health debates regarding hormones in the 1990s, they decided to open a specific beef section. The first cattle breeders recruited were from the cooperative members' families or neighbourhoods. In 1993, so that they could objectively guarantee the beef on offer, the cooperative undertook the procedure to get a label of quality. Sales grew from this new flagship product, the Farm-Reared White/Blue cattle, and 3 butcher's shops have opened under the COPROSAIN name. In 1996, thanks to subsidies from the Walloon Region and the European Union, the cooperative installed new delicatessen and meat cutting rooms. The fact that they are located next to an abattoir provides transport savings. Two years later, the abattoir was modernized and this allowed the cooperative to install an effective tool, set up the COPROSAIN Trading Group and move towards producing a new product range: traditional delicatessen products. The facilities have continued to grow and now include many workshops (meat cutting, hot meat workshop, cold meat workshop, storage rooms, etc.). The meat production rate is quite considerable: since the start, each week it has involved more or less 25 lambs, 25 pigs, 4 cows and 2 calves. In addition, they also prepare dishes such as lasagne, beef stews, cottage pies, etc.

In 1999, the cooperative acquired a new label for Farm-Reared Pork (Walloon quality label). Currently, the cooperative's turnover is well over the 2.5 million euro mark and it employs 60 people. If we add "affiliated" producers, the Coprosain organization represents over 100 jobs in the Walloon Region.

The distribution network has 4 points of sale, one restaurant and a presence at no fewer than 20 local markets on Tuesdays to Sundays. Coprosain also supplies a number of local authorities.

The cooperative has summarized its objectives in a "Quality Charter" with 8 commitments: sustainable small-scale farming, food security, traditional production methods, animal welfare, selective breeding, inspections and traceability, maintenance of gastronomic traditions, and short-channel marketing.

Currently, Coprosain represents one of the few examples of a cooperative which really works in the Walloon Region. It demonstrates that there is a way to create a marketing structure which brings together small farms and traditional farming methods.

The producers are involved in a high quality production procedure, respect for the environment and direct marketing to the consumer. The social aspects are prominent. The objectives are both quality production with better remuneration of producers and the presentation of a healthy product at an affordable price for consumers. Maintaining family farming, respect for the environment and the development of their region are important elements of the charter set out by Coprosain.

The cooperative's activities are essentially based on the meat trade which it has made its main asset. It is around this loss leader that it has developed its range and its outlets.

As well as the legal requirements (access to the profession for butchery), the employment of salaried staff partly releases producers from marketing activities and allows them to be released from some of the constraints of being permanently on call. They can thus devote themselves fully to improving their production techniques and to practising high-quality farming which is more demanding in terms of labour and quality. The producer-consumer relationship is nevertheless preserved and encouraged by informing consumers and holding open days on the farms and by distributing leaflets in points of sale and creating a website.

3. Cooperatives and the great challenges of today

The example of the small cooperatives described above is a testimony to their role as a lever in the rural development of a new type of entrepreneurship. By referring to J. Schumpeter for whom economic development is a "process of carrying out new combinations", cooperatives still have a big role to play and can sometimes be quite innovative in certain fields. These involve the five great challenges of today which are reducing the risks of globalization, fighting unemployment and protecting quality jobs, defending consumer interests, encouraging social integration and promoting sustainable development which is more respectful of the environment and future generations.

In a context of globalization which reduces diversity of business forms and increases the power of multinationals, cooperative societies present a shareholding model which goes against the flow of current trends. They are focused on their members and rooted in a community; they provide local services and contribute to maintaining local jobs. Because their owners are also their users (whether they are producers, consumers or

workers), they are attached geographically to their business, which effectively keeps the decision-making centre close to the place of production. The cooperative system allows economic agents to come together in order to achieve the critical size needed for them to achieve real economies of scale.

In certain respects, cooperatives contribute to protecting employment. They are involved in the long-term social and economic integration of marginalized people into the labour market. In Belgium, there are barely a hundred integration firms. These companies are approved and subsidized as such by the regional or community authorities. Their aim is the social and professional integration of job seekers who are particularly difficult to place, through the production of goods or services. Cooperatives like Terlux and Agrisain create employment in the rural environment, contribute to social cohesion and improve the viability of districts as well as the quality of life of their residents.

As opposed to trade globalization which increases competition and distances production from consumption, cooperatives are rebuilding the historical social link between farmer and consumer. Some of these businesses even bring together producers, consumers and employees in a way which integrates the whole industry (from producer to consumer via the worker). This approach allows product quality to be improved and controlled while ensuring that they remain available at an affordable price, that the output ensures a decent income for the farmer and that the people responsible for marketing the products enjoy good working conditions.

In this context, cooperatives naturally have a role to play in implementing new methods of production and consumption and promoting a sustainable lifestyle which also takes account of the needs of future generations.

4. Conclusions

In Belgium, scientific research into new ways of organization for producers and consumers regarding food is only just beginning.

The scale of the issues and the lack of a global solution are gradually leading companies, the authorities and civil society to call into question our method of economic development. It is not really about experimenting on a large scale with a new way of operating the economy but rather of rethinking, within the current system, the involvement of the different economic players in terms of individual and collective responsibility.

Within this whole area, while continuing to fulfil their initial objectives and because of the aims they pursue, cooperative societies can provide practical answers with respect to citizens and companies which intend to adopt a more responsible citizen-focused approach.

For a long time, cooperative societies were badly perceived by farmers in southern Belgium because of an individualistic spirit and the failure of certain experiments.

Today, some consumers wish to encourage corporate social responsibility. As a reminder, this term designates the voluntary measures which companies take, beyond their objective of economic profitability, in order to respect social and environmental requirements, and to improve relations with all the stakeholders concerned by their activities (customers, suppliers, workers, authorities, neighbourhood, etc.). In reality, these approaches have formed the very foundation of cooperative organizations for more than a century insofar as they use economic means to meet social objectives, their operating methods are based on people and they implement principles of internal democracy which foreshadow a possible dialogue with the different stakeholders.

At a time where the profitability of certain farms is not obvious when they limit themselves to delivering agricultural primary products, cooperatives such as those presented provide a novel solution to rural development. However, they need to be encouraged by the authorities in their investments; otherwise they will not be able to meet the standards imposed by supermarkets. The same applies to the problem of employment in certain rural areas and the improvement of the image of farmers who are not all convinced that increasing farm sizes and more intensive farming are the way to keep them in the rural environment.

Bibliographic references

- CIREP asbl. (1993). CUMA - Coopérative d'Utilisation de Matériel Agricole. Editions CEBEDOC sprl, Liège, 103 p. ISBN : 2-87080-027-4
- DESHAYES G. (1988). Logique de la co-opération et gestion des coopératives agricoles. Skippers, Paris, 316p.
- DEFOURNY J. et DEVELTERE P. (1999). Origines et contours de l'économie sociale au Nord et au Sud. In : « L'économie sociale au Nord et au Sud », Editions De Boek, Bruxelles. pp.25-50
- GENTIL D. (1984). Les pratiques coopératives en milieu rural africain. Editions L'Harmattan, Paris, 147 p. ISBN : 2-85802-362-7 ISBN : 2-920568-00-0
- HEUCHENNE B. (1975). Les grands problèmes des coopératives agricoles en Belgique et leurs prolongements européens. Mémoire de fin d'études : Faculté Universitaire des Sciences Agronomiques de Gembloux (Belgique).
- LAVILLE J-L. (2003). A New European Socioeconomic Perspective. Review of Social Economy. Vol. LXI, No. 3. PP ; 389-405
- LEBAILLY P.; DUQUESNE B. (2007). Etude de la faisabilité pour la création d'ateliers partagés dans la province du Luxembourg e pour le développement de nouvelles activités par la coopérative TERLUX sur le site de Han. Rapport final. Gembloux : Faculté des sciences agronomique, Unité d'Economie et Développement rural. 163p.
- LEBAILLY P. et DUQUESNE B. (2007). Etude de la faisabilité pour la création de filières de commercialisation collectives de produits locaux- GAL de la Botte

- du Hainaut. Rapport final. Gembloux : Faculté des sciences agronomique, Unité d'Economie et Développement rural. 163p.
- LEBAILLY P.et DUQUESNE B. (2006). Etude de la faisabilité pour la création de filières de commercialisation collectives de produits locaux- GAL de la Botte du Hainaut. Rapport final. Gembloux : Faculté des sciences agronomique, Unité d'Economie et Développement rural. 72p.
- LEBAILLY P.et DUQUESNE B. (2003). Etude de faisabilité et de rentabilité pour le projet « Bio & Terroir ». Rapport final. Gembloux : Faculté des sciences agronomique, Unité d'Economie et Développement rural. 102p.
- MEVELLEC P. (1985). Gestion financière dans les organisations coopératives. Gaëtan Morin éditeur, Québec, 260 p. ISBN : 2-89105-108-4

Web sites

- SPF Economie, PME, Classes moyennes et Energie. Conseil national de la Coopération, http://mineco.fgov.be/SME/cooperatives/council_fr.htm (11/01/08)
- Mestdag C. (2002).Initiatives locales de développement durable en Wallonie. Identification, rencontre et analyse. http://www.fgf.be/pdf/Memoire_Mestdag_FR.pdf (11/01/08)
- PUISSANT J. (1991). La Coopérative en Belgique tentative d'évaluation globale. <http://www.flwi.ugent.be/btng-rbhc/pdf/BTNG-RBHC,%2022,%201991,%201-2,%20pp%20031-072.pdf> (11/01/08)
- COGECA.- Confédération Générale des Coopératives Agricoles de l'Union Européenne. <http://www.copa-cogeca.be/fr/cogeca.asp> (11/01/08)
- Crédit Agricole. CUAM - S'associer pour investir. http://www.creditagricole.be/das/agri/S_associer_pour_investir.cfm (11/01/08)
- Coprobel. <http://www.coprobel.be/lgl/consommateurs/contact.php> (11/01/08)
- GPFL - Groupement Européen des Producteurs de Fruits et Légume de Wallonie. http://www.legumeswallons.be/index_gpfl.html (11/01/08)
- COBELVIAN. http://fpw.cra.wallonie.be/filiere/filiere_cobelvianporcpaysdeherve.php?page=37 (11/01/08)
- BIOMARCHE. <http://www.biomarche.be/bio/taa.csp> (11/01/08)
- SIMONART G. (2006). La Wallonie, table d'harmonie. L'agroalimentaire wallon en dégustation. Les nouvelles de l'hiver. pp. 18-25. http://agriculture.wallonie.be/apps/spip_wolwin/IMG/pdf/LN37_FR.pdf (11/01/08)
- LEGALEX, Avocats <http://users.skynet.be/droit/lasc.htm#fonctionnement> (07-03-08)
- http://www.fja.be/images/pdf/Installation/30_20070726_10.pdf

