



## CEDIA Leuven Visit

Conor Mulvihill, European Affairs  
Nov 2013



# Outline

1. Who are ICOS
2. What are Co-operatives
3. Farming in the Ireland
4. Lobbying as a NGO
5. Future for Coops?

Q & A





# INTRODUCTION TO ICOS

# ICOS

- **Founded in 1894 by Sir Horace Plunkett.**
- **Representing >130 Co-ops in Ireland.**
  - Dairy, Livestock and Co-operative Enterprise sectors.
  - 150,000+ individual members. 13,000 Irish employees. Combined global sales of €13bn.
  - 13 person board. President: Bertie O’Leary Dairygold co-op.
- **Offices in Ireland and Brussels**
  - Offices in Dublin, Cork and Brussels
  - Member of Copa-Cogeca (European Association of Co-operatives from across 28 member states)



# Our Members

- Milk assembly, processing and marketing
- Livestock marketing
- Fish Marketing
- Purchase of farm inputs
- Grain assembly, storage and trading
- Feed Milling
- Livestock Breeding and Artificial Insemination
- Vegetables

# Other Rural Co-operatives

- **Group Water Schemes**
- **Shell Fish Production and Marketing**
- **Tourism Co-operatives**
- **Community Development**
- **Craft**
- **Community Radio**
- **Organic Farming**
- **Wind Energy/Bio-Fuel**
- **Broadband**

# ICOS Represents over 130 co-operative businesses and organisations in Ireland





# CO-OP'S





# Introduction to the Co-operative

- **Definition of a Co-operative**
  - “An enterprise which is owned and controlled by its User Members and operates for the benefit of its User Members”
  - “An enterprise set up by a group of people with a common need, to do something together that they either, cannot do alone or can do better together.”
  - **Agri Co-op: A market led, farmer controlled, enterprise**



# Co-op Principles

- **1st Principle: Voluntary and Open Membership**
- **2nd Principle: Democratic Member Control**
- **3rd Principle: Member Economic Participation**
- **4th Principle: Autonomy and Independence**
- **5th Principle: Education, Training and Information**
- **6th Principle: Co-operation among Co-operatives**
- **7th Principle: Concern for Community**



# Evolution of Irish Co-op Model

- **Early Co-op's**
  - **Bargaining Power - Scale.**
  - **Strategically Defensive.**
  - **Pool / Reduce Risk – Security.**
  - **Proportionately Funded.**
  - **User Driven & Focused**
  - **Geographically Concentrated**



# Past & Present

- **Challenges**
  - **Planning & Co-ordination**
  - **Budgeting & Value Focus**
  - **Monitoring & Transparency**
  - **Communication & Education**
- **ICOS - Unifying Voice & Body**



# Alternative Model in Future?

- **Community & Social Co-ops**
- **Success of the Credit Union Movement**
- **Building Co-ops**
  
- **UK Developments**



# Work of the



- **Helping rural communities through community-ownership and advice, to take control of the issues affecting them.**
- **Shops**
- **Pubs**
- **Food Enterprises**
- **Other Rural Initiatives: E.g. transport**





# FARMING IN THE IRELAND TODAY

# AGRI INDUSTRY HEADLINE FIGURES

- **1 in 8 jobs in the Irish economy**
- **690 enterprises (94% are SMEs)**
- **Supplies the majority of Irelands €14bn grocery sector**
- **€10bn exports in 2012**
- **2/3 of indigenous exports**
- **30% of net foreign earnings**
- **€11.5bn purchases in the domestic economy and €1.75bn payroll**

**The largest net exporter of beef, lamb, dairy ingredients in Europe**





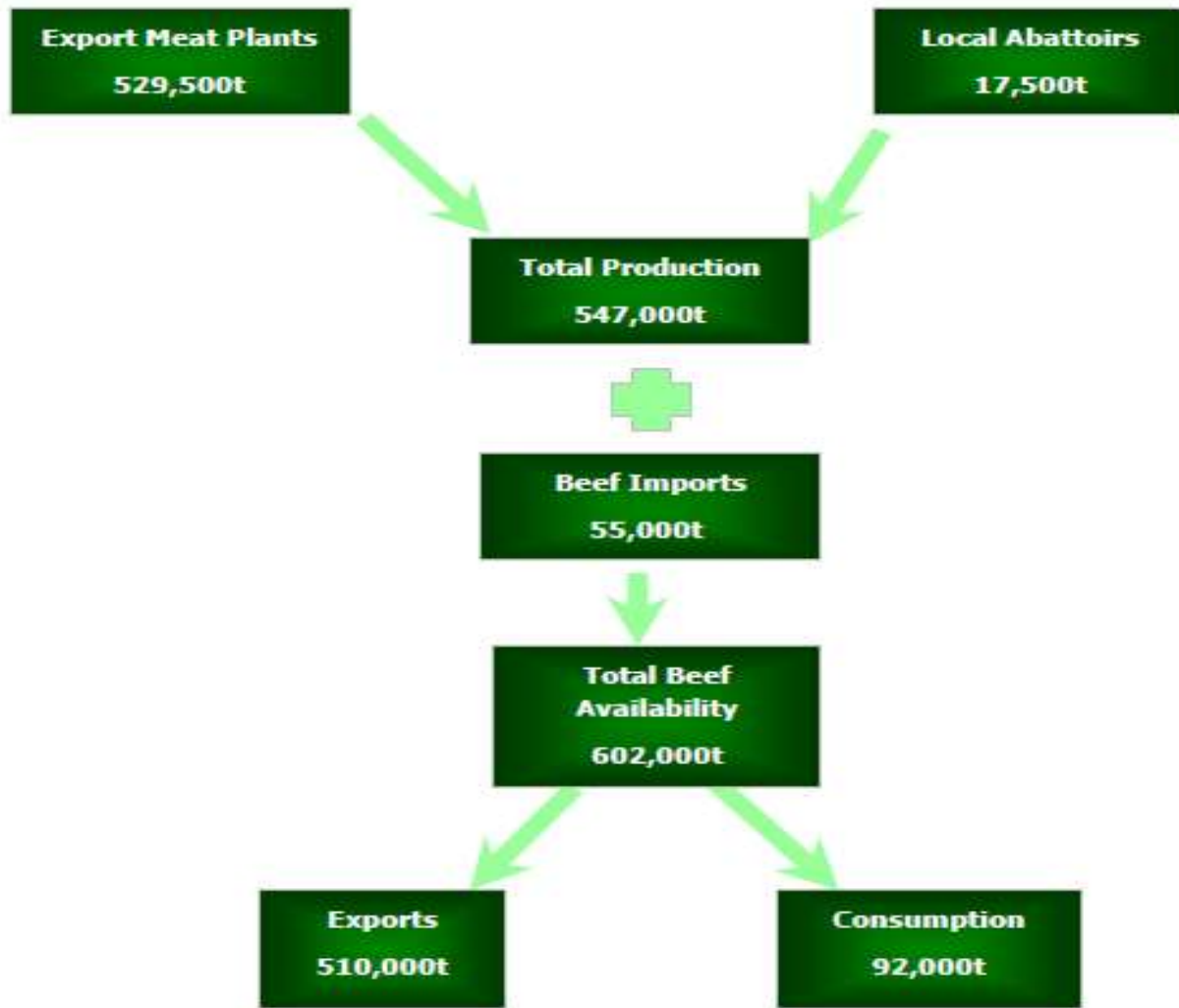
# Irish Beef Industry

## Structures

- Family Farm Based Model of Business
- Often off farm incomes
- Auction System: Largely Co-op Based
- Processing: Privately held
- Promotion: Semi State- Bord Bia
  
- No 1 Exporter of Beef in EU
- Over 89% of Irish Beef Exported
  
- **PROMOTION IS KEY!**



# Irish Beef in Numbers



Source: Bord Bia estimates

# Show Me the Money!

| Species | 2010<br>€m | 2011(e)<br>€m | 2011/2010<br>% +/- |
|---------|------------|---------------|--------------------|
| Beef    | 1,573      | 1,805         | +15                |



# 96% Exports to EU Markets



# Irish Beef Promotion: Where Does it Start?

**Grass**  
tronomy

the **flavour** shows  
where the **best**  
**grass grows**

 brought to you  
by the Irish Food Board

# The Irish Dairy Industry

- 18,000 dairy farmers
- 1.1 million cows
- 5.5 billion litres of milk
- 22 milk purchasing Co-operatives
- 11 milk processing Co-ops (2 Companies)





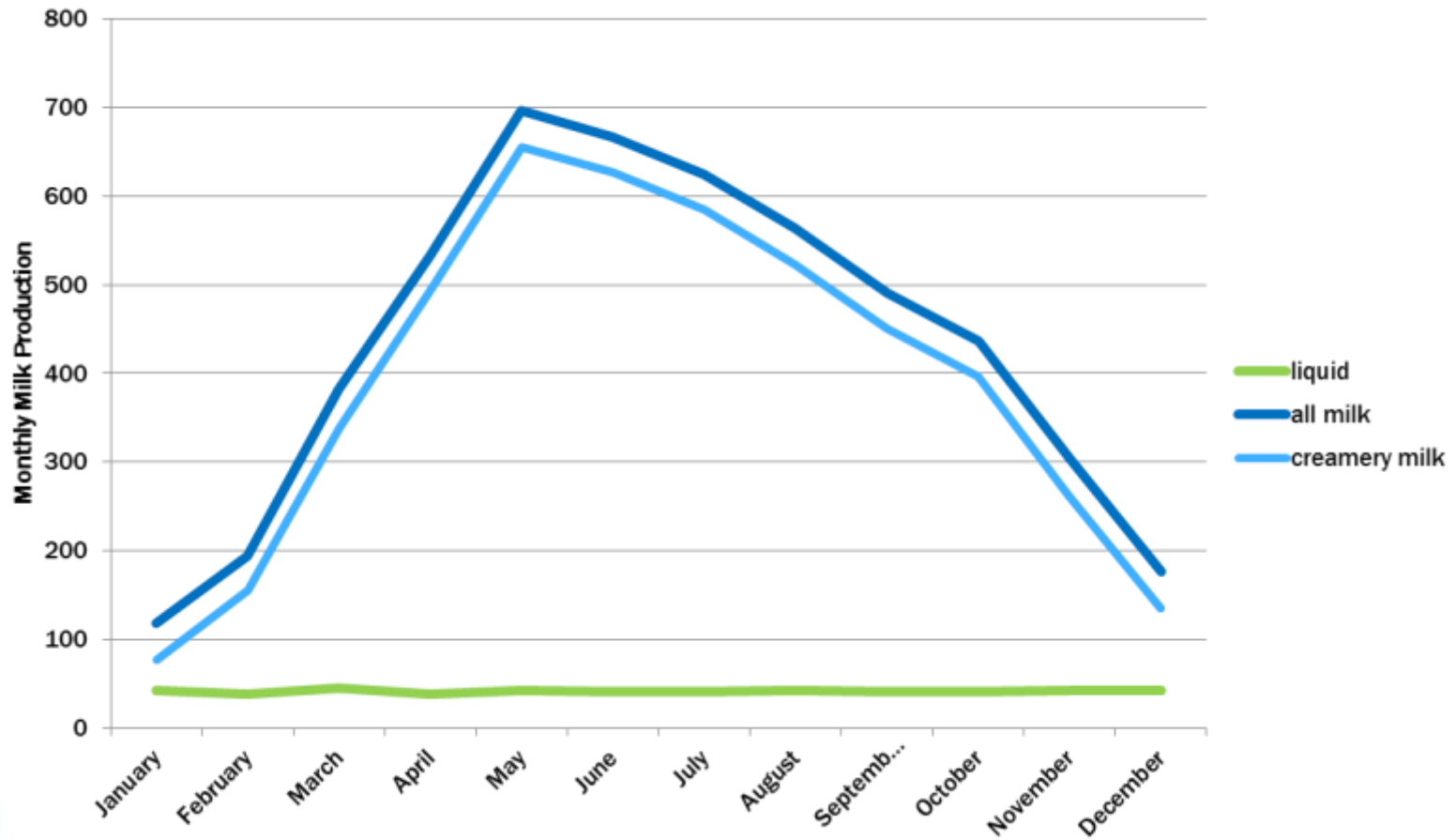
# The Average Irish Dairy Farmer

- Has 50 cows
- Has about 40 ha
- Produces 300,000 litres of milk
- Calves in spring
- Peak to Trough Ratio of 8:1
- Uses about 1 tonne of Feed per Cow
- Produces some beef also
- As much as possible produced from grass



# Milk from grass

## Seasonality of Irish Milk production



# Our Production

- **88% of produce is exported**
- **Majority of exporting is done by the Irish Dairy Board**
- **All our exports are dry, storable products, no fresh products**
  - **Butter (130,000t)**
  - **Cheese (160,000t)**
  - **Powders**
    - **SMP**
    - **WMP**
    - **Casein**
    - **Chocolate Crumb**
    - **Infant Formula**



# Issues facing the Irish Dairy Sector

## Quota Elimination

- **New Structures (to replace quotas)**
- **Milk Supply Growth**
  - Farmers want to produce 50% more milk
  - Who will pay for the extra facilities?
  - How will they pay?
  - What will we make?
  - Where will we sell it?
- **The industry hasn't been profitable (1-2% profit max.)**
- **New CAP will have less supports**
- **Can farmers produce milk profitably?**
  - Price Volatility is a huge worry
  - Input costs are increasing



# Future

- **Food Harvest 2020 has ambitious growth targets particularly an increase in exports to over €12bn by 2020**
- **Direct expenditure in the Irish economy is equivalent to 60% of sales. This compares with 19% for the rest of manufacturing**
- **Export growth in food has and will have a bigger impact on the wider economy than any other sector**
- **30,000 jobs if exports targets are achieved**





# THE EU/INTERNATIONAL LOBBY



**Laws: ‘Like sausages  
no one should see  
how they are made’!**



# WHO I DEAL WITH

- COPA COGECA
- EU Institutions
- Euro DGs
- Perm Rep- Gov't Departments
- Farm Orgs- Inc Macra, IFA, ICMSA, ICSA, IOGFA
- International Organizations- Nat & International
- Quangos- EI, Teagasc, Regional Offices
- NGOs & Trade Associations
- Subject Matters: Full Spectrum





# COOPS AND THE FUTURE

# Irish Co-ops Future Success

- **Internationalisation & Localization**
  - **Export Lead Growth & New Model at Local Levels**
- **Defined Focus**
  - **Purpose Driven Strategy**
- **Future Resources**
  - **People are the difference – New Members- Training**
- **Market Focus**
  - **Expansion,Co-operation,Collaboration,Co-opetition.**
- **Ownership**
  - **Engaging broad and varied membership**



# World's Top 10 Dairy Companies

|   |         |              |      |
|---|---------|--------------|------|
|    | €13 bn  |              |      |
|    | €9.0 bn | Co-operative | 2001 |
|    | €8.5 bn |              |      |
|    | €8.5 bn |              |      |
|    | €8.5 bn | Co-operative | 2008 |
|    | €7.5 bn |              |      |
|   | €6.5 bn | Co-operative | 1999 |
|  | €5.5 bn | Co-operative | 1998 |
|  | €5.5 bn | Co-operative | 2010 |
|  | €5.5 bn |              |      |





# Global Dairy Markets

- **Dairy Processing and Markets are Global and Evolving Quickly, e.g.**
  - Entire Irish Dairy Industry Valued <5% of Global Top10
  - China Milk Powder – Imports Up 500% (~400k tonnes) since 2005.
  - Netherlands – FreislandCampina formed in 2010, 13 billion litres of milk
  - Germany – DMK merger of Humana Milchindustrie GmbH and NORDMILCH GmbH in 2010, 6.5 billion litres of milk.
  - NZ up 9.6% in 2011 alone- Over 80% to our Harvest 2020 Goal!!
  - NZ produced the same amount of Milk to us in 1983.



# Barcelona FC

Reuters



Barcelona's team celebrate with the trophy after winning their Champions League final soccer match against Manchester United at Wembley Stadium in London May 28, 2011. – Reuters Photo

- **Barcelona - Member owned co-op → 170,000 members, Elect President every four years.**
- **Of the 11 players who started out on the field for Spain's winning World Cup team, 10 of them play for a co-operative**



# *Thank you!*

*Follow us on.....*



**@ICOS\_BXL**



***Irish Cooperative  
Organisation Society***

