

An Overview of Producer Organisations (POs)



National Rural Network



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What are Producer Organisations (POs)?

Producer Organisations or POs can simply be defined as legally constituted groups of producers or farmers (EU Commission, 2017). More specifically, they can also be understood as rural businesses which are producer owned and controlled, and also engage in collective activities (Penrose-Buckley, 2007). In this way, we can say POs are akin to co-operatives as they are user-owned, user controlled and user benefit organisations allowing producers to co-operate formally to better their position in the supply chain. POs can legally take form as co-operatives, associations, or private companies in which agricultural producers are the main shareholders.

Advantages of POs

While POs have been developed primarily to improve bargaining power of farmers and producers, they can also bring about a number of other advantages including:

- Co-ordination of supply to match demand;
- Fairer prices and enhanced integration to the supply chain;
- Ability to co-ordinate higher quality produce;
- Knowledge transfer and information sharing between members;
- Improved marketing and promotional opportunities;
- Greater chance to add value to produce and target higher value added markets;
- Ability to address the management of by-products or waste to protect the environment or determine other uses and contribute to the sustainable use of natural resources and to climate change mitigation.



The Origins of POs

While co-operatives, which are very similar to POs, were first established in the late 1880s, POs have traditionally formed a key component of the Common Market Organisation (CMO). The CMO provides a framework for market support schemes within the remit of the Common Agricultural Policy (CAP). Specifically, the CMO enables the EU to monitor and manage, either directly or indirectly (via producer organisations for example) the markets of agricultural products (EU Commission, 2015). This management and stabilisation of food markets ensures that farmers do not suffer low price returns on goods produced and, correspondingly, consumers have good quality food which is reasonably priced. These CMO measures were initially extended to the fruit and vegetable sector in 1996 (EU Commission, 2017), allowing fruit and vegetable POs to avail of funding via market support schemes. However, it is important to note that the rules and aims of POs are sector specific and differ from sector to sector.

POs across the EU

As of 2018, according to DG AGRI, there are over 3,700 POs operating across the EU. Just over half of these are operating in the fruit and vegetable sector. Some of the countries with the highest numbers of POs include France (759), Germany (658), Spain (558) and Italy (563) followed by Poland (250), Greece (239) and Portugal (139). The overall number of recognised POs across the EU has grown year on year, starting from approximately just over 400 in the early 1990s to over 3,700 POs in 2018 (DG Agri 2019). POs can also operate as Inter-branch Organisations or Associations of POs which can facilitate multiple POs to work as one in an integrated manner to increase their bargaining power, while retaining their individual processes and identities. In 2018, there were 71 of these in operation across the EU (DG AGRI, 2019).



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POs in Ireland

POs have been catered for in an Irish context since they were initially extended to the fruit and vegetable sector in 1996, seafood sectors in 2000 and later dairy in 2011. In 2013, the CMO regulation for POs in (1308/2013) expanded to all sectors including beef and veal. However, it is important to note that POs in different sectors operate in different ways and there are specific rules and principles for POs in each sector. For example, only certain types of POs can receive financial support through EU funds. These include POs that operate within the fruit and vegetable sector who qualify for funding from the EU fruit and vegetable market support scheme and seafood producer organisations can avail of funding through the European Maritime and Fisheries Fund and Exchequer funding which make up the Seafood Producer Organisation Scheme. And while there are many objectives a PO can engage in, in certain sectors this can be more controlled. For example, for beef POs operating in Ireland their sole purpose or objective is to negotiate on the sale and supply of cattle and seafood sector POs are supported for the purposes of creating production and marketing plans. To date in Ireland, there are just under 10 POs which operate in different sectors. It must be noted however, that the development of POs in the Irish beef sector has only been legislated for in Ireland since 2016, and so these are still very new to the sector. While there are no registered POs in the dairy sector, the co-operative model which can operate as a PO, forms a strong component of the sector with over 25 in operation today (ICOS, 2020).

Sector	Number of POs in Ireland
Fruit & Vegetable	2
Beef	2
Seafood	5



How to establish a PO?

The aspect that differentiates POs to producer groups or similar structures is that are recognised and very defined at EU level. They are regulated as per the EU regulations and the legislation at national level (statutory instrument) as to how they can operate. Every PO must be recognised within their member state and must comply with their sector specific rules. While there are rules for different POs operating in different sectors, below sets out the broad rules that apply to POs in most sectors:

- POs must be set up on the initiative of producers and be led by producers;
- POs must have a minimum number of members;
- POs must have a minimum volume or value of product;
- Produce a specific product as catered for by the regulation (e.g. fruit and vegetables, olive oil, milk and milk products, beef or veal, seafood). They must be established to pursue at least one of the objectives set out per PO sector rules. For example, for seafood POs involved in fisheries there are 4 main objectives (for example, improving economic returns; Avoiding and reducing unwanted catches) and in fruit and vegetable, there are 6 main objectives including the planning of production and boosting the commercial value of products;
- POs must be registered as a legal entity with the Companies Registration Office;
- POs must also apply to the Department of Agriculture Food and the Marine (DAFM) for recognition and report to the DAFM annually.

More Information & Support for POs

The DAFM is the main point of contact in relation to POs as they are tasked with implementing and monitoring POs across all sectors. You can find more information on their website at <https://www.agriculture.gov.ie/>. Bord Iascaigh Mhara (BIM) are also involved in implementing POs in the seafood sector and more information can be found here: <http://www.bim.ie/schemes/fish,producers,organisation,scheme/>.

Start Up Funding for Beef POs

Under the Rural Development Programme (RDP) funding of up to €3,000 is available for POs wishing to become established in the Irish beef sector. This funding is to engage facilitators to assist POs in becoming established and to help with drafting Statutes and other start-up activities. To learn more about this you can visit: <https://www.agriculture.gov.ie/farmingsectors/beef/beefproducerorganisations/> or contact beefpos@agriculture.gov.ie.

