



# **Study on agricultural interbranch organisations in the EU**

Executive summary

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## **AIM OF THE STUDY**

The aim of the study is to provide a state of play analysis of agricultural interbranch organisations in the EU-28. It focuses on three specific objectives:

- Provide a comprehensive inventory of the respective rules applicable to interbranch organisations under national law (national legislation) based on the most relevant available data (Theme 1);
- Present an inventory and a comprehensive description of the current existing interbranch organisations in the EU-28 (Theme 2); and
- Examine the role interbranch organisations play in the food supply chain, the economic, legal, social, and policy-related factors influencing their functioning, and the benefits offered by interbranch organisations for agricultural products (Theme 3).

In the context of the study, "IBOs" are defined as all organisations formally recognised as interbranch organisations by the Member States according to present Regulation (EU) No 1308/2013 or former CAP legislation. Based on the information provided by the Member States, the study also includes a limited number of interbranch structures, which do not fall under the scope of Regulation (EU) No 1308/2013, but are recognised solely under national rules.

The study also considers some other forms of cooperation between producers and other stages of the food supply chain which are established under Regulation (EU) No 1308/2013, such as agreements within the trade for the sugar sector (Article 125 of Regulation (EU) No 1308/2013), although these have not been the main focus of the research.

## **DATA SOURCES, METHODS AND TOOLS**

A detailed literature review and desk research examined scientific and grey literature relevant for the three themes of the study. With the exception of studies of interprofessional associations in France, there seem to be relatively few studies that specifically analyse interbranch organisations. However, related (grey) literature, e.g. on cooperatives and producer organisations, often deals with the role and objectives of IBOs.

In-depth interviews and questionnaires sent to individual IBOs and competent authorities were used to gather data, including informed opinions about factors influencing the functioning of IBOs.

Five case studies (CIVB - wine in Bordeaux-France, FruitVeb - fruits and vegetables in Hungary, IAOE - olive oil and INTERPORC - pig meat in Spain, and ZuiveNI - dairy in the Netherlands) have provided insights on the role, functioning and effects of IBOs within the food supply chain in different sectors and different Member States. The analysis served to measure to what extent IBOs achieve the objectives they pursue and members obtain benefits from their actions.

The study report presents the situation as of 01 June 2016.

## **LIMITATIONS OF THE DATA**

The number of case studies (5 in total) is too limited to provide an overall picture of the functioning of interbranch organisations because of a large variation in the actual characteristics of IBOs per sector and per Member State. Literature, mainly grey, is important but only available for a few Member States, and especially France. This incomplete information represents a limitation for the analysis of the functioning of IBOs in several Member States (mainly Greece, Portugal, and Romania).

## **MAIN RESULTS**

### **THEME 1: OVERVIEW OF NATIONAL LEGISLATION AND MEMBER STATE ACTIONS ON IBOS**

Currently, 19 EU Member States have a legal framework in place governing the recognition and functioning of IBOs. Amongst them, France was the first to adopt a

comprehensive set of national rules on IBOs in 1975, whilst Germany (2013), Latvia (2013) and the Netherlands (2014) are the most recent ones.

Overall, based on the year of adoption of national legislation on IBOs, Member States may be grouped in three main clusters: 1975: France; 1994-2004: Spain, Portugal, Italy, Greece, Romania, Cyprus, Malta, Poland and Belgium (Wallonia); 2005-2014: Bulgaria, Belgium (Flanders), Croatia, Austria, Czech Republic, Slovakia, Hungary, Germany, Latvia and the Netherlands.

The legislative landscape across the EU portrayed above is unlikely to change in the short term. In particular, no Member State that has currently no legislation on IBOs in place is expected to lay down national rules in the short run.

**Impact of Regulation (EU) No 1308/2013 on Member States' legislation on IBOs:** The adoption of Regulation (EU) No 1308/2013 led Austria, Belgium, Bulgaria, Croatia, France, Hungary, Italy and Poland to amend the national framework in line with the new requirements introduced for IBOs, including the possibility to establish them in any of the agri-food sectors listed in Article 1 par. 2 of the regulation. Furthermore, a few other Member States are planning to review the national framework on IBOs (Cyprus, Malta and Slovakia). Finally, in the Netherlands, the adoption of the regulation led to the establishment of the first national legal framework in this area.

**Member States with legislation on IBOs - main features:** As regards the definition of 'IBOs', several Member States have laid down national definitions for this purpose. Although national definitions largely coincide with the notion of IBOs provided by Regulation (EU) No 1308/2013, the legislation of each Member State has its own peculiarities. For instance, the national legislation of certain Member States lays down specific requirements for the participation in IBOs of members other than producers, processors and distributors such as consumer organisations and trade unions. Furthermore, Romania is the only Member State where national law sets out specific legal requirements for the organisations forming an IBO by requiring that they are non-profit associations, with legal personality, set upon the initiative of the representatives of the economic activities from a given agri-food sector.

National peculiarities stand out also in relation to the objectives that IBOs may pursue in accordance with Member States' legislation. For instance, in Portugal, Romania and Spain IBOs may provide training for staff working in their respective sectors. Moreover, Romania is the only Member State where national legislation explicitly mentions that IBOs may be established for the purpose of representing the interests of their membership before public authorities as well as settling disputes that may arise between their members.

In most Member States IBOs are regarded as legal persons of public interest or utility under private law (generally, associations or foundations). The legal framework of only a few Member States lays down specific requirements for IBOs' governance.

In terms of agri-food sectors where IBOs may be established, most Member States have aligned their legislation with the provisions of Regulation (EU) No 1308/2013 to allow for the creation of IBOs in any agricultural sector covered by the regulation. Today, national legislation of the Czech Republic, Latvia, and Slovakia stipulates rules for the recognition of IBOs only in the milk and milk products sector. No request for recognition has been made to date, and therefore national legislation has not yet been updated.

The national legislation of most Member States provides for the possibility for IBOs to conclude agreements, decisions and concerted practices, provided that they do not breach the provisions of Regulation (EU) No 1308/2013.

Article 164 par. 1 of Regulation (EU) No 1308/2013 allows Member States to extend agreements concluded within an IBO to other operators that are not members of that organisation and that act within its economic area(s), as long as the IBO is considered to be representative of the production, the processing or the trade of a given product. Furthermore, in accordance with Article 165, when an IBO agreement has been extended, Member States may also decide that non-members, which benefit from that activity, are subject to the payment of all or part of the fees intended to cover the costs

directly occasioned by the activities undertaken by the IBO in the general economic interest of the sector.

In Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Latvia and Poland, national legislation does not provide for such an extension. Conversely, in France, Italy, Malta, the Netherlands, Portugal, Romania and Spain, a number of conditions must be met for the agreement to be extended. As far as the extension of fees to non-members is concerned, only some Member States (France, Greece, Italy, Portugal, and Spain) have specific national provisions in place in this respect. Italy, the Netherlands, Portugal and Spain have also national rules for sanctioning the non-payment of fees by non-members.

Regulation (EU) No 1308/2013 considers that IBOs must be representative of the economic activities of production or processing or trade. The criterion of representativeness is reflected in the requirements that regulate:

- a) IBOs recognition and particularly in the “significant share” of the economic activities represented within the IBO (Article 158 par. 1 point c); and
- b) The extension of an agreement concluded by an IBO to non-members, which is possible when the IBO accounts for (Article 164 par. 3, first subparagraph point a) ii) and second subparagraph):
  - At least two thirds as a proportion of the volume of the production of, or of trade in, or of processing of the product or products concerned; or
  - The specific threshold set by national legislation in case of practical difficulties to determine that proportion.

Overall, Member States’ legislation takes into account the notion of “representativeness” of an organisation for both purposes. For instance, the national legislation in Spain currently requires organisations to demonstrate that they account for at least 51% of the concerned production with regard to each professional branch part of the IBO within the geographical area where the organisation operates. Conversely, in the Netherlands, Greece and Italy the relevant threshold is lower (respectively, 25%, 33% and 40%). In addition to that, sometimes different thresholds are set in the case of specific sectors: this is the case, for instance, in Bulgaria and in Italy with regard to the establishment of IBOs in the milk and milk products sector.

Concerning the extension of agreements to non-members, the legislation of certain Member States explicitly refers to the representativeness criteria laid down in Regulation (EU) No 1308/2013, whilst in France, Italy, Portugal and Spain, specific cumulative criteria are laid down to that effect. In Italy the extension of rules is possible provided that the IBO meets the representativeness criteria fixed by Article 164 par. 3 (ii) of Regulation (EU) No 1308/2013 and the agreement in question is applicable for a limited period of time and backed up by at least 85% of the IBO members.

National case law in this area involving IBOs is limited and concerns primarily France and Spain. Overall, price fixing agreements have been found the most frequently observed illegal antitrust conduct attributable to IBOs in national case law.

**Member States with national legislation on IBOs but with no IBO recognised:**

Currently, IBOs are formally recognised only in France, Greece, Hungary, Italy, the Netherlands, Portugal, Romania and Spain. The reasons for the lack of recognitions in the remaining 11 Member States vary and include, for instance, the lack of awareness about IBOs, the preference for other organisational structures, the lack of funding opportunities, distrust towards vertical cooperation in the food supply chain, due to historical reasons, as well as the administrative burden associated with their establishment. Likewise, in certain Member States, the slow uptake and the relative weakness of producer organisations recognised under Regulation (EU) No 1308/2013 at national level is regarded as a factor that justifies the current lack of recognised IBOs.

**Member States with no legislation on IBOs in place:** 9 Member States, namely Denmark, Estonia, Finland, Ireland, Luxembourg, Lithuania, Sweden, Slovenia and the United Kingdom have currently no national legislation for IBOs. Overall, the reasons for the absence of a dedicated framework are similar to those identified in relation to Member States that have legislation on IBOs but have not yet recognised any IBO.

## **Implementation of 'other forms of cooperation' foreseen under Regulation (EU)**

**No 1308/2013:** The study has looked also into the current level of implementation at national level of certain provisions of Regulation (EU) No 1308/2013 that are designed to regulate:

- a) Vertical cooperation within the supply chain of certain sectors (i.e. sugar sector agreements);
- b) Regulation of supply of PDO/PGI cheese and ham, and marketing rules to improve and stabilise the operation of the common market in wines upon request of an recognised interbranch organisation or producer organisations); and
- c) Contractual negotiations of recognised producer organisations for certain products (i.e. milk and milk products sector; olive oil; beef and veal sector and certain arable crops).

With regard to sugar, agreements within the trade are currently in place in 16 Member States. Italy and France are the only Member States to have regulated to date the supply of cheese and ham protected under EU quality schemes. With regard to wine, only Spain has adopted a national framework to give effect to Article 167 of Regulation (EU) No 1308/2013, although not yet implemented in practice.

Concerning Article 149 of Regulation (EU) No 1308/2013 that allows for producer organisations in the milk and milk products sector to negotiate on behalf of its members, part or all of joint production, the Czech Republic, France, Germany and Spain have reported volumes covered by such negotiations since the entry into force of the regulation. No evidence was found of negotiations in the sectors of olive oil, beef and veal and certain arable crops.

## **THEME 2: INVENTORY OF EXISTING IBOS ACROSS EU MS**

On 01 June 2016 123 IBOS have been recognised by national authorities in 8 different Member States (France, Greece, Hungary, Italy, the Netherlands, Portugal, Romania, and Spain). It must be noted that four of these 123 IBOS concern sectors which are not included in Annex I of the CMO. These four IBOS are the BNIC-Cognac in France, the BNIA-Armagnac in France, INTERAL-animal feed in Spain; and INTEHELIX-other products-snails in Spain).

The number of IBOS in the European Union has increased from 56 IBOS in 1990 to 123 (119+4) in 2016. The recognition of additional ones is planned during the second semester of 2016 (fruits and vegetables and floriculture in the Netherlands, fruits and vegetables in Spain, banana in France, and 2-3 additional ones in Greece). In the 1980-1995 period growth was mainly observed in France. Since then the growth occurred in 7 other Member States (Greece, Hungary, Italy, the Netherlands, Romania, Portugal, and Spain). More than half of the recognised IBOS are located in France (63) for 60 located in the other 7 Member States (7 in Greece, 6 in Hungary, 3 in Italy, 27 in Spain, 7 in the Netherlands, 5 in Romania, and 5 in Portugal).

Most of the IBOS have a national scope (85 out of 123). Regional IBOS are present in only 2 MS (France with 36 regional IBOS in mainly the wine sector, and Spain with 2 regionally recognised IBOS in Andalusia). There are, at the moment, no transnational IBOS at EU level. Few IBOS recognitions have been withdrawn to date due to cessation of activities.

The first IBOS was nationally recognised in 1941 in France in the wine sector. Most of the IBOS were recognised between 1975 and 2000 following adoption of the French Law 75-600. The first recognition of an IBOS outside France dates back to 1994 with the recognition of the wine IBOS in Hungary. Spain started to recognise IBOS after establishment of its national law in 1994.

A total of 21 new IBOS have been recognised since entry into force of the new CMO Regulation (7 of these 21 have been recognised in the Netherlands), and several others have been recognised shortly after our data collection finished or are expected to be recognised in the short term.

The majority of IBOs are “short” IBOs, including only two branches of the supply chain (primary production and first processing). Food distributors, modern retailers (hypermarkets, supermarkets), and mass caterers are present in, only, 13 IBOs (in France, Hungary, Spain, and Portugal).

Representativeness rarely reaches 100%. It usually ranges between 80 and 95% at primary production level. In general, the level of representativeness seems to be higher in primary production than for the other stages of the supply chain. An exception is the regional wine IBOs in France in which all grape producers are present due to the legal obligation under Geographical Indications<sup>1</sup>. Note that in some cases, farmers may not be represented in the IBO because they are not a member of the particular farmers union, but still they may be represented in another way through their cooperative membership of a processing or trading firm.

The study shows that the main three objectives of IBOs are:

- First, improving knowledge and transparency of production and the market;
- Secondly, promoting consumption on internal and export markets; and
- Thirdly providing information and perform the necessary research to innovate and secure quality of the products.

Approximately only one third of IBOs appears to have changed their objectives over time to move to more promotion, marketing, research activities and less market regulation actions.

Members of IBOs are organisations that can take various different forms ranging from individual producers, organised in a legal form, to producer and processor organisations. Sometimes IBOs also have organisations as members which seem to have (partly) the same objectives as the IBO but which have not been officially recognised by authorities. National legislations provide for flexibility. These forms also include individual private companies, sectoral associations, farmers and/or trade unions, and national associations. The large majority of IBOs are composed of Unions at primary production level and national associations for other supply chain stages. The number of members per IBO differs considerably ranging from 3 (Dutch SBK, OVONED, and ZuivelNI) to more than 500 (720 members in the poultry meat IBO in Romania). On average, the number of members per IBO is lower than 10 (in 65% of cases).

The top governance is often based on a General Assembly, a Board (including a president) and a secretariat support. In this context, two main governance regimes can be observed at lower level. The first governance approach is based on individual stages of supply chains that are grouped in colleges which have the same number of votes at General Assembly level. This model is often used in France, but not in other Member States. The second approach is to have all members represented directly at the General Assembly by elected representatives. Here, representativeness in voting is based on the economic importance of each member. When colleges are established, unanimity of colleges in the decision making process is required for all agreements that are extended. For IBO without colleges, qualified majority is applied.

IBO budgets are highly variable ranging from a few thousand euros to more than EUR 40 million. About one third of the IBOs have a budget of lower than EUR 100,000. Only 13 IBOs have reported a budget exceeding EUR 10 million per year of which 10 French ones. The average current budget is highest in France (EUR 5.5 million), followed by the Netherlands (EUR 2.3 million), Spain (EUR 1.5 million), and Romania (EUR 0.9 million). Average current budgets in Hungary, Portugal, Greece, and Italy were less than EUR 100,000.

The main sources of funding are fees from members and non-members when extension of fees to non-members is applied. This source represents about 80-90% of the total budget of the IBOs. The second source of funding comes from national and EU subsidies

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<sup>1</sup> Registration to an ODG is mandatory, all producers are de facto members of the IBO as ALL ODGs are members (directly or indirectly) of the IBOs.

aiming to support promotional activities. Other sources of funding that were reported are coming from services provided to external parties and research funds coming from nationally funded projects.

Fifty IBOs (out of 89 respondents) reported the use of extension of rules. These are mainly in France and the Netherlands, and to a lesser extent in Spain and Italy. The use of extension has not been applied to date in Portugal and in Romania. Sometimes it is difficult to identify the objectives which are pursued under these requests for extension of rules as often requests for extension of rules concern several projects which are not always directly related to an objective as required under Article 164 of Regulation (EU) 1308/2013.

### **THEME 3: ANALYSIS OF THE FUNCTIONING AND BENEFITS OF IBOS**

The analysis of the functioning of IBOs has to take into consideration several preambles:

- The maturity of the functioning of IBOs and their processes is different across Member States. Recently established IBOs (less than 10-15 years) may be too young to analyse their full functioning;
- It is difficult to “*compare*” the functioning of different IBOs and to assert that one national experience may be replicated in other Member States as the political, economic and historical context often varies significantly;
- This analysis should be done by considering the overall environment in which the IBO operates and the understanding of the dynamics of actors and group of actors within the relevant supply chain. The analysis of IBOs must also take into account the other forms of cooperation (e.g. non-recognised and public IBOs, cooperatives or producer organisations, etc.); and
- IBOs and POs are two different forms of cooperation focusing on different objectives. POs are grouping primary producers (horizontal cooperation) together to secure a better access to the market and improve their negotiating power within the supply chain. On the contrary, IBOs are entities grouping economic actors from different stages of the supply chain (vertical cooperation), but are not involved in any activities related to price fixing and commercial negotiations. All actions carried out by IBOs are supposed to benefit all members by improving the functioning of the sector supply chain. The economic dimension and therefore the competitive relationship between IBO members are usually not discussed within IBOs.

#### ***Analysis of the functioning of IBOs***

Regulation alone does not appear enough to stimulate initiatives leading to the creation of IBOs. For example, looking at the history of IBOs in France, the government decided to give a legal background to IBOs in order to develop self-regulation rules or standard-contracts. Establishment of IBOs worked only if the sector was already structured, or if there was no major conflicts between the different partners or if there was not clear position of strength of some agri-industrial firm. Public authorities in France have always been following IBOs activities closely via the agricultural offices which are industrial and commercial public institutions attached to the Ministry of Agriculture and Fisheries. Their role is in particular to ensure market regulation in their respective sectors and to implement the decisions of the common agricultural policy and the common fisheries policy. This is one factor of stability of IBOs as public authorities have played, and still play, the role of moderators when tensions between IBO members exist or during crisis.

The creation of IBOs and request for recognition are often responses to a crisis situation (for instance, need to coordinate efforts to reduce overproduction in France in the early 1980s; lack of resources to develop activities in Spain and Hungary, economic crisis in Spain, and suppression of earlier forms of interbranch organisation in the productschappen in the Netherlands). In most cases, the main trigger is a diagnosis that there is fundamental issue that should be overcome in the supply chain by the cooperation of the supply chain operators. Initiatives may come from different actors within the chain (often primary production but not only).

The need for the supply chain actors to be structured and well represented in discussions with competent public authorities seems to be one of the reasons for the development of IBOs.

The internal structure of the IBO (its organisation) appears less important for the proper functioning of the IBO. The working principles within the IBO and the relations between representatives of the IBOs, and other actors of the supply chain as well as other stakeholders (being private stakeholders or public authorities) are the main pillars underpinning good governance of the IBO. What seems most important for the functioning of the IBOs within the supply chain is the existence of an overall "system" of co-management of the supply chain in the Member State of which IBOs form an important part. The IBO is only a part of this system in which it can only perform its tasks properly if the other parts of the system are aligned and constructive towards its purpose and activities. It appears that only where Member States have developed a concept adjusted to their national requirements for their respective supply chains, IBOs are able to function effectively and efficiently bringing benefits to all actors of the chain.

Such a concept, as it seems to be present in France, goes beyond the formulation of recognition criteria in legislation and includes the full use of legislative possibilities (and particularly the extension of rules and financing). Besides that, a well-functioning IBO concept involves a dedicated, robust and long-term relationship between actors within the supply chain as well as between supply chain actors and the government. It is in particular the link with competent authorities that need to recognise the specific position of the IBO over other cooperative forms as a main point of contact for the sector when issues address the various supply chain stages. By providing legitimacy to the activities of the IBO, public authorities also add value to the existence of the IBO for both its members as well as the non-members. The more relevant the IBO is in the public debate and as a co-manager of the supply chain through its actions, the more viable it will be.

The use of **extension of rules** has become common practice in France when it remains the exception in other Member States. Quite often, the content of the agreement is first discussed with Competent Authorities informally before the official request for extension of rules is submitted. The demonstration of the representativeness has to be done by the IBO in its request for extension. Controls are performed by competent authorities. Extensions of rules are then notified to the European Commission.

The application of **extension of fees** in the context of the large majority of IBO agreements allows long-term funding of the IBOs. IBOs that are not requesting extensions of fees seem to be hardly viable in the long term, or their activities are limited to the point that these IBOs have no impact in the supply chain. Additionally, application of these principles sets optimal conditions for close relationship between authorities and the supply chain actors.

Funding of IBOs through "*membership fees*" only (without extension to non-members) does not seem sustainable in most cases. In certain Member States national authorities have funded IBOs in order to facilitate their setting up but only for a limited period of time. This creates financial constraints for about 25% of the IBOs in the EU.

Extension of fees to non-members seems to be the most reliable approach to secure funding of IBOs. The importance of reliable financing is illustrated by the actions of several IBOs in Spain, which, when set up, decided their first action would be the conclusion of agreements enabling them to collect fees. The main issue is to set up a mechanism to collect fees from non-members.

**Search for consensus** is often the preferred approach in IBOs as they need to be governed based on confidence by their members. The culture of mature IBOs is therefore to search for consensus and avoid as much as possible voting in writing. This search leads to the construction and reinforcement of the relationships between members of the organisation. However, one could say that consensus is searched only at the top of the organisation and not at all levels (down to individual economic actors).

The real leadership of the IBOs is linked to the funding mechanism. In general, the members who are paying are also those who are leading. In certain instances, new election mechanisms have been implemented in the statutes to secure that the IBO presidents are not always coming from the same stage of the supply chain. In Spain, it

seems that this obligation is included in a majority of IBO statutes as opposed to France where it is rather an exception.

The two main issues related to the governance of IBOs are **representativeness** and transparency. Plurality and representativeness of supply chain actors is an issue that has been widely discussed in France, for instance, during the last 10 years, and especially at primary production level. Historically, only the main farmers' union was member of IBOs (representing producers) until a decision of including minority producers' unions as members was taken in 2012. **Transparency** is also recognised as being a major issue (the legal statutes, the content of the agreements were hardly publicly and easily available till a recent date).

In the majority of MS, it seems that apart from advocacy role, the relationship between IBOs and competent authorities is limited to recognition, examination of requests for extension of rules, and monitoring. In France, this relationship is rather different and concerns different areas:

- The fact that about 80 requests for extension are submitted every year leads to specific relationship between IBOs and CAs: IBOs requesting opinions of competent authorities on the content of requests for extension before submission of the official request and enter into a dialogue on the content and legitimacy of the envisaged extension;
- Delegation of tasks (e.g. official control, food safety obligations, research) to IBOs creates conditions to further relation between authorities and IBOs; and
- Mandate of public bodies such as FranceAgrimer as i.e. a facilitator of "interprofessional" relations and as a co-founder of promotion campaigns.

#### ***IBOs are confronted with several challenges:***

The first main challenge is linked to the concerted management of interests of the different actors in the supply chain. The organisation of dialogue has to be preceded by a pre-condition, which is the clarification of the interests of the different categories of supply chain actors involved and the construction of a common position.

In addition, analysis of the history of IBOs shows that the success of dialogue between supply chain actors within the IBOs is partly determined by the role that public authorities play. One may consider that, as e.g. in France, long-term sustainability of some of the IBOs is to a certain extent guaranteed as authorities have been acting as moderators of discussions between IBOs members for a long time.

#### ***Benefits of IBOs***

The assessment of success and consequently the benefits arising from IBOs have to be considered carefully as the realisation of benefits is not shown in all cases due to the variability of organisations and governing principles. Complexity is added by the very nature of mostly intangible or soft benefits that can neither be measured nor quantified explicitly.

IBOs offer a platform for discussion between supply chain actors that are members of these organisations and create the conditions for collective communication with other actors of the same supply chain but also leads to improve communication between IBOs members.

Additionally, this platform creates a focal point for policy dialogue with government and public authorities. Public authorities also benefit from the presence of IBOs in the supply chain in emergency and crisis situations. IBOs have therefore a specific role for the supply chain as an entry point for Competent Authorities. When an IBO represents all the stages of the chain it covers (because extension is systematically applied), authorities can use it as an entry point for implementing dedicated measures, proposing the delegation of tasks, and therefore the transfer of costs to the private sector.

In some cases, the possibility to extend food safety or plant health mandatory measures to all actors of a given agri-food sector provides a robust and immediate response to food safety emergencies and crisis.

Supply chains benefit from IBOs activities as regards the collection and dissemination of technical and economic knowledge. IBOs are centres of expertise which collect technical and economic data, discuss the findings and then make available this knowledge to their members (and often also to non-members).

The presence of an IBO in the supply chain allows for a fairer distribution of risks and profitability. For example, when a promotion campaign is carried out, the benefits ensuing from it are distributed between all actors, regardless of their being members of the IBO or not. In this sense, certain activities of the IBO might have a public good character as they benefit not only members but also non-members. Extension of fees is, in such cases, a way to overcome the market failure arising from these positive externalities. However, sectors are often diverse in nature with both small and large firms and diverse in the products that they produce or markets that they target, therefore always creating room for discussion on who benefits most from the IBOs actions. A transparent and balanced procedure of aligning fees paid with actions undertaken is necessary to ensure commitment.

**Impacts of IBOs actions and bargaining power**

The presence of IBOS has little, if any, impact on possible existing asymmetries in the bargaining power of the involved actors. With the exception of IBOs for olives, olive oil and tobacco (Article 162 of Regulation (EU) No 1308/2013), IBOs are non-economic structures. They are actively present in the supply chain by promoting the dialogue between the different chain actors within the applicable legal framework and with respect for the competition rules.

**Impacts of IBOs actions as regards CAP objectives**

Promotional activities, which by far is the main activity pursued by IBOs, may have positive impact on farmer income (the second CAP objective). There is no clear evidence available on the impact of the activities of IBOs for other CAP objectives (productivity, sustainability, price stability, risk management). Positive sector image may lead to increased consumption which in turn may ultimately have impacts on farmer income and growth. However, even if they are not quantifiable, additional benefits from the activities of IBOs have been observed as presented in the table below.

IBO activities	Benefit level of the action & impact on CAP objectives				
	Farmer income	Productivity	Sustainability	Price stability	Risk management
<b>(i)Improving the knowledge</b> and the transparency of the production and the market through the publication of relevant statistical data in an aggregated form as well as via the analysis of future market developments	+	+	+	+	++
<b>(ii)Forecasting</b> of production potential, and recording public market prices	+		+	+	+
<b>(iii)Helping to coordinate</b> better the way the products are placed on the market, in particular by means of research and market studies	+	+	+		+
<b>(iv)Exploring potential export markets</b>			+	+	+
<b>(v)Drawing up standard forms</b> of contract, compatible with Union rules, for the sale of agricultural products to purchasers and/or the supply of processed products to distributors and retailers	+		+	+	+
<b>(vi)Exploiting to a fuller extent the potential of the products,</b> including at the level of market outlets, and developing initiatives to strengthen economic competitiveness and innovation	+		+		+
<b>(vii)Providing the information and carrying out the research</b> necessary to innovate, rationalise, improve and adjust production and, where applicable, the processing and marketing	++	++	++		++
<b>(viii)Seeking ways of restricting the use of animal-health or plant protection products,</b> better managing other inputs, ensuring product quality and soil and water conservation, promoting food safety, in	++		++		+

IBO activities	Benefit level of the action & impact on CAP objectives				
	Farmer income	Productivity	Sustainability	Price stability	Risk management
particular through traceability of products, and improving animal health and welfare					
<b>(ix) Developing methods and instruments for improving product quality</b> at all stages of production and, where applicable, of processing and marketing	+		++		+
<b>x) Taking all possible actions to uphold, protect and promote organic farming</b> and designations of origin, quality labels and geographical indications	+		++		+
<b>xi) Promoting and carrying out research into integrated, sustainable production</b> or other environmentally sound production methods	+		++		+
<b>xii) Encouraging healthy and responsible consumption of the products</b> on the internal market and/or informing about the harm linked to hazardous consumption patterns	+		++		
<b>(xiii) Promoting consumption</b> of, and/or furnishing information concerning, products on the internal market and external markets	+		+		+
<b>xiv) Contributing to the management of by-products</b> and the reduction and management of waste	+		++		+

### **IBO: tools for the development of supply chain?**

IBOs may play a key role in the functioning of the supply chain, and therefore in developing the food supply chain for the benefit of all actors. However, the vertical cooperation model cannot ensure such developments by itself alone. It is in fact only one amongst the tools that could be implemented in the supply chain. In several MS in which no IBOs are recognised, other types of vertical cooperation exist, according to the description of the current landscape. There is quite a diversity of situations, which might be seen as a sign of adaptation to national situations.

To obtain the benefits of interbranch organisations, components of the legislation (especially possibility of extension of rules and financing) and the conditions of success presented above must be implemented, even if these prerequisites do not provide guarantees of effectiveness. Effective participation of members and real commitment to collaborating must be present. Moderation by public authorities in stakeholders' discussions and disputes could also be seen as a factor of sustainability.

Even if the number of IBOs continues to grow at a regular pace, the full implementation of the "IBO concept" – i.e. the full use of legislative provisions, including extensions of rules and financing to non-members, and the establishment and establishment of close relationship between all actors being economic actors, other stakeholders and public authorities - is still under development. A majority of Spanish and Romanian IBOs have benefitted from national funding via subsidies at recognition. However, they currently suffer from lack of funding as subsidies have been stopped and no extension of rules is in place to date. The olive oil IAOE and INTERPORC IBOs in Spain have therefore considered it necessary to implement the extension of rules mechanisms to secure their long term funding. Finally, the Dutch IBOs have only been recently created and it is difficult to draw conclusions on their efficiency.

All in all, it seems beneficial that Member States reflect on whether IBOs (good) functioning is just brought about by further implementing Regulation (EU) No 1308/2013 or whether further steps are needed (e.g. how to set-up good working principles within the chain) to make the best use of IBOs for contributing to a good functioning of the supply chain. Each MS might thus consider defining the optimal conditions of the national "concept" (full use of all IBO provisions and optimal relationship between actors within and outside the IBOs). Under these conditions, IBOs could constitute efficient tools for vertical cooperation leading to further development of the supply chain.



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