



UNIWERSYTET IM. ADAMA MICKIEWICZA W POZNANIU

Cooperatives as Entities Influencing the Sustainable Development of Rural Areas in European Union

Prof. UAM dr hab. Aneta Suchoń





Introduction

Over the centuries, rural areas have always been important for food production. Socio-economic changes in recent decades, including globalization and urbanization, are changing the role and nature of rural areas.

- At the same time, however, people working in nearby cities are increasingly interested in living in rural areas, recreation and tourism. In the European Union, 137 million people live in rural areas – i.e., nearly 30% of the EU population – and these areas represent over 80% of the EU territory (Communication from the Commission to Parliament, 2021).



Introduction

As outlined in the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions of 30 June 2021, entitled *A long-term vision for EU rural areas - Towards stronger, more connected, resilient and prosperous rural areas by 2040*, many Europeans who live in rural areas experience poorer rural infrastructure, deteriorating access to social and education services, as well as banking services, lower employment opportunities, and falling incomes. Rural areas also have less access to internet and digital innovation

Long-term vision for the EU's rural areas



European Parliament resolution of 13 December 2022 on a long-term vision for the EU's rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040 ([2021/2254\(INI\)](#))

„ Highlights the central role of rural areas in the transition to a carbon-neutral and circular economy, including a sustainable bio-economy and forestry;

”Stresses that initiatives in rural areas, such as the development of renewable energy infrastructure, must contribute effectively to the economic, social and environmental vitality of these areas and take into account the need for local social acceptance; insists that the objectives of food production and the protection of high environmental value areas, such as Natura 2000 areas, should be a priority”;

Resolution on soil protection

- European Parliament resolution of 28 April 2021 on soil protection (2021/2548(RSP)) (2021/C 506/07)
- *„Underlines the multifunctional role of soil (provision of food, carbon sink, platform for human activities, biomass production, biodiversity pool, flood and drought prevention, source of raw materials, pharmaceutical and genetic resources, water and nutrient cycling, storage and filtering, storing of geological and archaeological heritage, etc.) and the resulting need to protect, sustainably manage and restore it, and preserve its capacity to fulfil its multiple roles by means of stable European-level and cross-border levels of intra-Community cooperation and with non-EU countries”*

Introduction

When considering the needs of rural areas, it is essential to ensure their sustainable development. This concept is presented in various ways in the literature, in the legislation of various countries, and in international documents.

According to Art. 3 point 50 of the Polish Act of 27 April 2001 Environmental Protection Law (Journal of Laws from 2021, item 1973), the concept of sustainable development is understood as such socio-economic development in which the process of integrating political, economic and social activities takes place, while maintaining the natural balance and continued stability of basic natural processes, in order to ensure the possibility of satisfying the basic needs of communities and individual citizens of both the present generation and future generations



International Co-operative Alliance

- Cooperativeness is an international movement popular almost in the whole world both in developed and developing countries

As early as in 1895, the International Co-operative Alliance (ICA) was established, which is the largest and one of the oldest non-governmental international organizations in the world. Currently, its headquarters are in Brussels and it associates more than 280 cooperative organizations active in all sectors of the economy from 112 countries, representing over 3 billion cooperative members

Current challenges and needs related to running agricultural activity in Poland

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graph TD; A[Current challenges and needs related to running agricultural activity in Poland] --> B[Climate change]; A --> C[War in Ukraine]; A --> D[few water resources, degradation of soil]; A --> E[Energy crisis]; A --> F[Food security and safety]; A --> G[Increases in the cost of running agricultural activity];
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Climate change

War in Ukraine

few water resources,
degradation of
soil

Energy crisis

Food security and
safety

Increases in the cost of
running agricultural
activity

Agriculture in Poland

- According to statistical data, there were 1.3 million agricultural holdings in Poland in 2020, and when compared to 2010 their number decreased by 192,000 (by 12.7%).
- The average size of agricultural land in an agricultural holding in Poland in 2022 is 11.32 ha.
- Poland is dominated by farms run by individuals, generally having the status of a family farm. There are a few agricultural holding companies and about 700 agricultural cooperatives. Family farms are the basis of the agricultural system and the legislator has supported and will continue to support such entities in the future.

Cooperatives in the EU



- Although the **European Commission** has emphasized in many documents that the social economy and cooperatives contribute to the achievement of key objectives of the European Union, such as social policy and employment, regional development and agriculture, there is no general EU legal act on the establishment and organization of cooperatives

Cooperatives in the EU



- These issues are subject to the national regulations of each Member State.
- The exception is the **European Cooperative Society** (SCE), the general principles of the operation of which are defined in **Council Regulation No. 1435/2003 / EC of July 22, 2003, on the Statute for a European Cooperative Society** (Journal of Laws of EC No. L.207 of August 18, 2003, p. 1.)

According to the Treaty of Rome of 1957, and now art. 39 of the Treaty on the Functioning of the European Union the main objectives of the Common Agricultural Policy are to

Increase agricultural productivity by promoting technical progress

the rational development of agricultural production

stabilize markets

ensure reasonable prices in supplies to consumers

ensure an adequate standard of living for the agricultural community,

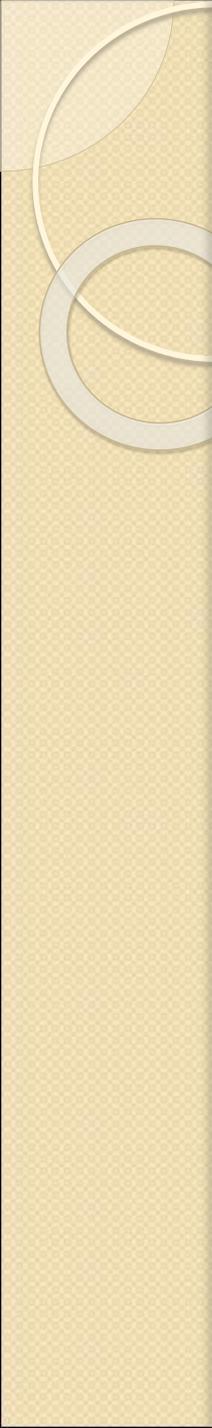
guarantee security of supply

Legal regulations - Poland

The fundamental law which regulates the problem of cooperatives in Poland is the Cooperative Law Act of 16 September 1982.



According to it, the cooperative is a voluntary association of an unlimited number of persons, with variable personnel and participation fund, which runs a joint business activity in the members' interest. It may also run a social activity and educational and cultural activity in the interest of its members and their milieu.



Act of 16 September 1982 on
Co-operative Law

Act of 4 October
2018 on farmers'
co-operatives

Act of 27 April 2006 on social
co-operatives

Act 15 of December 2000 on the Housing
Cooperatives

Act of 27 April 2006 on social cooperatives

The Act of December 7, 2000 on the operation of
cooperative banks, their association and affiliating
banks.

Legal regulations - Poland

Apart from the regulations concerning the construction of cooperatives and organisational issues contained in the Cooperative Law Act, other laws also influence the business activity of cooperatives in agriculture, for example:

Civil Code

Tax laws

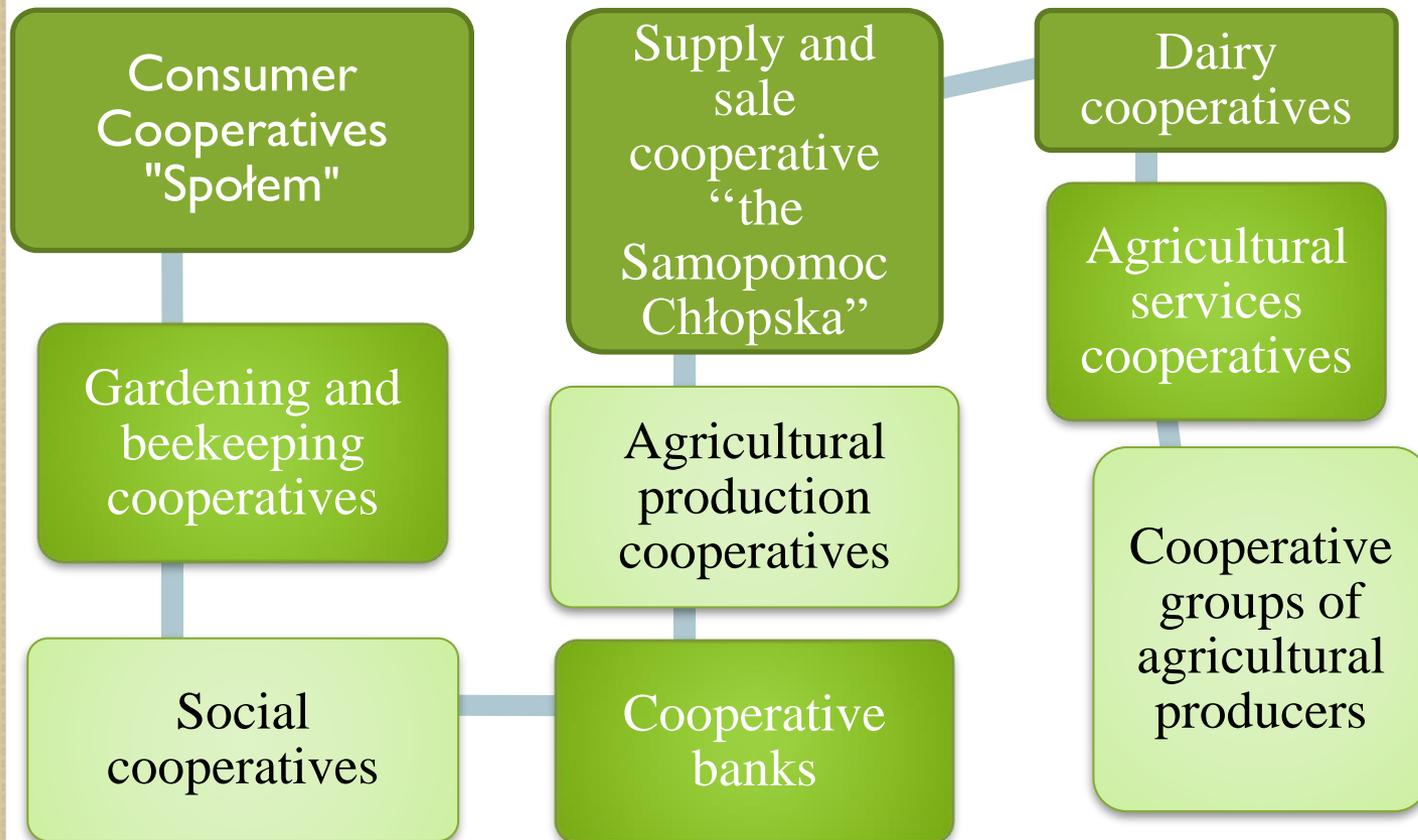
**Act on Groups of
Agricultural Producers
and their Associations of
15 September 2000**

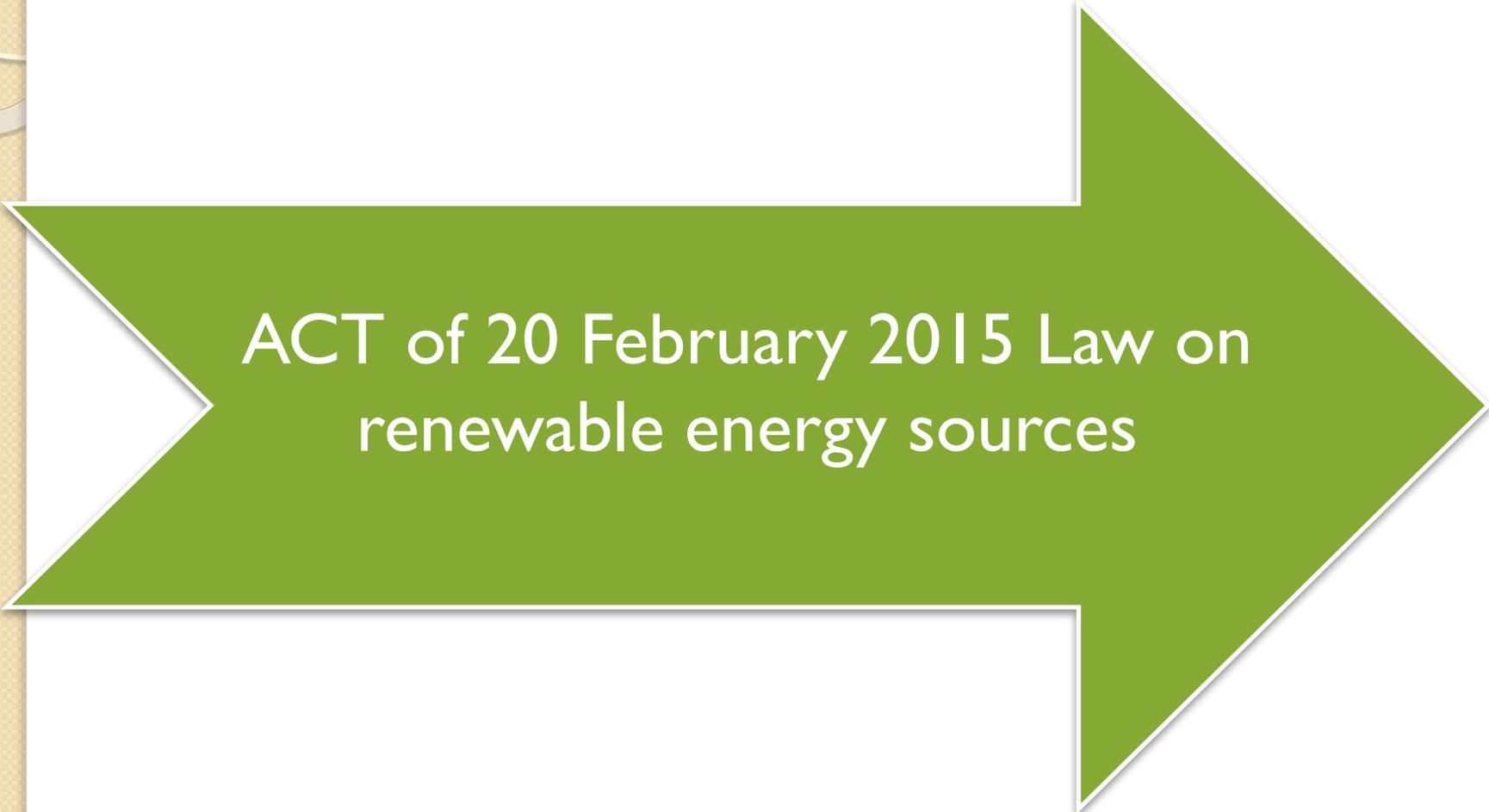
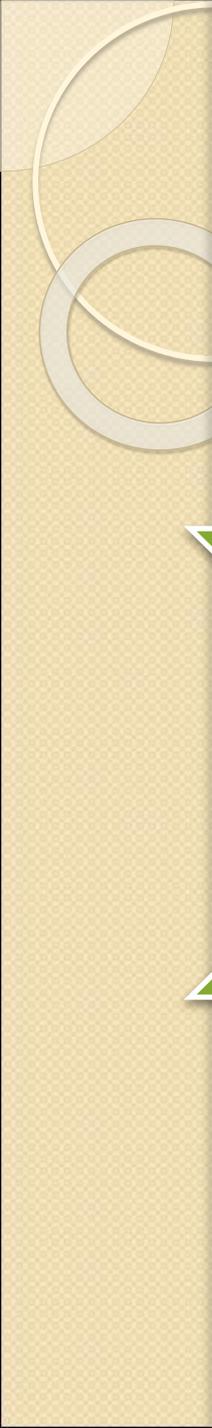
EU legal regulations (especially connected with agricultural market, rural development).

Cooperatives branches

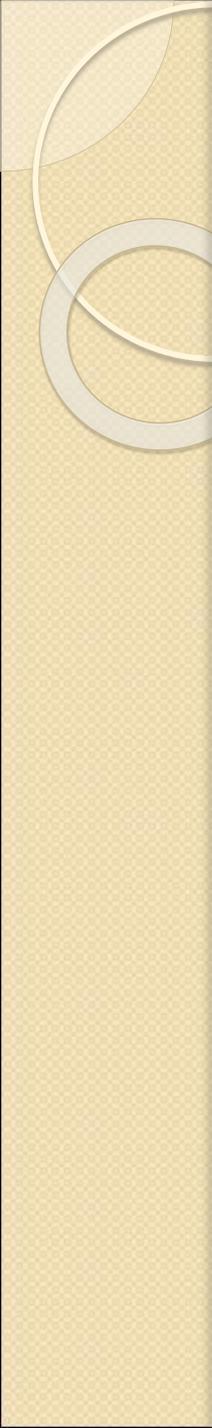
- We can distinguish more than 10 branches of cooperatives:

e.g.





ACT of 20 February 2015 Law on
renewable energy sources



An energy cooperative is a cooperative within the meaning of the Act of 16 September 1982 on Cooperatives or of the Act of 4 October 2018 on Farmers' Cooperatives, the object of which is the production of electricity or biogas or heat in renewable energy source installations and balancing the demand for electricity or biogas or heat, exclusively for the own needs of the energy cooperative and its members, connected to an area-defined electricity distribution network with a nominal voltage lower than 110 kV or a gas distribution network or a district heating network

Cooperative Law Act

Act of 4 October 2018 on
Farmers' Co-operatives

Agricultural production cooperatives

According to the Cooperative Law Act of 16 September 1982, agricultural production cooperatives deal with joint farm management and work for the members' individual farms.

The cooperatives may also be involved in another type of business activity. The regulations do not limit the types of business and they do not define the proportions between the agricultural activity and another business.

Agricultural production cooperatives

Agriculture producer cooperatives are a place of work not only for members and their families but also for other people from rural areas.

Membership in agricultural production cooperatives is only allowed to the farmers who are: 1) owners or independent holders of farmland; 2) lessees, users or other dependent holders of farmland.

Membership in the cooperative is also allowed to other persons with useful qualifications for work in the cooperatives.



KRAJOWY ZWIĄZEK REWIZYJNY
ROLNICZYCH SPÓŁDZIELNI PRODUKCYJNYCH
ul. Krakowskie Przedmieście 6
00-325 Warszawa

Act on Agricultural and Forest Land protection

Apart from the Act on the Formation of the System, there is also in Poland the **Act on Agricultural and Forest Land protection**, which provides for instruments of quantitative and qualitative protection of agricultural land

Act on Agricultural and Forest Land protection

- It can be exemplified by the procedure of changing the status of agricultural land into a non-agricultural one.
- First, the **spatial development plan** is modified and, then, land gets excluded from agricultural production. As a rule, excluding land from the production entails fees. As for the best 1st- 3rd class valuation, the fees are high. It requires permission of a governmental administration authority – the minister of rural development. There are a number of instruments connected with qualitative protection of agricultural land.

Agricultural producer groups

According to the Act of 15 September 2000, natural persons, organizational units without legal personality and legal persons managing a farm



may be organized into groups of agricultural producers in order, for example, to adjust agricultural production to market conditions, concentrate the supply and organize the sales of agricultural products.

Dairy cooperatives



Dairy cooperatives have a long history and a well-established position on the Polish milk market. That is why this is not only cooperative law but also regulations concerning milk market that have big influence on operation of these cooperatives.

The basis of each cooperative are farmers, cooperative members, who have a milk production. They conclude farm agreements with dairy cooperatives.

Subjecting Poland to the Common Agricultural Policy and development of globalization speeded up the processes of milk cooperatives concentration.

Germany

Germany is a country where agriculture is still a very important branch of the economy and cooperatives contribute to the development of rural areas and solving the problems that occur there. They operate, for instance, in the field of supply, i.e., purchase of goods needed for the agricultural production carried out by its members, agrotechnical services, storage and joint sale of agricultural products, and processing. Cooperatives make a significant contribution to the economic prosperity and social stability of the country

Germany

- Currently, there are over 1000 energy cooperatives in Germany, and a dynamic increase in their number should be noted.
- In the years 2006–2014, 716 such entities were established, out of over 145,000 cooperatives members (approximately 130,000 are private persons, often inhabitants of villages and small towns)

Germany

- The basic legal act in the field of establishing and running a business by cooperatives is the **Genossenschaftsgesetz** (Cooperative Law, known as GenG) of 1889 (Bundesgesetzblatt, I S. 2230). This law has been amended many times,
- In addition to this legal act, the activities of the economic entities in question are also affected by other regulations, such as the **Umwandlungsgesetz of 1994**

FRANCE

- In France, there are around 2,800 agricultural cooperatives in total (excluding CUMA); in addition, there are cooperative unions, SICA, and branches of cooperative entities.
- Cooperatives actively support local farmers in developing their farms in a sustainable manner. In addition, they have recently taken over a number of important companies from the agri-food sector and created many subsidiaries which deal with processing and marketing

Italy

- **Italy is an example** of a country that has introduced extensive legislation relating to agricultural cooperatives. In this country, the basic legal regulation concerning the organization and operation of cooperatives, including agricultural cooperatives, is covered by the Italian Civil Code (Art. 2511 et seq.)

European Green Deal

- The European Green Deal, presented on 11 December 2019 by the European Commission, is a sustainable growth agenda that aims, among other things, to strengthen competitiveness in the economy, including agriculture, while protecting the environment and providing consumers with new rights and creating employment opportunities

new EU regulation CAP 2023-2027

On December 2, 2021, a new EU regulation was adopted, Regulation (EU) 2021/2115 of the European Parliament and of the Council, establishing rules on support for strategic plans prepared by the Member States under the common agricultural policy (CAP strategic plans) and financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013.

new EU regulation CAP 2023-2027

- It should be emphasized that the Member States establish CAP strategic plans in accordance with the new regulation of 2 December 2021 to implement EU-funded support. **Each Member State establishes a single CAP strategic plan for its entire territory, taking into account its constitutional and institutional rules, and covering the period from 1 January 2023 to 31 December 2027.**

Eco-schemes

- Eco-schemes in Poland CAP 2023-2027 will be related to:
 - areas with honey plants,
 - conducting plant production in the Integrated Plant Production system,
 - biological protection of crops,
 - water retention on permanent grasslands,
 - animal welfare,
 - soil farming and nutrient management.

The association of agricultural producers may facilitate the implementation of the challenges of the new Common Agricultural Policy



By acting together, it is easier to introduce a circular their cooperatives)

additional costs, such as the purchase of precise agricultural machinery (precise use of plant protection products, fertilizers, seeds or GPS system, allowing the use of digital solutions in agriculture)

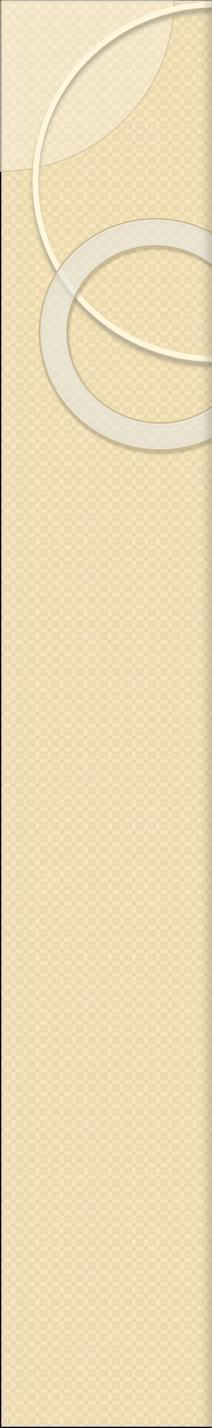
introduce carbon farming, i.e. practices that accelerate the process of removing CO₂ from the atmosphere and then transforming it into plant material and / or soil organic matter

One of the challenges is to increase the share of organic farming

Summary

The current trend in the development of agricultural cooperatives is in line with the development of EU policies.

This is connected, for example, with the need to increase the competitiveness of agricultural producers, the protection of regional products, social economy, energy, environmental protection and processing. A cooperative is a complex legal organism and, at the same time, a dynamic entity in terms of how it reflects changes in the CAP and EU policies.

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- More about cooperatives, e.g.
 - https://press.amu.edu.pl/pub/media/productattach/s/suchon_a_legal_oa_2022_amup.pdf
 - <https://www.ica.coop/>
 - <https://copa-cogeca.eu/about-cogeca>