

## **The Raiffeisen organization**

### **Beginnings, tasks, current developments**

The "Bread Union" (Brodverein), founded during the winter of famine 1846/47 in Weyerbusch (Westerwald) by Friedrich Wilhelm Raiffeisen (1818–1888) as institution of welfare and mutual help, became in 1864 the loan association of Heddesdorf.

This was the first rural co-operative. The "Federation of Rural Co-operatives" (Anwaltschaftsverband der ländlichen Genossenschaften) of 1877 was the origin of a large organization which has been living on since 1948 in the German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.) with the support of numerous co-operative banks and enterprises of the link-up system.

**At primary level**, at local level, the co-operative basic task – according to statutes and law of 1889 – is directly expressed: Work and performance of co-operatives exclusively serve the members' benefit. Nearly all German farmers and winegrowers are members of one or several Raiffeisen co-operatives. The organization numbered approx. 1.8 million memberships in the whole country.

**Six regional federations** can carry out the compulsory audit laid down by statutes and law. There-with, the State substantiates the right of co-operatives to self-responsibility and self-administration. Through an intensive guidance and advisory services to their members, the regional federations have become full service institutions. They contribute in a decisive way to the economic competitiveness of the co-operatives.

**The German Raiffeisen Federation (Deutscher Raiffeisenverband e. V. – DRV)**, as apex federation of rural co-operatives, promotes and represents "the professional and special economic members' interests", as laid down in the statutes, in the events leading up to market policy decisions in Bonn and Berlin, at the European Commission in Brussels and also at the European Parliament in Strasbourg. The DRV informs its members about all legal projects which are relevant for the co-operative movement and analyzes the political decisions. Thus the enterprises can immediately adjust to new basic conditions. The DRV is appreciated by the political authorities and administration as competent inter-locutor and adviser. The DRV sees itself as competence and service center for the various concerns of the Raiffeisen co-operatives.

The co-operatives are the **market partners of German agriculture**. Their activity is closely related to the structural change in rural economics, in their upstream and downstream areas and the developments on the domestic and foreign markets. The co-operatives create the best possible sizes of enterprises and plants, they go for value added and extend their quality control systems to the cultivation and processing of agricultural products. They go for close contractual bounds to the members.

**Structural change, rationalization and cost cutting** are a continuous and at the same time a vital task for the Raiffeisen co-operatives. From 1950 until 2010, the number of West German co-operatives has been decreasing from almost 24,000 to 2,604.

The added **turnovers of Raiffeisen co-operatives** grew from 3.5 billion Euro in 1950 to 17.5 billion Euro (1970). At the end of 2010, the added turnovers of all Raiffeisen co-operatives in Germany amounted to approx. 43 billion Euro. Approx. 100,000 employees are working for the co-operative members and customers. Raiffeisen is an important employer and economic factor in the rural region.

**The 2,604 commodity and service co-operatives** of the German Raiffeisen organization (at 31.12.2010) consist of:

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| 2,441 | rural commodity and service co-operatives<br>(including 852 farming co-operatives) |
| 157   | multipurpose co-operatives   |
| 6     | Main co-operatives incl. DRWZ  |

In the commodity sectors are working:

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| 330 | purchasing and marketing co-operatives   |
| 264 | dairy co-operatives<br>of which 51 have processing operations (incl. centres)  |
| 105 | cattle and meat co-operatives (incl. centres)  |
| 89  | fruit, vegetable and horticultural co-operatives   |
| 209 | winegrowers' co-operatives (incl. centres)   |
| 834 | farming co-operatives  |
| 610 | other commodity and service co-operatives<br>e.g. fishery, forestry and wood processing cooperatives, centres, other members |

The commodity and service co-operatives hold their ground in a fierce competition on the domestic and foreign agricultural markets. More than half of the German farmers, gardeners and winegrowers

confident in their **efficiency**, effect their buying and selling operations with the Raiffeisen co-operatives.

**Raiffeisen co-operatives supply the farmers** with production material, e.g. seeds, fertilizers, feed-stuffs, agricultural engineering. They collect, process and market the entire range of agricultural products. They advise farmers and winegrowers for a production tailored to suit the needs of market and environment and explore market chances for new products, according to their motto "We open markets". Among these are e.g. the cultivation and marketing of regenerable raw materials.

**Raiffeisen co-operatives offer a large range of services to their members**, e.g. regular inspections of crop spraying machines, repairs on agricultural machinery and environmentally acceptable storage of pesticides so that sufficient availability of those is ensured at the right time.

**Raiffeisen co-operatives are important for the area-wide supply** of basic commodities. They deliver fuels from their own warehouses and approx. 850 service stations. They run approx. 676 building markets and specialized stores with a wide range of offer. The wholesale and retail trade with ecological building materials is becoming more and more significant. 1,600 Raiffeisen markets offer a wide, up-market product range for home and garden and also food for domestic animals to the consumers.

**Raiffeisen co-operatives contribute to the return of packaging and the recycling of by-products**. They are involved in municipal technology and contribute to strengthen the economic power of the rural areas. With the target "Raiffeisen – performance for every-body", they are very popular in rural and suburban communities.

Since the reunification, several regional federations took over advice and auditing of the East German **farming co-operatives** which are the successor institutions of the agricultural production co-operatives (LPGs). The 834 farming co-operatives guided by the Raiffeisen organization play an important part for the co-operative link-up system in the new federal "laender". The farming co-operatives turned over approx. 2.0 billion Euro in 2010. They employed approx. 22,000 women and men.

Friedrich Wilhelm Raiffeisen's ideas and his principles of **self-help, self-administration and self-responsibility** did not lose any up-to-dateness in over 150 years: the participation and influence of all members are secured; they lay down the business policy and therewith the economic success. Self-administration is guaranteed by the involvement of volunteers. They influence the business policy through their activity on the boards. The co-operative legal form is demanded. This is also demonstrated by the foundation of co-operatives.

In view of the growing concentration on the suppliers' and customers' side, e.g. in the food retailing industry, the necessity increases for farmers, gardeners and winegrowers to represent and carry

through their economic interests jointly. The co-operatives and their members adapt to the changing market situation and the consumers' expectations in an offensive way. Quality assurance has the highest priority in all branches.

Strong and efficient co-operatives are an important prerequisite in order to secure the agricultural location Germany. The members will **cope with the growing challenges jointly with their co-operatives**. The reform of the Common Agricultural Policy, the extension of the European Union to the East, the internationalization and globalization of trade in agricultural goods challenge the further concentration of forces and offer.

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Press and Information Division