

## 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 the loan association of Heddesdorf in 1864. 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 affiliated entities.

**In the primary stage**, at local level, the core mission of co-operatives– according to statutes and law on co-operatives by 1889 – is directly expressed: Work and performance of co-operatives exclusively serve the benefit of its members. Nearly all German farmers and winegrowers are members of one or several Raiffeisen co-operatives. The organization counts approx. 1.1 million memberships throughout Germany.

**Five regional federations** carry out the compulsory audit laid down by statutes and law. Therewith, 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 Berlin, at the European Commission in Brussels and at the European Parliament in Strasbourg. The DRV informs its members about all legal projects that are relevant for the co-operative movement and analyses 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-locator and adviser. The DRV considers itself as a competence and service centre for the various concerns of the Raiffeisen co-operatives.

The co-operatives are the **market partners of German agriculture**. Their field of activities 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. Co-operatives create an optimal size of enterprises and companies; count on vertical integration and extend their quality control systems to the cultivation and processing of agricultural products. They expand their contractual connections to the members.

**Structural change, rationalization and cost cutting** are a continuous and at the same time vital task for the Raiffeisen co-operatives. From 1950 to 2024, the number of co-operatives has been decreasing from almost 24,000 to 1,635.

The added **turnovers of Raiffeisen co-operatives** grew from 3.5 billion Euros in 1950 to 17.5 billion Euro (1970). At the end of 2024, the added turnovers of all Raiffeisen co-operatives in Germany amounted to approx. 77.8 billion Euros. Approx. 110,000 employees are working for the co-operative members and customers.

Raiffeisen is an important employer and economic factor in the rural region.

**The 1,635 commodity and service co-operatives** of the German Raiffeisen organization (at 31.12.2024) consist of:

1,088	rural commodity and service co-operatives (including 492 farming co-operatives)
50	credit co-operatives with supply and marketing
5	central cooperatives (supply and marketing)

In the commodity sectors are working:

240	supply and marketing co-operatives
147	dairy co-operatives of which 28 have processing operations
66	cattle and meat co-operatives
79	fruit, vegetable and horticultural co-operatives
138	winegrowers' co-operatives
492	farming co-operatives
418	other commodity and service co-operatives 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**, affect their buying and selling operations with the Raiffeisen co-operatives.

**Raiffeisen co-operatives supply the farmers** with production material, e.g. seeds, fertilizers, feed production, 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 renewable raw materials and the broad spectrum of renewable energies.

**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 and run 830 service stations. They run 630 building markets and specialized stores with an extensive product and service portfolio. The wholesale and retail trade with ecological building materials is becoming increasingly significant. 1,400 Raiffeisen-markets offer a wide, up-market product range for home and garden as well as 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 – service for everybody", 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 (LPG). The 492 farming co-operatives guided by the Raiffeisen organization play an important part for the co-operative link-up system in the new federal states. The annual turnover of farming co-operatives amounts to 1.7 billion Euros in 2024. They employ approx. 12,000 women and men.

The ideas of Friedrich Wilhelm Raiffeisen and his principles of **self-help, self-administration and self-responsibility** have lost none of their relevance in over 170 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 voluntary elected representatives. They influence the business policy through their activity in the boards. The co-operative legal form is more in demand than ever. This is proofed by the numerous successful foundations of co-operatives.

Considering the growing concentration on the suppliers' and customers' side, e.g. in the food retailing industry, there is an increasing need 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 requirement to safeguard the agricultural production site Germany. The reform of the Common Agricultural Policy, the extension of the European Union, the internationalization and globalization of trade in agricultural goods challenge the further concentration of forces and offer. **The members will cope with the growing challenges jointly with their co-operatives.**

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