



Euroopa Maaelu Arengu
Põllumajandusfond:
Euroopa investeeringud
maapiirkondadesse

Practical examples of cooperation in Latvia

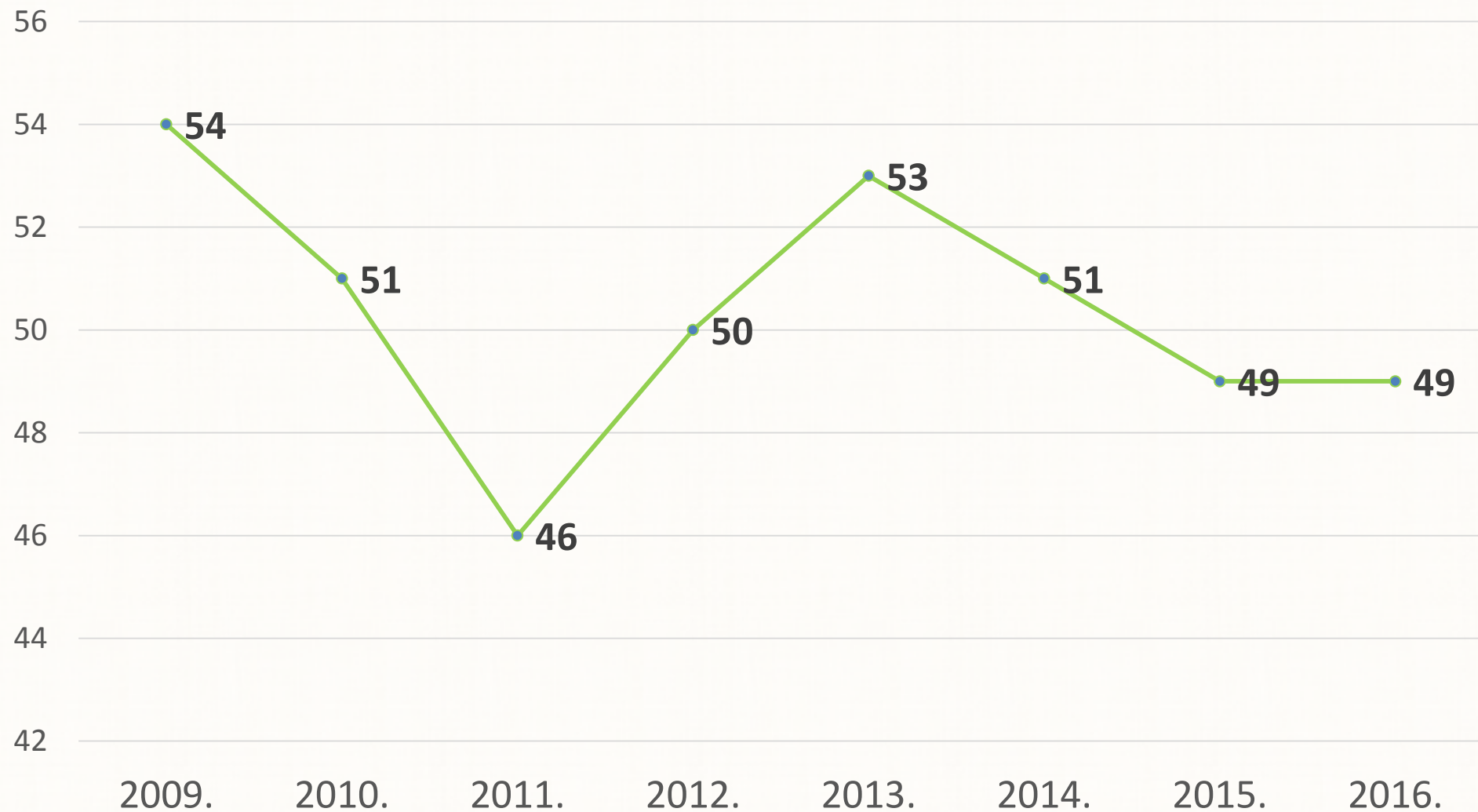
Edgars Ruža

Tartu

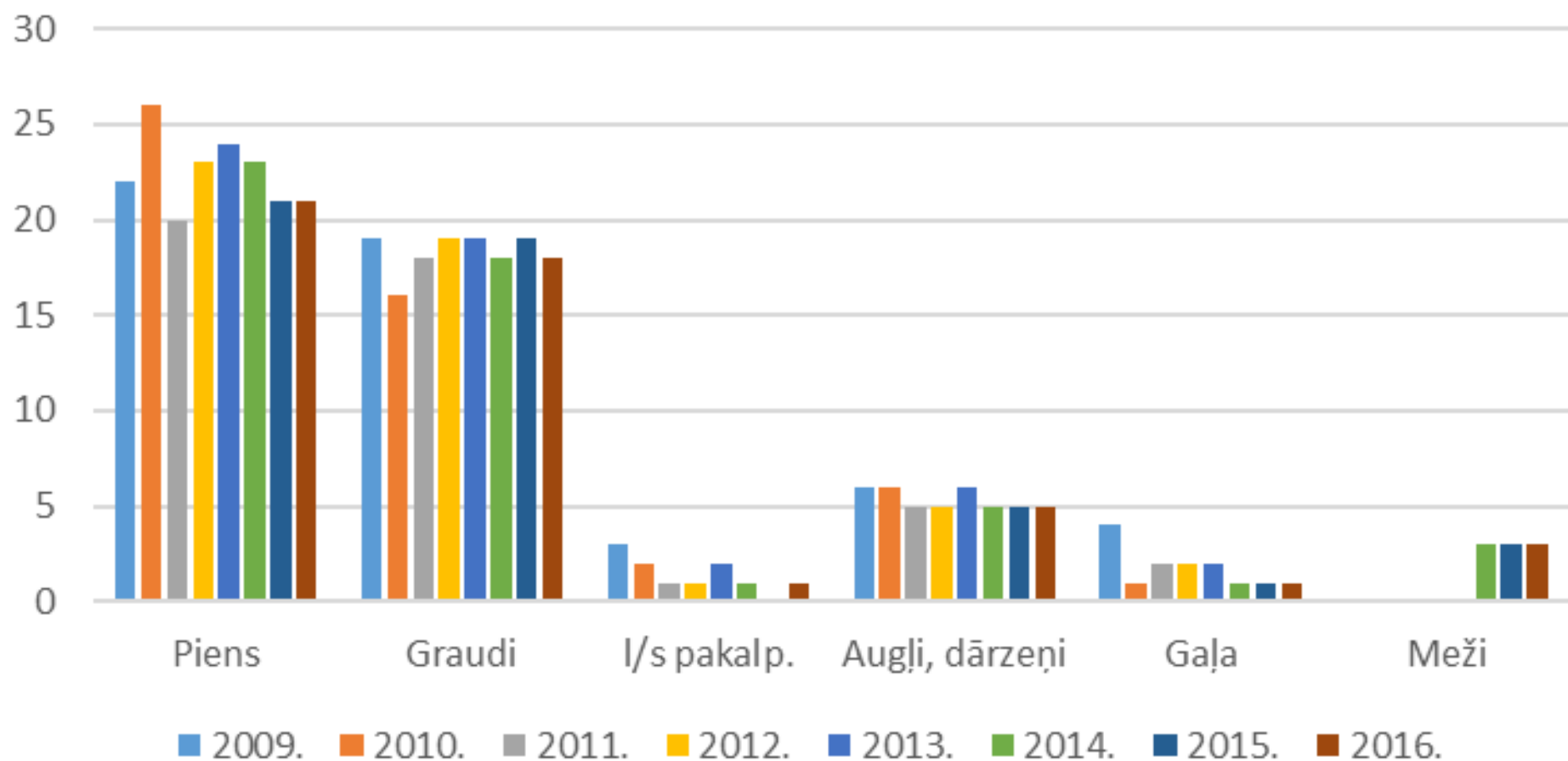
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Number of recognized cooperatives in Latvia

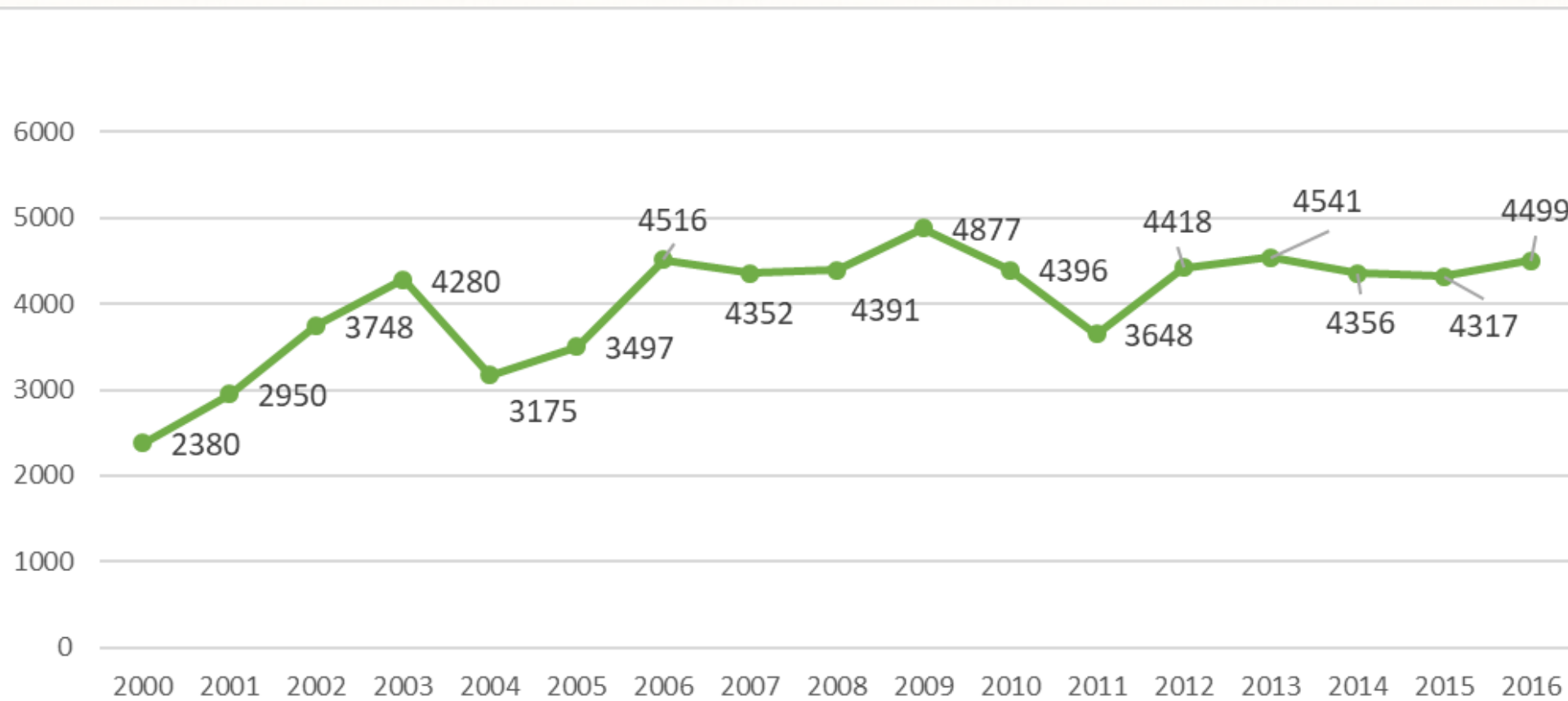
Atbilstīgu kooperatīvu skaits 2009. - 2016.



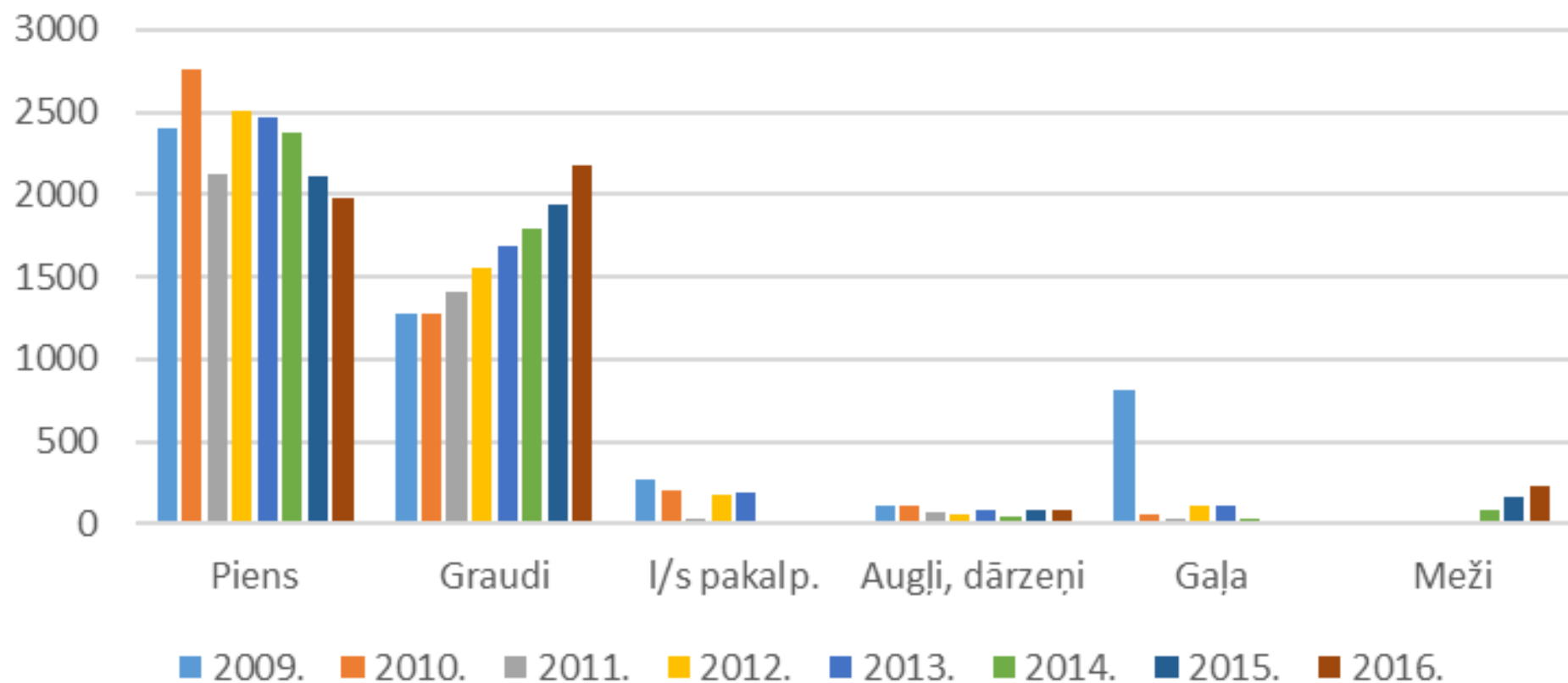
Number of recognized cooperatives 2009. - 2016.



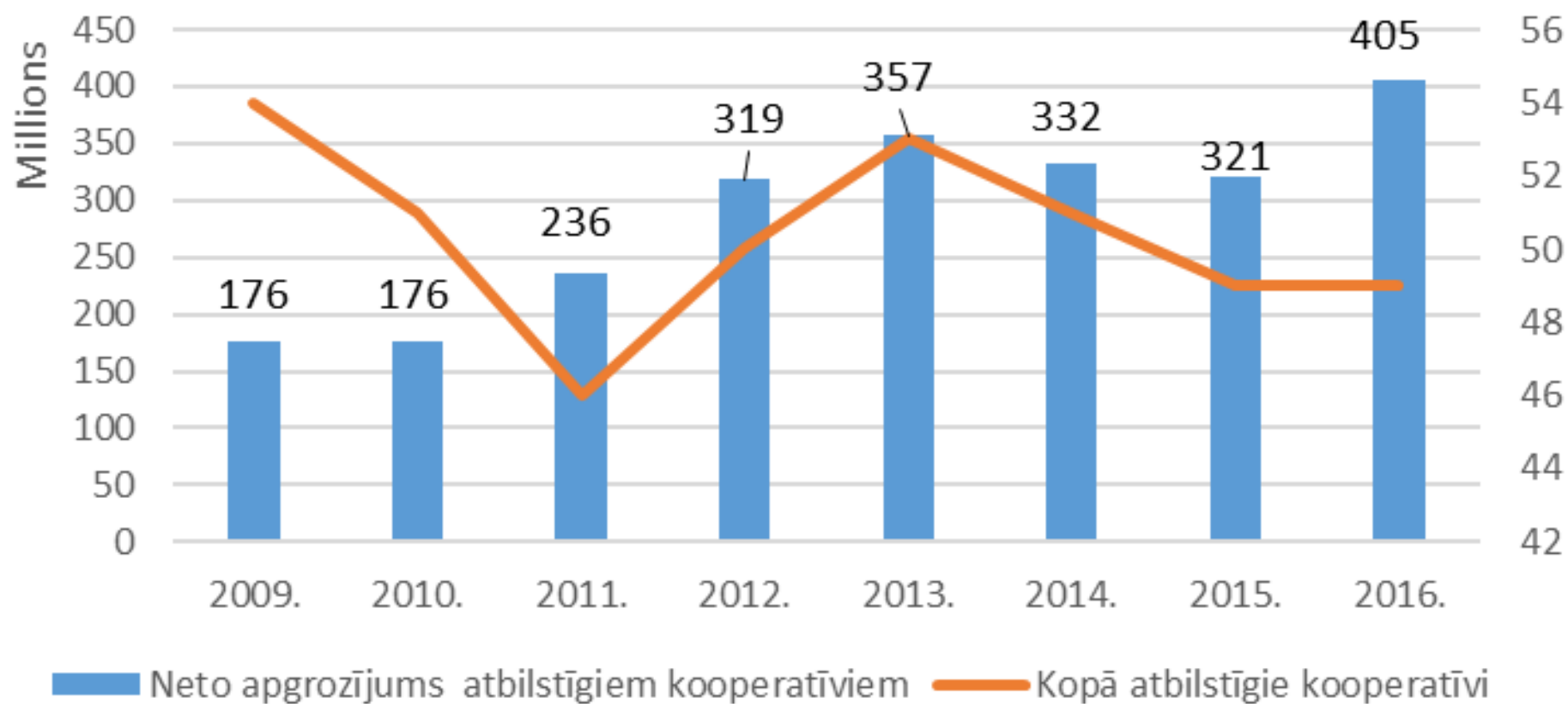
Number of members in recognized cooperatives



Number of members in recognized cooperatives 2009. - 2016.



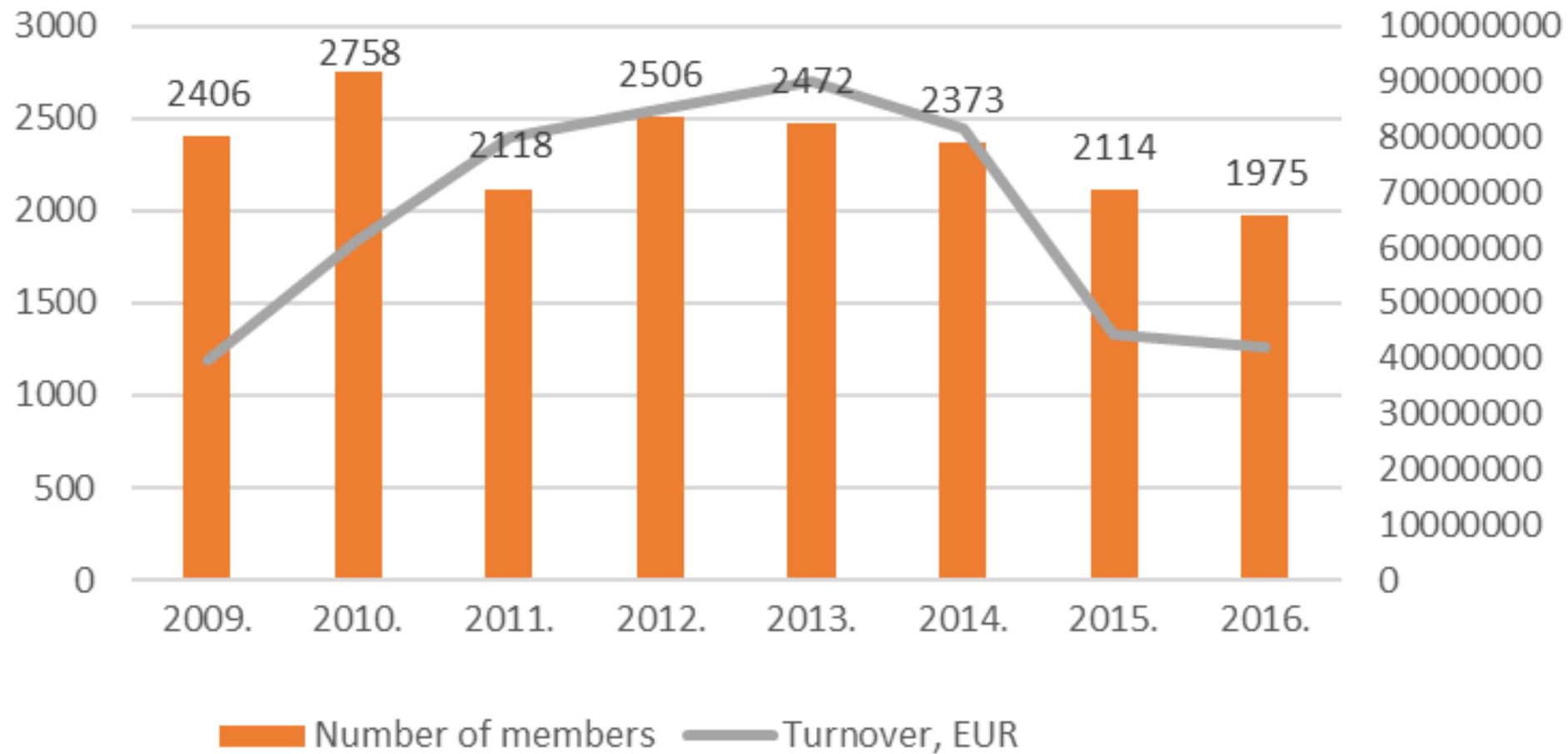
Cooperatives and their turnover, EUR 2009 - 2016



Cooperatives and their turnover, EUR 2009 - 2016



Dairy sector cooperatives 2009 - 2016



Grain sector cooperatives 2009 - 2016



Cooperative Society of Agricultural Services

LATRAPS

Proudly 100% Latvian farmers company



Foundation of the cooperative

- LATRAPS was founded on 26.04.2000.
- It was established by 12 farms located in the region of Zemgale - main cereal growing region of Latvia, to find market for produced grain.



Membership

- Open for every cereal farmer to join
- Entrance fee 355 EUR
- No further membership fees
- Member have to use services of coop (not determined amount of services to be used)
- Profit distributed to members proportionally to their turnover with cooperative.



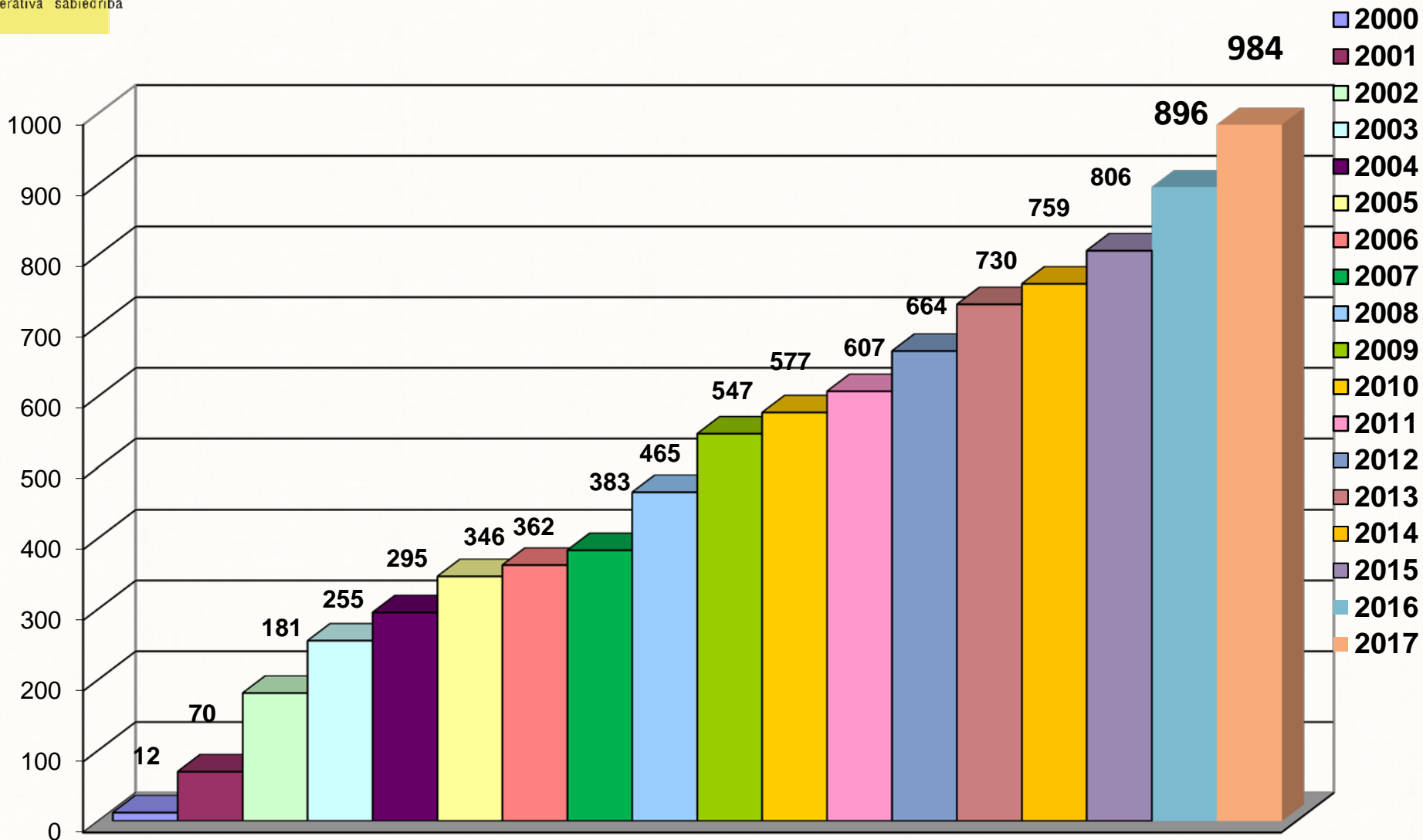
Members

- Farmers from all over Latvia – 45 % from Zemgale region;
- Farm sizes from 10 – 6000 ha;
- Average farm size ~ 260 ha.





LATRAPS, number of members



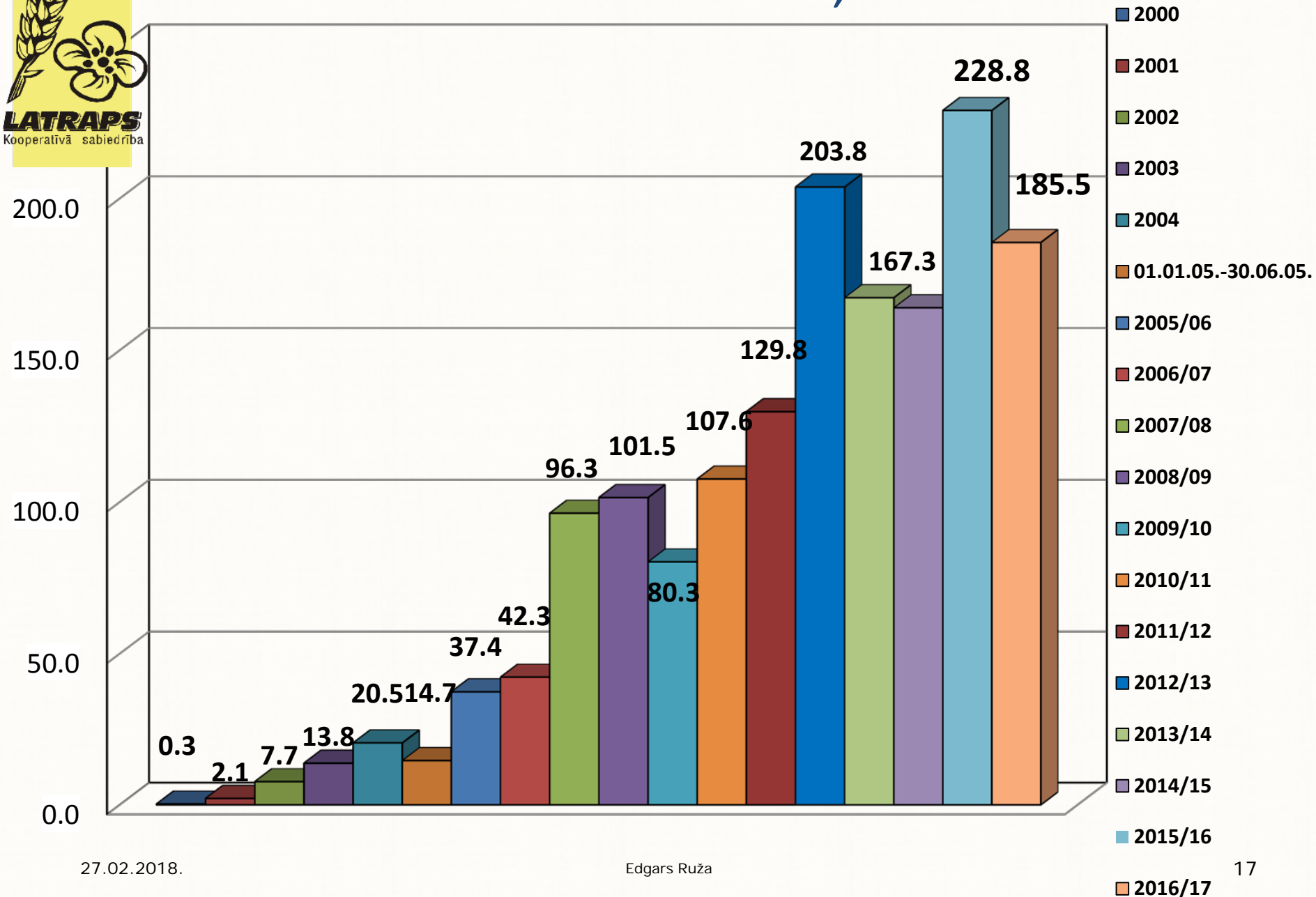
The main directions of cooperation

- profitable marketing of members produced grains and rapeseed;
- to develop growing of a specific crop - rapeseed in Latvia (6000 ha rapeseed in Y2000, 130 000 ha in Y2013);
- development of crop postharvest handling facilities;
- collection and pre-processing of the crop all over the country;
- supply of necessary inputs, agronomical advice.





Turnover of LATRAPS, EUR



Agro department

- Purchase, distribution and sales of inputs – crop protection products, fertilizers, seed;
- direct partners to biggest global producers: BASF, BAYER, MONSANTO, YARA, URALCHEM, ACRON, Rapool, KWS, SW seed, PIONEER etc;
- Advisory, crop plans, educational seminars, field days;
- Crop insurance, representing Vereinigte Hagel.



Crop insurance

LATRAPS - partner of
Vereinigte Hagel for crop
insurance in Latvia

VEREINIGTE HAGEL –
farmers insurance for
farmers



Grain department

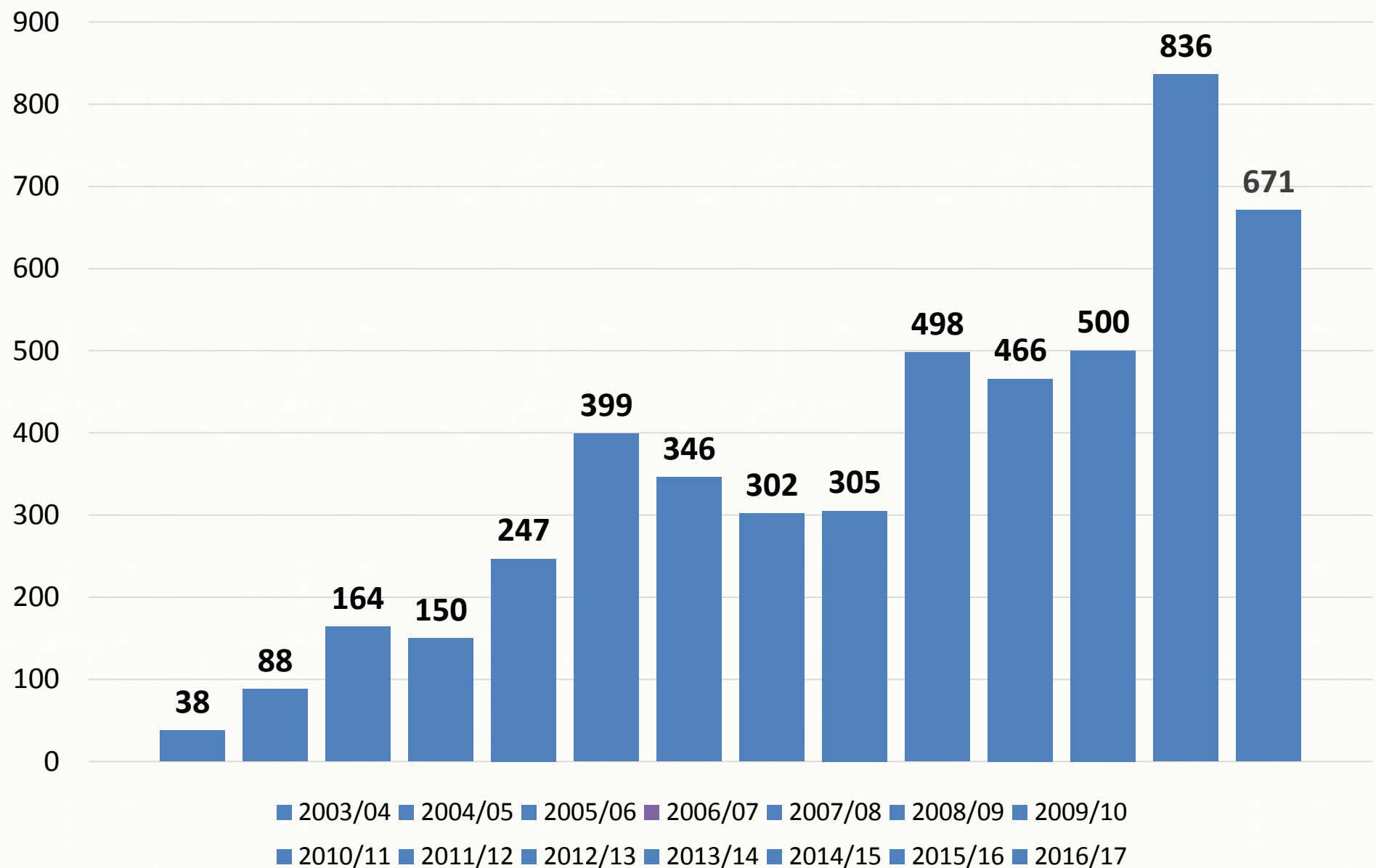
- Purchase of grains;
- Sales, logistics and export execution;
- Coordination of grain handling contractors;
- LATRAPS has 6 own and 34 contracted Grain handling facilities;
- 80% of collected crop – exported.





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MarineTraffic.com

Total crop purchase of LATRAPs, kt



Production department

- Managing Eleja, Jaunpagasts, Bauska, Barkava, Jelgava, Aizkraukle own grain handling sites;
- Oil crushing plant;
- Biodiesel plant;
- Malt house;
- Farm fuel sales and distribution;
- Logistics of products



Machinery department

- Sales and service of agricultural machines



Today LATRAPPS is importer of:



HAWE-WESTER
GMBH & Co. KG
MASCHINENBAU

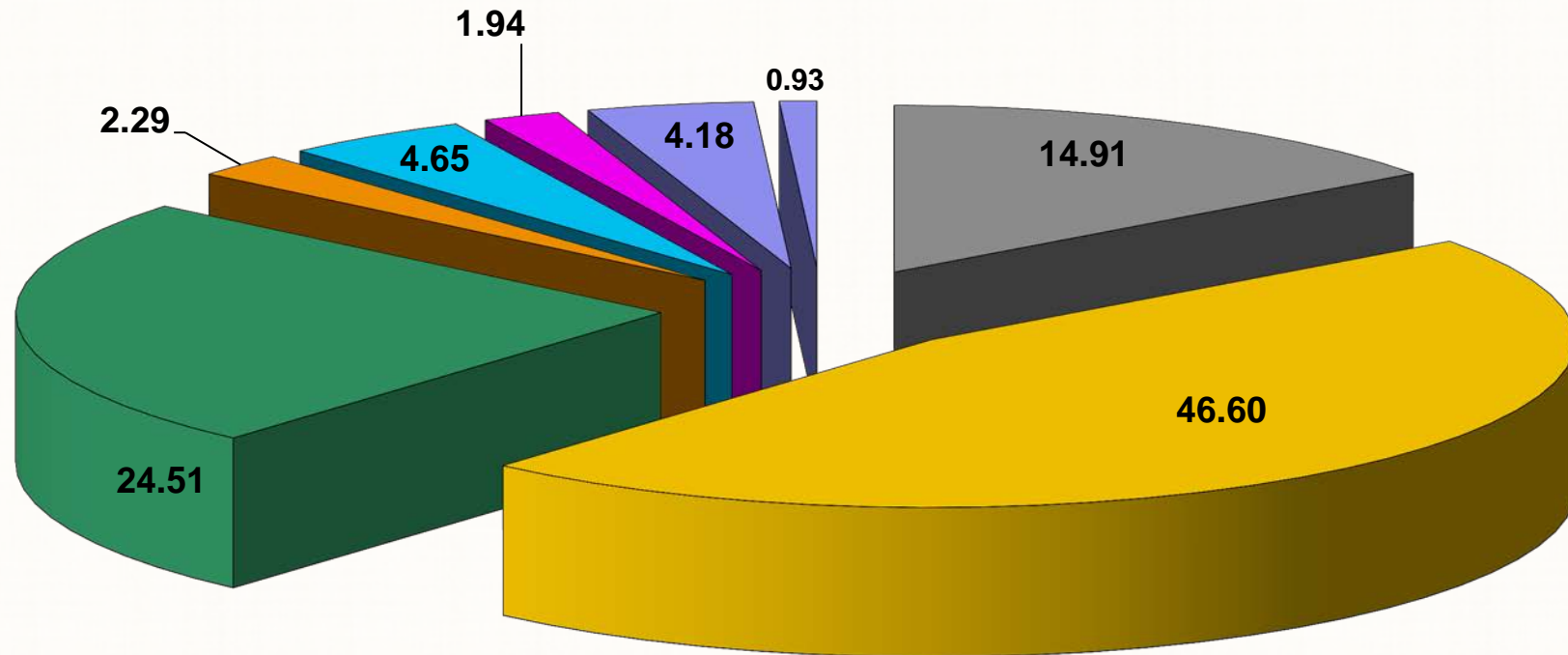


Zum Turm 16 · 26892 Wippenen
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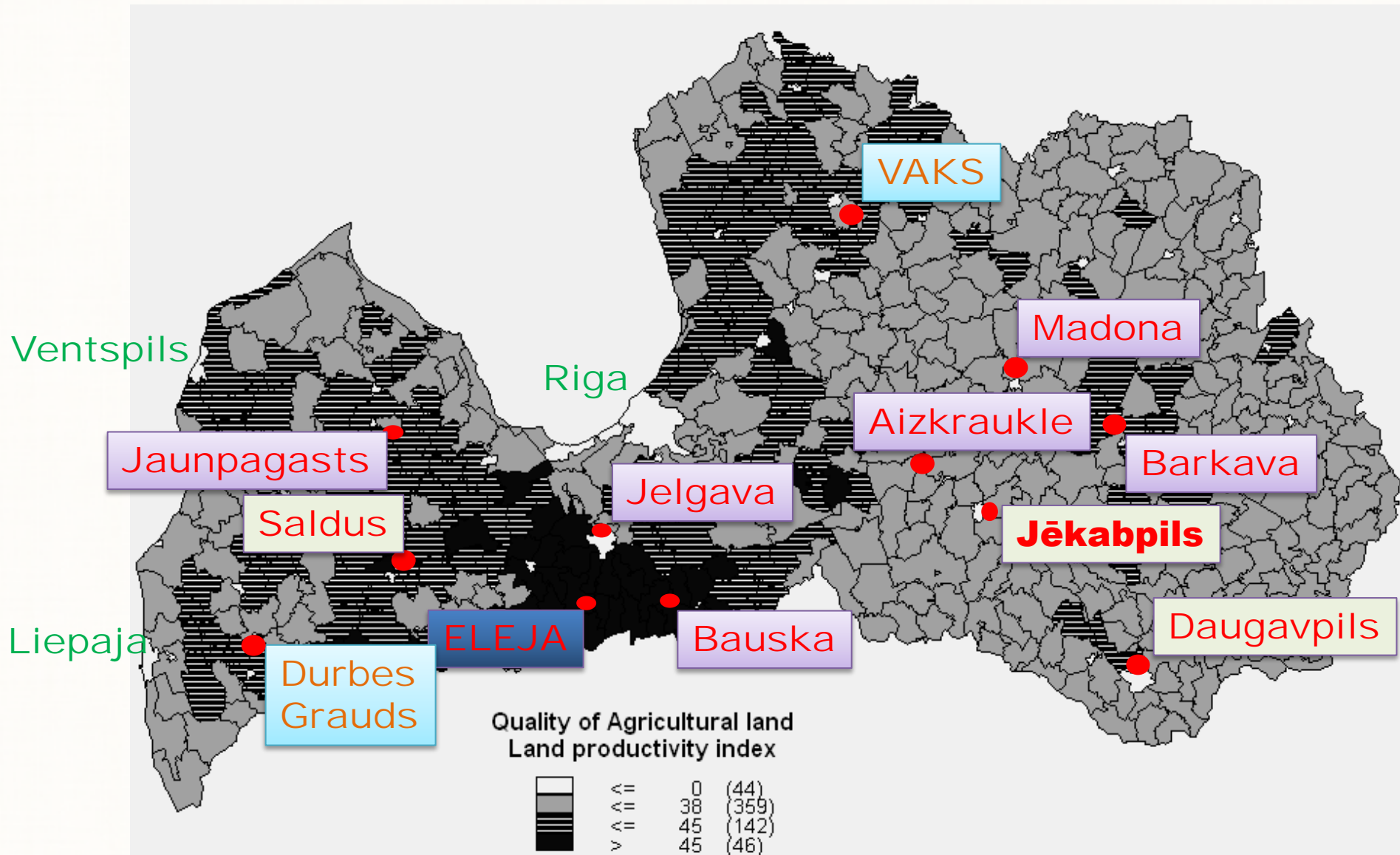
TURNOVER according to the business, %, 2016/17

- Sale of rapeseed
- Sale of grains
- Sale of agri inputs (PPP, Fert., seed etc.)
- Drier services
- Income of machinery division
- Farm fuel sale
- biodiesel, rapeseed oil, cake
- Other income



Location of LATRAPs

soil fertility map



LATRAPS

Cooperative Society of Agricultural Services

- Administered under law of Cooperative societies of Latvia;
- Members company – members/**clients** are **owners** of the company;
- Main decision making body – General Meeting of members;

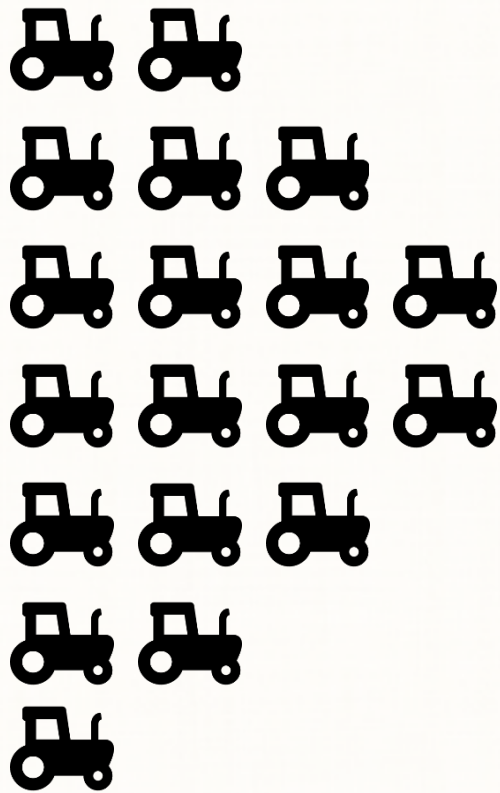
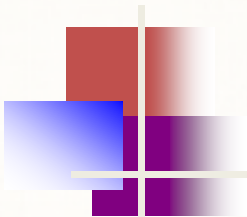
One member one vote



Cooperative is a «capitalism with
a human face».

Why do we have to cooperate?

- To solve structural problems of industry on our own;
- To sell farmers produce without middleman;
- Price risk management;
- To supply members with necessary products and independent advices;
- Bigger volumes, better prices/conditions;
- **sales and purchase strategies.**



WORLD
MARKET



THESE BOYS NEED RELIABLE,
PROFESSIONAL PARTNER!



...these as well!



MONSANTO



Main principles of cooperation

- Voluntariness;
- Democracy;
- Loyalty to an idea;
- Political neutrality;
- Principles of understanding of common benefit;
- Social responsibility;
- Member commitment;
- Delivery reliability;
- Competent management.

- Mutual trust;
- Make friendship with successful;
- Solidar attitude to common business;
- Jointly to common target!



COOPERATIVE



27/02/2018

Key issue of successful cooperative

- Management of cooperative:
 - Reliability;
 - Accountability,
 - Trustworthy;
 - Trust trust trust
- 1. businessman – shark
- vs
- 2. socialy minded collaborator

- Integrity, accountability and trust – basic elements of our business ethics
- On mutual **trust** based relationship between business partners. «Trust is a key prerequisite for prosperity» (Marc Rich, Glencore)

«Cooperative is not a union of capital but of individuals, intended to improve the conditions of its members through their collaborations».

The main hurdles to cooperation?

- Individual ambitions over common interests, benefits;
- Shortterm benefits are more important as longterm targets;
- Poor understanding and internal complexes: division/conflict in large and small farmers.

Financing of cooperative

Greatest difficulties:

- Short term resources;
- Investments:
 - Ambitions;
 - Market research;
 - Members loyalty;
 - Short term resources.

Quota system

- Investment instrument:
 - To build 25 000 t grain terminal – 2,5 MEUR investment;
 - = 100 EUR/t = 10 EUR/t X 10 years;
 - «X» farmers crop is 1000 t pa;
 - He is buying 1000 quotas X 100 EUR with payment term 10 years (payment 10 000 EUR pa)

- Quota does not give a property rights;
- Quota – delivery rights;
- Depreciation is not calculated in service price;
- Quota depreciation period – 25 years.

Financing of members

- Financing of inputs;
- Machinery leasing, rent;
- Short term finances to farmers;
- Long term support.

Cooperative is reliable partner to members not just in sunny weather!



27/02/2018

Mutual financing benefit

- LATRAPS pays interest for farmers cash balance in LATRAPS accounts:
 - LATRAPS – non bank assets;
 - Farmer – additional income.

Profit stays in family!

Management and governance

Structure of governance

General Meeting

Supervisory Board

General manager/CEO

**GRAIN
DEPARTMENT**

**AGRO
DEPARTMENT**

**HR AND FINANCIAL
DEPARTMENT**

**PRODUCTION
DEPARTMENT**

**MACHINERY
DIVISION**



LATRAPS
Kooperatīvā sabiedrība

LATRAPS
Kooperatīvā sabiedrība

LATRAPS
Kooperatīvā sabiedrība

Missions and Visions

- The greatest treasure of Latvia – agricultural land responsibly and sustainably cultivated by wealthy farmers
- Our customers are our owners. Their prosperity is our mission
- Integrity, accountability and trust – basic elements of our business ethics
- On mutual **trust** based relationship between business partners. «Trust is a key prerequisite for prosperity» (Marc Rich, Glencore)

