

Speech by Mr G. Fabretti – President of Eurocoop
(Brussels, 15 March 2005)

I think I should start by referring briefly to some of the factors characterising the performance and dynamics of the Italian agri-food sector and current consumer trends. These factors cannot be ignored by a modern retailer of foodstuffs such as Coop.

- The foodstuffs market (fruit and vegetables, meat and other perishables) is becoming more and more globalised. While this is allowing an ever greater variety and abundance of products on to the market, it is also creating risks and problems regarding health safety, transparency, legality and price/quality ratio. Foodstuffs, which now originate from all over the world, must not be ringfenced or rejected out of hand. Instead, their circulation must be regulated by agreed common standards and regulations, which must not be detrimental to the promotion of traditional local products.
- In response to the perceived threat of mass production and homogenisation and the widespread use of chemicals, organic farming continues to gain ground and become more firmly established. Demand for organic products is growing all the time. A modern retailer, faced with such demand – as evidenced by the increasing phenomenon of independent family-run voluntary buyer groups geared towards this market – can only respond positively.
- Italy is at the forefront in Europe for traditional products (145 products carry the PGI and PDO logos) and 15 Italian regions have declared themselves GMO-free. There are some 2,700 Italian sites which belong to the EU's Natura 2000 network and whose specific objectives include promoting traditional, organic and GMO-free products, but which also aim to achieve energy savings in the use of resources and the organisation of transport, in waste management and in the creation of protected agricultural and tourist areas.
- Within this context, and in light of the trends which I have just outlined, some structural data regarding the importance and scope of cooperative enterprises within the Italian agri-food sector should be borne in mind. By the end of 2004 there were 7,000 cooperatives, belonging to one of the different cooperative associations (e.g., Federagri, Anca, AGCI and Asca-Unci), with an overall membership of 900,000, a turnover of EUR 30,000 M and employing 106,000 people. The sector plays an important role in the Italian entrepreneurial system but is adversely affected by market fragmentation which is well above the EU average. The strategy adopted by Italian cooperatives is to create a system aimed at reducing the movement between production and consumption. It should be remembered that cooperatives do not relocate but are linked to the area in which they are based and to local employment.

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Coop, which is the foremost retailer of foodstuffs and groceries in Italy, (with a turnover of EUR 11,335 M in 2004 and 17.5% of market share) is sensitive and responsive to factors and trends such as those mentioned previously and works in tandem with them to enhance their status.

Hence the various agreements with agricultural cooperatives, producer groups and local and regional institutions aimed at optimising and standardising the production chain. The common objective is to ensure that both end consumers and the Coop's own members are supplied with nutritious natural products which are reasonably-priced and of high quality.

Ensuring that the organoleptic properties and quality of goods and services – particularly those of Coop's own brand – contribute to general well being and facilitate meaningful relationships within society is intrinsic to Coop's role and objectives.

To illustrate the above, I think it would be worth mentioning some of Coop's recent initiatives for the benefit of the consumer.

- This year Coop celebrates its 25th year of its consumer education programme. This involved thousands of teachers at every school level and more than 1.5 million children and teenagers. Special initiatives and tools, which are continuously updated, are used to meet the general objectives, which include, in addition to a constant flow of accurate information, a crucial debate regarding lifestyles and consumption patterns, awareness of one's own needs and desires and the ability to live in solidarity with others.
- But how can we consolidate and develop a satisfactory climate of mutual confidence with more than 5.5 million members? There are many ways in which we can do this. For example, we can offer more services at our retail outlets, creating service centres which are integrated with local and municipal services. In addition to selling quality products at affordable prices, Coop outlets offer a range services many of which are operated in conjunction with its members. Let me run through a few of them. They provide space in which to hold meetings, conferences, book launches and shows, as well as an information desk directly linked to the local authority, from which administrative documents can be easily obtained; another to act as a bulletin board to find a reliable skilled tradesman to deal with a domestic emergency. They also provide a pleasant area in which to enjoy ready meals purchased from the shop, either by oneself or with others. There are also libraries funded through members' donations and which all members can use freely. There are also nurseries based in Coop premises and run in conjunction with local schools, and facilities at which members can deposit their savings and get a higher rate of return than that available from banks. *Last minute* is another service whereby any unsold products about to reach their expiry date are collected by a voluntary organisation and used in canteens run by the Caritas charity, to help meet the needs of the less well-off.
- In addition, the Coop's large retail network – there are currently 70 Ipercoops, with 25 new outlets set to open in the next five years – is operated and managed in accordance with a

model of sustainable development. This involves maximum energy saving and the adoption of EU standards and schemes such as EMAS and GreenLight.

- Strengthening the relationship of trust that we have with our members and consumers is a hugely important priority for Coop. We provide full and accurate information, often resulting from dialogue with our members. Let me give you a recent example, by way of illustration. There are now more than one thousand Coop-branded products on the market. All information required by law is printed on our labels and more besides. We believed that given the trusting relationship that we have with our members it was not necessary to print the name and address of the final producer. We received hundreds of letters and emails from members saying that, while they trust Coop, they would prefer to see all the relevant information on the label. We took this legitimate request on board and complied with their wishes.

- In our retail outlets we stock several kinds of pasta suitable for coeliacs (i.e., people with an intolerance to a particular type of gluten).

- We also stock products such as pasta, olive oil and wine which come from Sicilian cooperatives which were created following the confiscation of farm land from the mafia. Coop acts in the final stages of this socially charged chain involving a range of private associations and public institutions, by providing a nationwide distribution network for these products.

- The Solidal own-brand range of products is also available at Coop shops. This range is a result of direct cooperation with Third World cooperatives and producer groups, which can thus be sure of a constant market for their quality products (e.g., coffee, tea, cocoa, fruit juice, etc.) which are bought at fair prices.

The above outline goes to show that a modern retailer who wants to build up an essential relationship of trust with the citizen/consumer must prove himself to be socially responsible and attentive to the needs of the community. This applies particularly to Coop whose original *raison d'être* stemmed from these very principles and values. Indeed, and by way of a final example, Coop Italy, our purchasing consortium, several years ago adopted a policy of encouraging its suppliers (currently some 3,500) to take responsibility for their part of the chain. Coop Italy requires producers and suppliers of its own brand products to sign up to and comply with the SA8000 standard, principally aimed at ensuring the protection of workers' trade union rights and the abolition of child labour.

In conclusion, I would stress that Coop is a staunch supporter of a socio-economic development model – one way of defining the work of the modern retailing cooperative – in which the interests and rights of all of the social partners involved (i.e., its own members, customers and consumers) are all, as far as possible, respected. At the same time, the interests and rights of its employees and partners, the producers and suppliers of its products and the wider community, with its various associations, representative bodies and institutions are also important to Coop. Thus, in as far as it can, Coop produces an abundance of quality products, performs effectively as a modern cooperative retailer,

protects future generations (profits are ploughed back into jointly-owned funds which finance continued development), respects the environment and is not wasteful of its resources.
