Strategies for Transnational Cooperative Trade and Accessing Global Supply Chains

Alex Serrano & Stanley Kuehn
October 23, 2018
Buenos Aires, Argentina
Established in 1916, **NCBA CLUSA** is the **oldest** and **largest** U.S. trade association for cooperatives—representing all co-op sectors.

**Sectors**
- Agriculture
- Retail
- Electric
- Worker
- Purchasing
- Credit Union
- Housing

**Examples**
- Food
- Credit Unions
- Financial Services
- Child Care & Preschool
- Co-op Breweries
- Healthcare

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
TODAY …

Over 65,000 + co-ops nationally

1 in 3 people are members in a co-op

Nearly a million of the nation’s farmers belong to a co-op, accounting for 55% of total US agriculture sales

- U.S. co-ops provide nearly 2 million jobs and create more than $74 billion in annual wages with a revenue of $650 billion

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
NCBA CLUSA’s International

65 years of international and co-op development in 88 countries

Portfolio of 30 international programs in 20 countries, presently

Practice Areas

Building Resilient Communities
Promoting Economic Opportunities
Strengthening Cooperatives and Producer Groups

Where we work now
Where we’ve worked historically

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
Organic Valley (OV) began 30 years ago with just 6 farmers. In 2015, they surpassed $1 billion in sales.

Today, Organic Valley’s 2,000+ member-farms produce +40% of the U.S.’s organic milk & OV now include farmers in the U.K., Canada and Australia.

OV is committed to running on “100% renewables” by 2019, demonstrating the co-op capacity to combine growth and sustainability.
• Purchasing co-ops have a wide reach. Ace Hardware stores can be found in 60 countries and in all 50 U.S. states.

• Purchasing co-ops enable churches and other civic organizations to cut procurement costs and ensure continued operations.

• Co-op conversions are boosting the already large purchasing sector.
• Since 1929, CHS Inc. has supplied energy, fertilizer, marketing services, insurance and more to its members.

• The cooperative employs 11,000 people and is owned by over 600,000 producers.

• In 2017, CHS generated $127.9 million in net income and $31.9 billion net revenue.

• CHS distribution network spans seven U.S. cities and four continents, backed by local operations in North and South America, Europe and the Asia-Pacific.
Equal Exchange

Equal Exchange is a for-profit Fairtrade worker-owned, cooperative headquartered in West Bridgwater, Massachusetts.

Equal Exchange distributes organic, gourmet coffee, tea, sugar, bananas, avocados, cocoa, and chocolate bars produced by farmer cooperatives in Latin America, Africa and Asia.

Founded in 1986, it is the oldest and largest Fair Trade coffee company in the United States.
Equal Exchange: Strengthening the Cooperative Supply Chain

- 50 Producer Coops
- 1 Worker-Owner Coop
- 175 Natural Foods Coops

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
Producer Partners

20+ Countries
50+ Farmer Co-operatives
Coffee, Cacao, Sugar, Vanilla, Tea, Fruits, Nuts, Dairy, and more

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
Core Sales Partners

175+ Natural Food Co-operatives

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
Co-op trade helps farmers sell into global markets in Southeast Asia

• In 1977 NCBA CLUSA begins supporting smallholder farmers in Indonesia
• Today these co-ops are among the region’s leading processors and exporters of spices to Cooperative Business International, McCormick and coffee to Starbucks, Green Mountain Coffee and other major retailers
• Overall, cumulative exports of over $3 billion USD (over $100 million a year in sales) in organize coffee, spices, fish, shrimp, vegetables, furniture and other commodities
• Approximately 220,000 jobs have been created
IFFCO in India

- Largest fertilizer coop in the world with 35,000 cooperatives and 45 million farmer members with insurance, telephone, healthcare and financial services in addition to its core fertilizer business

- Network reaches India’s most remote and challenging terrains and includes operations in the Middle East, Africa and Canada

- Generates $5 billion in sales and an annual profit of more than $200 million USD

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
C2C Trade Pilot Program

NCBA CLUSA builds alliances between US and Latin America cooperatives

**Upstream**
- Tech assistance to increase/improve production
- Organizational capacity-building

**Midstream**
- Grants/loans for equipment
- Facilitation of samples to distributors
- Relationship development

**Downstream**
- Consumer education
- Exposure visits
- Product-specific trade shows
- Surveying demand

---

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
2015 Brazil exposure visit: Jacob Long, Thanksgiving Coffee; Mollie Moisan, Pachamama

SCAA 2015: FECCEG representatives, Juan Francisco and Sandra Aguilar

2016 Guatemala visit: U.S. buyers visiting ASUVIM

2016 Americas Food and Beverage Show in Miami: FECCEG's Lilly Acuna

2016 Natural Products Expo East, Baltimore

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
C2C Trade Pilot Program Preliminary Results

- **22 Latin American cooperatives** received capacity building assistance to increase exports.

- **13 U.S. cooperatives** received capacity-building assistance to engage in trade with cooperatives in developing nations.

- Over **$2,600,000 in trade facilitated** between U.S. and Latin American cooperatives.

- Nearly **14,500 producers** applied new technologies or management practices they acquired through NCBA CLUSA trainings.

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
C2C TRADE PACHAMAMA

• 5 SECOND TIER COOP MEMBERS
  • COCLA (Peru), PRODECOOP (Nicaragua), Manos Campesinos (Guatemala), La Unjion Regional de Huatusco (Mexico) and Oromia Coffee Farmers Co-op Union (Ethiopia)
  
• Estimated **150,000 farmers**

• Gross sales approx. **$1.5m** (25% increase from 2017)

• Coffee bars = 2 cafes, 1 roastery and 1 retail shop

• Others – selling to **35** food coops nation wide in the US
Marketing Capacity Building – San Carlos in El Salvador

$20 million

Sales by project beneficiaries (coffee) (40%)
Specialty coffee new buyers (480%)
Promotional campaigns for domestic and international markets (150%)
Producer organizations staff trained in marketing techniques (71%)
Coffee round tables (260%)

Improved marketing and branding (SC2, Coop. San Antonio)
C2C Trade
Benefits and Challenges

**BENEFITS**

- **Expand markets** and customer base
- **Source products all year round** for both US and other markets

**CHALLENGES**

- Cultural and **language barriers**
- Overseas **management skills** often limited
- Start up and working **capital needed**

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
C2C Trade Partnerships
What Works

• Shared decision-making
• Capacity-building
• Sustainability
• Access to various resources
• Linkages to U.S. & international markets and cooperatives
• Success in competitive industry
C2C Trade Partnerships
What Has Not Worked

Leadership transition
No formal agreement
Small size
Market Competition

Limited International support
Additional capital needed
Regional Marketing
Needs Increase

V Cooperative Summit of the Américas - Buenos Aires - October 23-26, 2018
Transnational Coop Trade
Key Lessons

• Coops that invest in transnational trade tend to be leaders in their industry.
• Accessing markets (e.g. supply of raw products; access to end markets) is often the leading factor in transnational coop trade.
• Most successful C2C trade is driven by a commitment to the coop business model, long term relationships that bring mutual benefits to all parties involved.
• For transnational coop trade to work, the ability of the producers and their cooperatives to meet three important requirements - quality, quantity and reliability – is critical.
• Access to capital and other financial resources is an essential ingredient for cooperatives to become fully prepared and equipped to undertake significant transnational trade ventures.
• Initial business development and marketing assistance from a specialized organization is key to ensuring success and building trade capacity.
Thank You!

Alex Serrano
aserrano@ncba.coop

Stanley Kuehn
Skuehn@ncba.coop

www.ncba.coop