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# **Farmer Cooperatives in Mexico**

## **Case studies in Jalisco**

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### **Abstract**

Farmer cooperatives are businesses owned and controlled by (and for) their members in order to create welfare and satisfaction beyond simple profitability. In developing countries, farmer cooperatives have been formed in rural areas in an effort to improve social integration, social equity, market and information transfer. Additionally, cooperatives have reduced the negative economic impact of market power and uncertainty through lower transaction costs, higher incomes and collective bargaining power.

However in Mexico, cooperatives have faced an increasingly competitive and dynamic environment and have not adhered to the principles and values, such as solidarity, self-help and mutual aid, established by cooperative legislation. There is a lack of education, training and culture in relation to cooperatives. In addition, there is limited government support for financing, no stimulation for their creation and development and no public technical assistance. Despite this situation, in the state of Jalisco, there are successful consumer farmer cooperatives, whose main objective is to supply feed input (concentrates) to their members at the lowest possible cost. They have been able to achieve this by leveraging the collective bargaining power of members via the cooperative union.

In order to identify factors for success in relation to the farmer cooperatives in Jalisco, a mixed methodology study was undertaken, using three case studies and a survey. Three farmer cooperatives in Los Altos, Jalisco were selected for the research: Pedro Ezqueda, Nutrimentos and Prolea. The results from the study showed that the following factors influence the success of farmer cooperatives in Jalisco: leadership; member knowledge and continuity; effective communication; member satisfaction; training; and government support.

Additionally, challenges faced by these cooperatives include: poor understanding of cooperative principles among members; low enthusiasm for attending training; individualistic members with limited trust between them; lack of member commitment and participation in their cooperative; lack of young people joining the agriculture industry (including cooperatives); and no clear public policies regulating the agricultural sector. Despite these issues, farmer cooperatives have been successful within the challenging and dynamic environment in Mexico.

**Keyword:** Jalisco, Mexico, farmer cooperatives, factors for success

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## **List of abbreviations**

COFOCALEC Consejo para el fomento de la calidad de la leche y sus derivados (Council for the promotion of the quality of dairy products)

FAO Food and Agriculture Organisation of the United Nations

GDP Gross Domestic Product

GLCS General Law of Cooperative Societies

ICA International Cooperative Alliance

IFCN International Farm Comparison Network

IMDECOOP Instituto Mexicano de Desarrollo Cooperativo (Mexican Institute of Cooperative Development)

IOF Invested Oriented Firm

MX Mexico

NAFTA North American Free Trade Agreement

NGO Non-Government Organisation

NZ COOP Cooperative Business New Zealand

UCCA Union of Consumer Cooperatives from Los Altos

UN United Nations

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