

## 47. AGRICULTURAL COOPERATIVES

We support:

1. Voluntary participation in cooperative marketing to better serve Illinois Agricultural Association and county Farm Bureau members, study and develop successful marketing programs consistent with good business practices and encourage affiliates to follow these guidelines.
2. Encouraging and assisting cooperatives to expand member information and involvement programs.
3. Encouraging all agricultural cooperatives to have an aggressive revolving stock redemption policy.
4. Evaluating processing or further integration into the marketing of farm products as a means of increasing members' income.
5. Encouraging co-ops to play a larger role in the meat industry by building or acquiring packing house/processing cooperatives.
6. Encouraging cooperatives to resist entry into production agriculture that would directly compete with cooperative farmers.
7. Encouraging farmers, when direct competition in production agriculture is involved, to resolve disputes through their cooperative boards (including discontinuation of enterprises that compete with the individual stockholder). In the event voluntary efforts are unsuccessful to provide resolution to these competitive issues, we will seek avenues to equitably resolve disputes between cooperatives and their shareholders/members when the issue is whether the cooperative is directly competing with any shareholder/member in production agriculture activities. Such avenues may include arbitration or mediation.
  - A. The following competition guidelines should be addressed:
    - 1) Competition could exist between a cooperative and its members if:
      - a) A cooperative purchases or rents ground for the sole purpose of producing agricultural commodities.
      - b) A cooperative engages in custom farming service.
      - c) A cooperative owns livestock or grows out livestock owned by others.
    - 2) If a cooperative member decides to enter a venture in competition with the cooperative he/she does not have cause to find fault if the cooperative was already engaged in that activity.
    - 3) Competitive production activities should not include seed sales, grain trucking, the application of plant health products such as fertilizer, lime and crop protection products (e.g. pesticides).
  - B. The following guidelines of remedy should be considered:
    - 1) Member must make a written request to the cooperative that it cease production activity.
    - 2) The cooperative shall have a specific period of time to resolve the dispute.
    - 3) If the dispute cannot be resolved with the cooperative board, the member may seek to be released from the cooperative. Upon release, the member shall receive the retained earnings allocated plus any outstanding stock, patronage or otherwise, which is held by the member seeking release. The only earnings considered are those on the books of the cooperative that are specifically credited to the account of the named member/patron.
    - 4) The cooperative may refuse services to released members and/or require them to reinvest to obtain future services.
    - 5) Provisions should be made to allow members to legally waive their rights of redemption and release.
  - C. Promoting ongoing personal contact between state and county Farm Bureaus and local cooperatives to raise issues and to resolve problems.
  - D. A federated cooperative structure whereby the regional cooperative continues to assist local cooperatives in serving their farmer members.