



Photo by: REUTERS

Agriculture Ministry to offer incentives to small farmers to form associations

By SHARON UDASIN
25/08/2014

The Agriculture Ministry is allocating a NIS 10 million budget in order to strengthen the power of smaller family farms.

The Agriculture Ministry is allocating a NIS 10 million budget toward encouraging individual farmers to organize into cooperative units, in order to strengthen the power of smaller family farms, the ministry said on Monday.

The purpose of the ministry's new program is to provide incentives to individual farmers in their operations as well as fortify agricultural settlements, the ministry said. By organizing into associations, these farmers can benefit from the advantages of economy of scale and thereby maximize their strength and the revenues of their businesses, according to the ministry. All the while, the farmers can preserve the small family farm lifestyle, the ministry added.

"This move is expected to maintain and strengthen the small family farm by increasing the bargaining power and profitability of the farms," said Agriculture Minister Yair Shamir.

The NIS 10m. budget, which will be allocated for 2014-2015, was formulated during discussions regarding an amendment to the Antitrust Law, the ministry said. The new amendment, which will come into force in March 2015, will prevent wholesalers who are not farmers themselves from coordinating product prices and quantities in the market. By organizing together into cooperative associations, however, farmers will be able to continue taking advantage of the exemption from the law that they already enjoy, the ministry said.

By joining forces in associations, farmers can increase their bargaining power and save in costs related to training, control, purchasing, branding, packaging, marketing and more, the Agriculture Ministry explained. They also may be able to contribute to improving the quantity and quality of products demanded by the market, the ministry added.

Through its new program, the Agriculture Ministry said it will be providing support according to three different tracks. The first track will provide assistance for examining the feasibility of participating in such associations, including consultancy services. The second track will involve contributions to the preparation of legal documents and legal infrastructure required to build such associations. The third track, meanwhile, will provide support for the costs of managing the organization and performing activities like branding and marketing, the ministry said.

In announcing its decision to financially support the organization of farmers into associations, the Agriculture Ministry cited the European Union's efforts to do the same. The EU likewise supports organizational initiatives among farmers, such as efforts involved with planning production, improvement and preservation of product quality, experimental studies, crisis prevention, management tools and environmental activities, the ministry said.