

# The Central Co-operative Union – Development and European Partnership

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**Summary:** The Central Co-operative Union has a rich historic heritage and an international experience: 117 years of cooperative movement in Bulgaria, 103 years of active membership in the International Co-operative Alliance and 60 years as a National union allying 184 000 members, 884 consumer cooperatives and 34 Regional cooperative unions.

The Central Co-operative Union Development Programme 2003 – 2006, which outlines five key directions of our activities, was successfully implemented:

- Establishment of regulatory environment promoting the development of cooperative organizations and ensuring the alignment of the Bulgarian cooperative legislation to that of the European Union.
- Establishment of a stable organizational base.
- Ensuring economic and financial independence of the cooperative organizations.
- Expansion of international cooperation aimed at utilizing good cooperative practices.
- Maintaining a high public image of the cooperative system.

Only together we can do more!

**Key words:** Central Co-operative Union, historic heritage, cooperative movement in

Bulgaria, International Co-operative Alliance, membership in the International Co-operative Alliance.

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The Central Co-operative Union has a rich historical heritage and international experience – 117 years of cooperative movement in Bulgaria, 103 of active membership in the International Cooperative Alliance, 60 years of a national union of Bulgarian consumer cooperatives. The Union is a member of renown international organizations as the International Cooperative Alliance, the International Organization of Consumer Cooperatives, and the European Association of Consumer Cooperatives (EURO COOP), the last being one of the oldest European non-governmental organizations with 50 years of history. The Union is one of the founders of the newly established inter-industrial organization, “Cooperative Europe – ICA – region Europe” unifying 267 000 cooperative organizations and 163 mln. members-cooperators from 37 countries, employed in 7 business sectors and providing 5.4 mln jobs. In all these international and European cooperative organizations, the Union has its representatives in the governing bodies and in permanent working commissions.

## Cooperative Platform

The period before 2006 has been extremely successful for the system of the Central Co-operative Union. The reforms that have been implemented with firmness and will are already landing their results. The focus of the policy carried out during the last 4 years was placed particularly on the market and image of the organization, and the mission was to complete the stabilization period and to move on to a period of growth that would ensure to the cooperative system:

- opportunities for modernization in all fields of activity – from the creation of modern European cooperatives and unions to constructing efficient and competitive businesses;
- the attainment of a market share that will signify a greater impact on the economy of the country and would allow to defend maximally the interests of the members – cooperators;
- an image that would turn the cooperative organization into a desired partner both for governmental and municipal institutions as well as young specialists looking for ways of professional contribution and growth.

The careful analysis of the macroeconomic framework in Bulgaria, of the activity of the Union during the last years, and the trends in the development of Bulgarian and European cooperative organizations, the CCU management together with the commissions of the Governing council has developed a management program, in which the main priorities of the system until 2007 are defined:

- Creating a normative environment that would encourage the development of cooperative organizations and synchronize Bulgarian cooperative legislation with the legislation of the European Union;
- Developing a stable organizational foundation;

- Ensuring the economic and financial independence of cooperative organizations;
- Broadening international cooperation with the purpose of using positive cooperative practices;
- Maintaining a high social image of the cooperative system.

The measures that have been implemented and continue to be implemented for the realization of this program in some cases turned out to be rather controversial, but the results show unequivocally that they are correct from the strategic point of view and profitable. During the period 2003-2006, the cooperative system demonstrated good levels of growth in all important financial and economic indicators:

- growth of sales;
- net profit increased twice;
- improvement of profitability;
- investment increase almost three times;
- increased productivity per person by 50 %;
- increase of capital in the form of shares and own capital and assets of cooperative organizations.

At the same time, there is also important improvement of the work environment in the governing bodies of the Union, an exceptionally responsible and active attitude from the part of the commissions of the Governing Council, and the Presidential Council in defining and implementing the policy of the Central Co-operative Union.

The actions that have been undertaken for the restructuring of economic activities have created opportunities for cooperative organizations in the CCU system to successfully implement a number of important projects with high investment value: creating of the own marketing chain COOP and reconstruction of the sites included in it; reconstruction of the original centres of bread production;

renovation of hotel complexes and the CCU study centre in Plovdiv; building of a modern sportive and recreational centre and renovation of the balneology complex in Bankya, starting a project for an unified trade and a statistical information system, building of a fruit storage facility and facilities for storage and processing of grain, etc.

Preconditions for the achievement of all these results and for the successful realization of the ambitious plans are the careful and precise planning, the responsible management, and the high degree of commitment at all levels of the cooperative system – members-cooperators, cooperatives, cooperative unions, commercial companies, the management and the staff of the Central Co-operative Union.

### Organizational Status

The organizational status of cooperative organizations in the CCU system is characterized by a few main indicators: number of members-cooperators, number of cooperatives, and share capital. The stability of the system and its potential to perform its functions and to develop successful business are dependent on the state of these indicators. The analysis of their change in the period 2003 – 2006 allows to define some major trends.

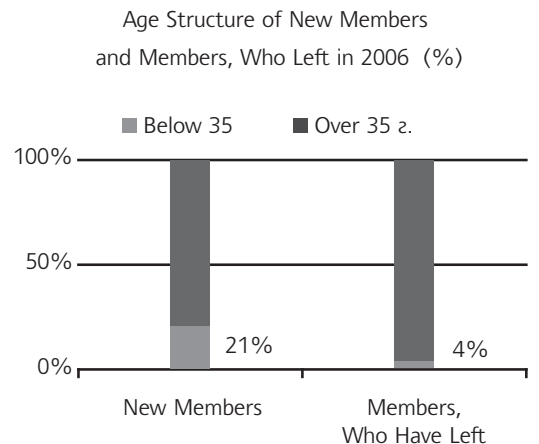
The number of members-cooperators continues to decrease. It is necessary to indicate, however, that there was a slowdown of this decrease for the period 2003 – 2006. While in 2004 it was 6 % compared to 2003, in 2005 and 2006 it was only 4 % per year.

The analysis of the age structure of the new members-cooperators in 2006 shows that 21 % of them are below 35, and only 4 % of those, who have left, are young people.

A positive development is the fact that this trend was stable in the last years. It is characterized by an annual growth of the relative share of young people. At the end of 2006, 8 % of the members-cooperators in the system were at the age below 35. Therefore, the cooperative system has already become more attractive for young people, who are not just looking for professional occupation in it, but also accept its principles and values through their membership in the cooperatives.

Taking into account the objective organizational status of the CCU at the end of 2006 and the trends formed during the last years, the following conclusions can be made:

- As a result of the consistent and targeted policy, a slowdown can be observed for the decreasing trend of the number of members-cooperators and preconditions are created to bring to an end this negative trend.
- There is a gradual increase of the number of newly accepted members-cooperators below the age of 35, which is an indicator of higher attractiveness of the cooperative system in general.
- The process of cooperative consolidation is slow and with a number of difficulties, mainly of



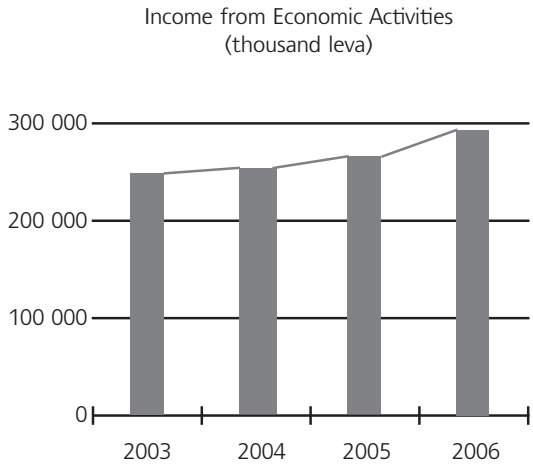
subjective type. This is an indication of the yet missing adequate mechanism of consolidation of the physical, financial and human resources of the system to create new, market-sustainable and financially independent cooperatives and unions.

- The trend of increasing the amount of share capital shows that a big part of the cooperatives and unions have already acknowledged the importance of this capital in the development of cooperative organizations and concentrate their efforts in this direction. It can be concluded, therefore, that the existing trend is stable and will continue to manifest itself in the future, when its impact will be more pronounced.

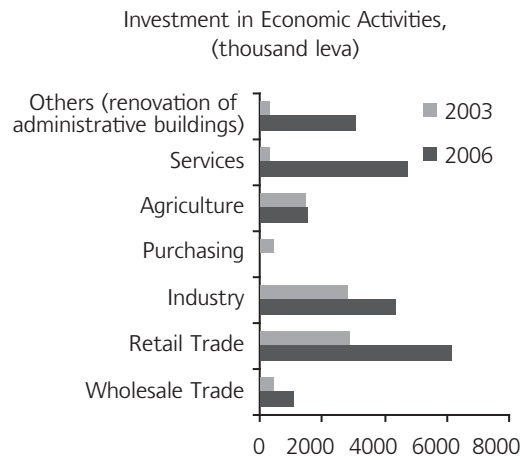
### Economic policy

For the period 2003 – 2006, the main goal of the economic policy followed by the CCU was the financial stabilization of cooperative organizations and their transformation into financially independent structures sustainable in market conditions, fully prepared to meet the challenges, resulting from the liberalized trade rules in united Europe. In order to meet the defined goals, it was necessary to carry out an overall analysis, to define priority areas, to evaluate the necessary investments and the resources for their discharge. Restructuring of the capital was also needed for financial backup of the process of restructuring the economic activities. Dropping unprofitable products, selling inefficient assets and making investments in priority areas are the main internal resources for the renewal of the cooperative economy.

A few main trends in the economic activity of cooperative organizations have emerged as a result of the clearly defined goals and the consistency of current policy: in the last four years. During the last four years, the annual growth could be observed not only with respect to the absolute sum of the received revenue,



but this growth was also at an increasing rate. The achieved results show that for 2006, the growth of revenues from economic activities realized in the cooperative system was already higher than the reported real growth of the gross internal product (6.1 %) and the annual inflation (7.3 %). The second observed trend is the annual increase of income from economic activities and improvement of the profitability of all cooperative organizations in the CCU system. An essential factor is the **current investment policy of the Union**. In the period 2003-2006, about 60 mln. leva have been



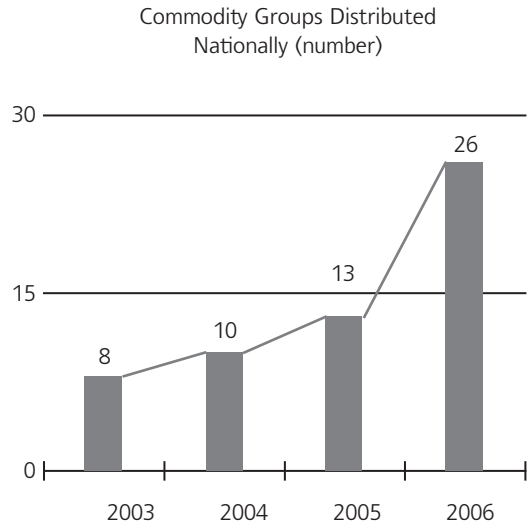
invested in economic activities. The average annual growth of investment is about 30 %, and higher investment activity is observed in all cooperative structures, which demonstrates the commitment with respect to economic activities of the management at all levels of the cooperative system and its positive attitude to cooperative property.

The analysis of the financial basis of the investment process shows that 70 % of the realized investments for the period were financed by own funds of cooperative organizations. In most cases, providing these funds was possible only by capital restructuring, selling inefficient assets and investing in the resource base modernization. The observed increase of the investment activity, however, would not be possible without bank loans and the **increased financial support of the CCU Investment Fun.** The complex activities to pay back the loans from the Fund and the improved financial discipline provided the cooperative system with a significant internal resource for the support of the investment process.

### Wholesale Trade

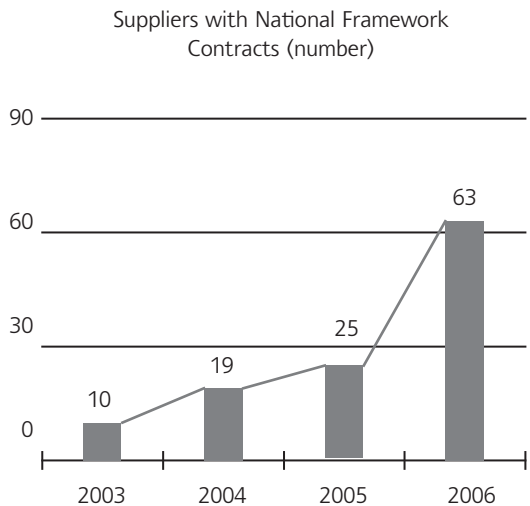
For all organizations in the CCU structure, trade is an activity that constitutes an important priority and determines their structure. To improve its efficiency, the Union has implemented a policy of total restructuring of both wholesale and retail trade. As a direct result of the implementation of this policy, some more important trends in wholesale trade have emerged in the last years.

Gradually, logistic activities have concentrated in the national cooperative trade company "Coop-trade and tourism" Ltd. and the regional cooperative unions. For the main part, consumer cooperatives with an annual turnover of less than 100 thous. leva gave up on wholesale trade as its realization was not

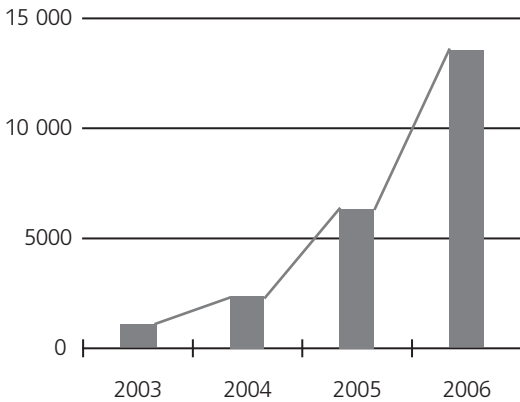


profitable at such a small scale and had no prospects in the long run.

The adopted transparent trade policy within the system with respect to national and regional suppliers resulted in the real functioning of the common cooperative market. The established practice of annual planning of the volume of supplies with national distribution and clear



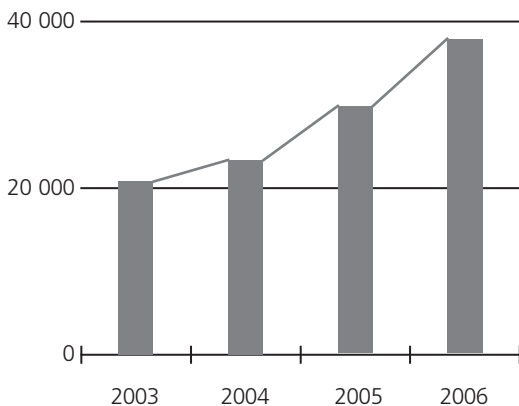
Sales of Commodities Distributed  
Nationally (thousand leva)



definition of the responsibilities of each of the cooperative unions and its members – cooperatives generated a new economic image of cooperative trade. From a multitude of independent and relatively small consumers, the system gradually became a unified and significant partner supplier. A partner providing a market at a national scale is in the conditions to negotiate the terms of delivery of commodities.

The implementation of this policy resulted in

Income from Wholesale Trade  
(thousand leva)



### almost twofold increase of annual revenue from wholesale trade.

The main cooperative structures, whose activities have ensured this growth, are the cooperative unions (which obtained an increase of 69 % in wholesale trade revenue) and the national cooperative trade company "Coop-trade and tourism" Ltd., where the revenues increase almost six times.

The analysis of the change of costs and benefits in wholesale trade shows that the rate of income growth is much higher than the growth of costs. As a result, profitability in 2006 was almost 40 % higher than in 2003

The data provide a basis for the conclusion that the current policy of enlarging the existing cooperative market is the internal reserve of the system, which can and already does ensure its development. Nevertheless, to use its potential to a maximum, the Central Co-operative Union will continue the extension of the common market through:

- including new commodity groups for national distribution;
- promotion of the COOP brand through the implementation of common advertisement, marketing and promotional policy;
- improving logistics and creating unified trade centres;
- introduction of unified trade information system and ensuring better stock management.

### Retail Trade

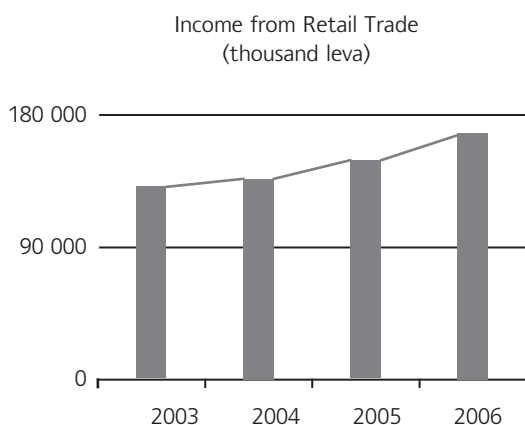
The policy of restructuring and development of retail trade in the last years aimed at its maintenance as an activity, which would ensure the development of the cooperative system in market conditions and, at the same time, would allow fulfilling its social commitments. The successful realization of this policy depends on the correct definition of the market niche

for the development of cooperative retail trade, on the introduction of rules for the unification of trade sites, the maximum usage of the capacities of the common cooperative market to ensure the supply of more goods and services with higher quality in the cooperative stores.

Taking into account the market orientation of the cooperative stores and their geographical location, the Central Co-operative Union has set a goal not only to maintain its presence in the trade with fast turnover commodities, but also to increase its market positions. The fulfilment of this goal made it necessary to adopt an overall concept of the operation of cooperative trade units and the creation of own trade chain COOP including 137 trade units at the end of 2006.

The targeted and consistent actions that have been carried out for the reconstruction of the trade sites and the improvement of the commodity supply process ensured to the system growth of income from retail trade and improved profitability.

For the period 2003-2006, an increasing average annual growth of retail trade revenue was observed: 4 % for 2004, 9 % for 2005,



and 11 % for 2006, which resulted in the increase of the relative share of this activity in the total income in the system (from 53 % in 2003 to 57 % in 2006).

The analysis of employment shows that, as a result of the current policy of modernization of activities, the trend towards a decrease of the number of employed has been reversed – in 2006 only 298 new jobs were created in retail trade. The introduction of modern forms of service, the new technologies and methods of organization of the trade process made the stores of the COOP chain become an attractive work place for an increasing number of young people. This is demonstrated by the fact that 80 % of the employed in the stores of the COOP chain are at the age below 35.

In parallel with the modernization of trade activity and the introduction of modern forms of service, in 2006 the cooperative stores faced the challenge of responding to the higher control requirements for food trade. The harmonization of Bulgarian legislation with European legislation imposed the necessity of development and introduction of a trade activity self-control system based on HACCP principles. Taking into account the short time frame for its introduction, the Trade Department at the CCU developed a new model system for control of critical points at the stores, which was made available to all cooperative unions and, through them, to the consumer cooperatives. The goal was to reduce the costs as much as possible and to make it easier for cooperative unions and cooperatives to implement the system in each specific trade unit.

The objective assessment of results in the retail trade shows that the current policy of renovation of trade units and their organization into a unified cooperative trade chain is the successful development model for the retail trade in the CCU system. Data about the first 50

units, reconstructed according to the Manual of trade units operation in the COOP chain show that after the reconstruction, their monthly turnover has grown from 2 to 8 times.

To achieve maximal impact of the implementation of trade points modernization concept and for the stable imposition of the cooperative store model, the Central Co-operative Union will continue with the policy of:

- enlarging the COOP trade chain by way of increasing the number of the included trade units;
- strict observance of the adopted model of trade activities organization in the COOP chain trade units;
- increasing the relative share of goods, supplied through the common cooperative market and of those of the COOP brand;
- a more efficient stock management by maximum usage of the advantages of the unified trade information system;
- attracting new customer target groups by broadening the offered product range: sport goods, energy drinks, computer and life style magazines, books, etc.;
- increasing the number of customers holding customer cards by easing the procedures of their issue;
- specialized training of trade staff;
- establishing an unified advertisement policy;
- improving the organization of promotional price offers.

### Bread production

Taking into account the high hygienic and technological requirements to food producers set by the European Union and the considerable investments needed to comply with them, the Central Co-operative Union acknowledged the necessity of diversification of cooperative industries for the production of competitive and

profitable goods. An assessment was made of the local and national importance of each activity and bread production was put forward as a priority among industrial activities within the system. Recognizing European and national trends in the production of the main types of bread, the market positions of big producers in the country, and the continuously decreasing volume of this production, the CCU started the implementation of a project of restructuring and optimization of bread production in 2004. The project includes the formation of regional bread production centres, which are to be modernized according to European Union requirements and to good hygienic and production practices, the produced output being distributed mostly via the cooperative trade chain.

There have been several stages of project implementation. At the end of 2006, the transformation process was completed in 68 regional centres, while in 18 of them were at the initial stage of modernization. An essential element of project implementation was to provide the necessary investments for the technological renovation of bakeries – partly supplied by the CCU Investment Fund.

In 2006, regional bread production centres were already producing 88 % of the bread in the cooperative system and this activity was profitable in 70 % of the centres with advanced degree of restructuring.

Together with the reconstruction of bakeries, specialized training of specialists in the field of bread production was organized. For the period 2005-2006, the CCU and the Technological centre „Industrial-coop engineering“ Ltd. organized 2 national seminars, where 284 specialists were acquainted with the requirements for the implementation of HACCP self-control system and were trained in applying good production and hygienic practices. At the regional seminars, 192 specialists directly



employed in bread production were trained, and 18 technological specialists attended specialized training for internal audit of HACCP system implementation.

Taking into account that the execution of the project is at the stage of accumulating big expenses with low return to investment, the conclusion is that the next stage of higher production growth and improvement of overall profitability can be expected only after the completion of the restructuring in all regional bread production centres. Nevertheless, the 2006 results demonstrate that the policy of restructuring bread production through regionalization and production process optimization is the model that can ensure the future of this cooperative activity.

### Agriculture

One of the main goals of the current policy in the field of agriculture is the maximum preparation of agricultural cooperatives in the CCU system to work within unified Europe. This created the necessity of adaptation of the mechanisms of agricultural activities organization to the changing legislative requirements, following from the synchronization of our legislation with the European Union legislation. The conditions of agricultural land use became a matter of contract only. The signed leasing contracts allowed our agricultural cooperatives to be registered in the Municipal agricultural offices and in the System of agricultural land identification. Performing these procedures gave all agricultural cooperatives in the CCU system the right to apply to the new Payment agency for receiving subsidies per unit of agricultural land.

As a result of the activities undertaken in the last years, stabilization of organizational and production characteristics of cooperative agriculture can be observed. In the period 2003-

2006, the number of cooperative organizations carrying out agricultural activities dropped considerably (from 113 in 2003 to 73 in 2006). As a result of the registered decrease, there is also a decrease by 1/3 of the total agricultural land in the system (from 52 thous. ha in 2003 to 35 thous. ha in 2006). Nevertheless, at the same time with the shrinking resource base, 12 % growth of revenue was registered for the period, which means that only cooperative organizations having traditions in the field and with the necessary resource base have stayed in the industry.

European practice shows that in most cases profitable agriculture can be seen with those producers, who make sufficient use of the financial instruments for support and subsidizing of this activity. Only for the period 2007-2009, the funds assigned for direct payments to agricultural producers are in the amount of 720 mln. leva. This generates unique opportunities for the CCU as well. For this purpose, however, it is necessary not only to prepare projects and to apply to the programs of different European and Bulgarian funds, but also to have targeted education of specialists for these activities.

Recognizing the insufficient internal resources for investment in agriculture and the prospective trends of development of the agricultural production in the country, as well as the capacities for efficient production of some cooperative organizations, the CCU supported the investment projects for building grain purchasing facilities and purchasing a fruit storage facility. Even if these are mostly regional projects at this stage, their successful implementation depends totally upon the consolidation of physical and financial resources of several cooperative structures – the Central Co-operative Union, the regional cooperative union, the consumer cooperatives. The implementation of the three projects has demonstrated that the adopted model of

investment in agricultural activities is one of the winning approaches to the usage of the relatively limited internal resources of the system.

Another essential internal reserve to improve the profitability of cooperative agriculture is the more rational use of the capacities of the common cooperative market. At this stage, a unified system for the supply of fertilizers has been created in agriculture. A full analysis is to be developed on the possibilities to close the cycle "production-processing-sales" and to sell the main agricultural products that are the output of the system (legumes, fruits, pulse, etc.) in cooperative stores.

### Purchasing

The policy of the Union in the field of purchasing is aimed at recovering its reputation and market positions in this traditional activity of the cooperative system. Attaining this goal depends on the successful implementation of a set of measures to resolve the intensifying problems of the quality of purchased products, the worn-out storage and initial processing facilities, the unclear functions and responsibilities of the different structures acting as a part of the purchaser-exporter chain.

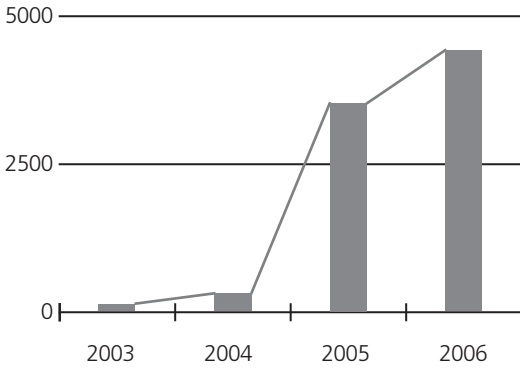
The analysis demonstrates that, in view of the traditions of the cooperative system in the field of purchasing, of the interest of society towards gathering herbs, wild fruits and other natural products, and of the available market for their sale, this activity has a future and the cooperative organizations should not abandon it. For its efficient execution, however, it is necessary to clearly define the problems and to demonstrate the will to implement the defined policy for its development. Our experience in restructuring cooperative trade shows that the introduction of transparent economic policy and the clear definition of responsibilities of

different levels in the cooperative system is the winning approach in using the capacities of the common cooperative market. The following is needed to apply such an approach in organizing the purchasing within the cooperative system:

- changing the principles of organization of the activity, taking into account the existing market relations in the industry and defending the interests of the cooperative organizations. The behaviour of the competitors shows that the approach adopted by us of purchasing at single "passive" points (purchasing units) is an old and non-competitive way of supplying high quality natural products;
- founding a National Purchasing Council, which will define the rules of economic policy implementation in the field of purchasing;
- signing four-party contracts, clearly defining the rights and obligations of each party – the cooperative, the cooperative union, "Bulgarcoop import export" Ltd., and the CCU;
- adequate and consistent price policy, providing the possibility to conclude preliminary contracts with buyers;
- organizing the own production of ecologically clean products based on perennial plants and cultivated herbs;
- targeted investment program for the modernization of the resource base in the field of purchasing;
- specialized training and motivation of human resources.

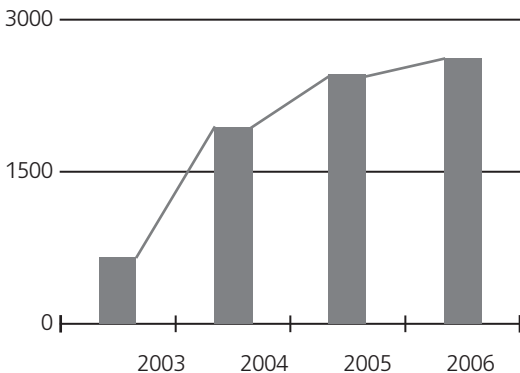
### Tourism and balneology

One of the main goals of the Central Co-operative Union policy was to increase the quality and diversity of the offered tourist services. The reconstruction and modernization of the facilities was of primary importance for the achievement of this goal. Taking into account the development prospects of the industry at the national scale and the considerable investment into it, the CCU started a gradual

Investment in Tourism and Balneology  
(thousand leva)

implementation of a wide investment program in the field of tourism and balneology.

As a result of the reconstruction and modernization, the CCU hotel complexes (in the city of Kiten, the Golden Sands resort, and the city of Bankya) have modern facilities, offering excellent conditions for both recreational activities and business meetings/workshops. The diversity of the offered services, the conservation of natural resources and their

Income from Tourist Activities  
(thousand leva)

maintenance, the green spaces, where the hotels are situated, makes them a preferred place for Bulgarian and foreign tourists.

The reconstruction of the CCU Training Centre in Plovdiv was completed at the end of 2006. After the renovation of the facilities, including the hotel and restaurant part, the centre now offers excellent hotel services as well.

As a result of the implementation of the investment program in the field of tourism and balneology, the cooperative system has not just preserved but enhanced as well its presence in the industry. Irrespectively of the fact that the investment program implementation still continues in 2007 and its full effect has not unfolded yet, income from tourist activities raised twice in the period 2003-2006.

## European and International Cooperation

International activities and cooperation were among the main priorities of the Central Co-operative Union during the last four years. The main goal is to have adequate representation of the Central Co-operative Union and its member organizations in international cooperative organizations and to ensure conditions for them to be admitted as equal partners in European and world cooperative structures.

As a result of the efforts and the active work in this direction, the Central Co-operative Union already has its representatives in the governing bodies and working groups of all organizations, in which it is a member – the World Organization of Consumer Cooperatives, “Cooperative Europe – International Cooperative Alliance – Region Europe, “The European Community of Consumer Cooperatives” (EURO COOP). Delegations of the Union take part in the sessions of these organizations and in the conferences

and seminars organized by them, where priority problems with strategic importance for the development of the European and world cooperative movement and the collaboration between the national cooperative organizations are discussed.

A confirmation of the achieved success is the recognition of the Union by major cooperative organizations. In **July 2006**, CCU took part in an **International practical conference under the patronage of the President of the Republic of Bulgaria, Georgi Parvanov, on "The Role of the Cooperative System for the Development of the Social Economy and the Social State"**. The conference was organized by the three national cooperative organizations – the Central Co-operative Union, the National Union of Productive Cooperatives, and the National Union of Agricultural Cooperatives. Ivano Barberini, President of the International cooperative alliance, Rayner Schlutter, Director of "Cooperative Europe", and Bruno Royslans, Secretary General of the European Confederation of Worker's and Social Cooperatives took part in its work as honourable guests. During their stay in Bulgaria, the honourable guests visited the Central Co-operative Union and became acquainted with the history and the development of its members – cooperative organizations.

In October 2006, the **CCU hosted an International Round Table on the topic "How to attract young people in consumer cooperatives" and a session of the Board of EURO COOP**. Representatives of the 12 European cooperative organizations, the Board members, the presidents of the commissions of the CCU Governing Council, and experts attended these events. The round table participants were unanimous in the opinion that, in order to meet the challenges of the common European market, the cooperatives need organizational health and financial independence. For

this to become reality, the cooperative system should become more attractive for young specialists having knowledge and capacity, as well as strong motivation. Strong motivating factors in this direction are the creation of appropriate environment for professional contribution and development, and providing opportunities for work and communication using contemporary information technologies.

In his presentation to the participants of the **European Cooperative Conference on the topic: „The Cooperatives: an Alternative Business Model for Successful and Sustainable Development“**, which took place in **November 2006 in Manchester, United Kingdom**, the President of the CCU made some proposals, then unanimously accepted and included in the final resolution:

- Elaboration of a general cooperative legislative framework for the implementation of common European cooperative policy.
- Economizing links and relationships within ICA-Europe. Building a common market chain COOP.
- Mutual information within ICA-Europe: Developing a common European information system.
- Founding a European centre for the education of cooperative professionals.

The conference was closed with the CCU motto "Together we can do more!"

In the period 2003 – 2006, the active collaboration between the CCU and some of the leading cooperative organizations has continued. The final seminar within the framework of the joint project of the CCU and the **Swedish Cooperative Project Centre „Before Europe“** took place in 2004. At this seminar, the efficiency of the project implementation was evaluated and the possibilities of new collaborative actions were

discussed. As a result of the positive assessment of the project importance, the mutual collaboration with the Swedish cooperative union was continued with the preparation of a new project „Restructuring and organization of CCU trade activity“, approved at the end of the year and financed by the International Project Centre „Ulof Palme“. The project was successfully finalized in 2006. A “Concept of the improvement of the model of trade activity in the CCU system” and a „Manual on the operation of trade points in the COOP chain“ were developed as a result of this project and adopted by the Governing Council of CCU in November 2005

The active collaboration with the **National Federation of Consumer Cooperatives of Hungary was continued**; the stages through which the Hungarian Federation of Consumer Cooperatives has passed in its transition to a market economy and the creation of a cooperative trade chain, as well as the results of the operation of the trade chain COOP have been discussed at several meetings.

Business relationships were established also with the **Chinese Federation of Supply and Marketing of Cooperatives**. The opportunities for collaboration and trade with goods produced in China and of interest for the CCU system were discussed at the meetings with the representatives of the Federation.

The analysis of the development of the cooperative system during the last years demonstrates unequivocally that the Central Co-operative Union has contributed to a high degree with its initiatives for:

- improving the image of cooperative organizations in the system and informing Bulgarian citizens and the European/world cooperative community about their achievements;
- defending their interests in contacts with Bulgarian and international cooperative institutions;
- ensuring international cooperation, which contributes to the building of adequate organizational capacity of the system and to the efficient implementation of priority economic activities.

**The award „National structure contributing to the economic development of Bulgaria“,** which the Central Co-operative Union has received twice – in 2004 and 2006, represents an acknowledgment of the efficiency of the implemented policy. **It is not only a recognition of the achievement of the main priority goals in the system, but also a responsibility for the governing bodies of the Union to implement a policy that would ensure the continuation of the ascending development of the system and recreate and maintain at a high level its social and economic image.** *VA*