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COOPERATIVES IN THAILAND

Contribution of cooperatives to Thailand's economy

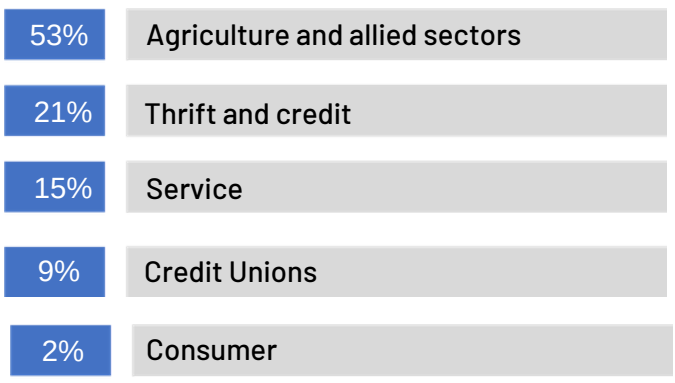
- 13%- Contribution of cooperatives to the GDP (2017).
- US\$ 64.9 billion business generated by all cooperatives (2017).
- 17% (12 million) - Number of Thai people who are members of cooperatives (2018); half of them are members of agricultural cooperatives.
- There are 8,130 cooperatives in Thailand (2018).

Did you know?

- The cooperative movement in Thailand is 103 years old!
- Prince Phitthayalongkorn is recognised as the Father of Thai cooperatives.
- The first cooperative in Thailand, Wat Chan Cooperative Unlimited Liability, was established in 1916, in Phitsanulok. It was a small village credit cooperative to help severely indebted farmers.
- The Cooperative League of Thailand (CLT) is the national apex body representing all cooperatives in Thailand. It was established in 1968 and is based in Bangkok.
- ICA has two members from Thailand. CLT became a member in 1974 and the Association of Asian Confederation of Credit Unions (ACCU), in 1992.
- The Cooperative Promotion Department (CPD) under the Ministry of Agriculture and Cooperatives is responsible for promoting and strengthening the cooperative movement in Thailand. CPD was established in 1972 and works at both central and provincial levels.

Cooperatives in Thailand have a rich history and play a prime role in assisting the poor and marginalised. The first cooperative was established in 1916 with the aim to improve the livelihood of small and indebted farmers who were affected by the shift from self-sufficient economy to trade economy. Since then, cooperatives have been playing an important role in agriculture, credit, and services sector.

Sectoral presence of cooperatives



Geographical presence of cooperatives

Cooperatives are present in all seven regions of Thailand with a predominant number in four regions.



http://en.wikipedia.org/wiki/Regions_of_Thailand

Regions	% Cooperatives
North Eastern	27.57%
Northern	20.92%
South	15.94%
Bangkok Metropolitan	15.51%
Eastern	8.53%
Western	6.57%
Central	4.96%

Evolution of the cooperative movement

→ 1900-1950

- The cooperative movement in Thailand, unlike its other Southeast Asian counterparts, had been a state sponsored initiative rather than a continuing policy of the colonial era. The movement began in 1916 with the government setting up small village credit cooperatives for severely indebted farmers who suffered from the brunt of a transitioning economy, natural disasters and money-lenders foreclosing their lands.
- Cooperatives remained at a nascent stage until the late 1930s with around 700 cooperatives in the country. With the end of World War II, the cooperative movement took an upsurge with almost 10,000 cooperatives running at full scale in the country. These cooperatives cut across different sectors including agriculture, land settlement, fisheries, consumer, service and savings and credit. The first Cooperative Bank was established in 1947 with the support of government capital to enable village credit cooperatives to become owners of their own financing center.

→ 1950-2000

- The period between 1955 and 1968 was characterised by transition in the economy, and brought stagnation to the cooperative movement. The government-cum-credit cooperative-owned Bank for Cooperatives got reorganised into the Bank for Agriculture and Agricultural Cooperatives. The effort to strengthen the cooperative movement was again initiated by the government in the late 1960s with the establishment of the CLT in 1968, as the apex organisation of the cooperative movement.
- This period witnessed establishment of new and model cooperatives. Many small-scale cooperatives were restructured to become large-scale. All cooperatives that came under CLT were registered under the New Cooperative Act 1968. Many credit union cooperatives were also set up in Thailand around this time.

→ 2000-Present

- Post 2000, agricultural cooperatives were given a boost with the development of national social and economic development plans.
- The Eleventh National Social and Economic Development Plan (2012-16) in Thailand emphasised on developing agricultural cooperatives amongst other enterprises as mechanisms to enhance self-reliance and sustainability for farmers; improving operational capacities of financial cooperatives, and enhancing cooperation between cooperatives.
- The current Twelfth National Social and Economic Development Plan (2017-21) focuses on encouraging individual farmers to collaborate in the form of cooperatives and other partnerships to achieve economies of scale, decrease underemployment, apply appropriate technology, and use market mechanisms to manage risk in the agriculture sector. It also emphasises on strengthening community-based financial cooperatives in order to encourage the availability of financial services at the grassroots level for the people and small farmers.

Law on cooperatives

1914 - The Amended Association Act, the first cooperative law was passed in Thailand.

1916 - The first amendment was made to the law. The law introduced was to **register farmers' cooperative** in order to help rice growers and indebted farmers.

1928 - Cooperative Societies Act was passed and the 1914 Act was repealed.

1968- The first amendment to the Cooperative Societies Act was made. The amendment focused on business operations and organisation of cooperatives. The amendment allowed for an **amalgamation program** which combined the small village credit cooperatives, land improvement and land settlement cooperatives into a large-scale cooperative which were officially categorized as **agricultural cooperatives**.

1999 - The second amendment to the law provided for the establishment, registration, operation and management of all cooperatives in Thailand. It also provided for **financial assistance** to cooperatives through the creation of Cooperative Development Fund and creation of National Cooperative Development Board for promoting the viability and growth of cooperatives.

2010 - The third amendment to the law was made which consisted of eighteen sections that amended the previous Act.

Key highlights of the 2010 Amendment

- Assigns the power and duty to the National Cooperative Development Board to make recommendations to the Minister of Agriculture and Cooperative on matters of policy and guidelines for the development of cooperatives.
- Provides that the formulation of policies and plans for the development of cooperatives will be in accordance with the duration of the social and economic development plan.
- Promotes setting up of cooperatives in all seven sectors- agriculture, fisheries, land settlement, consumer, thrift and credit, service and credit union.
- Limits the cooperative membership to only Thai nationals.

Agricultural cooperatives in Thailand

The agriculture sector in Thailand consists of three types of cooperatives - agriculture, fisheries and land settlement. The agriculture-based cooperatives are the largest type and cover almost 10% of the Thai population as members. Agricultural cooperatives experienced high growth and business performance in the Tenth (2007-11) and Eleventh (2012-16) National Economic and Social Development Plan.

Cooperatives in Thailand adopt innovative marketing strategies to promote socio-economic welfare of farmers

Name: Khao Kitchakood Agriculture Cooperative (KAC)

Year of establishment: 1994

Members: Over 1400

Main activity: Production and marketing of export-quality fruits

Key highlight: Established with the aim to manage excess supply of fruits by farmers in Khao Kitchakood district, the KAC rose to become a national level producer and exporter of fruits, with an average turnover of over US\$ 7 million.

KAC adopted a multi-pronged marketing strategy including knowledge dissemination, production control, collective marketing, and development of marketing channels to improve its overall business performance.



Image credit: aseanfoundation.org

Credit cooperatives in Thailand

The seeds of the cooperative movement in Thailand were first sown by credit cooperatives as early as 1916. The credit cooperative sector started thriving after 1960s with the first credit union training held in Thailand for Thai and other foreign nationals in Asia, which ultimately resulted in the formation of credit unions in many countries. The thrift, credit and credit union cooperatives in Thailand constitute 30% of the cooperative sector in Thailand.

Thailand: One of the founding countries to establish a regional network of credit union cooperatives

Name: ACCU

Year of establishment: 1971

Members: 40.2 million individual members from over 45,000 credit unions in 22 countries in Asia.

Main activity: Headquartered in Thailand, ACCU provides network support in areas of finance, liquidity management, human resource, lending services, marketing, and supervision to the entire network of credit unions in Asia.

Key highlights: The pan-Asia network is serving more than 11 million poor and disadvantaged people in Asia. ACCU is affiliated to the International Raiffeisen Union, UN (2007), and World Council of Credit Unions (1971).



Image credit: ACCU

News trends in the cooperative sector in Thailand

- The Cooperative National Agenda introduced by the government of Thailand in 2012 has brought about a renewed focus to promote and strengthen the cooperative movement.
- The government launched a new initiative in 2018 to promote and make cooperatives known amongst wider population in Thailand and to promote it among local businesses and industries. Two initiatives have been undertaken by the Meetings, Incentives, Conventions and Exhibitions (MICE) Department in Thailand. First, publicising and promoting cooperative venues as well products amongst corporate groups to enhance visibility and second, to establish market linkages between cooperatives and corporates for improved business returns.
- Adequate marketing support and forward linkages are among the challenges that cooperatives in Thailand are facing, especially agriculture-based cooperatives. The CPD has undertaken public-private collaboration as a part of D6 Modern Agricultural Project 2019 to support agricultural cooperatives in the field of management, marketing and accounting.
- In 2011, the government recognised the production of sea salt as a farming activity and its producers as farmers. Sea salt farming has become a strategic priority, and salt cooperatives are emerging as niche and prospective business in Thailand.



Strengthened collaboration among cooperatives in ASEAN countries

Thailand is taking active measures to develop and promote the market for agricultural and other products among ASEAN cooperatives. In 2019, the CPD hosted the 8th ASEAN Cooperative Business Forum to exchange and share experiences of Thai agricultural cooperatives with other ASEAN countries. CLT has established the Thai-ASEAN Center and Information Hub in the CLT campus to help enhance business, trade, industry, service and coordination amongst cooperatives.



Image credit: aseanfoundation.org

Engagement with ICA-AP

- Since 2010, Thailand has been the host for and participant of several of the ICA-AP's training and knowledge sharing programs. CLT is a key partner in the ICA - Ministry of Agriculture, Forestry and Fisheries, Government of Japan, training program which focuses on leadership and women's empowerment in the agriculture sector. The women participants from Thailand are successfully using the technical expertise acquired from the trainings to streamline marketing of rice, aloe vera drinks and other agricultural products.
- The 9th Asia-Pacific Co-operative Ministers' Conference held in Bangkok in 2012, recognised the strategic role of cooperatives in Thailand and other countries as a countervailing force to rampant privatisation and in facilitating the growth of fair globalisation. The conference underscored the urgent need to reform the cooperative laws and policies to bring about the desired dynamic role. The Bangkok conference brought about a consensus to develop large and professionally managed multipurpose cooperatives and embrace self-help groups within the ambit of cooperatives by suitable changes in laws and policies.

What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 105 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

Contact information

ICA-AP
info@icaap.coop



Cooperative League of Thailand:
green.clt@gmail.com

Association of Asian Confederation of Credit Unions:
accuemail@aaccu.coop



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