



COOPERATIVES IN KOREA

People to People & Fair Trade cooperative was established by four major consumer cooperatives in Korea – Dure Consumer's Cooperative Union, Hansalim Federation, Happy Consumer's Co-operatives Union, and Korea Federation of University Cooperative(KFUC)
Image credit: ptcoop.co.kr

Contribution of cooperatives to the Korean economy

- 9,882- number of cooperatives in Korea.
- 28,055,698- number of people who are members of cooperatives.
- 165,457- number of people employed by cooperatives.
- US\$ 248,756- average turnover of an active cooperative.
- US\$ 267,183- average annual income of an active cooperative.

(All figures as of 2016)

Did you know?

- The cooperative movement in Korea has ancient roots dating back to the 30 B.C. when farmers formed groups to access finance and labourers for farm activities!
- Mr. Lee Jong-Koo, the former President of Korean National Federation of Fisheries Cooperatives was the Rochdale Pioneers Award winner in 2011.
- Nonghyup (multipurpose agricultural cooperative) is ranked eleventh out of the top 300 largest cooperative and mutual organizations in the World Coop Monitor 2018 as per turnover (in US\$).
- ICA has seven members from Korea and their year of affiliation are as follows: National Agricultural Cooperative Federation (NACF, 1963); Korean National Federation of Fisheries Coops (KNFFC, 1979); National Credit Union Federation of Korea (NACUFOK, 1992); Korean Federation of Community Credit Cooperatives (KFCCC, 1994); National Forestry Cooperatives Federation (NFCF, 1996); iCOOP (2009); International Solidarity of Korea Cooperatives (ISKC, 2019*).

* The ISKC is a new coalition of cooperative associations in Korea established in 2018. It is formed by three former ICA members, the Korea Federation of Worker Cooperatives (KFWC), Dure Consumers' Cooperative Union (DCCU), and the Korea Federation of University Cooperative (KFUC) as well as one additional Korean association. This coalition was formed to promote international solidarity for the Korean social and economic organizations and to be affiliated with ICA as a collective entity.

Cooperatives play a vital role in Korea as an important instrument to drive community-based initiatives to strengthen the rural and urban economy. Found across different sectors such as agriculture, consumer, credit, fisheries, education, social, and work, they promote the social and solidarity economy in Korea today.

Types of cooperatives in Korea

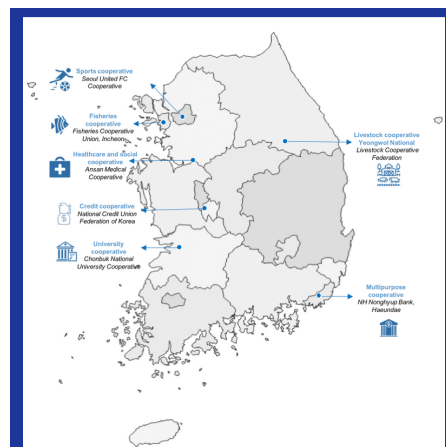
Cooperatives in Korea are present in the following sectors:

| | |
|-------|----------------------------|
| 23.5% | Wholesale and retail |
| 13.7% | Education |
| 10.3% | Agriculture and forestry |
| 8.7% | Manufacturing |
| 8.6% | Arts and sports |
| 5.2% | Health and society welfare |
| 29.9% | Other sectors* |

*This includes accommodation, restaurant, science and technology, and real estate amongst others.
(Figures as of 2016)

Geographical presence of cooperatives in Korea

Cooperatives are widely spread out in both rural and urban areas of Korea. The map below shows a representative sample of cooperatives that are present across different locations in the country.



Evolution of the cooperative movement

→ 1900-1945

- The modern cooperative movement in Korea began with finance and agricultural cooperatives that were set up by the Japanese colonial authority.

→ 1945-2000

- Post-independence, the cooperative movement in Korea was characterized by the growth of agricultural (agriculture, fisheries and forestry) and credit cooperatives.
- In 1961, the NACF was established to consolidate agricultural cooperatives and the agricultural bank. This also marked the beginning of the period when the government employed various types of cooperatives as a tool to mobilize resources to develop the economy.
- In 1970, the government launched the 'Saemaul Undong' (or New Village Movement) which led to the formation of consumer cooperatives for the supply of necessary goods in villages. This was also the time when Saemaul Geumgo (or credit cooperatives), were increasingly established under the supervision of local governments.
- In 1973, the KFCCC was established to supervise the work of local credit cooperatives.
- In 1980s, under the new political regime, Saenghyup (or livelihood cooperatives) took foothold in villages and were mostly led by women. These cooperatives comprised of both producers and consumers and promoted a solidarity-based exchange network of organic agricultural produce.
- In 1990s, the livelihood cooperatives were rapidly replicated in urban areas, along with the revival of workers' cooperative movement.
- In the late 1990s, hit by the Asian Financial Crisis, cooperatives in Korea adopted innovative management strategies to restore their growth.
- In 1997, iCOOP was formed as a consumers' cooperative organization to promote ethical production and consumption; and DCCU was formed as the union of metropolitan consumers' cooperative businesses to promote mutual cooperation between producers and consumers.

→ 2000-present

- Post 2000, the potential of cooperatives and social enterprises was recognised by the government as a means to ensure jobs and reduce dependency on the welfare economy. This led to a new movement in Korea to introduce policies to enable the growth of solidarity based businesses.
- In 2012, the Framework Act on Cooperatives was passed by the government as one of its strategies to build a social and solidarity based economy. The new move by the government opened up avenues for small and medium-sized cooperatives in various sectors.
- In 2014, the First Master Plan for Cooperatives (2014-16) was introduced by the government to build a favourable environment for cooperatives to develop.
- In 2015, the government adopted new policies for cooperatives which included, identifying the difficulties faced by cooperatives through surveys; redirecting policies to support the sustainable development of cooperatives; exploring successful cooperative models; and intensively fostering strategic sectors.
- In 2017, the Second Master Plan for Cooperatives was introduced to strengthen the autonomy of cooperatives, improve awareness on cooperatives, enable the creation of jobs through cooperatives, and strengthen the overall cooperative market.

Law on cooperatives

Korea has two different legal frameworks for cooperatives, the Special Law Regime and the Framework Act on Cooperatives.

The Special Law Regime consists of eight laws which are closely related to specific economic sectors and enterprise types.

- The first special cooperative laws that were passed were the Agricultural Cooperatives Act (1957) and the Agricultural Bank Act (1957).
- Other special laws that were passed for cooperatives across different sectors included, the Fisheries Cooperative Act (1962), Tobacco Producers Cooperatives Act (1963), Small and Medium Enterprise Cooperatives Act (1961), Credit Unions Act (1972), Forestry Cooperatives Act (1980), Community Credit Cooperatives Act (1982), and Consumer Cooperatives Act (1999).
- All the special cooperative laws have been amended over the years, adjusting to changes in the socio-economic situation and the increased industrial structure of Korea.

The Framework Act on Cooperatives is a general cooperative law formulated in 2012 to provide legal recognition to self-help organisations excluded from the jurisdiction of existing eight special cooperative laws. The Act has been amended four times, the latest one being in 2017.

Key highlights of the Framework Act on Cooperatives

- The law supplements the eight special cooperative laws rather than serve as a common cooperative law governing all types of cooperatives in Korea.
- It encourages the organisation of cooperatives in all economic sectors except banking and insurance.
- It distinguishes between the general (for-profit) and social (non-profit) cooperatives and provides establishment guidelines for both of them.

Cooperative landscape of Korea

With the new enabling environment provided to cooperatives in Korea, there has been an upsurge in the number of cooperatives across different sectors, creating job opportunities for people especially for the vulnerable sections of society, and at the same time, emerging as successful enterprise models with a concern for the community.

Sungmisan urban village cooperatives: A cooperative spring in urban Korea

Woori Childcare Center, was the first cooperative in the village in 1990s, started by twenty families who were unsatisfied with the existing education facilities in the vicinity. Driven by the need to provide alternate form of education and raising children together, the community established the Sungmisan village cooperative school in 2004, which offers education to children from elementary to high-school level. The village now has cooperatives in the form of a restaurant, a village café, a shared kitchen, a co-housing building, cooperatives for elderly, consumer cooperatives, and cooperatives that work on environment and culture. The success of the Sungmisan village has inspired 1,700 urban villages around Seoul to follow a similar community-driven approach.

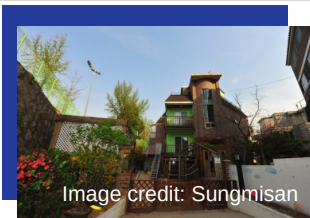


Image credit: Sungmisan

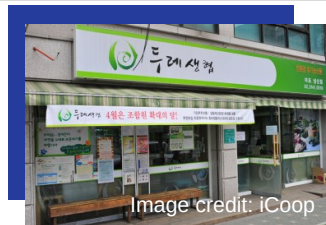


Image credit: iCoop

iCOOP: A modern integrated cooperative system of promoting ethical production and consumption in Korea

Established in 1997, iCOOP is an organisation established by consumers and producers to pursue 'safe food system' by promoting ethical and sustainable agricultural production; and ethical and safe consumption. Focusing on 'creating a future together', iCOOP established iCOOP Net in 2017 to create a network of consumer cooperative organizations, producer cooperative organizations, and cluster partners to meet members' needs. iCOOP Net has established Natural Dream Parks in Gurye and Goesan, as Korea's first eco-friendly organic food clusters to create a sustainable production and consumption base for a better future. iCoop has a large representation of women in its operations. In 2018, they had 282,720 members of whom, over 90% were women and 3,079 employees, of whom over 60% were women. The annual turnover of iCOOP for the year 2017 was US\$ 4.7 million.



Image credit: iCoop



Image credit: iCoop

NACF: A federation of multipurpose cooperatives serving more than 80% Korean farmers

NACF was established through a merger of agricultural cooperatives and the Agricultural Bank in 1961 as a federation of multipurpose cooperatives. It has four main business divisions: agricultural marketing and supply, livestock marketing and supply, finance, and extension services that include guidance to farmers. On March 2, 2012, NACF began separating its operations into the NongHyup Financial and NongHyup Agribusiness groups to better achieve its founding objectives and to promote sustainable growth through greater efficacy. It represents over two million individual members from 1,187 member cooperatives, which accounts for more than 80% of all Korean farmers. It is the largest cooperative in Korea with an annual turnover of US\$ 36.45 billion (as of 2016). It is also one of Korea's largest distribution companies with 2,200 Hanaro Mart stores and 44 logistics centres nationwide.



Image credit: NH Bank



Image credit: Hanaro Mart

Korean University Cooperative Federation: Promoting welfare services in the student-teacher community of Korea

Set-up in 2011, the KUCF was established as a national federation of university cooperatives with an aim to promote joint businesses amongst university cooperatives, to facilitate the establishment of university cooperatives by providing technical expertise and to foster a community spirit in college. Started with 29 university cooperatives as members, KUCF today has 31 member cooperatives out of 35 university cooperatives in Korea and 144,000 individual members.



Image credit: KFUC



Image credit: KFUC

Emerging trends in the cooperative landscape of Korea

- School cooperatives are an emerging sector in Korea wherein students set up their own enterprises within the school. There are twelve well-established school cooperatives in Seoul.
- Freelance cooperatives are another type of cooperatives that have seen an upsurge lately. They are being established by lecturers, coaches, consultants, IT developers, scientists, researchers, civic landscapers, artists, craftsmen, theater freelancers, reporters, storytellers, photo reporters, movie staff, and writers.



The government of Korea and cooperatives in Korea are actively promoting cooperatives across the world by showcasing the successful cooperative models existing in the country and by supporting the development of sustainable cooperatives around the world. Cooperatives in Korea actively promote the implementation of Sustainable Development Goals (SDGs).

- In 2016, the Korea International Cooperation Agency entered into a four-year long collaboration with Ghana's Ministry of Employment and Labour Relations and Ministry of Food and Agriculture to support the development of agricultural cooperatives in Ghana.
- In 2018, the Ministry of the Interior and Safety of Korea signed an MOU on Cooperation in the Field of Saemaul Undong with the Ministry of Youth and Sports of Fiji to share Korea's experiences and know-how on Saemaul Undong, a sustainable rural development model based on cooperatives. Amongst other areas of collaboration, cooperation in the field of community credit cooperatives will also be promoted.
- KFCCC and the Korean Ministry of the Interior and Safety have collaborated with the government of Uganda to set up five Saemaul Geumgo (community credit cooperatives or SACCO) in Uganda. The first cooperative was successfully set up in Mpigi district in 2018.
- The UN Research Institute for Social Development in its recent study on Korea in 2018 recognized the role played by cooperatives in facilitating SDGs, particularly at the local level. The contribution of cooperatives has been particularly noted in achieving SDG 1 (end poverty) SDG 10 (reducing inequalities), SDG 11 (inclusive and sustainable economic growth and decent work, SDG 4 (quality education), and SDG 12 (sustainable consumption and production), amongst other goals.
- iCOOP Korea supplies products that are hard to produce in Korea (coffee, cacao, sugar cane, olive oil, black pepper, etc.) to its members through fair trade from Colombia, Nepal, Palestine, the Philippines, and Timor Leste.

Engagement with ICA-AP

- ICA-AP has conducted various international programs with the support of Korean cooperatives, including the regional seminars, workshops and exchanges with iCOOP, KFCCC, KNFCC, and NACF.
- Korea along with Japan, China, and Malaysia supported the establishment of the Malaysia Business Office in 2013.
- Staff from Korean cooperatives have been deputed to the ICA-AP offices in New Delhi, Malaysia, and Singapore.
- ICA has been actively represented by Korean cooperative leaders in the Regional and Global Board.
- Korean cooperatives hosted the ICA-AP Regional Assembly in 1998 and the ICA Global Assembly in 2001.
- Korea is the Secretariat of The International Co-operative Agricultural Organization (ICAO), ICA's sectoral organization for agricultural cooperatives; and the International Cooperative Fisheries Organization (ICFO).

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

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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 110 members from 31 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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