



global300
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**THE WORLD'S MAJOR
CO-OPERATIVES AND
MUTUAL BUSINESSES**

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CO-OPERATIVES AND MUTUALS:

the hidden giants of the world economy



The importance of the world's co-operatives and mutually owned businesses – many of them successful, large-scale enterprises with social and ethical principles at the heart of their operations – is often overlooked. These businesses may not be household names, but their contribution to the world economy is highly significant.

The GLOBAL 300, an initiative of the International Co-operative Alliance, the apex body of the international co-operative movement, presents the details of the major member-owned businesses worldwide for the first time. This “provisional” ranking based on 2004 data shows that together, these businesses share a turnover of approximately \$1,000 billion (USD). Just to compare, Canada, the 9th economy of the world, had a GDP of \$979 billion in 2004, according to the World Bank.

Because co-operatives and mutuals are member-owned, they are generally not subject to stock market listing. Teams of analysts are not employed to study their performance and the financial press often fails to report their results. As a consequence, there has been a tendency to marginalise the role of the sector. Even co-operatives and mutuals themselves sometimes fail to fully appreciate their significance in the global economy.

GLOBAL 300 will contribute to a better understanding of this neglected part of the world economy. The global reach of these hidden giants, and the breadth of their businesses, will surprise some. Among the businesses are Switzerland's largest employer, France's largest bank, a New Zealand-based business with a third of the international dairy trade, India's largest food processing business, the top healthcare provider in the Netherlands, North America's market leader in canned and bottled juices and juice drinks, and the largest Canadian-owned multi-product insurer.

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WHAT ARE CO-OPERATIVES AND MUTUALS?



Co-operatives and mutuals have a long history. The co-operative business model dates back at least two centuries, and legal structures for co-operative and mutual businesses were in place in some instances before limited liability companies developed.

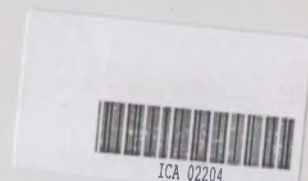
Co-operatives and mutuals today are incorporated under a wide range of legal models and structures. They use a variety of forms of business capital. Although there is no single definition covering all the businesses listed in GLOBAL 300, they have in common the underlying principle that they are owned and controlled by their members. In other words, these businesses are people-based, rather than controlled by government or capital.

Membership in a co-operative or mutual is open to the business's stakeholder groups. These are producers in the case of agricultural marketing co-operatives or customers for consumer co-operatives, banks and insurers.

Within the broad family of member-owned businesses, co-operatives occupy a special position. Internationally, they operate under the Co-operative Statement of Identity and Principles agreed by the International Co-operative Alliance in 1995. This defines a co-operative as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise."

This statement also establishes the seven core co-operative principles:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information of members, and of the public
6. Co-operation among co-operatives
7. Concern for community



CO-OPERATIVES AND MUTUAL CORPORATE SOCIAL RESPONSIBILITY

“Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.”

Increasingly, businesses of all kinds understand the need to couple financial returns with attention to social and environmental returns. Co-operatives and mutuals have a long history of using the fruits of business success for social and community benefit.

The International Co-operative Alliance’s agreed Co-operative Statement of Identity and Principles defines co-operative values as follows:

“Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.”

CREATING WEALTH IN THE LONG-TERM



A striking feature of GLOBAL 300 is the longevity of the enterprises, many of which have been major businesses for up to 100 years – 90% of the GLOBAL 300 were formed by 1980. By comparison, leading companies in the Fortune 500 or FT Global 500 are much younger.

This difference reflects the contrasting ways the businesses obtain capital. Investors in conventional businesses seek to maximise short-term profitability, often at the expense of the company’s longer-term development. Co-operatives and mutuals are generally protected from the short-term nature of the capital markets. They can focus on sustained development and growth. The emphasis is on the custodianship of a business over a much longer period. As a result, the businesses identified in GLOBAL 300 are significant long-term creators of employment and wealth.

THE GLOBAL 300 AND THE CO-OPERATIVE AND MUTUAL SECTOR TODAY



The publication of GLOBAL 300 reflects recent developments in the sector and, perhaps, a growing self-awareness and self-confidence among co-operatives and mutual businesses.

The past 20 years have been a challenging time. Despite evidence that mutuals outperform their investor-owned counterparts, attacks on mutuality have caused a number of mutual businesses worldwide to demutualise. Demutualisation brings short-term windfalls to members, as collective assets are individualised. It also brings substantial benefits to the advisers and bankers who work on the flotation. This is often a significant driver behind the decision to demutualise. At the same time, particularly in developing countries, the principles of co-operation and member-ownership have suffered from an association with top-down, state-controlled ventures that are co-operative in name only. These organisations often lack clarity about the need for robust business practices, a requirement for any enterprise wishing to trade profitably.

Several recent changes at the international level suggest a co-operative resurgence. Recommendation 193, adopted by the International Labour Organization in 2002, identifies co-operatives as “one of the pillars of national and international economic and social development.” It calls on member governments to provide supportive policy and legal frameworks. Likewise, in 2004, the European Commission adopted *The promotion of co-operative societies in Europe* communication. Among other things, it calls for “the promotion of the greater use of co-operatives across Europe by improving the visibility, characteristics and understanding of the sector”.

The International Co-operative Alliance, has undergone regeneration in recent years. GLOBAL 300 is one of several new ICA initiatives, along with the institution of regular forums for CEOs and senior executives and a range of business intelligence services.

“The co-operative movement is one of the largest organised segments of civil society, and plays a crucial role across a wide spectrum of human aspiration and need. Co-operatives provide vital health, housing and banking services; they promote education and gender equality; they protect the environment and workers’ rights. Through these and a range of other activities, they help people in more than a hundred countries better their lives and those of their communities.”

Kofi Annan, Secretary-General, United Nations

OBJECTIVES OF GLOBAL 300



The objective of the GLOBAL 300 project is to develop a provisional ranking, based at this stage on turnover, of the world's largest co-operative and mutual organisations.

There are many obvious benefits from this project, including:

- Increasing the profile of co-operatives within their own industries and countries as well as internationally
- Demonstrating to government and other regulatory agencies the economic importance of co-operatives and mutuals
- Modelling good practice and highlighting successful co-operative business models and innovative approaches
- Creating a much improved statistical and data methodology to allow for better analysis of performance
- Creating networks between co-operatives and mutuals within GLOBAL 300 for greater sharing of information, business intelligence and business opportunities

HOW THE GLOBAL 300 WAS COMPILED:

a first step



GLOBAL 300 should be seen as a first step towards much expanded global data on the performance of the movement. This provisional listing ranks businesses by their annual turnover – the value of the total size of goods and services provided. The information was obtained from a variety of sources, primarily audited public accounts. Where possible, the data have been cross-checked with national co-operative and sectoral organisations and with information carried on co-operatives' own websites. Finally, each co-operative listed was invited to check the data for accuracy.

Ranking co-operative and mutual businesses by turnover can underestimate the size and importance of businesses in banking and some other sectors. But it is the method of several published tables of corporate businesses, including Fortune magazine's annual Global 500. It is also the preferred method of ranking for USA co-operatives in their annual National Co-operative Bank Top 100. Ranking businesses by market capitalisation, the route chosen for the Financial Times' FT Global 500, is not applicable for businesses that are not shareholder owned.

In some cases, a parent co-operative or mutual business operates through autonomous subsidiaries registered separately. Where these units are clearly part of a single group with coordinated strategic management and consolidated (audited) group accounts, the group's combined turnover is used as far as possible, an example being Co-op Norden operating in Sweden, Denmark and Norway.

Turnover information is from 2004, the most recent year for which there is comparable data. A few enterprises that have since demutualised have been removed from the rankings.

For global comparison, data in GLOBAL 300 are denominated in US currency. Where appropriate, turnover has been converted into dollars at 2004 exchange rates.

Any exercise bringing together data from many sources, especially for the first time, is open to error. Co-operative and mutual businesses that feel they have been incorrectly omitted, or that believe their entry is not correct, should contact the International Co-operative Alliance's Global 300 team at global300@ica.coop. The 2007 edition of the GLOBAL 300 will correct errors, additionally corrections will be carried on the new Global 300 website www.global300.coop

INFORMATION IN THE PROVISIONAL LISTING



The published GLOBAL 300 listing includes the following information:

- Name of the co-operative or mutual organisation
- Industry sector – the Global Industry Classification Standard (GICS) has been used to classify co-operative and mutual activities
- Home country of the co-operative or mutual
- Year of establishment
- Web address
- Revenue (based on Financial Year 2004) – local currencies have been converted into US dollars
- Assets – although this is a ranking based on revenue we have attempted to include wherever possible assets for each organisation in the list

THE KEY BUSINESS SECTORS



The businesses within GLOBAL 300 are particularly strong in three broad economic sectors:

- Agriculture
- Financial institutions – insurance, banking, credit unions plus diversified financial organisations
- Retailing and wholesaling

These three broad groupings represent well over 80% of the total number of co-operatives and mutuals in GLOBAL 300.

AGRICULTURE

Almost every one of the countries represented in GLOBAL 300 has at least one agricultural co-operative or conglomerate in the provisional listing. This demonstrates the almost universal application of the co-operative model to the agricultural sector throughout the world. Of the three broad sectors, agricultural co-operatives represented over one third of businesses included.



Over one half of the agricultural co-operatives were based in the USA, with France, Germany and the Netherlands also having significant numbers. Japan and Korea have very large agricultural co-operative conglomerates in the list and in the case of Japan topping the list.

FINANCIAL INSTITUTIONS

Financial institutions represent a little over a quarter of all businesses listed, yet in terms of assets are the largest.



The insurance sector is well represented in the listing, by both co-operative and mutual organisations, either as stand alone insurance businesses or as part of a wider conglomerate structure. Nearly one third of the insurance co-operatives and mutuals in the list are based in France and the UK.

There are some very large co-operative banking groups and networks in GLOBAL 300 from a range of European countries and also Japan. The USA has a number of Credit Unions represented in the listing.

RETAILING AND WHOLESALING



This is the third major sector in GLOBAL 300, being a little over a quarter of the list.

It encompasses the well known consumer co-operatives in countries such as the UK, Italy, the Nordic countries and other parts of Europe to Japan and North America.

The second component is the large wholesale buying groups which act on behalf of national consumer co-operatives and/or networks of independent retailers. There are good examples of this type of co-operative grouping to be found in GLOBAL 300 from Germany, France, the USA and New Zealand.

OTHER SECTORS REPRESENTED

Energy, health services and manufacturing are also represented in GLOBAL 300. In the case of energy by US rural electric co-operatives, while manufacturing co-operatives are mainly from Spain and Italy. In Spain the Mondragon Corporation is not only involved in manufacturing but also in a wide range of other activities including retailing and education. Health mutuals and co-operatives from a range of European countries, plus North America also feature in GLOBAL 300.

NATIONAL AND REGIONAL



Twenty eight countries are represented in the GLOBAL 300 ranking. By region they are:

EUROPE (15 COUNTRIES)

- Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom

NORTH AND SOUTH AMERICA (4 COUNTRIES)

- Brazil, Canada, Mexico, USA

ASIA-PACIFIC, INCLUDING MIDDLE EAST (9 COUNTRIES)

- Australia, China, India, Israel, Japan, Korea, New Zealand, Singapore, Taiwan-China

The top 5 countries with the most co-operatives and mutuals in GLOBAL 300 are: USA, France, Italy, UK and Japan. The top 5 countries that have the largest percentage of GDP coming from GLOBAL 300 turnover are: Finland, New Zealand, Switzerland, Netherlands and Norway.

The International Co-operative Alliance is an independent, non-governmental association which unites, represents and serves co-operatives worldwide. Founded in 1895, ICA has 227 member organisations from 91 countries active in all sectors of the economy. Together these co-operatives represent more than 800 million individuals worldwide.

A SPECIAL THANK YOU



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