



2015 Kunming E-business Summit for Asia Pacific Cooperatives. Image credit: China Coop

COOPERATIVES IN CHINA

Contribution of cooperatives to the Chinese economy

- 3.45 million- number of people employed in cooperatives (2017)
- 200 million- estimated number of members in cooperatives (2012)
- US\$ 790 billion- revenue generated by cooperatives (2017)

Did you know?

- The cooperative movement in China is 100 years old!
- 95% of the towns and villages in China have primary supply and marketing cooperatives (SMCs; 2019)
- The All China Federation of Supply and Marketing Cooperatives (ACFSMC) is the apex organization of all SMCs in China. It is also the largest cooperative organization in the country.
- Gung Ho (i.e. working together) is the oldest running initiative undertaken in the Chinese cooperative movement. It was started by the International Committee for the Promotion of Chinese Industrial Cooperatives (ICCIC) in 1937 to help laid-off workers and refugees set up manufacturing cooperatives.
- ICA has four members from China. The members and their year of affiliation are as follows: ACFSMC (1985), ICCIC (2010), All China Federation of Handicraft & Industrial Cooperatives (ACFHIC, 2010), and Heilongjiang Guhe Cooperative Association (GUHE, 2015).

Over its 100 years history, the Chinese cooperative movement has undergone periods of upheavals and revivals. Agriculture, handicrafts and rural credit were the three main sectors in which cooperatives were popularly found in China. Today, cooperatives, especially the supply and marketing cooperatives, play a vital role in developing the rural economy by providing services such as agricultural social service, rural e-commerce and rural cooperative finance; developing labour intensive industry, such as recycling of resources and daily consumption products to enable women and senior citizens to work at nearby places; and exploring housekeeping services, cultural and creative industries, tourism and other services.

Structure and spread of cooperatives

Cooperatives are widely spread out in China and found across four levels- village, county, city and provincial. The five-tier structure of SMCs represented by ACFSMC illustrates their presence throughout the country.

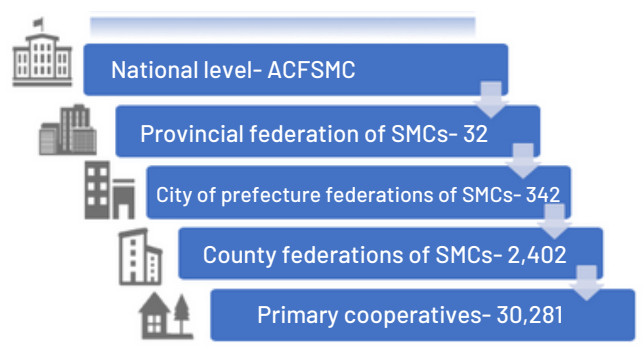


Image credit: ACFSMC

Additionally, there are 21,852 cooperative enterprises and 280 institutes at different levels.



ACFSMC at the BRICS Coop Summit, Brazil, 2014
Image credit: ACFSMC

Evolution of the cooperative movement

→ 1920-1950

- The cooperative movement in China started in the early 1920s with the emergence of agricultural marketing cooperatives and credit cooperatives. The cooperative movement during this period developed in three phases.
- In the first phase (1920s), the movement was started by common people (particularly Chinese intellectuals) on experimental basis.
- In the second phase (1930s), the movement was continued by the Kuomintang government. During this period, credit cooperatives were the main type of cooperatives that flourished, with a smaller number of agricultural marketing and purchasing cooperatives. This was also the time when the Gung Ho initiative was started in 1937 with the primary objective to mobilize laid-off workers from the rural community and refugees into a resistance industry (manufacturing cooperatives) against the Japanese occupation of China.
- In the third phase (1940s), the movement operated under the Chinese Communist Party which led to the emergence of agricultural mutual aid cooperatives and SMCs.

→ 1950-1960

- During this period, massive land reform programs were carried out in China with the aim to boost agricultural production. The cooperative movement was supported extensively by the government.
- The cooperatives that were promoted at this time included agricultural production cooperatives, SMCs and rural credit cooperatives.
- In 1950, the United Headquarters of the Chinese Supply and Marketing Cooperatives was established (renamed to AFSMC in 1954). The AFSMC was set up as a unitary system of SMCs nationwide.
- In 1957, ACFHIC was established as a national collective economic organization by various collective trade unions, handicraft industrial cooperatives and collective economic societies in rural and urban areas.
- In the late 1950s, the cooperative movement was characterized by incorporation of cooperatives into state-owned commercial departments.

→ 1980-2000

- This period was marked by the revival of cooperative movement in China with the introduction of reforms in SMCs. The reforms were undertaken in six phases (1982-2002) with the aim to restore the basic characteristics (such as membership and management in cooperatives) and improve economic operations and performance of SMCs.
- In 1987, ICCIC revived its services for the development of cooperatives and has been supporting a large number of cooperatives through various programs.
- In 1995, ACFSMC was re-established and worked towards building a new system of SMCs and developing logistical services with the aim to benefit farmers.

→ 2000-Present

- In 2003, a reform program to restructure rural credit cooperatives was launched. After the pilot, the reform program was scaled up to transform rural credit cooperatives into agricultural cooperative banks and agricultural commercial banks.
- From 2006 onwards, farmer cooperatives in China have diversified into different sub-sectors involving, crop farming, livestock-raising, farming machines, forestry, plant protection, information technology, handicraft, biogas services, and agro-tourism.
- In 2007, with the objective to strengthen the rural distribution network, the New Net Project was started by ACFSMC. The project focuses on developing modern marketing and serving network for agricultural means of production; purchase and sale network of agricultural sideline products; buying and selling network of consumer goods and network for recycling renewable resources.
- In 2011, the ACFSMC launched the farmer specialized cooperatives to improve agricultural production and increase income of farmers.
- In 2015, the ACFSMC introduced e-commerce and distribution systems across the village, city and county levels to expand agriculture sales. By 2018, there were 1,571 e-commerce companies run by SMCs.

Law on cooperatives

1930s- The first cooperative law was formulated under the Kuomintang government in 1930s. The Law was considered as a part of the cooperative experiment that was undertaken in rural China at that time.

1950- The Cooperative Law of People's Republic of China was passed by the government as a means to provide external support necessary for the establishment, development and protection of SMCs, especially in rural areas.

2007- The Farmers' Specialized Cooperative Law was enacted in 2007 with the aim to boost modern agriculture, promote new agricultural management systems and increase incomes of farmers in China.

2018 - The Farmers' Specialised Cooperative Law was revised in 2017 and it came into effect in 2018.

Key highlights of the 2018 law

The revised law entails favourable provisions for farmers' specialized cooperatives.

- Granting farmers' specialized cooperatives equal legal status with other market entities.
- Removal of restriction on farmers to be engaged in the same kind of agricultural production to form a specialized cooperative.
- Providing members of cooperatives, the right to invest non-monetary assets that can be evaluated and transferred, such as their land management rights and forest rights in enterprises.
- Reducing the cost of electricity used during the preliminary processing of products and charging it as per the agricultural production price standards, which is lower than the electricity cost for industrial production.

Strengthening rural economy through the promotion of cooperatives in the agricultural sector

Supply and marketing cooperatives in the agricultural sector are promoted actively with the objective to provide support services that benefit small farmers, boost agricultural production, and stimulate rural economy for sustained economic growth.

Current scenario of agricultural cooperative services

Ten types of agricultural services are being provided to the farmers by SMCs.

- 1 Basic services through land trust:** includes services such as ploughing, harvesting and sale of agricultural produce.
- 2 Large scale services:** includes services that are provided on the basis of land operation right transfer.
- 3 E-commerce:** includes development of e-commerce for online sale (China E-Coop) of agricultural products.
- 4 Distribution network:** includes improvement in collection and distribution of agricultural products. There are 170 distribution centers in China (2017).
- 5 Technical services:** includes crop hospitals that provide technical consulting and services to farmers such as soil testing for the use of specific fertilizers. There are 64,320 crop hospitals in China (2017).
- 6 Scientific research:** includes undertaking of scientific research to solve technical farming problems and foster innovation.
- 7 Comprehensive agricultural services:** includes establishment of a comprehensive platform to provide integrated services to farmers (production, supply, marketing and credit).
- 8 Agricultural processing:** includes the development of intensive processing system for agricultural products.
- 9 Integrated service-centers:** includes establishment of rural integrated service centers, and urban and rural service centers. There are 422,000 rural integrated service centers which cover over 70% of the administrative villages in China. (2018)
- 10 Expanding the role of agriculture:** includes full integration of agriculture with other industries such as education, culture, tourism, ecological conservation and healthcare.

Title: Cooperatives address poverty in Dabie mountains

Context: Located on the border of Anhui, Hubei and Henan provinces, Dabie mountains have a forest coverage of more than 75% in East China. It is one of China's fourteen contiguous poverty-stricken areas involving multiple towns and villages which are cut off from the outside world.

Intervention: In an effort to uplift people out of poverty, the local government is helping villagers to set up primary cooperatives to pursue traditional occupations such as tea farming, producing fruits and herbs for traditional Chinese herbal medicines.



Title: Promoting the business of agricultural cooperatives through e-commerce

Context: China's agricultural products for a long time were transacted mainly through wholesale market which led to asymmetric information, complicated circulation links, and large logistics costs.

Intervention: ACFSMC established China E Co-op as a specialized company for the deployment and promotion of rural e-commerce. China E Co-op focuses on the development of agriculture industry chain through its 37 logistic centers, 6,100 e-shop owners, 30,000 village service outlets, and 5 million buyers. With a business value of US\$ 948 million in 2018, China E Co-op is the country's leading agri-business online platform. It is seeking to promote cooperative-to-cooperative trade by opening an international co-op section on its platform to promote agriculture products and special handicrafts from international co-op members.

Title: Promoting women's participation in cooperatives

Context: Women's specialized cooperatives are an important organizational force to promote the rural agricultural economy and empower women in China.

Intervention: Renshou Qingjian Cooperative in Sichuan province is strengthening women's participation in cooperatives by having by-laws that require the representation of at least one woman on the management board. The cooperative has 33% female leadership and half of the members are women. The cooperative also has a women's department to address the concerns of women members.





- The cooperative movement in China is transcending domestic boundaries through multiple initiatives to strengthen the movement in China as well as build the cooperative community internationally. The initiatives focus on strengthening finance, poverty alleviation, technology transfer, and cooperative-to-cooperative (C2C) trade.
- ACFSMC and the National Agricultural Cooperative Federation of Korea in 2017 signed an MoU for extensive cooperation in the areas of finance, trade, investment, training and e-commerce. China E Co-op has joined hands with the Korean Nonghyup Hanaro Mart to enhance cooperation on cross-border trade and services.
- In a cross-regional bilateral initiative, ACFSMC and the South African National Apex Cooperative (SANACO) signed an MoU at the third BRICS Co-operatives Meeting in 2013. The initiative has been taken to enhance collaboration between all cooperative enterprises in China and South Africa, and facilitate trade and investment cooperation through exhibitions, trade fairs and exchange visits. China also has C2C trade relationships with Brazil, Bulgaria, Sri Lanka, Vietnam and other countries.

Engagement with ICA-AP

- The constitution of the new Regional Assembly of ICA-AP was adopted in China in 1993. The Regional Council was replaced by a Regional Assembly, which is the highest policy body in the region to promote collaboration among the ICA member organizations at the regional level and provides a forum for discussion of regional as well as global issues.
- China has hosted strategic events for ICA including the Fifth Co-operative Ministers' Conference in 1999 and the Co-operative Global Forum in 2010.
- China along with Japan, Korea, and Malaysia supported the establishment of the Malaysia Business Office in 2013.
- ICA has been actively represented by Chinese cooperative leaders in the Regional and Global Board.
- China has actively supported ICA in helping develop knowledge and capacities of cooperators within and outside the region through workshops and trainings. These include, the trainings on Circular Economy (2010), Ecommerce (2015), Cooperative-to-Cooperative Trade (2016) and workshops on Financial Services and Rural Development (2017), Advancing Women CEOs in Co-operatives (2018), Poverty Alleviation through Co-operatives (2018) and Development of Agricultural Services (2019).

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



ICAAsiaAndPacific



ICAAPAC



ICAAsiaPacific

ACFSMC

chinacoop@acfsmc.coop

ACFHC

bgs228@clii.com.cn

ICCIC

gungho1939@163.com

GUHE

guhegroup@sina.com

References

<https://bit.ly/2YmQXMp>
<https://bit.ly/2JkZksh>
<https://bit.ly/2RjJvso>
<https://bit.ly/301L470>
<https://bit.ly/2J1lj1Z>
<https://bit.ly/2NpcSBX>
<https://bit.ly/2Lu3xWD>
<https://bit.ly/2JhfTPH>
<https://bit.ly/2FKmElu>
<https://bit.ly/2XHJfjY>

<https://on.china.cn/2LwcFdB>
<https://bit.ly/2XDfFLz>
<https://bit.ly/2XDg3K1>
<https://bit.ly/2K0c3z0>
<https://bit.ly/30aiSjx>
<https://bit.ly/2Yp0bbl>
<https://bit.ly/31Zl2UB>
<https://bit.ly/2xtl73D>
<https://bit.ly/324ydUb>
<https://bit.ly/2RPezf>
<https://bit.ly/2Nnm9X>

50 Years of International Co-operative Alliance in Asia-Pacific [1960-2010], Serving Cooperatives, 2010
China Co-op presentation, Development of Agriculture Cooperatives Services in China, 2019
ACFSMC presentation, ACFSMC-ICARoAP Workshop on Capacity Building and Case Studies for Poverty Alleviation Through Cooperatives, 2018
ACFSMC report, 2017
ACFHC report

This publication has been co-funded by the European Union. The contents of this publication are the sole responsibility of the ICA-AP and can in no way be taken to reflect the views of the European Union.

Created in July 2019