

# **ASIA - PACIFIC COOPERATIVE TRADE FORUM**

**( 13 - 15 NOVEMBER, 2003 )**

**BANGKOK, THAILAND**

## **REPORT AND RECOMMENDATIONS**



**INTERNATIONAL CO-OPERATIVE ALLIANCE**  
**Regional Office for Asia & the Pacific**  
**New Delhi**

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## ***A View of Deliberations***



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## FOREWORD

In Pursuance of one of its Key Result Areas of promotion of International Cooperative Trade Network (ICTN), ICA has taken initiative to establish an appropriate forum to provide opportunities to business cooperatives to share their experience and engage regularly in cooperative to cooperative business. Organization of international cooperative trade fair and trade forum on regular intervals sound practical propositions in this regard. The Asia-Pacific Cooperative Trade Forum was, therefore, organized on November 13-14, 2003 in Bangkok, Thailand, in collaboration with Co-operative League of Thailand. More than 154 participants from 14 countries participated in the Forum.

With a view to provide proper framework for deliberations at the Cooperative Trade Forum, ICA ROAP undertook two Cooperative Trade studies - one in Far-East countries (China, Japan and Korea), and other in South Asia (India and Sri Lanka) in collaboration with National Agricultural Cooperative Federation (NACF) of Korea and National Agricultural Cooperative Marketing Federation of India (NAFED) respectively. The Study Reports formed the basis of deliberations at Cooperative Trade Forum.

Two-day extensive discussions resulted in the formulation of a workable strategy for developing inter-cooperative trade and business and for establishing linkages of cooperatives of Asia-Pacific with international market. Important components of strategy formulated by the Forum are (a) dissemination of market information; (b) building up trade expertise in coops; (c) institution of trade promotion fund; (d) creating a “common brand” for coop. products; (e) establishment of appropriate mechanism for coop-trade promotion; and (f) Role of ICA.

A small exhibition of cooperative products organized on the occasion was useful in motivating commodity based inter-actions among the participants.

I hope the Report and Recommendations of this Coop. Trade Forum will be useful reference material for coop. business and trade promotion agencies.

**SHIL KWAN LEE**  
Regional Director

# **ASIA-PACIFIC COOPERATIVE TRADE FORUM**

**13-15 November 2003**

**Bangkok, Thailand**

## **REPORT AND RECOMMENDATIONS**

In pursuance of its Key Result Area of development of International Co-operative Trade Network (ICTN), ICA ROAP organized Asia-Pacific Cooperative Trade Forum from 13 to 15 November 2003 in Bangkok, Thailand, in collaboration with Cooperative League of Thailand. 154 participants from 14 countries participated in the Forum.

Two Trade Studies - one relating to India & Sri Lanka and other relating to China, Japan and Korea formed the basis of deliberations of the Trade Forum. The studies are placed at Annexure I(a) and I(b) respectively. After presentation of the Trade studies, the Trade Forum discussed the following issues:

1. How to implement the recommendations of Trade Studies of China, Japan, Korea; and India and Sri Lanka.
2. How to promote coop-trade ?

### **RECOMMENDATIONS :**

#### **1. Market Information :**

Cooperatives have limited access to the market and similarly, the buying co-operatives do not have details of the products of producer co-operatives. As such, it is recommended such information could be placed on the internet for access of the buyers and sellers. For co-operatives having limited access to the internet like Indonesia, it is suggested that catalogues or brochures be produced and disseminated to the interested buyers.

#### **2. Trading Expertise :**

Most of business cooperatives are not familiar with technical aspects of international trade, such as, establishing letters of credit, customs declarations, international logistics, product packaging, etc. Apex organizations, therefore, should take lead and assist their respective co-operatives in developing and promoting co-operative trade locally, regionally as well as internationally.

### **3. Trade Promotion Fund :**

Since business/trading cooperatives in majority of the countries, particularly developing countries, are weak, there is a need to develop some workable mechanism to facilitate trade among coops at national and international levels. The Forum recommended that institution of a 'Trade Promotion Fund' with contribution from cooperatives and international agencies may be helpful. ICA ROAP may consider the formulation of such scheme and approach international donors to contribute to it.

### **4. Competition :**

In order to effectively compete in the market, 'Brand' plays a very important rôle in the marketing of products. The trade forum recommended to promote a common brand of coop. products. The coop. business federations should take pro-active steps in this regard.

### **5. Establishment of Appropriate Mechanism :**

In order to provide impetus to cooperative to cooperative trade at national and global level, possibilities for establishment of an appropriate institutional mechanism owned and managed by business cooperatives in various countries may be explored. In this connection, example of Chinese holding corporation owned by provincial cooperatives to jointly market the cooperative products was referred during the Trade Forum deliberations.

### **6. Role of ICA :**

The Trade Forum called upon ICA in the region to undertake following steps to promote cooperative to cooperative Trade and to link cooperatives with international market:

- 6.1 Updating of ICA Web site of both ICA Global and ICA ROAP by setting up specific portal/platform therein for cooperative to cooperative trade.
- 6.2 Preparation of trade profiles of important member business cooperatives, which are involved in export-import trade.
- 6.3 Organize international cooperative trade forum annually in collaboration with member-organizations.
- 6.4 Organize training programmes in various aspects of international cooperative trade including E-Commerce.

*Annexure I (a)*

**Executive Summary**  
**of**  
**COOPERATIVE TRADE STUDY**  
**in**  
**INDIA AND SRI LANKA**

Undertaken by

***National Agricultural Cooperative  
Marketing Federation of India Ltd.***  
[NAFED], New Delhi, India

&

Supported by

**International Cooperative Alliance**  
**Regional Office for Asia and Pacific**  
**New Delhi, India**





# Cooperative Trade Study in India and Sri Lanka

## Executive Summary

### 1. INTRODUCTION

One of the universally accepted principles of cooperation 'cooperation among cooperatives' envisages exchange of information through the ICA and various UN agencies so as to strengthen the cooperatives all over the world. ICA has been pursuing the need and importance of international trade within cooperatives at various forums for many decades. The subject has been discussed in many meetings, conferences and congresses with the objective of promoting the interest of cooperatives by encouraging and promoting international trade.

In pursuance of this thinking, NAFED undertook this Cooperative Trade Study with the support of ICA for reviewing the export trade by cooperatives in India and Sri Lanka and suggesting measures for developing inter-cooperative international trade. Accordingly, pre-designed questionnaire to selected cooperatives in different sector in two countries were forwarded for soliciting information for the Study followed by visits for discussions.

### 2. SECTORS AND ORGANISATIONS STUDIED

Sectors and organizations studied are as under :

<b>Sectors</b>	<b>Cooperative Organizations Studied</b>
<b><u>India</u></b>	
Cashewnut	1. National Agricultural Cooperative Marketing Federation of India Limited (NAFED), New Delhi.
	2. Kerala State Cashew Worker's Apex Industrial Cooperative Society Limited, Kollam, Kerala (CAPEX)
Spices	1. National Agricultural Cooperative Marketing Federation of India Limited (NAFED), New Delhi.
	2. Kerala State Cooperative Marketing Federation Limited Kochi (MARKETFED).

Sugar	1.	National Federation of Cooperative Sugar Factories, (NFCSF), New Delhi
Dairy	1.	National Dairy Development Board, (NDDB), Regional Office, New Delhi.
	2.	Gujarat Cooperative Milk Marketing Federation Limited, (GCMMF), Anand
	3.	Mother Dairy Foods, Ltd., New Delhi
Oilseeds	1.	National Agricultural Cooperative Marketing Federation of India Limited (NAFED), New Delhi.
	2.	Andhra Pradesh Oilseeds growers' Cooperative Federation Limited, (AP OILFD), Hyderabad
	3.	Gujarat State Cooperative Marketing Federation Limited, Ahmedabad (GUJACOMASOL).
Foodgrains	1.	National Agricultural Cooperative Marketing Federation of India Limited (NAFED), New Delhi.
	2.	Punjab State Cooperative Supply and Marketing Federation Limited (MARKFED), Chandigarh
	3.	Haryana State Cooperative Supply and Marketing Federation Limited (HAFED), Chandigarh.
Fisheries	1.	National Federation of Fishermen' Cooperatives (FISHCOPFED), New Delhi
	2.	The West Bengal State Fishermen's Cooperative Federation Limited (BENFISH), Kolkata
	3.	Kerala State Cooperative Federation for Fisheries Development Limited (MATSYAFED), Trivendrum.

Promotional Organisation Studied

Agricultural and Processed Food Products  
Export Development Authority (APEDA),  
New Delhi

**Sri Lanka**

Marketing	Sri Lanks Cooperative Marketing Federation Limited (MARKFED)
Training	National Cooperative Council of Sri Lanka
Consumer	Sri Lanka Consumer Cooperative Society Federation Limited,
Coconut	Sri Lanka Coconut Producers Cooperative Societies Union Limited

Cooperative Trade Study Report aimed at formulation of strategy for strengthening cooperatives in respective trade sectors in India and Sri Lanka for developing inter-cooperative trade and business in international market.

**3. SUMMARY OF FINDINGS**

**3.1 General**

Cooperative in India and Sri Lanka are on the threshold of completing almost a century of their formation. Cooperatives performing multifarious activities exist in both the countries and are striving hard to achieve their goals and objectives. While cooperatives have excelled in certain sectors, their performance has been found to be wanting in others.

The detailed study of Cooperatives of both the countries revealed that there hardly exists a cooperative which is 100% export oriented. No doubt, many cooperatives have taken to export of a wide range of products of varied nature, yet exports remain an activity that can at best be treated as incidental to various other activities undertaken by them. Apart from the above, the study has broadly revealed the following factors limiting their performance :

- Change in economic policies.
- Small scale of business operations.
- Weak linkages in federal structure.
- Poor infrastructure.
- High operating cost.
- Insignificant inter-cooperative trade.
- Lack of professional management.
- Slow decision-making process.

Despite the above limitations, **cooperatives still have a very important and definite role to play particularly in sectors that serve large population in rural areas. Cooperatives help in providing employment and income generation to a very large population. Cooperatives are member driven and work on the principle of sharing of profits amongst its members.** In some of the sectors, cooperatives have been successful as a result of **professional management, high level of member loyalty and extensive use of brand marketing and information technology.** Since cooperatives are in direct interface with producers, they are also being utilized by even private sector as well as multi-national organizations as a link in their supply chain management.

## INDIA

### 3.2 Indian Economy

India's economy is agricultural economy. Two-third of India's population is dependent on agriculture. Agriculture, forestry and fishery account around 25% of India's GDP.

The year 2003-04 has begun on strong positive note. Agriculture output is expected to post strong growth. Moreover, the outlook for the industrial sector is expected to be reinforced. Improvement in investment environment is noticed. Foreign exchange reserves are continuously growing.

India's exports are moving resource based products to technology based products. Indian foreign trade is growing steadily. Besides USA, CANADA, JAPAN, EU, being major Indian trade partners, special

attention is being given to LATIN AMERICAN and AFRICAN countries.

India is aiming to increase its exports to 1% share in total global export by 2006-07.

### **3.3 Sector-wise findings**

#### **Indian Cooperatives**

##### **OILSEEDS**

- Govt. of India launched Technology Mission on Oilseeds (TMO) during May- 1986 to promote technological changes in oilseeds production and processing sectors.
- The oilseeds production in the country started increasing from 1988-89 and India almost reached on the brink of attaining self sufficiency during 1992-93.
- **Vegetable Oil Project was launched by National Dairy Development Board in the cooperative sector in nine states under nine State Level Cooperative Oilseeds Grower's Federations for promoting cooperative marketing. In the initial years of their operations, these Oil Federations were very successful in identified commodities.**
- **National Cooperative Development Corporation (NCDC) also played an important supporting role in funding processing units in the cooperative sector.**
- **On the procurement front, active role was played by Nafed for procurement under Price Support Scheme and outright purchases. Nafed also undertook canalised exports of various oilseeds.**
- Due to increased demand, liberalization in import policies and rainfed nature of oilseed crops, the production trend did not keep pace with demand which led to large scale imports.
- The Oil industry is on the brink of sickness due to massive underutilization of capacity.
- Despite constraints, Indian produce-either in whole form or as a bye-product-has had continuous presence in the international market in oilseeds like Soyabean, Sesameseed, Groundnut,

Castorseed, Nigerseed and De-oiled cake.

- Govt. of India should launch a massive R&D programme to increase the productivity in the oilseeds for attaining self-sufficiency.
- A.P. Cooperative Oilseeds Growers Federation Ltd. (APOILFED) procures oilseeds from farmers by paying minimum support price. It has launched consumer packs of various edible oils under the brand name of "VIJAYA", which has paid rich dividends to Federation to strengthen its activities in oilseed sectors.
- Gujarat State Cooperative Marketing Federation Ltd. (GUJCOMASOL) works as sub-agent of NAFED for Price Support Operations for oilseeds. It owns three oil processing complexes for processing of different oilseeds including facilities for solvent extraction.
- **For the cooperative sector, organizations like NAFED can play a vital federal role in linking domestic producer to the international market through its network of cooperatives and vast experience and expertise in this field.**

## FOODGRAINS

India once a deficit country in production of Foodgrains has achieved self-sufficiency and being recognized as one of the major exporting country in the world. India's advancement in Foodgrains can be summarized under following points :

- The green revolution initiated in mid-sixties followed by price support operations has turned around from deficit to self-sufficiency in Foodgrains production.
- Now as policy, Government of India is exporting Foodgrains to avoid situation of glut.
- India however, requires better infrastructure facility to save the grains produced and better research to increase the productivity.
- **The cooperative sector has played a significant role in procurement of Foodgrains and increasing its role in exports of Foodgrains.**

- **MARKFED and HAFED have carved distinct identity in undertaking export of foodgrains as they have infrastructure, financial strength and experience in handling foodgrains.**
- **Cooperatives in other states producing large quantities of foodgrains could not play assigned role in export of foodgrain as their production could only meet requirements of the respective states resultantly hardly leaving any surplus for exports. Cooperatives in these states also do not have infrastructure as owned by cooperatives in Punjab and Haryana.**

### **SUGAR**

India produces nearly 15% of the world's production but its sugar exports are limited. However, trend in the last 3 years has shown improvement on this front.

**Share of Cooperatives in Indian sugar exports has been showing increasing trend and the same during the year 2002-03 was 55.30%.** For increasing exports of sugar by cooperatives, there is need for those cooperatives to initiate steps in technical, financial and field areas. Similarly, following steps are required for increasing export trade in sugar from India :-

- i. There is need for removal of distortion in world trade;
- ii. Govt. should declare reasonable state advised sugarcane prices for sugarcane;
- iii. Need for higher preferential quota to India;
- iv. Long term export policy of Govt. of India;
- v. Incentive for raw sugar exports from country should be given;
- vi. Bi-lateral trade agreements with neighbouring countries should be entered.

National Federation of Cooperative Sugar Factories (NFCFSF) is an apex level Federation of cooperative sugar and assists in promotion and coordination of cooperative sugar factories in export of sugar. It has been providing technical, promotional, legal, developmental and research & development services for the growth and development of cooperative sugar sector.



Indian sugar industry has large potential in domestic and global market. **Cooperative sugar mills have recently entered in export market and are showing progress. These cooperative sugar factories can maintain lead provided they get support from Indian government and cooperatives of other countries.**

## DAIRY

Since 1999-2000 India is the biggest milk producer of the world. **In the year 2001-02, it produced around 81 million tonnes of liquid milk out of which cooperatives produced around 5.48 million tonnes representing 6.77% of total production.** In marketing of milk and milk products Indian dairy sector has been facing challenges such as perishability, lack of control over yield, organizing logistics in procurement & distribution and competition from MNCs.

**Cooperative are playing vital role in procurement, processing and marketing of milk and milk products through village dairy cooperatives, dairy unions and federations. Cooperatives organized on Anand Model have assumed important role in passing on various benefits to farmers.**

**Gujarat Cooperative Milk Marketing Federation is exporting milk products to Bangladesh, Sri Lanka and Middle East. There is substantial growth in exports by cooperatives during the period 1999-2000 to 2001-02.**

There is great potential for increasing export of dairy products from India but following key areas inhibit exports :

- i. Availability of heavy subsidized milk products in the market from Europe and USA.
- ii. Imposition of various non-tariff barriers by developed countries.
- iii. Large scale adoption of methods and practices for manufacture of milk and milk products for 'safe milk'.

Following steps have been taken to increase exports :-

- i. Organizations are preparing themselves to meet international standards and other non-tariff barriers.
- ii. Measures to meet sanitary and phyto-sanitary specifications have been initiated;

- iii. Technology Mission on Dairy Development (TMDD) has initiated a wide range programme to enable organisations to improve quality.

In addition, following areas need major thrust for increasing exports :-

- i. Brand image needs to be projected in leading international dairy trade fairs;
- ii. Encouraging technical collaboration and marketing tie ups with leading dairy companies;
- iii. **Need for tie ups between Indian cooperatives and cooperatives of other countries for understanding tastes in other countries and developing marketing strategies accordingly.**

**Indian Dairy industry has a big potential in domestic and also in export market. Milk Cooperatives having demonstrated success model in India, can maintain its lead globally provided they maintain adaptability in the changed economic environment and get continued support from the Indian Govt. and Cooperatives from other countries.**

## **FISHERIES**

India has large marine and inland fishery resources, which provide opportunities for income generation for weaker sections particularly fishermen. In India total fish production is showing increasing trend. During the year 2000-01, total production of fish was 5.65 million tonnes.

Exports of fishery products are mainly undertaken by private trade which was 0.51 million tonnes of marine fish in the year 2000-01.

Cooperative have not been able to play significant role in exports of fishery products as they are geared towards implementing welfare schemes. Their role in export is very negligible owing to varieties of factors like :

- i. Lack of technological tools;
- ii. Delayed decision-making process.
- iii. Absence of forward and backward linkages.

**National Fisheries Federation (FISHCOPFED) is promotional body. State Fisheries Federations of Maharashtra, West**

## **Bengal and Kerala have potential of export of fishery products and they are planning to enter into export market.**

There is great scope of export of fishery products for the country as well as cooperatives. For entering into global market, cooperatives need to adopt export oriented approach and forge cooperation among cooperatives for making themselves united and strong.

### **SPICES**

- India-leading country in production consumption and export of spices.
- Estimated World Trade - 5 Million MTS Valued US\$ 1600 Million.
- India's share 50% of the global market.
- Exports in the range of Rs. 18000-20000 Million.

### **Problems of export Trade in Spices**

- Sanitary and Phytosanitary Agreement (SPS) under WTO, Strict Maximum Residue Limits of Presence of Pesticides fined by USFDA, Lack of value addition in the real sense-Processing, Packing and Branding yet to be developed, Lack of Research and Development.

**Role of Spices Board** - Development, regulatory and promotional agency.

### **Role of NAFED**

- NAFED undertakes procurement of various spices for Domestic as well as Export trade. Its export ranges between Rs. 100-200 million.
- NAFED procures different spices under Market Intervention Scheme of Govt. of India from time to time.
- NAFED has set up Turmeric Processing Unit in Tamil Nadu a state in South India.
- NAFED also undertakes Import of Cassia and Cloves from time to time.

### **Role of Kerala State Cooperative Marketing Federation (MARKETFED)**

- MARKETFED is undertaking procurement of different spices

through its members for domestic and international trade. However, it has not been able to export any item of spices after 1996-97 due to continuous losses which can be attributed to problems in management, wide fluctuations in the market and lack of coordination with primaries and inadequate liquid resources.

- Export trade in Spices by MARKETFED can be strengthened by providing financial support to the primary Cooperative societies/MARKETFED by way of adequate packing credit facility, Government subsidy, tax exemption and simplification of import-export procedure.

### **CASHEW**

- India is biggest cashew nut producers, importer and processor of raw cashew and largest exporter of cashew kernels in the world.
- India produces 0.35 million MTs of raw cashew nuts annually, imports 0.25 Million tonnes and processes 0.6 million MTs of cashew.
- There are 850 cashew processing units in India.
- The global retail sale of cashew is 1 billion US dollars. India accounts for 50% of the world export of cashew kernels.
- The export of cashew kernels from India during the period 1996-97 to 2000-01 to different countries of the world ranges between Rs. 14000 to 25700 million.
- The major importing countries for Indian Cashew kernels are U.S., U.K., Japan, Netherland, Australia, Germany and Middle East countries.
- India is also the largest importer of raw cashew in the World. Its annual import of raw cashew are around 0.25 million MTs.

### **Role of NAFED**

- From time to time NAFED procured raw cashew from the State of Kerala, Andhra Pradesh, Orissa, Goa.
- During current year NAFED has procured 200 MTs of raw cashew for processing and domestic marketing.

- During the year 2000-01, NAFED exported qty. of 190 MTs and during 2001-02, 160 MTs to countries namely, Holland, U.K., Japan.
- NAFED can play a vital role in securing demand from world market and establish backward linkages especially with cooperatives.

### **Role of CAPEX**

- CAPEX is procuring raw cashew from the State of Kerala and also importing for processing in 10 processing units owned by their members.
- Processed cashew is being marketed by CAPEX domestically and internationally.
- The role of CAPEX is very limited due to problems in procuring raw cashew nuts, under utilization of processing units, inadequate financial resources, lack of efficiency in operations, Govt. pronouncement etc.
- There is potential for cooperatives to play a significant role as there is lot of demand for cashew kernels all over the world provided CAPEX is supported by adequate financial resources, Govt. support and linkages with the foreign market.

### **TRADE PROMOTION**

In view of opening of economy and international competition, the role of trade promoting agencies becomes very significant. Agricultural and Processed Food Products Export Development Authority (APEDA) has been playing a very prominent role in development and export promotion of 15 scheduled products and 10 non-traditional products. It gives financial assistance through a variety of export promotion schemes and has also fixed quality standards/specifications for a number of products. APEDA has also prepared product manuals for the entire marketing chain and developed packaging of various products. The export promotion is carried out through participation in international trade fairs and also through specific promotion campaigns. With WTO becoming a reality, requirements to meet the international standards assumes greater significance for increasing export of agri - products and APEDA's activities have to be directed at increasing share of India's products in the international markets.

## **SRI LANKA**

### **3.4 General**

Economy of Sri Lanka is predominantly agriculture based with two clearly defined segments viz. plantation and peasant. Under plantation economy, Tea, rubber and coconut cover around 40% of the total cultivated area and contribute 12% to GDP. This segment accounts for half of country's export earnings and employ 1/6th of the labour force. The peasant economy on the other hand is subsistence oriented paddy at its nucleus. Some of the cooperatives are playing important roles in these sectors and are outlined as under :

### **3.5 Cooperatives in Sri Lanka :**

#### **MARKETING**

In plantation sector, Sri Lanka Cooperatives Industries Federation is playing an apex role for marketing of rubberised coir mattresses. Its brand Ceyesta has considerable international reputation and is assisted by Rubber Research Institute, Coconut Research Institute and Ceylon Institute of Scientific and Industrial Research.

MARKFED is the apex organization of agricultural cooperatives undertaking business in various agricultural commodities. Bulk of the products of the Federation are for domestic trade with international business being very small compared other sectors. Open market system has led to isolation of Markfed and it has very weak linkages with member cooperatives.

In the area of consumer marketing, Sri Lanka Cooperative Societies Federation is undertaking activities in various products.

Sri Lanka Coconut Producers' Cooperative Societies Union acts as the marketing arm for promoting and developing coconut cooperatives. Around 20% of the products are marketed in the international markets. This organization enjoys autonomy in decision making and is playing a very important role. However, there are constraints of regulations and sourcing of raw material.

#### **TRADE PROMOTION**

National Cooperative Council of Sri Lanka is an umbrella organization of cooperative movement and provides services to members by organizing trade fairs, inter-cooperative business meetings and

publication of business directory. It has also sponsored and implemented a Cooperative Insurance Scheme in Sri Lanka.

## **CREDIT**

The cooperatives are operating a credit channel called rural banking through which lower rate credit is extended to members alongwith distribution of consumer goods and farm supplies.

These organizations believe that ICA can provide platform to cooperatives at regional and global level for trade relations and can act as a catalyst for trade promotion and ICA should take initiative in providing material support to fulfill its strategies.

### **4. SUGGESTIONS**

#### **4.1 For Cooperatives**

- There is need to rationalize delegation of powers at each level of the organizational hierarchy to speed up the process of decision making. Quick and timely decisions are likely to help the growth of cooperatives.
- Professional managers and technocrats should be engaged to manage the affairs of cooperatives in an efficient and effective manners.
- Market Information System (MIS) should be strengthened because this is one area where cooperatives have serious limitation. Availability of latest and updated information on various aspects of marketing will equip the professional managers to take timely and appropriate decision.
- The principle of cooperation among cooperatives should be followed in letter and spirit in their business. This will help in strengthening not only the economic ties amongst cooperatives of different countries but also improve their financial position and also result in exchanging innovative ideas.

#### **4.2 For Government**

- Cooperative organizations in India are the brainchild of government and should be accorded appropriate role to play in the economy to optimally exploit their strength.
- Government and the other promotional agencies may regularly

provide information, demonstration and monetary support for technical and infrastructural up-gradation.

- Government not to use cooperatives for implementing their socio-economic programmes instead they should be left to perform as real business houses.

### **4.3 For ICA**

- Cooperatives of India and Sri Lanka may pool their strengths in various sectors to combat the competition in a much better way. While cooperatives in Sri Lanka may be strong in certain areas, cooperatives in India may be stronger in other sectors. The collective strength will put them in a better position particularly when it comes to trade in commodities like Tea, Cashew, Rubber and Spices. ICA can play the role of a catalyst to facilitate this process.
- ICA can assist the cooperatives in seeking financial and technical help from International agencies like UN, IMF, World Bank, etc.
- ICA may compile a cooperatives trade directory and data directory that shall disseminate useful references to facilitate international trade.
- ICA can help in developing common website for cooperatives in different countries which may provide updated information.
- ICA should play more aggressive and meaningful role in promoting bi-lateral trade amongst cooperatives of the world.
- The Cooperative Trade Project undertaken by ICA in the past with the objective of promoting and developing trade between the Asian cooperatives and their counterparts in industrialized nations was able to make a breakthrough to a certain extent. However, it was shelved for want of funding from donor countries. It is recommended that this may be initiated again with active funding support on a long-term basis as it would go a long way in strengthening trade among cooperatives in the wake of globalization and opening of economy.





*Annexure I (b)*

**COOPERATIVE TRADE STUDY  
OF  
CHINA, JAPAN & KOREA**

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## **I. PROLOGUE**

This paper discusses the research supported by ICA Regional Office for Asia and the Pacific which planned to carry special study on current situation and prospects of international cooperative trade in Far East Asia, Korea Japan and China.

Comparative study on three countries is more feasible and more efficient when cooperatives are identical or similar in terms of their type of business than when they are not.

In this regard, this study was made on agricultural cooperatives of three countries, the All China Federation of Supply and Marketing Cooperatives (ACFSMC), the National Federation of Agricultural Cooperative Associations (Zen-noh), and the National Agricultural Cooperative Federation (NACF). The three cooperatives are the most prosperous in business, the most well-organized, and faithful to member farmers benefits among agricultural cooperatives in the three countries.

In chapter 2 of this paper, we will glance over three cooperative profiles. And we will look at the business sectors of which the three cooperatives have in common, and what kinds of transactions are possible through cooperative trade. We expect to find possible fields in which the cooperatives of the three countries can develop trade.

Then, in chapter 3, we will look at subsidiaries of each cooperative to find what business fields and products the three agricultural cooperatives are trading already.

In chapter 4, we will look at the environment surrounding cooperatives and ways towards sustainable development of the cooperatives in the global economy, mainly focusing on trends in digital information and networking. Furthermore, we will discuss how trade among cooperatives should be oriented in global economy.

## **II. GENERAL BUSINESS OF THREE COOPERATIVES**

The cooperative trade can get most of the benefit by practicing the basic principle of “cooperation among cooperatives” in a financial environment where competition with private business sectors is ever increasing. This chapter will give a brief introduction on agricultural cooperatives and their businesses, in China, Japan and Korea. We will focus on business fields in which mutual trade is being undertaken or possible in the future. The extension services and banking and insurance businesses of the NACF, and other businesses performed by the ACFSMC, which are irrelevant to trade, were excluded.

## 1. National Agricultural Cooperative Federation (NACF), Korea

The National Agricultural Cooperative Federation (NACF) is the apex organization for 1,366 multipurpose agricultural cooperatives comprised of 2.4 million members in Korea. Established in 1961, the federation aims to raise the living standards of farmers by enhancing their economic, social and cultural status and to ensure the balanced development of the national economy by increasing the competitiveness of Korean agriculture.

Agricultural marketing and banking businesses are the two backbones of the NACF and its member cooperatives' activities. The NACF and its member cooperatives are major players in the marketing of farm products as well as consumer goods both in rural and urban areas today. The NACF and agricultural cooperatives together have the widest on-line banking network, covering all corners of the country and providing services to half the population.

### 1.1. Agricultural Marketing

Food marketing is one of the major activities of the NACF and its member cooperatives as it is one of the best ways to increase member farmers' incomes. It is also a vital bridge between farmers and consumers.

#### ● Marketing in Urban Areas

To improve the price competitiveness of farm products, the NACF has been actively engaged in developing and promoting various marketing outlets in cities across the nation. As of 2002, the federation was operating 8 Agricultural Marketing Complexes (AMCs) engaged in both wholesale and retail marketing, 13 Agricultural Wholesale Marketing Centers (AWMCs), 33 Hanaro Clubs (large-scale discount stores), and 600 Sintoburi Corners (mini stores in NACF bank branches).

#### NACF's Marketing Facilities in Urban Areas

Agricultural Marketing Complex	8	wholesale and retail marketing facility
Agricultural Wholesale Marketing Center	13	wholesale marketing facility
Hanaro Club	33	large-scale discount stores
Sintoburi Corner	600	mini store in NACF bank branches

- **Digital Agricultural Marketing**

The NACF operates the Internet Hanaro Club, the largest cybershopping mall for agricultural products in the country, where consumers can buy 5,000 different agricultural products. The number of members jumped to 240,000 in 2002, from 87,000 in 2001. It recorded USD 59 million in sales, up 63.5% from that of the previous year. NACF's Internet Hanaro Club has become the most competitive and profitable retail channel for farm products in Kqrea.

- **Marketing Business Turnover**

Sales of agricultural products by the NACF totaled USD 9.6 billion, which is roughly equal to that of the previous year. Specifically, food grain composed 38% of the total. Vegetables ranked second with 28%. Sales of specialty products & others such as ginseng, flowers, and processed goods went up 24% compared to last year.

**Business Turnover**

<b>December 31, 2002 (U.S. Dollars in millions)</b>		
<b>Agricultural Marketing</b>	<b>Food grains</b>	<b>3,628</b>
	<b>Fruits</b>	<b>1,678</b>
	<b>Vegetables</b>	<b>2,662</b>
	<b>Livestock</b>	<b>826</b>
	<b>Others</b>	<b>815</b>
	<b>Total</b>	<b>9,609</b>

**1.2. Food Processing**

The NACF and its member cooperatives continue to increase their competitiveness in the processed food sector in both overseas and domestic markets. Throughout Korea 120 processing plants are currently in operation. They produce kimchi, ginseng, meat products, tea, red pepper powder, processed grains, cooking oil, beverages, etc. The major export markets are Japan, the United States, China, the EU, Russia and Indonesia. The exports are mainly kimchi, ginseng, apples, pears, chestnuts and vegetables

- **Nonghyup(NACF) Kimchi**

Nonghyup Kimchi reflects local tastes, as it is produced at local kimchi factories and is made of local vegetables. Today it is appreciated world round. It acquired the ISO 9002 certificate and was chosen as one of

the official products in the 1996 Atlanta Olympics, 1998 France World Cup, and 2000 Sydney Olympics, and is served on Air France/Es in-flight meals.

- **Moguchon - choice brand of processed meats**

NACF' Moguchon produces a variety of pork and its products like ham, sausage, bacon, chicken and its products. Moguchon aims to produce fresh, sanitary and safe food. Three disciplines - no preservatives, no starch, one hundred percent domestic pork - are strictly kept, and the result is high quality products. A continuous succession through production, marketing, and retailing is systemized enough to secure stable consumer demand. Moguchon is recognized to the leader in the clean and fresh livestock food industry in Korea

- **Hansamin - ginseng brand**

Hansamin is NACF's ginseng brand. It is a result of a NACF's comprehensive ginseng project that has built a production basis, supported producers, and transferred technology for organic cultivation. Various Hansamin's products are made of selective and choice Ginseng materials produced by member farmers. Hansamin's medical efficacy is popular both domestically and abroad.

### **1.3. Farm Input Supply**

The NACF's farm input supply business includes fertilizer, feedstuff, pesticides, farm machinery, gasoline, etc. In spite of continued decline in the supply market for agribusiness, total sales volume edged up 2.0% from the previous year and totaled USD 1,434 million in 2002. The volume of fertilizer amounted to USD 634 million, and accounted for approximately 44% of the total sales volume in the NACF's supply business. The sales volume of agricultural chemicals reached USD 228 million last year, accounting for 17.6% of its supply business. The NACF supplied about 2.5 million tonnes of fertilizer and 7,276 tonnes of pesticides annually.

The NACF remains a leader in Korean feed production. It operates eight feed mills and its member livestock cooperatives have run thirteen feed mills. All feed mills have acquired ISO 9002 certification, meeting high quality standards. To enhance feed quality, the NACF operates the Feed Research Institute and the Feed Analysis Center, both of which have expert researchers dedicated to improving quality and developing innovative products. In 2002, the NACF and its member cooperatives produced a total of 4.3 million tonnes, which accounted for a 27.4% share of the Korean feed industry.

### Business Turnover

December 31, 2002 (U.S. Dollars in millions)		
<b>Farm Input</b>	<b>Fertilizer</b>	<b>634</b>
	<b>Agro-Chemicals</b>	<b>228</b>
	<b>Machinery</b>	<b>102</b>
	<b>Gasoline</b>	<b>70</b>
	<b>Feedstuff</b>	<b>137</b>
	<b>Cars</b>	<b>123</b>
	<b>Agri-Film/Seed/ Others</b>	<b>140</b>
<b>Total</b>		<b>1,434</b>

#### 1.4. Consumer Goods

The NACF and all member cooperatives operate convenient stores called Hanaro Mart. As of the end of 2002, the number of Hanaro Marts totaled 2,396 with products ranging from fresh produces and food grains to processed foodstuffs, stationery, sanitary goods and so forth, which are essential for everyday life in the local community. The total amount of commodities supplied by the NACF distribution centers to member cooperatives' marts totaled USD 1,366 million in 2002.

### Business Turnover

December 31, 2002 (U.S. Dollars in millions)		
<b>Consumer Goods</b>	<b>Food</b>	<b>944</b>
	<b>Clothing</b>	<b>21</b>
	<b>Kitchen utensils</b>	<b>11</b>
	<b>Sanitary goods</b>	<b>251</b>
	<b>Appliances</b>	<b>76</b>
	<b>Others</b>	<b>63</b>
	<b>Total</b>	



The NACF is expanding and renovating Hanaro Marts and is focusing on highly computerized system of the Hanaro Mart business, specifically the development of a Supply Chain Management (SCM) system.

## **2. Zen-noh, Japan**

The Zen-noh (National Federation of Agricultural Co-operative Associations) is Japan's federation of agricultural co-operatives, one of the largest in the world. Most of the 4.5 million farm households in Japan belong to one of the Zen-noh's 1,141 primary-level cooperatives.

In cooperation with prefectural federations and primary level cooperatives, the Zen-noh serves its member farmers by purchasing and distributing the materials and equipment for agricultural production and the necessities of daily farm life. It is equally involved in the collection, distribution, and marketing of agricultural products, which it handles through its own channels. The Zen-noh is working vigorously to further develop Japanese agriculture, to improve farm life, and to secure reliable supplies of food for the nation.

### **2.1. Agricultural Marketing**

The Zen-noh and farmers contract farming, which allows farmers to focus more production, rather than marketing. It is developing brands of the member farmers' products for sales promotion.

To provide even safer, more sanitary products for consumers, the Zen-noh was strict regulations throughout the farming process, and tries to promote the production and consumption of environmentally-friendly produce. To ensure stable sales, the Zen-noh is focusing on direct sales of produce to marts, department stores, and the restaurant industry.

The Zen-noh is trying to maintain a sustainable supply, and maximize the consumption of community-unique produce, like domestic soybean, starch, mushrooms, fruit juice, and cocoons. It is also enthusiastic in developing processed foods made from domestic vegetables and fruits.

### **2.2. Farm Input Supply**

The Zen-noh's supply business consists of fertilizers, pesticide, farm machinery, and production facilities. The Zen-noh supplies inputs to farm households on timely basis. The Zen-noh supplies agricultural film products required in seedling and planting as well as for packing materials for produce shipment. The Zen-noh is also making efforts to develop low cost corrugated board and other environmentally-friendly inputs.

The Zen-noh is developing and expanding its supply of low cost farm machinery, and operates parts centers covering the country. The Zen-noh manufactures equipment as well. For example, it constructs country-elevators, and manufacture equipment for selecting, packing, etc.

In the livestock business, the Zen-noh works to promote the business by developing local livestock business promotion policies or livestock-related environment policies, which are jointly practiced by the agricultural cooperatives and the government. Concerning feedstuff of which 90% of domestic demand is dependent on imports, the Zen-noh is attempting to secure a stable quantity of feedstuff by using accurate and timely information and by the prompt purchase from overseas affiliated companies.

Livestock marketing is developing high-quality products suited to consumer needs. Marketing promotes local products focusing on locality, side dishes, and processed goods. As for the dairy business, the Zen-noh is focusing its efforts on balancing the supply of raw milk produced by farm households with consumer demand.

### **2.3. Consumer Goods**

The Zen-noh also sells cars, gasoline, and other consumer goods to support life in the rural area. The Zen-noh supplies gasoline and kerosene at gas stations nation-wide, and the propane import-supply system is run independently.

The core of the consumer goods business is the convenient stores called A-Coop. A-Coop handles food and other basic necessities. To cope with increasing competition, the Zen-noh is trying to improve efficiencies by enlarging the A-Coop stores. Also, the Zen-noh is focusing on wholly-owned rather than leased meat stores in the metropolitan area. Furthermore, it is developing new brands for A-Coop items, and 'eco' labeled goods which are environmentally- friendly products.

### **2.4. Business Turnover**

In fiscal year 2001, the Zen-nohs business turnover totaled USD 46 billion.

Among the Zen-noh's businesses, the food grain and livestock business had 22% of the total business volume. Horticulture and the farm supply business followed with 18% and 17% of the total, respectively.

### Business Turnover by Department

<b>Apr. 2001 - Mar. 2002 (USD in thousands)</b>	
<b>Consumer Goods Dept.</b>	<b>3,132</b>
<b>Vehicles &amp; Fuel Dept.</b>	<b>4,678</b>
<b>Farm Input Dept.</b>	<b>6,997</b>
<b>Livestock Div.</b>	<b>9,211</b>
<b>Farm produce Dept.</b>	<b>861</b>
<b>Horticulture Dept.</b>	<b>7,388</b>
<b>Rice &amp; Wheat Div.</b>	<b>9,268</b>
<b>Total</b>	<b>41,533</b>

### **3. All China Federation of Supply and Marketing Cooperatives (ACFSMC), China**

The All China Federation of Supply and Marketing Cooperatives (ACFSMC) is the apex organization of the Chinese Supply and Marketing Cooperatives (SMCs) for the whole country. It consists of 31 provincial, 318 prefecture and 2,100 county federations, and 28,000 primary societies with a membership of 180 million farm households, 4.3 million employees and 500 thousands business outlets.

Its functions and tasks are to do research and planning on strategies for the development of SMCs in China and guide their development and reform; to organize, coordinate and manage the major means of agricultural production, farm produce and non-agricultural goods with the authorization of the government; to safeguard the legitimate rights and interests of the SMCs at all levels; to coordinate the relations between the cooperatives and other concerned authorities; to guide the business activities of the SMCs and promote the flow of goods between the cities and countryside; to publicize and carry out the principles and policies on rural economy formulated by the Party Central Committee and the State Council and to participate in various activities of the International Cooperative Alliance on behalf of cooperatives in China.

The ACFSMC has 10 subsidiaries, 8 science and research institutes, 7 institutions and 13 national-level specialized associations. It has 54,000 different enterprises, a network of over 500,000 operating establishments spread throughout the cities and the countryside, and over 300 enterprises with the ability to engage in importing and exporting. In

2002, its sales volume for merchandise reached USD 40 billion and its total volume of imports and exports amounted to USD 3 billion.

### **3.1. Agricultural Marketing**

The ACFSMC has established marketing facilities and farm product collection centers in major agricultural production. Now, there are tens of thousands of its member cooperatives with purchasing outlets and 2,500 agricultural marketing centers. The total value of farm products purchased by the SMC in 1998 reached USD 8 billion.

### **3.2. Processing and Manufacturing**

The processing business of farm produce and manufacturing business of the ACFSMC have grown rapidly in recent years. It now has more than 6,100 independent factories. Among them are 341 large-scale factories of which 87 have exported more than USD 1 million per year. In 1998, the total output of the processing and manufacturing activities was USD 11.5 billion.

The major items produced in these factories include food, clothing, textiles, furniture, electronics, home appliances, major vehicles, chemicals, etc. The processing of fruits, cotton, tea and vegetables is also important in China.

### **3.3. Farm Input Supply**

In order to better meet farmers' needs, the ACFSMC has set up a complete supply and service network of farm inputs, covering purchase, stock, delivery, supply, soil analysis, and precision application of fertilizer and pesticides.

In the last several years, the ACFSMC supplied around 90 million tonnes of chemical fertilizer annually (accounting for 60% of the total consumption in the country), 430,000 tonnes of pesticides and 260,000 tonnes of agricultural films.

It has also set up 230,000 crop clinics, consulting centers and comprehensive village service outlets, etc. In recent years, according to the needs of the market and rural economic developments, the Federation expanded the range of their supply business to increase the assortment of goods, to include petroleum, steel, nonferrous metals and motor vehicles.

### **3.4. Consumer Goods**

Wholesale and retail sales of consumer goods have always been regarded

as one of the most important ACFSMC business activities. Based on the primary societies and large and medium-sized shopping facilities, the ACFSMC has established a purchasing and marketing network for consumer goods, to purchase jointly, market individually and conduct its business through its chain stores.

At present, it has over 10,000 stores, of which more than 3,000 are large and medium-sized shopping facilities with more than 3,000 square meters of business floor space. In 1998, the total sales of consumer goods reached USD 13.4 billion, taking up a considerable portion of the domestic market.

### **III. TRADE BUSINESS AND ACTIVITIES**

In chapter 2, we review several business sectors of the three agricultural cooperatives in Korea, Japan, and China. In particular, we focused on the business sectors in which we can expect a large amount of bilateral or trilateral trade.

Chapter three looks over trading companies affiliated with the three agricultural cooperatives and their business activities. Each cooperative differs a little in its trading organizations and activities. In some cases a specialized trading company trades products of their parent cooperative. Other subsidiaries produce their own products, and operate their own trading business. The NACF and the ACFSMC have both of types of trading companies, but all Zen-noh's trading business focus on one trading company.

#### **1. NACF**

The NACFs trading business is operated by various subsidiaries. The Korea Agricultural Cooperative Trading Co.(KACT) is in charge of the export and import of agricultural products. The Namhae Chemical Corporation, a fertilizer production company, independently operates its business, importing raw material and exporting manufactured products. The Nonghyup Feed Inc., a feedstuff manufacturer, imports forage grains.

Recently, the Namhae Chemical Corporation and Nonghyup Feed Inc. began to consign their imports and exports to the KACT, and plan to expand consignments. This could be outsourcing because the main purpose of the policy is to maximize competitiveness by using a specialized trading company, in order that they can strengthen purchasing power and concentrate on production.

### 1.1. Korea Agricultural Cooperative Trading Co. (KACT)

The Korea Agricultural Cooperative Trading Co., Ltd. (KACT) was established in 1990 as a subsidiary company of the NACF in order to cope with globalization and the opening of global markets. It exports quality agricultural products, and imports agricultural materials which are not available in Korea.

The KACT exported USD 34 million of agricultural products including apples, pears, kimchi, ginseng, and chestnuts in 2002. Its main imports are beef and forage, and total imports were USD 88 million.

(In 2002)

<b>Exports</b>	<b>Imports</b>
<b>apples, pears, Korean citruses, persimmons, paprika, cucumbers, cherry tomatoes, kimchi, ginseng, chestnuts, cut flowers</b>	<b>beef, forage, farm machinery</b>
<b>USD 34 million</b>	<b>USD 88 million</b>

### 1.2. Namhae Chemical Corporation

The Namhae Chemical Corporation is Korea's biggest fertilizer company. The company has 26 plants and produces about 2 million tonnes of fertilizer and 2.9 million tonnes of chemicals annually. It produces approximately 50% of the total domestic fertilizer and provides chemicals as raw materials to more than 1,000 domestic chemical companies.

It produces 10 kinds of chemicals and 40 kinds of fertilizer such as urea fertilizer, compound fertilizer, fertilizer for garden fruit trees, BB fertilizer and others. The Namhae Chemical Co. is supplying about 66% of the domestic fertilizer demand and exporting about 600,000 tonnes of fertilizers each year.

The company exports fertilizers to approximately 10 countries including Taiwan, Vietnam, China, and Myanmar. The total fertilizer exports in 2002 were USD 72 million. Since supplying a stable quantity at a suitable time is essential for the stable operations of the plant, the company purchases most materials through long-term supply contracts. The major imports include phosphate ore, potassium chloride, and sulfur.

Exports and imports of the Namhae Chemical Co. are processed at a port used exclusively by the Yeosu plant. The port can receive several

100,000 tonnes classification ships simultaneously, and over 3 million tonnes of products are imported and exported annually.

<b>Raw Materials Imports</b>		
<b>Classification</b>	<b>Import From</b>	<b>Imports (mt/year)</b>
Phosphate	Morocco, China	1,000
Potassium chloride	Canada, Jordan, Russia	200,000
Sulfur	Japan	150,000
Ammonia	U.S.A., Indonesia	400,000
Potassium sulfate magnesia	U.S.A.	10,000

### **1.3. Nonghyup Feed Inc.**

Nonghyup Feed Inc. is the dominant market player in the domestic feed industry. It holds 50% of the market share in Korea. It has 8 feed production factories in the major regional hubs across the nation.

Nonghyup Feed is capable of producing 8,000 tonnes of feed a day and about 2.2 million tonnes of feed per year. It produces a total of 140 types of products, with 16 brands for 10 types of livestock. Nonghyup Feed produces quality feed for all major livestock. For cattle it offers three major varieties. Other products include specially designed feed for dairy cows and hogs. In addition, it supplies a variety of feed for raising dogs, deer, ducks, rabbits, horses, goats and sheep. It imports 90% of the raw materials from the United States, Canada, and Australia.

Nonghyup Feed is proud of its scientific and systematic system t, as clearly shown in its Livestock Research Institute, Livestock Improvement Office, Milking Cow Improvement Office, Pig Breeding Office, Anseong Ranch, Central Data Analysis Center, etc.

### **2. Zen-noh (UNICOOPJAPAN)**

The trade business of the Zen-noh is unified under the UNICOOPA JAPAN, the subsidiary company of Zen-Noh. All trading channels flow to the UNICOOP JAPAN to improve efficiencies in trading and to stabilize imports of raw materials. .

The UNICOOP JAPAN is a unique trading company, which was formed in 1961 by Japan's agricultural, forestry and fishery cooperatives for exporting their products and importing the necessary raw materials and production resources.

The company has traded with other cooperatives of the world on the basis of mutual benefit and trust. It actively conducts trade with governmental agencies as well as private corporations that show understanding to the principles and ideals of cooperatives.

For food grain, the UNICOOPJAPAN trades directly with cooperatives in the mid-western part of the USA and Australia. As for pesticides, it imports raw materials from the USA and exports mainly to cooperatives in Thailand.

### **2.1. Grains and Feedstuff**

The UNICOOPJAPAN, in close collaboration with Zen-noh, imports a significant amount of the raw materials mainly from cooperatives in the United States, Canada, Australia, Latin America, Thailand, China, and Europe.

As a special feature of its business activities, it has been importing a substantial quantity of corn, grain sorghum and soybeans from Zen-noh Grain Corporation since 1982, when it commenced full-scale operations on the banks of the Mississippi River in the State of Louisiana, U.S.A. It contributes to a stable supply of wheat, barley and rice through tenders with the Japanese Food Agency. It expedites the development and importation of additives to improve feed through biochemical methods.

#### **● Imports**

Corn, Grain Sorghum, Soybeans, Soybean Meal, Wheat, Barley, Rice, Oats, Fish Meal, Skim Milk Powder, Wheat Bran, Beet Pulp Pellets, Alfalfa Pellets, Hay Cubes, Molasses, Baled Hay, Canola

### **2.2. Fertilizer and Agricultural Chemicals**

The UNICOOPJAPAN assures a stable supply of raw materials for fertilizer. As Japan depends entirely on imported potassium fertilizer and phosphate rocks, the UNCOOPJAPAN is attempting to secure a stable supply from Russia, Germany and China on a long-term basis, while making contracts with new suppliers. For organic fertilizers such as bone meal and rapeseed oil cake, the UNICOOPJAPAN imports these commodities from China, Thailand and Australia on a stable basis, while continuing to develop new sources.

The company is mainly involved in finding suppliers overseas of agricultural chemicals necessary for Zen-noh. It imports fumigants from the United States. Also, in collaboration with manufactures, it exports agrochemicals to China and other countries.



### **2.3. Farm Supplies and Fuel**

UNICOOPJAPAN is now engaging in the supply of inputs for agricultural production and daily necessities for farm households. The main items are work-shoes, raincoats, flexible trans-bags imported from China in cooperation with the Zen-noh and its associated manufacturers. They operate joint-ventures or on a consignment basis with Chinese corporations. UNICOOPJAPAN imports products such as lumber for construction, wrapping materials for agricultural products, cooking utensils, jewelry, and sundries

In cooperation with Zen-noh, UNICOOPJAPAN is involved with the energy business. It imports LPG, marine diesel oil and anthracite coal for Zen-noh. It sells and develops markets for petroleum coke in the agricultural industry and supplies bunker fuel for ships operated by Zen-noh. Studies of alternative energy sources are also under way.

### **2.4. Food**

The UNICOOPJAPAN exports Japanese fresh fruits and vegetables such as mandarin oranges, pears and mushrooms, and other agricultural and marine products.

The UNICOOPJAPAN imports beef from Australia and U.S.A., and special-category meat from European countries for hotels and restaurants. To contribute to the development of Japan's livestock industry, it plays a significant role in importing premium dairy cattle for breeding, and livestock production inputs.

#### **● Imports**

Honey, Royal Jelly, Edible Oils, Fruits Juices, Edible Wild Plants, Canned Products, Fresh and Frozen Fruits and Vegetables, Vegetable Seeds, Beef, Dairy cattle

#### **● Exports**

Fresh Fruits and Vegetables, Agricultural Processed Products, Canned Products, Marine Products

### **2.5. Business Turnover**

The business performance of the UNICOOPJAPAN in 2001 was USD 1,518 million. Food grains made up 43% or USD 650 million of the total. Sales of oilseeds and fuel were USD 261 million, and 238 million respectively. These commodities together made up 73% of the total business volume of UNICOOPJAPAN.

### Business Turnover by Commodity-2001

USD in millions

<b>Food Grains</b>	<b>650</b>	<b>42.8%</b>
<b>Oilseeds</b>	<b>261</b>	<b>17.2%</b>
<b>Fertilizer &amp; Pesticides</b>	<b>91</b>	<b>6.0%</b>
<b>Food</b>	<b>60</b>	<b>3.9%</b>
<b>Fuel</b>	<b>238</b>	<b>15.7%</b>
<b>Beef &amp; Cattle</b>	<b>107</b>	<b>7.0%</b>
<b>Farm Supplies</b>	<b>48</b>	<b>3.1%</b>
<b>Others</b>	<b>63</b>	<b>4.3%</b>
<b>Total</b>	<b>1,518</b>	<b>100.0%</b>

The trade volume of UNICOOPJAPAN in 2001 was USD 1,352 million, of which imports and exports were USD 1,342 million, and 10 million respectively. Of the total imports, 58% or, USD 783 million came from the USA. The main destinations for exports are Thailand and Australia, at USD 2.5 million and 1.6 million respectively.

### Business Turnover by Country-2001

USD in millions

<b>Export</b>		<b>Import</b>	
<b>U.S.A.</b>	<b>783</b>	<b>Thailand</b>	<b>2.5</b>
<b>Saudi Arabia</b>	<b>138</b>	<b>Australia</b>	<b>1.6</b>
<b>Australia</b>	<b>114</b>	<b>Colombia</b>	<b>1.2</b>
<b>Arab Emirates</b>	<b>68</b>	<b>China</b>	<b>1.1</b>
<b>China</b>	<b>54</b>	<b>Taiwan</b>	<b>0.7</b>
<b>Canada</b>	<b>38</b>	<b>Others</b>	<b>2.9</b>
<b>Netherlands</b>	<b>35</b>		
<b>Korea</b>	<b>20</b>		
<b>Others</b>	<b>92</b>		
<b>Total</b>	<b>1,342</b>	<b>Total</b>	<b>10</b>

### **3. ACFSMC**

Several subsidiaries of the ACFSMC are engaged in trading, including the China National Agricultural Means of Production Group Corporation.

#### **3.1. China National Agricultural Means of Production Group Corporation (CNAMPGC)**

The China National Agricultural Means of Production Group Corporation (CNAMPGC), the only national mega-corporation, is specializing in fertilizer, pesticides, plastic sheeting and other farm inputs. The total sales volume of fertilizer, pesticides and plastic sheeting is 210 million tonnes, 1 million tonnes and 0.45 million tonnes respectively.

The corporation has 2,500 employees, 7 fully-funded subsidiaries, 29 corporations, 18 compound fertilizer joint enterprises, 7 large warehouses, 5 special railroads and 2 piers, each of which has a capacity of 10,000 tonnes. The CNAMPGC has the right to import and export agricultural inputs. It has been one of two agents authorized by the government to import fertilizer since 1998.

##### **● Business Activities**

- Marketing agricultural inputs
- Marketing domestic fertilizer, pesticides and plastic sheeting
- Importing fertilizer and transacting pesticides on one's own and on commission
- Importing raw materials of plastic sheeting, and processing and selling plastic sheeting
- Central reserve of fertilizers and pesticides
- Central regulation and control of foreign fertilizer
- Exporting fertilizer, pesticides and plastic sheeting
- Agricultural science and technology development
- Providing agricultural information counseling

### **3.2. China National Cotton Corporation (CNCC)**

The China National Cotton Corporation (CNCC) has provided great social and economic benefits by importing cotton and maintaining reserves on behalf of the government, marketing, managing the cotton supply and demand in the domestic market, and undertaking various businesses.

The CNCC subsidiaries, branches and representative offices in Tianjin, Qingdao, Dalian, Nantong, Shanghai, Guangzhou Taiyuan, Zhengzhou, Shijiazhuang, Ulumuqi, and Langfang, are mainly responsible for coordinating cotton transportation, storage and sales. It has always paid great attention to developing the international cotton market and keeping close contacts with the international cotton industry. In 2000, the CNCC achieved sales of USD 1.5 billion.

### **3.3. China Janong Enterprises Group Corporation**

The China Janong Enterprises Group Corporation is large-scale national corporation. It is the core enterprise of the China Janong Enterprises Group. Its business scope consists mainly of farming inputs, grain, cotton, oil, livestock products, building materials, coal, farm machinery, hardware, light industries goods, car and spare parts, textiles, silk, clothes, timber, raw and processed chemicals, medical equipment and medicine, non-staple food, articles for daily use, etc.

It is also involved in agricultural production technology and information, research and development for renewable resources, commercial machinery, wild plants, tea, fruit products, cotton and linen, mushrooms, etc. With the approval of the Ministry of Foreign Trade, the China Janong Enterprises Group Corporation is authorized to do import and export business, to conduct transit and compensation trade and to process imported goods. Up to now, it has provided services for a diversified range of customers in more than ten countries and regions.

### **3.4. China Supply and Marketing Cooperative Foreign Trade Corporation**

Since it was established in 1987, the China Supply and Marketing Cooperative Foreign Trade Corporation has cooperated with enterprises from other countries in the areas of trade, economics and technology.

The corporation possesses 4 affiliate companies, 2 joint ventures, 6 jointly operated enterprises, 3 overseas enterprises, and has bases for

research and development, production and processing of eiderdown products, carpets, labor safety devices, cashmere products, liquor and soft drinks, paper products, breeding, hybrid rice, vegetables and fruits, etc.

The corporation has established long-term cooperative relationships with customers in the United States, Canada, Japan, France, Egypt, South Africa and other countries and regions in the world. The corporation's import and export volume reaches tens of millions of US dollars per year.

#### ● **Business Activities**

- ❖ Importing and exporting, or acting as an agent for import and export of cereals, oils, foodstuffs, textiles, light industrial goods, household necessities, electrical appliances, raw and processed chemicals, building materials, and other commodities
- ❖ Technological consultation and services for the above mentioned businesses
- ❖ Processing imported materials, assembling of supplied parts, and compensation trade
- ❖ Contracting construction projects abroad and undertaking domestic projects supported by foreign capital
- ❖ Exporting materials and equipment needed by contracted projects
- ❖ Dispatching workers to foreign countries for construction projects, or to work in areas of production or services.

### **IV. CHALLENGES AND OPPORTUNITIES**

#### **1. Changes and Challenges**

The most important changes surrounding cooperatives are globalization and growing competition. The economy of most countries depends on trade with foreign countries, escalating competition between companies or countries. Without exception, every economic sector is affected by the tremendous changes involving globalization. Globalization has been accelerated by development of the Information Technology (IT) industry and expansion of the Internet. The world is now experiencing tremendous changes sparked by the Internet. Industries are rapidly adapting by developing E-commerce and E-business.

Globalization and digitalization is creating broad changes in other areas such as production type, marketing structures, consumer behaviors and government role. Cooperatives should also look to change under this new environment and look for new opportunities. The cooperatives should create a model to attain sustainable growth by restructuring their organizations and management, and to become more efficient.

The following are the systems enterprises have adopted through the development of the IT industry and expansion of the Internet, which our cooperatives should not ignore, but need to adopt.

### **1.1. Enterprise Resources Planning (ERP)**

In the fast-paced IT industry, enterprises are adopting best-business practices, and using the Enterprise Resources Planning (ERP) to cut costs and improve efficiencies. The ERP is a system which enables a problem in management to be checked and controlled in real time. The ERP is a highly integrated system which links all departments including accounting, sales, purchasing, production, personnel, fund management in the company under a single program.

This system is a pre-stage to integrating inter-enterprise cooperation. Building an inter-enterprise cooperation system makes a stable and effective supply chain possible, and focuses on point-to-point linking. With wide-spread Internet use inter-enterprise cooperation system in a virtual community can be realized. Inter-enterprise cooperation can cut costs in financing and stock holding, and cut production costs by using effective supply chain management.

### **1.2. Supply Chain Management (SCM)**

Supply Chain Management (SCM) integrates and manages purchasing, production, marketing. SCM is an extended enterprise linking suppliers, manufacturing facilities, wholesalers, retailers, and customers. With present technology and the Internet, it is possible to build the SCM inside the enterprise, and the Extranet can enlarge or link the SCM processes. The expected results of using SCM is to deliver goods at the proper time and place with minimum cost, minimize stock levels, and provide customers with satisfactory service.

### **1.3. Extranet**

The Extranet is a private network system which links separate Intranets of more than two enterprises using the Internet. With shortened

terminology of the extended intranet, it uses the capabilities of the Intranet and enhances cooperation between enterprises. Furthermore, the Extranet connects companies' intranet with suppliers, customers, and others involved in the transaction.

#### **1.4. Electronic Data Interchange (EDI)**

The Electronic Data Interchange (EDI) is an electronic system used to exchange standardized bills or invoices through computerized communication between enterprises. Recently, the Internet EDI was introduced, and it replaces the expensive VAN.

Benefits from adopting EDI include lower transaction costs, improved cash flow, lower stock levels, more useful information about the quality of products. Side benefits of using EDI include strengthening partnerships by improving the chances of sharing information with business partners, and increasing the competitiveness of any company by improving the accessibility to new markets.

#### **1.5. Electronic Commerce (EC)**

Electronic Commerce (EC) means the conducting of business communication and transactions over networks and through computers. As most restrictively defined, EC is the buying and selling of goods and services, and the transfer of funds, through digital communications. However, EC also includes all inter-company and intra-company functions such as marketing, finance, manufacturing, selling, and negotiation. Electronic commerce also includes buying and selling over the Internet and all other ways of doing business over digital networks.

In a digital economy, it is very likely that the price of products will drop as competition between on-line business entities or between on-line vs. off-line business entities increases. This leads to a great economic benefit for consumers, which we could call Consumer Surplus in a Business to Business (B2B) transaction. However, there is saying that when we refer to the digital economy, the economic benefit made by E-commerce between companies, say a B2B transaction, is much more than consumer surplus. For example, as consumers can find out the best, cheapest goods through the Internet, so too can companies find out how to cut manufacturing costs by finding the most competitive materials or suppliers of parts for their products. In addition, companies can cut stock-related costs significantly by more efficient stock management. Internet transactions between companies can simplify marketing

processes, and cut costs involved in the process between producers and consumers. Especially when there are still inefficiencies, B2B transaction can shorten unnecessary marketing or distribution processes between the producers and consumers, and it is highly expected that the marketing costs will be cut significantly.

## **2. Opportunities for Cooperative Trade**

Cooperatives should also look to change under this new environment and look for new opportunities for promoting cooperatives trade. Current trading done by cooperatives in the three countries is mainly performed in association with enterprises, rather than among cooperatives. Differences in trade practices, products, trade terms, and other constraints hinder trade among cooperatives. With these constraints, the three countries cooperatives cannot take full advantage of the benefits or merits which come from trade among cooperatives.

Now, we are looking for how cooperatives can overcome these challenges and activate trade among them. These are five ideas.

### **2.1. Further Cooperation With Cooperatives**

The cooperative trade is safer and more sustainable when it begins with inter-cooperative transactions rather than when it begins with enterprises. Trading done by cooperatives in the three countries is mainly performed in association with the enterprises, rather than among cooperatives. Differences in trade practices, products, trade terms, and other constraints hinder trade among cooperatives. With these constraints, the three countries cooperatives cannot take full advantage of the benefits or merits which come from cooperative trade.

To overcome these challenges and activate trade among cooperative, it is necessary to build institutional tools among cooperatives. One of solution is for cooperatives to hold regular meetings or joint research teams to discuss business linkage. And discover mutual interests. Alliances among cooperatives are another solution that goes one step further. Based on the alliances cooperative trade can be improved.

A Good example of this cooperation among cooperatives is the Fertilizer/Pesticide Business Exchange Committee, which was established jointly by the NACF of Korea and Zen-Noh of Japan in 2002 to strengthen mutual cooperation and contribute to the development of the fertilizer/pesticide business, of the two countries.



<b>FERTILIZER/PESTICIDE BUSINESS EXCHANGE COMMITTEE NACF &amp; ZEN-NOH</b>	
<b>Purpose</b>	<b>To pursue mutual development of the fertilizer/pesticide business between Korean NACF &amp; Japanese Zen-Noh</b>
<b>Established</b>	<b>February 2002</b>
<b>Functions</b>	<b>Exchange of information on fertilizer/pesticide business and research &amp; review on farm supply business</b>
<b>Member of Committee</b>	<b>Executive Vice Presidents, General Managers, Officers of two cooperatives</b>
<b>Meeting</b>	<b>Semiannually (Two countries taking turns, since 2002 three meetings have been hold)</b>

Cooperative trade can be initiated among cooperatives with horizontal relationships, such as the same business type. Trade can also occur among cooperatives with a vertical relationship, such as between different but associated business types. For example, the horizontal trading scheme is a relationship in which cooperatives in agricultural business sectors have mutual trading businesses to make business connection. The vertical trading scheme is a relationship in which cooperatives of a housing construction business trade with cooperatives selling housing construction supplies.

## **2.2. Strengthen Business Relations With Parent Cooperatives**

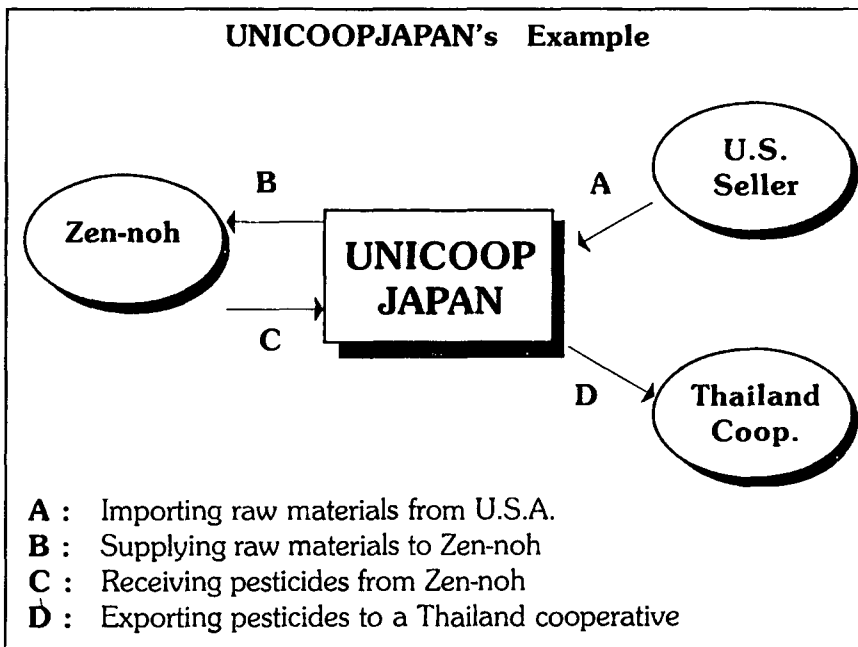
The trading companies under the three countries cooperatives are engaged in trading associated with the businesses of their parent cooperatives. To enhance the trading businesses among cooperatives, it is necessary to intensify the connections between the businesses of the trading companies and their parent cooperatives. Currently trading companies are constrained in the number of products traded and the number of business partners. They should increase the number of products they handle in the businesses of parent cooperatives, and they should be interested in the business of overseas cooperatives with

which the parent cooperatives have had partnerships. With these efforts, trading opportunities with foreign cooperatives can be broadened. Based on the exchange and cooperation with the foreign cooperatives, we can diversify and develop relations with reliable overseas business partners, the cooperatives.

Every trading company should focus on the challenges of developing markets, For example, trading companies should hold business talks, focusing on competitive business strategies to expand export markets.

Furthermore, the list of products which are currently imported from overseas companies should be reviewed to see if they can be imported directly from foreign cooperatives. Trading is safer with cooperatives, which are generally conservative act for the public good, than with private companies.

A network among cooperative trading companies is essential as well. It is important to build a system in which necessary information, such as which cooperatives want to sell what goods or what products other cooperatives want to buy, can be shared. For example, when a parent cooperative produces agricultural inputs, like fertilizer or pesticides, it is necessary for the subsidiary trading company to try to find an imports from foreign cooperatives which is a stable supplier and can provide the raw materials at low cost. The company must also find what other foreign cooperatives need manufactured goods.



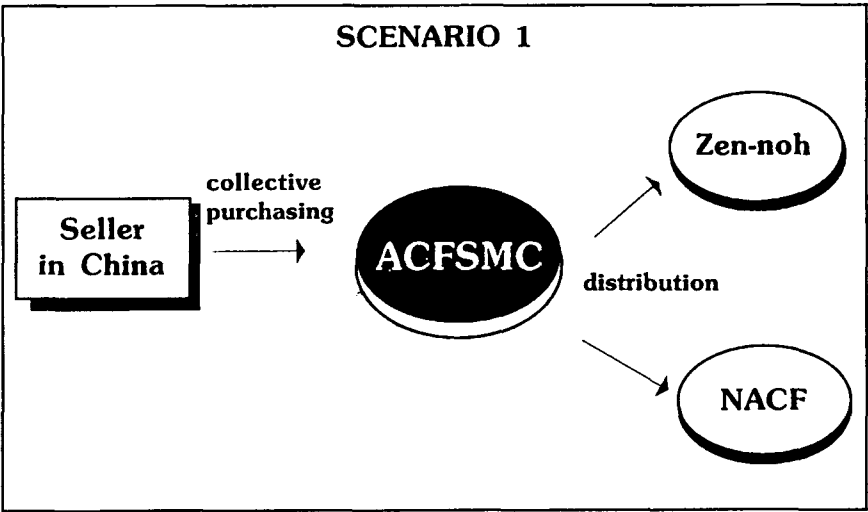
In the above diagram, we can see a good case of strengthening the connections between the business of the trading company, UNICOOPJAPAN and its parent cooperative, Zen-noh. It also represents cooperation among cooperatives. The UNICOOPJAPN imports raw materials of pesticides from a supplier in the United States and then supply them to the Zen-noh which produces pesticides. The UNICOOPJAPAN receives pesticides from the Zen-noh and exports products to a cooperative in Thailand.

**2.3. Collective Purchasing**

Different cooperatives which have to import identical raw materials need to consider collective purchasing which more than two cooperatives jointly participate in the purchase. We can take advantage of bulk purchases to strengthen bargaining power, to lower the purchase price, and to make the terms of purchase more favorable.

We can imagine two scenarios about collective purchasing. Scenario one is for a cooperative to collectively purchase products for other cooperatives as well as itself, and then distributes the product to the other cooperatives. This method is suitable for a cooperative that makes bulk purchases in a region or country where raw materials are produced.

The other scenario is for a cooperative which demand of a product is higher than that of others, to purchase the product in a lump and distribute it to the other cooperatives.

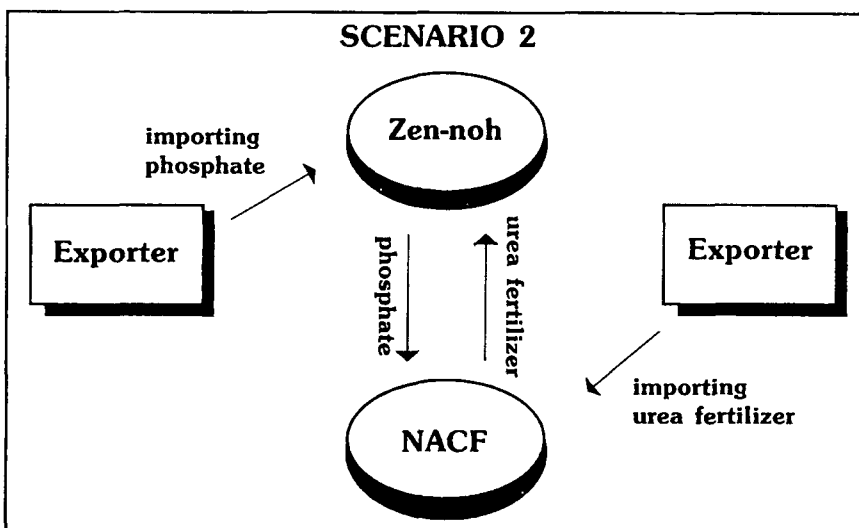


We can think of a scenario 1 as in the above diagram. Korea and Japan, importing raw material for fertilizer from China, can consign

the purchase to cooperatives in China. The ACFSMC makes a bulk purchase for all three cooperatives, and then distributes them to the NACF and Zen-noh.

Among the three countries cooperatives, there has yet to be a case of collective purchasing. Recently, however the NACF and the Zen-noh tried the collective purchasing for certain kinds of fertilizer.

The diagram below shows scenario 2 as in the case between cooperatives of Japan and Korea. It is being considered that the NACF would import urea fertilizer and supply it to the Zen-noh. For phosphate, the Zen-noh is expected to import and then supply it to the NACF. For urea fertilizer, the demand in Korea is higher than that in Japan, and for phosphate, the demand in Japan is higher than that in Korea.



## 2.4 Joint Sales, Joint Brand

Sales differ from purchasing, for a specific reason. Due to the WTO negotiations, market share of domestic products is waning for importing country. Looking at the three countries, Japan and Korea are significantly affected by foreign agricultural imports. Member farmers are suffering due to increase of agricultural imports, and thus it is not fundamentally right to import and sell the foreign products. For this reason, it is not easy for the three countries agricultural cooperatives to be actively and extensively involved in agricultural trade.

However, it may be possible to import and sell some products of which import is inevitable such as products unique to a certain country and popular in other countries, or manufactured products. Korean kimchi

and ginseng are popular in Japan and China. These products are manufactured and produced by the NACF. It is possible that agricultural cooperatives in Japan and China could import and sell them through their own marketing channels.

Developing joint brands which involve cooperatives of many countries can upgrade cooperative trade. Developing multi-national brands will make it easy to explore foreign markets, and avoid the negativity surrounding foreign products. It is worth considering developing joint ventures that include production facilities, sourcing materials, and marketing for value-added products.

### **2.5. E-Commerce Among Cooperatives**

E-commerce is now part of a new paradigm in business which is overcoming constraints of time and space. E-commerce, which improves the competitiveness and efficiency of enterprises will continue to gain in popularity. B2B is e-commerce between businesses and the global B2B market is expected to reach USD 1.3 trillion by the end of 2003, which is 10 times larger than the market volume of business-to-consumer transactions.

In the 21st Century and the digital economy, cooperatives, as economic entities, should develop an e-commerce system and new businesses. In the market economy, it is necessary to organize cooperatives which hope to be involved in e-commerce to gain competitiveness.

The ICA needs to take the leadership in creating a cooperatives e-commerce system which involves its member cooperatives in a kind of consortium. In establishing a cooperative-to-cooperative e-commerce system it is embodying the principle of cooperation between cooperatives in a cyber community, which goes beyond time or space constraints.

#### **Internet B2B Marketplace as International Consortium Style**

<b>MARKETPLACE</b>	<b>SECTOR</b>	<b>PARTICIPANTS</b>
NewCo	Automobile parts	Big 3 in USA, Toyota, Nissan, Renault
GlobalnetXchange	Retail marketing	Sears Roebuck, Carrefour
Rooster.com	Food grain	Cargill, Dupont, etc.

**TENTATIVE AGENDA OF**  
***“ASIA-PACIFIC REGIONAL***  
***COOPERATIVE TRADE FORUM”***

At the CLT Conference Hall, Bangkok, Thailand  
During 13 - 15 November 2003

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**12 November 2003**    Arrival of Foreign Delegates and check in at  
Royal River Hotel

13.00 - 17.45 hrs.    Workshop on “Cooperative Trade : Import  
& Export Procedure”  
(To be participated only Thai delegates)

**13 November 2003**

08.00 - 09.00 hrs.    Registration of all delegates at CLT  
Conference Hall

*Opening Session*

09.00 - 09.10 hrs.    Welcome by Mr. WIRAT AIM-UA-YUT  
Chairman of the Cooperative League of  
Thailand

09.10 - 09.30 hrs.    Keynote Speech by Mr. SHIL KWAN LEE  
Regional Director of ICA ROAP

09.30 - 10.30 hrs.    Presentation on "International Cooperative  
Trade Exhibition and International  
Cooperative Trade Forum"

Beijing, China, April 2003

By Mr. Robby Tulus, Sr. Expert, ICA ROAP

10.30 - 11.00 hrs.    Coffee/Tea Break

11.00 - 12.00 hrs.    Presentation of Cooperative Trade Study of  
China, Japan and Korea

12.30 - 13.30 hrs.    Lunch Break

13.30 - 14.30 hrs.    Country Experiences of International  
Cooperative Trade: Experiences of NTUC  
Fairprice, Singapore

- 14.30 - 15.30 hrs. Presentation of Cooperative Trade Study of India and Sri Lanka
- 15.30 - 16.00 hrs. Coffee/Tea Break
- 16.00 - 17.00 hrs. Country Experiences of International Cooperative Trade: - All the participating countries
- 17.00 hrs. Business Negotiation/Networking
- 19.00 hrs. Welcome Dinner at Royal River - River Cruise

### **14 November 2003**

- 09.00 - 10.00 hrs. - Country experiences contd....
- 10.00 - 10.30 hrs. Coffee/Tea Break
- 10.30 - 12.30 hrs. Group Discussion
- 12.30 - 14.00 hrs. Lunch Break
- 14.00 - 15.30 hrs. Finalization of Group Report
- 15.30 - 16.00 hrs. Coffee/Tea Break
- 16.00 - 17.30 hrs. Presentation of Group Report and Finalization of Recommendation
- 17.30 hrs. Business Negotiation/Networking
- 19.00 hrs. Farewell Dinner at Royal River Hotel

### **15 November 2003** (Study Visit Program)

- 07.30 hrs. Proceed from CLT to Royal River Hotel
- 08.00 hrs. Leave from Royal River Hotel to Nakorn Pathom Province
- 10.00 hrs. Briefings at KU Kampaengsean Cattle Cooperative Ltd., Nakorn Pathom Province
- 12.00 hrs. Lunch
- 14.00 hrs. Briefing at Muang Suphanburi Agricultural Cooperative Ltd. Suphanburi Province
- 16.30 hrs. Proceed to Bangkok
- 18.30 hrs. Dinner at CLT Training Center

### **16 November 2003** Departure of all participants

**List of Participants**  
**“ASIA PACIFIC COOPERATIVE TRADE FORUM”**  
 The CLT Conference Hall, Bangkok Thailand  
 13 - 15 November 2003

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13.	MDM. Raja Maimon BT. Raja Yusof	Head of Training Center		
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21.	Mr. Tan Swee Chong Peter	Committee member		
22.	Mr. Teo Ewe Atin Richard	Committee member		
23.	Mr. Loo Choo Beng	Committee member		

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33.	Mr. M. Marzban Rad	Counselor of Int'l Affair		
34.	Mr.A.R. Mahsab			
35.	Mr. Amir Hossein Safan			
36.	Mr. M. Reza Gangi			
37.	Mr. Ali Karim			
38.	Mr. Mohamed Evfan			
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66.	Mr. Irsyad Muchtar			
67.	Mr. Indriana	Chief of Program		
68.	Mr. Muhammad Harajadi	Asst. Director of Foreign affair		
69.	Mr. Agus Priyanto	Chief of Program		
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73.	Mr. Arif Thamrin			
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20.	Mr. Panuwat Na Nakornpanom	Coop. Technician	Tel.: 66-2281-1900, 66-2281-3095, 66-2282-2922, 66-2282-4860	
21.	Mr. Somkid Jakchai	Coop. Technician	Fax: 66-2282-6078	
22.	Mr. Wirat lam-ua-yut	Chairman	The Cooperative League of Thailand (CLT)	
23.	Mr. Pipatt Koonnirong	1st Vice Chairman	4 Pichai Road, Dusit	
24.	Mr. Kamchad Beawbangkerd	2nd Vice Chairman	Bangkok 10300	
25.	Mr. Prasarn Phetmon	Board Member	Tel: 66-2669 3254-62	
26.	Mr. Sa-ang Pansap	Board Member	Fax: 66-2241 1013 Email: clt_coop@mweb.co.th	
27.	Mr. Taem Rakboon	Board Member		
28.	Mr. Mee Wipasa	Board Member		



No.	Name	Title	Organization/Address	Provinces
29.	Mr. Charoen Chantaisara	Board Member		
30.	Dr. Amnat Rojanapaibul	Board Member		
31.	Assoc. Prof. Sawat Saengbangpla	Board Member		
32.	Mr. Uthai Huankarb	Chairman	Sarapee Agri. Coop. Ltd. 29 M.2, Chiangmai-Lamphoon Rd. Yangnoeng, Sarapee District (50140) Tel: 66-53-32 1118	Chiang Mai
33.	Mrs. Ladawan Potikosum	Manager	66-1-993 3525 (Mobile) Fax: 66-53-32 1118, 5342 2103 Email: sarapeeco_op@hotmail.com	
34.	Mrs. Sakunthip Thongnun	Secretary	Sansai Land Settlement Coop. Ltd. 121 Moo 3, Tambon Mae Fek Mai, San Sai District (50290) Tel/Fax: 66-53-84 8536	
35.	Mrs. Premjit Koomluanlom	Member		
36.	Mr. Suksan Thuamjan	Secretary (Board of Directors)	Muang Supan Agri. Coop.Ltd. 89 M.4 Supan-Chainat Rd., Sanamchai, Muang, (72000) Tel: 66-3552 1655, 3554 6567	Supanburi

No.	Name	Title	Organization/Address	Provinces
37.	Mrs. Sukit Poothong	Assistant Manager	Fax: 66-3552 1655	
38.	Mr. Prasert Dech Oup	Chairman	Ban Hong Agri. Coop. Ltd. 204/11 Moo 2, Lampon-Lee Rd.	Lampon
39.	Mr. Prasert Ypanya	Assistant Manager	Ban Hong (51130) Tel: 66-53-59 1204 Fax: 66-53-59 1204	
40.	Mrs. Payarat Chaisorn	Manager	Ubonratchathani Agri. Coop. Ltd. 208 Thetsaban 12 Rd., Saensuk Warinchamrab (34190) Tel: 66-45-32 1640 66-1-8763260 (Manager) Fax: 66-45-26 9195	Ubon Ratchathani
41.	Mr. Prasit Yarak	Chairman	Khuang Nai Agri. Coop. Ltd.	
42.	Mr. Saisil Kokarat	General Manager	49 Chaengsanit Rd., Khuangnai (34150) Tel: 66-45-20 3035 Fax: 66-45-39 1629	

No.	Name	Title	Organization/Address	Provinces
43.	Mr. Payungsak Thampitak	Chairman	Piboonmangсахam Agri. Coop Ltd. 80/1 Sathitimankam Rd. Piboonmangсахam (34110)	
44.	Mrs. Sorattiya Hongram	Manager	Tel: 66-45-44 2107, 4544 1075 66-1-790 0651 (Manager) Fax: 66-45-44 2107	
45.	Mr. Sawai Khunsawang	Chairman	Muangsamsib Agri. Coop. Ltd. 265 Moo 12, Chayangkun Rd., Muangsamsib (34140)	
46.	Mrs. Porn Matra-Ong	Manager	Tel: 66-45-48 9023 Fax: 66-45-48 9466	
47.	Mr. Charoen Panasod	Chairman	Det Udom Agricultural Coop. Ltd. 1 Moo 5, Pracha Rd., Muang Det, Det Udom (34160)	
48.	Mr. Channarong Wilamart	Manager	Tel: 66-45-36 1103, 4536 2003-4	
49.	Mr. Woradet Sarapat	Account & Finance Staff	Fax: 66-45-28 2019	
50.	Mrs. Orapin Jampanet	Chairman	Boontharik Para Rubber Coop Ltd.	

No.	Name	Title	Organization/Address	Provinces
51.	Mr. Jamroon Yongkhetkit	Chairman	Nongchang Agricultural Coop. Ltd. 36/3 Moo 1, Nongsuang, Nongchang (61110) Tel: 66-56-53 1073 Fax: 66-56-53 2082	Uthaitхани
52.	Mrs. Monruedee Norathep	Manager		
53.	Mrs. Sariprapa Angkratoak	Board Member	Kornburi Agricultural Coop. Ltd. 265 Moo 8, Kornburi-Soengsang Rd., Banmai, Khonburi (30250) Tel: 66-44-44 4217, 44 8254	Nakhon ratchasima
54.	Mrs. Tuanjai Kangwan	Manager		
55.	Ms. Supaporn Panbangpra	Computer Officer	Muang Nakhonsithamarat Agricultural Coop Ltd. 143/1 Moo 8, Sithamarat Rd., Posadet, Muang (80000) Tel: 66-75-34 2660 Fax: 66-75-31 0914	
56.	Mrs. Sujenjit Thongsepee	Chairperson (Women Farmer)		
57.	Mr. Wanchai Punakpan	Manager	Dan Khun Thot Agricultural Coop. Ltd. 333 Moo 6, Dan Khunthot-Nongsuang Rd., Dankhunthot, Nakhonratchasima 30210 Tel: 66-44-38 9398 Fax: 66-44-20 4235	
58.	Mr. Amnat Menkhunthot	Secretary (BOD)		

No.	Name	Title	Organization/Address	Provinces
59.	Mr. Thongsuk Taenmoon	Vice Chairman	Kasetwisai Agricultural Coop. Ltd. 206 Moo2, Pattamanon Rd., Kasetwisai (45150)	Roi Et
60.	Mrs. Boonkerd Panon	Manager	Tel: 66-43-58 9190, 43-58 9470 Fax: 66-43-58 9556	
61.	Ms. Boonluan Udompan	Marketing Officer		
62.	Mr. Prayad Siri	Chairman	Thawangbha Agricultural Coop. Ltd. 416 Moo7, Nan-Thungchang	Nan
63.	Mr. Winai Harnta	Manager	Thawangpa (55140) Tel: 66-54-79 9060 Fax: 66-54-75 5572	
64.	Dr. Prayun Vetchapan	Business Advisor	Nakhonnan Consumer Coop. Ltd. 107/2-3 Mahayot Rd., Naivieng, Muang (55000)	Nan
65.	Ms. Suwannee Jariyaporn	Business Adviser	Tel: 66-54-75 1494 Fax: 66-54-71 0281	
66.	Mr. Thongkham Suyaram	Chairman	Krasang Agricultural Coop. Ltd. 107 Moo 21, Krasang-Plabplachai Rd., Krasang (31160)	Bureeram
67.	Mr. Witoon	Manager Thammadechakun	Tel: 66-44-69 1287 Fax: 66-44-69 1405	

No.	Name	Title	Organization/Address	Provinces
68.	Mr. Chusak Kirimarthong	Chairman	Kirimart Agricultural Coop. Ltd. 19 Moo 8, Sukhothai-Kamphaengphet Rd., Tanod, Kirimart (64160) Tel: 66-5569 5112 Fax: 66-5569 5112	Sukhothai
69.	Mrs. Onrawin Kheawkerd	Manager		
70.	Mrs. Samreng Suksombat	Board Member		
71.	Mr. Panthip Perchao	Manager	Klongluang Agricultural Coop. Ltd. 2/8 M.7 Klongsong, Klongluang 12120 Tel: 66-2-901 5914 Fax: 66-2-901 5914	Pathumthani
72.	Mrs. Somnuek Uthit	Secretary (BOD)		
73.	Col. Mattana Osot-hong	General Manager	Phonyangkham KRP Klang Livestock Coop. Ltd. (Pathumthani Branch) Muang	
74.	Ms. Jindarat Thawintermjai	Chairperson	Rice and Organic Vegetable Producer Coop. Ltd.	
75.	Mr. Surachai Piamkla	Asst. Manager	KU Kamphaengsaen Campus Beef Producer Cooperative Ltd. Kamphaengsaen (73140) Tel: 66-34-28 1683 Fax: 66-34-35 2055	Nakhon Pathom

No.	Name	Title	Organization/Address	Provinces
76.	Mrs. Kanueng Sapraser	Chairperson	Bangsadet Samakkee Agricultural Coop. Ltd. 1/18 Moo 6, Bangsadet, Pamok, Anghong 14130 Tel: 66-1-852 0598 Fax: 66-35-66 2559	Angthong
77.	Mr. Manat Sukprasert	Asst. Secretary		
78.	Mr. Praitwan Poonchai	General Manager	Muang Khlung Agricultural Coop. Ltd. 11 Sukhumvit Rd., Khung Chantaburi 22110 Tel./ Fax: 66-39-44 1375, 44 1762, 44 1711	Chantaburi
79.	Mrs. Jittimâ Kruakeaw	Auditor		
80.	Mr Sanan Amonkul.	Chairman	Muang Lablae Agricultural Coop. Ltd. 206 Moo 4, Injaimae Raod, Tambo Phailuang, Amphur Lablae Tel: 66-55-43 1032 Fax: 66-55-43 1598	Uttaradit
81.	Mr. Rangsana Deenarong	General Manager		
82.	Mr. Supot Tianthong	Chairman	Banlad Agricultural Coop. Ltd. 97 M.7, Saisuthi 1 Rd., Banlad, Phetchaburi 76150	Phetchaburi
83.	Ms. Chawee Jaiyai	General Manager		

No.	Name	Title	Organization/Address	Provinces
84.	Mr. Krailerk Pan-um	Chairman	Sainoi Agri. Coop. Ltd. 48 Moo 5, Sukhapiban 1 Road, Amphur Sainoi (11150)	Nonthaburi
85.	Mr. Praon Kansri	Manager	Tel: 66-2-597 1172 Fax: 66-2-597 1151	
86.	Mr. Samneang Kamkon	Chairman	Borabu Agri. Coop Ltd. 403 Moo 1, Jangsanit Road, Amphur Boraba (44130) Tel/Fax: 66-43-77 1421	Mahasarakam
87.	Mr. Suksee Wianglaw	Marketing Officer	Joon Agricultural Coop Ltd. 299 Moo 9, Huangkhaokam, Amphur Joon (56150)	Payao



## HOST ORGANIZATION

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Executive Director

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## *A View of Coop. Products*



# ICA CO-OPERATIVE IDENTITY STATEMENT

## DEFINITION

A Co-operative is 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.

## VALUES

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

## PRINCIPLES

The Principles of Co-operation are guidelines by which Co-operatives put their values into practice.

**First Principle : Voluntary and Open Membership :** Cooperative are voluntary organisations, open to all persons able to use their service and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

**Second Principle : Democratic Member Control :** Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in democratic manner.

**Third Principle : Member Economic Participation :** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Member usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

**Fourth Principle : Autonomy and Independence :** Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

**Fifth Principle : Education, Training and Information :** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

**Sixth Principle : Cooperation among Cooperatives :** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

**Seventh Principle : Concern for Community :** Cooperatives work for the sustainable development of their communities through policies approved by their members.

