



ICA Committee on Consumer
Cooperation for Asia and the Pacific

The Present Status of Consumer Co-operatives in Asia and the Pacific: 2012



International Co-operative Alliance
Asia and Pacific

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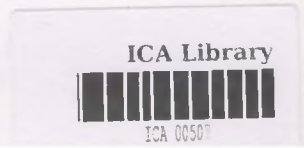
**ICA Committee on Consumer
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**International Co-operative Alliance
Asia and Pacific**



Presented by:
**ICA Committee on Consumer
Cooperation for Asia and the Pacific
Kobe - November 2012**

**International Co-operative Alliance
Asia and Pacific**

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Study on the Consumer Co-operatives in the Asia-Pacific

Background and Introduction

1. An ad-hoc committee was constituted by the ICA Committee on Consumer Co-operation for Asia and the Pacific (hereinafter ICA-AP Consumer Committee) in its 43rd meeting held in Pune, India in December 2009. The Ad-hoc Committee was composed of Mr. Virendra Singh as the Chairman [Chairman of National Co-operative Consumers' Federation of India Ltd. (NCCF, India)], a representative each from Japanese Consumers' Co-operative Union (JCCU, Japan) and NTUC Fairprice Co-operative Ltd. (Singapore) as members. The objectives of the Ad-hoc Committee were to collect information on the working of the consumer co-operatives in the Asia-Pacific region and prepare a status paper on the same for further study and action where needed.
2. In the next meeting of the ICA-AP Consumer Committee held at Beijing on 2nd September 2010, the terms of references and countries for the proposed study were identified as follows:

Main terms of reference/contents of study

- ✓ Structure & administrative set-up
- ✓ Membership details
- ✓ Governing laws
- ✓ Nature of activity
- ✓ Volume of business
- ✓ Problem areas/constraints
- ✓ Possible solutions to problems and work programme for future.
- ✓ Govt. policy/support to the Cons. Co-ops. etc

Countries Selected

- | | |
|--------------|----------------|
| 1. India | 8. Myanmar |
| 2. Indonesia | 9. Philippines |
| 3. Iran | 10. Singapore |
| 4. Japan | 11. Sri Lanka |
| 5. Korea | 12. Thailand |
| 6. Kuwait | 13. Vietnam |
| 7. Malaysia | |

(Study on Kuwait was subsequently kept pending)

3. The purpose of the study was:
 - ✓ To use the inputs of successful countries to improve the working of the societies where they would need assistance.
 - ✓ To prepare suitable plan of action including short-term and long-term work programme for the consumer co-ops in different countries.
4. In the first meeting of the Ad-hoc committee held in Beijing on 2nd September 2010 it was decided that:
 - ✓ Mr. T.T. Adhikari ex-Managing Director NCCF, (India) and presently with the Delhi State Consumers Co-operative Federation Ltd, (India) will be the data analyst/editor for this assignment and he alongwith Ms. Kanako Miyazawa, Secretary of the ICA-AP Consumer Committee will conduct the studies and prepare the reports.
 - ✓ The collected data needed to be studied to analyse the present state of consumer co-operatives.
 - ✓ To breakdown the consumer co-operatives in Asia to some categories.
 - ✓ To analyse the strength and weaknesses of the consumer co-operatives
 - ✓ To make practical proposals to the committee for further development of consumer co-operatives in Asia.
5. In the 2nd meeting of the ad-hoc committee held at HCM city, Vietnam on the 8th September 2011 modalities of the study and preparation of reports were discussed and finalised.
6. The reports have been compiled based on the-spot-study visits, collection of data, information provided by the apex bodies of consumer cooperatives in the respective countries/co-operative organizations, annual reports, information available from the published materials and web-sites.

We are grateful to the concerned federations, societies and other co-operative organizations in different countries for their cooperation, assistance and support which were useful in compiling these reports.
7. This is rather a voluminous work undertaken within a limited period of time. We hope the compiled information will provide useful inputs for taking corrective steps where necessary and making future work programme for the consumer co-operatives in different countries.

Virendra Singh
 Chairman
 Adhoc Committee and Vice-Chairman
 ICA Committee on Consumer Cooperation
 for Asia and the Pacific

Haruyoshi Amano
 Chairman
 ICA Committee on
 Consumer Cooperation
 for Asia and the Pacific

Acknowledgement



I am greatly pleased and grateful to publish this special study report –“The Present Status of Consumer Co-operatives in the Asia-Pacific”. Outcome of this report is indeed brilliant and meaningful because it was made by the collective efforts of the ICA-AP Consumer Committee members. It covers 12 countries namely, India, Indonesia, Iran, Japan, Korea, Malaysia, Myanmar, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. To this success, I would like to share my sincere appreciation with readers to the efforts of the Ad-hoc Committee members who conducted study on their own and visualized their actual status and activities as the Committee member organizations. I should not omit my thanks especially to Mr. Haruyoshi Amano the Chairperson of the ICA-AP Consumer Committee for their supports and leadership paid to this study project; and to Mr. T.T. Adhikari and Ms. Kanako Miyazawa for their diligent jobs taken in the survey, compilation, editing and in printing.

According to the ICA Global 300 Report (2010), the total revenue of consumer cooperatives included in the list was summed as US\$354 billion, which shares 21.7% of the total revenue of the Global 300 co-operatives. This figure itself reveals that consumer sector is an imperative part of global cooperative movement alongside with cooperatives in other sectors of economy like agriculture, fisheries, forestry and credit-banking cooperatives.

It has been self-evident in the region's history that the crucial roles and contribution of consumer cooperatives have been vital in the Region. They have supported and secured largely the livelihoods of billions of people while safeguarding the sustainability of their own communities. The Region now holds approximately 4.2 billion people, a 60% of the world's current human population, and the population was nearly quadrupled during the 20th century.

Therefore, continuous growths and long-term sustainability of consumer cooperatives should be the first-lined objectives of ICA-AP for the coming years. Greatly, the Consumer Committee being chaired and supported by the Japan Consumer Cooperatives Union (JCCU) has been the most proactive Committees in ICA-AP. Taking this opportunity again, I wish to note my sincere gratitude to JCCU for their financial contributions provided to ICA-AP yearly for the implementation of workshops and training programs by that development of consumer cooperative has been anchored largely in the Region.

I wish that this kind of practical knowledge and thus the importance of consumer cooperative movement shall be more publicized and promoted continuously in the region. Let me happily share this informative report with you, all cooperators and stake holders in this commemorative International Year of Cooperatives.

Dr. Chan Ho Choi
Regional Director

Message



I am very proud to present the report on The Present Status of Consumer Co-operatives in Asia-Pacific Region in this commemorative International year of Cooperatives.

The ICA Committee on Consumer Cooperation for Asia and the Pacific decided to conduct this study at its 43rd meeting of the Committee, held in Pune, India, in 2009. An Ad-hoc Committee was formed to dedicate in the study.

It was our first challenge to make a comprehensive study of our member organizations. The study was targeted to the Committee member organizations, and on-the-spot studies were carried on in Iran, Indonesia, Malaysia, Myanmar, Singapore, Sri Lanka, Thailand and Vietnam, in addition to the gathering of the information from annual reports and Web sites.

I believe that with the compilation of this report, we have fulfilled our objectives of the study which is to visualize the actual situation of the Committee members.

Our next step will be to analyze and take necessary actions to meet the needs of our members to achieve our final goal that is to establish consumer cooperation and promote consumer based cooperatives where the members are the owners, users and administrators of cooperatives.

Haruyoshi Amano
Chairman
ICA Committee on Consumer Cooperation
for Asia and the Pacific



National Co-operative Consumers' Federation of India Ltd.

Message



It gives me much pleasure to present this compilation of comprehensive reports on the working of consumer cooperatives in 12 select countries in the Asia-Pacific region based on the study conducted by the team of ad-hoc committee constituted by the ICA committee on consumer cooperation-AP in the meeting held on the 2nd September 2010 at Beijing.

2. The reports contain details of the structure and administrative set-up, memberships, governing laws, nature of activity, volume of business, strength and constraints etc. in the operation/working of the consumer cooperatives.

3. I am sure, analysis of collected information/data will be very useful in bringing in improvement in the working of the consumer cooperatives where needed, especially in our country, for formulating short-term and long-term work programme.

4. I feel that there is a scope and usefulness to remain associated with such functions and related activities like organizing seminars/conferences and conducting training programme for the functionaries of the consumer co-ops in the region, for which the ICA committee on consumer co-operation may continue to provide support and assistance.

5. During deliberations on international year of co-operatives, it is accepted that co-op model is viable and sustainable economic model. Co-operatives are part of solution to world's economic and financial crisis. I strongly support the views of the Minister for Agriculture and Co-operation of India that unless the cooperatives develop their internal strength in the form of professional management, enlightened and active membership, inspiring leadership and innovative vision, it will be difficult for co-operatives to protect and maintain their identity.

6. Lastly, I place on record my sincere thanks and appreciation for the efforts made by ex-Managing Director of NCCF, New Delhi Mr. T.T. Adhikari and Secretary of ICA committee on consumer co-operation-AP, Ms. Kanao Miyazawa for collection of information, compilation, editing and publication of these very informative reports.

Dated
New Delhi
The 17th Oct 2012

Virendra Singh
Chairman
Ad-hoc Committee of ICA
Committee on Consumer Cooperation -AP

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The present status of Consumer Co-operatives
in Asia and the Pacific : 2012

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India

Highlights of Consumer Co-ops

- ✓ 8.4 million individual members
- ✓ A net-work of more than 22,000 primary consumer societies

1. Co-operative movement in India

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Background

The co-operative movement in India is very old. The first set of Co-operative Societies Act was enacted in 1904. The thrust of co-operative movement is mainly on agriculture credit and other allied activities. The Indian co-operative legislation is focused more in safeguarding the interest of farmers.

Law and Management of Co-operative Movement in India

The National Co-operative Consumers Federation of India Ltd (NCCF) is governed under the Multi-State Co-operative Societies Act, administered through the Central Registrar of Co-operative Societies appointed by the Government of India. There are individual State Co-operative Societies

Acts in each of the states in India. In each state there is a Registrar of Co-operative Societies to oversee the functioning of the societies. The management of the societies vests in elected representatives of the members (with government nominees in case where there is government share contribution) with fixed terms of 3 to 5 years. The representatives of primary retail societies are represented in the wholesale societies, which send their representatives to the State Federations. The representatives of both wholesale societies and State Federations which comprise the membership in the National Federation, constitute the board of management of the national apex body i.e., NCCF along with institutional nominees and those from the Government of India.



Structure

2. Outline of consumer co-ops

2.1 Structure of Consumer Co-ops in India

The consumer co-operatives have a four-tier structure in India.

There is a national level Federation which is the National Co-operative Consumers Federation of India Ltd (NCCF).

29 state level Federations coordinate the functions and activities in the respective states.

They are supported by wholesale/central societies at the district level.

The primary co-operative societies with membership of individuals undertake the retail trade.



General body meeting of NCCF

The following is the structure and volume of business of consumer co-operatives in India as per the available information, which requires to be updated.

No.	Particulars	Numbers
1	Primary Societies	22,241
2	Wholesale Societies	612
3	State Federations	29
4	NCCF	1
5	Membership: Individuals Institutional	8,405,000 23,000
6	Sales (Rs./billion) (estimated) - Retail (Primary & W/S Societies) : - Wholesale 1. State Federations 2. NCCF	16 13 15
7	Economic Viability - Primary Societies in profit - Wholesale Societies in profit - State Federations in profit	8051 – 36% 256 – 32% 13 – 45%

Structure

2.2 About the NCCF

NCCF was established in 1965 as the apex body of consumer co-operative societies in the country, registered under the Multi-State Co-operative Societies Act.

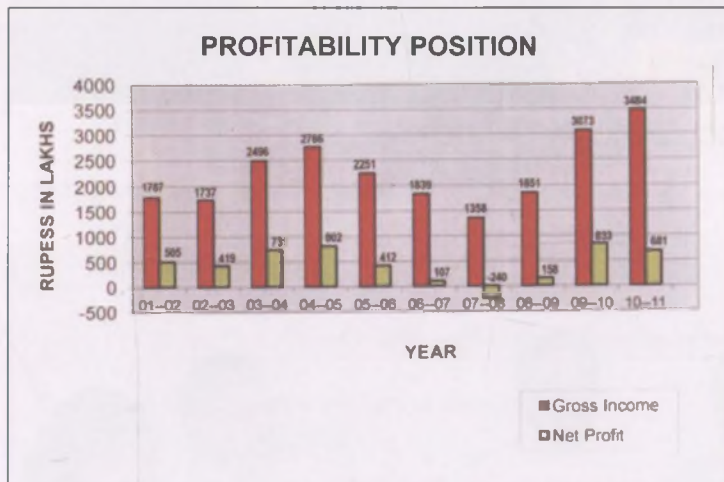
With its head office in Delhi, NCCF operates through a network of 32 Branches located in different parts of the country.

The authorized share capital of NCCF is Rs. 500 million and paid-up capital is Rs. 126.12 million (as on 31.03.2011).

141 primary or wholesale societies, State

consumers co-operative federations and National level organizations besides the Government of India are members of NCCF.

The business turnover of NCCF had been over Rs. 14 billion in different commodity groups during the year 2010-11. The present activities of NCCF include bulk institutional supply of goods, import of pulses on behalf of states for distribution under the Public Distribution System (PDS), export of onion as a government agency, apart from civil construction and infrastructure development activities, etc.

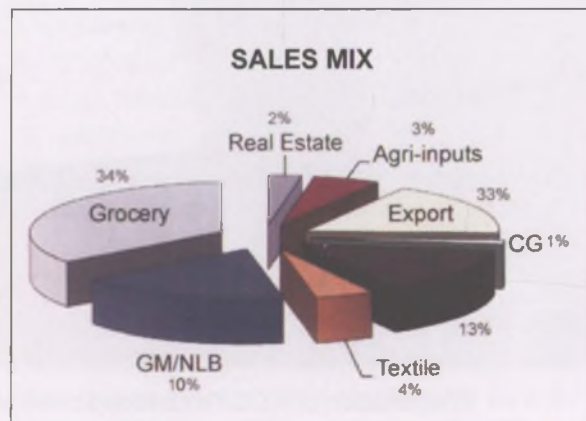


Actual & Projected working results of NCCF

(Figures in Rupees million)

	2010-11	2011-12	2012-13
	Actuals	(Projected)	
Sales	14,645	18,000	20,000
Gross Profit	348	350	416
Expenses	232	250	278
Net Profit	116	100	138

1US\$: INR 53 Approx.



Structure

NCCF cont'd.



Officials from JCCU and ICA-AP at NCCF Hqs.



Presentation of NCCF's dividend cheque to the Hon'ble Minister for Consumer Affairs, Food and Public Distribution, Government of India

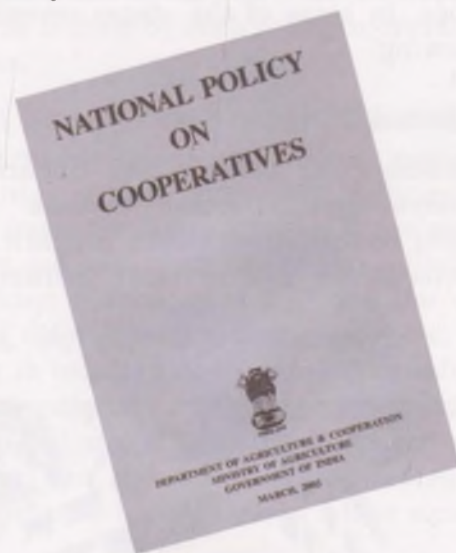
Outline of consumer coops

2.3 National policy on Co-operatives

The present national policy of the Government of India on co-operatives envisages the following:

- Recognizes the co-operatives as a distinct economic sector and an integral component of the socio-economic system of the country and an effective and potential instrument of socio-economic development.
- Recognizes the role of the Government in ensuring that the benefits of liberalization and globalization in the emerging economic environment are extended to the co-operatives in equal measure through suitable fiscal policies and pledges to provide support and protection to the co-operative movement through suitably designed investment programmes with a view to providing the co-operatives a level playing field vis-a-vis other competing enterprises especially in the field of agro-processing and marketing;

- Recognizes the need to provide preferential treatment, as far as, possible, to the co-operatives engaged in areas such as credit, labour, consumer, services, housing, development of underprivileged people, women and development of emerging areas as well as sectors requiring people's participation especially in rural areas.



2.4 Global Scenario vis-à-vis Consumer Co-operatives in India

Over the years, the global economic outlook particularly in the areas of international trade and industrialization has changed. The main drivers and observed areas are:

1. The rapid worldwide development of global village concept and organized food retail sector.
2. The growth, concentration and consumption promises of mega city development for bulk retail.
3. The cheaper and easier dissemination of knowledge about production and consumption pattern.
4. The change of lifestyles directed at con-

venience products, freshness, for the new generation.

5. Consumer preferences demanding traceability and high quality standards.
6. The rise of ethical food supply chains.

The liberalization of economy and Government policy of withdrawal of subsidy as well as financial assistance to the consumer co-operatives have slowed down progress of consumer co-operatives in India.

Nevertheless, the presence of consumer co-operatives all over the country is still quite substantial.

The Indian along with the Asian Societies have undergone tremendous change with a new generation coming up having new outlook in the changed economic status.

Representative Co-operative Societies

The opening up of the economy has helped a lot in bringing about the change in the living standards and purchasing habits of the people.

The consumer co-operatives in the country

over the period have also undergone changes to some extent.

Its usefulness has been felt by the consumers belonging to the lower/middle income groups, at least in some areas.

3. Representative Co-operative Societies

A sample study on the working of consumer co-ops. in some of the states revealed the following:

Maharashtra

A number of societies like Supari Baug Madhyavarti Sahakari Grahak Sangh (Super Bazar), Apna Bazar, Raigarh Bazar, Warna Bazar, Bharti Bazar, Sriram Bazar

and Sahkar Bazar are running their respective network of retail chains for sale of consumer goods.

There is a vast network of consumer co-operatives in the state. However, due to lack of vertical integration and mutual co-operation among the different tiers of co-operatives, they are not able to work satisfactorily and achieve the desired results.



Apna Bazar, Mumbai



Super Bazar, Mumbai

West Bengal

CONFED (West Bengal State Consumers Cooperative Federation Ltd) feels that necessary infrastructure should be created for the co-operative sector for bulk procurement, storage and distribution of consumer goods besides modernization of the management of retail units selling consumer goods.

Calcutta Wholesale Consumers Cooperative Society runs a chain of retail outlets named as "Samabaika". However, due to various

factors like lack of working capital, absence of any modernization programme, non-availability of trained and professionally qualified staff, their working is far from satisfactory.



Representative Co-operative Societies

Delhi

The Super Bazaar – once the largest network of consumer stores in Delhi could not function effectively because of bad management and other factors. The Central Government Employees Consumers Cooperative Society (Kendriya Bhandar) – the other existing network depends mostly on Government institutional supplies for their economic viability. They have, however, a large network of consumer stores all over Delhi.

Out of their 132 consumer stores, 87 are located in Delhi. The annual sales turnover of Kendriya Bhandar is Rs. 4.61 billion (2010-11). The Delhi Wholesale Consumers Cooperative Society run by the Government of Delhi also has a network of retail stores. They, however depend largely on liquor sales for their existence. The management of this society feels that verification of status of their member societies is a major issue, which needs to be done urgently.

The Delhi State Consumers Co-operative Federation Ltd, established a few years back handles sale of items like wheat flour, rice, pulses of different varieties and such other goods through the network of its affiliated units with tie up arrangement with NCCF. It also undertakes bulk supplies of pulses to the Defence establishment and office use items to the Government Departments as is done by such other co-operative societies.

Around 80 small and middle-sized functional primary societies are mainly engaged in running ration shops and selling imported goods for their survival. These societies are not willing to undertake collective centralized purchases and utilize the services of federal society for the purpose, resulting in competitions among themselves. Active engagement of members in running these retail stores is minimal. These are, therefore, just shops and cannot be treated as co-operative institutions in a true sense.



NCCF Retail Store, New Delhi

Democratic Control and Management



Eminent Co-operators at the General Body Meeting of Delhi State Consumers Federation, 2011

Representative Co-operative Societies

Delhi cont'd.



Delhi Wholesale Consumers Co-op Store, New Delhi



Kendriya Bhandar, New Delhi



Swastik Consumer Co-op Store, New Delhi



Sudhar Sabha Consumer Co-op Store, New Delhi

Rajasthan

Rajasthan State Consumers Cooperative Federation Ltd (CONFED) is the state level apex institution in the state functioning with the basic objective of promoting the commercial activities of its member co-operatives and retailing of consumer goods.

The total share capital of CONFED is Rs.

31.44 million with the state Government's share of Rs. 28.98 million.

Retailing of consumer goods is undertaken under the name of 'UPHAAR' Stores. There are 363 such stores in the state and around 100 more are proposed to be opened. CONFED runs 80 chemist shops for the benefit of consumers.

Representative Co-operative Societies

Rajasthan cont'd.

To promote the brand name, augment turn-over and make available good quality spices at reasonable rates, CONFED has an annual calendar for holding Spice Fairs at the

divisional headquarters in the State. Good quality wheat is also sold to consumers at attractive prices during April-June, every year.

उपहार सुपर मार्केट

- शुद्ध एगमार्क मसाले :-

 हल्दी, धनियाँ, मिर्च, अमचूर, गरम मसाला आदि
- एन.एन.टी.सी. -  सोने, चाँदी के सिक्के एवं बर्तन आदि
teaching lives, adding value
- स्टेशनरी, प्रोसर, कोस्मेटिक्स, स्टाव, फर्नीचर, कम्प्यूटर, प्रिन्टर अन्य सामग्री
 किसानपति दरों पर उपलब्ध

मेडिकल अनुभाग

- आमजन, पेंशनर्स, राज्य कर्मचारियों के लिए एस.एम.एस, सेटेलाईट, जिला अस्पतालों एवं डिस्पेंसरियों में दवाइयाँ उपलब्ध कराई जाती है।
- मुख्यमंत्री निःशुल्क दवा योजना अन्तर्गत दवा वितरण केन्द्रों से दवा उपलब्ध कराई जाती है।

Kerala

The Kerala State Co-operative Consumers Federation Ltd was established in 1965 with the primary objective of making bulk procurement of consumer goods for supply to its affiliated and other co-operative societies. Gradually, the Federation diversified its business activities. The Federation now runs 151 retail units for sale of consumer goods under the brand of "Triveni". The Federation introduced a State Government sponsored scheme as "Neethi Scheme" for distribution of selected items of consumer goods at reasonable prices, especially in rural areas which is implemented through network of around 1000 selected primary agricultural credit societies in all districts of Kerala. The Federation also sells medi-

cines at prices much lower than the printed maximum retail prices under the "Neethi Medical Scheme" which benefits common people. The Federation also manufactures and supplies exercise note books under the brand name of Triveni for the benefit of student community.

The Federation achieved a sales turnover of Rs. 10.38 billion and earned a net profit of Rs. 152 million during the year 2009-10.



Outlook of India retail market

Kerala cont'd.

Distribution of essential consumer goods under the public distribution system in the state is handled by the Kerala State Civil Supplies Corporation – a State Government Company.

The corporation runs over 1300 retail outlets under the name of “Maveli Stores” for the sale of various types of consumer goods at reasonable/subsidized rates all over the state, which have become very popular.



A floating consumer store

Outlook of India retail market

Retail Trade of Consumer Goods in India

The volume of current retail sale of consumer goods in India is estimated at \$ 500 billion per annum. The retail consumer goods industry comprises of 7 million small stores, 4 million of which are in rural areas.

Estimated 92% of the retail trade in India is undertaken by the small stores, leaving the rest 8% of the retail trade for the organized/corporate sector.

The rural market accounts for an estimated annual sale of \$ 350 billion in respect of the consumer goods in the country.

From the organized and corporate sector, established industrial houses in India have set-up large sized retail outlets in various cities in India, whose combined present vol-

ume of retail sales is about \$ 40 billion per annum.

More than 400 large sized shopping malls having around 200 million sq. ft. of shopping area have come up in various metro cities in India. About 700 such malls are expected to come up in the next five years to take up retailing of branded consumer goods both from the established international market and domestic trade.

Various large sized industrial houses in India have made investment of around \$ 500 million in creating infrastructure for retail trade in India.

The consumer co-operative societies have to find a place for themselves in the market for their share in this.



4. Problems and Future visions

4.1 Overall Assessment and the Present Status

As per available information, out of 29 State Federations, 16 are either defunct or non-existent now.

About 68% of the Wholesale Societies and 64% of the Primary/Retail Societies are also either defunct/nonexistent or running in huge operational losses.

Existence of a large number of dormant societies would create hindrances in planning and preparing meaningful revival packages for the consumer co-operatives.

Detailed studies have to be made to ascertain the present status and working of consumer co-operatives in each state in India and prepare plan of action for the respective states.

4.2 Problems and Difficulties

Consumer co-operatives received a good deal of support from the Government in the past through various Government sponsored schemes which have been withdrawn now, as a part of Government policy on open and free economy.

The 4-tier structure of co-operatives has not been functioning satisfactorily for the following main reasons :

1. There is no centralized procurement arrangement in respect of major consumer goods to meet the expectations of the societies in the lower tier.
2. In the absence of synchronized and integrated structure, these societies in fact have been competing with each other in the same line of trading activity.
3. Most of the state level societies and wholesale stores have become ineffective.
4. The mark-up of 8-10 percent of the retail stores are not sufficient to cover the administrative and selling expenses of the societies.

All these have practically depleted organic linkages among the member organizations making the entire structure almost defunct.

Apart from weaknesses and shortcomings in-

dicated above, the major factors responsible for present state of affairs are :

1. Problems of access to finance for expansion, absence of long term planning and lack of professionalism.
2. No concerted effort to bring in newer practices for furthering growth of the consumer co-operative societies.
3. The co-operatives have not been able to meet the requirement for quality goods, efficient handling/management, clean environment and after-sales services as per the concept of modern retail management.

The whole sector is plagued with the problems of lack of :

1. Vertical linkage with other national and state federations, wholesale and other co-operative societies and members;
2. Synergy among the member societies and with other national and state level co-operative bodies;
3. Government support in promoting consumer co-operative movement including extending preferential treatment and develop it to act as an instrument in intervening the market; and capital, land/space for expansion and trained personnel in the sector.

Problems and Future Visions

Problems and difficulties cont'd.

Poor management is another dark side of consumer co-operatives.

Consumer Co-operatives could not attract professional managers.

It has become more difficult for the consumer co-operatives in the country to sustain their survival in the present scenario of stiff com-

petition from the private retailers entering into the distribution trade, in the absence of financial and other support of the Central/ State Governments which was being received earlier.

The consumer co-operatives in the country, therefore, have to face the challenges of the big players who have huge resources.

4.3 Observations and Recommendations by the Working Group Constituted by the Government - 2010

Main Observations

Consumer co-operatives were given an important role in the country, during the post-independence period for safeguarding the interest of consumers.

It was observed that during the time of scarcity, the private trade had frequently failed to render the required services to the consuming public by adopting straight forward business practice.

On the other hand, there have been tendencies to take undue advantage of such conditions to exploit the consumers by way of hoarding, black-marketing, adulteration and charging higher prices. Under this situation, the consumer co-operatives were found to be the only answer to protect the interests of consumers in the country at large.

Consumer co-operative societies handle distribution of a wide range of essential commodities such as food-grains, pulses, edible oil, tea, sugar, salt, textiles, toiletries and cosmetics, books and stationery, drugs and medicines, household goods and general merchandise items etc.

Some of the societies and the State level Federations are also undertaking processing/

manufacturing activities like processing of pulses and spices, manufacturing of exercise note books, edible oil etc. in a limited way to meet the requirement of the local societies/ consumers.

The consumer co-operative societies were envisaged as an instrument for implementing State policies in areas such as public distribution, market intervention and price support operations for agricultural commodities. The role of co-operatives has acquired a new dimension in the changing scenario of globalization and liberalization of the national economy.

With the current liberalized economic policy of the Government of India and modernization of the distribution/ retailing network, most of the state level societies and wholesale stores have reportedly become unviable. Apart from becoming full-fledged Government suppliers, the National and State Federations and other co-operative societies, are competing with each other today.

The organized retailers in the metros and urban centres virtually pushed the consumer co-operative sector to become totally uneconomical and noncompetitive. In this background, the consumer co-operative sector is going to face stiff competition from private trade, particularly the manufacturers of consumer goods who are in the private sector.

Problems and Future Visions

Revitalization Plan

The summary of recommendations given in the Revitalization Plan prepared by the NCCF on the suggestions of the Working Group include creation of a strong infrastructure by constructing warehouses, cold storages, processing units for pulses, spices etc., setting up of large sized retail outlets, procurement of selected agricultural commodities on a large scale, besides the following:

- NCCF being the apex body should establish direct linkage with the producers/manufacturers of consumer goods.
 - The Government may engage NCCF and other consumer co-operatives as major conduits for procurement of reasonable quantity agricultural commodities (food-grains/pulses) under various schemes.
 - Distribution of consumer goods imported by other Govt. agencies should be entrusted to NCCF for sale at reasonable prices for the benefit of consumers.
 - Consumer Co-operatives guided by NCCF should maintain the supply line of essential consumer goods.
 - NCCF should have adequate storage facility at strategic locations, for which warehouses and cold storages should be established.
 - NCCF should open department stores at select locations in different places of the country.
 - NCCF should be associated for running of various Govt. welfare schemes.
 - Distribution of goods under the Public Distribution System (PDS) should be entrusted to the NCCF and consumer co-operative societies on preferential basis with reasonable margin.
 - NCCF should set up agro processing units at select places.
 - NCCF to have the process of knowledge dissemination and collection of market intelligence.
- NCCF should operate a scheme for distribution of selected consumer goods with Government assistance.
 - Retailing of medicines in Government hospitals and other places.
 - Members to be encouraged to contribute to the share capital.
 - Small-sized societies should merge together to ensure sustainability.
 - NCCF should established vertical linkage with member societies.
 - Retail societies should establish campus co-operatives.

NCCF to:

- ✓ adopt best trading practices.
- ✓ prepare a workable business plan.
- ✓ develop own products and brand names for the consumer co-operatives.

Important Suggestions and Recommendations from the Working Group

Connecting producers to consumers without long chain of intermediaries is a challenge which could be best met by the consumer movement in co-operative sector and therefore the role of NCCF in this regard is quite important. The establishment of integrated value chains from small scale producers to the large cross section of consumers could be a significant step in this direction.

There is a need for providing financial support to the NCCF by the government to develop the infrastructure at different levels to ensure distribution of essential consumer goods at affordable prices.

The food security has been a major concern in India since independence. India achieved self-sufficiency in food-grains in the 1970's and has sustained it thereafter. But the achievement of food security at the national level did not percolate down to households and the level of chronic food insecurity is still high.

Problems and Future Visions

Suggestions and Recommendations cont'd.

The Government of India has been implementing a wide range of nutrition intervention programmes for achieving food security at the household and individual levels.

The Public Distribution System (PDS) supplies food items, such as food-grains and sugar, at administered prices through fair price shops.

There have been a range of food-for-work and other wage and employment programmes. Another approach adopted by the government is to target women and children directly. This includes mid-day meal programme for school going children and supplementary nutrition programme for children and women.

To strengthen the proposed food security scheme, the available infrastructure of NCCF should be entrusted with procurement, storage and distribution of consumers goods of daily use at affordable price throughout the country, besides, utilizing these for implementation of other Government sponsored schemes to the extent possible.

The NCCF should act as an aggregator in the market for procurement of pulses and other agricultural commodities, arrange for their storage, processing, grading, packaging

and distribution throughout the year in the interest of the farmers of the country.

The available infrastructure of NCCF should be utilized for procurement, storage and distribution of consumer goods of daily use at affordable prices throughout the country, besides utilizing these for implementation of other Government sponsored schemes to the extent possible.

The other steps such as internal control measures, training of staff, professional management and development of relations with member co-operatives are also useful for the NCCF in addition to:

- ✓ Making available cereals and pulses in semi-processed or processed form from farmers' fields to the consumers' houses through integrated chains.
- ✓ Creating an end-to-end value chain for procurement of oil seeds, their small or large scale processing and distribution up to the consumer end.

The Working Group felt that NCCF should develop commercial relations with its member societies of different status and assist them in working out proper business work programme directing at taking up responsibilities for distribution of consumer goods and implementation of various welfare schemes of the Government in association with the NCCF.

4.4 Future Prospects and Impact of Government Regulations

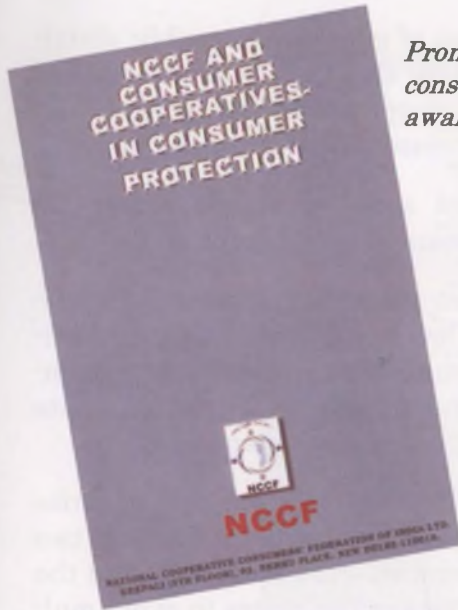
The Indian consumer co-operatives have to take urgent and important steps like adoption of modern management techniques, professionalization and capital formation etc., to keep pace with the changing economic scenario and to survive the challenges from the private sector enterprise in the retail trade.

On the brighter side, the consumer movement in India received a big boost with the enactment of Consumer Protection Act aiming at protecting the rights of the consumers and redressal of their grievances quickly through the user-friendly consumer courts.

Through other Government enactments like Weights and Measures Act etc., it has been made compulsory for the manufacturers of

Problems and Future Visions

Future Prospects cont'd.



*Promotion of
consumer
awareness*

products to provide full product information of the packaged goods to the consumers.

There are also various measures on quality control and against deceptive advertisements etc., in place.

However, the consumers themselves have to be self-cautious and aware to establish themselves as market force individually and through the infrastructure of consumer co-operatives, to have a meaningful existence in the competitive market in the modern economic scenario – indeed a lot of hard work and a long way to go.

In a rather difficult situation the consumer co-operatives have to accept the challenging assignment of giving a new direction to themselves for their survival and to create a place in the consumer market.

4.5 Summary of Action Plan and Suggestions

- ✓ NCCF as the national apex body has to establish direct linkage with the producers/manufacturers of consumer goods.
- ✓ Consumer co-operatives led by NCCF should maintain the supply line of essential consumer goods.
- ✓ NCCF should have adequate storage facility at strategic locations, for which warehouses and cold storages should be established to be utilized by the consumer co-operatives.
- ✓ To open large sized retail units in select locations in different places of the country to project/showcase the image of consumer co-operatives, besides making available a large selection of consumer goods.
- ✓ To establish vertical linkage with member organizations to facilitate exchange of views with the member co-operatives on various aspects of management in mutual interest and for development of a sound and sustainable infrastructure of consumer co-operatives in all states.
- ✓ NCCF should set up agro-processing units at select locations.
- ✓ NCCF to have the process of knowledge dissemination and collection of market intelligence to be shared by other consumer co-operatives.
- ✓ To prepare a workable business plan for each state after conducting detailed study of the working of the consumer co-operatives. The study in respect of the state level federations may be conducted by the NCCF and their short-term and long-term business work programme may also be prepared by the NCCF in consultation with the state authorities. The study within the state may be undertaken by the Registrar, Co-operative Societies in association with the state federations.
- ✓ NCCF should develop its own products and brand names in the consumer co-operative sector.

Problems and Future Visions

Summary of Action Plan cont'd.

- ✓ NCCF should organise training programmes for employees and officers of the consumer co-operatives, which should be a regular process.
- ✓ The Government may engage NCCF and other consumer co-operatives as major conduits for procurement of reasonable quantity of agricultural commodities (food grains/pulses) under various schemes.
- ✓ Distribution of consumer goods imported by other govt. agencies should be entrusted to the consumer co-operatives for sale at reasonable prices through the network of consumer co-operatives for the benefit of consumers.
- ✓ NCCF and other consumer co-operatives should be associated for providing supply support to various Government welfare schemes, like the mid-day meal scheme for school children.
- ✓ Distribution of goods under public distribution system should be entrusted to the consumer co-operatives on preferential basis with reasonable margin for them.
- ✓ Small sized societies should merge together to ensure sustainability.
- ✓ The present status of members of societies at all level (apex, wholesale and primary societies) both institutional and individuals needs be verified to eliminate the defunct and non-existent ones.
- ✓ The existing structure of the societies needs be modified to maintain only two types of societies – the apex body and the retail societies in the states to avoid multiplicity of the societies.
- ✓ Co-operatives should adopt best trade practices.



4.6 Expected Impacts of Action Plans/ Suggestions

- ✓ A strong and viable co-operative sector, capable of undertaking socio-economic activity through infrastructure development in the form of creating storage space, processing units particularly for agro based products, setting up large-sized retail outlets and procurement of items of mass consumption such as food-grains and pulses for sale at reasonable rates and to maintain the supply line.
- ✓ Disciplined approach with diversified business activities.
- ✓ Dedicated supply line for essential commodities.
- ✓ Available infrastructure for crisis management in case of need.
- ✓ Positioning the consumer co-operatives as instrument in market intervention for price stabilization.

Basic information on India

5. Basic information on India



For illustration purpose only

- Name : Republic of India
- Capital : New Delhi
- Largest city : Mumbai
- Government : Federal Parliamentary Constitutional Republic
- Area : 3,287,260 km²
- Population : 1,210,193,422 [2011 census]
- GDP (PPP) : US\$4.457 trillion [2011 estimate]
- Currency : Indian Rupee (INR)



Indonesia

Highlights of consumer co-ops

- ✓ Institutional and university co-ops are more active
- ✓ Smaller stores

1 . Co-operative movement in Indonesia

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According to the data of the Ministry of Co-operatives and Small and Medium Enterprises (31st December 2011), there were 188,181 co-operatives with 30,849,913 members and a share capital contribution of 35,794,284 million Indonesian Rupiah (IDR) in Indonesia. The turnover of co-operatives was 95,062,402 million IDR.

Credit co-operatives are most active in Indonesia, just as featured in most of other Asian countries. Producers', insurance, institutional, housing, workers', distribution, market traders, women, youth, banking and health co-operatives also take part in Indonesian co-operative movement.

Indonesian Co-operative movement started at the end of the 19th century. The co-operative idea was introduced by Mr. R. Aria Wiraatmadja in Puwokerto, Central Java.

The first co-operative was a credit co-operative, which was similar to Raiffeisen credit co-operative model. It was founded by the vice regent of Purwokerto to help citizens to escape from the trap of money lenders.

A genuine people's co-operative movement started early in the 20th century, with the establishment of housing co-operatives. The movement expanded and textile traders established their co-operatives.

After the independence of Indonesia, co-operatives held their first Congress in 1947. At the congress, the participants declared to form the Central Organization of the Indonesian People's Co-operative (SOKRI). SOKRI was the first national organization of Indonesian co-operatives, and later changed its name to Dewan Kpoerasi Indonesia (DEKOPIN : Indonesian Co-operative Council).

Indonesian Co-operative Movement

Co-operative movement in Indonesia (contd.)

The role of DEKPIN is to make and execute strategic plans concerning advocacy, business development, human resource development, communication and domestic and international cooperation of co-operatives.

The co-operatives in Indonesia have a three-tier structure as follows:

- 1) Secondary co-operatives that have members in all provinces or more than one province are qualified to become DEKOPIN members.
- 2) Primary co-operatives and/or secondary co-operatives having members in one province or more than one municipality register to DEKOPINWIL (Provincial Co-operative Council).
- 3) Co-operatives having members in one municipality or district become members of

DEKOPINDA (District Co-operative Council).

A member of the International Co-operative Alliance since 1958, DEKOPIN is governed by a board of 11 directors from 35 national co-operative federations and 33 provincial co-operative councils. These bodies in turn represent 149,000 co-operatives with 28 million members.



2. Outline of consumer co-ops

The co-operatives in Indonesia are under the Ministry of Co-operatives and Small and Medium Enterprises. They are governed by the Co-operative Law. The government's role is to coordinate the regulation for co-operatives, facilitate their business and support the registration of co-operatives.

Unfortunately, it is difficult to accumulate the data of only consumer co-operatives.

Consumer based co-operatives doing only retail business are not so active in Indonesia. Most of the consumer co-operatives doing retail business in the city are in small size and run small stores.

The consumer co-operatives unified on national level are "institutional(employees)" or "youth (university)" co-operatives.

The biggest consumer co-operative affiliated to DEKOPIN is Induk Koperasi Pegawai Republik Indonesia (IKP-RI: The National Federation of Indonesian Civil Servants Co-operatives), which is a multi-purpose co-operative aimed to support the government employees. Its main business is credit and banking business and additionally it runs the stores for the welfare of its members.

Koperasi Pemuda Indonesia (KOPINDO: The Indonesian Youth Co-operatives), the activity of which is close to "university co-operative", is also a member of DEKOPIN.

Kopkar Keluarga Besar Petrokimia is another member of DEKOPIN and is an institutional multi-purpose consumer co-operative of a fertilizer company.

Representative Co-operative Societies

3. Representative Co-operative Societies

1. National Federation of Civil Servant Co-operatives (IKP-RI)

National Federation of Civil Servant Co-operatives (IKP-RI) is the national federation of the Indonesian republic officers' co-operatives. Its members are republic officers nationwide.

26 provincial organizations (10,400 primary co-ops and 1,828,739 individual members) are members of IKP-RI. Its share capital was 143 billion IDR and revenues 7.5 billion IDR in 2011. (1US \$ = 9648 IDR approx)

The main business of IKP-RI is banking. Due to the legal restriction, the banking institution is set up as subsidiary of IKP-RI. The banking

business is doing well and ranks in mid level among all banks in the country. Besides banking business, IKP-RI runs credit, hostel and retail businesses. During the last 5 years, its retail business has not been doing well due to severe competition on the retail market.



2. Retail Project of LAPENKOP

The Co-operative Education and Training Institute (LAPENKOP) was founded in 1995. The aim of the institution is to meet the problems faced by co-operatives, especially in co-operative awareness and professional management fields.

It has programs to educate board members and staff of co-operatives in Indonesia. Part of programs are supported by the government. The training programs vary from training of basic principles of co-operatives, capacity building of store managers to marketing. It also conducts several projects in collaboration with the government and NGO organizations.

One of the projects LAPENKOP is now engaged in is "Co-op Mart Project". It is executed in cooperation with SCC (Swedish Co-operative Center). Co-op Mart Project is aimed at supporting DEKOPIN member co-operatives to open stores with same facade and merchandising assortments.

Currently, there are 8 Co-op mart stores in Indonesia. 6 to 7 will be opened additionally in 2012, in West and Central Java area.

The decision of opening stores is based on the agreement among individual members of Project member co-operatives. Currently, Credit co-operatives and women co-operatives are members of this Project. It may be a cross-sectoral project.



Representative Co-operative Societies

3. SB Mart Koperasi Sejahtera Bersama

SB Mart is a retailing business unit of Koperasi Sejahtera Bersama (Common Wealth Co-operative). Koperasi Sejahtera Bersama was founded on the 5th Jan. 2004 and the membership reached 30,000 in 2011. The motto of the Co-op is “comfortable” and “fulfill the satisfaction of members”.

Koperasi Sejahtera Bersama started its retailing business in 2010 to meet the needs of its members. Currently, there are 87 stores in West Java area with 700 employees. 2 additional stores will be opened in 2012.

The co-operative sets the target of retail business to “Muslim families”. The stores are mid-sized, approximately 100 to 150 square meters, and deal with 5,000 items of products on an average.

The co-operative owns its product storage and processing center to realize a central processing and packaging of products for the stores.

The best selling items in the stores are daily commodities such as rice, cooking oil and margarines.

The next goal of the co-operative is to have a partnership with micro, small and medium enterprises and sell products through their retail channels. They are also planning to rent a space for themselves so that they can sell their products as well.

In order to strengthen the collaboration with these enterprises, they would like to offer them a membership in the co-operative.



Problems and future visions

Outlook of Retail Market in Indonesia

The majority of retail market in Indonesia is composed of "Pasar", the traditional wet markets and individual grocery stores.

Since late 1990s, the government allowed foreign retailers to come into Indonesian retail market.

Currently, with the growth of middle class consumers, the retail market in Indonesia is growing rapidly.

Traditional markets have been replaced by modern type outlets such as hypermarkets, supermarkets and mini-marts that can give "a variety of choice" to consumers. Hypermarkets have attracted the Indonesian con-

sumers since they have been introduced.

There is a tendency that the modern retailers are concentrated in Java area. In fact, traditional retailers are still dominant especially in rural areas. More than 60% of retail market share in the country is occupied by the traditional retailers.

Among the modern retail outlets, hypermarkets and mini-marts are growing. This tendency may continue due to the consumers' high demand of "convenience" and "variety of choice".

It is estimated that the modern type retailers will enjoy further growth in the future.



4. Problems and future visions

4.1 Problems of Indonesian co-operatives

From the government's point of view, the biggest problem that the co-operatives, especially small co-operatives, are facing now is the vulnerability of financial structure.

Stability of membership is strongly linked to this problem. Both the stable management system and membership are required to stabilize the financial structure of the co-operatives.

4.2 Problems of consumer co-operatives

The problems of consumer co-operatives in Indonesia are summarized in two parts:

1. Government's point of view

- ✓ Vulnerability of financial structure,
- ✓ Lack of distribution systems and IT network,
- ✓ Lack of competitive advantage in globalization.

2. DEKOPIN's point of view

- ✓ Lack of network among members,
- ✓ Lack of network between vertical stages, lack of distribution systems and network,
- ✓ Lack of retail professionals,
- ✓ Lack of competitiveness in the severe retail market globalization.



Relationship with the Government

4.3 For the future

DEKOPIN and the Indonesian government is working together to revitalize co-operatives in the country.

Consumer co-operatives are not the exception and a 5-year plan is now under consideration in DEKOPIN for the future revitalization.



DEKOPIN

5. Relationship with the Government

Co-operatives have strong relationship with the government especially in local area. The local governments support small co-operatives by subsidizing them.

In addition to providing services related to the business of co-operatives, the government supports them by providing educational services. The trainings vary from the general management of co-operatives to such practical trainings as “How to make a financial report”.

Those co-operatives with less than 50 million IDR in share capital and earning less than 300 million IDR are provided with financial assistance by the government.

In addition, the local governments support the co-operatives by providing them with technical assistance. Some training courses are held at LAPENKOP and the courses are partially funded by the government.

The Ministry of Co-operatives and Small and Medium Enterprises published “Revitalization of co-operatives and small medium enterprises” in 2010.

According to this document, the strategy of

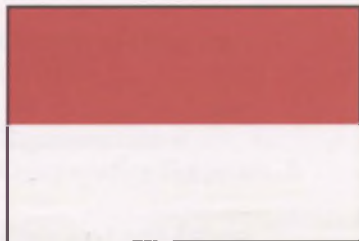
the government is to strengthen the potential of co-operatives by increasing the membership, especially in the credit and savings sector.



Basic Information on Indonesia

6. Basic Information on Indonesia

Name	:	Republic of Indonesia
Capital	:	Jakarta
Largest city	:	Jakarta
Government	:	Unitary presidential constitutional republic
Area	:	1,904,569 km ²
Population	:	237,424,363 [2011 census]
GDP (PPP)	:	US\$1.124 trillion [2011 estimate]
Currency	:	Rupiah (IDR)



From: Wikipedia

Iran

Highlights of consumer co-ops

- ✓ Dedicated customer base
- ✓ Positive Government approach and support

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1. Co-operative movement in Iran

The co-operatives are in existence in Iran since 100 years.

Different forms of co-operatives like credit co-operatives, producers/supply co-operatives, consumer supply co-operatives, transportation co-operatives, industrial co-operatives, development co-operatives, handicrafts/carpet manufacturers co-operatives, agriculture; housing; mining co-operatives, multi-purpose co-operatives and other forms of co-operative societies function in the country.

There are 164,959 all forms of co-operative societies in Iran collectively employing about 2 million persons.

The government recognizes the co-operative sector as a strong infrastructure in the socio-economic development of the country.

The government has provided strong support to the co-operatives and they are effectively involved in the policy

making process of the country.

The representatives of the co-operatives are associated with different committees, councils and forums such as: expertise council and those of commerce and co-operatives; general assembly and exhibition; solving tax disputes, export and supervision of election and co-operative management etc.

The economic structure of Iran comprises of contributions from the Government and Government institutions; co-operative societies and the private trade. The co-operatives contribute about 5% of the GDP. As per the projections fixed for the current 5 year plan-period, the contribution of the co-operatives to the GDP is projected at 25% at the end of the plan-period.

The Iran Central Chamber of Co-operative (ICC) as the apex body, coordinates the activities of co-operative societies in Iran.

Outline of Consumer Co-ops

The ICC provides training, organizes seminars, conferences, and exhibitions, besides coordinating with different sectors of the co-operative societies. They also liaison with the country's law makers and different councils.

ICC has provincial establishments to coordinate with the local co-operative societies.

There is a law enacted by the Parliament (law of co-operatives) to regulate the working of

the co-operative societies. The Government provides 25% exemption in taxes to the co-operatives.

ICC looks after the area of inter co-operative relations in different sectors and assist in publicizing the co-operative culture.

The co-operatives have a strong presence in the Parliament of Iran.

2. Outline of consumer co-ops

Operation of Societies

The co-operatives in Iran were initially organized as peoples movement managed by the trustees appointed by the members. Gradually laws, rules and regulations governing the activities of the societies were evolved.

There are 11,042 consumer supply societies in Iran having 7,890,209 members. They created 1,40,500 jobs in the country.

Local co-operative societies are affiliated to the provincial unions of consumer co-operative societies. The provincial unions are attached with the National Consumers Co-operative of Iran.

The provincial unions coordinate with their counterparts of the provincial ICC and the national co-operative with the ICC central office in Tehran for guidance and policy support.

Management and Working of Consumer Co-operatives

Different segments of consumer co-operatives in Iran like responsible and responsive societies provide defensive mechanism and supply consumer goods during the time of crisis, when

such situation arises. The Government assists them in such activities.

There are positive provisions in the Iranian laws to support the activities of consumer co-operatives and for that matter all forms of co-operatives.

The societies are governed by board of directors elected by the members for 3 year tenure.

The purchases are made by the provincial union for the affiliated societies centrally by working out arrangements with the manufacturers, which provides them bargaining power and price preferences.

The goods are stored at convenient locations to supply to the retail societies as per their requirement.

The consumer co-operative societies add average margin of 7-8% (maximum 10%) while fixing the selling prices. The sale prices are always below the prices printed.

Any local citizen can become a member of co-operative society by paying a minimum membership fees. A member can purchase shares to the maximum of 15% of the subscribed capital.

The funds of the society comprise of amounts

Representative Co-operative Societies

2. Outline of consumer co-ops (contd.)

contributed by members as share money.

Increase in prices/inflations, competition from large retailers in the private trade and difficulties in arranging capital for expansion are the problem areas.

All goods sold by the co-operatives are free market commodities in normal situations. During the period of holy Ramadan, festival seasons like Eid and Nowrouz, the cooperatives make special arrangements for making available consumer goods on a large scale. In some cases special discounted prices are offered.

The co-operatives have made arrangement

for grading and packaging of different varieties of consumer goods like food-grains, pulses etc. The quality control is supervised by Government health officials. Efforts are being made to develop own brands by the individual societies.

The consumer co-operatives make available various types of goods of daily use at reasonable prices. They ensure quality of goods and continuity of supply of goods, thus taking care of supply management, which ensures creation of dedicated customers. In fact, the consumer satisfaction is one of the most significant positive issues for the consumer cooperatives in Iran.



3. Representative Co-operative Societies

The consumer co-operative societies initiated by the local residents are usually named after eminent personalities, local area etc. There are 252 consumer co-operative societies in Tehran.

3.1 Molasadra Consumers Co-op. Society

Molasadra Consumers Co-operative Society in Tehran is one of such retail societies.

This society covers 400,000 families and it attracts 350,000 customers annually. It has a floor area of 40,000 sq. ft.

The operative/working results of this society is a sort of indicator for the present status of the working of the consumer co-operatives in Iran.

Summary of Working Results

Retail area	:	40,000 sq. ft. (including 20,000 sq. ft. for meat)
Average daily sales	:	25 million Tomans
Daily customers	:	1500
Sales (2010-11)	:	6.6 billion Tomans [1 Toman = 10 IRR] [1 US \$ = IRR 12,265 approx.]

Representative Co-operative Societies

3.2 Teachers Consumers Co-operative Society, Tehran

This is a primary teachers consumer co-operative society formed by the teachers having 20 branches. It has 180,000 members.

Its central branch situated at Imam Khomeini Avenue, Tehran achieved a sales turnover of 6.50 billion Tomans during the year 2010-11 and earned a net profit of 200 million Tomans. It serves about 400 cus-

tomers daily and allows its members to pay for their purchases in monthly installments.

They sell all the goods at below the printed prices which in some cases are 10% below such printed prices. This is very attractive to the customers.

All 20 branches of the society are in profit. However, the central branch is the largest among these and is the biggest contributor.



Representative Co-operative Societies

3.3 Sepah Consumers Co-operative Society

This is a parallel chain consumers co-operative society with headquarters in Tehran, but having retail units in other provinces as well.

This society was established with a share capital of 32,500 IRR by 14 members in 1946.

At present it has 61,800 members who contributed share capital of 7.8 billion IRR.

The society is managed by a 5 member Board of Directors who also work full time in the office for which they receive remunerations. The society has 16 branches in Tehran and 3 in other provinces.

It employs 700 persons and serves about 37,000 customers daily in all its branches.

The working results of the society during 2010-11 were as follows :

(in billion IRR)

Sales	600
Gross income	108
Expenses	105
Net profit	3

The society pays @ 18% per year on the amount of share capital contributed by its members, as incentive to them.

The selling prices of different commodities at their retail stores are 15 to 18% less than the printed prices.

Price fluctuation is cited as a major problem in the working of the stores.

They ensure supply of quality goods at reasonable prices. Customer satisfaction is one of their major positive issues.

The society makes centralized purchases directly from the manufacturers for all the retail units/branches and goods are stored at strategic locations for supply to the stores. The sale prices are also fixed by the central office.

The society has a total storage capacity of 140,000 sq/ft. They do not have any borrowings for the working capital requirement. Almost all the branches of the society are in profit.

The society sells Government subsidized goods like food-grains and pulses to the people, based on coupons issued by the Government.

The society has started developing their own brand of products under the name of "SEPAH". Various types of meat and meat products, rice, pulses etc. are presently marketed under this brand.

The society is not a member of the provincial and national union of consumer cooperatives. However, it is affiliated with the ICC.

3.4. Teachers Apex Body of Co-operatives

The Iranian Teachers Consumer Co-operative Union based at Tehran is the national apex body of teachers consumer co-operative societies in Iran.

There are 600 primary teachers' co-operative societies in Iran having a membership of 1,500,000 working and retired teachers. As in consumer co-operative societies, these teachers' societies are also affiliated to the respective provincial unions which in turn are members of the national union.

The main objectives of the union is to work towards welfare of the members. In furtherance of the same, the union provides services in the form of supply of consumer goods of daily use at very reasonable prices, provides loan assistance to its members for various welfare activities and assists in creating housing infrastructure for its members, in association with housing societies.

This is, thus, a multipurpose federal society which functions through its provincial unions and the local societies, which service their members in various fields of welfare activities.

Representative Co-operative Societies

The serving and retired teachers may become members of a teachers co-operative society by contributing a share capital of 5000 Tomans (approx. \$5). The society pays interest on this amount which is added to the share capital contribution of the members.

The source of finance of the teachers' societies is share capital contributions from the members plus interest accrued on the same. The Government provides financial assistance for undertaking welfare activities such as construction of houses for the members, at nominal rate of interest.



The combined turnover of all the 600 teachers consumers co-operative societies is 650 billion Tomans annually.

Like the consumer co-operative societies, the teachers' societies are also managed by the elected Board of Directors.

Problems and Future Visions

4. Problems and Future Visions

Positive Issues

- Availability of sound infrastructure
- Dedicated customer base
- Satisfied members
- Positive Government approach and support
- Professional management
- Centralized purchases
- Competitive pricing policy
- Modern outlook

Constraints

- Shortage of working capital for expansion
- Increasing prices and operative expenses
- No major plan of activity for future development and expansion.



5. Basic Information on Iran

Name	: Islamic Republic of Iran
Capital	: Tehran
Largest city	: Tehran
Government	: Unitary state, Islamic Republic
Area	: 1,648,195 km ²
Population	: 78,868,710 [2012 estimate]
GDP (PPP)	: \$990.219 billion [2011 estimate]
Currency	: Rial (IRR)



Japan

Highlights of consumer co-ops

- ✓ Active women participation
- ✓ Strong social dimensions as consumerism
- ✓ Legal restrictions on business activities

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1. Co-operative movement in Japan

Background

Currently, co-operatives in Japan are organized in many fields such as agriculture, consumer, fishery, forestry, insurance, credit and savings, banking and workers collective.

According to the ICA Global 300 Report 2011, the total revenue of Japanese co-operatives in 2008 amounted to 8% of the total national revenue. 8 Japanese co-operative organizations from agriculture, consumer, insurance and banking sectors were included in this Report list.

In terms of turnover, agriculture co-operative is the largest co-operative sector in Japan. While, in terms of membership, consumer co-operative has the biggest scale in Japan.

It is estimated that roughly one third of Japanese households are members of consumer co-operatives.

The co-operative movement in Japan has a long history of more than one century and differs from

sector to sector with different background of development .

One feature of co-operative movement in Japan is that co-operatives are administrated by different laws, according to the sectors they belong to.

There is no common co-operative law in the country. Agriculture, fishery & forestry, consumer, credit & savings, etc. co-operatives are regulated by their respective laws. Every law is different

The first Japanese law that regulated co-operatives was the Sangyo Kumiai Law (Industrial Co-operative Law), enacted in 1900. This law was purposed to protect farmers in rural areas and small-mid sized associations in urban areas. The law embraced credit, marketing, supply and production fields. The government learned from German credit unions the way to establish co-operative societies.

The Sangyo Kumiai Law became the basis of co-operative laws in Japan.

Background

Co-operative movement in Japan (contd.)

Another distinguishing feature of co-operatives in Japan is that although every sector has its own national organizations, there is no apex organization for all sectors.

In addition, there is no common Ministry responsible for co-operative administration. Agricultural co-operatives, forestry co-operatives and fishery co-operatives are administered by the Ministry of Agriculture, Forestry and Fisheries, while consumer co-operatives are administered by the Ministry of Health, Labor and Welfare.

Almost all sectors have a three-tier structure. Primary societies are members of prefectural unions and prefectural unions are members of national organizations.

Japan Joint Committee of Co-operatives (JJC), founded in 1956, is not an apex organization, but serves as a consultative council of co-operatives in Japan. Its main function is to promote co-operation among Japanese co-operatives within and outside the country.

In international affairs, JJC acts as a catalyst and coordinator of its members. JJC members actively participate in international activities, including those organized by ICA.

In 2012, 14 national organizations of agricultural co-operatives, consumer co-operatives, fisheries co-operatives, workers co-operatives, forest owners co-operatives and labor banks are under the umbrella of ICA.

Co-operatives exist in the most competitive economies in the world and in most of the economic sectors, and they contribute to the development and welfare of their societies. The Global300 List includes co-operatives from 25 countries and across a range of economic sectors.

Global300
by country
% of revenue

France	28%
United States	16%
Germany	14%
Japan	8%
Netherlands	7%
United Kingdom	4%
Switzerland	3.5%
Italy	2.5%
Finland	2.5%
Korea	2%
Canada	1.75%

From ICA Global 300 Report 2011

Representative co-operative sectors

Co-operative movement in Japan (contd.)

Representative co-operative sectors

Sector	Apex organization	Business /Activities	Governing Law	Competent authorities
Consumer	Japanese Consumers' Co-operative Union (JCCU), National Federation of University Cooperative Associations (NFUCA), National Federation of Workers and Insurance Co-operatives (ZENROSAI), Japanese Health and Welfare Cooperative Federation (HeW Co-op Japan)	Retail, Insurance, Health, Welfare, Housing	Consumers Livelihood Co-operative Society Law	Ministry of Health, Labor and Welfare
Agriculture	National Organizations of Agricultural Co-operative (JA)	Marketing, Farm guidance, Insurance, Saving and credit, Supplying	Agricultural Co-operative Society Law	Ministry of Agriculture, Forestry and Fisheries
Fishery	National Federation of Fisheries Co-operative Associations	Marketing, Supplying, Insurance, Saving and credit, Guidance	Fisheries Co-operative Association Law	Ministry of Agriculture, Forestry and Fisheries
Forest Owners	National Federation of Forest owner's Co-operative Associations	Marketing, Supplying, Guidance	Forest Co-operative Law	Ministry of Agriculture, Forestry and Fisheries
Credit Union	National Association of Shinkin Banks	Savings, Loans	Credit Union Law	Financial Services Agency
Labor Bank	National Association of Labour Banks (NALB)	Savings, Loans, etc.	Labour Bank Law	Ministry of Health, Labor and Welfare, Financial Services Agency
Workers	Japan Workers' Co-operative Union (<i>Jigyodan</i>)	Welfare, Recycling, Maintenance, Food processing	None (Voluntary Organization)	None

Representative co-operative sectors

Co-operative movement in Japan (contd.)

14 ICA Members:

<Agriculture> Central Union of Agricultural Co-operatives (JA-ZENCHU), IE-NO-HIKARI Association (Association for Education and Publications on Agricultural Co-operatives), National Federation of Agricultural Co-operative Associations (ZEN-NOH), National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN), The Japan Agricultural News (NIHON-NOGYO-SHIMBUN), The Norinchukin Bank

<Workers > Japan Workers' Co-operative Union (Jigyodan),

<Consumer> Japanese Consumers' Co-operative Union (JCCU), National Federation of University Co-operative Associations (NFUCA), Japanese Health and Welfare Co-operative Federation (HeW Co-op Japan), National Federation of Workers & Consumers Insurance Co-operatives (ZENROSAI)

<Labor Bank> National Association of Labour Banks (NALB),

<Fishery> National Federation of Fisheries Co-operative Associations (JF ZENGYOREN)

<Forest Owners> National Federation of Forest Owners' Co-operative Associations (ZENMORIREN)

ICA Global 300 List 2011

8 co-operative organizations are included in ICA Global 300 List 2011.

3. National Federation of Agricultural Co-operative Associations (ZENNOH)

5. National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN)

56. National Federation of Workers & Consumers Insurance Co-operatives (ZENROSAI)

62. Shinkin Central Bank

101. Co-op Kobe

124. Co-op Sapporo

176. Kyoei Fire & Marine Insurance Co. Ltd.

234. Japanese Consumers' Co-operative Union

Global300 List based on 2008 Financial Data Rank

Outline of consumer co-ops

2. Outline of consumer co-ops

The history of Japanese Consumers' Co-operative dates back to 1919. Japanese Co-operative Society was initiated during the era of Taisho democracy.

In 1919, the Katei Kobai (purchasing) Union was established in Tokyo. During the following year, 1920, the Kyoueki-sha Kobai Union was established, in Osaka, and in 1921 the Kobe Consumer Co-operative was also established in Kobe.

This outlines the starting history of the local retail consumer co-operatives. By entering the Showa period (1926), the strengthened economic control and the compulsory military drafts by war almost suffocated co-op.

After the end of the war in 1945, in the state of severe food shortage and exceptional inflation, co-ops were established once again across the country.

In 1947, about three million people became members nationwide. In 1948, the law for consumers' co-operative union was enacted and in 1951, Japanese Consumers' Co-operative Union was established.

During 1950s, institutional co-ops were established across the country. During the years of steep economic growth in 1960s, the consumer movement against price inflations and harmful food additives was promoted.

Co-ops led the movement. Between the end of 1960s and 1970s, community residents organized citizen's retail consumer co-ops.

These citizen's co-ops started non-store businesses such as joint purchasing and individual home deliveries.

Today, co-ops are an integral part of communities with 30% of all households in Japan belonging to a co-op.



Father of Japanese Co-operative Movement

Toyohiko Kagawa dedicated his whole life to the development of co-operative movements. He always stood on the front-line of social reform movements such as the movements for labors, farmers and universal elections.

He was always a pioneer. Kagawa was born in Kobe, in 1888. Studied in Tokushima junior-high school, Meiji Gaukin University, and Kobe seminary. Then he continued his education in Princeton University, the USA, and Princeton seminary. In 1920, he established "Kobai Union Kyoueki-sha" in Osaka.

In 1921, he established Kobe Consumer Co-operative and Nada Consumer Co-operative (later they were merged and became Co-op Kobe) in Kobe. He also established many other co-ops such as Kyoto Consumer Co-operative, Tokyo Student's Consumer Co-operative and Tokyo Iryou (Medical) Consumer Co-operative.

In November 1945, just after the end of the war, he organized the "Japan Co-operative Union Association". In 1951, he founded the "Japanese Consumers' Co-operative Union". Until his death in 1960 at the age of 72, he had served as the chairperson.

Consumer co-ops in Japan

Outline of consumer co-ops (contd.)

As per the data of FY2011, the membership of consumer co-operatives in Japan reached 26,651 thousand, which accounts for 30% of total households in Japan. The total turnover amounted to JPY 3,345 billion.

Consumer co-operatives in Japan are under the Consumers Livelihood Co-operative Society Law and are administrated by the Ministry of Health, Labor and Welfare.

According to the Consumers Livelihood Co-operative Society Law, 300 or more consumers may establish a primary co-op. Consumers invest share capitals and become owners of the co-op.

The main business of consumer co-operatives is to supply foods and other daily necessities to their members.

Japanese consumer co-operatives have some distinctive features such as exclusive member's purchase, limited trading area and active member participation.

In addition to the sales of products, consumer

co-operatives are engaged in businesses aimed at the well-being of members' daily lives, such as mutual-aid insurance, funeral service, housing, social welfare and even medical services.

Currently, consumer co-operatives are divided into four categories, i.e. retail, health, housing and insurance, according to their objectives and nature of business. Retail consumer co-operatives have the largest scale in terms of membership and turnover.

Japanese Consumers' Co-operative Union (JCCU) is the apex organization of consumer co-operatives in Japan. In 2011, 590 co-operative organizations were affiliated to JCCU.

JCCU's main mission is to promote consumer co-operative movement in Japan and to assist member co-operatives to be competitive.

The structure of Japanese consumer co-operatives is in three-tiers. Primary co-operatives are members of both prefectural unions and JCCU, and prefectural unions are members of JCCU.

Consumer Co-op Societies in Japan

	unit	FY2010	FY2011	% 11/10	FY2011 (million US\$)
Number of Consumer co-ops		608	590	-3.0	—
Retail co-ops		472	457	-3.2	—
Health co-ops		115	112	-2.6	—
Housing & Insurance co-ops		8	8	0.0	—
Membership	thousand	26,210	26,651	1.7	—
Total share capital	billion yen	729	747	2.5	9,429
Total business turnover	billion yen	3,322	3,345	0.7	42,224
Retail sales amount	billion yen	3,007	3,026	0.6	38,197
JCCU wholesale amount	billion yen	394	397	0.8	5,011

1U.S.dollar=¥79.22

Retail co-ops

Outline of consumer co-ops (contd.)

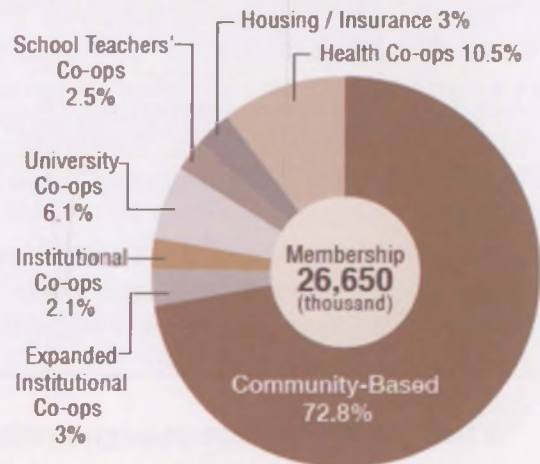
Retail consumer co-operatives are classified into five categories, i.e. community based retail co-ops, university co-ops, school teachers' co-ops, institutional co-ops and expanded institutional co-ops.

Among them, community based retail co-ops are the largest-scale. The market share of retail co-ops has been stable and accounts for 2.77% of total market.

The business of community based retail co-ops is composed of store operation, home delivery service, catalog sales and internet businesses.

Their main business is to supply food and non-food products to their members through home delivery network and stores. About 61% of total retail turnover comes from the home delivery business.

Percentage of Membership by type of Consumer Co-ops



Community-Based Retail Co-ops

	unit	FY2010	FY2011	% 11/10	FY2011 (million US\$)
Number of co-ops		140	140	0.0	—
Membership	thousand	18,929	19,406	2.5	—
Han groups	thousand	1,688	1,764	4.5	—
Han members	thousand	4,612	4,300	-6.8	—
Han member ratio	%	30.4	34.6	13.8	—
Total turnover	billion yen	2,644	2,676	1.2	33,779
Store sales	billion yen	935	919	-1.7	11,601
Home delivery service sales	billion yen	1,593	1,635	2.6	20,639
Others	billion yen	116	122	5.2	1,540
Amount of monthly purchase/member	yen	11,766	11,681	-0.7	us\$147
Total share capital	billion yen	602	619	2.8	7,814
Average share capital/member	yen	31,818	31,891	0.2	us\$403
Co-op bonds	million yen	47,165	50,942	8.0	643
Number of stores		1,018	1,020	0.2	—
Total stores sales area	m ²	1,211,698	1,192,850	-1.6	—
Number of full-time employees		25,817	25,551	-1.0	—
Total Market share	%	2.76	2.77	0.4	—

*Community-Based Retail co-ops do not include institutional and university co-ops

Note: The amount of U.S. Dollar is converted based on yen-dollar exchange rate (TTS) prevailing at September 10, 2012; 1U.S. Dollar=79.22 yen

*Han is defined as the smallest unit of co-op membership.one Han consist of 3-5 household members

Retail co-ops

Outline of consumer co-ops (contd.)

The total turnover of Top 10 retail co-ops amounts to more than 40% of total turnover of all retail co-ops. The Consumers Livelihood Co-operative Society Law prohibited to do business beyond one prefecture. Facing the tougher competition with private retailers, retail co-ops established business federations.

Co-op Net, a business federation of 8 consumer co-operatives (Co-op Tokyo, Saitama Co-op, Chiba Co-op, Ibaragi Co-op, Tochigi Co-op, Co-op Gunma, Co-op Nagano, Co-op Niigata) is the biggest business federation of consumer co-operatives in Japan.

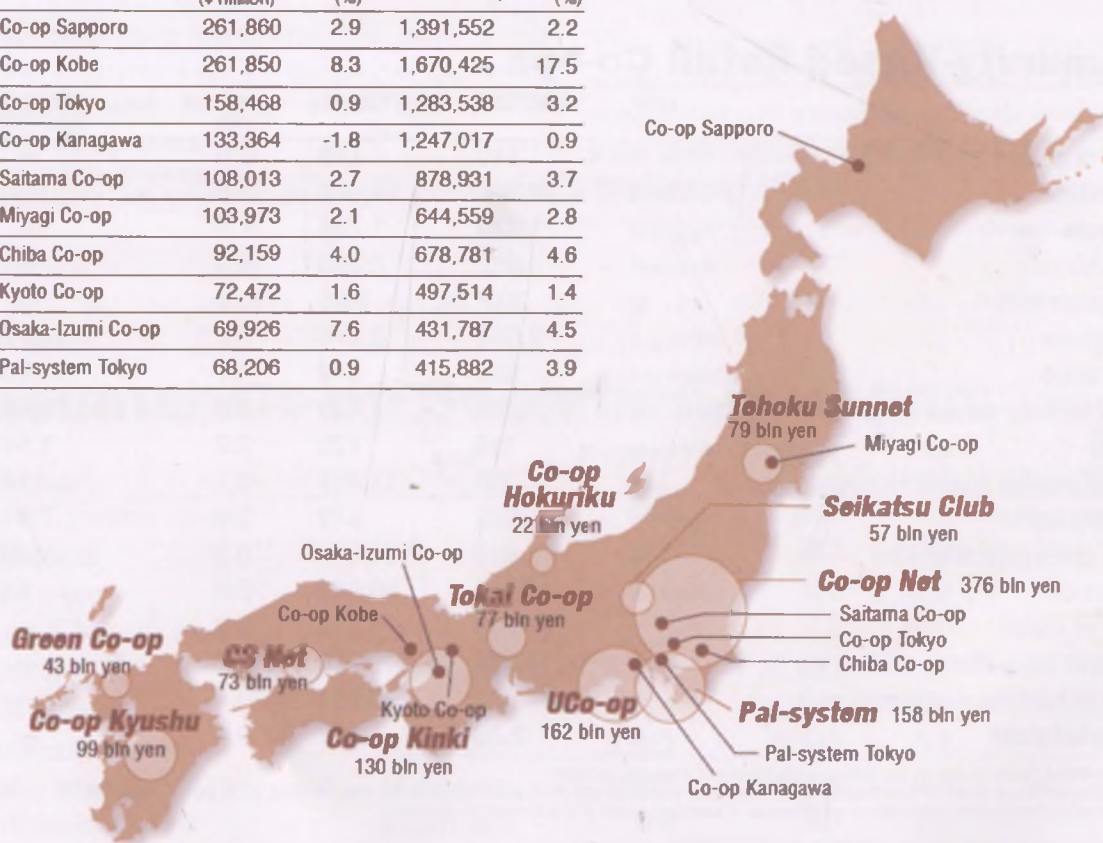
With the amendment to the Consumers Livelihood Co-operative Society Law in 2007, primary co-ops managed to expand their business to the adjacent prefectures. This amendment gave consumer co-ops new possibilities to merge across prefectures.

- **Community-Based Retail Co-ops** serve local residents through stores, home delivery and catalog mail-order sales.

Top 10 Community-Based Retail Co-ops in Japan

	Turnover (¥ million)	11/10 (%)	Membership	11/10 (%)
Co-op Sapporo	261,860	2.9	1,391,552	2.2
Co-op Kobe	261,850	8.3	1,670,425	17.5
Co-op Tokyo	158,468	0.9	1,283,538	3.2
Co-op Kanagawa	133,364	-1.8	1,247,017	0.9
Saitama Co-op	108,013	2.7	878,931	3.7
Miyagi Co-op	103,973	2.1	644,559	2.8
Chiba Co-op	92,159	4.0	678,781	4.6
Kyoto Co-op	72,472	1.6	497,514	1.4
Osaka-Izumi Co-op	69,926	7.6	431,787	4.5
Pal-system Tokyo	68,206	0.9	415,882	3.9

Location of Co-op Business Federations and 10 top Community-Based Retail Co-ops



*Figures in circles indicate the total turnover of each business federation.

Co-op brand merchandise

Outline of consumer co-ops (contd.)

<Co-op Brand Merchandise>

The Co-op brand is a private label developed by consumer co-ops in Japan. It dates back to the 1960s and was born as an innovative effort for product development that reflects the needs and wishes of co-op members.

At that time the production and distribution of commercial products were under the initiative of manufacturers. Lack of appropriate regulations and laws to control manufacturing led the consumers to distrust the safeness of manufactured products and fresh produce.

Co-ops' efforts to secure food safety grew into a mass citizens' movement. Promoting the elimination of unnecessary additives, co-ops succeeded in changing conventional food manufacturing industry.

In 2009, the number of JCCU Co-op brand

products accounted for 4,171 SKUs. Some primary societies have their own Co-op brand products, but the number of products is decreasing because the products have been amalgamated to JCCU Co-op products.

With the concept "safe and reliable", Co-op products expanded rapidly and became very close to the members' daily life.

JCCU launched "Co-op Basic" series in 2010, to meet members' needs to lower price products.

JCCU has also developed a scheme under which feedback from co-op members can be



Brand	Distributor	Quality Control	Quality Standard
JCCU CO-OP	JCCU	JCCU	JCCU
Primary societies' CO-OP	Primary societies	Primary societies	JCCU or primary societies

incorporated into routine product improvement. Under this scheme, co-op members' shopping records and inquiries have been analyzed and the results are integrated into the process of product development and improvement.

In the area of fresh foods (vegetables, meats and fish), co-ops across Japan are working

to promote "Sanchoku" (direct transaction of products from producers).

In 2012, JCCU reviewed its Merchandize Policy and reemphasized the importance of quality assurance of Co-op products and member participation in product development stage.



Co-op Basic series



Store operation

Outline of consumer co-ops (contd.)

<Store Operation>

Stores are operated by retail consumer co-operatives in the city area within the neighborhood of co-op members' residences.

These stores are aimed to support everyday life of co-op members, by offering a wide variety of products, from fresh food to groceries.

In 2011, the total turnover of community-based retail co-ops amounted to JPY 919 billion. The number of stores amounted to 1,020.

The basic concepts of stores are to offer safe products, to contribute to the development of local communities, to make the shopping easier. To become a "Neighborhood Store" is the ultimate goal of retail consumer co-operatives.

Due to the severe competition with private re-

tailers, co-ops are facing difficulties in earning profits in store operation.

Profitability is the biggest problem of co-ops' store business. As a solution, co-ops are starting to close small size stores in deficit.

Another problem is the decrease of the number of members purchasing at co-op stores. The 2011 turnover decreased compared with 2010, due to this reason.

To strengthen their competitiveness and increase efficiency, co-ops are reviewing their product assortments and standardizing store operation systems.

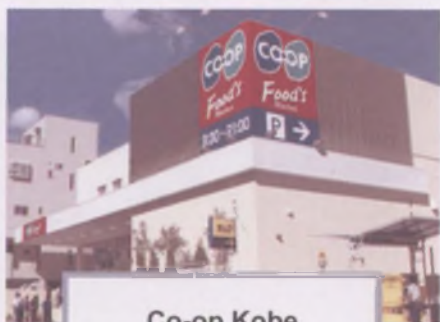
Attractiveness is becoming even more crucial to co-ops' store operations.



Co-op Sapporo



Co-op Net



Co-op Kobe

Every primary co-op/federation has its own store façade



Miyagi Co-op

Home delivery system

Outline of consumer co-ops (contd.)

<Home Delivery System>

Takuhai (Home Delivery System), is a non-store delivery system that is unique to Japanese consumer co-operatives. It is composed of two delivery systems; joint (group) buying system and individual home delivery.

Co-op members are able to purchase products and have them delivered to their homes. They select products from a weekly catalog and place orders using an order sheet or over the Internet.

The following week, the products ordered are delivered to either a specified address of groups or individual homes.

This service, which also saves users from having to carry heavy shopping bags, is especially

convenient for families in which both parents work, senior citizens, and families with young children, who have limited time or otherwise find it difficult to go out.

In addition to servicing groups and individuals, some co-ops deliver products to organizations such as after-school daycare centers and welfare facilities.

In 2011, the total turnover of home delivery service in Japan amounted to JPY1,635 billion. Due to its convenience, the sales of joint buying system is replaced by individual home delivery. In 2011, the composition of individual home delivery sales accounted for almost 60%.



Co-op Net



Delivered Products



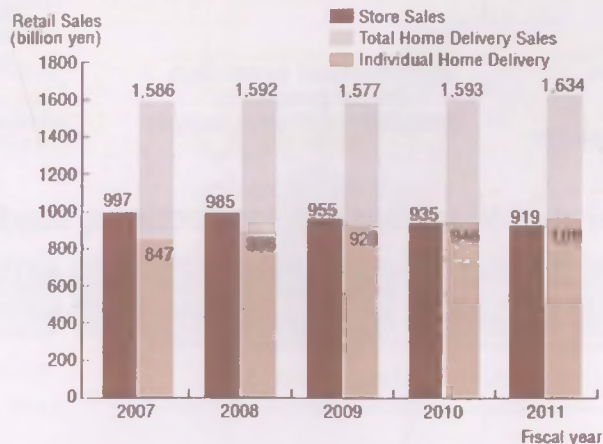
Catalog

Every primary co-op/federation has its own logo



Co-op Kobe

Retail Sales by Type of Operation



Quality assurance of products

Outline of consumer co-ops (contd.)

<Quality Assurance of Products>

Nowadays, consumers pay greater attention to both safety and security of food. Which means that, food has to be 'secured' while 'safety' is confirmed.

'Safety' can be guaranteed with the objective assessments obtained from scientific verifications.

Since the assessment of the 'safety' depends on scientific standards of the time, it cannot be absolute, but can be variable as the assessment may be changed in the future according to the advancement of science and technology.

The 'secure' standard relies on each person's feeling. Therefore, even if a food product is sci-

entifically assessed as 'safe', it may not earn a reputation as 'secure' in case some anxiety and discredit remains.

JCCU's product quality assurance policy pursues the scientific 'safety', while supplying 'safe foods'.

To achieve security (=credibility) of co-op members and consumers, JCCU endeavors to provide appropriate information in appropriate time through members' activities to develop a trustworthy relationship between individual members and co-ops.

JCCU regards openness and honesty as the most important principle.



After the earthquake in 2011, co-op members are anxious about radioactive contamination of food.

As a result, the reference value to regulate radioactive materials contained in the food has been significantly tightened.

JCCU has been receiving inquiries reaching over a hundred per month with almost all concerned about the radioactive material in foods.

Co-ops have strengthened their monitoring of food, and monitoring results are made available to members through the website and at member meetings.

Welfare business

Outline of consumer co-ops (contd.)

<Welfare Business>

In 2011, the turnover of co-op welfare business amounted to JPY17.4 billion with an increase of 7.1% compared with the previous year.

Co-op welfare business is aimed at building a community where everybody can lead a secured humane life.

JCCU formed a research committee on community welfare in 2009. The committee presented a report titled "For the Establishment of a Secured Community-the First Step" in 2010.

This report examines and summarizes 5 important roles of consumer co-ops, i.e. 1) support members and the community through retail business activities, 2) establish a communication network with local governments,

NPOs, social welfare councils and other regional organizations, 3) offer members and local residents a place to organize voluntary activities, 4) establish a consultation service center to handle issues of daily life, and 5) negotiate with the national/local government for the establishment of appropriate policies and systems.



<Insurance Business>

Co-ops offer life and other insurance products that suit members' needs with more reasonable premiums and better coverage.

There are two types of Insurance federations: Japan CO-OP Insurance Consumers' Co-operative Federation (JCIF) which is an union of consumer co-operative societies from across the nation affiliated to JCCU, and National Federation of Workers and Consumers Insurance Co-operatives (ZENROSAI) which offers insurance mainly to trade union members.

After the revision of the Consumers' Livelihood Co-operative Law in April 1, 2008 which prohibited mutual insurance organizations exceeding a certain size from engaging in the retail field, the Japan CO-OP Insurance Consumers' Co-operative Federation (JCIF) was

established by separating the insurance division from JCCU.

With the establishment of the JCIF, the direct insurance business operated by retail co-ops were transferred to and integrated into a new union in March 2009.



Member activities

Outline of consumer co-ops (contd.)

<Member Activities>

Japanese consumer co-ops used to have a strong member participation based on "HAN (group)".

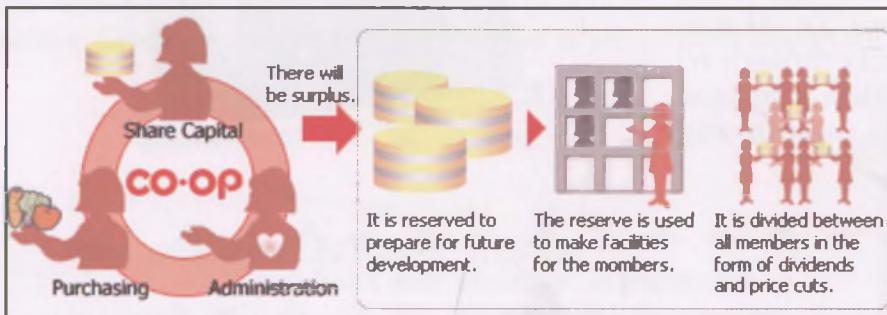
Usually, HAN is a group of more than 3 members. Members jointly purchase products of Home Delivery system through HAN.

HAN has been the basis of member participation for a long time. This model was first born at Tsuruoka Co-op in Yamagata Prefecture in 1956. It has been an effective channel to promote communication between co-op and members.

Starting from HAN, retail consumer co-ops set up district committees including shop committees to reflect members voice in the administration of the co-op.

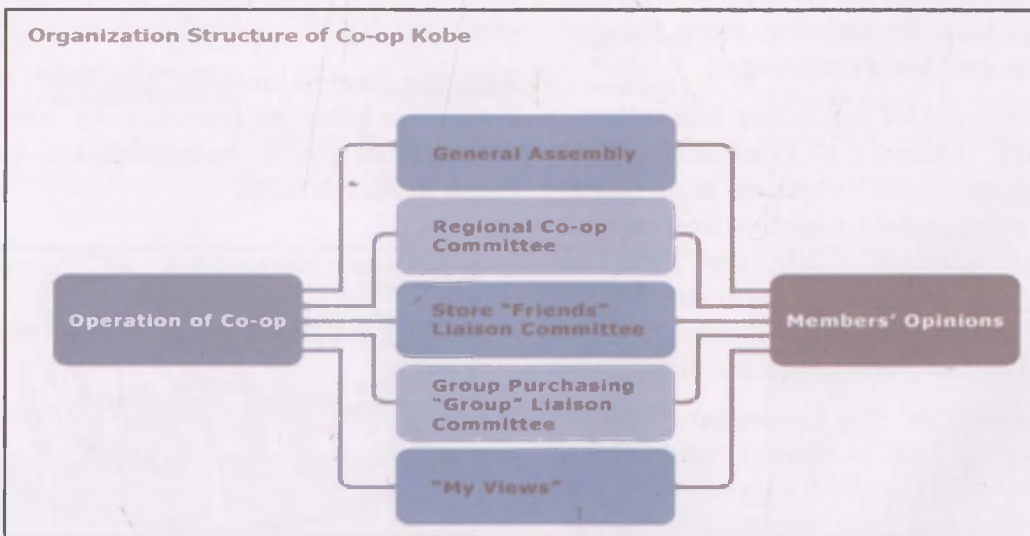
Some active members are involved in co-op's administration activities as committee members, delegates to annual general assembly, and even as board members.

Nowadays, with the increase of women's workforce ratio, members prefer to be more independent in the co-ops' participation. This aspect is stronger among younger generations.



Member participation is based on the trinity of:

- 1) ownership (share capital),
- 2) use (purchase), and
- 3) administration



Members' voice is reflected in every stage of co-op operation (Co-op Kobe)

Member activities

Outline of consumer co-ops (contd.)

Therefore, the number of total HAN members and the number of members per HAN are declining year by year. In 2011, the number of HAN members decreased by 6.8% while the number of HAN groups increased by 4.5%.

Facing these problems, many co-ops are changing the policies of member participation.



Changes in Member Participation Patterns

Before

- HAN was the basis of member participation
- Majority of Annual Assembly delegates were elected from HAN members
- HAN was the basis of member education
- Voluntary members' education, cultural and thematic activities were based on HAN



Now

- New administrative districts that include non-HAN members
- Empower Annual Assembly delegates by providing them with detailed information
- Promote capacity building activities of board members
- A variety of education, cultural and thematic activities based on members' voluntary groups

JCCU's international activities with ICA

Outline of consumer co-ops (contd.)

<JCCU's International Activities with ICA >

JCCU became a member of the International Co-operative Alliance (ICA) in 1952, four years before Japan joined United Nations.

JCCU has been active in ICA activities since it became the member. When the then President of JCCU participated in the 19th ICA Congress in Paris, in 1954, he appealed for the importance of i) abolishment of nuclear weapons, ii) establishment of special regional committee for Asia and holding ICA Asian conference, iii) promoting co-operative trade.

With the expansion of consumer co-op movement in the 1970, JCCU took the initiative on forming "ICA Committee on Consumer Co-operation for Asia and the Pacific" which was established in 1977.

In 1992, Japanese co-operatives hosted the 30th ICA Tokyo Congress, which was an epoch making event as the first venue of ICA Congress outside Europe in its history of more than 100 years.

Prior to hosting ICA Congress, international co-operation activities on bi-lateral level between Japanese consumer co-operatives and Asian co-operatives were carried on.

JCCU has been supporting ICA-AP with special contributions for the ICA-AP's consumer and women projects to strengthen co-operatives in Asia and the Pacific region.

In addition, the JCCU set up a special fund "Asian Consumer Co-operative Development Fund", which was established in 1987 for

human resource development of consumer co-operatives in the region.

The training programs for managers of consumer co-operatives have been organized every year since the end of 1980s by ICA-AP in collaboration with JCCU.

The main purpose of this training program is to expose participants to Japanese Consumer Co-operative movement for enrichment in the areas of store operation and management.



ICA/JCCU Manager Training

Trainees from Sri Lanka, India and Indonesia.
(Miyagi Co-op/Co-op Net course 2012)

Representative co-operative societies

3. Representative Co-operative Societies

1. Co-op Kobe

Co-op Kobe has a long history. Nada Consumer Co-operative and Kobe Consumer Co-operative were founded in 1962 under the leadership of Mr. Toyohiko Kagawa. These two co-ops were later merged to Nada Kobe Consumer Co-operative in 1962, and renamed to Co-op Kobe in 1991.

Since its foundation, “Ai to Kyodo (Love and Co-operation)” has been the motto of the co-op.

In 2011, the total turnover of Co-op Kobe amounted to JPY 261 billion. Its membership reached 1.6 million. It is the biggest consumer co-operative in Hyogo Prefecture.

The minimum share capital to become a co-op member is JPY 1,000. The total share capital of the co-op amounted to JPY 44.5 billion in 2011, and about JPY 260,000 per member.

The main business of Co-op Kobe is home delivery service and store operation. Co-op Kobe’s



Home Delivery catalog



Co-op Store



stores are in a variety of size and formats, from mini supermarkets to big general merchandising stores (GMS).

As a way to ensure the quality of products, Co-op Kobe owns its private brand products “Co-op’s” and Food Plan products (fresh food).

Celebrating its 90th Anniversary, Co-op Kobe amalgamated with the Osaka Kita Consumer Co-operative in 2011. This is an amalgamation beyond the prefectural boundary.

In the same year, Co-op Kobe started a new business, the dinner delivery service “Maikuru”. Since the dinner is delivered by co-op members, this service is expected to strengthen the bond of community residents.



Co-op's brand



Dinner support service



Representative co-operative societies

2. Co-op Net Business Federation

Co-op Net is the biggest business federation of consumer co-operatives in Japan. It was established by voluntary consumer co-operatives in Kanto area.

It serves as the HQ of both supermarket chain and home delivery operations of member co-operatives.

As per the data of March 20 2012, the total sales of Co-op Net to its member organizations amounted to JPY376 billion for the Fiscal 2011 ended on that date.

The main business of Co-op Net is to jointly purchase products and supply to its members. Besides, it is in charge of distribution of products and publishing product catalogs/leaflets.

In 2012, Co-op Tokyo, Saitama Co-op, Chiba Co-op, Ibaraki Co-op, Gunma Co-op, Co-op Nagano, Tochigi Co-op, Co-op Niigata are the members of Co-op Net.

As a new challenge, Co-op Net started dinner delivery business in 2012. About 7,000 dinner plates are delivered everyday.

3. Co-op Tokyo

Co-op Tokyo was founded in 1957. It is the biggest consumer co-operative in Tokyo Metropolitan.

As per the data of March 20 2012, its turnover amounted to JPY158 billion and its membership amounted to 1.28 million.

Its motto is to “establish a community full of smiles with its members”.

The minimum share capital to become a member is JPY1,000. In 2011, the total share capital amounted to JPY21.7 billion and about JPY16,000 per member.



Home Delivery



Co-op Store



Dinner Delivery Service

With the amendment to the Consumers Livelihood Co-operative Society Law, Co-op Tokyo has decided to merge with Chiba Co-op and Saitama Co-op. The new Co-op will be set up in 2013.

Representative co-operative societies

4. Miyagi Co-op

Miyagi Co-op was founded in 1982 through the amalgamation of the Miyagi School Consumer Co-operative and the Miyagi Citizens' Consumer Co-operative. It is the biggest consumer co-operative in Miyagi prefecture.

The motto of Miyagi Co-op is "Mutual Aid". To achieve this goal, it endeavors to better serve its members' daily lives.

As per the data of March 20 2012, its turnover accounted for JPY103 billion. Its membership reached 644,559, which accounted for 70.1% of total households in Miyagi prefecture.

The main business of Miyagi Co-op is store and home delivery businesses. In addition to these two businesses, it provides its members with travel, funeral, kerosene delivery and water supply services.

After the disastrous earthquake in 2011, Miyagi Co-op started several new services such as water supply, mobile store operation, etc. to support its members' daily lives.

Dinner delivery service is also a new business that is growing recently.

The minimum share capital to become a member is JPY1,000. In 2011, the total share capital of the co-op amounted to JPY22.1 billion and about JPY34,000 per member.



Co-op Store



Home Delivery



Dinner Delivery



Problems and future visions

4. Problems and Future Visions

1. Problems

<Japanese Society>

1. Insecurity among citizens after the earthquake
2. Aging society and isolation of aged people
3. Unemployment
4. Poverty, a gap-widening society

<Consumer Co-ops>

1. Legal restrictions on business activities
2. (Store) Decrease of customers
3. (Home delivery) Decrease of sales per purchase
4. Aging membership



2. Future Visions

<CO-OP Vision 2020>

The 61st JCCU General Assembly endorsed the bill detailing Japanese co-ops' vision for 2020.

To affirm a common recognition of consumer co-operatives, it is necessary to have a unified vision.

In the rapidly changing world, the Japanese co-operative movement is expected to demonstrate its role and a vision that foresees ahead.

Co-ops were tasked to proactively think about their aspirations in ten years. A summary of the expectations was compounded into the vision.

The implementation of the vision is channelled through five major action plans.

- 1) Promotion of business that will be useful for everyday living.
- 2) Participation in community building through expanding Co-ops' networks.
- 3) Contribution to the Japanese society and the world. Co-ops will aggressively support the realization of a peaceful and sustainable society through member oriented activities.
- 4) Creation of a healthy organization with sound management. With active member participation, staff working energetically, learning and growing the organization to establish a healthy business.
- 5) Infrastructure development and activities to further promote solidarity. Formation of regional alliances and collaborated business to improve the daily lives of co-op members.

Relationship with the Government

5. Relationship with the Government

Consumer co-operatives in Japan are independent and the government does not hold any share capital in the co-operatives.

In terms of taxation, Japanese consumer co-operatives have a lower tax rate compared with private enterprises.

The registration of co-operatives is carried on through local governments.

The relationship of consumer co-operatives with the government is fair. JCCU has a specified division to promote communication with the government.

Since there are still legal restrictions on business activities, co-ops will continue to consult with the government to improve the situation.



**To establish a society with full of smiles and faith
(from JCCU HP)**

Basic information on Japan

6. Basic Information on Japan

Name : Japan
Capital : Tokyo
Largest city : Tokyo
Government : Unitary parliamentary democracy and constitutional monarchy
Area : 377,944 km²
Population : 126,659,683 [2012 estimate]
GDP (PPP) : US\$ 4.440 trillion [2011 estimate]
Currency : Yen (JPY)



From: Wikipedia

Korea

Highlights of consumer co-ops

- ✓ Trinity of consumers, producers and co-op staff
- ✓ Core Value: Ethical consumerism

1. Co-operative movement in Korea

Contents

1. Co-operative movement in Korea	1
2. Outline of consumer co-ops	2
3. Representative co-operative societies	5
4. Problems and future visions	13
5. Relationship with the government	14
6. Basic information on Korea	15

The Co-operative movement in Korea has a long history. The **first** credit union was established by farmers in Gwangju in 1907.

It aimed to help the farmers financially.

In 1958, a new Agricultural Co-operative was founded with the enactment of the Agricultural law. The co-operatives aimed to **support the farmers in supply and marketing field.**

Currently, agricultural, credit union, fisheries, forestry and consumer co-operatives are active in Korea.

Among them, agricultural co-operatives are the biggest organizations.

The National Agricultural Co-operative Federation (NACF) has been included in the ICA Global 300 list for many years.

It was ranked as the 9th biggest co-operative in the ICA 2011 Global 300 list.

The legislation for co-operatives was sectorally fragmented before and it was difficult to organize new emerging co-operatives such as worker co-operatives, social co-operatives and other mutual aid organizations.

In order to meet the needs of new wave co-operatives, the co-operative organizations and citizens' associations formed a study committee on Korean co-operative legislation and designed a framework law on co-operatives.

With the support of government and political parties, the framework was carried out as the "Korean Co-operatives Fundamental Law" and was passed in the Korean National Assembly.

Outline of consumer co-ops

2. Outline of consumer co-ops

Consumer co-operative movement in Korea started in 1920s. Consumer co-op movement was strongly connected with “Buy Korean Products Movement” of 1920s. It was estimated that more than 200 co-operative societies existed in 1930s.

Lee Chan-gap, who was the leader of Pyeongyang Co-op and “Buy Korean Products Movement”, contributed to the development of community in Jeongju area of northern Korea. Later, he took a big part in founding co-operatives in southern Korea.

The first consumer co-operative in South Korea was established after the Second World War. In 1959, Poolmoo School Co-operative was founded by Lee Chan-gap, the successor of Cho Man-sik in Hongseon area.

In Wonju region of Gangwon Province, community development through co-operative move-

ment had proceeded since 1973 for restoration from Namhan River flood. Over 30 consumer co-ops and credit unions formed around 1970s-80s. Among them, Jang Il-soon, Park Jae-il, and leaders of co-op movement in that region invented Hansalim movement which is the biggest consumer co-op group in Korea today.

After the presidential election in 1987, South Korean society moved rapidly both politically and economically to join democratic countries in the World.

New wave of consumer co-operative movement emerged with the high economic growth and appearance of middle class. Housewives took part in this movement with a desire to change the consumption habit related to food safety and environmental protection. Producers supported this movement.



Lee Chan-gap(1904-1974) was a leader of Buy Korean Products Campaign, Osan co-op, and community development in Jeongju, North Korea



He established Poolmoo School, Poolmoo consumer co-op and Poolmoo Credit Union in Hongseong, South Korea



Source : KIM Hyung-mi

Outline of consumer co-ops

Outline of consumer co-ops (contd.)

Currently, there are 391 primary consumer co-operatives in South Korea with 630,000 individual members.

The consumer co-operative sector has a three-tier structure. Primary consumer co-operatives are affiliated to associations and associations are affiliated to national unions.

There are 6 national unions, i.e. 4 unions of local retail co-ops, 1 union of health co-ops, and 1 union of university co-ops in Korea.

The turnover of all consumer co-operatives is estimated at 620 billion Won.

Hansalim Consumer Co-operative and iCOOP Korea are 2 big consumer co-operatives in Korea.

The number of consumer co-operatives in South Korea

	2009	2010	2011
Local retail co-ops	90	109	138
Health	108	151	225
University	18	18	18
Group (Religious, social groups, etc.)	7	10	10
Total	223	288	391

Source: Fairtrade Commission, Korea



Source: KIM Hyung-mi

Outline of consumer co-ops

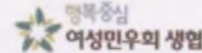
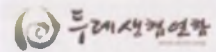
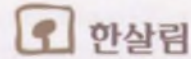
Outline of consumer co-ops (contd.)

Consumer co-operatives in Korea are administered by the Fair Trade Commission (FTC).

The Ministry of Strategy and Finance is in charge of planning frameworks and policies on co-operatives. At the same time it oversees the performance of co-operatives.

Consumer co-operatives in Korea are governed by the Consumer Livelihood Cooperative Act. The Consumer Livelihood Cooperative Act was first enacted in 1999 and revised in March 2010.

With the revision of the law, consumer co-operatives became able to deal with all categories of products, from only agricultural, marine, livestock and eco-friendly products.



- **4 Consumer Cooperative Unions in retail sector**
- **Other 2 : Health Cooperatives and University Co-operatives**
- **The turnover of All Consumer Cooperatives is about 620 Billion Won(USD518 Million)**
- **Total membership is about 500,000 (3%of the total household)**
- **13% of market share of eco-friendly products**
- **23% of market share of fair trade products**

As of 2010

Characteristics of Korean Consumer Cooperatives

Strongly tied with civil movement for progress of democracy in socio-economic dimension

Pursue the coexistence of rural and urban Communities

Have the strong responsibility to revive the Korean agriculture

Changed to deal from ONLY Agricultural, Marine and Livestock Products and Eco-friendly Products to All Products

Consumer co-op Act enacted in 1998 and amended in 2010:
The Restrictions on the use by non-members despite of the Revision of the Law

3. Representative Co-operative Society

3.1 History and Current Status

iCOOP Korea became ICA member in 2008. It is the sole Korean consumer co-operative that is an ICA member.

It was founded in 1998 by citizens in the community, who were mainly housewives. Since its foundation, it has had a strong relationship with the producers.

In the beginning, its name was "21st Century Consumer Co-operatives". It has changed its name several times and became iCOOP KOREA in 2008.

Its core value has always been to promote "ethical consumerism". This value is strongly connected to humanism, environment protection and food safety.

The Meaning of iCOOP

"I" individual, ideal, innocence and innovation

Individuals promoting the ideals (sharing and cooperation) of the group, never losing sight of our original innocence and practicing innovation as a consumer COOPERATIVE.

In 2011, iCOOP Korea group individual membership reached 155,705 (+31%), its turnover 3,002 KRW (+14.02), and the number of stores 115.



iCOOP KOREA's History

- 1998_Establishment of '21st Century Consumer Co-operatives
- Started as an association of consumers and producers
- 2002_Establishment of Korean Association of Consumer Co-operatives
- 2008_Name change to iCOOP Solidarity of Consumer Co-operatives
- 2008_Gaining full membership in the ICA
- 2010.08_Held ICA/iCOOP Workshop on Development of Consumer Co-operatives
- 2011.09_Name change from iCOOP Solidarity of Consumer Co-operatives to iCOOP UNION
- 2011.10_iCOOP Seed Foundation approved as 'designated donation organization' by government
- 2012.02_Name change from iCOOP Association of Consumer Co-operatives to iCOOP Consumer Activities



Representative Co-operative Society: iCOOP Korea

History and Current Status (contd.)

The structure of iCOOP Korea is based on its policy, "Co-existence of Consumers and Producers".

According to this policy, it invites consumers, producers and its staff to join the co-op as members. The membership structure is divided in two parts, i.e. consumption part and production part.

The consumption part is invested and operated by 75 nationwide primary coops and its members. The core members of primary co-ops are housewives.

The production part is invested and operated by iCOOP Association of Producer Group,

whose members are producers who are in contract with iCOOP Korea.

Through the co-operation among consumers, producers and coop employees, iCOOP Korea has achieved a synergy effect in its movement.



Structure of iCOOP KOREA



- ICOOP UNION
- ICOOP Consumer Activities
- Mutual Aid Society for Enhancing Korean Agriculture
- ICOOP Cooperative Institute
- COOP Store
- KCOD
- iCOOP Seed Foundation

Total 11

**Invested and operated by
75 nation-wide
member co-ops and
members**

- ICOOP Association of Producer Group
- iCOOP Agricultural Production
- ICOOP Fruits & Vegetable
- iCOOP Organic Food Supply
- iCOOP Ramen
- ICOOP Livestock Products
- COOP Bakery

Total 10

**Led by iCOOP Association
of Producer Group**

Representative Co-operative Society: iCOOP Korea

3.2 Business Results

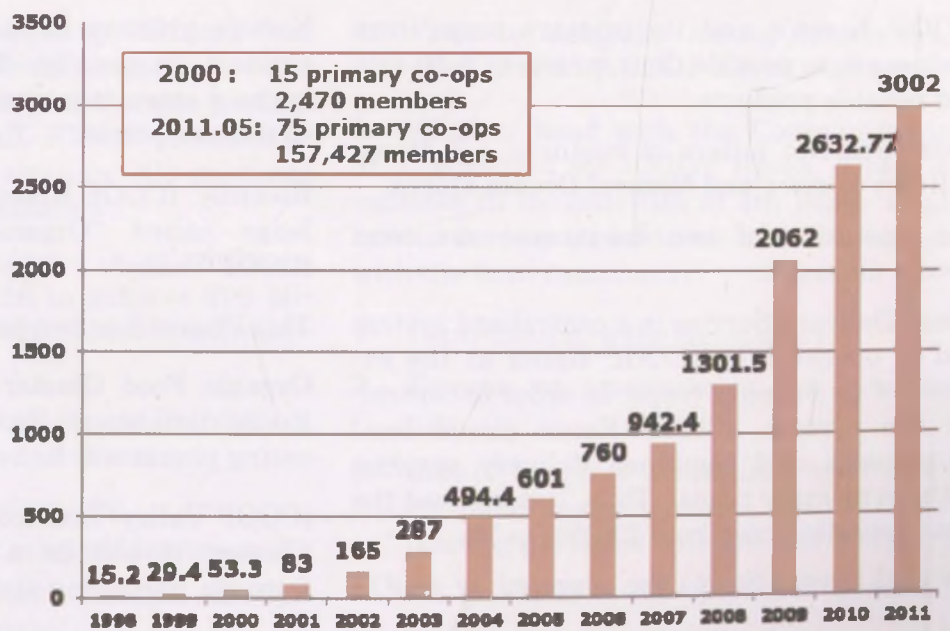
year	turnover (KRW)	Year-on-year	Direct charge membership (Total membership/person)	growth rate	# of member coop	# of Natural Dream stores
1998	15.2	-	633	-	6	-
1999	29.4	93.40%	1,229	94.10%	7	-
2000	53.3	81.20%	2,470	100.90%	15	-
2001	83.0	55.70%	3,330	34.80%	26	-
2002	165.0	98.70%	7,538	26.30%	35	-
2003	287.0	73.90%	11,645	54.40%	46	-
2004	494.4	72.20%	15,368	31.90%	58	-
2005	601.0	21.50%	16,808	9.30%	62	-
2006	760.0	26.40%	20,097	19.50%	62	6
2007	942.4	24.00%	22,350(34,291)	11.20%	65	25
2008	1,301.50	38.10%	35,204(54,660)	57.5%(+59.4%)	70	38
2009	2,062.00	58.40%	56,100(78,593)	59.3%(+43.7%)	73	66
2010	2,632.70	27.60%	85,116(118,824)	51.7%(+51.1%)	75	96
2011	3002	14.02%	109,753(155,705)	28.9%(+31%)	75	115

* as of Dec. 2011

Unit hundred mil., KRW

(1US \$ = 1103 KRW approx.)

Target contribution for 2012 KRW350billion



Unit hundred mil., KRW

Representative Co-operative Society: iCOOP Korea

3.3 Main Businesses



Home Delivery Service

7 logistic centers and
8 delivery centers



Online Order System



Natural Dream Stores

Total 115 (May.31.2012)

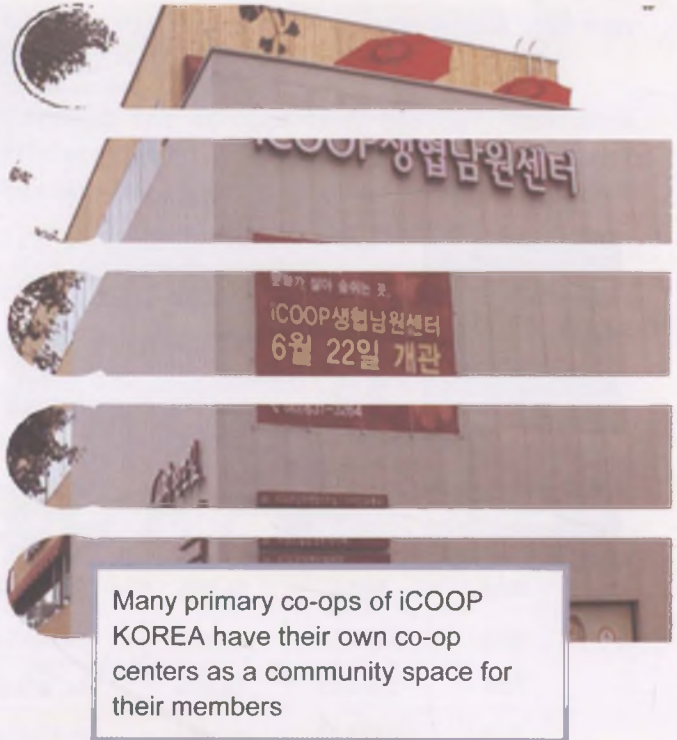


Organic Food Cluster and iCOOP Valley



A Mark

Production to distribution
verification system



Many primary co-ops of iCOOP KOREA have their own co-op centers as a community space for their members

iCOOP Korea's and its primary coops' core business is to provide their members with safe and reliable products.

There are two pillars of business, i.e. Home Delivery Service and Natural Dream Stores.

The operation of two businesses are completely different.

Home Delivery Service is a centralized system and is operated by iCOOP Korea at the expense of its primary coops. In order to centralize the system, iCOOP Korea closed local warehouses and combined delivery systems with its primary coops. Thus, it decreased the total operation cost from 20-25% to 7%.

Natural Dream Stores are operated by iCOOP

Korea's primary co-ops. Every store is independent financially. When a primary co-op opens a store, it invites its members to invest in the new stores.

Recently, iCOOP Korea is starting a new challenge called "Organic Food Cluster and iCOOP Valley".

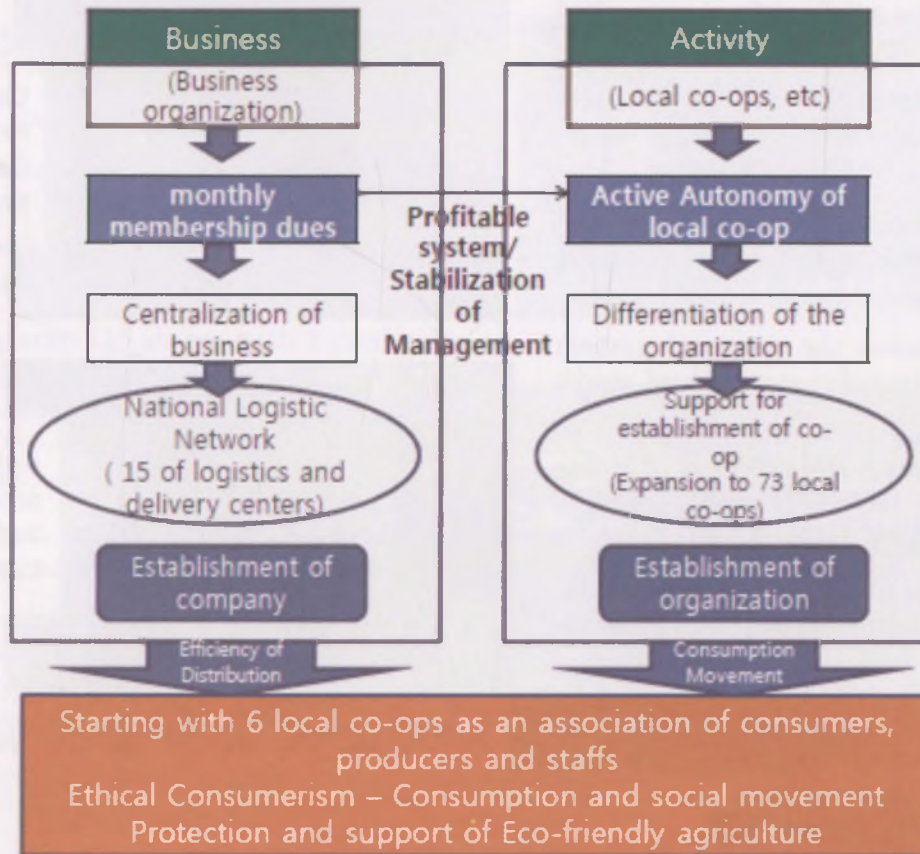
This Project has two phases:

Organic Food Cluster: A complex of iCOOP Korea's producers. Production fields and processing plants will be built together.

iCOOP Valley: Located near the Organic Food Cluster, it will be a space for eco-friendly farming, gardening and residential area.

Representative Co-operative Society: iCOOP Korea

3.4 Business Strategy



Based on its strong identity “Ethical Consumerism”, iCOOP Korea conducts its business activities involving consumers, producers and even its staff. iCOOP Korea calls its way of business strategy “Co-existence of Consumers and Producers”.

iCOOP Korea has included in its 4th Stage 4-year Goal 2012-2016 to achieve 700 billion KRW turnover with 350,000 membership.

To accomplish this goal, it sets four pillars of business strategies as follows;

1. Strengthen infrastructure,
2. Promote member centered business,
3. Strengthen corporate image through Natural Dream brand,

4. Promote solidarity among consumers, producers and iCOOP Korea staff.

In addition, bond with the Community is also important for iCOOP Korea. Thus, it includes in its activities of 4th Stage Goal how to develop its business in collaboration with the local community;

1. Contribution to the community,
2. Become an innovator in the community,
3. Create business concerning aged society, health consciousness, cultural and housing problems with the members,
4. To establish a Co-operative Community.

Representative Co-operative Society: iCOOP Korea

3.5 Home Delivery Service

iCOOP Korea runs a unique business called "Home Delivery Service".

Co-op members place the order of products in the catalog and the products are delivered to their home by CO-OP truck.

Since online shopping is popular in Korea, most of the members order the products through internet.

Members can choose the payment system both from bank transfer system and credit card.

iCOOP Korea focuses the products of Home Delivery Service on eco-friendly products aimed at food safety.

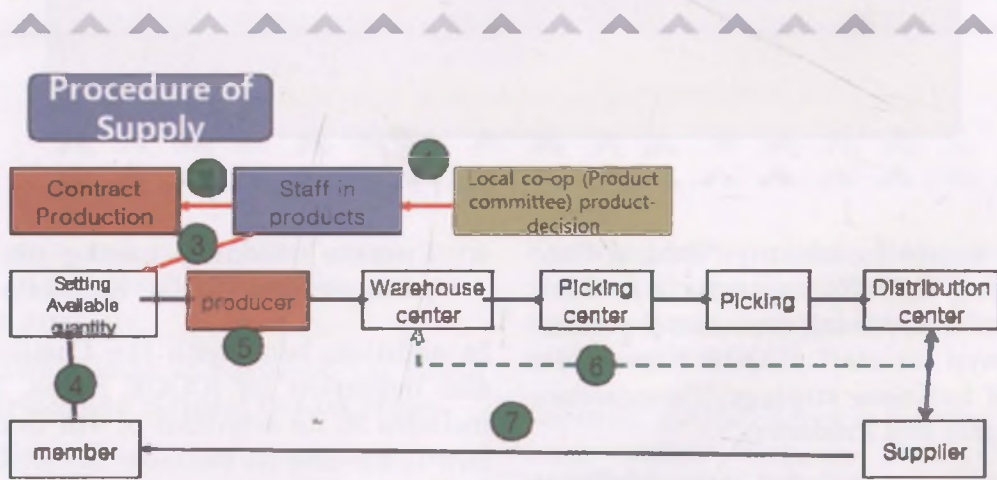
Therefore, it tries to use the space of Catalog to give information on products and producers to its members.



Catalog of Home Delivery products



Article on producer's activities in Catalog



Delivery Center



Ordered products are sorted in delivery boxes

Representative Co-operative Society: iCOOP Korea

3.6 Natural Dream Stores

Natural Dream Store is the unified store brand name of iCOOP Korea and its primary coops.

The concept of the stores is;

1. Operated mainly by coop members' investment.
2. Each store is financially independent.
3. Majority of products is iCOOP Korea brand.

In 2012, there were 115 stores with 193m² sales space in average. The average no. of sold items is 2,000 KRW. The average no. of daily customers is 150 to 200, and their average monthly purchase amounts to about US\$ 250.

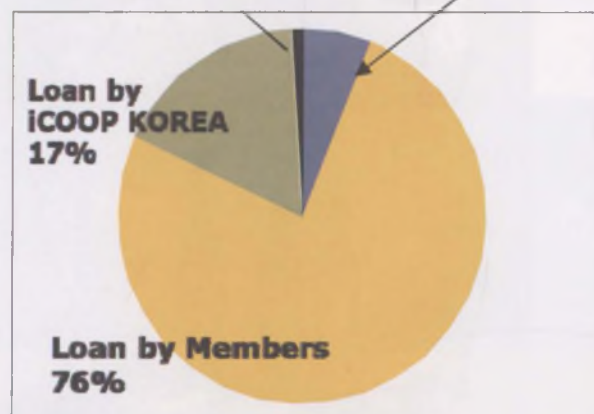
Categories of products are organic vegetables, meat, marine products, bakery/pizza, fair trade products, etc.

Although the stores are financially independent, iCOOP Korea supports the stores providing managerial consultation and staff training services.



With the increase of no. of Stores, the turnover of Stores surpassed that of Home Delivery

Primary co-op's investment 1%
Members' investment 6%



Capital Structure of Store(sample)

Representative Co-operative Society: iCOOP Korea

3.7 Merchandise Policy

iCOOP Korea has a strong policy to deal mainly with its brand products.

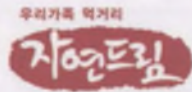
Currently, there are 3,459 items originally produced for iCOOP Korea.

Fresh food products are mainly produced by its member farmers and producers.

As for the processed food products, iCOOP Korea has two private label brands:

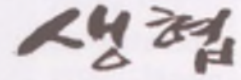
Natural Dream (400 items):

iCOOP Korea's premium brand covers bakery and store business. Selection and development of products are conducted through members' participation.



Saeng-hyup (coop in Korean) :

This is a sub-brand meeting members' needs for more affordable products.



In addition to its private brand products, iCOOP Korea supplies imported products through fair trade. It has a Fair Trade Fund to support the producers.

Transparency is another important value of iCOOP Korea's merchandise policy. "A" mark is a verification system of traceability of products. It has a catchy phrase "from Farm to Table".



Outlook of Korean retail market

Outlook of Korean retail market

Total retail market sales in South Korea was estimated to account 252 trillion KRW in 2009.

The retail market in South Korea has developed dramatically since the first hypermarket was opened in 1993, with the liberalization of large-scale business to foreign retailers in 1989.

Modern formats such as hypermarkets, supermarkets, convenience stores and online retailers have grown rapidly in these two decades.

Conventional Mom-Pop stores and street markets were replaced by modern formats.

Currently, almost half of Korean retail market is composed of the modern format retailers.

Among them, hypermarkets are most successful.

A characteristic feature of Korean retail market is that the composition of online retailers is higher than in other Asian countries.

Online retailers, including internet shopping, and TV home-shopping have attracted the Korean consumers because of their convenience and price. It is estimated that this field will grow further.

4. Problems and Future Visions

4.1 Problem areas/constraints

Currently, iCOOP Korea is facing problems as follows:

1. Strict legal restrictions on non-member purchase.
2. Disadvantages in taxation system compared with other sectors of cooperatives.
3. Inadequate tax support system on As-

sociation or National Association of Cooperatives.

In order to solve these problems, iCOOP Korea consults with the Fair Trade Commission (FTC), the Ministry of Strategy and Finance and the National Assembly members, and proposes to them some reform measures.



Problems and Future Visions

4.2 Future Visions

Government policy concerning consumer co-operatives is as follows:

- ✓ Work in progress to establish rules and standards for starting Mutual-aid business in 2012
- ✓ To establish effective plans for the sound growth of Health Co-operatives based on co-operative identity adopted by ICA in 1995.
- ✓ Consultation with the relevant Ministries for the support on taxation system of consumer co-operatives.
- ✓ New support measures to promote the development of consumer co-operatives which are channels for direct transaction between consumers and producers.
- ✓ To provide consumer co-operatives, which are coping with the competition with large retailers, with management advisory services, for their further development .

iCOOP Korea

- ✓ As a leading protagonist of ethical consumerism in Korean civil society, iCOOP KOREA will establish continuously its original supply chain, logistics network, retail sale channels with its consumer members.
- ✓ iCOOP KOREA aims to accomplish 350 thousand members, KRW 700 billion turnover, 300 sales outlets, 2 organic food industry clusters in Goesan and Gurye, and 100 co-op's citizenship schools by 2016.

5. Relationship with the Government

The relationship between Korean consumer co-operatives and the government is good. However, due to the sectorally fragmented legislation on co-operatives and different background of development, there are still inconveniences and constraints on business activities of consumer co-operatives.

One of the problems is the disadvantages of the tax system. Consumer co-operatives do not have any tax cuts compared with other sectors.

Another problem is strict restrictions on the purchase of non-members.

In consultation with the Fair Trade Commission (FTC) and the Ministry of Strategy and Finance, consumer co-operatives are seeking a solution to improve the situation.

The Ministry of Strategy and Finance is planning to create a new division for co-operative affairs, in connection with the enforcement of the "Framework Act on Co-operatives" which will come into effect in December 2012.

Relationship with the Government

6. Basic Information on Korea

- Name : Republic of Korea
- Capital : Seoul
- Largest city : Seoul
- Government : Unitary Presidential Constitutional Republic
- Area : 100,210 km²
- Population : 50,004,441 [2012 estimate]
- GDP (PPP) : US\$1.556 trillion [2011 estimate]
- Currency : South Korean Won (KRW)



From: Wikipedia

Malaysia

Highlights of consumer co-ops

- ✓ Micro and small retail co-operatives
- ✓ Trinity of MCSC, ANGKASA and CCM

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1. Co-operative movement in Malaysia

Co-operative movement in Malaysia started in the early 20th century. At that time farmers in rural areas were oppressed and exploited by middlemen under the “padi kunca (padi: rice, kunca: volume of rice)” scheme.

Farmers had to sell even their rice fields before their crops were planted, to service their credit payments.

In urban areas, low wage workers, including civil servants, were vulnerable to money lenders.

Under these circumstances, the idea of co-operatives was introduced and the office of the Director of Co-operation was established in Taiping, Perak in 1922.

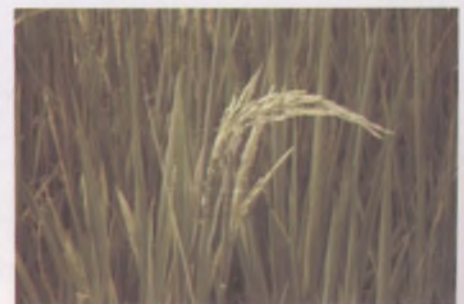
In the same year, the Co-operative Societies Enactment 1922 was enacted to supervise co-operatives.

The objectives of co-operatives were to encourage thrift, self-help and co-operation among

those who were in need. During the first year of introduction of co-operative movement, 6 rural credit societies, 3 government servants co-operative thrift and loan societies and 2 co-operative stores were established.

Currently, co-operatives in Malaysia are regulated by the Co-operative Societies Act 1993 and the Malaysia Co-operative Societies Commission Act 2007, under the administration of the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC).

The Malaysia Co-operative Societies Commission (MCSC) is a statutory body under MDTCC and acts as registrar and regulator of co-operatives in Malaysia.



Co-operative movement in Malaysia

Co-operative movement in Malaysia (contd.)

STATISTICS OF MALAYSIAN CO-OPERATIVE MOVEMENT

NO	SECTOR	TOTAL CO-OPS	INDIVIDUAL MEMBERS	TOTAL SHARES (RM)	TOTAL ASSET (RM)	TURNOVER (RM)	PROFIT / LOSS (RM)
1	BANKING	2	986,273	2,598,281,172	73,389,316,753	5,182,413,987	1,536,724,691
2	CREDIT/FINANCE	589	1,913,384	4,762,759,131	9,914,329,979	1,285,077,544	270,946,903
3	AGRICULTURE	1,798	416,200	426,053,335	1,156,882,588	858,106,734	158,162,303
4	HOUSING	134	147,633	175,076,985	754,841,998	66,736,687	28,941,832
5	INDUSTRIAL	162	13,349	2,463,672	47,072,570	211,833,717	2,492,482
6	CONSUMER – adult	1,920	539,818	239,642,392	959,941,925	696,586,612	41,025,169
	CONSUMER – school	2,216	2,087,254	19,762,148	225,231,892	263,556,644	33,855,904
7	CONSTRUCTION	151	112,088	25,081,547	138,797,085	85,068,091	11,993,358
8	TRANSPORTATION	418	137,899	57,285,563	372,124,374	557,856,033	21,680,928
9	SERVICES	1,684	686,411	2,178,160,174	4,742,497,538	14,063,977,634	513,354,376
	TOTAL	9,074	7,040,309	10,485,549,113	92,801,041,579	23,088,256,324	2,619,177,945

Source : Malaysia Co-operative Societies' Commission (as at Dec 2011)

1 US\$ = 3.05 RM approx.)

According to the data provided by the Malaysia Co-operative Societies' Commission (MCSC), there were 9,074 registered co-operatives in Malaysia with over 7 million members at the end of 2011.

Thus, about 25% of the total population of Malaysia were members of co-operatives.

In terms of membership, consumer co-operatives are the largest in number. The total membership of consumer co-operatives was 2.63 million at the end of 2011, followed by credit co-operatives totalling 1.91 million. However, service co-operatives had the highest turnover that exceeded RM 14 billion.

Compared with other agricultural countries such as China, India, Japan and Thailand, agricultural co-operatives are not so active in this country. The membership of agricultural co-operatives amounted to 416,200 and the turnover amounted to RM 858 million in 2011.

Size	Co-operatives		Turnover	
	No.	%	RM billion	%
Large	158	1.7	21.5	93.5
Medium	425	4.7	0.8	3.5
Small	1,027	11.3	0.4	1.7
Micro	7,464	82.3	0.3	1.3
Total	9,074	100	23	100

The majority of co-operatives are micro and small. The turnover ratio of 158 large co-operatives accounted for 93.5% in

As for Dec. 31 2011 (MCSC)

Co-operative movement in Malaysia

Co-operative movement in Malaysia (contd.)

The co-operative movement has been growing steadily. During 2005 to 2009, the number of co-operatives increased at an average rate of 9.4% a year, membership 4.7%, share capital 8.2%, assets 20.8%, and turnover 17.0%.

The Malaysia Co-operative Societies' Commission (MCSC) categorises the co-operatives in Malaysia into four clusters as follows:

1. Large co-operatives: Annual turnover of RM 5 million and above
2. Medium co-operatives: Annual turnover of RM 1 million to less than RM 5 million
3. Small co-operatives: Annual turnover of RM 200,000 to less than RM 1 million
4. Micro co-operatives: Annual turnover of less than RM 200,000

According to MCSC, the strength of co-operative movement in Malaysia lies in the service sector, in particular with the financial services, i.e. banking and credit/finance, which contributed 89% to the total turnover of the co-operatives in 2011.

In consumer sector, there are still many small and micro co-operatives running retail shops in rural areas.

Until 2001, government policies relating to co-operatives were focused on legal compliance. To strengthen the role of co-operatives in the national economic development, the government issued specific policies for the co-operatives in 2002, with the introduction of the National Co-operative Policy (NCP) 2002-2010, and with its expiry, the next ten-year NCP 2011-2020 launched in 2010.

Under the NCP 2002-2010, the structure of co-operative administration was reviewed and re-structured. All co-operatives were placed under one Ministry, with the MCSC as the sole authority.

Before this, agricultural co-operatives were supervised by the Farmers' Organization Authority of Malaysia (LPP), and the fishery co-operatives were supervised by the Malaysia Fisheries Development Board (LKIM).

The NCP 2002-2010 included strategies to en-

hance the development of co-operatives. The strategies include plans and criteria for the business development, access to financial resources, promotion of entrepreneurial ideas, and enhancement of legislation.



Co-operative movement in Malaysia

Co-operative movement in Malaysia (contd.)

ANGKASA is the sole apex organization of co-operatives in Malaysia. It was founded based on the decision of the First Congress of the co-operative movement in Malaysia in 1966.

The objectives of ANGKASA are to unify Malaysian co-operatives, to represent the co-operative movement at national and international level, to be the custodian of co-operative ideology, to facilitate / assist in the development of Malaysian co-operatives.

Both primary co-operatives and secondary co-operatives of all sectors are invited to become ANGKASA members.

The membership of ANGKASA is voluntary and open to all co-operatives in Malaysia under the Co-operative Societies Act 1993.

Every co-operative applying for ANGKASA mem-

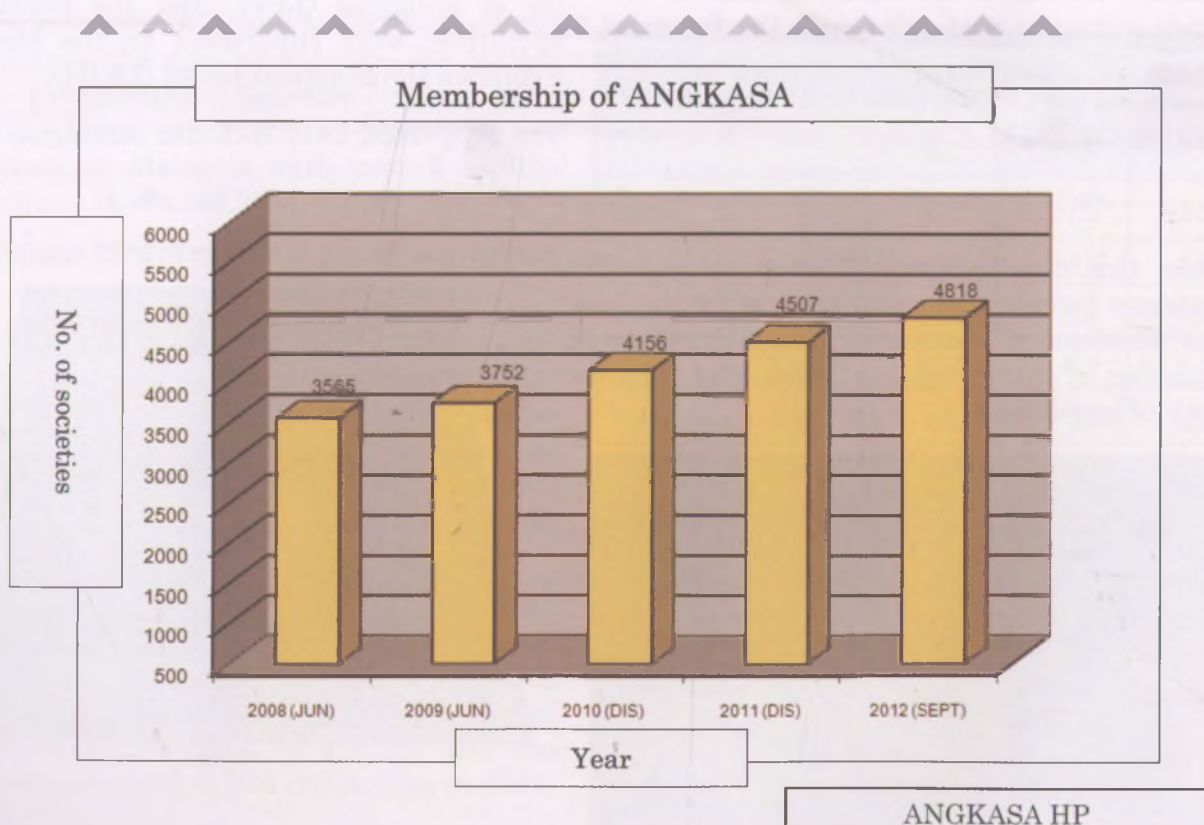
bership has to pay one-time registration fee of:

- RM 30 for school co-operatives
- RM 100 for primary co-operatives
- RM 200 for secondary co-operatives
- RM 300 for tertiary societies

Share capital and subscription fee are not required to become ANGKASA members.

ANGKASA members' business fields are diversified, i.e. banking, credit, health, agriculture, consumers, land, fisheries, transportation, insurance, housing, enterprise, education, women and worker. Credit sector is the largest in terms of revenue.

In September 2012, ANGKASA had a membership of 4,818. Among them, 3,013 are consumer co-operatives (2,036 school co-operatives and 977 adult co-operatives).



Co-operative movement in Malaysia

Co-operative movement in Malaysia (contd.)

National Co-operative Policy (NCP) 2011-2020

In macro perspective, NCP 2011-2020 defines co-operative sector as an effective contributor to national development.

In micro perspective, NCP defines co-operatives as generators of economic growth, competitive business entities, an effective self-help organizations, and sensitive and proactive towards the environment.

In the foundation of NCP lies the national mission to move the economy up the value chain and address persistent socio-economic inequalities constructively and productively.

The final goal of NCP is to increase the contribution of the co-operative movement to the GDP (5% by 2013 & 10% by 2020) through public confidence, supervision and good governance, and development of co-operative economic activities.

In implementing the above policy, focus is given on the economic activity result areas namely financial services, wholesale and retail, health care, agriculture and plantation.

To realize its goal, NCP sets 5 strategic thrusts as detailed in the chapter on Future Visions.



Outline of consumer co-ops

2. Outline of consumer co-ops

There is no clear definition of consumer co-operatives in the Co-operative Societies Act 1993 and Malaysia Co-operative Societies Commission Act 2007.

According to MCSC, 9,074 registered co-operatives in Malaysia at the end of 2011, with 7 million members. As for consumer co-operatives, there were 4,136. Consumer co-operatives comprised of two categories, adult and school.

Adult consumer co-operatives are co-operatives that operate stores in cities and companies. Their members are local citizens and company employees. School co-operatives run stores in secondary schools. Their members are students and employees of the school.

Consumer co-operatives operate business in all states and the federal territories. Except for some big institutional multipurpose co-operatives such as Co-Proton and Co-Petro, most of them are small in size and belong to micro and small clusters.

No. of ANGKASA members (consumer co-operatives as on September 2012- ANGKASA HP)

States	Adult	School
Johor	67	230
Kedah	41	147
Kelantan	63	148
Melaka	42	80
N. Sembilan	51	111
Pahang	76	173
Perak	115	222
Perlis	17	29
Pinang	60	122
Sabah	74	129
Sarawak	79	166
Selangor	103	243
Terengganu	65	140
Federal T.	124	96
Total	977	2,036



Outline of consumer co-ops

<Consumer Co-op Project conducted by MCSC>

1. Wholesale

Ministry of Domestic Trade ,Co-operatives and Consumerism started to give licenses to sell controlled items (sugar, rice, cooking oil, flour, LPG gas) to wholesale co-operatives from 2011. The main objective was to uniform the price of products in the country. Prior to this, the prices of controlled essential items differed, especially in rural areas. In 2011, licenses were issued to 71 wholesale co-operatives .

2. Retail shops (TUKAR Project)

MCSC is subsidizing RM 50,000 per shop to renovate and rebrand co-op shops. TUKAR means transformation in the Ma-

lay language. MCSC is trying to standardize the logo and image of shops. In 2011, 106 co-op shops were transformed using the Co-op Mart logo.

3. Rebranding of co-operative petrol Kiosks

In rural areas, there are 1 to 2 petrol kiosks in every town. MCSC collaborated with Smart Stream Resources Pte. Ltd. to rebrand petrol kiosks owned by co-operatives in rural areas. This Project is called SMART stream. In 2011, 5 co-operative kiosks were upgraded bringing the total to 25.

4. Supermarkets

In 2011, 3 co-operative supermarkets with more than 3,000 sq. ft. were upgraded.



Outline of consumer co-ops

Outline of consumer co-ops (contd.)

5. Distribution centers

In 2011, 2 distribution centers owned by the co-operatives were established. These wholesale co-operatives have the licenses to sell controlled items.

All the above programs are giving good business results to consumer co-operatives.

The subsidies from the government are allocated from MCSC development budget.

In addition to the subsidies, co-operatives are able to obtain soft loans from the government at a much lower rate than private banks.

Renovation of Co-op Mart in Co-operative College (TUKAR Project)

Before



After re-branding of the store



Outline of consumer co-ops

<Development of CO-OP brand products>

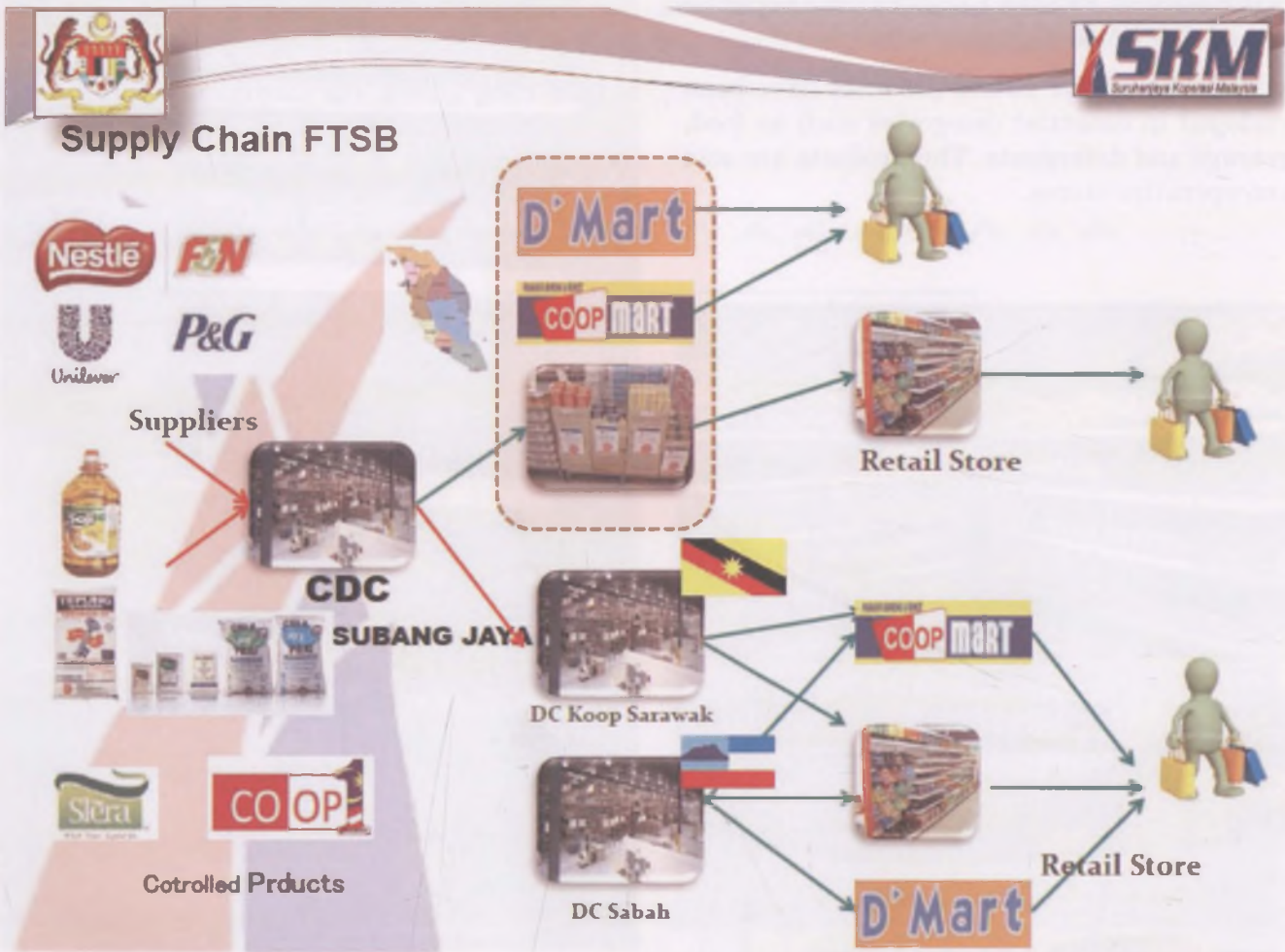
MCSC has collaborated with FELDA Trading co. ltd. in developing CO-OP brand products (CO-OP1 Malaysia). FELDA Trading co. ltd. is a subsidiary of FELDA Co-operative (Koperasi Permodalan Felda Malaysia Berhad).

By 2012, 71 CO-OP brand products have been developed in essential categories such as food, beverage and detergents. The products are sold at co-operative stores.



Outline of consumer co-ops

Supply Chain of Products to Retail Shops



CDC Subang Jaya: Distribution center in Subang Jaya

Controlled Products: Controlled products listed by the Ministry of Domestic Trade Co-operative & Consumerism such as sugar, flour, etc.

DC Koop Sarawak/Sabah: Co-op distribution center in Sarawak/Sabah states in Borneo

Outline of consumer co-ops

Outline of consumer co-ops (contd.)



SMART store



Co-op Mart store with Distribution Center



Outline of consumer co-ops

<Consumer Projects conducted by ANGKASA>

In addition to the projects conducted by MCSC, ANGKASA is carrying out projects to revitalize school and mosque co-operative retail stores.

These projects are consistent with the National Co-operative Policy (NCP) 2011-2020 and are aimed at increasing the contribution of co-operatives to GDP.

School co-operatives in Malaysia are basically involved in 3 important business :

a. BUSANA - supplying and selling of school uniforms. Its objective is to supply school uniforms along with other school supplies (shoes, school bag, etc.) at below market price. This also helps school co-operatives to expand its business and increase economic activities of the co-operatives.

b. Retail stores in school - the typical co-op stores are involved in selling stationery products. ANGKASA is assisting school co-ops to revitalize their shops into small retail stores selling consumer products.

c. Tourism Package - school co-operatives are also involved in the tourism industry whereby the school co-operatives involved will design/develop a tourism package involving visits to historical places of interests



School Co-op shop

and also special session on sharing of information on specific prominent figure. These packages are to be sold to other co-operatives in other states to generate income for the co-op. the package is also offered to international co-operatives inter-

ested to learn about school co-operatives in Malaysia.

The development and revitalization of mosque retail shops are aimed also to strengthen the bond between citizens and community.



Mosque Co-op shop



School Co-op shop

Outlook of Malaysia retail market

According to the information from the Department of Statistics Malaysia, the growth rate of Service sector rose by 6.3% in the second quarter of 2012. The growth of wholesale and retail trade accounted for 5.9%. The main contributor was the retail segment, followed by finance and insurance.

Census of Distributive Trade for reference year 2008 has given a new benchmark to the estimation of wholesale and retail trade activ-

ity. This data has been taken into account in the rebased GDP.

In 2011, hypermarkets, convenience stores, department stores and mini-markets enjoyed the biggest increase in sales.

While, conventional retailers including Pop & Mom stores faced harsher competition from big retailers and their sales continued to decrease.



3. Problems and Future Visions

Problems:

Problems of consumer co-operatives in Malaysia may be described as follows;

1. *Lack of organizational scale*
As mentioned, most of the adult consumer co-operatives in Malaysia are micro-small co-operatives.
2. *Difficulties in increasing share capital*
Many consumer co-operatives find it difficult to increase member share capitals. Thus, it is also difficult to increase the ownership awareness of their members.
3. *Lack of professional management skills*

Most of consumer co-operatives in Malaysia do not have strong retail management skills to face the harsh competition with the private retailers.

Future Visions:

NCP 2011-2020 sets the performance indicators as follows;

1. *Strategic Thrust 1*
Stimulate participation of co-operatives in high value economic sector
2. *Strategic Thrust 2*
Strengthen the capacity and capability of co-operatives
3. *Strategic Thrust 3*
Create and develop the capability of human capital in co-operatives
4. *Strategic Thrust 4*
Improve public confidence in the co-operative movement
5. *Strategic Thrust 5*
Strengthen co-operatives through effective supervision and enforcement



Relationship with the Government

4. Relationship with the Government

Co-operatives in Malaysia have a good relationship with the government.

Since almost half of co-operatives in Malaysia are not affiliated to ANGKASA, the government plays a big role especially in the activities of micro and small co-operatives.

Co-operatives with less than MYR750,000 members' fund are exempted from tax.

In August 2012, Co-operative Commission of Malaysia (MCSC), ANGKASA and Co-operative College of Malaysia (CCM) signed an agreement to clarify their roles in the co-operative movement as follows:

- 1) MCSC as a body entrusted with the co-operative movement is responsible for the development and supervision of co-operatives and the co-operative sector.
- 2) Co-operative College of Malaysia (CCM) is responsible for building and enhancing

human capital competency co-operatives through skills training and higher education.

- 3) ANGKASA as the apex co-operative body given the responsibility to stimulate and develop co-operative business and to network nationally and internationally.



5. Basic Information on Malaysia

Name	: Malaysia
Capital	: Kuala Lumpur
Largest city	: Kuala Lumpur
Government	: Federal Constitutional Elective Monarchy and Federal Parliamentary Democracy
Area	: 329,847 km ²
Population	: 28,334,135 [2010 census]
GDP (PPP)	: US\$472.942 billion 2012 estimate
Currency	: Ringgit (MYR or RM)



<States> Johor, Kedah, Kelantan, Pahang, Perak, Selangor, Terengganu, Negeri Sembilan, Perlis, Melaka, Pulau Pinang, Sabah and Sarawak

<Federal Territories> Kuala Lumpur, Putrajaya, and Labuan.



From: Wikipedia

Myanmar

Highlights of consumer co-ops

- ✓ Trading co-ops with small size stores
- ✓ Seeking a new model of co-operatives

1. Co-operative movement in Myanmar

Contents

1. Co-operative movement in Myanmar	1
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4. Problems and future visions...	5
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6. Basic information on Myanmar	6

Co-operative movement in Myanmar started early in the 20th century. The first co-operative was a credit co-operative society that aimed to help farmers and was established in 1905 .

As per the data of 31st March 2011, Myanmar Co-operative Movement has a total of 11,233 organizations. The breakdown of these societies are 1 apex, 20 unions, 461 federations, 10,751 co-operative societies.

Myanmar co-operatives are involved in all fields of the economy. Among all sectors, agricultural co-operatives are the biggest. In fact, Agricultural Co-operative Union is the biggest exporter of beans and pulses.

Banking co-operatives are also active. Co-operative bank is known as CB Bank and has 16 branches throughout the country.



Office of CCS in Yangon

Currently, CB Bank is the second largest bank in Myanmar. 10 more branches will be opened soon.

Consumer co-operatives belong to the trading sector.

The Central Co-operative Society Limited (CCS) is the apex organization of Myanmar Co-operative Movement. It has 442 co-op societies as members with 580.91 million kyats (MMK) in share capital. (1 US\$ = 851 MMK approx.)

Outline of consumer co-ops



Consumer stores deal with basic commodities

2. Outline of consumer co-ops

Central Co-operative Society Ltd. (CCS) is administrated by the Ministry of Co-operatives. It was formed by the amalgamation of Federations and Union of co-operatives in the country, and re-structured in accordance with the Union of Myanmar Co-operative Society Law in 1992.

Consumer co-operative societies are the member of CCS. There is no distinction between consumer co-operatives and trading co-operatives in Myanmar.

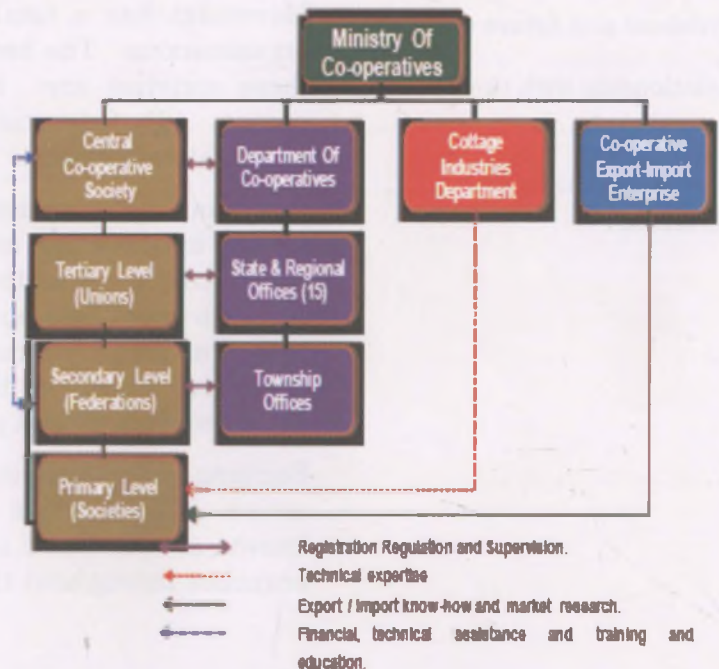
Currently, consumer co-operative movement is not active in Myanmar. Co-operatives called "consumer co-operatives" are trad-

ing co-operatives. Businesses of trading co-operatives are also small scale and most of them have only one small store.

The products sold in stores are basic commodities such as rice, oil (peanut oil), and some non-food items. There are some consumer co-operatives that provide members with service businesses such as renting kitchenware for parties, but most of consumer co-ops sell only commodities.

CCS is trying to promote consumer co-operatives in the country, but faces many difficulties in expanding businesses.

"It is more difficult to establish consumer co-op stores in rural areas than in urban communities"



Representative Co-operative Societies

3. Representative Co-operative Societies

Currently, there are about 50 retail co-operatives in Myanmar. Most of the co-operatives are small scale and have 1-2 small stores. Some of these are:

3.1 Aung Takon General Trading Co-op Society

Aung Takon General Trading Coop Society was established on the 16th of July 1993. In 2011, it had 168 members with 910,425 MMK in share capital.

It has only one store and is located in Sawbwar Gyigone Ward of Insein Township in Yangon. The store is on a street market stall and does not have a traditional entrance door.

In the store, they sell basic commodities such as rice, peanut oil, and vegetables.

The average sales per day is 537,000 MMK and the total sales in 2011 was 40 million MMK, with an increase of 5%.

The purpose of the co-operative is to serve neighborhood citizens.

Although the store size is small, members hold a meeting every month to discuss the sales results and marketing of products.

To become a member, the minimum share capital is 5,000 MMK.



3.2 Thazin General Trading Co-op Society

Thazin General Trading Co-op Society was established on 24th April 1993. The members are neighborhood citizens living in Mayangone, Yangon.

In 2011, it had 520 members with 1,040,000 MMK in share capital. It has only one store and is located in 2 Ward of Mayangone Town.

Almost all basic commodities



are sold in this store. In addition to rice, oil and vegetables, consumers can buy also non-food items such as soap, shampoo and other household goods.

The average sales per day is 20,000 MMK and the total sales in 2011 was 12 million MMK.

“Rental business” is one of characteristic activities of this co-op. Members can rent kitchen wares when they have special events such as parties.

To become a member, the minimum share capital contribution should be 2,000 MMK.



Representative Co-operative Societies

3.3 Yamon Nar General Trading Co-operative Society

Yamon Nar General Trading Co-operative Society was established on 5th June 1998.

The members of co-operative are government employees. In 2011, there were 28 members with



980,000 MMK in share capital.

The co-operative owns only one store that is located in Yamon Nar 2 Ward in Dawpon Township.



Basic commodities including rice and oil are sold in the store.

The average sales per day is 70,000 kyats and the total sales in 2011 was 20 million MMK. To become a member, the minimum share capital should be 35,000 MMK.

3.4 Kya Yan General Trading Co-operative Society

Kya Yan General Trading Co-operative Society is the biggest retailing co-operative in Yangon.

In 2011, it had 104 members with 104 million MMK in share capital.

Currently, there are 3 co-op stores in Ka Yan Township, which are located in the suburb of Yangon. Every store is divided into sections to sell food, dry groceries and non-food items.

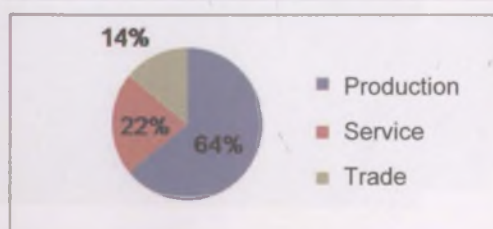


Although there are big local markets near the stores, Kya Yan General Trading Co-operative is competitive and is increasing its sales.

The average sales per day per store is 2 million MMK and the total sales in 2011 was 130 million MMK.

To become a member, the minimum share capital is 100,000 kyats.

Breakdown of co-operative sectors



Production sector : Agriculture, industrial and handicraft

Service sector : Savings and credit, banking, healthcare, micro-credit, etc.

Trade sector : Domestic and foreign trade, consumer stores

Problems and future visions

Outlook of Myanmar retail market

Myanmar retail market is a supply driven market.

Almost 90% of retail market is represented by traditional small markets called "Zaycho" where available items are very limited. "Zaycho" means "cheap price" in Burmese. Traditional markets run dry food stores, non-food stores. Recently, the number of beauty stores is increasing.

According to a survey, shoppers visit stores 3.5 times a week in average, spending about 3,500 MMK (about US\$ 4) per each shopping.

Recently, big retail chains and department stores established big supermarket stores and malls in big cities such as Yangon, Mandalay and Nay Pyi Daw.

4. Problems and future visions

4.1 Problems of Myanmar trading co-operatives

Just like in other countries, the number of modern trading retailers is growing rapidly in Myanmar. Consumer co-operatives used to be stronger before, especially university co-ops, during 1950s. University co-ops had a membership of over 10,000 country-wide. Now most of university co-ops are closed.

There were no consumer co-operatives in rural area in the history. In early days agri-

cultural multi-purpose co-operatives, and now some agricultural and general trading co-operatives operate in rural areas and it is difficult to set up new consumer based co-operatives.

The government is encouraging CCS to establish a new model of trading co-operatives in collaboration with the private sector.

4.2 Future Visions

CCS is now waiting for a new government policy on co-operatives.

The new policy is expected to include 8 development policies on co-operatives.

The government is eager to encourage co-operatives to establish a joint venture business with private sector.

In this conjunction, CCS is trying to estab-

lish a shopping mall in Sayasan Plaza in Yangon.

The Mall will be a joint venture with private sector. With this initiative, CCS hopes to enhance the activities of trading co-operatives in the country.

Unfortunately, there is no clear policy on how to enhance consumer based co-operatives.

5. Relationship with the Government

The Government is supportive to co-operatives but there is no subsidy or tax exemption system in Myanmar. Now the government is revising the organizational

structure of the Ministry, and when it is finalized, they are expected to formulate a new policy on co-operatives.

Basic Information on Myanmar

6. Basic Information on Myanmar

Name	:	Republic of the Union of Myanmar
Capital	:	Naypyidaw
Largest city	:	Yangon (Rangoon)
Government	:	Unitary Presidential Republic
Area	:	676,578 km ²
Population	:	2010 estimate 60,280,000
GDP (PPP)	:	US\$82.679 billion [2011 estimate]
Currency	:	Kyat (MMK)



From: Wikipedia



Philippines

Highlights of consumer co-ops

- ✓ Small scale retail co-operatives
- ✓ Weak vertical structure

Contents:

1. Co-operative movement in the Philippines..... 1
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3. Representative co-operative societies 4
4. Problems and future Visions 5
5. Relationship with the government 6
6. Basic information on the Philippines 6

1. Co-operative movement in the Philippines

Background

According to the information given by the Co-operative Development Authority (CDA), the co-operative movement in the Philippines started late in the 19th century.

Two Filipinos travelling in Europe during the later part of the 19th century were impressed with the success of a new economic movement in effecting a gradual metamorphosis of the economic and social life of the people in European countries.

These two men were Dr. Jose P. Rizal and Mr. Teodoro Sandiko. Rizal, after his trip to Sandakan, Borneo in 1892, requested Governor Despujol that he and some relatives and friends wanted to be permitted to move to that place and found a colony under the co-operative plan of Robert Owen.

Instead, he was arrested for

treason and banished to Dapitan, Zamboanga del Norte. In Dapitan, Rizal had his ideas in co-operation partially fulfilled.

He set up a school for the poor community on a purely co-operative basis. He also established a co-operative store with the help of his pupils. One noteworthy group organized by Rizal was the La Sociedad de los Abacaleros (Society of Abaca Producers).

This Society functioned only for one year. Rizal returned the share contributions to the members without any loss.

Teodoro Sandiko, had a close contact with the co-operative movement in Germany during his travels in Europe. He came across the Raiffeisen movement.

He was very much impressed by this co-operative and he wished to introduce the same in the Philippines.

Cooperative movement in the Philippines

Co-operative movement in the Philippines (contd.)

Later, Sandiko was appointed as a Governor, and had the chance to establish co-operatives.

As soon as Civil Government was established, the Filipinos were encouraged to participate in the political activities.

Teodoro Sandiko, then governor of Bulacan, prepared a bill patterned after the Raiffeisen type of credit union and had Rep. Albert Barreto of Zambales sponsor the bill in the lower House of Congress.

The principal aim of this bill was to protect farmers and develop agricultural co-operatives in the country.

The first attempt failed, but it was put through again in the Second Philippine Legislature. This time it was sponsored in the Lower House by Rep. Rafael Corpuz who succeeded Rep. Barreto from Zambales.

The bill was ably presented in both Houses and it was finally passed into law on February 11, 1914 and became Act 2508. When this Act was finally made into law, Gov. Sandiko earned a title of Father of Co-operation in this country.

The administration of the Rural Credit Law was entrusted to the Bureau of Agriculture. The first rural credit association that was organized under this Law was the Agricultural Credit Co-operative Association of Cabanatuan, Nueva Ecija.

It was formed on October 18, 1916. With this initial organization farmers in the different provinces were organized.

At the end of 1926 there were 544 rural credit co-operatives organized in the 42 provinces and by 1930 there were 571 associations formed all over the country. In 1935, however, about 90% of these co-operatives became inactive with no funds left in their treasury.

As soon as the organization of rural credit co-operatives was in full swing, the Co-operative Marketing Law (Act 2425) was enacted and approved on December 9, 1927.

The rural credit associations were designed to help finance the productive efforts of the farmers. In order to provide incentives to the farmers to produce more, an efficient machinery for the profitable marketing of their products needed to be provided.

Wherever rural credit associations were organized co-operative marketing societies were also designed to be organized. The apparent weakness of the rural credit co-operatives, however, failed the enthusiasm of farmers to organize themselves into co-operative marketing associations.

By 1939 only 164 societies were actually organized with a total membership of around 5,000 farmers. With this number only 35 re-

ported sale of their products to the Bureau of Commerce.

The number of associations reporting indicated that only 20% of the organized associations were active.

The Filipino economists and students of co-operatives have often attributed the failure of co-operative societies to the following causes:

- ✓ Incompetent management
- ✓ Lack of proper understanding of the principles, practices, true aims, and purposes of co-operative organisations.
- ✓ Improper use of credits by the borrowers who, instead of using money borrowed for production, spent it for fiestas or luxuries.
- ✓ Defective securities.
- ✓ Political interference particularly in the collection of overdue accounts.
- ✓ Lack of compensation of officers.

Outline of consumer co-ops

Co-operative movement in the Philippines (contd.)

- ✓ Inadequate character and moral responsibility in handling the other fellow's money.
- ✓ Lack of adequate safeguard against unscrupulous officers who took advantage of their position to grant loans to themselves and their compadres which later proved disastrous to the system.
- ✓ The dominance of the individualistic attitude instead of the spirit of co-operation among the people.
- ✓ Inability of co-operatives to secure adequate capital.
- ✓ Their dependence on alien suppliers and distributors.
- ✓ Ineffectiveness of the government and promotion of co-operative organizations.
- ✓ Inadequate marketing facilities.

Considering the experiences of similar societies in other countries, however, the fundamental cause of failure in a co-operative enterprise is the lack of proper understanding of the principles and true aims of co-operative associations, and the non-adherence to them in actual operation of co-operative enterprises.

In recognition of the strategic position occupied by farmers in the social structure and economic development of the country, the Congress of the Philippines in 1952 enacted Republic Act 821.

This law established a system of liberal credit which is specially designed to meet the needs of the small farmer.

It also created an administrative agency known as the Agricultural Credit and Co-operative Financing Administration (ACCFA).

[Extracted from: CDA Home Page]



2. Outline of Consumer Co-operatives

Co-operatives in the Philippines are administered by the Co-operative Development Authority, which is the Office of the President.

The ruling Law of co-operatives is the Cooperative Code 2008.

The structure of co-operatives is in three-tier: primary, secondary, and tertiary.

In 2011, 20,547 co-operatives were registered to CDA. The biggest sector is credit union.

Around 80% of co-operatives are multi-purpose co-operatives.

National Confederation of Co-operatives (NATCCO) is the biggest multi-service national federation of co-operatives in the Philippines. It was first founded by the credit union pioneers.

In 1986, it was transformed to a multi service federation. It has around 1.6 million individuals as co-op members (2012).

NATCCO joined the billionaires group of co-operatives in 2009, and is the only billionaire co-operative federation in the country.



Representative Co-operative Societies

3. Representative co-operative societies

Consumer co-operatives in the Philippines is not active. Most of them are small scale and their operations are not in good condition.

There is no clear definition of consumer co-operatives in the Co-operative Code 2008.

NATCCO has an Enterprise Development Center, which is in charge of developing CO-OP Mart concept stores. NATCCO is trying to de-

velop retail business within its member organizations.

This concept is adopted by some NATCCO member organizations that are credit unions and multi-purpose co-operatives.



CO-OP MART - Soro-soro Ibaba Development Co-operative (SIDC) located in Batangas City



Co-op Mart ADTEMPCO (Multi-Purpose Co-operative) in Bangued, Abra

Problems and future visions

Outlook of the Philippines retail market

The majority of retail market in the Philippines is composed by micro-small Pop-Mom shops, so called Sari-sari stores.

A sari-sari store is a convenience store found in the Philippines. The word *sari-sari* is Tagalog meaning "variety". Such stores form an important economic and social location in a Filipino community. These are present in almost all neighborhoods, sometimes even in every street. Most sari-sari stores are privately owned shops and

are operated inside the shopkeeper's house. Commodities are displayed in a large screen-covered or metal barred window in front of the shop. Candies in recycled jars, canned goods and cigarettes are often displayed while cooking oil, salt and sugar are often stored at the back of the shop.

It is still small percentage but the modern supermarkets and hypermarkets are also growing in the Philippines.



4. Problems and future Visions

4.1 Problems

The problems of consumer co-operatives in Philippines can be summarized as follows:

- ✓ Small size co-operatives
- ✓ Lack of collaboration among consumer co-operatives
- ✓ Lack of organizational professional skills and abilities
- ✓ Lack of training system
- ✓ Weak vertical structure among co-operatives

There are co-operatives which are registered with more than 2 apex organizations and this has lead to the weakness of vertical structure among co-operatives in the Philippines.

4.2 Future Visions

The Co-operative Development Authority in its 2010-2016 Co-operative Development Plan envisages the following :

- ✓ Strengthening and enhancing delivery mechanisms of the Co-operative Development Authority
- ✓ Providing an enabling environment for the strengthening and development of co-operatives
- ✓ Ensuring local and global competitiveness of co-operatives
- ✓ Promoting co-operation as the vehicle for the social transformation for people, planet, prosperity and peace
- ✓ Massive expansion of co-operative membership.

Relationship with the Government

5. Relationship with the Government

The relationship of co-operatives with the government is good.

The Co-operative Development Authority (CDA) is a government authority created by the virtue of Republic Act and it is in charge of both regulatory and development of co-operatives.



6. Basic Information on the Philippines

Name	: Republic of the Philippines
Capital	: Manila
Largest city	: Quezon City
Government	: Unitary presidential constitutional republic
Area	: 300,000 km ²
Population	: 92,337,852 [2010 census]
GDP (PPP)	: US\$ 411.903 billion [2012 estimate]
Currency	: Peso (PHP) (1 US\$ = 41.40 PHP approx.)



From: Wikipedia

Singapore

Highlights of consumer co-ops

- ✓ Sole consumer co-op in the country
- ✓ Mission: to moderate the cost of living
- ✓ High market share: more than 50%

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1. Co-operative movement in Singapore

1.1 Introduction

The Co-operative concept was introduced in Singapore as early as 1924 at a time when money lending was a roaring business. There were, at that time, no institutions, finance companies or banks which wage earners, who were struggling to make ends meet, could depend upon for financial relief in times of need.

The Straits Settlement Co-operative Societies Ordinance was passed in 1924 and came into force in 1925. The first thrift and loan society to be established was the Singapore Government Servants' Co-operative Thrift and Loan Society Ltd, which was registered on 7 October 1925, with 32 members.

Between 1925 and 1940, more people began to see the usefulness of the co-operative concept of self-help and mutual assistance. Altogether 43 thrift and loan societies were formed to cater to the needs of civil servants, teachers, custom officers

as well as those working in the private sector.

The growing number of societies made it necessary to create a central organization to enable co-ordination and collaboration.

The Co-operative Societies Act, 1979, revised the earlier legislation, taking into account social and economic developments since 1925. The Act also made provision for an apex organization to enhance the growth of the co-operative movement.

On 18th September 1980, Singapore National Co-operative Federation (SNCF) was formed as the apex body of the co-operative movement. It was to serve as catalyst and co-ordinator for the co-operative societies in Singapore. Its mission is to promote and develop co-operatives as sustainable enterprises that address social and economic needs through the principle of self and mutual help so as to foster a more resilient society.



Introduction

1.2 Structure and legislation of co-operatives in Singapore

Co-operatives in Singapore are administrated by the Ministry of Community Development, Youth and Sports (MCYS). The Registry of Co-operative Societies of MCYS is the Regulator responsible for the administration of the Co-operative Societies Act and Co-operative Societies Rules.

All co-operatives are governed by the Co-operative Societies Act and Co-operative Societies Rules. In addition, each individual co-operative would have their own by-laws to govern their own activities, etc.

The Code of Governance for Co-operatives (Code) was launched by the Singapore National Co-operative Federation in 2006.

The Code encapsulates the best governance practices of the industry and aims to help co-op boards and management to better fulfill

their roles. The code is meant to assist all co-operatives to examine and raise their governance standards.

The Code of Governance for co-operatives was formulated by a co-operative review team composing representatives from the Ministry of Community Development, Youth and Sports, the Monetary Authority of Singapore, the Ministry of Finance, the National Trades Union Congress (NTUC) and the SNCF.

It consists of principles and guidelines for each of the following broad components: board matters, conflict of interest policy, human resource policy, accountability and audit, capital, assets and funds, corporate communications (communications with members and stakeholders).

In addition, the self-evaluation checklist was formulated to help co-operatives assess their level of compliance with the requirements stipulated in the Code. Compliance with the Code is non-mandatory. The Codes aim to complement the minimum standards set forth in co-operative legislation.

There are two types of co-operative societies, i.e. primary and secondary co-operatives.

A primary co-operative society means a registered society all of whose members are mostly individual persons within the co-operative. A secondary co-operative society means a registered society all of whose registered members are co-operative societies. This is prescribed under Section 39 of the Co-operative Societies Act of Singapore.

More than 99% of co-operative members in Singapore are affiliated to SNCF. The SNCF represents more than 85% of all co-operators in Singapore where an estimate of 1 in every 3 Singapore residents is a member of a co-operative.



Outline of consumer co-ops

2. Outline of consumer co-ops

The first consumer co-operative in Singapore was established in the 1970s, during the economic and social turmoil. The global oil crisis in 1973 gave fear of food shortage to the consumers. In such background, NTUC started "NTUC Welcome Supermarket" to moderate the cost of living. The first retail store was opened in the same year.

The NTUC Welcome Supermarket then merged with Singapore Employees' Co-operative and changed the name to NTUC FairPrice Co-operative Ltd.

Currently, the biggest consumer co-operative in Singapore is the NTUC FairPrice Co-operative Ltd.. The co-operative is owned by the National Trades Union Congress (NTUC) members, but is not governed by the Trades Union Act.

There are campus co-operatives operating retail stores in the campuses of schools, colleges, universities, and polytechnics in the country.

There are also consumer co-operatives operating supermarkets, but FairPrice is the largest consumer co-operative in Singapore and a leading world-class retailer in Asia.

FairPrice is a household name with a current market share of 55%.

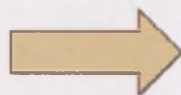
In 2011, FairPrice Group's total revenue reached S\$2.4 billion, while group profit from operations before finance costs and rebates was S\$ 166.3 million. After levy deduction (equivalent of tax) to the Central Co-operative Fund and the Singapore Labour Foundation, the Group's net profit was S\$ 87.8 million.

(1US \$ = 1.22 S\$ approx.)

FairPrice has for a long time been included in the 300 global top co-operatives of International Co-operative Alliance (ICA) list, together with NTUC Income Co-operative Ltd..

In addition, FairPrice was given the Gold Award for the 2010 Asia-Pacific Top 500 Awards, as an outstanding retailer in the region.

In 2011, FairPrice won the Platinum Trusted Brand Award for the Supermarket Chain at the Readers' Digest Trusted Awards ceremony. This Award is voted by the consumers of supermarket chains in Singapore. It was the fourth year that FairPrice won the award.



3. NTUC FairPrice Co-operative Ltd.

3.1 History

NTUC FairPrice was first established in 1973 as NTUC Welcome Supermarket in Toa Payoh, in order to solve the rising oil and daily prices



due to inflation. The then prime minister Lee Kuan Yew opened the first supermarket in Toa Payoh.

The global oil crisis in 1973 had led to fears of food shortage. The NTUC decided to establish a co-operative supermarket to ensure that the essential items were made available to Singaporeans at affordable prices.

Around the same time, other unions such as the Singapore Industrial Labour Organisation and Pioneer Industries Employees Union also set up co-operatives to run supermarkets. The two organisations later merged in the early 1980s to form the Singapore Employees Co-operative (SEC).

In May 1983, due to competition, NTUC Welcome and SEC merged to form a larger co-operative which was known as NTUC FairPrice Co-operative Limited.

NTUC became the sole national trade union center in Singapore. Its social enterprises expanded to various fields such as childcare, healthcare, insurance, housing, eldercare, food

business, education and consumer retail. The main objective of NTUC social enterprises is to help stabilize prices of basic commodities and services.

Since the start of its business, FairPrice has not changed its mission to moderate the cost of living. Whenever there is a food crisis, FairPrice has always endeavored to moderate the price of products. In 2003, FairPrice kept the prices of vegetables stable despite a strong demand during the SARS outbreak. During the Bird Flu outbreak in 2004, it was the first to drop egg prices. More recently, during the 2008 rice crisis, FairPrice again took the lead to drop prices of its housebrand rice.

Its 2,000 FairPrice products and the best value basket of 500 Everyday Low Price (EDLP) items have strongly supported the

business. The first FairPrice housebrand products were introduced in 1985 to offer better value and savings to the customers. After that, FairPrice started a basket of Everyday Low Price (EDLP) essential items priced equal to or lower than competitors.



3.2 Member admission and withdrawal

Membership of co-operatives are governed by both the Co-operative Societies Act and the by-laws of the respective co-operative societies.

In the case of FairPrice, the requirement is to be a member of a trade union affiliated to NTUC.

Those who want to become a FairPrice member pay share capitals. FairPrice has both individual and institutional members.

Members receive dividends to their share capitals every year. The rate of the dividend

is determined at the Annual General Meeting, after taking into account the co-operative's financial performance of the relevant year. Members are allowed to request for a refund of their shares provided that their shares have been held for a year.

For withdrawal from FairPrice, a member has to write to the Co-op and has to have the approval of Board of Directors. When approved, the share capital will be refunded at S\$1 each. At the same time, the membership will also cease.



3.3 Governance of Co-op

FairPrice's constitution and principles are set out in its by-laws. Briefly, the by-laws state that the objective of FairPrice is to stabilize the cost of living in Singapore. It also outlines that the roles and duties of Management, Board of Directors as well as their power and authority.

FairPrice has 3 categories of members. They are Founder member (NTUC), Institutional members (Trade Unions), and Personal members (members of Trade Unions).

Each of these class of members are entitled to nominate a specified number of individuals to be elected as Directors. Their elections are carried out at the Annual General meeting.

If elected, they serve for a term of 3 years and can stand for re-election thereafter.



Currently the Board of Directors is composed of 14 members, including one Chairman and one Deputy Chairman.

3.4 Housebrand and private brand products

Retailer Brand



Product Brand



Product Sub-Brand



FairPrice first introduced its housebrand products in 1985. The main objective of developing housebrand products was to offer its customers “Better Value and Savings”.

At first FairPrice owned only “FairPrice” products. Over the years, with the diversification of its customers’ needs, FairPrice added sub-brands and private labels under the FairPrice housebrand umbrella.

Nowadays, FairPrice has more than 2,000 SKUs of housebrand and private label products, offering its customers 10% to 15% lower prices than those of comparable national brand products.

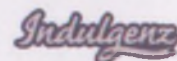
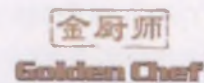
FairPrice housebrand products help it differentiate from other retail chains, increasing psychological costs for its customer switching retailers. In addition, heavy store brand buyers are considerably more store loyal.

To ensure the quality of products, FairPrice regularly conducts laboratory test, factory

audit, consumer monitoring. Its products is labelled with trans fat free declaration and allergen declaration.

FairPrice endeavors to build a strong brand trusted by customers to deliver quality products at great value and service.

PRIVATE LABELS



3.5 Central Distribution system

<Central Distribution and Warehousing System>

When the suppliers used to deliver goods directly to FairPrice stores, some stores recorded up to 200 deliveries per day. With more than 30,000 items to manage, the distribution system was unproductive and caused errors and pilferage.

FairPrice started a central-distribution system in 1993 to change the way goods were delivered to stores, to enhance efficiency. This was owned by another company, but in 1998, FairPrice took full ownership of the warehouse and distribution company.

It was renamed Grocery Logistics of Singapore (GLS). With the central distribution system, most of the products in the stores come from



Grocery Logistics of Singapore

the GLS with only 15% of the items coming directly from suppliers.

Currently, FairPrice operates 2 Distribution Centers, one at Joo Koon Circle (300,000 sq. ft.) and at Penjuru (200,000 sq. ft.).

<Cold Chain Management>

In 2003, FairPrice opened a new 180,000 sq. ft. Fresh Food Distribution Centre (FFDC).

The refrigerated-distribution facility centralizes the distributions of fresh and chilled products to all the outlets in the chain. It was the first supermarket retailer in Singapore to build, own and operate its own fresh-food distribution center.

FFDC is equipped with cold rooms of varying temperatures: from +18°C to -20°C to meet food safety requirements for different types of food.

To maintain the cold chain integrity at stores, the delivery trucks are refrigerated with the temperatures as low as -20°C. The tempera-

ture of the trucks are monitored at the same time. At the stores, the chillers are maintained at below +4°C and the freezers at -18°C.



Fresh Food Distribution Center

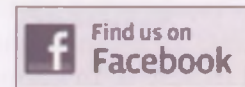
3.6 Stretch your Dollar Program

The “Stretch Your Dollar Program” was launched in 2007 to moderate the price of products. Fairprice started the Program with 5% discount of its FairPrice products that is on average 10% to 15% cheaper than the national brand products.

The Program has expanded and provides a variety of promotion services, including “200 Yellow Dot” items: selected basic items with 20% to 25% discount, 500 “Everyday Low Price (EDLP)” items, “Membership Rebate”, “2 % off for 60 or above Seniors”, etc.

The customers can check the information on newspapers, free papers, home page, Facebook page and even at mobile FairPrice web site.

In 2011, FairPrice started a new discount program in collaboration with the credit card company. The customers who hold the Plus! Visa Card or NTUC Plus! Card started to enjoy 10% discount over 500 FairPrice brand essential products.



3.7 Co-op Stores and Business

Most, if not all, co-operatives in Singapore are self-managed and are responsible for their own activities. In case of FairPrice, the following departments are responsible for the opening, financing, employment and profit of co-op stores:

- Overall : Board of Directors
- Opening of stores : Operations
- Financing : Finance
- Employment : Human Resource
- Profit : Management

Currently, FairPrice is the only consumer based co-operative in Singapore. Although it is a labor-co-op, it is independent of the national union as it has a professional management team employed from the market and not unionist.

As well, the Board of Directors is composed of professionals from different fields, such as bankers, lawyers, and businessmen. These Directors serve on the Board a gratis.

3.8 Representative Stores

1. FairPrice Supermarket

FairPrice operates in various types of format, i.e. supermarket, fresh marts, mini-marts and hypermarkets. The FairPrice supermarkets have been a successful format.

However, with the recent opening of Xtra hypermarkets, it has been also well received by the consumers because it not only offered food but at the same time a wide range of non-food items.

In addition, with increasing influence, FairPrice has also ventured into high-end supermarkets known as FairPrice Finest. Fine food products are offered in Finest outlets. This concept is also well received by the customers because they are strategically located at estates with a large group of middle income earners.

FairPrice supermarkets have greatly increased their accessibility to customers by offering great shopping convenience through its network of over 90 stores located inland wide and close to the heartlands

Among the FairPrice supermarkets, Bedok branch was the best selling outlet in 2010. It was opened in 1979 and is located in the Bedok HDB hub. Being located at walking distance from the Bedok MRT station, and being open 24 hours, the outlet has been frequented by the local residents.

The store size is 37,000 sq. ft. The average turnover per month in 2010 was S\$5 million. The average purchase per customer was S\$16.



2. Xtra Hypermarket

Offering extra savings, extra variety and extra fun, the FairPrice Xtra hypermarket is a shopping destination for the whole family. FairPrice Xtra features wider aisles and extensive variety of products and services, including fresh food, groceries, electronic products, household appliances as well as casual and basic apparel. Products are available in family-sized packages so that families can enjoy services such as interest-free installment payment and free delivery of electronic products.

Xtra Ang Mo Kio branch was the best selling store in 2010. It was opened in 2006. The store size is 76,000 sq. ft., operating from 7:00

to 23:00. Its average turnover per month in 2010 was S\$12 million and the average purchase per person was about S\$30.

FairPrice opened its fifth Xtra in Changi Business Park near the airport in July 2012.



3. Finest: Value Added Supermarket

FairPrice Finest brings the fine life closer to its customers by combining the heritage of a trusted brand with a whole new experience of fine living.

Besides offering daily essentials at the same price as FairPrice supermarkets, it also offers a cosmopolitan range of fine foods not found in other FairPrice stores.

With a wider product assortment, value added services and a more conducive shopping environment, FairPrice Finest is sure to bring the fine life closer to its customers.

Bukit Timah branch was the best selling outlet in 2010. Bukit Timah branch was FairPrice supermarket before it was converted to Finest format.

Its turnover in 2010 was S\$60 million, selling S\$170,000 per day. It deals with a wide range of products of 20,000 items in its 44,000 sq. ft. store.

The average turnover per customer was S\$50. The opening hour of the store is 9:00 to 23:00 on the weekdays and 8:00 to 23:00 on weekends.



4. FairPrice Online

FairPrice launched its Online business in 2008. Although it was slow in the initial stage for various reasons such as the shoppers were not familiar with the new concept and preferred to view actual products, its business is growing.

As a result, an outlet has been specifically set aside to handle Online sales. This outlet was opened in 2010 and its business situation is being monitored.

FairPrice Online is a virtual supermarket that enables customers to shop in the comfort of their homes anytime. With FairPrice Online, customers can view the products from home, place orders online and have the groceries delivered to their doorsteps. FairPrice

members can also continue to enjoy rebates when they shop online.

The average turnover per month in 2010 was S\$400,000. A delivery fee is charged according to the purchase; S\$7 for the purchase of more than S\$60 and S\$10 for less than S\$60.



5. Convenience Stores: Xpress and Cheers

FairPrice provides its customers with two formats of convenience stores. One is Xpress that has a wider size compared with the conventional convenience stores, and sells a wider product range including fresh produce and chilled products. Another one is Cheers, that is small sized but offers convenience to the customers.

FairPrice Xpress is an industry-first initiative made possible when the retail quantum in petrol stations was relaxed in November 2006, making way for the alliance between FairPrice and Exxon Mobile to implement its "Big Box" convenience store concept.

FairPrice Xpress outlets are almost twice the size of a conventional petro mart, offering customers a wider product range, greater value and 24-hour shopping convenience.

While Cheers, a chain of homegrown 24-hour

convenience stores, caters to a diverse group of customers from all walks of life including the young and trendy, students and working professionals who lead active and busy lifestyles.

Officially launched in 1998, Cheers has since expanded to over 100 outlets located across Singapore at convenient locations.



Problems and future visions

Outlook of Singapore retail market

The retail market in Singapore consists of retail outlets, hypermarkets and small specialists stores. International retailers compete with domestic retailers.

According to the data of Department of Statistics Singapore, the retail sales rose 2.2% in April 2012 compared with the previous year.

The current trend in the retail market, especially in the food sector, is seeing a decline in small businesses, especially sole proprietorships.

Such small businesses are usually family-run shops (known as Mom & Pop Shops) and are operated by the head of the family, i.e. mother and father. Hence, they are called "Mom & Pop".

The next generation is not prepared to take up this business because it is not as glamorous as working in the financial sector, for example: rental costs and other operation costs (such as salary and utilities) in Singapore are high. In addition, margin on food items is low.

4. FairPrice's Future Visions

In 2011, Chairman of the NTUC Social Enterprise Development Council, Mr. Lim Boon Heng, shared the NTUC Social Enterprise 2015 Vision which articulated a collective commitment by NTUC social enterprises to expand their social impact in the next five years.

NTUC social enterprises will do this in three key ways; expanding FairPrice's role to stabilize the prices of essential products and emergent needs; being innovative in meeting new and emergent needs; and expanding services to support three-generation families in Singapore.

As part of the NTUC family, NTUC FairPrice

is committed to support this vision by upholding its social mission "to moderate the cost of living in Singapore", and striving to be Singapore's "best corporate citizen" as a leading world-class retailer.

FairPrice set 8 factors for success, i.e. social focuses, professionalism, infrastructure capability, customer focus, employee focus, corporate citizenship, brand equity and strategic partnerships and alliance.

Future challenges might be how to maintain its high market share in the limited territory and be outstanding in the severe competition of the market.



Relationship with the Government

5. Relationship with the Government

The legal status of FairPrice is a body corporate (i.e. a corporation) and is governed by the Co-operative Societies Act, just like the other co-operatives. It has to be registered with the Registrar of Co-operative Societies. Although co-operative societies do not pay tax, it has to contribute to the Central Co-operative Fund which is a fund to develop Co-operative Societies in Singapore.

FairPrice maintains very good relationship with the government although it doesn't

have any special favors or advantages. FairPrice is independent from the government and does not receive any special financial support or subsidy.

The good relationship with the government stems from a good tri-partite relationship (tripartism) involving the government, NTUC and employers. The tripartism partners are the Ministry of Manpower, NTUC and the Singapore National Employers Federation (SNEF).



6. Basic information on Singapore

Name	:	Republic of Singapore
Capital	:	Singapore
Largest city	:	Singapore
Government	:	Unitary Parliamentary Republic
Area	:	710 km ²
Population	:	5,183,700 [2011 census]
GDP (PPP)	:	US\$314.911 billion [2011 estimate]
Currency	:	Singapore dollar (SGD)



From: Wikipedia

Sri Lanka

Highlights of consumer co-ops

- ✓ Facing severe competition with private retailers
- ✓ Vitalizing store operations through Co-op City Project

1. Co-operative movement in Sri Lanka

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Introduction

The activities of the co-operative sector in Sri Lanka have been closely linked up with the daily life of the majority of the population over a half century in the country. Co-operative organizations/enterprises are largely and actively engaged in multiple economic and social activities.

The sectors of the co-operatives vary in fields such as agricultural, consumer retailing, insurance, banking, medical, fishery, garment production, wholesaling, printing, transport and funeral services.

All co-operatives are administered by the Ministry of Co-operative and Internal Trade of Sri Lanka. The operations of co-operatives are regulated by Co-operative Societies Act.

According to the statistics of the Department of Co-operative Development of the Ministry of Co-operative and Internal Trade of Sri Lanka, there are 10,002 co-operative societies with 6,303,306 members in Sri Lanka. Among them, there are 305 multi purpose co-operative societies with 4,033,607 members. Multi-purpose co-operative societies run businesses such as retailing, insurance, medical, banking etc., and belong to the consumer co-operative sector.

National Co-operative Council of Sri Lanka (NCC) is the apex organization of co-operatives of the country. NCC is in charge of education & training, consultation, publication, coordination and international affairs.

Introduction

Co-operative movement in Sri Lanka (contd.)

Strength of the Co-operative Movement of Sri Lanka.

Type of Societies	Number of Societies	Members (1000)
1. National Level Cooperative Unions	14	2.1
2. Multi-purpose Coops	312	3703.9
3. Thrift & Credit	7091	816.1
4. Tea-Rubber-Coconut growers coops	171	38.0
5. Milk Producers Coops	145	46.5
6. Animal Husbandry	50	12.1
7. Agriculture Villages	38	7.6
8. Fisheries Coops	673	80.5
9. Textiles Coops	27	30.0
10. Small & Medium Industries Coops	161	9.8
11. School Coops	761	216.9
12. Hospitals Coops	7	8.4
13. Labour Coops	28	3.5
14. Housing Coops	377	45.9
15. Transport Coops	72	2.0
16. Youth Services	21	425
17. Estate Coops	55	21.8
18. Others	590	131.4
Total	10523	5601.9

Introduction

Co-operative movement in Sri Lanka (contd.)

The history of the co-operative movement in Sri Lanka can be traced back to 1904 when the Agriculture Credit Society in Manikinna was started.

The first co-operative society was established as Co-operative Credit Society under the Co-operative Society Act No. 07 of 1911.

Since 1911 the co-operative sector in Sri Lanka has played a major role at various stages, and there have been changes in its organizational structure with relevant legislations.

Before 1983, co-operative societies were registered under the Co-operative Societies Act No. 05 1972 and this was again amended in 1983 and later in 1992 as the Co-operative Societies (Amended) Act No. 11 of 1992.

The management structure of the co-operative societies was established under the Co-

operative Employees Act No. 12 of 1972, and this was amended as Co-operative Employees (Amended) Act No. 51 of 1992.

The co-operative societies have been organized as multipurpose societies.

The co-operative sector in Sri Lanka has been closely linked up with the daily life of the majority of the population over a half of century.

The co-operative organizations are actively engaged in a variety of activities related to economic, social and political significance.

They are involved in distribution of consumer goods, supply of essential consumer services, supply of agricultural inputs, promotion and marketing activities in the fields of agriculture, fisheries and industry, as well as mobilization and allocation of savings in the rural areas with the mutual assistance of the Co-operative Rural Bank.



Outline of consumer co-ops

2. Outline of consumer co-ops

The Sri Lanka Consumer Co-operative Societies Federation Ltd. (COOPFED) is the apex organization of consumer co-operatives in Sri Lanka.

COOPFED was registered on 15 September 1989 as the apex federation of the Consumer Co-operative Movement in Sri Lanka.

It commenced its business operations on 7 March 1990. COOPFED was founded to meet the needs of consumer co-operatives for a national organization.

Its main purpose has been to meet the commercial needs of its members who are multi-purpose co-operative societies throughout Sri Lanka.

The COOPFED has gone further by setting up and opening self-service shops in the urban and rural areas as well as opening shops in the government offices and schools.

At present, 270 Multi Purpose Co-operative Societies are members of COOPFED. Multi-

purpose Co-operative Societies play a big role in a variety of fields of Sri Lankan economy such as transport, consumer goods, health, education, and insurance.

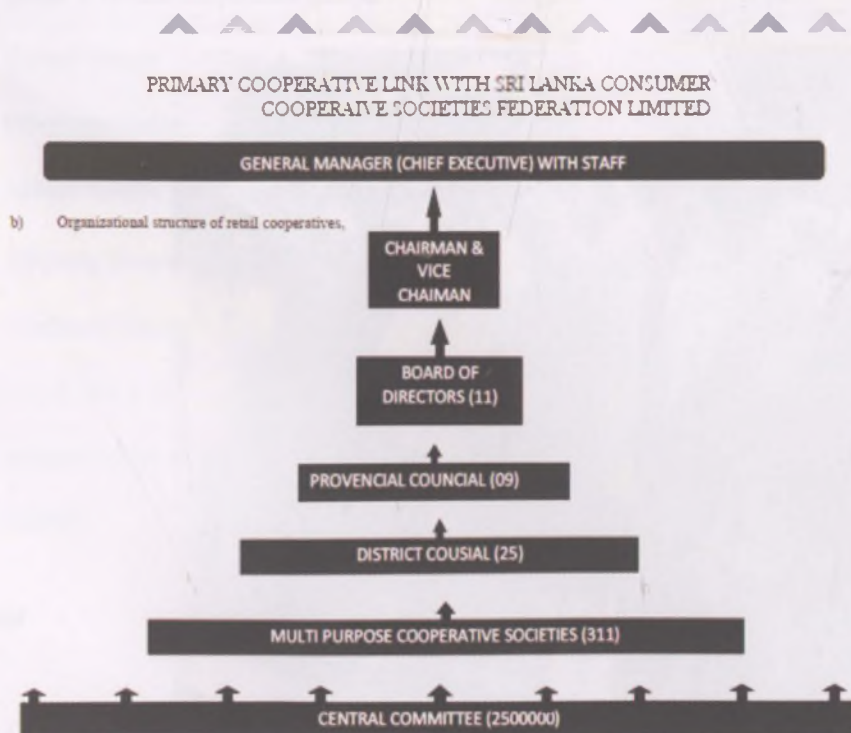
The function of COOPFED is mainly divided in 6 parts:

- 1) wholesale trade,
- 2) retail trade,
- 3) packaging,
- 4) development of co-op brand products,
- 5) travel agency, and
- 6) distribution of products.

In addition, COOPFED has recently established a management training center for its member employees.

The market share of co-op retail trade surpasses 35%. The most popular items in co-op shops are 1) co-op tea, 2) co-op coconut products, 3) clothing, 4) fish, 5) exercise books.

Recently, COOPFED started "Co-op City Project" to strengthen its chain store operation.



Management of COOPFED

COOPFED is managed by a board of directors composed of 9 multi-purpose co-operative societies and representatives. The General Body appoints the Chairman and all 9 provinces are represented on the board.

Co-op City Project

3. Co-op City Project

Co-op City Project was started in 2007 by COOPFED in collaboration with the Sri Lanka government.

350 million LKR was allocated for this Project. All taxes were exempted from this budget.

Essential food items such as rice, flours, onions, sugar and pulses are sold in Co-op City stores at 10% lower than the private sector stores. Imported foods are also sold at these stores.

This Project was carried on to vitalize Multi-Purpose Co-operative Societies (MPCS) in the

country. When COOPFED started this Project, only 15 MPCS out of the 305 had the cash flow for the viability of the business.

Now the "Coop City" outlets numbering more than 7,000 play an important role in providing essential food items at reasonable prices.

The government considers it important that there should be a fair competition among private, public and co-operative sectors, so that the private sectors would not be able to monopolize the market and the price of products would be stable.



<u>Province</u>	<u>Co-op City</u>	<u>Mini Co-op City</u>	<u>Annual Sale (LKR. Million)</u>
Western	49	135	999
Southern	42	89	334
North-West	54	152	990
Sabaragamu	31	115	292
Central	42	121	318
North-Central	28	106	359
North	47	125	218
Eastern	51	116	220
Uva	31	63	187
Total	375	1022	3917
COOPFED	11	238	

(1 US \$ = 129 LKR approx.)

Outlook of Sri Lanka retail market

Outlook of Sri Lanka retail market



ARPICO Supercenter in Colombo



KEELLS Supermarket in Colombo

Currently, modern supermarket business is growing rapidly in Sri Lanka. The growth is not only in the center of big cities, but also in semi-urban towns. The modern trade business growth reached 30%, while the total retail business growth amounted to 8%. Among the growing retailers, there is a significant growth in drug, beauty, baby product outlets.

The grocery retail channel in Sri Lanka is mainly divided into 4 groups:

- 1) 1,300 whole sellers that includes big volume and big sales outlets,
- 2) 15,000 top end grocers,
- 3) 100,000 small bottom market retailers (medium and low),
- 4) 5,600 multi purpose co-operative stores.

Sri Lanka retail market is still dominant by traditional bottom market. There are many small shops in both big cities and rural areas.

4. Problems and Future Visions

4.1 Problems of Sri Lanka consumer co-operatives

Problems of consumer co-operatives in Sri Lanka can be summarized in the following 6 points:

1. Lack of Finance
2. The Employees of co-operatives have not indemnified their accountability clearly
3. Lack of knowledge of MPCs employees about the super market system.
4. The Employees of Co-operatives have no enough knowledge about the new business techniques.
5. Severe competition with private retailers
6. Lack of profitability in store business.

Problems and Future Visions

4.2 Future Visions

The Coopfed Mission is to be the facilitator to promote and strengthen economic condition of consumer movement in Sri Lanka through:

1. Protecting the co-operative identity,
2. Fulfilling the customer/member requirements,
3. Motivating the staff,
4. Application of accepted business ethics.

It was the Co-operative Movement that came forward to help the government to meet exigencies in supplying essential food items.

COOPFED sets as its vision to be the

market leader in Consumer Co-operative Movement in Sri Lanka and gaining excellence in the consumer concept in Sri Lanka.

To fulfill this vision, COOPFED considers crucial to develop the knowledge, skills and aptitude of its staff. Therefore, COOPFED established the Consumer Co-operative Training Institute within its organization. It has started to train coop city managers and sales managers.

COOPFED hopes to train 4000 Managers within 3 years. The training programs include short-term programs, field visits and international training programs.



Relationship with the Government

5. Relationship with the Government

Relationship of consumer co-operatives with the government is good in Sri Lanka. The government support co-operatives financially.

In past, co-operative stores helped the government to provide the citizens with essential food items.

Even now, the government recognizes the

co-operative stores as a place to sell “reasonably priced products”.

Therefore, the government tries to support consumer co-operatives by giving loans and special contributions as investments.

The government is also supportive to the Co-op City Project of COOPFED. Budget of the Project is exempt from taxes.

6. Basic Information on Sri Lanka

Name	: Democratic Socialist Republic of Sri Lanka
Capital	: Sri Jayawardenapura Kotte
Largest city	: Colombo
Government	: Unitary Republic, Democratic Socialist, Semi-presidential System
Area	: 65,610 km ²
Population	: 20,277,597 [2012 census]
GDP (PPP)	: US\$ 116.541 billion [2011 estimate]
Currency	: Sri Lankan Rupee (LKR)



From: Wikipedia



Thailand

Highlights of consumer co-ops

- ✓ Fierce competition with private retailers
- ✓ Striving to rebuild a Community co-op

1. Co-operative movement in Thailand

Contents

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The first co-operative law in Thailand, Amended Associations Act, was enacted in 1916 to facilitate the registration of farmers co-operatives. This Act remained in effect until 1928 and it was replaced by the Co-operative Act which allowed the formation of other types of co-operatives.

According to the Co-operative Act, co-operative movement of Thailand is vertically structured in a three-tier system; primary, provincial federations and national federations.

The co-operatives in Thailand are governed by the Ministry of Agriculture and Co-operatives (MOAC). MOAC has two specified departments for co-operatives, i.e. Co-operative Auditing Department and Co-operative Promotion Department. At the same time, the Bank for Agricultural and Agricultural Co-operatives (BAAC) has a strong connection with the Ministry of Finance, as a state enterprise.

The Co-operative League of Thailand (CLT) was established according to the Co-operative Act in 1968 as the national apex body of the co-operative movement and affiliates all sectors of co-operatives as members.

All co-operatives in Thailand become the members of CLT automatically, including national level, provincial level, primary level as well as multi provincial co-operative societies.

The major function of CLT is to develop and promote all co-operatives. The CLT is a Juristic Person.

The CLT is one of national co-operative organizations, and at the same time the apex non-governmental organization. It is the national confederation of the co-operative movement in Thailand and is the sole organization dedicated exclusively to promote co-operatives in the country.

The other national co-operative

Co-operative movement in Thailand

1. Co-operative movement in Thailand (contd.)

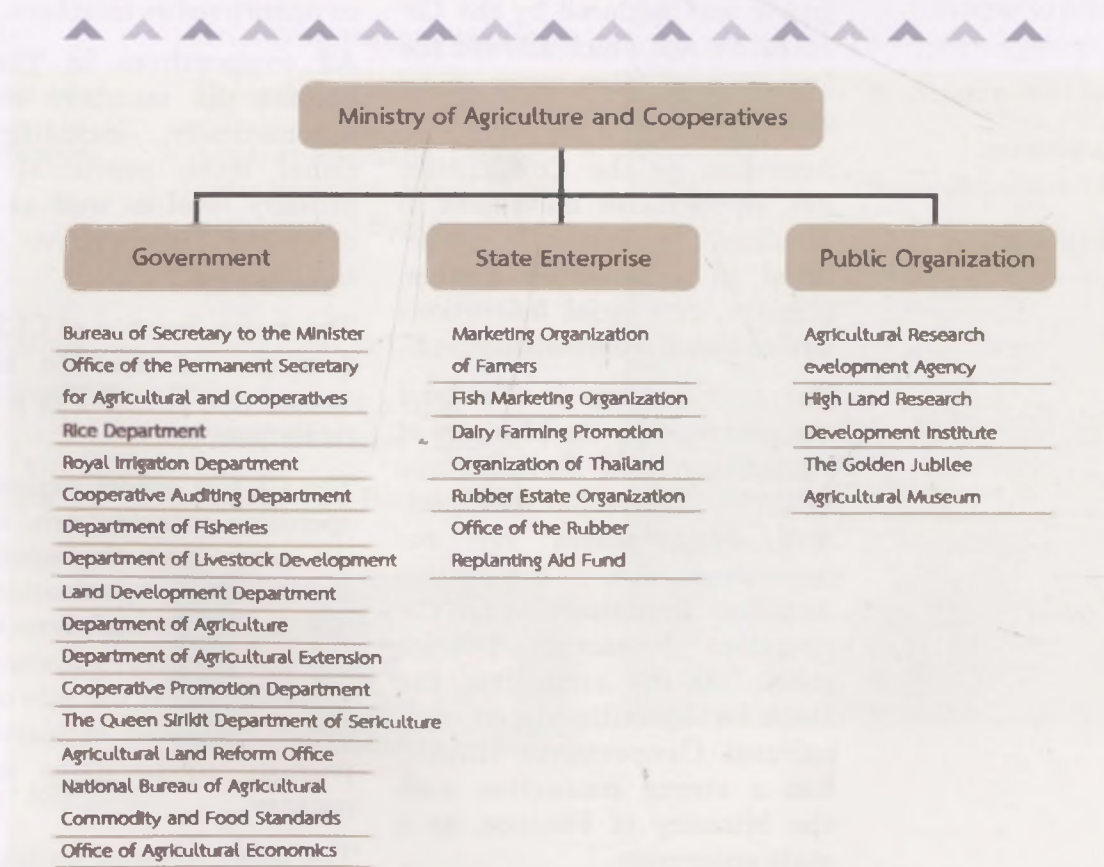
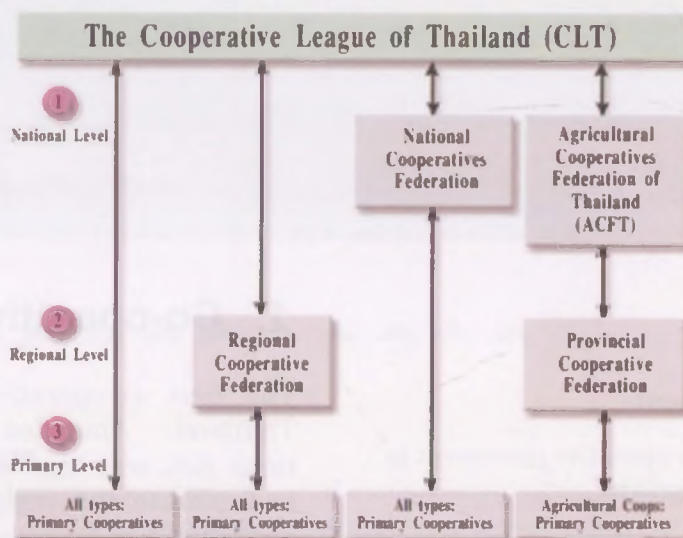
organizations, which are established under the present Act, are:

- ✓ Agricultural Co-operative Federation of Thailand Ltd.
- ✓ Federation of Savings and Credit Co-operative of Thailand Ltd.
- ✓ Credit Union League of Thailand Ltd.
- ✓ Consumer Co-operative Federation of Thailand Ltd., and
- ✓ Bus Service Co-operative Federation of Thailand Ltd.

These national co-operative organizations are different from the CLT, functioning mainly on business activities for the benefit of their member co-operatives.

As of 30 September 2011, the CLT is affiliated by 7,837 co-operative societies, at all

levels, serving over 10,563,375 members of all sectors of co-operatives.



Outline of consumer co-ops

2. Outline of consumer co-ops

2.1 Status of Co-operatives in Thailand

Types of Co-operative	Status of Co-operatives											
	New Establishment			Regular Performance			Cancellation			Total		
	Co-ops	Federations	Total	Co-ops	Federations	Total	Co-ops	Federations	Total	Co-ops	Federations	Total
Agricultural	181	7	188	3,504	85	3,589	572	12	584	4,257	104	4,361
Fishery	11	0	11	70	2	72	18	0	18	99	2	101
Land Settlement	0	0	0	92	0	92	4	0	4	96	0	96
Thrift and Credit	59	3	62	1,307	4	1,311	79	0	79	1,445	7	1,452
Consumer	6	0	6	189	3	192	77	0	77	272	3	275
Service	219	0	219	778	3	781	111	0	111	1,108	3	1,111
Credit Union	39	1	40	399	1	400	1	0	1	439	2	441
Total	515	11	526	6,339	98	6,437	862	12	874	7,716	121	7,837
	Active 6,963						Non Active 874			Total 7,837		

As of 30th September 2011

2.2 Summary of Thai consumer co-operatives

According to the data of the Co-operative Promotion Department, the number of consumer co-ops decreased to 190 in 2012. This figure is 4.1% less than in 2011.

With the increase of the competition with the private retailers, consumer coops are facing with managerial and financial problems. Some are even bankrupted.

CCFT is not an exception and its sales are also affected. During the year ended 31st March 2011, its turnover was 212,536,839 TBH.

This figure is the total sales of the products. 10% of the figure is the sales of Co-op brand products. CCFT has a predicament that the total sales of products is decreasing faster than its increase of Co-op brand products.

Outline of consumer co-ops

2.3 Consumer Co-operatives in Thailand

Consumer co-operatives are formed by consumers with the purpose of purchasing goods at a reasonable price and at a guaranteed standard of quality. Consumer co-operatives in Thailand are legal bodies, registered under the Co-operative Act, and their members are shareholders.

Members voluntarily invest the share capital to their consumer co-operatives to fulfill their needs. In this way, the members try to achieve a better way of purchasing goods.

<Background>

The first co-operative retail store in Thailand was established in 1937, in a village in Sena district, Ayuthaya province. After that, consumer co-operatives spread all over the country.

<Objectives of Establishment>

Consumer co-operatives are generally operated according to the following objectives:

1. To provide members with beneficial goods and services;

2. To sell members' produce and products in co-operative stores;
3. To promote and disseminate co-operative education among members;
4. To promote practices of savings, spirit of self-reliance and mutual help among members;
5. To cooperate and collaborate with other co-operative organizations within and outside the country;
6. To undertake any other businesses consistent with the above-mentioned objectives.

<Consumer Co-operative Federation of Thailand Ltd. (CCFT)>

CCFT is the apex organization of the consumer co-operatives in Thailand. It operates under the Co-operative Act. According to the data of 31 March 2011, CCFT has 123 consumer co-operative societies as affiliates. CCFT's share capital accounted for 603,000 BHT and turnover was 212,536,839 BHT.

(1 US \$ = 30.69 BHT approx.)

Its affiliates include university co-ops. The share capital to become a primary society co-op member differs with the type of consumer co-operatives, which is 100 BHT for local retail coops and 10 BHT for university co-ops. CCFT also develops Co-op brand products.

<Business Operations of consumer coops >

As in other sector of co-operatives, consumer co-operatives are based on the democratic control of their members.

As it is impossible for all members to manage co-operative stores, representatives are elected as Steering Committee members to look after the co-operative business.

The number of Steering Committee members depends on the co-operative's by-laws and what is appropriate to the co-operatives. Us-



ally, the number of Committee members ranges from 10 to 15 persons.

The Steering Committee supervises all activities according to co-operative laws and regulations, resolutions of the board of directors, and

Outline of consumer co-ops

Consumer Co-operatives in Thailand (contd.)

other appropriate ways to ensure good results for the co-operative stores and coop members. The Committee is formed by the representatives of coop members.

To effectively manage co-operative stores, the board of directors hires professional managers to operate the co-operatives. Their mandate is to effectively serve members and customers.

Depending on the workforce and budget, the management may recruit staff with the consent of the board of directors.

Consumer co-operatives strive to provide services for both members and non-members according to the principles of the Rochdale pioneers

<Working Capital>

Consumer co-operatives have the working capital from the following sources:

- 1) share capital from members;
- 2) member deposits;
- 3) reserve funds and other funds;
- 4) loan funds;
- 5) grants or donations.

Co-operative stores are required to maintain adequate working capital to purchase products and materials that meet members' needs.

<Benefits of Members>

The following are the benefits of consumer co-operative members:

- 1) Members are assured to purchase fair priced and good quality products.
- 2) Annual profits are shared by members (shareholders) in the form of dividends on shares and rebates on the purchase.

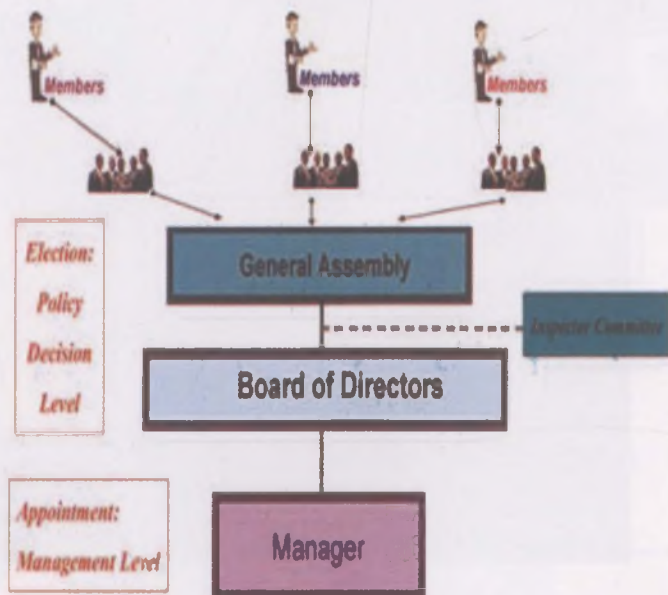
The rate of rebate is calculated based on the amount of purchases made by the member over

the year. Through cash purchase, co-operative stores can stabilize cash flow and are able to purchase goods at lower price. At the same time, members can learn an appropriate attitude towards money spending and saving. Considering the prescribed benefits, consumer co-operatives are considered to be a socio-economic enterprise dedicated to improve members' quality of living.

<Co-op Brand Products>

CCFT started to sell Co-op brand products in 2005. During the first two years, CCFT sold Co-op products developed by agricultural coops. Then, it started to develop its own Co-op brand products from 2007. The first Co-op brand product was sugar and later detergent and water were developed.

Structures of Primary Co-operatives in Thailand



Outline of consumer co-ops

Consumer Co-operatives in Thailand (contd.)

Currently, CCFT develops and sells Co-op brand products in 7 categories; i.e. sugar, coffee, toilet paper, rice, water, detergent and plastic bags.

The price of Co-op brand products is not so different from national brand products. The reasons why CCFT cannot set the price of Co-op brand products lower than national brand products are as follows:

- 1) price of products such as rice and sugar is fixed by the government,
- 2) lack of a mass collective purchasing power of CCFT member societies,

- 3) oppression by big private retailers.

Although the prices are not competitive, Co-op brand products are supported by its members and the sales are gradually increasing. CCFT plans to expand the variety of Co-op brand products in future.

CCFT also sells soy sauce and fish sauce products as sub-brand products. These products are not Co-op brand products, but are specially produced in collaboration with the manufacturers.



Representative co-operative society

3. Representative co-operative society

Krungdeb Consumer Co-operative Ltd.

Krungdeb Consumer Co-operative (formerly Bangkok Co-op) was founded on 23 March 1939 with 493 members. It is the biggest consumer coop in Bangkok.

Its main objective is to promote thrift among members and to assist them regarding fair trade.

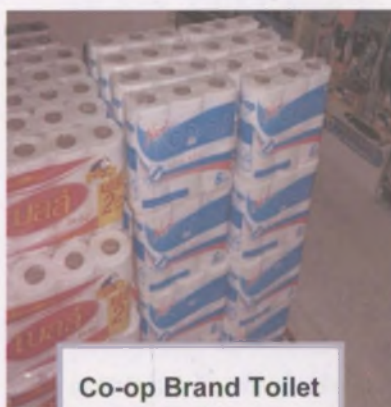
During the World War II, its business shrank and faced financial difficulties for a few years. It was then sold out and moved to the current 2 story premise at Jakkrapong Road, Banglumpoo, Pranakorn, Bangkok. Its sales gradually increased again and it expanded by opening 3 more branches at Pinklao, Ladya and Ekamai.

In fiscal year 2011, Krungdeb Co-operative Store supplied products and services to members and public for total value of 220,595,016 BHT.

Pinklao Branch is the second biggest store, with 2,000m² of floor space. The store sells dry & chilled groceries and non food items. It also sells some "Royal Project" products.

The rate of dividend to share capital paid by the store was 4%, while the refund (as purchase rebate) was 2.8% (average bank rate 3%).

The Co-op provides space, in and outside of the store, for its members and co-operatives so that they can sell their products.



Co-op Brand Toilet Paper



Pinklao Branch



Space for Co-op Members



Royal Project Rice

Problems and future visions

Outlook of Thai retail market

The total sales of retail market in Thailand was estimated to be 1.4 million TBH (40% modern trade and 60% traditional trade) in 2010.

Traditional trade retailers are so called Mom and Pop stores. They are street ven-

dors and wet markets.

As for the modern retailers, their categories are defined according to their size and method of purchasing. There are approximately 500 modern supermarket stores operating in Thailand.



4. Problems and Future Visions

4.1 Problems of Consumer Co-operatives in Thailand

1. <Problems of CLT>

✓ Losing faith of co-operative members

The most important problem of CLT is losing faith of co-operative members. This problem has been with them for a long time. It causes a lot of complications especially the refusal to pay subscription fees to CLT and the resistance to participate in CLT's activities. Even though CLT has been trying to solve the problem, there are still some factors that make it difficult such as financial deficit, co-operative law enforcement, political conflict and organization structure.

✓ Decentralization of CLT

According to the present organizational structure, CLT has centralized all of its work with the office in Bangkok.

However, since more than 7,000 co-operatives in Thailand are spread all over country, centralized structure is not an effective way to function. CLT has been trying to recover the faith of its members through a plan to set CLT provincial offices, conducting surveys and listening to the problems/needs of its members.

2. <Problems of Consumer Co-ops>

✓ Managerial problems

The biggest problem of Thai consumer co-ops is lack of competitiveness. The sales and profit of both CCFT and its members are decreasing every year because of weak business management. Consumer co-op stores were the Shop of the community in early days, but now situation has changed drastically. With the increasing hard competition with private retailers, some consumer co-ops are almost bankrupt..

✓ Inaccurate data

The second problem is lack of accurate facts and figures. According to the data of Co-operative Promotion Department, the number of consumer co-op members in 2011 was 766,153. This figure has an increase of 1% compared with the previous year. However, CCFT's data is different and the membership is decreasing every year. One of the reasons why the figure is not accurate is because the government does not exclude "non-active members". CCFT estimates that only 30% of government data members are currently active.

Problems and Future Visions

✓ Lack of government support

Another problem is indifference of the government to consumer co-operatives. Although consumer co-operatives are in difficulties, the government does not have a specified strategy to change the situation. The government is more inclined to develop agricultural co-operatives.

✓ Less bond with the Community

When the consumer co-operatives were strong, their shops were closely connected with the community. Now with the harsh competition, consumers choose private retailers as a place of their daily shopping.

4.2 Future Visions

CCFT sets up 4 missions as its future visions:

1. Increase buying power
2. Profitability
3. Raise government's support and assistance
4. Contribution to the development of Community.

CCFT considers the last one as the most important mission of Thai consumer co-operatives. CCFT and its members are continuously striving to regain the trust of co-op members as the Shop of the Community.

5. Relationship with the Government

Relationship of CLT with the government

The roles of CLT are defined in the Co-operative Act as follows:

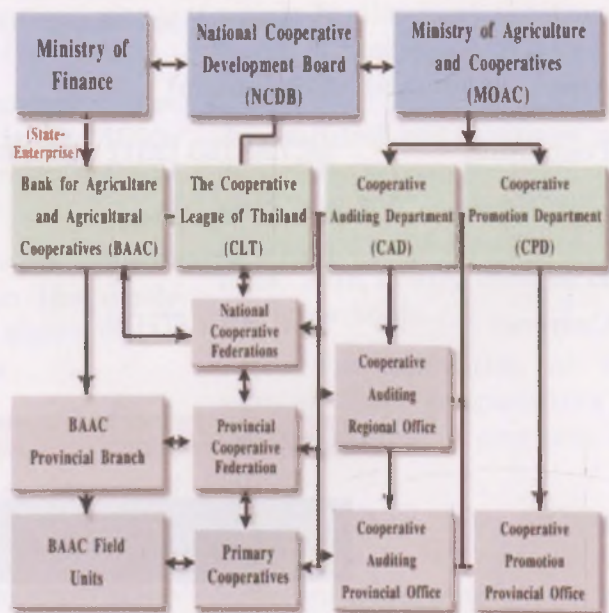
There shall be the "Co-operative League of Thailand" consisting of members which are co-operatives, and having as its objectives the promotion of affairs of every type of co-operative throughout the Kingdom to attain prosperity without acquiring profits or income for sharing among themselves..

The Co-operative League of Thailand has the power to do and act within the scope of its objectives as specified in section 108.

The section 108 includes phrases that describe CLT's relationship with the government:

- 2) Giving technical advice and assistance to co-operatives and facilitating communication and coordination among co-operatives and Government agencies or other persons,

- 9) Co-operating with the Government in the promotion of co-operatives for genuine and real benefits to them in general.



Relationship with the Government

Relationship with the Government (cont'd)

Thus, the relationship between CLT and the government is good and strong. In addition, the government provides subsidies to the CLT for promotion of co-operative movement in the country.

Relationship of CCFT with the government

Consumer co-operatives in Thailand are independent and do not receive any financial support from the government.

The government's priority in setting the policy of co-operatives is more inclined to agricultural co-operatives. Thus, agricultural co-operatives have a priority.

CCFT emphasizes the importance of strengthening the relationship with the government. It has included in its future vision the importance of increasing government's awareness towards the activities of consumer co-operatives.

6. Basic Information on Thailand

Name	: Kingdom of Thailand
Capital	: Bangkok
Largest city	: Bangkok
Government	: Unitary Parliamentary Constitutional Monarchy
Area	: 513,120 km ²
Population	: 66,720,153 [2011 estimate]
GDP (PPP)	: \$616.783 billion [2011 estimate]
Currency	: Thai Baht (THB)



From: Wikipedia



Vietnam

Highlights of consumer co-ops

- ✓ One Co-operative Law for all sectors
- ✓ Severe competition with private retailers

1. Co-operative movement in Vietnam

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4. Problems and future Visions	9
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It was the first time in 1927 when the then President, Ho Chi Minh brought the idea of co-operatives into Vietnam in his book "The revolution way".

The first co-operative was established in Thai Nguyen province (Dan Chu co-operative specializing in handicraft production). With the success of this co-operative, co-operative movement expanded to other sectors.

The co-operative movement was strongly promoted in the 1950s as an organized group for economic development.

In 1956, there were 190,000 co-operative groups in the whole country, attracting about 50% of farming households.

In 1958, the number of agricultural co-operatives established was 4,723. Later, at the end of 1960, the number increased to 41,446 co-operatives. This figure accounted for 85.8% of farming households and 76.5% of field area.

At the same time, thousands of co-operatives were organized in such sectors as consumer, credit, small industries and handicraft. The national co-operative organizations were also established at different levels.

Co-operatives contributed significantly to the process of economic development, meeting the needs of production and people's livings in the country.

Agricultural co-operatives were especially active. By 1975, there were 17,000 agricultural co-operatives in the north of Vietnam, with nearly 96% of farming households.

After the unification of Vietnam in 1975, co-operatives developed rapidly in provinces and cities.

In 1986, there were 79,000 co-operatives in all sectors with different backgrounds, i.e., agriculture, industry, small industry and handicraft, consumer,

Co-operative movement in Vietnam

Co-operative movement in Vietnam (contd.)

transportation, construction/construction material production, credit, etc.

The membership amounted to over 20 million members.

Consumer co-operatives had accounted for about 20% of total domestic retail turnover and wholesale output of over 60% of agricultural produces and food products in the whole country.

Late in the 1980s, Vietnam entered into the comprehensive innovation period, crossing out the mechanism of centralized management and subsidy, establishing and developing the market economy.

The co-operative movement came into the crisis period, due to the incapability to adapt to the new mechanism and being out of the concern, guidance and facilitation to reorganize.

Many co-operatives dissolved, and the co-operative movement faced many difficulties, thus losing orientation of development. By December 1996, the number of co-operatives decreased to 17,462, 22.1% of 1986.

The first law on co-operatives was passed by Vietnam National Assembly at the 9th Session, wherein it was defined that Vietnam Co-operative Alliance (VCA) was the national co-operative organization representing and supporting primary co-operatives and co-operative unions of all sectors in the country.

The law included the concept of new type of co-operatives, organizational principles and operational models based on the co-operative concept, principles and values of the International Co-operative Alliance (ICA).

The co-operative movement faced the period

of strengthening, restructuring and making new development steps. Co-operatives, which were established before the promulgation of the law were required to transform into the new co-operative model.

Co-operatives, which did not meet the new legislation, were dissolved. New co-operatives were established in all sectors and professions.

Now-a-days, nearly 1,000 co-operatives are established every year in Vietnam.

By June 2008, the co-operative sector in Vietnam was composed of 17,900 co-operatives and 44 unions, including 8,553 agricultural co-operatives, 2,996 industrial, small industry/handicraft/construction co-operatives, 1,085 transportation co-operatives, 458 fishery co-operatives, 860 trading and service co-operatives, 1,006

credit co-operatives (also called people's credit funds), 2,708 electrical service co-operatives, 113 environment co-operatives, 121 other types of co-operatives and about more than 320,000 co-operation groups.

The sector embraced more than 12.5 million workers, households, small micro-businesses and production units, and became a large socio-economic sector having important roles in many economic fields, especially agriculture, fishery, micro-credit, small industries and transportation.

It also supported daily lives of 47-50 million peo-



Co-operative movement in Vietnam

Co-operative movement in Vietnam (contd.)

The governing body of co-operatives in Vietnam differs from sector to sector. The function of Ministries concerning co-operative affairs are also different.

The Ministry of Planning and Investment is in charge of planning policies of all co-operative sectors. The Ministry of Industry and Commerce is in responsible for:

- a) preparing programs for consumer co-operatives,
- b) enacting policies and guidance for co-operatives,
- c) supporting co-operative activities. People's Committee is in charge of the registration of co-operatives.

The structure of co-operatives is in four-tier level, i.e. local, district, province and central. The co-operative enterprises at the primary level are affiliated to the provincial

co-operative alliance, which, federate into the central alliance.

Co-operatives in Vietnam are regulated by the Co-operative Law, which was amended in 2003.

The definition of Co-operative Law is used for all sectors. There is no clear definition of consumer co-operatives in the law. Therefore, trading co-operatives are also included in consumer co-operatives in Vietnam.

Vietnam Co-operative Alliance (VCA) is the sole apex co-operative organization of the country.

The missions of VCA are as follows:

- ✓ Participate in the formulation of legal policies and norms on co-operatives
- ✓ Promote communication and publicity

on co-operatives

- ✓ Provide consulting and support services to its members
- ✓ Represent and advocate legal rights and interests of co-operatives
- ✓ Promote external relations and international relationship

The National Representative Congress of Co-operatives, the highest decision-making body of the VCA, meets every five years.

As the national organization representing and associating all co-operatives in Vietnam, VCA renders support services to the co-operatives as well as implements viable and effective economic activities to steer and uplift the movement.

The support services and economic activities of VCA are carried out through programs and the training, consulting and supporting centers or provincial co-operative alliances.



Outline of consumer co-ops

2. Outline of consumer co-ops

The first consumer co-operative, which was marketing and supply co-operative, was founded on 15 March 1955.

It had a strong relationship with agricultural credit co-operatives. There were 9,000 consumer co-operatives with 10,000 stores and 20 million members during the peak period. Co-operatives had difficult times during 1989 to 1991.

Now-a-days, consumer co-operatives are separate from agricultural co-operatives. Most of consumer co-operatives are "multipurpose co-operatives". Saigon CO-OP, is a representative retail body of multi purpose co-operatives.

Vietnam Co-operative Alliance (VCA) is trying to revitalize consumer co-operatives in the country. Its target is to increase 20% of total volume business, by helping member societies to expand markets and efficiency of

businesses, and by assisting co-operatives to link with producers.

Consumer co-operatives in cities and towns are introducing modern retail technologies and formats to attract customers, while in rural areas, retails co-operatives play important role in selling basic necessities, agricultural inputs and products.

VCA recognizes that consumer co-operatives have important roles such as a) playing important role in inflation reductions and price stabilization and b) helping farmers to sell products.

Among consumer co-operatives, Saigon Co-op is the leading retailer in Vietnam and is active in 27 provinces of Vietnam.

Thuan Thanh Co-operative in Hue is the second biggest consumer co-operative. Most of the other consumer co-operatives are small in scale.

Recently, co-operative free market management is developing in the country. There are 200 free markets in Vietnam that support the development of small businesses. Some co-operatives in rural area supply products to customers using delivery cars.



Representative Co-operative Societies

3. Representative Co-operative Societies

3.1 Saigon CO.OP (Nationwide)

Saigon CO.OP, which is an abbreviation name of Saigon Union of Trading Co-operatives, was founded in 1989, by the Management Committee of the Ho Chi Minh City Trading Co-operatives and related organizations.

Its mission is to:

- 1) promote direct trade, and
- 2) promote co-operative movement in Vietnam.

Saigon CO.OP opened its first store in 1996 in Cong Quynh. Two years later, Saigon CO.OP decided to operate a Coop Mart supermarket chain at its First Congress of Members.

With the success of Coop Mart supermarket

chain, it has become the largest co-operative organization in Vietnam.

In 2012, the number of Saigon CO.OP stores reached to 247, with 59 general merchandise supermarkets (Co.op Mart), 48 neighborhood Food stores (Co.op Food), 138 convenience stores (Co.op store), 1 Ben Thanh store and 1 TV Home Shopping site.

In 2011, the turnover of Saigon CO.OP sales accounted for VND16,071 million, with an increase of 34.3% compared with 2010.

Saigon CO.OP was awarded as the Top Retailer in Vietnam for the Top Retailer Asia Pacific from 2004 to 2011, for 8 consecutive years.

(1 US\$ = 20835 VND)



RETAILING NETWORK



Representative Co-operative Societies

Saigon CO.OP (Nationwide) contd.

SAIGON CO.OP – TOP LEADING RETAIL GROUP



SUPPORT ACTIVITIES

Saigon CO.OP's Social Activities

- *Donate 5 billion VND IN 2011 for charity.*
- *Support the poor and war/disaster victims.*
- *Saigon Co.op's scholarship.*
- *Golden heart fund.*
- *Blood donation for charity*
- *Environmental-friendly activities.*

Representative Co-operative Societies

3.2 Long Ha Commerce Co-operatives (Hanoi)

Long Ha Commerce of Co-operatives is a multi purpose co-operative that was developed from agricultural co-operatives.

It is registered to Peoples' Committee. Its business is to manage free markets, parking lot, travel agency, gas stations, restaurants, financial investment, house repair, imports and repair of cars.

It has two joint stock companies as subsidiaries to manage a) imports and repair of cars, and b) house repair and house equipment business.

In 2012, Long Ha Commerce of Co-operatives has 30 billion VND of share capital.

The main business of the co-operative is to manage two free markets that can fill in 400 shops.

The turnover of the market reached 250 million VND in 2011. The profit of the co-operative is divided equally among the members.

Retired old members can receive 2 million VND per month as co-operative old-age



Representative Co-operative Societies

3.3 Thuan Thanh Co-operative (Hue)

Thuan Thanh Co-operative is a primary consumer co-operative in Hue City and was founded in Sept. 1976. It has 1,100 (450 active) members and the turnover reached 360 billion VND with an increase of 14% in 2011.

The dividend for the share capital amounted 18%/year (bank average saving rate: 17%). The minimum share capital to become a coop member is 30,000 VND.

Currently, there are 3 supermarkets of Thuan Thanh Co-operative in Hue. In addition to the supermarkets, the co-operative

also owns 10 cafeterias in hospitals and universities.

With the increasing competition with private retailers and Saigon Coop stores, Thuan Thanh co-operative is trying to shift its business to the management of cafeterias.

Although the turnover of coop supermarkets increased, retail business is not as profitable as cafeteria business. The net profit ratio of coop supermarket decreased from 0.4% (2010) to 0.3% in 2011.



Problems and future visions

Outlook of Vietnam retail market

There was no official data of retail market in Vietnam.

However, the retail market in Vietnam is developing rapidly, especially in big cities such as Ho Chi Minh and Hanoi.

The majority of the food retail market is composed of traditional wet markets and micro-small shops so called Pop & Mom shops.

Now-a-days, with the increase of income of citizens, consumers are becoming even more conscious of price and quality of products.

Therefore, the need for modern retailing is increasing year by year.



4. Problems of consumer co-operatives

4.1 Problems

VCA recognizes the problems of consumer co-operatives as follows:

- ✓ Severe competition with private retailers and even among consumer co-operatives.
- ✓ Difficulty in getting bank finance.
- ✓ Limited working capitals.
- ✓ Low management skills.

4.2 Future Visions

Saigon CO.OP sets its vision, mission and core values as follows:

✓ Vision

To become a leading economic corporation in Vietnam retailing industry by focusing on promoting a sustainable growth of Co.op Mart supermarket

chain in conjunction with the development of other retailing channels according to the market demand.

✓ Mission

To satisfy the target consumers with daily consumption needs. To bring customers to conveniences, safety and added values. To contribute to the improvement of people's living standard and the development of Vietnam retailing industry.

✓ Core values

- ◆ To provide customers with the highest satisfaction and endeavoring for perfection.
- ◆ To be the beloved home of all staffs.
- ◆ To consider the benefits of the community in all activities.

Problems and Future Visions

Saigon CO.OP's Expanding Plan toward 2015

- ✓ Develop distribution centers nationwide
- ✓ In 2015, the number of CO.OP Mart supermarket will raise upto 100 supermarkets nationwide.



5. Relationship with the Government

Co-operatives in Vietnam have a strong relationship with the government.

Thus, the People's Committee has a big influence in guiding the activities of co-operatives. The management of co-

operatives is subject to the supervision of the People's Committee.

At the same time, the government supports the co-operatives so that they can create favorable conditions for their members.

Basic Information on Vietnam

6. Basic Information on Vietnam

- Name : Socialist Republic of Vietnam
- Capital : Hanoi
- Largest city : Ho Chi Minh City
- Government : Marxist Leninist single party state
- Area : 331,210 km²
- Population : 91,519,280 [2012 estimate]
- GDP (PPP) : US\$ 299.985 billion [2011 estimate]
- Currency : Dong (VND)



From: Wikipedia