

Feedback from iCOOP KOREA to the Guideline of ICA Co-operative Principles

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Introduction

iCOOP KOREA would like to appreciate the contributors for their efforts in making this guideline draft and ICA for providing a feedback opportunity for each members, as it leads to promote discussions among the members, including iCOOP KOREA.

Feedback Process

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| March | Published the Korean-translated version of the guideline draft in the iCOOP Co-operative Institute homepage. |
| April | Discussed the feedback procedure within iCOOP Korea. |
| May | Discussed the guideline and gathered feedbacks through two distinctive channels. <ol style="list-style-type: none">1. iCOOP member organizations' regional representative meeting
The meeting participants, i.e. each board of director and managing director of 78 member co-ops, prepared their opinions after reading the guideline beforehand and articulated it in each 10 regional meeting.2. Discussion Forum (28 May)
The Forum was prepared to promote understanding of the ICA guideline among co-operatives (non-members of ICA) including new co-operatives established after the launch of the Framework Act on Cooperatives.<ul style="list-style-type: none">▪ Total of 60 persons including 40 iCOOP regional co-op representatives and peoples from various relevant organizations partook in the Forum: Participating organizations are as follows. : Co-operative Policy Division of Ministry of Strategy and Finance, Seoul Social Economy Center, Korea Social Investment, Central Self-Sufficiency Foundation, Hansalim, Korea Association Medical Welfare Social Cooperative, Korean Federation of Worker Cooperatives and Social Economy Journalist Forum.▪ Note: After the implementation of the Framework Act on Cooperatives on 1 December, 2012, total 4,628 co-operatives were registered and approved as of 30 March, 2014. Both central and local governments are actively involved in policy development, acknowledging the social and economic effects of the co-operatives. |

Feedbacks from iCOOP and Forum Participants.

1. iCOOP representatives and forum participants generally agree that the guideline itself is an excellent “textbook”, which explains the essence and relevance of the co-operatives. There were suggestions to use it as a tool for co-op education and promotion with additional comments on Korean context when the draft is finalized.
2. The Third Principle Guideline
 - We strongly agree to the basic ideas and advice of the guideline draft.
 - iCOOP KOREA practices decreasing member investment, primary co-cops’ responsible investment (each co-operative sets the target fund needed for the autonomous activities and all members are allocated to certain amount of target investment to reach the goal), and reasonable compensation to the members’ investment. Furthermore, “Member-loan for pre-purchase of domestic grains fund” is worth noting. It is an indicator of members’ trust in the co-operatives through which consumer members pay for the purchases in advance to stabilize the income of agriculture producers. Total 33,117 members (21.1% of total members) participated in the loan scheme which indicates 18,489 increase from 2012 and the total fund amounts to 65.4 billion KRW (15.3% of total turnover) as of December, 2013. Members are provided with economic benefit of 2% incentive per pre-payment amount from iCOOP KOREA, which is a sharp contrast to extra credit charge in post-payment via using credit card.
 - The advice allowing corporate members as well as individual members to avoid discrimination against co-op capitalization is not possible under the Korean Consumer Co-operative Act. However, we need to allow childcare organizations, kids and school co-op, non-profit organizations, small-scale companies to be the corporate members of consumer co-op with the objective of promoting safe and ethical food. For example, a childcare organization can purchase organic food for its children or a company can provide fair-trade coffee to people purchasing from consumer co-ops. However, corporates are not allowed to be members and individual members cannot use co-op products outside individual usage under current Korean Consumer Co-operative Act (article no. 26, restriction on non-members’ co-op use), thus in need of revision. Currently, iCOOP KOREA endeavors for the revision.
 - We assent to the idea of “Capital as a co-operatives shared asset”, and recognize the indivisible capital as a “protective tool for co-op from private interest penetration in the age of diversified capitalization and compensation”. Furthermore, we strongly urge the Korean government to revise the laws and regulations not to discriminate co-ops against capital corporations in using financial service by recognizing indivisible capital as an asset not as a debt. In addition, we urge the government to allow iCOOP KOREA to state the indivisible capital and non-distribution to the members in liquidation as one of the statute, which is not currently permitted and expect the Consumer Co-operative Act and Framework Act on Cooperatives to state the indivisible capital and non-distribution rule.

Clearly stated, it should be exempted from tax and further endowed with tax privilege status by the government.

- We accept the idea of non-voting capital and a reasonable compensation to it in order to enhance co-op capitalization besides member investment. In addition, it is necessary to form a co-operative capital market with certain restriction such as “trade market for non-voting co-operative share”.

3. The Fifth Principle Guideline

- It is both encouraging and helpful in actual practices with its focus on the target and goal of co-operative education.
- iCOOP KOREA endeavors to enhance the co-operative awareness among members, employees, and citizens. Total fund allocated to the member and employee education is 0.05 percent of total turnover as of 2013, which amounts to the Japanese Kobe Co-op. Member education consists of training programs focusing on their rights as seen in series of education programs. ; the new member course, introductory course, board member course, board of director course, managing director course, and auditor training. For the employees, a particular course to help them understand the co-operative differences and members’ needs is on its way. The total number of education or training is 7,038 embracing primary co-ops and secondary co-ops and the number of total participants is 114,324 (overlap included) as of 2013.
- It is very inspiring that the guidance highlights the transferable capacity conducive to the civil society under the purpose of co-operative education. To meet this goal, we want to emphasize the need for worldwide co-operatives to exchange its education program and develop better education capacity and technology as a whole.
- A more profound attention is needed in how to enhance the ability of the elected members in judging the fate of its co-op and how to effectively monitor the managers, particularly with the increase in some failures of co-operative governance in the real world.
- People-centered economy and society is the ideal co-operative movement. We suggest each co-op to envision the right person of co-operative movement, develop him or her, and unite them into the co-operative movement.

4. The Seventh Principle Guideline

- The seventh principle or the concern for community has been noted in the context of social commitment. Particular attention was paid to the investment of part of co-op surplus in local community and solidarity among other social economy and non-profit organizations.
- We support the argument of the guideline’s emphasis on the co-op’s accountability in environmental sustainability and regard the formal inclusion of the notion in the seventh

principle to clearly show the accountability of co-operatives.

- iCOOP KOREA set up the business objective to establish “a food system based on ethical production and consumption” and put into practices in answering the question of “what, how, for what purpose, and why co-op maintains its business?”
- Many of the co-operatives’ concern for community combines various economic, social and environmental aspects as we can see in the case of co-op’s international development project incorporating recycling activities or fisheries co-op’s efforts of planting trees in the surrounding common hillsides to protect its fisheries. However, Korean government tries to cut off more than 500-year-old 50,000 trees in the Mt. Gariwang Forest DNA Protect Area in the name of Pyongchang Winter Olympic. Co-operative movement should respond to this environment devastating policy together with other civil society and international organizations.
- One of the barometers of environmental sustainability is the increase of ecological service via enhancing biodiversity. In this sense, co-operative movement should oppose gene manipulations such as GMO, LMO which threats ecological order just to monopolize huge profit. Korean Co-operative movement including iCOOP KOREA, together with agriculture, consumer, environmental organizations launch a campaign against multi-national corporation demanding the implementation of LMO risk assessment and GMO food labeling which targets the 7th meeting of the Parties to the Cartagena Protocol on Biosafety (COP-MOP 7) on CBD-COP12 held in Pyongchang from 29 September to 17 October.

5. Others

- We need the collective response of ICA and member organizations to improve the legal and institutional improvement geared to the advice of the guideline, particularly in those countries in need of concrete legal framework.
- We look forward to having another feedback opportunity regarding the first, second, fourth, and sixth principles.