

# MAPPING: KEY FIGURES

## NATIONAL REPORT: KOREA

ICA-EU PARTNERSHIP

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## **Republic of Korea- Key Figures National Report**

### **I. Introduction and context**

This report is part of a global mapping exercise launched by the International Cooperative Alliance (ICA) and its regional offices within a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects include a worldwide legal frameworks analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research provides exhaustive information on cooperatives worldwide. This has been achieved by collecting the input of ICA members through an online questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in the Republic of Korea, hereafter referred to as Korea.

### **I. Historical background**

Cooperatives play a vital role in Korea as an important instrument to drive community-based initiatives to strengthen the rural and urban economy. Found across different sectors such as agriculture, consumer, credit, fisheries, education, social, and work, they promote the social and solidarity economy in Korea today. Cooperatives are widely spread out in both rural and urban areas of Korea.

The modern cooperative movement in Korea began with finance and agricultural cooperatives that were set up by the Japanese colonial authority. Post-independence, the cooperative movement in Korea was characterised by the growth of agricultural (agriculture, fisheries and forestry) and credit cooperatives. In 1961, National Agricultural Cooperative Federation (NACF) was established to consolidate agricultural cooperatives and the agricultural bank. This also marked the beginning of the period when the government employed various types of cooperatives as a tool to mobilise resources to develop the economy. In 1970, the government launched the 'Saemaul Undong' (or New Village Movement) which led to the formation of consumer cooperatives for the supply of necessary goods in villages. This was also the time when Saemaul Geumgo (or credit cooperatives), were increasingly established under the supervision of local governments. In 1973, Korea Federation of Community Credit Cooperatives (KFCC) was established to supervise the work of local credit cooperatives. In the 1980s, under the new political regime, Saenghyup (or livelihood cooperatives)

took a foothold in villages and were mostly led by women. These cooperatives consisted of both producers and consumers and promoted a solidarity-based exchange network of organic agricultural produce. In the 1990s, the livelihood cooperatives were rapidly replicated in urban areas, along with the revival of workers' cooperative movement. In the late 1990s, hit by the Asian Financial Crisis, cooperatives in Korea adopted innovative management strategies to restore their growth. In 1997, iCOOP was formed as a consumers' cooperative organisation to promote ethical production and consumption; and Dure Consumers' Cooperative Movement (DCCU) was formed as the union of metropolitan consumers' cooperative businesses to promote cooperation between producers and consumers.

Post-2000, the potential of cooperatives and social enterprises was recognised by the government as a means to ensure jobs and reduce dependency on the welfare economy. This led to a new movement in Korea to introduce policies to enable the growth of solidarity-based businesses. In 2012, the Framework Act on Cooperatives was passed by the government as one of its strategies to build a social and solidarity-based economy. The new move by the government opened up avenues for small and medium-sized cooperatives in various sectors. In 2014, the First Master Plan for Cooperatives (2014-16) was introduced by the government to build a favourable environment for cooperatives to develop. In 2015, the government adopted new policies for cooperatives which included, identifying the difficulties faced by cooperatives through surveys; redirecting policies to support the sustainable development of cooperatives; exploring successful cooperative models; and intensively fostering strategic sectors. In 2017, the Second Master Plan for Cooperatives was introduced to strengthen the autonomy of cooperatives, improve awareness on cooperatives, enable the creation of jobs through cooperatives, and strengthen the overall cooperative market.

## II. Public national statistics

For a more comprehensive picture of the cooperative movement in Korea, the present section provides key data from the country's public registers as a useful background context to the ICA members' data showcased in Section II of the report.

The data here stems from the results of the national survey published by the Ministry of Strategy and Finance (MOSF) in 2018. The reference year for the data is 2016.

### NUMBER OF COOPERATIVES:

In 2016, there were 5,100 active cooperatives in Korea.

### EMPLOYMENT:

In 2016, there were 22,000 employees in 5,100 cooperatives.

### COOPERATIVE MEMBERSHIP:

In 2016, there were 313,000 members in 5,100 cooperatives.

### PRODUCTION VALUE:

In 2016, the average turnover<sup>1</sup> of an active cooperative in Korea was EUR 226,019 (KRW 270 million or USD 248,756) and the average annual income of an active cooperative was EUR 242,761 (KRW 290 million or USD 267,183).

### III. Research methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC) rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organisations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognised, the present Mapping exercise targets cooperative organisations members of the ICA.

Furthermore, in order to complete the ICA members' data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

In Korea, the mapping questionnaire was completed by one out of seven ICA member organisations in the country.

## II. Key figures

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<sup>1</sup> This amount was calculated based on the annual average rate (as per March 2016) between the two currencies, using the currency converter InforEuro: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro)

This section presents the results of the data collection directed by the ICA members.

Korea has seven ICA member organisations:

1. National Agricultural Cooperative Federation (NACF)
2. iCOOP
3. Korean Federation of Community Credit Cooperatives (KFCC)
4. Korean National Federation of Fisheries Coops (NFFC)
5. National Credit Union Federation of Korea (NACUFOK)
6. National Forestry Cooperatives Federation (NFCF)
7. International Solidarity of Korea Cooperatives (ISKC)

**NACF:** NACF was established through a merger of agricultural cooperatives and the Agricultural Bank in 1961 as a federation of multipurpose cooperatives. It has four main business divisions: agricultural marketing and supply, livestock marketing and supply, finance, and extension services that include guidance to farmers. In 2012, NACF began separating its operations into the NongHyup Financial and NongHyup Agribusiness groups to better achieve its founding objectives and promote sustainable growth through greater efficacy. It represents over two million individual members from 1,187 member cooperatives, which accounts for more than 80% of all Korean farmers. It became a member of the ICA in 1963.

**iCOOP:** Established in 1997, iCOOP is an organisation established by consumers and producers to pursue 'safe food system' by promoting ethical and sustainable agricultural production; and ethical and safe consumption. Focusing on 'creating a future together', iCOOP established iCOOP Net in 2017 to create a network of consumer cooperative organisations, producer cooperative organisations, and cluster partners to meet members' needs. iCOOP has a large representation of women in its operations. In 2018, they had 282,720 members of who, over 90% were women and 3,079 employees, of who over 60% were women. It became a member of the ICA in 2009.

**KFCC:** Established in 1973, KFCC is the central bank of the community credit cooperatives (CC) that assists and supervises the management of CC and promotes transparent operations. It is engaged in management, supervision and inspection of CC, insurance business for credit cooperatives and members, domestic and overseas surveys, education and training, credit business, depositor protection and reserve management, among others. It has one national and 13 local headquarters in the country and became a member of the ICA in 1994.

**NFFC:** Established in 1962 for the welfare of fishing communities, NFFC is engaged in developing fishing villages through a democratic, cooperative organisation to enhance the social and economic status of fishermen and increase the incomes of fishing households and their capacity to produce fishery products. It offers marketing, banking and insurance services to fishers. In 2018, 275,689 fishery cooperatives were members of NFFC. NFFC is the Secretariat of the International Cooperative Fisheries Organisation (IFCO, sectoral organisation of the ICA) and is involved in developing the fishery industry at a global level. It became a member of the ICA in 1979.

NACUFOK: Established in 1964, NACUFOK is an apex trade association, financial intermediary, and business organisation consisting of credit unions. It conducts publicity, supervision, management consulting and education for credit unions. As a financial intermediary, it manages an inter-lending service as a central financial facility and invests the surplus funds in high-grade mutual funds, government and corporate bonds, and other securities. It became a member of the ICA in 1992.

NFCF: NFCF was formed in 1962 to protect the rights of forest owners and cooperative members and promote sustainable forestry practices. Since its inception, NFCF has been involved in reforestation severely denuded mountains in the country. NFCF engages in forest management extension programmes, forest resource base building projects, marketing of forest products, building logging roads and infrastructure for sustainable forest management, banking and financing services, and overseas forestry development projects. It became a member of the ICA in 1996.

ISKC: Established in 2008, ISKC is a new coalition of cooperative associations in Korea. It was formed by three ICA members, the Korea Federation of Worker Cooperatives (KFWC), Dure Consumers' Cooperative Union (DCCU), and the Korea Federation of University Cooperative (KFUC), as well as one additional Korean association. ISKC was formed to promote international solidarity for the Korean social and economic organisations and to be affiliated with ICA as a collective entity. It became a member of the ICA in 2019.

## I. ICA member data

The data presented in the next section was collected from iCOOP for the year 2017. iCOOP represents user, producer, and multi-stakeholder cooperatives in diverse sectors such as agriculture and food industry, manufacturing, construction, wholesale and retail trade, and accommodation and food service activities.

## II. General overview

The present section provides an overview of the cooperative data represented by iCOOP in 2017.

Category	Total
Number of cooperatives represented by iCOOP	97
Number of memberships in represented cooperatives	262,507
Number of employees in iCOOP	3,629
Number of female employees in iCOOP	2,247 (62%)

Table 1: Cooperative statistics representing iCOOP for 2017

### III. Sector overview

The sectors used below correspond to the categories used in the ISIC rev. 4. to classify the economic activities carried out by the organisations concerned. With regards to the turnover, the amount is provided both in KWR, and the equivalent amount in EUR<sup>2</sup>.

The sectoral overview of cooperatives represented by iCOOP in 2017 is as follows:

Sector	Number of cooperatives	Number of memberships	Number of employees	Number of worker-members	Assets
User cooperatives	95	262,507	-	-	-
Producer cooperatives	1	333	-	-	-
Multi-stakeholder cooperatives	1	130	105	63	-
Agriculture and industry	1	333	-	-	EUR 32,866,096 (KRW 41.9 billion)
Wholesale and retail trade	95	262,507	-	-	-

Table 2: Cooperative statistics representing iCOOP for 2017

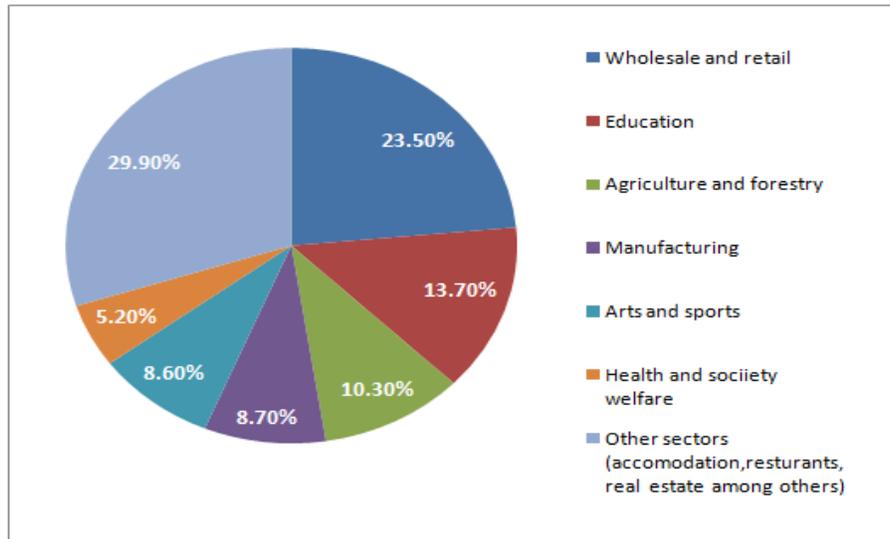
Turnover of iCOOP in 2017 was EUR 434,397,233 (KRW 553.8 billion).

### III. Graphs

As per the results of the national survey published by MOSF in 2018, cooperatives in Korea are present in diverse sectors including wholesale and retail, education, agriculture and forestry, manufacturing, arts and sports, health and society welfare, among others. The graph below depicts sectoral representation of cooperatives in Korea.

<sup>2</sup> This amount was calculated based on the annual average rate (as per April 2017) between the two currencies, using the currency converter InforEuro: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro)

## I. Percentage of cooperatives per sector



Graph 1: Cooperative statistics per sector in Korea (2016)

## IV. Annexes

Sources and contacts are listed below.

### Sources

1. ILO (2018). [Cooperatives in the Republic of Korea: 3rd survey highlights cooperatives' growing contribution to social and economic realms](#)
2. ICA-AP (2019). [Korea country snapshot](#)

### Contacts

Further details on the Mapping research and other country reports are available on [www.coops4dev.coop](http://www.coops4dev.coop)

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