

Republic of Korea Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Republic of Korea's national cooperative legal framework, based on the work of national legal expert and ICA member input.

There are eight special laws and one general law – The Framework Act on Cooperatives. This research focusses on the Framework Act on Cooperatives, The Agricultural Cooperatives Act and the Consumers Cooperatives Act. The constitution of Republic of Korea does not explicitly mention the term 'cooperative' but mentions about fostering organisations founded on the spirit of self-help. The eight special cooperative laws partly reflect ICA cooperative principles, whereas the Framework Act reflects all seven principles, implicitly.

Main regulations: This table displays a selection of cooperative regulations identified by experts and ICA members.

Regulation	Brief Description
<i>Agricultural Cooperatives Act</i>	<i>Dedicated to Agricultural cooperatives and is under the supervision of Ministry of Agriculture, Food and Rural Affairs.</i>
<i>Fisheries Cooperatives Act</i>	<i>Dedicated to Fisheries Cooperatives and is under the supervision of Ministry of Oceans and Fisheries</i>
<i>Tobacco Producers Cooperatives Act</i>	<i>Dedicated to Tobacco Producers Cooperatives and is under the supervision of Ministry of Strategy and Finance</i>
<i>Forestry Cooperatives Act</i>	<i>Dedicated to Forestry Cooperatives and is under the supervision of Korea Forestry Service</i>
<i>Small and Medium Enterprise Cooperatives Act</i>	<i>Dedicated to Small and Medium Enterprise Cooperatives and is under the supervision of Ministry of SMEs and Start-ups</i>
<i>Credit Unions Act</i>	<i>Dedicated to Credit Unions and is under the supervision of Financial Supervisory Commission</i>
<i>Community Credit Cooperatives Act</i>	<i>Dedicated to Community Credit Cooperatives and is under the supervision of Ministry of the Interior and Safety</i>
<i>Consumer Cooperatives Act</i>	<i>Dedicated to Consumer Cooperatives and is under the supervision of Fair Trade Commission</i>
<i>Framework Act on Cooperatives</i>	<i>Dedicated to General and Social Cooperatives and is under the supervision of Ministry of Strategy and Finance</i>

Table 1: Cooperative and related regulations in Republic of Korea

Cooperative Friendliness: The cooperative legislation of Republic of Korea is significantly friendly to cooperatives. Specially the Framework act on cooperatives established in 2012 complements existing eight special cooperative laws and contains many provisions supportive of cooperatives while respecting their autonomy.

Key recommendations for improvement: Model Bylaws should be made by a federation of cooperatives rather than by the competent authorities. Unfair treatment to cooperatives under certain laws which prevents them from getting financial/non-financial support from government organizations should be amended. In certain cases of taxation, social cooperatives are considered at par with corporations, despite being organised for public interests.

Conclusions: The establishment of the Framework Act was the breakthrough in the history of the cooperative movement of Republic of Korea by setting the open environment for organizing cooperatives. However, the Framework Act only complements existing special cooperative laws rather than functioning as the common law for all types of cooperatives.

