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FACTORS FOR SUCCESSFUL DEVELOPMENT OF FARMER COOPERATIVES IN NORTHWEST CHINA

A study at Shandan county, in Gansu Province

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Guozhong Liu

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Abstract
Cooperatives, as member owned, and controlled self-help organisations, have demonstrated a significant contribution to social and rural development around the world. In China, the development of cooperatives has been varied due to political, social and economic reasons. However, in recent years, the farmer cooperative has been recognised as one of the main approaches leading Chinese farmers to become involved in domestic and international market competition. Although farmer cooperatives have developed rapidly in China, over the last three years since the Farmer Specialized Cooperative law took effect in July 2007, their progress was varied in the different provinces, due to farmers’ education and their economical and social situations.

In order to identify factors for successful development of farmer cooperatives in Northwest China, a qualitative methodology was employed by using two case studies. Two provincial successful cooperatives, the Shandan Dongwan Lvdadi Melon and Vegetable Growing cooperative and the Shandan Ronghua Growing Cooperative in Shandan County, in Gansu province were selected. The study has found that factors related to policy and legislation, the cooperative initiator and leadership, membership, governance, management, training and education were all important for the successful development of farmer cooperatives in Northwest China. This study also emphasised the importance of government support for farmer cooperatives’ successful development, especially in their initial stage. There were also challenges ahead, such as the increasing number of associate members becoming ‘free-riders’, and the increasing gap between large and small farm holders causing decision-making problems. Recommendations on how farmer cooperatives can develop successfully in the future are also formulated for policy-makers and cooperative leaders.

Keywords: farmer cooperatives, successful factors, cooperative development, Northwest China.
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List of Abbreviations

CASS: The Chinese Academy of Social Science
CCA: The Canadian Cooperative Association
CCP: The Chinese Communist Party
CIC: The Chinese Industrial Cooperative Association
CIFRC: The China International Famine Relief Commission
ICCIC: The International Committee for the Promotion of Chinese Industrial Cooperatives
ICIS: International Cooperative Identity Statement
FSA: Farmer Specialized Association
FSC: Farmer Specialized Cooperative
KMD: Kuomingdang
NGC: New Generation Cooperative
NGO: Non-Government Organisation
NPC: National People’s Congress
NZAID: New Zealand Agency for International Development
NZCFS: New Zealand-China Friendship Society
PRC: People’s Republic of China
RSCE: Rural Shareholding Cooperative Enterprise
SCF: Shandan Cooperative Federation
SMC: Supplying and Marketing Cooperative
WB: World Bank

*Exchange ratio: 1 NZ DOLLAR = 5.00 Yuan (RMB) (August, 2010)
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