

# **Review of Legislation Process of Farmers Co-operative Law of China**

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# Background of the Legislation

- Since 1980's

The farmers co-ops have boosted rapidly.

- The governmental support policy

Subsidies, Human resources, Technologies,

# Background of the Legislation

- At the same time, the legislation work has been laid off. Especially,  
the legal person status ——how to registration  
the organization mechanism——how to protect the ordinary members' rights
- The Standing Committee of the NPC placed the formulation of “The Farmers’ Co-op” into its lawmaking process.
- The Agriculture and Rural Affairs Committee take the lead of the draft.
- The draft has been approved in Oct.

# Principles of the Legislation

- Base on the promotion and develop during the promotion
- Guarantee and protect the lawful rights and interests of the co-ops and members
- Confirm and ascertain the most basic principles on the co-ops
- Make use of the developing experiences and the international experiences.

# Main Mechanism of the Law

## Definition

A farmer's co-op, on the base of family-contract operation, is the producers and operators of farm produces of the same classification, the provider and consumers of services of the same classification, and the mutual economies that are established on the principle of voluntary association and democratic control.

A farmer's co-op should serve its members at first, and afford certain related services to agricultural production to the members, such as supplies, technology and information about the selling, manufacturing, transportation, storage, etc.

# Difference between the Co-op and the Rural Economic Collective

- Autonomous, self-help organization
- Voluntary
- Farmers' isolated and main position
- Democratic control
- New market entity

# Main Mechanism of the Law

## Principles of the farmer's co-op

- Mainly members are farmers
- Serve for the whole members' common need
- voluntary
- Membership equality and democratic member control
- Allocate surpluses through the transaction with the co-op

# ICA Principles

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives
- Concern for Community

# Main Mechanism of the Law

## Confirm the legal person position

- According to the LAW, the farmer co-op is legal person.

Differ from

- enterprises as legal person
- social organization as legal person

# Main Mechanism of the Law

## Establishment

Five members at least

Lawful by-law

Lawful inter operation mechanism and organization structure

Lawful name and domicile of the co-op  
capital contributions made by the members

# Main Mechanism of the Law

## Characters

- independent property right
- bear the liabilities for its debts with all its property.
- member limited liability

## **Main Value of the Law**

**Benefit the farmer  
Own by the farmer  
Operate by the  
farmer**

# First, Lead by the Farmers,

At least 80% members of the co-op are farmers

Control the numbers of the legal person members-----

Less than 20 members, one legal person member;

Over 20 members 5% could be legal person member.,

# Second, Democratic Member Control

Members control the Co-op directly through the members' meeting and the democratic procedure.

**One member one vote, extra vote plus.**

# Third, Protect Members' Economic Right

The capital of the co-op is jointly owned by all the members.

Every member has his own account to record his property in the co-op.

Surpluses allocation: at least 60% of the surpluses is allocated according to the members' transactions with the co-op.

# Policy Support

A special chapter about “policy support”

The government at different levels should try their best to help farmers develop the co-op.

Thank you