Agricultural Cooperatives in Taiwan

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Agriculture Structure and Current Development

A. Agricultural Production Indexes

The 94.06 (basing on that of year 2001 as 100) annual agricultural production index of year 2005 is a 5.79% drop from 2004 mainly due to the noticeable decrease in agricultural productions and fishery catches. In categorized analysis of various industries, farming products such rice, coarse cereals and special crops showed discernibly smaller yields that caused a 9.26% fall in categorized index. Production of forestry byproducts such as firewood and raw bamboo shoots went down and brought the categorized index 26.42% lower. In fish products, a 2.2% fall in categorized index had resulted from lessened deep-sea, offshore and coastal catches as well as smaller yields of sea and inland aquaculture. In animal products, low production of duck eggs, cows, cow’s milk and honey led to a 3.05% fall in categorized index.

B. Agricultural Production Structures

The total agricultural production value was NT$382.5 billion in 2005, 0.01% lower than the year before. Farm products accounted for 42.52% at NT$162.6 billion, 0.52% more than 2004. In separate farm production value structures, fruit made up the largest portion of 16.29%, followed by 11.15% of vegetables, rice 7.36%, special crops 1.94% and coarse grain 1.95%. Compared to 2004, rice production grown 0.24%, fruit decreased 0.18% and vegetables had a 0.61% increase. Livestock production value was NT$126.4 billion, representing 33.05%, 0.72% higher than the previous year. In separate animal and fowl production value structures, pigs topped the list with 15.38%, fowls came second at 10.84%, eggs 3.73% and other animal products 3.1%. Compared to 2004, pigs had a decrease of 0.28%, fowls increase 1.51%, while eggs and other animal products respectively increase 0.39% and 0.01%. Fishery production was NT$92.8 billion, occupying 24.27%, 0.73% lower than 2004. In separate fishery production value structures, deep-sea fishing made up the highest 11.4%, tailed by inland aquaculture’s 7.13%, offshore fishing’s 3.30%, coastal fishery’s 1.38%, and sea farm-
ing’s 1.04%. Inland fishing only accounted for an insignificant proportion.

E. Farming Households and Employed Population

According to data from the Taiwan region farming household sampling survey conducted by the Agriculture and Food Agency of COA in 2004, as of the end of 2004, there were 721,418 farming households, making up 10.09% of the total number of households in the Taiwan region. They accounted for 14.26%, around 3.2 million people, of the entire population. In 2005, 591,000 people were employed in agriculture, about 5.94% of the total employed population. The figure meant 49,000 people or 7.63% less than 2004.

F. Farming Household Incomes

Data from the household income survey in the Taiwan region by the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan showed that in 2004 the average farming household income was NT$893,124 which was 78.08% of the average non-farming household income and a 2.2% increase compared to 2003. Farming earnings, including various agricultural subsidies, took up 22% at NT$196,460. This was a NT$18,349 or 10.3% growth from 2003. Incomes from non-agricultural sources accounted for 78% at NT$696,664. The average personal income in farming households was NT$229,595 in 2004, 3.3% more than 2003.

Current policies and measures

(1) To establish a secure and balanced food production system.

(2) To develop competitive crops, livestock and fishery products.

(3) To enhance commercialized competence of the production and marketing.

(4) To create incentive base for agro-industry.

(5) To develop policy-oriented agricultural technologies.

(6) To promote a harmonious and sustainable agriculture.

(7) To adjust the use of agricultural resources.

(8) To strengthen sanitary inspection system.

(9) To promote international agricultural cooperation.

(10) To develop agriculture and food traceability system.
Movement of Taiwan Farmers’ Associations

Introduction

The history of Taiwan farmers’ associations dates back to 1900 when the first agriculture cooperative was established. The Farmers’ associations in Taiwan are federated into a system of multi-purpose cooperative organizations formed by the farmers for the purpose of carrying out a number of functions. The major functions are supply and marketing service, agricultural extension service, credit service, insurance service and information service.

After the amalgamation of the primary level farmers' associations into 288 Farmers’ Associations, in 1975 they were reorganized at three levels: two provincial level, twenty-one county or city associations, and 280 primary associations.

Three Level System

At the primary level there are 4,572 small agricultural units so call “agricultural affair team”, one in each village. The current total membership of the Farmers' Associations is 990,141. On the average, there are 18 small agricultural units in each township and each unit with 195 members. Only one member from each household is allowed to join the association. At present, over 99 percent of the farmers in Taiwan have joined the associations as member.

The small agricultural unit has legal status in the organization of Farmers' Association. It is organized to act as a bridge between the primary association and its members,
to assist the association in dissemination information and to serve as a fundamental unit for election purpose.

The primary Farmers' Association is a vital link in the whole scheme of the Farmers' Association system. It directly contacts the farmers and assists them in their various activities.

The major functions of the county or city Farmers' Associations are to conduct supervision and technical assistance to the primary associations.

The provincial level association primarily supervises, audits, trains, coordinates and assists the lower levels of Farmers' Associations.

**MISSIONS OF FARMERS' ASSOCIATIONS**

The objectives of the farmers’ associations are to secure farmers’ rights and interests; advance farmers’ knowledge and skills; promote agricultural modernization; increase production income; improve farmers’ livelihood and develop rural economy.

1. Dissemination of agricultural laws and regulations, and mediation of agricultural disputes, in order to protect the interests of farmers.
2. Assistance in farmland-related improvement of irrigation, conservation of soil and water, and cultivation of forests.
3. Extension of superior seeds and fertilizers.
4. Guidance and demonstration for agricultural production, propagation of superior varieties, and promotion of the operation of specialized agricultural zones.
5. Agricultural extension and training, and provision of incentives for agricultural production.
6. Matters related to farm mechanization and improvement of labor efficiency.
7. Guidance and promotion of joint and entrusted operation, family farm development, and contract farming operations.
8. Marketing, storage, processing, and manufacturing of animal products, and operation of markets.
9. Importation, processing, manufacturing, and distribution of agricultural production materials, and sales of daily necessities for association members.
10. Agricultural warehousing and joint utilization by association members.
11. Financial services for association members.
12. Acceptance of commissions to handle agricultural insurance.
13. Acceptance of commissions to assist in agricultural insurance matters and in farm housing construction.
14. Rural cooperation and social services matters.
15. Promotion of rural sideline occupations and rural industries.
16. Matters of rural culture, health and sanitation, welfare, and relief work.
17. Improvement of farmland utilization.
18. Agricultural disaster prevention and relief.
19. Commissioned business on behalf of the public treasury or public and private groups.
20. Other matters approved by the authorities concerned.

Organization Structure and Functions

The goal is to institute a system with division of rights and powers, and implement fully the will of association members, in order to facilitate industrialized operations.

(1) A farmers' association should be organized whenever the number of eligible potential members in the township, town (or city), or district reaches 50.

(2) When more than three of the farmers' associations at the lower level are established, then the higher-level farmers' association should be set up.

(1) Lower-level farmers' associations participate as members in higher-level associations, and elect representatives to attend membership meetings of the higher-level associations. The chairmen of lower-level associations are ex officio representatives to higher-level associations.

Organization Structure

Farmers' associations at all levels carry out a system of division of rights and powers. Here, this system is explained using the basic-level farmers' association as an example:

(1) **Representative assembly**: Members of the farmers' affairs committee elect member representatives and organize the representative assembly as the highest power-wielding body to make decisions concerning association affairs, business planning, preliminary and final budgets, rules and regulations, and other important matters relating to members' rights. The assembly also elects directors, supervisors, and member representatives to participate in the higher-level farmers' association.

(2) **Board of directors**: This body selects (and dismisses) the chief executive officer sends proposals to the representative assembly for deliberation; and, after those proposals are decided upon, carries out planning accordingly and oversees the chief executive officer in carrying them out, and finally reports on them to the Representative assembly and board of supervisors.(Directors and
(3) **Board of supervisors:** This body oversees the board of directors in its implementation of resolutions passed by the representative assembly; it can suggest improvements, and submit reports and proposals to the representative assembly.

(4) **Chief executive officer:** The person holding this position is responsible to the board of directors for carrying out the association's business. In accordance with the needs of this business, he may hire (and dismiss) workers; if the execution of his tasks there is any violation of laws or regulations that results in damage to the farmers' association, he will be responsible for making compensation.

(5) **Business units:** The farmers' association is a multipurpose consolidated organization. In the basic-level association, various business units are set up under the chief executive officer. Units that may be established in accordance with the association's need include offices, credit branches, and vegetable, animal, and meat markets or processing plants. Higher-level farmers' associations do not offer member financing services, and so do not have credit departments, but they have set up additional guidance and other business units.

(6) **Farmers' affairs team:** Under basic-level farmers' associations are set up farmers' affairs team based on the village or on several villages combined. These teams are the basic-level business promotion units. Team leader and deputy leader are elected by association members, and serve without pay.

Farmers' affairs, 4-H, home economics, and specialized production and marketing groups that are organized under the basic-level farmers' association all report directly to the association.
DISTRIBUTION OF FARMERS' ASSOCIATION PROFITS

40% of various businesses' profits is used as reserve funds of business concerned, the rest of them are used as follows:

(1) No less than 62% must be used for agricultural extension and training, and for culture and welfare work.

(2) Eight percent is reserved to cover expenses for mutual extension and training work among different levels of farmers' associations.

(3) Five percent is used as public welfare funds.

(4) Fifteen percent is used as reserve funds.

(5) No more than 10% is paid as compensation to members of boards of directors and supervisors, and to employees.

Services

AGRICULTURAL EXTENSION

Agriculture extension is carried out to achieve the goals of protecting the rights and interests of farmers, enhancing knowledge and skills of farmers, promoting agricultural modernization, and increasing profits in agriculture, improving farmers’ lives, and developing rural economy.

Farming Extension

Among crop growers in Taiwan, the average amount of land in cultivation is less than one hectare per farm; some crop producers are part-time farmers, and others have migrated away from the countryside. In line with government plans and farmers' needs, farmers' associations provide guidance for members in organizing joint farming groups and entrusted farming operations so that farmers can support each other in the areas of farmland, labor, financing, and equipment, thereby giving full expression to their productivity.

4-H Extension Education

Farmers' associations encourage rural young people of both sexes and ages 9-24 to receive extracurricular education through participation in 4-H clubs. Through democ-
ratic and scientific methods of “learning through work, and working to learn”, with primary emphasis on learning through doing and service to the community, and secondary emphasis on wholesome recreational activities, youths increase their know-how, learn models of behavior and propriety, and develop a spirit of democracy and universal love. They learn to mold their hearts, hands, heads, and health to become outstanding future farmers and leaders as well as citizens who love their farms and their country. Following are some of the main activities of the 4-H movement:

Vocational training: This encompasses ornamental plants, vegetables, fruits, mushrooms, tea, domestic foul, cattle, pigs, fish farming, and others.

Sideline occupation training: This includes sewing, weaving, carving, processing of farm products.

Members' children who desire to stay on the farm are guaranteed admission to agricultural high school for advanced studies in farm management after they pass the entrance examination, and are given scholarships as well.

Youths who have received vocational training and go into farming for them continue to receive operational guidance; to help them develop their operations, they are also offered low-interest, long-term loans in accordance with production and marketing plans.

**Home Economics Extension Education**

Following are the four primary goals of home economics extension education by farmers' associations:

1. Strengthen the rural family function, foster healthy physical and mental development of rural family members, and promote amicable, harmonious, and mutual-help relations in rural society.
2. Guide farm families in the effective management and utilization resources so as to stabilize the home economy.
4. Popularize rural nutrition and health education, guides the formation of balanced eating habits, and strengthens sanitation and health services.

**Rural Cultural and Welfare Activities**

**Establishment of rural libraries:**

To make reading and study more convenient for association members, some farmers' associations have set up libraries in which members and their families can read and
from which they can borrow books.

**Promotion of recreational activities:**

To promote leisure and recreational activities for members, farmers' associations have added areas and facilities for such activities; they also sponsor farmers' athletic meeting and all kinds of activities such as domestic and overseas farmers' observation trips that increase knowledge and uplift the spirit.

**Establishment of rural nurseries:**

Association members and many of their family members have jobs. To save the time and money that they spend taking care of concentrate their attention on their work while their children receive and appropriate upbringing, many farmers' associations sponsor nurseries on a year-round or scheduled basis.

**Free document-writing services:**

Legal procedures such as the transfer of real estate and the obtaining of mortgage loans are rather complicated; many association members are not familiar with them, and the places where they are carried out are frequently some distance from where the members live. Commercial document-writers charge high fees, and such services established by the government also require the payment of fees; in addition, their locations are often inconvenient for association members. To alleviate demands in this area on members' time and money, many associations offer document-writing services on a no charge basis.

**Publishing of agricultural magazines and community publications:**

Farmers' News letter, published by the Taiwan Provincial Framers' Association, contains new information about agricultural science and technology, agricultural laws, agricultural economics, agricultural product marketing farmers' association activity notices, agricultural extension education work, legal know-how, interesting articles, and the like. This magazine is supplied to association members at a below-cost price.

Farmers' associations also publish, on a scheduled or unscheduled basis, community publications having contents similar to those of "Farmers' Friend” but concentrating on local information and news related to association members. They also print cost-free product sales advertisements for members. These publications are all supplied to association members free of charge.

**Provision of medical services:**

To lighten the burden of medical expenses on association members and their families, and to make up for the inadequacy of medical resources in remote areas, some farmers' associations maintain clinics or hospitals. These establishments charge
only enough to cover costs, and some of them sign contracts with designated hospitals that provide services at discounted prices. Because these medical services have proven so popular with association members, more associations now plan to set up farmers' hospitals.

**Acceptance of governmental entrusted farmers' health insurance:**

To improve farmers' welfare, FA has managed farmers' health insurance since 1989. According to farmers' insurance regulation, each basic FA is the policy holder unit legally provided. FA also has the obligation to provide various administration services. FAs' members and the age over 15 do farming over 60 days yearly, all of them can apply to take out an insurance policy through the FA of their resident place. To carry out farmers' health insurance well is the goal of the government and the farmers' associations alike, and the time when this program will extend to all farmers in Taiwan is not for distant.

**Development of forest recreation enterprises:**

A minority of farmers’ associations have used their self-owned forest land to establish forest recreation enterprises. These enterprises provide education, training, and recreation for association members and, at the same time, increase the number of tourism and leisure spots which the general public can use upon payment of low fees. The income derived from these enterprises is returned to benefit farmers' welfare and rural construction.

**Supply Activities**

**Cooperative production and supply of agricultural chemicals:**

Farmers' associations at different levels invest in cooperative plants for the production of agricultural chemicals, which are supplied to members at superior quality and reasonable price. Agricultural chemicals that are not yet produced by association-invested plants are procured from the producers for supply to farmers. In addition, members are frequently subsidized in coordination with agricultural extension work.

**Processing and supply of feeds:**

Many farmers' associations procure raw materials, which they process into feeds for supply primarily to members. The method by which this is accomplished is through plants set up by the Taiwan Provincial Farmers' Association, operated jointly by county associations together with town and primary associations, or operated solely by basic-level associations, for the purpose of supplying superior quality, reasonably priced feeds to association members.

**Supply of fertilizer:**
The supply by farmers' associations of fertilizer needed by farmers handled primarily in coordination with centralized supply by the Taiwan Food Bureau. Insufficiencies are made up through procurement by the farmers' associations themselves. To save members the trouble of purchasing and transporting fertilizer, farmers' associations deliver it to them on a centralized basis and divide the shipping expenses among them in accordance with actual expenses.

Supply of seeds, seedlings, and baby animals:

Farmers' associations, on behalf of their members, maintain as close a contact as possible with agricultural experimentation, improvement, and extension agencies in order to obtain the finest seed, seedlings, baby animals, baby fowl, and the like; when necessary, these items are imported directly or produced by the associations themselves for supply to members.

Supply of agricultural machinery and other production materials:

In coordination with the government's policy of promoting agricultural mechanization, the Taiwan Provincial Farmers' Association has handled the import of all kinds of agricultural machinery for supply to association members through basic-level farmers' associations. Other production materials, such as fruit and melon bags, PV thermal seedbed covers, and plastic cloth, are also supplied to members.

Supply of daily necessities:

Farmers' associations set up farmers' shopping centers, which are operated on the supermarket model, so as to provide members with a full supply of inexpensive, good-quality daily necessities. Farmers' associations also set up fresh food processing plants, local supply and marketing cooperative and these operations are linked to the products of members themselves as well, so that producer and consumer alike can benefit from them.

Cooperative marketing of pigs:

The production value of pigs has taken the lead among all agricultural products in Taiwan. For years, association members who raise hogs on a relatively small scale have benefited greatly from the multifaceted and integrated guidance provided by basic-level farmers' associations, including direction in production technology, extension of superior varieties, and supply of feed, financing, and farm animal insurance. Because of close cooperation among farmers' associations, as well as coordination and support by meat markets which receive supplies of superior pigs for marketing from cooperative marketing operations carried out by farmers' associations at all three levels have won a
market share exceeding 60% and have built up an excellent brand image.

Of the prices received for pigs shipped by farmers for cooperative marketing, the part of payment received that exceeds the stipulated ceiling price is contributed in coordination with government-allocated subsidies to the "Taiwan Province Farmers' Association Pig Production and Marketing Mutual Aid Fund." This fund is used to subsidize hog prices when they drop below a set floor, and to expand hog production and marketing.

Since cooperative marketing aims sales, the direction of future efforts is toward formation of a solid toward formation of a solid under this group will association members who grow pigs on a relatively small scale have a chance to continue to grow within the evolving structure of the pig-growers' group.

**Cooperative marketing of fruits and vegetables:**

Taiwan is a region of small-scale operation; the areas planted in fruits and vegetables are, for the most part, very fragmented, and very hard to form into economic marketing units. If the growers under-take sales themselves, the time, labor, and shipping expense required are uneconomical. If the produce of an entire farm is bought on contract, or if sale is entrusted to a merchant, then the selling price is under the control of another and the income of the fruit or vegetable grower suffers great damage.

With the support of the government, farmers' association utilizes subsidized circulating funds and related facilities to guide members in organizing joint production and marketing groups. Training lectures are carried out, direction is provided for production and marketing plans, market supply is coordinated in terms of quantity and quality, strict grading and packaging of produce are carried out, and market feedback is supplied for the reference of producers so that the proper adjustments can be made.

**Wholesale farm produce markets:**

To product interests of producers and consumers, farmers' associations operate this business that combines the functions of collection, balancing, distribution, and reasonable formation of price for fair transactions. The vegetable and fowl (or meat) markets operated by farmers' associations themselves or in cooperation with the government currently total approximately 100.

**Direct selling of ornamental plants:**

Certain suburban Farmers' Associations set up "Holiday Flower Market" to promote ornamental plants that is to build direct selling channel and increase flower farmers' income and make more convenient for consumers to buy flowers.

**Joint marketing of fowl:**
Fowl now holds third place in value among all the farm animals produced in Taiwan; but most fowl products are purchased by shippers who buy them at the production site, and marketing channels are thus cut off. To protect the benefits of fowl raises, the various levels of farmers' associations in Taiwan province, in coordination with government support, began fowl marketing operations in 1986, stipulating related rules and regulations, building fowl markets, and carrying out training of sales personnel and fowl raisers. This business will be expanded at an accelerated pace in the future in reference to past experience gained in the joint marketing of hogs.

**Procurement, processing, and marketing of government rice:**

The vast majority of basic-level farmers' associations have rice storehouses of substantial capacity, and they handle rice procurement on behalf of the government. To save time and work for their members, farmers' associations handle the collection of rice after harvesting and its shipment to their storehouses free of charge for all members, with the exception of a very small number who prefer to do this themselves. In addition to settling up the account for government purchases, the associations go to the farms to check and collect extra rice, and to handle shipment to the storehouses on a unified basis. After the government allocates this rice by usage, farmers' associations are entrusted with processing it for domestic and export sales.

In addition, farmers' associations accept commissions from their members to purchase any remaining rice, and to market it after milling.

**Small Food Processing Businesses Operated by Farmers' Associations**

To alleviate the problem of seasonal overproduction of crops of a special local nature, raise the added value of farm products, utilize some of the idle rural manpower, and increase farmers' incomes, the farmers' associations, in coordination with technical and financial support provided by the government, select items that are suitable for small-scale processing and guide farmers in carrying out the production of processed food products. Alternatively, the associations themselves handle the processing. For a very small number of products, the associations commission foodstuff plants to proceed.

In general, this guidance takes one of three forms. One is to guide individual association members or to organize members in getting up study groups, establishing processing stations, instituting contract production, and setting minimum guaranteed prices; the processors handle sales themselves. The second is for the associations themselves to establish processing plants or stations, with the raw materials being supplied by members on a contract basis and the finished products being marketed by the associations. The third form is for the associations to set up packaging and marketing
centers, with the members processing the products in accordance with set specifications before delivering them to the centers for packaging and marketing; the associations collect processing fees, and everything is done on the principle of integration.

In addition to providing assistance through their extension, supply and sales, and credit departments, in their guidance of members in the organizing of cooperative production and marketing groups the farmers' associations also hire experts to give directions. Besides, some percentages of the net profit from the sale of processed products is put into a joint fund for group members; this fund is kept in a special farmers' association account and used to subsidize the procurement of production equipment by group members, and for the welfare of group members.

**Financial Services for Farmers' Association Members**

**General establishment of banks by farmers' associations for their own members:**

With the excepting of Taipei city's three district farmers' associations, basic-level associations have all set up credit departments to handle financial matters for their members. On the average, each association has more than two branches credit department; these units are positioned throughout rural areas to provide services for members.

**Provision of agricultural loans on preferential conditions:**

Since 1961, farmers’ associations have established strong agricultural loan funds to handle unified agricultural loans in coordination with interest-free funds provided by the government and low-interest funds from agricultural banks, so that members are enabled to receive agricultural loans at relatively low interest rates and the most suitable terms (with a maximum length of 20 years). In addition, government low-interest agricultural, fishery, forestry, and animal husbandry loans, as well as land purchase loans and farm machinery loans, are all handled through farmers' associations. Support for extension, marketing, and insurance operations show further the effectiveness of financial services for association members.

**Encouragement of saving by association members:**

A farmers' association belongs to its members, and it provides excellent human and geographic relationships as well as comprehensive and friendly services. These factors, plus the association's organizational stability, afford full protection for the savings of members. With the further inducement of savings interest rates that are set as high as possible, the incentive for members to economize and save is given full expression.

**Enterprises that benefit agricultural extension as well as rural culture and welfare:**

In addition to serving their basic financial functions, the financial operations of farmers' associations earn a net profit that constitutes the major part of the total annual
profit of basic-level farmers' associations. At least 70% of this profit is required by law to be allocated for the farmers’ associations’ public welfare endeavors.

**Comprehensive, appropriate, friendly services:**

In addition to providing preferential treatment for deposit interest rates and loan terms, farmers' associations strive to supply the very best services for their members by improving teller operations, setting up information counters, handling charge-free document-writing services, and simplifying loan procedures. In coordination with computerized operations, they also install automatic teller machines, drive-in windows, and other facilities in order to bring members the most convenient and satisfactory services possible.

**Handling of remittances and government treasury business:**

To facilitate the circulation of funds in rural areas, the credit departments of farmers' associations handle remittance operations; centered on the Cooperative Bank of Taiwan and its branches, these operations constitute a correspondent network reaching throughout Taiwan.

Further, for the convenience of association members and local residents in the payment of taxes, and of local agencies and groups in the payment and collection of fees, most farmers' associations with credit departments act as agents of the Bank of Taiwan in conducting government treasury business. In addition, a part of the government treasury deposits are utilized in accordance with law to supplement agricultural funds.

**Animal Insurance**

In accordance with the Farmers’ Association Law and the Statute for Development of Agriculture, farmers' associations are commissioned by the government to handle this business. The animals covered by this insurance at the present time are hogs, cattle, and sheep, and the types of insurance included are sickness and death. The insurance also covers injury or death to hogs during shipment to be slaughtered. A two-level insurance system is adopted. The insuring agency is the basic-level farmers' association, which signs insurance contracts with members and accepts the obligations and responsibilities involved, retaining to itself responsibility for 60% of the value of the insurance policies. The reinsurance agencies are provincial and country farmers' associations. The provincial farmers' association accepts responsibility for 40% of the reinsurance value, retaining 7% of that value to it and allocating the remaining 33% to country and city farmers' associations.

In addition to providing technical guidance and policy support, the government provides subsidies to cover part of the cost of management, insurance premiums, large-
scale compensations, veterinary facilities, publicity and education, training, and overseas training trips.

The following chart details the animal insurance system and its division of responsibilities.

**Business Scope and Performance (2005)**

1. Members:
   
i. Regular Members: 990,141

   ii. Associated Members: 802,750

   iii. Group Members: 482

2. Agriculture Extension Service:
   
i. Kindergarten: 477 classes / 13,933 Children

   ii. Training: 79,379 persons

   iii. Writing Services: 181,922 cases

   iv. Farm Services: 233,557 hectare

   v. Seeding Services: 41,381 hectare

   vi. Society Services: 6,663 times

   vii. Scholarship: 208,636NTD/40,114 persons

   viii. Farm Extension Education: 91342 times / 6053692 persons

3. Supply and Marketing service
   
i. Paddy purchasing: 104,813 ton

   ii. Other grain purchasing: 54,543 ton
iii. Paddy milling: 19,219 ton

iv. Product Processing for Members: 146,653 ton

v. Supermarket Revenue/Profit: 11,695,008,000NTD/1,598,093,000NTD

vi. Wholesale Market: Fruit & Vegetable 254,754 ton

                             Flower Market 1,083,184 ton
                             Farm animal Market 917,087 head

vii. Total income of hospital: 370,356,000NTD

viii. Total income of recreation farm & Agro-tourism: 232,484,000NTD

ix. Total income of gas station: 1,002,088,000NTD

x. Profit: 152,907,000NTD

4. Credit Service

   i. Total Deposit: 1,272,174,780,000NTD

   ii. Total Loan: 551,000,568,000NTD

   iii. Overdue loan: 62,816,765,000NTD

   iv. Profit: 2,762,154,000NTD

Movement of Taiwan Farmers’ Associations

In and after 1986, the waves of agricultural and financial liberalization began sweeping Taiwan farmers’ associations.

Problems surfaced

• External
  – Recession
  – The challenge of free international trade market
  – The impact from the WTO
– Agricultural products from mainland China
– Government try to limit and terminate credit departments of farmers’ and fishermen’s’ associations.
– 36 credit departments were taken over by commercial banks under a government order.

• Internal
  – The decreasing profit
  – High overdue loan ratios of credit departments
  – Inter-FA cooperation and integration problem
  – No national level Farmers’ Association (No leader)
  – Lack of creativity
  – The quality of human resource

Movement

• 2002 Organized Farmers and Fishermen
• Form the Taiwan Agro-Fighters United
• Present ten demands
• Negotiate with government
• Launching farmers and fishermen demonstration

Ten demand

1. Appropriating NT$150 billion to set up agricultural development fund
2. NT$100 billion to set up a relief fund caused by imports of agricultural goods
3. Implementation of a retirement system for aged farmers and fishermen
4. Establish institutions to strengthen exchanges between various townships and to promote development of farming villages
5. Enact the “Agricultural Financial Law”
6. Set up a “National Agricultural Cooperative Bank”
7. Change FA into share system
8. Retract the order which restricts the operations of the credit department
9. The government should return the 36 credit departments which were taken over
by commercial banks under a government order

10. President Chen honor his promise of implementing the policies in his “White Paper on Agriculture”

Result

- President Chen apologized for the government’s financial reform
- Two senior officials, the Chairman of Council of Agriculture & the Minister of Finance to offer their resignations to take full responsibility
- NTS150 billion agricultural development fund
- NT$100 billion relief fund for losses cause by imports agricultural goods
- Passed the Agricultural Financial Law
- Establish National Agricultural cooperative Bank

Reengineering and reforming

- Establish farmers association corporate identity system
- Apply Information Technology
- Business Strategy Alliance
- Develop new business
- Amalgamation
- Revise Farmers’ Association Law
- Improve overdue loan
- Improve the human resource quality

Summary

The structure of agriculture in Taiwan will continue to change just as it has changed in the past decades. There will be fewer farms, there will be increase substitution of capital for labor, there will be more advanced contract sales, there may be more vertical integration among the coops and farmers’ associations, and there may even be more production and marketing contracts. But none of these need to alter the basic performance of the economic system in Taiwan so long as we maintain freedom of entry, adequate cross elasticity of demand of products, and alternative use of resources.

Cooperatives and Farmers’ Associations could play many roles in vertically integrating agricultural production and market functions. They have the opportunity to exert increase power through further merges and consolidation. The possibility of more bar-
gaining power being authorized by permissive government legislation through marketing boards or marketing agreements or direct selling center legislation may provide cooperatives or farmers’ Associations with an opportunity. Also, forward contracting combined with further combination of various stages of production or marketing seems to be fruitful.

We know that no grand design for cooperative or farmers’ organizations is suited to all times and circumstances. We can, indeed, seek to achieve such goals as rising farmers’ welfare, a socially acceptable distribution of income, opportunity for all, etc., but we must expect that farmers’ organizations suited to these goals will not be static in a dynamic world.