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THE CURRENT STATE OF AGRICULTURAL COOPERATIVES IN TURKEY: CHALLENGES, AND COMPARISON WITH THE COOPERATIVES IN AGRICULTURALLY DEVELOPED COUNTRIES

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Abstract: When the agricultural infrastructure of developed countries is examined, it is clear that farmers are organized in order to have a useful role in supplying inputs and in having an active role in the market. Thereby the farmers/producers are also industrialists, and with this method, rural development can be achieved. The most effective way to determine the policies to be applied in agriculture by affecting political mechanisms as in developed economies is the organization of producers. In this context, cooperatives are considered to be the most effective organization model in the development of the agricultural sector. The purposes of this study are; to reveal the current status and problems of agricultural cooperatives in Turkey, to compare with agricultural cooperatives in developed countries, and to offer some advice that will contribute to the more effective operation of agricultural cooperatives in Turkey. As a result, there are important legal, financial and administrative problems in the Turkish Cooperative System compared to developed countries. In the cooperative system in Turkey should be an emphasis on professionalization, inactive cooperatives should be closed. A serious legal arrangement should be prepared to solve the problems of the cooperatives.

Keywords: Cooperative, Agriculture, Production, Rural development, Farmer, Breeder

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1. Introduction

Organizing producers in agriculture is significant in terms of increasing agricultural production activities and obtaining quality products, as well as raising the living standards of farmers. When we have a look at developed countries with economic and social welfare today, the impact of rural organization and industrialization is seen at the basis of this prosperity. It is also accepted that advances in the agricultural sector play an active role in the industrialization of countries (Köroğlu, 2003).

The purposes of producer organization in agriculture are; to solve the problems that farmers or enterprises together, which cannot solve alone, to increase productivity and to add value to agricultural products from production to consumption, and to increase the producer's earnings and to increase marketing opportunities. Cooperatives in ensuring the organization of producers' input supply is the most important form of organization in product evaluation and marketing in ensuring that they take advantage in the face of the seller or buyers. It is safe to say that in countries like Turkey, with a "small farm" structure, for manufacturers, it is only possible to build a more secure, sustainable, and economic scale by the hand of cooperatives.

Turkey is not a country far from the cooperation concepts, and it is possible to examine the developments related to the agricultural cooperative system as a "pre-Republic Period" and "post-Republic period." The first example of the cooperative in the pre-Republican period was the "Homeland Chests" established in 1863 by Mithat Pasha in the Ottoman Empire. It was established to prevent the difficulties faced by farmers in the field of credit (Bilgin and Tanıyıcı, 2008; Can and Sakarya, 2012). Cooperativism in Turkey truly started after the Republic. In the first years of the Republic era, the "reputation??, agricultural unions law" was passed, and in 1925 the cooperative "Ankara Officers Consumption Cooperative" was established in Ankara to provide food and consumer goods cheaply without intermediaries. Commercial Code of 1926, cooperatives were adopted as a type of company, and in 1929 the "Agricultural Cooperatives Act" and in 1935 the "Agricultural Sales and Agricultural Credit Cooperatives Act" laws were passed (Bilgin and Tanıyıcı, 2008).

The establishment of cooperatives in Turkey is based on either special laws or the general Law of Cooperatives. Cooperativism in Turkey has been placed under a general law independent of the Turkish Commercial Code with law no: 1163 (Dogan and Yercan, 2016). The Law on Agricultural Sales Cooperatives and Associations no: 4572, which is outside the Law on Cooperatives no: 1163 and which is a special law, was adopted on 01/06/2000

Black Sea Journal of Agriculture

and published in the Official Gazette on 16/06/2000 (Kızılaslan and Menek, 2011). The other special law on cooperatives is the Law on Agricultural Credit Cooperatives and Associations dated 18/04/1972 no: 1581 (Doğan and Yercan, 2016). However, various legal arrangements for the establishment of cooperatives and the development and continuity of established cooperatives without forming a single framework around the law cause confusion of authority in cooperatives. This situation has created disruptions in the regulation of agricultural activities and the processing of land in Turkey.

Turkey's total agricultural production area is 23,763,000 hectares when the data for 2016 are examined. According to the Farmer Registration System, there are 2,267,176 farmers registered in the system, and 14,785,863 hectare areas are used by these farmers for agricultural productions. These data show that there is an average agricultural area of 6.52 hectares per farmer nationwide (BUGEM, 2017). Based on these data, it is understood that the need for agricultural organizations in Turkey is greater when evaluated together with the situation in developed countries. Since Turkey has fertile agricultural lands, its contribution to economic development can be further increased. In this respect, cooperative remains essential. However, despite the positive examples in Turkey, cooperatives have not made progress at the expected rate. Cooperativism is vital in terms of the development of the individual and society in the social and economic sense and the increasing momentum of commercial activities and its positive contribution to economic development. Therefore, it is necessary to ensure sustainability and competitiveness by providing the appropriate environment and support to cooperatives by increasing confidence in the sector.

This article aims to present knowledge about the current situation and problems of agricultural cooperatives in Turkey, to compare agriculture with cooperatives in some developed countries (Germany, France, Netherland,UK) and cooperatives in Turkey. In addition, some suggestions will be presented to solve the problems of the Turkish cooperative system.

2. Cooperative Concepts and Definitions in Turkey Constitution

ICA (International Cooperative Alliance), the highest international organization of cooperatives, defines cooperatives as; an autonomous and democratic organization where people voluntarily come together to meet their economic, social, and cultural needs (ICA, 2017).

The constitutions of 1961 and 1982 contained provisions on cooperativism in Turkey. In Article 51 of the 1961 constitution, it is mentioned that "The State takes measures to ensure the development of cooperatives". Additionally, in Article 52 of the same constitution, "The State provides for the proper feeding of the people,

increasing agricultural production following the benefit of the society, preventing the losses of agricultural lands and takes the necessary measures to evaluate the labor of those involved in". In Article 171 of the 1982 Constitution, "The State takes measures to ensure the development of cooperatives aiming at increasing production and protecting consumers, taking into account the benefits of the national economy. Cooperatives are subject to all kinds of control and supervision of the State; they cannot engage in politics and cannot cooperate with political parties".

As seen above, the constitutions of 1961 and 1982 envisaged the development of cooperativism and the state's cooperativism, which aims to increase production and protect the consumer, taking into account the benefits of the country's economy.

The state has guaranteed the cooperative organizations by various laws. The establishment of cooperatives in Turkey is based either on special laws or the general "Law of Cooperatives." In 1969, the cooperative law in Turkey with the Turkish Commercial Code numbered 1163 has been recognized as an independent public law (Doğan and Yercan, 2016).

From the "Law of Cooperatives," it is defined that "The mutual assistance and solidarity with the labor and monetary contributions of the specific economic interests of its partners, including its legal personality, and especially the needs of their profession or livelihoods, the exchanged partnerships established by real and legal persons in order to provide and protect them by bail are called cooperatives."

Despite various legal arrangements for the establishment of cooperatives and the development and encouragement of continuity of the cooperatives, various problems in terms of understanding and execution of cooperatives in Turkey appears to be encountered.

3. Types and Numbers of Cooperatives for Agricultural Purposes in Turkey

Participation in cooperatives is voluntary. There are 11,493 cooperatives and 3.286.849 partners in the Turkish agricultural sector, where producers voluntarily participate. Cooperatives are a model of initiative that seeks to increase agricultural production as well as economic development (Anonymous, 2017a).

Agricultural cooperatives in Turkey are usually named and classified according to the services they bring to their members;

- 1. Agricultural development cooperatives
- 2. Irrigation cooperatives
- 3. Aquaculture cooperatives
- 4. Beet planters cooperatives
- 5. Agricultural credit cooperatives

According to the Turkish Cooperative Report in 2020, the number of cooperatives and partners for agricultural purposes in Turkey is shown in Table 1.

Table 1. Agricultural cooperative and partner numbers in Turkey (Anonymous, 2017b)

Ministry	Cooperative Type	Cooperatives	
		Number	Number of Partners
Agriculture and Forestry Ministry	Agricultural development cooperatives	6.823	745.371
	Irrigation cooperatives	2.451	298.301
	Aquaculture cooperatives	563	30.362
	Beet planters cooperatives	31	1.382.627
	Agricultural credit cooperatives	1.625	830.188

4. General Problems of Cooperatives in Turkey

Although cooperatives can have the most significant potential of non-governmental organizations in the country, with the fact that the experience of cooperatives in Turkey is based on the past and the legal guarantees for the development of cooperatives are established, its inability to reach the level of success and sophistication is based on a number of reasons. These problems, the inability to create a favorable environment for cooperatives, inadequacies in education and awareness-raising activities, the inability to develop a culture of working partnership between cooperatives, lack of capital and financing, professional management deficiency, and problems arising from legislation can be grouped into 6 groups.

Failure to create a favorable environment for cooperatives: disruptions resulting from the failure to achieve a sustainable understanding of cooperativism in economic and social terms. There are setbacks due to the lack of public regulation, surveillance, supervision and enforcement, and the long legislative, implementation, and judicial process (GTB, 2012).

Inadequacies in training and awareness-raising activities: As a general problem in cooperatives, low level of education of cooperative members (Amount et al., 2014), together with partners' lack of interest in cooperative activities problems with interpreting economic events and consequently are faced with the inability and closure of cooperatives to perform their essential functions (Kanlı, 2016).

The problem of working partnership between cooperatives: The main reason for the lack of cooperation among agricultural cooperatives is that cooperative managers and their partners refrain from taking responsibility. For this reason, the tasks given within the scope of cooperation are not fulfilled and innately these initiatives often end without reaching their goal (Tutar et al., 2014).

Lack of capital and financing problem: The problems related to the lack of capital due to the low shareholding of the cooperative partners (Kanlı, 2016) and the lack of collateral that the cooperatives have access to finance raise, which the issue of financing (GTB, 2012).

A vital lack in professional management problem shows that professional managers cannot be employed in cooperatives in Turkey and certified training to become a member of the board of directors with the lack of business management knowledge and experience of existing managers. However, the lack of a condition leads to difficulties in managing cooperative managers. The latter exist under current conditions (Kanlı, 2016). Problems arising from legislation: Inadequate and complex laws regulating cooperativism in Turkey, insufficient guarentee in the fundamental values and principles of cooperativism have caused the legislation to be inadequate (GTB, 2012).

As mentioned earlier, various legal arrangements have been carried out to regulate the cooperative structure. However, despite the legal regulations, cooperatives and unions are confronted with a confusion of authority regarding the delivery of products to the market and the realization of services. Such organizations, rather than as competitors, should be supportive and complementary to each other. Moreover, it is also necessary to establish a framework law that unites such organizations under one roof and sets the limits of their Powers.

5. The Status of Cooperatives in Developed Countries in Terms of Agricultural Production

The European continent has been the starting point of the cooperative movement in the modern sense. The first cooperative organizations emerged in Germany and England after the industrial revolution. In the following periods, it continued to spread all over the world (Köroğlu, 2003). Countries that have developed in terms of agricultural production are firmly committed to the principles of cooperativism, and cooperatives continue their activities within competition rules. The main reason for the existence of cooperatives is to support the improvement of the professional development level of the members of the cooperatives.

While the number of agricultural cooperatives in developed countries has decreased except for the UK and Italy, there has been an increase in the number of partners (İnan et al., 2010). In these countries, there is a period of structuring in the field of industry and trade where cooperatives replace large enterprises. Especially in countries such as Germany, France, and the Netherlands, the agricultural sector has begun to gather under the monopoly of cooperatives rather than businesses with high turnover.

In England, where cooperativism was born and developed in a modern sense, the main starting point of cooperativism is developing the field of activity of small

capitalists within the free market economy. Rochdale Pioneers, who founded a consumer cooperative by weaving workers in the middle of the 19th century, came together to provide a cheap supply of their basic needs. The Rochdale Pioneers are also customers of the cooperative they founded (Anonymous, 2015). Hundreds of cooperatives were established similarly as a result of the increase in profits of the cooperative movement, which also affects a significant increase of members.

With a modest start in the middle of the 19th century, cooperative communities in Germany increased dramatically. At the beginning of the 20th century, it hosted a large network of credit, consumer, and trade cooperatives. The members of the cooperative make up about one-third of the German population. The cooperative movement was the largest social movement in Germany's history (Fairbairn, 1994). Although some of the cooperatives are specialized in dairy farming, the majority are credit unions serving small and mediumsized farms (Saunders, 2016). These loans, which are "microcredits" given by Raiffeisen credit cooperatives for the purchase of agricultural inputs such as fertilizer, feed, and animal purchases, are even given to the poorest farmers in society (Bartlett, 2014). The idea of specializing in various production areas such as dairy, livestock, and field products lies at the heart of the German cooperative concept. Although not included in cooperative membership terms, cooperative members have their land and work on their farm. Many of the farmworkers are employed on farms, even though they are not cooperative members (Bennet, 2014).

In Germany, the state does not interfere with the administrations of cooperatives. Cooperatives, like large corporations, are seen as private and autonomous organizations and do not receive financial assistance from the state. In order not to have trouble competing with European and world agricultural markets, cooperatives in German agriculture have joined together to act together (DGRV, 2017). In German agriculture, in many products, from production to end consumer control is in the hands of cooperatives.

Agriculture has a crucial place in the Dutch economy. In the Netherlands, agricultural cooperatives are service cooperatives that operate and market the products of producers and provide agricultural input and credit to their partners (İnan, 2008). In the Netherlands, the majority of milk and dairy products, eggs, meat, vegetables, and fruit production produced in rural areas are purchased and marketed by cooperatives from producers (Köroğlu, 2003). Since farmers meet their financing needs through the "Dutch Bank of Agricultural Credit Cooperatives (Roba Bank)," foreign funding or government support is not used in the financing requirement (İnan, 2008). In the Netherlands, as in Germany, the number of cooperatives has not increased, but existing cooperatives prefer the way to unite.

The cooperative model in French agriculture was shaped following the rules of the trade unions. The stockpiling

and marketing of the products obtained as a result of production activities take place under the control of cooperatives (Morales, 2005). French agricultural cooperatives, representing three out of four farmers, have become powerful actors in the organization of supply chains with 60% in wholesale trade and 40% in marketing. French agricultural cooperatives have a special law to improve their activities and to provide services to their members. The collection of membership and products by cooperative law is subject to regional limitations. Regional restriction of cooperatives is offset by tax exemptions (Filippi, 2012).

6. Conclusions and Suggestions

Today, cooperativism is an important tool for the development and improvement of the agricultural sector. The importance of agricultural production processes has been understood by the increasing development of communication, production and information technologies, and the increase in the level of education of the society. In order for agricultural production to be a solution to social and economic problems, cooperatives must be supported. Since cooperatives serve as a sector other than the state and private sectors, they also have the potential to create jobs. Cooperatives in Germany are an example of this situation, and not all workers working in cooperatives are members of the cooperative. A large number of cooperatives in a country is not considered as an indicator of the development of cooperatives. In developed countries, the general trend is to reduce the number of cooperatives and increase the number of partners. The aim is to monopolize the agricultural activities from production to the consumer. Furthermore, the staging of cooperatives instead of enterprises operating act as middlemen in the agricultural sector.

Considering that Turkey is an agricultural country and its potential in the field of "plant and animal production," the momentum towards cooperative formations in the sector should be increased. A large number of cooperatives in Turkey should be seen as an obstacle to a sustainable understanding of cooperativism. Because a large number of cooperatives cause control, surveillance, and sanctions to be lacking. The number of cooperatives should be determined according to the needs taking into account the structure of the regions.

Cooperatives are voluntary organizations based on the principle of voluntariness under the principle of cooperatives and having their service areas. An understanding of the conscious partnership between partners who are members of cooperative should be encouraged. Since cooperatives determine their policies and decide on the direction of their policies, it is a democratic organization that passes through the control of the members actively involved in the cooperative. However, as in any democratic organization, the understanding of professional management should be adopted in cooperatives. One of the major problems of

cooperativism in Turkey is the low level of education of cooperative members and the limited or no resources to transfer funds from cooperative sources to education and awareness-raising activities. By the partnership between cooperative and universities on awareness-raising activities in cooperation should be carried out, and with these activities, the interest of members in cooperatives should be increased. Furthermore, by instilling the consciousness of co-operation and organization, partnerships between cooperatives should be achieved, and a large-scale structure should be aimed. Because in Turkey, cooperatives are a model of enterprise that has not completed its professionalism. Cooperatives need some factors to support professionalization. These factors are; the initiation of professional executive employment in cooperatives, the completion of the training established in cooperation with universities, for membership, providing basic business management information to managers in particular, and ensuring that this program is mandatory for both members and administrators. The main point that needs to be resolved based on these problems is the creation of a "framework law." The law no: 1163 in force in Turkey deals with issues related to the establishment and operation stages of cooperatives. However, cooperatives often experience their main problems in the stages after they are established. Any lack of obstacles in establishing the stages of the cooperatives might lead to the establish large but inactive cooperatives. Determining the functioning and operating conditions, job descriptions, and member and managerial requirements by a framework law within the framework of cooperative principles will be a solution to both confusion in the bureaucratic structure and passive cooperativization. This framework, which will unite the cooperatives under one roof, will become a model of institutional enterprise that complements each other within the rules of competition. In countries that have developed agricultural production, cooperatives are engaged in supportive and complementary activities within the framework of competition rules. That is based on adherence to the principles of cooperativism. Besides, the purpose of the existence of cooperatives is to increase the level of professional development of its members. Thanks to the importance given to professionalization, cooperatives have become an economic unit. In Turkey, especially in the recent period, there is a significant increase, especially on fruit and vegetable prices and agricultural products. It can be said that brokers mostly cause these increases. These price increases have contributed significantly to the re-questioning of the system and a slightly better understanding of the importance of cooperativism. It will be of considerable benefit to keep this on the agenda by taking the wind back. Consequently, in order to establish a strong cooperative system, the closure of inactive cooperatives in Turkey must be accelerated and facilitated with the above-proposed arrangements.

Author Contributions

SÖ; searched the literature and wrote the draft of the manuscript, worked out on the technical details. OA; initiated the idea, detailed and supervised, ÖG; structured and edited the manuscript and made the revision of the article. All authors agreed to approve the final version of the article.

Conflict of Interest

The authors declare that there is no conflict of interest.

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Black Sea Journal of Agriculture

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