

## **Hansalim Organic Cooperative**

### **– A Best Practice Model of Direct Sales between Farmers and Consumers**

By Jennifer Chang<sup>1</sup>, Executive Director of IFOAM Asia

#### *Summary*

*In 1986, Hansalim was a humble grain store selling organic grain to consumers in Seoul, South Korea. Today it has developed into a federation of organic farmers and consumers with annual sales of over USD 300 million arising from the sale of organic food at its shops and through internet sales. It has grown into the largest organic consumer cooperative in South Korea and serves over 1.2 million individual consumers.*

*What is unique about Hansalim is the so-called “direct sales movement between the rural and the urban areas” of organic food. Farmers sell directly to Hansalim through contract farming and get back 76% from the sales price as sales do not go through any middle-persons.*

*Hansalim is a model of mutual trust between farmers and consumers – “farmers shoulder the responsibility of the health of the consumers while consumers shoulder the livelihoods of the farmers”. Consumers regularly visit the farms and the food that they get on the table “comes with a face”- that of the farmers who produce them.*

*Hansalim does not concentrate only on the marketing and sale of organic food. Much of its work is focused on advocating the benefits of organic agriculture, the importance of food sufficiency, local food and integrated farming systems with animal husbandry and the cycling of natural resources as a way of preserving Korean agriculture and sustainability.*

*On the social level, Hansalim has been active in calling for policies for alternative energy instead of reliance on nuclear power plants. Members of Hansalim take to the streets campaigning for the closure of nuclear power plants while fund-raising to help the victims of Fukushima. Members also campaigned with other social groups for legislation to provide free, organic school meals. They often volunteer in organizing dietary education in schools to inform students on the health hazards of instant and processed food.*

#### **Introduction to the Hansalim Movement**

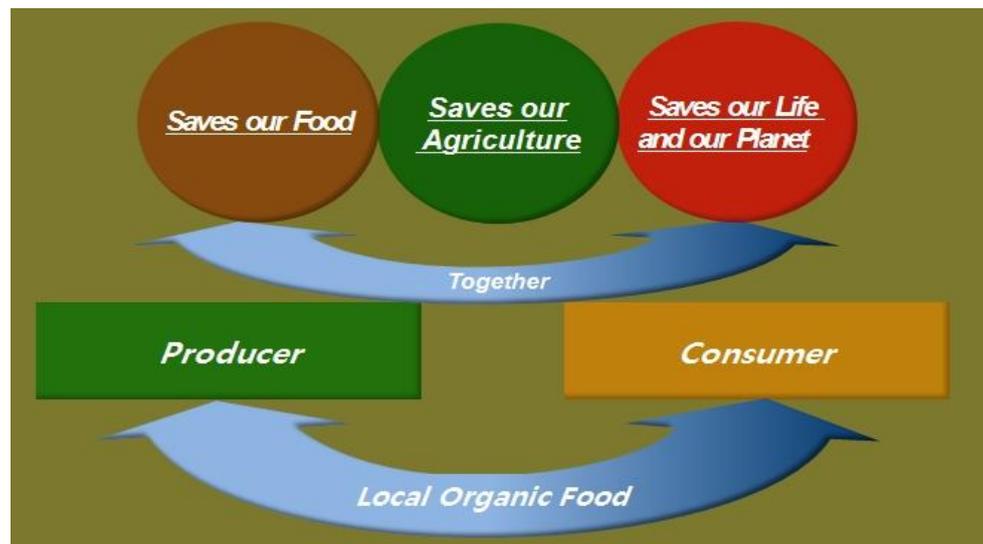
Towards the late 1980s, Korean agriculture was facing a crisis due to the decline in the local

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markets and rural communities caused by trade liberalization policies, urbanization and the environmental destruction resulting from conventional farming. A new paradigm shift was needed for sustainability – to maintain the ‘right price’ for farmers, to provide safe and wholesome food for consumers and to re-establish the peaceful and harmonious “co-existence of human and nature.”<sup>2</sup> To overcome this situation, people in the farmers’ movement realized that a new alternative was needed and the so-called *Hansalim*<sup>3</sup> movement started to take root.

Even today, the philosophy of “co-existence of human and nature” and “saving all living things” remains a central focus in the work of Hansalim. These two important tenets have been manifested into the basic direction of Hansalim:



The Hansalim movement wanted farmers to once again realize the true value of agriculture and to convert to a more sustainable method of organic farming. The movement also understood that a market was absolutely necessary and an alternative marketing mode was introduced with the elimination of the middle-people, vendors and wholesale/retail markets. Direct sales was facilitated between farmers and consumers and other than a minimal operational fee, all profits went back to the farmers. Prices were set by the farmers with consideration of the production costs and profits and did not follow the market price. All cultivation was carried out through contract farming and through this, farmers were guaranteed the “right price” for their products and their livelihoods protected.

Although Hansalim started as a small organic grain store, it now operates over 130 stores in South Korea with almost 2,000 contracted organic farmers and serves over 350,000 member households (serving over 1.2 million individual consumers, if the average household is taken

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<sup>2</sup> Hansalim brochure (English) 2013

<sup>3</sup> Hansalim is a compound word of *Han* and *Salim* and means “saving all living things”

as a family of 4 persons)<sup>4</sup>.

Hansalim carries over 1,900 kinds of food products which include agriculture, fisheries and livestock products such as rice, minor grains, vegetables, fruits, nuts, livestock and seafood. It also sells processed foods such as dairy products, fruit jam, various sauce, tofu, noodles, dumpling and snacks. Other products are cosmetics, eco-friendly detergent, toilet roll, and books<sup>5</sup>. But what is interesting regarding these products is that *there are NO imported products sold in the stores* meaning that Hansalim does not sell coffee or even sugar<sup>6</sup>, fair-trade or not, as these two products are imported and not produced locally.

Hansalim has created its very own standards of food safety<sup>7</sup> which are considered one of the most stringent in Korea:

- No pesticides or/and chemical fertilizers
- Fresh vegetables and fruits in season
- Local food: Local production for local consumption.
- Non GMO agricultural product and seafood
- Avoid food additives like artificial preservatives, colors, flavors and sweeteners
- No antibiotics and growth hormones for livestock feed

Food sold at the shops is frequently tested for residues of chemicals and pesticides and recently of radiation levels since the aftermath of the Fukushima disaster. Livestock products carry the Non-GMO verified notice. Food mileage is listed on the packaging of all products and priority is given to local food products to be sold at the local Hansalim stores.

Due to such efforts in providing safe and wholesome food to consumers, membership has grown to over 350,000 household members (Table 1) and annual sales reaching over US\$250 million in 2012 (Table 2), 70% from store profits and 30% through internet/telephone orders.

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<sup>4</sup> Telephone Interview with Hansalim staff (MOON, Ji Young) at the time of writing this paper (Sept, 2013)

<sup>5</sup> Hansalim website ([www.hansalim.or.kr](http://www.hansalim.or.kr)) and telephone interview with Hansalim staff (MOON, Ji Young) at the time of writing this paper (Sept, 2013)

<sup>6</sup> In the place of sugar, Hansalim stores carry rice molasses which have been used traditionally as a sweetener in Korea.

<sup>7</sup> Hansalim brochure (English) 2013

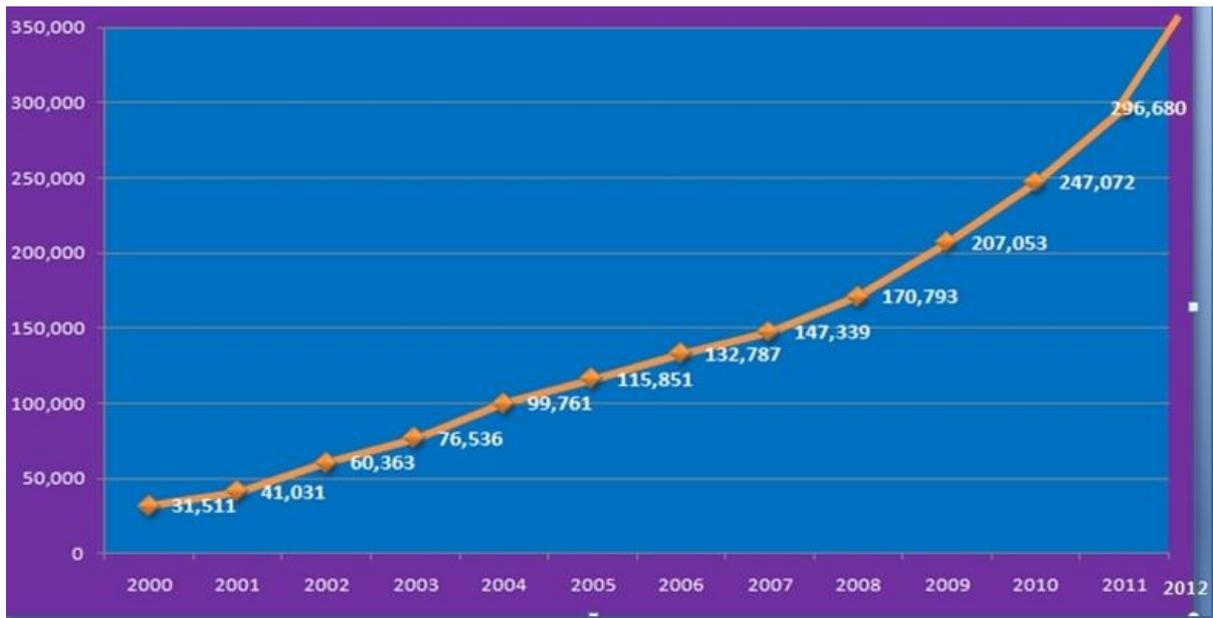


Table 1. Membership Increase from 2000 to 2012<sup>8</sup> (unit: 1 household)

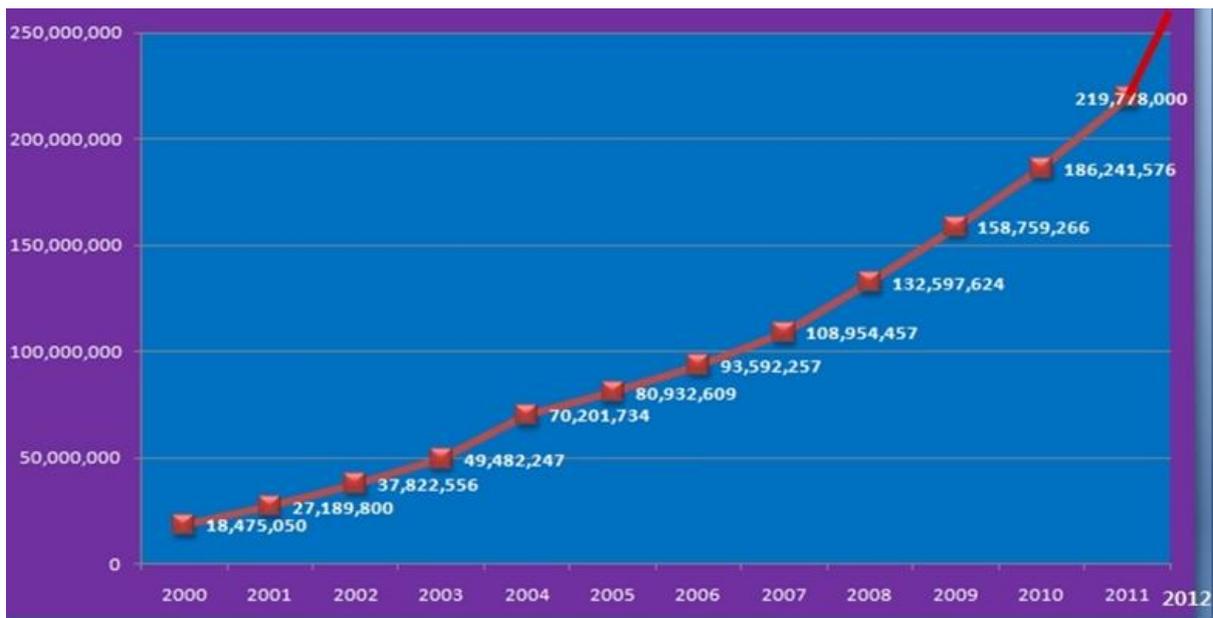


Table 2. Increase in Sales from 2000 to 2012<sup>9</sup>

The growth of Hansalim has had a great impact on the development of organic agriculture and the growth of organic consumer cooperatives in South Korea. Its growth has been benchmarked by other cooperatives and today in Korea, four major organic cooperatives<sup>10</sup>

<sup>8</sup> Hansalim official figures (2013)

<sup>9</sup> Hansalim official figures (2013)

<sup>10</sup> Hansalim, iCOOP, Women's Link Coop, Dure Cooperative

take up 30% of the Korean organic market.

Hansalim embodies the true spirit of organic agriculture – the interconnectedness of all living things – that “organic is life”. Direct sales between farmers and consumers have guaranteed a stable livelihood for the farmers and safe food to its consumers.