ICA-Japan Training Project for Capacity Building for Marketing (2nd Course) From November 5 to November 30, 2008 Tokyo Japan

Background Information for Study Visit to Chiba Prefecture

November 19 (Tue.) ~ November 21 (Fri.), 2008



The Institute for the Development of Agricultural Cooperation in Asia (IDACA)

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1. Outline of Chiba Prefecture

1. Outline of Chiba Prefecture

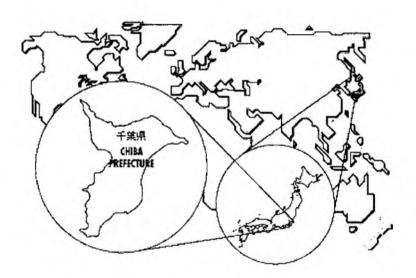
1) Location

Chiba Prefecture, which is given very rich nature and surrounded by the sea and river, is located in the eastern part of the metropolitan area, and it is a peninsula stuck out of the Pacific. The southeast side faces the Pacific, and the west side faces Tokyo Bay. In addition, the northwest touches Tokyo and Saitama Prefecture, and Ibaraki Prefecture is in the north.

2) Land area · Topography

The land area is 5,156.68 square km, which is the 28th place in the whole country, but it is wider than to add land area of Kanagawa Prefecture and Tokyo metropolitan. (As of October 1, 2005).

As for the geographical features, it consists of the Boso hill, which has mountains of 200~300m high, a comparatively flat Shinousa plateau, a Tonegawa basin and Kujukuri coasts. The length of the shoreline is 534.3km (as of March 31, 2005), it shows a various scenery.



3) Climate

Chiba Prefecture is surrounded by the sea, so that it is a temperate climate such as warm in winter and cool in Summer. Especially South Boso coast is affected by a warm current (the Kuroshio Current),

The south Boso coast is affected by a warm current (the Kuroshio Current), it hardly frosts in winter. There is much rainfall in summer and few in winter.

4) Population

The population of Chiba Prefecture is the 6th place in the whole country, and the average age is 42.4 years old that is the sixth young in the whole country. (A National Census in 2005)

Number of total households: 2,325,232 households

Population: 6,056,462 people

Male

3,029,486

Female

3,026,976

2. Agriculture in Chiba Prefecture

1) No. of farm households • farm household population

(Unit: household, %, person)

	1	No. of farm househo	olds	Farm housel	old population
		of which commercial farm households	Ratio to total households in Chiba Pref.		Ratio to total households in Chiba Pref.
1985	128,038	109,995	8.2%	613,170	12.0%
1990	117,294	99,631	6.6%	556,278	10.1%
1995	104,553	88,396	5.2%	484,185	8.3%
2000	91,850	76,042	4.2%	416,215	7.0%
2005	81,982	63,674	3.5%	348,474	5.8%

2) Situation of farm households

(Unit: household)

	Со	mmercial fa	rm household	ls	Noncommercial	Total	
	Full-time	Part-time I	Part-time II	Sub-total	farm households		
1985	19,262	22,103	68,630	109,995	18,043	128,038	
1990	17,264	15,923	66,444	99,631	17,663	117,294	
1995	14,571	14,059	59,766	88,396	16,157	104,553	
2000	14,613	12,956	48,473	76,042	15,808	91,850	
2005	14,372	10,451	38,851	63,674	18,308	81,982	

3) No. of farm households by scale of cultivated land area (commercial fhds.)

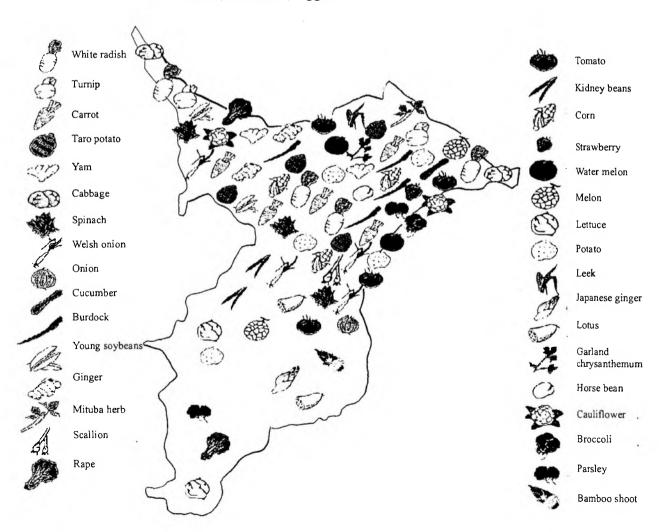
		More than 0.3 ha	0.5 ha~	1.0 ha ~	1.5 ha ~	2.0 ha ~	3.0 ha~	Over
		Less than 0.5 ha	1.0 ha	1.5 ha	2.0 ha	2.5 ha	5.0 ha	5.0 ha
	1985	18,868	36,751	24,884	14,753	10,549	2,073	174
mber	1990	17,027	33,064	21,167	13,004	10,228	2,773	345
Actual number	1995	14,836	28,903	18,381	11,042	9,462	3,280	619
Actu	2000	12,105	24,459	15,581	9,240	8,560	3,462	939
	2005	9,199	19,833		7,831	7,652	3,734	1,398
		VI.		-2-				

4) Production amount of agri. products

	Ri	Rice Vege		egetables Livestock		Others		Total		
FY	Amuont	Ratio	Amount	Ratio	Amount	Ratio	Aount	Ratio	Amount	Ratio
1990	1,077	22.3	1,830	37.8	1,151	23.8	780	16.1	4,838	100.0
1995	1,072	22.1	1,978	40.8	1,000	20.6	800	16.5	4,850	100.0
2000	876	19.7	1,763	39.6	982	22.0	833	18.7	4,454	100.0
2004	782	18.5	1,760	41.7	990	23.4	692	16.4	4,224	100.0
2005	765	18.4	1,653	39.7	1,024	24.6	719	17.3	4,161	100.0
2006	706	17.6	1,570	39.1	1,003	25.0	735	18.3	4,014	100.0

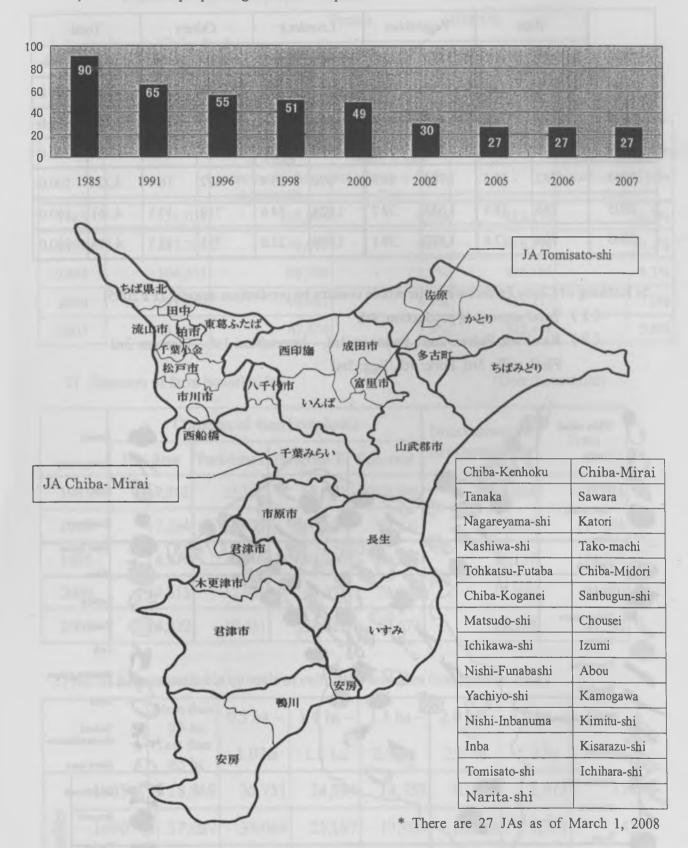
(Unit: 100 million yen, %)

- 5) Ranking of Chiba Prefecture in the whole country by production amount (FY2005)
 - (1) Total amount of production: 4th
 - (2) Rice: 9th, Pulses: 2nd, Potatoes: 3rd, Vegetables: 1st, Flowers: 3rd Flesh milk: 3rd, Pork: 4th, Egg: 2nd



3. Agricultural Cooperatives in Chiba Prefecture

1) No. of multi-purpose agricultural cooperatives



2) No. of members

Regular members Associate members 1991 163,861 116,331 口准組合員 1006 164,238 127,029 161,812 1998 123,095 2000 161,521 122,518 159,588 2002 119,971 155,595 2005 115,452 2006 154,860 116,446 100,000 50,000 150,000 200,000 250,000 300,000 350,000

2007

153828

118831

272,159

3) No. of officials and employees

(1) Officials

(Unit: person)

FY	Full-time directors	Part-time directors	Auditors	Total
2002	78	562	166	806
2005	88	463	134	685
2006	88	460	132	680

(Note) No. of female part-time directors is 6 (from 3 JAs) out of 460 part-time directors in FY 2006

(2) Employees

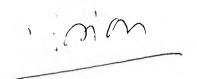
FY	Male	Male Female	
2002	3,873	1,710	5,583
2005	3,450	1,393	4,843
2006	3,308	1,359	4,667

3215 1352

4) Business results

(1) Credit business

Balance of savings



(Unit: 100 million yen)

FY	1991	1996	1998	2000	2002	2005	2006
Balance of savings	19,425	21166	20,891	21,642	22,120	22,810	23018

Loans

(Unit: 100 million yen)

FY	1991	1996	1998	2000	2002	2005	2006
Balance of loans	5,546	7,340	7,598	7,464	7,301	7,186	7,133

(2) Mutual insurance business

Long-term mutual insurance holdings

(Unit: 100 million yen)

FY	1991	1996	1998	2000	2002	2005	2006
MI. holdings	85,982	105,837	106,850	106,466	103,744	96,547	94,461

(3) Purchasing business

Purchasing business turnover

(Unit: 100million yen)

FY	1991	1996	1998	2000	2002	2005	2006
Supply turnover	952	856	789	760	647	656	665

(4) Marketing business

Marketing business turnover

4n07 - 4634(Unit: 100 million yen)

FY	1991	1996	1998	2000	2002	2005	2006
Marketing	1,682	1,399	1,463	1,190	1,095	1,094	1,068
turnover	1,002	1,000	1,-05	1,170	1,000	1,027	1,000



1





2007

2. JA Zen-noh Chiba Pref. Headquarter And Pearl Rice Higashi-Nihon (Chiba Milling Factory)

1. Outline of the Organization

1) Establishment: March 31, 2001

- as Chiba Pref. Headquarters of National Federation of Agricultural Cooperatives or JA Zen-noh Chiba after merger of Chiba Pref. Economic Federation of Agricultural Cooperatives and JA Zen-noh
- 2) Employees: 264 (as of April 1, 2007)

3) Business

(1) Marketing of agricultural and livestock products such as rice, wheat/barley, fruits, livestock products, etc.

(2) Purchasing and supply of production materials (fertilizers, chemicals, cardboard box for shipment, agricultural machinery, etc.) and consumer goods (foods, clothes, etc.)

- Farm quidanel Assistance 4) Business Volume: 142 billion yen (as of FY 2006)

(1) Marketing Turnover <u>96.1 billion yen</u>	
Grains	16.1 billion yen
Horticultural Products	65.7 billion yen
Livestock Products	13.9 billion yen
(2) Purchasing Turnover 45.9 billion yen	·
Grains-related	1.3 billion yen
Horticultural Product-related	6.4 billion yen
Livestock Products-related	0.8 billion yen
Production Materials	11.6 billion yen
Consumer Goods	5.8 billion yen
Fuel	16.2 billion yen
Construction	3.8 billion yen

5) Office and Business Center (19 in Chiba Pref. and 1 in Tokyo)

Office	
Head Office	
Head Office (General Administration Center)	
Head Office (Nan-so Administration Center)	
Business Center	
Farm Management Technology Center	Livestock Market
Tokyo Horticultural Products Information Center	Farm for Strain Building of Pigs
Horticultural Products Marketing Center	Livestock Technology and Medical Center
Processing Center for Vegetables and Fruits	Agricultural Machinery Center for Parts Supply
Collection and Shipment Center	Awa Wide-area Distribution Center
Tateyama Agricultural Warehouse	Nan-sou Wide-area Distribution Center
Nan-so Agricultural Warehouse	Katori Wide-area Distribution Center
Shin-ko Agricultrual Warehouse	Gas Filling Station
katori Agricultural W arehouse	LP Gas Filling Station
Silk Center	Ken-nan LP Gas Filling Station

6) Subsidiary

JA Energy Chiba Co. Ltd.	Chiba A-Coop Meat Co. Ltd.
Chiba Plastic Processing-for-Horticulture	JA Life Chiba Co. Ltd
Co. Ltd	

2. Business Department

1) Farm Management and Direct Sales Department

(As a go-between linking Consumers with Producers by "Reliability")

(1) "Safety" for Consumers and "Trust" for Producers

Our aim is to realize that both of producers and consumers can equally understand agriculture. For consumers information related production history (record), production site, etc is supplied, and for producers and JAs guidance for appropriate production technique and management method, such as less-chemicals and fertlizer application and record of production history, is given.

(2) Farm Management Technology Center

Soil diagnosis, simple analysis of chemical residue, evaluation of fertilizers and chemicals, stable supply of superior seeds and seedlings studied and developed through tissue culture, etc.

- (3) Development of production sites in cooperation with Farm Management Group to meet the demand for processing vegetables to be supplied to restaurants, retail stores, etc.
 - Processing Center for Vegetables and Fruits to supply processed vegetables and fruits (including primary processing such as cut vegetables)
 - Collection and Shipment Center for Vegetables and Fruits for marketing of set products and processing by business tie-up with Consumers Cooperatives (COOP NET.).

2) Horticultural Department

Development of brand products based on the regional features related to horticultural production, establishment of planned production and shipment, etc.

3) Grain Department

Planned production and shipment of rice, production and marketing of specialty product of Chiba prefecture, "peanut".

4) Livestock Department

Supply of "safe", "reliable" and "quality" livestock products

5) Production Materials Supply Department

Guidance on fertilize for appropriate use based on soil diagnosis, promotion of advanced order for production materials, development and introduction of new technology, etc.

6) Consumer Goods Department

- (1) Consumer Goods ~ Supply of "A-Coop" mark products, operation of "A-Coop" retail shops, delivery of food ingredients
- (2) Fuel ~ Supply of fuel for automobile and agricultural machinery, LP gas for home use
- (3) Facilities and Housing ~ Construction of house, land and asset management, designing production-related facilities such as rice center and greenhouse, etc.

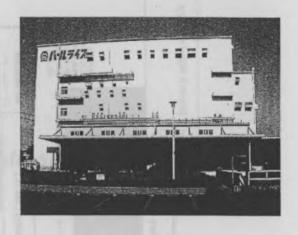
Zen-noh Pearl Rice East Japan Corporation

1. Total Land Area: 5,406 m

>Building Area: 2,723 m >Total Floor Area: 7,587 m

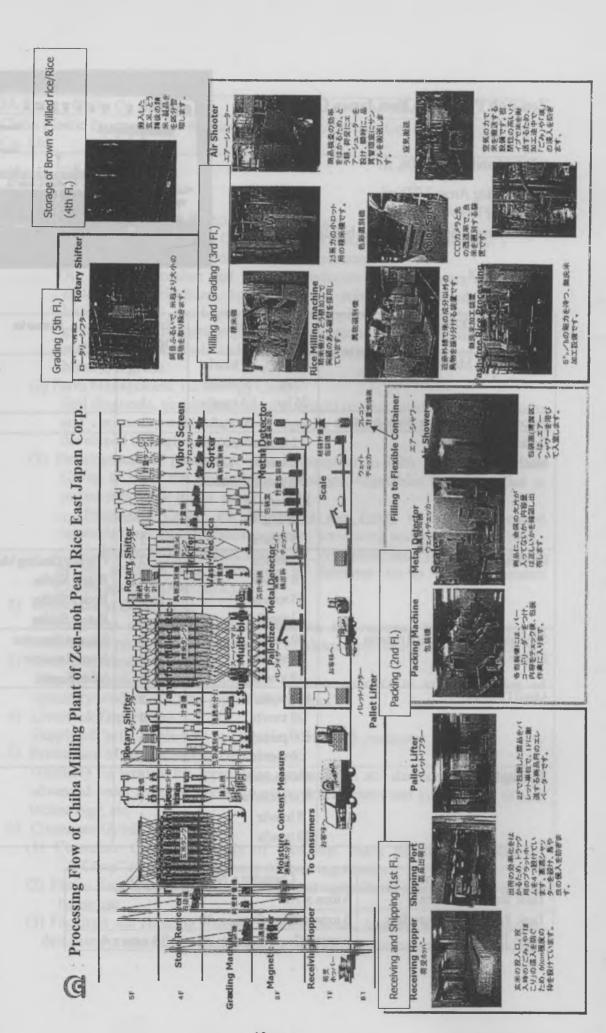
(Building: 5-story steel-frame building)

2. Equipment



Equipment	Capacity	Number Of Units	Remarks	
Main Milling Machine	150 hp 10 tons/hr	1		
	75 hp 5 tons/hr	1		
	25 hp 1.5 tons/hr	1		
Processing Machine for Wash-free Rice	5 tons/hr	1		
Optical Color Sorting	12 tons/hr 200 ch	1		
Machine	7.5 tons/hr 120 ch	1		
	3.6 tons/hr 40 ch	1	1 2	
	10.5 tons/ hr	7		
	1.5 tons/hr	1	1 4	
	5 tons/hr	1		
Grading Machine	25 tons/hr	2	Primary Grading Machine	
	10 tons/hr	1	Rotary Shifter	
	5 tons/hr	1 x 2	Rotary Shifter	
	3 tons/hr	1	Rotary Shifter	
Separator (to separate and remove	30 tons/hr	2	Magnet Separator	
foreign particles)	24 tons/hr	2	Stone Remover	
Mile I A S S I L S	10 tons/hr	8	Vibro Screen	
Metal Detector	840 packs/hr	5		
	20 tons/hr	1	3	
	600 packs/hr	1		
	20 tons/hr	1		
Packing Equipment	840 packs/hr	5		
	600 packs/hr	1		
	8 tons/hr	1		
	12 tons/hr	1		

Equipment	Capacity x Number of Units		
Tank for Brown Rice	6 tons x 76		
Tank for Rice after grading	6 tons x 20 3 tons x 48		
Scale Tank	6 tons x 2 3 tons x 28 0.5 tons x 4		

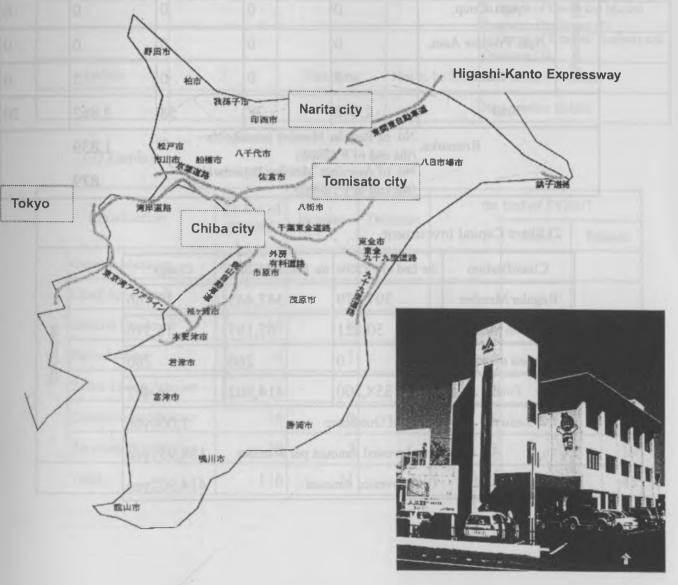


3. JA Tomisato-shi 20 | 11 | 08

1. Operation Area

Tomisato-shi (city) is situated within the range of 60km from Tokyo, in the middle of Hokuso Daichi (Plateau) and southwest of New International Tokyo Airport, Narita. Total area is 53.90k m with the population of approx. 50,000.

The area is well known for flourishing agriculture with watermelon and carrot and for production of superior horses for horse racing. For transport Tomosato Interchange was constructed to link Higashi-Kanto Expressway with National Route No.296 and No.409, which has been favorable condition for the area.



Head Office of Tatomisato-shi

2. Organization (based on the JA's business report of FY2007)

1) Member

	Cla	ssfication	The End of FY2006	Joining in FY2007	Withdrawing in FY2007	The End of FY2008	Change
mber	5	Individual	1,829	31	30	1,830	1
Regular member	Corporation	Agri. Practice Assn.	3	0	0	3	0
Regu	Согре	Others	6	0	0	6	0
ber		Individual	999	47	28	1,018	. 19
Associate Member	Agri. Coop.		. 0	0	0	0	0
sociate	Agri. Practice Assn.		0	0	0	0	0
As		Others	5	0	0	5	. 0
Total 2,842 78		58	2,862	20			
	Rremarks: No. of Regular Member households (the end of FY2008)			eholds	1,839		
	No. of Associate Member households (the end of FY2008)			useholds	879		

2) Share Capital Investment

Classification	the End of FY2006	the End of FY2007	Change
Regular Member	307,679	347,445	39,766
Associate Member	50,821	67,197	16,376
In process of disposal	0	260	260
Total	358,500	414,902	56,402
Remarks	Value of One Sha	1,000yen	
	Ave.Invested Amo	188,931 yen	
	Total Invested Amount 414,9		

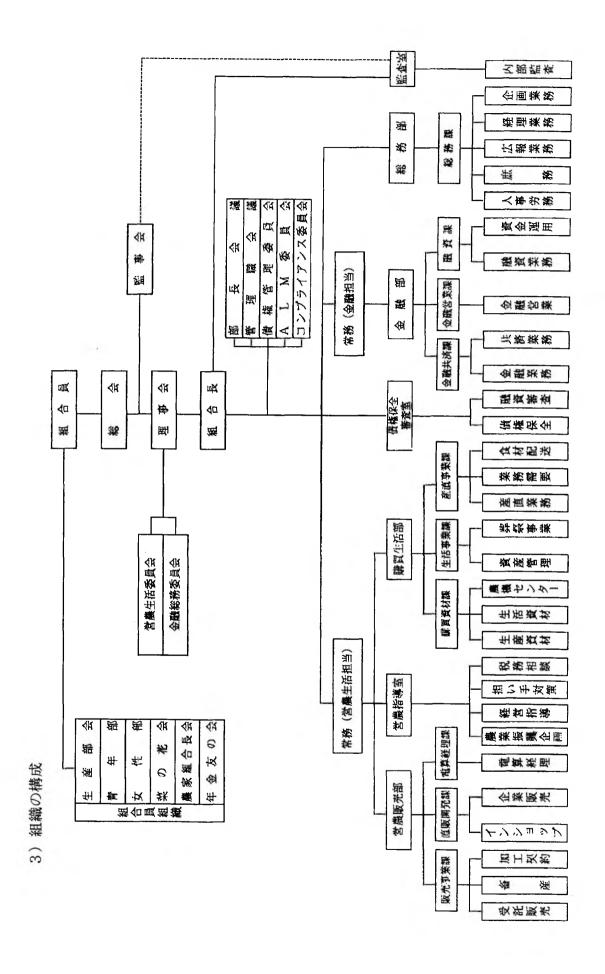
2) Official and Employee

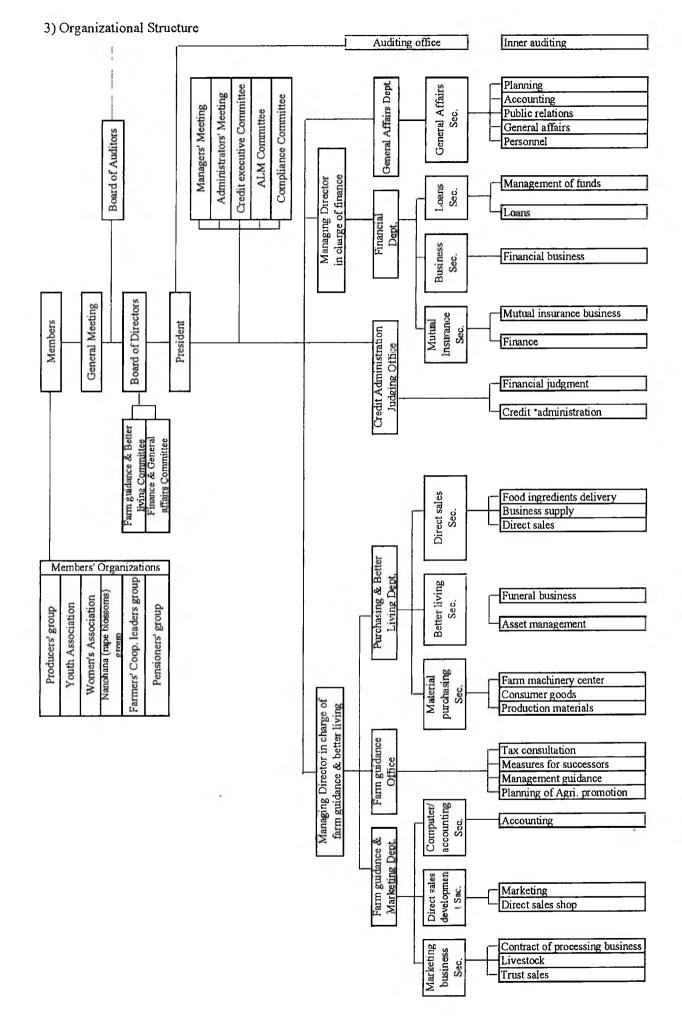
(1) Officials

Post	Number of Officials	Full-time or Part-time	Representing Right	Remarks
President	1	Full-time	To be held	
Managing Director	2	Part-time	Not to be held	In charge of Economic Business (1)
				In charge of Credit Business (1)
Director	8	Part-time	Not to be held	Chairperson of Credit and Mutual Insurance Committee(1) Chairperson of Economic Business
	<u>'</u>			and Guidance Committee (1)
				In charge of Credit and Mutual Insurance Businesses (3)
				In charge of Ecnomic Business and Guidance (3)
Auditor	3	Part-time	Not to be held	Representative Auditor
				Non-member auditor

(2) Employees

Classification		the End of	Υ	D	the End of FY2007		
	Classfication	FY2006	Increase	Decrease		Male	Female
	General Manager						
	Chief Accountant						
ee	General Employee	68	8	4	72	59	13
Employee	Farm Advisor	4	1	2	3	3	
日日	Better Living Advisor						
	Contract-based Worker	16	0	0	16	5	11
	Part-time Worker	28	2	3	27	8	19
	Total	116	11	9	118	75	43





(4) Members Organizations (incl. Commodity-wise Group)

	Organization	No. of Members
	Watermelon Producers Group	225
	Carrot Producers Group	404
dno	Tomato Producers Group	55
Commodity-wise Group	Flower Producers Group	20
lity-wi	Radish Producers Group	45
pomm	Pig Raising Farmers Group	19
Co	Direct Sales Group	319
81,1	Local Vegetable Producers Group	171
	Asset Management Group	45

Organization	No. of Members
Youth Association	. 88
"Nano-hana" Group	133
Farmers' Leaders Group	39
Pensioners Friendship Group	1,535



Direct Sales Center

(5) Facilities

Facilities	No. of Facilities	Location
Office	1 155,705	Nanae, Tomisato city
Shop for Purchasing Business	1	-ditto-
Warehouse	3	Nanae and Sanku, Tomisato city
Grading Center	1	Nanae, Tomisato city
Collection and shipment Center	8	Nanae, Sanku, etc. Tomisato city
Facilities for wheat and barley	1	Sanku, Tomisato city
Agricultural Machinery Center	1	Bushu, Tomisato city
Direct Sales Center	2	Nanae, Tomisato city
Tractor	2	Sanku and Bushu, Tomisato city
Equpment for accounting	Computers x 4	Nanae, Tomisato city
n	Terminals x 10	-ditto-

3. Main Business (Business Results of FY2007)

1) Credit Business

[Savings]

(Unit: 1,000 yen)

Туре	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Current Savings	7,496,304	7,709,521	7,576,302	7,967,058
Time Savings	10,955,857	10,776,378	10,460,718	10,762,323
Total	18,452,161	18,485,899	18,037,020	18,729,381

[Loans]

(Unit: 1,000 yen)

Туре	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Loans on Bills	34,240	22,720	42,800	17,760
Loans on Deeds	5,969,889	5,830,794	5,782,427	5,880,166
Overdrafts	99,003	101,881	104,718	102,246
Total	6103132	5,955,395	5,929,945	6,000,172

[Deposits]

(Unit: 1,000 yen)

Туре	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Deposits with Affiliated Federation	11,387,234	10,413,655	9,681,689	11,206,023
Non-affiliated	14,854	23,962	124,819	66,955
Total	11,402,088	10,437,617	9,806,508	11,272,979

2) Mutual Insurance Business

[Long-term Mutual Insurance Holdings]

(Unit:1,000yen)

Туре	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Comprensive Life Insurance	68,516,020	66,221,130	64,094,680	61,837,230
Buliding Endowment Insurance	44,628,490	45,015,060	45,209,540	45,717,980
Pension Insurance	464,760	505,930	555,700	575,610
Additonal Muturance Insurance Income	147,050	138,660	139,573	133,867

(Unit:1,000yen)

Туре	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Fire Insurance	2,335	3,152	2,707	4,120
Personal Accident Insurance	971	980	964	950
Liability Insurance	51	63	71	110
Automobile Insurance	92,201	92,246	95,859	99,135
Automobile Liability Insurance	7,656	8,675	9,882	10,324
Total	103,216	105,118	109,486	114,638
Additonal Muturance Insurance Income	22,543	22,858	24,824	23,783

3) Purchasing Business

(Unit:1,000yen)

	Item	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
	Fertilizer	286,265	294,198	271,207	266,645
s	Agricultural Chemical	198,191	202,322	203,219	194,838
teria	Feed	228,204	232,365	240,630	284,583
ı ma	Agricultural Machinery	65,699	79,246	83,649	81,484
Production materials	Automobile (ex. Two-wheel)	22,260	4,694	3,825	5,676
rodu	Fuels	102,525	100,468	113,426	-
P.	Others	789,384	798,002	788,714	789,691
	Sub-total	1,692,528	1,711,295	1,703,670	1,622,917
Goods	Foods	53,887	37,941	34,256	30,106
	LP Gas	10,184	13,185	14,816	-
Consumer	Others	12,953	2,681	2,883	2,106
Con	Sub-total	77,024	53,807	51,955	32,212
	Grand Total	1,769,552	1,765,102	1,756,626	1,655,129

4) Marketing Business

(1) Marketing of Consigned Products

Product	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Rice, Wheat/barly, other grains	67,313	70,660	57,903	63,369
Vegetables	2,170,279	2,003,876	1,773,368	2,011,136
Fruits	1,413,906	1,457,076	1,290,759	1,354,365
Flowers.and Ornamental Plant	192,477	293,773	250,465	149,296
Livestock Products	577,100	627,692	583,327	624,169
Total	4,421,075	4,453,077	3,955,822	4,202,335

(unit: 1,000yen)

(Unit: 1,000yen)

(Unit: 1,000yen)

(2) Marketing of Purchased Products

Product	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Transaction with Private Company	336,520	356,298	283,612	330,232
Transaction by Direct Sal	1,876,470	2,078,235	2,355,820	2,326,647
Total	2,212,990	2,434,533	2,639,432	2,656,879

5) Direct Sales Business

Product	the End of FY2004	the End of FY2005	the End of FY2006	the End of FY2007
Vegetables	130,297	124,239	157,151	183,054
Fruits	101,370	108,799	112,479	129,454
Livestock Products	16,116	20,799	21,449	23,499
Rice and other grains	6,130	8,493	10,101	13,768
Flower and Ornamental Plants	15,325	19,692	25,687	33,358
Product handled by courier	13,121	15,137	13,681	16,938
Others	81,965	128,923	137,234	165,318
Total	364,324	426,059	477,782	565,389

6) Other Business Results of FY2007 (Unit: 1,000yen)

Better living-related Business 284,115

(Asset Management, Funeral Service, Fuels, others)

Warehouse Business 527

Utilization Business 28,406

(House Lease, Cooling Storage, Drying Facilities for Grains)

(Unit: Yen)

4. Plan of Disposal of Surplus

Item	Amou	nt
1. Current Surplus Unappropriated		168,858,528
Surplus carried from the Previous Year		(32,865,380)
Current Surplus	,	(135,993,148)
0.7810		
2. Appropriation of Surplus		89,626,589
(1) Legal Reserve		30,000,000
(2) Special Installment		45,000,000
Installment for Facilities used in Economic Business		(35,000,000)
Installment for Computer System		(10,000,000)
(3) Share Capital Dividend	2% of Invested Share	7,479,589
(4) Patronage Dividend on Purchasing Business	0.4% of the Amount for Products handled in Purchasing Business	7,147,000
3. Surplus to be carried over to the Next Year		79,231,939

(Remarks) (1) Share capital dividend is 2.0% per year

- (2) Conditions for Payment of Special Dividend.
 - Uniformed 0.4% of supply amount in purchasing business to be paid in coupon
 - Supply amount of 200,000 yen and over to be paid.
 - Subject to dividend: Feed, Fertilizers, Agricultural Chemicals, Production Materials (Seeds, Seedling Beds, Cardboard Boxes)
- (3) The surplus to be carried over to the next year includes 8,000,000 yen to be appropriated for education, better living activities and cultural activities.

5. Business Plan for FY2008

< Excerpt on Guidance, Purchasing Business and Marketing Business>

*Note: The part of "Basic Policy" in the Business Plan is omitted.

1) Guidance

[Basic Direction]

- Farm management basis in Tomisato has weakened due to aging farming population and lack of farm successors. And increasing imported products and soaring prices of production materials such as fuel have made the management more difficult.
- People's awareness toward safety and reliability of food is growing in the wake of incidents of last year such as chemical residue on the imported vegetables and fake labeling of food and meat.
- Therefore, we will coordinate with and incorporate the various organizations and groups concerned in JA's activities for improvement of income of farming people in the region by promoting production and marketing activities with diverse farm management style, increase of the management scale and kinds of crops and direct sale.

[Concrete Measures]

- (1) Promotion of the Regional Agricultural Production and Formulation of Measures for Improvement of Farm Management
- (2) Securing and Fostering Principal Farmers (*1) for the Regional Agriculture (*1. farmers expected to shoulder the future regional agriculture)
 - <1> Securing and fostering stable farm management
 - <2> Effective use of "Prefecture-wide Measures for Support to the Principal Farmers" formulated by Chiba Prefectural Headquarters of National Federation of Agricultural Cooperatives (JA Zen-noh Chiba)
 - <3> Establishing a system with Tomisato city office for Farming Labor Supplement in Horticultural Production
- (3) Establishment of Production Sites for Supply of Safe and Reliable Agricultural Products
 - <1> Thorough practice of Production History Recording and Production Process Management
 - <2> Improvement of risk management system to handle cases with risk on safety and reliability

(4) Cost Reduction for Production Materials

- <1> Guidance for appropriate use of fertilizers by conducting soil diagnosis
- <2> Efficient and effective use of agricultural chemicals by utilizing cultivation and disease control calendar

[Expenses] (Unit: 1,000yen)

Item	FY 2007 (Result)	FY 2008 (Plan)
Expenses for Improvement of Farm Management	2,884	2,800
Expenses for Improvement of Better Living Activities	230	310
Expenses for Agricultural Affairs (lobbying)	238	2,200
Expenses for Education and Information	2,080	2,350
Expenses for Health Management Activities	1,021	920
Expenses for Strengthening Organizational Activities	19,000	19,250
Total	25,453	28,030

2) Purchasing Business

[Basic Direction]

- Soaring prices of oil and other commodities have put the member farmers into more difficult conditions for farm management and their life. Especially increasing cost for production materials and distribution, together with low prices of agricultural products in marketing, has increase burden on farmers for production cost and at the same time is decreasing income of farmers. So it is now urgent matter to find the way to cut the cost for production as soon as possible.
- The measures we can take are to procure quality and lower priced production materials following the competition in the markets and to promote advanced order-based joint purchasing and direct shipment to cut the cost, which is expected to contribute to more stable farm management.
- And following "JA Zen-noh Proposed-Challenge Plan for Production Materials (2007 2011) we will cut the cost more.

[Concrete Measures]

- (1) Promotion of advanced order-based joint purchase in cooperation with producers groups and hamlet groups
- (2) Guidance for appropriate use of agricultural chemicals following the Positive List.
- (3) Guidance for designing fertilizers appropriate to crops following soil diagnosis, etc.
- (4) Proper disposal of used plastic materials for horticulture and expired agricultural chemicals.
- (5) Encouraging the member farmers for more utilization of agricultural machinery-related business to improve the condition of earnings and expenses.

Target of Purchasing Business Turnover (the Amount for Handled Products): 163,000,000 yen

3) Marketing Business

[Basic Direction]

- We will work out marketing strategies, as well as sending information about markets to the member farmers, to correspond to changing needs in distribution of livestock products. Especially in joint marketing measures customers should be secured for further promotion of marketing business. And in processing-and-marketing and marketing toward restaurants contracts with private retailers and companies should be promoted and various marketing channels including In-shop sale be also developed.
- Understanding increasing people's awareness toward "Safety and Reliability of Food" triggered by incidents of fake labeling and use of un-registered agricultural chemicals, we will promote the movement of recording production history involving other JA group organizations to establish more reliable production sites for consumers and to contribute to stable farm management of the member farmers.

[Concrete Measures]

- (1) Promotion of organizational joint marketing based on a production plan
- (2) Development of marketing channels such as In-shop Sale
- (3) Increase of contracts for processing and restaurant use of vegetables

- (4) Promotion of PC Business (sub-division of products in packing) for more marketing
- (5) Increase of exports of quality vegetables
- (6) Extension of "Chiba Eco. Certification System"
- (7) Extension of GAP
- (8) Promotion of collection and inspection of recorded production history

Target of Marketing Turnover: 6,750,000,000 yen

4) Direct Sales Business

[Basic Direction]

- As a direct sale under the banner of "Fresh, Safe and Reliable Products" is positioned as a new distribution channel outside wholesale market channel. We will promote direct sale of "Tomisato Products" as a basis of "Chisan Chisyo" or local consumption of local production by fully demonstrating the JA's organizational advantage strongly supported by consumers and marketing function.

[Concrete Measures]

- (1) Improvement of line of products to meet the needs of consumers and better quality
- (2) Provision of information related to production to consumers for securing safety and reliability toward food
- (3) Strengthening support to "Education on Food" at school through supply of locally-procured products for school lunch
- (4) Organizing events in cooperation with direct sale groups and exchange programs with people from urban areas (as part of bus tour, etc.)

Target of Marketing Turnover in Direct Sale: 590,000,000 yen

4. JA Chiba-Mirai and Direct Sales Shop "Shoika~go"

1. Operation Area of JA Chiba Mirai

1) Chiba Mirai Agricultural Cooperative or JA Chiba Mirai was established with amalgamation of JA Chiba city and JA Narashino city in July, 2001 to cover two cities.

It is located in the center of Chiba city to find Choshi city in the east and Minami-Boso in the south from JR Chiba station, the center of the operation area. Having Makuhari, the business center of Chiba prefecture, the area is 40km away from Tokyo.

Agriculture in the region has been developed in the vast superior farmland extended in the outer part of the city. Annual averaged-temperature is 16C and rainfalls is relatively low with approx. 1,000mm to 1,500 mm. Damage by typhoon and other natural disasters is rather rare. Blessed with mild climate with small difference in hot season and cold season, fresh agricultural and livestock products are supplied to consumers taking geographical condition.

	1990	1995	2000	2005
Cultivated Area (ha)	3,492ha	3,021ha	2,569ha	2,264ha
No.of Comercial Farm Households	3,670	3,018	2,476	2,001
No. of people engaged in Agriculture	9,710	8,171	6,941	5,438

2) Members of JA

(Unit: person)

(Unit: 1,000 yen)

140	Classification	the End of FY2006	the End of FY2007	Change
	No. of Regular Members	5,236	5,257	21
	Individual	5,235	5,256	21
	Corporation	1	1	0
	No. of Associate Members	3,400	3,538	138
	Individual	3,344	3,478	134
	Corporation	56	60	4
	Total	8,636	8,795	159

3) Marketing Business

[Consigned-based Joint Marketing Turnover]

	FY 2006		FY 2	2007
	Amount	Commission collected	Amount	Commission collected
Total	1,876,207	26,928	1,595,547	23,567

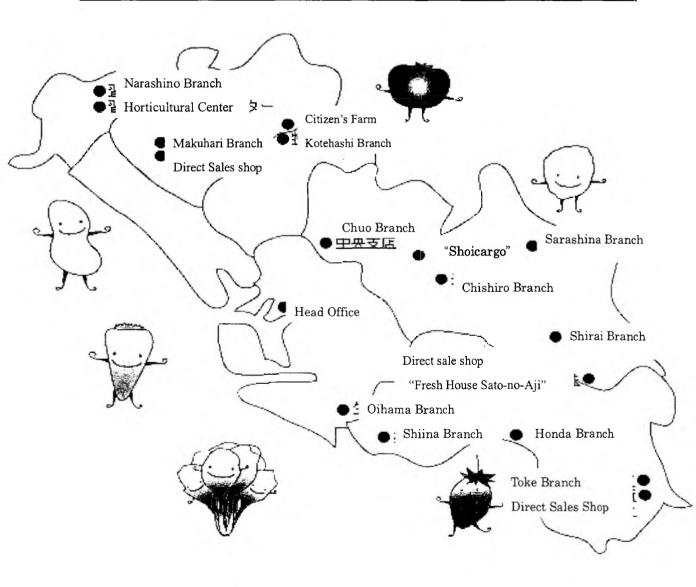
[Direct Sale]

- Consigned-basis

	FY 2006		FY 2007	
	Amount	Commission collected	Amount	Commission collected
Total	433,591	66,769	623,765	97,719

- Purchased-basis

	FY 2006		FY 2007	
	Amount	Commission collected	Amount	Commission collected
Total	342,161	75,271	445,619	91,829



2. Direct Sales Shop "Shoicargo"

1) History

2002

Apr. - "Okubo Direct Sales Shop for Vegetables is opened in Narashino.

(As subsidized project to promoting and strengthening measures for vitalization of vegetables production sites in Chiba prefecture)

Nov. - Direct sales shop and Agro-processing facilities are opened in Toki.

(As subsidized project to develop agricultural production complex in Chiba city.)

2003

May - Plan for Direct Sales shop is presented in a business planning meeting.

 Sep. - Launching direct sales business is approved at the board of directors' meeting.

2004

Mar. - Acquisition of land and building for Farmers' Market business is Approved at a general representative meeting.

- Study tour by producers, officials and employees of JA is held at more advanced area of Farmers' Market.

(Held 23 times and 837 people attended)

May - Committee for promotion of Farmers' Market business is set up.

Jun. - Hamlet-based meeting is held for explanation about "Farmers'
 Market".

(Attended by 659 in 51-time meeting for explanation about guideline for operation, products for sale, flow of products to be handled in the market.)

2005

Jan. - Rules and regulations for operation of farmers' Market and its guideline were decided.

Apr. - Ground breaking ceremony is held.

Jul. - Training for cultivation is held (for 203 person from 8 branch offices)

Aug. - Rally by horticultural producers for producers is held (attended by 200 person)

Dec. - Ceremony for completion of the shop and pre-open. (Attended by 200)

Grand Opening (Dec. 14)

2) Purpose / Principles / Management Policy

(1) Purpose

- The market is a place for practicing "Chisan Chisyo" where member farmers bring their products such as vegetables, fruits, flowers, processed products cultivated or prepared by themselves utilizing the skills.
- Members can bring even small lot but various kinds of products in limited area, which is expected to contribute to improvement of income, the regional agriculture promotion and elimination of abandoned farmland.
- As a result three parties such as "Members of JA, Consumers and JA", would be satisfied and expect more understanding about the regional agriculture by people.
- Many member farmers have been registered for shipment of their products, and we are still waiting for new members to strengthen the regional agriculture and make more appeal to the people in the region.

(2) Principles

- We regard "Shoicargo" as a basis for promotion of "Chisan Chisyo", foster various producers including women and elderly people and supply safe, reliable and fresh agricultural products which have competitive edge over imported products, thereby contributing to promotion of the regional agriculture and improvement of the regional-based food self-sufficiency.
- And through various programs and events with local consumers, featuring "food and agriculture", we will also contribute to inheritance of local traditional food and culture and promotion of symbiosis with consumers.

(3) Management Policy

- Procurement of various products including ones in season
- All-year supply of products and improvement of food self-sufficiency
- Standards and prices of products to be decided by shipper
- Thorough quality management required to supply safe, reliable and fresh products
- Positive supply of information related to education on food and agriculture
- Taking responsibility in selling products and making efforts to let consumers feel about sincere attitude and reliability
- No imported products to be handled

3) Facilities

(1) Land

- Total Area: 14,229.28m² 9,991.51m² (1st Phase of construction)
4,237.77m² (2nd Phase of construction)

- Building (Ferro-concrete flat structure) – 1,058m

(Floor: 919.62m)

Facilities	Area (m²)	Facilities	Area (m²)
Sales Floor	598. 00	Sub-division / packing	140. 00
Office	100. 00	Rest Room, etc	51. 62
Space for taking rest	30. 00		

- Parking Area: Area for Automobile with capacity of 200
Area for bicycle with capacity of 50

(2) Equipment

- Cash register with POS system x 8 units

(6 units to be secure for everyday use)

- Sales Information System with Audio Guidance
- Sales Information System with E-mail Transmission
- PA Announcement System with BGM use, Bar-code output machine x 6
- Rice polishing machine, Polishing machine for ready-to-cook rice Refrigerator (20 m²), Ice maker
- Introduction of Credit card for payment and Electronic Money
- (3) Total Project Cost: 900,000,000 円
- 3. Rules for Shipment and Sales at "Shoycargo"
 - 1) Rules for Shipment of Products to "Shoycargo"

Time for Shipment

First Shipment	Additional Shipment
From 7:30am to 9:30am	From 9:30am to 400pm

Product to be accepted

(1) Limited to fresh and processed products, which a shipper cultivates or processes by him- or herself.

Standards for Shipment, Quantity and Prices

(1) No binding standards for shipment are set. Quantity and prices can be set freely. It is up to a shipper to determine the prices reasonable for the products by selling the products to consumers to find various demands of consumers.

Display of Products

- (1) When shipment is made, a shipper is required to put on a designated cap and nameplate.
- (2) Display products in a specified area inside the shop in order and to be placed with the product barcode facing customers so that they can read it easily.
- (3) When a large volume of products are shipped, the products to be placed a shelf in a specified area should be limited and the rest of the products be kept temporarily in a container under the shelf.
- (4) Late shipper should be careful in displaying the products, not placing the products over the products by earlier shipper
- (5) Putting a barcode seal on a product should be finished at home before shipment or in the backyard of the shop before display.

Quality Control of Products

- (1) When rotten or apparently poor quality products are found, they should be removed to the backyard without notice to the shipper and be handled as unsold items
- (2) Product without barcode seal or the seal coming off should be removed to the backyard. If customer brings a product without barcode seal to a cashier, it should be handled as other item not belonging to the shipper, but to the shop. The proceeds should be account for the shop
- (3) No product inspection is done at the shop. Crime prevention measures are taken such as setting up camera and shop worker watching. If shoplifting or natural disasters cause damages no compensation is made by the shop.
- (4) Shipper can make Price discount. When the price is changed, the product barcode should also be renewed.
- (5) When a shipper wants to make product PR and sell by tasting a product by customers, he or she should have prior consultation with the shop management.

Time to Remove Products

Time to remove on the day of shipment	Time to remove on the next day of shipment
6:00pm to 7:00pm	7:30am to 9:00am

- (1) In principle the shipper should remove unsold items the day of shipment, and if it is not convenient for the shipper, it should be done 30 minutes before the opening time of the shop next day.
- (2) Agricultural products, which can keep well and other preservable items such as, potted ornament plants, processed food, handicraft, etc. should be given different period of commissioned sale from other perishable products.
- (3) Processed food on display with only one day remaining for the best consumption should be removed from the shelf of the shop.
- (4) All the shipped products remaining in the shop should be removed to backyard after the business hours. Priority for sale should be given to the products to be shipped on the day so that those once removed the day before can be displayed in vacant areas.

Contact with Shipper

- (1) Issue of barcode seals and reference to sales proceeds should be made by ID number of a shipper.
- (2) Information letter and notice to a shipper should be given in a designated box allotted to each shipper. So please check for it all the time and be careful not picking up other shipper's.

2) Packaging of Products

- (1) Packaging should be made carefully enough to put product barcode seal and label well on the product. Some of the materials for packaging can be purchased at the shop.
- (2) Stapler should not be used in packaging to avoid it staple contained in the product.
- (3) If packaging and putting product barcode on the product are not complete, they should not be accepted in the shop.
- (4) Product barcode should not be placed directly over the product to avoid the barcode to come off due to watery surface of the product. Please use binding tape or pack each individual product.

(5) When some information paper such as the way of cooking and keeping the products is inserted in the package, which may be related to the Pharmaceutical Affairs Law, please make prior consultation with the shop management

Example of Packaging



Carrots in a vinyl pack



Cabbage with binding tape



Spinach in a vinyl pack



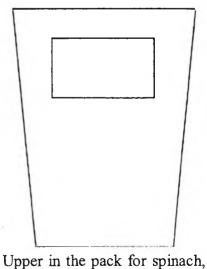
Cooked food in a plastic pack

Position of Barcode Seal

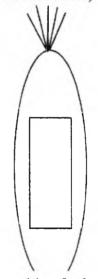


Radish in a vinyl pack (Product seal in vertical)

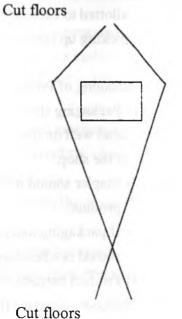




Komatsuna, Mizuna, etc.



Vertical position for long product such as radish (vinyl pack or binding sling tobe used)



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3) Record of Production Process and Submission of the Record

(1) Objective

There is growing concern on safety of foods among consumers in the wake of successive incidents related to fake foods and concealment maneuvering. Under the circumstance the business of "Soycargo", selling vegetables and fruits, is not an exception and needs a system to guarantee "safety" of the products handled at the shop.

(2) Participants in the System

All the shippers of vegetables and fruits

- (3) Submission and Check of Record of Production Process
 - The record to be submitted before shipment to the shop
 (No shipment allowed without submission of the record)
 - If the following points are found out, shipment to the shop is not allowed.
 - > Use of non-registered chemicals
 - > Use of inappropriate chemicals
 - > Violation under the standards for use of chemicals (the way of use, the concentration of chemical, the number of application of chemical, the standards for use of chemical before harvest)
- (4) Day for Submission of the Record
 On the 20th of the month (When it is a holiday, it should be the next day)
- (5) Office for Submission of the Record To the Office of "Shoycargo"
- (6) After the record is checked, it should be returned to the shipper (in the mail box equipped in the office)

4) Inspection for Agricultural Chemical Residue

(1) Objective

According to the Positive List System introduced in May, 2006, the standards for chemical residue (allowable limit of chemical residue) are stipulated to all the chemicals to be used in agricultural production. Agricultural product, which is tainted with more chemical residue than the standards, should be banned from distribution.

"Shoycargo" should also promote proper use of agricultural chemicals for all the products to be handled and secure "safety and reliability" of food to be supplied to consumers.

(2) Period

January 2008 to December 2008

(3) Product for Inspection

All the products to be handled in the shop.

(4) Inspection Method

Products for inspection to be at random

Notice for inspection and the result should be informed to the shipper of the products to be inspected.

(5) Inspection Organization

- Food Hygiene Section of Chiba City Public Health Center (Chiba City Institute of Health and Environment)
- Eto Microbiology Laboratory

(6) Actions to be taken against Violations

If chemical residue is detected from shipped product, and which is found violation against the standards stipulated in Food Sanitation Law, the tainted products shall be removed and all the products harvested from the farmland where the tainted products are cultivated shall be banned from the shop. And if that case is proved "improper" by Chiba city Hygiene Station, it shall be disclosed on the city's website and newspapers.

[Results of Inspection for Chemical Residue]

Month	Product	Inspection Organization	Result
4	Spinach	Chiba City Institute of Health and Environment	Proper
	Tomato	-Ditto-	Proper
	Cucumber	-Ditto-	Proper
5	Broccoli	-Ditto-	Proper
3	Onion	-Ditto-	Proper
	Radish	-Ditto-	Proper
6	Irish Potato	-Ditto-	Proper
	Water Melon	-Ditto-	Proper
	Egg Plant	-Ditto-	Proper
7	Japanese Green Pepper	-Ditto-	Proper
	Pumpkin	-Ditto-	Proper
8	Sweet Potato	-Ditto-	Proper
9	Tomato	-Ditto-	Proper
9	Burdock	-Ditto-	Proper
	Cabbage	-Ditto-	Proper
10	Radish	-Ditto-	Proper
10	Komatsuna Leaf Vegetable	-Ditto-	Proper

Items for Inspection	159 items
Result as "Proper"	100%

5) Rules and Regulations for Farmers' Market

[Purpose]

Article - 1

JA establishes and manages a farmers' market for the purpose of supply of "safe, reliable and fresh agricultural products and processed products (hereafter called "products") directly to consumers and promotion of exchange between producers and consumers, thereby increasing consumption of local agricultural products, promoting advantageous marketing. Furthermore, Improvement and extension of a farm management easily acceptable even to the elderly and women will be made and the regional agriculture promotion and development of multi-functions of JA

[Business]

Article - 2

- 1) Business at a farmers' market includes:
 - (1) Consigned Marketing of fresh and processed products brought from the registered member farmers
 - (2) Guidance for production, shipment development of processed food
 - (3) Supply of production materials, wrapping materials
 - (4) Consultation on cultivation, Organizing training and seminar program
 - (5) Others necessary for the management of the shop
- 2) Department-in-charge is Direct Sale Business Department.
- 3) Business year is from January 1 to December 31 of the year, and the department settles the account.

[Qualification and Conditions for Shipment of Products to the Market] Article – 3

Qualification and conditions for shipment to the Market are as follows;

- 1) Member of JA Chiba Mirai and family members of the Member (Family members are required to make share investment to JA)
- 2) JA Chiba Mirai
- 3) Those who are permitted by JA Chiba Mirai

[Consignment]

Article - 4

Conditions for consignment to JA for marketing the products at the Market are stipulated separately, and contract with JA Chiba Mirai is required for consignment-based marketing.

[Products]

Article -5

- 1) The only products, which the registered member produce or manufacture as fresh products, processed products or handcraft, can be shipped to the Market. However, the products procured from other JAs having business relationship with JA Chiba Mirai for shortage expected only with the registered members' supply are exceptionally accepted.
- 2) Packaging and display of the products by the shipper
- 3) Compensation shall not be made for damage due to the incidents not attributable to the Market such as shoplifting and natural disasters.
- 4) When scars or damage, deteriorating quality, rotting and other problems affecting safety of the products (chemical residue, hazardous materials and pollution) are found, they can be removed from the floor without notice to the shipper.

[Business Hours]

Article - 6

- 1) The Market is opened on the days except every Wednesday and holidays in the end and the beginning of the year, provided that JA designates otherwise when Wednesday is a national holiday or New Year holiday, the day of Bon Festival (Buddhist festival of the dead).
- 2) Business Hours of the Market are as follows; 9:30 am 6:00pm When the day is for some events, New Year holiday or the day of Bon Festival, JA Chiba Mirai designates otherwise.

[Sales Management]

Article – 7

- 1) Consigned products shall be put on sale at the price including consumption tax printed on a barcode seal.
- 2) Results of sale are processed and totaled by computer for each shipper.

[Payment]

Article – 8

- 1) Payment for marketing proceeds for each shipper shall be made to the designated account of JA Chiba Mirai within 7 days, after closing the account (the 15th and the end of the month) and JA's commission and other expenses such as barcode seal are deducted from marketing proceeds.
- 2) JA's commission for consignment is 15%.

[Revision and Abolishment]

Article – 9

Establishment, revision and abolition of the rules and regulations for the Market Shall be done by Board of Directors of JA Chiba Mirai. If doubtful points are raised or the matter not subject to the rules and regulations, Direct Sales Business Department shall first discuss and study the matter and President of JA finally make decision.

[Addition]

The rules and regulations for the Market is effective from February 1, 2005. Revised on February 20, 2007.

Activities of FY2007

Subject	Concrete Measures	Actvities	Implemented
1.Operation of a shop	<1>Guidance for all-year	Regular training program for	15 times
satisfactory to customers	cultivation for all-year-round supply	cultivation and provision of information of products in shortage	
	<2>Sending info. related to cooking and features of products	Presenting recipe for cooking by POP	When necessary
		Tasting new menu and distribution of recipe	
	<3>Holding events of the season	Events planned and held for the products of the season	When necessary
	<4>Afternoon supply	Using e-mail for order for additional supply	When necessary
	<5>Easing crowded cashers	Introduction of credit card and on-line in web site for settlement of the acount	Oct.
2. Operation of a shop securing supply of safe	<1>Production Control	Check for chemical residue/submission of production	17 to 30 times
and reliable products	<2>Processed Food Conrol	Stool test of shippers	Feb. to Dec.
	0.40	Check for bacteria in the products	2 times
		Training for Processed food control	10 times
	<3>Caution card	3-time caution card to stop shipment for 1 month	No case
	<4>Sending out Informaton	Newsletter of "Shoicargo", etc.	20 times
3. Activites to be	<1>Inheriting the role of	Face-to-face sale by producers to	When necessary
interest and undestanding about the	agriculture, real taste of agricultural products	Distribution of recipe and advice from "Sommerier" of food education	When necessary
regional agriculture and Agri. Coop.	<2>Education Activities	Questionnaire to consumers, Panel presentation, PR activities by "Sommerier"	6 times
4. Establishment of a	<1>Events to be organized in a	Live radio broadcasting	2 times
space for exchange with consumers	participatory approach	"Cosmos and Rape flower festival	One for each festival
5. Registration of New Shippers	<1>Additoinal registration of suppliers	589 registered to 661	Once a month
		Explanation for shipment	
6. Promotion of production	<1>Training for cultivation in cooperation with local government and seed company	Training for vegetable cultivation (25 times for spring and summer harvest products)	12 times in spring /13 times in summer
7. Strengthening of Marketing and PR activities	<1>Sending out information as a basis of the movement "Local Production for local consumption"	PR activities using web site, TV, radio and other publications	When necessary
8. Improvement of	<1>Positive participation in	Study tour in advanced area	5 times
capacity of staff	training programs and seminars to increase awareness toward	Obtaining qualification as Sommerier	6 persons
	marketing business	Training for settlement of the account using credit card, etc. Education by "Sommerier"	1 time 4 times
9. Activities with awareness toward contribution to the society, environment and the next	<1>Charity donation campaign and vegetable painting contest in a festival	Donation campaign for children left by the deceased in traffic accident Job experience program and lecture at school "Thanksgiving" festival for 2nd year anniversary of the shop	1 time 3 schools
generation.	<2>Efficient use of natural	Collection of recycable resourses	When necessary
10. Exchange with Shippers	resources and recycle <1>1st "clean-up campaign"	Cleaning by shippers and staff of the shop	necessary