

ICA 02400

324:620(S20)
Jap.

PROGRAM FOR STUDY VISIT TO OITA PREFECTURE

March 19-24, 2001

ICAROAP/IDACA

March 19(Mon) Travel (Takao-Haneda-Nagasaki)

10:00 Leave IDACA (Taxi-JR-Mono rail)
Lunch at Haneda Airport (Individual)

13:40 JAS365 Leave Tokyo

15:35 Arrive at Nagasaki Airport

Move to Nagasaki City by bus

Stay at Nagasaki Montrei Hotel

TEL:095-827-7111

March 20 (Tue) National Holiday Observation of Nagasaki City, Beppu City

Glabar Garden, Peace Memorial Museum, Beppu Hot Springs

Stay at Oita Toyo Hotel

TEL: 097-545-1040

March 21 (Wed) JA Oita Chuokai, JA Oita Keizairen

9:00 Leave the hotel by bus

9:30 Visit to JA Oita Chuokai •

Lecture on Agriculture and JA group in Oita Prefecture

And one village one product movement

12:00 Lunch (Restaurant)

13:00 Visit to JA Oita Keizairen • *Econ. Fedn*

Briefing of the Keizairen

14:00 Observation of Automobile center, A-Coop Better Living Han Distribution

Center, Egg Grading and packaging center, Soil Analysis Center

16:00 Move to the hotel

Stay at Oita Toyo Hotel

March 22 (Thu) Visit JA Oita City

9:00 Leave the hotel by bus

9:30 Arrive at JA Oita City

Briefing on organization and business of JA Oita City •

Welcome by JA President

ICA Library



ICA 02400

(Major topics are farm guidance and better living

- 11:30 Observation of the JA building
(Wedding hall, Travel Center, Direct Sale Shop, Pre-cooling Facility) |
- 12:30 Lunch at the restaurant
- 13:50 Observation of grading center of mandarin orange (30 minutes) |
- 14:20 Move by bus
- 14:50 Observation of Japanese Honey-wart ^{Strawberry} ^{Greenhouse} Complex (20 minutes) |
- 15:10 Move by bus
- 15:30 Observation of Country Elevator (30 minutes) |

Stay at Oita Toyo Hotel

March 23 (Fri) Visit to JA Oyama *Oyama machi*

- 8:30 Leave the hotel by bus
- 10:00 Arrive at JA Oyama
Greeting by president of JA, introduction of JA by video |
- 10:45 Lecture on agriculture promotion and agro-processing
- 11:50 Observation of grading center •
- 12:30 Lunch at restaurant run by JA
- 13:10 Observation of Konohana Garten •
- 13:45 Observation of Enokidake mushroom cultivation facility •
- 15:00 Observation of food processing plant •
- 15:35 Observation of plum garden •
- 16:05 Move to Fukuoka

Stay at Hakata Miyako Hotel

TEL:092-441-3111

March 24 (Sat) Visit to Fukuma Fishery Cooperative and travel to Tokyo

- 8:30 Leave the hotel by bus
- 9:30 Arrive at Fukuma Fishery Cooperative *Kuma*
Briefing on the fishery cooperative and observation of facilities •
- 11:30 Move to Fukuoka Airport
- 12:50 Arrive at Fukuoka Airport Lunch (individual)
- 15:45 Fukuoka-Haneda by JAS314
- 17:10 Arrive at Haneda
- 19:00 Arrive at IDACA

Contents

	<u>Page</u>
I . Outline of Agriculture and Farming Villages in Oita Prefecture	1
II . JA Group in Oita Prefecture	3
III. JA Oita Prefectural Economic Federation.....	11
IV. Outline of Oita City	13
V. Outline of the JA Oita-shi	18

【Appendix】

- Seminar on Administration for Rural / Regional Development
- “One-Village, One-Product” Movement”

- Asia One Village One Product Seminar
- A Brochure on Outline of Prefectural Policies -

I . Outline of Agriculture and Farming Villages in Oita Prefecture

I. Outline of Agriculture and Farming Villages in Oita Prefecture

Farmland in Oita Prefecture is distributed from 0m to 1000m in the elevation from the sea level. About 70% of farmland is located in the mid-mountain area, with topographical condition of ups and downs. Various types of farm management suited to the site conditions are developed as paddy farming as base, also vegetable, fruit, flower and beef cattle are grown.

The number of farm households and farm household population has a share of 13.1% and 13.5% of the total number of households and population of the prefecture respectively, however, these are in a trend of decrease.

(The contribution of agriculture to GDP of the Prefecture was 2.3% in 2000, decreased by 0.1% from the previous year. The position of agriculture in the whole country is 1.3% in farmland area and 1.7% in Gross Agricultural Production.) There are many small scale farmhouseholds in the Prefecture, however, the production agricultural income per 0.1ha is higher than that of national average by expansion of green house.

- Major indices of Agriculture

Number of farm households	59,500
Farm household population	
(Commercial farm households)	165,300
Population engaged in farming	64,700
Core productive farmers	33,600
Qualifies farmers	4,689 group
Farmland area	64,500ha
Farmland area per household	1.084ha
Farmland utilization ratio	96%
Gross Agricultural Production	147,500 Million Yen
Production Agriculture Income	69,200 Million Yen (1999)
That of per 0.1ha	106,000 Yen
That of per household	1,144,000 Yen

-Percentage of Gross Agricultural Production in 2000

Rice	19.9%
Wheat, cereals, pulses	2.3%
Vegetables	24.3%
Fruits	12.9%
Flower	6.3%
Industrial Crop	4.6%
Livestock	27.1%
Others	2.5%

{ The average farm household income is 6,646,000 yen. The average agricultural income of commercial farm households is 713,000 yen but in case of full-time farm household the average agricultural income was 4,297,000 yen.

II . JA Group in Oita Prefecture

II. JA Group in Oita Prefecture, *the principal prefectural organizations are : a) --*

a. **JA Oita Prefectural Union**

- Guidance Activities
 - Agricultural Legislative Activity
 - Public Relations
 - Farm Guidance
 - Education of Officials and Employees
 - Better Living Activities
 - Management Consultation for JA
 - Audit Service
 - Promotion of Cooperation Among Cooperatives
 - Promotion of Welfare Activities for Aged people

Nihon Agriculture News 5,042 copies

Ieno-Hikari Monthly Magazine 15,000

b. **JA Oita Prefectural Credit Federation**

- Credit Business
 - Savings (accumulative)
 - Provision of loans such as farm management fund, housing education
 - Provision of loans for agriculture related industries

Outstanding savings 355.3 Billion Yen

Outstanding loan 47.4 Billion Yen

Outstanding securities 83.8 Billion Yen

c. **JA Oita Prefectural Economic Federation**

- Economic Business
 - Marketing of agricultural and livestock products
 - Processing of agricultural products
 - Supply of feed-stuff, fertilizer, chemical, farm machinery, packaging material
Green house materials
 - Supply of daily necessities such as gasoline, petroleum, foods and others

Amount of supply 41.6 Billion Yen

Marketing turnover 53.9 Billion Yen

d **JA Oita Prefectural Mutual Insurance Federation**

● **Mutual Insurance Business**

- Mutual guarantee of life
- Insurance for the case of emergency
- Mutual insurance for aged people

Yoro Life Insurance, Building Endowment, Pension Type Insurance
Automobile Insurance, Fire Insurance, others

Life Insurance Policy in forced: 3,122.6 Billion Yen

Building Endowment Insurance: 1,224.1 Billion Yen (Guarantee)

Pension Type Insurance: 3.6 Billion Yen (Guarantee)

e **JA Oita Prefectural Welfare Federation**

● **Welfare Business**

- Health screening by using center and mobile car
- Health promotion schooling
- Medical care
- Improvement of dieting habits
- Nursing care
- Health consultation
- Construction of hospital
- Support to day care activities of JA

Number of inpatient 445.7 persons/day

Number of outpatient 567.3 persons/day

Number of persons received health screening 30,454 persons

Number of persons receives health screening by mobile 13,296 persons

Health promotion class 128 classes, 6,948 attendants

● **Organization and Business of Multi-purpose Agricultural Cooperatives (JA)**

Number of JA:	25JA
Members of JA:	122,596 members
	Regular members 85,086
	Associate members 37,510
Officials of JA:	538 persons
Employees of JA:	3,877 persons
Annual Marketing Turnover:	59.8 Billion Yen
Annual Amount of Supply:	50.1 Billion Yen
	Production material 32.9 Billion Yen
	Consumer goods 17.2 Billion yen
Outstanding Savings:	559.2 Billion Yen
Outstanding Loan:	208.5 Billion Yen
Long-term Insurance Policy In Forced:	4,346.2 Billion Yen

[Marketing]

Strengthening of marketing power of JA=Food From JA Campaign

Strengthening of linkages between needs of consumers/buyers and production areas

- Establishment of specified marketing planning department in JA
 - Development of advantageous market and obtaining trust
 - Establishment of system to supply safe products
 - Promotion of understanding of people for WTO agricultural negotiation
 - Expansion of local production and local consumption
 - Developing JA and Oita brand products
 - Promotion of understanding of people for Basic Act for Foods, Agriculture and Farming Villages
 - Establishment of a function to guarantee quality of products
 - Developing new marketing channel such as NETCOMMERCE
 - Expansion of various marketing channel in a large consumption area
 - Public relations to improve image of JA
- **Function of Wide Area Farm Management Center**
1. Assignment of suitable staff for planning production and marketing
 2. Formulation and implementation of production/marketing strategy
 3. Reform and fostering of commodity-wise groups
 4. Playing full function of management of regional agriculture management
 5. Central processing of office works (marketing, purchasing, subsidy project)
 6. Improving profit and loss of joint use facilities
 7. Development of farm management services such as entrusted farming
 8. Collaboration with local government and municipalities

NO.2 Creation of Farming Villages through Development of Better Living Activities and Welfare Business

- Promotion of exchange between urban and rural area
Green tourism, school farm, farm for citizens
Direct sale outlet, farmers market
- JA's unique welfare activities for aged people rooted in the regional community

Agriculture for aged people for worthy life
 Dissemination of Japanese style dieting habit
 Day care insurance business, daycare services
 Mutual help by volunteers
 Daycare assistance business
 Health screening by welfare business
 Lease of health promotion goods

- Promotion of worthy life and health for aged people
- Hobby groups, health schooling, gardening, kitchen garden
- Promotion of better living activities
- Supplying consumer goods, gasoline, LPG, housing business, Health Promotion, funeral service and others

NO.3 Development of Human Resources and JA to a core of the region

1. Establishment of self accounting system in department of JA
 - Merger of branch offices, joint use facilities and stores and their reform
 - Achieving the target of self accounting in each department
 - Improvement of labor productivity and rationalization of staff
2. Development of business to give more contribution in the region
 - Strengthening of a comprehensive planning function
 - Strengthening of competitive power
 - Review of business system
3. Strategic development of each business of JA

[Credit business]

- Provision of service to meet expectations
- Establishment of brand name of JA BANK
- Creation of a new business model
- Trustful management
- Uniformed business management by JA Group

[Economic business]

- Reexamination of facilities and stores
- Reduction of cost for production materials
- Strengthening of various marketing systems

- Supplying safe agricultural products to be trusted by consumers and buyers

[Mutual Insurance Business]

- Strengthening of ties and making new members
- Expansion of bases of dissemination tailored to the expanding business operation area of JA
- Strengthening relationship with users and members
- Improvement of processing function of office works
- Realization of customers satisfaction through enhancement of reliability

[Welfare business]

- Expansion and strengthening of medical service and welfare for aged people
- Promotion of health screening of members (30% as a target)
- Stabilization of nurse dispatch system
- JA Health Promotion Conference

4. Improvement of functions and structure

Realization of management reliable for members and local residents

- Improving capability of top management
- Achieving sound financial conditions (more than 12% of own capital ratio)
- Establishment of personnel administration system
- Disclosure in credit business and information of JA
- Strengthening of audit system
- Compliance in law and by-law

5. Practical education of officials and employees

- Change of awareness
- Voluntary activities
- Activation of working place
- Linkage with personnel administration system
- Establishment of education/training system
- Planned education of officials and employees

6. Promotion of member participation in the management of JA

- Agricultural Production Corporation
- Youth Association

- Farm successors
- Women participation
- Hobby group
- Promotion of associate members
- Commodity-wise groups
- Objective groups
- Creation of network for various objective groups

JA's direct managed farm, Citizens and school farm, Mutual Help Groups

Cooking class, gardening group, hobby group, processing business, commodity-wise groups, direct sale shop of agricultural products

NO.4 Creation of Information Network to be reliable for members

JA Oita General Information Center

- Internet (members, local residents and buyers)
- Network with federations, JA affiliated companies
- Use of IT technology
- Collaboration with JASTEM
- Streamlining of office works
- Controlling investment for IT by JA group in Oita

III. JA Oita Prefectural Economic Federation

III. JA Oita Prefectural Economic Federation *was established in 1948, over the period the organization and activities have undergone several changes, it has*

● Establishment:

- July 1948 as Purchasing Federation and Marketing Federation
- April 1952 Amalgamation of Purchasing Federation and Marketing Federation
- June 1961 Denomination as Economic Federation
- Aug. 1977 Amalgamation with Oita Livestock Federation
- April 1988 Amalgamation with Oita Sericulture Federation
- April 1993 Amalgamation with Oita Fruits Federation
- April 1993 Denomination as JA Oita Economic Federation

● Organization

- Member: 33 ✓
- Officials: 11 Directors, 3 Auditors ✓
- Employees: 248 (male 192, female 56) ✓
- Share Capital: 1,562 Million Yen ✓

Its main business consists of:

● Business:

Purchasing business in Fiscal 1999 (100 Million Yen)

—Sales of rice for members:	36
—Horticulture material:	26
—Livestock:	64
—Fertilizer/chemical:	44
—Farm machinery:	22
—Design of facility:	49
—Green house material:	32
—A Coop Store:	36
—Sales of meat:	25
—Group purchase of	
—Consumer goods:	24
—Automobile/Fuel: <i>and</i>	54
—Others:	3
TOTAL:	415

The total purchasing business in 1999 was 415 million yen

Its marketing business consisted of

Marketing Business in fiscal 1999 (100 Million Yen)

Rice:	116
Fruit/Vegetable:	240
Flower:	31
Livestock:	76
Operation of wholesale market:	76
TOTAL:	539

● **Facilities owned by ^{The} JA Oita Economic Federation *facilities consist of*-**

✓ Head Office	1
✓ Local Office	4
✓ Livestock Market	4
✓ Agricultural Warehouse	1
✓ Rice Mill	1
✓ Breeding Cattle Experimental Center	1
✓ SPF Pig Feeder Supply Farm	1
✓ SPF Pig Experimental Center	1
✓ Central Car Repair Workshop	1
✓ LP Gas Supply Center	1

● **Affiliated Companies**

New Life Oita:	Retail of rice
Nokyo Chokuhan Oita:	Processing of agricultural products and retail
JA Foods Oita:	Processing of agricultural products and retail

IV. Outline of Oita City

IV. Outline of Oita City

1. Outline of the region (As of April 30, 2000)

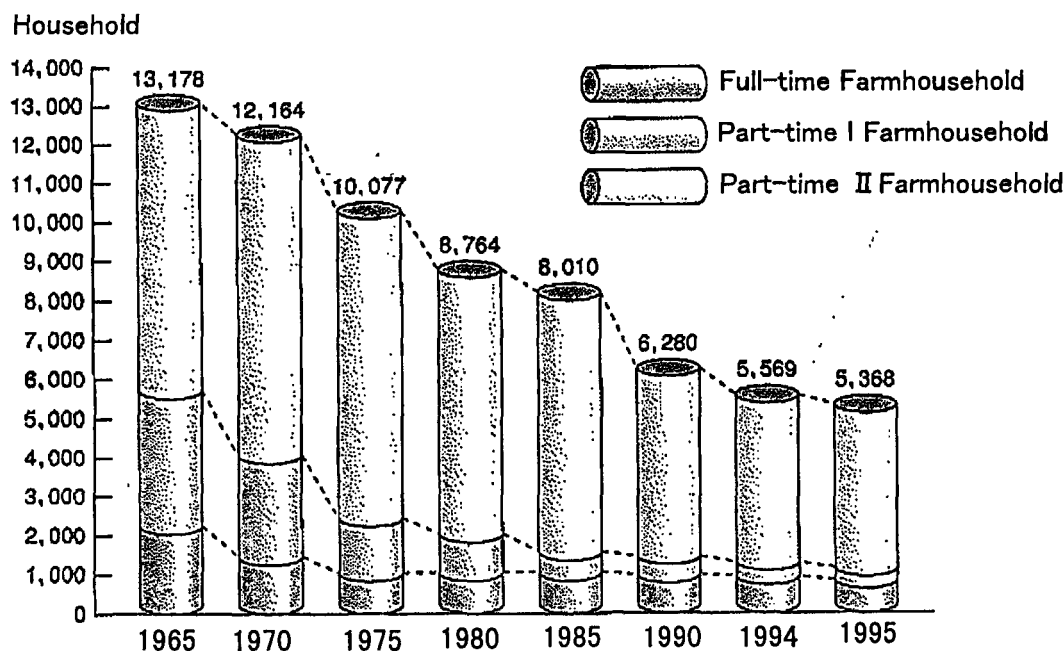
Population:	436,553	Financial institution :	150
(Male)	211,005	Post office:	65
(Female)	225,548	Vegetable & fruit market:	3 (authorized)
No. of households:	168,835	Flower market:	3
Land area:	359.86 km ²		

2. Situation of farm households

(1) No. of farm households

(The objectives of agriculture promotion in Oita City are to secure stable supply of the agri. products with making good use of it's advantageous location of the city suburbs and promoting to introduce highly profitable crops.)

The nationwide industrialization and urbanization made transferred of agriculture labor force another industries, resulting decrease of farm household population. Also, the aging of the farmers is advancing and the qualitative decline of labor force is anticipated. However, the number of full-time farm households is keeping the status-quo in these several years. One of the factors for this is the stabilization of the large-scale of commercial farm households centering on vegetable producers.



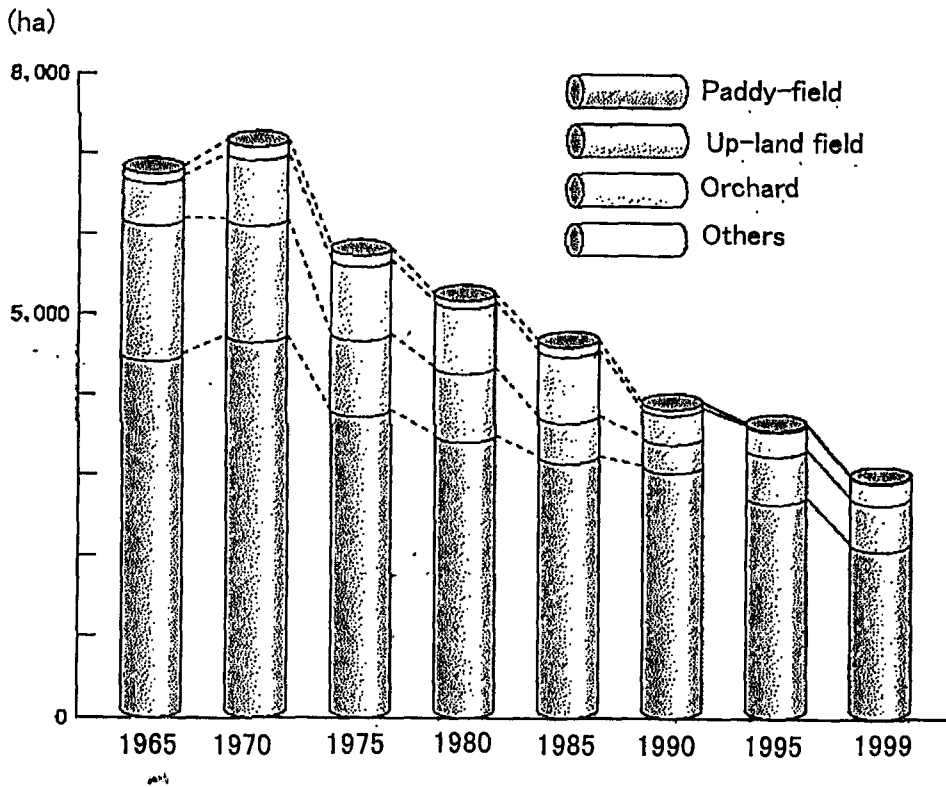
(2) Farm Household Population

(Unit: Person, %)

Classification F.Y.	Total	Full-time		Part-time		Part-time Farmhousehold			
		Person	Ratio	Person	Ratio	Part-time I		Part-time II	
						Person	Ratio	Person	Ratio
1965	69,267	12,035	17.4%	57,232	82.6%	19,186	27.7%	38,046	54.9%
1970	59,081	5,246	8.9%	53,835	91.1%	13,974	23.7%	39,861	67.5%
1975	46,302	3,419	7.4%	42,883	92.6%	6,838	14.8%	36,045	77.8%
1980	39,230	3,845	9.8%	35,385	90.2%	4,864	12.4%	30,521	77.8%
1985	35,071	4,559	13.0%	30,512	87.0%	2,838	8.1%	27,674	78.9%
1991	26,119	4,717	18.1%	21,402	81.9%	2,020	7.7%	19,382	74.2%
1994	23,946	5,015	20.9%	18,931	79.1%	1,782	7.4%	17,149	71.6%
1995	22,049	4,079	18.5%	17,970	81.5%	1,676	7.6%	16,294	73.9%

(3) Managed arable land

Generally speaking, farmland area tends to be shrunk rapidly due to development of housing area. However, there was a slight increase of up-land field because the crop conversion from paddy to profitable vegetables was promoted.



(4) No. of Farmhouseholds by Scale of Cultivated Land Area

(Unit: Household)

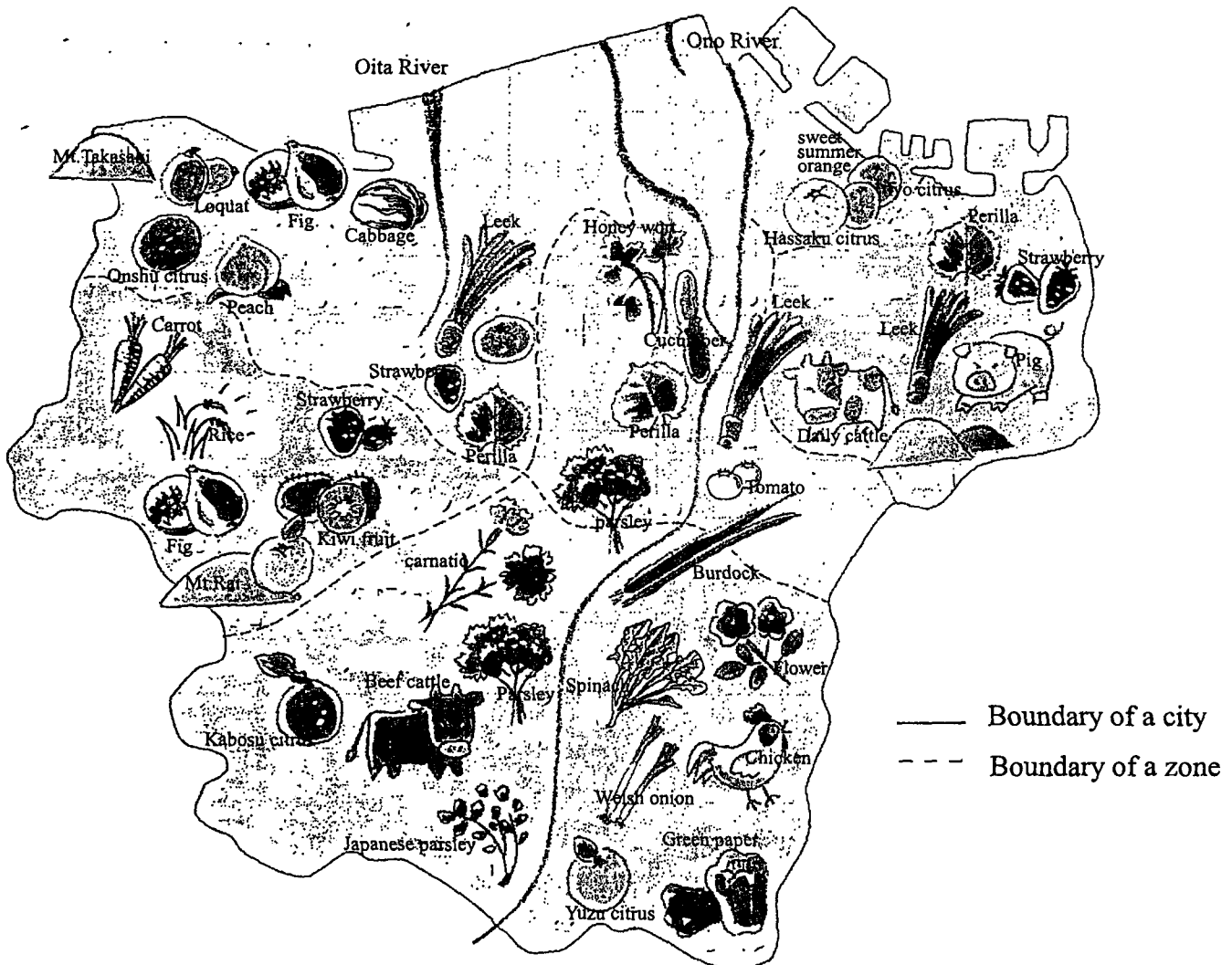
	Less than 0.3ha	0.3~0.5ha	0.5~1.0ha	1.0~1.5ha	1.5~2.0ha	2.0~3.0ha	More than 3.0ha
1970	4,252	2,833	3,645	1,107	220	63	12
1975	3,813	2,405	2,839	770	158	61	16
1980	3,511	2,008	2,325	628	174	68	20
1985	3,368	1,794	2,049	540	145	70	33
1990	2,456	1,431	1,724	450	108	65	39
1995	2,073	1,300	1,431	365	100	55	44

(5) Distribution map of agri. and livestock products

Wind is blowing over the paddy field, the river is shining and birds are singing in the mountains. Oita is the city of fresh verdure.

(Oita city is located in the middle part of Oita prefecture, surrounded by Mt. Takasaki, Mt. Ryouzen, and Mt. Kurokui on the outskirts of the city. In the middle part, there is a plateau east to west centering with Ino plateau. It belongs to the Setouchi Inland Sea Climate Zone with average temperature: 15~16°C, annual precipitation: 1,500 mm. The area is blessed with the mild climate with sufficient precipitation)

(Making good use of this natural condition, a lot of agri. products, such as rice and wheat, vegetables, fruits and livestock are produced.)



(6) Management scale

Making full use of the location of city suburbs, large scale of producing area centering on leek, honeywort and perilla are formed.

On the other hand, the cultivated area of the seasonal vegetables grown in an open field is decreasing because of aging of farmers and lack of successors.

However, highly motivated farmers expand management scale of flowers and fig, and production volumes of these commodities are increasing smoothly.

Management Scale (F.Y.2000)

Classification		Area (ha)	Production Amount (t)	Classification		Area (ha)	Production Amount		
Paddy		1,580	6,670	Fruits	Citrus	Mandarin Orange	106	1,655 t	
Wheat		154	656			Sweet Summer Orange	21	344 t	
Vegetables	Green house	Cucumber	5.0			600	Navel Orange	9	27 t
		leek	22.3			1,399	Yuzu Citrus	5	112 t
		Strawberry	4.5			144	Iyo Orange	13	114 t
		Honeywort	6.5			1,111	Kiyomi Orange	8	149 t
		Perilla	15.1		572	Loquat	20	106 t	
		Green pepper	1.5		86	Fig	7	96 t	
		Others	10.9		743	Plum	4	16 t	
		Sub-total	65.8		4,655	Others	32.7	136 t	
		Open field	Spinach	15.0	100	Total	225	2,755 t	
			Cabbage	10.0	638	Green house	4.08	2,907,000	
Carrot	6.5		257	Open field	6.64	1,743,000			
Burdock	50.0		1,000	Flower tree	16.3	660,000			
Sweet potato	18.0		344	Black Mushroom	Dried	2,304m ³	27.8 t		
Egg plant	10.0		120	Fresh	94m ³	39.3 t			
Pumpkin	17.0		250	Tea	6.8	10 t			
Others	173.8		1,747	Tobacco leaves	9.5	25 t			
Sub-total	300.3		6,420						
Total			366.1	11,075					

(7) Raising Situation of Livestock (As of March 31, 2000)

Items	No.of farm-households	No.of livestock	Break-down
Dairy Cattle	23	1,247	•Raising cattle 204 •Multipara cattle 941 •First pregnant cattle 102
Beef Cattle	21	570	•Breeding cattle 138 •Breeding raising cattle 10 •Calf 82 •Fattening cattle 340
Pig	4	2,137	•Breeding female pig 119 •Breeding male pig 13 •Piglet 455 •Fattening pig 1,550
Hen layer	5	135,000	•Hen layer 115,000 •Raising chicken 20,000 •(Farmhouseholds who keep more than 5,000 chickens)
Broiler	1	60,000	No.of shipment of broiler: 240,000/year

V. Outline of the JA Oita-shi

V. Outline of the JA Oita-shi

1. History of the JA Establishment: July 1, 1972 (newly-established by amalgamation)

1) Purpose of amalgamation

In the rapid change of the social and economic situation, the environment surrounding agriculture is the severest in the history of JA. Especially, urbanization and industrialization associated with construction of a new industrial city, makes agricultural environment worse, resulting increase of the labor force and conversion of farm land. Furthermore, management basis of farm households and JA went on shrinking due to control of rice production and others. In a bid to adopt ourselves to these situations, amalgamation of 7 JAs in the city has promoted under following objectives.

- (1) Strengthening management basis of the JA by amalgamation and strengthening constitution of new JA to cope with industrialization and urbanization.
- (2) Thoroughgoing practice of cooperative spirits, and securing human resources to cope with the fierce management competition.
- (3) Establishing business-executing system, especially, strengthening farm guidance system, and developing group production complex.
- (4) Promoting new business and improvement of management for regional development and better services for members.
- (5) In line with the agri. policy of a city, promoting active and effective utilization of the facilities

2) Former names of amalgamated JAs

Ohita Agri. Coops (6 primary agri. coops were amalgamated in March 31, 1969)

Takio Agri. Coops

Ohita-shi Ueda Agri. Coops (4 primary agri. coops were amalgamated in Oct. 1, 1965)

Ohita-shi Dainan Agri. Coops (4 primary agri. coops were amalgamated in March 15, 1960)

Tsurusaki Agri. Coops (6 primary agri. coops were amalgamated in July 1, 1960)

Taizai Agri. Coops

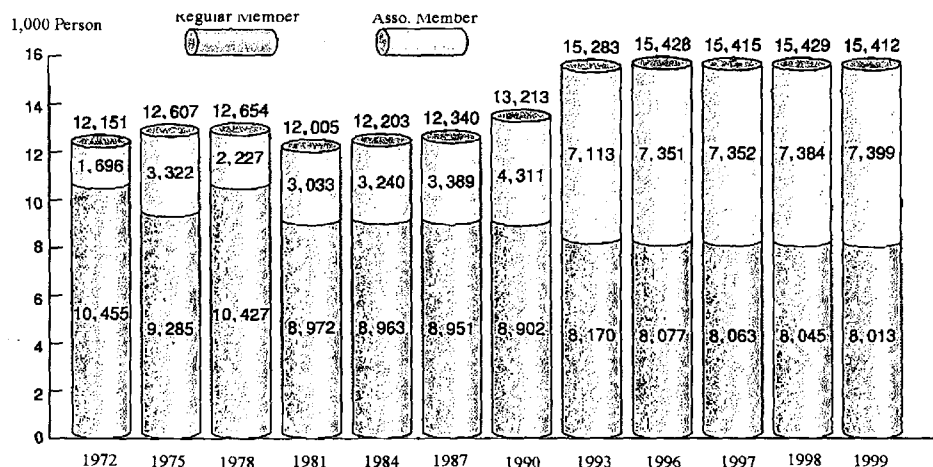
Ohita-shi Sakanoshi Agri. Coops

2. Outline of Organization (At the end of March, 2000)

(1) Members

Regular Member 8,013 (7,930 households)
 Associate Member 7,399 (4,148 ")
Total 15,412 (12,078 ")

No. of Representatives 545



(2) Producers' Group

Name of the Group	No. of Members	Name of the Group	No. of Members	Name of the Group	No. of Members
Ordinary Crops Group	55	Green Paper Group	10	Loquat Group	62
Pig Raising Groups	3	Tomato Group	5	Fig Group	60
Leek Group	60	Mini-tomato Group	5	Strawberry Group	36
Leek Flowers Group	23	Burdock Group	14	Yuzu Citrus Group	28
Honey Wort Group	10	Carrot Group	4	Plum Group	21
Perilla Group	11	Cabbage Group	14	Kiwi Fruits Group	6
Parsley Group	36	Spinach Group	20	Pumpkin Group	6
Japanese Parsley Group	15	Welsh Onion Group	11	Flower · Plant Group	22
Cucumber Group	12	Citrus Group	246		

(3) Cooperating Organizations

Name of Organization	No. of Members	Name of Organization	No. of Members
Promotion Committee	670	Farm Machinery ·	
Mutual Insurance Friendship Group	1,162	Automobile Promotion Committee	41
Pensioners' Friendship Group	7,524	Blue Return Form Group	155
Women's Association	772	Property Management Group	182

(4) Structure and No.of Officials & Employees (At the end of March , 2000)

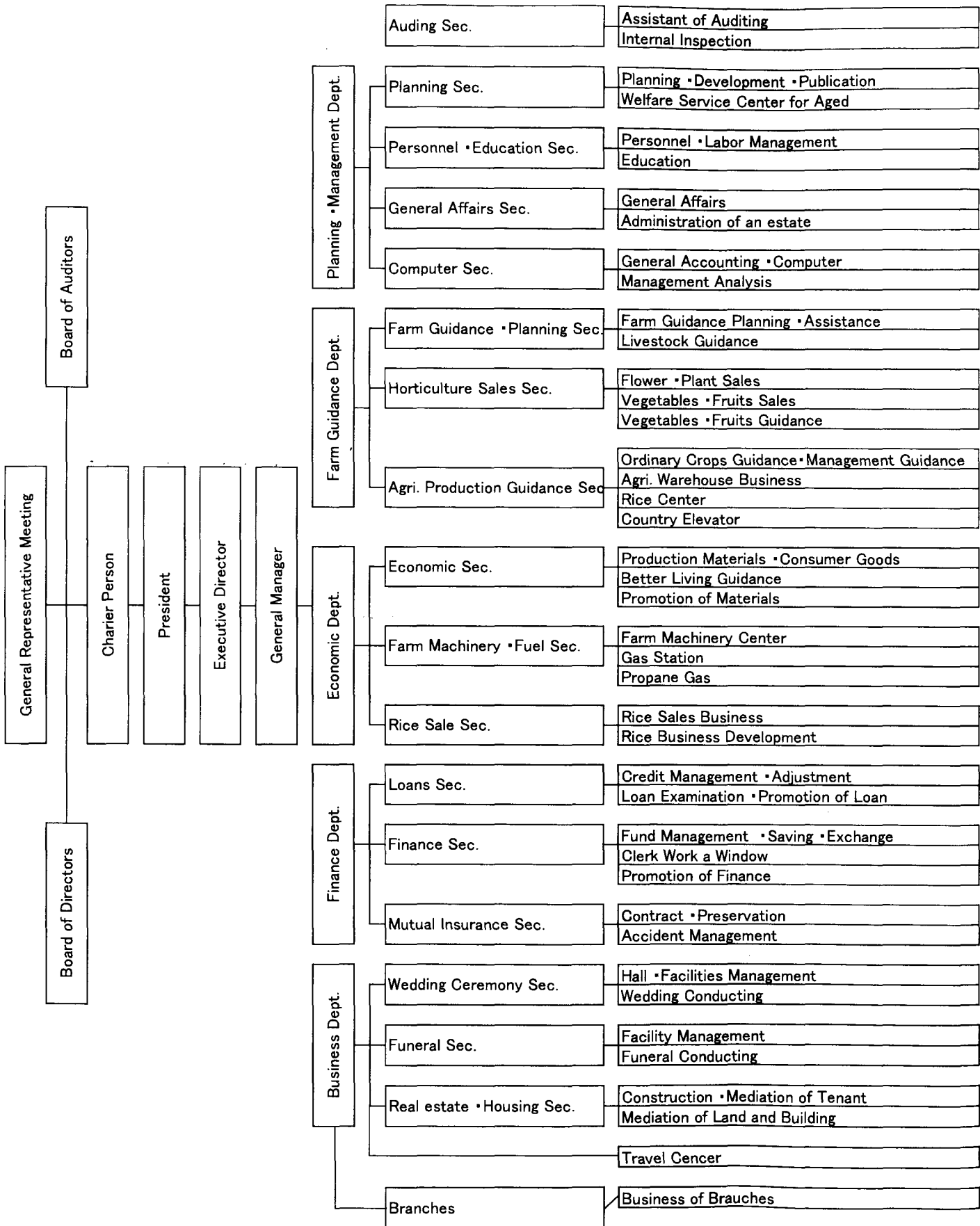
① Officials

Full-time Directors	2
Part-time Directors	28
Auditors	5

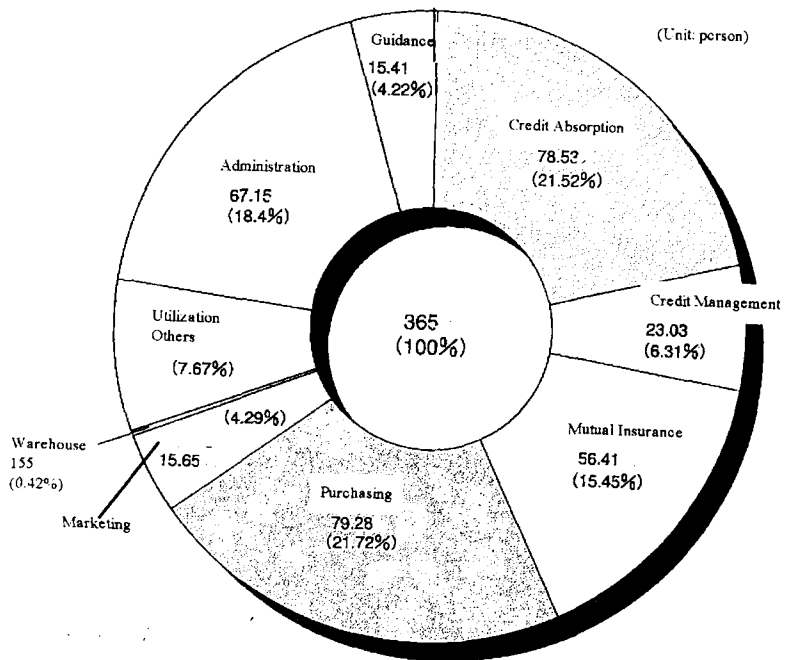
② Employees

Male	220
Female	145
Total	365

3. Organizational Structure (As of April, 2000)



(1) Composition Employees by Business (At the end of March, 2000)

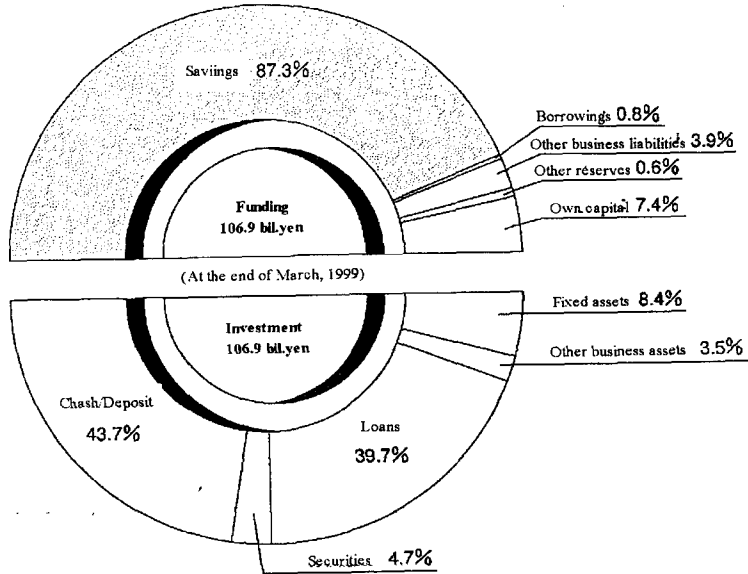


(2) Offices and Facilities

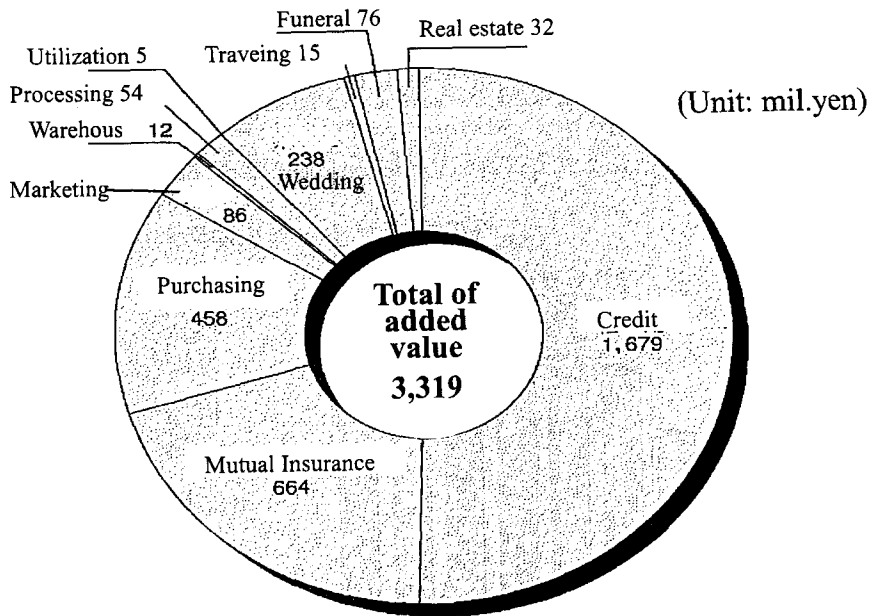
Main Office	1
Branch Offices · Branches	26
Agri. Warehouse	13
Rice Center	1
Raising of Seedling Center	1
Cucumber Grading Facility	1
Citrus Grading Facility	1
Vegetable Collection & Shipment Facility	1
Leek Collection & Shipment Facility	1
Honeywort Grading Facility	1
Loquat Collection & shipment Facility	1
Green Paper Grading Facility	1
Farm Machinery · Propane Gas Center	1
Vegetable Cold Storage	1
Gas Station	2
Funeral Center	1
Vehicles	153
Rental House (Amenity 21)	1
" (Amenity 21 Toen)	1
" (Amenity 21 South Oita)	1
Country Elevator	1
Kitchen of JA Oita-city	1

4. Situation of Finance

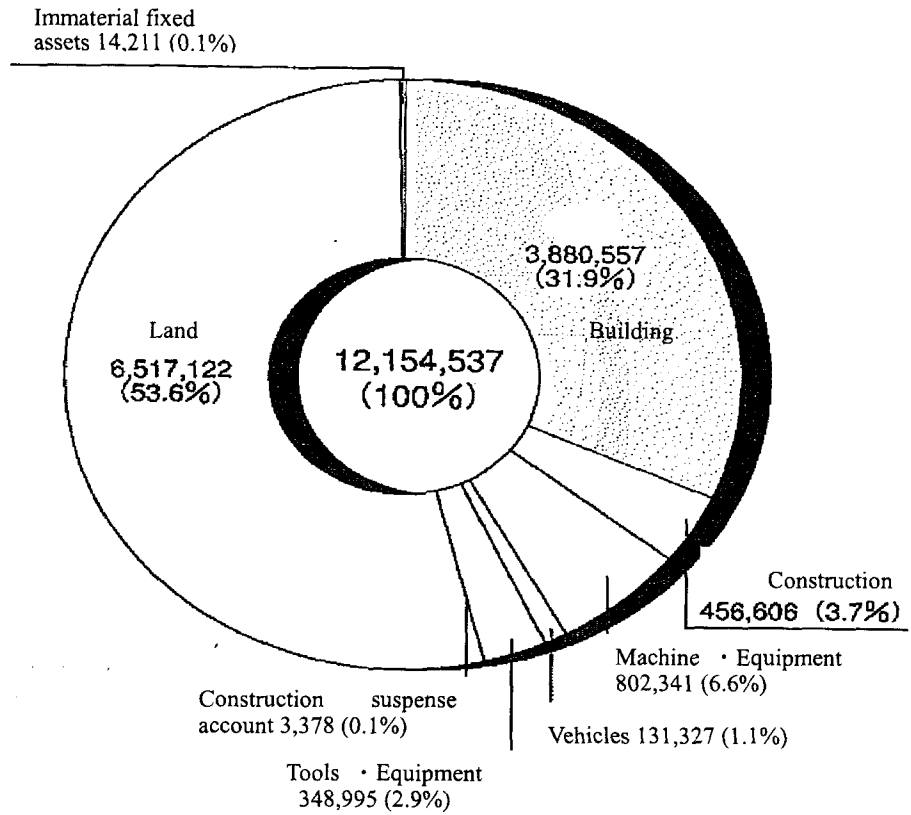
(1) Composition of finance (At the end of March, 2000)



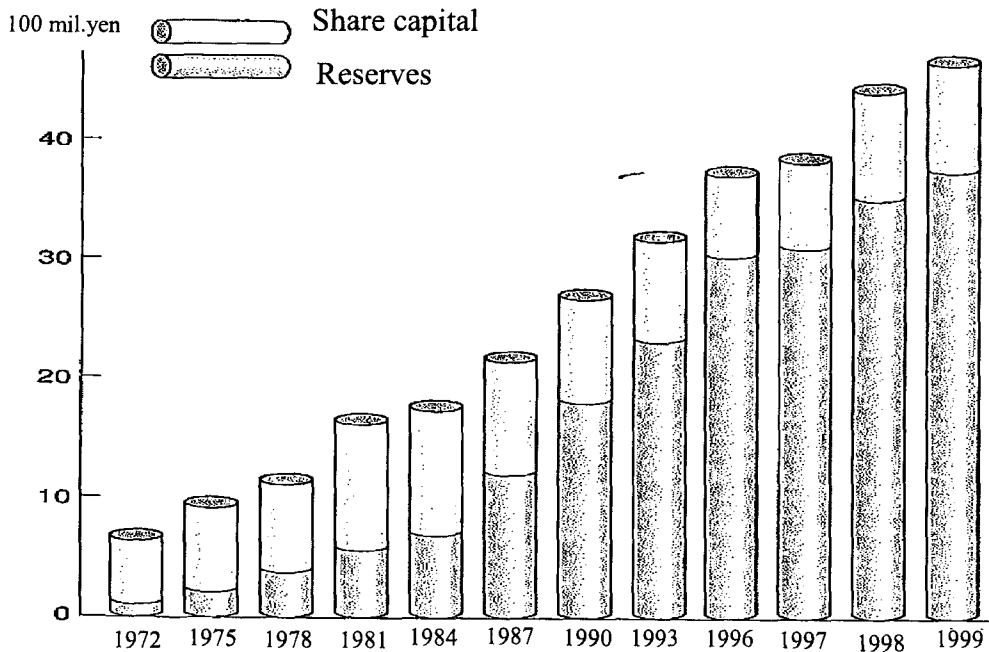
(2) Composition of added value by business (At the end of March, 2000)



(3) Composition of fixed assets (At the end of March, 2000)



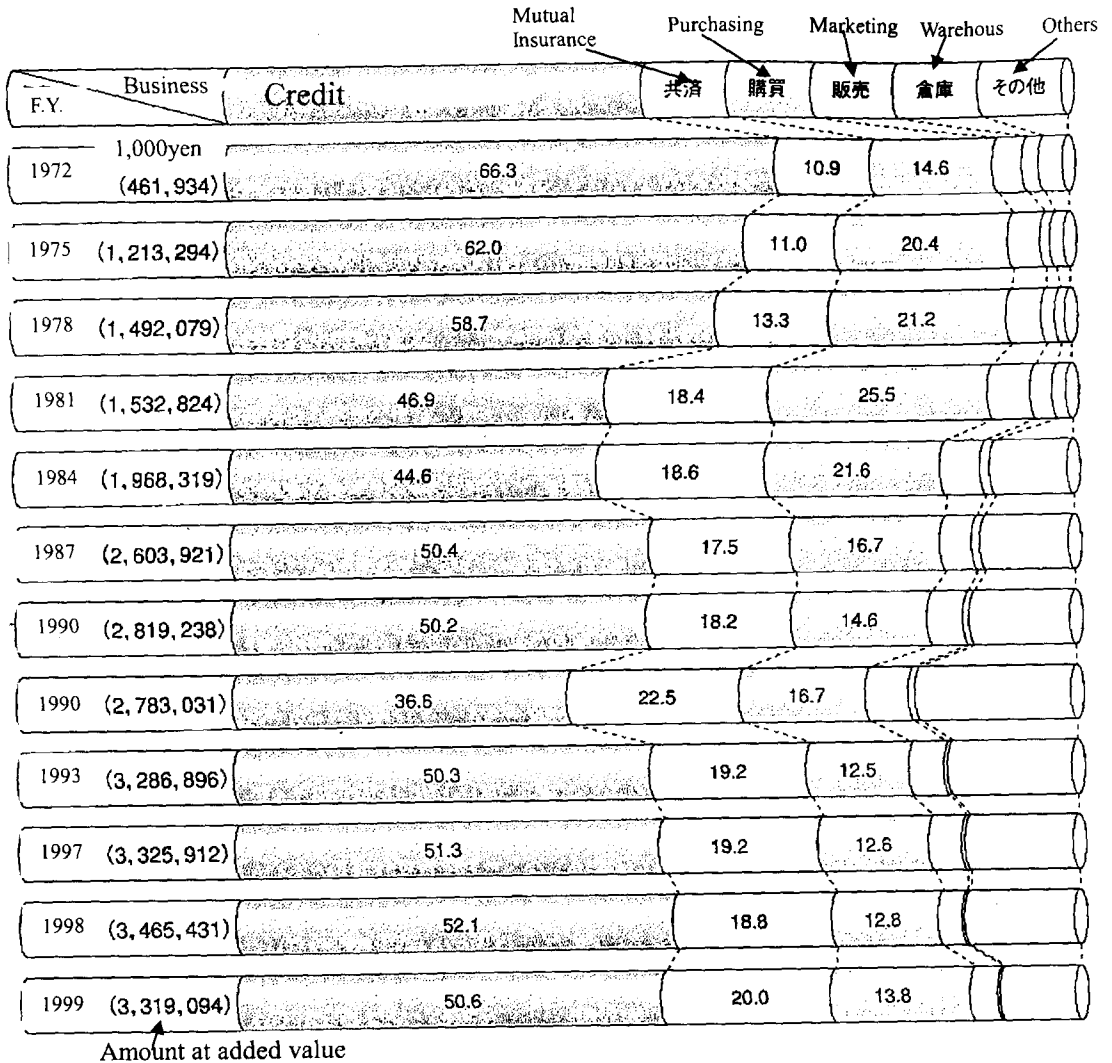
(4) Changes in the Own capital



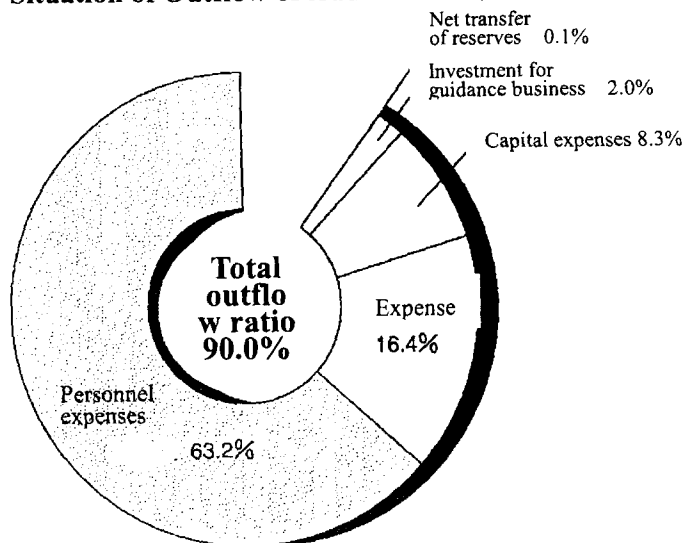
Our JA tries to reinforce share capitals in order to improve finance situation by internal reserves of surplus

(5) Changes in Construction of Added Value by Business

(Unit: thousand yen, %)



(6) Situation of Outflow of Added Value (As of at the end of March, 2000)



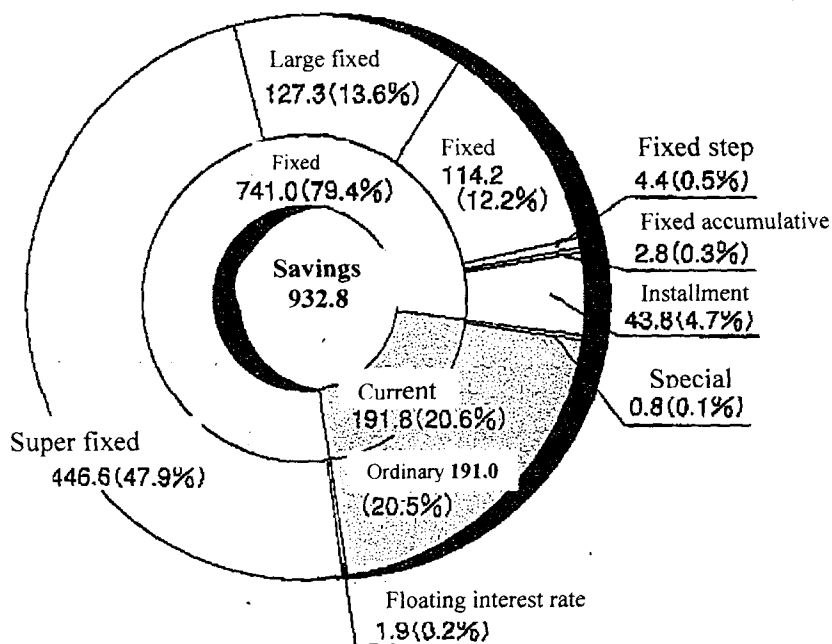
5. Outline of the Businesses

Credit Business

We are striving to improve the functional services such as computerization, formation of information system and public relations activity as the JA that keeps us close coverage of the community.

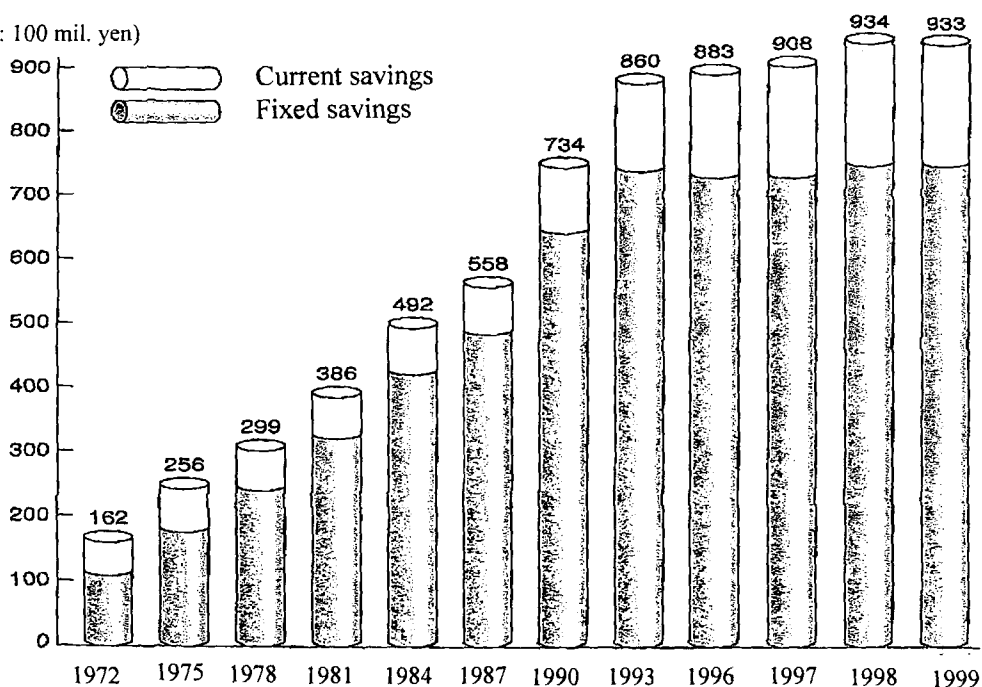
◆ Composition of savings by types

(Unit: 100 million yen)



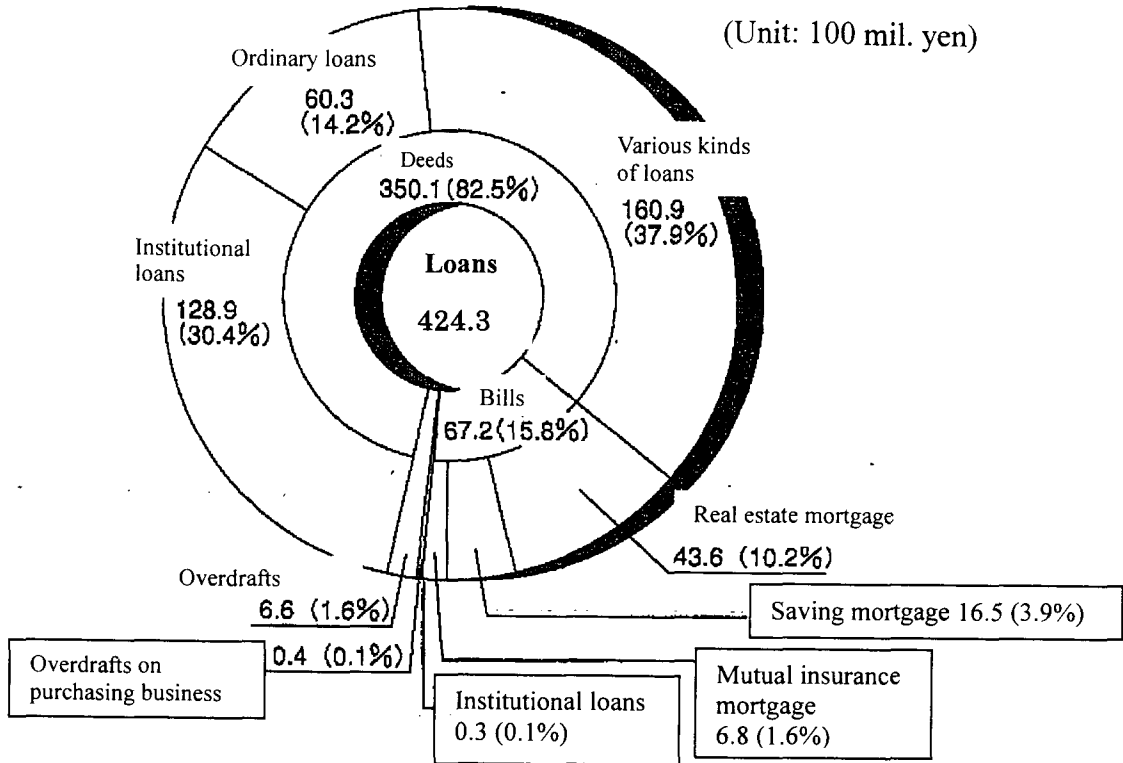
◆ Changes in the savings

(Unit: 100 mil. yen)



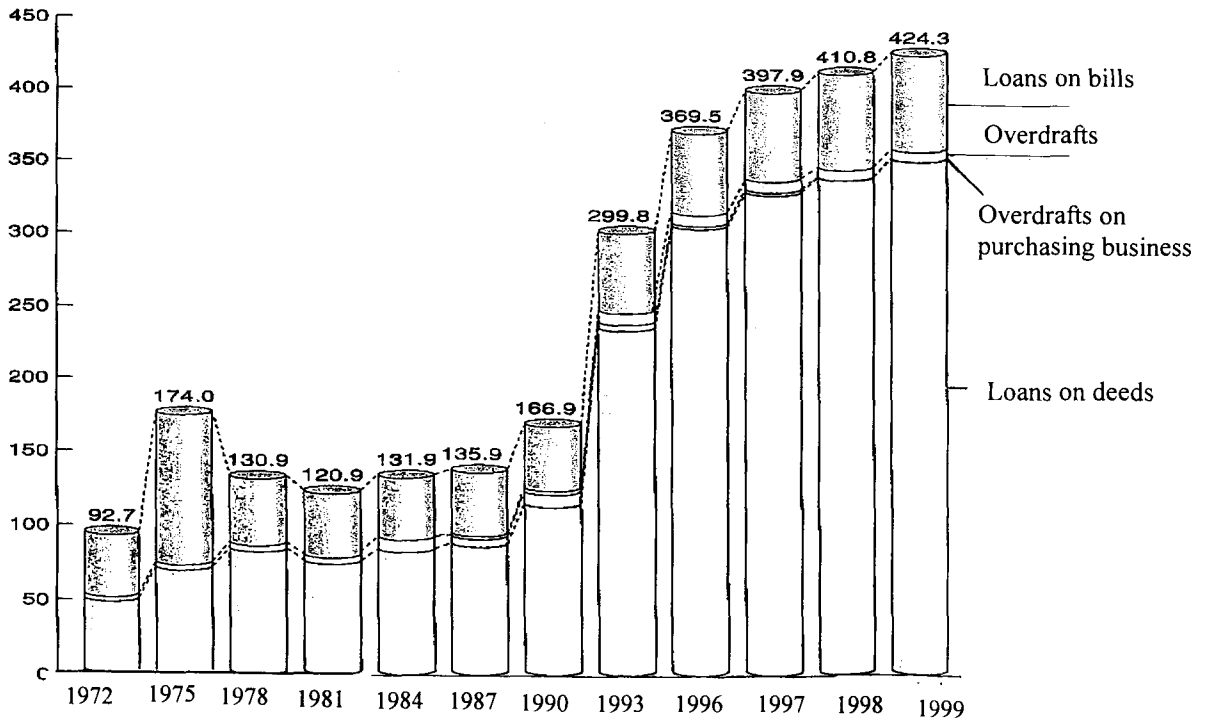
◆ Composition of loans by types

Business amount of loans has been increasing smoothly in response to the members' demand such as production funds. Recent years, we provide various kinds of loans to support daily life of members, such as car loan and home loan.



◆ Changes in the saving and its construction

(Unit: 100 million yen)

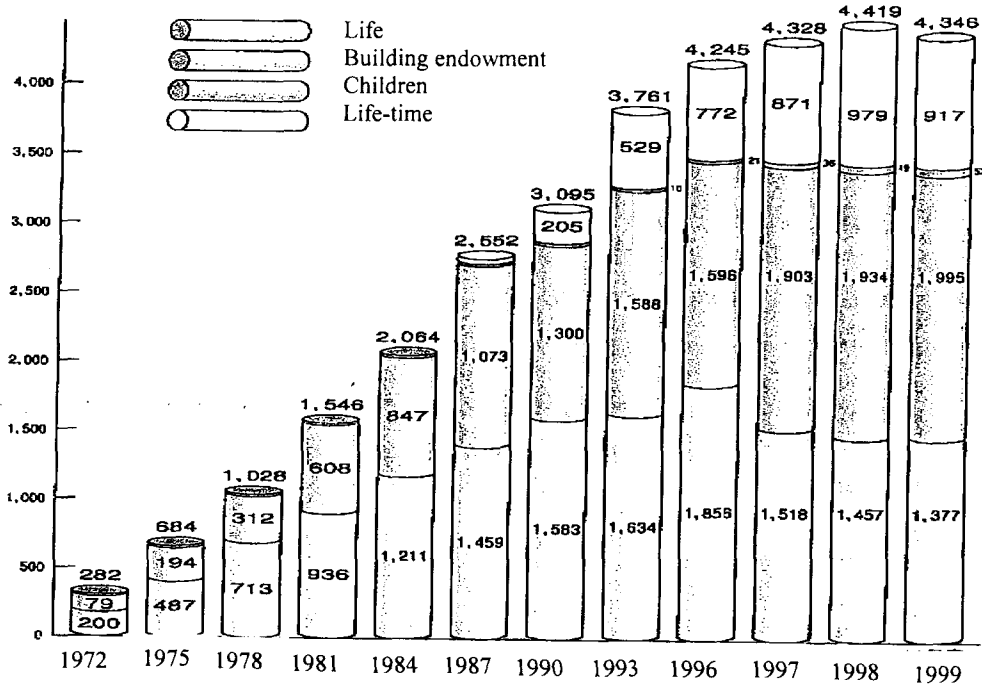


Mutual Insurance Business

◆ Changes in mutual insurance policy holdings in force

Along with the changes of the time, demand of the insurance is increasing, and emphasis of the insurance has changed from the savings type to guarantee type. We promote mutual insurance business actively in order to protect members' lives and properties, and to secure comfortable lives in their old age.

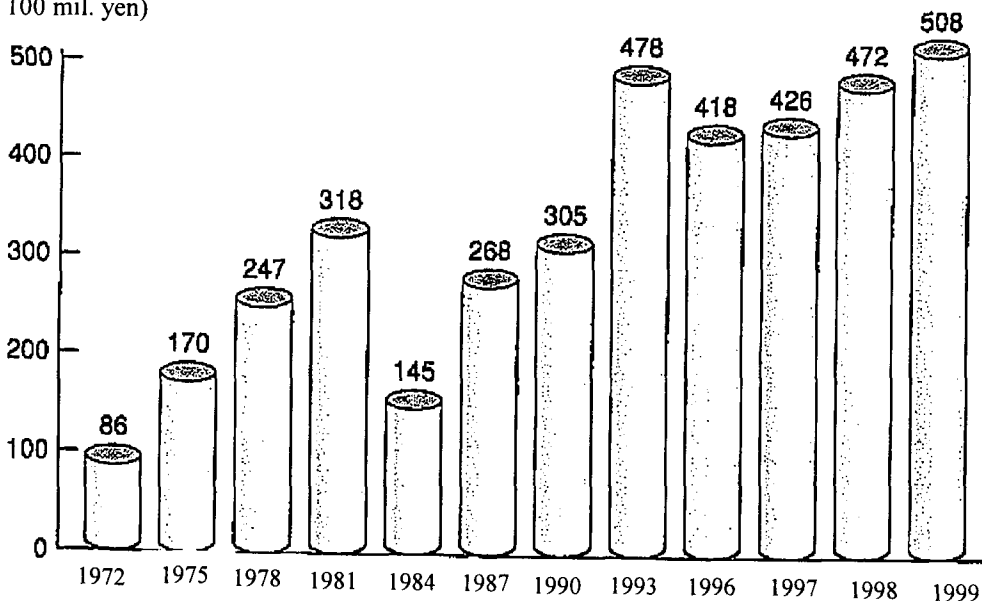
(Unit: 100 mil. yen)



◆ Changes in long-term mutual insurance new contracts in force

(Amount of guarantee)

(Unit: 100 mil. yen)

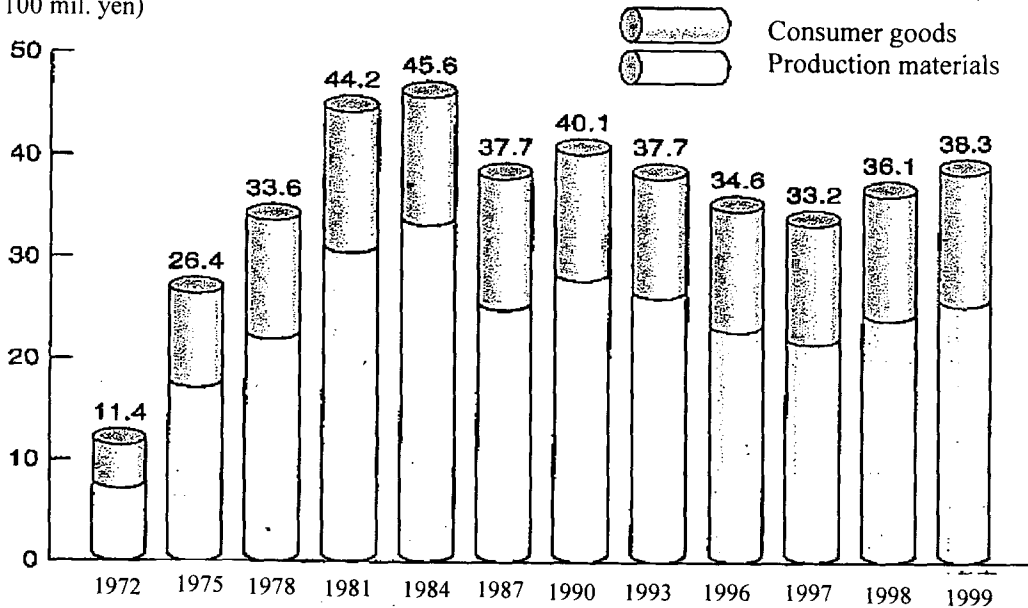


Purchasing Business

◆ Changes in purchasing business supply turnover

In spite of the trend of decrease of farmland, purchasing business of the farm machinery and green house materials is changing smoothly by diffusion of labor saving of paddy farming and green house horticulture. Also, in connection with campaign for expansion of rice consumption, we try to obtain buyers of rice produced in Oita city.

(Unit: 100 mil. yen)

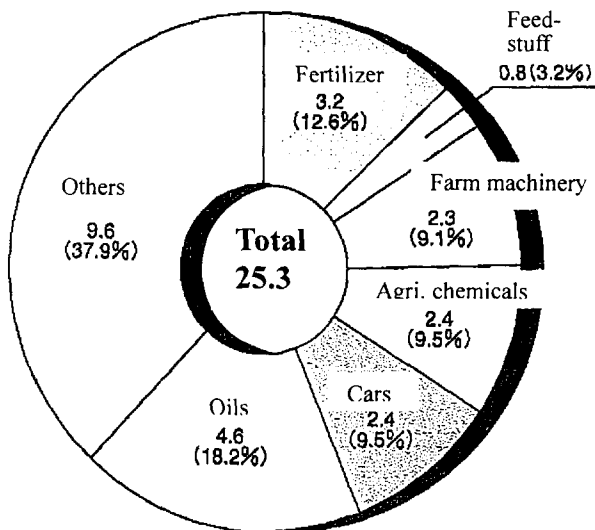


◆ Composition of supply turnover by items

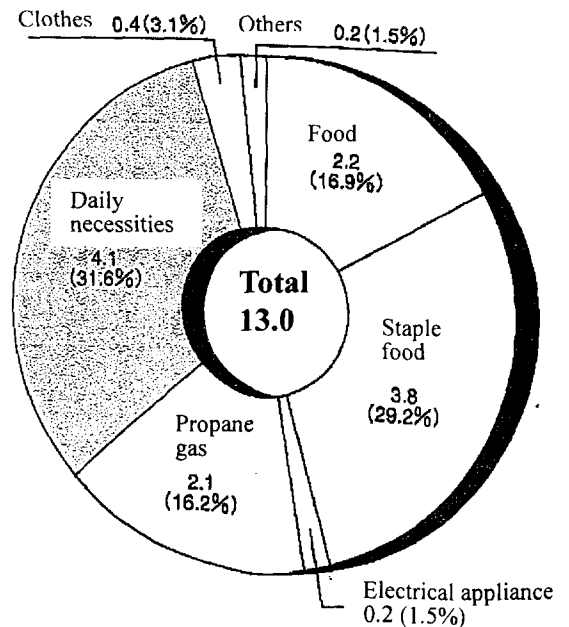
(At the end of March, 2000)

(Unit: 100 million yen)

Production materials



Production materials

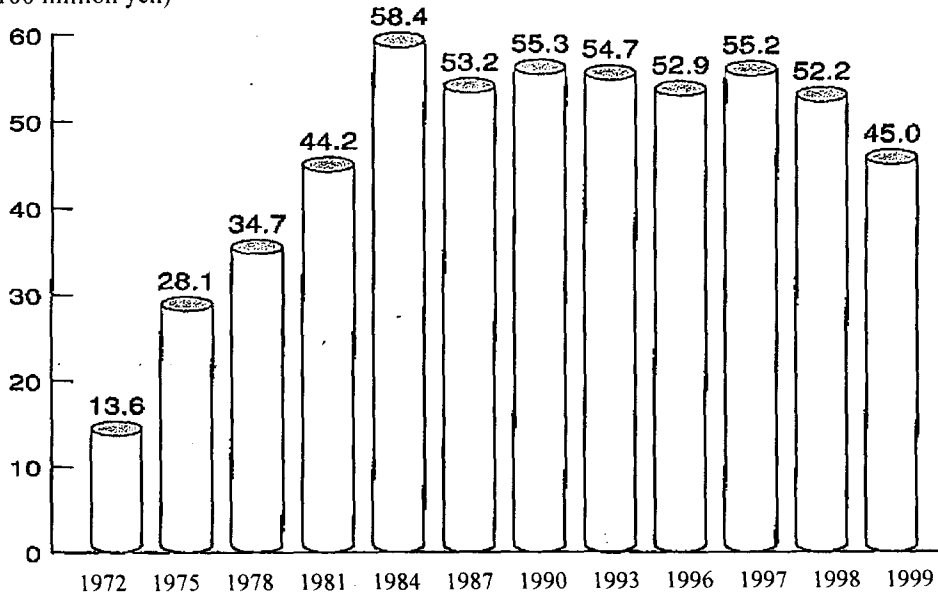


◆ Changes in marketing business sales turnover

Making use of the advantageous location of city suburb, sales volume centering on profitable vegetables that can ship through the year has increased. However, sales volume in FY 1999 was decreased because of unfavorable weather.

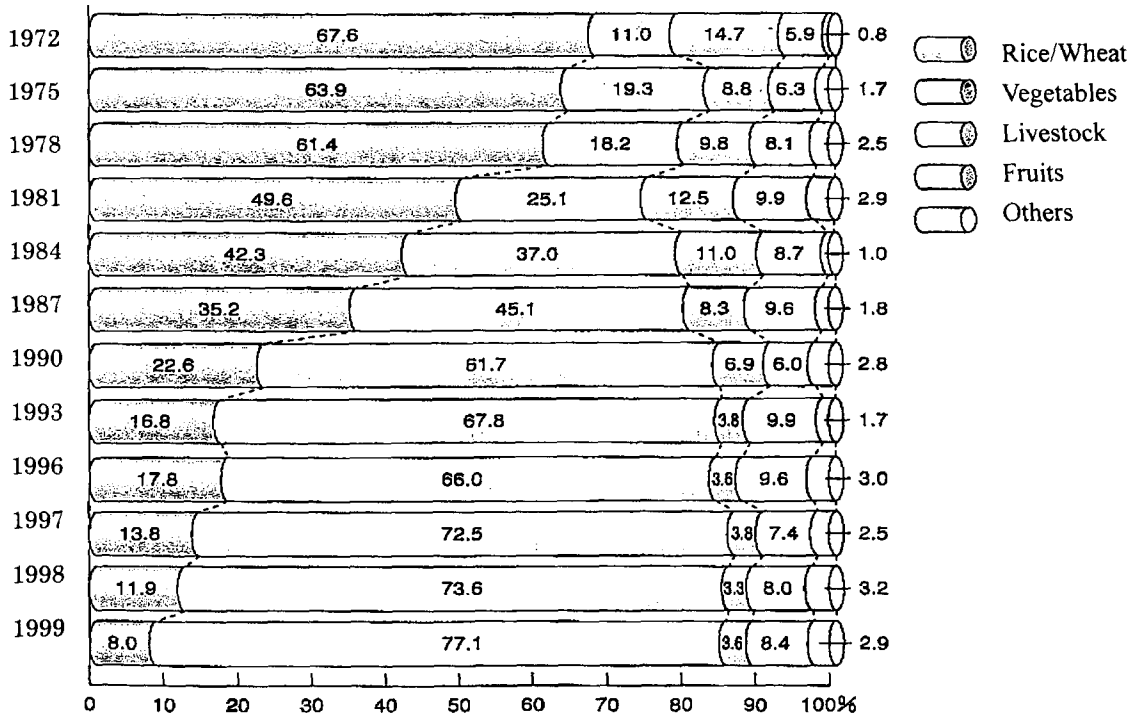
Our JA is actively tackling with the introduction of organic cultivation and soil fertility improvement crops.

(Unit: 100 million yen)



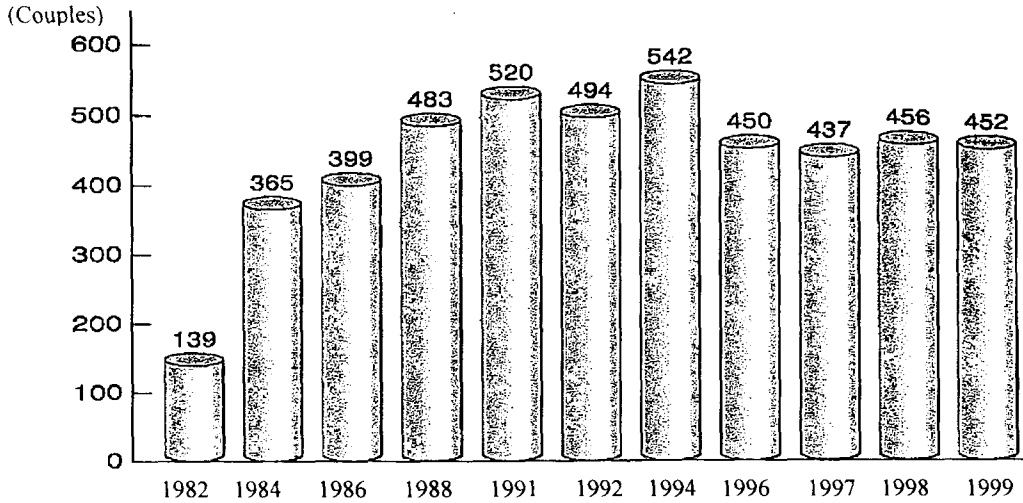
◆ Composition of sales turnover by items

FY



Wedding Business

◆ Changes in the number of weddings



Total accumulative number of weddings is 7,946, and total number of attendances to the wedding is 773,204 as of March 31, 2000.

Warm-hearted fine services that we provide are well received not only by members but also by local residents.

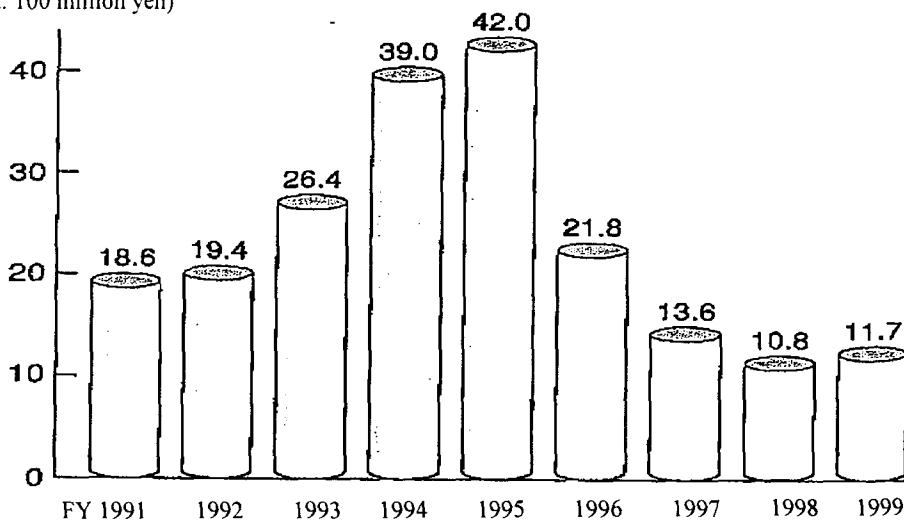
Traveling Business

Our Travel Center coordinates various kinds of trips, including honeymoon tour. And also, we issue air tickets, make a reservation and arrangement of train tickets, hotels and inn for the customers.

Real estate & Housing Business

◆ Changes in the turnover of the rental facility business

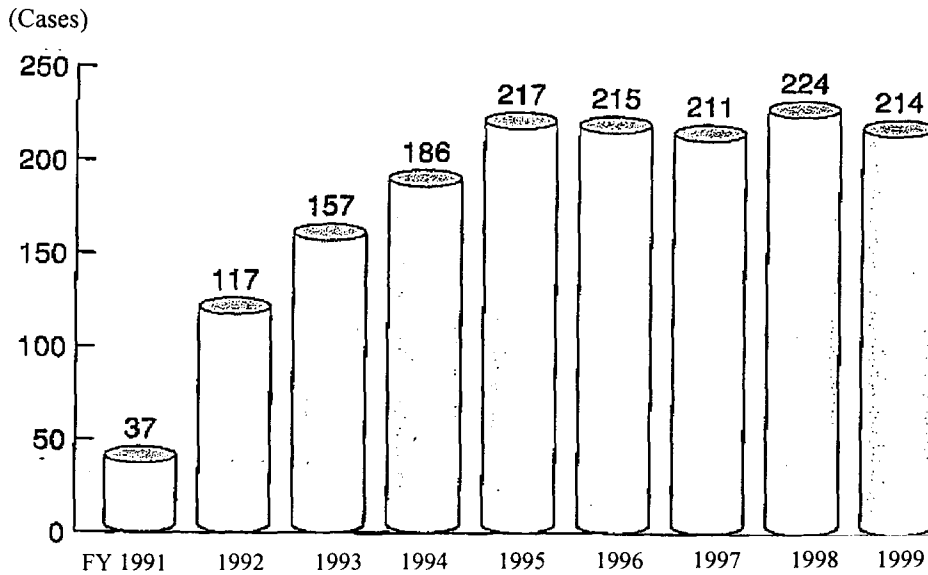
(Unit: 100 million yen)



In order to provide better assets management for members, we, at the Real estate & Housing section, provide services for members from construction of apartment by introduction of low interest agri. funds to mediation of the tenants of the apartment.

Funeral Business

◆ Changes in the number of cases of funeral



The Ceremony Center was opened in October, 1991, “We perform the ceremony solemnly with our whole heart” as a motto. We provide the whole services for funeral such as Buddhist rite ceremony, conveyance of dead body, small gifts and dishes for attendants to the funeral.

One Village One Product 21

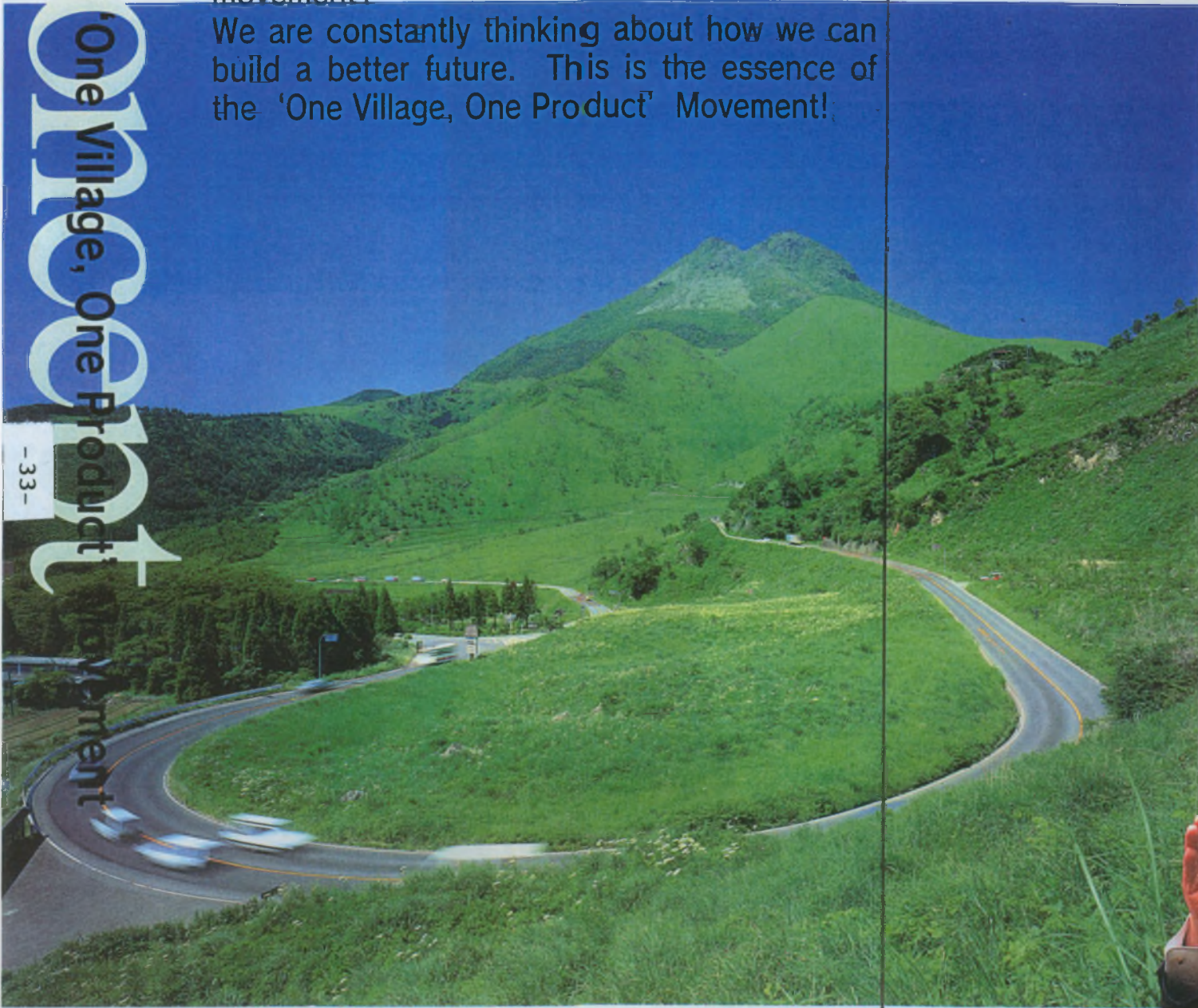
Bringing the Spirit of the Country to the City



The Oita Prefecture One Village One Product 21 Promotion Council

How can we revitalize and capitalize on the momentum of the 'One Village, One Product' movement?

We are constantly thinking about how we can build a better future. This is the essence of the 'One Village, One Product' Movement!



The One Village ---

A solid foundation has been laid since the 'One Village, One Product' movement was born in 1979. Its creation was based on three major themes; 'Think Globally, and Act Locally'; 'Independence, and Creativity'; and 'Fostering Human Resources'. It has led to the development and production of a large number of products and items, as well as local events and cultures.

The 'One Village, One Product' movement has progressed, creating person-to-person, village-to-city and nation-to-nation interaction. Its reach has gone beyond Oita Prefecture, with its influence also felt in the outside world. With our self-confidence and spirits buoyed by these successes, we are driving this movement to the next stage of its development. In this stage, each local citizen will be urged to intensify their personal commitment to the 'One Village, One Product' movement. It is vital that every individual take an active role by contributing ideas and energy. There is also a need to commit to participation in friendly, cultural exchange and to living in harmony with the natural environment.

With the motto 'Bringing the spirit of the country to the city'; and taking the momentum of this movement to the next stage in an energetic and all-embracing way, this movement has the potential, to create close ties with every part of the globe.

The 3 Principles of the 'One Village, One Product' Movement

●Think Globally, Act Locally

With our distinct local flavors and cultures, we create products which can be marketed throughout Japan and the rest of the world.

●Independence and Creativity

Local citizens can decide for themselves what their 'One Village, One Product' will be. A village could choose 3 products, or 2 villages could combine to produce a single product. Local government can provide assistance in the final stages in such activities as technical support and marketing.

●Fostering Human Resources

The ultimate goal of this movement is the development of human resources. No success can come about without visionary local leaders. It is important to develop a local community that responds creatively when challenged with difficult times.



ONE
VILLAGE
ONE
PRODUCT

One Village, One Product is nationally recognized brands

20 years have passed since the birth of the One Village, One Product movement. Many of the products of the 'One Village, One Product' movement have become household names in Japan.

1980 Total sales volume: 143 products, ¥35.9 billion
Number of special products with sales exceeding ¥1 billion: 4

1998 Total sales volume: 312 products, ¥136.3 billion
Number of special products with sales exceeding ¥1 billion: 18



▲Roses



▲Greenhouse oranges



▲Distilled spirits



Oita
Kabosu
limes▼

Dried sardines▶



▲Dried mushrooms



▲Seki Horse Mackerel and Mackerel

ONE
VILLAGE
ONE
PRODUCT

Local Events and Cultural Activities Revitalize the Community

The 'One Village, One Product' movement extends to local events, cultural activities and tourist attractions. We initiate, nurture, develop, and proudly promote these local activities both within and outside of Japan.



▲Ice Festival (Kokonoe)



'Musée Parfum'
Museum (Notsuharu)



▲Usa Wall-Hanging Exhibition
(Property of Usa City Library)



▲Barbeque and screaming contest (Yufuin)



◀Shonai 'Kagura'
Sacred Dancing
(Shonai)

KT

ONE VILLAGE ONE PRODUCT

The 'One Village, One Product' movement goes abroad!

The 'One Village, One Product' philosophy extends beyond Japan.

Shanghai, China — One Factory One Product, One Town One Product

Jiang Su, China — One Village One Product

Uhan, China — One Village One Treasure

Louisiana, USA — One Parish One Product

Philippines — One Barangay One Product

One Region One Vision

Keda, Malaysia — Satu Kampung Satu Produk

Java, Indonesia — Back to Village



▲ Malaysian Prime Minister Mahathir Mohamad visits Oita Prefecture



▲ Asia-Kyushu Regional Exchange Summit



▲ Governor Awarded the Magsaysay Award

▼ World Tourism Day Prize awarded by the President of Korea



▲ Visit by Leader Zeng Qing Hong of the Chinese Communist Party

ONE
VILLAGE
ONE
PRODUCT

History of the "One Village, One Product" Movement (1V1P Movement)

- 79.11.26 Initial dialogue with town and village mayors at special "Local Government Meeting"
12. 4 Initial dialogue with City mayors at special "Local Government Meeting"
80. 1. 6 First broadcast in a series of TV programs promoting the prefecture (The first program featured Oyama Town)
- 1.16 The first 'Community Revitalization Forum' (Ajimu Town)
- 7.16 First shipment of 'Bungo Beef' sent to Tokyo
9. 8 First shipment of air-freighted vegetables
- 11.13 H.M. the Emperor was briefed on the details of the 1V1P Movement
81. 1.26 ¥100 million donated by a private company sympathetic to the movement
- 3.16 As the result of the ¥100 million donations, "Oita 1V1P Movement Promotion Foundation" enacted to promote the 1V1P movement and stimulate local communities
4. 1 Promotion of the "One Village, One Morning-Fair" Movement
- 5.20 Establishment of "Oita 1V1P Movement Promotion Council"
- 9.29 Inaugural Fishing Festival with attendance by distinguished Imperial Highnesses, the Crown Prince and Crown Princess (Tsurumi Town)
- 10.21 "Oita Fair '81" (Hotel Okura, Tokyo)
82. 8. 5 "Oita '82 - Our Time and Place Symposium" (Kijima Highland, Beppu City~6)
83. 8. 2 Governor of Oita visits China at the invitation of Mayor Wang Dao Han of Shanghai City
- 10.24 Governor presents lecture at the OECD in Paris, France
11. 9 Oita 1V1P Freighter Voyage (arrives in Yokohama 13 November)
- 11.21 The first 'Toyonokuni' Institute opens in Hiji town
84. 8.20 Oita-Hokkaido Youth Exchange Program commences (Beppu City~24)
10. 3 Visit by Prime Minister Nakasone. "Night Meeting with the Prime Minister" (Yufuin Town)
85. 9. 9 Governor of Oita visits Languedoc Roussillon, France. Signs "Declaration of Friendship and Cooperation"
- 10.23 "Kyushu '85 - Japan Cultural Design Conference" (Oita & Beppu Cities~25)
86. 4. 1 Establishment of the 1V1P Distribution Headquarters
- 10.20 1V1P Exhibition at Paris International Trade Fair
- 11.16 Oita-Fukuoka Water Tug-of-War Contest (Yamakuni River on Oita-Fukuoka border)
87. 1. 2 Visit by Deputy Prime Minister Tian Ji Yun of China
- 10.10 "International Food Products Exhibition '87", Köln, West Germany
88. 1. 9 Visit by British Foreign Minister, Geoffrey Howe
- 3.30 Visit by former Mayor Wang Dao Han of Shanghai City
- 10.31 Establishment of Oita Isson-Ippin Co. Ltd. (1V1P Co.)
89. 9.29 'Made in Oita' 1V1P Fair (Hotel Okura, Tokyo)
- 9.30 Oita & Hokkaido 1V1P Fair (Tokyo)
- 90.10. 6 Oita 1V1P Fair, USA
10. 7 Japan-USA Tug-of-War Contest (Los Angeles, USA)
91. 4.26 Opening of 1V1P Craft Park in Sanrio Harmony Land (Hiji Town)
9. 1 Governor of Oita visits Malaysia
10. 5 First 1V1P shop opens in the USA (Los Angeles, USA)
- 10.15 Governor of Oita visits Wales, UK
92. 5.14 Inaugural 'Building a Prosperous Local Community' Conference Japan-Korea International Exchange Conference (Seoul, Korea)
- 7.27 Reception for the Opening of the NEO Club (Oita City)
93. 1. 4 Governor outlines "One Village, One Character" proposal at New Year's Press Conference
- 10.24 Visit by Governor of the Calabarzon region, Philippines. Release of "Joint Communique"
94. 4. 8 Establishment of 'Working Group for the Promotion of the 1V1P Movement' to discuss the future direction of the 1V1P movement (The first of 7 meetings)
- 8.20 1V1P Movement Study Exchange Conference (Naonri Town)
10. 4 'Made in Oita' 1V1P Festival (Mitsukoshi Department Store, Tokyo)
- 10.20 Inaugural Asia-Kyushu Regional Exchange Summit (Beppu City)
95. 5. 1 '1V1P 21—Connecting the World' proposal, with the motto 'Bringing the spirit of the country to the city'
- 8.31 Governor Awarded the Magsaysay Awarded
- 11.16 Visit by President Ramos of the Philippines
96. 6.14 "Oita 1V1P Movement Promotion Council" reorganized and renamed "Oita 1V1P 21 Promotion Council" in order to promote "1V1P 21—Connecting the World", whose goals include living in harmony with nature, nurturing local pride, and developing unique local cultures
- 7.11 Governor of Oita visits Surabaya, East Java, Indonesia
97. 5.27 Initial shipment of "Fresh Oita Yellowtail" to Tokyo Tsukiji Market
10. 1 Commencement of promotion of "Horse Mackerel" with unique brand name sticker.
- 11.20 "Hu bei of China-Japan 1V1P Symposium '97" (Uhan City, China)
- 98.11.28 13th Toyonokuni Institute Students' Conference and 15th Anniversary of the establishment of the Toyonokuni Institute (Kokonoe Town)
99. 5. 3 Oita 1V1P and Tourism Exhibition
- 6.16 "Oita of Japan-China 1V1P Symposium '99" (Beppu City)
- 7.31 Revision of "Oita 1V1P Movement Promotion Foundation." With the aim of promoting international exchange in Oita, the Foundation is renamed "Oita 1V1P Movement and International Exchange Promotion Foundation"
- 9.28 World Tourism Day Prize awarded by the President of Korea
- 11.10 Oita session of the "Forum for the 21st Century" attended by Nobel Prize winners (Oita City)

EXT

FUTURE



(APPENDIX)



"One Village, One Product" Movement Revitalize Our Home Town!



THE GOVERNMENT OF JAPAN
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
OITA PREFECTURE

THE Oita Prefecture One Village One Product 21 Promotion Council Secretariat
3-1-1, Ote-machi, Oita, 870-8501, Japan
Tel 097-535-1155

(APPENDIX)

***Seminar on Administration for
Rural /Regional Development***

— “One-Village, One-Product” Movement —

THE GOVERNMENT OF JAPAN
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
&
OITA PREFECTURE

□ Special Issue □

“One-Village, One-Product” Movement and Regional Revitalization in Oita Prefecture



By Morihiro HIRAMATSU
Governor, Oita Prefecture



I. Present Situation of Oita Prefecture

Oita Prefecture is situated in the southwestern part of Japan and about one hour and a half from Tokyo by plane. Its area is 6,300 square kilometers, and its population is 1,240,000, or about one percent of Japan's total population. It is a medium-scale prefecture in Japan. The climate is generally mild, and blessed with beautiful nature and ample geothermal resources, well known for its many hot spring resorts. The prefecture

has long been called a “Land of Abundance.”

The contemporary age is often described as an “era of discontent in Tokyo and anxiety in the regions.” Population, products, and information are overwhelmingly concentrated in the capital city, and as a result, it is almost impossible for ordinary residents in Tokyo to even dream of building their own houses because of prohibitive land

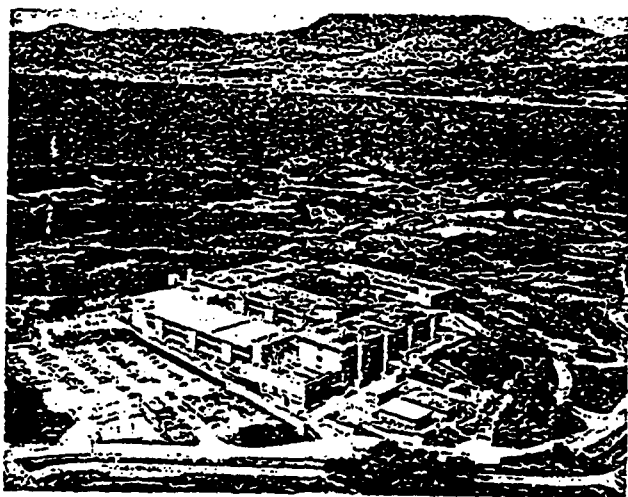
FARMING JAPAN

prices. Tokyoites spend many hours commuting in crowded trains. The ill effects of an overcrowded city have reached their limit. On the other hand, villages which are covered with greenery, face the problem of population outflows of youth. Some rural communities are even on the verge of ruin. Given this situation, the most important problem to be realized in the 1990's is an "era of satisfaction in Tokyo, and security in the regions."

Since I was elected Governor of Oita Prefecture in 1979, I introduced a new policy for regional development, the "One-Village, One-Product" Movement, with a view to stimulating the latent energy of people in local communities. At the same time, we have been working on the "Technopolis Plan" in which high-technology and knowledge-intensive industries are invited to communities to serve as external impetuses to reform the traditional economic structure. Another project we are promoting is the "Marinopolis Plan." This project aims to promote resource-controlled fisheries, marine product processing industries as well as marine leisure and sightseeing industries. To achieve this, the project will build 21st century seaside cities featuring marine leisure facilities. Through these

plans and other projects, we are making efforts to realize well-balanced regional development, taking into account the characteristics of each district.

The fundamental theory behind promoting prefecture policies is to shift the stress from gross national product (GNP), the traditional measure of economic conditions, to gross national satisfaction (GNS). When I was firstly elected governor, Oita's Prefectural income per capita ranked 39th among the country's 47 prefectures. In 1989, the ranking rose to the 30th, and per capita income was ¥2,300,000. As these figures show, our prefectural income has been increasing steadily. But I think it more important to create a GNS-oriented community where people can be satisfied with their life in its entirety, enjoying beautiful natural environment, a rich culture, a comfortable living environment, and a stable life, as well as material affluence. The Economic Planning Agency publishes the White Paper on National Life every year, and its most recent publication states that Oita Prefecture ranks 12th in the country and top in Kyushu in life comfortability. As this fact brings to light, we endeavor to become a "leading prefecture in comfortable life" by improving the quality and richness of people's life.



Hiji Plant of Texas Instruments Japan in a mandarin garden



Artist's concept of the "Marinopolis"

II. Background and Philosophy of “One-Village, One-Product” Movement

It was in 1979 that I proposed the “One-Village, One-Product” Movement. After I took the post of governor, I toured all over the prefecture to learn the opinions of the local people and what I heard from them was requests and complaints. Some of them requested me to improve roads or build bridges, and some wanted a resident doctor in their village. Others complained that the prefectural or local government did nothing to help them. But if you only grieve and take no measures, your village won't prosper; unless you emerge from “yodaki-ism” (“yodaki” is an Oita dialect meaning that you do not have any drive), your prefecture won't have a rosy future. How can you get rid of “yodaki-ism,” then? I thought that I could encourage people to create some specialty products of their area and stimulate competition in a positive sense among people in different districts.

Thus, I proposed a movement for creating some special features of each district which are representative of the district – specialty products, cultural assets, tourist sites, folk songs and so on – and developing these features into what will be accepted all over Japan and the world. I thought that if

they made a specialty product symbolizing their area and advertised the item nationwide, their income would increase and more tourists would visit their town. This in turn be a source of motivation. Through these activities, we will be able to make each town and village as attractive as large cities, and have more young people settling there. This was the idea behind our “One-Village, One-Product” Movement.

While Japanese society experienced a rapid advance in information technology, urbanization and aging of population, the country's economy had switched from a high growth to stable one. In this situation, local governments could no longer depend only on subsidies from the central government. The central government was suffering a lack of financial resources itself, and if a local government took no action, it would fall behind the times. What was needed was that the local government take on innovative policies of its own to revitalize towns and villages. That was the era of management by local governments, and local governments underwent a great trial.

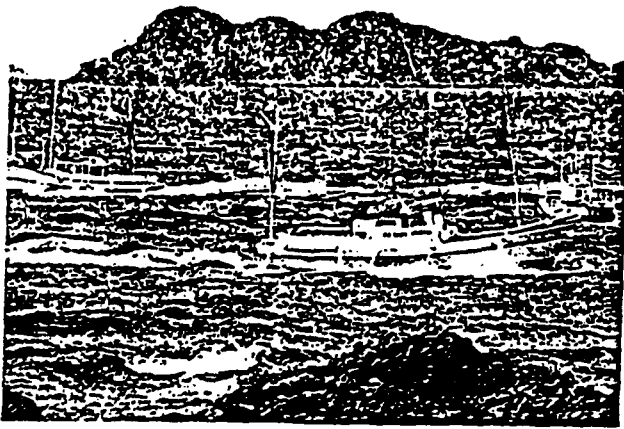
The history of Oita Prefecture tells us that Sorin Otomo (1530–1587), a well-



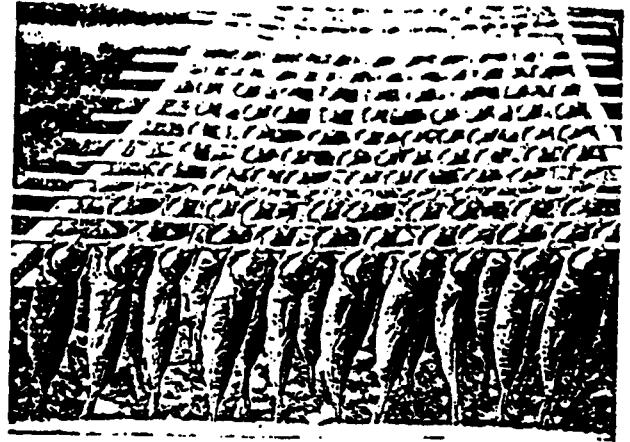
Shiitake mushroom cultivation, Kakaji



Life Improvement group, Naokawa



Marine ranch sonar-feeding system



Dried sardines

known Christian *daimyo* (feudal lord), promoted trade with Portuguese (so-called “nanban-boeki” or trade with southern barbarians). According to a literature in those days, it was in Funai (present day Oita City) that western music was first performed in Japan. Funai is also said to be the place where Almeida, a young Portuguese doctor, performed Japan’s first western surgical operation. From the Edo Period to the Meiji Restoration of 1868, Oita was divided into many small “han” (feudal clans), as many as 14 “han” in peak years. Because of this, a wide variety of legends, culture and custom were created in each district, but at the same time poor unity and small scale were words to describe Oita Prefecture.

In addition, Oita has a very complicated topography. About 70 percent of the prefecture is forests, and cultivated land constitutes only 12 percent. Moreover, there are many basins, so no great plains exist. While gentians grow in the prefecture’s highest point, the Kuju Heights at the foot of Mt. Kuju-Nakadake (1791 meters), lemons and citruses are grown in warm districts along the coast. Thus, the crop distribution in Oita can be called a model of Japan, and a great variety of crops are produced in a small quantity in most districts. The history and topography are so diverse as outlined above that it is hard to find a clear identity of Oita Prefecture.

When I advocated the idea of “One-Village, One-Product” Movement, I thought that we would be able to take advantage of our complex topography and history featuring division into many small “han.” Since Oita people have developed such diverse traditions and cultures, they will be able to create unique products representative of their towns and villages and compete with one another in these activities; this will help revitalize their districts. Thus, important things in promoting the movement were their motivation and voluntary participation; the role of the prefectural and local governments was just to support their efforts, not to give them instructions and orders.

Our movement does not aim to make novel or eccentric products; instead, its purpose is to create those products of which people in the town or village can be proud. We say “One-Village, One-Product,” but this principle is a flexible one. The village can develop more than one product, and two villages may create one commodity jointly. In addition, “One-Product” does not need to be a tangible one; while it may be a farm product, such as *shiitake* mushroom or *kabosu* (*Citrus sphaerocarpa*), it may also be a tourist site or folk song. Whatever the “product” may be, our movement tries to advertise it and make it known all over the country.

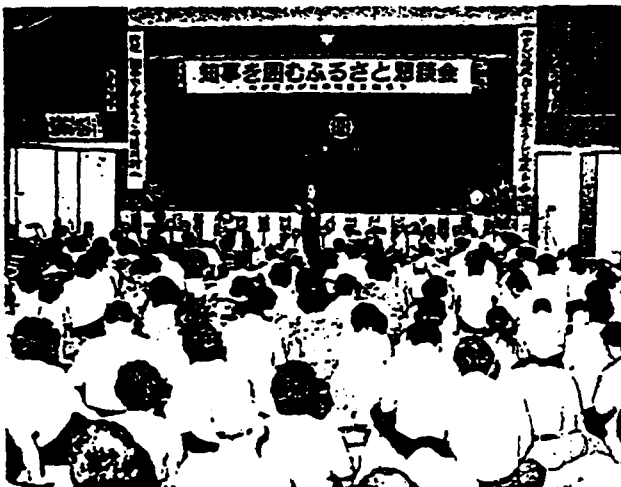
III. Introduction of the "One-Village, One-Product" Movement

When I proposed the movement, I adopted the strategy of advocating the plan directly to Oita people. It was at a meeting with chiefs of municipalities that I first mentioned the idea; I offered it directly to them. The customary method of making a proposal is that I mention the idea at the meeting of division chiefs, who then convey the idea to department chiefs, who then communicate it to the chiefs of municipalities or agricultural cooperatives. But I thought that in this way my real intention would not be understood adequately. So, I held meetings "Get-together with Governor on Regional Development" in many districts all over the prefecture to explain my plan directly to people, and ask them to cooperate in promoting it.

To inform people of the aim of the movement – which is to advertise the products of their towns and villages all over the prefecture –, the prefecture offered free of charge its TV program time to municipalities for airing the programs on their products and

other features. These TV programs were produced by municipalities and included a series entitled "Let's Create Our Own Hometown" featuring, for example, Oyama and Yufuin. While Oyama is promoting revitalization projects through the production of *ume* (plum) and chestnut, Yufuin is working on a unique town development program. These activities helped people in the prefecture understand the concept of the "One-Village, One-Product" Movement better.

As they came to know the activities in other towns and villages, they began to set their mind on doing activities of their own. Since this movement is based on practice, it is no good advocating it just by slogans. To make people understand it, you have to offer them a concrete model. You must show them actual results achieved by other areas. You have to tell them: "They did so-and-so activities in the town; as a result the town's population increased and its income level was raised."



Get-together with Governor on Regional Development held in Kiyokawa



Toyonokuni satellite office (teleconference room)

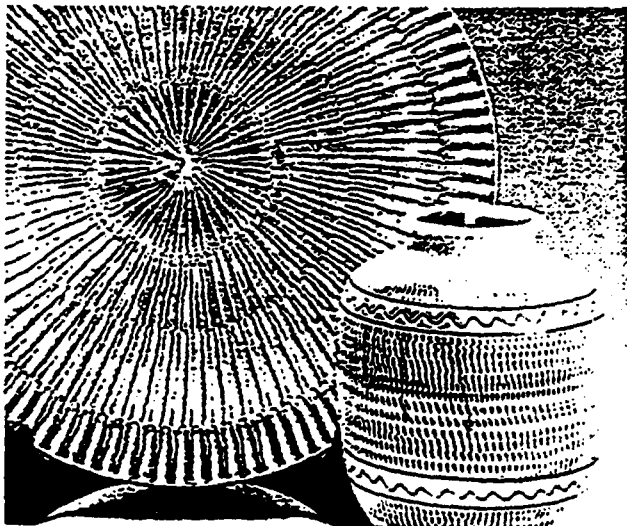
Three Principles of the Movement

In promoting the movement, we established the following three basic principles:

a. Going Local yet Global

The first principle is “You have to go local yet global.” The more local you are, the more global you will be, and the more local features you offer, the higher you will be rated globally. For example, “Onta-yaki,” a pottery produced in a mountainous area of Hita, is a local specialty, but has been highly rated globally by, among others, Bernard Leach, a British ceramist. Needless to say, what is local is not always what is global. If you are to turn a local thing into a global one, you have to refine it. Thus, our movement tries to improve our technology in order to make globally acceptable products.

One example of the products which were born out of the movement is dried *shiitake*; this is now Oita’s globally known product and our production of this product accounts for 20 percent of the country’s total output. This product is exported to Hong Kong and other countries, too. We present a cup filled with dried *shiitake* to the winners of the



Onta-yaki pottery



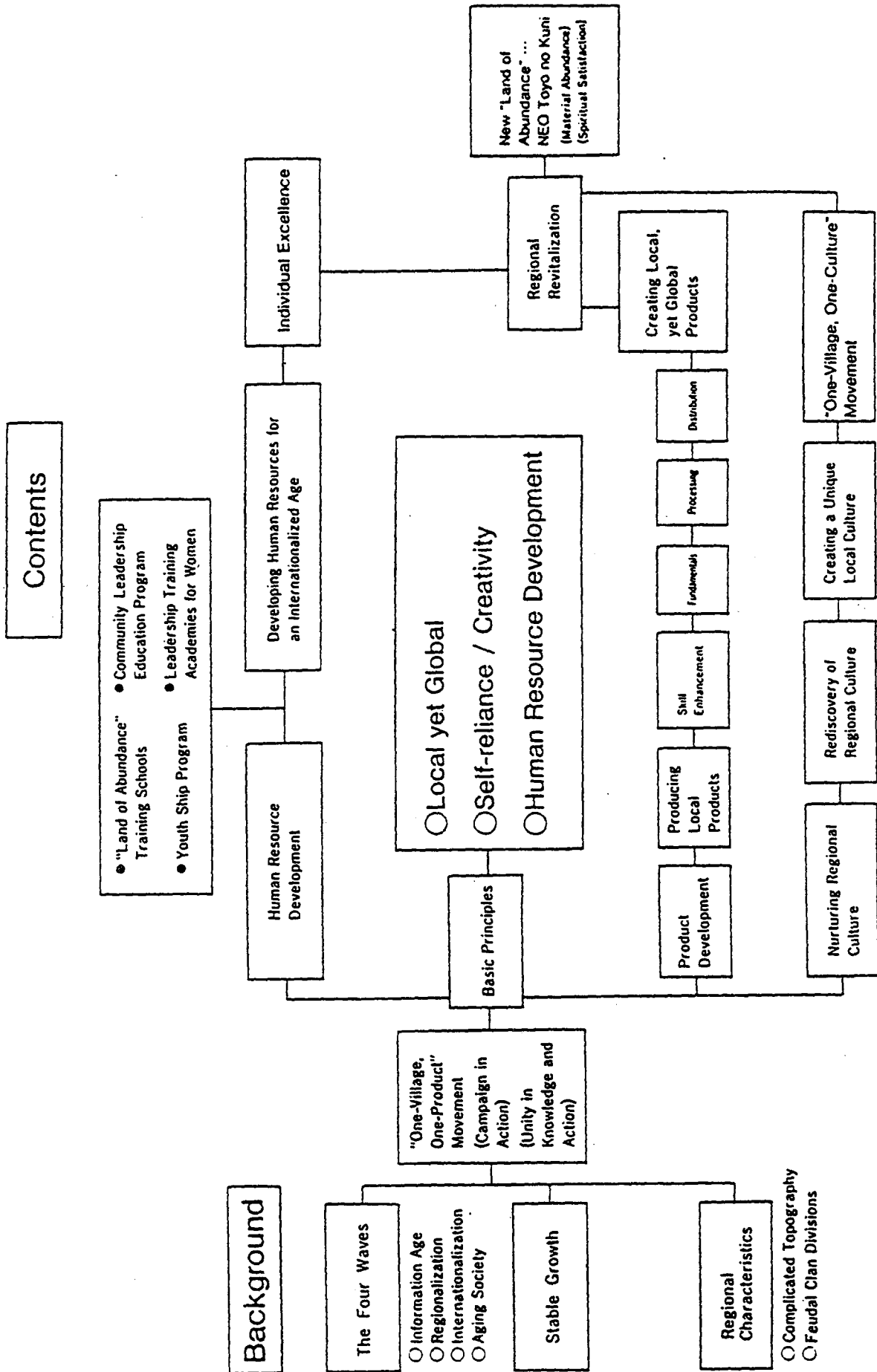
Bamboo crafts

Grand *Sumo* Tournament, Japan’s national sports event. To continue to make this product a global leader and survive marketing competition, we created an institute, The “Oita Prefectural Center for Mushroom Research and Guidance” and are making efforts to improve our production technology further.

b. Independence and Creativity

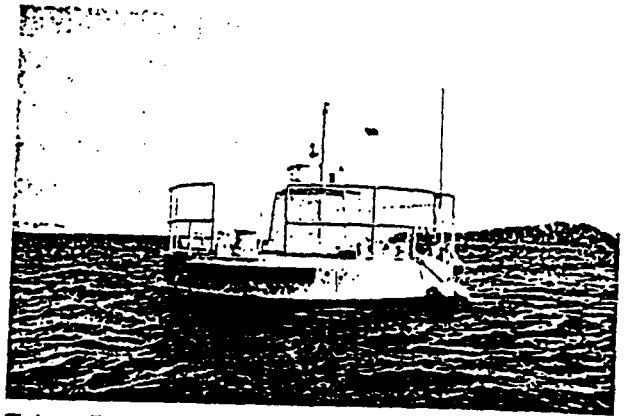
The second principle is “independence and creativity.” When I introduced the movement, I said to the people: “I do not want to force on you the “One-Village, One-Product” Movement. If a town or village is unwilling to promote it, the town or village doesn’t have to do so. If a district works hard on regional development, the district will have an increase in population, while an area which does not will have depopulation. If your community is depopulated for a long time, you will lose your local doctors. The number of children will decrease and your elementary school will be closed. But all of this is the result of your having not taken adequate measures. The prefectural government will not be able to help you if you do nothing and complain about the outcome. In addition, when you choose your product for the movement, do so at your own risk and on your own account.”

The "One-Village, One-Product" Movement System



Any movement will not last for a long time if it is organized on the initiative of the central or prefectural government. Because of this, we have provided no subsidies to the municipalities that are taking part in the movement. If you offer them a subsidy, it is highly likely that they will give up the movement when the subsidy system is abolished. In a case where they are paid a subsidy and make a product, if the product doesn't sell on the market, they will surely ask the government to buy it. In such a situation, no independent movement for regional development will be realized. It is thus very important to leave everything to the municipality concerned and make residents themselves judge the risk. If you have to spend your own money and do things on your own account, you will work earnestly since you do not want to fail and lose your money. If your efforts are successful, you will increase your endeavor further, resulting in an additional success. We have to get rid of the top-down strategy of designating a product for individual municipalities and offering subsidies and other assistance to them. Efforts may fail in some cases since people are inexperienced, but their motivation is more important than the risk of failure.

The prefecture positively supports those municipalities which organize the movement on their initiative. When these municipali-



Fishery Experiment Station

ties want to build a cold insulated warehouse for *shiitake*, the government provides them with a subsidy. When they want to polish their skills, the government offers technical guidance. I take a lead in advertising these activities, too.

For example, the prefectural government is helping these motivated towns and villages by providing them with technical guidance and support for research and development. In Japan, mandarin oranges are harvested usually around October. But in an attempt to add value to this crop and earn a higher income, growers raise them in greenhouses; in this case, kerosene is used in greenhouses during winter so as to accelerate its fruition and harvest in May. Thus, they need a lot of kerosene in winter. To find the way to increase productivity while saving energy and cost, research is carried



Ornamental Plant Guidance Center



Oita Prefectural Center for Mushroom Research and Guidance

out mainly at the prefectural agricultural experiment station.

While it is important to ship farm and marine products in as fresh a condition as possible, it is also necessary to add value to the products through processing. I call these value-added processed agricultural products "primondary products" because they are both primary and secondary products. To promote these primondary industries – e.g., the production of juice and pickles out of the raw materials developed in the "One-Village, One-Product" Movement –, the prefecture's farm and marine product processing centers are engaged in research and development and guidance as to the manufacture of processed foods. In addition, the Oita Prefectural Livestock Experimental Station conducts research on, among others, the use of biotechnology in breeding good beef cattle. We also established the Ornamental Plant Guidance Center and Oita Prefectural Center for Mushroom Research and Guidance. The former carries out research and provides guidance as far as good seeds and seedlings for flowers and ornamental plants, and the products enjoy a high marketability. The latter is an institute for establishing advanced cultivation technology of *shiitake* mushrooms, an Oita speciality, and other mushrooms. As these activities suggest, we place a special emphasis on the



Kichomuzuke pickles, Kusu



Kabosu and "Miniportion" jelly

improvement and reinforcement of R&D efforts.

Another area we emphasize is marketing. Since I believe a Governor to be the top salesman for a prefecture, I take the initiative in advertising Oita's products in Tokyo, Japan's greatest market. For example, we have a citrus fruits named "kabosu," which is one of our well known specialty products. When you cut *kabosu* in two pieces and pour its juice over *sashimi* (sliced raw fish), broiled fish and so on, the taste of these foods becomes more delicious. To expand the market for *kabosu* in Tokyo, I went to Tokyo several times and distributed it to passers-by, in front of Shibuya Station, which is famous for the gathering of young people, wearing a *happi* (traditional livery coat), to publicize it.

Another famous specialty of Oita is *shochu* (distilled spirits) made from barley. This *shochu* is especially good if you add hot water and *kabosu* juice to it. But in those first days when I became Governor, Oita people believed that their best hospitality for guests from other prefectures would be to serve them Oita's well-known brand of *sake*, and that *shochu* was the lowest-class alcoholic beverage. If this thinking prevailed, then the real value of the specialty would be lost forever. I believe that needs are what we have to create. Thus, keeping this in mind, I made sure to bring Oita's

FARMING JAPAN



Barley shochu

barley *shochu* every time I went to Tokyo, and took it to all the evening parties. I don't think there are many people who have taken their own alcoholic beverages, especially low-class *shochu*, to Japanese restaurants in Tokyo. At these parties, I demonstrated the best way to enjoy the barley *shochu*, and people responded with "This is a hit!" When they came to the restaurant the next time, they made sure to order the *shochu*. What was important was that I advertised it at Tokyo's first-class restaurants. As a result, the product image of the barley *shochu* turned from that of a negative, low-class image into that of a high-class positive one.

My plan succeeded and a *shochu* boom quickly spread all over the country. Orders poured in to the two *shochu* producers in Oita, Sanwa Distilleries, and Nikaido Shuzo. Demand sometimes exceeded output and the *shochu* ran out of stock. At present, Oita's *shochu* ranks first in Japan, overtaking the products of Kagoshima and Miyazaki. This example suggests that you do not necessarily need a huge advertising budget to publicize your products. The two *shochu* producers built new factories and are now among the top firms in the prefecture. In this way, our barley *shochu* experienced rapid growth in less than ten years; barley *shochu* now enjoys the largest market share and is a beverage representative of Japan.

Once such a success has been attained,

people began to visit me saying, "we have developed this product. do you think it will sell?" rather than requesting a subsidy. They have been "motivated." As noted earlier, Oita has a history of division into many small *han* and people in the prefecture are often said not to be very willing to unite. But if you take advantage of this characteristic as well, you will be able to stimulate competition among people in a positive sense and motivate them. They will come to the thinking, "If that village is going to go with *shiitake* mushrooms, then we can do the same with another product." Stimulating motivation among people is the most important.

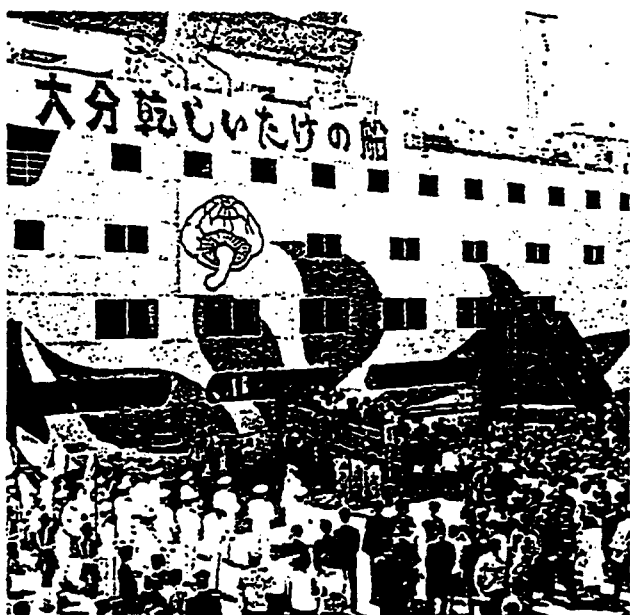
Another priority is to advertise your products in other prefectures. Our movement has created many new specialty products. But selling a new product is more difficult than creating one. A product will not sell just because its quality is good; good quality is a necessary condition, but not an adequate one. Product image is a most



Oita's One-Village, One-Product fair

important factor. In order to enlarge the market for these specialties, we organized campaigns for improving product images in other prefectures, especially in those high consumption places like Tokyo, Osaka, Yokohama, and other large cities.

One public relations activity, involved the holding of an Oita Fair '81 in Tokyo in 1981. We invited 1,000 guests from all circles – political, business, mass communications, cultural, and entertainment – to a large banquet hall in the Hotel Okura and served them the foods of Oita Prefecture. It would have been insufficient to just hold a party featuring Oita foods. We had to convey the “heart” of Oita people to the guests. The party was very successful, and many people said to me before leaving: “I want to have these foods again in Oita.” A key to the success was the strategy: “Let’s sell the genuine taste of Oita products.” We served our guests the green tea of Oita. Needless to say, this tea was the outcome of the “One-Village, One-Product” Movement, and we thought that if we used the poor water of Tokyo, the taste of the green tea would not be very good. So, we brought the water from the valleys of Yufuin to the hall. This is what “selling Oita’s genuine taste” means.



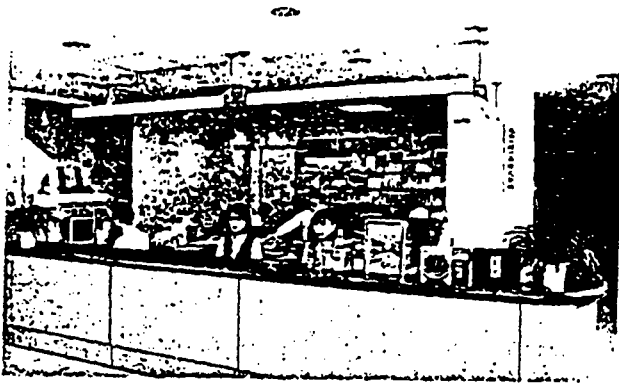
Oita ship of dried *shiitake* mushrooms

The foods served at the party included flat-fish, puffer *sashimi*, and *dango-jiru* (Japanese dumpling soup), and we brought cooks from Oita to prepare these dishes.

There were also difficulties behind our success. As a means of emphasizing the image of Oita, we planned to place a huge tank in the center of the hall in which red sea bream, striped jacks and other fish would swim. Of course, the fishes would be transported from Oita. The problem was the tank; 5.5 meters long, 1.5 meter wide and 1 meter high, the tank would weigh up to 10 tons when filled. The hotel said that there had no previous case where such a heavy object was put in the hall and feared that the carpets might be spoiled with water leakages. They also worried that the floor might collapse under the weight of the tank. We asked Kajima Construction, the builder of the hotel, and they said that there would be no problem if the tank was put on the beams supporting the floor. Hearing this, the hotel finally accepted our plan. This fair was held in 1984 and 1989, too.

In 1983, we sent a “One-Village, One-Product” ship to Yokohama. Carrying 250 specialty products and 500 regional development leaders from Oita, the 1,000-ton ship staged a great campaign at the Port of Yokohama. These publicity activities in other prefectures serve as an important motive for activities within Oita. If your past achievements are rated highly, you will gain confidence in your ability to succeed in the future. As a result, Oita’s image will be improved both in and out of the prefecture. Recently, firms are organizing campaigns for a better corporate identity (CI), and our movement is showing effects similar to those of CI activities.

At present, we hold Oita product fairs in many parts of the country, including Tokyo and Osaka, to strengthen distribution routes. We also founded a firm, Oita Isson-Ippin Co., which specializes in the wholesaling



Oita Isson-Ippin Co.

and retailing of the "One Village, One Product" goods. We promote sales activities in Tokyo, and supply the information we obtain to the municipalities and related personnel. We also established antenna shops in Los Angeles, Chicago, Singapore and other overseas cities, in order to open up new markets for our products.

c. "One-Village, One-Product" Movement as a Human Resources Development Activity

The third principle of our movement is the "One-Village, One-Product" Movement as a human resource development activity.

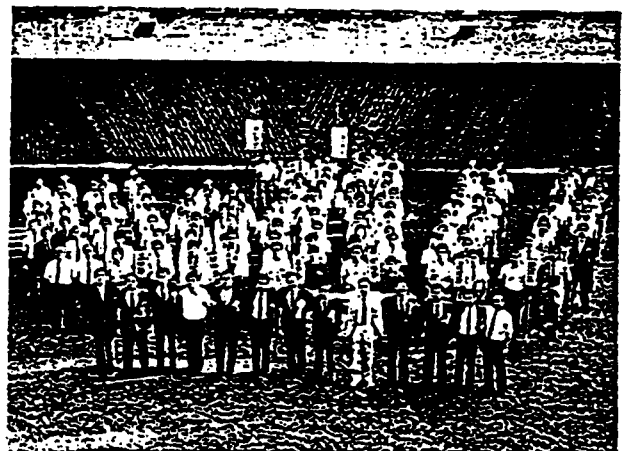
The main reason that our movement has spread all over the prefecture is that we already have some fine examples of successful regional development in Yufuin and Oyama Towns, among others, and I keenly realized that the vigorous communities likewise had vigorous leaders. "Let's learn from the philosophy of these leaders and practice what you have learned in your district" – this was the purpose of establishing the Oita "Land of Abundance" Training Schools. As noted at the beginning of this article, "Land of Abundance" is an old name of Oita Prefecture.

In November 1983, a total of 31 students were enrolled in the Hinode "Land of Abundance" Training School, the first of such schools, and I, the school principal, person-

ally handed an admission certificate to all students concerned. In three years time, 12 schools would be built across the prefecture. The motto of these schools is "Broaden your horizons through independent and voluntary efforts, pursue ways to improve yourselves and bring prosperity to your area, practice the outcome of your efforts, and live in your area." The training at these schools puts emphasis on practice. Each school has about 30 students who study for 2 years. Yearly curricula are determined by students themselves, voluntarily.

The first year is the learning course, and once a month, mainly in the evening, a lecturer is invited to teach regional development know-how. No textbook is available for regional development. You have to get hints from your own experience of past successes and failure. The second year is the practical course. Students carry out practical activities on how to organize people in order to solve a community problem, which may be an event, an industrial development plan or the like.

There are two pieces of advice I always emphasize to my students; one of them is "Perseverance is Power." Practice itself is not so difficult, but to continue your plan in spite of failures is not an easy task. The other advice I offer is the words of John Naisbitt: "Think globally and act locally," meaning that while you should always con-



"Land of Abundance" training schools

sider things from a global viewpoint, your activities should be based in the community.

Up to now, a total of about 800 students have graduated from these schools and actively play a leading role in the regional development of their respective hometowns. The activities of the "Land of Abundance" Training Schools brought about the founding of similar schools by municipalities and young people. In undertaking a regional development project, you should not depend on an idea from Tokyo; you have to introduce the plan based on the special situation of your community. In addition, your plan should be rated highly from a global viewpoint. This is the same with the spirit of our "One-Village, One-Product" Movement. We want to emphasize the importance of an independent attitude in regional development projects; they should be carried out on the basis of our own ideas.

In August 1989, we founded the "Cosmos Course", a one-year course on regional development, and invited 60 graduates from the "Land of Abundance" Training Schools, those from municipal schools, and other people. The word "cosmos" was chosen because we hope that students in the course will engage in interchange activities with people both at home and abroad in order to turn their respective towns and villages into local yet global communities, that is, as centers of the cosmos. The participants in the course sometimes spend all night discussing the problems of regional development, passionately arguing with each other over glasses of Oita's barley *shochu*. Day after day, they are absorbed in their work in their communities. They will encounter many a difficulty in the days lying ahead, but a bright future is surely on the horizon. As long as there are those who take seriously the problems in their town, it is not necessary to worry about depopulation. We seek to develop this type of people at our schools.



Women's College

In particular, we think it important to promote human resource development activities in accordance with the age and sex of people. Thus, we have founded a variety of facilities for education and training in the prefecture, such as colleges for adults and women. We also organize a four-night, five-day youth' ship project every summer. The ship visits Okinawa, with fifth and sixth grade elementary students on board. For women, especially housewives, we have a women's ship in operation. And, in order to train young farmers for the future, we set up Heisei Farmers' School in 1990. We have also placed emphasis on the education of internationally-minded people, and organized overseas training courses for women, in the Netherlands and France for ornamental plant growers, and courses for high school students.

I wrote a book entitled "Think Globally and Act Locally"; in this book I want to emphasize that manpower is a key to the revitalization of towns and villages in the future. You should effectively bring out the motivation and energy of young people in each district and make the most of this energy for regional development activities. It is necessary to create people who are internationally-minded, with the scope of their activities tightly rooted to their community. I believe that educating young people to "Think Globally Act Locally" is the basis of regional revitalization.

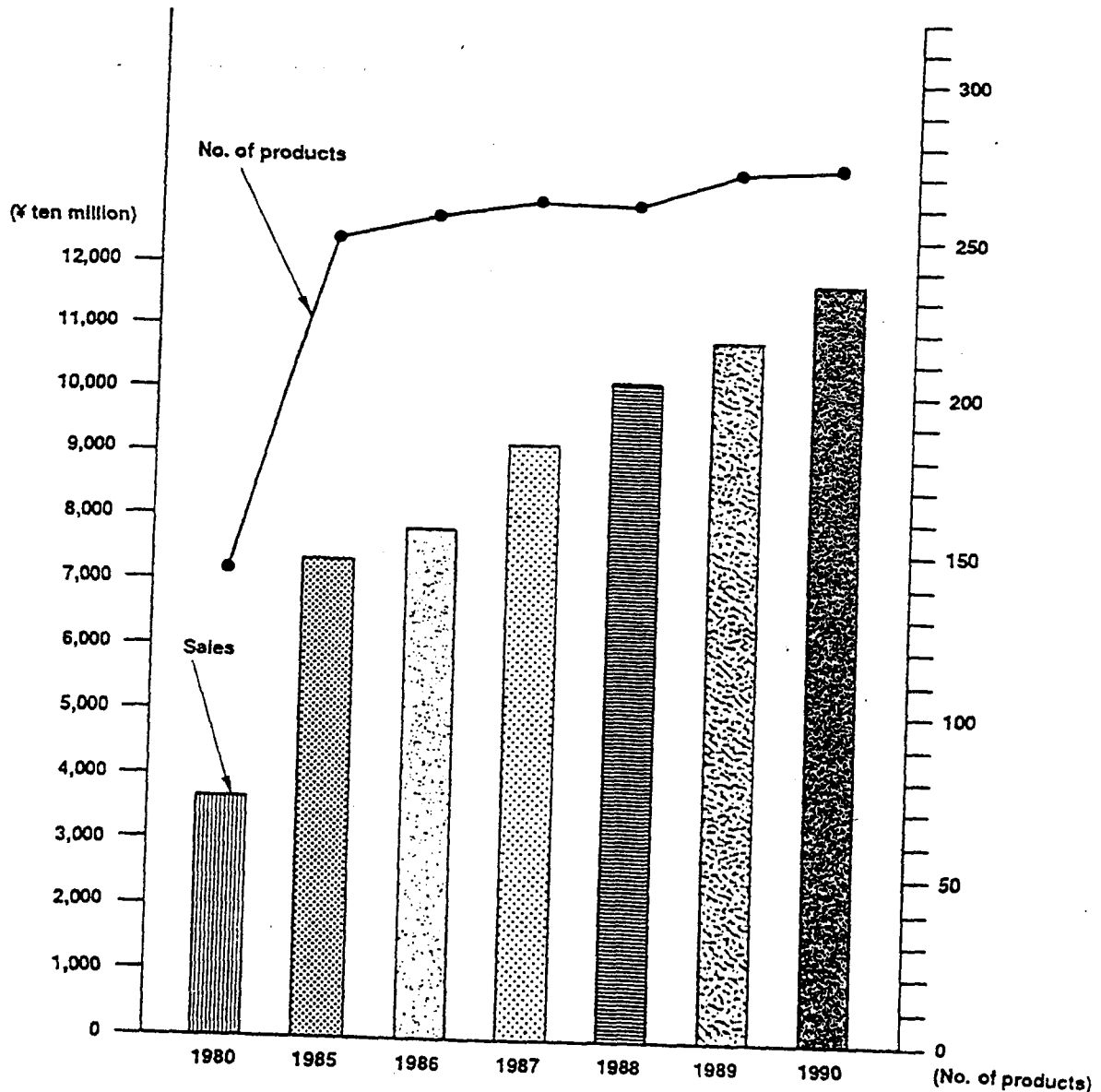
FARMING JAPAN

As noted above, our "One-Village, One-Product" Movement is not merely a movement for making products and we would not be content with such a narrow movement. The ultimate goal of our movement is to create those people who are proud of their towns and villages and are willing to embrace the future global age.

About ten years have passed since I proposed the "One-Village, One-Product" Movement, and during these years many specialty products have been created all over

the prefecture. At present, they number 273 in all, of which 136 products earn ¥100 million or more a year, and 20 bring in upwards of ¥1 billion. Total sales have reached over ¥120 billion a year. In the area of manpower development, 800 persons have graduated from the "Land of Abundance" Training Schools. There are now 380 regional development groups, as well. These figures clearly indicate that projects for revitalizing towns and villages have been very active throughout the prefecture.

Number of Products Promoted by the "One-Village, One-Product" Movement and Sales Figures



IV. Case Studies of the Movement

1. Oyama: "Plant *Ume* and Chestnuts and go to Hawaii"

Oyama is a town that is shaped like a slender leaf and is situated 100 to 500 meters above sea level. It covers about 10 kilometers from east to west and 18 kilometers from north to south. The town's cultivated acreage is only 10 percent of the total area, and the rest is covered by cryptomeria (Japanese cedar) forests. The main industries are agriculture and forestry. Around 1955, the town had a population of 6,400 and was regarded as a rural area where people were devoted only to self-sufficiency farming. In those years, the principal endeavors centered on rice, barley, wheat, and livestock production. The prefecture promoted the policy of increasing rice production by one bag per farmer. But because of its topography, the use of machines for rice cultivation was difficult, and farmers in the town gave up the idea of continuing rice farming in order to realize more efficient agriculture.

Instead, they chose to grow *ume* and chestnut. Considering the town's land and climatic conditions, these crops would be appropriate because they could be grown



Plum garden, Oyama

extensively and with less labor. In addition, they would bring in a fairly high income and would prove to be promising products into the future as food conditions improved, tastes changed, and preferences for health foods grew. By growing *ume* and chestnuts instead of rice, they planned to realize a higher level of agriculture since these crops would be more profitable and require less labor. With a catch phrase, "Plant *ume* and chestnuts and go to Hawaii," they abandoned their traditional emphasis on rice farming and launched campaigns for promoting the cultivation of *ume* and chestnuts. This was the origin of the NPC (New Plums and Chestnuts) movement. This movement adopted the strategy of reducing working hours and increasing income, rather than aiming at a higher production, and was enthusiastically supported by young people. In those years, overseas trips were rare for those in rural districts, and the chance of "going to Hawaii" gave youngsters a hope and bolstered self-confidence. The atmosphere of the town became brighter, and in spite of some difficult problems, the output of the crops increased.

The first phase of the NPC movement ended in success, and the second phase was



"Primondary" processed foods from Oyama

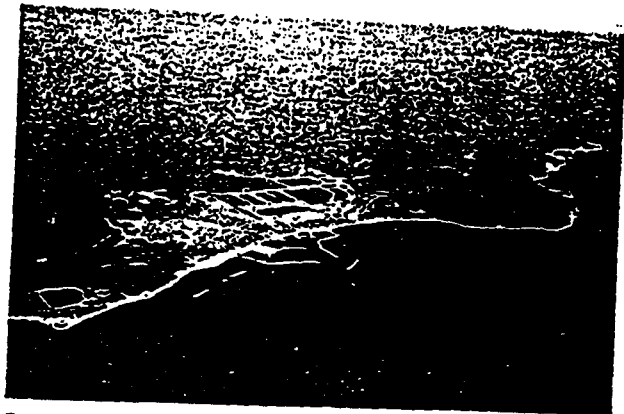
started in 1964 with the goal of developing broad-minded and cultivated people. The town is now promoting the third phase of the NPC movement with an aim towards enhancing convenient living environment on a parity with large cities, and turning the town into a cultural center.

In 1966, the first group went on a trip to Hawaii. At present, a total of over 500 townspeople, including junior high and high school students, have been to Hawaii. People of the town have also made a trip to other foreign countries, such as China and Israel. This is evidenced by the fact that their ownership of passports is about twice that of the prefecture's average.

The high-level agriculture in Oyama began with the cultivation of *ume* and chestnuts, and has expanded to include many other crops, such as *enokitake* and *nameko* mushrooms. The town now makes more than 50 processed food products, and is engaged in the growing of orchids, herbs and some other plants by using apical meristem culture, a biotechnology method. The town has also introduced cable broadcasting in order to provide people with data on agricultural climate and other information. Farmers in Oyama continue with their efforts to realize a four-day workweek agriculture in which they will also be able to lead a leisurely life.

2. Himeshima: Japan's Greatest Prawn Culture Base

Generally speaking, the living conditions in an isolated island are more unfavorable than those in the mainland. Himeshima is a small island with a population of less than 3,000, and its traditional industries are fisheries and salt production. In 1959, the operation of salt farms was abolished in compliance with government policy. A private firm embarked on prawn cultivation in the former sites of the salt farms, but ended in



Prawn culture grounds, Himeshima

failure. Then in 1975, the Himeshima government founded a corporation for prawn culture and became the top shareholder. The fate of the village depended upon the success or failure of the corporation's business.

Since the people in the village were unskilled in culture technology, they failed many times and their debts increased at the inception of the business, but the village did not give up the project. Fortunately, the village secured good leaders and culture technology improved. The village's annual output of prawn is worth more than ¥1.7 billion according to recent figures, making the corporation the greatest single producer in Japan. About 70 young people are working at the prawn culture firm, including those who worked in big cities but have returned to Himeshima. Youngsters who have decided to become fishermen are also increasing and the village has grown lively again. This is a rare case where an isolated island has succeeded in overcoming the problem of depopulation.



Prawns, Himeshima

3. Kitsuki: Mandarin Cultivation by High-Tech Agriculture

The Kunisaki Peninsula in the eastern part of the prefecture is blessed with a mild climate and low precipitation. As a result, the peninsula is well-suited for the growth of mandarin oranges, and is actually known as a major producing area of citruses. Twenty years ago, there was a nationwide over-production of citruses and the resultant sharp drops in price was a great blow to mandarin growers.

In April 1975, several farmers in Kitsuki, a small city located in the southern part of the peninsula, formed a greenhouse-grown mandarin growers division in the city's agricultural cooperative. The purpose was to add value to mandarins and increase income in a situation where citrus prices were stagnant. They started the greenhouse cultivation of *satsuma* mandarin, which could be shipped more than six months earlier than ordinary varieties. In those days of the energy crises, they faced great difficulties in growing mandarins in greenhouses since kerosene prices were also very high. But as the price of citruses grown in open fields remained low, growers began to think better of the stable production of greenhouse-



Greenhouse-grown mandarin oranges, Kitsuki



Kitsuki tea plantation

grown mandarins. In promoting the cultivation of *satsuma* mandarin as part of the "One-Village, One-Product" Movement, the Kitsuki farmers worked on expanding production and reinforcing growers organizations. They also made efforts to improve growing technology, such as temperature control and cultivation methods. As a result, they increased their output steadily and turned out good-quality products. They have put special emphasis on the introduction of high technology in order to better quality control and realize more stable production; for example, they have adopted a concentrated, remote-controlled monitoring system to check temperatures in the greenhouse.

At present, more than 100 farmers in the village are raising *satsuma* mandarin, and their products are rated as among the best in Japan both in quality and price. The yearly output has reached ¥3 billion, making Kitsuki one of the three biggest producing districts of greenhouse-grown mandarin in Japan. The price is now ¥300 per 100 grams; and since the price of Toyota automobiles, Japan's representative industrial products, is estimated at ¥200 per 100 grams, greenhouse-grown mandarin has a higher value added than automobiles. This case tells us that if you make a high-quality, high-priced product in your farm, you can attain the level of productivity equal to that of a big industrial firm like Toyota.

4. Yufuin: Regional Development Through Sightseeing

Oita Prefecture has many hot spring resorts, and Yufuin is one of them.

This town is close to Beppu, an internationally known tourist city, and had long been a small and quiet hot spring town hidden behind the city. But since 1965, improvements to roads resulted in a development boom in the town. The townspeople feared that their natural environment would be destroyed in the boom and formed the Committee for Protecting Yufuin's Nature to stage an anti-development movement. But when you just cry "Protect nature!" and do nothing else, you will be unable to achieve your purpose. The people began a unique strategy to protect their nature from destruction: "One Head of Cattle Campaign." They considered that if they had cattle, they would need a range, and that if they increased their cattle, their nature would be saved.

But the farmers' income level was low and it was not easy for them to buy and feed cattle. Thus, they planned to enter into a contract with people in cities under which the latter would invest ¥200,000 to buy a head of cattle. This idea proved to be a great success; people in cities were attracted by the plan in which they could own cattle while living in the city, and applications flooded in from all over the country. The number of cattle increased and nature was protected. This campaign also brought about



Music festival, Yufuin

other benefits to townspeople; their friendship with city dwellers was deepened and the hot springs in Yufuin became famous in other districts.

In addition, the people of Yufuin also organized a "Film Festival in a Town Having No Movie Theater" in 1975, taking advantage of the fact that they had no movie house. This project was also a big success and became an annual event, these days attracting many movie fans from all parts of Japan. In 1974, the town also started a yearly music festival "Concert under Small Starry Sky." Thus, Yufuin is now well known nationwide for its unique regional development projects organized on a grass-roots basis. Every year, as many as 3,800,000 tourists, mainly young women, visit this small town. The town finds fans among Japan's representative writers and intellectuals as well and VIP guests from abroad, including China's Vice-Premiers Tian Jiyun and Wu Xueqian and Britain's Foreign Secretary Sir Geoffrey Howe who came to this town during their visits to Japan.



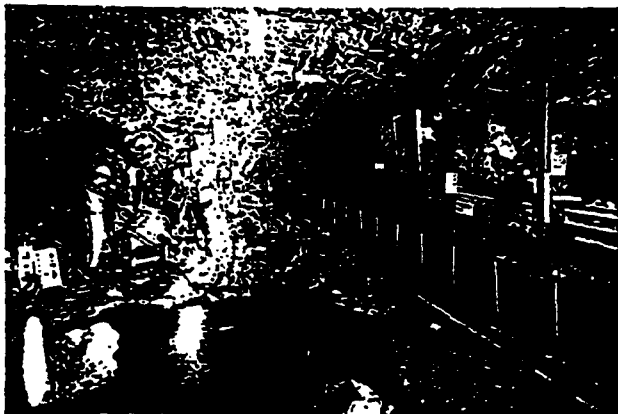
Coach fits well the traditional streets of Yufuin

5. Nakatsue: Bringing A Gold Mine to Life

Nakatsue is a mountain village in the western part of the prefecture. It has a population of 1,600 people and forestry is the only industry. In the past, the village featured a gold mine that had the greatest output in the East. It enjoyed prosperity, with a population of 7,500. But in 1972, the mine was closed and the village lost its brightness.

The chief of the village at that time considered how the village could survive in a situation where young people left Nakatsue one after another. He discussed the problem with the youngsters who remained in the village and decided to make use of the defunct gold mine (*Taio* Gold Mine) as a tourist site. In 1980, Nakatsue started the *Taio* Gold Mine Sightseeing Project. As the project required a greater part of the village's annual budget and the village had to suspend agricultural and forestry plans, people strongly opposed the project. Thus, the village's survival depended on whether the project was successful or not.

In April 1983, the Underground Museum of *Taio* Gold Mine was completed as a village operated facility. It was estimated that the museum would be profitable if it had 110,000 visitors a year. But to the surprise of the village people, the number of sightseers reached more than 500,000 in the first year. During the summer vacation, the



Taio Gold Mine Museum, Nakatsue

village roads had long lines of cars that carried visitors; this was the first traffic jam the village experienced. In some days, the visitors to the museum reached about 7,000, five times as many as the village's population.

The profit earned by the village in the first year exceeded ¥1 billion. The success of the project has brought about a number of positive effects for the village economy. For example, *wasabi* (*Eutrema wasabi*, an indispensable spice for *sashimi* and some other Japanese foods) is one of the village's specialties but farmers had not grown it extensively because they had had no efficient distribution routes. But after the project succeeded, they found that their *wasabi* could sell, and began to cultivate the crop positively. The museum also contributed to the creation of new employment opportunities since it needed staff for its operation.

This does not suggest that all municipalities can succeed by the "One-Village, One-Product" Movement. But as these cases of success reveal, it is important to turn a negative situation into a positive one instead of just complaining about your plight. In other words, you should work on regional development according to a reverse way of thinking. It is also important that people in different municipalities compete with one another in a positive sense and get excited about their projects.



Wasabi fields, Nakatsue

V. The "One-Village, One-Product" Movement and the promotion of "Local-Foreign" Diplomacy

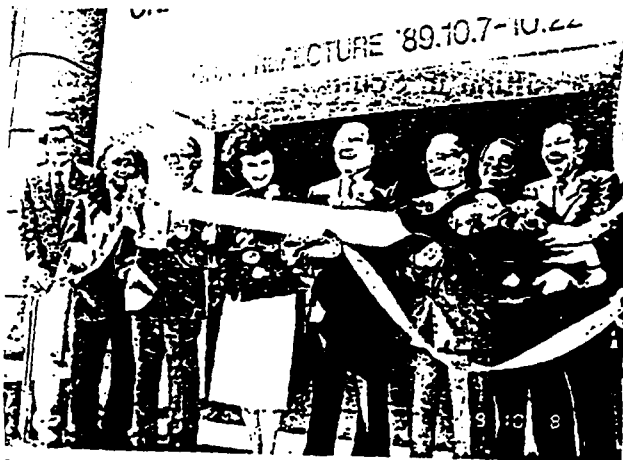
The idea of our "One-Village, One-Product" Movement has spread to many other municipalities across Japan which were troubled by the problem of regional revitalization. This movement has been promoted even in Hokkaido, the farthest area from Kyushu. Needless to say, the inventor is Oita Prefecture. Breathing a new life into municipalities is also an urgent issue in Western and Asian Countries. Thus, municipalities in other nations have also showed a great interest in our movement, too. This movement is now promoted globally in China, France, the United Kingdom and the U.S.

In August 1983, I went Shanghai at the invitation of Mayor Wang Daohan, and gave a lecture on our movement and technopolises. Shanghai is a leading industrial city in China, and adopts industrialization policies that introduce market principles to some extent. Apparently, the city wanted to promote an electronics industry and increase productivity in farming areas. Mayor Wang

read my book "Invitation to "One-Village, One-Product" Movement" and tried to introduce the idea in his city. He rated the movement high and said, The "One-Village, One-Product" Movement in Oita is a quality control movement. So we can apply it to both factories and farms."

In December 1983, Shanghai's Vice-Mayor, in addition to other visitors, came to Oita and reported, "We are implementing a "One-Factory, One-Product" Movement, introducing Governor Hiramatsu's proposal, and achieving good results. Our government adopts the promotion of the electronics industry in its policies." I heard that the city is also promoting a "One-City, One-Product" Movement. Wuhan, another Chinese city, is carrying out a "One-Village, One-Treasure" Movement.

Other overseas activities include a "One-Village, One-Product" Day organized by Los Angeles and a "One-Parish, One-Product" Movement in Louisiana. South Korea plans to start a "One-District, One-



Ribbon-cutting ceremony for the antenna shop in Los Angeles, 1989



"One Village, One Product" Goods Displayed at the International Food Fair in 1987, Cologne, Germany

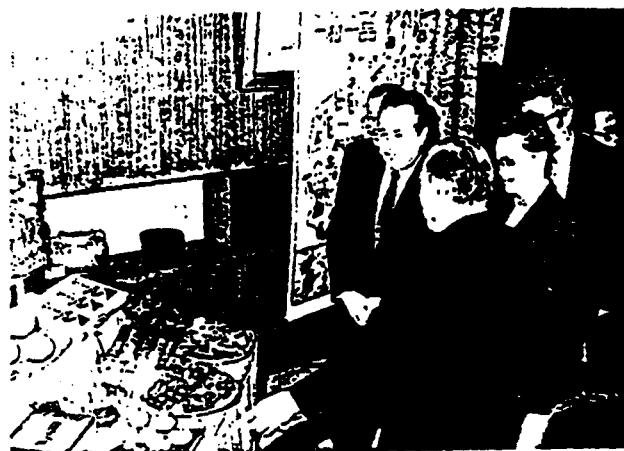
Speciality" Movement, while Malaysia will organize a "One-Village, One-Product" Movement.

In an era in which the world is rapidly moving towards internationalization, if Oita is to become an internationally-minded prefecture, we must foster "local foreign" diplomacy for regional development on a grass-roots basis and develop globally-oriented youth. Regional revitalization is a problem common to all countries, and we are positively working on interchange activities with other nations on the basis of this issue. In 1991, a total of 800 people visited the Oita Prefectural Government from 72 countries, and many of them observed the "One-Village, One-Product" Movement in action.

In the past, countries were the units of the world's diplomacy and the originality of each district within nations was neglected. But in the future, the role of individual districts of each country will become more important; for example, Japan may become an entity loosely linking its regions, Kyushu, Shikoku, Honshu and Hokkaido, instead of representing them. It might be what can be called a "United States of Japan." In such a situation, Kyushu will play an original role in exchange activities with Southeast Asia, the U.S., the EC, and others. Rather than being a part of Japan, Kyushu and Oita will



British Foreign Secretary G. Howe visits Oita Prefecture in 1988



Soviet Ambassador to Japan V.S. Soloviev visits Oita Prefecture in 1990

be the respective centers of the world. The term "globalization" has implied interchange among nations, but in the future, residents of each municipality will have direct contact with their counterparts in other countries.

Without clear-cut ideas or objectives, however, international exchange activities may collapse. A mere going and coming of people is meaningless. Only when you have distinct views and designs, will your activities endure. The important rule of regional diplomacy is "mutual understanding and mutual benefits." Unless your interchange brings positive results and benefits in addition to friendship between both you and your counterparts, it will be short-lived. Mutual understanding begins with the recognition that you and your partners comprehend differences mutually. We have sent women farmers to California and Languedoc and Roussillon in Southern France, and this is not in order to introduce the farming system in these district to Oita. The aim is to have them learn the spirit and managerial attitude of women farmers there.

All countries in the world are very interested in regional revitalization. In the years ahead, we want to promote inter-regional diplomacy, rather than international diplomacy, through the "One-Village, One-Product" Movement and other regional development activities.

FARMING JAPAN

A list of "One-Village, One-Product"

Oita City	strawberries, cucumbers, leeks, loquats, oranges, leafy vegetables, parsley, "yuzu" oranges, pork, figs	Ume Town	mushrooms, chestnuts, tea, eggplant, Chinese lantern plants
Beppu City	bambooware, boxwood crafts, bath powder, sugared pomelos, floral goods	Naokawa Village	strawberries, chrysanthemums, miso, jams
Nakatsu City	clam sweets, ham, dried persimmons, "kabosu" noodles, Chinese cabbages, broccoli, green onions, pears	Tsurumi Town	dried and live fish products, lemons, silverleaf
		Yonouzu Village	oranges, dried fish products, cultivated yellowtail
Hita City	pears, watermelons, Chinese cabbages, beef, milk, wood products, pottery, lacquer ware, "geta" sandals	Kamae Town	scallops, sweet potatoes, pearls, pork, cultivated yellowtail, halibut, chrysanthemums, eel, "suppon", dried fish products, abalone, strawberries
Saiki City	dried sardines, pearls, strawberries		
Usuki City	limes, tomatoes, egg yolk oil, eggs, beef, pork, ginger crackers	Notsu Town	green peppers, litchi, melons, sweet potatoes, pork, tobacco
Tsukumi City	oranges (2 types)	Mie Town	sweet potatoes, asparagus, limes, pork, mushrooms
Taketa City	limes, saffron, beef, sweet corn, lettuce, mushrooms	Kyokawa Village	peaches, pit viper, beef, chrysanthemums
Bungotakada City	white onions, beef, watermelons, sweets, honey	Ogata Town	taro, limes, beef
Kitsuki City	oranges (2 types), tea, beef, strawberries, dried sardines	Asaji Town	beef, "udo" vegetables, pickled goods, miso, browned rice, miso beef, mushrooms
Usa City	onions, cucumbers, strawberries, beef, pickled goods, barley spirits (2 types), wine, grapes	Ono Town	sweet potatoes, noodle products, beef, green peppers
Ota Village	mushrooms, beef, chestnuts, tea	Chitose Village	gromwell seeds (barley)
Matama Town	white onions, melons, watermelons, mushrooms, pickled goods	Inukai Town	sweet potatoes, beef, pork
Kakaji Town	oranges, pork, pickled goods, mushrooms	Ogi Town	tomatoes, sweet corn, floral goods, green peppers, tomato juice
Kunimi Town	melons, frozen vegetables, tiger-striped prawns, pheasant, oranges, egg yolk oil	Kuju Town	tomatoes, green peppers, bellflower, pickled goods, miso, beef, mushrooms
Himeshima Village	tiger-striped prawns	Naoin Town	spinach, mushrooms, smelt, beef
Kunisaki Town	kiwi fruits, strawberries, mushrooms, floral goods	Kokonoe Town	beef, mushrooms, cabbages, tomatoes, pears, floral goods
Musashi Town	green onions	Kusu Town	beef, pickled goods, mushrooms (2 types)
Aki Town	tomatoes	Maetsue Village	beef, horseradish, spinach, mushrooms
Hiji Town	cucumbers, oranges, flatfish, greenhouse oranges, barley spirits, dried sardines	Nakatsue Village	tea, "konnyaku", bamboo shoot, horseradish, Gold Mine Museum
Yamaga Town	lilies, cucumbers, beef, chestnuts, strawberries	Kanitsue Village	horseradish, mushrooms, cucumbers, log houses, Fishing Park
Notsuharu Town	beef, strawberries, leeks, mushrooms, miso, persimmons	Oyama Town	plums (2 types), mushrooms
Hasama Town	strawberries, eggplant	Amagase Town	radish, ginger, "konnyaku", parsley, mushrooms, floral goods, noodles, sweets
Shonai Town	strawberries, pears, beef, mushrooms	Sanko Village	broccoli, miso, strawberries, peaches, green onions
Yufuin Town	beef, spinach	Honyabakei Town	tea, cucumbers, mushrooms, strawberries
Saganoseki Town	oranges, kiwi fruits, horse mackerel, scombroid	Yabakei Town	milk, tea
Kamiura Town	oranges, floral goods	Yamakuni Town	tea, beef, cucumbers, wood products, pears
Yayoi Town	chrysanthemums, mushrooms, baked sweet fish, Japanese paper, limes	Innai Town	"yuzu" oranges
Honjo Village	mushrooms, tea, miso, baked sweet fish, chrysanthemums, parsley, barley spirits	Ajimu Town	grapes, "suppon", melons, "suppon" products, soy sauce

(1991 FY)

Asia One Village One Product Seminar
- A brochure on Outline of Prefectural Policies -

Agricultural Development and Promotion in Oita Prefecture

February, 1999

Farmland Policy Planning Division
Agricultural Policy Planning Department, Oita Prefectural Government.

Outline of the Agricultural Measures of Oita Prefecture.

- Significant changes in the social structure
- Increasing depopulation
(Ageing, decrease in the agricultural population, continual decline in young people)
- Growing needs for opening the market of agricultural products

1. Installation of the Task Force for the Establishment of Regional Agriculture in Oita Prefecture (August, 1987).

1) Objective

To propose measures to the Governor for the establishment of regional agriculture on the basis of "Oita System."

2) Members

Representative	Mr. Naraomi IMAMURA (Professor at Tokyo University. Born in Oita Pref.)
People of Academic Standing	Mr. Takeharu CHIKANAGA (Associate Director-General of the Food Agency, Born in Oita Pref.)
	Mr. Yoshikazu KANO (Board Chairman, Research Institute on the National Economy)
	Mr. Kunimitsu FUJIEDA (Professor at Kyushu University, Born in Oita Pref.)
	Mr. Yutaka OSAJIMA (Professor at Kyushu University, Born in Oita Pref.)
	Mr. Shinichi SHIRAISHI (Professor at Kyushu University, Born in Oita Pref.)
	Mr. Raizaburo UMEZU (Professor at Kyushu University, Born in Oita Pref.)
	Mr. Kenji KOJIMA (Professor at Oita University)
Four representatives from agricultural organisations in Oita Prefecture.	
Representatives from distribution field (market, mass retailer, consumer)	
Representatives of farmers (Farmers' consultant, women from farm families)	

3) Basic agricultural policy of Oita prefecture in view of the 21 centuries (March, 1988).

1. Promoting the agricultural production in response to the internationalisation and market trends.

2. Improving productivity by concentrating the people's knowledge and technologies in the region.
3. Fostering and training agriculturists and production organisations with strong spontaneous motivation.
4. Strategic selling concept to wing the competition between localities.
5. Forming localities with various characteristics and making them information sending bases.
6. Structuring agricomunity which nurture affluent living and cultural environment.

4) We suggested the necessity of carrying out positive measures to the Governor in order to achieve the above-mentioned matters.

We confirmed that farmers, agricultural organisations and municipalities would worked together with all their strength to put matters in shape.

2. Overall check-up on agriculture in Oita Prefecture.

1) Analysis

A working group consisted of assistance and chief clerks of individual section of Agricultural Policy Planning Department compared agriculture of each prefecture in Kyushu in order to thoroughly analyse issues and improvement measures for prefectural agriculture.

2) Survey on the agricultural measures of other prefectures.

Agricultural promotion measures, including the co-operation with agricultural organisations, promotion items, cropping type, etc.), and the content of administrative measures implemented investigated.

3. Laying down a New Agricultural Development and Promotion Plan (New Agricultural Plan 21) (June, 1990).

1) Background

- A decade to the twenty-first century is the age of the "regional construction."
(Speedup, real abundance, internationalisation)
- It also a crucial stage for the changes in agriculture and agricultural community.
(Ageing, depopulation, market opening, etc.)

2) Basic idea

- Getting the rid of conventional uniform agricultural measures....Establishment of regional agriculture.
- Getting the rid of conventional agriculture....Conversion to creative agriculture.

3) Basic objectives

- Self-sustaining agriculture as an industry.
 - Agriculture and its community which produce new industries.
 - Agricultural society blessed with affluent living and cultural environment.
- "Human resource creation" "Product development" "Regional development"
- "Human resource creation" --- Focused on 5000 agripreneurs.
- "Product development"----- Based on CQC Agriculture.
- Agriculture centred on facilities and beef cattle.
 - Promotion of the Five Projects.
- "Regional development" ----- Construction of attractive, scenic and alternative agriculture and its community.

The Point of Reviewing the New Agricultural Plan.

"New Agricultural Plan 21"

< Human resource creation >

Focused on 5000 agripreneurs.

Commercial Farm Households: 67,000.

Agripreneurs: 5,000

New Commercial Farm Household Population: 300/year

Usufruct Setting: 15%

Cooperative relationship among farmers in the community

— Community (colony) based agriculture

< Product Development >

Expanding CQC Agriculture

- Cost: Low cost
- Quality: High quality
- Consumer: Consumer needs

[Horticulture facilities and agriculture characterised by beef cows]

① CQC Rice Promotion Project

② Vegetables 40 Billion Yen Project

③ Fruit Trees 30 Billion Yen Project

④ Floriculture 10 Billion Yen Project

⑤ 100,000 Head of Beef Cattle Project

Crude turnout: 212,3 billion yen

The matters added in the review in March, 1996.

< Human resource creation and organisation formation >

Qualified farmers are expected to be future agripreneurs.

Commercial Farm Households: 56,000.

Agripreneurs: 5,000

New Commercial Farm Household Population: 125/year

Usufruct Setting: 15%

Agricultural public corporation is a training institute for cultivating the men of ability.

< Production of Goods that Sell >

CQC Agriculture and CQC Marketing Strategy (Disaster-resistant and Environmentally-friendly products development)

(New project name)

(Revision of target items)

(818 Project)

Koshihikari, Hinohikari, Yumehikari, Hitomebore, Koigokoro (rice)

Vegetables 50 Billion Yen Project

Garden-grown vegetables are added (cabbage, Japanese radish)

Fruits 35 Billion Yen Project

Region-specific fruit trees (Japanese plum, peach, loquat)

Floriculture 15 Billion Yen Project

Turkish bellflower, sweet pea

(85,000 Head of Beef Cattle)

Crude turnout: 218 billion yen

< Regional development >

Construction of attractive, scenic and alternative agriculture and its community.

Environment, Culture, Software-oriented society. (Information and services)

Doubling the Agricultural Income

Commercial farm income per household:

1,172 million yen

(For agripreneurs: 5 million yen)

< Development of the region

which makes everyone felt like living in >

Agriculture and Agricultural Community fostered by abundant water resources.

Triplicating the Agricultural Income

Commercial farm income per household:

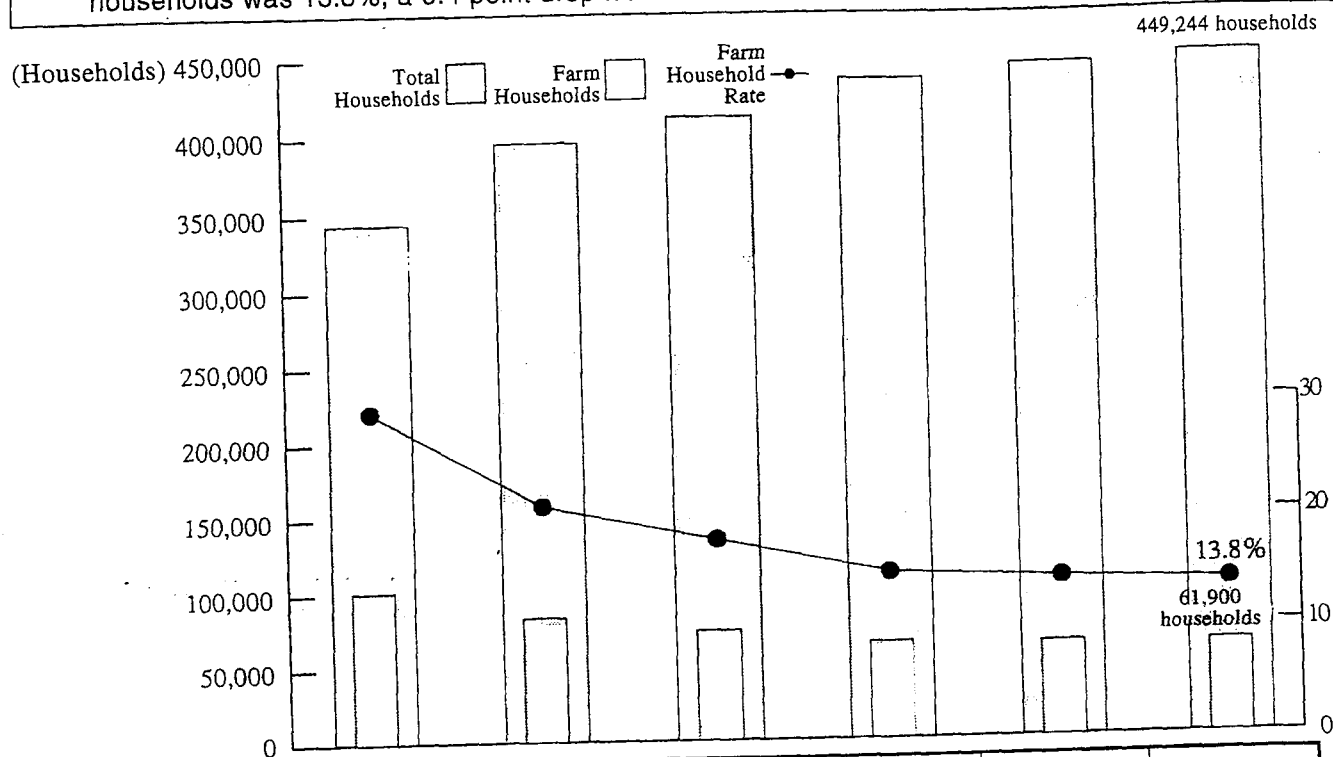
1,557 million yen

(For agripreneurs: approx. 7 million yen)

2. The status of Agriculture in the Prefectural Economy

(1) Proportion of Farm Households — The ratio of farm households is 13.8%

While the number of total households is showing an ascent, the number of farm households is on the descent. The proportion of agricultural households in the total households was 13.8%, a 0.4 point drop from 1996.



Item	Unit	50	60	2	7	8	9
Total households	households	344,100	395,855	411,680	434,926	444,088	449,224
Farm households	households	101,091	83,196	73,575	64,445	63,100	61,900
Farm household rate	%	29.4	21.0	17.9	14.8	14.2	13.8

Source:

Management and Co-ordination Agency: "National Census", as of October 1st each year

Ministry of Agriculture, Forestry and Fisheries: "Census of Agriculture (and Forestry)"; as of February 1st each year

Ministry of Home Affairs: "Summary of Population from Residents"; Basic Registry;

"Dynamic Statistics of Agricultural Structure"; as of January 1st each year

Note 1: Numbers of 1975 were totalled based on the old criteria for farm households and numbers of 1985 were totalled based on the new criteria.

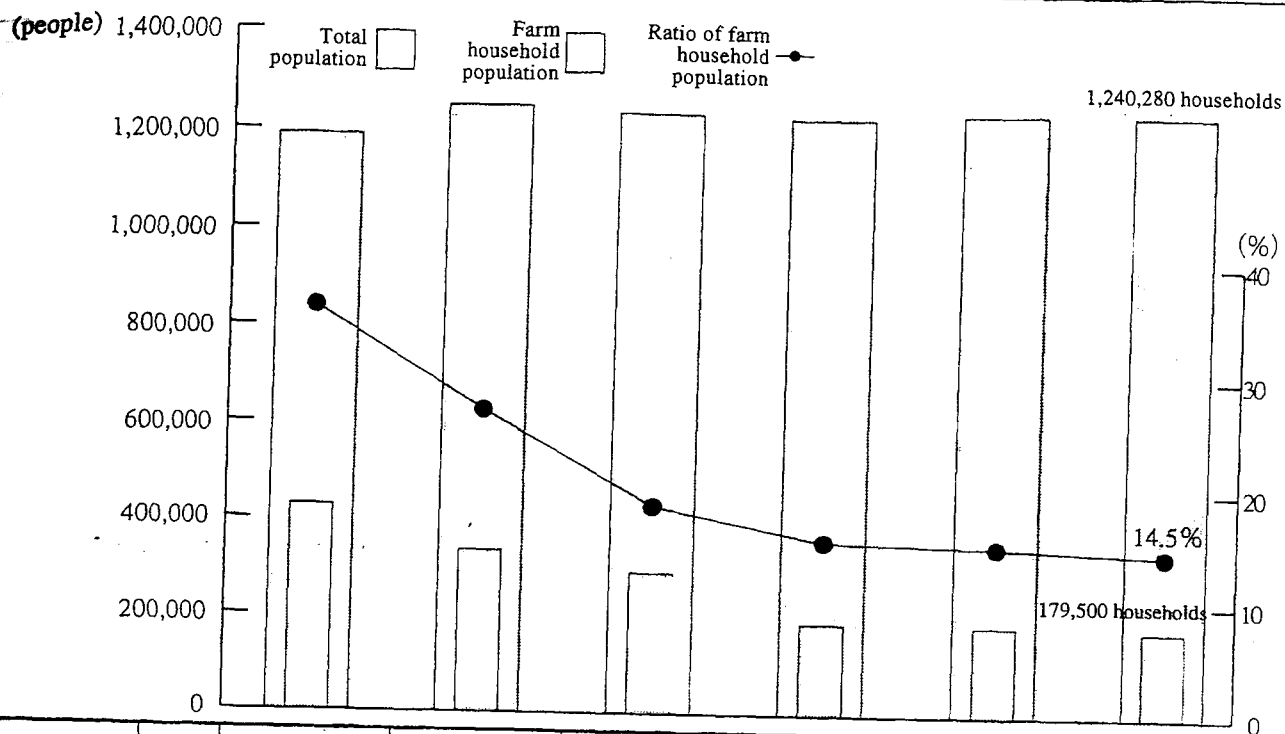
Note 2: Ratio of farm households is a percentage of farm households which constitutes of the total number of households.

State of the nation and prefectures in Kyushu (1997)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Total households	households	45,498,173	4,921,903	1,836,339	276,097	560,153	641,577	442,726	715,787
Farm households	households	3,344,000	486,900	86,300	43,200	47,200	82,700	60,600	105,000
Farm household rate	%	7.3	9.9	4.7	15.6	8.4	12.9	13.7	14.7

(2) Proportion of Farm Household Population — The ratio of farm household population accounts for 14.5%

Reduced (commercial) farm household population is likely to continue and its ratio in the total population was 14.5%, a drop of 0.6 point from 1996.



Item	Unit	50	60	2	7	8	9
Total population	persons	1,190,314	1,250,214	1,236,942	1,231,297	1,241,164	1,240,280
Farm household population	persons	428,618	336,394	292,227	—	—	—
Commercial farm household population	persons	—	—	228,899	191,036	187,300	179,500
Ratio of farm household population	%	36.0	26.9	23.6 (18.5)	(17.0)	(15.5)	(14.5)

(Ratio of commercial farm household population)

Source:

Management and Co-ordination Agency: "National Census"; as of October 1st each year

Ministry of Agriculture, Forestry and Fisheries: "Census of Agriculture (and Forestry)"; as of February 1st each year

Ministry of Home Affairs: "Summary of Population from Residents"; Basic Registry;

"Dynamic Statistics of Agricultural Structure"; as of January 1st each year

Note 1: Numbers of 1975 were totalled based on the old criterions of the farm household and numbers of 1985 were totalled based on the new criterions of the farm household.

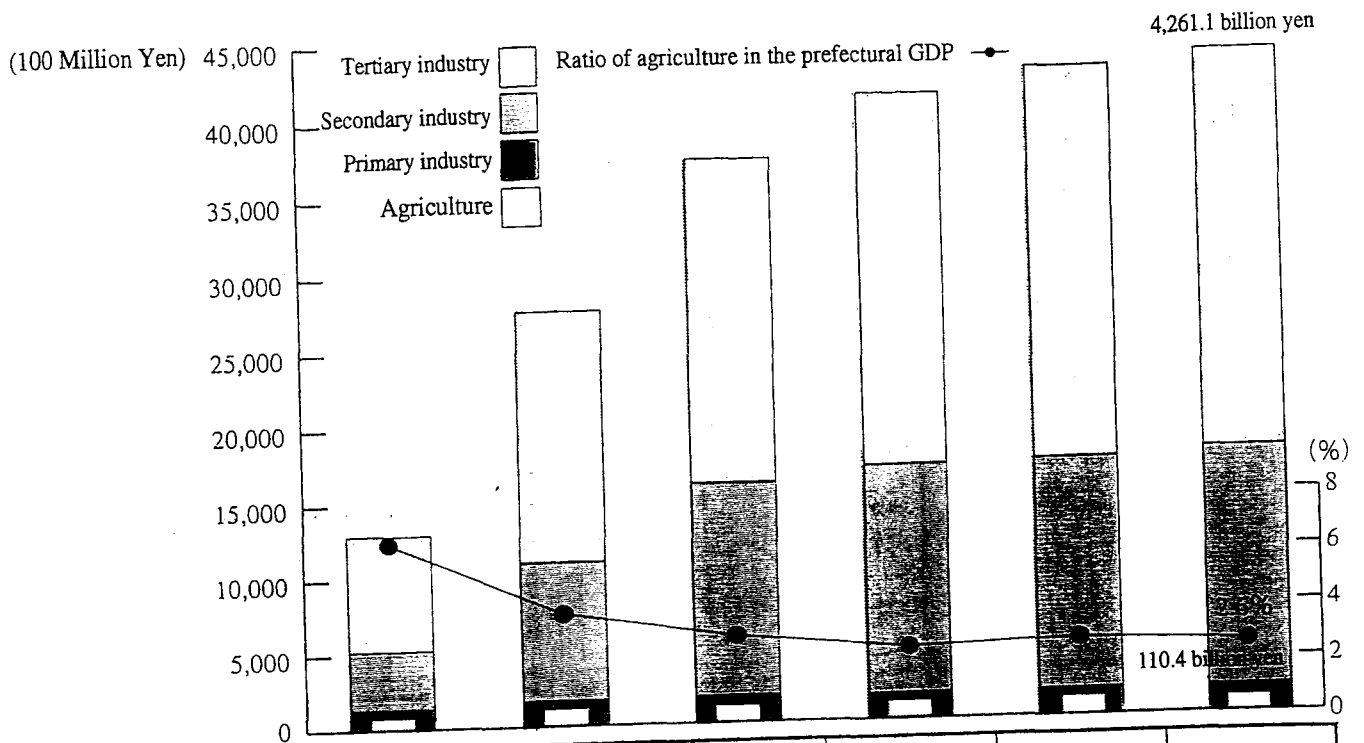
Note 2: A ratio of farm household population is a percentage of farm household population (after 1991, commercial farm households population) in the total population.

State of the nation and prefectures in Kyushu (1997)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Total population	persons	125,257,061	13,445,160	4,919,931	885,513	1,547,261	1,868,098	1,188,929	1,795,148
Commercial farm household population	persons	11,549,000	1,558,700	313,500	178,100	167,900	319,000	184,300	216,300
Ratio of farm household population	%	9.2	11.6	6.4	20.1	10.9	17.1	15.5	12.0

(3) Prefectural GDP — Agriculture constitutes 2.6% of the prefectural GDP.

The GDP of this prefecture is on a general upward trend, and the secondary and the tertiary industries are demonstrating solid growths. The share of agriculture in 1995 had a drop of 0.2 point, to 2.6%.



Item	Unit	50	60	2	5	6	7
Primary industry	100 million yen	1,328	1,687	1,788	1,665	1,758	1,601
Agriculture	100 million yen	829	1,082	1,129	1,055	1,181	1,104
Secondary industry	100 million yen	3,879	9,294	14,301	15,432	15,549	16,205
Tertiary industry	100 million yen	7,741	16,709	21,385	24,485	25,846	26,087
Total	100 million yen	12,637	26,918	36,544	40,593	41,991	42,611
Ratio of Agriculture	%	6.6	4.0	3.1	2.6	2.8	2.6

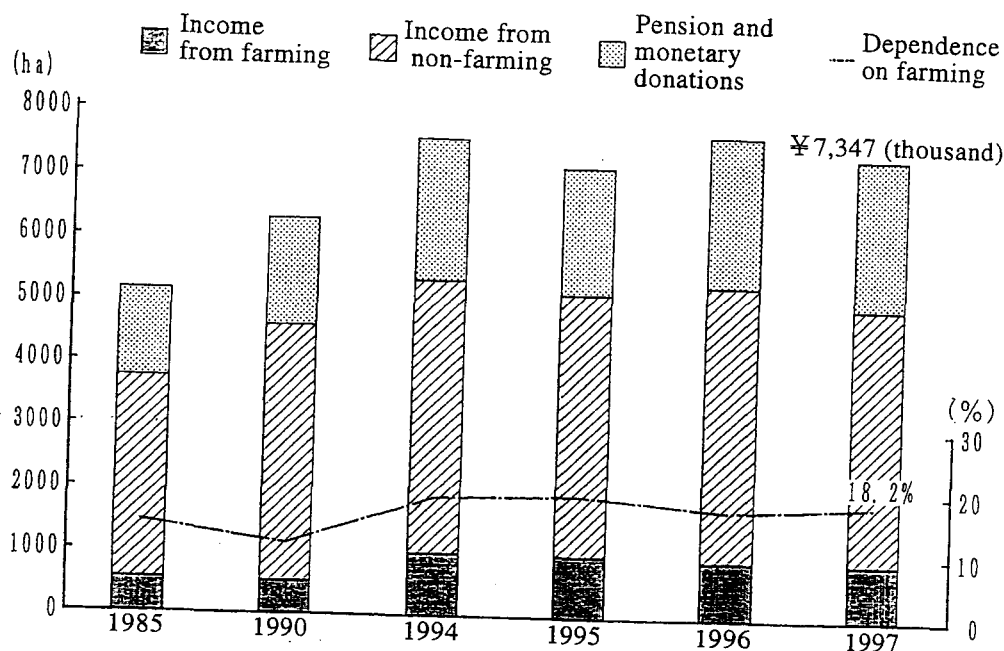
Source:

Oita Prefecture: "Economic Calculation of the Inhabitants of the Prefecture"

Note: Prefectural DGP = Prefectural GDP by Industry (Primary, Secondary and Tertiary) + Import Duties - Other - Imputed interests

(4) Summary of Farm Household Economy

Total income per farm household is ¥7,346,600 in which the income from farming occupies ¥ 904,800. The dependence on farming in the farm household economy (the ratio of income by farming in the aggregate income of the farm households) accounts for 18.2%, and it indicates that this prefecture has a lower dependence on farming compared to other prefectures in Kyushu.



Item	Unit	60	2	6	7	8	9
Income per farm household	thousands	3,758.4	4,608.7	5,341.1	5,151.9	5,312.3	4,969.1
Income from farming	thousands	555.5	526.3	1,007.6	999.0	917.3	904.8
Income from non-farming	thousands	3,202.9	4,082.4	4,333.5	4,152.9	4,395.0	4,064.3
Pension and monetary donations	thousands	1,407.2	1,690.9	2,229.6	1,998.9	2,355.9	2,377.5
Total income per farm household	thousands	5,165.6	6,299.6	7,570.7	7,150.8	7,668.2	7,346.6
Dependence on farming	%	14.8	11.4	18.9	19.4	17.3	18.2

Source:

Ministry of Agriculture, Forestry and Fisheries: "Survey on the Farm Household Economy"

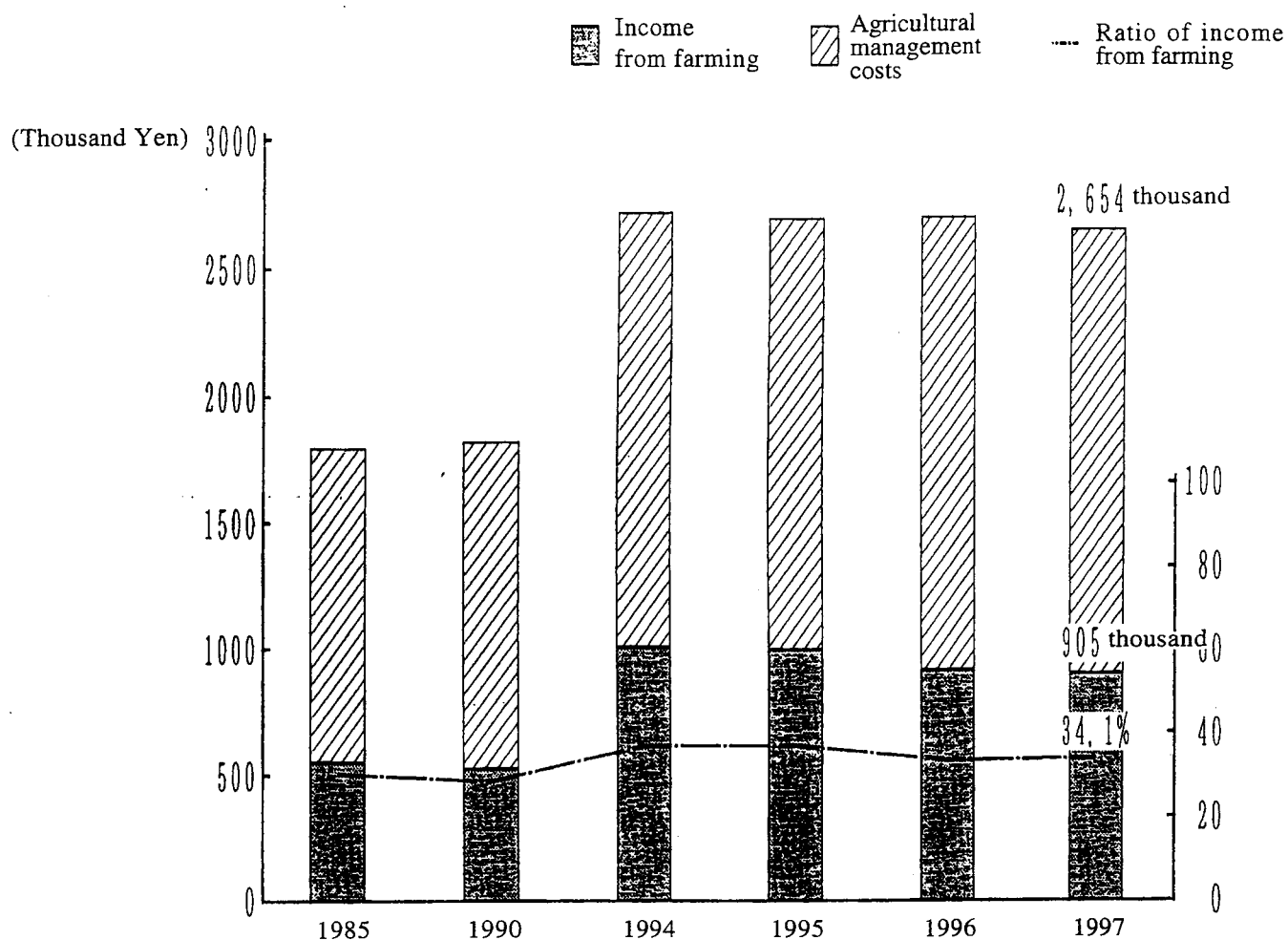
from April 1st of each year to March 31 of the following year

Note: From the survey conducted in 1992, the commercial farm households and the non-commercial farm households were counted separately.

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Income per farm household	thousands	6,675	5,333	6,152	6,762	4,557	5,775	5,476	3,783
Income from farming	thousands	1,203	1,295	1,112	1,295	935	2,021	1,764	1,012
Income from non-farming	thousands	5,472	4,038	5,040	5,467	3,622	3,754	3,713	2,771
Dependence on farming	%	18.0	24.3	18.1	19.1	20.5	35.0	32.2	26.7

(5) Income from Farming (per commercial farm household)

Income from farming per farm households in 1997 was ¥904,800. It has been on the upward trend until 1994, but the trend started to show a slight downward curve after 1995 because the substantial change of crops which dwindled the rice production suppressed the gross earnings from farming and the agricultural management costs increased.



Item	Unit	60	2	6	7	8	9
Income per farm household	thousands	1,795.4	1,819.7	2,723.9	2,699.0	2,706.1	2,653.6
Income from farming	thousands	555.5	526.3	1,007.6	999.0	917.3	904.8
Income from non-farming	thousands	1,239.9	1,293.4	1,716.8	1,700.0	1,788.8	1,748.8
Dependence on farming	%	30.9	28.9	37.0	37.0	33.9	34.1

Source:

Ministry of Agriculture, Forestry and Fisheries: "Survey on Farm Household Economy"; from April 1st to March 31 of the following year

Note: From the survey in 1992 the commercial farm households and the non-commercial farm households were counted separately.

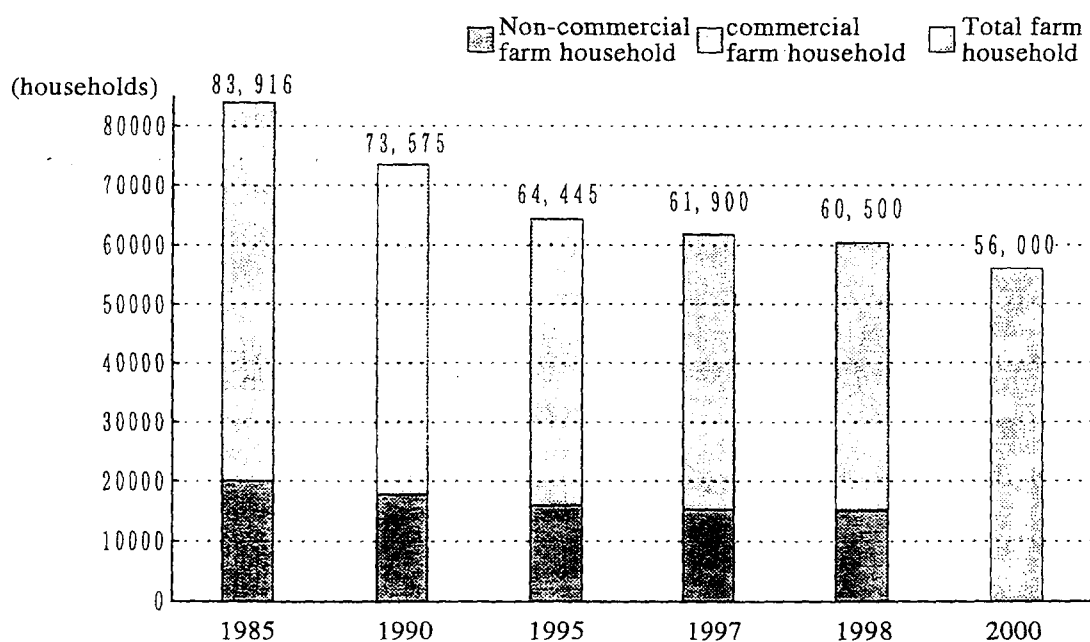
3. Accomplishments to Major Objectives

(1) Changes of Total Number of Farm Households

The continuing decline of farm households has slashed another 13,075 households, or a 17.8%, during 1990 and 1998 and shrunk to 60,500 households.

Likewise, the number of commercial farm households has also fallen to 45,400, down for 10,281 households, or a 18.5%, during the same.

- ① Commercial farm household stands for the one with 30 and more areas of managerial cultivated land with total sales in agricultural products of ¥ 500,000 and more.

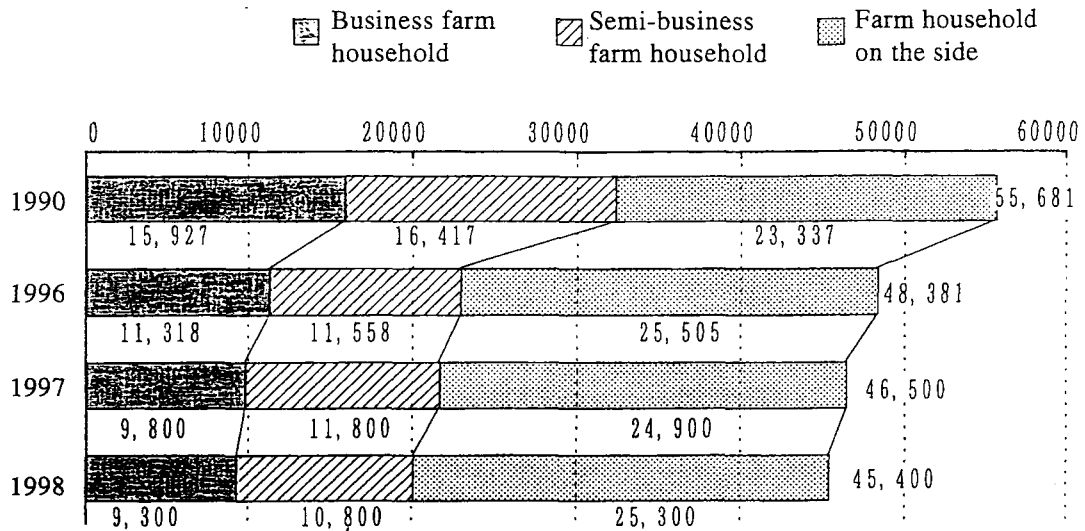


■ State of the Nation and Prefectures in Kyushu (1998)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Total number of farm households	100 households	32,910	4,767	844	424	464	810	594	1,025
Commercial	100 households	25,220	3,677	673	365	358	663	462	703
Non-commercial	100 households	7,690	1,090	170	60	106	148	133	323

② Changes of the Numbers of Business Farm Households, Semi-Business Farm Households and Farm Households on the Side (commercial farm households)

Business farm households and semi-business farm households decreased 5.1% and 8.4% respectively during 1997 and 1998. However, farm households on the side inched up for 1.6%.

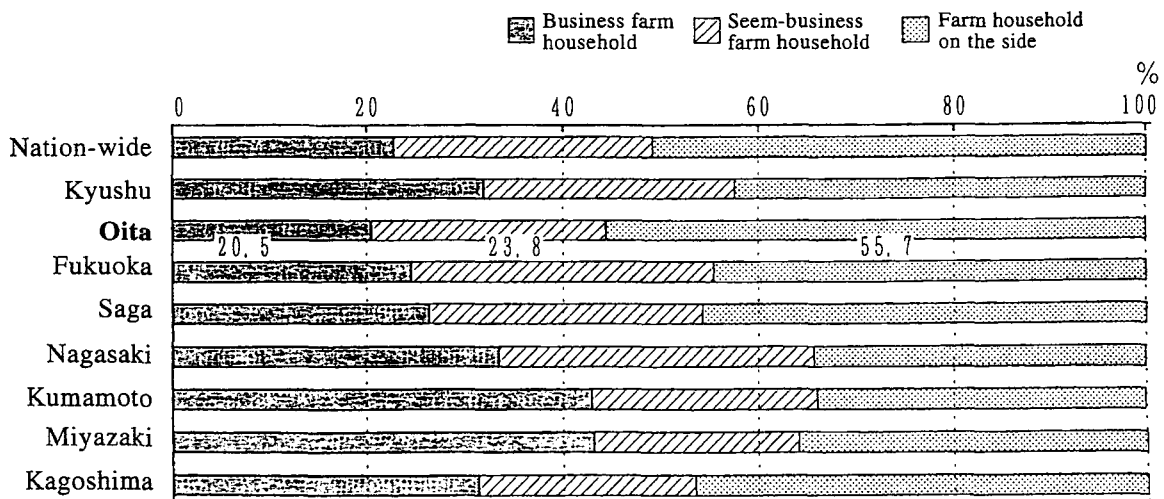


Source: Ministry of Agriculture, Forestry and Fisheries: "Census of Agriculture (and Forestry)"; (2. February 1st, 1996)
"Dynamic Statistics of Agricultural Structure"; (9. January 1st, 1998)

- Business farm household:** A farm household which operates primarily on income obtained through agriculture (or 50% and more of the income comes from agriculture) and with persons under 65 years of age who engage in agriculture 60 days and more.
- Semi-business farm household:** A farm household which operates primarily on income obtained through agriculture and with persons under 65 years of age who engage in agriculture 60 days and more.
- Farm household on the side:** A farm household other than business or semi-business farm households.

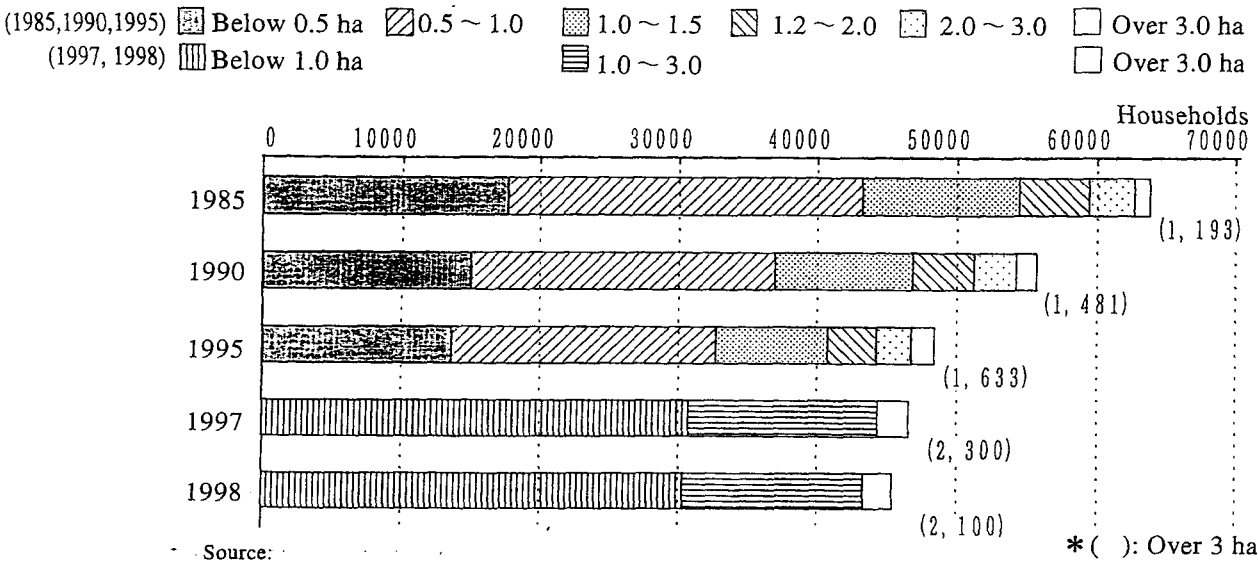
<Comparison with Other Prefectures in Kyushu> (1998)

In comparison of the proportions of business farm households, semi-business farm households and farm households on the side among the prefectures in Kyushu, the proportion of business farm households is the lowest and, on the contrary, seem-business farm households occupies the highest percentage.



③ Changes in the number of farming households by the size of the managerial cultivated land (commercial farm households).

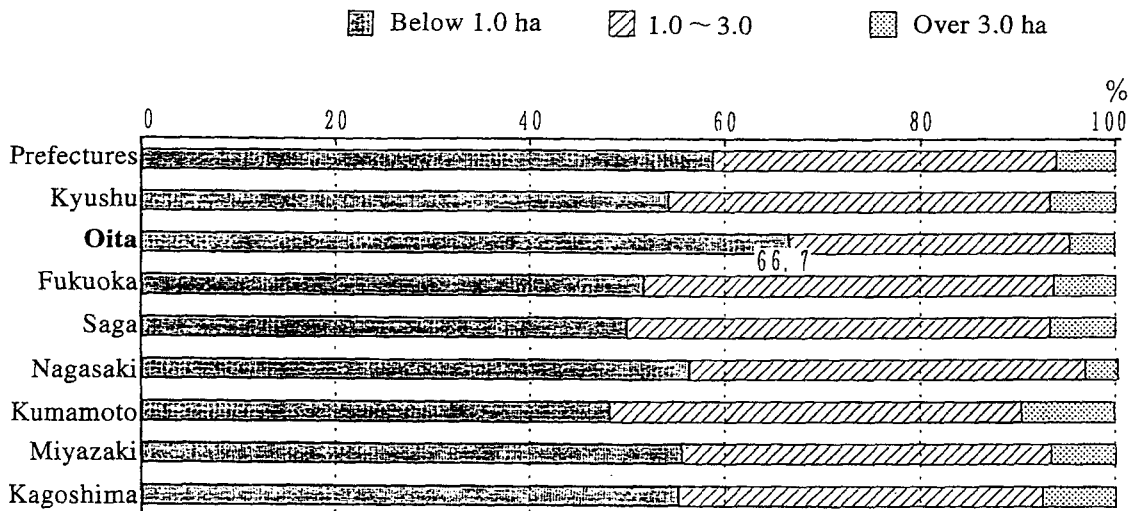
The number of farm households decreased in the period from 1997 to 1998 in all business scales.



Source: Agriculture, Forestry and Fisheries Ministry "Census of Agriculture (and Forestry)" (as of February 1st in 1985, 1990, 1995) "Dynamic Statistics of Agricultural Structure" (as of January 1st in 1997 and 1998)

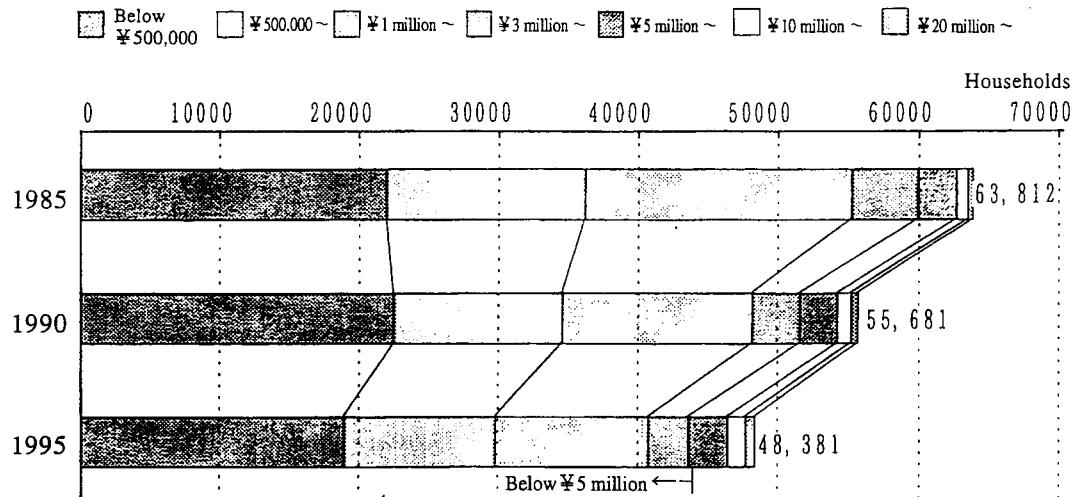
< Comparison with Other Prefectures in Kyushu > (1998)

In comparison of the farm households by business scale, the proportion of the ones possessing the land less than 1.0 ha is 66.7% in Oita Prefecture, highest in Kyushu.



④ The changes of the numbers of commercial farm households by the total sales in agricultural products.

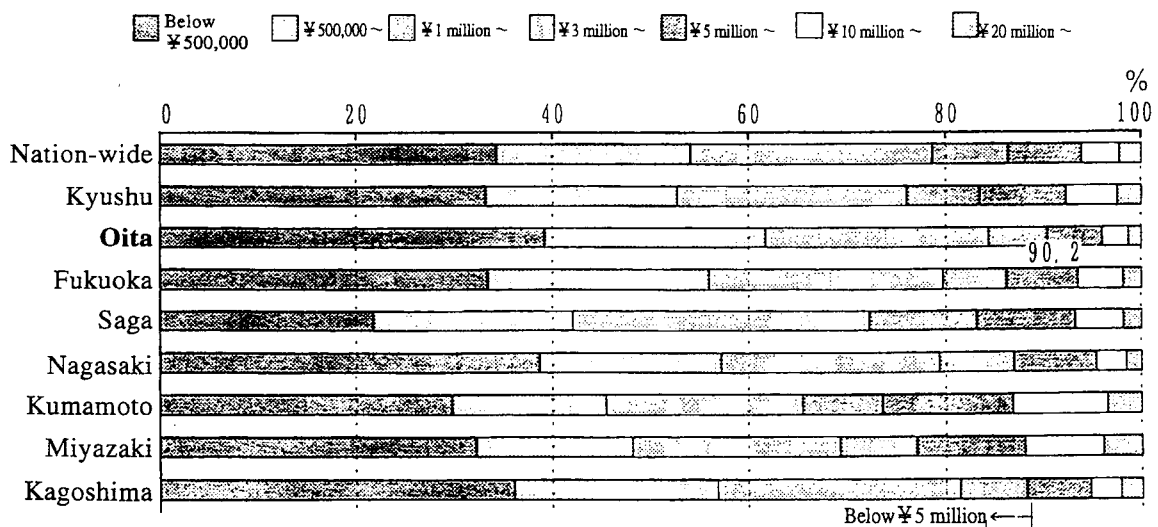
Those with the total sales of less than ¥ 5 million account for 90% of the whole, however, the number of the are on the gradual increase.



Source:
Agriculture, Forestry and Fisheries Ministry "Census of Agriculture (and Forestry)" (as of February 1st in 1985, 1990, 1995)

<Comparison with Other Prefectures in Kyushu> (1996)

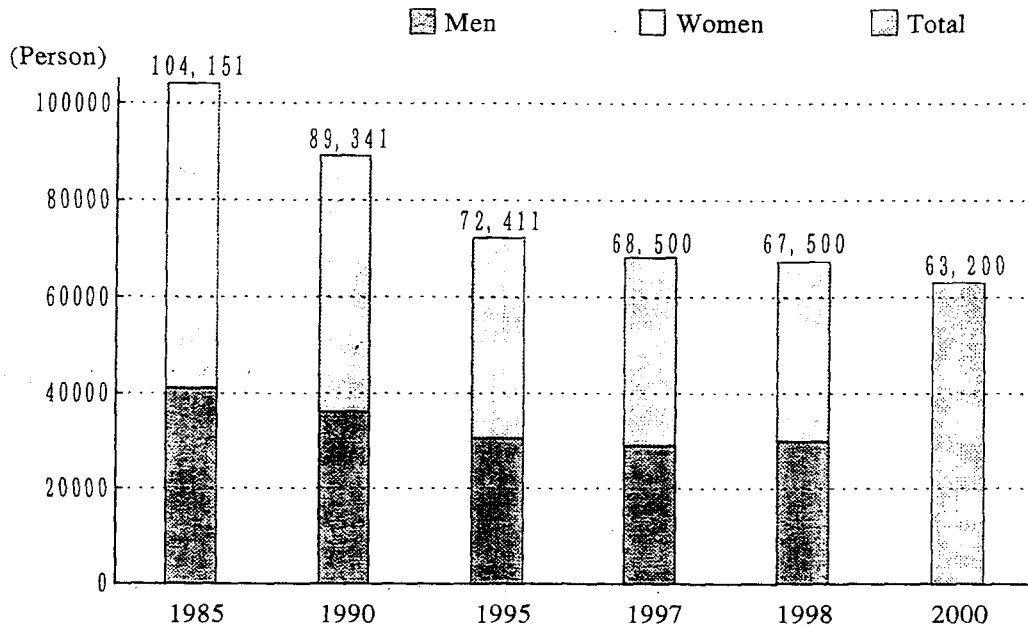
In comparison of the farm households by the total sales in agricultural products, the proportion of the ones with the total sales of ¥ 5 million was 90.2%, among the highest in Kyushu.



(2) Changes of the Commercial Farm Population (Commercial farm households)

- Commercial farm population fell 24.5%, from 21,841 to 67,500 in the period from 1990 to 1998.
- By gender, men are 29,800 men and women 37,700, 44.1% and 55.9% of the whole, respectively.

Commercial farm population stand for the total number of a person over 15-year-old who was engaged only in the independent farming and the one engaged in other job besides keeping a farm.



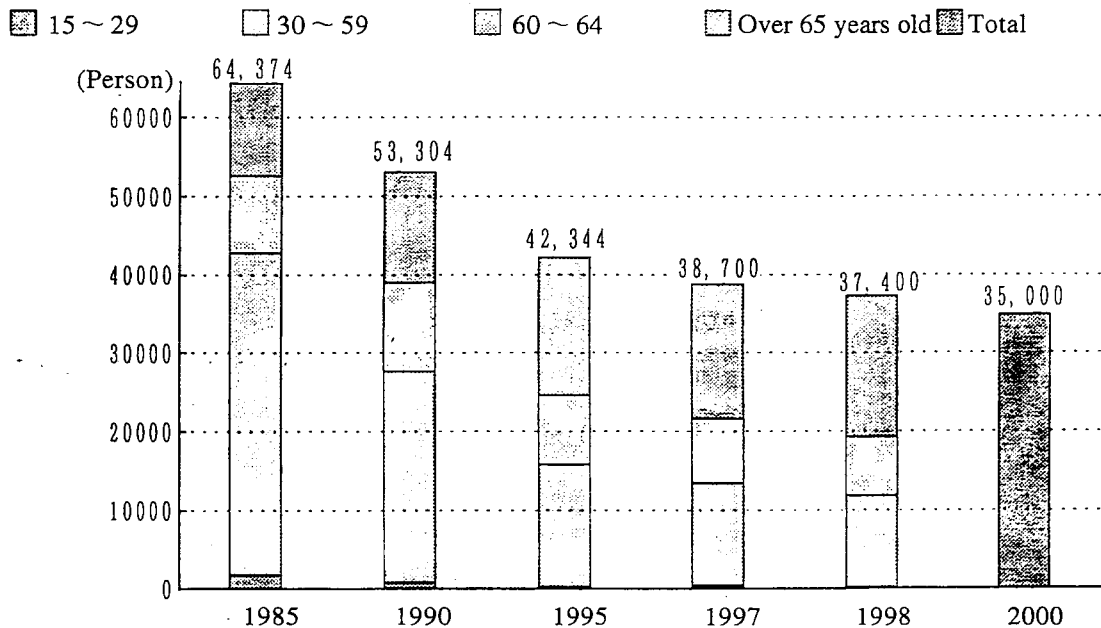
■ State of the Nation and Prefectures in Kyushu (1998)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Commercial farm population	100 persons	38,920	6,050	1,058	578	574	1,234	827	1,106

(3) Changes of the Number of Basic Farmers (Commercial Farm Households)

- The number of basic farmers fell 29.8% from 15,904 to 37,400 in the period from 1990 to 1998.
- By age category, the number of basic farmers age over 65 is 18,200 (48.2%) in 1998, indicating that the ageing of the basic farmers rapidly advances.

A basic farmer stand for the member of an independent farming household with a side job.

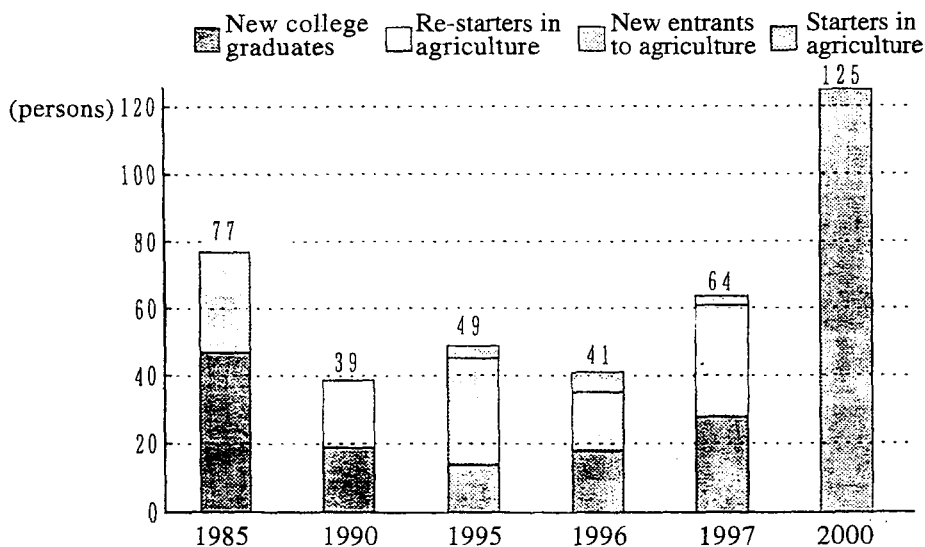
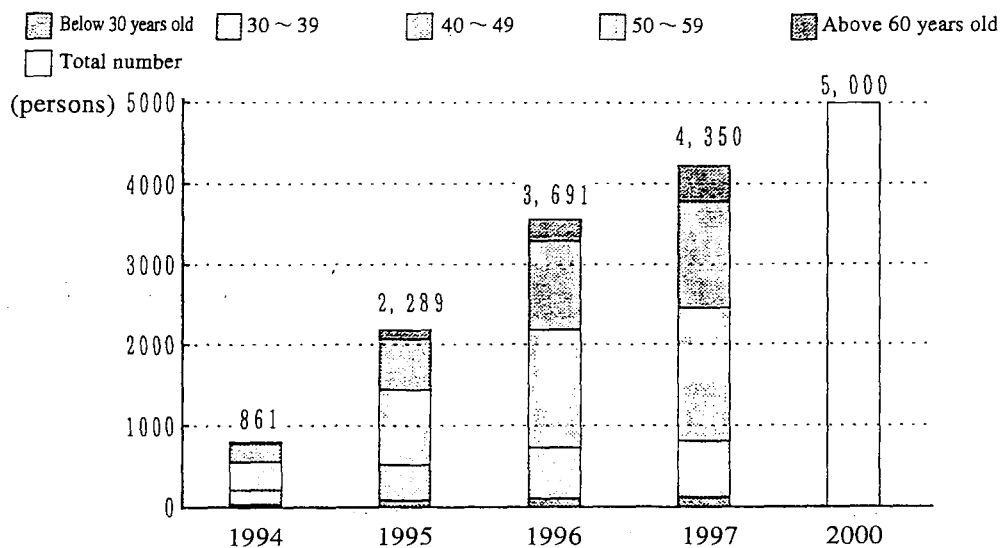


■ State of the Nation and Prefectures in Kyushu (1998)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Basic farmers	100 persons	24,080	4,159	624	385	428	870	635	842
Age over 65	100 persons	10,660	1,613	227	160	141	269	213	421
Proportion in the total	%	44.3	38.8	36.4	41.6	32.9	30.9	33.5	50.0

(4) Changes of the Numbers of Recognised Farmers and the Young Starters in Agriculture

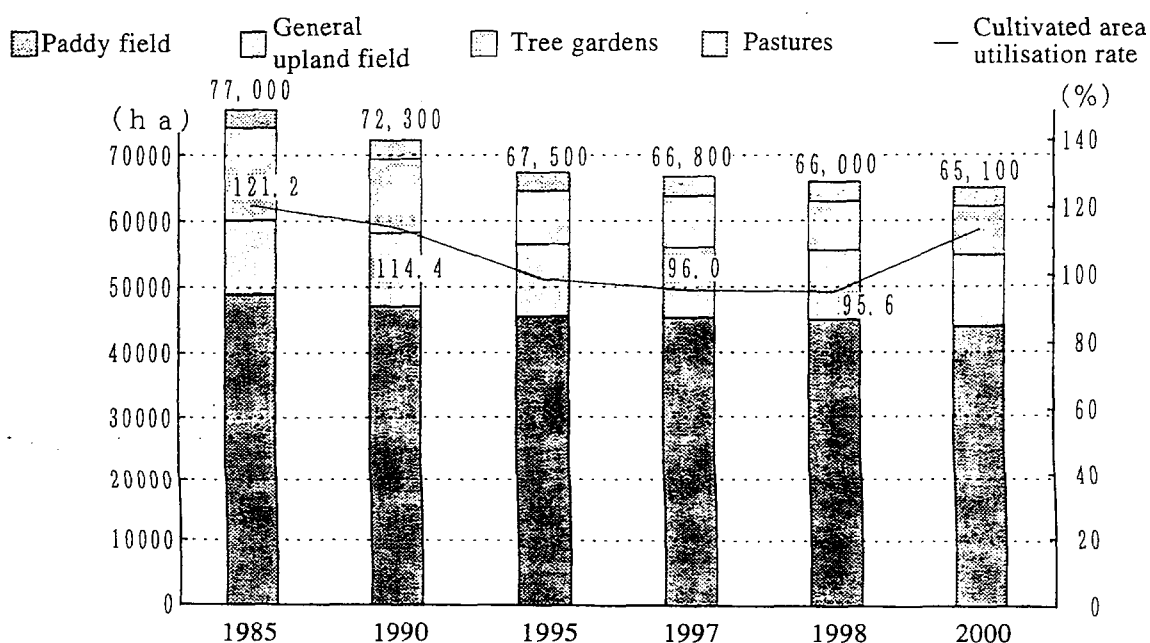
- The recognised farmers numbered 4,350 in 1998 in which the people in the age bracket of forties occupied 37.7%, or 1,641 persons.
- Year 2000 plan in the New Agricultural Plan 21 is to produce 5,000 agricultural business people. 5,000 recognised farmers must be secured and trained to achieve the plan.
- The number of young starters in agriculture (people under 35 years of age who newly engaged in agriculture) has been on the rise in the recent years and it counted 64 people in 1997.† If the starters and re-starters in agriculture who are aged 35 and more are included, the number grows to 75 people, however, it still does not reach the target set above.



(5) Changes of Cultivated Acreage

- Cultivated acreage diminished by 6,300, or 9.5% to 66,000ha during the period from 1990 to 1997..
- Utilisation rates of cultivated area declined largely from 114% in 1990 to 95.6% in 1997.

A basic farmer stand for the member of an independent farming household with a side job.

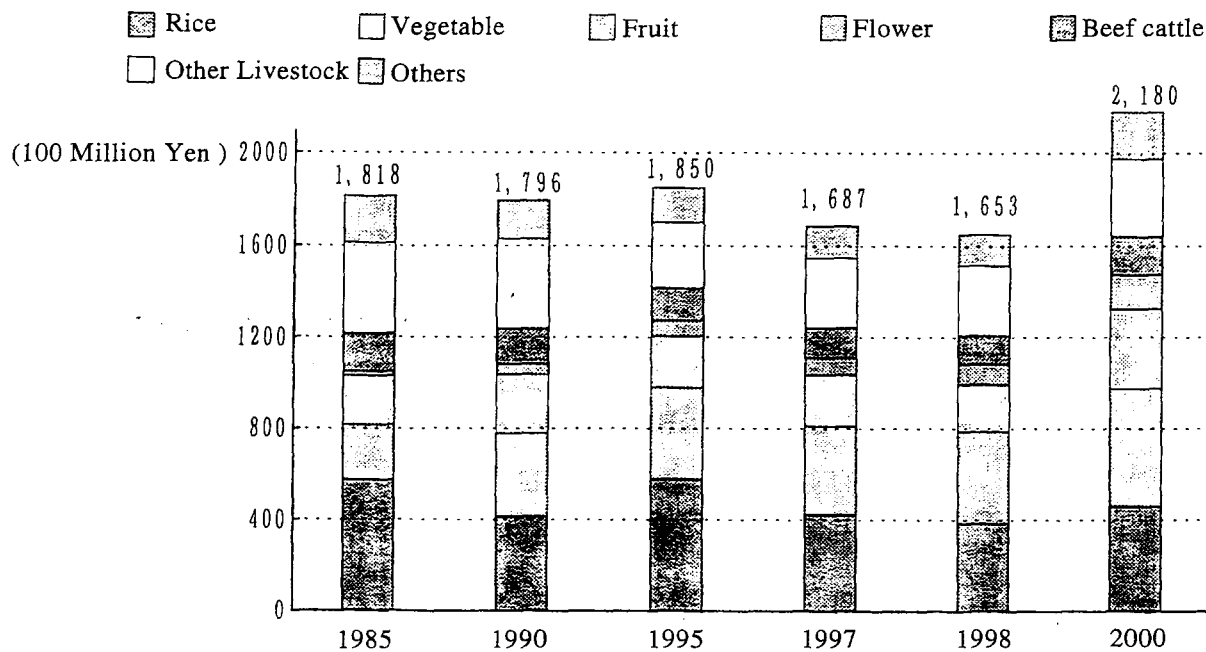


■ State of the nation and prefectures in Kyushu (1997)

Item	Unit	Nation-wide	Kyushu	Fukuoka	Saga	Nagasaki	Kumamoto	Miyazaki	Kagoshima
Cultivated acreage	Hundred ha	49,490	6,148	974	600	556	1,301	731	1,326
Paddy field	Hundred ha	27,010	3,502	749	457	259	762	394	431
General upland field	Hundred ha	12,140	1,710	90	50	208	260	268	727
Tree gardens	Hundred ha	3,799	787	132	92	87	203	55	143
Pastures	Hundred ha	6,540	149	4	1	2	75	13	26
General Cultivated area utilisation rate	%	95.3	105.3	106.7	125.5	95.9	99.8	116.7	103.0

(6) Changes of Gross Agricultural Production in Value

- The gross agricultural production was ¥179.6 billion in 1990. But the downscaled rice production and/or the reduced fruit production caused by meteorological calamities have stagnated the growth and the gross agricultural production dropped to ¥165.3 billion in 1997.
- The New Agricultural Plan 21 aims at reaching the gross agricultural production of ¥218 billion by the year 2000. However, the accomplishments to date stays at 75.8%.
- Other prefectures in Kyushu also suffered falls of gross agricultural production in value in 1997 compared to 1990.



■ Changes of gross agricultural production in value by prefecture in Kyushu

Item	Unit	1985	1990	1994	1996	1997	Growth Rate
Kyushu	100 million yen	19,343	20,341	19,954	18,917	18,147	89.2%
Fukuoka	100 million yen	2,798	2,753	2,900	2,645	2,492	90.5③
Saga	100 million yen	1,630	1,847	1,768	1,682	1,494	80.9⑦
Nagasaki	100 million yen	1,671	1,674	1,532	1,514	1,394	83.3⑥
Kumamoto	100 million yen	3,818	4,016	3,993	3,789	3,615	90.0④
Oita	100 million yen	1,818	1,796	1,850	1,687	1,653	92.0②
Miyazaki	100 million yen	3,265	3,745	3,519	3,365	3,289	87.8⑤
Kagoshima	100 million yen	4,342	4,510	4,392	4,235	4,210	93.3①

Note) Growth rate is of 1997 versus 1990.

① Changes of Gross Agricultural Production in Value by Item

(Million Yen)

Item	1985	1990	1994	1985	1996	1997	2000 Target
Rice	57,533	41,533	58,030	48,382	42,716	38,955	46,300
Vegetables(including tubers)	23,948	36,324	39,771	38,310	38,570	39,866	51,000
Fruits	21,365	25,437	23,010	23,530	22,206	20,618	35,000
Floriculture	1,836	4,580	6,783	7,321	7,845	8,650	15,000
Field husbandry, other	19,716	16,602	13,433	13,267	12,214	12,571	19,100
Sub-total	124,398	124,476	141,027	130,810	123,551	120,660	166,400
Beef cattle	17,043	15,979	13,810	13,067	13,148	12,812	17,100
Livestock, other	39,490	38,257	28,732	29,299	30,425	30,433	32,900
Sub-total	56,533	54,236	42,542	42,366	43,573	43,245	50,000
Processed crops	886	923	1,411	1,398	1,545	1,375	1,600
Total	181,817	179,635	184,980	174,574	168,669	165,280	218,000

② Composition Ratio of Gross Agricultural Production in Value by Item

(%)

Item	1985	1990	1994	1985	1996	1997	2000 Target
Rice	31.6	23.1	31.4	27.7	25.3	23.6	21.2
Vegetables(including tubers)	13.2	20.2	21.5	21.9	22.9	24.1	23.4
Fruits	11.8	14.2	12.4	13.5	13.2	12.5	16.1
Floriculture	1.0	2.5	3.7	4.2	4.7	5.2	6.9
Field husbandry, other	10.8	9.2	7.3	7.6	7.2	7.6	8.8
Sub-total	68.4	69.3	76.2	74.9	73.3	73.0	76.3
Beef cattle	9.4	8.9	7.5	7.5	7.8	7.8	7.8
Livestock, other	21.7	21.3	15.5	16.8	18.0	18.4	15.1
Sub-total	31.1	30.2	23.0	24.3	25.8	26.2	22.9
Processed crops	0.5	0.5	0.8	0.8	0.9	0.8	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

③ Total Cropping Acreage and Cultivated Area Utilisation Rates

(ha)

Item	1990	1994	1985	1996	1997	2000 Target
Rice plant	33,100	34,800	33,400	30,800	30,500	30,000
Oats	10,500	2,700	3,040	3,150	3,230	8,000
Miscellaneous grain, beans	5,433	2,193	2,138	2,694	2,620	3,770
Vegetables	8,555	7,584	7,376	7,300	7,204	9,000
Fruit tree	10,200	7,900	7,430	7,130	6,880	6,500
Floriculture	247	306	323	340	350	550
Industrial crops	2,330	2,170	2,140	2,150	2,115	2,150
Mulberry	452	191	147	109	85	-
Feed crops, manurial crops	11,500	11,200	10,700	10,100	9,880	13,500
Other	383	456	306	327	236	520
Total cropping acreage	82,700	69,500	67,000	64,100	63,100	73,990
Cultivated acreage	72,300	69,400	67,500	66,800	66,000	65,100
Cultivated area utilisation rate	114.4	103.6	99.3	96.0	95.6	113.7

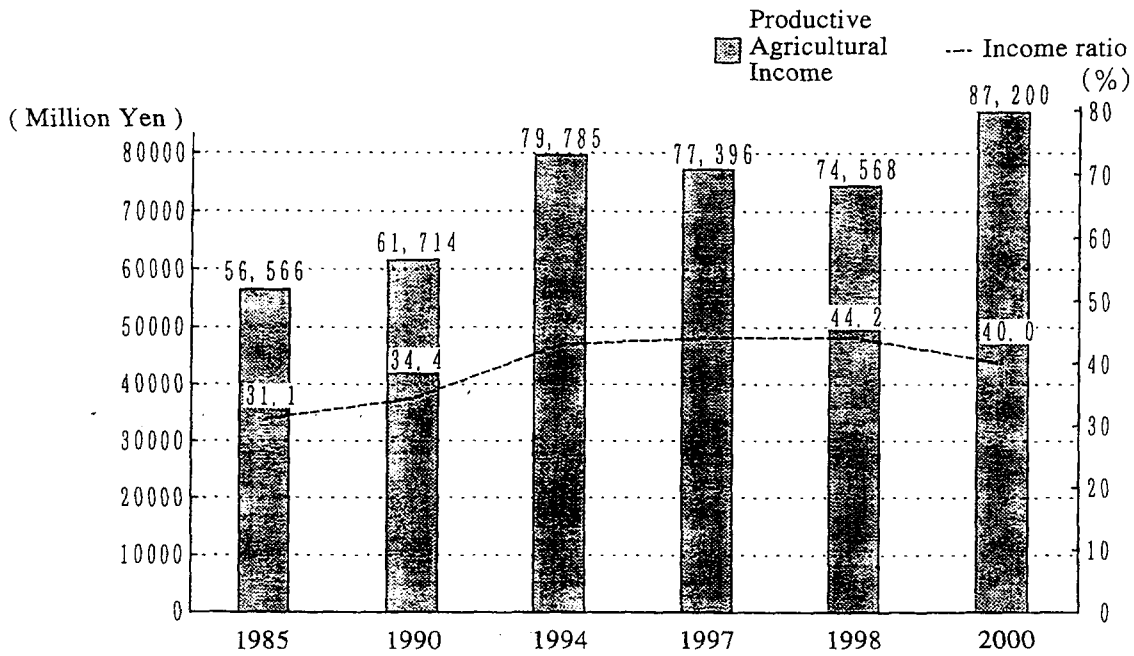
④ Changes of Cultivated Area for Horticulture under Structure House by Garden Products

(ha)

Item	1990	1994	1985	1996	1997	2000 Target
Vegetables	984	1,230	1,260	1,263	1,270	1,580
Fruit tree	461	488	491	507	527	626
Floriculture	150	202	220	237	244	400

(7) Changes of Productive Agricultural Income

- Productive agricultural income (material costs are deducted from the gross value of agricultural production) shows a growth rate of 121% from ¥61.7 billion in 1990 to ¥746 billion in 1998.
- Productive agricultural income of each prefecture in Kyushu is lower in 1998 than in 1990 except Oita Prefecture.
- Ratio of productive agricultural production income grows steadily to 44.2% in 1996.



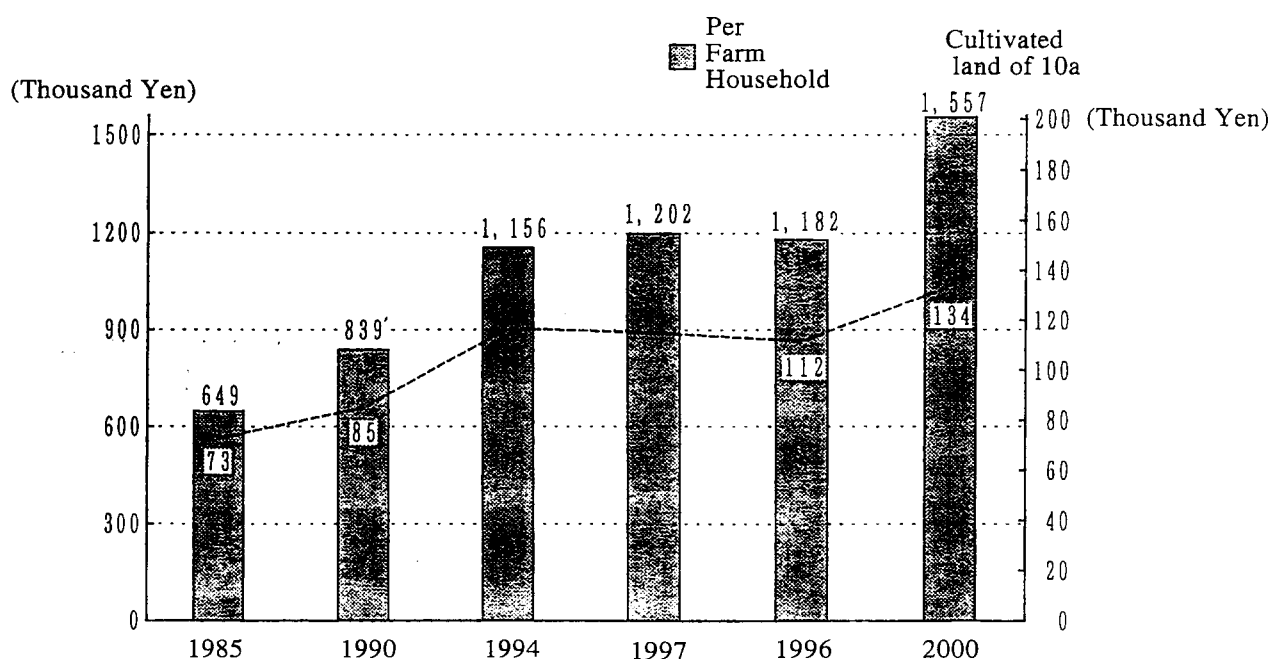
■ Changes of Productive Agricultural Income of prefectures in Kyushu

Item	Unit	1985	1990	1994	1995	1996	Growth Rate
Kyushu	100 million yen	6,605	7,878	7,913	7,759	7,315	92.9%
Fukuoka	100 million yen	995	1,092	1,253	1,046	981	89.8④
Saga	100 million yen	697	814	806	762	710	87.2⑥
Nagasaki	100 million yen	548	650	596	586	583	89.7⑤
Kumamoto	100 million yen	1,591	1,823	1,918	1,757	1,731	95.0②
Oita	100 million yen	566	617	798	774	746	120.9①
Miyazaki	100 million yen	961	1,242	1,041	1,226	1,062	85.5⑦
Kagoshima	100 million yen	1,248	1,635	1,501	1,608	1,502	91.9③

Note) Growth rate is of 1996 versus 1990.

(8) Changes of Productive Agricultural Income per Farm Household and by Cultivated Area of 10a.

- Productive agricultural income per farm household is shifting on the same level in recent years. Productive agricultural income per farm household in 1996 was ¥ 1,182 which is only 75.8% of the target figure of ¥1,557 in 2000 set by the New Agricultural Plan 21. However, the growth rate to the one in 1990 is the highest of 140% in Kyushu.
- Productive agricultural income per 10a of cultivated area is almost unchanged in recent years, however, the income grew greatly from ¥8,500 in 1990 to ¥112,000 in 1996 or 140% growth.



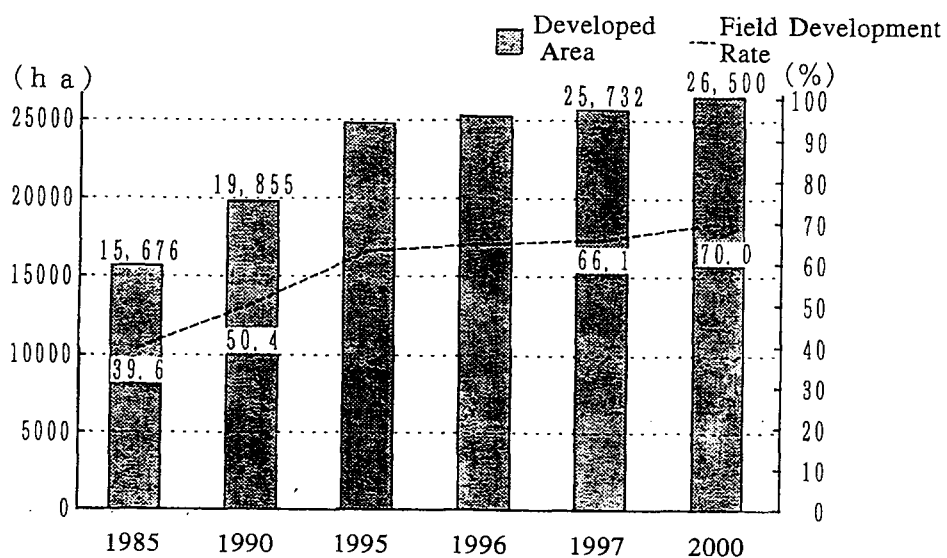
■ Changes of the Productive Agricultural Income per Farm Household in Prefectures in Kyushu

Item	Unit	1985	1990	1994	1997	1996	Growth Rate
Kyushu	thousand yen	959	1,365	1,465	1,530	1,469	107.6%
Fukuoka	thousand yen	822	1,065	1,297	1,159	1,109	104.1④
Saga	thousand yen	1,209	1,619	1,744	1,696	1,602	98.9⑥
Nagasaki	thousand yen	787	1,173	1,130	1,208	1,213	103.4⑤
Kumamoto	thousand yen	1,390	1,882	2,080	2,036	2,048	108.8③
Oita	thousand yen	649	839	1,156	1,202	1,182	140.9①
Miyazaki	thousand yen	1,229	1,811	1,611	1,981	1,727	95.4⑦
Kagoshima	thousand yen	777	1,263	1,265	1,450	1,392	110.2②

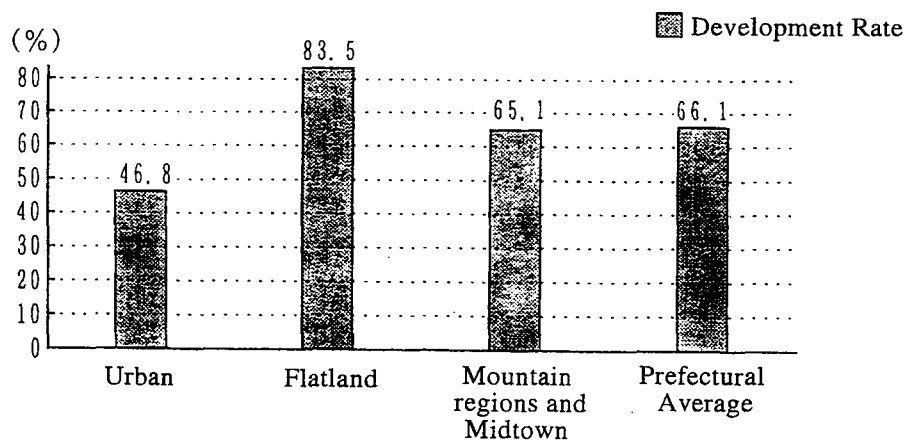
Note) Growth rate is of 1996 versus 1990.

(9) Paddy Field Development

- Developed field area is 25,732 ha, development rate of 66.1%, as of March 31, 1998..
- Development levels differ among regions and are slower in the urban area, mountain regions and midtown.



Agricultural Are Development Rates by Area Type (1997)



New Agriculture Plan 21

Agriculture - the Leading Industry Of the 21st Century



Governor of Oita Prefecture
Morihiro Hiramatsu

I believe that there is no other imaginative and creative industry than agriculture in which you can display your originality to the fullest from a production process to marketing process. Agriculture will surely become the "Leading Industry" in the 21st century in my opinion.

It is vital for us to make agriculture an appealing and challenging industry to the young which can provide higher income than other industries. In addition, building up truly rich farm villages in the comfortable living environment is also important. Toward this goal we have been actively carrying out relevant projects in various fields.

The "New Agriculture Plan 21" was drawn up to steadily and bravely promote the innovation of agriculture as well as farm villages in Oita. Still we have reviewed the plan to build up more robust agriculture which can cope well with socio-economic changes due to the Uruguay Round Agricultural Agreement or the enforcement of the Food Act.

We will continue to encourage high value-added agriculture utilising specific features and resources in each region, and to strive for agricultural reform so that farming parents can boast to their children about their occupation, and young generation can find farming appealing. In addition, we will enthusiastically tackle renovation of farming villages which villagers can boast to urban dwellers about.



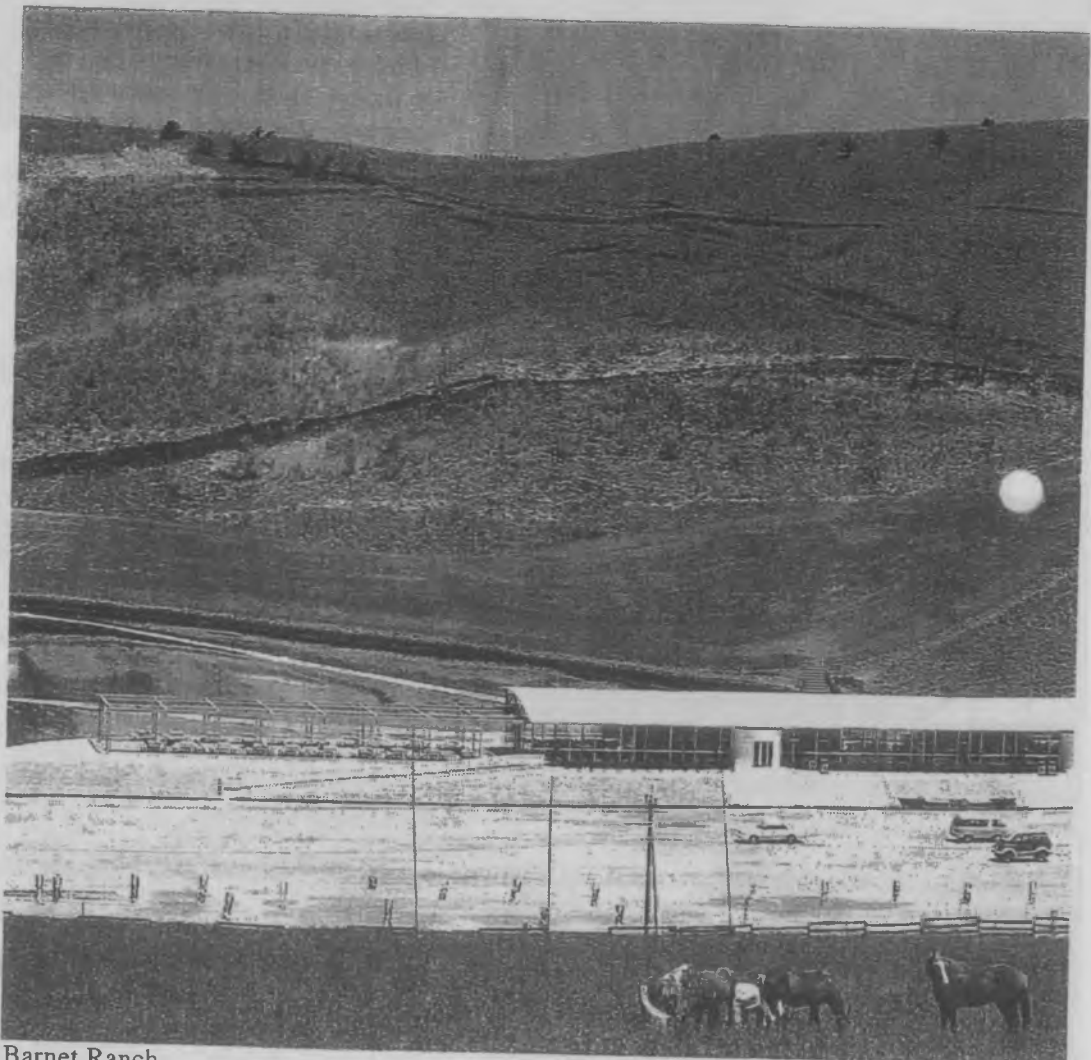
Scenario (Targets of New Agriculture Plan 21)



1. Agriculture as an Independent Industry

In order to inspire young folks to choose agriculture as an occupation, agriculture must become more a working hours and income must become comparable to other industries.

For this purpose, farmers in Oita are establishing effective, high Quality and Consumer-oriented agrobusiness not only with family members but also with outside employees. And naturally they incorporate their businesses.



Barnet Ranch

agriculture as their
ling. Specifically, its
ole to those of other

ing for CQC (Cost-
iculture, and for the
members alone but
eir final goal is to



2. Farming and Farm Villages Create New Industries.

Farming and farm villages, which emphasise symbiosis with nature, are attractive enough to people as their spiritual home.

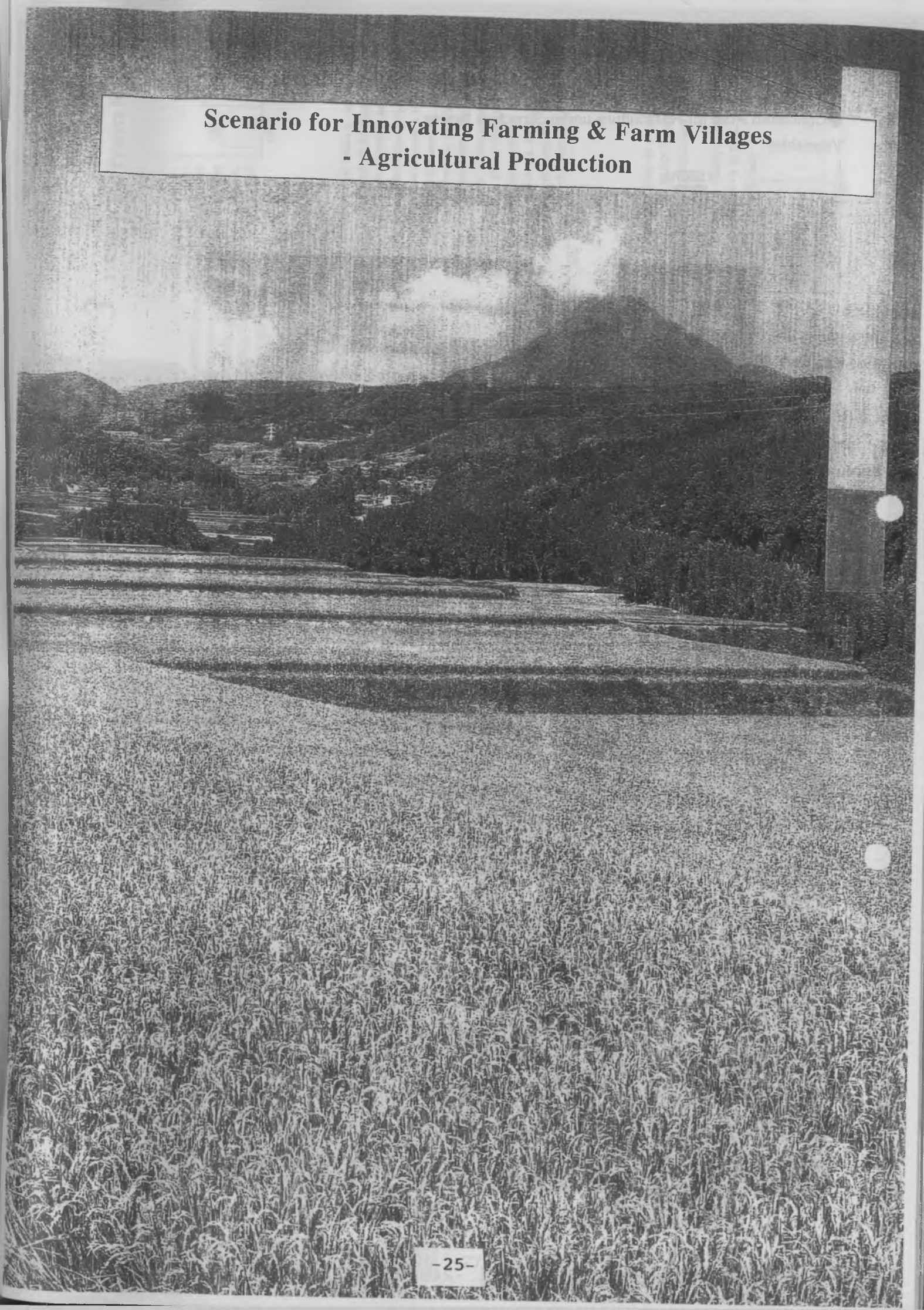
Through not only farm products, but also wide-ranging exchanges, it will be possible to create new farming in which tourism or person-to-person exchanges are incorporated.

3. Rural Communities Blessed with Rich Living Environment and Cultural Environment

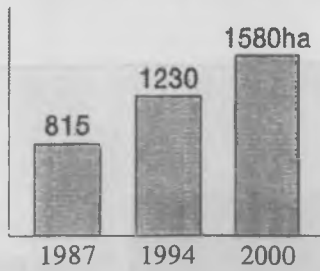
As opposed to cities which frantically pursue convenience of living, farm villages can preserve and nurture rich living environment.

While incorporating new ideas, we refine our traditional culture and heritage handed down for generations, and aim at building up a community where we can live proudly.

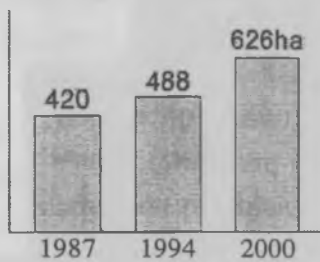
**Scenario for Innovating Farming & Farm Villages
- Agricultural Production**



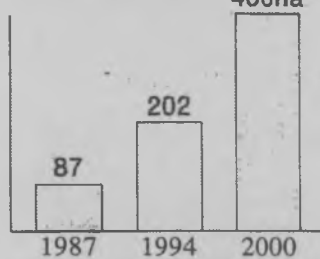
● Cultivated Area for Horticulture under Structure House
Vegetables



Fruits



Flowers & Plants



Basis of Agricultural Production Is CQC.

Now is the time when products which do not meet the needs of the consumers cannot sell well.

We promote production of Cost-effective, and besides tasty, fresh and safe products of high Quality that can fulfil the needs of Consumers or sometimes even anticipate their needs.

The Mainstay of Promotion Are Horticulture under Structure House & Beef Cattle.

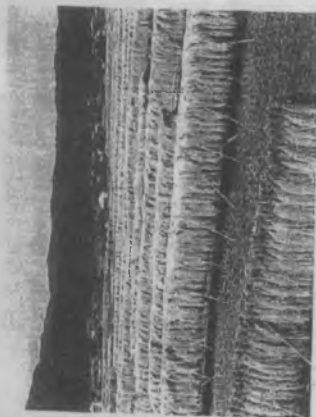
With rice still as the core product, we promote agriculture giving priority to highly productive facility horticulture as well as beef cattle which can take advantage of abundant grass resources.



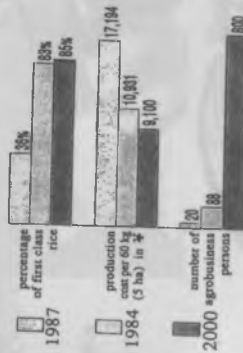
Scenario for Innovating Farming & Farm Villages
- Agricultural Production

5 Major Project Campaign

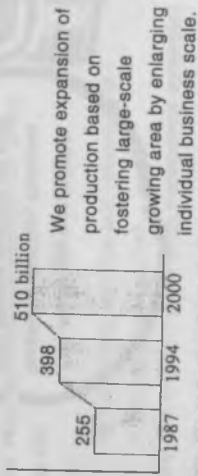
1 CQC Rice Promotion Project-818 Project



We promote cost-effective, high quality, and customer-oriented CQC rice production. We also encourage distinctive, high value-added rice production in mountainous areas.



2 50 Billion Yen Project for Vegetables



Major Promotive Products

Main Promotive Products:

strawberries, tomatoes, green peppers

Main Hothouse Vegetables:

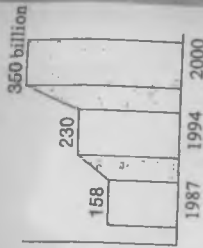
oba perillas, trefolls, scallions, nira Chinese chives

Main Outdoor-grown Vegetables:

white scallions, cabbage, daikon white radish,

Chinese cabbage

3 35 Billion Yen Project for Fruits



In order to develop high-level fruit growing areas with the right product in the right place in mind, we encourage labour saving by improvement of species or families, as well as horticultural infrastructure, regarding citrus fruits, grapes, pears, and kabosu limes. Also as to peaches, Japanese plums, loquats, and figs, we promote production increase as Oita's specialities.

4 15 Billion Yen Project for Flowers & Plants

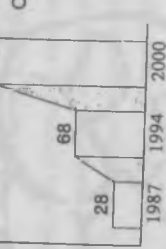
We develop production areas which can stand comparison with any other areas in Japan in terms of scale and quality of products. Also we step up specialisation of works such as production of seeds and saplings as well as flowers' sorting out work, and expansion of scale by labour saving as well.



Major Promotive Products

Hothouse Flowers & Plants:

chrysanthemums, roses, carnations, baby's breaths, Turkish bellflowers, sweet peas, statas, potted plants



Outdoor grown Flowers & Plants:

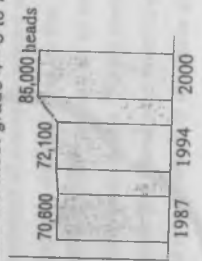
chrysanthemums, autumn bellflowers, lilies, Chinese lanterns, wild chrysanthemums

5 100,000 Heads of Beef Cattle Project

We will increase the number of beef cattle to 85,000 heads by the year 2000 by encouraging cattle raisers to keep calves inside the prefecture. (cattle exclusively used for beef: 70,000 heads)

We train 620 agribusiness people with high management ability.

We improve the quality of beef cattle, and raise the meat grade 4 * 5 to 70%.



Scenario for Innovating Farming & Farm Villages - Leaders

Agrobusinessmen Are the Next Leaders of the New Agriculture.

We foster 5,000 agrobusiness people.

Agrobusiness person is an enterprising entrepreneurship-minded agriculturist who is eager to tackle rational management of land, capital, and labour.

We Support.

We establish an accessible information system which can provide necessary information on agrobusiness such as technology, management, distribution, and funds through personal computer (PC) networks, and we strengthen a back-up system to address various business issues.

- Promotion of establishment of a "Regional Agriculture Management Centre"
- Establishment of PC network system which links agrobusiness people
- Publication of information journal on agriculture
- Promotion of incorporated businesses

Delivery of Certificate at Kusu Town



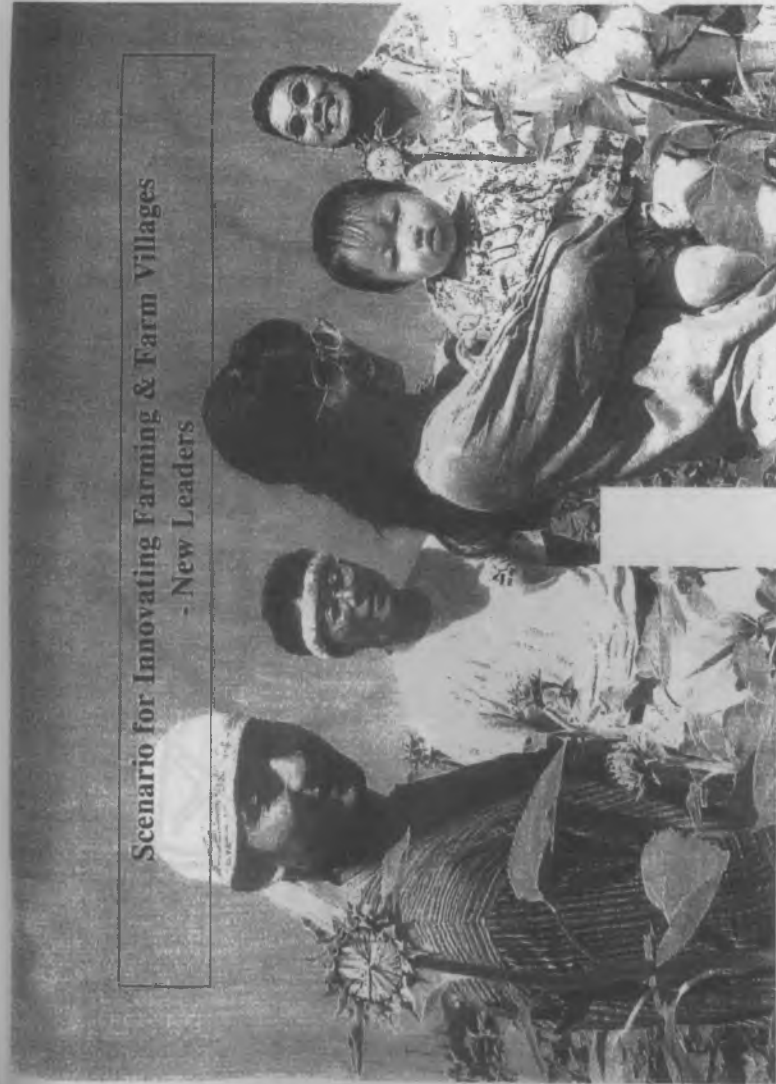
You really are our reliable business partner, because you always provide us with high-quality products consistently.

Authorised Farmers / Future Agrobusinessmen.

We foster agrobusiness people with a concerted effort of all the relevant bodies so that authorised farmer will be able to accomplish their agrobusiness improvement plans.

Authorised Farmers / Future Agrobusinessmen.

Scenario for Innovating Farming & Farm Villages - New Leaders



Value Added Farming Is Fit for Elderly.

We encourage the elderly to select produce suitable to their characteristics and to produce original, high value-added products which are less likely to be produced by mechanised farming. We step up the creation of the agricultural production system making the most of the respective traits of the elderly, the middle-aged, the youth, and women.

Female Farmers Hone Agrobusiness Skills.

We improve the training programs for female farmers on technology, management, and living, considering their life cycles, and help them acquire high agrobusiness management ability.

We Support.

- Expanding activities and networking of agrobusiness women
- Conclusion of the family management agreement and promotion of incorporation
- Supporting female's entrepreneurship



Signing Ceremony of Family Business Agreement to Realise Attractive Farming & Farming Life



New Leaders are Aspiring Youth.

We scout for and nurture 125 people a year who attempt to start farming anew.

In order to find and foster new human resources, we provide substantial training system and financing system. Furthermore, in addition to introduction of farmlands, as well as construction of leased farms and ready-built farms, we promote incorporated agrobusiness, and enthusiastically encourage highly motivated young people to start agriculture.

We also support establishment of the agricultural public corporation equipped with training programs for young leaders.

Briefing Session for those who want to start farming at Osaka Prefecture



We Support.

- Enhancement of understanding of agriculture and farm villages
- Promotion of encouragement activities to inspire people to start farming by the "Guiding Centre for New Farmers" as well as by head-hunters
- Establishment of the "Young Farmer Fostering Centre"
- Supporting those who want to start farming anew, and improvement of the terms of starting agriculture

Scenario for Innovating Farming & Farm Villages - Leaders

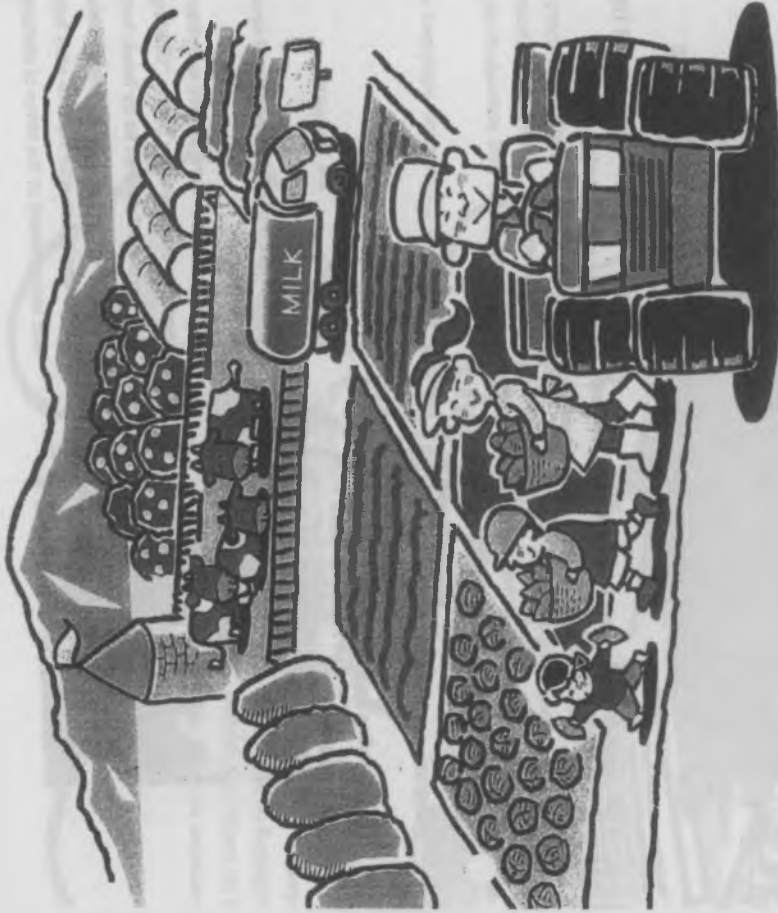
Rational Usage of Farmland and Machine

We promote systematic group-farming production or complementary farming so that all farm families including those with a side job can use farmland and machines efficiently. Also we actively support the creation of multifaceted production system to enhance agrobusiness by organically combining individual farming and group farming, as well as highly productive land farming and intensive farming.

We Support.

We improve farmland and foster young farmers by combining agricultural infrastructure project and agrarian streamlining project.

Mobilisation or Liquidation of Farmland area provided by the usage right in the agrobusiness reinforcement promotion law 10,000 ha (15%)



Agricultural Co-op Serves As a Caretaker of the Regional Farming.

As the nucleus to synthetically promote production and distribution making full use of regional resources such as land, labour and machines, we will continue to actively support several projects including instruction of agrobusiness, and merger of a large region, in particular.

We Support.

- Materialising "12 Agricultural Cooperative Plan"
- Drawing up "Regional Farming Centre Plan"
- Strengthening the function of co-op



Scenario for Innovating Farming & Farm Villages - Technology, Distribution, Processing

Technology

High Technology Supports CQC Agriculture.

We promote breeding of new species and new families, as well as development of sophisticated cultivation and breeding technology by making full use of cutting-edge technology such as biotechnology in order to attain CQC Agriculture.



Major Targets of Technological Development

- Development of the agricultural production system utilizing electronics and mechatronics
- Establishment of the agricultural information system
- Establishment of the easy and quick quality evaluation method using near infrared analyser, enzyme sensor, and the like.
- Establishment of cell fusion technology and gene recombination technology
- Making the cattle's sexual selection technology practicable
- Establishment of sustainable farming technology

Distribution

We step up marketing ability and development of the distribution system with CQC Agriculture in mind.



We Support.

- Popularisation of "Oita Brand" among consumers
- Promotion of joint sales in a wide area and planned shipment to foothold market
- Improvement of cargo-pickup and shipping facilities, and establishment of the "Cold Chain System"
- Improvement of infrastructure of a wholesale market

From "Agriculture that Sells Produced Goods" to "Agriculture that Produces Saleable Goods"

We step up marketing ability and development of the distribution system with CQC

Processing

Good Materials Plus Creating-Demand Farming

We promote produce processing by developing new processed foods, strengthening technical assistance, and expanding the market.



We Support.

- Development and promotion of new "One Village, One Product"
- Nurturing processing teams or groups
- Co-operation with food industry
- Development and expansion of the processed foods market

That is right. Marketing route....



Farming & Farm Villages

sources Foster Farming

preserving our land and landscape, as well as
 ler to maintain and build up these multifaceted
 rated from residential areas by considering the
 agricultural and social infrastructure, and make
 well as Oita citizens at large.



Scenario for Innovating - Pristine, Fun, and Ne

Pristine Farming & Farm Villages

Agriculture and farm villages play a key role
 natural resources such as water and greenery. In
 functions of public interests, we secure farmland
 residents' actual living conditions. We also improve
 efforts to win the understanding of farmers, villagers

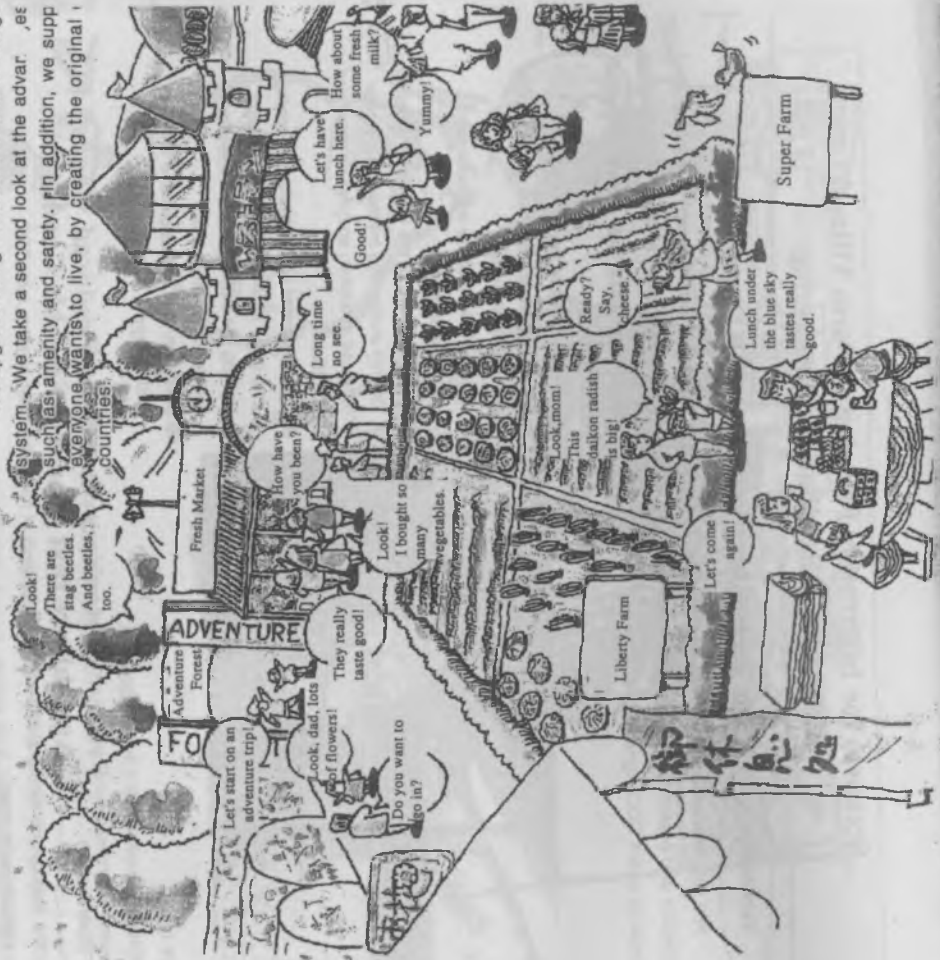


llages Open for Cities

improving information access and transportation
 livli and cultural environment of a farm village
 building up a pleasant, appealing village where
 re through exchanges with cities and foreign

Fun Farming & Farm Villages

We upgrade living conditions in a farm village
 system. We take a second look at the advar, as
 such (sustainability and safety. In addition, we supp
 everyone wants to live, by creating the original
 countries.



New Farming & Farm Villages

Pristine and Fun Farming and Villages can Produce New Farming and Villages.

We encourage the development of new type, value-added agriculture,
 and plan to construct the "Agricultural Park (tentative name)" as the core
 facility to give the direction of the future course of farming and a farm village.

Targets

- Major Indices of the Plan Value of Agricultural Output by Product

Data of years 1987 and 1994 are based on statistics by the Ministry of Agriculture, Forestry and Fisheries.
 Note: * is based on agricultural census conducted on February 1st, 1995
 Note: ** is based on the survey by the prefecture at the end of FY 1994.

1. Major Indices of the Plan

Item	Unit	Original standard year (1987)	Present standard year (1994) A	Target year (2000) B	Ratio B/A
Number of farming households, number	Household	85,320	* 64,445	56,000	87
Farming population, number	Person	115,550	* 72,411	63,200	87
Number of full-time farmers, number	Person	61,410	* 42,344	35,000	83
Number of authorised farmers, number	Person	-	** 861	5,000	581
Cultivated area	ha	75,600	68,300	65,100	95
Rice paddy	ha	48,200	45,800	44,000	96
Field	ha	11,200	10,900	10,800	99
Orchard	ha	13,400	8,610	7,300	85
Pasture	ha	2,780	3,020	3,000	99
Cultivated area per household	a	89	99	116	117
Percentage of cultivated area's usage	%	119.3	101.8	113.7	112
Value of agricultural output, ¥ 1 million		157,600	185,000	218,000	118
Agricultural income, ¥ 1 million		43,604	79,786	87,200	109
Agricultural income per 10 a, ¥ 1,000		58	117	134	115
Agricultural income per household, ¥ 1,000		511	1,156	1,557	135

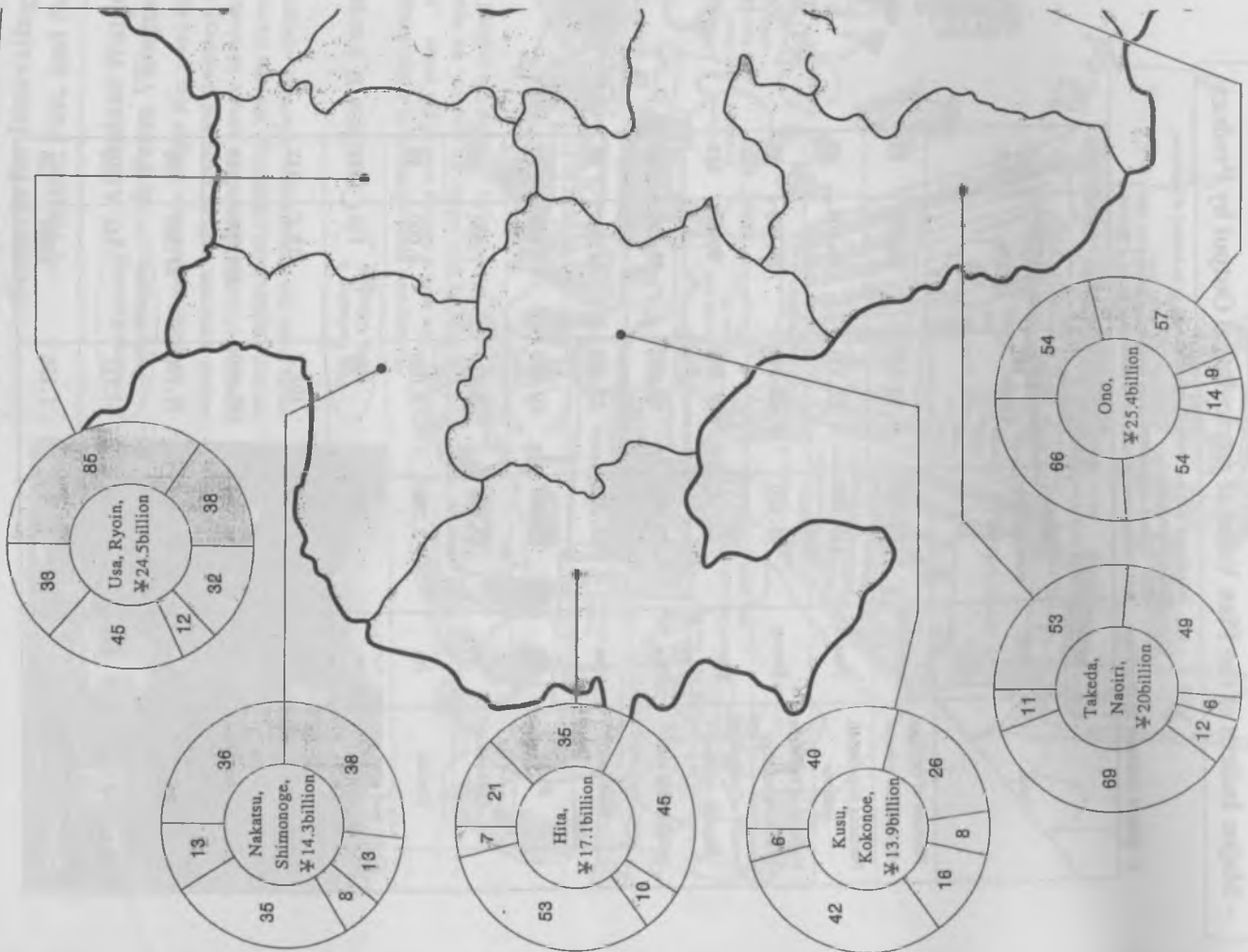
Data of years 1987 and 1994 are based on statistics by the Ministry of Agriculture, Forestry and Fisheries.
 Note: Total values may be inconsistent due to round-off of figures.

2. Value of Agricultural Output by Product

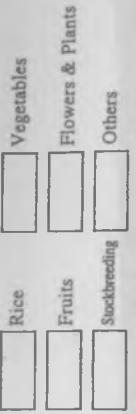
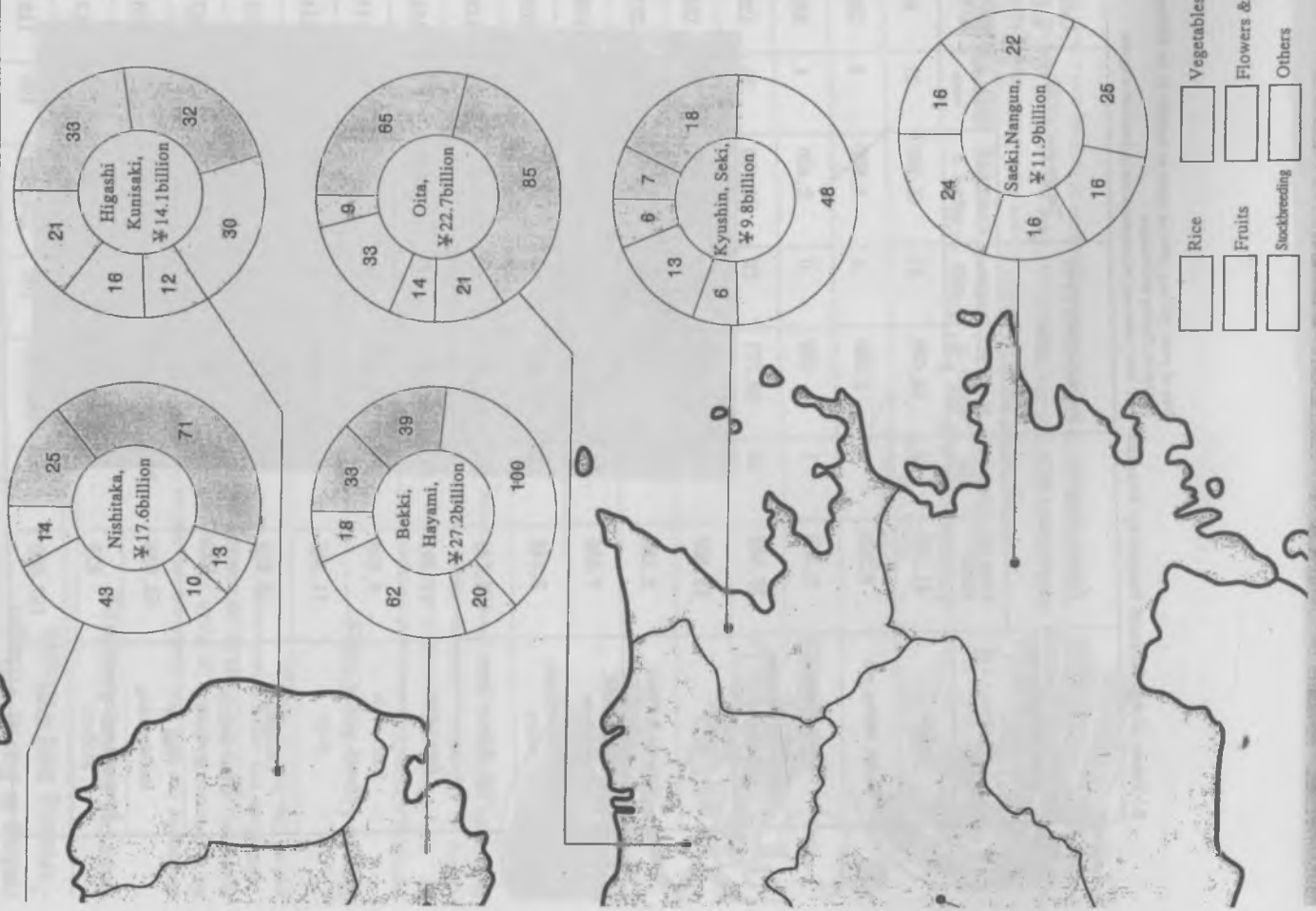
Name of Products	Product, Original standard year (1987)		Present standard year (1994)		Target year (2000)		Ratio B/A
	Value of output	Component ratio	Value of output A	Component ratio	Value of output B	Component ratio	
Rice	41,604	26	58,030	31	46,300	21	80
Wheat, barley, rye	6,248	4	1,200	1	4,600	2	383
Cereals, beans	2,355	1	709	0	2,400	1	339
Vegetables including potatoes	25,503	16	39,771	22	51,000	23	128
Fruits	15,828	10	23,010	12	35,000	16	152
Flowers & Plants	2,789	2	6,783	4	15,000	7	221
Industrial crops, sericulture	7,666	5	8,666	5	9,100	4	105
Seeds and saplings, others	2,748	2	2,858	2	3,000	1	105
Total of above items	104,741	66	141,027	76	166,400	76	118
Beef cattle	17,391	11	13,810	7	17,100	8	124
Dairy cattle	9,893	6	10,008	5	11,400	5	114
Hogs	11,545	7	6,338	3	7,200	3	114
Chickens	12,652	8	12,046	7	13,800	6	115
Other livestock products	555	0	340	0	500	0	147
Total of stockbreeding	52,036	33	42,542	23	50,000	23	118
Processed agricultural products	823	1	1,411	1	1,600	1	113
Grand Total	157,600	100	184,980	100	218,000	100	118

in ¥ 1 million, %

Numerical Targets of Region's Pr



otion - Value of Agricultural Output



A Look Into Oyama

A Look Into Oyama

1. Present Data

- Land Area 45.72 km²
- Population 4.226 (male 2.008/ female 2.218)
- Households 1.045

Agricultural Facts for 1995

Total number of farms	609*	
- self-consumption production	88	
- production for profit reasons	421	
Agricultural cultivated area	280	ha (total dimension)
- profit oriented production	244.77	ha
- self-consumption production	35.23	ha
Average farm size	46	a (total dimension) **
- profit oriented production	58	a
① <u>Rice growing</u>		
Farms involved	327	
Area involved	59	ha/ 18 a per farm
② <u>Arable farming</u>		
Farms involved	315	
Area involved	33	ha/ 10 a per farm
③ <u>Fruit tree farming</u>		
Farms involved	372	
Area involved	142	ha/ 38a per farm
④ <u>Mushrooms</u>		
Enuki	120	farms
Nameko	7	farms
Shitake	35	farms

* most farms grow more than one product

** Hokkaido 20-50 ha/ national average 1 ha

Town Finances

<u>Year</u>	<u>Revenue*</u>	<u>Expenditures*</u>
1989	213.779	210.190
1990	243.124	236.315
1991	266.782	254.950
1992	280.301	271.409
1993	335.020	321.728
1994	475.437	463.607
1995	323.019	312.621

* (¥ 10.000)

Total proceeds in 1996

Enuki	¥ 9.9	billion
Shitake	¥ 4.5	billion
Nameko	¥ 2.0	billion
Plum	¥ 0.7	billion
Sumomo	¥ 0.9	billion
Watercress	¥ 1.0	billion
Herbs	¥ 1.4	billion
Others	¥ 3.4	billion
	¥ 23.8	billion*

* not net profit

2. Start of the One-Village-One-Product Movement

In 1979 the governor of Oita Prefecture initiated the One-Village-One-Product Movement. He stressed the importance of this project and referred to Oyama as a flourishing town which became the "Home of plum and chestnut" because it already practiced the principles of the movement. Actually Oyama took the first steps in 1961. As one of the poorest Japanese towns up until that time Oyama opposed the prefectural politics to focus on rice growing, because its geographical characteristics didn't allow a profitable rice production. The mayor at that time made study trips to places all over Japan and to foreign countries and finally identified plum and chestnut as the most promising products for Oyama.

2.1 Reasons to Act

- a. **Impoverishment:** according to the National White Book 1959 the living standards per year and 4.5 pers. household were as follows: ¥ 400.000 were necessary to live a culturally fulfilled life, with ¥ 240.000 the mental well-being and with ¥ 170.000 the mental and physical existence is endangered. In 1961 the average income in Oyama was under ¥ 170.000 .
- b. **Living quality:** Oyama had a low living quality and developed the idea to abolish heavy labour and unhygienic coexistence of man and beast (domestic) in order to improve living quality
- c. **Comparison:** through experiences made on study tours within Japan and to foreign countries (16 countries in 5 years) especially Israel, Oyama determined the steps necessary to restructure its agriculture successfully. A kibbutz in Israel became a role model
- d. **Politics:** prefectural politics favorizing a large scale rice production would have a disastrous effect on the town's economics. Oyama had a low living quality and developed the idea to

2.2 The NPC Movement

NPC is a synonym for the three different stages of the town development

- ◆ First NPC "New Plum and Chestnut" Movement (1961)
- ◆ Second NPC "Neo Personality Combination" Movement (1965)
- ◆ Third NPC "New Paradise Community" Movement (1969)

The three different NPC Movements can't be seen as separate or already finished steps. After their start in different years of the 1960's, they became interdependent and even today they are steadily in progress. The English term NPC Movement was chosen on purpose. It was meant to characterize the start into a new area of town development. It was created as a term the young generation can identify with and the older generation wouldn't understand because of their lack of English abilities. The innovative young generation should be also verbally separated from the non-innovative older farmers.

3. Agriculture and Town Development

First NPC "New Plum and Chestnut" Movement (1961)

<Agriculture – A Means of Town Development>

The initial goal of the NPC Movement was to increase the incomes of the town's farmers through crop diversification. The first new crops were plums and chestnuts. Later several varieties of mushrooms were introduced. The program has expanded to the point that now nearly one hundred agricultural products are grown and processed in, and shipped directly from Oyama.

● **Analysis of Current Situation**

Set-up of a 'Ten Years Plan' which aims to realize a guaranteed yearly income of ¥ 1 million within a period of ten years. The plan which was set up in 1961 estimated that because of inflation and rise in prices in 1971 an equivalent of ¥ 1 million would be needed to live a culturally fulfilled life, where the mental and physical well-being is secured.

New high profit sources Search for new sources. Formerly practiced cattle raising, tobacco and rice production depending on intensive manpower and large scale plain areas. Because of its geography Oyama can't make profit with these products.

● **Change in Traditional Eating Habits**

- Higher income causes change in eating habits
- Tendency in Japan to consume food with high acid but low alkali rates (supposed to be only a problem in western countries)
- Necessity to educate the consumption of food with higher nutrition rates

● **Agricultural Restructuring**

< Governmental Politics >

- New national agricultural guideline: "Think big!" – Large scale agriculture as a means to achieve high profits
- Government focuses on the subvention of big-sized fields – Small fields should be transformed into a few big ones
- Prefectural government favors rice as a high profit product

<Town Politics versus Governmental Politics>

- standardized governmental subvention rates oppose equality.

Geographical differences are not be taken into account. Costs for transformation:

- | | | |
|------------------------|---|---|
| a. plain regions | = | 10a = ¥ 10 million = individual costs = 30% = ¥ 3 million |
| b. mountainous regions | = | 10a = ¥ 20 million = individual costs = 30% = ¥ 6 million |

- Oyama's geographical characteristics don't allow large scale rice production.
 - a. in mountainous areas the natural environment for cultivation is bad
 - b. costs of cultivation are high
 - c. productivity is low
- decrease in consumption of basic food items

An increase of the rice production rate doesn't guarantee a higher consumer demand. In highly industrialized countries the consumption of basic food items is declining. An increase in demand can not be expected for the future

- Interdependence of product and regional characteristics – Cultivation of plum and chestnut is more profitable for Oyama than rice
- National policy is no universal solution. Necessity to restructure the agriculture independently

● **Oyama's Way of Restructuring**

<Self-Reliance as a Key >

a. Non-profitable agricultural activities

- rice production: 179 ha / 10a = 400 kg (Saga: 10a = 720 kg)
- cattle raising: 530 cows (in 1959) Oyama can't compete with areas like Hokkaido where large plains are available

b. Characteristics of mountainous areas

- large scale production is impossible
- production of several different products is advisable. When concentrating on one product there is much economical damage in case the soil leaches out or natural disasters occur etc. When prioritizing the small scale cultivation of different products the land can be easily transformed.
- manpower intensive products are unprofitable

Rice has to be planted every year. Plum trees don't need that much care, once planted fruits can be harvested every year. The benefit would be more freetime.

c. Community as a unit

- profitable agriculture depends on a community that functions and acts as an unit. Individual activities are not profitable

d. Work characteristics

- light work (products = light · thin · small / kg → g). Work should be easily carried out, no physically endangerment
- vacation and leisure time (harvest in the morning, shipping till 3:00 p.m.)

Study tours within and outside Japan should become a normal activity in order to create people who like to take risks, get enlightened by new influences and gain joy through the exchange with another culture

e. Aspects of stability and high income

1. Production strategies

- highly differentiated agriculture
- small amount, high quality
- products with rarity value

2. High standard agriculture

- high price, high turn-over rate, high mental awareness of the farmers

3. Diversification of agricultural cultivation in terms of manpower

- fruit growing enables farmer to take vacation (seasonal product)
- mushroom, herb production etc. allows to harvest on regular basis (stable monthly income can be earned independently from weather conditions)
- short growing period of watercress, herbs etc. (can be harvested at any time and ideal as a family or farm side business)
- watercress, herbs, blossom, mushrooms optimal products (light, thin, small)
- high production rate per m²/ mushrooms → 165~200 m² = ¥ 10 million; herbs, watercress, blossom → 100 m² = ¥ 500.000

4. Marketing and selling of processed products.

- agricultural processing (pickled plum → umeboshi etc./ foundation of Umeboshi Interest Group) Processing means increase in value. The processing of Japanese plums (ume) into pickled plums (umeboshi) began in 1994
- products that cannot be sold will be bought up and processed by agricultural cooperative (Nokyo)

In Oyama factories owned by the Nokyo process products like jam, candies, pickles etc. The nation-wide operating agricultural cooperative (Nokyo) has certain structures similar to private run companies. It has to make profit to pay wages, invest and finance projects etc. As a cooperative it receives subsidies from the prefecture and the central government. Further income is being made thru cooperative companies like supermarkets, gasoline stations, banks (loans), shops, and in case of Oyama also mushroom and jam factories etc. Within the Nokyo of Oyama certain production unions were installed, which represent the different products grown and produced in the town. These production unions train their farmers, assist older farmers during the harvest periods and develop new technologies. The Nokyo in Oyama was founded 50 years ago. Different to most agricultural corporations of other municipalities, towns and villages Oyama's cooperative maintained an independent status and didn't merge with the others.

Second NPC "Neo Personality Combination" Movement (1965)

<New Community Awareness>

The prosperity of a community is not only defined by its products but also by interpersonal aspects. In accordance to develop a new community awareness, its members have to be educated. Once incomes were stabilized, the next goal was the improvement of the lifestyles of the townspeople. This has been accomplished through sponsorships of cultural and athletic events. One major part of this program has been foreign travel.

- New Ways for Communication
- New Approach to Public Education
- New Experiences and Influences (study tours/ 16 countries in 5 years)

After a stay by chance in Hawaii the then-mayor developed the idea to send farmers to Hawaii. The idea was, to let them leave their hometown and stay in a different environment in order to see their town from a different 'outside' perspective and to get new ideas and inspirations valuable for the town's development. Today over one fourth of the town's population has passports and each year groups of all ages visit many countries in search of ways to improve themselves and their community.

- Hawaii (since 1967/ total number of participant till 1996 = 951)
- Israel (trainee program since 1970)
- China (17 groups participated since 1989. A sister city agreement was signed in 1992. Total number of participants till 1996 = 350/groups from China = 8)
- Idaho, USA (since 1990/ 251 first year junior high school students participated till 1998)
- South Korea (program since 1991 for third year junior high school students)

- Ladies Europe Tours (1992 and 93)

The town and the agricultural corporative support these kind of activites financially in different ways. The town pays the return ticket airfare for the Israel trainees, the trips to South Korea are payed totally and in case of the ladies tours the town offers the participants loans at a lower interest rate, i.o.w. it pays the difference (in 1998 the trip to Europe costs ¥215.000 instead of ¥260.000 which is equivalent to the difference in the interest rate over a period of 10 years). In case of the trips to China only the agricultural corporative is financially involved. It offers loans on a lower interest rate over a period of 10 years

Coordinator for International Relations*

Robert Watson, USA (1989-92)

Anja Radegast, Germany (1993-94)

Stefan Wilms, Germany (1994-97)

Sebastian Lehnert, Germany (1997~)

*since 1989 CIR are working as participants of the JET-Program in Oyama

Third NPC "New Paradise Community" Movement (1969)

<Environmental Development>

The third NPC Movement emphasized the building of the physical facilities necessary to provide a comfortable lifestyle. The town has also been working to provide many of the conveniences usually found only in large cities

- Emphasis on construction - processing facilities
- community centers, library
- kindergardens
- Foundation of Agropartner Association - (members coming from the Nokyo and the town hall. Its major purpose is to train farmers)

3. Present Town Development

1. Agricultural Restructuring (in cycles of 30 years)

- agriculture that involves primary, secondary and tertiary sector: production, processing, shipping, marketing and sale (before 1950 the agriculture in Oyama was primary factor dominated.
- increasing involvement of the agricultural corporative into the production chain (farmer) production → (Nokyo) processing, marketing and sale

Today farmers also process their own products in cooperation with or independently from the Nokyo. Direct marketing by the corporative: On weekdays farmers bring their products till 15:00, on Sundays till noon (closed on Saturdays) to the corporative, where they use the facilities to sort, pack and label their products. They will be shipped by the production union to the wholesale market the following day. The farmers have to pay certain fees in order to use the materials, facilities and services. The fees depend on the product.

In case of plums the fees are as follows:

Agricultural Corporative	2.0%	Sorting fee	1.5%	Special Tax	0.2%
Production Union (shipping)	0.5%	Pollination fee (per kg)		¥ 1	
Others (per kg)	¥ 24	(packing materials ¥ 7.5/ labour ¥ 3/ shipping ¥ 13.5)			

- foundation of production unions which represent certain products
 - a. higher profit thru collective shipping
 - b. training of less advanced farmers
 - c. development of new technologies

These production unions (15) belong to the corporative and were founded in order to collectivize the shipping procedures. Because of the low average farm size in Oyama (0.5 ha/ Hokkaido 20-50 ha/ Japan total 1.0 ha) it is easier and more profitable to ship the products collectively than to do it individually. The training of the farmer became necessary because products of the farmers are sold collectively at the wholesale market. Low quality products let the prices drop. In case of the plums the fruits of different farmers are mixed and packed together. The unions also develop independently new technologies in order to maximize their profit.

- small town – big city cooperation
- products that represent a lifestyle or attitude

2. Foundation of the Public Agricultural Division (1997)

- training of farmers and succeeding generations
- assistance of elderly farmers (harvest helpers etc.)
- revitalization of formerly unused fields

Division within the town hall which is independent from the agricultural corporative. Was built because the number of elderly farmers steadily increases and the Nokyo (agricultural corporative) wasn't able to deal with it alone.

3. Green Tourism – Developments

<Town>

- reduction of yearly working hours to a minimum of 1910 hours (farms with at least 5 employees/ more than 30 employees = 1909 hours) till the year 1995. Aim: 1800 hours per year
- increase of leisure time
- emphasis not only on profit but also on happy people
- satisfaction thru the means of going abroad

<Changing Agriculture>

- lack in agricultural products till the 1940's, since the 60's there is a surplus
 - minimization of production costs thru new price and product politics
 - new ways of marketing and selling
- decrease of manpower (lack in young people who want to succeed the farm of their parents)

<Big City – Small Village Partnership>

Oyama can't imitate or compete with the big cities. It must make use of its own unique potentials like clean air, clean water, nature, low land prices, fresh foods etc. in order to define a new identity

- definition of new identity instead of imitation
- active exchange and interaction between the big cities and the country side
- new values, lifestyle and self-awareness thru this exchange
- measures to increase Oyamas recreational and touristical attractivity
- efforts to introduce Oyamas agriculture and spirit to the big cities people
 - 1990 opening of 'Konohangarten' in Oyama (two shops and a restaurant)
 - 1992 and 1995 opening of two branch shops in Fukuoka and Oita City
 - opening of the Oyama Consulate in Fukuoka (1998)

- lectures and classes on agriculture, country cooking, processing etc.
- new approach with unique products (herb teas, herb cookies etc.)

4. New Environmental Awareness

Physical and mental health thru healthy products

1. Healthy soil

- natural ways of fertilizing with compost and dung
- only controlled and restricted use of artificial fertilizer (ph-rate is the indicator)

2. New ways of cultivation

- environmental-beneficial methods
- no or only absolute restricted use of low rate pesticides

4. Reasons for Success

Quotation: For the town development of Oyama it was essential that the town was poor and "hungry". Only this made the changes possible. Oyama also needed the competition with other towns. Only thru the comparison with other towns and villages the people of Oyama became aware of what they really want and need. (Kisamitsu Kurokawa/ Section Chief, Planning Division)

1. Poverty

- poverty became the motor for changes
- comparison and competition with other towns and villages

2. Experiences abroad

- planning of town development not by theory but practical experiences
- innovative leader who looked for new approaches abroad

3. Emphasis on young generation

- young farmers are the key for an effective restructuring and innovation
- intensive attempts to make the older generation hand over their farms to young successors

4. Risk minimization for farmers

- town takes responsibility - farmers can't take financial risk of field transformation

Over a period of three years (1961-64) the town spent 70% of its budget to introduce and cultivate plum and chestnut trees and provide the necessary infrastructure, technologies and materials. In addition to that the town payed the farmers, who decided to grow plum and chestnuts, salaries, because the first profit was expected only after four years. The farmers didn't have to pay back any of these funds. The resistance especially from the group of older farmers towards this agricultural restructuring was immense. At the time of the first harvest the plum farmers recognized that, because a wrong and undelicious kind of plum was chosen, no consumer demand developed. Almost the end of the Plum and Chestnut Movement, the then-mayor decided to cut the branches of the trees and to plant plum seedlings of a different kind on them. Although these measures were taken, some plum farmers decided to skip the cultivation and sell their trees to farmers in the neighbouring Fukuoka prefecture because they intended to move to the big cities in order to earn easier money. Because of the high involvement of the towns budget the construction of social facilities, public roads etc. had to be suspended for four years. The town especially wanted to convince farmers who owned land in plain areas to transform their farmland, because these areas were already equipped with the necessary infrastructure and were therefore favorable for the cultivation of plum and chestnuts. The town payed 100% of the seedling costs. For mountainous areas only 2/3 of the costs were payed. The town payed 100% of the costs for fertilizers and pesticides. In case the construction of new roads to the plum and chestnut fields became necessary, the farmers only had to pay the gasoline for construction machines and vehicles.

- Financial support. In order to prevent or to slow down the on-going depopulation process in the country side, the government, the prefecture and self-governing bodies (towns, villages) provide farmers with money for certain construction purposes or machines etc.

In case of vinyl houses for watercress the farmer only has to pay 33.3% of the total costs. Government and prefecture pay 50% and the self-governing bodies are involved with 16.7% in the total costs. The farmers can't receive this kind of financial support directly i.o.w. individually. The money is being given to the different production unions of the Nokyo, which distribute the money into the different projects. The farmers pay their 1/3 share of the costs over a period of 5 years. Within this period no other product than watercress is allowed to be produced.

The 50th Fiscal Year. Business Report

From: April 1st 1997

To: March 31st 1998

Oita-Oyama Agricultural Cooperative

History of Oyama-machi Agricultural Cooperative Association

The Oyama Village Agricultural Cooperative Association was inaugurated on April 20th, 1948, the post-war turbulent period, following the approval of the plans for the projects and the election of the first officials at the general foundation meeting held at Oyama Elementary School. Thanks to the originators' endeavours to establish the co-op and the insightful decision made by the first president, Mr. Fukami Ishibashi, as well as the other officials, Oyama Village settled on one agricultural cooperative in the village, going against the current of the times, which turned out to be an extremely sensible decision.

In 1949 Mr. Tokio Suhou became the second president, who devoted all his energies to laying the foundations of the co-op management since its nascent period as an advisor.

In 1954, Mr. Naomi Yahata took up the post of the president. While in office, Mr. Yahata, a man of steely determination and strong leadership, took the initiative in materialising the long-term visions for the co-op one by one and made a great contribution to the present-day prosperity of the co-op. The NPC Movement which started in 1961 kept offering hopes and dreams to poverty-stricken Oyama and proved to be a driving force to vitalise the village. Now the basic principle of the NPC Movement, namely to Work, to Learn, and to Love, is deeply ingrained in the farmers of Oyama as their philosophy of life.

The development of value added agriculture has brought about great changes in the farming, and Oyama-machi holds an established position as a highly acclaimed fruit-growing district such as ume or Japanese apricots, chestnuts, pears, grapes, and yuzu or Japanese citrons. In addition, Oyama-machi successfully introduced mushroom growing such as enoki mushrooms, nameko mushrooms and shiitake mushrooms, combining all efforts and wisdom of the youth. Consequently the yearly sales volume of mushrooms has amounted to 1.5 billion yen and now mushrooms have become Oyama's leading produce. Processing project, which Oyama was quick to set about, has been growing year by year and it has become indispensable to Oyama Co-op as well as its members.

As for fostering of human resources, training at kibbutz in Israel, a continuous project since 1969, has helped to nurture young and middle-aged farmers. Overseas trips to Hawaii and China have also been popularised among co-op members as their inspection opportunities or leisure trips in which they feel free to take part.

Co-op members set their sights on three goals, namely, light work, monthly salaried farmer, and a four-day workweek, and now the goals seem to be almost attainable with their concerted efforts.

Mr. Naomi Yahata retired in May, 1987, after serving as the president for as long as 33 years. At the time of globalisation, farming in Oyama now faces several challenges, including liberalisation of imports, a policy of reducing rice cultivation acreage, and so on, and the farmers will have to walk a thorny path. Therefore, the president as well as the co-op members should all join forces, understand the principle of the NPC Movement, carry the torch for the movement, and incorporate innovative ideas into it, which will inevitably lead to prosperous farming in Oyama.



We are cultivating the land, making fertile soil, planting seeds and young plants, praying to the nature, and processing the fruits of the earth to produce safe and tasty foods.

General Principles of Agricultural Cooperatives

- 1) We shall support our co-operatives and improve our position by cooperative activities.
- 1) We shall rationalise and bring efficiency to management and life.
- 1) We shall gather together with faith and fellowship to cooperate.
- 1) We shall go hand in hand with other co-operatives in all parts of the country to reinforce the sense of co-operation.
- 1) We shall build a peaceful community through cooperative activities with confreres.

Any for All, All for Any.
(Raiffeisen)

The principle in cooperative activities

Objective = Oita-Oyama Agricultural Cooperative should offer service to every confrere.

1. Business policy

Produce revenue without any economic loss of farmers (confreres).

2. Improvement of local community

Apply resources from cooperative activities of confreres to progress in local area.

3. Pursuit of happiness

Rectify the evil of modern materialism, seek together to have enriched mind.

Guidelines

Step 1

1. Shift to more profitable agriculture.
2. Promote cultivation.

Step 2

1. Aim for four-day workweek.
2. Encourage monthly-wage farmers.
3. Guarantee stable income from farming.

Step 3

1. Meet the market standard internationally.
2. Encourage the development of high value-added products.

Profile of Oyama-machi

History and topography

Oyama-machi was a part of bakufu lands (shogun's demesne) governed by Hita local magistrate in Genroku era (around 1686). In those days, Oyama-machi was made up of five villages: Tuzuki-mura, Takatori-mura, Kuribayashi-mura, Mamagane-mura, Koitsuma-mura, and Kamade-mura.

In the first year of Meiji, Tuzuki, Takatori, Kuribayashi and Koitsuma were consolidated to be Higashi-Oyama-mura and Mamagane and Kamade were consolidated to be Nishi-Oyama-mura as Hita-Ken was established.

In Meiji 22, Cho-Son system made Oyama-mura by the consolidation of Higashi-Oyama and Nishi-Oyama; Oyama-mura has been renamed Oyama-machi since Feb. 1989.

Oyama-machi, which is leaf-shaped area, is located in the west part of Oita prefecture, in the middle of Hita-gun, at a height of 100 to 500m above sea level, 10.52 km from east to west, 18.56 km from north to south.

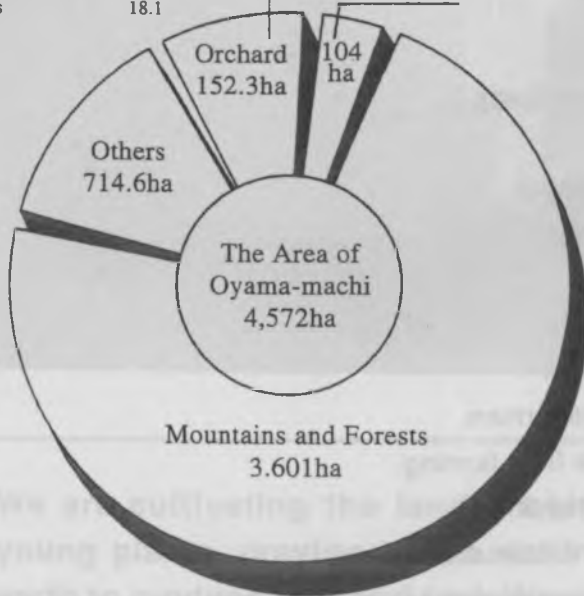
Nature and population

As of March 31st 1998

The total number of houses 1,042 Population 4,201
 Men 1,989
 Women 2,212

The number of houses of full conferees 679

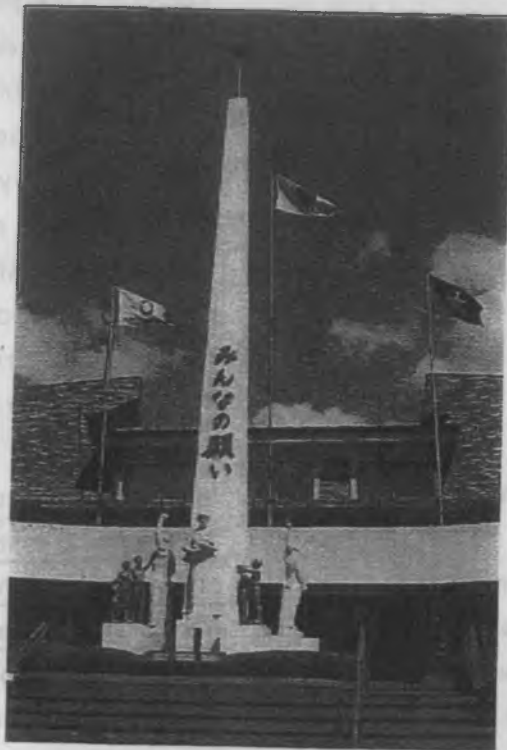
Ume (Japanese apricot) 75.8	Chestnut 11.8	
Sumomo (Japanese plum) 30	Citron 2.4	
Grape 2.8	Pear 1.4	
Ginkgo 10		
Apricot,		
Japanese pepper seeds (zanthoxylum),		
and others 18.1		
	Paddy fields 61.5ha	
	Hothouses 13.0ha	
	Fields 29.6ha	



Okubo weather observatory (1997)

The data of January to April (the observatory was under system changing) were obtained from Hita observatory. The previous year's data at Okubo were parenthesised.

month	Average temperature by month (°C)	Precipitation (mm)
1	3.40(3.0)	55.00(33)
2	5.70(1.5)	58.00(108)
3	10.10(1.7)	102.50(53)
4	14.40(9.8)	175.50(36)
5	18.30(17.7)	325.50(117)
6	21.50(21.9)	227.50(751)
7	24.00(24.9)	741.00(30)
8	25.10(25.1)	230.00(132)
9	20.40(20.9)	280.50(4)
10	14.60(15.5)	19.50(45)
11	11.60(11.2)	169.50(19)
12	6.30(3.0)	73.50(0)
	Average temperature by year 14.62(13.0)	The sum of precipitation 2,458(1,328)



The Town Development project in Oyama was named the NPC movement.

The symbol of this movement is the three statues of hopes in front of the town hall; those are hope of working, learning, and love.

The primary NPC movement aims to enhance economic well-being.

<New Plums and Chestnuts>:

this means the hope of working which will be realised by the cultivation of fruit trees such as plum and chestnut.

Under a slogan of "Let's cultivate plum and chestnut trees and go to Hawaii!" , Oyama-machi got started the primary NPC movement in 1961. To boost yields in a mountain village with small farm land, the agriculture in Oyama has been shifted from field husbandry to fruit farming, then more profitable strategy. Simultaneously, working conditions have been extensively improved by cultivating the plants needed less working force to realise "four day work-week" , in other words, half-day agriculture. This project put a leading product of enoki mushroom on the market. Nowadays, Oyama is very famous for the production of mushrooms including shimeji, nameko, and shiitake as well as enoki. Other processed products such as jam, Ume-mitsu (Japanese apricot extracted in honey), and marmalade have been successful economically.

The secondary NPC movement aims to make bountiful life.

<Neo Personality Combination>:

this means the well-balanced humans who will be brought through a fertile and cultured mind and knowledge embodied in the hope of learning.

The secondary N.P.C. movement started in 1965 aims to foster human resources as well as to achieve economically success through various events and self-education. The town hall provides useful information, cable television service, and annual events for enlightenment. The agricultural cooperative focuses on "learning by experience", encouraging residents to go on domestic and overseas study tours and enhancing goodwill visits form friendly country and cities such as Hawaii, China and Israel. Many friends come from other region or other country and stay at residential homes. The agricultural cooperative provides low-interest loan for trip, free bus for education, educational lender for farmer's successors.

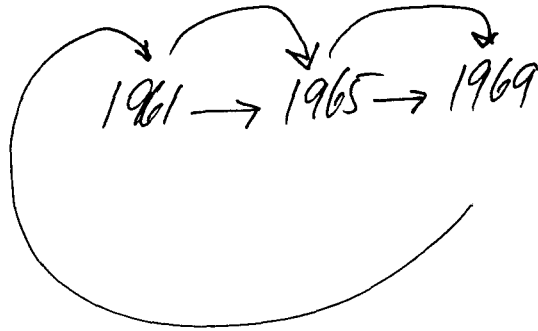
The tertiary NPC movement aims to improve the quality of environment.

<New Paradise Community>:

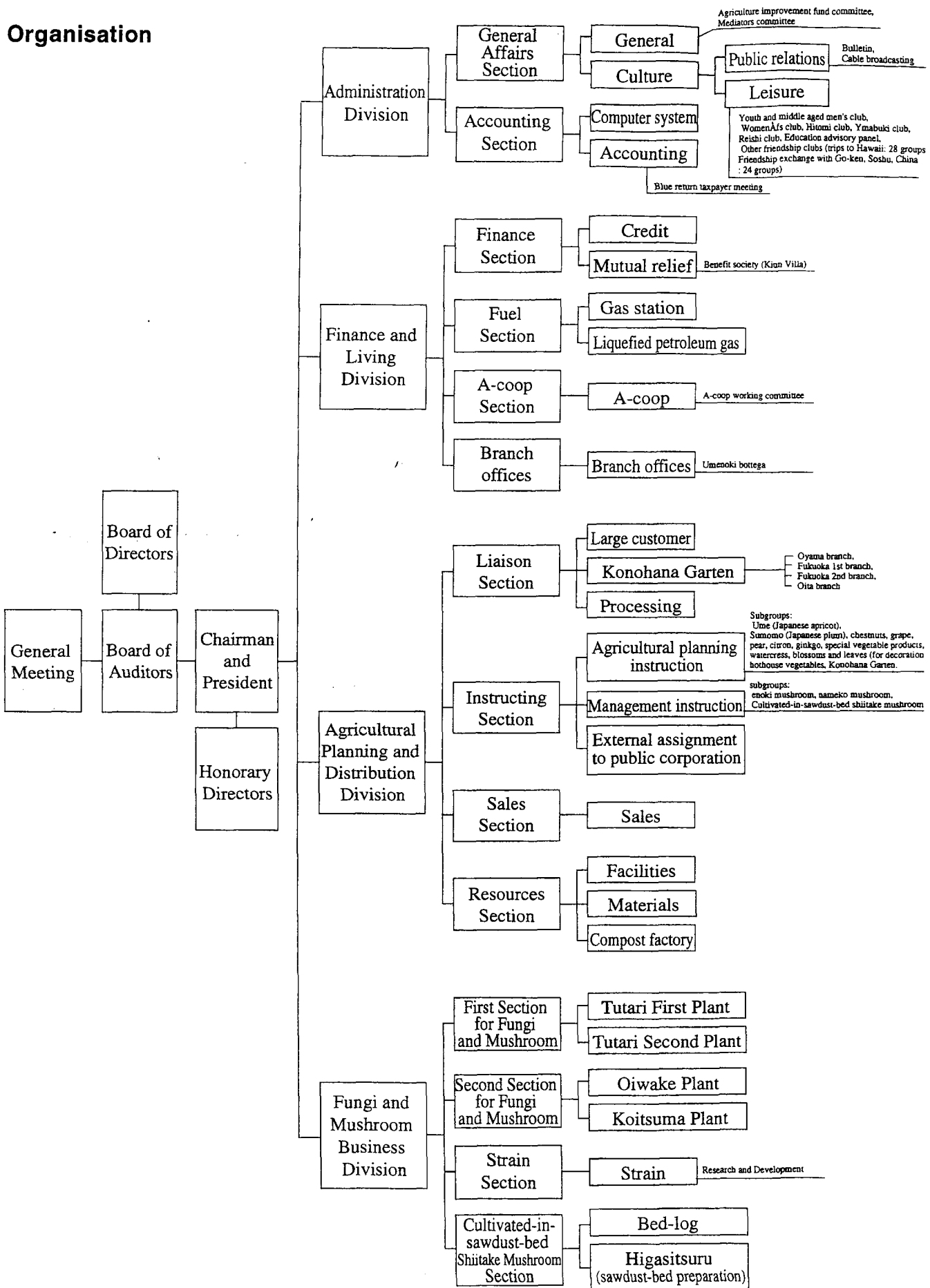
this means Oyama paradise based on "the hope of love".

M

The tertiary NPC movement was started in 1969 to reverse the trend of flocking of young people to major cities despite a progression of earnings and cordial neighbours. Oyama-machi have provided many facilities for recreation and education, which can stand comparison with major cities', to make an ideal living environment for encouraging the youth to stay. These facilities must be located in eight living areas set in Oyama, so that everyone in each area can access to them about 5 minutes. By taking full advantage of these facilities, we have been endeavouring to make more tightly knit community for better life.



Organisation

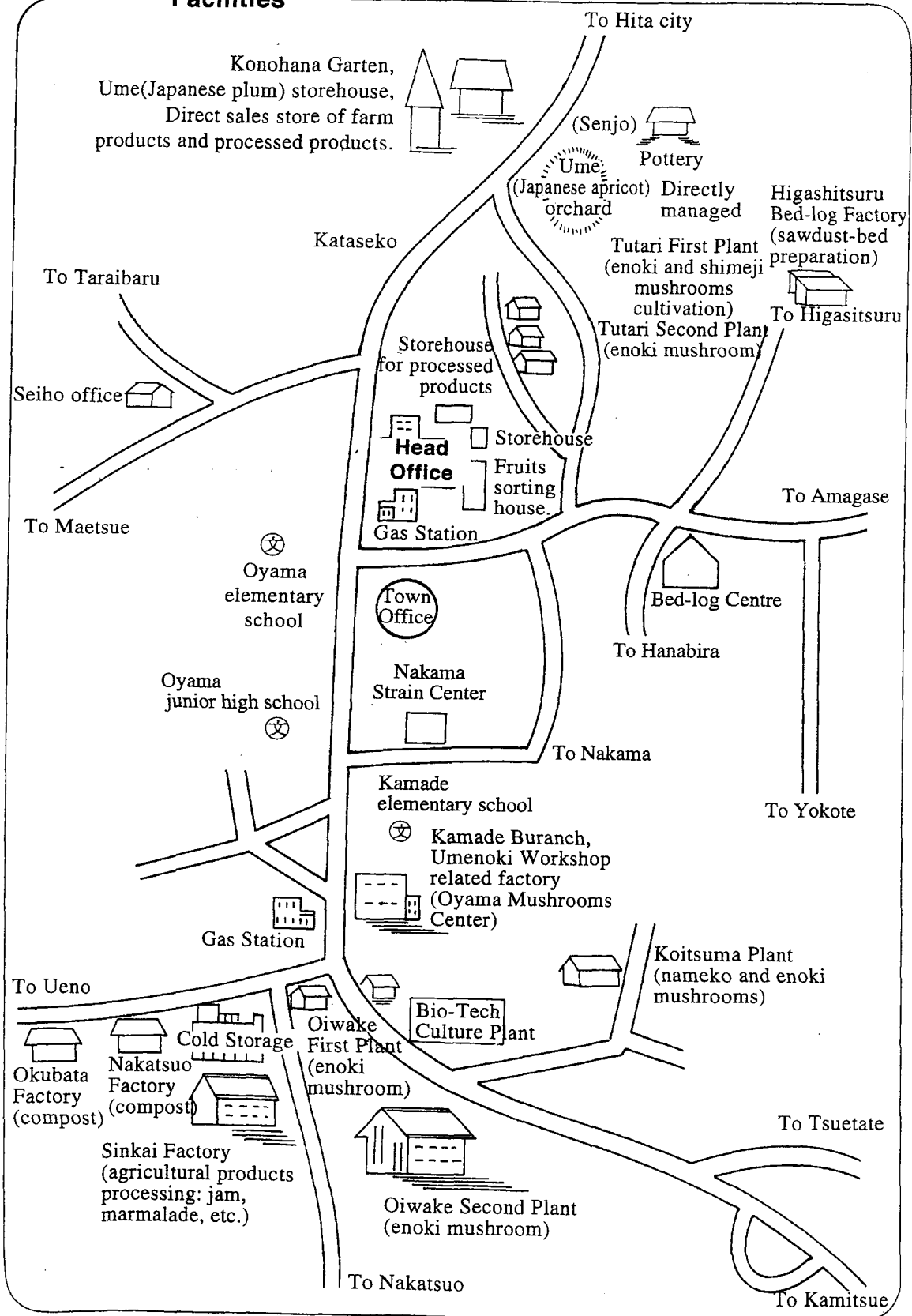


○ Go ken (Soshu-shi, China)
 -Oyama Honey Co., Ltd.



Konohana Garten
 Matsuzaki branch
 Nagasumi branch Oita branch

Facilities



○ Villa in Beppu City: Kiun Villa

The auditors'opinion

In accordance with Clause 1 in Article 36 of the Agricultural Cooperative Society Law, Business Report, Balance Sheet, Profit-and-Loss Statement and Surplus Appropriation (plan) of the 50th fiscal year were audited. We certified that these fiscal statements were approximately consistent with the financial statement and operating results of each division. Detailed statements and other issues such as running and accounting are mentioned in the auditing report.

May 2nd 1998

Oita Oyama-machi Agricultural Cooperative

Yoshimatsu ASAI, Representative Auditor

Shizuo YANO, Auditor

Hideki YOSHINO, Auditor

Shoichiro MORI, Auditor

The first agenda: Business report, Balance sheet, Profit-and-loss statements, and Surplus appropriation (plan) in the fiscal year 1997.

Business report



Oita Oyama Agricultural Cooperatives
Takuji MITOMA, Director, Chairman and President.

I am very glad to have held this 50th year general meeting with many members and guests.

Japan's economic conditions in 1997 was difficult because of the financial difficulties by consumption tax-hike and abolishment of special tax cut, economic uneasiness by company bankruptcies resulting in reduced buying inclination, and drop in prices of agricultural products by demand-and-supply imbalance.

For Oyama Agricultural Cooperative, better harvest of fruits (mainly Ume and Sumomo) than in previous year and increasing demand of Ume gave sales a boost. Major mushroom product of enoki brought decrease in profit, while nameko and shiitake mushrooms yielded increase. Watercress and herbs sales were better than in previous year. Especially in herb sales, which was celebrated on reaching of 100 million yen, have encouraged the production. The shipment of other smaller-amount products has been shifted from market to Konohana Garten in Fukuoka and Oita; both of them have shown healthy revenue growth. Processed products section and liaison section have addressed the development of low-price and high quality products to respond to customer needs.

Finance and Living Division have run a business for stable life of confreres. Sound assets are required to prepare for Prompt Corrective Action (implemented in April, 1997), which is the criterion for evaluation of banking establishments on the bases of their capital-asset ratio, and to survive the competition following Japan's Financial "Big-Bang", a drastic reform of the financial system. Oyama Agricultural Cooperative has been raised capital for balanced assets. Therefore, we have completely met the standard of capital-assets ratio provided by Prompt Corrective Action.

The year 1998 is the 50th year's anniversary of Oyama Agricultural Cooperative. We must enhance the economic stability of each farmer by the utilisation of accumulated capital, rationalisation of existing agricultural production, introduction and development of new products, and reform of processing and distribution. The detailed statements of business will be presented in the next part. We thank all the members and authorities concerned for their help.

Membership

Qualification		Previous fiscal year end	New Affiliate This fiscal year	Seccession in this fiscal year					Qualification changes	This fiscal year and (household)	
				Announced	Disqualified	Death Dissolution	Expulsion	Subtotal			
Regular member	Private	698(675)	2	1	5	2		8	7	699(675)	
	Juristic person	Agricultural society									
		Other corporations	3 (3)								3 (3)
Associate member	Private	210(210)		1	1			2		208(208)	
	Agricultural cooperative										
	Agricultural society										
	Other organisations	4 (4)								4 (4)	
Total		915(892)	2	2	6	2		10	7	914(890)	
Remarks		No. of regular members (households) Previous fiscal year end 678 This fiscal year end 678		No. of associate members (households) Previous fiscal year end 214 This fiscal year end 212							

Board

Category		Previous fiscal year end	Appointed this fiscal year	Resigned this fiscal year	This fiscal year end	The executive constant drawn in the articles of incorporation
Director	Fulltime	1	1	1	1	
	Part-timer	7	7	7	7	
	Subtotal	8	8	8	8	8
Inspector		4	4	4	4	4
Total		12	12	12	12	12

Personnel (1) Total number

Category		Previous fiscal year end			Appointed this fiscal year			Resigned this fiscal year			This fiscal year end		
		Men	Women	Subtotal	Men	Women	Subtotal	Men	Women	Subtotal	Men	Women	Subtotal
Personnel	Counsellor			0	(1)			(1)					0
	General personnel	29	24	53	2	3	5	1	2(1)	3(1)	30	24	54
	Farming instructor	4		4	(1)		(1)	1		1	4		4
	Life counsellor		1	1		(1)	(1)		1	1		1	1
	Technical staff	25	1	26	2		2	1(1)		1(1)	25	1	26
	Temporary employee	1	1	2							1	1	2
	Total	59	27	86	4	3	7	3	3	6	60	27	87

The figures in parentheses: Internal changes

(2) Number of personnel by Division

Counsellor	Farm Products Distribution and Business Division										Fungi and Mushroom Business Division				
	Farming Instructor	Management Service	Transferred to the public corporation	Resources	Facilities	Compost	Marketing	Large-Industrial-Consumer Divises	Processing	Garten	Tsutari ①	Tsutari ②	Oiwake	Koitsuma	Strain
Absentation	4	1	1	1	1	1	4	7	5	3	4	2	2	2	2
Division		Financial and Living Division							Administrative Department				Total		
Bed-Log	Higashitsuru	Credit	Mutual aid insurance	Gas stations	Propane	Branches	A Co-op	General Affairs	Culture	Accounting	Computer				
7	1	8	4	4	1	3	2	8	2	3	2				85

(3) Number of farming instructors by field

Field husbandry	Livestock	Vegetables	Fruits	Floriculture	Management service for farmhouses	Other	Total
		1	2		1		4

Main activities in the 1997 fiscal year

Date	Remarks
Apr.1, 1997	Account settlement and stocktaking of fiscal 1996
Apr. 2	The completion of a cold store at the bed-log shiitake mushroom
Apr.9	Audit for the pensioners engaged in agriculture
Apr. 11	Discussion on the business performance
Apr. 14	The 13th conference of the board of directors
Apr. 15	Audit for fiscal 1996 (Apr.15 to 21)
Apr. 18	Extraordinary conference of the board of directors
Apr. 19	General meeting of JA women's section
Apr. 21	General meeting of Hitomi-kai
Apr. 22	General meeting of JA men's section
Apr.23	The 10th anniversary of OYT establishment
Apr. 25	The 14th conference of the board of directors
Apr. 26	Farming managers' meeting
May 2	The 49th ordinary general meeting (at Oyama Elementary School)
May 7	The plenary session of Enokidake mushroom small union (at JA Hall)
May 9	Executive committee of farming managers held a meeting.
May 13	General meeting of ume small union (at JA Hall)
May 15	A study tour by the farming managers' association paid a visit to
May 19	Genkai Nuclear Energy Exhibition Hall and Oyama Life Consulate. (24 participants)
May 19	The first conference of the board of directors
May 22	General meeting of the JA management study group in Hita district
May 22	Convention of the long-term mutual aid promotion in 1997 (at Yamatsu 19:00 ~)
May 24	Small-sized ume shipping started.
May 24	Meeting of shipping and trading council of
May 28	the products and small union leaders' meeting were held.
May 28	Big-sized ume shipping started.
May 29	JA executives made an inspection of each market.
May 29	(May 29 and 30)
Jun. 2	Bidding by design companies for the construction
Jun.6	of the shiitake mushroom Packaging Center
Jun.6	The director went on a business trip for account settlement of
Jun. 12	a Japan-China joint business.
Jun. 12	JA union leaders' meeting in Hita district (at Komatsu-ken 15:00 ~)
Jun. 13	Explanatory meeting for recruitment of new graduates (at Bunka Center 13:00 ~)
Jun. 13	Discussion on the business performance 15:00 ~
Jun. 14	Employment test for mid-career hiring of temporary workers
Jun. 14	(at JA Conference Room 9:00 ~)
Jun. 16	Conference of Prefectural Central Union of Agricultural Cooperatives



▼ The 49th ordinary general meeting



▲ Shipping of small-sized ume

Date	Remarks
Jun. 18	Preparatory committee's meeting for the foundation of the Agricultural Public Corporation (Town 13:30 ~)
Jun. 20	General meeting of plum small union (in Hall 19:00 ~)
Jun. 21	Address at Kitakyushu and Fukuoka Daido fruit and vegetable markets
Jun. 23	Explanatory meeting for taking charge of agriculture bookkeeping (in Conference Room 19:30 ~)
Jun. 24	Bloc conferences by the staff engaged in an early-stage correction measures (Promotion Department)
Jun. 27	The 2nd conference of the board of directors (in Conference Room 1F 13:30 ~)
Jul. 3	Council for settlement promotion in Oyama-machi (Town 15:00 ~)
Jul. 4	Conference of the farming instructors' association was held. (Prefectural Farming Hall 5F 10:00 ~)
Jul. 5	General meeting of watercress small union (in Hall 10:00 ~)
	Explanatory meeting for an early-stage correction of JA Hita district (JA Hita City)
Jul. 8	General meeting of Blossom Herb small union (in Hall 10:00 ~)
Jul. 10	Discussion on the business performance (in Conference Room 2F 15:00 ~)
Jul. 11	Training course for the advisers of the prefectural credit federation (at Beppu Pastoral)
Jul. 15	Audit meeting Committee of the measures for credit Meeting of the council for agricultural promotion in Hita district. (union leader attended)
Jul. 16	Council of mutual aid promotion in Hita district (union leader and counselor attended)
Jul. 17	Training for the social integration (at Hita Bunka Center 13:00 ~)
Jul. 19	General meeting of Yamabuki-kai (in Hall 9:30 ~)
Jul. 22	General meeting of grapes small union
Jul. 24	The 3rd conference of board of directors 13:00 ~
Jul. 25	General meeting of JA women's section in Hita district
Jul. 27	The 23rd Summer Festival in our hometown, Oyama-machi
Jul. 29	General meeting of mycelia small union
Jul. 30	Preliminary meeting of the agricultural promotion planning in 1998



▲ Plum-picking to



▲ Lecture on table manners by Hitomi-kai



▲ The 9th general meeting of Yamabuki-kai

Date	Remarks
Aug. 2	JA Night Fair
Aug. 4	Oita Prefecture accepted technical trainees from overseas.
Aug. 5	Steering committee of the fund for agricultural promotion held a meeting.15:00 ~
Aug. 7	Discussion by the Oita Prefectural Organization on the agendas for the 21st Convention of National Federation of Agricultural Cooperative Associations (in Prefectural Agriculture Hall The union leaders attended) General meeting and study meeting on the consolidation of Hita district (counselor attended)
Aug. 11	Extraordinary conference of the board of directors 9:00
Aug. 22	Audit meeting
	The 4th conference of the board of directors
Aug. 25	Seminar of the effective utilization of the farmland (union leaders)
Aug. 26	Course on health cares " Harvest Festival of reishi mushrooms" JA Hall
Aug. 27	Study tour of chestnut small union (Ume-machi)
	Secretary meeting for JA credit business of Oita Prefecture (Aug. 26 and 27)
Aug. 27	Shipping council of mushrooms in Oyama-machi
Aug. 29	Training course for the part-time officials
Aug. 30	Volunteer activities of the men's section (Weeding and cleaning of the area between Nakama and Koitsuma)
Sep. 2	Conference of the leaders and deputy leaders of the unions concerned with mushrooms 19:00 ~
Sep. 3	Executive committee of ume liquor contest held a meeting
Sep. 5	Regular general meeting of Nameko mushroom small union (at Yamatsu 18:00 ~)
Sep. 9	Course of the nursing care for the elderly
Sep. 10	Extraordinary conference of the board of directors
	Executive committee of Mushroom Festival held a meeting.
Sep.11	Development committee held a meeting.
Sep.12	Discussion on the business performance of August
	Extraordinary conference of the board of directors
Sep. 17	Managers' conference on study meeting of JA consolidation of Hita district
Sep. 18	Training course by the auditors (in Usa) All members attended.
Sep. 19	The elderly were invited to the entertaining performance.
Sep. 19	Meeting of the achievement of the mutual aid promotion was held. (at Bunka Center)
Sep. 22	Shipping and trading council of mushrooms was held.
	New employment test was given to 5 applicants.



▲ Shipping Council



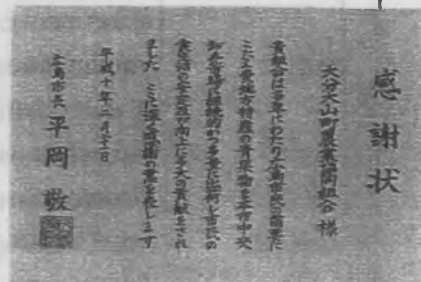
▲ Entertainment for the elderly

Date	Remarks
Sep. 24	JA Cup gateball competition
	The 5th conference of the board of directors
Sep. 26	The 20th meeting of traffic safety (the counselor attended)
Sep. 29	Training course of tax matters related to a dam was held. (Conference Room 2F)
Sep. 30	The 9th welfare meeting in Omiya-machi (at Welfare Center)
Oct. 1	Midyear settlement of account and stocktaking in fiscal 1997.
Oct. 4	Interview for the regular employment took place.
	Regular general meeting of Enokidake mushroom small union Union leaders' of JA Hita district held a meeting.
Oct. 6	Managers held a study meeting for the JA consolidation of Hita district. (counselor attended) Executive committee of NPC Festival held a meeting. (union leaders attended)
Oct. 7	Training course for the JA union leaders in 1997 (at Joint Government Office of Oita Prefecture 10:00 ~)
Oct. 9	Discussion on the business performance in September
Oct. 12	Extraordinary meeting of the board of directors
Oct. 13	The 21st JA National Convention (the union leaders attended) (Oct.13 and 14)
Oct. 14	The 2nd course of nursing care for the elderly
Oct. 15	Study meeting of consolidation of Hita district (union leaders attended)
Oct. 16	Gateball games by the pensioners' society, Tomonokai (Oita)
Oct. 17	The 21st Agriculture Festival of Oita Prefecture (Beppu Park) (Oct.17 to 19)
Oct. 20	The 6th conference of the board of directors Society of the small union leaders made a start.
Oct. 21	The commemoration of achieving 100 million yen by the Herb Union(in Hall)
Oct. 23	Meeting of the union leaders of Oita Prefecture (at Pastoral) Umegura Concert
Oct. 25	Training course on the consolidation by the director
Oct. 27	On-site explanatory meeting for the construction of the Packaging Center in Higashitsuru Plant
Oct. 28	Delegates of the General Affairs Section made an inspection of JA Yufuin, Sawayaka and Yamakuni branch.
Oct. 30	JA officials' meeting An informal gathering for discussion with JA officials was held by JA



▲ Commemoration of the achievement by Herb Union

Date	Remarks
	men's section and association of the small union leaders.
Nov. 1	Sumo tournament of neighboring towns (at Oimatsu Shrine)
Nov. 2	The 2nd Oyama Mushroom Festival (Shimokawara)
Nov. 4	Audit of provisional settlement of account in the first half year
	(Nov. 4 to 10)
	Ume liquor contest
Nov. 5	Competitive bidding of the Packaging Center in Higashitsuru Plant.
	(in Conference Room)
	On-site discussion for agricultural promotion of Oyama-machi
	(Conference Room at Town Hall)
Nov. 6	Extraordinary conference of the board of directors
Nov. 7	Commendation ceremony of the chrysanthemum Exhibition and
	appreciation at Beppu Rakutenchi
Nov. 10	Executive committee of pre-National Culture Festival
	Conference of union leaders in Hita district
	(at Komatu-ken)
	Resignation of Mr. Kiyotaki, the union leader
Nov. 11	Inauguration of Mr. Mitoma as union leader
	Inspection for the Enokidake mushrooms
	business promotion(Nagano Prefecture) (Nov.11 to 13)
Nov. 12	Audit arrangement of the first half of the year
Nov. 15	Pre-National Culture Festival of NPC Festival (Nov. 15 and 16)
Nov. 17	The plenary session of union leaders of JA Oita Prefecture
Nov. 18	Discussion on the business performance
Nov. 21	The 7th conference of the board of directors
	Meeting of the farming managers (resignation and inauguration
	addresses by the union leaders)
Nov. 28	A part-time director delivered an address at the market.
	(Oita Daido, Fukuoka Daido, and Kitakyushu)
Dec. 2	Inspection by the citron small union officials
	(Ehime Prefecture) (Dec. 2 and 3)
Dec. 6	Extraordinary conference of the board of directors
Dec. 11	Discussion of the business performance
Dec. 16	Lecture class on processed food at Konohana Garten
Dec. 17	The 8th conference of the board of directors
Dec.18	Study meeting on the consolidation of Hita district was held. 15:30 ~
Dec.19	Year-end remarks at the market
	An informal gathering of honorary officials
Dec. 20	Year-end remarks at the market



Date	Remarks
Jan. 3 1998	New year's ceremony (in Hall 8:00 ~)
Jan. 3	The first saving of the year
Jan. 8	A letter of appointment for the personnel changes was issued. Jan. 9 Bidding for replanting business of ume and plum trees
Jan. 12	Eleven officials and 4 members of the staff paid a visit to Fukuoka Consulate. Enokidake mushroom small union made an inspection to exchange the bottles. (Nagano Chubu Cultivation Center)
Jan. 14	Explanatory meeting for the ume replanters was held. Ie-no-Hikari Convention in Oita Prefecture (at Agriculture Hall in Oita City)
Jan. 16	Discussion on the business performance Council for the agricultural promotion in Hita district.
Jan. 21	Executive committee of National Culture Festival held a meeting. (union leaders attended)
Jan. 27	The 9th conference of the board of directors Year-end saving lottery
Jan. 30	Previous arrangement for the community discussion
Jan. 31	Joint training course for the staff in Hita district
Feb. 2	Community discussion started. (till Feb.6)
Feb. 3	Executive committee of Ume Festival held a meeting.
Feb. 3	JA union leaders held meetings in Hita and Kusu district.
Feb. 9	Training course of general meeting on measures to cope with settlement of account and taxation.
Feb. 10	Regular general meeting for blue form return Liaison conference of the financial institutions designated in the Prefecture
Feb. 17	Discussion on the business performance
Feb. 18	Audit of Konohana Garten Umegura The 45th JA meeting on financial promotion (in Tokyo Union leaders attended) JA Oyama-machi was commended.
Feb. 20	JA union leaders' in the prefecture held a meeting. Completion ceremony of the trainees from overseas Farewell party
Feb. 21	Received a letter of thanks from the Mayor of Hiroshima. (related to the market distribution)
Feb. 22	Ume Festival The 10th conference of the board of directors



▲ Higashitsuru Plant
Packaging Center

Date	Remarks
Feb. 24	Mission left for Israel and Germany. (Mr.Tomakawa, the director participated) Explanatory meeting for trip to Hawaii
Feb. 25	Leaders' meeting of National Federation of JA (at Agriculture Hall)
Feb. 27	Auditors meeting
Mar. 1	Ume Festival in Furuya-dai
Mar. 2	Demonstration of the composting (on the testing ground of the fruit farm in Kumamoto) Instruction of blue form return started.
Mar. 4	The entrance ceremony of newly-hired employees
Mar.5	Development committee
Mar. 8	Ume Festival of Nakatsuo-dai
Mar. 9	Conference for sawdust trading of lumbermills (Enokidake mushroom small union)
Mar. 10	Training course for auditors
Mar. 11	Explanatory meeting for the trip to Hawaii was held. 19:30 ~
Mar. 12	Extraordinary conference of the board of directors
Mar. 13	Discussion on the business performance
Mar. 17	Extraordinary conference of the board of directors was held in each union. (union leaders)
Mar. 18	The 28th NPC (19 people including two personell) left on a trip to Hawaii. (returned on 24)
Mar. 19	The 11th conference of the board of directors
Mar. 25	A party of men's section Lecture class of medicinal herbs by Yamabuki-kai
Mar. 26	Completion ceremony of the Packaging Center in Higashitsuru Plant. The conferment ceremony of the certificate as the stationmaster of the village, organized by the prefecture
Mar. 30	The board of directors of the Agricultural Public Corporation held a general assembly of the foundation.



▲ A trip to Hawaii

The number the visitors for inspection (April 16, 1997 to March 28, 1998)

Total:	55 (visits)	1003 (visitors)		
Oita Pref.	2	23	Shikoku region	4 60
Fukuoka Pref.	8	132	Chugoku region	4 91
Kumamoto Pref.	4	85	Kinki region	3 31
Kagoshima Pref.	0	0	Tokai region	0 0
Okinawa Pref.	3	22	Shin-Etsu region	1 12
Nagasaki Pref.	2	32	Hokuriku region	0 0
Miyazaki Pref.	2	25	Kanto region	2 19
Saga Pref.	3	49	Tohoku region	2 38
			Hokkaido region	5 166
			Overseas	10 218

This agricultural cooperative association has conducted the following activities:

1. Farm Products Distribution and Business Division

Competitions for production, processing, distribution and marketing of farm products are more and more increasing among farm products-producing districts. Food markets in Japan are enriched with abundant varieties, and the needs of people for farm products are still more increasingly diversified. In order to recognize and cope with these needs quickly, we have unified the farming guidance and development and the processing, distribution and external business of farm products into one organization and made efforts to develop new products and to find new markets.

(1) Guidance

<Fruit trees>

① Ume (Japanese apricot)

The replanting of mainly oushukubai and nankobai varieties was carried out in 1.73 ha. As a result, the area of reclamation has increased to a total of 11.73 ha. The area of reclamation corresponds to 13% of the entire ume orchard. We will promote this reclamation further from now on.

The actual shipment of ume products ended with 396 tons against an estimated 450 tons. We reflect on the fact that we are short of appealing the advantage of unitary collection system for goods.

② Sumomo (Japanese plums)

Artificial mating has made it possible to perform the stable production of sumomo. We will promote the improvement of technique for the dehiscence of anther to increase the rate of flower setting and to stabilize the output.

We have made efforts to promote the business of replantation from the beginning of this fiscal year and reclaimed 69 ares of the sumomo orchards. This area is as small as 3% of the whole orchards.

Furthermore, we will promote the replantation of orchards which are older than 20 years or hard to control due to the lowering of trellises.

As we have managed to have the prospect of growing the medium variety, we are prepared to produce this one promptly.

The taiyo variety, which had been shipped at an early stage, remained at low prices due to its taste. This is a task we will have to wrestle with from now on.

③ Citrons

We keenly feel how it is difficult to cultivate evergreen fruit trees. We prepare a cultivation calendar and will improve the way for cultivation.

<Specialties and vegetables>

We could extend the area of pipe houses by 60 ares in fiscal 1997. People from young wives to aged persons can work for Konohana Garten, watercress and herbs in accordance with their age. We think it necessary to seek another specialty after watercress and herbs.

① Watercress

We have tried to improve the technique of cultivation. It is our subject how we can ship the

product stably at the flowering time of June.

② Herbs

This district has been firmly fixed as a producing center for herbs. The sales of varieties other than good sellers remain stagnant. We think it necessary to undertake the studies of herb dishes.

(2) Management

- ① The double-entry bookkeeping for agriculture utilizing personal computers was entrusted to 22 people, and they worked up to making blue-paper reports on business incomes.
- ② As we feared the influence of sluggish prices for fungi and mushrooms on the management of agriculture, we have utilized institutional funds and tried to lighten the burdens of farmers.
- ③ We have changed packaging centers, cultivation bins, and others to activate individual small cooperatives which cultivate fungi and mushrooms.

(3) Marketing

- ① The turnover of all farm products was 2,225 million yen, resulting in 101.7% over the preceding year.
- ② When reviewing the entire situation of farm products, for mushrooms the low prices as well as the competitions between producing centers were continuing for this fiscal year, and we had to reconsider the marketing method.

For plums advantageous marketing could be deployed at an early stage of shipment, but then the price did not rise with the taste becoming flat from around the middle term of shipment. In these conditions, the handling quantities of watercress, herbs, nameko (edible fungi) and others have increased. We expect these farm products to be marketed favorably.

(4) Facilities

We tried to quickly cope with the repair and inspection of obsolete equipment to minimize the burden of farmers.

Furthermore, we endeavored to improve the productivity of farmers.

(5) Materials

- ① We tried to supply low-priced materials to farmers by cooperative orders.
- ② We recommended our members to control the growth of crops with reduced agricultural chemicals to comply with the demand of consumers and to protect the health of our members, even though this was against the sales.
- ③ We tried to spread the use of compost and spraying cars to change the agricultural work to a comfortable and light one.

(6) Compost Plant

- ① We endeavored to improve the quality of compost.
- ② We tried to cut costs with the effective operation of the plant.

(7) Shinkai Plant

The Shinkai Plant had shown a satisfactory growth. But this fiscal year was so severe as the sales were below those of the preceding year for the first time. In this situation, we saw an increase in the sale of pickled ume, a specialty of Ohyama. We tried to improve the quality of the product and reduce the cost of production, but a few costs only could be cut, and the whole cost cut was not possible. This fiscal year was the one in which we were busy diversifying goods.

(8) External business

- ① In department stores or supermarkets, goods are controlled and sold every kind of goods. For example, jams are sold at a jam corner, and pickles are at a pickles corner. We have established sale corners of Ohyama goods in department stores and supermarkets to convey the spirit and attitude of Ohyama farmers for making goods to consumers, and we clearly publicized the Ohyama products to consumers. This is a very difficult task for us, but we have deployed these corners of Ohyama goods with the understanding of persons in charge at department stores or supermarkets and owners of stores since last year. In this fiscal year we could established the corners of Ohyama products in ten or so stores, gradually increasing the number of the corners in various districts (Fukuoka, Ohita, Kita-Kyushu, Kumamoto and Saga).
- ② The business activity was extremely severe in this fiscal year because the market got colder. In this condition, we have made efforts to sell our goods and to collect the information of consumption trends.

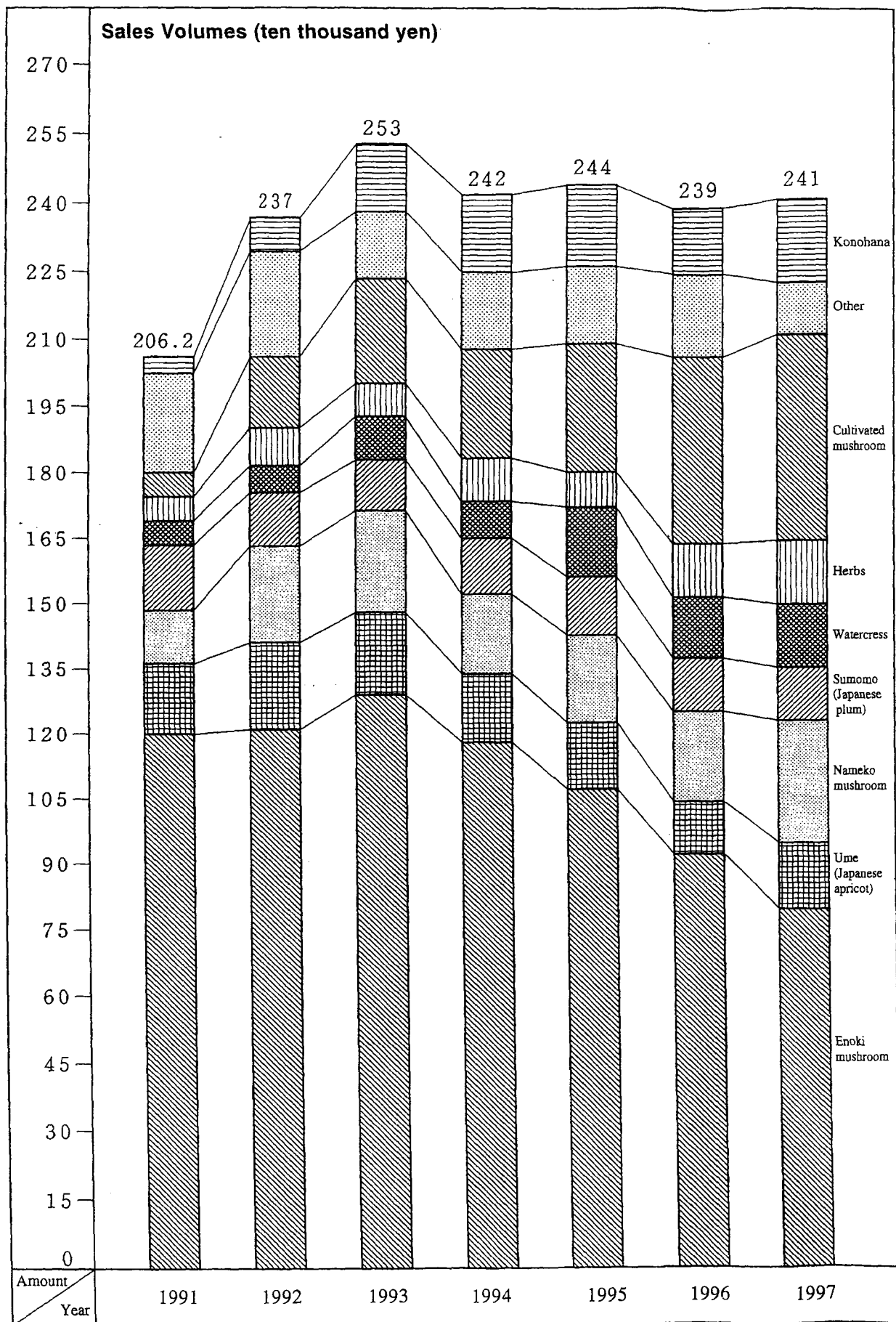
(9) Konohana Garten

- ① We could see a satisfactory increase in sales, the number of customers and shipment in the shops of Konohana Garten through the cooperation of people concerned.
This good result is attributable to the producers who earnestly made effort to supply (ship) fresh, delicious and safe farm products to customers.
- ② The employees of these shops have become accustomed to the handling of the bar-code system, the smooth shipment of goods and the exact calculation of sales.

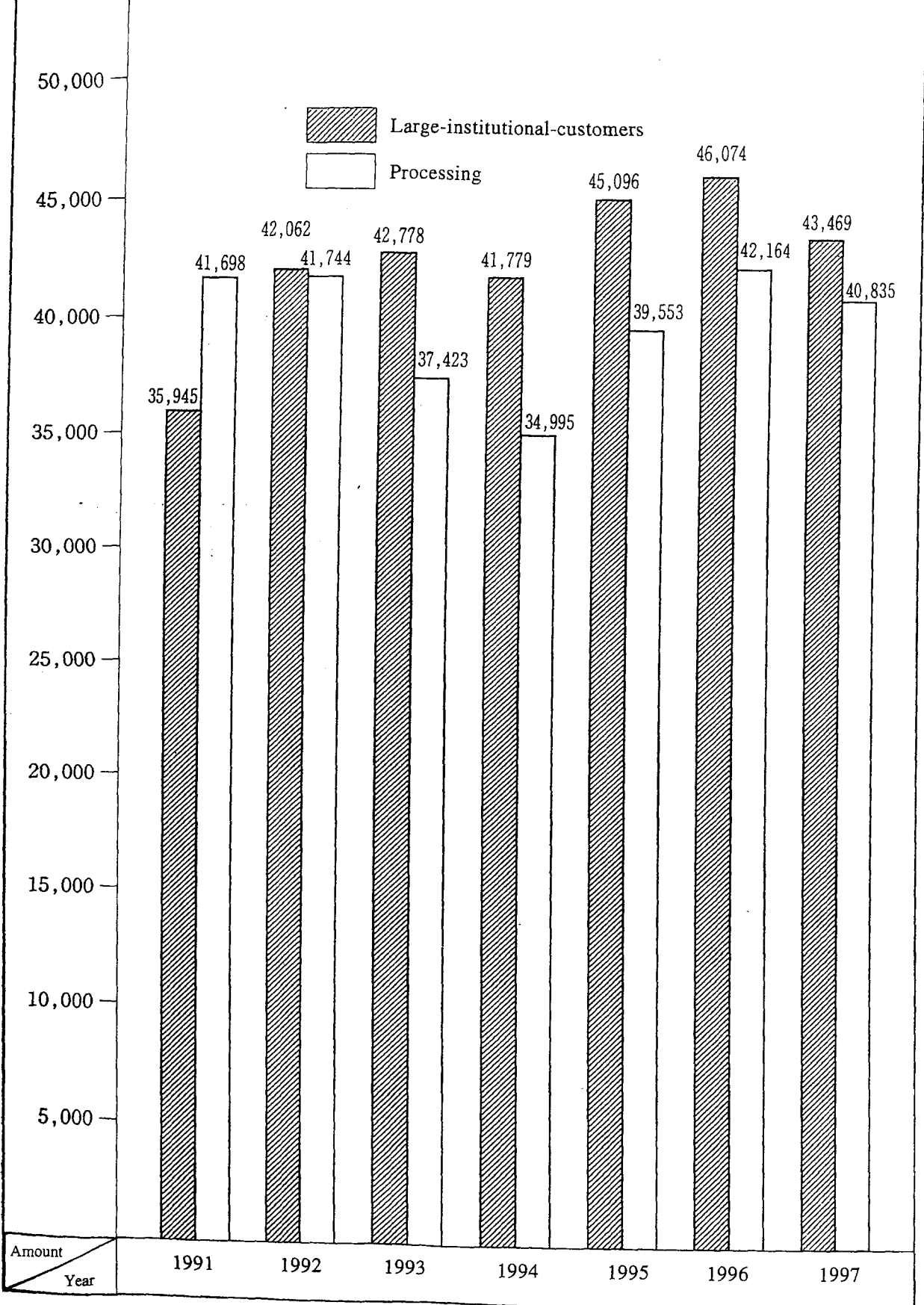
Sales Performance and the Goal of Agricultural Commodities

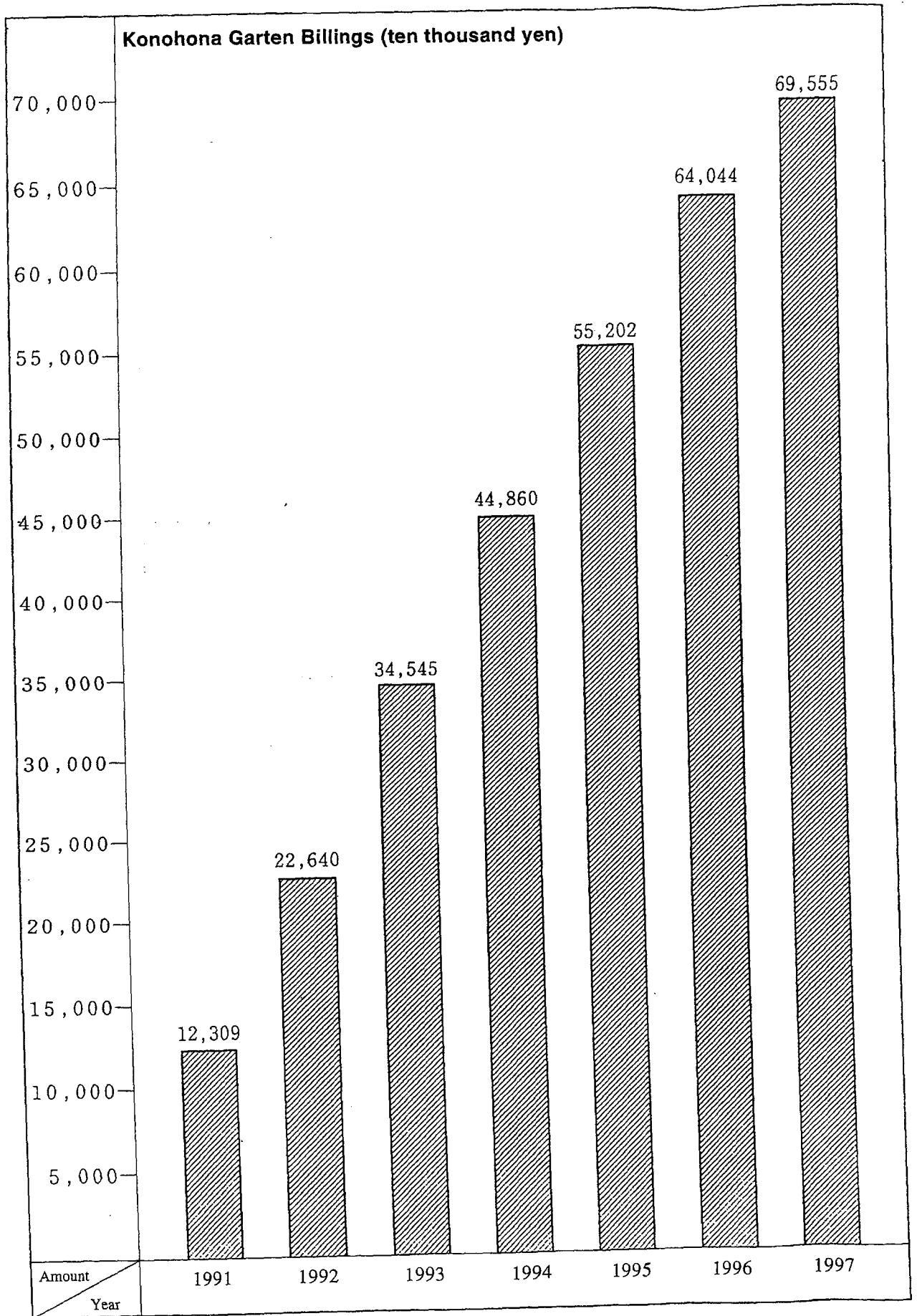
(ten thousand yen)

Year Item	1996 Sales Total	1997 Sales Total		1998 Goal		Plan after 5 years	
		Volume	Amount	Volume	Amount	Volume	Amount
Ume (Japanese apricot)	7,532	395 t	11,075	300 t	10,500	700 t	17,500
Sumomo (Japanese plum)	9,624	227 t	12,779	300 t	18,000	350 t	19,250
Grapes	735	10 t	692	13 t	750	13 t	715
Pear	197	0.3 t	45	1 t	50	5 t	200
Ginkgo	1,641	15 t	1,983	15 t	2,000	20 t	2,600
Chestnut	375		349		500		500
Citrons	672	50 t	870	30 t	800	30 t	800
Enoki mushroom	99,872	1,671 t	84,825	1,650 t	80,000	2,000 t	110,000
Nameko mushroom	20,691	402 t	29,270	400 t	30,000	450 t	33,750
Bed-log shiitake mushroom	490	3.5 t	605	3 t	520	5 t	500
Cultivated mushroom	45,025	355 t	45,669	300 t	33,000	450 t	50,000
Watercress	10,700	910,000 sacks	12,140	1220,000 sacks	12,200	1.7 million sacks	17,000
Leek	328	7.8 t	323	75,000 bundles	300	10 t	400
Blossom	1,288	68,294 P	1,242	55,000 P	1,073	240,000 P	2,600
Herbs	14,499	1,559,879 P	16,344	1,365,000 P	15,150	2,170,000 P	22,500
Greens	142	1.2 t	126	1 t	100	50,000 P	350
Japanese ginger	148	14,340 P	99	15,000 P	105	14,000 P	100
Reef Japanese horseradish	569	57,000 sacks	654	35,000 sacks	350	90,000 sacks	900
Komatsuna	1,219	16.7 t	830	14 t	700	54 t	2,700
Zanthoxylum seeds	1,112	123,864 P	881	130,000 P	925	125,000 P	1,000
Petit tomatoes	808	12.4 t	808	12 t	840	16.6 t	1,000
Other	884		902		1,000		6,300
Total	218,551		222,511		208,863		290,665
Konohana Market	18,660		18,728		22,000		25,000
Total	237,211		241,239		230,863		315,665



External Business Billings (ten thousand yen)





2. Fungi and Mushroom Business Division

This fiscal year was an extremely serious one for farmers because the recessed economy remained for a long period of time and decrease in consumption reduced prices for farm products.

In this fiscal year we received the baptism of distresses including the lowering of prices and the deterioration of quality due to an abnormally warm winter.

In this situation we reviewed the starting points of culture, cultivation and technique for cultivating mushrooms including the selection of materials and the recognition of strains from both sides of hardware and software and tried to make culture media and bed logs satisfactory to producers.

We report the results of our efforts by sections of individual plants as follows:

(1) First Section for Fungi and Mushrooms (Tsutari First Plant and Tsutari Second Plant)

- ① We borrowed a branch plant and conducted the trial cultivation of new varieties.
- ② We introduced specially made chips because the particles of sawdust from sawing were too small and tried to make reliable logs.
- ③ After switching the conventional bin to a new one of 1,000 cc and 65 ϕ , we remodeled each machine or bought a new one. New bins were filled with the chips from February, and the bed logs were distributed to farmers from March.
- ④ We troubled cultivators very much due to decrease in yields and quality from October to December.

(2) Strain Center

As the greatest conditions of a strain, the strain must not be contaminated and must be stable without any variation in the traits of developing mushrooms. In this fiscal year, however, a decrease in the function of strain's factor developed for any unknown cause. As a result, this adversely affected the yields and quality of mushrooms and greatly troubled the cultivators.

We undertook a project for developing new varieties and techniques with the guidance of the prefecture and the aid of the town, and promoted the crossbreeding of strains for enoki, nameko and shiitake mushrooms and the examination of culture medium constituents. We succeeded in making ten-odd kinds of possible strains for enoki. Furthermore, we finished the crossbreeding of strains for nameko and shiitake mushrooms. We are now at the stage of selecting new strains.

(3) Second section for fungi and mushrooms (Oiwake Second Plant and Koitsuma Plant)

- ① We greatly troubled the cultivators at branch plants with reduction in the quality and yields of enokidake mushrooms from October to December.
- ② We planned to establish a new packaging center for nameko and started its preparations.
- ③ We remodeled and improved equipment in the plants after changing the conventional cultivating bin for enokidake mushrooms to a new one and started to fill new cultivating bins with chips from February.

(4) Bed-log shiitake mushrooms section

(a) Bed-Log Center

As bed-log shiitake mushrooms was favored by good weather and its growth continued for a long period of time, the unit price of shiitake mushrooms was changing on a low level. Especially the low price at the end of the year gave a great blow to farmers.

The Bed-Log Center made efforts to reduce costs as follows:

- ① It reduced the price of bed-logs for shiitake mushrooms.
- ② It tried to avoid troubles by changing the culture technique in part.
- ③ It participated in a project for developing new varieties and made efforts to train its personnel.

(b) Higashitsuru Plant

- ① It made efforts to increase revenues, improve product quality and save energy. It was fully operated for the year.
- ② Persons of the Tohkin Plant visited branch plants to improve productivity, even though these efforts were not so enough to raise the productivity.
- ③ It participated in the activities of small cooperatives and tried to establish this district as a producing center for mushrooms.
- ④ It held frequent study and training meetings including inspection of advanced producing districts and studied what roles a packaging center should have.
- ⑤ The packaging center was completed in March.

3. Financial and Living Division

(1) Credit

- ① Generally the financial situation was serious from the preceding year. The market rapidly got colder, being influenced by bankruptcies of financial institutes and others and was still getting worse.

In this situation, we could attain a savings target with the support of our members, even though the growth rate of savings decreased from that of the preceding year.

- ② For loans, we utilized institutional funds with a low rate of interest and promoted using fixed loans for education or private cars to reduce the burden of interest for utilizers of the funds of the agricultural cooperative association.
- ③ We held consulting meetings for annuities and taxes which were very significant to our members.

(2) Mutual aid insurance

- ① For the promotion of long-term mutual benefits, we could have an actual result of 3,510 million yen with the understanding and cooperation of our members as well as agricultural managers and cooperators. Thus, we could contribute to assuring the living of our members, even though the serious situation may continue from now on.
- ② The number of contracts for short-term mutual benefits including those for cars has increased year by year, but we were worried about coping with many traffic accidents. We will make our efforts to comply with the requests of our members.
- ③ As one of the traffic safety measures, we donated "five curve mirrors" to the traffic safety conference of the town and "traffic safety umbrellas" to all the new pupils of this district in this fiscal year as in the preceding year.
- ④ The number of utilizers of a rest house "Kionso" for town people increased after its remodeling, and this rest house gives relaxation and pleasure to people.
- ⑤ We communicated with friendly groups in this district and provides a wide range of aids to the town so that people there could find pleasure.

(3) A Co-Op Store

- ① We could hold special sales for two days every week.
- ② We could not fully perform the activity of the operation committee of A Co-Op Store.
- ③ We could supply goods exceeding the initial plan, and this Co-Op store was utilized by the members as their own store.

(4) Gas Station

Many gas stations went down due to keen competition. In this situation, our gas station was supported by the cooperation and understanding of our members and could have a good settlement of accounts. We appreciate our members for this good result.

(5) Propane business

We aim to establish JA propane business as the one that quickly copes with the needs of utilizers. We could finish this fiscal year without any accidents.

(6) Branches

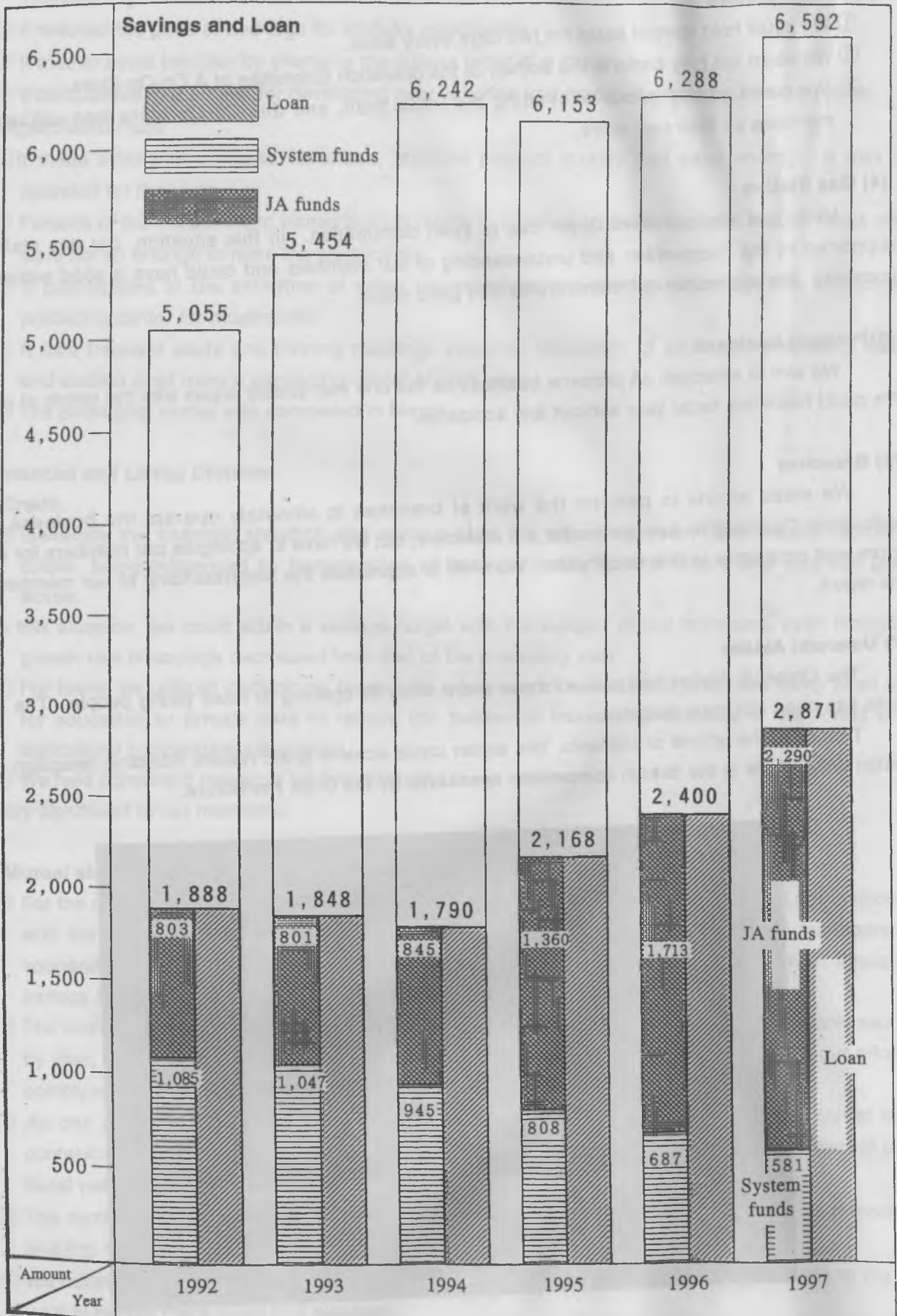
We made efforts to perform the work of branches to smoothly operate the business of the Agricultural Cooperative Association for our members, but we have to apologize our members for a lot of errors and omissions in this fiscal year. We wish to appreciate the understanding of our members with this report.

(7) Umenoki Atelier

The Umenoki Atelier has passed three years since its opening to raise young people. The art for works has been still more stable.

Thanks to the efforts of students, this atelier could achieve great results including reception of the Design Wave Prize in the design competition sponsored by the Ohita Prefecture.





Mutual aid payment:

(thousand yen)

- Long-term mutual aid

Death	16 cases	105,000
Hospital Treatment	190 cases	47,402
Health	3 cases	376
Amount due	50 cases	60,950
Congratulatory money for entrance	52 cases	12,740
Nurturing pension	3 cases	700

Subtotal	314 cases	227,168
----------	-----------	---------

- Short-term mutual aid

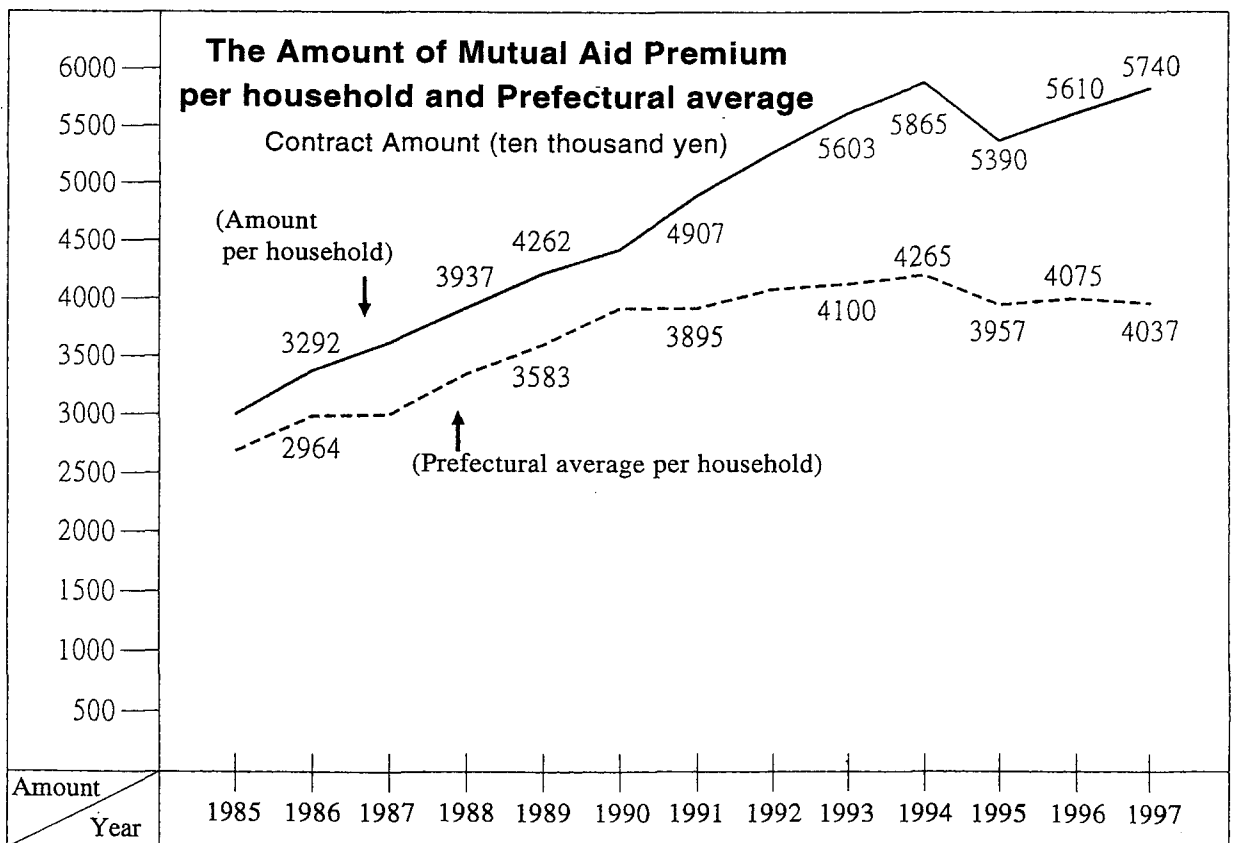
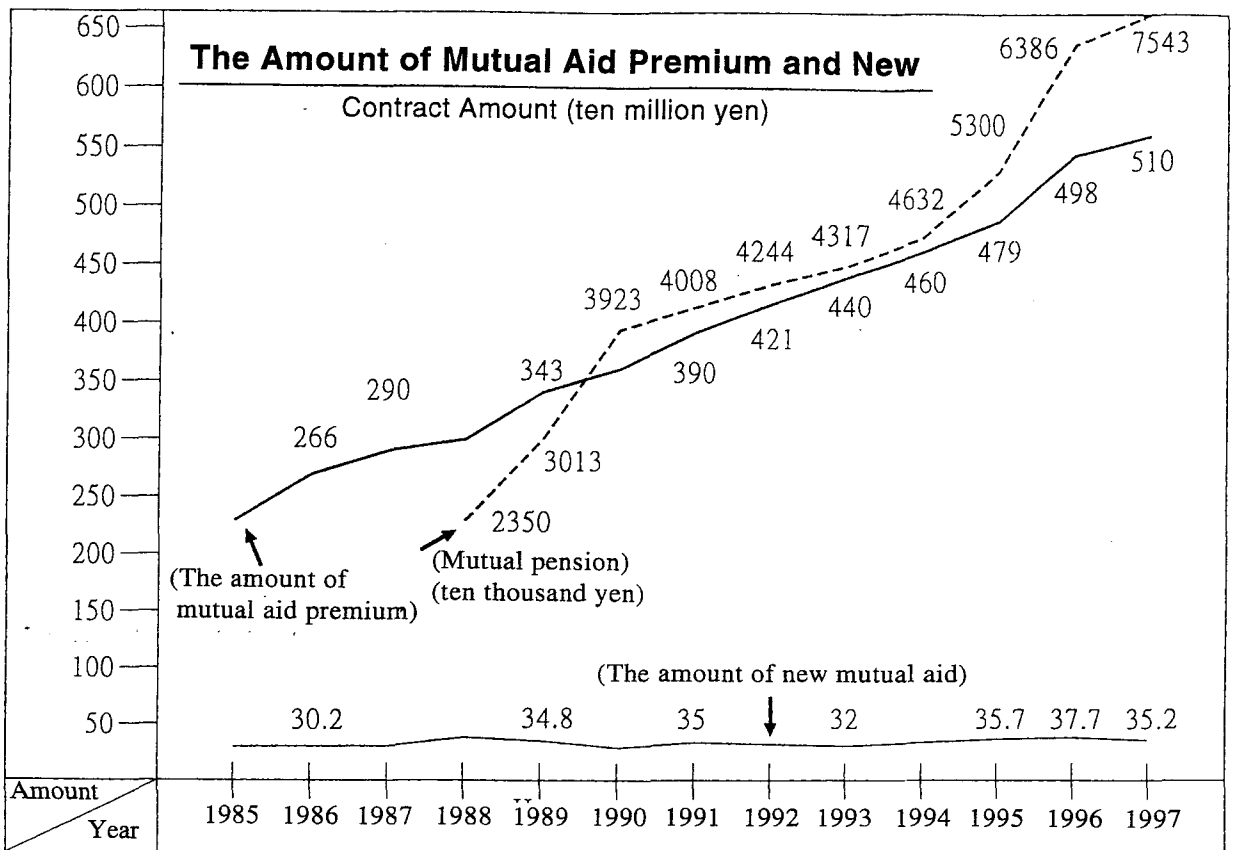
Automobile	172 cases	38,677
Automobile liability	26 cases	11,499
Disability	6 cases	600
Fire	—	—

Subtotal	204 cases	50,776
----------	-----------	--------

- Mutual pension	19 cases	4,205
------------------	----------	-------

Total	537 cases	282,149
-------	-----------	---------





4. Administrative Department

(1) Cultural activities

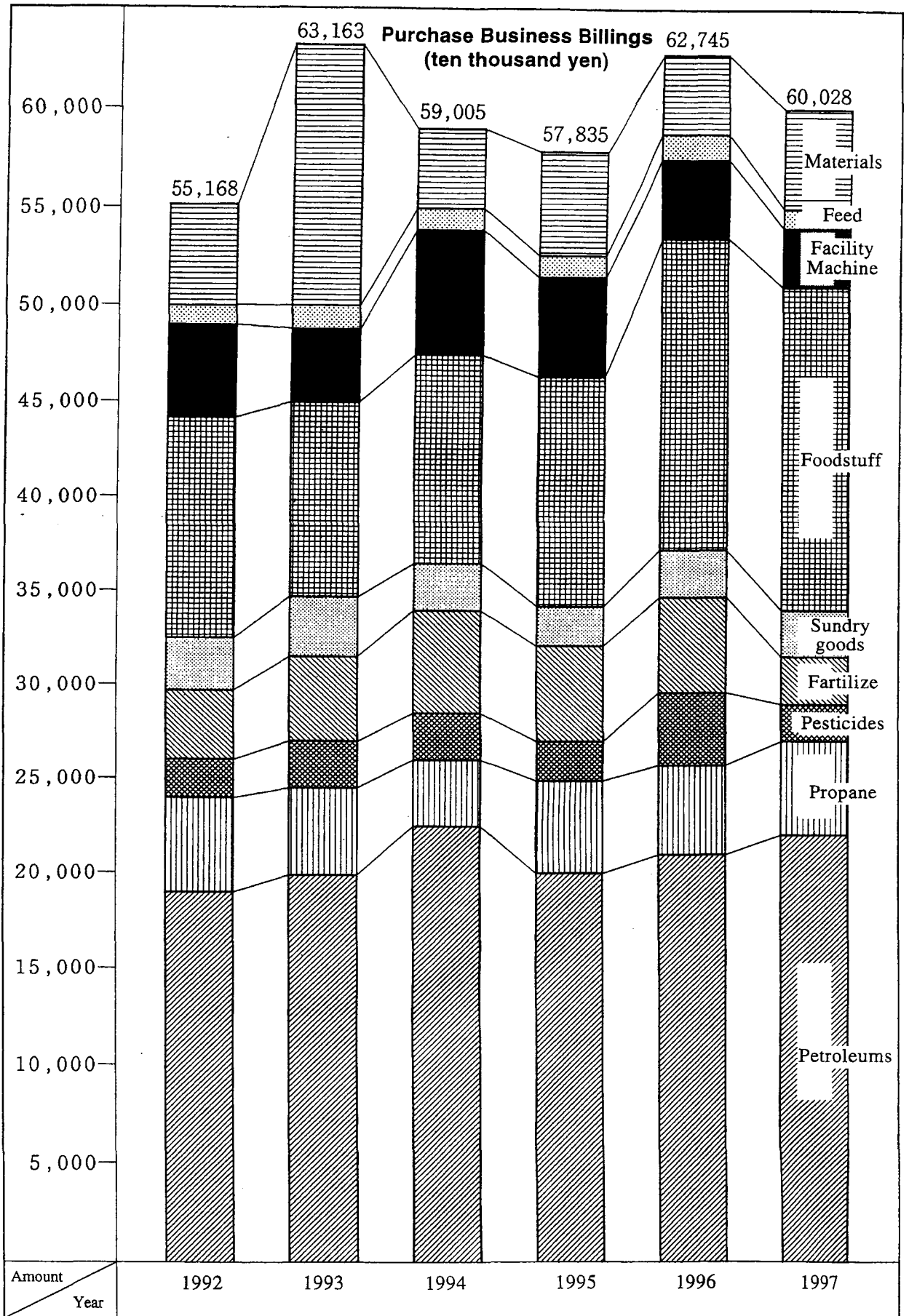
- ① We organized tours for picking plums and shiitake mushrooms for associating cities and villages, so that participants from cities could know the Ohyama agriculture with abundant nature. Thus, we helped associate urban people with farmers.
- ② In abundant eating habits, various diseases develop. We have started a sports group called Reishi Club for keeping the health of our members with a motto that “we protect our health by ourselves” and helped them maintain their health.
- ③ Twenty-one people participated in the 28th NPC Hawaii travel and enjoyed everlasting summer's Hawaii to the full. At the same time they deepened their association with the local society of people from the same prefecture and could travel joyfully.
- ④ Young and middle-aged persons' society, Yamabuki society, Hitomi society, and women's society conducted various activities including inspections for study and training, lectures, and voluntary activities to cultivate and interchange their minds.
- ⑤ NPC's bulletin has provided various pieces of information and received manuscripts from the members. We endeavor to make an attractive bulletin.

(2) Accounting

We hold a meeting of directors (a meeting of superintendents), a meeting of managers and a meeting of personnel in charge for examining actual results every month and try to conduct the thorough control of management.

(3) General affairs

- ① We had community discussion meetings, heard the positive opinions of participants for this agricultural cooperative association, examined measures for improvement and carried out the measures.
- ② We participated in various types of study and training meetings and tried to improve the capability of personnel and control their health.
- ③ We carried out the reform of our organization system.
- ④ Personal affairs
- ⑤ Retired employees: five
- ⑥ New employees : five



Conditions of own capital and fixed assets

It is necessary to maintain and increase equipment or purchase new one to comply with the demand or expectation of our members. However, expenses required for the equipment have increased year by year, and the ratio of capital to assets is below the standard stipulated by law. Under these conditions, we ask our members to cooperate with us to substantiate the capital.

(The own capital means a total of the funds subscribed by the members and the accumulated surplus of JA.)

[Explanation]

1. Increment of capital

- (1) Increment for this fiscal year: 6,940,000 yen
 (2) Incremental ratio over preceding year: 103.7%

2. Increment of fixed assets (with deduction of accumulated depreciation)

- (1) Increment for this fiscal year: \triangle 53,440,000 yen
 Fixed assets: \triangle 55,920,000 yen
 External investment: 2,480,000 yen
 (2) Incremental ratio over preceding year: 71.1%

3. How much does the own capital cover the fixed assets?

- (1) Own capital (capital and accumulated funds): 603,640,000 yen
 (2) Fixed assets: 985,480,000 yen (with deduction of accumulated depreciation and addition of external investment)
 (3) Sufficiency ratio of own capital: $\frac{(1)}{(2)} \times 100 = 61.3\%$

4. Main assets obtained for this fiscal year

- Land: Yamashita land (obtained in 1995)
 Structures: repair of chip yards (Tsutari First Plant), cold storage facilities (Bed-Log Center), Higashitsuru Packaging Center (Tohtsuru Plant)
 Machinery and facilities: Filler for ume flesh (Shinkai Plant), tough pack capper (Tsutari First Plant), inoculation machine (Koitsuma), tableware washer (Konohana Garten), autoclave (Spawn Center)
 Vehicles: 3-ton rully (Gas Station), and official car (General Affairs Department)
 Tools and fixtures: Microcomputer meter and LP gas containers (Propane Business), personal computer (Mushroom Development)

● Contents of fixed assets

(with deduction of accumulated depreciation)

Items	Amount
Buildings	¥439,304,502
Structures	¥39,813,279
Machinery & facilities	¥134,156,649
Vehicles	¥14,525,414
Fixtures & tools	¥48,463,173
Land	¥130,208,169
Provisional account for construction	¥14,690,917
Intangible fixed assets	¥1,371,374
Total	¥822,533,477

● Contents of external investments

	Name	Amount
financial institutes Affiliated	Federation of credit union associations	¥67,757,690
	Federation of economic cooperatives	¥9,060,000
	Federation of mutual aid associations	¥6,300,000
	Federation of health and welfare associations	¥820,000
	Agricultural funds	¥5,786,800
	Others	¥478,000
	Subtotal	¥90,202,490
	Financial institutes other than affiliated ones	¥72,743,100
	Total	¥162,945,590