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History of Agricultural Cooperatives in Japan and Japanese Experience of Formulation of Food Value Chain and Roles of Agricultural Cooperatives

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Jap.

Brief History of Agricultural Cooperatives in Japan

AGRICULTURAL Statistics

- GDP (fiscal 2010) 481.77 Trillion Yen
- Agricultural Gross Production
8.190 Trillion Yen (fiscal 2010)
- Self-sufficiency rate of foods
39% calorie base (fiscal 2012)
TARGET 45% (fiscal 2015)
- 69% Production value base (fiscal 2012)
TARGET 76% (fiscal 2015)

MAFF:86th Statistical Year Book

プレゼンテーションの初めに、日本の農業の現状と課題について、簡単に紹介します。日本農業総生産額の国内総生産額に占める割合はおよそ1.7%と低い。食糧自給率は39%で、先進諸国の中でも最も低い。日本政府は1999年の新しい農業基本法の中で、食糧自給率を2015年までに45%に引き上げることを目標に掲げている。

Trend of food consumption (per person)

Rice	112kg (fiscal 1965)
	118kg (fiscal 1962)
	61kg (fiscal 2007)
	11.27 million tons in 1963 (national)
Livestock	58kg (fiscal 1965)
	139kg (fiscal 2007)
Oil and fats	6kg (fiscal 1965)
	14kg (fiscal 2007)

日本人の食生活の変化に伴い、米の消費が減少し、畜産物(牛肉、豚肉、鶏肉、ミルク、卵)や食用油の消費が増えている。昔の日本人は米、味噌汁、野菜(根菜)の塩漬け、魚(干し魚)が食生活の中心で、1日3食米を食べたが、戦後食生活が欧米化した。パンやうどん、パスタが米に代わって食べられるようになった。

Farm households

Number of farm households

- 2,528,000 (fiscal 2010)
- 6,180,000 (fiscal 1950)
- 2,100,000 plus (prospect 2015)

Marketing farm households

- 1,631,000 (fiscal 2010)
- 3,310,000 (fiscal 1985)

Full-time with labor force under 65 years old

- 356,000 (fiscal 2012)
- 820,000 (fiscal 1990)

Population employed in agriculture

- 2,610,000 (fiscal 2010)

Population mainly engaged in agriculture

- 1,450,000 (fiscal 2010)
- of which over 65 years old
- 940,000 (65%) (2010)

Population newly engaged in agriculture

- 54,600 (2012)

- Below 39 years old** 13,150
- 40-59** 13,970
- Over 60 years old** 27,440

農家戸数は年々減少を続けている。1950年から60年の間に366万戸の農家が減少した。年間50万円以上販売している農家は163万戸であるが、そのうち65歳以下の専業の農業労働力を持っている販売農家は35万世帯である。専業の農業従事者と兼業の従事者があるが専業の従事者の65%は65歳以上であり、農業労働力の高齢化が極度に進んでいる。新規就農者は毎年5万人程度であるが過半数は60歳以上の退職者等となっている。

Major driving force in agriculture

Designated agriculturists

- 249,376 entities (2010)

Juridical persons 3,157 (fiscal 2011)

Hamlet Farm Management Group

- 14,643 (fiscal 2011) Target 23,000 (in 2020)

Specified agricultural group

- 1,802 Groups (FY2010)

Specified agricultural entities 892 juridical persons

Agricultural Production Limited Liability companies

- 6,572 companies

Stock companies 2,135 (2011)

Joint Venture Company 191 (2011)

Source: Survey of MAFF Japan

農業就業者の高齢化による生産放棄地の増加防止や農地保全、農業生産力の維持をめざして、農業生産の集団化や法人による委託農耕が行われている。集落を基礎とした地域営農集団や若い農業労働力と機械の利用や農協による委託農耕が進められているが、委託される農地は山間地など条件の悪い農地が多く、委託農耕は事業として成り立たないなどの問題がある。一方、会社経営で特徴ある農業生産・販売活動をしている企業もできている。1集落あたりの農家戸数は20年間(1990-2010)で27戸から18戸へと減少し、そのうちの20%の集落では



Farmland utilization

- Arable land 4,593,000 ha (fiscal 2010)
6,090,000 ha (fiscal 1956)
- Paddy field 2,496,000 ha (fiscal 2010)
- Upland field 2,097,000 ha (fiscal 2010)
- Abandoned land 396,000 ha (fiscal 2010)
- Farmland utilization ratio 92.2%
- farm management area per household
- Hokkaido 19.34 ha
- Other prefectures 1.36 ha
- Farmland area managed by major driving forces
2,100,000 ha (45%)

農地面積は減少した。農地の宅地化等が進んでいる。耕作放棄地は約40万haで年々増加している。平均保有面積は北海道とその他の地域とでは大きく異なる。法人化による農地経営の割合は45%となっている。

Agricultural Management

Total Income 4,570,000 Yen
of which agricultural income 1,040,000 Yen
Farm household mainly engaged in agriculture
Total income 5,550,000 Yen
of which agricultural income 4,380,000 Yen
(fiscal 2009)

Source: MAFF Japan "Statistical Survey of Agricultural Management"

農家所得のうち農業収入の占める割合は平均で2割程度専門的農家では78%となっている。この差額は年金等となっている。

Land Reform (Results)

- Distribution of 1,942 thousand ha (80% of tenant farmland)
- Tenant farmland
 - paddy 53%(before) -----14%(after)
 - total 46%(before)-----13%(after)
 - owner farmer 28%(before)----55%(after)
 - tenant farmer 28%(before)---8%(after)
- Average land holding 1 ha
- Cause of increase of part-time farmer during high economic growth period

戦後の日本農業の歴史的政策として進められたのが、農協の設立と農地改革でした。戦前の農村では小作と地主の制度があり、小作人は多大な小作料を支払、貧しい暮らしをしていました。戦後の民主化の流れの中で、農地改革が行われ、小作人が地主になっていきました。3haを超える農地を持つ地主から政府が土地を買い上げて、小作人に売り渡す(長期融資)というやりかたで約200万haの農地が小作人に売り渡されました。その結果平均所有面積は1haとなり、小規模な家族経営農業が始まりました。

What is Agricultural Cooperative?

- History
- Industrial cooperatives-1900 enactment of industrial cooperative law
 - Objectives are to develop industries carried out by small scale producers in agriculture, forestry and fisheries
 - Since 1906, credit cooperatives could operate marketing and purchasing business together
- Agricultural associations, Japan-China war as turning point, industrial cooperatives were restructured as agricultural association from 1943, farmers were obliged to join the association and cooperated to the controlled economy system during the war time. It was disorganized in 1948.
- Enactment of agricultural cooperative law (1947)
- Establishment of the Central Union of Agricultural Cooperatives JA Zenchu (1954)
- Establishment of Cooperative College (1955)
- Establishment of Central Cooperative College (1969)
- Establishment of National Federation of Agricultural Cooperative Associations JA Zen-Noh (1972)

Objective of agricultural cooperative is by developing cooperative organizations of farmers, to enhance agricultural production as well as socio-economic status of farmers and to contribute to the development of national economy.

5Year Plan for Strengthening Industrial Cooperatives 1906—1911

1. Establish Industrial Cooperatives in All Villages (about 15,000 Villages)
2. All farm households are to be members of Industrial Cooperative
3. All Industrial Cooperatives shall operate 4 types of business
Credit, Marketing, Purchasing, Warehouse Utilization

Key points of Old Agricultural Basic Law (1961)

- Improving agricultural productivity
- Selective expansion of agricultural products
- Stabilization of the prices of farm products
- Rationalization of distribution
- Development of family farm management
- Promotion of agricultural production organization

1960年代に入ると、高度経済成長により、都市と農村の所得格差が拡大しました。消費者の動向も伝統的の日本食から欧米化して肉や野菜などの需要に応えるため、米+他の専門的作物といった新しい作物に取り組む必要が出てきました。そのため、土地改良事業による農地整備、普及活動による新しい作物の生産技術指導、制度融資による農業施設設備への支援が行われ家族経営を基本とした営農体系と生産活動が促進されました。

Basic Law on food, agriculture and rural areas (1999 July)

- Basic policy on measures related to food, agriculture and rural areas
- Targets for food self-sufficiency
- Comprehensive and systematic measures for food, agriculture and rural areas
 - Measures to ensure a stable supply of food
 - Measures related to sustainable development of agriculture
 - Measures related to the promotion of rural areas
 - Measures related to the reorganization and improvement of organizations
- Prerequisites for Comprehensive and systematic Promotion of measures

1999年には、農業者の高齢化、食料自給率の低下、農村の過疎化、農地の荒廃、農業労働力の減少、農村環境悪化などの新しい課題を受けて新農業基本法が制定されました。農業生産の法人化、新規就農者への支援、農村活性化に向けた農村における就業機会の創出、高齢者対策、農業生産の拡大と食料自給率の向上を掲げた政策の基盤としています。

Characteristics of Cooperative

Private company

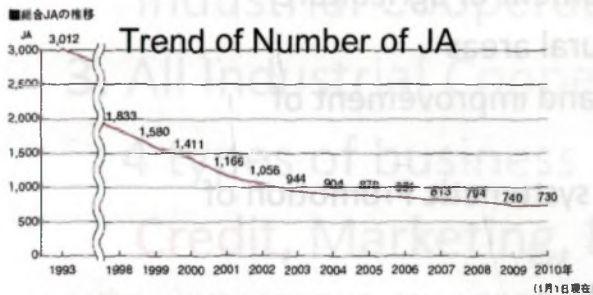
- Owner – shareholders
User - unknown customers
- Administrator- Employees
Objective- Making profit to develop company
- Business- any business

Agricultural Cooperative

- Members
- Member
- Member
- Member's income
- Limited by Law

JA Covers whole country

- 683JA exist (as of May 1 2015)
 - There are 100JA in Hokkaido while Okinawa and Nara Prefecture has 1 JA covers whole prefecture
 - JA is independent Management body
 - One JA in One area
 - Number of JA was reduced by amalgamation program
 - ※ 1JA covers 2.4 municipalities (Number of municipalities: 1,775)



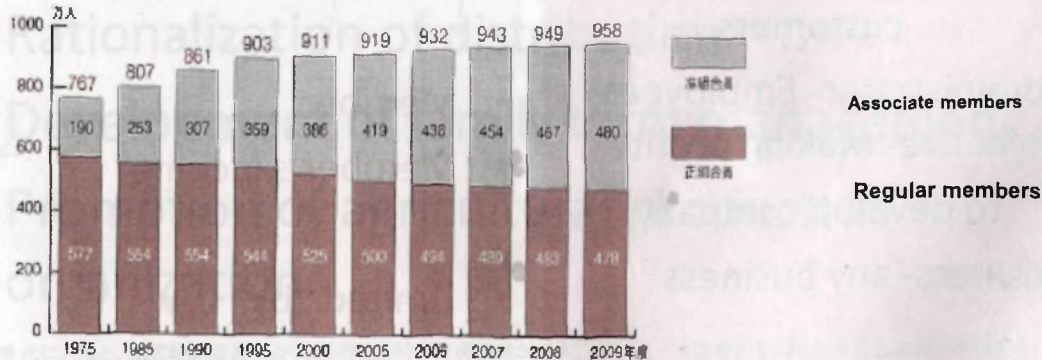
資料 JA全中『JAファクトブック2010』



Members of JA

- Regular members • • • payment of share capital, one for one vote a farmer or juridical persons engaged in agriculture
- Associate member • • • payment of share capita, no voting right (Unique system in Japan only?)
 - Persons who receive loans or other services from JA
- Non-member • • • no payment of share capita (non-member's utilization of business is limited within 20% of the business volume)

■ 正組合員・准組合員数の推移



資料・農林水産省「組合員数統計表」
注) 単位未満四捨五入により合計と一致しない。

Business of Agricultural Cooperatives in Japan

2 Main Business of Multi-purpose Cooperatives

○ Services provided for members of cooperatives are as follows:

Farming-skill Enhancement

- Providing advices to improve farm management and production technologies.

Marketing

- Marketing of farm products such as rice, vegetable, fruit, etc.

Supplying: Daily Necessities

- Supplying oil, L.P. gas, food stuffs, etc.

Credit

- Providing loans necessary for agricultural production and living.
- Receiving savings.

Supplying: Production Materials

- Supplying fertilizer, agricultural chemical, feed, machinery, etc.

Medical & Health Care Service

- Establishment and operation of hospital, medical clinic.
- Implementing health maintenance activity.

Mutual Insurance

- Life insurance.
- Fire and building rehabilitation insurance.
- Car insurance.

Farming-related Activities

- Providing farm-operator service.
- Implementing collective pest-control.

Welfare for Elderly

- Providing home care services, nursing services at care centre, etc.

Shared-use Facilities

- Establishment and operation of country elevator, seedling and nursery plant, collection facility, farmers market, etc.

Processing & Manufacturing

- Processing farm products.

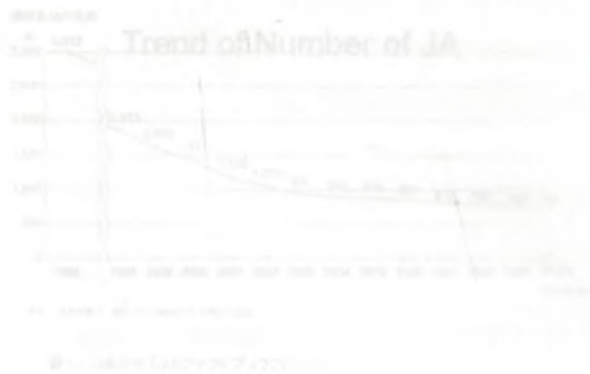
JA Covers whole country

• 683JA exist (as of May 1 2015)

— There are 120JA in Hokkaido while Tokushima and Nara Prefecture has 1 JA

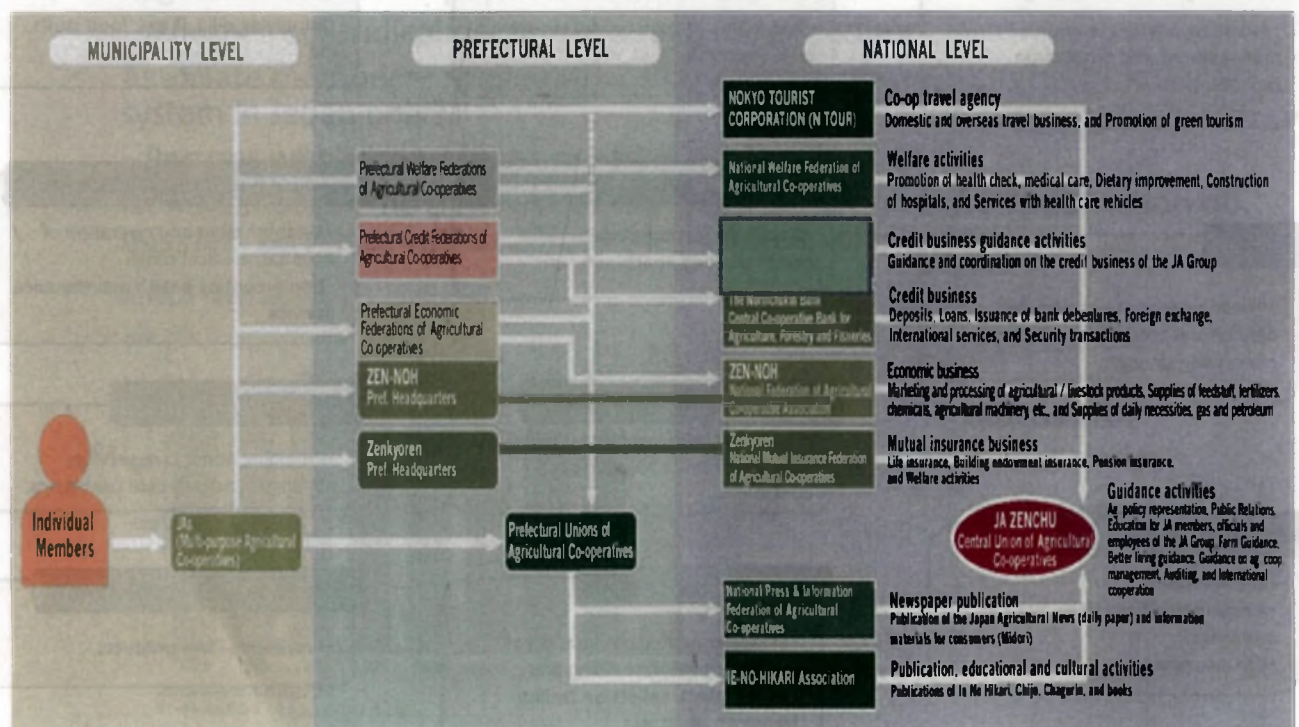
covers whole prefecture

Agricultural Cooperative Organizations (JA Group)



Members of JA

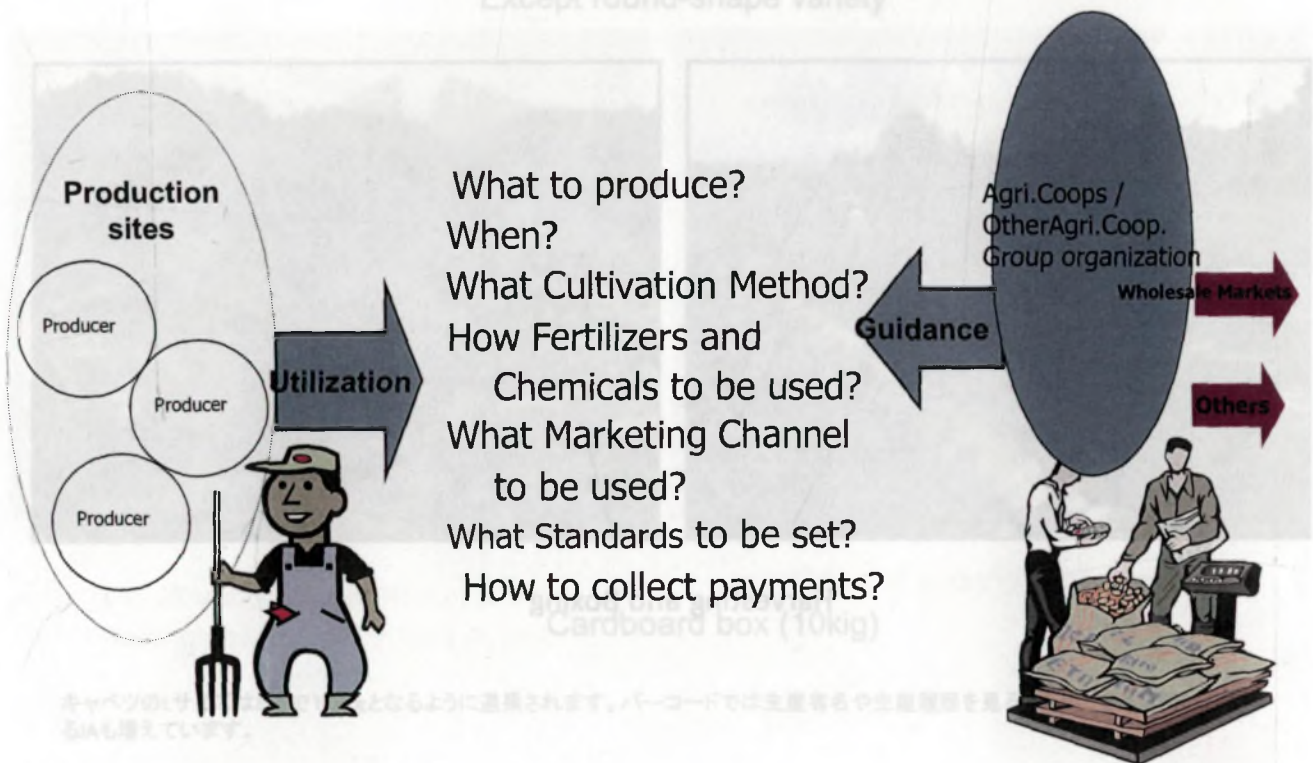
(Ref.) JA Group Organization



Marketing Business



Member Farmers and JA (Case of Marketing of Vegetables and Fruit)



Retaining Freshness of Vegetables (at Production and Shipment Site)

○ Pre-cooling and Shipment



1. Products, boxed in the field, before pre-cooling

2. Rapid cooling to 3 to 4 degree C for 20 min. in vacuum cooling storage

3. Shipment by a truck equipped with cooling machine

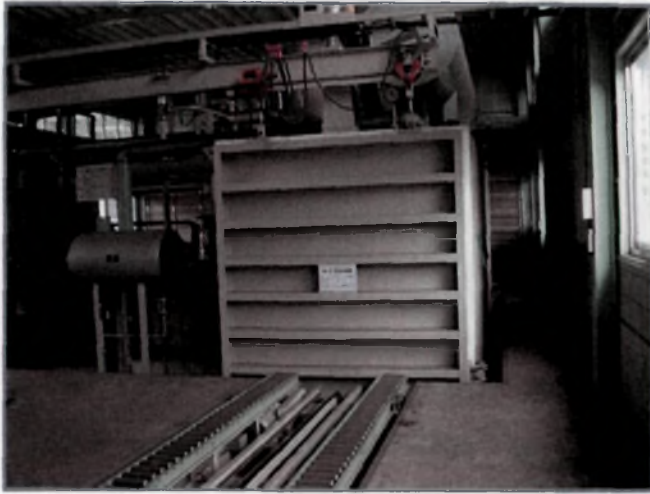
ポストハーベストロスを減らし、鮮度を維持するため、収穫後ダンボールに詰めて、予冷して保冷車で市場に輸送します。選果やダンボール詰めは1台のトラックに効率よく詰め込み、輸送中の事故を防ぐことを目的にしています。また、箱のデザインで産地をアピールしています。市場のせり売りでは産地銘柄と選果基準で取引されています。

Cabbage



Harvesting and Boxing

Cabbage



Pre-cooling Equipment



Transport Truck

Cabbage

Except round-shape variety



Cardboard box (10kg)

キャベツのLサイズは8個で10kgとなるように選果されます。バーコードでは生産者名や生産履歴を見ることができるようになっているJAも増えています。

Retaining Freshness of Vegetables Tomato (at Production and Shipment Site)



Just before harvesting



Grading line at a JA

ベストハーベスチングを達成し、品質を維持するため、収穫後ダンパーに掛けて丁寧に冷却して保冷車で市場に輸送します。選果やダンパーの扉は1秒のドワーブに稼働し、詰め込み、輸送中の事故を防ぐことを目的にしています。また、扉のデザインで湿度をコントロールしています。市場のセール先では産地銘柄と選果基準で取引されています。

Tomato



Large-scale grading line at JA



Workers putting the products in a box in a collection and shipment center

Tomato



Cardboard box (Cut-out and folding type) 4kg

トマトのAM基準の箱詰めめで1箱4kgで24個入りです。産地名が印刷されています。一番高い値がつく選果グレードです。

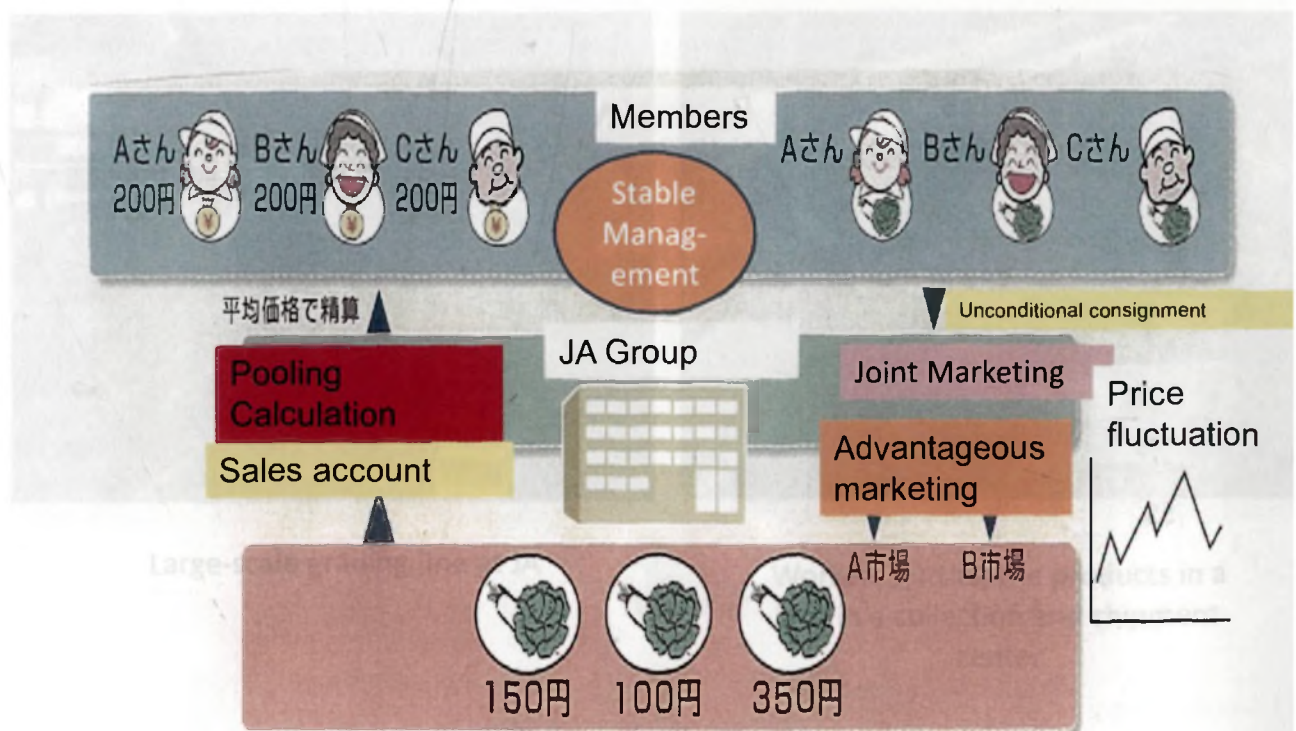
Grading Standards for Vegetable (Example)

	A	B	C	D
LL				
L				
M				
S				
SS				

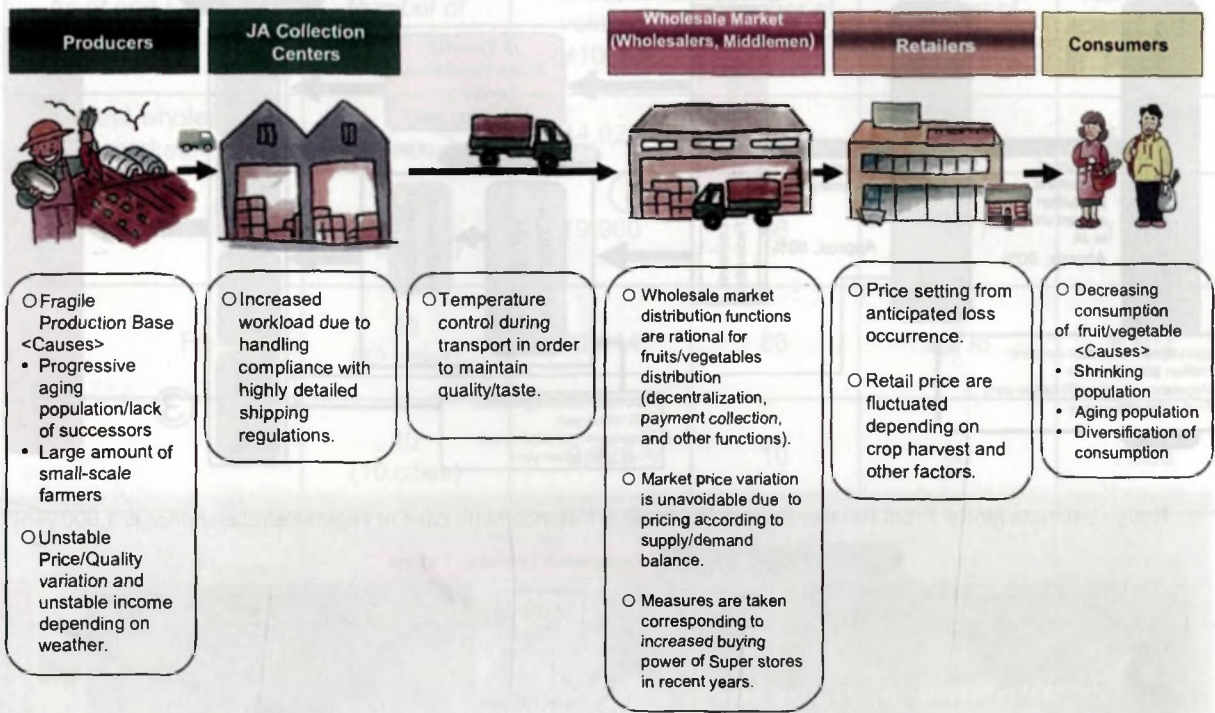
Joint Marketing System

- Agricultural Cooperative is not buying products from member farmers
 - Risks of selling should be borne by members
 - Transaction should be transparent to members
- Commission base consignment sales
 - Members can see the price sold
- Pooling calculation by grading standards
 - Fairness for producers
- Full-utilization
 - Competitive power
- Unconditional consignment
 - Find buyers quickly and assure better price

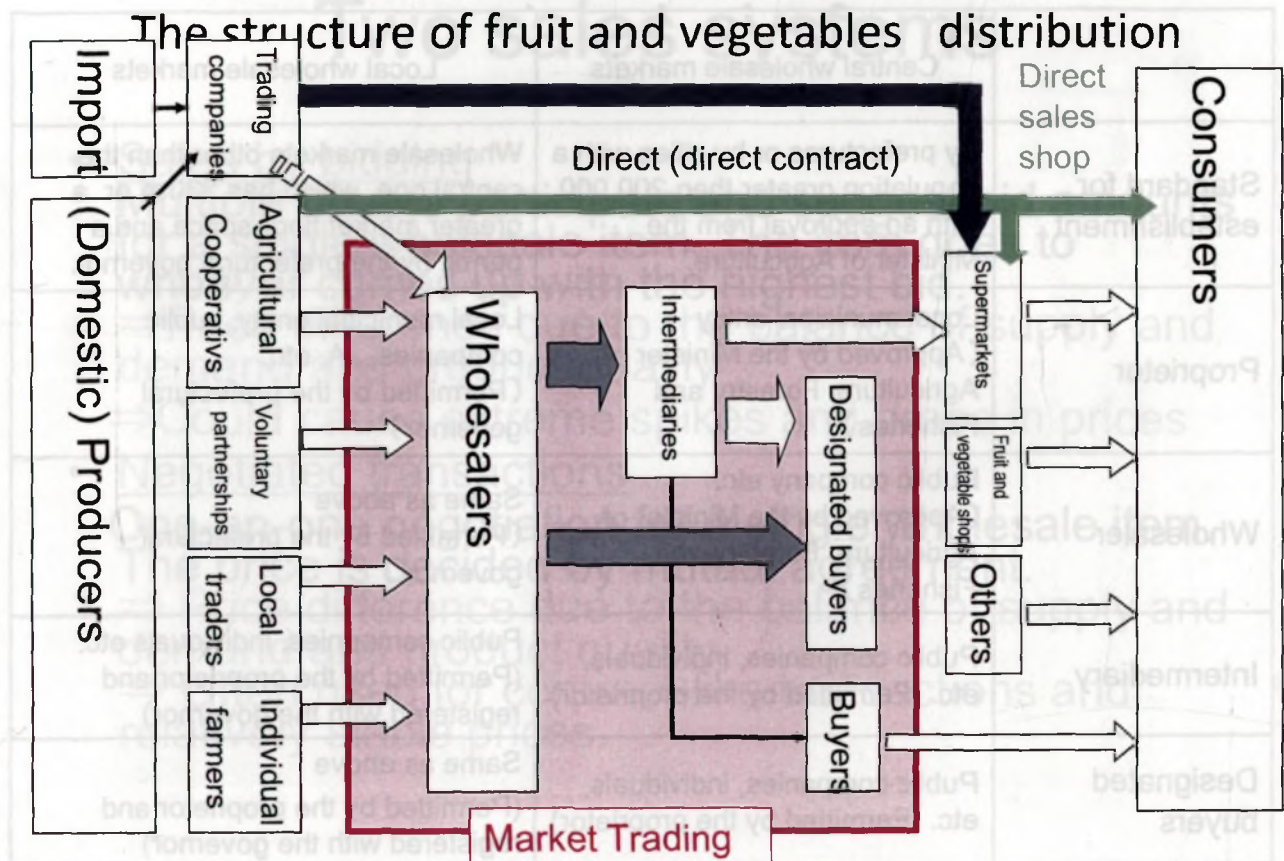
Joint Marketing and `Pooling calculation



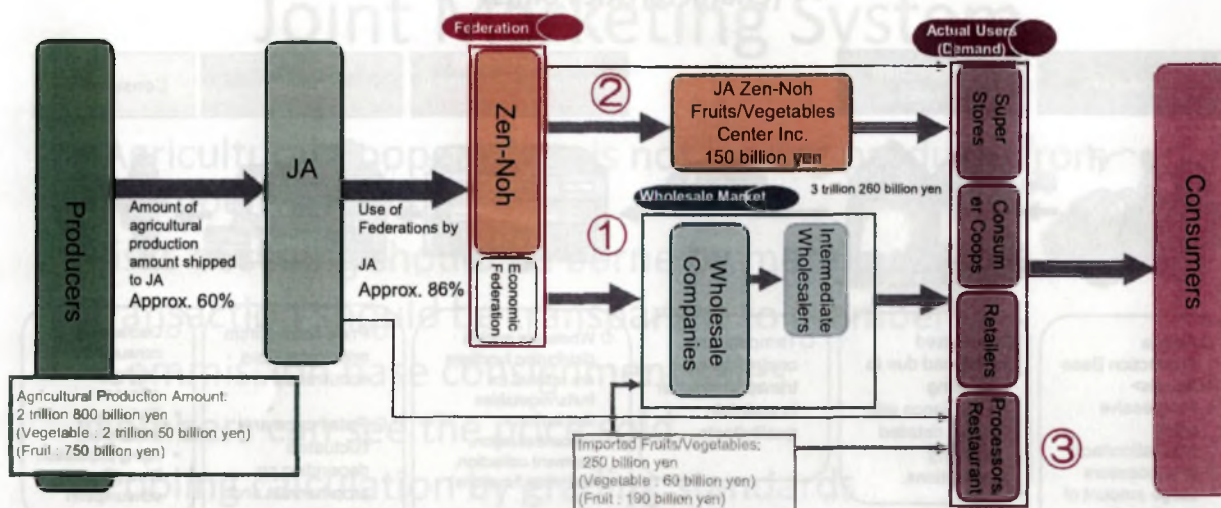
Production to Consumption of Fruit/Vegetable (Wholesale Market Distribution) (Characteristic Points)



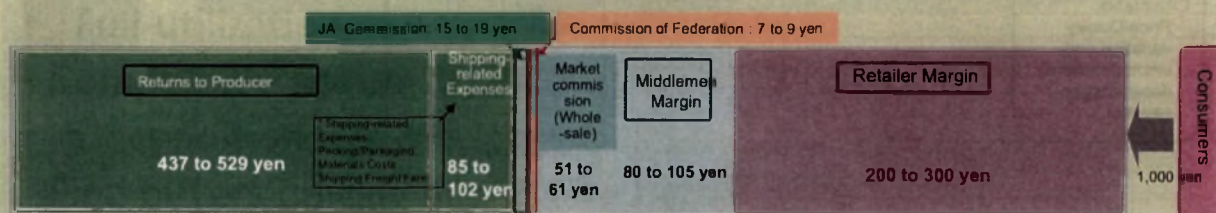
Wholesale market system in Japan



Overview of Fruits/Vegetables Distribution and JA Group Share



Rough Estimate Model From Retailer Price to Producer 's Net Income(In case of vegetable/retailer price is 1,000 yen)



- Agricultural production amounts are as of the FY2006 values, and the wholesale market amounts, JA Zen-Noh Fruit Center handling amounts, and imported fruit amounts are as of the FY 2008 values.
- "Producer JA Utilization Rate" and "JA Federation Utilization Rate" are as of the FY 2006.
- The wholesale market distribution amounts include handling amounts for transfer of products and wholesaler company commissions (including consumption tax).

	Central wholesale markets	Local wholesale markets
Standard for establishment	By prefectures or by cities with a population greater than 200,000, with an approval from the Minister of Agriculture.	Wholesale markets other than the central one, which has 330m ² or a greater market floor-space and a permit by the prefectural governor.
Proprietor	Local municipal entity (Approved by the Minister of Agriculture, Forestry and Fisheries)	Local municipal entity, public companies, JA, etc. (Permitted by the prefectural governor)
Wholesaler	Public company etc. (Approved by the Minister of Agriculture, Forestry and Fisheries)	Same as above (Permitted by the prefectural governor.)
Intermediary	Public companies, individuals, etc. (Permitted by the proprietor)	Public companies, individuals etc. (Permitted by the proprietor and registered with the governor)
Designated buyers	Public companies, individuals, etc. (Permitted by the proprietor)	Same as above (Permitted by the proprietor and registered with the governor)

As of end FY2009 (¥100m)	Number of Markets	Transaction volume (¥100m)	Number of wholesalers	Number of intermediaries	Number of designated buyers
Central wholesale markets	76 (47 cities)	44,021	218	4,418	37,430
Fruit & veg	61 (46 cities)	19,960	86	1,677	17,284
Fisheries	48 (42 cities)	20,014	83	2,536	6,502
Meat	10 (10 cities)	2,328	10	80	1,833
Flowers	23 (19 cities)	1,434	29	102	11,204
Others	7 (5 cities)	285	10	23	607
Local wholesale markets	1,207 (Public: 156)	34,013	1,416	2,171	138,287

Two sales systems

- Sales by bidding
Multiple buyers participate and suggest bid amounts for a single wholesale item. The item goes to whoever comes up with the highest bid.
⇒ Price difference due to the balance of supply and demand and product quality
⇒ Could cause extreme spikes and drops in prices
- Negotiated transactions
One-on-one negotiation for a single wholesale item. The price is decided by mutual agreement.
⇒ Price difference due to the balance of supply and demand and product quality
⇒ Often used for contract-like transactions and relatively stable prices.

Trade regulations at central wholesale markets

- Principle of fairness and efficiency in sales transactions
 - From the stand-point of ensuring steady supply of food for the citizens, fairness in transactions is essential.
- Principle of spot transaction
 - Everything sold must be received by the market
- Prohibition of discrimination
 - Acts to benefit a specific producer/buyer are prohibited.
- Prohibition of consignment request refusal
 - Wholesalers may not refuse consignment requests by producers
- Prohibition of participation by those other than intermediaries and designated buyers. (Prohibition of sales to third parties)
 - This is to preserve the process of price formation by contraposition of wholesaler and intermediaries, which is important.

Farm Guidance Activities

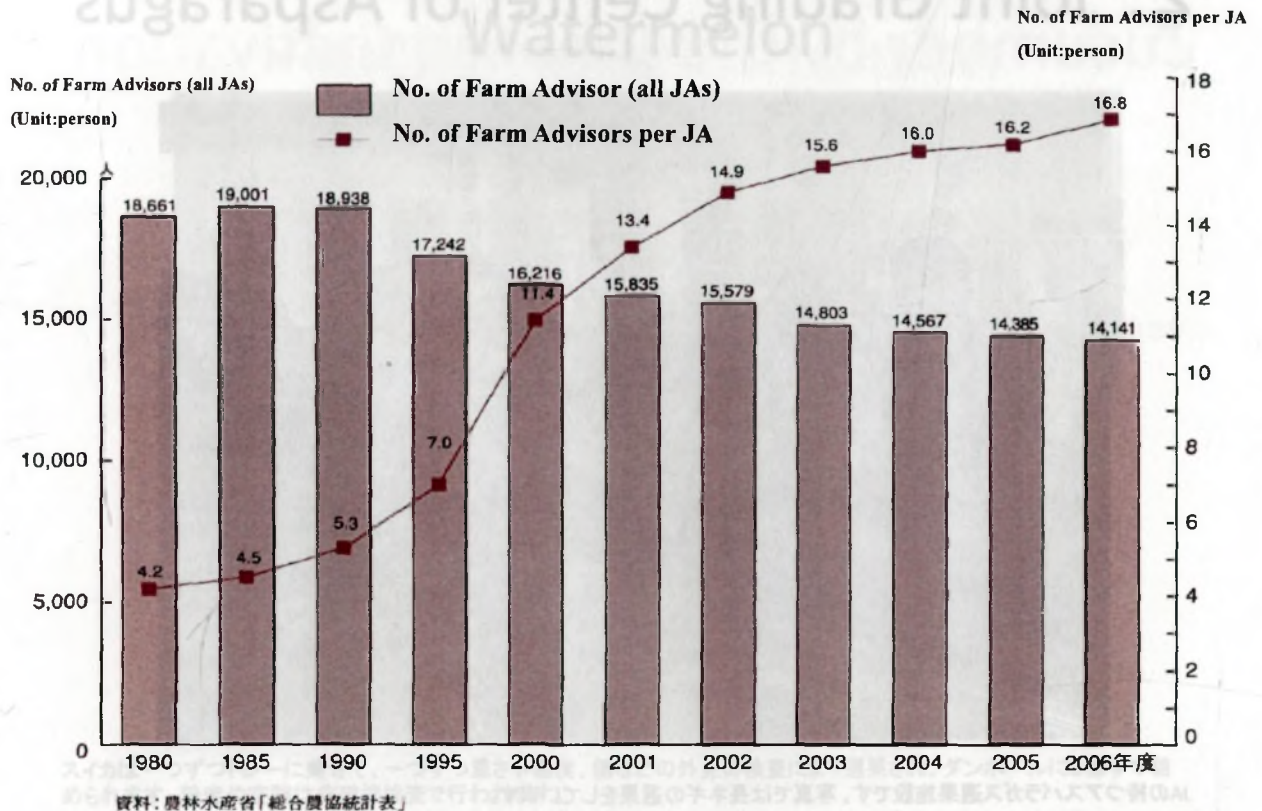
	Central wholesale markets	Local wholesale markets
Proprietor	By prefectures or by cities with a (Approved by the Ministry of Agriculture, Forestry and Rural Affairs)	Wholesaler by bidding whoever comes up with the highest bid. Price difference due to the balance of supply and demand and product quality Could cause extreme spikes and drops in prices
Intermediary	Public companies, etc.	One-on-one negotiation for a single wholesale item. The price is decided by mutual agreement. Price difference due to the balance of supply and demand and product quality Often used for contract-like transactions and relatively stable prices
Designated buyers	Public companies, individuals, etc. (Permitted by the proprietor)	Same as above (Permitted by the proprietor and registered with the governor)

Farm guidance activities

- Farm advisor-JA staff 15,579 persons
- -technical guidance
- -management guidance
- -marketing guidance
- Commodity-wise group of producers

(There are about 6,000 Agricultural Extension Workers as Public Service)

(Ref.) Farm Guidance ~ Farm Advisor



1. Field Study on Cultivation of Asparagus (JA Matsumoto Highland)



JAの営農指導員が農家への現地指導を行っています。

2. Joint Grading Center of Asparagus



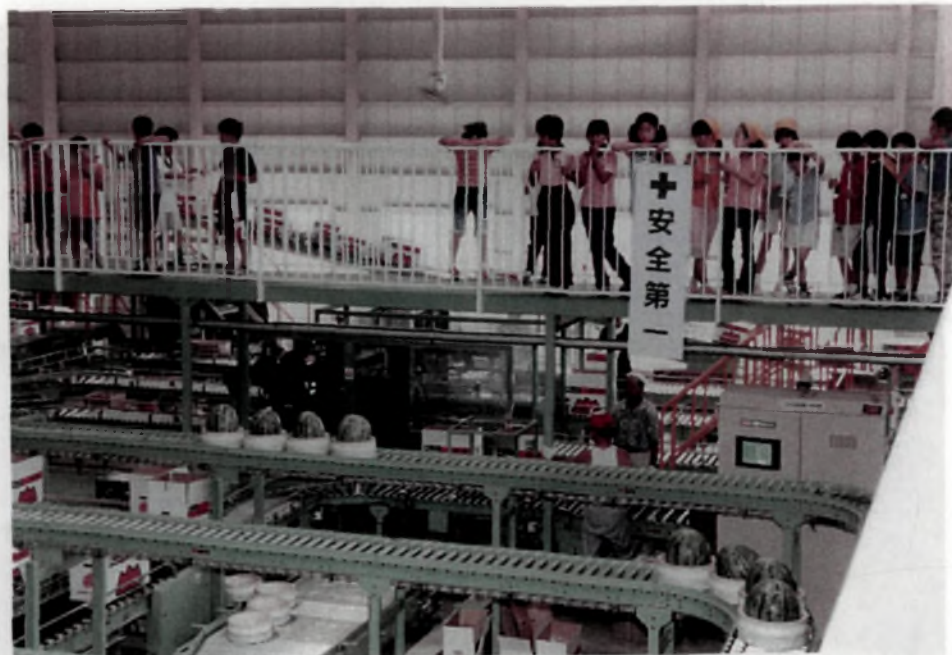
JAの持つアスパラガス選果施設です。写真では長ネギの選果をしています。

4. Collecting Watermelons at Joint Grading Center shipped by the Member Farmers



農協の指導のもと、各農家が収穫したスイカを、農協の共同センターに持ち寄り、共同で選別・包装・出荷する。下等品は、農協に返却する。

5. Joint Grading Center of Watermelon



スイカは一つずつトレイに乗せて、一つずつ重さや糖度、傷などの外見の検査により選果され、ダンボールに2個ずつ詰められます。糖度や空隙は非破壊検査で行われます。

8. Pre-shipment Meeting for Fruits & Vegetables (sweet corn, cucumber, paprika)



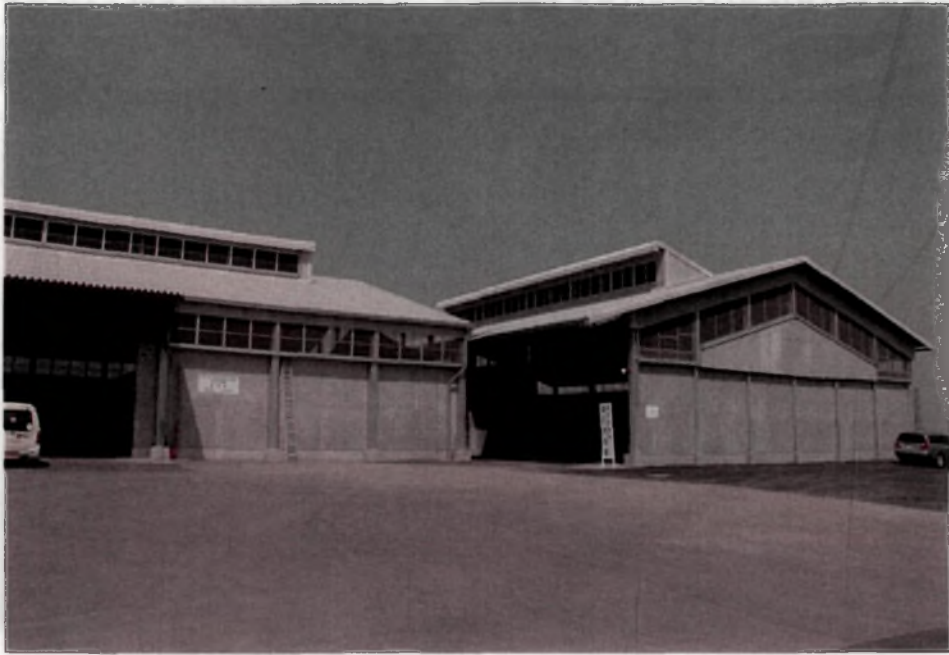
JAの営農指導員が組合員の生産者部会に対してトモロコシの収穫時期、キュウリ、ピーマンの選果基準について事前に確認しています。

9. Pre-shipment Meeting for Cucumber by Greenhouse Cultivation



温室キュウリ生産者部会の選果基準の確認です。(目揃い会)

11. Compost Center (Asahi)



農協の畜産農家との協力で堆肥づくりをしています。有機肥料として園芸農家に販売されます。

10. Field Study on Selection of varieties of Welsh Onion



長ネギの選果基準の確認をしています。

12. Seedlings Nursery Facilities for Vegetables



JAの野菜育苗施設です。JAが作った苗は組合員に提供されます。農家とJAが分業することにより農家の負担をへらし、品種、品質の統一をはかっています。

13. Vacuum Pre-Cooling Facilities for Vegetables



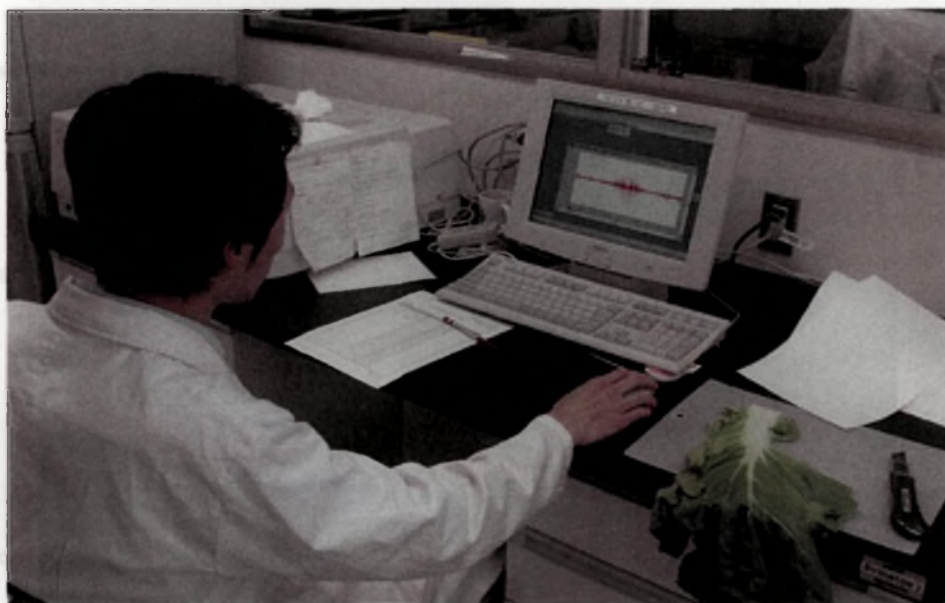
JAの真空予冷施設です。真空状態をつくり温度を短時間で下げることができます。トマトには使えません。

14. PR and Sales Promotion by the Members of the JA Youth Association at “Large Consumption Area”



JAの青年部がスーパーの売り場を借りて地元生産の野菜や果物を販売しています。インショップという直売方法です。

20. Simplified Analysis of Agro-chemical Residue



JAでは野菜や果実の出荷前に残留農薬の検査と生産者に生産記録の提出を求め適正な農薬使用がされているかどうか検査します。日本では農産物に使用できる農薬と使用法が作物ごとに法律で決められており、各食品ごとに残留農薬の許容基準値が決められています。そのため検査で基準をクリアしなければ出荷はしません。出荷後に残留農薬が基準を超えていると公的機関により検出された場合はすべて出荷したてJAの責任で回収されます。出荷グループ員ひとりひとりの責任感が大切です。

Diversified marketing methods

- There is increasing trend of marketing directly from JA to consumer coops or super stores, retailers and restaurants based on contract rather than through wholesale market.
- Farmers Markets run by JA (direct sale shop) are increasing
 - Direct sale shops 1,328 shops (448JA) JFY 2006
- Direct delivery to consumers and internet sales (JA Town)
- Antenna shops are developed in large consumption area



55

67. Farmers' Market



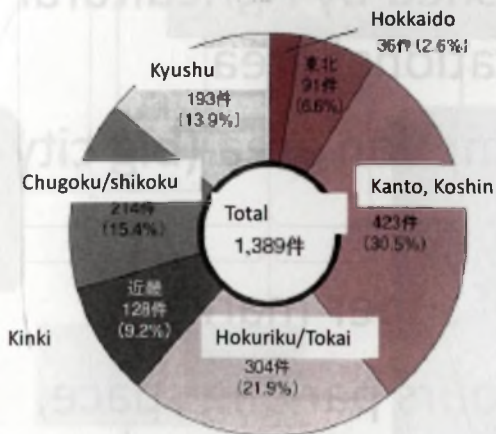
- JA Kashimanada

68. Inside of the A-Coop Store



Status of JA Group Rice Distribution (2008 Rice Production)

Number of Farmer's Market Run by JA by Area in 2010

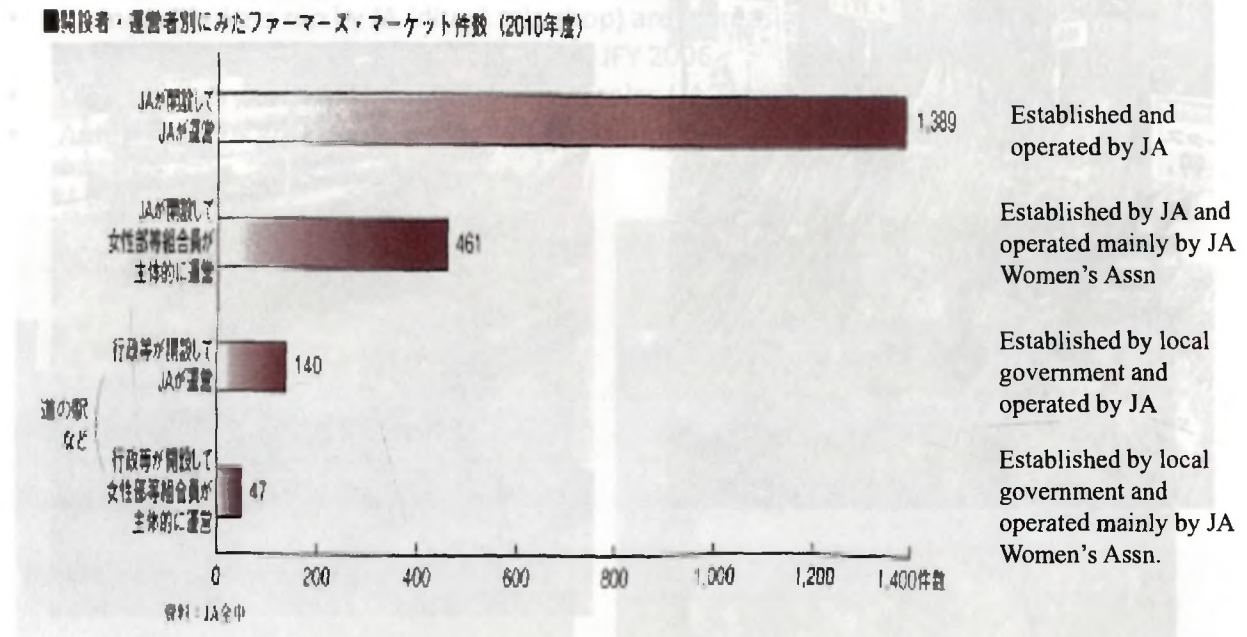


メロン「マルセイユ」など統一品種をそろえ、直売所でPRしたJA花咲ふいの「もららの丘」で(写真提供: 日本農業新聞)

Source: JA Zenchu

(Ref.) Marketing Business System of JA
(Farmers' Market)

No. of Farmers' Markets by way of establishment and operation in 2007



4

59

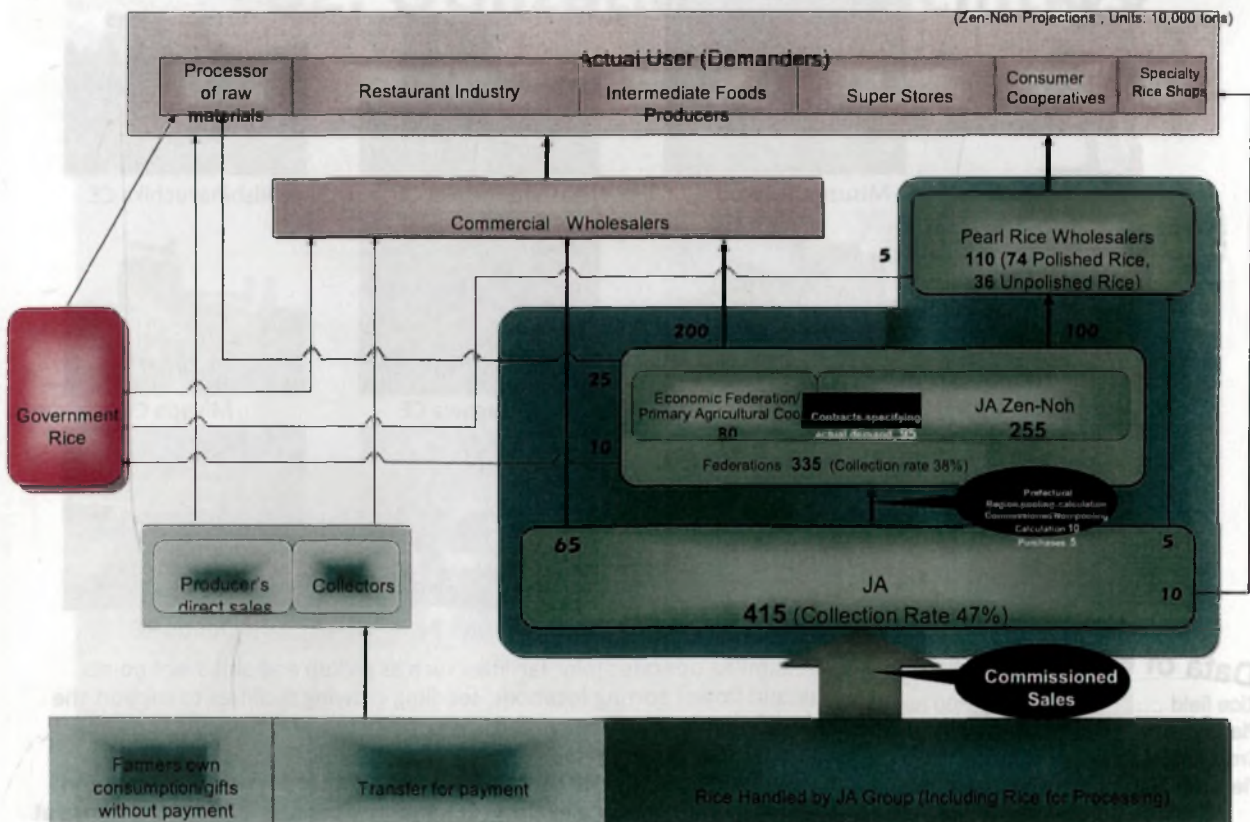
Types of farmer's market

- **Direct-sale shop** established by Agricultural Cooperative in the operational area
- **Antenna shop** in consumption area (big city out of operation area)
- **In-shop** (rented space of super market)
- **Road-side station** (24 hours parking space, public toilet, traffic information) +direct-sale shop and restaurant, cafe

• JA Kashimanada

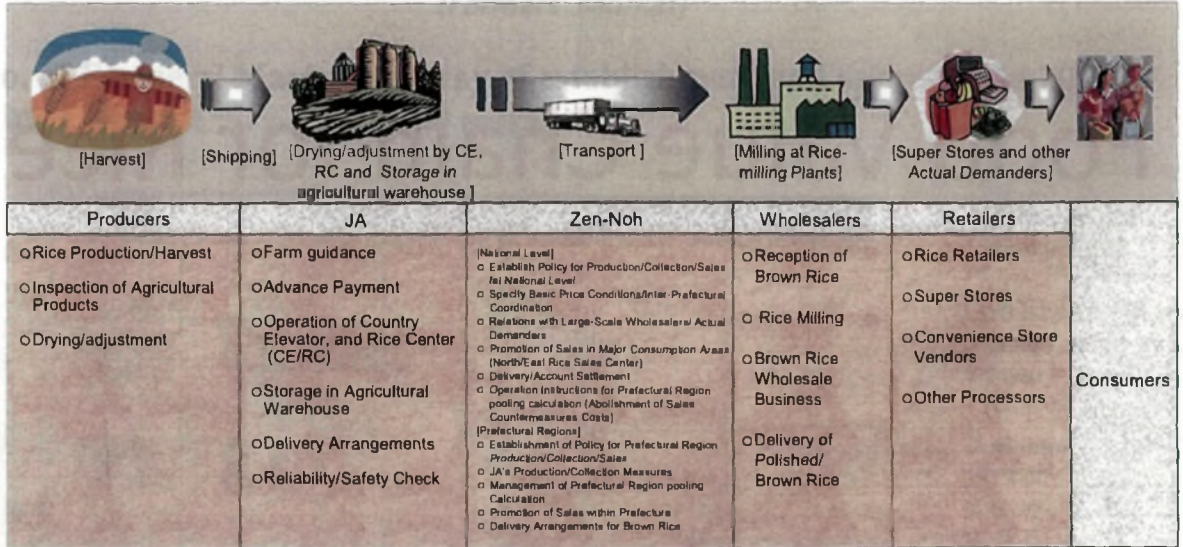
Food Value Chain for Rice

Status of JA Group Rice Distribution (2008 Rice Production)



General Flow of Rice Distribution and Earnings/ Distribution Costs of Producers

[General Flow of Rice Distribution and Functions at each Tiers]

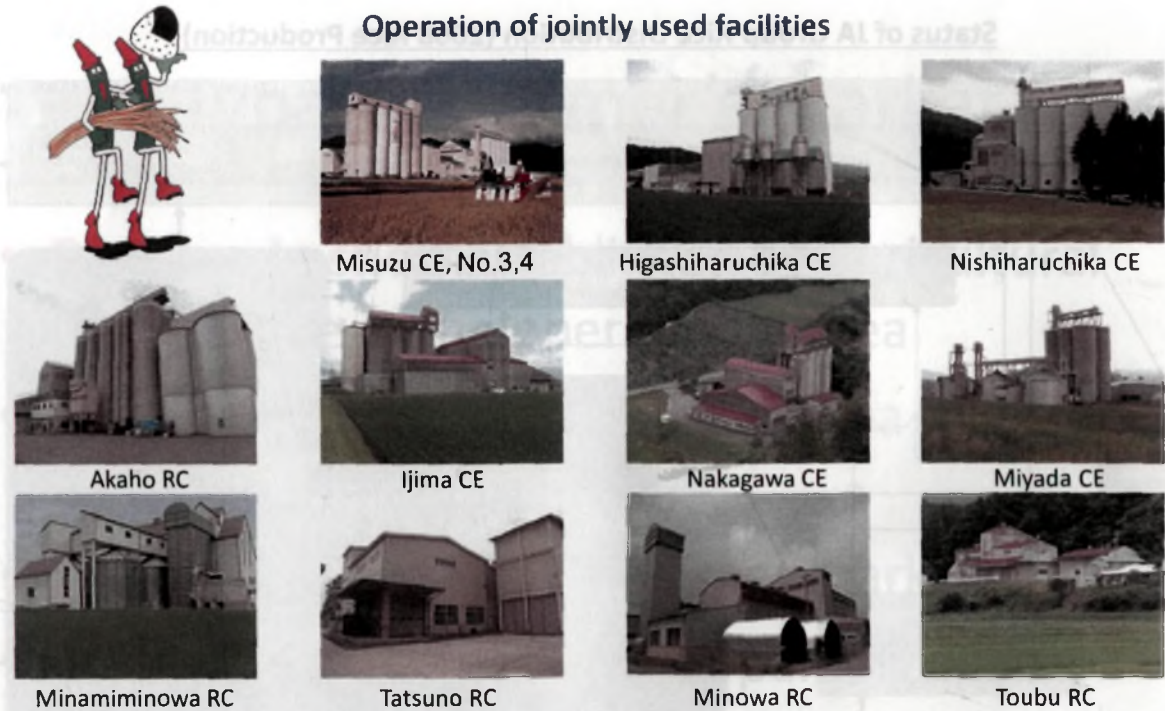


[Earnings/Distribution Costs of Producers (2007 Rice Production, Zen-Noh Projections)]

Producer's Earnings 12,895 yen	Collection/ Delivery Costs 1,700 yen	Wholesaler Margin 1,985 yen	Retailer Margin 2,835 yen
Retailer Price 19,416 yen/60 kg			

Note: • Retailer price 19,416 yen: Average purchase price of "Rice" in the "2007 Household Census" (Ministry of Internal Affairs and Communications) of 359.55 yen/kg × 54 kg.
 • Retailer margin 2,835 yen: 50 yen/kg (Zen-Noh projection) × 54 kg. × 5% consumption tax
 • Wholesaler margin 1,985 yen: 35 yen/kg (Zen-Noh projection) × 54 kg. × 5% consumption tax
 • Collection/Delivery Costs 1,700 yen: 1,200 yen (upper limit target value of 2007 production joint accounting cost) + JA costs 500 yen (Zen-Noh projection)

Operation of jointly used facilities

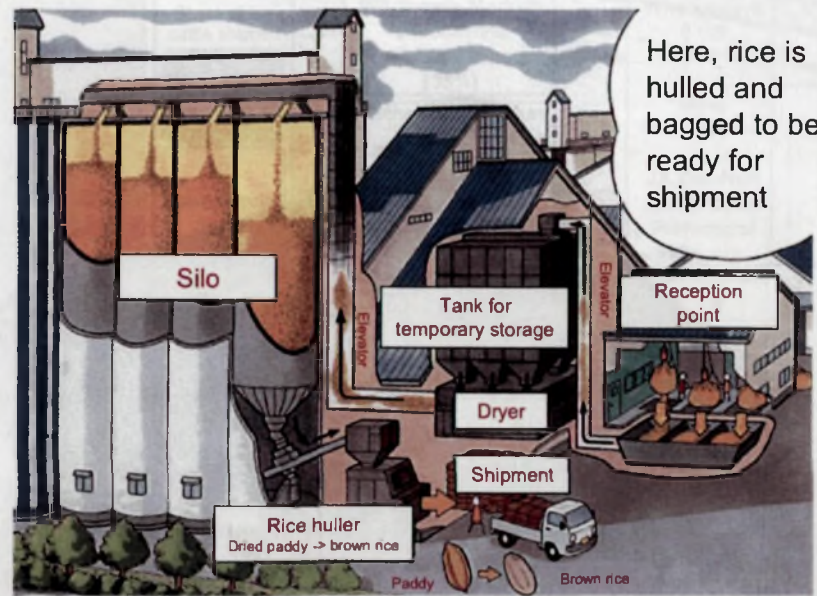


Data of Kamiina Rice (2006)

- Rice field7,800 ha
- Planted area5,000 ha
- Crop yields530,000 bale
- Yield per 10a 647 kg
(national average: 507 kg)
- Number of farmers 16,062
- Ratio of 1st grade rice98.9%
(national average: 79%)

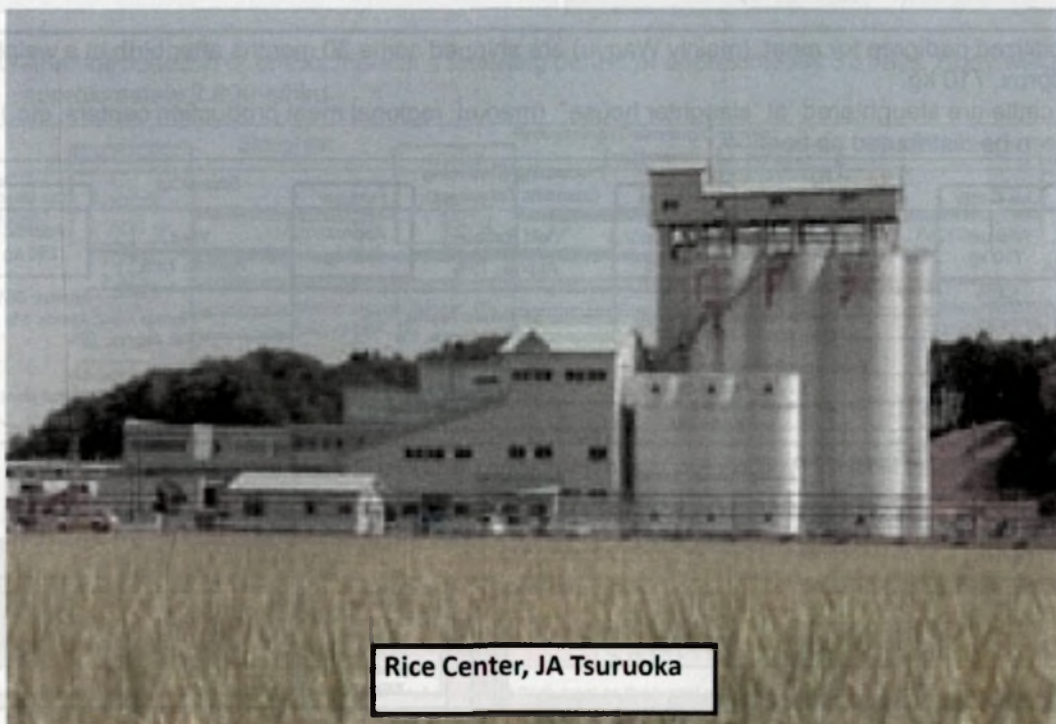
JA Kamiina operates joint facilities such as pickup and shipment points, fruit and flower sorting locations, seedling growing facilities to support the work of member farmers. Breakdown of facilities are; three pickup and shipment points of vegetables, two fruit sorting facilities, three flower sorting facilities, four rice centers (RC), and a mushroom sorting facility. In addition, eight country elevators (CE), that can process 30,000 tons of rice at one time, contribute to production and sale of uniform and high-quality "Kamiina Rice".

Mechanism of a country elevator



Country elevator is a large-scaled warehouse of agricultural products in which rice dryer is connected to a silo. JA Kamiina has 8 country elevators in 7 locations that can store up to 277,000 bales of rice in total. "Kamiina Rice" is stored in the country elevators and hulled before shipment, every time after receiving an order from across the country.

62. Utilization of Facilities



62. Utilization of Facilities

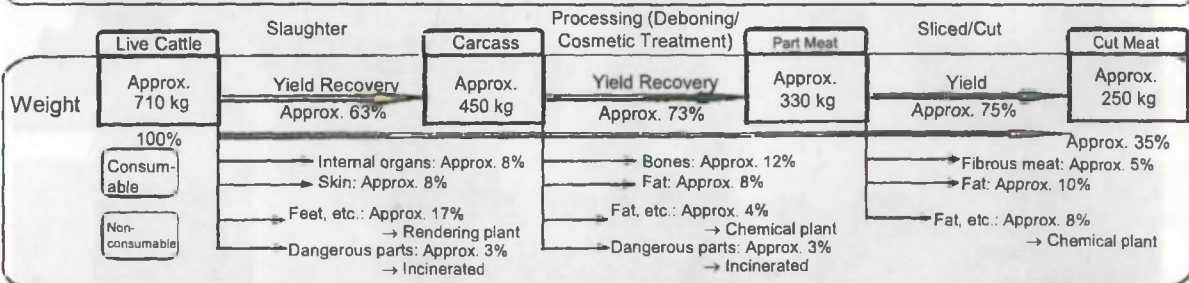


Country-Elevator, JA Uonuma-Minami

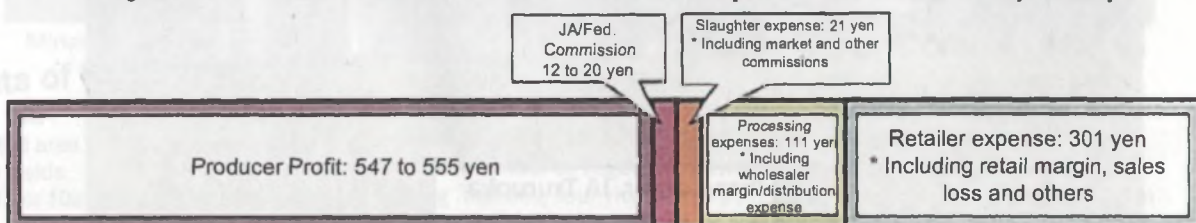
2. Status of Meat (Beef) Distribution

Steps to Beef Provision

- Specialized pedigree for meat (mainly Wagyu) are shipped some 30 months after birth at a weight of approx. 710 kg.
- Live cattle are slaughtered at "slaughter house" (market, regional meat production centers, etc.) and can be distributed as beef.

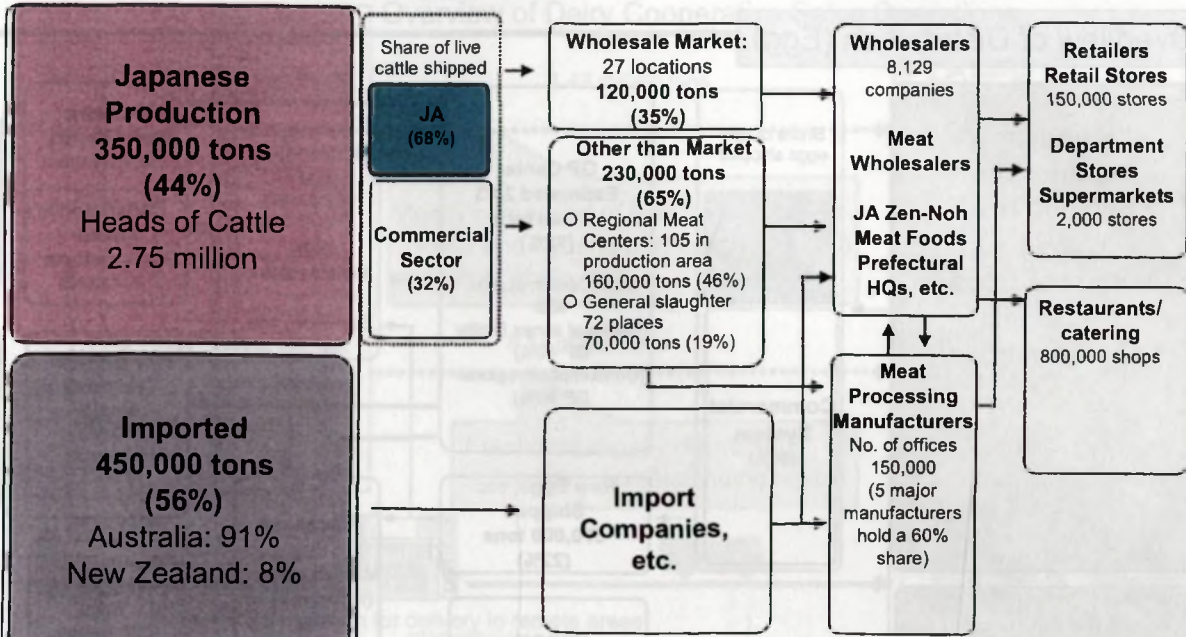


Rough Estimate Model of Producer Profits and Distribution Costs [Beef/Retailer Price of 1,000 yen/Pack]



* Costs are Zen-Noh estimates, which is subject to a great change due to wholesale (market price) and retail prices.

Overview of Distribution Channel



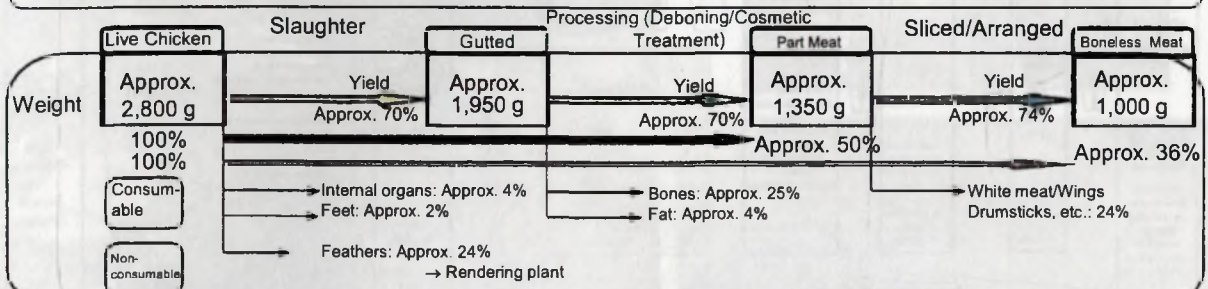
Amount Distributed in Japan: 800,000 Tons

Note 1: Japanese production/Import statistics: FY 2006 Food Supply and Demand Tables
Note 2: System shares: FY 2006 JA Group Economic Business Basic Statistics

4. Status of Chicken Meat Distribution

Steps to Chicken Meat Provision

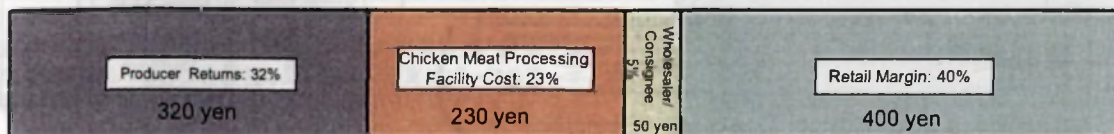
○ After introduction of chicks there is a fattening period of approximately 52 days. Body weight is approximately 2,800 g/bird.



* Chicken sectioned meat includes white meat, skin, wings, drumsticks and similar parts.

* Boneless chicken carcass only consists of breast and thigh meat.

Rough Estimate Model of Producer Profits and Distribution Costs [Thigh Meat/Retailer Price of 1,000 yen/Kg]

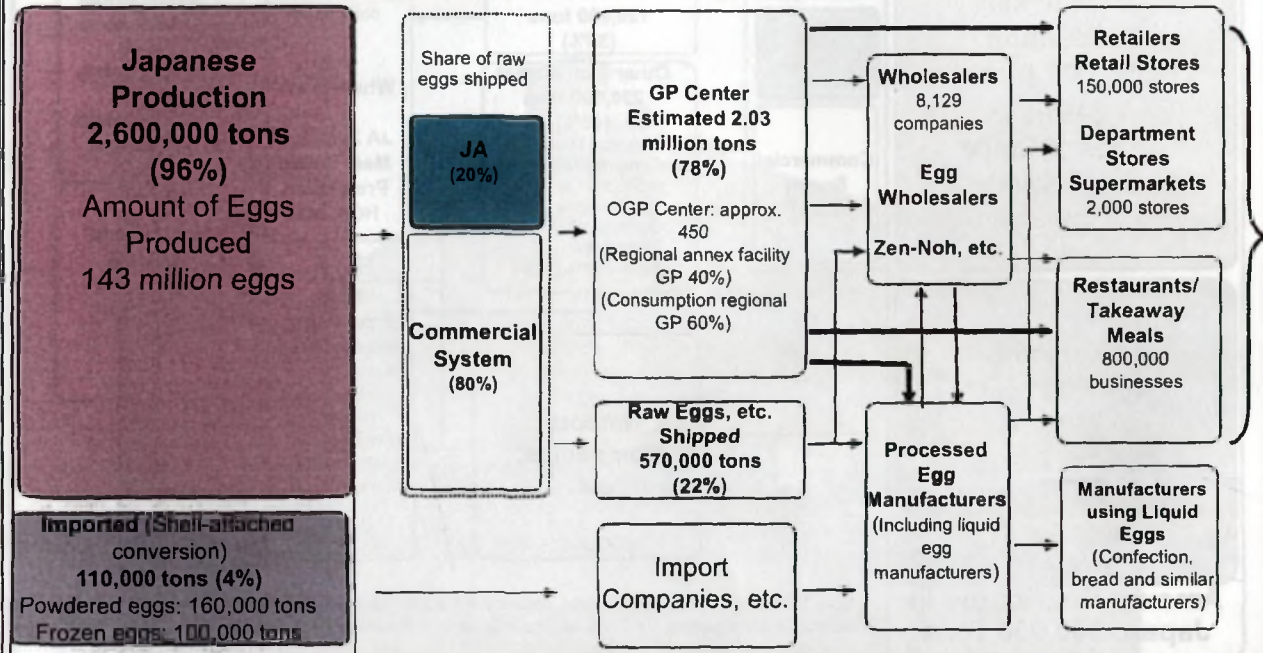


* Breast meat is excluded from cost considerations of retail distribution thigh meat as the breast meat is mainly distributed for use by businesses and processing.

* For chicken meat processing facilities, approximately 160 yen and 70 yen are used for rough estimates of body processing fee and yield loss, respectively.

* Costs are Zen-Noh estimates, which is subject to a great change due to market price and retail prices.

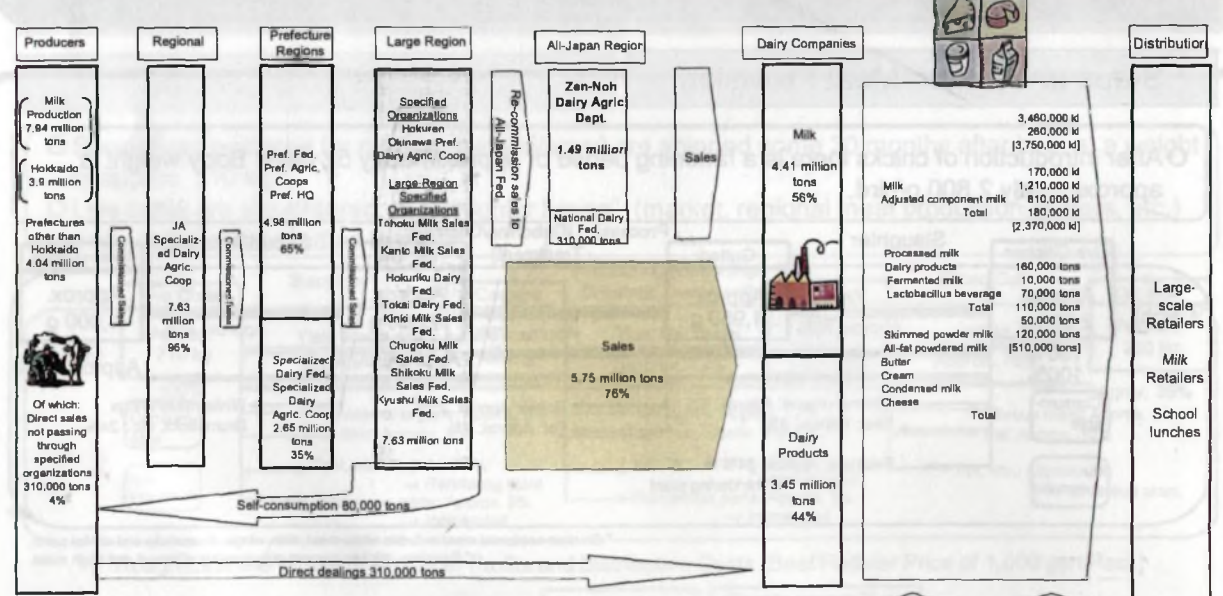
Overview of Distribution (Egg)



Amount Distributed in Japan: 2.71 million tons

Note 1: Japanese productions/import figures are from MAFF "Status of Poultry Farming".
 Note 2: System shares are taken from "FY 2008 All-Japan Egg Price Stability Fund Operations Report".
 Note 3: Distribution amounts and GP figures are Zen-Noh estimates.

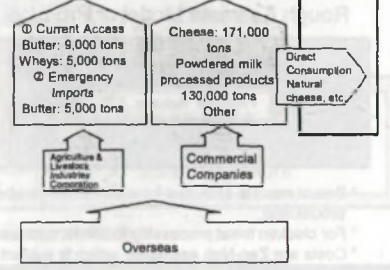
2. Distribution of Milk/Dairy Products (FY 2008)



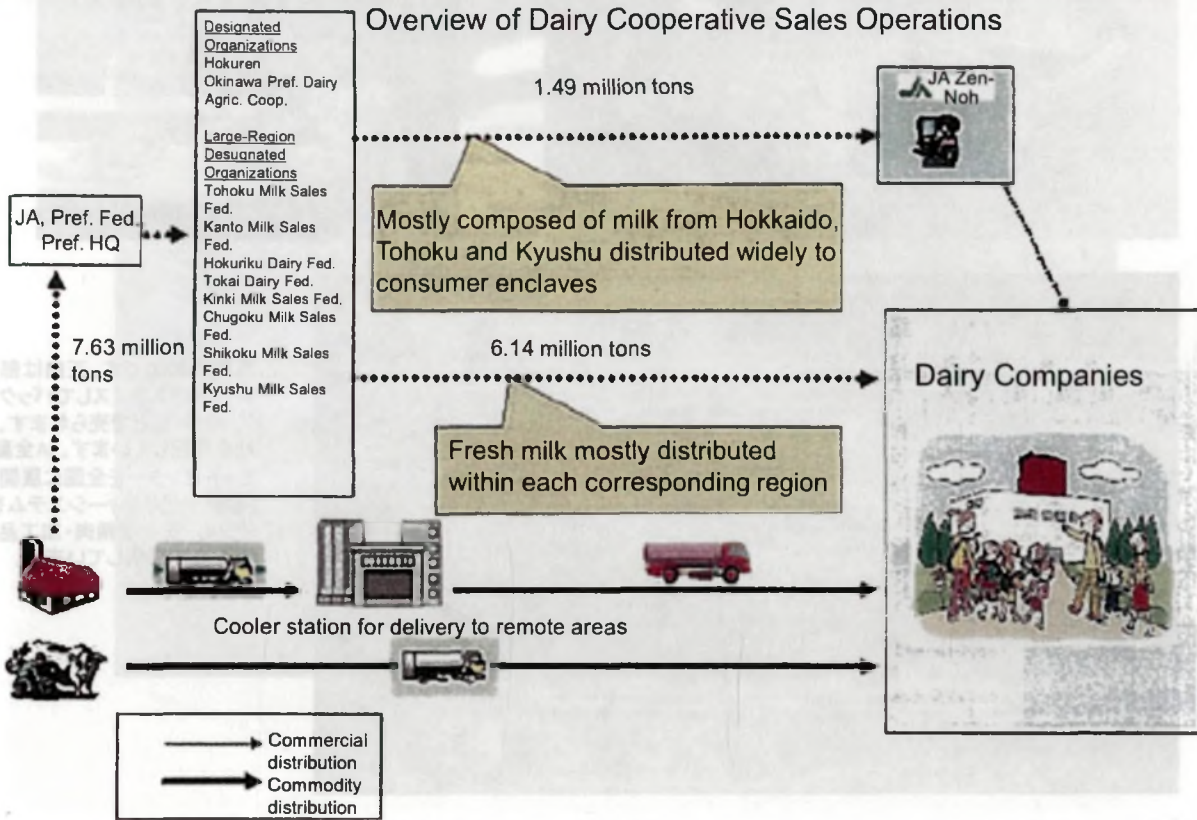
Characteristics of Milk Sales

- (1) Milk is a liquid livestock product that requires temperature and hygiene control as well as special facilities for storage and transportation.
- (2) Direct sales by farmers to consumers are not possible due to the necessity to process milk and dairy products for delivery to consumers.
- (3) As a single dairy farmer only produces a small amount, it is necessary for various farmers to jointly ship their milk together.
- (4) Two years or more are required from birth of a calf until it is able to provide milk (three years from milking), making production corresponding to demand difficult.
- (5) Regulation of milk demand is difficult due to the fact that in Japan the amount of consumers who purchase to drink milk is larger than the amount of milk products that can be stored.

Producers must consolidate and deliver jointly to dairy companies.



5. Zen-Noh Dairy Farm Operations



Livestock Related Facilities owned by JA ZEN-NOH



JA全農や県段階の連合会およびJAIは牛肉の消費拡大と産地ブランドの広報のためレストランを経営しています。写真はビーフステーキとすき焼きです。和牛は肉が柔らかくおいしいので好評です。



豚肉の加工です。正肉は部分肉に分けスライスしてパックされスーパーなどで売られます。産地を標記しています。JA全農はミートセンターを全国に展開して、トレーサビリティシステムを作り安心・安全な精肉・加工品を消費者に提供しています。

JA全農のミートセンターの食肉加工工場です。





Clean Room for meat processing

Farm Management Technology Centre of JA Zen-Noh



JA全農の食品安全管理センター。残留農薬の検査をしています。

Research for agricultural technology, training of employees of JA, examination of chemical residue

JA全農の持つ畜産飼料研究所です。

Central Research Institute for Livstock and
Feed-stuff in Tsukuba City, Ibaraki Prefecture



JA全農の持つ畜産飼料研究所です。

Central Research Institute for Livstock and
Feed-stuff in Tsukuba City, Ibaraki Prefecture



Livestock Health and Hygiene Center in Sakura City

JA全農の持つ家畜衛生研究所です。



JAの購買事業は基本的には予約購買システム。生産者の必要量を計算し、JAに予約を依頼されます。JA全農はこれらの予約量を価格交渉の予約に基づいた生産が行われるので不良在庫を抱えるリスクを少なくできます。価格でも不良在庫のリスクを減らすことができます。

ET Center Hokkaido Shihoro City



JA全農が持つ人口受精センターです。(和牛)

Production and supply of safe feed-stuff

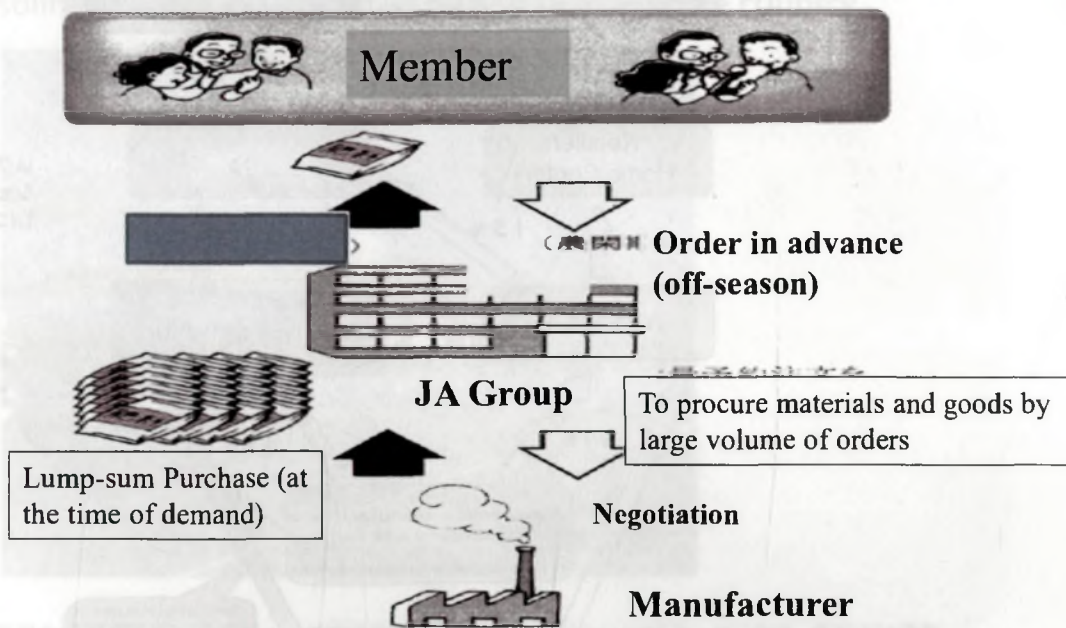


JA全農の関連会社が持つ飼料工場です。

Supply of Agricultural
Input Materials

Gasoline Station (Ref.) Purchasing Business

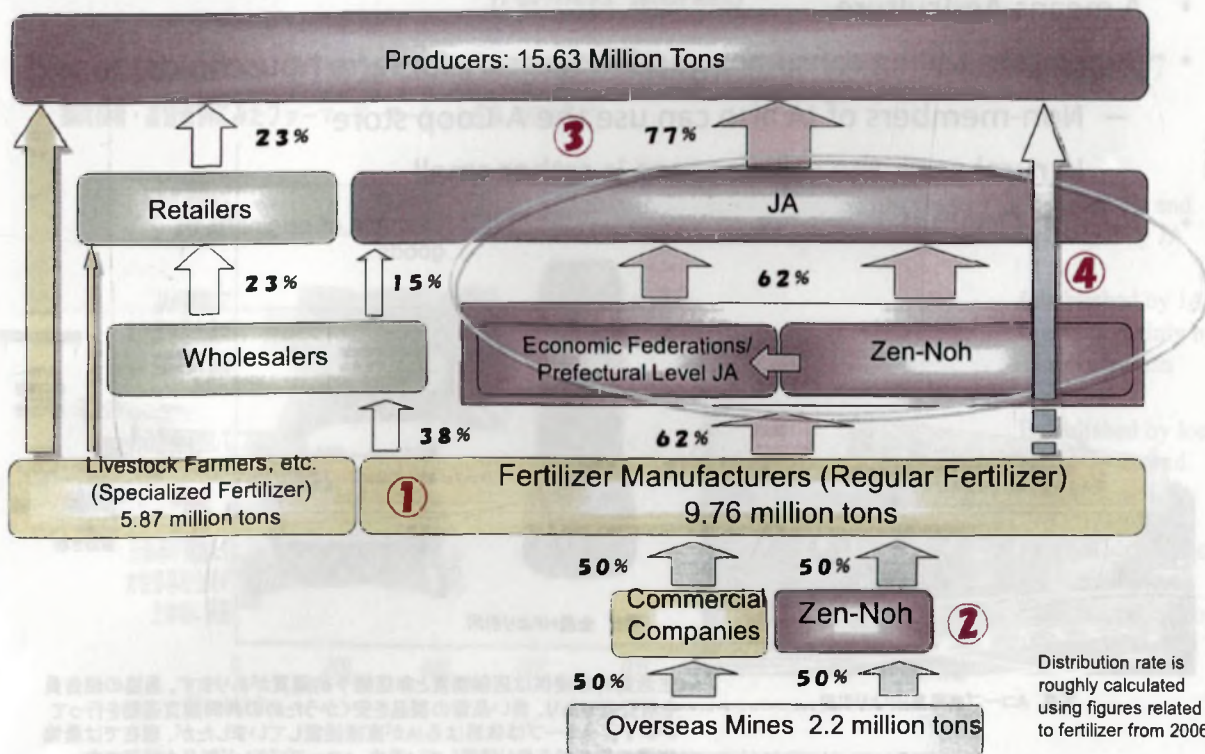
Joint Purchasing System



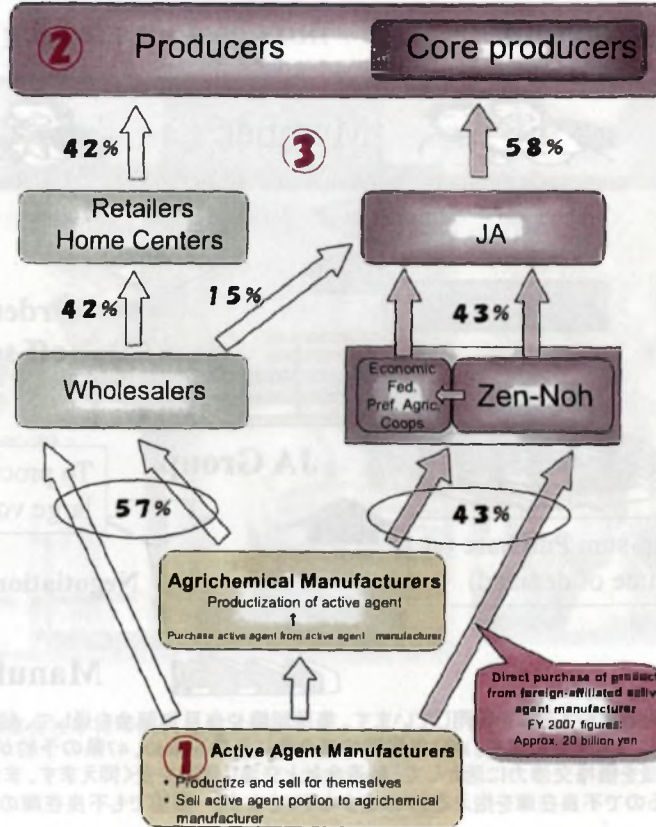
JAの購買事業は基本的には予約購買システムを採用しています。集落組織や作目別部会を通して、組合員の生産計画に基づいた生産資材の必要量を計算し、JAに予約を集めます。JAは県段階の連合会に予約を集め、47県の予約が全国段階のJA全農に集められます。JA全農はこれらの予約量を価格交渉力に活かして、製造会社と交渉し価格を安く抑えます。また、肥料などの製造会社は予約に基づいた生産が行われるので不良在庫を抱えるリスクを少なくできます。農協でも不良在庫のリスクを減らすことができます。

85

Status of Fertilizer Distribution in Japan



Status of Agrichemical Distribution
(2006 Estimates)



JAグループの農業提供のシェアは58%です。肥料と同じに予約購買が原則です。

A-Coop Store

- A means Agriculture
- Superstore selling consumer goods necessary for farm households
 - Non-members of JA also can use the A-Coop store
 - In rural area, the selling space is rather small
- A-Coop Original goods



写真 Aコープ鹿児島HPより引用



写真 全農HPより引用

生活資材の提供は店舗購買と非店舗予約購買があります。農協の組合員も消費者であり、良い品質の製品を安くかうための共同購買運動を行っています。Aコープは依然各JAが直接経営していましたが、現在では農協出資の別会社を作り経営しています。Aコープブランド製品も好評です。

Gasoline Stations Run by JA

- 2,985 Gasoline stations are operated by 634 JA in a whole country

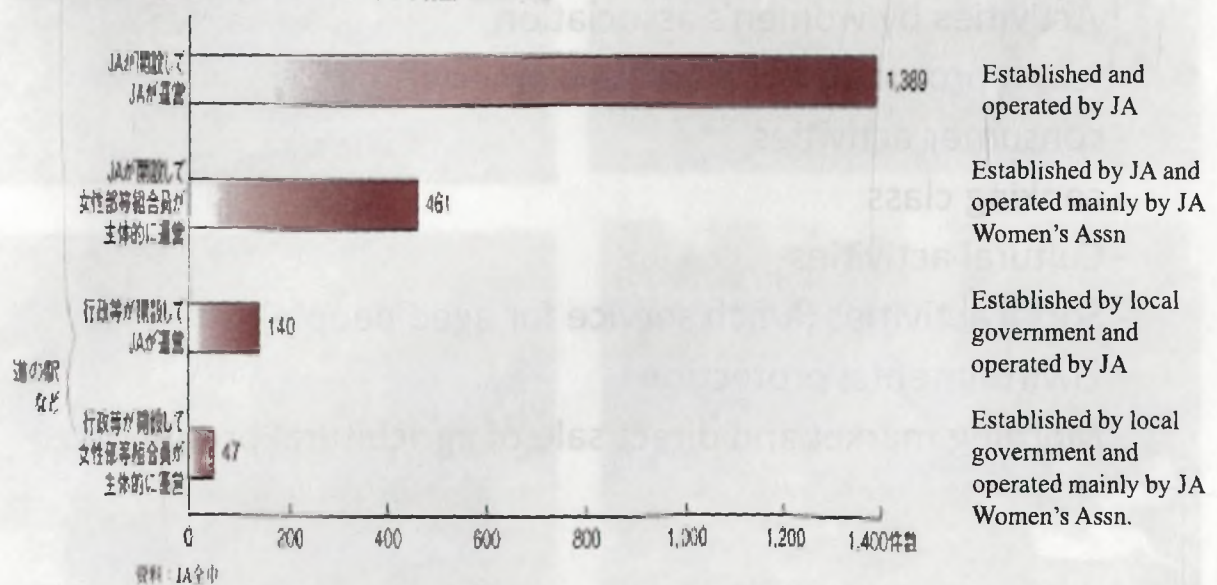


農村では農業用自動車用の燃料需要が多く、JAグループではその農村需要の60%のシェアを持っています。農村では自動車が唯一の交通手段である地域もあり、家族員一人1台の自動車が必要です。温室では重油が加温燃料として使われています。また、家庭ではLP Gasが調理や湯沸しに利用され、JAのLP Gas事業は組合員の生活に貢献しています。

(Ref.) Marketing Business System of JA (Farmers' Market)

No. of Farmers' Markets by way of establishment and operation in 2007

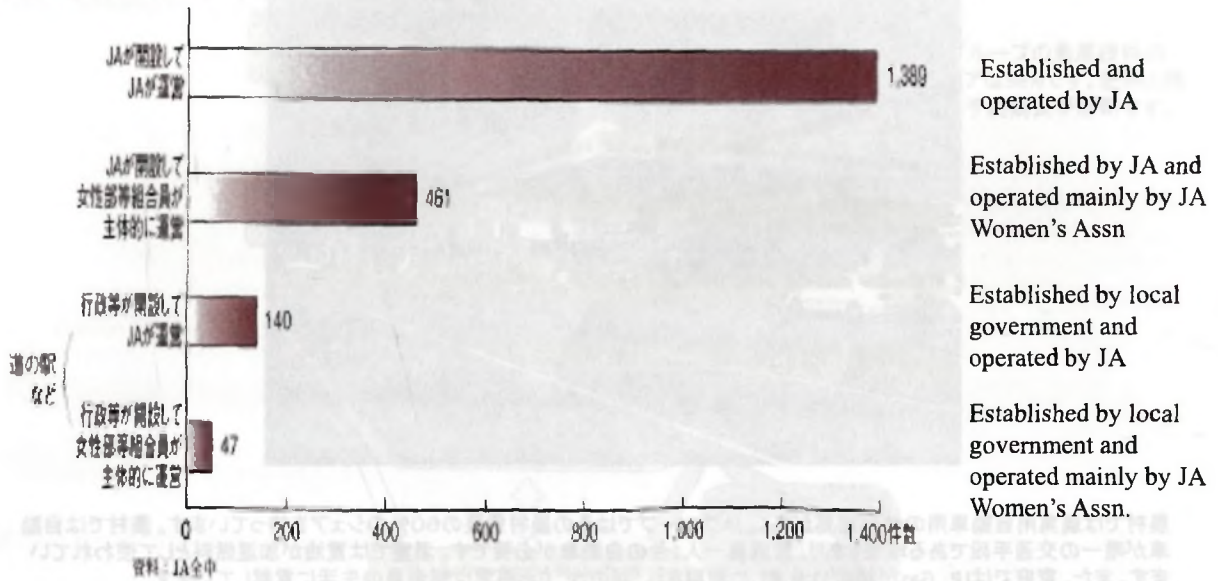
■開設者・運営者別にみたファーマーズ・マーケット件数 (2010年度)



**(Ref.) Marketing Business System of JA
(Farmers' Market)**

No. of Farmers' Markets by way of establishment and operation in 2007

■開設者・運営者別にみたファーマーズ・マーケット件数 (2010年度)



Better living guidance

- Better living advisor-JA staff 2,564 persons
- Activities by women's association
 - health promotion of working women
 - consumer activities
 - cooking class
 - Cultural activities
 - Social activities (lunch service for aged people)
 - Environmental protection
 - Morning market and direct sale of agricultural products

Present Better Living

- Study circle
- Cultural Activity
- Health Promotion
- Support to Aged
- Next Generation
- Community development
- Living Consultation





JA Hospitals and Health Care Activities

- Nursing care service-371 JA involved
- Home helpers qualified-108,000 persons
- 22 Welfare Federation of JA has 122 hospitals (63% are located in local area)
- 37,734 beds, 23,140,000 outpatients
- 11,970,000 inpatients
- 3,440,000 people received health check-up (FY2003)

