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JCA 01430

Fostering of Commercial Farmers through Agricultural Cooperatives- Some Case Studies in Japan

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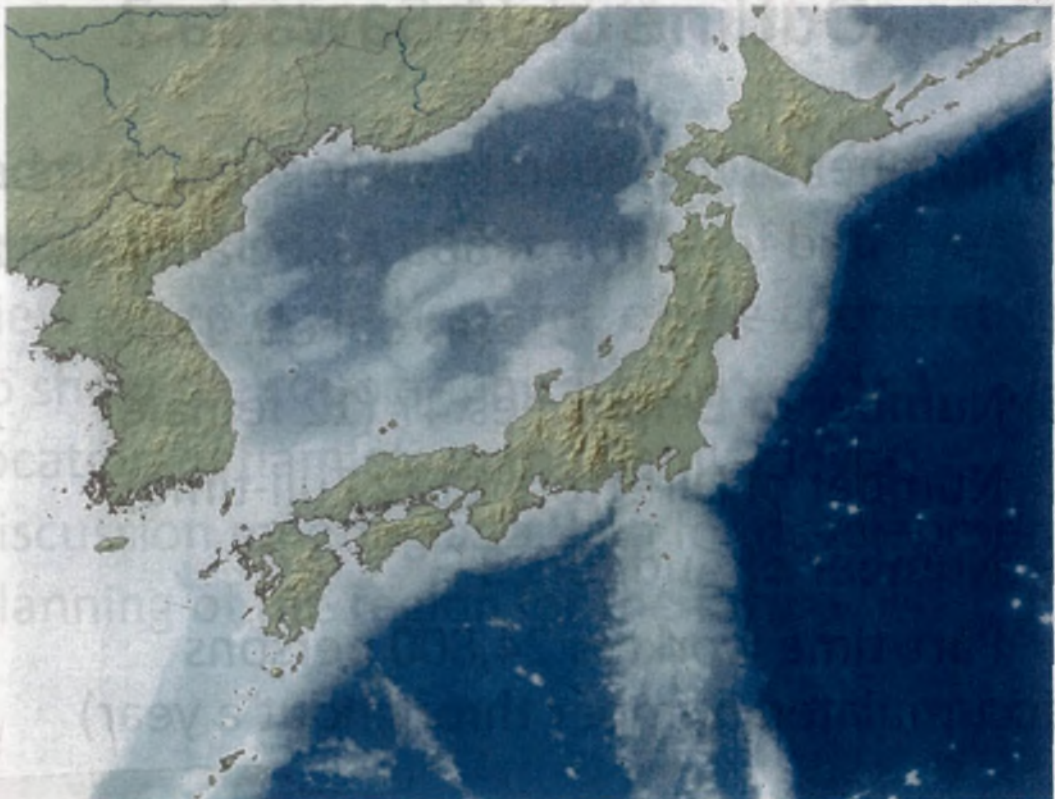
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Jap.



I. Vegetable Processing by JA Agatsuma

1. Outline of JA Agatsuma

- (1) Location: Gunma Prefecture, Nakanojo Town
- (2) Mountain Area: 1,000m or more
- (3) Agriculture: Paddy, Vegetable, Livestock, Mushroom, Sericulture (**Mixed Farm Management**)
- (4) Land area:16,602ha (Farmland:512ha(3.1%)
Farmland per farmhousehold:0.75ha

Outline of JA Sawada 2

- (5) Number of members: 519 Regular Members
365 Associate Members
(as of Feb. 1998)
- (6) Number of Employees:47 (12 female)
Number of Directors:11 (2 Full-time)
Number of Auditors:3
Part-time workers:24,800 persons
(accumulated number throughout a year)

Farmland area



To overcome difficulties

- In 1969, the president of JA Sawada (Before amalgamation) shut 8mm film of bird eye view of the operation area of the cooperative to show the topographical situation and location of hamlets in the hamlet level discussion meeting as a data for development planning of the region for the future.



5 year plan for regional agriculture development

- key strategic commodities
- mushroom culture,
- sericulture,
- pig raising,
- vegetable
- flowers and ornament plants

Starting Agro-processing

- Merits:

Fresh Vegetable

Processed Foods

Perishable :sell in one day

Longer life as commodity : one year

Unstable Market Price

JA can decide selling price

Return to farmers: 50% of retail price

Contract price paid by JA

Strategy for Processing Business

Procurement of Raw Materials

Contract Farming with members

Buy up collected mountain vegetable and mushroom

Vegetable for Shipping control

Processing Technology

Local Technology owned by house-wives

Marketing of products

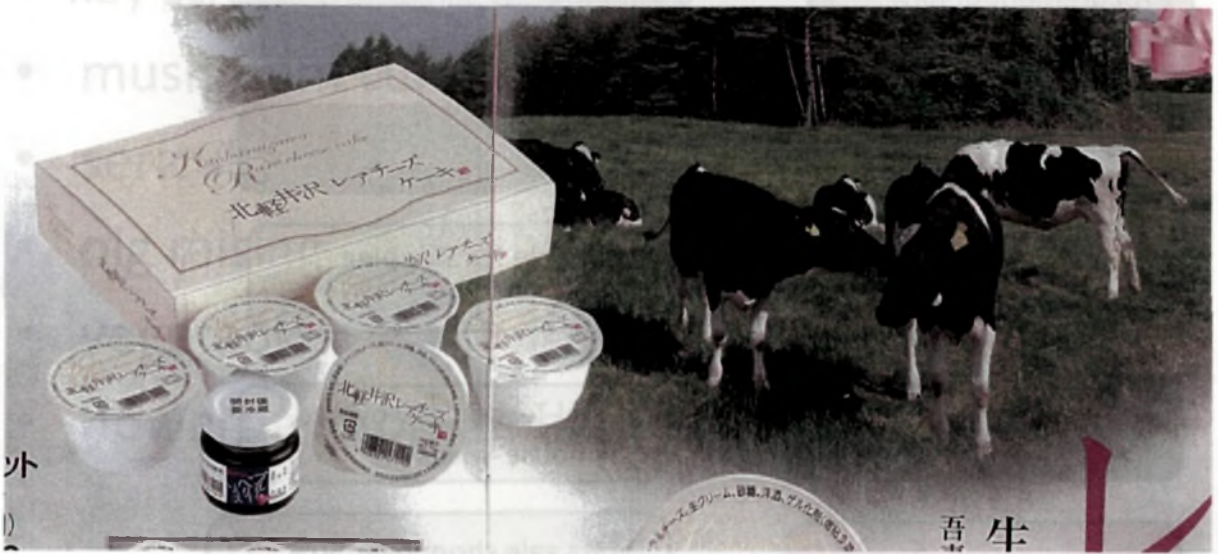
Direct sale shop: over 50%
Package delivery for orders, wholesaling to retail shops

Products



Products

- key str
- must



Processing Plant

- Merits:



あがつま農協 農林産加工工場

Blueberry wine, Mulberry wine



H030 柿ワイン(辛口)(大)
720ml 1,500円

Direct-sale Shops



つま農協 沢田直売所

Direct-sale Shop 2



つま農協 草津直売所

Direct-sale Shop 3



つま農協 太田直売所

Products Line up

- Pickled Vegetable Products: 37 items
- Bottles Mushroom: 1
- Health supplement drink: 4 item
- Tea: 7 item
- Healthy foods: 3 items, rice porridge: 6 items, ice cream:13 items, candy:12 items, others

Development of sales of processed foods

- 1976: 5,100,000 JPY about 51,000 USD
- 1983: 108,930,000 JPY 1,089,300 USD
- 1988: 434,036,000 JPY 4,340,360 USD
- 1993: 581,531,000 JPY 5,815,310 USD
- 1998: 584,223,000 JPY 5,842,230 USD

Marketing Channel of Processed Foods by JA Agatsuma

- **Direct-sale by JA: 49.5%**
(8 shops and direct delivery)
- Agricultural Cooperative Organizations: 16.3%
- Consumer Cooperatives: 1.2%
- Japanese Railway Shop: 1.4%
- Retail Shops: 31.6%

Key to success of the processing business

- 1. Sale of processed products at their own direct-sale shop (50%)
- 2. Contract production by member farmers
- 3. Processed foods can sell by spending one year
- 4. No contract sale with private super-market
- 5. Minimum investment for processing plants

II. JA Kanra-tomioka Revitalization of Regional Community

- 1. Outline of JA Kanra-tomioka
 - 1995 March Amalgamation of 5 JAs
 - Multi-purpose Agricultural Cooperative
 - Members: 6,578 Regular members
 - 7,321 Associate members
 - (Feb.2013)
 - Savings:75.1 Billion JPY (7.51 Million USD)
 - Loan:16.97 Billion JPY (1.69 Million USD)

Head Office of JA Kanra-tomioka



Outline of the area

1) Farmland: Paddy field:1,107ha

Upland field:3,701ha

Orchard: 561ha

2) Number of Farm households

Full-time:708

Part-time I:596

Part-time II:2741

Outline of the area

- The major products were silk and konnyaku
However, During high economic growth period many labor powers migrated to urban area (1960-1980).

Sericulture decreased by import of silk.

Agricultural production became very weak by highly depending on aged farmers and women labor power.

Topography

More than 70% of the land area is mountain and forests

Farmland is located in the elevation from sea level between 115m to 900m.

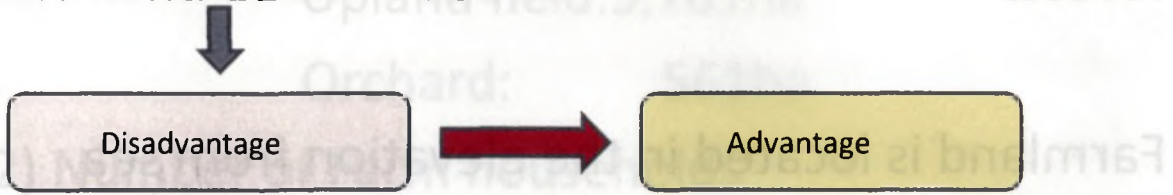
Increase of idle farmland and increase of aged population

Challenge of the Agricultural Cooperative

- In 1995, JA has launched “Plan for Rehabilitation of Regional Economy by Agriculture” and also JA has formulated regional agriculture promotion plan “Vegetable Land -Village of Radish”.
- 108 commodities are to be produced and marketed through various channels

To change Disadvantage into Advantage

Difference of elevation in the location of farmland 115m – 900m



Increase of Aged farmers and idle farmland

Classification of farm households

- 1) Marketing farm households
- **(2,600 households):** ↑
- 2) Self-supplying farm households
(1,600 households):
- 3) Owners of farmland but no cultivation
(2,900 households).
- Then, JA made efforts to shift farm households of 2) and 3) into marketing farm households.

Formation of direct sale group

Model Farm Management Pattern

- 1) Initial investment of **400,000 Yen for 0.4ha** of farmland- production material costs
- 2) **3,000,000 – 4,000,000 Yen** of marketing turnover from 0.4ha
- 3) **Select 4 commodities** out of 108 key commodities and cultivate 0.1 ha for each commodity – produce some commodity throughout a year and to avoid risks

Technical supports to aged farmers and female farmers

Increase of farm advisor as employees of JA

Consigned farm consultant among members

25 selected members – select farmers who has number 1 technology for each commodity

1,500 members joined direct-sale shop shipping group

New System Adopted

1. Collection system
2. Packaging system
3. Bar code
4. Supply through out a year

Spring : cucumber, strawberry, honewort ,others

Summer :Tomato, carrot, kidney bean, sweet corn,

eggplant, pepper, onion, water melon, pumpkin,
others sunflower, lily, gentia

Autumn :carrot, radish, grape, cabbage, sweet potato,

fig, chilly, persimmon others, aster, chrythunsimom,

Winter : Shiitake and other mushrooms, cabbage, taro, welsh onion
lettuce, broccoli , kiwi, tulip,

Major marketing channel

- 1) Direct sale shop (Farmers Market) in the region:
- 2) Sales at In-shop (rented space of super market):
- 3) Route sale within the prefecture:
- 4) Mixed negotiation advance order transaction system: and
- 5) Gift delivery sale

Of which 1) Direct-sale shop (Shokusaikan) established in 1997 sells seasonal vegetable, pounded rice, noodle and processed foods such as dried sweet potato.

In-shop means direct-sale corner set within super market in urban area and consumer cooperative stores. 4) means to promote combination of products for sales as package for several buyers and 70% of agricultural products adopted this system.



Direct-sale shop (Shokusaikan)



Inside of Direct sale shop

New System Adopted

- 1. Collection system
- 2. Packaging
- 3. Bar code
- 4. Supply
- 5. Summer
- 6. Autumn



Direct-sale shop (Shokusankan)

In-shop Moll Mizuho

Major marketing channel

- 1) Direct
- 2) Sales
- 3) Route
- 4) Mixed system
- 5) Gift d



In-shop Moll Mizuho



In-shop Moll Mizuho



In-shop in Tokyo Kinshicho LIVIN



Shiitake (Black Mushroom)



Shimonuta Welsh-onion



Konyaku



Guidance for farmers shipping to direct-sale shop and JA Farm advisor



Direct-sale shop
Flower section



(育苗施設)

Joint nursery of seedlings as service of JA



(集荷所)

Vegetable collection and grading center of JA



(介護施設)

JA Nursing center for aged people



(カントリー)

Grain Elevator for storage of paddy



(ガソリンスタンド)

JA's Gasoline station



Grading machine for Tomato



JA's Machinery Service Center

JA Nursing center



(自動車修理工場)

JA's Automobile Service Center