Seminar on “For Better Understanding of Food Value Chain (FVC) - What is Food Value Chain? -”

The Significance and Summary

Dr. ITAGAKI Keishiro
Prof. of Agricultural Economics
Tokyo University of Agriculture
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Venue: Tokyo, Japan

Implementing Agencies: Institute for the Development of Agricultural Cooperation in Asia (IDACA)

Host and Funding: Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan, ASEAN SECRETARIAT
Aim at Seminar

1. To obtain clear and in-depth understanding on the concept of FVC development.

2. To introduce and study example of FVC developed in respective ASEAN countries.

3. To introduce actual FVC activities in Japan.

4. To provide opportunity to consider further improvement of FVC in each countries.
Major Points in FVC Seminar

I. FVC approach must be beneficial to small scale farmer. For this purpose, “Contract Farming” and “Group farming” are important.

II. Small scale farmers can improve their income by adding values to their products. The following approach can be considered.
   - Providing safe and nutritious products with consistent quality.
   - Introducing good packaging for easy handling and storage.
   - Providing convenient products for consumers.
   - Serving the farm resources for rural tourist (e.g. farm stay, farm practice, farm restaurant, eco-tourism).
   - Branding and marketing.
   - Obtaining certification on organic and/or GAP.
Major Points on FVC Seminar

III. Strengthening cooperative relations among ASEAN member countries and its partners. For this purpose, the followings need to be considered.

- Exchanging knowledge and information sharing on trade products.
- Agricultural investment among countries.
- Developing system of FVC in response to consumers’ requirement in both of domestic and international markets.
- Supporting the FVC related infrastructures such as cold chain system, financing and credit supply, human resources training, ICT networking, etc.
- Designate a coordinator for each ASEAN member country.
Challenges for Improving FVC

I. Forming cooperatives and farmers’ groups to strengthen bargaining power and access to financial resources.

II. Educating farmers to streamline the operation and raising consumer awareness on the value of good quality products.

III. Improvement of infrastructures such as road, electricity, irrigation system, postharvest facilities.

IV. Government involvement for ensuring food security and safety.
Support by JA on Study Tour

Study visit to JA Groups’ facilities scheduled during the seminar was helpful for the participants to understand how agricultural cooperatives support their members by adding values to farm products in the FVC.

- ZEN-NOH Fresh Produce Distribution Corporation
- ZEN-NOH pearl Rice Corporation (Hachioji Rice Milling Plant)

Other study visit was as follows.

- WAGOEN( Agricultural Producers’ Cooperative Corporation)
- AEON RETAIL Co.,Ltd .(AEON Style Kitatoda)
- Roadside Station “Hachioji Takiyama”
Main Topic on This Seminar

“How should Small Scale Farmer in ASEAN member Countries be Supported for Selling of Agricultural Products?: From the Viewpoint of FVC Establishment”
Agricultural Marketing as Keystone of FVC

【Functions of Marketing】
・Physical Distribution
・Sales Channels

【Distribution Channels】
Production → (Storage/Processing) → Collecting/Shipping → Local Wholesale Market → City Wholesale Market → Distribution/Retailing → Consumption
Roles of Wholesale Market

1. Collecting, Sorting and Regulating Agricultural Products.
2. Transferring the Products to Other Wholesale Market.
3. Collecting, Analyzing and Disseminating the Information on Production Site and Market.
4. Meeting seller with Buyer.
5. Finding the Price.
7. Financing to the Market Stakeholder.
8. Payment and Account Management.
Source: cited from yahoo.co.jp
Other Marketing Tools

- Directly selling products to consumers.
- Delivering products to home.
- Selling products through catalogue.
- Selling products in shop.
- Ordering products on internet.
- Selling products at the “Roadside Station”.
- Selling products by contract base with private company.
- Taking advantage of agri-tourism.
Source: cited from yahoo.co.jp
Strategy for Marketing

【How should products be sold?】

1. What to sell?
2. When to sell?
3. Where to sell?
4. Who to sell?
5. How should products be brought to the market?
6. What should we do to sell products more?
Strategy for Selling

• Adding values or services to products.
  - Talking about the functionality (easy to use and cook).
  - Ensuring the safety (GAP/Certification/Organic).
  - Differentiating from other products (Branding, Identification for producer and growing area).
  - Serving the information and advertisement (Traceability, Indicating the knowledge related to products).
  - Providing the sustainability (Eco-friendly products, Enabling to use it every time and every place)
Necessity for Establishment of Small Farmers’ Group

- Easily riding on policy program (subsidies, finance under lower interest and technical advice on farming)
- Possible to standardize the growing process among farmers and keep the quantity and quality of products.
- Possible to buy such current agricultural inputs as seed, fertilizer and chemicals at lower price.
- Possible to take advantage of agricultural machinery and facilities jointly.
- Possible to manage agricultural resources in the community level.
- Possible to strengthen bargaining power at the market over joint sale.
What should We Do to the Establishment of Small Farmers’ Group?

• Is it possible to establish the Japanese typed “Agricultural Cooperatives” based on rural community, which has such multifunction as selling products, buying agricultural supplies jointly?
• Forming the farmers’ group under their responsibility.
• Fostering the farmers’ group conducted by initiatives of policy and institute.
• Fostering the farmers’ group conducted by initiatives of NGO and/or international organization.
• Establishing the farmers’ group through the contract farming with private company.
Small Farmers’ Group can Find Market for their Products

- Linking farmers’ group with distributors.
  - Finding a market for products.
  - Finding products coped with market demand.

- Integrating production with sales under their autonomy.
  - Launching business by hands of farmers’ group.
  - Government and/or private company give diverse types of support, including the capacity building of human resources, for farmers’ group.
Learning some helpful experience from Japan

• Building up a business model shown by incorporated farmers’ group, which will integrate production with sale under their autonomy.

• Competition among diverse types of farmers’ group will surely cause innovations over production, selling and even in organization successively.

• Farmers’ group will be able to make up newly developed consumers’ demand through their ideas and device. And it will greatly contribute to produce new products with higher added value, launching to the market.
How should panel discussion be proceeded in this FVC seminar?

**Aim:** We will discuss what kind of farmers’ group should be set up in respective country. Farmers’ group should have multi-function. Each farmer, eventually, will be able to sell his products profitably at the market. Final destination for farmers’ group is to increase farmers’ income.
Key words on Discussion:

- Small farmer
- Farmers’ group
- Agricultural cooperatives
- Agricultural marketing by way of wholesale market
- Agricultural marketing by no way of wholesale market
- Wholesale market
- Food Value Chain
- Added value
- Capacity building of human resources
- Infrastructure
- Foreign investment
- International cooperation
Point at Issues:

- What is food trend for social and consumers’ requests?
- What do you consider in putting an emphasis on market improvement in your country?
- What are constraints on wholesale market in playing more effective and efficient roles?
- How should farmers’ group be built up so that it can run smoothly? If the existing farmers’ group can’t run efficiently, what are main reasons for it?
- What can action of agricultural cooperatives in Japan serve as a useful reference for your country?
- While structuring FVC in your country, what relation is desirable among private investment and farmers’ group?
Expected Results:

Respective country may suggest a desirable formation of farmers’ group so that small farmer can take advantage in selling the farm products at the market and be, consequently, profitable for farmers.

For better proceeding in discussion... We will deliver you questionnaire and collect it before the discussion starts. Based on this, discussion will be carried forward.