Outline of Agricultural Cooperatives and Business Activities

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Cooperative Development Consultant
IDACA
Brief History of Agricultural Cooperatives in Japan
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.
5 Year 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
# Characteristics of Cooperative

## Private company
- **Owner** – shareholder: One Share One Vote
- **User** - unknown customers
- **Administrator** - Employees
- **Objective** - Making profit to develop company
- **Business** - any business

## Agricultural Cooperative
- **Members**: One Member One Vote
- **Member**
- **Member’s income**
- **Limited by Law**
Agricultural Cooperative Organizations (JA Group)
JA Covers whole country

- **658JA exist (as of July 1, 2016)**
  - There are 100 JA 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
  ※1 JA covers 2.5 municipalities
  （Number of municipalities: 1,775）

Trend of Number of JA
Members of JA

- Regular members: payment of share capital, one for one vote of 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)
Trend in Average Number of Members in JA

Source: MAFF Multipurpose Agricultural Cooperative Statistics
Average share capital paid by member of JA

- Paid in share capital/number of regular and associate members
- 1,000 JPY

![Bar chart showing paid in share capital from 2000 to 2013. The values range from 190 to 195 with a peak in 2011.]
Average share capital dividend of JA

Ratio of Share Capital Dividend
Trend of Business Profits of JA

![Chart showing the trend of business profits of JA from 2000 to 2013. The chart displays the profits in billions of JPY and millions of JPY for each year. The categories include Others, Marketing, Purchasing, Insurance, Credit, and Guidance.]
Marketing Business and Roles of JA in Food Value Chain
Total Agricultural Production in value and share of JA for marketing

Unit: 100 Million JPY

Total Agricultural Production

Production of rice and marketing share of JA

Production of fruits and vegetable and marketing share of JA
Marketing Business


- Price of agricultural produces is decided by the supply-demand situation in markets. Therefore, in order to sell at higher and stable price in these deals, it is necessary to be recognized as a creditable JA among brokers and consumers.

- To this end, JA supports joint activities of farmers such as joint grading and joint shipment of products, while improving sales values with unified standards for agricultural production.

- Owing to planned and large-scale cooperative distribution by groups, farmers can have market power and reduce transport cost, which results in improvement of agricultural income.
Member Farmers and JA
(Case of Marketing of Vegetables and Fruit)

What to produce?
When?
What Cultivation Method?
How Fertilizers and Chemicals to be used?
What Marketing Channel to be used?
What Standards to be set?
How to collect payments?
Production to Consumption of Fruit/Vegetable (Wholesale Market Distribution) (Roles of each player)

- Good Seeds and seedlings
- Farm Guidance to produce high quality products
- Supply of fertilizer and agricultural chemical
- Keeping production records (GAP)
- Self grading by farmers
- Packaging

- Grading machine
- Traceability
- Pre-cooling
- Packaging
- Checking chemical residue
- Checking production records

- Temperature control during transport in order to maintain quality/taste.
- Highway network

- Wholesale market distribution functions are rational for fruits/vegetables distribution
- Collection of products from every corner of Japan
- Quick price formation by reflecting demand
- Quick transaction to keep freshness
- Temporarily cooling facility

- Labelling
- Shelf life control
- Checking quality
- Pricing
- Packaging
- Cold show-case

- Buy small quantity of fruit/vegetable everyday
- Prefer small size package
- Can check production area
- Traceability
- Fresh products

Flow of Food Value Chain 18 hours ~24 hours
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。市場のセリ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)
Tomato

Just before harvesting

Grading line at a JA
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。
<table>
<thead>
<tr>
<th>A級</th>
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<th>B</th>
<th>C</th>
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<thead>
<tr>
<th>異形</th>
<th>チャック</th>
<th>花落</th>
<th>裂果</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.1</td>
<td>No.2</td>
<td>No.3</td>
<td>No.4</td>
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</tbody>
</table>

千葉県・千葉県園芸協会・JA全農ちば

完熟系トマト選果基準表
千葉県秋冬にんじん出荷基準表

正 品
2L L MA M S 2S

正品に次ぐもの（限界）

長いもの 曲かり 頭2つ 頭い青くび えくぼ

C 品

二段 軽い割れ 大割れ シミのひとつもの 傷ほげ 虫害・その他障害
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

Stable Management

Unconditional consignment

Joint Marketing

Advantageous marketing

Price fluctuation

Pooling Calculation

Sales account

JA Group

Members
Wholesale market system handling Fruits and vegetable in Japan

The structure of fruit and vegetables distribution

Total distribution (22 million tons)

Direct sales shop 5%-6%
16,816 stores JA
2,300 stores

Import (Domestic) Producers

Trading companies

(Domestic) Producers

Voluntary partnerships

Local traders

Individual farmers

Wholesalers

Intermediaries

Designated buyers

Direct (direct contract)

Consumers

Supermarkets

Fruit and vegetable shops

Others

Buyers

13.2 million tons

1,365 companies

4,087 companies

127,506 retailers

658 JA

40%

49 Central and 1,092 Local Wholesale Markets handling Fruits and Vegetable

60% of total products

86% of Domestic Products

60% of total products

17,865

13.2 million tons

4,087 Companies

127,506 retailers
<table>
<thead>
<tr>
<th>As of end FY2016 (¥100m)</th>
<th>Number of Markets</th>
<th>Transaction volume (¥100m)</th>
<th>Number of wholesalers</th>
<th>Number of intermediaries</th>
<th>Number of designated buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central wholesale markets</strong></td>
<td>64 (40 cities)</td>
<td>39,110</td>
<td>166</td>
<td>3,413</td>
<td>26,094</td>
</tr>
<tr>
<td><strong>Fruit &amp; veg</strong></td>
<td>49 (37 cities)</td>
<td>19,104</td>
<td>72</td>
<td>1,391</td>
<td>12,025</td>
</tr>
<tr>
<td><strong>Fisheries</strong></td>
<td>35 (30 cities)</td>
<td>15,839</td>
<td>56</td>
<td>1,854</td>
<td>3,788</td>
</tr>
<tr>
<td><strong>Meat</strong></td>
<td>10 (10 cities)</td>
<td>2,719</td>
<td>10</td>
<td>69</td>
<td>1,812</td>
</tr>
<tr>
<td><strong>Flowers</strong></td>
<td>16 (12 cities)</td>
<td>1,257</td>
<td>20</td>
<td>85</td>
<td>7,905</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>6 (5 cities)</td>
<td>191</td>
<td>8</td>
<td>14</td>
<td>564</td>
</tr>
<tr>
<td><strong>Local wholesale markets</strong></td>
<td>1,092 (Public: 157)</td>
<td>31,329</td>
<td>1,293</td>
<td>2,696</td>
<td>115,480</td>
</tr>
</tbody>
</table>
### Types of Wholesale Markets

<table>
<thead>
<tr>
<th></th>
<th>Central Wholesale Markets</th>
<th>Local Wholesale Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard for establishment</strong></td>
<td>By prefectures or by cities with a population greater than 200,000, with an approval from the Minister of Agriculture.</td>
<td>Wholesale markets other than the central one, which has 330㎡ or a greater market floor-space and a permit by the prefectural governor.</td>
</tr>
<tr>
<td><strong>Proprietor</strong></td>
<td>Local municipal entity (Approved by the Minister of Agriculture, Forestry and Fisheries)</td>
<td>Local municipal entity, public companies, JA, etc. (Permitted by the prefectural governor)</td>
</tr>
<tr>
<td><strong>Wholesaler</strong></td>
<td>Public company etc. (Approved by the Minister of Agriculture, Forestry and Fisheries)</td>
<td>Same as above (Permitted by the prefectural governor.)</td>
</tr>
<tr>
<td><strong>Intermediary</strong></td>
<td>Public companies, individuals, etc. (Permitted by the proprietor)</td>
<td>Public companies, individuals etc. (Permitted by the proprietor and registered with the governor)</td>
</tr>
<tr>
<td><strong>Designated buyers</strong></td>
<td>Public companies, individuals, etc. (Permitted by the proprietor)</td>
<td>Same as above (Permitted by the proprietor and registered with the governor)</td>
</tr>
</tbody>
</table>
Share of wholesale market in distribution as of FY2013 (unit:1,000tons, flower 100million yen)

<table>
<thead>
<tr>
<th></th>
<th>Fruits and Vegetable (total)</th>
<th>Vegetable</th>
<th>Fruits</th>
<th>Flower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume distributed including imported</td>
<td>22,019</td>
<td>13,977</td>
<td>8,042</td>
<td>4,685</td>
</tr>
<tr>
<td>Volume in Wholesale Market</td>
<td>13,202</td>
<td>9,806</td>
<td>3,396</td>
<td>3,655</td>
</tr>
<tr>
<td>Share of Wholesale Market</td>
<td>60.0%</td>
<td>70.2%</td>
<td>42.2%</td>
<td>78.0%</td>
</tr>
<tr>
<td>Volume handled by Central Wholesale Markets</td>
<td>8,091</td>
<td>6,174</td>
<td>1,917</td>
<td>1,264</td>
</tr>
<tr>
<td>Share of Central Wholesale Markets</td>
<td>36.7%</td>
<td>44.2%</td>
<td>23.8%</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

MAFF: Foods Demand Table, survey on wholesale market
Overview of Fruits/Vegetables Distribution and JA Group Share (domestic products)

- 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).

Producers

Total Production Amount of FV: 3 trillion yen (2014)
(Vegetable : 2.24 trillion yen, Fruit : 0.76 trillion yen)

Amount of agricultural production amount shipped to JA
Approx. 56%

Use of Federations by JA
Approx. 93%

Wholesale Market

Use of Federations by JA
Approx. 93%

Actual Users
(Demand)

Consumers

JA Zen-Noh Fruits/Vegetables Center Inc.
156 billion yen

Wholesale Market

3 trillion 187 billion yen including imported FV

Intermediate Wholesalers

60% incl. import
86% of domestic

FV

Imported Fruits/Vegetables:
(Vegetable : 2.29Million tons 102Bl. Yen)
(Fruit : 163Bl. Yen)

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

JA Commission: 15 to 19 yen
Commission of Federation : 7 to 9 yen

Returns to Producer

437 to 529 yen

Shipping-related Expenses

Market commission (Whole -sale)

Middlemen Margin

Retailer Margin

200 to 300 yen

Consumers

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).
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 received by the market must be sold in the same day

• 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
Farm guidance activities

• Farm advisor-JA staff 14,154 persons
• -technical guidance
• -management guidance
• -marketing guidance
• Commodity-wise group of producers

(There are about 6,664 Agricultural Extension Workers are assigned at 366 Extension Centers, RD Centers and Agricultural Academy as public service)
(Ref.) Farm Guidance ~ Farm Advisor

No. of Farm Advisors (all JAs) (Unit: person)
No. of Farm Advisors per JA (Unit: person)

No. of Farm Advisors (all JAs)

No. of Farm Advisors per JA

4.2 4.5 5.3 7.0 11.4 15.4 16.0 16.2 16.8

資料：農林水産省「総合農協統計表」
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軽らし、品種、品質の統一をはかっています。
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 2,300 stores in FY 2015
- Direct delivery to consumers and internet sales (JA Town)
- Antenna shops are developed in large consumption area
- In-shop: contract with super stores
67. Farmers’ Market

- JA Kashimanada
68. Inside of the A-Coop Store
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 stores or contract with super stores)
- **Road-side station** (24 hours parking space, public toilet, traffic information) + direct-sale shop and restaurant, café

JA’s Farmer’s Market: 2,300 stores in the whole country (2015)  
(JA Fact Book 2016)

Farmer’s Market run by Producer’s group: 10,686 stores (2009)
Average annual income per shippers: 520,000 Yen (2009)
(MAFF: Survey on local production/local consumption of agricultural products FY 2009)
# Types of Farmer’s Market

<table>
<thead>
<tr>
<th>Types of FM</th>
<th>No. of stores</th>
<th>Average number of registered producers per store</th>
<th>Amount of sales/year (100 Million Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local administration</td>
<td>203</td>
<td>135.2</td>
<td>139</td>
</tr>
<tr>
<td>The 3rd Sector</td>
<td>450</td>
<td>138.3</td>
<td>518</td>
</tr>
<tr>
<td>JA</td>
<td>1,901</td>
<td>278.9</td>
<td>2,811</td>
</tr>
<tr>
<td>JA Women’s /Youth Association</td>
<td>427</td>
<td>59.2</td>
<td>124</td>
</tr>
<tr>
<td>Producer’s Group</td>
<td>10,686</td>
<td>44</td>
<td>2,452</td>
</tr>
</tbody>
</table>

MAFF: Survey on local production/local consumption of agricultural products FY 2009
## Comparison of Wholesale Market Distribution and Farmer’s Market

<table>
<thead>
<tr>
<th>Item</th>
<th>JA-Wholesale Market—middlemen-Super stores</th>
<th>Farmer’s Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of distribution F.V.</td>
<td>86% of domestic F.V.</td>
<td>5%~6% 700,000 tons</td>
</tr>
<tr>
<td>Returns after paying margins to consumer price</td>
<td>43%-53% (after reducing middle margins) WM Commission 8.5% V. 7% F</td>
<td>90%-80% 10%-20% commission for farmer’s market or JA</td>
</tr>
<tr>
<td>Person who sell</td>
<td>Any person</td>
<td>Registered members</td>
</tr>
<tr>
<td>Payment</td>
<td>Within 3-7 days</td>
<td>2 times a month</td>
</tr>
<tr>
<td>Quantity</td>
<td>No limit</td>
<td>Limited (bring back unsold commodities)</td>
</tr>
<tr>
<td>Determination of price</td>
<td>Auction, negotiation</td>
<td>Producers can decide price</td>
</tr>
<tr>
<td>Invisible cost for producers and consumers</td>
<td>Lower(Transportation cost)</td>
<td>Cheaper than other stores</td>
</tr>
<tr>
<td>Commodities handled</td>
<td>Many items</td>
<td>Higher (Transportation cost)</td>
</tr>
<tr>
<td>Freshness</td>
<td>Harvested one day in advance</td>
<td>Limited items</td>
</tr>
<tr>
<td></td>
<td>JA Grading Center</td>
<td>Harvested in the morning</td>
</tr>
<tr>
<td>Traceability</td>
<td>Individual producers</td>
<td>Of the day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual producers</td>
</tr>
</tbody>
</table>
Marketing of Rice and Roles of JA in Food Value Chain
Status of JA Group Rice Distribution (2008 Rice Production)

Actual User (Demanders)
- Restaurant Industry
- Intermediate Foods Producers
- Super Stores
- Consumer Cooperatives
- Specialty Rice Shops

Processor of raw materials
- Restaurant Industry
- Intermediate Foods Producers
- Super Stores
- Consumer Cooperatives
- Specialty Rice Shops

Commercial Wholesalers
- Pearl Rice Wholesalers
  - 110 (74 Polished Rice, 36 Unpolished Rice)

Government Rice
- Economic Federation/Primary Agricultural Cooperatives
  - 80
- JA Zen-Noh
  - 255 (Collection rate 38%)

Producer’s direct sales
- JA
  - 415 (Collection Rate 47%)

Collectors
-JA Zen-Noh
  - 255
- JA
  - 415

Families own consumption/gifts without payment
- JA
  - 415

Transfer for payment
- JA
  - 415

Rice Handled by JA Group (Including Rice for Processing)
- JA
  - 415

Contracts specifying actual demand
- JA Zen-Noh
  - 255
- JA
  - 415

Prefectural Region pooling calculation
- JA Zen-Noh
  - 255
- JA
  - 415

Commissioned Non-pooling Calculation
- JA Zen-Noh
  - 255
- JA
  - 415

Purchases
- JA Zen-Noh
  - 255
- JA
  - 415

JA
- JA Zen-Noh
  - 255
- JA
  - 415

Commissions Sales
- JA Zen-Noh
  - 255
- JA
  - 415

Farmers own consumption/gifts without payment
- JA
  - 415

Transfer for payment
- JA
  - 415

Rice Handled by JA Group (Including Rice for Processing)
- JA
  - 415
General Flow of Rice Distribution and Functions of Each Player in Securing Food Value Chain

<table>
<thead>
<tr>
<th>Producers</th>
<th>JA</th>
<th>Zen-Noh</th>
<th>Wholesalers</th>
<th>Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice Production/ Harvest</td>
<td>Farm guidance</td>
<td>[National Level]</td>
<td>Reception of Brown Rice</td>
<td>Rice Retailers</td>
</tr>
<tr>
<td>Inspection of Agricultural Products</td>
<td>Advance Payment</td>
<td>Establish Policy for Production/Collection/Sales at National Level</td>
<td>Rice Milling and packaging with label</td>
<td>Super Stores</td>
</tr>
<tr>
<td>Drying/adjustment</td>
<td>Operation of Country Elevator, and Rice Center (CE/RC)</td>
<td>Specify Basic Price Conditions/Inter-Prefectural Coordination</td>
<td>Promotion of Sales in Major Consumption Areas (North/East Rice Sales Center)</td>
<td>Convenience Store Vendors</td>
</tr>
<tr>
<td>Seedlings prepared by JA</td>
<td>Storage in Agricultural Warehouse</td>
<td>Relations with Large-Scale Wholesalers/Actual Demanders</td>
<td>Delivery/Account Settlement</td>
<td>Other Processors</td>
</tr>
<tr>
<td>Input materials supplied by JA</td>
<td>Delivery Arrangements</td>
<td>Promotion of Sales in Major Consumption Areas (North/East Rice Sales Center)</td>
<td>Operation Instructions for Prefectural Region</td>
<td>Production area</td>
</tr>
<tr>
<td>Keeping production record</td>
<td>Reliability/Safety Check</td>
<td>Establishment of Policy for Prefectural Region</td>
<td>Delivery Arrangements for Brown Rice</td>
<td>Safety of foods</td>
</tr>
</tbody>
</table>

Consumers

- Rice Retailers
- Super Stores
- Convenience Store Vendors
- Other Processors
- Production area
- Safety of foods
- Fresh and tasty rice

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

<table>
<thead>
<tr>
<th>Producer’s Earnings 12,895 yen</th>
<th>Collection/ Delivery Costs 1,700 yen</th>
<th>Wholesaler Margin 1,985 yen</th>
<th>Retailer Margin 2,835 yen</th>
</tr>
</thead>
</table>

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)
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

Rice Center, JA Tsuruoka
62. Utilization of Facilities

Country-Elevator, JA Uonuma-Minami
Marketing of Livestock Products by JA Zen-Noh

• JA Zen-Noh operates wide range of domestic livestock business-distribution of beef, pork, broiler, egg and its processing

• Affiliated companies
  JA Zen-Noh Meat Foods Co. (Beef and Pork)
  JA Zen-Noh Chicken Foods Co. (Broiler)
  JA Zen-Noh Egg Co. (Egg)
  JA Takasaki Ham Co. (Ham and Sausages)
Measures for safe and reliable foods

- Meat Traceability System
- Poultry Farmers Introduction System
- Adoption of ISO9000, SQF2000 in processing
- Operation of restaurant and export of Japanese Beef
Characteristics of Distribution of Livestock Products

• Distribution of livestock has to pass the process of “slaughtering” – as regulations
  - Meat Center (177) or meat wholesale market (27)
    (Live animal ➔ Dressed Carcass)
  - Cutting and packaging center
    (Part Meat ➔ packed meat), chilled or frozen

• Broiler is treated at “Broiler treatment center”
  - Part meat (Breast, leg), chilled or frozen
Distribution Channel of Meat

Producers

Meat Center

Economic Fed. JA Zen-Noh Branch (Partially slaughter)

JA Zen-Noh National

Alive

Adjustment, administration, buyers

Meat

Slaughter

Meat Wholesale Market

JA Zen-Noh Meat Foods Co.

Local Buyers

Super stores, consumer coops, restaurants

Wide area, large consumption area

Super stores, consumer coops, Restaurants, Wholesalers

Wholesaler

Buyers Auction

Consumers

Meat

Flow of business

Distribution of products

Super stores, consumer coops, restaurants

Wide area, large consumption area

Super stores, consumer coops, Restaurants, Wholesalers

Wholesaler

Buyers Auction

Consumers

Meat
Distribution of Egg

Producers

JA Zen-Noh Egg Co.
GP/Liquid Egg

GP Center at consumption area

Local buyers

Economic Fed. Zen-Noh Branch

Flow of business:
Flow of products

Consumers

Super, Consumer coop, Processor Wholesaler, Restaurant, Takeaway

Wide area, consumption area

Super, Consumer coop, Processor Wholesaler, Restaurant, Takeaway
Dairy Business by JA Zen-Noh

CS: Cooler Station

Production of milk 7.07 Million tons (2014), JA Zen-Noh (20%)
- PHF Non-GMO
- Traceability
- 24 Million tons of domestic needs of compound feeds
JA Zen-Noh’s share is 30%
5. Zen-Noh Dairy Farm Operations

Overview of Dairy Cooperative Sales Operations

- Designated Organizations
  - Hokuren
- Large-Region Designated Organizations
  - Tohoku Milk Sales Fed.
  - Kanto Milk Sales Fed.
  - Hokuriku Dairy Fed.
  - Tokai Dairy Fed.
  - Kinki Milk Sales Fed.
  - Chugoku Milk Sales Fed.
  - Shikoku Milk Sales Fed.
  - Kyushu Milk Sales Fed.

JA, Pref. Fed., Pref. HQ
- 7.63 million tons

JA Zen-Noh
- 1.49 million tons
  - Mostly composed of milk from Hokkaido, Tohoku and Kyushu distributed widely to consumer enclaves

Dairy Companies
- 6.14 million tons
  - Fresh milk mostly distributed within each corresponding region

Cooler station for delivery to remote areas

Commercial distribution
Commodity distribution
JA全農や県段階の連合会およびJA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。产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、トレーサビリティー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
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
Livestock Health and Hygiene Center in Sakura City

JA全農の持つ家畜衛生研究所です。
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
Supply of Agricultural Input Materials
Supplying Business

● JA’s purchasing activities are intended to supply member farmers with quality production inputs such as fertilizers, chemicals and agricultural machinery, as well as daily necessities at fair prices.

● In many cases, such joint purchasing activities are implemented on the basis of advanced order systems, while ZEN-NOH, National Federation of Agricultural Co-operative Associations, represents farm members and JAs to bargain with respective companies for better prices.
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てすみます。農協でも不良在庫のリスクを減らすことができます。
Status of Fertilizer Distribution in Japan

Producers: 15.63 Million Tons

- Retailers: 23% (5.87 million tons)
- Wholesalers: 23% (9.76 million tons)
- JA: 77% (15.63 million tons)
- Economic Federations/Prefectural Level JA: 62% (9.76 million tons)

Fertilizer Manufacturers (Regular Fertilizer)
9.76 million tons

- Zen-Noh: 50%
  - Commercial Companies: 50%
  - Overseas Mines: 2.2 million tons

Distribution rate is roughly calculated using figures related to fertilizer from 2006.
Status of Agrichemical Distribution (2006 Estimates)

Producers
- Core producers

Retailers
- Home Centers
  - JA

Wholesalers

Agrichemical Manufacturers
- Productization of active agent
- Purchase active agent from active agent manufacturer

Active Agent Manufacturers
- Productize and sell for themselves
- Sell active agent portion to agrichemical manufacturer

JAグループの農薬提供のシェアは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

Example of original goods

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コープは依然は各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。
Credit Business

- JA’s credit business engages in various banking activities including savings, and loans.

- The basic purpose of the JA’s credit business is to contribute to better farming and living of member families by promoting saving and mutual financing among members.

- In the case of a general bank, most of bank deposits are utilized for commerce and industry section, while little money is utilized for agriculture. On the contrary, large amount of loaned money from JA is utilized for agriculture.
Mutual Insurance Business

- JA’s mutual insurance business is to offer to member families a system that protect the present and future wellbeing of member families, thereby guaranteeing their personal and financial security, as well as ensuring the stability of their farming and lives.

- We provide both life insurance and property insurance.

- JA employees called life advisers (LA), experts on life planning, provide members with various mutual insurance lineups to meet their needs.
Better living guidance

- Better living advisor-JA staff 2,564 persons
- Activities by women’s association
  - Health promotion of working women (In the past: anemia, heart attack)
  - Consumer activities
  - Cooking class (In the past: malnutrition)
  - Cultural activities
  - Social activities (lunch service for aged people)
  - Environmental protection (use cooking oil for detergent)
  - Morning market and direct sale of agricultural products: developed as Farmer’s Market
  - Welfare activities: home helper, 1st grade, 2nd grade and 3rd grade
Present Better Living Activities

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

Farm products: Marketing Turnover: 52.9 bn. USD (74 mil. USD/JA)

*FY2009

**Supply:**

Production_input: 26.0 trillion USD (37mil.USD/JA)
Consumer Goods: 11.8 bn. USD (17 mil. USD/JA)

*FY2009

**Credit:**

Outstanding Savings: 1.05 trillion USD (1.46 bn. USD/JA)
Outstanding Loan: 295 billion USD (415 mil. USD/JA)

*FY2009

**Mutual insurance:**

Long-Term Insurance Contract: 4 trillion USD (5.63 bn. USD/JA)* Policies in Force

*FY2009

**Medical and Welfare services:**

Medical services: 115 hospitals
Welfare services: 1019 nursing care facilities

*FY2011