



The effect of Agriculture-related  
activity on firm-level profitability  
in JAPAN

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# Our interest-1

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## ★ Change of scene over family farm business

- acceleration of demographic aging
- low price of agricultural products
- globalization
- unusual weather
- bird and animal damage problem
- fear for the future
- Expansion of abandoned cultivated land

# Our interest-2

## ★ expectations to industrial farm business

- expectations to company business way
- upsizing of scale
- stabilization of production
- creation of new jobs
- conservation of regional resources

# Exchange from family farm to industrial farm

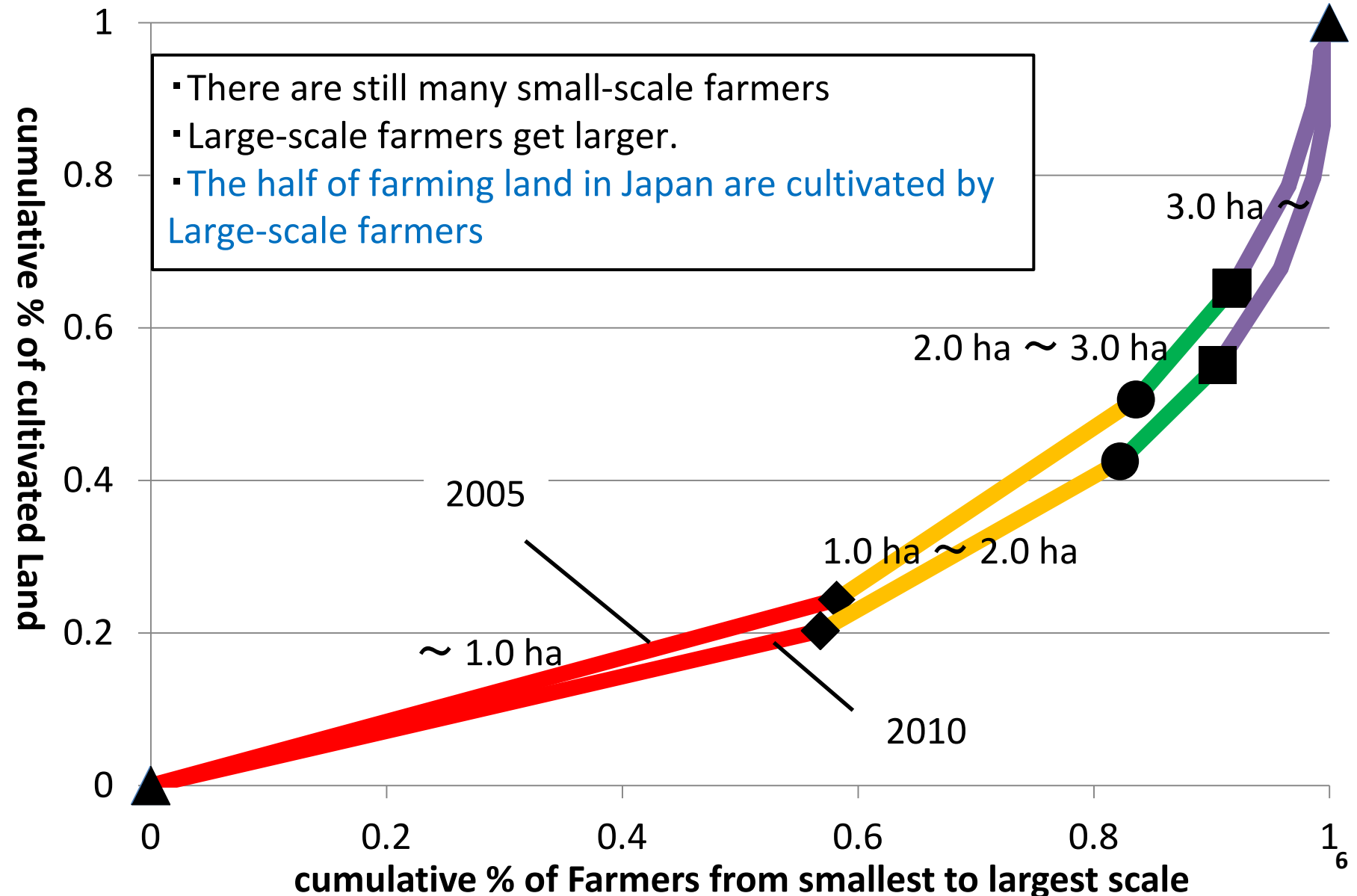
- Spotlight to new comers  $\Rightarrow$  industrial farm business
- The way to the industrial farm business
  - ① Development from family farm business
  - ② Development from organized farm
  - ③ Entry to primary sector by agricultural cooperative
  - ④ Entry to primary sector by secondary and tertiary sector

# current situation of agriculture in Japan-1

Year	Commercial farm household	Business type		Noncommercial farm household	Non-farmer with land owned
		Full-time			
2005	1,911,434	416,038	391,266	877,624	1,184,052
2010	1,587,711	425,179	328,113	889,680	1,353,960
Change rate	83.1%	102.2%	83.9%	101.4%	114.3%

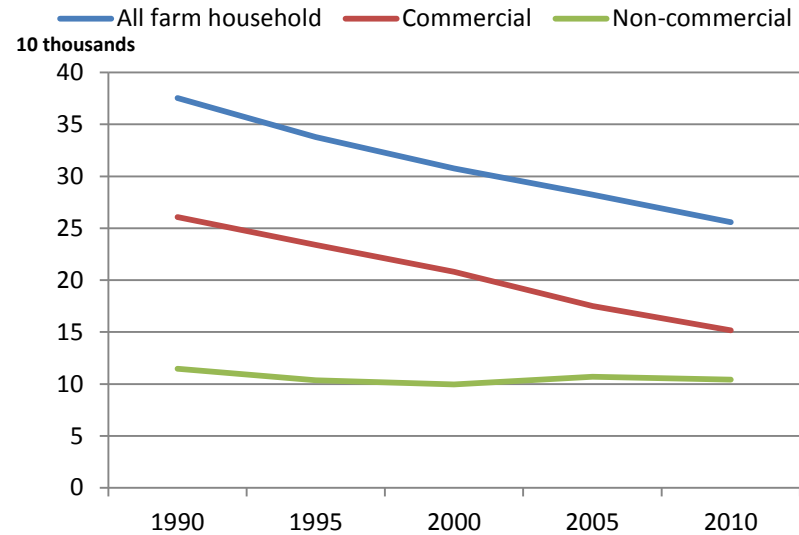
- The number of commercial farm households is decreasing.
- The number of full-time and business farm households are increasing.
- While the number of Non-farmer with land owned is increasing rapidly, corporation or organized farm aiming to upsize are increasing.

# current situation of agriculture in Japan-2



# family farm business in Japan

	All farm	Family farm	Organized farm
2005年	178,964	176,637	2,327
2010年	155,482	152,966	2,516



- At 2010 , 98.3% of All farm is family farm.
- From 1990 the number of non-commercial farm business is decreasing , but increasing recently.
- Aged farmers retire from commercial farming and become non-commercial farmers.

# new comer to the agricultural industry

year	All farm	Organized farm		
			Corporation	Non-corporation
1990	...	2,026	...	...
1995	...	2,089	...	...
2000	...	2,386	...	...
2005	178,964	2,327	813	1,503
2010	155,482	2,516	1,014	1,494

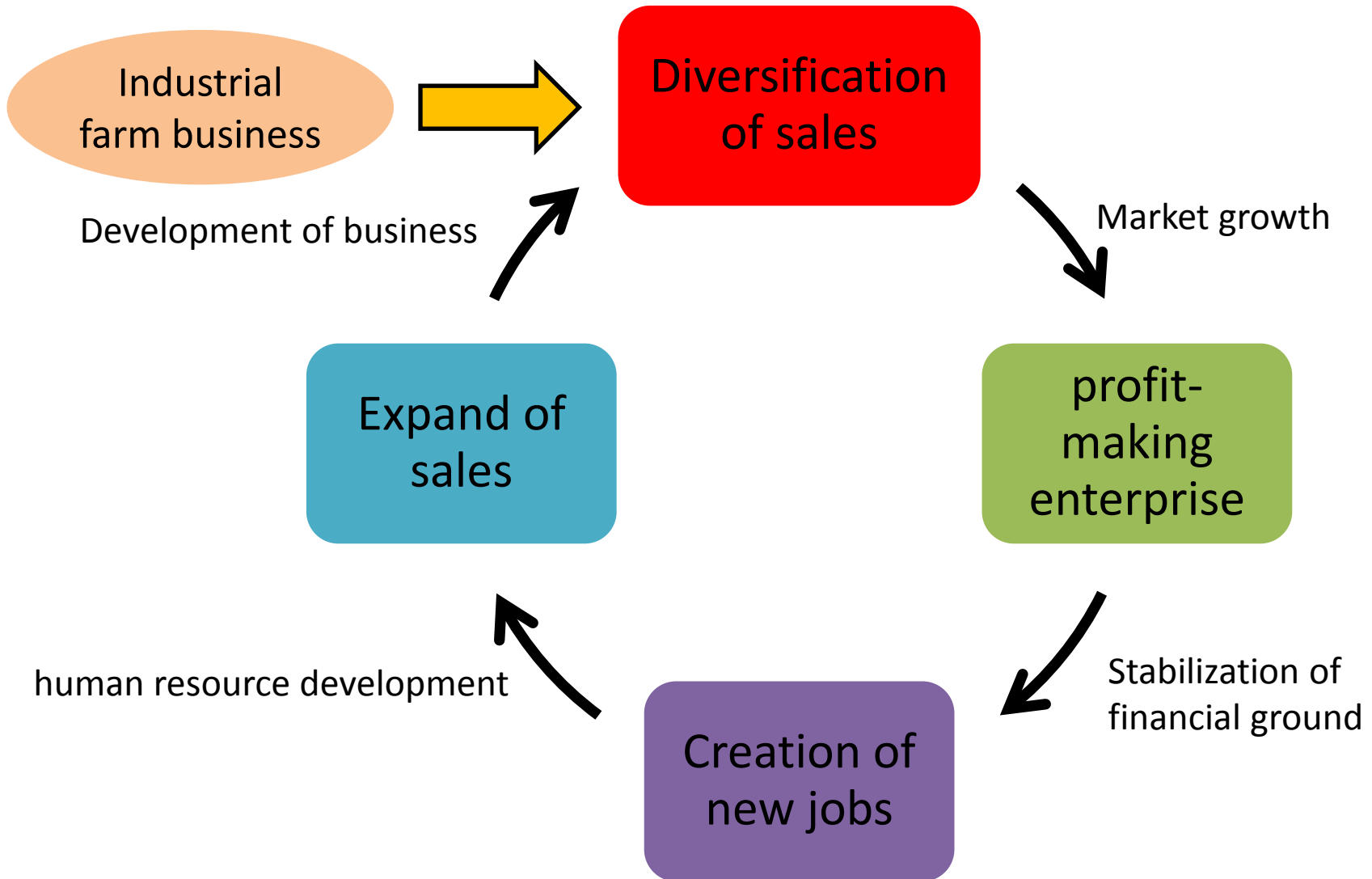
- New comer : non-family farm business
  - community farming
  - joint public-private venture farming
  - corporate farming
- The number of these new comers is increasing rapidly and they are trying to process and to sell directly to consumers



# Expectation to industrial farm business

- Taking the lead in the local area farming
- technology diffusion in the local area  
(including reception of internship for farmers)
- acquisition of added value by agricultural-related activity
- creation of new jobs
- local revitalization
- conservation of regional resources

# ● The Image



# To begin with

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- In Japan, since early times there are many agricultural products for processing.  
(Ex. grape , tea , potato , etc.)
- We have produced ,marketed and consumed these products in conjunction with related industries in the region

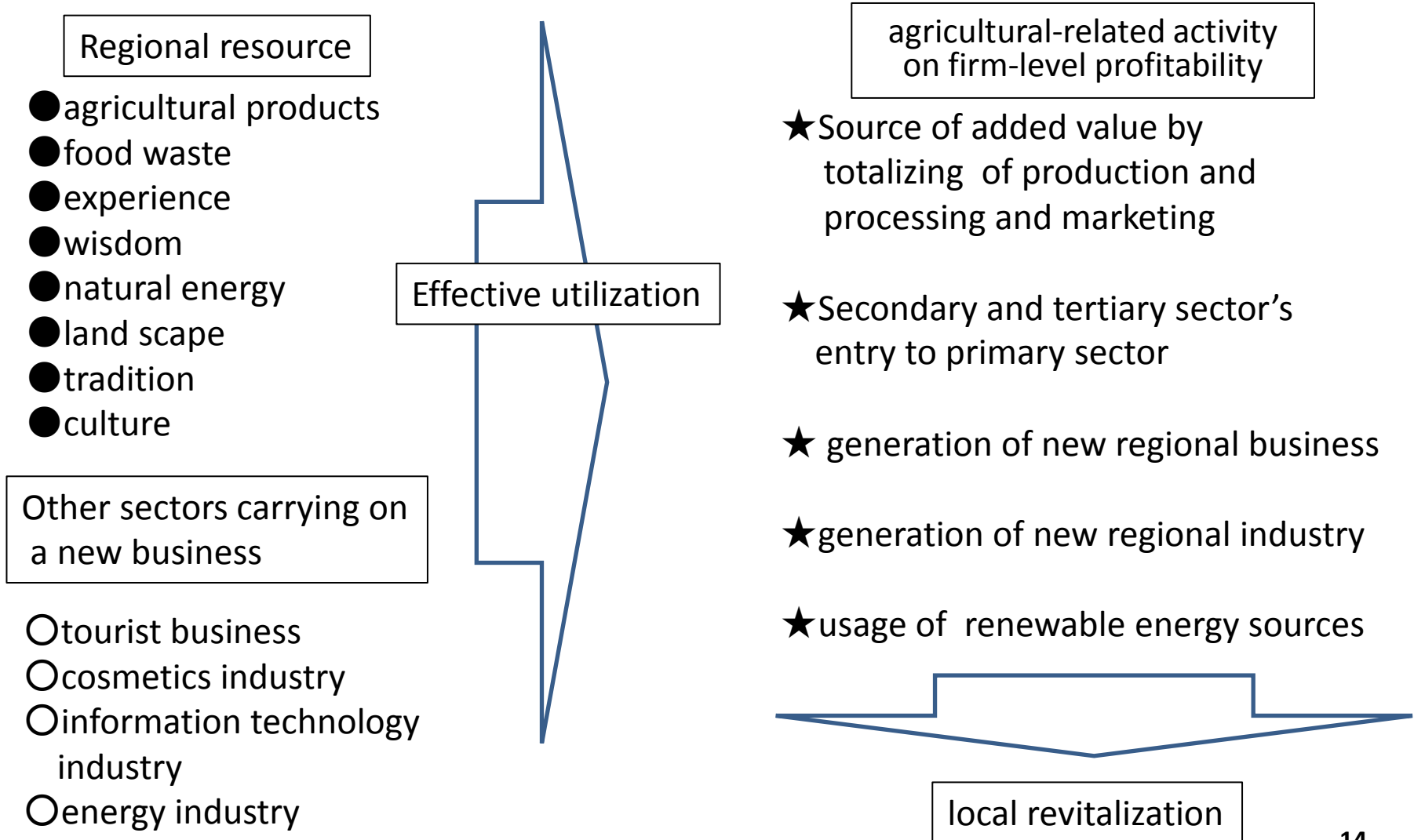
# What is agricultural-related activity

- The activity is linkage between primary sector and other sectors (secondary sector, and tertiary sector)
- **IMPACT**
  - A. freewheeling thinking free from common sense
  - B. generation of new market and demand

# The target

- effective utilization of regional resource in the agricultural community
- processing and marketing by farmers
- export of agricultural products
- entry to primary sector by secondary and tertiary sector
- linkage with all sectors

# The Image



# Certification

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- Ministry of Agriculture, Forestry and Fisheries of Japan is driving this project.
- The ministry also certifies farms' business.
- This project is also established by law.

# The effect to the primary sector

- A. creation of new jobs
- B. creation of regional brand
- C. increase of sales
- D. get a reputation
- E. get a much visitor

in this situation,

- ① we need to keep the business scale
- ② we try to upsize the business scale



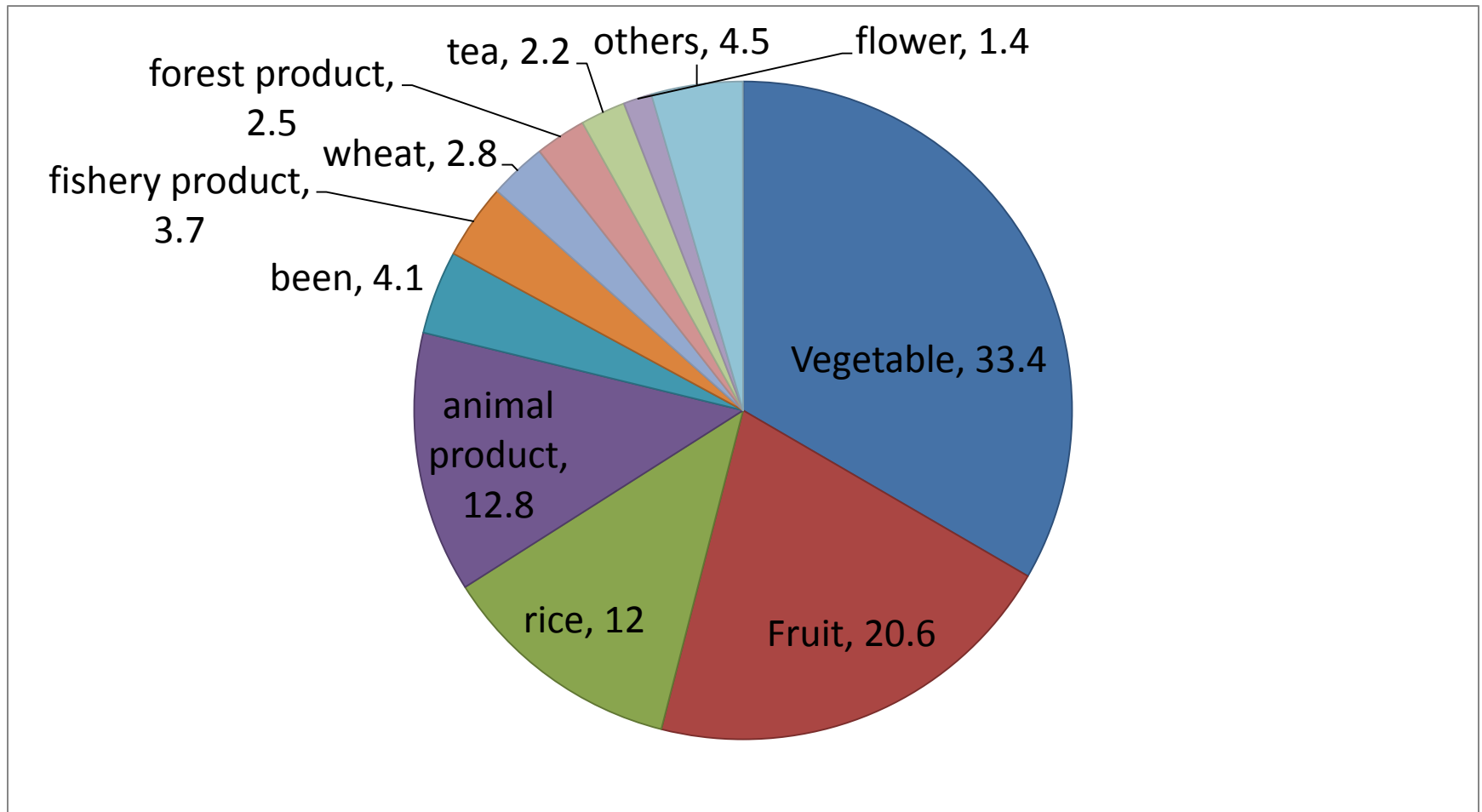
# The number of certified farms

HOKKAIDO	50
TOHOKU	80
KANTOH	91
HOKURIKU	35
TOKAI	63
KINKI	154
CHUGOKU/SHIKOKU	98
KYUSYU	104
OKINAWA	23
Total	698

# Variety of the certified business

Processing and direct marketing	53.7%
Only processing	33.0%
Processing and direct marketing and restaurant	7.1%
Only direct marketing	4.3%
Processing and direct marketing and export	1.4%
Only export	0.4%

# Production of the certified farms



# The Challenge of industrial farm business

## ● For the INSIDE

⇒ achieve designated goals

⇒ profit-making enterprise

⇒ Shakeout of business management

⇒ Diversification of management organization

## ● For the OUTSIDE

⇒ Behave in a socially responsible manner

⇒ **New Departure with agricultural-related activity**

- Act as HUB in local area network of farming

- Create a close alliance with another actor

# The Image

