

Chapter 1 Introduction

Food marketing and distribution play an important role of providing consumers with various kinds of food that farmers, foresters and fishermen, etc. across the nation of Japan produce in stable and efficient manner.

In recent years, under increasing consumer consciousness about convenience, and increasing orientation toward quality and safety simultaneously, physical distribution of food industry is called to assume the responsibilities to respond to these tasks, and meet other new challenges, such as addressing environmentally friendly operation. Under these circumstances, the establishment of sophisticated physical distribution system is required to be established so that the performance of physical distribution functions will be upgraded more than ever to meet these requirements.

In order to respond to these tasks, measures such as improvement of wholesale markets, which are the distribution centers of perishable food in Japan, are being implemented along with measures to vitalize food retailing industry, etc.

Chapter 2 Form of production and distribution of the staples

2.1 The Change in the framework of rice distribution

A dramatic change took place in the Food Control Law, which has been maintained for as long as half a century ever since the enactment of the Food Control Law in 1942. By the adoption and establishment of the Law for Stabilization of Supply, Demand and Prices of Staple Food by the Japanese Diet session that ratified General Agreement on Tariffs and Trade (GATT) in December 1994, the Japanese government decided to shift the rice control system from traditional direct Government control system of rice to a sort of indirect control system by the private sector starting from November 1995. Such a shift of rice control system had quite an impact on various fields.

As a result of liberalization of the distribution system and retail sale system of rice under the Basic Law on Food, Agriculture and Rural Areas, the conditions for consumers as regards rice selection became broad. It became possible for consumers to buy rice at wide selection of places from supermarket, which is closely connected to their everyday life, to convenience stores closely located to their residences and are convenient, to discount shops, and small specialty shops capable of careful services including delivery, and vending machines, from which the consumers can buy rice at any time they want.

Furthermore, the needs of rice by consumers changed its form from that of securing quantity to that of emphasis on quality including good taste of rice. The priorities in selection of purchase of rice, besides price, are in the order of growing area, brands and the dates of rice milling. Together with these conditions, the consumers' needs for marking of pesticide usage and soil cultivation methods etc are increasing. Marking of food products plays an important role in providing consumers with necessary information to select appropriate food to purchase.

2.2 Trends in the promotion of production and distribution of produce in recent years

2.2.1 Rice

As regards promotion of production and distribution of rice, based on the Outline of Rice Policy Reform (December 2002), the emphasis on the consumer and market-oriented viewpoint are the foundation of the policies. Based on these principles, efforts are made to secure stability and further progress in the management of paddy field farming by facilitating the establishment of direct connection between rice growing and the consumer demand. In order to achieve these targets, reforms are being implemented in such measures as demand and supply coordination, distribution system and other related measures in a conformed (consistent) manner.

Also, each region is pressing forward with initiatives full of creativity and originality with the visions of local region paddy field farming that aims at producing rice that sell, promotion of special local produce and capacity building of leaders in agricultural work, etc.

Under these circumstances, “Cross- item management stabilization measure ” is going to be introduced into the Policy Outlines such as Management Income Stabilization Measures. Also, the plan to initiate transition of demand and supply coordination system to voluntary demand and supply coordination by farmers and farmers’ organizations will start from the produce of 2007. In view of these changes, the “Measures to promote rice policy reform” are being reviewed and reorganized. Currently, efforts are being made such as further increase in the designers of production coordination policy, allocation of target production volumes that reflect the demand. In the future, it is important to further promote rice that sell, implement smooth transition to a new demand and supply coordination system, smooth implementation of “Measures to promote rice policy reform” which starts in FY2007.

Against the backdrop of lifestyle changes of the consumers, the share of rice consumption in away-from-home meals and home-meal replacements in the total rice consumption has been increasing. Under such circumstances, it became important to increase rice consumption in order to realize “Japanese-style diet”, which is excellent in nutritional balance, and to increase the ratio of self-sufficiency of food in Japan as well. Important tasks in the future will include: production of rice for processing and business uses in order to meet the increasing need for away-from-home meals and home-meal replacement; further fixing of use of rice in (school) feeding services; and development and popularization of rice processed food products, etc. .

2.2.2 Wheat (or Barley)

The production volume of wheat (or barley) has increased significantly in recent years, and the production of wheat in 2005 exceeded the targeted production effort in the Basic Plan. Meanwhile, the problems of quality and lagging improvement in productivity have become obvious at the same time. In the future, efforts are necessary in the areas such as: promotion in the cultivation and popularization of new variety in order to meet the needs of food processing businesses that have actual demand; and accumulation of wheat growing agriculture to the leaders in agricultural work.

As regards wheat policy, it is important to steadily press forward with reviews on the measures and systems in general, entailed by the introduction of “Cross-item management stabilization measures”, which will start with the produce in FY2007, including the termination of wheat growing management

stabilization fund and the system of unlimited purchase by the government, and the review of distribution system in the private sector.

2.2.3 Soybeans

Production volumes of soybeans have increased significantly in recent years, but those of 2003 and 2004 decreased due the impact of a series of meteorological disasters. The production volume of 2005 recovered thanks to few impact of large-scale meteorological disaster. In an effort to address tasks such as stabilization of production and cost reduction, various projects are being promoted including formulation of plans to strengthen production area, development of new cultivation system, development of new variety and so forth.

As regards soybean policy, soybean subsidy system, etc. are planned to be terminated following the introduction of "Cross-item management stabilization measures". Consequently, it is necessary to study the establishment of new distribution system, etc.

2.2.4 Vegetables

Both the area under cultivation and the production volume of vegetables are on the decrease. On the other hand, the import volume of vegetables increased significantly against the backdrop of the lag of domestic production area in responding to the demand for processing and business uses, and so forth. Important efforts to be implemented include stricter focus on the production and distribution measures in areas of production by defining the measures for nurturing and securing of leaders in agricultural work, spreading the crystalloid and standards suitable for processing and business uses, etc.

As regards vegetable price stabilization system, studies are being conducted toward implementation in 2007 of support for the growing centers with an objective to establish production and supply systems with leading agricultural workers as the main actor. As for fruit growing, it has been suffering from the increasing weakening of production basis due to lack of successors, aging of growers, lagging in the expansion of scale and so forth. For the future, it is important to address the establishment of production and supply system in accordance with the needs by formulation of fruit growing center structural reform program.

Regarding fruit growing management stabilization measures, its direction will be shifted to a support measure to reinforce growers' management bases, of which studies are conducted for implementation in FY2007.

2.2.5 Livestock farming

The total demand for meat and poultry has remained unchanged even though there were some fluctuations depending on the variety of livestock resulting from, for instance, the breaking out of BSE and highly-pathogenic bird flu in Japan and overseas. Meanwhile, as the purchasing volume by households has not yet recovered to the level prior to the breaking out of these diseases, it has been on the decline. Also, it is important to increase self-sufficiency ratio of animal feeding stuff also as part of the effort to increase self-sufficiency ratio of food and effective use of national land, etc. For this

purpose, it is necessary to plan and carry out the plan systematically which will prompt increased production of self-sufficient animal feeding stuff and promotion of eco-feed (use of food waste as animal feeding stuff), etc. with concerned parties working together as one. Inadequate treatment of excretory substance of livestock animals has been decreasing through the promotion of facility improvement. Meanwhile, the tasks include effort to increase demand of manure compost and improvement of large area distribution system. The development and diffusion of technology related to the treatment of excretory substance of livestock have a great significance in creating a recycle-based society.

Chapter 3 Mechanism of the Distribution of Agricultural Produce

3.1 Transformation of the distribution system of agricultural produce by the emergence of supermarket

Supermarket was developed in the United States of America in 1930's. The share of supermarkets in retail business in America exploded in a short period, exerting an enormous impact on the entire industry. Supermarket first appeared in Japan in 1950's, and it became the leading player in retail business in 20 years. The expansion in the share of supermarket in retail business in Japan has brought about such a change that the food system as a whole in Japan, including production and distribution of products, diet and purchasing behavior of consumers was made to adapt to the management style of supermarket. During 1970's, following the expansion of share representing supermarket, convenience stores and restaurant franchise chain system of so-called Fast Food increased their shares, which brought about drastic change in products, marketing method and buying-in method.

Supermarkets and franchise stores such as Fast Food restaurants adopt a type of management method that is completely different from that of traditional private stores. With respect to buying-in of agricultural produce such as fruits and vegetables, the management of these new types of stores requires delivery of those agricultural produce subject to the same conditions as general food products processed in food factories, without any regard to the particular characteristic of agriculture industry. Furthermore, liberalization of import of agricultural produce enabled the start of cross-border buying of agricultural produce.

3.2 Mechanism of wholesale market

According to one theory, a wholesale market was presumably started in Japan around 1603, when Tokugawa shogunate regime was established in Edo or present-day Tokyo whereas another theory claims it was at an earlier era. At any rate, a number of wholesale markets for fish, vegetables and fruits were set up during the era of Edo and onto the Meiji era. Then based on the enactment of the "Central Wholesale Market Law" in 1923, a central wholesale market was established in Kyoto in 1927 for the first time. During the latter half of 1950s, the central market started to deal with the trading of livestock products and flowers and ornamental plants as well. Later, due to rapid conditional development of the structure of distribution system changed dramatically, such as advancement of

urbanization, sophistication and diversification of consumer preferences, expansion in the scale of places of production and modernization of retail business, the need for construction of other wholesale marketplaces were generated in addition to the central wholesale market in Kyoto. As a result, the “Wholesale Market Law” was newly enacted in 1971. Currently, there are 84 central wholesale markets and approximately 1,400 regional wholesale markets in Japan.

The philosophy of the Wholesale Market Law can be broken down into the following three points:

Fairness: Fair trade

Equality: Non-discriminatory trade

Open: Content of trade must be made open

Wholesale marketplace played the central role in the development of distribution of perishable food in Japan. Although the production, distribution and consumption of perishables went through some structural changes during 1970's and 1980's prompted the revision of the law to incorporate “free trade” and “competition principle”, these three principles are still maintained.

Wholesale markets are operated by local government units, such as prefectures, municipalities, etc. Although transactions of selling and purchasing in the market are conducted by private businesses, since wholesale market plays the role to supply perishable food to cities, and to stabilize commodity prices, it is protected and regulated by the law.

(1) Operator of wholesale market: Prefectures, municipalities. National government gives approval for operation of a wholesale market.

Seller: Wholesalers. Permission is granted by the Minister of Agriculture, Forestry and Fisheries of Japan (MAFF)

Buyer: Middleperson, retailers. Approval is given by the operator of the market.

(2) Consignment sale: Consigner commission a wholesaler to sell the produce. The consigner pays the commission to the wholesaler. The commission rate is decided by the law.

(3) Marketing method: As a rule, public auction. The law was revised in 2002 to allow sales between themselves.

(4) Consigner: There is no restriction, and anyone can be a consigner. A wholesaler cannot reject commission to sell for the consigner. Discriminatory treatment is prohibited. Goods of a large-scale consigner and goods of a small-scale consigner must be treated equal.

(5) Proceeds from the sale: The wholesaler pays the proceeds from the sale in cash to the consigner within three days after the sale.

(6) Ratio of commission from sale at the market

Table 3.1 Ratio in the sale value (%)

Vegetable	Fruit	Fishery commodities	Meat and poultry	Flowers and ornamental plants
8.5	7.0	5.5	3.5	9.5

(7) Wholesale market has been developed in Japan, and historically, wholesale marketplace played the central role in the formation of distribution system. Especially, the share of wholesale is high for vegetables, fruits, fishery commodities, flowers and ornamental plants.

Table 3.2 Share of wholesale in the total distribution volume (1999, %)

Vegetable	Fruit	Fishery commodities	Beef	Pork	Flowers and ornamental plants
80.3	57.2	68.6	22.5	12.8	83.7

(8) The reasons for the large share of wholesale market: vegetables, fruits

Objectivity of price formation: The price at the wholesale market is regarded as indicator for transaction outside of auction market, where prices are formed by public bidding.

Certainty of proceeds from the sale: Payment is guaranteed for the proceeds from the sale in cash within three days of the sale.

Land and building: Acquired and built by the local government unit, and subsidized by the national government. Wholesalers pay fees for the use.

Price stabilization system: The compensation for specific vegetables (especially vegetables whose price needs to be stable) by the price stabilization system is targeted at vegetables sold at a wholesale market. (Recently, the scope of target is expanded to encompass vegetables sold outside of the wholesale market)

Ban on acts similar to wholesale market: Construction of any sales facility same as wholesale market is prohibited by the law.

Agricultural cooperative society, which is the largest consigner, is taking the method of commissioning sales to wholesalers whom it has selected.

Supermarkets, which have the largest demand, are using middle traders in the market in order to reduce buying-in costs.

3.3 Marketing (sales) Business of agricultural cooperative society in Japan

3.3.1 Marketing (sales) business

Agricultural cooperative creates a system with its members, by which members of the agricultural cooperative can receive more take-home amount by commissioning the cooperative to sell their

produce than by selling directly to merchants, trading houses, retailers or consumers by themselves.

The basic marketing business of agricultural cooperatives can be summarized as follows.

Consignment sale: The method of transaction between an agricultural cooperative and its members is consignment sales with commissions, instead of buying and selling.

Joint fruit sorting: The produce is sorted (and graded) according to the unified quality and standard at fruit sorting ground in order to raise the value of commodities.

Joint consignment: Agricultural cooperative selects stores or destination for sale of commodities, and decide conditions of transaction.

Joint calculation: In order to minimize the risk of price fluctuation, the price for a certain period of time is pooled, which is used for balancing accounts with producers. The period for the pool account, destination for sale of products, method of balancing accounts are decided by each item.

Specific details concerning – are decided by consultation of each agricultural cooperative and its members so that the specific details are appropriate for actual conditions of each agricultural cooperative or Federation of Agricultural Cooperative Associations.

3.3.2 Characteristics of business of agricultural cooperatives

The characteristics of agricultural cooperatives can be summarized as follows.

Consignment system: Being consigned by the members for sale of their commodities means that agricultural cooperatives assume responsibility for striking the best deals for the members' commodities.

Joint calculation (pool account): Avoidance and diffusion to cover for the risks of price fluctuation

Commission system: A system to allow members to escape from losses due to price fluctuation and inventory risk.

Agricultural management guidance: Providing consulting of agricultural technique and management to its members.

3.3.3 Market research

The actual current conditions of distribution system of agricultural produce are researched in detail. Research is conducted concerning who are involved in dealing the produce in what way and under what conditions from the farm to the consumers. The method of research is selected so that it can clarify the content of actual transactions by each item. Based on the study of actual conditions, plans are formulated for creating a system by which agricultural cooperatives can sell agricultural commodities under better conditions than those of merchants or trading houses.

3.3.4 Proposal of projects to members, implementation of specific projects

Agricultural cooperative make proposals of various plans to press them forward with its members, including investment plan, income and expenditure plan, assignment of its personnel, plans for passing on benefits to the members with estimate of specific amount. Committees (task forces) are set up by produce item in which members engage in voluntary activities, so that the projects are run by the

members as the central players.

3.3.5 System and facilities

System: Agricultural cooperatives set up "Produce or livestock item committee" for each variety of produce or kind of livestock so that the Agricultural cooperatives can be run by the members' voluntary activities of production and marketing of those items. The cooperatives are responsible for assigning professional staff in charge of marketing and distribution, and operating offices for joint marketing.

Facility Production: nurseries (facilities for raising seedling), technological and experimental laboratories.

Marketing (sales): Joint fruit sorting facility, consignment facility. Drying facilities, refrigerators, vehicles

Office work: Computers for information processing

All data on production and sales of each individual member are created and managed to be used for technical guidance and management guidance.

Sharing of function between agricultural cooperative unit and Federation of Agricultural Cooperative Associations

Marketing which can be carried out by agricultural cooperative unit are carried out by the agricultural cooperative, whereas marketing that can be carried out under better conditions by the Federation of Agricultural Cooperative Associations is re-commissioned to the Federation. The scope of joint consignment or joint calculation (pool account) is also implemented in accordance with the sizes and functions of both agricultural cooperative unit and the Federation of Agricultural Cooperative Associations.

3.3.6 Flow of marketing business at each stage

(1) Fruit and Vegetables

In marketing stage of fruit and vegetables, harvested crops are sorted and packaged in accordance with the conformed standards (grades) of quality and size (joint vegetable and fruit sorting) and then they are bundled into lots by grades and shipped for sale (joint consignment). Then, stores and sales period are pooled in order to contain the risk of price fluctuation (joint calculation/ pool account).

Fig. 3.1 shows the distribution channels of fruit and vegetables in Japan. Fig. 3.2 shows the channels of marketing business of agricultural cooperatives in Japan.

Fig. 3.1 Distribution of fruit and vegetables in Japan

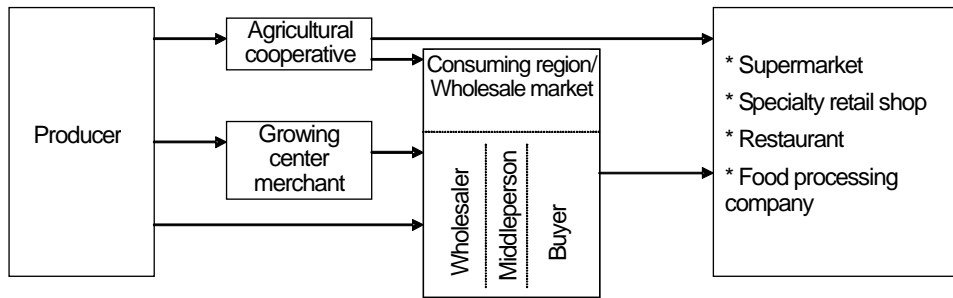
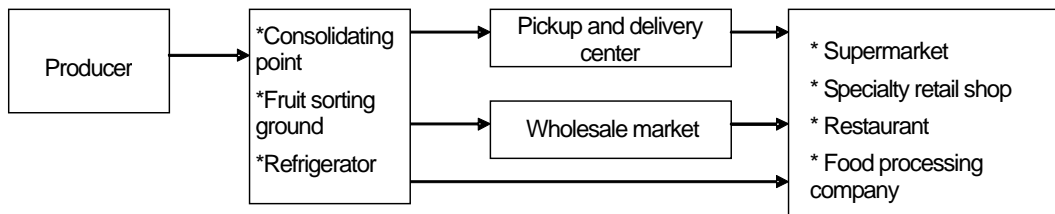


Fig. 3.2 Marketing business of agricultural cooperative

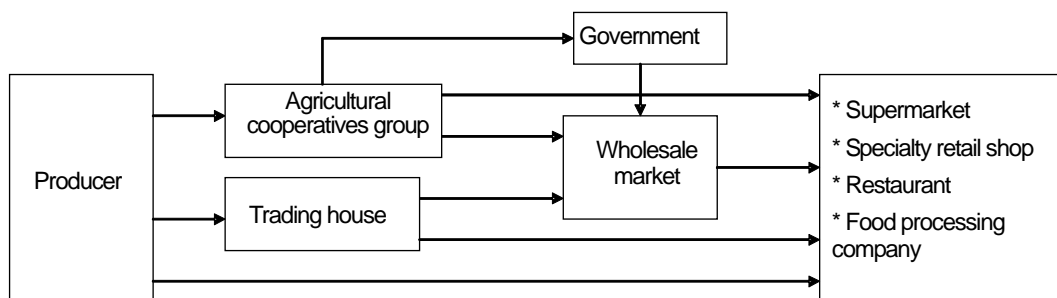


(2) Rice

In the marketing stage of rice, agricultural cooperative members will ship unhulled rice. The rice is then dried in a large silo and stored in a low temperature. Every time rice is sold, rice is cleaned and packaged and shipped. Blending of types of rice and package sizes are changed in response to the request of the consignees (buyers). Rice is harvested once a year (in autumn). Rice marketing is based on annual average sales system, with rice stored under low temperature, and joint calculation (pool account) system.

Fig. 3.3 indicates the distribution channels of rice.

Fig. 3.3 Distribution of rice



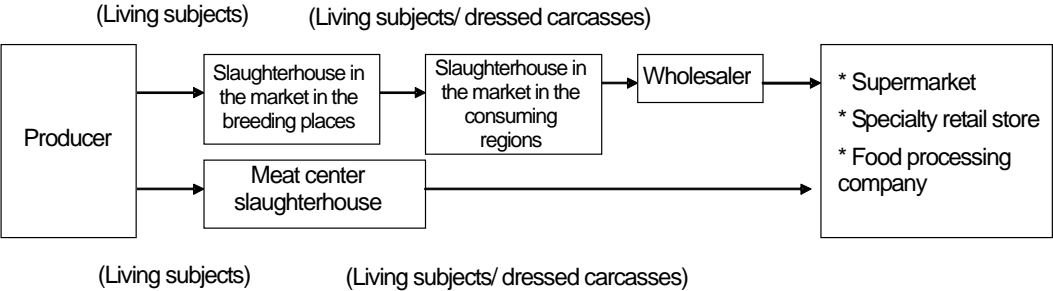
(3) Beef meat

At the marketing stage of beef meat, slaughter of cattle is carried out at slaughterhouse operated by local administrations such as municipalities, and meat centers financed by agricultural cooperatives.

A carcass is then processed into dressed carcasses and subprimals. Inspection is conducted by veterinarians appointed by the prefectural authority. The same process applies to pork and broiler chicken. Dressed carcasses are sold by auction at a wholesale marketplace, and subprimals are sold to supermarkets, coops restaurants and food processing companies.

Fig. 3.4 indicates the distribution channel of beef meat.

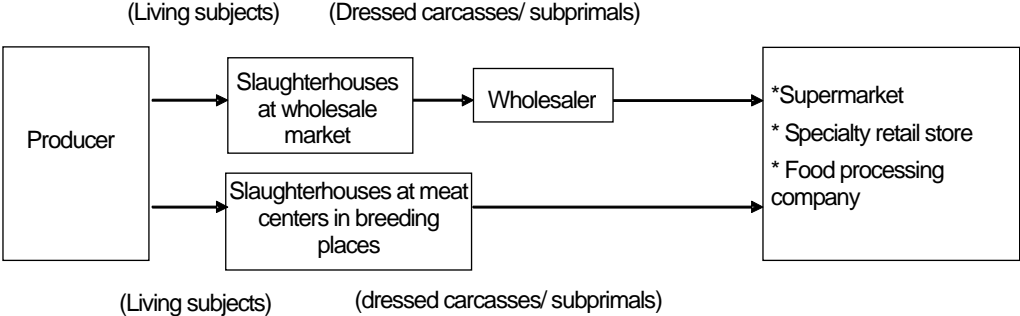
Fig. 3.4 Distribution of beef meat



(4) Pork meat

At the marketing stage of pork meat, processing of pig is carried out at meat centers in the breeding places from processing into dressed carcasses, subprimals, all the way to packaged meat for the retail. Then the meat is sold to supermarkets, coops, restaurants and food processing companies. Account is balanced for the members of agricultural cooperatives with the attachment of specifications per one individual such as dressed carcasses, organs, skins, etc.

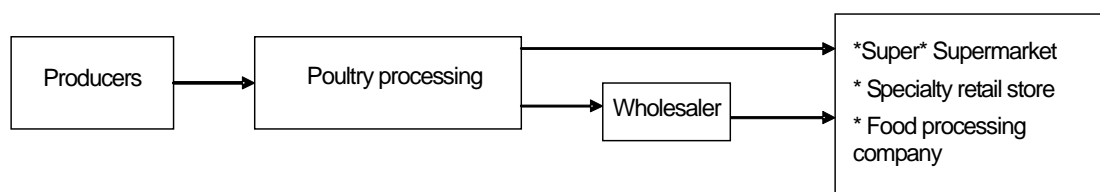
Fig. 3.5 Distribution of pork meat



(5) Broiler chicken

As for the marketing stage of broiler chicken, live chickens are processed into whole chicken carcasses and parts, and packed into retail units at processing centers in the breeding places. Marketing facilities are also installed in consuming regions, where chicken meat is kept in refrigeration, and distributed to buyers. Chicken meat is also sold to supermarket, coops, specialty retailers and food processing companies.

Fig. 3.6 Distribution of broiler chicken



3.3.7 Supermarket of agricultural cooperatives, and farm stands

(1) Agricultural cooperatives manage supermarkets for their members and residents in their regions. Small-size stores are directly managed by agricultural cooperatives and large-size stores are managed by regional chapters. Buying-in of commodities are carried out not only independently by each store, but also by National Federation of Agricultural Cooperative Associations, which purchases commodities directly from food processing companies and distribute them to agricultural cooperative stores all over Japan. Store management guidance and training of staff are conducted by prefectural chapters and National Federation of Agricultural Cooperative Associations. The single name of “A-CO-OP” is adopted for all supermarkets of agricultural cooperatives across Japan, with identical trade sign and staff uniform. There are 1,182 agricultural supermarket stores all over Japan as of 2002.

(2) In addition to management of supermarkets, agricultural cooperatives set up small scale farm stands, where vegetables, fruits, livestock products, flowers and ornamental plants, and foodstuffs are sold to the local residents. Agricultural cooperatives provide places for farm stands and assume responsibilities of secretariat, but, operation of farm stands are carried out voluntarily by the members. These farm stands are mainly operated by women and proceeds from the sale are deposited in these women’s personal accounts of agricultural cooperatives. This system is accepted quite favorably because it provides women with a mean to earn income.

Chapter 4 New Initiatives concerning Marketing and distribution of agricultural products

4.1 Promotion of export of agricultural production goods

4.1.1 Increase in the needs for Japanese agricultural production goods in overseas

In recent years, Japanese dishes as well as Japanese cooking ingredients and agricultural production goods have been gaining popularity overseas against the backdrop of increasing interest in the Japanese food culture and diet, which may be contributing to the number one position in longevity of the Japanese people in the world. In addition, in East Asia, where rapid economic development has been ongoing, the market size of high-income segment of the population has been increasing. High quality Japanese agricultural production goods are gaining popularity in local department stores and supermarkets and so forth in those countries as quality products and gift items.

Challenges that need to be addressed in order to expand overseas export volume of Japanese agricultural produce include: shortage of information concerning overseas market, needs of consumers, distribution channels of export destination countries, etc.

Expansion of export of agricultural produce has various effects as a pillar of “offensive agricultural policy” of Japan. So, with the establishment of “National council on the promotion of export of agricultural, forestry and fishery products” in April 2005, the Japanese government has been strongly pressing forward with initiatives for the promotion of export of those products with private and public sectors working as one body. The government is providing comprehensive support in order to create environment which makes it easy for the private sector to put effort in export, for example, by holding exhibitions (trade fairs) / business confabs, appeals for eliminating tariff duties and lifting export prohibition on some items because of reasons of quarantine, etc. In the future, it will be important to reinforce cooperative system between the administrations and concerned industries, etc. based on creativity and ingenuity and effort of the private sector, including initiatives by the regions of production for the increase of export.

4.1.2 Strategic efforts to promote export with private and public sectors working as one

Japanese agricultural produce has been attraction much attention from overseas in recent years and their needs in overseas market are increasing. Export values are also increasing in items such as apples, soy sauce, green tea, Chinese yams, etc. Under these circumstances, the government decided in March 2005 to press forward with initiatives that aim at doubling the export value of Japanese agricultural produce by 2009.

In order to increase export of Japanese agricultural produce in the future, the main challenges to be addressed include: thorough preliminary market research and the establishment of distribution channels, preparation of regions of production in Japan for the export of the produce, establishment of regional brands and their protection, etc. In addition, it is important to seek rectification of impediments to the export in the destination countries of export through the government negotiations.

Currently, strategic projects are being pressed forward strongly with private and public sectors working as one under the initiatives of “National Council on the promotion of export of agricultural, forestry and fishery products” (established in April 2005), which comprise concerned parties from broad spectrums including business organizations involved in export, prefectural governments, government ministries and agencies. These initiatives includes: hosting trade exhibitions and trade confabs, creation of logo marks to disseminate Japanese brands to the world.

4.2 Development of Home-meal replacements

“Home-meal replacements” are categorized as a type of meal somewhat between “homemade meals” that are cooked and eaten at home, and away-from-home meals cooked and eaten outside of homes such as restaurants. Examples of home-meal replacements include packed lunch boxes sold at convenience stores, etc. and everyday dishes packed and sold at supermarkets. In other words, home-meal replacements are cooked outside of homes and eaten at home, schools or workplaces.

In recent years, the year-on-year market size of this “home-meal replacements” industry has been

growing as a result of the increase in the number of nuclear family, advancement of women in the society, trends for simplification and convenience in cooking at home, increase in the number of households of senior citizens. Affordability of abundant dishes and availability of wide variety of cuisines and everyday dishes as a fruit of economic growth, etc in Japan have also contributed to the growing market size of home-meal replacements. The total sales of home-meal replacements industry reached 6.1 trillion yen in 2003, which represented a quarter of the total sale of away-from-home meals industry.

Table 4.2 The trends and comparison of market size of home-meal replacements and away-from-home meals industries (Unit: one billion yen)

	1999	2000	2001	2002	2003
Market size of home-meal replacements	5,842	5,934	6,061	6,011	6,141
Market size of away-from-home meals	27,388	26,993	25,863	25,469	25,027

Food Service Industry Research Center

Prompted by further advancement of the aged society and anticipated increase in the trend toward more abundant dishes, home-meal replacements market is expected to play even more significant roles in the future. Therefore, reinforcement of distribution sector is considered an important task in order to address such diverse intentions and preferences of consumers.

4.3 Regarding local production for local consumption

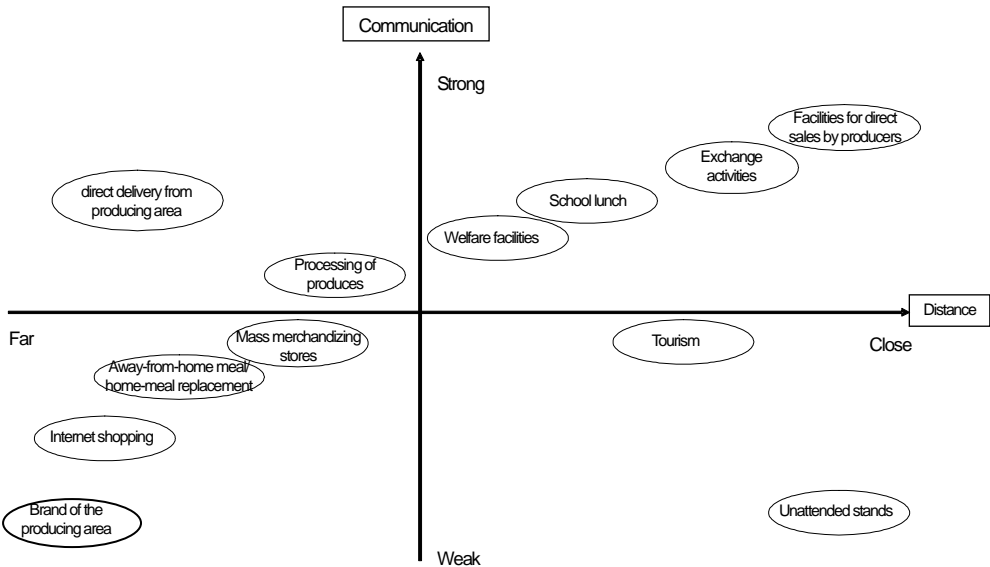
As the diet of Japanese people changed drastically since the period of high economic growth ratio in Japan, the distance has increased between meals (eating) and agriculture. Under such conditions, there has been increasing interest all over Japan in the movement of so-called “local production for local consumption”, which aims to create face to face connection between consumers and producers by consuming produces that were produced in the local area.

The movement of “local production for local consumption” can create various effects such as creating relationship of people in which they “can see each others and talk with each other”, increased consumption of locally produced agricultural commodities, vitalization of regional agriculture and so forth.

“Local production for local consumption” movement has been evolving in various forms, for examples, direct sales by producers at farm stands, processing facilities of agricultural produces, and school lunch using locally produced agricultural produces, as well as use by restaurants. Although intention to increase the use of locally produced agricultural commodities is strong, there are challenges to be addressed, including securing enough locally produced agricultural commodities for

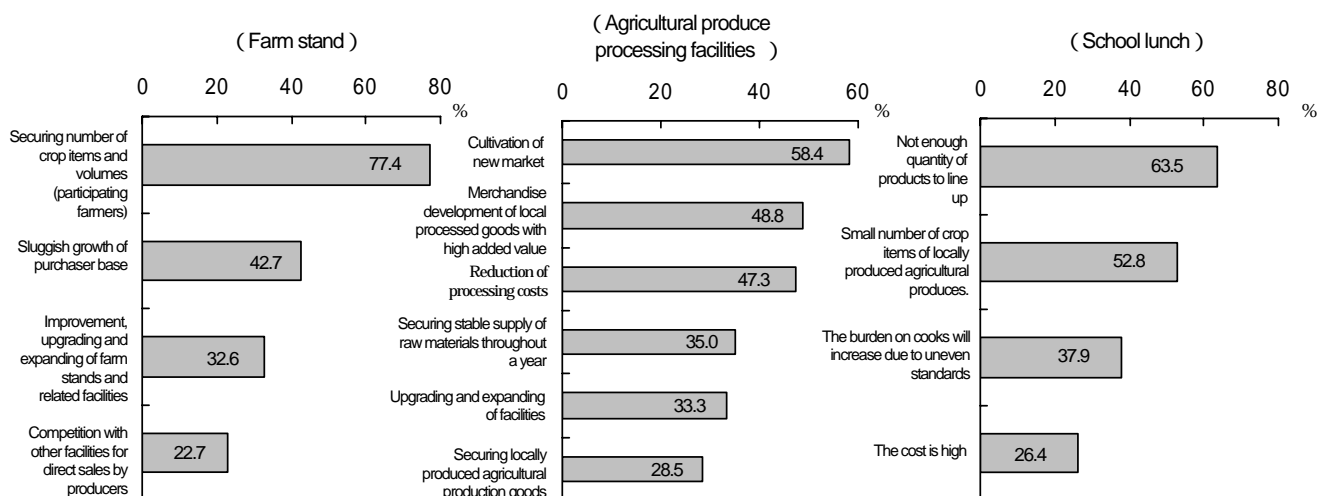
direct sales by producers and for used for processing, etc. and development of distribution channels. In order to promote “local production for local consumption”, it is essential that municipalities, etc. formulate programs for the promotion of “local production for local consumption” movement, support improvement in the environment such as improvement of facilities for direct sales by producers, collect / provide cases of good practice, facilitate forum for information exchanges, build human capacity and so forth. Through these projects, it is important to connect production, which is directly responsive to the needs of consumers, and consumption, and ultimately aim at contributing to the increase in food self-sufficiency ratio.

Fig. 4.1 Categories of “local production for local consumption” (Conceptual diagram)



Source: “FY2005: Trend of Food/ Agriculture/ Agricultural Community” , “FY2006: Summary of Food/ Agriculture/ Summary Agricultural Community Policies”, Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF),

Fig. 4.2 Challenges to be addressed in order to sell (use) locally produced agricultural production goods



Source: "FY2004: Survey of actual state of the movement of local production for local consumption of agricultural produces", etc."

4.4 One-village, One-product movement

The concept of one-village, one-product movement is to identify specialty products that local residents can be proud of, and to make it a commodity that not only Japanese people but also people in foreign countries would be willing to buy. This movement was originally advocated by the then governor Morihiro Hiramatsu of Oita prefecture in 1979 as a regional vitalization project. This movement attracted much public attention as an attempt to vitalize the local region by the creativity of the local residents themselves by making the best of their local region. As a result, the movement spread to other prefectures.

Moreover, one-village, one-product movement also attracted attention of the world such as Southeast Asia and African countries. Particularly, it is highly evaluated as a method for developing countries to achieve economic development with self-help effort.

One-village, one-product movement has three principles. The first principle is both local and global. It means to create a product that has local fragrance and culture, with national or even world-class quality. The second principle is independence and original idea. The regional residents decide which product they choose and cultivate for one-village, one-product campaign. One village can also have three products, and conversely, two villages together can have one product. The third principle is human resource development. The meaning of product in one-village, one product movement is not only commodities, but also character or personal quality.

The objective of this movement is to develop human resource who are proud of their local region through practical activities, and "nurture individuals who think globally, and act locally".

In order to promote "international version of one-village, one-product movement", one-village, one-product campaign is staged in Japan. As part of one-village, one-product campaign, exhibition and sales fair are held in local facilities and airports, etc. by gathering specialty goods of developing

countries. Furthermore, various support movements have been started, such as providing developing countries with guidance on improvement of products by dispatching specialists, inviting people who are involved in one-village, one-product movement from developing countries to provide them with training, etc.



One-village, one-product market in Haneda Airport

[photographer: Wataru Mukai]

The logo mark of one-village, one product campaign symbolizes that a product of a small village in the world gradually becomes bigger and bigger just like a ripple starts a whirl that becomes bigger by the support and perseverance of various people. Products cultivated as a result of one village, one product movement have been introduced to Japan by crossing the ocean.



Logo mark of one-village, one-product campaign

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