

## Japan's agriculture and AAI

### Part 5: Report from Hamamatsu – Agriculture as business and marketing

In the previous parts of this series, we introduced organic farmers in Satomi, Ibaraki Prefecture and Ushimado, Okayama Prefecture, as well as non-profit organizations (NPOs) in Kanra, Gunma Prefecture. In this part, we would like to introduce some examples of agricultural business, focusing on production and sales of agricultural produce by corporate and NPO organizations. These examples are based on the activities of people whom we happen to know, and are not really representative examples of today's agricultural business in Japan. However, we believe they are typical examples of different types of agriculture in Japan.

This time, we visited two farmers in Hamamatsu. One is Mr. S, who recently started an agricultural business, running open-field broccoli farms using abandoned farming plots. Another farmer is Mr. K who was born into a melon farming family, and was in the process of starting up an NPO with colleagues. At first glance, the two men look totally different, but there is one thing in common. Both of them strongly recognize the importance of a business sense in future agriculture. They are conscious of agriculture product marketing and are aiming for profitable agriculture businesses. (See page 4 for their business situations.)

Mr. S used to work for a catalogue sales company. As he comes from a marketing background, he is highly knowledgeable about marketing mechanisms and has been in the agricultural business focusing on sales. In a way, he could compensate for his insufficient experience in cultivation techniques by applying his marketing capacity. However, it is difficult to expect this kind of marketing capacity from ordinary farmers. Recently, some farmers have started bringing their produce to Mr. S, asking him to sell it together with his products. The trend for forming farmer groups and joint marketing would probably become increasingly necessary for achieving profitable agriculture.

Mr. K, the melon farmer, on the other hand, is establishing an NPO with his friends and colleagues after much discussion on the future of Japanese agriculture. Their plan is to create an agricultural business body through the NPO. Although people recognize the importance of having good business sense, some farmers are better at producing vegetables than selling them. Through the creation of the business organization, people can specialize in what they are good at, and collectively realize profitable agricultural business. In addition, Mr. K participates actively in the "Agricultural Business Human Resource Development Program" that was jointly launched by the local university, the industry section of the prefectural government and business corporations, contributing to human resource development for agricultural business promotion.

Promotion of organization of farmers and joint marketing was originally the role of agricultural cooperatives. However, the reality is that many farmers, who are selling their products through agricultural cooperatives (JA), are having difficulty breaking even due to the suboptimal prices they can obtain. Some would even want to stop sales to cooperatives (JA), yet it is difficult to find an alternative market. What is needed is an entity between the producers and sellers, which facilitates sales of produce, playing "agricultural cooperative"-like roles. Such an entity will support producers and help the farmers do what they cannot do by themselves.

Incidentally, what can the AAI do to help between the producers and sellers? As reported in the previous parts of this series, AAI could provide support to producers using its experiences gained from vegetable cultivation technique courses and other activities. On the sales side, AAI does not really have much experience, but it has a wealth of information and good connections with people, which have been developed through past training activities. Using these strengths, AAI may be able to contribute to the aforementioned human resource development program in some ways. Objectives of the program are; to improve productivity and food self-sufficiency rates; secure international competitiveness; utilize abandoned farming plots; and revitalize the activities of local agriculture industry. These objectives are compatible with the AAI's objectives. We will continue to explore possible ways for collaboration, keeping an eye on the future development of this program.

#### Summary of the Human Resource Development Program

##### **Changing environment for agriculture**

Improvement in productivity; Improvement in food self sufficiency rate; Securing competitiveness in international market; Utilization of abandoned farming plots; Conservation of agricultural lands through revitalization of local agricultural industry.



##### **Necessities for production by agricultural business corporations**

Management of profits and losses; Human resource management; Management areas; Planned production; Strengthen marketing capacity of existing farmers



##### **Development of human resource development program to nurture future agri-business men**

Learning production techniques; Securing production sites; Securing markets.



##### **Nurturing human resources for reform**