

# **Ja-Zenchu: Japan Central Union of Agricultural Co-operatives**

## **Sowing the Seeds of the Future: Japan's Agricultural Co-operatives**

Japan consists of four major islands - Hokkaido, Honshu, Shikoku and Kyushu - and a number of island chains. The archipelago, lying off the eastern coast of the Asian continent, stretches in an arc 3,800 kilometres long and covers an area of about 370,000 square kilometres. The climate is generally mild and the four seasons are clearly distinct. Rainfall is abundant, ranging from 1,000 to 2,500 millimetres a year. The country is mountainous and arable land very limited; only about 13 per cent of Japan is cultivated, and paddy fields occupy 54.2 per cent of this area. Total cultivated land in 1993 was 5,124,000 hectares, making the average Japanese farm only 1.4 hectares in size. Agriculture in Japan is supported by some 3.8 million farming households, representing 8.9 per cent of total Japanese households. The farming population is approximately 10.4 million, making up 10.6 per cent of the total population. The number of farming households, as well as that of the rural population in general, has been steadily declining.

Taking advantage of the country's generally mild climate, Japanese farmers produce a diverse range of agricultural products, along with the staple product, rice. While Japan maintains a national policy that makes self-sufficiency in rice mandatory, beginning in 1995 the country began to accept a set ratio of imported rice. Japanese consumers have traditionally demanded fresh produce and 98 per cent of all egg products, 90 per cent of all vegetables, 77 per cent of milk, 74 per cent of pork, and 60 per cent of all fruit sold in Japan are grown domestically. In 1985, 72 per cent of all beef sold in Japan was raised domestically, but in March 1991 the import quota system was abolished, and by 1993 this ratio had decreased to 52 per cent. In contrast, only 12 per cent of wheat consumption and 2 per cent of livestock feed are produced domestically, leading to a heavy reliance on imports for these products.

## The origins of Japanese co-operatives

The origin of co-operatives in Japan can be traced back to credit unions established by farmer-activists before the Meiji Era which began in 1868. These credit unions embodied the spirit of mutual aid at a time when there were no formal co-operative organisations. Then in 1868 Japan underwent a great transformation, after 300 years of isolationist policy opening its doors to join the worldwide family of nations. At the same time it embarked on a course of modernisation and industrialisation, which necessarily led to a situation where traditional small producers were forced to compete with newer, much larger enterprises, creating an urgent demand for co-operative organisations that would bring economies of scale to small farmers. Japan's first modern co-operatives were 'sales unions' (we would now call them marketing co-ops) established to facilitate community trade. Between the late 1870s and the late 1890s, silk and tea producers established co-operatives in Gunma and Shizuoka Prefectures. Seeing the need for a formal mechanism to promote co-operative development, in 1900 the government enacted the Co-operative Society Law. Through the individual efforts of Yajiro Shinagawa, Tosuke Hirata and many others, this law authorised the formation of several types of primary co-operatives (in Japanese - Sangyo Kumiai): credit, marketing, purchasing, and utilisation. Leaders of these single-purpose co-operatives soon realised that purchasing and other activities required strong financial backing. As a result, in 1906 the government amended the law to allow credit co-operatives to undertake other business activities. Japan's present day multipurpose co-operatives grew from this development. In 1910, the Co-operative Society Law established the Central Union of Co-operatives (Sangyo Kumiai Chuokai), which launched an energetic campaign to promote the co-operative movement on a national scale.

After the First World War ended, the Japanese economy entered a severe depression. Farmers were hit by a drastic fall in agricultural commodity prices, and the resulting financial crisis also affected co-operatives to a great extent. Then, in 1925, co-operative leaders initiated a campaign to revitalise the movement, calling on all farming households to become

members. By that time, co-operative members had seen the need to form a new business federation and in 1923 established a National Supply Federation of Co-operatives and a Central Bank for Co-operatives. Various other national federations were established during this period. In 1930, Japan again faced an agricultural depression, and to overcome this crisis co-operatives campaigned, with government support, to establish a co-operative in every town and village in Japan. Such efforts made possible a quick recovery and rapid progress. Although some private merchants campaigned against co-operatives, the strength of the co-operative movement assured its ultimate success. Co-operatives continued to refine their organisation and activities, and many of today's agricultural co-operative organisations originated during this era. The *Ie-No-Hikari* magazine was first published in 1924 for the purpose of educating co-operative members, and in 1933, a National Council of Agricultural Co-operative Youth Associations was founded. Around this time, co-operatives also began to become involved in providing local medical treatment.

Japan had become a member of the ICA in 1923, but had to withdraw before the Second World War. With the beginning of the War, the government reorganised co-operatives and agricultural associations (Nokai, which engaged in extension services), into agricultural societies (Nogyokai) to secure a war-controlled economy.

### **Post war agricultural co-operatives (1945-1960s)**

Land reform carried out with the help of the Occupation Forces between 1947 and 1949 completely abolished the tenant farmer system and gave almost all farmers status as independent farm owners. The Agricultural Co-operative Society Law, enacted in 1947, established agricultural co-operatives (Nokyo) as economic organisations to replace Nogyokai and guaranteed farmers' independence. Consequently, from 1948 to 1949, an increasing number of agricultural co-operatives were established throughout Japan. During this same period, a number of related federations were founded as the Agricultural Co-operative Society Law greatly expanded the activity base of co-operatives. Mutual insurance activities were first established by co-operatives during

this time. However, many of these agricultural co-operatives soon encountered serious financial difficulties because of ongoing changes in the post war economy and the government's deflationary policy. A lack of managerial experience compounded the problem. The government subsequently passed laws to help primary agricultural co-operatives and federations overcome their difficulties, and they drafted plans to revitalise their movement. In 1954 the Agricultural Co-operative Society Law was revised and an apex organisation, the Central Union of Agricultural Co-operatives (JA-ZENCHU) was established to guide and coordinate Japan's agricultural co-operative movement at the national level. Similarly, the Prefectural Central Union of Agricultural Co-operatives was established to carry out the same tasks at the prefectural level. Beginning in 1960, Japanese industries, especially the heavy chemical industry, entered into a period of explosive growth, bolstered by the government's economic policies. However, this led to a serious outflow of rural labour and greatly increased the number of part-time farmers, resulting in decreased production and productivity. The Fundamentals of Agriculture Act was enacted in 1961 to mitigate the situation by bringing farm incomes more in line with those of other industries, selectively expanding production, fostering self-sufficient farming practices, and enhancing agricultural management. Agricultural co-operatives responded by establishing co-operative farming complexes in order to concentrate the functions of co-operatives. Additionally, the Agri-related Association System was introduced to promote co-operative management of agricultural production.

In 1961, the Agricultural Co-operatives Amalgamation Assistance Law was enacted, and by 1965 the number of primary multipurpose agricultural co-operatives decreased by one third. This reduction made it possible to solidify the business and management base, improve facilities, and enter into new fields of activity. Moreover, with an increase in associate membership (non-farmers), agricultural co-operative activities became even more widespread. Agricultural co-operatives began to direct more energy toward international participation, and in 1963 established the Institute for the Development of Agricultural Co-operation in Asia (IDACA). The IDACA was established to train co-operative leaders from developing countries, including those

in Asia. Since then, the IDACA has accepted more than a hundred trainees annually. While agricultural co-operatives have always provided guidance on farm management, during the last decade of this period they aggressively expanded beyond their traditional activities. The involvement of agricultural co-operatives in medical treatment and health care, systematic livelihood improvement, and education and culture expanded significantly during the 1960s. During this time retailing operations were instituted in order to provide daily necessities to rural areas, and supermarkets were opened one after the other. The National Tourism Association of Agricultural Co-operatives was established (1967), and the Central Co-operative College was founded to train officials and employees of agricultural co-operatives (1969).

After the oil price shocks of 1973, the Japanese economy slid quickly into a period of low-growth. Conditions surrounding agriculture changed qualitatively. While a sufficient level of caloric value had been achieved in terms of food supply, a structural surplus of rice, oranges, milk and eggs was causing stagnation in the price of agricultural products. Despite the setbacks caused by the two oil shocks, Japan found such success at exporting manufactured goods that economic friction with various countries increased. Some countries began to strengthen their trade offensives to increase the export of agricultural products to Japan. The size of the agricultural population continued to decrease, and farmers continued to grow older. In addition, less land was cultivated and some was abandoned. At the same time, agricultural co-operatives also faced difficulties in dealing with changing business conditions. Marketing and purchasing were sluggish due to stagnating agricultural production. The deregulation of Japan's financial markets led to a slackening in credit activities, such as savings and loans, which had provided agricultural co-operatives with operating income. Mutual insurance activity also slowed.

From the 1970s onwards, agricultural co-operatives have struggled to deal with these challenges by restructuring their organisation and management in order to revitalise agriculture.

## **The future of agricultural co-operatives**

Although Japan has developed into one of the world's most

dynamic economic powers, Ja-Zenchu (JA), as the representative of Japanese agriculture, is aggressively pursuing reorganisation to cope with the rapidly changing international and domestic economic environments. At the same time, it is promoting activities to further develop Japanese agriculture, increase farming productivity and provide a higher standard of living for its members. JA's commitment is to meet the diversifying needs of its members by strengthening its ties to rural communities, expanding activities to reflect the changing face of its constituency and promoting increased community development in rural areas. Some of JA's new activities include the following:

- **Residential Development and Asset Management** Due to increasing urbanisation, the weakening agricultural economy, the ageing of the farm labour force and the difficulty of finding successors to take over family farms, many farmers are finding it impossible to continue in agriculture. In order to help these farmers, JA is accepting assignment of farmland and assisting farmers to convert their land to residential use.

- **Comprehensive Life and Home Centres** A-COOP stores provide an important source of the goods and services demanded by JA members. The establishment of Comprehensive Life and Home Centres brings needed services, including lifestyle-related consultation services, to rural communities.

- **Public Relations** To increase consumption of domestic agricultural products (primarily rice), JA undertakes publicity campaigns in advertising media including TV and newspapers. To further promote rice consumption, four 'Rice Galleries' have been opened throughout Japan since 1991 and are being actively promoted to urban consumers.

- **Welfare for the Elderly** JA is closely involved in social welfare activities. Since revision of the Agricultural Co-operative Society Law in 1992 enabled it to provide welfare services to the elderly, JA has undertaken a larger role in this area, notably expanding its programme to train home helpers and provide visiting home health services.

- **Organic Agriculture and Consumer Relations** To meet consumer need for fresh and wholesome food, JA initiated direct sales of agricultural products and the production of organic agricultural products.

Its intention is to increase productivity to cope with intensified competition and financial and market deregulation. For this purpose, JA set a goal of reducing the number of primary units (multipurpose agricultural co-operatives) to approximately 570 by the year 2000 through amalgamation. At present, JAs are organised on a three-tier basis encompassing national, prefectural, and city, town and village levels. This system will be reorganised and the three levels will be combined into two. Recently, the simple acronym 'JA', for Japan Agricultural Co-operatives, was adopted to popularise the organisation among Japanese from every walk of life.

In 1992, the Ministry of Agriculture, Forestry, and Fisheries embarked on a new agricultural policy that focused on fostering large-scale farming. With this, Japanese agriculture entered a new age. JA responded by ratifying a new resolution 'Challenge and Reform Toward the 21st Century' that expressed its determination to begin a reformation of the Japanese agricultural industry, while reaffirming its commitment to the revitalisation of rural communities. JA is committed to continuing its efforts to protect Japanese agriculture and bring new life to rural communities.

### **The structure of agricultural co-operatives**

JA membership is approximately 8,820,000 (as of March 1994), and includes almost all farmers in Japan. A typical co-operative (3,036 members, on average) consists of farmers as regular members and non-farmers as associate members. The terms of membership are stipulated in the articles of association for respective co-operatives, but they generally require farmers to operate farmland of 10 acres or larger and be engaged in farming 90 days or more a year. Agri-related Associations that manage farming operations can also obtain co-operative membership. Citizens residing in the vicinity of respective JA can become an associate member of that JA. Associate members benefit from JA

services, but cannot vote in general meetings or become board members. Use of any JA's services by non-members is limited by law to less than one fifth that of the members. Regular members account for 70 per cent to 80 per cent of total membership in farming regions, but there are co-operatives in urban areas where the ratio of regular members is less than 50 per cent. Investment in multipurpose co-operatives averages ¥140,000 per member. Average investment per co-operative is 427,917 thousand, and total investment is ¥1,243.1 billion.

JA encompasses both multipurpose and single-purpose co-operatives, the difference being determined by the type of farming conducted and services provided. Farmers organise an agricultural co-operative and use its services as well as operate the co-operative. In terms of total membership, multipurpose agricultural co-operatives predominate in Japan. They offer guidance on farming and lifestyle matters, market agricultural products, supply production materials and daily necessities, loan and invest funds, provide insurance against emergencies, and establish facilities for joint use. Multipurpose agricultural co-operatives cover all the cities, towns and villages throughout Japan. At present, there are 2,905 (as of July 1995), but reorganisation is expected to reduce this number to 570 agricultural co-operatives by the year 2000. Single-purpose agricultural co-operatives are organised by farmers who are active in specific areas of production such as dairy farming, raising livestock, sericulture, and other specialised farming. They focus on marketing member farmers' products, supplying production materials, and guidance. Only a few single-purpose agricultural co-operatives manage credit services. There are 3,829 single-purpose agricultural co-operatives throughout Japan (as of March 1994).

Agricultural co-operatives are administered through the prefectural federations of Agricultural Co-operative Associations and the Prefectural Unions of Agricultural Co-operatives. There are several prefectural federations and a single prefectural union in each prefecture. The prefectural federations bring economies of scale to individual co-operatives and serve to coordinate the activities of the co-operatives within their jurisdictions. The prefectural federations provide financial, insurance, marketing and purchasing and welfare services to their member

co-operatives. Prefectural unions coordinate the activities of member prefectural federations and member co-operatives. They provide leadership on issues concerning organisation, services, operations, management, education and research, as well as make recommendations to government agencies. In their role as leaders of JA operations at the prefectural level, prefectural unions are legally bound to oversee and administer the overall activities of affiliated JAs. The prefectural unions are funded through levies imposed on their members.

National federations administer prefectural federations individually and collectively, and through them the agricultural co-operatives that form their membership. The major national organisations of JA are as follows:

- **The Central Union of Agricultural Co-operatives (JA-ZENCHU)** is the apex organisation of JA Group. Its primary objective is to establish management policies for JA and JA federations throughout Japan, disseminate and support JA Group policies and initiatives and maintain the sound development of the co-operative system. JA-ZENCHU conducts many of the same activities as the prefectural unions while, at the same time, providing them with leadership and guidance. It also assists in training JA members, officials and employees. It is represented in international organisations such as the International Co-operative Alliance (ICA) and participates in international co-operative programmes and activities. Prefectural unions and national federations make up JA-ZENCHU's membership. JA-ZENCHU plays a very important role in representing a united JA Group, in furthering JA's goals in Japan and around the world, and in providing leadership in how best to achieve these goals. Its basic policies are decided at the JA national congress, held once every three years.

- **National Federation of Agricultural Co-operative Associations (JA-ZEN-NOH)** Its primary function is to market products produced by JA members to consumers and to provide members with the purchasing and materials necessary for business. In order to maintain stable production levels, JA-ZEN-NOH also carries out nationwide production planning. It provides members with production materials and supplies

(livestock feed, fertilisers, agrochemicals, farming machinery and packaging materials) as well as daily necessities (household goods, gas and oil) purchased in quantity at low prices. Its membership consists of the Prefectural Economic Federations (JA-KEIZAIKEN).

- **National Mutual Insurance Federation of Agricultural Co-operatives (JA-ZENKYOREN)** This federation brings stability to the lives of JA members by providing insurance against sickness and disaster. It offers a full range of insurance services including life insurance and insurance for buildings and automobiles, with high coverage guarantees at low premiums. Besides controlling risk, JA-ZENKYOREN develops overall systems and investment, and lends support to JA and the Prefectural Mutual Insurance Federations.

- **Central Co-operative Bank for Agriculture, Forestry and Fisheries (NORINCHUKIN BANK)** This is a specialised bank for the agriculture, forestry and fisheries industries. Its major investors are JA, fisheries co-operative associations and forestry associations and federations such as the Prefectural Credit Federations of Agricultural Co-operatives. Backed by substantial assets, Norinchukin Bank also extends funds to related industries and local environmental development projects. Norinchukin Bank offers a wide range of services to JA members including savings programmes, foreign exchange services, securities transaction services, international services and the issue of its bank debentures.

- **National Welfare Federation of Agricultural Co-operatives (JA-ZENKOHREN)** This federation and its members, the Prefectural Welfare Federations, oversee health and medical services for JA. Although its medical facilities are available to non-members at no extra charge, JA-ZENKOHREN, in co-operation with JA, conducts its health service, such as group health examinations, to meet the needs of rural communities and JA members. It also provides health-care services and supplies, including medicine, through the Prefectural Welfare Federations.

- **National Press & Information Federation of Agricultural Co-operatives (JA-SHINBUNREN)** This federation publishes the daily *Nihon Nogyo Shimbun* (The Japan Agricultural News), with a circulation of 500,000, and is a member of the Japan Newspaper Publishers and Editors Association. *Nihon Nogyo Shimbun* contains timely articles on a range of topics including political, economic and social trends, written from a viewpoint that takes into account the interests of JA members. It also provides information essential for farmers such as new farming technologies, market conditions, and consumer trends. Additionally, JA-SHINBUNREN also publishes a magazine targeted at consumers, holds seminars to deepen consumer understanding of agriculture, and conducts educational activities such as overseas training seminars.

- **IE-NO-HIKARI** is a best-selling monthly magazine filled with light reading on politics, sports, entertainment, agriculture and JA issues, as well as practical articles on farming and lifestyles. Its circulation is 1.1 million. In addition, the IE-NO-HIKARI Association also publishes a second general-interest monthly magazine *Chijoh*, and *Chagurin*, a monthly magazine for children.

- **NOKYO KANKO** serves as a travel agent for JA members, co-operative officials and employees. It plans group tours (domestic and overseas) and arranges railway and airline tickets for individual tourists. Travel corners have already been established at some JA offices. Nokyo Kanko also sets up mutual exchange programmes through tie-ins with foreign travel agencies.

- **UNICOOPJAPAN** is a trading company established in 1961 through which JA, fishermen's co-operative associations, and forestry associations export products on their own initiative and import necessary raw materials and production materials. It operates seven overseas branches and representative offices (including one in Beijing), and subsidiaries in four countries. UNICOOPJAPAN trades in grains and livestock feed; livestock products; vegetables and fruit; agricultural and marine processed products; agricultural materials, machinery, and facilities; LP gas and fuel oil; chemical fertilisers; agrochemicals; and consumer goods.

- **The Institute for the Development of Agricultural Co-operation in Asia (IDACA)** was established in 1963 to carry out research activities and conduct training seminars for co-operative representatives in developing regions. Every year approximately 100 leaders from co-operatives outside Japan, mainly in Asia, are invited to Japan to learn about Japanese agricultural methods and JA.

- **JA youth and women's associations** can be found within every JA. The JA Youth Association provides young farmers with opportunities to participate in educational activities covering farm operations and management, consumer trends, agricultural issues, and JA policies, as well as exchange programmes among JAs, and cultural and sports pursuits. About 108 thousand young people participate in 1,339 (as of April 1995) youth associations throughout Japan. The JA youth associations are administered by councils at both the prefectural and national levels. JA women's associations count on a membership of approximately 1.81 million women in 2,274 (as of April 1995) women's associations around the country. Members include women who are not only responsible for taking care of household budgets but are also active in farm operations. They join agricultural co-operative women's associations to improve health care, standards of living, and buying power. As with the youth associations, women's associations are also represented through councils at the prefectural and national levels.

### **The work of the agricultural co-operative sector**

Farm guidance is offered to help farmers operate their farms more efficiently. In addition to providing technical advice, agricultural co-operatives help farming groups in rural communities to establish rational agricultural management. There are currently about 19,000 co-operative farm advisors working throughout Japan who, in co-operation with administrative agencies, agricultural research stations, veterinarians and other groups, are helping farmers bring their farms into the 21st century. Guidance in overall agricultural management is available to all JA farmers. Specific guidance is offered in regional

agricultural planning, quality improvement, development of group production systems, lowering production costs through joint use of machinery and facilities and joint purchase of production materials, and regional production and marketing. In recent years, to promote more effective use of farmland, JA has taken the lead in leasing or buying members' farmland to sublease or resell to farmers looking to expand their operations. Many JAs also manage land entrusted by their members, arrange for farms to be worked on a commission basis, and secure needed manpower for member farmers.

In order to create liveable communities and enhance the standard of living of farmers and their families, JA offers comprehensive lifestyle consulting services to members, through around 3,000 better living advisors who are located around the country. Some of the services offered include health checkups for members and their families, consultation about traffic accidents, taxes, housing, pensions and asset management, and guidance in lifestyle design and home budgeting. There are activities to improve living standards including promoting self-sufficiency in agricultural products, joint purchase of fresh foods, and doing surveys on commodity prices. There are cultural activities, including festivals, athletic meets, cooking and folk song classes, and ceremonies. Environmental awareness is enhanced through such activities as recycling, cleaning, and maintaining a safe water supply. There are activities to give purpose to senior citizens, including employment opportunities, home helpers, bathing assistance, meal delivery, and visiting home health-care services.

Agricultural product prices are inherently unstable due to variations in weather conditions, consumer demand, and competition. JA's marketing focus is to increase members' profits by selling their products through joint marketing and distribution. The four basic characteristics of the JA marketing system are: unconditional consignment (farmers consign the marketing of their products to JA without any price, time and destination conditions); commission charges (JA collects commissions that cover personnel, communication and travel expenditures); pooled accounts (farmers pool products of the same quality shipped in the same period and collect a stable income based on price averaging); and full utilisation (farmers gain economies of scale

by taking advantage of JA's mass marketing and distribution system). Although the shipped volume of JA products has been increasing annually, sales volume is stagnant due to declining prices, a result of the strong yen and increased imports. This situation has been worsened by flat rice sales caused by a shift in consumer preferences towards other grains. The utilisation rate for JA's marketing system is more than 90 per cent for rice, and around 50 per cent for vegetables, beef and milk.

Product processing generally falls into two categories: processing of goods for sale to the public and processing of goods for home use. Starch, miso, soy sauce, milk, vegetables, fruit, juice, ham and sausage are all processed for sale to the public at JA plants. Additionally, many JA members use co-operative facilities to process products such as miso and pickles for home use. Although some JAs and prefectural federations have the facilities to process significant volumes of agricultural products, most JAs have comparatively small plants. These plants are used to process products that are for home use or to be marketed within the community. Oita Prefecture's 'one product, one village' offers an excellent example of an alternative use. Special local delicacies were processed and marketed to the general public promoting regional industries and revitalising small communities. With some processed products such as rice cakes, rice crackers and pickles, a common method is to consign processing to private manufacturers in the same region. This system recognises the shortage of JA personnel and processing facilities, while assisting in the development of local industries.

The purchasing service exists to supply JA members with reasonably priced, high-quality production materials and consumer goods. Members place advanced orders that are then pooled together, whereupon goods are purchased in quantity. The foundation of the system is made up of stores located at each JA. As of the end of fiscal year 1993, there were 7,221 JA stores, including 1,668 large A-COOP outlets nationwide. Utilisation of the system has been gradually declining in the face of increased competition from outside retailers and less advantageous terms from affiliated suppliers, particularly those for consumer goods, automobiles, and livestock feed.

Credit activities mainly encompass collection of savings and the extension of loans to members. To recoup the operating

expenses incurred by the need to offer services to all members, JA credit organisations engage in a variety of businesses including discounting of bill, domestic exchange transactions, liability guarantees, loans to non-members, securities transactions, foreign exchange transactions and trust management. Due to recent financial deregulation, competition with ordinary banks and other financial institutions has intensified. In the interest of fair competition, JA has been granted permission to expand its business activities including financial services. Today, JA card holders can perform transactions at almost all financial institutions using the same card, including all JA, ordinary banks and credit unions across Japan. They are also able to pay telephone and electrical bills through an automatic bank transfer system.

The purpose of offering insurance is to have a system that compensates members in times of misfortune, thereby guaranteeing their personal and financial security. Long-term insurance includes endowment and whole life insurance, building endowment insurance, agricultural machinery renewal insurance, pension insurance, and children's insurance. Short-term insurance includes fire Insurance, automobile insurance, and personal accident insurance. Premiums for these types of insurance are lower than those offered by private insurers and a portion of the premiums are rebated to members as mid- or long-term funds. At present, JA's insurance accounts for 39 per cent of total insurance on deposit by farmers. JA does not provide crop insurance that compensates for damages in agricultural products caused by natural disaster.

The purpose of joint-use facilities is to provide members with access to facilities that otherwise would be unavailable for individual use. There are many joint-use facilities, which can be classified into two types: agricultural production facilities and home/life facilities. Agricultural production facilities include rice production facilities, grain elevators, grading and packing plants, plant nurseries and agricultural warehouses. Home/life facilities include A-COOP stores, meeting rooms, home/life centres, ceremonial halls and gas stands.

Health and welfare services protect members from disease by providing medical and health facilities, thereby bringing medical treatment and preventive care within the reach of all JA

members. JA medical facilities are also open to non-members at no extra charge. Treatment is mainly conducted at JA hospitals run by prefectural welfare federations. Preventive health care services are important for maintaining good health and include periodic health check-ups, preventive examinations for geriatric diseases and health consulting services.

With encroaching urbanisation, a significant amount of farmland is being converted to residential use, often leading to inappropriate and uncontrolled development. JA is helping to prevent this by administering the conversion of members' land in a manner that protects their assets, while still permitting controlled residential development that minimises damage to the environment and nearby farms. JAs located in urban areas run co-operative farming and housing complexes and apartments at their own initiative and in a fashion that protects members' assets.

Japanese generally love to travel and JA members are no exception. Travel provides a release from the stress of work and domestic chores and improves health and mental outlook. The Nokyo Tourist Co-operation was established in 1967 to provide domestic and overseas travel services to members. Arranged group tours organised by JA youth and women's associations, business travel and cultural trips are very popular. Recently, the number of JAs travel centres which can arrange railway tickets and hotels reservations is increasing.

Education plays an important role in maintaining the viability of Japanese agriculture and extensive educational programmes are offered to members, officials and employees. Members can enrol in any number of regularly scheduled classes and also attend special educational seminars, training sessions, or international research trips. JA publications, including *Ie-No-Hikari* (The Light of the Home) and the *Nihon Nogyo Shimibun* (The Japan Agricultural News) play a large part in bringing members up-to-date on the latest trends, topics and technology. JA officials undergo continuing education to improve their leadership abilities and JA employees must constantly update their knowledge on business trends and technical innovations. To provide a location where members, executives, senior employees and newcomers can come to take classes and participate in meetings and seminars ranging from farm

management consulting to lifestyle advice, auditing and computer training. Each prefecture and all JA national organisations maintain specialised training facilities.

Public relations provides a vital connection between JA organisations, their members and the general public. Internal public relations help build solidarity among members while external public relations help educate the public and disseminate JA views and policies. Public relations directed at co-operative members consist primarily of print media, including pamphlets and leaflets, but also includes some TV utilisation, mainly through small cable channels. JA federations publish newspapers and magazines and JA-ZENCHU publishes a monthly bulletin targeted to officials and employees of JA Group. The importance of external public relations is increasing. In light of recent overseas trade conflicts, the main impetus is to educate the public on the essential role that agriculture and farming communities play in society and emphasise the importance of maintaining a safe and stable food supply. The primary vehicles for disseminating external public relations remain the mass media including newspapers, magazines, TV and radio, along with various special events such as fairs and JA festivals.

JA engages in lobbying as a means to promote specific policies. It lobbies at all levels of government to press members' interests on policies concerning land use, production, pricing, distribution, budgets, taxes, social security and the environment. Lobbying methods range from simple request submissions to major public demonstrations. On important issues, lobbying efforts are mainly spearheaded by the prefectural and national unions.

## **Democratic control and management**

Federations and central unions are governed under the Agricultural Co-operative Society Law, as follows. The annual General Meeting is the supreme decision-making body of JA. At the General Meeting, changes in the Articles of Association are resolved, the year's business plan is approved and officers elected. Resolutions are usually passed by a majority vote of the attending members. However, important resolutions on changes in the Articles of Association and resolutions regarding co-operative

mergers, for example, must be approved by at least a two-thirds vote of the attending members. Large co-operatives with many members (more than 500 regular members) may organise a representatives' meeting with decision-making authority. A quorum for the representatives' meeting is at least one fifth of the total number of regular members. Directors enact business according to policies adopted at the General Meeting. Auditors review business performance and submit this review at the General Meeting. Directors and auditors serve for not more than three years with the President being elected from among directors by director's mutual vote. Recently with the ongoing mergers among multipurpose co-operatives, the number of full-time officers is decreasing. JA employees provide the energy that keeps this vast organisation functioning and on track. Their ability to coordinate their efforts within the organisation is a key element in maintaining the smooth operation of JA. The total number of JA employees, including those of federations, is approximately 400,000. The government audits national and prefectural federations and central unions, while prefectural governments audit JAs within respective prefectures. The government may issue necessary orders to carry out the sound management of JA.

JA's principles are derived from the Agricultural Co-operative Society Law, and govern the day-to-day management of the organisation. Becoming a member of, and resigning from, JA has to be of one's own free will. Elections are determined by 'one regular member, one vote'. JA is a non-profit organisation whose mission is to protect and enhance Japanese agriculture and improve the standard of living of agricultural workers. For this reason, dividend is limited to not more than 7 per cent for multipurpose JAs and not more than 8 per cent for federations. Concerning the settlement of the surplus, in case a loss happens this surplus is allocated to cover this loss. And after funds for JA business development and those to be carried forward are deducted, surplus shall be paid to co-operative members in the proportion to which they utilise the co-operative. In order that training programmes for new members be adequately financed, not less than one twentieth of a co-operative's surplus must be carried forward to the next fiscal year.