CHANGING ECONOMIC PERFORMANCE OF JAPAN’S AGRICULTURAL COOPERATIVES

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Roadmap

• JA: System of Japanese agricultural cooperatives
• JA’s performance in agricultural input and output markets, 1960-2012
• Prospects for the future of JA
JA, System of Japanese agricultural cooperatives

- All the farmers (+non farmers)
- Three-tier structure
- Multi-function
Three-tier structure of the JA Group

Guidance activities
- National level: Central Union of Agricultural Cooperatives (Zenchu)
  - Prefectural level: Prefectural Central Union of Agricultural Cooperatives
    - Municipality level: Unit cooperatives

Economic business
- National level: National Federation of Agricultural Cooperative Associations (Zen-no)
  - Prefectural level: Prefectural Central Economic Federations of Agricultural Cooperatives
    - Municipality level: Unit cooperatives

Credit business
- National level: Norinchukin Bank
  - Prefectural level: Prefectural Credit Federations of Agricultural Cooperatives
    - Municipality level: Unit cooperatives

Mutual insurance business
- National level: National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyo-ren)
  - Prefectural level: Prefectural Mutual Insurance Federations of Agricultural Cooperatives
    - Municipality level: Unit cooperatives

Welfare activities
- National level: National Welfare Federation of Agricultural Cooperatives (Zen-ko-ren)
  - Prefectural level: Prefectural Welfare Federations of Agricultural Cooperatives
    - Municipality level: Unit cooperatives

Individual members
Profits of JA's businesses

(in 1990 trillion yen)

Note 1. Profits from JA's businesses are estimated by the author and deflated by GDP deflator.

2. Profit from joint shipments includes that from agricultural warehousing. Profit from joint purchase of inputs for farming and that from retailing of daily necessities cannot be estimated separately because of the data limitation.

Source: Agricultural Cooperative Division, Economic Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries, Statistics on Agricultural Cooperatives.
ESTIMATES OF JA’S SHARE IN THE AGRICULTURAL INPUT MARKET

\[ \text{Ratio } I - A = \frac{UCT + UCN}{I} \]

\[ \text{Ratio } I - B = \frac{UCT}{I} \]

\( UCT = \) unit cooperatives’ total sales of tangible farming inputs

\( UCN = \) unit cooperatives’ total charges for intangible farming inputs

\( I = \) farmers’ total expenditure for farming inputs
Figure 1. JA’s share in the market for inputs for farming

Source: Based on Table 1.
ESTIMATES OF JA’S SHARE IN THE AGRICULTURAL OUTPUT MARKET

\[
\text{Ratio } O-A = \frac{UCS}{OM + OS}
\]

\[
\text{Ratio } O-B = \frac{UCS}{OM}
\]

*UCS* = total value of unit cooperatives’ joint shipment of agricultural products

*OM* = total value of agricultural products sold

*OS* = total value of farmers’ self-consumption of agricultural products
Figure 3. JA’s share in the distribution of agricultural products (including all agricultural products)

Source: Based on Table 2.
Indicator of the solidarity of the JA Group

Percentage Utilization of Cooperative Channels

For farming inputs: $UCP/UCTP$

$UCTP=$ unit cooperatives’ total procurement of tangible farming inputs

$UCP=$ of which purchased from Keizairen or Zen-no

For joint shipment of agri. products: $UCM/UCS$

$UCS=$ total value of unit cooperatives’ joint shipment of agricultural products

$UCM=$ of which marketed through Keizairen or Zen-noh
Percentage Utilization of Cooperative Channels

For farming inputs: \textit{UCP/UHCTP}

Source: Based on Table 1.
Percentage Utilization of Cooperative Channels

For joint shipment of agri. products: UCM/UCS

Figure 4. Percentage Utilization of Coop. Channel for JA’s supply for farming
Source: Based on Table 2.
Rice and JA

Until 1994:
Under the Food Control Law (FCL),
JA = monopolistic position in rice marketing

1995:
New Food Law
Liberalization of rice marketing
JA's share in the distribution of rice and other agricultural products

Source: Based on Table 3.
Percentage of rice in the total value of agricultural products and in JA's total distribution of agricultural products

Source: Based on Tables 2 and 3.
JA's share in the distribution of rice and other agricultural products

Source: Based on Table 3.
Percentage Utilization of Coop. Channel for rice and other agricultural products

Source: Based on Table 3.
Turning point in the mid-1990s

- Liberalization of rice
- Financial deregulation
- Election reform
- Reduction of public construction projects
The changing political dynamics of Japanese agriculture (since around the late-2000s)

• More and more agricultural subsidies will be allocated for large-size companies in the commercial and industrial sectors.

• Unfriendly attitudes to JA among lawmakers and mass media.