

# **Work Plan 2016 for Boosting Rural Economy and Promoting Agro-food Export by Transferring Agriculture into a 6<sup>th</sup> Industry**

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On January 14, 2016, the Korean Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced its work plan for boosting rural economy and promoting agro-food export by transferring traditional agriculture into a 6<sup>th</sup> industry. Agriculture as a 6<sup>th</sup> industry will be promoted through linking agro-food manufacturing, distribution, export and rural tourism at the regional level.

Main policy directions for 6<sup>th</sup> industrialization of agriculture are in enhancing achievements by strengthening agricultural capabilities through nurturing professional businesses; utilizing external capital and technology; and promoting mutual cooperation between companies and the agricultural industry. In particular, MAFRA presented four core tasks:

1. (Modernization and Specialization in Agricultural Production) Particularly, the share of smart farms will be increased up to 40% (4,000ha) of the modernized greenhouses (10,000ha) by 2017.
2. (Revitalization of Food Manufacturing and Processing as well as Food Industry) It is to support agricultural businesses with necessary coaching and mentoring for start-up tips, design, business channels and capital by linking the Innovation Center for Creative Economy and existing support centers for the 6<sup>th</sup> industry. Policy target is to expand the share of domestic agricultural utilization in the food industry from 30% in 2012 to 35% in 2017.
3. (Enhancing Distribution Efficiency and Expanding Export) It is to increase direct sales and marketing through the pos-Mall (POS: point of sales) and public home-shopping channels; and nurturing the distribution industry for agricultural produce. Policy target is to develop the expiration date extension technology and reduce customs period for kimchi export to China in cooperation with the relevant government organizations, and promote Hallyu (Korean wave) marketing.
4. (Active Invitation for Domestic and Overseas Tourists into Rural Areas in Korea) It is to actively attract foreign tourists by establishing online reservation systems (e.g. Air BnB); developing unique tourism products; and intensively promoting such programs to broad Chinese media, in relation to '2016-2018 Visit Korea Year'. Policy target is in increasing the number of Korean tourists as well by developing vocational hands-on activities in relation to the 'free semester' system and enhancing accessibility to the inter-transportation service.



Additionally MAFRA announced that the ministry would improve carrying-out measures while implementing the four mentioned tasks above, in order to create achievements that stakeholders in the agricultural industry and general public can actually notice. First of all, the ministry will develop professional businesses in the field of agro-food manufacturing, processing, distribution and tourism and strengthen their capabilities in technology and management through customized training by item and stage. MAFRA will also support those who wish to initiate start-ups with ideas and passion through customized farmland lease in small-scale as well as stabilization capital for start-ups by potential young start-up owners (KRW 800,000 every month for two years).

The ministry also mentioned that it plans to revitalize the nation’s rural economy and expand export of agricultural foods by improving its practical performance including utilization of external capital and workforce; encouragement of corporate participation; and cooperation with relevant organizations. The ministry will boost external capital inflow into agriculture by utilizing “fund of funds” which is a joint investment by Nonghyup (KRW 100 billion for five years) and GS (KRW 12 billion), and the fund for the 6<sup>th</sup> industry (KRW 40 billion).

For the 6<sup>th</sup> industry, the ministry will utilize the agricultural development regions zones that are no longer under restriction or are under eased regulations for any actions. It will also promote the 6<sup>th</sup> industry complex through expansion of regulation exemption. By introducing the ‘regulation-free zone’ within the national food cluster (FOODPOLIS), MAFRA plans to boost private investments. Finally, through cooperation with local governments and relevant government organizations as well as mutual cooperation with businesses, the ministry will enhance the efficiency of its policies. Minister Lee Dong-phil said, “MAFRA will take the lead to revitalize rural economy and expand exports by closely linking agricultural manufacturing, processing, distribution, export and rural tourism and advancing the system of the 6<sup>th</sup> industry at the regional level.”

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