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Youth and Agri-entrepreneurship in Korea

Park Si-Hyun,
shpark@krei.re.kr

ABSTRACT

In Korea, farm operators in their 40s and younger account for less than 2% of total farm operators, while the proportion of farm operators aged 65 and above reaches 40%. The young generation's entry into farming is one of the important policies that the Korean government is focusing on. To encourage the youth to enter into farming, agri-entrepreneurship should be promoted. This paper examines the situation of young people's agricultural activities and their difficulties in Korea. The paper examines the characteristics of young people engaged in farming and agribusiness in the country, dividing them into those who inherited their parents' business and those who moved from urban to rural areas and engage in agriculture. Also, the paper covers the current status of education in high schools and colleges and the central and local governments' policies for promoting the youth's entry into farming.

Key words: Young farm households, start farming, urban-to-rural migrants, agriculture-related business, agricultural business successors, start-up support project,

INTRODUCTION

In 2000, young farm households with farm operators in their 20s and 30s accounted for 6.6% (91,516 households) of about 1.38 million farm households in Korea. After 15 years, in 2015, young farm households decreased to 1.3% (14,366 households) of approximately 1.09 million farm households. On the other hand, farm operators aged 60 and over reached 50.3% of total farm households in 2000, 61.0% in 2010, and 68.3% in 2015.

If the trend for the past 15 years (2000-2015) continues, farm households aged 40 and younger will fall to 0.67% of total farm households in 2020 and 0.38% in 2025. This means that the sustainability of Korean agriculture may be threatened seriously.

Recognizing that securing young farmers is the biggest factor in the sustainability of domestic agriculture, the Korean government implemented policies for fostering young farmers from early on. With the help of the policies, various successful cases of young

farmers have been reported in Korea. This paper examines the position and characteristics of young people in Korean agriculture and rural communities, the Korean government's policies for supporting young farmers, and their successful cases.

Characteristics of young farmers in Korea

The number of farm households in Korea dropped by 27.5% from about 1.5 million to 1.09 million for the past 20 years. In the same period, the farm household population fell by 47.0% from approximately 4.85 million to 2.57 million people, decreasing much faster than the number of farm households. The percentage of young people from 20 to 39 years old in the farm household population declined from 21.4% to 11.0%, while the percentage of old people aged 65 and over increased from 16.2% to 38.4%.

Table 1. Number of Farm Households and Farm Household Population by Year
Unit: households, persons

	1995	2000	2005	2010	2015
Number of farm households (D)	1,500,745	1,383,468	1,272,908	1,177,318	1,088,518
Farm household population (A)	4,851,080	4,031,065	3,433,573	3,062,956	2,569,387
20-39 years old (B)	1,038,975	769,305	540,185	429,800	282,786
65 years old and over (C)	784,701	876,009	999,306	972,679	987,201
Percentage (B/A)	21.4%	19.1%	15.7%	14.0%	11.0%
Percentage (C/A)	16.2%	21.7%	29.1%	31.8%	38.4%
Percentage (A/D)	3.2%	2.9	2.7	2.6	2.4

Source: Statistics Korea, each year, Census of Agriculture, Forestry and Fisheries.

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The serious problem is that households without farming successors account for more than 90% of farm households aged 60 and over (Table 2).

Table 2. Percentage of Farm Households with Farming Successors

Unit: households

Year	1995	2000	2005	2011	2014
Households with farming successors (A)	197,161	150,453	45,163	114,396	109,528
Total (B)	1,500,745	1,383,468	1,272,908	1,163,209	1,120,776
Percentage (A/B)	13.14%	10.88%	3.55%	9.83%	9.77%

Source: Statistics Korea, each year, Census of Agriculture, Forestry and Fisheries; Agriculture, Forestry and Fisheries Survey.

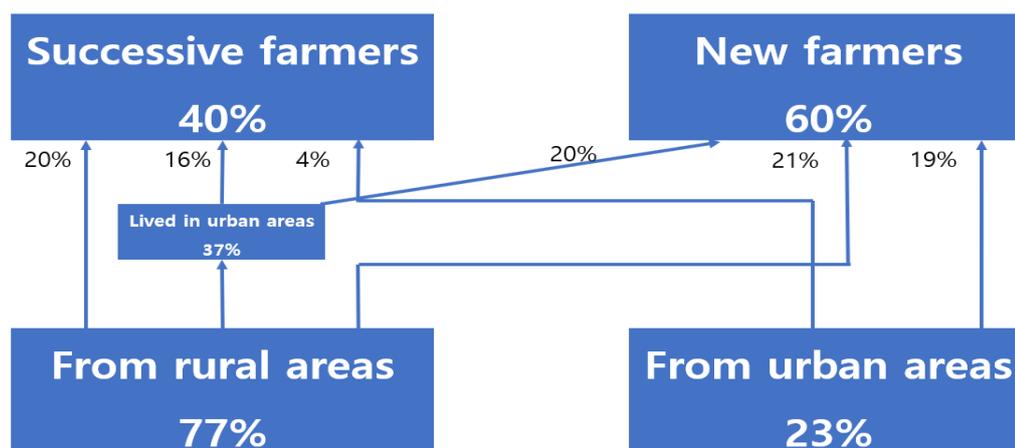
The aging of farm operators in Korea is serious, even when the level is compared with developed countries in agriculture. The proportion of farm operators aged 65 and over to those under 35 years old is 140.1 in Korea (2015). This figure is much higher compared to the US (5.8 in 2012), the EU (5.2 in 2013), and Europe's major developed countries in agriculture (France 1.4, Germany 1.0). The figure in Japan, one of the most aged countries, was 95.2 in 2010, higher than 60.3 in Korea, but was 89.3 in 2015, lower than the figure in Korea (Ma *et al.* 2017)¹.

From the perspective of rural areas, the problem of the lack of young farmers is more serious. In Korea, rural villages (administrative *ris*) without young farmers under 40 years old have increased gradually. Between 2005 and 2015, the number of young farmers per rural village fell from 1.19 to 0.4 in *eups* (towns), and from 0.88 to 0.24 in *myeons* (townships). That is, in rural *myeon* regions, there is only one young farmer per four villages.

Young people's routes of beginning farming are largely divided into the following three. The first group enters farming after graduating from an agricultural high school or college. Many of them are their parents' farming successors. The second group is young people who did not graduate from an agricultural high school or college but begin farming after working in other types of occupation or after being unemployed in rural areas. The third group is young people who start farming after moving from urban to rural areas. The number of these young people is much higher than the first and second groups.

The figure below shows the results of analysis of young farmers' routes of beginning farming according to where they are from and whether they are urban-to-rural migrants. Around 77% of young farmers were from rural areas, while 23% were from urban areas. Young farmers who were urban-to-rural migrants accounted for 60% (23% from urban areas, 37% from rural areas). About 20% of young farmers were successive farmers (inheriting their parents' farming base) from rural areas who continued to live in the areas, 21% were new farmers from rural areas who did not inherit their parents' farming base, and about 16% were successive farmers from rural areas who returned to the areas from urban areas. In addition, 4% of young farmers began farming by inheriting the farming base of their parents or grandparents, although the young farmers were from urban areas.

¹Ma *et al.* 2017. How to Advance a Young Beginning Farmers Fostering System. Korea Rural Economic Institute Research Report. 807.



Source: Ma et al. 2017.

Fig. 1. Young Farmers' Routes of Beginning Farming
(Where They Are From, Whether They Are Urban-to-Rural Migrants)

Among young farmers, the proportion of rice farming is lower compared to general farmers, and the proportions of livestock and fruit farming are higher. While farm households whose main products are livestock products accounted for 4.9% of total farm households, the figure was 11.7% of young farm households. Also, farm households whose main products are fruits accounted for 15.8% of total farm households, while those reached 18.0% of young farm households. On the other hand, rice farming accounted for 41.7% of total farm households and 33.4% of young farm households.

Young farm households participate more in agriculture-related business, compared to general farm households. According to Korea's Agricultural Census (Statistics Korea 2015), 22.4% of young farm households engage in agriculture-related business, higher than the figure among total farmers (16.0%) (Table 3). By type of agriculture-related business, direct transactions accounted for the highest percentage (18.7%), followed by farm machinery work, rural tourism, farmers' markets, processing, and restaurant management.

Table 3. Comparison of Agriculture-Related Business Between Young and General Farm Households (2017)

Type of farm households	Type of agriculture-related business						Total
	Operation of farmers' market	Direct transactions	Restaurant management	Processing	Farm machinery work	Rural tourism	
Young farm households	1.2	18.7	0.9	1.0	2.3	1.5	22.4
General farm households	0.7	13.6	0.8	0.6	1.0	0.6	16.0

Source: Ma et al. 2017.

POLICIES FOR FOSTERING YOUNG BEGINNING FARMERS

Fostering agricultural schools

As of 2015, there are 63 agricultural high schools in Korea, and 20,456 students attend the schools. Every year, approximately 7,500 students (as of 2015) graduate from these schools. About 100 graduates among them (104 as of 2015), only 1.4% of the total graduates, enter the farming sector.

The agricultural workforce is also fostered in four-year national and private universities, the Korea National College of Agriculture and Fisheries (KNCAF), and so on. As of 2015, 30 colleges have agriculture-related departments. Each year, approximately 6,000 students (6,195 as of 2015) graduate from these colleges, and about 500 among them (467 as of 2015; 7.5% of the total graduates) enter the farming sector. Reasons for this low performance include agricultural high school and college graduates' low intention to be engaged in agriculture, and the very low connection between the farming field and agricultural schools' education contents, methods, vocational guidance, instructor composition, etc.

To solve these problems, the government founded the Korea National Agricultural College in 1995 that aims to nurture young farmers who will lead agricultural and rural development with field-centered knowledge, technology, management abilities, and an international perspective. KNAC, with 85.3% of its total graduates engaged in farming, has achieved the goal of fostering elite farmers.

Project for fostering agricultural business successors

The Project for Fostering agricultural business successors began with the serious problem of the lack of farming successors due to the acceleration of rural exodus in the 1980s. The project aims to lend funds to farming successors from 18 to 44 year old under favorable conditions. In 2005, the following supplementary measures were introduced: the mentor system for start-up farmers (the government pays a mentor US\$450 month for guidance) and the agricultural internship program (a young person preparing to be an agricultural successor is paid US\$540 a month). In 2006, the Additional Support Project for Outstanding Agricultural Successors was implemented. The project selected outstanding ones among agricultural successors and provided additional funds. So far, more than 140,000 people were supported through the Project for Fostering agricultural business successors, and 80% of them (117,000 people) settled in rural communities and are engaged in farming. The project increased individual farm households' farming scale and agricultural income, expanded their social relationships, and improved the age structure of aged farmers.

Agricultural business start-up support project for young people

This project provides new farmers under 40 years old with high growth potential with training allowances and start-up stabilization funds for up to two years. A training allowance of US\$730 per month is provided for a maximum of one year if the beneficiary completes a farm start-up internship or training program to begin farming. As start-up stabilization funds, US\$730 dollars per month is provided for up to two years to help a young farmer to

overcome economic difficulties at the early stage of farming. This project has been helpful to young people's settlement in rural areas. Nevertheless, the project does not reflect young farmers' diverse demands for funds in that the purposes of supported funds are limited to the purchase of consumable farming materials and equipment, and agriculture-related education.

Professional workforce support project for agricultural holdings

This project, which started in 2007, provides part of labor costs if agricultural holdings, including individuals and companies, hire professionals with technical/management abilities. Particularly, by supporting the employment of agricultural high school and college graduates in agricultural holdings, the project promotes young people's entry into farming. Employment support funds are provided differentially according to the field and the number of working years, up to US\$1,600 per capita a month. The maximum support period is 36 months in case that an agricultural holding employs one new employee. For the past 10 years, the support was provided for 227 people including 34 CEOs, 170 professionals, and 21 agricultural high school and college graduates.

Support project for returning to farming

With a rapid increase in people moving from urban to rural areas to do farming for a living after the foreign exchange crisis in 1997, the Support project for returning to farming started with the provision of farming information, farming technology education, and settlement support for these people. After the enactment of the Act on the Promotion of and Support for Return to Agricultural and Fishing Villages and Rural Communities in 2015, technical education for young farmers who moved from urban to rural areas, and the Incubating Project for Start-up were implemented. Farms or agricultural companies with outstanding technologies and management abilities are designated as "training farms for aspiring young farmers," and the aspiring young farmers receive education on farming technology, distribution/processing technologies, etc. With an increase in young farmers who move from urban to rural areas in Korea due to the youth's difficulties in employment, the Support Project for Returning to Farming has become one of the government's important policies.

SUCCESSFUL CASES

Case 1: Kang (a new farmer who graduated from a non-agricultural school)

Entry into Farming

Kang was a university student majoring in electric science, but started farming at the age of 25. At first his parents strongly opposed his farming. However, Kang thought farming was the best economic activity other than his family business, the rice cake shop. In particular, bean farming requires labor of only 5-6 months, and enables his family to make soybean lumps and soybean paste. Therefore, he decided to do farming.

Technical education

Kang received education on fermented food organized by the Ministry of Agriculture, Food and Rural Affairs for six months at the age of 27, and also received training in Japan. He

received education provided by the provincial Agricultural Research & Extension Services, the Institute for Continuing Education, the Korea Forestry Promotion Institute, and so on. In addition, he earned several certificates related to medicinal herbs and food.

Farming base and human network

Kang did not own farmland and only had the vegetable garden at home. His village's residents felt sorry for him doing farming in the vegetable garden, and leased farmlands to him. So Kang came to do farming in about 20 places in Gunsan. With his savings, he purchased a land of 1,600 *pyeong* two years ago.

Market

Kang joined a cooperative, and through it sold houseleeks that he grew outdoors. In the fifth year of farming, Kang established a joint farm. Seven colleagues studying medicinal plants operate the farm together, which reduced managing costs and made it easier to sell products to acquaintances.

Overcoming difficulties

As Kang's sincerity was talked about, his village's residents leased farmlands to him, which became the foundation of his settlement. Kang overcame technical difficulties through educational programs, and received overseas training when necessary. He resolved the difficulty of market development through the joint farm established with his colleagues.

Others

For nonfarm income and continuous farming, Kang continued to carry out economic activities other than farming. He made soaps, cosmetics, pills, and powder with medicinal herbs and sold them. Also, he opened an experience and education center and created a human network by giving the products for free to visitors. Kang's nonfarm income increased as people whom he came to know here requested many lectures and interviews.

Case 2: Kang (a successive farmer who graduated from an agricultural school)

Entry into farming

Kang's parents moved from urban to rural areas and started farming at the time of the foreign exchange crisis. Because her parents did not plan carefully for farming, they had a debt of about KRW 500 million after beginning farming. Due to the circumstances, Kang entered the government-funded Korea National College of Agriculture and Fisheries (KNCAF). After graduation, she prepared to be an agriculture official. Nevertheless, her parents recommended sweet potato farming to her, and she also wanted to put her major to work. So she began farming in earnest after becoming her farm's CEO in 2013.

Technical education

Kang graduated from KNCAF, and learned her parents' know-how that they accumulated

through trial and error for over 15 years. Also, Kang completed a degree course in start-up management in graduate school.

Market development

Kang cultivated a new variety (honey sweet potato) that she came to know in college through the Sweet Potato Research Institute. She named a brand of her sweet potatoes after her name, and made boxes with her caricature. Also, she opened a website and a blog. For the first year of farming, she could not develop the market, so she had to sell her products to a middleman at a low price. After that, she directly shipped her sweet potatoes at a higher price, going to an auction house. Then, after appearing on television, she developed a stable market due to attention of the media and increased orders. Currently she is also exporting her products to five Southeast Asian countries.

Overcoming difficulties

Kang's biggest difficulties were the Agricultural Technology Center and local public offices' disregard for young beginning farmers, and market development. Kang continually communicated with customers by utilizing SNS on the Internet, which led to promotion effects. It was helpful to actively use her unique agricultural marketing method, storytelling. It became easier to communicate with the Agricultural Technology Center and local public offices after she became famous through the media.

Others

Kang received much help from her local young farmers' club. From this club, she learned a relationship with customers and a method to deliver products.

Case 3: Oh (a new farmer who graduated from an agricultural school)

Entry into farming

Oh majored in horticulture in an agricultural college after graduating from an agricultural high school. Nonetheless, he was not much interested in farming. His professor suggested receiving training at a farm to earn money, so Oh participated in a farm start-up education course for agricultural college students. Receiving pay as much as transportation costs, Oh worked at Sunshine Farm in Chilgok that cultivates bulb flowers. There he met a mentor and began to dream of becoming a flower farmer. Even after completing the one-year education course, Oh voluntarily received training at the farm, and began farming with his school education for seven years.

Technical education and farming base

Right after graduating from college, Oh rented a room in a rural area and grew chrysanthemums in his mentor's vinyl greenhouse of 500 *pyeong*. He systematically learned flower farming from growing flower seedlings to managing bulbs, maintaining soil fertility, managing flowers, etc. After half a year, his mentor found two empty vinyl greenhouses (400 *pyeong*) in the same village, and leased them to him. Oh cultivated small-flowered

chrysanthemums in fall and tulips in winter. Although his net revenues were 50% of sales, he thought that he would be able to earn enough to get by in case of doing farming on 900 *pyeong* for more than three cropping seasons.

Overcoming difficulties

Oh did not know how to begin farming, but met a good mentor who enabled him to lay his farming base. Oh received his mentor's advice on all processes including theoretical and field training, farmland leases, market development, and margin management. As a result, Oh could become independent stably.

Others

Oh started his own farm after four years. Regarding farmland leases, market development, and so on, he is receiving much help from his mentor. Oh's dream is to contribute to fostering young flower farmers.

Case 4: Goheung County (farm start-up support for young people utilizing leased farms)

In this farm start-up model, beginning farmers without their farming base are provided with a space for agricultural management training under their responsibility for a certain period of time at the start-up stage, and become independent later. Since 2016, Goheung County has repaired idle vinyl greenhouses in the county and leased them to young beginning farmers for two years. The county finds an idle vinyl greenhouse in the region, and makes a five-year lease agreement with the greenhouse owner. Then the county repairs the greenhouse within KRW 25 million with the county's funds, and helps an aspiring young farmer to make a two-year lease contract with the owner. The rent in the first year is free, and the young person pays all expenses such as rents and facility repair costs from the second year.

The Farm Start-up Project for Young People in Goheung helps young people to start a farm by effectively utilizing the central and local governments' existing projects. Goheung County has a close cooperative system among related agents in the county to link the Support Project for Training at Leading Farms in the project period, and to link the local government funds (the rural development fund and the income support fund) and the central government's projects (the farm start-up fund for people returning to farming; the Project for Fostering Agricultural Business Successors; or the Farmland Bank) after the completion of the project (Ma *et al.* 2017). Since the second half of 2017, the Farm Start-up Project for Young People has been operated in entire South Jeolla Province. In addition, in 2016 the National Agricultural Cooperative Federation began the Livestock Pen Bank Project that leases a farm to a beginning farmer in the livestock sector.

CONCLUSION

The Korean government has implemented various policies to induce young people's entry into farming. Nonetheless, the effects of the policies are not always great. The small scale of policy projects compared to high on-site demand leads to low accessibility to the benefits of the projects. Regarding fund support, there have been insufficient responses to demands for

decreasing lending rates, extending grace and repayment periods, increasing credit lines, expanding credit guarantee for loans, etc. Also, young people's high demand for living fund support at the early stage of farming has not been satisfied adequately. Particularly, different from successive farmers who inherited their parents' farming base, new farmers without the farming base have not received systematic support including helping them to find farmland and a dwelling, and providing settlement support funds.

Despite these problems, there have been successful cases of young beginning farmers. Successful young farmers actively received technical education through school or agricultural extension education, and completed diverse training courses. Also, the farmers were making efforts to develop varieties differentiated from other people's, produce processed products, and develop the market. Different from successive farmers, new farmers who did not inherit their parents' farming base had difficulty laying the farming base at the early stage of farming, but laid the base by leasing farmland through a mentor's network.

In this process, the role of local governments was important. Local governments applied the central government's policies to their local situations, and added their own policies to solve young farmers' difficulties.

In successful cases too, successive farmers had conflicts with their parents, and new farmers had difficulty in forming a relationship with farm start-up support organizations such as Agricultural Technology Centers and the agricultural cooperative. However, young farmers were taking part in or planning to participate in various activities for contributing to regional agricultural development, as well as making efforts for their own agricultural success. Korean young people are facing the most serious unemployment crisis since the economic growth in the 1960s. The successful cases of young farmers in rural areas will be able to encourage young people who have difficulty in getting a job in urban areas to move to rural regions. For young farmers' success, a close cooperative system is necessary among the central and local governments, local farmers, and aspiring young farmers.

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