

**FY2014 Annual Report
on Food, Agriculture and Rural Areas
in Japan**

Summary

Ministry of Agriculture, Forestry and Fisheries

Japan, 2015

The FY2014 Annual Report on food, agriculture and rural areas in Japan is based on Items 1 and 2 of Article 14 of the Food, Agriculture and Rural Areas Basic Act (Law No. 106 of 1999).

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| <ul style="list-style-type: none">○ Numbers in figures and tables are rounded in principle and may not add up to the total.○ Maps in this report may not necessarily indicate Japan's territories comprehensively. |
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Acronyms and abbreviations

AJCEP	ASEAN-Japan Comprehensive Economic Partnership Agreement
CAA	Consumer Affairs Agency
EU	European Union
GCC	Gulf Cooperation Council
JAS	Japan Agricultural Standards
MAFF	Ministry of Agriculture, Forestry and Fisheries
MHLW	Ministry of Health, Labour and Welfare
MIC	Ministry of Internal Affairs and Communications
MOF	Ministry of Finance
US	The United States

Symbols

ha	Hectare
a	Are
kg	Kilogram
t	tons

Foreword

The Annual Report on Food, Agriculture and Rural Areas in Japan (hereinafter referred to as “this report”) is a report on food, agriculture and rural area trends that is annually submitted to the Diet based on the Food, Agriculture and Rural Areas Basic Act.

This report describes the trends of food, agriculture and rural areas in four chapters -- (1) efforts for securing stable food supply, (2) efforts for creating strong, aggressive agriculture, (3) utilizing local resources to promote rural areas, and (4) restoration/reconstruction from the Great East Japan Earthquake -- and provides feature stories on current agricultural policy topics.

Japan is now plagued with a decline in population. Particularly, the population decline and aging in rural areas are serious. On the other hand, Japan's agriculture and rural areas have the potential to contribute to growth. Under this situation, rural areas are trying to utilize abundant local resources for their invigoration and a movement for coming back to rural areas is steadily emerging.

In March 2015, the Cabinet decided the new Basic Plan for Food, Agriculture and Rural Areas based on the Food, Agriculture and Rural Areas Basic Act. The new plan indicates the direction of measures representing a medium to long-term vision of agriculture policy, food self-sufficiency ratio targets and food self-sufficiency potential indicator, agriculture structure outlook and pictures of specific agriculture development.

Given the above, this report takes up two special topics -- "invigorating rural areas in population-declining society" and "new Basic Plan for Food, Agriculture and Rural Areas."

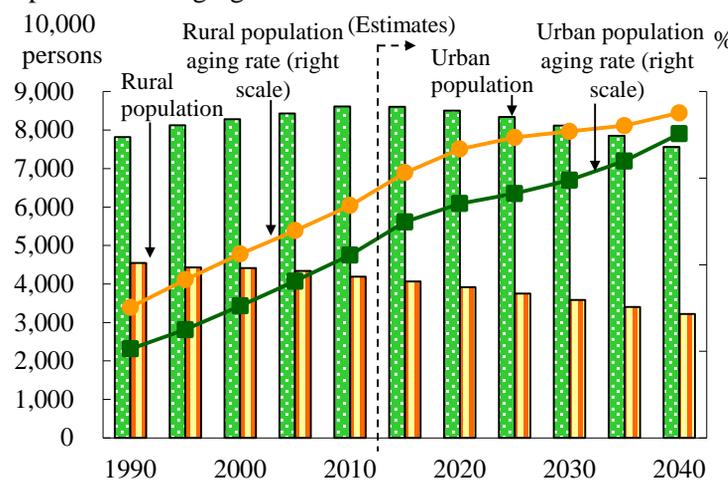
While this report covers a wide range of topics, we have tried to introduce not only statistical data analyses and comments but also specific efforts taken throughout Japan for developing agriculture into a growth industry as much as possible in a bid to make this report easy to understand.

We hope that this report will help citizens deepen their interest in and understanding of Japan's food, agriculture and rural areas.

(1) Population decline in rural areas and movement for coming back to rural areas

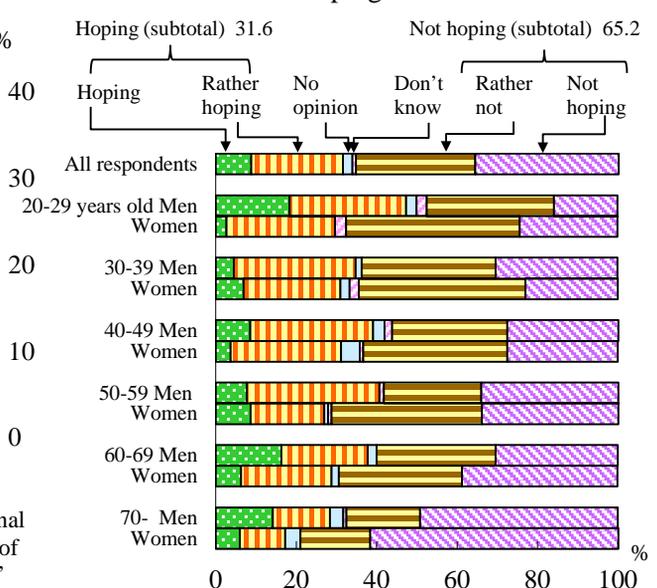
- As population is aging and declining with the elderly population beginning to fall after shouldering local activities in rural areas, Japan must draw pictures of rural areas' futures meeting their characteristics and promote initiatives to maintain and invigorate communities and realign livelihood facilities in these areas.
- As mainly young residents in urban areas are increasing their interest in rural areas and pursuing affluent environments and new lifestyles in a movement of "coming back to rural areas," with older people pursuing settlement in rural areas after their compulsory retirement, initiatives to maintain and invigorate communities are growing in rural areas.

Population and aging trend and outlook in rural and urban areas



Sources: Estimated by MAFF based on MIC, "Population Census;" National Institute of Population and Social Security Research, "Estimates of Japan's Future Population by Region (estimated in March 2013)"
 Note: Urban areas are densely inhabited districts as specified in the "Population Census" and rural areas are other districts.

Are urban residents hoping to settle in rural areas?



Source: Cabinet Office, "Poll on Rural Areas" (released in August 2014)

(2) Taking advantage of local resources to invigorate rural communities and enhance local unity

- For the purpose of their invigoration and sustainable development, rural areas must effectively utilize abundant local resources to fully demonstrate local potential, nurture industries, secure employment, expand income and maintain and enhance community functions.
- In rural areas, there are many activities to make rural areas more attractive, such as utilizing local resources by using the capabilities of women and outsiders, social business to solve local challenges, private sector groups' support for local livelihood and other initiatives.

An initiative to utilize local resources to invigorate rural areas

Mr. Risho Azechi, president of Shimanto Drama, a company based in Shimanto town, Kochi Prefecture, has developed a social business based on the roadside station Shimanto Towa to cycle the environment, industries and networks by conserving and utilizing Shimanto River as a local resource to help increase visitors through sales of goods produced from the river.

In cooperation with local designers, his company has developed local tea and chestnut products, bags made of old newspaper and other unique goods and communicated these goods with local attractions to consumers throughout Japan. Attracted by the company's operations and the rich local natural environment, young people have increasingly migrated into the town.

The company has promoted initiatives to enhance primary industry production arrangements and local cooperation to create stable jobs and secure local industry supporters.



Mr. Risho Azechi

An initiative to use agricultural production and elderly support services to maintain and invigorate a rural community

Sadacho in Izumo city, Shimane Prefecture, is a mountainous rice-farming town. Local business farmers' aging and their growing orders for farming operations led the town to launch the limited liability company Green Work in 2003.

The company directly runs rice paddies totaling 20 hectares, undertakes harvesting and other farming operations under contracts and grazes sheep to help remove causeway slope grass. It also provides outing support services for vehicle-less elderly people, transporting them between their homes, and hospitals and retail shops. The company also delivers meal boxes to elderly people certified for nursing care twice a day throughout the year. These services are indispensable for local elderly people. The company has taken advantage of the business diversification efforts to employ six workers on a full-time basis.

Green Work plans to maintain locally required services under the motto of "For and along with the local community."



Outing support services for elderly people

(3) Promoting migration and settlement in rural areas and nurturing new farmers

- At a time rural business farmers are aging while lacking their successors, initiatives have been implemented for rural areas to accept ambitious young people from throughout Japan for their training as new farmers and promote their migration and settlement to prevent agriculture and relevant local industries from declining. Efforts have also been made for rural areas to revitalize local communities by accepting urban residents willing to live in countryside.
- The government has been united to promote measures for overcoming population decline and vitalizing local economy (in Japan) and work out a vision for building attractive rural communities in line with the new Basic Plan for Food, Agriculture and Rural Areas.

An initiative to invigorate local communities by promoting settlement and food

With a sense of crisis about depopulation, Onan town in Shimane Prefecture has implemented unique childcare support services under the slogan of “Japan’s No. 1 child-rearing village” and promoted “thorough care for settlers” and the “Class A gourmet initiative,” accepting 150 settlers and achieving a natural population increase of 20 persons in FY2013.

Number of town-supported settlers
(Units: inquiries, households, persons)

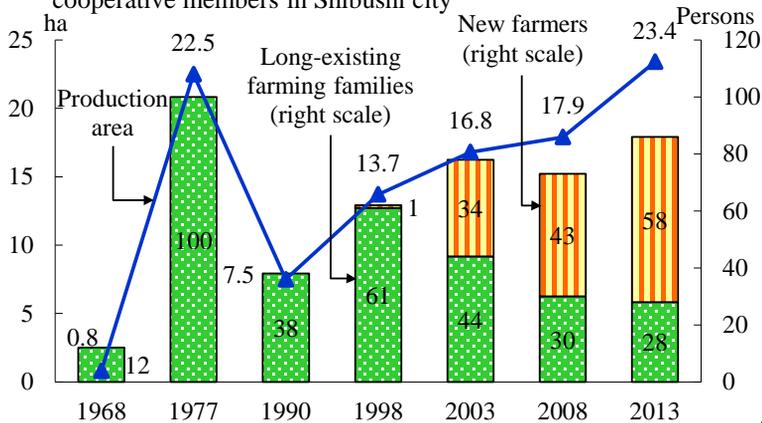
	Number of inquiries	Settling households	Settlers
September 2010-March 2011	72	13	22
FY2011	153	24	30
FY2012	160	24	42
FY2013	138	35	56
Total	523	96	150

Source: Prepared by MAFF based on data from Onan town

An initiative to recover production area through support for new farmers

Kagoshima Prefecture’s Shibushi city, designated for green pepper production, has promoted support for new farmers in view of a production area decline due to farmers’ aging and recovered a production area. New farmers account for 70% of agricultural cooperative members, indicating the city’s successful rejuvenation of business farmers.

Green pepper production area and number of agricultural cooperative members in Shibushi city



Special Topic 2 New Basic Plan for Food, Agriculture and Rural Areas

(1) New Basic Plan for Food, Agriculture and Rural Areas

- The government considered food self-sufficiency ratio targets and prospects, and necessary measures for a medium to long-term agriculture policy vision and developed the new Basic Plan for Food, Agriculture and Rural Areas in March 2015 based on the Food, Agriculture and Rural Areas Basic Act.

New Basic Plan for Food, Agriculture and Rural Areas

Basic viewpoints for promoting measures

- “Industrial policy” for developing agriculture and food industries into a growth sector and “regional policy” for promoting the maintenance and implementation of agriculture’s multifunctional roles will be employed to steadily step up the reform of measures for food, agriculture and rural areas.

- Securing the stability of measures to realize the basic principles of the Basic Act
- Deepening of national discussions on how to secure stable food supply
- Implementation of measures from the viewpoints of demand and consumers
- Development of an environment where farmers can perform well
- Implementation of measures to realize sustainable agriculture and rural areas
- Promotion of technological innovation to explore new possibilities
- Improvement of farmers’ income and creation of festivity in rural areas

Food self-sufficiency ratio targets

- Setting of food self-sufficiency ratio targets with consideration given to their feasibility

[Calorie supply basis]	[Production value basis]
39% (2013) → 45% (2025)	65% (2013) → 73% (2025)

Food self-sufficiency ratio targets

- Prospects of food consumption
- Production effort targets
- Total food self-sufficiency ratio (on calorie supply and production value bases)
- Feed self-sufficiency ratio

- Release of “food self-sufficiency potential indicator” for the first time

Food self-sufficiency potential (potential food production capacity)

- Food self-sufficiency potential indicator

(By presenting “food self-sufficiency potential indicator” which evaluates potential food production capacity, the government intends to deepen national discussions on food security and promote initiatives for securing stable food supply.)

[Documents drafted along with the Basic Plan]

- Farmland outlook and how to secure farmlands
- Basic plan for agriculture, forestry and fisheries research
- Agriculture structure outlook
- Toward development of attractive rural areas
- Farm management outlook

Measures to be taken

Securing stable food supply

- Promotion of initiatives to secure food safety and consumer confidence in food
- Promotion of food education, expansion of consumption of domestic agricultural products and the preservation /succession of WASHOKU (traditional dietary cultures of the Japanese)
- Promotion of AFFInnovation (adding value to agriculture, forestry and fisheries products in an innovative way), export of agriculture, forestry and fisheries products and foods, and overseas expansion of the food industry to lead agriculture and food industries to soundly develop by making accurate responses to consumer needs and fulfilling new demand
- Establishment of comprehensive food security to address various risks involving a stable food supply

Sustainable development of agriculture

- Development/securing of business farmers for realizing a strong and sustainable agriculture structure and steady promotion of the Farming Income Stabilization Measures
- Development of an environment wherein women farmers can fully exert their potential capacity
- Consolidation of farmland to business farmers and securing of farmland through full-capacity operation of the Public Corporations for Farmland Consolidation to Core Farmers through Renting and Subleasing (Farmland Banks)
- Development of an agricultural production base that contributes to acceleration of structural reform and building national resilience
- Steady promotion of rice policy reform, expansion of production of rice for feed and other strategic crops, and realization of technological innovation, etc. at agricultural production/distribution sites
- Promotion of responses to climate change, etc.

Promotion of rural areas

- Steady promotion of the multifunctional payment system and direct payment to farmers in the hilly and mountainous areas and enhancement of responses to damage due to wild animals
- Enhancement of “integration and networking” and other initiatives for Regional Empowerment for Japan’s Growth in consideration of progress in population aging and decline
- Promotion of exchanges between urban and rural areas, migration/settlement of various human resources from urban areas to rural areas

Restoration/reconstruction from the Great East Japan Earthquake

- Promotion of steady restoration of farmlands and agricultural facilities
- Promotion of initiatives to secure food safety and eliminate harmful rumors

Reorganization/restructuring of relevant bodies

- Implementation of reform of agricultural cooperatives and committees
- Studying of desirable agricultural mutual relief organizations and land improvement districts in considering desirable relevant systems

Prospects of medium- to long-term changes in circumstances

Circumstances surrounding food, agriculture and rural areas

- Progress in population aging and decline
- Changes in the environment surrounding the world’s food supply and demand balance, progress in globalization
- Changes in the social structure, etc. and diversification of consumer needs
- Changes in the structures of agriculture and rural areas including farmland consolidation
- Diverse possibilities (new markets in Japan and other countries, robot technology, etc.)
- Restoration/reconstruction from the Great East Japan Earthquake

Past Basic Plans for Food, Agriculture and Rural Areas

Formulated under the Food, Agriculture and Rural Areas Basic Act (enacted in July 1999). A medium- to long-term agriculture policy vision indicating the direction of measures over the next decade

- Basic plan developed in March 2000
- Basic plan developed in March 2005
- Basic plan developed in March 2010

Revised about every five years

Development of “strong, aggressive agriculture” and “beautiful, vigorous rural areas”

(2) Food self-sufficiency ratio targets

- Since the preparation of the previous Basic Plan, the total food self-sufficiency ratio has remained around 40% on a calorie supply basis and around 70% on a production value basis.
- Food self-sufficiency ratio targets are set based on verification of the previous Basic Plan, with consideration given to their feasibility over a period for the plan.
- The total food self-sufficiency ratio targets for FY2025 have been set at 45% on a calorie supply basis and 73% on a production value basis.
- Given that the self-sufficiency ratio for livestock products is greatly influenced by the feed self-sufficiency ratio, the feed self-sufficiency ratio target is set at 40% in line with the total food self-sufficiency ratio targets.

Food self-sufficiency ratio targets

(Unit: %)

	Present (FY2013)	FY2025
Food self-sufficiency ratio on a calorie supply basis	39	45
Food self-sufficiency ratio on a production value basis	65	73
Feed self-sufficiency ratio	26	40

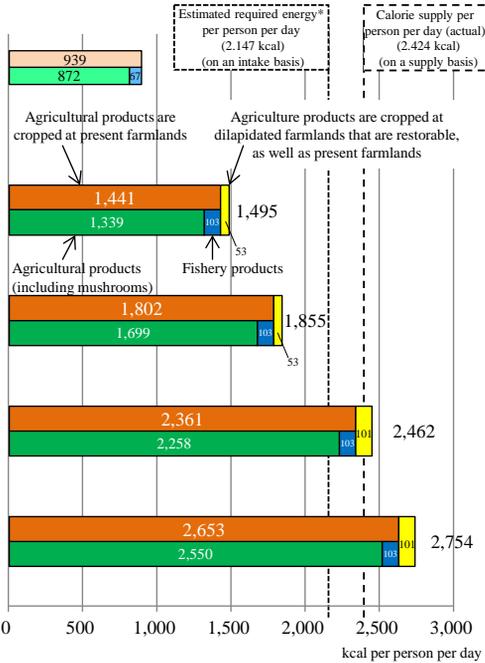
Source: MAFF

(3) Food self-sufficiency potential indicator

- At a time when there are factors that can destabilize international food supply and demand, many people are concerned about a decline in food supply capacity of domestic production.
- Since the food self-sufficiency ratio does not count the food production potential of farmlands in which flowers and other non-food crops are currently cultivated, it does not fully reflect the food production potential of Japan's agriculture, forestry and fisheries sector.
- Therefore, we have newly released "food self-sufficiency potential indicator" which evaluates Japan's food production potential. By sharing the trend of Japanese food self-sufficiency potential, we intend to deepen national discussions on food security.

Food self-sufficiency potential indicator in FY2013

○ Actual value for calorie supply from domestic production (the numerator for calculating the food self-sufficiency ratio, on a supply basis)



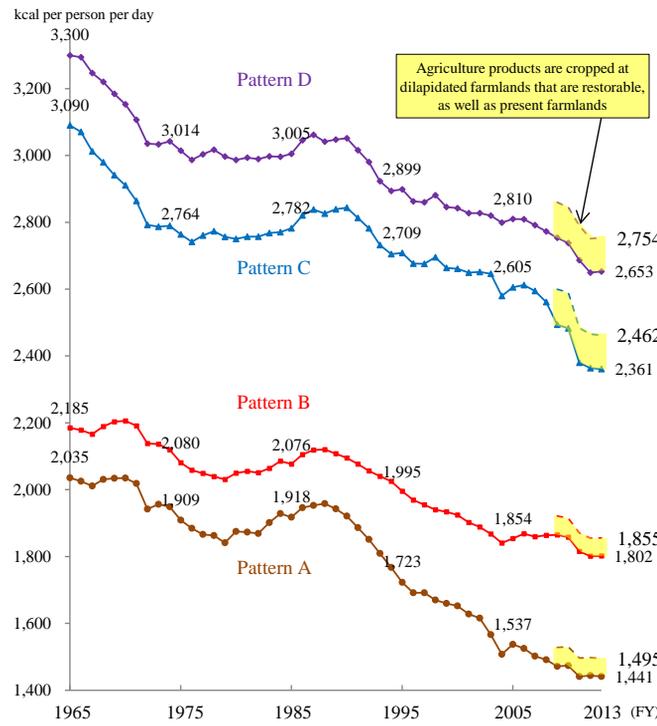
Pattern A: Mainly major crops (rice, wheat and soybeans) are cultivated with the caloric efficiency maximized and with consideration given to the nutritional balance.

Pattern B: Mainly major crops (rice, wheat and soybeans) are cultivated with the caloric efficiency maximized (with no consideration given to the nutritional balance).

Pattern C: Mainly potatoes are cultivated with the caloric efficiency maximized and with consideration given to the nutritional balance.

Pattern D: Mainly potatoes are cultivated with the caloric efficiency maximized (with no consideration given to the nutritional balance).

Food self-sufficiency potential indicator trends



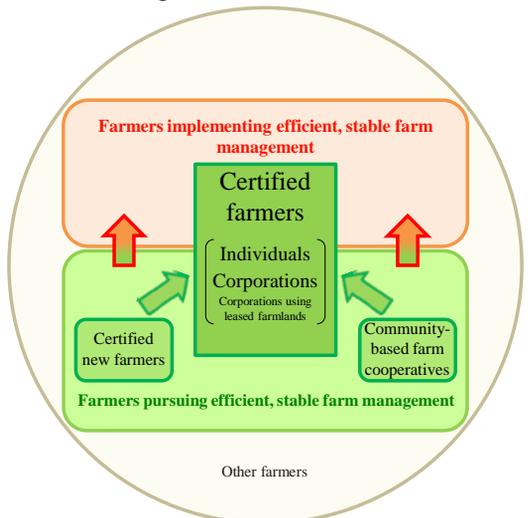
Source: MAFF

Note: *An estimate of energy appropriate for maintaining a temporary body weight (without an increase or decrease) in the case of a relatively short term.

(4) Farmland outlook and how to secure farmlands, agriculture structure outlook

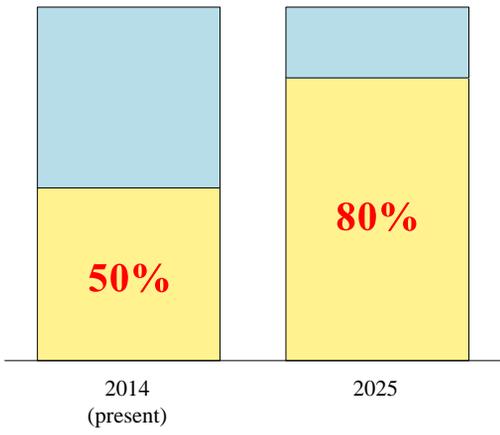
- The total farmland area in 2025 is projected at 4.4 million ha with consideration given to the past trend and effects of efforts to reduce farmland abandonment and restore abandoned farmlands.
- Under the agriculture structure outlook, farmers that implement efficient, stable management and those that pursue such management are combined into “business farmers.” The latter group of business farmers is eligible for the Farming Income Stabilization Measures, lending and investment measures to help make their farm management efficient and stable.
- With business farmers’ share of the total farmland area having risen from 30% to 50% over the past decade, we pursue an agriculture structure in which the share will rise to 80% over the next decade.

Image of business farmers



Source: MAFF

Desired Agricultural Structure (2025)
Business farmers’ share of total farmland area



Source: MAFF

(5) Farm management outlook

- As well as macro paths for expanding agricultural income and relevant income in rural areas, we propose micro paths indicating that farmers would implement in line with regional conditions and crops.
- The micro business management paths indicate (1) farm management models providing pictures of efficient and stable management as well as management development and income expansion measures for major farm management types and regions, and (2) regional strategy examples by which regional agricultural and related income increases through agricultural development and AFFrinnovation (adding value to agriculture, forestry and fisheries products in an innovative way).

Farm management model types

Farm management type	Farming system (number of models)
Rice cultivation	Land-extensive crops (3)
	Land-extensive crops/vegetables (4)
Dry field farming	Hokkaido dry field crop rotation system (1)
	Sweet potato/composite vegetable cultivation (1)
	Sugar cane cultivation (1)
	Tea cultivation (2)
Vegetable farming	Outdoor vegetable farming (4)
	Indoor vegetable farming (2)
Fruit farming	Citrus fruits (1)
	Apple (1)
	Pear (1)
	Composite fruit production/grape (1)
Flower farming	Cut flowers (2)
	Potted plants (1)
Dairy farming (3)	
Beef cattle farming	Breeding (2)
	Integrated breeding and fattening
Hog farming (1)	
Organic farming (1)	

Source: MAFF

Regional strategy examples

Demonstrating/creating regional agriculture strengths
(1) Improving profitability through stockbreeding cluster
(2) Developing next-generation greenhouse horticulture areas
(3) Utilizing strengths of new varieties and technologies for cooperation with user industries
(4) Utilizing strengths of production areas for attracting food companies
(5) Launching businesses for AFFrinnovation (adding value to agriculture, forestry and fisheries products in an innovative way)
(6) Utilizing local agriculture, forestry and fisheries products for cooperation with food companies
(7) Providing vegetables for processing and other food industries
(8) Developing production areas for exports
(9) Exporting high-quality agricultural products under an intellectual property right strategy
(10) Developing medicinal plant production areas
(11) Developing organic farming areas
(12) Developing processing at community-based farm cooperatives
(13) Utilizing special local products for unique processed goods with higher value added
(14) Developing farm products utilizing regional characteristics
(15) Establishing local distribution systems including farm stands for local consumption of local produce
Utilizing buried rural resources
(16) Developing farm stands with farming experiences and rural restaurants
(17) Utilizing tourist farms and other facilities for exchanges between urban and rural residents
(18) Implementing farming experience farms and other projects meeting urban resident needs
(19) Utilizing exchanges for promoting regional agriculture
(20) Taking advantage of renewable energy for promoting agriculture

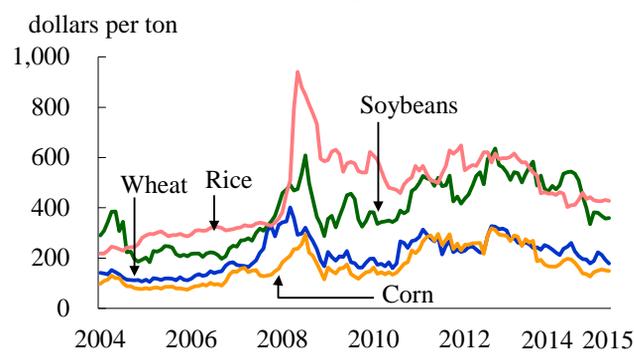
Source: MAFF

1 Global food supply and demand, and efforts for establishing food security

(1) Global food supply/demand trends

- International grain prices plunged from the peaks in 2008 and 2012. Major factors behind the plunge included abundant wheat stocks in the world, estimations of bountiful corn and soybean harvests in the U.S., and the aggressive export of the Thai government stocks of rice.
- Global food demand is expected to increase 1.6-fold from 4.47 billion t. in 2000 to 6.93 billion t. in 2050 mainly due to population and GDP growth.
- Global grain output has increased thanks to the yield improvement through technology innovations while the harvested area has leveled off. In the future, the yield growth is expected to slow down from a remarkable increase through the introduction of high-yield varieties under the green revolution in the 1960s. Over the medium to long term, the global food supply-demand balance is feared to tighten due to global population growth and economic growth in developing countries.

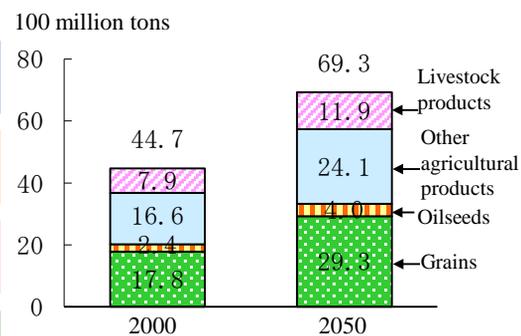
Changes in International prices of grains and soybeans



- Record high prices
- Wheat: 470.3 dollars per ton, February 27, 2008
 - Corn: 327.2 dollars per ton, August 21, 2012
 - Rice: 1,038 dollars per ton, May 21, 2008
 - Soybeans: 650.7 dollars per ton, September 4, 2012

Source: Prepared by MAFF based on data from The Chicago Board of Trade, and the Rice Committee, Board of Trade of Thailand

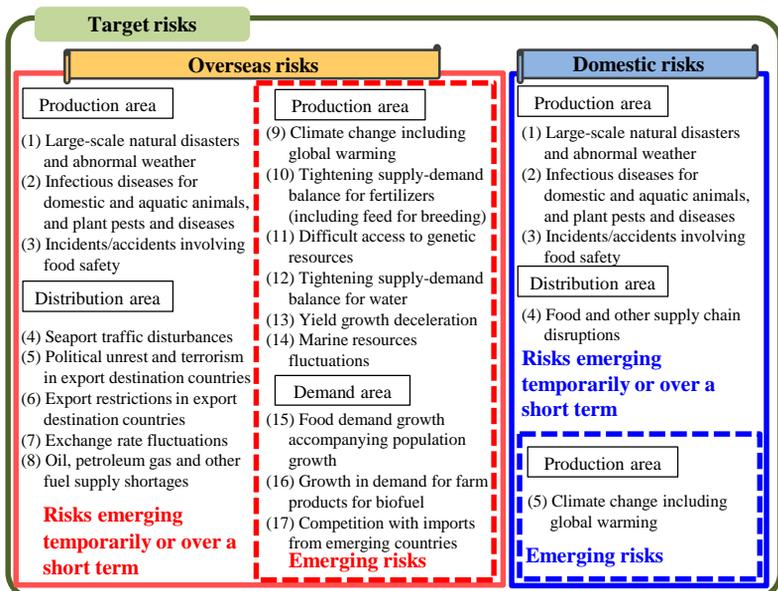
Global food demand outlook



Source: MAFF, "Japan Long-term World Food Supply and Demand Projection for 2050"

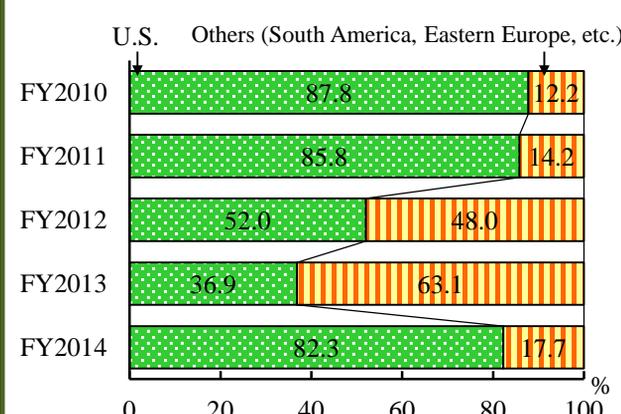
(2) Efforts for establishing comprehensive food security

- Given various risks expected to affect stable food supply, the government in preparation for unforeseeable events is selecting risks expected to affect supply of major agriculture, forestry and fisheries products and establishing a mechanism to regularly verify the impact and frequency of each risk and responses thereto. It is also sorting out specific procedures to address unforeseeable events.
- High temperatures and drought in the United States in FY 2012 led feed grain (corn and others) supply sources to be diversified in FY 2012 and 2013. In FY 2014, the U.S. supply share increased on record U.S. output.



Source: MAFF

Feed corn procurement breakdown trends



Source: Prepared by MAFF based on MOF, "Trade Statistics"
Note: FY 2014 data include preliminary data for March 2015.

(3) Trends in agriculture trade negotiations

- Japan has concluded or signed economic partnership agreements with 14 countries and one region (as of the end of March 2015). Japan's EPA negotiations are ongoing with Canada, Colombia, Turkey and the European Union, Japan-China-Republic of Korea, and RCEP (the Regional Comprehensive Economic Partnership). The Japan-Australia EPA has entered into force in January 2015 and the Japan-Mongolia EPA was signed in February 2015.
- Japan has participated in the TPP (Trans-Pacific Partnership) negotiations since July 2013.
- On the Doha Round negotiations under the World Trade Organization, Ministers concluded the Ninth WTO Ministerial Conference in December 2013 with agreement on a package of: some parts of Agriculture, Agreement on Trade Facilitation, and Development and LDC issues.

Status Quo of EPAs/FTAs

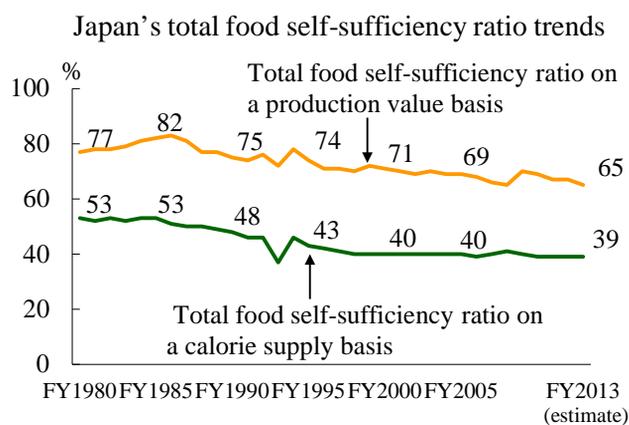
Partners for concluded/signed EPAs/FTAs (14 countries and one area) Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, ASEAN, Philippines, Switzerland, Vietnam, India, Peru, Australia, Mongolia

Partners, etc.		Negotiations	Partners, etc.		Negotiations
Under negotiations	Canada	- 7 rounds have been held since November 2012	Under negotiations	AJCEP	- A field of trade in goods was signed in April 2008 and has entered into force in December 2008.
	Colombia	- 10 rounds have been held since December 2012			- Negotiations are ongoing in a field of trade in services and investment
	Japan-China-South Korea FTA	- 6 rounds have been held since March 2013			
	EU	- 9 rounds have been held since April 2013	Negotiations postponed/suspended	GCC	- 2 rounds have been held since September 2006
	RCEP	- 7 rounds have been held since May 2013			
	Turkey	- 1 round has been held since December 2014			
	TPP	- Japan has participated in TPP negotiations since the 18th session in July 2013			- Negotiations have suspended since November 2004
			South Korea	- Working-level talks have continued since June 2008. The latest round held in May 2011.	

Source: MAFF (as of the end of March 2015)

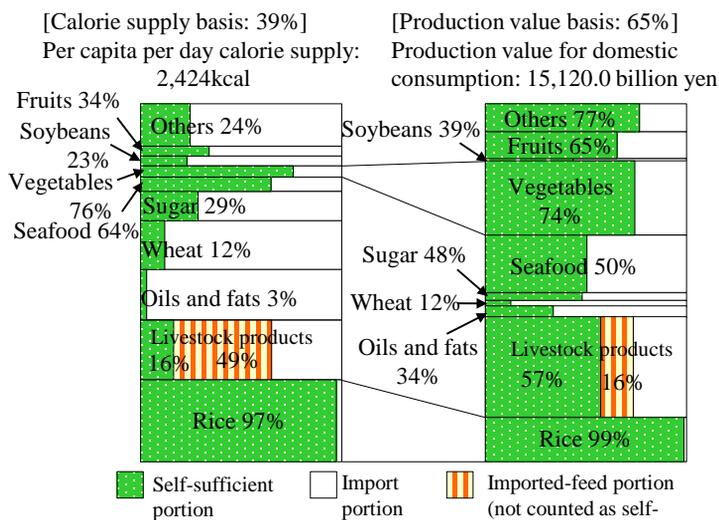
2 Japan's food self-sufficiency ratio trends

- The total food self-sufficiency ratio on a calorie supply basis has stayed around 40% since FY 1997. In FY 2013, demand for domestically produced table rice slightly increased due to a last-minute demand rise before a consumption tax hike in April 2014, while domestic wheat and soybean production declined. As a result, the total food self-sufficiency ratio remained unchanged from the previous year at 39%.
- The total food self-sufficiency ratio on a production value basis has remained between 65% and 75% since FY 1995. In FY 2013, the ratio dropped by 2 percentage points from the previous year to 65% as import prices rose for all products due to the yen's depreciation, with domestic fruit production declining.



Source: MAFF, "Food Balance Sheet"

Total food self-sufficiency ratio on calorie supply and production value basis (FY 2013)



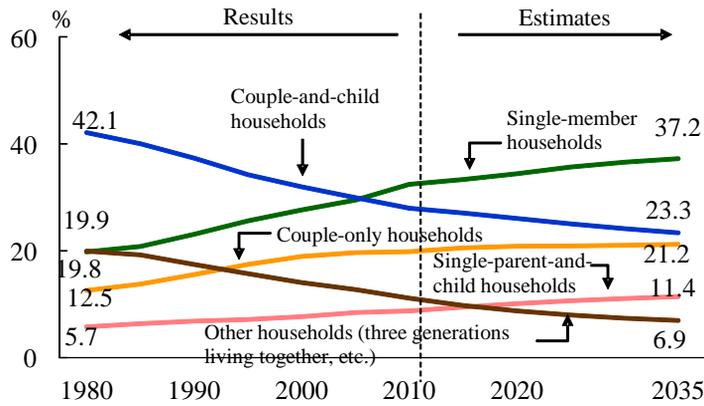
Source: MAFF, "Food Balance Sheet"

3 Food consumption trends and promotion of Shokuiku (food education)

(1) Food consumption trends

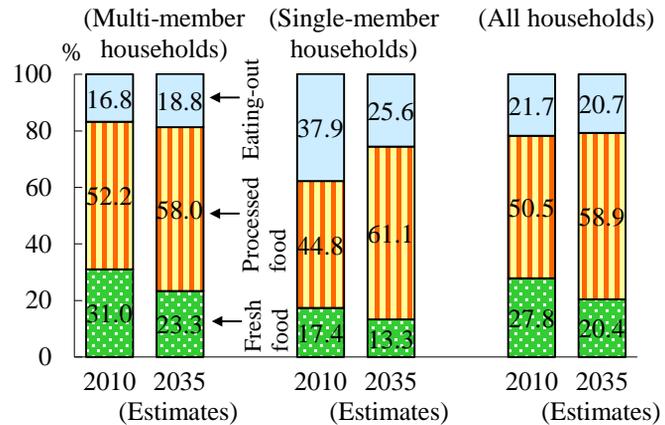
- In the future, couple-and-child households' share of total households is expected to decline sharply, while single-member households' share is projected to greatly increase. Then, fresh foods' share of food consumption in all households may decline, with the share rising for processed foods. People may thus growingly depend on cooking and meals outside households. Externalization of our diet is projected to grow.
- Among single-member households that are expected to increase in the future, particularly, eating-out and fresh food consumption may decrease, with processed food consumption expanding remarkably.

Breakdown of ordinary households by type



Sources: MIC, "Population Census;" the National Institute of Population and Social Security Research, "Household Projections for Japan (nationwide estimates) (January 2013)"

Food spending breakdown trends by household type



Source: MAFF Policy Research Institute, "Estimated future food consumption amid population decline"

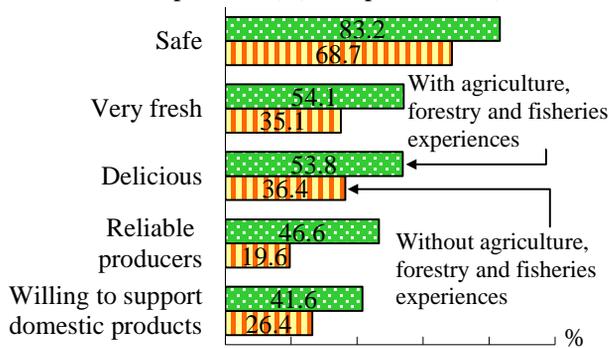
Note: Eating-out combines ordinary eating-out and school lunches. Fresh foods cover rice, fresh seafood, fresh meat, milk, eggs, fresh vegetables and fresh fruits. Processed food covers the others.

(2) Promotion of Shokuiku (food education), conservation and succession of WASHOKU

- In promoting the Japanese dietary pattern, MAFF publicizes scientific grounds, advantages of rice meals, effective uses of home-meal replacements and eating-out, and other details of Japanese dietary pattern, while addressing consumers' diverse characteristics and needs.
- Given that agriculture, forestry and fisheries experiences contribute to promoting consumers' understanding about eating and the agriculture, forestry and fisheries sector, and that these experiences contribute to their confidential relationship with agriculture, forestry and fisheries producers, these experiences for a wide range of generations are promoted, along with the diffusion of the Japanese dietary pattern.
- It is important to take advantage of the registration of "WASHOKU" (traditional dietary culture of the Japanese) as a UNESCO (United Nations Education, Scientific and Cultural Organization) Intangible Cultural Heritage for generating national momentum for transmitting "WASHOKU" to following generations and maintaining and increasing favor for "WASHOKU."

Comparison of rate of reasons for selecting domestically produced vegetables

(Presence or absence of agriculture, forestry and fisheries experiences) (Multiple answers)



Source: MAFF surveys

Notes: 1) Survey covering males and females aged 20 or more throughout Japan (released in March 2015)

2) Respondents with agriculture, forestry and fisheries experiences were covered by a questionnaire survey (666 respondents). Those without these experiences were covered by an Internet survey (1,983 respondents).

Washoku school lunch promotion project's initiatives

Twenty WASHOKU cooks have formed a Washoku school lunch promotion project to transmit WASHOKU to young people. The project has implemented initiatives for transmitting WASHOKU cultures in school lunches at 25 elementary and junior high schools in Japan, including their cooperation with nutrition teachers and other school nutrition officials to develop WASHOKU menus and communicate WASHOKU to young people.

At Tanesashi Elementary School in Aomori Prefecture's Hachinohe city, the project conducted a Shokuiku (food education) cooking class for its 30 pupils under the theme "How Wonderful WASHOKU Is" Cooks explained about cooking processes and techniques while practicing cooking in front of the pupils.

Cooks also cooked a menu they developed in cooperation with municipal officials in charge of school lunches and ate it along with pupils. These pupils observed the cooking practice with interest and ate the entire meal, deepening their understanding and awareness of foods.



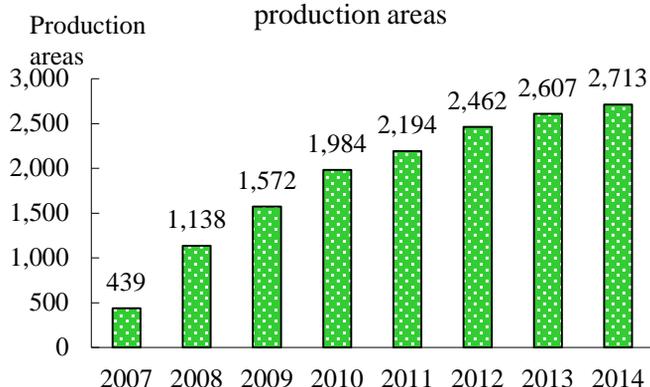
Shokuiku class

4 Ensuring food safety and consumer confidence

(1) Efforts for improving food safety

- Risk management based on scientific evidence targeting throughout the food chain, from production to consumption, is essential to improve food safety.
- The GAP (Good Agricultural Practices) scheme has been promoted in the production phase. The number of GAP-introducing production areas has steadily increased. In the manufacturing stage, the gradual introduction of the HACCP (Hazard Analysis and Critical Control Point) system is promoted.
- With respect to Livestock products, the farm HACCP concept is promoted, which applies the HACCP system to Livestock farms to enable advanced sanitary control.
- In December 2013, a highly concentrated agricultural chemical (Malathion) was mixed into a frozen food product during the manufacturing process at a plant in Japan. In a bid to promote business operators' food defense, MAFF in June 2014 released a report by a panel on how to prevent poisonous substances from being put into foods intentionally.

Trends of GAP-introducing agricultural production areas



Source: MAFF surveys

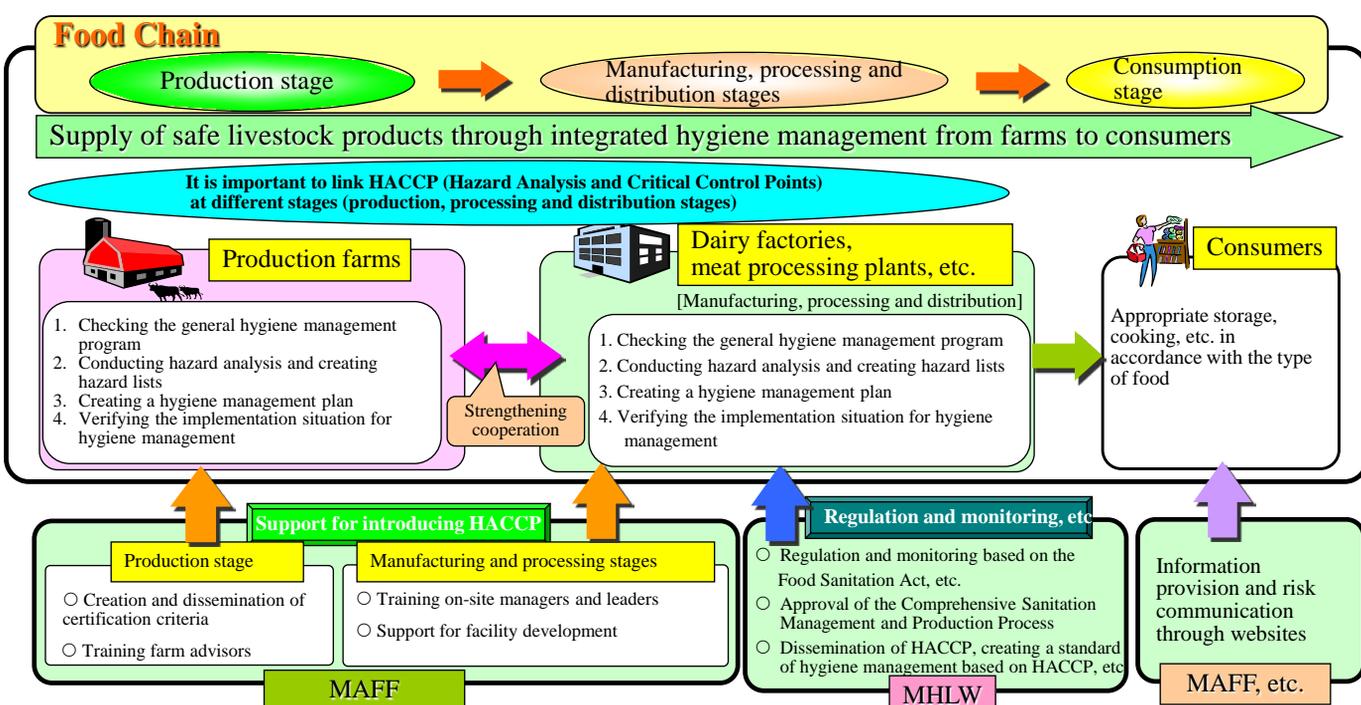
- Notes: 1) Numbers for 2007 and 2008 are those at the end of July. Numbers for the years from 2009 are those at the end of fiscal year (March).
 2) The number for 2011 excludes areas in Fukushima Prefecture.

Overview of a report by a panel on how to prevent poisonous substances from being put into foods intentionally (released in June 2014)

Messages from the case where Malathion was intentionally mixed into foods
<ul style="list-style-type: none"> ○ Documenting crisis response procedures including responses to complaints and recall of products, and implementing training ○ Rechecking responsibility arrangements for crisis management including business management and quality assurance ○ Understanding concepts of food defense
Useful information for food business operators' food defense
<ul style="list-style-type: none"> ○ Improving awareness of food defense under the assumption that poisonous substances could be intentionally mixed into food products ○ Creating an environment where it is difficult to mix poisonous substances into food products ○ Besides efforts for improving food safety, crisis management training are important.
Diffusing the report among food business operators
Diffusing the report among food business operators through seminars and information services in cooperation with relevant organizations and local governments

Source: MAFF

How to secure safety of Japan's livestock products

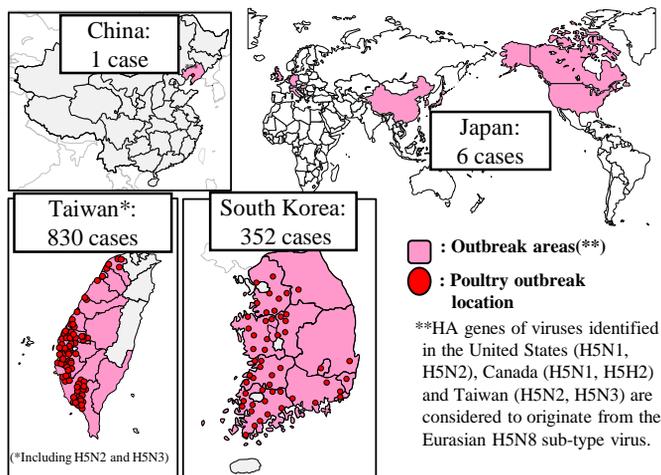


Source: MAFF

(2) Animal epidemic prevention and phytosanitary measures

- Over recent years, neighboring countries have seen outbreaks of domestic animal infectious diseases such as foot-and-mouth disease and avian influenza. Shoe sole disinfection and baggage checks with quarantine detector dogs are implemented for travelers to prevent domestic animal infectious diseases from entering Japan. In addressing outbreaks of avian influenza and other diseases in Japan, the MAFF cooperates with prefectural and other authorities in implementing appropriate measures.
- In order to effectively and efficiently prevent pests from entering Japan, MAFF identifies quarantine pests based on scientific grounds, and decides to implement appropriate phytosanitary measures against the quarantine pests according to their pest risks.

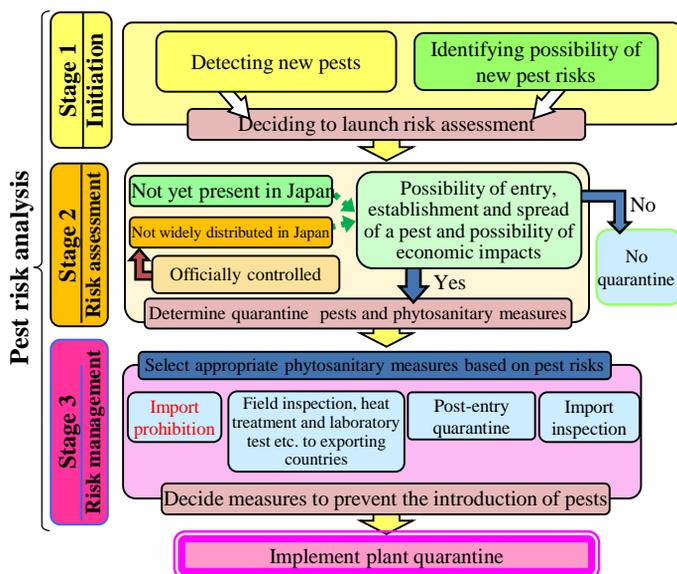
Outbreaks of Highly pathogenic avian influenza (Subtype H5N8) (from 2014)



Sources: Prepared by MAFF based on data from the World Organisation for Animal Health (OIE), etc.

Note: The figure covers outbreaks between January 2014 and April 7, 2015

Import plant quarantine

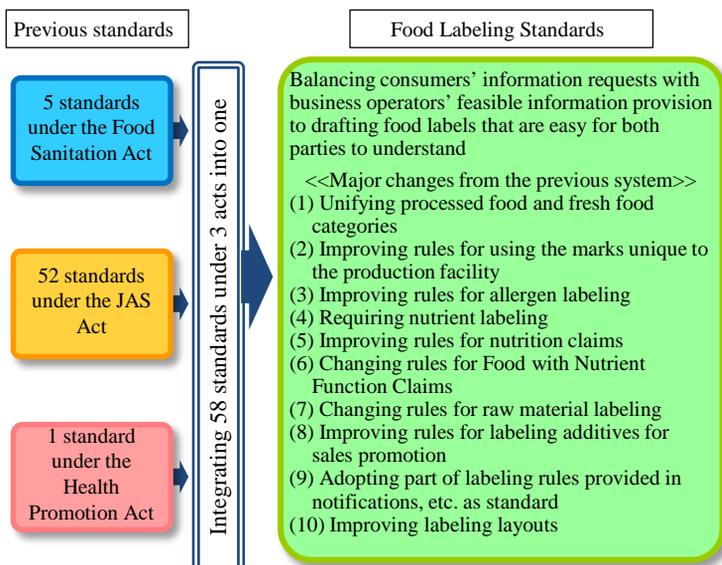


Source: MAFF

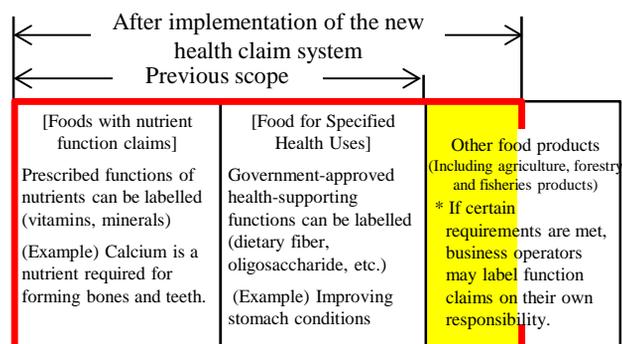
(3) Efforts to secure consumers' confidence

- Based on the Food Labeling Act (put into force in April 2015), the “Food Labeling Standards” have been established, integrating 58 standards under the Food Sanitation Act, the Act on Standardization and Proper Quality Labeling of Agricultural and Forestry Products (JAS Act) and the Health Promotion Act.
- In response to the Implementation Plan for Regulatory Reform and the Japan Revitalization Strategy, a new system has been created for food business operators to indicate the functionality of so-called health foods and other processed food products and agriculture, forestry and fisheries goods based on scientific evidence under their own responsibility.

Overview of Food Labeling Standards



Scope of products of which functionality can be labelled



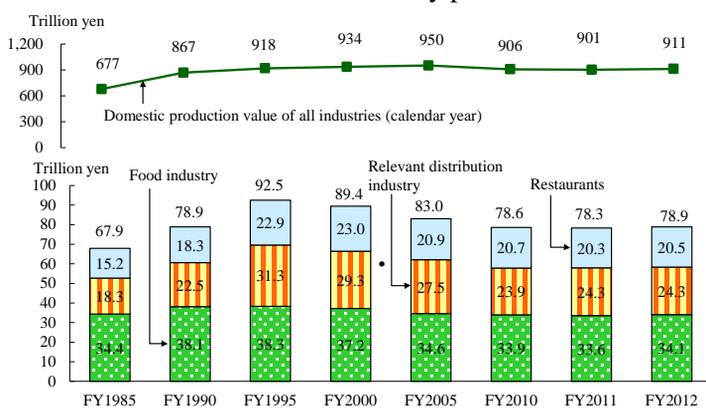
Source: Prepared by MAFF based on data from CAA

Source: Prepared by MAFF based on data from CAA

5 Food industry trends

- The domestic production value of the food industry has remained in decline since the late 1990s against the background of food price drops, the falling birthrate and other changes. The value came to 79 trillion yen, accounting for 9% of total industrial production (911 trillion yen) in FY 2012, indicating the food industry's key role in supporting local economies.
- The contents of Home Care Foods were clarified as foods not only for people with weakened functions of chewing or swallowing but also for preventing undernourishment and for making daily life more comfortable. The nickname for such foods, "Smile Care Foods", was chosen from suggestions by the public. The flowchart "How to choose "Smile Care Foods (foods for elderly or patients)"" was elaborated for consumer's appropriate choice of Smile Care Foods according to the functions and nutrition condition.
- In June 2014, MAFF formulated "The Global Food Value Chain Strategy" indicating basic and regional strategies to promote overseas business and investments of Japanese food industry and to enhance export and create favorable environment for Japanese food export and overseas business. Based on the strategy, MAFF will promote establishing food value chains from production, manufacturing, processing, distribution to consumption through Public-Private Partnership mainly in developing countries.

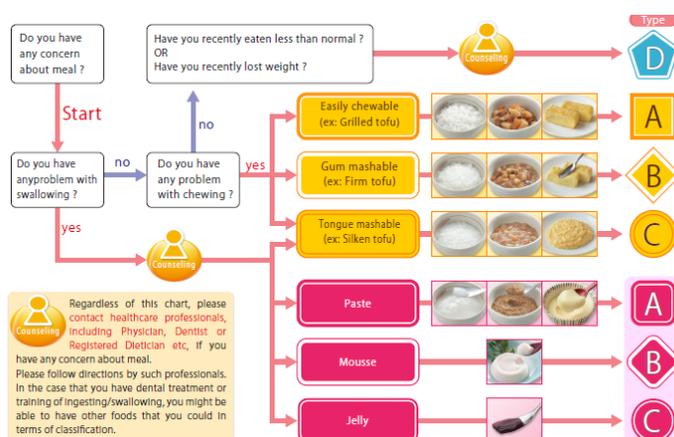
Trends of domestic food industry production value



Sources: Cabinet Office, "National Accounts" MAFF, "Economic Accounts for Agriculture and Food Related Industries"

Note: The domestic production value of all industries represents a total of output from various economic operations. The domestic production value of the food industry covers production values for the food industry, relevant distribution industry and restaurants in the "Economic Accounts for Agriculture and Food Related Industries."

How to choose "Smile Care foods (food for elderly or patients)"



Source: MAFF

Notes: 1) Photos indicating foods in each category are omitted.
2) The MAFF website shows sample goods for each category.

- In order to reduce food losses estimated to total 5 million to 8 million tons annually, the working team composed of food-related businesses has made progress in taking measures including the revising of deadlines for delivering processed food products.
- Over recent years, a decline in food and drink shops and other changes have led a growing number of elderly and other consumers to feel inconvenience and difficulties in purchasing food products, eating and drinking. It is important to continuously tackle the food access problem through horizontal cooperation between central and local governments and their collaboration with private sector companies, nonprofit organizations and local residents.

Major achievements of the working team on commercial practices to reduce food losses in FY 2014

Revising delivery deadlines for processed foods	As recommended by the working team on commercial practices, five companies revised delivery deadlines for beverages or confectionary products for a best-before period of more than 180 days.
Revising best-before date and labeling methods	Best-before date extended for 199 products between December 2013 and October 2014, with 159 products subjected to specified months at the end of the best-before periods
Reducing losses of foods for daily deliveries	Losses of foods for daily deliveries were estimated on a nation-wide basis*: Manufacturers: some 2.5 billion yen or 6,500 tons Retailers: about 7.6 billion or 18,600 tons

Source: Prepared by MAFF based on reports by the working team on commercial practices to reduce food losses in FY 2014

Note: *Major target products included bread, tofu, milk products, natto, etc. A distribution survey covered mainly supermarkets and cooperatives.

Cooperating with local supermarkets for nationwide mobile retail services

Tokushimaru Inc. in Tokushima Prefecture's Tokushima city has cooperated with local supermarkets as suppliers of goods and sales partners conducting mobile retail sales to implement minitruck-based mobile retail services for houses of elderly people on a nation-wide basis.

Sales partners, while receiving accounting know-how from the company, conduct mobile retail services twice a week with vehicles carrying 300 to 400 food and other daily life products provided by local supermarkets.

Mobile salespersons notify any abnormal changes involving elderly persons living alone to local support centers, contributing to local safety and security.



Mobile retailing