

# **Development of AFFriinnovation for Agriculture, Forestry, and Fisheries**

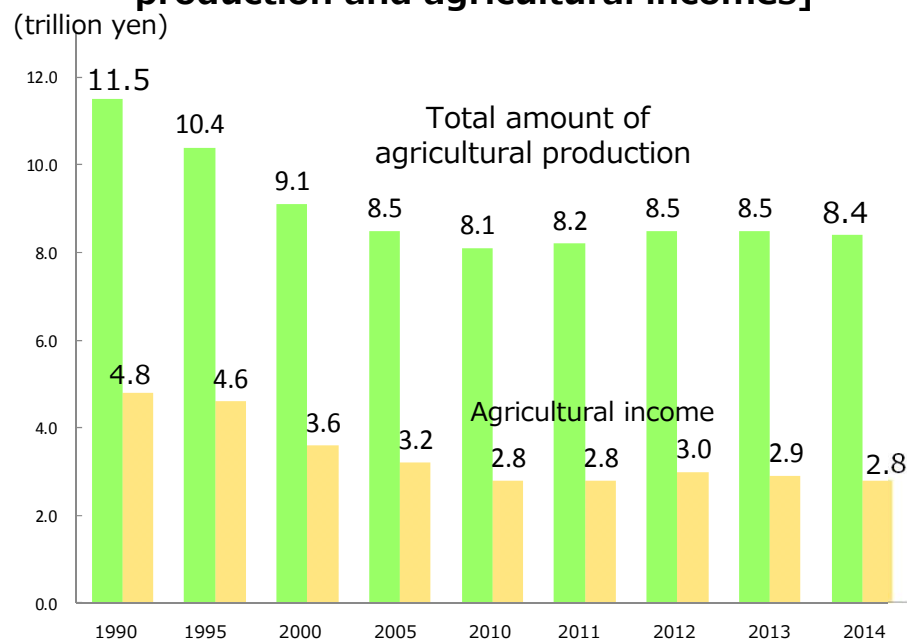
February 2017

**Ministry of Agriculture, Forestry and Fisheries  
Food Industry Affairs Bureau**

# 1 Current State of Agriculture, Forestry and Fishery Industries (1)

- Agricultural incomes (production agriculture incomes) have been decreasing from 4.8 trillion yen (1990) to 2.8 trillion yen (2014).
- While the number of core persons mainly engaged in farming have been also decreasing from year to year, the average age of those has reached to 67.0. There are many farmers who are in the generation of the first decade of the Showa Era (from 1925 to 1935).

**[Trend of the total amounts of agricultural production and agricultural incomes]**

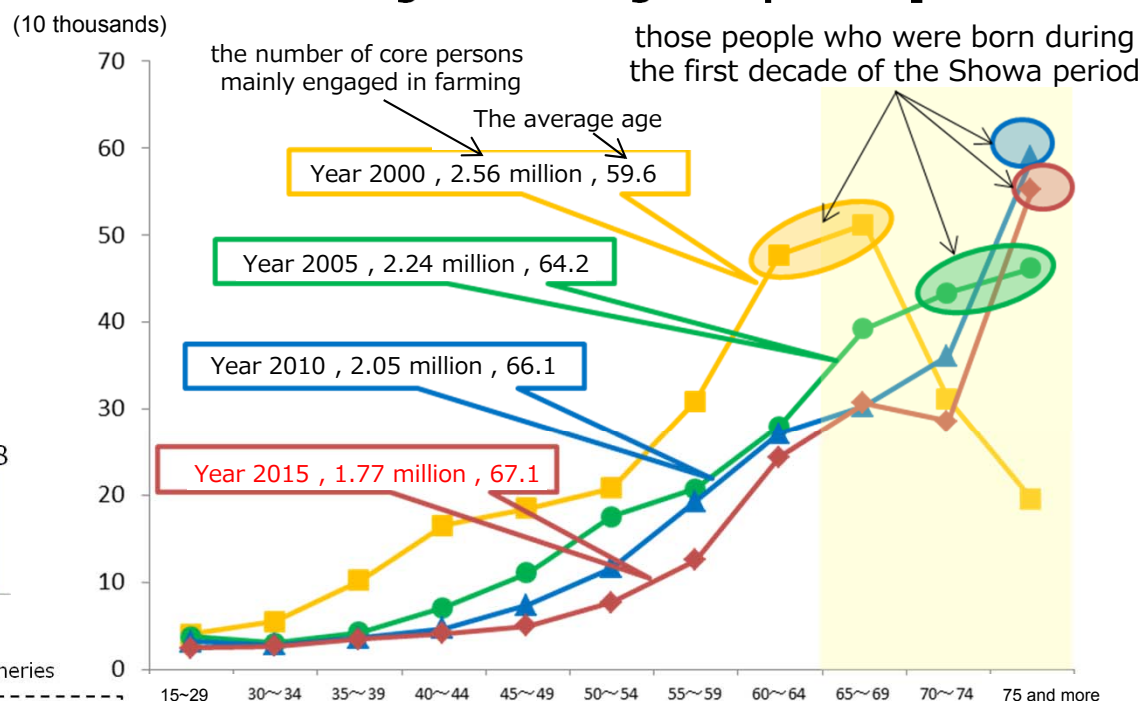


Reference: "Production agriculture incomes statistics", the Ministry of Agriculture, Forestry, and Fisheries

The agricultural incomes (production agriculture incomes) is the one which material expenses (fertilizer, agricultural chemicals, light, heat and power costs, etc.) are deducted and which current subsidies are added

Reference: Labor and agricultural income (family) deducting from the agricultural income in 2013 the amount equivalent to the employment wages, the amount equivalent to the payment of interests, the amount equivalent to land rent, and current subsidies, etc. is 1.4 trillion yen, of which the labor and agricultural income attributable to the manager (Management owner) is estimated to be 1.0 trillion yen.

**[The number of core persons mainly engaged in farming and their age composition]**



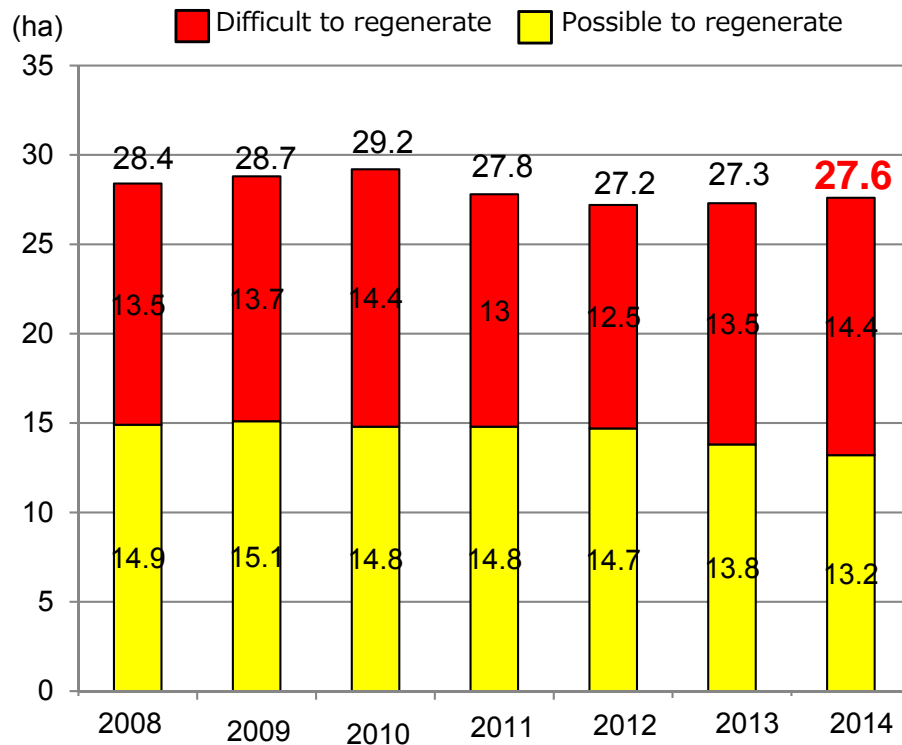
Reference: "Agriculture and Forestry Census", the Ministry of Agriculture, Forestry, and Fisheries (In 2015, the number is approximate numeric value)

Primary agricultural workers: Of those who are household members (agricultural work force) and are 15 years of age or older who engaged mainly in self-employed agriculture; they are mainly engaged in self-employed farming as a regular work, but not housewives, students, etc. whose main work is housework or/and baby sitting, etc.

# 1 Current State of Agriculture, Forestry and Fishery Industries (2)

- The dilapidated farmland area is 276,000 ha as of 2014. 132,000 ha of such farmland can be reused and 144,000 ha of such farmland is almost impossible to be reused.
- Japan 's food self-sufficiency rate is predicted to decrease over a long period of time. In FY2004, the rate became 39 % on a calorie basis and 64% on a production basis.

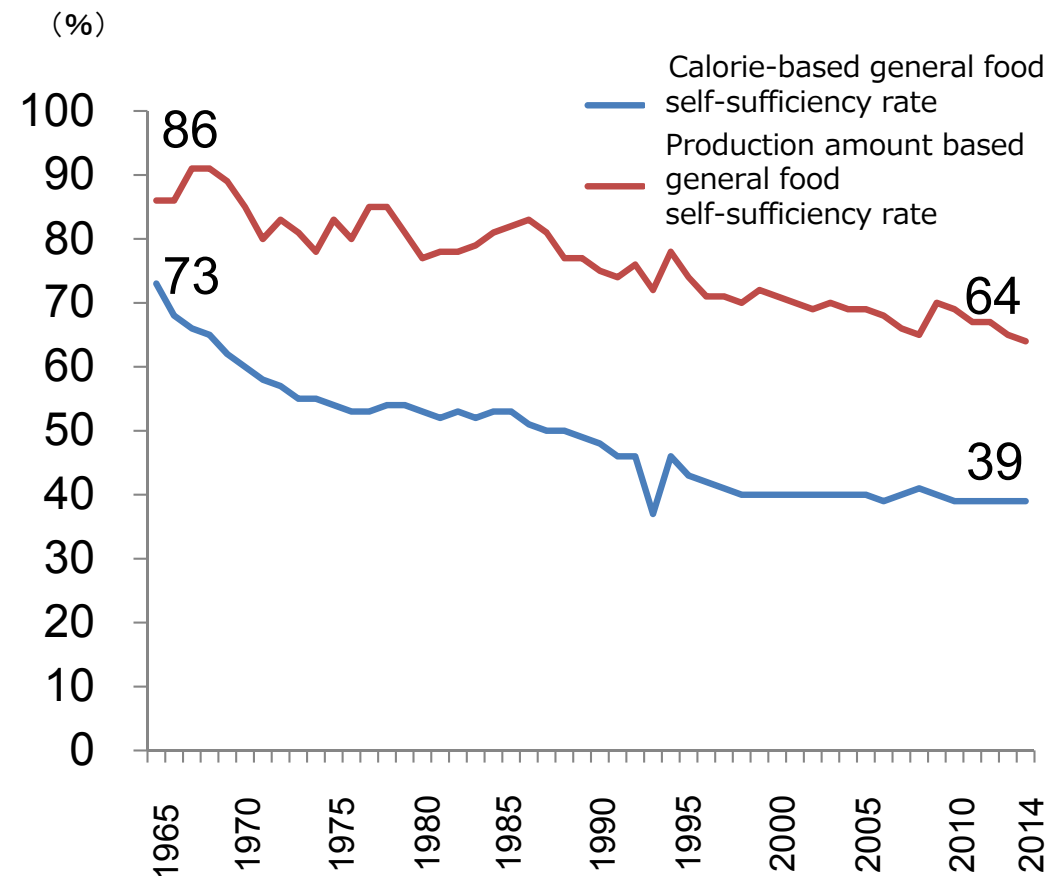
[Trend of dilapidated farmland area]



Reference: "Survey on the occurrence/ resolution state of dilapidated farmland", Rural Development Bureau, the Ministry of Agriculture, Forestry, and Fisheries

Dilapidated farmland: Farmland that has not actually been used for farming, dilapidated by abandonment of farming, and cultivation of crops is impossible objectively in ordinary agricultural work.

[Trend of Nation's food self-sufficiency rate]



Reference: "Food Balance Sheet", the Ministry of Agriculture, Forestry, and Fisheries

## 2 Improvement of added value of agricultural and forestry and fishery products by building a value chain

### (1) "Cooperation" patterns between the agriculture, forestry and fisheries and other industries - Positioning of "AFFriiinnovation"-

- When farmers, forestry workers and fishery workers cooperate with business operators of other industries, selecting optimum pattern of the cooperations is necessary to increase profits, under the consideration of the value of agriculture, forestry and fishery products to be produced, as well as the business development capabilities of the management in agriculture, forestry, and fishery in the business production area.
- The cooperation pattern of the AFFriiinnovation is suitable for the agriculture, forestry, and fishery managements who are motivated to develop new businesses with their own decisions.

Bond density of the value chain

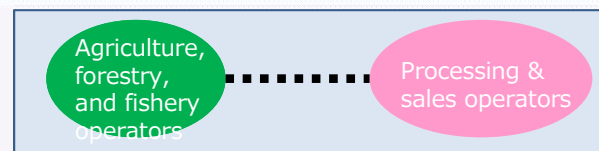
#### (1) Market trading type

Farmers, forestry workers and fishery workers have a possibility to efficiently earn revenue by utilizing the mass distribution network of the market trading. (However, since the products are shipped to the market only, added value information of the products to be provided to processing/ sales business operators is limited.)



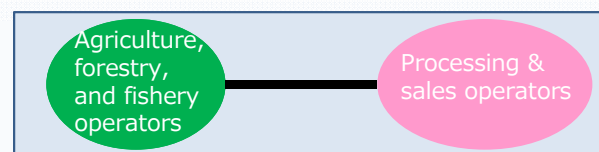
#### (2) Outsourcing type

Farmers, forestry workers and fishery workers can conduct a stable transaction with processing/ sales business operators by outsourcing the cultivation. (However, since the products are sold to the processing/ sales business operators, the added value of the products cannot be appealed to the consumers directly.)



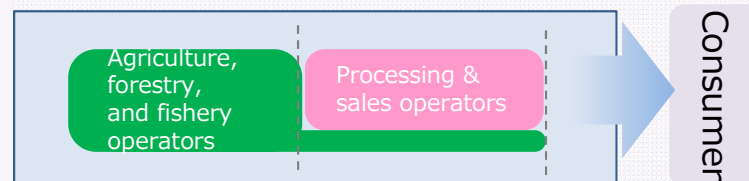
#### (3) Cooperation among agriculture, commercial, and other industries

Initiations which farmers, forestry workers and fishery workers and small and medium enterprises cooperate to develop new products and services, and to expand sales channels, etc. as well. Many initiatives are led by processing and sales operators. Among 705 certified plans as of October 2016, there were 45 plans in which the representatives were agriculture, forestry, and fisheries operators)



#### (4) AFFriiinnovation

Initiations which farmers, forestry workers and fishery workers are targeting integration of production and processing and sales, to improve added value. However, there are issues in development of new products, services, and expanding sales channels, etc. creating a difficult situation for the business to grow.



#### (5) AFFriiinnovation fund utilization type

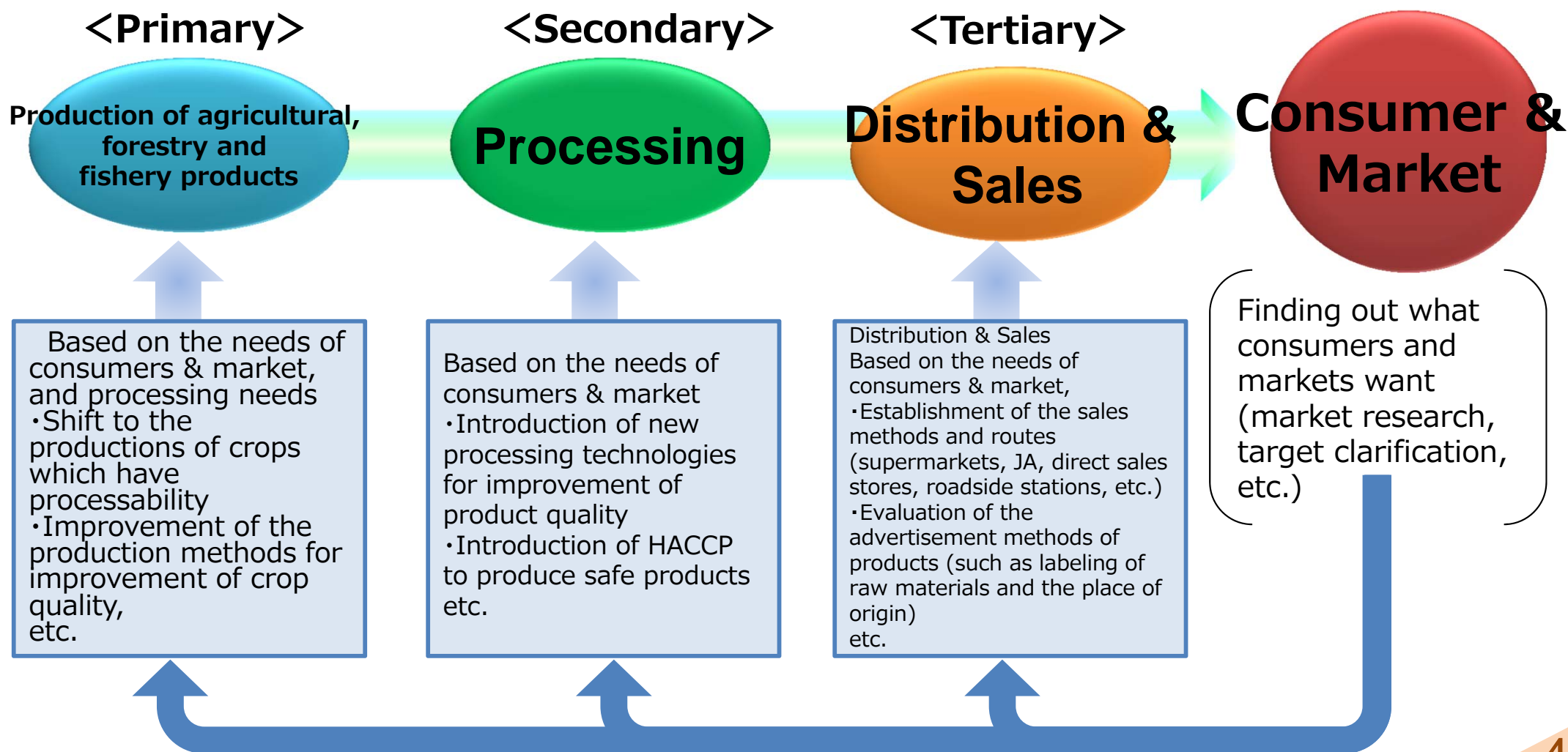
Farmers, forestry workers and fishery workers play a main role to create a AFFriiinnovation entity (joint venture) that develops businesses in cooperation with other industries. For this reason, the government and the private sector establish a fund which provides necessary growth capital. Establishment of a value chain (mechanism to provide the added value) for ensuring the delivery of the value of the products to the consumption level carried out by farmers, forestry workers and fishery workers.



## 2 Improvement of added value of agricultural and forestry and fishery productions by building a value chain

### (2) Building a value chain based on the customer needs

- When tackling with the AFFriinnovation, it is important to fully worked out to increase added value at each stage of processing, distribution, and sale of agriculture, forestry, and fishery products as well as their production. This should be done by taking advantage of expertize and ideas of distributors/ processing business operators, etc. under the consideration of the needs of consumers and markets while building a value chain starting from production, processing, distribution and to sales.



# (Reference) What is AFFriinnovation for Agriculture, Forestry, and Fisheries?

## ○ Purpose

It is the initiations which "We intend to comprehensively and integrately promote the agriculture, forestry, and fisheries as a primary industry, the manufacturing industry as a secondary industry, and the retail business as a tertiary industry, and to generate new added value utilizing regional resources".

("Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas"

(From the preceding sentence of the Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas)

## ○ Market scale & number of persons engaged for AFFriinnovation of agriculture, forestry, and fisheries (2014)

Sales from processing and direct sales:  
approximately 2 trillion yen

(Agriculture related: approx. 1.8 trillion yen,  
Fisheries related: approx. 0.2 trillion yen)

Number of persons engaged: approx. 400,000  
(Agriculture related: approx. 375,000, Fisheries  
related: approx. 24,000)

Reference: "General survey result of AFFriinnovation in 2014", the Ministry of Agriculture, Forestry, and Fisheries

## (Reference)

The AFFriinnovation means not only agriculture as a primary industry but also secondary industries such as processing, furthermore, including tertiary industries such as services and sales, and what is to try to expand the possibilities of agriculture as an industry integrated from primary to tertiary.

Source: "Ministry of Education, Culture, Sports, Science and Technology certified textbook (for high school agriculture department) agricultural management"  
(Jikkyo Shuppan Co., Ltd.) Note: used from FY 2014

**\* Primary (production) x Secondary (processing) x Tertiary (sale) =  
AFFriinnovation**

### 3 Overview of Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas (AFFriiinnovation related) (1) (Proclaimed date of the law: December 3, 2010, Enforcement date: March 1, 2011)

- It is the Act to support for the efforts such as creation of new business which farmers, forestry workers and fishery workers and organizations (including the corporation whose members are main members or investors) formed by them mainly conduct, to promote the creation of new business by farmers, forestry workers and fishery workers by utilizing regional resources.
- The Minister of Agriculture, Forestry and Fisheries approves the plans regarding comprehensive businesses carried out by farmers, forestry workers and fishery workers for the purpose of improvement of the management of agriculture, forestry, and fishery businesses and makes an exception for them in the various laws to support them.
- In addition to this, we will establish subsidies and financing, etc. using agriculture, forestry, and fisheries growth industrialization funds, and will send AFFriiinnovation's planners and provide AFFriiinnovation network activity grant and agriculture, forestry, and fisheries growth industrialization fund, etc. to the farmers, forestry workers and fishery workers to support for developing new products and improvement of processing/sales facilities, etc.

#### Farmers, forestry workers and fishery workers and their organizations

- Formulating a comprehensive business plans, receiving certification by the Japanese government, and implementing comprehensive projects
- It is also possible to position the efforts by persons other than farmers, forestry workers and fishery workers (promotional business operators) as a comprehensive business plan.

<Comprehensive businesses fall under any of the following>

- Development of new products, production or market development of new products of which agricultural, forestry, and fishery products of their own are used as raw materials.
- Introduction of new sales methods of agricultural, forestry, and fishery products of own productions, or improvements of sales methods
- Improvement of the production methods necessarily for those described above

#### Certification requirements regarding the management improvement of the agriculture, forestry, and fisheries industries

All the following two indicators shall be satisfied

- i) The sales amount of the agriculture, forestry, and fishery products and the new products need to increase 5 % and more in 5 years.
- ii) The incomes of the agriculture, forestry, and fishery industry and related businesses need to increase from the initiation of the businesses until the end of the businesses which shall make the final fiscal year go into the black.

Apply for the certification of comprehensive business plan

Certification of comprehensive business plan

#### The Minister of Agriculture, Forestry, and Fisheries

- The Minister certifies the comprehensive business plans and provide various support

#### <Major supporting measures>

##### ○ Exceptional measures by various laws

- Exceptional measures by various laws
- Exceptional examples of the Agricultural Improvement Fund Act (redemption deadline and extension of deferment period, etc.)
- Exceptional examples of the Act for Stabilization of Production and Shipment of Vegetables (providing grants to outsourcing sales by relay shipments of designated vegetables)

##### ○ Dispatching the AFFriiinnovation's planners

- Place AFFriiinnovation's planners at the central/ prefecture level and advice farmers, forestry workers and fishery workers who have been carrying out the AFFriiinnovation, etc. regarding developing of sales channels for new products and acquiring technical knowledge

##### ○ AFFriiinnovation Network Activity Grant

- Support for the development of new products and cultivation of the markets, etc.
- Support for the necessary facilities which are necessarily for the new processing & sales, etc.

##### ○ Agriculture, Forestry and Fisheries Growth Industrialization Fund

- Financial support is provided to the business activities of AFFriiinnovation in cooperation with distribution/processing business operators initiated mainly by farmers, forestry workers and fishery workers.

Support

#### <The comprehensive business is one which falls under any of the following>

(1) Development of new product, its production or development of demands which agricultural, forestry, and aquatic products pertaining to its own production are used as raw materials.

- "New products" means products which have never been developed or produced by a person who has been trying to receive certifications of those. It is applicable either of the following meets; (i) a product itself is new, (ii) a manufacturing method is new, or (iii) a raw material is new. "Indispensable raw material" is the raw material which gives functions and effects, etc. to the characterizations of the new products. A "New products" also include primary processing products which are not finished products.
- Not only for agricultural, forestry, and fishery products, but also the secondary products which are produced in the productions or processing of agricultural, forestry and fishery products, and are derived from animals and plants are qualified for the certifications if a development of a new product uses them as raw materials.
- Specifically, the efforts of farmers, forestry workers and fishery workers to develop new products such as pickles and juice, etc. using their own vegetables as the raw materials for the new products. Other efforts include serving food at accommodation facilities and restaurants managed by farmers, forestry workers and fishery workers, using their own agricultural, forestry and fishery products, etc., and the efforts of electricity generation by using biomass such as unused thinned timber and livestock manure excreta, etc.

(2) Introduction of new sales models or improvement of sales methods for agricultural, forestry, and fishery products related to own production

- "Introduction of new sales models" refers to introducing a sales model that has never been used by a person who wishes to receive a certification, and "improvement of sales methods" refers to improve profitability by improving the sales method already in use.
- Specifically, the efforts of those who had been engaged in face-to-face sales will newly initiate Internet sales, and other sales initiation in conjunction with providing information to consumers in order to draw their interests such as new cooking methods when directly selling the agricultural and forestry, and fishery products.

(3) Improvement of the required production methods to implement (1) and (2) above

- "Improvement of the production methods" means the acquisition of agricultural facilities necessary for the development of new products performed by farmers, forestry workers and fishery workers, the introduction of new sales methods, the improvement of new crops and livestock introduction, introduction of new production methods which make full use of regional lands, water and other resources.

## 4 Certified situation of comprehensive business plans (as of February 13, 2017)

- Since the first certification was provided in May 2011, the number of certification of comprehensive business plan has increased to 2,216 as of February 28, 2017.

### (1) Number of certification by region

Region	Comprehensive business plan	Agricultural and livestock product related	Forest product related	Aquatic product related
Hokkaido	127	120	3	4
Tohoku	342	308	12	22
Kanto	372	338	17	17
Hokuriku	108	103	1	4
Tokai	201	179	10	12
Kinki	364	333	11	20
Chugoku and Shikoku	266	216	11	39
Kyusyu	381	315	25	41
Okinawa	55	50	1	4
Total	2,216	1,962	91	163

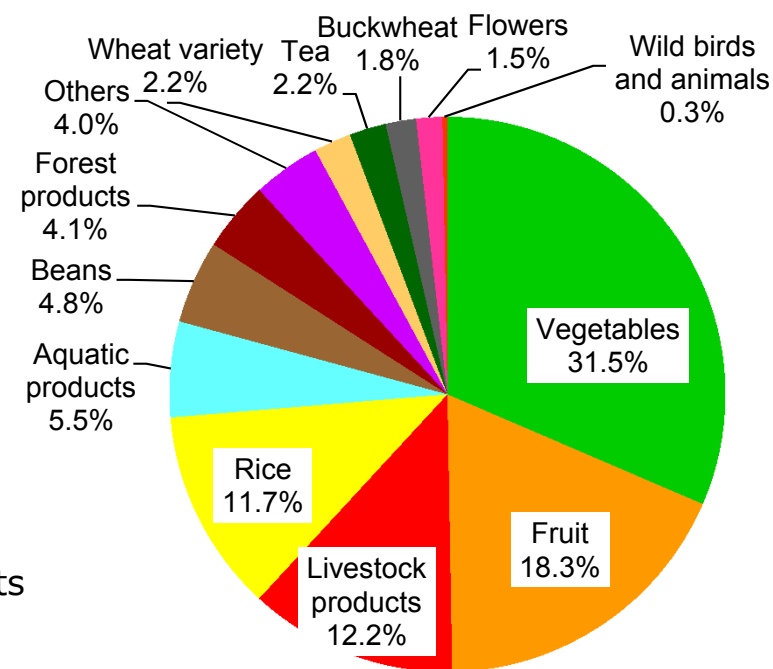
### (2) Prefectures with a large number of certification of comprehensive business plan (number of cases)

Hokkaido pref.	127
Hyogo pref.	101
Nagano pref.	93
Miyazaki pref.	90
Kumamoto pref.	79

### (3) Percentage of business contents of the comprehensive business plans (%)

Processing	19.7
Direct sale	2.6
Export	0.4
Restaurant	0.3
Processing & Direct sale	68.6
Processing, Direct sale, and Restaurant	6.8
Processing & Direct sale, and Export	1.6

### (4) Percentage of target agriculture, forestry, and fisheries product of the comprehensive business plan



\* All of the comprehensive business plans targeting multiple agriculture, forestry, and fisheries products are counted.

(Reference) Changes of the number of certifications per fiscal year (cumulative total)

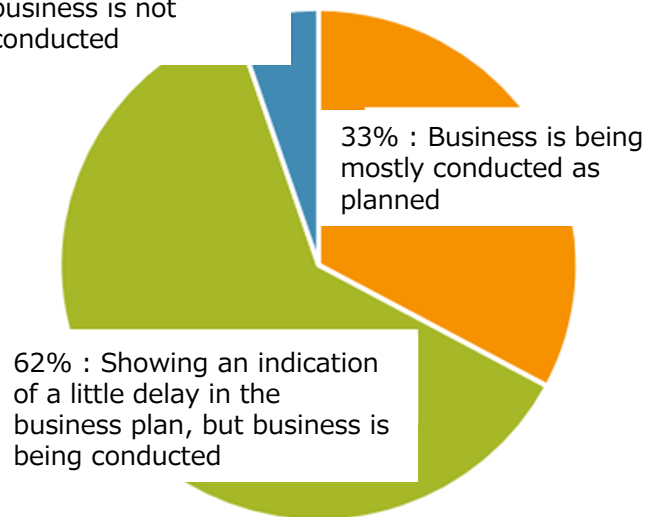
FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
709	1,321	1,811	2,061	2,156

## 5 Progress of the certified comprehensive business plan of the Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas

- Survey on progress status and sales situation of the business plans has been conducted every fiscal year for the certified business operators of the comprehensive business plans.
- Looking at the management situation of the certified business operators, sales related to the AFFriiinnovation increased by 17 % in one year, 33 % in two years, 38 % in three years, 41 % in four years from the time of their application.

### (Progress of comprehensive business plans)

5% : The planned business is not conducted



### (Sales of the certified business operators)

(Average value, 1 million yen)

Sales		1 year effort			2 year effort			3 year effort			4 year effort		
		At the time of application	After 1 year	Comparison with the time of the application	At the time of application	After 2 year	Comparison with the time of the application	At the time of application	After 3 year	Comparison with the time of the application	At the time of application	After 4 year	Comparison with the time of the application
Overall management	Individual	18	19	106%	20	24	120%	20	25	125%	43	50	116%
	Companies	138	167	121%	134	162	121%	128	166	130%	134	180	134%
	Total	110	133	121%	107	129	121%	99	129	130%	105	139	132%
AFFriiinnovation related	Individual	9	10	111%	12	15	125%	11	14	127%	20	27	135%
	Companies	65	76	117%	52	70	135%	61	85	139%	65	93	143%
	Total	52	61	117%	43	57	133%	48	66	138%	51	72	141%

Note: In FY 2015, surveys were conducted for the business operators who had started business as of the end of March 2015.

Among the 1,949 business operators who had become targeted business operators, survey was conducted and the information was gathered on the progress status and sales carried out by the business plans of 1,880 business operators (96.5 %) (However, regarding the sales, business operators are excluded when they are not involved with agriculture, forestry and fisheries or any other related businesses).

# 6 Activities situation of AFFriinnovation planners Food industry bureau

○ The number of registrants of the AFFriinnovation's planner (as of December 31, 2016) are 920 at the prefectural support centers, 262 at the central support centers (including those who register dublicately in multiple AFFriinnovation support centers).

○ The dispatching situation of AFFriinnovation planners in 2016 (the actual result as of December 31, 2016) is as follows:

• Prefectural Support Centers: 5,616

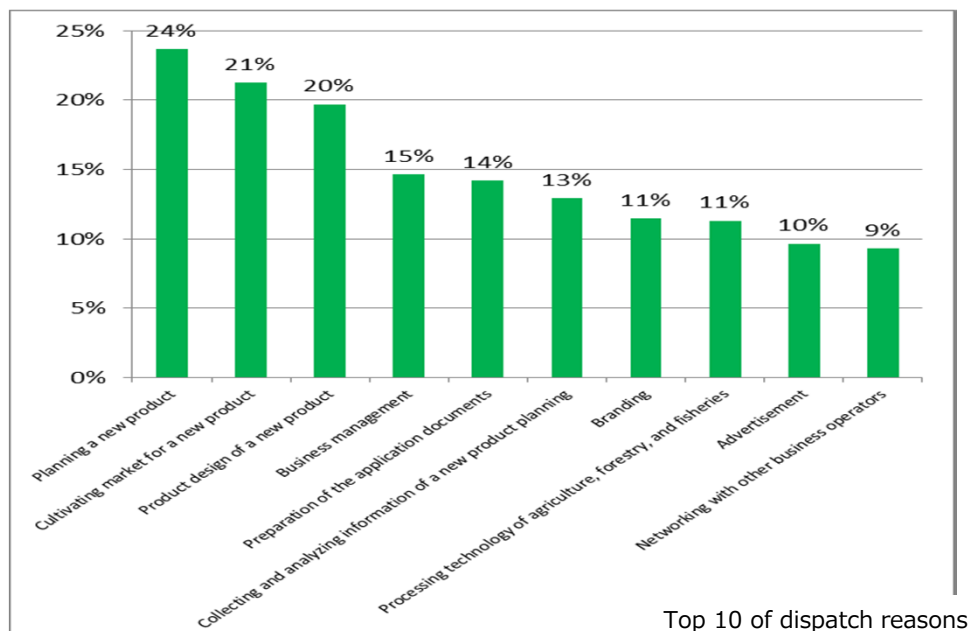
(Main reason for dispatch: new product planning, development of sales channels for new products, product design of new products, business management, preparation for the application documents)

• Central Support Centers: 1,634

(Main reasons for dispatch: development of sales channels for new products, branding, new product planning, product design of new products, information collection and analysis of new product planning)

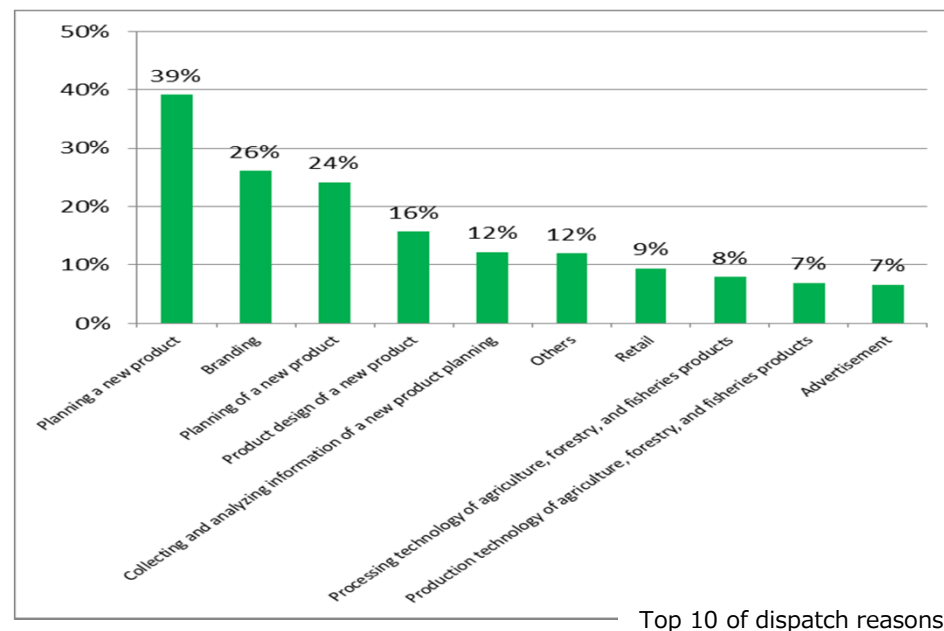
## <Prefectural Support Centers>

Number of registered planners	Number of dispatches
920	5,616



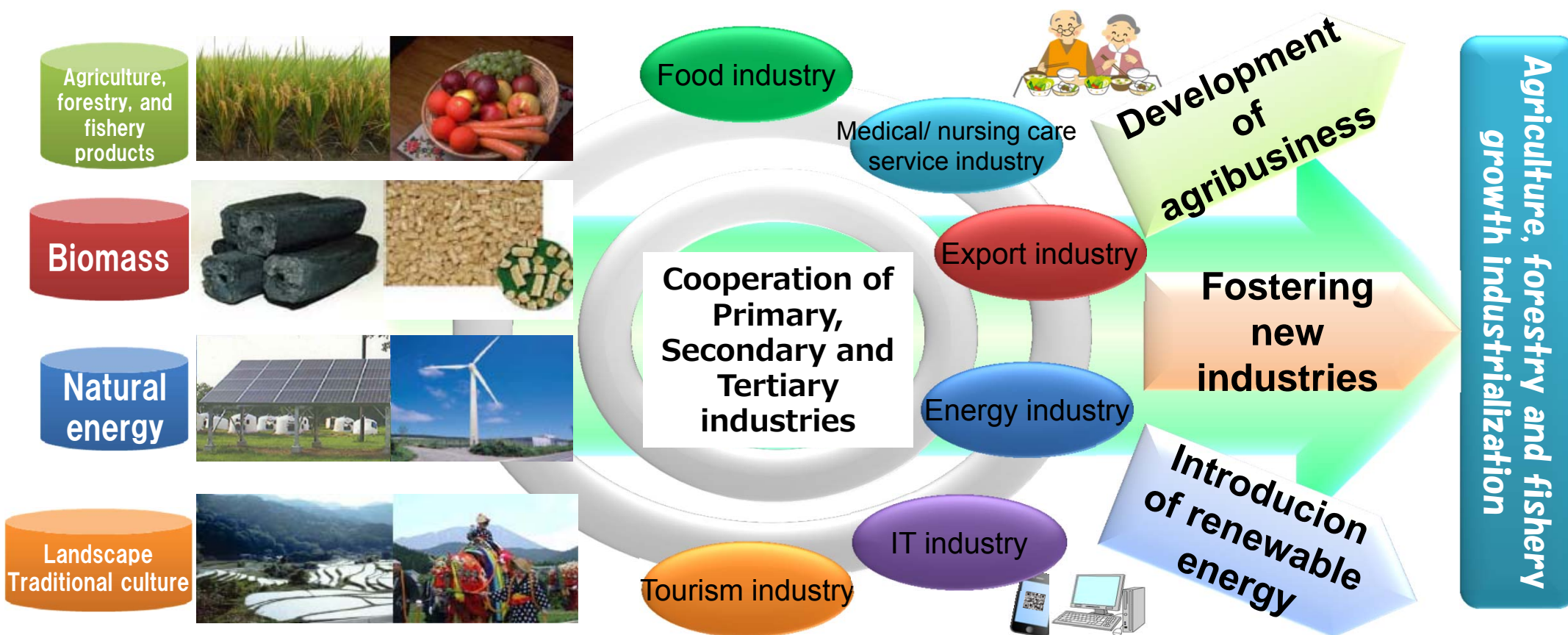
## <Central Support Centers>

Number of registered planners	Number of dispatches
262	1,634



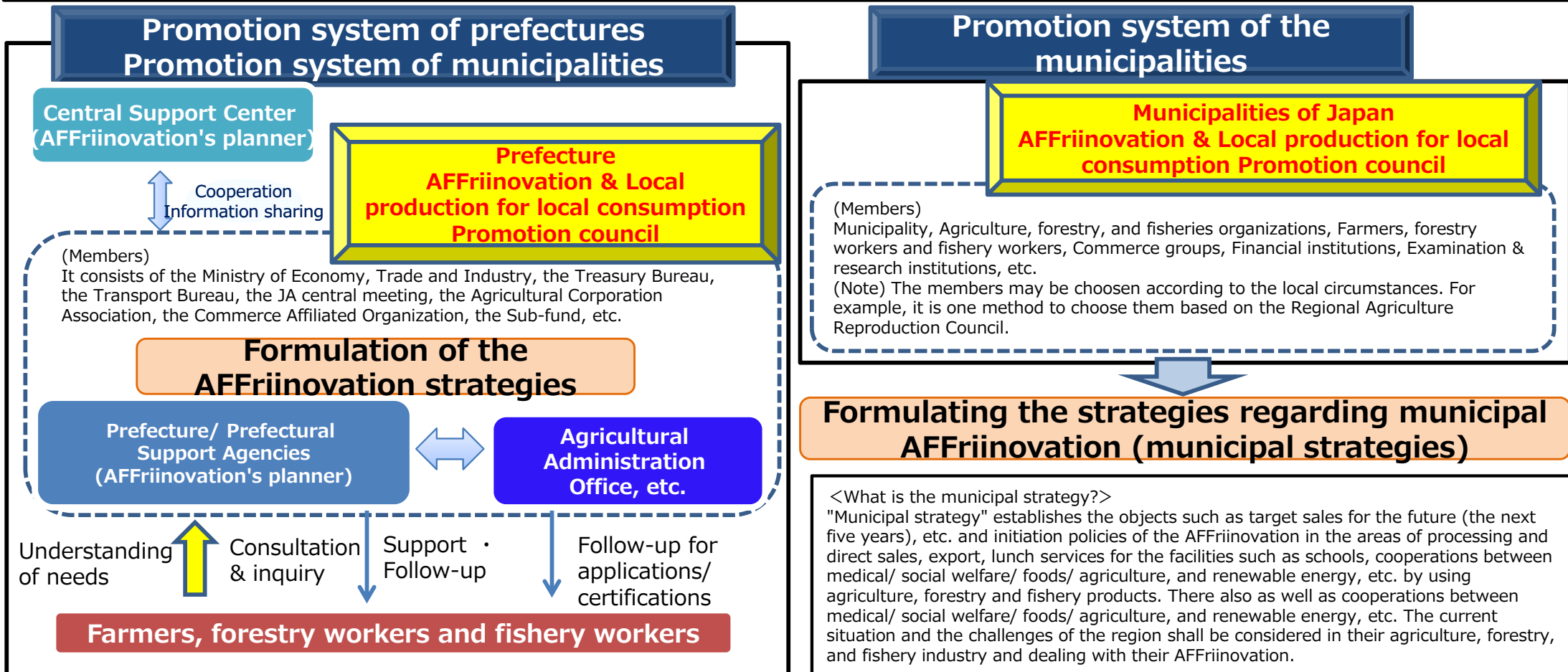
# 7 Development of AFFriinnovation by utilizing regional resources

- Agricultural, mountain and fishing villages are rich in various regional resources including agricultural, forestry, and fisheries products, biomass, lands and water, and are one of Japan's greatest strengths as a rare resource for future economic growth.
- Establish new cooperation between farmers, forestry workers and fishery workers and other industries, develop agribusiness which integrates production, processing, sale, tourism etc., nurture new industries utilizing advanced technology, etc., innovate agricultural, mountain and fishing villages by introducing renewable energy, and make agriculture, forestry and fishery business grown industries.



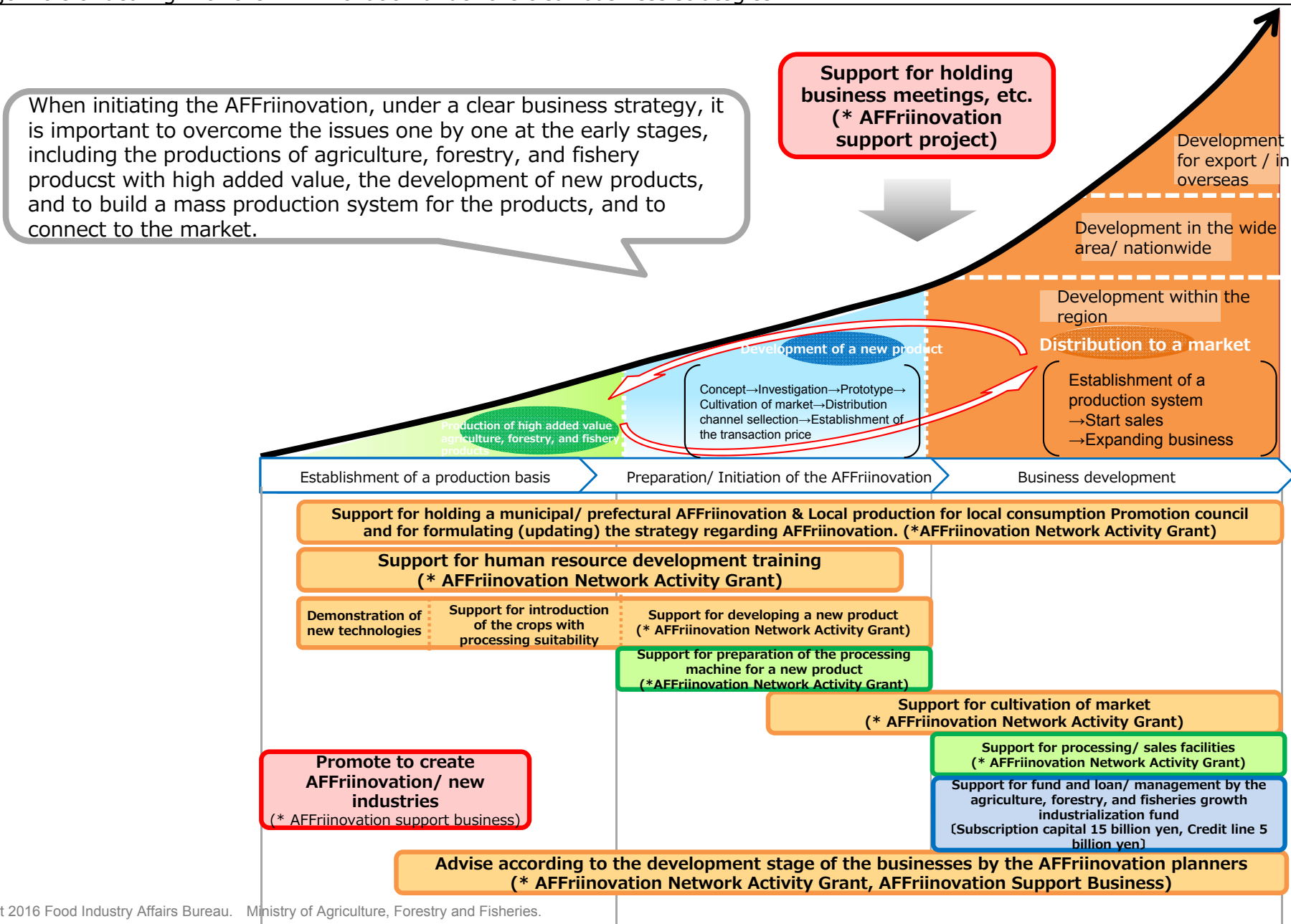
# 8 Measures for promoting AFFriiновation of agriculture, forestry, and fisheries

- In order to promote the efforts of the AFFriiновation in cooperation with related organizations, prefectures, prefectural support agencies, financial bureaus, transport bureaus, agriculture, forestry, and fisheries organizations, agricultural corporate associations, commerce related organizations, promotion organizations and other organizations, "AFFriiновation & Local production for local consumption Promotion council" was established.
- In the Promotion Council, regarding the current status and challenges of agriculture, forestry, and fisheries industry and the AFFriiновation for the prefectures, etc., initiation policies in the AFFriiновation, etc., and the strategies of the prefectures for the AFFriiновation, etc. targetting sales increase, etc. in the future (in five years), shall be established and promoted in cooperation with the related organizations to reach the goals.
- A similar promotion councils have been established at the municipal level as well, and a strategy (municipal strategies) on the AFFriiновation of the municipalities, etc. has been formulated to promote AFFriiновation efforts by the people in the regions.



## 9 Overview of the budget for FY 2016 (Measures for the AFFriiinnovation support)

- We will steadily promote the regional AFFriiinnovation strategy progress and the AFFriiinnovation efforts by the regions. At the same time, we will prepare the clear support menu according to the development level of the efforts so that the motivated farmers, forestry workers and the fishery workers can take a major role of dealing with the AFFriiinnovation under the clear business strategies.



# (1) AFFriiновation Network Activity Grant (1)

## [The budget amount in FY 2016: 2,033 (2,331) million yen]

### Formulation of the strategies regarding AFFriiновation

- In order to strategically advance the efforts of the AFFriiновation in each region, we establish the AFFriiновation and local production for local consumption promotion council consisting of the related agencies such as administrative agencies, agriculture, forestry, and fisheries business, commercial organization, financial institution to prefectures and municipal level and will support for efforts to formulate (update) the strategy regarding AFFriiновation, etc.



( Grant rate:  
Fixed amount )

### Personnel training to deal with the AFFriiновation

- In order for prefecture and municipalities to foster human resources who can tackle the business of the AFFriiновation with the sense of management, we will support for training to acquire the necessary knowledge for management, marketing, financing, and expenses for a lecture (venue fee, text preparation fee, lecturer's fee, lecturer's travel expenses, etc.), internship training fee (reward for acceptance companies, insurance for trainees, etc.) for the efforts to conduct practical trainings such as internship training to AFFriiновation entities.



( Grant rate:  
Fixed amount )

### Efforts of AFFriiновation by farmers, forestry workers and fishery workers

- When farmers, forestry workers and fishery workers build a network with distribution/process business operators etc. to introduce crops with suitable processing for new product development, and conduct the development and manufacturing of new product and the development of sales channels, the part of necessary expenses\* will be supported.

\* Grant rate

With municipal strategy Within 1/2

Without municipal strategy Within 1/3



- We will support the expenses for purchasing materials for a trial product of new products or developing a package design and ingredient analysis, etc.

- The AFFriiновation's planner will advise according to the development stages of the businesses of farmers, forestry workers and fishery workers dealing with the AFFriiновation.

- When the farmers, forestry workers and fishery workers who received certification of the Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas prepare the processing and sales facilities for the agriculture, forestry, and fishery products which are necessary for developing their AFFriiновation business by utilizing loans such as institutional capital, we will support the part of expenses (grant rate: within 3/10\* maximum 0.1 billion yen).

\* For the grant amount, it is within the range of the lowest amount of (1) to (3) below.

(1) Operating expense x 3/10

(2) Loan amount

(3) Operating Expense - Loan Amount - Grant Amount from Local Public Organizations

"Calculation example"

In the case of preparing the processing facility of 100 million yen under the 50 million yen loans and the 100 million yen grant from local public organizations.

(1) is 30 million yen (100 million yen (operating expense) x 3/10)

(2) is 50 million yen (Loan amount)

(3) is 40 million yen (100 million yen (operating expense) - 50 million yen (Loan amount) - 10 million yen (grant amount))

Therefore, the lowest amount, 30 million yen will be the grant amount.



# (1) AFFriinnovation Network Activity Grant (2)

## [The budget amount in FY 2016: 2,033 (2,331) million yen]

### Support for the community-wide efforts of the AFFriinnovation

In accordance with the municipal strategies, we will support the efforts of the community-wide AFFriinnovation to promote the development of new products which utilize regional resources.

- In accordance with the municipal strategies on the AFFriinnovation etc., when municipalities, etc. conduct regional resource development of new products, etc., we will support the materials cost, inspection cost etc. for component analysis, etc.

[ Grant rate: Within 1/2 ]



(Development of bread by utilizing wheat which is a rare variety in the region)

- In addition, we will support for that a municipality (including any promotional business operators positioned in the Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas) prepares a processing machine to develop a new product with a community involvement.

[ Grant rate: Within 1/2,  
Limited amount of grant: 30 million yen ]



(Development of trial product of tomato source by utilizing high-sugar content tomato which is special product in the region)

\* We also support the participation fees for training seminars, material expenses required for the test cultivation, etc., even when conducting community-wide crop introduction aimed at the development of new products. (Grant rate: within 1/2)

- In the municipal AFFriinnovation and local production for the local consumption promotion council, stakeholders for school lunch and hospital & social welfare facilities participate to formulate the initiation policies and the goal for expanding the use of local foods in school lunch, etc. For the following efforts to achieve its goal:

- (1) Investigate the production volume and demand volume of local foods, and hold a training
- (2) Develop a menu/ processing product
- (3) Introduce and verify new menu to a school lunch

The efforts above will be supported. [ Grant rate: Within 1/2 ]



- In the municipal AFFriinnovation and local production for the local consumption promotion council, stakeholders for the direct sales stores and tourism business operators participate to formulate the initiation policies and the goal for increasing of the sales of direct sales store. For the following efforts to achieve its goal:

- (1) Holding a review meeting to strengthen the operation system of a direct sale store
- (2) Developing a new product for inbound demands, and holding a consumer evaluation meeting
- (3) Planning a tour with a direct sale store and tourism business operators

The efforts above will be supported.

[ Grant rate: Within 1/2 ]



- In the municipal AFFriinnovation and local production for the local consumption promotion council, regional food business operators and stakeholders for university & nursing care facilities, etc. participate to formulate the initiation policies and goal for developing Smile Care Foods (new foods for nursing care). For the following efforts to achieve its goal:

- (1) Developing Smile Care Foods
- (2) Verifying a food delivery service
- (3) Holding a seminar for spreading Smile Care Foods

The efforts above will be supported.



[ Grant rate: Within 1/2 ]

## (2) AFFriinnovation Support Business

[The budget amount in FY 2016: 369 (320) million yen]

MAFF

Food Industry  
Affairs Bureau

### ○ Individual consultation to farmers, forestry workers and fishery workers to tackle AFFriinnovation

• We will dispatch the AFFriinnovation's planners individually from the "AFFriinnovation central support center" for those who develop the businesses in a wide area such as beyond the prefecture area, or for those who need some advice regarding specialized fields.

(Individual consultation example)

- Advising regarding special fields such as marketing and branding.
- Embodying a business plan of AFFriinnovation and advising to management.



### ○ Holding a business meeting with farmers, forestry workers and fishery workers and distributors

• We hold opportunities for business talks in multiple regions and make opportunities to match with distributors, farmers, forestry workers and fishery workers, etc. who are looking for sales partner of new products developed by efforts of AFFriinnovation.

(Reference) Venue and date in FY 2016

Sapporo (2/2), Sendai (2/1), Tachikawa (11/30),  
Kanazawa (10/25), Nagoya (10/26), Osaka (9/28),  
Okayama (9/27), Kumamoto (11/29)



### ○ Support to provide information of the AFFriinnovation

We will introduce efforts through information magazines (6 channels), home pages, e-mail magazines, etc. to disseminate the policies and its effects regarding the AFFriinnovation.

### ○ Investigation of the possibility for business

We conduct market research, etc. regarding new products and services developed by cooperation with farmers, forestry workers and fishery workers and different industries, and we support the adjustment and analysis of commercialization possibility.

### ○ Measures for the AFFriinnovation promotion technologies

In order to contribute to the promotion of new product development through the cooperation with different industries, we will hold seminars and consultation sessions which farmers, forestry workers and fishery workers and business operators of different industries to participate, and maintain the databases introducing researchers specialized in food functionality.



### ○ Holding a foods development fair

In order to provide opportunities for restaurant and ready-made meal business operators to develop new menu development and product development, we will hold the round table meetings at production areas and the food development fairs at urban areas.



the food  
development fairs

### ○ Nationwide promotion of AFFriinnovation Network Activity

Since we are going to nationally spread the advanced efforts which various business operators participate,

- (1) Holding an information exchange meeting for related agencies of AFFriinnovation
- (2) Creating practical models, and holding an educational seminar for farmers, forestry workers and fishery workers by utilizing this
- (3) Collecting and analyzing good practices and holding a best practice presentation session

we will conduct the efforts above.



### ○ Providing the information about utilization of domestic food

We will investigate the local foods suitable for restaurant and ready-made meal, and provide the information to promote the use to restaurant and ready-made meal business operators.



### ○ Promoting the efforts to improve nutrition by utilizing local foods

In order to promote efforts of business operators to improve nutrition including the prevention of malnutrition using locally produced foods, we will collect good examples, hold workshops, etc., investigate the food disseminate situation for nutrition improvement, and support to communicate its result.

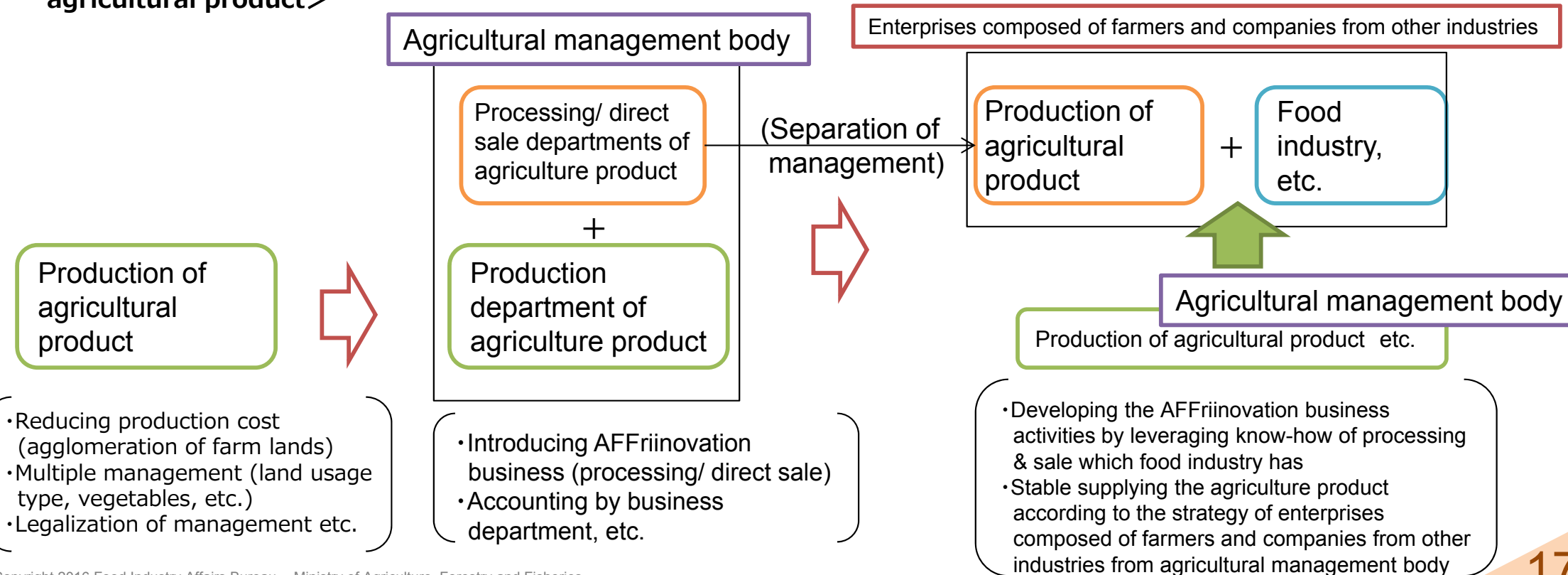
# 10 Development of agriculture, forestry, and fisheries management and development of AFFriinnovation

- In order to improve the income of farmers, the AFFriinnovation efforts such as processing and direct sales to increase added value of agricultural products are effective, while reducing the production cost of agricultural products, etc. and promoting the legalization of management.
- When developing into a full-scale AFFriinnovation business, the departments of processing and direct sales etc. are separated from corporate management and the new AFFriinnovation entity is established with the partner of food industry having processing and sales know-how to focus on the efforts (if agricultural management entity has a person having processing and sales know-how, there may be a case to establish a subsidiary with 100% subscription).
- This allows the risks of processing and sales, etc. to be blocked from the production department, as well as expanding business of AFFriinnovation and increasing income by expanding supply volume of the corresponding ingredient agricultural products will be expected.

<Production of agricultural product>

<Initiating efforts of AFFriinnovation>

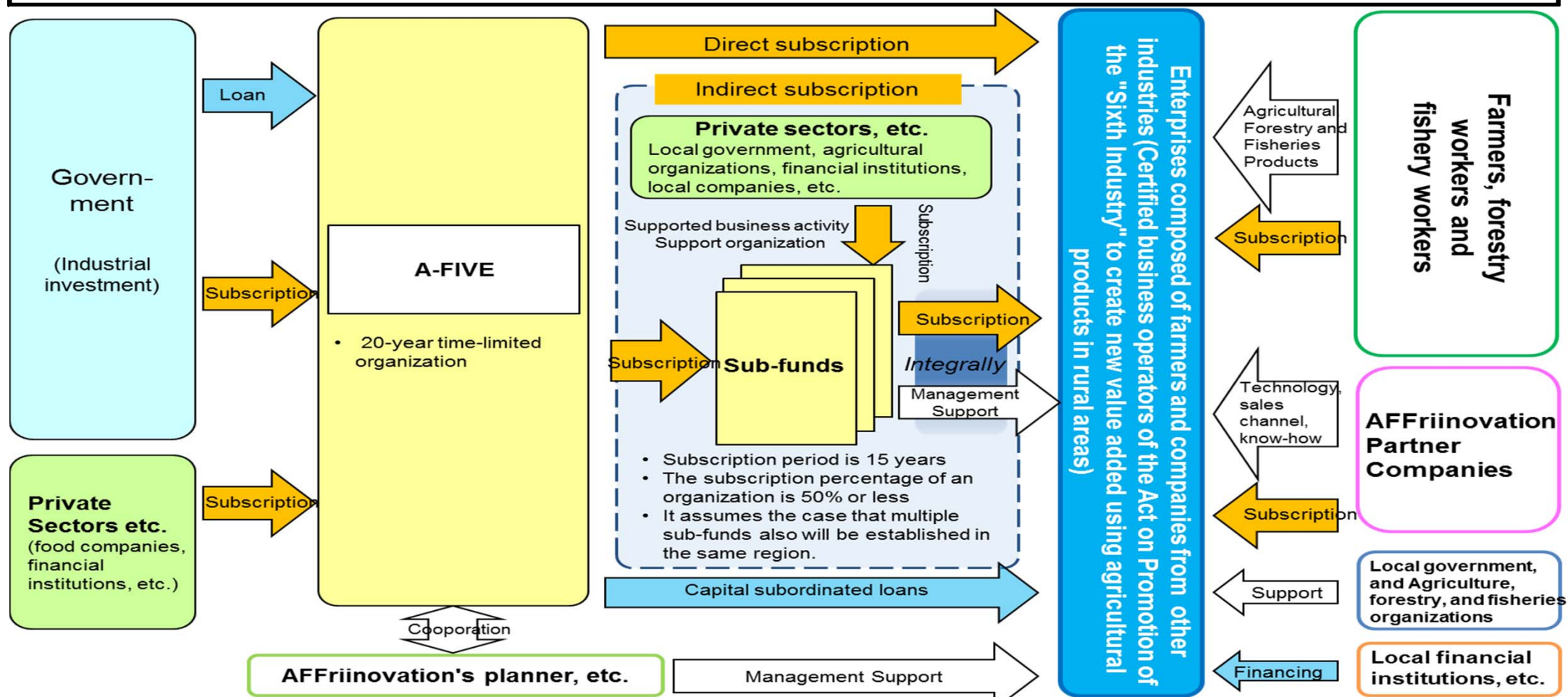
<Beginning AFFriinnovation business in earnest >



# 11 Overview of Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan Act (Proclaimed date of the law: September 5, 2012, Enforcement date: December 3, 2012)

MAFF  
Food Industry  
Affairs Bureau

- It is the Law for establishing a corporation aimed at supporting the supply of capital to business activities to develop new business fields in domestic and overseas to develop a new product, to introduce the new sales methods, to develop a new role, to develop renewable energy, while farmers, forestry workers and fishery workers lead and utilize the characteristics of agriculture, forestry, and fisheries products.
- Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE), as government and private sector funds, supports for AFFriinnovation entities by the indirect subscription via sub-funds or by the direct subscription/ loan (capital subordinated loan).



\* Other than this, it is possible for A-FIVE to subscribe a supportive business operator (business operators who support for the cultivation of market for farmers, forestry workers and fishery workers who tackle AFFriinnovation).

# 12 Strategic partnership by capital combination of supported business operators

- The subjects for fund subscription are joint ventures (AFFriinnovation entity) formulated by the capital participation of the partner company having processing and distribution know-how as that farmers, forestry workers and fishery workers are the main investor. In order to become a subject for subscription, it is necessary to receive the certification of comprehensive business plan based on Act on Promotion of the "Sixth Industry" to create new value added using agricultural products in rural areas.

[Enterprises composed of farmers and companies from other industries]

