

Analysis of the Development of Business Related to Agricultural Production

Census analysis team of the project on the structure of the agricultural industry and rural regions

Business sales in the farm product processing and farm restaurant sectors increased

The number of actual entities engaged in at least one business related to agricultural production (excluding retail) increased by 24.1% from 2015-20, and the business sales increased by 16.4%. Viewed by sector, the “farm products processing” has shown particular growth, while “farm restaurants” have seen an increase in business sales, especially among group management entities, although there has been little change in the number of such entities. However, both the number of entities and business sales of “farm inns” demonstrate a downward trend (Table 1).

Agricultural management entities that have continued or started related business have diversified their sales channels and have a higher proportion of organic farming operations

Individual census data for 2015 and 20 were connected and analyzed by classifying them into the following five categories: “Continuing” (related business conducted in both 2015 and 2020), “Discontinued” (conducted business in 2015 but not in 2020), and “Discontinued (retired farming, etc.)” (conducted business in 2015 but not farming in 2020), “Started” (no related business conducted in 2015 but conducted in 2020), and “Started (new farmers, etc.)” (no farming in 2015 but conducted business in 2020) (Table 2).

First, the “Continuing” entities had higher business sales as well as sales value of agricultural products than the other types, both of which increased since 2015. In addition, a high percentage of respondents indicated that their agricultural products are shipped to the food manufacturing and food service industries or direct sales to consumers, that the primary category of sales is “fruit trees,” and that they are engaged in organic farming.

However, the entities that “Discontinued” or “Discontinued (retired farming, etc.)” had lower business sales in 2015, and a higher percentage of individual management entities had proprietors in their 70s or older. It is believed that elderly farmers and entities with sluggish sales discontinued their businesses. However, agricultural product sales have increased since 2015 even among “Discontinued” entities, suggesting that some entities may have withdrawn from production-related businesses in order to focus on agricultural production.

Table 1. Number of Agriculture Management Entities and Business Sales (2020) and Percentage Change

		Number of actual entities (working on one or more projects)					
		Farm products processing	Tourist farms	Rental farms, hands-on farms, etc.	Farm inns	Farm restaurants	
2020 Number of agriculture management entities (entities)	total	43,147	29,950	5,275	1,533	1,215	1,244
	Individual management entities	37,604	25,923	4,558	1,232	1,128	782
	Group management entities	5,543	4,027	717	301	87	462
2015-2020 Percentage change (%)	total	24.1	25.2	▲ 15.9	▲ 46.5	▲ 21.4	1.1
	Individual management entities	27.2	28.8	▲ 17.1	▲ 46.9	▲ 21.4	1.6
	Group management entities	6.7	6.4	▲ 6.6	▲ 44.5	▲ 20.9	0.4
2020 Business sales (Yen, billions)	total	5135.9	3545.7	458.7	34.2	24.3	238.2
	Individual management entities	1725.6	1112.2	267.5	15.2	20.4	37.6
	Group management entities	3410.3	2433.6	191.2	19.0	3.9	200.6
2015-2020 Percentage change (%)	total	16.4	27.8	3.0	▲ 19.4	▲ 44.2	15.3
	Individual management entities	32.4	53.9	4.5	▲ 39.8	▲ 39.4	▲ 34.6
	Group management entities	9.6	18.6	0.9	10.4	▲ 60.6	34.5

Source: Independently compiled from Census of Agriculture and Forestry survey data.

Note: 1) The number of operations differs from the statistics published in 2015 because the calculation was aligned with the criterion of “at least 10% of production-related business sales.” Business sales are the median value of the options, and business sales by sector are estimated by multiplying business sales by the sectors’ share. Percent change was calculated as (2020 - 2015)/2015 (Table 2 is similar).

2) “Retailers” is not included. In addition, “Overseas exports,” “Renewable energy power generations,” and “Others” are omitted.

Moreover, comparing the characteristics of the entities that “Started” and “Started (new farmers, etc.)” with those that “No initiatives” (not implementing projects in either year), there were characteristics such as a higher percentage of food manufacturing and food service industries and direct sales as the destination of agricultural products, a higher percentage of “vegetables grown in facilities” and “outdoor-grown vegetables” as the primary category of sales, and a higher percentage of organic farming, respectively. These shares are high in the “Started (new farmers, etc.)” category, where more than 30% of business owners are in their 40s or younger, indicating the presence of a younger generation combining production-related businesses and organic farming.

(Analysis by OHASHI, Megumi)

Table 2. Characteristics of “Continued,” “Discontinued,” and “Started” Entities

		Individual management entities						Group management entities						
		Continued	Discontinued	Discontinued (Retired farming, etc.)	Started	Started (New Farmers, etc.)	Reference: No initiatives	Continued	Discontinued	Discontinued (Retired farming, etc.)	Started	Started (New Farmers, etc.)	Reference: No initiatives	
Number of agriculture management entities (entities)		10,296	14,689	4,391	24,607	2,701	919,520	2,393	1,900	1,102	1,742	1,408	22,843	
Agricultural product sales (¥10,000/entity)	2015	735	677	543	476	-	397	9,008	10,263	17,300	9,765	-	8,227	
	2020	895	733	-	557	662	453	11,067	11,139	-	14,804	7,002	12,885	
Production-related business sales (¥10,000/entity)	2015	511	397	422	-	-	-	6,135	5,293	5,862	-	-	-	
	2020	603	-	-	402	426	-	6,603	0	-	6,250	5,266	-	
Destination of agricultural products (%) (multiple answers)	Food manufacturing and food service industry	2015	16.9	8.6	9.5	4.5	-	2.2	34.2	26.0	29.4	2.7	-	7.9
		2020	34.0	7.0	-	25.0	35.0	2.0	53.0	23.0	-	43.0	48.0	8.0
	At least 1 direct sales entity	2015	69.2	57.7	52.7	33.5	-	17.5	72.4	56.8	58.7	37.3	-	16.7
		2020	68.5	47.0	-	46.2	6.8	17.1	75.8	49.4	-	52.5	65.5	18.5
Percentage of organic farming practices(%)		2020	18.7	13.2	-	14.6	27.3	5.7	27.7	18.1	-	18.1	25.6	7.2
Share of entities by primary category of sales (%)	Outdoor-grown vegetables and vegetables grown in facilities	2015	21.0	22.3	22.3	18.3	-	8.1	23.3	21.7	31.5	10.2	0.0	13.4
		2020	19.6	20.1	-	17.3	30.7	8.0	21.5	11.2	-	10.1	30.6	12.7
	Fruits and vegetables	2015	44.7	32.7	28.2	19.5	-	12.6	18.8	1.2	12.8	6.9	-	2.8
		2020	45.7	32.6	-	19.7	18.3	12.8	18.6	9.9	-	7.7	12.3	2.8
Percentage of entities by proprietor age (%)	70s and over	2015	25.1	31.2	46.3	31.2	-	32.7						
		2020	38.8	44.3	-	42.6	23.0	46.1						
	40s and under	2015	13.7	1.5	1.4	9.7	-	7.3						
		2020	12.7	9.8	-	8.9	34.8	7.0						

Source: Independently compiled from Census of Agriculture and Forestry survey data.