Requirements for "Smart Agriculture" Machinery, Facilities and Services to be covered by MAFF Subsidies: Compliance with the GL

"Smart Agriculture" Machinery, Facilities and Services, to Comply with the "Guideline on Contracts Regarding Utilization of AI and Data in Agricultural Sector" (GL) for subsidies by MAFF, Japan

The value of data is created only after data is processed, analyzed and then used in business activities; data itself is not valuable in many cases, so it is not worthwhile just to possess data.

On the other hand, trade secrets and knowhow can be leaked, for instance, by disclosure and unfair use of data. In general, data can be easily duplicated and may be leaked without appropriate management.

Therefore, if the data includes trade secrets and knowhow, data providers such as farmers might feel anxious about providing data because those trade secrets and knowhow can be leaked to their competitors.

Aiming to promote "smart agriculture" [1], the "guideline on contracts regarding utilization of AI and data in agricultural sector" (GL) provides model contracts to realize both data utilization and prevention of knowhow leakage. The GL aims to provide reference for agricultural data contracts which are concluded between data receivers, such as smart agriculture companies, and data providers, such as farmers.

In order to be covered by MAFF subsidies, system service contracts complying with the GL should be concluded between "smart agriculture" companies and farmers, whenever the "smart agriculture" companies receive and store the data, which are generated by farmers utilizing "smart agriculture" machinery, agricultural robots, agricultural drones, IoT devices, etc.

---

[1] Smart agriculture is agriculture utilizing advanced technologies such as robots, AI, IoT, etc.

The GL does not constrain freedom of contract. Considering the principle of freedom of contract, the GL respects the intentions of persons concerned in contracts.

The GL presents main subjects and points which should be settled among persons concerned in contracts, together with principles of contracts and model contracts.

Persons concerned can freely establish the authority for data utilization, by selecting counterparts of contracts, by contents of contracts, the way of concluding contracts and so on.

On the other hand, skilled farmers are quite sensitive about leakage of their knowhow on farming. Since they are extremely afraid about such leakage, it is common for them to be too careful whenever they provide third parties their knowhow, or data and images, which constitute their knowhow.

Therefore, in order to prevent knowhow leakage, and make farmers feel comfortable providing their agricultural data, the GL presents model contracts. The GL promotes data utilization, which is essential for promotion of "smart agriculture".

In principle, system service contracts' compliance with the GL will be evaluated by checking whether elements provided in the model contract of the GL are included in system service contracts.