

Plan to Promote the Establishment of Global Food Value Chain

- The “Global Food Value Chain Strategy” (“GFVC Strategy”) was established in June 2014. MAFF supported expansion by Japan’s food industry into mainly developing/emerging countries through participation in FVC establishment.
- Accelerating overseas expansion by Japan’s food industry requires more strategic efforts including clarification of targets (business opportunities) of each country/region. Therefore, the “Plan to Promote the Establishment of Global Food Value Chain” was formulated.

“GFVC Strategy” Results of five-year efforts

- Establishment of Public-Private Council for Promoting Global Food Value Chain (June 2014))
No. of Council members:
77 (June 2014) → 454 (October 2019)
- Formulation of bilateral and other programs
- Support for relation-building between the governments of partner countries and companies
- Deregulation and improvement of investment environment in partner countries
- Promotion of Japanese-style systems concerning agricultural products/food

Overseas sales of food-related industries
5.9 trillion yen (FY2017)

*Achieved the GFVC Strategy’s fiscal
2020 target of 5 trillion yen, ahead of
schedule.

**More strategical approach including clarifying
targets of each country/region**

**Further accelerating overseas business expansion of Japan’s food industry by newly formulating
“Plan to Promote the Establishment of Global Food Value Chain”**

Outline of Plan to Promote the Establishment of Global Food Value Chain

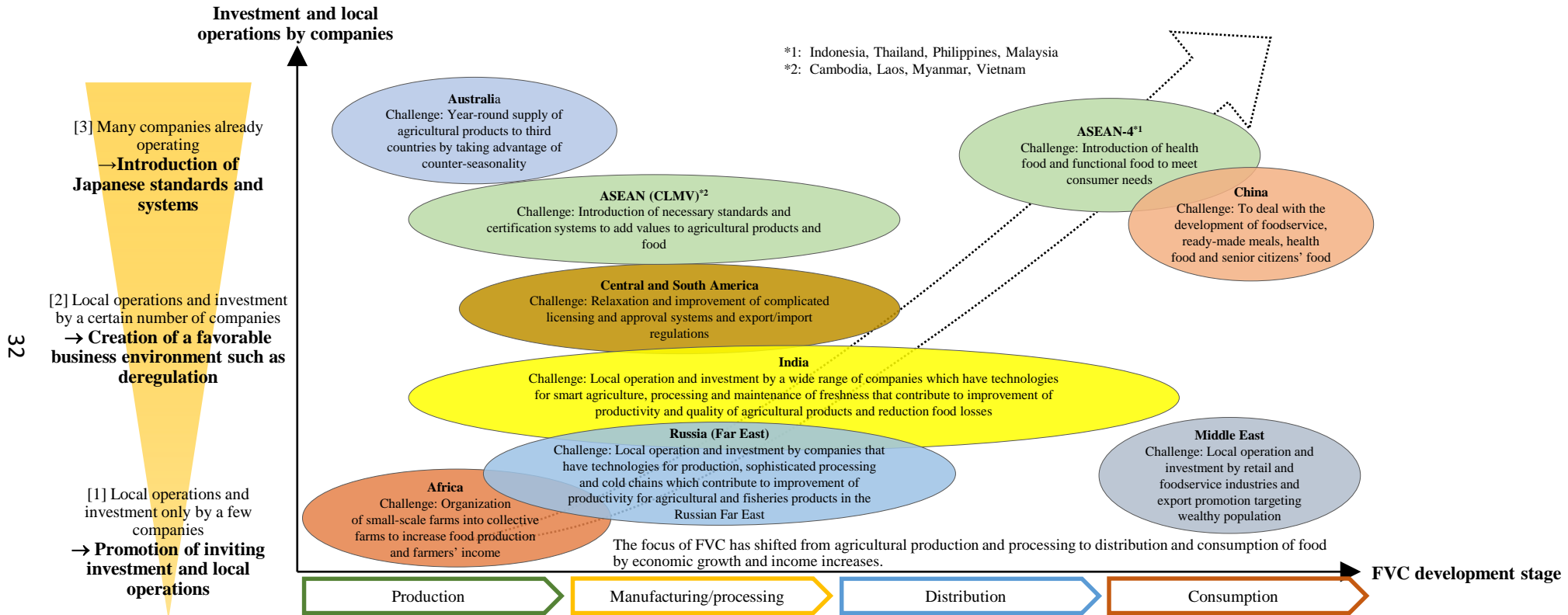
- Demand for high value-added food including safe food is increasing especially among the middle-class, affluent population growing in developing and emerging nations. There are business opportunities where Japanese companies can secure space in the market by taking advantage of food-related technologies/know-how, Japan's strength.
- MAFF more vigorously promotes overseas business expansion of Japan's food industry through FVC establishment in developing and emerging countries based on the new plan through public-private cooperation.

New efforts based on the plan

1. Targeted Measures in Each Country and Region	Making focused efforts for supporting companies based on the situation of overseas business by Japan's food-related companies, development stage of FVCs and major challenges in key countries and regions
2. Support for Establishment of Corporate Consortia and Planning	Supporting establishment of consortia and business planning for deploying Japan's excellent technologies collectively through collaboration among multiple companies
3. Promotion of Overseas Business Expansion by Regional Companies	Promoting overseas business expansion by regional producers/companies which have excellent technologies wanted overseas
4. Integrated Promotion of Export and Investment	Promoting export of Japan's agricultural, forestry and fisheries products/food and investment in an integrated manner through overseas expansion of retail/foodservice companies providing Japanese meals and Japanese food products
5. Promotion of Overseas Deployment of Smart Agricultural Technologies	Promoting overseas development of smart agricultural technologies and Agricultural Data Collaboration Platforms through collaboration with the governments of partner countries

1. Targeted Measures to Support Companies in Each Country and Region

- Situations of overseas business (local operations/investment) by Japanese companies, development stages of FVC and challenges vary significantly among countries and regions, so it is necessary to set a target for each region.
- Making focused efforts for supporting companies by formulating country/region-specific plans specifying effective efforts for business development by private-sector companies in each country and region



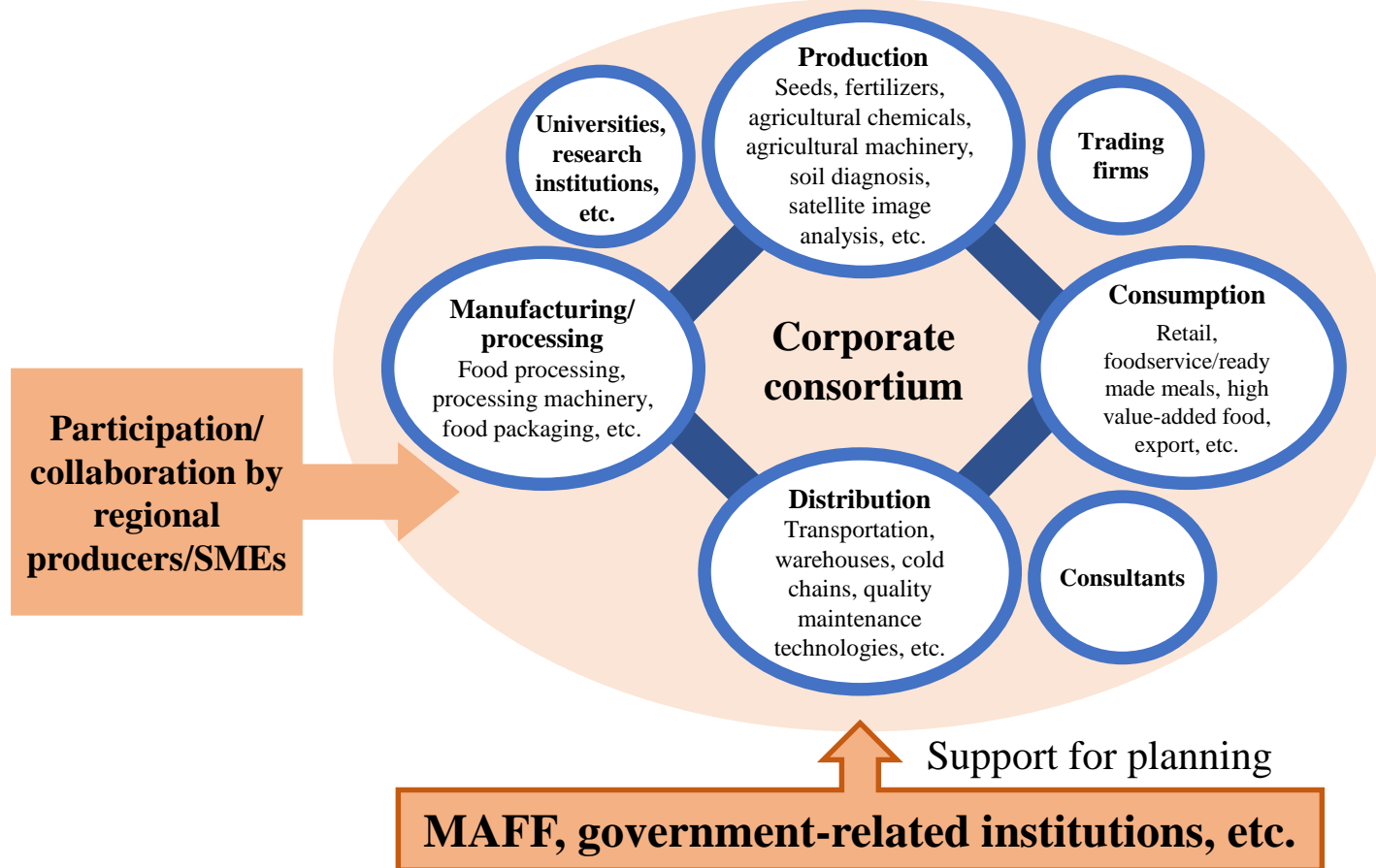
Situation of Local Operations/Investment by Companies, Development Stage of FVC and Major Challenges in Key Countries/Regions

- [1] Areas in which few Japanese companies operate or invest
→ Promote market penetration through collaboration of multiple companies (Africa, Russia, India, etc.)
- [2] Areas in which some Japanese companies operate or invest
→ Promote creation of favorable business and investment environments through relaxation and elimination of regulations to help companies undertake and expand businesses smoothly (Central and South America, etc.)
- [3] Areas in which many Japanese companies operate or invest
→ Promote introduction of Japanese specifications, standards, etc. for stabilization and further development of business operations (ASEAN countries, China, Australia, etc.)

2. Support for Establishment of Corporate Consortia and Planning

3. Promotion of Overseas Business Expansion by Regional Companies

- Supporting the establishment of corporate consortia and their planning according to the targeted measures for each country and region in order to deploy excellent technologies/know-how of Japan collectively.
- Promoting overseas expansion by regional producers/SMEs which have excellent technologies wanted overseas through promoting their participation in consortia



Promotion of efficient overseas business expansion through collaboration among multiple companies

4. Integrated Promotion of Export and Investment

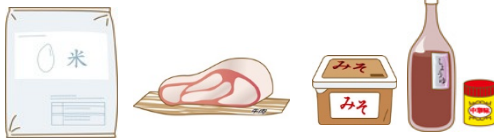
- It is effective to promote integrating approaches with companies' efforts for overseas expansion (investment), such as local production, processing and store operation, which requires establishment of FVCs, instead of just pursuing export of Japanese agricultural, forestry and fisheries products and food as "goods."
- Japanese food such as "bento" has a unique characteristic of containing "small amounts of many different kinds of food items," so promotion of Japanese food may lead to expansion of the food-related industries and their export.
- Promoting export and overseas investment in an integrated manner mainly through the business of Japanese meals and Japanese food products while taking account of unique characteristics and needs of each country and region

Patterns of Investment that Drives Exports

Pattern	Outline	Example
[1] Local operation of restaurants or stores	Japanese companies open and operate stores or restaurants overseas (or give licenses) so that Japanese products would be used for part (or all) of the products or food which are sold or served locally.	The foodservice and retail industries operate restaurants or retail shops overseas. Food and products (e.g. rice, seasonings, Japanese sake, etc.) which are served or sold in those restaurants or retail shops are exported from Japan.
[2] Wholesale	Japanese companies operate import and wholesale business of food overseas (through M&A depending on the case) so that Japanese products would be used for part of the products handled.	Trading firms of food establish subsidiaries overseas. They procure food from overseas including Japan and in the region and sell the procured food to the local foodservice and retail industries.
[3] Installation of product manufacturing facilities	Japanese companies install manufacturing facilities overseas (or give technical licenses) so that part (or all) of the ingredients would be produced in Japan.	Confectionery manufacturers construct factories overseas, procure part of the ingredients (e.g., high value-added ingredients such as matcha or powdered green tea) from Japan and sell final products within the region or in the surrounding countries.
[4] Installation of ingredients production facilities	Japanese companies produce ingredients overseas (or give technical licenses), process those ingredients in Japan and export final products overseas.	Japanese food manufacturers give licenses to overseas farms to produce agricultural products which suit their own products and then import the produced agricultural products into Japan. After processing those agricultural products into final products, the final products are exported to overseas markets.

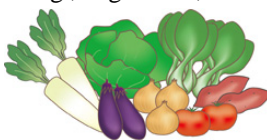
Export from Japan

Products hard to obtain locally
(High value-added products)
E.g., rice, wagyu, seasonings, etc.



Local procurement overseas

E.g., vegetables, etc.



Provision of Japanese food at retail/foodservice businesses



Bento/side dishes (small amounts of many different kinds of food items)

Promoting export and investment in an integrated manner mainly through the overseas business of Japanese meals and Japanese food products

5. Promotion of Overseas Deployment of Smart Agricultural Technologies

- Japanese smart agricultural technologies have potential for contributing to solving various challenges related to agricultural production not only in Japan but overseas as well.
- Promoting smart agricultural technologies which are effective in each country and region by grasping the communications infrastructure environment, relevant legislation and specific needs and by promoting the creation of necessary environments through working with ASEAN and other countries.
- Promoting utilization/coordination of data concerning the entire FVC that is linked to the movements of “goods” from production to consumption through introducing “Agricultural Data Collaboration Platforms” (WAGRI) and providing WAGRI’s know-how, which is required for expanding the use of smart agriculture

(Farmland area of Japan and the world)

Much of farmland where smart agriculture can be implemented exists outside of Japan

ASEAN:
138.46 million ha

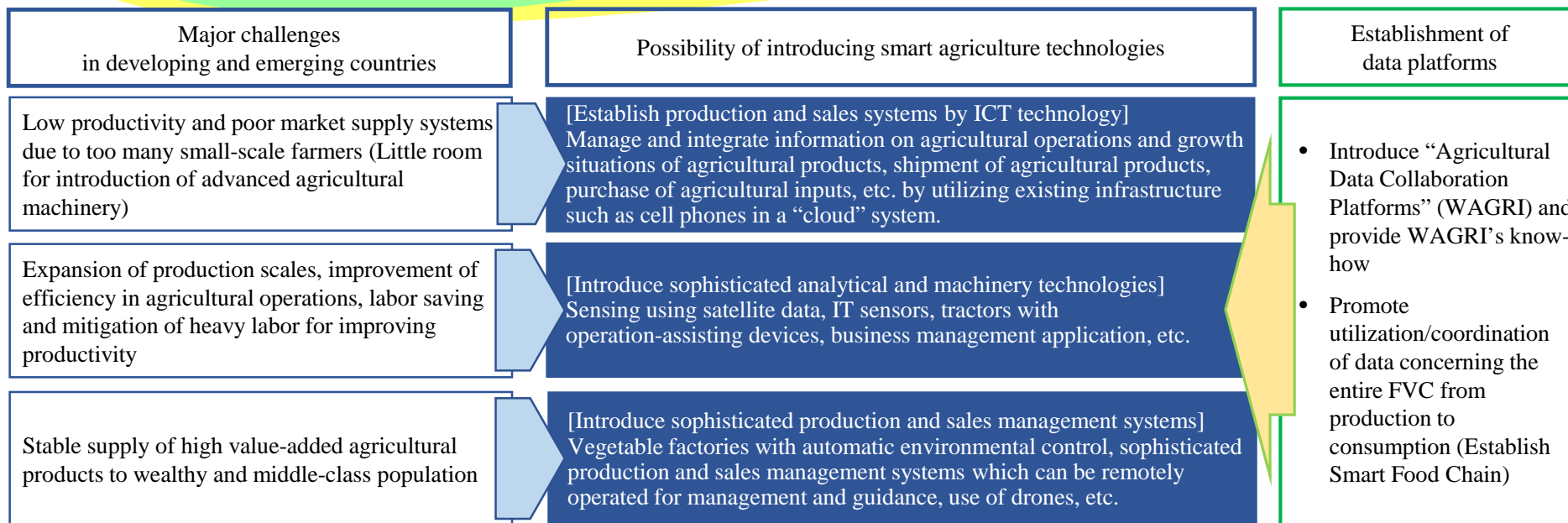
Japan: 4.42 million ha

India, Africa,
Central and South America,
etc.

Farmland area in the world:
4,827.76 million ha

Promotion of smart agricultural technologies overseas according to the local challenges

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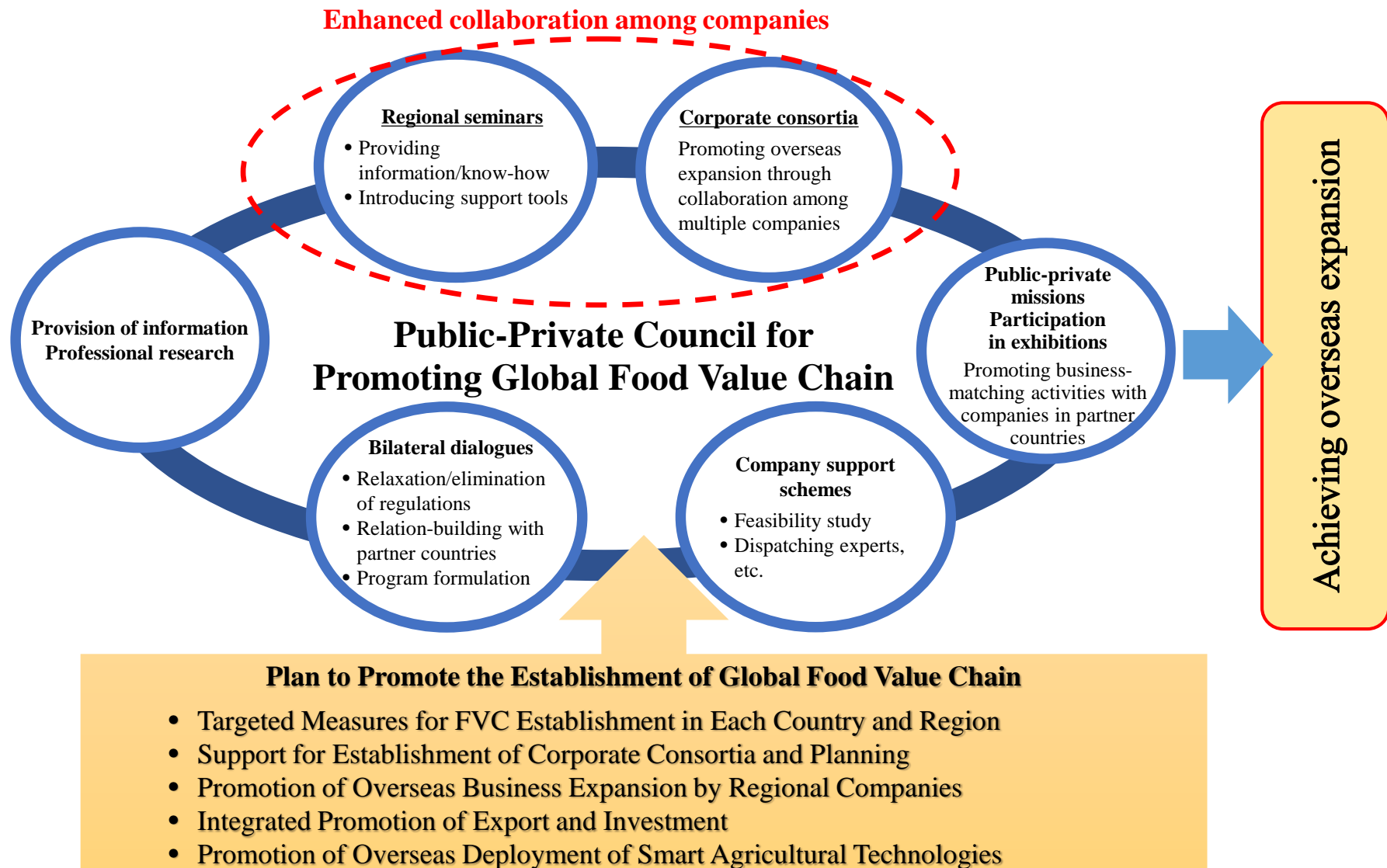
Promoting Japan’s smart agricultural technologies and agricultural ICT services overseas

* Efforts are made while paying attention to the prevention of leakage of high-level technologies and data and the protection of intellectual properties as they are directly related to the strength of Japanese agriculture.

6. Consistent Support for Overseas Business Development through Public-Private Council for Promoting GFVC

- Continuing to fully utilize the Public-Private Council for Promoting GFVC as a platform for industry-academia-government collaboration, based on the new plan
- Promoting overseas expansion by Japan's food industry by supporting it through a series of steps from information gathering to actual business operations by companies

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Plan by Country/Region 1: ASEAN

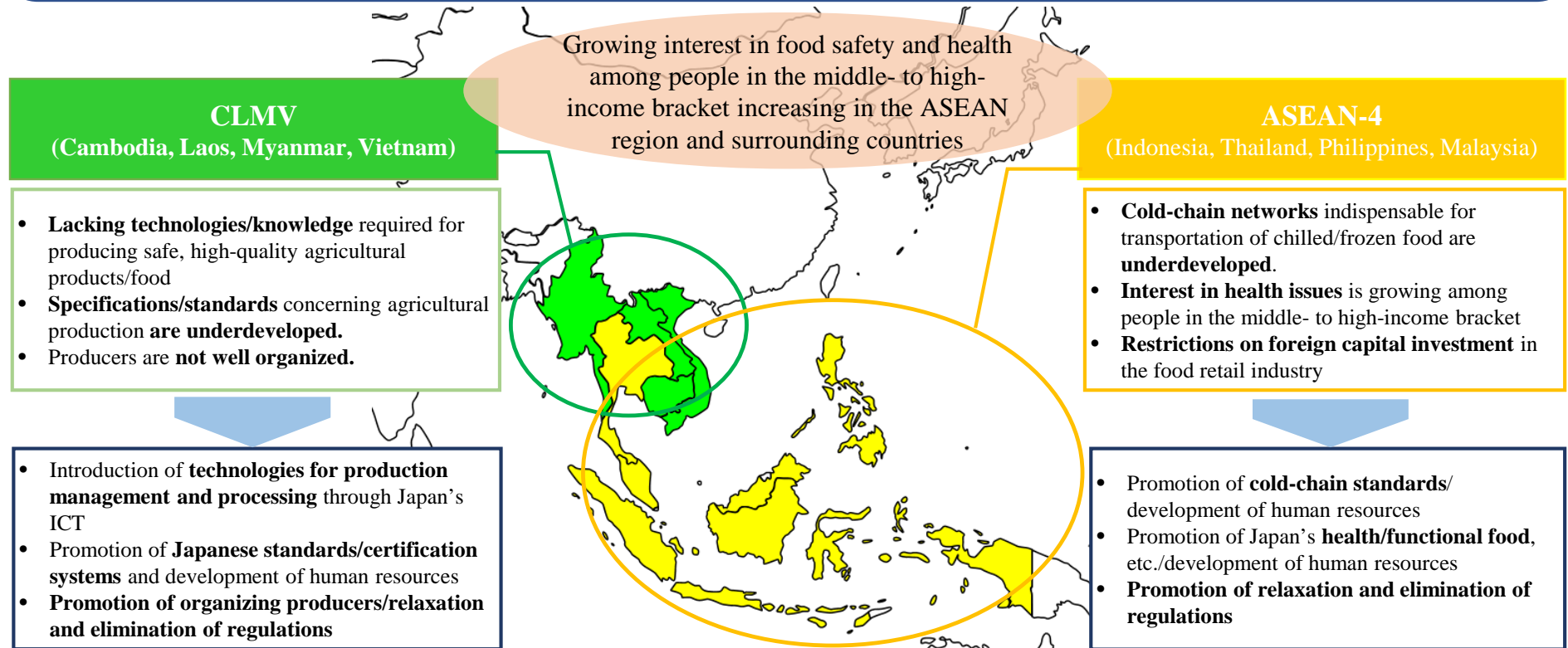
Key points for establishment of FVCs

[CLMV]

- Promotion of Japanese production technologies, specifications, certification systems, etc. required for production of safe agricultural products and food, and development of human resources

[ASEAN-4]

- Promotion of Japanese-style specifications/standards concerning health/functional food targeting mainly the wealthy population and cold chains, and development of human resources



- **Establishment of a system to supply safe agricultural products/food based on Japan's technologies, specifications, standards, etc.**
- **Greater expansion by retail/foodservice companies which contribute to greater export of Japan-made food and promotion of Japanese meals**

Key points for establishment of FVCs

- Efforts in the markets of foodservice and ready-made meals to meet demand of the growing middle class, and promotion of high-quality, high value-added food, etc. in which Japan can take advantage of its strength, e.g., senior citizens' food and health food catered to the growing needs of aging, health-conscious population
- Relaxation/elimination of various regulations, rules, etc. and creation of favorable business/investment environments by obtaining the latest information on regulations

Challenge

Rapid shift of orientation towards food from “quantity” to “quality”

Fast aging population

- Import regulations on Japanese food
- Dealing with the Intellectual property system

Growing demand for safe food

Growth of China's food market

- ◆ Expanding and diversifying markets of ready-made meals and foodservice
- ◆ Increase of convenience stores
- ◆ Market growth is not limited to coastal areas but expanding inland

Ongoing trends toward the nuclear family and simplified diet

Development of high-speed traffic networks /e-commerce

FVC establishment (measures)

- Promotion of PR for development of foodservice/ready-made meal businesses
- Promotion of health food, senior citizens' food, baby food, nursing meals, etc.
- Relaxation/elimination of various regulations and rules

- Promotion of business development of high-quality, high value-added food
- Increase of investment related to and export of Japan's food industry and Japan-made food

Plan by Country/Region 3: India

Key points for establishment of FVCs

- Promotion of partnership between Indian companies and a variety of Japanese companies which have technologies concerning smart agriculture which contributes to the improvement of productivity/quality of agricultural products and the reduction of food losses, as well as technologies concerning processing/freshness maintenance
- Relaxation/elimination of India's unique regulations, rules, etc. and creation of favorable business/investment environments by obtaining latest information on regulations

Challenge

Production:

Poor agricultural productivity and product quality due to too many small-scale farmers

Manufacturing/processing:

Food losses caused by lack of food processing technologies and underdeveloped cold chains

Consumption:

Different food culture, conservativeness in food

Others:

Food regulations, foreign investment regulations, etc.

Growing needs for safe, high-quality agricultural and fisheries products

Growing needs for processed food

Increasing health awareness

FVC establishment (measures)

- Introduction of technologies related to smart agriculture, etc.
- Introduction of technologies for food processing/freshness maintenance
- Popularization/promotion of Japanese meals/Japanese food
- Deregulation, simplification of procedures

- Improvement of agricultural productivity and product quality and realization of more efficient and less labor-intensive agriculture
- Increase of farmers' income
- Reduction of food losses
- Increase of recognition of Japanese food and expansion into the market by retail/foodservice companies



Plan by Country/Region 4: Middle East (mainly Saudi Arabia/UAE)

Key points for establishment of FVCs

- Expansion by retail/foodservice companies which provide Japanese meals, food, etc. to the wealthy population as the main target
- Creation of favorable investment environment through detailed understanding of the halal system and other matters and relaxation/transparency enhancement of unique food regulations

Challenge

Food culture that varies greatly from Japan's/People not eating fresh vegetables so much

- Adjusting to the halal rules
- Regulations and complicated procedures concerning food import/export, etc.



Relying on import for much of the farm produce due to limited arable land

Growing interest in Japanese food



Growing demand for safe, high-quality food due to health awareness

FVC establishment (measures)

- Popularization/promotion of Japanese meals and Japanese food and stimulating demand for fresh vegetables
- Detailed understanding of the halal system, etc.
- Relaxation/transparency enhancement of import/export regulations
- Water-saving plant factories/greenhouse horticulture which could supply vegetables throughout the year



- **Greater expansion into the market by retail/foodservice companies**
- **Provision of Japanese food made of halal-certified foodstuffs**
- **Greater export of Japanese food**
- **Year-round supply of safe, fresh vegetables**

Plan by Country/Region 5: Africa

Key points for establishment of FVCs

Promotion of expansion of Japan's food industry into the market while at the same time working on the establishment of FVCs through enhancing agricultural productivity, adding high value to agricultural products, and organizing small-scale farms into collective farms through the digitalization of information on agriculture and farmers

Challenge

Manufacturing/processing:

- Many small-scale farmers
- Poor productivity/product quality
- Inadequate production/processing-related technologies

Market access:

- Agricultural production without awareness of market
- Less-organized farmers (Farmers lack sales/negotiation capabilities)

Collaboration with related institutions including JICA (technical cooperation, dispatching of advisors, etc.)

Entry opportunities for Japanese companies (Agricultural materials/machinery, distribution, financial services, etc.)

Organizing small-scale farmers into collective farmers through digitalization of information on agriculture and farmers

- Improvement of productivity/quality of agricultural products
- Increase of farmers' income by a shift to market-oriented agriculture
- Promotion of the expansion into the market by Japanese companies

Development of infrastructure for FVC establishment in Africa

Plan by Country/Region 6: Central and South America (mainly Brazil/Argentina)

Key points for establishment of FVCs

- Creation of favorable business/investment environments through improvement of complicated tax systems, relaxation of foreign investment restrictions, and improvement of various cumbersome procedures concerning licensing and approval (standardization/transparency enhancement/simplification/streamlining of customs clearance and various procedures)
- Improvement of efficiency in production/processing of agricultural and livestock products through the introduction/utilization of smart agricultural technologies, etc. and promotion of adding high value to products

Business/investment environments

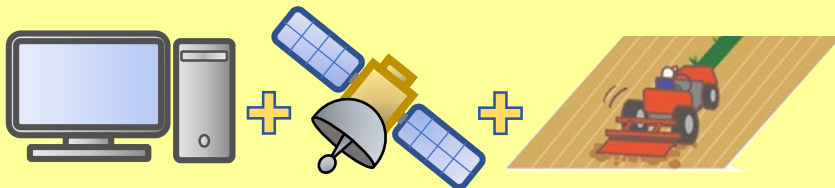
Complicated tax systems, cumbersome licensing and approval procedures, etc.

→ Promotion of deregulation through bilateral dialogues

Smart agricultural technologies

- Budding trend of introducing smart agriculture in the region
- The challenge is reduction of environmental load
- Needs for adding high value to products through processing

→ Improvement of productivity/product quality, adding of high value to products, and environmental conservation through the introduction of Japan's related technologies



Sensing technologies, tractors equipped with operation-assisting devices, advanced processing technologies, freshness-maintenance technologies, etc.

Farmers of Japanese descent

The world's largest Japanese society (outside of Japan) with a population of around 2.1 million (1.9 million in Brazil, 65,000 in Argentina, etc.)

→ Promotion of business creation through collaboration with local farmers of Japanese descent

- Business expansion by Japanese companies
- Promotion of export of agricultural, forestry and fisheries products/food

Improvement of food-supply capabilities of Central and South America

Plan by Country/Region 7: Russia

Key points for establishment of FVCs

- Expansion of Japanese companies (into the Russian Far East) which contribute to improving productivity of the local agriculture and fisheries industry and making the region an export base
 - Expansion of Japanese retail/foodservice companies into major cities including Moscow (European Russia)
- Russian Far East Agriculture, Forestry and Fishery Platform and dispatching of public-private missions
 - Promotion of creating corporate consortia

Soybeans, grain, etc.

- ◎ Increase of production of non-genetically-modified soy beans/grain
 - Poor productivity, product quality, and processing technologies
- Introduction of Japan's production/advanced processing technologies
- Improvement of productivity/adding of high values to products



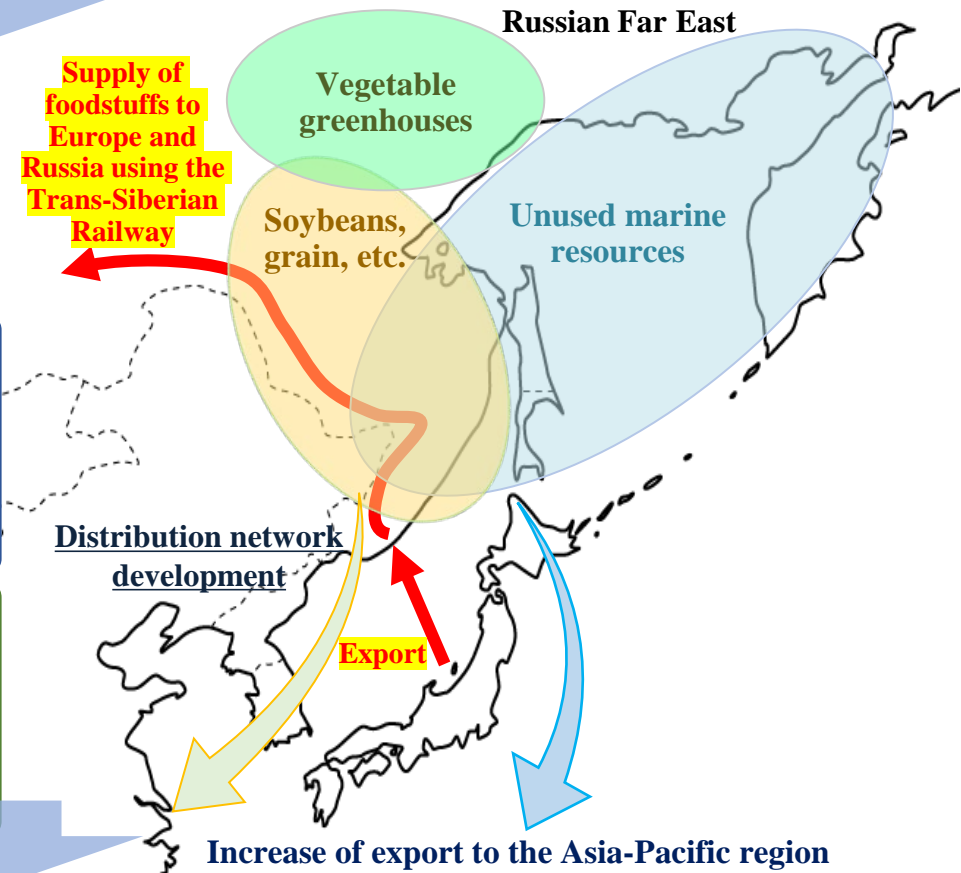
Unused marine resources

- ◎ Unused marine resources abound.
 - Post-catch processing, freshness-maintenance systems are underdeveloped.
- Introduction of Japan's advanced processing/freshness-maintenance technologies
- Greater use of marine resources in the Far East



Vegetable greenhouses

- Shortage of vegetables in the region in winter
 - Concerns about vegetables made in China
- Greater production of vegetables, etc. by greenhouses and plant factories
- Safe fresh vegetables can be supplied in winter as well.



Production potential of the Russian Far East + Japan's technologies for production/processing/freshness maintenance

➡ **Making the Russian Far East a food export base for the Asia-Pacific region**

Plan by Country/Region 8: Australia

Key points for establishment of FVCs

- Establish a year-round supply system for agricultural products to third countries by taking advantage of the counter-seasonality between Japan and Australia.
- Promote Japan-Australia cooperation to introduce smart agricultural technologies under the different conditions from those in Japan.

