

FY2017

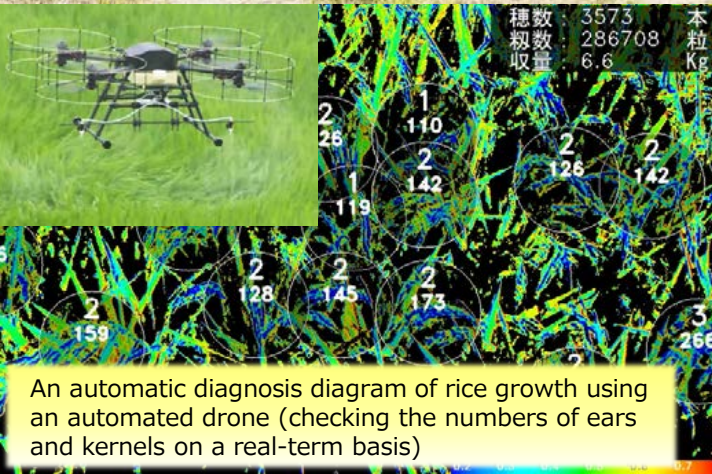
Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan



Young members of an agricultural corporation conducting rice farming on a 130 ha land in Niigata Prefecture



"Shiomikan (salted orange)" seasoning made from Satsuma mandarin (*Citrus unshiu*) and a long-established high-end inn's menu using the seasoning



An automatic diagnosis diagram of rice growth using an automated drone (checking the numbers of ears and kernels on a real-term basis)



A farmer interviewed by female university students publishing a journal describing farmers as seen by university students

- 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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- While business farmers have aged and decreased, the annual number of newcomers in agriculture has remained high in recent years. Young farmers responsible for the next generation should improve productivity through increased value added and greater business sizes to realize efficient, stable farming business.
- Focusing on young farmers aged 49 or less, the special topic confirms their business characteristics and thoughts about farming through the Census of Agriculture and Forestry and Web questionnaire surveys and analyzes the directions of relevant measures.

1. Analyzing business structure of commercial farm households including young farmers

* Hereinafter, commercial farm households with young farmers aged 49 or less are referred to as young farm households and those without such young farmers as non-young farm households.

<Business structures of young and non-young farm households>

- Of commercial farm households, young farm households account for 10% and non-young farm households for 90%.

<2015 Census of Agriculture and Forestry>

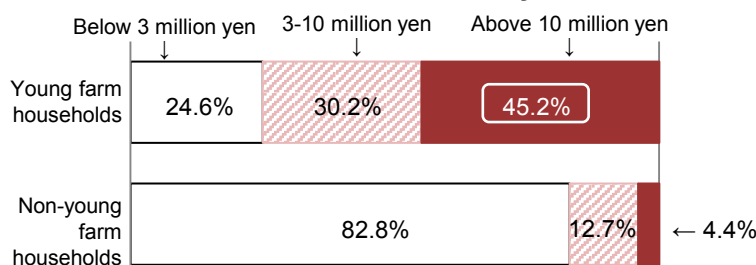
Commercial farm households:	1,329,591
Young farm households	140,675
Non-young farm households	1,188,916

- A breakdown of commercial farm households by sales amount of agricultural products indicates that 45.2% of young farm households earn 10 million yen or more in sales.
- A breakdown of commercial farm households by area of cultivated land under management indicates that 73.1% of young farm households have 10 ha or more of cultivated land under management.

<Cultivate land size expansion at young farm households>

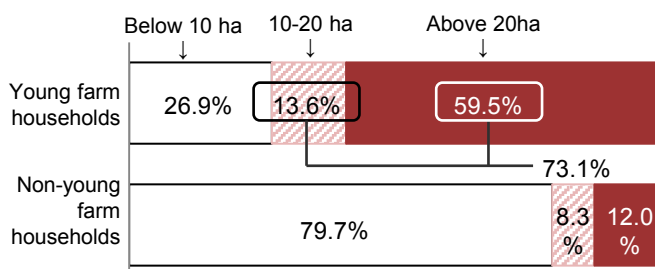
- In the latest decade, the average cultivated land size for single rice farm entities expanded 1.5-fold for young farm households while leveling for non-young farm households.

Commercial farm households by sales area



Source: MAFF, 2015 Census of Agriculture and Forestry (aggregate calculation after reclassification)

Commercial farm households by area of cultivated land under management



Source: MAFF, 2015 Census of Agriculture and Forestry (aggregate calculation after reclassification)

Average cultivated land size for single rice farm entities

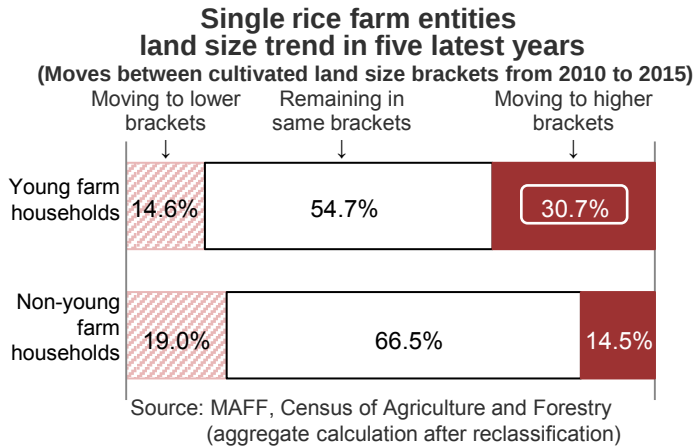


Source: MAFF, Census of Agriculture and Forestry (aggregate calculation after reclassification)

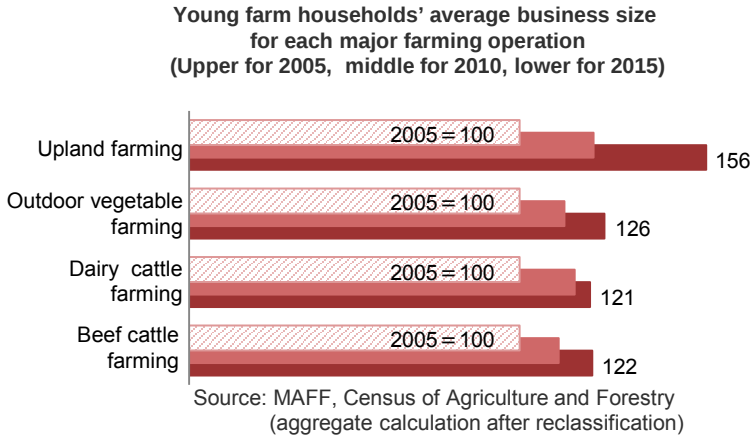
- Moves between cultivated land size brackets for single rice farm entities from 2010 to 2015 indicate that 30.7% of young farm households moved to higher brackets by expanding cultivated land.

<Reference>Size brackets for right figure (20 brackets)

①No cultivated land	⑧2.5-3.0ha	⑮20-25ha
②Below 0.3 ha	⑨3.0-4.0ha	⑯25-30ha
③0.3-0.5 ha	⑩4.0-5.0ha	⑰30-40ha
④0.5-1.0 ha	⑪5.0-7.5ha	⑱40-50ha
⑤1.0-1.5 ha	⑫7.5-10ha	⑲50-100ha
⑥1.5-2.0 ha	⑬10-15ha	⑳100 ha or more
⑦2.0-2.5ha	⑭15-20ha	

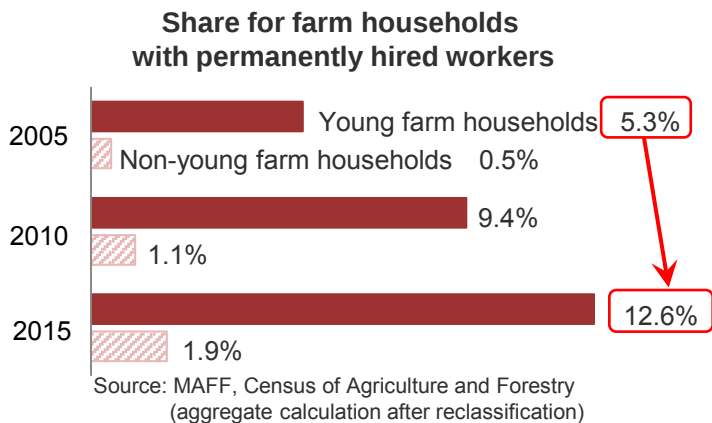


- Among non-single rice farm entities households as well, young households expanded their cultivated land.



<Young farm households increasing permanently hired workers >

- The number of young farm households with permanently hired workers increased in the latest decade, with their share rising from 5.3% to 12.6%.



<Investment and its effects at young farm households>

- In rice and dairy farming, young farm households feature less work hours per unit area or head than non-young farm households and a higher agricultural fixed asset equipment ratio indicating investment in machinery and facilities, indicating progress in investment for shortening work hours.

This might have led to young farm households' cultivated land size expansion and higher agricultural income.

Rice and dairy farming trends for young farm households

		Young farm households	Non-young farm households
Rice farming	Work hours per 10 a (hours/10 a)	34	58
	Agricultural fixed asset equipment ratio (yen)	2,930	2,420
	Farming income per farm household (10 thousand yen)	799	32
Dairy farming	Work hours per head of dairy cattle (hours/head)	129	176
	Agricultural fixed asset equipment ratio (yen)	6,628	3,480
	Farming income per farm household (10 thousand yen)	1,188	505

Source: MAFF, Statistics on Farm Management and Economy by Type of Management (of individual ownership) (aggregate calculation after reclassification)

Note: Data are averages for 3 years from 2013 to 2015.

2. Analysis of questionnaire survey of young farmers

Outline of questionnaire survey of young farmers

[Timing] October 26-November 5, 2017

[Method] Web questionnaire survey (using mail magazines and SNS services to announce the survey)

[Target] Farmers aged 49 or less as of October 1, 2017

[Contents] "Farm households or corporation directors" and "employees" (Those in the 2 categories were asked to respond)

[Respondents] 1,885 persons

* The questionnaire survey results are not statistically estimated thoughts of all young farmers but the aggregation of responses from 1,885 young farmers.

"Farm households or corporation directors"
(Numbers are of respondents)

Farm household heads: 1,357

Farm household members: 204

Corporation directors: 151

"Employees"
(Numbers are of respondents)

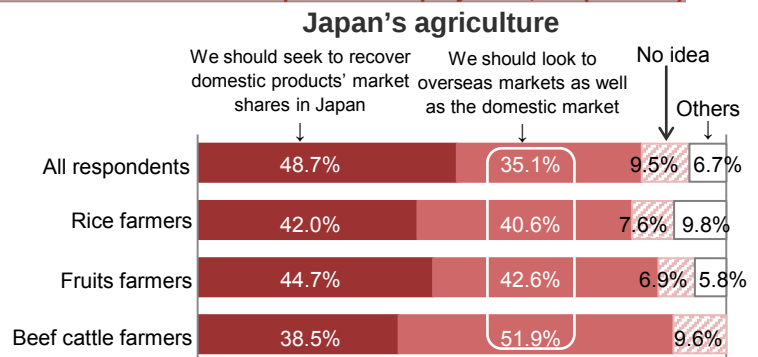
Farm household employees: 94

Corporation employees: 79

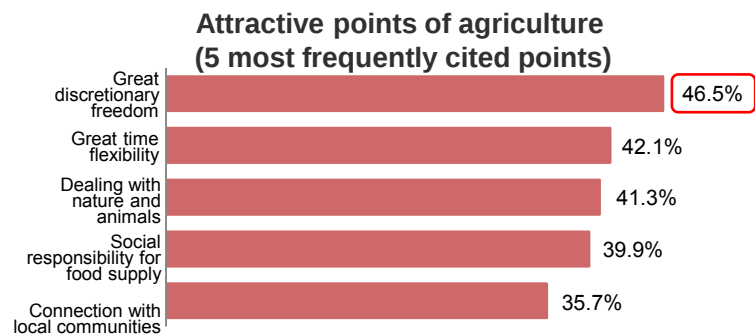
Thoughts about agriculture

(Farm household heads/members+corporation directors+farm household/corporation employees:1,885 persons)

- On Japan's agriculture, 35.1% of all respondents said that Japanese farmers should look to overseas markets as well as the domestic market. Those saying so accounted for 40.6% of rice farmers, 42.6% of fruits farmers and 51.9% of beef cattle farmers.



- The most frequently cited attractive point of agriculture was great discretionary freedom, cited by 46.5% of respondents.

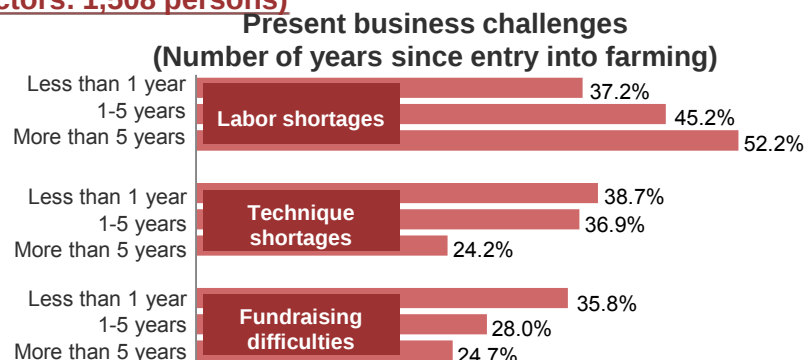


Note: Multiple answers were allowed

Farm business leaders' thoughts about farming

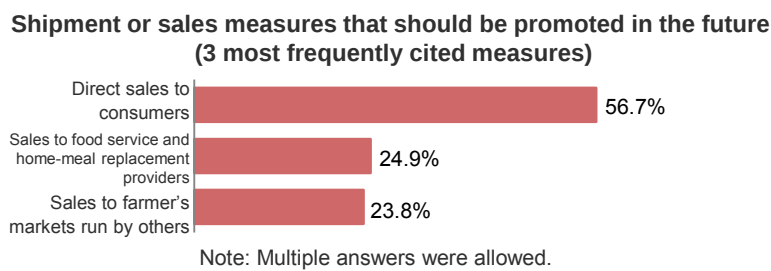
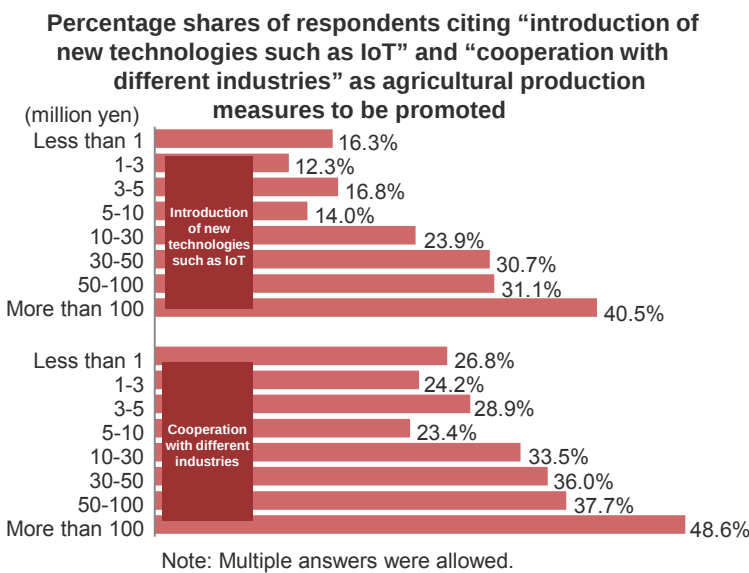
(Farm household heads + Corporation directors: 1,508 persons)

- Among present business challenges, "labor shortages" are more frequently cited by those who have engaged in farming longer. "Technique shortages" and "fundraising difficulties" are less frequently cited by them.



Note: Multiple answers were allowed

- Among agricultural production measures that should be promoted in the future, the "introduction of new technologies such as IoT (Internet of things)" and "cooperation with different industries" are more frequently cited by respondents with greater sales.
- Among shipment or sales measures that should be promoted in the future, "direct sales to consumers" were most frequently cited, followed by "sales to food service and home-meal replacement providers" and "sales to farmer's markets run by others."



3. Directions of measures to be promoted for efficient, stable farming

- A business structure analysis confirmed that young farm households are investing in the expansion of employment and the shortening of working hours per unit area or head in line with their business size expansion.
- A questionnaire survey of young farmers confirmed farming production, shipment and sales measures that they want to promote in the future.
- To foster efficient, stable farming, the environment should be developed to support the incorporation of farming, the development of innovative technologies introducing AI, IoT, robots and drones, and measures that farmers including questionnaire survey respondents want to promote.



<Case study>
Realizing efficient rice farming through investment and improvement of machinery capacity utilization rates (Niigata Prefecture)

- Hiroshi Maruta from a non-agriculture industry founded limited liability company Houmi Noko and became its representative at the age of 31 in 2005. In FY2017, the company produced mainly rice for food service providers at paddies totaling 130 ha.
- In line with business size expansion, the company introduced larger agricultural machines and improved their capacity utilization rates by producing 10 crop varieties to diversify cropping seasons. By developing multiple jobs, the company has secured 11 young employees.



Representative Hiroshi Maruta (leftmost person in the back row) and young employees

4. Young farmer employment trend, etc.

Trend of new young farmers

- The number of 49 or less year-old newcomers in agriculture topped 20 thousand for the third straight year. New employed farmers have followed an upward trend in recent years.

<New self-employed farmers>

Members of family management entities whose living status has changed anytime within a year of the survey date from “student” or “employed in other work” to “new graduate who has become a farmer” or “a new farmer who changed occupations”.

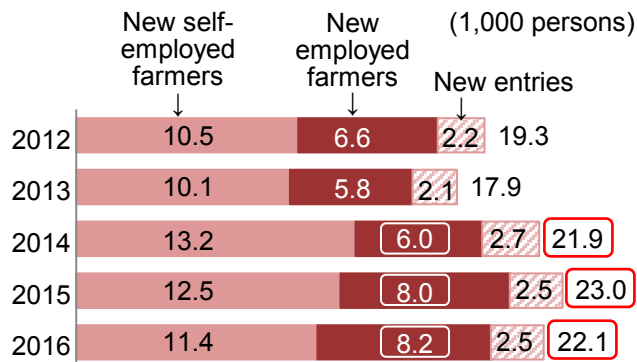
<New employed farmers>

Persons engaged in farming who have been hired by corporations anytime within a year of the survey date and work for their employers for 7 months a year or more.

<New entries>

Persons responsible for farming started anytime within a year of the survey date by securing land and funds on their own, and their partners

49 or less year-old newcomers in agriculture by job-finding status



Source: MAFF, Survey on Newcomers in Agriculture

- Among new employed farmers’ previous statuses, non-agriculture employees account for the largest share of 61.3%, followed by 22.4% for students.

New employed farmers’ previous statuses



Source: MAFF, Survey on Newcomers in Agriculture 2016

Note: Others include non-agriculture self-employed jobs, and domestic work or child rearing jobs.



<Case study>

An agricultural cooperative-affiliated farming corporation supports entries into farming (Nagano Prefecture)

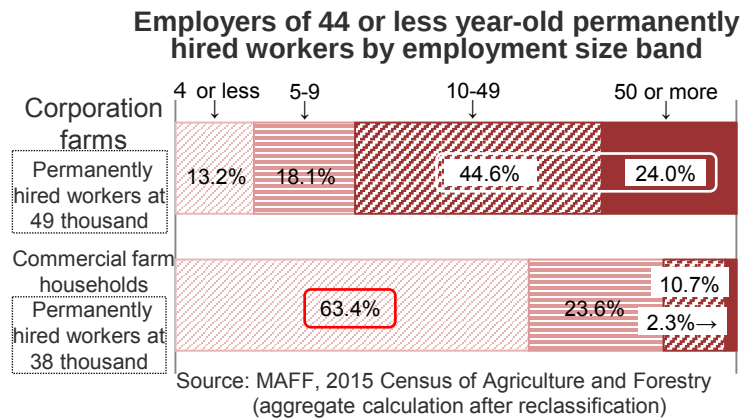
- Shinshu Ueda Farm, a limited liability company affiliated with a Japan Agricultural Cooperative, employs people willing to become independent farmers and trains them in cultivation techniques, etc. Those seeking to enter into farming devote themselves to training by receiving wages.
- Each employee is given a training farmland for a specific variety and undergoes 2 years of training before taking over the farmland to become independent. By FY2016, 20 people entered into local farming, including 13 from other prefectures.



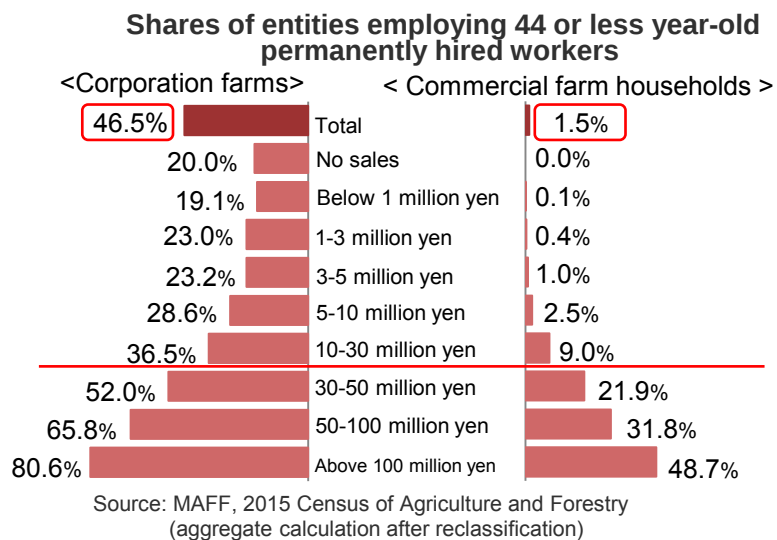
Mr. and Mrs. Udagawa who entered into farming after training at Shinshu Ueda Farm

Analysis on permanently hired workers aged 44 or less

➤ In 2015, permanently hired workers aged 44 or less totaled 49 thousand persons at corporate management entities and 38 thousand persons at commercial farm households. Of corporation farms, those with 10 or more permanently hired workers accounted for 68.7%. Of commercial farm households, those with 4 or less permanently hired workers accounted for 63.4%.

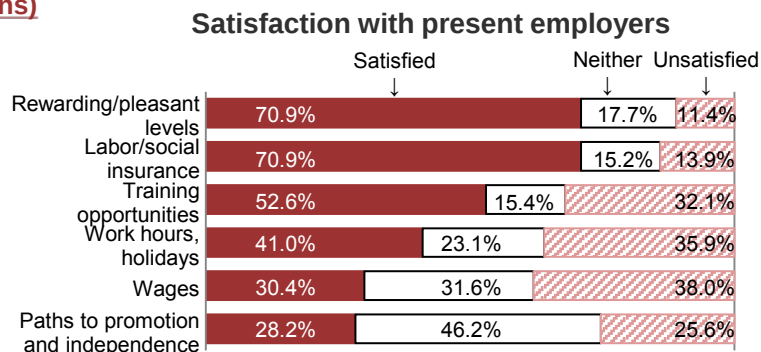


➤ Those that employed 44 or less year-old persons as permanently hired workers accounted for 46.5% of corporate management entities and for 1.5% of commercial farm households. Such share rose from 50% or less for corporate management entities with sales of less than 30 million yen to more than 50% for those with 30 million yen or more and from less than 10% for commercial farm households with sales of less than 30 million yen to more than 20% for those with 30 million yen or more.

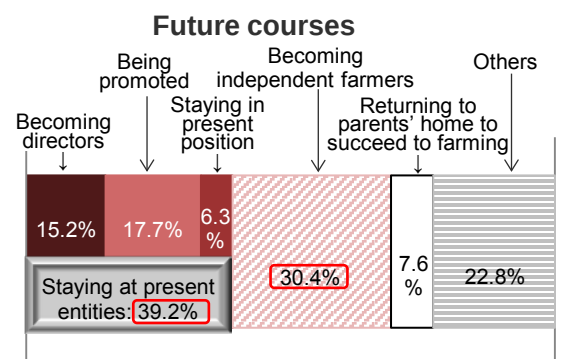


Corporate employees' satisfaction levels and thoughts about their future course (Questionnaire survey of young farmers: 79 persons)

➤ Respondents satisfied with their present employers exceed those unsatisfied for most items. As for wages, however, unsatisfied respondents exceed satisfied ones.



➤ On their future courses, respondents willing to "stay at their present entities" accounted for the largest share of 39.2%, followed by 30.4% for those willing to "become independent farmers."

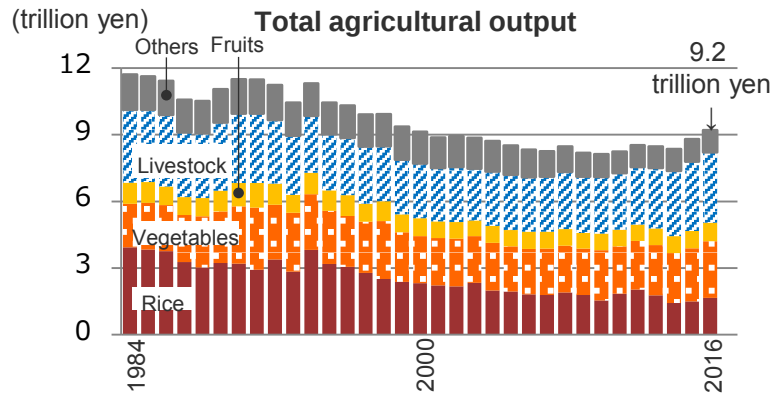


Agriculture expanded output for 2nd straight year, looking to overseas markets for further development

- Total agricultural output grew for the 2nd straight year.
- As food demand is expected to decline in Japan and increase in other countries, Japan must look to overseas markets as well as domestic ones for the sustainable development of agriculture.

Total agricultural output grew for the second straight year exceeding 9 trillion yen for the first time in 16 years

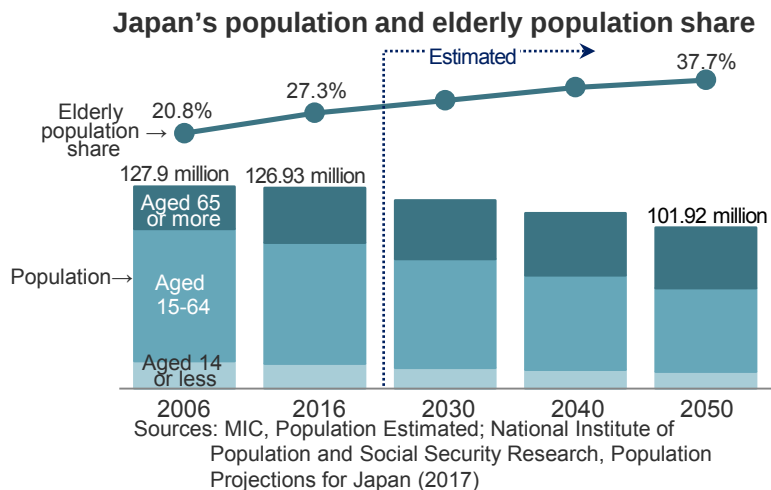
- Total agricultural output had continued declining long until 2014 due primarily to falling rice consumption.
- In the latest two years, total agricultural output continued growing. In 2016, total agricultural output rose back above 9 trillion yen for the first time in 16 years since 2000 thanks to progress in production meeting rice and vegetable demand.



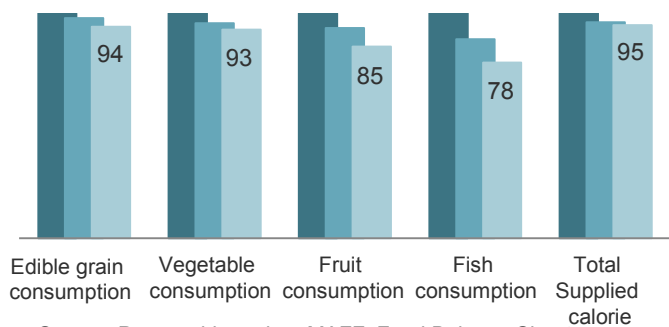
Source: MAFF, Agricultural Production Income Statistics

Falling domestic food demand and growing global food demand

- In Japan, population decreased by 0.97 million in 10 years from 2006 to 2016, with the elderly population share rising by 6.5 points to 27.3%, the highest among developed countries.
- In such circumstances, food demand in Japan has been declining.
- About 30 years later, in 2050, Japan's population is estimated to decline by 19.7% (25.01 million) to 101.92 million compared with 2016 levels, with the elderly population share rising by 10.4 points to 37.7%.
- Given the estimate, food demand in Japan is expected to decrease faster than in the past.

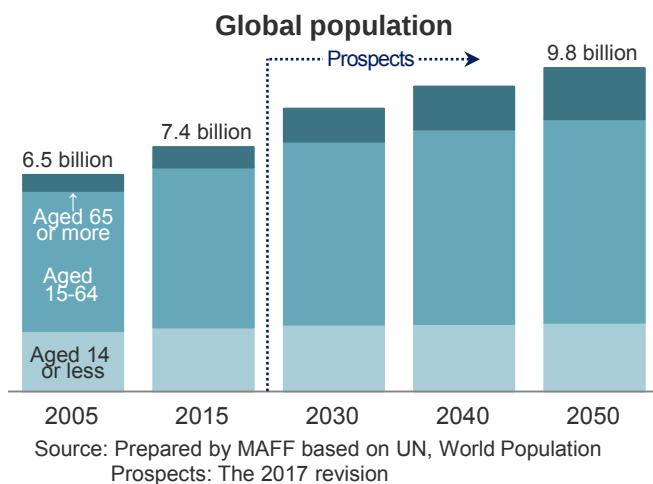


Domestic demand for major food products (100 for FY2006) (From left, FY2006, FY2011, FY2016)



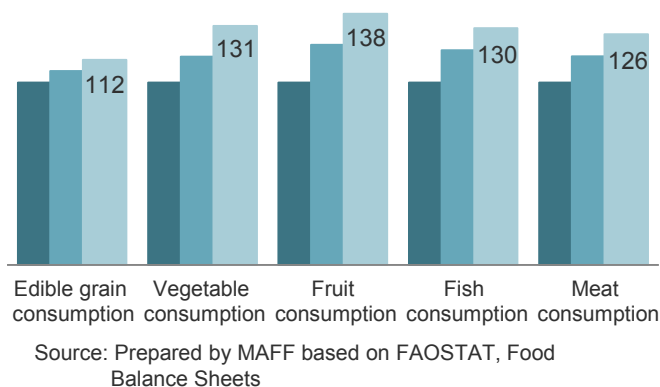
Source: Prepared based on MAFF, Food Balance Sheet

- Meanwhile, global population increased by 840.85 million (12.9%) in 10 years from 2005 to 2015, with GDP expanding 1.3-fold. As a result, global food demand increased substantially.
- About 30 years later, in 2050, global population is estimated to increase by 32.4% (2.4 billion) to 9.8 billion compared with 2015 levels.



- As economic growth makes progress in line with population increasing, global grain consumption in 2050 is expected to rise 1.5-fold from the 2005-2007 average. Global food demand is expected to continue increasing.

Global demand for major food products (100 for 2003)
(From left, 2003, 2008, 2013)



From agricultural production for domestic demand to that for global demand as well

- Japan's agriculture has so far carried out production meeting only domestic demand and avoided sales price drops.
- As population declines and ages, Japan's agriculture under the traditional production approach will be forced to cut production in line with falling demand. The traditional approach will make agricultural development difficult and affect food security.
- By adding export to its sales channels, Japan's agriculture could avoid sales price drops even on production expansion and increase sales value to improve farming income.
- Japan should switch from agricultural production targeting domestic demand alone to that looking to foreign demand as well as domestic demand to sustainably develop agriculture and rural areas.
- Expectations are placed on aggressive challenges by more ambitious farmers, farming organizations and export groups.

Farmers ambitious to export rice
(Rice farmers from Yuzamachi of Yamagata Prefecture surrounding a buyer in Hong Kong)



Conclusion of Japan-EU EPA negotiations and countermeasures

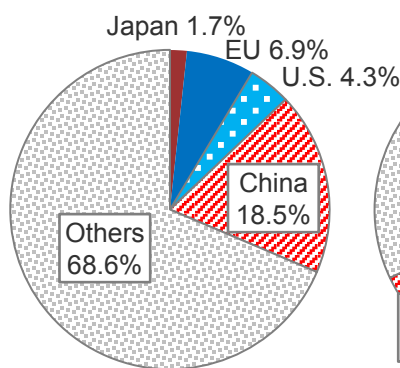
- Japan and the European Union concluded their negotiations on a bilateral economic partnership agreement in December 2017, securing border measures to allow continued reproduction.
- Even in a new international environment, the government will implement full-blown measures to surely allow reproduction by leading ambitious agriculture, forestry and fisheries workers to do business with security.

1. Overview of negotiations

- Japan-EU EPA negotiations lasted for 4 years and were concluded as confirmed in telephone talks between the Japanese and EU leaders on December 8, 2017.
- Japan and the EU account for 8.6% of global population and 28.4% of global GDP.
- An analysis on the Japan-EU EPA's economic effects by the Cabinet Secretariat indicates that the pact would work to expand GDP by about 1% (about 5 trillion yen) and labor supply by about 0.5% (about 0.29 million persons).
- At present, Japan and the EU are making preparations to sign and effectuate the EPA as early as possible.

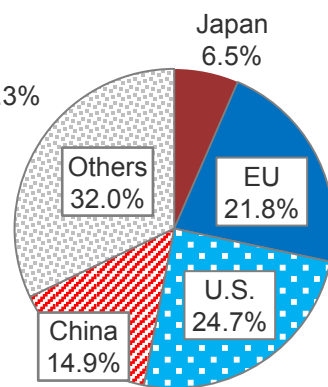
Global population share of Japan and EU (2016)

Japan+ EU = 8.6%



Global GDP share of Japan and EU (2016)

Japan + EU = 28.4%



Source: Prepared by MAFF based on data from MOFA

2. Details of Japan-EU EPA

- Rice has been exempted from tariff reduction or repeal. The existing state trading system has been maintained for wheat and barley, with a small tariff quota established.
- Among dairy products, soft cheese has been subjected to the tariff quota system, with the quota limited to a level balanced with domestic production expansion. The state trading system has been maintained for skimmed milk powder and butter, with limited private trade quotas established.
- The differential duty system has been maintained for pork, with a long tariff phaseout period (9 years) and a safeguard against import surges secured. For beef, a long tariff phaseout period (15 years) and a safeguard against import surges have been secured.
- An immediate tariff repeal has been avoided for structural laminated wood among forestry products, with a certain tariff phaseout period secured.
- The EU has agreed to repeal tariffs on almost all products including beef, tea and fish products. As for geographical indications of 48 Japanese products and 71 EU products are subject to high-level protection.

Japan's 48 geographical indication products subjected to Japan-EU mutual protection

Aomori Cassis / Aomori	KAGAMARUMO / Kaga Marumo / Ishikawa	MAESAWA BEEF / Maesawa Gyu / Iwate	Kishu Kinzanji Miso / Wakayama	Dojo Hachiya Gaki / Gifu
Tajima Gyu / Tajima Beef / Hyogo	MICHIMA BAREISHO / Michima Bareisho / Shizuoka	Kurosaki Chamame / Nigata	Mito Gobou / Yamaguchi	Lake Owana Brachist Water Cress / Oganawake san Yamato shijimi / Aomori
KOBE BEEF / Kobe Beef / Hyogo	Shimonoseki Fuku / Shimonoseki Fuku / Yamaguchi	NIGASHINE CHERRY / Nigashine Cherry / Yamagata	Kito Yuzu / Tokushima	NYUZEN JUMBO WATERMELON / Nyuzen Jumbo Suika / Toyama
YUBARI MELON / Yubari Melon / Hokkaido	NOTO-SHIRAZA KOROGLAKI / Noto Shiraz Koro-glaki / Ishikawa	MIYAGI SALMON Miyagi Salmon / Miyagi	Kamishio Saito / Fuku	Kagawa Chardonnay Mikan / Kagawa
Traditional Japanese YAMATO DORINGO / Yamato Dorinjo / Fukuoka	TOKACHI KAWANISHI NAGANO / Tokachi Kawanishi Nagano / Hokkaido	Odate Tonburi / Akita	Ryukyu Moromi / Su / Okinawa	Miyazaki Wagyu / Miyazaki Beef / Miyazaki Gyu / Miyazaki
Kagoshima no Tsushuzakuri Kurozu / Kagoshima	Jusankosen Yamato Shijimi / Jusankosen Yamato Shijimi / Aomori	Oita Kabosu / Oita	Wakasa Obama Kodai Sasazuke / Fuku	OMI BEEF / Omi Gyu / Shiga
KOMAMOTO-GUSA / KOMAMOTO-GUSA / Kumamoto Kumamoto Gusa / Kumamoto	TURAJIMA GOBOU / Turajima Gobou / Okayama	Sunki / Nagano	Sakurajima Komikan / Kagoshima	Hetsuka Daidai / Kagoshima
Tottori Sake Sake / Tottori	TOKUSAWA MATSUKAWA Utsunomiya Matsukawa / Mie	Tagonoura Shirasu / Shizuoka	Iwate Nodamura Arumi Hotate / Iwate	KAGOSHIMA WAGYU / Kagoshima Wagyu / Kagoshima
Miwa Soumen / Nara	YONEZAWAGYU / Yonezawa Gyu / Yamagata	Manganji Amatsu / Kyoto	Okudaira Yamanomura Kanboshi Daikon / Gifu	Hatcho Miso / Aichi
KONDA SAKI / KONDA SAKI / Nagano	Nishio Matcha / Nishio no Matcha / Aichi	Iinuma Kuri / Ibaraki		

Vegetables Fruits Livestock Fish products Processed goods, etc.

3. Revision of General Principles of Comprehensive TPP-related Policies

- The conclusion of Japan-EU EPA negotiations has put Japan's agriculture, forestry and fisheries into a new international environment.
- The government revised the General Principles of Comprehensive TPP-related Policies in November 2017 to prepare for the effectuation of the Trans-Pacific Partnership free trade agreement and the Japan-EU EPA. The government made revisions to TPP measures in the General Principles based on the verification of trade results, included into the General Principles new measures required under the Japan-EU EPA, including the enhancement of competitiveness for domestic cheese and structural laminated wood and systematically organized policies for the TPP agreement.
- The government will responsively secure financial resources for agriculture, forestry and fisheries measures through annual budget formulation without affecting the existing agriculture, forestry and fisheries budget. For competitiveness enhancement measures based on the revised General Principles, the government earmarked 317 billion yen in a supplementary budget for FY2017. Earlier, 312.2 billion yen was set aside for such measures in a supplementary budget for FY2015 and 345.3 billion yen in such budget for FY2016.

- The Ministry of Agriculture, Forestry and Fisheries published estimated effects of the TPP agreement on agriculture, forestry and fisheries production in December 2017. MAFF estimated agriculture, forestry and fisheries production to decline by about 60 billion to 110 billion yen, expecting that while the production value would fall due to price drops accompanying tariff cuts, domestic measures would be taken to secure production and farm household income, with production volume being maintained. MAFF also reflected the estimates in the food self-sufficiency ratio and found that the ratio remained unchanged despite the reflection.

Outline of General Principles of Comprehensive TPP-related Policies (Related to agriculture, forestry and fisheries)

<Agriculture, forestry and fisheries>

1 Building strong agriculture, forestry and fisheries (competitiveness enhancement measures)

Since the General Principles were set out, various competitiveness enhancement measures have been implemented. Such measures will continuously be implemented as necessary.

- Nurturing business farmers who have excellent business sense and who will be responsible for the next generation
- Promoting the innovation of internationally competitive production sites
- Promoting comprehensive projects to enhance the profitability of livestock and dairy farming
 - Enhancing the competitiveness of domestic cheese, etc.
- Exploring demand frontiers including the export of high-quality agricultural, forestry and fisheries products
- Enhancing the international competitiveness of wood products including plywood, lumber and structural laminated wood
- Switching to sustainable, highly profitable business arrangements
- Enhancing cooperation with consumers, reforming regulations and the tax system

2 Preparations for stable business and supply (related to five major products)

To secure business stability after the effectuation of the TPP or Japan-EU EPA agreement, the government will expand business stabilization measures upon the effectuation.

- Rice (revising the management of public rice reserves)
- Wheat/barley (implementing business income stabilization measures steadily)
- Beef/pork, dairy products (enhancing livestock and dairy farming stability)
- Sweetening resource crops (subjecting sweetened preparations to adjustment money)

<Food safety and security>

- Enhancing training arrangements for monitoring imported food, diffusing and publicizing the country-of-origin labeling system for raw materials of processed food products

Source: Prepared by MAFF based on documents from the Cabinet Secretariat's Government Headquarters for TPP Measures

Effects on agriculture, forestry and fisheries production value (estimated)

While the production value would fall due to price drops accompanying tariff cuts, domestic measures would be taken to secure production and farm household income, with production volume being maintained.

Agriculture, forestry and fisheries production value drop
About 60-110 billion yen

Effects on food self-sufficiency ratio (FY2016)

Calorie basis 38% → Reflecting estimates: 38%
Production value basis 68%
→ Reflecting estimates: 68%

Policy theme for 150th anniversary of Meiji Restoration -- Sericulture's great contributions to modernizing Japan

- Japan's raw silk exports dramatically expanded in the Taisho Era (1912-1926) after various initiatives were taken in the Meiji Era (1868-1912), with an earlier failure in exports to Europe taken into account.
- The production of high quality raw silk sought by the United States as an export destination was realized, making great contributions to Japan's modernization.

Exports to Europe started on opening of ports but stagnated

- During the end of the Edo Era (1603-1867), a silkworm disease epidemic in France prompted the European silk fabric industry to procure imported raw silk.
- Japan began to export raw silk to Europe upon its opening of Yokohama and other ports to external trade in 1859, making progress in raw silk production expansion.
- However, raw silk quality differed from producer to producer, with waste raw silk mixed into exports. As Japanese raw silk lost credibility, raw silk exports plunged in 1866.

Raw silk production at a farm household – Manual operation –

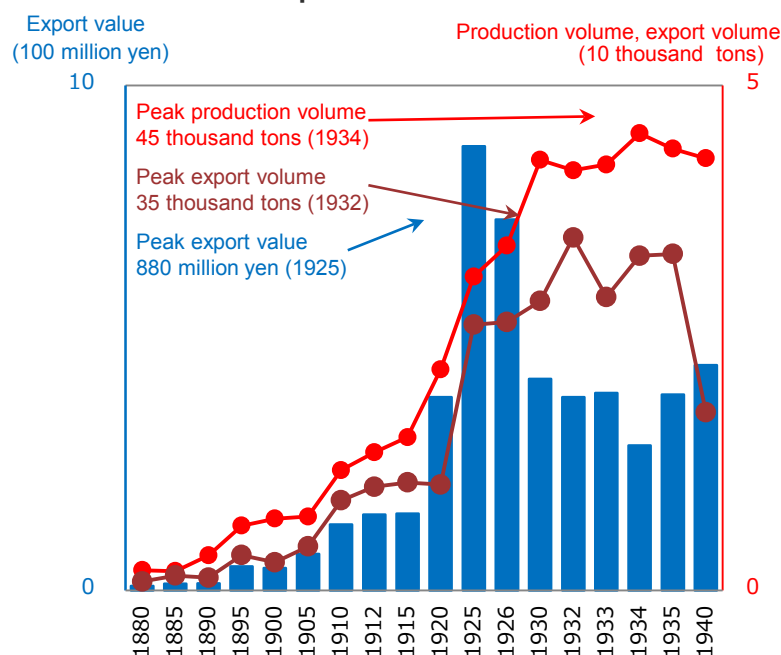


Source: Possessed by Yokohama Archives of History

Exports to U.S.: Dramatic expansion in Taisho Era after quality improvement efforts in Meiji Era

- Demand for tough raw silk expanded in the United States where the silk fabrics industry was introducing sophisticated machines and facilities.
- Learning lessons from failed exports to Europe, Japan:
 - ① Established the Tomioka Silk Mill to use machines for raw silk production (1872).
 - ② Established a state facility to test silkworms to nurture excellent silkworm varieties (1874).
 - ③ Established raw silk inspection offices in Yokohama and Kobe to launch inspection on raw silk exports (1896).
- Japanese raw silk whose reputation was improved through these efforts remained as Japan's largest import item from 1876 to 1933.

Raw silk export value and volume, and production volume



Source: MAFF "Sericulture Industry Directory"

Raw silk produced by Japan's sericulture brought about benefits to raw silk merchants and traders in Japan, making great contributions to Japan's modernization through capital accumulation.

Lesson: Market-in approach can expand exports

- The introduction of new yarn-making technologies, the nurturing of excellent silkworm varieties and the introduction of export inspection allowed Japan to produce better-quality raw silk and dramatically expand raw silk exports.
- Japan's raw silk exports, after plunging once, recovered thanks to a Meiji Era market-in approach meeting needs in the United States, a new export destination. This episode represents a lesson that Japan should implement now.
- As domestic food demand is set to decline with global demand increasing, Japan should position export as one of the sales channels for agricultural products to realize agriculture's sustainable development.
- Japan could further expand agricultural, forestry and fisheries products and food exports if more farmers and agricultural groups undertake agricultural production under a market-in approach.



<Column>

Tomioka Silk Mill as model government-run factory

- The Meiji government constructed the Tomioka Silk Mill as a model government-run factory in the region now called Tomioka City, Gunma Prefecture, where it was easy to secure water and coal supply, in a bid to spread machine-using yarn-making technologies that could produce massive high-quality raw silk.
- The silk mill was privatized in 1893 and continued operation for more than 100 years until 1987. Along with historical sericulture sites, the building was registered as a UNESCO (United Nations Educational, Scientific and Cultural Organization) World Heritage site in 2014.

Nishiki-e (colored woodblock print) of Tomioka Silk Mill



Source: Provided by Gunma Prefectural Museum of History



<Column>

Present sericulture – Purely domestic silk product production initiative and new raw materials' roles

- Japan's cocoon production has decreased due to falling demand for Japanese dresses and growth in raw silk and silk product imports. Meanwhile, silk farmers, yarn-making companies, silk fabric producers and kimono shops are cooperating in an initiative to produce purely domestic silk products.
- In recent years, luminescent silk using genetically modified silkworms has been produced along with brittle-bone disease test drugs and animal pharmaceuticals using protein produced by silkworms. The development of artificial blood vessels and intractable disease drugs has made progress.

Purely domestic silk mark



<Explanation>

The mark is attached only to silk products produced only with domestic cocoons and raw silk.

Source: The Dainippon Silk Foundation

- Countryside Stay represents long-stay tours in which tourists experience traditional Japanese lives and enjoy exchanges with farmhouse and other local residents in rural areas.
- The government plans to improve rural income and invigorate rural communities by creating 500 areas prepared for countryside stay business by 2020.

Seeking to create 500 countryside stay areas by 2020

- Rural areas may increase their income and invigorate themselves by providing a variety of services to tourists including foreigners visiting Japan to obtain repeaters and new tourists.
- Rural areas accepting tourists are urgently required to create tourism contents and arrangements utilizing local resources.
- Under regional empowerment and tourism-oriented country policies, the government seeks to create 500 areas prepared to do countryside stay business by 2020.

Countryside stay promotion measures for the FY2017 rural area promotion subsidy program supported 206 out of about 400 areas applying for the program.

Foreign tourists enjoying rural stays



Third selected "Discover Countryside Treasures" area
(Semboku, Akita Prefecture)

Creating opportunities to get tourists aware of local initiatives

- The attractiveness of countryside stay should be publicized at home and abroad to strategically create opportunities for people to become aware of local initiatives.

<FY2017 initiatives to create opportunities>

- ① A video using an informative foreign talent to introduce Japanese communities tackling countryside stay was broadcast in 7 Southeast Asian countries and communicated throughout the world through video distribution websites.
- ② Monitor tours were implemented for foreign agents and informative bloggers to communicate food, landscapes, old folk houses and other attractive things in rural Japanese areas through social networking services.

A video using a foreign talent



(Broadcast by Southeast Asian cable television station LiTV)

- ③ A collection of countryside stay process cases was produced, covering 12 forerunning farm accommodation areas.
- ④ The countryside stay symposiums were held 14 times in major cities in Japan.

- By FY2017, 15 areas were designated for the SAVOR JAPAN initiative to attract foreign and other tourists with local food and its producers in agriculture, forestry and fisheries industries.

Countryside stay symposium



<Case study>



A challenge to develop processed gibier as a new local specialty (Ishikawa Prefecture)

- Jun Ishizaka of Noto Island founded a countryside stay promotion organization in April 2017, launching a challenge to secure good wild boar meat in cooperation with local business operators and develop wild boar mince cutlet and other new products.
- The organization pursues a highly profitable initiative to develop impressive products and experiences for tourists including overseas visitors to make Noto Island a brand.



Selling wild boar mince cutlet at an exchange event

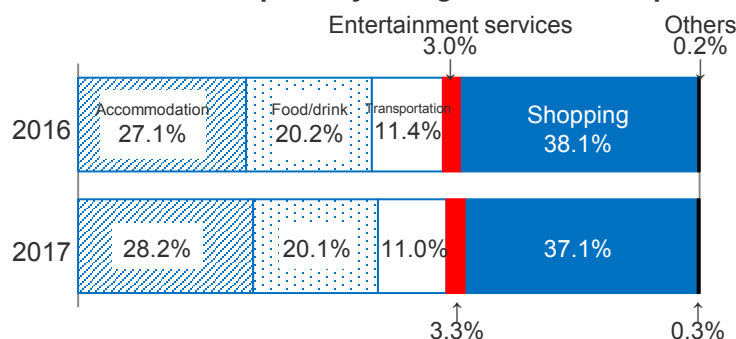
Foreign tourists visiting Japan frequently tend to go to rural areas

- Japan has set a target of increasing the number of foreign visitors to Japan to 40 million and their tourism consumption to 8 trillion yen by 2020. In 2017, the number reached a record 28.69 million with consumption hitting an all-time high of 4,416.2 billion yen.

- While shopping consumption's share of total consumption has declined, entertainment service consumption's share has increased. Consumption has thus been shifting from goods to entertainment services.

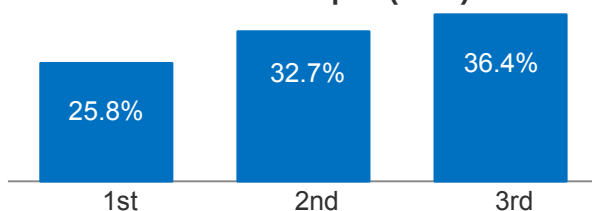
- Tour destinations by the frequency of visits to Japan indicate that overseas visitors to Japan more frequently tend to go to rural regions.

Breakdown of consumption by foreign tourists to Japan



Source: Prepared by MAFF based on JTA, Consumption Trend Survey for Foreigners Visiting Japan

Rural destinations' shares by frequency of visits to Japan (2017)



Source: Prepared by MAFF based on JTA, Consumption Trend Survey for Foreigners Visiting Japan

Note: Rural regions are prefectures other than the three major urban regions' 8 prefectures (Saitama, Chiba, Tokyo, Kanagawa, Aichi, Kyoto, Osaka and Hyogo).