

APEC Seminar on Food Value Chain to Foster the Rural Urban Development in Asia Pacific Region

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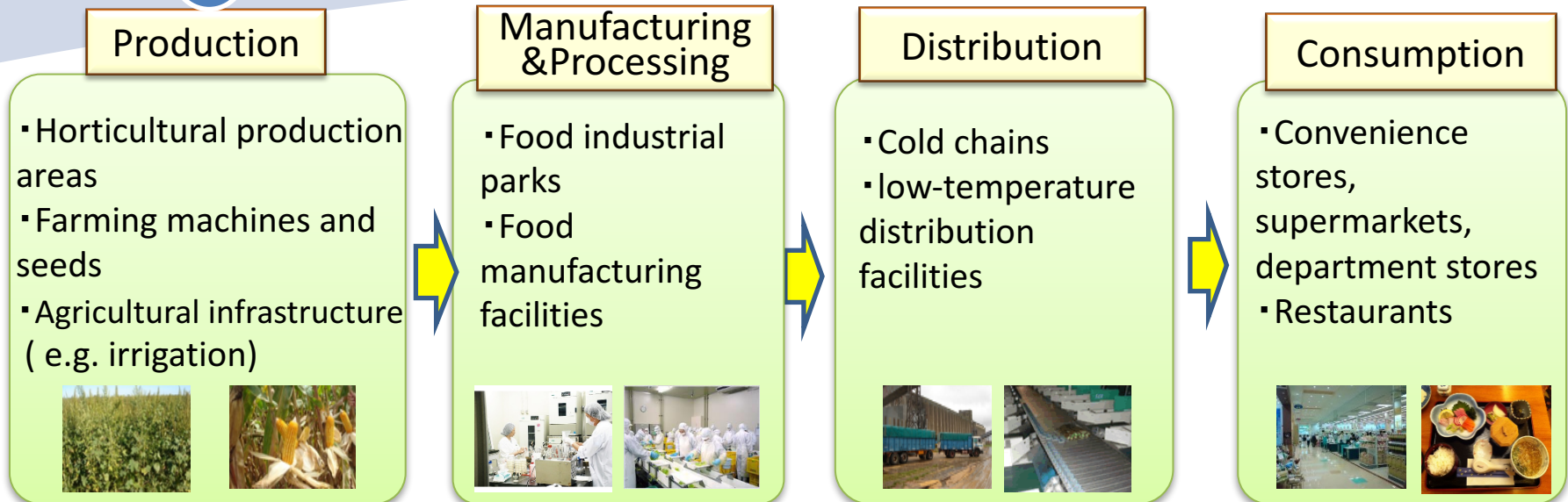
Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan

1. Concept of Food Value Chain

Food Value Chain in Japan

76.3

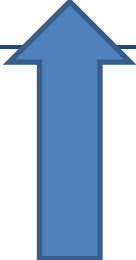
(Unit: trillion yen, output basis) 33.4
10.5



- ◆ Food Value Chain (FVC) is a series of activities that create and build value at every stage from agricultural production, manufacturing, processing, distribution to consumption.
- ◆ Developing FVC will deliver higher value as a whole and increase profits for each stakeholder from production to consumption.
- ◆ These activities will also reduce food loss and waste of whole food value chain.

2. Expected outcome of APEC High-Level Policy Dialogue on Enhancing Food Security And Sustainable Agriculture in Response to Climate Change

- ① Can Tho Statement
- ② Multi-year Action Plan on Food Security and Climate Change
- ③ Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth



The key to realize this Action Plan is the development of “Food Value Chains”.

- Food Value Chains (FVCs) strengthen the connectivity between rural and urban.
- It is important to develop FVCs which is robust and inclusive of smallholders and improve its connection to regional and global value chains.
- FVCs creates important opportunities and challenges for economic growth and food security, including rural development.

3. Overview of Global Food Value Chain Strategy finalized on June 6 2014

1. Objectives of the Strategy

- ◆ To develop food value chains through cooperation among academia, public and private sectors capitalizing on unique strength of the Japanese food industry.
- ◆ To promote economic growth of developing economies by way of official economic cooperation and investments by the Japanese food industry.
- ◆ To promote export of Japanese food and food-related infrastructure, and to assist overseas business of the Japanese food industry

2. The basic pillars of the strategy

- ◆ Cooperation among academia, public and private sectors
- ◆ Create fora such as bilateral dialogues with partner economies and public-private council
- ◆ Take advantage of economic cooperation
- ◆ Develop food-related infrastructure such as cold chains
- ◆ Create favorable business and investment environments for the Japanese food industry
- ◆ Strengthen the information-gathering system
- ◆ Develop human resources both inside and outside Japan
- ◆ Develop the research and technology
- ◆ Facilitate the financing for overseas business

3. The Region-Specific Strategy

The following 7 regions and economies have high potential for private sectors investments through Public-Private Cooperation.

ASEAN

Middle East

China

India

Africa

Central and South America

Russia and Central Asia

4. Bilateral Dialogues with private sectors under the Global Food Value Chain Strategy between Japan and APEC economies

Vietnam

Implementing The 5 year(2015~2019) Action Plan on selected model areas under the Medium-long Term Vision.

-Japan -Vietnam Agricultural Cooperation Dialogue (Jun. 2014, Aug. 2015, Sep. 2016)

Thailand

Exchanging views on policies for promoting private investment in the sectors of agriculture, forestry, fisheries and food industry.

-Japan Thailand Agricultural Cooperation Dialogue (Oct. 2016)

Indonesia

Discussing a framework for long and medium term cooperation among public and private sectors. Exchanging views on policies, governments' efforts and current business activities.

-Bilateral Forum on Agriculture Cooperation Japan-Indonesia (Jun. 2015, Nov. 2016)

The Philippines

Discussing tasks and actions for developing FVC in the Philippines. Confirming that public and private cooperation for food security and FVC will contribute to facilitate the growth of agriculture and food industry.

-Japan-Philippines Agricultural Cooperation Dialogue (Mar. 2016, June. 2017)

5. The Medium- to Long-Term Vision for Japan-Vietnam Agricultural Cooperation (Outline)

1. The significance of the Medium-long Term Vision

- Development of agriculture in Vietnam (70% of population lives in rural area and agricultural production accounts for approx. 20% of GDP.) is absolutely imperative for improving lives in rural areas and for balanced development. In the future development of the FVC (from production, processing/manufacturing, distribution, to consumption) is very important.
- Since agriculture is diverse, it is necessary to take measures for specific issues of each region, not to give uniform treatment across the economy. Cross-sectoral measures for the whole social economic system as well as agricultural technics, collaboration of economic cooperation and private investment are also necessary.
- “The Medium-long Term Vision“ is made up of the 5 year(2015~2019) Action Plan in order to solve the issues of agriculture and food-related industries in model areas. The steady implementation of the Action Plans in the Vision by Japan and Vietnam would contribute greatly to the comprehensive development of agriculture in Vietnam.

2. Main Action Plan (2015~2019)

① Increase of Productivity and value addition

■ Model area (Nghe An province)

- Increase in agricultural productivity and value addition by rehabilitation of degraded irrigation and formulation of safety vegetable production system.
- Progress of agricultural mechanization and high quality feed crop production etc.

■ Measures across the economy

- Implementation of plant variety protection system based on the 1991 Act of the UPOV Convention.
- Collaborative research on characterization of plant genetic resources and trans-boundary animal disease.
- Dispatch of a policy adviser for fisheries from Japan.
- Provision of used fishery vessels for fishery surveillance from Japan etc.

② Food processing and product development

■ Model area (Lam Dong province)

- Production of high-value-added agricultural products to meet international and domestic demand.
- Establishment of food processing and shipping facility.
- Examination and implementation to relate agriculture with tourism and establishment of agricultural park.
- Improvement of distribution system quality keeping of agricultural and livestock products etc.

③ Improvement of distribution system ,cold chain

■ Model area (Neighbor to big cities)

- Promotion of private investment for cold chain and construction of cool and cold storage warehouse.
- Ensure transparency of legal system for food sanitation management based on Food Safety Law.

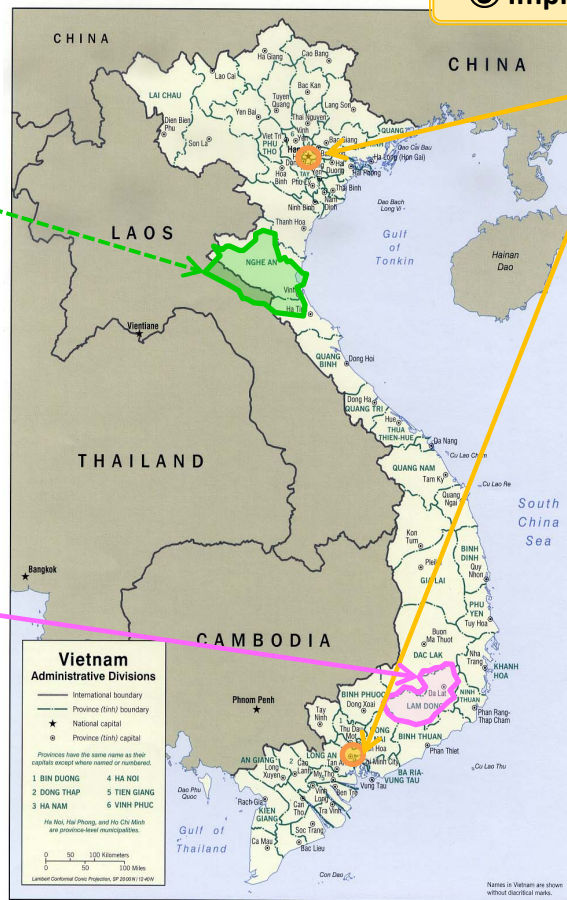
④ Cross-sectoral grappling

■ Consideration for climate change (Model area : Mekong Delta)

- Improvement of infrastructure for anti-flow upstream of salty water.
- Collaborative research on reducing greenhouse gases emissions from vast paddy field .

■ Human resources development (Can Tho University etc.)

- Establish partnership programs on food-related areas. In collaboration with Japanese food-related companies, lecturers will be sent.
- Improve capacity building of education and research ability at Can Tho UNI and establish gene bank system for native pig resources at National Institute of Animal Science .



6. Overview of Japan-Vietnam Agricultural Cooperation Dialogue

Japan-Vietnam Agricultural Cooperation Dialogue has been held three times since 2014 with the aim to establish food value chains, etc., under a public-private partnership in Vietnam.

[The 1st High-Level Meeting on Japan-Vietnam Agricultural Cooperation Dialogue (June 2014)]

Formulation of a Medium- to Long-Term Vision for establishing food value chains in Vietnam was confirmed.

[The 2nd High-Level Meeting on Japan-Vietnam Agricultural Cooperation Dialogue (August 2015)]

The Medium- to Long-Term Vision for Japan-Vietnam Agricultural Cooperation for establishing food value chains in Vietnam was approved. A public-private partnership for steady implementation of activities in the Vision was confirmed. In the presence of Prime Minister Abe, the Record of Discussion of the Dialogue was signed in September 2015.

[The 3rd Japan-Vietnam Agricultural Cooperation Dialogue (September 2016)]

Progress of the activities listed in the action plans of the Medium- to Long-Term Vision for Japan-Vietnam Agricultural Cooperation was confirmed and continuous cooperation between both economies towards further promotion of the activities was also agreed.

In the meetings, the Vietnam side explained about its preferential measures for various investments while JETRO, JICA, and Japanese and Vietnamese businesses presented their activities in Vietnam.

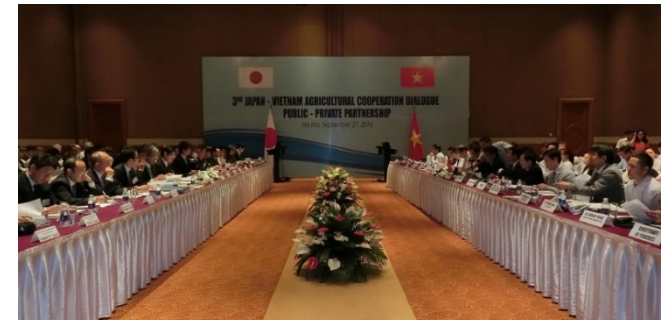
The Vietnam side also explained about establishing a working group in the Ministry of Agriculture and Rural Development for smooth investment and developing the systems in which the Department of International Cooperation provides a consulting service to Japanese businesses.

[Participating private companies and agencies]

The number of participating companies has increased annually: 11 companies in the first meeting, 25 companies in the second, and 51 companies in the third. The Agricultural Cooperation Dialogue will be held every year continuously as a promotion system of the Medium- to Long-Term Vision for Japan-Vietnam Agricultural Cooperation.

Signing ceremony (September 2015, Tokyo)

In the presence of Prime Minister Abe and Dr. Trọng, General Secretary of the Communist Party, Minister Hayashi and Minister Phat signed the Record of Discussion of the high-level meeting including the medium- to long-term vision.



The 3rd Japan-Vietnam Agricultural Cooperation Dialogue
(September 2016, Hanoi)

7. Japan's Project with International organization to develop food value chains

Organizations

ERIA and OECD

Economic Research Institute
for ASEAN and East Asia
(ERIA) and OECD

Objectives

Analyze economic effects/impacts of Food Value Chains in international, regional and national levels with econometric models and empirical studies in ASEAN, and **identify enabling environment** for development of better Food Value Chains.

FAO

Establish and demonstrate viable models for inclusive and efficient value chain by analyzing data and implementing pilot project.

APO

Asian productivity
Organization

Human resource development for developing Food Value Chain through **public-private partnership** in economies.

7-1 Food Value Chain research project (ERIA and OECD)

(1) Collaboration in the research

OECD

Working on agro-food value chains has concentrated on the 'global' aspect of the chains.

- Develop an approach to estimate trade in value added for a disaggregated set of agro-food sectors.
- Explore the trade in agro-food products that occur within Global Value Chains and the policy and structural influences that affect the trade.

ERIA

Working on agro-food value chains focusing on their functions for social and economic issues in each economy of ASEAN.

- Impact assessment of FVC participation on socio-economic performance (8 economies).
- Case studies (2 or 3 economies)
- Joint Regional Workshop with OECD in participation with policy makers and experts of ASEAN economies and ASEC.

ASEC

(University Collaborative Project)

MAF staffs (8 economies)
- Participate the workshop

Researchers or teachers
(8 economies)
- Cooperate the consultants recruited by ERIA on gathering data and policy information.

(2) Expected outputs

- Economy review, case study and synthesis report in collaboration with ERIA and OECD
- Providing policy recommendation through regional workshop to discuss promoting policy development/reform and processing/implementation of FVC projects in ASEAN

7-2 Development of effective and inclusive food value chains in ASEAN member economies (FAO)

(1) Flow of the project

1. Gather and Analyze Information

- Conduct value chain studies in three economies in order to select small holder groups where value chain projects to be implemented.
- Analyze data and identify bottleneck

2. Consider solutions to address the identified bottleneck

- Review and discuss the collected data among stakeholders
- Propose solutions to address the identified bottleneck

3. Implement pilot project

- Implement pilot projects
- Establish and demonstrate viable models for inclusive and efficient value chains and share the results among stakeholders

(2) Expected outputs

The results will be shared among stakeholders in ASEAN member economies to develop FVCs.

7-3 Human resource development for developing Food Value Chain through public-private partnership (APO)

(1) Characteristics of APO (Asian productivity Organization)

- APO is connected to a network of industry-government-academia sector.
- Many works are built up in the field of human resource development in industry and agriculture through APO activities.

(2) Contents of the project

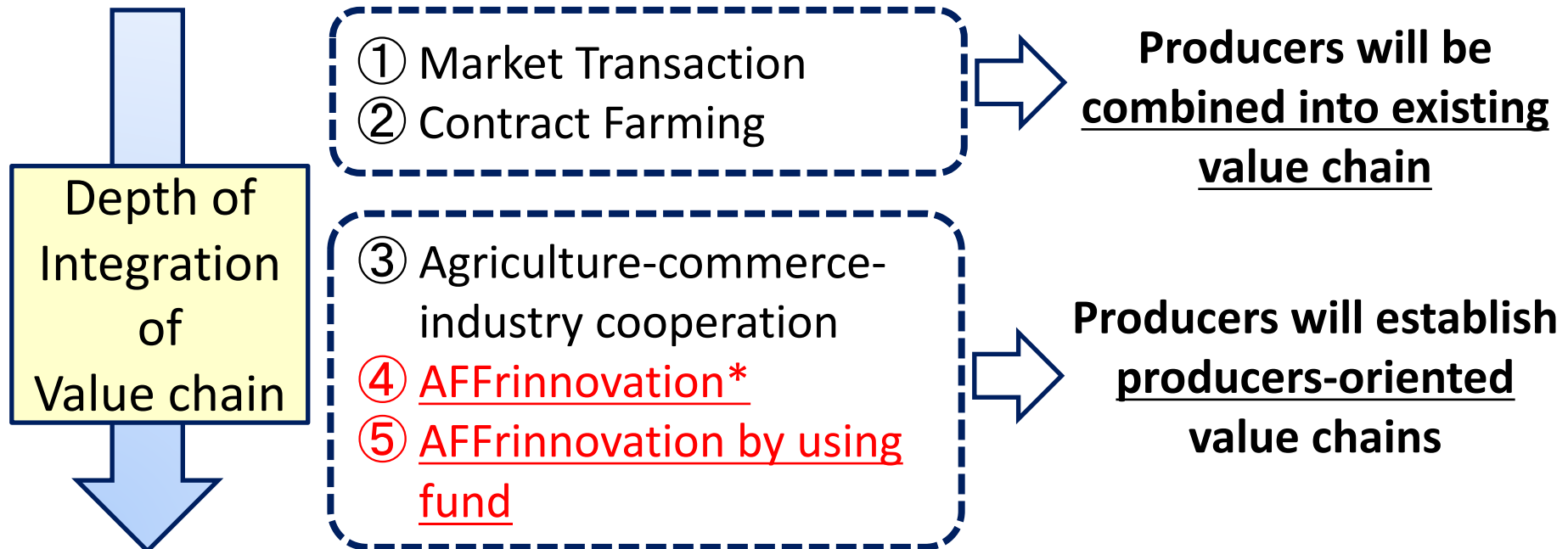
- In Japan
 - a. Conduct training seminars for participants from public and private sectors of Asian economies to learn Food Value Chains.
 - b. Participants exchange their views with Japanese food industries.
- In recipient economies
 - a. Conduct seminars to share information of activities for developing Food Value Chains in recipient economies.
 - b. Participants share business ideas with Japanese food industries to seek practical cooperation.

(3) Expected outputs

- Disseminate the idea of Food Value Chain to ASEAN and South Asian economies.
- Develop frameworks to promote Food Value Chain through public-private partnership in the region.
- Business cooperation will be developed between companies in recipient economies and Japan.

8. “Collaboration” patterns between Agriculture and other industries

- There are various types of “Collaboration” patterns between Agriculture, Fisheries and Forestry and other industries.
- They are classified in terms of the depth of the integration of the value chain.
- Farmers, forest owners and fisheries managers have to select the most appropriate pattern based on their management skills and business development competency in the production area.



*AFFrinnovation means adding value to agricultural products, forest products, and fishery products in an innovative way, making new combinations, or creating a value chain.

Good Practice: JA Umaji at Umaji village, Kochi prefecture, Japan

JA Umaji worked together to develop various products from its principal product, Yuzu

- Main product of Umaji village is Yuzu, a kind of citrus.
- Farmers' organization developed added-value processed products to utilize Yuzu which cannot be shipped due to their imperfect shape.
- The community collectively developed and promoted new products by emphasizing the name of the village for branding.
- With a collaboration with a local university, they developed some cosmetic products utilizing Yuzu seeds.
- Sales: 100 million yen (1989) ⇒ 3.3 billion yen (2014)
- The number of workers: 19 people (1989) ⇒ 86 people (2014)

Good Practice : JA Umaji at Umaji village, Kochi prefecture, Japan
JA Umaji worked together to develop various products from its principal product, Yuzu

Production

Purchases the full amount of Yuzu made by its member farmers at higher price than the market price.



Yuzu of Umaji village

Processing

Develops a high functional product to utilize the seeds, collaborating with a local university.



A seasoning made of vinegar and Yuzu

Distribution

▪ Expands sales and revitalized the community by using unique product name packages to appeal the village.



Yuzu juice

9. Contribution for “Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth”

Japan has already implemented activities related to “Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth.” We would like to continue the activities to support the Action Plan.

Excerpt from “Action Plan on Rural-Urban Development to Strengthen Food Security and Quality Growth (Draft)” related to Japan’s activities

- Collaborating with and leverage works done by international/regional entities to explore farming opportunities beyond primary production in rural areas, to create more value added and increase incomes people in rural areas
- Promoting PPP for rural infrastructure and agricultural value chain development

Thank you.

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