

The Study on Synergy and Franchising Network of Business and Activity of Agricultural Co-operatives toward the Sustainable Innovation of Food System in Japan

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Abstract

This paper clarify the synergy and franchising network of business and brand activity of agricultural co-operatives toward the sustainable innovation of food system in Japan. The method of analysis mainly depend on agricultural economics including food system theory and co-operative theory including 21st Co-operative Principles

That is composed (1) food system and agricultural co-operatives in Japan,(2) character of agricultural co-operatives in Japan,(3) history of agricultural co-operatives movement in Japan,(4) present stage of agricultural co-operatives in Japan,(5) beef market in Japan and beef business and the brand activity of Hida agricultural co-operatives and Shihoro-town agricultural co-operatives ,(6) consumers' behavior to Hida brand beef and Shihoro brand beef at superstore under synergy network of beef business ,(7) future and argument on synergy and franchising network of business and brand activity of agricultural co-operatives toward the sustainable innovation of food system in Japan

Keywords

Agricultural co-operatives, synergy and franchising network, food system in Japan,

1 Introduction

The self-sufficiency of food by calorie base in Japan decrease from 73 % in 1965 to 40 % in 2005. This means that food market in Japan have combined with international food market deeply. Japanese government estimate that Japanese people depend on 12,000 thousand ha for wheat in 2,420 thousand ha, for corn in 2,150 thousand ha ,for soybean in 1,990

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thousand ha, for oilseed and barley in 290 thousand ha and for animal feed in 2,500 thousand ha to foreign countries.

Under these conditions, my paper clarifies about the Synergy Network of Business and Activity of Agricultural Co-operatives toward the Sustainable Innovation of Food System in Japan. The method of analysis mainly depends on agricultural economics including food system theory and co-operative theory including 21st Co-operative Principles.

The object of study mainly is the traditional multi-purpose agricultural co-operatives in Japan. The traditional multi-purpose agricultural co-operatives in Japan is evolving toward Synergy Network of Business and Brand Activity supported by the federation of agricultural co-operatives.

On the other hand, the power of bigger supermarket and food industries is becoming more competitive organization. Agricultural co-operatives in Japan strengthens the contract's relationship for special food brand without depending to wholesalers.

Future of agricultural co-operatives, firstly shall confront to overcome from highly dependence to federation for the highly management and member participation for management.

Secondly, agricultural co-operatives shall have the chance to export agricultural products to east Asia countries and have the chance to have direct marketing to consumers with horizontal network system among co-operatives including consumers' co-operatives.

Thirdly, agricultural co-operatives shall have the threat in partnership business between the private food company and bigger size farmers.

Fourthly, agricultural co-operatives shall have new partnership with local government for sustainable agricultural and rural development.

This paper clarifies theoretical and practical consideration through case method studies of the traditional multi-purpose agricultural co-operatives in Japan.

2 Food system and Agricultural Co-operatives in Japan

By flowchart of eating and drinking expenditure based final expenditure of Japan in 2000, the sum of final of eating and drinking is 745 billion US\$ which consumed 15.1% through the perishable food etc, 41.5% through processed foods and 23.7% through restaurant etc (source: government of Japan). In this flowchart, edible agri-fishery products by farmers and fishermen etc in first industry of Japan, is only 112 billion US\$ which is 15% of the sum of final of eating and drinking. In this flowchart, amount marketed and handled of marketing business of multi-purpose agricultural co-operatives in Japan is 46 billion

US\$ which is 6% of the sum of final of eating and drinking.

3 Character of Agricultural Co-operatives in Japan

Dr. A. F. Laidlaw appreciated Japanese multipurpose agricultural co-operatives in “*Co-operatives in the Year 2000* “ as follows: Consider what the rural multipurpose co-operative does and what it provides in the typical Japanese setting. It provides farming inputs and markets the agricultural product; it is a thrift and credit organization, an insurance agency, a center for consumer supplies; it provides medical services, and hospital care in some places; it has extension and field services for farmers, and a community center for cultural activities. In short, this kind of co-operative embraces as broad a range of economic and social services as possible. Life for the rural people and the whole community would be entirely different without such a co-operative (Laidlaw 1980:p.66).

3.1 History of Agricultural Co-operatives Movement in Japan

In Japan, Mr. Sontoku Ninomiya who educated himself through the Discourses of Confucius, rose samurai from farmer in 1820s of end of feudal times, is famous as Founder of Hotoku-Sha (Founder of Moral and Economic Association). His thought on fundamental truth composes (1) Truth or reality,(2) Celestial laws and the way of man,(3)Good and evil, fortune and misfortune, (4)Cause and effect . Moreover, his thought on practical life composes (1) Development of rural industry,(2)Thrift,(3)Concession or yielding (the allotment among Living expenses , Concession for oneself and Concession for other people of one’s income).

In 1880s, his successors with rural and urban people organized credit unions based the principles of truth on practical life (including of values of self-help, social responsibility, caring for others, mutual savings and credit system with virtue and real low interest rate) without governmental support.

On the other hand, single purpose agricultural co-operatives of processing, marketing and purchasing business for sericulture farmers , green tea farmers and other crop farmers etc, had established to maintain the competition power in wholesale market under the expansion of commercial agriculture and export of silk and green tea to U.S.A etc, though any support from government did not exist in 1880s.

A typical sericulture co-operative in Gunma Prefecture in early 1880s introduced the original co-operative principles of one man one vote , distribution among the members in proportion to their transactions with the co-operative and a strictly limited rate of interest

for share capital, likeness co-operative principles of Rochdale Society of Equitable Pioneers in England.

In 1900, Japanese government had introduced first co-operative law which was modeled on the German co-operative law, express the co-operative principles as open membership , one man one vote, maximum of share capital per person , prohibition of the transfer of share capital(unlimited, guarantee or limited type) to other person, in order to support and to supervise the middle and the lower class including farmers. Also, in same year, the police law for security had introduced for the control of people. Government supplied the credit fund with low interest to the rural credit co-operatives through ministry of finance.

By first revision of co-operative law in 1906, the rural co-operatives could combine the credit business with marketing, purchasing and other service business as co-operatives of multipurpose type. After that, rural co-operatives structure was changing from single purpose co-operatives to multi-purpose co-operatives.

By the revision of co-operative law, the formation of federation in prefecture level and central union of co-operatives in 1909 ,and the formation of federation in national level in 1921 could organize respectively. Also, Central Co-operative Bank Law had introduced in 1923 and Law for Central Co-operative Bank for Commerce & Industry in 1936. We should notice that the total amount of savings of co-operatives exceeded the total amount of loan of co-operatives in 1918. It means that the credit business of multipurpose co-operatives in Japan had strengthened autonomous character from government.

The number of co-operative increased from 7,308 in 1910 to 15,328 in 1937. The number and the share of multi-purpose co-operatives with credit , marketing, purchasing and other service business increased from 369 , 5.0% to 10,362, 71.4%.

In 1937, farmers' member share in total members is 68.7%. Also, in same year the number of farmers' member 4,266 thousand or 76.5% in comparison with number of farm household 5,575 thousand. The share of board of directors was respectively 36.1% in landowners, 47.6% in landed farmers, 10.9% in partly tenant farmers, 0.8% in tenant farmers, 4.6% in others, though the share of each group member was 4.4% ,23.9%,38.2% ,20.9% and 12.5%.

However, Agricultural Association Law instead of former Co-operative Law in 1948, enforced to build the agricultural association for government in order to control of production and distribution of agricultural inputs and the products etc in 1943 during world war II . Also, Law for Central Co-operative Bank for Agriculture & Forestry instead of former Central Co-operative Bank Law introduced to control the deposit and loan etc in 1943.

After world war II , Japanese government in occupation had introduced Agricultural Co-operative Law in 1947, Consumer Co-operative Law in 1948, Fishery Co-operative Law in 1948, Small & Medium Enterprise Co-operative Law in 1949, Forestry Owners'

Co-operative Law in 1951, Labor Bank Law in 1953, which were introduced in framework of the new democratic Constitution and Agricultural Land Reform. These divided co-operative law was adapted the ICA co-operative principles. The share of tenanted farmland in total farmland decreased rapidly from 46.3 % in 1945 to 10.6 % in 1950 through Agricultural Land Reform.

New Agricultural Co-operative Law had regulated that regular members is only farmers who is an individual, personally carries on or engages in agriculture. Associate members who do not have the voting right, is non farmers in the area. As the business, the Law regulated to be able to introduce the credit, agricultural purchasing, living necessities' purchasing, marketing, processing, mutual insurance, farm guidance, better living guidance, medical service, group contract for farmers' transaction between the co-operatives and private companies.

Under new law, primary multipurpose agricultural co-operatives was organized 13,300 co-ops with 7 million members and primary single-purpose agricultural co-operatives was organized 20,831 co-ops as sericulture co-operatives, livestock co-operatives, dairy co-operatives and horticulture co-operatives etc in 1950. After that, guidance federation, economic federation, credit federation, mutual federation, other federation in prefectural level and guidance federation, economic federation, mutual federation, other federation etc in national level were organized. By revision of agricultural co-operative law in 1954, guidance federations were changed to central union of agricultural co-operatives in prefecture level and national level which is able to have the power of administration and education to agricultural co-operatives.

Since the early 1990s, by primary agricultural co-operatives' amalgamation, total number of invested agricultural co-operatives in Japan is 2,226 in 2006. These agricultural co-operatives exist 901 by the form of multi-purpose agricultural co-operatives which organize 5,055 thousand regular membership (farmers) and 4,091 thousand associate membership (non-farmers) and 1,325 by the form of single-purpose agricultural co-operatives which organize 225 thousand regular membership (farmers) and 66 thousand associate membership (non-farmers). This means that 96% of regular membership in invested agricultural co-operatives in Japan belong multi-purpose agricultural co-operatives.

The organizational structure of Japanese agricultural co-operatives, is formed by local primary level, prefecture level and national level as **Chart 1**. At local level, multipurpose agricultural co-operatives maintain stronger influence than single purpose agricultural co-operatives. At prefecture level, there are Prefecture Unions of Agricultural Co-operatives, Prefecture Branches of National Federation of Agricultural Co-operatives or Prefecture

Economic Federations, Prefecture Branches of Central Co-operative Bank of Agricultural & Forest or Prefecture Credit Federations of Agricultural Co-operatives, Prefecture Branches of National Mutual Insurance Federation of Agricultural Co-operatives and other Prefecture Federations.

At national level, there are Central Unions of Agricultural Co-operatives, National Federation of Agricultural Co-operatives, Central Co-operative Bank of Agricultural & Forest, National Mutual Insurance Federation, other National Federations and Ie-no-Hikari Association for supporting the cultural activities of members of agricultural co-operatives through publishing monthly magazine and books etc.

Business and activities of multipurpose agricultural co-operatives work to meet needs and aspiration of farmers' member and non-farmers' members in each seasonal stage of farming and living by utilization or power of members' intermediate organization as member's organization at hamlet level, commodity-wise producer organization, living-wise organization and co-operative youths & women's organization as **Chart 2**.

Definition of regular members of Japanese multipurpose agricultural co-operatives is farmers who cultivate more than 0.1 ha or work more than 90 days a year, or farming association who keep less than 300 full time employees and keep less than 3 thousand million Yen own capital or share capital by law and statute. Definition of associate members is non-farmer residents who want to utilize agricultural facilities, or organization formed by farmers and non-farmer residents by law and statute..

As **Chart 3**, member's organization at hamlet level exist 172,731. This organization is very important for members' participation and members' utilization of co-operative business at hamlet level. Commodity-wise producer organization as rice & grain, vegetables, cattle, swine, towels, other livestock, fruit, sericulture, flowers & ornamental plants, mushroom, other is very important for commodity-wise members' participation and for realizing the effectiveness and efficiency of the scope or synergy economy in joint agri.input purchasing, farm guidance of technique and management, joint utilization facilities of processing, grading, packing of the co-operative. Also, youths' organization and women's organization are very important for young generation participation , women's participation, guidance on better living, purchasing consumer goods and joint utilization facilities of living culture and welfare.

3.2 Present Stage of Agricultural Co-operatives in Japan

Innovation on Organizational Structure of Multipurpose Agricultural Co-operatives in Japan started in 1991. That is the expansion of function in multipurpose agricultural

co-operatives through horizontal amalgamation among primary level's co-operatives. Also, that is the simplification of federal organization or integrated federations by specialized function through the vertical amalgamation between prefecture level and national level of federations.

Number of Multipurpose agricultural co-operatives decreased from 3,688 in 1990 to 929 in 2005. During same year, regular members decreased from 5,544 thousand to 5,055 thousand or -7 %. On the other hand, associate members increased from 3,065 thousand to 4,091 thousand or +33 % .

However, it is fact that the expansion of distance between co-operative and Members occurs. Also, it is fact that the expansion of heterogeneous among member's needs and the aspiration occurs.

Advanced multipurpose agricultural co-operatives introduce the educational program as the education of new comers' members, young women's college of 3 years, and cultural activities' program as pupil's summer school , cooking school for women children and old age persons, care school for old age generation, agricultural co-operative festival, cleaning activities of environment in surrounding etc.

Also, not only husbands, but also their wives and young generation in same multipurpose agricultural co-operatives, are becoming members together. This means that multipurpose agricultural co-operatives is innovating from the association of farmers' household to the association of the different kind persons of farmers' household.

In **Chart 4** and **Chart 5**, major figures per multipurpose agricultural co-operative in Japan as of March 2005, shows. Marketing and purchasing business of multipurpose agricultural co-operatives of three level in Japan as 2003 business year ,shows in **Chart 6**. Also, funding and investment of agricultural co-operatives credit institution of three level in Japan as of March 31,2005 , shows in **Chart 7 and Chart 8**.

4 Beef Market in Japan and Beef Business and the Brand Activity of Hida Agricultural Co-operatives and Shihoro-town Agricultural Co-operatives

After a cow contaminated BSE in Japan was confirmed by government on September 10,2001, beef consumption of Japan in October,2001 decreased to 40% in comparison with Octoberr,2000(self-sufficiency rate of beef in Japan is 36%). Government started BSE test for all cows at slaughter house from October 18,2001 and introduced "Food Safety Basic Law of 2003 year"be able to be established the independent public organization (food safety committee) for food risk evaluation by science and "Beef Traceability Law of 2003 year " be able to be controlled from birth stage of cow or cattle to dressed meat stage at retail

shop or restaurant. Also, beef import from Canada and USA be stopped temporary. For this reason, beef import from Australia increased ,and decreased from USA. Beef production based meat cuts of Japan in 2003 is composed 137 thousand ton or 39% from mainly Japanese beef cattle and 215 thousand ton or 61% from fattening dairy breed bulls . Price of dressed carcass of Japanese beef cattle(A 5 standards) in 2004,is 2,427 Yen per kg and price of dressed carcass of fattening dairy breed bulls(B 2 standards) in 2004,is 767 Yen per kg in Beef Wholesale Market.

Beef business and the activity of Hida Agricultural Co-operatives in Gifu prefecture is mainly marketing of Japanese beef cattle by Hida Brand. On the other hand, Beef business and the activity of Shihoro-town Agricultural Co-operatives in Hokkaido is mainly marketing of fattening dairy breed bulls by Shihoro Brand..

4.1 Synergy Network of Beef Business and the Brand Activity of Hida Agricultural Co-operatives and Shihoro-town Agricultural Co-operatives

Definition of Hida Brand Beef is from 3rd grade to 5th grade standard carcass from Japanese black cattle fed over 14 months in Gifu prefecture as **Chart 9**. The age of the fed Japanese black cattle for shipment is 27 months or 28 months and the weight of the fed Japanese black cattle for shipment is 700kg. The number of shipping Japanese black cattle increased from 1,735 in 2001 to 4,111 in 2002 by the amendment of standards' range . 35% of these beef is sold through Yoshida meat wholesaler Ltd. The number of the contact store is 228 and 123 restaurants.

Definition of Shihoro Brand Beef is fattening dairy breed bulls fed in Shihoro town in the Hokkaido area . The age of the fattening dairy breed bulls fed for shipment is 20 months or 21 months and the weight of the fattening dairy breed bulls fed for shipment is 790kg. The number of shipping fattening dairy breed bulls fed increased from 15,328 in 2001 to 16,048 in 2002. 70% of these beef is sold through Yoshida meat wholesaler Ltd.Yoshida meat wholesaler Ltd. sale both brand beef to contract supermarket etc. The contract supermarket expose Hida Brand Beef as highest quality beef , Shihoro Brand Beef as middle quality beef and foreign Brand Beef as reasonable low price or usually quality.

Hida Brand Beef and hihoro Brand Beef in contract supermarket is sold under Synergy Network of Yoshida meat wholesaler Ltd, Hida Agricultural Co-operatives and Shihoro-town Agricultural Co-operatives

4.2 Consumers' Behavior to Hida Brand Beef and Shihoro Brand Beef at Superstore under Synergy Network of Beef Business

By corresponding analysis between buying condition of Hida brand beef per month and the age of answers at a superstore in Nagoya region in March 2004, correspondence between under 30 years old consumers(a) and no buying(7) or buying before BSE (5) in 1V quadrant, correspondence between 30 years old generation's consumers (b)and buying after BSE (4)in 1 quadrant, correspondence between 40~60 years old and over generation's consumers(c,d,e) and buying 1 ~ 4 times and over(1,2,3) in II ~ III quadrant, exist as

Chart 10.

By corresponding analysis between the evaluation to BSE check and the buying reason to Hida brand beef at a superstore in Tokyo area in March 2004, correspondence between better improvement from anxiety(2) and reasonable price , brand beef or other (b,c,e) in 1 quadrant, correspondence between anxiety (3) and brand beef(c) in II quadrant, exist as

Chart 11.

By corresponding analysis between the evaluation to BSE check and the buying reason to Shihoro brand beef at a superstore in Tokyo area in March 2004, correspondence between others(e) and brand beef (c) in 1 quadrant, correspondence between better quality(a) and relief (1) in II quadrant ,and correspondence between national beef(d) and anxiety (3) in IV quadrant, exist as **Chart 12.**

6 Future and Argument on Synergy and Franchising Network of Business and Brand Activity of Agricultural Co-operatives toward the Sustainable Innovation of Food System in Japan

Under WTO system, the economic competition of agro-food market is becoming stronger. Also, governmental economical support to agriculture is reversing. Besides, the social responsibility as food safety in business is being reinforced. It means that a silent revolution is progressing in the structure of agro-food system including agriculture. In this framework, Fulton(2000:p294) explains remarkably these structural changes from traditional agricultural with traditional co-ops to "New" agricultural with "New" co-ops. His paper is appropriate in Canada that "multipurpose co-ops serving diverse members in traditional co-ops" under "farms carry out many activities in "traditional agriculture" changed to "greater specialization: focus on niche products in new co-ops" under "specialization: separation of production stages in new agriculture". However his logic is not always appropriate in Asia.

Consumers in Japan have a interest in not only cheaper agricultural products in international market, but also in more healthy, tasty or local cultural food with face to face

relationship though the price is more higher.

First, business and activity of agricultural co-operatives should reinforce instore marketing not only vertical network among contract wholesaler and contract superstore, but also horizontal synergy and franchising network among agricultural co-operatives which treat the different quality or breed.

Second, corresponding analysis about consumers' behavior is useful for the building of synergy and franchising network of business and brand activity of agricultural co-operatives toward the sustainable innovation of food system

Third, beef wholesaler carry out to for the building of synergy and franchising network of business and brand activity toward the sustainable innovation of food system.

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Chart 1. Organization Structure of Agricultural Co-operative in Japan (March 2005)

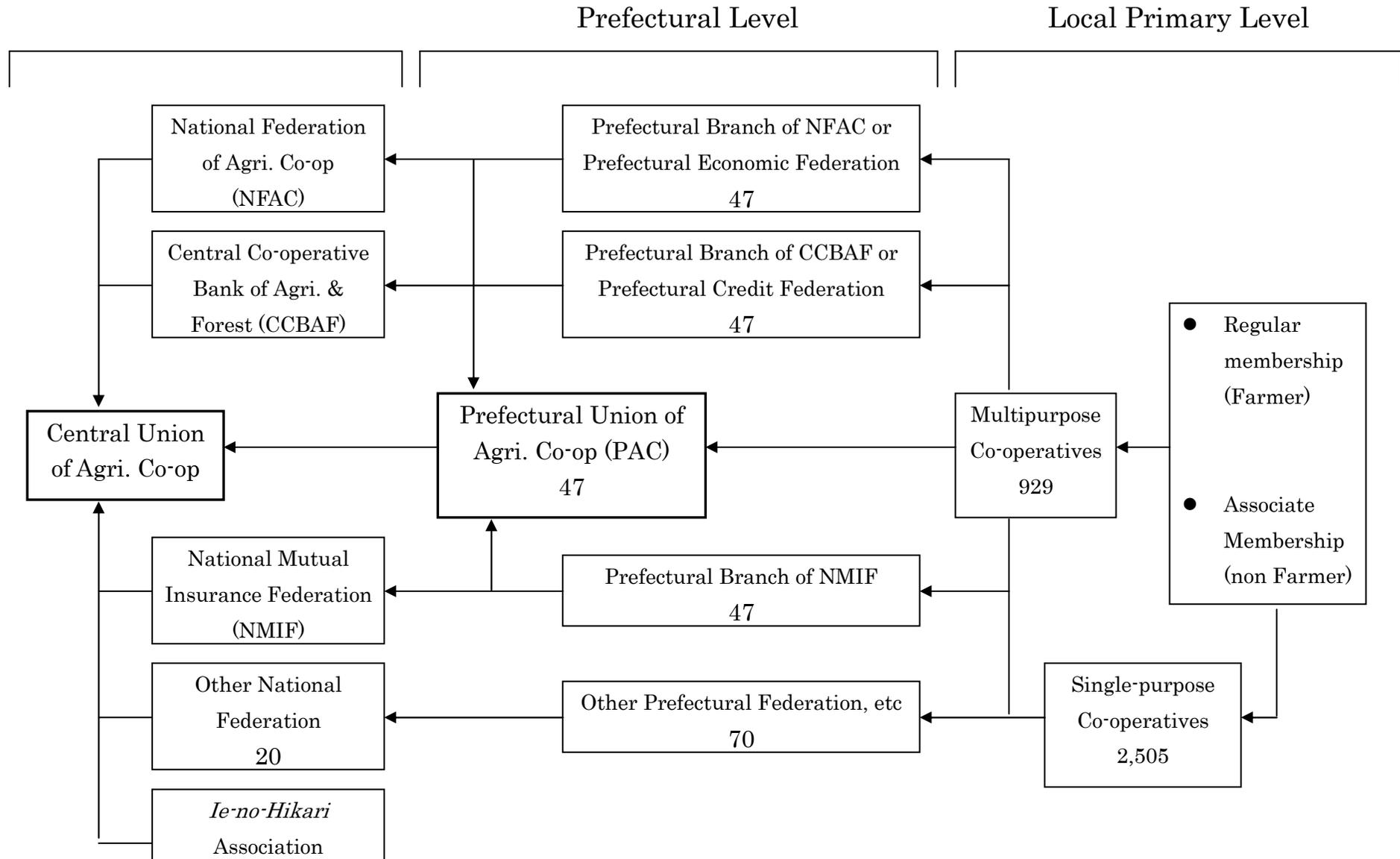


Chart 2. Business and Activities of Multipurpose Agricultural co-operative
in Relation to the Life of Member Farmers in Japan

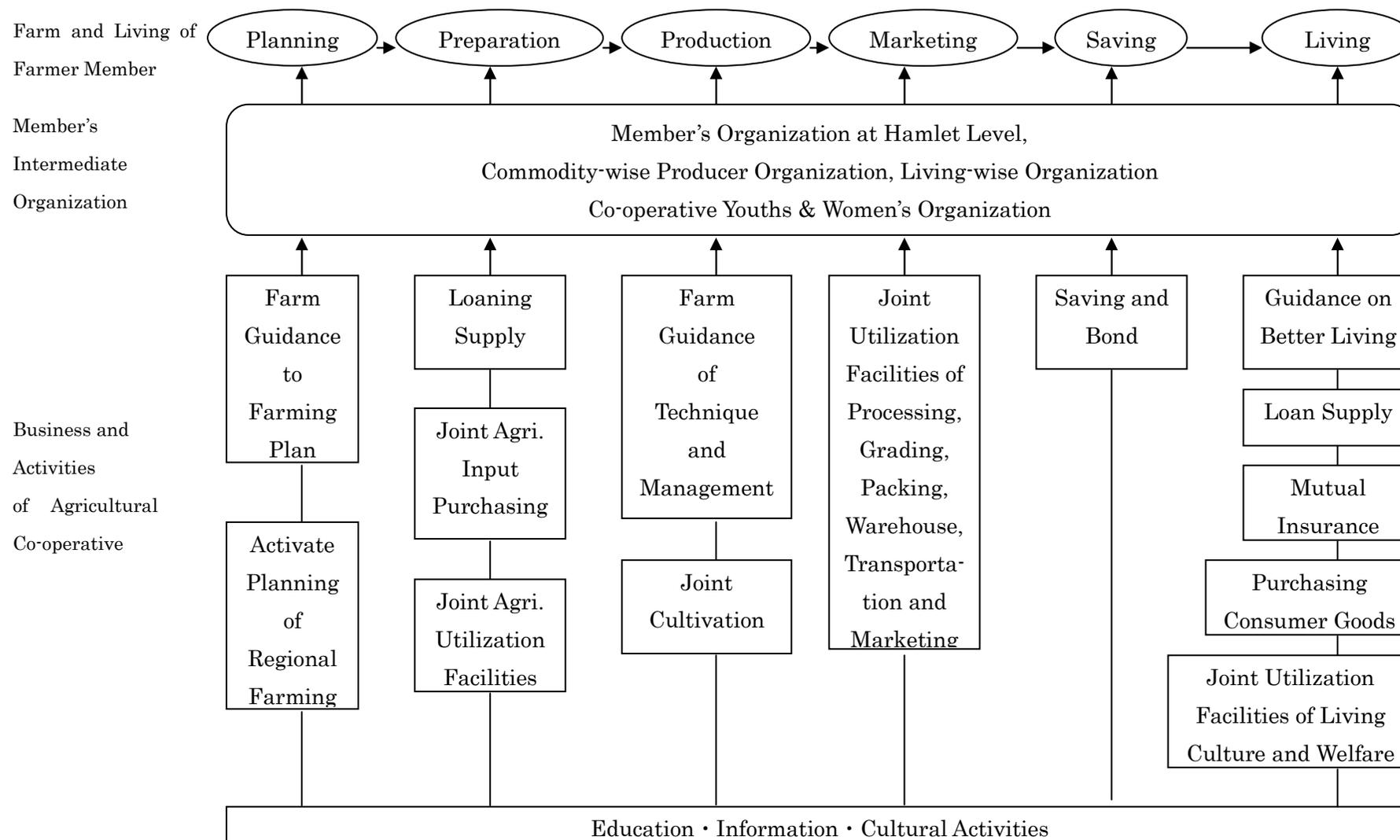


Chart 3. Member's Intermediate Organization of Multipurpose Agri. Co-op
in Japan, Business Year 2005

Member's Intermediate Organization	No. of Organization	Average Number Per Agri. Co-op
Member's Organization at Hamlet Level	172,731	(224.0)
Rice & grains	3,793	(6.1)
Vegetables	7,191	(9.1)
Cattle	1,734	(2.9)
Swine	341	(1.2)
Fowls	126	(1.1)
Other Livestock	271	(2.0)
Fruit	2,781	(4.9)
Sericulture	94	(1.3)
Flowers & Ornamental Plants	1,599	(2.7)
Mushroom	500	(1.8)
Other	2,041	(4.6)
Youth Organization	691	
Women's Organization	843	

Source: Statistics of Agriculture Co-operatives-2005 Business Year , Government of Japan

Chart 4. Major Figures per Multipurpose Agricultural Co-operative in Japan, as of March 2006

		Persons
Membership	Regular members	5,641
	(of which female	908)
	Associate members	4,730
	Total	10,370
Elected officials	Business Management Commissioner	0.9
	Directors (Board of)	19.5
	Out of which: full-time	3.5
	Auditors	5.3
	Total	25.7
Employees	General manager	0.4
	Farm advisors	16.2
	Better-living Advisors	2.4
	Other Employees	243.9
	Total	263.0
Share Capital (¥1,000)		5,990,505
Turnover (¥ million)	Marketing	5,096
	Purchasing	3,900
	Balance of saving received	88,721

Balance of loan advanced	23,947
Balance of deposits	61,855

Source: Statistics of Agricultural Co-operative -2005 Business Year, Government of Japan-

Chart 5. General Pattern of Internal Structure of Multipurpose Agri. Co-op. in Japan

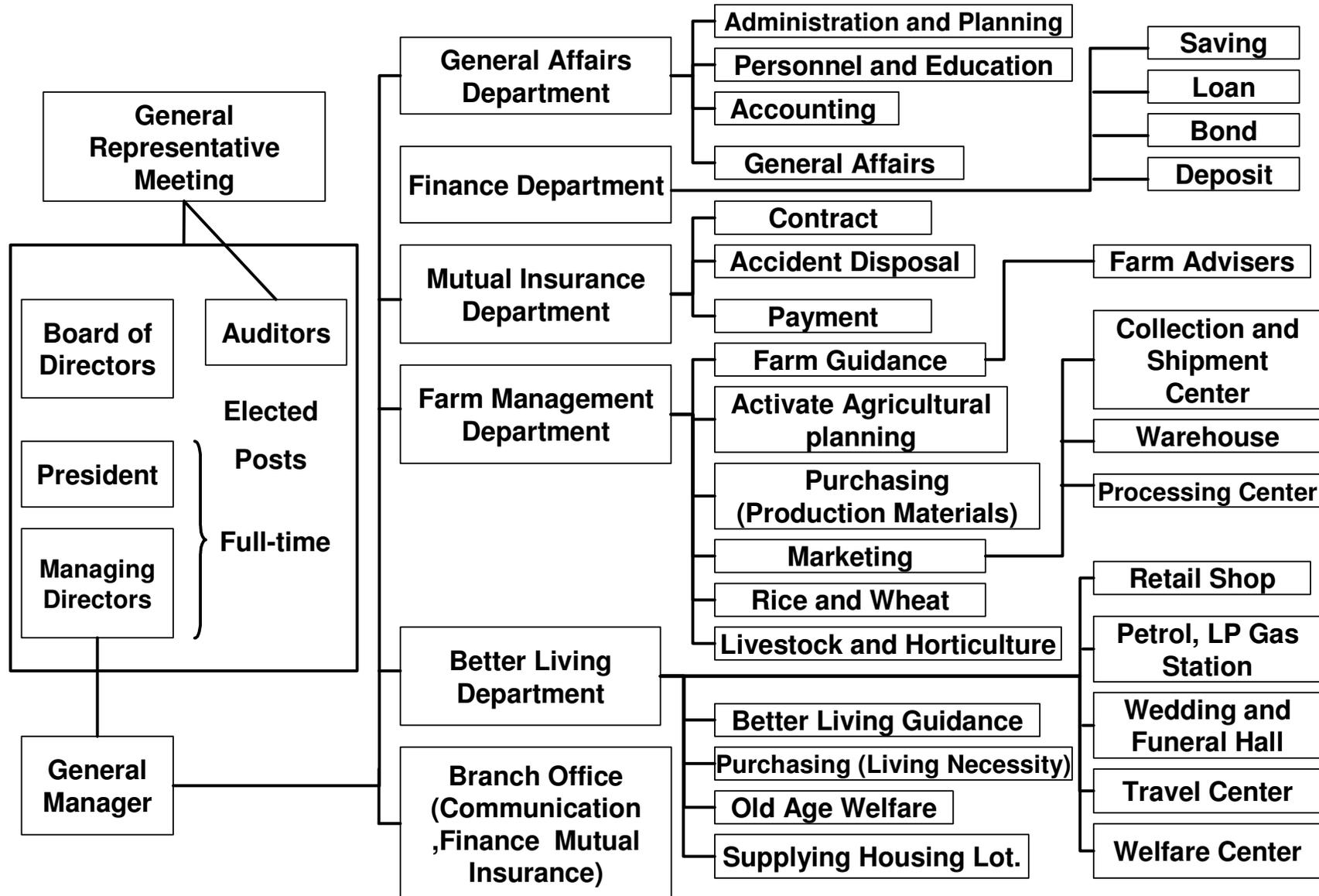
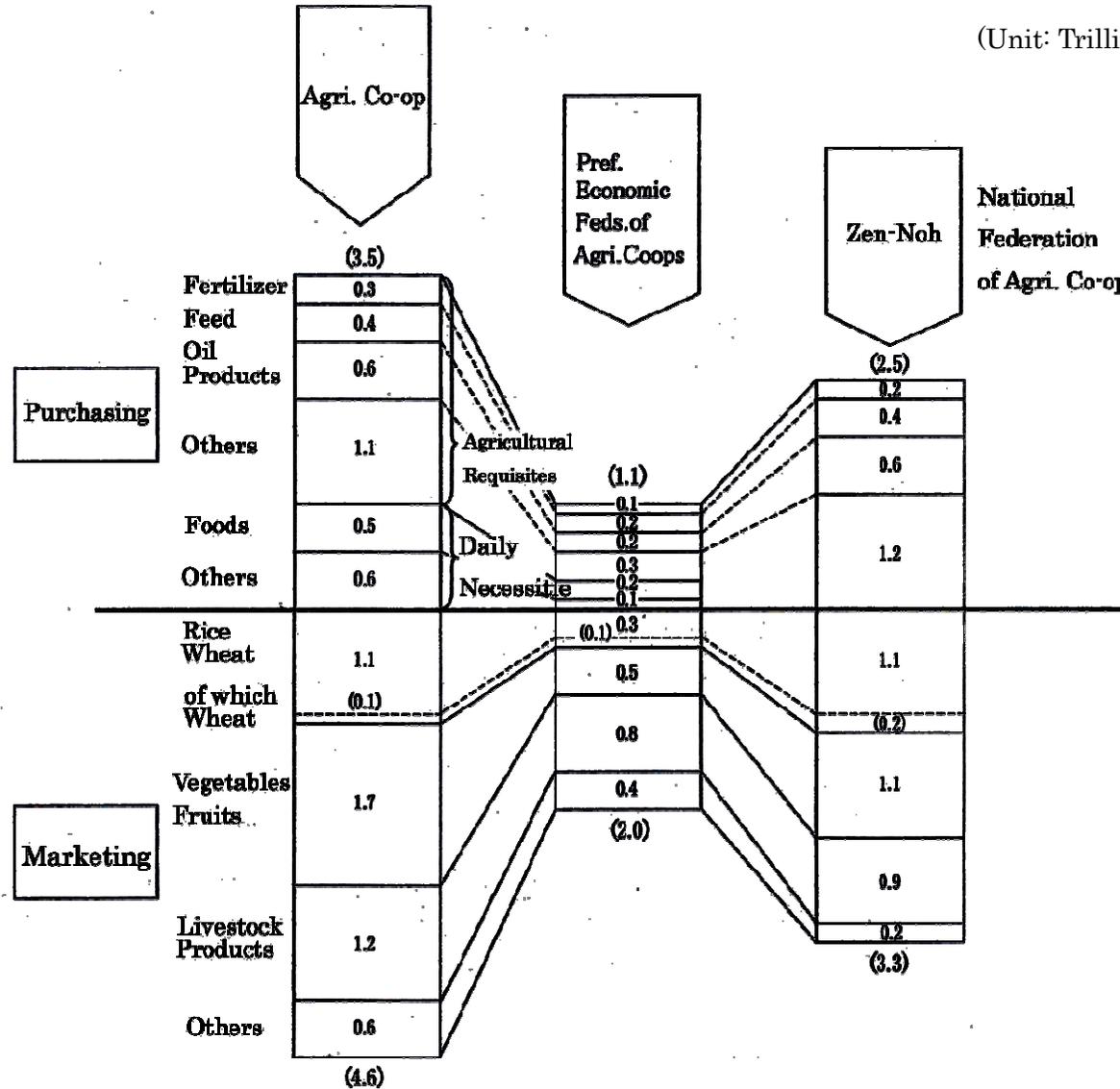


Chart 6. Marketing and Purchasing Business of Multipurpose Agri. Co-ops of Three Levels in Japan
— Business Year, 2004 —

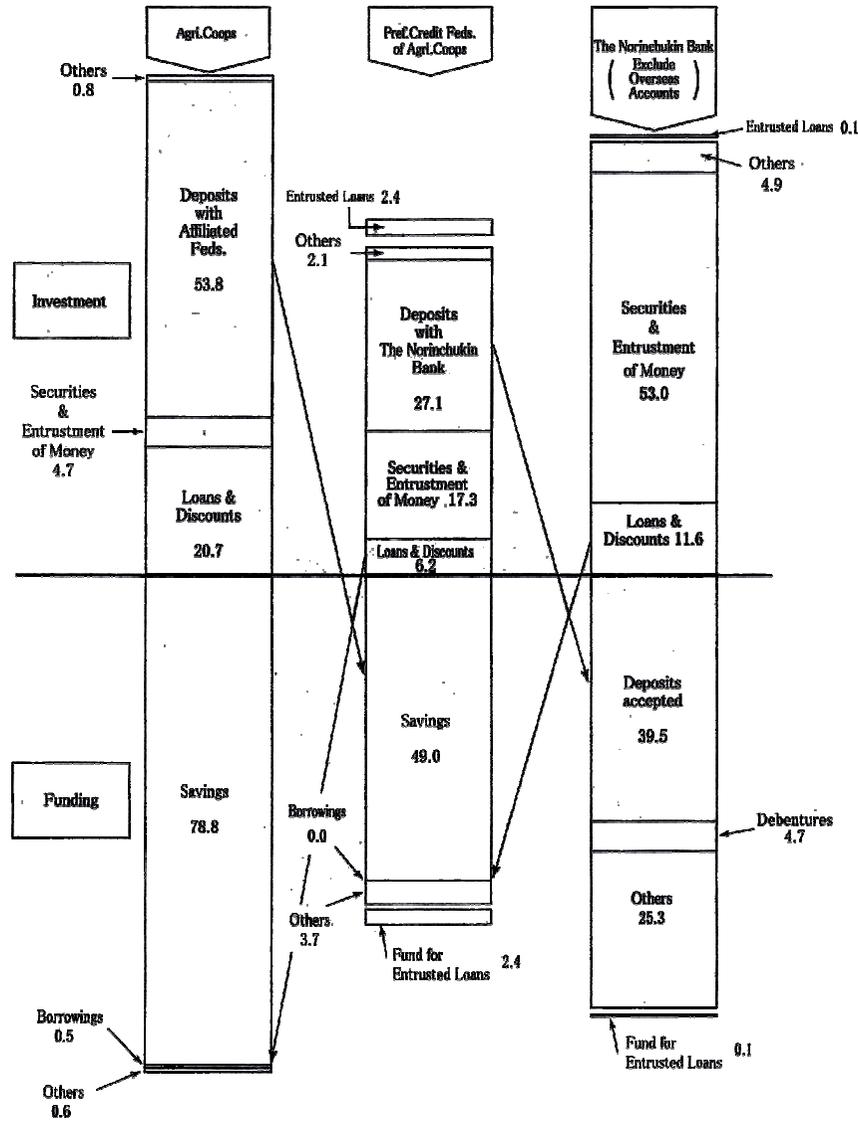
(Unit: Trillion Yen)



Source: Statistics of Agricultural Co-operative -2003 Business Year, Government of Japan-

Chart 7. Funding and Investment of Agri. Co-ops Credit Institution of Three Levels in Japan

As of March 31, 2006



Source: Statistics of Agricultural Co-operative –2006 Business Year, Government of Japan-
 Chart 8. Profit and Loss by Business Division of Multipurpose Co-operative per Agri. Co-op in Japan

(Unit: Million Yen)

	Total	Credit Business	Insurance Business	Agriculture Related Business	Living & Other Business	Guidance Business	Common Administrative Expenses
Total Earning of Business ①	6,416,992	1,025,775	602,532	2,794,038	1,961,376	33,271	
Total Business Expenses ②	4,396,706	309,191	45,474	2,345,976	1,644,752	51,313	
Total Business Profit ③(①-②)	2,020,286	716,584	557,068	448,052	316,624	▲ 18,042	
Business Administration Expensive ④	1,882,671	584,889	350,942	492,026	356,565	98,249	
※of which Common Administrative Expenses ⑤		123,910	75,010	98,530	68,147	14,254	▲ 379,853
Business Profit ⑥(③-④)	137,615	131,695	206,126	▲ 43,974	▲ 39,941	▲ 116,291	
Ordinary Profit or Loss ⑦	206,780	159,076	219,045	▲ 27,565	▲ 30,073	▲ 113,701	
Net Current Profit(or Loss) before Deduction of Tax ⑧	206,318	168,365	214,592	▲ 30,392	▲ 32,423	▲ 113,823	
Cost Absorbed into Guidance Business ⑨		27,696	22,279	47,982	14,158	▲ 112,115	
After Absorption into Guidance Business Net Current Profit(or Loss) before Deduction of Tax⑩(⑧-⑨)	208,026	140,669	192,313	▲ 78,374	▲ 46,581		

Source: Statistics of Agricultural Co-operative –2004 Business Year, Government of Japan-

Table 9 The character of beef chain of Hida Brand in Gifu prefecture and Shihoro Brand in Hokkaido by multi-purpose agri. co-op

	Beef chain of Hida Brand	Beef chain of Shihoro Brand
Breed	Japanese black beef	Fattening daily breed bulls
Definition	<p>From December of 1988</p> <p>5th quality grade standard (the highest grade) carcass from cattle fed in Gifu prefecture</p> <p style="text-align: center;">↓</p> <p>From December of 2002</p> <p>From 3rd grade to 5th grade standard carcass from cattle fed over 14 months in Gifu prefecture</p>	Fattening daily breed bulls fed in Shihoro town in the Hokkaido area
The age of the fed cattle for shipment	27~28months	20~21months
The weight of the fed cattle for shipment	700kg	790kg
The number of shipping cattle	1,735 (2001) 4,111 (2002)	15,328 (2001) 16,048 (2002)
The place of slaughter house	<ul style="list-style-type: none"> • Hida meat processing center • Gifu area meat wholesale market • Yoro town meat packing center • Ogaki city meat supply center • Seki city meat processing center 	Meat processing and wholesale market in Tokachi in the Hokkaido area
Meat processing plant	Yoshida meat wholesaler etc	Subsidiary for Shihoro town development (100%)
The name of meat wholesaler	Yoshida Meat wholesale Ltd (35%) Other meat wholesalers (65%)	Yoshida Meat wholesaler Ltd
The number of the contract store etc	228 stores and 123 restaurants	—

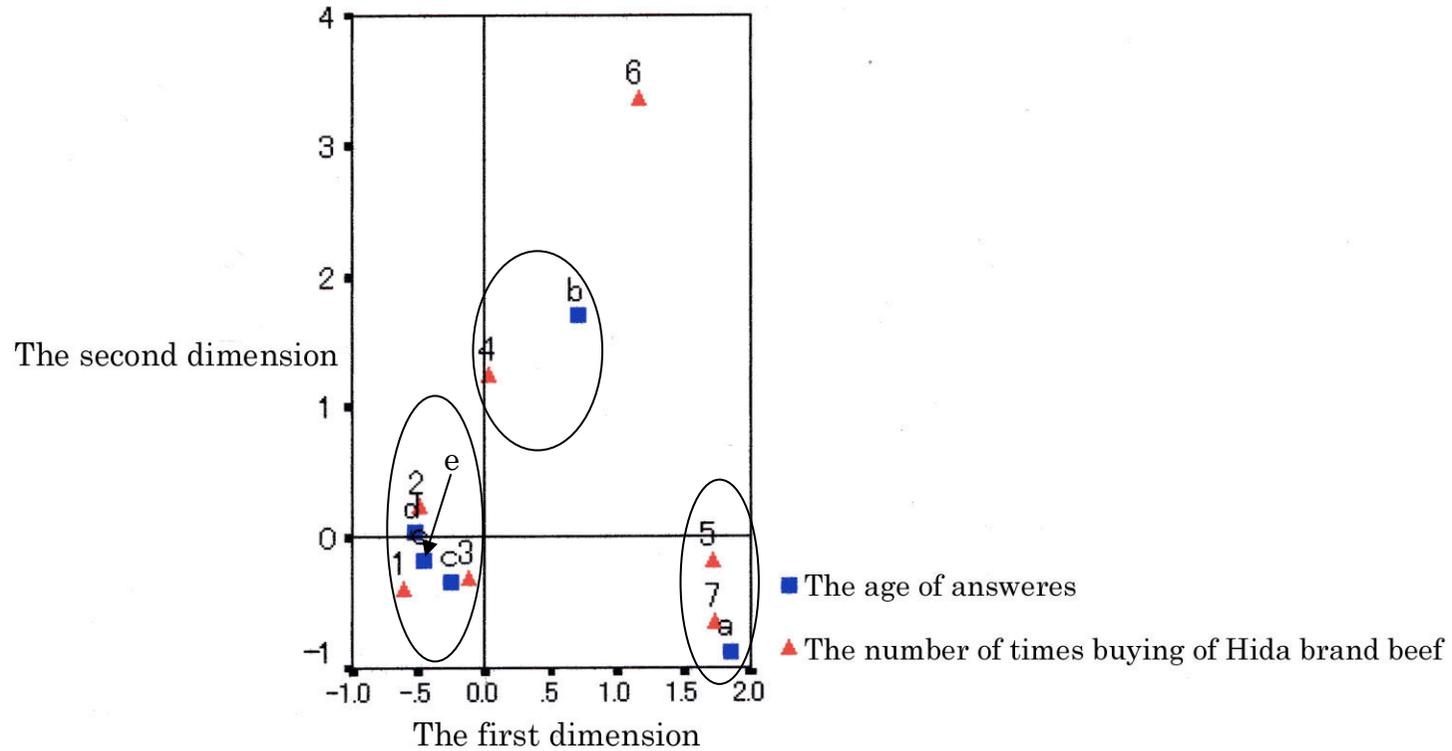


Chart 10 Corresponding analysis between buying condition of Hida brand beef per month and the age of answers (A superstore in Nagoya region in March 2004)

- a : under 30 years old ■ b : 30 years old generation ■ c : 40 years generation ■ d : 50 years generation ■ e : 60years old and over
- ▲ 1: buying of 4 times and over ▲ 2: buying of 2 times to 3 times ▲ 3: buying 1 times ▲ 4: buying after BSE ▲ 5: buying before BSE
- ▲ 6: buying other national and foreign brand ▲ 7: no buying

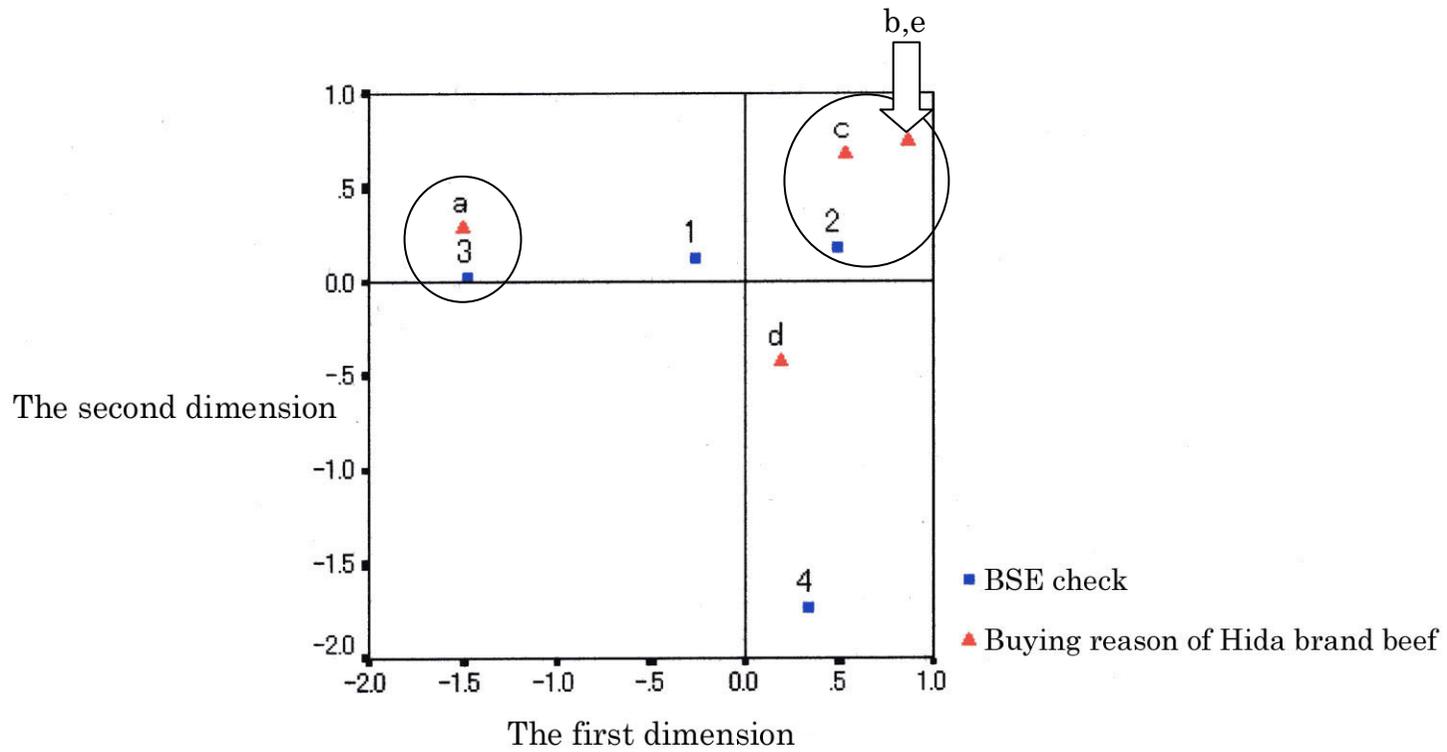


Chart 11 Corresponding analysis between the evaluation to BSE check and the buying reason to Hida brand beef (B superstore in Tokyo area in March, 2004)

■ 1: relief ■ 2: better improvement from anxiety ■ 3: anxiety ■ 4: others

▲ a: better quality ▲ b: reasonable price ▲ c: brand beef ▲ d: national beef ▲ e: other

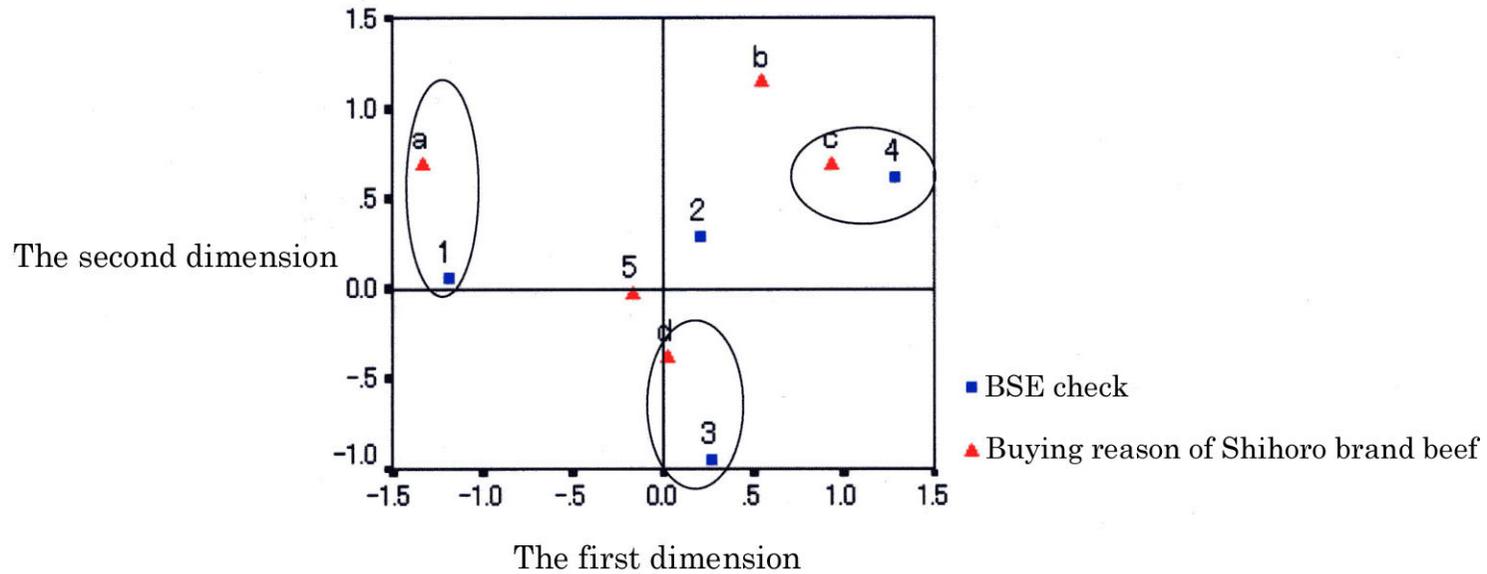


Chart 12 Corresponding analysis between the evaluation to BSE check and the buying reason to Shihoro brand beef (B superstore in Tokyo area in March, 2004)

■ 1: relief ■ 2: better improvement from anxiety ■ 3: anxiety ■ 4: others

▲ a: better quality ▲ b: reasonable price ▲ c: brand beef ▲ d: national beef ▲ e: other

Table 9 The character of beef chain of Hida Brand in Gifu prefecture and Shihoro Brand in Hokkaido by multi-purpose agri. co-op

	Beef chain of Hida Brand	Beef chain of Shihoro Brand
Breed	Japanese black beef	Fattening daily breed bulls
Definition	<p>From December of 1988</p> <p>5th quality grade standard (the highest grade) carcass from cattle fed in Gifu prefecture</p> <p style="text-align: center;">↓</p> <p>From December of 2002</p> <p>From 3rd grade to 5th grade standard carcass from cattle fed over 14 months in Gifu prefecture</p>	Fattening daily breed bulls fed in Shihoro town in the Hokkaido area
The age of the fed cattle for shipment	27~28months	20~21months
The weight of the fed cattle for shipment	700kg	790kg
The number of shipping cattle	1,735 (2001) 4,111 (2002)	15,328 (2001) 16,048 (2002)
The place of slaughter house	<ul style="list-style-type: none"> • Hida meat processing center • Gifu area meat wholesale market • Yoro town meat packing center • Ogaki city meat supply center • Seki city meat processing center 	Meat processing and wholesale market in Tokachi in the Hokkaido area
Meat processing plant	Yoshida meat wholesaler etc	Subsidiary for Shihoro town development (100%)
The name of meat wholesaler	Yoshida Meat wholesale Ltd (35%) Other meat wholesalers (65%)	Yoshida Meat wholesaler Ltd
The number of the contract store etc	228 stores and 123 restaurants	—

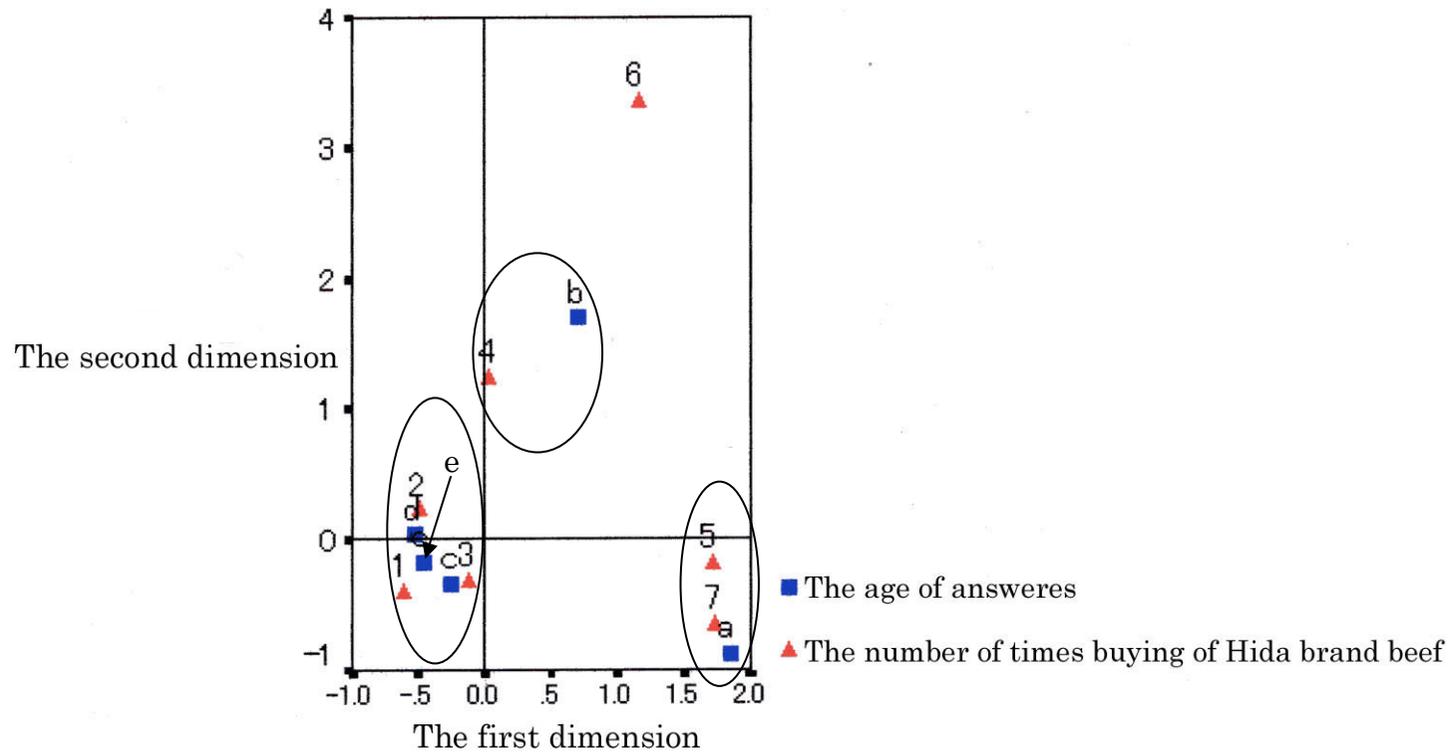


Chart 10 Corresponding analysis between buying condition of Hida brand beef per month and the age of answers (A superstore in Nagoya region in March 2004)

- a : under 30 years old ■ b : 30 years old generation ■ c : 40 years generation ■ d : 50 years generation ■ e : 60years old and over
- ▲ 1: buying of 4 times and over ▲ 2: buying of 2 times to 3 times ▲ 3: buying 1 times ▲ 4: buying after BSE ▲ 5: buying before BSE
- ▲ 6: buying other national and foreign brand ▲ 7: no buying

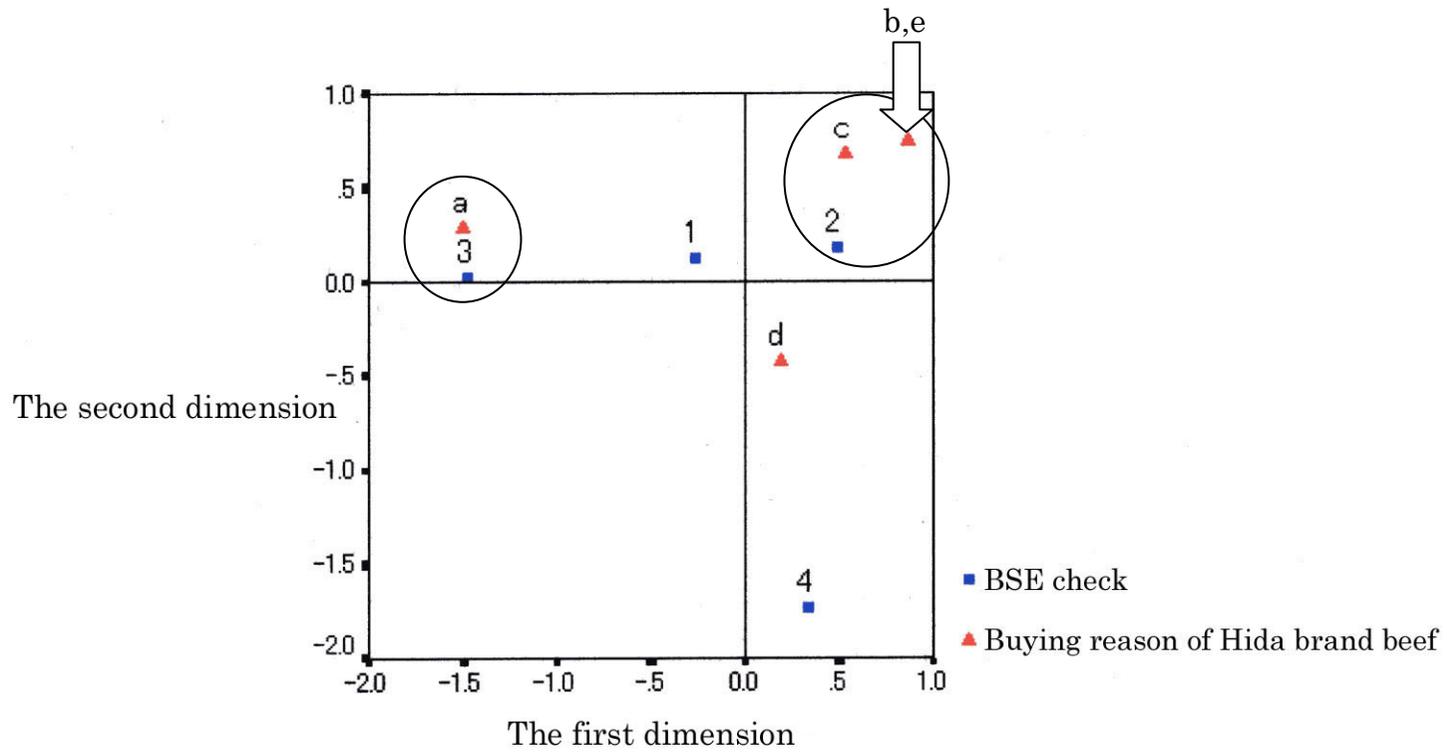


Chart 11 Corresponding analysis between the evaluation to BSE check and the buying reason to Hida brand beef (B superstore in Tokyo area in March, 2004)

■ 1: relief ■ 2: better improvement from anxiety ■ 3: anxiety ■ 4: others

▲ a: better quality ▲ b: reasonable price ▲ c: brand beef ▲ d: national beef ▲ e: other

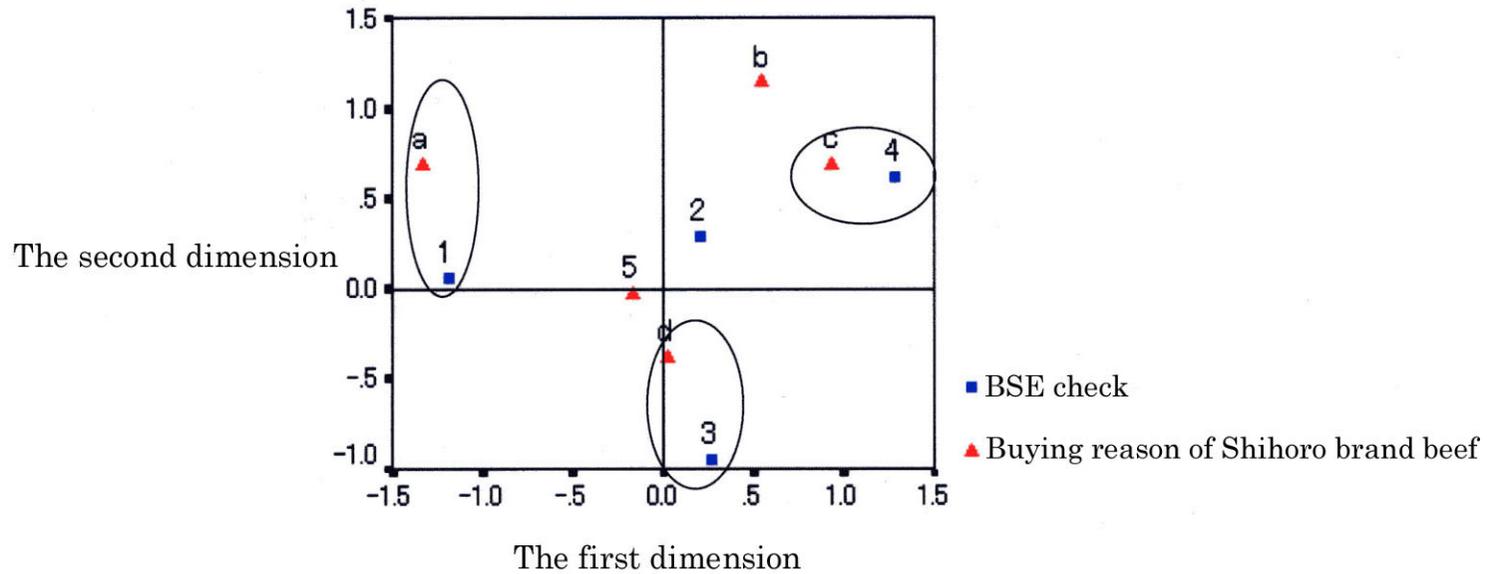


Chart 12 Corresponding analysis between the evaluation to BSE check and the buying reason to Shihoro brand beef (B superstore in Tokyo area in March, 2004)

■ 1: relief ■ 2: better improvement from anxiety ■ 3: anxiety ■ 4: others

▲ a: better quality ▲ b: reasonable price ▲ c: brand beef ▲ d: national beef ▲ e: other