

Japan's Presentation

*I. Promotion of Food Value Chains (FVC)
and "AFFrinnovation"*

*II. Creation of "Cold Chains Forum"
<Japan's proposal>*

Ministry of Agriculture, Forestry and Fisheries, Japan

October 28, 2015

I. Promotion of Food Value Chains (FVC) and “AFFrinnovation”



“AFFrinnovation” ?



“6th Industry”

Establishment of the Food Value Chain

What does “establishment of the Food Value Chain” mean?

Establishment of a set of processes that ranges from agricultural production to storage, processing, distribution and consumption, with a view to producing high-value-added products and to deliver producers' such added-value to the final consumers.

Innovation

The Food Value Chain

-Convey the value created by producers through to consumers-

Production

- Horticultural farming centers
- Farming machines and seeds
- Agricultural infrastructure (e.g. irrigation)



Manufacturing & Processing

- Food industrial parks
- Food manufacturing facilities



Distribution

- High-end cold chains
- Cold distribution centers



Consumption

- Japanese-style CVS, supermarkets, department stores
- Japanese restaurants



What is “Innovation”?

The acceleration of five types of new combinations, which Dr. Schumpeter advocated. (i) a new (i) good, (ii) method of production, (iii) market, (iv) source of supply, and (v) organization.

The Public-Private Council for Promoting the Global Food Value Chain

1. Members (as of April 14, 2015)

Private Companies (131)

Related Organizations (27)

Academia (6)

Local Governments (19)

Central Government
(the Cabinet Office and Ministries) (7)

[190 in total]



ASEAN task force meeting was held on July 31, 2014

2. Activities

- (1) The Council mainly works on the following activities **to establish food value chains through Public-Private Partnership**:
 - (i) **Gathering, analysis, sharing and transmission of information** which contributes to the establishment of food value chains
 - (ii) **Collaboration and coordination of research, mission dispatching, project formulation**, etc.
 - (iii) **Creating favorable environments** for overseas business and investment development by the Japanese food industry
- (2) Under the Council, **country/region-specific task forces** to strengthen the activities in each country and/or region and **study groups** to explore possibilities to solve common issues in countries/regions **are formed**.
- (3) Topic discussed in the study groups include cold chains.

2014 APEC Ministerial Meeting Joint Ministerial Statement

(Beijing, China, 8 Nov 2014)

Food Safety and Security

65. We welcome the outcomes of the 3rd APEC Food Security Ministerial Meeting. We support the APEC Action Plan for Reducing Food Loss and Waste, the APEC Food Security Business Plan (2014-2020), and the APEC Food Security Roadmap toward 2020 (2014 version) and the Action Plan to Enhance Connectivity of APEC Food Standards and Safety Assurance. We recognize the important role of the Policy Partnership on Food Security as a platform to convene governments and private enterprises to share expertise, knowledge, and jointly address food security. We reaffirm the importance of enhancing food security through the development of food value chains, and acknowledge the efforts made jointly by member economies in reducing food loss.

2015 APEC SME Ministerial Meeting

(Iloilo, Philippines, 25 September 2015)

12. We note the contribution of the United States, the Philippines and the SMEWG in organizing the APEC SME Global Supply Chain Event in Atlanta, Georgia on 8-9 June 2015, which brought together MSMEs, academic institutions, multinational corporations, regulators, logistics providers, and finance experts. The event provided an excellent platform for greater understanding on advancing the integration of MSMEs into regional and global supply chains, with special focus on the importance of food safety and quality. These discussions are vital in the light of the importance of increasing MSMEs income through the development of supply chains, including the improvement of quality of agricultural products.

AFFrinnovation and Food Value Chain

AFFrinnovation:

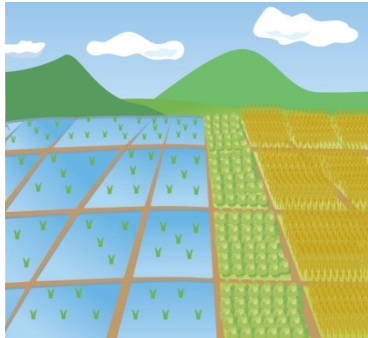
Agrinnovation, **F**orestrinnovation, and **F**isherinnovation.

- AFFrinnovation is adding value to agricultural, forestry, and fishery products in innovative ways, by making new combinations, and creating a value chain.
- The purpose is to expand the possibility of agriculture and fisheries and forestry as an integrated industry as a result of the movement from primary industries to tertiary industries.
- Producers will establish producers-oriented value chains.
- Value chains will be developed to ensure delivery of added value of agricultural, forestry and fisheries products directly to consumers.

AFFrinnovation = “6th Industry”

What is “6th Industry” ?

The term “**6th industry**” is derived by multiplying the industrial sectors:



**1st (Primary)
Industry**



**2nd (Secondary)
Industry**



**3rd (Tertiary)
Industry**



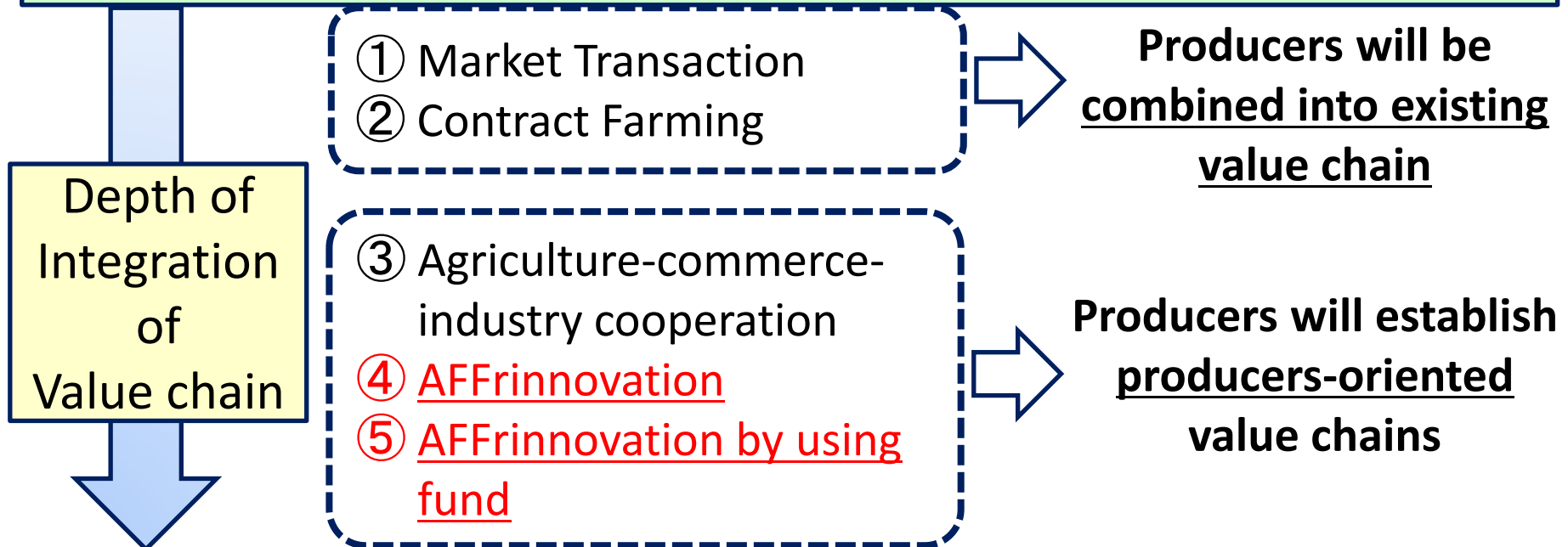
Collaboration of these industries to synergistically create
new added value in the food value chain

⇒ Revitalize agriculture & rural areas
⇒ Improve income levels

“Collaboration” patterns between AFF and other industries

～Positioning of “AFFrinnovation”～

- There are 5 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 workers have to select the most appropriate pattern based on their management skills and business development competency in the production area.



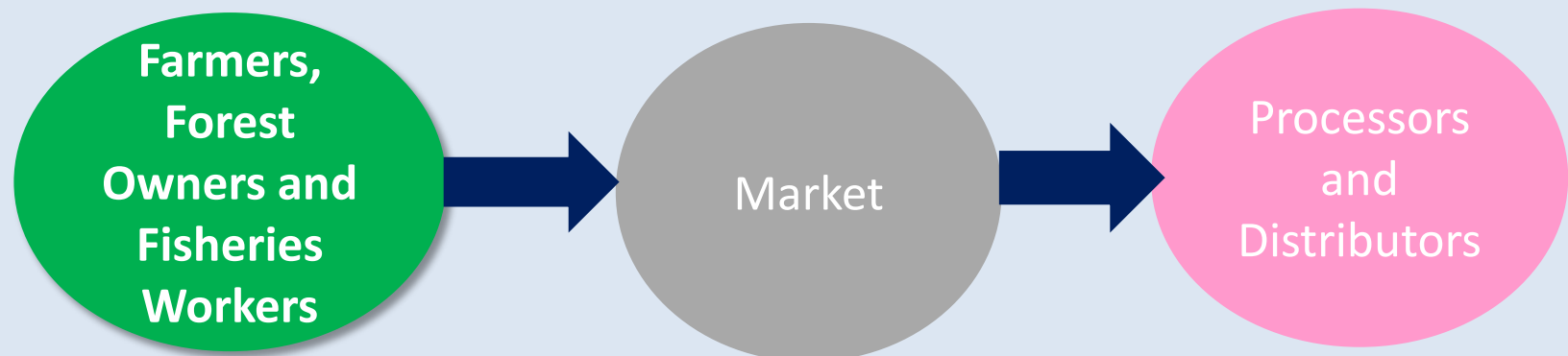
Type1: Market transaction

Characteristic

There is a possibility that farmers, forest owners and fisheries workers can obtain income effectively by utilizing a massive distribution network of market transaction.

Points to remember

The information of added value among products offered to processors and distributors will be limited as farmers, forest owners and fisheries workers ship their products to markets only.



Type2: Contract Farming

Characteristic

Farmers, forest owners and fisheries workers will come to an agreement with the processing industries and distributors in order for them to be assured of a more stable source of income by means of a contract.

Points to remember

They cannot endorse the added value of their products to consumers directly. Because they only sell their products to processors and distributors.



The diagram illustrates the relationship in contract farming. On the left, a green oval contains the text 'Farmers, Forest Owners and Fisheries Workers'. On the right, a pink oval contains the text 'Processors and Distributors'. A horizontal dashed line connects the two ovals, representing the contractual link between the producers and the processors/distributors.

Farmers,
Forest
Owners and
Fisheries
Workers

Processors
and
Distributors

Type3: Agriculture-commerce-industry cooperation

Characteristic

Farmers, forest owners and fisheries workers will collaborate with SMEs in order to develop new products and services and expand a channel for sales.

Points to remember

Generally, the collaborations are led by processors and distributors.

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graph LR; A((Farmers, Forest Owners and Fisheries Workers)) --- B((Processors and Distributors))
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**Farmers,
Forest
Owners and
Fisheries
Workers**

**Processors
and
Distributors**

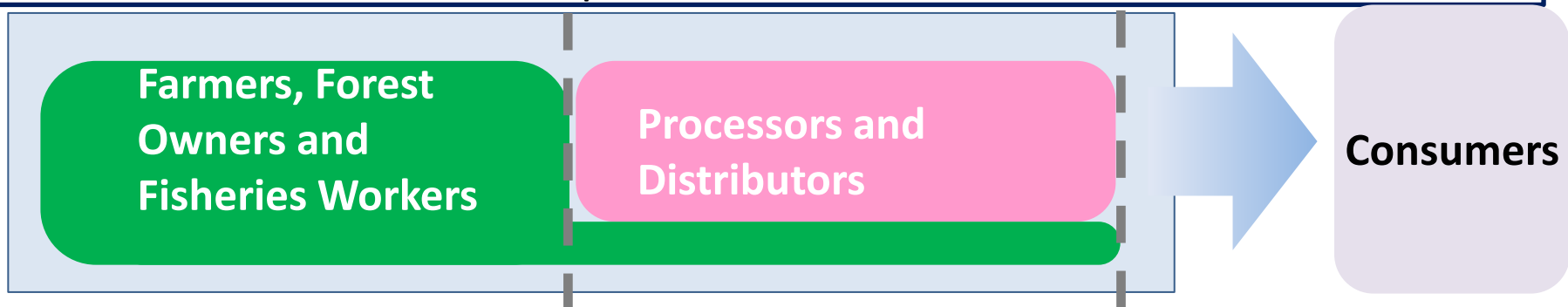
Type 4: AFFrinnovation

Characteristic

- Efforts by farmers, forest owners and fisheries workers in order to integrate production, processing and distribution aiming to increase added values.
- AFFrinnovation is appropriate for the farmers, forest owners and fisheries workers who run their own business and possess enthusiasm to explore new business concepts by using their own judgement.

Points to remember

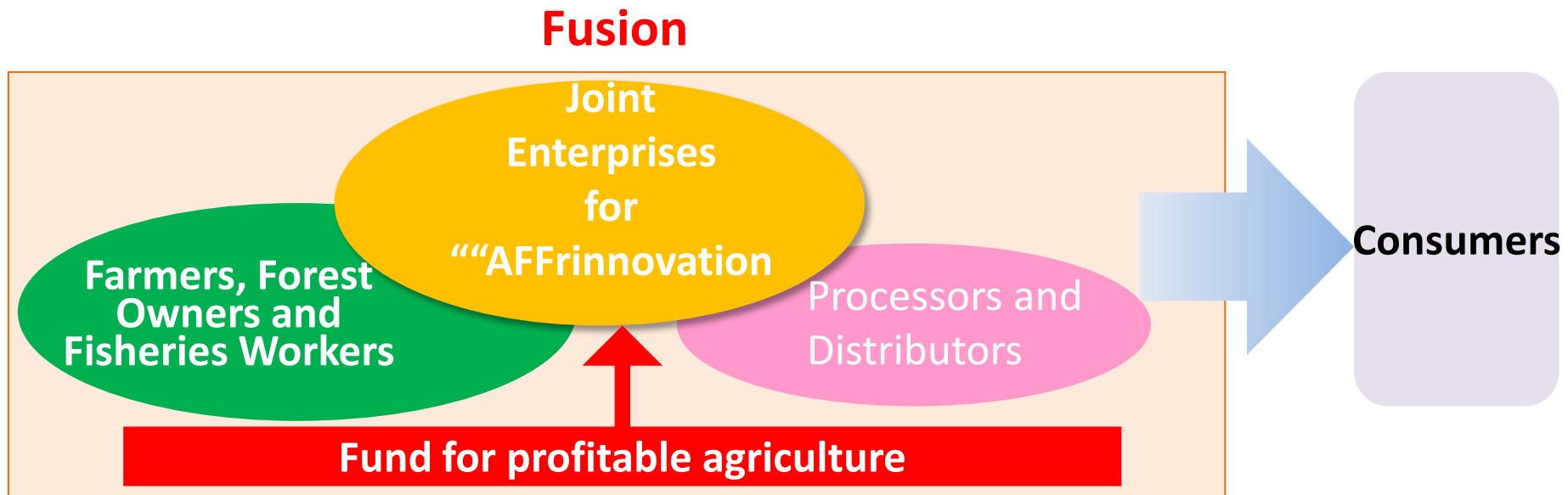
It is important to note that, initially, farmers forest owners and fisheries workers will face challenges in developing new products and services and expanding channels for sales. Such situations make it difficult to expand the scale of their business operation.



Type5: AFFrinnovation by using fund for AFFrinnovation

Characteristic

- Farmers, forest owners and fisheries workers take the main role and collaborate with the secondary and tertiary industries' entities. They will establish joint enterprises for “AFFrinnovation.”
- Government and some private entities established a fund called A-FIVE to provide necessary capital for growth.
- Moreover, value chains will be developed to ensure delivery of added value of agricultural, forestry and fisheries products directly to consumers.



II. Creation of “Cold Chains Forum” <proposal>

2013 ABAC Report to Leaders

(10 September 2013)

III. Sustainable Development

A. Strengthening food security

<Recommendations>

- ✓ Reduce food losses and increase food safety through more effective use of cold chain technology and increasing awareness of food safety standards. (page 22)

Objective of “High Level Public-Private Forum on Cold Chains”

- ✓ To review the function of cold chains and to understand cold chain technologies along food value chains from producers to final consumers,
- ✓ To share experience on establishing and upgrading the cold chains which involve agriculture producers into food value chains,
- ✓ To build a relationship among participants, and utilize the relationship to exchange information one another.

<Japan's Proposal>

Creation of “Cold Chains Forum”

- Collaborative work by APEC, Global Cold Chain Alliance (GCCA), MAFF of Japan.
- GCCA to provide web-based “Communities,” which allow members to participate in discussions and share resources.
- Japan's MAFF, with support of APEC, to create and administer “Cold Chains Forum”.

<Japan's Proposal>

Creation of “Cold Chains Forum”



GCCA's Communities

Members are those who are interested in cold chains from Government, Private , and Academia.

Members can discuss any issues regarding cold chains, including policy, technology, and new products.

Japan MAFF is going to create “Cold Chains Forum” soon under two-year trial basis. Your participation is highly appreciated.

Request of your Submission on Questionnaire

APEC Project Evaluation Survey: Seminar, Symposium, Workshop

Project Name/Number:

High Level Public-Private Forum on Cold Chain to Strengthen Agriculture & Food's Global Value

Instructions: Please indicate your level of agreement with the statements listed in the table below.

Please submit this form by Oct. 29.

Thank you for your attention

If you have any questions, please e-mail at
apec@nm.maff.go.jp