

Farming Pathfinders

Niigata Prefecture is Japan's leading production center for rice, well known as the production ground for Iwafune Koshihikari brand rice. In 1979, five youngsters developed the idea of a cutting-edge agricultural-village type of corporate management in the Prefecture. This idea was to take shape in Kamihayashi Country Farm, becoming among the first agricultural corporations in Japan. These organizations currently number about 10,000. The two mainstays of Kamihayashi Country Farm are rice cultivation using about 66 hectares of consigned rice paddies and the processing and sale of cut rice cakes, miso (fermented soybean paste), pickled plums and other agricultural products. Sales for 2007 came to about 180 million yen (1.8 million dollars). **Ryu Arakawa** asked the farm's representative, Satoshi Chu, about the path taken so far and his vision for the future.

How did you come to be involved in Kamihayashi Country Farm?

I was born into a part-time farming household in Kamihayashi Village of Niigata. My father was a farmer who also worked at side jobs, while tending about two hectares of rice paddy. After graduating from the agricultural college founded by Niigata Prefecture, I wanted to be a full-time farmer. But I abandoned that idea because my father was opposed to it. So, I joined Kita-Echigo JA, a farmers cooperative, in the prefecture. My father thought the two hectares of rice paddy was too

small to bequeath to his son, so I worked with JA for three years, mainly serving as a production instructor.

During my third year with JA, my mother fell ill and my father asked me to come back home and help with the farming work. I was living alone at the time because my workplace was quite a distance from my home. I told my father that if I were to leave JA and return home, I would like to be a full-time farmer and to take charge of rice cultivation.

At that time, were you thinking of the rice cultivation on leased rice paddies,

in which you are consigned agricultural work on farming land owned by other people?

Yes. There were people near my workplace who had started the consigned agricultural work on farmland owned by other families. There were already an increasing number of rice paddies that were not being worked properly, because of the aging of the farming population and the lack of younger people to take them over.

I thought that taking over just the two hectares of rice paddy handed down from the older members of the family would not allow me to have any future. I knew we would not survive unless we were to switch to added-value farming that also involves processed agricultural products, and move away from the conventional style of farming. I was thinking of expanding the area of cultivated land though by engaging in consigned agricultural work when I returned home, and I established Kamihayashi Country Farm with five of my peers who shared the same idea.

Did the area of entrusted rice paddies continue to expand thereafter?

Initially, we asked the local JA to function as the point of contact and to solicit people who would consign us work, as people thought of us as youngsters and we were too inexperienced to be persuasive. Thanks to the efforts of JA, the area increased to ten hectares the following year. But the growth stagnated thereafter. Even though people were mostly part-time farmers, they felt ashamed about having other people take care of the farmland that they inherited, and the feelings were much stronger than I had imagined.

What were your objectives when you started an agricultural corporation, which was rare at the time, in 1984, five years after starting out as a voluntary organization?

Members of My Tambo-no-kai, an offshoot of Kamihayashi Country Farm, are able to experience rice farming firsthand.



COURTESY OF KAMIHAYASHI COUNTRY FARM

At the time, we had leased about thirty-five hectares of rice paddies. But the area had not increased as we planned. Still, we had to increase the revenues from our business. So, we started processing cut rice cakes in 1982. These are made from the highest quality of rice strain, referred to as Koshihikari glutinous rice. We still sell the rice cakes that go by the name Niigata Bijin (meaning Niigata Beauty). We decided to make the manufacture and sales of cut rice cakes our main business, and established the processing facility in 1983. We were lucky enough to have the opportunity to sell cut rice cakes from Niigata in Tokyo's major department stores. I think it set a precedent for today's regional product fairs. We had to be incorporated before we could sign a contract with the department stores, and this was the main reason why we established the agricultural corporation.

At the same time, we thought we should establish a corporation if we were to organize farming operations as part of family businesses. In this way, a limited liability corporation, Kamihayashi Country Farm, was established with capital of one million yen.

Since then, your corporation has received the Award for Agricultural Administration presented by the Niigata Governor in 1985 and the Niigata Asahi Agricultural Award in 1986. On the other hand, you experienced hard times as the corporation remained in deficit for two consecutive years.

I think the Awards were recognition of our attempt to modernize agricultural businesses. Even though the product fairs held at department stores allowed us to promote our products, it was hard to profit from them. We also experienced a dilemma that even though the sales of our corporation increased, the profit did not grow as we expected.

Thereafter, you developed even more diverse businesses based in the region, such as forming a membership organization Taiyo-no-Sato Tomo-no-kai (in 1987) to sell the Koshihikari brand rice produced in Iwafune directly to consumers on an

annual contract basis, as well as My Tambo-no-kai (in 1990), where members can experience farm work. You also established a shop for direct vegetable sales in collaboration with other farmers in the region.

We started My Tambo-no-Kai in the hope of enabling members of the public to attain a greater understanding of agriculture by allowing them to experience part of the rice cultivation processes that use smaller quantities of agrichemicals. People work together with us in rice planting and harvesting. When the rice is harvested, the people also experience the traditional sun drying of the crops. Even though we do not cultivate vegetables, we wanted to assist in the sales of ripe vegetables cultivated by neighboring farms, so we started the direct sales shop. We wanted to promote locally produced, low-priced, fresh, safe vegetables that use fewer quantities of agrichemicals.

What measures have you taken in terms of food safety?

The Iwafune Koshihikari brand rice that we make is produced using a special method in which less than half the amount of agrichemicals is used compared to conventional rice cultivation, and you can see the cultivation processes on our website. We have also obtained certification from the Niigata Prefectural government for an agricultural product made using a special method.

Orders for Koshihikari brand rice have recently grown more than in any other past year, and perhaps this is due to the heightened interest in the safety of agricultural products. However, there is an expense in proving that we comply with the special cultivation methods and processes. Food safety does not come for free. We hope that consumers would understand this point. At the same time, we have to try harder to gain people's understanding. We also need to find consumers who will purchase our agricultural and processed products with an understanding of the safety costs involved.

What are your ideas on the issues to



Satoshi Chu, co-founder of Kamihayashi Country Farm

be addressed by agricultural corporations?

As far as our farm is concerned, we have continued to work as hard as we can for twenty-five years since incorporation. Even though our corporation is still immature in some aspects, I think the direction that we have taken is the correct one, and we are also proud of the fact that we are a pioneering agricultural corporation.

Maybe the biggest issue that agricultural corporations face, including ours, is to develop a new generation of people to continue with our work. Consigned farm work depends a lot on the relationship of trust between individuals. It is also hard to have the next generation of people take over our business unless it is more profitable than it currently is. The key is to develop human resources and a highly profitable business organization. This year saw growing interest from people in domestic farm products due to incidents of imported food products containing toxins. With the changes in circumstances, agricultural corporations such as ours must produce, process and distribute food products properly, and if we accomplish that, we would be sure to discover new possibilities. □

Interview by Ryu Arakawa, journalist