

# The Realities of Agricultural Entry through the Specific Corporation Lending Project

## From the viewpoint of objectives and achievement

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### 1. BACKGROUND AND PURPOSE

Recently in Japan, agriculture is facing a serious decrease in numbers of farmers. To address this situation, the Japanese government allowed corporations to enter into agriculture although that is limited to the area where certain amounts of underutilized farmland exist. In addition, corporations are not allowed to buy farmland, and hence they need to make contracts to borrow it from land owners. This system is called “Specific Corporation Lending Project”, and those who enter into agriculture through the project are called “Specific Corporation”. As this new project was launched in 2003, there is not much information to discuss its validity yet. Some earlier studies have shown that most of the Specific Corporations run deficits. However, many of them express intention to keep farming going on. Therefore, in order to judge whether they can be new actors in Japanese agriculture or not, it is important to understand what kind of objectives the Specific Corporations have on farming. Based on this background, the purpose of this research is to examine the possibility of farming by the Specific Corporations, through showing their objectives, degrees of achievement of those objectives, and factors of achievement or underachievement.

### 2. RESEARCH METHOD

First of all, I had interview survey with 15 Specific Corporations. Based on the result of it, I made a questionnaire which asks the objectives, degrees of achievements, and factors those seemed to affect the degree of achievements. I sent the questionnaire to 269 out of 281 Specific Corporations and analyzed the results with counting all and cross tabulation.

### 3. RESULT AND DISCUSSION

The returns of the questionnaire survey were 111 (41.3%). For the question which asked what objectives the Specific Corporation have on agricultural entry, almost half of them chose “resolution of underutilized farmland” and “development of local regions”. These are deeply related to public benefit. However, the most important answers were different among sector of industry. For example, “efficient use of labor power” was chosen the most by Specific Corporations from construction industry, while “securement of quantity and quality of materials” were chosen by ones from food industry. These results mean that the Specific Corporations put their priority on the objectives which are important for their business with considering public benefit as secondary effect. Also, food industry is tended to have higher degrees of achievement for the most important objectives than construction industry. The important reasons of the achievement in construction industry were “Support from local governments” and “Favorable relationship with local people”. It is clear that relationship with surroundings is the biggest factor to achieve the objects. On the other hand, “applying strong points of core business” was the biggest factor for food industry, which means they have superiority to process and sell agricultural products. Thus, Specific Corporations are tackling with agriculture based on their original industries and objectives. In fact, however, about 60% of Specific Corporations are bothering about “big cost to manage farm” and “small income from sales of products”. It can be said that many of them have trouble in farm management itself. Therefore it is still too early to say their farm management is stable, but it became clear that their objectives are not only profitability but also contribution to the area where they exist. In conclusion, the Specific Corporation Lending Project plays a role of entrance for companies from other industries into agriculture, and promotes the rise of new forms of farm management, which can be new actors of Japanese agriculture.