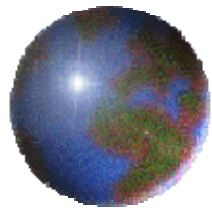


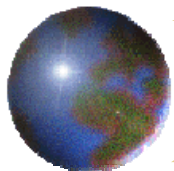
OECD Workshop  
*Rural Demography: Lessons Learned from OECD Countries*  
October 19, 2010



# *Challenges of Rural Ageing Population in Japan and Some Responses to Revitalize Rural Community*

Fumihiro Kabuta, Policy Research Coordinator  
Policy Research Institute  
Ministry of Agriculture, Forestry and Fisheries

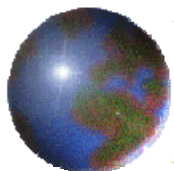




## Contents

- I. Introduction: Current situation on Ageing in Japan
- II. Japanese post-war economic miracle and Demographic Bonus
- III. Rural Ageing and its Impact on Regional Economics including Agriculture
- IV. Some Responses to Revitalize Rural Community





# I. Introduction: Current Situation on Ageing in Japan

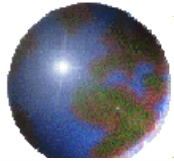
Unit: thousand (population)

	Total	%	Male	%	Female	%
Total Population	127,692	100.0	62,251	100.0	65,441	100.0
Elderly Population (65 or older)	28,216	22.1	12,044	19.3	6,172	24.7
65-74 (Early-stage elderly people)	14,998	11.7	7,058	11.3	7,939	12.1
75 or older (Latter-stage elderly people)	13,218	10.4	4,986	8.0	8,233	12.6
Working age population (15-64)	82,300	64.5	41,405	66.5	40,895	62.5
Child population (0-14)	17,176	13.5	8,802	14.1	8,374	12.8

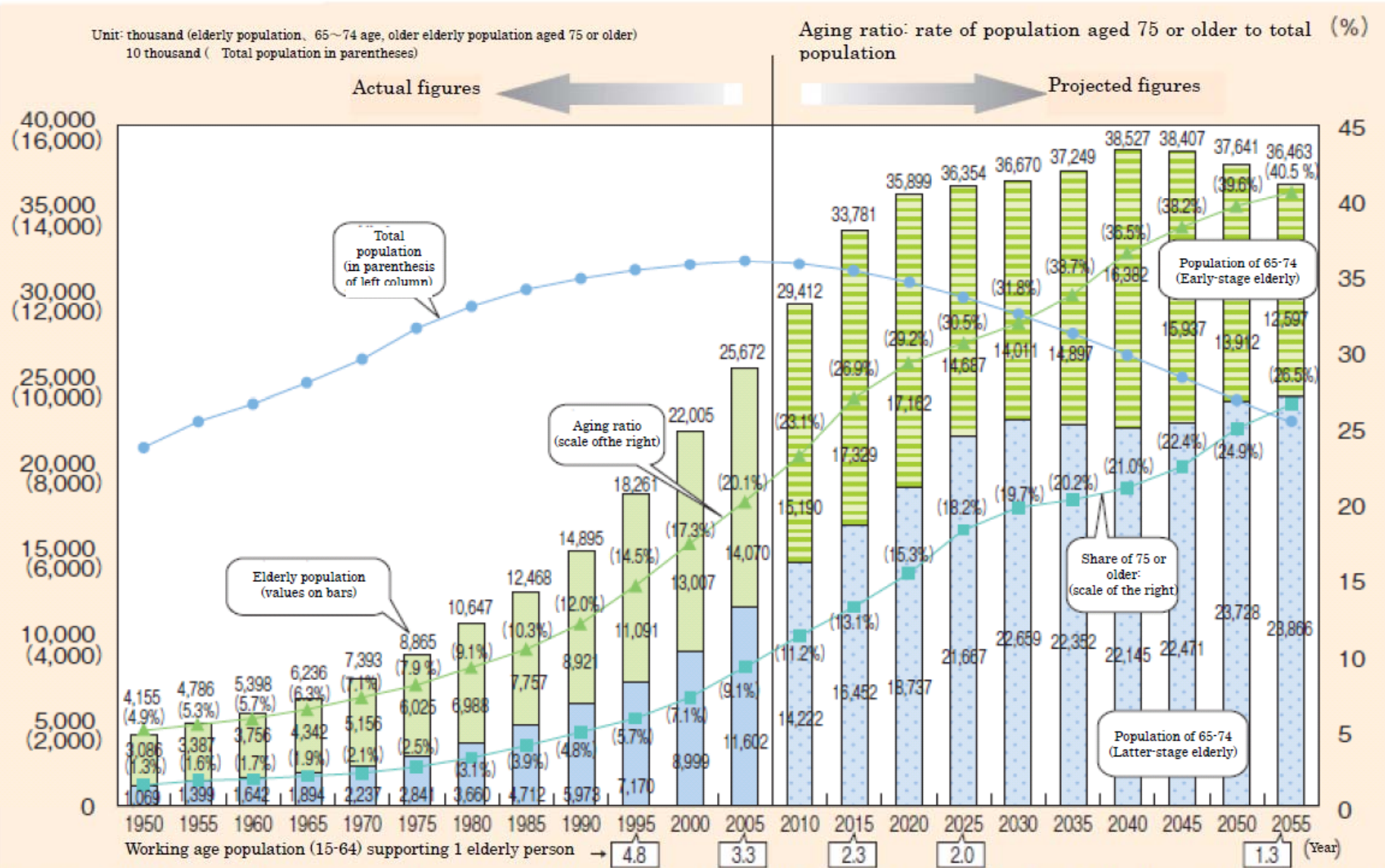
Source: Ministry of Internal Affairs and Communications "Population Estimates" (as of October 1, 2008)

- ❁ 1/5 Male is 65 or older and 1/4 Female is 65 or older.
- ❁ Only 2.9 people of working age is supporting 1 elderly.

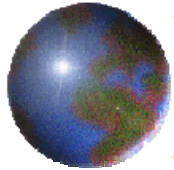




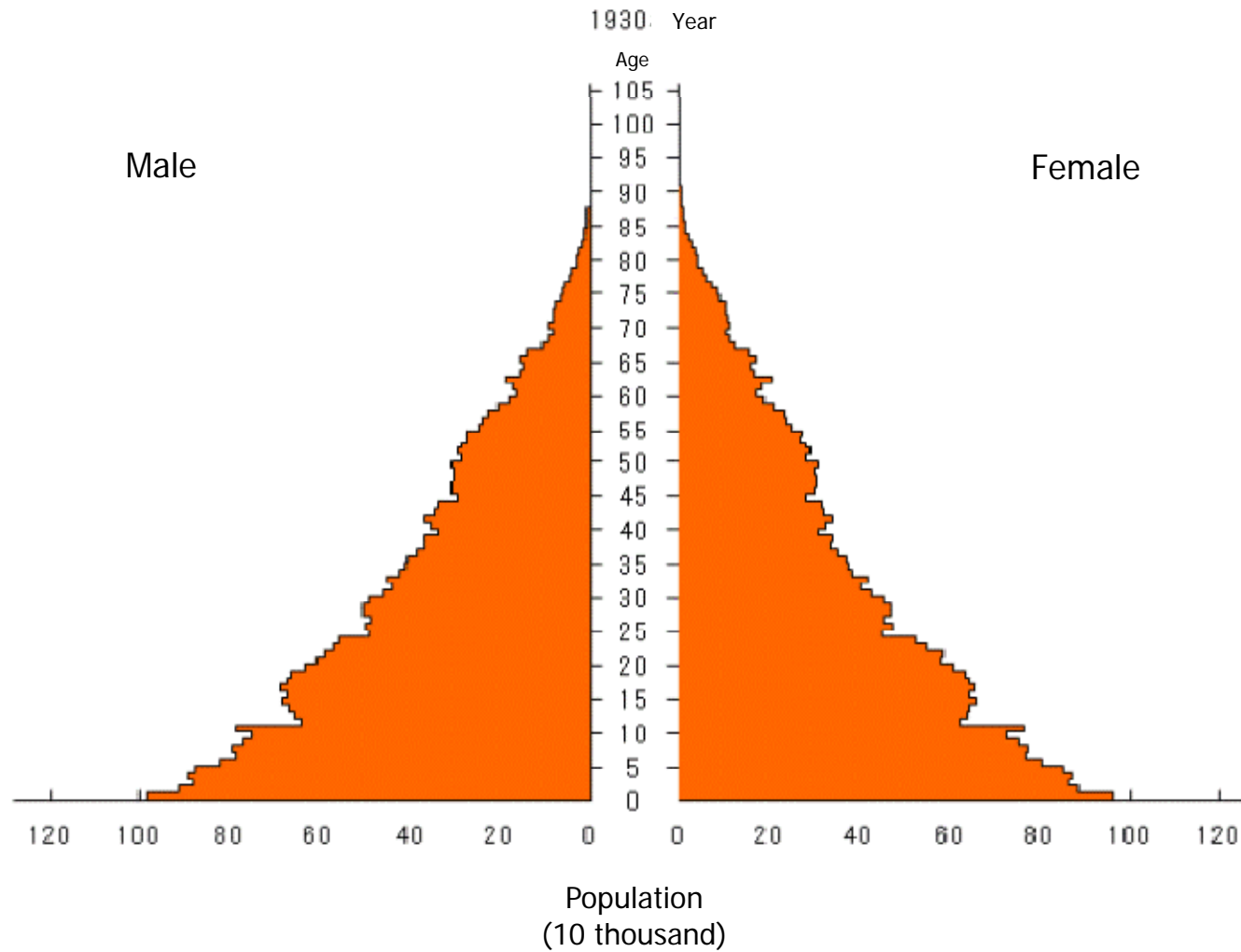
# Transition and Future Projection of Aging



Source: Up to 2005, Ministry of Internal Affairs and Communications, "Population Census" After 2010, National Institute of Population and Social Security Research, "Projected Population of Japan" in December 2006 is based on the estimated figure on the assumption that birth and death rates are ranked medium.

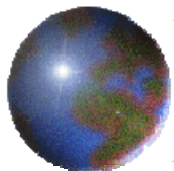


# Rapid Change of Population Pyramid 1930-2055



Source: National Institute of Population and Social Security Research





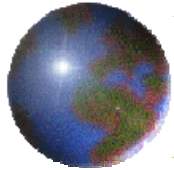
## What are Expected to Happen in 2055?

- ❁ In 2055, 1 out of 2.5 is 65 or older, and 1 out of four is 75 or older.
- ❁ Both the population of child and number of births will be half or less that of at present and the working age population will be only 46 million.
- ❁ Life expectancy for males will be 83.7 and for females 90.3.
- ❁ A society will arrive where 1.3 people of working age will be supporting 1 elderly.



**Pension Crisis?**

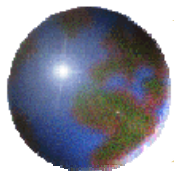




## The Rapid and Unique Ageing Process in Japan

- ❁ Compared with the ageing process of other developed countries, the Japanese ageing level had been relatively low until the early 1990s.
- ❁ But the speed of ageing has since been the worlds fastest.
- ❁ Current Japan's ageing level will be the highest in the world.





# Contents

I. Introduction: Current situation on Ageing in Japan

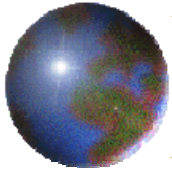
II. Japanese post-war economic miracle and  
Demographic Bonus

III. Rural Ageing and its Impact on Regional Economics  
including Agriculture

IV. Some Responses to Revitalize Rural Community

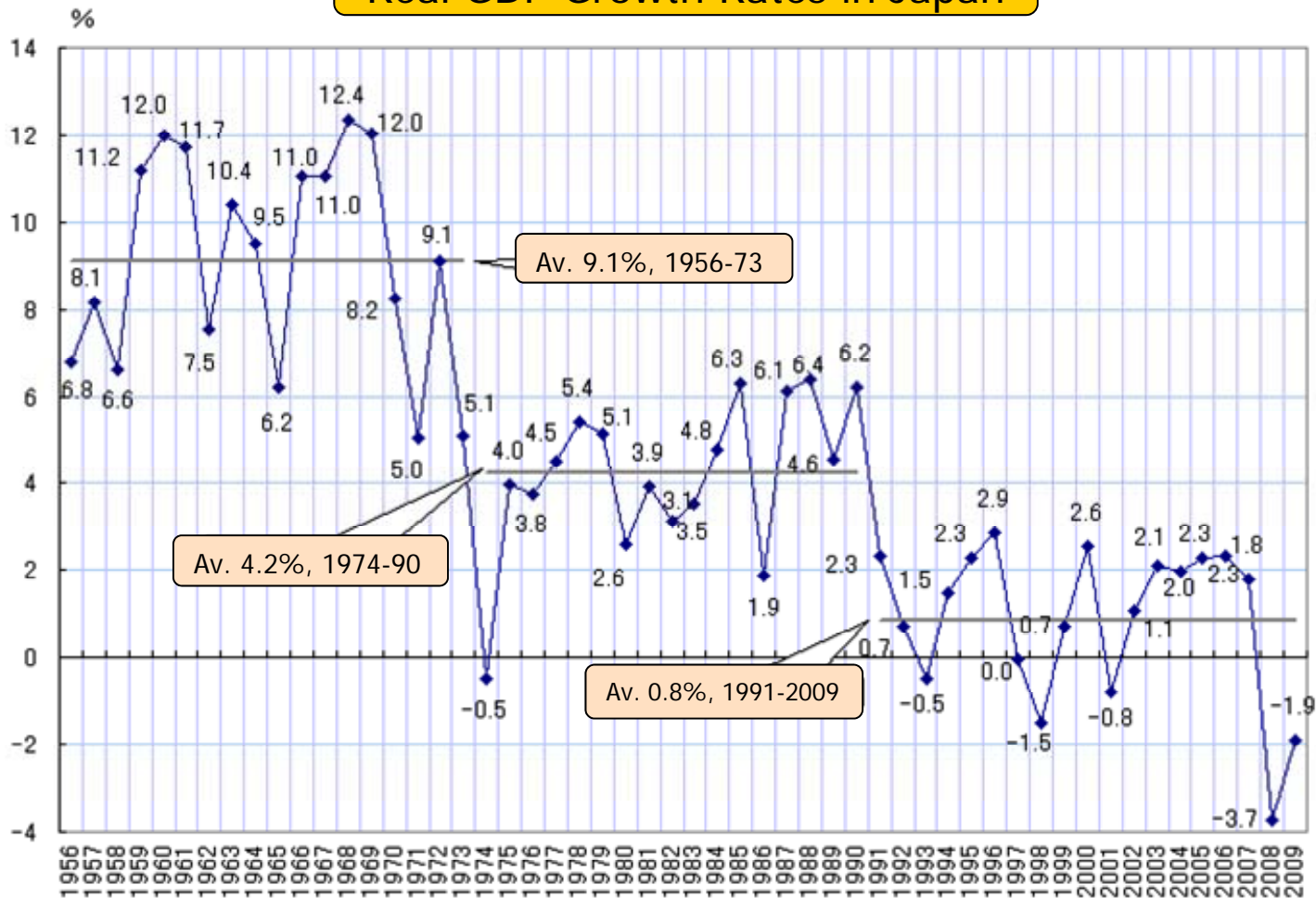






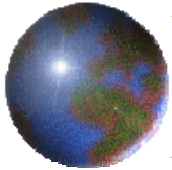
## II. Japanese Post-war Economic Miracle and Demographic Bonus

Real GDP Growth Rates in Japan

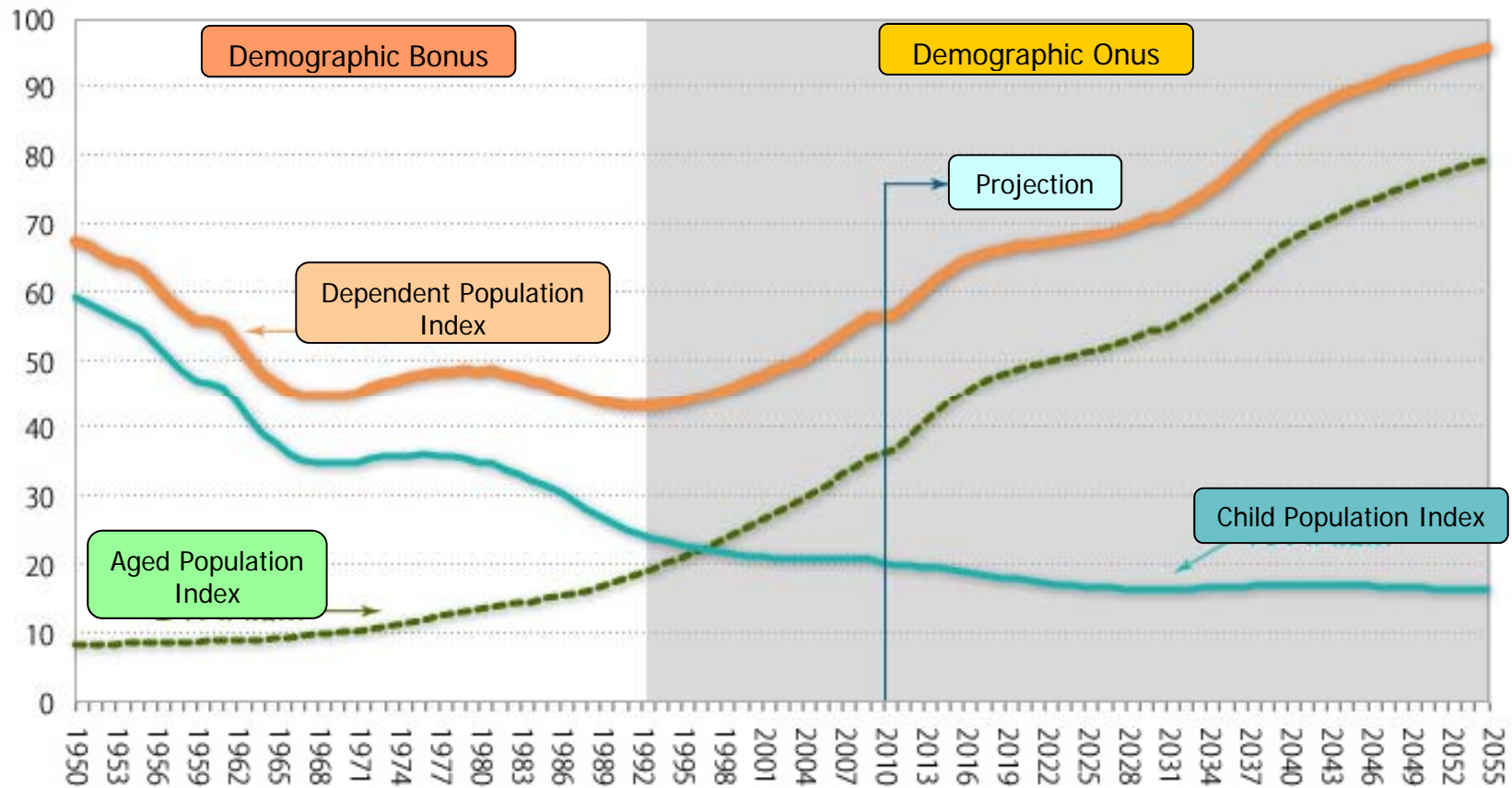


Source: Cabinet Office, SNA site



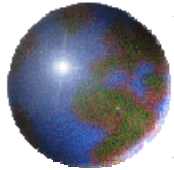


# Demographic Bonus and Demographic Onus

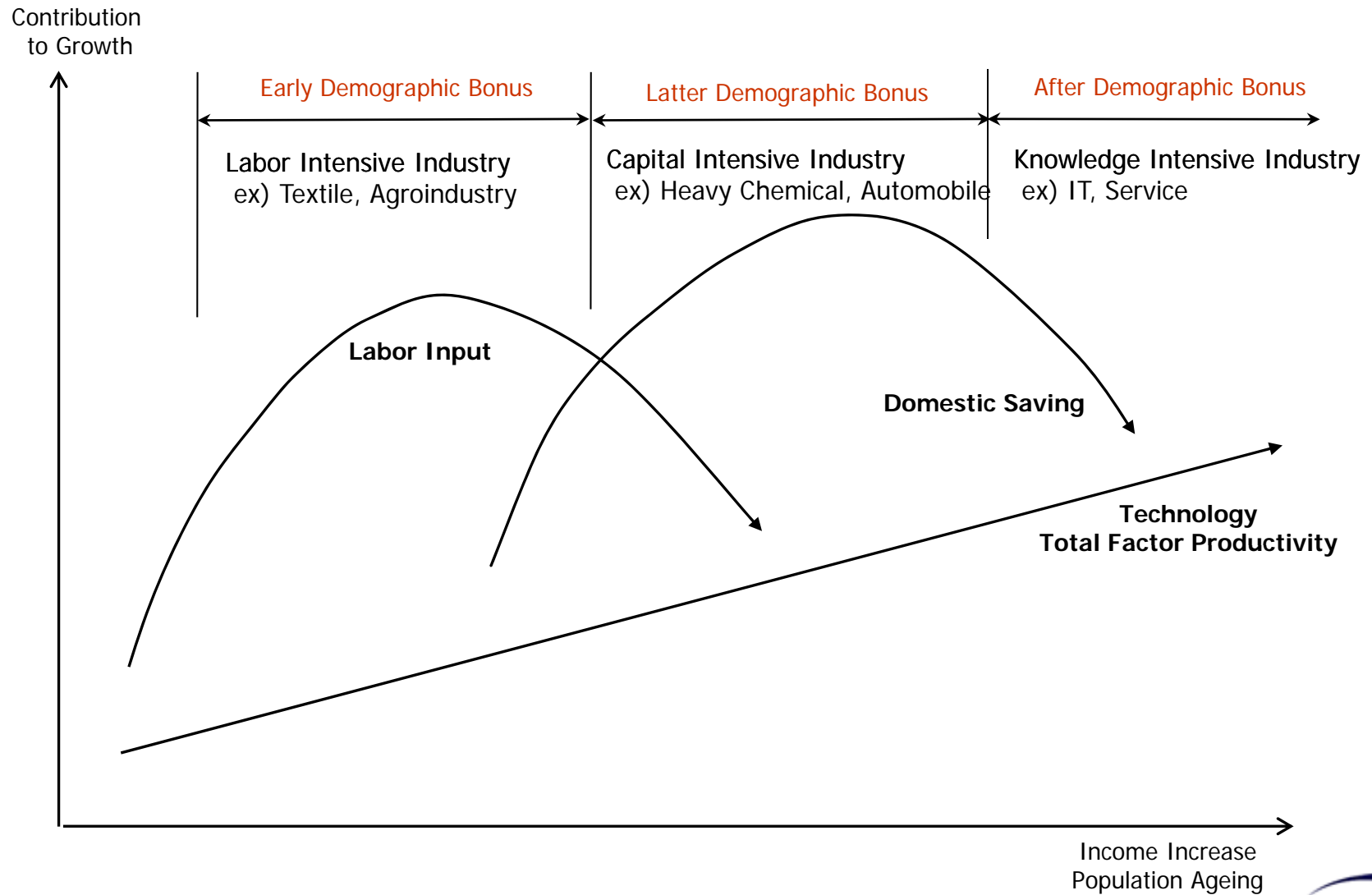


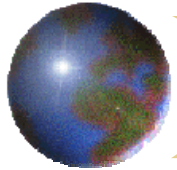
Source: Takao Komine



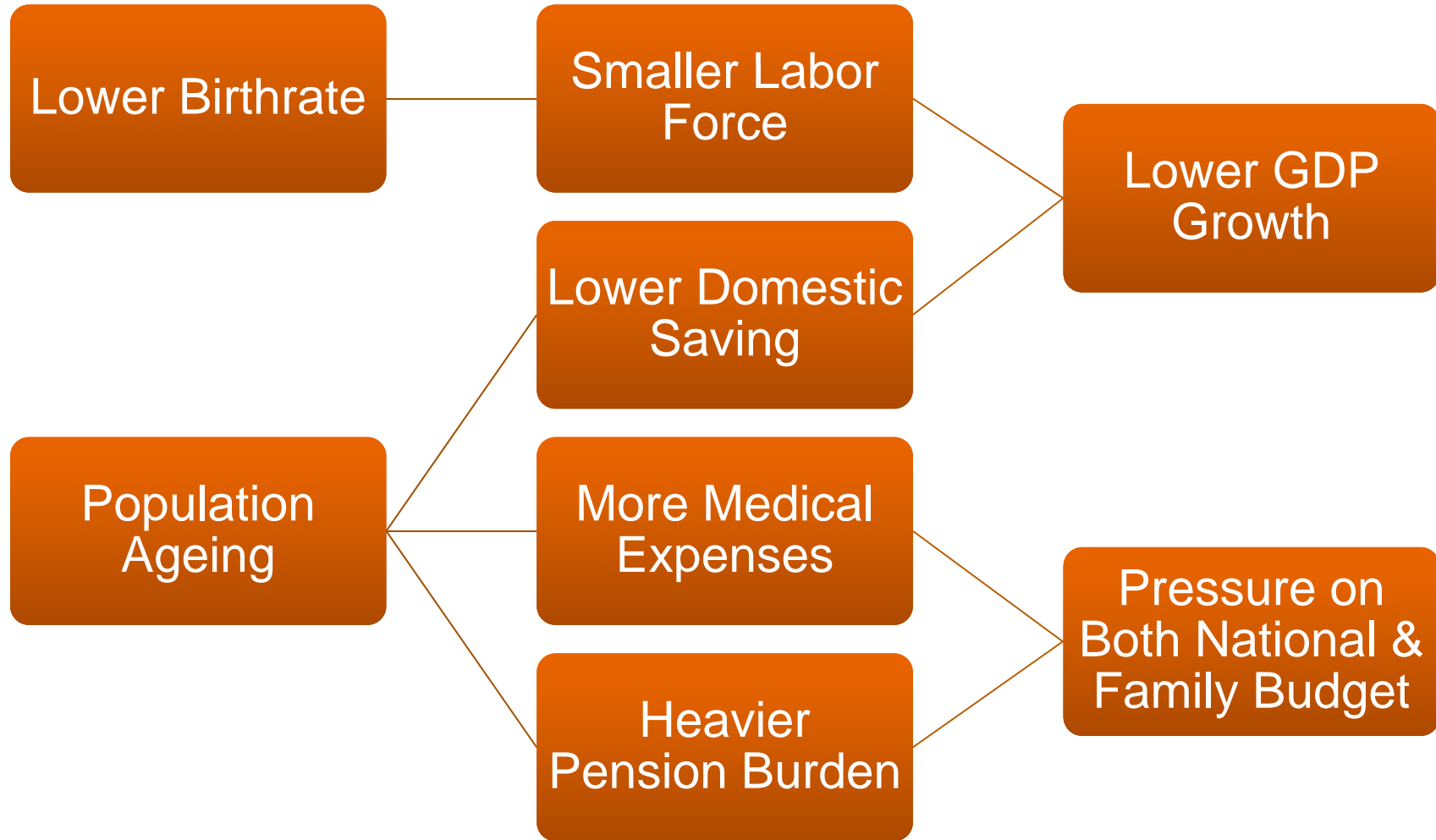


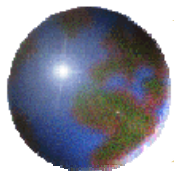
# Demographic Bonus and Economic Development





## Ageing population with lower birthrate and Economic Development

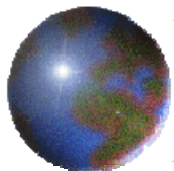




## When Demographic Bonus Period Ends?

Germany	France	Japan	Italy	USA
1985	1985	1990	1990	2010

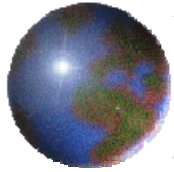
Canada	UK	Russia	China	Brazil
2010	2010	<b>2010</b>	2010	2020



# Contents

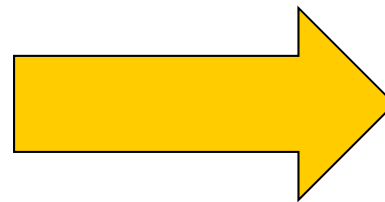
- I. Introduction: Current situation on Ageing in Japan
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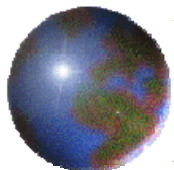




### III. Rural Ageing and its Impact on Regional Economics including Agriculture

- 🌸 Urbanization of rural communities (1970)
- 🌸 Emerging negative impacts of rural ageing on agriculture (since 1980)
- 🌸 End of high economic growth widening the GDP gap between urban areas and rural areas (around 1990)



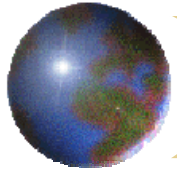


## Why Policy on Rural Areas was Needed? -Urbanization of Rural Communities-

- ❁ In the past, agricultural policy covers all the issues of rural areas, since most of rural community members were farmers.
- ❁ In 1970, the ratio of farmers in rural communities was first less than half (46%).
- ❁ Then Gov. started to discuss rural society problems in its white paper in 1971.
  - ❁ Consensus building of communities (ex: pesticide use)
  - ❁ Conflicts on land use (city planning vs rural planning, especially of plain rural areas)

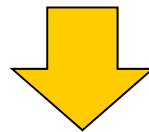






## Ageing NOT become big issue in 1970s

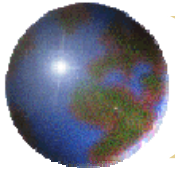
- ✿ Already rural ageing gradually started.
- ✿ However, thanks to demographic bonus periods and agricultural labor productivity increase, outflow of young labor force from rural to urban was not a problem.
- ✿ In 1960-70s, national development plan focused on balanced regional developments.



Public infrastructure investment

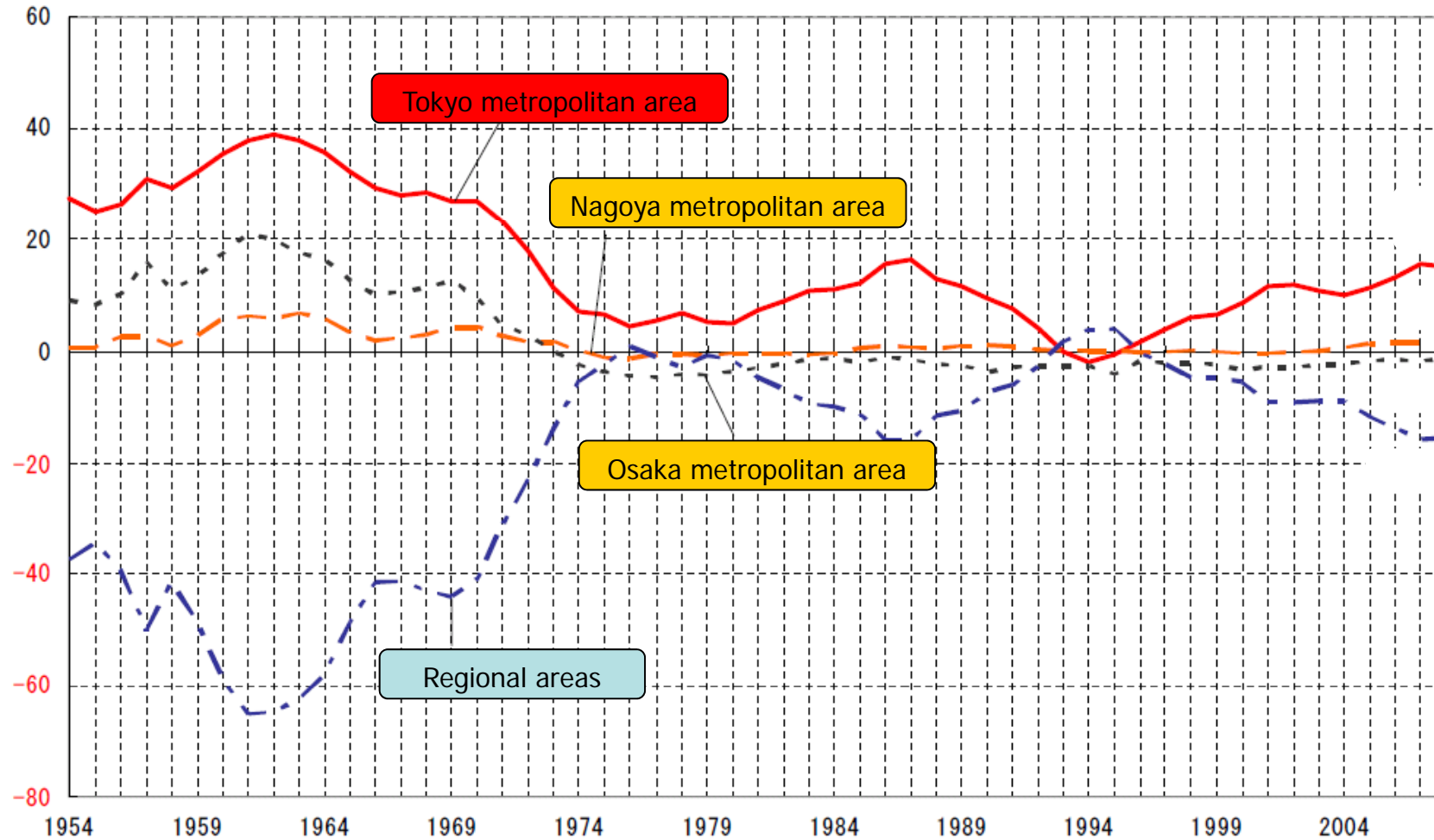
Relocating and newly developing industrial zones

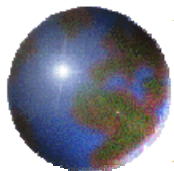




# 15.3 million people moved into three Metropolitan areas during 1960-75

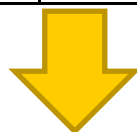
10 thousand





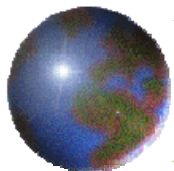
## Previous National Development Plans

	Comprehensive National Development Plan	New Comprehensive National Development Plan	Third Comprehensive National Development Plan	Fourth Comprehensive National Development Plan	Grand Design for the 21st Century
Approved by the Cabinet	October 5, 1962	May 30, 1969	November 4, 1977	June 30, 1987	March 31, 1998
Administration	Ikeda administration	Sato administration	Fukuda administration	Nakasone administration	Hashimoto administration
Target year	1970	1985	Approx. 10 years from 1977	Approx. 2000	2010-2015
Basic objective	Development designed to maintain regional balance	Creation of affluent environments	Development of a comprehensive living environment	Creation of a multipolar nation	Creation of the foundation for a multiaxial nation
Development design	<u>Design for the development of strategic footholds</u>	<u>Design for large-scale projects</u>	<u>Design for permanent residence</u>	<u>Design for communication networks</u>	<u>Participation and collaboration</u>



**Seeking Balanced National Development**  
by preventing too much concentration in Three Metropolitan Areas





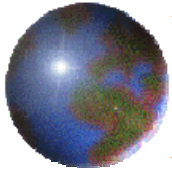
## Rural Ageing Started to have Negative Impacts on Agriculture and Local Economics in 1980s

- ✿ In 1986, the Gov. first discussed the rural ageing especially of hilly and mountainous areas in its policy paper, although rural ageing had already gradually started.
- ✿ Main issues are:
  - i. Decrease of and some ageing agricultural labor force;
  - ii. Stagnation of agricultural economies; and
  - iii. Growing amount of abandoned cultivated land.



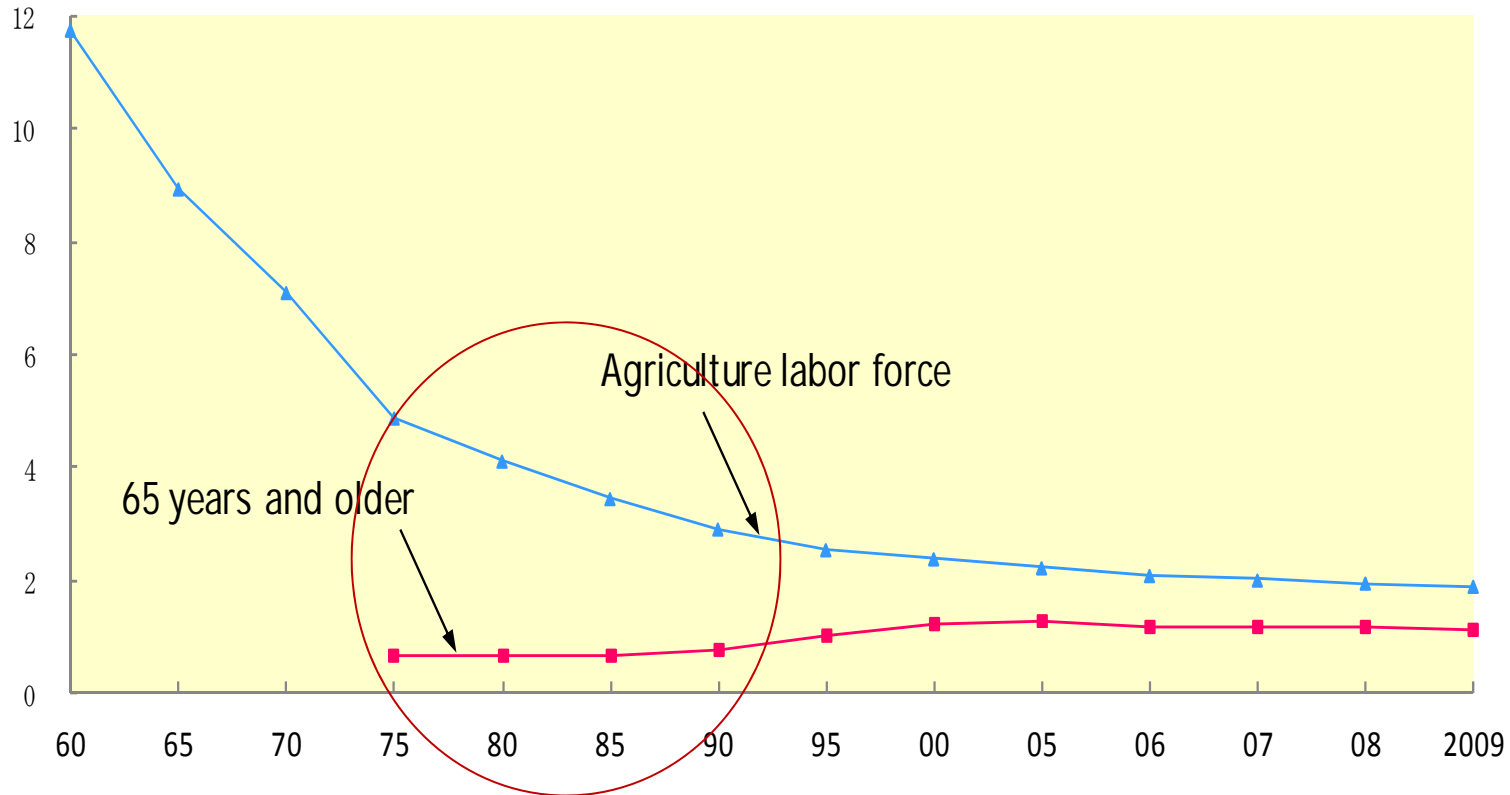
Still issues for agricultural policy





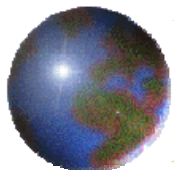
# Decrease of and ageing agricultural labor force

(million people)



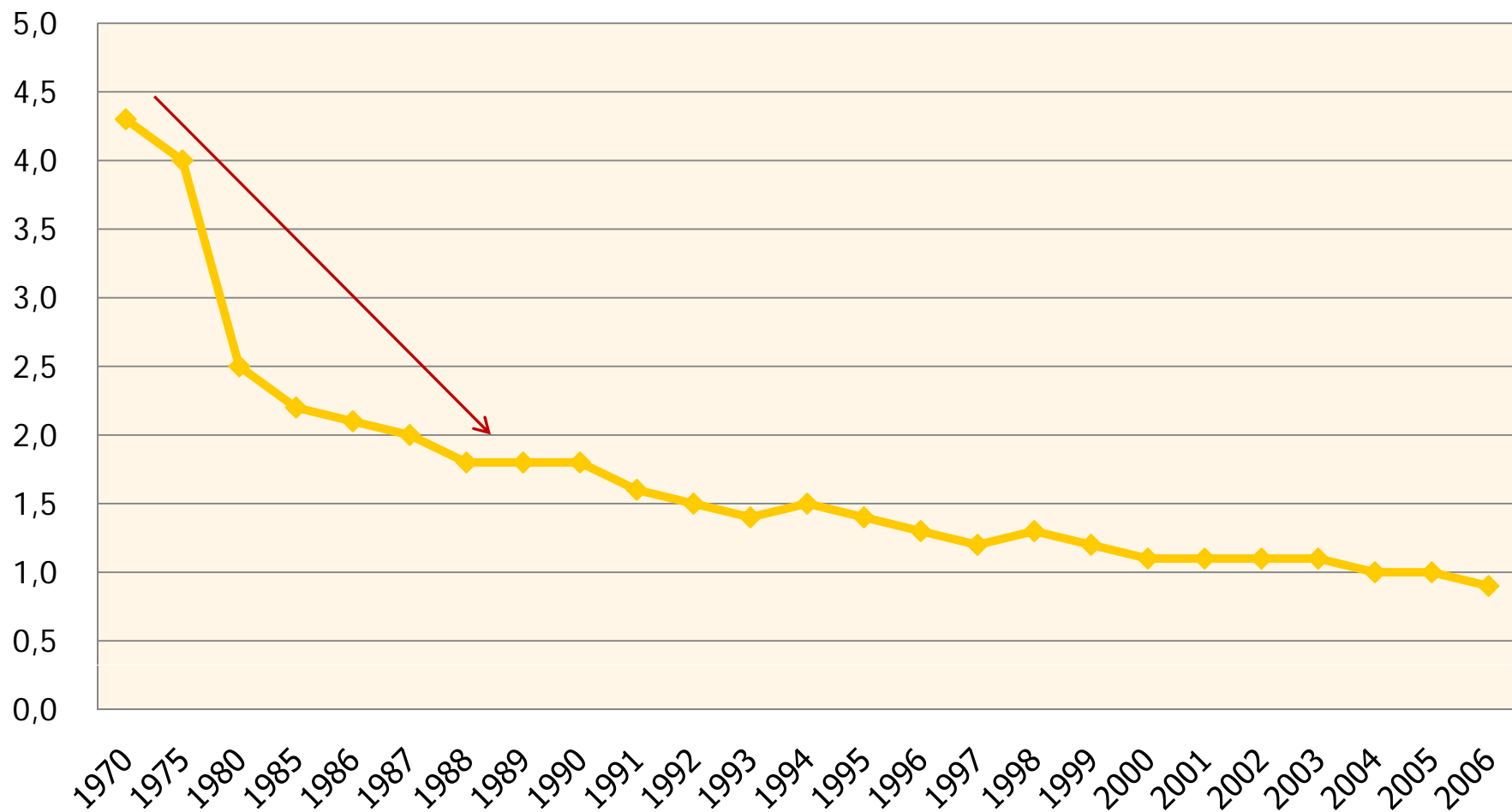
Source: MAFF Statistics

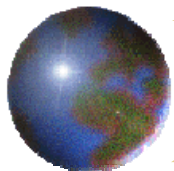




## Declining Trend of Agriculture GDP in Japan

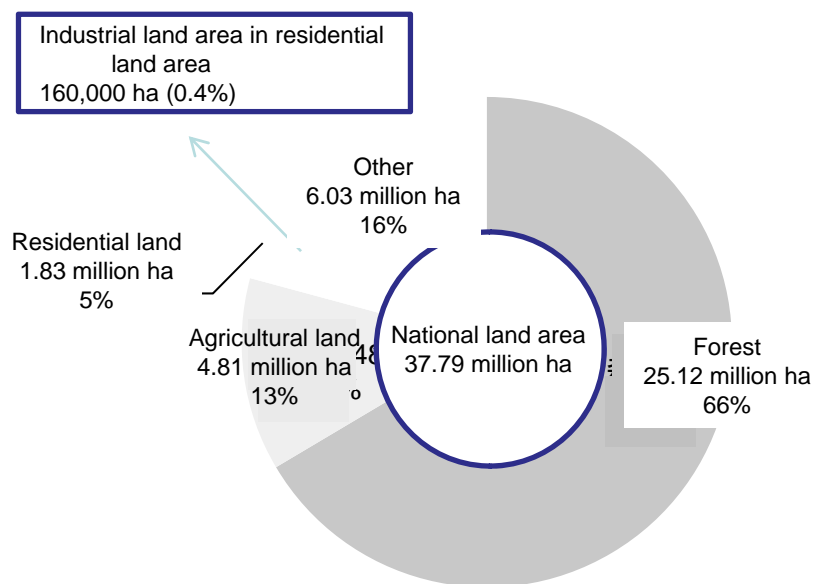
Agriculture GDP Share





# Growing Amount of Abandoned Cultivated Land

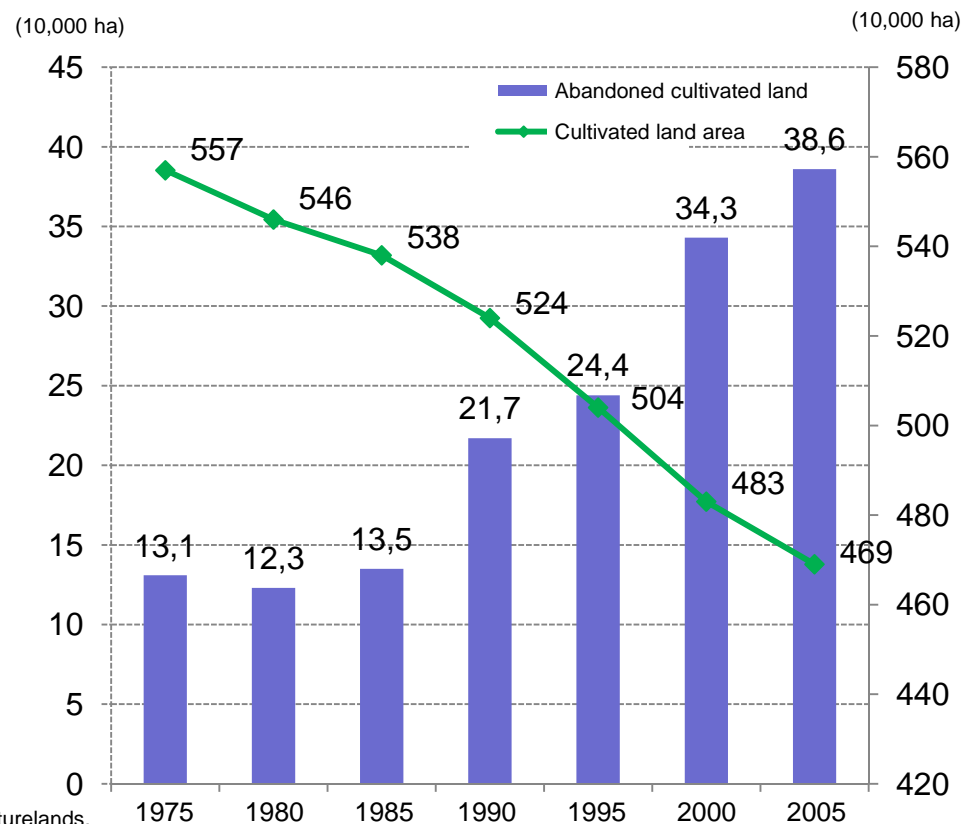
## Current uses of Japan's national territory



References: MLIT, "Annual Report on Land Trends during Fiscal Year 2006"  
MAFF, Operational materials of the Forestry Agency

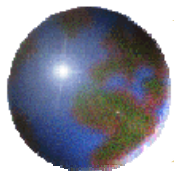
Notes: Agricultural land area is the total area of agricultural lands, grasslands, and pasturelands.  
Some sum totals in the breakdown may not match due to rounding off.

## Changes in abandoned cultivated land and cultivated land areas (stock)

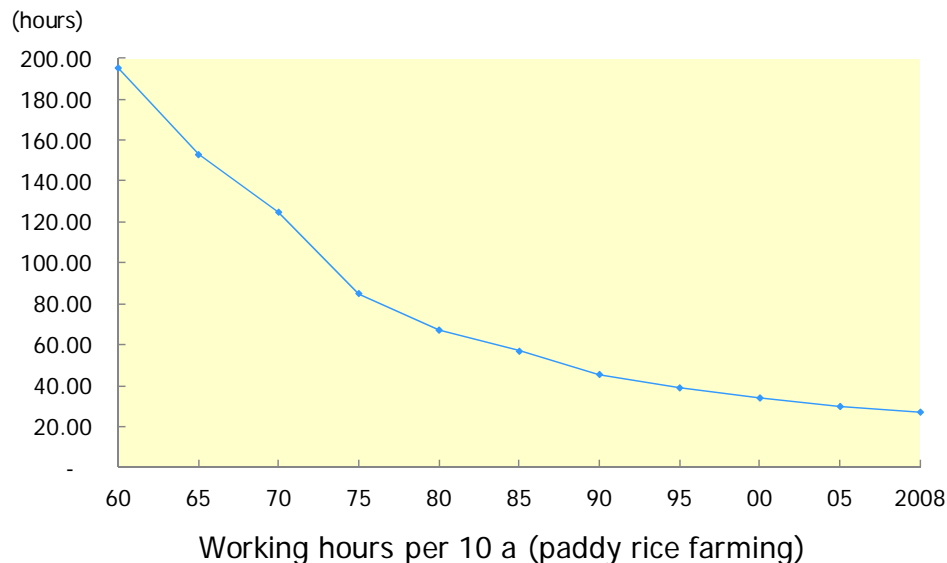


MAFF, "Census of Agriculture and Forestry," "Statistics on Cultivated Land and Planted Area"

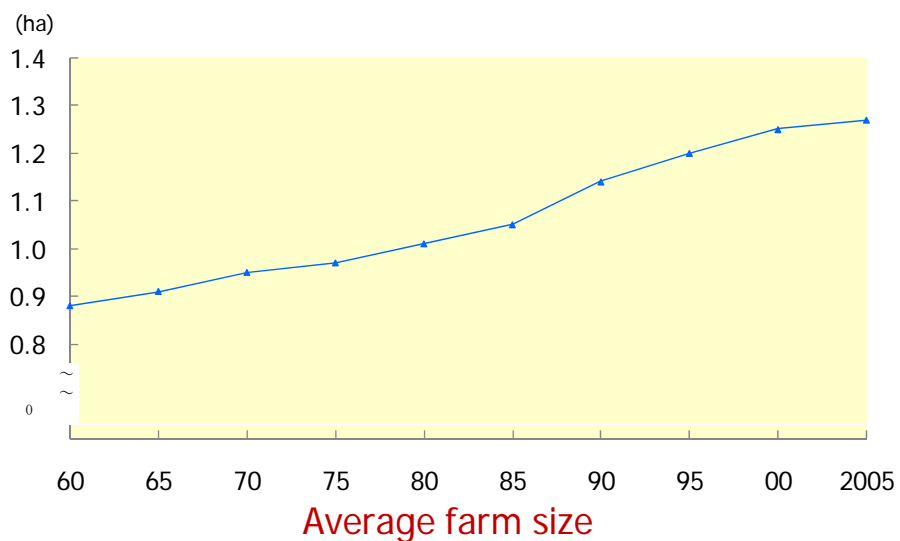




# Ageing and Decreasing Farmers, but NOT Problem



source: MAFF Statistics



Source: MAFF Statistics

Technological improvement

↓

Rapid decrease of working hours  
for farming

↓

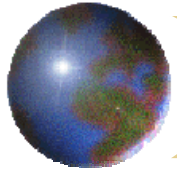
Excess number of farmers

↓

Despite policy interventions,  
farm size did not increase as  
planned with a view to balancing  
the incomes between agriculture  
and other industry



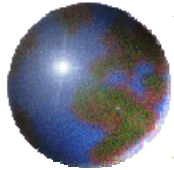




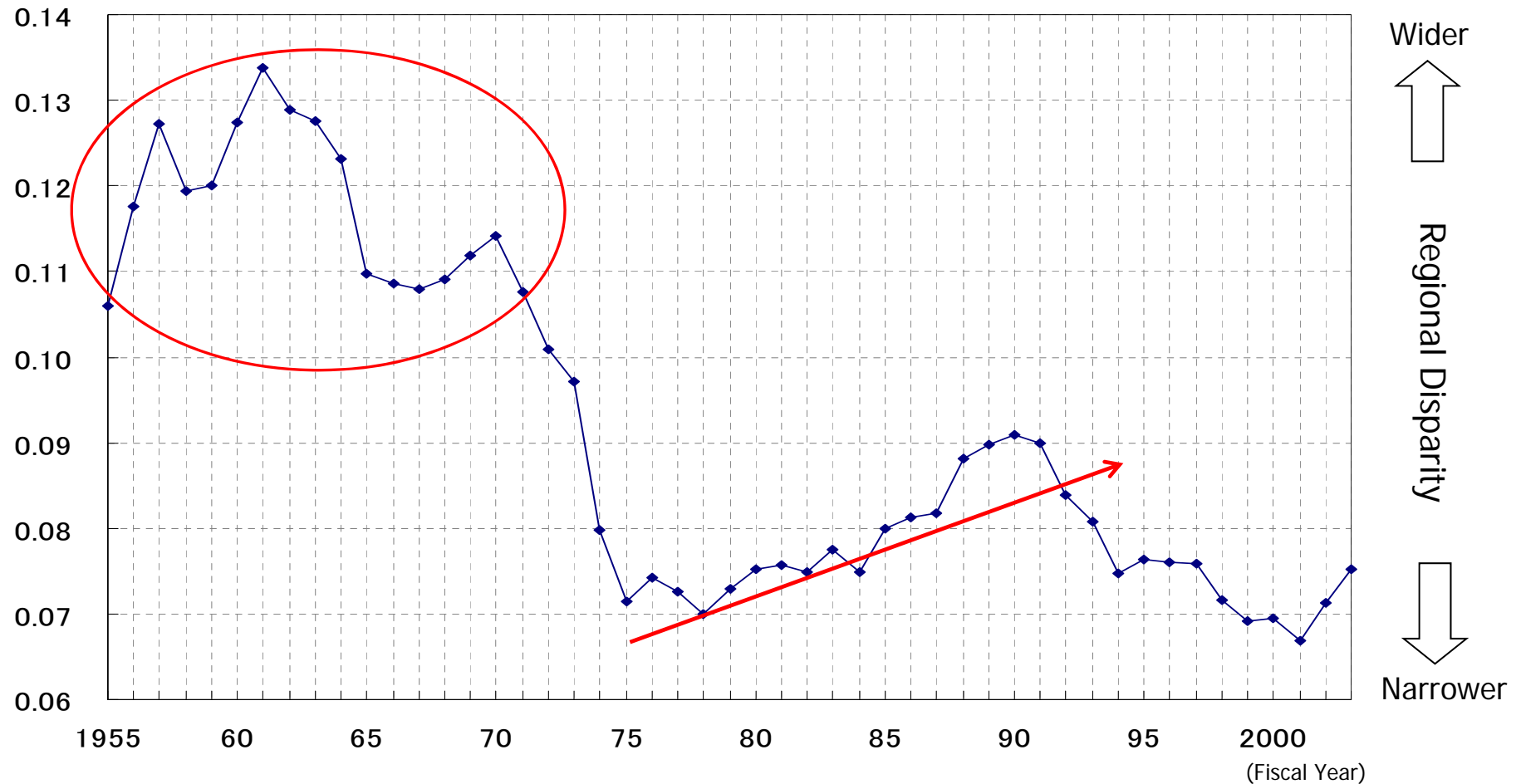
## End of High Economic Growth Widening the GDP Gap Between Urban and Rural Areas

- ❁ End of economic boom and demographic bonus periods has widened the GDP gap and made difficult structural adjustment. (ex. Decrease of public investment, relocation of factories to abroad)
- ❁ Needs for new national development scenario.
- ❁ “Marginal Community” –Depopulated Community of which half population is 65 and older-
- ❁ Not only agriculture but also other local industries in rural areas have been affected by long stagnation and globalization.





# Trend of Regional Income Disparities in Japan (Gini coefficient)

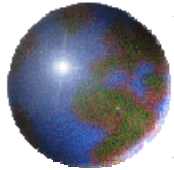


Notes: 1) Calculated based on *Prefectural Accounts*, Cabinet Office, Government of Japan, as well as *Population Census*, and *Annual Report on Current Population Estimates*, Ministry of Internal Affairs and Communications.

2) The income figures of the prefectural residents are calculated based on the 68SNA for the years before 1989, and 93SNA thereafter.

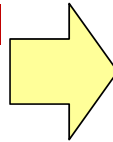
Source: MLIT





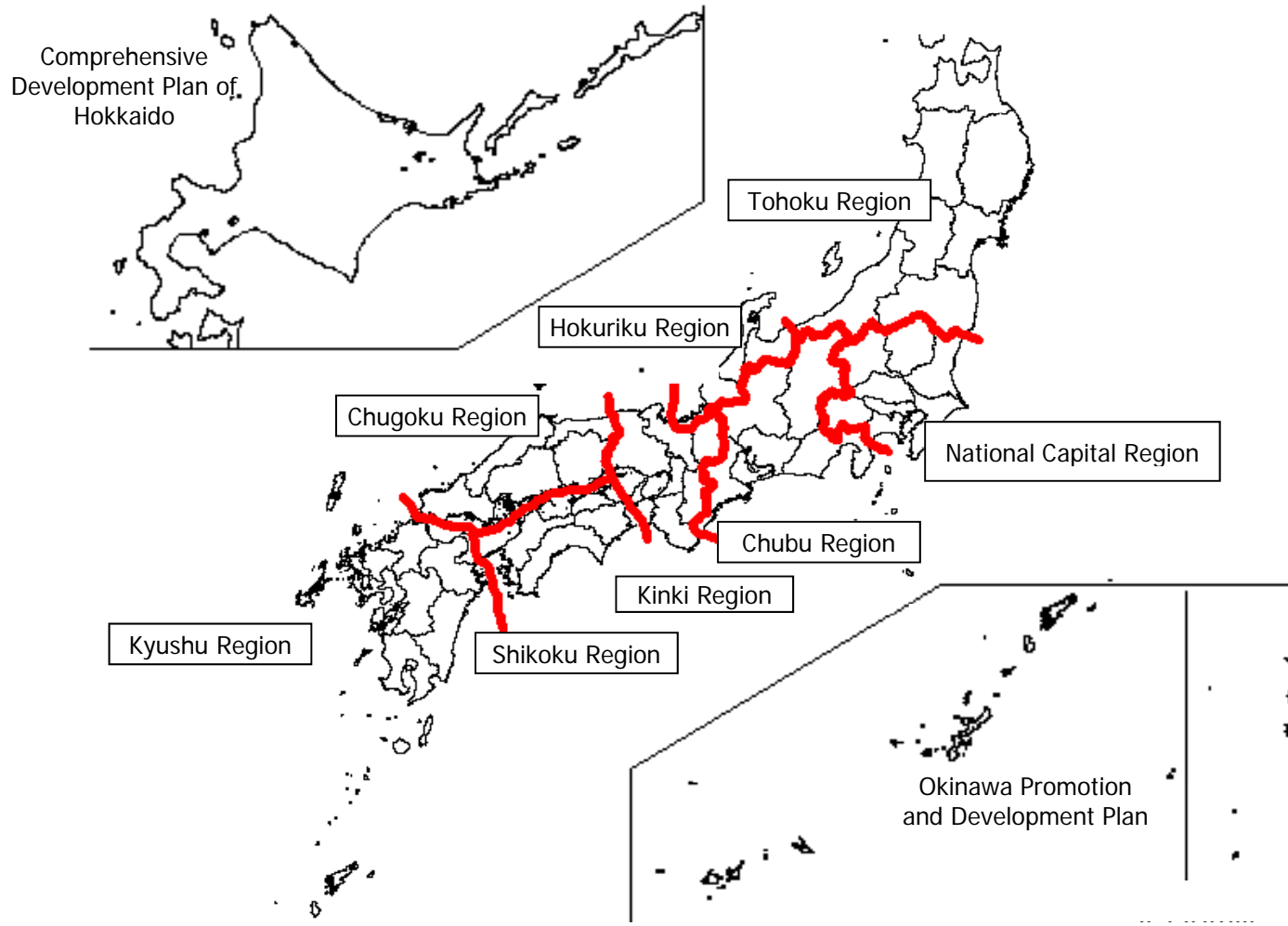
# Reform of National Development Plan -Towards Self-supporting Regional Economics -

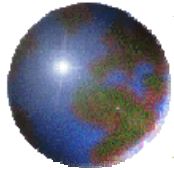
Comprehensive National  
Development Plans



National Spatial  
Strategies

National Plan  
Regional Plans

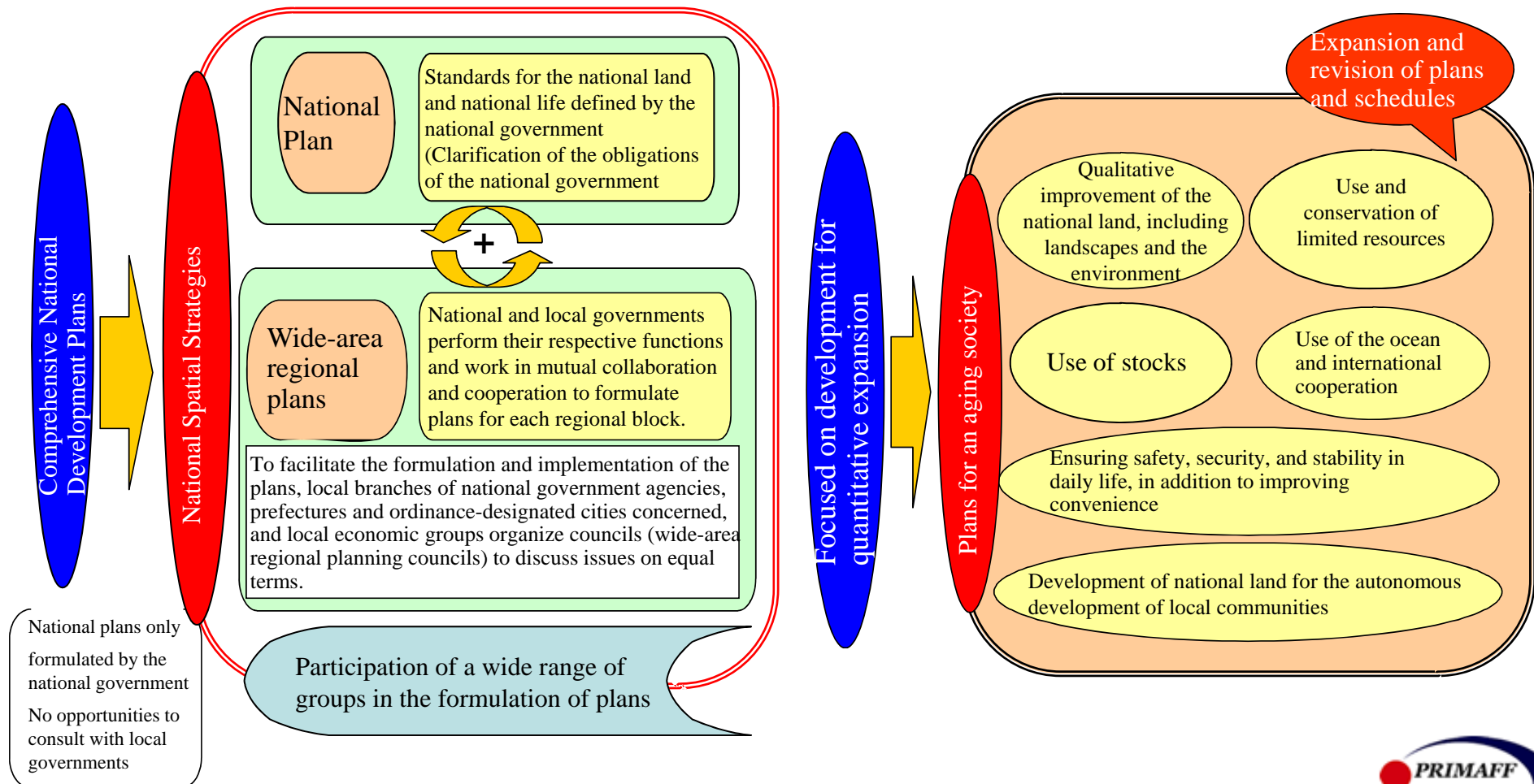


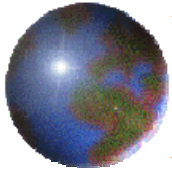


# New National Spatial Planning System

Formulation of visions with collaboration between national and local governments

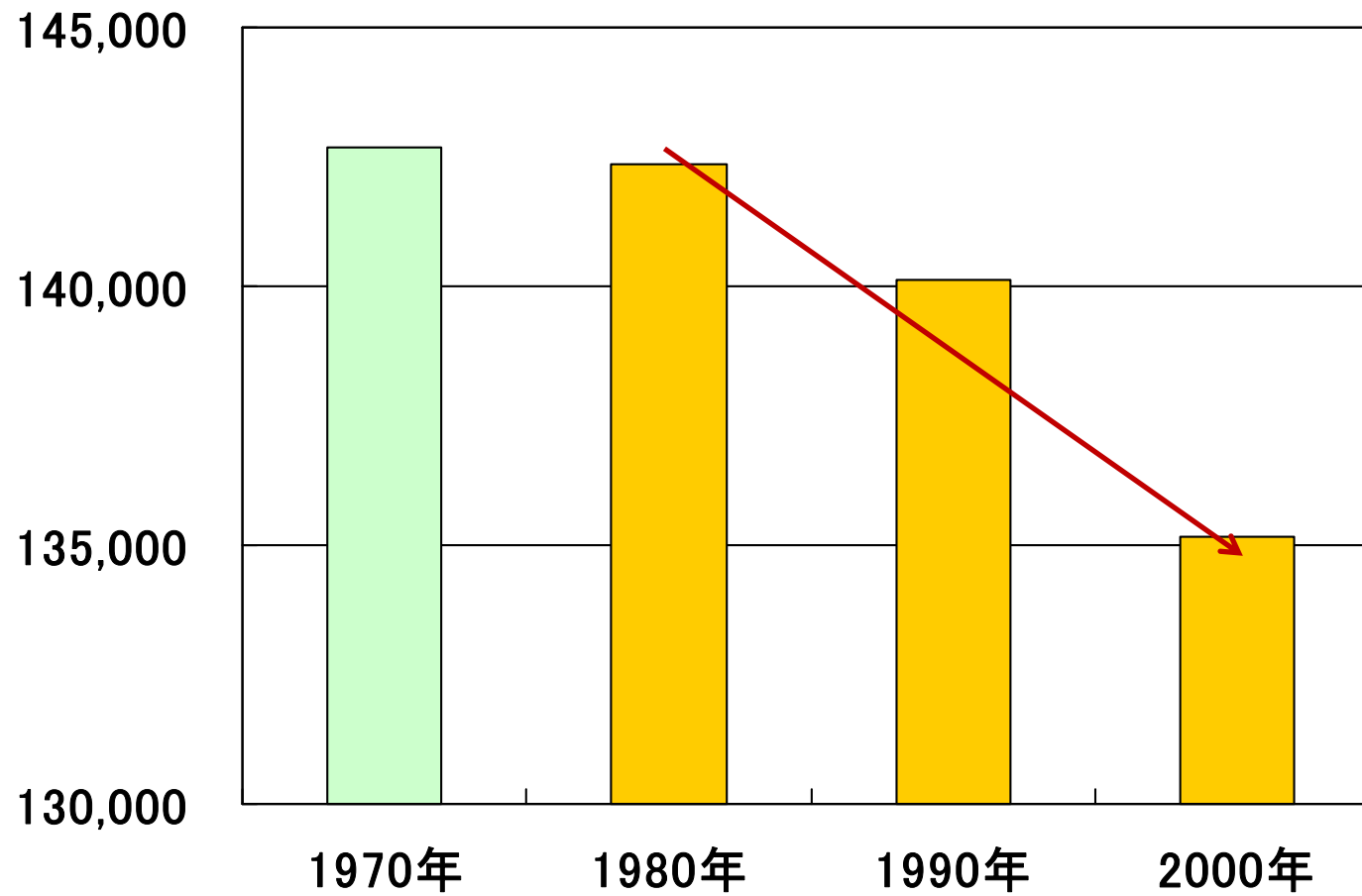
Conversion from plans focused on development

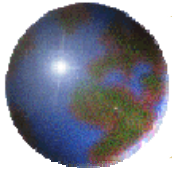




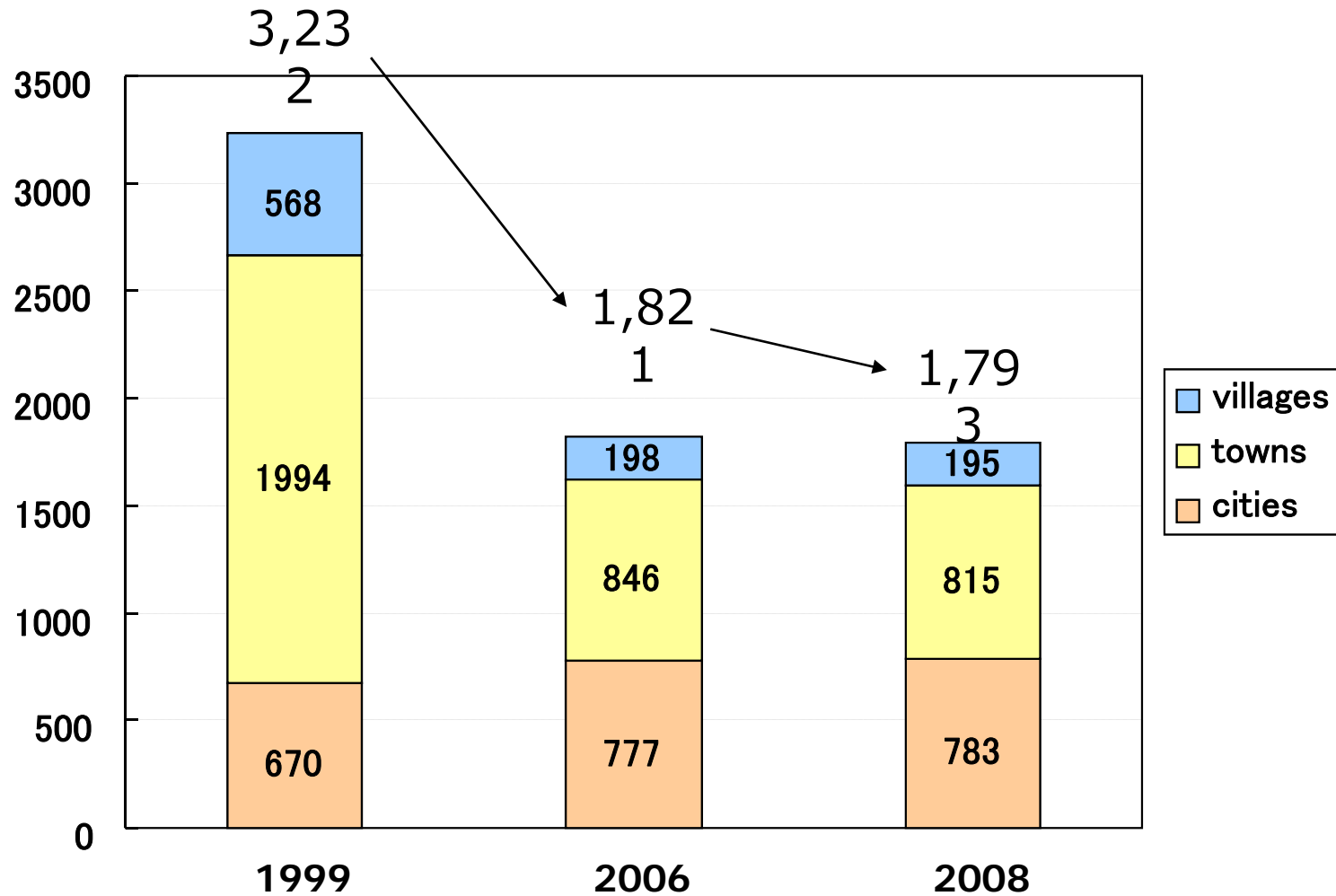
# Disappearing Agriculture Communities

Number of Ag Communities

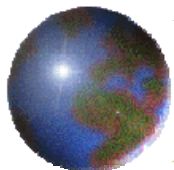




# Decrease in the Number of Municipalities through Merger

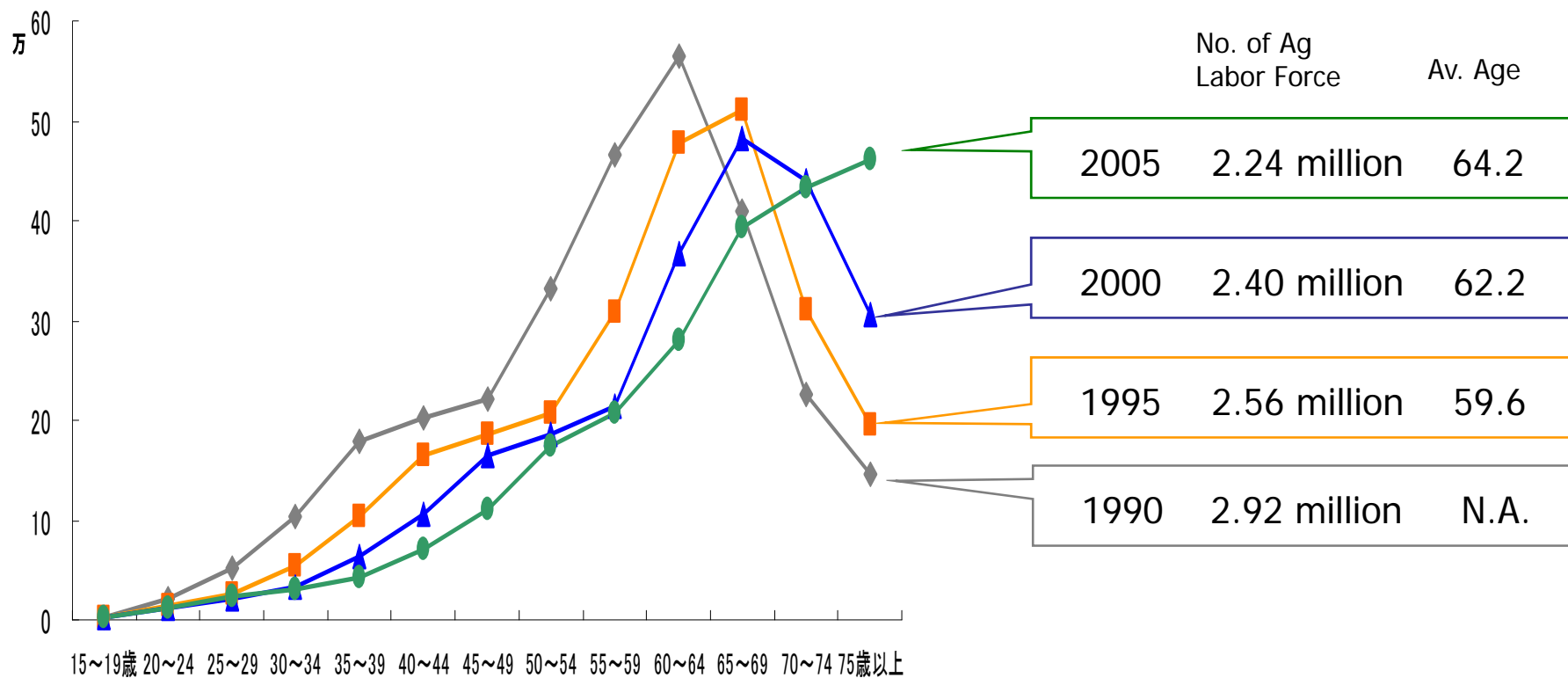


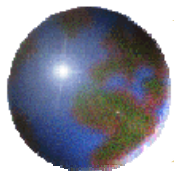
Source: Ministry of Internal Affairs and Communications



# Rapid Ageing Agriculture Labor Force Recently

## Who will Succeed Japanese Agriculture?



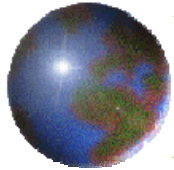


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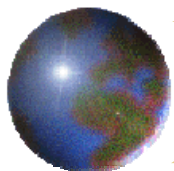




## IV. Some Responses to Revitalize Rural Community

- ❁ Niche Community Business -Irodori-
  - **Village** level response -
- ❁ One Village, One Product Movement
  - **Prefecture** level response –
- ❁ Application of Cluster Regional Development Approach
  - **National & Regional** level response -
- ❁ Application of Compact City Concept - Smart Shrinking-





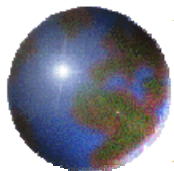
# Shift of World Development Paradigm

Paradigm has been shifting from development optimism focusing on big push and trickle-down, through market-led growth, to sustainable development (SD) and poverty reduction. Developing countries now have a tough challenge: achieving balanced, sustainable and accelerated growth at once. To tackle this, some policy makers have begun applying new regional development strategies that focus on location specific dynamism and synergies by participation of heterogeneous group of people.

	1950s and 60s	1970s	1980s	1990s	2000s
<b>Internatnl. community</b>	<b>Investments in modern sector</b> <b>Trickle down</b>	<b>Growth + Basic H need</b>	<b>Market-led Growth</b> <b>SAL</b>	<b>Sustainable developmt</b>	<b>Poverty reduc.</b> <b>SD</b>
<b>National Govt.</b>	<b>Development plan</b> <b>Nationalizn.</b> <b>Import substitution</b> <b>Industrialization</b>	<b>Education</b> <b>Infrastruc.</b> <b>Export oriented growth</b>	Export oriented growth	Macro econ. Stability, Balanced growth	<b>Balanced Growth,</b> <b>Social Stability,</b> <b>Environment</b>
<b>Agri. policy</b>	Tax on agriculture	Food self sufficiency	Diversification	Policy reform	<b>Value addition</b>
<b>Rural developmt</b>	<b>(R&amp;D, Irrigation)</b>	<b>Irrigation, R&amp;D, agri. extension</b>	<b>Integrated rural developmt</b>	<b>Community developmt</b> <b>Township enterprises</b>	<b>OVOP(OTOP)</b> <b>Rural industrializn.</b>

Source: Prof. Kunio Tsubota



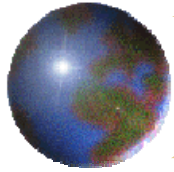


## Niche Community Business -IRODORI Rural community empowerment through exploring local resources-

- ❁ **Kamikatsu Town is located deep in the mountains of Tokushima Prefecture, about 40km from Tokushima City, capital city of the prefecture.**
- ❁ **The town population of 6,200 in 1955 has dropped over 50 years to only 2,100. Half of the population became elderly people.**
- ❁ **However, thousands of visitors, not only from other parts of Japan but also from abroad, come to this tiny rural town every year.**
- ❁ **While Kamikatsu has the highest rate of aged population in Tokushima Prefecture, the elderly people are healthy and lively here.**

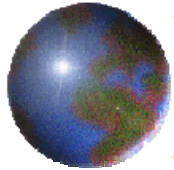
**Why?**



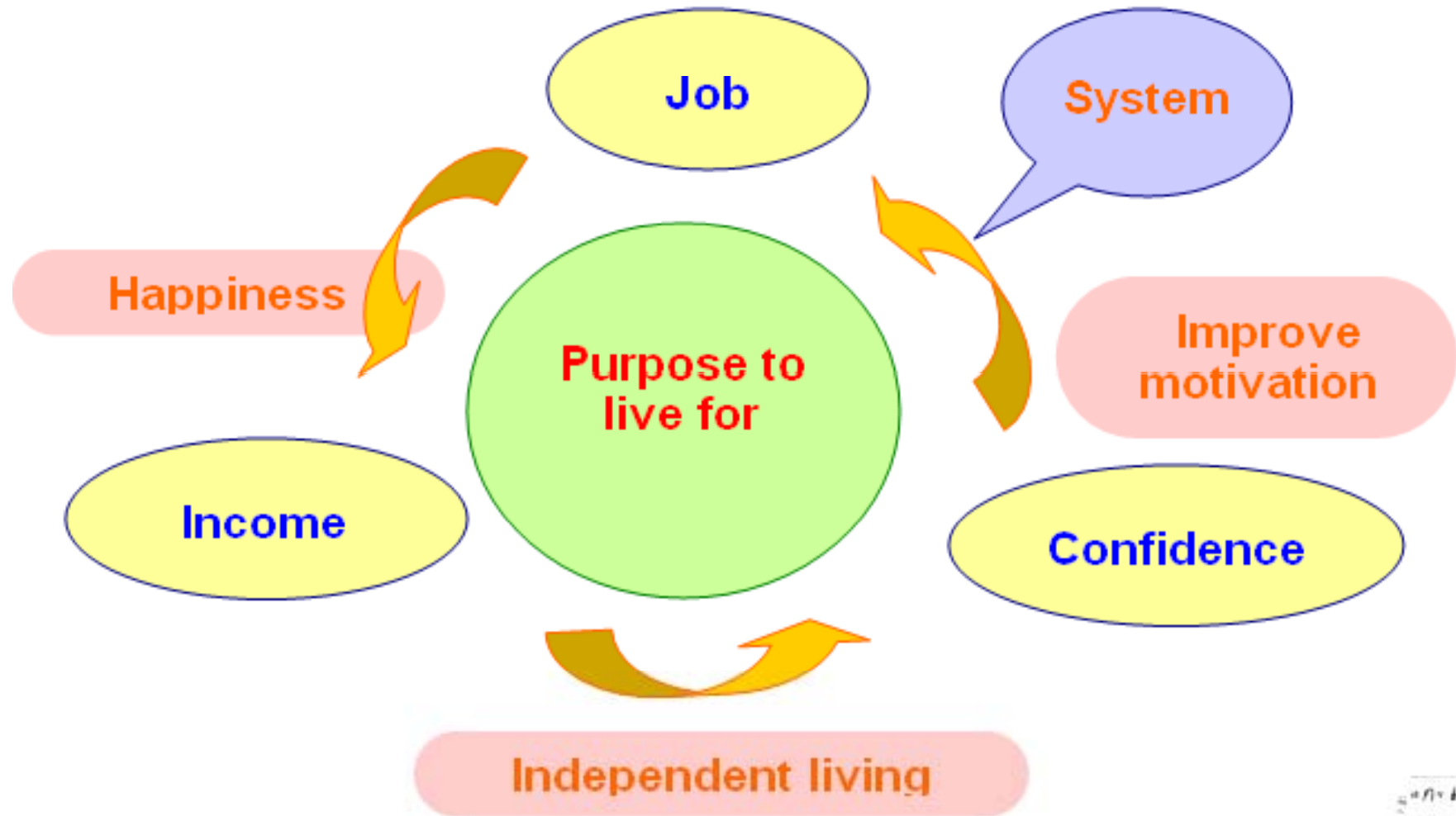


# Tree Leaves for Cuisine Decoration, Especially in High-class Restaurants





# Welfare Industry for Elderly



# Economic activity in Kamikatsu

- Economic foundation 1
- Economic foundation 2
- Economic foundation 3
- Movement of visitors
- Movement related to town cooperation
- Use of Kamikatsu information network
- Sales route





I love nature      I love people      I love the great outdoors

- Shiitake mushroom picking experience tour
- Rice terrace tour
- Irodori Harvesting experience tour
- Camping, barbecue



Kamikatsu BIO



Tsukigaya hot springs



Ikkyu Teahouse

Kamikatsu clear readers




In a shop (Shop outside of the town)      Mail order of town products (Online sales)



Wholesale market

Kamikatsu information network (Irodori Company)





Kamikatsu Town Office




Mass media




Local residents

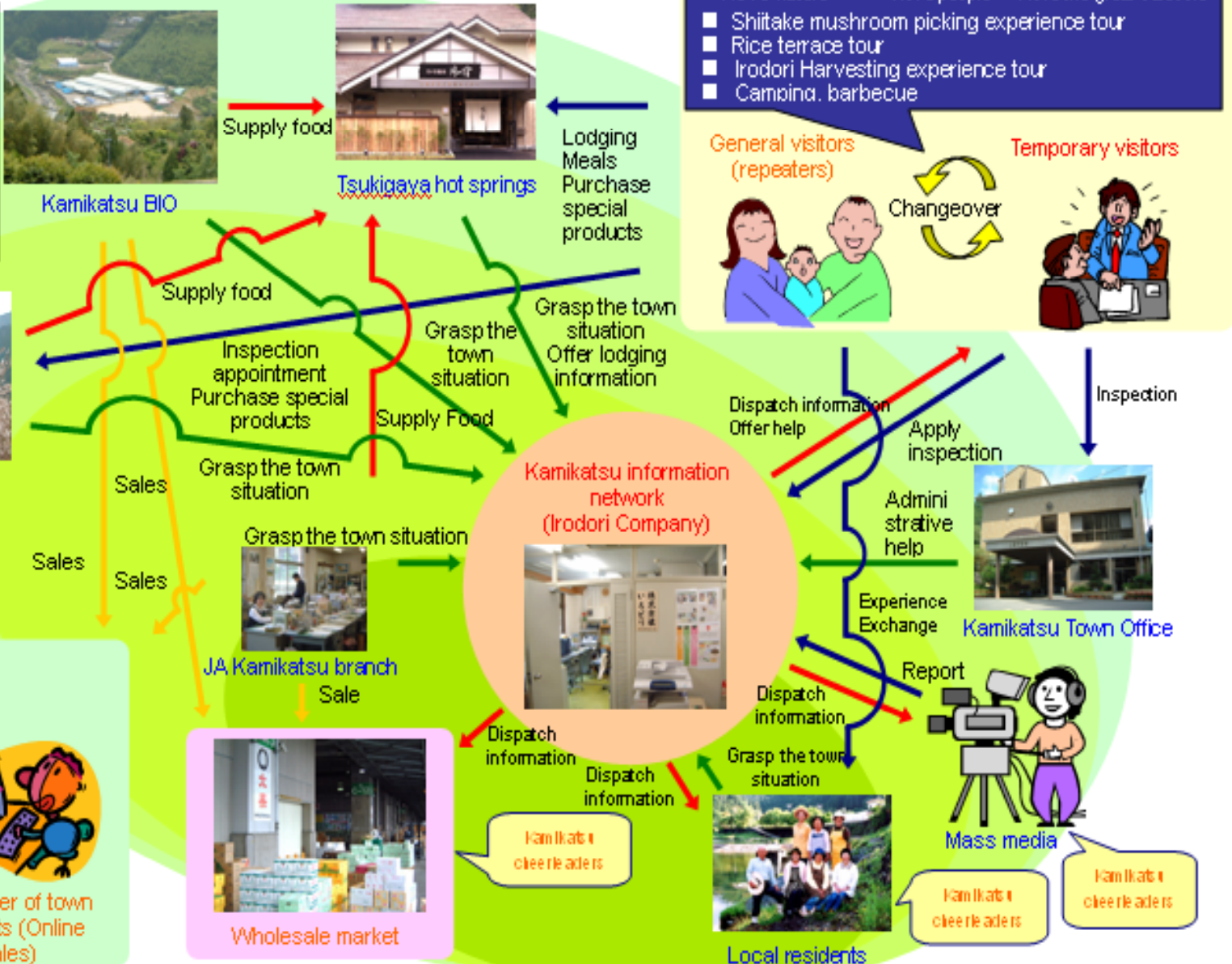
General visitors (repeaters)

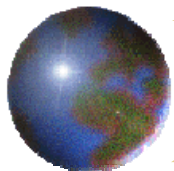


Temporary visitors



Changeover

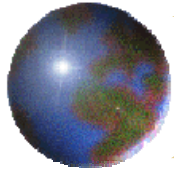




## Mind-set Change of People on Local Resources

- ❁ In the past, Kamikatsu Town People always said “we don’t have anything.”
- ❁ And people used to hate persimmon leaves. Because they need to sweep and clean the fallen leaves every day. Leaves used to be a nuisance. But now, those leaves became local treasures.
- ❁ **Leaves have not changed. People have changed their eyes through IRODORI.**
- ❁ People look at the same leaves with new eyes.

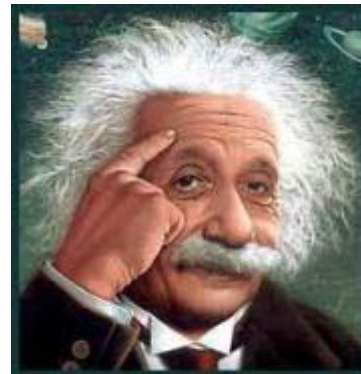




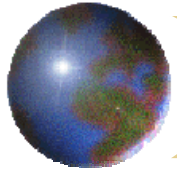
## Not Think What You Don't Have

❁ **Imagination** with community member's good collaboration **could turn "trash" into treasures.** Yes, even normal elderly people can do it!

❁ *"Imagination is more important than knowledge."* by *Albert Einstein*





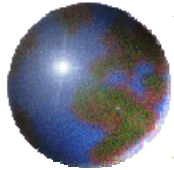


## Origin of One Village One Product (OVOP)

- ❁ OVOP Movement was advocated by Dr. Hiramatsu in 1979, when he was elected as Governor of Oita prefecture.
- ❁ The movement was promoted through actual activities with a slogan, "Let's work together on what we can do in the present condition."
  - to prevent depopulation and loss of energy in Oita Prefecture
  - to find and nurture products/industries that could best reflect and benefit each region
  - to eradicate heavy dependency upon government, and to promote autonomy and willingness amongst regional people
- ❁ However, original OVOP was initiated by farmers' group in Oyama, a small and mountainous town in Oita Prefecture in 1960's.

Oyama Town – Oita Prefecture – Japan - Asia





## NPC Movement in Oyama Town –Origin of OVOP-

Oyama (3,870 villagers) gave up rice production and focused on plum and chestnut.

“Let’s plant plum and chestnut, and go to Hawaii !!!”

Highest percentage of passport carrying residents in Japan (70% of the population)

Farmers’ group established a strong agriculture cooperative.

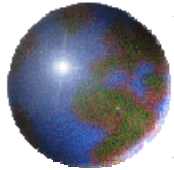
Oyama changed their products:

Plum, chestnut – Dried mushroom (Shiitake) – Enoki mushroom

Oyama Agricultural Cooperative

➔ Konohana Garuten





# Konohana Garten: Shop by Oyama Ag Coop



Established in 1990

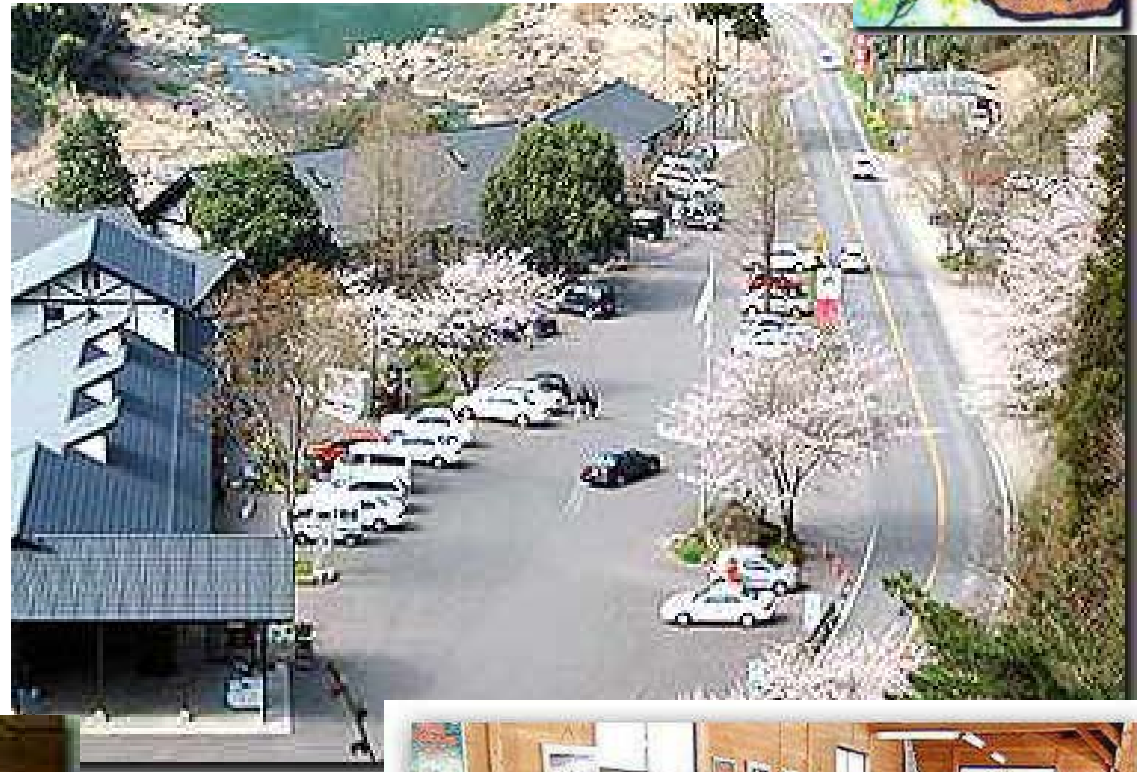
Annual Sales: JPY 1.5 billion

Number of Customers:

1.9 million

7 Shops in Oita and Fukuoka

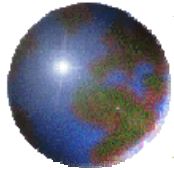
Still very successful non-profit agricultural cooperative.



Farmer's homemade dishes



Direct sales shop



## Three Principles of OVOP Movement in Oita

Three principles are:

### **1) Local yet global**

- ✓ Creating globally accepted products that reflect pride in the local culture

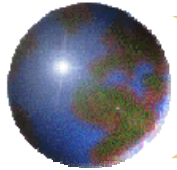
### **2) Self-reliance and Creativity**

- ✓ Realization of OVOP through independent actions utilizing the potential of the region

### **3) Human Resource Development**

- ✓ Fostering of people with a challenging and creative spirit

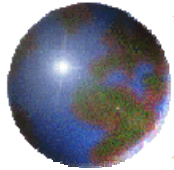




## How OVOP was Promoted in Oita?

1. Gov. Hiramatsu proposed the movement to regional leaders
2. Also he conducted series of discussion with farmers and community people
3. PR and Marketing of OVOP product by Governor himself, then the movement was further publicized through mass media
4. Technical support was offered by prefectural research and training institutes, but little direct financial support
5. A special system for marketing OVOP products such as exhibition was set up
6. OVOP award system was introduced for encouragement



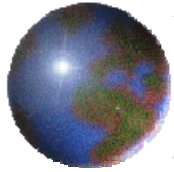


## Example of Oita OVOP

1. Kabosu lime, *Bungo* beef, *Seki* Mackerel...Agriculture product
2. Distilled Spirits (*Shochu*), Dried Fish.....Processed food
3. Bamboo ware, *Onta* Pottery.....Handicrafts
4. Farmhouse, water mill, log house.....Building
5. Village of *Jinya*, *Nioza* Street.....Historical spot
6. Stone bridge, waterfall.....Scenery
7. *Kuju* Highland, hot spring.....Natural resource
8. Fox dance, *Tsurusaki* dance.....Traditional event
9. Music and cinema festival.....Cultural event
10. Green/agro tourism, village.....Rural-urban interaction

OVOP can be developed from anything unique from the local region.





## Case 1: Kabosu Limes

Output: 4,550t (Sales: JPY1,014 Billion)

Production Market Share: Almost 100%

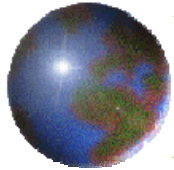


Processed Products made from Kabosu









## Case 2: Ajimu Town Green Tourism



Population: 8,548

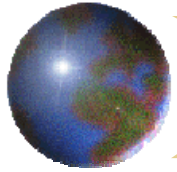
Tourists: 1.63 million/year

### Ajimu Green Tourism Study Group

420 members (200 nonresidents)

Village Stay,  
Working Holiday in Agriculture  
Village





## Expansion of OVOP Movement

One Village One Treasure (China)

One Tambong One Product (Thailand)

One Region One Vision (The Phillippines)

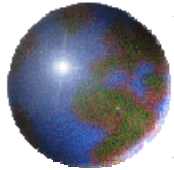
One Village One Product Day (Los Angeles, USA)

Key success factor for OVOP is to identify unused local resources, and improve and market them in a creative way.



Motivating Local Pride & HRD





# Various Types of OVOP-type Development Models

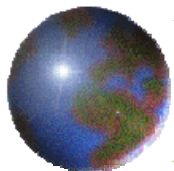
2

## OVERVIEW: Two Models of Rural Community Development

	OVOP	OTOP
<i>Central-local interface</i>	Prefectural policy Locally-led	National policy Centrally-led
<i>Resource utilisation</i>	"Movements": Gradual, long-term Intrinsic <sup>1</sup> Community revitalisation through Leadership formation for micro/meso impacts	"Project": Rapid, short-term Extrinsic Entrepreneurial promotion through Product upgrade for macro impacts

<sup>1</sup> "Intrinsic": stimulated by factors from inside / "extrinsic": by factors from outside.

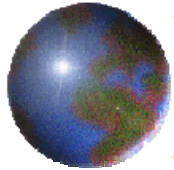




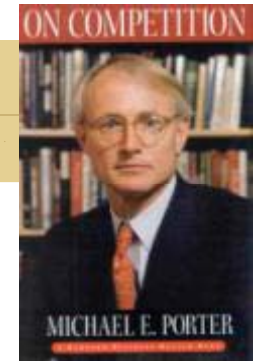
## More Systematic Approach Supported by the National and/or Prefectural Government

- ✿ How to inspire local 'Creativity'?
- ✿ Should focus on the **unique strengths** of specific area, rather than concentrating on ameliorating generic weakness!
- ✿ Each community should bear **responsibility** for its future success, not the government.
- ✿ **Cluster approach**, or networking of various stakeholders (= **agriculture-commerce-industry collaboration**) are a potential tool for mobilizing the local competitiveness.

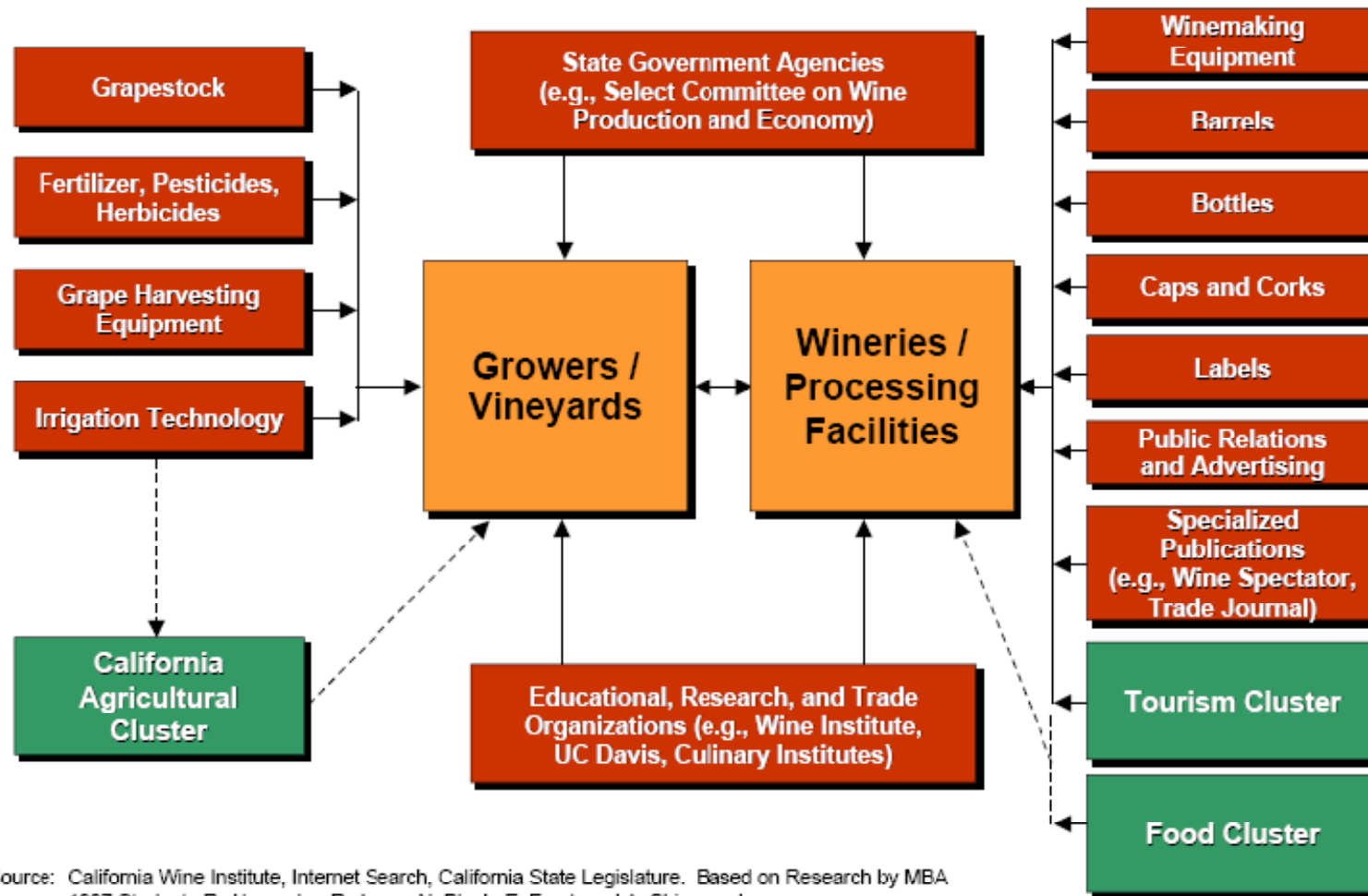




# Application of Porter's Cluster Approach for Regional Development

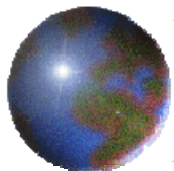


## Clusters and Competitiveness California Wine



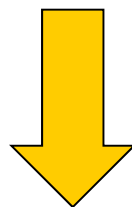
Source: California Wine Institute, Internet Search, California State Legislature. Based on Research by MBA 1997 Students R. Alexander, R. Amey, N. Black, E. Frost, and A. Shivananda





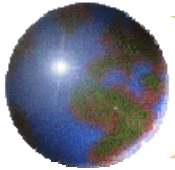
## Cluster Approach Initiatives in Japan

- ❁ The previous style of policies carried out **uniformly throughout Japan, under centralized management** is transformed, and policies are implemented principally by those working in the fields.



The Industrial Cluster Program (METI)  
The Knowledge Cluster Initiative (MEXT)  
**The Agri-Food Industry Cluster (MAFF)**





# OVOP

vs

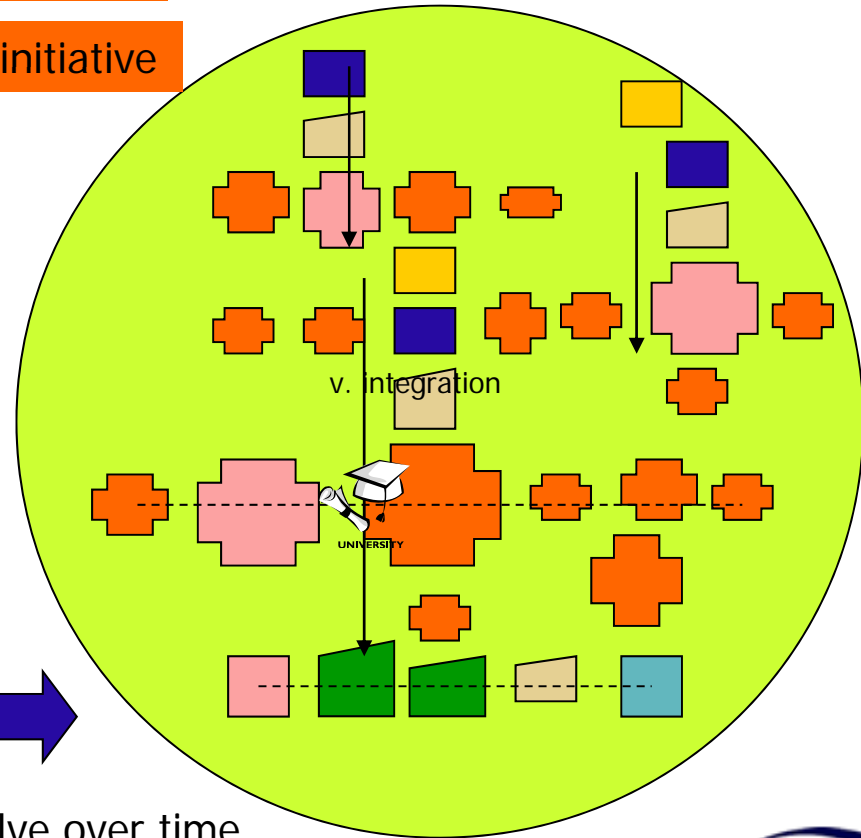
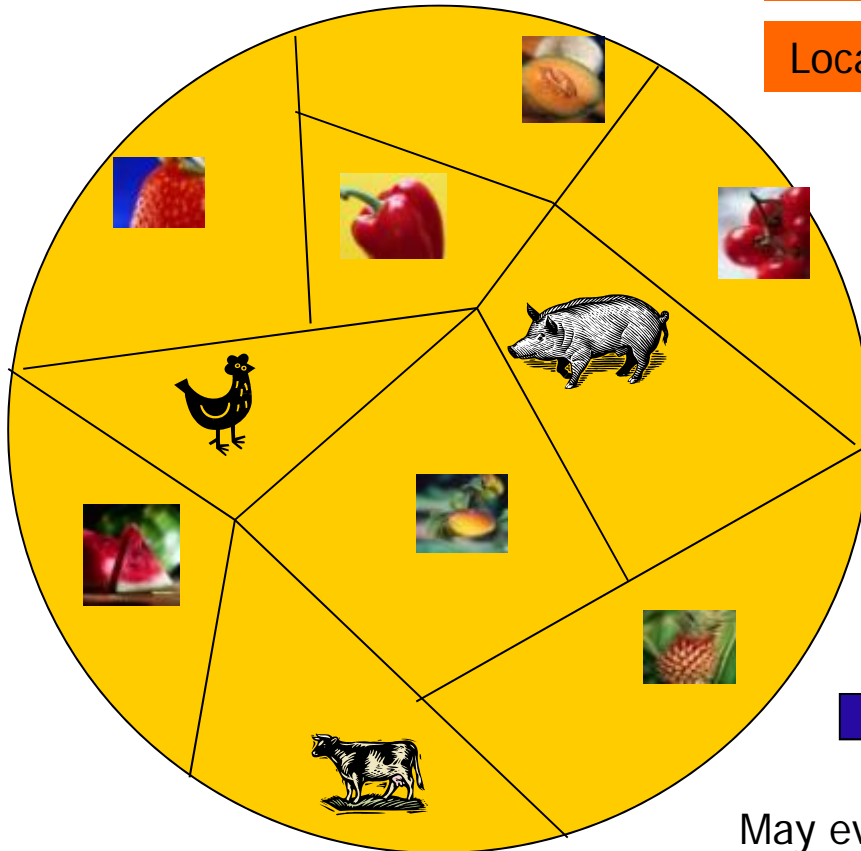
# Cluster Approach

- Village community oriented
- Each village targets an unique product.
- Collaboration of farmers in a village
- but weak vertical/horizontal linkages among villages

- Gathering of an industry field
- Both vertical and horizontal linkage
- Synergies and dynamism.
- Advantages of agglomeration

Participation

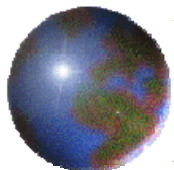
Local initiative



May evolve over time

Source: Prof. Kunio Tsubota





## Agriculture-Commerce-Industry Collaboration or "Sixth Sector Industrialization"

- ❁ Agriculture-commerce-industry collaboration is a type of cluster approach.
- ❁ MAFF: Makes Japan's agriculture stronger  
→ Increase in food self-sufficiency rate (40%)
- ❁ METI: Stimulates Japan's regions and enterprises
- ❁ Domestic production from agriculture/fisheries and food: 103 trillion yen



**11%** of all industrial production (975 trillion yen)

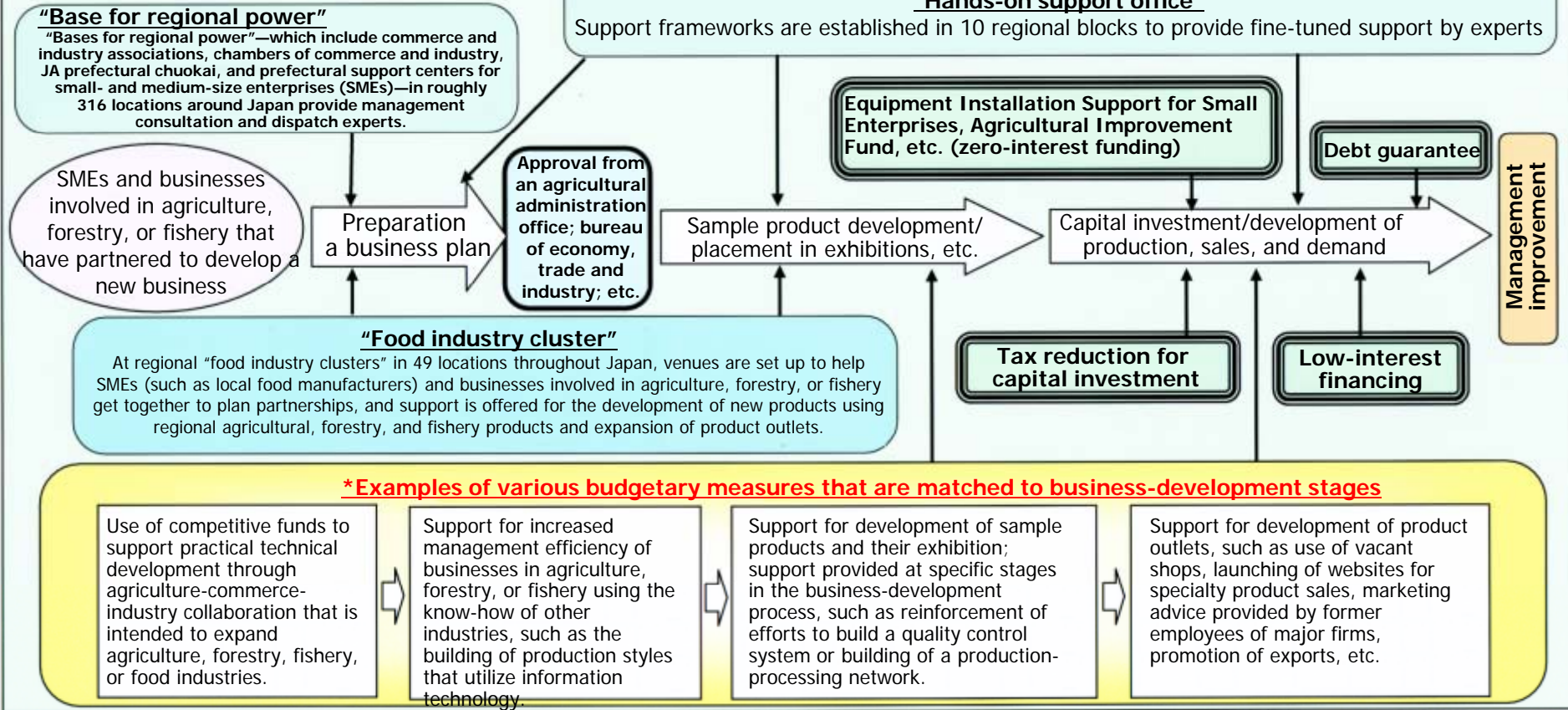
- ❁ "Sixth Sector Industrialization" is a coined word for primary + secondary + service sector of industry.





# Flow of support under the Law concerning the Promotion of Collaboration among Agriculture, Commerce and Industry

## 1) Support for businesses

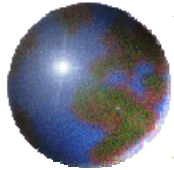


## 2) Support for supporting organizations



Note: Items marked by  indicate support based on legal authorization

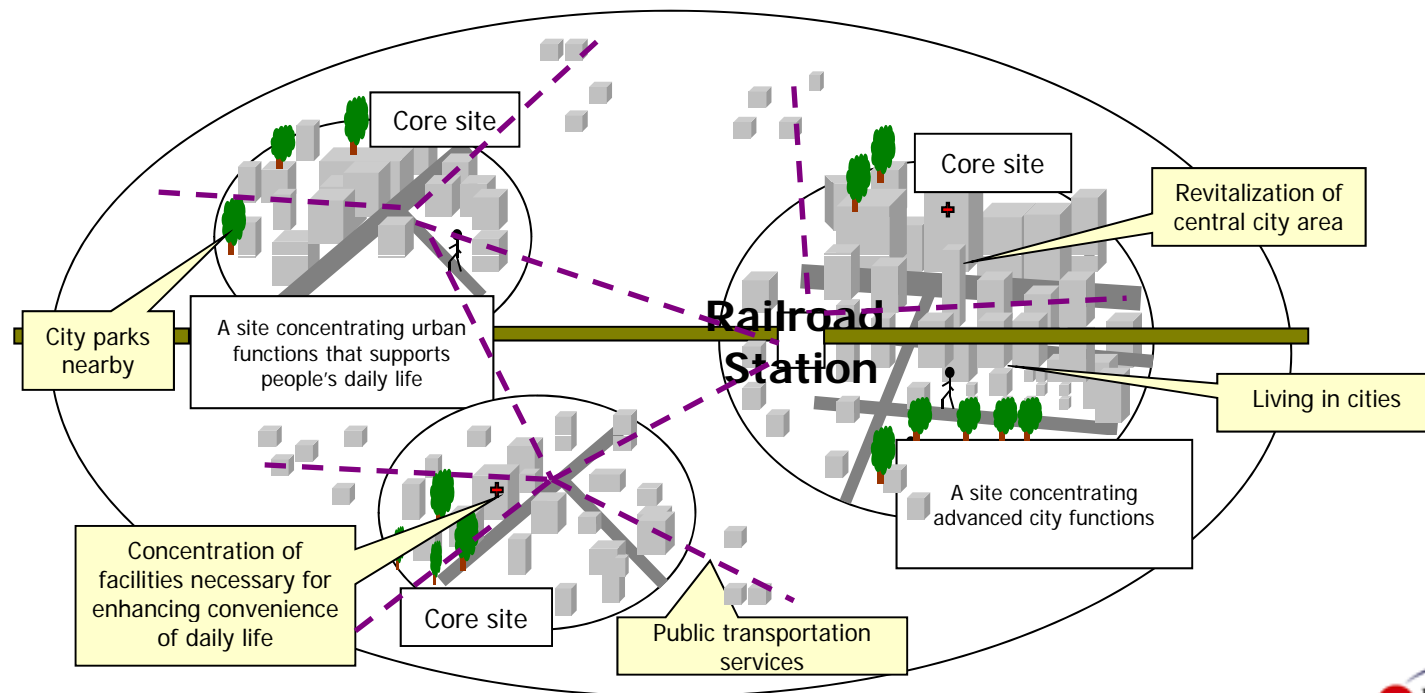


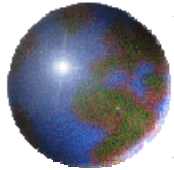


# Application of Eco-Compact City Concept to Rural Planning

Under the circumstances of the progressing decrease in population and aging of society, in order to respond to the requirements of more efficient urban management and actions against global environmental issues, city and life functions are concentrated to selected core sites in each city to secure accessibility to cities via mainly public transportation services, actions for building an Eco-Compact City will be initiated where environment and city functions are concentrated and coexist. By forming the Eco-Compact City, a sustainable city in terms of social, economic and environmental aspects will be built.

## Image of an Eco-Compact City

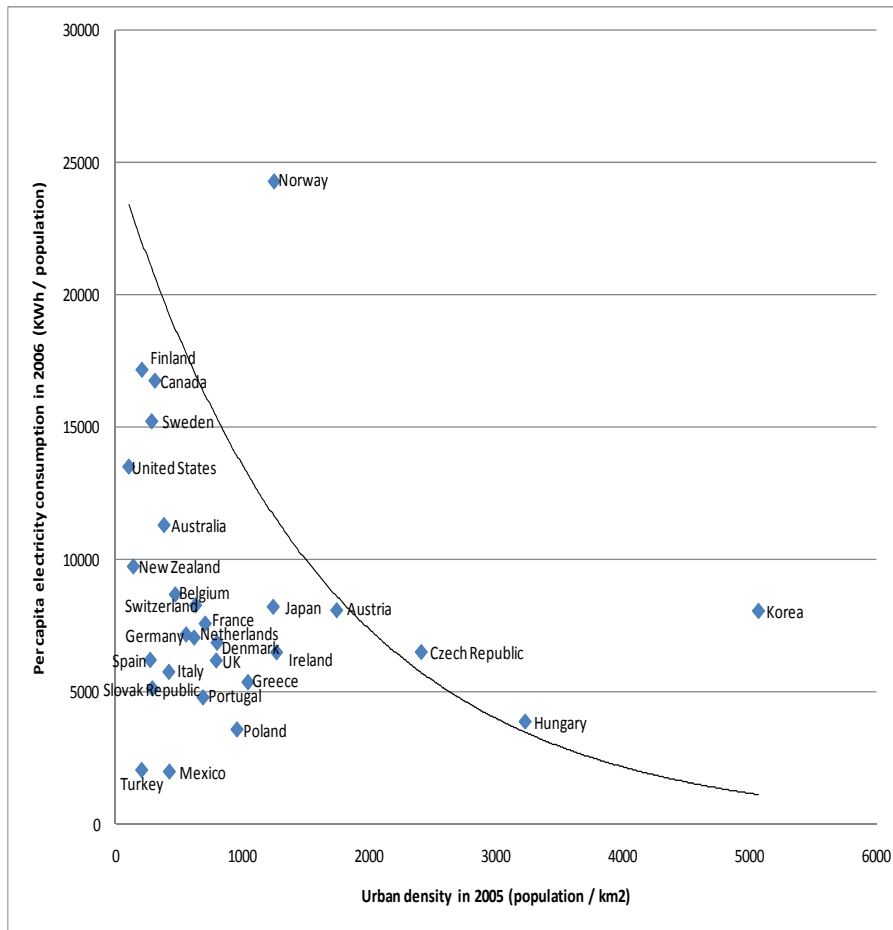




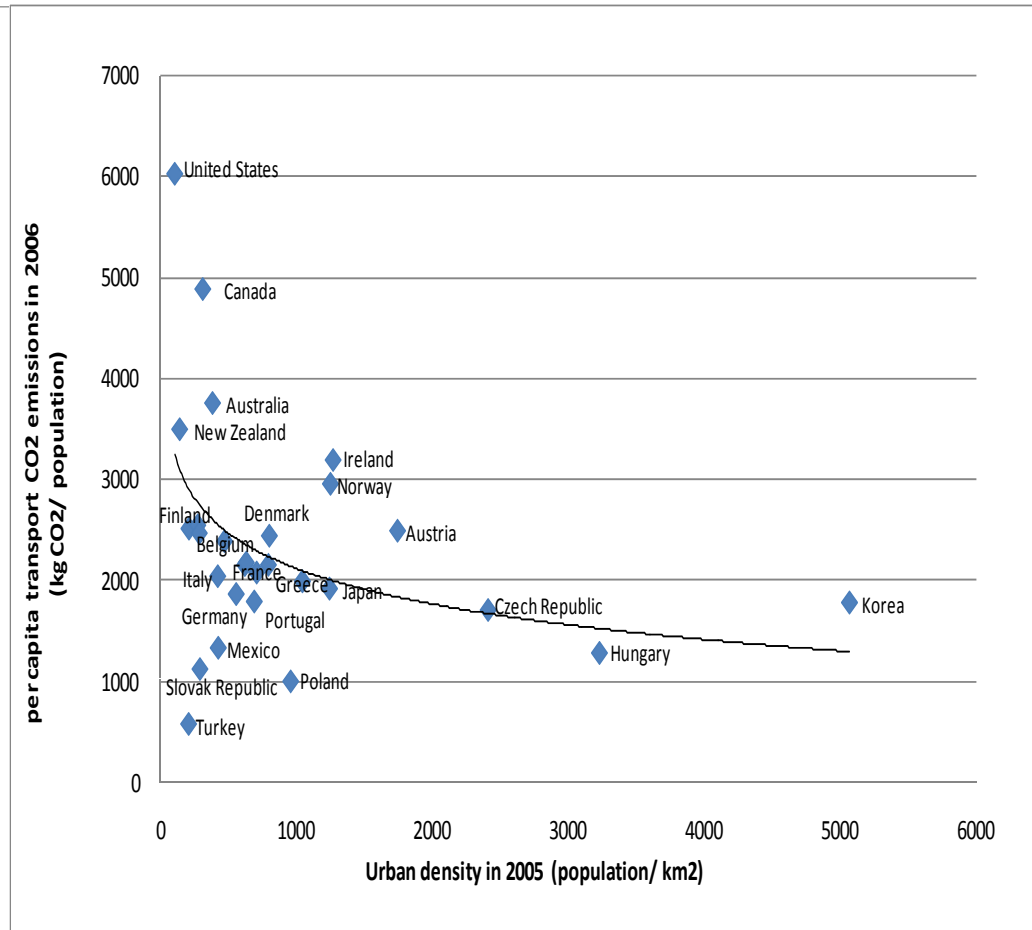
# Empirical Data Supporting Eco-Compact City

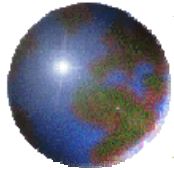
- Urban density emerges as a crucial element to reduce carbon emissions  
(Source: OECD Report on Competitive Cities and Climate Change (2009))

Urban Density and Electricity Consumption



Urban Density and Carbon Emissions in Transport

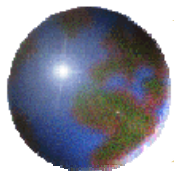




## Smart Shrinking Rural Planning

- Some researchers' group has just started discussing smart shrinking rural planning, although it was taboo to mention 'shrinking' in parallel with promoting revitalization of rural areas.





- ❁ Thank you very much for your kind attention!
- ❁ Shoud you have any questions, please do contact me!

Fumihiro KABUTA

Policy Research Coordinator

Policy Research Institute (PRIMAFF)

3-1-1, Kasumigaseki, Chiyoda-ku, Tokyo, 100-0013, Japan

TEL: +81-3-6737-9076

FAX: +81-3-6737-9098

E-mail: [fkabuta@affrc.go.jp](mailto:fkabuta@affrc.go.jp)

