

2014 New Year Greetings

(ASADA Katsumi, President, JCCU)

I would like to take this opportunity to extend New Year Greetings to all our members, staffs, stakeholders and Co-operative colleagues around the world.

I appreciate your understanding and support for our business and look forward to working with you again in the spirit of cooperation this New Year.

In November 2013, the ICA's Global Conference and General Assembly was held in Africa for the first time. The meeting which I also participated drew many cooperative leaders together to discuss key issues in the "Blue print for a co-operative decade". I realized that cooperatives of each country are working steadily towards solving various social issues - a potential driving force for cooperative development.

Three years have passed since the Great East Japan Earthquake, but the reconstruction of the affected areas is still mid-way.

In 2013, with the cooperation of many individual citizens and organizations, co-op engaged in a variety of reconstruction assistance activities. It is also a year that we expanded support business such as "dinner home delivery" for the elderly in the society. Our initiative to conclude "Regional Protection Agreement" with the various local governments was another area with great achievement.

In 2014 we will keep expanding our new energy business and lending for heavy debtors to bring relief to the financially oppressed in the society.



Consumer Co-ops held 2014 Policy Discussion Meeting

The Japanese Consumers' Co-operative Union, (JCCU) and the Japan CO-OP Insurance Consumers' Co-operative Federation co-organized a policy meeting for consumer co-operatives nationwide on January 14-15 2014 in Tokyo.

The meeting, which brought together directors and executive officers from co-ops across the nation, discussed 2014 fiscal year business plan and policy development to have a common understanding about the task to pursue in the New Year.

This meeting held once a year in January was participated by 360 persons.

Mr. ASADA Katsumi, President of JCCU, gave an opening remark and appealed to co-ops to exercise their total power as an organization of mutual help, to tackle various social issues confronting the nation and keep supporting efforts towards the reconstruction of the Great East Japan Earthquake.

In a keynote speech by Mr. SHIMADA Hiroyuki, CEO of JCCU, he summarized the 2013 fiscal year activities which marks the beginning of the 12th three-year plan for consumer co-operatives nationwide and further proposed tentatively special issues to be addressed in 2014.

Taken turns, the Managing Director of Japan CO-OP Insurance Consumers' Co-operative Federation, Mr. OGIHARA Takashi, also submitted the 2013 fiscal year business report and the business plan (proposal) for the 2014 fiscal year for his organization.

During the plenary session, which divided into three groups, participants actively debated on some of the key issues in the proposals to deepen understanding about the 2014 policy and business plan.

The discussions that took place in the three groups include "exertion of collective strength", "further strengthening of ties" and "maintaining sustainable business structure" respectively. About 50 people discussed each theme.



ASADA Katsumi, President JCCU



SHIMADA Hiroyuki, CEO JCCU



OGIHARA Takashi, MD CO-OP Insurance

this issue

2014 Co-op Policy Discussion Meeting **P.1**

2014 Business Management Issues **P.2**

News from Member Co-ops **P.3**

News in Brief **P.4**

2013 Keynote Business Summary

2013 was the first year of the 12th three-year plan of the consumer co-ops nationwide aiming to achieve Co-op Vision 2020. In this fiscal year, membership increased by 1.7% (101.7%) compared with fiscal 2012. However, the total business turnover for the first six months decreased by 0.3% (99.7%) with budget ratio 99.2%, indicating a continuous year-on-year loss. The decline in value is attributed to decrease in number of customers as well as decrease in average purchase per customer. This trend is general with almost all the retail industries in Japan.

Again, we aimed at ensuring a stable 2% ordinary surplus rate in the first half of fiscal 2013, however, the actual figure obtained by co-ops nationwide was 0.49%. The value compared with fiscal 2011 and 2012 shows continuous deterioration, minus 0.33 points and minus 0.07 points respectively.

In addition, there is a large variation in the financial situation of each community-based co-op. Co-ops in deficit are increasing and in such co-ops it is also possible that the impact of consumption tax hike may overlap, having effect on the foundation of business operation. There is the need to take appropriate measures as quickly as possible.

In the exercise of collective strength, coordination between each business entity, collaboration of co-op product development and member activities are started and being advanced.

In addition, business development efforts utilizing IT, and taken advantage of the members database to respond to each members need is being carried out.

In a further strengthening of ties, we continued to advance support to the revival of victims of the Great East Japan Earthquake especially in Fukushima prefecture through volunteer activities and life support fund raising.

2014 Fiscal Year Action Policy



SHIMADA Hiroyuki
Managing Director (CEO)

Situation recognition

The Japanese government has decided to increase the consumption tax from 5% to 8% on April 1, 2014. It is further scheduled to increase to 10% in October 2015. Also with the accelerated restructuring in the distribution industry, it is likely that the situation will have a big impact on co-op business and members' livelihood.

While also, aging and declining population has progressed further, disparity of income is widening even between regions and among individuals, anxiety about the economy and social security is increasing. The sound operation and management is important for co-op to play its role and develop its business.

Keynote of action policy

Three viewpoints of the 12th three-year plan of consumer co-ops based on Co-op Vision 2020 are as follows:

- ✓ Exertion of total power
Deepening ties between co-op and its members so that co-op could be used a lifetime.
- ✓ Further strengthening of ties
Making the connection between consumption and production and to deepen the relationship with the local community to enhance peace of mind in living in.
- ✓ Building a sustainable management structure
Cross-sector partnerships are needed for the drastic changes in the social structure. There is the need to strengthen solidarity with the regional federation through unification of policies regarding products development, merchandizing and sales promotion.

Special challenges in 2014

Due to consumption tax hike, and as the competition in the distribution industry further becomes strong, there is the strong need to find the best approach to management of co-op business and members livelihood. On the other hand, along with these efforts co-op still has to continue to offer assistance to the victims of the Great East Japan Earthquake. For these reasons, the 2014 fiscal year, has taken 3 main tasks as follows:

Responding to the rising consumption tax.

In preparation for the consumption tax hike which is scheduled to take effect from April 2014, JCCU is taken measures to lower the cost price of its brand products to surpress selling price rise. In order to reduce the cost price, material integration as well as review of product specifications are essential.

By consumption tax increase, price competitions would intensify. In order to maintain affordability of co-op items JCCU will advance its business with a sense of managerial competencies.

Strengthening product competitiveness

Distribution companies are promoting business expansion, including overseas deployment and the strengthening of the private brand.

In the competition, which intensifies, co-op will continue to promote initiatives to strengthen co-op product competitiveness by expanding member's participation in product development and improvement and to provide a stage where members could have exchanges with CO-OP product as a theme to raise members loyalty for such products. In the fiscal 2014-15, more than 2 million members nationwide will be involved in the activities.

We also aim to enhance and improve the quality assurance system, and provide members with better understanding regarding food safety and risk through communication and information magazines for members.

Retailing Business

While we focus on efforts to increase home delivery users we shall also advance efforts for their continuing use of the facility. We shall increase membership rate and the share of using co-op in the regions.

We shall strengthen the merchandizing of home delivery products in the category of frozen foods and convenient foods in response to the changes in the family structure. We shall promote deployment of new products as well as basic and priority items with value and price appeal.

Improve the profitability of the store is an urgent need to strengthen the sector, especially in the section of fresh foods. In addition to skill improvement of store personnel, there is the need to improve the procurement mechanism as well as reviewing the policy regarding assortment procurement.

CO-OP Insurance Business

Strengthening of the insurance business will be advanced through the active promotion of communication with policyholders to know their needs and request leading to product improvement in the business.

Minister of Health, Labor and Welfare Award

The Ministry of Health, Labor and Welfare held the 65th Anniversary of its commendation for the enactment of the consumer co-operative legislation.

The anniversary, which is held once in five years, since 1950, was held at the office of the Ministry on October 24, 2013.

27 Co-op societies and 25 executives from the co-ops and co-op federations were presented award for their contribution to the society through their sound and safe business, in line with the principle of consumers' cooperative society law.

The award is a recognition for co-op's achievements in offering consumer-oriented goods and services that leads to increase the quality of life of its members.

The Deputy Minister of Health, Labor and Welfare, Mr. SATO Shigeki, gave the congratulatory address and stated that co-ops have pursued a sound business management for many years, leading to the good relation with the national and local governments. Co-ops contribution is recognized as a partner for community development where people can live with security.

JCCU and member co-ops feel honored for this recognition that attests to co-ops importance in socio-economic development of the nation, a great empowerment to co-op in its advancement of initiatives to help solve the challenges in the changing society. The recognition also leads to the enhancement of co-op's visibility in line with the 2012 International Year of Co-operatives declared by the United Nations.



Congratulatory message by Mr. SATO Shigeki.

Co-op Sapporo Receives Food Action Nippon Award 2013

Co-op Sapporo's "Hatake de Restrant® (Restaurant on the Farm)" which is a registered trade mark of Co-op Sapporo was presented the Food Action Nippon Award in the distribution category on December 3 2013.

This program is designed for the promotion of healthy eating, food self-sufficiency, safety and security of food, as well as raising awareness about Hokkaido grown farm products with the help of prominent chefs.

"Hatake de Restrant® (Restaurant on the Farm)" is a series of food tourism projects where tourists visit prize-winning producers of the Co-op Sapporo Agricultural Award and enjoy culinary art prepared by famous chefs in the beautiful countryside of Hokkaido.

In fiscal 2013, Co-op Sapporo held 19 restaurant events from June to October. The event is gaining popularity as customers have opportunities to share an intimate lunch with fresh producers and distinguished chefs in the beautiful farmlands of Hokkaido. The farmers and the chefs are the soul of the program as they are conscious and active about food safety and security.

The Food Action Nippon was established by the Ministry of Agriculture, Forestry, and Fishery, as an initiative to boost consumption of domestic fresh produce. It recognizes the organizations, which contribute to improve food self-sufficiency and strive for a society where the present and future generations, can eat safely among family and friends.

Co-op Sapporo will continue to disseminate the treasure of Hokkaido agriculture through "Hatake de Restrant® (Restaurant on the Farm)" in fiscal 2014.



Appetizer sample



Caponata of assorted vegetables topped with raw ham with corn sauce

Consumer Co-operative U Co-op Embraces Fairtrade Banana

U Co-op trading in fair trade banana from the Republic of Colombia started five year ago.

In the four years, from 2009-2012 fiscal year, about 2.1 million bags of fair trade bananas had been sold and about 8.6 million yen returned to the banana plantation employees in Columbia as premium. This implies that for each bag of banana a premium of 4 yen was returned to the plantation workers.

The total premium for the fiscal 2012 was used for the construction of classrooms for school children, improvement of the public education system and the development of home drinking water.

On October 29, 2013, Mr. TOUGU Shinichi, chairman of U Co-op paid a visit to the Embassy of the Republic of Colombia to Japan, where he met the Ambassador Ms. Patricia Cardenas who expressed her gratitude for U Co-op's efforts of fair trade banana.

The ambassador presented to him a letter of appreciation and expressed her desire to further strengthen ties with U Co-op.

The "Green Co-op Fairtrade Banana" is grown in Colombia Santa Marta. The product has received a fair-trade certification. Cultivation is carried on while protecting the environment. Organic fertilizer is used instead of herbicides, insecticides and fungicides.

Ambassador Cardenas and Mr. Tougu pose for a picture below.



2014 New Year Reception Held

The Japanese Consumers' Co-operative Union, Japan CO-OP Insurance Consumers' Co-operative Federation and the Japanese Health & Welfare Co-operative Federation (HeW Co-op Japan) co-organized a new year reception on January 14, inviting more than 750 people, including co-op stakeholders, the media, academics, co-operative organizations, leaders from various institutions including political parties and representatives from the Member of Parliament. The occasion provided a chance for free discussion about co-operative business among the attendees.

In his opening address, ASADA Katsumi, President of JCCU, reminded the audience about the collective effort needed to speed up the recovery process in the areas devastated by the Great East Japan Earthquake. He also stressed the role of co-op in food safety.



Greetings by ASADA Katsumi, looking on from left and right are the President's of CO-OP Insurance and HeW Co-op Japan



Mr. TAMURA Norihisa, Minister of Health, Labor and Welfare greeted the audience and complimented on Co-ops effort in the socio-economic development of Japan.



General scene of audience

News in Brief

Awards

"Toyama stop global warming Act Award" is an initiative of Toyama prefecture to help promote environmental protection activities in the region.

It is held every year and award is given to individuals and organizations that introduce excellent ideas, measures and technologies towards global warming prevention.

This year's event, which was held on December 14 2013, was won by Co-op Toyama by receiving commendations from the governor of Toyama prefecture as an organization pursuing best initiatives in environmental protection.

Co-op Toyama's year-long activity including decreasing and composting garbage, production of organic vegetables using the compost, and organizing garbage recycle workshops for elementary school kids and members of Co-op Toyama, was highly evaluated for its contribution towards decreasing wastes and increasing awareness of recycling.

Co-op Toyama promoted "the 1st Eco Life" and "electricity diet" in Toyama Prefecture as global warming measures in individual homes.

In addition the Co-op raised public awareness of global warming prevention by inviting members to learn and practice environmental poems and stage candle night. This activity was highly evaluated in this year's award.



Mr. ISHII Takakazu (left) Governor Toyama Prefecture presenting the award to Mr. TERAOKA Tomio MD Co-op Toyama.

Co-op Tohoku Sunnet signed agreement with Prologis to build a logistic facility

To reduce environmental impact as well as enhancing business efficiency, Co-op Tohoku Sunnet, a consumer co-operative business federation in Miyagi Prefecture, has signed a build-to-suit agreement with Prologis, a provider of distribution facilities, to develop exclusively for their use a logistic center in Tomiya town north of Sendai.

The logistics facility will be a 3-story of approximately 40,800 square meters with total site floor area of about 28,700 square meters. Construction is scheduled this spring, and completion in May next year.

The facility would enable intensive integration of the dry center owned by Co-op Tohoku Sunnet to realize increase in efficiency. While establishing a track berth in the first and the second floors, a slope will also be installed which would allow a maximum of 40 foot container trailer to ride in directly. It is provided with a vertical conveyance machine on each floor to allow efficient logistics operations.

Regarding business continuity as important, a private electric generator will be introduced.

In addition, it is scheduled to install LED lighting in the entire building and rooftop solar panels to make the facility environmentally friendly.

The proposed logistics center will serve 6 prefectures, the northeast Aomori Prefecture, Iwate Prefecture, Akita Prefecture, Miyagi Prefecture, Yamagata Prefecture, and Fukushima Prefecture, which are members of the Tohoku Sunnet Federation.



Rendering of the new facility

Co-op Plaza
3-29-8, Shibuya, Shibuya-ku
Tokyo, Japan 150-8913
+81(3)5778-8103 tel
+81(3)5778-8104 fax
<http://jccu.coop/eng/>
email:kokusai@jccu.coop

JCCUNews is published by the International Department.
For inquiries contact the address on the left:

Download the previous issues from:
<http://jccu.coop/eng/jccunews/index.php>