



Agribusiness Involvement in Local Agriculture as a 'White Knight'? A Case Study of Dole Japan's Fresh Vegetable Business

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Abstract. In the past two decades, Japanese agriculture has been shrinking under policies of deregulation, with domestic production being replaced rapidly by imports, in which multinational agribusinesses are key players. Today there is an increasing presence of multinational corporations in Japanese rural sites. Dole Japan, a subsidiary of Dole Food Company, launched a domestic vegetable business in 2000 by organising their own franchise farms and distributing their products with the 'I Love' brand through their own supply chain. Although Dole Japan was expected to play the role of a 'white knight' in salvaging crumbling local agriculture, it has closed down some farm corporations in regions where it was not successful.

Our focus in this article is on the interaction of (1) power, in which Dole Japan plays a dominant role in several rural sites, (2) market response (increasing demand for quality control and traceability), (3) political changes (deregulation), and (4) expectations from rural communities. We will also explore the limitations of the concepts of 'domestic' and 'safety' in sustaining agriculture and rural economies and will offer the concept of 'locality' as an alternative space of food politics.

Introduction

The globalising process of the fresh fruit and vegetable industry has attracted considerable attention from scholars in sociology and the political economy of agriculture and food (Friedland, 1994). Most of this interest has been concentrated on how the globalisation of the fresh fruit and vegetable sector, traditionally conceptualised as local, regional, or national in scope, has been facilitated by multinational corporations, notably supermarket chains and distributors. A number of studies have

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examined how the agricultural globalisation has transformed the socioeconomic landscapes within affected countries (Gwynne, 2003; Dolan and Humphrey, 2004). The trade in fresh produce can be characterized to a large extent by south-to-north, cross-continental movement, though intraregional trade is also important, as in the case of the EU and NAFTA (Friedland, 2005).

Japan is one of the countries heavily affecting and being affected by the globalisation of the sector. Although the bulk of fresh fruit and vegetables (except tropical ones) are still produced domestically, imports of fresh produce are increasing rapidly. This has led a number of researchers to examine the role of the Japanese import market in the restructuring process of regional agro-food systems (Jussaume et al., 2000a), and to question the role of multinational agribusinesses, including Japanese general trading companies, in the process (Jussaume, 1994). But little research has been done on the *strategy* of multinational agribusinesses and their direct impact on domestic and local agriculture in Japan. This issue can, and should, not remain unexamined, particularly in an era when consumers are beginning to think of 'safe' food as being domestic or local fresh produce. It is this concept that agribusinesses are now exploiting.

The purpose of this article is to analyse the background of the increasing corporate involvement in Japanese agriculture, and its consequential impact on local farmers and rural economies. The article focuses particularly on the case of Dole Japan's fresh vegetable business, since it is the first and most prominent case of direct involvement in Japanese agriculture by a multinational company. Dole Japan Ltd., an affiliate of Dole Food Company, Inc., had been engaged in the importing business for some time when it launched its fresh vegetable business in Japan in the year 1998.

Although several domestic agribusinesses have also moved into the agricultural sector through direct or contract-style farming, it was direct investment by this foreign multinational corporation into Japanese agricultural production that ushered in a new stage of Japanese agriculture in the global era. What is unique in the case of Dole Japan, when compared with the conventional pattern of direct multinational involvement in agricultural production of other countries, is that the Japanese agricultural sector is considerably less competitive and has been de-emphasised and almost abandoned by mainstream political economic interests. Our hypothesis in this regard is that the example of Dole Japan clearly shows that local rural areas have growing expectations of the role played by corporations in investing in their local stagnating rural economies while, in reality, increasing agribusiness involvement in domestic and local agriculture is simply intended to capitalise on the universally growing niche market for 'quality' products. Therefore, our case study is relevant to the question of whether a national agriculture (which seems to be presently abandoned by its government) can be rescued by multinational agribusiness becoming involved in local agricultural production; and what are the potential social and economic impacts of such a transition.

The article proceeds as follows. First, it discusses theoretical perspectives. Second, it presents some realities faced by the Japanese agricultural sector, and several factors concerning the increasing involvement of corporate capital in direct farming operations. It will then give an outline of Dole Japan's agribusiness strategy, including its distribution business and farming business, the latter being a basic analysis of the shift from contract farming to franchise farming. Next, two case studies will be provided as examples of how Dole Japan manages its fresh vegetable business. Finally,

the article will examine carefully and critically whether corporate involvement, expected to behave as a 'white knight', might salvage or damage local agriculture.

Theoretical Perspectives

As commonly understood by scholars in rural sociology and the political economy of agriculture, the industrialisation of agriculture has not necessarily resulted in the direct ownership and control of on-farm production activities by off-farm agribusinesses (Buttel et al., 1990; Friedland et al., 1991). To explain this 'paradox', the concept of *subsumption* has been rediscovered by some Western scholars in Karl Kautsky's *The Agrarian Question* (Watts, 1996; Pritchard and Burch, 2003). Besides subsumption, the concepts of *appropriation* and *substitution* are also applied to explain the process of the industrial transformation of agriculture (Goodman et al., 1987). As a way of indirect control of rural production processes, agribusiness corporations have developed various contract farming systems, by which they can organise agricultural production in line with corporate strategies and market demands in an efficient and risk-averting way (Wilson, 1986; Glover and Kusterer, 1990; Little and Watts, 1994). While contract farming is widely used in value-added food processing sectors such as broilers, sugar, wine and canned/frozen vegetables, it is also promoted in the fresh fruit and vegetable industry, where quality control is the predominant concern. However, it is notable that recent market developments in terms of increasing importance of supply chain management (i.e. emerging quality certification programmes and traceability schemes) and greater product differentiation has given rise to an inclination towards more direct, vertically coordinated control by agribusinesses over on-farm productive activities (Dolan and Humphery, 2004).

In general, the literature on the new political economy of agriculture has a strong focus on the global restructuring of agro-food systems (Bonanno et al., 1994; Burch et al., 1996; Buttel, 2001), in which contract farming and other kinds of vertical coordination are examined as an integral element of the new industrial transformation and the use of low-cost labour in agriculture. Whether organised in developed or developing countries, such systems can be seen as the means for agribusiness to exert control over farming. The approach of political economy is, however, criticised on the grounds of having too much focus on the outcome (i.e. domination) of the historical and structural transformation of agriculture and less focus on the existing life-worlds of the individuals and social groups and their capacity (agency) to organise themselves and mobilise their resources (Long and van der Ploeg, 1994).

While criticising the concept of structure and external causative notions such as 'the logic of commoditisation' and 'the subsumption of the peasantry', actor-oriented studies in rural sociology emphasise the heterogeneity, complexity and open-ended potential of rural actors' strategies, 'interlocking' projects, or endogenous development (Long and Long, 1992; Long and van der Ploeg, 1994). It is arguably important to focus our attention on local networks of rural actors, who attempt to resist the dominant power and create their own space by using local resources and even by re-appropriating institutional resources in order to ensure their survival and persistence. But this approach is sometimes too focused on agency and the intention of specific local actor networks. This often results in a failure to examine the uneven distribution of economic and political power defining the availability of socioeconomic and political mobilisation of a mass of social actors in rural sites, particularly in cases where

powerful economic actors become more directly involved in the control of local production practices.

In other words, we need to improve our understanding of the macro-level dynamics of global agro-food restructuring and the expanding commodity chains, which are more or less dominated by hegemonic powers, and then illuminate how these macro-level dynamics can interact with any given agency at a local level. Otherwise, we cannot contextualise whatever takes place at a specific rural site, especially given the increasing presence of agribusinesses even in the areas of quality and local production and consumption. But, as stressed in actor-oriented studies, these structuring factors are not completely determining the action and consciousness of human actors. Furthermore, corporate strategies in rural sites are constructed and even modified in the course of interactions with various actors and with market conditions and relevant policies. Therefore, both approaches are required. As Vellema (2005) rightly indicates, the evolution of a contract growing scheme is not simply a story of dominance and resistance, but also involves the modes of cooperation between people, the type of governance, the imposition of rules, and the institutional configurations connecting people and technology.

The article, however, is less concerned with what takes place inside the institutional and organisational configuration of contract farming, or other kinds of vertical coordination (Vellema, 2002, 2005). What it wants to achieve is to draw attention to how agribusinesses are wielding their hegemony, while still being challenged under growing pressure to meet the needs of different stakeholders, notably consumers with concerns about 'safety' and 'locality'; at the same time, these values will be ultimately appropriated by agribusinesses, but never done without any contradiction in their strategies. Here we would like to refer to Harriet Friedmann's insightful discussion of a corporate-environmental food regime, in which so-called *green capitalism* arises as a response to pressures by social movements, while at the same time choosing alternatives that best suit them in terms of expanding market opportunities and profits (Friedmann, 2005). Given the emerging complexity of quality standards and certification schemes (Sekine et al., 2008), the words *healthy* and *natural* have been more or less appropriated by corporate brands. Concerning studies in Japan, where 'interlocking' struggles in rural sites to secure 'local food networks' or 'alternative agriculture' are recognised (Kimura and Nishiyama, 2008), this article's primary focus is on the fact that some agribusiness firms, including Dole Japan, regard the agricultural sector as a new and promising arena for profit-making. The article contends that understanding such manoeuvres by the powerful is important, in order that the people in rural areas can look beyond local experience and act positively to change broader socioeconomic and political landscapes.

In short, from the above theoretical point of view, what will be revealed in this article is the extent to which agribusiness corporate power is now dominating the Japanese agricultural sector, why and how they are penetrating rural sites, and how various stakeholders with vested interests (ranging from local agricultural producers, to agricultural cooperatives, to urban consumers, and to local and national governments) interact with each other. Only then will it be suggested whether there is room for resistance (or an alternative space of food politics) to counter agribusiness corporate power, especially as these dominant corporations are already trying to appropriate emerging alternative market opportunities for quality products.

The Background to Corporate Involvement in Farming in Japan

Over the past two decades, Japanese agriculture has been shrinking year by year. Japanese agriculture is characterised by (i) a scarcity of arable land, the amount of which is undergoing long-term decline: arable land in 2005 was 4.69 million hectares, a decrease of 13% since 1985, and arable land under cultivation was 3.45 million hectares, a decrease of 22%; (ii) an increase in abandoned cultivable land areas: 386 000 hectares in 2005, increased nearly threefold over the same period; (iii) small farm sizes: the average size of commercial farm households in 2005 was 1.3 hectares, excluding Hokkaido region where the average size was 18.6 hectares; (iv) low wages and falling agricultural incomes: the average wage in agriculture for males in 2005 was 62% of the average national wage in industry, and earnings from agriculture provided only 14% of total farm household income in 2004; (v) numbers of part-time and aging farmers are sharply increasing: the proportion of commercial farm households with full-time farmers under 65 years of age was 26% in 2005, while the proportion of commercial farmers aged 65 years or over was 38%; and (vi) a lack of agricultural successors: the proportion of commercial farm households with successors engaged fully or mainly in farming was 6.8% in 2005 (MAFF, 2005). It is worth noting that, while declining farm numbers seem to provide opportunities for a limited number of 'certified agricultural operators'¹ to expand their production, increasing pressures are curtailing the availability of resources (land, capital, and labour), even for their farms.

This downward trend has been exacerbated by government policies of deregulation under external and internal pressures since the early 1980s, although the trend has not been uniform across commodities. It is widely believed that the levels of agricultural support overall remain very high in Japan. Protectionist policy objectives and directions for agriculture were set down in the Basic Law on Agriculture enacted in 1961, which was then fundamentally revised in 1999 in accordance with the establishment of the World Trade Organization (WTO). Even before this reversal in agricultural policies, government and mainstream business circles had been pushing ahead with a policy that undermined family farming by abolishing the price-support system and by excluding small-scale farmers from being government-designated 'certified agricultural operators'. When it comes to trade policies, self-sufficiency ratios of wheat, barley and soybeans had decreased sharply in the 1960s. Most vegetables, fruits and livestock products had been liberalised before the 1980s, but they were still being largely produced domestically until 1985 (i.e. Plaza Accord), when the rapid appreciation of the yen brought about a substantial increase in imports of these products. The import of beef and oranges was still regulated at that time, but was liberalised in 1988 mainly due to mounting pressure from the U.S. It was not until 1999 that rice was finally (but still only partially) liberalised under WTO rules. As a result, domestic agricultural commodity production has been replaced rapidly by increasing imports, making Japan's food self-sufficiency ratio one of the lowest in the world (39% on a calorie basis, Figure 1).

It would seem from the above that the Japanese agricultural sector would be unlikely to draw enough attention from agribusiness corporations to encourage them to invest in farming. Nevertheless a growing range of corporations have invaded the agricultural sector in recent years (JETRO, 2005; Tsutaya, 2000; Muroya, 2004). For example, Kagome Co. Ltd., Japan's biggest manufacturer of tomato ketchup and tomato juice, entered the fresh vegetable business in 1998, and now grows fresh table

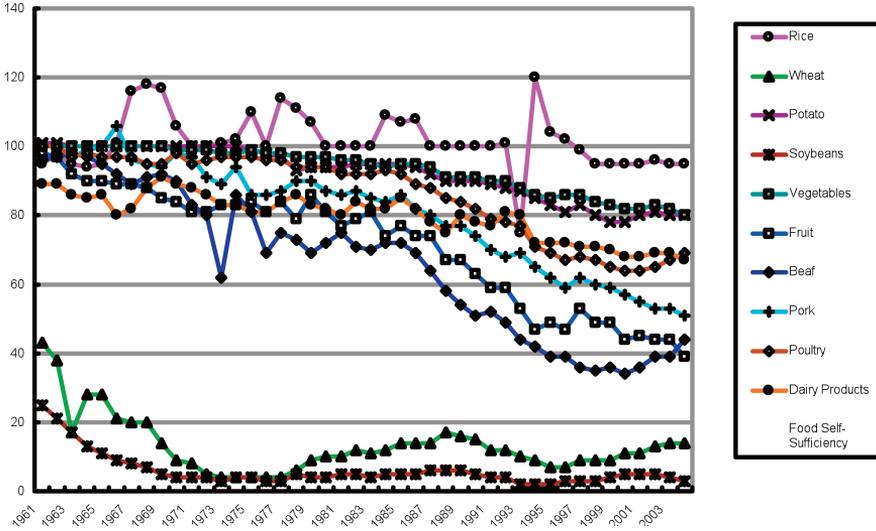


Figure 1. Food Self-sufficiency in Japan

Source: Ministry of Agriculture, Forestry and Fisheries in Japan.

tomatoes for retail sale. For this purpose, Kagome has established and operates eight large, glass greenhouse operations, in addition to its involvement in the age-old practice of contract farming with tomato growers. Another example is Watami Co. Ltd., a Japanese-style pub restaurant chain, which has established eight Watami Farms since 2002 to conduct organic farming (450 ha) and sell farm products to group companies and other enterprises (Jordan and Hisano, 2006). As discussed in detail in the following sections, Dole Japan also has organised eight farms across the country since 2000,² although its first involvement in fresh vegetable production in Japan can be traced back to a network of contract farmers launched in 1998.

Three main factors can be identified as contributing to the increasing involvement of agribusinesses in direct farming operations. The first is that, since 2000, various measures to deregulate the agricultural sector have been introduced to make it possible for private joint-stock companies to acquire farmland as an 'agricultural production corporation' (Nougyou-seisan-houjin). A bill was passed in November 2000 and enacted in March 2001 to amend the Agricultural Land Law (which had limited until then the ability of non-farmers and private corporations to own agricultural land) to allow agribusiness to acquire farmland directly, though under several restrictive conditions, including a limited equity participation of joint-stock companies and a restriction on transfer of stocks. In June 2002, the cabinet of Prime Minister Koizumi put forward the idea of 'special zones for structural reform' (Kouzou-kaikaku-tokku) to permit deregulated commercial activities, including farming. Out of the total of 847 special zones that have been authorised as of July 2007 (with 447 cases called back since their business activities have been deregulated on a nationwide scale), 134 special zones are associated with agriculture and forestry activities. In some cases, joint-stock companies are permitted to lease farmlands for agriculture and related business purposes. In September 2005, this system of farmland leasing was further deregulated to lift the restrictions of areas and allow joint-stock companies to participate in agriculture anywhere a municipal government

designates as an area having a strong likelihood of farmland being left uncultivated. The New Basic Plan for Food, Agriculture and Rural Areas in 2005 recommended promoting measures to prevent abandonment of (and to promote effective utilisation of) farmland through approval of leasing of farmland by joint-stock companies. These measures led to high expectations that involvement by agribusiness would help local agriculture overcome its crisis, especially in those regions that appeared to be less favoured in terms of capital investments and with concentration of production on a core group of certified farmers.

The second factor leading to increased agribusiness involvement in Japanese agriculture was a series of deregulations of the wholesale market system and an increase of supermarket chains. The Japanese distribution system has traditionally been characterised by large numbers of small retail outlets and a multi-layered system of wholesalers. Wholesalers operating in publicly run terminal markets sell to intermediate wholesalers and retailers, but the volume and transaction value of commodities they handle have been declining in recent years (Fujishima, 2005; Ono, 2005). In 2005, wholesale markets handled 75.4% of the vegetables, 48.6% of the fruits, 61.3% of the fisheries products, and 10.3% of the meat products distributed in Japan, falling from the 1985 percentages of 87%, 81%, 77%, and 22% respectively. The Wholesale Market Law was amended in 1999 to allow negotiated transactions, in place of a publicly open auction market system, to determine prices. Since then, the share of fresh fruits and vegetables traded through the auction system has rapidly decreased to around 25%. The Wholesale Market Law was again amended in 2004 to lift the regulation of nationally unified commission rates for wholesalers (8.5% for vegetables, 7.0% for fruits, 5.5% for fisheries products, etc.), and to allow them to be set in accordance with the specific functions and services of wholesalers (this change will take place in April 2009). Third-party and direct sales have also been allowed. All of these measures have stimulated competition among wholesalers, intermediate wholesalers, and third-party distributors (JETRO, 2005). These moves partly reflect the increase in volume of imported produce and processed foods, where direct distribution and marketing (and therefore negotiated transaction in advance) is preferred between import traders and retailers. Simultaneously, a series of regulatory changes to the Large Scale Retail Stores Law have resulted in an increase in the number and market share of supermarket chains, while small stores, which have relied mainly on the wholesale market system, are being forced out of business (Tsuchiya and Riethmuller, 1997; JETRO, 2007). This in turn has put many competitive pressures on wholesalers and intermediate wholesalers. Also evident is the rise of third-party distributors, including the affiliated companies of Dole Japan, which are well prepared to meet the needs of supermarket chains. What is important about these facts is that this new and growing non-wholesale market channel is weighted heavily in favour of those agricultural producers (including the franchise farms of Dole Japan) who are well positioned to sell their produce directly to specified markets or buyers.

The third factor is an increasing consumer demand for food safety and high quality domestic or local agricultural products. Given the impact of several food poisoning scandals in the 1950s and 1960s, and the increasing awareness of exposures to chemical residues in imported foods since the 1980s, it is not difficult to imagine that Japanese consumers are highly sensitive to food safety issues (Jussaume et al., 2000b). Their food safety concerns have continued to grow after a series of food-related incidents, including *E. coli* O157 contaminations in 1996, the contaminations of unauthorised GMOs (e.g. StarLink corn) in 2000, the Snow Brand food poisoning

incident in 2000, BSE outbreaks in 2001, the detection of high pesticide residues in frozen spinach imported from China in 2002, bird flu outbreaks in 2004, as well as a spate of mislabelling of products. Thus, food safety has become an important factor in governmental policy and corporate strategies (Nanseki, 2007). The Japanese government has imposed stringent requirements on agrochemical residues in food products by introducing a new comprehensive safety and sanitation-monitoring programme (the Positive List System) in 2002, and has also enacted the Food Safety Basic Law in May 2003, under which the Food Safety Committee was established. On the part of food companies, being aware that any mishandling of food safety requirements would put them at risk of being forced out of business, the introduction and implementation of traceability measures becomes a requirement to stay competitive. It also means that they can distinguish their products from their competitors by meeting correct standards and providing valid traceability information. This explains why some companies, especially supermarket chains, set their private quality standards in addition to public food safety standards (Jonker et al., 2005). Furthermore, partly linked to food safety concerns, Japanese consumer perception of domestically and/or locally produced food products is very positive. An opinion poll conducted by the Ministry of Agriculture (MAFF) in November 2005 clearly shows that consumers prefer domestically produced vegetables especially in terms of their attributes of safety, freshness and high quality. Another opinion poll conducted by the Agriculture Finance Corporation (AFC) in February 2007 came to the same conclusion, demonstrating that consumers are quite conscious of whether the food products they purchase are domestically produced or imported from abroad (82% of respondents answered 'yes'), while their perception of domestically produced foods is 'expensive' (71%) but 'safe' (81%). This precisely reflects on what Dole Japan emphasised in their advertising campaign, when they launched their fresh vegetable business within Japan.

Dole Japan's Agribusiness Strategy and Fresh Vegetable Business

Dole Food Company and Dole Japan

With its fully integrated operations of sourcing, growing, processing, distributing and marketing, Dole Food Company is the world's largest producer and distributor of fresh fruits and vegetables. The company was set up in Hawaii in 1851 to sell wholesale goods, and in 1858 entered the food business with their first investment in Hawaii's sugar industry. James Drummond Dole, with degrees in business and horticulture and a keen interest in farming, came to Hawaii and set up a plantation (incorporated as the Hawaiian Pineapple Company in 1901) to grow pineapples and founded the Dole Food Company. In 1961, the latter company merged with Castle & Cooke and a few years later entered the banana business. In 1991, Castle & Cooke changed its name to Dole Food Company, Inc. In 2003, it was bought out by its chairman and CEO, David H. Murdock, and became a private company. Besides being one of the world's leading producers of bananas and pineapples, the company is also a major marketer of a diverse range of fresh, dried, and canned fruits, as well as fresh-cut flowers, fresh vegetables and nuts. Since 1990, Dole has launched value-added products, such as packaged salad mixes and pre-cut vegetables. In all, Dole sells or sources over 200 products in more than 90 countries and employs approximately 59 000 people worldwide.

As is often the case with multinational agribusinesses, Dole has been the target of international criticism mainly for its unfair personnel management and heavy use of agrochemicals (Banana Link et al., 2006). While the company remains a target of campaigns by civil society organisations, it is now committed to various CSR (corporate social responsibility) strategies, such as comprehensive food safety programmes, nutrition education programmes,³ and ethical conduct in its business dealings (Dole, 2006).

Dole Japan, which was established in 1965 as a subsidiary of Dole Food Company, was initially created to import and wholesale bananas and pineapples produced in the southern Philippines. But since then, Dole Japan has been able to greatly expand its business, thanks largely to the Japanese government liberalising its trade laws. In 1992, however, the Japanese banana market saw a price collapse due to a poor harvest in the Philippines and an influx of Latin-American bananas. This sharp drop in banana prices was a blow to the company. In the face of this, the company changed its marketing strategy and diversified the number of products it handled. It launched its business in the distribution and production of fresh vegetables within Japan using its financial power to establish integrated operations in its chosen sector (Sekine, 2006).

Distribution of Fresh Fruits and Vegetables

With its eye on distributing fresh fruits and vegetables sourced both internationally and domestically to retailers (mainly supermarket chains including consumer cooperatives), Dole Japan has established three joint companies with Kyowa Co.⁴ and one of the major general trading companies, Itochu Corporation (Table 1). The first joint company, Fresh System Inc., was set up in 1991 to function for processing, packaging, repacking and marketing of fresh fruits, vegetables and cut flowers. The second company, K.I. Fresh Access Inc. (KIFA) was established in 1998 to supply a variety of perishable foods to grocery and supermarket chains in response to customer demand. For this purpose, in addition to wholesaling fresh fruits and vegetables, the

Table 1. Dole Japan's Joint Companies.

Name	Fresh System Inc. (FS)	K.I. Fresh Access Inc. (KIFA)	E-supportlink Inc.
Foundation	1991	1998	2001
Capital stock	2,017 m JPY	1,245 m JPY	2,471 m JPY
Sales	19 587 m JPY	150 000 m JPY	5,209 m JPY
Shareholders (%)	Dole Japan (30.5) Sumitomo Fruits (22.1) Nagoya Seika (4.7) KIFA (4.5) Itochu Fresh (2.2)	Fresh Access (33.0) Itochu (33.0) Dole Japan (16.5) Sumitomo (16.5)	KIFA (16.7) JAFCO (10.7) IT2000 Investment (10.7) Itochu (7.3) Sumitomo (7.3)
Main activities	Processing, packaging, repacking, and marketing of ffv and cut flowers Import and export of ffv and cut flowers	Wholesale of ffv and processed foods Management of ffv centres Customer logistics services	Customer information services for ffv

Source: Websites of these three companies (<<http://www.freshsystem.co.jp>>, <<http://www.kifa.co.jp>>, <<http://www.e-supportlink.com>>).

company offers an advanced distribution system and an ECR (efficient consumer response) system through computer networking. A third company, E-supportlink Inc., was established in 2001 to provide perishable food distributors with information technology services. These companies work together to improve and manage fresh fruit and vegetable supply chains. As mentioned earlier, a series of deregulations of the wholesale market system enabled Dole Japan to be a key player in the supply chain as a third-party distributor. This is especially crucial when supermarket chains demand high quality fresh products under increasing competitive pressures in the retail sector. Dole Japan and its joint companies offer integrated services demanded by supermarket chain buyers.

From Contract Farming to Franchise Farming

To further its integration strategy, Dole Japan has extended its interests into agricultural production by setting up a joint stock company, Hokkaido Sanchoku Centre, in 1998. This company was originally intended to organise and coordinate about 3,000 contract farmers on behalf of Dole Japan. But the contract farming arrangement broke up after only two years, due mainly to frequent breaches of contract by many farmers. To a great extent, this was a consequence of the influence of the agricultural cooperatives and their strong ties with local farmers. It was therefore natural that farmers would breach their contracts, and sell their products through local cooperatives whenever the price paid by the cooperatives was higher than the contract price. Much of this occurred the first year that Dole Japan signed up the farmers, and it caused a loss of 300 million yen to the company. Instead of taking legal action against the defaulting farmers, largely from fear of potential damage to the company's corporate image, Dole Japan terminated most of the contracts and started to organise franchise farms.⁵

Since 2000, Dole Japan has organised eight franchise farms across the country (summarised in Table 2). These farms mainly produce broccoli, in which Dole Group is quite competitive and has extensive expertise. Although the size of franchise farms varies between the 330 hectare Nittan Farm in Hokkaido prefecture and the 5 hectare Echizen Farm in Fukui prefecture, each farm is provided with production, experimentation, or staff training as the core function. Table 3 shows that the location of these franchise farms is designed to enable 'relay [year-round] shipping' of broccoli. In Japan, there are two off-crop seasons for broccoli: April and July/August. This explains why Dole Japan has located its farms from the north (Hokkaido) to the southwest (Yamaguchi and Nagasaki), though the gap in April still needs to be filled in. By producing and shipping off-season broccoli, the company wields sufficient market power to negotiate with retailers from a position of strong advantage.

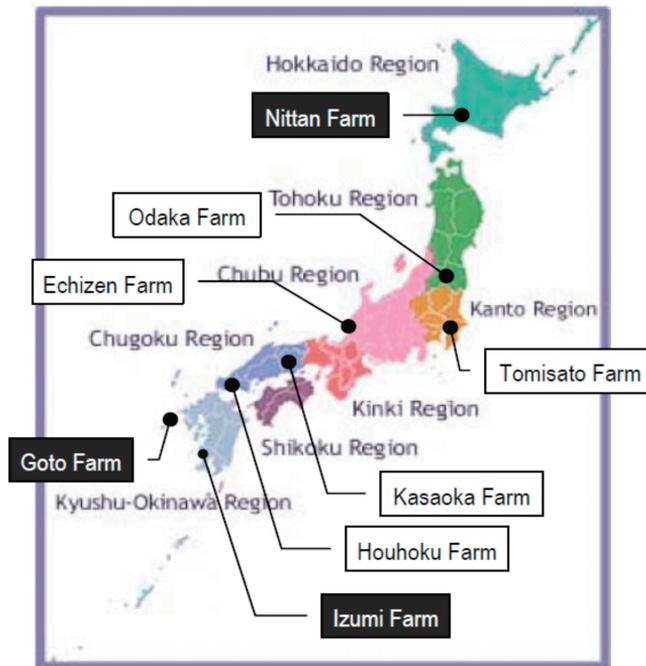
The organisation of Dole Japan's domestic fresh vegetable business can be charted as in Figure 3. Dole Japan takes charge of marketing (commercial distribution), while franchise farms ('I Love' Farms) produce vegetables. These franchise farms are operated under the management of Hokkaido Sanchoku Centre, which provides them with financial, human and technical resources. In exchange for technical assistance and the use of the 'I Love' brand, the franchise farms pay royalties to Hokkaido Sanchoku Centre. In addition, Agri Produce Inc. was established in 2003 to function as a financial sector for Dole Japan's domestic vegetable business (the office is located

Table 2. Franchise farms of the I Love brand (2006).

Name	Location	Foundation	Category	Area (ha)	Products
I Love Farm Odaka	Fukushima	2000	production	22	broccoli and corn
I Love Farm Echizen	Fukui	2001	training	5	broccoli and corn
I Love Farm Nittan	Hokkaido	2001	production	327.7	broccoli, spinach and corn
Izumi Farm	Kagoshima	2002	production	(9)	broccoli
I Love Farm Tomisato	Chiba	2002	experimental	5.5	broccoli, onion and cauliflower
I Love Farm Houhoku	Yamaguchi	2004	production	12	broccoli
I Love Farm Kasaoka	Okayama	2005	production	19	broccoli
I Love Farm Goto	Nagasaki	2005	production	10	broccoli
Total				401.2	

Source: Interviews with Hokkaido Sanchoku Centre (July 2004) and Dole Japan's I Love brand web site, <<http://www.ilove-yasai.jp>>.

Notes: Izumi Farm was closed in 2005, and its function has been replaced by I Love Farm Goto; I Love Farm Echizen and I Love Farm Houhoku were closed as of July 2008.

**Figure 2.** Location of the franchise farms of the I Love brand.

inside Dole Japan's headquarters in Tokyo). It is Dole Japan itself that, as a vendor, maintains direct contacts with supermarket chains and consumer cooperatives.

According to Dole Japan, the concept of its 'I Love' (I Live on Vegetables) brand mainly focuses on integrated management by a special team, which takes care of farm production by organising 'I Love' franchise farms, setting standards for cultivation and products, and arranging the systematic distribution and marketing of the products. This integrated management system enables the company to implement traceability throughout the supply chain and so ensures consumer confidence in product freshness, safety and reliability. On Dole Japan's website, consumers can

ducers to influence the market, the share increases to the level of 50% in the off-season due to their year-round production strategy. Indeed, it is estimated that, as the self-sufficiency ratio of broccoli is about 50%, Dole Japan's market share reaches up to 45% (25% of domestic products plus 20% of imported ones). Taking advantage of such a dominant market position, the company can purchase broccoli directly from several agricultural cooperatives and individual contract farmers to secure a year-round supply for supermarket chains and consumer cooperative networks. It is noteworthy that Dole Japan now has close ties with consumer cooperatives (whose safety oriented members put great value on domestically produced vegetables), whereas it was difficult to win customers in the consumer cooperative networks when Dole Japan handled only imported vegetables. This clearly shows how Dole Japan is responding to the growing consumer demand for quality (not just safe and environmentally friendly, but also domestically grown) products. If this transition of the company represents Friedmann's (2005) concept of green capitalism, what needs to be examined now is whether this corporate appropriation of quality will be accompanied by a genuine contribution to rural communities, or just end up as an increase of corporate power over local agriculture.

Now, this article is going to move on to two case studies of Dole Japan's fresh vegetable business so as to understand what kinds of interrelations between the company and relevant stakeholders are taking place.

Case Studies of Dole Japan's Fresh Vegetable Business

Case Study in the Hokkaido Region⁷

The first study concerns I Love Nittan Farm. This is located in the Hokkaido region, the northernmost and biggest agricultural region in Japan. The Farm produces broccoli between July and October, bridging an off-season gap in other regions (as shown in Table 3). When Dole Japan came to Hokkaido to organise a franchise farm in 2001, it approached two neighbouring municipalities, Atsuma and Mukawa towns, and placed them in competition with each other in order to obtain favourable terms for itself. In Atsuma town, Dole Japan had organised some 30 hectares of contract farmers to produce broccoli. However, the company eventually turned to Mukawa town, since the municipal government approved the company's application for a certified agricultural organisation, therefore qualifying them to receive financial support in the form of low-interest loans, preferential taxation, and mediation of farmland accumulation, whereas the Atsuma town government disapproved of extending such considerations.

It is important to note that local agriculture in Mukawa town has been in transition from rice-based to horticulture-based farming throughout the 1990s. This transition has been led by the agricultural cooperative (JA Mukawa), which has strengthened the activities of cooperative members production groups, sales promotion and market diversification (Higashiyama, 2006). Although these activities can be regarded as a process of local struggles to overcome difficulties faced by local agriculture, it is also true that these struggles have interlocked with Dole Japan's strategy to penetrate agricultural production.

What is important to note too is that the municipal government of Mukawa town did not accept Dole Japan's application unreservedly. Dole Japan made a pledge to contribute to soil improvement through the use of organic fertilisers and rotational

Table 4. Expansion of production at I Love Farm Nittan.

Year	Area (ha)	Harvest (10 m heads)	Harvest (t)	Sales (m JPY)	Employment (persons)	Part-timers (persons)
2002	63	150	525	150	8	60
2003	100	300	1,050	280	9	120
2004	240	800*	2,800*		10	250
2005	323					
2006	400*	1,200*	4,200*			

Source: Interview with Nittan Farm (July 2004).

Note: * Estimated by Hokkaido Sanchoku Centre.

Table 5. Share of I Love Farm Nittan's production in the region (2003, 10m yen).

		Total		Crops	
			%		%
3 towns	Atsuma	559	27.9	233	39.8
	Mukawa	456	22.8	253	43.2
	Monbetsu	986	49.3	100	17.1
3 towns total		2,001	100.0	586	100.0
	Nittan Farm	28	1.4	28	4.8
	Mukawa	456	100.0	253	100.0
	Nittan Farm	28	6.1	28	11.1

Source: MAFF statistical data, interview with Nittan Farm (July, 2004).

farming systems, and to contribute to the regional economy by increasing job opportunities as well as using local farmer contractors for some of the Farm's operations. In addition, the municipal government put their hopes on Dole Japan providing access to its nationwide market channels for local agricultural products.

Nittan Farm employs about 250 part time workers in addition to 10 permanent employees. But in spite of the company pledge to increase the opportunity for local employment, these part-timers (mostly housewives) are employed in and transferred from big cities (e.g. Sapporo and Chitose) every day by a pick-up bus, or in their own cars. Furthermore, local farmer contractors have had no chance to receive any orders from the company to do farming operations at Nittan Farm.

Nevertheless, it cannot be said that these facts negate the achievement and contributions of the Farm to the local agriculture. As shown in Table 4, the size of Nittan Farm has reached nearly 330 hectares, which is more than five times its original size. As of 2003, the farm's share accounted for 6% of the total agricultural production in the town and 11% of crop farming (Table 5).⁸ For a single group of producers, its share of production is substantial and cannot be disregarded. Also, farmland rent paid by Nittan Farm to land owners (family farmers and local government) is around 7,000 yen per 10 acres, well above the regional average rent of 5,600 yen. Finally, the Farm purchases about 100 million yen of agricultural input materials every year, making it a good source of income for the local agricultural cooperative. The fact that JA Mukawa's gross operating income in 2004 was about 868 million yen is indicative of the significance of the Farm in the region.

Case Study in Kyushu Region⁹

The second case is about the franchise farms in the Kyushu region, in the southwestern region of Japan, where Izumi Farm was first established in Kagoshima Prefecture in 2002, but closed down and relocated to Nagasaki Prefecture in 2005 under the name I Love Goto Farm.

Izumi Farm was located in Takaono town (Izumi area), where several reclamation and irrigation projects were undertaken soon after the Second World War, making it one of the region's most productive grain belts. Although the number of farmers is decreasing, there is no abandoned farmland and many farmers have their own successors, in sharp contrast to the case of Mukawa town in Hokkaido. Dole Japan had worked on contract farming of vegetables in the area, even before the launch of its original brand of broccoli. Through the intermediary of the local agricultural cooperative, JA Kagoshima Izumi, the contract started with 20 farmers (4 hectares of broccoli as a rotation crop with paddy rice) in 1994 and expanded to 165 farmers (49 hectares) in 2003. In the course of development, the Izumi area became the largest in the prefecture in terms of broccoli production. At this time, Dole Japan had already organised some of its farms across the country. As part of the reorganisation of its domestic vegetable business, Izumi Farm was established on farmland leased from three local farmers through the mediation of the local agricultural cooperative (JA Kagoshima Izumi).¹⁰ Even though Izumi Farm could take advantage of its preferential access to JA's facilities, its employment was only around 40 part-timers, who were limited to those registered at a local senior centre. As with the case of Nittan Farm, Izumi Farm was also qualified by the local municipality as a certified farming organisation with exceptional speed, while the neighbouring city of Izumi declined Dole Japan's application for the lease of reclaimed farmland. This rejection resulted from local concern that corporate entry into and retreat from local agriculture on a temporary basis could cause the sort of disruption that actually happened to Izumi Farm over the period of a couple of years.

Although Izumi Farm initially had a plan to expand its farmland from 7 hectares in 2002 to 60 hectares by 2005, it effectively achieved only 9 hectares (Table 5), despite the Farm offering to pay 18 000 yen more than the regional average rent of 22 000 yen. This failure can be ascribed to a breakdown in negotiations on farmland acquisition. It was due mainly to the local farmers' scepticism about the feasibility and sustainability of growing broccoli as a rotation crop with paddy rice. Farmers were

Table 6. Targets and results of Izumi Farm.

Year		2002	2003	2004	2005	2006
Area (ha)	targeted	10	30	50	60	80
	achieved	7	9	9	9	
Amount (cartons)	targeted		41 700	69 500	83 400	111 200
	achieved		833	6,042	4,792	
Amount (t)	targeted		200	334	400	534
	achieved		4	29	23	
Employment (persons)	targeted	0	1	2	3	3
	achieved	0	0	0	0	
Part-timers (persons)	targeted	10	15	20	25	30
	achieved	16	37	41	43	

Source: Interview with the Economic Department of Takaono Town.

concerned that overfertilisation of broccoli would damage the growth of rice. Another reason for the farmers' hesitation is said to be that some farmers leased their farmland to Izumi Farm without the consensus of the rural community, which caused unpleasant feelings among the farmers.¹¹ Finally, a series of damaging incidents, caused by wild birds and typhoons, resulted in very low productivity. As a result of all this, Dole Japan decided to close down the Farm and transfer its functions to a new Farm in Goto city in Nagasaki Prefecture. Because Dole Japan assumed and paid off all of the loans, the municipal government of Takaono town seemed relieved. However, the local agricultural development plan had to be overhauled. The consequential immediate loss of jobs and income opportunities for local farmers and the agricultural cooperative also adversely affected the local economy.

Dole Japan relocated its farm to Goto city for several reasons. First, the city is located on isolated islands, where local agriculture has long been suffering from aging farmers, increasing amounts of abandoned farmland, and a lack of profitable crops. Therefore, the city and prefectural governments were actively trying to attract outside investment. Second, there was a sizable area of unused farmland large enough to attract corporate investment in agriculture. Dole Japan had therefore found the possibility to establish a production base mirroring a 'Dole town' in General Santos of the Philippines. In 2005, Dole Japan set up I Love Goto Farm with two hectares of leased farmland, and was accredited as a certified farming organisation a year later. The Farm has plans to expand the growing area to 50 hectares by 2011. It is taking on another 5 hectares involving 36 contract farmers, and is planning to increase this to 25 hectares with 79 contract farmers in 2006. It is now planning an increase to as much as 100 hectares in the future. According to Dole Japan, its project on the Goto islands is meant to bridge the off-season gap in March/April, which would complete its strategy of year-round shipment of broccoli in its domestic market.

Discussions

It can be observed that rural actors in regions struggling to revitalise their economies have high expectations of agribusiness corporations, such as Dole Japan, in domestic and local agriculture. It is especially true that local governments in less favoured remote rural areas show a marked tendency to attract corporate investment. The Japanese national government is also promoting the active involvement of agribusiness corporations in domestic and local agriculture through various policies of deregulation, which are usually justified by what the government and mainstream business circles describe as 'the vitality and efficiency of the private corporate sector'.

What becomes clear from our case studies is that Dole Japan always takes the initiative in deciding where and how its franchise farms are located, and under which conditions. Consequently, while franchise farms are given preferential treatment and support by local governments and agricultural cooperatives, the economic contribution of Dole Japan's involvement in local agriculture is limited in what it offers to farmers by way of sustainable increase of income and job opportunities. It is probably true to say that corporate farming usually depends on cheap labour. Many of the workers are part-timers (in the main housewives or elderly people) who are employed from nearby cities, because they cost less than taking on local farmers or

young people. The use of local agricultural cooperatives and facilities and local farmer contractors is one of the few occasions in which corporate farming can contribute to the rural local economy. But even this is not always the case.

These limitations in terms of contribution to rural local communities are not negligible, particularly as the advertising concept of 'I Love' contains the phrase 'to live in harmony with local community'. It can be conceded that, in Dole Japan's pledge to meet consumer demands for high quality vegetables, its fresh vegetable business seems to be successful. But we cannot jump to such a conclusion since we understand that these two crucial issues, the quality of product and the locality of production, are closely interrelated.

Conclusions

This article's case study of Dole Japan's fresh vegetable business attempts to demonstrate clearly why and how the agribusiness corporation is able to exert its market power over a stagnating local agriculture in Japan. However, this is not just a one-way command of multinational corporate dominant power, but rather a confluence of multiple factors involving various actors. These include the Japanese government's promotion of deregulation in favour of agribusiness activities; local governments offering preferential conditions to attract agribusiness enterprises in the hope of revitalising their local economy (often taking the risk of problems resulting from uncontrollable commitment of agribusiness corporations); and local agricultural cooperatives and producers expecting that the economic contributions of agribusiness 'white knights' will give them an easy way to overcome their own problems.

The findings identified in this article do not entirely support the idea that corporate involvement generally meets local expectation in its potential beneficial effect on the rural local economy. What is clear is that the rationale behind increasing corporate involvement in the Japanese agricultural sector is driven by growing consumer concern about the safety and origins of the food they buy. The remainder of this concluding section concentrates on observations about this point and suggests whether and how there is any room for manoeuvre to counter agribusiness corporate power, especially at a time when these dominant agribusiness actors are working to appropriate emerging alternative market opportunities for quality products.

In response to Japanese consumer demand for high quality and safe foods and the accompanying introduction of public regulations on food safety, supermarket chains and consumer cooperatives have set their own private quality standards and labelling (e.g. Topvalu of Aeon Group and Seven Premium of Seven & I Holdings), while paying attention to HACCP and ISO series as basic requirements. In spite of their growing market and bargaining power, and to implement their own supply-chain management system, they still need specialised support to reduce transaction costs and potential risks involved in organising contract farmers. When it comes to fresh vegetables (and fresh fruits if imported products are taken into consideration), it is Dole Japan and its associated companies that can meet the need of these retailers. To maximise profit from its domestic vegetable business, Dole Japan can and does also take advantage of its position as the leading integrated distributor of imported vegetables, including broccoli.

It should be argued though that consumer concerns about food safety and origin are not just linked to their preference for high quality domestic produce, but are going further in their preference for locally produced products, under the concept of *chisan-chisho*, which is literally translated as 'locally produced and locally consumed'. According to a consumer trend survey conducted by the Ministry of Agriculture (MAFF) in December 2006, both producers and consumers are highly aware of *chisan-chisho* when shopping or eating food (about 90% of respondents answered positively). Although the latest survey of the Agriculture Finance Corporation in May 2008 shows that whether foods are locally produced or not is a relatively weak factor in influencing consumer choice (11%) when compared with factors such as 'safety' (52%), 'health' (39%) and 'domestic preference' (25%), the fact that the question of 'local orientation' has now been added to this survey reflects growing consumer concern about the locality of food production.

While agribusiness corporations also appeal to consumer demands for traceability by presenting information about producer profiles in the stores, the scope of their business is not limited to the local. For Dole Japan, the locality of its franchise farms does not seem to matter much: it is just a matter of how vegetables can be produced and shipped all year round throughout the country at a reasonable price and within a certain standard of quality.

Contrary to prevailing expectations for the development of local agriculture, corporate involvement in local agriculture is not necessarily sustainable, as can be seen in the case of Dole Japan's Izumi Farm. Agribusiness corporations are there mainly because they are offered favourable conditions by local government.

In other words, the locality is not embedded in the product itself. The environmental and social quality of 'domestic' or 'non-import' can be found in corporate strategies. But such kinds of quality are too weak to genuinely improve local agriculture and rural economies. It is true that increasing number of prefectures and municipalities, as well as agricultural cooperatives, have introduced their own certifications and labelling schemes to differentiate and revitalise local agriculture and rural economies. Some independent 'grass-root' organisations are also deploying various efforts to develop initiatives for food localisation. But, it remains to be seen whether an alternative space of food politics to challenge the dominant agro-food system will emerge around the concept of 'locality'.

Notes

1. Certified agricultural operators (*Nintei-nougyousha*, in Japanese) who meet several conditions (including farm size) and are certified by local government are given preferential financial, tax-reduction, and farmland accumulation treatments as well as various project subsidies.
2. As of July 2008, these Dole Japan franchise farms have been restructured to five farms, well positioned across the country. See Table 3.
3. Dole launched its 5 A Day Program in 1991, in conjunction with the National Cancer Institute's launch of the National 5 A Day for Better Health Campaign. Dole's programme is part of its Community Involvement activities, <<http://www.dole.com/CompanyInfo/Responsibility/ComInvolvement/5ADay.jsp>>.
4. Kyowa's agribusiness section has been taken over by KIFA.
5. The information of Dole Japan's launch of a fresh vegetable business is mainly based on an interview with the company director of the vegetable business department in November 2003.
6. QR code is a kind of two-dimensional matrix code that is easily and quickly interpreted by scanner equipment including a mobile phone. QR stands for quick response.

7. The case study of Nittan Farm of Mukawa town is based on field surveys, including interviews with Hokkaido Sanchoku Centre, Mukawa town office, JA Mukawa, and Mukawa Agricultural Committee, conducted in July 2004, July 2005 and June 2006.
8. Due to the secrecy of the company's financial data, we have no other choice than to use the 2003 data that the author (Sekine) could get in an interview with Nittan Farm, conducted in July 2004.
9. The case study of Izumi Farm of Takaono town is based on field surveys carried out in June 2004 and February 2006, including interviews with Takaono town office, Takaono Agricultural Committee, JA Izumi, Izumi Higashi Land Improvement District Committee. The case study of Goto Farm of Goto city is based on another field survey carried out in July 2006, including interviews with Goto city government and Hokkaido Sanchoku Centre.
10. In addition to the direct intermediary by the local agricultural cooperative, the authorisation by the agricultural farmland committee (officially set up in each municipality) is an obligatory procedure when someone wants to lease or rent farmland.
11. The consensus of local farmer communities such as farmland improvement or irrigation management associations is sometimes a vital decision-making process in Japanese rural areas.

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