

Fishery co-operatives

Economic powerhouses

The pioneer of Japan's fishery co-operative movement gives a concluding overview

In Hokkaido, there are currently 129 Fisheries Co-operative Associations (FCAs), all of which have been established by the member fishermen. These 129 FCAs have, in turn, organized three federations at the prefectural level, namely, Dogyoren, Shingyoren and Shidoren. These three prefectural federations are the constituent members of Zengyoren, the National Federation of FCAs.

The average FCA in Hokkaido consists of 200 member fishermen. The largest FCA has more than 1,000 members, while the smallest has only 40. In 1992, the total number of fishermen who were members of the Hokkaido FCAs was 29,500, of which 27,731 were regular members and 1,769 were associate members. Regular members are those who are engaged in the fishery for more than 120 days per year and who, therefore, have voting rights. Those who fish for fewer than 120 days per year, as well as certain small-scale fish processors and others engaged in fishery-related business, are referred to as associate members. They may use the services of the FCAs just as regular members, but they have no voting rights. More than 80 per cent of the member fishermen rely on family labour and use boats of less than 10 tonnes gross weight. In such cases, only one member of the family is a member of the FCA.

Japanese FCAs are administered democratically, based on the principle of the International Co-operative Alliance. The General Meeting of an FCA consists of all the members, each of whom has one vote. The General Meeting meets once a year to discuss the yearly business plan, the budget and the report of its business and finances, and every three years it holds elections for a board of directors and a board of auditors. The budget and

any other proposed bills need a majority vote to be approved. The General Meeting may also vote to revise established bye-laws. Any revision of an FCA bye-law requires a two-third margin to pass.

The Board of Directors is responsible for administering the FCA. It must ensure that the decisions made by the General Meeting are applied and that the directives it has given are properly implemented. Since the directors are member fishermen who themselves work in fisheries, it is impossible for them to serve in their elected positions full-time day in and day out. The directors may, therefore, hire employees to perform the daily business.

The Board of Directors meets once or twice a month to discuss important affairs of the FCA, review loan applications from the fishermen, and set prices for certain products such as salmon, scallop, and kelp.

One of the directors is elected President of the board, and he is the chief representative of the FCA. As most fishermen are not experienced businessmen, they can rarely foresee any possible difficulties. In order to deal with any problems that may arise, they have to select the General Manager from among the most able and experienced staff members.

Financial affairs

Two or three members of the FCA are elected to the Board of Auditors, which is responsible for managing the financial affairs of the FCA. Since the members of the FCA may not have much experience in finance, Shidoren, the Educational Federation, maintains a staff of about 25 experts in fiscal and financial affairs to assist and advise the FCAs.

FCAs in Japan are engaged in many different aspects of work and life in the fishing villages, and they are thus called multipurpose co-operatives. They function as the economic centres of communities, and are involved in fisheries from the point of production to the point of consumption.

The Department of General Affairs is in charge of bookkeeping, including control of expenditures, personnel, the agenda for the Board of Directors and the General Meeting. The Department of Marketing is in charge of selling the products caught by the fishermen, collecting the money from the buyers, and distributing the payment to the fishermen. The Department of Credit is in charge of savings and loans. The Department of Insurance is in charge of fire and life insurance, both of which are underwritten by the National Insurance Federation of FCAs. The Department of Guidance is in charge of controlling the fishing rights, education in the co-operatives and promoting the activities of youth groups and women's groups.

The joint marketing system is an important pillar of support for an FCA. Most of the Hokkaido FCAs operate their own fresh-fish markets. A smaller FCA may choose not to establish a fish market, but, instead, transport its products to the market of a nearby FCA, to which they will pay a 3 per cent commission to sell its products. This 3 per cent is over and above the 5 per cent that the member fisherman is required to pay his own FCA.

Under the joint marketing system, the FCA will designate certain wholesalers as buyers. In order to ensure that payments are made, the FCA requires a security deposit from each buyer. The fish buyers are then advanced a line of credit, which is normally several times the amount of the security deposit. Certain limits are prescribed in the contracts between FCA and the buyers, such that the buyers can not make unreasonably large purchases.

The fishermen bring their products into the fish market every day, after which the products are scaled by the FCA staff and put on ice. The buyers come in and, based on their information regarding the consumer markets, check to see which

products are available and which products they should buy. The prices of the products are determined by auction. In this way, the fishermen can get the highest possible price for their catches.

Occasionally, buyers will purchase large quantities of fish, such as salmon, saury and scallop, at prices that have been negotiated beforehand by the buyer and the FCA. The products will then not be auctioned at the market, but loaded directly from the boats on to the buyers trucks.

Many FCAs commission Dogyoren to collect the payments from the buyers, at a rate of 1 per cent. The buyers remit the money to Dogyoren, which deposits it into the FCAs' accounts with Shingyoren.

The money that the FCA receives from the buyers is routed through the Credit Federation, which automatically deposits it into the savings account of the respective fishermen. In accordance with pre-arranged agreements between the fishermen and the Credit Department of the FCA, varying percentages of this income may be directed to separate accounts for the repayment of loans, for payment of various monthly expenses, or for payment of general living expenses.

Once the various charges and expenses have been deducted from the fisherman's income, the remaining balance is deposited into his savings account. Such an account will be a fixed-term account, and, in that way, the FCA can increase its operating fund.

Furthermore, this system allows the FCA the opportunity to determine appropriate credit limits for member fishermen, based on their income. Of course, the FCA would not refuse credit to those members who did not sell their catch through the FCA market, but the fishermen realize that it is in their best interests to work with the FCA, which will always extend them credit and give them loans. As a result, the marketing affairs of an FCA are closely linked with its credit affairs.

Financial independence

As it would be difficult for each FCA in Hokkaido to be financially independent and to extend loans to all its member

fishermen, the FCAs throughout Hokkaido have concentrated their savings in Shingyoren, the Credit Federation. With its accumulated funds, Shingyoren can extend a helping hand to the weaker FCAs and ensure the financial stability of all the FCAs in Hokkaido.

With regards to the capital of the FCAs, it must be realized that it may be difficult for the fishermen to come up with the required funds, due to the relative poverty of small-scale fishermen. Therefore, the minimum subscription may be fixed at one share for the poorest fishermen, while the owners of larger vessels may be required to buy more shares as they grow in size, depending on the circumstances. Each fisherman will, nevertheless, have only one vote in the General Meeting.

We in Hokkaido know how difficult it is to increase the amount of capital of an FCA. Therefore, we at Shidoren continually advise the FCAs to deposit their money into the capital, thereby strengthening the financial structure of the FCA.

Certain progressive FCAs have adopted a system in which a set amount is withdrawn from the fisherman's account each month, based on his estimated income and on his living conditions, and is used to pay for his living expenses. This is almost like paying a salary.

The Fishery Law and the Fishery Co-operative Association Law are the two basic laws that govern the fishing industry and the activities of the fisheries co-operatives in Japan. The Fishery Law provides the fundamental legal framework for the fishing industry. In particular, it covers aspects regarding the use of the fishing grounds, such as which fishing grounds may be used, who can use them, what kind of fishing gear may be allowed, and what kind of fish may be caught.

Under this law, the fundamental principle guiding the operation of the FCAs is that of *res nullius*, by which ownership of the fish is granted to those who catch the fish. This regulation is intended to prevent any major disputes about ownership of fish among

fishermen and fishery co-operative associations and to guarantee reasonable use of fishing grounds.

For that reason, two management systems have been established; one regarding fishing rights and the other regarding fishing licences. Coastal and inland water fisheries are managed under the fishing rights system, while offshore and open-sea fisheries are managed under the fishing licence system.

The first system specifies three types of areas, each with different fishing rights: common fishing rights area, demarcated fishing rights area and set-net fishing rights area. The common fishing rights area is defined as the total area controlled by a certain FCA. That FCA has exclusive ownership of the fishing rights in that area, and each and every member fisherman in the FCA is granted a permit by the FCA to operate within that area.

Demarcated fishing rights areas are small sections within the aforementioned area. Within these demarcated areas, fishers have the right to engage in aquaculture of such products as laver (a type of seaweed), oysters and scallop.

Set-net fishing rights areas indicate areas for which permits are granted for fishermen to position large set-nets. These areas consist of waters that are over 27 meters deep. Farther offshore from these three areas, there are common FCA fishing right zones, which are controlled by several FCAs.

Apart from the fishing rights system, there is a fishing licensing system for fishing in the open-sea areas that lie past the common FCA fishing right zones.

Large-scale fishers working in those areas are granted licences by the prefecture to fish for such products as skipjack tuna, Pacific saury and squid. The licences are approved by the Prefectural Adjustment Commission.

Pelagic fisheries

In the areas farthest offshore, only large-scale pelagic fisheries are licensed to operate. Such licences are granted by the Central Government's Ministry of Agriculture, Forestry and Fisheries.

Milestones in Japan's Fisheries History

Year	Important Changes	State of Affairs
1868	Meiji Restoration	Japan abolishes feudalism and begins shift towards a modern system of Western-style capitalism
1886	Regulation for Fishermen's Associations (FAS)	Fishermen's Associations established in each fishing community and FAS authorized to maintain and control coastal fisheries
1894		Takatoshi Ando born in Fukushima prefecture
1901	Meiji Fishery Law (MFL)	Fishery rights legally endorsed under MFL and allocated to the FAS
1910		1st Amendment of MFL FAS permitted to undertake such business practices as marketing, supplying, processing, and collecting savings
1916		Ando hired as police officer in his hometown, after working in photo shop for several years
1923		Ando comes to Hokkaido for the first time as inspector of illegal fishing practices
1929	Great Depression-Worldwide	Great Depression deals devastating blow to Japanese economy
1933	2nd Amendment of MFL	FAs begin to use capital accumulated by fishermen, and FAS renamed Fishery Co-operative Associations (FCAS), marking first steps toward modern co-operatives
1933		Ando becomes head of the FCA Section of the Hokkaido government
1938	3rd Amendment of MFL	Credit services established, and law establishing Central Bank for Industrial Co-operative Associations enacted. FCAS become entitled to use services of this bank
1941	Fishery Organization Law (FOL)	During World War II, FCA abolished under FOL, and fisheries controlled by military government
1945	End of World War II	Japan occupied by US, led by General McArthur
1949	Fishery Co-operative Association Law	New FCA Law enacted, incorporating internationally accepted principles of co-operatives 206 FCAS established in Hokkaido Hokkaido Credit Federation of FCAS (Shingyoren) established, with Ando as first President
1952		Ando becomes Vice President of National Federation of FCAS (<i>Zengyoren</i>).
1954		Ando becomes President of Hokkaido Federation of FCAS (<i>Dogyoren</i>)
1961		Hokkaido Educational Federation of FCAS (Shidoren) established, with Ando as first President
1964	Fishery Damage Compensation Law	Mutual Fishery Damage Insurance Associations established in 39 coastal areas. Ando becomes President of both National Federation of Mutual Insurance Associations and Hokkaido Fishery Mutual Insurance Association
1967		Ando becomes President of National Federation of FCAS (<i>Zengyoren</i>)
1972		At the age of 78, Ando retires from all posts. He begins work on his autobiography, <i>Recalling My 80 Years of Life</i> .
1990		Ando dies at the age of 96

Japan's Fishery Law is complex and elaborate, but it is also very systematic. The primary characteristic of this law is that it provides a limited-entry system that is much more comprehensive than in any other country.

One example of direct government support of FCAs is the regular audits of their accounts by administrative authorities. The objectives of the inspection are to determine if any illegal activities are being engaged in, and if there are any problems with the administration and accounting, to diagnose the soundness of the management of the co-operative, and to provide any necessary guidance and advice.

This is based on Article 123 of the FCA Law, which reads: "The administrative authorities must inspect the business details and the accounts of FCAs once a year, by referring to accounting books and other relevant documents". This inspection is the responsibility of the prefectural government. The government is responsible for half of the cost of this inspection.



This twelfth and concluding instalment forms the appendix to *The Autobiography of Takatoshi Ando*, translated by Naoyuki and James Colyn