

**ZENGYOREN REGIONAL CONFERENCE
ON
INSURANCE AND CREDIT FOR SUSTAINABLE
FISHERIES DEVELOPMENT IN ASIA**

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FISHERIES AND FISHERIES COOPERATIVES IN JAPAN

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FISHERIES OF JAPAN

The geographical position of Japan in the northern temperate climate zone and surrounded on all sides by the sea make it one of the leading fishing nations in the world. Relatively rich soil and reliable precipitation throughout the year also contribute.

The cold Oyashio Current flowing from the North and the warm Kuroshio Current flowing from the South in the Pacific Ocean produce a "front", which moves northward in spring and summer and southward in autumn and winter. The front acts like a fish attracting magnet which brings all sorts of marine organisms, both small and large, together, making a huge feeding ground encompassing the entire food chain. Naturally, the front makes a very good fishing ground. Similarly, there is a cold current ("Riman Current", or Tatarsky Current) flowing from the North and a warm current ("Tsushima Current") flowing from the South in the Sea of Japan. A clearly defined front like in the Pacific Ocean, however, does not appear because of bottom topography and other reasons.

Helped by comprehensive support measures, such as financial and infrastructural programs etc., and coupled with the industry's own efforts, the fishing industry of Japan saw fast development after the Second World War.

The principal contributor to such development was, from the legal point of view, enactment of the Fisheries Cooperative Association Law (FCAL) in 1948 and the Fisheries Law (FL) in 1949. FCAL provides the legal framework for fishermen's cooperatives, such as requirements for establishment, membership qualifications, activities Fishery Cooperative Associations (FCAs) may be engaged in, etc. FL provides the legal framework for use of fishing areas, issuance of fishing rights, and licenses, and coordination/adjustment of fishing interests.

For details of Japan's fishing industry in general, you are kindly requested to refer to the following reference materials.

1. *Fisheries of Japan 1991*
Japan Fisheries Association
2. *Annual Report on Japan's Fisheries FY 1992*
The Ministry of Agriculture, Forestry and Fisheries
Government of Japan

3. *Coastal Fishery of Japan*
Fisheries Agency

FISHERIES COOPERATIVES IN JAPAN

Structure of Fisheries Cooperatives in Japan

Fisheries cooperatives in Japan are founded based on the FCAL of 1948. This law incorporates the principles of one member-one vote, voluntary participation, and democratic management.

The International Cooperative Alliance adopted the following six principles in 1966, and this is universally followed by most cooperative organizations in the world.

<Cooperative Principles>

1. Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.
2. Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member — one vote) and participation in decisions affecting their societies. In other than primary societies, the administration should be conducted on a democratic basis in a suitable form.
3. Share capital should only receive a strictly limited rate of interest, if any.
4. Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.
This may be done by decision of the members as follows:
 - (a) By provision for development of the business of the cooperative;
 - (b) By provision of common services; or
 - (c) By distribution among the members in proportion to their transactions with the society.
5. All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic.
6. All cooperative organization, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels.

FCAs in Japan constitute a three-tier structure. These are primary (= local) level FCAs, prefectural level federation of FCAs and a national level federation (see Figure 1).

FCAs are divided into five types: sea area FCA, fishery-specific FCA, inland water FCA, processor cooperative association, and fishery production cooperative association.

1. Sea Area Fisheries Cooperative Association

The members of sea area fisheries cooperatives are comprised of fishermen whose registered residence is within the cooperative's specified geographic area of a city, town or village along the coast. As of the end of March, 1993 there were 2,079 sea area FCAs (2,071 FCAs with share capital + eight FCAs without share capital).

2. Fishery-specific FCAs

Members of fishery-specific FCAs comprise fishermen who are engaged in specific types of fishery, such as skipjack and tuna purse seine or bottom trawl, etc. There were 235 of this type FCA (227 with share capital + eight without share capital) at the end of March, 1993. Different from sea area FCAs, whose members usually all reside in the same area, membership of fishery-specific FCAs often comprise fishermen from different areas engaged in the same type of fishing.

3. Inland Fresh Water FCA

There were 899 inland fresh water FCAs (728 with share capital + 171 without share capital) as at the end of March, 1993. The members of inland fresh water FCAs comprise fishermen engaged in freshwater aquaculture, and fishing in rivers, lakes and marshes.

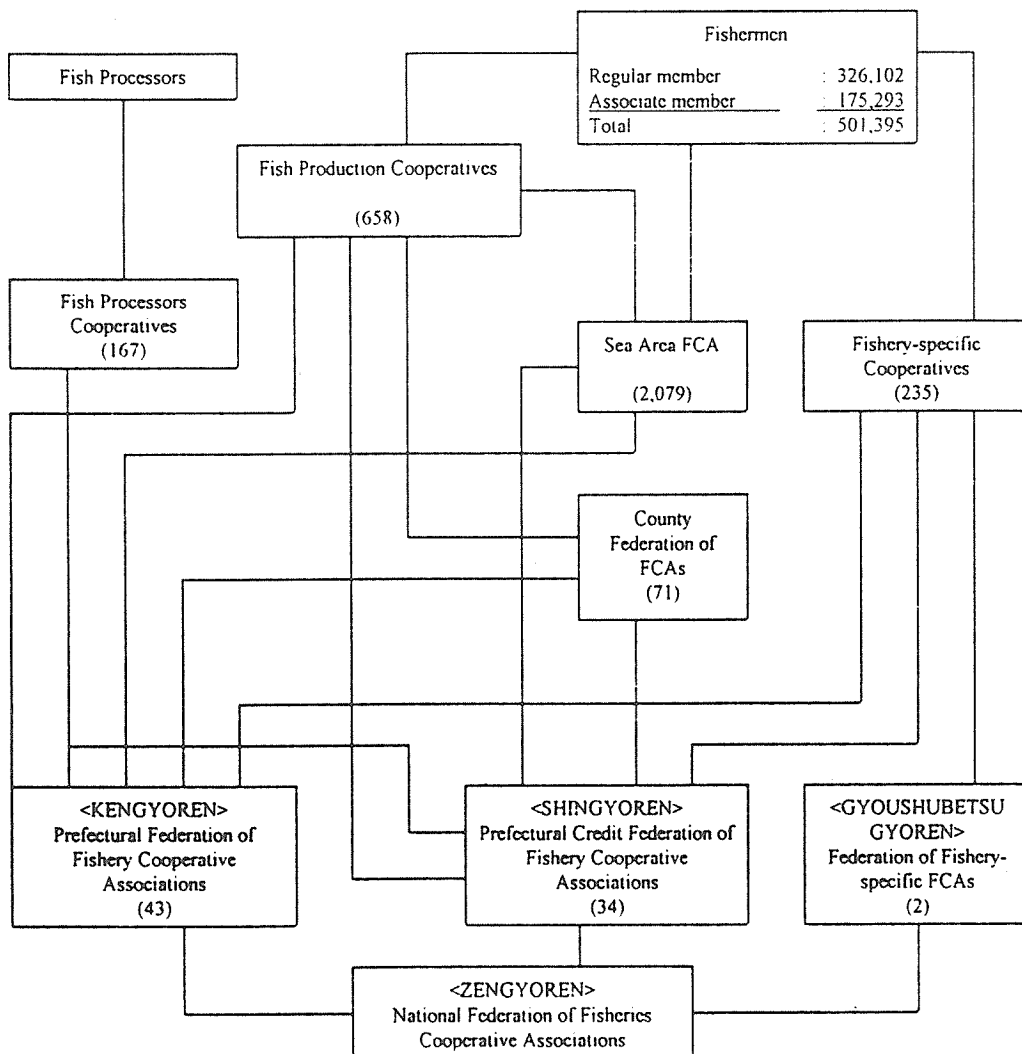
4. Fishery Products Processor's Cooperative Association

There are 167 fishery products processors cooperatives. Members of this type of cooperative are processors of seafood products such as dried fish, *surimi*, etc. In addition to this type of fishery products processors cooperatives established under FCAL, there are also cooperatives of seafood processors which are established under the Small and Medium Enterprise Cooperative Association Law (SMECAL). SMECAL was enacted in 1949 and provides for establishment of cooperative associations in general businesses.

5. Fishery Production Cooperative Association

The members of fishery production cooperative associations comprise sea area FCA member fishermen who are engaged in fisheries such as coastal set net fishery, etc. which require a large number of people for net hauling, etc. In this case, the fishery production FCA serves as an independent economic enterprise, jointly operating and managing the fishery. There were 658 fishery production cooperatives at the end of March, 1993. However, very few of these are in actual operation.

At the prefectural level, there are "*Gyoren* (Federation of FCAs)" and "*Shingyoren* (Credit Federation of FCAs)". *Gyoren* are engaged in such businesses as supply, marketing and joint use facilities such as ice/cold storage. They are also engaged in non-economic, education and training activities, advisory service, fishery policy and guidance, and activities to safeguard/represent the interest of FCA members. *Shingyoren* are organizations which are exclusively engaged in the credit side of FCA business. FCAL stipulates that banking and/or credit operation must be performed by a separate organization from *Gyoren*, in order to prevent unfair transactions and safeguard the interests of member FCAs.



(as of 31st March, 1993)

Figure 1. Organizational Structure of Fisheries cooperatives in Japan

Zengyoren is the National Federation of Fisheries Cooperative Associations. The members of *Zengyoren* include 42 *Gyoren*, 34 *Shingyoren*, one *Shidoren* (= Hokkaido Educational Federation of FCAs), Japan Salmon Fisheries Cooperative and Japan Pelagic Squid Jiggers Cooperative. In addition, the National Insurance Federation of Fishery Cooperatives (known as "*Kyosuren*") belongs to *Zengyoren* as an associate member (does not have voting rights).

From the standpoint of size, the average sea area FCA is very small (Table 1).

Table 1. Average Size of Sea Area FCA

Type of Coop.	Sea area FCA
Number of Coop.	2,071
<hr/>	
Total number of members	504,061
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Average number of member/coop.	
Regular	169
Associate	90
Total	259
Number of full-time staff	
Average/coop.	10
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Total	18,791

Source: FCA Statistics FY 1992, *Zengyoren*, March 1994.

Note: The figures are those of at the end of March 1993.

Membership Qualifications

Although the Constitution of Japan guarantees the right of individual freedom of profession, not all the people are allowed to become members of FCA. There are certain conditions which must be met. Under FCAL, there are "regular (also known as 'full') members" (with voting rights) and "associate members" (without voting rights). A regular member of an FCA must have his/her residence within the jurisdictional area of the cooperative's operation. He/she must also be actually engaged in fishing for a minimum of between 90 and 120 days per year (30-90 days in the case of inland water fisheries cooperatives). FCAs may determine their own minimum number of days (within the 90-120 framework) for this purpose in their articles of association.

Membership is admitted to companies as well if the number of employees is less than 300 and the total combined gross tonnage (GT) of fishing vessels owned by the company is less than a certain GT amount (from 1,500-3,000 GT, as specified in the Articles of Association). These requirements are designed to prevent the management of FCAs from being controlled by absentee owners and huge fishery cooperation. Please refer to Table 2 for a model FCA articles of association prepared by the Fisheries Agency.

Table 2. Excerpt from the FCA's Model Articles of Association
Concerning Membership Qualification

<p>(Membership Qualification)</p> <p>Article xx: The following persons may be accepted as qualified <u>regular member</u> of this fishery cooperative.</p> <ol style="list-style-type: none">(1) Fishermen who have their residence within the jurisdictional area of this fishery cooperative and operate or are engaged in fisheries for more than ○○ days a year.(2) Fishermen's production associations which have their residence or place of business in the jurisdictional area of this fishery cooperative.(3) Juridical persons (companies) who have their residence or place of business in the jurisdictional area of this fishery cooperative (excluding fishery cooperatives and fishermen's production associations) and operate fisheries by employing less than 300 regular employees and by using fishing vessels of less than ○○ mt in total gross tonnage. <p>2. The following persons may be accepted as qualified <u>associate member</u> of this fishery cooperative.</p> <ol style="list-style-type: none">(1) Fishermen other than those qualified for membership prescribed in the preceding paragraph and whose residence is within the jurisdictional area of this fishery cooperative.(2) Fishermen who do not have their residence within the jurisdictional area of this fishery cooperative and whose basic area of fisheries they operate or are engaged in fisheries located within this fishery cooperative's jurisdiction.(3) Juridical persons (companies) who have their residence or place of business in the jurisdictional area of this fishery cooperative (excluding those who are qualified for membership prescribed in the preceding paragraph (3) and operate fisheries by employing less than 300 regular employees and by using fishing vessels of less than ○○ mt in total gross tonnage.(4) Those aquatic products processors of individuals or juridical persons (companies) whose number of employees is less than 300 and have their residence or place of business within the jurisdictional area of this fishery cooperative.

Regular members of fishery cooperatives comprise members of fishing families who are engaged in fishing more than the set number of days in the Articles of Association; while associate members are often local people engaged in fishing on a part-time basis who derive most of their income from professions other than fishing, or are engaged in seafood processing or employed as crew on large fishing vessels such as tuna longliners, etc.

In Japan, almost 100 percent of fishermen belong to their local FCA. The main reason for this high percentage is that the fishing rights actually function as a legal safeguard to protect the interest of professional fishermen. This means that through the fishery

cooperatives, member fishermen can enjoy almost exclusive rights to use the fishing grounds defined under the common fishing right areas.

Each FCA has its own By-Laws to examine qualifications of applicants for membership. Such By-Laws are usually called "The By-Laws for Membership Qualification Examination Committee" the members of which in general consist of the following people (each FCA can establish its own appropriate number of said committee members):

- Directors of the FCA
- Representatives of member fishermen engaged in various types of fishing gear and/or methods such as, for example, representatives of littoral gatherers (for abalone, etc.), gill netters, purse seiners, trawlers, etc.
- Representatives of the FCA's areal sub-divisions
- People with academic credential or experience in fishery related industries, etc.

Functions of Fisheries Cooperatives

FCAs in Japan have the following functions:

1. Fisheries management based on fishing right;
(Fishing rights are granted to FCAs by prefectural governor based on the FL.)
2. Economic activities such as:
 - a. Fish marketing business;
 - b. Supply of fishing materials;
 - c. Receiving of members' savings and extending of loans;
 - d. Providing services (information, help in procedural matters concerning preparation of tax documents, insurance, pension, etc.) to members; and
 - e. Operation of FCA's own fishery (set net, etc.).
3. Training and education of members; and
4. Others.

Decision-making Process of Fisheries Cooperatives

Management of an FCA involves decision-making ranging from those of daily matters of minor importance to important matters which may rock the foundation of the organization itself. It is very important to safeguard the interests of FCA members and try to arrive at fair decisions which are acceptable to as many members as possible, without prejudice to minority interests. This is more easily said than done. However, decisions have to be made, and for this purpose, there is a decision-making structure that includes a general meeting, board of directors meeting, etc.

The following figure shows a typical example of FCA decision-making bodies. There is a general meeting and/or representatives meeting, and a board of directors and board of auditors.

The general meeting is the most important decision-making body. If an FCA has more than 200 regular members, it may elect "representative members" and for some decisions hold representative meetings in place of general meetings. The number of representatives must be more than one fourth of the entire membership (excluding associate members). However, if the number of regular members of an FCA is more than 400, more

than 100 representative members must be elected. This means that, for example, as long as an FCA elects 100 representative members, it can hold its representative members meeting regardless of its total number of regular members, say 1,000 or 10,000, etc. The term of office (tenure) of a representative member is three years.

The quorum of general meeting is more than 1/2 of regular members, and decision by more than half of those regular members present at the general meeting becomes effective. In this case, attendance by proxy is admitted and included in the quorum if the FCA has been notified beforehand. Any one proxy is not allowed to stand for more than five regular members. A proxy must submit a letter of attorney certifying his/her right of proxy to the FCA. Further, a regular member may be allowed to exercise his/her voting right or election right in writing, and this is also included in the quorum.

The board of directors meeting is the next important decision-making body. An FCA must have more than five directors. At least three-fourths of the directors of an FCA must be regular members. In other words, up to one fourth of the directors may be elected from associate members, etc.

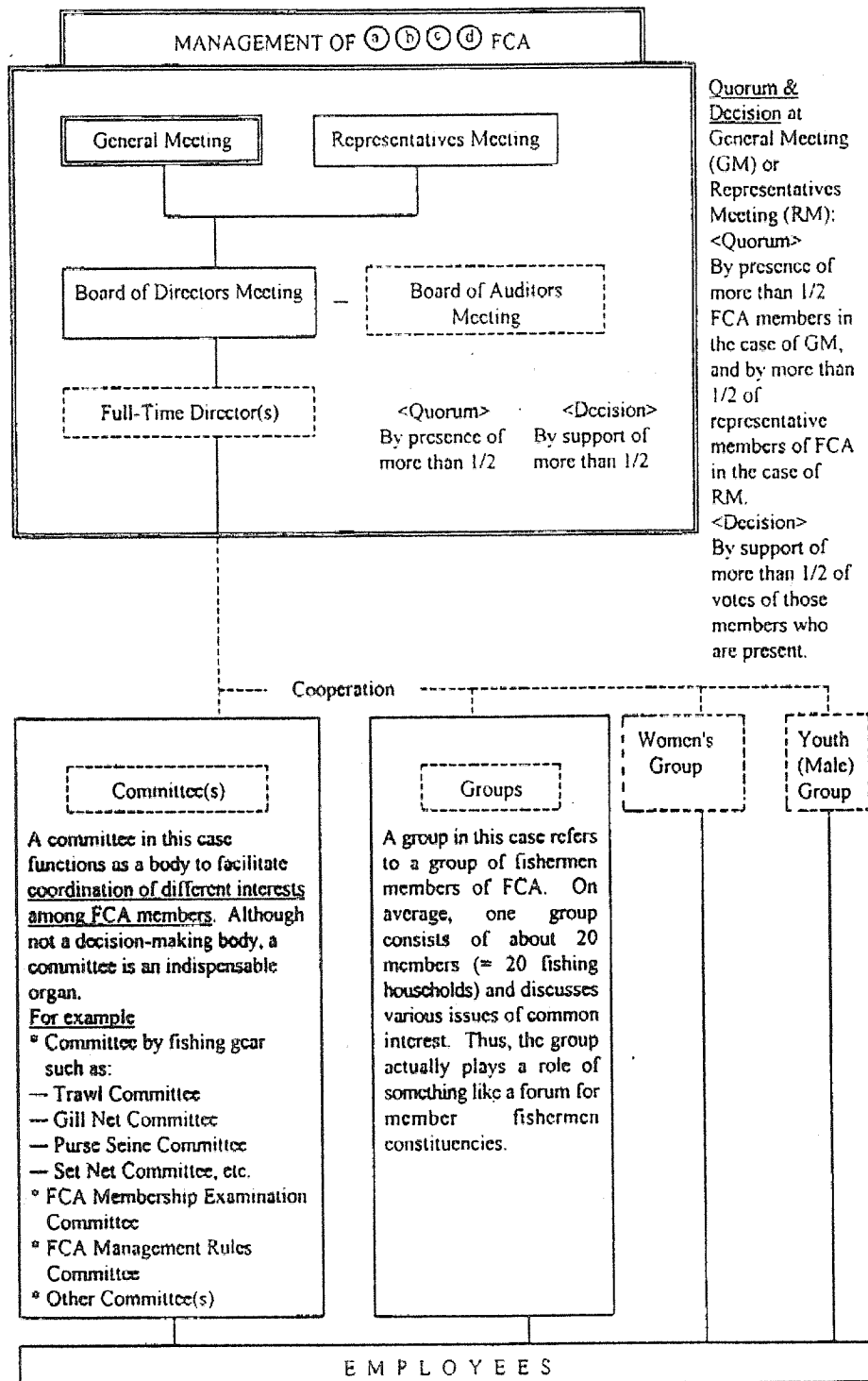
The quorum of a board of directors meeting is more than 1/2 of the directors, and decision by more than half of those directors present at the board of directors meeting becomes effective. The term of office (tenure) of a director is three years.

The board of auditors meeting is not a decision-making body in the true sense of the word, but an important process to ensure proper conduct of FCA businesses and other activities. Financial status, accounting and property are checked for sound management. An FCA must have more than two auditors. Auditors must be present at the general meeting and the board of directors meeting, and state their opinions. The term of office of an auditor is three years.

Other sub-organizations of the FCA, such as "groups", "committees", "women's groups" and "youth groups" are also important. "Groups" here refers to a small number of FCA members living in a given area within the jurisdiction of the FCA. On average, one group consists of 20 members, or 20 fishing households if a one member-one family system is adopted by the FCA. These groups function as a forum to discuss matters of common interest. It is not a formal decision-making body but functions to disseminate information to members and share knowledge and experience.

"Committees" also work to facilitate coordination among FCA members. Member fishermen who are engaged in the same type of fishery, for example, gill net fishery, set net fishery, purse seine fishery, etc. have common interests. Such fishermen usually establish a committee by type of gear. A committee is not a formal decision-making body, but plays a very important role by providing practical information from the fishermen's point of view to the management (board of directors and general/representatives meeting).

"Women's groups" and "youth groups" are engaged in collaborative activities such as savings promotion, beach clean-up campaigns, seafood consumption campaigns, and studies on fisheries management, etc.



Quorum & Decision at General Meeting (GM) or Representatives Meeting (RM):

<Quorum>
By presence of more than 1/2 FCA members in the case of GM, and by more than 1/2 of representative members of FCA in the case of RM.

<Decision>
By support of more than 1/2 of votes of those members who are present.

Figure 2. Typical Example of FCA Decision-making Bodies