

UN Secretary General's message to the launch of the International Year of Cooperatives in Japan



Mr. Ban Ki-moon
(UN Secretary General)

I am pleased to extend my warmest congratulations on the launch of Japan National Planning Committee for the IYC 2012.

This International Year is an opportunity to raise public awareness about cooperatives, promote their formation, and encourage governments to foster their growth.

It is also a chance to underscore the importance of cooperative values, especially respect for the environment, inclusiveness and human solidarity.

The tens of millions of members of cooperatives in Japan are making important contributions in their respective fields. Many are helping in the recovery following the triple disasters of 11 March 2011.

I am confident that the values promoted by cooperatives will help Japan to overcome its current challenges, create even greater stability and prosperity in the future, and strengthen its positive influence in the region and the world.

In that spirit, I wish you a most successful launch.



IYC 2012 Kick-off Event held in Tokyo

On January 13, 2012, at the United Nations University in Tokyo, the kickoff event of the International Year of Cooperatives (IYC) 2012, was held under the auspices of the National Planning Committee under the theme "*cooperative enterprises build a better world*".

The venue was filled to its full capacity with about 350 participants, including government officials, the media, IYC committee officials and representatives from co-operatives nationwide.

Mr. Saito Tsuyoshi, the Deputy Chief Cabinet Secretary gave the opening remarks stating that "The Japanese Cooperatives have about 80 million members and staff capacity of 640,000 making it one of the largest cooperatives. In the East Japan earthquake, the cooperatives have played a major role in the emergency supply, rehabilitation and reconstruction exercise and would like to say thanks on behalf of the government. IYC is national and has been addressed in each prefecture, the government would support the movement as much as possible," he mentioned.

Thereafter Mr. Uchihashi Katsuto (economic analyst) gave a similar remark on behalf of the IYC national committee emphasizing the importance of cooperatives in modern society such as employment and labor issues and further stated that "the UN expects fair distribution of eradication of hunger and poverty from the fruits of globalization" and appealed that the IYC should not just end with the event, but must advance the cooperative model for the benefit of the society.

A video message from the United Nations Secretary-General was shown together with a message addressed to the Japanese cooperatives. (shown on left).

During the second half a panel discussion was held under the theme "can co-operatives continue to build a better society?" concluding that to achieve common challenges of cooperatives there is the need to strengthen cooperative ties nationwide despite their differences in business.



Mr. Saito's opening remark



Mr. Uchihashi's remark



Panel discussion

Improvement in visibility in accordance with the International Year of Co-operatives

2012 is the International Year of Co-operatives and the opening event was held on January 13.

Other scheduled events include, 'International Co-operative Day' usually held every July, an exchange event with members in Saitama on November 17 and 18, and ICA Asia Pacific regional assembly and Co-operatives Forum in Kobe on November 26 - 30.

In addition, by establishing 'Co-operatives Charter', we will continue to approach the national government to secure its support for Co-op.

Other plans in preparation include, development of products symbolizing inter-Co-op partnership such as 'Co-op Italian Wine', tasting event and exchange between production areas, and to invite stories from members of their experience of finding Co-op's advantages.

Responding to IYC, Japanese Co-ops are vigorously discussing about enhancement of their partnership for further expansion of Co-op movement.

Some medical and welfare Co-ops and regional retail Co-ops are challenging to establish a new regional business base.

IYC will do more than the year 2012. 2012 is just a year to launch activities to improve Co-op's visibility.

National discussion toward amendment of Co-op Law (2013)

Objectives of this review discussion is (1) to reflect ICA principle to the law, (2) to request relaxations of a real regulation and membership regulation, (3) enhancement in governance, (4) review of the mutual aid, (5) legal development enabling regional retail Co-ops to start consultations for consumers and heavy debtors, (6) others.

Co-op business review and top priority issues in 2012



Yano Kazuhiro
Managing Director (General Affairs)

1. Financial highlights of JCCU and the member co-ops

On the whole, the gain and loss situation of JCCU and member co-ops have improved in the year under review. Despite the hardships infringed by the East Japan Earthquake on the business activities of the co-ops in the disaster-affected areas (Iwate, Miyagi and Fukushima), their sales turnover grew over the previous fiscal year (October totals).

The sales turnover in the first half showed a good result for some reasons such as; the special high demand after the huge earthquake covered the loss caused by the damages on manufacturers in the area, along with high assistance initiatives from the society to Co-op's in the damaged area. However, the situation is getting difficult in the last half.

Also there was high growth of the total business profit compared to the total sales turnover because there were no spring sales after the earthquake and also the sales growth in the catalog business had higher GPR than Co-op products.

2. The business basis and challenges in 2012

We have 17 business keynotes in 2012. The followings are of particular significance.

- 1) Continuing support for recovery from the Tohoku Earthquake
- 2) Working towards the success of the International Year of Co-operatives
- 3) Discussion for the amendment of Co-op Law
- 4) Achieving the 12th mid-term plan

Being the first organization to enter the disaster-affected area to help the victims, we want to keep supporting the area's prolonged recovery effort from the earthquake.

2012 is the last year of JCCU's 11th mid-term plan, and is also the year to set up the 12th mid-term plan.

We therefore, have to work harder to accomplish the targets set in the 11th plan.

Facts & Figures

	% of budget	y/y
Total	100.3%	100.7%
Store business	99.2%	98.4%
Home Delivery business	101.0%	101.8%

Sum totals by October:

	GPR		Ordinary profit	
	Sum total	y/y	Sum total	y/y
Total	25.3%	24.7%	0.8%	-0.06%
Store	24.0%	23.4%	-2.0%	-3.2%
Delivery	25.3%	24.6%	2.6%	2.0%

	Result (JPY)	% of budget	y/y
Sales	264,420 (million)	102.9%	100.3%
Total business profit	36,340 (million)	106.3%	106.5%
Expense	34,290 (million)	100.8%	100.4%
Ordinary profit	2,920 (million)	296.3%	330.6%

Challenges to enhance our products' power

Under severe conditions such as increasing raw materials cost and rising yen value, we have a target to raise the core products to 1,000.

Non-food products showed a good result under the special demand from the earthquake but it is not likely to show the same result this year.

Issues in the store business

The most prior issue in the store business, which is now running in deficit, is to improve the profit and loss structure.

The basic strategies are to build a standard SM and store chain, to enhance PB and *sanchoku* products and to establish a low-cost structure based on each regional condition in accordance with each Co-op's regional position and power.

Issues in the Home Delivery Business

Expansion of membership and member's continuing use are keys of the delivery business.

When we put higher priority to improve member's use, membership expansion slowed down on the contrary. We should seek a balance between both strategies.

To compete with online supermarkets, the first step we should take is to expand our territory through an expansion of membership.

Enhancement of power of products and services, including products assortment, meal delivery service and other strategies will brighten our future prospect.

Issues in quality control and risk communication

We have already written an intermediate report of the chemical policy and have decided not to use a term 'total volume control' in our chemical risk control. Each individual product requires a careful consideration for its guideline of additives. Trans-Pacific Partnership (TPP) will have an influence on food safety. As confusions may happen in agricultural problems and food safety issues, it is requested that the Quality Control Department and the Business Publication collect and disseminate correct and accurate information.

3. Business plan

Development and improvement of Co-op products:

Development and improvement of the Co-op products will be more accelerated, while promoting core products such as Co-op Basic.

Development of products with values and theme will be promoted, too. For promoting the International Year of Cooperatives (IYC), Co-ops will work together to develop and promote products under the joint strategy.

Summary of operational and organizational issues in 2011 and action in 2012



Haga Tadashi
Managing Director (Organization & Operation)

1. Summary of Co-op activities in 2011

'Co-op 2020 Vision', '2011 Principle' and 'Policies to deal with the Tohoku Earthquake' were major issues in the year under review.

Activities of Co-ops in the disaster area and support from other Co-ops from across Japan improved Co-op's reputation in the Japanese society.

Co-ops effort towards the recovery exercise will pave the way for the 2020 Vision.

Co-op staff and members nationwide share the same feeling that Co-op is a good organization and this feeling is expanding.

Co-op's social activities, besides its regular businesses, showed its social nature, achieved great results and cultivated our future capabilities.

2. Respective achievement in 2011

Tohoku Earthquake reconstruction initiatives:

During last year General Assembly three policy agendas were decided.

The first was the mid- and long-term challenges for recovering of the disaster-affected area. The second was issues concerned with energy policy and the third countermeasures against earthquake and challenges on Business Continuity Plan (BCP).

In respect of the earthquake reconstruction exercise the total amount of donation drawn to the JCCU fund-raising account from all over Japan since the campaign is 2 billion JPY.

As of October 5, Co-op has raised 3.3 billion JPY including donations to the Red Cross.

For the energy issues, JCCU has established a review committee for the energy policy, which had already submitted an interim report. Announcement of the report will come after a final confirmation at the board meeting.

To establish an energy policy, we have made a survey on the members. The result showed that 66% wanted an earlier or slow abolishment of the nuclear power plant.

The interim report recommends the following five pillar of the future energy policy. It is the most in-depth proposal we have ever made.

- 1) Shift the dependency of energy policy from the nuclear power
- 2) Significant cut of electricity consumption through energy saving
- 3) Rapid expansion of recyclable energy
- 4) Change to thermal electric power generation by using natural gases
- 5) Systematic reformation in terms of electricity and nuclear power

3. Course action in 2012

The course action is based on 'economy', 'society', 'politics' and 'business operation'.

The World is facing an economic crisis, which comes from the spreading distrust of the national finance. Under such condition, Co-op needs to deepen discussions with member Co-ops and members to find which path Japan should choose.

Because disaster risk is said to increase, one of our important task is to make Co-op stronger against disasters by establishing Co-op's nationwide solidarity.

In addition, as human relations in the community becomes weaker and some people become more isolated, Co-op's social role, "valuing human networking", will have much importance in the society.

Our social security is alarming. However, people have little idea of the actual condition of currently ongoing integration of tax and social security. JCCU is trying to comprehend issues in question, to prompt mutual learning, to make a place to discuss about its influence in our daily life, and to lead to the next year's activities.

Welfare Business

The welfare business has finally become profitable with surplus that includes indirect cost.

Currently the business is mainly engaged in home-visit care and day-care services, while some member Co-ops have already started care homes.

Business Alignment

In the issue of solidarity, the most significant step Co-op has made in 2011 was the initiation of an action toward consolidations of Co-ops in the metropolitan area.

JCCU receives Eco Mark Award 2011

Eco Mark Award honors the best efforts for promoting environmentally friendly products.

JCCU won a gold medal prize in 'the Eco Mark Award 2011' (hosted by Japan Environmental Association), with its contribution to the prevalence of Eco Mark.

Japan Environmental Association has held Eco Award since 2010 for organizations and companies who have made a significant contribution to the promotion of green purchasing among their customers by providing appropriate information on environment conscious products including Eco Mark products.

Together with member Co-ops nationwide, JCCU has developed eco-friendly products to offer member the chance to do green purchasing. Among 230 items of JCCU eco-friendly products, 60 % have acquired Eco Mark.

JCCU provide information about Eco Mark products to customers through its website and other methods such as printing Eco Marks on catalogs, store displays and fliers for workshops.

This longstanding development of eco-friendly products and consumer-conscious activities are said to largely have contributed to familiarizing Eco Mark to the society and contributed to winning the prize.

JCCU has set environmental issues as one of its major priorities in Co-op's 21st century principle and will lead the movement to expand Eco Mark by developing more eco-friendly products.

News in Brief

Co-op checks meals for cesium

The Japanese consumers' Co-operative Union (JCCU) has started monitoring the level of radioactive materials contained in household meals to help ease consumer worries. The results of the testing will be announced in April.

On December 15, JCCU started the study on meals of about 250 households in 18 prefectures and the exercise will continue until the end of March. The exercise was in response to members inquiries about the state of radioactive materials in food since March last year.

JCCU is presently inspecting about 2,500 food-related items for radioactive isotopes.

In this survey, each sample household places six meals in plastic bags with zippers and keep them over a two-day period in a refrigerator or a freezer. Afterward, the six meals are sent to JCCU product laboratory to check for iodine-131, cesium-134 and cesium-137.

The laboratory operates Ge semiconductor detectors, which is the same type of detectors the government is using for similar tests in food.

Each meal is checked over a 14-hour span to ensure the accuracy of the tests.

Meals are being tested from about 10 households in each of the 18 prefectures including the disaster-hit areas as well as Tokyo and the surrounding prefectures. JCCU is considering extending the test to other prefectures.



Pal-system held presentation ceremony

A presentation ceremony for Pal-system Ibaraki '2011 Life and activities fund' was held at Labor Welfare Hall in Baiko, Mito-shi.

The fund, started in 2007, is to subsidize non-profitable social action programs such as volunteer groups and NPOs operating in the region.

This year is the 5th anniversary and had two sections: Start section (to start activity) and Challenge section (fund for development of the existing business and activities).

Fifteen organizations in total, three in the 'Start section' and 12 in the 'Challenge section', received funding of 4.1 million JPY.

Other than this, Pal-System also subsidized some organizations performing environmental preservation activities in Ibaraki prefecture as part of their commitment to the social community.



Scene of the presentation ceremony



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