

Japan Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Japan's national cooperative legal framework, based on the work of national legal expert and ICA member input.

There is no one general regulation of cooperatives in Japan, but there are separate cooperative acts specifically dedicated to different kinds of cooperatives, which are regulated by different ministries. This research mainly deals with Agricultural cooperatives act (ACA) and Consumer cooperatives act (CCA). The ICA principles of cooperative identity are explicitly referred to in the cooperative law.

Main regulations: This table displays a selection of cooperative regulations identified by experts and ICA members.

Regulation	Brief Description
<i>Agricultural Cooperatives Act, 1947</i>	<i>Dedicated to Agricultural cooperatives and is under the supervision of Ministry of Agriculture, Forestry and Fisheries (MAFF) and Financial Services Agency (FSA)</i>
<i>Consumer Cooperatives Act, 1948</i>	<i>Dedicated to Consumer cooperatives and is under the supervision of Ministry of Health, Labour and Welfare (MHLW)</i>
<i>Fisheries Cooperatives Act, 1948</i>	<i>Dedicated to Fisheries cooperatives and is under the supervision of Ministry of Agriculture, Forestry and Fisheries (MAFF) and Financial Services Agency (FSA)</i>
<i>SME Cooperatives Act, 1949</i>	<i>Dedicated to SME cooperatives and is under the supervision of Ministry of Economy, Trade and Industry (METI)</i>
<i>Act on Cooperative Banking, 1949</i>	<i>Dedicated to Credit cooperatives and is under the supervision of Financial Services Agency (FSA)</i>
<i>Shinkin Bank Act, 1951</i>	<i>Dedicated to Shinkin Banks and is under the supervision of Financial Services Agency (FSA)</i>
<i>Labor Bank Act, 1953</i>	<i>Dedicated to Labor Banks and is under the supervision of Ministry of Health, Labour and Welfare (MHLW) Financial Services Agency (FSA)</i>
<i>Tobacco Growers Cooperative Act, 1958</i>	<i>Dedicated to Tobacco Growers Cooperatives and is under the supervision of Ministry of Agriculture, Forestry and Fisheries (MAFF) and Ministry of Finance (FSA)</i>
<i>Forest-Owners Cooperative Act, 1978</i>	<i>Dedicated to Forest-Owners Cooperatives and is under the supervision of Ministry of Agriculture, Forestry and Fisheries (MAFF)</i>
<i>Norinchukin Bank Act, 2001</i>	<i>Dedicated to Norinchukin Bank and is under the supervision of Ministry of Agriculture, Forestry and Fisheries (MAFF) and Financial Services Agency (FSA)</i>

Table 1: Cooperative and related regulations in Japan

Cooperative Friendliness: The degree of 'cooperative friendliness' of the Japanese cooperative legislation varies from sector to sector. Agricultural Cooperatives Act has been friendly to agricultural cooperatives as a major tool to implement the agricultural policy together with subsidies and favourable tax treatment. Consumer Cooperative Act has been unfriendly to consumer cooperatives under the pressure of small retailers resulting in stricter regulation on non-member trade.

Key recommendations for improvement: With due acknowledgment to the constraints, the organizational laws and business laws, need to be separated. The extent of non-member trade to be stipulated by cooperative bylaws. The cooperative laws need to enable multi-stakeholder membership. The qualification of members in Agricultural Cooperatives Act can be defined more loosely to enable non-farmers to join as regular members. The operating area to be decided freely by cooperatives themselves in Consumer Cooperative Act.



Conclusions: There should be a national working group to examine the problems of existing cooperative legislation and develop common strategy to improve the legal framework of cooperatives so that they can effectively contribute to the implementation of Sustainable Development Goals (SDGs).



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