

## Korea proposes farmer-corporate cooperation for wider adoption and strengthening of contract farming practices

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KWON Jaehan, Deputy Minister of the Agricultural Innovation Policy Office, the Ministry of Agriculture, Food and Rural Affairs, on his visit to Keundolchan Co., Ltd., a farming corporation and a partner of CJ Freshway Corp., discussed the ways to strengthen farmer-company cooperation for wider adoption of contract farming practices and listened to voices in the industry.

In June 2023, Keundolchan received investment from CJ Freshway and adopted smart farming. The farming corporation has since been delivering all of its produce (worth KRW 840 million in 2023) to the food catering company.

Deputy Minister Kwon said: "Contract farming is a form of transaction with many advantages, because it allows companies to secure a system for a stable supply of agricultural raw materials and provides farmers with an assured buyer to purchase their produce with little volatility and uncertainty for a longer term. Importantly, given that smart farming makes it possible to secure stable supply and quality assurance, smart farming will be more widely used for contract farming."

The ministry will set up a platform for contract farming information sharing this year to help companies and farmers find out their business partners more easily. The ministry will also provide support for various activities to expand farmer-company cooperation such as pilot-scale cultivation being carried out prior to contract farming, as well as develop and distribute a standard contract form for contract farming.

In addition, the ministry will amend its **contract farming support programme**. Under the amended programme, the existing 3-year support period will be extended for another three years in the case that a type of farming is replaced by smart farming during the period of contract farming. The ministry will also improve the operation of the programme. For instance, loans will be provided to farmers through the "Comprehensive Smart Farm Fund" (worth KRW 100 billion in 2024) on the condition of building smart farming facilities, and the loan approval period will be shortened as well.