

No. 145 (April 25, 2017)

**10 Agricultural Policy Strategies
and 30 Tasks for the Future**

Lee Myoungki, Song Miryung, Rhew Chanhee,
Gouk Seungyong, Kim Jeongseop, Kim Hongsang,
Park Joonkee et al.



1. Agricultural Policy Directions and Vision in
Response to Changes in Domestic and Foreign
Conditions 1

2. 10 Agricultural Policy Strategies and
30 Tasks 5

Authors: Lee Myoungki, Song Miryung, Rhew Chanhee, Gouk Seungyong, Kim Jeongseop,
Kim Hongsang, Park Joonkee, Kim Meebok, Kim Yeanjung, Kim Yonglyoul,
Ma Sangjin, Min Kyungtaek, Park Daeshik, Park Jiyun, Sim Jaehun, Lee Daeseob,
Lee Sanghyeon, Lim Youngah, Cho Taehee, Ji Inbae, Chae Gwangseok, Choi Yongho,
Heo Jang, Hwang Yunjae

Supervisor:	Kim Soosuk, Research Director	061-820-2284	soosuk@krei.re.kr
	Woo Byungjoon, Senior Research Fellow	061-820-2378	bjwoo@krei.re.kr
Contents enquiries:	Lee Myoungki, Senior Research Fellow	061-820-2166	mkleee@krei.re.kr
Data enquiries:	Seong Jinseok	061-820-2212	jssaint@krei.re.kr

- "KREI Agricultural Policy Focus" analyzes the trend of and policy for agriculture and rural areas.
- This is also provided at the KREI website (www.krei.re.kr).

KREI Agricultural Policy Focus No. 145
10 Agricultural Policy Strategies and 30 Tasks for the Future

Registration No.	6-0007 (May 25, 1979)
Published	April 25, 2017
Publisher	Kim Changgil
Editorial Board	Kim Soosuk, Ma Sangjin, Hwang Yunjae, Lee Daeseob, Ji Inbae, Sim Jaehun, Koo Jachoon
Publishing institution	KREI 601, Bitgaram-ro, Naju-si, Jeollanam-do, 58217, Korea +1833-5500
Printed by	Handesigncorporation (+82-2-2269-9917)
ISBN	979-11-6149-070-0 95520

- The contents in this book do not necessarily represent the official opinion of KREI.
- The contents in this book can be cited, provided that the source is clearly stated. Unauthorized reproduction or copying is illegal.

Summary

10 Agricultural Policy Strategies and 30 Tasks

1. Increase the people's trust by stably supplying safe agri-food
 - Task 1: Establish an environment-friendly production environment
 - Task 2: Secure the safety of agri-food
 - Task 3: Maintain the base of farmland to stably produce agricultural products
2. Provide happiness to the people through sympathy with various values of agriculture and rural areas
 - Task 1: Increase the people's closeness level with agriculture
 - Task 2: Expand social farming
 - Task 3: Spread the social value of abundant forest resources
3. Make agriculture satisfying by stabilizing farm management and income and training the workforce
 - Task 1: Preserve income through the direct payment program and stabilize management through insurance
 - Task 2: Secure the management safety net by supporting management recovery and increasing disaster insurance
 - Task 3: Strengthen policy for returning to farming and establishing agriculture-related businesses and systematize programs for training the agricultural workforce
4. Create jobs by utilizing agricultural and rural conditions
 - Task 1: Create social jobs in rural areas linked with culture, education, and welfare services
 - Task 2: Create jobs for young people through activities of rural vitalization support groups
 - Task 3: Increase jobs by boosting rural convergence industries
5. Improve the quality of rural life by vitalizing communities and enhancing welfare
 - Task 1: Customize rural social welfare and improve support for public assistance
 - Task 2: Build a rural delivery system of social welfare and medical services
 - Task 3: Vitalize social services led by local communities
6. Make beautiful, pleasant rural areas
 - Task 1: Establish rural plans in which agricultural production infrastructure, settlement environments, and landscape are in harmony
 - Task 2: Make pleasant spaces where centers and surrounding villages are linked
 - Task 3: Encourage farm activities for maintaining rurality
7. Improve agricultural policy performance through decentralization
 - Task 1: Divide roles of central and local governments and specify their authority and responsibility
 - Task 2: Create an efficient system for regional agricultural policy implementation and promote governance
 - Task 3: Strengthen the central government's support base for decentralization
8. Use finances efficiently by improving the agricultural investment and loan system and the tax system
 - Task 1: Improve the efficiency of policy loans
 - Task 2: Differentiate support strategies by type of policy funds and by growth stage of agricultural enterprises
 - Task 3: Establish the foundation for tax system improvement to increase agricultural competitiveness
9. Respond to the fourth industrial revolution and create new growth engines
 - Task 1: Strengthen the private sector's technical innovation capacity and create an ecosystem for technology-based business start-up
 - Task 2: Innovate the agri-food R&D system
 - Task 3: Promote new growth engine industries
10. Strengthen the capacity to respond to the international situation
 - Task 1: Seek ways to respond to the international trade environment, climate change and so on
 - Task 2: Expand Korean agriculture through fruitful overseas agricultural development and international agricultural development and cooperation projects
 - Task 3: Promote inter-Korean agricultural cooperation

01 | Agricultural Policy Directions and Vision in Response to Changes in Domestic and Foreign Conditions

□ External Conditions and Necessity

- In an era of low growth, it is necessary to actively implement policies that reestablish and increase the socio-economic value of agriculture and rural areas which the people can recognize.
 - It is needed to seek a fundamental change suitable for the low-growth era beyond past policies centered on competitiveness improvement and economic growth through scale-up and specialization.
 - For sustainable agriculture and rural areas, it is required to strengthen policies that enhance social and environmental value as well as economic wealth (GDP).
 - In the era of low growth, unless agriculture and rural areas provide value (safe food, environment preservation, rurality and so on) that the people recognize, their willingness to pay tax for the sector may decrease.
 - A considerable number of people recognize the multifunctional value of agriculture and rural areas, and functions that the people think important in the future are changing.
 - *Between 2006 and 2016, 53.7-90.4% (67.2% on average) of urban respondents responded that they were aware of the multifunctionality (public interest functions) of agriculture and rural areas.
 - *When 2006 and 2016 are compared, urban people responded that the following functions would become important: environment preservation (13.7% → 21.7%), inheriting traditional culture (11.4% → 14.8%), places for tourism and rest (8.0% → 17.0%), the space for rural life (7.8% → 14.8) and so forth.
- The demand and need for decentralization have increased.
 - Under changed circumstances such as changes in information and communication methods, a rise in social diversity, higher income, and the people's awareness level, the performance of uniform policies led by the central government is limited.
 - The agricultural policy framework should change from the current one led by the central government with farmers' dependence on government support to the one that can reflect each region's features and various demands.

- The people's lifestyle is changing in the direction of seeking happiness with income.
 - It is important to grow the economy, enhance income, and expand consumption by increasing the production of goods and services. However, in addition to the consumption of goods and services, there are various factors that affect people's happiness and life quality.
 - Diverse factors that affect happiness include income, employment, equity in opportunities, political participation (democracy), autonomous decision-making, volunteer work (community activities), family (marriage), and procedural utility.
- It is needed to prepare for an era of the demographic cliff.¹⁾
 - The population structure is changing drastically, with fewer than 0.4 million newborn babies, the entry into an aged society, and the decline in the working age population (15-64 years old).
 - Timely preparation is necessary, because large-scale changes are expected across the entire socio-economic system including education, welfare, and industries.
 - Agricultural labor productivity should be increased in preparation for the decrease in the working age population. Also, in an aged society, aged people should be able to be satisfied with farming activities or rural life.
- It is required to prepare for both positive and negative aspects of the fourth industrial revolution era.
 - Many positive aspects are expected, including the creation of new wealth, an increase in convenience, and life extension due to the development of innovative methods to prevent and cure disease.
 - However, there are also concerns over side effects such as job decrease, intensification of social and economic inequality, loss of humanity and community, and loss of human knowledge and capacities owing to the increased dependence on machines.
 - Agriculture and rural areas should also consider ways to positively apply the fourth industrial revolution technologies, and the roles as the industry and the life space that can reduce their side effects.

□ Internal Conditions and Necessity

- The implementation of agricultural policy centered on strengthening competitiveness has weakened the multifunctionality and sustainability of agriculture.
 - Those who value economic efficiency argued that the agriculture sector is useless, which led to conflicts over support for the sector. Rapid investment in facilities and scale-up have

1) The Chosun Ilbo. Feb. 23, 2017. "Three Disasters in Korean Population Expected This Year."

increased vulnerability to livestock diseases such as AI and foot-and-mouth disease, and relatively weakened eco-friendly, sustainable agriculture that coexists with the environment.

- With the expansion of market opening and a rise in productivity, farms' terms of trade have worsened paradoxically, and income squeezing has intensified. This has led to reduced investment in agriculture and the stagnant inflow of the workforce, which has resulted in a repeated vicious cycle of stagnant or decreasing agricultural income.
- Factors that hinder the maintenance and development of healthy rural communities have been accumulated, including the aging of rural communities, rural environmental pollution, poor living conditions in rural regions, and destroyed rural communities. Accordingly, rurality has worsened gradually, and communities have weakened.
- Existing agricultural policies have focused on issues in the agriculture and rural sector, including increasing agricultural productivity and income, and improving the rural living environment. In the process, the policies did not sufficiently reflect viewpoints and demand of more members of society, such as the people (taxpayers) and consumers.
- Recently, although the farm household population has declined steadily, the rural dynamic has strengthened thanks to the increase in urban-to-rural migration.
 - People who returned to farming or rural areas have risen since 2010 due to low growth, baby boomers' retirement, and preference for ecological value. Government policies are also supporting the rapid increase in urban-to-rural migration.
- Based on social demand for the multifunctionality and value of agriculture and rural areas, new strategies are needed to secure the sustainability of competitive agriculture, and realize the potential of rural areas as a place for life, work, and rest.

□ Agricultural Policy Direction

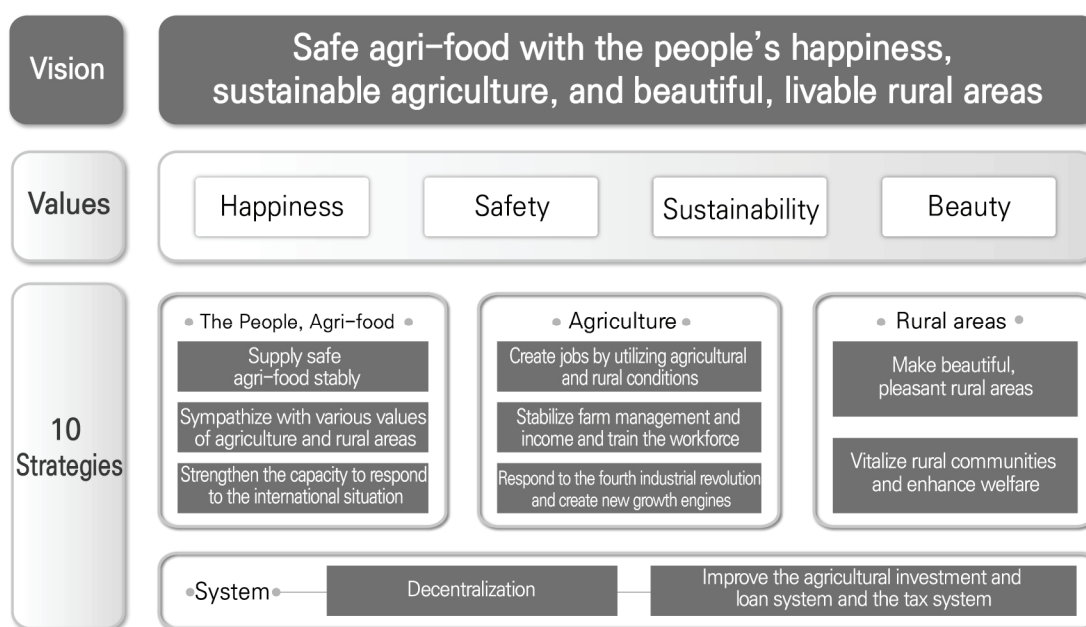
- Expand the target of agricultural policy to the whole **nation** who needs the value of agriculture and rural areas.
- Switch the focus of value from products such as price, supply and demand, and competitiveness to **people and the environment**.

- Switch a focus from income to farmers' and rural residents' **life quality** or **satisfaction**.
- Use an **integrated** approach to agriculture and rural areas beyond a viewpoint that separates them and approaches each sector.
- Instead of requesting the people's support as compensation, **investment in the future value** of agriculture and rural areas is suggested.

□ Vision

- Safe agri-food with the people's happiness, sustainable agriculture, and beautiful, livable rural areas

Figure 1. Agricultural Policy Vision, Key Values, and 10 Agricultural Policy Strategies



02 | 10 Agricultural Policy Strategies and 30 Tasks

2.1. Increase the people's trust by stably supplying safe agri-food

□ Need and Implementation Direction

- With recurrent outbreaks of livestock diseases such as highly pathogenic avian influenza and foot-and-mouth disease, and the increasing environmental load due to excessive inputs of fertilizers and pesticides and inappropriate treatment of livestock excretions, there are growing concerns over a fall in the people's trust in agri-food safety. This can lead to negative perception of agriculture and rural areas.
- It is difficult to secure food safety, the people's nutrition and diet improvement, and food security only with the market function. Therefore, the government should address these issues, which can maximize the people's welfare.
 - Agri-food safety is the public interest value that the entire nation experiences every day. Thus, it is necessary to create a sustainable agri-food system that maintains a balance between social/environmental value such as safety and health and economic value such as agricultural growth and income increase.
- It is required to maintain the farmland base for stably supplying safe agri-food, and reform the farmland system for the comprehensive development of rural regions at the same time.
 - Improving farmland leases can enhance the efficiency of farmland use.

□ Tasks and Plans

- Task 1: Establish an environment-friendly production environment
 - Reduce odor and landscape problems due to livestock excretions by expanding joint facilities for resource recovery from the excretions, regional-unit livestock odor improvement projects and so on.
 - *Legalizing unlicensed livestock barns will be completed in three stages from 2018 to 2024. Therefore, it is needed to strengthen education for farms, support farms that hope to improve their facilities, and enforce the law strictly.
 - Induce a switch to an environment-friendly agriculture system suitable for each region's

- environmental capacity by managing the number of livestock in a regional unit.
- Enhance safety in the production stage by fundamentally reforming the livestock disease prevention system. Improve the central organization for epidemic prevention (for example, establish the Epidemic Prevention Service) to increase its operation efficiency, and strengthen local governments' on-site disease prevention and cooperation.
 - The livestock industry should internalize social costs through the strengthening of livestock farms' and integrated firms' responsibility and duty.
 - Direct payments based on cross compliance, including farming methods and agri-environmental load reduction, can prevent environmental pollution such as water and soil pollution, and maintain rurality.
 - The current direct payment program for environment-friendly agriculture 1) can be changed to an added type, and the unit price of direct payments can be increased to encourage a switch to eco-friendly agriculture; 2) can be designed as a menu method to increase farms' acceptance; and 3) can extend or abolish the time limit of payment to strengthen sustainability.
- Task 2: Secure the safety of agri-food
 - Secure safety in the production stage and strengthen the system for responding to new hazards by establishing and operating a harmful substances pollution measurement net, proactively identifying new harmful substances in the agri-environment field, and securing technologies to reduce risk.
 - Expand an advance safety management system by strengthening safety inspections of products with GAP certification and support for HACCP technologies and facilities.
 - Increase consumer accessibility and trust by improving agri-food certification and labeling systems. Systematize the process of creating and operating the certification system, regularly evaluate the operation situation, and introduce a functionality labeling system of agricultural products on a scientific basis.
 - Strengthen consumers' rights and promote communication with them by establishing a reasonable procedure (standard) for agri-food damage relief, strengthening monitoring business operators, building a system for reasonable compensation for damage, expanding customized food information services, and strengthening education and promotion for consumers.
 - Task 3: Maintain the base of farmland to stably produce agricultural products
 - Set the target farmland area linked with the target food self-sufficiency rate. Control the conversion area by strictly conserving and giving preference to prime farmland in agricultural

- development regions and flexibly operating conversion screening of farmland outside the regions.
- While the land-to-the-tiller principle should be maintained, the farmland lease system should be reformed to improve the efficiency of farmland use.
- *Consider allowing the lease of a certain area when specific conditions are satisfied, and actively using the vitalization of regions where leases are legalized under the current law.
- Preserve and manage prime farmland effectively by supplementing the agricultural development region system.
- *Redefine the concept of prime farmland to be conserved, reestablish standards for designating agricultural development regions, and improve the regions by stages. In the regions, control farmland conversion in principle, and allow planned conversion only according to rural plans.
- Protect tenant farmers and enhance the utilization of farmland by improving the farmland lease system.
- *Even under the land-to-the-tiller principle, leased farmland and tenant farmers have been on the increase. Given this reality, it is necessary to improve the system to protect tenant farmers and enhance the utilization of farmland.

2.2. Provide happiness to the people through sympathy with various values of agriculture and rural areas

□ Need and Implementation Direction

- Due to increased national income and the expanding lifestyle that pursues well-being and health, agriculture should change qualitatively to promote healthy food consumption and enjoyable farming as well as the quantitative supply of agri-food.
- With changing expectations and demand for agriculture and rural areas, it has become more important to narrow distance between food consumers and producers, and form and strengthen a consensus on the value of agriculture, agri-food, and rural areas.
 - The people's demand is increasing for forest welfare services including forest recreation and healing, as well as rural areas as a place for tourism, leisure, and rest.
- Social farming integrates vulnerable social groups into communities through farming activities in many aspects such as care, education, and jobs. The significance and necessity of social farming is rising.

□ Tasks and Plans

- Task 1: Increase the people's closeness level with agriculture: diet education, local food, and urban agriculture
 - Promote diet and nutrition support projects by diversifying support methods in consideration of individual/regional food environments and first supporting foods that can connect consumers with domestic agriculture and producers.
 - *Promote local governments' participation in diet education and strengthen field-based, customized diet education by region. Provide diet education to various people from children to vulnerable social groups by solving the problem of blind spots in diet education (vulnerable social groups).
 - *Expand vegetable garden creation and education programs in schools so that students can have a right understanding of agriculture and food from elementary and middle school.
 - *Lay the foundation for systematic support by continually identifying and analyzing agri-food consumption behavior and expanding related statistics.
 - Support civil society's campaigns that help urban consumers to purchase agricultural products (local food) knowing their producers and to maintain social relationships with the producers.
 - Guarantee the participation of the local food movement's actors in various forms, such as farmers' markets, local food direct stores, and seasonal produce boxes, in the Central Council, and strengthen governance by amending the Act on Revitalization of Direct Trade in Agricultural Products, Including Promotion of Use of Local Agricultural Products and its enforcement ordinance.
 - Support the establishment of local governments' food plans, and the participation of rural producers and local food activists in school meal and local food strategies to be included in the plans.
 - Designate certain regions as urban agriculture zones and support incentives so that local governments can expand urban agriculture.
 - Strengthen cooperation between the Ministry of Agriculture, Food and Rural Affairs and local governments to enhance citizens' access to urban vegetable gardens and farms, and increase opportunities to take part in urban agriculture. Also, systematically nurture activists who will contribute to promoting urban agriculture.

- Task 2: Expand social farming

- Boost social farming that pursues the integration of vulnerable social groups' rehabilitation, education, care, and labor through agricultural activities based on tangible and intangible resources in rural areas.

*Expand ecological kindergartens, farm kindergartens, care farms, and healing farms.

- Provide agricultural and rural services to the people and create jobs at the same time.

*Actively support cooperatives, social enterprises, self-support centers, rural community companies, village building, lifelong learning centers, the social economy including community security councils, lifelong education, and cooperation and governance among rural actors related to community welfare.

- Seek ways to technically and institutionally support the development of social farming, and develop diverse programs by operating a national support center for social farming.
- Strengthen policy support for agricultural production units (including farming organizations and farm households) that practice social farming.

- Task 3: Spread the social value of abundant forest resources

- In response to demand for forest recreation/education/healing and mountain sports, create the space for forest services and provide information.
- Linking forest welfare service supply with job creation in mountain villages, and create jobs by promoting forest culture and education programs.

*Increase prenatal education in forests, forest kindergartens, forest experience programs for adolescents, and natural burials; train forest expounders and experts in forest healing and education; and establish a system to deliver forest welfare services to vulnerable social groups.

- Expand city forests to improve urban people's life quality and satisfy social demand.

2.3. Make agriculture satisfying by stabilizing farm management and income and training the workforce

□ Need and Implementation Direction

- With stagnant and decreasing farm household income and increasing income volatility, agricultural management risk is rising. Accordingly, it is needed to enhance the effect of the direct payment program, the key policy for income preservation, and reform the program to meet social expectations.

- By increasing the direct payment program's income preservation function and capacity to provide multifunctionality, it is required to improve the sustainability of agriculture, form a social consensus on the sector, and lay the foundation for an adequate level of life quality and reproduction through stable agricultural management.
- It has become necessary to support sustainable management by reducing farms' management instability and providing a safety net to farms in a temporary business risk.
 - It is needed to reduce management risk through a policy mix combined with existing and new systems in addition to the reform of the direct payment program.
- Now is the time to increase the sustainability of agriculture and rural areas and vitalize communities by training and securing agricultural enterprises and the agricultural workforce and strengthening policies for returning to farming.

□ Tasks and Plans

- Task 1: Preserve income through the direct payment program and stabilize management through insurance
 - Improve the effect of management stabilization through a gradual switch from a rice variable direct payment program to revenue protection insurance.
 - *Revenue protection insurance can respond to price and production risks, and determines the production scale under farms' responsibility. Therefore, the insurance will have less production inducement effect than the rice variable direct payment program.
 - The multifunctionality of the agriculture sector should be stressed to secure the sector's sustainability and strengthen the basis of the direct payment program. Thus, it is necessary to strengthen farms' cross compliance and create a monitoring system.
 - *The expansion of market opening and income squeezing have reduced the profitability of the agriculture sector. Nevertheless, it is needed to compensate for decreased income because of the sector's multifunctionality. Taxpayers' consensus can be maintained through support linked to concrete practices that enhance the multifunctionality.
 - Increase the income preservation effect by integrating the current direct payment program for rice income preservation and the direct payment program for dry-field farming into a tentatively named "direct payment program for farmland management," and by increasing unit prices. Consider improving the income preservation effect and alleviating equity problems through a switch from product-unit to farmland-unit.

- Task 2: Secure the management safety net by supporting management recovery and increasing disaster insurance
 - Complement the limit of the personal credit repair support system by considering the expansion of a management recovery support system that reflects the agriculture sector's characteristics, including the sector's bad bank.*
 - *A restructuring institution that purchases and manages farms' non-performing assets or bonds
 - Focus on qualitatively improving disaster insurance (especially for crops) that has centered on quantitative expansion.
 - *Enhance the management stabilization effect through institutional improvement at the same time, including increasing insurance purchase rates, expanding all-risk coverage, improving a damage rate application method by region, improving an eye measurement method, preparing the basis of calculating premiums, setting base prices, and improving a loss assessment system.
 - Expand a system for responding to large-scale natural disasters. That is, strengthen basic support for management recovery in case that farm-level responses through agricultural disaster insurance have limits due to a large-scale disaster.
 - *Currently, there is not a system for responding to large-scale disasters that reflects the agriculture sector's features.
- Task 3: Strengthen policy for returning to farming and establishing agriculture-related businesses and systematize programs for training the agricultural workforce
 - Connect programs for training new farmers and an agricultural meister project with farmers' growth stages (preparation → entry → growth → lead), and qualify farmers in the long term. This will expand the base for stably and continually nurturing the agricultural workforce and establish a system for strengthening the workforce's capacity by stages.
 - First solve the lack of farming technology and experience, and the lack of funds²⁾, the biggest problems that new farmers experience at an early stage.
 - *Provide basic income and increase support funds for business start-up in the stages of preparation for beginning farming and of early settlement to support settlement. Expand a tentatively named "system for supporting employment in leading agricultural corporations."³⁾
 - *Run education farms for new farmers' long-term training by utilizing farms with education

2) New farmers' biggest difficulties in business start-up are the lack of funds (43.4%) and the lack of farming technology and experience (30.2%) (KREI 2016).

3) A system that supports people who return to farming so that they can learn farming technologies through training in leading farms. The farms are payed a certain amount, and trainees are payed training allowances.

experience, including on-site training farms or a project for supporting agricultural enterprises' recruitment of experts.

- Systematically provide field-based, customized technology and management education and opportunities to exchange with local residents to those in their 20s-50s who want to establish an agricultural business. These people can be the key workforce in the future.

2.4. Create jobs by utilizing agricultural and rural conditions

□ Need and Implementation Direction

- Although jobs are directly connected with the quality of rural life, the increase rate of people employed in rural areas is only half compared to cities. A decline in the rural population has rapidly decreased the proportion of the self-employed in employed people, and reduced life services for residents.
- It is necessary to implement rural development policies centered on creating jobs that provide public and commercial services for rural residents' lives.
 - It is required to support stable settlement of people with various professional experiences who return to rural areas, and to induce them to contribute to vitalizing rural communities by providing jobs to them.
- Due to the falling proportion of agricultural income in farm household income, it is needed to develop diverse income sources for residents.
 - Convergence among various endowed resources in rural areas can boost the rural economy, create jobs, and enhance the value of rural areas.

□ Tasks and Plans

- Task 1: Create social jobs in rural areas linked with culture, education, and welfare services
 - Set up an integrated window that shares job information and helps people find a job for rural intermediary support organizations including the Agricultural Industry Support Center, the Women's Job Center, intermediary support organizations for community building, and urban-to-rural migration support centers.
 - *Create a human resources pool of rural residents who want non-agricultural jobs, and systematically collect and provide job information.

- Implement and increase support for education programs for rural residents' employment and business start-up.
 - *Strengthen education and training programs for developing various social groups' vocational ability, including women in farm households who hope to participate in non-farm economic activities.
 - *Support rural residents, including people who return to rural areas, to establish businesses that provide services necessary for communities (for example, a contest for projects for supporting rural community service business start-up).
 - Implement a social-innovation rural community service policy that local governments provide social services customized to each rural area's features and demand, and that residents get jobs by founding cooperatives that provide education and care services.
 - *Implement an education community project in which two or more education actors, such as a school, a village, and an institution, cooperate to provide learning support and career education services to rural students after school or on vacation, and residents get jobs at the same time.
 - Create programs that make low-income rural household members who need jobs participate in activities for providing services helpful to communities, and that pay wages.
 - *Increase opportunities to take part in activities such as improving energy conditions for the aged and poor households; decorating village landscape; caring for the elderly, pre-school children, and students after school; maintaining and managing community facilities; participating in not-for-profit cultural groups' projects; and supporting *eup* (town) or *myeon* (township) offices' administrative affairs.
- Task 2: Create jobs for young people through activities of rural vitalization support groups
- Strategically attract young people who want to move to rural areas and take part in community development activities, and support their activities.
 - Make members, selected from cities, of rural vitalization support groups live in rural areas for 1-3 years and participate in diverse activities for community development.
 - *Examples of the activities include preserving and monitoring water resources, conserving the environment, supporting residents' lives (care for vulnerable social groups such as old people who live alone), and supporting community vitalization projects (local events, community activities, urban-rural exchange projects, and sales of local specialties).
 - *Jeollabuk-do is implementing a project for training the workforce to respond to small-scale rural regions (depopulation). The province selected 24 people and made them participate in responding to rural depopulation (planning and implementing activities of vitalizing

communities and addressing depopulation), and Didimdol Youth Cooperative Farm (nurturing the workforce who want to be farmers, through farming training).

- Task 3: Increase jobs by boosting rural convergence industries
 - Create specialized regional industrial zones for rural convergence and an ecosystem by using local features. Establish a value chain so that regional agriculture, processing and sales of agricultural products, and rural tourism can be linked organically in a regional unit. In the process, provide jobs using various social groups' capacities in a region.
 - Establish a new model for the combined utilization of ecology, landscape, culture, history, and local resources beyond the existing policy centered on agriculture-related resources.
 - *Boost the rural economy by promoting new rural manufacturing that uses rural resources and traditional manufacturing technologies, and linking agriculture- and village-centered rural tourism with other sectors (education, leisure sports, exhibition; traditional culture, agriculture, forestry, livestock production; forests, medicinal herbs, farms etc.).
 - *Identify resources available by city/county, and select and concentrate on them to create specialized regional industrial zones for rural convergence that combine upstream and downstream industries.

2.5. Improve the quality of rural life by vitalizing communities and enhancing welfare

□ Need and Implementation Direction

- The decreasing and aging population is leading to a reduction in social infrastructures that supply goods and services necessary for residents' lives, and a decrease in residents' social participation and their life quality.
- It is needed to strengthen rural public service and welfare conditions so that every region in territory satisfies the minimum life standard.
 - It is required to comply with the services standard based on the Special Act on the Improvement of the Quality of Life of Farmers and Fishermen and the Promotion of Rural Development.
 - *Seventeen items are operated in seven sectors.
- To solve rural problems difficult to resolve through the public sector's direct intervention or the

market mechanism, it is important to implement community vitalization strategies that increase and use communities' human resources and social capital.

- Legislation efforts that help rural communities solve their problems themselves should produce outcomes early.

- It is needed to improve institutional conditions so that rural communities can establish organizations themselves, including the social economy and community businesses, and respond to their problems.

□ Tasks and Plans

- Task 1: Customize rural social welfare and improve support for public assistance
 - Reform the national basic livelihood security system and national pension insurance to reflect rural features.
 - Increase effects by strengthening welfare and culture services that reflect policy targets' characteristics.
 - *Strengthen support for elderly and disabled people's daily lives through joint facilities for the aged and house renovation suitable to physical activity conditions.
 - *Improve welfare and culture services for women farmers by increasing housework/farming helpers' support.
 - *Strengthen welfare policies for rural multicultural families, including language education and education for understanding multiple cultures, and expand support for welfare for infants, children, and adolescents.
- Task 2: Build a rural delivery system of social welfare and medical services
 - Strengthen efforts to comply with the services standard for satisfying the national minimum standard necessary for daily life nationwide.
 - Establish social welfare centers by living zone (3-4 zones for each city/county), train experts in rural welfare, and nurture village welfare leaders.
 - Reflect demand of diverse people, such as elderly/disabled people, women, multicultural families, infants, children, and adolescents, to strengthen daily life services, literacy education, housework support, and language education.
 - Introduce a family doctor system, seek ways to stably secure the workforce for rural public healthcare, and establish a rural emergency medical system.
 - Nurture experts in rural welfare, train village welfare instructors, and vitalize community

organizations including social security councils by *eup/myeon*.

- Task 3: Vitalize social services led by local communities
 - Implement a rural development policy that supports social economy organizations or community businesses to provide various services to rural residents.
 - To strengthen human capacities for this, enhance education and consulting functions for supporting the establishment of social economy organizations in rural areas, and increase human and financial support for institutions that support rural community projects.
 - Create an environment for rural community projects that respond to residents' needs through communication among departments in rural local governments.
 - Promote forming social relationships by supporting the establishment of education and care service cooperatives of women who returned to rural areas in connection with a community service investment project of the Ministry of Health and Welfare. In addition, create jobs through community development projects. Improve governance through urban-to-rural migration support centers by city/county.

2.6. Make beautiful, pleasant rural areas

□ Need and Implementation Direction

- The aging and decreasing population has led to a relatively poor living environment in rural areas. Particularly, living conditions in remote areas are poorer. At the same time, policy demand is diversifying with differentiated distribution of the rural population (the increasing *eup* population and the decreasing *myeon* population) and diversified rural members.
 - Aged/Disable people, multicultural families, workers in non-agriculture sectors and so on
- A rise in the national income level, urban-to-rural migration, and urban-rural exchange has increased the people's demand for a clean and abundant rural environment. However, thoughtless development has decreased rurality.
- Diversifying programs that support the conservation of various rural landscape resources and amenity can contribute to eco-friendly economic activities in rural areas. A rural plan system should be improved to create harmonious rural space as a place for life, rest, and work, and to enhance a positive image of rural areas by preserving and using diverse rural resources.

□ Tasks and Plans

- Task 1: Establish rural plans in which agricultural production infrastructure, settlement environments, and landscape are in harmony
 - Set up binding rural plans to preserve necessary places and develop other regions with order.
 - *Secure integrated space plans by amending laws related to rural land use, such as the Farmland Act, the Mountainous Districts Management Act, and the Rearrangement of Agricultural and Fishing Villages Act. Ultimately, it is needed to reform land use plans for the status of agricultural and rural space plans.
 - *Consider ways to enhance local governments' authority to establish plans and implement policies, including reforming comprehensive subsidies to increase the feasibility of local governments' rural policies.
 - *Clearly divide the roles of the central and local governments in the implementation process. The central government should be in charge of farmland and mountainous areas management plans, and local governments in charge of plans that reflect each region's diversity.
 - *The central and local governments should divide their roles and cooperate in the implementation process. The central government needs to provide information to local governments by analyzing farmland and mountainous areas management plans and development models by each rural area's features. Based on the central government's basic plan and provided information, local governments establish plans that include their regions' diversity and distinct characteristics.
- Task 2: Make pleasant spaces where centers and surrounding villages are linked
 - Comprehensively improve rural areas whose landscape was destroyed by thoughtless development, dilapidated empty houses, and neglected small streams, and improve a rural waste collection system.
 - Maintain the function of centers as a hub of basic service delivery in rural areas to deliver essential public services to surrounding regions' residents.
 - *Support public service outreach projects and efficient transportation to improve the service delivery system between centers and surrounding areas.
 - Nurture small living zones to maintain depopulated surrounding villages' basic living. Nurture small centers in depopulated rural areas by referring to Japan's "small hub" case and create a public service delivery system linked with higher-level centers. Enable residents' community activities in a small living zone unit where a hub village and depopulated villages are linked, beyond an approach based on traditional villages and administrative *ri* units.

- Coordinate local governments' authority and range of business in the space rearrangement process to reflect each region's features and current situation. The central government should improve its implementation system and budget to enhance effects.
- Task 3: Encourage farm activities for maintaining rurality and provide incentives
 - Increase the value of rural areas by conserving the rural environment and landscape and managing tangible and intangible resources. In addition, lay the foundation of residents' autonomous activities for managing rural landscape and resources.
 - Form a national consensus by reforming the related system so that following cross compliance qualifies for direct payments. Consider a plan that a village/organization/ community is paid for its environment project, village improvement, and so on.
 - While implementing the same method as the current direct payment program for landscape preservation, expand the range of activities for payment. Also, lay the foundation for activities suitable to each region's characteristics through a menu method.

2.7. Implement agricultural policy performance through decentralization

□ Need and Implementation Direction

- For agricultural policy to receive support of the entire nation as well as farmers, appropriate role division is necessary. For example, each region leads detailed projects for regional agriculture and rural areas, while the central government sets the policy direction to create various values of agriculture and rural areas that the people demand, and strengthens the role of cooperation and coordination with other ministries.
- It is required to establish an agricultural policy implementation system in which regional capacities to implement agricultural policies increase and diverse actors can participate.
 - A gradual approach through a medium- and long-term road map is necessary to strengthen regional capacities, establish a legal and institutional framework, and promote role division, understanding, and cooperation among various actors.
- It is necessary to improve governance, including the chamber of agriculture for creating public interest value based on a clear sense of responsibility of diverse stakeholders such as farmers and rural residents.

□ Key Tasks

- Task 1: Divide roles of central and local governments and specify their authority and responsibility
 - At a stage of maintaining the current project system, it is needed to divide authority and responsibility according to the proportion of financial contribution. For example, clarify authority and responsibility by institutionalizing a local government's participation in policy planning if the local government covers more than a certain proportion in a certain project.
 - Classify agricultural, rural and food policies and projects into ones of which the central government is in full charge, ones through central and local governments' consultation, and local government-led ones, and give shape to cooperation methods by each type.
 - Lay the legal and institutional foundation for decentralization in the basic law, including standards for distributing central and local governments' authority, their authority and responsibility, agricultural policy's basic purpose for creating the value of agriculture and rural areas that the people want, and a framework for cooperation between central and local governments.
 - *Establish a medium- and long-term road map for decentralization by stages, and specify a plan to set up the road map or the road map itself in the Development Plan for Agriculture, Rural Villages and the Food Industry.
- Task 2: Create an efficient system for regional agricultural policy implementation and promote governance
 - Organize regional agricultural policy support groups as permanent bodies to establish regional agricultural development plans, plan budgets for agricultural and forestry projects, and support the implementation and management of the projects.
 - Expand the functions of provincial agricultural research and extension services and city/county agricultural technology centers to overall projects for boosting regional agriculture and rural communities, beyond the traditional focus on technology diffusion.
 - *In the medium and long term, consider renaming the institutions "provincial agricultural and rural development institutes" and "city/county agricultural and rural development centers" to suit their range of business, changing their organizational systems, and supporting or carrying out local government-led policies and projects.
 - Legalize the chamber of agriculture and clarify its basic functions to promote regional agricultural policy governance.
 - *The basic function can be promoting governance in the process of planning, implementing, and assessing regional agricultural policy by collecting public opinions on agricultural policy,

while also providing public services related to agriculture and rural areas like in Europe.

*Efforts are needed to improve farmers' participation in decision-making and enhance farmer groups' governance capacity.

*Clarify the Agricultural Policy Council's functions, and secure its executive ability.

- Task 3: Strengthen the central government's support base for decentralization
 - For decentralization, the central government should strengthen support for increasing policy communication with the people and inducing pan-governmental cooperation.
 - To expand the target of agricultural policy to the entire nation, and to clarify the future policy direction of providing various values of agriculture, rural areas, and food to the people, it is necessary to consider renaming the Ministry of Agriculture, Food and Rural Affairs in charge of agricultural policy (for example, the Ministry of Food and Rural Affairs).
 - To create diverse values of agriculture, rural areas, and food that the whole nation can recognize, it is needed to effectively implement pan-governmental policy cooperation. Therefore, it is required to consider establishing a presidential inter-ministry committee (for example, the Agricultural and Rural Development Committee) that encompasses agricultural, rural and food policies.
- *The French government set up the Inter-ministry Committee for Rural Communities in 2016, announced and has implemented “37 New Ways for Rural France,” with a plan to inject 1 billion euros.

2.8. Use finances efficiently by improving the agricultural investment and loan system and the tax system

□ Need and Implementation Direction

- It is needed to reform the agricultural policy loan system in the direction of strengthening the financial market's role rather than government subsidies, to improve agri-food companies' competitiveness through market competition.
- It is required to make the system efficient by simplifying support methods by project and improving the use of the financial market's professionalism in investment size and the selection of targets, while the government covers risks to a certain extent.

- The range of agricultural income tax exemption is wide, and agriculture is exempt from value added tax, which makes it difficult to identify farmers' exact income structure. Accordingly, it is difficult to operate a system that needs income information, and there is a limit in requesting the people to support fulfilling economic, social, and environmental responsibility.
- It is necessary to provide just tax cuts and support to the agricultural sector, to strengthen the basis of support for the sector's roles, and to enhance policy effects by inducing the sector to produce transparent production and transaction information.

□ Tasks and Plans

- Task 1: Improve the efficiency of policy loans
 - Clarify the roles of the private sector and the government by expanding financial institutions' roles and the government's function of risk management. That is, the government plans and evaluates projects and strengthens risk management for financial institutions and their targets, while the institutions expand their roles in selecting targets and determining the amount.
 - Simplify support methods by strengthening the differentiation of accounting and fund projects.
 - *Rearrange agriculture-related funds through the amendment of the related law, and classify fund projects into subsidies, low-interest direct loans, interest make-up, investment and so on.
 - *Reduce finances for funds or commission projects, and increase the use of direct project costs of funds to increase the execution rate of fund projects.
 - *Avoid a subsidy + loan (guarantee) + self-pay support method, simplify support methods in individual projects, and apply guarantee through the Agriculture, Forestry and Fisheries Credit Guarantee Fund to private loans in the long term.
 - *Induce 100% interest make-up projects to switch to private investment projects by supporting technology valuation costs and financial consulting costs.
 - *Decrease government subsidies for facilities and inputs, and switch them to policy loans or direct payments.
 - Make the support system efficient by integrating a system for managing agricultural policy loans.
 - *Create a control tower in the Ministry of Agriculture, Food and Rural Affairs for integrated management of funds under the jurisdiction of the ministry.
 - *Establish an institution for integrated policy loans that manages guarantee business and agricultural policy loans for farmers. Utilize the Agricultural Policy Insurance & Finance

Service in the short term. In the long term, set up an institution for agricultural policy loans to integrate finances for the loans and make an efficient support system.

- Task 2: Differentiate support strategies by type of policy funds and by growth stage of agricultural enterprises
 - Provide direct government loans mainly to people who need low interest rates, and switch support for full-time farmers to interest make-up.
 - As for credit guarantee, focus on supporting technology-based enterprises and new farmers whose business value assessment is important.
 - Limit agricultural corporations over a certain scale to targets of policy loans in an investment method such as the agri-food fund of funds. Expand the proportion of investment support by supporting technologies and technology valuation costs and diversifying and increasing guarantee support through the Agriculture, Forestry and Fisheries Credit Guarantee Fund.
- Task 3: Establish the foundation for tax system improvement to increase agricultural competitiveness
 - Strengthen promoting income reporting to increase farmers' income report.
 - *Explain that in most cases, farmers' tax burden is not big; that cost deduction is possible because they are business operators; and that benefits can increase in Earned Income Tax Credit, insurance and so on based on taxation records.
 - Consider a switch to a system of multiple tax rates through low-rate taxation to expand the application of value added tax. Cover administrative costs by utilizing additional finances that can be secured by taxing imported products too. Consider using remaining finances as special agricultural tax for rural areas.
 - Solve a problem that business operator registration is impossible when the zero tax rate of value added tax is applied. It is necessary to discuss in what transaction stage value added tax is imposed and returned.
 - Revise the clause of transfer income tax exemption: Consider applying special deduction for long-term holding (Article 95 of the Income Tax Act) if certain requirements are met, including owning farmland in agricultural development regions or owning/using farmland for a long time.

2.9. Respond to the fourth industrial revolution and create new growth engines

□ Need and Implementation Direction

- It is needed to establish a network agricultural technology innovation system where agricultural enterprises cooperate with various actors, and to enhance outcomes.
 - It is required to overcome the limit of a supplier-centered linear model, “research and development (R&D)”-“diffusion through extension”-“commercialization.”
- The fourth industrial revolution technologies can be combined with agriculture, rural areas, and food for the future growth industrialization of agriculture and job creation. It is expected to contribute to responding to the aging rural population and environmental pollution in rural areas, providing safe food, and satisfying consumers’ diverse needs.
 - Avoid an error of oversimplification, impatience, and short-term responses, and take a long-term approach.
 - The government should focus on creating the national infrastructure and an agri-food convergence ecosystem, with the private sector’s creative ideas or innovation at the center.
 - Reform an R&D system for a close relationship between research and market.
 - The fourth industrial revolution is closely related to reforming the consciousness of the society at large. That is, although technology development and productivity increase are important, it is also needed to change education, legal systems, society, and culture.
 - Utilize the fourth industrial revolution not as the goal of agricultural policy but as a useful means to create the agricultural sector’s future growth engines.
- Recently, agricultural growth has slowed down. Nevertheless, it is necessary to expand agriculture and create new growth engines by creating high value added through combination of farming and new technologies, including smart farms; by promoting the companion animal and horse industries that can meet the people’s various demands; and by developing bio-agricultural materials and diverse products.

□ Tasks and Plans

- Task 1: Strengthen the private sector’s technical innovation capacity and create an ecosystem for technology-based business start-up
 - Strengthen public-private partnership projects to draw and realize the private sector’s innovative ideas: Benchmark InnovatieNetwork⁴⁾ of the Netherlands.

- Establish a system where innovative ideas effectively lead to R&D, business, and practical outcomes by organizing and operating an innovation platform centered on agriculture-related enterprises and farms.

*For imagination to lead to innovation, the time to accumulate knowledge and experience, that is, the time for accumulation is necessary.

- To strengthen the learning process of interaction, expand pilot farm projects for applying the fourth industrial revolution technologies where agriculture-related companies, R&D institutions, and farms participate, thereby enhancing agricultural enterprises' technical innovation capacity.
- Strengthen a commercialization-centered R&D support system. For example, increase investment in technology R&D for commercialization; support stable business activities by expanding exclusive use of state-owned patents; build a "mutual help platform" between research institutions and venture enterprises; support the development of technologies necessary for agriculture-related companies by private R&D agencies (CROs and CMOs).
- Diversify channels for supporting business start-up funds, and strengthen policies for promoting the agricultural industry by supporting technology financing through promoting technology valuation; by supporting private fund investment in technology-based business start-up; by boosting a crowdfunding platform for agri-food; and by increasing policy funds for outstanding technologies.
- Establish a system for supporting technology-based business start-up by one-step support including technology, funds, and markets through specialized centers for supporting agri-food ventures and business start-up by region; and by support for business start-up and growth through outreach incubators.

○ Task 2: Innovate the agri-food R&D system

- Innovate the agri-food R&D system by strengthening competitive, open, market-oriented R&D, a central-regional R&D cooperative system, and coordination and deliberation of R&D policy of the Science and Technology Commission of Food, Agriculture, Forestry, and by increasing cooperation with government-funded research institutions in other fields of science and technology.
- Expand support projects of the Agricultural Research Center, and increase investment in R&D for nurturing experts in science and technology through programs for training agri-food

4) Although belonging to the Agriculture, Nature and Knowledge Directorate of the Dutch Ministry of Economic Affairs, InnovatieNetwork performs duties independently under its own board of directors. To draw and realize innovative ideas, InnovatieNetwork staff cooperate with an external network of various actors including civil society, government institutions, research institutes, companies, and farmers' organizations.

R&D consultants.

- To expand the private sector's participation in R&D, increase the proportion of self-help funds in R&D, expand private R&D vouchers, and promote research institutes attached to agri-food companies.
- To rapidly disseminate new technologies developed by research institutions to the agricultural field, expand projects for new technology diffusion and on-farm verification centered on solving agricultural policy issues.

○ Task 3: Promote new growth engine industries

- Expand the application of the fourth industrial revolution technologies, including development and dissemination of high-tech agricultural equipment and materials such as smart farms and agricultural machines using ICRT (ICT+Robot); precise forecasting regarding supply, demand, and livestock diseases; information communication between producers and consumers, such as an integrated information management system; and rural smart home towns.
- Promote food, medical and cosmetics industries by increasing R&D related to high-value-added bio-agricultural materials. Diversify products and lay the industry base for the high value added of insects and sericulture.
- Continually develop varieties through the second stage (2017-2021) of the Golden Seed Project for the export of seeds and import substitution.
- Boost the horse and companion animal industries through which rural and urban areas can grow together and people can commune with animals, thereby creating various values of agriculture and rural areas. Support the production, improvement and training of horses; increase equestrian centers in cities; expand children's riding experience and vulnerable social groups' participation; create services related to companion animals; and promote animal nurses and the medical insurance market for animals.

2.10. Strengthen the capacity to respond to the international situation

□ Need and Implementation Direction

- We are facing various unprecedented changes, including the entry into an era of low growth, drastic changes in trade order such as Brexit and the launch of the Trump administration, the progress of climate change, and the fourth industrial revolution.

- International conditions and other countries' changes directly affect Korea, and these impacts influence agriculture and rural areas through diverse channels. Therefore, it is needed to proactively and actively respond to changes in international conditions.
 - For example, agricultural market opening is not a variable any more but a constant. This means that events related to agricultural production and trade in other regions in the world can lead to the imbalance between the supply and demand of agricultural products and food safety in Korea.

□ Tasks and Plans

- Task 1: Seek ways to proactively respond to the international trade environment, climate change and so on
 - Set up an organization that will respond to international norms such as the WTO and multilateral FTAs, for professional responses and policy support.
 - *Major fields of the organization include sanitary and phytosanitary measures, analyzing international norms related to trade disputes, and reviewing whether domestic laws and policies in the field of agri-food accord with the WTO standards. The organization should carry out continuous monitoring in these fields.
 - Strengthen quarantine and inspections by expanding domestic organizations for quarantine and creating a network among relevant institutions.
 - Strengthen efforts for smooth export and market expansion. Because the international society is discussing limiting export subsidies, the capacity of the government should focus on creating markets to improve effectiveness.
 - In response to the new climate regime, establish strategies and action plans to cope with climate change by stages. Implement effective programs that link greenhouse gas reduction in agriculture with farms' income sources, and adaptation programs that farmers can practice.
 - *Set up a basic road map for greenhouse gas reduction in the agricultural and livestock sector in accordance with the "First Basic Plan to Respond to Climate Change" established in 2016, and the "Basic Road Map for National Greenhouse Gas Reduction by 2030." Also, considering expected costs and benefits and a trade off relationship among the plans, establish a "Post-2020 Detailed Action Plan for the Agriculture, Forestry and Food Sectors in Response to Climate Change."
- Task 2: Expand Korean agriculture through fruitful overseas agricultural development and international agricultural development and cooperation projects

- For the continuous growth of overseas agricultural development, implement various development methods such as the securing of distribution hubs, including storage, processing and logistics facilities, and joint investment with local companies, beyond a method centered on developing overseas farms.
 - Through fruitful overseas agricultural development, stably secure food and develop foreign markets for upstream and downstream industries, including domestic farm materials and agricultural processing and distribution.
 - To improve the effectiveness of international agricultural development and cooperation projects, create an information sharing system on partner countries and a human network. Also, strengthen post-management, assessment, and reflux by utilizing a cooperation system among relevant institutions.
 - Differentiate international agricultural development and cooperation related to agri-food with projects of other institutions by focusing on technical cooperation, and enhance efficiency and transparency through standard business implementation procedures.
 - Currently, the public sector takes up a high proportion of participation in international agricultural development and cooperation projects. However, induce private participation gradually, and clarify the roles of the public sector (project management etc.) and the private sector (consulting etc.)
- Task 3: Promote inter-Korean agricultural cooperation
- With various scenarios such as North Korea's gradual reform and opening and drastic change, establish response strategies of the agricultural sector by stages (food supply and demand, emergency aid, population movement, etc.) in advance.
 - Considering the possibility of changes in the current inter-Korean relationship, supplement the existing food aid program for North Korea so that it consists of support for vulnerable social groups, disaster relief, and support for development cooperation.
 - *Plan and carry out humanitarian food aid programs for the North in the short term, and plan food aid programs for the North for development support in the medium and long term.
 - Review the validity of the existing agricultural cooperation projects, and set up a body in full charge of cooperation projects to seek alternatives for development.
 - *Implement pilot cooperation projects to narrow the gap between the two Koreas' expectations for agricultural cooperation. Also, consider a systematic approach that establishes an organization for private-public partnership in full charge of agricultural support projects for the North and inter-Korean agricultural cooperation projects.

