Outlook for Japanese Food Security and Trade Policies

17 May, 2012

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I. Economy, food security and food and agricultural sector
Change in Food Self-sufficiency Ratio

- Food self-sufficiency (39% in FY2010)
- Food self-sufficiency target (50% in FY2020)

Note: on a calorie basis
Aging Population in Japanese Agriculture
~ Agriculture workers decreases, but their average age increases ~

(Source) Ministry of Agriculture, Forestry and Fisheries “Census of Agriculture and Forestry”
Decrease in Area of Cultivated Land and Increase in Abandoned Farmland

- Decrease of 1.48 million ha
- Increase in area of abandoned farmland by 0.40 million ha

Information: Ministry of Agriculture, Forestry and Fisheries “Statistics on Cultivated Land and Planted Area” and “Census of Agriculture and Forestry”
Rapid Decline of Agricultural Production and Income

Agricultural Production

(Agri cu ltu ral Production

Reduced by half in about 20 years

(trillion yen)

13.4
12
11
10
9
8
7
6
5
4
3
2
1
0


Agricultural Income

(Sou rce) Ministry of Agriculture, Forestry and Fisheries “Economic Calculation on Agricultural and Food-related Industries”

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports</th>
<th>Exports</th>
<th>Net imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>567</td>
<td>27</td>
<td>539</td>
</tr>
<tr>
<td>China</td>
<td>669</td>
<td>302</td>
<td>367</td>
</tr>
<tr>
<td>U.K.</td>
<td>584</td>
<td>250</td>
<td>334</td>
</tr>
<tr>
<td>South Korea</td>
<td>189</td>
<td>30</td>
<td>160</td>
</tr>
<tr>
<td>Germany</td>
<td>830</td>
<td>708</td>
<td>121</td>
</tr>
<tr>
<td>India</td>
<td>91</td>
<td>173</td>
<td>82</td>
</tr>
<tr>
<td>France</td>
<td>532</td>
<td>680</td>
<td>148</td>
</tr>
<tr>
<td>Australia</td>
<td>84</td>
<td>241</td>
<td>157</td>
</tr>
<tr>
<td>U.S.</td>
<td>824</td>
<td>1,183</td>
<td>358</td>
</tr>
<tr>
<td>Brazil</td>
<td>79</td>
<td>554</td>
<td>474</td>
</tr>
<tr>
<td>E.U.</td>
<td>1,274</td>
<td>1,089</td>
<td>185</td>
</tr>
</tbody>
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Source: Prepared by MAFF based on FAO "FAOSTAT"
Note: Imports and exports of U.K., Germany and France include those within the EU.
II. Agricultural policies, productivity, key constraints/opportunities
Conventional agricultural policies were drastically changed and brand-new perspectives were incorporated in the New Basic Plan for Food, Agriculture and Rural Areas endorsed by the Cabinet in March 2010.

### Points of the New Basic Plan for Food, Agriculture and Rural Areas

*Approved by the Cabinet on 30 March 2010*

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<tr>
<th>Sustainable development of agriculture</th>
<th>Introduction of the income compensation system for individual farming households</th>
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<tbody>
<tr>
<td>Target of food self-sufficiency</td>
<td>Raising food self-sufficiency to 50%</td>
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<tr>
<td>Promotion of rural areas</td>
<td>Expansion into secondary and tertiary business based on agriculture</td>
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<tr>
<td>Securing of stable food supply</td>
<td>Fully addressing management issues of food supply process</td>
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Further Policy Reforms

Basic Plan for Food, Agriculture and Rural Areas

New Principle on EPA/FTA

Basic Policy on Comprehensive Economic Partnerships (November 2010)

The Great East Japan Earthquake (Mar 2011)

Further policy reform for the Revitalisation of Japanese Food, Agriculture, Forestry and Fisheries

Basic Policy for the Revitalisation of Japanese Food, Agriculture, Forestry and Fisheries (October 2011)
Primary Strategies

Strategy 1
Increasing New Entrants in Agriculture, Accelerating the Expansions of Farming Size (20-30ha in Flatland Areas and 10-20ha in Hilly and Mounteinous Areas)

Strategy 2
Promoting the 6th Industrialization, Strengthening Relationship (Kizuna) with Consumers, Rebuilding Strategies for the Export

Strategy 3
Promoting the Utilization of Resources in Rural Areas for Energy Production

Strategy 4
Constructing Earthquake-Resistant Infrastructures for Agriculture, Forestry, and Fisheries

Working Intensively in the next 5 years
III. Domestic approach to food security and views regarding multilateral and international food security initiatives
The Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries predicts major crop prices will rise by 24-54% in nominal terms and 2-10% in real terms in 2021 compared with those in 2009 (the average for the 3 years between 2008 & 2010).

Notes
1. Actual prices are shown up to 2011 and predicted prices between 2012 and 2021.
2. Real prices in the past and nominal prices in the future are calculated by using 2009 as a base year. Prices of wheat, corn and soybeans are calculated by using the U.S. CPI, and the price of rice by using Thai CPI as a deflator (based on IMF data).

Source: Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries “Prospect of Supply and Demand of Food in the World in 2021” (released in Feb. 2012)
Stable food supply to the citizens shall be secured by increased domestic agricultural production as a base together with appropriate combination of import and reserve. (Article 2; Food, Agriculture and Rural Areas Basic Act)
Necessity of Comprehensive Food Security

- Food security in terms of demand and access should be examined in addition to efforts in terms of supply being made by securing enough food. We should consider demand issues, such as the quality and nutrition of food and dietary life, and, at the same time, access issues such as the physical availability of food.

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<th>Production</th>
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<tbody>
<tr>
<td>• Take securing measure to maintain production materials (fertilizer and so on)</td>
</tr>
<tr>
<td>• Strengthen quarantine for imported products, domestic control and quarantine measures.</td>
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<th>Marketing and Consumption</th>
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<tr>
<td>• Growing interest in food safety</td>
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<tr>
<td>• Health and nutritious balance</td>
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<tr>
<th>International Factors</th>
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<td>• Promotion of international cooperation (AMIS, APIP, etc.) and support to foreign agricultural investment.</td>
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<td>• APTERR (ASEAN Plus Three Emergency Rice Reserve) Agreement was adopted and signed in October 2011.</td>
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Discussion on Food Security in the Multilateral and International Initiatives

Outcomes

- APEC Ministerial Meeting on Food Security (Niigata, Japan, 16-17 October 2010)
  - APEC countries to share goals of (i) sustainable development of the agricultural sector, and (ii) facilitation of investment, trade and markets to contribute to the global food security.
  - APEC Action Plan on Food Security is made, which identifies specific activities including promotion of responsible agricultural investment.

- The G20 Summit in Seoul (Seoul, Korea, 11-12 November 2010)
  - We endorse the Multi-Year Action Plan on Development.
  - Enhance food security policy coherence and coordination and increase agricultural productivity and food availability, including by promoting responsible agriculture investment, fostering smallholder agriculture, proposals to better manage and mitigate risks of food price volatility.

- The G8 Summit in Deauville (Deauville, France, 26-27 May 2011)
  - We encourage a strong and comprehensive multilateral and bilateral response to improve food security.
  - We will intensify our efforts to foster sustainable agricultural production and productivity with an emphasis on smallholder’s farmers.

- Meeting of G20 Agriculture Ministers (Paris, France, 22-23 June 2011)
  - We agree on an “Action Plan on food price volatility and agriculture”. We recognize the need to increase sustainable agricultural production and productivity to improve food security.
  - Reducing the effects of price volatility for the most vulnerable. The development of a proposal for a targeted emergency humanitarian food reserves system focused on regional approaches.
  - We strongly encourage G20 Finance Ministers and Central Bank Governors to take the appropriate decisions for a better regulation and supervision of agricultural financial markets.
IV. Food and agricultural trade flows – key trading partners/ key trade agreements; views regarding WTO, RTAs, APEC, TPP, etc
WTO Agriculture Negotiations and Japan’s Basic Position

- WTO Ag Negotiations started in March 2000, conforming with the Uruguay Round agreements.
- Japan aims for the establishment of trade rules that keep balance between exporting and importing countries, with a fundamental principle of “coexistence of various types of agriculture.”

**Japan’s basic position**

“coexistence of various types of agriculture”
- Ensuring food security
- Consideration of multifunctionality of agriculture

- Establishment of balanced trade rules
- Domestic agricultural policy reform
- Contribution to development of developing countries
Japan’s EPA/FTA

- Japan has 13 EPA/FTAs (signed or enacted) and is negotiating ones with Australia and so on.
Japan’s trade value and EPA

- Entered into force with 13 nations/region, mainly ASEAN nations
- 18.7% by trade value base is shared by EPA

Source: trade statistics 2010
2. Concrete action to strengthen comprehensive economic partnerships

[...] With regard to EPAs or broader regional economic partnerships that are politically and economically important and will be of especially great benefit to Japan, the Government of Japan, while taking into consideration the sensitivity of trade in certain products, will subject all goods to negotiations for trade liberalization and, through such negotiations, pursue high-level economic partnerships.

3. Integrated approach to EPA negotiations and domestic measures

the Government of Japan, with a view to "opening the country", will first promote appropriate domestic reforms with respect to areas of the agricultural industry, movement of natural persons from abroad to Japan, and regulatory reforms.

(1) Agriculture
"The Headquarters for the Promotion of Agricultural Structural Reform (provisional title)" will be established, ......., in order to promote both high-level EPAs and improvement of Japan's food self-sufficiency and revitalization of its agriculture industry and rural communities, and also in order to take measures aimed at fostering sustainable and strong agriculture.
[...] Japan will start consultations with the countries concerned, make efforts to gather further information as to what each country would expect from Japan, and, through sufficient national debate, reach a conclusion on the TPP faithfully from the viewpoint of our national interests.
Assumptions

- 33 items are covered.
  - Agricultural products: 19 items,
  - Forestry products: 1 item,
  - Fisheries products: 13 items

  - e.g. rice, wheat, sugar beet and cane, milk and dairy products, beef, pork, chicken, shell egg, plywood, salmon, etc.

Selection Criteria: Items of which tariff rate exceeds 10% and production value exceeds one billion yen.

Results

- Decrease in production value: app. 4.5 trillion yen
- Food self-sufficiency ratio (caloric intake base): down from 40% to app. 13%
- Loss of estimated value of multifunctionality of agriculture: app. 3.7 trillion yen
- Effects on agriculture, forestry, fisheries and affiliated industry:
  - Decrease in GDP: app. 8.4 trillion yen
  - Number of affected employers: app. 3.5 million people

Includes the loss of production value in primary processed food (e.g. wheat flour) made from domestic agricultural, forestry and fisheries products.
Ongoing Debates
Thank you for your kind attention!