

Japan Plans to Cut Subsidies of Rice Farmer

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Rice policy has been, and still is, the core policy of Japanese agriculture. Rice industry is highly protected by the Japanese government. In order to secure sustainability and create an environment where all motivated farmers can continue practicing rice farming and tackle their business development, MAFF introduced in 2010 “ The Income Support Direct Payment Program, abbrev. ISDPP”.

ISDPP consists of two parts: the fixed payment and the variable payment. When converted into 10 ares of rice paddy, the fixed payment is \$170.9. The variable payment is the difference between the standard selling price (the average price of past three years) and the current selling price. In 2010 the variable payment was \$172.0 per 10 ares.

The Japan Times recently revealed that the Japanese government is planning to cut the subsidies to rice farmers from the fiscal year 2014.

This move, proposed by the ruling Liberal Democratic Party , aims toward a more competitive and less protective environment for Japan’s rice industry.

Japan has supported rice price since the 1970s by paying farmers to grow less of the staple crop so that the government can adjust supply to meet demand amid the national downtrend in rice consumption.

The government and LDP are discussing plans to cut the fixed payment by half, from 15,000Yen/10 ares to 7,500Yen/10 ares, in the fiscal 2014. The fixed payment will then be scrapped completely within five years.

The variable payment is scheduled to be scrapped sooner, in the fiscal 2014.

ISDPP was introduced in 2010 by the previous government led by the Democratic Party. It has been criticized as an easy handout that benefits uncompetitive farmers, including small-scale farmers and part-timers.

The government is expected to come up with a reform plan for the farm sector

later November this year.

Reference:

1. Kako, T. 2013. "Trade Liberalization and Rice Farming in Japan and Heilongjiang China" in FFTC-NACF International Seminar on "The Threats and Opportunities of the Free Trade Agreements in the Asian Region." Sept 29- Oct 3, 2013, Seoul, Korea.
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