

## Major Shift of Japanese Rice Policy

Chan-Ik Chun  
Agricultural Economist of FFTC

The Japanese government said on November 26 it will terminate the decades-old “gentan (減反)” rice production adjustment system (rice production quota system) as early as fiscal 2018. Japan has begun the policy since 1970.

The decision was reached at a meeting of the government’s team, headed by Prime Minister Shinzo Abe, to promote agriculture, forestry and fisheries and revitalize regional communities.

“It is necessary to turn agriculture into a growth industry” to help farmers and their communities increase their income, Abe told the meeting, underlining his resolve to promote agricultural system reforms.

The government will submit legislation to scrap the gentan system to the next ordinary session of the Diet, starting early in 2014.

Under the gentan system which was launched more than 40 years ago, the central government sets production targets for each prefecture to shore up the prices of the staple, whose supply has exceeded demand for a long time.

After the abolition of the gentan system, the government will take steps to prevent a possible rice price tumble.

Also, Japanese government would shake up the 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 US\$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 US\$172.0 per 10 ares. From next year the government will cut the fixed payment in half and abolish the variable payment.

### References:

1. The China Post, Nov. 27, 2013
2. The Japan Times, Nov. 27, 2013
3. Yutsai Huang, “Japan Plans to Cut Subsidies of Rice Farmers,” <http://ap.fftc.agnet.org>, 2013

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