

Japan's Reformed Gentan Rice Program Viewed as too late by Farmers

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For several decades now, Japan government's mandatory quota-based program called "gentan" or paddy reduction, has been designed to keep rice prices artificially high. Critics say the program has long been recognized as a symbol of the government's policy of benefitting vested interest groups, namely rice farmers and politicians living in the rural areas. In November of this year, Japan's farm ministry announced plans to abolish the government's rice production quotas in five years.

But few people seem to be happy with this development. In fact, despite all the media hype over the reported abolition of the program, farmers who were interviewed by The Japan Times said it's already too late. One such farmer is Toru Wakui, 65, a rice farmer in the village of Ogata, Minamiakita District, Akita Prefecture, who has been cultivating the crop since 1970. He was quoted as saying "I'm 65 now, and the average age of farmers is now about the same." Wakui further explained that most of the farmers will all quit working in five years and they have very few successors since the aging of the farming workforce is a most fundamental problem in Japan right now. If the farmers are growing old and there is a grave shortage of young workers, people are saying that all these will lead into extinction.

According to Wakui the government's decades-old-effort to protect the domestic rice industry, which includes the "gentan" program had undermined the farmers' competitiveness so much that full-time farmers cannot survive without subsidies.

In 2010, figures of Japan's farming ministry revealed that the average age of agricultural workers was 69.9 years. It went down to 65.8 years two years later. In 2010, a total of 1.2 million families are engaged in rice farming. This was down 17.3% from five years earlier and 33.5% from 2000. According to Professor Kazuni Oisumi of the Miyagi University, an expert on agricultural policies, this number will fall to half over just the next 10 years.

Japan's rice control system dates back to 1942, one year after World War II began. At that time, the government brought production and sales of all major agricultural products under government control. When the war ended, the postwar government maintained strict control over rice because the nation was still suffering from food shortages. However, in the 1960s domestic rice production surpassed consumption and the food management system created a program that will provide subsidies to farmers and protect farmers' groups and rural politicians.

In 1970, in a bid to keep rice prices artificially high to protect the farmers, the government launched the mandatory "gentan" program to force farmers to reduce rice output based on state set production quotas. This meant imposing penalties to farmers who did not want to follow the quota rules. The members of the regional agricultural cooperatives also applied pressure on farmers who did not conform to the "gentan" rule.

Under this situation, a majority of other farmers just shipped their rice to local agricultural cooperatives, who sold it to the government. The Zen-Noh Group, a national federation of agricultural cooperatives served as a political machinery for the ruling Liberal Democratic Party. It raised election funds and kept rice prices artificially higher. Observers, on the other hand, said many farmers who lost their entrepreneurial spirit just focused on political campaigns to pressure the government to keep rice prices high. As Professor Oizumi of Miyagi University explained to

a government panel on deregulation: “Allocating production quotas to farmers means you just promote rice production not based on market mechanisms.

In 1967, Ogata was originally developed as a model for building large-scale paddies to increase rice for domestic consumption. It was developed by the state by reclaiming land from Hachirogata, which was then Japan’s second largest lake. But as Wakui recalled, as early as 1970s, the government started forcing Ogata’s farmers to reduce production by imposing quotas. Wakui said he as harassed by government and agricultural cooperative officials for not following the “gentan” program. The central government even threatened him, saying it would forcibly buy back his rice paddies because the district was originally developed by money provided by the state.

Ogata village then was split between those who followed the quotas and those who defied it. Wakui, who was unable to sell his rice through the official government-controlled distribution channels, started selling high quality rice directly through consumers. He even set up a firm and started producing processed food including pasta made from rice flour, special types of rice and rice-based emergency foods. For Wakui, producing high quality food is the key to the survival of rice farmers.

The “gentan” program faced many criticisms from the farming communities overseas, including US farmers because of its artificially high rice prices and an ever-increasing amount of black market rice. Because of this, Japan revised its laws in 1994 to stop buying all domestically grown rice except for certain stockpiles and liberalized sales of rice grown.

In 2010, the government, led by the Democratic Party of Japan, abolished the penalties, which included not allocating various infrastructure subsidies to local communities where such farmers who do not follow the gentan program lived and farmed.

In November, the administration of Prime Minister Shinzo Abe finally announced plans to abolish state rice production quotas in 2018. Some experts and farmers suspect that abolishing the quotas will fail to streamline the rice industry.

Today, the government plans to abolish the direct payment subsidy in five years introduced by the DPJ that helps farmers who curtailed rice output based on the “gentan” goals. That payment is based on a rate of Y15,000 per 1,000 sq. meters of rice paddy.

There are however, certain incentives which the government plans to retain for planting crops for human consumption other than rice to keep rice prices higher. There are ven plans to create a new set of subsidies to help farmers maintain infrastructure in rural communities by diverting money allocated to the DPJ’s direct payment subsidies.

According to Kazuhito Yamashita, research director at the Canon Institute for Global Studies, those subsidies will allow Japan to maintain its inefficient rice-farming industry, including the part-timers and their small paddies. Yamashita said this reform in a nutshell is a fake.

Others are not impressed by the government’s announced plans to abolish the “gentan” program. One of them is Hajime Kobayashi, chairman of the local agricultural cooperative in Ogata village. He said the government will just keep doing the same thing, which is to keep high prices of rice for human consumption. He further explained that Japan is now involved in negotiations in the Trans Pacific Partnership free trade talks, which he believes could eventually force Japan to drastically cut its 77.8% tariff on rice.

Kobayashio believes that the government will have no choice but to come up with more radical changes for its agricultural policies. “I want the government to draw up long-term policies for the next 30 years and middle-term policies for the next 10 years as well. Otherwise, you can’t invest in agriculture.”

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