Japanese Agricultural Policy Reform after FT 2014 (Part 3)

Yoshiaki Iiguni
Multidisciplinary Cluster, Kuroshio Science, Kochi University

Introduction

This is the English translation of the second half of a pamphlet entitled “New Policy for Agriculture and Rural Areas is beginning!! : 4 reforms ” issued by the government in 2012. The first part of this pamphlet has been translated by Dr. Kunio Nishikawa (Ibaragi University). They were uploaded in the accompanying Website;

Japanese Agricultural Policy Reform after FT 2014 (Part 1),
http://ap.fftc.agnet.org/ap_db.php?id=245

http://ap.fftc.agnet.org/ap_db.php?id=268#_ftnref1

This pamphlet was issued to farmers, officials, staff of agricultural cooperatives, etc. Graphs and illustrations and photographs in the pamphlet facilitate the understanding of the new policies. Therefore, in this translation, the translated texts are embodied into the original pamphlet format.

Date submitted: April 28, 2015
Reviewed, edited and uploaded: April 28, 2015
VI. Revision of rice policy and full-use of paddy fields

1 The payment for paddy fields use

This program aims to raise level of food self-sufficiency rate and self-sufficiency power by promoting fully use of paddy fields based on payment to farmers for production of wheat, soybean, rice for feed, rice for flour so on.

(1) Payment

1) Payment for strategic crops

<table>
<thead>
<tr>
<th>Targeted crops</th>
<th>Payment (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat, soybean and feed crops</td>
<td>35,000</td>
</tr>
<tr>
<td>Rice for whole corn silage</td>
<td>80,000</td>
</tr>
<tr>
<td>Rice for processing</td>
<td>20,000</td>
</tr>
<tr>
<td>Rice for feed and flour</td>
<td>corresponding to harvest</td>
</tr>
</tbody>
</table>

The payment is provided on condition that the crops are inspected by the organization in charge.

※ The standard yield in the graph is a national-wide average value. It is the higher yield, the more payment! We can receive reward of our effort.

A unit price of payment (slope of the line)
2) Payment for two-crop system

Farmers can receive this payment, when they produce rice for food and some strategic crops indicated above or two or more strategic crops a year on the same field.

<table>
<thead>
<tr>
<th>Cultivation pattern</th>
<th>Payment per 10a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice for food + wheat</td>
<td>Fixed price component +15,000</td>
</tr>
<tr>
<td>Wheat + soybean</td>
<td>35,000 + 15,000</td>
</tr>
<tr>
<td>Rice for feed + wheat</td>
<td>55,000 – 105,000 +15,000</td>
</tr>
<tr>
<td>Rice for flour + rice for feed</td>
<td>55,000 – 105,000 +15,000</td>
</tr>
</tbody>
</table>

3) Payment for promotion of common resource use between crop and livestock

The payment aims to strengthen the common resource use between crop and livestock production such like, use of straws of rice for feed in livestock production, grazing on paddy field, use of byproducts so on.

4) The Payment for competitive production areas

- The payment promotes 1) level up of productivity of wheat, soybean so on in the paddy fields, and 2) production of local specialties, emergency rice stock production so on.
- The crops and unit of payment can be decided by the prefecture or the council for revitalization of local agriculture under the budget provided by national government.
- Additional payment will be also made. See below.

<table>
<thead>
<tr>
<th>Targeted crops</th>
<th>condition, additional payment unit</th>
<th>Unit price as additional payment (yen / 10a )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice for feed and flour</td>
<td>Introduction of specific variety for high yield</td>
<td>12,000</td>
</tr>
<tr>
<td>Rice for processing</td>
<td>Production contract with processing company more than three years.</td>
<td>12,000</td>
</tr>
<tr>
<td>Emergency rice stock</td>
<td>Successful bid in a bid on emergency rice stock in 2014. Buckwheat, rapeseed</td>
<td>75,000</td>
</tr>
<tr>
<td>Buckwheat, rapeseed</td>
<td>Production of them</td>
<td>20,000 (for main crop)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,000 (for the second crop)</td>
</tr>
</tbody>
</table>
This vision is a plan for competitive production area which products are fascinating and characterized by local specific features.

The payment for production areas is provided within a framework of vision for full-use of paddy fields.

* To make the vision is a condition to receive the payment accordingly.

### Contents of vision for full-use of paddy fields

- **Policy of measures**
  - Current status of planting, problems in the area
  - Production plan of each product (setting target of production area of rice for non-food use, introduction of new technology for increasing yield, cooperation with buyers so on)
  - Planed area by each product
  - Setting target area and yield of three years later

- **Measures in details**
  - Practical purpose for which the payment will be spent.
  - Unit of the payment on.

* These should be decided and submitted to the government by 31. May after

---

Let’s continue production in the form of block-rotation for increasing production of soybean.

It is also necessary to improve drainage system.

Let’s set the targets together toward to establish fascinating production area!!

Let’s use the payment for production area efficiently and create a new vegetable production center!

I would like to produce rice for processing under a three years contract with brewing company.
<In the past>
- Each farmer decides individually how to plant. Then some fields are not planted.
- An agricultural corporation named E, which leases local farmland, cannot lease it more because its work amount reaches maximum at the seasonal peak of work (see the figure).

Let’s introduce special variety for high yield, break up the seasonal peak of work and decrease unplanted area with this payment as motivation.

<From now on>
The seasonal peak of work will be broken up by introduction of rice for feed (high yield varieties), which peak of work is different from that of rice for food (see the figure).

Dispersed peak of work

The agricultural corporation E will be able to enlarge the farm-size by leasing farmland of neighborhood farmland, and reduce production cost by introduce of varieties for high yield and low cost technique. The unplanted area will also decrease.

Pork produced by large hog raiser using rice for feed is highly appreciated at whiteness and taste of the fat.
Revision of rice policy

Discretion power of farmers, buyers and the associations will be enlarged by the new rice policy, at the enlarged discretion they can decide varieties and production quantities of rice based on government’s perspective of rice market.

(1) Revision of target production quantities by the government

For mitigation of mismatch of supply and demand of rice market, it will be implemented to enlarge of the budget of the payment for paddy fields use, promotion of rice production meeting to home meal replacements and eating out and the stable production and transaction. Precise and detailed information of supply, demand, progress of the sale / stock of rice will be provided as well.

Currently the government sets assignment of production targets. In the new policy farmers, buyers and the associations will decide production that meets the demand, and will play a responsible role for the decision. The revision is planned to be implemented in 2018 after careful thought if the new policy works effectively or not.

Plantation of rice in recent years

<table>
<thead>
<tr>
<th>Year</th>
<th>Planted area of rice</th>
<th>Rice for processing</th>
<th>New demand</th>
<th>Non food consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,640,000 ha</td>
<td>27,000 ha</td>
<td>11,000 ha</td>
<td>38,000 ha</td>
</tr>
<tr>
<td>2009</td>
<td>1,640,000 ha</td>
<td>26,000 ha</td>
<td>17,000 ha</td>
<td>43,000 ha</td>
</tr>
<tr>
<td>2010</td>
<td>1,660,000 ha</td>
<td>39,000 ha</td>
<td>36,000 ha</td>
<td>75,000 ha</td>
</tr>
<tr>
<td>2011</td>
<td>1,630,000 ha</td>
<td>28,000 ha</td>
<td>66,000 ha</td>
<td>28,000 ha</td>
</tr>
<tr>
<td>2012</td>
<td>1,640,000 ha</td>
<td>33,000 ha</td>
<td>15,000 ha</td>
<td>116,000 ha</td>
</tr>
<tr>
<td>2013</td>
<td>1,650,000 ha</td>
<td>38,000 ha</td>
<td>54,000 ha</td>
<td>125,000 ha</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Planted area of rice</th>
<th>Rice for processing</th>
<th>Non food consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,640,000 ha</td>
<td>27,000 ha</td>
<td>38,000 ha</td>
</tr>
<tr>
<td>2009</td>
<td>1,640,000 ha</td>
<td>26,000 ha</td>
<td>43,000 ha</td>
</tr>
<tr>
<td>2010</td>
<td>1,660,000 ha</td>
<td>39,000 ha</td>
<td>75,000 ha</td>
</tr>
<tr>
<td>2011</td>
<td>1,630,000 ha</td>
<td>28,000 ha</td>
<td>28,000 ha</td>
</tr>
<tr>
<td>2012</td>
<td>1,640,000 ha</td>
<td>33,000 ha</td>
<td>116,000 ha</td>
</tr>
<tr>
<td>2013</td>
<td>1,650,000 ha</td>
<td>38,000 ha</td>
<td>125,000 ha</td>
</tr>
</tbody>
</table>

Soybean: 130,000 ha, 170,000 ha, 150,000 ha, 110,000 ha; Wheat: 110,000 ha, 170,000 ha, 280,000 ha, 160,000 ha; Rice for processing: 27,000 ha, 26,000 ha, 39,000 ha, 28,000 ha, 33,000 ha, 38,000 ha.
Target quantities of rice production of rice is not well matched to actual sales record and sales power of each farmer, because the assignment of the target quantities to farmers have been rather uniformly when it is assigned.

Conversion from production of rice for food to that of rice for non-food is not easy from lack of incentive.

A rough sketch of rice production in 5 years later (after 2018)

a) The national government provides perspective of rice market at national level, and information of demand and sales record, stocks at each district. Moreover it gives farmers incentive to enlarge the plantation of rice for non-food.
b) Prefecture and the council for revitalization of local agriculture plan vision for full-use of paddy fields, and promote production of rice for non-food, wheat, soybean and locally special crops so on.
c) Farmers and Assemblers decide crops and the production quantities based on the above mentioned measures.
d) Production areas that produce wheat, soybean and locally special crops should supply fascinating products and meet

A rough sketch of rice production after revision in 5 years later (after 2018)

From the end of year to the beginning of spring, after careful thought of the following conditions, farmers and assemblers discuss the ratio between rice for food and non-food, and area planting wheat, soybean and locally special crops so on. Self-selling farmers decide them at his/her own discretion.
1) Perspective on market of rice and stocks in the same prefecture.
2) Perspective on demand of rice for non-food
Precise and detailed information will be provided to realize production matching the demand (the goal is 5 years later (after 2018))

Information provided by the government presently

<At the national level>
Change of demand (yearly)
Perspective on supply and demand (yearly)
Change of price (monthly)

Addition to current information, precise

Addition (from 2014)
Prefecture level
Contracted and sold rice by prefecture (monthly)
Stocks of rice by prefecture (monthly)

Given that the national demand for rice is _ % of the last year and stable demand, it would be suitable to plant rice in _ % of the area of the last year.

Promotion of production and stable transaction of rice for home meal

Three big farmers’ corporations start to carry out the contract for shipping the rice of large grain (named “Akebono”, 1,000 tons a year) to franchised restaurant corporation of the dishes served in a “Donburi” bowl for 5 years. The target production quantities are reduced every year due to reduction of demand. Then, some years later, the farmers’ corporation obey the rule and reduce the target production quantities and also the shipping quantities to the restaurant.

After the revision of rice policy, the discretion power of farmers is enlarged. Farmers can decide production quantities by themselves, which promotes stable transaction and profitable for both farmers and restaurant.

We can produce rice as ordered every year!
I am relieved at stable supply of contracted rice
(1) Schedule of payment and applications

(2) Submission of the application and plan of farming

Farmers should fill necessary items in the application form and the plan of farming, and submit them to regional center or the council for revitalization of local agriculture by 30 June. Those who will apply to take out the fund of “NARASHI” should apply by 30 Jun, and pay money to the fund.

(3) Time for grant (a plan)
The government will support local activities and farming for maintenance and/or development of multifunctionality. In 2014 fiscal year, the support will be implemented without new Act. From 2015 it will be implemented based on new Acts.

Outline of the whole system

The payment for conserving farmland

This payment aims to support locally cooperative activities that maintains multifunctionality such like maintenance of waterway and roads, which will promote accumulation of farmland to principal farmers.

Targeted activities:
1. Basic conservation activities; weeding of paddy fields' bank, removal of mud in waterway, replenishment of sand on farm road.
2. Expansion and enforcement of the association activities responding

The payment for improving resources

This payment aims to support locally cooperative activities that improve quality of local resources such like, farm land, waterway and farm roads so on.

Targeted activities:
1. Slight repair of waterways, farm roads and reservoirs
2. Construction of new landscape by planting and biotope
3. Repair of infrastructure to use longer

Note) existing program, the payment for conserving farmland and water, is rearranged and renamed to this program

The direct payment to farmers in the hilly and mountainous areas

This payment aims to offset handicap of less favorable areas with payment equivalent to gap of production cost between hilly and mountainous areas and flat areas.

The direct payment for environmentally friendly agriculture

This payment aims to support farm activities for environmental conservation by offsetting the additional cost.

Note) After evaluation of the effect and the penetration rate, the program will be rearranged.
Outline of the direct payment for multifunctionality

The point of the payment for conservation farmland:
- a) The association consisting of only farmers can be eligible. Participation of non-farmers is no longer a precondition.
- b) Basic conservation activities that are indispensable to farming are supported by this program.

## Summation of payment by the central government and the local public bodies (yen / 10a)

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>(1) the payment for conservation farmland</th>
<th>(2) the payment for improvement resources (locally cooperative activities)</th>
<th>(3) the case of (1)+(2)</th>
<th>(4) the payment for improvement resources (Repair of infrastructure)</th>
<th>(5) the case of (1)+(2)+(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy fields</td>
<td>3,000</td>
<td>2,400</td>
<td>5,400</td>
<td>4,400</td>
<td>9,200</td>
</tr>
<tr>
<td>Upland fields</td>
<td>2,000</td>
<td>1,440</td>
<td>3,440</td>
<td>2,000</td>
<td>5,480</td>
</tr>
<tr>
<td>Grassland</td>
<td>250</td>
<td>240</td>
<td>490</td>
<td>400</td>
<td>830</td>
</tr>
<tr>
<td>Hokkaido</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paddy fields</td>
<td>2,300</td>
<td>1,920</td>
<td>4,220</td>
<td>5,400</td>
<td>7,140</td>
</tr>
<tr>
<td>Upland fields</td>
<td>1,000</td>
<td>480</td>
<td>1,480</td>
<td>600</td>
<td>1,860</td>
</tr>
<tr>
<td>Grassland</td>
<td>130</td>
<td>120</td>
<td>250</td>
<td>400</td>
<td>620</td>
</tr>
</tbody>
</table>
Eligible (Association)

The payment for conservation
An association consists of only farmers or farmers and non-farmers (local residents and bodies so on).
It is also eligible, even if the association is identical to that of the payment for improvement resources.

The payment for improvement resources
An association including local residents (non-farmer)
It is eligible, even if the association is identical to that of the payment for conservation farmland.

Steps of activities

- Establishment of an association
- Planning activities
- Concluding an agreement
- Submission of application
- Implementation of activities
- Record and report of the activities

Existing association is eligible for both payment.
The association discusses and plans the activities, and concludes the agreement with the municipality.
The term of plan and agreement is five years

*) Concerning the difference between the new payment and the new payment for conserving farmland and water. The following items are newly introduced in the activity plan.
The payment for conservation farmland
- Setting a goal of resource conservation and management responding to structural change.
- Expansion and enforcement of the association’s activities responding to structural change
The payment for improvement resources
- Activities for improvement of multifunction
Targeted activities

The payment for conservation farmland

An example of the payment (an example) 3,000 yen / 10a at paddy field of prefecture.

Eligible activities consist of two items below.

(1) Basic conservation activities of local resource
   Examination, planning, implementation in the farmland listed in the agreement should be done every year. (In some cases, the necessity can be judged based on the result of examination)

(2) Activation of the association activities for conservation of local resources

Let’s enforce the association activities for conservation of farmland, waterway and farm road so on.

Expansion and enforcement of the association’s activities responding to structural change.

Planning a vision for conservation and management
The payment for improvement resources

(1) Locally cooperative activities for improve quality of local resources

An example of the payment 2400 yen / 10a at paddy field of prefecture
(In the case combined with the payment for conserving farmland, 5,400 yen)

- Slight repair should be done in the infrastructures listed in the agreement every year. (The necessity can be judged based on the result of examination)
- In activity for conserving rural environment, at least one theme should be specified and planning, enlightening, promotion and the implementation also should be carried out.
- In activity for promotion of multifunctionality, prevention or mitigation of disaster and wide development of activity conserving rural environment (at least one theme in the field of high conservation activities or conservation activity for rural environment should be added and be implemented).

1) Slight repair

- Examination of infrastructure
- Examining the function
- Implementation
- Repair cracks in waterway

2) Conservation activities for rural environment

- Examination of infrastructure
- Enlightening by living search
- Implementation
- Planting

3) Activities for promotion of

- Improvement prevention and mitigation
- Diameter of pipe is 15 cm
- With saving water in paddy field, the raindrop stay in the field longer and can
- Wide development of activity
- Setting fish way in paddy fields

(2) Repair of infrastructure to use longer

An example of the payment, 4,400 yen / 10a at paddy field of prefecture
(If all payment of the payment for conserving farmland and payment for improving resources, total payment is 9,200 yen / 10a at paddy field in the case of prefecture)

Implementation of repair of infrastructure, such as overflow around farmland, farm road so on, for longer

Examples of main activities

- Coating deteriorated wall of waterway
- Paving unpaved farm road with asphalt
Concerning the payment for conserving farmland and the payment for improving resources, the association concludes the following agreement with the local town.

- **Aim**
- **Period**
- **Targeted farmland and Infrastructure**
- **Plan for activities**
- **Role of municipality**
- **Conditions on construction so on**

*) A plan for infrastructure and activities can be submitted as an accompanying paper.

Using template, applicant can complete the form after describe the name of the representative and put his/her seal.

All of the payment is granted directly to the association from 2014.

**Eligible farmland**

- Farmland in the agriculture promotion areas

- In the case of payment for conserving farmland, municipality can authorize eligible farmland additionaly in terms of maintenance of multifunctionality.
Structural reform backing up the direct payment for multifunctionality

- In proportion as aging, the burden of conservation and repair to principal farmers increase
- Some of lenders might leave from the district.

In urban areas, management cost of roads and waterways is born by the municipal.

In rural areas, multifunctionality of agriculture has been conserved by local residents without compensation.

Such activities is curtailed by aging

Locally cooperative management of waterway

Repair of farm road

- Conservation and development of multifunctionality
- Activation of local communities including non-principal farmers by sixth industrialization and exchange between rural and urban areas

Possessing and sales of agricultural products

Multifunctionality is defined as function such as conservation of land and headwater, formation of beautiful landscape so on by keeping farmland as farmland, in which waterways and farm roads are included.

Introduction of the direct payment for multifunctionality

I’m grateful for local cooperative activities to conserve farm roads and waterways. I can enlarge my farm-size and increase income as well.

Let’s promote sixth

We leased our farmland to principal farmers. However, let’s conserve waterway and farm roads together!

Support for local cooperative activities that conserve and improve waterways and farm roads, which reduce burden of principal farmers and lets them enlarge their farm-size, and encourage structural improvement that accumulates farmland to principal farmers.

New payment in the form of decoupling, which does not link plantation of rice for food and set aside (decoupling), will not distort decision making of farmers and expand alternatives for them.