



Countermeasures against the TPP in the Agriculture, Forestry and Fisheries Sector

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Explanatory Note for Translation

The following is the full translation of “Countermeasures against the TPP in the Agriculture, Forestry and Fisheries Sector”, formulated in response to the agreement in principle of the Trans-Pacific Partnership Negotiations on October 5, and approved by the TPP headquarters in Japan’s Ministry of Agriculture, Forestry and Fisheries on November 25, 2015.

In agriculture, forestry and fisheries sector, the government will enhance measures for the stabilization of business and food supply so that, together with border measures acquired by the negotiations, motivated farmers, foresters and fishermen can run their businesses with confidence and maintain their production especially those concerning sensitive products.

In addition, the government will assist those producers tackling the growth industrialization of agriculture, forestry and fisheries to exert their maximum potential. In fact, they have thought such activities as recapturing domestic market from imports, strengthening export capacity, marketing capabilities and producing areas, and increasing productivity and added value.

In the wake of the TPP agreement in principle, Japan's agricultural policy has now entered a new stage to be referred to as “a new era in agricultural policy”. It will be possible to hand-over Japan’s rich food and beautiful and vibrant regions including hilly and mountainous regions for the next generation, by ensuring a business environment for producers to exert their possibilities and potential.

The government will clarify the future image of agriculture, forestry and fisheries and food policy, and ensure a business environment in those fields where producers cannot control, in order to create “a new era in agricultural policy” with dreams of realizing agriculture, forestry and fisheries in which efforts are well rewarded. Thereby, the government will raise the understanding of and confidence in a variety of values and charms exerted by agriculture, forestry and fisheries, the potential of Japanese food and the importance of stable food supply, and will eventually make “a new era in agricultural policy” a shining era of Japan.

1. Conversion to offensive agriculture, forestry and fisheries (measures for strengthening competitiveness)

In response to the growing concern over the long-term impacts of tariff reduction, the government will take measures intensively to dispel anxiety about the future of agriculture, forestry and fisheries and to boost the willingness to invest for business expansion by those farmers, foresters and fishermen with management mind.

Target: the government aims to achieve the goal of 1 trillion yen exports in agricultural, forestry and fisheries products and food by 2020 much earlier.

● *Development of excellent producers with management sense who lead the next generation*

Faced with continued decline and aging of farmers, the government will realize a strong and sustainable agricultural structure by strengthening human resources through training and support for those producers with excellent management sense who lead the future of the agricultural industry.

- Introduction of machinery and facilities to promote business expansion by motivated farmers
- Enhancement of financial support measures such as interest-free loans
- Further enlargement of farmlands and promotion of their multiple use in priority areas of the Farmland Mediation Project”
- Improvement of profitability of producers in hilly and mountainous areas

● *Promotion of local innovation with international competitiveness*

The government will strengthen the international competitiveness of agriculture by assisting producers of paddy rice, upland crops, vegetables, fruit trees to induce the innovations by taking advantage of ingenuity and regional strength.

- Conversion to profitable crops and cultivation systems through the introduction of high-performance machinery and replanting by farmers based on a regional farming strategy as part of the newly established Producing Area Power-up Project”.
- Conversion of paddy fields to upland fields
- Sophistication of upland fields and orchards
- Strategic development of innovative technologies such as new domestic brand varieties and productivity improvement
- Further utilization of the Agriculture, Forestry and Fishery Growth Industrialization Support Organization
- Restructuring of flour and sugar mills

● *Promotion of comprehensive project for strengthening the profitability of livestock and dairy*

The government will strengthen the international competitiveness of livestock and dairy by raising profitability and strengthening production such as the reduction in production cost through the introduction of labor-saving machinery and the improvement of quality.

- Expansion of the Livestock Cluster Project
- Enlargement of grass fields to boost the above
- Expansion of the production of Wagyu beef
- Improvement of the supply capacity of raw milk
- Improvement of the production capacity of pigs
- Adding high values such as branding of livestock products
- Further expansion of the production of self-sufficient feeds
- Mitigation of past liabilities owned by livestock farmers
- Strengthening of the system for preventing livestock epidemics

- Restructuring of meat processing facilities and dairy factories

- ***Development of demand frontier such as the export of high-quality Japanese agricultural products***

By taking advantage of the elimination of tariffs of all priority products including rice, beef, fruits and vegetables, tea, forest products and marine products in export destined countries, the government will promote an offensive agriculture, forestry and fisheries sector by further expanding the export of high-quality Japanese agricultural, forestry and fishery products, eliminating impediments for exports, and strengthening the profitability in producing areas through “sextiary industrialization” (i.e., combining agriculture (primary) with processing (secondary) and distributing and selling (tertiary) to produce synergies) and “local production for local consumption”.

- Export promotion measures for individual priority products such as rice, beef, fruits and vegetables, tea, forestry products and marine products
- Strategic quarantine consultations for animals and plants
- Development of food safety management standards originated from Japan
- Development of new products through the cooperation of producers and food industries
- Promotion of local agriculture, forestry and fishery products to foreign visitors to Japan

- ***Strengthening the international competitiveness of plywood and lumber***

The government will expand the domestic market share of plywood and lumber through the reduction of production cost of plywood and lumber including that of timber supply.

- Development of large-scale and highly-efficient processing facilities
- Thinning and the development of forest road networks for the supply of raw materials
- Fight against illegal logging

- ***Transformation to sustainable and profitable operation system in fisheries***

The government will strengthen the fishery industry by advancing the conversion to sustainable and profitable operating system through broad-based functional reorganization of the seashore.

- Introduction of fishing boats to fishermen by a leasing scheme based on the Wide-Area Seashore Plan
- Restructuring of facilities in harvesting areas
- Structural reforms in fisheries
- Operational improvement of the Fishery Management Safety-Net Construction Project

- ***Strengthening cooperation with consumers***

The government will help consumers to choose safe and secure domestic agricultural products and food by further increasing the awareness of domestic agricultural products and food for consumers.

- Promotional activities in large-scale retail facilities
- Development of new products in cooperation with the Chambers of Commerce and Industry and the Chambers of Commerce
- Promotion of mutual recognition of geographical indications with foreign countries
- Strengthening of animal and plant quarantine system to prevent the intrusion of pests and diseases

- ***Regulatory and tax reform***

The government will reexamine existing regulations and tax system to facilitate the conversion to offensive agriculture, forestry and fisheries and will implement these reforms.

2. Measures for the stabilization of business entities and food supply (related to five sensitive agricultural products)

The government will take measures including the enhancement of the Management and Income Stabilization Program in accordance with the enactment of the TPP agreement in order to dispel concern and anxiety of farmers against tariff reductions and to ensure the stabilization of business entities after the implementation of the agreement, while paying attention to maintain the motivation of producers for reducing production costs and raising profitability.

● ***Rice***

The government will purchase domestically-produced rice equivalent to the imports through country-specific quotas as the rice for government stockpiling by changing its annual operation (shortening the storage period from five years in principle to approximately three years) in order to nullify the impact of the increased imports through country-specific quotas on markets and prices of domestic rice for human consumption and to supply more fresh stockpiled rice to consumers.

● ***Wheat and barley***

The government will steadily implement the Management and Income Stabilization Program to ensure the stable supply of domestic wheat, faced with the reduction in mark-ups and resulting to possible decrease in the prices of domestic wheat.

● ***Beef, pork and dairy products***

The government will enhance the management stabilization measures for livestock and dairy to ensure the stable supply of domestic beef, pork and dairy products as follows:

- Legislating of the Special Program for the Stabilization of Beef Cattle Fattening Farming (SPSBCFF) and the Special Program for the Stabilization of Pig Farming (SPSPF)
- Raising of the compensation rate of both programs (from 80% to 90%) and the contribution ratio of the government vis-à-vis producers in the SPSPF (from one-to-one to three-to-one)
- Revision of the guarantee reference price of calves for meat in line with the current situation of farming
- Adding liquid dairy products such as fresh cream to the Deficiency Payment Program for Milk Producers of Processing Applications, unifying of the unit price of payment (to be implemented as soon as possible prior to the enactment of the agreement), and revision of the unit price in light of the changes in future economic conditions.

● ***Sweetening crops***

The government will newly charge adjustment fees (mark-ups) on sweetened preparations based on the Sweetening Crops Price Adjustment Law to ensure the stable supply of domestic sweetening crops.

3. Implementation of Countermeasures

In light of the declining revenues from mark-ups on wheat and barley and tariffs on beef as the TPP agreement is to enter into force and tariff reduction process is gradually being implemented, the government will secure the financial source of countermeasures for the agriculture, forestry and fisheries sector in the annual budgeting process with the responsibility of the entire government so as not to drain the existing budget for agriculture, forestry and fisheries.

Moreover, the government will construct mechanisms enabling flexible execution such as funds to ensure that the countermeasures are to be implemented in an efficient manner and producers can thereby run their businesses with confidence.

4. Ex-post evaluation of countermeasures and the continued exploration of additional measures

- As far as the measures set out 1 above are concerned, the government will monitor their progress based on quantitative targets and review new as well as existing measures regularly in view of realizing policy goals in an efficient and effective manner.

- *Measures to be further explored*
 - Development of systems to ensure human resources required to realize “a new era in agricultural policy”
 - Revision of the price formation mechanism of production materials (feed, machinery, fertilizer etc.) that leads to the higher incomes of producers
 - Establishment of industry structure in distribution and processing that enables for producers to trade in a favorable and stable conditions
 - Revision of the Land Improvement Program to ensure smooth implementation of truly necessary infrastructure development
 - Establishment of system for strategic exports
 - Country of origin labelling requirement for raw materials
 - Introduction of the “check-off program”
 - Continued exploration for the introduction of the income insurance program
 - Measures to promote feed rice to achieve firmly its production quantity goal set out in the Basic Plan for Food, Agriculture and Rural Areas in 2015 to ensure for farmers to produce feed rice with confidence while raising the productivity.
 - Measures for the stable operation of the Mixed Feed Price Stabilization Program
 - Further exploration of measures for strengthening the production base of beef cattle and dairy
 - Mechanism for improving employment opportunities of farmers in rural areas

- The government will finalize the examination of strategies and specific policy measures to advance the growth industrialization of agriculture, forestry and fisheries by autumn, 2016.

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