

# **Agricultural Competitiveness Enhancement Program in Japan**

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Explanatory Note for Translation

The following is the translation of “Agricultural Competitiveness Enhancement Program”, determined at the Vitality Creation Headquarters of Agriculture, Forestry, Fisheries and Regions on 29<sup>th</sup> November 2016. The Headquarters was established on 21<sup>st</sup> May 2013, with the participation of the Prime Minister as chairman, the Chief Cabinet Secretary as well as the Minister for Agriculture, Forestry and Fisheries as vice-chairmen and other 12 ministers, in order to examine a wide range of policy measures for Japan’s agriculture, forestry, fisheries and regions to be a source of nation’s vitality and to develop durably for the future. The Program is considered as the second bullet of countermeasures against the Trans-Pacific Partnership Agreement in agriculture, forestry and fisheries sector, followed by the first one formulated in response to the agreement in principle of the Trans-Pacific Partnership Negotiations on October 2015.

The translation covers the entire summary and the sections 4 to 6 of the full report (pp. 10-15) of the Program, which are closely related to the TPP most. The original documents can be found at the following websites:

- Agricultural Competitiveness Enhancement Program (Summary):  
[http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan\\_sankou2.pdf](http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan_sankou2.pdf)
- Agricultural Competitiveness Enhancement Program (Full report):  
[http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan\\_besshi6.pdf](http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan_besshi6.pdf)

## **Translation**

### **Agricultural Competitiveness Enhancement Program**

November 2016

Liberal Democratic Party

Investigative Committee for Agriculture, Forestry and Food Strategy  
Agriculture and Forestry Committee, Livestock and Dairy Countermeasures Subcommittee  
Project Team for Formulating Basic Policies for Agriculture, Forestry and Fisheries  
Project Team for Examining Agricultural Basic Policy

New Komeito Party

Investigative Committee for Revitalizing Agriculture, Forestry and Fisheries  
Agriculture, Forestry and Fisheries Committee

## **I. Summary**

In order to raise farmers' income, it is necessary to develop an environment in which farmers can freely manage farming and to solve the structural problems that cannot be solved by farmers' efforts. For this reason, the Government will implement the following measures on 13 items including the reduction of production material prices and the reform of distribution and processing structure for agricultural products, and farther strengthen the competitiveness of agriculture.

## **1. Reduction of production material prices (including fertilizer, pesticide, machinery and feed)**

### (1) Reduction of production material prices

- Aim for price reduction to international levels
- Promote industry restructuring in production materials
- Review laws and regulations concerning production materials
- Establish the legislation that stipulates the responsibilities of the Government and methods for facilitating industry restructuring

### (2) Reform of JA-Zennoh (the Federation of National Agricultural Cooperatives) (review of purchasing production materials)

JA-Zennoh should implement the following:

- Maximize the merit of joint purchase for the benefit of farmers
- Convert to a small elite organization that can negotiate effectively with material manufacturers by hiring competent external experts
- Introduce bidding to procure materials in a favorable conditions
- Work on reform by establishing an annual plan so that sufficient results will be obtained during the agricultural cooperative reform concentration promotion period

## **2. Structural reform of distribution and processing (including wholesale market related companies, rice wholesalers and mass merchandisers)**

### (1) Establishment of distribution and processing structure favorable to producers

- Aim for efficient and functional distribution and processing structure
- Promote expansion of channels to sell agricultural products directly from farmers and farm organizations to users and consumers
- Promote fundamental rationalization and facilitation of industry type change of businesses in intermediate distribution (including wholesale market related companies and rice wholesalers)
- Promote industry restructuring in mass merchandisers to realize sales at a reasonable price
- Establish the legislation that stipulates the responsibilities of the Government and methods for facilitating industry restructuring

### (2) Reform of JA-Zennoh (Review of selling agricultural products)

JA-Zennoh should implement the following:

- Shift from sales to intermediate distributors to direct sales to users and consumers
- Acquire distribution-related enterprises which have established necessary sales channels
- Convert from consigned sales to purchase sales
- Establish export sales structure in cooperation with trading companies for each destination
- Work on reform by establishing an annual plan so that sufficient results will be obtained during the

agricultural cooperative reform concentration promotion period

### **3. Enhancement of human resources**

- Establish “Agricultural Management School” in each prefecture to enable newly entered farmers to improve management ability while they continue farming
- Support entrants to farming including corporate employment
- Examine another foreign human resource utilization scheme which is different from the Foreigners Technical Intern Training Program

### **4. Development of strategic export system**

- Embody the “Strategy for Strengthening the Export Capacity of Agriculture, Forestry and Fisheries” established in May 2016 toward the accomplishment of the 1 trillion-yen target of exports in 2019
- Establish the Japanese version of SOPEXA (branding promotion and export support system leading to income increase for farmers)

### **5. Introduction of raw material origin indication**

In order to contribute to consumers’ choice, raw material origin indication is introduced for all processed foods as follows:

- Basis for displaying raw materials with the highest weight percentage in order of weight by country of origin
- Set rules considering feasibility

### **6. Introduction of check-off system (collect contributions from producers and utilize them for promotion)**

- Establish an examination procedure (promotion body, scheme and consent requirement) in an industry requesting check-off system and initiate legalization with approval of more than a certain percentage

### **7. Introduction of income insurance system**

- Introduction of safety net focusing on agricultural income of farmers who are performing appropriate management
  - Farmers who declare a blue form for income tax will subscribe
  - Cover agricultural income as a whole
  - The average of the past five years is taken as the standard income and a certain portion of the income decrease is compensated
  - Insurance system combined with self-accumulation system
- Review of current agricultural mutual aid system
  - Change forced enrollment of mutual aid system for rice and barley to voluntary subscription

### **8. Review of land improvement system**

- In order to promote the accumulation and concentration of agricultural land, eliminate the burden on the farmland owner and obviate the consent to the project implementation for the field maintenance

project of the farmland borrowed by the agricultural land accumulation banks

#### **9. Improvement of employment structure in rural areas**

- In order to secure a place of employment in rural areas, promote the entering of service industry in addition to manufacturing industry

#### **10. Promotion of rice for feed**

- Promote the reduction of production costs by introducing high-yielding varieties and the measures to increase high added value of livestock products by cooperation of cultivated farmers and livestock farmers

#### **11. Strengthening of production base of beef cattle and dairy farming**

- Promote increasing breeding cows, securing successor cattle for dairy, improving productivity and increasing production of self-produced feeds to ensure stable supply of beef cattle, milk and dairy products

#### **12. Stable operation of compounded feed price stability system**

- Stable operation of compounded feed price stability system

#### **13. Reform of the subsidy scheme for raw milk**

- Reform into a system where producers can freely choose shipping destinations
- Subsidy is provided besides designated organizations
- Subsidy is provided not only for consignment of all quantities but also for partial consignment

### **II. Extract from the full report**

#### **4. Development of strategic export system**

##### **(1) Efforts for strengthening export capacity of agriculture, forestry and fisheries**

- The Government will promote the following efforts based on the “Strategy for Strengthening the Export Capacity of Agriculture, Forestry and Fisheries” (Export Strategy) determined at the Vitality Creation Headquarters of Agriculture, Forestry, Fisheries and Regions in May 2016.
  - Promotion for grasping needs of overseas markets and discovering demand
  - Promotion of consultation and exhibition of business meeting for domestic agriculture, forestry and fishery producers and food business operators to develop sales channels
  - Promotion of advancement of logistics including the diffusion of freshness preservation transport technology enabling massive and low-cost transportation
  - Improvement of export environment for relaxation and abolition of import restrictions by export destination countries and regions
- In particular, in order to promote the infrastructure development of hardware and software necessary for the implementation of the Export Strategy consistently and systematically, the Government will establish the “Agriculture, Forestry and Fisheries Export Infrastructure Development Program” separately, and promote the utilization of wholesale markets close to

airports and harbors as a base for exporting fresh and safe agricultural, forestry and fishery products, the development of distribution and processing facilities necessary for export expansion, and the enhancement of support system.

(2) Specific efforts to further promote export expansion

- Establishment of the Japanese version of SOPEXA
  - In order to strengthen the branding and promotion for Japan’s agricultural, forestry and fishery products and food which will lead to improving incomes of producers and the support for exporters in a prompt manner, the Government will establish the “Japanese version of SOPEXA” specializing mission for promoting export of agriculture, forestry, fishery products and food. This organization shall utilize the existing organization of the JETRO (Japan External Trade Organization) with a view to privatizing in the future, and perform operations by the independence of decision making, the appointment of external human resources from private enterprises and the introduction of performance principle.
- Promotion of regional efforts
  - Since it is effective to establish a system with functions such as collecting and shipping jointly, establishing a production and distribution system for exports and substituting formalities and settlement related to exports when exporting specific products, the Government will promote efforts by national organizations, regional trading companies and agricultural cooperatives with such functions.
- Promotion of utilization of standard/certification and intellectual property system and mitigation/abolition of restrictions
  - In order to appeal the quality and features of Japanese products, the Government will promote and disseminate the Japanese Agricultural Standard (JAS) aiming at international standardization and food safety management standards originating in Japan, utilize geographical indications and variety registration, and protect intellectual property including aforementioned ones.
  - As a part of this, the Government will review the system based on the Japanese Agricultural Standard Law, and utilize the JAS strategically towards appealing to overseas businesses by establishing various standards such as production stages and methods of production and distribution management, and by diffusing internationally accepted certification and indication.
  - Based on requests from producers and business operators, the Government as a whole will strive to ease and eliminate export restrictions by widely utilizing various diplomatic channels.

**5. Introduction of raw material origin indication to all processed foods**

- In order to secure opportunities for consumers to choose food in a more proper manner and to promote the production of food in line with consumers’ demand, the Government will introduce the indication of raw material origin for all processed foods in a feasible way and realize a society in which Japanese citizens’ day-to-day choices support Japanese food and agriculture.
- Specifically, display a raw material with the highest weight percentage in the product in the order of weight by country of origin, in principle, for all processed foods.
- If this is not feasible, the Government will ensure feasibility by allowing exceptions such as (a) possibility indication (e.g. country A or country B), (b) batch-up indication (e.g. imports) and (c) manufacturing place indication (e.g. manufactured in country A) for intermediate processing raw

material. In these cases, manufactures should make efforts voluntarily to disclose complementary information through the Internet.

#### **6. Examination of introducing check-off system**

- Check-off system, which collects contributions from producers and promotes sales of agricultural products, are introduced in foreign countries on a product basis for producers of agricultural products to implement projects such as the promotion of agricultural products and surveys and research in domestic and overseas markets by their own contributions.
- The introduction of such check-off system can be meaningful in expanding the consumption of agricultural products in Japan as well.
- Since check-off system will be forced to collect contributions from all producers as long as legislation takes place, it is necessary for industrial organizations considering its introduction to form consensus among the majority of producers concerning the use of funds, specific project contents and corresponding contributions upon legalization.
- For this reason, an industry that demands the legislation of check-off system should establish a promoting body, decide its scheme and implement measures to expand producers who agree with the legislation, and legalization will be initiated if consent of a certain degree (more than 75%) is obtained.

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