

Strategic Possibilities for Japan's Agriculture

By SHIMADA Haruo

Japan has now been in a position to participate in full-fledged negotiation on TPP since its talks in Malaysia in July. With regard to TPP, supporters argue that TPP enables Japan to participate in a multilateral free-trade zone on an unprecedented scale, where it can accelerate its export of industrial products as its competitive edge, and warn against non-participation for fear of vast disadvantage Japan might incur, whereas opponents argue that Japan might be exposed to offensives from abroad and suffer severely in such areas as agriculture, medical service and insurance. Especially when it comes to agriculture, there is deep-rooted criticism that trade liberalization would bring high-priced agricultural products symbolized by rice into steep competition with foreign competitors, which would reduce production and employment considerably. Pro-TPP Abe administration is now studying various support measures to enhance Japan's agricultural competitiveness.

This article aims to throw into relief structural strain of current Japan's agriculture, to indicate measures to enhance dramatically Japan's agricultural competitiveness through drastic reform and to urge those concerned with agricultural policy to reconsider.

With regard to Japan's agriculture, the Japanese government has long warned about the low self-sufficiency rate of 40% which might endanger Japan's food security and about the successor issue of the farmers and a small number of new entrants into the business, which would bring about aging and erosion of the farming population. However, there are significant deviations between these two propositions and the actual fundamental facts. The self-sufficiency rate of 40% is calculated merely on a calorie basis and is focused only on grains, excluding vegetables, fruits and animal products. Rice accounts for 40% of the self-sufficiency rate in grains and the rest of it is mainly occupied by imported grain for feed for livestock. Of the total price of agricultural products of ten trillion yen, that of rice accounts for only two trillion yen. And taking into account the 100% self-sufficiency rate of vegetables, 90% of fruits and 70% of animal products, we must admit that Japan's food security has already been fully secured. Incidentally, Ministry of Agriculture, Forestry and Fisheries of Japan defines

livestock fed on imported feed as non-domestic, but this is nothing but delusive sophistry.

While erosion of farming population has been seen as a problem, Japan's farming population accounts for 1.6% of the total population, to be contrasted by 0.8% of UK, whose food sufficiency ration is twice of Japan, and 0.9% of the United States, the biggest export-oriented agrarian country. That is to say, Japan's farming population is still excessive. Of Japan's total farming population, the number of commercial farming households is 1.65 million, of which 1.35 million are tiny aging farming households with less than 1 million yen of annual income from rice crops. The majority of tiny aging farming households are members of Japan Agricultural Cooperatives, historically a powerful voting bloc for LDP, who have been tragically obliged to maintain the status-quo with no prospect for higher productivity. The average age of these farmers now approximates 70 and it is a pity that they have to continue to work hard under the same old condition. In order to improve this situation drastically, I would like to propose the following.

The current rice acreage reduction policy must be abolished and cropping and production should be liberalized. This would increase production by large-scale as well as corporate farmers, which should lead to higher productivity and reduced price in rice crops, thereby enhancing international competitiveness. On the other hand, tiny aging farming households burdened by the successor issue, should be duly encouraged to move to other socially welcomed activities of their choice, and the government will provide them with some assistance to make their choices more significant.

Those activities include, for example, agriculture for health, agriculture for education, agriculture for environment and agriculture for tourism. Agriculture for health means cultivation as a hobby in a minimum farmland in the vicinity of the owners' residence in order to maintain their health according to their physical condition. It is conceivable that those who choose to engage in this type of agriculture be paid some extra amount of money over their current farm pension.

Agriculture for education is described as follows. In most financially struggling dual-income households, breakfast is not properly prepared for the children, causing nutritional imbalance, declining physical strength and nutritional disorder. These children may as well be left in the care of farming or fishing families in exchange for a monthly fee of twenty or thirty thousand yen. The caretaking farmers could create some

income by taking care of several children, receiving gratitude. Those farmers who engage in land conservation in remote mountainous areas should be provided with some amount of subsidy as benefits for participation in agriculture for environment. Besides, agro-tourism as a participation-type of agriculture for tourism should be promoted. These types of agriculture should be distinguished from commercial farming and be excluded from agricultural statistics.

In doing so, Japan's agriculture, already renowned for its high quality, could also be improved in productivity, leading to reduced price and enhanced international competitiveness. Also, tiny aging farming households are detached from statistical element and macro productivity should be significantly enhanced. Those concerned with Japan's agricultural policy should promptly study policies as above described.

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