

## **Asian Development Bank NGO Symposium**

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### **“Globalization and Japanese Agriculture”**

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#### 1) The Decline of Agriculture in Japan Since the 1960s

After WW2, the Japanese industrial policy started to regard agriculture as important. Agrarian reform made it possible for independent farmers to appear as the Agricultural Land Law secured the farmers' ownership of their agricultural land, and the government policy to purchase rice from farmers warranted a high price, etc.

Agricultural modernization started in the 1960s. Many children from farm families chose to migrate to urban areas to become industrial workers. It became clear that the policy to support family farmers had failed.

Also in the 1960s, modernization of agriculture started, but compared to other industrial sectors, farm management was in decline.

As the USA pressured Japan, import of pork and grapefruit was liberalized in 1971. The import framework of beef and oranges was expanded, and by 1988 such items could be imported without restrictions.

Further trade liberalization was a result of the GATT Uruguay Round in 1993, while WTO has started to discuss trade liberalization of agriculture since 2000.

#### 2) The Widening Gap Between Industry and Agriculture

In 1961, the Basic Agricultural Law was established and the government tried to reduce the gap between the industrial and agricultural sectors, but this reform failed. The government also tried to introduce a more efficient system of agriculture, by

mechanization, chemical fertilizers and chemicals, and tried to increase the scale of farms. However, farmers could not benefit from this reform and instead were getting deeper and deeper in financial debt.

The current rice production control program was introduced in 1970, but has led to an increase to 40% of land that is set aside and not used for rice production. The government's rice price guarantee system led to lower and lower income for farmers. The responsibility for the control program was increasingly taken over by Japan Agricultural Cooperatives (JA).

In 1999, a new basic law was enacted for food, agriculture and farm villages. A basic plan was made in 2000 and revised in 2005. The law has four aims: a stable supply of food, the multifunctionality of agriculture, sustainable development of agriculture, and to promote farm villages. However, as farming increasingly became business-oriented, the effect is that farm villages have become more and more underpopulated.

In 2004, Japan's rice policy was changed and the idea of structural reform in agriculture has been stressed in 2007. Agricultural subsidies are now offered only to some farmers, but the rice production control program still continues. In addition to the mainstream system that emphasizes efficiency, large scale policy, and market mechanisms, the policy also aims to protect and promote farm land, water and the environment.

Prime Minister Shinzo Abe has stressed that Japanese agriculture should become an export-oriented industry, in his speech to the Japanese Parliament in September, 2006.

The Organic Agriculture Promotion Law was introduced in December 2006, and a basic policy for organic food production was decided in April 2007.

### 3) Food Exporting Countries Applying Pressure on Importing Countries

Countries that are importing agricultural products have been under pressure to reduce their policies of supporting and protecting their farmers. Food importing countries have been under pressure to accept tariff rate reduction in the WTO agriculture negotiations.

Trade liberalization for agriculture is also being imposed on importing countries in FTA negotiations. For example, in the Japan-Australia FTA, Australia pressured Japan to

reduce its tariff rates on rice, wheat, beef, dairy products and sugar. If such reduction will be realized, Japanese agriculture will collapse.

#### 4) Demands from Japanese Farmers and Consumers

Japanese farmers and consumers want each country to be able to develop its agriculture in a sustainable way, and that each country's food sovereignty is respected.

We recognize that big food exporting countries and agribusiness are benefiting from the trade liberalization of agriculture. We oppose such liberalization. As each country's traditional farming has many functions (multifunctionality of agriculture) we want the importance of farming to be recognized also in terms of environmental protection in each country.

We are afraid that agricultural production for the purpose of making bio-energy will lead to increased imbalance between food supply and demand, and lead to environmental destruction.

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