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# JAPAN RESOURCES

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*COMPILED NEWS FROM*  
**CONSUMERS UNION OF JAPAN**  
**No. 147**  
**January-June 2009**

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# **What Caused the Food Price Hikes During 2008?**

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**Secretary General of Consumers Union of Japan (CUJ)**

**Paper presented at the World Foodless Day in Tokyo, October 16, 2008**

## **The Present Situation of the Food Crisis**

In April 2008, rice prices started to increase rapidly in the Philippines and several parts of Asia. This induced hoarding and export restrictions of grains, which in turn led to even higher grain prices around the world. There were food riots happening in a number of countries.

This also affected Japan, as increasing general food prices hit Japanese consumers hard. In addition, we experienced the problem of frozen gyoza made in China, contaminated by a very toxic insecticide. On top of that, there was a scandal of wrongfully distributed pesticide-tainted or moldy rice for human consumption, and melamine-contaminated milk products produced from imported milk. Such events caused deep anxiety among many consumers.

## **Oil prices and speculative investments**

During 2008, fluctuating crude oil prices directly hit all the primary industries related to agriculture, forestry and fisheries. Livestock producers were affected particularly hard due to soaring animal feed costs, but also rice farmers went into the red due to rising farming material costs. Along Japan's coast, fishermen were so discouraged by the high fuel costs that they were unable to go out to sea.

As we analyze the actual levels of grains produced and consumed, we note that there was not a dramatic discrepancy, although the gap between supply and demand has gradually become narrower. The real reason behind the abnormal price hikes in 2008 was investors' sudden interest in grain markets and commodities, as a consequence of the collapse of other investment opportunities. This was the real cause that led to food shortages and even malnutrition or starvation in parts of the world.

## **Who is making a profit from the crisis?**

The major agri-food, agri-chemical and biotechnology companies such as Cargill and Monsanto, as well as the large trading houses that control the markets, have made tremendous profits during the crisis. Monsanto Co was forecasting a profit of some USD 2 billion for 2008, twice the previous year. A large part of this profit was achieved by selling herbicide-resistant GM seed and their herbicide Roundup together as one package.

The current food crisis has been triggered by a number of factors, such as speculative money flooding into the grain markets after the sub-prime loan crisis, a decrease in grain production aimed for food caused by biofuels boom among U.S. farmers, followed by exporting countries imposing regulations to limit grain exports, increasing food consumption in China and India, as well as the decrease in grain production in some regions due to climate change.

But international and national administrative organizations are also responsible. WTO and Free Trade Agreements (FTA), and the global trade in food has are all making it more difficult for nations to take effective countermeasures. Here in Japan, the government has imposed a policy to reduce the area for rice cultivation to reduce production. Japan is pushed to purchase so-called Minimum Access rice, making Japan more and more dependent on imported food. Japan's food self-sufficiency was estimated to be around 40% in 2007, thus heightening world food demand-supply tension.

## **The failure of the World Food Summit and the G8 Summit**

The food crisis was discussed at several international meetings during 2008. In June, the United Nations held a Food Summit in Rome to cope with the crisis. 188 countries met to discuss emergency short-term measures and long-term solutions for the 850 million people who lack sufficient food. During the G8 Summit at Lake Toya, Hokkaido, support to developing countries was examined. In the final document from the meeting, government leaders agreed on restricting export barriers and to carefully consider biofuels from the point of view of food security. Also, more investments in agricultural technologies were proposed. We are particularly concerned that this means more money for biotechnology.

At the G8 Summit in July 2008, the solution for the food crisis was mainly more investment in development and an emphasis on increased production. However, we believe that these measures are a futile, headlong rush away from the real problems.

The free trade philosophy that the World Trade Organization inherited from the Uruguay Round has failed. If the Japanese government really believes that agriculture has multifunctional roles and wants to support the “coexistence of various types of agriculture,” then it should emphasize respect for food sovereignty during the agricultural trade negotiations, and criticize negotiations that deal with the lowering of tariffs. We are also concerned about the Free Trade Agreements (Economic Cooperation Agreements) that Japan is negotiating on a country-to-country basis, with insufficient debate in the parliament or in media.

We are particularly upset about the problems caused during 2008 by the so-called Minimum Access rice policy. Rice of imported MA origin was distributed in Japan after having been stored for several years. Even though it had become moldy and contaminated, it was illegally sold to food manufacturers. The MA rice policy continues to force Japan to import rice at a moment when there are an increasing number of people in other regions without enough to eat. Japan is 100% capable of producing enough rice and should not be forced to import rice. The opaque domestic distribution channels made the problem worse.

### **Finding solutions for the global food crisis**

First of all, it is necessary to change the global trading system for agricultural products and food. The WTO negotiations should be discontinued and Japan should not go ahead with FTA negotiations with Australia.

Second, it is necessary to change the trading structure where a few countries have a global export strategy with multinational grain and seed companies. In addition, the profiteering and short-sighted investments in commodities have led to increased confusion on the markets. This must end.

To conclude, it is of utmost importance to aim for food self-sufficiency and food independence. For this, we must promote organic agriculture which takes the rural environment into consideration, and promote “local production for local consumption” and protect family farming. We will need to make every effort to create networks of people on the local level to be able to deal with the many contradictions and problems caused by the globalization of the world’s economy.

Thank you.

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# **To what level could Japan's food self-sufficiency recover?**

**A quantitative analysis based on the Food Demand-Supply Table, the Guideline of Nutritional Requirement for the Japanese people, and the Local Production-Local Consumption principle**

**Toshiki MASHIMO**

**Paper presented at the World Foodless Day in Tokyo, October 16, 2008**

The current world-wide food crisis has made it clear that the low Japanese food self-sufficiency ratio is the underlying cause of various food-related problems. As one of the fundamentals for our survival, food is more and more dependent on foreign political and commercial trends that are beyond our control. Also Japan hunting for food in other countries contributes to the tension on world food trade markets and tends to raise international food prices. Japan's food mileage, the world's highest, reaching 910 billion ton-km in total, and 7,110 ton-km/capita annually<sup>[1]</sup>, is adding a large amount of CO<sub>2</sub> into the global atmosphere. This paper looks at ways to improve Japan's food self-sufficiency from the consumer perspective.

## **Demand-side Approach**

Motivated by a number of concerns, we attempted a quantitative analysis on to what level Japan's food self-sufficiency could recover. For this purpose, we used a static model based on the Food Demand-Supply Table (a statistic published by the Ministry of Agriculture, Forestry and Fishery), the Guideline of Nutritional Requirement for the Japanese (published by the Ministry of Health, Welfare and Labour), and the Local Production-Local Consumption principle.

Japan's food self-sufficiency ratio is estimated to be around 40% in 2007. Several estimates of Japan's potential food self-sufficiency have already been made, but in general, they have focused mainly on the supply-side, assuming selectively that the demand-side of food remains out of the policy scope. However, one of the main factors causing our low food self-sufficiency can be attributed to the over-consumption of meat and fat, items that are unsuitable for the Japanese farming conditions<sup>[2]</sup>.

That is why we asked, "What if the Japanese dietary habit changed to one more healthy and more suitable for domestic production?" To do this, we decided to create a model on the basis of the demand-side approach, starting with our food consumption patterns, followed by the domestic food production efforts adapted to these patterns.

## **Three Patterns of Food Consumption**

The first food consumption pattern we took as a model is a set of food intake and nutritional data recommended by the Ministry of Health, Welfare and Labour. This pattern has been created as the ideal for Japanese people to maintain their health, avoiding lifestyle-related sickness (MHWL pattern). The second pattern is a set of food requirements based on the daily meal menus organised specifically for our model by Setsuko Shirone, an expert of sustainable food consumption and organic agriculture. Let us call this Chisan-chisho pattern (LP-LC pattern), after a popular movement that encourages local production and local consumption in Japan.

Figure-1 shows the differences of the consumption of each food-group or item per day per person compared with the status quo (as of 2005). According to the MHWL pattern, the ingestion of grains, potatoes and vegetables would increase, while consumption of meat, milk products, sugar and fat would drastically decrease. Turning our attention to the LP-LC pattern, we note that this tendency is even more radical. The exception is the high amount of marine products intake that is still considered to be

possible; all of this, however, consists of small fish and coastal fish, as well as continued consumption of other domestically available marine species.

The main nutritional values of the three different patterns are shown in Table-1, together with the recommended values. In the 2005 results, energy, calcium and iron are lower than recommended, while the fat energy ratio is excessive. In the MHWL pattern, improvements are observed for many items, but the fat energy ratio is even worse than for the 2005 results. In the LP-LC pattern, all the values are satisfactory and better balanced.

### Supply-side Assumptions

The import of feed grains for animal food production and oil seeds are the main factors pulling Japan's food independence down. In our model, with a view to reducing import of these crops, all the changes in meat and fat consumption are reflected on the decreased levels of imported feed grains and soybeans, respectively.

Next, we assumed the possible and realistic domestic production levels of each food-group. The production is determined by two factors: production per unit area (yield) and planting area.

The relevance of the assumptions depends on what "possible and realistic" means here. For the possible future yields, we based our assumptions on the forecasts made by agronomists. As for the possible planting area, we based our assumptions on actual production data from the past.

We also estimated the self-sufficiency rate in the case where the production of all the crops would be supplied by organic agriculture. To do this, we relied on the results of a study by MAFF<sup>[3]</sup> that the yields from organic agriculture is 14% lower for grains compared to conventional agriculture, and 10% lower for other crops.

### Example of the Estimation of Domestic Rice Production Potential

Let us take the example of rice. The rice planting area peaked at 3.31 million hectares (ha) in 1960. But since then, and especially after the introduction of the policy of reducing rice production in 1970 due to excessive rice stock, the area has continued to drop to reach 1.71 million ha in 2005, about half of the peak area. During the period, some 0.84 million ha of rice paddy was irreversibly transformed into other usages like housing and industrial land. So, the potential area for rice is reduced to approximately 0.76

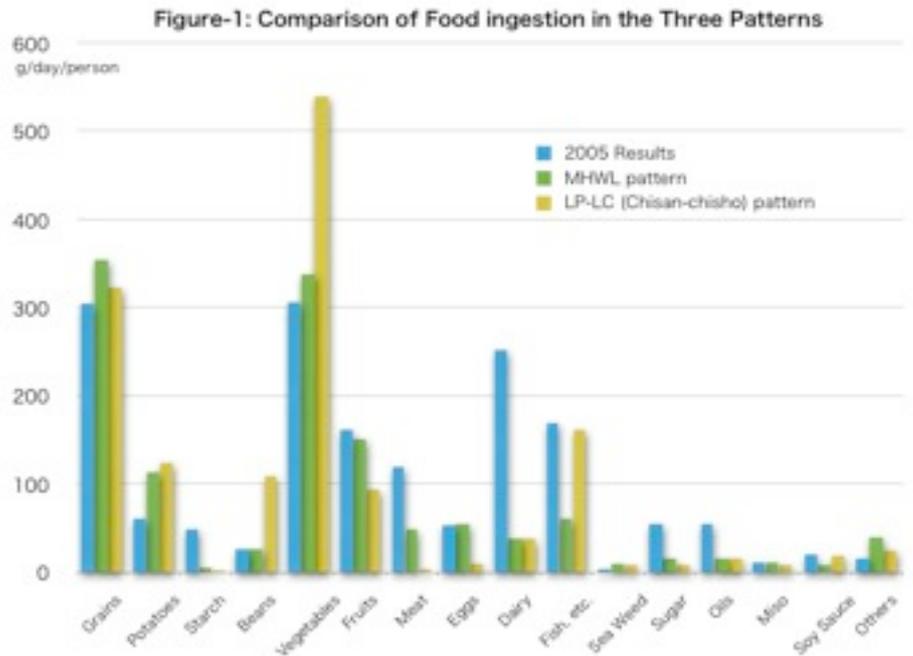


Table-1: Nutritional Values of the Three Food Ingestion Patterns

Unit	Energy	Protein	Fat Energy Ratio	Calcium	Iron	Vitamins			
	kcal	g	%	mg	mg	A (IU)	B1 (mg)	B2 (mg)	C (mg)
Recommended	2,145	63	23	616	11	1,828	0.98	1.08	94.8
2005 results	1,904	71	25	546	8	2,013	1.44	1.42	124.0
MHWL pattern	2,154	76	26	671	11	3,034	1.16	1.40	150.3
LP-LC pattern	2,168	96	20	1,040	16	4,862	1.55	1.54	302.7

million ha. In our analysis, we assumed a conservative figure of 0.6 million ha as the additional rice planting area.

As for the rice yield per unit area, it has continued to increase since 1960, although the growth rate has slowed down since 1970, due mainly to the discontinued effort for more rice yield after the introduction of the policy to reduce rice production (see Figure-2). Japanese agronomists estimated in 1976 the maximum rice yield possible in Japan should be around 7.5 tons/ha, and forecast the yield improvement of 22% in ten years (from 4.5 t/ha to 5.5 t/ha), or 2.0% increase per year. Based on this forecast, we assumed a rice yield of 6.0 t/ha, 0.73 t/ha increase from the 2005 result, which should be attainable in 16 years at the yield increase rate since 1970, or in 7 years at the yield increase rate until 1970.

The assumptions we made for all crops are shown in Table-2. The total planting area would be 6.52 million ha, or 2.13 million ha more than the 2005 result. This figure is 1.75 million ha lower than the official figure of Japan's post-war peak of 8.27 million ha recorded in 1956.

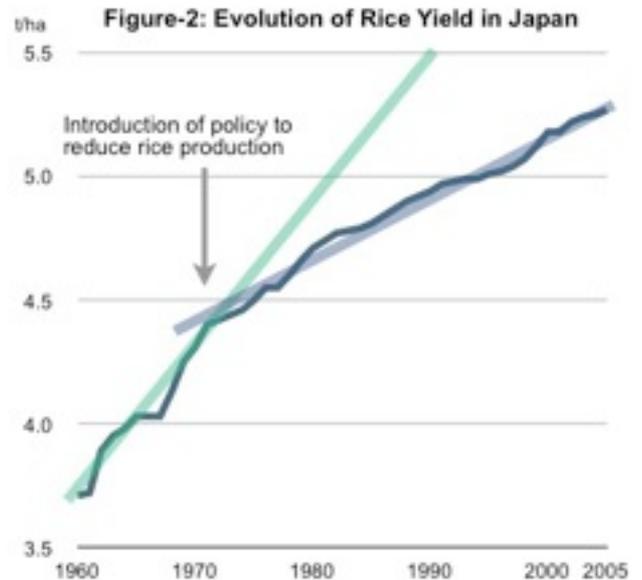


Table-2.: Supply-side Assumptions

(units)	Planted area (2005)	Assumed additional area	Total area	Yield (2005)	Assumed yield (conventional farming)	Assumed yield (organic farming)
	1000ha	1000ha	1000ha	t/ha	t/ha	t/ha
Grand total	4,384	2,132	6,516	-	-	-
Grains	2,129	1,080	3,209	-	-	-
Rice	1,706	600	2,306	5.32	6.00	5.16
Wheat	215	200	415	3.44	5.50	4.73
Barley	53	200	253	3.34	5.50	4.73
Rye	5	30	35	2.67	5.50	4.73
Maize	85	50	135	6.00	6.00	5.16
Sorghum	20	0	20	7.00	7.00	6.02
Other grains	45	0	45	0.62	0.62	0.53
Potatoes	154	350	504	-	-	-
Sweet potato	49	250	299	25.80	25.80	23.22
Potato	104	100	204	32.20	32.20	28.98
Beans	192	602	794	-	-	-
Soy	134	360	494	1.68	3.00	2.70
Other beans	58	242	300	2.24	2.24	2.02
Vegetables	563	100	663	-	-	-
Beta-caroten-rich vegetables	162	80	242	93.37	93.37	84.03
Other vegetables	401	20	421	30.26	30.26	27.23
Fruits	265	0	265	-	-	-
Citrus (mikan)	85	0	85	21.98	21.98	19.78
Apple	43	0	43	17.75	17.75	15.97
Other fruits	137	0	137	19.86	19.86	17.88

## Results

With these assumption put into our model, we obtained the results shown in Table-3 and Figure-3[4].

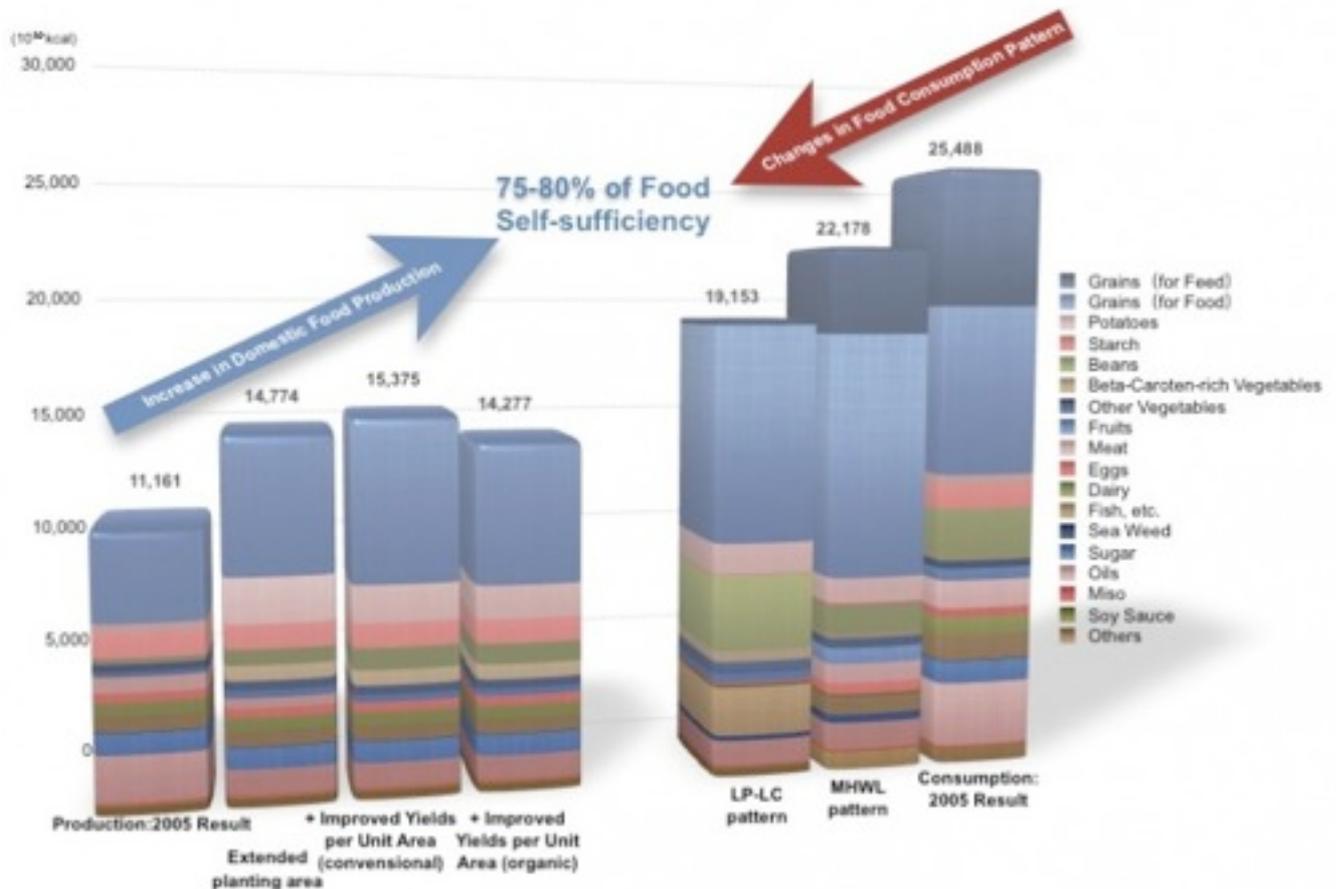
From these results, we could draw the following conclusions:

1. The changes in food consumption pattern could reduce Japan's food consumption by 13% in the MHWL pattern and by 25% in the LP-LC pattern. As a result, food self-sufficiency ratio could increase by 6% and 14%, respectively, assuming no change in production methods. This is derived from the

Table-3. Food Sufficiency Ratios According to Combined Assumptions for Demand-side and Supply-side

	2005 Result	MHWL pattern	LP-LC pattern
2005 Result	44	50	58
Extended planting area	58	67	77
+ Improved Yields per Unit Area (conventional)	60	69	80
+ Improved Yields per Unit Area (organic)	56	64	75

**Figure-3. Result : 75-80% of Food Self-sufficiency Could Be Achieved**



fact that the reduction in imported feed grains and oil seeds is much larger than the increase in consumption of staple grains and potatoes. We would like to point out that the increase in vegetable consumption would contribute almost nothing to the calorie-based food self-sufficiency ratio, but would contribute much to more balanced nutritional values and to a more varied diet with a larger variety of dishes.

- Domestic food production could increase by 30% by extending the planting area and by 38% with yield improvement added, thus bringing the food self-sufficiency ratio to 57-60%. With the food consumption patterns combined, the ratio could reach 69-80%, which is equivalent to Japan's post-war peak ratio in the early 1960s.
- With the same extended planting area and the equivalent improvement in yields, domestic organic agriculture could increase production by 27%, raising Japan's food self-sufficiency ratio to 56%. Combined with the changes in food consumption patterns, the ratio could reach 64-75%. This figure is 5% lower than the above case of conventional agriculture.

Our analysis showed that Japan has a potential to achieve a very encouraging food self-sufficiency ratio of 75-80%. This leads to the next question, which was put out of the scope of our analysis: how can Japan fulfill this potential?

## Notes

[1] Estimated by Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries, 2004.

[2] The "westernization" of the Japanese dietary habit was not brought about naturally, but by the US post-war world food strategy. Suffering from excessive domestic production due to rapid mechanization and low prices of grains, the US embarked on a strategy to export huge amounts of grains, mainly to Europe and Asia. In Japan, the campaign by the US

government to induce the Japanese population to eat more non-rice grains consisted of the introduction of wheat-based foods as well as of livestock fed with imported grains with a view to “improving the nutritional conditions” of post-war Japan. For example, the so-called “Nutrition Education Buses” or “Kitchen Demonstration Buses” (“Kitchen Car” in Japanese) visited every corner of Japan, driving from town to town, teaching the need to improve nutritional conditions. Staff showed how to cook wheat foods and soybean foods that people were taught to be “vehicles that convey nutrition” (and at the same time explaining how rice was “a vehicle that conveys death”). There was also the mobilization of Japanese nutritional experts to tell people that “a diet dominated by rice can lead to dysfunction of the brain, and ultimately to a premature death”. The introduction of bread- and milk-based school lunches in Japanese primary schools during the 1960s was also a part of this strategy. The US strategy was readily accepted by the Japanese government in exchange for export of Japanese industrial products to the US. The Japanese population consistently supported this policy and tended to prefer western-style foods throughout the high growth period. The “Japan model” was so successful that the US expanded it to other Asian countries, and even to African countries.

[3] Statistical Information Department, MAFF, “Case Management Analyses of Agricultural Producers Promoting Environment-Protective Cultivation,” November 2000 (in Japanese).

[4] We have to note that the food self-sufficiency ratio output from our model is about 3% higher than the official figure based on the ratio of domestic production in each food item supplied to an individual. This is due to the fact that the Food Demand-Supply Table that constitute the framework of our model is not a “balance-sheet,” but an “open-ended matrix.” More precisely, domestically produced canola oil figures in the Table, representing 3.3% of the total calorie-base food supply, but it is not the case with canola grain, from which the oil is made and which is almost totally imported, by reason that the grain itself is never directly eaten, but that it is used exclusively as “industrial material.” The same can be said for other items like cottonseed oil.

\* This article is a simplified version in English of “To what level could Japan’s food self-sufficiency recover with more local-oriented dietary consumption and more productive organic agriculture? — A quantitative analysis based on ‘Food Demand-Supply Table,’ ‘Guideline of Nutritional Requirement for the Japanese’ and ‘Local Production-Local Consumption’ principle” (in Japanese), Toshiki Mashimo, *The Kokugakuin University Economic Review*, Kokugakuin University, Tokyo, Vol. 56, November 2008, pp. 217-240 (「食べ方改革と有機農業で日本はどこまで食料自給できるか? — 「食料需給表」と「日本人の栄養所要量」・「地産地消」にもとづく試算」, 真下俊樹, 国学院経済学, 第56巻第3・4合併号, 2008年11月, 217-240ページ).

## **Moving Tokyo's fish market: Deception and hidden safety problems**

In December 2001, Tokyo Metropolitan Government announced that the wholesale fish market at Tsukiji would be moved to Toyosu.

The Tsukiji market in Chuo Ward, Tokyo was established in 1935. It has grown to become the world's largest fish market handling some 2000 tons of fish as well as fruit and vegetables each day. Over 70 years, the historical market has greeted many visitors, including foreign tourists, and the nearby shops and fish restaurants sell products with the "Tsukiji brand" and a special culture unique to Tokyo.

When the move to Toyosu was first being discussed as the deterioration of the market buildings was becoming obvious, some 58% of the 957 business operators were opposed. Thus, it was decided to continue using the current site. In spite of this, Tokyo mayor Ishihara Shintaro decided to go ahead with the move in 1994. Initially, there was no official indication that the new site was heavily polluted.

The Toyosu site, however, is an old factory site in Koto Ward once operated by Tokyo Gas Co., Ltd. This 40 hectares site was found to be heavily polluted with carcinogenic benzene at levels some 43,000 times higher than permitted, and cyanide compounds found to be some 800 times higher than levels considered safe. Levels of other toxins such as arsenic, lead, mercury and hexavalent chromium were also found to be high at the Toyosu site. Tokyo Gas Co., Ltd. operated the plant at Toyosu from 1956 to 1976 to produce city gas from coal. The soil and ground water pollution is a serious side-effect from the industrial manufacturing process.

A large majority of the trading organisation, the Wholesales Co-operatives of Tokyo Fish Market, voted against the relocation as details about the soil contamination were made public. Fish market officials feel that they cannot guarantee the safety of the food in case the market is moved. They have set up the Association to Study Tsukiji Market, and are asking everyone in Tokyo to participate in the campaign against the relocation.

We can only note here that many questions have been ignored about the proposed new site. The authorities are considering spending an enormous amount of money on decontaminating the soil, but there are no concrete data about safe levels. This is not just a problem for Tsukiji or Toyosu, but for many other polluted factory sites around Japan.

The Association to Study Tsukiji Market has organized workshops to raise awareness of the toxin issue, and we share their deep concerns about the deception and concealment regarding the safety of this important fish market.

By Takako Hasuo, Home Nutrition Research Society

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### **5<sup>th</sup> GMO-Free Regions Conference**

Over 260 regions, more than 4500 municipalities and other local entities and tens of thousands of farmers and food producers in Europe and Japan have declared themselves as "GMO-free" expressing their commitment not to allow the use of genetically modified organisms in the agriculture and food in their territories. Since 2005, the movement of GMO Free Regions in Europe holds an annual meeting.

Consumers Union of Japan, NO! GMO Campaign, Seikatsu Club and Green Coop participated from Japan this year in Luzern, Switzerland. It was the fifth annual conference with 250 participants from 39 different countries.

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### **Symposium To Celebrate 40 Year Anniversary of CUJ**

Consumers Union of Japan celebrated 40 years of consumer activism since the founding of the organisation in 1969. A symposium was held on June 7, 2009 at the Sohyo Kaikan in Ochanomizu, Tokyo. Speakers included Amagasa Keisuke, Yamazaki Tayori, Nakajima Kiichi, Oe Tadaaki and Arthur Binard.

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CUJ pursues the following goals on behalf of consumers: (1) To secure for ourselves and our families safe and healthy lives, (2) to establish systems/laws to protect the rights of consumers, (3) to promote peace, social justice and economic fairness, (4) to support and empower consumers who care about the environment, and (5) to cooperate with foreign consumer groups/organizations.

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