

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 6/26/2017

GAIN Report Number: JA7092

Japan

Post: Tokyo

Japan Implements Agricultural Competitiveness Reinforcement Programs

Report Categories:

Agricultural Situation

Approved By:

Christopher Riker

Prepared By:

Keiko Fujibayashi

Report Highlights:

Following the establishment of a set of agricultural reform measures, known as the “Agricultural Competitiveness Reinforcement Program” in November 2016 (see [JA6065](#)), Japan’s Ministry of Agriculture, Forestry and Fisheries (MAFF) submitted eight bills to the Diet to implement the reform programs. The eight bills were passed by the Diet during the 193rd session (which ended on June 18, 2017). The agricultural reform programs aim to improve the environment to increase agricultural producer income and to facilitate the reorganization of the agriculture-related industry (with a goal of decreasing farm production costs).

General Information:

1. Agricultural Competitiveness Reinforcement Support Law

The Agricultural Competitiveness Reinforcement Support Law sets out measures the government of Japan (GOJ) will take to reduce agricultural production and distribution costs in Japan. In support of this goal, the GOJ will begin to conduct surveys and publicize farm input and material prices, as well as agricultural product distribution costs, for Japan and other countries, every five years -- the first survey and publication will be conducted within a year from the effective date of this legislation. Also to facilitate the reorganization of agricultural-related industries, GOJ-affiliated financial institutions will provide financial support to those companies whose restructuring plans (or entry plans for new enterprises) are approved by the GOJ.

As part of the effort to reduce production costs and improve transparency for farm input prices (mentioned in the Agricultural Competitiveness Reinforcement Program), MAFF established a website (http://www.maff.go.jp/j/kanbo/nougyo_kyousou_ryoku/marumie/index.html), known as Marumie Agri, to provide the following services:

- Agumiru (<https://entry.agmiru.com/>): farmers will register a brand/product and a quantity of farm inputs via Agumiru that they want to purchase, and suppliers will, in turn, send price estimates for the inputs to inquiring farmers. The registration and use of Agumiru will be free of charge, and MAFF reportedly hopes that JA Zennoh¹ and local JAs will register with Agumiru.
- Agreach (<https://agreach.jp/>): Agreach will be the information platform which will facilitate matchmaking among producers, wholesalers, buyers, wholesale markets to simplify the distribution of agricultural products in Japan.
- Agresearcher (<https://mieruka.dc.affrc.go.jp/>): Agresearcher provides information on up-to-date agricultural research results, and allows producers to directly consult with registered researchers.

As JA Zennoh is the major supplier of farm inputs and machinery in Japan, the Agricultural Competitiveness Reinforcement Program requested JA Zennoh to streamline its farm input supply business to cut prices and improve the transparency of its pricing. In response, JA Zennoh noted in March 2017 that it would reduce the number of fertilizer and pesticide brands it sells, sell more generic products, and introduce a tendering system for when JA Zennoh purchases farm inputs and materials from manufacturers (and ultimately re-sells them to Japanese farmers).

2. Partial Revisions to the Agricultural Disaster Compensation Law

The Agricultural Disaster Compensation Law has been renamed as the Agricultural Insurance Law (AIL). The AIL is revised to include the establishment of an agricultural income insurance program

¹ JA Zennoh supplies 29 percent of the compound feed consumed in Japan (34 percent by the JA group), 40 percent of agricultural chemicals (60 percent by the JA group), 55 percent of fertilizers (74 percent by the JA group), 30 percent of agricultural machinery (50 percent by the JA group) and 50 percent of cardboard boxes.

which aims to mitigate the effect of income loss to ensure farming continues. Additionally, the agricultural mutual aid program, which compensates for losses due to natural disasters, is revised to abolish mandatory participation in the program.

3. Partial revisions to the Land Improvement Law

To accelerate farmland consolidation for active use, the Land Improvement Law (LIL) is revised to introduce a system to allow prefectural governments to carry out farmland improvement works on land controlled by farmland banks, i.e., land which is leased by farmland banks from inactive farmers without requiring those land-owning, inactive farmers to consent or provide financial input. The revision also abolishes a requirement that a minimum number of farmers must request the national and municipal governments to carry out land improvement works. Now the government can do so without a request or consent. Furthermore, the LIL is also revised to introduce a system to allow national and prefectural governments to improve agricultural drainage systems when an earthquake resistant evaluation examination finds them to be vulnerable.

4. Partial revisions to the Law to Promote Industry Introduction in Farming Villages (LPIIFV)

To encourage employment in rural areas and to promote structural changes in agricultural villages, the LPIIFV is revised to abolish the designation of certain industry sectors² which were allowed to be located in agricultural areas and expand the scope of permissible industry sectors to include everyone. The revised LPIIFV also requires municipal governments to establish a basic plan and an implementation strategy to identify what industry sector(s) they hope will be located in agricultural areas, the purpose of introducing such industry sector(s), the farmers to be employed by the new industry sector(s), and requiring a structural improvement plan for agriculture in the region.

5. Livestock Farming Management Stabilization Law (LFMSL) and partial revisions to the Agriculture & Livestock Industries Corporation (ALIC) Law

To compensate for the price difference between raw milk for drinking and for processing, subsidies have been provided to raw milk for processing as an impermanent measure under the “Temporary Measures Law for Subsidy to Producers of Processing Milk.” The temporary measure is now abolished and the subsidy for raw milk for processing will become permanent under the new legislation, known as the LFMSL. The subsidy system is also revised to abolish designated raw milk producers associations (meaning all producers of raw milk for processing are now eligible for subsidies).

Under the new LFMSL, the subsidy for processing milk is provided to milk collection organizations (such as JAs) and milk collection companies to which farmers consign or sell their milk, farmers who sell milk directly to dairy manufacturers, and farmers who process and sell dairy products using raw milk they produced themselves, on the condition that milk collection companies and farmers report their annual sales plan of raw milk and designated dairy products to MAFF. MAFF then sets the maximum volume for milk for processing that qualifies for subsidies. Prefectural governors and the MAFF

² Five sectors (i.e., manufacturing, storage, transportation, packing and wholesale) were subject to the LPIIFV.

Minister will designate milk collection organizations and companies whose articles of association stipulate that they will not refuse farmers' offers to consign and sell raw milk produced in a region outlined in their annual sales plan, and whose operational rules include a calculation method for raw milk collection costs that are in compliance with MAFF Ministerial Ordinances. A new subsidy to partially cover transportation costs, known as the Milk Collection and Transportation Adjustment Subsidy, is provided to designated milk collection organizations and companies. As ALIC provides the subsidy to raw milk for processing on behalf of MAFF, the ALIC Law is revised accordingly.

6. Partial revisions to the Law Concerning Standardization, etc. of Agricultural and Forestry Products (JAS) Law and partial revisions to the Food and Agricultural Materials Inspection Center (FAMIC) Law

The Law Concerning Standardization, etc. of Agricultural and Forestry Products has been renamed as the Law Concerning Agricultural and Forestry Products Standards, etc. (it continues to be abbreviated as the "JAS Law"). The JAS Law sets the quality standards for agricultural, forestry and fisheries products and food. In addition to these quality standards, the revised JAS Law expands the scope of standards to include production processes, distribution processes,³ operators who produce, sell, and handle agricultural, forestry, and fisheries products and food, and testing and analytical methods.⁴ JAS certified operators are permitted to label a JAS mark not only on products but also in publications and advertisements, etc. MAFF will register laboratories which conduct JAS standardized tests and permit them to issue test results and certificates with a registered mark (emblem).

The FAMIC will secure individuals with expertise who will participate in international standard and specifications organizations and other international initiatives. The FAMIC Law is also revised to enable FAMIC to verify a certifier of international standards. Through these revisions, JAS-certified companies are expected to more easily obtain certification for international standards.

These revisions are an effort to comply with Codex standards and ISO standards in order to facilitate Japanese agricultural exports.

7. The Law to abolish the Agriculture Mechanization Promotion Law (AMPL)

The AMPL was established in 1953 to develop and implement a certain level of agricultural machinery, under the national and prefectural governments' initiatives, in order to increase food production. However, with advancements in manufacturing technologies of agricultural machinery, the governments' role in inspection and development has been diminished. Accordingly, the AMPL will be abolished.

8. The Law to abolish the Law for Seeds for Major Agricultural Products (LSMAP)

The LSMAP was established in 1952 to develop and disseminate superior seeds, under the national and

³ For example, if a cold store and distribution management is set as a JAS standard, JAS certified operators for this standard can sell fresh fruits and vegetables, etc with a JAS mark for guaranteed freshness.

⁴ For example, in order to make farming technologies that can produce fish low in odor a sales point, an operator can request to set a unified measurement and analysis method for odor as a JAS standard.

prefectural governments' initiative, in order to increase food production. Each prefectural government designated superior (recommended) varieties of rice, wheat, barley and soybeans to be disseminated in the prefecture, produced breeder and foundation seeds, designated seed production fields, and set a seed inspection method. However, with the technological improvements realized by seed producers, a stable quantity of quality seeds has been realized. The majority of Japanese seeds are still developed by public institutions, but the GOJ noted that private sector technologies and knowledge must be utilized in seed development in order to meet various needs. Accordingly, the LSMAP is abolished.

Agricultural Competitiveness Reinforcement Program	Legislation	Effective date
<ol style="list-style-type: none"> 1. Review of the Mechanism for Farm Input Price Formation 2. Industrial Reorganization of Distribution and Processing industries 	Agricultural Competitiveness Reinforcement Support Law	A date determined by the Government Ordinance within three months from May 19, 2017, promulgation of the Law
<ol style="list-style-type: none"> 3. Introduction of Income Insurance System 	Partial revisions to the Agricultural Disaster Compensation Law	April 1, 2018, for the Law, and January 1, 2019, for insurance and revised mutual aid
<ol style="list-style-type: none"> 4. Review of Farmland Improvement System 	Partial revisions to the Land Improvement Law	A date determined by the Government Ordinance within six months from May 26, 2017, promulgation of the Law
<ol style="list-style-type: none"> 5. Improvement of Employment in Farming Villages 	Partial revisions to the Law to Promote Industry Introduction in Farming Villages	A date determined by the Government Ordinance within two months from June 2, 2017, promulgation of the Law
<ol style="list-style-type: none"> 6. Reform of Milk and Dairy Products Production and Distribution 	Livestock Farming Management Stabilization Law and Partial revisions to the Agriculture & Livestock Industries Corporation (ALIC) Law	April 1, 2018
<ol style="list-style-type: none"> 7. 	Partial revisions to the Law Concerning Standardization, etc. of Agricultural and Forestry Products (JAS) and Partial revisions to the Food and Agricultural Materials Inspection Center (FAMIC) Law	A date determined by the Government Ordinance within one year from June 23, 2017, promulgation of the Law
<ol style="list-style-type: none"> 8. 	The Law to abolish the Agriculture Mechanization Promotion Law	April 1, 2018
<ol style="list-style-type: none"> 9. 	The Law to abolish the Law for Seeds for Major Agricultural Products	April 1, 2018