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GAIN Report

Global Agricultural Information Network

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MAFF Assesses Agricultural Situation in JFY2018 White Paper

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Approved By:

Gary Meyer

Prepared By:

Keiko Fujibayashi

Report Highlights:

In its annual “White Paper on Food, Agriculture, and Rural Villages,” Japan’s Ministry of Agriculture, Forestry and Fisheries (MAFF) reports that food self-sufficiency continued to decline in 2017/18. MAFF indicates that it was able to preserve the border measures necessary to continue domestic production in the face of the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP) and trade agreements with the European Union (EU). Structural change remains slow, despite MAFF programs to promote more efficient farm scale and address critical labor shortfalls.

General Information:

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) released its Fiscal Year (JFY¹) 2018 White Paper on Food, Agriculture, and Rural Villages on May 28, 2019. MAFF updates the agricultural situation, and assesses MAFF's own efforts in enforcing policy measures in the last year. The framework of the document is little changed from last year, consisting of the following four sections: 1) Securing Stable Food Supply, 2) Creating Strong Agricultural Structure, 3) Taking Advantage of Local Resources to Promote and Vitalize Rural Areas and 4) Restoration/Reconstruction from Great East Japan Earthquake and Kumamoto Earthquake. In this report, we focus on Japan's food self-sufficiency ratio, trade agreements and their countermeasures, and agricultural structural changes.

Food Self-Sufficiency Ratio

Despite MAFF's efforts to increase Japan's caloric-based food self-sufficiency ratio to 45 percent², the ratio has gradually decreased to 38 percent in JFY2017. MAFF attributes the low ratio to decreased consumption of wholly self-sufficient rice and increased consumption of livestock products and fats and oils, and Japan's heavy reliance on imported ingredients for manufacturing livestock feed and fats and oils. In order to raise the food self-sufficiency ratio, MAFF calls for improving productivity through farmland enlargement and consolidation to business farmers, increasing the number of new entrants to farming, and increasing the use of smart agriculture.

CPTPP, Japan-EU EPA and Countermeasures

Japan has concluded 18 Economic Partnership Agreements (EPA) and Free Trade Agreements (FTA) by the end of December 2018 including CPTPP and Japan-EU EPA. Under these two agreements, MAFF emphasized that Japan secured border measures³ necessary for Japanese primary industries to continue their production. Japan's exports of food, agricultural, forestry and fisheries products increased year on year for the last six years to 906.8 billion yen (US\$8.48 billion) in 2018, and are expected to reach one trillion yen (US\$9.35 billion) target in 2019. Due to improved market access conditions for Japanese agricultural forestry and fisheries products and food, MAFF expects increases in Japanese exports to the EU and CPTPP signatories.

To mitigate the impact of the CPTPP and Japan-EU EPA, MAFF provides supports to farmers based on the "TPP (Trans Pacific Partnership agreement), etc. Policy Framework". MAFF's goals for these support measures are to nurture business-minded next generation farmers, to improve agricultural productivity, and to improve access to overseas markets. The support measures have been funded by MAFF's supplementary budget since JFY2015 (see [JA9046](#)). MAFF positively assesses the support measures, as some improvements are beginning to show such as an increase in farm gate prices, an

¹ April - March

² MAFF sets a target to increase the food self-sufficiency ratio to 45 percent by 2025 based on commodity specific production targets in 2015 Basic Plan for Food, Agriculture and Agricultural Villages.

³ The paper refers to the maintenance of the state trading system and high duties out of tariff rate quotas (TRQs), the sugar price adjustment system, the gate price system for pork, and the establishment of TRQs and safeguard mechanism.

increase in per cow raw milk yield, and a reduction in rice production costs.

Agricultural Structural Changes

Aiming to increase farm income and make agriculture into a growth industry, MAFF has been trying to promote structural changes in agriculture and to fund support programs to facilitate changes. MAFF points to the following changes:

- 1) Japan's Total Agricultural Output⁴ and Agricultural Production Income⁵ have increased for the last three years to 9.3 trillion yen (US\$87 billion) and 3.8 trillion yen (US\$35.5 billion) respectively in 2017, both marked the highest values since 2000 and 1999 respectively. Of 9.3 trillion yen Total Agricultural Output, the livestock sector accounted for 35.1 percent, followed by vegetables at 26.4 percent and rice at 18.7 percent. MAFF points to increased prices of rice and pork, and increased poultry meat production as drivers for the increase in Total Agricultural Output. While the paper does not mention the budget, MAFF's total budget increased 4.5 percent from JFY2014 to JFY2017.
- 2) The farm size continues to grow in all sectors. The average farm size increased 3.8 percent to 2.98 ha in 2018. With increasing farm size, 52.7 percent of the total farmland is cultivated by farming entities whose farm size is 10 ha or greater in 2018 (44.5 percent in 2013).
- 3) While the total number of farming entities decreased three percent to 1.22 million in 2018, the number of farming corporations increased four percent to 23,000 entities in 2018 providing corporate employments. As a result, the number of farmers under long-term employment increased to 240,000 in 2018, up nine percent from 2015.
- 4) Although, the total number of new entrants to farming decreased 7.4 percent to 55,670 in 2018, the number of new entrants under 49 years old was 20,760 in 2018, attracting over 20,000 entrants in each of four consecutive year, helped by the government's financial support program to young new entrants since JFY2012.

MAFF cites weakening production infrastructure as a concern. Aggregate cultivated land continues to decline year on year. Cultivated land area decreased 24,000 ha to 4.42 million ha in 2018 due to farmland decay, conversion to residential areas, and natural disaster damage. Also MAFF says labor shortages have become the biggest issue in the farming sector with the estimated shortage of 70,000 farm workers as of 2017 even though the number of foreign workers working at farms has steadily increased year on year to 31,000 in 2018 (up 31 percent from 2016). In agricultural regions, depopulation and aging⁶ have progressed at a faster pace than urban areas leading to farm labor shortages. Especially in the hilly and mountainous areas of the agricultural regions, as the number of farm households declined, farming communities face difficulty in maintaining community activities and resources such as preservation of farm waterways and drainage, reservoirs, farmland and forests. MAFF emphasizes the importance of the hilly and mountainous areas to agriculture citing their area accounts

⁴ Total Agricultural Output = Per product production volume x Per product farm gate price

⁵ Agricultural Production Income = Total Agricultural Output – Expenditures + Government Subsidies

⁶ As of February 2018, farming population decreased 3.5 percent to 1.75 million and the average age was 66.6 years old. People aged 65 years old accounted for 68 percent of the farming population.

for over 40 percent of the national farmland area, and their agricultural production accounts for over 40 percent of the national agricultural production value while only 11 percent of the national population lives there.

The JFY2018 White Paper on Food, Agriculture, and Rural Villages is available only in Japanese at http://www.maff.go.jp/j/wpaper/w_maff/h30/zenbun.html

The summary of JFY2017 White Paper on Food, Agriculture, and Rural Villages is available in English at <http://www.maff.go.jp/e/data/publish/attach/pdf/index-93.pdf>