

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 15, 2023

**Report Number:** JA2023-0136

**Report Name:** Prime Minister Office Publishes Agriculture Policy Priorities for Government Economic Package

**Country:** Japan

**Post:** Tokyo

**Report Category:** Agricultural Situation, Agriculture in the News

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**Report Highlights:**

The Government of Japan announced a new economic stimulus package of 17 trillion yen (\$113 billion) on November 2, 2023. To fund the economic package, Japanese Cabinet approved a fiscal year 2023 supplementary budget proposal for 13.1 trillion (\$87 billion) on November 10, 2023, of which 818 billion yen (\$5.5 billion) will be allocated to the Ministry of Agriculture, Forestry and Fisheries (MAFF). MAFF intends to use the supplementary budget for strengthening food security and boosting agriculture, forestry and fisheries exports, in line with agricultural policy priorities announced by the Prime Minister's office in October.

On November 2, the Government of Japan (GOJ) released a new economic stimulus package of 17 trillion yen (\$113 billion)<sup>1</sup> yen which is designed to ensure a "complete break away from deflation". The economic package includes temporary cuts to income and residential taxes, payouts to low-income households and subsidies to curb prices of gasoline, electricity, and gas. Inflation, fueled by rising costs of raw materials, has remained above the central bank's target of two percent for more than a year. With the extension of fuel subsidies to next April, the GOJ estimates that the new measures will curb consumer prices by around one percent while also contending that the economic package will boost the economy overall by 1.2 percent. To fund the economic package, Japan's Diet approved a 13.1 trillion (\$87 billion) supplementary budget on November 29, 2023. The GOJ will allocate 818 billion yen (\$5.5 billion) from the supplementary budget<sup>2</sup> to the Ministry of Agriculture, Forestry and Fisheries (MAFF). Supplementary budgets are typically carried over to the next fiscal year<sup>3</sup> to fund programs.

The economic package includes measures corresponding to policy priorities for agriculture, forestry and fisheries released by the Prime Minister's office in October<sup>4</sup>. The policy priorities call for the structural transformation of agriculture, forestry and fisheries and focus on 1) export promotion, 2) improving environmental practices, 3) facilitating growth through smart technologies, and 4) strengthening food security. The policy priorities are summarized below.

## **Policy Priorities**

### **1. Export Promotion**

- Foster export-oriented farmers and processors, via formation of nation-wide product-specific export promotion groups, and help to raise export capabilities from production through overseas marketing.
- Strengthen public-private partnerships to develop sales channels in overseas markets.
- Facilitate investment in start-up companies engaged in exports.

### **2. Improving Environmental Considerations**

- To achieve the goals set in the Green Food System Strategy ([JA2023-0091](#)), facilitate conversion to environment-friendly cultivation practices, support development of energy-saving facilities, and promote local production and consumption of biomass.
- Support pelletization of compost and wide-area distribution of compost and fertilizer made from sewage sludge. Strengthen tie-ups between crop farmers and livestock farmers to establish regional supply chains for forage and compost.

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<sup>1</sup> USD1 = 150 yen

<sup>2</sup> Supplementary budgets are typically carried over to the next fiscal year to fund programs.

<sup>3</sup> Japanese fiscal year (JFY) runs from April 1 to March 31.

<sup>4</sup> Prime Minister's office called this policy priorities "Emergency Response Package for Stable Food Supply and Reinforcement of Agriculture, Forestry and Fisheries".

### **3. Growth through Smart Technologies**

- Legislate the promotion of smart agriculture, forestry and fisheries; support farmers to convert cultivation practices to enhance suitability for smart technology; and support ICT utilization to promote fishery resource management.
- Foster service-providers that help farmers, foresters and fishermen to implement smart technologies. Support service providers to acquire smart technologies, machinery and equipment.

### **4. Strengthening Food Security**

#### **(1) Structural shift away from excessive dependence on imports**

- Support farm conversion from paddies to upland fields and expand production of import-dependent crops; wheat, soybeans, feed, forage and vegetables.
- Increase utilization of domestic resources such as compost and sewage sludge resources to reduce imports of fertilizer materials.
- Expand the use of rice flour and support development of rice flour products and enhancement of manufacturing capacity for rice flour and rice flour products to reduce dependence on imported wheat.
- Facilitate shifts from imports to domestically produced raw materials for food manufacture by strengthening tie-ups between food manufacturers and farmers groups, with the goal of ensuring stable procurement of raw materials and production of needed input products.

#### **(2) Structural transformation of agriculture production in preparation for a rapid decline in farming populations**

- Facilitate farmland consolidation and increasing support to core farmers for investment such as acquiring new machinery.
- Support the improvement and maintenance of farmland infrastructure corresponding to adoption of labor-saving machinery.

#### **(3) Structural transformation of the food system to ensure food security for each citizen**

- Ensure food access and support supplying unused food and government stockpiled rice to food banks and children's cafeterias.
- Facilitate reduction of food loss, review business practices in food distribution and disclose companies' food loss reduction efforts.
- Support research to promote price formation reflecting cost-of-production and foster public understanding to build a sustainable food system.
- Secure stable imports, promote investment in overseas grain collection and port facilities and support for securing suitable areas for vegetable seed collection overseas.

## MAFF JFY2023 Supplementary Budget Programs

Based on these policy priorities, MAFF developed programs which will be funded by 818 billion yen (\$5.5 billion) JFY2023 supplementary budget.

MAFF intends to allocate 100 billion yen (\$667 million) for inflation mitigation measures, 211 billion yen (\$1.4 billion) for structural reform measures for food security and 253 billion yen (\$1.7 billion) for free trade agreements (FTA) countermeasures, including export promotion. Compared to the JFY2022 supplementary budget, goals for the JFY2023 budget represent a shift away from inflation mitigation and FTA countermeasures and towards food security. Structural reform measures for food security include providing support payments to farmers for converting paddies to upland fields and building facilities and purchasing machinery and equipment to increase production of import-dependent wheat, soybeans, feed crops and fertilizer materials. The expanded budget for this program is mainly attributable to an increase in the overall food security budget in JFY2023.

For inflation mitigation measures, MAFF will provide fuel cost support payments to greenhouse farmers and fishermen; extra payments for policyholders of agriculture revenue insurance if revenue for the insurance period falls below a certain percentage; and marketing funds for *Wagyu* beef (for both processors and beef cattle producers' associations). Demand for *Wagyu* beef has been sluggish in the face of rising prices.

**Table 1. JFY2023 and JFY22 MAFF Supplementary Budget (billion yen)**

	Inflation Mitigation	Food Security	FTA Countermeasures	Total
JFY2023	100.1	211.3	252.7	818.2
JFY2022	112.7	164.2	270.4	820.6

Source: MAFF

### Attachments:

No Attachments.