

Japan's Strategy for its Agriculture in the Globalized World

I. Key Concepts to Change the Structure of Japan's Agriculture

1. Regard Japanese Agriculture as a Growing Industry and Make it Target the World Markets.
2. Establish 21st-century Food Production Base Areas to Ensure a Stable Food Supply.
3. Integrate Plans for Farmland Use within Plans for the Effective Use of the Total National Land Base.
4. Use Agriculture to Revitalize Local Economies.
5. Abolish Policies that Reduce Rice Acreage.
6. Implement Food Security Policy from Two Perspectives: a Stable, Daily Supply of Food, and a Possible Severe Food Shortage due to Emergency Conditions in Japan.
7. Open Japan's Agriculture to the World.

II. Mid- to Long-Term Measures

8. Assemble 1.5 Million hectares of Land into 10,000 Core Farms in Food Production Base Areas Measuring about 100 hectares each.
9. Designate the Food Production Base Areas as Special Economic Zones for Deregulated Farming.
10. Establish Financing Policies to Encourage Production, and Forgive the Loans of Highly Effective Farm Managers.
11. Introduce Land Use Planning that Emphasizes Optimal Use of Farmland and the Surrounding Environment.
12. Compile Road Maps Showing a Move toward Eliminating Rice Production Quotas and Increasing Annual Rice Production to 12 Million tons.
13. Establish within the Prime Minister's Office a Pan-Ministerial Organization Responsible for the Economic Security of the Japanese People.
14. Use Japan's Agricultural Technologies to Help Eliminate Food Problems in the World.

III. Key Measures for Urgent Needs

15. Assemble Large Blocks of Farmland Rapidly, by Helping Farmers Transfer Ownership of Their Land by Retiring Early.
16. Develop Agriculture-Commerce-Industry Partnerships to Create New Employment Opportunities in Farming Villages.
17. Establish Tax- and Donation-based Mechanisms to Support the Employment of Retirees and the Establishment of Multifunctional Farming.
18. Assist in the Training of Professionals, Especially Young Professionals, Who Will Promote Agricultural Exports.
19. Establish a Market for Transfer of Production Quotas, as an Essential Step toward Eliminating Rice Acreage Reduction Measures.
20. Accept 50,000 Foreign Farmhands under a Government-regulated Program.
21. Show Leadership in Guiding WTO Agricultural Negotiations to a Successful Conclusion.

January 2009

TABLE OF CONTENTS

Introduction	1
The Recommendations	11
I. Key Concepts to Change the Structure of Japan's Agriculture	
1. Regard Japanese Agriculture as a Growing Industry and Make it Target the World Markets	11
2. Establish 21st-century Food Production Base Areas to Ensure a Stable Food Supply	11
3. Integrate Plans for Farmland Use within Plans for the Effective Use of the Total National Land Base	12
4. Use Agriculture to Revitalize Local Economies	12
5. Abolish Policies that Reduce Rice Acreage	13
6. Implement Food Security Policy from Two Perspectives: a Stable, Daily Supply of Food, and a Possible Severe Food Shortage due to Emergency Conditions in Japan.....	13
7. Open Japan's Agriculture to the World	14
II. Mid- to Long-Term Measures	
8. Assemble 1.5 Million hectares of Land into 10,000 Core Farms in Food Production Base Areas Measuring about 100 hectares each.....	14
9. Designate the Food Production Base Areas as Special Economic Zones for Deregulated Farming	15
10. Establish Financing Policies to Encourage Production, and Forgive the Loans of Highly Effective Farm Managers	15
11. Introduce Land Use Planning that Emphasizes Optimal Use of Farmland and the Surrounding Environment.....	16
12. Compile Road Maps Showing a Move toward Eliminating Rice Production Quotas and Increasing Annual Rice Production to 12	

Million tons	16
13. Establish within the Prime Minister’s Office a Pan-Ministerial Organization Responsible for the Economic Security of the Japanese People	17
14. Use Japan’s Agricultural Technologies to Help Eliminate Food Problems in the World.....	17

III. Key Measures for Urgent Needs

15. Assemble Large Blocks of Farmland Rapidly, by Helping Farmers Transfer Ownership of Their Land by Retiring Early	18
16. Develop Agriculture-Commerce-Industry Partnerships to Create New Employment Opportunities in Farming Villages	18
17. Establish Tax- and Donation-based Mechanisms to Support the Employment of Retirees and the Establishment of Multifunctional Farming	19
18. Assist in the Training of Professionals, Especially Young Professionals, Who Will Promote Agricultural Exports.....	19
19. Establish a Market for Transfer of Production Quotas, as an Essential Step toward Eliminating Rice Acreage Reduction Measures	20
20. Accept 50,000 Foreign Farmhands under a Government-regulated Program	20
21. Show Leadership in Guiding WTO Agricultural Negotiations to a Successful Conclusion	21

Appendix **22**

Introduction to The Japan Forum on International Relations	22
--	----

INTRODUCTION

On a global scale, agriculture is now in the midst of major changes. Up until the financial crisis spread worldwide from the United States in the fall of 2008, prices for grains and other food crops continued to rise, and the resulting unrest and violence over food shortages shook a number of countries. Soaring prices and declining food stocks were caused by two factors — (a) growing demand for food in emerging economies where higher incomes have boosted consumption, and (b) greater demand for biofuels. Recently, though, the financial crisis has dampened economies worldwide. This has somewhat calmed international cereal markets for the short term, but global food demand structures have been fundamentally transformed, and it remains a fact that global food supply mechanisms must adapt to the future based on this new reality.

Even when the prospect of an international food crisis loomed, agriculture in Japan and the government's farm policies were dancing to their own tunes, in total disregard of the changes in global food markets. Food shortages are so severe in the rest of the world that they have led to riots in some countries, but the Japanese government continues to restrict rice production by cutting paddy acreage. While people are starving in many countries, here in Japan 390,000 hectares of farmland has been abandoned. High duties on food imports have insulated Japan's major crops from world markets, and the domestic market is not responsive to the signals from abroad. To make the matter worse, as other agricultural policies interfere with domestic market forces, prices often do not reflect supply and demand even within Japan.

Another problem is that many rural parts of Japan are in a severe

economic slump — rural populations are aging faster than in the cities, and depopulation is high. In these places, agriculture is generally the mainstay of the local economy. Accordingly, reinvigorating agriculture would revive rural economies in theory, but this is not happening because government policies are not promoting agriculture as an industry.

Thus, Japan's agriculture is far from reaching its full potential, neither nationally nor internationally. Food shortages in the developing world require a more effective use of agricultural resources in a global setting, and farmers in Japan should be given the opportunity to address this issue while freely promoting their businesses and responding to international market signals. In addition, if the agricultural sector were tied more closely to local industry and local commerce as the mainstay of the rural economy, it would experience revitalization. Japan's farmers have great technical skills, knowledge and talent, and many have an excellent grasp of the business side of agriculture as well. The problem is that they are not given enough opportunity to use their strengths.

Around the time rapid increases in world food prices began to be seen as developing into a food crisis, debate in Japan shifted toward diminishing equilibrium in agricultural trade, such as boosting the nation's food self-sufficiency ratio and promoting the consumption of more products grown in Japan. However, the increased global interest in agriculture as a solution to world hunger presents Japan with an opportunity to globalize its agricultural sector. We should see today's problems as an excellent chance to strengthen the health of our agricultural system.

Over the past few years, negotiations in the World Trade Organization (WTO), as well as the efforts to negotiate Free Trade

Agreements (FTA) and Economic Partnership Agreements (EPA), have focused on calls for more open agricultural markets. But during each negotiation, farmers' groups in Japan have claimed that openness would seriously hurt them. As part of their resistance, they created an image of Japan's agriculture as a victim of globalization. Conversely, the farmers' groups are regarded as the staunchest opponent of Japan's internationalization efforts. On the international stage, Japan's insistence on protecting its agriculture shackled the government's negotiation stance, and made it impossible for Japan to take a leadership role in WTO, FTA or EPA negotiations. (Only a few developed countries, most notably Switzerland and Norway, share Japan's protectionist stance in agriculture— during the final phase of negotiations Japan often finds itself practically alone.) We cannot forget, though, that agriculture is closely linked to today's interdependent global economy. Delaying agriculture's integration with globalized economy will cause it to stagnate. The globalization of agriculture is inevitable, and Japan's farm policies must adapt accordingly. Food crises are most unfortunate, but they do offer an opportunity for us to recognize this fact.

Today's trends in global food markets offer the opportunity for Japan's agricultural sector to move from protectionism to proactive innovation. In a word, this is what this set of policy recommendations suggests. We call for a transformation of Japan's agricultural policies so that Japan's agricultural resources will be used effectively. We propose:

- A radical reform of farmland policies and the rice production quota system
- Incentives to expand food production

- The linking of Japan’s agriculture to international markets, so as to contribute to alleviating world hunger and resolving environmental problems.

At the heart of these recommendations are proposals for creating incentives that boost farm productivity, expand agribusinesses, and promote farm management capacity. Until now, Japan’s agricultural policies have tended to bear the characteristics of “one size fits all” designed to apply to the country uniformly, and this has often prevented management-conscious farmers from reaching their full potential. Price support mechanisms and rice production quotas, which were introduced long time ago, are typical of those ineffective policies.

Farmers in Japan who have superior technical and managerial skills are a fine asset to Japanese agriculture, and their capacity to use these skills effectively is the key to growth in the sector. This is another reason why bold deregulation and incentives encouraging expansion are needed. Current agricultural policies most definitely hinder the assembly of large plots of farmland, and the elimination of those policies would be most welcome. However, we are not proposing total deregulation of agriculture, but the liberalization of perhaps one-third of the nation’s farmland, to establish Food Production Base Areas offering support for prioritized expansion and agricultural investment. Such a step would involve abandoning the current one-size-fits-all policies for the entire country, and would represent a transformation to strong and effective agricultural policies.

Rapid changes in world food prices focus our attention on the differential between food prices in Japan and those abroad, and offer a strategic opportunity to exploit competitive conditions with imported food while promoting the export of superior agricultural produce from

Japan. And since consumers at times feel uneasy about the safety of imported food, they may regain their preference for food produced in their own country. Capitalizing on this preference, it may be possible to promote new and added value in the domestic market. But this kind of regrouping and refocusing exercise must not become reversion to protectionism. Our country's agriculture needs to be reformed to thrive in the midst of changing circumstances.

Agriculture is an industry with a romantic element to it. Farmers not only produce food that is essential to life, but their work is also seen to be intrinsically worthwhile — fields and farming villages create beautiful pastoral scenery, and collaborating rural activities add dynamism to local economies. But in the final analysis, for these romantic elements to remain, agriculture must stand on its own as a strong industry. And there is more to agriculture than just food production — farming processes and byproducts are also part of the industry, and they too should be considered when developing new agribusiness models based on people-oriented policies, which are developed in partnership with the urban population.

In Japan natural resources are scarce, in particular, so is landmass. Our limited farmland and other agricultural resources must be used effectively for all people. The debate over optimum policies for agriculture should revolve around how those agricultural resources can be used and exploited for the benefit of all people in Japan. Agriculture is not the exclusive property of farmers or rural areas; it is a resource belonging to all Japanese people, and this concept should set the course for agriculture in Japan. The purpose of these recommendations is to lay out, for all to consider, strategic and comprehensive ideas for promoting agriculture in ways not yet seen in other developed countries.

The full text of the Policy Recommendations is submitted to the Prime Minister of Japan and is concurrently released to the press. The “Introduction” and the “Recommendations” parts of the Policy Recommendations are translated in English and are distributed to opinion leaders all over the world and, together with the full text of the Policy Recommendations in Japanese, made accessible at the website of the Japan Forum on International Relations, <http://www.jfir.or.jp/>.

The Policy Council of the Japan Forum on International Relations first met to consider the draft of the Policy Recommendations on January 25, 2008, and adopted them in the final form at its fourth meeting on October 16, 2008. During this time the Task Force, headed by Prof. HONMA Masayoshi, Professor of the University of Tokyo, and staffed by Prof. ARAKI Ichiro, Professor of Yokohama National University, Prof. OIZUMI Kazunuki, Professor of Miyagi University, and Mr. MARUYAMA Yasuyuki, Senior Research Fellow at Yomiuri Research Institute of Yomiuri Shimbun, assisted the Policy Council in drafting the final text of the Policy Recommendations. Once the final text was confirmed, it was sent to all the members of the Policy Council, and the following 99 members of the Council indicated their approval of its contents. Their names appear below as co-signers of the Policy Recommendations.

On this occasion, we would like to thank Mr. YAMADA Toshio, Member of the House of Councillors (Liberal Democratic Party) and former Senior Executive Director of Central Union of Agricultural Co-operatives, for his valuable opinion expressed at the second meeting of the Policy Council. We would also like to mention the helpful insights we received from senior officials of our government, who willingly granted us their precious time to attend our meetings as individuals in

their advisory capacity as Policy Council Counselors.

Let us also add that the views expressed in the Policy Recommendations do not represent those of Mr. YAMADA or the ministries represented by the Policy Council Counselors and that sole responsibility for the contents of the Policy Recommendations lies with those members of the Policy Council who signed them.

January 2009

Co-Signed by:

Chairman of the Policy Council

ITO Kenichi *President, The Japan Forum on International Relations, Inc .(JFIR)*

Vice-Chairman of the Policy Council

YOSHIDA Haruki *President, The Yoshida Labo for Economics and Industry, Inc.*

Members of the Policy Council

AICHI Kazuo *Member of the House of Representatives (Liberal Democratic Party)*

AKIMOTO Kazumine *Senior Researcher, Ocean Policy Research Foundation*

AKIMOTO Yumi *Chief Executive Emeritus, Mitsubishi Materials Corporation*

AKIYAMA Masahiro *Chairman, Ocean Policy Research Foundation*

ARAI Yoshitami *Chairman, International Student House*

ARIMA Tatsuo *President, Middle East Research Institute of Japan*

ASOMURA Kuniaki *Professor, North Asia University*

CHIKUDATE Katsutoshi *Standing Auditor, Tokyo Electric Power Company*

FUKIURA Tamamasa *President, Eurasia 21 Research Institute*

FUKUSHIMA Akiko *Senior Fellow, The Japan Foundation*

FUNADA Hajime *Member of the House of Representatives (Liberal Democratic Party)*

FURUKAWA Motohisa *Member of the House of Representatives (Democratic Party of Japan)*

HAKAMADA Shigeki *Professor, Aoyama Gakuin University*

HASEGAWA Kazutoshi *former Ambassador to Australia*

HASHIMOTO Hiroshi *former Ambassador to Singapore*

HATA Kei The Acting Principal of Sakushin Gakuin
HATAKEYAMA Noboru President, Japan Economic Foundation
HATTORI Yasuo Vice Chairman, Seiko Epson Corporation
HIDAKA Kazuo Chairman, Hidaka Management Service
HIRABAYASHI Hiroshi Councilor, JFIR
HIRAIZUMI Wataru President, Kajima Institute of International Peace
HIRANUMA Takeo Member of the House of Representatives (The Independents)

HIRONO Ryokichi Professor Emeritus, Seikei University
HONMA Masayoshi Professor, the University of Tokyo
IKEDA Kouichi Chairman of the Board and CEO, Asahi Breweries, Ltd.
IKEDA Sogo Dean, Kokushikan University Graduate School of Political Science

IMAGAWA Yukio former Ambassador to Cambodia
IMAI Takashi Chairman, JFIR
INOBUCHI Kuniko Member of the House of Representatives (Liberal Democratic Party)

INOUE Akiyoshi President, Sanyu Appraisal Corp.
ISHIGAKI Yasuji Professor, Tokai University Law School
ITO Tsuyoshi Professor, Meiji University
KAMIYA Matake Professor, National Defense Academy of Japan
KANAMORI Hisao Trustee and Advisor, Japan Center for Economic Research

KATO Hiroshi President, Kaetsu University
KAWATO Akio General Manager, Japan and World Trends
KIMURA Akio Professor Emeritus, Aoyama Gakuin University
KIMURA Takayuki Governor, Asia-Europe Foundation
KINOSHITA Hiroo Advisor, National Small Business Information Promotion Center

KONOE Tadateru President, Japanese Red Cross Society
KURODA Makoto President, Center for Information on Security Trade Control

MANO Teruhiko Professor, Graduate School, Seigakuin University
MASAKI Hisane Journalist
MIYASAKA Naofumi Professor, National Defense Academy of Japan
MIYAWAKI Raisuke Chairman, Ochanomizu Associates
MOGI Kenzaburo Vice Chairman, Kikkoman Corporation
MORI Toshimitsu former Ambassador to Kazakhstan
MORII Toshiharu former Head Minister, Tenrikyo Nagoya Grand Church

MORIMOTO Satoshi Director, Professor, Institute of World Studies, Takushoku University

MURAKAMI Masayasu Executive Director, JFIR
NABESHIMA Keizo Journalist
NAITOH Masahisa President, The Institute of Energy Economics, Japan

NARITA Yutaka *Principal Advisor & Chairman of Dentsu Group*
 NASUDA Kei *Chairman, Namiki Shobo Inc.*
 NISHIMURA Shingo *Member of the House of Representatives (Japan Renaissance Party)*
 NISHIO Kanji *Professor Emeritus, The University of Electro-Communications*
 NOMURA Kichisaburo *Executive Advisor, All Nippon Airways Co.,Ltd.*
 OGASAWARA Takayuki *Professor, Yamanashi Gakuin University*
 OGASAWARA Toshiaki *Chairman, The Japan Times / Chairman, Nifco Inc.*
 OHKI Hiroshi *President, Japan Center for Climate Change Actions*
 OHKURA Yunosuke *President, Cross Cultural Laboratory*
 OHTA Masatoshi *former Ambassador to South Africa*
 OKA Hikaru *Trustee and Professor, Ogaki Women's College*
 ORITA Masaki *Professor, Chuo University*
 OTANI Tatsumi *Professor, Soka Women's College*
 SAITO Shoji *former Adviser, Mitsubishi Chemical Corporation*
 SAJIMA Naoko *Professor, Senshu University*
 SAKAMOTO Masahiro *Vice President, Japan Forum for Strategic Studies*
 SAKONJO Naotoshi *Councilor, Research Institute for Peace and Security*
 SAKUTA Masaaki *Professor Emeritus, Nihon University*
 SAWAI Teruyuki *former Ambassador to Norway*
 SHIDORI Gakushu *Commentator*
 SHIMADA Haruo *President, Chiba University of Commerce*
 SHIMIZU Yoshikazu *Director, United Nations Association of Japan*
 SHINDO Eiichi *Professor Emeritus, University of Tsukuba*
 SHINOTSUKA Toru *Vice President, Takushoku University*
 SUZUKI Keisuke *Member of the House of Representatives (Liberal Democratic Party)*
 SUZUKI Teiichiro *Chairman, Atox Inc.*
 SUZUKI Toichi *Political Columnist*
 SUZUKI Yoshio *former Member of the House of Representatives*
 TAHARA Soichiro *Journalist*
 TAIDA Hideya *Professor, Akita International University*
 TAJIMA Takashi *Visiting Professor, Akita International University*
 TAKAHASHI Kazuo *Visiting Professor, United Nations University*
 TAKASHIMA Hatsuhisa *Special Visiting Professor, Gakushuin University*
 TAKENAKA Ichio *Chairman, Office Takenaka*
 TAKUBO Tadae *Guest Professor, Kyorin University*
 TOYODA Shoichiro *Honorary Chairman, Member of the Board, Toyota Motor Corporation*
 UCHIDA Tadao *Journalist*
 UCHIDATE Makiko *Scenario Writer*
 UNO Kimio *Professor Emeritus, Keio University*

URANO Tatsuo *Professor Emeritus, Nihon University*
WAKABAYASHI Hideki *Full-time Councilor, JFIR*
WATANABE Toshio *President, Takushoku University*
YAMAZAWA Ipppei *Professor Emeritus, Hitotsubashi University*
YAYAMA Taro *Political Commentator*
YUSHITA Hiroyuki *Visiting Professor, Kyorin University*

(In alphabetical order)

THE RECOMMENDATIONS

I. Key Concepts to Change the Structure of Japan's Agriculture

1. Regard Japanese Agriculture as a Growing Industry and Make it Target the World Markets.

At a time when agriculture is being buffeted by many changes, we need to regard it not only as a means to provide food for the Japanese people but also as an industry offering the potential for growth, a growth that could contribute to international markets. This approach requires proactive promotion of agriculture in Japan. Because of rapid changes in international food prices, price differentials for some farm products between Japan and elsewhere have narrowed, creating more opportunities for food exports from Japan. People in many countries are interested in buying food from Japan because of its high quality; there are excellent opportunities today for Japanese agriculture to transform itself into a growing industry capable of exporting produce. Policy makers in Japan need to be aware of these trends and take advantage of them.

2. Establish 21st-century Food Production Base Areas to Ensure a Stable Food Supply.

Japan's agricultural structure must be strengthened to respond effectively to demand for food in Japan and abroad. This will require strategies that identify priority areas for the better use of farmland and agricultural investment, and establish "Food Production Base Areas" in Japan. Under these strategies, large plots of arable land would be assembled for farming using advanced technologies producing

high-quality food at low cost. At the same time, market mechanisms need to be enhanced to respond rapidly to international market trends. These goals could be achieved through the establishment of Food Production Base Areas that would promote food exports from Japan.

3. Integrate Plans for Farmland Use within Plans for the Effective Use of the Total National Land Base.

Japan's agriculture needs further growth and development, which can be achieved through more effective use of farmland. In a small country like Japan, making the use of farmland work well with that of non-agricultural land is essential. Today, though, land use plans in Japan lack harmonization and coordination. As a result, the national land bank is not being used effectively. Today we are faced with a pressing question: how can we use rural land and environmental resources more sustainably? Or, in other words, what kind of land base do we want to pass down to future generations? The Japanese government should examine the question from the point of view of national interests, then coordinate programs that promote better use of both farmland and other land.

4. Use Agriculture to Revitalize Local Economies.

Rural economies in Japan are based heavily on farming, so agriculture should be used to revitalize those economies. Agriculture should be regarded as more than just an industry producing food and crop resources — it can be linked with secondary and tertiary industries to create greater value added. Using agricultural resources and environmental conditions more effectively requires the involvement not only of people in rural areas but those in cities as well, and the

government should develop measures to ensure that involvement and to raise awareness among city dwellers of the importance of their involvement in a rural-urban partnership.

5. Abolish Policies that Reduce Rice Acreage.

Rice lies at the heart of Japanese agriculture. But rice production quotas limit the freedom of farmers to grow rice, and limit their ability to take full advantage of their expertise. Production quotas keep rice prices artificially high, making it impossible for producers to respond properly through the market to consumer demands and needs. The government should abolish the policies reducing paddy acreage and production quotas, to give farmers the freedom to unleash their latent energy and develop innovative rice agribusinesses.

6. Implement Food Security Policy from Two Perspectives: a Stable, Daily Supply of Food, and a Possible Severe Food Shortage due to Emergency Conditions in Japan.

The Japanese government must ensure food security for the Japanese people, and it is important to realize that food security has two components: steady, sufficient, daily supplies, and rapid and effective response in the event of emergency conditions. The former can be achieved through a combination of domestic production, imports and storage. These three should be managed to account for risk, and should include measures to ensure food safety and avoid anxiety on the part of the general public. A possible severe food shortage would have to be regarded by the Japanese government as a dire crisis — the government needs to have food security measures in place to deal with a variety of possible crises, and needs to show the Japanese public that these

measures would be practical and effective.

7. Open Japan's Agriculture to the World.

Japan should use food exports to promote food-related ventures in world markets, and should open up agriculture in Japan to the world. In particular, Japan's agricultural technology could be used to address food problems and promote economic development in many parts of the world, farmers in Japan could employ more foreign workers, and Japanese farmers could be sent abroad to help improve farm situations there. These challenges can become reality through international cooperation and negotiations, with the Japanese government taking a leadership role.

II. Mid- to Long-Term Measures

8. Assemble 1.5 Million hectares of Land into 10,000 Core Farms in Food Production Base Areas Measuring about 100 hectares each.

It will be necessary to foster large-scale agricultural management projects to develop the type of Food Production Base Areas mentioned above. This plan calls for:

- The appropriation of about 1.5 million hectares of land — approximately one-third of the 4.6 million currently under cultivation — to create the special tracts
- In this land area, priority placed on infrastructural development and measures to improve the productivity and treating environmental cares
- The establishment of about 10,000 core farms, each responsible for managing about 100 hectares in operation

- Municipal governments or municipal farming federations to make local decisions regarding the special land tracts
- Freedom in determining management organization

Open structures promoting the investment and participation of other industries

9. Designate the Food Production Base Areas as Special Economic Zones for Deregulated Farming.

The Food Production Base Areas would be designated as special economic zones exempt from current farmland regulations, including the Agricultural Land Law. Land ownership and tenancy rights would be freely transferable, but to ensure sustainable farming a blanket prohibition would prevent land conversion for non-agricultural purposes for a designated period (such as 30 years), to prevent speculation for the conversion and the loss of good farmland. Farmers would be free from participation in production quota programs for rice and other crops. Cultivators would be obliged to use the land effectively (for example, they would not be allowed to leave it fallow).

10. Establish Financing Policies to Encourage Production, and Forgive the Loans of Highly Effective Farm Managers.

Today's agricultural subsidy programs should be completely transformed into financing programs to support farm management. Substantial loans and other incentives should be established to encourage and boost production. Farm managers who show especially strong skills in achieving planned results would be exempted from reimbursing some or all of the loans, as another incentive encouraging management initiative. Financial institutions would examine

management plans when considering applicants' qualifications for financing. However, these types of measures would be of limited duration, because they are domestic support mechanisms classified in the "Amber Box," subject to reduction commitments under the WTO rules.

11. Introduce Land Use Planning that Emphasizes Optimal Use of Farmland and the Surrounding Environment.

National land planning and urban land planning should examine the use of farmland and non-agricultural land, to reflect the views of the public in both urban and rural areas. Farmland in Japan is particularly susceptible to efforts to convert it to non-agricultural use, and the development of farmland often ends up boosting the value of land used for other purposes, encouraging speculators to look for ways to convert developed farmland to other uses. To prevent this, regional land use review committees with strong zoning powers should be established and permit local residents to draw up land use plans on their own.

12. Compile Road Maps Showing a Move toward Eliminating Rice Production Quotas and Increasing Annual Rice Production to 12 Million tons.

Although rice is the staple in Japan, rice consumption continues to decline. On the other hand, demand for rice grains and stalks as animal feed is growing, and the potential for growing Indica (long grain) rice in Japan is now being explored. The rice production quota system should be radically modified to boost annual production levels back to 12 million tons, and to give Japanese rice a strong presence in international markets. These measures will require that the national government

publish progress schedule charts signaling to all producers that it will loosen and in some cases eliminate crop production quotas. In other words, Japan needs an entirely new rice production system.

13. Establish within the Prime Minister’s Office a Pan-Ministerial Organization Responsible for the Economic Security of the Japanese People.

Everyone in the country is concerned about food security, an issue that cannot be addressed only by promoting agriculture within Japan. Consumer concerns over both food security and food safety must be heard and respected. And security issues involve more than just food — energy, transport, distribution, and the protection of the living standards of the Japanese are also interconnected with the issue of food, and must also be discussed and examined. An independent organization should be established within the Prime Minister’s Office to examine these issues comprehensively and propose measures to ensure the economic security, including food security, of the Japanese people.

14. Use Japan’s Agricultural Technologies to Help Eliminate Food Problems in the World.

Eliminating food problems worldwide requires expanding agricultural production in developing countries. The Japanese government should promote this goal in developing countries by expanding the use of Japan’s farm technology there through enhanced international technical cooperation and Official Development Assistance programs. One such program worth pursuing is the dispatch of Japanese farmers to demonstrate agricultural technologies, as this would promote local development. These types of international assistance would serve

another purpose as well — they would establish greater international respect for the Japanese people, who depend on other countries for much of their food supply.

III. Key Measures for Urgent Needs

15. Assemble Large Blocks of Farmland Rapidly, by Helping Farmers Transfer Ownership of Their Land by Retiring Early.

Large plots of farmland must be assembled so that cultivation can be done effectively, provided there is agreement at the local level regarding their use. The plots should be managed by professional farmers, and to succeed in assembling the land, assistance programs will be needed to offer incentives for small farmers to leave their farms early, while being compensated for the title transfers. This process will lead to large plots of farmland managed by experts, thereby strengthening Japan's international competitiveness. To ensure that the farmland is assembled quickly, the incentive program should be for a limited period only.

16. Develop Agriculture-Commerce-Industry Partnerships to Create New Employment Opportunities in Farming Villages.

Rural economies must be reinvigorated, and rural income levels need to be raised closer to those in cities. These goals can be achieved by increasing value-added production in the agricultural sector, which in turn can be achieved through new agribusiness models developed with government assistance. Agriculture must be regarded as more than just a means of growing primary products — it should be linked to commerce and industry, in order to add value to those products through processing

and distribution services. A broad-based, deep-rooted partnership linking agriculture, trade and industry, with an emphasis on tie-ups with small and medium-sized enterprises (rather than large corporations), would foster the development of local brands capable of market success. To achieve these goals, government support will be required.

17. Establish Tax- and Donation-based Mechanisms to Support the Employment of Retirees and the Establishment of Multifunctional Farming.

Agricultural resources and environmental conditions must be properly managed for local agricultural ventures to succeed. Local agricultural ventures should be multifunctional, drawing from the skills of managers of independent agribusinesses and others who can apply their different skills. Some retirees have these skills, and could be encouraged to participate through wages paid directly to them, on condition that they manage farmland and are responsible for part of the local farm operations. Their wages could be paid through funds established for that purpose in each region, the fund capital coming from tax-deductible donations and tax measures using a farming village version, or agriculture-based version, of the *furusato nozei* (“hometown tax remission system”).

18. Assist in the Training of Professionals, Especially Young Professionals, Who Will Promote Agricultural Exports.

Support is needed for regional agricultural ventures, so that they become capable of targeting world markets, in addition to markets in their own vicinity. It is true that today, in many parts of Japan, ventures work under their own initiative to export agricultural produce, but rural

areas lack information regarding world markets, and have little practical experience in export marketing. People in rural areas, especially young farmers, should be promptly given support in developing export strategies, while being offered at the same time opportunities to use the services of trading companies and existing public and private organizations.

19. Establish a Market for Transfer of Production Quotas, as an Essential Step toward Eliminating Rice Acreage Reduction Measures.

The rice production quota system should be abolished in the future and replaced with a production system that responds to a wide range of needs. Even if the quota system must continue over the short term, it should be overhauled, and even if the total amount of rice production remains fixed over that short term, the rice market should be changed to permit the liberalized buying and selling of those production quotas. Most buyers would presumably be farmers able to boost productivity, while most sellers would presumably be small farming households and/or elderly farmers. Taking advantage of these market mechanisms would likely spur the trend toward production concentrated in the hands of large farming households.

20. Accept 50,000 Foreign Farmhands under a Government-regulated Program.

As the world globalizes, Japan's agriculture is being challenged to reduce costs. On the farm, the most significant operational expense is labor. Foreign trainees and student apprentices who currently receive instruction in livestock husbandry and vegetable cultivation on farms

requiring labor are basically farmhands. Foreign laborers could be welcomed through a government-regulated program for skilled agricultural workers, instead of a trainee program, at a time when farms in Japan are short of workers and must cut costs. The national government should introduce such a program.

21. Show Leadership in Guiding WTO Agricultural Negotiations to a Successful Conclusion.

The multilateral trading system maintained by the WTO help keep the Japanese economy buoyant. Our national government should spare no effort in promoting the recommencement of WTO negotiations, which are now at an impasse, and should help bring about positive results from those negotiations. But to do so, the government must modify its foreign policies, accepting proposals made by the Director-General of the WTO just before the negotiations failed in July 2008, and calling on all partners to reopen negotiations. Japan's government should also forthrightly explain to the Japanese people the reasons for the difference of positions between Japan and other countries, which became apparent during the negotiation process, and also explain the circumstances surrounding the negotiations.

APPENDIX

Introduction to The Japan Forum on International Relations

[History]

The Japan Forum on International Relations, Inc. (JFIR or The Forum) was founded on March 12, 1987 in Tokyo on the private initiative of Dr. OKITA Saburo, Mr. HATTORI Ichiro and 61 other independent citizens from business, academic, political and mass media circles of Japan. They agreed that a policy - oriented research institution in the field of international affairs independent from the government was most urgently looked for in Japan because the world now wanted to know not only what the Japanese government spoke about but also what the Japanese people thought about. They were also convinced that Japan was now expected not only to think about its own role in the international community but also to contribute to breaking new ground in the search for a new world order.

[Purpose]

The Forum is a nonprofit and nonpartisan membership organization dedicated to improved understanding of Japanese foreign policy and international relations. The Forum takes no institutional position on issues of foreign policy, though its members are encouraged not only to analyze but to propose alternatives on matters of foreign policy. Though the Forum helps its members to formulate policy recommendations on matters of public policy, the views expressed in such recommendations represent in no way those of the Forum as an institution and the responsibility for the contents of the recommendations is that of those members of the Forum who sign them alone.

[Organization]

The Japan Forum on International Relations is a membership organization. There are four categories of membership in the Forum; corporate membership, associate corporate membership, individual membership and associate individual membership. The Forum as a whole is governed by the Board of Directors, which is in charge of the management, and is supervised by the Board of Trustees, which is a consultative body. The Board of Trustees elects Directors and Auditors and advises the Board of Directors on such important issues as the adoption of an annual budget and an annual work program. Chairman, Vice Chairmen, President and Executive Director, are elected for a term of two years by the Board of Directors and are eligible for reelection.

[Activities]

The Japan Forum on International Relations conducts a variety of activities hosting conferences, organizing research programs and publishing “JFIR E-Letter,” research reports and policy recommendations. The most significant of such activities of the Forum is carried out by the Policy Council, which is engaged in policy research and helps its members to produce Policy Recommendations. A list of the 30 sets of Policy Recommendations which have so far been adopted by the Policy Council, presented to the Prime Minister of Japan and published is as follows;

- (1) *“The Structural Adjustment of Economies of Japan, U.S. and Asian NICs”* drafted by the Task Force headed by Prof. WATANABE Toshio (March 3, 1988)
- (2) *“Long-term Political Vision for Stabilization and Cooperation in Northeast Asia”* by the Task Force headed by Prof. KAMIYA Fuji (March 15, 1989)
- (3) *“How to Best Utilize Economic Resources of Japan for Development of World Economy”* by the Task Force headed by Mr. KANAMORI Hisao (July 25, 1989)
- (4) *“Japan, the United States and Global Responsibilities”* by the Task Force headed by Prof. INOBUCHI Takashi (April 5, 1990)
- (5) *“Stabilization of the International Monetary and Trade Systems”* by the Task Force headed by Mr. MANO Teruhiko (August 14, 1990)
- (6) *“Japan’s Response to the Changing Soviet Union”* by the Task Force headed by Prof. TAKUBO Tadae (April 10, 1991)
- (7) *“For a More Open Market in Japan”* by the Task Force headed by Mr. TAKENAKA Ichio (failing to be adopted by the Policy Council on February 27, 1992)
- (8) *“The Strengthening of the U.N. Peace Function and Japan’s Role”* by the Task Force headed by Prof. SATO Seizaburo (October 7, 1992)
- (9) *“Japan’s Response to the Transformation of Socialist Economies in Asia”* by the Task Force headed by Prof. SATO Tsuneaki (June 8, 1993)
- (10) *“Political Cooperation with Europe: Japan’s Agenda for 21st Century”* by the Task Force headed by Prof. NAKANISHI Terumasa (November 16, 1993)
- (11) *“The Future of Regionalism and Japan”* by the Task Force headed by Mr. KOBAYASHI Minoru (June 17, 1994)
- (12) *“The Future of China in the Context of Asian Security”* by the Task Force headed by Prof. KOJIMA Tomoyuki (January 25, 1995)
- (13) *“The Essence of U.S.-Japan Economic Conflicts and Japan’s Response”* by the Task Force headed by Prof. SHIMADA Haruo (August 3, 1995)

- (14) *“The Perspective of Security Regimes in Asia-Pacific Region”* by the Task Force headed by Prof. WATANABE Akio (June 5, 1996)
- (15) *“The WTO System and Japan”* by the Task Force headed by Prof. SAKAMOTO Masahiro (November 27, 1997)
- (16) *“Japan’s ODA in the 21st Century”* by the Task Force headed by Prof. KUSANO Atsushi (March 5, 1998)
- (17) *“Japan and International Society in the Age of Information Revolution”* by the Task Force headed by Prof. KUMON Shunpei (August 24, 1998)
- (18) *“Japan’s Initiatives towards US, China and Russia”* by the Task Force headed by Prof. ITO Kenichi (April 19, 1999)
- (19) *“Economic Globalization and Options for Asia”* by the Task Force headed by Prof. TRAN Van Tho (May 27, 2000)
- (20) *“Towards Collective Human Security: A New Internationalism and Japan”* by the Task Force headed by Prof. INOBUCHI Kuniko (July 6, 2001)
- (21) *“Japan’s New Initiative for Global Environment”* by the Task Force headed by Prof. YAMAMOTO Ryoichi (October 24, 2001)
- (22) *“Building a System of Security and Cooperation in East Asia”* by the Task Force headed by Prof. TANAKA Akihiko (December 18, 2002)
- (23) *“Japan’s Initiative for Economic Community in East Asia”* by the Task Force headed by Mr. YOSHIDA Haruki (June 20, 2003)
- (24) *“New World Order of No-War Community and Future of Japan-U.S. Alliance”* by the Task Force headed by Prof. ITO Kenichi (April 28, 2004)
- (25) *“Japan’s Place in the World: The Strategic Value of Culture and Education”* by the Task Force headed by Prof. HAKAMADA Shigeki (December 13, 2004)
- (26) *“Emerging New Threats and Japan’s National Security”* by the Task Force headed by Prof. SASE Masamori (August 10, 2005)
- (27) *“The Establishment of an International Energy Security System”* by the Task Force headed by Mr. NAITO Masahisa (May 18, 2006)
- (28) *“Japan and China in the Changing Asia”* by the Task Force headed by Prof. KOJIMA Tomoyuki (October 30, 2006)
- (29) *“India’s Leap Forward and Japan”* by the Task Force headed by Prof. SAKAKIBARA Eisuke (September 5, 2007)
- (30) *“Nature of Russian State and Japan’s Strategy towards Russia”* by the Task Force headed by Prof. HAKAMADA Shigeki (February 20, 2008)

Currently under study in the Policy Council are the proposed recommendations on *“Readjustment of Japan-US Relations and Japan's Future”* by the Task Force headed by Prof. MORIMOTO Satoshi.

**The 31st Policy Recommendations
on
“Japan’s Strategy for its Agriculture in the Globalized World”**

(JF-E-I-A-0031)

Published

by

THE JAPAN FORUM ON INTERNATIONAL RELATIONS, INC.

January 2009

17-12-1301, Akasaka 2-chome, Minato-ku,
Tokyo, 107-0052, Japan

[Tel] 81-3-3584-2190 [E-mail] jfir@jfir.or.jp

[Fax] 81-3-3589-5120 [URL] <http://www.jfir.or.jp/>

Any part of this publication may be reproduced subject to the condition that the source for any quotation shall be properly indicated in the reproduction.

JF-E-I-A-0031



THE 31ST POLICY RECOMMENDATIONS
OF
THE POLICY COUNCIL
THE JAPAN FORUM ON INTERNATIONAL RELATIONS

Drafted by

**HONMA Masayoshi and
his Task Force members of
ARAKI Ichiro
OIZUMI Kazunuki
MARUYAMA Yasuyuki**

Signed by

**ITO Kenichi, Chairman
YOSHIDA Haruki, Vice-Chairman and
97 other Members of
the Policy Council**

Price: 900 Yen

THE JAPAN FORUM ON INTERNATIONAL RELATIONS, INC.

17-12-1301, Akasaka 2-chome, Minato-ku, Tokyo, Japan

TEL: 03-3584-2190 FAX: 03-3589-5120

URL: <http://www.jfir.or.jp> E-MAIL: jfir@jfir.or.jp