

Accelerating Exports to Asia is the Only Way to Regenerate Japanese Agriculture

By SHINDO Eiichi

The "manifesto campaign boom" shook the Japanese politics. Points in the political disputes are US-Japan Free Trade Agreement (FTA) related with the agricultural policies and the Japanese future growth strategies. Both of them would influence seriously the Japanese local economies such as those in Hokkaido prefecture, "a kingdom of agricultural economy" which has been in serious recession. The nature of election campaign manifestos is indication not only of the commitments on specific policies in the future but also of those in the past, just as the nature of the business contracts. We could, in this context, remember the past policies on the FTAs as well as the agricultural policies, which then Foreign Minister Aso Taro had advocated as part of the Japanese novel foreign policy named "the Arc of Freedom and Prosperity," comprising such democratic prosperous countries in the Asia-Pacific region as the United States, Australia, New Zealand, India, Japan and Korea. Under such a grandiose foreign policy, he committed and pursued the FTA policy with Australia. The FTA with Australia as it was planned would have seriously damaged our agricultural sectors including those of Hokkaido prefecture. It has to be pointed out that the size of cultivated land in Japan and Korea per farming household is only about 1.5 hectares, whereas those in the U.S. and Australia are 196 hectares and 4100 respectively. This huge difference in the size of farming lands would end up in devastating the Japanese agricultural sectors even those of Hokkaido area. The past commitments on trade and agricultural policies have indicated the lack of the comprehensive strategy of public policies to regenerate our agriculture.

It is time to think over how Japan should deal with the impacts of the FTA just concluded between the U.S. and Korea, which completely ruled out rice as the subject of tariff free articles to protect the agricultural sector in Korea. Hence, it is time for us to regain the competitiveness in the U. S vis-à-vis Korean exported goods, and at the same time to explore the way to regenerate agriculture in Japan, The answer should be the dual strategies both to improve the deteriorated ratio of food self-sufficiency, and to take advantages of the current global revolution in information technologies and environment conservation. It is easy to promise, but difficult to realize, the improvement of the food self-sufficiency ratio and of the deteriorated welfare policies, so as to regain and maintain the economic growth, since the welfare policies would need the vast amount of financial revenue. The

growth strategy would be impossible unless we make a radical shift from the conservative neoliberal policy sacrificing the weak and the social safety-nets. It would be also impossible to turn the current food self-sufficiency ratio from 40 percents, the lowest one among the developed countries, even to 50 percents, unless we make the drastic change in the traditional policies of depending heavily on the governmental subsidies that Japan has adopted for the past half a century. Even in the U.K., it took twenty years to improve the food self-sufficiency ratio from 45 percents in 1965 to over 70 percents in late 1980's. The key ingredient for the agricultural regeneration should be to adopt the "individual household income support system," which the EU countries including the U.K. have adopted. Hence, it is called the "EU formula." It certainly aims at fostering farmers by directly subsidizing each farming household based on the differences between the retail prices and the farms production costs against the imported agricultural goods.

In this respect, it is vitally important for the Japanese political parties either JDP or LDP to leave off the rice acreage reduction policy which has resulted in enormous increase in abandoned lands of cultivation. Instead, we should take the firm policy to stimulate the agriculture through the "individual household income support system." The current campaign manifestos of both the ruling party and the opposition remain fixed to a narrowly defined egocentric "one-country-approach." They have been so obsessed with the idea of the outmoded mythology of the Cold War centering on the U.S. -Japan alliance, using the semantics of the "diplomatic continuity." As a result, Japan has lost many chances to lead and coexist with Asia, which have been the driving forces of the world economy. We should take the strategy to expand export of our value-added agricultural products to the mega-market of rising and affluent East Asia. It will open up a window of opportunity to regenerate the Japanese agriculture. Hokkaido, "a kingdom of agricultural economy," with the comparatively large size of the farming land as the one in EU countries, would play a central role in initiating and pursuing this strategy through applying the edge of the information technology to the food industry sector. It is vital to enhance the added values of the agricultural products, to brand and commercialize them in broader affluent markets in Asia. The current agricultural sector is not the primary industry in a traditional sense any more. It has become so-called the "sixth industrial sector" multiplying both the second and the third ones through their closer cooperation with business, industrial and academic circles. Hokkaido would certainly contribute to revitalizing the Japanese agriculture and to building up the food supplying base for the regional food security regime in East Asia.

Regenerating the agriculture would also be one of the main vehicles to reduce the carbon dioxide, marking for strengthening the current environmental revolutionary movements through absorption of it by forests. These ecological

policies were agreed and declared at the Hokkaido Toyako Summit in June 2008 and since then have been gradually implemented. Now we should promote more aggressively an East Asian community building with the emerging food and ecological security regime in East Asia and put forward a bolder strategy of strengthening the cooperative ties with Asia in these agricultural and environmental industry sectors as well. For the past 20 years, while the ratio of total amount of Japanese trade with the U.S. decreased from 27.4 to 13.7 percents, the one with China increased dramatically from 3.5 to 20.4 percents and the one with Asia makes up 48.8 and the one with Eurasia 73.9 percents respectively. This new reality of dramatic changes of global balance of power and trade indicates us the ways to regenerate Japan's economy and agriculture through our much closer ties with Asian nations.

(This is the English translation of an article written by Dr. SHINDO Eiichi, Professor Emeritus of Tsukuba University and Vice President of CEAC, which originally appeared on the BBS “Hyakka-Somei” of CEAC on September 9, 2009.)