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Agricultural Policies

Addendum

JAPAN

Recent Developments in Agriculture

1. The following are some of the salient features in recent developments in agriculture and changes in food consumption patterns in Japan:
 - (i) There has been a relative decline in the importance of agriculture in the total national economy, which has been caused by the rapid development of non-farming sectors. The ratio of the net value of agricultural produce to that of all domestic products fell from 10.2 per cent in 1960 to 4.9 per cent in 1972. The number of workers engaged in agriculture also declined very rapidly; the ratio to the total number of workers declined from 26.8 per cent in 1960 to 13.3 per cent in 1972. Furthermore, though the labour productivity per farm worker rose by 123 per cent during the same period (at an average annual rate of 6.9 per cent), the productivity of a farm worker was only 33.8 per cent of that of a non-agricultural employee in 1972.
 - (ii) Another feature is the change in food consumption patterns, which has taken place as the national income has increased. The consumption of starchy foods has steadily decreased, whereas the consumption of other foods has continuously increased in varying degrees. The most characteristic feature of the changes in diet is that per capita rice consumption has registered a marked decline with the 1972 figure being 77.5 per cent of the consumption level of 1962 which was the record peak year. On the other hand, the consumption of animal products, fruits and vegetables increased rapidly. Such a change in the pattern of food consumption has necessitated changes in agricultural production, and what is known as the selective expansion of agricultural production in response to these changes has been vigorously pursued. The production of livestock products and fruits has shown a marked increase. Due to various difficulties, however, as was shown in particular by the emergence of a rice surplus, domestic agricultural production was not sufficiently able to meet the new requirements of a rapidly

changing food consumption. As a result, the gap between demand and the domestic supply of foods tended to grow wider and the degree of self-sufficiency has marked a steady decline. The ratio of overall self-sufficiency in foodstuffs decreased from 90 per cent in 1960 to 73 per cent in 1972 in value terms and the figure is estimated to have been 53 per cent in "original calorie" terms in 1972. On the other hand, imports of agricultural products have shown a substantial increase. Total imports of agricultural products (excluding natural rubber, cotton, wool, tobacco and alcoholic beverages) increased more than four times, from \$0.9 billion in 1960 to \$4.2 billion in 1972, and in 1973 it jumped to \$6.8 billions, reflecting the sharp increase in the international prices of these products. On the other hand, agricultural exports stayed at about \$0.2 billion (excluding exports of rice which have occurred in the past few years at irregular intervals and on concessional terms but which are to be terminated from fiscal 1974).

In this connexion, attention is called to the fact that the unstable and uncertain supply situation and abnormal rises in the price of the principal agricultural products have recently created a great deal of anxiety and many difficulties, not only for consumers and processors but also for livestock breeders. With the existing very strong inflationary pressure, this situation of uncertainty has led to serious discussions in many circles regarding the proper rôles to be assigned to domestic production and imports respectively in order to ensure a stable and adequate supply of food for Japan's population of more than one hundred million. The Government is now working on a more comprehensive food policy in order that an adequate and stable supply of food may be assured by means of the proper combination of increases in domestic agricultural production and the promoting of various means calculated to ensure a more stable supplies from abroad.

(iii) A third salient feature in recent agricultural developments is the change in the structure of the farming population. While the number of agricultural workers has declined in the past ten years at an annual rate of 4.9 per cent, the ratio of elderly and female workers engaged in agriculture to the total farming labour force has increased year by year. On the other hand, the number of farm households has decreased at only an annual rate of 1.5 per cent from 1965 to 1972, so that a clear contrast has emerged between a sharp decrease in the number of agricultural workers and a slow decrease in the number of farming households. Such a trend creates a very difficult problem in pursuing a structural improvement since it makes enlargement of farm scale difficult. Thus, farmers who wish to raise their standard of living tend to seek a side-job outside agriculture.

- (iv) A fourth feature is that the productivity of agricultural labour has been improved by new developments in production technology. It is appropriate to point out that the overall level of technology in farm production has been raised through wider use of various types of labour-saving technology which is actively promoted by the use of group-production systems, something which has spread throughout the nation in the last few years. In particular, the labour productivity increase in certain sectors has been remarkable; in the livestock and fruit sectors, it is largely due to the enlargement of production unit scale, and in the vegetable sector, due to the development and wider use of new technology.

Agricultural Policy

2. The basic objectives of the agricultural policy of Japan are (i) to effectively provide a stable supply of food and other agricultural products and (ii) to ensure that agricultural workers obtain an income comparable to that of workers in the industrial sectors.

Agricultural policy in Japan has been carried out to achieve these objectives, in keeping with recent developments in agriculture and changes in food consumption patterns. In more concrete terms, the following priority measures have been carried out:-

- (i) Promotion of further structural improvement in the agricultural sector to achieve a higher productivity in response to the development and internationalization of the whole national economy. To this end, various policy measures are under way, such as the Second Structural Improvement Programme, the promotion of land mobility, vocational training schemes for farmers, guidance and assistance in the systematic introduction of manufacturing industries in rural areas and so forth. Furthermore, the Government, while continuing its efforts to foster as many viable farms as possible, is also trying to develop effective operational farming units by encouraging group arrangements in which the production capacity of part-time farmers could be effectively incorporated with that of full-time farmers. Also, measures to achieve a harmonious use of land between agriculture and other sectors are being encouraged in order to realize the orderly utilization of land in agricultural areas as well as to keep land suitable for farming in agricultural use.
- (ii) Reorganization of the composition of agricultural production both to ensure a stable supply of necessary foodstuffs and to realize the most desirable pattern of agricultural production in accordance with the natural conditions of the different agricultural areas. With the growing dependence on food imports and also in the light of the recent changes in world agricultural

markets, it has become more important to assure a stable and adequate supply of food by increasing domestic production, as much as possible, of agricultural products which could adequately be produced in Japan as well as by seeking to promote imports of the products for which the country needs to depend on foreign supplies. Steps have already been taken to re-examine the production targets tentatively established in October 1972, based on long-term projections for supply and demand for the main agricultural products. Systematic conversion from rice to other more promising crops is being continually and vigorously pursued. Domestic production of wheat, soybeans and fodder crops is being encouraged. Also, large-scale agricultural development based on livestock production is to be promoted in order to utilize under-utilized land.

- (iii) Stabilization of prices of agricultural products so as to maintain farm incomes at a reasonable level and to contribute to stabilizing the economic position of consumer households. It is generally recognized in Japan that prices of agricultural products need to be stable and reasonable and to be acceptable both to producers and consumers (for certain main products, the price is, in principle, to be determined on the basis of a consensus of various interest groups representing producers and consumers), and that they should be determined so as to contribute to the long-term stabilization of the consumer price in the light of the evolution of international prices.

The New Rôle of Agriculture

3. Finally, it is necessary to point out that people are increasingly thinking of a new rôle for agriculture in connexion with the socio-economic aspects of environmental problems. In other words, there is an increasing awareness in the nation at large that agriculture can play a vital rôle through the utilization of land for the protection and conservation of nature, the prevention of natural disasters and the maintenance of a better human environment by preserving green areas for the benefit of the whole nation. This seems to imply that in the years to come, this function of agriculture will become more important for the country.