

# Japan's approach to incentivize sustainable agriculture

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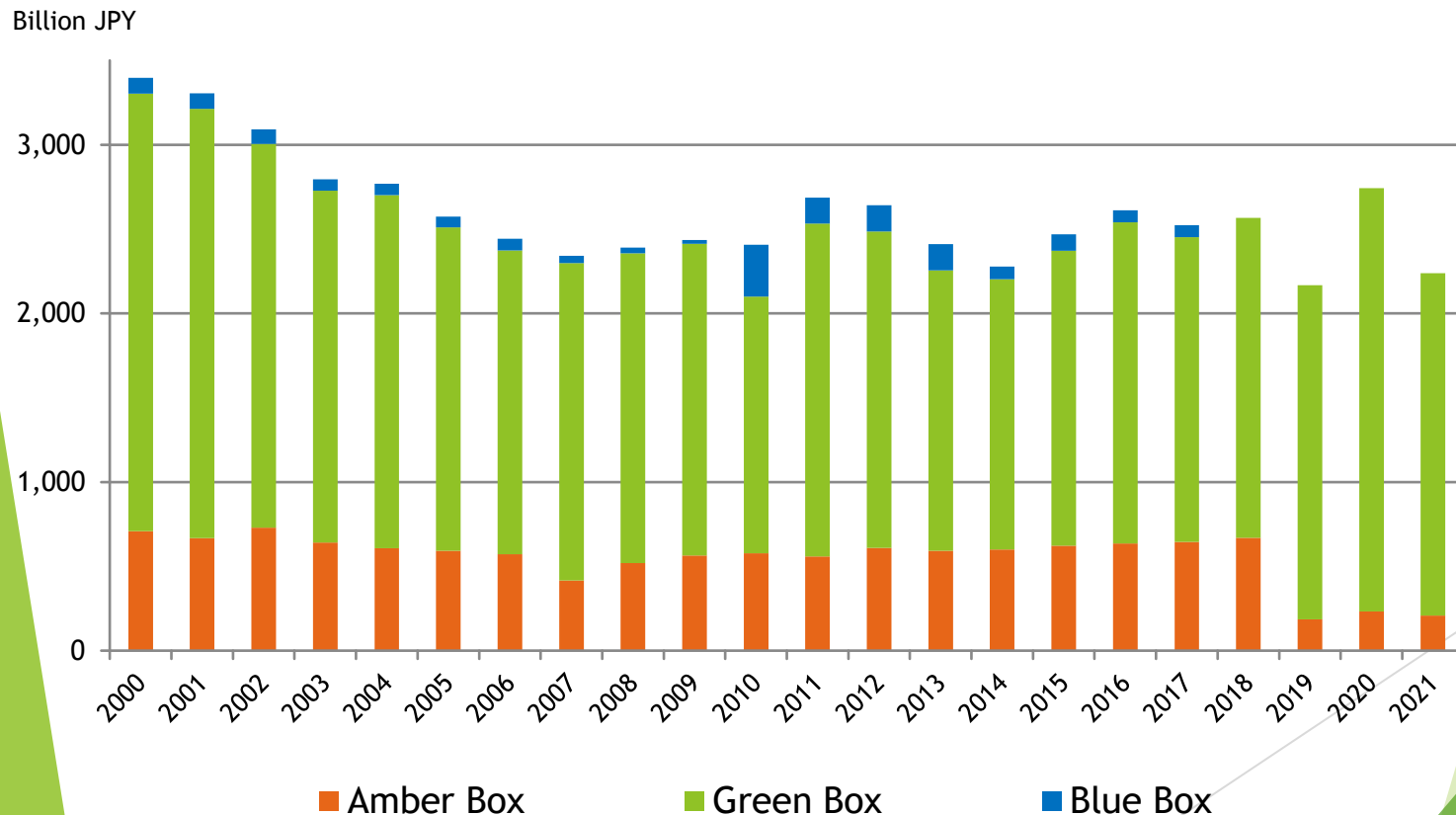
Trade and Environmental Sustainability Structured Discussions  
(TESSD) Working Group on Subsidies

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# Chronological change in Japan's agriculture support

- ▶ Japan has continually reformed its agricultural support policy.
- ▶ The overall government expenditure on agriculture has been on a downward trend.



# Further reform for sustainable agriculture needs two-dimensional approaches.

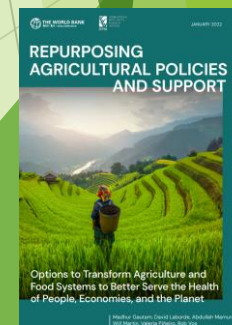


1) To constrain/mitigate negative effects (described as “environmental conditionality”)

2) To enhance/assist positive effects (described as “repurposing for GI”)



Simple reduction in current support is not a silver bullet

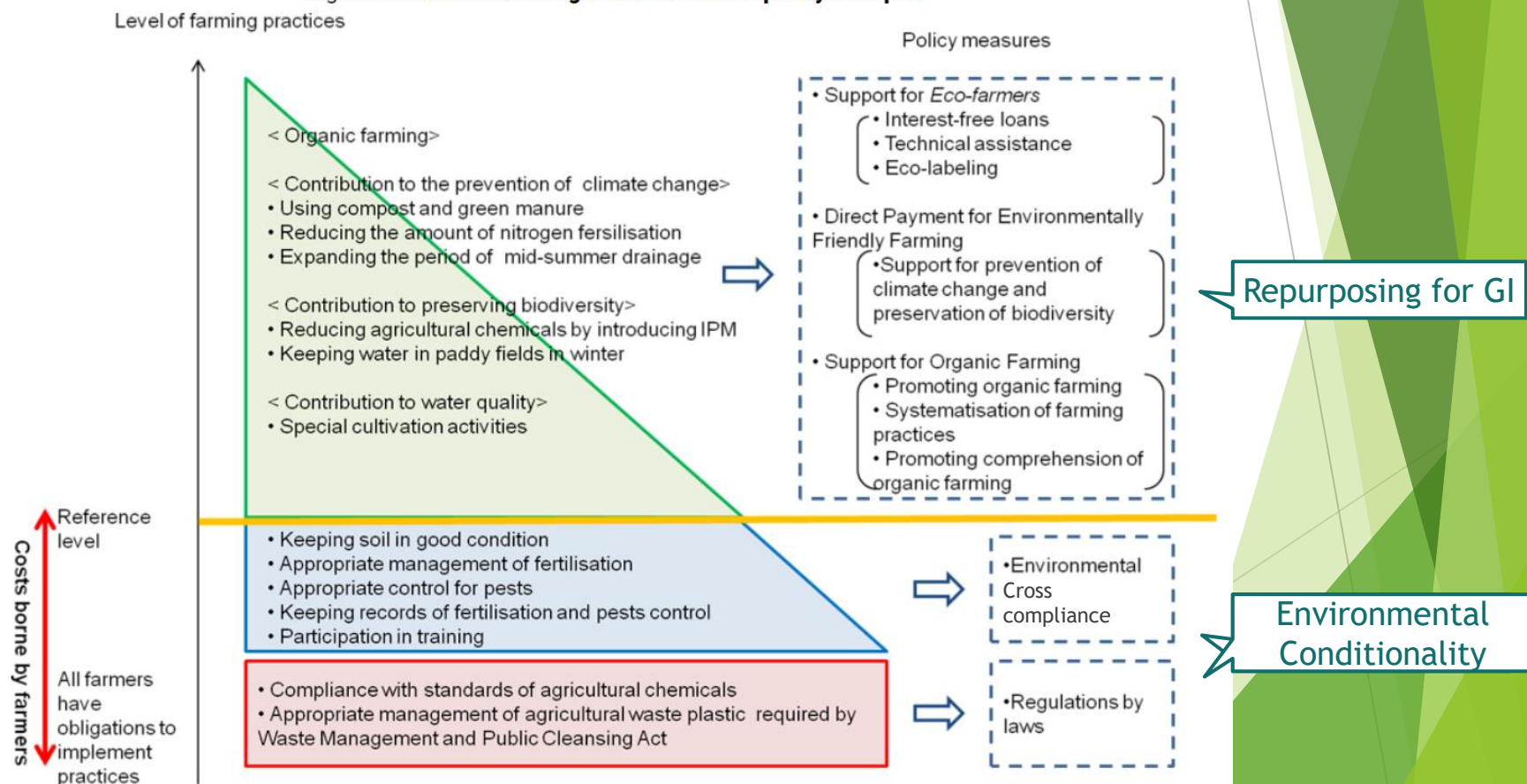


Source: World Bank and IFPRI (2022)

# To constrain/mitigate negative effects (1)

- ▶ In Japan's structure of agri-environmental policy, reference levels are established, which are applied to almost all agricultural support as requirements.
- ▶ Japan periodically reviews these requirements.

Figure 4.6. Structure of agri-environmental policy in Japan

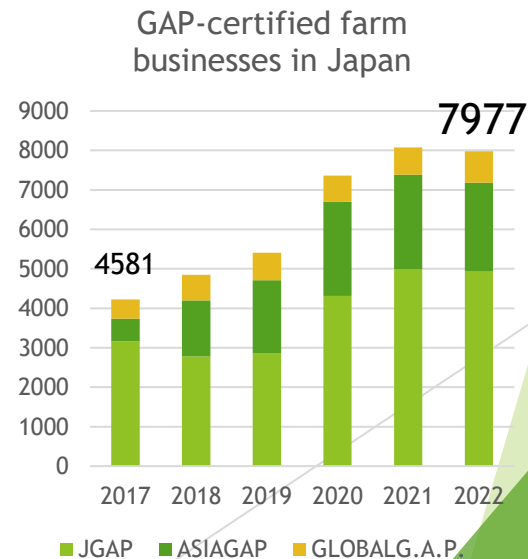
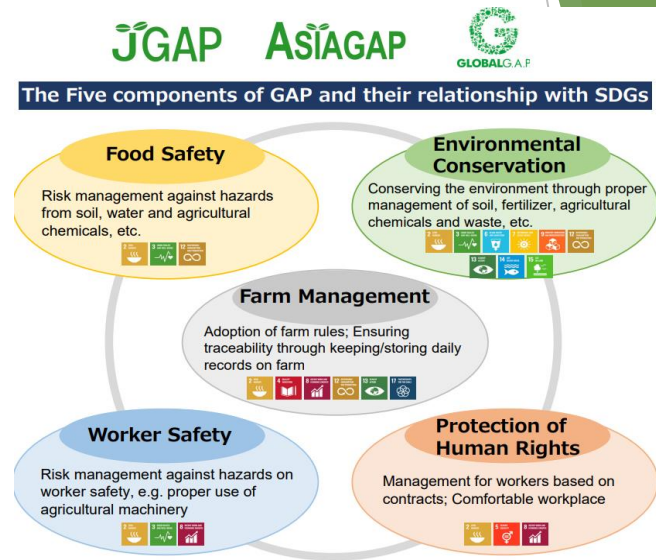


# To constrain/mitigate negative effects (2)

- ▶ Japan promotes Good Agriculture Practices (JGAP, ASIAGAP, Global G.A.P.) that include requirements for proper management to promote environmental conservation.

- ▶ The number of GAP-certified farms has increased by more than 1.7 times within five years.

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# To enhance/assist positive effects (1)

- ▶ Support for environmentally-friendly farming activities includes the following:
  - ▶ Direct payments for on-farm environmentally-friendly practices:
    - ▶ Soil testing and analysis
    - ▶ Cover cropping
    - ▶ Living mulching (Interplanting cover crops between main crops)
  - ▶ Support for community-based activities in rural areas:
    - ▶ Maintenance of essential agricultural infrastructure (waterways, etc.)
    - ▶ Eradication of invasive species
  - ▶ Support for R&D activities to develop varieties that can mitigate/adapt to environmental impacts



## To enhance/assist positive effects (2)

- ▶ Support for R&D activities to develop varieties that mitigate/adapt to environmental impacts:
- ▶ BNI-enhanced wheat
  - ▶ The Japanese national research institute (JIRCAS) has developed BNI-enhanced wheat through crossbreeding with wild wheat.
  - ▶ The BNI-enhanced wheat efficiently utilizes ammonium and maintains productivity with 60% less nitrogen fertilizer, which is expected to reduce GHG emissions and water pollution.

(BNI = biological nitrification inhibition)
- ▶ Climate-resilient varieties
  - ▶ Japanese research institutions have developed new varieties (rice, apple, etc.) that are resilient to the high-temperature environment while maintaining high quality.



# A better environment cannot be achieved by the agricultural sector alone.

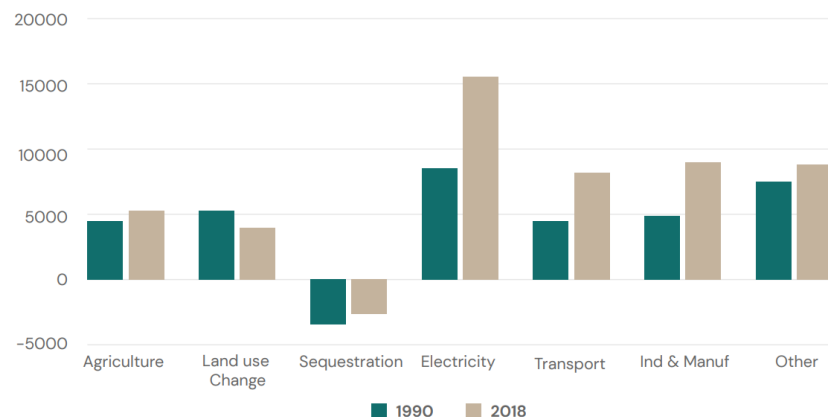
- ▶ Considering that all environmental issues are cross-sectoral, how to ensure **policy coherence** for environmental objectives is also the key in agricultural support.

## ▶ Kunming-Montreal Global Biodiversity Framework Target 14

- ▶ Ensure the full integration of biodiversity and its multiple values into policies...within and across all levels of government and across all sectors, in particular those with significant impacts on biodiversity, progressively aligning all relevant public and private activities...

- ▶ In Japan's legislation, cross-sectoral standards against pollutions are set in order to achieve national goals.

FIGURE 3.4: Changes in Levels of GHG Emissions by Main Economic Sector (megatons of CO<sub>2</sub>eq)



Source: FAOSTAT for agricultural and land-use change emissions (faostat.org, extracted April 17, 2021). Other categories of emissions from Climate Watch data ([www.climatewatchdata.org](http://www.climatewatchdata.org), extracted April 17, 2021).

## Japan's legal structure on environmental regulations





# Actual environmental effect depends on policy design.

“...while it is true that market price support mechanisms and payments based on output are potentially the most harmful for the environment, whether they actually are harmful depends on a host of other factors, including...whether they incorporate strong cross-compliance requirements, or are constrained by agri-environmental regulations independent of the support payments.” (OECD, 2013)



# There is no “one-size-fits all” solution.

- ▶ The actual impacts should be assessed in consideration of the natural/social/economic conditions of each country.
- ▶ All countries are responsible for those assessments.

## *Kunming-Montreal Global Biodiversity Framework Target 18 (2022)*

“Identify by 2025, and eliminate, phase out or reform incentives, including subsidies harmful for biodiversity... and scale up positive incentives for the conservation and sustainable use of biodiversity.”

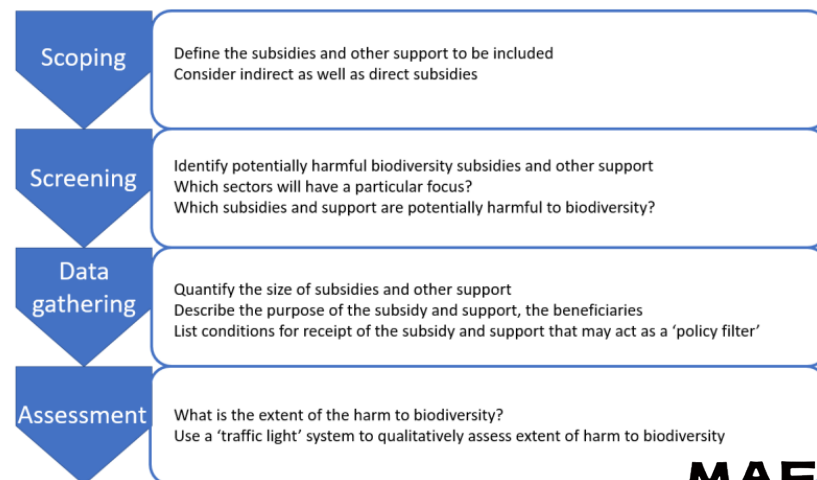
## *Secretary-General’s Chair Summary and Statement of Action on the UN Food Systems Summit (2021)*

“There was also agreement that **no one size fits all**. While local contexts, approaches and perspectives may differ, food systems can and must adapt in order to realize the SDGs.”

- ▶ OECD’s paper (2022) provides an analytical framework to identify and assess national incentives.



Figure 4.1. Framework to identify and assess national subsidies and other support harmful to biodiversity



# Final remarks:

- ▶ To further advance reforms for sustainable agriculture, it is essential to promote policies that mitigate negative environmental impacts and scale up policies that promote beneficial environmental effects.
- ▶ The environmental impact of agricultural policy varies significantly depending on natural conditions as well as policy designs. Since there is no one-size-fits-all solution, it is crucial for each country to assess the environmental impacts from a cross-sectoral point of view.

Thank you!