Revitalization of Japanese Agriculture and the TPP Issue

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Under the new Noda Cabinet, a decision must be made as to whether or not Japan will participate in TPP (Trans-Pacific Partnership Agreement) negotiations, which were first brought up by former Prime Minister Kan. The essence of the TPP issue lies in the fact that globalization does not stop at reducing or removing border measures but also aims for the standardization of competitive conditions for economic actives. To this end, participation in the TPP would call into question the practices of not only Japanese agriculture but also the entire Japanese economy.

Nonetheless, the greatest issue that needs to be overcome in order for Japan to participate in the TPP is agriculture. In other words, the area in which globalization is progressing the slowest is agriculture, and a different response is required from those made to demands for market liberalization in the past. With Japan’s food self-sufficiency ratio falling below 40%, it is certainly possible to view our food lifestyle as undergoing globalization, but the protection of rice and other sensitive food items through high tariff duties has slowed domestic agriculture’s response to globalization.

The direction of internationalization of agricultural industry including the reduction of tariffs, was determined by the GATT Uruguay Round agreement. Ideally, Japan should have immediately undertaken structural reform of agriculture in response, but the 6.1 trillion yen measures that were introduced did not lead in any way to strengthen Japan’s agriculture. Rather, the downsizing of Japanese farms and aging of the farming population has progressed even further, and the agricultural industry is now facing a mountain of issues that must be resolved, regardless of whether or not Japan participates in the TPP.

Although participation in the TPP is one step towards a new globalization, it is not the only step. The Japan-China-Korea FTA, which promotes the creation of East Asia-centered FTAs; ASEAN+3, which adds these three countries to ASEAN (Association of Southeast Asian
Nations); and ASEAN+6, which adds Australia, New Zealand, and India to ASEAN+3: these FTAs are not goals in themselves but steps towards further globalization. The only difference between them is the routes that they take; they are all directed towards the common goal of broad globalization aimed at the effective utilization of global resources.

Accordingly, if Japan misses this opportunity to participate in the TPP, the country will be buffeted repeatedly in the future by waves of pressure to globalize. Instead of stopgap measures, measures aimed at resolving fundamental problems must be discussed. In the past, Japanese agriculture has limited the sale of domestic products to the domestic market, and has fallen into the vicious circle of increases in imported goods due to tariff reductions leading to a decrease in the food self-sufficiency ratio. However, today the world market for agricultural goods is overflowing with opportunities to both import and export items, even for the same product types.

In particular, rice is eaten all over the world, and the latent demand for Japanese rice is high. As long as domestic rice is protected by high tariff duties, inconsistencies will arise if other countries demand that Japan open its markets. However, if countries mutually fulfill common trading conditions, it is possible for Japan to request the removal of trade barriers such as quarantine and expand its export of rice. The same can be said for other agricultural products.

Through strategies that keep in mind international comparative advantage rather than limiting products to the domestic market, Japanese agriculture can be revitalized. Moreover, these days the advantage of agricultural products is not necessarily determined by the size of agricultural land or cost structure, but rather in many instances by the potential for technological advances, marketing, management organization, and other complex and strategic factors. Expansion in aspects of industrial organization such as relevance to other divisions, industrial agglomeration, and clusters will also become increasingly important.

In order to attract many young people with new ideas and revitalize agriculture as an industry with strong appeal, it is hoped that discussion on how TPP can be utilized is deepened through Japan’s participation in TPP negotiations.