

International Symposium on
“Global Trade Order after the TPP: Opportunities
and Challenges for Japan”

Japan's Post-TPP Agricultural Sector Reform

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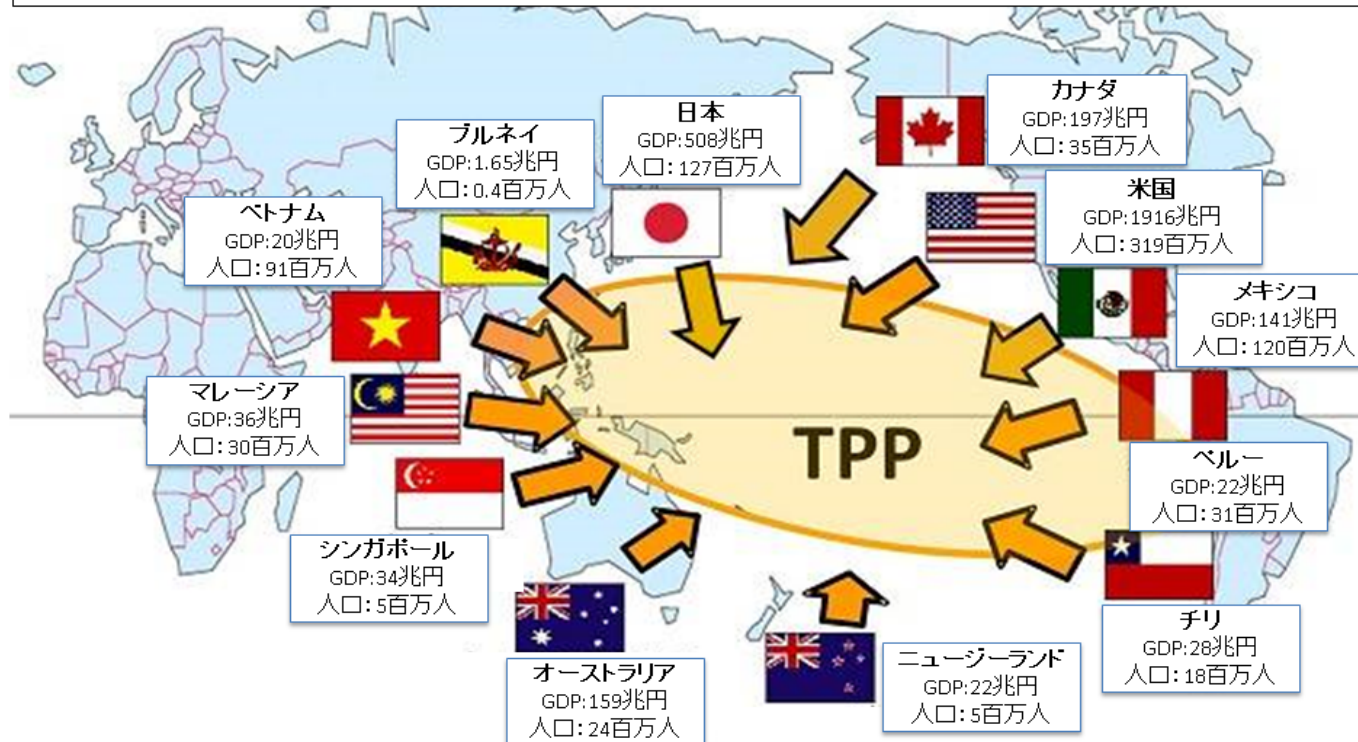
The Essence of TPP Agreement

- Importance of TPP is **liberalization of investment** and financial area.
- **Tariffs on agricultural products** are the matter for Japan while those on industrial products are already low enough through GATT and WTO.
- The rules of the **Most-Favored-Nation Treatment** and **National Treatment** are important for investment liberalization so that ISDS provision is essential.
- **High tariff rates remain** among agricultural products and must be reduced or abolished for catching up globalization of other areas.
- **Rice** tariffs should also have been scheduled for reduction or abolition so that the structural reform in rice sector would have been promoted.

Size of TPP

- Total GDP of 12 member countries of TPP is 3,100 trillion yen and counts for 40 % of the world total.
- Total population of 12 member countries of TPP is 800 billion and counts for 10 % of the world total.

OTPP交渉参加12カ国の経済規模は3,100兆円で、世界全体の4割を占める。
OTPP経済圏の市場規模(人口の合計)は8億人で、世界全体の1割を占める。



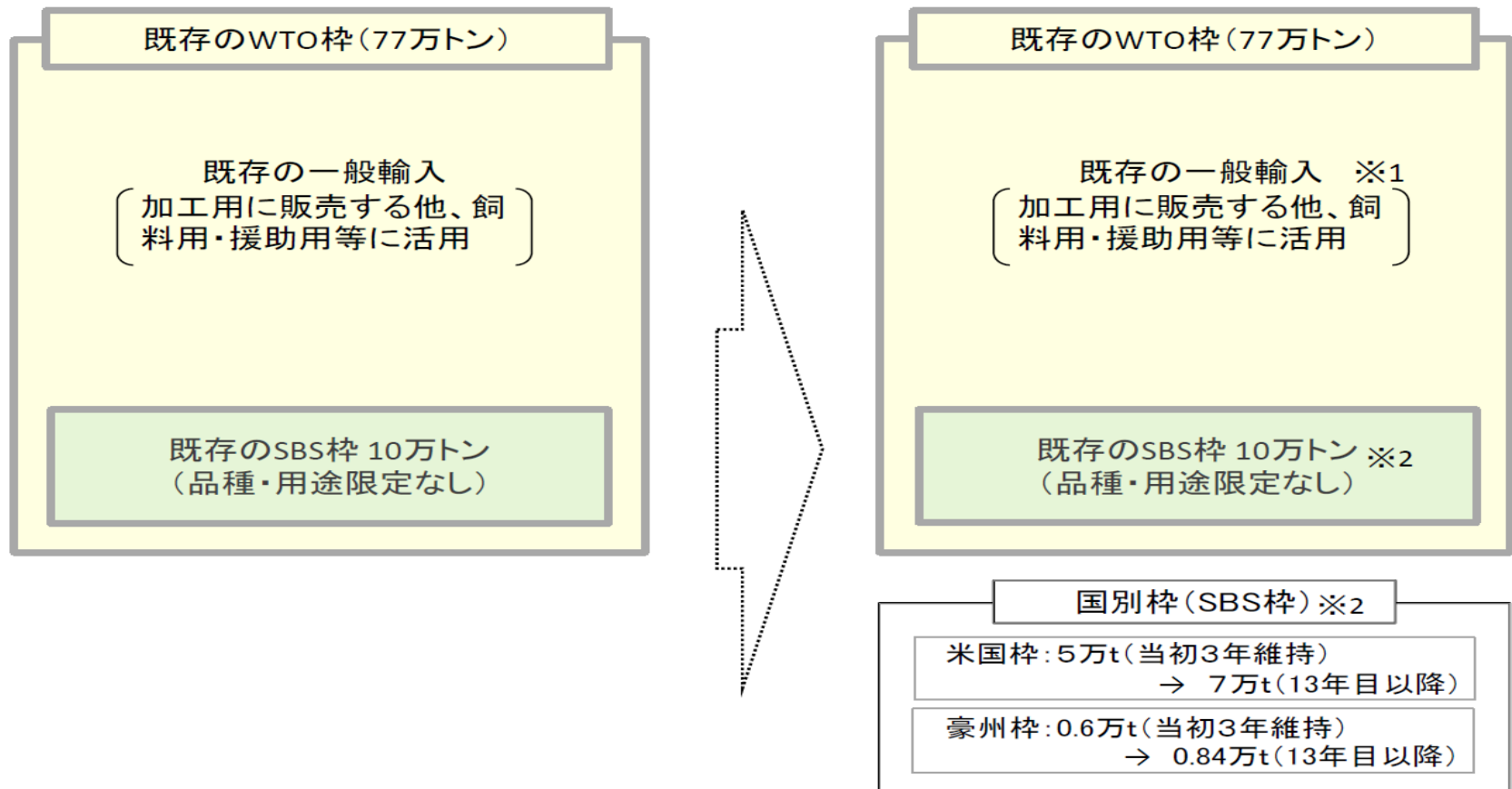
出典: 世界銀行データベース (基準年: GDP=2014年、人口=2014年)
※1ドル=110円で換算 (2014年度円相場平均)

The number of tariff lines of agricultural, forestry and fishery products to be abolished by TPP

	No. of current tariff lines (A)	No. of tariff lines to be abolished (B)	Abolition Ratio (B / A)
Agricultural, forestry and fishery products	2328	1885	81.0%
5 sensitive items : Rice	58	15	25.9%
Wheat and barley	109	26	23.9%
Beef and pork	100	70	70.0%
Dairy products	188	31	16.5%
Sugar and starch	131	32	24.4%
Total of 5 sensitive items	586	174	29.7%
Other ag. for. and fish. products	1742	1711	98.2%
Total	9018	8575	95.1%

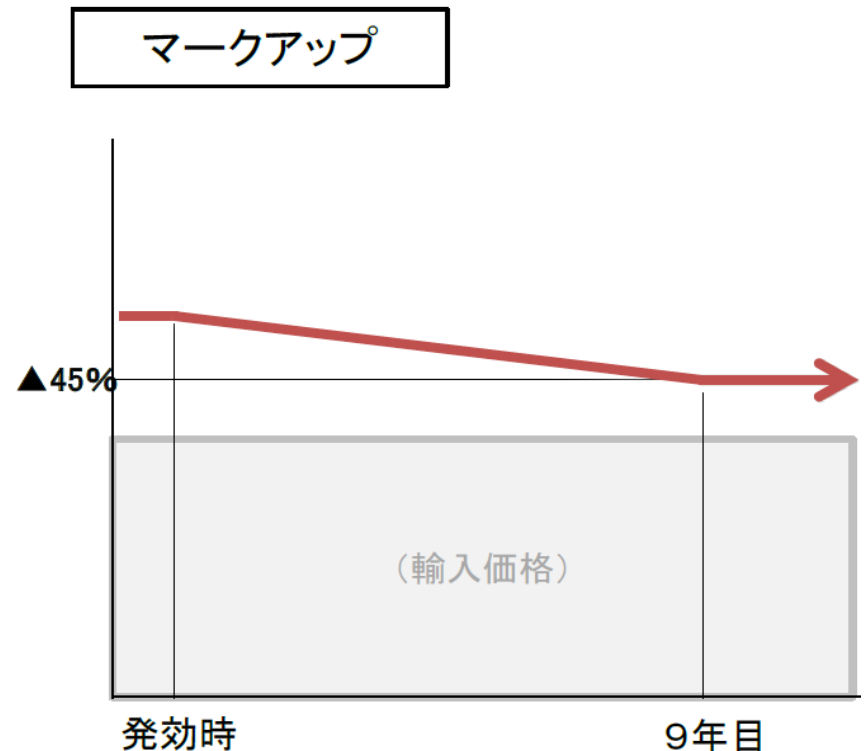
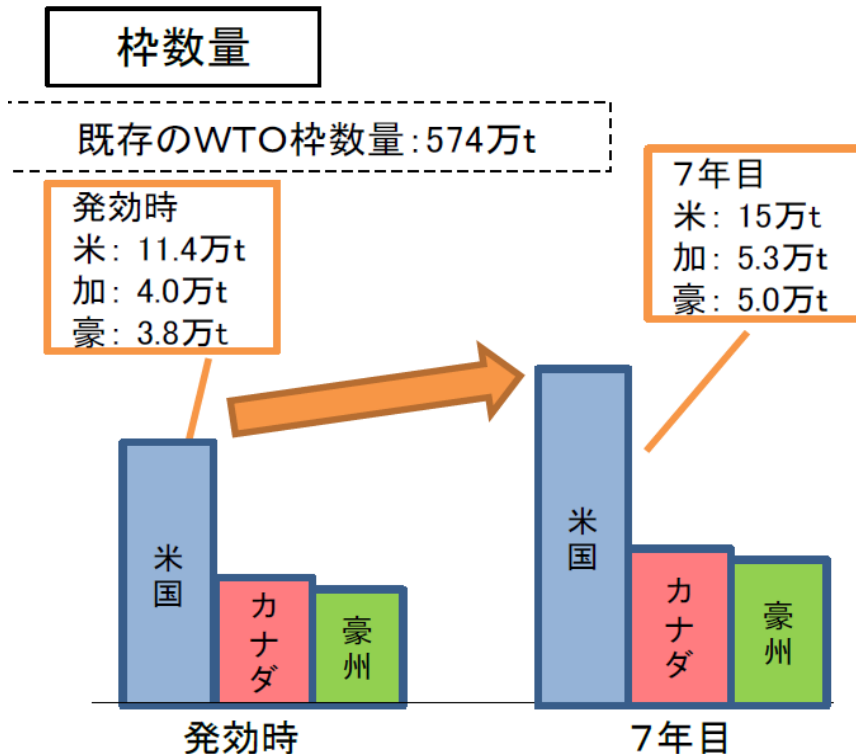
Agreement on Rice

- (1) State trading system and the secondary tariff (341 yen/kg) are maintained.
- (2) New country access quotas are set for SBS imports to U.S. and Australia:
For U.S., 50,000t (for the first 3 years → 70,000t (after the 13th year)
For Australia, 6,000t (for the first 3 years) → 8,400t (after the 13th year)



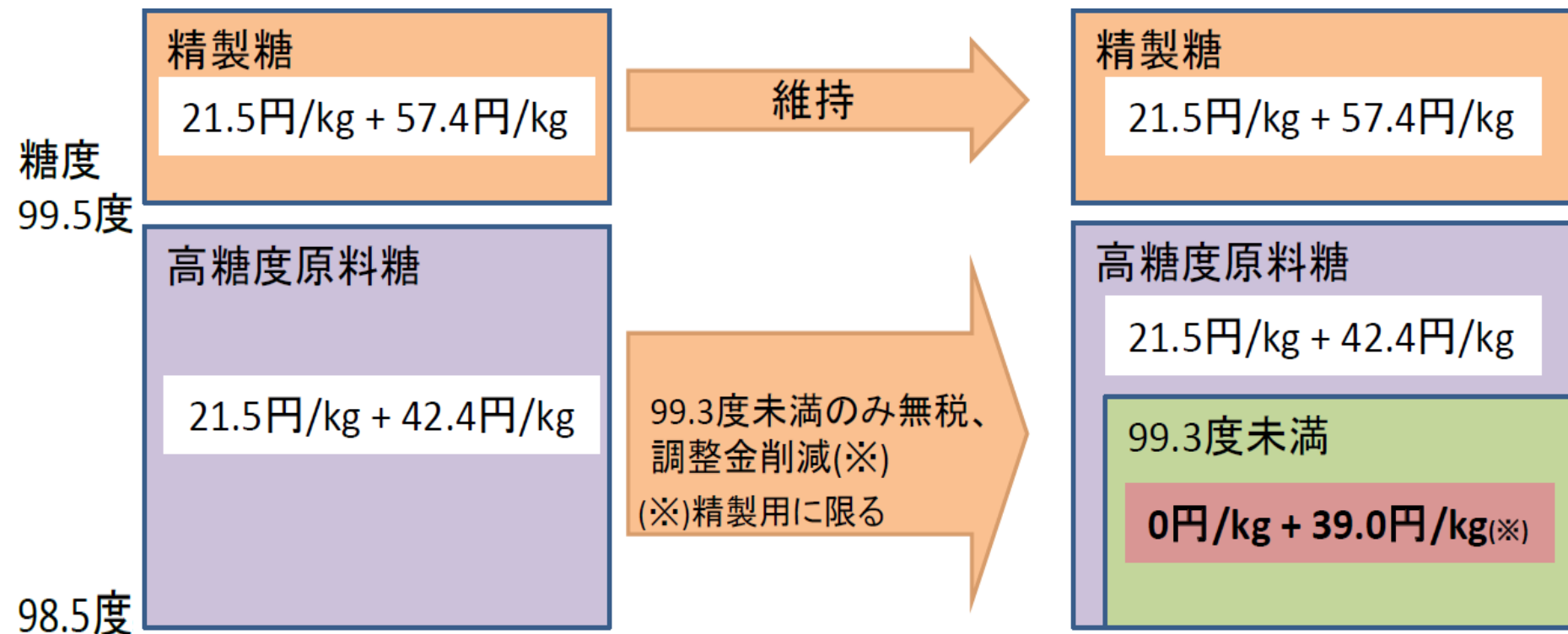
Agreement on Wheat

- (1) State trading system and the secondary tariff (55 yen/kg) are maintained.
- (2) New country access quotas are set for SBS imports to U.S. Australia and Canada; total 192,000t (initially) increasing to 25,300t (after the 7th year).
- (3) Current markup (margin collected for the government imports) under WTO access is reduced by 45% by the 9th year. Markup for the new country access quotas for other brands than major 5 brands is reduced by 50 % by the 9th year.



Agreement on Sugar

- (1) Maintaining the current sugar price adjustment system is maintained for raw sugar and refined sugar, new measures are introduced as follows:
Tariffs is set zero and adjustment duty is reduced slightly for high sugar content materials of refined sugar (sugar content more than 98.5 degree but les than 99.5 degree).
- (2) 500t of raw sugar and refined sugar are imported with tax-free and no adjustment fee for those which are utilized for new product development.



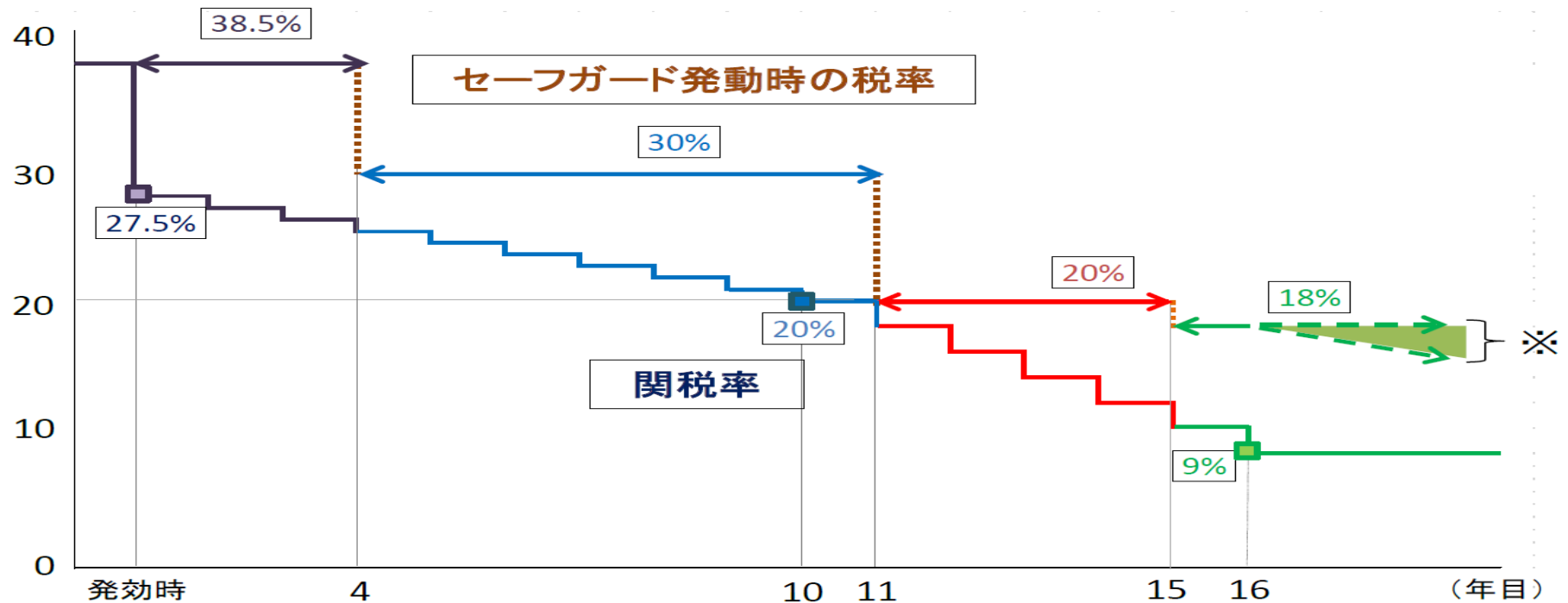
Agreement on Beef

(1) Avoiding abolition of tariffs but tariff is reduced with a safeguard from 38.5% (present) to 9% (in 16th year)

(2) Safeguard :

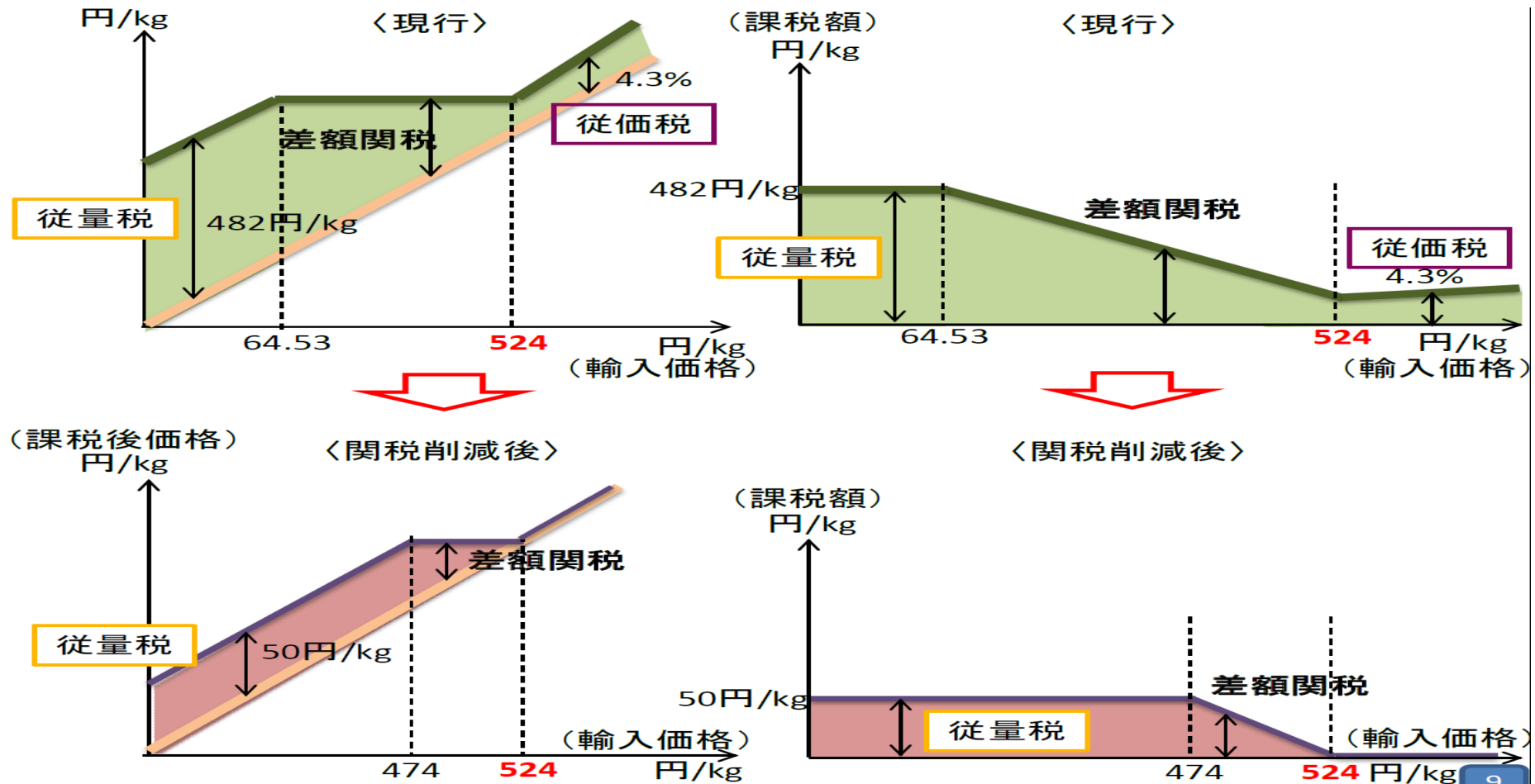
Triger quantity (yearly): 590,000t (begining) to 696,000t (10th year) and to 738,000t (16th year)

(3) Safeguard tariff rate: 38.5% (beginning) to 30% (4th year), 20% (11th year) and 18% (15th year)



Agreement on Pork

- (1) Gate pricing system and the turning point price (524 yen /kg) are maintained.
- (2) A specific duty avoids abolition of tariffs and safeguard measure is introduced.
 - Ad valorem duty applied beyond the turning point price (present 4.3%) is reduced to 2.2% (beginning) and 0% (in the 10th year).
 - Specific duty (present 482 yen/kg) is reduced to 125 yen / kg (beginning) and to 50 yen/ kg (10th year)



Agreement on Dairy Products

(1) State trading system and the secondary tariff are maintained (21.3%+396 yen/kg for powdered skim milk and 29.8%+985yen/kg for butter).

(2) TPP access quantity is set at 60,000t (beginning) to 70,000t (the 6th year) in fresh milk conversion).

既存のWTO枠

○農畜産業振興機構(ALIC)による
輸入(国家貿易)

○約束数量 13.7万トン(*1)
(生乳換算)

(対象品目:脱脂粉乳、バター
ホエイ等)

○枠内税率

脱脂粉乳25%、35%+マークアップ(*2)

バター 35%+マークアップ(*2)

＋ 脱脂粉乳、バターが
不足している場合に実施

追加的な輸入

○農畜産業振興機構(ALIC)による
輸入(国家貿易)

○輸入量:不足分

(追加輸入の実績)

(生乳換算、万トン)

年 度	2014	2015
脱脂粉乳・ バター	18.8	15.6

既存のWTO枠

今後も継続
(変更せず)

＋

TPP枠

○ユーザー、商社等による輸入(民間貿易)

○枠数量 (生乳換算)

脱脂粉乳2万659トン → 2万4102トン(6年目)
(製品 3,188トン→3,719トンに相当)

バター 3万9341トン → 4万5898トン(6年目)
(製品 3,188トン→3,719トンに相当)

合計 6万トン → 7万トン(6年目)

○枠内税率(11年目までに削減)

脱脂粉乳 25%、35%+130円/kg
→ 25%、35%

バター 35%+290円/kg → 35%

(*1)13.7万トンのうち、ホエイを3.1万トン(生乳換算)輸入。

(*2)ALICの入札によって決定される額。最近5年間のマークアップは、脱脂粉乳32円/kg～238円/kg、
バター77円/kg～649円/kg

Agreement on tariff reduction/abolition for Japanese agricultural exports

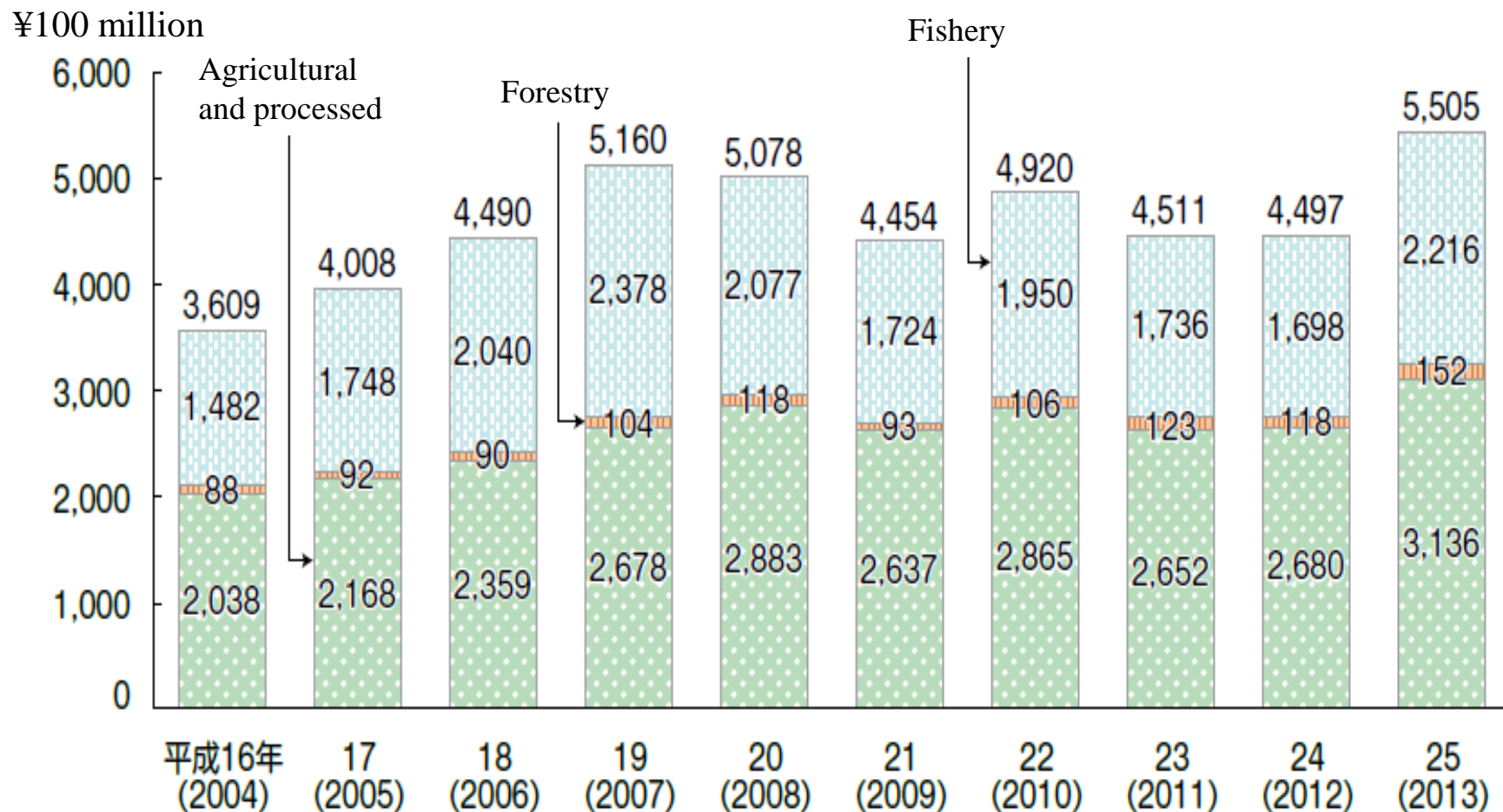
Rice

国名	US	Canada	Australia	Mexico	Malaysia
現行 ↓ 交渉結果	1.4セント/kg ↓ 5年目撤廃	(無税)	(無税)	20% ↓ 10年目撤廃	40% ↓ 11年目撤廃
Singapore	Chile	Peru	NZ	Vietnam	Brunei
(無税)	6% ↓ 8年目撤廃	0%+従量税 ↓ 従量税維持	(無税)	40% [22.5%] ↓ 即時撤廃	(無税)

Beef

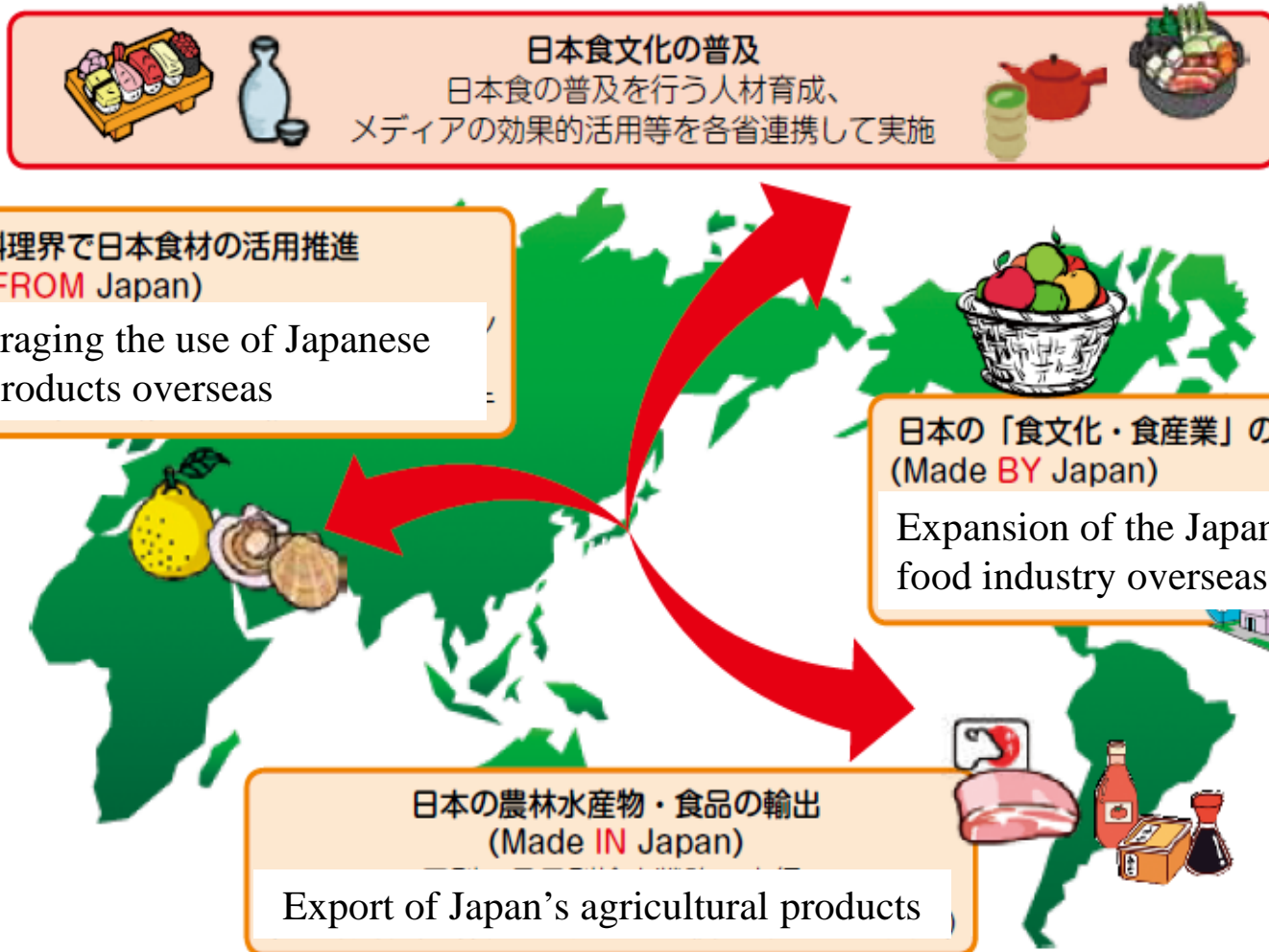
国名	US	Canada	Australia	Mexico	Malaysia
現行 ↓ 交渉結果	枠内(日本向け): 4.4セント/kg、 200トン 枠外: 26.4% ↓ 枠内: 即時~10年目撤廃 枠外: 日本向け関税割当 (無税、6,250トン(14年目))、 15年目撤廃	26.5% ↓ 6年目撤廃	(無税)	20~25% [枠内(日本 向け): 2.0~ 2.5%、6,000ト ン] ↓ 10年目撤廃	(無税)
Singapore	Chile	Peru	NZ	Vietnam	Brunei
(無税)	6% ↓ 即時撤廃	17% ↓ 11年目撤廃 (ロース薄切は 即時撤廃)	(無税)	15~31% [11.3%] ↓ 3年目撤廃	(無税)

Transition of the export value of Japanese agricultural, forestry and fishery products and processed foods



資料：財務省「貿易統計」を基に農林水産省で作成

The outline of agricultural export strategy (FBI) of Japan



Critical Issues in Japanese Agriculture

- **Small scale** operations particularly in rice farming; less than 2 hectares per farm.
- Too much **fragmentation of farmland** leading to inefficient use of machinery.
- **Aging agricultural workers**; average 66 years old and not enough young people entering the industry.
- **Delayed recovery** from the Great Disaster; agricultural reform in the Tohoku area.
- **TPP and its effects**; damages to domestic agriculture, food security and food safety

For revitalization of Japanese agriculture

- Japanese agriculture should **change its structure coping with globalization (TPP)**, which exactly means to seek higher productivity through intra-industry trade and pursuit of comparative advantage in agriculture.
- Under Abe Administration **the reform of Agricultural Cooperatives (JA)** is going, which is an important step for revitalizing rural economy making local JA independent from the central body.
- Classifying **Japanese agriculture** into **three types**: (1) large scale efficient agriculture, (2) the Netherlands type high technology agriculture, and (3) service agriculture.
- **Educating young farmers** for local leaders in collaboration with non-agricultural companies.
- Looking for **export opportunities** in the world and taking advantage of high quality of Japanese foods.