

**Activities Report of Keizai Doyukai's Committee on Agricultural Reforms
2011(FY)**

**“Considering the Industrialization of Rice Farming in Japan
–Based on the Opinions of Forward-Thinking Rice Farmers”
(Summary)**

In 2011(FY), Keizai Doyukai (Japan Association of Corporate Executives) formed the Committee on Agricultural Reforms to study measures for rice farming in Japan, which is the biggest challenge facing Japanese agriculture today. The forward-thinking, relatively large-scale, rice farmers' views obtained through their lectures and our on-site interviews with them, together with six persons, are summarized as follows:

1. Efforts to Reduce Production Costs

- It is possible to reduce rice production costs by expanding the area of rice farmland in operation per agricultural management entity. In order to make that happen, it is essential to earn the trust and confidence of landholders and other stakeholders in each community in gracious ways with originality and inventiveness. Most of the rice farmers do not see any major problems in expanding the area of farmland going forward, if they want. Nevertheless, some of them have indicated that there would be an optimum scale for effective rice farming, and others are concerned about potential chaos that may arise from a sharp and massive exodus of rice farmers from the rice farming sector because of aging in the near future.
- It is possible to substantially improve rice farming productivity if fragmented and dispersed farmland, the present state, can be consolidated as one large continuous expanse of farmland. However, in reality, it appears to be difficult to swap farmland with other farmers. It has been suggested that the role of an agriculture committee in each municipality be strengthened, among others, as a means of making it possible to promote the consolidation of farmland.

2. Efforts to Increase Sales

- Many of the rice farmers have been engaged in organic rice farming to improve the taste, or enhance the added value, of rice, but they have

encountered a variety of technical difficulties in expanding rice cultivation areas for that purpose.

- Many rice farmers have high expectations for expanding the export of rice from Japan to foreign countries, but at the same time, they are fully aware that it is not easy to do so due to many factors, including the effects of the Fukushima nuclear power plant accident.
- The Japanese government recently recommended that rice farmers embark on the processing and sales of rice, not production alone, but many of the rice farmers take a very cautious stance or seem critical of the government's recommendation.

3. Rice Farming Subsidies

- Most of the rice farmers have participated in the Direct Individual/Household Income Support System for Agriculture by the government, but they may not necessarily see the system in a favorable light. In particular, many of them have criticized the fact that all rice farmers are uniformly treated under the system.
- Most of the rice farmers have participated in the rice production adjustment program because the program has the same terms as the Income Support System above, but not all the participating rice farmers see the program in a favorable light as well.

4. Participation in Trans-Pacific Partnership (TPP)

- As far as the rice farmers interviewed this time are concerned, many of them are of the opinion that they would be willing to support Japan's participation in the TPP agreement on the condition that the Japanese government provides a certain level of support to rice farmers.

<Implications of the Results of Our Investigation>

- Agriculture can be a sector with high potential for supporting Japan's employment and economic growth going forward. But it is difficult to expect under the status quo that there will be an increase in the workforce of young people who are willing to be engaged in agriculture, which makes one wonder if agriculture is doomed to follow a course of decline. Especially for rice farming, productivity improvement is an unavoidable challenge that needs to be addressed, regardless of whether or not Japan participates in the TPP.

- Forward-thinking rice farmers in Japan have already begun to initiate reforms on their own. On the back of the rapid aging of rice farmers overall, agricultural corporations, among others, have been making steady progress in expanding the scale of farmland in operation, especially on the plains of Japan.
- We should let these forward-thinking farmers take a leading role, propagate their expertise across the country, and steer innovation in agriculture, such as introducing new technologies, so that the expansion of the scale of agricultural operations can be encouraged for further productivity improvement. We believe that this is the direction in which the Japanese agriculture should move forward.

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