LVC Southeast East Asia Regional Meeting Seminar on Rice

**TPP, WTO and Japan’s Rice**

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Shushi Okazaki

Deputy Director of the International Section

Japan Family Farmers Movement (NOUMINREN)

**Introduction**

Asia, making up only a quarter of the total land area of the earth, feeds 60% of the total population of the world. This has been made possible by the fertility of rice paddies, cultivated by peasants and family farmers.

The Japanese archipelago stretches from the subarctic to the subtropics, where Japanese farmers have grown rice, a tropical crop, adapted to the country as “Japonica.” Cultivation of rice is described as follows: “planted in snowmelt water, rice grows in the rainy season and grows more in very hot summer like the tropical area, getting ripe under a clear autumn sky.”

For us rice is not only staple food but also it is deeply connected to our society, culture, ecosystem and geographical features. Protecting rice is the same as protecting our country and sovereignty.

Rice self-sufficiency rate has gone beyond 100% since the mid-1960s. Although the Japanese government started a rice acreage reduction policy in 1971, the self-sufficiency rate remained almost 100% from then on.

At the time of the GATT Uruguay Round Agreement, Japan set aside 800,000 ha of rice paddies (30% of the total rice paddies) as the place unused or for other crops. Nevertheless, Japan accepted the import of Minimum Access (MA) rice. The amount of the MA rice has now reached 770,000 tons while the area of rice paddies set aside for the production adjustment has gone beyond 1 million ha (40% of the total rice paddies).

Mass imports of rice under the heavy rice acreage reduction policy---This extraordinary situation will get worse by the additional import quotas set by the TPP. We will make all-out efforts to thwart the ratification of the TPP, stop the imposition of the MA rice, establish trade rules based on Food Sovereignty and protect our rice production.

**1. MA rice: institutionalized forced purchase of unwanted rice**

The WTO agreement, saying “zero import is inappropriate for the free trade regime,” insisted every country should give minimum access even for unnecessary products. The WTO institutionalized an international hard sell, forcing member states to buy unwanted products. This is what the minimum access is about. 770,000 tons of rice Japan is importing equals to about 10% of Japan’s domestic consumption. Japan’s rice self-sufficiency rate, which was 100%, is now some 95%.

Japan does not need to import rice: many Japanese consumers much prefer domestic rice to foreign one. Even according to the Nikkei Shimbun, a newspaper leading the campaign for the TPP, 80% of consumers say they feel uncomfortable eating foreign rice and 88% hope to buy domestic one.

Thus only 10% of the MA rice are being sold for staple food and the rest are being used for foreign aid, kept in stock and disposed of. Most foreign rice sold for staple food is used for the restaurant industry, where Japanese consumers eat without knowing it is from overseas.

**Collapse of rice price**

The existence of MA rice import has driven down Japan’s domestic rice price.

200,000-300,000 tons of MA rice has been using for processing, making miso (fermented bean paste), sake (rice wine), shochu (distilled spirit) and this has pushed domestic substandard rice for processing toward the use of staple food. The domestic substandard rice, together with MA rice for staple food, started distributing as lower priced rice for a staple diet. As a result, rice has been in excess of demand in the domestic market, driving down the price. Rice price has become the one which only compensate for 60-70% of its production cost. Thus not only medium and small sized farmers but also large farmers are facing a crisis, which can force them to leave farming and lead to the collapse of rice cultivation in the end.

**Rising financial burden**

The existence of MA rice has been raising Japan’s financial burden.

To reduce the amount of MA rice which has reached nearly 1.9 million tons at one time, the Japanese government started to sell it for livestock feed.

However, U.S. rice has been sold for a fifth of its original price (about $ 900 per ton) and this has been raising Japan’s financial burden. MA rice used for foreign aid has also been increasing the burden.[[1]](#footnote-1)

To dispose of MA rice, the Japanese government has had a deficit of some 30 billion yen annually, which has been compensated by tax money. Financial spending for disposing of MA rice has been reducing the amount of money for the price support for domestic rice, harming farmers.

In addition, Japan, a country unnecessary for foreign rice, imports rice from abroad, while depriving other countries of necessary food, providing it for feed or throwing it away. This is internationally unacceptable.

**2. What impact will TPP have on Japanese rice: 26% of tariffs eliminated; new import quotas established**

Under the TPP Japan made following promise on rice: 1) tariffs of 26% of total tariff lines of rice will be eliminated; preparations such as rice noodles and crab pilaf will be tariff-free; 2) new import quotas of 78,400 tons of rice for the United States and Australia will be established (70,000 tons for the United States and 8,400 tons for Australia); 3) 60,000 tons of rice will be set aside for the United States out of the WTO MA rice (770,000 tons).

Regarding the first point, 14 FTAs the Japanese government so far concluded excluded rice from tariff elimination and reduction but the TPP does not. The U.S.-South Korea FTA, a model for the TPP, excluded 16 tariff lines for rice. The TPP has no items excluded from tariff obligations and in this meaning, the TPP is the worst-ever agreement. 15 tariff lines out of total 58 for rice will be duty-free in 11 years.

About the second and third point, the Japanese government says the newly set rice import quotas under the TPP are no obligation but through side letters between Japanese government and the U.S. government virtually obliged us to fill the quotas.

The total amount of rice Japan is required to import now rises by 10%, reaching 850,000 tons (both MA rice under the WTO and TPP quotas).

The TTP particularly gives the United States favorable treatment. Rice from the United States to Japan will increase a lot. Japan imports 360,000 tons of rice from the United States under the MA of the WTO. With this amount together with 60,000 tons newly set aside for the U.S. rice out of the total MA rice and 70,000 tons of the TPP U.S. quota, Japan imports about 490,000 tons of rice from the United States, up 36% from the current level.

The Japanese government insists that there will be no effect on the domestic market since it buys 80,000 tons of domestic rice, the amount equivalent to the one Japan is required to import under the TPP quotas. This is simply not true. Low priced imported rice under the TPP will inevitably replace domestic rice currently used for restaurants or home meal replacement and thus lowering the domestic price.

The number, 80,000 tons, is symbolic. Japan’s rice consumption has been decreasing by 80,000 tons every year. Thus farmers have been forced to increase the amount of rice paddies set aside for acreage reduction policy, producing 80,000 tons of other crops. Nevertheless, rice price continues to fall. We have called on the government at least to reduce the amount of MA rice in order to eliminate the excess amount. However, the answer was to set up a new import quotas of 80,000 tons. Both increased rice imports and a fall in consumption will obviously spur the decline of rice price.

**Endless change for the worse through renegotiation**

Furthermore, the TPP has various renegotiation clauses, which endlessly continue to achieve the removal of tariff and non-tariff barriers.

In particular, Japan is obliged to reconsider its commitments on tariffs and tariff quotas seven years after the entry into force of the TPP, with five agricultural exporters: the United States, Australia, New Zealand, Canada and Chile with a view to increasing market access. Since the renegotiation includes the United States and Australia, it is likely that Japan is again forced to accept more rice imports.

In addition to the renegotiation of the TPP, the United States based on its domestic laws will impose change on the other member states. The United States has “certification,” a domestic process, where the country prevents the trade agreement from taking into effect and urge other member states to renegotiate until domestic laws of other members are changed in a way where the United States think it should be right.

This certification process has been working as a force to change trade agreements themselves. In fact, based on the certification, President Obama in 2011, considering the U.S.- South Korea FTA unable to pass Congress, forced Korea to renegotiate and extended the date of eliminating tariffs on autos from South Korea.

Currently, as the TPP is unpopular in the United States, all presidential candidates are expressing opposition while Congress and the industrial circles have been demanding for additional concessions from member states.

USA Rice Federation states, “While the TPP agreement provides new access for U.S. rice in Japan for the first time since the Uruguay Round was completed in 1995, the achievements were much less than our modest expectations, both in terms of the quantity and quality of our access.” It made clear to the Obama Administration and Congress that without improved market access to Japan, the TPP is not a trade deal the U.S. rice industry can support.

U.S. Trade Representative Michael Froman implied that they can address outstanding issues without reopening the text of the deal, showing his intention to virtually change the agreement. In the U.S. House Ways & Means Committee, a committee that deal with trade, Republicans formed five informal groups in the areas of biologic medicines, financial services data localization, tobacco, agricultural market access and labor rule. Moves to change the TPP for the worse is getting into full gear.

**Imposing TPP measures ahead of the entry into force**

What I would like to stress here is that the Japanese government has been imposing measures based on the TPP on farmers. The government has thrown away policies for family farmers and highlights the role of corporations to do farming.

Under this circumstance, rice price in 2014 dropped to half the production cost and the price still remains under it. The Abe government, refusing to take supply and demand adjustment measures which intrinsically every government should do, forces farmers to shift to producing rice for feed from rice for staple food, as they expect that the TPP sets up additional rice import quotas for the United States and Australia.

We reject rice imports under the TPP and WTO and liberalization measures the government has been implementing domestically, and we will make the government fulfill its role of supply and demand adjustment and realize rice prices above the production cost.

**3. Trade rules based on food sovereignty**

The logics of the WTO/FTA/TPP/TTIP is that Japan has a comparative advantage in the manufacturing industry and the agriculture is an area of comparative disadvantage. Thus Japan should throw away rice production despite its leading productivity. The MA is one of the measures for pushing this logic ahead.

What the crises of economy/finance, food and climate show is the collapse of trade and economic system based on the principle of mass production and mass consumption. What the trade agreement should aim at is not to remove trade barriers by imposing liberalization but to realize sustainable trade in a complementary manner. Today, Southeast East Asia, production base for industrial products around the world, is rapidly increasing its dependency on imported grains, which are the most basic food. It is clear from the following USTR comments that the TPP will furthermore raise this dependency: “Nowhere is the opportunity greater than in the Asia-Pacific region. By 2030 it will be home to 3.2 billion middle-class consumers, who will be the world’s largest buyers of staple grains, fresh fruits and vegetables, dairy, meats and other farm products...This market has the potential to be the foundation of American rural growth for a generation, bringing wealth and supporting jobs in rural areas.” U.S. agribusinesses clearly target at Asia.

Japan’s grain self-sufficiency rate is 27%. 73% of grain is coming from abroad. Japan, only making up 1.8% of the global population, is shamefully buying up 5-16% of food coming into the international market (See Table). Japan’s acceptance of the TPP will definitely worsen global hunger. It would be catastrophic if Japan starts to rely on imported rice. Japan’s dependence on imported rice will make Asia be a base to deepen the global food crisis and worsen global warming.

The core of our alternatives is food sovereignty. Our economic and trade policies should focus not on agricultural exports which is only 10% of the global production but safe and healthy agricultural production for local, domestic and regional market.

The joint statement published with our Korean friends states, “It is becoming ever more so clear that food sovereignty cannot coexist with the WTO, various FTAs and the TPP.” “It is only honorable for Asians to fight against greedy TNCs to defend our rice and our sovereignty.”

Drive the WTO/FTA/TPP out of the agriculture and food, and protect our food sovereignty and rice production by strengthening international solidarity!

GLOBALIZE STRUGGLE!

GLOBALIZE HOPE!

1. NOUMINREN is critical of the issue of MA rice for foreign aid as it can destroy the agriculture of aid recipient countries [↑](#footnote-ref-1)