

Voluntary Report – Voluntary - Public Distribution

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Report Name: Cabinet Approves COVID-19 Supplementary Budget for MAFF

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation

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Report Highlights:

Japan's Cabinet approved a \$990 billion economic package to support the economy in response to the COVID-19 pandemic. The Ministry of Agriculture, Forestry, and Fisheries is expected to receive a \$5 billion dollar supplementary budget to support the food and agricultural sectors. A portion of the funding will be made available to industry immediately, while the remainder will be allocated as a stimulus once concerns over COVID-19 have abated.

General Information

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Following Prime Minister Abe's state of emergency declaration on April 7, 2020, Japan's Cabinet Office approved a COVID-19 emergency economic package. The economic package will be funded by a Japanese Fiscal Year¹ (JFY) 2020 Supplementary Budget of 16.8 trillion yen (US\$154.3 billion²) and additional funding from a JFY2019 COVID-19 emergency budget ([JA2020-0066](#)). Only a portion of the total package amount will be met through fiscal spending. Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) is expected to receive 544.8 billion yen (\$5 billion), including funding for an Agriculture and Livestock Industries Corporation (ALIC) program of 95 billion yen (US\$874.6 million). The JFY2020 supplementary budget is expected to be approved by the Diet by the end of April.

The Government of Japan (GOJ) will implement the COVID-19 emergency economic package in two phases – an Emergency Support phase, prior to the COVID-19 infection slow-down, and a V-Shaped Recovery phase, post COVID-19 infection slow-down. Measures in the Emergency Support phase aim to stem job loss and bankruptcy and will include cash allowances; waiver of income and social security taxes; waiver of corporate taxes for affected individuals and small and medium sized companies; and the extension of unsecured and no interest loans to small and medium sized companies. Measures in the V-Shaped Recovery phase will focus on consumption expansion centering on the tourism, transport, foodservice, and entertainment industries.

MAFF will make funding available for both elements of recovery package. For the Emergency Support phase, the JFY2020 supplementary budget allocates funding to continue and expand the financial support programs initiated in the JFY2019 COVID-19 emergency budget. MAFF spending during the V-Shaped Recovery phase will be focused on the foodservice sector and producers who have increased inventories due to decreased demand. The support payments to dairy manufacturers for diverting nonfat dry milk for feed are continued from the JFY2019 COVID-19 emergency budget due to the extension of school closures.

JFY2020 MAFF Supplementary Budget

Emergency Support Phase

1. Financial Support for Business Continuation for Farmers, Forestry Workers, Fishermen, and Food related Businesses: 29.8 billion yen (US\$274.3 million)

- Provide interest free, unsecured loans to farmers, forestry workers, fishermen, and food related businesses through public and private financial institutions, and postpone debt repayment.
- Provide loan guarantee payment to food related businesses (distributors and foodservice).

V-Shaped Recovery Phase

2. Consumption Stimulus Measures for Agriculture, Forestry and Fisheries products whose inventories are increasing due to decrease in demand by inbound tourism, restaurants and export stagnation: 140 billion yen (US\$1.8 billion) plus ALIC program of 50 billion yen (US\$460 million) (Industry sources report that around 85 billion yen will support promotion of wagyu beef including 50 billion yen to support storage capacity and sales promotion and 35 billion yen to

¹ Japanese Fiscal Year (JFY) runs from April to March.

² Exchange Rate: 1 U.S. Dollar = 108.8 Japanese Yen

support wagyu consumption in school meals.)

-Provide support payment to marketing promotion activities for beef, fruit, fisheries products, and cut flowers.

-Provide support payment to promote utilization of timber/lumber for public facilities.

-Provide support payment to public relations activities to promote consumption of agriculture, forestry and fisheries products whose demand is decreasing.

3. Consumption Stimulus through “GO TO” Campaign for tourism, transport, foodservice, entertainment and event sectors affected by reduction in demand by inbound tourists and dining out: 199.8 billion yen (\$1.8 billion) for MAFF (Total GOJ budget for “GO TO” campaign is 1.6794 trillion yen)

- Provide support payments for the GOJ wide campaigns to distribute coupons and discount coupons to boost consumption through online reservations for six months after COVID-19 settlement.

4. Financial Support for Livestock Farmers and Dairy Manufacturers for Continuation of Business affected by Significant Demand Reduction: ALIC program 45 billion yen (US\$414.2 million)

- Provide support payments to cow-calf operators and cattle fattening operations to maintain planned cattle shipments.
- Provide support payments for cattle fattening operations that implement production cost reduction measures. (Industry sources report that payments would start at 20,000 yen per head and could increase if wagyu carcass prices continue to fall)
- Provide support payments to dairy manufacturers for diverting Nonfat Dry Milk from food use to feed use (for information about dairy support payments in previous COVID-19 funding see, [JA2020-0059](#)).
- Postpone producer contribution payment to the Beef Livestock Stabilization Program (Beef *Marukin*) (for more on Beef *Marukin* and COVID-19 see, [JA2020-0071](#)).
- Send workers to help farms where farmers are infected with COVID-19.

5. Increase Support to Safety Net Programs for Vegetable Farmers and Fishermen

- Provide additional fund to the Vegetable Price Stabilization Fund (compensate farmers for reduction in sales prices) and postpone producer contribution payment. **5.6 billion yen (US\$51.5 million)**
- Provide additional fund to the Fisheries Income Stabilization Fund and postpone fishermen' contribution payment. **10.2 billion yen (US\$94 million)**

6. Support Payment for Vegetables, Flower, and Green Tea Production for Next Season: 24.2 billion yen (US\$222.8 million)

- Provide support payments for purchase of seeds, seedlings and soil improvement materials and renting machinery. (media reports 50,000 yen per 0.1 hectre is provided)

7. Support Payment for Storage Costs for Logs and Fisheries Products: 4.2 billion yen (US\$38.7 million)

- Provide support payments for temporary storage costs for logs and fisheries products whose

inventories are increasing due to weak demand.

8. Export Promotion for Agricultural, Forestry and Fisheries Products and Food: 14.7 billion yen (US\$135.3 million)

- Provide support payments for purchase of food production machinery and equipment.
- Provide support payments for improving supply chain networks.
- Provide support payments for sales negotiations and promotions for developing new markets.

9. Supply Chain Improvement for Domestically Produced Agricultural Products to Replace Imports: 14.3 billion yen (US\$131.6 million)

- Provide support payment to improve and renovate facilities for processing vegetables and facilitate linkage between producers and buyers.

(This program is in response to reduction in imports of processed vegetables such as skinless onions and vegetables for foodservice use from China)

10. Sanitary Condition Improvement for Foodservice: 1 billion yen (US\$9.2 million)

- Provide support payments to foodservice for purchase of sanitary equipment and facility renovation.

11. Securing Farm and Fisheries Labor: 6 billion yen (US\$55.2 million)

- Provide support payments to agriculture high schools and agriculture technical schools when dispatching their students to work at farms.
- Provide support payments for facilitating employment at fisheries products processing plants.
- Provide support payments to facilitate smart agriculture to deal with labor shortage.

Attachments:

No Attachments.