

Voluntary Report – Voluntary - Public Distribution

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Report Name: MAFF 2020 Supplementary Budget for COVID-19 Response

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Report Category: Agricultural Situation

Prepared By: Keiko Fujibayashi

Approved By: Zeke Spears

Report Highlights:

As part of the Government of Japan’s COVID-19 emergency economic package, the Ministry of Agriculture, Forestry and Fisheries (MAFF) is expected to receive a 545 billion yen (\$5 billion) supplementary budget. Over 35 percent of MAFF's budget will be allocated for spending to support the food service and related industries after the spread of COVID-19 slows. The livestock, dairy, horticulture, forestry, and fishery industries as well as products for export are eligible to receive support through the supplementary budget.

General Information

Japan's Cabinet has approved a newly revised 117.1 trillion yen (\$1.1 trillion) economic package to support the economy in response to the COVID-19 pandemic. The Ministry of Agriculture, Forestry, and Fisheries (MAFF) is expected to receive a 545 billion yen (\$5 billion) supplementary budget to support the food, agriculture, forestry, and fisheries sectors. Japan's Diet is expected to pass the supplementary budget on April 30, 2020.

Almost 37 percent of MAFF's supplementary budget is allocated for the "GO TO EAT" campaign, a program designed to encourage spending in the food service and related industries after concerns over the spread of COVID-19 have abated. MAFF will also support promotional sales activities for domestically produced agriculture, forestry and fisheries products (\$1.3 billion); livestock farmers, dairy manufacturers, and beef wholesalers (\$875 million); financing for the agricultural, forestry, fisheries and food industries (\$271.6 million); and horticulture production (\$224 million). Since our initial report ([JA2020-075](#)), MAFF has published additional details on the main budget programs.

1. "GO TO EAT" campaign: 199.8 billion yen (\$1.85 billion)

The "GO TO" campaign will be implemented by the Government of Japan (GOJ) to support the tourism, transportation, food service, events, and entertainment industries after COVID-19 spread has abated. As part of the "GO TO" campaign, MAFF will implement the "GO TO EAT" campaign to support the food service industry. Customers who make online reservations for registered restaurants will be given 1,000 yen equivalent points to be put towards the cost of their meal. In addition, a premium coupon equivalent to a 20 percent discount will be available at registered restaurants. Details of the program are still being finalized.

2. Sales Promotion of Domestic Products: 140 billion yen (\$1.3 billion)

Industry groups are eligible to receive funding for promotional activities for products with increased inventories, decreased prices, and/or decreased sales due to decreased inbound tourism and exports. Activities covered by this program include sales promotions targeted at school lunch programs, the food service industry, promotional events, farmers markets, online sales, and the development of new products for food delivery and take out outlets. The support payments can also be used to promote the use of domestic lumber and other wood products for public buildings.

- **Flower Industry:** 3.19 billion yen (\$29.6 million) available to promote the use of flowers at public facilities such as flower decorations at airports, rail stations, and government buildings.

3. Livestock Farmers and Dairy Manufacturers: 95 billion yen (\$875 million)

MAFF will distribute this funding through the Agriculture and Livestock Industries Corporation (ALIC), a state-trading enterprise, to stimulate consumption of wagyu beef as well as support beef and dairy manufacturers (for additional detail, see [JA2020-0080](#)).

- **Support for Wagyu Storage and Sales:** 50 billion yen (\$460 million), from JFY 2020 through 2022. Targeted recipients are meat wholesalers who own and store wagyu beef. Wholesalers must submit a sales promotion plan to ALIC for approval in order to apply for funding and the Wagyu beef targeted under this program must meet specific criteria.
- **Support for Beef Calf Operators:** 984 million yen (\$9 million) in JFY2020, under Category 4 described in JA2020-0075. Beef calf producers who ship calves in accordance with a pre-established schedule set by local producer groups are eligible to receive support payments for extra days during which the calves must be reared.
 - When calves are shipped from remote islands to the livestock markets outside remote islands, ALIC provides support payments to producers in remote islands and buyers of calves to cover nine tenth of the transportation costs (increase from the current two third of the transportation costs).
- **Support to Stabilize Demand and Supply of Cattle/Swine Hides:** 2 billion yen (\$18 million) in JFY2020, under Category 4 described in JA2020-0075. ALIC provides support payments to cover costs for temporary storage and wet blue treatment enabling long term storage until export resumption. ALIC also provides support payments for incineration costs for those which are unable to export. The targeted hides and skins must be derived from swine and cattle slaughtered in Japan and processed on/before April 7, 2020 or be held in stocks as of April 7. Recipient companies must be able to count hides and skins on a sheet per head basis. Rendering companies may estimate the number of sheets as 5.01 kg per sheet for swine and 29.04 kg per sheet for cattle.
- **Support payments for cattle fattening operations:** 30.531 billion yen (\$282.7 million)
 - Payments of 20,000, 40,000, or 50,000 yen per head based on operator adoption quality improvement metrics and market price.
 - Support if distribution channels are disrupted.
 - Postponement of producer contribution payments to the Beef Livestock Stabilization Program (see [JA2020-0071](#) for details).
 - The Livestock Special Fund Loans are normally extended to borrowers only twice a year on May 31 and November 30, but as an emergency measure the loans are now extended at the end of every month.
- **Support for the Diversion of Nonfat Dry Milk:** 5 billion yen (\$46 million) to support dairy manufacturers for diverting milk powder from food use to feed use (315 yen per kilogram) and for selling milk power to replace imported milk powder preparations (280 yen per kilogram) (for information about similar payments in previous COVID-19 funding see, [JA2020-0059](#)).
- **Support for Farms with Workers Infected with COVID-19:** 814 million yen (\$7.5 million) to help farms if workers are infected with COVID-19. Support payments are provided to cover costs for dispatching temporary workers to affected farms, transporting cattle from affected farms to public ranches, sterilization and cleaning of affected farms, and disposal of fresh milk which are unable to ship.

4. Financing: 29.33 billion yen (\$271.6 million)

Agricultural Producers: 22.43 billion yen (\$207.7 million)

- **Interest Payment Support:** 4 billion yen (\$37.03 million) for the Agriculture Forestry and Fisheries Long Term Finance Association to provide support payments equivalent to interest payments for five years of loans farmers borrow from the GOJ owned Japan Finance Corporation (JFC) and private financial institutions.
- **Unsecured Loans:** 15.2 billion yen (\$140.74 million) of financing for the JFC to extend unsecured loans to farmers.
- **Financial Guarantee Insurance:** 2.77 billion (\$25.65 million) yen to the Agriculture, Forestry and Fisheries Credit Foundation and the Prefectural Agricultural Credit Foundation Associations to provide financial guarantee insurance and remove the guarantee fee for the first five years of loans borrowed by farmers from private financial institutions.
- **Loan Transaction Support:** 463 million yen (\$4.3 million) to JFC to ensure the smooth transaction of loans to farmers.

Forestry and Wood Industries: 1.5 billion yen (\$13.8 million)

- **Unsecured Loans:** 96 million yen (\$888,888) for JFC to extend unsecured loans without a guarantor to foresters and wood processors.
- **Interest Payment Support:** 104 million yen (\$962,962) for the National Federation of Lumber Cooperatives Associations to provide foresters and wood processors support payments equivalent to the interest payment of their loans (up to two percent interest rate, for maximum 10 years).
- **Financial Guarantee Insurance:** 1.3 billion yen (\$12.04 million) for the Agriculture, Forestry and Fisheries Credit Foundation to provide foresters and wood processors unsecured, financial guarantee insurance and remove the guarantee fee for loans borrowed by foresters and processors.

Fisheries Industry: 3.196 billion yen (\$29.6 million)

- **Interest Payment Support:** 41 million yen (\$379,630) to financial institutions to provide support payments equivalent to the first five years of a fishermen's loan interest payment.
- **Financial Guarantee Insurance:** 2.16 billion yen (\$20 million) to the Agriculture, Forestry and Fisheries Credit Foundation and Fisheries Credit Foundation Associations to provide unsecured, financial guarantee insurance and remove the guarantee fee for loans borrowed by fishermen.
- **Unsecured Loans:** 1 billion yen (\$9.26 million) to JFC to extend unsecured loans to fishermen.

Food Industry: 2.2 billion yen (\$20.4 million)

- **Financial Guarantee Insurance for Restaurants:** MAFF will finance a financial guarantee insurance fund established by the Japan Food Service Association to support member companies (medium and large sized restaurant chains).
- **Financial Guarantee Insurance for Financial Institutions/Food Distributors:** MAFF will finance a financial guarantee insurance fund for the Food Distribution Rationalization Promotion Organization, which provides loan guarantees for financial institutions that extend loans to small and medium sized food distributors.

5. Horticulture Production: 24.19 billion yen (\$224 million)

- **Input Costs:** 50,000 yen (\$463) per 0.1 hectare for producers to cover costs for purchase of seeds, seedlings, farm inputs, soil improvement materials, and machinery rental fees.
- **New Technology and Production Practices:** 20,000 yen (\$185) per 0.1 hectare for producers to cover costs for planting new varieties, using new technologies, and implementing new production practices such as organic production, Good Agriculture Practice (GAP), and compliance with foreign maximum residue limits (MRL) to meet demand at home and abroad.

6. **Safety Net Programs:** 15.796 billion yen (\$146.2 million)

- **Vegetable Producer Income Stabilization:** 5.59 billion yen (\$51.76 million) for the Vegetable Price Stabilization Fund, operated by ALIC, for the possible increase in payments to producers resulting from price declines. MAFF will also allow the postponement of producer contribution payments to the Vegetable Price Stabilization Fund. The Vegetable Price Stabilization Fund covers 14 designated vegetables considered important for the lives of consumers and 35 specific vegetables considered important for the lives of consumers and production promotion.
- **Fisheries Income Stabilization:** 10.19 billion yen (\$94.35 million) for the Fisheries Income Stabilization for the possible increase in payments to fishermen due to a drop in market prices. MAFF will temporarily pay the fishermen's contribution and will postpone contributions for fishermen new to the fund.

7. **Export Promotion and Production Improvement:** 15.697 billion yen (\$145.3 million)

- **Switching Inputs from Imported to Domestic:** 3.50 billion yen (\$32.41 million) available for processed food manufacturers and food service providers who make products for export or restaurant menus for switching raw material inputs from imported to domestic products.
 - 1.5 billion yen (\$13.89 million) available for the development of new menu items, purchasing of packaging machines, and new machinery for manufacturing new products.
 - 801 million yen (\$7.42 million) available for making long-term contracts for procuring domestic agricultural and fisheries products.
 - 1.2 billion yen (\$11.11 million) available for building production lines and storage facilities for packaged cooked rice, rice products, and rice for domestic retail and export sales.
- **Equipment for Domestic Products:** 2.39 billion yen (\$22.13 million) available for food manufacturers to build production lines and purchase refrigerators and labeling machines to increase retail sales and exports of domestic products.
- **Equipment for Timber Processing:** 1.5 billion yen (\$13.89 million) for wood processors to purchase log sorters, bark removers, and processing equipment to manufacture wood products utilizing unsold logs.
- **Export Promotion:** 5.299 billion yen (\$49 million) for export promotion (participation in trade shows in overseas, promotion campaigns etc).
- **Transportation for Perishables:** 2 billion yen (\$18.5 million) for securing transportation for exports of perishables in response to the decreased number of international flights.

- **Sanitation Improvement:** 998 million yen (\$9.2 million) for food service providers that install equipment and renovate facilities for sanitation improvement.

8. Supply Chain Improvement for Domestic Products: 14.3 billion yen (\$132.4 million)

Agricultural cooperatives and producer groups are eligible to use this fund the production, purchase, and improvement of processing, storing, and shipping facilities.

9. Securing Labor: 5.972 billion yen (\$55.3 million)

- **Training and Recruitment of Agricultural Workforce:** 4.646 billion yen (\$43 million) available for agricultural corporations and farmers to cover costs associated with recruitment, travel, and accommodation, fees, insurance premiums, building facilities, machinery, and equipment for training new workers.
- **Smart Agriculture:** 1.046 billion yen (\$9.7 million) available for farmers and agricultural corporations who implement smart agriculture technologies to save on farm labor costs. Farmers also eligible to receive funding if they provide smart agriculture training opportunities for students from agriculture high schools and technical schools.
- **New Fishery Hires:** 280 million yen (\$2.6 million) for fishermen and seafood processing companies to cover fees, insurance premium payments, and other costs for new workers. Deep sea fishing companies eligible for funding to continue to employ foreign crews.

10. Storage Costs for Logs and Fisheries Products: 4.186 billion yen (\$38.8 million)

- **Log Storage:** 991 million yen (\$9.2 million) to provide storage, transportation, and land lease fees for logs intended for exports whose inventories have been increasing due to weak demand from China. Will also cover chemical preservation treatment costs for logs for long term storage.
- **Fisheries Storage:** 3.195 billion yen (\$29.6 million) available to cover interest payments for loans fishery cooperatives and fishermen groups borrowed from financial institutions to purchase seafood products and store them at cold warehouses. Costs for storage, loading and unloading at warehouses, transportation, and processing also eligible.

Attachments:

No Attachments.