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Report Name: MAFF JFY2020 Budget Focuses on Reinforcement of
Agricultural Production Resources and Infrastructure

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Report Highlights:

The Ministry of Agriculture, Forestry and Fisheries (MAFF) received 2.41 trillion yen (roughly US\$22.1 billion) for its Japanese Fiscal Year (JFY) 2020 budget, a 0.8 percent decrease from last year. MAFF's JFY2020 budget focuses on strengthening agricultural production resources and infrastructure to address labor shortages and improve export capabilities. The JFY2020 budget for animal biosecurity increased 260 percent over JFY2019 levels to combat and prevent the spread of virulent infectious diseases.

General Information

On March 27, 2020 the Japanese Diet passed a record high 102.358 trillion yen (roughly US\$938.7 billion) budget for Japanese Fiscal Year (JFY) 2020.¹ This is the second consecutive year that the annual budget exceeds 100 trillion yen (US\$917 billion). The increase in the JFY2020 budget is mainly attributable to an increased budget for social security spending.

The JFY2020 annual budget allocated to the Ministry of Agriculture, Forestry and Fisheries (MAFF) decreased 0.8 percent to 2.41 trillion yen (US\$22.1 billion). The decrease is predominantly attributable to a reduction in spending for “temporary and extraordinary measures” which the Government of Japan (GOJ) allocates in accordance with its three-year emergency disaster prevention/mitigation and national land reinforcement program (JFY2018 – JFY2020). The “temporary and extraordinary measures” budget allows MAFF to renovate agricultural waterways, reservoirs, forests, and fishing ports. In JFY2020, MAFF’s “temporary and extraordinary measures” budget decreased 16.5 percent, to 100.8 billion yen (US\$9.2 billion). Apart from the “temporary and extraordinary measures” line item, MAFF’s JFY2020 annual budget remains largely unchanged from JFY2019 at 2.31 trillion yen (US\$21.2 billion).

Prior to the establishment of the JFY2020 annual budget, the GOJ established a JFY2019 supplementary budget of 3.2 trillion yen (US\$27.6 billion) on January 30, 2020. MAFF received a JFY2019 supplementary budget of 585 billion yen (US\$5.4 billion), of which 325 billion yen (US\$2.97 billion) is allocated for trade agreements countermeasures (see [JA2019-0209](#)). Funds from the JFY2019 supplementary budget are available for use during the JFY2020 fiscal year.

Agriculture Production Resources and Infrastructure Reinforcement Program

The MAFF budget includes funding for a new initiative, the “Agriculture Production Resources and Infrastructure Reinforcement Program,” which addresses challenges faced by Japanese agriculture including shrinking farming population, declining farmland, natural disasters, and animal infectious disease outbreaks, and changes in agricultural trade conditions.² The Agriculture Production Resources and Infrastructure Reinforcement Program sets targets and measures for 11 areas (see Annex 1). Both the JFY2019 supplementary budget and JFY2020 annual budget allocate funds that prioritize measures set out in the Agriculture Production Resources and Infrastructure Reinforcement Program. The priorities for the JFY2020 annual budget are improving conditions for 1) exports, 2) smart agriculture implementation, 3) farmland enlargement, consolidation and improvement, 4) reinforcing biosecurity regulations, 5) supply chain network improvement, and 6) production conversion from table rice.

¹ The Japanese Fiscal Year is from April 1-March 31

² The Agriculture Production Resources and Infrastructure Reinforcement Program is part of the Agriculture, Forestry, Fisheries and Regions Vitality Creation Plan, which was formulated by the Cabinet in 2013. The Agriculture, Forestry, Fisheries and Regions Vitality Creation Plan is a wide-ranging strategy for agricultural administration and sets targets and measures for growth. The Plan has been revised several times since the first creation in 2013, including in December 2019 to incorporate the Agriculture Production Resources and Infrastructure Reinforcement Program.

Export Promotion and System Improvements

The JFY2020 annual budget allocates 1.2 billion yen (US\$11 million) for the establishment of Agriculture, Forestry and Fisheries Products and Food Export Headquarters. To help food manufacturers obtain Hazard Analysis Critical Control Point (HACCP) certification, a total of 12.3 billion yen (US\$113 million) (1.5 billion yen (US\$13.8 million) in JFY2020 annual budget and 10.8 billion yen (US\$99.1 million) in JFY2019 supplementary budget) is earmarked to support facility renovation and equipment purchases required for HACCP certification.

The GOJ established an “Agriculture, Forestry and Fisheries Products and Food Export Promotion Act” to accelerate export growth by consolidating GOJ efforts for export facilitation and will come into effect on April 1, 2020. The Act establishes the Agriculture, Forestry and Fisheries Products and Food Export Headquarters in MAFF, led by the Agriculture Minister, with support from the Ministers of Internal Affairs and Communication; Foreign Affairs; Finance; Health, Labor and Welfare; Economy, Trade and Industry; and Land, Infrastructure and Transportation. The Act provides a legal basis for responsible Ministers to issue export certificates, designate production areas, and approve processing facilities. The Act also accredits GOJ-registered private certification bodies to approve processing facilities. The Act sets that the GOJ-owned Japan Finance Corporation extends long-term low interest rate loans and loan guarantee to companies whose export business plans are approved.

The GOJ, as part of the 2013 “Agriculture, Forestry, Fisheries and Regions Vitality Creation Plan,” set a one trillion yen (US\$9.4 billion) export target for agricultural, forestry, and fisheries products by 2020. Since then, the GOJ has allocated funding to improve export conditions each year and by 2018 exports had grown to reach 906.8 billion yen, encouraging the GOJ to move up the deadline to 2019. However, growth slowed and the exports only increased to 912.1 billion yen, falling short of the one trillion yen target, so MAFF continues to fund the improvement of export conditions. MAFF regards import restrictions and regulations at destination countries are the biggest hurdles for increasing agricultural, forestry and fisheries products from Japan.

Promotion of Smart Agriculture

The JFY2020 budget allocates 1.5 billion yen (US\$13.8 million) for smart agriculture verification projects that collect and provide data for [WAGRI](#), a platform that provides data on farmland, weather, and markets via smartphone application. Separately, the budget earmarks 3 billion yen (US\$27.5 million) to support dairy and beef cattle farmers for the adoption of robots, artificial intelligence, and the Internet of Things to reduce labor and energy needs.

Labor shortages, caused by an aging and shrinking farming population, are a pressing issue in the Japanese agricultural industry. Smart agriculture is expected not only to help solve this issue, but also to contribute to transfer of skills to the next generation, productivity, and quality improvement and

farming scale expansion. The Agriculture Production Resources and Infrastructure Reinforcement Program sets a target for all certified farmers to utilize data based smart agriculture by 2025.³

Farmland and Infrastructural Improvement

MAFF's Agriculture and Agricultural Villages Infrastructure Improvement Program is the core public works project under which farmland enlargement, consolidation, agricultural waterways and reservoir improvement projects are conducted. The JFY2020 annual budget and the JFY2019 supplementary budget allocate 326.4 billion yen (US\$3 billion) and 146.6 billion yen (US\$1.3billion) respectively for this program.

Combined with budgets for farmland consolidation through Farmland Banks, implementation of disaster prevention measures for agricultural waterways, and farmland infrastructure improvement grants to prefectural governments, the total budget for farmland and infrastructure improvement in the JFY2020 annual budget and the JFY2019 supplementary budget is 651.5 billion yen (US\$6 billion), up one percent from the previous year.

Reinforcement of Animal Biosecurity

The GOJ increased the animal biosecurity budget 260 percent, to 18.6 billion yen (US\$172 million) for JFY2020, from the previous year to implement tighter measures. The JFY2020 budget allocates 11 billion yen (US\$102 million) and the JFY2019 supplementary budget allocates 7.6 billion yen (US\$70million) for use in JFY2020, up from a total of just 5.2 billion yen (US\$48 million) in JFY2019. The budget is to implement stricter outbreak and spread prevention measures for animal infectious diseases at national borders and farms. The funding also supports the recruitment and training of additional veterinarians.

MAFF is tightening biosecurity measures in response to outbreaks and spread of Classical Swine Fever (CSF) in Japan and African Swine Fever (ASF) in Asia. The GOJ revised the Act on Domestic Animals Infectious Diseases Control to legalize spread prevention measures against virulent infection diseases for wild animals and to allow preventive culls for swine against AFS. The revised Act came into effect on February 5, 2020. With the intention to further tighten biosecurity measures, the GOJ submitted a bill to the current Diet session (January 20 – June 17, 2020) to revise the Act to require the strict compliance of livestock farms with MAFF's sanitation management standards and strengthen penalties against non-compliance and to strengthen animal quarantine inspections at ports and apply heavier penalties for violation. The bill was passed through the Diet on March 27, 2020 and should come into force before July 2020.

Supply Chain Network Improvement

MAFF's JFY2020 annual budget allocates 23 billion yen (US\$211 million) for the "Strong Agriculture and Nurturing Core Farmers Program," which remains unchanged from the previous year. Under this

³ Certified farmers are those whose farming improvement plans were approved by their municipal governments. Certified farmers are eligible for the government's low interest loans, farmland improvement projects, and other support programs.

program, support payments are available for facility improvements and the purchase of machinery. Improvements to the supply chain are necessary to increase the distribution of domestic horticultural products. To achieve this, support payments are provided for the purchase of information and communication technology to equip labor saving harvesters and growth prediction systems, build cold storage and heat treatment facilities, and establish a cooperative delivery system by collecting agricultural products from multiple production areas.

The Agriculture Production Resources and Infrastructure Reinforcement Program sets a target to increase production and shipment volumes of vegetables for processing and foodservice use to 1.45 million tons by 2030 (980,000 tons in 2018). MAFF hopes to establish a more efficient supply chain for vegetables for processing and foodservice use and to nurture the ability of private-sector distributors to improve supply chain work. Vegetables for processing and foodservice use account for approximately 60 percent of the total vegetable shipments in Japan, however domestic supplies cannot meet demand due to distribution challenges and labor shortages.

Support for Production Conversion from Table Rice

The JFY2020 annual budget allocates 305 billion yen (US\$2.8 billion) for the “Direct Payment for Full Utilization of Rice Paddies,” up 3 percent from the previous year. The JFY2019 annual budget earmarked 321.5 billion yen (US\$2.9 billion) for this program, but due to the decrease in the planted area for feed rice, the actual budget spending was 296.1 billion yen (US\$2.7 billion).

MAFF provides support payments to farmers to prevent an oversupply of table rice by encouraging them to plant other crops or rice for purposes other than table rice, such as feed rice and rice for processing. Under the “Direct Payment for Full Utilization of Rice Paddies” support payments are provided according to the area of wheat, barley, soybeans, forage crops, whole crop silage rice, rice for processing, feed rice, rice for flour, buckwheat, rapeseeds and rice for new market development planted in rice paddies.⁴ MAFF increased the support payments to “high profit earning crops” to 20,000 yen/0.1 ha in JFY2019 and will further increase the payments to 30,000 yen/0.1 ha in JFY2020 to accelerate production shifts to “high profit earning crops,” which MAFF defines as horticultural products, rice for new market development, rice for processing, and corn for feed (see Rice Policy section in [JA2020-0058](#)). The support payment is provided when increasing the areas of planting high profit earning crops and decreasing the planting areas of table rice compared to the previous year. Additionally, from JFY2020, to encourage farmers to produce high profit earning crops continuously, 20,000 yen/0.1 ha is provided to farmers for five years when they produce high profit earning crops continuously after converting rice paddies to dry fields for which the support payment of 105,000 yen is also provided.

⁴ Rice for new market development includes rice for exports and rice for manufacturing cosmetics and ethanol.

Annex 1. Agriculture Production Resources and Infrastructure Reinforcement Program

	Goal	Measures
1	Set a post 2020 export target	<ul style="list-style-type: none"> • Establish “Agriculture, Forestry and Fisheries Products and Food Export Headquarters,” a one-stop export support office in MAFF. • Provide support to improve processing and distribution facilities for exports.
2	Double <i>Wagyu</i> beef production to 300,000 tons by 2035 (149,000 tons in 2018)	<ul style="list-style-type: none"> • Provide support payments to increase the number of breeding female cattle and dairy successor cattle. • Provide support payments for introduction of breeding female cattle and facility improvement at public ranches. • Provide support to <i>Wagyu</i> embryo production and use. • Relax requirements for eligible support payment recipients under the Livestock Cluster Program to extend support for small and medium-sized farmers who intend to enlarge farming scale, and coordinate to find successors for family farms which do not have successors. • Provide support payments for establishing facilities and improving machinery for manure treatment in order to facilitate compost making and use in soil management. • Promote restructuring of live cattle markets and meat processing facilities.
3	Increase production and shipment volumes of vegetables for processing and foodservice use to 1.45 million tons by 2030 (980,000 tons in 2018)	<ul style="list-style-type: none"> • Provide support payments to upgrade machinery and facilities to improve production and distribution. • Shift production of vegetables and fruit to flat land utilizing rice paddies. • Help find successors for small and medium-sized farms and family farms which do not have successors. • Promote soil management utilizing compost. • Provide support payments to build storages, cold warehouses, heat treatment facilities and distribution centers to improve supply chain network.
4	Create 500 production areas to produce high profit earning products using rice paddies by 2025 to increase fruit exports and replace imports of	<ul style="list-style-type: none"> • Provide support payments to farmers who convert rice paddies to dry fields to produce high profit earning products and to purchase machinery and establish facilities. • Review the current safety net programs (the income insurance program, the income loss compensation

	vegetables for processing and foodservice use	program, the mutual aid program, and the vegetables price stabilization program) and consider a comprehensive and effective safety net system.
5	All certified farmers utilize data based smart agriculture by 2025	<ul style="list-style-type: none"> • Promote sharing smart agriculture technologies and data to reduce prices for farmers. • Provide support to expand the area to spray agricultural chemicals to 1 million ha by 2022. • Establish MAFF digital transformation service enabling farmers to conduct all administrative processes including support payment applications electronically and unify national farmland data into one system for public use.
6	Increase new farming entrants in all generation and support their establishment of farming business	<ul style="list-style-type: none"> • Provide payments to support income to new entrants during training and when starting farming business. • Provide training fees to agricultural corporations which hire new employees.
7	Create 250 farming areas utilizing local resources such as terrace paddies by 2024 to increase agricultural income in hilly and mountainous regions	<ul style="list-style-type: none"> • Provide support payments to preserve and renovate terrace paddies, and to improve waterways and farmland in hilly and mountainous regions.
8	Strengthen networks among food industry, farmers, Japan Agricultural Cooperatives (JAs) and venture companies with advanced technologies to promote projects to improve farmers' income	<ul style="list-style-type: none"> • Improve export facilities for products created by food manufacturers and venture companies in partnership with and farmers and JAs and promote utilization of advance technologies such as drones. • Provide loans and loan guarantee by the GOJ-owned Japan Finance Corporation to companies whose export business plans are approved.
9	Improve efficiency for food distribution corresponding to labor shortages	<ul style="list-style-type: none"> • Promote cooperate delivery systems by utilizing distribution centers and consolidating collection and storage facilities. • Promote modal transportation shift from tracks to vessels and rails by strengthening linkages among transportation industry and establishing cold chains. • Promote use of uniform specifications for transportation materials to shift from hands loading and unloading to machinery use.
10	Complete disaster prevention and mitigation	<ul style="list-style-type: none"> • Provide support to reconstruction of farmland and greenhouses affected by typhoon and encourage

	measures for agriculture, forestry and fisheries infrastructure by JFY2020	farmers to join income insurance and mutual aid.
11	Strengthen Livestock Diseases Countermeasures including Classical Swine Fever (CSF) and African Swine Fever (ASF)	<ul style="list-style-type: none"> • Strengthen biosecurity measures at home and boarder and ASF surveillance. • Carry out measures to control wild boar and preventive vaccination program for swine. • Consider revision to the Act on Domestic Animal Infectious Diseases Control by analyzing causes of outbreak and spread of CSF in Japan and ASF in Asia.

Source: Prime Minister's Office of Japan

Annex 2. Major Line Items from MAFF's JFY2020 Budget (Billions of Japanese Yen)

Budget Line Items	Temporary and Extraordinary measure	JFY2018 1st supplementary	JFY2018 2nd supplementary	JFY2019	Total	Temporary and Extraordinary measure	JFY2019 supplementary	JFY2020	Total
Farmland and Infrastructural Improvement									
Farmland and Pasture Enlargement and Improvement			94.2	326.0	420.2		146.6	326.4	473.0
Waterway and reservoir improvement	51.1		51.1	20.8	123.0	51.1		25.8	76.9
Subsidies to Prefectures for farmland and waterway improvement	3.5		3.5	65.0	72.0	2.9	7.6	66.1	76.6
Farmland enlargement and consolidation for transaction through Farmland Banks				30.0	30.0			25.0	25.0
Support to Rice and Crop Farmers									
Support for production conversion (from table rice to other crops and rice for other purposes) on rice paddies				296.1	296.1			305.0	305.0
Direct payment for field crops				199.8	199.8			216.3	216.3
Safety net program, income insurance				94.6	94.6			85.6	85.6
Rice consumption promotion programs				5.1	5.1			5.1	5.1
Support for farmers for purchase of machinery and facilities (Strong Agriculture and Nurturing Core Farmers Program)				23.0	23.0			23.0	23.0
Vegetables price stabilization program				15.7	15.7			15.5	15.5
Support for sugar crops production			3.1	10.8	13.9		2.0	11.4	13.4
Support for purchase of machinery and facilities, etc (Production Areas Power-up Program)			40.0		40.0		34.8		34.8
Sustainable Production Enforcement Program (vegetables, greenhouse horticulture, fruit trees, tea, herbs, flowers)				20.1	20.1			8.9	8.9
Support for potato and sugar beet farmers for purchase of machinery etc			3.0		3.0		3.6		3.6
Support for Livestock Farmers									
Deficiency Payment and Safety Net Program (including <i>Marukin</i>)				222.4	222.4			223.4	223.4
Livestock Cluster Program			56.0		56.0		40.9		40.9
Support for dairy farmers and cheese manufacturers for raw milk and cheese production improvement			15.0		15.0		15.0		15.0
Cattle Increase Program							24.3	3.0	27.3
Support for livestock improvement and feed production			1.5	1.4	2.9			0.9	0.9
Support for Farmers in Mountainous and Hilly Areas									
Direct Payment to Farmers in Mountainous and Hilly Areas				26.3	26.3			26.1	26.1
Other support for mountainous and hilly areas			28.0	44.0	72.0		24.2	44.2	68.4
Direct Payment for Environmental Conservation									
Direct Payment for Multi-functionalities				2.5	2.5			2.5	2.5
Promotion of Smart Agriculture and Innovative Technologies									
Export Promotion and System Improvement			23.1	5.2	28.3		29.4	7.3	36.7
Food Safety and Biosecurity									
Forestry				10.4	10.4		15.3	14.3	29.6
Forestry management and use program				12.3	12.3			12.9	12.9
Support to improve facilities and forestry roads for production of playwood, timber and glue laminated timber			39.2		39.2		36.0		36.0
Forestry Management and Disaster Prevention Projects	44.2	5.2	32.5	182.7	264.6	36.7	39.1	183.0	258.8
Fisheries									
Establishment of new marine resources evaluation system			1.7	7.0	8.7		4.8	6.6	11.4
Fishing income stabilization measure				18.1			21.1	25.4	46.5
Support for purchase of highperformance fishing vessels			5.0	5.1	10.1		2.1	3.0	5.1
Support for leasing fishing vessels and equipment			32.4	10.0	42.4		27.0	10.0	37.0
Ports and Coastal Area Improvement and Disaster Prevention	19.8		24.7	71.0	115.5	8.0	1.9	71.1	81.0
Disaster Recovery									
All others (including personnel expenses)	2.1	5.2	8.9	503.6	557.5	2.1	10.3	485.9	498.3
Total	120.7	97.4	502.7	2,310.8	3,031.6	100.8	584.9	2,310.9	2,996.6
Trade Agreements Countermeasures			318.8				325.0		

Source: MAFF

Attachments:

No Attachments.