

Voluntary Report – Voluntary - Public Distribution

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

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Fishery Products, Wood Products, Livestock and Products,
Grain and Feed, Fresh Fruit

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Report Highlights:

On May 27, the Japanese Cabinet approved a second 2020 supplementary budget totaling 31.9 trillion yen (\$298 billion) to help mitigate the economic impact of coronavirus. The Ministry of Agriculture, Forestry and Fisheries is slated to receive 65.8 billion yen (\$615 million) to fund a business continuity program, support payments to beef calf operations, and loans for producers. The Japanese Diet is expected to approve the second supplementary budget before the current Diet session ends on June 12, 2020.

Background

In April 2020, the Japanese Diet passed the first JFY2020¹ supplementary budget of 25.7 trillion yen (\$240 billion) to fund the 117.1 trillion yen (\$1.1 trillion)² COVID-19 emergency economic response package (JA2020-0085). MAFF received 545 billion yen (\$5 billion) from this budget. In response to prolonged economic concerns, on May 27 the Japanese Cabinet approved a second supplementary budget of 31.9 trillion (\$298 billion), to partially fund a second 117 trillion yen (\$1.1 trillion) emergency economic package. The budget includes a 10 trillion yen (\$93.5 billion) contingency reserve budget and 2 trillion yen (\$18.7 billion) for increased emergency grants for local governments. MAFF is slated to receive 65.8 billion yen (\$615 million) in the second supplementary budget. The Diet is expected to pass the budget during the current session, which ends on June 12, 2020.

Business Continuity Program: 20 billion yen (\$187 million)

Farmers, foresters, and fishermen (individual operators and corporations with no more than 20 full-time employees) are eligible to receive a maximum of one million yen (\$9,300) to purchase and improve machinery and equipment necessary for the continuation of their business. Applicants must work with their respective cooperatives to establish a business continuity plan, which includes measures to recover or develop sales channels at home and abroad and to establish or convert production and sales methods (i.e., no person-to-person contact). MAFF will provide three fourth of the costs, or up to one million yen, for measures approved in business continuity plans. In addition, up to 500,000 yen (\$4,700) is provided to each applicant to finance sanitary improvement measures to prevent the spread of COVID-19.

Support Payments to Beef Calf Operators: 10.8 billion yen (\$101 million)

In response to falling beef calf prices, the Agriculture and Livestock Industries Corporation (ALIC), a state trading enterprise, will provide producers support payments of 10,000 yen or 30,000 yen per head when the national beef calf price falls below trigger levels. Eligible recipients must implement farm improvement procedures to be eligible for these payments. For additional information, see (see GAIN Report JA2020-0115).

	<i>Support payment</i>	
	<i>10,000 yen per head</i>	<i>30,000 yen per head</i>
Breed	Trigger market price (yen)	
Black hair wagyu	600,000	570,000
Cross breed	300,000	290,000
Holstein	180,000	170,000
Source: MAFF		

Financing: 34.9 billion yen (\$326 million)

A total of 34.9 billion yen is allocated to finance additional interest-free, unsecured loans and establish subordinated loans for the financing programs established in the first supplementary budget.

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

² This report uses the exchange rate of US\$1 = 107 Japanese Yen.

Agricultural Producers: 15.8 billion yen (\$148 million)

- **Interest Payment Support:** 1.396 billion yen (\$13 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:** 11.9 billion yen (\$111 million) of financing for the JFC to extend unsecured loans to farmers.
- **Financial Guarantee Insurance:** 1.973 billion yen (\$18 million) 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:** 550 million yen (\$5 million) to JFC to ensure the smooth transaction of loans to farmers.

Forestry and Wood Industries: 746 million yen (\$7 million)

- **Unsecured Loans:** 650 million yen (\$6 million) for JFC to extend unsecured loans without a guarantor to foresters and wood processors.
- **Interest Payment Support:** 96 million yen (\$0.9 million) 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).

Fisheries Industry: 12.845 billion yen (\$120 million)

- **Interest Payment Support:** 134 million yen (\$1.3 million) to financial institutions to provide support payments equivalent to the first five years of a fishermen's loan interest payment.
- **Financial Guarantee Insurance:** 212 million yen (\$2 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 for five years.
- **Unsecured Loans:** 12.5 billion yen (\$117 million) to JFC to extend unsecured loans to fishermen.

Continued Support for Programs Established in First Supplementary Budget

Support payments for the following programs, initially funded by the first JFY2020 supplementary budget, will be increased and paid for by a reserve fund established in the JFY2020 second supplementary budget. The GOJ reserve fund will also fund the continuation of all programs included in the first supplementary budget if necessary.

Horticulture Production

- Support payments will be increased for greenhouse horticulture from 50,000 yen (\$470) per 0.1 hectare to 800,000 yen (\$7,500) per 0.1 hectare for flowers and 250,000 yen (\$2,300) per hectare for fruit trees.
- When shipping high quality flowers and green tea, 2,200 yen (\$21) per person/per day will be provided.

Sake (Japanese rice wine) Rice Storage

- In response to a decrease in demand for *Sake*, support payments for storage costs for rice for manufacturing *Sake* will be provided for a maximum of 1.3 tons of rice.
- Rice for *Sake* intended for exports will be added to “Rice for New Market Development” under the existing support payment program to facilitate production conversion from table rice. “Rice for New Market Development” is eligible for a support payment of 20,000 yen (\$187) per 0.1 hectare.

Storage Costs for Logs

In response to low domestic housing building rates, the second supplementary budget will provide storage and transportation costs for logs for domestic use. The first supplementary budget funds storage and transportation costs for logs intended for export.

Forest Management for Maintaining Employment

To maintain employment, a support payment of 15,000 yen (\$140) per person per day will be provided to planting, tending, thinning, clearing underbrush, and improving forest foundation. This increases the funding for the existing programs covered in MAFF’s JFY2020 annual budget ([JA2020-0064](#)).

Food Banks Operations

To facilitate supply of unused foods to food banks, support payments will be extended to cover costs for vehicle rentals and storage leases.

Storage and Transportation for Fisheries Products

In response to prolonged storage periods of fisheries products, the support payment level will be raised from 50 percent in the first budget to two-thirds of the storage and transportation costs.

Support for Fishermen

The following activities will be added to the existing New Fishing Resources Management Implementation Promotion Program for support payments to fishermen who are in suspension of fishing:

- Cleaning of fishing grounds: 60,000 yen (\$561) per vessel
- Removal of sea urchin in seaweed beds: 10,000 yen (\$93) per person per day
- Research of marine resources: 60,000 yen (\$561) per vessel

Attachments:

No Attachments.