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Date: 02/04/2011

GAIN Report Number: JA1001

Japan

Post: Tokyo

DPJ to Submit Traceability Bill

Report Categories:

FAIRS Subject Report

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Report Highlights:

On January 3, 2011, the *Nogyo Shinbun* [Japan Agricultural News—associated with the Japan Agriculture (JA) union] carried an article stating that the Democratic Party of Japan (DPJ) will soon submit a bill requiring traceability for all food items. Reportedly the intent of the bill is to foster greater demand for domestically produced farm and livestock products by allowing consumers to more easily distinguish the origin of a product and its ingredients. Details of the bill have not been formulated but according to the article the bill may contain a supplementary provision that would require costly record keeping and could include more comprehensive origin labeling requirements than those currently in place.

General Information:

Background

In order to gain support for the bill, the current ruling party, the Democratic Party of Japan (DPJ), will have to seek support from other parties. There is a strong possibility that the bill will go forward with Liberal Democratic Party (LDP) cooperation since it was the LDP who previously introduced a rice traceability bill in April 2009. The rice traceability bill was enacted in October 2010 with a second requirement, Country of Origin Labeling (COOL) for rice used as ingredients, to be phased in effective July 2011.

Traceability for all foods is a new development however the government of Japan (GOJ) released a “Handbook for Introduction of Food Traceability Systems” in March 2003, with a second edition issued in March 2008. These guidelines can be found on the following website: [\(English version\)](#). Similarly, a manifesto released by the DPJ in 2010, called for a food traceability system and an expansion of COOL requirements for the ingredients used in processed foods.

Although national traceability laws are not mandatory, several prefectural governments, food manufacturers, producers of agricultural products and retailers have voluntarily introduced traceability systems and it is a growing trend for certain food segments as a marketing tool. However, few of these systems actually provide complete traceability.

In addition to rice and rice products, Japan also has traceability requirements for domestic beef and requires a degree of traceability for organic foods and genetically modified products. Beef traceability requirements were established in June 2003 and only apply to domestically produced product. Both rice and beef traceability requirements were established following food safety incidents; the former a BSE outbreak and the latter a tainted rice scandal. If traceability is expanded to govern all food products the requirements are likely to mirror those that are currently in place on rice (please see attached translation of the rice traceability bill for more details).

Impact on Imported Foods

It would be especially difficult for imported products to comply with full traceability requirements since it would require that exporters to Japan provide documentation of all transactions of the product conducted prior to export. At this time the details of the proposed bill have not been fully developed.

Opposition from the Japanese Food Industry

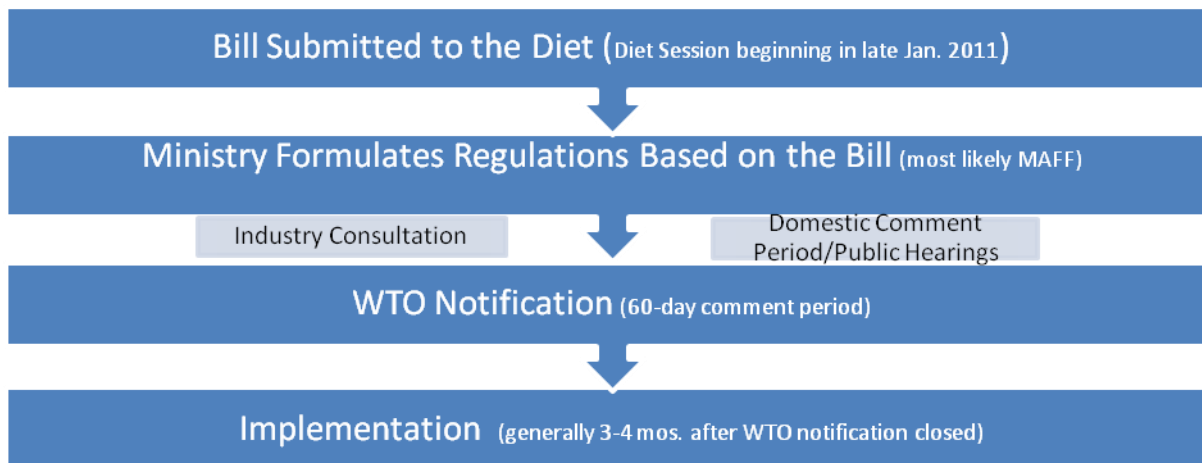
The GOJ has previously considered introducing COOL requirements for ingredients used in processed foods. Japanese food processors are highly dependent on food imports for ingredients and for that reason there has been significant opposition to earlier proposals. Likewise, the hotel and restaurant industry is also highly dependent upon imported foods and could be severely impacted. For example, restaurants could be required to either list the origin of food and ingredients (i.e. on a menu or poster) or provide that information on customer request. In effect, these record keeping and labeling requirements may act as a disincentive for the food industry to use imported ingredients. Due to this opposition the foodservice industry was exempted from rice traceability requirements.

Process of Enacting a Bill in Japan

In the case of the rice traceability bill the process from introduction in the Diet through enactment took

under year, with full implementation of COOL regulations set to come in effect in July 2011. Details of the proposed bill could develop fairly rapidly once it enters the legislative process.

PROCESS OF ENACTING FOOD TRACEABILITY LAW



(Abridged translation)

Rice Traceability Law

<Purpose>

Article 1

By requiring relevant business entities to maintain records pertaining to the transaction of rice and rice products and to communicate information regarding the place of origin, this law aims to prevent distribution of unsafe food, promote appropriate labeling conducive to the protection of public health, promotion of consumer benefits, and development of agriculture and related businesses.

<Scope>

Article 2

1. "Rice and rice products" in this law shall not include those products defined as pharmaceuticals and quasi-pharmaceuticals, and shall be defined by a Cabinet Ordinance.
2. "Rice related businesses" in this law are businesses involved in selling, importing, processing, and manufacturing of "rice and rice products."
3. "Designated rice and rice products" in this law are those products that distinguishing place of origin is considered important for making purchase decisions, and shall be defined by a Cabinet Ordinance.
4. "Place of origin" in this law means the place of production in the case of designated rice and rice products; in the case of food and beverages, the place where rice and rice products used as an ingredient/material were produced.

<Transaction record making>

Article 3

1. Records pertaining to the transaction of rice and rice products (i.e. quantity, date, parties involved) shall be kept in accordance with the Ministerial Ordinance established by the primary Ministry in charge.
2. Regarding consignment transaction ... (translation omitted)

<Communication of “Place of origin” information between businesses>

Article 4

1. The seller of “Designated rice and rice products” shall communicate “Place of origin” information to the buyer by such means as labeling on the product package or the shipping document as specified in the Ministerial Ordinance issued by the primary Ministry.
2. Regarding consignment transaction ... (translation omitted)

<Record making upon shipping in and out>

Article 5

(Translation omitted)

< Record keeping >

Article 6

The records aforementioned must be kept for the duration of time required by the Ministerial Ordinance established by the primary Ministry in charge.

<Efforts by rice related businesses>

Article 7

In addition to the aforementioned records, rice related businesses shall make utmost efforts to maintain records pertaining to the quality of rice and rice products through monitoring and inspection, such as storage temperature and humidity, testing results of agrochemical residues, etc.)

<Communication of “Place of origin” information to consumers>

Article 8

1. Rice and rice products, whose places of origin are labeled on their product packages, as required by Japan Agricultural Standard (JAS) Law, shall be excluded from the purview of this law.
2. Product origin of other rice and rice products, defined as “Designated rice and rice products” shall be communicated by means specified in the Ministerial Ordinance established by the primary Ministry in charge.
3. The Ministerial Ordinance by the primary Ministry in charge shall be able make exceptions as to the businesses that are required to communicate the “place of origin” information.

<Advice and orders>

Article 9

1. Upon a finding of noncompliance, the Minister of the primary Ministry in charge shall be able to advise the business entity involved to take necessary corrective measure.
2. If the business entity who has received the aforementioned advice fails to take an appropriate action without justification, the Minister shall be able to issue an order for corrective measure.

<Reporting and on-site inspection>

Article 10
(Translation omitted)

<Primary Ministers in charge>

Article 11
(Translation omitted ... mainly concerns MAFF except that alcoholic beverages fall under the purview of the Ministry of Finance.)

<Penalties>

Article 12
Those that violate the following (omitted) shall be subject to a fine not greater than 500,000 yen.

Article 13
If an individual responsible for the violation cannot be identified, the leader of the business entity involved or the legal designate of the organization shall be penalized.

Supplemental bylaws
(Omitted)

Provisional Translation of Nogyo Shimbun Article on Traceability on January 4, 2011

The DPJ plans to submit a bill to require traceability for all food items in order to promote domestic farm and livestock products. The DPJ is deliberating on submitting a bill sponsored by a cross-party group of lawmakers. Currently traceability is introduced into the three areas in Japan; domestic beef, rice and rice processed products. Country of origin labeling requirements for rice currently are voluntary but GOJ does require companies to keep records of where they purchase their rice and to provide that information to consumers upon request.

At the deliberations of the rice traceability bill which stipulated introduction of traceability to rice and rice processed products in March 2009, the Liberal Democratic Party (ruling party at that time) accepted the argument from DPJ and added a supplementary provision saying that the Government will consider mandating creation and record storage with basic information on food and beverages.

The agricultural caucuses of the ruling and opposition parties tie the decline in food self-sufficiency to using less expensive imported agricultural and livestock products as raw materials for processed food products, which are not subject to country of origin labeling requirements. The parties believe that requiring traceability for all food items would allow customers to choose domestically produced agriculture when selecting food products. The food industry, which depends upon imported ingredients for food processing, oppose these labeling actions believing that it would raise costs.

The divided Diet requires LDP cooperation with its Upper House majority and support from other parties in order to enact the bill. The DPJ is considering submitting it as a cross-party bill rather than a government-sponsored bill.

According to the January 1, 2011 article in the Japan Agricultural News, the background of this movement is that "subsidy" and "tariff" are the two pillars supporting Japanese agriculture and farming areas until now, but they are about to run over by "financial difficulties" and "trade liberalization". Traceability is the last resort to improve food self-sufficiency and promote Japanese agriculture and rural communities.