

Japan's Agriculture to Grow on Participation in TPP

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While some people say that Japan's participation in the planned Trans-Pacific Partnership free trade agreement would devastate its agriculture, others question if the government is willing to protect agriculture accounting for only 1.5% of Japan's gross domestic product at the cost of the remaining 98.5%. But both anti-TPP people warning about agriculture devastation and pro-TPP people criticizing agriculture protection are way out of line. Both have failed to take into account the fact that agriculture and the national economy are integrated.

It is needless to say that agriculture is part of economic activities. Japan's agriculture and economic growth followed similar trends. When the Japanese economy continued rapid growth and matured, Japan's agriculture grew fast too. During the "lost two decades," however, agriculture has been on decline. Unless national income grows, consumers cut food spending to directly affect farmers that produce food materials.

Fifth largest agricultural country

The argument that Japan's agricultural output has a low share of GDP among developed countries is based on factual errors. Such share stands at 1.1% in the United States, 0.9% in Germany and 0.7% in Britain. These levels are lower than 1.5% in Japan. In France known as a large agricultural power, the share is limited to 2%. Even in Australia, it stands at only 3.9%. Developed countries are those whose agriculture's share of GDP has fallen as farmers have shifted to non-agriculture industries on economic growth. A small number of proud farmers in such countries increase their products' added value by improving their skills and productivity in response to the advancement and diversification of the food market. Economic growth is the key to agricultural development.

In fact, Japan is the fifth largest agricultural country in the world in terms of agriculture-related portion of GDP. Among developed countries, Japan is the second largest agricultural country after the United States, followed by France in sixth place and Australia in 15th.

The criticism that Japan is a large agricultural country due to high tariffs for protecting agriculture overlooks facts. Tariffs on most vegetables are limited to 3%, while vegetables account for 30% of Japan's agricultural output. No tariff is imposed on ornamental plants even before Japan joins the TPP talks. Fruit tariffs range from 5% to 15%. Production of vegetables, flowers, fruits and other low-tariff products including

chicken, eggs and millet totals 4.5 trillion yen, accounting for about 60% of Japan's agricultural output. These products are profitable goods produced through farmers' self-support efforts, almost free from government subsidies.

A huge agriculture market

While other developed countries have boosted agriculture depending on external demand, Japan's agriculture has grown on domestic demand. This means that Japan's agriculture can take advantage of external demand to increase its growth potential. In countries that have taken part in TPP talks, agricultural imports have increased rapidly. Economic and population growth has led their agricultural imports to expand from \$60 billion to \$130 billion in the past decade. These TPP farm import markets represent an export market for Japanese farmers. The value of agricultural imports in the TPP negotiation participant countries nearly doubles Japan's agriculture-related output at \$76.4 billion. Such huge agriculture market has emerged.

Japan could take advantage of TPP talks to lower foreign countries' agricultural tariffs and boost agricultural exports. The TPP free trade agreement is planned as a framework to cover not only tariff cuts but also agricultural trade rules including international product registrations, more transparent quarantine systems and simplified customs procedures. The TPP talks give Japan a good opportunity to proactively pave the way for expanding agricultural exports. Japan's agriculture, like other industries, should pursue both opening and growth at the same time

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