

Unit 2-2-1: An overview of the “Basic Law on Food, Agriculture and Rural Areas”

Chapter 1 In the Beginning

In 1961, the Agricultural Basic Law was enacted to show the course Japanese agriculture should take, based upon the social and economic trends and outlook at the time. During the lapse of about 40 years since its enactment, the situation surrounding the foods, agriculture and rural areas in Japan has made a significant change along with the development of our economic society, a remarkable progress of globalization, etc. While national diet changes remarkably, a problem cropped up in relation to a decrease in supporters of farming, their aging, an increase in abandoned cultivated land, etc. Reflecting this change both in diet and agricultural production, a ratio of self-sufficiency of general foods in supplying calories showed a remarkable decline from 73% in 1965 to 40% in 1999. On the other hand, there have been increased expectations in recent years towards multifaceted functions of agriculture including stable and quality foods, preservation of national land and environment, formation of good landscape and inheritance of culture and roles played by rural areas that form the foundation of it.

In order to meet such expectations of the public, it has been determined to review agricultural administration based on the Agricultural Basic Law from the perspective of the whole nation and rebuild the new policy system that goes beyond the idea propounded by the Agricultural Basic Law with the understanding and support of the public. This resulted in enactment of the Basic Law on Food, Agriculture and Rural Area in July, 1999.

We will outline the trends of food, agriculture and rural areas during 40 years from the enactment of the Agriculture Basic Law to the enactment of the Basic Law on Food, Agriculture and Rural Area and provide an explanation about the journey undertaken to the enactment of the Basic Law on Food, Agriculture and Rural Area.

1.1 Transition of Food, Agriculture and Rural Area in Japan

1.1.1 1960s: Food, Agriculture and Rural Area under the High Economic Growth

Amid the postwar recovery of the Japanese economy, agricultural production recovered to the prewar level in the 1950s. However, in the subsequent process of remarkable economic growth, disparity in income between agricultural workers and workers in other industries expanded. This, together with the shift in the labor force from the agricultural sector to other industrial sectors, increased consumption of agricultural products, change in supply and demand structure, etc. has brought a significant change in environment conditions surrounding agriculture.

Taking account of this situation, the Agriculture Basic Law was enacted in 1961. This Law aimed at enhancing agricultural productivity and balancing the standards of living of agricultural workers and workers in other industries.

The Basic Law fixed the course of agricultural policy that has as 3 pillars of the policy, production policy (selective expansion of agricultural production, increased agricultural productivity, etc.), price and distribution policy (stabilization of the prices of agricultural products, securing of income, streamlining of distribution of agricultural products, etc.) and structural policy (expansion of scale of agricultural management, modernization of agricultural management, promotion of cooperative business, etc.) Various policies were developed towards “selective expansion of agricultural production,” “progress of self-supporting management,” etc. under this Law.

Under these policies, stock breeding and horticulture expanded in agricultural production and, combined with a decrease in agricultural workers, agricultural production (labor productivity) per agricultural worker during the period from 1960 to 1967, agriculture has achieved a major increase of 7.1% per annum.

1.1.2 1970s: Transition to Stable Economic Growth and Food, Agriculture and Rural Area

After economic shock that followed the American stoppage of dollar-gold conversion in 1970 and an oil crisis in 1973, the Japanese economy that had achieved a miraculous growth went through severe phase such as inflation of the domestic economy (skyrocketing prices) and succeeding depression and shifted to stable growth. In the meanwhile, the wave of urbanization and industrialization has gone over the whole country, bringing with it turmoil of land utilization, a hike in land price, increasingly worsened environmental issues such as occurrence of pollution, and depopulation of rural districts.

Although expansion of domestic food consumption also slackened under this situation, there was increasing sophistication and diversification of diet that resulted in major growth of the food industry, the industry that is a supporter of processing and distribution of foods.

There had been also a continuous increase in the import of agricultural products and Japan has become the biggest net importer of agricultural products in the world.

Demographic shift from the local area to the greater metropolitan area continued although it slackened. However, as economic trends showed a change since 1974, the public turned to find values in living a pressure-free and a meaningful life rather than in aspiring for growth and we also began to see a move towards settlement in local areas.

1.1.3 1980s: Development in Globalization and Food, Agriculture and Rural Area

Sustained by satisfactory export to overseas countries, the underlying tendency of the Japanese economy directed towards expansion.

Looking at the diet of the nation, we saw the eating habits increasingly diversified against a

backdrop of an increase of income, a change in lifestyle, diversified sense of values, etc. As a whole, food consumption expanded more slowly and nutrition has almost reached the saturation point as a whole. In this situation where diet of the Japanese type, well-balanced and rooted in the Japanese climate has been in the making, it has been considered to be a task for the future how to maintain and establish such diet.

Bigger cities became ever more densely populated while less-favored areas such as hilly and mountainous area became increasingly more sparsely populated with an increase in abandoned cultivated land or with a decline in vitality. We have thus begun to see areas where it has become difficult to maintain local community. There has also been a move to pay attention to the multifaceted functions of operating agriculture in rural areas such as preservation of the national land, development of riverheads and conservation of natural resources. Efforts of the local areas to send out a message to urban region have become increasingly more active. These included efforts to make agricultural products more value-added as represented by a campaign to revitalize the countryside by emphasizing the special products of each local area and efforts to promote local consumption.

1.1.4 Food, Agriculture and Rural Area under New International Order

The Japanese economy entered the long period of slump since the collapse of bubble economy. In the meantime, in 1995, WTO agricultural agreement to promote implementation of comprehensive conversion of non-tariff barriers to tariffs, reduction of agricultural protection, and reduction of export subsidies as a global trade rule was put into practice.

Japan that has already completed its process to catch up with advanced nations in the West was now in the stage where it had to try to find what an economic community ought to be. Signs of change in every aspect of the public; their awareness, their sense of values, their lifestyle, etc. were visible. Such change was seen in reflection on strains arising from all-out commitment to efficiency in the past, conversion to sense of values that gave priority to harmony and co-existence, and comfort and beauty in healthiness and living.

In the field of agriculture, tightening of structural policies and review of price policy, among others, were promoted with an aim of building up efficient and stable management body with superior management sense. There has also been a move to review agriculture as an occupation. There has been a tendency that the number of new adults finding work in agriculture gradually recovered and the number of them annually exceeded 10,000 in 1998.

In rural areas, depopulation and the aging in hilly and mountainous region, etc. are still in progress. On the other hand, green tourism and other exchange activities between urban area and rural area have become increasingly more active.

Table 1.1 Transition of Major Food, Agriculture and Rural Area Indicators from 1960 to 2000

| | 1960 | 1970 | 1980 | 1990 | 2000 |
|---|-------|-------|-------|-------|-------|
| Ratio of self-sufficiency of foods (%) * | 79 | 60 | 53 | 48 | 40 |
| Number of farming household (thousand households) | 6,057 | 5,342 | 4,661 | 3,835 | 3,120 |
| The number of people engaging in farming (10,000 persons) | 1,457 | 1,035 | 697 | 565 | 389 |
| Area of arable land (1,000 ha) | 6,071 | 5,796 | 5,461 | 5,243 | 4,830 |

* supply calorie basis

Source: Ministry of Agriculture, Forestry and Fisheries

Chapter 2 Background for the Basic Law on Food, Agriculture and Rural Area

2.1 The Agricultural Basic Law (enacted in 1961)

As mentioned above, foods, agriculture and rural areas in the postwar Japan have been significantly transformed against the backdrop of bewildering changes that have taken place during the intervening period.

The Agriculture Basic Law was enacted in 1961 in the very period of high economic growth. The scenarios this Agriculture Basic Law conceived at the time was: the high economic growth would help overpopulation in the agricultural sector to be absorbed by other industries and this would result in concentration of farmland in farming households whose number had thus diminished and a subsequent increase in agricultural productivity. The Law also envisaged that there would be an increase in the income of consumers that would expand the consumption of agricultural products and that this would balance the income of agricultural workers and that of workers in other industries and promote independent management of agricultural workers. Various production policies were positively promoted under this Agriculture Basic Law. Although this fairly promoted agricultural productivity, disparities in the income of agricultural workers and

that of workers in other industries remained on a high level. Agricultural structure has not been improved as expected. Although the living standards of farming households itself fairly approached those of workers' households in other industries but this was achieved by income from a side business or non-farming income rather than by increase in agricultural production.

A major reason that may be cited for this is: what they had in contemplation at the outset was that farming population would be fairly absorbed by other industries in high economic growth and land would be concentrated at the hands of farming households that remained in the rural area. It turned out, however, that it was mainly the young generation that was absorbed by other industries and it was difficult to cause the middle-aged and the elderly in the farming households to change their occupation. Another reason that may be cited was that there was a rise in the land price, which strengthened the tendency of farmers to retain farmland as their assets, thereby hindering enlargement of farmland scale and implementation of structure policies as envisaged.

Thus, the Agriculture Basic Law which was enacted in 1961 totally lost the function of leading policies and there arose a necessity to enact a new basic law, taking into account a recent new move in the society as well as in the economy. New issues that confronted this new foods, agriculture and rural areas were summarized as 3 points: "decline in a ratio of self-sufficiency of foods," "aging of agricultural workers and decrease in the area of farmland," and "a decline in vitality of rural areas."

2.2. Decline in a Ratio of Self-Sufficiency of Foods

A ratio of self-sufficiency of foods of Japan is only 42% on a supplying calorie basis, a particularly low ratio among developed countries. The world food situation is expected to grow tight, for instance, against a backdrop of the expected increase of population to the level of 80 billion in 2025 and the feared decrease in farmland due to desertification, etc. It was a point at issue whether we may further rely on import for our foods in this situation. In a survey of public opinions conducted (in 2000), more than 70% of the public replied: "We are concerned about the food supply of Japan in the future."

2.3. Aging of Agricultural Workers and a Decrease in the Area of Farmland

While there is an increasing concern about the food supply in Japan, the area of farmland in Japan and the number of agricultural workers continue to decrease from year to year. The area of farmland, which was 6 million ha undercut 5 million ha in 1996. The aging of agricultural workers also progresses and it is expected that the number of agricultural workers would show a sharp decrease in the next several years.

2.4. Decline in the Vitality of Rural Areas

Many of rural areas where agriculture production is performed and farmers make a living experience a decline in their vitality due to aging and a decrease in population. A significant number of villages has begun to find it difficult to maintain a community.

On the other hand, there is an increasing expectation for agriculture and rural areas. There has been a steadily increasing move to find a great value in the roles to be played by agriculture and rural areas, considering them as a player of big roles to stably supply quality foods that form the basis of a healthy life, to fully display multi-faceted functions of preserving national land and environment as well as of handing culture down to the next generation, etc.

In a survey of public opinion conducted in 1996, more than 60% of the public replied: "Agriculture contributes to conservation of natural environment and the national land by working to preserve and cultivate foliage and the air and water, by preventing disasters such as flood, etc."

Chapter 3 Basic Principles of the Basic Law on Food, Agriculture and Rural Areas

Due to the new issues mentioned in the previous chapter that food, agriculture and rural areas of Japan were facing, the Basic Law on Food, Agriculture and Rural Areas came into force in July 1999. The basic principles of this Basic Law on Food, Agriculture and Rural Areas are the following four points.

3.1 Securing a stable food supply

For a stable supply of food, the Basic Law on Food, Agriculture and Rural Areas promotes the establishment of general food safety guarantee policies on the basis of domestic production.

(Key Points)

1. Food is indispensable in maintaining human life, and also essential as a basis for a healthy and fulfilled life. In consideration of this, we need a stable supply of high-quality food at reasonable prices for the future.
2. As for the stable supply of food for the people, there are unstable factors in the demand and international trade of the food in the world. In consideration of this, we need to aim for an increase of domestic agricultural production as the base, and combine this in an adequate way with imports and stockpiling.
3. The supply of food must become more sophisticated through comprehensively aiming for a sound development of agriculture and the food industry while promoting the improvement of agricultural productivity, and also must follow the diversifying demands of the people.
4. We must aim for the securing of the supply of the minimum level of food that the people need to

ensure that there is no significant hindrance for the stability of peoples' lives and a smooth management of the national economy even if demand and supply in Japan are significantly under pressure due to causes such as bad harvests, import interruptions or others, or if there is the danger of such pressure.

3.2 Fulfillment of multifunctional roles

The Basic Law on Food, Agriculture and Rural Areas promotes the development of policies focusing on the fulfillment of the multifunctional and public-benefit functions that agriculture and rural areas have.

(Key Points)

The conservation of national land, water resources, the natural environment, the formation of a good landscape and the maintenance of cultural tradition and a diversity of functions other than the function of supplying food and other farm products, which arise from the agricultural production activities in rural areas, must be appropriately and sufficiently fulfilled for the future, in consideration of the role they play for the stability of peoples' lives and the national economy.

3.3 Sustained development of agriculture

As for agricultural production, the law holds up the basic principle of the accelerating agricultural structural reforms and securing and fostering a diversified and highly motivated work force, while keeping the focus on the fulfillment of the multifunctional roles of agriculture and rural areas.

(Key Points)

In consideration of the importance of its function of the supply of food and other farm products and its multifunctional roles, we need to aim for a sustained development of agriculture by securing the required farm land, irrigation and drainage and other agricultural resources as well as an agricultural workforce, establish a desirable agricultural structure that efficiently combines this corresponding to the characteristics of the regions, and by maintaining and increasing the natural cyclical function of agriculture (meaning that agricultural production activities depend on the cycle of substances through natural organisms, and also the function of stimulating this).

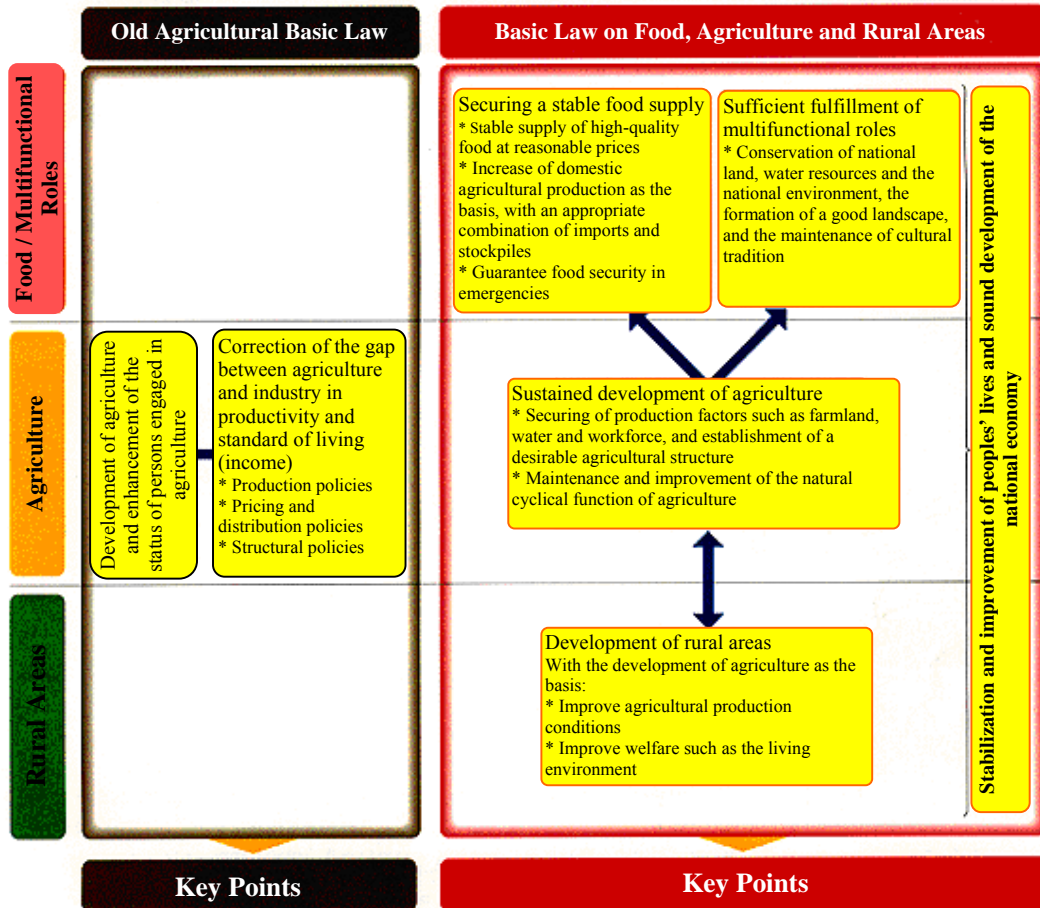
3.4 Development of rural areas

And in the same way, the law holds up the basic principle of aiming for the development of rural areas while focusing on the multifunctional roles of agriculture and rural areas.

(Key Points)

In consideration of the fact that rural areas play the role of a basis for the sustained agricultural development with farming taking place where the local residents including farmers live, we need to aim for the development of rural areas by improving agricultural production conditions, the living environment and rural welfare to ensure that the function of the supply of food and other farm products and the multifunctional roles of rural areas are appropriately and sufficiently fulfilled.

Aims of the Basic Law



- * Improve agricultural productivity
- * Selectively expand agricultural production and increase overall agricultural production
- * Stabilize the prices of farm products
- * Rationalize the distribution of farm products, etc.
- * Develop family farm management and foster independent management
- * Promote cooperation

- * Establish a basic plan and set a target for food self-sufficiency
 - Establish to concretize the basic principles and basic policies (report to the Diet after establishment). Revise where necessary upon evaluation of policies every five years.
 - The purpose of the target for the food self-sufficiency ratio shall be to improve it. Set target as a guideline for domestic agricultural production and food consumption while identifying issues which farmers and other relevant parties should address.
- * Develop food policies with a focus on consumers
 - Ensure the safety, improve the quality of food, and ensure proper labeling of food articles
 - Establish guidelines for a healthy diet, spread knowledge and provide information on food consumption
 - Sound development of the food industry
- * Establish desirable agricultural structure and develop management policies
 - Establish an agricultural structure where efficient and stable management bears the major part of agricultural production
 - Prepare conditions for a development of a management utilizing the creativity and originality of full-time farmers, etc. Revitalize family farm management and promote the incorporation of farm management
- * Price formation adequately reflecting market evaluation and policies to stabilize management
- * Maintain and improve the natural cyclical function of agriculture
 - Develop agricultural production in harmony with the environment through the proper use of agricultural chemicals and fertilizers and improvements of soil fertility, etc.
- * Provide compensation for disadvantages in the production conditions in hilly and mountainous areas, etc.
 - Provide support for the maintenance of adequate agricultural production activities (directly paid)

Source: Ministry of Agriculture, Forestry and Fisheries

Chapter 4 Basic Plan for Food, Agriculture and Rural Areas

4.1 Status of the Basic Plan for Food, Agriculture and Rural Areas

The Basic Law on Food, Agriculture and Rural Areas was enforced in July, 1999. To deal with an issues that, in conformity with this basic law, sustainable development of agriculture and development of rural areas will be promoted and stable food supply and fulfillment of multifunctional roles will be secured into the future, it is necessary to embody the basic principles and the basic direction of policies specified in the Basic Law and realize them steadily. For this purpose, it is stipulated in the Basic Law that a basic plan regarding food, agriculture and rural areas shall be newly decided on as a basic plan for embodying the basic principles and the basic direction specified in the Basic Law and for implementing them appropriately. The government is required to promote policies on food, agriculture and rural areas comprehensively and systematically based on this plan and to assess the effect of policies at an appropriate time in implementing them.

It is stipulated that, in the light of its nature that it is a plan which will be a basis of various policies on food, agriculture and rural areas, this plan shall be fixed with about next ten years foreseen and shall be reviewed to be changed as required generally every five years based both on changes in the situation surrounding food, agriculture and rural areas and on assessment of the effect of policies.

The initial basic plan for food, agriculture and rural areas was decided in March, 2000, “the target for the food self-efficiency ratio,” “policies on securing stable food supply,” “policies on sustainable development of agriculture,” and “policies on development of rural areas” were expressed clearly in the said plan.

Furthermore, in the light of concrete policies which had been carried out based on this basic plan and subsequent changes in the situation surrounding food, agriculture and rural areas, a new basic plan for food, agriculture and rural areas was decided in March, 2005. The contents of this new basic plan are outlined here.

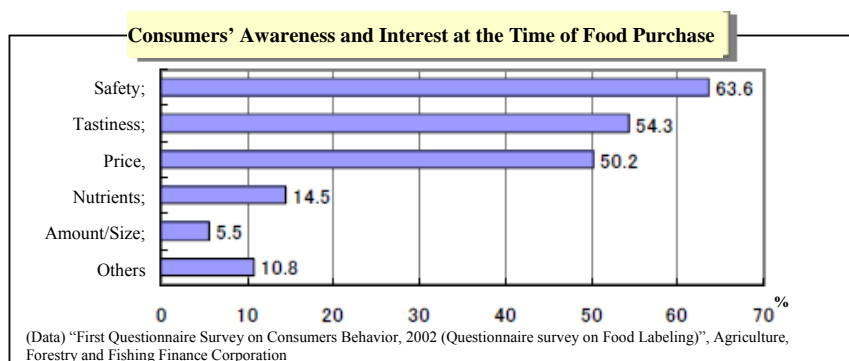
4.2 Basic Principles of Policies

Since the decision of the former basic plan in March, 2000, major changes as described below have been observed. Then, with such changes taken appropriately, reform of the whole agricultural administration shall be continuously promoted towards realization of the basic principles specified in the Basic Law.

4.2.1 Increasing Interest in Food Safety and Sound Eating Habits

With occurrence of BSE as a start, the consumer confidence in food safety is shaken. On the other hand, nutrient unbalance and disturbances in eating habits are observed. Therefore, it is essential to regain the confidence by securing food safety consistently from farms to dining tables and to proceed efforts to realize sound dietary life.

Figure 4.1 Consumers' Awareness and Interest at the Time of Food Purchase



Source : "First Questionnaire Survey on Consumers Behavior, 2002 (Questionnaire survey on Food Labeling)," Agriculture, Forestry and Fishing Finance Corporation

4.2.2 Diversification and Sophistication of Consumer Needs

Because the domestic industry cannot fully respond to consumers' increasing inclination toward processed foods and eating-out, the food industry increases the degree of dependence on imported agricultural products in addition to domestic ones. As a result, it is an urgent necessity to shift over to a domestic agricultural production system to allow the industry to cope with not only demand for household use but demand for processing/business use.

4.2.3 Progress of Globalization

As globalization of Japanese economic society, such as EPAs (economic partnership agreements) with the WTO and Asian countries, progresses, it is necessary to promote the strengthening of competitive power of the domestic agriculture through a structural reform and to build a policy system which does not excessively depend on border measures. On the other hand, more strategic efforts are required for export expansion since Japanese agricultural products see a favorable opportunity for export expansion because of a rise of the income level of Asian countries.

4.2.4 Lateness in Structural Reform of Agriculture

While decline and aging of the population engaged in agriculture are proceeding, expansion of the size of operation lags behind, centering on land-use agriculture such as paddy farming and dry field farming and the agricultural production structure becomes increasingly fragile. Therefore, it is necessary to accelerate the structural reform by rearing and securing supporters of local agriculture and also by promoting accumulation of farmland to the supports.

4.2.5 Increasing Expectations of Multifunctions and Rural Areas

With values such as comfort and peace of mind emphasized, there are rising expectations for rural areas where people can contact with rich natural environments and beautiful landscapes. Therefore, it is necessary to develop rural areas as common property supporting life of the entire people including not only local residents but urban residents.

4.2.6 Basic Points of View for the Reform

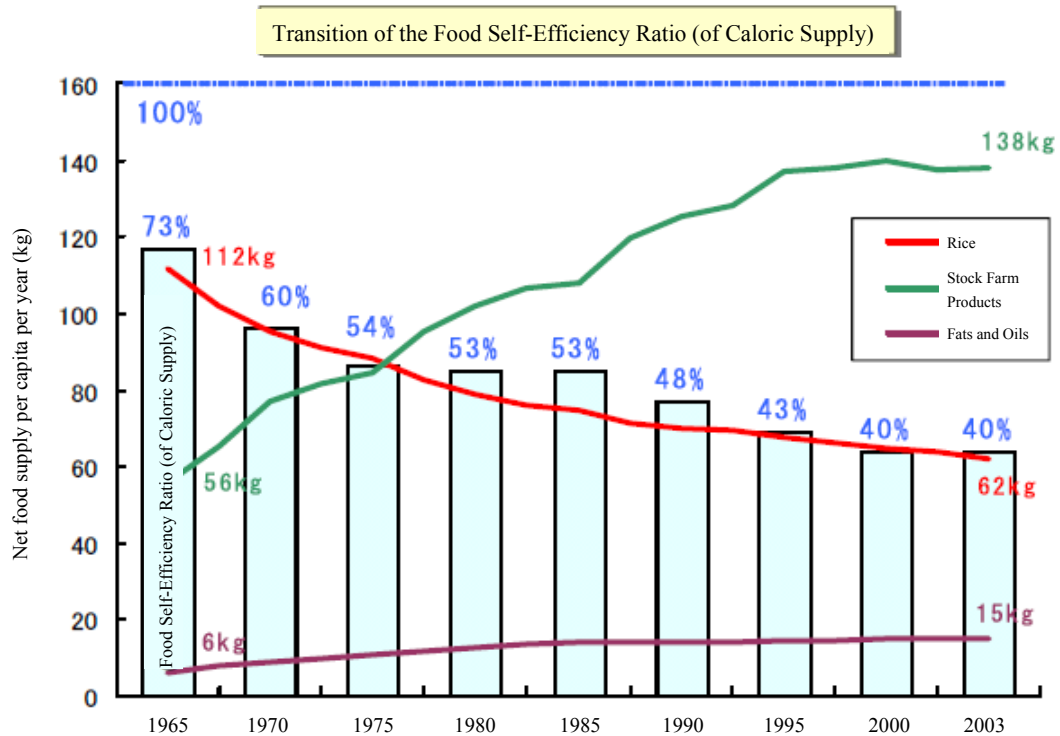
In promoting policies in accordance with the Basic Plan, review of the existing policies and formulation of new policies shall be carried out in the light of the following points of view:

- Formulation of an effective, efficient and easily understandable policy system,
- Reflection of consumers' viewpoints in policies,
- Promotion of exhibition of farmers' and local independence, originality and ingenuity,
- Development of policies with environmental preservation focused on and
- "Aggressive agricultural administration" in the light of new movements in agriculture and rural areas

4.3 Target for the Food Self-Efficiency Ratio

In the former Basic Plan decided in 2000, the target for the comprehensive food self-efficiency ratio of caloric supply in 2010 was set at 45 %. From the movement from 1999 to 2003, it is found that the ratio had stabilized at 40 %.

Figure 4.2 Transition of Food Self-Efficiency Ratio (of Caloric Supply)



Source: Ministry of Agriculture, Forest and Fisheries

For that reason, aiming at the future food self-efficiency ratio of caloric supply of 5 % or more, a target after ten years, namely in 2015 was newly set at 45 % in consideration of realizability.

While the calorie-based setting of the target was determined to be a base, the food self-efficiency ratio on a gross-output base was made to be an additional new target because it can more appropriately indicate production activities for vegetables and fruits whose calorie is relatively low and for stock farm products most of feed for which depends on that of foreign countries.

Table 4.1 Setting of Targets for the Food Self-Efficiency Ratio

| | 2003 (%) | 2015 (%) |
|---|------------|----------|
| Comprehensive food self-efficiency ratio of caloric supply | 40 | 45 |
| Comprehensive food-efficiency ratio on a gross-production basis | 70 | 76 |
| Food self-efficiency ratio of grains as a staple diet | 60 | 63 |
| Self-efficiency of overall grains including those for feed | 27 | 30 |
| Feed self-efficiency ratio | 24 | 35 |

In this target setting, matters to be predominantly dealt with in aspects of both production and consumption were clarified as flows:

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|--|
| <p>[Matters to Be Predominantly Dealt with]</p> <p>Consumption aspect:</p> <ol style="list-style-type: none"> 1. Nationwide development of easily understandable and practicable “meal education” and of “local production for local consumption” 2. Promotion of consumption rise of domestically produced agricultural products including rice 3. Securement of consumers’ confidence in domestic products <p>Production aspect:</p> <ol style="list-style-type: none"> 1. Promotion of production meeting the demand to be carried out by supporters with a good sense of management 2. Strengthening of cooperation between food industry and agriculture 3. Promotion of efficient farmland utilization through accumulation of farmland use to supporters and production of forage crops under the cooperation between farmers and stockbreeders |
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Furthermore, it was decided that the matter of the food self-efficiency should be worked on actively and independently, with roles divided, by establishing a conference consisting of local public authorities, farmers/agricultural groups, food industry businesses, and

consumers/consumer groups, in addition to the state, so that efforts for improvement of the self-efficiency ratio would be promptly and steadily made and that the improvement would be realized earlier.

[Independent Efforts by People Concerned]

- Local public authorities : Efforts for development of agriculture as a local key industry in accordance with local conditions and characteristics (e.g. setting targets for the local food self-efficiency ratio and targets for efforts for local production for local consumption)
- Farmers : Agricultural production with consumer needs and actual-demander needs grasped actively, efforts for accumulation of farmland use, etc.
- Agricultural groups : Expansion of demand for, and production of, local agricultural products, clarification of supporters, restructuring of local agriculture by reorganization of of afarming organizations as corporation based on a community, efforts towards realization of various local targets under the cooperation with local public authorities
- Food industry businesses : Provision of accurate information by means of appropriate food labeling, rationalization of food distribution through cooperation with agriculture, development of markets of domestically-produced agricultural products, etc.
- Consumers/consumer groups : Active efforts for exchange with farm producers, independent review of eating habits such as improvement of nutrient balance and reduction of leftover/disposal food, etc.

4.4 Policies to Be Taken

4.4.1 Policies on Securing a Stable Food Supply

In order to secure food safety and consumers' confidence, policies with the top priority given to the nation's health, and provision of information to consumers shall be promoted as follows:

(1) Securement of Food Safety and Consumers' Confidence

Food safety from farms to dining tables will be secured through risk management based on scientific principles, and consumers' confidence will be secured through promotion of labeling of the origin and introduction and expansion of traceability

(2) Promotion of Nutrition Education Towards Realization of Desirable Dietary Life

Every national's ability to think and make judgments about food will be brought up by promoting, as a citizens' campaign, efforts for practical nutrition education suitable for each

generation including formulation and utilization of a Food Guide (tentatively called) showing proper intakes of meals in a easily understandable manner.

(3) Promotion of Local Production for Local Consumption

Opportunities will be made available to consumers to purchase local agricultural products/foods in the relations with farm producers in which “their faces can be seen and conversations can be had with them, ” and revitalization of local agriculture and related industries will be promoted.

(4) Stabilization and Securement of Food Import and Food Security in Unexpected Circumstances

The following activities will be promoted: stabilization and multipolarization of food import through conclusion of EPAs, appropriate and efficient food storing for emergencies, and inspection/maintenance/improvement of food security manuals. The following activities will be also promoted: technical cooperation, financial assistance and food aid for developing countries, and maintenance and improvement of an international food storing system..

4.4.2 Policies on Securing Sustainable Development of Agriculture

Towards establishment of an agricultural structure centering on farm management with a good sense of management for production in accordance with demand, the following policies shall be implemented intensively and predominantly.

(1) Training and Securing Supporters for Establishment of Desirable Agricultural Structure

From a viewpoint of training and securing highly-motivated capable supporters, the conventional policy system covering a wide range of farmers without variation will be reviewed, and local supporters will be clarified by utilization of an authorized farmer system, and then policies will be intensively and predominantly implemented for them.

Among farming organizations based on communities, those which are expected to grow to manage farming efficiently and stably in the future will be positioned as supporters. Furthermore, development and establishment as a corporation of farming organizations will be promoted while accumulation of land use will be promoted, so that small-scale farmers and part-time farms also can be members of farming organizations that will become supporters,.

(2) Training and Securing Personnel

Regardless of working patters, sex, etc., a wide range of personnel will be secured by facilitating new entry. In addition, women’s participation in farm management and communities will be facilitated and efforts for elderly people to conduct activities with something to live for will

be facilitated.

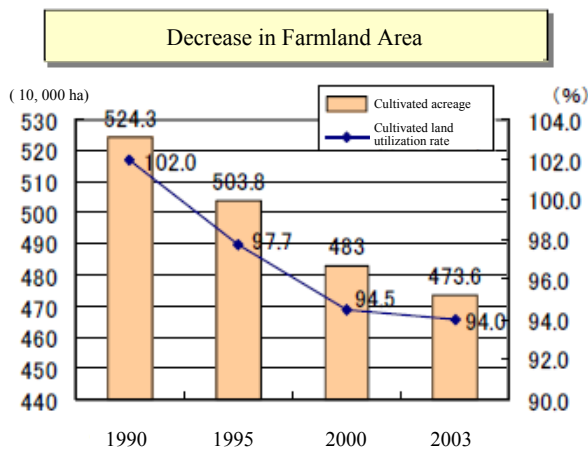
Transition in Farmers Newly Engaged in Farming

| | Transition in young farmers newly engaged in farming (39 years old or younger) ¹ (1000 persons) | | | Middle-aged and older people (people 40 years old or older who are engaged in farming after leaving other jobs) (1000 persons) | Total (1000 persons) |
|------|--|---|-------------|--|-------------------------|
| | Graduates newly engaged in farming (1000 persons) | People engaged in farming after leaving other jobs (1000 persons) | | | |
| 1985 | 20.5 | 4.8 | 15.7 | 73.4 | 93.9 |
| 1990 | 4.3 | 1.8 | 2.5 | 11.4 | 15.7 |
| 1995 | 7.6 | 1.8 | 5.8 | 40.4 | 48 |
| 2000 | 11.6 | 2.1 | 9.5 | 65.9 | 77.1 |
| 2003 | 11.9 | 2.2 | 9.7 | 68.3 | 80.2 |

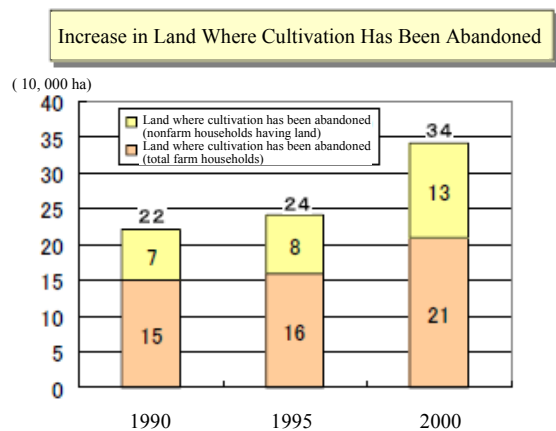
Data: "Dynamic Survey on Agricultural Structure," Ministry of Agriculture, Forestry and Fisheries

(3) Promotion of Effective Farmland Use

From the viewpoint of securement and effective use of good farmland, accumulation of farmland use to supporters will be promoted, and substantial improvement of policies for prevention of occurrence of, and solution for, land where cultivation has been abandoned and systems in which companies limited etc. enter into farming in the form of lease will be nationally developed.



Data: "Statistics of Cultivated Acreage and Planted Acreage," Ministry of Agriculture, Forestry and Fisheries



Data: "Agriculture and Forestry Census," Ministry of Agriculture, Forestry and Fisheries

Note: A farm household refers to a household having cultivated land of 10a or more in operation, and a nonfarm household refers to a household, other than a farm household, owning cultivated land and land where cultivation has been abandoned whose area is 5a or more in total.

(4) Establishment of Measures for Stabilization of Management

After reviewing measures for stabilization of management adopted for each item and clarifying supports to whom policies will apply, switching to measures for promoting stabilization of their management will be carried out.

(5) Transition of Diverse Efforts for Management Development

Diverse efforts for management development will be promoted, such as diversification of management including processing/direct sale of agricultural products, and multiple management including contract cultivation and efforts for environmentally-sound agriculture.

(6) Promotion of Cooperation between Agriculture and Food Industry

Efforts will be promoted, which will cope with demand for those for processed food and eating-out food both of which are expected to continue to increase in the future. In addition, connection between agriculture and food industry and active use of wisdom in other business sectors will be strengthened through formation of cooperation among industry, government and academia related to local food industry and through promotion of place-of-origin brands

(7) Promotion of Export of Agricultural Products and Foods

In order to promote export which brings out the characteristics of Japanese high-quality agricultural products, comprehensive efforts will be promoted in cooperation among people concerned, including all-year sales promotion, creation of places of production meeting the export demand, and improvement of market access in countries of destination for export

through EPA etc.

(8) Improvement of Conditions Which Will Form the Foundation of Management Development

Development/dissemination of new technologies directly linked to needs in production sites will be proceeded, and further reduction of materials cost for agricultural production will be also facilitated.

(9) Improvement of the Foundation of Agricultural Production

In line with a local agricultural management vision, improvement of the foundation of agricultural production and appropriate renewal/preservative administration of farmland and agricultural-water-use facilities will be promoted, both of which may bring about an opportunity for training/securing of supports.

(10) Introduction of Policies for Agricultural Production Environment

In order to convert the entire Japanese agriculture to agriculture with a high regard for environmental preservation, norms which farmers should work on will be decided, various kinds of support measures will be implemented for farmers who practice the said norms (cross compliance), and advanced efforts aiming at significant reduction of environmental burdens will be assisted.

(11) Utilization of Biomass Resources

New development of agriculture beyond the frame of food production will be facilitated by actively promoting utilization of not only waste-matter biomass but unused biomass and resource crops.

4.4.3 Policies on Development of Rural Areas

It is prescribed that activities for which the entire local residents are united shall be facilitated so that resources such as farmland and agricultural water will be preserved and managed in good condition into the future.

(1) Formulation of Policies for Resource Preservation

In order to appropriately preserve and manage farmland and agricultural water etc., efforts highly effective and also helpful for preservation of rural area environment will be facilitated with local residents united.

(2) Vitalization of Rural Economy

Development of diverse industries with local characteristics utilized will be promoted through efforts including dispatch of advanced examples to all parts of the country. In addition, rural economy will be invigorated in intermediate and mountainous areas by continuously

conducting activities such as correction of disadvantage in production conditions.

(3) Coexistence of, and Exchange between, Urban and Rural Areas

Coexistence of, and exchange between, urban and rural areas will be promoted by, for example making efforts for green tourism satisfactory.

(4) Realization of Comfortable and Safe Rural Life

The following activities will be promoted: improvement of life environments such as roads, sewage facilities and IT infrastructures; substantial improvement of services for medical care, welfare etc. which respond to aging of the population; and disaster-prevention measures such as those for forestry protection/flood control, those against landslide disasters, those for road emergency management, and those for farmland-disaster prevention.

4.4.5 Policies on Restructuring Entities

Efficient restructuring of entities (agriculture associations, land improvement districtsetc.), in line with review the way that related systems should be, will be promoted.

4.5 Matters Necessary for Comprehensive and Systematic Promotion of Policies

In order to proceed the above-mentioned policies comprehensively and systematically, the following matters are prescribed:

- Promotion of policies by the government as a whole with headquarters for promotion of policies on food, agriculture and rural areas, whose chief shall be Prime Minister, as a central part,
- Systematic promotion with the aid of policy assessment after clarification of a process to embody policies,
- Efficient and focused application of fiscal measures through selection of policies in accordance with a purpose and through intensive implementation,
- Securement of transparency of policy decision/implementation through information disclosure and exchange of opinions with the people, and
- Development of a system for effective and efficient promotion of policies

Chapter 5 Conclusion

The Basic Law on Food, Agriculture and Rural Areas represents restructuring of the policy scheme under new principles, and is what will be basic guidelines for policies on food, agriculture and rural areas in the 21st century.

To work for sustainable development of agriculture and development of rural areas and to

secure stable supply of food and exhibition of multiple functions into the future, in conformity with this Basic Law, is a national issue to be grappled with by the whole people concerned including not only the government but farmers, business people and consumers in the food industry, furthermore, local public authorities, and groups related to food, agriculture and/or rural areas. It is required that the basic principles of the Basic Law and the basic direction of policies shall be steadily concretized by dint of ceaseless effort of people concerned.

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