The Policy Package for Enhancing Competitiveness of Japan’s Agriculture (Outline)

To increase farmers’ income, it is necessary to develop an environment which allows farmers to take free business actions, and, at the same time, to solve the structural problems, which farmers cannot solve by their own efforts. To achieve the above, the agricultural competitive strength will be further reinforced with the actions for the following 13 items, such as reducing costs of farming inputs, and structural reform of distribution and processing.

1. Reducing costs of farming inputs
   (Fertilizer, agricultural chemicals, machineries, feed, etc.)

   (1) Reducing costs of farming inputs
   □ Target to harmonize these costs with the international standard
   □ Promote reorganization of farming inputs industries
   □ Review the regulations related to farming inputs
   □ Develop laws and regulations which stipulate responsibilities of the government and advance reorganization of farming inputs industries

   (2) Reorganization of ZEN-NOH
   (Revision of purchasing method of production materials)
   ZEN-NOH (National Federation of Agricultural Cooperative Associations) will:
   □ Maximize the merit of group purchasing from farmer’s viewpoint
   □ Assign qualified outside human resources to refresh the structure with small numbers of exceptional talent, which can negotiate precisely with material suppliers.
   □ Purchase materials with advantages like bidding
   □ Work on the reorganization based on an annual plan to get the sufficient result during the agricultural cooperatives reform intensive promotion period

2. Structural reform of distribution and processing
   (Wholesale related vendors, rice wholesalers, mass retailers, etc.)

   (1) Development of distribution/processing favorable to producers
   □ Target to develop the efficient and functional distribution and processing structure
   □ Promote the expansion of direct sales route of agricultural product from farmers/organization to users/consumers
   □ Promote drastic streamlining of middlemen (wholesale related vendors, rice wholesalers, etc.), and support producers to change in business activities
   □ Promote the industry reorganization of mass retailers to achieve sales at appropriate price
   □ Develop laws and regulations which stipulate responsibilities of the government and advance reorganization of farming inputs industries

   (2) Reorganization of ZEN-NOH
   (Revision of selling method of agricultural products)
   ZEN-NOH will:
   □ Shift the sales focus from middlemen to direct route to users/consumers
   □ Take over distribution related companies with the established sales route if necessary
   □ Shift from consignment sales to buy-out sales
   □ Establish an export sales system for each country in collaboration with trading companies
   □ Work on the reorganization based on an annual plan to get the sufficient result during the agricultural cooperatives reform intensive promotion period
### 3. Development of manpower
- Launch “agricultural management seminar” in each prefecture for farmers to improve their management skills while engaging farming
- Support farming recruit including corporate recruit
- Study a foreign manpower scheme apart from technical intern training program for foreigners

### 4. Development of strategic export system
- Implement “The strategy to strengthen export capabilities of the agricultural, forestry, and fisheries industries” (May 2016) to achieve 1 trillion yen in exports by 2019
- Establish a new organization for supporting export by branding and promoting Japanese products, to increase income of farmers

### 5. Indication of country of origin of ingredients
To support consumer’s selection, all processed food will
- List No. 1 weight ratio ingredients in weight sequence by country in principle
- Set up a feasible rule

### 6. Study of introduction of checkoff program (collecting fund from producers for their efforts such as sales promotion, on their own initiative)
- Establish a procedure for study (promotion group, scheme, a way to confirm producers’ consent) within an industry seeking introduction of checkoff program, and launch-legislation process only when there is a certain level of consent

### 7. Introduction of revenue insurance system
- Introduce a safety net system which targets on the entire farm revenue of farmers managing the business appropriately
  - For blue return farmers
  - Target on the entire farm revenue
  - Compensate for revenue loss when the revenue fall below a certain percentage of 5-year average revenue
  - Combination of insurance scheme and reserve scheme
- Revision of current agricultural insurance system
  - Change the compulsory insurance system for rice and barley to voluntary scheme

### 8. Revision of land improvement system
- Eliminate the consolidation cost for owners of farmland lent to farmland accumulation banks, and enable the project implementation without consent to promote the farmland accumulation and consolidation

### 9. Improvement of employment structure in farm villages
- Promote new launch of service business as well as industrial business to secure the employment in the farm villages

### 10. Promotion of feed rice
- Promote reducing the production cost by introducing high-yielding feed rice and adding value of livestock products by cooperation between crop farmers and livestock farmers

### 11. Reinforcement of production structure for beef cattle and dairy farming

### 12. Steady management of the compound feed price stabilization system
- To secure the stable supply of beef cow cattle, milk and dairy products, push up the number of breeding beef cattle, secure the sufficient number of dairy calves and dairy heifers, improve productivity of beef farming and dairy farming, and increase the production of feed crops.

### 13. Reforming raw milk distribution system
- Make a reform so that farmers can flexibly choose to whom they sell their raw milk
- Lift the restriction on a dairy subsidy so that the subsidy will no longer be limited to the farmers who consign the milk to designated organizations
- Subsidize not only the farmers who consign all the milk to designated organizations, but also those who consign or sell the milk to other dealers in whole or in part