Shinzō Abe Policy: Nōkyō Reorganization and TPP

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Abstract: Under the administration of Shinzō Abe, the policy of Nōkyō (Nōgyō, Kyōdō, Kumiai (Nōkyō)¹. Under the supervision of SCAP, the task of Nōkyō was controlling the distribution of food to rural areas to overcome hunger, food shortage and the widespread food black market after the war². Changes made by SCAP became the beginning of farmer political power in Japan. Democracy and the American-run electoral system was key factor that transformed Nōkyō into a large organization and a pressure group on agricultural policy making. The factor that led to the development of the Nōkyō into a large and powerful organization is the close relationship between the Nōkyō and Liberal Democratic Party (LDP) established in 1955³. The relationship between the LDP, business corporations and Japanese bureaucrat referred as iron triangular relationship. Nōkyō was in the influence of this iron triangle⁴. Thanks to a strong relationship between Nōkyō and LDP, for more than sixty years, Nōkyō succeeded in mastering the agricultural sector in Japan. Nōkyō controls types of plants to be planted in one area and determines the equipment to be used⁵. Thanks to Nōkyō’s support, the LDP was able to win elections and lead Japan for decades. As a form of reward for Nōkyō’s support, LDP enacted policies favoring farmers and made Nōkyō financially strong and cooperative.

In 2012, the LDP again won election and Shinzō Abe returned as Prime Minister. However, under Abe's leadership, the government reorganized Nōkyō. The TPP (Trans Pacific Partnership) and Nōkyō reorganization are two very bold and risky Abe policies against LDP and Nōkyō relationships. These two policies are against the wish of Nōkyō. TPP and the reorganization have potential to reduce relationship of LDP and Nōkyō that have been well established for decades and could have an impact on the reduced vote for LDP in rural constituencies in the next general election. Abe's decision to reorganize the Nōkyō was a huge decision in the history of the agricultural cooperative system that has existed for sixty years⁶. Although the agricultural policies under Abe's leadership seemed to weaken Nōkyō, but in reality, the government continued to support Nōkyō by enacting several counter policies. This research will focus on Abe's policy on Nōkyō and TPP.

Keywords: Nōkyō, TPP, Zennoh, Abe, LDP

1. Introduction

After World War II ended, USA began to occupy Japan and made significant changes in various fields. Additional change is also in the constitution, where USA re-organized pre-war organizations, including agricultural organization that controlled rice and farmland. The policy was known as agrarian reform, where government replaced existing agricultural organizations into Nōgyō Kyōdō Kumiai (Nōkyō)¹. Under the supervision of SCAP, the task of Nōkyō was controlling the distribution of food to rural areas to overcome hunger, food shortage and the widespread food black market after the war². Changes made by SCAP became the beginning of farmer political power in Japan. Democracy and the American-run electoral system was key factor that transformed Nōkyō into a large organization and a pressure group on agricultural policy making. The factor that led to the development of the Nōkyō into a large and powerful organization is the close relationship between the Nōkyō and Liberal Democratic Party (LDP) established in 1955³. The relationship between the LDP, business corporations and Japanese bureaucrat referred as iron triangular relationship. Nōkyō was in the influence of this iron triangle⁴. Thanks to a strong relationship between Nōkyō and LDP, for more than sixty years, Nōkyō succeeded in mastering the agricultural sector in Japan. Nōkyō controls types of plants to be planted in one area and determines the equipment to be used⁵. Thanks to Nōkyō’s support, the LDP was able to win elections and lead Japan for decades. As a form of reward for Nōkyō’s support, LDP enacted policies favoring farmers and made Nōkyō financially strong and cooperative.

In 2012, the LDP again won election and Shinzō Abe returned as Prime Minister. However, under Abe's leadership, the government reorganized Nōkyō. The TPP (Trans Pacific Partnership) and Nōkyō reorganization are two very bold and risky Abe policies against LDP and Nōkyō relationships. These two policies are against the wish of Nōkyō. TPP and the reorganization have potential to reduce relationship of LDP and Nōkyō that have been well established for decades and could have an impact on the reduced vote for LDP in rural constituencies in the next general election. Abe's decision to reorganize the Nōkyō was a huge decision in the history of the agricultural cooperative system that has existed for sixty years⁶. Although the agricultural policies under Abe's leadership seemed to weaken Nōkyō, but in reality, the government continued to support Nōkyō by enacting several counter policies. This research will focus on Abe's policy on Nōkyō and TPP.

2. Literature Review

This study referred to some relevant sources. Yoshihisa Godo (2000) "Reforming Japan's Agricultural Policies" explained about the reasons why Japan insisted on protecting domestic agricultural products until now. Godo discussed problems in Japan related to Uruguay Round where Japan received a lot of pressure from abroad to open more import quota for agricultural products, especially rice. Yet Japan continued to insist on protecting domestic rice market. In the end, Japan opened rice market by imposing minimum restricted access in form of tariff or non-tariff barrier. Other than that, Japan rice market remained close for six years between 1995 and 2000 by compensating for minimum access to import quotas.

Japan enforced rice self-sufficiency and closed market policy from overseas rice product for more than three

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⁵ Japan Agricultural Reforms Opened the Door to Widespread Change, Marti Foster

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decades. Japan’s self-sufficiency policy was massive. In 1977, as much as 41.4% of agricultural lands were used for planting rice. Rice was 38.3% of the total agricultural products harvested by around 2.3 million farmers in Japan. Of the 2.3 million farmers, 66.8% are rice farmers and the government protects them. It was beneficial for the Liberal Democratic Party (LDP) to win the election. Godo explained that Japanese people support the government to protect the rice fields. Japanese society also understands that self-sufficiency is very important and rice also has significant cultural and social traditions that are very important in Japan society.

Godo explained about the original purpose of Japan’s government to protect the agricultural sector after the Second World War. In 1960s the rise of industry made Japan’s agriculture became inferior sector in the economy. In addition, farmers’ income is much lower than those who worked in urban areas. To overcome the imbalance, the government implements new rules in the distribution of food. In 1960s government established a rice price formula called a production cost compensation program. The price of rice procurement was determined to cover the cost of rice production. Although Japan participated in the Uruguay Round, according to Godo, Japan still insisted on protecting domestic agricultural products in various ways. Godo’s study certainly did not discuss whether until recently the Japan government still adamant about protecting agricultural products and whether Japan's strategy in offsetting the TPP will be examined in detail.

Brady James (2014:03) in an article entitled "Japanese Agricultural Policy Studies: The State of the Field”8 described debates of some parties in Japan regarding government’s decision to protect agricultural products. Government policy in protecting agricultural sector was not fully supported. One party who disapproved of the government's move not to impose market liberalization was Keidanren (Keizai Dantai Rengo = Federation of Economic Associations). The large organization, supporter of LDP, does not agree with the party policy in supporting agricultural subsidies. Abe's decision to promote agriculture within the TPP sparked a split between two interest groups between those who wanted market liberalization and those who wanted to protect Japan's agricultural sector, especially rice production. James stated that there are three parties who have influence in perpetuating the condition of agricultural protection in Japan or often referred to as actors who perpetuated Japan agricultural regime. First is the Ministry of Agriculture, the second is the Nōkyō as a giant agricultural union that has a strong influence in policymaking, and the third is politician. James emphasized that regarding to the relationship with the government and Nōkyō, the organization grew into a very large and prosperous organization. Although Nōkyō’s power was reduced in the 1990s as the electoral vote in the countryside diminishes due to urbanization, Nōkyō still has major influence on government decision-making. James’s research also showed a split between Keidanren that supported TPP and Nōkyō who does not support TPP. This study has not answered yet whether Abe manages to unite Keidanren and Nōkyō as they have a unequal perception related to Abe's decision to join the TPP and whether the Nōkyō’s strength as a pressure group has weakened based on Abe's decision to join the TPP. The answer to this question will be examined in detail.

Ulli Jamitzky (2015) in article entitled "The TPP Debate in Japan: Reason for a Failed Protest Campaign”8, outlined Keidanren’s efforts that have urged government to verify that the “Japanese belly” will not be able to digest rice from outside Japan. But the government of Morihiro Hosokawa (founder of the Nihon Shintō Political Party and Japanese Prime Minister in 1993 – 1994) was able to successfully liberalize the rice market. This shows that Nōkyō was only able to slow down the liberalization process but not completely stop the rice market liberalization. In this case, Michele also described the power of Nōkyō as a pressure group that was not always capable of pressuring the government to establish policies in favor of Nōkyō. Michele showed that the Nōkyō's power began to weaken in the era of Prime Minister Hosokawa. This study did not extend to recent developments, related to Nōkyō's strength at this time related to government policy over Nōkyō.

Michele Graßal (2005)7 in his article "Interest Group Activity of The Agricultural Lobby Nōkyō in Japan and its Implications" described activities of Nōkyō as a group of interests and explained activities and movements of Nōkyō as policy clustering group that influenced government policy. Michele began by describing forerunner of agricultural organization that has existed since Meiji era. The agricultural organization at that time was formed by government and assigned to promote agriculture in the countryside. After the end of World War II, the agricultural organization underwent reorganization into Nōkyō. The duties and authorities of Nōkyō at that time were limited, i.e., only in terms of marketing and selling agricultural products. However, over the time, Nōkyō then evolved into a very large agricultural organization. The business of Nōkyō extended into the field of services and trade. More than that, Nōkyō continues to expand business field until penetrated in field of insurance and banking. Members of Nōkyō not only consisted of the peasants but also those who cooperated with the business of Nōkyō outside agriculture, such as construction. This huge number of members was used by Nōkyō to win LDP in every election. Nōkyō is an agricultural cooperative organization that strongly opposed liberalization of agricultural products. For example, rice market is closely guarded against liberalization, even by spreading an opinion.

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8Kokusai KokyoSeisakuKenkyuu=国際公共政策研究. 18 (2) P.17-P.32, text Version publisher. URL http://hdl.handle.net/11094/51322. DOI:http://hdl.handle.net/11094/51322
9Asia Pacific Perspectives, Volume XIII: Spring/Summer 2015, a publication of the Center for Asia Pacific Studies. https://www.usfca.edu/center-asiapacific/perspectives/v13/jamitzky
begin bilateral agreements since 1990s. Keidanrensaw bilateral cooperation would be able to increase Japan’s export and bring good impact to the Japan’s economy. Nōkyō, on the other side keeps pressure the government not to start bilateral agreements or market liberalization because they want to protect domestic agricultural products from foreign agricultural products. Opposing market liberalization was strengthened since the issue of Japan’s participation in the TPP. Keidanren stated that Japan needed TPP while Nōkyō firmly stressed TPP will kill agricultural sector. Ulli described activities of Nōkyō in efforts to pressure the government to leave TPP through protests and meetings demanding the government to reject TPP. In addition, Nōkyō leveraged its network to influence policymakers in rejecting TPP. Nōkyō also successfully collected 11 million signatures used as petition to government to reject TPP. This was a remarkable achievement since the number of farmers in Japan was only 2.6 million in 2010. Nōkyō made a very hard effort to reach all groups and propose idea to refuse Japan’s participation in TPP. The anti-TPP protests began in 2013 after Prime Minister Abe decided to join the TPP. Soon after, as many as 7,000 farmers held protest against Abe’s decision.

According to Ulli, although Nōkyō had mobilized all their forces in various ways to prevent Japan from participating in TPP, Nōkyō had to accept the fact that their strength was no longer sufficient to pressure TPP-related policy. The Japan’s decision to participate in TPP also broke public opinion that after LDP came to power, Nōkyō would be stronger. In the article, Ulli stated that Abe’s decision to participate in the TPP had ignored pressure of Nōkyō. Ulli argued that Nōkyō’s position as a pressure group began to weak as the number of farmers in Japan declines. This research took a different perspective from Ulli’s statement on Abe policy, related to join the TPP as the influence of Nōkyō as pressure group began to weak due to declining number of farmers. This study presents data that the declining number of farmer populations has nothing to do with the weakening Nōkyō’s power as pressure group because Nōkyō members are not just farmers. Ulli indeed only explained Nōkyō’s condition after TPP, until Akira Banzai (President of the Central Union of Agricultural Co-operatives = JA-Zenchu) received a proposal related to Nōkyō’s reform. Ulli did not explain how Nōkyō reform was done, how Nōkyō reacted and whether Abe enforced balancing policy to keep good relationship with Nōkyō. Parts that have not been explained by Ulli, will be completed in this study.

3. Definition of Problem

This research analyzes the influence of Nōkyō in the agricultural policy set by Abe’s administration. The question in this study was whether Nōkyō reorganization influenced agricultural policy or weakened agricultural policy under Abe’s administration? The assumption and hypothesis of this study is that the reorganization under the Abe’s administration does not weaken farmers because the agricultural revitalization still under government’s attention to the sector. The reorganization of Nōkyō has no effect on the support of policies and subdivisions that the government gives to farmers.

4. Methodology

This research used descriptive qualitative method. Qualitative methods is used to answer the question of ‘what’, ‘how’ or ‘why’ a phenomenon occurred rather than answering the question of ‘how much’. Alan Bryman (2004: 366) affirmed that qualitative research emphasizes words, inductive and interpretative. Data collection technique used is document studies, literature and quantitative data. The data used for analysis is primary and secondary data. Primary data is formal statement from government and statements published in the mass media. Secondary data is data obtained from various journals, books, and Internet sites. The data is collected and abstracted, then finding patterns contained from the data. Specifically, the method used in this study was a case study in the social affair. Case studies seek to highlight a decision or set of decisions. The complexity of a case is analyzed in a particular context, situation, and time. By understanding the case in depth, the researcher will capture the importance for the interests of a particular society, organization or community. Irawan Prasetya (2006) asserted that the conclusion in qualitative research is not a summary. Conclusions involve the ability of logic and the ability to understand the data.

5. Discussion

5.1 Subsidies as TPP counter strategy

After LDP won 2012 elections, Nōkyō directly suppressed LDP members and Abe’s administration to support Nōkyō’s reward for their support to LDP in the election. In addition Nōkyō also invited members of the newly selected Diet to join anti-TPP group. This group was formed in order to protect the interest of the State and reject TPP (TPP kosho ni okeru kokueki o manomi nuku kai). Nōkyō’s efforts did not work well. In 2013, Prime Minister Abe officially announced Japan’s participation in TPP. After the decision was established, Nōkyō activities as interest group did not end. Nōkyō demanded the Abe administration to put priority on the exclusion of rice, wheat, beef, pork and sugar from tariff exemption in TPP discussions. The participation of

12 Case Study Methodology Rolf Johansson Architect SAR/MSA, Associate Professor. Royal Institute of Technology Infrastructure / Urban Studies / Built Environment Analysis rolf.johansson@infra.kth.se
15 Reiji Yoshida, (2013). Abe declares Japan will join TPP free-trade process : Government predicts 0.66% GDP bump; farmers to take ¥3 trillion hit, The Japan Times. 24 Oktober https://www.japantimes.co.jp/news/2013/03/16/busi
Japan in TPP by ignoring Nōkyō's insistence does not mean the Nōkyō's power is weakening as a group. Because, in fact, after deciding to take part in TPP, Japan government is running a domestic strategy to deal with TPP's decision.

Strategy in after the decision abroad is achieved often called counterstrategy. However, this studys used the term of counter strategy. A counter-strategy in the country is done so that the government can keep good relations with Nōkyō while participate in world trade negotiations to stabilize Japan's relations with other countries. The counter-strategy to TPP is similar to the Uruguay Round. Abe's decision to continue TPP is offset by new policies. Among these are the increased allocations of funds for agricultural sector. The subsidies are allocated to prepare farmers to face market liberalization and encourage exports of agricultural products. In addition to subsidy, LDP appointed Moriyama, a very outspoken person in refusing TPP to become head of TPP working group.

After Abe's victory in 2012, the budget allocated for agricultural sector in 2013 is higher up to double than before. The budget for agriculture in 2012 is 374.3 billion yen while in 2013 it reached 803.7 billion yen. The subsidy spent to support agricultural sector is greater than subsidy allocated to support non-agricultural industrial sector (424.5 billion yen). The allocation of subsidy for agriculture is the third largest in budget allocation set by the Ministry of Finance. In addition to the higher budget allocations for agricultural sector after Abe won the election, the Japan government imposes a revision of the income insurance system. This policy was adopted after three-year experiments with farmers. The average income of farmer for the last five years will be set as the revenue standard. If one year's income is below 90% of the standard, the difference between the annual income and the revenue standard will be compensated. Large subsidies and new insurance systems showed that Japan still supports the agricultural sector. Nōkyō's power to pressure the government is still strong and LDP still wants to keep the vote of Nōkyō for the next general election.

5.2 Counter strategy against Nōkyō reorganization

The determination of agricultural reorganization was first actualized and published in the second Abe administration. Previously, there was no government body and Ministry that published Nōko reforms. Raising the issue of Nōkyō reorganization was considered inappropriate and taboo. The reorganization of Nōkyō was done to eliminate the centralization of Nōkyō's authority in conducting audit and intervention against the local Nōkyō. Prior to the reorganization, all forms of activities and financial arrangement of Nōkyō were arranged directly by the central Nōkyō. The local Nōkyō is obliged to obey the decision taken by the central Nōkyō.

In January 2013, Abe established the Industrial Competitiveness Council (ICC) and The Regulatory Reform Council (RRC). Both councils are formed to carry out economic growth strategies. In May 2014, the RRC announced The Statement of Agricultural Reform. In the draft of the proposal, there is a proposal for the reorganization of Nōkyō. This reorganization was done in an attempt to reduce Nōkyō's power as a pressure group in influencing government in agricultural policy. The RRC proposes that parties with no connection at all with Nōkyō carry out the reorganization. This is done so that reorganization process is independent and neutral. If Nōkyō himself does the reorganization, there is suspicion that the old system will be retained. Proposal was not only limited to reorganization. Moreover, the RRC strongly proposed that Nōkyō be abolished. This action was done in order to strengthen government rule and weaken the strength of pressure group. So the government's decision will be based on the needs of the State compared to the need of interest groups. Immediately after the proposal was published, Nōkyō members asked politicians from the LDP to review proposal related to agricultural reform based on the magnitude of the contribution provided by Nōkyō to the Japan's economy. In addition, Nōkyō strongly rejected reorganization to be undertaken by independent parties. Nōkyō considered independent parties beyond Nōkyō organization did not have good competencies regarding cooperatives.

As a result of government negotiation and Nōkyō, the government did not dissolve Nōkyō. In addition, the government rejected the RRC's proposal on reorganization by independent parties outside Nōkyō. Nōkyō was allowed to do self-reform. This showed government's allegiance to Nōkyō and Nōkyō's pressure is still very influential. The rejection of the RRC proposal was a victory for Nōkyō. When examined more deeply in terms of reorganization, changes that occur will have no significant influence on the Cooperatives) reform proposal is highly significant. The Canon Institute For Global Studies. 20 October. http://www.canon-igs.org/en/column/macroeconomics/20140605_2609.html accessed 20 October 2017.


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relationship of Nōkyō and LDP. In other words, the reorganization does not weaken political power of agricultural organization of almost all farmers in Japan. This was due to several things, among others: (a) Nōkyō's reorganized organizational body is Zennoh (moves as keizai dantai or moves in economic, not as a political body). Nōkyō's political body is Zennoseiren. The reorganization does not target Zennoseiren as part of Nōkyō who had the right to campaign in elections. Therefore, the reorganization can be interpreted, as the efficiency and problem solving that existed in Nōkyō and to eliminate the trade monopoly that has been done by Zennoh. If Abe wanted to undermine the political power of Nōkyō, Zennoseiren should be targeted in reorganization because Nōkyō's political power was within this institution. (b) All parties in Zennoseiren are involved in election activities (senkyou undou), recommending candidates (suisen), involving all members ranging from executives, staff and farmers' members to support candidates in favor of agriculture. (c) Reorganization should be undertaken to strengthen local peasant groups. Since 1970s, there has been a disagreement over differences in outlook on agricultural cooperatives in Nōkyō. Many farmers considered Nōkyō officials focused only on business expansion and had nothing to do with improving agricultural products. Many farmers think that Nōkyō officials are salesmen who offered insurance and savings to meet Nōkyō's deposit, compared to offering solutions to improve agricultural sector. The conflict within the Nōkyō body that has existed for decades is often referred to as 'profit versus cooperates' conflict.

5.3 Reorganization of Zennoh

Under Abe's administration, Zennoh (engaged in economics, not politics) was ultimately not excluded in anti-monopoly laws. Prior to the reorganization, Zennoh was an Nōkyō body established for the purpose of buying cheap agricultural products. The government subsidizes Zennoh so that it can buy agricultural product at low prices but sell agricultural produce at high prices. For decades Zennoh monopolized the sale and purchase of agricultural products. The government permits agricultural cooperatives to undertake all business related to agriculture. Therefore, the whole activity of buying and selling of agricultural products is done by Zennoh. Over time, Zennoh became agent that monopolized the trade.

The subsequent reorganization by Abe administration was that Zennoh was no longer allowed to be free of tax payments. The logical consequence of this reorganization was that Zennoh would lose all sorts of conveniences that have been enjoyed for decades primarily thanks to tax exemptions. Without tax exemptions, Zennoh had to compete with ordinary companies. The existence of healthy competition will have implication on price competition and make price of agricultural products in Japan can decrease. Zennoh's reorganization and policy changes imposed by Abe were offset by a replacement policy, a balancing policy where the government granted permission for a joint venture with Zennoh. Under this policy, Zennoh is allowed to work with industrial companies. The government will facilitate the reorganization of Zennoh and encourage manufacturers to take part in agricultural machinery market to increase competition through the implementation of joint venture licenses. Joint venture opened up opportunities for Zennoh to expand the line of business and benefit as substitute for subsidies granted by the government. Through joint venture, Japan is actually preparing to reshape collaborations between agricultural and industrial sectors. Sangyou kumiai, who had existed before the war, will be reformed. Under the joint venture permit, Nōkyō and Keidanren will have chance to form a new joint organization and may be new "Zaibatsu" in Japan. Collaboration between these two large organizations will strengthen the Japan economy.

In pre-war era, Zaibatsu was formed through joint venture efforts. In 1910, the government held major structural adjustment, which implied the transformation of various companies in form of joint venture companies. The difference was that joint venture companies of Zaibatsu in pre-war period started from family companies that formed branches and worked together. Meanwhile, at present time, "Zaibatsu" was formed through a joint venture company among local and industrial companies in the region. As a result of the joint venture permit policy enacted under Abe's leadership, Zennoh worked with Mitsubishi to establish a new company in 2017. Zennoh and Mitsubishi announced the creation of a new company engaged in manufacturing registration and distribution of Agrochemical materials. The new company is named "Z-MC Crop Protection Corporation". The combined company Nōkyō and Keidanren was founded in October with 50% share each. The total initial capital of the combined company is 560 million yen. The joint venture is planned to start operating in 2018.

The combined company of Zennoh and Mitsubishi will run the production and expansion of agrochemical trade overseas. The company is assisted by Mitsubishi's business

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27 Agriculture, Forestry and Fisheries and Regions Vitalization Creation Plan/ Vitalization Plan.

28 Sangyou kumiai is an industrial organization for industry and agriculture in the post-war era. Sangyou Kumiai was abolished by SCAP. The result of the abolishment was Keidanren and Nōkyō.


network that will meet food demand and agricultural inputs related to the increase of world's population. This year, the Zennoh and MitsubishiNew company has signed trade contracts with China and India. China and India are countries with a very high population. The need for food and fertilizer for agriculture is very high in both countries. The expansion of Zennoh's business field into the industry and running overseas business is likely to gain enormous profits. The enactment of anti-monopoly law and also the abolition of subsidy for taxes in fact did not substantially harm Zennoh. Only with joint venture permit, Zennoh could expand its business field and earn higher profits. The government will also allow Norinchukin Bank, the Agricultural Insurance Company (Zen-Kyoh-Ren) to transfer the shares. This new permit provided opportunity for agricultural sector to develop and improve due to collaboration with industry.  

5.4 Removal of the Gentan

The challenge of Abe administration was to abolish the gentan (rice production quota system), a policy that has been implemented since 1969 to overcome surplus of rice. This policy was in form of subsidy for farmers who wanted to change the types of agricultural products besides rice. This policy had implications for high rice price in the Japan's market and high government subsidy for agricultural sector. The gentan policy has burdens consumers and government significantly. Consumers had to buy in high rice price conditions while government should allocate more budgets for agricultural sector. Subsidy issued by government was inversely proportional to the income from the agricultural sector to a very minimal state. The decision to abolish the gentan was judged by Nökyō as a hasty decision. Nökyō asserted that rice farming was the foundation for the nation, so that if the decision was made by ignoring fears felt by peasants, it will be bad for the future of Japan. As a final result of the negotiation between Nökyō and the government, Abe will impose the removal of the gentan and Nökyō finally accepts the decision. In October 2015, Akira Banzai's president of the Central Union of Agricultural Co-operatives (JA-Zenchu) agreed to abolish the gentan in 2015. The negotiation took a very long way and also presented by the LDP's representative, Nishikawa Koya.

The Ministry of Agriculture, Forestry, and Fisheries (MAFF) welcomed the gentan, Small-scale agriculture makes it impossible for Japan to compete with USA and Australia. USA is currently the largest exporter of agricultural products in the world while its farmland is much smaller than Australia. Through this statement, MAFF wishes to emphasize that farmers need to improve agricultural products for exports and end the dependence on government subsidy. In addition, Japan also had to see how the world's response to Japanese food products. In the world, Japan's agricultural products are known for good quality and contain few chemical substances. In fact, Japan imposed strict rules for agricultural import products with high levels of pesticides. Products with high pesticides will be exposed to non-tariff barriers that cause the product cannot be sold in Japan's market. Japan already captured this condition as a great opportunity to expand rice exports. High rice production and less expensive price will increase the demand for Japanese rice in the world, even to Asian countries. Therefore, the benefit of farmers derived from government subsidies (by keeping rice prices constantly expensive) can be replaced by profits from the export of rice. The price of rice that is affordable in the market and only slightly different from the price of rice from other countries with excellent quality, Japan’s rice will be unmatched. In addition, another factor causing the government remove the gentan is based on the weakening rice market in USA. The rice market in USA has encountered a problem because in 2014 US rice production fell by 22% and it was the lowest value since 1999. By 2015, rice farmland in USA is expected to be dropped by 14% due to drought problems in California. Based on this situation, rice-trading company will start exporting rice to California. This could encourage spread of Japan’s rice in US market.

After the removal of the gentan, Japan’s government achieved various progresses. The results of the policy change include: (a) by 2015, the Kubota Company, a manufacturer of agricultural equipment’s in Japan, cooperated with Zennoh to start exporting rice to Asia by 2016. Kubota and Zennoh have announced the increase of rice exports every year of 10,000 tons to Hong Kong and 20Agriculture%20Trade%20Policy%20and%20Sustainable%20Development_0.pdf. accessed 11 October 2017

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Singapore. (b) On August 23, 2017, local government of Fukushima and a Malaysian importer company approved an agreement to export 100% of "Koshihikari" rice. Exports began in 2017 for rice produced in Fukushima prefecture. Export in 2017 is amounted twice of exports in previous year. Fukushima prefectural government is determined to increase rice export based on rapid growing Asian economic conditions. (c) Malaysian rice import from Japan continued to increase after the washoku38 became popular in Malaysia. The Circular Company, an importer in Malaysia, in 2015 imported 12 tons of rice from Fukushima and the number increased to 29 tons in May and July of 2017. (d) The Circular Company planned to import 20 tons of koshihikari rice each month or more than 200 tons per year in the future. Fukushima prefectural governor, Masao Uchibori, and local Fukushima Zennoh chairman have signed this agreement39. (e) Fukushima rice, known as "ten no isubu", will be marketed in the UK. The first import will amount to 1.9 tons. General Manager Zennoh confirmed that Japan's rice market would not only be expanded in the UK but also around the world40. (f) The growth of interest in Japan’s rice from Singapore has also increased. In 2014, Singaporeans consumed 1,359 tons of Japanese rice. This amount was increase by 602 tons from 2011 consumption. Based on data from Japan's agriculture ministry, Singapore is the second largest importer after Hong Kong. In Giant supermarket, the need for Japanese rice has increased since 2011. Interviewed consumers said that they made breakfast with Japanese rice for their children because Japan’s rice is healthy41. (g) Based on the growing rise in rice exports by 2016, the Japan's Ministry of Agriculture took a very ambitious plan to increase rice exports to 100,000 tons by 2019. The Ministry will increase rice sales campaigns in overseas markets by exploiting the popularity of Japanese foods to support agricultural income. The record until 2016, Japan successfully exported 10,000 tons of rice for staple food42. The success of Abe's government in abolishing gentan was a step forward for Japanese agriculture. Although initially, Nōkyō who assumed the abolition of opposed this policy gentan would affect the decrease of farmer's income.

6. Conclusion

Nōkyō has many members and not limited to farmers only. Therefore, Nōkyō was able to provide votes and win LDP in general election. Therefore, Nōkyō has powerful influence in any agricultural policy. The business field run by Nōkyō is very diverse, ranging from fertilizer business, transportation, agricultural products, and trade of products used for agricultural activities, insurance companies and banks. The broader the business field, the more members of Nōkyō and the sound of Nōkyō's members to win the election.

Abe's decision to participate in TPP (Trans Pacific Partnership) was against the wish of Nōkyō who oppose Japan’s participation in the TPP. Reorganization of Nōkyō by Abe's administration, which at the time was considered taboo, can be realized. Raising subsidies to farmers offsets Japan’s participation in TPP. Nōkyō organizational body reorganized Zennoh, which was engaged in the economy process. Zennoh was allowed to conduct joint-venture cooperation with industrial companies, expand the business line, join the industry and earn greater profits. Abe does not reorganize Zenno seten as part of Nōkyō who has the right to campaign in elections. Removal of gentan was a mutually beneficial policy for farmers and government. Rice production increase and implicate the decline in rice prices. Abundant rice production encourages Japan to do bigger export.

7. Future Scope

The Nōkyō reorganization gave benefits for farmers rather than Nōkyō alone. Abe's policy was more appropriate because it has been able to solve problems that have existed since the 1970s among farmers and officials of Nōkyō and their effects can be accepted directly by farmers. By returning the authority to the local Nōkyō, Abe is actually doing a campaign without an agent and will have a positive impact on the power of the LDP. Nōkyō underwent a very significant change under Abe's leadership. The strength of Nōkyō as a weakening pressure group is inevitable but it does not mean that the farmer in Japan is weakening and the government's favor to the farmer is weakened. This study was conducted before the election of Donald Trump as President of the United States. The Trump policy to leave TPP may have impact on the policy towards Nōkyō and TPP that has been proclaimed by Abe. The fate of Nōkyō and TPP development aftermath needs to be researched.

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Books


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