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CRAWFORD SCHOOL OF ECONOMICS AND GOVERNMENT

**AGRICULTURE AND POLITICAL REFORM  
IN JAPAN: THE KOIZUMI LEGACY**

Aurelia George Mulgan



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**Agriculture and Political Reform in Japan:  
The Koizumi Legacy**

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# AGRICULTURE AND POLITICAL REFORM IN JAPAN: THE KOIZUMI LEGACY

“Given former Prime Minister Koizumi’s reformist zeal, agriculture might have been expected to be high on his list of targets for so-called ‘structural reform’. However, an investigation of the record of his administration on agricultural policy reveals only modest achievements in terms of policy innovation for agriculture and farm trade. To some extent Japan’s farming sector has been impacted by processes of fiscal reform and deregulation as well as cutbacks in rural public works. Koizumi-initiated reforms to the policymaking process have also served to reduce the power of individual ruling Liberal Democratic Party politicians as representatives of special interests. However, the bureaucratic, party and interest group actors within the agricultural policy community retain their independent policymaking authority over the farm sector. Furthermore, the vertically segmented nature of Japan’s policymaking process will continue to limit the possibility of trade-offs between agriculture and business over issues such as Free Trade Agreements (FTAs).”

## **Introduction**

Koizumi Junichirō was prime minister of Japan from April 2001 until September 2006, a period of five years and five months. Given his ambitious reform agenda, it is appropriate to reflect on his achievements during his period in office. This paper focuses on the agricultural sector, including developments in both agricultural policy and agricultural politics under the Koizumi administration. It also assesses these developments in the context of broader political and policy trends under the Koizumi administration. The paper concludes that the agricultural sector was only marginally influenced by Koizumi’s broad slate of reforms. A radical shift in agricultural policy was never a primary goal of his administration. At most, agriculture was indirectly affected by policy reforms in other areas and by Koizumi-initiated changes to the overall policymaking process.

## **Agriculture in the context of Koizumi’s structural reforms**

Many would argue that agriculture in Japan is ripe for reform and that Koizumi was the ‘structural reform king’ who could be expected to champion the cause of agricultural reform

in Japan. When he formed his first Cabinet in April 2001, he instructed his newly appointed Minister of Agriculture, Forestry and Fisheries (MAFF), Takebe Tsutomu, 'I want structural reform of agriculture, forestry and fisheries to be done to the full'.<sup>1</sup> Koizumi also chaired the Headquarters for the Promotion of Policies for Food, Agriculture and Rural Areas, a cabinet council designed to introduce innovative policies for primary industries. In that role, he advocated a consumer-focused agricultural policy, saying, 'we need to support enthusiastic and talented [farming] management, and to ensure food security and public trust in food'.<sup>2</sup> The headquarters criticised previous agricultural policies as 'a convoy system of protecting the weaker farmers' and indicated its intention to adopt a 'modulated and lively policy' to increase professional farmers who were competitive.<sup>3</sup> Despite the rhetoric in favour of overturning long-standing agricultural policy principles, the prime minister demonstrated neither the drive nor the leadership seriously to tackle the agricultural reform issue - nothing like the fervour with which he pursued postal privatisation, for example. Clearly Koizumi prioritised his structural reform agenda, and agriculture was far from the top of the list.<sup>4</sup>

Fundamentally, agriculture was not seen as central to Koizumi's overarching objective of achieving the revival of the Japanese economy, encapsulated in his mantra of 'no growth without reform'. Nor was agricultural policy placed under the *Kantei* (the Prime Minister's Official Residence) leadership. Agricultural policy did not meet the general political conditions for successful reform under Koizumi's administration, namely, 'the prime minister himself... had a strong interest in the issue and... exercised leadership over it; the public... [felt] a strong sense of crisis or... voiced criticism over the handling of a specific issue [with resulting pressure on the administration to act]; special-interest politicians and bureaucrats put up relatively weak resistance.'<sup>5</sup> Where Koizumi did take on special-interest politicians and bureaucrats to advance his pet projects, he ended up compromising quite substantially on his original goals and left office with many reforms incomplete.<sup>6</sup>

It was Koizumi's standard tactic to dramatise a confrontation with the forces of resistance (*teikōseiryoku*) in his own party in order to propel reform backed by public support, but this would have been singularly inappropriate in the case of agriculture. The public did not have a strong sense of crisis over agriculture, and nothing like the sense of crisis they had over other issues such as bad loans at the banks, or pension reform. Nor was the Koizumi government loudly criticised for its handling of agricultural policy issues. Indeed, one could argue that the real crisis in Japanese agriculture — the loss of farmland under cultivation and the stagnation in land productivity — was not sufficiently addressed by the government because it was not a sufficiently salient public issue. Moreover, Koizumi would have encountered fierce rather than weak resistance from special-interest politicians and bureaucrats in the case of agricultural reform. That did not deter Koizumi in other areas, but why buy into a really big fight on an issue on which he did not hold deep reform convictions? He



was a politician from an urban electorate in Kanagawa Prefecture centring on Yokosuka City and had little knowledge of or policy experience in agricultural matters.

This is not to say that agricultural policy change under the Koizumi administration was not pursued for the stated purpose of advancing the structural reform of agriculture. Certainly in terms of broad policy directions, the Koizumi administration, as already noted, came up with ideas such as changing agricultural policy to prioritise consumers and making agriculture a viable industry. The problem was the actual results fell far short of the original policy aims. For example, as Honma Masayoshi points out, if the government had been truly concerned with prioritising the interests of consumers, it would have done something to reduce the gap between domestic and external prices for agricultural products. This did not occur, however, as the government singularly failed to advance the structural reform of agriculture — primarily because small-scale farmers formed the major supporting class for the ruling LDP. Moreover, in order to eliminate the domestic and external price gap for agricultural products, it was necessary to abolish or reduce import tariffs and liberalise trade.<sup>7</sup>

Nevertheless, Koizumi's first MAFF Minister Takebe began by launching his 'Private Plan' (so called because it did not have the full endorsement of his own ministry) to shift the focus from an agricultural policy of equal support for all farmers (*ichiritsu nôsei*) to one that provided direct income support to 'bearer' (i.e. full-time) farmers (*ninaite*).<sup>8</sup> The plan was designed to promote the scale expansion of farming.<sup>9</sup> However, it foundered through lack of support from the MAFF and because of strong resistance from Japan Agriculture (JA or Nokyo) and influential farm politicians in the LDP (*nôrin zoku*).

The MAFF altered its policy position only in the wake of the 2003 bovine spongiform encephalopathy (BSE) scandal that began in late 2001. The scandal exposed the MAFF's administrative incompetence<sup>10</sup> and thereafter, it became much keener to demonstrate a policy stance more closely aligned with Koizumi's reform posture so that it would not be labelled a *teikô seiryoku* itself. At the same time it tried to escape reform pressures with a number of concrete policies under successive ministers – beginning with Takebe, and followed by Ôshima Tadamori and Kamei Yoshiyuki.<sup>11</sup> These concrete policies included abolishing ministry control over rice production adjustment (handing it over to farmers and Nokyo), making Nokyo subject to the provisions of the Anti-Monopoly Law, implementing rice policy reform that concentrated government income supplementation on 'bearer' rice farmers, and allowing general corporations to lease agricultural land in special deregulation zones.<sup>12</sup>

The MAFF also promoted its own structural adjustment policy under the heading of the 'structural reform of agriculture'. Koizumi's reform line merely provided a convenient label under which the MAFF pursued this goal.<sup>13</sup> The core policy change, which Nokyo's political organisation<sup>14</sup> described as the 'turning point of post-war agricultural policy', was the switch in the primary methodology by which the government supplemented farm

household incomes from the agriculture budget. Commodity-specific price policies that benefited all producers of these commodities would be replaced by direct income subsidies for 'bearers' of agriculture for the purpose of 'stabilising the management of their farming businesses'.<sup>15</sup> The principle of direct income payments was enshrined in the 2005 Food, Agriculture and Rural Areas Basic Plan (New Basic Plan)<sup>16</sup> and then implemented in the June 2006 'New Bearers Management Stabilisation Law'. The measures will come into effect in April 2007. They restrict the target of government assistance to 'approved farmers' and community farming organisations. The overarching goals of the policy are to encourage scale expansion (promoting larger sized farms) and higher productivity of land utilisation-type agriculture such as rice, wheat and barley, soybeans, sugar beet and starch potatoes. However, because special measures might enable farm businesses of smaller size to be still eligible for income subsidies, it is doubtful whether the policy change will deliver on its structural adjustment goals.

While this 'structural reform' policy was pursued in the shadow of possible concessions in the World Trade Organization (WTO) or in Japan's Free Trade Agreement (FTA) negotiations, which would potentially expose domestic producers to greater international competition, there was, in reality, little pressure for sector adjustment coming from Japanese market opening for agricultural products. Japan retained high tariffs on many farm products, for example, a 778 per cent tariff on rice and a 325 per cent tariff on sugar,<sup>17</sup> which have been internationally criticised. While some market-based reforms in relation to domestic agricultural product pricing occurred, high levels of border protection meant that the impact of these changes did not translate into price reductions.<sup>18</sup>

The WTO Secretariat Report on Japan, undertaken in the context of the 7<sup>th</sup> WTO Trade Policy Review of Japan in 2005, noted that 'Japanese agriculture policy has remained largely unchanged since the last trade policy review'.<sup>19</sup> The same message was contained in the OECD Monitoring and Evaluation Report for 2005: 'Overall, little progress in market orientation has occurred since 1986-88, with the level of producer support remaining very high.'<sup>20</sup>

The view of Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF), of course, was that the changes in agricultural policy did amount to drastic policy reform. The MAFF stated that:

'Japan has pursued drastic policy reform in its maximum extent for the past decade.... Japan has vigorously reformed its support policies for agricultural products. The prices of major commodities, such as rice, wheat, soybean and milk, are now determined primarily by market forces and farm incomes are supplemented mainly through less trade-distorting direct payments... Further radical reform will suppress enthusiastic commercial farms rather than

non-commercial farms, and deteriorate food self-sufficiency and multifunctional benefits. This must be huge loss for the Japanese and their national economy'.<sup>21</sup>

However, the MAFF rejected outright a real opportunity to introduce serious market-based reforms into rice distribution. The Japanese government decided in 2006 to deny requests from two major commodity exchanges (the Tokyo Grain Exchange and the Kansai Commodities Exchange) to list rice futures.<sup>22</sup> As Japan's major economic weekly commented: 'With the decision, the Ministry of Agriculture, Forestry and Fisheries made it clear that the ministry and agricultural associations consider rice transactions as quite different from those of other commodities.'<sup>23</sup> In explaining the decision, the MAFF 'said that listing the grain "may prevent agricultural cooperatives and other organizations from adjusting rice output smoothly."' <sup>24</sup> However, this position flew directly in the face of the MAFF's rice policy, which:

'aims to encourage farmers to use their own discretion to adjust rice production to balance supply and demand by the end of fiscal 2010, based on information they obtain. The ultimate goal of the policy is to cultivate entrepreneurship among farmers so they can act on the signal of price information, which the ministry appears to be convinced will eventually lead to competitive rice production.'<sup>25</sup>

The rice futures market would have served 'as the best venue for sending such a signal to farmers'.<sup>26</sup>

Having argued that structural reform of agriculture never really made it to Koizumi's 'A' list, it is worth pointing out that it has been indirectly influenced by 'A' list reforms, or what can be described as the Koizumi administration's 'transcendental policy priorities', which had implications across a range of sectors. The 'A' list included fiscal reform, cuts in public works spending, deregulation, and the pursuit of bilateral Economic Partnership Agreements (EPAs), inclusive of FTAs.

## **Agriculture in the context of fiscal reform**

One area of government policy where Koizumi's structural reforms had real bite was in fiscal policy, partly because Koizumi was locked into a promise never to raise the consumption tax during his administration, which meant that fiscal consolidation was really dependent on expenditure cuts, particularly in the light of central and local government debt levels, the impact of demographic trends on social security spending and the absence of economic growth in the early years of his administration. On budgetary matters, of course, the Ministry of Finance (MOF) mindset for fiscal consolidation provided a strong tailwind for Koizumi's

desire to reform government spending and created a general climate of expectation that the government would make budget cuts. According to the former Minister of Internal Affairs and Communications, Takenaka Heizô, discussions in the Cabinet Office's Council on Fiscal and Economic Policy (CEFP) – Koizumi's flagship entity for structural reform – increasingly reflected the views of the MOF.<sup>27</sup>

In fiscal 2006, spending on agriculture, forestry and fisheries in the general account (GA) budget was cut by 4.6 per cent to ¥2.83 trillion,<sup>28</sup> which was the sixth straight cut in a row and the second year in which agriculture, forestry and fisheries spending came in under ¥3 trillion. This was about the same level of outlay as in the second half of the 1970s. Nevertheless, Koizumi's 'trinity' of reforms, which shifted subsidy expenditure from central to local governments, accounted for ¥49.4 billion of the reduction to the agriculture, forestry and fisheries budget.<sup>29</sup>

Moreover, because expenditure on agricultural and rural public works regularly comprised around 40-45 per cent of the agriculture, forestry and fisheries budget, reductions in public works spending also made up a large proportion of cuts to spending on agriculture, forestry and fisheries. The Koizumi administration was very successful in reducing levels of expenditure on public works across the board,<sup>30</sup> but the reductions affected a number of different economic sectors and were not confined to agriculture. In this area, Koizumi was assisted by strong public criticism of wasteful public works expenditure.

Given the reduction in public works spending, the emphasis shifted to non-public works expenditure in the agriculture, forestry and fisheries budget, and here, the so-called 'agricultural policy reform promotion budget' centring on the management income stabilisation countermeasures became important as a rationale for increased expenditure – from ¥399 billion in 2006 to ¥413 billion in 2007.<sup>31</sup>

At no time was agriculture singled out for budget cuts. Koizumi did not target agricultural spending for reform any more than he targeted agriculture for reform. Unlike the United States where the Bush administration announced plans to slash farm subsidies in its 2006 budget in order to increase military spending and spending on domestic security, the Koizumi administration made budget cuts across all sectors (although at somewhat different rates) and did not penalise specific sectors such as agriculture.<sup>32</sup> Japan's 'budget share' culture, namely sharing the budget bounty or the budget pain, remained alive and well during Koizumi's tenure in office. Over the five years of the Koizumi administration, the share of agriculture, forestry and fisheries in the government's GA budget remained remarkably stable at around 3 per cent. This was only one percentage point lower than under the preceding Mori administration, which did not pursue fiscal reconstruction.<sup>33</sup>

### **Agriculture in the context of Koizumi's deregulation drive<sup>34</sup>**

The Koizumi administration worked on deregulation under the slogan of promoting structural reforms. Its modest achievements in this area had some flow-on effects in the agricultural sector. The Law on Special Zones for Structural Reform of July 2002 permitted joint stock corporations to lease and manage farmland in government-designated special deregulation zones. However, the MAFF was not prepared to allow the structural reform special zone initiative to act as a Trojan horse for the commercialisation of agriculture. For some time, the ministry held the line against private companies actually being allowed to own agricultural land. It was successful in getting the restrictions it wanted built into the new Structural Reform Special Zone Law. Private joint stock companies would not be allowed to own farmland.

In December 2004, under continuing pressure for deregulation of the agricultural land system, the MAFF announced that it was prepared to approve the entry into agriculture of ordinary joint stock companies on leased land nationwide. However, it continued to hold the line against further relaxation of farmland regulations in spite of strong pressure from the Koizumi administration's Regulatory Reform and Privatisation Promotion Council.

### **Agriculture in the context of trade policy**

Promoting Economic Partnership Agreements (EPAs) with other Asia-Pacific countries was on Koizumi's 'A' list, but his administration did not achieve any major breakthroughs on agricultural trade. Japanese 'agricultural protection remained a major stumbling block for any trade talks involving Tokyo'.<sup>35</sup> It was the stand-out issue for Japan in both WTO and FTA negotiations.

#### ***WTO Trade Policy***

A defensive posture on agriculture continued to hold Japan back from being a more active player at the WTO in spite of the fact that Japan is one of the biggest beneficiaries of the WTO framework.<sup>36</sup> At the Doha Round, farm trade liberalisation remained the sticking point, and no breakthrough offer was forthcoming from the Japanese side. Agriculture set the limits to Japan's concessions in the multilateral trade negotiations, irrespective of the costs to other sectors of a failure of trade negotiations. No matter that the Ministry of Economy, Trade and Industry (METI) estimated that the economic impact of a successful Doha Round agreement would have been \$401.8 billion, and the Trade Minister admitted that the failure of the round

dealt a severe blow to Japan.<sup>37</sup> Japan's agricultural trade negotiators, no doubt, cried crocodile tears over the breakdown in negotiations.

There was only a minor shift in Japan's agricultural trade posture at the WTO in the form of a marginally greater willingness to make concessions on key protected products such as rice, dairy products, starch, peanuts and beans. At the December 2005 WTO ministerial conference in Hong Kong, MAFF Minister Nakagawa Shôichi, representing the so-called 'Total Food Importing Country Group' (G10), put forward a new proposal suggesting that the same tariff-cutting rules should be applied to these so-called 'sensitive' items (*jûyô binmoku*) as those on non-sensitive, or general products (*ippan binmoku*). He said: 'In principle, the starting line for them (tariff cuts) should be the same for sensitive and non-sensitive products.'<sup>38</sup> Previously, Japan had called for different rules for reducing tariffs on sensitive items and general items. Nakagawa also proposed an additional 5 per cent cut in trade-distorting subsidies for farmers, remarking: 'We food importers are also aware of the need to slash domestic support, because it blocks consumption of food imports.'<sup>39</sup>

However, Japan still demanded that the actual size of tariff cuts for the sensitive items be smaller than for non-sensitive ones. Its proposal was that the margin of cuts be on a small scale in exchange for an expansion of minimum access, low-tariff and other special formulas. In addition, it resisted to the last the proposed introduction of a ceiling on agricultural tariff rates. The Chairman of the Central Union of Agricultural Cooperatives commented: 'If the measure is introduced, Japan's agriculture will collapse'.<sup>40</sup>

Significantly, the WTO declaration coming out of the ministerial talks in Hong Kong did not include the proposed introduction of a ceiling on agricultural tariff rates. This was because countries such as Japan and the G10 strongly opposed it. The WTO Cabinet Declaration stated that in the market access area of the agricultural negotiations it was 'necessary to arrive at an agreement based on considering all aspects', and essentially postponed addressing the question of how to deal with sensitive items, which would have a lesser degree of market liberalisation than general items. The MAFF adopted the opinion that in the phrase 'all aspects' there were grounds to suggest that the WTO was taking into account the situation of each country.<sup>41</sup> At a press conference of domestic and international journalists in Hong Kong, Minister Nakagawa stated: 'As an importing state, we have indicated flexibility'.<sup>42</sup> However, he reiterated his 'strong objection' to establishing an upper limit on tariffs.<sup>43</sup>

### *FTA Trade Policy*

Koizumi saw FTAs as an instrument to help Japan's agricultural sector become more internationally competitive, and raised the structural reform of agriculture in this context. He

stated after the 2003 APEC meeting in Bangkok, ‘we cannot be an agricultural isolationist country’ (*nōgyō sakoku*),<sup>44</sup> and that agriculture could not be allowed to hold up agreements on trade. It was only when agriculture and its political allies stood in the way of one of Koizumi’s policy priorities that he was prepared to focus his reform efforts on the farm sector. He sought to assert his policy control over FTA negotiations by establishing a cross-ministry coordinating body called the FTA *Kankei Shōchō Kaigi* (Council of Related Ministries and Agencies on FTAs) under the leadership of the *Kantei*. The council was designed to bypass opposition from farm groups, the MAFF and the *nōrin zoku*, particularly after initial negotiations on the Japan-Mexico agreement in 2003 failed because of their opposition. Koizumi declared: ‘After this, I cannot leave it to the MAFF and the *nōrin zoku*’.<sup>45</sup>

However, the fruits of his efforts to assert prime ministerial leadership and to facilitate consensus-building amongst the concerned ministries were modest. The benchmarks for agricultural access – set in the deals signed with Mexico, the Philippines and Malaysia and in the basic agreement with Thailand – were very conservative. Not only did they introduce the notion that phased (i.e. incremental) liberalisation was compatible with bilateral FTAs, but they also allowed for liberalisation to occur over a long time period and/or be subject to quota limitations, or for particular products to be excluded from the agreement altogether. Given that FTAs should cover substantially all trade, Japan no longer expected to exempt large protected sectors of the economy such as agriculture from the agreement. On the other hand, the aim of the MAFF and its political allies was to see that the conclusion of an FTA did not lead directly to the growth of exports to Japan in areas that could be troublesome.

Perhaps, most significantly, in the clash of interests between Japan’s manufacturing exporters and investors on the one hand, and agricultural interests on the other, the latter set the ultimate limits to any agreement. This has meant that overall, Japan was prepared to sacrifice considerable non-agricultural economic and trade benefits for the sake of retaining its heavy support for domestic producers of rice and other sensitive farm products. For example, in the agreement on a basic FTA with Thailand in September 2005, Japan failed to get tariffs on Japanese-made vehicles removed for this reason.<sup>46</sup>

Far from overturning the status quo, Koizumi was fully behind the new strategy of ‘Japanese agricultural policy on the offensive’ (*seme no nōsei*),<sup>47</sup> which was an initiative of the MAFF and key *nōrin zoku* who used it to gain Koizumi’s support for domestic agriculture. One of the central objectives of this ‘offensive’ was to increase Japanese agricultural exports, taking advantage of the Japanese food ‘boom’ overseas, and for which Koizumi was induced to play a flag-waving role.<sup>48</sup> In late 2004, the prime minister cited the anecdote of Japanese apples being sold for ¥1000 a piece in China.<sup>49</sup> Japanese rice was also popular as a ‘brand food’ in the countries of East Asia including China.<sup>50</sup> Koizumi later held a meeting with apple growers, and unveiled a ‘vision’ to increase exports of farm products to a ¥1 trillion a year



level. He invited pioneer farm operators to the *Kantei* to exchange views. Learning that one of the attendees was running a farm underground in an office building in Ôtemachi, the central business district in Tokyo, the prime minister visited it in February 2005, praising the unique enterprise, saying: ‘Agriculture is a new industry. Agriculture has limitless possibilities’.<sup>51</sup> Koizumi was reported to be pinning his hopes on agriculture as the ‘trump card’ to turn around the construction-based rural employment structure, and to revamp his own image as someone who had ‘turned a cold shoulder to rural areas’.<sup>52</sup>

In April 2005, the government launched a government-private sector council called the National Council for Promoting Exports of Agricultural and Marine Products, which brought together representatives of the MAFF, METI, the Ministry of Foreign Affairs (MoFA), local governments, agricultural cooperatives and food manufacturers. It aimed to double the value of agricultural produce exports over five years. Initiatives included developing types of crops that catered to overseas markets. At the plenary session to launch the council, the prime minister noted ‘Japanese agricultural products, which are expensive but tasty, are fully exportable. Agriculture is a promising industry’.<sup>53</sup> He urged the farm sector to switch from its defensive approach to an aggressive one.<sup>54</sup> The July 2005 fiscal and economic policy blueprint of his administration included increased exports of agricultural products as part of the government’s future priorities for economic growth and fiscal reconstruction.

The government’s Food, Agriculture, and Agricultural Village Policy Promotion Headquarters, chaired by Prime Minister Koizumi, adopted the 21st Century New Agricultural Policy 2006 (*Shinnôsei 2006*) in April, an initiative that aimed to strengthen the international competitiveness of its agricultural and marine products in order to promote exports. The initiative set various numerical targets, including the total amount of exports of agricultural, fisheries, and forestry products that were to be doubled to ¥600 billion by 2009.<sup>55</sup>

### **Agriculture in the context of policymaking change**

Under Koizumi, the dual structure of LDP–bureaucracy policymaking was partially displaced by the shift towards a much more prime minister-centred policymaking system. Policymaking became a more top-down system with more meaningful horizontal coordination taking place at the highest levels of government – amongst the various bodies supporting the prime minister including the *Kantei* and the Cabinet Office (including the CEFPP), cabinet ministers and cabinet councils, and party executives from both the LDP and its coalition partner, the Kômeitô. The CEFPP in particular acted as the engine of reform, but perhaps most importantly, it helped some of Koizumi’s reform initiatives to succeed ‘by facilitating the direct exercise of prime ministerial leadership’.<sup>56</sup> Indeed, it was dubbed the ‘tool of the Koizumi dictatorship’.<sup>57</sup>



Another significant change engineered by Koizumi was the exclusion of factional influence from the process of ministerial appointments. The major hurdle that aspirants had to pass was an ability and willingness to align themselves with prime ministerial policy initiatives. This meant that there was no room for non-reformers in Koizumi's Cabinet. Koizumi categorically told reporters on the fifth anniversary of his attainment of prime ministerial office:

‘I'm the first Liberal Democratic Party member who became prime minister without support from the largest faction called the Tanaka, Takeshita and now Tsushima faction. I broke down the party's traditional faction-based politics and faction-centred personnel appointments.’<sup>58</sup>

However, for agriculture, the system remained predominantly bottom-up. The MAFF Minister still spoke for the interests of his ministry, although he also became more of a conduit for top-down directives. It was important for agriculture not to be seen to be out of step with the broad thrust of Koizumi's policy directions. On the other hand, the institutionalised pattern of coordination and consensus-building amongst the MAFF, leading LDP farm politicians and agricultural groups remained the predominant mode, with final decision making largely in the hands of the dual *seifu-Jimintô* (government-LDP) structure acting autonomously. These groups were not displaced by changes to the policymaking system under Koizumi. The MAFF continued to draft all agricultural policy proposals and legislative bills and the LDP's agricultural policymaking committees and subcommittees continued to filter all agricultural policy and agricultural trade policy proposals and to act as the customary veto point. The following table lists the most important agricultural committees, their respective policy foci and their chairmen.

What is more, the Koizumi administration singularly failed to destroy the vertically segmented system of government administration and thus overcome the vertical divisions within Japan's overall policymaking system. This remained partitioned into separate policy communities consisting of bureaucratic, party and interest group actors negotiating policies for particular industries and sectors. In particular, the four ministries most concerned with EPAs (METI, MAFF, MoFA and MoF) remained fractious even when pro-active attempts were made to overcome their differences in order to move government trade strategy forward. The *Kantei* still could not set strategic policy direction for external economic negotiations and confidently expect that the concerned ministries and their associated policy communities would follow in its wake.

This aspect of Japanese policymaking is highly significant for the prospect of Japan's signing FTAs with other Asian Pacific countries, and for the eventual success of Japan's East Asia EPA initiative launched by former METI Minister Nikai Toshirô.<sup>59</sup> It means that the

**Table 1 Main LDP agricultural committees/subcommittees and executive groupings**

Title	Policy focus	Current chairman/electorate
Agriculture and Forestry Executives Meeting	Agricultural product prices; imports of US beef; farm management income stabilisation countermeasures	Yatsu Yoshio (Gumma 3)
Comprehensive Agricultural Policy Investigation Committee	Agricultural policy reform; agricultural and forestry-related budget; proposed agricultural legislation; rice policy	Yatsu Yoshio (Gumma 3)
Agriculture and Forestry Division	Agricultural policy reform; agricultural and forestry-related budget; proposed agricultural legislation; agricultural product prices	Nishikawa Kôya (Kita Kantô bloc)
Agricultural Basic Policy Subcommittee	Farm management income stabilisation countermeasures; rice production adjustment	Matsuoka Toshikatsu (Kumamoto 3)
Agriculture, Forestry and Fishery Products Trade Investigation Committee	WTO agricultural negotiations; EPA/FTA negotiations	Kamei Yoshiyuki(Kanagawa 16); Ôshima Tadamori Acting Chairman, (Aomori 3); Matsuoka Toshikatsu (Kumamoto 3)
Agriculture, Forestry and Fishery Products Trade Investigation Study Team	WTO agricultural negotiations	Ôta Toyooki (Fukushima Prefecture – Upper House)
WTO Tripartite Council	WTO agricultural negotiations	Kamei Yoshiyuki(Kanagawa 16)
Livestock and Dairy Countermeasures Subcommittee	Livestock and dairy product prices; BSE	Hanashi Yasuhiro(Ibaraki 3)
Food Problems Study Group	WTO agricultural negotiations; sugar, starch, shiitake, rice and fisheries issues; management countermeasures for farmers; livestock product pricing system	Kondô Motohiko (Niigata 2)
Association to Rapidly Promote Exports of Agricultural Products	Exports from agricultural, forestry and fishery groups	Matsuoka Toshikatsu (Kumamoto 3)
Vegetable, Fruit and Upland Farming Countermeasures Subcommittee	Production conditions/policies for vegetable, fruit and upland farming	Kondô Motohiko (Niigata 2)

Source: *Nôsei Undô Jyânaru*, various issues.

Japanese government (the prime minister and his administration) cannot enforce trade-offs between sectors, no matter how potentially valuable the gains might be to particular economic and industry interests in Japan. The Westminster mind that exists in Australia automatically thinks in terms of the balance of gains and losses amongst particular sectors. It assumes that

agriculture is going to give and industry is going to gain, but that is not how it works in Japan. A very difficult coordination process is required to secure an agreement amongst competing interests, in which only small concessions, if any, can be wrung from the agricultural policy community, which is bound together tightly by a shared vested interest in agricultural protection and whose key players make policy (including trade policy) for agriculture. As the record shows, the agricultural sector was not sacrificed to either the Koizumi administration's foreign and strategic policy goals or to its industrial/external trade policy goals in the pursuit of EPAs. There is no precedent for this kind of deal to be extracted from the Japanese agricultural sector, and there is no suggestion that the possible FTA with Australia will be any different.

Significantly, the United States has refused to engage in discussions on an EPA with Japan because of the issue of agriculture. US Ambassador to Japan Thomas Schieffer spoke about a possible EPA, including an FTA, between Japan and the United States in an April 2006 speech in Tokyo, saying: 'If the two countries promote economic integration, they would be able to enjoy unimaginably high economic growth.'<sup>60</sup> At the same time, however, he indicated that:

'the issue of Japan's agricultural market liberalisation would stand in the way of such negotiations between the two countries. The ambassador said that the US gives priority to concluding a comprehensive accord, including the agricultural sector. Schieffer added: "It is Japan that must make the judgment, for if it keeps its agricultural market closed, the US will not be able to start negotiations".'<sup>61</sup>

The MAFF is particularly negative about concluding an EPA with the United States. The key hurdle for any such agreement remains what the agricultural policy community in Japan can be persuaded, or pressured, to accept – but its acceptance will still be pivotal to the outcome as it was with previous agreements. So while METI (backed by industry) and MoFA might have decided which countries (or groups of countries) Japan should approach for ETA/FTA negotiations, Prime Minister Koizumi was not in a position to deliver on such agreements.

Where Koizumi had more impact in terms of his delivery of government policy – but only in the final year of his administration – was in the control that the LDP executive (including himself as party president) exercised over the party itself. One of Koizumi's singular achievements (stemming largely from the September 2005 election in which compliance with his postal privatisation legislation was made the price of LDP electoral endorsement)<sup>62</sup>, was his conversion of the LDP into a more centralised organisation and a more unified, cohesive entity on policy. Previously – both before and after electoral reform – LDP candidates,

especially in rural and semi-rural areas, often paid lip service to the leader's views and the party's manifesto, and competed on the basis of their own individual attributes and political standing including the ability to bring home the 'pork' to their constituencies.

What Koizumi engineered in 2005 was more than just a shift from candidate-based elections to party-based elections. Firstly, he broke up the faction (Shisuikai) that was led by Kamei Shizuka and which, over many years, had dominated the management of agricultural policy under the leadership of its *nôrin zoku* members.<sup>63</sup> Agricultural and forestry Diet members (*nôrin giin*) also split over the issue of postal privatisation.<sup>64</sup> Secondly, he managed a unified party leadership-based election. This was an important step on the road to a Westminster system, because it locked the LDP's Lower House membership into the party's (and his own) policy manifesto. To some extent, therefore, the 2005 election was about political reform: it established the principle that the broad mass of the party's parliamentary membership had to accept the policies of the leaders in government. Koizumi attacked the independent, local vested-interest power bases of individual LDP Diet politician members, where those vested interests challenged the major tenets of his administration's policy on postal privatisation.<sup>65</sup> In this sense Koizumi went a long way towards achieving one of his primary political goals – destroying the 'old' LDP. The 'old' LDP had never been a unified entity in policymaking: it had always been a loose, decentralised body, enabling individual Diet members and groups of Diet members to lobby for policies they wanted and to block the policies they opposed. In the latter stages of the Koizumi administration, LDP Diet members could no longer openly stand for vested interests in defiance of government policy. If they did, they could envisage having to pay the ultimate price – disendorsement by the LDP at the next election and the potential loss of their seat. Significantly, in the lead-up to the House of Councillors election in 2007, the LDP is stepping in to review the selection of candidates by local organisations and clear the way for the party's headquarters to lead the campaigns.

This trend of greater party control over its own Diet members has all kinds of implications for the policymaking process, including undercutting the power of individual backbenchers as independent policy entrepreneurs, reducing the power of the *zoku* representing particular local, sectional and 'clientelistic' interests,<sup>66</sup> and going a long way towards eliminating the 'party versus government' phenomenon in Japanese politics. Koizumi engineered a distinct shift towards a more Westminster-style system, where the prime minister and the cabinet lead, and the government party follows.

The change enabled Koizumi to make much more skilful use of the LDP Policy Affairs Research Council (PARC), which began working as a powerful driving force on policy (for example, it drew up the package of fiscal reform measures in June 2006) and to some extent it displaced the CEFPP as the flagship of Koizumi's reforms.

However, agriculture was not, and it is doubtful whether it would ever be, made a test of party loyalty and thus electoral endorsement in the way the postal privatisation was. This would amount to a *kamikaze* attack on the LDP's own farm support base. Moreover, while Koizumi could confidently claim: 'I have destroyed some special support organisations, believing the interest of the public must come first' [indirectly referring to his defeat of postmasters' associations and their LDP Diet representatives in the 2005 Lower House election],<sup>67</sup> he refrained from tampering with vote-productive links between LDP farm politicians and Nokyo's political groupings. Indeed, not only was he happy publicly to support the re-election of well-known *nôrin zoku* in the 2005 election, but Nokyo's new candidate for the 2007 Upper House election in the nationwide proportional representation (PR) constituency, Yamada Toshio, personally received his LDP endorsement from Koizumi.<sup>68</sup>

Moreover, Koizumi did not succeed in bringing the bureaucracy under control, although he was partly successful in bringing the LDP under control. Even Takenaka admitted in a retrospective on his time in office:

'It is true that since carrying out politics and policymaking are a high-level knowledge-intensive industry, it is also necessary to benefit from the bureaucrats' accumulated knowledge. Only a limited number of persons can see through their plots and come up with clever ideas equivalent to theirs. Under such a circumstance, it is very difficult to make and implement reform plans over negative reactions from bureaucrats.'<sup>69</sup>

The new leader of the Democratic Party of Japan (DPJ), Ozawa Ichirô, criticised the structural reforms of the Koizumi administration, saying that 'the underlying reliance on bureaucrats has not changed.'<sup>70</sup> Despite Ozawa's anti-bureaucratic stance, which was in keeping with DPJ's long-held position on the need to curb bureaucratic power, many bureaucrats reportedly resented the way in which the CEFP implemented so many policies over their objections during the Koizumi era, including postal privatisation, financial rehabilitation (the clean-up of bad debt at banks), regulatory reform, and economic and fiscal reform.<sup>71</sup>

### **Agriculture in the context of party politics**

Over the period of the Koizumi government, including the September 2005 election hailed by some as a watershed in Japanese politics,<sup>72</sup> agricultural representation by LDP Diet members remained very stable. Although Koizumi's public works cutbacks cramped the style of LDP pork barrellers in rural districts, he did not seriously threaten the electoral nexus between farm voters and LDP politicians, which left the *nôrin zoku* with their voting bases

intact. Sectional interest representation of agriculture remained strong in the LDP. The electoral flux in 2005 really only took place in densely populated metropolitan areas where floating voters were in a majority and where LDP candidates (often young, new and clinging to Koizumi's coat tails) replaced DPJ sitting members, and in the PR regional blocs where party endorsement was vital.

The biggest change resulting from this election was the shift in the balance of interest representation within the LDP more towards urban areas because of the growth in LDP support in the cities. Nevertheless, it remains an open question whether the greater weight of urban members in the party will translate into shifts in the party position on agriculture. It may only be a very transient phenomenon, given that it was based on floating votes, which may simply float away again at the next election.

Ozawa has a saying that true structural reform in Japan will come only when the DPJ wrests power from the LDP (even if he is ex-LDP himself), reiterating one of the mantras of his predecessor, Okada Katsuya. However, it is difficult to see how real structural reform of agriculture would occur under an Ozawa-led government, given his party's farm policies. For example, in response to the LDP-government policy of targeting only agricultural 'bearers' for direct income subsidies, the DPJ proposed a much broader net for subsidy payments, which would effectively prop up as many inefficient farmers as under the old system.<sup>73</sup> What this means is that the LDP and the Opposition parties have assumed their traditional positions on agricultural policy, with the LDP representing the party of 'reform' and the Opposition parties representing support for the status quo, or the true defenders of small-scale, inefficient farmers. The DPJ advocates a form of agrarian socialism that makes the LDP look like a group of rabid free marketeers. Its policy on direct payments to farmers was condemned by one farmer in Niigata Prefecture for 'just throwing money at the farmers'.<sup>74</sup>

It is possible that the DPJ will gain support from farmers with its policies. There are new DPJ members in the Diet who represent agricultural interests and who have strong links to agricultural organisations of the more 'progressive' type i.e. the farmers' movement and farmers' leagues in Hokkaido (e.g. Sasaki Takahirô, who won the seat of Hokkaido 6, beating the LDP member who was not a farm politician). Six out of the eight agricultural representatives from Hokkaido, which represents a DPJ stronghold (as does Iwate because of Ozawa), are from the DPJ, except for Koizumi's MAFF Minister Nakagawa, and former MAFF Minister Takebe. The single-member districts in regional areas in 2005 actually offered very stable support for DPJ as well as LDP.

## **Agriculture and the power transition in Japanese politics**

It is an open question whether Koizumi's successor, Abe Shinzô, will make 'reform' the catchcry of his administration. In the latter months of the Koizumi administration, not only did the focus of governmental policy shift to external rather than internal issues, but some of the economic imperatives that gave rise to Koizumi's reform push in the first place also moderated. Abe does not possess the kind messianic fervour about economic reform issues (such as postal privatisation) that Koizumi did, and which generated impetus for Koizumi's entire reform agenda. Despite having a Takenaka equivalent in Ôta Hiroko as Minister in Charge of Economic and Fiscal Policy, Abe will, no doubt, seek to shape his own distinct policy identity. His book 'Towards a Beautiful Country', penned as a kind of election manifesto for the LDP presidency, is almost entirely consumed with foreign and defence policy-related issues, including the need to revise Japan's constitution. Only education scores his attention as a purely domestic matter although this is connected to his nationalistic impulse and desire to engender greater patriotism in Japanese youth. Just a few pages of the book are devoted to economic policy.<sup>75</sup> For Abe, structural reform means revising the constitution and the education system.<sup>76</sup>

Although Abe has indicated that he supports 'open market principles in terms of external trade and FTAs with countries in Asia'<sup>77</sup> including Australia, and continued government spending cuts,<sup>78</sup> reactionary forces remain in the wings especially amongst the LDP 'Old Guard'. It is possible that if the change in the LDP leadership permits anti-reformists back in who object to cuts in fiscal outlays and particularly sharp cuts in public works, 'reform momentum may peter out'.<sup>79</sup> This is especially true as the LDP goes into pre-election mode for the next Upper House election and for unified local elections both of which are due in 2007. There are still LDP Diet politicians who demand funds for localities and who have distanced themselves from Koizumi's reform drive. Reports suggest that some members of the LDP in the Upper House 'are already showing resistance to further reductions in tax allocations to local governments and to the proposed annual 3% reduction in public works expenditures.'<sup>80</sup> They want to repair damaged relations with support organisations.<sup>81</sup> Government ministries are also intent on a rollback of cuts, taking advantage of the changeover of prime minister.<sup>82</sup> Regarding public works, the Ministry of Land, Infrastructure and Transport (MLIT) has demanded an increase of 18.3 per cent, while the MAFF has called for a 17.9 per cent boost.<sup>83</sup> Abe himself has expressed support for old-style public works projects. Every time he gave a speech in the lead-up to the LDP presidential election in September 2006, he reportedly emphasised the importance of public works projects.<sup>84</sup>

The fact that Abe subsequently appointed a typical *nôrin zoku* and pork-barrel politician – Matsuoka Toshikatsu<sup>85</sup> – to the post of Minister of Agriculture, Forestry and Fisheries in his first Cabinet suggests that in the agricultural sector at least, it will be ‘business as usual’. Matsuoka has expressed his support for increased imports of Australian agricultural products into Japan as part of a proposed FTA, but only commodities to which Japanese agricultural processors can add value and then re-export to Asia-Pacific countries. In an interview with the press shortly after his appointment, Matsuoka reiterated his trademark themes of aggressively promoting Japanese agricultural exports and expanding biomass energy-based production.<sup>86</sup> On trade matters, he blamed the United States for the failure of the WTO Doha Round whilst declaring that he was prepared, in future talks, to adopt a stance of ‘taking whatever we can and accepting whatever we should’.<sup>87</sup> Likewise, he committed himself to pursuing FTA talks in a positive manner,<sup>88</sup> although his newfound enthusiasm for trade liberalisation was generally attributed to his need to align his position with that of the prime minister in order to secure the position of minister. Matsuoka rounded off his comments with a declaration of support for core farmers, and a desire to boost agricultural productivity with a focus on these farmers, which reflects the current MAFF policy approach.<sup>89</sup>

On the other hand, the process of reforming Japanese policymaking into a more top-down system will continue apace under Abe. He has already indicated that he intends to strengthen the *Kantei* as an instrument of the prime minister’s executive power. He also envisages further politicising appointments to top levels of the bureaucracy, including putting ministries under the strong political leadership of ministers, deputy ministers and state secretaries, and making the PARC (particularly its chairman) an agent of the administration rather than the party. All these moves are suggestive of a concerted attempt to contain the independent policymaking authority of the bureaucracy and the PARC’s policy committees. Abe has also proposed allowing deputy ministers to assume the chairmanships of these committees, thus ‘avoiding a struggle between the *Kantei* and the LDP over policymaking’.<sup>90</sup> Abe will also be able to take advantage of the precedent set by Koizumi in appointing cabinet ministers who share his policies.

## Conclusion

As an economic reformer, Koizumi was happy with getting postal reform through, declaring victory and walking away. He was never particularly interested in the details of any economic policy except postal reform. Nevertheless, the political process by which he achieved postal reform ensured that any future LDP prime minister would have more influence in the party and over its Diet members than previous prime ministers did before he came into office. If a future prime minister is interested in real economic reform, he will probably be able to get



more done than Koizumi did because the LDP will have moved a few steps towards becoming a more centralised party.

There is no indication, however, that agriculture is going to feature any more prominently in the future than it has in the past. The most difficult reforms are those, of course, that face entrenched political and bureaucratic interests, and agriculture falls squarely into this category. It is conceivable that some movement might take place on agriculture in the context of negotiations for FTAs with countries such as Australia where agriculture is unavoidably central and where Koizumi's successor has indicated a special priority interest. However, the key players in the agricultural policy community, particularly the MAFF and *nôrin zoku*, will continue to define the scope and limits to such an agreement.

## Notes

- 1 *Nihon Nôgyô Shinbun*, 8 November 2003.
- 2 *Nihon Nôgyô Shinbun*, 22 November 2003.
- 3 *Nihon Nôgyô Shinbun*, 22 November 2003.
- 4 For a comprehensive list of Koizumi's priority reforms (privatisation of postal services, banking reform, tax reform, medical and pension system reform, fiscal reconstruction including cuts to public works expenditure and public corporation reform), see Aurelia George Mulgan, *Japan's Failed Revolution: Koizumi and the Politics of Economic Reform*, Canberra, Asia Pacific Press, pp. 25-33.
- 5 *Nikkei Weekly*, 31 July 2006.
- 6 Koizumi's 'attempt to revamp the indebted public corporations in charge of highway construction was a good example. In these areas, he was forced to compromise with anti-reform forces and accept watered-down versions of his original goals [including on postal privatisation]'. *Nikkei Weekly*, 31 July 2006. Koizumi's trinity reforms (fiscal decentralisation initiative) also fizzled after a modest achievement, with the central government still subsidising local government to the tune of ¥16 trillion because of the desire of central government bureaucrats to hold on to their subsidy allocation powers.
- 7 Interview with Professor Honma Masayoshi, *Asahi Shinbun*, 26 August, 2005. See also below.
- 8 Details of the Takebe Private Plan and its fate are provided in Aurelia George Mulgan, *Japan's Agricultural Policy Regime*, London and New York, Routledge, 2006, pp. 146-150.
- 9 *Nihon Nôgyô Shinbun*, 8 November 2003.
- 10 See George Mulgan, *Japan's Agricultural Policy Regime*, pp. 154-157.
- 11 *Nihon Nôgyô Shinbun*, 8 November 2003.
- 12 *Nihon Nôgyô Shinbun*, 8 November 2003. See also below.
- 13 The MAFF had continually pursued the structural adjustment (i.e. scale expansion) of agriculture since the passage of the Agricultural Basic Law in 1961 but with singular lack of success, increasing farm size from an average of around 0.5 hectares in the 1960s to 1.6 hectares in the 2000s. *Mainichi Shinbun*, 27 October 2003.

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- 14 This is the National League of Farmers' Agricultural Policy Campaign Organisations (*Zenkoku Nōseiren*). See 'Nōsei Kaikaku Suishin Yosan: Ninaite Jūshi no Omosa ga Kagi ni' ['The Agricultural Policy Reform Promotion Budget: The Weight of Bearers' Importance is the Key'], *Nōsei Undō Jyānarū*, No. 68, August 2006, p. 1.
- 15 According to the National League of Farmers' Agricultural Policy Campaign Organisations, the new cross-product management stabilisation countermeasures along with rice policy reform, and agricultural land, water and environmental preservation improvement countermeasures make up the so-called 'three pillars' for promoting the structural reform of agriculture. 'Nōsei Kaikaku Suishin Yosan: Ninaite Jūshi no Omosa ga Kagi ni' ['The Agricultural Policy Reform Promotion Budget: The Weight of Bearers' Importance is the Key'], *Nōsei Undō Jyānarū*, No. 68, August 2006, p. 1.
- 16 The review of the 2000 Food, Agriculture and Rural Areas Basic Plan was effectively undertaken in response to the directions for agricultural policy reform laid down by the prime minister's Headquarters for the Promotion of Policies for Food, Agriculture and Rural Areas.
- 17 The American Sugar Alliance maintains: 'Importers must sell sugar to the ALIC [Agriculture and Livestock Industry Corporation]; the ALIC then resells the sugar to the same importers at a much higher price. The difference acts in the same way as a high tariff. Japan's WTO-allowed sugar import tariff is one of the highest in the world at 354%.' [http://www.sugaralliance.org/desktopdefault.aspx?page\\_id=136&resource\\_id=671](http://www.sugaralliance.org/desktopdefault.aspx?page_id=136&resource_id=671)
- 18 Organisation for Economic Co-operation and Development, *Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005*, Paris, OECD, 2005, p. 187.
- 19 <http://geneva.usmission.gov/Press2005/0125TPRJapan.htm>
- 20 Organisation for Economic Co-operation and Development, *Agricultural Policies in OECD Countries: Monitoring and Evaluation 2005*, Paris, OECD, 2005, p. 187.
- 21 Ministry of Agriculture, Forestry and Fisheries, Tokyo, 'Why Agriculture Needs Different Treatment in Trade Rules? Japan's Policy Reforms and WTO Negotiations', Fact Sheet No. 1, [www.maff.go.jp/wto/factsheet.pdf](http://www.maff.go.jp/wto/factsheet.pdf)
- 22 This is the first time for the Japanese government to reject a commodity listing application. Rice is the last major commodity for futures trading. Rice wholesalers as well as traders had been seeking a venue from which to trade rice futures. This decision also dimmed prospects for their market operations. The Commodity Exchange Law 'approves commodity listings "unless they threaten to disrupt a commodity's production and distribution significantly."' *Nikkei Weekly*, 17 April 2006.
- 23 *Nikkei Weekly*, 17 April 2006.
- 24 *Nikkei Weekly*, 17 April 2006.
- 25 *Nikkei Weekly*, 17 April 2006.
- 26 *Nikkei Weekly*, 17 April 2006.
- 27 *Nikkei Weekly*, 17 July 2006.
- 28 This compares with a budget cut for defence by 2 per cent to ¥4.8 trillion.
- 29 '2006 Nendo Seifu Yosanan Kimaru' ['2006 Government Budget Draft Decided'], *Nōsei Undō Jyānarū*, No. 65, February 2006, p. 25.
- 30 Expenditure on infrastructure projects was cut five years in a row (2002-2006 budgets), for a combined reduction of 24 per cent. *Nikkei Weekly*, 31 July 2006.
- 31 'Nōsei Kaikaku Suishin Yosan', p. 1.

- 32 The government's 2006 policy framework incorporates a five-year road map for fiscal reconstruction commencing in fiscal 2007. The policy blueprint established a range of 1-3% for budget cuts in any particular category, a sixth-straight year of decline. The outline calls for limiting social security spending, cutting public works allocation by 3% to ¥7 trillion, cutting ODA expenditure by 3%, 1% cuts in defence spending, subsidies for national universities, and so on. *Nikkei Weekly*, 24 July 2006.
- 33 The actual percentage figures were 2002 – 3.9%; 2003 - 3.8%; 2004 - 3.7%; 2005 – 3.6%; and 2006 – 3.6%. See *Nōsei Undō Jyānaru*, various issues.
- 34 For a comprehensive analysis of farmland deregulation in Japan, see Aurelia George Mulgan, *Japan's Agricultural Policy Regime*, Routledge, London and New York, 2006, pp. 141-144, 157-159, 171-172.
- 35 *Nikkei Weekly*, 31 July 2006.
- 36 *Nikkei Weekly*, 31 July 2006.
- 37 *Nikkei Weekly*, 31 July 2006.
- 38 *Kyodo News*, 16 December 2005.
- 39 *Kyodo News*, 16 December 2005.
- 40 *Yomiuri Shinbun*, 19 December 2005.
- 41 'Modariti Kakuritsu Kigen, Shigatsu Matsu ni Settei Honkon Kakuryō Kaigi de Gōi' ['Modality Establishment Period Set for Late April Agreed at the Hong Kong WTO Cabinet Council Meeting'], *Nōsei Undō Jyānaru*, No. 65, February 2006. p. 5.
- 42 'Modariti Kakuritsu Kigen', p. 4.
- 43 'Modariti Kakuritsu Kigen', p. 4.
- 44 *Mainichi Shinbun*, 27 October 2003.
- 45 'Za Sankuchuari: Jimintō "Nōrin Zoku"' ['The Sanctuary: LDP "Agriculture and Forestry Tribe"'], *Sentaku*, Vol. 30, No. 2, February 2004, p. 58.
- 46 *Nikkei Weekly*, 31 July 2006.
- 47 This was part of Koizumi's 'structural reform line' on agriculture in the later stages of his administration, along with creating a system that could supply food to the next generation, providing 'food education' (*shokuniku*) and an agricultural policy that takes care of the environment. *Nihon Nōgyō Shinbun*, 12 August 2005.
- 48 *Nihon Nōgyō Shinbun*, 26 March 2005.
- 49 *Tōkyō Shinbun*, 9 March 2005.
- 50 'Oishikute Anshin na Nippon no Nōrinsuisanbutsu o Kaigai e!', <http://www.matsuoka-toshikatsu.org/site002//public/053.html>
- 51 *Tōkyō Shinbun*, 9 March 2005.
- 52 *Tōkyō Shinbun*, 9 March 2005.
- 53 *Nihon Keizai Shinbun*, 28 April 2005.
- 54 *Nihon Keizai Shinbun*, 28 April 2005.
- 55 *Yomiuri Shinbun*, 5 April 2006.
- 56 Takenaka Heizo, quoted *Nikkei Weekly*, 17 July 2006.
- 57 *Nikkei Weekly*, 17 July 2006.

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- 58 *Mainichi Shinbun*, 26 April 2006.
- 59 This envisages an EPA amongst the ASEAN + 6 (Japan, China, South Korea, Australia, New Zealand and India). The *nōrin zoku* are reportedly vehemently against this proposal because it includes Australia from where ‘cheap farm products will flow into the nation’. *Asahi Shinbun*, 27 August 2006.
- 60 *Tōkyō Shinbun*, 20 April 2006.
- 61 *Tōkyō Shinbun*, 20 April 2006.
- 62 Aurelia George Mulgan, ‘2005 Japan Election Briefing’, University of Melbourne Asia Link Centre, 9 September 2005.
- 63 The Kamei faction broke up when Kamei failed to obtain LDP endorsement in the September 2005 election over the issue of postal privatisation.
- 64 *Nihon Nōgyō Shinbun*, 20 August 2005.
- 65 Koizumi categorically told reporters in April 2006: ‘I destroyed the forces that relied on support organisations and protected certain vested interests.’ *Mainichi Shinbun*, 26 April 2006.
- 66 For an analysis of how one rural Diet member and *nōrin zoku* represents these differentiated interests, see Aurelia George Mulgan, *Power and Pork: A Japanese Political Life*, Canberra, Asia Pacific Press, 2006.
- 67 *Asahi Shinbun*, 29 August 2006.
- 68 ‘*Soshiki Daihyō Kōhō Yamada Toshio-kun Kōen no tame no Torikumi*’ [‘The Program for Organisational Representative Candidate Mr. Yamada Toshio’s Public Speech’], *Nōsei Undō Jyūnanaru*, No. 68, August 2006, pp. 2-3.
- 69 *Asahi Shinbun*, 16 June 2006.
- 70 *Nikkei Weekly*, 17 April 2006.
- 71 *Nikkei Weekly*, 17 July 2006.
- 72 Ellis Krauss. ‘Japan’s September 11: A Critical Election’, Presentation to the Crawford School of Economics and Government, ANU, 6 July 2006.
- 73 ‘*Tsuyoi Yotō no Chikara Hakki e: Shoten wa Nōsei Tenkan no Zehi*’ [‘Towards the Display of Strong Ruling Party Power: The Focus is the Pro’s and Cons’ of an Agricultural Policy Turning Point’], *Nōsei Undō Jyūnanaru*, No. 65, February 2006. p. 1.
- 74 *Nihon Nōgyō Shinbun*, 13 September 2005.
- 75 *Asahi Shinbun*, 31 August 2006.
- 76 *Asahi Shinbun*, 29 August 2006.
- 77 Bennet Richardson, ‘With the Changing of the Guard in Japan, A New Economic Focus’, *The Canberra Times*, 27 September 2006, p. 13.
- 78 *Nikkei Weekly*, 10 July 2006.
- 79 *Nikkei Weekly*, 10 July 2006.
- 80 *Nikkei Weekly*, 10 July 2006.
- 81 *Nihon Keizai Shinbun*, 20 Jun 2006.
- 82 *Asahi Shinbun*, 31 August 2006.
- 83 *Asahi Shinbun*, 31 August 2006.

- 84 *Asahi Shinbun*, 31 August 2006.  
85 See George Mulgan, *Power and Pork*, pp. 33-37; 63-67.  
86 *Yomiuri Shinbun*, 29 September 2005.  
87 *ibid.*  
88 *Yomiuri Shinbun*, 29 September 2005.  
89 *ibid.*  
90 *Nihon Keizai Shinbun*, 18 September 2006.

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