



JAPAN - NEWS SCAN

Historic Government Change May Impact Agriculture Exports to Japan – 2009/09

In the historic Japanese election on August 30th, 2009, the Liberal Democratic Party (LDP) lost power to the Democratic Party of Japan (DPJ) after almost 55 years of uninterrupted rule in Japan. The DPJ has formed a coalition government with two smaller parties, including the Social Democrats who oppose more agricultural imports in general and beef specifically, there is a push for domestic agriculture development and production and protection.

The DPJ coalition's major problem is that they have pledged more government spending for social and business programs while at the same time reducing the government's debt, the highest among developed countries. Current economic policies put in place by the LDP in Japan have resulted in slow economic growth for the past two decades, therefore the DPJ sees that reforms need to be put in place to increase strong economic growth is needed. Those changes would include eliminating import controls on agricultural products and streamlining the country's distribution system. That would lower food costs for Japanese consumers and provide for an increase in the standard of living.

The DPJ has conveyed a tougher attitude on the World Trade Organization trade policy and prefers an early conclusion to the Doha Round of negotiations. In the continued negotiations at the WTO, Japan is expected to face significant pressure to reduce tariff rates on agricultural products, which could extend to items such as wheat, beef, pork and canola. However, the DPJ is seen to be protectionist, even though it has toned down this position in its new "manifesto".

The DPJ outlined several policy proposals in its "manifesto" that include Japan placing international food inspectors in all countries that export food to the U.S., as well as a total country-wide ban rather than on the specific beef exporter that violates any of the strict conditions. The DPJ opposed the opening of Japan's borders to U.S. and Canadian beef after the 2003 ban was lifted in December 2005.

It remains to be seen how the new Japanese government will approach the proposed policies in its manifesto and how it will respond to the increased international pressure for tariff rate reductions and protectionist barriers.

There may be an impact on Alberta agriculture exports to Japan depending on the type of product (re. beef, pork, canola oil) being exported after the new government reviews its current policies and makes decisions on where it wants to go in the future. Despite the domestic production focus in recent years by the Japanese government and food companies, Japan will continue to be the world's net importer of agriculture and food products due to its 60% reliance on imports to meet consumer demands.

Japan has been a consumer market of upscale unique products as well as a bulk importer of products such as beef, pork, canola seed/oil and honey of which Alberta is strong in production. Finding the niche market in Japan of value-added retail products is a key to success in this diverse and complicated market.

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