

# Promotion of the Export of Agricultural, Forestry and Fishery Products and Food

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## Abstract

Japan is one of the world's largest importers of food products. However, with the country's domestic food and beverage market shrinking in scale, the government has pursued a policy of expanding exports of the agricultural, forestry, and fisheries (AFF) and food products to boost revenues and ensure the long-term stability of the sector. In 2019, the government missed its target of 1-trillion-yen in AFF and food exports, although it surpassed that figure in 2021. The government has since set a new goal of 5-trillion-yen in AFF and food exports by 2030 and is now stepping up efforts to achieve the target. This article outlines the export promotion policies that the government had pursued under the Second Abe Cabinet in 2012 to the passing of the 1-trillion-yen milestone in 2021, as well as export statistics during that period. It also discusses the government's strategy for achieving the new goal of 5-trillion-yen and the outlook for this.

## Introduction

Japan's food and beverage market has been shrinking<sup>1</sup> in the wake of an aging and declining population. Conversely, the global food and beverage market is expanding amid population growth and dietary changes. By 2030, the global market is expected to reach

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\* All information sourced from the Internet in this article was last accessed on March 18, 2022.

<sup>1</sup> The Policy Research Institute of the Ministry of Agriculture, Forestry and Fisheries has estimated that the volume of food consumption in Japan of 2040 will be 98% of the 2015 level. 農林水産政策研究所「我が国の食料消費の将来推計（2019年版）」2019.8, p.3. (Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries (PRIMAFF), “Future Estimation of Food Consumption in Japan (2019 Ver.)” 2019.8, p.3.)

1,360 trillion yen, a 1.5-fold increase from 2015 (890 trillion yen).<sup>2</sup> Accordingly, the only way for Japanese people engaged in agriculture, forestry, or fisheries (AFF) to improve their income—and thus ensure sustainable growth in the AFF and food sector—is to boost the exports of these products<sup>3</sup> and capture the global food market<sup>4</sup>. Correspondingly, the Japanese government has pursued a policy of expanding AFF exports. In 2019, the government missed its 1-trillion-yen target in exports, although it finally surpassed that figure in 2021, at 1.2 trillion yen. The government subsequently set a new goal of 5-trillion-yen in exports by 2030 and stepped up efforts to achieve the new target.

This article outlines the export promotion policies pursued by the Second Abe Cabinet in 2012 to the passing of the 1-trillion-yen milestone in 2021, as well as the export statistics during that period. It also discusses the government's strategy for achieving its new goal of 5-trillion-yen in exports and the outlook for this.<sup>5</sup>

## I Reaching the Milestone of 1-Trillion-Yen in Exports

### 1 *Setting and Revising the 1-Trillion-Yen Target*

The 1-trillion-yen export target was originally set in September 2006 by the First Abe Cabinet. Shinzo Abe, during his first tenure as prime minister, unveiled the goal in his Policy Speech to the 165th Session of the Diet, declaring, “I aim to raise the scale of exports of delicious and safe Japanese products to one trillion yen by 2013.”<sup>6</sup> When the Democratic Party of Japan (DPJ) came to power (this government lasted from 2009 to

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<sup>2</sup> The data were based on a sample of 34 countries. These included the top 20 countries by GDP (minus Japan), 5 EU states, and 10 countries and regions in the Pacific Rim. 農林水産政策研究所「世界の飲食料市場規模の推計」2019.3, pp.2-3. (PRIMAFF, “Scale Estimation of the Global Food and Beverage Market”, 2019.3, pp.2-3.)

<sup>3</sup> Except where otherwise noted, “exports” refer to AFF produce and food exports.

<sup>4</sup> 「食料・農業・農村基本計画—我が国の食と活力ある農業・農村を次の世代につなぐために—」(令和2年3月31日閣議決定) p.4. 農林水産省ウェブサイト (MAFF, Basic Plan for Food, Agriculture and Rural Areas-To pass Japan's food and vigorous agriculture and rural areas on to the next generation-. Resolved by the Cabinet on March 31, 2020, p.4. (MAFF website))

<sup>5</sup> Efforts to promote exports also include measures implemented by local governments and the private sector (trade organizations promoting exports). However, this article considers only measures implemented by the central government of Japan.

<sup>6</sup> 第165回国会衆議院会議録第3号 平成18年9月29日 p.2 (165th National Diet House of Representatives Minutes No.3, 2006.9.29, p.2). In April 2007, the export target was incorporated into the agricultural policy by the government's Headquarters on the Promotion of Policies for Food, Agriculture and Rural Areas. 「21世紀新農政2007」(平成19年4月4日食料・農業・農村政策推進本部決定) p.2. 農林水産省ウェブサイト (21st Century New Agricultural Policies for 2007. Resolved by the Headquarters on the Promotion of Policies for Food, Agriculture and Rural Areas on April 4, 2007, p.2. (MAFF website))

2012), the government retained the goal but extended the deadline from 2013 to 2020.<sup>7</sup>

In 2012, the Liberal Democratic Party (LDP) regained power, and the Second Abe Cabinet was sworn in. In June 2013, Abe reaffirmed the government's commitment of achieving 1-trillion-yen in exports by 2020 (exports in 2012 stood at around 450 billion yen) in a growth strategy ("Japan Revitalization Strategy—JAPAN is BACK"), which was approved by the Cabinet on June 14.<sup>8</sup> In December 2013, Abe reiterated the proposal with the publication of the Plan to Create Vitality for Agricultural, Forestry and Fishery Industries, and Local Communities ("Revitalization Plan"), a strategy established by the PM-chaired Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries, and Local Communities ("AFF Headquarters"). The Revitalization Plan was revised in November 2016, in line with an economic strategy that the government released in August of that year. The revision advanced the deadline by a year to 2019. Accordingly, the government declared its intention of achieving 1-trillion-yen in exports by 2019.<sup>9</sup>

## 2 Government Action for Promoting Exports

After the Second Abe Cabinet was sworn in, the government started using public-private partnerships to achieve the 1-trillion-yen goal. The government set policies for promoting exports in line with the Revitalization Plan set forth by the AFF Headquarters,<sup>10</sup>

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<sup>7</sup> 農林水産省「食料・農業・農村基本計画」(平成22年3月30日閣議決定) p.25. (MAFF, *Basic plan for Food, Agriculture, and Rural Areas. Resolved by the Cabinet on March 30, 2010*, p.25.)

<sup>8</sup> 「日本再興戦略—JAPAN is BACK—」(平成25年6月14日閣議決定) p.14. 内閣府ウェブサイト (*Japan Revitalization Strategy: Japan is Back. Approved by the Cabinet on June 14, 2013*, p.14. (Cabinet Office website)); 農林水産業・地域の活力創造本部「農林水産業・地域の活力創造プラン」(平成25年12月10日決定) p.4. 首相官邸ウェブサイト (Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities, *The Plan to Create Vitality for Agricultural, Forestry and Fishery Industries and Local Communities*. Approved December 10, 2013, p.4. (website of the Prime Minister's Office))

<sup>9</sup> 「未来への投資を実現する経済対策」(平成28年8月2日閣議決定) pp.9-10. 内閣府ウェブサイト (*Economic Measures for Realizing Investment for the Future. Resolved by the Cabinet on August 2, 2016*, pp.9-10. (Cabinet Office website)); 農林水産業・地域の活力創造本部「農林水産業・地域の活力創造プラン」(平成28年11月29日改訂) p.6. 首相官邸ウェブサイト (Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities, *The [revised] Plan to Create Vitality for Agricultural, Forestry and Fishery Industries and Local Communities*. Revision approved on November 29, 2016, p.6. (website of the Prime Minister's Office)) Abe had declared his intention to achieve the target ahead of schedule even before the release of the economic strategy in August 2016. He made the declaration on June 9 of that year at a speech he delivered on the streets of Yamagata City during an election campaign. 「輸出や就農応援」『日本農業新聞』2016.6.10. ("Support for Agricultural Exports and Beginning Farmers." *The Japan Agricultural News*, 2016.6.10.)

<sup>10</sup> The initial version of the Revitalization Plan was finalized in December 2013. Since then, the plan has been revised once or twice a year. 「農林水産業・地域の活力創造本部」首相官邸ウェブサイト (Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities. (website of the Prime Minister's Office))

and the government's ministries and agencies launched their own initiatives as part of a collaborative effort, with the leading role played by the Ministry of Agriculture, Forestry and Fisheries (MAFF). For example, the Ministry of Foreign Affairs has engaged in gastrodiploamacy, working with Japanese embassies and consulates to promote Japan's gastroculture to an international audience and lobby for lifting the remaining import measures. Further, the National Tax Agency provided incentives for liquor exports, and the Ministry of Health, Labour and Welfare offered certification programs (health certificates, certification of export facilities). Moreover, the Ministry of Economy, Trade and Industry has worked with the Japan External Trade Organization (JETRO) to assist small- and medium-sized enterprises in export operations. Additionally, the Ministry of Land, Infrastructure, Transport and Tourism streamlined export logistics, and the Reconstruction Agency has worked to counter negative perceptions of produce from areas affected by the 2011 nuclear disaster (the accident at TEPCO's Fukushima Daiichi Nuclear Power Station). The range of policies is extensive, but those between 2014 and 2021 can be broadly classified into three categories (see Table 1): 1) policies that support AFF and food exporters; 2) policies that help AFF and food businesses penetrate overseas markets; 3) policies involving government-led action to create a more export-friendly environment.

**Table 1. Main government policies for promoting exports**

Policies that support exporters	Policies that help businesses penetrate overseas markets	Policies involving government-led action to create a more export-friendly environment
<ul style="list-style-type: none"> <li>• Help businesses obtain the facilities and equipment (e.g., for processed food manufacturing, slaughter, seafood processing) necessary to comply with hygiene controls for imported foods</li> <li>• Strengthen food distribution nodes (wholesale market, airports, harbors)</li> <li>• <u>Implement Global Farmers / Fishermen / Foresters / Food Manufacturers Project (GFP) and build global production areas</u></li> <li>• Japan Finance Corporation provides financial support (long-term, low interest rate loans)</li> </ul>	<ul style="list-style-type: none"> <li>• <u>The Japan Food Product Overseas Promotion Center (JFOODO) conducts PR and branding for Japanese food</u></li> <li>• Provide general business support to exporters via JETRO (e.g., expedite efforts to develop overseas sales channels)</li> <li>• Establish and support consortiums on product-specific exports</li> <li>• Develop policies specific to each country and product category</li> <li>• Build a team of sales experts and chefs to promote Japanese gastroculture overseas, generating demand</li> </ul>	<ul style="list-style-type: none"> <li>• Research import controls (restrictions on goods contaminated during nuclear accidents, animal and plant quarantine, food hygiene standards) and lobby the governments concerned</li> <li>• Expedite procedures for complying with import controls (issue necessary certifications, including certification of export facilities)</li> <li>• <u>Provide legislative support for addressing import controls (Act on Promotion of Exports of Agricultural, Forestry and Fishery Products, and Food, No. 57, 2019) and establish the Headquarters for the Export of Agricultural, Forestry, and Fishery Products, and Food</u></li> <li>• Promote strategic exploitation of standards, certifications, and intellectual property</li> </ul>

(Note) The policies underlined in the above table will be discussed in the main text.

(Sources) The information in the above table is based on government sources, including the following: 「政府の取組」農林水産省輸出・国際局ウェブサイト (*Government Policies*. (website of MAFF's Export and International Affairs Bureau))

The policies underlined in the above table are discussed below. These are relatively recent policies (formed in or later than 2017) and include supportive undertakings, organizational support, and legislative support.

### (1) Implement Global Farmers / Fishermen / Foresters / Food Manufacturers Project (GFP) and Build Global Production Areas

The government has recognized that, to increase exports, it would need more AFF and food producers to embrace the challenge of developing an export venture. However, several impeding factors were noted. AFF and food producers lacked sufficient information (including about procedural requirements and the demand landscape overseas), and few AFF areas and food businesses in Japan had adapted to the needs and regulatory requirements in destination countries. Further, there was no business network in place to connect producers to overseas distributors. In 2018, MAFF launched a project to address these issues. Officially titled in English as the Global Farmers / Fishermen / Foresters / Food Manufacturers Project (GFP),<sup>11</sup> it involved forging an exporters' network comprising AFF and food producers and their downstream partners (sellers such as trading companies and distributors).<sup>12</sup> It has also involved assisting AFF businesses by providing export exams<sup>13</sup> and other measures.<sup>14</sup>

In 2019, the GFP was expanded to include a program titled (translated as) the “GFP program for building global production areas.” It provided the necessary planning support to AFF areas and food businesses engaged in the construction of production and processing

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<sup>11</sup> The GFP was launched following the release in May 2018 of a set of recommendations by an LDP committee on agricultural exports (then headed by Shinjiro Koizumi). The idea was that, instead of providing blanket support, the government should share information with and provide comprehensive support to those producers who wanted to export their produce. 「輸出拡大へ会員組織 政策支援を重点投入 自民提言」『日本農業新聞』2018.5.31 (“A Committee for Expanding Exports. Concentrated Investment of Government Support. LDP Recommendations.” *The Japan Agricultural News*, 2018.5.31); 「迫真 もがく農産物輸出 (4) バラマキを越えて」『日本経済新聞』2018.7.5. (“Getting to the Core of the Matter. Struggling with Agricultural Exports 4: Beyond Handouts.” *The Nikkei*, 2018.7.5.)

<sup>12</sup> As of the end of February 2022, the GFP counted 5,961 members, 3,350 of whom were AFF and food producers, and 2,611 were downstream entities (trading companies and distributors). 農林水産省「農林水産物・食品輸出プロジェクト (GFP) の取組」 (MAFF, *Undertakings of the Food Export Project (GFP)*.)

<sup>13</sup> MAFF offers AFF and food producers a free export-readiness check in which MAFF officials conduct an onsite inspection together with officials from JETRO and export specialists. *ibid.*

<sup>14</sup> 農林水産省「GFP (農林水産物・食品輸出プロジェクト) の取組について」2020.12, pp.13–27. 政府広報オンライン (MAFF, *Undertakings of the GFP*, 2020.12, pp.13–27. (Public Relations Office, Government of Japan))

assets to cultivate globally-oriented AFF areas and food businesses—sectors that could adapt to overseas demand (such as demand for organic produce), secure sufficient lots, and comply with the agrochemical regulations and hygiene standards applicable in destination countries.<sup>15</sup> Producers selected for participation in the program would be prioritized for related subsidies (they would be given extra points in their score upon screening).<sup>16</sup>

## (2) Launch of the Japan Food Product Overseas Promotion Center (JFOODO)

In November 2016, the Revitalization Plan was revised to incorporate specific policies that would build a strategic framework for exports. The policies included setting up an organization that would lead branding and promotional campaigns and provide a support structure for exports.<sup>17</sup> In line with the Revitalization Plan, the Japan Food Product Overseas Promotion Center (JFOODO) was established within JETRO in April 2017.

JFOODO uses promotional campaigns to enhance the value of Japanese produce and build national brand power to drive Japanese exports.<sup>18</sup> In conjunction with this, it pursues a concentration strategy in which it plans and executes targeted promotional campaigns for specific products and consumer markets.<sup>19</sup> JFOODO plans to become a private entity eventually, in line with France's Sopexa.<sup>20</sup> The organization is characterized by how its workforce includes food and export experts with a background in trading companies and

<sup>15</sup> 「GFP グローバル産地づくり推進事業」農林水産省ウェブサイト (MAFF, “GFP Program for Building Global Production Areas.” (MAFF website)) To benefit from the program, AFF producers must have enrolled in the GFP. 「GFP グローバル産地づくり推進事業実施要領 (農林水産省食料産業局長通知)」(令和2年3月31日元食産第4759号)等 (*Requirements of the GFP Program for Building Global Production Areas (Notice from the MAFF's Food Industry Affairs Bureau)*, No. 4759, March 31, 2020. etc.)

<sup>16</sup> 農林水産省食料産業局輸出促進課「平成31年度予算概算決定の概要(輸出促進関連)」pp.3–4. (Export Promotion Division of the MAFF's Food Industry Affairs Bureau, *Outline of 2019 Budget (in Relation to Export Promotion)*, pp.3–4.)

<sup>17</sup> 農林水産省・地域の活力創造本部 前掲注(9), p.29. (Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities, source cited in footnote 9. p. 29.)

<sup>18</sup> 「JFOODOの目指すこと」 JFOODO ウェブサイト (JFOODO, *JFOODO's Purpose*.)

<sup>19</sup> JFOODO selects certain product categories and narrows down the target markets for these categories. In 2021, it organized promotional campaigns in target markets for wagyu, seafood, Japanese tea, rice flour, sake (nihonshu), and Japanese wine. 日本食品海外プロモーションセンター (JFOODO) 「日本産農林水産物・食品の輸出促進に向けた海外プロモーションの取り組み」『明日の食品産業』519号, 2021.9, p.21. (JFOODO, “Overseas Promotion Efforts for Encouraging Exports of Japanese Agriculture, Forestry, and Fishery Produce and food,” *Food Industry for Tomorrow* 519, 2021.9, p.21.)

<sup>20</sup> Founded in 1961 by the French government, Sopexa went completely private in 2008. While it was once limited to French produce, Sopexa now provides marketing and branding services for the produce of other countries worldwide. 「農業競争力強化プログラム(6) 日本版 SOPEXA を創設」『週刊農林』2309号, 2017.3.5, pp.8–9. (“Program for Enhancing Agricultural Competitiveness 6: Creating a Japanese Version of Sopexa,” *The Shukan Norin* 2309, 2017.3.5, pp.8–9.)

other private organizations.<sup>21</sup>

### (3) Legislative Support for Addressing Import Controls

The government now recognizes that the greatest challenge for expanding exports is to address the food safety controls imposed by destination countries. To this end, the government must lobby countries to ease their import controls related to food safety. Additionally, government ministries and agencies must act in unison to provide a more export-friendly environment in Japan, including facility authentication and export certification to demonstrate compliance with hygiene standards and other import regulations. However, united government action has been hampered by the vertically integrated nature of Japanese ministries and agencies. To provide an example of this bureaucratic sectionalism, while MAFF exercises jurisdiction over all administrative matters concerning the export of AFF produce and food (on the basis that this ministry promotes growth in the AFF and food sector), compliance with destination countries' hygiene standards falls under the purview of the Ministry of Health, Labour and Welfare.<sup>22</sup> Another problem is that the process involves taxing paperwork for businesses.<sup>23</sup>

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<sup>21</sup> 「農林水産物輸出インフラ整備プログラム」(農林水産業・地域の活力創造本部「農林水産業・地域の活力創造プラン」(平成28年11月29日改訂)別紙5)2016.11, p.7. 首相官邸ウェブサイト (Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities, *The Infrastructure Development Program for the Export of Agriculture, Forestry and Fisheries Products*, as appendix 5 of the [revised] *Plan to Create Vitality for Agricultural, Forestry and Fishery Industries and Local Communities*. Revision approved on November 29, 2016, p.7. (website of the Prime Minister's Office))

<sup>22</sup> Strikingly illustrating this issue is the case of a meat processing plant in Hyogo that was built using a MAFF subsidy. After the construction was complete, it took two years and three months for the facility to get the certification necessary to export meat to the USA and EU. 農林水産省・厚生労働省「農林水産物・食品の更なる輸出拡大に向けた課題と対応の方向について」(農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議(第3回)資料1)2019.6.4, p.1. 同上 (MAFF, MHLW, "Hurdles to Further Expanding Exports of Agriculture, Forestry and Fishery Products, and Foods, and How to Address Them," Document 1 of the Third Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products and Foods as a Response to Restrictions by Importing Countries, 2019.6.4, p.1. (website of the Prime Minister's Office))

<sup>23</sup> 農林水産省「農林水産物・食品の更なる輸出拡大に向けた課題について」(農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議(第1回)資料1)2019.4.25, pp.2-3. 同上 (MAFF, "Hurdles to Further Expanding Exports of Agriculture, Forestry and Fishery Products, and Foods, and How to Address Them," *Document 1 of the First Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Food as a Response to Restrictions by Importing Countries*, 2019.4.25, pp. 2-3. (website of the Prime Minister's Office)); 中川裕貴「法令解説農林水産物・食品輸出促進法の制定—農林水産物及び食品の輸出の促進に関する法律(令和元年法律第57号)令元11.27公布 令2.4.1施行—」『時の法令』2100号, 2020.6.30, pp.7-8等 (NAKAGAWA Yuki, "Annotating the Legislation: The Act on Promotion of Exports of Agricultural, Forestry, Fishery Products, and Food, No. 57, promulgated 2019.11.27, enforced 2020.4.1," *Legislation of the Day* 2100, 2020.6.30, pp.7-8.etc.)

In April 2019, the government launched an inter-ministerial committee to address import controls effectively, including using legislative action. Officially translated as the Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Foods as a Response to Restrictions by Importing Countries (abbreviated as “Inter-ministerial Export Committee”) and chaired by Yoshihide Suga (then Chief Cabinet Secretary), the committee finalized a policy recommendation (Hurdles to Further Expanding Exports of Agriculture, Forestry and Fishery Products and Foods, and How to Address Them) in June of the same year.<sup>24</sup> In line with the recommendation of the Inter-ministerial Export Committee, the government proposed a bill to the Diet, which passed into legislation in November 2019 as the Act on Promotion of Exports of Agricultural, Forestry and Fishery Products, and Food (No. 57 2019, abbreviated as “Agricultural Exports Law”). After the Agricultural Exports Law came into force on April 1, 2020, the government launched the Headquarters for the Export of Agricultural, Forestry, and Fishery Products and Food (chaired by an MAFF minister),<sup>25</sup> streamlined the export process (with a public–private scheme for certification of facilities and an improved process for obtaining an export certificate), and launched a program for supporting businesses looking to export their goods (the program made it easier for businesses to obtain loans for investing in facilities and equipment).<sup>26,27</sup>

### 3 *Export Rates*

#### (1) Change in Export Value

Between 2006 and 2012, export value lingered around the 500-billion-yen mark. The lack of growth was the result of various factors: the high yen from the second half of 2007,

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<sup>24</sup> 農林水産省・厚生労働省 前掲注(22), p.3. (MAFF, MHLW, *op.cit.* (22), p.3.)

<sup>25</sup> The membership comprised the Minister for Internal Affairs and Communications, Minister for Foreign Affairs, Minister of Finance, Minister of Health, Labour and Welfare, Minister for Economy, Trade and Industry, Minister for Land, Infrastructure, Transport and Tourism, and Minister for Reconstruction.

<sup>26</sup> Previously, when businesses applied for multiple financing schemes organized by the Japan Finance Corporation, they would need to submit a business plan to and gain approval from the MAFF minister for each of the financing schemes. The Agricultural Exports Law eliminated this requirement. Based on the Agricultural Exports Law, businesses could now access multiple loans with a single and by gaining approval of an export plan that includes information on how they would consolidate distribution channels and upgrade their management of production processes. 中川 前掲注(23), pp. 15–16. (NAKAGAWA Yuki, *op.cit.* (23), pp.15-16.)

<sup>27</sup> 伊藤優志 「農林水産物・食品の輸出拡大に向けた政府の取組について」『明日の食品産業』508号, 2020.7・8, pp.10–11. (ITO Masashi, “Government Action to Expand Exports of Agriculture, Forestry and Fishery Produce and Food,” *Food Industry for Tomorrow* 508, 2020.7, 2020.8, pp.10-11.)



the 2008 financial crisis, and the 2011 nuclear disaster.<sup>28</sup> In 2013, exports reached an all-time high; since then, they have been setting a new record each year. However, the growth rate slowed in 2016 and 2017. Additionally, exports to Hong Kong and South Korea decreased because of political and economic factors. The growth further slowed down due to the poor catch of mackerel and other fish. Consequently, the figure for 2019, at 912.1 billion yen, fell short of the government's target of 1-trillion-yen (see Figure 1).<sup>29</sup>

In 2020, exports were affected by the pandemic. In the first half, the pandemic resulted in a slump in exports of food and beverages destined for the dining-out market, including beef, scallops, and sake. Nevertheless, in the second half, the food industry successfully adopted marketing strategies to meet the pandemic-fueled demand for staying at home.<sup>30</sup> Consequently, the full-year result, at 986 billion yen in 2020, marked another year of positive growth.<sup>31</sup> In 2021, exports finally broke the trillion mark, reaching 1.24 trillion yen, reflecting an increase in household consumption and a recovery in dining out.<sup>32</sup>

When viewing the below bar chart, one should be aware that the figures for 2020 and 2021 include types of AFF produce and food exports not included in previous years and that they classify a certain category of products differently. Specifically, the figures for 2020 and 2021 include low-value cargo (as an estimated figure)<sup>33</sup> and wooden furniture.

<sup>28</sup> 野木宏祐「農林水産物・食品輸出の現状と課題」『国際文化研修』vol.78, 2013.冬, p.14. (NOGI Kosuke, “Current Trends and Issues in Exports of Agriculture, Forestry and Fishery Produce and Food,” *Journal of the Japan Intercultural Academy of Municipalities*, vol.78, 2013 winter, p.14.)

<sup>29</sup> 農林水産省「食料・農業・農村白書 令和元年度」2020.6, p.95. (MAFF, “White Paper on Food, Agriculture, and Rural Communities,” 2020.6, p.95.)

<sup>30</sup> For the beef category, the food industry had channeled investments into sliced roast beef products for household consumption. For the sake category, it strengthened online sales.

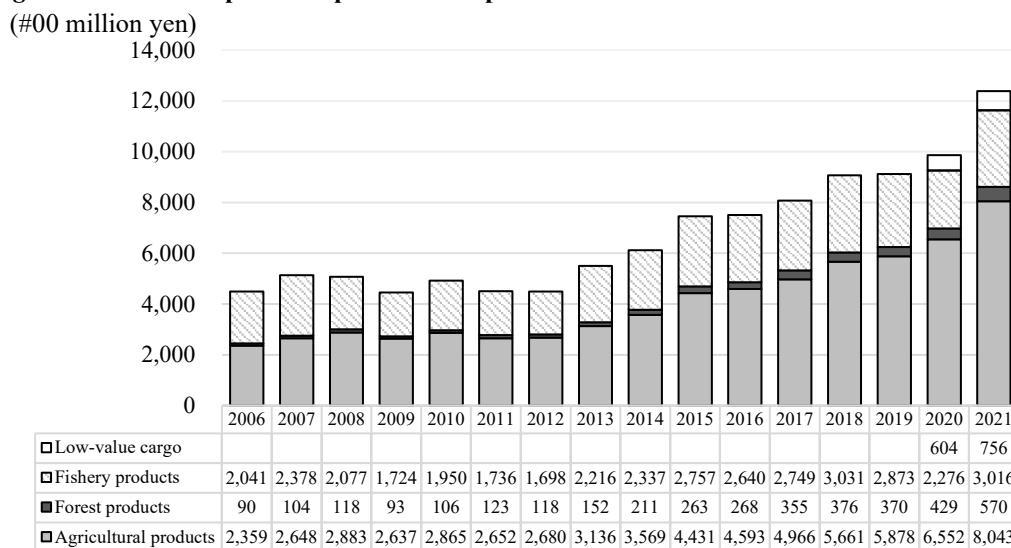
<sup>31</sup> 「「巣ごもり」追い風、卵・コメ好調—食品輸出が8年連続で過去最高—」『Agrio』341号, 2021.2.16, pp.2–3. (“Egg and rice perform well with tailwinds from the stay-at-home trend: Food exports break record for the eighth year running,” *Agrio*, 341, 2021.2.16, pp. 2–3.)

<sup>32</sup> 農林水産省輸出・国際局「2021年1-12月農林水産物・食品の輸出額」p.1. (MAFF Export and International Affairs Bureau, Value of Exports of Agriculture, Forestry and Fishery Products and Food in Jan–Dec 2021, p.1.)

<sup>33</sup> Low-value cargo (defined as cargo worth less than 2 billion yen per item) was not previously recorded in foreign trade statistics. However, following lobbying by the delivery industry, among other industries, MAFF started reporting the six-month totals of low-value cargo in the first half (Jan–Jun) of 2018. Low-value cargo mostly comprises goods exported to Asian markets as part of cross-border electronic commerce. Initially, low-value cargo totals were not included in the export figures because they were not included in export targets in years up to and including 2019. Low-value cargo totals started being included in 2020 because the Cabinet had set a 5-trillion-yen export goal (more on this later), which included such cargo along with wooden furniture. 「プレスリリース「平成30年1-6月(上半期)の農林水産物・食品の輸出実績」について」2018.8.10. 農林水産省ウェブサイト(国立国会図書館インターネット資料収集保存事業(WARP)により保存されたページ)(MAFF, “Press Release: Export Results for Agriculture, Forestry and Fishery Products and Food in 2018 H1 (Jan–Jun),” 2018.8.10, (webpage saved under the National Diet Library’s Web Archiving Project [WARP])); 「越境ECでたれ・スープ流通? 少額輸出 初の推計」『産経新聞』2018.8.11 (“Sauces and Soups Distributed in Cross-Border Electronic Commerce? Low-Value Cargo to be Included in Statistics for the First Time,”

Additionally, in these two years, mushrooms were considered forest products, instead of agricultural products, as in previous years.

**Figure 1. Value of Japanese exports of AFF produce and food**



(Note) The 2021 figure is based on preliminary data; the figures for the other years are based on confirmed data. The figures for 2020 and 2021 include wooden furniture and low-value cargo. Mushrooms were counted as agricultural products in the years up to and including 2019 and forest products in 2020 and 2021.

(Sources) The figure is based on the following sources: 農林水産省「農林水産物輸出入概況」各年版 (MAFF, “Overview of Foreign Trade of Agricultural, Forestry and Fishery Products,” 2006–2020); 農林水産省輸出・国際局「2021年1-12月農林水産物・食品の輸出額」p.4. (MAFF Export and International Affairs Bureau, *Value of Exports of Agriculture, Forestry and Fishery Products in Jan–Dec 2021*, p.4.)

The next table ranks exports by country as of 2021. Mainland China had ranked fourth up to and including 2016. However, it subsequently rose through the rankings, such that in 2021, it had overtaken Hong Kong to become the top export destination, with a 35.2% growth (from the 2020 level), despite the pandemic.

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*Sankei Shimbun*, 2018.8.11); 農林水産省食料産業局「2020年の農林水産物・食品の輸出実績の概要【確々報】」等 (MAFF Food Industry Affairs Bureau, Summary of Export Results for Agriculture, Forestry and Fishery Products and Food in 2020 (Confirmed Data). (MAFF website) etc.)

**Table 2. 2021 AFF produce and food exports by destination (preliminary data), with top three products**

Rank	Destination	Export value (#00 million yen)	Share (%)	Top three products (as of 2020), see note below		
				1	2	3
1	Mainland China	2,224	19.1	Alcoholic beverages	Scallops	Wood in the rough
2	Hong Kong	2,190	18.8	Sea cucumbers (Processed)	Alcoholic beverages	Cigarettes
3	USA	1,683	14.5	Alcoholic beverages	Yellow tail	Green tea
4	Taiwan	1,245	10.7	Apples	Sauces and mixed seasoning	Alcoholic beverages
5	Vietnam	585	5.0	Milk powder	Mackerel	Tunas
6	South Korea	527	4.5	Sauces and mixed seasoning	Scallops	Sea bream
7	Thailand	441	3.8	Tunas	Pork hide	Sardines
8	Singapore	409	3.5	Alcoholic beverages	Beef	Wheat flour
9	Australia	230	2.0	Soft drinks	Alcoholic beverages	Sauces and mixed seasoning
10	Philippines	209	1.8	Plywood	Mackerel	Lumber
—	EU	629	5.4	Alcoholic beverages	Sauces and mixed seasoning	Green tea

(Note) The data on top-ranking product categories for 2021 were unavailable at the time of composition (March 2022); therefore, the equivalent data for the previous year were used for reference.

(Sources) This table is based on the following sources: 農林水産省輸出・国際局「2021年1-12月農林水産物・食品の輸出額」p.7. (MAFF Export and International Affairs Bureau, *Value of Exports of Agriculture, Forestry and Fishery Products and Food in Jan–Dec 2021*, p.7.); 農林水産省食料産業局海外市場開拓・食文化課「2020年農林水産物・食品の輸出実績(国・地域別)」2021.4, p.3. (Overseas Market Development and Food Cultures Division of the MAFF Food Industry Affairs Bureau, *Exports of Agriculture, Forestry and Fishery Products and food in 2020 by Destination*, 2021.4, p.3.)

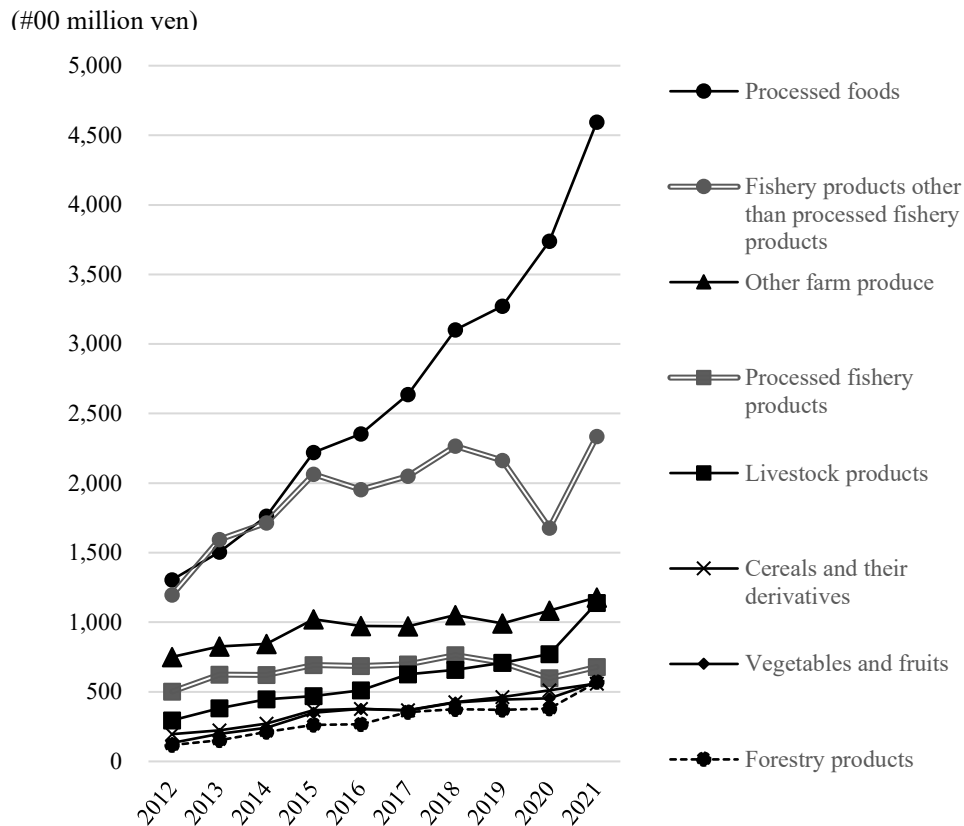
## (2) Controversy Over Processed Food Exports

For several years, exports primarily comprised processed foods,<sup>34</sup> representing 30% of the exports, and fishery products (including processed fishery products),<sup>35</sup> accounting for 40%. However, fishery exports declined amid poor catches and the pandemic, while the share of processed food rose (see Figure 2). Processed food overtook fishery products in 2018. In 2021, processed food accounted for 40% of exports, while fishery products accounted for just 26%.<sup>36</sup>

<sup>34</sup> “Processed food” includes alcoholic beverages, seasoning, soft drinks, and confectionary. It is counted as “agricultural products.”

<sup>35</sup> Fishery products other than processed fishery products include raw seafood and pearls. Processed fishery products include canned or bottled fishery products and mashed products.

<sup>36</sup> 農林水産省輸出・国際局 前掲注(32), pp.4-5. (MAFF Export and International Affairs Bureau, op.cit. (32), pp.4-5.)

**Figure 2. AFF produce and food exports by product category (2012–2021)**

(Source) The above figure is based on the following source: 農林水産省「農林水産物・食品の輸出実績（品目別）」各年版. (MAFF, *Exports of Agriculture, Forestry and Fishery Products and Food by Product Category*, 2012–2021.)

Although processed foods are the main drivers of growth in overall exports, some have questioned whether processed food exports are helping Japan's AFF sector, given the types of processed food being exported. The main types are whiskey, sake, sauces and mixed seasonings, soft drinks, and confectionery (excluding rice products).<sup>37</sup> The prevalence of products that use few Japan-produced materials (sake being an exception to this trend)<sup>38</sup> and the likelihood that many of the products are produced by major food manufacturers with limited contact with local AFF producers have led some to argue that expanding

<sup>37</sup> *ibid.*, p.5.

<sup>38</sup> In 2015, 66.3% of processed foods used domestic materials (Japanese AFF products for human consumption), compared to 81.7% in 1990. 農林水産省「表7 食品製造業に投入される食材の金額の推移」『平成27年(2015年)農林漁業及び関連産業を中心とした産業連関表(飲食費のフローを含む。)』e-stat 政府統計の総合窓口 (MAFF, "Table 7. Trends in Monetary Value of Foodstuffs used in Food Manufacturing," 2015 Input-output table centered on agriculture, forestry and fishery and related industries (Including flow of foods and beverages costs). (E-Stat, the portal site for official statistics))

exports of such products would offer limited benefit to Japan's agricultural industry and contribute little to boost farmers' income.<sup>39</sup>

There have been concerns regarding the method for calculating the value of processed foods exported and how the food categories are defined. Using the results of foreign trade statistics, MAFF calculates the total value of processed food in the agricultural produce. The Japan Agricultural News conducted its own analysis of the subtotals for categories used by Japanese customs. The analysis revealed that exports of agricultural produce were dominated by ambiguously defined items: In 2018, the value of agricultural produce exports totaled 566.1 billion yen. The top-ranking category among them, at 79.8 billion yen, was "other of other food preparations." The second, at 30 billion yen, was "other such as bread and cakes." In fourth place, at 19.4 billion yen, was "other such as food preparation for sauces." In seventh place was "water and other." "Other" is a miscellaneous customs designation applied when assigning a customs code to an article that does not correspond to any customs code. Neither government nor trade associations would know exactly what "other" denotes. Citing the presence of these ambiguously defined articles (as indicated by "other") among the high-ranking export food export items, some have argued that there is no way to determine the volume of local materials used in the exported products and, thus, no way of verifying whether export growth is benefiting domestic agriculture.<sup>40</sup>

Meanwhile, Susumu Fukuda (Kyushu University) has highlighted an advantage of processed foods—compared to fresh produce, processed foods have fewer restrictions in terms of storage and transportation, giving businesses greater freedom in choosing destination markets.<sup>41</sup> Additionally, Toshiharu Shimowatari (Nihon University) argues that it is more reflective of Japanese gastroculture to export a range of processed foods than it is to export large volumes of certain goods, as European countries do with wine, cheese, and pasta, for example. On this basis, he concludes that the government should focus on

<sup>39</sup> 清水徹朗「農産物・食品輸出の実像—過大評価すべきでない輸出増—」『農中総研調査と情報』84号, 2021.5, pp.16–17. (SHIMIZU Tetsuro, "Facts on Exports of Agricultural Products and Foods: Export Growth that Should not be Overestimated," *Norinchukin Research Institute: Research and Information* 84, 2021.5, pp.16-17.)

<sup>40</sup> 「見えぬ農産物輸出の実態 関税番号で金額上位を検証「寄せ集め」798億円」『日本農業新聞』2019.4.8 ("The Concealed Reality of Agricultural Exports: Examining Top-Ranking Exports by Customs Code—A Miscellaneous Category Accounts for 79.8 Billion Yen," *The Japan Agricultural News*, 2019.4.8); 作山巧「輸出偏重農政の功罪—5兆円目標の妥当性を評価する—」『日本農業年報』66号, 2021.5, pp.108-109等 (SAKUYAMA Takumi, "Mixed Outcomes from the Agricultural Policy with Excessive Reliance on Export: Evaluating the Reasonableness of the 5-Trillion-Yen Target," *Annual Report of Japanese Agriculture* 66, 2021.5, pp.108-109. etc.)

<sup>41</sup> 福田晋編著『加工食品輸出の戦略的課題—輸出の意義、現段階、取引条件、および輸出戦略の解明—』（日本農業市場学会研究叢書 20）筑波書房, 2019, pp.40-41. (FUKUDA Susumu, *Strategic Issues in Processed Foods Exports: Exposition of the Purpose of Exports, the Current Stage, Terms, and Export Strategy* (The Agricultural Marketing Society of Japan Research Series 20), Tsukuba Shobo, 2019, pp.40-41.)

supporting small- and medium-sized enterprises to expand exports of foods from each region of Japan.<sup>42</sup>

## II Toward the 5-Trillion-Yen Goal

### 1 *Setting the 5-Trillion-Yen Goal*

The total export figure for 2019, at 912.1 billion yen, fell short of the government's target. Nevertheless, it marked the seventh consecutive record-breaking year and thus denoted a general growth trajectory. On that basis, in March 2020, the government resolved to set a new goal for 2030—5 billion yen.<sup>43</sup> In July of the same year, the government set a midpoint goal for 2025 at 2-trillion-yen.<sup>44</sup> Table 3 illustrates the export results and the targets for key product categories.

<sup>42</sup> 下渡敏治「III 国産加工食品の海外市場開拓の課題と新たな輸出戦略」一般社団法人食品需給研究センター『加工食品の輸出需要動向』2021.3, pp.58-59. (SHIMOWATARI Toshiharu, “III Issues in Cultivating Overseas Markets for Japanese Processed Foods, and a New Export Strategy.” In Food Marketing Research and Information Center, *Trends in Processed Foods Export Demand*, 2021.3, pp.58-59.)

<sup>43</sup> The Inter-ministerial Export Committee approved the 5-trillion-yen goal on March 6, 2020. The goal was incorporated into the government's basic plan for food, agriculture, and rural communities, which the Cabinet resolved on March 31. 「第6回農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議議事要旨」2020.3.6, p.2. 首相官邸ウェブサイト (Proceedings of the Sixth Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Foods as a Response to Restrictions by Importing Countries, 2020.3.6, p.2. (website of the Prime Minister's Office)); 「食料・農業・農村基本計画—我が国の食と活力ある農業・農村を次の世代につなぐために—」前掲注(4), p.32. (MAFF, Basic Plan for Food, Agriculture and Rural Areas-To pass Japan's food and vigorous agriculture and rural areas on to the next generation-, *op.cit.*(4), p.32.) The government had started signaling its intention to achieve the 2030 goal of 5-trillion-yen back in 2014. 「日本再興戦略改訂2014—未来への挑戦—」(平成26年6月24日閣議決定) p.112. 内閣官房ウェブサイト等(Japan Revitalization Strategy Revised in 2014-Japan's challenge for the future (resolved by the Cabinet on June 24, 2014), p. 112. (website of the Cabinet Secretariat) etc.).

<sup>44</sup> 「成長戦略フォローアップ」(2020年7月17日閣議決定) p.55. 同上 (“Follow-up on the Growth Strategy” (resolved by Cabinet on July 17, 2020), p.55. (website of the Cabinet Secretariat))

**Table 3. Export results versus targets for key product categories necessary to meet the general target of 5-trillion-yen**

Product category	2019 result	2025 target	2030 target
Beef	29.7 bn yen	160.0 bn yen	360.0 bn yen
Milk, dairy products	18.4 bn yen	30.4 bn yen	72.0 bn yen
Rice	4.6 bn yen	9.7 bn yen	26.1 bn yen
Strawberries	2.1 bn yen	8.6 bn yen	25.3 bn yen
Green tea	14.6 bn yen	31.2 bn yen	75.0 bn yen
Forestry products	37.1 bn yen	71.8 bn yen	166.0 bn yen
Fishery products	287.3 bn yen	556.8 bn yen	1,230.3 bn yen
Processed foods	327.1 bn yen	712.7 bn yen	1,996.2 bn yen

(Source) The above table is based on the following source: 農林水産省「今後の更なる輸出拡大に向けた取組方向」(農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議(第7回)資料2)2020.6.23, p.7. 首相官邸ウェブサイト (MAFF, *Approach for Further Expanding Exports* (Document 2 of the seventh meeting of the Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Foods as a Response to Restrictions by Importing Countries), 2020.6.23, p.7. (website of the Prime Minister's Office))

The government has defended the 5-trillion-yen goal on two grounds. First, amid growth in the global market for agricultural produce, Japan's exports trail those of other countries (Japan accounts for 2% of exports, compared to the US share of 12% and the French share of 28%)—Japan has considerable potential for boosting exports. Second, if Japan sells merely 10% of its total AFF produce and food (worth an estimated 51.7 to 55.8 trillion yen in 2030) overseas, it will achieve the 5-trillion-yen goal and energize its AFF industries.<sup>45</sup> However, some have argued that the hurdle is extremely high.<sup>46</sup> Additionally, Takumi Sakuyama (Meiji University) argues that the target runs counter to evidence-based policymaking in that the government set the new target without ever analyzing the reasons why it missed the previous one.<sup>47</sup>

<sup>45</sup> 農林水産省「農林水産物・食品輸出立国」の確立に向けて—輸出5兆円を達成するために乗り越えるべき課題—(農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議(第8回)資料1), 2020.10.1, p.4. 首相官邸ウェブサイト (MAFF, *To Make Japan an Exporter of Agriculture, Forestry and Fishery Products: The Hurdles to Overcome to Achieve the 5-Trillion-Yen Export Goal* (Document 1 of the eighth meeting of the Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Foods as a Response to Restrictions by Importing Countries), 2020.10.1, p.4. (website of the Prime Minister's Office))

<sup>46</sup> 「農水産物の輸出「2030年に5兆円」国が目標、高コストで「達成困難」の指摘」『朝日新聞』2020.3.7 (“Japan's Goal of 5-Trillion-Yen in Exports of Agriculture and Fishery Products by 2030: Critics Suggest Goal is Unfeasible Given High Costs,” *Asahi Shimbun*, 2020.3.7); 「輸出5兆円目標、達成に壁高く＝与党からも疑問の声—農業基本計画＝」『Agrio』303号, 2020.4.28, pp.2-5. (“5-Trillion-Yen Export Goal Presents High Hurdle—Doubts Raised from Within Ruling Party: Basic Plan for Agriculture,” *Agrio*, 303, 2020.4.28, pp.2-5.)

<sup>47</sup> 作山巧「農林水産物・食品の輸出促進—前面に出た五兆円目標を検証する—」『農村と都市をむすぶ』823号, 2020.6・7, pp.67-68. (SAKUYAMA Takami, “Promoting Exports of Agriculture, Forestry and Fishery Produce and food: Evaluating the Stated Aim of 5-Trillion-Yen,” *Noson to Toshi wo Musubu*, 823, 2020.6&7, pp.67-68.)

## 2 Stepping up Efforts

### (1) Formulating the Export Action Plan

After the government set the 5-trillion-yen goal, the Inter-ministerial Export Committee released an action plan in November 2020. Officially titled in English as The Strategy to Realize Export Expansion of Agricultural, Forestry and Fishery Products, and Food (abbreviated here as Export Action Plan),<sup>48</sup> it focused on transforming the way Japanese exporters conducted business from a product-oriented approach to a more market-oriented approach<sup>49</sup>. Under the prevailing product-oriented approach, the only AFF produce and food exported were surplus stock—those that remained unsold among the products intended for the domestic market—and these would be exported only to those countries that would accept them. The Export Action Plan sought to substitute this strategy for a market-oriented approach on the premise that Japan could only accelerate export growth if the country had a system for the dedicated and sustained production of goods adapted to overseas market requirements (in terms of quantity, pricing, quality, and standards).<sup>50</sup> Following lobbying from exporters, the government released a follow-up report on the Export Action Plan in May 2021.<sup>51</sup> In December 2021, the government

<sup>48</sup> 農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議「農林水産物・食品の輸出拡大実行戦略マーケットイン輸出への転換のために—」2020.11.30. 農林水産省ウェブサイト (Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Foods as a Response to Restrictions by Importing Countries, *The Strategy to Realize Export Expansion of Agricultural, Forestry, Fishery and Food Products: Transitioning to a Market-oriented Approach to Exports*, 2020.11.30. (MAFF website))

<sup>49</sup> As used in Japan, the product-oriented approach, known in Japanese as *purodakuto-auto* (“product-out”), and the market-oriented approach, known in Japanese as *maaketto-in* (“market-in”), refer to two possible approaches in product development or production. The former emphasizes the company’s manufacturing ethos or its business strategy, while the latter stresses the needs or requirements of the targeted consumer market. In the Export Action Plan, references to a market-oriented approach denote the dedicated and sustained production of goods adapted to overseas market requirements (in terms of quantity, pricing, quality, and standards). 「プロダクトアウト」「マーケットイン」『デジタル大辞泉』ジャパンナレッジ Lib; 同上, p.2. (Entries in *The Daijisen* (a general-purpose Japanese dictionary) for “Purodakuto-auto” (product-out) and “Maaketto-in” (market-in), Japan Knowledge Lib; *ibid.*, p.2.)

<sup>50</sup> 農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議 前掲注(48), pp.1-2. (Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Food as a Response to Restrictions by Importing Countries, *op.cit.*(48), pp.1-2.)

<sup>51</sup> 農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議「農林水産物・食品の輸出拡大実行戦略フォローアップ」2021.5.28. 農林水産省ウェブサイト (Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Food as a Response to Restrictions by Importing Countries, *The Strategy to Realize Export Expansion of Agricultural, Forestry and Fishery Products, and Food: Follow-up*, 2021.5.28. (MAFF website))



revised the Export Action Plan, incorporating the recommendations of the follow-up report.<sup>52</sup>

In line with the Export Action Plan, the government took the following key action to effect a transition to a market-oriented approach. First, it selected certain AFF produce and food for which there was a large scope for expanding exports and defined these goods as priority export items (as of December 2021, there are 28 such items). Next, the government selected target markets for each of the priority export items, set goals for 2025, and clarified the issues that need to be addressed to meet the goals.<sup>53</sup> The government also listed the main production centers and producers involved in the export of the priority export items (as of December 2021, it has identified 224 such centers and 1,063 producers).<sup>54</sup> It started providing concentrated support to the producers (such as helping equip the company with the necessary facilities) to cultivate the production centers.

## (2) Legislative Action

Following the revision to the Export Action Plan in December 2021, the government embarked on a legislative program designed to provide the necessary legal basis for organizing associations to lead a united, all-Japan effort to promote each product category targeted for export expansion.<sup>55</sup> It created a new institutional financing scheme (a system of subsidized loans) to help exporters access long-term working capital and other financial support, expedited export procedures (issuance of export certificate, phytosanitary testing), and added organic liquor to the Japanese Agricultural Standards (JAS). During the Diet's 208th regular session, which began in January 2022, the government submitted a bill to amend the Act on Promotion of Exports of Agriculture, Forestry and Fishery Products, and

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<sup>52</sup> 農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議「農林水産物・食品の輸出拡大実行戦略—マーケットイン輸出への転換のために—」2021.12.21. 同上 (Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Food as a Response to Restrictions by Importing Countries, *The Strategy to Realize Export Expansion of Agricultural, Forestry and Fishery Products, and Food: To Effect a Transition to a Market-oriented Approach*, 2021.12.21. (MAFF website))

<sup>53</sup> Under the December 2021 revision to the Export Action Plan, there are 28 priority export items. The items are as follows: beef, pork, poultry, chicken eggs, milk (and dairy products), apples, grapes, peaches, citrus fruits, persimmon (and processed persimmon products), strawberries, sweet potatoes (and other vegetables), cut flowers, tea, rice products (rice, precooked, single-serve, microwavable pouched rice, rice flour, rice flour products), lumber, plywood, yellow tail, sea bream, scallops, pearls, soft drinks, confectionary, sauces / mixed seasoning, miso / soy sauce, refined sake (*seishu*), whisky, and shochu / awamori (distilled liquor). *ibid.*, pp.3-4, appended table 1.

<sup>54</sup> 「農林水産物・食品の輸出拡大実行戦略に基づく輸出重点品目の輸出産地リスト」2021.12.21. 農林水産省ウェブサイト (List of Production Regions for the Priority Export Items Specified in The Strategy to Realize Export Expansion of Agricultural, Forestry and Fishery Products, and Food, 2021.12.21. (MAFF website))

<sup>55</sup> These organizations were designed to promote exports of the products in question on an all-Japan basis, by encompassing all the stakeholders in the product category, from producers to distributors.

Food (bill 53 of the 208th session) and another to amend the Plant Protection Act (Bill 33 of the 208th session). The bills are described in Table 4 below.

**Table 4. Outline of export promotion bills submitted to the Diet during the 208th session**

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Bill to amend the Act on Promotion of Exports of Agriculture, Forestry and Fishery Products, and Food
① Amend the Agricultural Exports Law
<ul style="list-style-type: none"> <li>• Provide a system for national certification of and support for export-promoting associations (product-specific associations)</li> <li>• Provide enhanced support for businesses whose export business plan has been approved by the MAFF Minister (create a financing scheme (a system of subsidized loans) that helps exporters invest in necessary facilities and access long-term working capital, streamline the process for land use conversion)</li> <li>• Create a mechanism for enabling registered private-sector inspection agencies to issue export certificates</li> </ul>
② Amend the Act on Japanese Agricultural Standards
<ul style="list-style-type: none"> <li>• Expand JAS scope to include organic liquor</li> <li>• Provide a mechanism whereby registered certifying organizations can inform each other about the certification of their member-businesses</li> </ul>
③ Bill to amend the Act on the Independent Administrative Agency Food and Agricultural Materials Inspection Center
<ul style="list-style-type: none"> <li>• Expand the scope of the center's business to include collaboration with authorized product-specific associations</li> </ul>

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Bill to amend the Plant Protection Act
<ul style="list-style-type: none"> <li>• Create a mechanism whereby persons licensed by the MAFF minister can undertake certain export checks in place of a plant protection officer</li> </ul>

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(Sources) The above table is based on the following sources: 「農林水産物及び食品の輸出の促進に関する法律等の一部を改正する法律案の概要」農林水産省ウェブサイト等 (*Outline of Bill to Amend the Act on Promotion of Exports of Agriculture, Forestry and Fishery Products, and Food*, (MAFF website) etc.)

### 3 *Issues to Address to Achieve the 5-Trillion-Yen Goal*

#### (1) Getting Import Controls Lifted or Eased

The import controls Japanese exporters face include restrictions on goods contaminated during a nuclear accident, animal and plant quarantine, restrictions on products with agrochemical residues, and other controls (including restrictions on additives used in processed foods, packaging regulations, and labeling rules). Some of these controls appear excessive in view of international standards and scientific data. Lobbying destination countries and regions to lift or ease such excessive controls is the most critical role the government can play in promoting exports.

Consider, for example, restrictions on goods contaminated during a nuclear accident. Following the 2011 nuclear disaster, 55 countries and regions banned imports of Japanese food or imposed conditions such as requiring a radionuclide test certificate. Following lobbying efforts by the Japanese government, 41 of these export destinations lifted the

restrictions. However, restrictions remain in 14 countries, four of which are critical destinations: Hong Kong, Mainland China, Taiwan, and South Korea. These critical destinations continue to (as of September 2021) ban imports of products from certain regions in Japan.<sup>56</sup>

Of particular concern are the ongoing restrictions in Mainland China, the biggest destination market. This market holds the key to achieving the 5-trillion-yen export goal.<sup>57</sup> Nevertheless, Japan cannot export many fresh food products (such as beef and fruit-and-vegetables) to China owing to rules on quarantining animals and plants. Therefore, processed foods accounted for as much as 46% of the exports as of 2020.<sup>58</sup>

## (2) From Interregional Competition to International Competition

In recent years, the government's policies on promoting exports have opened the door for new players to enter the export business. This trend has triggered criticism that the strategy has caused Japanese AFF production centers to compete with one another over a limited number of export destinations.<sup>59</sup> Meanwhile, Japanese exports to these destinations must compete with cheaper exports from other countries.<sup>60</sup> This problem is illustrated by Japanese exports of strawberries and other fruits. A major destination for Japanese fruits is Hong Kong, where Japanese fruits must now compete with fruits from South Korea and Mainland China. South Korean fruits are marketed with sophisticated packaging at competitive prices under a united national campaign, and fruits from Mainland China are

<sup>56</sup> 農林水産省「農林水産物・食品の輸出促進について」2022.3, pp.23-26. (MAFF, On Promotion of Exports of Agriculture, Forestry and Fishery Products, 2022.3, pp.23-26.)

<sup>57</sup> China is a target destination for most of the 28 priority export items specified in the Export Action Plan. The items include beef, milk (and dairy products), grapes, cut flowers, tea, rice products (rice, precooked, single-serve, microwavable pouched rice, rice flour, rice flour products), lumber, plywood, yellow tail, sea bream, scallops, soft drinks, confectionery, sauces / mixed seasoning, miso / soy sauce, refined sake (*seishu*), whisky, and shochu / awamori (distilled liquor). For several of these China-targeted items (beef and tea, for example), Japan has set ambitious export targets on the assumption that China will lift or ease restrictions on the items. 農林水産物・食品の輸出拡大のための輸入国規制への対応等に関する関係閣僚会議 前掲注(52), 別表1 (Ministerial Meeting on Expansion of the Export of Agricultural, Forestry and Fishery Products, and Food as a Response to Restrictions by Importing Countries, *op.cit.*(52), appended Table 1).

<sup>58</sup> 農林水産省食料産業局海外市場開拓・食文化課「2020年農林水産物・食品の輸出実績(国・地域別)」2021.4, p.6. (Overseas Market Development and Food Cultures Division of the MAFF Food Industry Affairs Bureau, *Exports of Agriculture, Forestry and Fishery Products and Food in 2020 by Destination*, 2021.4, p.6.); 「中国向け輸出に勢い」『日本農業新聞』2021.9.16 (“Growing Momentum for Exports to China,” *The Japan Agricultural News*, 2021.9.16).

<sup>59</sup> 石塚哉史「農林水産物・食品輸出が直面する課題とその展望」『農中総研調査と情報』80号, 2020.9, p.33. (ISHITSUKA Satoshi, “Issues for Exporting Agriculture, Forestry and Fishery Produce and Food, and the Outlook,” *Norinchukin Research Institute: Research and Information* 80, 2020.9, p.33.)

<sup>60</sup> 山本亮輔「農林水産物・食品の海外輸出の実際」『施設と園芸』190号, 2020.夏, p.33. (YAMAMOTO Ryosuke, “Facts about Overseas Exports of Agriculture, Forestry and Fishery Produce and Food,” *Shisetsu to Engei (Journal of Japan Greenhouse Horticulture Association)* 190, 2020 summer, p.33.)

cheaper.<sup>61</sup> MAFF has long recognized the need to have a united, all-Japan effort to market and build sales channels for Japanese goods, instead of having each production center in Japan trying to out-compete each other.<sup>62</sup> It remains to be seen whether the new legislation succeeds in strengthening support for product-specific associations.

### (3) Bolstering Production Capacity

As discussed above, the government has sought a shift from exporting only those goods left unsold from among the goods intended for the domestic market toward dedicated and sustained production of goods for overseas markets. However, in many cases, agriculture and fishery businesses have failed to keep pace with demand, both in domestic and overseas markets. This is because of poor harvests or staff shortages, leading to higher sales prices in the domestic market and a shortage of processed food materials (such as sweet potatoes, apples, and scallops).<sup>63</sup> As Japan's farming community continues to age, there are concerns that the country may fail to secure the agricultural output necessary to meet overseas demand. Therefore, concerted action is needed to bolster the nation's export strategy and the production capacity of its domestic agricultural sector.<sup>64</sup>

<sup>61</sup> 「輸出最前線を追う 競合する日本産：香港編① 勝負の鍵 銘柄より味」『日本農業新聞』2019.11.3. (“On the Frontlines of Exports—Competing Japan: Hong Kong 1 / The Key to Victory / Taste Over Brand,” *The Japan Agricultural News* 2019.11.3.)

<sup>62</sup> MAFF had acknowledged this necessity back in August 2013, when, in response to feedback from the private sector, it set out its strategy for promoting exports specific to each country and by product category. Specifically, the ministry noted that a united national branding campaign for fruit-and-vegetables and fishery products would require smarter marketing and that it would need policies to ensure a stable annual supply. 農林水産省「農林水産物・食品の国別・品目別輸出戦略」2013.8, pp.4,9. 国立国会図書館インターネット資料収集保存事業 (WARP) により保存されたページ (MAFF, Strategy or Promoting Exports Specific to Each Country and Product Category, 2013.8, pp.4,9. (webpage saved under the National Diet Library's Web Archiving Project [WARP]))

<sup>63</sup> 「サツマイモ輸出も育つ」『日本経済新聞』2020.11.10 (“Cultivating Sweet Potato Exports too,” *The Nikkei*, 2020.11.10); 「リンゴ卸値、最高に」『日本経済新聞』2021.12.24 (“Record High for Apple Wholesale Prices,” *The Nikkei*, 2021.12.24); 「2021年 ホタテ輸出、過去最多」『日刊水産経済新聞』2022.2.3. (“2021: Scallop Exports at All-time High,” *The Suisan-Keizai Daily News*, 2022.2.3.)

<sup>64</sup> 下渡敏治「政府の農産物輸出戦略の成果と課題」『農業と経済』84(5), 2018.5, pp.15-17 (SHIMOWATARI Toshiharu, “Outcomes and Problems Concerning the Government Strategy for Agricultural Exports,” *Quarterly Journal of Food, Agriculture and Social Studies* 84(5), 2018.5, pp.15-17); 「農政 COMPASS 「マーケットイン」の戦略で輸出は伸びるか？ 輸出増を焦るあまり、国内生産の課題把握を怠ってはならない」『地上』75(7), 2021.7, pp.62-63. (“Agricultural Policy Compass: Will the Market-in Strategy Boost Exports? In its Rush to Raise Exports, has the Government Overlooked Problems in Domestic Production?” *Good Earth* 75(7), 2021.7, pp.62-63.)

## Conclusion

In 2006, Japan embarked on a program to expand exports, with the first Abe government setting the goal of 1-trillion-yen. When DPJ formed the government, the target year was pushed back. The LDP subsequently regained power, and the second Abe government led a concerted effort to achieve the goal. Although the government missed the target for 2019, it finally surpassed the 1-trillion-yen mark in 2021. During the period when the government was pursuing the 1-trillion-yen goal, the government worked to create a more export-friendly environment by, among other things, supporting businesses engaging in exports, helping businesses penetrate overseas markets, and lobbying export destinations for the easing of import controls. Processed foods contributed the most among AFF categories to the overall AFF export total, but some questioned whether processed food exports were helping the agriculture sector grow.

Since 2020, the government has stepped up its efforts to boost exports. It has provided a mechanism for government-led action to address import regulations following the Agricultural Exports Law and has formulated and revised the Export Action Plan. It has also signaled its intention to shift to a market-oriented approach to meet the newly set goal of 5-trillion-yen by 2030 (and the midpoint goal of 2-trillion-yen by 2025). To achieve this ambitious new goal, the government must persuade destination countries to lift or ease their import restrictions as soon as possible, eliminate interregional competition, and enhance the production capacity of the AFF sector.

SAITO Maiko, *Promotion of the Export of Agricultural, Forestry and Fishery Products and Food* (Research Materials), 2023e-3, Tokyo: Research and Legislative Reference Bureau, National Diet Library, 2023 (Translated from *ISSUE BRIEF*, No. 1187, 2022.3.29.).