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International Policy Conflict:
The Japanese Response to U.S. Export Embargoes

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by
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I. Introduction

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Japans agriculture and its food economy have changed significantly during the post WW II period. Changes include shifts in patterns of consumption, composition of production, and in the position that agriculture occupies in the national economy. These changes, bounded by inherent constraints on food production capacity because of a limited land base relative to population have led to a series of policy initiatives to deal with problems of adequacy of food production, maintenance of farm income, improving agricultural productivity and instability in agricultural markets.

The purpose of this report is to evaluate the impact, if any, that U.S. export embargoes have had on Japanese agricultural and trade policy and hence its effect on U.S. exports to Japan. To do this it is first necessary to gain some insight into the economic and policy environment within which Japanese agriculture and domestic and international policy have evolved. This report briefly (1) describes the position of agriculture in the total economy, production trends and agriculture's structural characteristics, (2) describes the changing policies surrounding Japanese agriculture and (3) evaluates the implications of U.S. export policy for U.S.-Japanese trade relations.

II. Agriculture's Position in the Economy, Production Trends and Structural Characteristics

As a component of the total economy Japanese agriculture has been subject to the trends that have existed in all industrializing economies (Table 1). Consumption

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expenditures for food have increased absolutely though they have declined relatively from 40.2 percent of total individual expenditures for consumption in 1960 to 30.4 percent in 1982. Agriculture as a component of net domestic product has declined from 8.8 percent to 2.3 percent during the same period. Despite substantial increases in food imports farm products as a percent of total imports have declined from 19.7 percent in 1960 to 10.5 percent in 1982. These trends reflect the rapid development of Japan as an industrial economy. The GNP measured in 1970 prices increased from 26 trillion yen in 1960 to 105 trillion yen in 1977, an annual real growth rate of 9 percent. Real per capita GNP increased from 270,000 yen in 1960 to 923,000 yen in 1977, which implies a 7.5 percent annual growth rate (Kuroda, 1982, p. 92). During this period Japan established its world role as a major exporter of manufactures and a major importer of raw materials to feed its industrial plant.

Table 1: Status of Agriculture in National Economy (Fiscal year)

Fiscal	1960	1970	1975	1980	1982
Total individual expenditure for consumption (¥ billion)	9,065.2	39,396.2	86,674.1	139,492.7	157,724
Out of which foods and drinks (%)	42.7	35.9	34.5	31.0	30.4
Net domestic product (¥ billion)	13,293.4	60,479.3	124,638.7	193,722.2	212,332
Out of which agricultural production (%)	8.8	4.5	4.1	2.5	2.3
Farm products in total exports (%)	4.1	1.9	0.7	0.7	0.6
Farm products in total imports (%)	19.7	17.2	16.7	10.6	10.5

Source: CUAC-ZENCHU, 1985, p 6.

The Japanese agricultural economy has also evolved significantly since 1960. Overall growth in output has been relatively slow from an index value of 76.9 in 1960 to 104.1 in 1983. This implies an average increase of about 1.5 percent per year (Table 2).

Table 2: Agricultural production index (Fiscal year)

Fiscal	1960	1970	1980	1981	1983
Total	76.9	96.7	100.0	102.0	104.1
Rice	129.3	128.1	100.0	106.0	106.3
Wheat	328.4	98.7	100.0	99.5	111.3
Beans	292.0	165.5	100.0	111.2	111.8
Vegetables	66.1	90.9	100.0	101.8	99.6
Fruits	46.7	82.5	100.0	94.5	105.6
Flowers					
Beef cattle	59.2	73.1	100.0	103.6	113.2
Pig	16.7	64.9	100.0	97.2	99.9
Broiler chicken	2.9	51.7	100.0	100.8	110.9
Egg	32.4	90.1	100.0	101.2	101.1
Milk	29.8	73.6	100.0	101.8	109.4

Source: CUAC-ZENCHU, 1985, p 3.

Growth, however, has not been evenly distributed. Production of grains and beans declined while production of fruits, vegetables and livestock products all increased substantially. This led to an overall decline in self sufficiency from 90 percent in 1960 to around 70 percent in the early 1980s (Table 3). Among the grains, rice production moved from approximate self sufficiency in the earlier years to surplus production in the late 1960s and 1970s. Rice production at a self sufficiency level is a long held central goal of Japanese agricultural policy and the production levels of the 1980s do not reflect a change in policy. Sharp declines have occurred in self sufficiency levels for wheat, barley and beans. Self sufficiency has been maintained at near 100 percent for vegetables and eggs and at a level of 85 to 90 percent for milk and dairy products while self sufficiency has moved downward somewhat for fruits and beef to approximately 80 percent in 1982.

The changes shown in Tables 2 and 3 reflect a pattern that has led to a substantial increase in Japanese imports of agricultural products as well as some change in agricultural production in response to internal demand generated by economic growth and higher personal incomes. This adjustment is particularly reflected in the rapid expansion in production of all livestock products as well as fruits and vegetables.

Table 3: Self-sufficiency ratio of foods in percentage (Fiscal year)

Fiscal	1960	1965	1970	1975	1980	1982
Total agri. food products	90	81	76	74	70	71
Grains	83	61	48	43	29	31
Rice	102	95	106	110	87	93
Wheat	39	28	9	4	10	12
Barley	107	73	34	10	15	16
Beans	44	25	12	9	7	9
Out of which Soybeans	28	11	4	4	4	5
Vegetables	100	100	99	99	97	98
Fruits	100	90	84	84	81	79
Eggs	101	100	97	97	98	98
Milk & dairy products	89	86	89	82	86	85
Meats	91	89	88	77	81	80
Sugar	18	30	23	16	28	31

Source: CUAC-ZENCHU, 1985, p 3.

As a result of these divergent trends in production and in consumption Japan has become a major importer of grains and some livestock products.

Two elements in the Japanese situation that have both constrained Japanese agricultural development and effected policy are the severe natural limitations on agricultural production and the structure of agriculture itself. Total cultivated land in Japan in 1984 amounted to only 5.39 million hectares and represented only about 14

percent of Japanese land area. This land is distributed among about 4.47 million farm households and hence represents only 1.2 hectares per household. Within this limited average size 41 percent of all farms are less than 0.5 hectares and only 0.8 percent exceed 2 hectares in size. This fragmentation has led to serious problems of production efficiency and ability to earn an acceptable income from farming. It also has led to development of extensive part time farming (Table 4).

Table 4: Number of part-time and full-time farm households (Unit: 1,000)

	Total No. of farm households	Full-time farm households	Part-time farm households		
			Total	Part-time I	Part-time II
1965	5,576	1,219	4,446	2,081	2,365
1970	5,342	832	4,510	1,802	2,709
1975	4,953	616	4,337	1,259	3,077
1980	4,661	623	4,038	1,002	3,036
1982	4,567	599	3,968	774	3,194
1984	4,473	605	3,868	689	3,179

Note: Full-time farm household – None of a family is engaged in other occupation than agriculture.

Part-time I – One or more member(s) of a family is (are) engaged in outside job but agricultural income of a family is more than non-agricultural income.

Part-time II – One or more member(s) of a family is (are) engaged in outside job but agricultural income is less than non-agricultural income.

Source: CUAC-ZENCHU, p 5.

In contrast to a rapid reduction in the population engaged in agriculture from 1965 to 1984, (11.0 million to 6.4 million) the number of farm households decreased only moderately from 5.57 million to 4.47 million. Of this number only 605 thousand or 13 percent are engaged full time in agricultural production and depend on agriculture for their entire income. The remainder (87 percent) are part time farmers and the bulk of these have agricultural income that is less than their non-farm income. The ratio of

farm income to non-farm income for farm households declined sharply from 55 percent in 1960 to about 19 percent in 1983. (Source CUAC-ZENCHU, p 5.). The implications of this condition for agricultural efficiency are profound. As stated by Hillman and Rothenberg; (1985, p 50)

"Because they depend little on agricultural income, 70 percent of the farms in Japan are less responsive to profitability at the margin, less innovative and more costly. If they were rural residences predominately, the efficiency of the whole sector would not be noticeably affected. Instead they occupy 44 percent of the cultivated land, use 40 percent of agricultural fixed capital and produce 30 percent of the gross farm output, including half of the rice. Productivity of the class B farms is comparatively low and the differential has increased over time. In 1961 a hectare yielded 78 percent as much income in a class B farm as in a full time farm. By 1978 that hectare yielded 61 percent as much as in a full time farm and 51 percent as much as in a class A farm."

This fragmented structure in Japanese agriculture has important implications for agricultural policy. As in all other industrial countries Japanese farm policy has sought to deal with the problem of farm income. With land resources of about 1 hectare per farm on average, productive capacity simply is not adequate to provide a reasonable family income short of very high commodity prices even if resources are well utilized. This has been exacerbated by the existence of a large number of inefficient part time producers who's returns from farming fall short of the potential that could be achieved with good management. These conditions in agriculture existed within a framework of unprecedented growth in industrial output and productivity and increase in non-farm per capita earnings and income levels. Low agricultural incomes in turn, created pressures to compensate through increased prices for farm commodities for differentials due to relatively much slower growth in agricultural productivity. Increasing non-farm incomes also created conditions where urban consumers -- and taxpayers -- have accepted without

complaint government action to support agriculture that both increased food costs and taxes. This is in sharp contrast to earlier conditions where low wage Japanese urban workers were highly sensitive to food prices and hence food prices were kept low (Inomata, 1986, p 3.).

III. Evolution of Post WW II Farm Policy

Post World War II Japanese farm policy can be divided into three phases (1) the period of food shortages from 1945 to 1955, (2) the period of rapid economic growth and industrialization from 1955 to 1970 and (3) the period of adjustment since 1970.

The major policy objectives of the 1945 - 55 period were (1) to secure adequate supplies of staple foods, (2) to achieve land reform and to provide employment for a large number of people who were idled following Japan's defeat in World War II (Egaitsu, 1982, pp 150-54). Policy during this period involved direct government control of prices and markets including food distribution. Land reform was implemented in 1952 and resulted in the redistribution of 1.7 million hectares of land from large land holders to tenants of the land. Land ownership was granted to tenants who farmed more than 0.3 but less than 3 hectares. Ownership of land by non-residents was prohibited and resident land owners were prohibited from owning tenant land exceeding 1 hectare. The long term significance of policy during this period clearly arose from the land reform. This action established the small scale farm structure that continues today. It also established restraints on land transfer that have contributed to the slowness in the evolution of farm structure. This action appears to have improved the welfare of farmers at the time and administered pricing retained farm incomes comparable to non-farm levels. However, during and following the period 1955-70, when non-farm incomes increased rapidly, land controls prevented individual farmers from increasing incomes through economies of scale and accumulating larger producing units. The burden of maintaining income parity for farm households became one of raising prices to increase income from farming and moving to part time farming and supplemental non-farm earnings.

The shift in Japanese policy from direct market control to price supports occurred with the Agricultural Basic Law of 1961 (Egaitsu, 1982, pp 157-61). The basic objective of policy at this juncture was to correct the income differential that had developed between the agricultural and non-agricultural sectors. While some attention was paid to policy for structural change and policy to create selective expansion to meet changing demand, the basic thrust of policy was income protection through the implementation of domestic price supports along with border protection necessary to implement domestic programs. Protection in one form or another was established for a wide range of crops and livestock products but the central issue was rice policy. A number of reasons existed for this. First, rice historically had represented the core of Japanese efforts to provide an adequate basic food supply from limited land resources -- along with products of the sea. Second, rice is produced by virtually all Japanese farmers and is the sole output of many small and part time farmers. Hence a program designed to improve income would have broad impact only if implemented through the price of rice. Third, both from the viewpoint of public awareness and of an electoral system that weights rural votes much higher than urban votes, political realities dictated an emphasis on rice policy.

Of the aims stated in the 1961 act the one implemented most effectively was rice policy. As stated by Reich, Endo and Timmer, (1985, p 25)

"Since the early 1960s, the Japanese government has responded to the problems of structural change with an extraordinarily heavy reliance on rice policy to support Japanese farm incomes. The Basic Agricultural Law of 1961 established a direct link between hourly incomes earned from rice farming, and average urban wages, called the Production Cost and Income Formula. That law reflected the political power of Japanese farmers, but also the government's desire to create a rural market for Japan's manufactured goods. Any shortfall in rice earnings was made up by a subsequent increase in the government's purchase price for rice. This policy created the engine for rapid increases in rice prices. In 1960 the producer price was

only slightly over the world price; by the late 1970s the producer price was three to four times the world price. In effect, Japan raised the domestic price of rice as a substitute for expanding farm size, as a way to deal with the decline in income per acre relative to non-farm incomes."

The unintended consequences of this policy were two-fold. First, it effected the balance between supply and demand for rice to the extent that burdensome surpluses developed. Second, it contributed to an increase in the price of land that acted as a barrier to restructuring agriculture into larger producing units and acted to increase production costs. Higher production costs, in turn, provided the basis for farm interests to exert pressure for even higher support prices.

The extent of overproduction of rice is indicated in Table 5. This led to two initiatives in the 1970s. The Agricultural Land Law was revised in 1970 to facilitate concentration of farmland, and the Rice Cultivation Diversion Measure was initiated to cope with the overproduction problem in rice. As summarized by Reich, Ende and Timmer (1985, p 29).

"The goal was to encourage Japanese farmers to shift out of rice cultivation and into commodities where growth in demand was more promising and where Japan remained a net importer. The list of commodities was long: wheat, soybeans, barley, fruits, vegetables, hay, poultry, pork and beef. All of these received some encouragement from the Ministry of Agriculture, Forestry and Fisheries."

TABLE 5: JAPAN: PRODUCTION AND STOCKS OF RICE 1960-78
1000 Mil. Tons

Year	Production	Consumption	Government Stocks in October
1960	12,858	12,618	440
1965	12,409	12,993	52
1970	12,686	11,948	7,202
1971	10,887	11,859	5,891
1972	11,897	11,948	3,074
1973	12,149	12,078	1,477
1974	12,292	12,033	615
1975	13,165	11,964	1,142
1976	11,772	11,819	2,641
1977	13,095	11,483	3,675
1978	12,589	11,364	5,722

Source: Egaitsu, 1982, p 178.

The measures used included import restrictions to protect domestic prices, incentive payments to farmers to convert rice land to other products and later in the 1970s price policy was changed.

The rice land diversion program met with limited success during the first half of the 1970s but appears to have had a greater impact in the latter half of the decade after payments were increased. The program continues at the present time with payments of 420,000 yen per hectare for converting paddy field to another crop. Also, to encourage aggregation, if the land converted is more than three hectares, an extra 200,000 yen is paid per hectare. Several farmers can go together in reaching the three hectare goal.

Changes also were made in price policy during the 1970s. During the 1960s and early 1970s increases in the producer price of rice exceeded price increases for other agricultural commodities. That disparity in prices contributed to continued growth in rice production and the declining production of other crops, especially dry field crops (Reich, Endo and Timmer, 1985 p 29). Also as shown in Table 6 the real price of rice to producers increased through 1975. Thereafter nominal price increases for rice have

slowed and real prices have declined. Through the mid 1970s on the other hand nominal prices of other commodities shown in Tables 6 and 7 increased only modestly and real prices with the exception of soybeans either held steady or declined. In 1977 a major price correction was made. The producer prices of wheat, barley, soybeans and rapeseed were increased by 44, 48, 42 and 34 percent respectively. Real prices jumped significantly for each commodity. Beginning with these price shifts a turn around occurred and acreage of these crops, after a long period of decline, began to increase (Table 8).

TABLE 6: JAPAN: COMMODITY PRICE 1970-84*
(Yen per 60 Kilogram)

Year	Rice				Wheat			
	Gov't Purchase Price		Gov't Selling Price		Gov't Purchase Price		Gov't Selling Price	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1970	8,272	19,463	7,442	17,347	3,552	8,397	1,940	4,586
1971	8,522	18,980	7,377	16,430	3,788	8,436	1,944	4,329
1972	8,954	19,091	7,317	15,601	3,931	8,382	1,895	4,040
1973	10,301	19,658	7,806	14,897	4,466	8,523	2,620	5,000
1974	13,615	20,882	7,700	11,917	5,564	8,534	2,564	3,932
1975	15,570	21,358	12,205	16,742	6,129	8,407	2,561	3,513
1976	16,572	20,793	13,451	16,877	6,574	8,248	3,272	4,105
1977	17,232	20,014	14,771	17,155	9,495	11,028	3,272	3,800
1978	17,251	19,296	14,771	16,522	9,692	10,841	3,248	3,633
1979	17,279	18,660	15,391	16,620	9,923	10,716	3,248	3,507
1980	17,674	17,674	15,891	15,891	10,704	10,704	3,622	3,622
1981	17,756	16,926	16,391	15,625	11,047	10,530	3,812	3,634
1982	17,951	16,667	17,033	15,815	11,047	10,257	3,812	3,539
1983	18,286	16,666	17,033	15,541	11,092	10,120	4,135	3,773

* Real prices deflated by the Japanese consumer price index 1980 = 100.

Source: Japanese agricultural statistics transmitted by office of the Agricultural Counselor, U.S. Embassy, Tokyo.

TABLE 7: JAPAN: COMMODITY PRICES 1970-84
(Yen per 60 Kilogram)

Year	Barley				Standard* Price of Soybeans		Standard* Price of Rapeseed	
	Gov't Purch Price		Gov't Selling Price					
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1970	2,753	6,508	1,417	3,350	5,010	11,844	4,710	11,134
1971	2,933	6,532	1,421	3,165	5,440	12,116	5,050	11,247
1972	3,043	6,488	1,391	2,966	5,800	12,366	5,255	11,204
1973	3,453	6,589	1,808	3,450	6,750	12,881	6,000	11,450
1974	4,064	6,233	1,672	2,561	8,850	13,573	7,685	11,787
1975	4,477	6,174	1,670	2,291	9,672	13,267	8,465	11,612
1976	4,802	6,025	2,297	2,882	10,433	13,090	9,080	11,392
1977	7,190	8,350	2,298	2,669	14,846	17,242	12,177	14,143
1978	7,337	8,207	2,278	2,548	15,133	16,927	12,428	13,903
1979	7,513	8,113	2,278	2,460	15,638	16,887	12,726	13,743
1980	8,083	8,083	2,540	2,540	16,780	16,780	13,732	13,732
1981	8,328	7,939	2,684	2,558	17,210	16,406	14,173	13,628
1982	8,328	7,732	2,684	2,492	17,210	15,979	14,173	13,160
1983	8,366	7,633	2,912	2,657	17,210	15,702	14,173	12,931
1984	8,366	7,463	2,912	2,597	17,210	15,352	14,173	12,643

* Standard price is a target and not a support price. This price is, however, protected through border controls.

Source: See Table 6.

TABLE 8: JAPAN AREA HARVESTED SELECTED CROPS 1960-85
(1,000 Hectares)

Year	Wheat	Barley	Soybeans
1960	602	1,013	--
1965	476	536	217
1970	229	270	103
1971	166	211	96
1972	115	162	101
1973	75	112	89
1974	83	105	88
1975	90	97	93
1976	89	96	87
1977	86	89	83
1978	112	109	79
1979	149	124	127
1980	191	125	130
1981	224	128	142
1982	228	128	149
1983	229	129	147
1984	232	122	143
1985	234	117	134

Source: USDA Data Base.

These increases though modest in total reflect two phenomena: (1) Some conversion of rice land to other crops and, (2) the expansion of winter production usually through rental by larger farmers on rice land that had here-to-fore been left idle between crops of rice -- especially by class B part time farmers. Some diversification was achieved but at a high budget cost. These high costs were justified in part with the assertion that the diversification adds to the level of self sufficiency achieved by Japanese agriculture.

The 1980s have issued in a new concern in Japanese agricultural policy. Government deficits have been substantial and the pressures of tight budgets have made it increasingly difficult to expand funds for crop subsidies. This is reflected in the slowing rate of increase in government purchase prices for commodities and some narrowing of the gap between the government's purchase and sale price for rice. As a result real prices to farmers have declined (Tables 6 and 7).

IV. U.S. Embargoes and Japanese Policy

The preceding overview indicates that post WW II Japanese agricultural policy has largely resulted from internal conditions and forces. These included the initial post war effort to provide an adequate basic food supply and create employment in agriculture. This was followed by an emphasis on maintaining incomes from farming comparable to those in a rapidly growing urban and industrial sector. By 1970 distortions had developed that led to efforts at adjustment in output composition to more closely fit demand conditions. More recently large Japanese budget deficits have begun to impose constraints on expenditures for commodity programs. The rate of increase in commodity support levels has slowed.

The question that was posed at the outset of this statement is: has Japan responded directly or is there evidence that Japan has responded indirectly to external conditions, in particular, the export embargoes instituted by the U.S.? To gain insight into this question a number of Japanese individuals with close linkages to Japanese

agriculture were interviewed during a 3-day period February 19-21, 1986.

The response concerning the impact of the 1973 soybean embargo was remarkably consistent among all interviewees. All asserted that the embargo had a major psychological impact, both on individuals concerned directly with food industry operations or policy, and on the public at large who were concerned as consumers. A long time Japanese concern with food adequacy, which had to some extent been forgotten during the period of rapid industrial growth (1955 to 1970) was reawakened. Two of the interviewees, however, pointed out that this concern was not confined to food alone nor stimulated solely by the soybean embargo. Of even greater concern to the Japanese economy were the two oil shocks created by the OPEC. This brought on the general recognition that Japanese economic growth was dependent on export markets for industrial products and that large imports of raw materials were required. Increasing reliance on food imports was only part of the picture.

Concern with reliability of food supplies stimulated two government actions. A small government stock of soybeans was established. This stock initially was 30,000 metric tons and since has been increased to 80,000 metric tons. This action was in response to sharp increases in the price of tofu in 1973. The existence of this stock was used to assuage consumer concerns by pointing out that government action had been taken to prevent a recurrence. The size of the stock is small in relation to total Japanese soybean utilization -- less than 8 day's supply.

The other action consisted of providing government support for trading companies to invest in overseas production. These included efforts to expand soybean production in Brazil and corn production in Indonesia. Some investment in corn production in Thailand also apparently occurred but proved difficult to confirm with certainty from any of the interviewees. No data on the extent and nature of any of these investments could be obtained. None of these investments proved profitable to the trading companies involved and except for soybean meal, an extremely minor item, data on sources of Japanese

imports provide no evidence to indicate that sources of imports were diversified to these or other countries (Table 9 and 10). These data lead to the conclusion that no actions were taken by the Japanese government as a result of the soybean embargo in 1973 that had any direct impact on Japanese imports of soybeans or grain from the U.S. Clearly Japanese foreign investment in production facilities had this potential. However, because the investments proved unprofitable to the trading companies they were discontinued and at no point entered into the trading picture. Investments in Indonesia have been fully liquidated and those in Brazil apparently have reverted to domestic ownership including Japanese families who moved to Brazil as part of the initial program.

The Japanese government made no direct response to subsequent embargoes including that against Russia in 1980. Some diversification of imports has been sought in recent years to take advantage of opportunities for cheaper supplies in other countries. But as pointed out by one interviewee, Japan's ability to take advantage of price opportunities was complicated by the fact that Russian buyers moved into these markets. Hence, the net effect of the 1980 embargo against Russia may have been to create greater U.S. sales to Japan than might otherwise have been the case.

The second question is whether indirect effects occurred through the impact of embargoes on Japanese domestic or trade policy. It was asserted by most interviewees that the embargoes created a sensitivity about the U.S. as a reliable supplier and heightened concern in Japan with achieving a maximum level of food self sufficiency. The direct impact on domestic policy is, however, questionable. Japan instituted its policy of seeking adjustment in production to reflect changing demand before the embargo on soybeans occurred in 1973. This was in response to the rice surplus that occurred in the late 1960s. The first of these programs operated from 1970 through 1975 and a subsequent program with increased benefits was initiated in 1976. The program remains in operation at the present time.

TABLE 9: JAPAN, IMPORTS OF WHEAT AND CORN BY SOURCE 1970 - 85*
Millions of Metric Tons

YEAR	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85
WHEAT														
Canada	1.4	1.2	1.7	1.1	1.6	1.3	1.4	1.2	1.3	1.5	1.3	1.4	1.4	1.4
U.S.	2.2	3.4	3.1	3.1	3.3	3.2	3.3	3.2	3.1	3.5	3.4	3.3	3.4	3.3
Arge	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Aust	1.4	0.7	0.4	1.0	1.1	1.2	1.2	1.2	1.0	0.7	1.0	1.0	1.0	1.2
TTL	5.0	5.5	5.2	5.3	6.1	5.6	5.8	5.6	5.4	5.7	5.7	5.7	5.8	5.9
CORN														
Thai	1.0	0.4	0.9	0.7	0.9	0.7	0.3	0.7	0.3	--	0.2	--	--	--
U.S.	2.6	5.6	7.0	5.1	5.8	7.5	8.3	8.6	11.2	12.5	10.6	13.2	13.7	11.2
Arge	0.1	--	--	--	--	--	0.2	--	--	--	--	--	--	--
S.Afr	1.3	0.7	--	0.1	1.2	0.5	1.2	1.1	1.0	1.2	2.6	1.5	--	--
TTL	5.1	6.7	7.9	6.0	8.0	8.7	10.0	10.4	12.0	13.9	13.4	14.7	13.7	11.2

* July/June trade year except October/September trade year for corn 1979/80 - 1984/85.
Source: FAS, USDA.

Totals may not agree due to rounding.

TABLE 10: JAPAN, IMPORTS OF SOYBEANS AND SOYBEAN MEAL BY SOURCE 1970 - 85
Thousands of Metric Tons, Jan. - Dec.

YEAR	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
SOYBEAN																
China	291	283	254	226	232	240	133	98	80	267	100	113	112	288	308	289
U.S.	2952	2927	3126	3210	2924	3041	3287	3428	4143	3839	4226	4022	4196	4646	4181	4345
Brazil	--	--	15	185	82	44	126	58	2	1	35	1	0	24	0	210
Other	1	2	1	14	6	9	8	18	35	25	40	61	36	37	26	66
TTL	3244	3212	3396	3635	3244	3334	3554	3602	4260	4132	4401	4197	4344	4995	4515	4910
MEAL																
China	--	1	6	5	2	--	--	1	--	--	--	--	2	18	11	41
U.S.	70	34	44	232	124	--	119	237	263	223	239	128	47	38	--	5
Brazil	1	4	--	38	6	16	71	76	72	54	72	84	38	178	105	88
Other	1	--	2	2	--	2	3	--	5	6	15	2	--	--	--	--
TTL	72	39	52	277	132	18	193	314	340	283	326	214	87	234	116	134

Source: FAS, USDA.

The second direct action aimed at diversifying production, that of shifting the price relation between rice and other field crops, occurred in 1977 when government rice stocks were again building rapidly. Thus the timing of neither of these actions suggests a direct response to embargoes. Rather they reflect an attempt to adjust to distortions created by domestic policy.

Despite this lack of any apparent effect of embargoes on Japanese trade the conclusion should not be reached that the embargoes were unimportant in Japan. They clearly had a strong psychological impact that sharpened Japanese awareness, including that of consumers, of potential vulnerability to world market conditions. This, in turn, has strengthened the political position of agricultural groups that seek ever increasing protection for agriculture and continued insulation from world markets. This may, for example, be reflected in the reluctance of Japan to expand its imports of citrus and beef products. As stated by one interviewee: "We can't plan to buy more beef from the United States -- some year you may decide we can't have any."

In any event the issue of embargoes and international market vulnerability is used on a continuing basis to argue for agricultural protection. This is superimposed on a society with a long history of recurrent food shortages, an apparent extraordinary concern by urban consumers with rural welfare and an electoral constituency system that favors rural communities. The ruling LDP party is heavily dependent on the rural vote to stay in power and "neither urban dwellers representatives nor the opposition political parties are actually opposed to the policy of protecting agricultural interests." (Hemmi, 1982, p 244) "The agricultural policies of the political parties are all protectionist toward the farming sector." (Hemmi, 1982, p 255)

Conclusion

The general conclusion that must be reached concerning Japanese farm policy is that it has been generated almost exclusively by domestic economic forces and domestic political concerns. The direct response to U.S. embargoes has been limited to

establishing a small government stock of soybeans and initiating overseas production development following the 1973 soybean embargo. The soybean stock while still maintained is only symbolic and the overseas investments were shortly abandoned by the trading companies and appear to have had no impact in diversifying Japan's source of imports. The Butz-Abe agreement that followed the soybean embargo may have had some impact on dissuading Japan from continued pursuit of controlled overseas supplies, though lack of profitability to trading companies appears to have been the principal reason for their withdrawal. The soybean embargo in 1973 had a major psychological impact on Japanese society that was in turn, reinforced by the partial embargo on sales of grain to Russia in 1980. Maximum use of embargoes is made to reinforce arguments for agricultural protection in a framework where: all political parties are protectionist and consumers are still tolerant of high prices of some foods and of the large deficit in the staple food control budget (Hemmi, 1982, p 268). In this context the impact of embargoes on Japanese policy at most provides an additional argument to delay changes in a costly food policy that has been fundamentally shaped by domestic forces.

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