

Elaboration of Japan's Negotiating Proposal:
Importance of agriculture in rural areas (rural development)

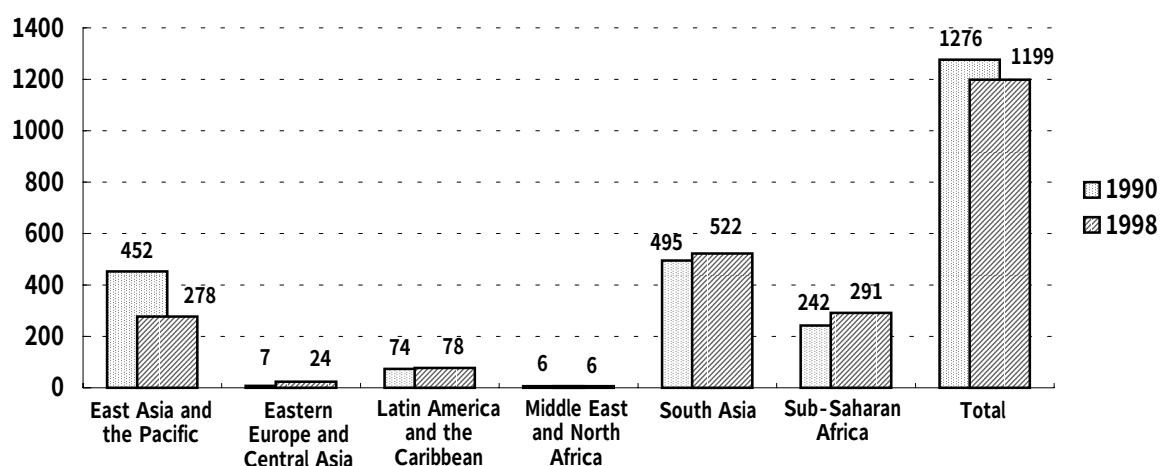
(Proposal in December 2000[G/AG/NG/W/91])

Pursuit of the multifunctionality of agriculture and food security as the major issues of the agricultural policies worldwide

4. For that purpose, it is important for each Member to acknowledge the diversity of agriculture resulting from the differences in the natural conditions and historical backgrounds. Based on this notion, it is essential to ensure that the benefits of the multifunctionality of agriculture can be sufficiently reaped through sustainable production. It is further essential to secure a stable food supply, which is indispensable for human life. Thus, the negotiations should be conducted while recognizing the above-mentioned elements as being the major issues of the agricultural policies worldwide.

- In rural areas, agriculture utilizes the largest portion of land and composes a major factor in maintaining rural society.
- There still exist approximately 1.2 billion people who live on less than 1 dollar a day. Although the number has slightly been decreasing worldwide, it has increased in some regions.

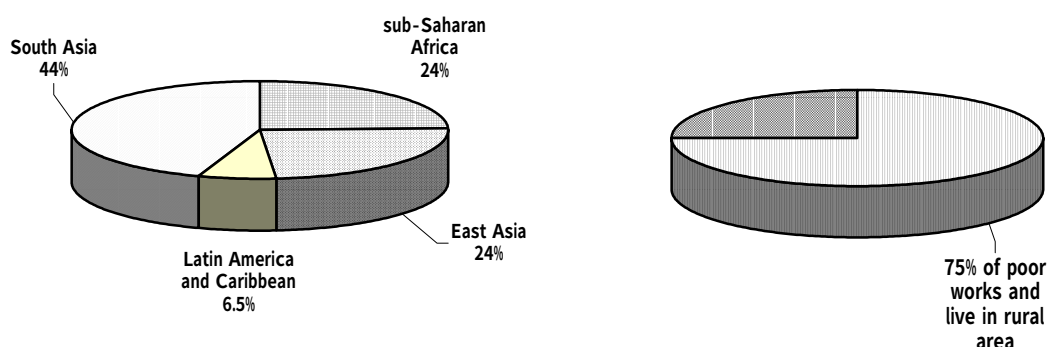
Figure 1. Number of people living on less than US\$ 1 a day (million)



Source: World Bank "Rural development strategy" (2001)

- As 75% of the 1.2 billion people live in rural areas, ensuring income in such areas is an extremely important issue. In particular, maintenance and development of agricultural activities is of great importance to ensure social and political stability in the area where employment other than agriculture is limited.

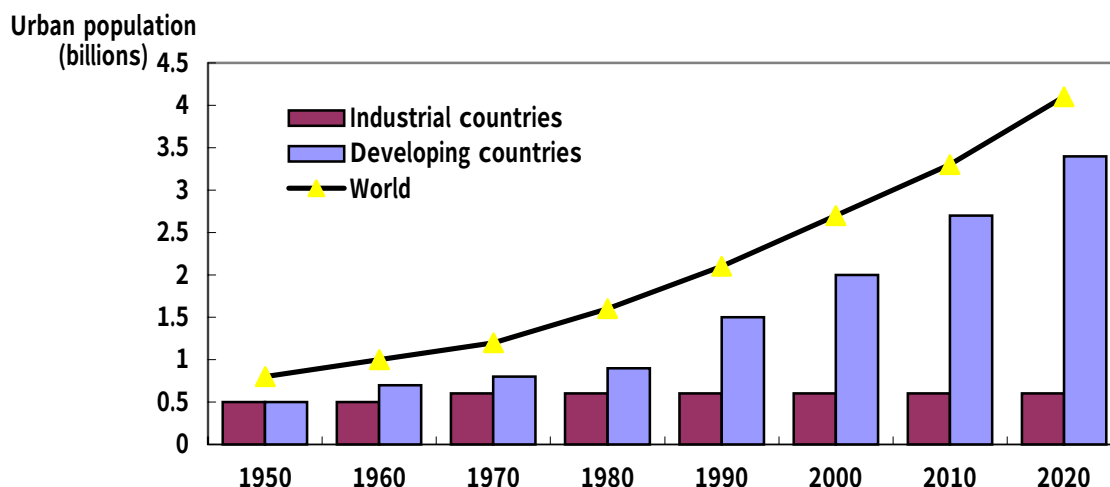
Figure 2. Global distribution of rural poverty



Source: IFAD "Rural Poverty Report" (2001)

- Maintenance of the appropriate level of agricultural employment is a major concern for countries with a high rate of agricultural population. In particular, small-size countries that depend on the trade of a small number of agricultural products tend to be easily affected by changes of circumstances in the world trade.
- At the time of an economic crisis, the agriculture sector can serve as a buffer to absorb the unemployed. Stable employment of the sector also contributes to alleviating the effect of the influx of people into urban areas.
- While sufficient rural policy measures have not necessarily been implemented in a number of developing countries, the need for policy measures that contribute to sustaining a stable and dispersed rural population will be on the rise. Such measures are required so as to address issues such as a possible increase of the poor in rural areas and the deterioration of the environment of urban areas resulting from the rapid increase of its population.

Figure 3. Prospect of urban population



Source: UNDIESA "World Urbanization Prospects" (1998)

- In addition, ensuring the rural viability is also important as it can maintain and succeed to the future generation the natural environment and culture that have long been inherited in the region.
- In summary, rural development is an important issue that is directly related to poverty alleviation and national economic development, especially for developing countries. It is also related to a number of issues including the balanced development of a nation and the maintenance of the environment in developed countries. At the same time, the maintenance of a certain level of rural population, and the contribution of agriculture to that end, are important concerns shared by both developing and developed countries.

(Proposal in December 2000[G/AG/NG/W/91])

(Annex) Japan's Proposal Examined from the Viewpoint of the Multifunctionality of Agriculture and Food Security

The concept of the multifunctionality of agriculture and food security is reflected in the following part of this proposal as follows:

1. Market access

Appropriate levels of tariffs and access opportunities should be determined with flexibility, taking into account various elements: securing the benefits of multifunctionality; ensuring food security; the current situation of production and consumption for each product; international supply and demand; and the progress of domestic agricultural policy reform.

In particular, due consideration should be given to the products which became subject to tariffication as a result of the Uruguay Round, in order to secure the benefits of multifunctionality and to ensure food security in each country.

Special safeguard measures should be maintained.

2. Domestic support

In order to enable each country to promote agricultural policy reform, while giving consideration to securing the benefits of the multifunctionality of agriculture and ensuring food security, the following improvements should be made:

- requirements for "Green Box" policies should be improved, based on the experiences of implementation;*
- the "Blue Box" policies should be maintained;*
- domestic support level should be determined in a realistic manner*

5. Consideration for developing countries

Flexibility should be given to developing countries with regard to the disciplines and the levels for border measures and domestic support, taking into full consideration that developing countries put their highest priority on stable food supply.

The idea of a possible framework for international food stockholding should be examined, in order to complement existing bilateral and multilateral food aid schemes and to enable loan of food in the case of temporary shortage.

- It is evident that by looking at the international environment surrounding agriculture and Members' agricultural policies, formed after the UR agreements, the role of agriculture in maintaining and revitalizing rural society has become more essential, let alone the importance of agriculture itself. It is therefore necessary to establish trade rules that enable each country to place agriculture as the basis for its rural development.
- For this purpose, multilateral trade rules on agriculture that are to be

established through the current negotiations should allow the coexistence of agriculture in rural areas for each country.

- The reform process, which is continuing in accordance with Article 20 of the Agreement of Agriculture, should provide flexibility in the rules of domestic support and market access in order to secure the coexistence of agriculture in each country. Green Box alone is not sufficient to achieve the objective of rural development. The improvement of market access for products from developing countries, especially from LDCs, is important to increase agricultural income in these countries, but it cannot solve all the issues these countries are facing.
- Japan's negotiating proposal was prepared based on the background described in this paper. We look forward to have further discussions with other Members.