

Statement by H. E. Hisao HARIHARA
Vice-Minister for International Affairs
Ministry of Agriculture, Forestry and Fisheries, Government of Japan

At the Third Ministerial Meeting
on Governance and Commodity Markets
6 October 2014, Rome

Mr. Chairperson,
Excellencies,
Distinguished delegates and participants,
Ladies and Gentlemen,

1. On behalf of the Government of Japan, I am truly honored to be here to express our views on international commodity markets and introduce the relevant policies of Japan.
Food price stability is an important issue for all mankind.
2. Today, we are having the third Ministerial Meeting.
Two years before, the ministers responsible for agriculture and food gathered here in Rome and discussed and shared their views on the issues of how to address food price volatility; and last year, the issue of persistent high prices was introduced.
The meeting results provided useful insights for policy development. This time as well, we have another opportunity to discuss and share our views of what governs food prices in international commodity markets and which direction we should move to ensure food security at a global level.
3. In general, when the price of a commodity increases, the market makes an adjustment, higher prices stimulate production, and finally, the market achieves an equilibrium price through a well-functioning market mechanism.
However, current commodity markets are not reacting in this way. This is evidenced by the fact that many producers around the world have not gained from the increased food prices.

4. Consequently, this situation has created a gap between a large number of small farmers and a small number of market participants in terms of wealth and income.

Large numbers of small farmers are compelled to sell their products at lower prices, while small numbers of market participants seize a large share of the profits stemming from the higher food prices.

5. What is the background of this situation?

I think that there are three factors at play.

The first is a lack of value chain connection regarding food and agricultural products.

The second is a market structure consisting of large market players and small-scale farmers.

The third is inadequate market information.

Japan considers that international action aimed at resolving this issue should be a priority.

In this context, I would like to introduce three actions that we should promote.

6. First, as an initiative to address the issue of the lack of food value chain connections, we need to make a transparent trade system by eliminating policy interventions, and prevent arbitrary policy interference in private investments.

Japan is strongly committed to supporting the WTO to fully perform its functions.

Japan has also been promoting economic partnerships with other countries and regions.

Currently, Japan is committed to TPP negotiations as well as EPA negotiations with the EU, ASEAN, Columbia, Korea and China, after concluding EPA negotiations with Australia and Mongolia.

At the same time, Japan has consistently requested equitable treatment with regard to importing and exporting countries, and proposed common rules to regulate export restrictions in various international fora.

7. To make value chain connections, various actions such as

infrastructure arrangement, investment, technological development and transfer, have to be made.

These actions must be taken in the spirit of equal partnership between developing and developed countries, and must involve private sector participation.

Japan is making a framework to develop food value chains by taking quick actions as mentioned above in collaboration with countries and areas in Asia, Africa and Latin America.

8. Secondly, under the market structure in which small scale farmers have to compete with the big players, capacity building for small scale farmers is of the utmost importance.

Japan sends 2,100 experts overseas per year and accepts more than 3,800 trainees annually to assist with agricultural development in developing countries.

Particularly in Africa, Japan has been implementing the Smallholder Horticulture Empowerment Project, known as “SHEP,” in Kenya since 2006 to support farmers, including women, in improving their crop production to respond to market requirements.

This approach has been expanded to nine other African countries.

9. Thirdly, with respect to inadequate market information, well-structured, accurate and timely information must be widely shared among producers, distributors, processors, traders, consumers and so on.

But the current situation is far from this ideal.

Inadequate information may lead to speculation at any time.

To cope with this problem, Japan has been actively cooperating with the AMIS operation managed by a joint Secretariat located in FAO.

Japan has also contributed financially to AMIS activities in Southeast Asia since 2012.

Furthermore, Japan is also implementing a project to improve agricultural statistics in African countries in collaboration with FAO, in which Japanese and other Asian experts will instruct officers from 9 African countries on how to improve their statistics for rice production.

10. Excellencies, Distinguished delegates and participants, Ladies and gentlemen,

For all human beings, the issue of food availability and food prices will increase in significance.

The world population is increasing.

Economic growth is expected to continue.

Accordingly, the issue of food availability and food prices pose enormous challenges from generation to generation, and this is an issue that we cannot solve without unification and collaboration among countries, regions and international organizations.

We must take action immediately.

Japan is ready to take further steps.

And FAO's role and responsibility will become more crucial than ever.

Ladies and gentlemen,

Let's make it together.

Thank you for your kind attention.