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The Takagi Committee on Fisheries Reform

The main purport

Japan Economic Research Institute

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Expedite drastic strategic reform of fisheries that preserve Japan's fish diet

Sixty years after the end of World War II, fisheries in Japan saw a dramatic decline. Substantial declines were observed in the fishery production volume, the number of people engaging in fisheries and the number of fishing vessels.

Conversely, imports of fishery products witnessed a sharp increase, causing fish producers' prices to lower, imposing pressures on the management of fisheries and aquaculture, and reducing Japan's self-sufficiency rate for fishery products from 113% in the peak period to about 50%. Aging advanced both for fishery workers and fishing vessels, and, coupled with rising costs caused by higher fuel prices, fisheries now find it impossible to revitalize itself as an industry. Furthermore, the fishery resources in the area near Japan deteriorated because of the harvests in excess of the resources' reproductive capability, and harvests not corresponding to the market needs are taking place.

On the international front, Japan is visibly lagging behind other countries in trade of fishery products as seen in the case where Japanese buyers are being priced out in the purchase fishery products amid increasing demand for fishery products around the globe.

Unless decisive measures are taken under these circumstances, Japan's fisheries industry will be shrunk further, creating a concern that a major industry responsible for producing food will disappear from Japan, also leading to the collapse of regional communities.

The Japan Economic Research Institute has been engaging in research and studies regarding the reform of Japan's agriculture and agricultural administration since 2003 under a basic recognition that "food is the source of life." In May 2006, it made public the final report of the Takagi Committee in which, among other things, preparatory steps for formulation of legislations related to farmland were presented with a view to realize the agricultural administration reform.

The fish diet, supported by Japan's fisheries industry composed of fisheries, aquaculture, fishery processing and distribution, also constitutes an essential foundation of food life for the Japanese. However, Japan's fishing industry has not coped adequately with the changes of the times. By the decline of the industry, the future of the "fish diet," one of the main pillars of the national food life, is facing a highly precarious situation.

We would like to question whether people related to fisheries are making sufficient effort to carry out their obligation of providing the nationals with fishery products on a sustainable basis and supporting the unique "fish diet" in Japan by utilizing effectively the fishery resources--gifts given to us from the oceans--as common resources of the people and ensuring our access to international fishery resources.

Following its deliberation on the agricultural administration reform, this Committee considers the following as the task of urgency before us;

Considering the territorial characters, dependence on nature and other specific characters of fisheries as an industry, and also considering the circumstances of Japan as represented by the lower birth rate and advancing aging, highly diversified food life, intensifying competition from other countries, Japan's slow response to adoption of related technologies, and deteriorating financial situation, we should research and study the following issues:

- (i) what the basic structure of the fisheries industry having autonomy and lasting competitiveness should be;
- (ii) how we can build a structure integrating production, processing, distribution and consumption in a unified manner, and not a structure based on confrontation;
- (iii) what the essential basic strategy for realizing such structural reform should be, and
- (iv) what changes in the legal system and specific support measures are required for promoting the strategy.

We also believe it is a matter of urgency that this Committee puts forth ambitious and practicable proposals and reports leading to a strategic and drastic reform of the fisheries industry--one that should defend the nation's fish diet--in order to realize a society in which the Japanese can live by consuming fish that they themselves harvest, raise and purchase.

Japan Economic Research Institute

Expedite drastic strategic reform of fisheries that preserve Japan's fish diet

Urgent proposal
of the Takagi Committee on Fisheries Reform

(Executive Summary)

(Urgent Proposal)

1. Locate the fishery resources as common property of the Japanese people, not as "bona vacantia, (property without owner)" for the conservation of the marine ecosystem and effective utilization of fishery resources;

2. In implementing a drastic structural reform of the fisheries industry, make open the entry into fisheries, and clarify and promote comprehensive and medium- and long-term strategic policies;

(1) In order to promote opening up of the entry into fisheries, it is necessary to drastically review the legal system pertaining to fisheries to back up the following measures:

(i) Abolish any impediments for entry into aquaculture and set-net fishery

(ii) Review the qualifications for the members of the fisheries cooperative associations (e.g. the number of employees and vessel scale). Facilitate investment and technological transfer in coastal fisheries and aquaculture.

(2) Formulate medium- and long-term strategic policies encompassing, in a comprehensive manner, the recovery of sustainable fishery resources, adjustment of fishing efforts, modernization of fishing vessels and construction of new vessels, and employment measures. Demonstrate clearly to the Japanese nation the goal, level, range and budget (fund) scale of the strategic policies.

Specifically, the Committee proposes the introduction of the following measures:

(i) Establishment of catch amount for area and stock (fish species). Formulation of a vision for reduction and reallocation of catch efforts (such as vessel reduction, closed areas and seasons and modernization of fishing vessels).

(ii) Thorough implementation of the stock management based on scientific findings and rigorous enforcement and penalty.

(iii) Introduction of the Individual Transferable Quota (ITQ) system and the regional quota system.

3. Carry out flexible rearrangement of the fisheries budget for drastic strategic reform of the fisheries industry. Shift the present public works budget disproportionately emphasizing construction of fishing ports and other facilities into the reform-oriented budget until the prospect of realization of the structural reform comes into sight.

February 2, 2007

Japan Economic Research Institute
The Takagi Committee on Fisheries Reform

Chairman: Yuki Takagi
President of the Board: Hisashi Kurokura

Expedite drastic strategic reform of fisheries that preserves our fish diet

Urgent proposal
of the Takagi Committee on Fisheries Reform

(Background of the Urgent Proposal)

The Japan Economic Research Institute carried out analysis and verification of the situation surrounding Japan's fisheries based on the recognition that "food is the source of life." As a result, the institute reached the conclusion that, for the Japanese who enjoy one of the longest life span in the world, the fish diet, supported by fisheries, constitutes the foundation of Japan's dietary culture, and the collapse of the fish diet, an indispensable element in the national food life, by the declines of the fisheries industry will lead to the food crisis for Japan.

(The present state surrounding fisheries)

In Japan's fisheries, fishery production and value, self-sufficiency rate, number of major fishing vessels and fishing enterprises were about halved and the number of fishers plunged to 20% due to such factors as deterioration of the environment in the surrounding sea areas, decreasing fishery resources and slumping fish prices in the course of the 60 postwar years, during which Japan underwent the high economic growth. The number of fishery processing plants, which support fisheries, as well as household fish consumption, both in volume and value, also continued to decline. Basically, the economic scale of fisheries has shrunk to half, with decline still continuing in a spiral of vicious circle.

On the other hand, looking at the global trend of fisheries, demand for fishery and aquaculture products has been growing. China, Southeast Asian countries, European countries and the United States are now shifting to fish diet away from meat consumption in the wake of occurrence of BSE and avian flu in recent years. This trend is further accelerated coupled with increasing income and consumers' preference for healthy and better food.

Stock depletion and worsening performance of fishery enterprises had continued in the United States and Europe. However, those countries implemented medium- and long-term strategic fisheries policies, including thorough implementation of stock management based on scientific findings, introduction of the individual transferable quota (ITQ) system, adjustment of fishing efforts and

modernization of fishing vessels, and comprehensive budget measures, using such instruments as the United Nations Convention on the Law of the Sea (1982), which can be said to be the constitution of the oceans, Agenda 21 (1992) which provided for international action plans for the harmony between sustainable development and the environment, and the Johannesburg Action Plan (2002). By doing so, those countries not only overcame the difficult situation and made fisheries into a strong industry but also transformed themselves into fish exporting countries.

For this reason, in a continuation from agricultural administration reform (final report of the Takagi Committee in May 2006), this institute established the Takagi Committee on Fisheries Reform in October 2006 and started research and studies on the ways to revitalize and achieve autonomy for fisheries, based on the recognition that it is an urgent task to make ambitious and practicable proposals and reports leading to a strategic and drastic reform of fisheries whose mission is to preserve Japan's fish diet.

We heartily welcome that the Marine Basic Law, integrating marine policies including fisheries, will be presented to this ordinary session of the Diet. The revitalization and autonomy of fisheries, which this Committee pursues, is in compliance with the objectives of this Marine Basic Law. Western nations, on the other hand, have started new fisheries policies having as their pillars, conservation of the marine environment and the ecosystem and development of sustainable fisheries. This trend is embodied by such moves as the establishment of the European Fisheries Fund by the European Union this year as a new budgetary measure; approval of a new fisheries law in the United States; and launching on drastic reforms of fisheries laws in Canada.

Under these circumstances, although the government's approach thus far can be valued to some extent, this Committee recognizes the need to look objectively at the reality of declining fisheries so that Japan's fisheries industry can overcome the critical situation and develop a strategic drastic reform that can realize true revitalization and autonomy of fisheries, including aquaculture which is assuming greater importance in recent years. The Committee also recognizes the need to consider globalization, productivity and labor market--the focal areas of reform for Japan. Also it is necessary to recognize that, without revitalization and autonomy of fisheries, there would be no vitalization of fishing communities, and the fish diet cannot be preserved. Based upon this recognition, this Committee presents the following urgent proposals:

The Committee intends to present its final report by summer 2007, by building up, in addition to the contents of this urgent proposal, a continuous supply chain from production to consumption, and surveying and studying the possibility of enhancing the national self-sufficiency and promotion of fisheries diplomacy to ensure stable importation of fishery products.

(Urgent proposals)

1. Locate the fishery resources as common property of the Japanese people, not as non vacantia, in order to ensure conservation of the marine environment and

effective utilization of fishery resources.

Under the United Nations Convention on the Law of the Sea, the resources on the high seas are regarded as the common property of mankind. The Convention stipulates for the peaceful utilization of the oceans, the effective utilization of the resources and the conservation of the environment.

Further, in the common fisheries policy of the European Union and the fisheries related legal systems in such countries as the United States, Iceland and Norway, fishery resources are regarded as the government's or people's common property, and sustainable utilization of the national fishery resources as well as conservation of the marine environment are being implemented. In Japan, on the other hand, the property-owner of the nation's fishery resources is not clearly defined, and are treated as the objects for which no owner exists (non vacantia).

Fishery resources within Japan's exclusive economic zone should be located as the common property of the Japanese nationals as a whole in order for Japan to take a leadership through international cooperation and utilize its limited fishery resources sustainably pursuant to the provisions of the United Nations Convention on the Law of the Sea and the precedents set by advanced fishing countries, and also taking into consideration the recent changes in national awareness on fishery resources.

By introducing such a basic concept, fishers will come to have the rights and obligations to catch fishery resources which are their property. Rule making having an explicit order and transparency for the conservation of the marine environment and the effective utilization of fishery resources (drastic review of the system based on fisheries-related laws) will be made possible. And the foundation can be laid on which the win-win relation is built up between those who have thus far engaged in fisheries (fishing-right fishers) and new participants in fisheries.

2. Promote a drastic structural reform of fisheries by opening up the opportunities for entry into fisheries and patently presenting comprehensive medium- and long-term strategic policies.

(1) In the social environment that underwent drastic changes during the 60 years after World War II, it has become difficult to develop the fisheries industry and vitalize fishing communities only through adjustment among fishers. It is, therefore, necessary to change the legal system into one that can promote entry of new capital, technology, human resources and sales capability into fisheries, that can build up win-win (symbiotic) relations.

It is necessary to have an objective view of the declining fishing industry and the present state of fishing communities, and lose no time in reviewing drastically the fisheries-related legislations, such as the Fisheries Law and the Law concerning Fisheries Cooperative Associations as well as the outdated Fishing Vessel Law that does not respond to the need of the present times in which fishery resources are regarded as limited resources. It is necessary to create a situation where all the people having willingness and capability can cope with fisheries in an

orderly, fair and equitable manner under the transparent rules (legal system) for the conservation of the marine environment and fishery resources. To implement such a drastic reform, there is a need to learn from precedent cases. In doing so, it is necessary to improve the system of discussion by listening to the views of experts in the Western advanced countries so the Japanese people can cope with the globalization through their own efforts.

In concrete terms, the following measures could be introduced under the transparent rules (legal system) for the conservation of the marine environment and fishery resources:

(i) abolish, as a matter of principle, any obstacles to entry into aquaculture and set-net fisheries; and

(ii) review the number of employees and fishing vessel scale which constitutes the qualifications for membership in fisheries cooperative associations; facilitate investment and technological transfer to coastal fisheries and aquaculture; and ensure vitalization of fishing communities.

(2) formulate medium- and long-term strategic policies encompassing, in a comprehensive manner, the recovery of sustainable fishery resources, utilization of abundant fishery resources such as saury, adjustment of fishing efforts, modernization of existing fishing vessels and continued construction of new fishing vessels, and support to solve the issues of employment and loss of job. Demonstrate to the nationals the goal, level, time span and budget (fund) scale.

Management of fishing enterprises have been worsening while many resources face over-exploitation and regulations are not functioning effectively.

Following the example of the United States and other countries, steps should be taken to clearly define the plan period of 3-5 years, to ensure reconstruction of management through recovery of fishery resources and rigorous enforcement on fishing, and promotion of production responding to the needs of the market and enhancement of fishery product value. Also, a strategic policy should be introduced that would make fisheries an attractive “growth industry.” Revitalization and autonomy of fisheries will contribute to the enhancement of productivity in fisheries and to the national interest in the end.

Specifically, the following measures could be introduced under the transparent rules (legal system) for the conservation of the marine environment and fishery resources:

(i) construct a vision for the establishment of catch volume by area and stock (fish species) and reduce and reallocate fishing effort (reduction of the number of fishing vessels, closed areas and periods, modernization of fishing vessels, etc.);

(ii) ensure science-based stock management and rigorous enforcement and penalty, following the example of scientific management by regional fisheries management councils in the United States;

(iii) introduce the individual transferable quota (ITQ) system which would

enable fishers to make their own judgment as well as the regional quota allocation system to vitalize fishing communities;

(iv) realizing a thoroughgoing harmony with the conservation of the marine environment and the ecosystem;

(v) provide socioeconomic support to fishery workers in relations to unemployment, the shift and entry into other sectors;

(vi) conduct research and develop the capability of the industries, such as fisheries, aquaculture, distribution and shipbuilding.

3. Flexibly reallocate fisheries budget for the strategic and drastic reform of fisheries.

In the government's fisheries budget proposal for fiscal 2007, a budget of ¥5 billion was secured as fund for the structural reform of fishing vessel-based fisheries. This action of the government deserves evaluation but the scale and speed of the fund does not comply well with the need to revitalize and realize autonomy in the present reality of the declines facing the fisheries industry in Japan. Western nations, like the European Union and the United States, which succeeded in achieving V-shaped recovery for their fisheries have focused their budget to the structural reform in the areas of software and system for such purposes as the recovery of the resources, adjustment to appropriate business investment scale and accurate supply of fishery products to the market.

In order to implement an urgent task of structurally reform Japan's fisheries industry, drastic steps to shift the public works budget which now disproportionately emphasizes the support to harvesting, e.g. construction of fishing ports, into the support for wiser and more sustainable use of limited resources. For example, it is recommended to make a shift from the budget focused on public works into the one oriented toward reform, until the time when the realization of the structure reform comes into clear sight.

(Implementation of the proposal)

(i) establish a project team for the fisheries reform composed of external experts selected through a fair and equitable process; and

(ii) establish an oversight committee to monitor, assess and make recommendations on the implementation of the proposal.

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