Response to OECD Food Price Formation Project Questionnaire
by Ministry of Agriculture, Forestry and Fisheries of Japan
10 September 2014

We are pleased to respond to the OECD food price formation project questionnaire. Our responses are written in boldface, after each question.

1. Is there a monitoring entity of food prices, food price transmission and/or of contractual arrangements along the chain in your country? What is its name? When was it established? Does it look specifically at certain products/sectors?

Response: The Statistics Department, Ministry of agriculture, Forestry and Fisheries (MAFF) of Japan conducts surveys on food prices of vegetables, fruits and fishery products at various stages of food chain from production to consumers via wholesale markets. The prices of vegetables and fruits are surveyed at shipment, intermediate trading and retail, while the prices of fishery products are surveyed at wholesale at producing area, shipping from producing area, intermediate trading and retail.

2. What is the rationale behind the existence of this monitoring entity? What does it add to what was done in the past in terms of monitoring food prices in your country?

Response: MAFF has been conducting surveys in accordance with the Statistics Act since 2003.

3. Can you identify three key objectives of this institutional initiative? Have they been reached? Did you set up an assessment process? Can you describe experiences that were not as successful?

Response: The objectives of surveys are to assess distribution costs of vegetables, fruits and fishery products at each stage and prepare background materials for implementing policy packages for streamlining and developing food chain and strengthening the functions of wholesale market. The survey results are published every year since 2003 and the intended objectives are fulfilled.

4. Who are the "clients" of this monitoring entity: government, specific stakeholders along the chain, consumers? How do they use the tool to your knowledge?

Response: The clients are the government, stakeholders along the chain and consumers.

5. What is the cost of getting this monitoring entity up and running in terms of:
- Involvement of ministries, statistical offices, stakeholders along the chain
- Financial implications for its regular functioning

Response: The survey costs are financed by MAFF.

6. What are the future plans for this entity?

Response: MAFF will continue to conduct the surveys.

7. If you do not have such a monitoring entity, are data on food prices at different levels of the chain available publicly? Is food price transmission or transparency an important issue for your government, for consumers and for stakeholders along the chain? Is there a plan to set up a monitoring entity? Did you have one in the past and why did it stop operating?

Response: We are not in a position to answer this question, because we have a monitoring entity.

8. Does the private sector have a demand for and willingness to provide greater transparency regarding price formation along the food chain according to your experience?

Response: Food price formation along the food chain has many steps from producer to final consumers, and costs and profits are added at each stage. As food price formation is complex and depends on various elements, it is important to offer stakeholders such as producers, users and consumers the situation of the price formation. In light of this, some statistics on prices at wholesale and retail markets are published in order to ensure transparency.

9. Have you identified impediments to price transmission along the food chain? What policies do you think might help mitigate those impediments? Have policy actions been taken? For example, have measures been taken to ensure that food markets are competitive and integrated in your country? What is your assessment of their effectiveness? Are any future policy initiatives affecting relationships along the food chain in the pipelines?

Response: The Japan's food industry is under severe competition, with a share of 99 percent of small and tiny companies in the food industry.
For fair price formation, it is important for producers to increase their pricing power. The Japanese Government promotes various policy packages such as internet retailing and "6th industrialization", which is business expansion by primary producers into processing and distribution, in order to increase added values of primary products. These initiatives have a basis on "Revision of Japan Revitalization Strategy " of June 2014* and their outcomes will be evaluated by the strategy.

***For the Overview of the Revision of Japan Revitalization Strategy, please take a look at the following website: http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/10challenge01gaiyouEN.pdf**

Survey of activities in food price formation, transparency and monitoring along the chain

The objective of this initial meeting is to exchange information and experiences with respect to new initiatives and ongoing activities in capitals on understanding and monitoring the issue of price formation and transmission throughout the chain from producers to consumers. It is the intention of the Network to be as inclusive as possible for this topic thus encouraging the participation of different stakeholders either directly or indirectly through their delegation.
To the extent possible the OECD Secretariat will attempt to briefly summarise what Members consider to be the main economic policy issues in the price formation and transmission of food prices along the chain for the different stakeholders and how these are being addressed in capitals. The attached survey is to provide the OECD Secretariat with information for the summary to be distributed prior to the meeting.

I Are price formation, transmission and transparency issues along the food chain important and if so for which stakeholders and why?

Japanese food chain, from producers to consumers, is composed of a lot of stages, such as collection, storage, transportation, wholesale market, intermediate wholesale, processing and retailing. Food price is formed through the food chain by adding the actual cost for transportation, labor, facility utilization and margin at each stage. And in recent years, there are some farmers who directly trade by internet. The mechanism of food price formation is complicated, as it is influenced by the balance between demand and supply, importation and so forth.

It is important that food price is fairly formed under the relationship between demand and supply and the information on trend is appropriately convey to related parties including producers and consumers. However, though some statistics on transaction prices at wholesale market and retail prices of some food items are partly publicized, there is some time lag for transferring some information, as over-the-counter trade is generally implemented between trading partners directly.

With regard to the imported food, since information on private food stock etc. in the international market is lacking, it is very difficult for the stakeholders such as importers, domestic traders and consumers to predict the trend of the price although they are the ones who are influenced by the food price, which leads to their vulnerability. Therefore, it is important to ensure transparency on the mechanism of price formation in the international market.

In this context, it is possible to say that all related parties from production to consumption are stakeholders.

II. What are the three most important issues with respect to food prices that have raised concern over the recent period ?

Japan is facing to many and interrelated challenges such as simplifying the price formation mechanism, securing the transparency of information about transaction price through production ,distribution and consumption, speculation issues including futures trading, securing stable food supply, ensuring food safety, adaptation to climate change and so forth. Therefore, it is difficult to focus on just three ones.

III. Have you undertaken any institutional initiatives in recent years to improve your understanding of impacts of price formation, transmission and transparency on stakeholders in the food chain? Do these involve more than one ministry or units in a ministry, and if so which? These should include new working groups, new statistical units and special government offices and how they are administratively set up and operate. Any cross department activities in this area would be of particular interest.

Although there are no institutional initiatives on food price formation processes through the food chain due to its complicity and diverseness, the Japanese government has made efforts to get information at each stage through production, distribution and consumption. In addition to the Ministry of Agriculture, Forestry and Fisheries, many ministries including the Health, Labour and Welfare Ministry, the Ministry of Economy, Trade and Industry, the Ministry of Finance, fair trade commission and the Consumer Agency are responsible for the food chain.

IV. Are there non-governmental institutions which are involved in the same activities? Please include trade unions, co-operatives, consumer groups or business associations

There are some cases where non-governmental institutions are involved in food chain such as scheduled shipment by producer's groups, inventory adjustment by processors and distributers and cooperative purchase by consumer's groups. In addition, some consumer groups implement their own monitoring about food price.

V. Please describe briefly statistical and analytical activities undertaken on a regular or ad hoc basis? Please include special studies and research projects, database development, statistical analyses and other relevant activities.

The Japanese government carries out periodic and/or occasional statistical survey and analysis about each stage of a food chain such as production, distribution, consumption, import and export in terms of price and cost including managing expense.