The Role of Foreign Pressure (Gaiatsu) in Japan’s Agricultural Trade Liberalisation

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Economic policy change within states is increasingly being driven by external political and economic pressures consequent upon the internationalisation of markets, the growth of economic interdependence and the increasing effectiveness of multilateral regimes as sponsors of trade liberalisation. In the context of Japan’s trade relations with its international trading partners, the term gaiatsu [foreign pressure] has gained wide currency to signify the demands and requests of other states for Japan to institute various policy adjustments to satisfy external interests. The historical record shows that gaiatsu sourced mainly in the United States and applied bilaterally and through the GATT has been the primary agent of transformation in Japan’s agricultural trade policies. It provided both the initial impetus and continuing momentum for market opening, as well as a convenient focus around which domestic pro-liberalisation forces could mobilise, thus influencing the domestic political equation by altering the relative balance of power between pro-agricultural and anti-agricultural protection groups and changing the calculations of the Japanese political leadership with respect to the likely political costs and benefits of change. The utility of gaiatsu as an agent of change in Japan’s agricultural trade policies illustrates how the domestic politics of a state can be penetrated by external political pressures which significantly alter the policy parameters for national decisionmakers and the relative power configurations of domestic groups. This suggests that intra-state politics is no longer just geared to domestic interests. The growth of economic interdependence and the strengthening of international trade regimes is expanding the zone of political accountability for national governments, forcing them to accommodate the interests of other state actors as well as the collective interests of international groupings.

Introduction

All states lie at the confluence of external and internal pressures. These pressures coincide and conflict in the domestic policy process, requiring national governments to balance the demands and interests of actors in both the domestic and international environments. Over time, factors such as advances in technology, the internationalisation of markets and the expanding reach of multilateral trade regimes have magnified the relative impact of external pressures on nation-states, mandating adjustments on the part of domestic authorities and in some cases undermining national systems of control (Vogel 1994, p. 3).
The first section of this paper begins by codifying the major sources of international economic and political pressures on states with an emphasis on the external determinants of economic policy choice. Much of the discussion centres on the growth of international economic organisations and how they influence the economic and trade policy preferences of nation-states.

The second section advances a number of propositions about how external pressures can be ‘functional’ to domestic political processes by providing governments with supplemental powers to achieve reformist objectives and by offering side-benefits not otherwise deliverable by domestic political actors. The paper hypothesises about the conditions in which external pressure is more likely to be an effective agent of policy change than others. Such conditions include the potential of *gaiatsu* [foreign pressure] to alter the relative power configurations of potential winners and losers from change as well as substitute for domestic system capacity to self-initiate change.

The third section of the paper uses the example of Japanese *gaiatsu* to elucidate the utility and effectiveness of external pressure as an agent of policy change within states. *Gaiatsu* typifies the broad trend towards the internationalisation of domestic policymaking: external factors increasingly constrain the options for national authorities at the same time as providing greater opportunities for domestic policymakers to implement reform. In the Japanese context, *gaiatsu* signifies the widely observed phenomenon of the Japanese government delivering policy adjustments in response to the demands of external actors. Japanese susceptibility to *gaiatsu* is explained in terms of factors stemming from Japanese national priorities and factors inherent in the Japanese political process.

The remaining sections of the paper present a case study of *gaiatsu* in Japan’s agricultural trade relationship with the United States. The paper discusses the role *gaiatsu* played in the sequence of agricultural market-opening decisions made by the Japanese government over the thirty-year period from the early 1960s to the early 1990s. It evaluates the policy impact of *gaiatsu* relative to domestic pressure (*naiatsu*), how domestic actors sought to harness *gaiatsu* to achieve agricultural policy trade reform and how the United States sought to penetrate the Japanese domestic policy process and enhance its influence. The paper concludes with an assessment of *gaiatsu* as a specific type of linkage between domestic and international politics.
External pressures and national sovereignty

Much of the recent work on the impact of international factors on domestic policymaking can be found in the burgeoning literature on ‘globalisation’,¹ which analyses the domestic effects of external economic pressures and how states are ceding economic policy sovereignty to international markets and non-state actors. One of the central propositions in this work is that integration of national economies into the global economy is reducing the political autonomy of states and narrowing the scope for domestic policy choice by setting fundamental parameters within which governments can act. The deregulation of foreign exchange controls, for example, challenges the capacities of governments to control international capital flows and enables international financial markets to undermine the effectiveness of national monetary policies.² In industry sectors the internationalisation of production by multinational corporations is subordinating national economic strategies to international competitiveness (McMichael 1993, p. 200).³ Mature economies like Japan are being transformed by industry migration while in a number of developing countries direct foreign investment is driving the industrialisation process on which economic growth is contingent.

The proliferation and strengthening of multilateral trade regimes have posed another major challenge to the sovereign powers of national governments. International economic organisations frequently require prior harmonisation of domestic systems to agreed rules as a condition of entry as well as imposing continuing obligations on members to adhere to organisational norms. Both requirements can shape the external behaviour of states as well as their domestic policy choices.

The General Agreement on Tariffs and Trade (GATT), for example, imposed entry qualifications on member-states as well as the obligation to observe certain principles in the conduct of trade.⁴ Although historically the GATT sustained more criticism for its failure to reduce trade barriers than for the market discipline it imposed as an international trade regime, GATT rules were perceived, at least in theory, as inserting themselves into the domestic policy apparatus of member-states.⁵ The status of these rules was essentially quasi-legal: they functioned ‘as an external constraint on governments’ trade policy options’ (Carmichael 1986, p. 351)⁶ substituting ‘universal … rules for national political-economic regulation’ (McMichael 1993, p. 198).
International economic organisations may also subject domestic systems to processes of external review and judgement. The GATT’s Trade Policy Review Mechanism, for example, functioned as an economic intelligence-gathering arm of the Secretariat, facilitating detailed assessment of trade protection in member-countries. Successive rounds of multilateral trade negotiations, particularly the Uruguay Round (UR), further exposed the protectionist policies and institutions of member-states to international scrutiny and debate as part of the attempt to eliminate trade barriers and other domestic impediments to international trade. Issues such as trade liberalisation were commonly framed in terms of the elemental tension between internal and external pressures (McMichael and Kim, forthcoming).

Similarly, one of the main functions of the Asia Pacific Economic Cooperation (APEC) forum is reputedly its role in reviewing member-states’ trade policies as a means of pressuring governments to relax controls on imports. On a more formalised basis, the Organisation for Economic Cooperation and Development (OECD) undertakes regular macro-evaluations of member-states’ economies against a set of efficiency criteria. Such external publicity can become a source of inducement for governments to change their economic management policies.

Lastly, international economic organisations may negotiate agreements amongst member-states to deal with commonly identified problems, but which may predicate various domestic adjustments to achieve a mutually agreed solution. Signature to the UR agreement, for example, enabled national governments to trade-off greater prosperity against ‘loss of direct control … over the levers of policy’ (Bayne 1991, p. 305). In member-states such as Japan, it required later passage of domestic legislation which harmonised state policies with the package of new trade rules. The formation of the World Trade Organisation (WTO) further institutionalised arrangements to subject national policies to international disciplines and international process.

Bilateral and multilateral bargaining processes occurring outside formal organisational settings also play an important role in facilitating the transfer of external political and economic pressures to domestic systems. Negotiations between states commonly put pressure on national authorities to undertake changes in domestic policy settings in order to expedite international agreements. In some cases, regular international gatherings (like the annual economic summits of the G-7) are organised for the express purpose of coordinating the macroeconomic policies of member countries (Iwao 1986).
External pressures and domestic policymaking

Compensating the partial loss of autonomy for national authorities can be the supplemental powers that external demands and obligations bring to domestic political strategies. Foreign pressures can be domesticised as routine variables in the functioning of national political systems. For example, by placing obligations to international economic organisations between themselves and domestic claimants, governments can wield external requirements as a buffer to escape domestic pressure and to explain their inability to concede to the demands of domestic pressure groups. Governments can also exploit the deliberations and judgements made by international organisations to bolster their cause in domestic policy conflict. The reforming and constraining powers of international rulings can be used to counter the influence of domestic groups opposed to change, bring about reforms resisted by domestic interests, and control domestic lobbies. Pressures arising from international negotiation processes can also provide a focus around which domestic interests can develop and press their case to incumbent governments for changes in policy direction.

In some cases, domestic actors may form alliances with external agents to resist domestic pressures they would find difficult to ignore without outside assistance. In theory, this has been part of the rationale for the G-7 summits which have uniformly and collectively asserted an anti-protectionist stance in an endeavour to bolster the position of government leaders wishing to move towards freer trade but faced with domestic demands to protect specific sectors (Bayne 1991, p. 307).

GATT rules and agreements have lent themselves even more powerfully to the domestic political purposes of governments who have used them ‘to support actions to open up their national economies and counter the arguments of those who oppose liberalization’ (Oxley 1990, p. 5). The utility of international pressure in forcing change on reluctant domestic interests was widely acknowledged in the case of the UR agricultural trade negotiations. The ‘comprehensive negotiating mandate’ for agricultural trade embodied an agreement by member-states to ‘deal directly with their domestic agricultural policies and the adverse trade effects of those policies’ (Hathaway 1987, p. 116). In placing agriculture high on the UR agenda, GATT contracting parties hoped that ‘the presence of new GATT rules limiting agricultural protection would make it easier for governments to deny farm lobbies further support —and even to wind back existing support’ (Anderson 1992, p. 59). These changes were regarded
as ‘easier politically if done multilaterally’ (Hathaway 1987, p. 2) given that ‘unilateral reform [was] difficult and risky’ (Hathaway 1987, p. 115).

Domestic reform negotiated through such international trade agreements may also assist governments overcome fears of loss of international competitive power and market share consequent upon unilateral action, a prisoner’s dilemma avoided by being party to a successful multilateral liberalising agreement. In other words, distinct advantages accrue to government and non-government reformers in pursuing domestic policy change through international bargaining processes. In these cases, domestic and international political processes merge: the external dynamic may become integrated into the considerations and actions of agents in the domestic policy process.

Foreign economic and political pressures arising from state participation in international economic organisations and bargaining processes can, therefore, be a powerful agent of change in domestic systems, impacting in varying degrees on the national stakeholders, altering the domestic political calculus, transforming relationships between domestic sectors and governments (Vogel 1994, p. 2) and mandating some sort of policy response from national governments. While such pressures and demands may compromise the policy autonomy of states, national authorities can be compensated by the manifest advantages of leveraging outside influences for domestic political purposes.

The power of external pressure to engender change in domestic economic systems will logically vary across states, intra-state sectors and policy areas. Certain conditions may be conducive to foreign pressure being a more effective agent of change than others. For example, foreign pressure is likely to yield positive results when, ceteris paribus, the perceived benefits of change to states outweigh the perceived costs of maintaining the status quo. When gains only arise for the agent of pressure and not for the recipient state, it is likely that resistance to outside demands will be very high. Furthermore, acceding to external pressure may sometimes realise benefits that could not be generated by domestic action alone. This acts as an incentive for compliance. The power of external pressure to bring about change will thus be enhanced to the extent that concessions to external pressure deliver potential benefits that would not have been possible if change solely originated in domestic policy initiation.

The perceived costs and benefits of change can, in turn, be influenced by the nature of power relationships between the agent of pressure and the recipient state. Relationships of asymmetrical interdependence can magnify both the leverage of the external agent and the potential costs of maintaining the status quo, with the probability that dependence will be
leveraged to extract concessions by means of threats of sanctions and other forms of retaliation.\textsuperscript{21} Where one state is normally the recipient of various benefits from another,\textsuperscript{22} it is more likely to accede to the latter’s demands.

Calculations of the potential gains and losses to recipient states, however, are rarely simple. They involve not only considerations relating to the perceived national interest, but also the gains and losses to individual domestic sectors, institutions and societal groups. As there are almost always domestic winners and losers from change, the consequences of change will usually produce a mixed picture of costs and benefits for various parties within the recipient state.\textsuperscript{23} External demands inevitably impact differently on national stakeholders, and in this way alter the domestic political calculus. Indeed, the differential impact of the costs and gains of change has been described as the ‘dilemma of reform’ (Bayne 1991, p. 307).

Considerations relating to costs and benefits also have varying implications for the political process depending on the power and political participation of the various groups and sectors whose interests are affected. When costs and benefits are relatively concentrated, those groups or sectors affected can be expected to exert stronger influence on the political process than when costs and benefits are diffused.\textsuperscript{24} The issue of trade protection highlights this ‘asymmetrical distribution of benefits and costs’ (Bayne 1991, p. 307). In this case,

[The] benefits of protection are concentrated in the sector being protected. The benefits of removing protection and increasing competition are greater in aggregate: lower prices and public spending; and a shift of labour and capital from inefficient to efficient sectors. But these benefits are spread widely through the economy as a whole. So the lobbies in favour of protection are more vocal and better organized, because their very livelihood may be at stake (Bayne 1991, p. 307).

Judgements about costs and benefits will thus depend on the relationship between governments and the potential winners and losers of change, and the relative power positions of these groups in the domestic political system and their participation rates. Where the potential losers are powerful elements of the domestic system with close ties to political leaders, it is likely that accession to external pressures will be difficult because of the effective resistance that the losers can mount and the incentives for political elites to respond to their appeals.

Certain domestic political configurations also make some states more responsive than others to outside pressures. The most critical variable is political system capacity. Where
political leadership is weak or the state lacks the necessary policy infrastructure, its hand may be forced by outside pressures it finds itself unable to resist. Alternatively, domestic leaders may come to rely on such pressures to encourage and engineer change because they lack the capacity to initiate change themselves. In some cases politicians may hide behind external demands in order to disguise their true political intentions, publicly resisting foreign pressure, but privately agreeing with its fundamental aims. When foreign pressure substitutes for domestic political leadership, it can become the main agent of policy change.

**External pressure and policy change in Japan**

The case of Japanese *gaiatsu* provides a useful illustration of a state subjected to strong external pressures for policy change and highly reactive in its mode of international behaviour. *Gaiatsu* has been a prominent feature of Japan’s relations with other state-actors and institutions in the international system. *Gaiatsu* is always accompanied by a demand or request that Japan change in some way. Japan exhibits a repetitive pattern in which the national government delivers policy change in response to a specific set of demands from external actors. The implications of these external demands and requests for existing policies in many instances have been fairly profound.

The utility of foreign pressure as an agent of change in the Japanese case derives from a number of factors. The historical legacy of war makes Japan highly susceptible to foreign criticism, fearful of international isolation and inclined to emphasise the need for international acceptance. Japan’s dependence on external markets and resource supplies compounds these fears of international isolation. Japan’s international behaviour has registered a high degree of sensitivity to the views and judgements of other nations and its international rhetoric has placed importance on international contributions and commitments. (See George 1992a, pp. 13–16; 1992b, pp. 3–18.)

Japan’s sensitivity to foreign pressure has been captured in the so-called ‘reactive state’ model which argues that Japan’s foreign economic policy is broadly reflective of external pressures and demands and that ‘the impetus to policy change is typically supplied by outside pressure’ (Calder 1988a, p. 518). Japan is described as lacking inclination to undertake independent policy initiatives and as acting principally in response to the demands of other states, particularly the United States. In the terminology of two-level game theory, it has a large domestic win-set (Nagao 1991, p. 91), meaning that its political system can positively...
accommodate a very wide range of external demands. A similar notion is captured in the description of Japan as a ‘diplomatically weak state’.  

Japanese resistance to outside pressure is further compromised by its weak capacity for political leadership. Indeed, Japan has been called ‘the leaderless state’ with ‘outside pressure … [filling] the leadership gap’. In one way or another, the top contenders for power — the ruling party or parties, the government executive (the Prime Minister and Cabinet), the bureaucracy, the opposition and influential lobbies — all seem to have crucial interdependencies that prevent any one group from assuming predominance over the rest. As a result there is no consensus, analytical or otherwise, about who is in charge in Japan. Leadership is shared amongst a group of players, which makes it difficult for any single actor or group to assume the policy initiative. At the theoretical apex of power stands the Prime Minister, but his primary role is to serve as a mediator in balancing power and interests among factions, party policy groupings and administrative agencies rather than as a real political leader. The political convention of consensus policymaking which such a system supports and reflects further handicaps policy initiative and inhibits the emergence of strong leadership. Japanese Prime Ministers have generally demonstrated a passive and reactive approach to leadership, which reduces their potential to effect policy change (Hayao 1993).

The limited capacity of the domestic political system to self-initiate change also mirrors the power of vested interests in Japan. The structure of the electoral system pits members of the ruling party or parties against each other at the polls, making them highly dependent on the voting and financial power of special interests whose electoral standing has in some cases been magnified by an electoral system which remained largely unreformed until 1994. Because the policy flexibility of political leaders is in inverse ratio to the degree to which they are captive of special interests, the micro-political incentives of politicians in the Japanese case have tended to favour the status quo because of the potentially high political costs of any change that challenges vested interests. The bureaucracy and its associated agencies also represent strongly institutionalised interests concentrated within narrow ministerial jurisdictions. They resist any changes that threaten their powers to regulate and to subsidise ‘which usually means unyielding adherence to the status quo’ (Fukushima 1993, p. 60). Weak political leaders find it difficult to override either entrenched bureaucratic or special interests.

Because politicians and bureaucrats are compromised as agents of change, this role logically falls to non-governmental forces and actors. In this context, much attention has been paid to the powers of gaiatsu in Japanese politics. Gaiatsu is credited with being the only force
with sufficient strength to overcome the institutionalised immobility of the policy process and the power of vested interests. According to Inoguchi (1987, p. 58) ‘Pressure from overseas seems to be the only force that can transcend the framework of Diet operations, strike down the vested-interest syndicate, and remodel Japan into a country committed to a fair society and eager to contribute to the international community’. As Lincoln (1993, p. 210) puts it, *gaiatsu* has become the dominant paradigm for dealing with difficult decisions. In those areas resistant to change, outside pressure is necessary to ‘swing the balance’ (Lincoln 1993, p. 209).

The dominant source of foreign pressure on Japan has been the United States. *Gaiatsu* has been a widely observed and extensively documented feature of US–Japan relations, evident not only in the contemporary relationship but also historically. Japan has endured concerted, sustained and unrelenting pressure from the United States to alter its domestic policies and institutions in order to accommodate a range of American economic and political interests. US demands and requests have been presented in a range of bilateral and multilateral negotiating contexts, with US–Japan relations exhibiting an entrenched pattern of American demands followed by Japanese concessions.\(^3^6\)

Summary descriptions of the US role in the Japanese policymaking system vary, but all stress the importance of the United States as an agent of policy change (see, for example, Sakakibara 1995). One analyst observed that ‘the only opposition party capable of backing systematic reform is the U.S. diplomatic establishment’.\(^3^7\) Another argued that ‘on economic issues Washington has long been the largest unelected opposition party in Japanese politics’ (Buruma 1994). Perhaps the most comprehensive claim for *gaiatsu* was made in the observation that when decisive leadership was required, the ‘necessary impetus came from the United States, which time and again applied the pressure needed to nudge the Japanese government out of inaction’ (Tokuyama 1991, p. 40).

The Japanese policies most frequently targeted by the United States have been defence and market access issues,\(^3^8\) although American pressure has been used to explain a diverse range of policy outcomes.\(^3^9\) One study detailing American demands and Japanese responses across a range of economic sectors and commodities concluded that ‘U.S. pressure was largely effective in persuading vested interest groups that obviously oppose less protection from imports, or in dismantling regulations that increase oligopolistic rents’ (Ito 1993, p. 398). A more general description of the link between American pressure and Japanese policy shifts observed that these were ‘as a rule not … spontaneous initiatives but rather responses to *gaiatsu*’ (Inakage 1992, p. 55). The same conclusion was reached elsewhere: ‘Under pressure, Japan has accommodated the United States on many occasions’ (Hollerman 1980, p. 222).
Other assessments have not been quite so categorical, suggesting that American pressure was not necessarily uniformly productive across sectors and issues. Nevertheless, the impact of US *gaiatsu* on Japanese policy evolution has clearly been such that ‘provision of an American dimension is necessary to interpret Japanese developments’.41

A number of factors account for the utility and effectiveness of American pressure in relation to Japanese policymaking. The particular vulnerabilities of Japan in its most important bilateral relationship compound the weakness of the Japanese state to American *gaiatsu*. As noted earlier, the power of foreign pressure is partly a function of the nature of the relationship between the agent and recipient of pressure and can be significantly amplified by dependencies. Japan undeniably retains quite significant historical dependencies *vis-à-vis* the United States.42 The bottom line in the US–Japan relationship remains the American security guarantee, and — increasingly as Japan’s economy has internationalised — the American ability and Japanese inability to defend its overseas assets and investments.43

Moreover, on any bilateral economic and trade issue between the two states, fundamentally at stake for the Japanese side has been the continuing importance of the United States as an export market, not only for manufactures produced in Japan but also for those produced in Japanese companies in East Asia.45 A fundamental principle of postwar Japanese political economy has been the need to preserve the American market in order to secure stable growth in the Japanese economy, which provided the basis for rising national incomes and living standards (Fujitani 1986, p. 102). Other factors cited to explain the extent of American pressure on Japan have included the deep interdependence between the two economies and the large and enduring US trade deficit with Japan. According to Lincoln, such factors have ‘given political legitimacy in Japan to pressure from the United States as a motivation for domestic policy decisions’.48 On the Japanese side, there has been widespread acceptance that *gaiatsu* was a phenomenon Japan had to tolerate for the sake of its relations with the United States. Even amongst representatives of groups and sectors targeted by *gaiatsu* demands, there has been reluctant acknowledgment that the Japanese government often had little choice but to concede in the end.

**US pressure and Japan’s agricultural trade liberalisation**

The consensus amongst analysts of Japan’s agricultural trade policy is that foreign pressure (particularly US pressure) has been the single most important factor accounting for market opening. George and Saxon (1986, p. 101) argued that Japan’s agricultural trade liberalisation
from the 1960s and early 1970s onwards ‘represented a response to external pressures for import liberalisation as required under the rules of the GATT’. Rosencrance and Taw also observed that ‘In response to American political pressure, Japan … started to open its domestic market to admit industrial and agricultural goods from other countries’. Tokuyama (1991, p. 41) reached a similar conclusion that ‘Tokyo … yielded to pressure from Washington for much-needed liberalization of agricultural markets’. Hayami (1994, p. 33) also listed gaiatsu (together with Japanese government financial authorities) as the most effective force in lowering Japan’s agricultural protection. He argued, for example, that foreign pressure resulted in the minimum access settlement on rice at the GATT.

These general observations are based on historical evidence. The pervasive impact of gaiatsu is etched in agricultural trade developments over the course of several decades. Protracted negotiations between the United States and Japan produced agreements to liberalise the specific commodities in question either partially or totally as shown in Tables 1 to 4. The tables document the sequence of American gaiatsu and Japanese responses over the period 1960–93. Table 1 covers the first phase of Japan’s agricultural trade liberalisation from 1960 until the early 1970s; Table 2 highlights the phases in the extended process of liberalising Japan’s beef and citrus markets; Table 3 focuses on US–Japan negotiations with respect to 12 miscellaneous agricultural product categories targeted as a discrete group by the United States from 1982 until 1988; and Table 4 reviews the extended dispute on the issue of Japan’s rice market opening, ending with the 1993 UR Agreement on Agriculture.

Other agricultural exporting nations such as the EC, Australia and New Zealand supplemented US pressure with their own market access requests. While pressure from these other countries might have served to amplify and underline American demands for agricultural market access, as the chronicle of Japan’s market opening shows, the Japanese government directed its responses consistently to US demands, and, in that sense, it was American pressure that proved decisive in extracting Japanese concessions.

In some cases the Japanese response to American demands was patently bilateralist, underlining the selective effectiveness of American pressure and illustrating the Japanese desire specifically to placate the United States. Finally, in December 1993, at the 11th hour of the GATT negotiations, the Japanese government agreed to tariffy all remaining agricultural import restrictions and commit itself to a minimum access arrangement on rice imports, a deal worked out principally in bilateral negotiations with the United States.
Table 1 The main demand/response sequence in the first phase of Japan’s agricultural trade liberalisation

<table>
<thead>
<tr>
<th>Date of initial demand; negotiating context</th>
<th>Demand</th>
<th>Date of response/agreement</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959 Japan’s trade and foreign exchange liberalisation</td>
<td>January 1960</td>
<td>‘Basic Policy’ for liberalisation.</td>
<td>MAFF draft of nominated commodities for liberalisation including those listed below. Soybeans, fresh vegetables and pineapples liberalised.</td>
</tr>
<tr>
<td>United States</td>
<td>May 1960</td>
<td></td>
<td>Soybeans, fresh vegetables and pineapples liberalised.</td>
</tr>
<tr>
<td></td>
<td>July 1961</td>
<td></td>
<td>Twenty-two products/product categories liberalised including soba, eggs and raw silk.</td>
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<tr>
<td></td>
<td>1962, 1963</td>
<td></td>
<td>Bananas, sugar (raw sugar) and honey liberalised.</td>
</tr>
<tr>
<td></td>
<td>September 1969</td>
<td></td>
<td>Twenty-five products/product categories under MAFF jurisdiction nominated for liberalisation. Six products/product categories liberalised, including dried dates, gluten and gluten flour, and malt sugar.</td>
</tr>
<tr>
<td></td>
<td>April 1970</td>
<td></td>
<td>Seven products/product categories liberalised, including lemon juice, margarine, potato (flour and flakes), tapioca, sago and other starches.</td>
</tr>
<tr>
<td></td>
<td>September 1970</td>
<td></td>
<td>Four products/product categories liberalised, including fresh grapes, cake mixes, macaroni, spaghetti, noodles, puffed rice and corn flakes.</td>
</tr>
<tr>
<td></td>
<td>January 1971</td>
<td></td>
<td>Fifteen products/product categories liberalised, including fresh grapefruit, soy-bean oil cake and meal, rapeseed meal, rapeseed, vegetable oils, peanuts for oil extraction, sausages, live horses, fresh apples, frozen pineapples and grain sorghum (other than for feed).</td>
</tr>
<tr>
<td></td>
<td>June 1971</td>
<td></td>
<td>Eight products/product categories liberalised including pork, live cattle and pigs.</td>
</tr>
<tr>
<td></td>
<td>October 1971</td>
<td></td>
<td>Six products/product categories liberalised, including ham and bacon, refined beet and cane sugar, certain mixed feeds, salted meat and edible offal.</td>
</tr>
<tr>
<td></td>
<td>April 1972</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1974</td>
<td></td>
<td>Roasted and unroasted malt liberalised.</td>
</tr>
</tbody>
</table>

Notes:  
[a] This table does not include tariff reductions, because of the complexity of detail.  
[b] The Kennedy Round did not target Japanese agricultural products and was almost exclusively concerned with reducing import tariffs on manufactured products.  
[c] The Tokyo Round did not target Japanese agricultural products, although it did concentrate on reducing non-tariff barriers to trade.

Sources: Foreign Agricultural Service (USDA) (1972); George (1980); Statistics and Information Department (MAFF) (1996).
Table 2  The main demand/response sequence in Japan's beef and citrus liberalisation

<table>
<thead>
<tr>
<th>Date of initial demand; source; negotiating context</th>
<th>Demand</th>
<th>Date of response/ agreement</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1977 [Vice-President Mondale’s Tokyo visit]</td>
<td>Lifting of Japan’s import control on citrus fruits containing preservatives.</td>
<td>January 1978 Strauss–Ushiba Agreement (under the MTN)</td>
<td>Unable to make any substantive concessions on beef and citrus imports.</td>
</tr>
<tr>
<td>September 1977 [Special Trade Representative’s Office Delegation, GATT Tokyo Round]</td>
<td>Elimination of non-tariff barriers to US agricultural exports, especially beef and citrus.</td>
<td>December 1978 Nakagawa–Mansfield Agreement (under the MTN)</td>
<td>Increase in high quality (HQ) beef imports for hotel use from 1,000 to 10,000 tonnes on a global basis beginning in JFY 1978; to increase orange imports by three times to 45,000 tonnes; to increase imports of orange juice by four times to 4,000 tonnes; to set up a joint orange research group to investigate current and future trends in the orange situation including blended juice problems and the seasonal quota system.</td>
</tr>
<tr>
<td>Spring 1978 United States [GATT Tokyo Round]</td>
<td>Expansion of beef quota.</td>
<td>February 1982 [Ezaki Mission to Washington]</td>
<td>Imports of fresh oranges to expand by 9,250 tonnes per year during 1979–83 (from 45,000 tonnes to 82,000 tonnes by JFY 1983); beef quota expansion from 16,800 tonnes to 30,000 tonnes on a global basis by JFY 1983; increases in annual import quotas of orange and grapefruit juice to 6,500 and 6,000 tonnes respectively; gradual reduction of tariffs on grapefruit and lemons and limes through 1987 and minor tariff cuts on certain kinds of citrus juice.</td>
</tr>
</tbody>
</table>

Marginal increase in import quotas for beef and citrus. Request for the United States to cease its demand for immediate liberalisation and engage in more realistic proposals. Expansion of import quotas on three agricultural items (prepared and preserved pork, high-test molasses and canned pineapples); reduction or elimination of tariffs on 17 agricultural products; agricultural trade liberalisation is extremely difficult.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>September–October 1982</td>
<td>Liberalisation of Japan’s beef and citrus markets; link between agricultural trade and industrial protection bills in the United States.</td>
<td>No intention of dismantling beef and citrus import restrictions after April 1984; difficult political situation around liberalisation.</td>
</tr>
<tr>
<td>October 1982</td>
<td>Total liberalisation of Japan’s beef and citrus markets; import quota systems illegal under the GATT.</td>
<td>Gradual expansion of import quotas.</td>
</tr>
<tr>
<td>December 1982</td>
<td>Liberalisation of beef and citrus markets.</td>
<td>Liberalisation impossible but prepared to respond to an examination of an expansion of market opportunities.</td>
</tr>
<tr>
<td>January 1983</td>
<td>More market access for beef and citrus.</td>
<td>Rejection of liberalisation demand, but agreement to try to settle the problem by March 1984 through bilateral discussions.</td>
</tr>
<tr>
<td>April 1983</td>
<td>Clear statement of time period for liberalisation.</td>
<td>Increase in quotas for beef and citrus.</td>
</tr>
<tr>
<td>April 1984</td>
<td>Abolition of all import restrictions by 1 April 1988.</td>
<td>Expansion in beef import quota by an average of 6,900 tonnes every year (an 17 per cent annual increase) from JFY 1984–87; expansion in the orange import quota by an average of 11,000 tonnes per year every year from JFY 1984–87 (with a total quota of 126,000 tonnes in 1987); expansion in the orange juice import quota by an average of 500 tonnes every year from JFY 1984–87 (with a total quota of 8,500 tonnes in 1987); no expansion in the grapefruit juice quota but liberalisation after three years (in 1986) Expansion in total beef quota by 9,000 tons per year from JFY 1984–87 (a 6 per cent annual increase)</td>
</tr>
<tr>
<td>August 1984</td>
<td></td>
<td>Expansion in beef import quota by an average of 6,900 tonnes every year (an 17 per cent annual increase) from JFY 1984–87; expansion in the orange import quota by an average of 11,000 tonnes per year every year from JFY 1984–87 (with a total quota of 126,000 tonnes in 1987); expansion in the orange juice import quota by an average of 500 tonnes every year from JFY 1984–87 (with a total quota of 8,500 tonnes in 1987); no expansion in the grapefruit juice quota but liberalisation after three years (in 1986) Expansion in total beef quota by 9,000 tons per year from JFY 1984–87 (a 6 per cent annual increase)</td>
</tr>
</tbody>
</table>

**Note:** JFY stands for Japanese Fiscal Year.
April 1987
[Secretary of Agriculture, Lyng]

Set a timetable for liberalising beef market as a precondition for commencing beef negotiations; no beef quotas would be negotiated.

Refusal to abolish beef import quota.

February 1988

Liberalisation of the beef market

Liberalisation of beef market within two years; tariffication.

Prepared to discuss quota expansion; ‘liberalisation is difficult’.

June 1988

1) In April 1991, the beef import quota would be abolished and beef imports would be liberalised; 2) the tariff rate on beef imports (then 25 per cent) would jump to 70 per cent in 1991, falling to 60 per cent in 1992 and 50 per cent in 1993. The rate after 1993 would be negotiated in 1994; 3) if in any given year beef imports rose by more than 20 per cent over the previous year, Japan was permitted to impose a tariff as high as 95 per cent; 4) in the three years until liberalisation, in other words from the 1988 year to the end of the 1990 year, the beef import quota would be increased each year by 60,000 tonnes; and 5) in the three years until liberalisation, an increasing percentage of imported beef (30 per cent in 1988, 45 per cent in 1989 and 60 per cent in 1990) would be sold through the simultaneous buying and selling (SBS) system; 6) abolition of orange quotas in April 1991 — in the meantime, Japan would increase imports by 22,000 tons per year; 7) abolition of orange juice quotas in April 1992; 8) lowering of tariffs on grapefruit and six other items.

Note: a JFY — Japanese fiscal year.

Sources: Fujitani (1986); Coyle (1986); Fukushima (1992); Reich and Endo (1983); Reich and Timmer (1983); Christian Science Monitor, 21 June 1988, p. 7.
Table 3 The main demand/response sequence in the liberalisation of 12 miscellaneous agricultural product categories

<table>
<thead>
<tr>
<th>Date of initial demand;</th>
<th>Demand</th>
<th>Date of response/</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>source; negotiating context</td>
<td></td>
<td>agreement</td>
<td></td>
</tr>
<tr>
<td>September 1982 United States</td>
<td>Quota expansion for six restricted items (non-citrus fruit juices, tomato juice, tomato ketchup and sauce, fruit puree and paste, peas and beans, and peanuts).</td>
<td>January 1983</td>
<td>Reduction in import restrictions on the six items plus three more (tobacco products, chocolate and biscuits), and reduction in import tariffs on 47 other agricultural items.</td>
</tr>
<tr>
<td>July 1983 United States</td>
<td>Proposed a discussion on 13 agricultural product categories: kim milk powder and condensed milk; processed beef and pork; processed cheese; oranges; fruit puree and fruit pastes, canned pineapple and fruit pulp, non-citrus juices and tomato juice, tomato ketchup and sauce, starch, grape sugar, miscellaneous beans, peanuts, and other food preparations) on the basis of GATT Article 23, Clause 1.</td>
<td></td>
<td>With respect to quantitative restrictions on those agricultural commodities that were state-traded, Japan’s position was that quantitative restrictions were possible. In cases where state trades operated an import monopoly, under GATT Article 20(d), exceptions were granted to the obligation to abolish quantitative restrictions unconditionally. Article 20(d) permitted as exceptions necessary measures to uphold the observance of laws and ordinances that did not contravene GATT rules. Accordingly, it was justifiable to impose import restrictions on the import of state-traded commodities in order to maintain the state-trading enterprises that were legitimate institutions under the GATT.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 1984</td>
<td>Agreement to partially liberalise six product categories including processed pork and tropical fruit juice, to expand import quotas on nine products including miscellaneous beans, processed tomato products and peanuts, to reduce tariffs on 141 products (subject to negotiation during the Tokyo Round) in a speedier fashion and to reduce further tariffs on 35 products such as processed tomato products and peanuts. (In exchange for the above — the United States agreed to postpone appealing to the GATT for two years — until 1986 — on the 13 miscellaneous product categories.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>August 1984</td>
<td>Agreement to eliminate or expand import quotas for specific products within 10 out of 13 quota-restricted categories of farm trade and tariff cuts on 36 other agricultural items, including beef offals, frozen sweet corn and egg albumen.</td>
</tr>
<tr>
<td>Year</td>
<td>Event/Decision</td>
<td>Notes/Details</td>
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</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>1984–86</td>
<td>Complete or phased liberalisation of 12 agricultural product categories (the</td>
<td>March–April 1986 negotiations had no agreement to liberalise. Partial</td>
<td></td>
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<tr>
<td>United</td>
<td>above list minus oranges).</td>
<td>liberalisation, import quota expansion, and tariff reduction.</td>
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<tr>
<td>States,</td>
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<td></td>
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<tr>
<td>[officials’ negotiations]</td>
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<tr>
<td>July 1986</td>
<td>Request for determination whether Japanese quantitative restrictions on 12</td>
<td>July 1986, request for determination whether Japanese quantitative restrictions</td>
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<tr>
<td>United</td>
<td>agricultural product categories (originally imposed for balance of payments</td>
<td>on 12 agricultural product categories (originally imposed for balance of</td>
<td></td>
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<tr>
<td>States</td>
<td>reasons under Article XII of the GATT, which prohibited the use of quantitative</td>
<td>payments reasons under Article XII of the GATT, which prohibited the use of</td>
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<tr>
<td>[submission</td>
<td>restrictions on imports. Article XI should be applied to all commodities,</td>
<td>quantitative restrictions on imports. Article XI should be applied to all</td>
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<tr>
<td>to a</td>
<td>including state-traded commodities, except those exempted under Article 25</td>
<td>commodities, except those exempted under Article 25 (the Waiver Clause).</td>
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</tr>
<tr>
<td>GATT Panel]</td>
<td>(the Waiver Clause).</td>
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<tr>
<td>October 1987</td>
<td>Basically supported the American position. Its judgement stated that 'GATT</td>
<td>October 1987, basically supported the American position. Its judgement stated</td>
<td></td>
</tr>
<tr>
<td>GATT Ruling</td>
<td>Article 11 prohibits all import restrictions, including effective import</td>
<td>that 'GATT Article 11 prohibits all import restrictions, including effective</td>
<td></td>
</tr>
</tbody>
</table>
|           | restrictions by state trade and effective import restrictions by import quota'.| import restrictions by state trade and effective import restrictions by import
|           | Accordingly, 10 out of the 12 nominated agricultural product categories       | quota'. Accordingly, 10 out of the 12 nominated agricultural product categories
|           | violated GATT rules (skim milk powder and condensed milk, processed beef and   | violated GATT rules (skim milk powder and condensed milk, processed beef and
|           | pork, processed cheese, starch, grape sugar, fruit puree and paste, fruit    | pork, processed cheese, starch, grape sugar, fruit puree and paste, fruit
|           | pulp and canned pineapple, non-citrus juice and tomato sauce and tomato      | pulp and canned pineapple, non-citrus juice and tomato sauce and tomato
|           | ketchup); recommendation that import restrictions on these products be        | ketchup); recommendation that import restrictions on these products be
|           | abolished.                                                                     | abolished.                                                                     |
| November 1987 | Comply with the GATT ruling.                                                   | November 1987, comply with the GATT ruling. Explanation of the ‘political    |
| [US–Japan  |                                                                                | difficulty surrounding this specific agricultural regime’ because ‘the 12    |
| negotiations] |                                                                                | items included local specialities (such as starch) and thus removal of the    |
|           |                                                                                | quotas were potentially harmful to regional economies’.                        |
| February 1988 | Liberalisation of eight out of the 10 products subject to the GATT ruling     | February 1988, liberalisation of eight out of the 10 products subject to the   |
|           | over the period October 1988 to April 1990 (processed beef and pork,         | GATT ruling over the period October 1988 to April 1990 (processed beef and
|           | processed cheese, grape sugar, fruit puree and paste, fruit pulp and canned  | pork, processed cheese, grape sugar, fruit puree and paste, fruit pulp and
|           | pineapple, non-citrus juice and tomato sauce and tomato ketchup); that is,    | canned pineapple, non-citrus juice and tomato sauce and tomato ketchup); that
|           | not including starch and skim milk powder and condensed milk).               | is, not including starch and skim milk powder and condensed milk). |

**Sources:** Ito (1984); Hathaway (1987, pp. 108, 110); Fujitani (1986); Saeki (1992); Reich and Endo (1983); *The Australian*, 2 December 1987.
Table 4  The main demand/response sequence in rice liberalisation

<table>
<thead>
<tr>
<th>Date of initial demand; source; negotiating context</th>
<th>Demand</th>
<th>Date of response/ agreement</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1986 [American RMA petition to the USTR]</td>
<td>Japanese rice policy is 'unreasonable' under Section 301 of the 1974 Trade Act and restricts and places a burden on American trade; the President should commence negotiations with the Japanese government in order to demand large-scale liberalisation or the complete abolition of restrictions on Japanese rice imports.</td>
<td>September/October 1986 [USTR Yeutter] September 1986, [Punta del Este Declaration, launching the UR]</td>
<td>Submit the question of rice liberalisation to the GATT Uruguay Round.</td>
</tr>
<tr>
<td>September 1986</td>
<td>'Negotiations shall aim to achieve greater liberalisation of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines ... by: (i) improving market access through, inter alia, the reduction of import barriers; (ii) improving the competitive environment by increasing discipline on the use of all direct and indirect subsidies and other measures affecting directly or indirectly agriculture trade ...; (iii) minimizing the adverse effects that sanitary and phytosanitary regulations and barriers can have on trade in agriculture...'.</td>
<td>December 1986 [Mins. of AFF's Kato visit to the United States]</td>
<td>Rejection of the idea of GATT submission on the grounds of the unanimous Diet resolution in favour of 100 per cent self-sufficiency in rice.</td>
</tr>
<tr>
<td>February 1987 [UR preliminary agricultural negotiations]</td>
<td>Majority opinion that 'minimum access' should be established for all agricultural products.</td>
<td></td>
<td>Because rice was under production control (the rice acreage reduction policy, or gentan), rice imports could be restricted under Article 11.</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td></td>
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<td>-----------</td>
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<td></td>
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</tr>
<tr>
<td>April 1987</td>
<td>Accept bilateral negotiation with the United States on establishing an import quota for rice and establish an American rice import quota.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 1987</td>
<td>All agricultural programs, meaning all forms of import controls (including all state trading that maintains internal prices different from world prices) and all agricultural subsidies — domestic and export — which affect international trade, be phased out or reduced to zero over a 10-year period (by 10 per cent per annum starting in 1990 — that is, by the year 2000). The producer subsidy equivalent (PSE) developed by the OECD in its study of agricultural subsidies be used as a measure of subsidy levels and to monitor progress in phasing out subsidy programs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 1987</td>
<td>An immediate freeze on all farm supports and subsidies; a pledge not to introduce new trade-distorting measures; and cuts to farm production supports by 10 per cent in 1989 and 1990; short-term action to freeze agricultural support as an initial step in a long-term process of complete liberalisation of farm trade. Reform of GATT rules to prevent a resurgence of protection of agricultural trade, opening of markets, elimination of subsidies and the cutback of general support for agriculture.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 1987</td>
<td>Export subsidies should be eliminated and other subsidies that distort international agricultural trade should be regulated; exceptional quantitative import controls should be recognised for food security purposes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 1988</td>
<td>Each nation has a right to subsidise domestic producers in order to ensure security of food supplies; market forces must be harmonised with the need to guarantee food security. It is essential to fully take into account the difficulty of importing countries in relying (for) the great part of their supply on foreign sources.</td>
<td></td>
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</tr>
</tbody>
</table>

**Notes:**
- Rejection of the idea of making rice imports the subject of negotiation, but agreement to submit rice to the GATT although with conditions.
- Official recognition of exceptional import restrictions to maintain food security; re-examination of import restrictions based on waivers and flexible surcharges; review the GATT articles on export prohibition; step-by-step abolition of export subsidies; controls on domestic subsidies that have an effect on trade.
- As well as being in violation of GATT treaty rules against total import bans, Japan’s rice policy denies America’s trade rights under Section 301 of US Trade.
Law. The Japanese government should enter rice into the discussion of ‘roll back’ (that is, protectionist measures that do not conform with GATT rules should be abolished or made to conform with GATT rules by the end of the UR) and the American government should enter into negotiations with the Japanese government to authorise rice imports up to 2.5 per cent of domestic consumption in the first year, 5 per cent in the second year, 7.5 per cent in the third year and 10 per cent in the fourth year (or one million tonnes).

GATT Mid-Term Review April 1989 Agreement

‘The long-term objective of the agricultural negotiations is to establish a fair and market-oriented agricultural trading system; substantial progressive reductions in agricultural support and protection ... resulting in correcting and preventing restrictions and distortions in world agricultural markets; factors other than trade policy are taken into account in the conduct of [participants’] agricultural policies. In the negotiations to achieve the long-term objective, account will be taken of proposals aimed at addressing participants’ concerns such as food security’.

October 1989, Conversion of all non-tariff barriers for all categories, including GATT-guaranteed state-controlled farm trade items such as Japanese rice to tariffs during a 10-year transitional period. During that period, GATT’s concessional tariffs would be applied for a minimum access level of imports and tariff quotas would be introduced with high tariff rates for imports in excess of the minimum level. The higher tariff rates for the quota portion have to be brought down within the decade to levels matching the concessional rates. The quantity of imports subject to the low tariff would be decided in future negotiations, but about 3 per cent of domestic consumption can be the standard.

November 1989
[Second Japanese agriculture proposal to the GATT]

The abolition of agricultural protection is unacceptable. From the standpoint of consideration for food security, with respect to basic foodstuffs, a country should be able to take border adjustment measures in spite of GATT.

The significant clause in the Agreement inserted on Japan’s urging was as follows: ‘Non-trade concerns such as food security be given due consideration in the process of future negotiations’; substantial cuts in tariffs on tropical products, including agricultural products.
Article 11. Domestic policies that do not have any trade distortionary effect, or which are not a problem, or which meet the multi-dimensional needs of agricultural policy such as the maintenance of national land and the environment as well as regional societies should be permitted. Domestic support policies including domestic subsidies will be decreased gradually in support level by using AMS, excluding domestic support systems that are permitted. However, considering the diversified role of agriculture, it is not possible to abandon agricultural support completely.

April 1990
[US Under-Secretary of Agriculture]

Open rice market

[Yamamoto Tomio, Minister of AFF’s]

Rejection of American demand.

August 1990
[US Secretary of Agriculture, Yeutter]

Conversion of all import restrictions into tariffs and gradual negotiation of lower tariffs. The initial tariff level could be as high as 700 per cent, progressively reduced to zero after 10 years; shift to tariffication over the next 10 years; in the meantime, allow quantitative restrictions in the form of tariff quotas and so on to remain; decide the tariff rate applicable for the next 10 years in the UR and negotiate the lowering of the tariff rate in the next round. Rice not an exception to tariffication.

September 1990
(Japan’s Offer at the GATT Agricultural Trade Negotiations)

Reduction by 26.6 per cent in the total aggregate measures of support (AMS) of the grains sector (wheat, barley and rice) between 1986 and 1996.

October 1990,
[US Proposal to the GATT Agricultural Trade Negotiations]

All countries undertake agricultural reform over 10 years from 1991 for all agricultural products; reduce the most trade distortionary domestic support policies, using the AMS, by 75 per cent over 10 years from 1991; reduce other trade distortionary domestic support policies by 30 per cent over 10 years from 1991; domestic support policies that are concerned with income support, the maintenance of the environment and national land, domestic food assistance, marketing related, and research, development and dissemination.
will be permitted, but minimise their effects on trade; with respect to border measures, convert all non-tariff measures to tariffs and bind all tariffs; reduce tariffs and tariff quotas by an average of 75 per cent over 10 years from 1991; in the eleventh year, the tariff should not exceed 50 per cent; with respect to products on which there are currently non-tariff measures, undertake commitments relating to minimum access, and minimum access or imports should be increased by 75 per cent during the 10 years from 1991 by introducing a tariff quota of import quantity; this tariff quota will be abolished after 10 years.

Conversion of all non-tariff farm trade barriers into tariffs (that is, tariffication without exception) followed by their gradual reduction (an average of 36 per cent for all agricultural products over the period 1993–99, with a minimum of 15 per cent reduction for any individual agricultural commodity); in the first year a 3 per cent (of domestic consumption) minimum access expanding to 5 per cent over the following six years; reduction in levels of domestic support for agricultural producers; reduction in levels of subsidies and other forms of support for agricultural exports.

Reiteration of the former government’s stance that Japan should stick to the rice import ban for food security reasons.

Confirmation of the Diet resolution banning rice imports.

Agreement to ‘minimum access’ arrangement.

Statement that it was difficult for Japan to introduce the proposed tariff scheme to its rice trade.
Proposal to introduce the tariffication scheme to rice after a six-year moratorium period, during which Japan would maintain minimum-access rice imports equivalent to 3–5 per cent of its domestic consumption.

December 1993 [UR Final Agreement]

Tarrification without exception; quantitative restrictions on agricultural products will be converted to import tariffs, with the more developed countries agreeing to reduce their agricultural tariffs by 24 per cent; farm subsidies that distort production must diminish by 20 per cent over a period of six years from 1995.

December 1993 [Japanese government GATT Agreement]

Accepted the UR accord mandating a virtual across-the-board liberalisation of Japan's agricultural market and partial opening of the rice market in the form of minimum-access from 4–8 per cent of Japan's total consumption (10 million tonnes) over six years; in the first year of the agreement (1995), Japan's import quota for rice would be 379,000, increasing to 758,000 tonnes in the year 2000; the other main items were as follows: expansion of the wheat import quota by 35,000 tonnes annually, for a final tariff-rate quota of 5,740,000 tonnes in the year 2000; reduction in the state-trading mark-up on wheat by 15 per cent over the implementation period; expansion of the zero-duty quota for industrial-use corn, with the increased amounts to be imported under the 'new-use' category with 60 per cent of the total new-use quota free from the blending requirement; expansion of the barley import quota by 8,500 tonnes each year of the implementation period for a final tariff-rate quota of 1,369,000 tonnes in the year 2000; reduction in the beef tariff from 50 per cent to 38.5 per cent subject to a special safeguard provision; reduction in the gate price of pork to ¥524 per kg, a 29 per cent reduction from the average 1986–88 price; reduction in the in-season tariff on oranges from 40–32 per cent and the out-of-season tariff from 20 per cent to 16 per cent; by the year 2000, elimination of the seasonal distinction in grapefruit tariffs and reduce the year-round duty to 10 per cent; in addition, Japan as a developed country must reduce its AMS (Aggregate Measurement of Support) by 20 per cent in equal instalments over six years.

As an area of trade friction, agriculture featured prominently in US–Japan trade disputes and, on occasions, became the focal point of trade friction between the two countries. The intensity of US–Japan conflict over particular farm products was vastly disproportionate to the relative value of the potential trade lost to the United States. In fact, there was no logical correlation between the objective economic value of particular markets to the United States and their negotiating prominence and political importance in US–Japan agricultural trade negotiations. Not only did the United States consistently enjoy a favourable balance of trade with Japan in this sector, it could not credibly argue that achieving access to Japan’s agricultural market would make much of a dent in America’s trade deficit figure with Japan. The reasons for the intensity of trade friction generated by US–Japan agricultural market access disputes lay elsewhere.

First and foremost, political rather than economic factors were driving the dispute on the state-to-state level as well as on the domestic level within both countries. On the bilateral level, agricultural trade issues became part of a broader set of issues that confronted the US–Japan relationship (Coyle 1984, p. 11). On a number of occasions, questions relating to agricultural market access became inextricably linked with the highly contentious problem of Japan’s massive bilateral trade surplus with the United States. Like a lot of other products, farm commodities got caught up in the wave of American demands for increased Japanese market access as the United States attempted to deploy trade policy instruments to correct its trade deficit. In fact the intensity of American trade pressure, particularly from the US Congress, was highly correlated with the magnitude of the US–Japanese trade imbalance (George 1991, p. 6). For example, the United States launched its Japan beef market opening campaign in 1977–78 as Japan’s global trade surplus soared to the unprecedented heights of over US$24 billion in 1978 and its bilateral trade surplus with the United States to US$12.6 billion (see Table 2) (Fukushima 1992, p. 297).

In the 1980s the deteriorating trade imbalance continued to provide a negative stimulus to US–Japan agricultural trade disputes. Agricultural commodity negotiations could not be isolated from the larger trade deficit question regardless of its objective causes, because of the political incentives for linkage on the US side. The sizeable American trade deficit with Japan generated considerable leverage in disputes about reciprocal market access and created a general climate of friction and hostility between the two countries in which the American sense of grievance could only be assuaged by Japanese concessions across a range of sectors, while
it encouraged the Japanese side to make concessions on agriculture in order to ease pressures in other areas and appease the United States generally.

The United States also exploited agricultural trade issues to highlight general problems of restricted access to the Japanese market and to try to make favourable deals on trade issues as a whole (Fujitani 1986, p. 93). Its strategy was to focus on individual agricultural commodities as symbols of Japan’s ‘closed’ market. Indeed, agricultural products were particularly prone to this kind of political configuration. Because Japan’s agricultural markets presented highly visible trade barriers they became symbolic of Japan’s behaviour (Sorich 1986, p. 1). Such symbolisation was also designed to magnify pressure on particular markets. Terada (1993, p. 15) concludes that

by using symbolism in this way the US negotiators can put more pressure on Japan to obtain considerable concessions from Japan on an issue, because this strategy helps to draw the attention of politicians, citizens or the mass media in the US to the issue. Symbolisation carries an ‘exaggerated effect’ which makes it easy for some US policy makers to amplify the impression that the Japanese market is considerably exclusive. Therefore, even if the issue were unlikely to contribute to solving the trade imbalance of both countries, Japan cannot help but make a concession on the issue to the US to improve the above impression.

For these reasons, the political and symbolic impact of Japanese market opening far exceeded its economic value throughout the course of US–Japan agricultural trade negotiations.

On the domestic level, influential farm lobbies in both countries took diametrically opposed positions and lobbied their governments furiously to protect or pursue their interests in international negotiations. On the US side, the prominence of individual agricultural commodities in US–Japan negotiations also reflected specific domestic industry conditions in the United States, the potential economic value of greater quantities of exports to specific groups of American producers, their particular need for expanded export markets at the time, the amount these producers cost the US government in terms of subsidies and other forms of farm support, and the amount of leverage that they and their organisations could exert on the government to negotiate on their behalf. The beef and citrus constituencies in the United States, for example, were represented by powerful political lobbies (Sato and Curran 1980, p. 5). American rice producers were also well organised and highly targeted in their approach to
the Japanese market. Although rice was not a major agricultural product in the United States, 2.9 million tonnes out of a total production of 5.3 million tonnes was exported. Expansion of rice export markets was, therefore, a serious issue for US rice producers.61 These domestic pressures in the United States were ranged against antagonistic pressures in Japan coming from politically influential and well-mobilised but economically inefficient farmers facing the prospect of increased competition from overseas suppliers.

Lastly, from a US perspective, acrimony in agricultural trade disputes with Japan was consistently exacerbated by the fact that opening the Japanese agricultural market required the application of sustained pressure over a considerable period of time. There were several long-standing disputes in agriculture which tended to aggravate the American sense of frustration. For example, the dispute over beef and citrus began in the early 1960s and extended into the late 1980s, with peaks of intensity in the late 1970s, early 1980s and late 1980s (see Table 2). Apples had an equally long and frustrating history. They were liberalised in 1971 but banned from Japan until 1994 on quarantine grounds. Rice had a comparatively short run of seven to eight years, but the larger issue of rice liberalisation is yet to be resolved (see Table 4).

Channels of pressure

American pressure on Japan to open its agricultural markets was applied both directly in bilateral, country-to-country negotiations and indirectly through multilateral channels, with negotiations at the bilateral and multilateral levels frequently conducted in parallel, sequential and interactive fashion. In the context of multilateral trade negotiations, American pressures on Japan tended to be more diffuse and often related to the pursuit of broad trade principles embodied in the GATT. American pressure was also applied in other multilateral fora such as the summit meetings of the industrialised nations, OECD meetings,62 and gatherings of the agricultural ministers of selected states.63 Amongst the various GATT rounds, the UR was easily the most significant for agriculture64 because it sought to tackle the underlying domestic policy causes of agricultural trade protection65 and to ‘bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines’.66

Over time, the United States became increasingly inclined to submit its market access problems with respect to specific Japanese agricultural markets to the GATT rather than to rely solely on bilateral negotiations, with American pressure generally complemented, underlined
and magnified by pressures arising from GATT rulings and negotiations. A number of products significant in US–Japan agricultural market access disputes were subject to this dual negotiating process. For example, US–Japanese discussions on beef and citrus figured in the Tokyo Round, but resolution was achieved in a bilateral agreement engineered in 1978 by the Japanese and American negotiators, Strauss and Ushiba (see Table 2). Multilateral trade negotiations under GATT auspices also occurred in the later stages of the beef trade dispute and preceded the bilateral liberalisation agreement of June 1988 (see Table 2). Similarly, the United States moved the battle over liberalisation of 12 miscellaneous agricultural product categories to the GATT arena when bilateral negotiations failed to achieve a result in the early 1980s (see Table 3). According to Hayashi (1986, p. 125), this act marked a significant shift in American agricultural trade negotiating strategy towards Japan. It combined a focus on market opening for individual products with reconsideration of Japan’s agricultural protection policies in general.

The shift in American trade strategy was consolidated at the UR where the main target of pressure moved from liberalisation of individual products to Japan’s agricultural support and protection system as a whole. This reflected the dominant US objective of achieving a reduction in agricultural protection worldwide by subjecting agriculture (including American and Japanese farmers) to market-based trading rules. The American UR agenda aimed at nothing less than ‘comprehensive reform across the broad range of policies that create barriers and distort trade in agricultural products’ (Hathaway 1987, p. 4).

American handling of the US–Japan rice trade dispute exemplified this approach. US rice producers unsuccessfully attempted to push the US government into making the rice issue with the Japanese government a target for bilateral negotiation and retaliation. The US administration rejected both petitions of the American Rice Millers’ Association (RMA) under Section 301 of the US Trade Act. In the judgement of the US Trade Representative, Clayton Yeutter, the multilateral environment of the GATT offered greater potential for finding a solution that would result in American rice exports to Japan. The State Department shared this view, arguing that the US administration resisted the attempt to make rice the specific focus of US–Japan bilateral trade access negotiations because it did not see it in America’s interest to approach the rice issue bilaterally. As far as the official American government position was concerned, the importance of rice was principally in terms of its implications as a multilateral agricultural trade issue at the GATT rather than as a bilateral US–Japan trade issue. Rice was only one item on a comprehensive negotiating agenda targeting many countries and hundreds
of farm products. The UR was the major priority and therefore it remained the principal and most appropriate venue for discussing rice because of the larger and more important issue of agricultural trade reform covering not only Japan but all countries, and not only American rice producers but all producers.74

In relation to this comprehensive trade negotiation objective, rice retained its prominence principally because of its potential to remain a stumbling block to Japan’s accession to a GATT agricultural trade agreement on which depended the success of the agricultural negotiations as a whole. Rice was the centrepiece of negotiations involving Japan and the primary determinant of the Japanese government’s willingness to accede to a final deal on agricultural trade. This was seen by the United States and other countries as critical to the success or failure of the UR and thus to an overall GATT settlement (Hathaway 1987, p. 3).75 By a process of deductive logic, it became clear that if Japan would not agree to rice market opening, it would not agree to agricultural trade reform and therefore a GATT UR settlement.

The larger agenda on which the United States consistently placed priority in all dealings with Japan and other countries during the UR explains the strong American resistance to the Japanese strategy of attempting to make rice an exception to the general principle of tariffication.76 This was viewed as a ‘deal breaker’ (Feketekuty 1993). In the US view, if Japan were allowed an exception on rice, this would open the door to special pleading on a whole range of products from other countries. The American position was to make tariffication non-negotiable because of the manifest difficulties of trying to solve trade problems by tackling the domestic policies of different countries individually. The diversified domestic agricultural policies of member-countries had to be subjected to standardised rules that facilitated further reductions in agricultural trade barriers.

The pressure the United States exerted on Japan in relation to rice thus stemmed from its importance in relation to America’s larger GATT agenda rather than its bilateral significance which was primarily symbolic. Rice represented Japan’s most impregnable agricultural market and thus had a political significance, that far exceeded its dollar value as a commodity potentially traded at the bilateral level.77 If anyone, it was the Japanese side and particularly the Japanese media that made rice into a bilateral issue. The latter tended to treat the whole question of agricultural trade liberalisation under the GATT as a Japanese rice import issue (Saeki 1991, p. 18). From the Japanese perspective rice loomed so large as a problem that it overshadowed all others at the UR. The GATT and the question of Japan’s rice market opening became synonymous in the public mind.
In the event, while resisting the option of taking up rice as a formal bilateral issue, the United States applied pressure on Japan to open its rice market both in formal GATT negotiations as well as in associated bilateral discussions. In the closing stages of the UR, intensive farm trade talks were conducted between the United States and Japan to help bring the negotiations to a successful conclusion, with the United States making a great effort to settle the rice market issue at this time (October–November 1993).

The domestic political equation

Looking at the domestic political equation in the absence of gaiatsu, the prognosis for Japan’s agricultural trade liberalisation was not particularly favourable. The Japanese agricultural sector was a potent political constituency, drawing substantial advantage from electoral malapportionment which empowered rural voters at the expense of their urban counterparts, universal farm household membership of an agricultural cooperative organisation (Nokyo) active in national and local elections and strong connections with farm politicians harvesting votes from agricultural protection policies. Farmers’ power at the grass-roots was augmented by a well-entrenched bureaucratic apparatus centring on the Ministry of Agriculture, Forestry and Fisheries (MAFF) committed to maintaining a regulated agricultural economy and a large number of semi-public agricultural organisations charged with administering detailed aspects of the agricultural protection system. In addition to these political and institutional factors, vested agricultural interests were supported by a strong public interest in the maintenance of food safety, food security, preservation of the environment and the survival of Japanese agriculture and its associated socio-cultural traditions.

This ‘cohesive industry coalition [was] set against a diffuse coalition of domestic losers from protection’ (Hillman and Ursprung 1988, p. 743), principally Japanese taxpayers and consumers, whose tolerance for the relatively high cost of food was engendered by the declining proportion of household income spent on food as well as sensitivities to market opening on non-economic grounds. Opposition from industry to agricultural protection was also mitigated by the shift from a labour-intensive to a more capital-intensive and skill-intensive structure, reducing employers’ reliance on low wages for workers and thus concerns about food costs (Anderson and Hayami et al. 1986).

The domestic balance of power in favour of the agricultural protectionists made Japanese market opening highly improbable in the absence of gaiatsu. Although domestic pro-liberali-
sation forces sought to advance their own liberalisation goals and were strengthened by *gaiatsu* over time, agricultural trade liberalisation occurred historically when these domestic voices were muted (in the 1960s and early 1970s) and when international demands were virtually the sole pressure for change. In the absence of concerted pressure from outside it is highly unlikely that Japan would have liberalised its agricultural trade in the way it did, to the extent it did and at the pace it did. Indeed, from the Japanese government’s perspective, the entire process of agricultural trade liberalisation was at a forced pace. The major thrust of official government policy throughout the long sequence of pressure on various agricultural markets was to block change and hold the line against penetration of particular agricultural markets by foreign suppliers. (The government’s responses are detailed in Tables 1 to 4.)

This is not to suggest that *gaiatsu* alone would have remained sufficient to produce change over the longer term, or that domestic pressures in favour of agricultural trade liberalisation were not instrumental in helping to produce liberalising outcomes or were irrelevant to the political calculus of decisionmakers. On the contrary, the progressive entrenchment of agricultural interests, their mobilisation of strong defensive power as *gaiatsu* intensified and the targeting of agricultural products subject to higher levels of domestic politicisation (rice being the quintessential example) meant that the need for *gaiatsu* as a ‘tailwind’ to assist domestic reformers and for an active and latent partnership between external and internal agents of pressure increased as time went by.

From the late 1970s onwards, growing domestic pressure (*naiatsu*) for agricultural trade liberalisation began to emerge from Japanese big business organisations, from Japanese agricultural economists convinced of the need to apply neo-classical solutions to Japanese agriculture, from the media acting as spokespersons for Japan’s politically undervalued and under-represented consumers and from elements in the Japanese conservative party leadership and the bureaucracy concerned about Japan’s international trading interests. Among these groups, the most vocal source of opposition to Japanese agricultural protection was the influential Federation of Economic Organisations (Keidanren) representing the interests of Japanese industrial exporters as well as Japanese food processors using high-cost domestic inputs.

Nevertheless, for those in policymaking circles seeking change but immobilised by considerations relating to political costs, procedural obstacles and the strength of entrenched agricultural interests, *gaiatsu* was a very necessary ‘third force’ to assist them in overcoming their domestic political difficulties.81 *Gaiatsu* provided the convenient pretext for liberalising
decisions, enabling the government to externalise the blame for market opening moves and thus reduce the potential costs of the change. Furthermore, a number of government leaders welcomed foreign pressure for agricultural trade liberalisation as a catalyst for introducing a much broader program of agricultural policy reform. They tried behind the scenes to get the United States to request trade liberalisation (Tokokura 1989, p. 78) in order to make the Japanese people believe that Japan must open its agricultural markets as a means of changing the whole structure of domestic agriculture. Even the MAFF was accused of using external market opening pressures for its own policy purposes.82

The tendency of domestic actors to script gaiatsu demands and to encourage outside agents to apply pressure on the Japanese government occurred at a number of critical junctures during Japan’s agricultural trade liberalisation process. In the late 1970s, Japanese importers who did not have orange import licences linked up with American orange producers and their supporters in Congress in an endeavour to influence Japanese policies indirectly to achieve an expansion of orange imports into Japan and hopefully an increase in the number of orange import licences (Sato and Curran 1980, p. 57). Similarly, Japanese officials with contacts with their departmental equivalents in the US administration were not above applying pressure on their own government via their American counterparts. The Foreign Ministry (Gaimusho), for example, encouraged American officials to take the offensive with a very specific set of demands in relation to beef and citrus in the late 1970s as a more effective means of getting a positive response from the MAFF than general admonitions about Japan’s agricultural trade policy (Sato and Curran 1980, p. 14). There was even a rumour circulating that the Foreign Ministry had briefed the American side in what to say to Japanese farm politicians on a visit to the United States on the beef and citrus liberalisation issue (Sato and Curran 1980, p. 52). Another example of such manipulation in relation to trade liberalisation issues occurred in 1982 at the OECD ministers’ conference in Paris. US Trade Representative (USTR) William Brock handed a letter to four Japanese Cabinet members (representing the Ministry of International Trade and Industry [MITI], the Economic Planning Agency, the Foreign Ministry and the Ministry of Finance). The letter included a 34-page list of requested items, both agricultural and industrial, for market access and tariff reductions to be announced in the next trade package by Japan, as well as a five-page draft announcement for Prime Minister Suzuki to make on opening Japan’s market. The proposed announcement from the USTR used English expressions that made some Japanese suspect the letter was initially written by a Japanese person, and according to one theory, by a pro-liberalisation government official in MITI although its author was never
publicly identified (Reich and Endo 1983, p. 32). Much later during the negotiations on rice, the Sake Brewers’ Council in Japan, which shared a commonality of interest with US rice exporters in opening up Japan’s market for rice imports, contacted the American Rice Millers’ Association (RMA) in the 1986–88 period to offer encouragement to the group, saying that they supported the RMA but could not say so publicly.83

As time went by, the United States also began to deploy increasingly successful gaiatsu strategies directed at expanding the domestic impetus for change in Japan.84 This involved attempts directly to mould and influence the domestic process of consensus formation within Japan in favour of market opening by recruiting allies to the US cause, by forming transnational coalitions, by underlining and reinforcing the American case within the domestic policy process, and by attempting directly to expand the ‘active constituency’85 aligned with its objectives.

Firstly, alliances of convenience were crafted between Japanese and American government agencies with the impetus in this case coming from the US side. The US State Department played up its coalition of interest with the Japanese Foreign Ministry on a range of market access questions, including agriculture. At one point this was described as an American attempt ‘to accomplish its objectives by a short cut, by encircling and isolating MAFF and the agricultural interests with the nonagricultural interests’ (Reich and Endo 1983, p. 94). As one Foreign Ministry official commented, ‘Japan’s negotiations with the United States do not seem to be Japan versus the United States as much as an alliance of Japanese internationalists and Americans versus certain Japanese interests’ (Ogura 1982, pp. 137–8). On the beef and citrus market access dispute the same official observed that ‘Sometimes an environment is created in which Japanese and American negotiators join together to attack Japanese domestic agricultural interests’ (Ogura 1982, pp. 137–9). This particular pattern was accorded with forcing ‘agricultural trade concessions from MAFF in the past, and could do so again in the future’ (Reich and Endo 1983, p. 33).

Secondly, the United States extended the focus of its gaiatsu strategy beyond government elites to a range of other groupings and domestic constituencies in order to enhance the multiplier effect of naiatsu. The former Director for Japanese Affairs, Office of the USTR, theorised that ‘The goal is to build as solid a coalition of domestic allies in Japan as possible to apply naiatsu [pressure from within] on the bureaucracy to undertake changes consistent with U.S. interests’ (Fukushima 1993, p. 60). On the rice market issue, US Secretary of Agriculture, Clayton Yeutter, visited Tokyo in August 1990 and met leaders from Keidanren, addressed the American Chamber of Commerce, and met with Ishida Koshiro, Chairman of the Central
Executive Committee of the Clean Government Party (Komeito), which drew support mainly from urban voters, and which was considering a revision its policy platform in order to allow some rice imports. Other meetings involved leaders of other opposition parties such as Doi Takako of the Japan Socialist Party (Nihon Shakaito) and Ouchi Keigo, Chairman of the Democratic Socialist Party (Minshato).

In other instances, loose transnational coalitions were formed between internal and external interest groups. In the 1980s, American and Japanese business groups started to cooperate with each other to present ‘proposals’ demanding the liberalisation and structural adjustment of the Japanese economy, including reform of agricultural protection. Japanese public opinion was also actively targeted. One study reported the existence of planning documents in the US Embassy in Tokyo ‘in which the American negotiators strategized about how best to influence public opinion’ (Schoppa 1993, p. 379, fn. 67). In March 1994 Secretary of State Warren Christopher reportedly bypassed the Japanese government and took America’s case on trade directly to the people: ‘If they’ll permit an outsider to be heard, I think it may be helpful’, he said.

Amongst broad sections of the Japanese public, the United States most clearly chose to identify its interests with those of Japanese consumers, taking the position that ‘liberalization and deregulation measures are for the benefit of Japanese consumers’ (Ito 1993, p. 402). This strategy was facilitated by the appreciation in the yen’s value consequent upon the September 1985 Plaza Agreement. Yen revaluation strengthened the buying power of the yen for agricultural imports at the same time as it boosted the dollar value of domestic commodity prices, thus expanding the differential between Japanese domestic and international food prices. US spokespersons made numerous representations on behalf of Japanese consumers on the need for Japan to import cheaper food. These representations were made both in direct negotiations with the Japanese government and in the domestic and foreign media.

The American defence of Japanese consumer interests was most prominent in the case of the rice liberalisation. The United States reportedly aroused public opinion by complaining about the irrationality of Japanese rice policies from the consumer standpoint (Nagao 1990, p. 27). Opening the rice market was portrayed ‘as a step that will rectify an inequity within Japan and that will benefit the great majority of the Japanese’ (Inakage 1992, p. 55).

As a result of American championing of the Japanese consumers’ cause, a US–Japanese consumer alliance became clearly discernible. The United States was portrayed as ‘an interest group representing the voice of Japanese consumers’ (George 1991, p. 18) and ‘as a surrogate...
opposition party presenting the only true set of alternative policies to the government’s’ (George 1991, p. 18). This form of *gaiatsu* filled the void left by the poor representation of the anti-protectionist case by Japan’s opposition parties and by consumer organisations that rarely put the consumers’ point of view on agricultural trade matters. In this way, *gaiatsu* from the United States ‘seemed to end up compensating for the shortcomings of consumer groups in Japan’ (Terada 1993, p. 23). The emergence of a US–Japanese consumer coalition also bolstered the political fortunes of Japanese political leaders who based their policy appeals on consumer rather than producer interests.89

The advantages to consumers and other beneficiaries of Japan’s agricultural trade policy reform highlighted by US trade negotiators and widely publicised by the Japanese media thus became important elements in the political debates around agricultural trade liberalisation in Japan. They enabled the government to identify important domestic interests advantaged by change which helped to engender both sectoral and public acceptance of market opening decisions.

Policy rationalisation also took the form of joint articulation by Japanese and American leaders of the national interest case for liberalisation in terms of the likely trade benefits to Japan of a liberalised international trading regime. Indeed, invoking GATT principles and emphasising the significance of a successful outcome for the UR in terms of materialising the benefits to Japan of a more liberal international trading regime was common practice for all pro-liberalisation interests in the agricultural trade liberalisation debate, including reformist-minded government party politicians, business groups and the mass media. Moreover, GATT trade negotiations raised the prospect of deals advancing side-benefits and compensations that would not have been possible if the Japanese government had chosen to act unilaterally. This meant that the costs of change could be balanced against the benefits generated and reciprocated through the compliance of other parties to multilateral trade agreements.

As relayed through GATT negotiation processes, foreign pressure also carried the sanction of the international community and therefore legitimised the compliance of domestic authorities. From the perspective of a Japanese trade negotiator, the ‘products or industries that lost their trade barriers because of outside pressure were generally understood to be making sacrifices for the sake of smoothing Japan’s relations with the outside world’ (Yoshioka 1982, pp. 352–3).

Finally, the spectre of US trade retaliation in the face of Japanese recalcitrance on agricultural market access issues forced a reassessment of the balance of Japan’s national
interests in maintaining agricultural trade protection. Organisations such as Keidanren representing Japan’s major industrial exporters made numerous public representations underlining the importance of the US export market for Japan’s manufactures and the need, therefore, to comply with American demands for Japanese agricultural trade liberalisation.

Conclusion

Gaiatsu provided the single greatest challenge to Japan’s agricultural protection system. Japanese authorities accommodated the interests of other state actors (principally the United States) as well as the collective interests of international groupings, represented in the form of requests, demands and pressures channelled through bilateral and multilateral negotiation processes. Although the Japanese government constructed highly defensive positions at each juncture in these negotiations, in the end it conceded to foreign market opening pressure, citing above all the need to accommodate external demands in the overall national economic interest.

In the absence of external pressure, agricultural trade liberalisation would have taken considerably longer to occur. With the assistance of gaiatsu, the Japanese government was able to institute reforms resisted by powerfully entrenched agricultural interests and hence ultimately to control the political influence of its domestic farm lobby. Moreover, because Japan’s agricultural trade policy was but the external face of domestic farm policy, market opening for farm products forced associated domestic adjustments, thus partially internationalising Japan’s agricultural policy system.

In Japan’s case, gaiatsu was, therefore, a necessary condition for agricultural trade liberalisation. It provided both the initial impetus and sustaining momentum for change, although as time went by, external pressure provided a convenient focus around which domestic pro-liberalisation forces could mobilise. Moreover, the principal agent of external pressure—the United States—became more adept at manipulating Japanese domestic constituencies to its own advantage. It publicised its cause directly to affected interests in an endeavour to engender support for agricultural trade liberalisation ‘behind the lines’, it formed coalitions with domestic actors in order directly to infiltrate the domestic policy process, and it assumed the role of a quasi-domestic interest group, targeting domestic political institutions and leaders with various lobbying and publicity activities. All these actions were undertaken in order to help fashion a domestic policy consensus in favour of change.
In this way, gaiatsu influenced the domestic political equation, altering the relative balance of power between pro-agricultural and anti-agricultural protection groups and thus changing the calculations of ruling party politicians with respect to the likely political costs and benefits of liberalisation. Reinforcing this changing domestic political calculus was the powerful national interest argument in favour of the potential trade benefits of a global agreement to liberalise trade and the potential international trade costs to Japan of a failure to bring its policies into line with such a GATT-sponsored agreement.

The utility of gaiatsu as an agent of change in Japan’s agricultural trade policies illustrates how the domestic politics of a state can be penetrated by external political pressures which significantly alter the policy parameters for national decisionmakers and the relative power configurations of domestic groups. The formation of transnational coalitions and attempts by external agents to influence internal political processes as quasi-domestic actors significantly blurred the boundaries between international and domestic systems. To some extent this was facilitated by the nature of the policies targeted by gaiatsu: protection of agricultural interests in Japan imposed costs on certain domestic groups which became natural allies for agricultural exporting interests in the United States.

Gaiatsu can thus facilitate a particular kind of internationalisation of domestic policymaking. On the issue of Japanese agricultural trade liberalisation, intra-state politics was no longer an arena limited to domestic actors or geared just to the interests of domestic actors; gaiatsu actually changed the nature of the policymaking process itself.
Notes


2 Sakakibara (1995, p. 9) gives the example of countries where domestic banking systems as well as monetary policy mechanisms have not fully developed. He argues that ‘if deregulation is forced on those countries, they simply lose sovereignty in policy controls on their own economies and are subjected to volatile movements of international money without having effective policy instruments to monitor them.’ McMichael (1993, p. 200) also makes the point that ‘global capital markets have outstripped the power of national regulators to defend their currencies’.

3 In McMichael’s (1993, p. 204) view, ‘current institutional and private forms of financial and productive internationalization threaten the coherence of national forms of political and economic organization’.

4 These included the principle of non-discrimination, also known as the ‘most-favoured-nation’ (MFN) clause, which stipulated that trade advantages negotiated between any two GATT countries had to be immediately made available to all others. GATT rules also incorporated the principle of reciprocity, which meant that when one country lowered its tariffs on another’s exports the other had to lower its tariffs in return. The MFN clause then extended the concession to other GATT members. Additionally, GATT membership involved an obligation on member-states to bind tariffs. They could only be lowered, not raised.

5 According to McMichael (1993, p. 210), as an economic institution, the GATT was ‘premised on multilateral consensus, internalized by each state, of a set of common rules of economic organization and behaviour’. Freider Roessler also argues that although the GATT was ‘formally an international agreement among countries [it became] functionally part of the domestic constitutional order of each contracting party’ (quoted in Greig [1987, p. 314]).

6 As part of this review process, a GATT Secretariat report on Japanese trade policies and practices released in October 1992 submitted details of the extent and economic impact of Japan’s rice protection. See The Japan Times, 15 October 1992.

7 According to Carmichael (1986, p. 351), the GATT had ‘long-standing practices intended to promote the international transparency of protection measures imposed by member countries’.

8 According to a leading Japanese economist (Yamazawa 1995), APEC is shaping up as a vital part of the process of helping ‘Japan to promote the role of deregulation and liberalisation’ by regularly monitoring and reviewing Japan’s plan for trade reform.
The OECD’s 1989 economic investigation report for Japan, for example, criticised Japan’s protectionist agricultural policies for increasing the burden of consumers and inflating land prices in metropolitan areas. See *Asahi Shimbun*, 27 December 1989.

The interaction between international negotiating and domestic political processes has been modelled by Putnam (1988) in the form of two-level games. The model underlines the complexities of political bargaining that occurs simultaneously at both the international and domestic levels and the linkages between these two processes. This model was explicitly applied to the case of Japan’s rice market opening by Rapkin and George (1993).

As noted by Greig (1987, p. 313), ‘the very existence of negotiations helps governments forestall protectionist pressures and encourages them to think more widely’.

It was observed, for example, that the success of international trade negotiations on the domestic front has been linked to their mobilisation of a ‘coalition of export-oriented industries to offset those import competing industries that are disadvantaged by trade liberalization’. See Winham (1991, p. 34).

Carmichael (1986, pp. 343, 355) pointed out that the ‘GATT was formed to help countries resist pressures for protection from particular interests at home [and] intended to help national governments resist defensive domestic pressures.’ Freider Roessler also argued that ‘The function of the GATT as a negotiating forum is to enable countries to defend the national economic interest, not against the national interest of other countries but against sectional interests within their own and other countries’ (quoted in Greig [1987, p. 314]).

McMichael (1993, p. 201) commented that ‘The formal goals of the … Uruguay Round embody multilateral principles of international exchange, designed to secure individual national state authority against internal claims for restraints of trade on the part of immobile producers and their lobbyists’.

Rausser (1994, p. 2), for example, argued that the Reagan administration hoped that ‘the Uruguay Round could be successfully completed and that an external agricultural code would necessarily be imposed as a constraint on future domestic U.S. farm legislation.’ According to Paarlberg (1992, pp. 27–42), one of the key considerations for the US administration was to use the UR as a means of hastening the process of farm policy reform within the United States in an effort to reduce US farm trade barriers and the budgetary cost of subsidies.

Rausser (1994, p. 16) notes that this ‘line of reasoning characterized the mind set of participants at the outset of the Uruguay Round’.

Rausser (1994, p. 16), for example, talks about the ‘nonseparability’ of domestic political-economic forces and the GATT negotiations.
Ito (1993, p. 393), for example, demonstrated using a standard partial equilibrium model that in the agreements between Japan and the United States over semiconductors and cars that both Japanese producers and consumers were losers, while the only winners were American producers. This was reflected in the degree of Japanese resistance to acceding to American demands for increased access to these markets.

This is captured by the Putnam concept of ‘synergistic linkage’. Putnam (1988, p. 447) argues that international bargaining processes may create ‘a policy option … that was previously beyond domestic control’.

The general theoretical principle that ‘Power arises from an asymmetrical interdependence’ has been advanced by Knorr (1977, p. 102).

As Schoppa (1993, p. 365) notes, ‘Weak nations are likely to agree to policy changes demanded by powerful nations when those demands are backed up by explicit threats of retaliation’.

Examples of these benefits are aid and security guarantees.

According to Ito’s analysis, in the case of US market access, deregulatory and structural impediments demands which collectively covered beef, citrus, rice, satellite procurement, antimonopoly law enforcement and deposit interest deregulation, the winners were Japanese consumers (and US producers), while the losers were Japanese producers. On the other hand, both US producers and Japanese producers and consumers were the losers from revisionist ‘results-oriented’ type pressures. See Ito (1993, p. 392). The general point is made elsewhere in relation to the implementation of Japan’s structural adjustment policy that ‘policy change … impose[s] uneven costs and benefits on interested parties’. See Lesbirel (1993, pp. 4–5).

According to Putnam (1988, p. 445), ‘when the costs and/or benefits of a proposed agreement are relatively concentrated, it is reasonable to expect that those constituents whose interests are most affected will exert special influence on the ratification process [of international agreements]’.

As Hollerman (1980, p. 217) has argued, Japan’s ‘dependence on the world economy for the essentials of its existence [compounds the] fear of being isolated in the world community. This was demonstrated in the wake of the UR agreement. The Japanese aversion to discord and fear of appearing to be out of line helped rally support for passage of UR legislation in late 1994.

The Japanese term for ‘reactive state’ is gaiatsu hannogata kokka (a state which is of the type that responds to foreign pressure). Calder (1988, p. 518) elaborates on the ‘reactive state’ as follows: ‘the state fails to undertake major independent foreign economic policy initiatives when it has the power and national incentives to do so … and it responds to outside pressures for change, albeit erratically, unsystematically, and often incompletely’.
Putnam (1988, p. 437) defines a ‘win-set’ as the set of all possible international agreements that would ‘win’ — that is, gain the necessary majority support amongst domestic constituents.

This description was based on Japan’s inability to resist international pressure on agricultural trade access issues at the UR. See Ouchi (1991, p. 95). According to Oxley (1990, p. 160), while Japan might have supported the Round strongly in principle, ‘on actual, substantive issues, its behaviour was reactive’.

According to one assessment, ‘There is no clear leadership. Important policy items seem to be decided behind closed doors.’ See Ito (1993, p. 406).

Tokuyama (1991, p. 37) argues that ‘Groupism, passive risk avoidance, and lack of decisive leadership are the hallmarks of Japanese business and government in the postwar era’.

This point has been argued by a number of analysts. See, for example, Lincoln (1993, p. 208). The so-called ‘truncated pyramid’ or ‘headless chook’ or ‘headless monster’ model of Japanese policymaking process has been most actively proselytised by van Wolferen (1988, p. 5).

In December 1994 many LDP factions publicly announced that they would dissolve themselves as formal organisations, although they added the proviso that they would continue to function as study groups. In theory, therefore, the main factional groupings within the LDP have now been dissolved, although in many cases the old factional allegiances remain alive in the interpersonal relationships amongst politicians. Furthermore, in the post-October 1996 Diet handbook, the official factional affiliations of LDP members are again being listed.

According to Ito (1993, p. 406), ‘No one seems to be in charge, but somehow a group of powerful players form a consensus’.

One analyst commented that ‘Initiative tends to be confined to issues with minimum risk and controversy and with relatively calculable costs’. See Hellman (1988, p. 371).

Japan has undergone reform of its Lower House electoral system and will hold elections under the new system in October 1996. The Upper House electoral system remains intact.


The targets of US gaiatsu can be categorised into demands for market access (such as tariff reduction and quota abolition), market shares, export restraints, removal of structural impediments and domestic deregulation, all designed either to increase American exports to Japan or decrease Japanese exports to the United States.

A study of the impact of *gaiatsu* on the policy sectors affected by the American Structural Impediments Initiative (SII) — Japan’s distribution system, land policy, savings and investment balance, its exclusionary business practices and *keiretsu* business groups — revealed somewhat variable results, depending on a number of factors including the power of external actors to mobilise domestic support. See Schoppa (1994). Schoppa’s study offered ‘generalizations about when foreign pressure was likely to yield the most response, and how foreign pressure produces policy outcomes which were previously blocked due to domestic political constraints’ (p. 1). The direct intrusion of SII pressures into the policy formulation process in Japan, however, is powerfully illustrated by the FY1991 budget process, in which the interim SII report which recommended a large increase in Japan’s public works investment created an expectation of a big rise in the amount allocated to public works expenditure in the budget. This prompted the LDP’s ‘tribe Diet members’ (*zoku giin*) to compete actively for a share of the increase on behalf of their clientele sectors and industries. Furthermore, the ceiling on investment-related expenditure in the draft ministerial budgets (*gaisan yokyu*) for FY1991 was relaxed. *Asahi Shimbun*, 3 June 1990.

This is the perspective gained from a study of Japanese industry regulation which concluded that ‘American influences were projected directly into Japanese domestic politics both through American companies and American trade negotiations’ (Wilks and Wright 1991, p. 5).

Lincoln (1993, p. 209) explains Japan’s susceptibility to US *gaiatsu* as coming about ‘as a result of historical legacy (the war and occupation), a vague sense of international hierarchy (the Japanese still view the United States as more prestigious and powerful than their own country), an overwhelming focus on maintaining access to American markets for goods and investment (given the large shares of exports and investment destined for the United States), and a concern for maintaining the US–Japan mutual security treaty as the cornerstone of Japanese foreign policy.

This attitude is summed up by Hiroshi (1992, p. 25). He argued that ‘Japan’s only practical course of action is to kowtow to Washington in hopes that it will defend our overseas investments in its capacity as global cop. We must avoid confrontation with the United States at all costs. On the rice-import issue, we must assure Washington that we will agree to market opening before the Uruguay Round of the General Agreement on Tariffs and Trade draws to an end. If Americans complain about the inefficiency of our distribution system, we must promise to fix it’.

According to a Japanese official negotiating with the United States during the SII talks, Japanese dependence on the American market induced the Japanese government to
agree to the US demand to open these talks. See Nomura (1990, p. 10). Fujitani (1986, p. 102) also argued that the principal axis of substantial domestic pressure relating to Japan–US agricultural trade friction was the maintenance of close economic relations with the United States, particularly the fact that America was an important market for Japanese manufactures.

45 America’s significance as an export market has been declining in relative importance in recent years, but it is still Japan’s largest single export market at 29 per cent. If exports from Japanese-owned companies in East Asia are included in the figures, this percentage would rise to traditional levels (35–40 per cent).

46 According to Terada (1993), ‘Where such deep interdependence exists, domestic intervention through external pressure may become conventional’ (quoting from Kojima [1988, p. 158]).

47 Ouchi (1991, p. 95) described Japan as weak to external pressures, especially from the United States because of its considerable trade imbalance.

48 McCall Rosenbluth (1993, p. 421) also argues that ‘Even in a post-Cold War world, Japan continues to rely on the United States for much of its defense. Second, as long as Japan’s exporters rely disproportionately on U.S. markets for their viability, it is unrealistic to assume Japan could improve its welfare by asserting itself more forcefully. Japan’s leadership still sees the country’s interests served better by supporting than by challenging the United States’.

49 For a more detailed analysis of agricultural trade policy changes under external pressure, see George (1984, 1990a, 1990b, 1993)

50 For example, Japan’s increases in American beef imports between 1978 and 1988 in lieu of liberalisation represented a country-specific concession. Australia’s share of total Japanese beef imports fell from 60 to 42 per cent between 1980 and 1989, compared to a rise in the US share from 22 to 52 per cent. Over this critical period, the United States moved from a marginal to a major supplier of beef to the Japanese market, largely as a result of bilaterally negotiated Japanese beef quota expansion agreements, the institution of pricing structures in Japan that favoured American beef, biases in the allocation of import quotas, the use of similar mechanisms in import quota administration and the unrestricted competition of diaphragm beef with quota beef (diaphragm beef was outside the quota system and was almost exclusively supplied by the United States). See Australian Meat and Livestock Corporation (1988). See also George (1984) and Australian Bureau of Agricultural and Resource Economics (1987).

51 There were both confirmed and denied reports that the Japanese government had already done a deal with the United States on rice in October 1993, prior to the final round of negotiations at the GATT. Japanese newspapers in early October reported that Tokyo and Washington had reached a deal on opening Japan’s rice market to imports under a six-year arrangement giving limited access — which was true to the final deal that was
made public in December. According to press reports at the time, even though rice was the major sticking point in Japan’s accession to the final GATT agreement in December 1993, Japan’s apparent stance in late 1993 was to give priority to negotiations with the United States in resolving the tariffication issue. *Jiji Press*, 18 October 1993.

The figures for the potential economic value of particular commodity market liberalisations tended to change over time. A calculation in the late 1970s produced a figure of US$500 million if Japan liberalised citrus and beef products. (Sato and Curran 1980). By the mid-1980s, calculations estimated a total of US$400 million for beef and US$50 million for citrus if Japan liberalised these markets (Sorich 1986, p. 1). In the early 1990s, Ito (1993, p. 399) pointed out that if ‘every Japanese suddenly consumed twice as much beef and all the increase came from abroad, it would reduce Japan’s trade surpluses by $2 billion’. As far as general figures are concerned, it was estimated that if Japan yielded to all the American demands for removal of agricultural trade barriers in the mid-1980s, US sales to Japan would go up by an estimated US$1 billion, which was small relative to the US–Japan trade deficit of US$50 billion in 1985. See Sorich (1986, p. 1).

According to Yoshioka (1982, pp. 352–3), ‘American demands that Japan liberalise its import restrictions (including those on agricultural products) were made strongly whenever Japan built up a considerable surplus in the two nations’ bilateral trade’.

One of the consistent Japanese responses to American pressure for market access has been to offer concessions in areas where they can be more easily engineered in lieu of those in more difficult and sensitive sectors. See George (1991) for an analysis of Japan’s ‘substitution’ response.

Reich and Endo (1983, p. 102) also noted that the ‘U.S. government … sought agricultural concessions from Japan both as an end in itself and as a means to other policy and political goals’.

Donnelly (1993, p. 337) commented that ‘the United States often makes symbols out of individual issues to characterize the entire Japanese market as closed’. Terada (1993, p. 15) also reported that a Japanese negotiator claimed that American negotiators often raised the example of commodities such as beef, oranges (and the construction industry) as symbols of Japan’s closed markets. He concluded that a ‘conspicuous feature of the US pressure on Japan is that the US tends to adopt a specific trade issue as a “symbol” of Japanese market exclusiveness. Such “symbolisation” of a certain trade issue has often been observed in previous US–Japan trade negotiations’ (Terada 1993, p. 15). At a House Subcommittee on International Economic Policy and Trade in April 1978, it was said that citrus and beef were ‘of more symbolic significance than of major commercial value to our nation as a whole’. See Sato and Curran (1980, p. 41). A United States Department of Agriculture (USDA) report stated that ‘The United States views Japan’s import quotas on beef and citrus products as symbolic of a broader problem of...
Japanese protectionism’. See Coyle (1986, p. iii). Elsewhere, Coyle states that ‘Beef and citrus have come to symbolize Japan’s protectionist agricultural policies’ (p. 1).

57 According to Sorich (1986, p. 6), the ‘adversarial tone and substance of farm negotiations between the two countries [reflected the fact that] dissatisfied U.S. farm interests actually dominate the U.S. –Japan farm relationship because they press their case with the vigor of the injured’.

58 Ufkes (1993, pp. 222–3) provides a good examination of the factors behind the US ‘supply push’ in the area of agricultural exports to Japan from the 1970s onwards, covering both general economic factors and those specific to agriculture and particular agricultural sectors.

59 This applied in particular to the US beef and citrus sectors. According to a USDA report, it was ‘a matter of U.S. policy to promote exports of value-added agricultural commodities like beef and citrus products … which have a greater impact on employment and income per dollar of experts than do bulk commodities. Furthermore, the Japanese market is extremely important to U.S. beef and citrus interests’. See Coyle (1986, pp. 5–6). In another USDA report, it was argued that if the Japanese beef and citrus markets were liberalised, ‘they would enable the United States to enhance its share of the value-added component of its agricultural trade with Japan, thus expanding the impact of these exports on the rest of the U.S. economy … [W]ith the removal of import quotas on beef, oranges, and citrus juice the United States could increase its net exports of agricultural products to Japan by $300–350 million … About 90 percent of the estimated increase would be in beef, which would expand U.S. demand for feed by $250–300 million’. See Coyle (1983, p. 27). This contradicts the argument in Paarlberg (1990), who notes that the US livestock industry was ‘not especially competitive in world markets’ (p. 138), which did not augur well for an open market situation in which American suppliers would have to compete with Australian producers. According to documents of the Office of the US Trade Representative (USTR), the potential dollar value for American rice exports to Japan in the event of market liberalisation was estimated at over US$600 million in 1989. See National Trade Estimates Report: Foreign Trade Barriers (1989, p. 100), quoted in Mastanduno (1992, p. 736). American apple producers calculated that they lost US$150 million in lack of access to the Japanese market in the period 1989–94.

60 The reasons for the agricultural export push from the United States in the 1970s and 1980s have been extensively examined in the literature and will not be discussed here. See, for example, Reich and Endo (1983, pp. 6–13).

61 Asahi Shimbun, 6 June 1990. According to Paarlberg (1990, p. 139), the export-dependence of American rice producers made economic sense out of the rice-growers’ campaign to enter the Japanese market, particularly in light of the fact that they produced Japonica rice.
For example, at the OECD meeting and Venice Summit in 1987, Japan signed a declaration calling for cuts in farm support so that production would be more responsive to the market. *The Economist*, 18 July 1987.

For example, the Tokyo Summit of May 1986, for the first time, devoted one paragraph in its declaration to agricultural trade problems, stating that ‘in all of our countries we have to know that domestic subsidies and agricultural protection policies have caused international structural over-production. When oversupply exists, we have to reorganise agricultural policies in the light of international demand and adjust agricultural production structure’. See Hayashi (1986, pp. 123–4).

The United States attempted to make agriculture subject to major liberalisation negotiations at the start of the Kennedy Round (1963–67) but was unsuccessful in its bid to link the round as a whole to a positive outcome on the agricultural front. Liberalisation was undertaken by the Japanese government in the Kennedy Round but it affected mainly industrial products. The major purpose of the Tokyo Round was to reduce non-tariff barriers to free trade, including residual import quotas and agriculture was on a list of several non-tariff-related agenda items at the round. According to Fukushima (1992, p. 297), unlike previous GATT rounds, which had concentrated on reducing tariffs, the Tokyo Round was unique in negotiating the lowering and even abolition of non-tariff barriers including import quota systems. The results for agriculture were mixed, however, with some tariff reductions and quota expansion but limited liberalisation (see Tables 1 and 2 for details about liberalised items and quota expansions for beef, oranges and orange juice). At the UR, agriculture was the sixth negotiating group of 15 designated for discussion. Saeki (1991, p. 18) reasons that what made the UR different from the previous rounds was that ‘comparatively systematic negotiations were launched in a form which dealt with agricultural border measures, domestic agricultural policies and GATT agricultural trade rules as a compound issue’. According to Saeki, the key difference between the Uruguay and earlier rounds, was that previous rounds only covered tariffs and direct import restrictions in order to respect the sovereignty of each state over its domestic policies. The UR was therefore unprecedented in its attempt to tackle the domestic policies that influenced international trade (pp. 2, 4).

Objectives of the UR in relation to agriculture were ‘to improve market access for agricultural products by reducing import barriers such as quotas and other non-tariff barriers; improve the competitive environment by reducing the forms of internal agricultural support (both direct and indirect) which distort trade; and minimise the adverse effects of sanitary and phytosanitary regulations on international trade’. See Australian Bureau of Agricultural and Resource Economics (1990, p. 5).

The ministerial declaration from Punta del Este that launched the UR, and quoted in Rausser (1984, p. 12).
Fujitani (1991, p. 198) argues that, in retrospect, the most significant negotiations in Japan’s agricultural trade liberalisation process were bilateral Japan–US agricultural trade negotiations, the Tokyo Round, the US petition to the GATT on the 12 miscellaneous agricultural product categories in July 1986 and the GATT Uruguay Round.

According to Reich and Endo (1983, p. 4), beef and citrus ‘became the most provocative issues in the Multilateral Trade Negotiations (MTN) for agriculture in 1977 and 1978’. According to Ufkes (1993, p. 223), the United States formally asked for an expansion of Japan’s beef imports within the framework of the Tokyo Round.

For a blow-by-blow description of the process leading to this agreement, see Sato and Curran (1980).

According to Ufkes (1993, p. 225), in early April 1988 the United States requested a GATT review of Japan’s beef import restrictions, but Japan opposed the request, resulting in its denial. The United States then made a second appeal for a GATT review that was not blocked by Japan, and in May 1988 the GATT was given formal jurisdiction over the dispute.

These petitions were presented in September 1986 and September 1988. Their contents are outlined in Table 4.

Yeutter’s press conference speech, 28 October 1988, p. 4.

The view of some officials in the State Department was that there was tremendous loss of political capital for the United States in putting Japanese farmers out of business and in pressuring Japan directly in such a politically and culturally sensitive area. They argued that the agricultural trading relationship with Japan consistently ran huge surpluses and that pursuing Japan on rice could jeopardise more than the United States would gain. Author’s interviews with State Department officials, Washington, March 1993.

These were effectively US Trade Representative Clayton Yeutter’s words at his press conference on 28 October, 1988, explaining why he had rejected the second petition of the Rice Millers’ Association. Press Conference Speech, p. 4.

As Oxley (1990, p. 5) also notes, ‘the success of international agreements depends fundamentally on the extent to which the most powerful signatories to those agreements are prepared to support them’.

This involved replacing quantitative barriers to agricultural trade, such as bans on imports or quotas, with tariffs. Tariffs, or taxes on imports, were seen as being advantageous because they provided ‘much greater transparency … with respect to the level of protection’. See Blackhurst, quoted in Greig (1987, p. 306).

According to the views expressed by officials of the State Department, they could not see any reasonable logic in pursuing Japan on a politically sensitive issue that was relatively less important on the US bilateral agenda. The limited commercial value of
US rice exports to Japan contrasted with beef and oranges, where there was tremendous market potential, where Japan’s import restrictions were GATT illegal and where ‘everyone was in favour of getting rid of a corrupt structure’. Author’s interviews with State Department officials, Washington, March 1993. This view of the State Department contradicts the reasoning in Paarlberg’s (1990) article, where he argued that rice producers’ export dependence made pursuit of Japanese rice market opening a logical strategy.

78 One writer argued that rice created more friction between Japan and the United States than any other issue at the UR. See Nagao (1991, p. 90).

79 These negotiations also covered specific tariff reduction commitments contained in individual country schedules. For Japan, see United States Department of Agriculture (nd).

80 The rice talks were led by Joe O’Mara of the USDA, chief US negotiator for farm trade talks in Geneva, and Shiwaku Jiro, the chief Ministry of Agriculture Forestry and Fisheries (MAFF) negotiator for the Japanese side.

81 Putnam (1988, p. 455) cites the example of the German case where international pressure was welcomed ‘as providing a useful “tailwind” in German domestic politics’. This is very similar to the view of gaiatsu held by Japanese domestic reformers.

82 A press report commented that ‘To avoid isolation in the farm trade negotiations under the General Agreement on Tariffs and Trade (GATT), the ministry [namely MAFF] wants to improve the food control system using the lever of foreign pressure’. *Jiji Press Newswire*, 26 February 1990.

83 Interview with the former Vice-President of the RMA, Stephen Gabbert, Washington, March 1993.

84 Schoppa noted the ‘ability of the Americans … to alter the political game inside Japan to its advantage’ (1993, p. 356).

85 This is Putnam’s terminology. See Putnam (1988, p. 445).

86 *Reuter Newswire* (Far East), 21 August 1990.


88 Christopher gave a speech to the Japan Association of Corporate Executives, or JACE (Keizai Doyukai) which had called for the elimination of tariffs on products coming into Japan. *Japan News*, 11 March 1994.

89 This applied particularly to former Prime Minister Kaifu during the SII talks and to former Prime Minister Hosokawa on deregulation issues. Kaifu with the aid of the

90 Market access for foreign rice, for example, has precipitated a partial liberalisation of Japan’s domestic rice marketing system under the 1994 New Food Law.

91 This point is similar to Donnelly’s (1993, p. 342) comment about the linkages between domestic politics and international negotiation processes in US–Japan relations: ‘Neither “state” is exclusively the sole agent involved in bargaining … the formation of transnational coalitions often blur even further any simple notion of two “sides” engaging in goal-seeking behaviour or the idea of two-level games exclusively played in one country. In some cases it is not certain who is on which side, within and outside the government, and on both sides of the Pacific’.
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