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Japan

Grain and Feed

Japan's Rice Crop Volume Expected to Hit 10 Year Low

2003

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Report Highlights:

Due to a cool rainy summer, Japan's rice harvest is expected to be around 10 percent below normal. Imports beyond the minimum access commitment are not expected to take place due to large government stocks. The more popular varieties are in high demand and similar U.S. varieties such as "akitaomachi" could benefit. There may also be opportunities to promote U.S. medium grain rice in the food service sector if MAFF decides to release government stocks.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Tokyo [JA1]
[JA]

Japan's rice crop volume expected to hit 10 year low

Due to a cool rainy summer, researchers predict a significant drop in the rice harvest this fall, possibly falling 10 percent from normal production. This translates to a drop in the crop size by over 1 million metric tons on a brown basis compared to last year.

Forecasts by a private research institute at the end of July 31 estimated a 6 percent decrease in crop size from normal, indicating a "poor" harvest. Northern Pacific regions in particular are being hit the hardest, while the two major producing prefectures facing the Japan Sea, Niigata and Akita, have not been affected as badly. Throughout August, growing conditions have suffered from a typhoon and continued cool rainy weather, which will likely result in a further reduction in the harvest forecast. In response, the Ministry of Agriculture, Forestry and Fisheries (MAFF) established an ad hoc office to offer guidance to producers on how to minimize the losses. However, the situation does not appear as devastating as 1993 when the crop size was 26% below normal.

Market reactions

As a result of the poor weather, the wholesale market moved to secure stocks of early harvested *koshihikari* rice from the southern regions because of its popularity with consumers. In the first tender of the new season conducted on August 8, prices for this variety reached over 19,000 yen (\$161.01) per 60 kilograms, more than 3,000 yen (\$25.42) higher than last year. In the August 12 transaction, prices for *koshihikari* grown in Miyazaki prefecture located in the southern island of Kyushu soared to 24,000 yen (\$203.39). As wholesalers continue to bid aggressively for popular brands, prices for less popular varieties should rise as well. However, there should not be a shortage of rice in the market as a whole due to the two million metric tons (brown basis) currently held in government stocks. As a result, it is unlikely that MAFF will conduct emergency imports of foreign rice as it did during the short crop ten years ago.

Opportunity for U.S. rice

In a short crop situation, the large supermarket chains will use their purchasing advantage to secure adequate stocks of the popular domestic varieties, leaving the smaller supermarket chains and independent rice shops in difficulty to obtain sufficient supply of such popular varieties. Given this supply situation, and the expected higher prices for these popular varieties produced domestically, there may be an opportunity for expanded sales of high quality U.S. table rice such as *akitakomachi* and *koshihikari*, provided that there is sufficient U.S. production available this season. Further, there may be opportunities to promote U.S. medium grain rice in the food service sector if MAFF decides to release government stocks. If stocks are released, it will be important to monitor sales to ensure that 100% unblended U.S. rice is sold.

Revised PS&D Table

**PSD
Table**

Country	Japan	Commodity	Rice, Milled	(1000 HA)(1000 MT)			UOM				
				2001	2002	2003					
				Revised Post Estimate	USDA Official [Old]	Estimate Post Estimate	USDA Official [Old]	Forecast Post Estimate	USDA Official [Old]	Forecast Post Estimate	
Market Year Begin				11/2001		11/2002		11/2003			MM/YYYY
Area Harvested				1706	1706	1688	1688	1670	1680	(1000 HA)	
Beginning Stocks				1665	1960	1517	1829	1131	1628	(1000 MT)	
Milled Production				8242	8242	8089	8089	8000	7180	(1000 MT)	
Rough Production				11321	11321	11111	11111	10989	9863	(1000 MT)	
MILLING RATE (.9999)				7280	7280	7280	7280	7280	7280	(1000 MT)	
TOTAL Imports				655	700	700	700	700	700	(1000 MT)	
Jan-Dec Imports				616	646	650	650	650	650	(1000 MT)	
Jan-Dec Import U.S.				309	303	0	325	0	325	(1000 MT)	
TOTAL SUPPLY				10562	10902	10306	10618	9831	9508	(1000 MT)	
TOTAL Exports				45	150	200	200	200	200	(1000 MT)	
Jan-Dec Exports				43	150	200	200	200	200	(1000 MT)	
TOTAL Dom. Consumption				9000	8923	8975	8790	8658	8658	(1000 MT)	
Ending Stocks				1517	1829	1131	1628	973	650	(1000 MT)	
TOTAL DISTRIBUTION				10562	10902	10306	10618	9831	9508	(1000 MT)	