

Voluntary Report – Voluntary - Public Distribution

Date: March 11, 2025

Report Number: JA2025-0009

Report Name: Continued High Prices for Japanese Table Rice Leads to High Import Demand and Release of Government Emergency Rice Supplies

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Agriculture in the News, Grain and Feed, Country/Regional FTA's, Trade Policy Monitoring

Prepared By: Keiko Fujibayashi

Approved By: Erica Summe

Report Highlights:

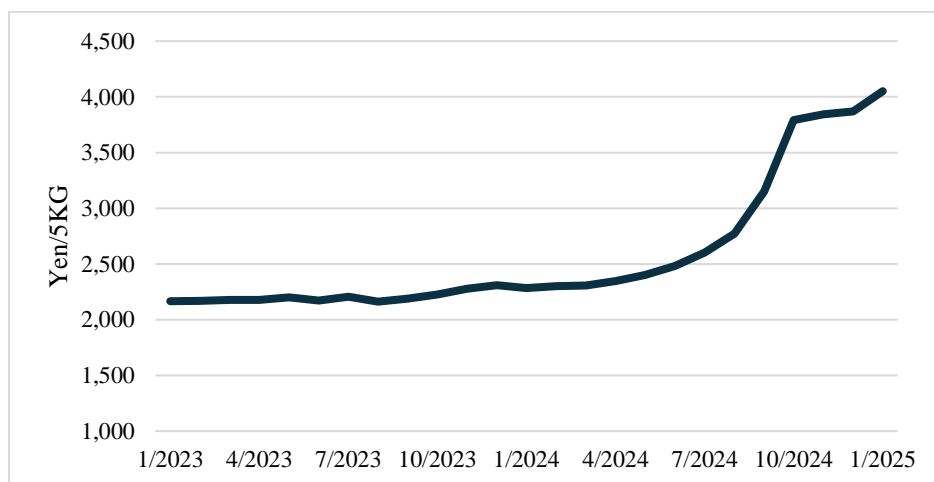
The Ministry of Agriculture, Forestry and Fisheries (MAFF) has taken extraordinary steps to alleviate high rice prices that have continued to increase since the domestic rice shortage in summer 2024. While the arrival of the new crop hit supermarkets last September, easing the shortage, prices have continued to spike and are almost 80 percent higher in January 2025 than one year ago. In response, demand for imported rice has been bullish, both inside the state-traded quota system and with private sales, which typically face prohibitive tariffs. However, MAFF stated there is sufficient quantity of rice in Japan and that the problem stems from how the rice is being distributed. In a move typically done to assist with natural disaster relief, this will be the first time since the launch of the reserved rice system in 1995 that the government is releasing rice reserves to improve problems with distribution.

Japan's Rice Prices Remain Elevated Post Summer 2024 Shortage

Following Japan's rice shortage and subsequent high prices in summer 2024, prices have continued to soar, despite the arrival of the new domestic crop and record imports. In January 2025, the Ministry of Internal Affairs and Communications (MIAC) reported the retail price for a 5-kilogram bag of rice rose to 4,051 yen (USD 27.4¹), up 77 percent from a year ago, and the highest price since at least 2000 (Chart 1). In addition, in January, MAFF reported the wholesalers' purchase price also rose to the highest price since 1990, at 25,927 yen (USD 175), per 60 kilograms. While food prices, in general, have been on the rise due to inflation in Japan, rice prices have gone up more sharply than other staples like noodles and bread. According to MIAC, in January, the consumer price index (CPI) for rice was 172.4, while the CPI for all food, noodles, and bread were 124.7, 120 and 124.3, respectively, using 2020 as the base year for 100 (Chart 2).

Japan's 2024 rice shortage ([JA2024-0044](#)) was the result of a number of factors, including historically low stocks, as well as an unforeseen spike in demand as consumers were prompted to panic buy more rice than usual following a series of typhoons, an earthquake, and a government warning of a potential large-scale earthquake. In addition, MAFF noted increased consumption due to high levels of foreign tourists. In August 2024, in response to empty supermarket shelves, some prefectural governments called for the release of government reserved rice² to provide relief to the shortage. At that time, MAFF did not release government reserves, noting the arrival of the new fall crop in September would stabilize supplies and prices; however, lower prices have not realized.

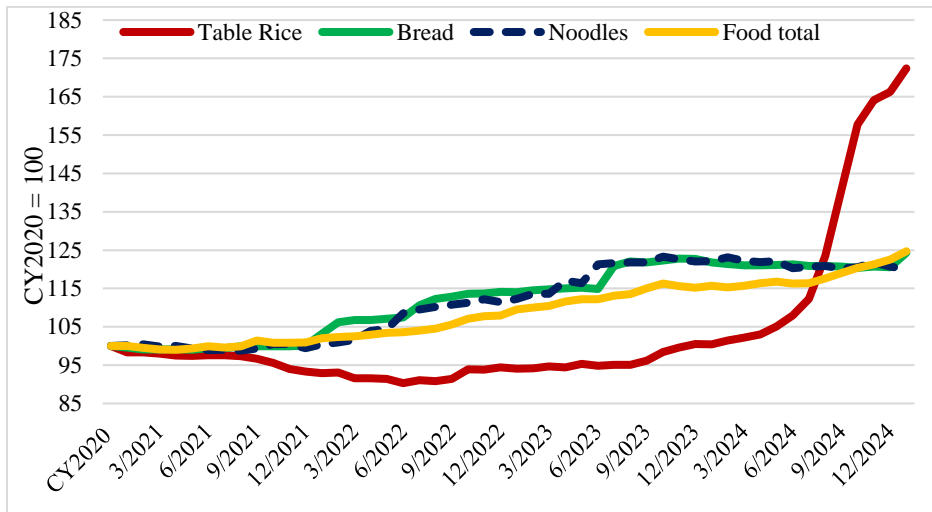
Chart 1. Retail Prices of 5 KG Rice



Source: MIAC

¹ Based on the central rate of US dollar/Japanese Yen at 147.95 yen on March 7, 2025 by the Bank of Japan <https://www.boj.or.jp/statistics/market/forex/fxdaily/index.htm>

Chart 2. Consumer Price Indices (CY2000 = 100)



Source: MIAC

MAFF Fully Utilizes Quota for Table Rice Imports for the First Time Since 2017

In response to increasingly high domestic rice prices, demand for imported rice has surged. Rice is a state-traded product in Japan, and MAFF controls the import of rice through tenders which regulates the timing and volume of imports. The Government of Japan (GOJ) commits to import a minimum of 682,000 MT (milled basis) of rice each year to fulfill its WTO tariff rate quota (TRQ). MAFF administers the TRQ and imports a maximum of 100,000 MT within the WTO TRQ through Simultaneous Buy and Sell (SBS) tenders. Importers and wholesalers jointly bid for SBS tenders to import rice intended to sell as table rice. MAFF purchases the remaining volume under Ordinary Market Access (OMA) tenders and then sells the OMA rice to domestic users for processing, feed, or food aid exports.

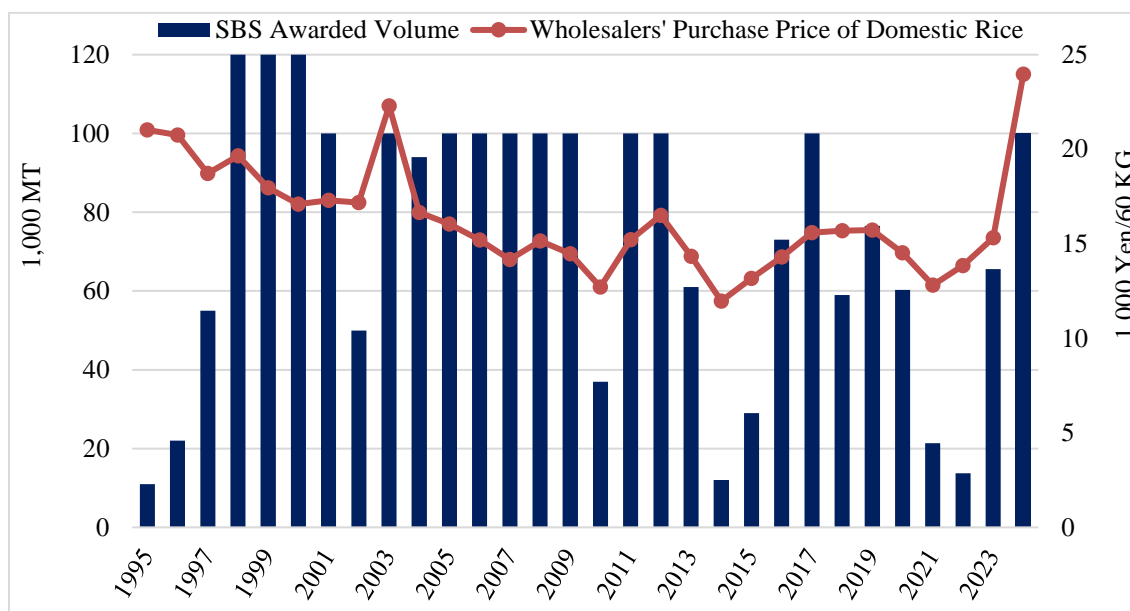
MAFF starts the WTO SBS tender in September and holds the SBS tender once a month, offering 25,000 MT for bids in each tender until the 100,000 MT quota is filled. For the first time since 2017, the entirety of the 100,000 MT quota was fully utilized by the fourth tender in December 2024, contracting the full volume of 25,000 MT in each tender (Chart 3). The United States was the top supplier, accounting for 61 percent of the total 100,000 MT quota. The next largest suppliers were Australia, with 14 percent, and Thailand with 7.5 percent (Chart 4). Medium grain rice was the top variety, which accounted for 65 percent (65,249 MT) of the total awarded volume (Chart 5). Medium grain rice is a relatively close variety to short grain Japonica rice, which is the domestic variety predominantly produced and consumed in Japan. The United States accounted for 84 percent (54,804 MT) of the awarded volume of medium grain rice, followed by Australia for 16 percent (10,200 MT).

MAFF imposes a price markup on SBS rice imports, which it determines based on economic factors, including demand from importers. Given the surge in demand, intensified competition among bidders, and high domestic rice prices, the markup for imported rice (whole grain rice for all origins) was pushed

up to its ceiling of 292 yen³ (USD 1.90) in November and December. For the last six years between Japan Fiscal Year (JFY)⁴ 2018 and JFY2023, the markup remained unchanged at 61 yen/kg⁵ (USD 0.4/kg). This markup accounted for 70 percent and 60 percent of MAFF’s total sales prices of U.S. medium grain rice to wholesalers in November and December, respectively.

Japanese rice imports within the Australian Country Specific Quota (CSQ), which was set under the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP), have also been strong. In JFY2024, MAFF held five SBS tenders and awarded a total of 6,914 MT by February 25, 2025, filling 99 percent of the quota of 6,960 MT. The markup remains unchanged at 51 yen/kg, (USD 0.3/kg) which makes Australian CSQ rice more price competitive than WTO SBS rice. If the 6,960 MT quota is fully realized in JFY2024, it will be the first time since the CPTPP CSQ was introduced in 2018.

Chart 3. SBS Awarded Volume and Domestic Rice Price



Source: MAFF

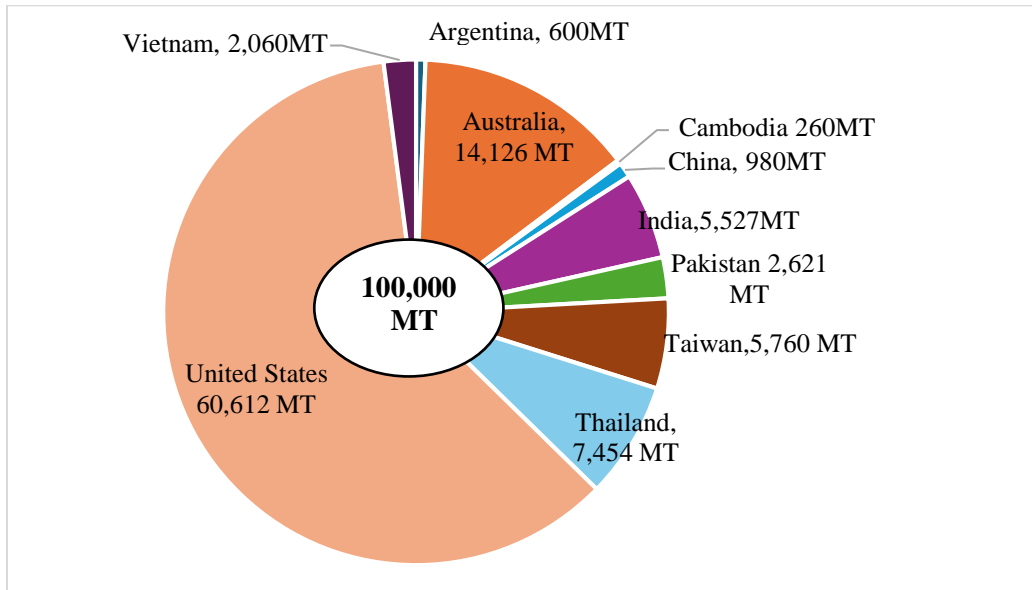
Wholesalers’ purchase price in November 2024 is quoted for 2024, and the year-average price for the remaining years.

³ The Government of Japan sets 292 yen/kg as the maximum markup under the “Act on Stabilization of Supply, Demand and Prices of Staple Food.”

⁴ Japan Fiscal Year (JFY) runs from April 1 to March 31.

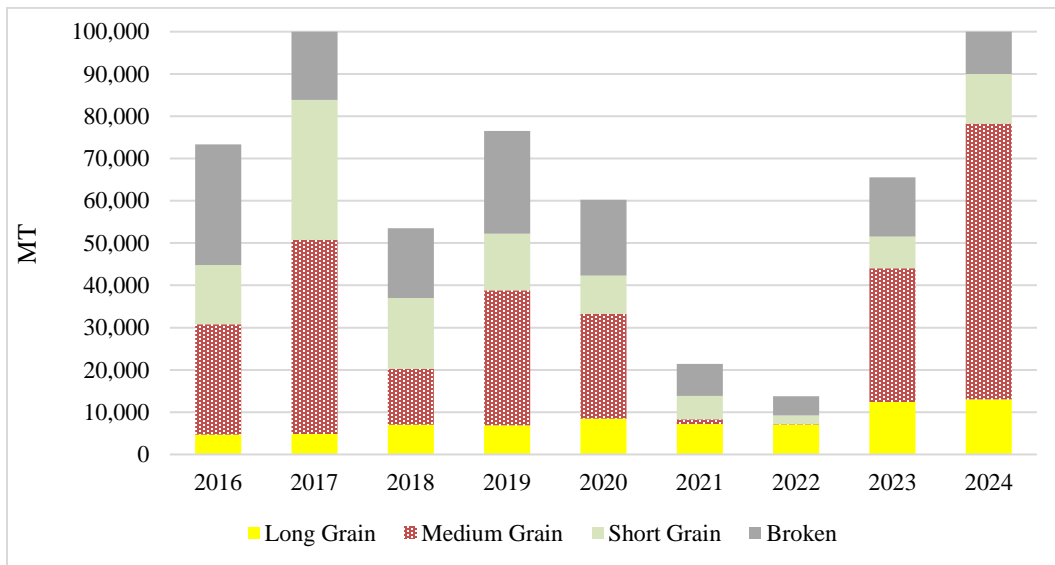
⁵ The markup in the text does not include 8 percent tax.

Chart 4. JFY2024 SBS Successful Bid Volume by Supplier



Source: MAFF

Chart 5. SBS Successful Bid Volume by Grain Type



Source: MAFF

Companies Import Rice Outside of MAFF’s State Trading System, Despite High Tariffs

Once the government SBS import quota is fully realized, companies must pay a tariff of 341 yen/kg (USD 2.30/kg) for imports. Historically, imports outside of the state-trade system are negligible due to the prohibitively high tariff. Yet, after the SBS quota was filled in December 2024, companies began to import rice outside the state trading system through private importers. According to importers, imported

rice is still price competitive against domestic rice even with the 341 yen/kg tariff. According to MAFF, rice imports outside of the state-traded system are up by almost 170 percent when comparing the first ten months of JFY2023 to the same time period in JFY2024. In JFY2023, 368 MT of rice was imported outside the state trading system for the first 10 months of the Japanese Fiscal Year, compared to 991 MT in JFY2024, including 523 MT imports in January 2025, alone.

MAFF Releases Emergency Rice Supplies

The GOJ stores approximately one million MT⁶ in rice reserves to prepare for crop failure, natural disasters, or other emergencies. On February 14, MAFF announced the release of 210,000 MT of reserved rice to improve distribution, and therefore, curb high retail prices. This is the first time the GOJ has released rice reserves for a non-disaster or harvest-related issue since the reserve program was launched in 1995. In January, MAFF changed its rules to allow reserved rice to be released for issues related to market distribution, provided that, in principle, MAFF will buy back the same amount of rice from distributors within one year. Since the launch of the government rice reserve system, there have been no release of reserved rice in response to poor harvests; however, rice reserves were released following earthquakes in 2011 and 2016.

MAFF stated the goal of the release of the reserved rice is to normalize distribution in the market and disincentivize people from holding additional volume, subsequently causing high retail prices. MAFF stated there are currently sufficient rice supplies to meet demand in Japan, and that some of the distribution problems may be due to firms holding their inventory in anticipation of further price increases. MAFF examined how much rice was collected by distributors from farmers in 2023 and 2024, and while the 2024 crop was 180,000 MT larger than the 2023 crop, the amount collected by major distributors⁷ in 2024 was smaller, by approximately 210,000 MT. This finding led MAFF to release its rice reserves to the distributors.⁸ Analysts and critics in the media have posed the question on whether 210,000 MT is enough to lower prices. The release of 210,000 MT equates to about 37 percent of Japan's monthly rice consumption and 3 percent of Japan's yearly rice consumption.⁹

In press briefings, MAFF Minister Taku Eto has stated that MAFF could release additional quantities if the situation does not improve. MAFF will hold a bidding for the initial release of 150,000 MT on March 15 and will decide the second and subsequent biddings based on the future market situation. MAFF expects the rice will be delivered to the successful bidders in mid-March or later, while reserved rice will not begin to appear in supermarkets and other stores before the end of March.

⁶ MAFF purchases about 200,000 MT of domestically produced rice every year, stores it for about five years, and sells 5-year-old rice for feed and processing or export as food aid. As of June 2024, approximately 910,000 MT of rice had been stored at privately owned warehouses throughout Japan.

⁷ According to MAFF, major distributors include those that distribute no less than 500 MT per year of rice and wholesalers that sell no less than 4,000 MT per year of rice, and MAFF estimates the stocks held by those distributors and wholesalers account for 75 percent of the total private stocks.

⁸ As of January 2025, MAFF found the shortage delivered to major distributors to be 210,000 MT. However as of February 2025, this number could be greater.

⁹ MAFF estimates consumption for a year to be July through June., so 2024/25 = July 2024 – June 2025.

MAFF will not disclose the minimum price it sets for the bidding. In the first bid, MAFF will release rice from both the 2023 and 2024 crops, with 50,000 MT coming from the 2023 crop and 100,000 MT from the 2024 crop. MAFF stated the price of rice from the 2023 crop is cheaper than the 2024 crop rice. MAFF will ensure that the reserved rice will be distributed in the market by requiring the buyers to report to MAFF on a bi-weekly basis the quantity and value of rice sold.

MAFF Anticipates an Increase in 2025/26 Table Rice Production

While total rice acreage has been trending down year-on-year due mainly to the exit of aging farmers from the market, estimates for table rice production in 2024/25 are up due to greater yields and planted area. MAFF estimates total rice acreage (including table rice and feed rice) decreased 1.4 percent to 1.46 million hectares in 2024/25, but with a 1.8 percent increase in yield, total rice production remained unchanged at 8 million MT. On the other hand, MAFF estimates table rice production, which is sold at higher prices than feed rice, increased 2.8 percent (182,000 MT¹⁰) to 6.79 million MT in 2024/25, based on a 1.4 percent increase in both yield and planted areas. The current high prices of table rice encouraged farmers to increase table rice acreage in lieu of feed rice. MAFF projects a further increase in table rice production in 2025/26 with an anticipated increase in the planting area by 3 percent (40,000 hectares).

Despite a temporary spike in table rice consumption in 2023/24, MAFF forecasts table rice consumption to continue declining in the long-term based on the decline in per capita rice consumption and population in Japan. Three to four times per year, MAFF releases its table rice supply and demand forecasts to the public, taking into account per capita rice consumption and population (Table 1). Farmers use this estimate as a guide for their planting decisions, with the goal of aligning table rice production with expected demand. In addition, in response to MAFF's demand forecast, farmers may be encouraged to shift to crops other than table rice, such as wheat, soybeans, or feed rice. MAFF provides subsidies via its "Direct Payments for Rice Paddy Utilization" program, which provides support for farmers that shift production within paddy fields to other crops.¹¹ Participation in MAFF's support payment programs further encourage producers to balance domestic table rice production with demand.

¹⁰ The quantity of rice is expressed in brown basis otherwise noted.

¹¹ "Direct Payment for Rice Paddy Utilization" ([JA2021-0031](#)) which provides support payments to cropping in rice paddies.

Table 1. MAFF Table Rice Demand Forecast as of January 2025 (Million MT)

	2023/24	2024/25 f.	2025/26 f.
	Year begins in July and ends in June		
Beginning Stocks	1.97	1.53	1.58
Production	6.61	6.79	6.83
Total Supply	8.58	8.32	8.41
Demand	7.05	6.74	6.63
Ending Stocks	1.53	1.58	1.78
Per capita consumption (kg)	56.6	54.4	53.8
Population (million)	124.352	123.79	123.208

Source: MAFF

MAFF's forecast does not include imported rice.

MAFF Reviews its Rice Policies

As reported by Japanese media, some agriculture experts and policy critics have commented on MAFF's rice policies in relation to the shortage and high prices. Critics have pointed out that MAFF's "Direct Payment for Rice Paddy Utilization" program could have suppressed table rice production more than necessary, leading to last summer's rice shortage. In addition, the Ministry of Finance requested to remove the support payments for feed rice from the "Direct Payment for Rice Paddy Utilization" program, stating it incurred a large financial burden.

MAFF is currently reviewing its rice policies as part of the upcoming revision to the "Basic Plan for Food, Agriculture, and Rural Areas."¹² Under the review, MAFF is working to overhaul the current "Direct Payment for Rice Paddy Utilization" program, which currently focuses on crop production in paddies, but will shift its support to improving productivity, by crop, regardless of paddy or upland field production. MAFF stated this policy shift is to maximize food production capabilities and improve Japan's food security. For rice, MAFF will provide support payments for farmers to expand paddy plots and provide support for adoption of smart agriculture technologies and productivity improvements. To improve productivity in feed production, MAFF will shift focus on its support from feed rice to silage corn. MAFF will implement a new support payment program in line with the new rice policy slated for JFY2027. The focus of these new policies is ensuring that new support payment programs will safeguard stable rice production and supplies.

¹² Based on the "Basic Law on Food, Agriculture and Rural Areas", the "Basic Plan for Food, Agriculture and Rural Areas" sets forth the government's medium- and long-term policies regarding food, agriculture, and rural areas, and is to be revised approximately every five years considering changes in circumstances and other factors. MAFF will revise the Basic Plan by the end of March 2025 in line with the "Basic Law on Food Agriculture and Rural Areas" which was revised in June 2024.

Attachments:

No Attachments.