Required Report: Required - Public Distribution

Date: March 19,2020

Report Number: JA2020-0058

Report Name: Grain and Feed Annual

Country: Japan

Post: Tokyo

Report Category: Grain and Feed

Prepared By: Keiko Fujibayashi

Approved By: Zeke Spears

Report Highlights:

Stable demand for feed and relative price competitiveness are forecast to maintain Japan's robust demand for corn in MY2020/21. Sorghum imports are expected to remain flat as feed mills continue to substitute sorghum with competitively priced corn in compound feed. To date, concerns over the spread of COVID-19 have not affected feed demand or production in Japan. A bumper crop for domestic wheat and barley lowered estimates for MY2019/20 imports. Population decline and changing dietary preferences are beginning to have an influence on FSI wheat consumption. Japan is likely to only fill 76,543 tons of its 100,000-ton simultaneous buy and sell rice import quota.

Corn

Production, Supply and Distribution

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	0	1
Beginning Stocks	1393	1393	1442	1446	0	1448
Production	2	2	2	2	0	2
MY Imports	16047	16051	16000	16000	0	16000
TY Imports	16047	16051	16000	16000	0	16000
TY Imp. from U.S.	12418	13852	0	0	0	0
Total Supply	17442	17446	17444	17448	0	17450
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	12300	12300	12400	12300	0	12300
FSI Consumption	3700	3700	3700	3700	0	3700
Total Consumption	16000	16000	16100	16000	0	16000
Ending Stocks	1442	1446	1344	1448	0	1450
Total Distribution	17442	17446	17444	17448	0	17450
Yield	2	2	2	2	0	2
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

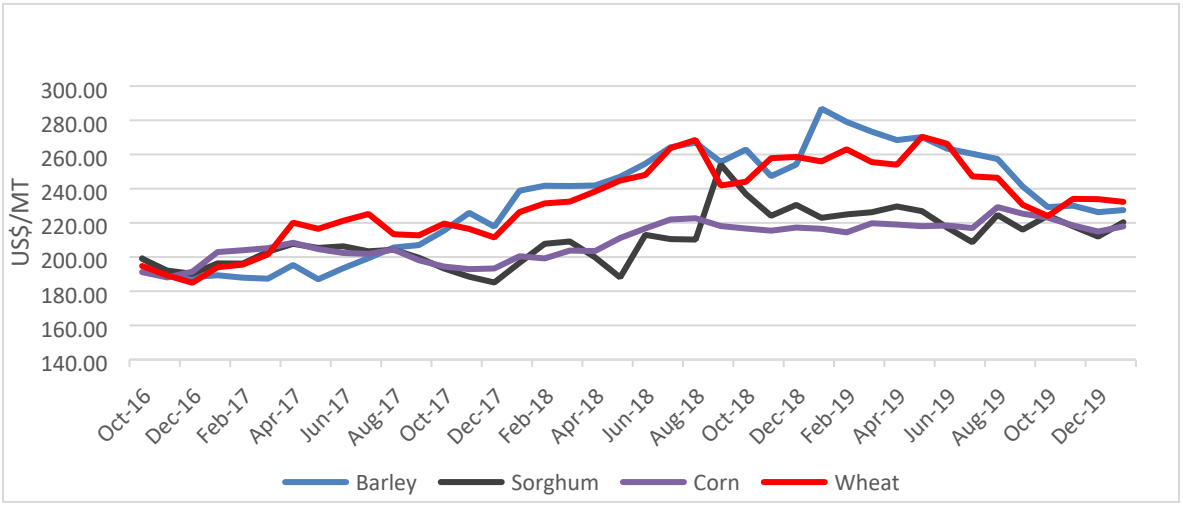
MY2020/21 corn production is forecast to remain stable at approximately 2,000 metric tons, planted on less than 1,000 hectares. Roughly 4.5 million tons of whole crop silage corn is produced on 95,000 hectares each year.

Consumption

FAS/Tokyo forecasts MY2020/21 total corn consumption to remain stable at 16 million tons. Feed and Food, Seed and Industrial (FSI) consumption are forecast to remain stable at 12.3 million tons and 3.7 million tons respectively. Continued relative price competitiveness coupled with stable demand from the feed and corn starch industries are expected to drive a steady corn market (see Chart 1).

Feed mills will look to continue taking advantage of competitive corn prices, having already increased the ratio of corn in compound feed to 48.6 percent, the highest since MY2009/10 (see Table 1). In MY2018/19 compound feed production rose for the fourth straight year, increasing 0.4 percent. Strong demand from the poultry sector, slight gains in beef production, and flat pork production, despite the outbreak of Classical Swine Fever (CSF) and the subsequent culling of hogs, contributed to the modest feed production gains (JA2019-0213). According to industry sources, to date, the outbreak of COVID-19 has not affected feed consumption in Japan.

Chart 1: CIF Unit Prices for Feed Grains



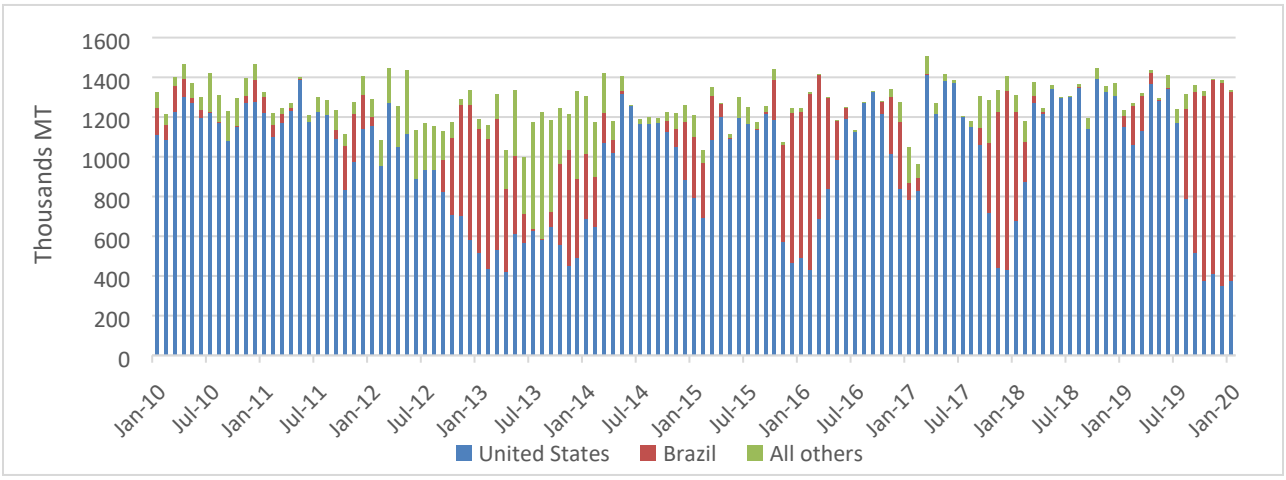
Source: Trade Data Monitor

Trade

FAS/Tokyo forecasts MY2020/21 corn imports to remain unchanged at 16 million tons to meet stable demand for feed and FSI consumption.

The United States is the primary supplier of corn to Japan, but imports from Brazil spiked during Japan's winter months (see Chart 2). A large, high-quality crop coupled with a weak Brazilian Real paved the way for a short-term increase of imports from Brazil between October 2019 and January 2020, expanding Brazil's share of the Japanese corn market to over 70 percent during the stretch. The average CIF unit price of Brazilian corn between August 2019 and January 2020 was approximately 10 percent lower than the U.S. corn price. Industry sources indicate the low protein content and high stress crack ratio of the MY2019/20 U.S. corn crop as another factor driving demand for Brazilian corn in Japan. Despite these challenges, imports from the United States are expected to rebound for the remainder of MY2019/20 as supplies from Brazil dwindle.

Chart 2: Japan Corn Imports (2010-2020)



Source: Trade Data Monitor

Stocks

MY2020/21 ending stocks are forecast at 1.4 million tons, unchanged from MY2019/20. Of the 1.4 million tons, approximately 800,000 tons of corn is stocked by the Government of Japan (GoJ) for its contingency reserve program. The remaining 600,000 tons are held as operational stocks at feed mills and starch manufacturers.

In addition to the regular contingency reserve program, MAFF established an Emergency Feed Grain Reserve Program in September 2019 in response to a Fall Armyworm outbreak (JA9111). The Program is designed to support storage costs of additional corn imports for a maximum of two months (see JA2020-0007). The Program is slated to end on March 31, 2020 and FAS/Tokyo does not expect a resulting increase in MY2019/20 ending stocks.

Sorghum

Production, Supply and Distribution

Sorghum	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	52	79	52	51	0	51
Production	0	0	0	0	0	0
MY Imports	452	452	500	450	0	450
TY Imports	452	452	500	450	0	450
TY Imp. from U.S.	244	313	0	0	0	0
Total Supply	504	531	552	501	0	501
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	452	480	500	450	0	450
FSI Consumption	0	0	0	0	0	0
Total Consumption	452	480	500	450	0	450
Ending Stocks	52	51	52	51	0	51
Total Distribution	504	531	552	501	0	501
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

Grain sorghum production is negligible in Japan. In 2018, Japan produced 618,000 tons of forage sorghum on 14,000 hectares.

Consumption

MY2020/21 sorghum consumption is forecast to stay flat at 450,000 tons.[1] Japanese feed mills largely consider sorghum a substitute for corn in the compound feed formula and due to the recent relative price competitiveness of corn, sorghum consumption has declined (see Table 1). Reflecting trends in Japan's compound feed formula, FAS/Tokyo lowers the MY2019/20 consumption estimate by 50,000 tons, to 450,000 tons. Despite high prices and overall decline, Japanese swine and poultry producers

[1] The marketing year (MY) for sorghum runs from October to September.

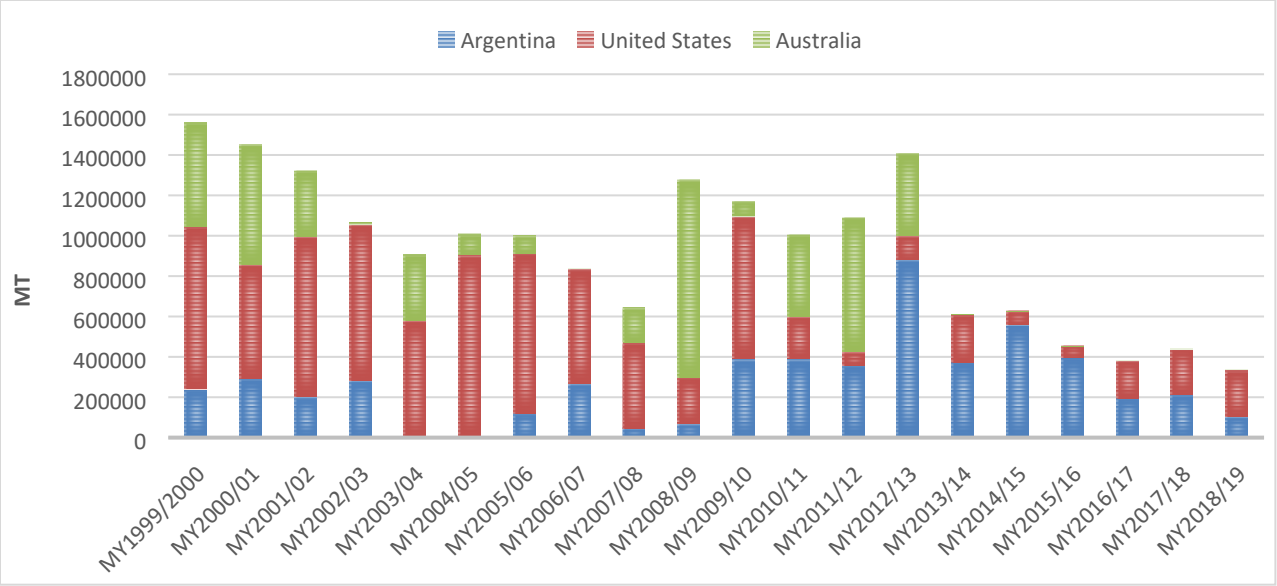
rely on sorghum in compound feed to produce whiter pork and chicken fat, which is preferred by the Japanese consumer.

Trade

FAS/Tokyo forecasts MY2020/21 sorghum imports to remain sluggish at 450,000 tons based on low corn prices but buoyed by demand from swine and poultry producers who use sorghum to meet product specifications. The MY2019/20 import estimate is lowered 22 percent, to 450,000 tons, as feed mills capitalize on inexpensive corn as a substitute for sorghum in compound feed formulas.

Japanese sorghum imports have declined over the last decade (see Chart 3). Argentina and the United Sates have been the primary suppliers of sorghum to Japan since MY2013/14. Trade disruptions between the United States and China (JA9028) and fluctuating CIF prices account for shifting market share. Industry sources anticipate that as Chinese demand for U.S. sorghum rebounds and drives up U.S. CIF prices, Argentine sorghum will regain its market share in Japan in MY2019/20.

Chart 3: Japan Sorghum Imports (1999-2019)



Source: Trade Data Monitoring

Stocks

MAFF reports that feed mills held 44,770 tons of sorghum as operational stocks as of October 2019. FAS/Tokyo forecasts MY2019/20 and MY2020/21 ending stocks to remain largely in line with MAFF's reported numbers, at 51,000 tons.

The difference between FAS/Tokyo's MY2018/19 beginning stock and the UDSA Official MY2018/19 beginning stock is the result of an overestimate of MY2017/2018 consumption and imports in the USDA Official estimate. FAS/Tokyo lowers the 2017/18 consumption total to 550,000 tons and the import total to 577,000 tons to accurately reflect official trade statistics.

Barley

Production, Supply and Distribution

Barley	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	61	61	61	61	0	62
Beginning Stocks	348	348	331	341	0	311
Production	175	175	195	220	0	190
MY Imports	1158	1158	1200	1100	0	1150
TY Imports	1158	1158	1200	1100	0	1150
TY Imp. from U.S.	47	36	0	0	0	0
Total Supply	1681	1681	1726	1661	0	1651
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	960	940	1000	940	0	940
FSI Consumption	390	400	400	410	0	410
Total Consumption	1350	1340	1400	1350	0	1350
Ending Stocks	331	341	326	311	0	301
Total Distribution	1681	1681	1726	1661	0	1651
Yield	2.8689	2.8689	3.1967	3.6066	0	3.0645
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

MY2020/21 barley production is forecast to be 190,000 tons, assuming normal weather and a return to average yields. [2] FAS/Tokyo raises its MY2019/20 barley production estimate 25 percent, to 220,000 tons, reflecting favorable weather conditions throughout the growing season that increased yields by 24 percent. Most barley in Japan is produced for use as FSI barley.

Barley is planted in rice paddies as a rotational crop with rice, wheat, and soybeans or as a second crop after rice. Japanese producers grow two-row, six-row, and hulless glutinous barley varieties. To meet strong demand and capitalize on high prices, Japanese producers are switching to glutinous barley varieties. According to MAFF's grade inspection data, in MY2019/20, production of glutinous barley varieties increased to 8,400 tons, a 265 percent jump from the previous year. Approximately 50,000 tons of two-row beer barley is produced on pre-planting contracts between agricultural cooperatives and beer manufacturers. The remainder of Japan's barley production is also based on pre-planting contracts between producer associations and user associations.

To promote conversion from table rice to barley production, MAFF provides support payments of 35,000 yen (approximately $335 USD) per 0.1 hectare of planted area of barley in rice paddies. Barley is also eligible for support payments from MAFF based on production volumes and quality. The use of barley as a rotation crop, coupled with these support programs, has stabilized the harvested area of barley at around 61,000 hectares for the last decade. Significant changes to the harvested area are not anticipated in the coming years.

[2] The marketing year for barley is from October to September. In Japan, barley is typically harvested in May and June.

Consumption

Total consumption for MY2020/21 is forecast to be 1.35 million tons. Feed consumption is forecast to remain unchanged at 940,000 tons as cattle production, which consumes nearly 85 percent of feed barley, remains stable. According to industry sources, feed mills are not expected to change the ratio of barley in compound feed despite higher barley prices. FSI barley consumption is forecast at 410,000 MT in MY2020/21 to reflect continued popularity of glutinous barley consumption.

The growth in popularity of barley tea and glutinous barley continues to more than offset the decline of *Shochu* and *miso* consumption. Glutinous barley is a popular rice extender and food processors have begun using it in additional products. FAS/Tokyo raises its MY2019/20 FSI consumption estimate to 410,000 tons to reflect this increased demand.

The Japan National Barley Association defines "glutinous type barley" as barley which has a glutinous genotype – a lack of amylose in starch or significantly reduced amylose content compared to the non-glutinous type. According to the Japan National Barley Association, 10 glutinous barley varieties are registered in Japan and there are seven U.S. and four Canadian glutinous varieties.

Trade

FAS/Tokyo lowers the MY2019/20 barley import estimate to 1.1 million tons as a bumper domestic crop is expected to weaken demand for imports. MY2020/21 barley imports are forecast to recover to 1.15 million tons.

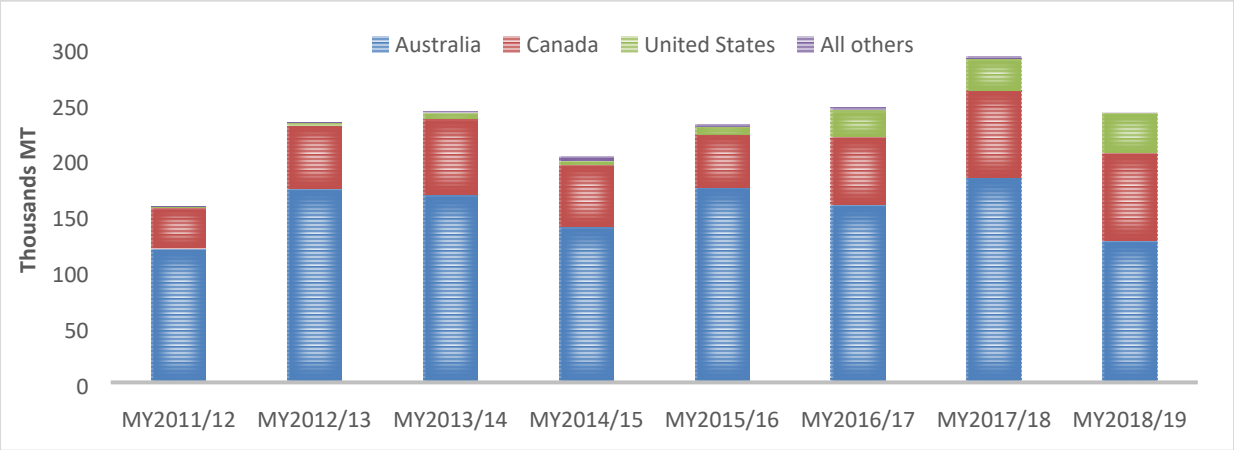
Barley is a state-traded item and imports are administered by MAFF. Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Japan-EU Economic Partnership Agreement (Japan-EU EPA), feed barley imports to Japan from member countries are no longer required to be purchased through MAFF and may be purchased through private trade, eliminating the markup. When Australian feed barley is not available, Japan looks to Canada and the Black Sea region. In MY2018/19, Australia, Canada, Germany, and Romania benefited from preferential access. Other feed barley suppliers, namely Russia and Ukraine do not have preferential access to Japan. The United States also does not have preferential access to Japan for feed barley, but is not a supplier.

Roughly half of the food barley consumed in Japan is imported, supplied mainly by Australia, Canada, and the United States (see Chart 4). Australia supplies two-row barley used for making *shochu* and *miso*. Canadian six-row barley is used for barley tea production. Glutinous, hulless barley is imported from the United States and Canada to be used as a rice extender. Glutinous type barley imports from the United States have grown rapidly for the last four years.

Under CPTPP and the Japan-EU EPA, Japan established quotas for food barley and agreed to reduce the in-quota markup annually until reduced by 45 percent in year nine of the respective agreements. Under the U.S.-Japan Trade Agreement (USJTA), the markup for food barley has the same reduction schedule, but no country specific quota (CSQ) was established. Preferential treatment under CPTPP, Japan-EU EPA, and USJTA has not resulted in increased imports of feed or food barley.

Japan imports roughly 500,000 tons of malt each year. Canada is the largest supplier of malt, followed by Australia, the United Kingdom, France, and Germany. Production of commercial Japanese beer is falling, but demand for malt is expected to remain stable to meet growing demand for domestic craft beer and whisky. Under USJTA, CPTPP, and Japan-EU EPA Japan established CSQs for roasted malt and immediately eliminated the 21.3 yen/kg in-quota duty. Approximately 98 percent of Japan's malt imports are not roasted, which was already duty-free. Japan imports a limited amount of malting barley each year from Canada and Australia.

Chart 4: Japan Food Barley Imports



Source: Trade Data Monitor

Stocks

Japanese feed mills report holding 82,000 tons of barley as operational stocks as of September 2019. Combined with stocks at food barley processors and on-farm stocks, total ending stocks are forecast to be 311,000 tons in MY2019/20 and 301,000 tons MY2020/21.

Wheat

Production, Supply and Distribution

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	212	212	212	212	0	212
Beginning Stocks	1181	1181	951	1081	0	1151
Production	860	860	960	1100	0	870
MY Imports	5726	5726	5900	5500	0	5600
TY Imports	5726	5726	5900	5500	0	5600
TY Imp. from U.S.	2732	2723	0	0	0	0
Total Supply	7767	7767	7811	7681	0	7621
MY Exports	286	286	280	280	0	280
TY Exports	286	286	280	280	0	280
Feed and Residual	680	650	700	600	0	600
FSI Consumption	5850	5750	5800	5650	0	5650
Total Consumption	6530	6400	6500	6250	0	6250
Ending Stocks	951	1081	1031	1151	0	1091
Total Distribution	7767	7767	7811	7681	0	7621
Yield	4.0566	4.0566	4.5283	5.1887	0	4.1038
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

MY2019/20 wheat production was revised upward to 1.1 million tons, a record crop, as favorable weather conditions allowed for a 28 percent yield increase over the previous year. The quality of the MY2019/20 crop was also excellent as 90 percent of the crop was graded as first grade wheat. First grade wheat accounted for an average of 81 percent of the previous four harvests.

FAS/Tokyo forecasts the MY2020/21 wheat harvested area to remain unchanged at 212,000 hectares, but production to decrease 21 percent, to 870,000 tons, with a return to average yields. [3] Japan's harvested area for wheat has been stable at 212,000 hectares for the last two decades. This stability is attributable to wheat's popularity as a rotation crop or a second crop after rice and MAFF's support payments. Similar to barley, to incentivize the conversion of table rice production to wheat production, MAFF provides support payments of 35,000 yen (approximately $335 USD) per 0.1 hectare based on the planted area of wheat in rice paddies. MAFF also provides support payments for dry field and paddy grown wheat based on sales quantity, grade, and rank of the wheat. [4]

Consumption

FAS/Tokyo lowers the MY2019/20 FSI consumption estimate 1.7 percent, to 5.65 million tons, as demographic and dietary changes, coupled with a decrease in the number of inbound visitors to Japan in the latter half of the marketing year are dampening wheat demand.

---

[3] Marketing Year (MY) for wheat runs from July to June.

[4] The grades (1st, 2nd and off-grades) are set based on the ratios of damaged kernels and kernel sizes, and the ranks (A – D) within the grade are set based on the protein contents.

Japan's population has been decreasing at an average rate of .16 percent annually over the last eight years and people over 70 now account for more than 20 percent of the population. Consumers are eating more protein and fat and fewer carbohydrates, although to date most of the shift away from carbohydrates has been at the expense of rice. Despite these changes, Japanese wheat consumption had been relatively stable, in part due to increasing numbers of visitors to Japan. Japan has welcomed a surge of inbound visitors, steadily increasing each year from 8.4 million people in 2012 to 31.8 million in 2019, helping to stabilize wheat consumption. However, industry sources believe that the Japanese wheat flour market has plateaued and consumption, driven by demographic changes, is now in decline. The significant drop in inbound visitors during the latter half of MY2019/20 will exacerbate the already weakening consumption of wheat this year.

MY2020/21 FSI consumption is forecast to remain unchanged at 5.65 million tons as a projected recovery in inbound visitors will be nullified by Japan's continued population decline and changes in dietary preferences.

FAS/Tokyo lowers the MY2019/20 feed consumption estimate to 600,000 tons due to the reduced availability of feed grade wheat in the MY2019/20 domestic crop and weakened demand for imported feed wheat due to increased CIF prices. MY2020/21 feed consumption is also forecast to remain at 600,000 tons assuming the price of corn remains competitive relative to wheat.

Trade

FAS/Tokyo lowers the MY2019/20 imports estimate four percent, to 5.5 million tons, reflecting the strong MY2019/20 domestic wheat crop and weak demand. MY2020/21 imports are forecast to be 5.6 million tons, a slight increase anticipating an average domestic harvest.

Most food wheat is imported from the United States, Canada and Australia within the WTO quota and through the MAFF operated state-trading system. In addition to the WTO quota, Japan established quotas with reduced markups under CPTPP, Japan-EU EPA, and USJTA (JA7153 and JA2020-0008). These quotas are not expected to influence total imports as demand is projected to be flat. However, industry sources are concerned about the wheat supply from Australia due to the ongoing drought and indicated they may have to seek alternative suppliers for semi-soft wheat.

Under CPTPP, Japan-EU EPA, and USJTA Japan established duty-free quotas for mixes, doughs, and cake mixes and reduced tariffs on various wheat products including pasta, the primary wheat product imported by Japan. Imports have accounted for roughly half of the relatively stable pasta market over the last decade. Italy is the top foreign supplier of pasta, followed by Turkey, and then the United States. Whether pasta is imported or produced domestically is determined by the CIF price of pasta plus tariffs relative to the CIF price of durum, which is now markup free. Total pasta consumption is not forecast to increase in MY2020/21. See http://www.usdajapan.org/usjta/ for more details on wheat and wheat products in USJTA.

Japanese exports of wheat products, predominantly wheat flour, have been stable and MY2020/21 exports are forecast to remain flat at 280,000 tons.

Stocks

As a contingency plan, the private sector holds approximately one million tons of imported food wheat, equivalent to 2.3 months of demand, in reserve, of which the GOJ subsidizes the storage costs for an amount equivalent to 1.8 months demand. Together with operating stocks held by flour mills and feed mills, approximately 1.2 million tons of wheat is estimated to be held in stocks in Japan.

Rice

Production, Supply and Distribution

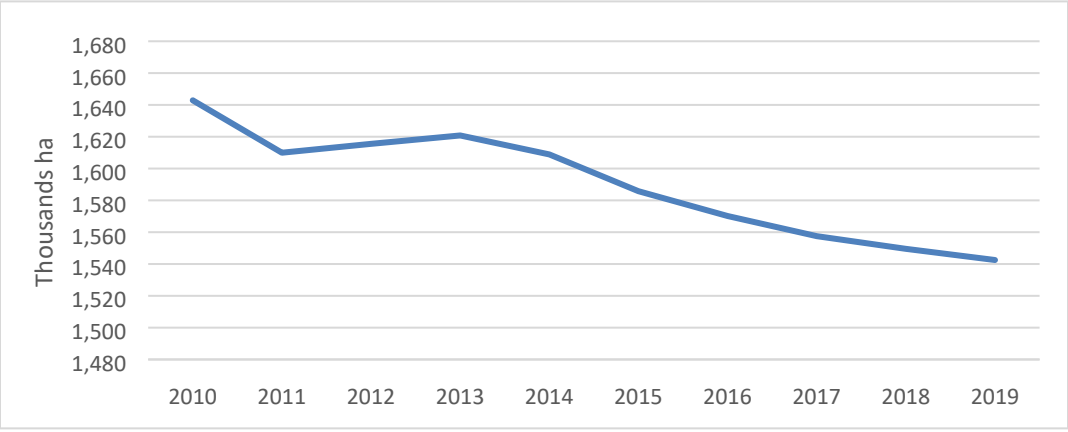
Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Nov 2018		Nov 2019		Nov 2020	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1550	1550	1545	1543	0	1540
Beginning Stocks	2223	2223	1951	2046	0	1972
Milled Production	7657	7657	7800	7611	0	7650
Rough Production	10518	10518	10714	10455	0	10508
Milling Rate (.9999)	7280	7280	7280	7280	0	7280
MY Imports	631	631	685	685	0	685
TY Imports	678	678	685	685	0	685
TY Imp. from U.S.	343	0	0	0	0	0
Total Supply	10511	10511	10436	10342	0	10307
MY Exports	60	65	65	70	0	75
TY Exports	60	67	65	70	0	75
Consumption and Residual	8500	8400	8400	8300	0	8250
Ending Stocks	1951	2046	1971	1972	0	1982
Total Distribution	10511	10511	10436	10342	0	10307
Yield (Rough)	6.7858	6.7858	6.9346	6.7758	0	6.8234
(1000 HA) ,(1000 MT) ,(MT/HA)						

Note: the quantity of rice in this section is expressed on a milled basis, unless otherwise specified.

Production

MY2020/21 rice production is forecast to decrease slightly to 7.65 million tons assuming a return to normal yields and a decline in harvested acres to 1.543 million hectares (see Chart 5). [5]

Chart 5: Japan's Rice Harvested Area



Source: MAFF

[5] Marketing Year (MY) for rice runs from November to October.

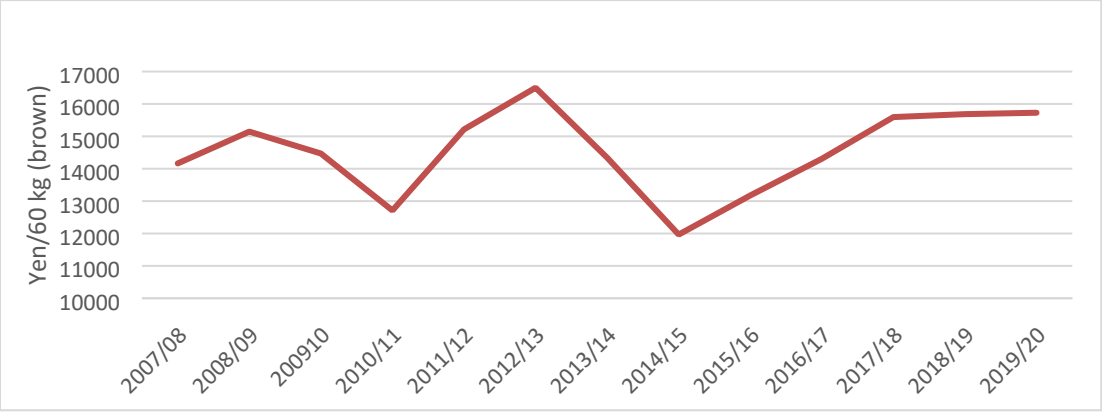
FAS/Japan revises the MY2019/20 total rice production estimate down 0.6 percent, to 7.61 million tons, reflecting a slight drop in harvested area and an overall 0.01 metric ton per hectare yield decline from the previous year. Improved yields in northern Japan were offset by lower than average yields in the rest of Japan as low temperatures and lack of summer sunshine resulted in low grain counts and poor grain filling. Yields in Kyushu dropped 15 percent as rice paddies were damaged by typhoons and brown planthoppers in August and September. The quality of the MY2019/20 crop was poor. High temperatures in the late summer caused an increase in chalky kernels and a nationwide stink bug outbreak caused pecky kernels. As a result, 73 percent of the MY2019/20 crop was graded as first grade. First grade rice accounted for an average of 82.4 percent of the previous four crops.

MAFF provides support payments to producers to produce crops other than table rice to prevent oversupply. The support payments successfully increased feed rice production for four straight years, but in MY2018/19 table rice production rebounded as producers capitalized on higher farmgate prices for table rice. In MY2019/20, the harvested area for both table rice and feed rice fell, which was partially offset by increases in the harvested area of other purpose rice such as the government reserve rice.[6] As a result, MY2019/20 total harvested area decreased 0.5 percent to 1.543 million hectares, of which the harvested area for table rice accounted for 89 percent, 1.38 million hectares. Farmers exiting the industry, difficulty in consolidating acres, and labor shortages are the primary drivers of the ongoing decline of rice's harvested area, which is forecast to continue in coming years.

Consumption

MY2020/21 rice consumption is forecast to drop to 8.25 million tons, down 0.6 percent as the steady decline of table rice consumption in Japan continues. According to MAFF, the decrease in table rice consumption has accelerated since MY2016/17 and is declining at annual rate of 91,000 tons. The accelerated pace of decline is attributed to population decline, reduced carbohydrate intake, and a year-on-year increase of table rice prices since MY2015/16 (see Chart 6). High table rice prices adversely effects rice consumption in the foodservice and processing industries as serving portions are decreased to maintain low prices.

Chart 6: Average Wholesale Price of Table Rice in Japan



Source: MAFF

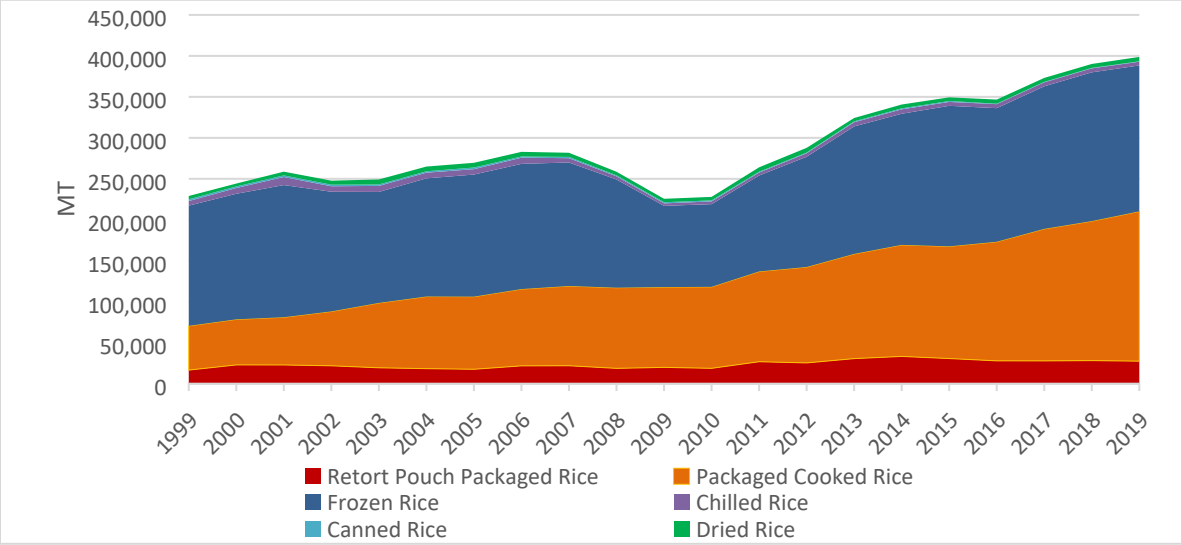
[6] MAFF does not provide support payments for its reserve rice but can set the purchase price high enough to attract production for this purpose.

Processed Rice Products

While total rice consumption continues to decline, some consumption has shifted from rice cooked at home to ready-to-eat rice. Production of processed rice products has increased over the last decade, driven by the year-on-year increases of packaged cooked-rice. Production of packaged cooked rice increased 86 percent over the last decade, reaching a total of 183,000 tons (volume of products) in 2019. Packaged cooked rice is convenient and reflects Japan's growing demand for home meal replacement options. Domestically produced table rice is used to make packaged cooked rice.

Production of frozen rice has also grown 80 percent over the last decade, reaching a total of 178,000 tons (product volumes) in 2019. Frozen fried rice, pilaf, and *onigiri* (rice balls) for retail are driving this trend, but demand from the foodservice and home meal replacement industries is also on the rise. Both domestically produced table rice and rice for processing is used for the manufacture of frozen rice products in Japan. Retort pouch packaged rice is mainly rice porridge sealed in heat-resistant, laminated plastic packages and has an entrenched consumer base in Japan. Convenience and demographic changes are expected to continue to drive demand for processed rice products, but not result in an overall increase of table rice consumption.

Chart 7: Processed Rice Production in Japan



Source: MAFF

Trade

Japan is expected to import approximately 682,000 tons of rice to meet its WTO commitments in Japanese Fiscal Year (JFY)[7] 2019. Japan's 100,000 ton simultaneous-buy-sell (SBS) rice quota is not expected to be fully utilized in JFY2019 (see Table 2).

After eight SBS tenders, 76,543 tons (actual tonnage) of the SBS quota has been filled -- 55,343 tons (actual tonnage) (72 percent) from the United States, followed by 7,521 tons (actual tonnage) from Thailand, and 7,280 tons (actual tonnage) from Taiwan.

[7] Japanese Fiscal Year (JFY) runs from April to March.

Japan established a 6,000-ton CSQ for Australia under CPTPP. In JFY2019, 3,459 tons (actual tonnage) of the CSQ was filled, all of which was short grain rice. Drought in Australia limited the production and export of short grain rice to Japan. Japan's imports of 7,280 tons of short grain rice from Taiwan were largely to supplement the reduced supply from Australia.

Total Japanese commercial rice exports are estimated to steadily increase to 70,000 tons in MY2019/20 and 75,000 tons MY2020/21. While food aid accounts for the majority of Japanese rice exports, commercial rice exports have grown year-on-year as MAFF continues its promotion efforts and support payments for rice intended for exports. MY2018/19 commercial rice exports increased 17 percent, to 15,790 tons (actual tonnage). The largest export destinations were Hong Kong (5,331 tons), Singapore (3,679 tons), the United States (1,783 tons), Taiwan (1,215 tons) and China (791 tons). Exports to these five countries accounted for over 80 percent of Japanese commercial rice exports in MY2018/19.

Stocks

The GOJ held 910,000 tons (actual tonnage) of domestically produced rice as a contingency reserve as of June 2019. The GOJ also held 600,000 tons (actual tonnage) of ordinary market access (OMA) rice stocks as of October 2019. Combining these GOJ-held stocks with privately held stocks, MY2019/20 and MY2020/21 stocks are expected to total roughly two million tons.

Policy

In 2020, MAFF restructured the support payment program and increased payments in an effort to increase the production of crops other than table rice, such as wheat, barley, silage, and rice for other purposes (rice flour, feed rice, etc.). The redesigned program, Direct Payment for Full Utilization of Rice Paddies, provides four categories for direct payments to producers.

Direct Payment for Full Utilization of Rice Paddies

	Crops/Requirements	Payment (per 0.1 ha)
1. Direct Payment for Strategic Crops	Wheat, Barley, Forage (including grain corn for feed)	35,000 yen
	Whole Crop Silage Rice	80,000 yen
	Rice for Processing	20,000 yen
	Feed Rice, Rice for Rice Flour	55,000 – 105,000 yen according to the yield
2. Support Payment for Creation of Production Regions	Determined by each Prefectural Government based on Rice Paddy Full Utilization Vision	
3. Additional Support Payment for Creation of Production Regions	Feed Rice and Rice for Rice Flour with sales contracts for at least three years	12,000 yen
	Buckwheat and Rapeseeds planted	20,000 yen

	only as primary crops[8]	
	Rice for New Market Development[9] planted only as primary crops	20,000 yen
	Support payments are provided to local Agricultural Regrowth Councils[10] when the planted area of conversion crops increased while the planted area of table rice decreased from the previous year	15,000 yen
	Support payments are provided to local Agricultural Regrowth Councils when the planted area of High Profit Earning Crops[11] increased while the planted area of table rice decreased from the previous year	30,000 yen
4. Support Payment to Promote Production Conversion to High Profit Earning Crops	Support payments are provided to production regions which started producing High Profit Earning Crops and grain corn for feed based on each Prefecture's Promotion Plan for Profitable Rice Paddy Farming Rice Paddy is converted to dry field for production of High Profit Earning Crops and other conversion crops	20,000 yen for High Profit Earning Crops for five years 10,000 yen for grain corn for feed 105,000 yen

[8] Primary crops are the crop that a farmer produces during the optimal growing conditions, and a farmer can only receive this support once per year.

[9] Rice for New Market development includes rice for exports and rice for manufacturing cosmetics and ethanol.

[10] Agricultural Regrowth Councils consist pf Prefectural or municipal governments, agricultural cooperatives, agricultural committees, community farming groups and producers that are established in the Prefecture or municipality.

[11] High profit earning crops are defined as horticultural crops, Rice for New Market Development, Rice for Processing and grain corn for feed.

Additional Data

Table 1. Japanese Compound Feed Production

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Other Grains	DDGS	Soybean Meal	Rapeseed Meal	Other Ingredients	TOTAL
2006/07	11,968,822	1,207,666	95,022	128,407	841,067	501,410	339,008	-	3,403,270	905,696	5,059,301	24,449,669
	49.0%	4.9%	0.4%	0.5%	3.4%	2.1%	1.4%	0.0%	13.9%	3.7%	20.7%	100%
2007/08	12,151,595	1,061,836	99,070	140,704	864,290	604,450	247,691	-	3,363,196	954,442	5,187,245	24,674,519
	49.2%	4.3%	0.4%	0.6%	3.5%	2.4%	1.0%	0.0%	13.6%	3.9%	21.0%	100%
2008/09	12,032,218	1,599,366	131,179	142,216	886,989	240,408	196,327	-	3,292,571	1,024,726	5,157,186	24,703,186
	48.7%	6.5%	0.5%	0.6%	3.6%	1.0%	0.8%	0.0%	13.3%	4.1%	20.9%	100%
2009/10	11,663,020	1,605,491	203,985	133,065	904,803	396,061	230,738	96,210	3,428,260	1,032,870	4,977,265	24,671,768
	47.3%	6.5%	0.8%	0.5%	3.7%	1.6%	0.9%	0.4%	13.9%	4.2%	20.2%	100%
2010/11	11,287,696	1,380,159	245,857	145,289	889,928	537,274	245,270	284,154	3,326,471	1,020,434	4,892,547	24,255,079
	46.5%	5.7%	1.0%	0.6%	3.7%	2.2%	1.0%	1.2%	13.7%	4.2%	20.2%	100%
2011/12	10,688,501	1,461,639	732,039	152,292	882,497	589,640	191,402	400,836	3,178,883	1,095,688	4,897,908	24,271,325
	44.0%	6.0%	3.0%	0.6%	3.6%	2.4%	0.8%	1.7%	13.1%	4.5%	20.2%	100%
2012/13	10,154,181	1,856,711	942,885	176,433	910,896	397,406	169,561	443,993	2,862,672	1,183,477	4,943,907	24,042,122
	42.2%	7.7%	3.9%	0.7%	3.8%	1.7%	0.7%	1.8%	11.9%	4.9%	20.6%	100%
2013/14	10,794,681	1,006,553	649,448	160,815	870,127	732,983	151,688	512,652	2,827,948	1,143,199	4,860,209	23,710,303
	45.5%	4.2%	2.7%	0.7%	3.7%	3.1%	0.6%	2.2%	11.9%	4.8%	20.5%	100%
2014/15	10,530,414	901,173	366,510	161,019	805,315	1,172,993	148,034	476,786	2,848,515	1,196,650	4,773,182	23,380,591
	45.0%	3.9%	1.6%	0.7%	3.4%	5.0%	0.6%	2.0%	12.2%	5.1%	20.4%	100.0%
2015/16	10,868,266	650,398	398,723	177,880	798,662	1,206,845	136,642	405,308	3,018,163	1,115,233	4,784,547	23,560,667
	46.1%	2.8%	1.7%	0.8%	3.4%	5.1%	0.6%	1.7%	12.8%	4.7%	20.3%	100%
2016/17	10,963,813	537,868	451,748	198,078	822,410	1,113,796	137,883	501,962	2,929,498	1,188,101	4,839,950	23,685,108
	46.3%	2.3%	1.9%	0.8%	3.5%	4.7%	0.6%	2.1%	12.4%	5.0%	20.4%	100%
2017/18	11,423,194	520,789	413,442	203,771	828,412	838,915	138,958	543,956	2,929,230	1,118,223	4,900,850	23,859,742
	47.9%	2.2%	1.7%	0.9%	3.5%	3.5%	0.6%	2.3%	12.3%	4.7%	20.5%	100%
2018/19	11,650,310	464,960	390,898	186,242	822,948	746,394	137,063	516,466	2,989,815	1,111,783	4,932,988	23,949,867
	48.6%	1.9%	1.6%	0.8%	3.4%	3.1%	0.6%	2.2%	12.5%	4.6%	20.6%	100.0%
2019 Oct	1,020,901	36,858	32,579	15,850	73,542	82,982	12,495	43,009	263,943	98,904	429,797	2,110,860
	48.4%	1.7%	1.5%	0.8%	3.5%	3.9%	0.6%	2.0%	12.5%	4.7%	20.4%	100.0%
Nov	1,007,255	35,735	31,339	14,989	70,805	85,475	12,427	42,015	257,005	98,662	418,436	2,074,143
	48.6%	1.7%	1.5%	0.7%	3.4%	4.1%	0.6%	2.0%	12.4%	4.8%	20.2%	100.0%
Dec	1,033,271	36,227	31,565	16,076	73,253	89,594	13,597	44,512	264,587	105,797	456,843	2,165,322
	47.7%	1.7%	1.5%	0.7%	3.4%	4.1%	0.6%	2.1%	12.2%	4.9%	21.1%	100.0%

Source: MAFF

Table 2: MAFF Rice Tender Results (as of March 12, 2020)

		JFY2012	JFY2013	JFY2014	JFY2015	JFY2016	JFY2017	JFY2018	JFY2019
USA	SBS	40,974	20,046	3,804	19,909	56,438	58,783	33,936	55,343
	OMA	281,000	300,000	316,000	300,000	278,000	266,000	286,000	229,000
	Total	321,974	320,046	319,804	319,909	334,438	324,783	319,936	284,343
	Share	47.4%	47.1%	47.2%	47.2%	49.3%	47.8%	47.2%	46.3%
Thailand	SBS	4,870	11,173	5,596	6,276	6,283	5,968	7,614	7,521
	OMA	245,564	300,933	290,174	299,458	327,275	228,846	273,616	249,306
	Total	250,434	312,106	295,770	305,734	333,558	234,814	281,230	256,827
	Share	36.9%	45.9%	43.6%	45.1%	49.2%	34.6%	41.5%	41.8%
Australia	SBS	23,873	26,244	559	1,285	6,861	30,702	13,203	260
	OMA	35,000	12,000	12,000	-	-	36,000	-	-
	Total	58,873	38,244	12,559	1,285	6,861	66,702	13,203	260
	Share	8.7%	5.6%	1.9%	0.2%	1.0%	9.8%	1.9%	0.0%
	CSQ							1,120	3,459
China	SBS	28,164	714	780	736	2,396	2,240	1,214	1,960
	OMA	13,000		48,000	49,000	-	48,000	60,000	60,000
	Total	41,164	714	48,780	49,736	2,396	50,240	61,214	61,960
	Share	6.1%	0.1%	7.2%	7.3%	0.4%	7.4%	9.0%	10.1%
All others	SBS	2,119	2,662	867	1,109	1,336	2,307	2,577	11,359
	OMA	5,000	6,000	-	-	-	-	-	-
	Total	7,119	8,662	867	1,109	1,336	2,307	2,577	11,359
	Share	1.0%	1.3%	0.1%	0.2%	0.2%	0.3%	0.4%	1.8%
Total	SBS	100,000	60,839	11,606	29,315	73,314	100,000	58,544	76,443
	OMA	579,564	618,933	666,174	648,458	605,275	578,846	619,616	538,306
	Total	679,564	679,772	677,780	677,773	678,589	678,846	678,160	614,749
	CSQ							1,120	3,459

Source: MAFF

Attachments:

No Attachments