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Report Highlights:

The Ministry of Agriculture has taken unprecedented steps to alleviate the soaring rice prices that have plagued Japan since the summer 2024 rice shortage. These steps include the release of government contingency rice reserves, a move typically done to provide natural disaster relief. Consequently, demand for imported rice has been strong, and FAS/Tokyo estimates an increase in rice imports in MY2024/2025 but forecasts no further growth in imports for MY2025/26, due to a projected increase in table rice production in response to the high prices. FAS/Tokyo forecasts higher corn imports for MY2025/26 due to a projected increase in feed demand instead of rice, sorghum, wheat, and barley. Additionally, FAS/Tokyo anticipates an increase in food wheat and food barley imports in MY2024/25, following smaller domestic harvests. However, it forecasts wheat and barley imports to decrease in MY2025/26 based on the projected recovery in production for both crops and smaller feed demand for barley.

Executive Summary

The Ministry of Agriculture, Forestry and Fisheries (MAFF) has implemented significant measures to address the high rice prices that have been rising since the domestic rice shortage in the summer of 2024. Although the new crop arrived in supermarkets last September, somewhat alleviating the shortage, prices have continued to soar and are nearly 80 percent higher in January 2025 compared to a year ago. Consequently, there has been strong demand for imported rice, both within the state-traded quota system and through private sales, which face high tariffs. However, MAFF has indicated that there is not a supply shortage, but rather the issue lies in its distribution, leading to speculation that businesses are hoarding additional supplies in anticipation that prices will continue to increase. In an unprecedented move since the establishment of the reserved rice system in 1995, the government is releasing rice reserves to improve distribution, a strategy typically reserved for natural disaster relief and crop failure. Thus, FAS/Tokyo estimates an increase in rice imports in MY2024/2025 based on strong demand but forecasts no further growth in imports for MY2025/26, as Post projects Japanese farmers will expand rice production in response to high prices.

MAFF runs the "Direct Payment for Rice Paddy Utilization" program to encourage farmers to switch from table rice to other crops like corn, wheat, barley, soybeans, feed rice, rice for processing, and rice for exports. This is done through support payments to cover the price gap. However, as table rice prices have risen significantly and support payments remain the same, table rice has become a profitable option for farmers. Thus, Post anticipates that farmers will shift production back from barley, wheat, and feed rice to table rice in MY2025/26. In addition, FAS/Tokyo projects no further growth in barley and wheat acreage and a reduction in feed rice acreage in MY2025/26. However, Post anticipates the total rice acreage to decrease marginally in MY2025/26 based on the long-term decline of farms as aging farmers exit the market. MAFF is currently reviewing the "Direct Payment for Rice Paddy Utilization" program to shift its focus from paddy production to productivity improvement in both paddies and upland fields, with the intention to implement a new program in 2027.

FAS/Tokyo projects stable Food, Seed, and Industrial (FSI) consumption for wheat and barley in MY2025/26. FAS/Tokyo anticipates an increase in food wheat and food barley imports in MY2024/25, following smaller domestic harvests for both crops.

FAS/Tokyo forecasts higher corn imports for MY2025/26 based on a projected increase in feed demand. This is due to the anticipated recovery in the layer population from High Pathogenic Avian Influenza (HPAI) outbreaks in the 2024/25 season and a shift from rice to corn in feed rations. Consumption of corn for FSI use is projected to remain stable. With the projected price competitiveness of corn, Post anticipates that feed mills will increase the proportion of corn in feed rations, replacing rice, wheat, barley, and sorghum in MY2025/26.

Japan produces approximately 24 million metric tons of formula feed annually. FAS/Tokyo anticipates lower formula feed production in MY2024/26 due to decreased demand from HPAI outbreaks. On March 13, MAFF reported that the HPAI outbreaks this season are about 70 percent of the record numbers observed in the 2022/23 outbreak, with 9.32 million birds culled since the first detection in October 2024. Ninety percent of the culled birds were layers, accounting for approximately 5 percent of the total layer population (Table 1). The GOJ has made efforts to control the HPAI outbreaks and have reported that there have been no additional outbreaks since February 1. Feed demand from layers is expected to recover after affected farms resume operations in six months to one year.

Table 1. Japan Poultry and Livestock Inventories

	Chicks and Layers	Broilers	Swine	Dairy Cattle	Beef Cattle
2020	NA	NA	NA	1,352	2,555
2021	183,373	139,658	9,290	1,356	2,605
2022	182,661	139,230	8,949	1,371	2,614
2023	172,265	141,463	8,956	1,356	2,687
2024	170,776	144,859	8,798	1,313	2,672

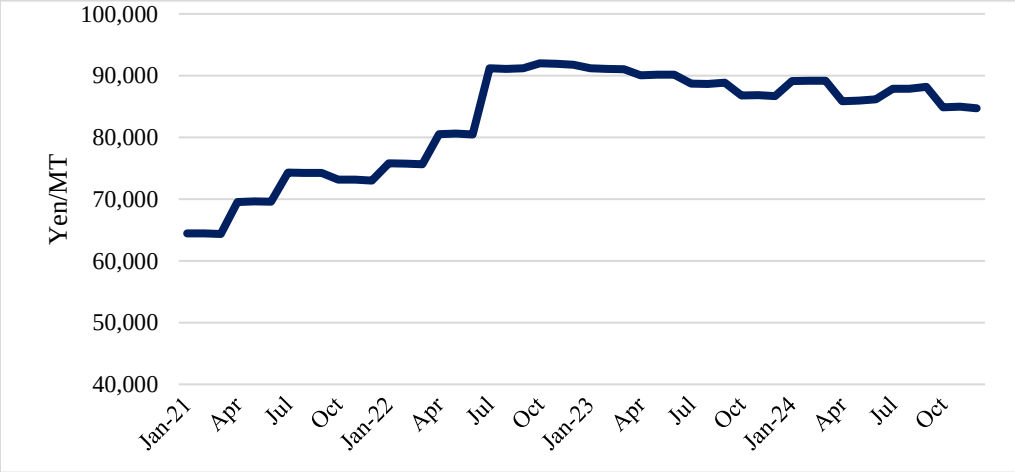
Source: MAFF, as of February 1 each year

Table 2. Japan Compound Feed Production by Animal

	Chicks and Layers		Broiler		Swine		Dairy Cattle		Beef Cattle	
	1,000 MT	Change	1,000 MT	Change	1,000 MT	Change	1,000 MT	Change	1,000 MT	Change
MY2019/20	6,469	-0.7%	3,834	0.0%	5,698	2.4%	3,053	1.6%	4,553	2.2%
MY2020/21	6,319	-2.3%	3,842	0.2%	5,708	0.2%	3,126	2.4%	4,589	0.8%
MY2021/22	6,360	0.6%	3,826	-0.4%	5,616	-1.6%	3,162	1.2%	4,688	2.2%
MY2022/23	6,046	-4.9%	3,804	-0.6%	5,609	-0.1%	3,132	-0.9%	4,775	1.9%
MY2023/24	6,060	0.2%	3,854	1.3%	5,553	-1.0%	3,145	0.4%	4,801	0.5%

Source: MAFF

Chart 1. Japan Average Formula Feed Price, Ex-Factory



Source: MAFF

Corn

Table 3. Corn Production, Supply and Distribution

Corn	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2	2	3	3	0	4
Beginning Stocks (1000 MT)	1296	1296	1300	1311	0	1297
Production (1000 MT)	13	13	16	16	0	21
MY Imports (1000 MT)	15291	15302	15300	15300	0	15600
TY Imports (1000 MT)	15291	15302	15300	15300	0	15600
TY Imp. from U.S. (1000 MT)	11398	10648	0	0	0	0
Total Supply (1000 MT)	16600	16611	16616	16627	0	16918
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	12000	12000	12000	12000	0	12300
FSI Consumption (1000 MT)	3300	3300	3350	3330	0	3330
Total Consumption (1000 MT)	15300	15300	15350	15330	0	15630
Ending Stocks (1000 MT)	1300	1311	1266	1297	0	1288
Total Distribution (1000 MT)	16600	16611	16616	16627	0	16918
Yield (MT/HA)	6.5	6.5	5.3333	5.3333	0	5.25

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2025/2026 = October 2025 - September 2026

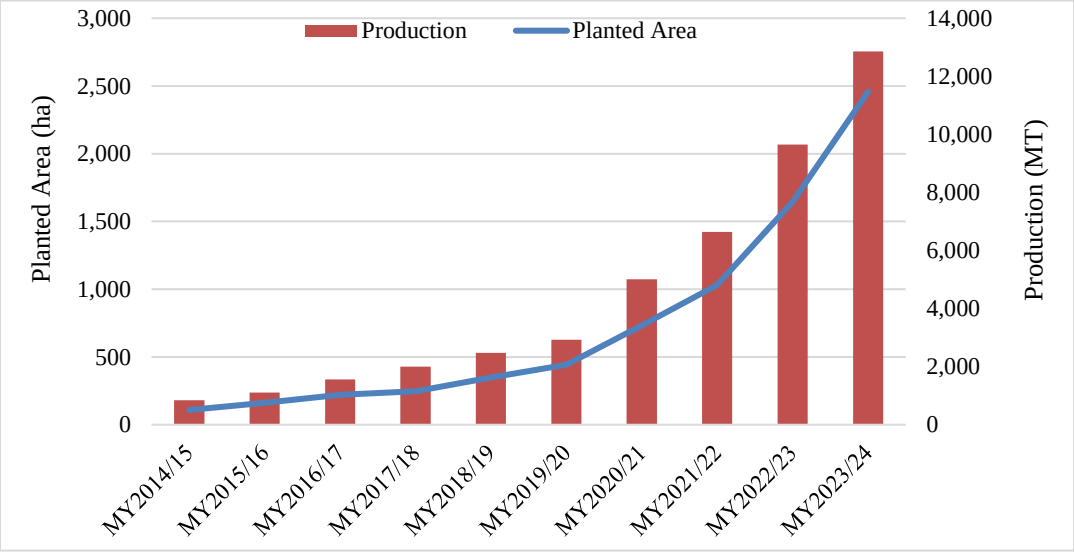
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

Production

FAS/Tokyo forecasts the MY2025/26 corn planting area will increase by 25 percent to 4,000 hectares, with production projected at 21,000 metric tons (MT), assuming average yield. Based on the current trendline, Post projects the MY2024/25 harvested area will increase to 3,200 hectares, with production rising to 16,000 MT, up by 30 percent and 28 percent, respectively. Japan's corn production has been expanding year-on-year as an alternative crop to rice in paddies (Chart 2). FAS/Tokyo anticipates that production will continue expanding in the current and forecast years, albeit at a slower pace, as high rice prices may encourage farmers to return to rice production.

The Ministry of Agriculture, Forestry and Fisheries (MAFF) reports that in MY2023/24, corn harvested area and production were 2,457 hectares and 12,861 MT, respectively, up 49 percent and 33 percent from the previous year. In Japan, the majority of corn is produced in paddies, as farmers take advantage of MAFF's support payment program, "Direct Payments for Rice Paddy Utilization" (JA2021-0031) which provides support payments to farmers for production of eligible crops in paddies. However, MAFF reports that the yield growth has been challenging as corn has a low moisture tolerance and requires thorough drainage for cultivation in paddies. MAFF is reviewing the support payment program to shift its focus from paddy production to productivity improvement in both paddies and upland fields. FAS/Tokyo anticipates that MAFF will continue to provide support payments for corn but facilitate corn production in upland fields.

Chart 2. Japan Corn Production



Source: MAFF

Consumption

Food, Seed, and Industrial (FSI) Consumption

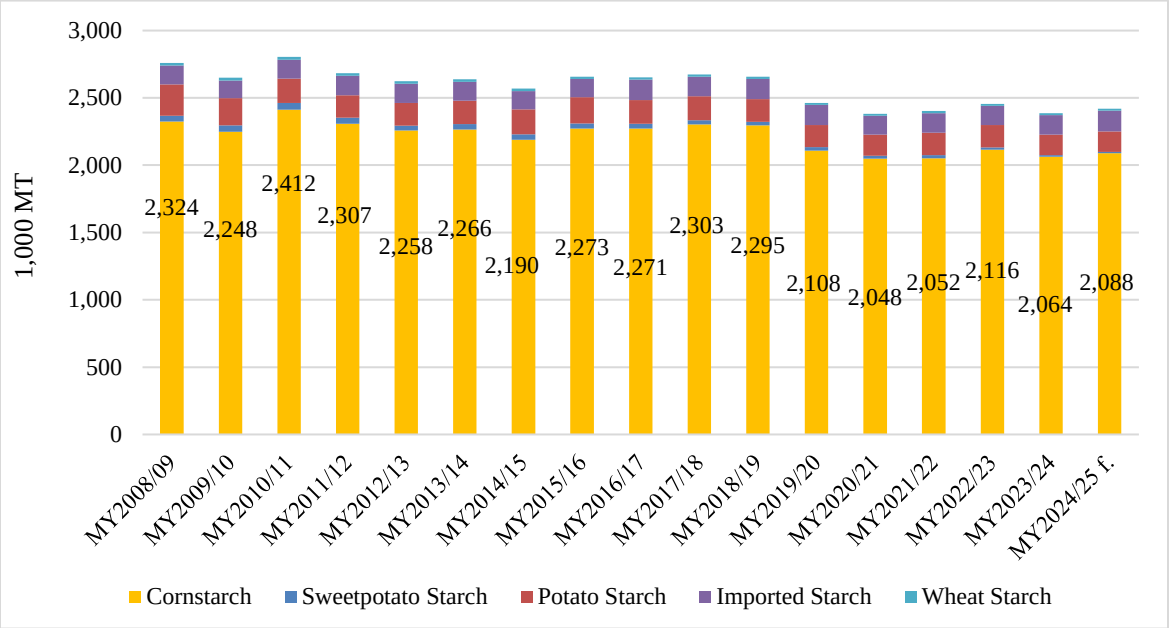
FAS/Tokyo forecasts Japan's corn for FSI consumption at 3.33 million MT in MY2025/26, unchanged from MY2024/25 based on sustained cornstarch demand. Post projects MY2024/25 FSI consumption at 3.33 million MT, up marginally (0.9 percent) from MY2023/24 based on anticipated higher cornstarch demand.

Cornstarch is the predominant driver for FSI consumption in Japan. Sweeteners, such as high fructose corn syrup (HFCS), are the main source of cornstarch demand, with half of the HFCS produced in Japan used for making soft drinks. MAFF anticipates a marginal increase in HFCS and cornstarch demand in MY2024/25 driven by strong food service and tourism sectors, supported by a surge in foreign visitors to Japan [1] (See Chart 3 and Chart 4). FAS/Tokyo forecasts cornstarch demand from the food service and tourism sectors will continue to be strong in MY2025/26. However, price inflation is expected to stagnate food and beverage consumption, which may offset increases in cornstarch use. FAS/Tokyo forecasts cornstarch demand will trend downward in the long term, reflecting the declining population and consumer preferences for products with less sugar and less paper.

MAFF estimates that approximately 2.1 million MT of cornstarch was produced in Japan in MY2023/24 accounting for 86 percent of the total 2.4 million MT starch supply. Roughly 1.6 million MT of starch was used to manufacture sweeteners including HFCS, accounting for 70 percent of the total starch demand. Demand for cornstarch was depressed by the COVID-19 pandemic and has not recovered to date, as price increases suppressed overall food and beverage demand (Chart 5). Consumption for corn for products other than starch, such as flakes, ethyl alcohol, distilled alcoholic beverages, and grits is stable.

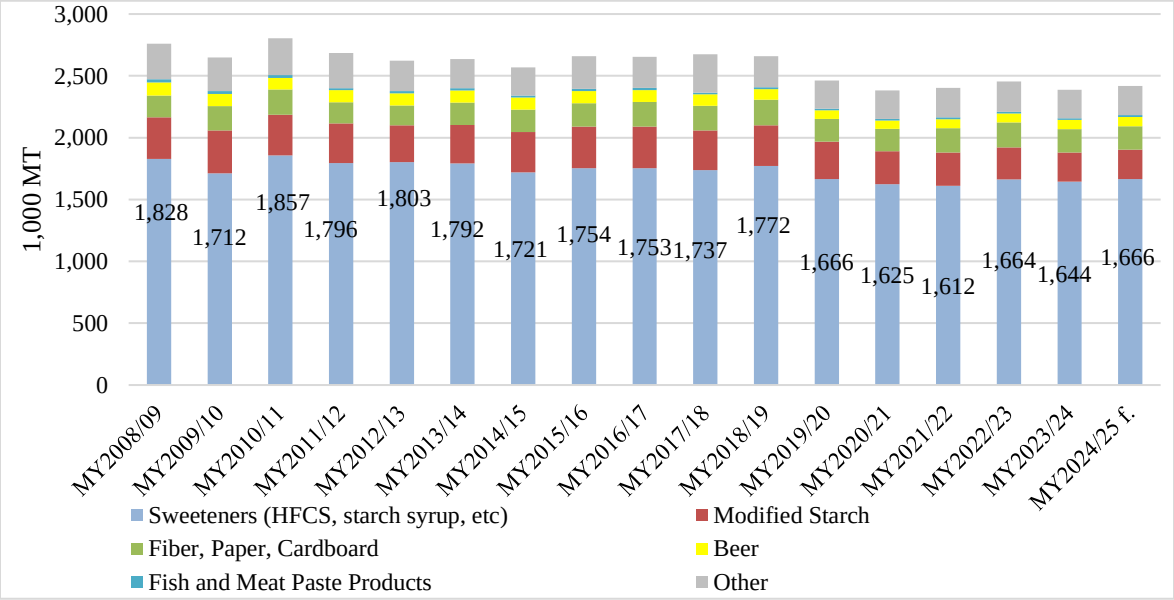
[1] The Japan Tourism Agency reports that the number of foreign visitors to Japan increased to 36.9 million visitors in 2024, up 47 percent from 2023, surpassing the record set in 2019 by 5 million more visitors. In addition, Japanese residents increased their domestic travel over overseas trips due to the depreciation of the yen.

Chart 3. Japan Starch Supply



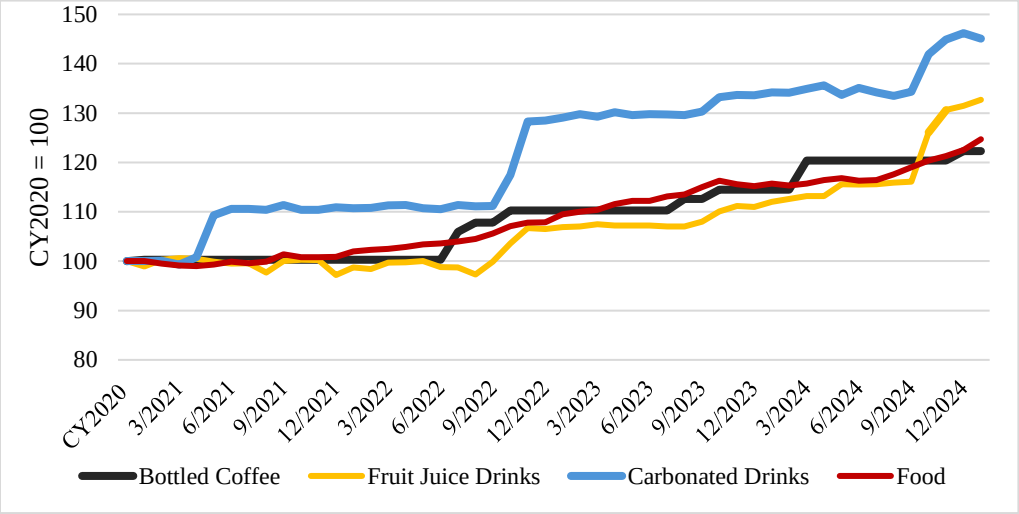
Source: MAFF

Chart 4. Japan Starch Demand



Source: MAFF

Chart 5. Japan Consumer Price Indices



Source: Ministry of Internal Affairs and Communications (MIAC)

Feed Consumption

FAS/Tokyo forecasts Japan's MY2025/26 demand for corn for feed use to increase by 2.5 percent to 12.3 million MT, based on the anticipated recovery in the layer population from Highly Pathogenic Avian Influenza (HPAI) outbreaks during the 2024/25 season. In addition, Post anticipates a shift in demand away from rice to corn due to high rice prices.

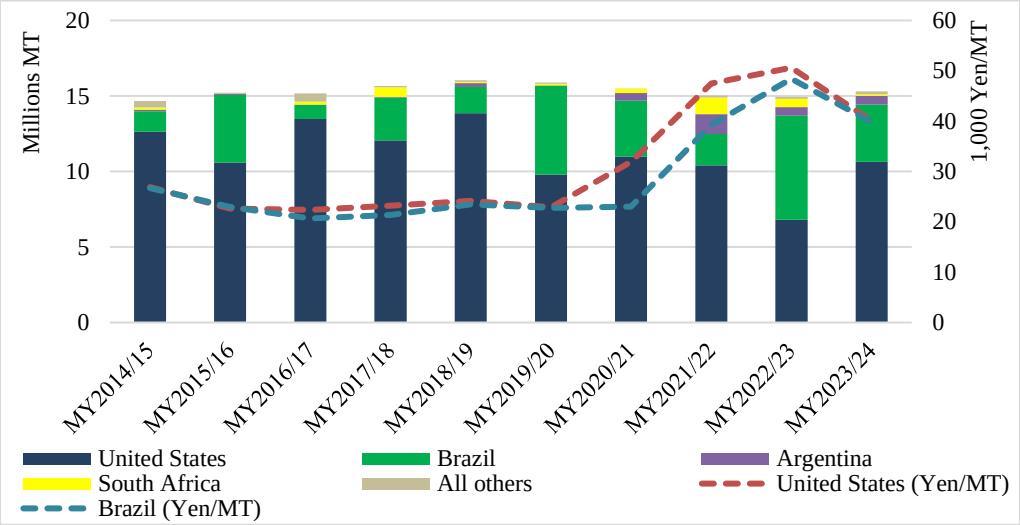
FAS/Tokyo projects MY2024/25 feed demand to remain unchanged at 12 million MT from the previous year, as an increase in corn in feed production in lieu of rice is anticipated to offset the reduced demand from the layer sector after it suffered HPAI outbreaks. Layers consume nearly 30 percent of corn in formula feed production. In addition to impacts from HPAI outbreaks, FAS/Tokyo also projects a shift in demand for feed corn in response to Japan's high rice prices. In MY2024/25, MAFF estimates an approximate 35,000 hectare decrease in feed rice acreage (which equates roughly to 200,000 MT), as farmers shifted production from feed rice to table rice. Feed mills are gradually increasing corn-in-feed rations instead of sorghum due to corn's improved price-per-nutrient competitiveness (Annex Table 1).

Trade

FAS/Tokyo forecast Japan's MY2025/26 corn imports to increase by two percent to 15.6 million MT from Post's MY2024/25 estimate, in line with an anticipated increase in feed demand. Post anticipates MY2024/25 imports at 15.3 million MT, unchanged from MY2023/24 based on relatively stable FSI and feed demand.

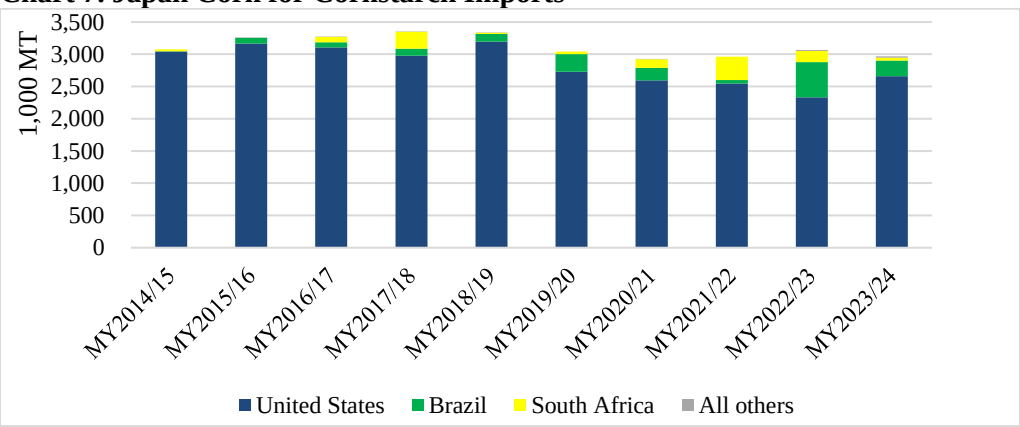
Japan imports corn predominantly from the United States and Brazil and switches between the suppliers based on price. For corn for manufacturing cornstarch, Japan sources nearly 90 percent from the United States as many starch plants in Japan were built to U.S. corn specifications and U.S. corn has superior uniformity, according to industry sources (Chart 7).

Chart 6. Japan Total Corn Imports and CIF Unit Prices



Source: Trade Data Monitor

Chart 7. Japan Corn for Cornstarch Imports



Source: Trade Data Monitor

Stocks

FAS/Tokyo forecasts Japan's corn ending stocks to be stable at 1.30 million MT in MY2024/25 and 1.29 million MT in MY2025/26. These stocks include corn under MAFF's imported feed grain reserve program for contingency preparedness. MAFF provides support payments to feed mills to cover some storage costs for contingency stocks, up to a total of one million tons of imported corn, sorghum, barley, wheat, bran, and soybean meal, of which corn accounts for the majority.

FAS/Tokyo estimates MY2023/24 ending stocks at 1.311 million MT, of which feed mills held 571,735 MT in September 2024, according to MAFF.

Sorghum

Table 4. Sorghum Production, Supply and Distribution

Sorghum	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	24	24	11	11	0	11
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	127	127	150	130	0	100
TY Imports (1000 MT)	127	127	150	130	0	100
TY Imp. from U.S. (1000 MT)	47	44	0	0	0	0
Total Supply (1000 MT)	151	151	161	141	0	111
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	140	140	150	130	0	100
FSI Consumption (1000 MT)	0	0	0	0	0	0
Total Consumption (1000 MT)	140	140	150	130	0	100
Ending Stocks (1000 MT)	11	11	11	11	0	11
Total Distribution (1000 MT)	151	151	161	141	0	111
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2025/2026 = October 2025 - September 2026

OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

Production

Grain sorghum production is negligible in Japan.

Consumption

Sorghum is almost entirely consumed as feed in Japan. FAS/Tokyo forecasts MY2025/26 feed consumption at 100,000 MT, down 30,000 MT from Post's MY2024/25 estimate. FAS/Tokyo anticipates MY2024/25 feed consumption to decrease to 130,000 MT, assuming sorghum continues to be less price competitive than corn and other feed grains.

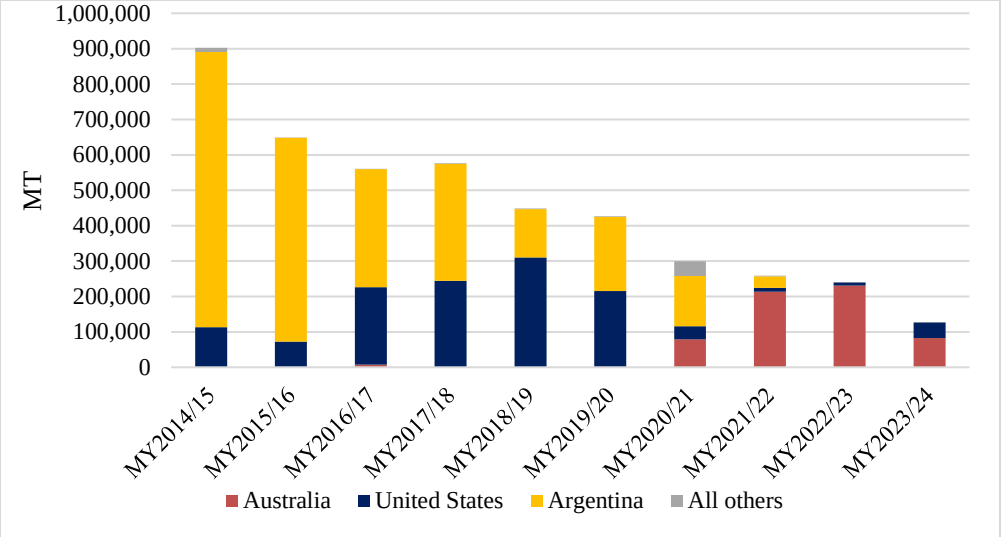
Feed mills have reduced sorghum in feed rations year-on-year as sorghum has lost price-competitiveness against corn, rice, and other feed grains. While China's recent imposition of tariffs on U.S. sorghum may soften U.S. sorghum prices Japanese feed mills generally prefer corn over sorghum, for its nutritional value. An increase of sorghum in Japan's feed composition is only anticipated if the price of sorghum falls significantly lower than that of corn.

Trade

FAS/Tokyo forecasts Japan's sorghum imports at 130,000 MT in MY2024/25 and 100,000 MT in MY2025/26 on projected decline in feed demand.

The United States, Argentina, and Australia have been the major sorghum suppliers to Japan historically. Australia has become the dominant sorghum supplier to Japan since MY2021/22.

Chart 8. Japan Sorghum Imports



Source: Trade Data Monitor

Stocks

FAS/Tokyo forecasts sorghum ending stocks to remain unchanged at 11,000 MT in MY2024/25 and MY2025/26.

FAS/Tokyo estimates that MY2023/24 ending stocks at 11,000 MT, of which MAFF reports feed mills held 9,749 MT in September 2024. Some of these stocks are a part of MAFF's contingency reserve program for imported feed grains.

Barley

Table 5. Barley Production, Supply and Distribution

Barley	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	64	64	65	65	0	65
Beginning Stocks (1000 MT)	125	125	131	131	0	117
Production (1000 MT)	233	233	220	186	0	230
MY Imports (1000 MT)	1203	1203	1200	1200	0	1150
TY Imports (1000 MT)	1203	1203	1200	1200	0	1150
TY Imp. from U.S. (1000 MT)	6	5	0	0	0	0
Total Supply (1000 MT)	1561	1561	1551	1517	0	1497
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	1050	1050	1050	1020	0	1000
FSI Consumption (1000 MT)	380	380	380	380	0	380
Total Consumption (1000 MT)	1430	1430	1430	1400	0	1380
Ending Stocks (1000 MT)	131	131	121	117	0	117
Total Distribution (1000 MT)	1561	1561	1551	1517	0	1497
Yield (MT/HA)	3.6406	3.6406	3.3846	2.8615	0	3.5385
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Barley begins in October for all countries. TY 2025/2026 = October 2025 - September 2026						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

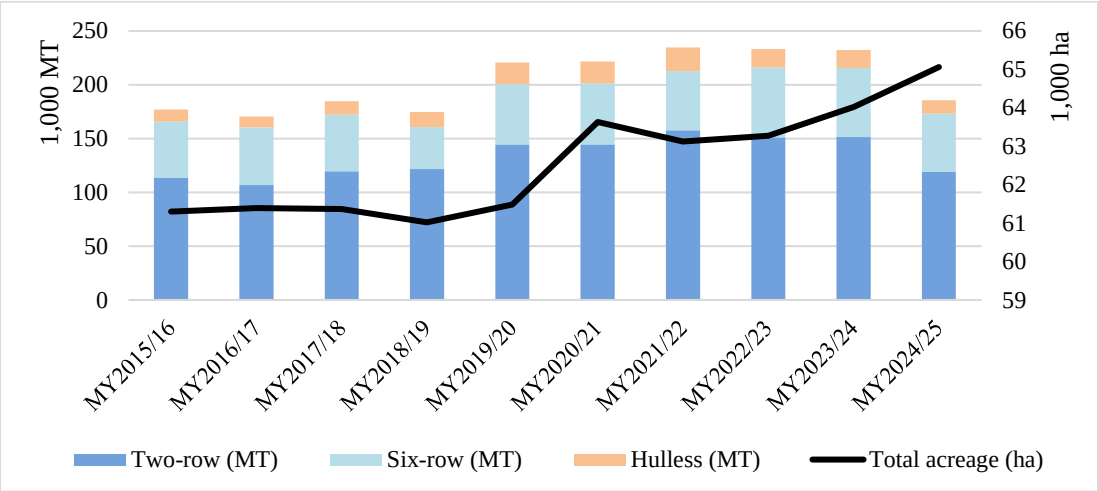
Production

FAS/Tokyo forecasts MY2025/26 barley planted area at 65,000 hectares, unchanged from the previous year, and production is estimated at 230,000 MT, assuming average yield.

Almost all barley is produced in paddies in one- or two-year crop rotations, alternating with rice and soybeans, as barley is an eligible crop for support payments under MAFF's support payment program, "Direct Payment for Rice Paddy Utilization." Farmers increased barley acreage over the last three years to meet robust demand for domestic barley following price spikes of imported barley and costlier import prices due to the weak Japanese yen. FAS/Tokyo anticipates demand for domestic barley will continue to remain steady, however, some farmers are expected to shift production from barley to rice in response to the high rice prices. Accordingly, FAS/Tokyo projects that barley acreage will not expand, but stay flat in MY2025/26.

MAFF estimates that harvested area expanded by 2 percent to 65,060 hectares in MY2024/25 but production decreased 20 percent to 185,600 MT. The 21 percent decline in yield is attributed to the prolonged rainfall and high temperatures during the flowering periods, causing scab outbreaks in the main production regions of Kyushu and Hokuriku. In addition, the same region suffered from a lack of sunshine and high temperatures, resulting in poor grain-filling.

Chart 9. Japan Barley Production



Source: MAFF

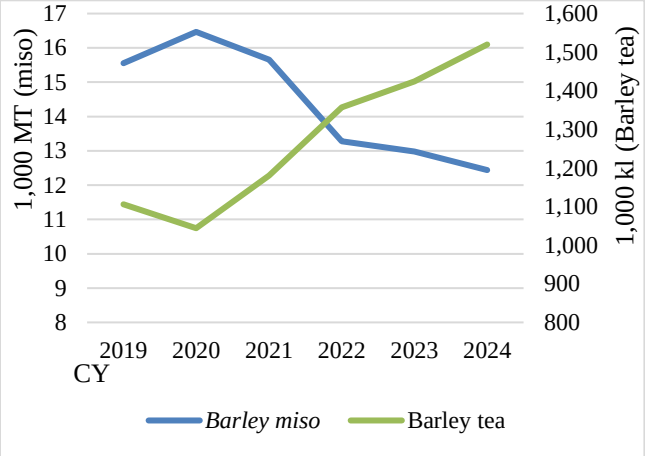
Consumption

FSI Consumption

FAS/Tokyo forecasts MY2025/26 FSI consumption at 380,000 MT, unchanged from Post MY2024/25 estimates. Barley is consumed for malting, producing barley tea, *shochu* (distilled liquor), *miso* (fermented soybean paste), and as a rice extender. According to industry sources, total demand for barley has leveled off in recent years, as the growing demand for barley tea has offset the weakening demand for *shochu* and *miso*. Demand for malt and rice extender has been stable. FAS/Tokyo projects this trend will continue in the current and forecast years.

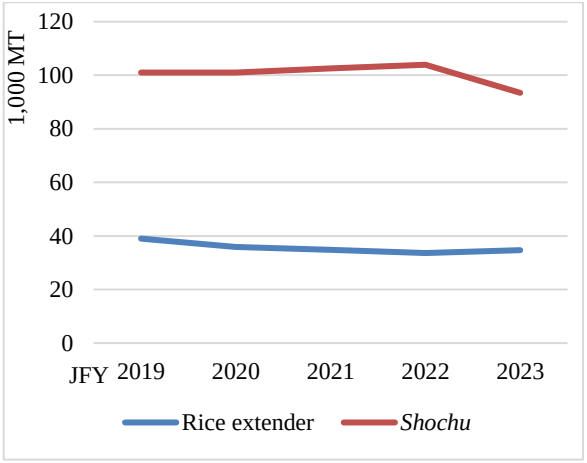
According to MAFF, two-row barley is mainly used for manufacturing *shochu* and malting, and six-row barley is used for manufacturing barley tea and as a rice extender. Hulless barley is used for making *miso*. MAFF reports Australia supplies mainly two-row barley to Japan and Canada supplies predominantly six-row barley to Japan. According to industry sources, demand for imported six-row barley will continue to be strong due to the growing production of barley tea.

Chart 10. Japan Barley *Miso* and Barley Tea Production



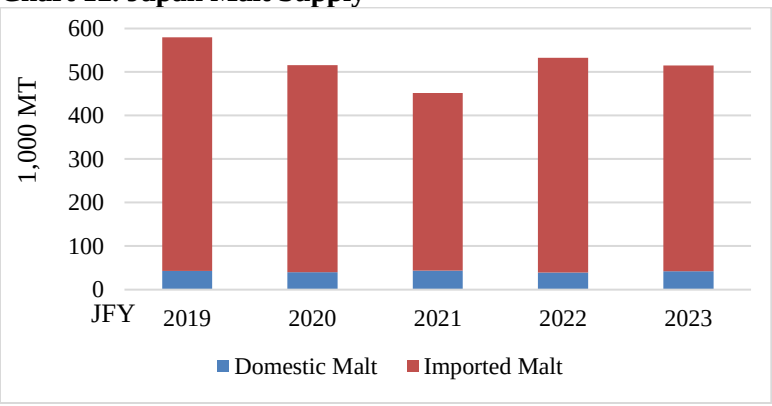
Source: MAFF, Product basis

Chart 11. Japan Rice Extender and *Shochu* Production



Source: MAFF, Pearled barley basis

Chart 12. Japan Malt Supply



Source: MAFF
Note: Domestic malt is malt made from barley produced in Japan
Imported malt includes malt made from imported barley

Feed Consumption

FAS/Tokyo forecast MY2025/26 feed consumption at one million MT, down 2 percent from MY2024/5. Post anticipates MY2024/25 feed consumption at 1.02 million MT, down 2.9 percent from MY2023/24 based on a projected decrease in cattle inventories as well as a projected shift from barley to price competitive corn in feed rations. Beef cattle consume roughly 80 percent of barley in feed rations and FAS/Tokyo forecasts marginally lower beef cattle inventories based on weak beef consumption as well as a decrease in the number of beef cattle farms in MY2024/25 (JA2025-0007). FAS/Tokyo anticipates these trends to continue in MY2025/26.

Trade

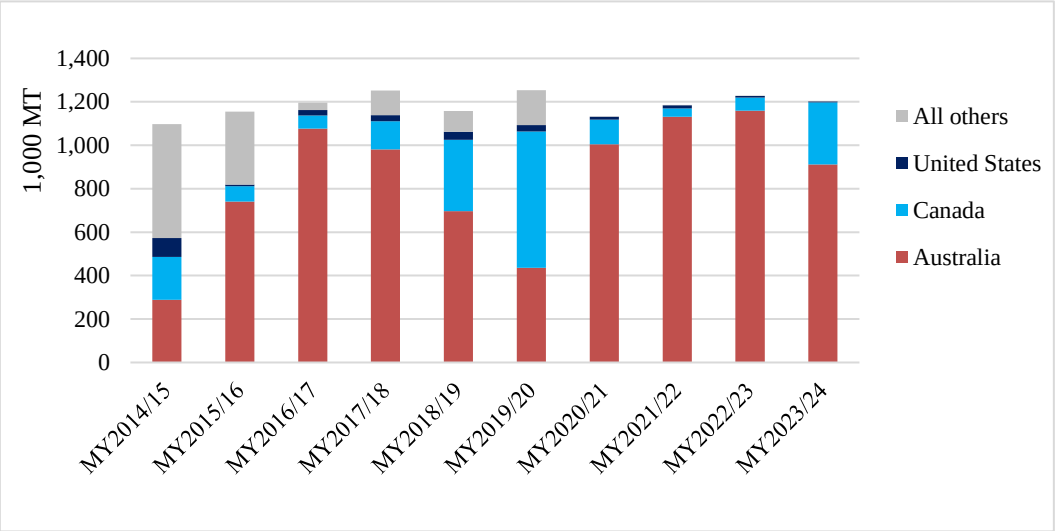
FAS/Tokyo forecasts MY2025/26 barley imports at 1.15 million MT, down 4.2 percent from MY2024/25 based on an anticipated decrease in feed demand. Post projects MY2024/25 imports at 1.2 million MT, unchanged from

MY2023/24, as greater demand for imports following a smaller than expected domestic harvest will be nullified by lower feed demand.

Under the state-trading system, Japan imports food barley predominantly from Australia, Canada, and the United States. Food barley imports declined since MY2021/22 due to strong domestic harvests as well as an increase in prices for imported barley (Chart 14). Industry sources noted that due to a decrease in MY2024/25 domestic production, demand for imported barley is strong, especially for glutinous hulless barley, which is used as a rice extender, and two row barley, which is used for malting and *shochu.*

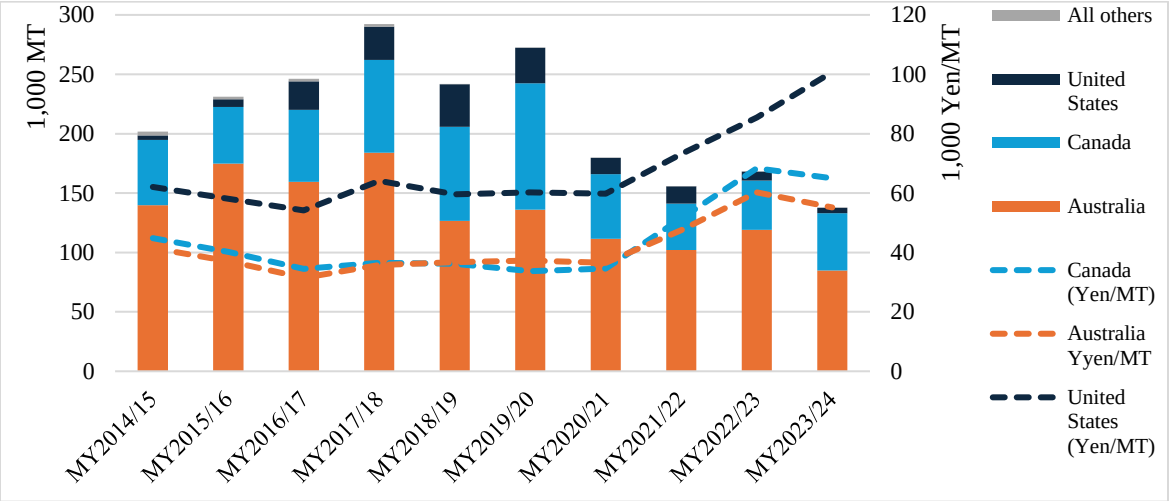
Japan moved feed barley from its state-trading system to allow for private sector trade under the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) and the Japan-EU Economic Partnership Agreement (EPA). Australia and Canada are the main suppliers of feed barley to Japan (Chart 15).

Chart 13. Japan Total Barley Imports



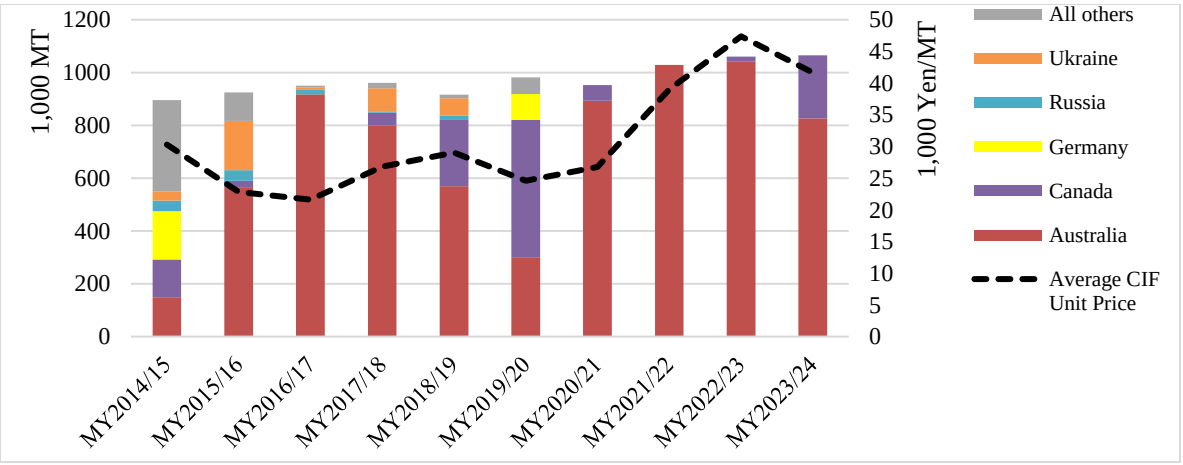
Source: Trade Data Monitor

Chart 14. Japan Food Barley Imports



Source: Trade Data Monitor

Chart 15. Japan Feed Barley Imports



Source: Trade Data Monitor

Stocks

FAS/Tokyo forecasts barley ending stocks to be stable at 117,000 MT in MY2024/25 and MY2025/26. MAFF reports that feed mills held 66,897 MT of barley in September 2024, some of which is covered by MAFF's contingency reserve program for imported feed grains.

Wheat

Table 5. Wheat Production, Supply and Distribution

Wheat	2023/2024		2024/2025		2025/2026	
Market Year Begins	Jul 2023		Jul 2024		Jul 2025	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	232	232	234	234	0	232
Beginning Stocks (1000 MT)	1142	1142	1094	1094	0	1134
Production (1000 MT)	1145	1145	1080	1050	0	1100
MY Imports (1000 MT)	5346	5346	5400	5550	0	5500
TY Imports (1000 MT)	5346	5346	5400	5550	0	5500
TY Imp. from U.S. (1000 MT)	2104	1918	0	0	0	0
Total Supply (1000 MT)	7633	7633	7574	7694	0	7734
MY Exports (1000 MT)	309	309	300	310	0	310
TY Exports (1000 MT)	309	309	300	310	0	310
Feed and Residual (1000 MT)	730	730	650	700	0	700
FSI Consumption (1000 MT)	5500	5500	5500	5550	0	5550
Total Consumption (1000 MT)	6230	6230	6150	6250	0	6250
Ending Stocks (1000 MT)	1094	1094	1124	1134	0	1174
Total Distribution (1000 MT)	7633	7633	7574	7694	0	7734
Yield (MT/HA)	4.9353	4.9353	4.6154	4.4872	0	4.7414

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2025/2026 = July 2025 - June 2026

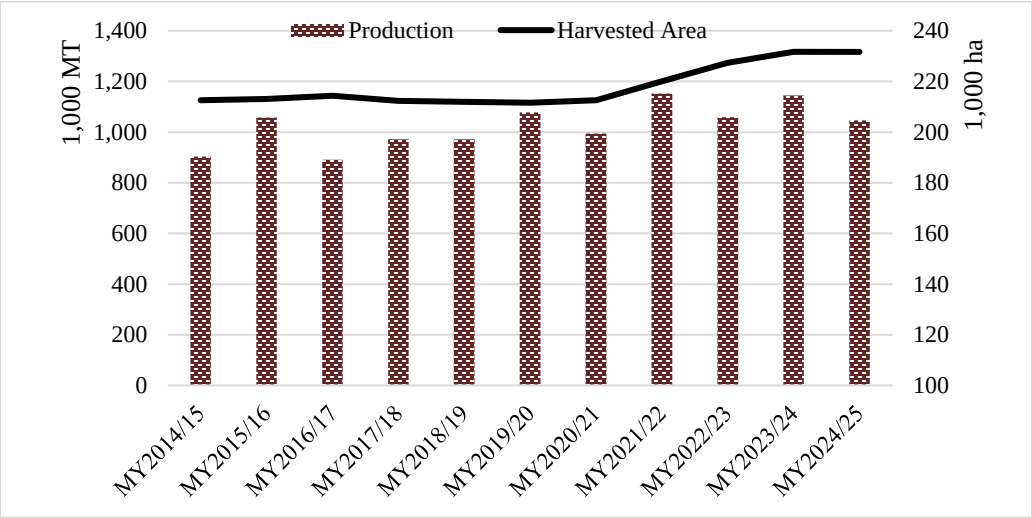
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

Production

FAS/Tokyo forecasts Japan's MY2025/26 wheat planting areas to remain at 231,600 hectares, unchanged from MY2024/25, with production estimated at 1.1 million MT, assuming average yield. Since MY2021/22, wheat acreage has expanded due to soaring prices of imported wheat and lower domestic rice prices (Chart 16). However, with the recent surge in rice prices, FAS/Tokyo estimates that some farmers will return to rice planting. As a result, wheat planted area is anticipated to remain flat in MY2025/26.

MAFF reports that MY2024/25 wheat acreage was at 231,600 hectares, down marginally from 231,700 hectares in MY2023/24. Industry sources attribute the decrease to a failure in sowing in some areas of Hokkaido due to unfavorable weather conditions last fall. Wheat acreage increased marginally (0.3 percent) in regions other than Hokkaido. MAFF reports MY2024/25 production decreased 8.6 percent to 1.05 million MT due to moisture damage, disease outbreaks, and poor grain filling caused by unfavorable weather, which lowered the yield in Kyushu, the main wheat producing region in Southern Japan. According to MAFF, rice paddies account for more than half of the wheat planted areas, as MAFF's support payment program, "Direct Payments for Rice Paddy Utilization" incentivizes wheat production in paddies.

Chart 16. Japan Wheat Production



Source: MAFF

Consumption

FSI Consumption

FAS/Tokyo forecasts Japan's MY2025/26 FSI wheat consumption to remain stable at 5.55 million MT. Post estimates MY2024/25 FSI consumption to increase by one percent to 5.55 million MT from Post's MY2023/24 estimates. Industry sources noted that modest consumption growth has continued from the previous year, driven by robust demand from the tourism and food service sectors, as well as a shift from rice to wheat products due to soaring rice prices (Chart 17).

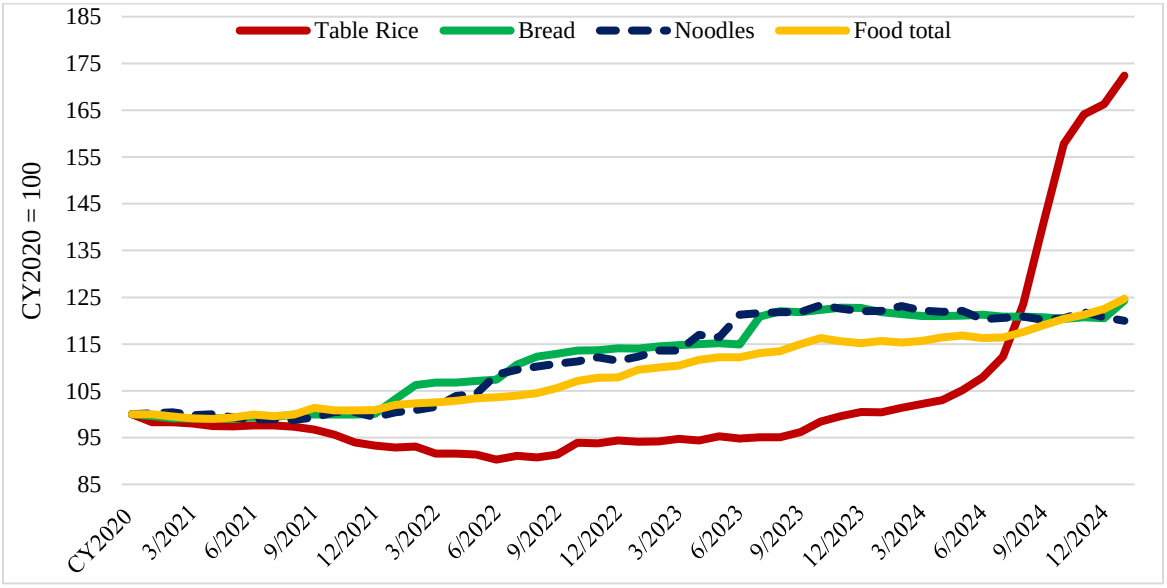
According to industry sources, although wheat flour production, which had declined during the COVID-19 pandemic, has been gradually recovering since last year, it has not yet reached pre-pandemic levels (Chart 18). MAFF estimates that the total wheat flour production increased marginally in Calendar Year (CY) 2024 with higher bread and pasta production. Industry expects a gradual recovery to continue in MY2024/25. However, Post projects FSI consumption to level off in MY2025/26 as decline in population and per capita consumption will offset further growth (Chart 19).

MAFF reports that Japan's flour milling industry has undergone consolidation over the past 10 years. In 2012, 94 companies with 117 mills produced 4.9 million MT of wheat flour, whereas by 2022, 63 companies with 85 mills produced 4.6 million MT. The four major flour milling companies produced about 80 percent of the total wheat flour and are expanding milling capacities and consolidating mills into coastal areas. Small- and medium-sized flour milling companies are mainly located inland and supply wheat flour to local food processors, and many of them also manufacture dried noodles. Most small-scale flour milling companies do not handle imported wheat and primarily mill domestically produced wheat for noodles and confectionery.

Wheat Price

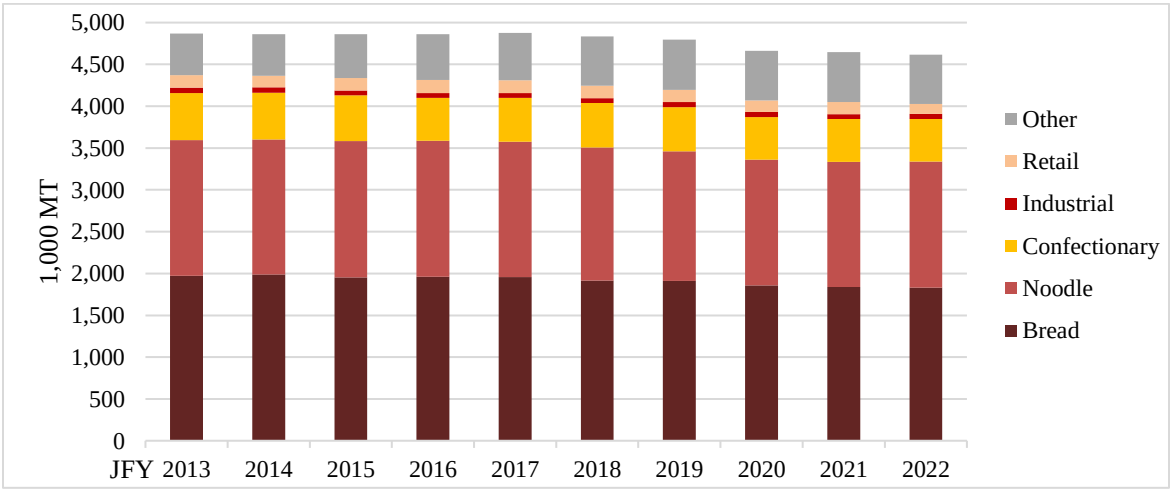
Wheat is a state-traded product, and MAFF predominantly imports five classes[2] of wheat from the United States, Canada, and Australia. MAFF sells this wheat to flour millers at a price set semi-annually in April and October, based on the average import prices from the previous six months. Due to declining international prices for wheat, MAFF will lower its average sales price for wheat by 4.6 percent to 63,750 yen per MT in April 2025. This marks the fourth consecutive price decrease, following a price cut of approximately 1.8 percent in the current October 2024 period. Despite the reduction, MAFF expects that the price cut will have little impact on wheat product prices due to increased production and labor costs.

Chart 17. Japan Consumer Price Indices (CY2020 = 100)



Source: Ministry of Internal Affairs and Communication

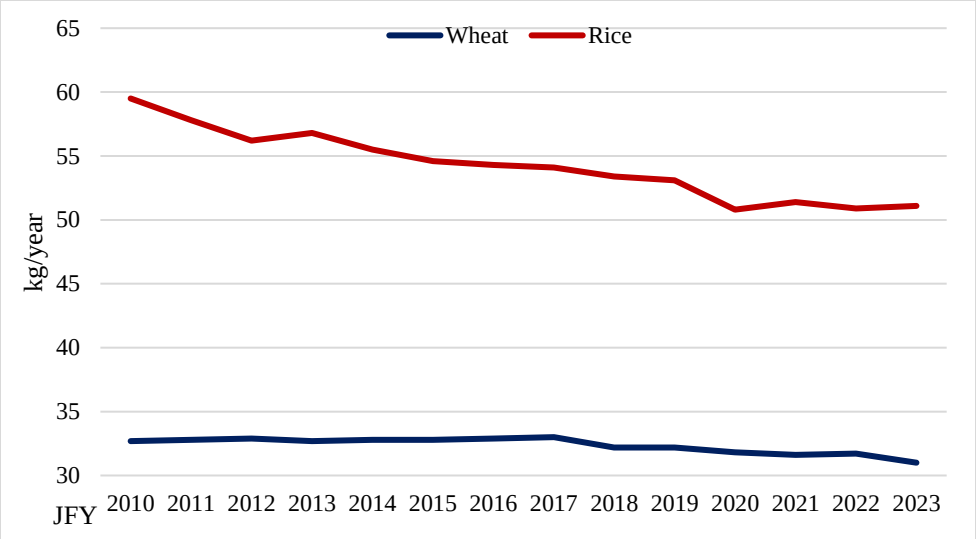
Chart 18. Japan Wheat Flour Production by Use



[2] U.S. Dark Northern Spring (DNS), U.S. Hard Red Winter (HRW), U.S. Western White (WW), Canadian Western Red Spring (1CW) and Australian Standard White (ASW).

Source: MAFF
Note: JFY refers to Japan Fiscal Year which runs from April 1 to March 31.

Chart 19. Japan Per Capita Consumption for Rice and Wheat



Source: MAFF

Feed Consumption

FAS/Tokyo forecasts Japan's MY2025/26 feed consumption for wheat at 700,000 MT, unchanged from the Post's MY2024/25 estimates based on sustained demand.

Post estimates MY2024/25 feed consumption at 700,000 tons, 4 percent lower than the previous year, due to projected higher corn use in feed rations in lieu of wheat because of corn's price competitiveness. MAFF reports that wheat-in-feed rations decreased marginally (0.7 percent) in the first half of MY2024/25, while imports of feed-grade wheat slowed down in the current marketing year to date (Table 6). Swine consume approximately 60 percent of wheat in feed production in Japan. FAS/Tokyo forecasts stable swine inventories in MY2024/25 and MY2025/26 based on robust domestic pork consumption (JA2025-0007). Thus, no significant decrease in wheat for feed demand is projected.

Trade

Imports

FAS/Tokyo forecasts MY2025/26 wheat imports at 5.5 million MT, down 0.9 percent from Post's MY2024/25 estimate, based on a projected recovery in domestic wheat production. Post projects MY2024/25 imports at 5.55 million MT, up 3.8 percent from the previous year, due to lower production and projected higher FSI consumption. Total imports of wheat and wheat products increased by 3.5 percent for the first seven months of MY2024/25, driven by strong demand for FSI wheat and pasta, which more than offset weak feed wheat imports (Table 6).

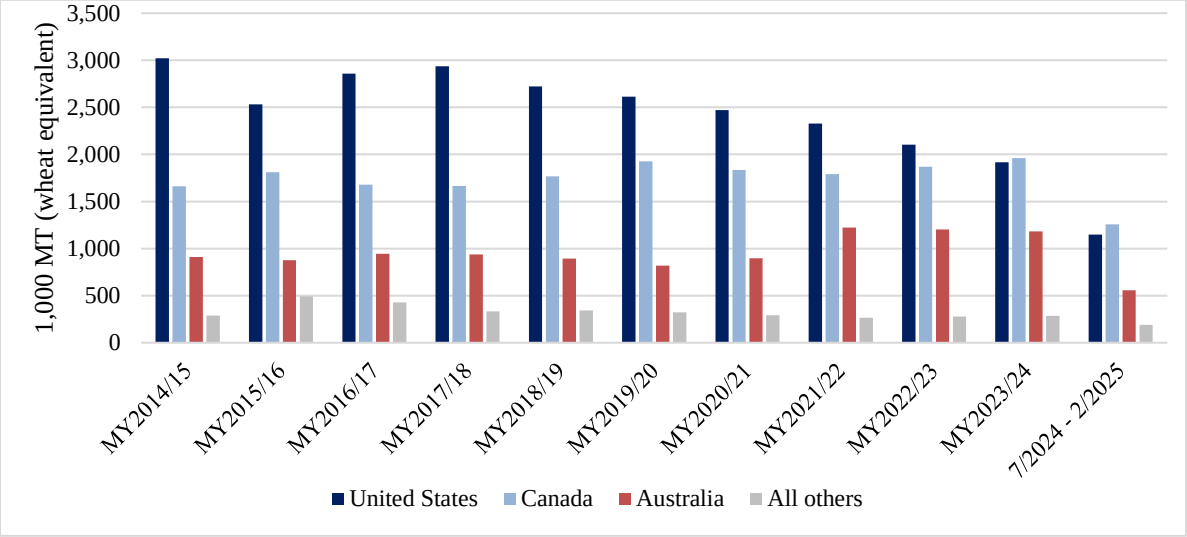
Under the state trading system, MAFF imports wheat predominantly from the United States, Canada, and Australia duty-free but collects a markup upon re-sale. Similar to barley, the GOJ allows private companies to import feed wheat under the CPTPP and the Japan-EU EPA. While Australia has been the dominant feed wheat supplier since MY2021/22, Japan has significantly increased feed wheat imports from Canada and the United States in the current marketing year due to their improved price competitiveness (Chart 21). Canada continues to outpace the United States in total wheat and wheat product exports to Japan for the current marketing year to date, due to the price competitiveness of its food wheat (Chart 20).

Table 6. Japan Imports of Wheat and Wheat Products (wheat equivalent MT)

	MY2021/22	MY2022/23	MY2023/24	7/2024 - 1/2025	Change from 7/2023 - 1/2024
FSI Wheat	4,895,738	4,742,969	4,651,628	2,752,122	3.8%
Feed Wheat	423,752	415,420	391,670	203,165	-8.2%
Pasta	280,329	287,504	296,863	193,904	13.8%
Other Wheat Products	4,982	5,985	6,086	3,379	-0.2%
Total	5,604,801	5,451,878	5,346,247	3,152,570	3.5%

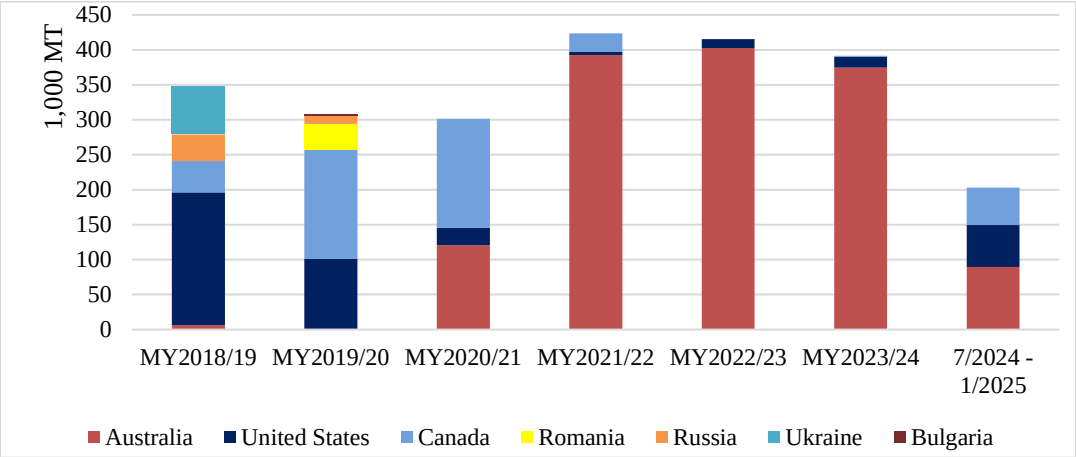
Source: MAFF

Chart 20. Japan Total Wheat and Wheat Product Imports



Source: Trade Data Monitor

Chart 21. Japan Feed Wheat Imports



Source: Trade Data Monitor

Exports

FAS/Tokyo forecasts Japan's MY2025/26 wheat and wheat product exports to remain stable at 310,000 MT. Post estimates MY2024/25 exports at 310,000 MT, up marginally from MY2023/24, based on a higher pace of imports in the first seven months of MY2024/25. Japan's wheat exports predominantly consist of wheat flour and major export destinations include Hong Kong, Malaysia, Singapore, and China.

Stocks

FAS/Tokyo forecasts Japan's wheat ending stocks to remain stable at 1.13 million MT in MY2024/25 and 1.17 million MT in MY2025/26. Both figures include approximately 900,000 MT of imported food wheat, which represents 2.3 months' worth of consumption that MAFF targets for the private sector to hold for contingency preparedness. MAFF subsidizes storage costs for 1.8 months' worth of contingency stocks.

Rice

Table 7. Rice Production, Supply and Distribution

Rice, Milled	2023/2024		2024/2025		2025/2026	
Market Year Begins	Nov 2023		Nov 2024		Nov 2025	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1479	1479	1460	1458	0	1454
Beginning Stocks (1000 MT)	1812	1812	1598	1599	0	1403
Milled Production (1000 MT)	7297	7297	7350	7294	0	7280
Rough Production (1000 MT)	10023	10023	10096	10019	0	10000
Milling Rate (.9999) (1000 MT)	7280	7280	7280	7280	0	7280
MY Imports (1000 MT)	724	724	720	700	0	688
TY Imports (1000 MT)	754	724	720	700	0	688
TY Imp. from U.S. (1000 MT)	346	346	0	0	0	0
Total Supply (1000 MT)	9833	9833	9668	9593	0	9371
MY Exports (1000 MT)	85	84	90	90	0	100
TY Exports (1000 MT)	85	84	90	90	0	100
Consumption and Residual (1000 MT)	8150	8150	8000	8100	0	8000
Ending Stocks (1000 MT)	1598	1599	1578	1403	0	1271
Total Distribution (1000 MT)	9833	9833	9668	9593	0	9371
Yield (Rough) (MT/HA)	6.7769	6.7769	6.9151	6.8717	0	6.8776

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2025/2026 = January 2026 - December 2026

OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query

Note: the quantity of rice is expressed in milled basis otherwise noted.

Production

FAS/Tokyo forecasts Japan's MY2025/26 rice planting areas at 1.45 million hectares, down marginally (0.3 percent) from Post's MY2024/25 estimates. This decline is based on a trendline decrease in rice acreage as aging farmers reduce or give up farming. Post anticipates the minimal decrease due to strong table rice prices. Post projects MY2025/26 production at 7.28 million MT, assuming average yield.

Post anticipates the total rice acreage to decrease marginally in MY2025/26, as the projected increase in table rice acreage will not offset the reduction in feed rice acreage. MAFF estimates the planting areas for table rice will increase by 3 percent, or 40,000 hectares, in MY2025/26 as farmers shift production from feed rice to table rice in response to soaring table rice prices and reduced support payments for feed rice under MAFF's program, "Direct Payment for Rice Paddy Utilization" (JA2023-0098). This program encourages farmers to shift production from table rice to other eligible crops such as corn, wheat, barley, soybeans, feed rice, rice for processing, and rice for export by providing support payments to fill the price gap between table rice and other eligible crops. However, because of recent record prices, growing table rice is a profitable option for growers, even in consideration of MAFF's support payment programs for other crops.

MAFF estimates that MY2024/25 rice harvested areas decreased by 1.4 percent to 1.46 million hectares, while production remained the same at 7.29 million MT due to 1.4 percent increase in yield. Yields declined in the Western and Southern regions of Japan due to lack of sunshine in early summer and record high temperatures from August onward, while favorable weather conditions increased yields in major rice production regions in

Northern Japan. MAFF reports the quality of MY2024/25 rice is better than the MY2023/24 crop.[3] Heat damage lowered the milling rate of the MY2023/24 crop, which partly contributed to the rice shortage in summer 2024 (JA2024-0044).

The number of rice farms has been in a steep decline in recent years, with estimations indicating that the number of rice farms declined by 43 percent in the decade leading up to 2023, amounting to only 576,000 farms. The majority of rice farms are small-scale family farms, with the average farm size accounting for 1.8 hectares. Sixty-two percent of farms cultivate less than one hectare of paddy land. According to MAFF, the average farm had been running at a deficit, as production costs had been much higher than farm gate prices. However, due to recent rice price increases, farmers have been profitable.

Consumption

FAS/Tokyo forecasts Japan's MY2025/26 total rice consumption at 8 million MT, down 1.2 percent from Post's MY2024/25 estimate. Post projects MY2024/25 consumption at 8.1 million MT, a 0.6 percent decrease from MY2023/24 estimates. For these marketing years, Post anticipates the decline to be due to a decrease in feed rice consumption, as farmers will turn to more price competitive feed inputs, while table rice consumption is projected to remain steady.

Japanese rice consumption has been in a steady decline for decades, driven by its population and per capita consumption decline, however the downward trend has softened in recent years, and table rice consumption has been strong since MY2023/24 (JA2024-0047). Amid soaring food prices due to inflation, rice had relatively moderate price increases compared to other foods, prompting higher consumption (Chart 16). This trend of robust consumption was one of several factors that contributed to the 2024 summer rice shortage, which, in turn, led to record prices. However, after the new MY2024/25 crop arrived in supermarkets in September 2024, somewhat alleviating the shortage, prices did not fall. Instead, they continued to rise into the first months of 2025 (Chart 20).

In the last week of February, MAFF announced that the average rice price at supermarkets was almost 95 percent higher year-on-year; however, these record prices have not suppressed demand. According to the Ministry of Internal Affairs and Communications' (MIAC) household survey, rice purchases in 2024 increased by 6.3 percent year-on-year, and by 6.8 percent in January 2025. Food service consumption has also been robust, with MAFF estimating that rice sales to the food service sector increased in 2024, accounting for approximately 32 percent of the total rice consumption (household consumption accounts for 68 percent). MAFF also reports that per capita rice consumption increased by 0.4 percent in JFY2023 (Chart 18).

Several factors contribute to the sustained demand for table rice in Japan, despite record prices. One, rice is a pillar of the Japanese diet, and its significant cultural importance in everyday food plays a role in consumer preferences over substitutes like bread or pasta. Two, price signaling by major cooperatives and distributors may be raising concerns about potentially even higher prices, leading to the holding of additional supplies by businesses and/or consumers. For example, one of the major distributors from Niigata Prefecture, the top rice producing region, announced a 30 percent increase in its minimum purchasing price to farmers for the MY2025/26 crop. Media sources report that other distributors will follow suit with similar increases in prices. Third, the GOJ's push to expand agricultural exports has led to a modest increase in rice product exports, boosting

[3] By December 2024, 76 percent of MY2024/25 rice was graded as 1st grade while 61 percent of MY2023/24 rice was graded as 1st grade.

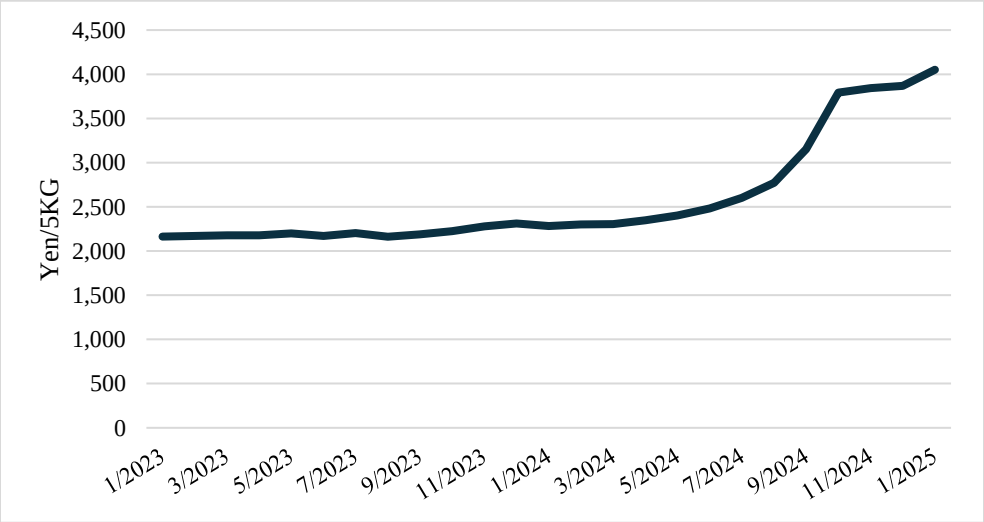
industrial use and contributing to additional domestic rice consumption. MAFF reports that rice product exports, including rice crackers, *sake*, microwavable packed rice, and rice flour products, increased by 7.2 percent to 22,811 MT (rice equivalent) in 2024.

FAS/Japan anticipates strong table rice consumption to continue in MY2024/25 based on solid table rice sales to date. On the other hand, FAS/Tokyo projects rice consumption for feed to drop in MY2024/25 based on MAFF's estimates of an approximate 35,000 hectare decrease in feed rice acreage (which equates roughly 200,000 MT), and feed mills are gradually shifting from rice to corn in their feed rations (Annex Table 1). FAS/Tokyo anticipates these trends to continue in MY2025/26, forecasting a moderate decline in total rice consumption, as sustained table rice consumption will not offset the larger reductions in use for feed rice.

Prices

MAFF stated there is sufficient supplies of rice in Japan and attributes the record high prices to problems with distribution, leading to speculation that some businesses are holding stocks in anticipation of additional price increases. In response, MAFF decided to release a total of 210,000 MT (brown) of rice from the government contingency reserves, and held an auction for bids for 150,000 MT (brown) in March (JA2025-0009). This is the first time the Government of Japan (GOJ) has released rice reserves for a non-disaster or harvest-related issue since the reserve program was launched in 1995. MAFF hopes the release of contingency rice will disincentivize the holding of additional volumes, thereby helping to alleviate the prices.

Chart 20. Japan Retail Price of 5KG Bag of Rice



Source: MIAC

Trade

Imports

FAS/Tokyo forecasts Japan will import 688,000 MT of rice in MY2025/26, expecting the country to fulfill its WTO commitments to import 682,000 MT of rice annually, along with some additional quantities imported under the Australian Country Specific Quota (CSQ). Post projects MY2024/25 imports at 700,000 MT, based on strong

demand and a projected increase in private sector imports, in addition to the 682,000 MT imported under the state trading system and the Australia CSQ.

Rice is a state-traded product in Japan, and MAFF imports approximately 682,000 tons of rice each year to fulfill its WTO tariff rate quota (TRQ), commonly referred to as Minimum Access (MA) rice. MA rice is imported duty-free, but MAFF collects a markup upon re-sale. MAFF administers the TRQ and imports a maximum of 100,000 MT through Simultaneous Buy and Sell (SBS) tenders. Importers and wholesalers jointly bid for SBS tenders to import rice intended for sale as table rice. MAFF purchases the remaining volume through Ordinary Market Access (OMA) tenders and then sells the OMA rice to domestic users for processing, feed, or food aid exports. In addition to the WTO TRQ, MAFF also administers SBS tenders to import Australian rice for a CSQ established under the CPTPP. Japan allows for import of 6,960 actual tons[4] for Australian rice in JFY2024 and 7,200 actual tons in JFY2025. MAFF is not obligated to import the full CSQ amount.

In response to high domestic prices, demand for imported rice has surged, and the WTO SBS quota for 100,000 MT and Australian CSQ for 6,960 actual tons were fully utilized in JFY2024. This marks the first time that the WTO SBS TRQ has been fully utilized since JFY2017 and the first time the Australian CSQ has been fully utilized since it was introduced in JFY2018. Both WTO SBS and Australian CSQ rice is imported duty-free, but MAFF collects a markup. Given the surge in demand, intensified competitions among bidders, and high domestic prices, the WTO SBS markup (wholegrain rice of all origins) was pushed to the ceiling amount of 292 yen/kg in November and December 2024. For the previous six years between JFY2018 and JFY2023, the markup remained unchanged at 61 yen/kg. The current markup for Australian CSQ rice remains unchanged at 51 yen/kg.

After the WTO SBS quota was fully utilized in December 2024, companies began importing rice outside the state-trading system, on which the GOJ imposes a 341 yen/kg tariff. Due to the high tariff, these private imports had been minimal. However, importers noted that imported rice remains price competitive compared to domestic rice, even with the 341 yen/kg tariff. According to MAFF, private rice imports increased almost 170 percent to 991 MT in the first ten months of JFY2024, compared to the same period in FY2023. Industry sources expect private imports to continue to rise based on the high number of inquiries from food service sectors and major supermarket chains looking purchase reasonably priced rice.

Exports

FAS/Tokyo forecasts Japan's MY2025/26 rice exports at 100,000 MT, based on a projected increase in commercial exports and a sustained volume of food aid exports. Post anticipates MY2024/25 exports at 90,000 MT, driven by an estimated increase in commercial exports and sustained food aid exports.

Japan's commercial rice exports have been increasing year-on-year. MAFF estimates that commercial rice exports grew by 19 percent, reaching 42,932 actual tons in MY2023/24. Major destinations included Hong Kong (12,858 actual tons), followed by the United States (8,721 actual tons), Singapore (6,328 actual tons), and Taiwan (3,375 actual tons). FAS/Tokyo projects commercial exports to remain strong in MY2024/25 and MY2025/26, with food aid exports sustained at 40,000 actual tons.

[4] Actual tons refer to the actual weight of rice regardless of milled or brown.

Table 8. Japan Food Aid Rice Exports (Actual Tons)

JFY	Domestic Rice	Imported MA Rice	Total
2018/19	40,000	40,000	80,000
2019/20	40,000	30,000	60,000
2020/21	30,000	10,000	40,000
2021/22	30,000	10,000	40,000
2022/23	40,000	10,000	40,000

Source: MAFF

Note: Total may not equal to adding up due to rounding

Table 9. Japan Commercial Rice Exports (Actual Tons)

MY2020/21	22,100
MY2021/22	27,657
MY2022/23	36,046
MY2023/24	42,932

Source: MAFF

Stocks

FAS/Tokyo forecasts MY2025/26 ending stocks to decrease to 1.27 million MT based on projected lower beginning stocks and higher exports. Post projects MY2024/25 ending stocks to decline to 1.4 million MT, driven by the release of GOJ rice reserves, lower beginning stocks and production, and higher exports.

MAFF holds approximately 900,000 MT (brown[5]) of rice of the GOJ contingency rice reserve and OMA rice stocks. The latest MAFF data for OMA stocks shows 490,000 tons in October 2023. Under the GOJ contingency rice reserve system, MAFF purchases about 200,000 MT (brown) of domestically produced rice every year, stores it for about five years, and sells the 5-year-old rice for feed, processing, or for export as food aid. As of June 2024, approximately 910,000 MT (brown) of rice had been stored at privately owned warehouses throughout Japan. Of the 910,000 MT, MAFF will release 210,000 MT of the GOJ reserve rice to the market and plans to buy back the same amount within one year.

According to Japanese media, concerns about the rice supply and prices have affected the country's stockpile plans. MAFF has postponed biddings to purchase contingency reserve rice from the 2025 harvest, usually held from late January, to avoid worsening the rice shortage and soaring prices. It is unusual for the government to postpone these purchases. To ensure food security, the government rice reserve system was established in 1995, following the 1993 crop failure under the "Law concerning Stabilization of Supply and Demand and Price of Staple Food".

[5] Includes 500 MT milled rice.

Annex Table 1. Japan Formula Feed Production by Ingredient

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Other Grains	DDGS	Soybean Meal	Rapeseed Meal	Other Ingredients	TOTAL
2019/20	11,796,346	383,653	361,064	175,347	836,561	907,750	139,825	429,848	3,065,662	1,125,880	4,919,902	24,141,838
	48.9%	1.6%	1.5%	0.7%	3.5%	3.8%	0.6%	1.8%	12.7%	4.7%	20.4%	100.0%
2020/21	11,609,634	305,656	406,815	169,629	878,353	1,133,973	137,585	435,612	3,066,096	1,141,458	4,910,010	24,194,821
	48.0%	1.3%	1.7%	0.7%	3.6%	4.7%	0.6%	1.8%	12.7%	4.7%	20.3%	100.0%
2021/22	11,380,437	252,281	465,296	186,302	938,010	1,297,028	134,596	435,299	3,067,818	1,111,666	4,943,862	24,212,595
	47.0%	1.0%	1.9%	0.8%	3.9%	5.4%	0.6%	1.8%	12.7%	4.6%	20.4%	100.0%
2022/23	11,121,282	205,728	495,335	174,142	965,591	1,409,412	130,700	429,681	3,058,204	971,683	4,924,426	23,886,184
	46.6%	0.9%	2.1%	0.7%	4.0%	5.9%	0.5%	1.8%	12.8%	4.1%	20.6%	100.0%
2023/24	11,387,388	137,180	445,639	188,465	966,531	1,267,645	129,286	412,229	3,014,136	1,054,837	4,928,932	23,932,268
	47.6%	0.6%	1.9%	0.8%	4.0%	5.3%	0.5%	1.7%	12.6%	4.4%	20.6%	100.0%
2024 Oct	1,015,123	8,305	41,627	17,023	83,664	95,465	11,699	35,007	260,622	94,413	435,377	2,098,325
	48.4%	0.4%	2.0%	0.8%	4.0%	4.5%	0.6%	1.7%	12.4%	4.5%	20.7%	100.0%
Nov	1,001,094	8,211	41,171	15,400	80,954	91,317	11,096	34,269	257,832	90,888	416,556	2,048,788
	48.9%	0.4%	2.0%	0.8%	4.0%	4.5%	0.5%	1.7%	12.6%	4.4%	20.3%	100.0%
Dec	1,086,981	8,383	42,474	16,983	90,525	96,394	12,020	37,659	278,574	100,094	458,064	2,228,151
	48.8%	0.4%	1.9%	0.8%	4.1%	4.3%	0.5%	1.7%	12.5%	4.5%	20.6%	100.0%

Source: MAFF

Attachments:

No Attachments