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Report Highlights:

FAS/Tokyo estimates lower MY2023/24 rice production in Japan as extremely high temperatures and little rain are expected to lower yield and quality. Post forecasts softening corn prices will boost feed demand and imports in MY2023/24. FAS/Tokyo lowers MY2023/24 wheat imports based on higher production estimates and lower feed demand projection. FAS/Tokyo projects lower MY2023/24 barley imports on anticipated weaker feed demand.

Feed Overview

Japanese poultry, swine, and cattle farmers depend entirely on purchase of formula feed[1] which is made predominantly with imported materials (except forage). With relatively consistent poultry, swine and cattle inventories, Japan's formula feed production had been stable in recent years at approximately 24 million metric tons (Annex Table 1). In recent years, infectious animal disease outbreaks have been the biggest factor in feed demand variability. In the current Marketing Year (MY)[2] 2022/23, total feed production is expected to dip 1.5 percent, falling below 24 million tons, as Japan faced its worst-ever Highly Pathogenic Avian Influenza (HPAI) outbreak. Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) estimates that layers accounted for 93 percent of poultry affected by HPAI, resulting in a 5 percent decline in production of layer feed for the first nine months of MY2022/23 (Table 2). Layers consume nearly 25 percent of total compound feed production in Japan. Since the last HPAI outbreak in April, layer populations have been recovering. In August 2023, the first outbreak of Classical Swine Fever (CSF) was reported in Kyushu, the southern island of Japan which accounts for one-third of the national swine populations. CSF vaccinations are currently underway in Kyushu. Industry sources anticipate feed demand will recover to the 24 million ton-level in MY2023/24 if vaccinations prevent CSF from spreading.

Despite softened global feed grain prices and freight costs, compound feed prices have remained high in Japan since reaching a record high in October 2022, due mainly to the weak Japanese yen (Chart 1). In response, MAFF revised the Compound Feed Price Stabilization System to enable activation of compensation payments to poultry, swine and cattle farmers when compound feed price remain high for over one year (JA2023-0069).

FAS/Tokyo forecasts recovery in layer populations, higher swine and broiler inventories and smaller cattle herds in MY023/24 (JA2023-0078, JA2023-0086).

Table 1. Japan Poultry, Swine and Cattle Inventories (1,000)

	Chicks and Layers	Broilers	Swine	Dairy Cattle	Beef Cattle
2019	184,917	138,228	9,156	1,339	2,527
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
2023/2022	-6.0%	1.6%	0.1%	-1.1%	2.7%

Source: MAFF, as of February 1 each year

[1] FAS/Tokyo defines "formula feed" to cover both compound feed and mixed feed in this report. Compound feed is feed in which multiple feed ingredients and feed additives are mixed according to the blending design. Mixed feed is a mixture of 2 – 3 types of feed ingredients for a specific feeding purpose.

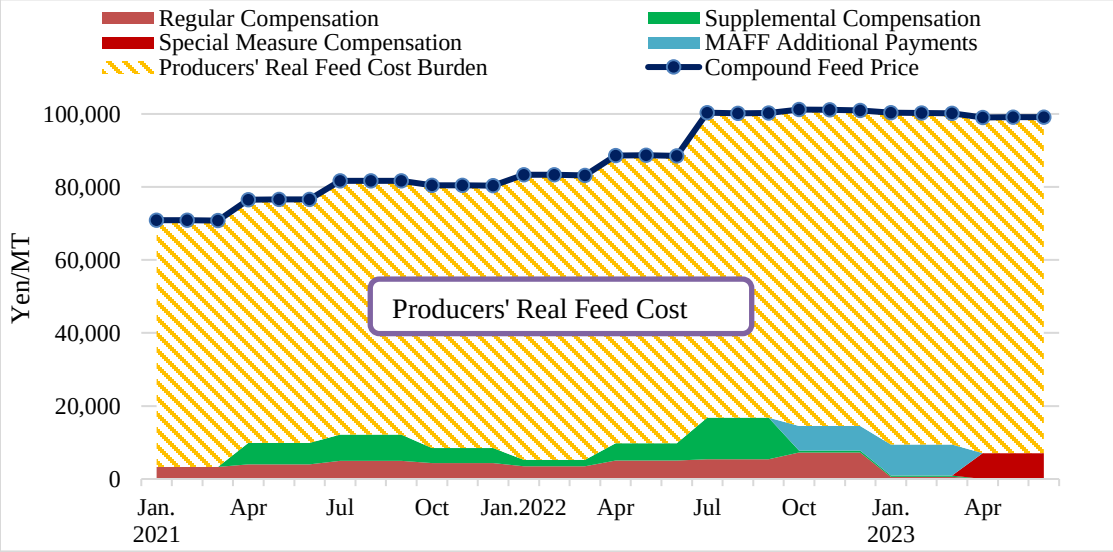
[2] For the purpose of this report, FAS/Tokyo defines from October to September as Marketing Year for formula feed production and consumption.

Table 2. Japan Compound Feed Production

	Layer		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%
Oct-22 - Jun-23	4,616	-4.8%	2,901	-0.4%	4,284	-1.3%	2,384	-1.1%	3,613	2.0%

Source: MAFF

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



Source: MAFF

Corn

Table 3. Corn Production, Supply and Distribution

Corn	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1	1	2	2	2	2
Beginning Stocks (1000 MT)	1391	1391	1360	1362	1371	1371
Production (1000 MT)	6	7	11	9	14	12
MY Imports (1000 MT)	15003	15014	15000	15000	15500	15300
TY Imports (1000 MT)	15003	15014	15000	15000	15500	15300
TY Imp. from U.S. (1000 MT)	10099	15014	0	0	0	0
Total Supply (1000 MT)	16400	16412	16371	16371	16885	16683
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)	11700	11700	11700	11600	12000	11900
FSI Consumption (1000 MT)	3340	3350	3300	3400	3500	3450
Total Consumption (1000 MT)	15040	15050	15000	15000	15500	15350
Ending Stocks (1000 MT)	1360	1362	1371	1371	1385	1333
Total Distribution (1000 MT)	16400	16412	16371	16371	16885	16683
Yield (MT/HA)	6	7	5.5	4.5	7	6

(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 2023/2024 = October 2023 - September 2024

Production

Japan’s corn production continues to expand year-on-year, and FAS/Tokyo expects MY2023/24 production at 11,600 metric tons, up 24 percent from the previous year, based on higher planted area. Post estimates harvested area will total 2,050 hectares, 30 percent above the previous year. In MY2022/23, MAFF reported that harvested area and production increased 53 percent (to 1,575 hectares) and 41 percent (to 9,342 tons) respectively. Since MY2021/22, high global corn prices and low rice prices have motivated farmers to shift production from rice to grain corn. Historically, corn has been mainly produced in Western Hokkaido, in paddies, as a substitute for rice; but production has gradually begun expanding throughout Japan. In 2022, one corn farmers group in Hokkaido reorganized to launch a national producers association. Domestic corn is processed into formula feed, drinks and snacks.

MAFF reported MY2021/22 corn production and harvested areas were 6,643 tons and 1,030 hectares repectively, and Post revised production accordingly.

Consumption

Food, Seeds and Industrial (FSI) Consumption

FAS/Tokyo revised Japan's MY2023/24 FSI consumption forecasts downward to 3.45 million tons, 50,000 tons lower than official USDA forecast, a modest increase from a revised Post estimate for the previous year.

Post raised MY2022/23 FSI consumption estimates to 3.4 million tons. This is based on a MAFF estimate of 5 percent increase in cornstarch consumption in MY2022/23 reflecting strong High Fructose Corn Syrup (HFCS) and cardboard production. Post estimates corn for manufacturing cornstarch accounts for 95 percent of FSI consumption and HFCS is the main driver for cornstarch consumption in Japan. MAFF estimates cornstarch consumption has been gradually recovering since it bottomed out in MY2020/21. That recovery is driven by a rebound in the Hotel, Restaurants and Institutional (HRI) food service industry and the tourism sector.

Feed Consumption

FAS/Tokyo reduced Japan's MY2023/24 feed consumption forecast slightly to 11.9 million tons from the official USDA forecast. This Post forecast is 2.6 percent higher than the revised Post MY2022/23 estimate.

Post projects strong feed demand in MY2023/24, in line with recovery of layer populations which consume approximately 30 percent of corn in formula feed production. Also, Post anticipates that feed mills will boost corn-in-feed rations as softening corn prices will result in corn replacing some sorghum, barley and rice.

Post lowered its MY2022/23 feed consumption estimate to 11.6 million tons, from 11.7 million tons, based on weak corn demand in formula feed production due to high corn prices (Annex Table 1). Instead, feed mills expanded use of rice, wheat and barley in feed rations. High corn prices also lowered demand for on-farm feed corn. According to MAFF, production of corn for on-farm feed fell 11 percent to 171,000 tons in MY2021/22, and a further 17 percent for the first nine months of MY2022/23. Since the Compound Feed Price Stabilization System does not cover on-farm feed corn, farmers are switching to purchased formula feed.

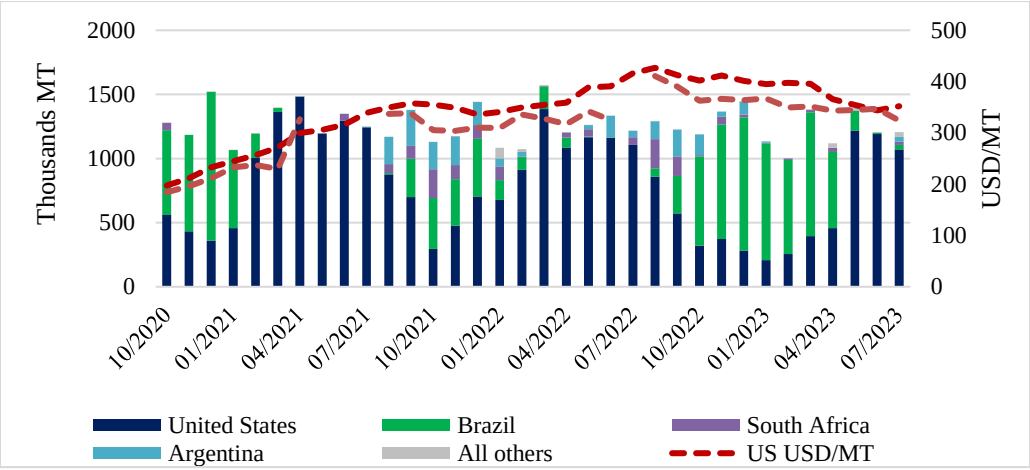
Trade

FAS/Tokyo forecasts Japan's MY2023/24 imports at 15.3 million tons, 200,000 tons lower than the official USDA forecast, on lower feed and FSI consumption. Post's forecast is 300,000 tons higher than the estimate for the previous year, due to larger projected feed and FSI demand.

FAS/Tokyo estimates MY2022/23 imports at 15 million tons, unchanged from the previous year, based on the similar pace of imports to-date. Japan imports corn predominantly from the United States and Brazil and switches between them based on price. Strong imports of competitively priced Brazilian corn

outpaced U.S. imports for the first seven months in of MY2022/23, and U.S. corn is expected to dominate Japan's corn imports until new Brazilian crop comes onto the market.

Chart 2. Japan Monthly Corn Imports



Source: Trade Data Monitor

Stocks

FAS/Tokyo forecasts MY2023/24 ending stocks at 1.33 million tons, 52,000 tons lower than the official USDA forecast, on lower imports. Post estimates MY2022/23 ending stocks at 1.37 million tons, in line with the official USDA estimate. These stocks include corn under MAFF's 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 feed grains (predominantly corn).

Sorghum

Table 4. Sorghum Production, Supply and Distribution

Sorghum	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
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)	26	26	24	25	24	25
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	258	259	250	220	190	185
TY Imports (1000 MT)	258	259	250	220	190	185
TY Imp. from U.S. (1000 MT)	11	11	0	0	0	0
Total Supply (1000 MT)	284	285	274	245	214	210
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)	260	260	250	220	190	190
FSI Consumption (1000 MT)	0	0	0	0	0	0
Total Consumption (1000 MT)	260	260	250	220	190	190
Ending Stocks (1000 MT)	24	25	24	25	24	20
Total Distribution (1000 MT)	284	285	274	245	214	210
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 2023/2024 = October 2023 - September 2024

Production

Grain sorghum production is negligible in Japan.

Consumption

Sorghum is almost entirely consumed as feed in Japan. FAS/Tokyo forecasts MY2023/24 feed consumption at 190,000 tons, in line with the official USDA forecast. Post anticipates weak feed demand to continue in MY2023/24 based on projected higher sorghum prices due to lower sorghum production in Australia, the dominant sorghum supplier to Japan.

FAS/Tokyo estimates MY2022/23 feed consumption at 220,000 tons, 30,000 tons lower than the official USDA estimate. Post estimate is based on a 17.2 percent, or 33,573 ton, reduction in the use of sorghum in feed rations for the first nine months of MY2022/23 (Annex Table 1). Sorghum consumption has been trending down year-on-year as it lost price-competitiveness against corn and other grains. Industry sources anticipate this trend will continue.

Trade

FAS/Tokyo lowers Japan’s MY2023/24 sorghum imports marginally to 185,000 tons, on bearish feed demand projections.

FAS/Tokyo revised estimated MY2022/23 imports to 220,000 tons as the slow pace of imports reflects sluggish consumption. The United States, Argentina and Australia have been the major sorghum suppliers to Japan over the years. With larger exportable supplies, Australia has become the dominant sorghum supplier to Japan accounting for over 80 percent of Japan's sorghum imports in MY2021/22 and over 90 percent in the first 10 months of MY2022/23. Industry sources noted that sorghum procurement and logistics have become more and more challenging for Japan as a small buyer. Japan's sorghum imports accounted for two percent of the world sorghum trade in MY2021/22.

Stocks

FAS/Tokyo lowers MY2023/24 ending stocks to 20,000 tons in line with the lower projected imports and supply. Post's estimated MY2022/23 ending stocks remains unchanged at 25,000 tons; equal to the estimate for the previous year.

Barley

Table 5. Barley Production, Supply and Distribution

Barley	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	63	63	63	63	64	64
Beginning Stocks (1000 MT)	212	212	171	202	124	195
Production (1000 MT)	235	235	233	233	237	240
MY Imports (1000 MT)	1184	1185	1300	1250	1250	1100
TY Imports (1000 MT)	1184	1185	1300	1250	1250	1100
TY Imp. from U.S. (1000 MT)	13	15	0	0	0	0
Total Supply (1000 MT)	1631	1632	1704	1685	1611	1535
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)	1080	1050	1200	1100	1100	1000
FSI Consumption (1000 MT)	380	380	380	390	380	390
Total Consumption (1000 MT)	1460	1430	1580	1490	1480	1390
Ending Stocks (1000 MT)	171	202	124	195	131	145
Total Distribution (1000 MT)	1631	1632	1704	1685	1611	1535
Yield (MT/HA)	3.7302	3.7302	3.6984	3.6984	3.7031	3.75

(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 2023/2024 = October 2023 - September 2024

Production

FAS/Tokyo raised estimated MY2023/24 production to 240,000 tons based on higher area and yield. Based on information from industry, Post estimates a 3 percent increase in harvested areas (to 6,400 hectares), and 2 percent rise in yield (to 3.8 tons/ha) from the previous year. Barley was harvested nearly

a week earlier than normal in major production areas, as abundant sunshine and higher temperatures after heading accelerated growth. Almost all barley is produced in paddies in rotation with rice, wheat, and soybeans. Industry sources noted that farmers increased planting of barley, in lieu of rice, due to low rice prices and strong demand for domestic barley. According to industry sources, domestic barley has become price-competitive versus imported barley as import prices surged due to the weak Japanese yen. Domestic production is used almost entirely for food consumption, except for the off-grade barley which goes to feed.

Consumption

FSI Consumption

FAS/Tokyo raised Japan's MY2023/24 FSI consumption forecast to 390,000 tons; 10,000 tons higher than the official USDA forecast. Post forecast presents no change from revised Post estimate for the previous year. Barley is consumed for malting, producing barley tea, *shochu* (distilled liquor), *miso* (fermented soybean paste), and as a rice extender. Following a 21 percent growth in barley tea production for the first 10 months of MY2022/23, Post raised the MY2022/23 FSI consumption estimate to 390,000 tons and anticipates demand will stay flat in MY2023/24.

Feed Consumption

FAS/Tokyo lowered Japan's estimated MY2023/24 feed consumption to one million tons, based on a projected reduction of exportable barley supplies from Australia, competitive corn prices and lower cattle inventories. Japan has mainly imported competitively-priced Australian barley since early 2021 due to bumper crops in Australia combining with China's imposition of 80.5 % anti-dumping and countervailing duties on Australian barley (in May 2020). Post anticipates Australian barley prices to rise in MY2023/24 based on USDA's forecast of a smaller Australian crop and the resumption of Chinese imports following the Chinese Government announcement, in August 2023, that they were removing the 80.5 % duties. Lower beef cattle inventories in MY2023/24 will also suppress feed demand as beef cattle consume over 80 percent of barley in formula feed production (JA2023-0078).

Post lowers MY2022/23 feed consumption to 1.1 million tons, down 100,000 tons from the official USDA estimate, yet modestly higher than the previous year, based on 3.5 percent higher barley consumption in formula feed for the first nine months of MY2022/23 (Annex Table 1). Feed mills increased barley in feed formula due to its competitive cost-per-nutrient compared to other grains.

Trade

FAS/Tokyo revised down Japan's forecast MY2023/24 barley imports to 1.1 million tons, down from the 1.25-million-ton official USDA forecast, due to the anticipated decline in feed consumption as well as higher expected beginning stocks.

Post lowered estimated MY2022/23 imports slightly, to 1.25 million tons, from the 1.3 million ton official USDA estimate, based on the pace of imports-to-date. Post estimates larger production and price-competitiveness of domestic barley will reduce demand for food barley imports in MY2022/23 as well as MY2023/24. Food barley imports had dropped 34 percent in MY2020/21 and 13 percent in MY2021/22. Australia, Canada and the United States have been the dominant barley suppliers to Japan in recent years.

Stocks

FAS/Tokyo forecasts MY2023/24 ending stocks at 145,000 tons, slightly higher than official USDA forecast. Post estimates MY2022/23 ending stocks at 195,000 tons, higher than the official USDA estimate of 125,000 tons, on lower feed consumption estimates.

Wheat

Table 6. Wheat Production, Supply and Distribution

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	220	220	227	227	235	235
Beginning Stocks (1000 MT)	1043	1043	1176	1198	1025	1114
Production (1000 MT)	1130	1152	1040	1057	1170	1120
MY Imports (1000 MT)	5605	5605	5452	5452	5600	5450
TY Imports (1000 MT)	5605	5605	5452	5452	5600	5450
TY Imp. from U.S. (1000 MT)	2311	2328	2069	2103	0	0
Total Supply (1000 MT)	7778	7800	7668	7707	7795	7684
MY Exports (1000 MT)	302	302	293	293	300	300
TY Exports (1000 MT)	302	302	293	293	300	300
Feed and Residual (1000 MT)	750	750	750	750	750	650
FSI Consumption (1000 MT)	5550	5550	5600	5550	5600	5600
Total Consumption (1000 MT)	6300	6300	6350	6300	6350	6250
Ending Stocks (1000 MT)	1176	1198	1025	1114	1145	1134
Total Distribution (1000 MT)	7778	7800	7668	7707	7795	7684
Yield (MT/HA)	5.1364	5.2364	4.5815	4.6564	4.9787	4.766

(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 2023/2024 = July 2023 - June 2024

Production

FAS/Tokyo estimates Japan's MY2023/24 wheat production at 1.12 million tons, up 6 percent from the previous year, based on higher harvested area and a yield recovery in Hokkaido (the northernmost of

Japan's four main islands), which accounts for over 60 percent of production. Post estimates yield will increase by 2.4 percent (to 4.8 tons/ha) and harvested area by 3.5 percent (to 235,400 hectares).

Japan's wheat harvest was completed in all regions by mid-July. This year's harvest started earlier than last year as higher-than-normal temperatures after ear emergence accelerated growth. Industry sources estimate both a good harvest for Hokkaido, as favorable weather increased yield by 3 percent over last year, and a normal-or-better crop in other regions. Planted areas has increased year-on-year since MY2020/21 as farmers shift production from rice and sugar beets to wheat due to low rice prices and high wheat prices. According to industry sources, farmers intend to expand plantings of wheat in MY2024/25, despite recovering rice prices. Post forecasts wheat production will continue to slowly expand in the future. As momentum to strengthen national food security grows, MAFF and farmers groups push to boost production of import-dependent wheat, soybeans and feed crops (see the Policy section).

Post revised MY2021/22 production upward to 1.152 million tons based on revised MAFF data.

Consumption

FSI Consumption

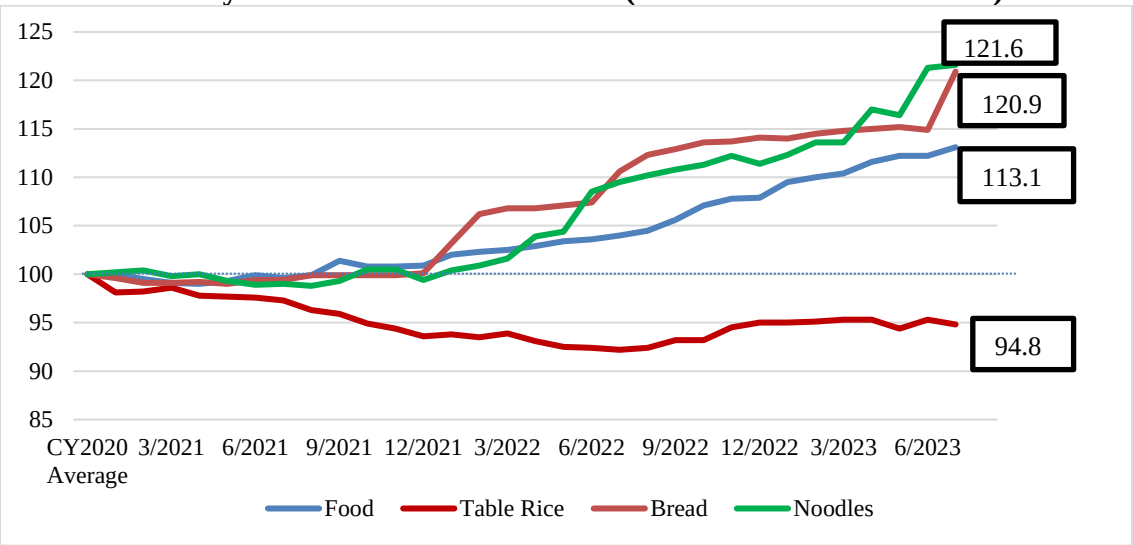
FAS/Tokyo forecasts Japan's MY2023/24 FSI consumption at 5.6 million tons, in line with the official USDA forecast. Post projects modest consumption growth from a revised Post estimate for the previous year, based on a resurgence of inbound tourism and a reviving food service sector, as well as expected softening of prices for wheat products in the latter half of the marketing year.

Wheat is a state-traded product and MAFF predominantly imports five classes of wheat[3], selling to flour mills at a price MAFF sets on a semi-annual basis, based on import prices over the previous six months. MAFF will lower its average sales price for these five classes of wheat by 11.1 percent (to 68,240 yen ($464)/MT) for the period October 2023 to March 2024. This is the first price cut in two-and-a-half years, but the new price will still be higher than the price for the period October 2021 to March 2022. As imported wheat accounts for the majority of wheat consumption in Japan, lower MAFF's sales prices are expected to lead to softer wheat product prices in the latter half of the MY2023/24.

FAS/Tokyo revised MY2022/23 FSI consumption down to 5.55 million tons from the 5.6 million ton official USDA estimate. Post estimates weak household consumption softened overall demand despite strong HRI consumption. Although Post earlier expected FSI demand to rebound after the COVID-19 pandemic, food consumption has stagnated due to a price surge. Prices for wheat products continued rising throughout the marketing year and higher prices delayed any rebound in demand (Chart 3). According to MAFF, wheat flour sales by millers contracted 1.8 percent to 4.43 million tons for the first 11 months of MY2022/23 (July 2022 – May 2023) versus the previous year. Other than wheat for milling, approximately 100,000 tons of wheat is consumed for manufacturing soy sauce and *miso.* Production of soy sauce and *miso* has been shrinking marginally year to year.

[3] 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).

Chart 3. Monthly Consumer Price Indicators (Calendar Year 2020 = 100)



Source: Ministry of Internal Affairs and Communications
The numbers in the boxes are CPI in July 2023.

Feed Consumption

FAS/Tokyo cut Japan's MY2023/24 feed consumption by 100,000 tons, to 650,000 tons, from the official USDA forecast of 750,000 tons. Post anticipates larger corn use in feed rations and smaller global exportable wheat supplies, especially in Australia and Canada, from which Japan predominantly sources feed wheat.

Post maintains MY2022/23 feed consumption at 750,000 tons on strong consumption in formula feed especially by swine (Annex Table 1).

Trade

FAS/Tokyo lowers MY 2023/24 wheat imports to 5.45 million tons, 150,000 metric tons lower than the official USDA estimate, on a projected reduction in feed demand and higher beginning stocks.

In MY2022/23, Japan's total wheat imports fell 2.7 percent to 5.45 million tons from the previous year, the lowest volume since MY2008/09, reflecting sluggish food consumption. Under the state trading system, MAFF imports wheat predominantly from the United States, Canada and Australia. With large Australian exportable supplies, Japan has sourced feed wheat almost exclusively from Australia over the last two marketing years.

Japan's wheat exports, predominantly of wheat flour, have been stable and FAS/Tokyo maintains MY2023/24 exports at 300,000 tons. Hong Kong, Malaysia, Singapore and China are the major export destinations.

Stocks

FAS/Tokyo forecasts MY2023/24 ending stocks at 1.114 million tons, and estimates MY2022/23 ending stocks at 1.114 million tons. Both figures include approximately 900,000 tons of imported food wheat, the 2.3 month-worth of consumption that MAFF targets for the private sector to hold for contingency preparedness. MAFF subsidizes storage costs for 1.8 month-worth contingency stocks.

Rice

Table 7. Rice Production, Supply and Distribution

Rice, Milled	2021/2022		2022/2023		2023/2024	
Market Year Begins	Nov 2021		Nov 2022		Nov 2023	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1520	1520	1497	1497	1480	1470
Beginning Stocks (1000 MT)	1937	1937	1950	1955	1795	1824
Milled Production (1000 MT)	7636	7636	7480	7481	7450	7300
Rough Production (1000 MT)	10489	10489	10275	10276	10234	10027
Milling Rate (.9999) (1000 MT)	7280	7280	7280	7280	7280	7280
MY Imports (1000 MT)	692	692	685	685	685	685
TY Imports (1000 MT)	669	669	685	685	685	685
TY Imp. from U.S. (1000 MT)	294	294	0	0	0	0
Total Supply (1000 MT)	10265	10265	10115	10121	9930	9809
MY Exports (1000 MT)	115	110	120	117	120	120
TY Exports (1000 MT)	115	110	120	117	120	120
Consumption and Residual (1000 MT)	8200	8200	8200	8180	8200	8130
Ending Stocks (1000 MT)	1950	1955	1795	1824	1610	1559
Total Distribution (1000 MT)	10265	10265	10115	10121	9930	9809
Yield (Rough) (MT/HA)	6.9007	6.9007	6.8637	6.8644	6.9149	6.8211

(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 2023/2024 = January 2024 - December 2024

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

Production

FAS Tokyo lowered projected MY2023/24 production to 7.3 million tons, down 150,000 tons from the official USDA forecast on smaller harvested areas and lower yield. Post lowered forecast harvested area to 1.47 million hectares based on a MAFF planting intentions survey in June, which indicated a shift from feed rice to whole crop silage rice, wheat, barley and soybeans. Post estimates crops to have been abandoned in some areas due to persisted heavy rains and typhoons in June and July (especially in southwestern Japan) and drought in Niigata Prefecture. Farmers expanded production of whole crop silage rice [4] in response to strong demand from livestock farmers to supplement imported forage, whose prices surged over the last two years. Survey results indicate farmers did not return to table rice production despite recovering prices.

Rice produced in Japan is almost entirely Japonica short grain rice. Rice is produced throughout Japan and is harvested in September and October in most regions.

[4] The harvested area and production in this report include only rice for grains. Feed rice is included, but whole crop silage rice.

As of August 15, MAFF estimates overall crop conditions are normal in MY2023/24, however industry sources see lower crop prospects due to persistent extreme high temperatures throughout Japan and inadequate rainfall in the Hokuriku region[5]. According to Japan Meteorological Agency, the average temperature between June and August was the highest on record in Japan and temperatures were especially high in Hokkaido and the Tohoku region[6]. The Hokuriku region has received little rain, with precipitation in August 74 percent below normal. Higher temperatures and good sunshine continued into September and is expected to advance harvesting by seven to 10 days versus a normal year. Industry contacts estimate that heat stress will lower yield and quality nationwide, resulting in increases in empty grains, smaller grains, chalky kernels, cracks in kernels and high protein levels. Niigata Prefecture, the largest rice production region in Japan, is suffering from severe drought and expects lower yields as well as localized crop failure in some areas. Hokkaido, the second largest rice production region, estimates lower yield and quality compared to last year's bumper crop.

Rice area has been on the decline over the years as aging farmers reduce or give-up farming. Production shifts from table rice to feed rice helped ameliorate the loss in rice production and area for recent years. However, MAFF will lower its support payments for feed rice gradually for three years beginning in Japan Fiscal Year (JFY)[7] 2024. The change will influence farmers planting decisions from MY2024/25 (see the Policy section).

Consumption

FAS/Tokyo lowered Japan's MY2023/24 rice consumption to 8.13 million tons, 70,000 tons lower than the official USDA forecast, based on projected weak demand for table rice, processing and feed. MAFF anticipates 100,000 tons (brown basis) lower table rice consumption, to 6.81 million tons (brown) in 2023/24,[8] based on trendline decline for per capita consumption and population. Post forecasts smaller processing demand due to sluggish *sake* (rice wine) production, and lower feed consumption due to estimated reduction in feed rice production.

FAS/Tokyo revised MY2022/23 consumption to 8.18 million tons, down 20,000 tons from the official USDA figures, as Post estimates lower consumption for table rice, *sake, shochu* and *miso* overcomes strong feed consumption. MAFF estimates table rice consumption to decline 110,000 tons (brown) to 6.91 million tons (brown) in 2022/23 [9]. Retail prices of table rice have been rising since hitting bottom in July 2022. However, dwindling consumption is a drag on prices and the price is still lower than 2021 despite food inflation (Chart 3). With larger feed rice supplies, feed consumption has been robust in MY2022/23 (Table 8, Annex Table 1).

[5] The areas facing the Sea of Japan in central Honshu, the main island of Japan and cover Prefectures of Niigata, Toyama, Ishikawa and Fukui.
[6] The northeast areas of Honshu, the main island of Japan and covers Prefectures of Aomori, Iwate, Akita, Miyagi, Yamagata and Fukushima.
[7] Japan Fiscal Year (JFY) runs from April 1 to March 31.
[8] MAFF uses a year from July to June.
[9]MAFF uses a year from July to June.

Table 8. Japan Rice Supply and Consumption for Feed (1,000 actual tonnage)

	JFY2019	JFY2020	JFY2021	JFY2022
Supply	**1,000**	**1,120**	**1,540**	**1,560**
Domestic Production	**390**	**380**	**660**	**800**
Government Reserve	**120**	**190**	**170**	**170**
Market Access Rice	**490**	**550**	**710**	**590**
Consumption	**1,000**	**1,120**	**1,540**	**1,560**
Formula Feed	**860**	**1,010**	**1,350**	**1,350**
On-Farm Feed	**140**	**110**	**190**	**210**

Source: MAFF

Trade

Imports

FAS/Tokyo anticipates Japanese imports of 685,000 tons of rice in MY2022/23 and MY2023/24, in line with official USDA figures. Rice is a state-traded product 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[10]. MA rice is imported duty-free but MAFF collects a mark-up upon re-sale. That mark-up has been pegged at 61 yen ($0.4)[11] per kilogram for whole grain rice, since JFY 2018. MAFF started JFY2023 Ordinary Market Access (OMA) tenders in July, and had held three tenders by September 15, awarding contracts for a total of 96,300 tons of rice from Thailand, Australia and the United States. MAFF will hold the first Simultaneous Buy and Sell (SBS) tender for 25,000 tons on September 29. In JFY2022, demand for SBS imports of table rice dropped because of low prices for Japanese rice and high prices for international rice. Only 13,742 tons (actual tonnage) of SBS rice was successfully bid, the third lowest volume since MA rice imports started in JFY1995. Post anticipates larger demand for imported rice in MY2023/24 as the price of Japanese MY2023/24 rice is expected to rise (farmgate prices are currently up about 10 percent) as production declines.

In addition to the WTO TRQ, MAFF also administers SBS tenders to import Australian rice for a Country Specific Quota (CSQ) Japan established under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). CSQ rice is imported duty-free but MAFF collects a markup, which has been pegged at 51 yen ($0.3) per kilogram for whole grain rice since JFY2020, 10 yen lower than the WTO TRQ markup. For the last three years, the fill rate of CSQ imports was less than 10 percent, due mainly to small exportable supplies caused by drought. In JFY2023, MAFF held two

[10] MAFF administers the TRQ imports and imports a maximum of 100,000 tons (actual tonnage) with in the WTO TRQ through SBS tenders. Importers and wholesalers (buyers) jointly bid for SBS tenders to import rice intended to sell as table rice. MAFF purchases the remaining quota volume (682,000 tons minus SBS tendered volume) from importers who were successfully bid under Ordinary Market Access (OMA) tenders. MAFF then sells the OMA rice to domestic users for processing and feed or exports as food aid.

[11] USD 1 = 147 yen

tenders by September 13 and awarded a total of 1,120 tons out of 6,720 tons of JFY2023 CSQ. Australian rice is price competitive against Japanese rice as shown in Table 9.

Imports outside the WTO TRQ and Australian CSQ is almost nil due to high tariffs, such as a 341 yen ($2.3) per kilogram on milled rice.

Table 9. Japan Wholesalers' Purchase Prices of Australian Rice and Japanese Rice in July 2023

	SBS Tendered Australian Rice		**Japanese Rice** (Short Grain brown)		
	Short Grain brown	Medium Grain milled	All Varity Average	*Tochigi Asahinoyume*	*Aomori Masshigura*
Yen/kg excluding tax	188.1	191.5	213.6	174.9	194.3

Source: MAFF, *Tochigi Asahinoyume* and *Aomori Masshigura* are popular varieties for food service use.

Exports

FAS/Tokyo maintains Japan's MY2023/24 rice exports forecast at 120,000 tons, (3,000 tons higher than the revised Post estimate for the previous year) on anticipated modest growth in commercial exports. However, food aid exports account for the majority of Japan's rice exports and fluctuate each year (Table 10). Post forecasts commercial exports to grow 8.6 percent to 38,000 tons and assumes 82,000 tons (average tonnage of the average of the last five years) of food aid exports in MY2023/24.

Post anticipates that the weak yen will support growth in commercial exports, as they did during the current marketing year. However, commercial exports will slow in MY2023/24 based on USDA's strong forecast recovery of short and medium grain rice production in California, which suffered severe drought and lower production in MY2022/23. In MY2023/24 Post projects U.S. medium and short grain rice will regain market share not only in the United States but also Canada, Germany and the United Arab Emirates where Japan has enjoyed export growth in the current marketing year (Table 11).

FAS/Tokyo has revised MY2022/23 rice exports to 117,000 tons assuming 82,000 tons (actual tonnage) of food aid exports and based on the actual pace of commercial rice exports. According to MAFF, Japanese commercial rice exports grew 30 percent to 26,096 tons (actual tonnage) for the first nine months of MY2022/23. Main export destinations for Japanese rice continue to be Hong Kong, Singapore, the United States and Taiwan.

Post revised down its MY2021/22 export estimate to 110,000 tons, assuming 82,000 tons (actual tonnage) of food aid exports. MAFF estimates commercial exports at 27,657 tons (actual tonnage).

Table 10. Japan Food Aid Rice Exports (1,000 actual tonnage)

	Domestic Rice	Imported Rice	Total
2016/17	30	40	70
2017/18	70	20	90
2018/19	50	50	100
2019/20	40	50	90
2020/21	40	20	60
5 Year Average	46	36	82

Source: MAFF. MAFF assesses domestic rice exports based on an annual July to June calendar year and imported rice pm a November to October calendar year. The 2020/21 exports are the latest available data.

Table 11. Top 11 Export Markets for Japanese Rice

	MY2021/22		November -July			
			2022/23		Change from 2021/22	
	MT	USD/MT	MT	USD/MT	MT	USD/MT
Hong Kong	9,438	1,903	7,794	1,804	12.4%	-8.6%
United States	3,902	2,061	4,586	1,918	104.3%	-16.7%
Singapore	5,235	1,746	3,791	1,648	-2.1%	-9.1%
Taiwan	2,508	2,244	2,169	2,111	22.2%	-11.1%
Thailand	1,040	1,894	879	1,688	25.0%	-16.5%
Australia	1,238	2,386	859	2,318	1.5%	-11.0%
Canada	330	2,187	846	1,833	263.1%	-25.3%
China	813	2,791	581	2,413	-10.1%	-13.7%
United Kingdom	468	2,377	419	2,323	25.1%	-9.6%
Germany	210	2,613	340	2,344	123.7%	-15.6%
United Arab Emirates	133	3,393	257	2,179	164.9%	-43.7%

Source: Trade Data Monitor

Stocks

FAS/Tokyo forecasts Japan's MY2023/24 ending stocks at 1.559 million tons, 51,000 tons lower than the official USDA forecast, due to the reduced production estimate. Post raises MY2022/23 ending stocks to 1.824 million tons, slightly higher than the official USDA estimate, based on smaller export and consumption estimates. Post projects ending stocks to decline year-on-year in MY2023/24 in line with MAFF estimates of a decline in private table rice inventories. MAFF reports 1.06 million tons (brown) of private table rice inventories as of July 2023 which was down 180,000 tons (brown) versus a year ago. In addition to private inventories, MAFF held 910,000 tons (actual tonnage) of contingency reserve rice in June 2023 and 550,000 tons (brown) of MA rice stocks in October 2022, the latest available MAFF data. MAFF recently announced a revision to the system for purchasing contingency reserve rice (see the Policy section).

Policy

1. Revision to MAFF Support Payment for Feed Rice

MAFF incentivizes farmers with support payments to shift production away from table rice to other crops and to rice for other purposes; such as feed rice. Farmers shift production from table rice to feed rice when table rice prices drop and the support payments for feed rice ensure higher or equal revenue than table rice. In addition, farmers typically produce the same varieties of [table] rice but market their production for feed. To change this practice and incentivize production of specialized feed rice varieties, MAFF will lower its support payments for feed rice gradually, for three years beginning JFY2024 if the rice is not a high-yield feed variety. Currently MAFF provides support payments between 550,000 yen ($3,741)/ha and 1,050,000 yen ($7,143)/ha according to yield, and 800,000 yen ($5,442)/ha for the standard yield of the region. MAFF will lower the maximum payment by 10,000 yen ($68)/ha and the standard yield payment by 5,000 yen ($34)/ha in each year, beginning in JFY2024, if the rice is not a high-yield variety. According to MAFF, the area planted to high-yield feed varieties accounted for 37 percent of acreage in MY2022/23 while normal table rice varieties were planted in the remaining area. Japanese Ministry of Finance prompted MAFF to revise support payments for feed rice due to the huge financial burden on the GOJ[12]. Each prefecture designates high-yield varieties including 21 varieties MAFF developed exclusively for feed purpose and high-yield. The change in feed rice support payments will influence farmers' planting decision and may accelerate the decrease in total rice production and harvested areas.

2. Revision to MAFF Contingency Reserve Rice Purchase

MAFF announced a change to the purchase mechanism for the government contingency reserve rice. Each year MAFF purchases approximately 210,000 tons (brown) of Japanese rice, stores it for five years and sells the 5 year-old rice for feed. MAFF targets one million tons of rice for its reserve, an amount it believes will meet shortfalls if poor crops were to continue for two consecutive years. Following the conclusion of the CPTPP, MAFF started to purchase an amount of Japanese rice equal to the maximum Australian rice CSQ to add to the contingency reserve, in order to minimize the effect on the Japanese table rice market of imports of Australian rice. The Board of Audit of Japan requested MAFF to review the purchase amount as the CSQ has been underfilled and MAFF purchased amounts greater than actual Australian rice imports. From JFY2023, MAFF decided to purchase only an amount equal to actual Australian rice imports. MAFF will start the purchase in January 2024 for the amount equal to Australian rice imported in calendar year 2023.

3. Opening of Two Rice Spot Markets

[12] If all feed rice production achieved the standard yield in JFY2022 (with the harvested areas of 142,000 hectares), the total support payments is calculated at 113.6 billion yen ($773 million) accounting for 37 percent of 305 billion yen (the budget of $2.1 billion) MAFF budgeted for its rice conversion program, "Direct Payments for Rice Paddy Utilization" (JA2021-0031).

MAFF announced the opening of two rice spot markets, which will start operating in fall 2023. There is no futures market for rice in Japan. While several rice spot markets exist but none of them are recognized as price indicator markets[13]. MAFF led the discussion in designing the spot market system with academia and stakeholders for a rice spot market which can present price indicators reflecting real supply and demand conditions[14]. After MAFF finalized the design for the rice spot market in March 2022, a think tank and an agriculture corporation announced their intentions to open rice spot markets, called "Mirai Rice Market" and "Green Food Tech Market" respectively. Both markets aim for prices to be determined based on accurate evaluation of production and product information. MAFF's working group will discuss how and what information the spot markets should publish after examining the trading results over the first several months. The MAFF working group considers these spot markets as supplementing transactions between sellers (producers' groups and agriculture cooperatives) and buyers (wholesalers and rice collection companies) which will continue to be the mainstream avenue for commercialization. Every month MAFF publishes the average prices of these transactions (wholesalers' purchase price), two month after the actual transactions. This is currently the only publicly available price information on rice trade. MAFF does not publish farmgate prices.

4. Revision to Basic Law on Food, Agriculture and Rural Villages

The GOJ will revise the "Basic Law on Food, Agriculture and Rural Area", the principle legislation overseeing MAFF's administration of food, agriculture and rural policies. This is the first revision of the Law since its establishment in 1999. The revision was prompted by changes surrounding Japan's agriculture since 1999, such as changes in the global food situation, increased food security risks, and responses to environmental issues. The GOJ released the directions for revision of the Basic Law in June. Strengthening food security is the focus of the revision which include the following points relevant to the grain and feed sectors. The GOJ intends to submit a bill to revise the Basic Law to the Japanese Diet in 2024.

Ensure food security in normal times and under emergency contingencies

- Intensify production shift from table rice to import-dependent wheat, soybeans and feed crops (including rice straw) to reduce import risks.
- Secure stable imports to meet domestic demand and promote foreign investment in supplying countries and diversify supply countries.
- Establish a basic policy for food reserves which are currently set for rice, imported wheat and imported feed grains, for contingency preparedness.
- Evaluate global food supply and demand and domestic food supply capability regularly.
- Recognize exports as an essential measure to maintain the domestic agricultural production base.
- For contingencies, legislate measures to secure food supply; allowing the government to restrict food distribution, mandate production shifts from non-food crops to grains, divert exports to

[13] Their trade is between wholesalers only, their trade volumes are small, or their trade results are not open to the public.

[14] The move came after MAFF's decision not to authorize a permanent license for rice futures market in the Osaka Dojima Commodity Exchange in August 2021 and the ruling Liberal Democratic Party (LDP) requested MAFF to consider creating rice spot markets.

domestic consumption, conduct emergency imports, and release government food reserves and private food inventories.

Annex Table 1. Japan Compound Feed Production

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 Oct	941,410	19,543	42,475	13,855	80,677	121,381	11,110	37,643	260,986	82,558	411,856	2,023,494
	46.5%	1.0%	2.1%	0.7%	4.0%	6.0%	0.5%	1.9%	12.9%	4.1%	20.4%	100.0%
Nov	965,618	19,991	43,912	14,299	83,443	133,282	11,837	39,320	268,808	84,765	426,360	2,091,635
	46.2%	1.0%	2.1%	0.7%	4.0%	6.4%	0.6%	1.9%	12.9%	4.1%	20.4%	100.0%
Dec	1,036,141	23,322	43,613	15,454	89,879	139,315	12,174	41,916	285,510	91,082	461,241	2,239,647
	46.3%	1.0%	1.9%	0.7%	4.0%	6.2%	0.5%	1.9%	12.7%	4.1%	20.6%	100.0%
2023 Jan	895,035	16,873	39,823	12,911	76,350	123,561	10,123	35,625	250,303	77,507	391,829	1,929,940
	46.4%	0.9%	2.1%	0.7%	4.0%	6.4%	0.5%	1.8%	13.0%	4.0%	20.3%	100.0%
Feb	856,145	15,793	44,765	12,702	74,283	114,828	10,005	33,949	241,139	74,733	380,667	1,859,009
	46.1%	0.8%	2.4%	0.7%	4.0%	6.2%	0.5%	1.8%	13.0%	4.0%	20.5%	100.0%
Mar	973,190	18,550	42,619	15,561	84,589	126,158	11,122	38,052	267,507	85,333	432,228	2,094,909
	46.5%	0.9%	2.0%	0.7%	4.0%	6.0%	0.5%	1.8%	12.8%	4.1%	20.6%	100.0%
Apr	913,345	15,986	36,981	15,298	79,308	110,738	10,492	34,422	247,694	79,225	405,672	1,949,161
	46.9%	0.8%	1.9%	0.8%	4.1%	5.7%	0.5%	1.8%	12.7%	4.1%	20.8%	100.0%
May	958,518	16,540	40,156	15,675	83,585	116,060	10,708	36,100	260,400	82,620	420,940	2,041,302
	47.0%	0.8%	2.0%	0.8%	4.1%	5.7%	0.5%	1.8%	12.8%	4.0%	20.6%	100.0%
June	914,595	15,258	39,219	15,356	79,892	108,369	10,717	34,332	247,471	80,027	408,473	1,953,709
	46.8%	0.8%	2.0%	0.8%	4.1%	5.5%	0.5%	1.8%	12.7%	4.1%	20.9%	100.0%
Oct 22- Jun 23	8,453,997	161,856	373,563	131,111	732,006	1,093,692	98,288	331,359	2,329,818	737,850	3,739,266	18,182,806
	46.5%	0.9%	2.1%	0.7%	4.0%	6.0%	0.5%	1.8%	12.8%	4.1%	20.6%	100.0%
Oct 21- Jun 22	8,675,229	195,429	349,392	141,234	705,620	1,005,915	102,028	334,317	2,331,614	869,500	3,742,800	18,453,078
	47.0%	1.1%	1.9%	0.8%	3.8%	5.5%	0.6%	1.8%	12.6%	4.7%	20.3%	100.0%

Source: MAFF

Attachments:

No Attachments