

Voluntary Report – Voluntary - Public Distribution

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Report Name: Rice Supply Shortage Disrupts Consumers in Japan

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Agriculture in the News, Grain and Feed

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Report Highlights:

Throughout summer 2024, Japan has been grappling with a table rice shortage resulting in empty supermarket as demand outpaced production for the last three years causing stocks to deplete to their lowest levels in over 20 years. Demand for table rice also spiked in August, as consumers bought more rice than typical in preparation for natural disasters during Japan’s typhoon season and following a major earthquake warning. The Ministry of Agriculture assured the public that the arrival of the new crop will alleviate the shortage in September. On top of the 6.6 million tons of table rice produced for domestic consumption, Japan also produced 1.3 million tons of rice for other purposes such as for feed, processing and exports; however, because the majority of 1.3 million tons are produced with government subsidies, they cannot be diverted to table rice to meet increased demand.

Local Reaction and Government Response

Rice is the staple food in Japan and domestically produced rice supplies almost 100 percent of consumption. Rice is produced throughout Japan, and store shelves are always filled with ample bags of rice year-round. In June 2024, the Japanese media began to report on rice shortages and coverage has continued to intensify to daily news stories through August and September. Although there is no national survey on how much rice is in short supply at retail outlets, in August, the Osaka Prefectural Government stated that that 80 percent of retailers in the prefecture were out of rice, and called upon the Ministry of Agriculture, Forestry, and Fisheries (MAFF) to release government contingency stocks.¹ However, in a series of press conferences in August and September, MAFF Minister Sakamoto stated that sufficient inventory is secured and that the short-term shortage of rice occurred in part due to a temporary increase in demand for disaster preparedness. He also stated the release of additional government stocks could negatively affect the supply, demand, and price of rice and that the new rice crop will be available to consumers soon. On August 27, Prime Minister Kishida instructed MAFF to address consumers' concerns and to work on smooth rice distribution and to ensure supermarkets are well supplied.

Agriculture Minister Sakamoto commented that the rice shortage is expected to gradually recover as the new crop has already begun to appear on the market beginning in late August. MAFF expects that by the end of September, distribution will be in full swing, with approximately 40% of the annual shipment being marketed. In addition, due to warmer weather conditions, rice will be harvested about a week earlier than normal in many regions, and shipments are expected to be ahead of schedule. Based on a MAFF survey from August 2024, the new crop is growing well and if growth continues to be favorable, the production volume will increase from last year. Reflecting the shortage, retail rice prices increased 28 percent in August 2024 compared to a year ago (Chart 1). Media reports that the prices for the new rice crop are continuing to rise as farmgate prices are up 20-40 percent from 2023. Minister Sakamoto commented that the price will settle at a certain level when the projected abundant new crop reaches the market.

Major Causes of the Rice Shortage

MAFF reports that table rice production decreased year-on-year, while demand has outpaced production since 2021/22² (Chart 2). MAFF estimates table rice demand in 2023/24 increased 1.6 percent, or 110,000 tons,³ to 7.02 million tons while the production of the 2023 crop was 6.61 million tons (Table 1). In addition, the 2023 crop was affected by heat and drought damage, which impacted the milling

¹ The Government of Japan stores approximately one million tons of domestically produced rice as reserves. MAFF considers one million tons a sufficient amount should a poor domestic harvest occur, without the need for emergency imports.

² MAFF defines a year begins in July. 2021/22 = July 2021 – June 2022.

³ The quantity of rice is expressed in brown basis otherwise noted.

yield. As a result, in June 2024, private sector stocks fell sharply by 21 percent from the previous year to 1.56 million MT, the lowest level since 1999 (Table 1, Chart 2).

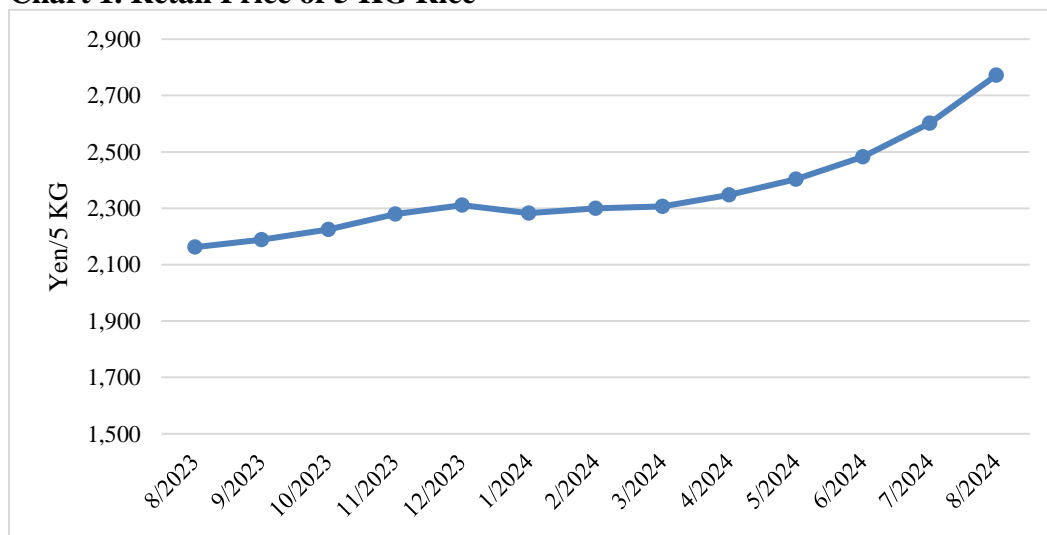
MAFF attributes the increase in table rice demand in 2023/24 to two factors. One, a relatively moderate increase in price for rice compared to sharper price increases for other food products (Chart 3). And two, an increase in demand for rice from the food service and tourism sectors after a rise in tourism and other economic activities. Furthermore, MAFF noted a temporary increase in demand for disaster preparedness following a series of natural disasters and warnings in August including a major earthquake in Western Japan, the subsequent Nankai Trough earthquake warning, and typhoon season.⁴

Table 1. Table Rice Production, Demand and Ending Stocks (Million MT)

	2021/22	2022/23	2023/24
	Year begins in July and ends in June		
Beginning Stocks	2.18	2.18	1.97
Production	7.01	6.70	6.61
Total Supply	9.19	8.88	8.58
Demand	7.02	6.91	7.02
Ending Stocks	2.18	1.97	1.56

Source: MAFF

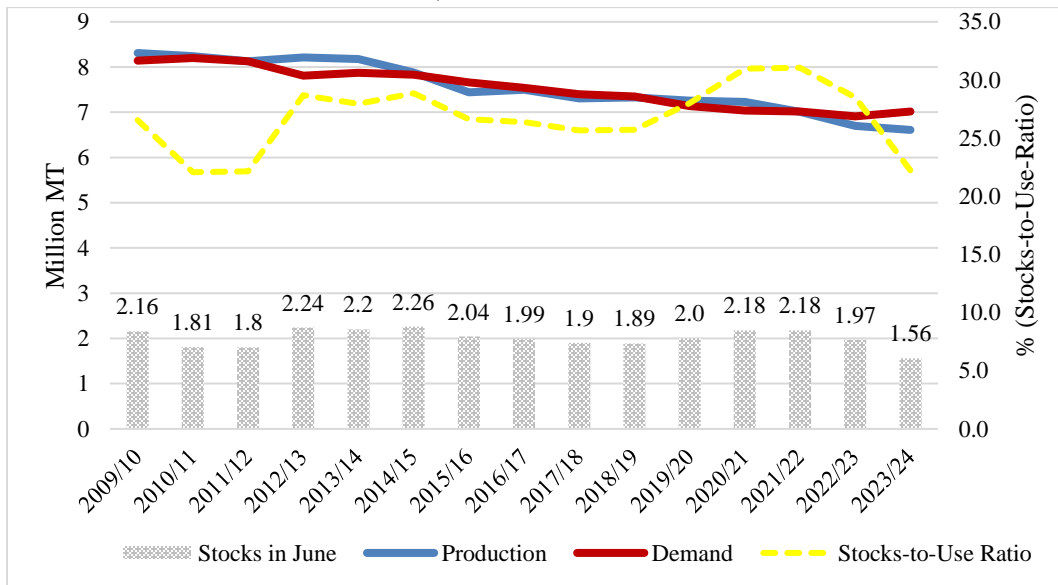
Chart 1. Retail Price of 5 KG Rice



Source: Ministry of Internal Affairs and Communications

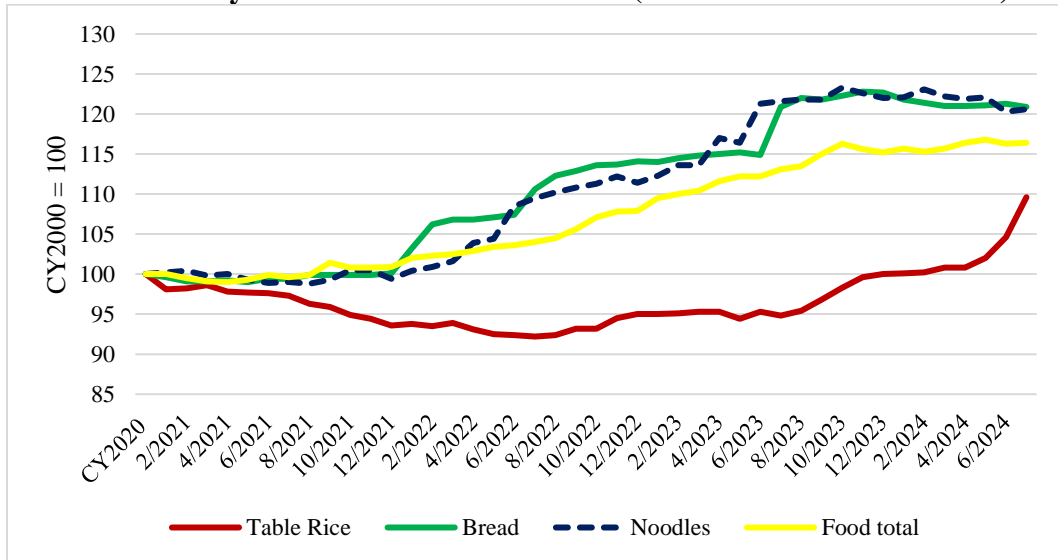
⁴ MAFF reported that the sales volume since April 2024 has been strong compared to 2022 and 2023, with especially high sales beginning in August 2024 (See [Chart \(3\), Changes in Rice Sales Volumes at Supermarkets](#))

Chart 2. Table Rice Production, Demand and Stocks



Source: MAFF

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



Source: Ministry of Internal Affairs and Communications

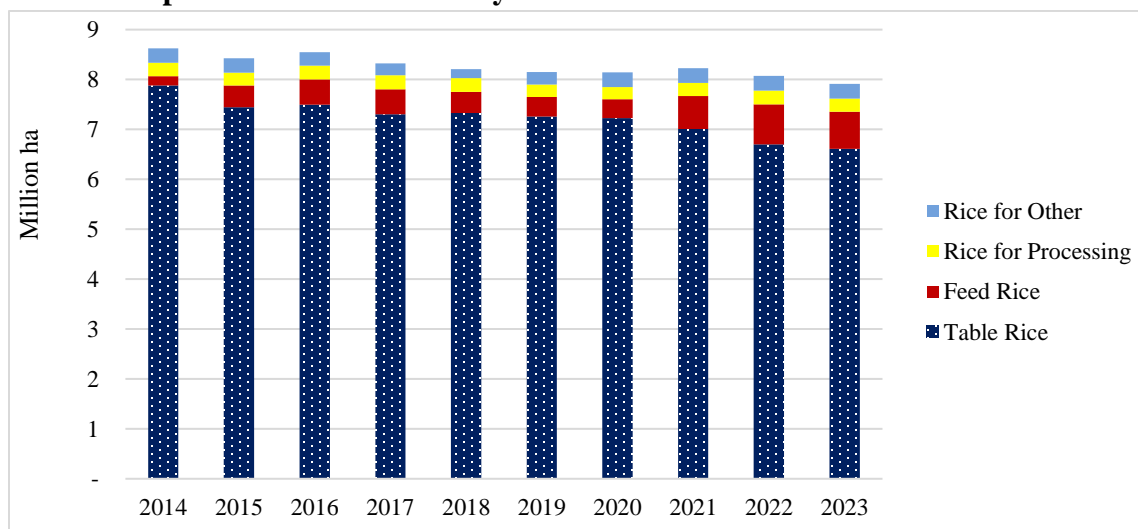
Japan's Rice Policy

While Japanese table rice consumption has been up in the short-term, there is a long-term trend of falling rice consumption in Japan due to population decline and lower per capita consumption. In light of this trend, and in order to hedge against the potential for oversupply and falling prices, MAFF provides farmers with support payments to encourage production from table rice to rice for feed, rice for

export, or for production of other crops, such as wheat and soybeans. For more information, see information on the support payment “Direct Payments for Rice Paddy Utilization,” see [JA2021-0031](#).

MAFF reports that in 2023/24, a total of 7.91 million tons of rice was produced, of which 6.61 million tons is table rice, 1.3 million tons is for other purposes including 745,000 tons for feed, 266,000 tons for processing, 190,000 tons for the government reserve and 50,000 tons for export. MAFF estimates the 2023/24 demand for table rice to be 7.03 million tons. However, the 1.3 million tons of non-table rice cannot be diverted to table rice to meet the increased demand (110,000 tons) since this rice is subsidized or contracted. Under the support payment program, MAFF requires producers and shippers to ensure that rice is used and consumed for its intended purposes throughout the supply chain and strictly prevents diversion to table rice. Critics argue that the subsidy program's inability to respond to market dynamics has contributed to the current table rice shortage.

Chart 4. Japan’s Rice Production by Use



Source: MAFF

“Rice for Other” includes for exports, for flour, and for the government reserve

Strong Demand for Imported Rice

In response to the rice shortage, demand for imported rice has been bullish. However, rice is a state-traded product in Japan and MAFF controls the import of rice through tenders which regulates the timing and volumes of imports.

The Government of Japan (GOJ) commits to import a minimum of 682,000 tons (milled basis) of rice each year to fulfill its WTO tariff rate quota (TRQ), commonly referred to as Minimum Access (MA) rice. MAFF administers the TRQ imports and imports a maximum of 100,000 tons (actual tonnage) with in the WTO TRQ through Simultaneous Buy and Sell (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. In addition to the WTO TRQ, Japan maintains a Country Specific Quota (CSQ) for Australian rice under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Imports outside the WTO TRQ and Australian CSQ are negligible due to high tariffs. In each Japan Fiscal Year (JFY: April – March), MAFF starts the WTO SBS tender in September and holds the SBS tender once a month offering 25,000 tons for bids in each tender until the 100,000 ton-quota is filled. MAFF starts the SBS tender for Australian CSQ in May and holds the SBS tender every two months offering 1,160 tons in each tender until the 6,960 ton-quota is filled in JFY2024.

By September 9, 2024, MAFF held the first WTO SBS rice tender and awarded the full amount of 25,000 tons out of 75,732 ton-bids. MAFF held three SBS tenders for Australian CSQ and awarded a total of 2,314 tons for 2,320 tons contract offer.

Attachments:

No Attachments.