



AGRIBUSINESS IN ASIA | PROF. YU

# Agribusiness in Japan

Dies ist eine Leseprobe. Es werden nicht alle enthaltenen Inhalte angezeigt.



Bundesministerium  
für Bildung  
und Forschung



## AGRIBUSINESS IN JAPAN

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AGRIBUSINESS IN JAPAN

# 1. Brief Introduction

BRIEF INTRODUCTION

# Map of Japan



Source: Fotolia, Urheber: kartoxjm

## BRIEF INTRODUCTION

# Agriculture in Japan

- Japan is a highly industrialized country, where agriculture is a steadily declining and increasingly less significant area of economic activity
- The contribution of agriculture to the GDP is only 1% (compared to 10% in China), and employment in agriculture is only 4% of total employment (compared to 35% worldwide)
- In 2014, the number of female farmers in Japan was 1.14 million, while male farmers accounted for 1.12 million
  - However, leadership positions in the farm sector have predominantly been occupied by men
- Climate in Japan ranges from temperate in the north to semi-tropical in the south, with abundant rainfall (typhoons are common), hot summers, and relatively mild winters (except in the northern Japanese island of Hokkaido)

Sources include: Ministry of Agriculture, Forestry and Fisheries (Japan), [Japanese Women in Agriculture - Overview](#). USDA Foreign Agricultural Service. Retrieved 9 November 2016

## BRIEF INTRODUCTION

# Agriculture in Japan

- Rice is the most important crop in Japan and planted on the best agricultural land
- Other crops grown in Japan include:
  - Soybeans, wheat, barley, and a large variety of fruit and vegetables
- Japan's Ministry of Agriculture, Forestry and Fishery (MAFF) has a Crop Production branch that collects agricultural data
- A history of support and protection have resulted in a sector that many feel is uncompetitive and ill-equipped to participate on a level playing field, either with other sectors of the economy or internationally
- United States Department for Agriculture (USDA) estimates the 2012/13 rice area at 1.55 million hectares, down 26,000 hectares from last year and down about 120,000 hectares from 5 years ago (2007/08)

Source: Ministry of Agriculture, Forestry and Fisheries (Japan)

BRIEF INTRODUCTION

# Agriculture in Japan

	China	Japan	World
Agriculture value added (% of GDP)	10	1	3.1
Employment in agriculture (% of total employment)	35	4	35
Agricultural land (% of land area)	55.7	12	37.6

Source: [data.worldbank.org/indicator? tab=all](http://data.worldbank.org/indicator?tab=all), 2014

## BRIEF INTRODUCTION

# Farmland is precious

- Farmland is scarce in Japan (only 12% of total area) efforts have been taken to expand and improve crop acreage in general and paddy land in particular
  - An example of this is the Kamedegou land improvement district (Niigata prefecture)
  - There are major efforts underway near Sendai to repair the land and farming infrastructure damaged by the tsunami/radiation leaks following the “Great East Japan Earthquake” on March 11, 2011
- According to MAFF, approximately 23,600 hectares of arable land were damaged by the tsunami, including slightly more than 20,000 hectares of rice paddy
- In the Sendai area, a majority of the damaged cropland is expected to be back in production within 3 years

Note: The Prefectures of Japan consist of 47 prefectures (regions)

Source: Official USDA data, August 2012



## BRIEF INTRODUCTION

# Agriculture in Japan

### What are the challenges facing agriculture in Japan?

- Aging population
- Small average farm sizes and small and fragmented land
- One of the challenges facing agriculture today is the shortage of people who view it as a business
- Essentially, the definition and concept of agriculture has not been made clear among those involved in the industry, including the producers themselves
- Agriculture should be seen as a food manufacturing industry

### What is needed to resolve these challenges?

- Leveraging Japan's strengths in food to develop an industry that generates benefits for the entire country
- Other industries should be involved, too
- There is a need for sustainable agribusiness entities

## BRIEF INTRODUCTION

# Agriculture in Japan

Further information:

 ["Against the Grain: Japan Bets on Agribusiness Startups"](#)



[Japan's Agriculture and the total factor productivity \(TPP\)](#)

 [New Generation Farmers in Japan](#)

AGRIBUSINESS IN JAPAN

## 2. Production of Food

## PRODUCTION OF FOOD

# Production of Food

- About 60% of farmers are rice growers
- Rice accounts for 22% of total farm production
- Rice growers' median annual sales are only ¥1.4 million (against ¥6.7 million for vegetable growers, ¥3.0 million for fruit growers, and ¥1.5 million for livestock farmers)
- The share of part-timers is a high 61% among rice growers (compared to 20% to 30% for other types of farmers)
- The average age of rice growers is 66.6, the highest among all types of farmers
- Japan is the ninth largest rice producer in the world, despite the fact that rice production in the country is presently stagnant and consumption is declining

Note: The yen (¥) is the official currency of Japan

Source: Japan Agricultural Statistics, 2014, Ministry of Agriculture, Forestry and Fisheries (Japan)

## PRODUCTION OF FOOD

# Rice Production

### The main rice season

- In northern Japan: from May-June to September-October
- In central Japan: from April-May to August-October
- In southern Japan: from April-May to August-September
- About 85% of the 2.3 million farms in Japan plant rice yearly
- The average rice field acreage of a Japanese farmer is small (about 0.8 hectares) and rice production is highly mechanized
- Due to the small farm sizes, rice production is considered a part-time occupation by most farmers



Wikipedia, CC0 Licence

Source: Japan Agricultural Statistics, 2014

## PRODUCTION OF FOOD

# Production of Rice

- The relative value of the rice industry in the national economy has also declined
  - However, many Japanese see the importance of rice production in conserving their cultural heritage
- Improved varieties of *japonica* rice are grown in almost all prefectures in the country
- The most widely planted variety is *Koshihikari* which is popular for its taste
- Currently the average rice farmer works only 1.65 acres (whereas the typical American farm is 160 times larger)
- In addition domestic farm groups have long maintained that rice cultivation is part of Japanese culture



Koshihikari rice, Pixabay, Licence: CC0

## PRODUCTION OF FOOD

# Production of Food

- Japan's farming and fishing sector is said to have many problems, but the real crux of the problem is that the country's exports of agricultural products are minuscule, both in absolute terms (at only \$3 billion a year)
- The share of livestock in agricultural production value increased from 18.2% in 1960 to 30.1% in 2005
- At the same time, many parts of Japanese agriculture are thriving such as:
  - Production of livestock products, beef in particular, fruits and vegetables
  - Exports of these products have increased by 60% in recent years

Source: Japan's Ministry of Agriculture, Forestry and Fisheries

AGRIBUSINESS IN JAPAN

## 3. Consumption of Food



## CONSUMPTION OF FOOD

# Consumption of Food

- Due to economic growth and globalisation the expected results are:
  - Increases in food consumption
  - Diversification of the diet away from traditional foods
  - Decrease in the share of food expenditure in household expenditure
- In Japan, demand for meat and dairy products has increased strongly as a result of:
  - Affordability
  - and westernisation of the Japanese diet
- These meat and dairy products have seen consumption growth of between 400% and 700% in the last 40 years, while consumption of rice and cereals have declined substantially
- Based on total calories consumed, Japan imports about 60% of its food each year

## CONSUMPTION OF FOOD

# Consumption of Food

### Food is culture:

- This is especially true in a food-obsessed country like Japan where the national cuisine uniquely reflects the natural environment, regional diversity and underlying value system of this resilient country

### Favourite Japanese dishes:

- Sushi and sashimi, tempura, sukiyaki, shabu-shabu and teppanyaki
- In Japanese cuisine, a bowl of rice and some pickled vegetables
- Miso soup, noodles such as udon, somen, soba and ramen
- Japanese green tea with traditional wagashi sweets

CONSUMPTION OF FOOD

# Consumption of Food

Favourite Japanese dishes:



Sushi and sashimi, tempura, sukiyaki, shabu-shabu and teppanyaki



Miso soup, noodles such as udon, somen, soba and ramen



a bowl of rice and some pickled vegetables



Japanese green tea with traditional wagashi sweets

Image 1-3: Pixaby, CC0, Image 4: Fotolia (yonibunga)

## CONSUMPTION OF FOOD

# Emphasis on Quality

- Consumers in Japan are highly sensitive to quality issues in their food, demanding fresh, uncontaminated, and attractive products
- In Japan, 7-Eleven and several other convenience store chains are very important outlets for moderately priced pre-cooked meals
- Niigata, Japan's largest rice-growing prefecture, strongly promotes the locally-grown rice and is branding itself as a centre of farming and fine cuisine
- Last year, Niigata opened an innovative, high-tech education centre designed to teach children (and adults) about farming, cooking, and nutrition, and the city sponsors food festivals each year
- Japan has a unique and complex food import and distribution network that is geared to moving produce as quickly and efficiently as possible, while maintaining the highest quality

## CONSUMPTION OF FOOD

# Emphasis on Quality

- The per capita consumption of rice has been dropping for decades due to urbanization, adoption of western foods, and an aging population, but it remains the most important grain in their diet
- The Japanese strongly prefer to eat the native Japonica (sticky) rice
- Japan is required to import a set amount of rice each year (770,000 tons) under the terms of the WTO Minimum Access agreement, but most of this is put into storage or used for food aid or industrial processing (sake, rice flour, feed, etc. )
- Efforts by the US rice industry to expand imports of US table rice into Japan have met with resistance from the government (through high tariffs – above 700%) and consumer preferences
- A small amount of rice from California, China, Taiwan and other areas is imported each year

## CONSUMPTION OF FOOD

# Consumption of Food

- While Japan has the lowest obesity rate among OECD countries
- Food self-sufficiency is an important policy issue in Japan
- The self-sufficiency ratio on a caloric basis (the ratio of calories produced to consumed domestically) has declined significantly since 1960 due to:
  - Part of this decline has been a result of lower production
  - Number of farm households declined by 50% and farm labour by 80% between 1960 and 2005
- The development of local off-farm employment has resulted in a farm household that today is mainly dependant on non-farm income
- Full-time farm households declined from 34% in 1960 to 11% in 2005
- Japan produces only about 39% of the food it consumes (March 2013)
- This is a major decrease from the 79% in 1960, and the lowest food self-sufficiency ratio among all major developed countries

Source: Statistics Bureau of Japan, 2015

CONSUMPTION OF FOOD

# Consumption of Food

This is a list of major countries by food self-sufficiency rates on a calorie supply basis

Country	Rate (%)	Years
Argentina	273	2007
Australia	173	2007
United States	124	2007
France	111	2007
Germany	80	2007
Switzerland	54	2007
South Korea	44	2007
Japan	40	2009

Source: [Ministry of Agriculture, Forestry and Fisheries](#), Japan. 2010. Retrieved 26 August 2015.

## CONSUMPTION OF FOOD

# Consumption of Food

- A key goal of agricultural policy in Japan has been to ensure that the returns from farming are roughly the same as from non-farm sectors
- Agricultural productivity as percentage of manufacturing is only 20.3%



Source: Statistical Yearbook of MAFF and Annual Report on National Account, Cabinet Office, Image source: Pixabay, Licence: CC0