USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** September 01, 2022

Report Number: JA2022-0065

Report Name: Long Term Trends in Japanese Agriculture and Agricultural Imports

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Livestock and Products, Vegetables, Fresh Fruit, Grain and Feed

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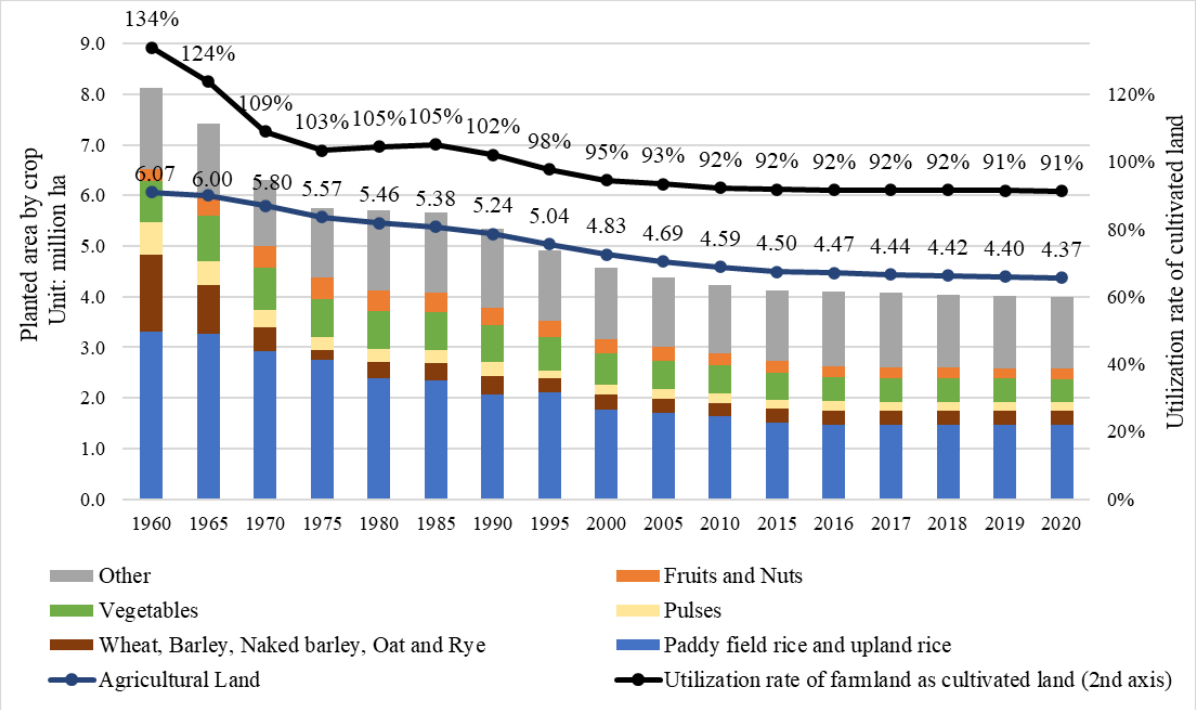
Report Highlights:

Japan's decline in farmland, combined with a shortage of agricultural labor, changes in consumer diets, and the opening of the Japanese market, have boosted imports of many agricultural products. This report looks at the long terms trends in production area and agricultural production in Japan, and its impact on agricultural trade.

Long Term Trends in Agricultural Production Area

Utilization of farmland in Japan has declined steadily since the 1960's. During that time, farmland has been lost to industrial use, roadways, residential use, and other forms of urbanization. The continued decline and aging of Japan's population has also led to a shortage of agricultural labor to succeed existing farmers, resulting in increased abandonment of farmland, with abandonment rising significantly from the 1990s. As a result, cultivated farmland, which excludes unutilized farmland, has declined 51 percent since 1960 (Figure 1).

Figure 1: Agricultural Land, Planted Area by Crop, and Utilization Rate of Farmland as Cultivated Land



Source: Ministry of Agriculture, Forestry and Fisheries (MAFF)
Note: "Other: includes miscellaneous cereals (dry grains), industrial crops, forage and manure crops, and others. Pastures, fields, and forests that are not managed is not considered farmland.

In recent years, particularly after the early 2000s, the decline in farmland has slowed: while total cultivated land declined 18 percent between 1990 and 2005, the decline was only 9 percent between 2005 and 2020 (Table 1). A stabilization in cultivated area is especially evident among "wheat, barley oat and rye, pulses," and crops categorized as "other," which include miscellaneous cereals (dry grains), industrial crops, forage, and others.

Livestock numbers, by contrast, have increased for all beef cattle, dairy cow, hogs, egg-laying chickens, and broilers since 1960, reaching a peak during the early 1990s. Since 1990, livestock numbers have gradually declined for beef cattle, dairy cow, and swine, while the number of chickens, both layers and broilers, continue to increase (Table 2).

Table 1: Percent Change in Cultivated Land Area during 1960-2020, 1990-2005, 2005-2020

	Paddy field rice/Upland rice	Wheat, Barley, Hulless Barley, Oat and Rye	Pulses	Vegetables	Fruit and Nuts	Other	Total (Cultivated land)
1960 – 2020	-56%	-82%	-72%	-45%	-18%	-11%	-51%
(1990 –2005)	-17%	-27%	-27%	-24%	-23%	-11%	-18%
(2005 – 2020)	-15%	2%	-4%	-20%	-24%	2%	-9%

Source: MAFF

Table 2: Percent Change in Livestock Numbers During 1960-2021, 1990-2005 and 2006-2021

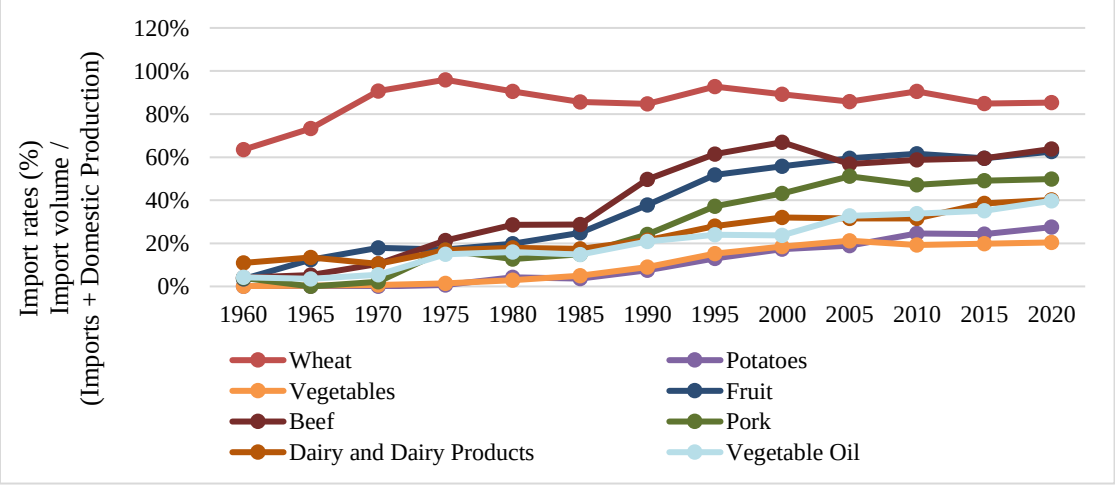
	Beef Cattle	Dairy Cow/Heifer	Swine	Egg-Laying Chicken	Broiler
1960 –– 2021	11%	65%	384%	236%	---
(1990 – 2005)	2%	-20%	-19%	-4%	
(2006 – 2021)	-7%	-18%	-3%	1%	35%

Source: MAFF

Impact to Agricultural Trade: Increasing Imports of Processed Foods

The decline in farmland, combined with a shortage of agricultural labor, changes in consumer diets, and the opening of the Japanese market, have boosted imports of many agricultural products. Import rates, defined as the percentage of imports among total domestic supply (volume basis), continues to increase for products such as potatoes, fruit, beef, vegetable oils, dairy, and dairy products, as demand outstrips domestic production capacity (Figure 2, Table 3). While import rates may be rising for all those products, that increase belies two very different realities: For products such as fruits and vegetables, import rates are rising despite declines in per capita consumption as domestic production declines even more quickly. For products such as beef, pork, and dairy rising per capita consumption drives increasing demand for imports.

Figure 2: Import Rates of Selected Agricultural and Food Products



Source: "Food Balance Sheet" MAFF

Note for this calculation: Imports include processed products and are converted and calculated as fresh products; Wheat imports do not include imports of unpolished wheat for processing by private importers; Corn imports include corn for feed (for more details see "Food Balance Sheet" statistics provided by MAFF)

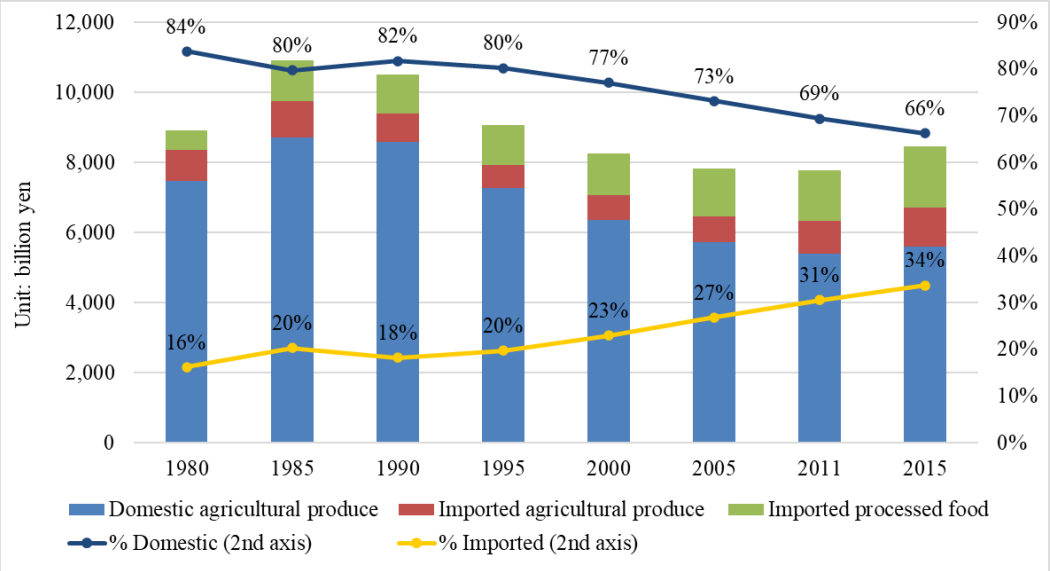
Table 3: Comparison Changes to Import Rates (1960 to 2020, vs 2000 to 2020; percentage points)

Product Name	1960 vs 2020 (pp)	2005 vs 2020 (pp)
Rice	+7	-1
Wheat	+22	0
Corn	+7	0
Potatoes	**+28**	**+9**
Pulses	+36	-1
Vegetables	+20	-1
Fruit	**+59**	**+3**
Beef	**+60**	**+7**
Pork	+46	-1
Chicken	+34	0
Eggs	+4	-2
Dairy and Dairy Products	**+29**	**+9**
Seafood	+49	-2
Vegetable Oil	**+35**	**+7**
Animal Fats	-46	-18

Source: “Food Balance Sheet” MAFF
Notes: Imports include processed products and are converted and calculated as fresh products

When comparing the utilization rate of imports in food manufacturing, use of imported ingredients has steadily risen; from 16 percent of total inputs in 1980 to 34 percent in 2015 (Figure 3). When compared to domestic products, the food manufacturing industry considers imported ingredients to have advantages in terms of larger availability and stability of supply (Source: The Japan Agricultural News).

Figure 3: Breakdown of food ingredients inputs among the food manufacturing industry



Source: “Food Balance Sheet” MAFF

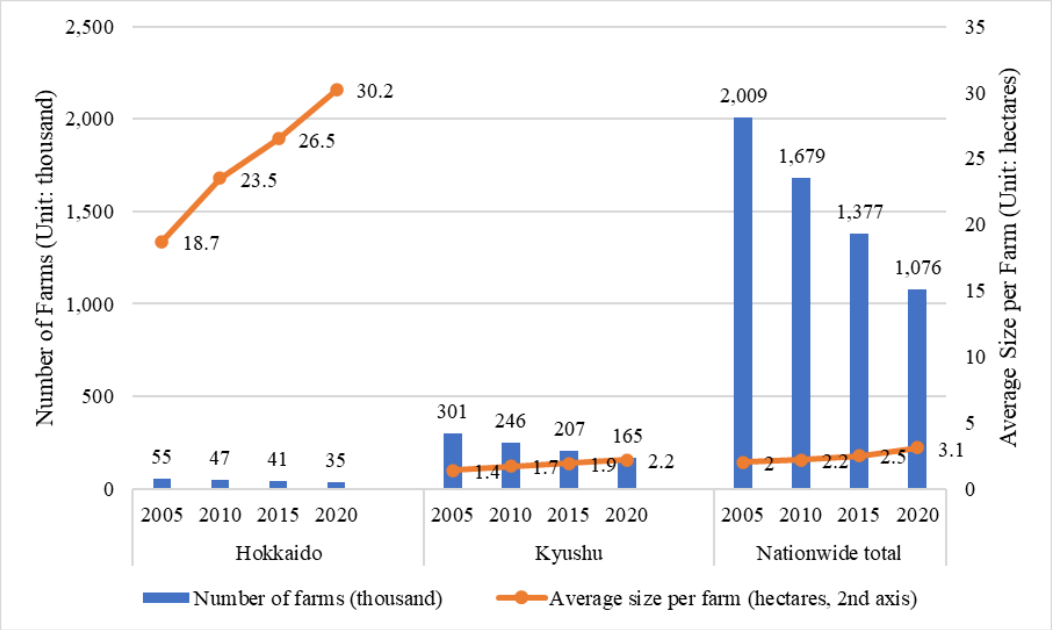
Declining Farm Numbers and Concentration in Agricultural Production

While the number of farmers and farmland use continue to decline, certain regions have significantly increased their share of Japan's overall agricultural production. In particular, Hokkaido, Japan's northernmost main island, has increased in importance in Japanese agricultural production. The average size per farm in Hokkaido is currently 30.2 hectares (as of 2020), an increase of 11.5 hectares, or 61 percent, compared to 2005 (Figure 4), and 14 times that the average for the rest of Japan (2.2 hectares). Agricultural output in Hokkaido now comprises 14 percent of total nationwide production, a 10 percent increase from the 1990s.

The Kyushu region, Japan's southernmost main island, has also slightly increased its share, from 19 percent of output in 1990 to 20 percent in 2020, while gradually shifting production away from rice, and toward livestock and vegetables. At the same time, the average farm size has increased in Kyushu, from 1.4 hectares in 2005 to 2.2 hectares in 2020.

Overshadowing these regional shifts, however, is the steady decline in Japan's total farm numbers and the aging farming population. The total number of farms has fallen by almost half, from 2 million to 1.1 million, in the past 15 years and the proportion of farmers ages 65 and above continues to increase; reaching 70 percent nationwide in 2020. Notably, that figure is lower in both Hokkaido (41 percent) and Kyushu (64 percent).

Figure 4: Average Size of Cultivated Land and Number of Farms



Source: MAFF

Note: In 2005, MAFF based farm data on commercial farms but switched to measuring by agricultural management entity for 2010, 2015, and 2020.

Attachments:

No Attachments.