

Country Report of Japan

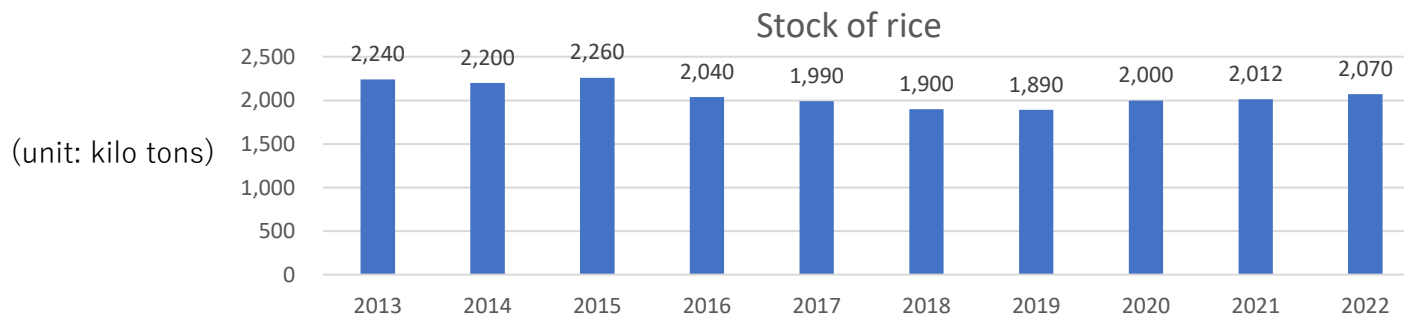
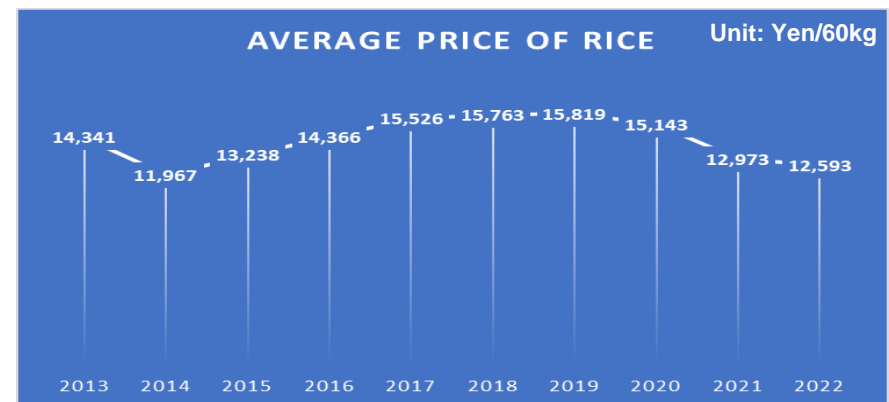
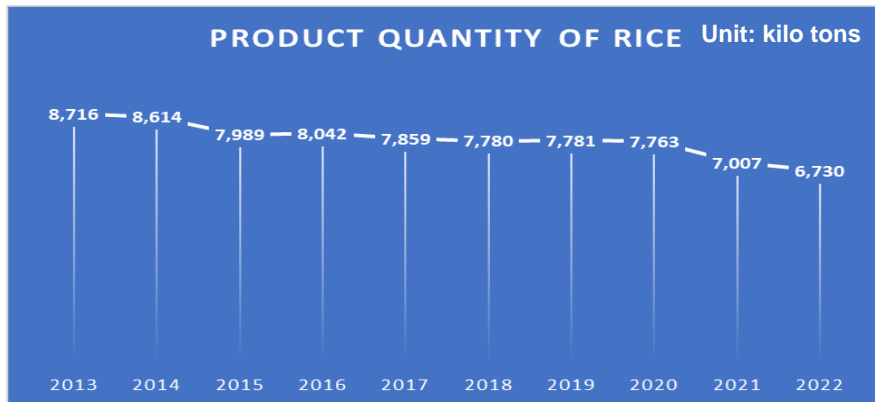
October 2022



Key Commodity Trends

Rice is the main agricultural product in Japan, and the farmer's demand for agricultural machinery is affected by the price of rice.

- The price of rice went down compared to the previous year.
- The consumption of rice in restaurants has dropped sharply due to the Covid-19, and the stock of rice is enough. As a result, the demand for rice has decreased and the price has dropped.



Equipment Forecast

Market trend in 2023 will be nearly as same as 2022.
However, shipment volume of 2022 is 95% compared to the previous year. So, 2023 will be not good.

<For domestic market> compared to the previous year

<input type="checkbox"/> Tractor : 100%	<input type="checkbox"/> Tiller: 99%
<input type="checkbox"/> Combine harvester : 99%	<input type="checkbox"/> Sprayers: 105%
<input type="checkbox"/> Rice transplanter : 101%	

Source: JAMMA Demand Forecast

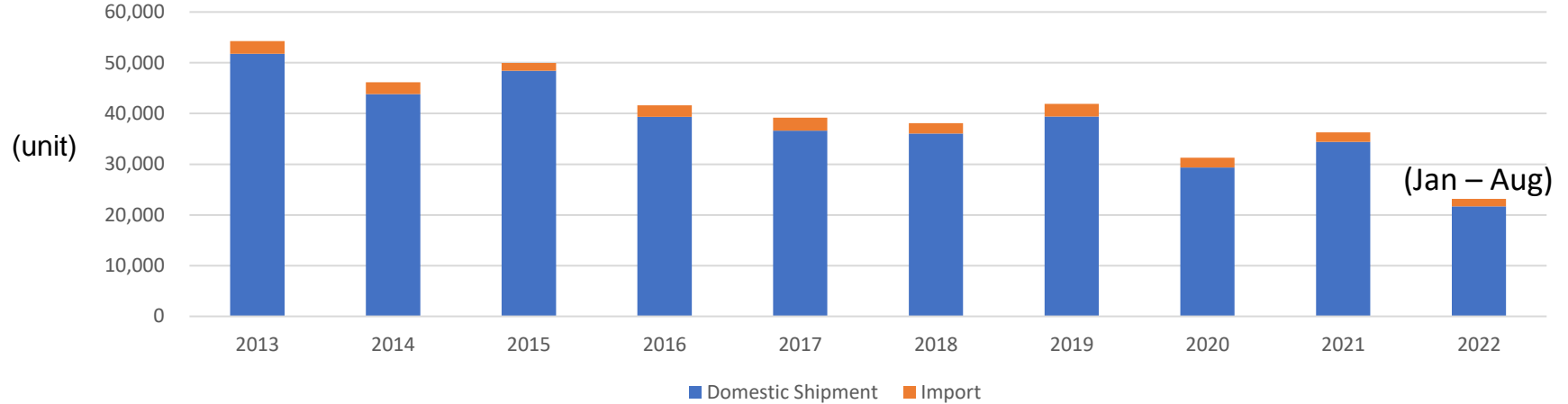
Reasons:

- Farmers' willingness to invest in agricultural machinery cannot be expected due to soaring prices of fertilizers and pesticides.
- Ag machinery production will be affected due to shortages of semiconductors and electronic components

Domestic Tractor Sales

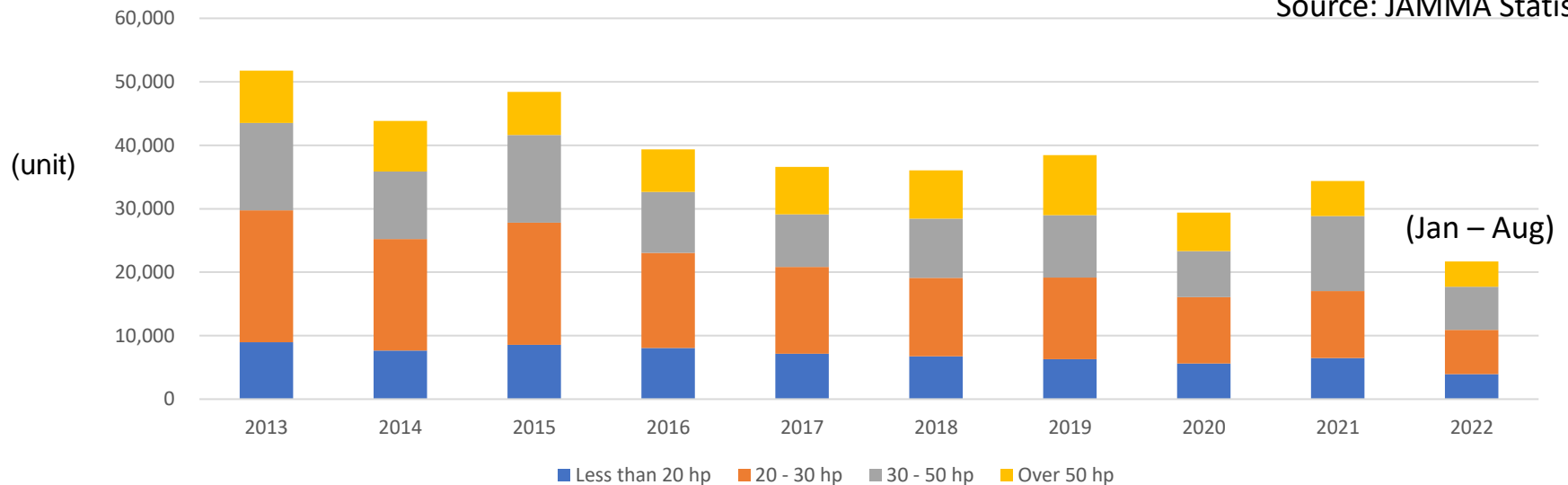
Domestic market trend (shipment and import)

Source: JAMMA Statistics and Custom statistics



Tractor shipment for domestic by HP band (only Japanese manufacturers)

Source: JAMMA Statistics



Key influencers of equipment sales

- ❑ Covid-19
- ❑ Russia-Ukraine problem
- ❑ Semiconductor shortage
- ❑ Supply chain disruption

Common concerns in all manufacturing industries

- Soaring prices of parts, logistics, energy, etc.
- Difficulty in procuring raw materials for parts
- Rising foreign exchange risk (depreciation of Japanese Yen)

Overall Conclusions

- Business activity is slowly returning to pre-covid19 situation
- Above “key influences” will continue for a while
- The market trend in 2023 will recover a little

Topics

◆ Electrification is also progressing in off-road vehicle sector.

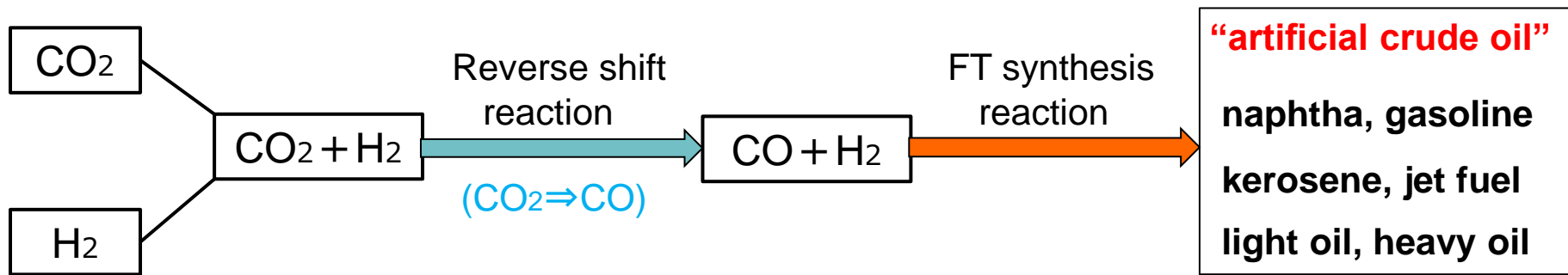
- **Compact Electric Tractor (KUBOTA)**

<https://www.kubota.com/news/2022/20220905.html>

- **Electric micro excavator (KOMATSU)**

<https://www.komatsu.jp/en/newsroom/2022/20220329>

◆ Synthetic fuels are fuels produced by synthesizing CO₂ and hydrogen. It is called “artificial crude oil” and is a clean fuel that does not contain sulfur or heavy metals.



The Japanese government is working on research and development for commercialization in 2040. JAMMA participates in the Synthetic Fuel Public-Private Promotion Council as a member.