

Country Report of Japan

October 2023



Key Commodity Trends

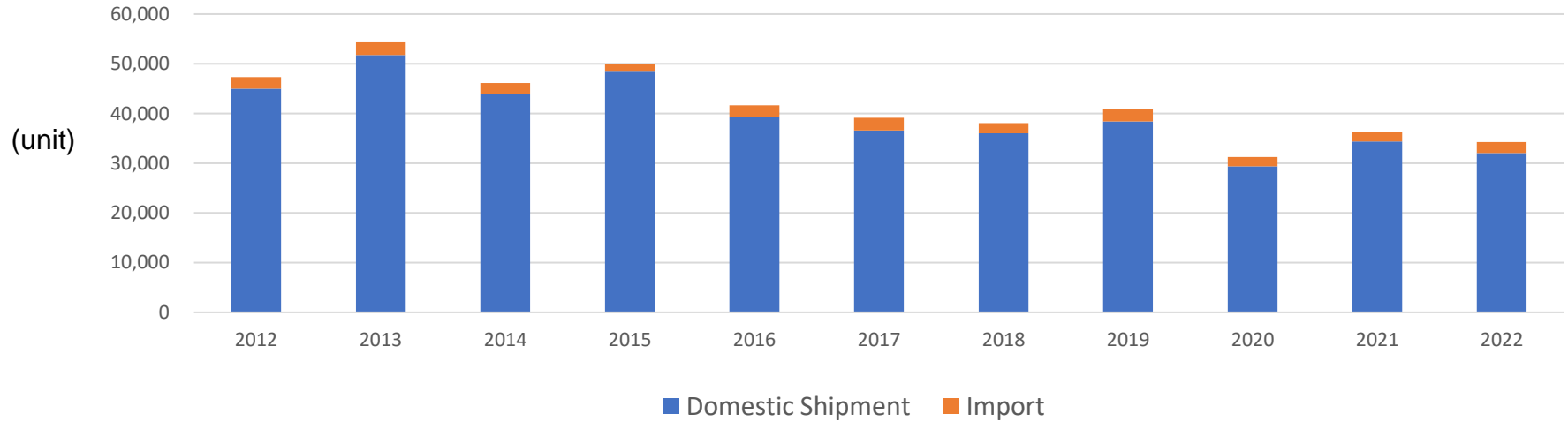
◆ **The crop index for paddy rice produced in 2023 was 102 to 105 (slightly good) in five prefectures, 99 to 101 (same as normal) in 34 prefectures, and 95 to 98 (slightly no good) in seven prefectures. Looking at the region, eastern Japan was blessed with good weather and was rated slightly good, while western Japan was rated slightly no good due to heavy rain and lack of sunlight.**

(Source: Ministry of Agriculture, Forestry and Fisheries)

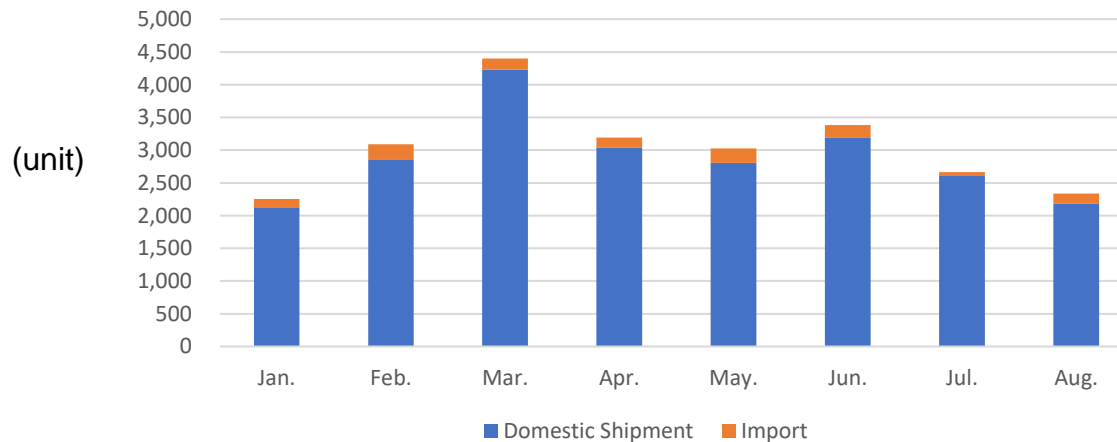
◆ **The purchase price of rice produced in 2023 by JA (Japan Agricultural Cooperatives) has increased nationwide. The main factor is a recovery in demand for restaurants, etc. On the other hand, rice production costs remain high, and rice farmers hope for further improvement in selling prices.** (Source: Japan Agricultural Cooperatives)

Domestic Tractor Sales

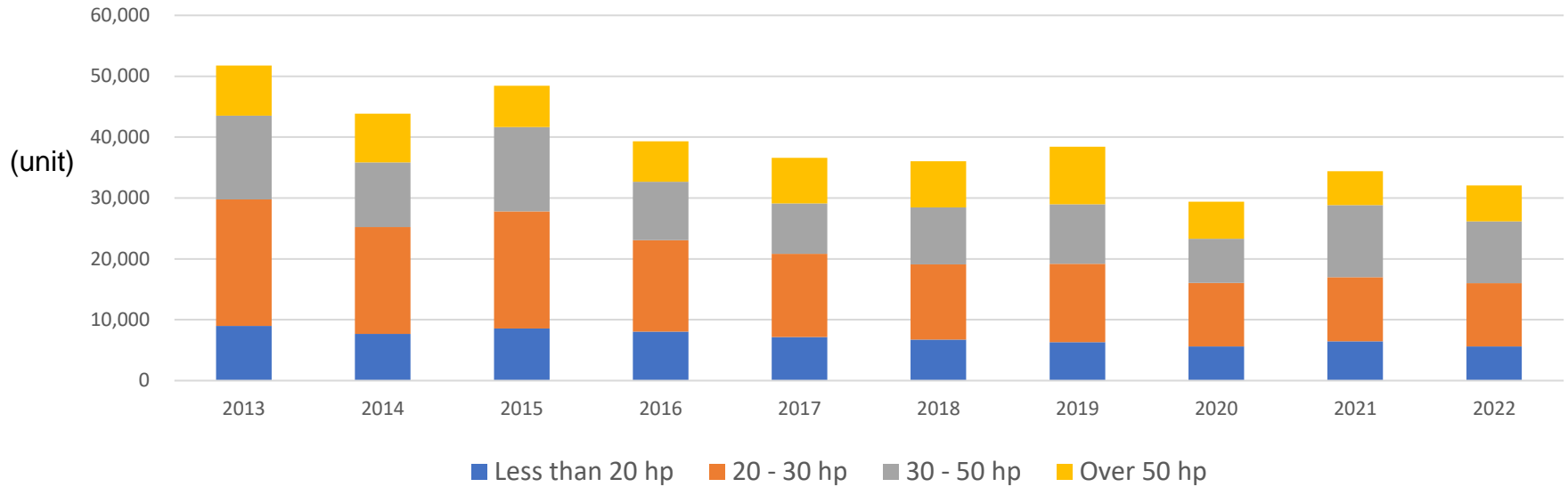
Domestic market trend (shipment and import)



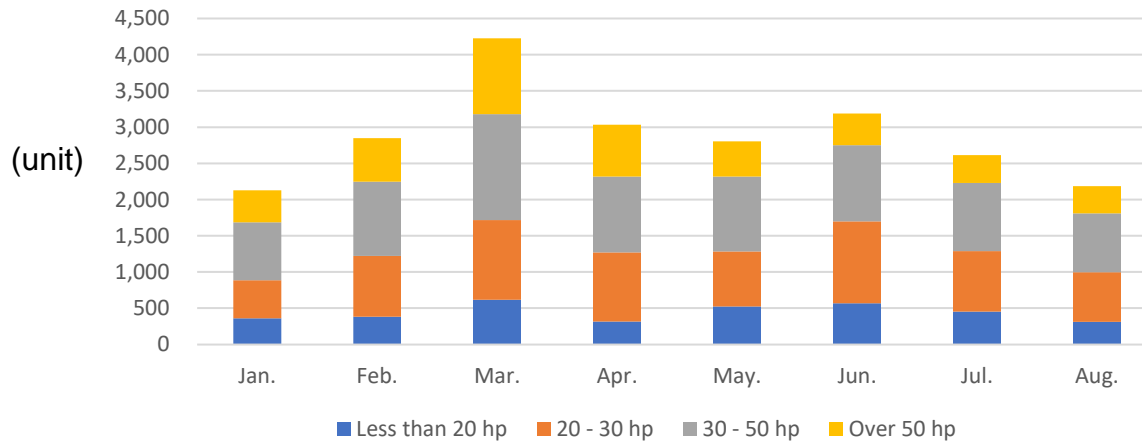
<Trends in 2023>



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

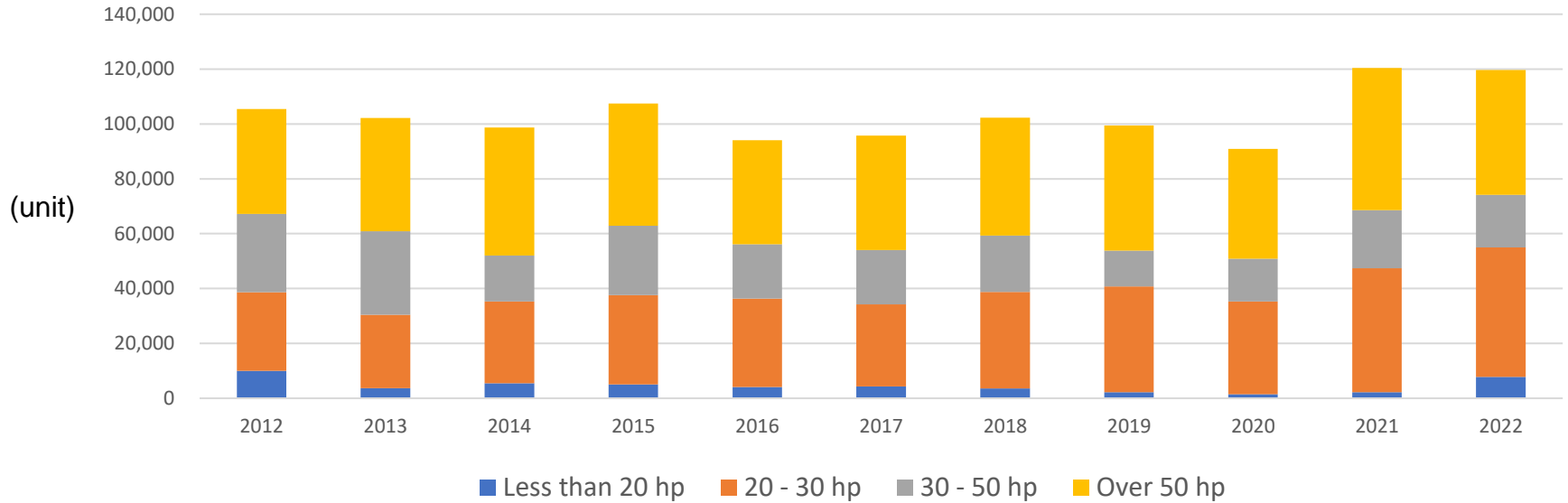


<Trends in 2023>

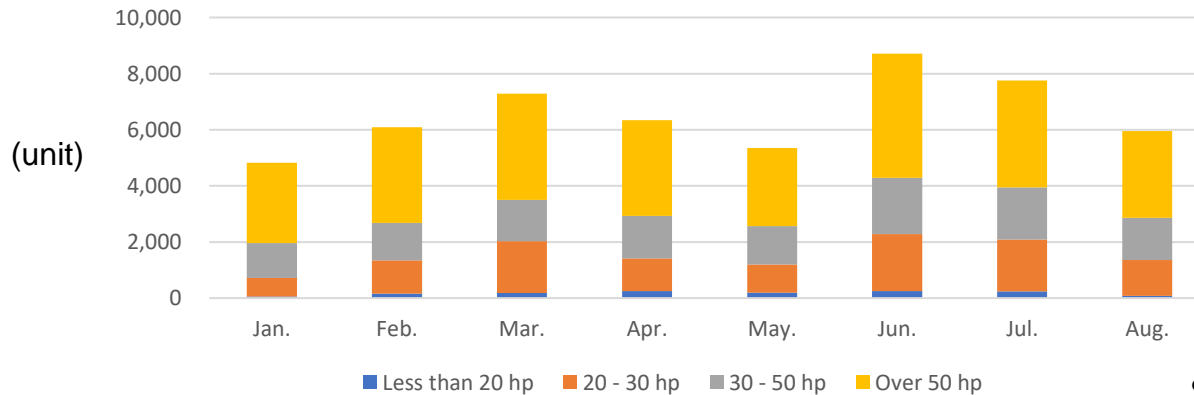


Export Tractor Sales

Tractor shipment for export by HP band



<Trends in the last 6 months>



Equipment Forecast

The agricultural machinery market will remain sluggish in 2024, as farmers' investment appetite will be low due to soaring prices of fertilizers and pesticides, etc.

<For domestic market>

compared to the previous year

- Tractor : 96%
- Combine harvester : 100%
- Rice transplanter : 97%
- Tiller: 100%
- Sprayers: 107%

Source: JAMMA Demand Forecast

Key influencers of equipment sales

- ❑ **Agricultural material costs
(fertilizers, pesticides, energy, etc.)**
- ❑ **Foreign exchange risk (weaker Yen)**
- ❑ **2024 logistics problem in Japan (*)**

* From April 2024, the regulation will be applied that will cap overtime hours for truck drivers at 960 hours, and there are concerns that the shorter working hours will lead to a shortage of transportation capacity and a stagnation of domestic logistics.

Number of companies (JAMMA)

Full-member : 61

Associate-member : 3

Number of employees of member companies (JAMMA)

15,000 people (approximate number for agricultural machinery sector only)

Conclusion

- ◆ **Stable harvests of agricultural crops are being adversely affected by the effects of abnormal weather caused by global warming.**
- ◆ **Although the COVID-19 pandemic has subsided, farmers' incomes have not increased, so Farmers' desire to purchase agricultural machinery remains low.**
- ◆ **Food security is an important issue for the government, so strong policy support for the agricultural sector will be expected.**