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## Japan

### Oilseeds and Products

# Japan's Soybean Production on the Rise 2001

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**Report Highlights:** Supported by MAFF's crop diversion measures to convert rice production to other crops, Japan's soybean production has doubled during the last five years, reaching 235,000 MT in JFY2000. Harvested area is forecast to grow another 8% in 2001. Although the United States remains the predominant supplier to Japan (approximately 75% import market share), both import volume and share declined last year from 1999. The decline is primarily due to biotech concerns resulting in Japanese users sourcing non-biotech soybeans from China, Brazil and domestically. These trends are likely to continue during 2001.

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Includes PSD changes: No  
Includes Trade Matrix: No  
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Although Japan's self sufficiency in soybeans is less than 5%, domestic production has been rapidly expanding in recent years. According to MAFF's June statistics, total domestic production volume in JFY2000 (April 2000 - March 2001) reached 235,000 MT, a 26% increase over 1999 due to outstanding yields. The harvested area grew to 122,500 hectares, a 13% increase over 1999.

During the last three decades, production volume peaked in 1987 at 287,200 MT and reached a low point in 1994 at 98,800 MT. The JFY 2000 production forecast is thus more than twice the 1994 figure. MAFF reports harvested area in JFY2001 is expected to grow further, reaching 132,400 hectares, an 8% increase over JFY2000. However, production volume is projected to remain at the 2000 level because yields are expected to be normal.

MAFF's crop diversion program is a key factor driving the growth in Japan's soybean production. Termed the Rice Supply-Demand Stabilization Program, effective since 1998, rice producers receive the highest amount of government subsidies when converting rice paddies to soybean, wheat or crops for feed. MAFF is targeting 250,000 MT in soybean production by 2010.

Japan's total demand for soybeans is estimated at 5 MMT, of which 3.7 MMT is for oil production and 1 MMT for food uses such as tofu, miso paste and soy sauce. As the result of biotech concerns and labeling requirements, food manufacturers (particularly tofu) have shifted to "using domestic soybeans only" labels on packages. Biotech concerns has also led to increased production of domestic soybeans.

Although the United States continues to be the predominant supplier to Japan, exporting 3.6 MMT in the calendar year 2000, a 74.7% share of total soybean imports, these figures are down by 6.7% and 4.5 points respectively compared with 1999. Cumulative imports through June this marketing year (October 2000 through June 2001) show a 3.4% decline, and a 2% to 4% decline is forecast for the full marketing year ending September 2001.

No significant changes in production, supply, or demand have occurred that alter post's Oilseeds and Products Annual Report JA1040 submitted 5/1/2001.