

Reiwa Rice Crisis (2024–2025)

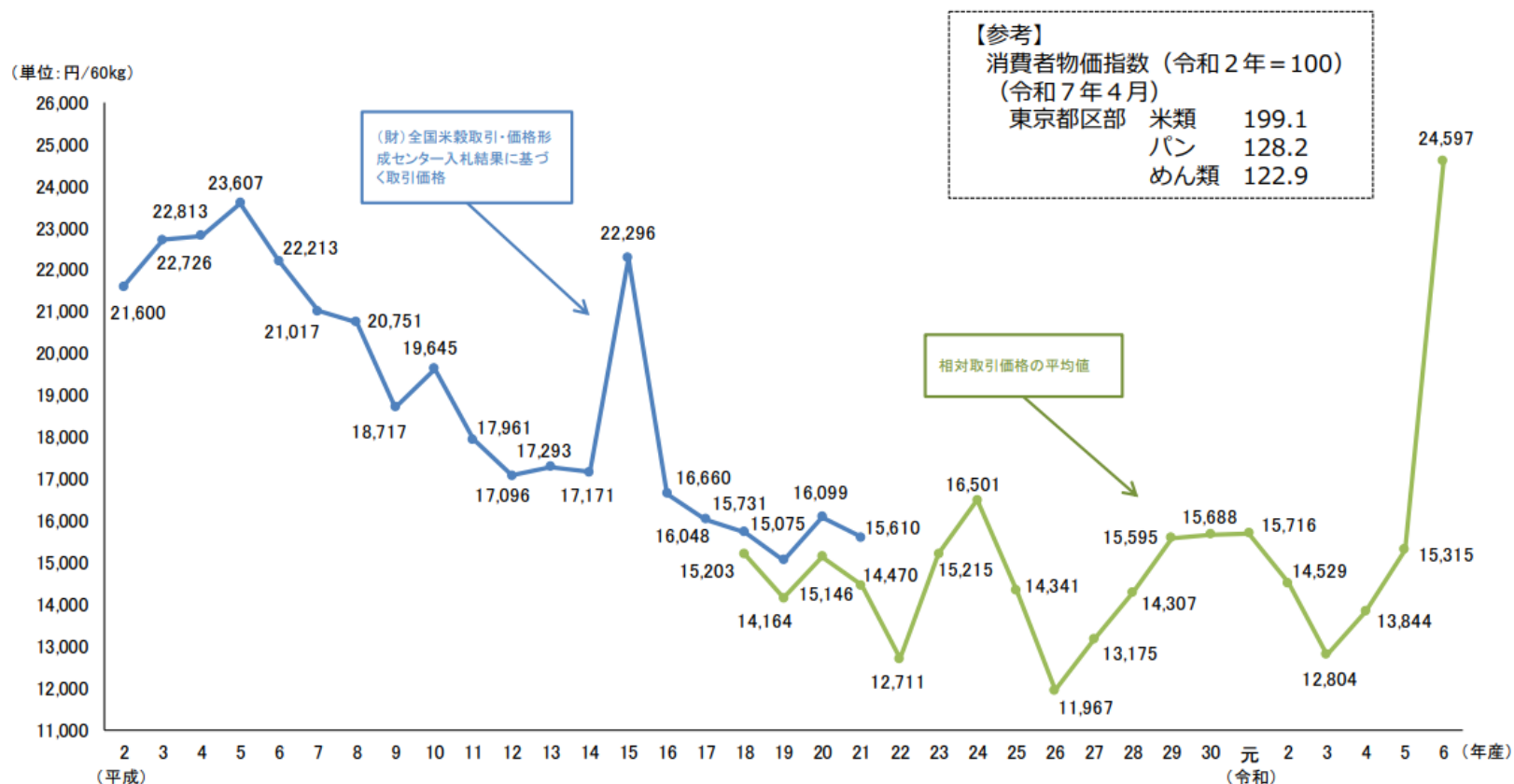
Summary of the Reiwa Rice Crisis

Background

- Causes of Rice Price Surge:
 - - Poor harvest due to extreme weather conditions
 - - Increased demand from neighboring countries
 - - Policy changes affecting rice production

Wholesale Price of 60kg Rice /Yen

長期的な主食用米の価格の動向



資料: (財)全国米穀取引・価格形成センター入札結果、農林水産省「相対取引価格」

注1: 価格には、包装代、運賃、消費税相当額等を含む。

注2: 年産別平均価格 (令和6年度は、出回りから令和7年4月までの速報値)。

※・コメ価格センター取引は、自主流通米の指標価格の形成を図るために実施されていたが、平成16年の食糧法改正により計画流通制度が廃止され、義務上場がなくなったこと等を背景に取引が低調となり、平成21年度をもって取引を中止。
・コメ価格センター取引が低調となったことを受けて、コメ価格センター取引価格の指標性を確認する観点から、相対取引価格について、農林水産省が18年度米から年間取扱数量5,000トン以上の全国出荷団体等と卸売業者の取引価格を調査、公表。その後も米の価格動向を把握するため引き続き実施。

- Japan's rice prices had been on a long-term downward trend until 2023, but suddenly reversed in 2024 and reached a historic high in 2025.
- The Japanese, who had grown accustomed to the assumption that rice prices would continue to fall, were shocked and began to hold the government accountable.

Rice Price Trends:

- 1980s: Stable under government price controls (Food Control Law), peaking in 1994 (¥3,081 for 5kg).
- Post-1995: Market liberalization due to Food Law revisions and rice import deregulation (1999) led to price declines.
- 2000s: Prices stagnated due to reduced rice consumption (halved) and foreign rice influence.
- Post-2015: Strengthened 減反政策 (acreage reduction policies), yen depreciation, and soaring wheat prices increased rice demand, driving prices up slightly.
- 2024–2025: Supply shortages from the “Reiwa Rice Crisis” caused prices to surge (¥4,206 for 5kg, March 2025).

Price of Rice 5kg and Japan's Nominal GDP per Capita

Japan's Rice Price and GDP Per Capita (1980–2025, 10-Year Intervals)

Year	Rice Price (¥)	GDP (M¥)	Rice/GDP (%)
1980	1,600	2.313	0.069
1990	2,200	3.520	0.063
2000	2,000	4.093	0.049
2010	1,900	3.946	0.048
2020	2,200	4.252	0.052
2025	4,300	5.070	0.085

•Rice Price (¥, 5kg polished rice): Sourced from Statistics Bureau (1980–2010), MAFF, and NHK (2020). 2025 estimated from October 2024 data (¥4,206). Trends: 1980–1990: Prices rose under government control. 2000–2010: Fell due to market liberalization. 2020–2025: Surged due to supply shortages and yen depreciation.

•GDP (¥): Per capita nominal GDP from IMF, converted using annual average exchange rates (e.g., 1980: 1 USD ≈ 226 JPY; 2020: ≈106 JPY; 2025: ≈150 JPY). 1990: Peaked during bubble economy. 2010: Lower due to strong yen. 2025: Nominal rise due to weak yen.

- The retail price of domestically produced rice (5kg) in Japan has followed the trend shown in the graph.
- From 1980 to 2025, the price of rice has nearly tripled.
- In contrast, Japan's nominal GDP per capita has only a little more than doubled. As a result, the ratio of rice price to per capita GDP has risen from 0.049% to 0.085%.
- However, this increase has occurred mostly over the past five years—more precisely, almost entirely within the past year—since until 2023, rice prices had remained sluggish in the 2,000-yen range.

Conflict of Opinions Due to Differences in Standpoints

- On May 21, Prime Minister Ishiba responded to a question from an opposition candidate in the Diet by stating, "We will bring the retail price of rice down to the 3,000-yen range."
- Within the opposition, there are strong voices demanding that rice prices be lowered further, back to the 2,000-yen range.
- In contrast, some farmers have expressed concern, saying, "Just when rice prices had finally risen and we thought we could make a living from rice farming, if prices fall again now, it would be nothing but despair."

Conflict of Opinions Due to Differences in Standpoints

Farmers

Stable and high rice prices to sustain livelihoods.
“If prices fall again, we’ll lose the hope we just regained.”

Consumers

Affordable food prices amid rising living costs.
Support for lowering rice prices, especially after the sharp rise in 2024–2025.

Politicians

Balancing economic stability and public satisfaction.
“We will bring rice prices down to the 3,000-yen range.”
Advocating for even lower prices to appeal to voters.
“Return rice prices to the 2,000-yen range.”

Why Rice Price Soared?

- The year 2023 was a poor harvest, but 2024 saw a bountiful one.
- Rice price increases began in the summer of 2024.
- Several theories have been proposed as causes.
- Due to the rice shortage in 2023, supermarkets and the food industry rushed to secure stocks early. However, rice prices did not rise until the spring of 2024, when rice was supposedly in short supply.
- Some argue that the introduction of rice futures trading in August 2024 fueled speculative price increases, though the mechanism remains unclear.

Government Policies

- In 2025, the government responded to soaring rice prices by releasing reserve rice. However, since the price of reserve rice was determined by a bidding system, it barely fell below market prices. Historically, government policies have prioritized farmers' livelihoods, maintaining high rice prices.
- For instance, while the government officially abolished the rice acreage reduction policy, it has been encouraging crop diversification by paying subsidies to farmers.
- It has also promoted exports, and now Japanese rice brands are available overseas. Japanese rice supplied abroad is priced based on pre-agreed contracts, not reflecting the tight supply-demand conditions of late 2024. As a result, it is cheaper than domestic prices, leading to consumer dissatisfaction.

Consumers VS Farmers

- For consumers, lower rice prices are preferable, but for producers, prices need to be sufficiently high to incentivize continued rice farming.
- Former Agriculture Minister Eto, speaking before supporters in his constituency, remarked, “I’ve never bought rice. My supporters give me as much as I need.” This comment leaked to the media, sparking significant criticism, and Prime Minister Ishiba fired him.

Koizumi, the new Agriculture Minister

- Prime Minister Ishiba appointed the popular Shinjiro Koizumi as the new Agriculture Minister, instructing him to lower rice prices.
- Koizumi discontinued the bidding system for reserve rice, opting instead for discretionary contracts to sell rice quickly and cheaply to distributors.
- The effects were evident by late May, when 5 kg of reserve rice was sold in supermarkets for around 2,000 yen.
- From a foreign perspective, it is peculiar that rice prices have become such a significant political issue in Japan. However, in the background lies an emotional conflict between rural and urban voters.

Rice Price to Sustain Rice Making

- Regarding Agriculture Minister Koizumi's unilateral decision to sell reserve rice through discretionary contracts without consulting the Liberal Democratic Party's (LDP) Agriculture and Forestry Division, LDP Secretary-General Moriyama has argued that rice prices must be maintained at a level that allows farmers to continue production.
- In a speech in Kanoya City, Kagoshima Prefecture, his electoral district, he stated, "Food security cannot be ensured unless farmers are motivated to produce rice. I've been persistently telling this to Agriculture Minister Koizumi."

Balancing Conflicting Opinions

- Former Agriculture Minister Nomura Tetsuro, who was present, expressed criticism over Koizumi's failure to consult the party's Agriculture and Forestry Division regarding the release of reserve rice through discretionary contracts.
- Eto, Moriyama, and Nomura are all influential agricultural lawmakers from the ruling party, representing the voices of rice farmers. It is natural that their opinions differ from those of Koizumi, whose constituency is urban.
- The LDP government is built on balancing the opinions of urban and rural areas.