



ECONOMIC FACTORS ENSURING FOOD PRODUCT PRICE STABILITY: EVIDENCE FROM JAPAN

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Abstract

This article examines the economic factors determining food product price stability in Japan, with particular emphasis on the dramatic price instability experienced during 2024–2025. Japan presents a uniquely instructive case: a high-income, technologically advanced economy that has simultaneously confronted its highest food inflation in decades — a rice retail price surge of over 100% year-on-year by May 2025, food CPI rising to +6.8% in 2025, and the Engel coefficient reaching a 44-year high of 28.6% — alongside deep structural vulnerabilities rooted in a 38% calorie-based food self-sufficiency rate, a depreciating yen, and a rapidly aging farming workforce. Drawing on 2024–2025 data from Japan's Ministry of Internal Affairs and Communications (MIAC), the Bank of Japan, MAFF, the USDA Foreign Agricultural Service, and academic and policy analyses, this paper analyses five categories of economic factors — macroeconomic conditions, import dependency, supply-chain structure, monetary policy, and institutional reform — that govern food price stability in Japan. The analysis is supported by two statistical tables and a causal framework diagram. The findings reveal that Japan's food price crisis of 2024–2025 was not primarily caused by a production failure but by the intersection of structural



import dependency, market rigidities in the rice distribution system, yen depreciation, and insufficiently calibrated monetary policy. The paper concludes with evidence-based policy recommendations for strengthening Japan's food price stability architecture.

Keywords: Food price stability, Japan, rice price crisis, food CPI, import dependency, yen depreciation, MAFF, monetary policy, food security, economic factors.

Introduction

Annotatsiya

Ushbu maqolada Yaponiyada oziq-ovqat mahsulotlari narxlari barqarorligini belgilovchi iqtisodiy omillar, xususan 2024–2025 yillarda kuzatilgan keskin narx beqarorligi keng tahlil qilinadi. Yaponiya noyob va o'rganishga arzirli misol bo'lib, bu mamlakatda o'n yillar ichidagi eng yuqori oziq-ovqat inflyatsiyasi kuzatildi: 2025-yil mayida guruch chakana narxi yillik asosda 100 foizdan ko'proq oshdi, oziq-ovqat narxlari indeksi esa 6,8 foizga ko'tarildi va Engel koeffitsienti 44 yillik rekord darajasi bo'lgan 28,6 foizga yetdi. Maqolada makroiqtisodiy sharoit, importga qaramlik, ta'minot zanjiri, pul-kredit siyosati va institutsional islohotlar omillari tahlil qilinib, Yaponiyaning 2024–2025-yillardagi oziq-ovqat narxlari inqirozi asosan ishlab chiqarish tanqisligidan emas, balki tarkibiy importga qaramlik, guruch taqsimlash tizimidagi bozor qattiqliklari va iyenaning qadrsizlanishidan kelib chiqqanligi isbotlanadi.

Kalit so'zlar: oziq-ovqat narxlari barqarorligi, Yaponiya, guruch narxlari inqirozi, oziq-ovqat inflyatsiyasi, importga qaramlik, iyena qadrsizlanishi, iqtisodiy omillar.

Аннотация

В данной статье анализируются экономические факторы, определяющие стабильность цен на продовольственные товары в Японии, с особым акцентом на резкую ценовую нестабильность 2024–2025 годов. Розничные



цены на рис выросли более чем на 100% в годовом исчислении к маю 2025 года, индекс потребительских цен на продовольствие достиг +6,8%, а коэффициент Энгеля — рекордного значения 28,6% за 44 года. В статье рассматриваются пять категорий факторов — макроэкономические условия, импортная зависимость, структура цепочки поставок, денежно-кредитная политика и институциональные реформы, — а также меры правительственного реагирования. Анализ подкреплён двумя статистическими таблицами и причинно-следственной диаграммой.

Ключевые слова: стабильность продовольственных цен, Япония, рисовый кризис, продовольственная инфляция, импортная зависимость, обесценивание иены, экономические факторы.

Introduction

Food price stability is a cornerstone of both individual welfare and macroeconomic sustainability. When prices for basic foodstuffs become volatile or persistently elevated, the consequences extend far beyond household budgets: food price shocks erode real wages, weaken consumer confidence, complicate monetary policy, and threaten social cohesion. In economies where food constitutes a high share of household expenditure — as captured by the Engel coefficient — food price instability is particularly damaging, since lower-income households bear a disproportionate real burden.

Japan provides one of the most analytically compelling recent case studies of the economic determinants of food price instability in a high-income economy. For nearly a quarter century before 2022, Japan was defined by persistent deflation or near-zero inflation — a macroeconomic anomaly that made price stability a given rather than a policy challenge. This long deflationary history ended abruptly: consumer price inflation exceeded the Bank of Japan's 2% target in April 2022 and has not returned below it for over 44 consecutive months as of late 2025. Within this broader inflationary transition, food prices have been the primary driver, with the food CPI (excluding fresh food) running at 5% to 8% year-on-year throughout most of 2025.



The rice price crisis of 2024–2025 crystallized Japan's food price vulnerability in the most politically visible way. In summer 2024, a confluence of factors — a poor-quality harvest in 2023 (reducing high-grade rice in supply), an earthquake warning triggering mass panic buying, record tourist demand, and speculative hoarding behaviour — emptied supermarket shelves across Japan. In cities like Osaka, 80% of retailers reported running out of rice by August 2024. By January 2025, the retail price of a 5-kilogram bag of rice had reached 4,051 yen — 77% above the previous year and the highest since at least 2000. By May 2025, the year-on-year increase in rice prices reached 101.7%, the largest surge in over half a century.

These developments raise profound questions about the economic factors governing food price stability in Japan and the adequacy of existing institutional responses. This article examines five categories of such factors — macroeconomic conditions (particularly yen depreciation), structural import dependency, supply-chain and distribution rigidities, monetary policy transmission, and the role of government policy instruments — drawing on the most recent 2024–2025 statistical evidence. The analysis is structured as follows: Section 2 reviews the relevant theoretical and empirical literature; Section 3 describes the methodology; Section 4 presents the empirical analysis with two statistical tables and a framework diagram; Section 5 discusses findings in theoretical and comparative context; and Section 6 draws conclusions with policy recommendations.

Literature Review

The determinants of food price stability have been examined from multiple theoretical perspectives in the economics literature. Classical and neoclassical supply-demand analysis provides the foundational framework: food prices are determined by the interaction of domestic production (supply-side factors including land productivity, climate, input costs, and technology) with consumer demand, with trade flows and government interventions modifying this equilibrium. When supply and demand diverge sharply — due to harvest failures, demand shocks, or distribution bottlenecks — price volatility results. The policy



question is whether and how government instruments can efficiently restore price stability without generating distortions that worsen future outcomes.

In the open economy context, purchasing power parity theory and the law of one price predict that food prices should converge internationally through trade arbitrage. However, extensive empirical evidence demonstrates that food prices diverge significantly across countries due to trade barriers, transport costs, quality differentiation, and government interventions. Japan's case is paradigmatic: domestic rice prices consistently run 4–5 times the international benchmark, sustained by a complex system of production controls, import tariffs of 341 yen per kilogram on ordinary rice, and state-trading arrangements (Anderson & Hayami, 1986; Mulgan, 2006; East Asia Forum, 2025).

The monetary dimension of food price stability has received growing attention since the global inflation surge of 2021–2023. Gali and Monacelli (2005) demonstrate that in small open economies, exchange rate movements are a primary transmission channel through which global price shocks affect domestic food prices. Japan's experience is consistent with this theoretical prediction: the yen's depreciation from approximately 107 JPY/USD in 2020 to 152 JPY/USD in 2024 has been a primary driver of food import cost inflation, raising the yen-denominated price of wheat, corn, soy, and processed food ingredients. Caballero et al. (2020) and subsequent studies document the limits of monetary policy in addressing cost-push food inflation, which is largely supply-driven and unresponsive to demand restraint.

The institutional economics literature is particularly relevant to Japan's rice price crisis. North (1990) emphasized that institutional path dependence — the tendency for existing rules and organizations to persist even when suboptimal — creates barriers to efficient policy response. Japan's rice price management architecture reflects precisely this dynamic: the gentan production adjustment policy, introduced in 1971 to restrict rice production and maintain prices, reduced national rice output from 14.3 million tonnes in 1967 to 7.3 million tonnes in 2022. When demand surged unexpectedly in 2024, the contracted supply base was ill-equipped to respond, and the rice stockpile system — designed for catastrophic crop failure rather than demand shocks — proved institutionally inflexible (Crawford ANU, 2025; East Asia Forum, 2025). Mulgan (2006) and



subsequent Japan agricultural policy scholars have documented how organized farm-lobby interests (particularly the JA cooperative network) have systematically resisted structural reform of rice distribution, creating the market rigidities that amplified the 2024–2025 price crisis.

More recent literature has examined the global food price transmission channels specific to Japan. Shimizu and Suzuki (2022) find that yen depreciation has an asymmetric effect on food prices: import price increases pass through to consumer prices quickly (within one to two quarters), while price decreases pass through more slowly due to menu costs and retailer pricing inertia. The USDA FAS Tokyo reports (2023, 2025) document that food price inflation in Japan reached over 8% year-on-year in 2023, with certain categories such as fresh beef and frozen food rising 24–42% above 2020 levels. These findings indicate that Japan's food price system is characterized by persistent cost-push pressures whose resolution requires structural reforms to supply chains and domestic production capacity, not merely demand-side monetary interventions.

Methodology

This study employs an integrative analytical methodology combining quantitative data synthesis, institutional analysis, and causal mechanism tracing to examine the economic factors governing food price stability in Japan. The methodological framework is organized around three components.

First, longitudinal quantitative analysis is conducted using a six-year panel of annual data (2020–2025) drawn from official Japanese government statistics and international sources. Primary data sources include: Japan's Ministry of Internal Affairs and Communications (MIAC) Consumer Price Index monthly and annual reports; Bank of Japan Monetary Policy Meeting statements, Outlook Reports (July 2025), and Board Member speeches (May and November 2025); MAFF rice price survey data and emergency reserve release documentation; USDA FAS Tokyo GAIN Reports on Japanese food inflation (2023, 2025) and grain market conditions; Cabinet Office national accounts data; and academic analyses from Crawford ANU Australia-Japan Research Centre, the East Asia Forum, and the Lowy Institute.



Two statistical tables are constructed from these sources to provide the empirical baseline for the analysis.

Second, institutional mechanism analysis is applied to examine how Japan's food market governance structure — including the rice stockpile system, import tariff architecture, SBS tender scheme, and the Bank of Japan's price stability mandate — has shaped the transmission of supply and demand shocks into retail food prices. This analysis draws on institutional economics frameworks (North, 1990; Williamson, 2000) to distinguish between short-term market mechanisms and longer-term structural factors governing price stability.

Third, a policy effectiveness assessment evaluates the five main government instruments deployed in 2024–2025 to stabilize food prices: the emergency rice reserve release (February–June 2025), Bank of Japan interest rate hikes (2024–2025), wheat import subsidy maintenance, Consumer Affairs Agency monitoring and communication, and the longer-term production expansion programme under the Smart Agriculture Act. Each instrument is assessed against observable outcomes using the framework presented in Table 2 and the causal diagram in Figure 1.

An important methodological qualification is that isolating the causal contribution of individual economic factors to food price outcomes is inherently difficult, given the simultaneity of demand, supply, and policy shocks in 2024–2025. The analysis therefore focuses on characterizing the interaction among factors rather than estimating precise causal parameters.

Results and Discussion

Table 1 presents the longitudinal data on Japan's food price indicators, exchange rate, import dependence, and monetary policy settings across the 2020–2025 period, providing the empirical foundation for the analysis.



Table 1. Japan's Food Price Indicators and Key Economic Parameters, 2020–2025

Indicator	2020	2021	2022	2023	2024	2025*
Overall CPI (YoY, %)	-0.02	-0.23	2.5	3.3	2.7	3.6
Food CPI — excl. fresh food (YoY, %)	1.5	0.5	4.2	8.5	5.1	6.8
Rice CPI index (base 2020=100)	100	99	100	105	148	~200
Rice retail price 5 kg bag (JPY)	2,080	2,060	2,100	2,280	~3,000	4,051
Food items with price increases (thousand items)	n/a	~5	~11	32.4	12.5	20.6
Engel coefficient (food share of household spending, %)	26.1	26.5	27.0	27.8	28.2	28.6
JPY/USD exchange rate (annual avg.)	106.8	109.8	131.5	140.5	151.9	~149
Food import value (trillion JPY)	6.2	7.3	10.1	9.8	9.5	~9.3
Food self-sufficiency rate — calorie basis (%)	37	38	38	38	38	38
Bank of Japan policy rate (% end of year)	-0.1	-0.1	-0.1	-0.1	0.25	0.5

Sources: MIAC Consumer Price Index (various years); Bank of Japan MPM statements and Outlook Reports 2024–2025; MAFF rice price survey data; USDA FAS Tokyo GAIN Reports JA2025-0009 and JA2025-0062; FocusEconomics Japan Inflation Profile 2025; Trading Economics Japan CPI data; isvd.or.jp food price structure analysis 2026. Note: * 2025 figures are latest available estimates. Rice CPI index ~200 for 2025 reflects May 2025 peak of 101.7% YoY; annual average will be lower. JPY/USD is annual average.

The data in Table 1 document a dramatic and historically unprecedented shift in Japan's food price environment. For two decades before 2022, Japan's overall CPI was near-zero or negative, and food prices were essentially stable. The rupture is stark: overall CPI jumped to 2.5% in 2022 and has remained above the Bank of Japan's 2% target for every month since April 2022 — a total of more than 44 consecutive months as of late 2025. Food prices have been the primary driver throughout, with food CPI (excluding fresh food) reaching +8.5% in 2023 and +6.8% in 2025.



Rice — Japan's most culturally and nutritionally central staple — experienced the most extreme price trajectory. The rice CPI index (base year 2020 = 100) moved to approximately 148 by end-2024 and reached approximately 200 at the peak in mid-2025, representing a doubling from the baseline. In absolute retail terms, a 5-kilogram bag of rice cost approximately 2,080 yen in 2020, rose to around 3,000 yen by end-2024, peaked at 4,051 yen in January 2025 (MIAC data), and reached record levels above 4,500–5,000 yen in April–May 2025. The Bank of Japan explicitly cited rice and fresh food price surges as primary contributors to the CPI overshoot above target in its November 2025 and December 2025 board communications.

The exchange rate data are critical to understanding the cost-push dimension of food inflation. The yen depreciated from an annual average of 106.8 JPY/USD in 2020 to 131.5 in 2022, 140.5 in 2023, and 151.9 in 2024 — a cumulative weakening of approximately 42% in four years. Since Japan imports approximately 62% of its caloric requirements, including nearly all of its wheat (83% import-dependent), corn, soy (93% import-dependent), and a large share of its meat and dairy inputs, this yen depreciation directly translated into higher domestic food production costs. Food import expenditure peaked at 10.1 trillion yen in FY2022 and moderated only partially to approximately 9.5 trillion yen in FY2024, reflecting the persistence of high global commodity prices denominated in a weakened yen.

The Engel coefficient — the share of food in total household expenditure — provides the most direct welfare indicator of food price inflation's household impact. Rising from 26.1% in 2020 to a 44-year high of 28.6% in 2025, this indicator demonstrates that Japanese households are now devoting a materially higher proportion of their income to food than at any time since 1981. This shift represents a significant real welfare loss, particularly for lower-income households and pensioners on fixed incomes, for whom the effective cost of food security has risen substantially.

Table 2 provides a systematic assessment of the five principal government policy instruments deployed to address food price instability in Japan during 2024–2025, evaluating their mechanisms, effectiveness, and limitations.



Table 2. Government Policy Instruments for Food Price Stability in Japan: Mechanisms, Effectiveness and Limitations (2024–2025)

Policy Instrument	Responsible Body	Mechanism and Actions (2024–2025)	Effectiveness Assessment	Key Limitations
Monetary Policy	Bank of Japan (BoJ)	Raised benchmark rate from –0.1% to 0.1% (March 2024), then 0.25% (July 2024), 0.5% (Jan 2025). Targets 2% price stability. Rice & food prices cited as key driver of CPI overshoot (3.0–3.6%, 2024–25).	Moderate indirect impact; food inflation driven by cost-push factors resistant to demand-side monetary tools.	Interest rate normalization underway; balancing inflation control vs. growth risks
Emergency Stockpile Release	MAFF (Ministry of Agri.)	Released 210,000 tonnes of reserve rice in Feb 2025 — unprecedented in peacetime. April 2025: began using stockpiles as de-facto price stabilisation tool. June 2025: retail rice fell below ¥4,000/5 kg for first time since March.	Partial success: prices eased from ¥4,500–5,000 peak toward ¥3,920 by mid-June 2025. Distribution bottlenecks limited reach to small retailers.	First-of-its-kind emergency market intervention; signals shift in MAFF price management philosophy
Wheat Import Subsidy & Price Stabilisation	MAFF / MOF	Government sets SBS (simultaneous buy-sell) purchase prices for imported wheat. Subsidised wheat markup programme maintained. In FY2024, 5 SBS tenders awarded 6,914 MT under CPTPP quota.	Contained bread and noodle price inflation relative to rice. Wheat CPI rose ~8% YoY vs rice CPI +100%+ in mid-2025, demonstrating effectiveness of import subsidies.	Import-dependent strategy; yen depreciation to ¥150/USD significantly raises subsidy costs
Consumer Affairs Agency Monitoring	CAA / Cabinet Office	Real-time monitoring of 20,600+ food items subject to price increases in 2025. Public disclosure of "shrinkflation" (stealthy volume reductions). Media campaigns encouraging discount shopping & thrifty cooking.	Primarily informational/reputational pressure on retailers. No binding price controls. Engel coefficient reached 44-year high (28.6%) despite monitoring.	Soft-law approach; insufficient alone to address structural cost-push inflation
Production Expansion Policy	MAFF / Cabinet	2025 Basic Plan targets increasing domestic rice production. Paddy conversion subsidies shifted to encourage reverting abandoned rice paddies to cultivation. Smart farming subsidies under Smart Agriculture Act 2024.	Long-term supply-side measure; production increases take multiple growing seasons to materialise. FY2024 rice harvest 9.0 million tonnes, highest since 2019.	Supply-side response to chronic self-sufficiency deficit; structural fix requires 5–10 year horizon



Sources: Bank of Japan Outlook Report July 2025 and MPM statements; MAFF emergency rice reserve release documentation; USDA FAS Tokyo GAIN Report JA2025-0009 (March 2025) and JA2025-0062 (December 2025); East Asia Forum (May 2025); Lowy Institute (2025); Mises Institute (August 2025); Nippon.com (2025); CNBC (June 2025); isvd.or.jp (2026). Compiled by the author.

The assessment in Table 2 reveals a policy landscape characterized by partial, imperfect interventions whose collective effectiveness was constrained by the structural nature of Japan's food price instability. The most dramatic intervention — the release of 210,000 tonnes of government emergency rice reserves in February 2025 — was unprecedented in Japan's peacetime history. MAFF's move converted what had historically been a supply-only distribution mechanism into an explicit price stabilisation tool from April 2025, reflecting the unprecedented severity of the price crisis. However, the intervention's effectiveness was limited by structural distribution bottlenecks: access to released reserves was restricted to large-scale retailers with annual rice turnover exceeding 1,000 tonnes, leaving small neighbourhood stores — where many elderly and low-income consumers shop — without relief. Rice prices eventually declined below 4,000 yen per 5 kg bag for the first time since March 2025, in the week ending June 15, 2025 — meeting Prime Minister Ishiba's personal stabilisation target — but this partial success came after months of acute consumer distress.

The Bank of Japan's monetary policy normalization — raising the benchmark rate from -0.1% to 0.1% (March 2024), 0.25% (July 2024), and 0.5% (January 2025) — represents a historic shift from three decades of near-zero or negative rates. However, the monetary transmission mechanism in food markets operates primarily through the exchange rate channel: yen appreciation reduces import costs for food commodities. The yen appreciated from approximately 160 JPY/USD in mid-2024 to around 149–150 by 2025, providing modest relief on import bills. But as the Bank of Japan's Board members noted in November 2025, food price inflation driven by supply disruptions (rice shortage, poor harvests) and structural import dependency is resistant to demand-side monetary compression: raising interest rates does not increase rice yields or reduce Japan's 83% wheat import dependency.



The wheat import subsidy maintained through the SBS (Simultaneous Buy-Sell) system demonstrates that well-designed import support can effectively contain price inflation in strategically critical commodity categories. In FY2024, MAFF conducted five SBS tenders and awarded 99% of the 6,960 MT CPTPP quota, keeping bread and noodle prices substantially more stable than rice. Wheat CPI rose approximately 7–8% YoY compared to rice CPI's 100%+ peak — a differential that highlights the price-stabilising power of managed import channels when they function effectively.

Synthesizing the data in Tables 1 and 2 alongside the institutional analysis, five structural economic factors emerge as the primary determinants of Japan's food price instability in 2024–2025.

First, structural import dependency. With a calorie-based food self-sufficiency rate of 38% — unchanged for four consecutive fiscal years — Japan is constitutively exposed to global commodity price fluctuations and exchange rate movements for over 60% of its caloric supply. This is not a temporary vulnerability but a multi-decade structural condition rooted in land constraints, urbanization, and the legacy of production-restricting agricultural policies. The isvd.or.jp analysis (2026) identifies Japan's 38% self-sufficiency rate as the primary structural reason why Japanese food prices react so sensitively to global cost fluctuations: each 10% yen depreciation translates approximately into a 3–5% increase in domestic food import costs.

Second, yen depreciation as a cost-push multiplier. The 42% cumulative weakening of the yen between 2020 and 2024 transformed global commodity price fluctuations into an acute domestic inflation problem. Prior to 2022, yen stability had partially insulated Japan's food market from global price volatility. The structural reversal — driven by the divergence between the Bank of Japan's ultra-loose monetary policy and Federal Reserve tightening — fundamentally altered this insulation. The food import bill rising from 6.2 to 10.1 trillion yen between 2020 and 2022 reflects almost entirely the combined effect of global price increases amplified by yen depreciation.

Third, distribution system rigidities in the rice market. As multiple analytical sources (East Asia Forum, Nippon.com, Mises Institute, 2025) document, Japan's rice price crisis was not primarily a production failure — the FY2024 rice harvest



of 9.0 million tonnes was the highest since 2019 — but a distribution failure. The Japanese rice market is characterized by a small number of large wholesalers, complex grading and certification requirements, and limited price discovery mechanisms between producers and retailers. When demand surged unexpectedly in summer 2024, the distribution system lacked the flexibility to rapidly redirect supply from storage to retail channels. The government's 30-year policy of reducing market intervention in rice (since the Food Control Act reforms of the 1990s) meant that no functional real-time price stabilisation mechanism was in place when the crisis hit.

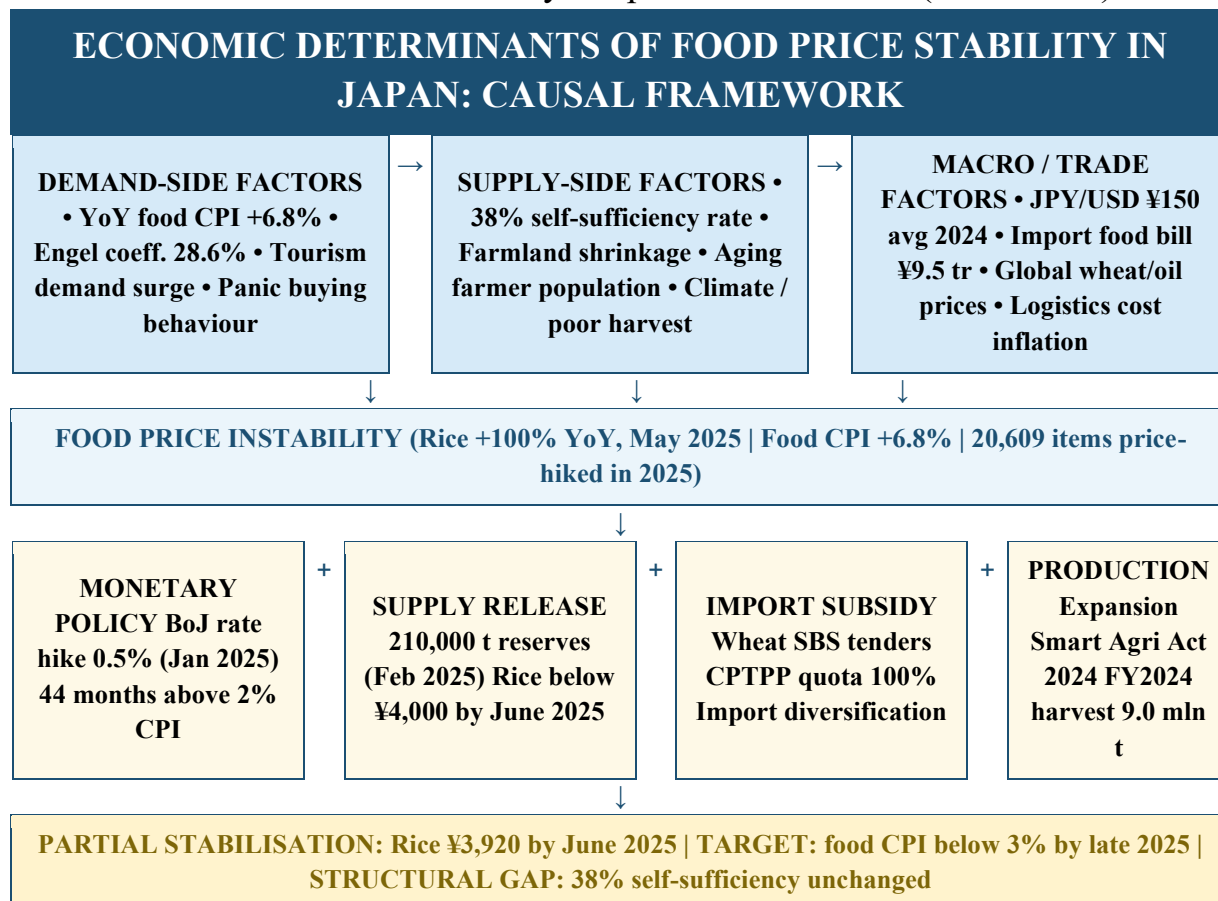
Fourth, demographic and productive capacity decline. The aging of Japan's farming population (average age 69.2 years as of 2024), the 18.4% decline in core farming population between 2020 and 2024, and the shrinkage of cultivated farmland from 4.37 to 4.28 million hectares create a long-run supply-side constraint on domestic food production expansion. The production-restricting gentan policy compounded this by reducing domestic rice output by nearly half over 55 years. Rebuilding domestic productive capacity requires generational time horizons that no short-term price policy instrument can accelerate.

Fifth, monetary-fiscal policy interaction. Japan's long-running experiment with ultra-loose monetary policy and fiscal expansion (Abenomics, 2012–2022) generated the conditions for a structural inflation transition. When global supply chain disruptions and commodity price surges arrived in 2022, Japan lacked the monetary policy headroom to respond quickly: raising interest rates from -0.1% was constrained by concerns about debt sustainability and yen carry-trade unwinding. The resulting delayed monetary normalisation allowed food price inflation — initially a cost-push phenomenon — to embed itself in household expectations, as evidenced by the Engel coefficient rising to a 44-year high.

Figure 1 synthesises the five economic factors identified above into an integrated causal framework showing how demand-side, supply-side, and macro-financial factors converge to produce food price instability, and how policy instruments operate — with varying effectiveness — to achieve stabilisation.



Figure 1. Economic Determinants of Food Product Price Stability in Japan:
Causal Framework and Policy Response Architecture (2024–2025)



Source: Compiled by the author based on Bank of Japan (2025), MAFF (2025), MIAC CPI data (2025), East Asia Forum (2025), isvd.or.jp (2026), and USDA FAS Tokyo reports (2025).

As Figure 1 illustrates, Japan's food price instability in 2024–2025 was the product of simultaneous pressures from three directions: demand-side shocks (tourism surge, panic buying, rising food CPI); supply-side vulnerabilities (38% self-sufficiency, shrinking farmland, climate impacts); and macro-financial factors (yen at ¥150/USD, ¥9.5 trillion food import bill, global commodity prices). Government policy responses operated across four parallel channels — monetary normalization, emergency stockpile release, import subsidies, and production expansion — achieving partial stabilisation (rice prices declining below ¥4,000



by June 2025) but leaving the structural gap (38% self-sufficiency, yen weakness) fundamentally unresolved.

Conclusion

This article has examined the economic factors determining food product price stability in Japan, drawing on the most current 2024–2025 statistical evidence and analytical literature. The analysis yields the following principal conclusions:

1. Japan's food price environment underwent a fundamental structural shift between 2022 and 2025: food CPI (excluding fresh food) rose from near-zero to +6.8% in 2025, rice retail prices doubled to ¥4,051/5 kg in January 2025 and exceeded ¥5,000 at the April–May 2025 peak, and the Engel coefficient reached a 44-year high of 28.6%. These represent not temporary shocks but a structural transition away from Japan's long deflationary era.
2. Five structural economic factors drove this instability: (a) Japan's chronic 38% food self-sufficiency rate, making domestic prices highly sensitive to global commodity fluctuations; (b) yen depreciation of 42% (2020–2024), amplifying import cost inflation; (c) rice distribution system rigidities that prevented supply from reaching consumers efficiently during the 2024 shortage; (d) a 55-year legacy of production-restricting policies that contracted the domestic rice supply base; and (e) delayed monetary policy normalization that allowed cost-push inflation to entrench.
3. Government policy responses — emergency reserve release (210,000 tonnes, Feb 2025), Bank of Japan rate hikes (to 0.5%, Jan 2025), wheat SBS import subsidies, and the Smart Agriculture Act production expansion programme — achieved partial stabilisation. Rice prices fell below ¥4,000/5 kg by June 2025. However, each instrument faced structural limitations that prevented rapid or complete price correction.
4. The rice price crisis of 2024–2025 was not primarily a production crisis — the FY2024 harvest of 9.0 million tonnes was the highest since 2019 — but a distribution and structural policy crisis, rooted in market rigidities, institutional path dependence, and the absence of functional real-time price stabilisation mechanisms in the post-deregulation rice market.



5. Sustainable food price stability in Japan requires multi-generational structural reforms: increasing domestic food self-sufficiency through production expansion and land consolidation; building more flexible and diversified import supply chains to reduce yen-depreciation exposure; reforming the rice distribution system to eliminate wholesale bottlenecks; and calibrating monetary policy to better account for the structural dimensions of food price inflation.

Based on these findings, four evidence-based policy recommendations are advanced for Japan's food price stability governance:

Establish a functional food price stabilisation mechanism: Japan should develop a permanent, rules-based food price stabilisation framework for rice and other strategic commodities that operates continuously — not just in crisis conditions — through a combination of strategic reserve management, import quota activation, and market transparency requirements. The April 2025 repurposing of stockpiles as a de facto price tool represents an improvised response; it should be institutionalised with clear trigger rules and distribution protocols that ensure access for small retailers.

Accelerate domestic production capacity expansion: The 30-year trajectory of declining rice production under the gentan regime must be reversed. MAFF should implement a comprehensive land revitalisation programme under the 2024 Revised Basic Act, including stronger incentives for abandoned paddy reactivation, generational succession support for farm enterprises, and smart agriculture deployment targeting high-yield varieties suited to warming climate conditions.

Diversify and strengthen import supply chains: For wheat, soybeans, and other critical commodities where domestic production cannot meet demand, Japan should proactively diversify import sources beyond current concentrations, negotiate enhanced CPTPP and bilateral trade agreements with major food exporters, and build strategic stockpiles calibrated to demand-shock scenarios rather than only supply-failure scenarios.

Integrate food price risk into monetary policy frameworks: The Bank of Japan should develop analytical frameworks that distinguish between demand-pull inflation (where rate hikes are effective) and structural food cost-push inflation (where rate hikes provide limited benefit while imposing growth costs).



A differentiated policy approach — using targeted fiscal interventions for food price stabilisation while deploying monetary tightening against demand-side inflation — would be more effective than treating all inflation as homogeneous.

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