

Voluntary Report – Voluntary - Public Distribution

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Report Name: MAFF Support Payments for Struggling Dairy Industry

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Dairy and Products, Grain and Feed

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Report Highlights:

Japan introduced an emergency program to induce early slaughtering of less-productive dairy cows in March 2023 as an incentive to reduce excess milk production and support dairy farm management. A farmer on the program will receive maximum 200,000 yen per cow culled from the herd.

General Information

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) operates the Breeding and Milking Cattle Support Payment Program for livestock farmers to expand their dairy herds (For details, [JA2021-0102](#)). Since the program began in 2018, herd expansion and feed production has increased by 4 percent, see Table 1 and Table 2. By November 2022, Japan's dairy industry had produced a surplus of milk and depressed milk prices. Also, by November 2022 prices for hay and compound feed, which account for roughly half of dairy production costs, reached record highs. Prices for imported hay soared to 70,000 Yen/metric ton (MT) and compound feed prices rose to 100,000 Yen/MT, some 56 and 24 percent higher than the previous year, see Chart 1. According to MAFF, as of January 2023, the number of dairy farms in Japan was down 7 percent from 2022. Dairy farms heavily depending on commercial compound feeds are likely to quit their business.

To minimize losses, the dairy industry voluntarily suppressed raw milk production in 2022 through the early drying of milk cattle. In March 2023, MAFF will implement a new program to compensate farmers who reduce their dairy herds.

In December 2022, as an incentive to reduce excess milk production, MAFF announced an emergency program to induce early slaughtering of less-productive dairy cows. MAFF is funding this program with a 2022 supplemental budget allocation of 5-billion-yen (approximately \$38.5 million at 130 yen=\$1). For details, see MAFF's Japanese language announcement [here](#):

The program runs from March 2023 to March 2024 and aims to reduce the number of cows in Japan's dairy herd by 40,000 head. Milk production in JFY 2023 and 2024 should drop by at least 300,000 MT.

Participating dairy farmers who cull cows and reduce milk production by an average of 7.5 metric ton/cow for a 12-month period during the support program will receive from MAFF a payment of maximum 150,000 yen (\$1,154) for each cow culled for slaughter. Also, for the first 6 months of the program, March 2023 to September 2023, other agricultural associations may voluntarily supplement MAFF's payment with another support payment up to an additional 50,000 yen per head.

Table 1. Dairy Cattle Inventory

As of February 1.	Dairy Cattle Inventory (1,000)	Year over Year Change
2018	1,328	0.4%
2019	1,339	0.8%
2020	1,352	1.0%
2021	1,356	0.3%
2022	1,371	1.1%

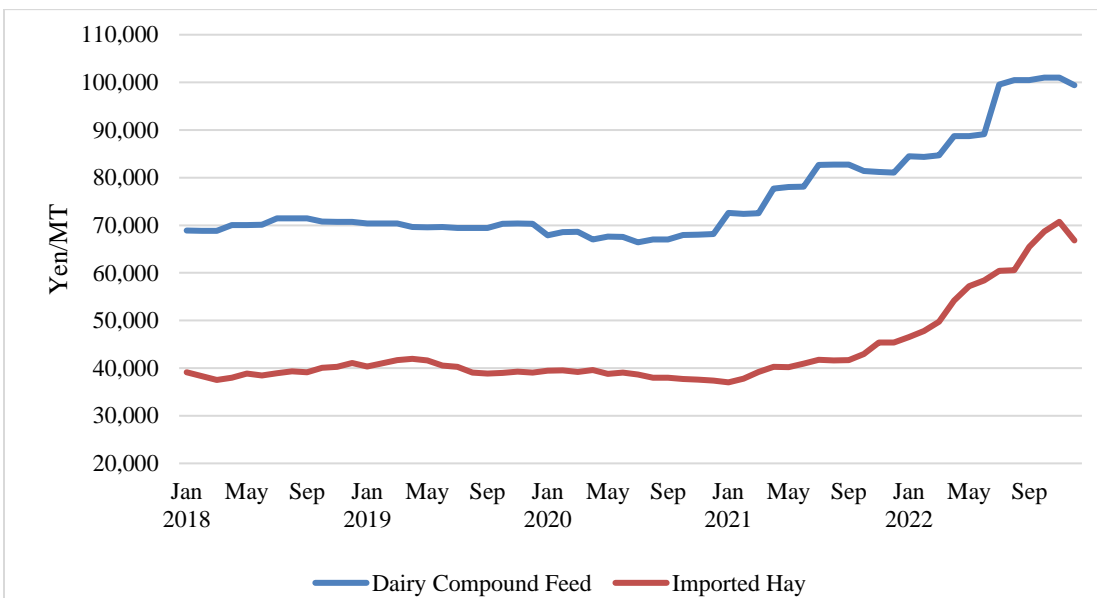
Source: MAFF

Table 2. Formula Feed Production for Dairy Cattle

	Compound Feed Production for Dairy Cattle (MT)	Year over Year Change
2018	2,984,424	-0.4%
2019	3,012,807	1.0%
2020	3,062,209	1.6%
2021	3,146,184	2.7%
2022	3,147,193	0.0%

Source: MAFF

Chart 1. Japan Compound Feed Price for Dairy Cattle and Cost, Insurance and Freight Unit Price for Imported Hay



Source: MAFF, Japan Customs

Attachments:

No Attachments.