

Causes of the decline of the Japanese tulip bulb industry

富山大学新里泰孝 たけだ不動産鑑定事務所竹田達矢

Y. Niisato¹ and T.Takeda²

¹Faculty of Economics, Toyama University, Toyama, Japan; ²Takeda Office of Real estate appraisal, Toyama, Japan

Abstract

The peak year for tulip bulb production in Japan was 1993. Since then, however, then production has continued to decrease. One of the reasons for this decline is the increased import of low-priced bulbs from the Netherlands after the relaxation of the bulb quarantine in 1988. Recently, however, both imports as well as domestic production have declined. In this paper, we analyze the causes of this decline. We divide two periods—1993 to 2001 and 2001 to 2015—due to the difference in movement of production and imports. We analyze causes that affect price and quantity of tulip bulbs from the point of view of shifting supply and demand curves. We examine demand factors such as prices of substitutes and complements for bulbs, prices of consumer goods, national income and demand shocks (change in preference of flowers such as a gardening boom, expected income and population). Supply factors (domestic production and imports) include prices of complementary crops in production, substitute crops, production factors (material inputs and labour), capital input, supply shocks (e.g. weather) and import conditions (e.g. exchange rate). From an economic point of view, we thereby clarify the causes of the decline. The main influential factors under demand conditions are pessimistic expectations of future income owing to the long-term depression and changes in people's preference of flowers and plants, whereas under supply conditions the main influences, decline of Japanese agriculture sector, pessimistic prospects of tulip bulb sector and the Dutch exporters' shift to the China market.

Keywords: supply, demand, bulb price, exports, imports, consumption