This paper aims to understand the ongoing process of institutional change in the Japanese agricultural sector from a local perspective. Since the mid-1990s, a gradual and often inconsistent reform process has been altering the postwar formal framework of agricultural support and protection in Japan, while the agricultural sector itself has slipped deeper into a demographic and economic crisis. This process has been evaluated in different, if not contradictory ways. While some argue that the ongoing resistance of the agricultural lobby – including the organization of agricultural cooperatives (JA) – has blocked the necessary radical market reforms, others identify a potentially harmful “neoliberalization” of Japanese agriculture. Based on interviews and participatory observation in various localities throughout Japan, this paper argues that beyond the realm of formal policy-making, the process of institutional change in the agricultural sector is determined by how local actors translate the increasingly ambiguous regulatory framework into local practice. The local interpretations of the national reform process display substantial differences, which can be expressed on a spectrum between “organized” and “disorganized” local agricultural regimes. In “organized” local regimes – such as in Hikawa Town in Shimane Prefecture – local actors including the local co-op have been able to control the farmland market, which allows for a consolidation of the production structure, but also puts emerging large-scale farms under public-cooperative control. In disorganized local regimes, there is no coherent control over farmland consolidation, which increases the risk of farmland loss, but also opens up maneuvering space for emerging agricultural entrepreneurs, including external investors. Finally, the paper argues that the wave of municipal mergers in the mid-2000s and the sharp decrease of the number of local cooperatives have rendered “organized” local approaches to national policies less likely. As a result, the neoliberal potential of the gradual agricultural reform process has been amplified.