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Japan

Dairy and Products Annual

2014 Market Outlook and 2013 Situation Update Summary

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Report Highlights:

Extreme summer temperatures and increased incidence of mastitis hindered production of fluid milk in 2013 nationwide. Japanese fluid milk output is expected to recover in 2014, up marginally from 2013's decline. Steadily growing demand for cheese in Japan continues to drive record total imports in 2013 and could push 2014 imports to another year of record highs. The tight supply situations affecting Japan's butter and nonfat dry milk (NFDM) markets in 2012 were largely eased in 2013 by a combination of current access imports and stagnating demand for the commodities. Continued soft demand and adequate stocks of butter and NFDM could narrow Japan's current access import options in 2014.

Executive Summary:

In 2013, Japan's national fluid milk output is forecast to be lower than in 2012 as a result of abnormally hot summer temperatures and increased cases of mastitis, especially in Hokkaido. Post projects a marginal rise in the 2014 national output, owing largely to an anticipated recovery in Hokkaido's output. Increased fluid milk production in 2014 will drive Japan's domestic production of key dairy commodities, including butter and NFDM, modestly higher than 2013 levels. However, Post observes that dairy farmers in Japan, not only small- and medium-scale farms but also some larger scale operators, are continuing to exit the industry in 2013, underlining the serious challenges of sustaining the national dairy herd size and present levels of output in coming years.

In spite of relatively high global market prices and the yen's depreciation against the U.S. dollar and other major currencies in 2013, Japanese cheese demand continues to show solid growth, with total imports and consumption projected to be record highs. However, an increase in the national consumption tax (from five percent to eight percent) scheduled for April 1, 2014, as well as continued high global market prices may temper prospective market growth in 2014. Nonetheless, Post expects the Japanese market to sustain its solid demand for cheeses in 2014, providing more room for import growth, albeit at a slower rate compared to 2013.

Although the 2012 butter supply shortage was greatly eased in 2013, Post expects Japan could still need to import 3,000 – 4,000 MT of current access butter in 2014 to keep total demand and supply in balance.

To alleviate private sector concerns, the Government of Japan imported 5,000 MT of current access NFDM 2013. Meanwhile actual overall ingredient demand for NFDM remained weak in 2013, due to sustained intense competition with other substitutes, such as non fat liquid concentrated milk and edible whey. Post expects the slackening of ingredient market demand for NFDM will continue into 2014, which could effectively eliminate NFDM from Japan's current access import options in 2014.

Commodities:

Dairy, Milk, Fluid

Dairy, Butter

Dairy, Milk, Nonfat Dry

Dairy, Cheese

Non Fat Dry Milk PS&D Table

Dairy, Milk, Nonfat Dry Japan	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	42	42	40	40		46
Production	139	139	145	142		145
Other Imports	32	32	37	36		32
Total Imports	32	32	37	36		32
Total Supply	213	213	222	218		223
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Dom. Consumption	146	146	150	147		150
Other Use, Losses	27	27	27	25		25
Total Dom. Consumption	173	173	177	172		175
Total Use	173	173	177	172		175
Ending Stocks	40	40	45	46		48
Total Distribution	213	213	222	218		223
1000 MT						

Cheese PS&D Table

Dairy, Cheese Japan	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	15	15	15	15		15
Production	48	47	50	47		48
Other Imports	235	235	240	243		247
Total Imports	235	235	240	243		247
Total Supply	298	297	305	305		310
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Dom. Consumption	283	282	290	290		295
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	283	282	290	290		295
Total Use	283	282	290	290		295
Ending Stocks	15	15	15	15		15
Total Distribution	298	297	305	305		310
1000 MT						

Preface:

This report is an update to **JA3036** dated May 15, 2013.

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Semi-annual_Tokyo_Japan_5-15-2013.pdf

Post's previous PS&D outlook projections for 2013 have been further revised based on the latest data publicized by the Government of Japan (GOJ) for domestic production, stocks, and imports.

The data discussed in this report are on a calendar year basis unless specified otherwise. For convenience, Post's references to Japan's current access, the so called minimum access, and domestic dairy subsidies are based on the Japanese fiscal year (JFY: starting April and ending March of the following year).

In the Uruguay Round, the GOJ committed to import purchases for designated dairy commodities of up to 137,000 metric tons (MT) in milk equivalent calculation, including butter, NFDM, edible whey, butter oil, and dairy spreads. The GOJ purchases these products through the Agriculture Livestock and Industry Corporation (ALIC), a state trading enterprise.

The conversion coefficient Post used to calculate milk equivalent volumes for each commodity are: NFDM (6.48), Edible Whey Powder (6.84), Butter (12.34), Dairy Spreads (12.34), and Butter Oil (15.05). Accordingly, 1 MT of Butter Oil is equivalent to 15.05 MT of milk, 1 MT of Dairy Spreads equals 12.34 MT of milk, and so on.

2014 Outlook

- National fluid milk output to rise only marginally in 2014

Since the beginning of October 2013, the price of fluid milk negotiated between dairy farmers and milk manufacturers for drinking use has increased by five yen to about 114 – 115 yen per kg on average. This price hike incorporates the rising cost of farm inputs, especially feed (mostly imported), thereby helping dairy farmers whose outputs are mainly for drinking (i.e. those not located in Hokkaido) to sustain their operations.

At the writing of this report, it is not yet clear how this price inflation will impact the actual supply and demand for fluid milk in Japan. At present, it is also not clear whether or not Japan's major milk manufacturers will raise their prices for drinking milk (especially for regular whole milk) sold at retail chains. Post will be able to report impacts of this price hike on Japan's actual demand and supply of fluid milk once more relevant data become available.

Assuming that the rate of exit out of dairy farming in milk producing regions other than Hokkaido will slow in 2014 and that the level of subsidies for fluid milk for processing will be almost unchanged compared to the previous fiscal year (see Table 2 and Table 10), Post took the following factors into account in projecting Japan's 2014 supply and demand outlook:

- No major changes in the domestic dairy subsidy structure for fluid milk for processing use, which is based on a direct payment with a fixed-volume eligible milk quota;

- Hokkaido's milk output will recover to a level above 2013, assuming reduced mastitis cases under normal weather conditions;
- The rate of fluid milk output decline in other milk producing prefectures will slow;
- Overall consumption of drinking milk will remain the same, assuming some recovery from 2013 for whole and processed milk; and
- Overall utilization of fluid milk for processing to rise slightly due to Hokkaido's output recovery.

Post's preliminary projections for Japan's production of fluid milk in 2014 show a marginal rise to around **7.58 million MT**. Projected moderate recovery for Hokkaido's output is offset by a slight, but continued output decline projected for other milk producing prefectures. Fluid milk utilization breakdowns are projected to be nearly unchanged from the previous year; for drinking at **3.95 million MT** and for processing slightly higher at **3.57 million MT**. The 2014 allocations of fluid milk for processing use are projected to be similar to 2013, showing moderate increases for butter, NFDM and cheese production, no change for cream, and a reduction in other powdered milk.

- Butter Supply to Improve to Restore Balance in 2014

Post expects Japan's 2014 butter supply and demand will return to balance, with a projected modest increase in the total supply.

In addition to the 2014 domestic butter output, projected up by three percentage points from the previous year to 71,000 MT, Post expects Japan would still need to import 3,000 – 4,000 MT of current access butter for JFY 2014 to balance the demand, which could result in lowering the relatively high wholesale market price of domestic butter. Any decrease in the wholesale market price could lead to improvements in the overall consumption/use situation and possibly help to rebuild monthly ending stocks, which have been running low. Post anticipates Japan's 2014 total butter use to climb modestly to 73,000 MT in response to a lower market price for domestic butter. Household consumption, a decline in which partially caused total demand/use to fall in 2013, would drive the anticipated recovery.

- Amid Lethargic Ingredient Demand, Adequate NFDM Supply Projected in 2014

Post also anticipates a better market outlook for Japan's 2014 NFDM supply and demand picture, with moderate increases expected for both the domestic output, projected at 145,000 MT, and total ingredient demand, projected at 150,000 MT.

Japan has committed to import a total of 5,000 MT of current access NFDM in JFY 2013 to alleviate tight supply conditions that have continued since 2012. However, an increased wholesale price and competition with other dairy ingredients (e.g. concentrated liquid non-fat milk and edible whey products) continue to hold Japan's 2013 overall ingredient demand for NFDM at a relatively low level, allowing previously depleted ending stocks to rebuild in 2013.

Given the above, Post predicts Japan will make no current access NFDM imports for JFY 2014. If Japan does import current access NFDM in JFY 2014, the volume is expected to be much lower than the 5,000 MT imported in JFY 2013.

The improved supply and demand outlook for butter and NFDM will likely assuage market concerns over possible supply shortages in 2014. However, this would also narrow Japan's JFY 2014 current access import options – dropping NFDM to zero and maintaining JFY 2013 levels of butter imports. Japan would have to make up the difference with purchases of dairy spread, butter oil, and/or additional edible whey. If the GOJ imports additional edible whey products, U.S. suppliers could see increased sales opportunities for whey protein concentrate (WPC), provided that the current high price for WPC in the United States moderates.

2014 Cheese market outlook

– Modest market growth projected in 2014

Sustained market demand is expected to result in continued growth of the Japanese cheese market in 2014. However, continued high global market prices for cheese and Japan's consumption tax hike next year (scheduled to increase from five percent to eight percent on April 1, 2014) could temper prospective import growth.

Post preliminary projections point to a continued measured growth scenario in 2014, with total demand up moderately to 295,000 MT, total imports up moderately to 247,000 MT and domestic production also up slightly to 48,000 MT, with each breaking 2013's record highs.

Regarding major suppliers and their market shares, Post anticipates no major changes to Japan's cheese trade landscape in 2014. Australia and New Zealand will likely continue to be the two largest stakeholders in this market, especially for the zero tariff rate quota for natural cheeses to be blended with domestic natural cheeses to manufacture processed cheese. EU countries are expected to continue to dictate the market for consumer packed imported cheeses in relatively higher end retail and food service segments. Post expects the United States should maintain its strong presence as the third largest overall supplier, with a large volume going into Japan's market for shredding cheese for pizzas and so on.

2013 Market Outlook for Fluid Milk, Butter, NFDM and Cheese (Revised)

Fluid Milk:

- Slightly Lower National Fluid Milk Outputs Forecast in 2013

For January – August 2013, the national fluid milk production data showed a slight decline [Hokkaido down a half percentage point at 2.63 million MT, and other milk producing regions down two percentage points at 2.47 million MT] compared to the same period of the previous year. Severe, high temperatures swept across the country this summer, unexpectedly suppressing national output. While marginal, Hokkaido's output decline could limit the recovery of domestic dairy commodities' total production this year. More cows are expected to be placed for milking nationwide this fall season, pointing to a partial recovery of national output in the fourth quarter of CY 2013. However, market sources are concerned that increased prevalence of mastitis reported in Hokkaido this year could delay recovery in what is the most important milk producing province, hampering the anticipated national output recovery. Meanwhile, the number of cows in milk in the national inventory in 2013 showed a moderate decline to 798,000 head, also contributing to national milk output being lower than in 2012 (see Table 10 and note 1).

In light of the above, Japan's 2013 national fluid milk output is revised slightly lower from Post's last semiannual projection and is now forecast to be **7.56 million MT**, with national utilization for drinking down modestly to **3.95 million MT** and for processing unchanged at **3.55 million MT** from the previous year. The forecast national output level is slightly lower from the previous year's actual, but if Hokkaido's output recovery is further delayed due to increased mastitis this summer, the 2013 final number could even be lower.

Note 1: In 2013, the total number of dairy operators for all prefectures (including Hokkaido) was 19,400 farms, down four percentage points (at an average 73 head per farm); for Hokkaido, 7,130 farms, down three percentage points (at an average 113 head per farm); for other milk producing prefectures, 12,200 farms, down five percentage points (at an average 51 head per farm).

For Hokkaido, Post learned that in recent years not only small and medium scale operators have been exiting out of dairy operations, but some relatively large scale operators have also gone under. Larger scale operators that do not own pasture and/or crop fields to produce silage and fodders have found it increasingly difficult to meet increased inputs cost (feed and utility prices in particular).

Drinking Milk Situation Update:

For January – August 2013, Japan's overall consumption of drinking milk was lower than the previous year. Especially at the household level, milk continues to lose ground in intense sales competition with other soft drink beverages. Relatively solid sales of yogurt and milk beverages were not sufficient to offset weak sales of whole milk/processed milk, especially in the retail sector (see Table 1).

Dairy Commodity Situation Update:

- Butter Shortage and Tight NFDM Supply Eased in 2013

Butter:

The tight supply situation for butter that had prevailed for the past several years has eased in 2013 through August, mainly owing to a continued reduction in overall demand due to high market prices (see Table 7) and Japan's continued imports of butter under the current access. For January – August 2013, domestic butter output rose only moderately from the same period of the previous year due to lower than anticipated fluid milk produced in Hokkaido. Post is revising its previous semiannual forecast for Japan's 2013 annual domestic butter output to 71,000 MT, up slightly from the previous year, while total demand is projected to fall further by six to seven percentage points to 72,000 MT, due primarily to the high market price for butter (see Table 3).

Japan allocated its JFY 2013 dairy current access commitment to import 3,500 MT of butter for industrial use, all of which had been imported for distribution in the third and fourth quarters. The total volume came to less than Post's earlier projection (estimated at 5,000 MT in the last semiannual report) due to much weaker than anticipated demand this year, while the GOJ made a specific allocation for NFDM imports to alleviate the dairy industry's concern for possible tight overall NFDM supply (see the NFDM section). New Zealand, which is capable of supplying butter at competitive prices, took over 80 percent of the JFY 2013 current access butter import, beating other major suppliers, including the United States. Japan's total butter imports in 2013, when combined with the small volume of ordinary imports, is projected to be around 4,000 MT.

Combined with modestly increased domestic output, total supply is expected to be adequate enough to meet any seasonal demand hikes, especially in December for Christmas, and still increase year end butter stocks to an estimated 21,000 MT, higher than in 2012.

NFDM:

For January – August 2013, similar to butter, domestic production of NFDM was limited by lower than anticipated fluid milk output in Hokkaido. Meanwhile, as reported in the last semiannual, Japan committed its JFY 2013 dairy current access early this year to import 5,000 MT of NFDM to alleviate possible supply constraints, improving the supply situation (see Note 2). However, ingredient demand has been somewhat slow to catch up, resulting in a build-up of monthly ending stocks starting in April 2013 (see Table 6). Expanded use of other substitutes, such as non-fat concentrated liquid milk (cream by product) and edible whey (also imported under the current access), by end users is one of the causes of lackluster NFDM utilization in Japan's food and beverage ingredient market.

Post is revising its previous semiannual forecast of Japan's annual domestic NFDM output to 142,000 MT, up slightly from the previous year, while total edible demand (excludes feed and non edible use of imported NFDM) is projected to be marginally above the 2012 level at 147,000 MT, leaving year-end stocks at 46,000 MT, also higher than in 2012.

Japan's 2013 total NFDM imports (the combined total of NFDM imported for specific TRQs for school lunches, feed use and others, including the current access and ordinary imports) is forecast to be 36,000 MT, reflecting reduced imports for feed use.

Note 2: Japan has already fully completed the JFY 2013 current access import commitment. Breakdowns are: Butter (3,500 MT); NFDM (5,000 MT); Edible Whey (4,500 MT); Butter Oil (300 MT), and Dairy Spread (200 MT). NFDM supplier market shares under current access are: New Zealand (65 percent), Australia (18 percent) and the United States (8 percent).

Cheese:

- Total Consumption/Imports Forecast to Reach the Highest Records

For January – August 2013, Japan's household consumption of cheese increased five percentage points compared to the same period last year, highlighting continued demand growth in Japan. In the same period, despite a weaker yen, Japan's cheese imports also increased five percentage points to 159,723 MT, on greater volumes from Australia, the United States and some EU countries, such as Germany and Italy (see Table 9-A and 9-B).

According to market sources, entering CY 2013, Japanese importers' actual payment in yen terms, due to high global market prices coupled with the yen's depreciation this year, has been running five to ten percent higher on average. Due to higher price offers made for New Zealand and Australian cheeses this year, Japan's processed cheese manufacturers, who mainly use imported natural cheeses under the zero tariff quota, have reportedly increased their processed cheese price several percentage points since October 2013. As for EU cheeses for direct consumption, distributors are reportedly not passing the entire increased cost on to consumers, but it is not clear if they can continue to hold prices down into the next year. Given prevailing high global market prices, combined with the Japanese consumption tax hike expected in April 2014, Post expects average market prices to stay relatively high for the time being, which may slow overall sales. Meanwhile, it is reported that U.S. natural cheeses continue to remain price competitive in the industrial use market and are especially doing well for shredding for use in pizzas and other prepared foods.

As predicted in the last semiannual cheese section outlook, Post is forecasting record high levels in 2013 for Japan's total cheese consumption, up modestly to 290,000 MT, and for imports, also up modestly to 243,000 MT. Price competitive Australian and New Zealand products will continue to dominate the natural cheese market with more than a 65 percent market share. At the current pace, Japan's annual imports of U.S. cheeses in 2013 will likely break last year's record, reaching around 30,000 MT and maintaining the United States' rank as the third largest supplier to Japan.

Table 1: Japanese Household Consumption of Milk and Dairy Products (two or more person's household)

		2010	2011	2012	% Chg.	2012	2013	% Chg.
	Unit	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Aug	Jan/Aug	
Milk	Liter	85.41	80.99	81.01	0%	54.35	53.45	-2%
Cheese	gram	2,588	2,674	2,760	3%	1,786	1,868	5%
Butter	gram	504	501	504	1%	338	323	-4%
Margarine	gram	1,259	1,256	1,255	0%	849	818	-4%
Powdered Milk	gram	393	368	362	-2%	237	200	-16%
Bread for Toast/Sandwich	gram	19,956	19,496	19,571	0%	13,188	13,178	0%
		2010	2011	2012	% Chg.	2012	2013	% Chg.
	Unit	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Aug	Jan/Aug	
Milk	Yen	16,332	15,448	15,266	-1%	10,204	10,009	-2%
Cheese	Yen	4,080	4,171	4,284	3%	2,757	2,805	2%
Butter	Yen	852	868	906	4%	603	596	-1%
Margarine	Yen	874	879	888	1%	603	571	-5%
Yogurt	Yen	8,446	8,717	10,270	18%	6,920	7,276	5%
Milk Beverages	Yen	1,229	1,285	1,336	4%	868	928	7%
Lactic Acid Bacteria Drink	Yen	3,381	3,392	3,558	5%	2,388	2,320	-3%
Powdered Milk	Yen	717	715	679	-5%	457	396	-13%
Bread for Toast/Sandwich	Yen	8,572	8,633	8,524	-1%	5,777	5,690	-2%
Confectionaries	Yen	78,861	76,801	77,778	1%	52,213	52,920	1%

Source: Household Statistic Ministry of Internal Affairs and Communications (Compiled from E-Stats Data System by Post)

Table 2: Government Subsidy Payment and Eligible Fluid Milk Quota for Processing Use

	Unit Subsidy Payment		Eligible Volume
	Yen/Kg.	Type	Million MT
JFY2000	10.30	deficiency payment	2.40
JFY2001	10.30	direct payment	2.27
JFY2002	11.00	direct payment	2.20
JFY2003	10.74	direct payment	2.10
JFY2004	10.52	direct payment	2.10
JFY2005	10.40	direct payment	2.05
JFY2006	10.40	direct payment	2.03
JFY2007	10.55	direct payment	1.98
JFY 2008	11.55	direct payment	1.95
JFY 2008 (Revised)	11.85	direct payment	1.95
JFY 2009	11.85	direct payment	1.95
JFY 2010	11.85	direct payment	1.85
JFY 2011	11.95	direct payment	1.85
JFY 2012	12.20	direct payment	1.83
JFY 2013	12.55	direct payment	1.81

Source: ALIC Monthly

Table 3: Japanese Utilization of Fluid Milk for Drinking Milk production

Unit: 1,000 Kilo Liters							
	2010	2011	2012	% Chg.	2012	2013	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Aug	Jan/Aug	
Total Drinking Milk Products	3,747	3,652	3,586	-2%	2,371	2,311	-3%
Regular Milk	3,069	3,064	3,068	0%	2,019	1,996	-1%
Processed Milk	678	589	518	-12%	352	315	-11%
Milk Beverages	1,210	1,276	1,331	4%	879	910	4%
Fermented Milk	841	843	984	17%	668	683	2%
Lactic Acid Bacteria Drinks	184	178	163	-8%	114	110	-4%

Note: Processed Milk: low fat, high fat, vitamin and mineral fortified, calcium enriched
Milk Beverages: flavored milk (coffee and fruits flavored)
Fermented Milk: Yogurt etc.
Source: ALIC Monthly

Table 4: Japanese Production of Dairy Commodities

Unit: Metric Ton							
	2010	2011	2012	% Chg.	2011	2013	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Aug	Jan/Aug	
Butter	73,621	62,845	68,984	10%	49,920	51,135	2%
Cream	107,441	111,663	112,995	1%	72,790	72,744	0%
Whole Milk Powder	13,250	14,302	12,451	-13%	9,433	7,785	-17%
Prepared Milk Powder	32,942	27,559	23,914	-13%	15,124	13,979	-8%
Skim Milk Powder (NFDM)	155,625	137,141	138,598	1%	96,326	98,490	2%
Ice Cream (Unit: kilo liter)	130,589	137,072	138,046	1%	94,709	99,562	5%

Source: ALIC Monthly

Table 5: Japanese NFDM Imports

Unit: Metric Ton								
	2010	2011	2012	% Chg.	2012	2013	% Chg.	
	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Aug	Jan/Aug		
For School Lunch Program	1,983	1,959	1,966	0%	1,463	1,324	-10%	
For Feeds	24,909	22,264	26,886	21%	18,488	14,782	-20%	
For Other Use (Current Access and ordinary imports)	3,292	3,014	3,436	14%	1,925	6,715	249%	
Total NFDM Imports	30,184	27,237	32,288	19%	21,875	22,822	4%	

Source: ALIC Monthly

Table 6: Monthly Ending Stocks of Butter and NFDM

Unit: Metric Ton							
Butter							
	2010	2011	% Chg.	2012	% Chg.	2013	% Chg.
Jan	32.6	22.6	-31%	18.9	-16%	21.9	16%
Feb	32.8	21.1	-36%	18.9	-11%	22.2	17%
Mar	32.6	20.6	-37%	19.1	-7%	23.5	23%
Apr	32.5	21.3	-34%	19.4	-9%	24.4	25%
May	34.1	23.0	-33%	21.5	-6%	25.8	20%
Jun	34.5	22.7	-34%	21.5	-5%	25.7	20%
July	33.9	21.8	-36%	21.5	-1%	25.0	16%
Aug	33.1	23.0	-31%	23.2	1%	24.5	6%
Sept	30.0	21.8	-27%	22.4	3%		
Oct	27.3	20.6	-24%	21.3	3%		
Nov	24.4	18.6	-24%	20.5	10%		
Dec	21.0	16.0	-24%	18.0	13%		
NFDM							
	2010	2011	% Chg.	2012		2013	
Jan	65.1	60.7	-7%	45.9	-24%	45.3	-1%
Feb	67.7	60.6	-10%	46.4	-23%	46.7	1%
Mar	69.7	58.7	-16%	47.6	-19%	49.5	4%
Apr	71.8	58.2	-19%	48.2	-17%	52.1	8%
May	74.8	58.2	-22%	48.2	-17%	53.3	10%
Jun	74.5	54.7	-27%	47.1	-14%	53.1	13%
July	71.3	50.3	-29%	44.9	-11%	50.7	13%
Aug	68.6	47.1	-31%	43.2	-8%	48.3	12%
Sept	61.4	42.9	-30%	39.7	-7%		
Oct	57.6	40.4	-30%	36.7	-9%		
Nov	56.3	39.1	-31%	36.6	-6%		
Dec	57.4	41.8	-27%	40.3	-4%		

Source: ALIC Monthly

Table 7: Average Wholesale Price of Dairy Products

Butter							
Unit: JP Yen per Kg.							
	2010	2011	% Chg.	2012	% Chg.	2013	% Chg.
Jan	1,081	1,062	-2%	1,140	7%	1,224	7%
Feb	1,073	1,057	-1%	1,142	8%	1,233	8%
Mar	1,074	1,065	-1%	1,158	9%	1,233	6%
Apr	1,060	1,069	1%	1,172	10%	1,236	5%
May	1,057	1,077	2%	1,179	9%	1,237	5%
Jun	1,051	1,087	3%	1,189	9%	1,237	4%
July	1,049	1,094	4%	1,192	9%	1,236	4%
Aug	1,049	1,110	6%	1,203	8%	1,237	3%
Sept	1,050	1,120	7%	1,212	8%		
Oct	1,050	1,129	8%	1,213	7%		
Nov	1,050	1,133	8%	1,217	7%		
Dec	1,051	1,138	8%	1,219	7%		
NFDM							
Unit: JP Yen per 25 Kg.							
	2010	2011	% Chg.	2012	% Chg.	2013	% Chg.
Jan	14,981	14,564	-3%	15,200	4%	15,761	4%
Feb	14,955	14,512	-3%	15,211	5%	15,753	4%
Mar	14,957	14,515	-3%	15,236	5%	15,759	3%
Apr	14,922	14,584	-2%	15,246	5%	15,767	3%
May	14,884	14,641	-2%	15,251	4%	15,763	3%
Jun	14,751	14,701	0%	15,243	4%	15,749	3%
July	14,656	14,736	1%	15,264	4%	15,755	3%
Aug	14,610	14,864	2%	15,449	4%	15,750	2%
Sept	14,593	14,987	3%	15,567	4%		
Oct	14,568	15,085	4%	15,638	4%		
Nov	14,571	15,140	4%	15,699	4%		
Dec	14,574	15,156	4%	15,685	3%		

Source: ALIC Monthly

Table 8-A: Japanese Butter Imports

Unit: Metric Ton, Customs Clearance Basis							
Partner Country	Calendar Year (Jan. - Dec.)				Year To Date (Jan. - Aug.)		
	2010	2011	2012	%Chg. (2012/2011)	08/2012	08/2013	% Chg.
World	2,032	14,026	9,774	-30%	6,485	246	-96%
New Zealand	474	4,974	4,753	-4%	3,181	37	-99%
Netherlands	860	2,037	1,989	-2%	672	25	-96%
Australia	269	931	1,848	98%	1,638	102	-94%
United States	173	5,016	986	-80%	886	0	-100%
Others	256	1,068	198	-81%	108	82	-24%

Source of Data: Global Trade Atlas (Japan Customs)

Table 8-B: Average C&F Price of Imported Butter YTD

Unit Value(United States Dollars) per Metric Ton							
Partner Country	Calendar Year (Jan. - Aug.)				Year To Date (Jan. - Aug.)		
	2010	2011	2012	% Chg. (2012/2011)	08/2012	08/2013	% Chg.
World	4,766	5,554	3,516	-37%	3,580	8,031	124%
New Zealand	3,941	5,029	3,212	-36%	3,343	5,187	55%
Netherlands	4,384	6,121	3,634	-41%	3,950	4,267	8%
Australia	4,825	5,241	3,436	-34%	3,354	5,960	78%
United States	4,351	5,533	3,596	-35%	3,662	0	-100%

Source of Data: Global Trade Atlas (Japan Customs)

Table 9-A: Japanese Imports of Cheese YTD

Unit: Metric Ton, Customs Clearance Basis							
Partner Country	Calendar Year (Jan. - Dec.)				Year To Date (Jan. - Aug.)		
	2010	2011	2012	% Chg. (2012/2011)	08/2012	08/2013	% Chg.
World	199,080	215,262	234,616	9%	151,850	159,723	5%
Australia	85,120	90,062	93,505	4%	59,876	65,342	9%
New Zealand	52,098	56,329	66,170	17%	44,167	42,242	-4%
United States	13,672	21,424	26,656	24%	17,852	20,180	13%
France	8,150	9,023	9,475	5%	5,905	5,728	-3%
Germany	11,203	9,363	9,400	0%	5,264	6,429	22%
Denmark	7,769	8,295	7,928	-4%	5,097	5,103	0%
Italy	6,241	6,584	7,784	18%	5,082	5,338	5%
Netherlands	6,605	6,373	6,189	-3%	3,785	4,354	15%
Argentina	4,248	4,057	3,588	-12%	2,262	2,360	4%
Others	3,974	3,752	3,921	5%	2,560	2,647	3%

Source of Data: Global Trade Atlas (Japan Customs)

Table 9-B

Unit Value (United States Dollars) per Metric Ton							
Partner Country	Calendar Year (Jan. - Dec.)				Year To Date (Jan. - Aug.)		
	2010	2011	2012	% Chg. (2012/2011)	08/2012	08/2013	% Chg.
World	4,712	5,175	4,956	-4%	5,045	4,607	-9%
Australia	4,012	4,462	4,433	-1%	4,562	4,084	-10%
New Zealand	4,179	4,511	4,263	-5%	4,403	3,850	-13%
United States	5,549	5,262	4,836	-8%	4,810	4,697	-2%
France	9,617	10,103	9,795	-3%	9,650	8,698	-10%
Germany	3,826	4,594	4,137	-10%	4,306	4,260	-1%
Denmark	6,583	7,301	6,911	-5%	6,862	6,518	-5%
Italy	10,159	11,586	10,640	-8%	10,599	10,611	0%
Netherlands	4,424	5,196	4,721	-9%	4,866	4,595	-6%
Argentina	3,663	4,258	4,090	-4%	4,270	3,958	-7%

Source of Data: Global Trade Atlas (Japan Customs)

Table 10: Japanese National Dairy Herd Year Beginning Inventory (as of February 1)

	2011	2012	% Chg.	2013	% Chg.
All Prefectures					
Number of Farms (Farms)	21,000	20,100	-4%	19,400	-3%
Number of National Dairy Herd Total (Heads)	1,467,300	1,449,000	-1%	1,423,000	-2%
Total Cow(Heads)	932,900	942,600	1%	923,400	-2%
Average farm size (head)	70	72	3%	73	2%
Cows in milk (Heads)	804,700	812,700	1%	798,300	-2%
Dry Cows (Heads)	128,200	129,900	1%	125,100	-4%
Heifer (Heads)	534,400	506,400	-5%	500,100	-1%
Hokkaido					
Number of Farms (Farms)	7,500	7,270	-3%	7,130	-2%
Number of Hokkaido Dairy Herd Total (1,000 Heads)	827,900	821,900	-1%	806,800	-2%
Average farm size (head)	110	113	2%	113	0%
Total Cow	479,600	495,400	3%	485,200	-2%
Cows in milk (Heads)	407,000	421,200	3%	413,100	-2%
Dry Cows (Heads)	72,600	74,200	2%	72,100	-3%
Heifer (Heads)	348,300	326,600	-6%	321,700	-2%
Other Prefectures					
Number of Farms (Farms)	13,500	12,830	-5%	12,200	-5%
Number of Hokkaido Dairy Herd Total (1,000 Heads)	639,400	627,100	-2%	616,600	-2%
Average farm size (head)	47	49	3%	51	3%
Total Cow	453,300	447,200	-1%	438,200	-2%
Cows in milk (Heads)	397,700	391,500	-2%	385,200	-2%
Dry Cows (Heads)	55,600	55,700	0%	53,100	-5%
Heifer (Heads)	186,100	179,800	-3%	178,400	-1%
Source: MAFF Livestock Statistics					