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Global Agricultural Information Network

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Japan

Grain and Feed Update

Grain and Feed Update - November 2012

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Report Highlights:

As Japan's Ministry of Finance announced import statistics ending September 2012 for corn and rye, Post has finalized the 2011/12 marketing year import numbers in their respective PS&Ds. Despite serious damage to infrastructure in major northern ports and feed mills caused by the Great East Japan Earthquake and Tsunami, as well as the surge in grain prices that followed, Japan's feed industry has demonstrated the flexibility and resilience to avert disruption in feed production, which continues to be stable.

Post:
Tokyo

Author Defined:
Overall Market Situation:

Japan's Feed Stabilization Organization puts out monthly feed production data and a detailed breakdown of ingredient utilization ratios. The data are compiled annually based on Japan's fiscal year (JFY): April through March. Japan's feed industry speedily overcame the devastation caused by the Great East Japan Earthquake and Tsunami of March 11, 2011, and provided undisrupted supplies of feed to Japan's livestock operators, maintaining the JFY 2011 aggregate production at the previous year's level. Due to the surge in grain prices, however, feed ingredient utilization ratios show a significant shift from corn to wheat and rice.

Table 1: Japan's Feed Production and Ingredient Utilization Ratio

Unit: MT

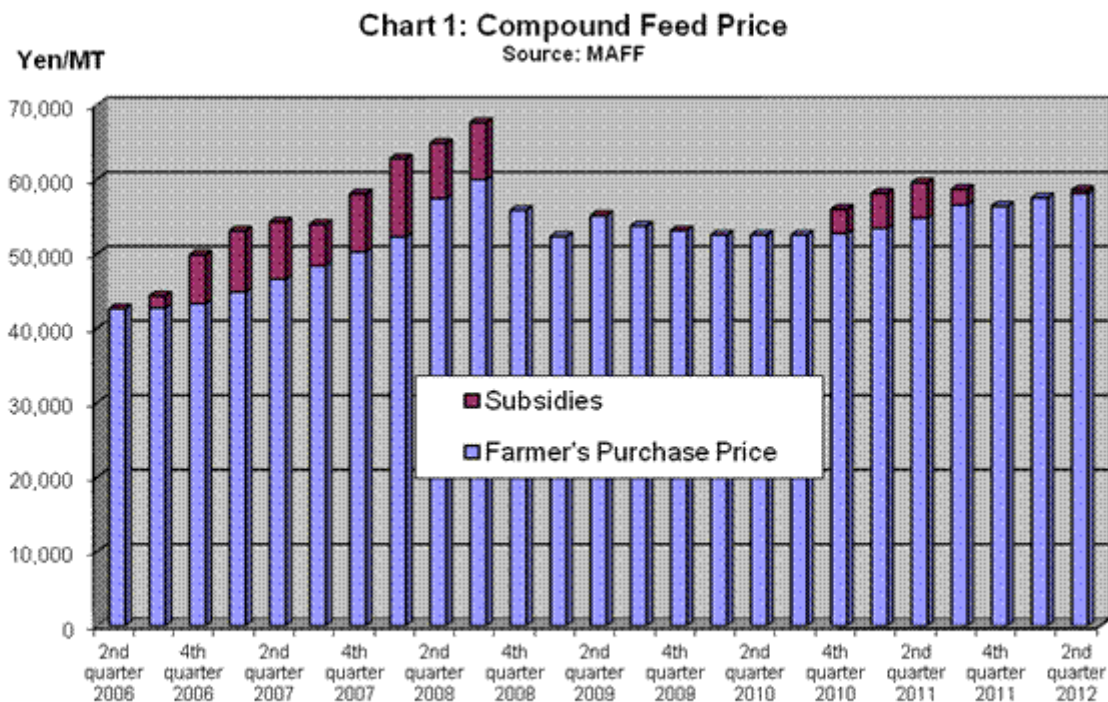
Japan Fiscal Year (April-March)	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Non-grain Ingredients	TOTAL
2002	12,037,262 49.2%	1,683,412 6.9%	113,821 0.5%	121,437 0.5%	725,978 3.0%	69,185 0.3%	337,944 1.4%	117,254 0.5%	NA	9,240,205 37.8%	24,446,498 100.0%
2003	12,384,237 50.2%	1,499,279 6.1%	123,369 0.5%	127,500 0.5%	744,537 3.0%	13,464 0.1%	359,704 1.5%	120,310 0.5%	NA	9,282,579 37.6%	24,654,979 100.0%
2004	11,853,348 49.5%	1,395,749 5.8%	90,306 0.4%	127,382 0.5%	770,921 3.2%	285,932 1.2%	259,442 1.1%	123,399 0.5%	NA	9,062,877 37.8%	23,969,356 100.0%
2005	11,894,303 49.2%	1,335,574 5.5%	101,539 0.4%	122,738 0.5%	792,159 3.3%	325,605 1.3%	233,518 1.0%	119,150 0.5%	NA	9,228,722 38.2%	24,153,308 100.0%
2006	12,017,330 49.2%	1,280,438 5.2%	103,640 0.4%	129,212 0.5%	826,682 3.4%	425,942 1.7%	219,254 0.9%	126,810 0.5%	NA	9,291,274 38.0%	24,420,582 100.0%
2007	12,005,863 49.0%	1,137,809 4.6%	95,075 0.4%	131,695 0.5%	859,952 3.5%	557,571 2.3%	152,506 0.6%	143,979 0.6%	NA	9,434,064 38.5%	24,518,514 100.0%
2008	12,059,732 49.1%	1,240,344 5.1%	111,597 0.5%	145,387 0.6%	859,024 3.5%	468,000 1.9%	60,739 0.2%	153,138 0.6%	NA	9,449,421 38.5%	24,547,382 100.0%
2009	11,908,859 47.9%	1,722,923 6.9%	164,014 0.7%	136,567 0.5%	911,019 3.7%	256,020 1.0%	53,924 0.2%	145,614 0.6%	NA	9,554,496 38.4%	24,853,436 100.0%
2010	11,614,834 47.3%	1,464,181 6.0%	223,429 0.9%	135,379 0.6%	901,680 3.7%	401,463 1.6%	103,389 0.4%	152,545 0.6%	219,189 0.9%	9,321,592 38.0%	24,537,681 100.0%
2011	10,935,80	1,413,78	402,60	151,53	878,04	652,57	74,028	149,39	362,97	9,218,996	24,239,74

	8	7	9	7	7	3		3	0		8
	45.1%	5.8%	1.7%	0.6%	3.6%	2.7%	0.3%	0.6%	1.5%	38.0%	100.0%
2012/Apr	866,024	107,035	63,322	12,323	72,356	52,073	2,228	12,258	30,270	753,090	1,970,979
May	43.9%	5.4%	3.2%	0.6%	3.7%	2.6%	0.1%	0.6%	1.5%	38.2%	100.0%
June	896,391	116,076	74,770	12,679	74,791	54,375	1,859	12,838	33,821	774,982	2,052,582
July	43.7%	5.7%	3.6%	0.6%	3.6%	2.6%	0.1%	0.6%	1.6%	37.8%	100.0%
2011/Apr	856,194	112,764	77,251	12,391	72,922	51,633	1,479	12,981	32,862	744,751	1,975,228
May	43.3%	5.7%	3.9%	0.6%	3.7%	2.6%	0.1%	0.7%	1.7%	37.7%	100.0%
June	815,373	121,235	77,458	12,394	71,828	41,288	1,313	11,048	33,077	715,291	1,900,305
July	42.9%	6.4%	4.1%	0.7%	3.8%	2.2%	0.1%	0.6%	1.7%	37.6%	100.0%

Source: Feed Supply Stabilization Organization

Japan has a feed stabilization program, where a combination of a subsidy by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and an industry fund help absorb sudden surges in the compound feed price. It is activated when the import costs of ingredients in a particular quarter exceed the average import costs of ingredients in the previous one year. As the graph below shows, since the second quarter of 2006, the subsidy has helped curb feed price increases to farmers. As grain prices declined in the fourth quarter of 2008, the subsidy ceased. Grain prices took another sharp rise in the last quarter of 2010 and the subsidy was once again activated, and with the exception of the fourth quarter of JFY 2011 (January-March 2012), farmers have been receiving this subsidy since. However, the price farmers pay for feed has increased over 10 percent, from 52,500 yen per metric ton (MT) in late 2010 to 58,050 yen in September 2012.

Chart 1: Feed Subsidies



Rice Updates:

With the new crop harvest nearly complete, MAFF announced a paddy rice crop forecast for 2012 as below. Although data for upland rice production, normally only 5 to 8 thousand MT, are not available, this year's rice harvest is expected to exceed 8,520,000 MT, an increase of 1.4 percent over last year. Post will revise the Rice PS&D when the production statistics, including upland rice production, become available.

Table 2: Japan's Rice Production

	Planted Area (1,000 hectares)			Production (1,000 metric tons)			Yield/10 ares (kilograms)	
	Total	Paddy	Upland	Total	Paddy	Upland	Paddy	Upland
2008	1,627	1,624	3	8,823	8,815	8	543	265
2009	1,624	1,621	3	8,474	8,466	8	522	276
2010	1,628	1,625	3	8,483	8,478	5	522	189
2011	1,576	1,574	2	8,402	8,397	5	522	220
*2012	NA	1,579	NA	NA	8,519	NA	540	NA

Source: MAFF

*Forecast as of October 15, 2012

Wheat Updates:

Wheat imports for MY 2011/2012 increased by nearly 500,000 MT over MY 2010/2011. Coupled with Japan's domestic wheat production up in 2011/2012, stocks have built up. Although feed consumption of wheat is expected to continue to rise, Post anticipates that this demand will be met by drawing down on stocks. Given that Japan's domestic production is expected to stay at the previous year's level, the 2012/2013 imports are forecast to return to the 2010/2011 level.

In addition, Post made adjustments in the PS&D, combining wheat imports and selected wheat product imports as below:

Table 3: Japan's Wheat and Wheat Product Imports

Wheat

Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change 2012/ 2011
		2010	2011	2012	2010	2011	2012	
World	MT	5280149	5627720	6116209	100.00	100.00	100.00	8.68
United States	MT	3152029	3292933	3545674	59.70	58.51	57.97	7.68
Canada	MT	971924	1170030	1350656	18.41	20.79	22.08	15.44
Australia	MT	1081542	1146798	1197624	20.48	20.38	19.58	4.43
Other	MT	74654	17959	22255	1.41	0.32	0.36	1.24

Source of Data: Japan Customs

Wheat Products

Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change 2012/ 2011
		2010	2011	2012	2010	2011	2012	
World	MT	162208	176054	173896	100.00	100.00	100.00	- 1.23
Italy	MT	83046	89408	82955	51.20	50.78	47.70	- 7.22
United States	MT	21855	21401	22504	13.47	12.16	12.94	5.16
Turkey	MT	13486	16775	19587	8.31	9.53	11.26	16.76
China	MT	15996	17188	18943	9.86	9.76	10.89	10.21
Korea South	MT	8097	11198	10859	4.99	6.36	6.24	- 3.02
Thailand	MT	6971	7859	6986	4.30	4.46	4.02	- 11.11
Greece	MT	3256	2486	3082	2.01	1.41	1.77	23.96
United Arab Emirates	MT	2524	2968	2622	1.56	1.69	1.51	- 11.63
Tunisia	MT	2696	2268	1725	1.66	1.29	0.99	- 23.93
Vietnam	MT	1421	1424	1469	0.88	0.81	0.84	3.12
Other	MT	2858	3080	3163	0.02	0.02	0.02	1.03

Source of Data: Japan Customs

Total Wheat Imports (Wheat and Wheat Products Combined) for MY2011/12

Unit: MT

	Wheat Product a	Wheat Equivalent b = a x 1.368	Wheat c	TOTAL b + c
World	173,896	237,890	6,116,209	6,354,099
United States	22,504	30,785	3,545,674	3,576,459

Revised PS&D

Wheat Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	207	207	212	212	210	210
Beginning Stocks	1,312	1,312	1,057	1,057	1,457	1,457
Production	568	568	742	742	750	750
MY Imports	5,869	5,869	6,354	6,354	5,900	5,800
TY Imports	5,869	5,869	6,354	6,354	5,900	5,800
TY Imp. from U.S.	3,598	3,322	3,303	3,576	0	3,400
Total Supply	7,749	7,749	8,153	8,153	8,107	8,007
MY Exports	292	292	296	296	300	300
TY Exports	292	292	296	296	300	300
Feed and Residual	300	300	500	500	700	700
FSI Consumption	6,100	6,100	5,900	5,900	5,900	5,800
Total Consumption	6,400	6,400	6,400	6,400	6,600	6,500
Ending Stocks	1,057	1,057	1,457	1,457	1,207	1,207

Total Distribution	7,749	7,749	8,153	8,153	8,107	8,007
1000 HA, 1000 MT, MT/HA						

Corn Updates:

Post has updated MY imports ending September 2012 as below:

Table 4: Japan's Corn Imports

Year Ending: September								
Partner Country	Unit	Quantity			% Share			% Change 2012/ 2011
		2010	2011	2012	2010	2011	2012	
World	MT	15967857	15645711	14889666	100.00	100.00	100.00	- 4.83
United States	MT	14503061	14523634	12083468	90.83	92.83	81.15	- 16.80
Ukraine	MT	246423	0	960753	1.54	0.00	6.45	0.00
Brazil	MT	510939	402591	843359	3.20	2.57	5.66	109.48
Argentina	MT	654858	565526	586096	4.10	3.61	3.94	3.64
Romania	MT	0	0	147837	0.00	0.00	0.99	0.00
Serbia	MT	0	0	107158	0.00	0.00	0.72	0.00
Hungary	MT	0	0	72300	0.00	0.00	0.49	0.00
Bulgaria	MT	0	0	38247	0.00	0.00	0.26	0.00
Australia	MT	0	1677	23201	0.00	0.01	0.16	1283.48
South Africa	MT	0	136048	10276	0.00	0.87	0.07	- 92.45
Slovakia	MT	0	0	8097	0.00	0.00	0.05	0.00
Other	MT	52576	16235	8874	0.00	0.00	0.00	-45.34

Source of Data: Japan Customs

The price surge of U.S. corn compelled Japanese importers to locate alternative suppliers. As a result, imports from East/Central European countries increased in 2012. However, due to quality concerns, as well as supply constraints, import volumes are still limited. Therefore, the feed mills were forced to shift from corn to other ingredients, particularly rice and wheat. As shown in Table 1, the ratio of corn in feed, which was stable at 49-50 percent for many years, has now dropped to 42-43 percent.

Revised PS&D

Corn Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	678	678	627	625	620	616
Production	1	1	1	1	1	1
MY Imports	15,648	15,646	14,892	14,890	15,000	15,000
TY Imports	15,648	15,646	14,892	14,890	15,000	15,000

TY Imp. from U.S.	13,862	14,524	0	12,083	0	12,000
Total Supply	16,327	16,325	15,520	15,516	15,621	15,617
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	11,200	11,200	10,400	10,400	10,500	10,500
FSI Consumption	4,500	4,500	4,500	4,500	4,500	4,500
Total Consumption	15,700	15,700	14,900	14,900	15,000	15,000
Ending Stocks	627	625	620	616	621	617
Total Distribution	16,327	16,325	15,520	15,516	15,621	15,617
1000 HA, 1000 MT, MT/HA						

Rye Updates:

Post has updated MY imports ending September 2012 as below:

Table 5: Japan's Rye Imports

Year Ending: September								
Partner Country	Unit	Quantity			% Share			% Change 2012/ 2011
		2010	2011	2012	2010	2011	2012	
World	MT	101987	100294	45886	100.00	100.00	100.00	- 54.25
Canada	MT	32001	56540	26168	31.38	56.37	57.03	- 53.72
Germany	MT	44807	12910	18643	43.93	12.87	40.63	44.41
United States	MT	814	1015	1003	0.80	1.01	2.19	- 1.18
Other	MT	24365	29829	72	0.23	0.30	0.00	-99.8

Source of Data: Japan Customs

Rye is mainly used for feed in Japan. Due to its relative price disadvantage, however, its utilization ratio has declined from 1.5 percent ten years ago to 0.1 percent in recent months.

Revised PS&D

Rye Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	18	18	14	13	5	4
Production	0	0	0	0	0	0
MY Imports	101	100	46	46	100	90
TY Imports	101	100	46	46	100	90
TY Imp. from U.S.	0	1	0	1	0	1
Total Supply	119	118	60	59	105	94
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	95	95	45	45	85	75

FSI Consumption	10	10	10	10	10	10
Total Consumption	105	105	55	55	95	85
Ending Stocks	14	13	5	4	10	9
Total Distribution	119	118	60	59	105	94
1000 HA, 1000 MT, MT/HA						