

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 8/14/2018

GAIN Report Number: JA8049

Japan

Poultry and Products Annual

2018 Market Situation Summary and 2019 Outlook

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Report Highlights:

Japanese chicken meat production is forecast to grow steadily in 2018 and 2019 as the industry continues to consolidate and larger producers increase productivity. Chicken consumption is projected to continue trending upward as consumers switch from fish to more affordable proteins. Imports are expected to rise to meet demand as Thailand and Brazil compete intensively for market share.

Executive Summary

FAS/Tokyo projects Japanese chicken meat production to grow two percent to 1.695 million metric tons (MT) in 2018. The industry continues to consolidate as smaller operations exit the industry and flocks are subsumed by larger operations. Average yield weights have increased over the past ten years as remaining producers demonstrate improved productivity. Strong foodservice demand, particularly for recently introduced prepared chicken products, is expected to drive consumption upward to 2.765 million MT. Imports are projected to grow to 1.080 million MT as Thailand continues to strengthen its position in the market after overtaking Brazil as the largest poultry supplier to Japan in 2017. Prevailing market trends are expected to generally hold in 2019. Consumption is forecast to slow somewhat as the trendiness of new products begins to wear off, but demand will remain strong as consumers continue to switch from fish to more affordable proteins.

Commodities:

Meat, Chicken

**Production, Supply and Demand Data Statistics:
Chicken Meat PS&D Table**

Meat, Chicken	2017	2018	2019
Market Begin Year	Jan 2017	Jan 2018	Jan 2019
Japan	New Post	New Post	New Post
Beginning Stocks	146	221	224
Production	1,661	1,695	1,730
Total Imports	1,056	1,080	1,110
Total Supply	2,863	2,996	3,064
Total Exports	7	7	7
Human Consumption	2,635	2,765	2,835
Other Use, Losses	0	0	0
Total Dom. Consumption	2,635	2,765	2,835
Total Use	2,642	2,772	2,842
Ending Stocks	221	224	222
Total Distribution	2,863	2,996	3,064
(1000 MT)			

Note Regarding Reporting Change:

This report provides chicken meat estimates and forecasts for 2017-2019. The prior broiler meat series has been discontinued and will not be revised or updated in the future.

Official USDA data will be available via the PSD database (<http://www.fas.usda.gov/psdonline>) on October 11, 2018. The October data release will include a historical chicken meat series back to 1999. The broiler meat series will terminate with 2016 data.

Chicken meat is defined as meat of domestic fowl (*Gallus gallus/Gallus domesticus*) including all chickens: broiler, layer, hybrid, domestic breeds, spent hens, ex-breeding stock, etc.

2018 Market Situation Summary and Update

Production

Japanese chicken meat production is projected to continue to grow in 2018 as the industry consolidates and larger operations expand their share of the market. According to official estimates from the Animal and Livestock Industries Corporation (ALIC), broiler meat production in the first five months of 2018 was 648,300 MT, up three percent from the same period in 2017. Total chicken slaughter for 2017 was 772,480 birds yielding 1.661 million MT of meat, up two percent from 2016. 93 percent of chicken meat production came from broilers, six percent from spent hens, and one percent from others such as local breeds.

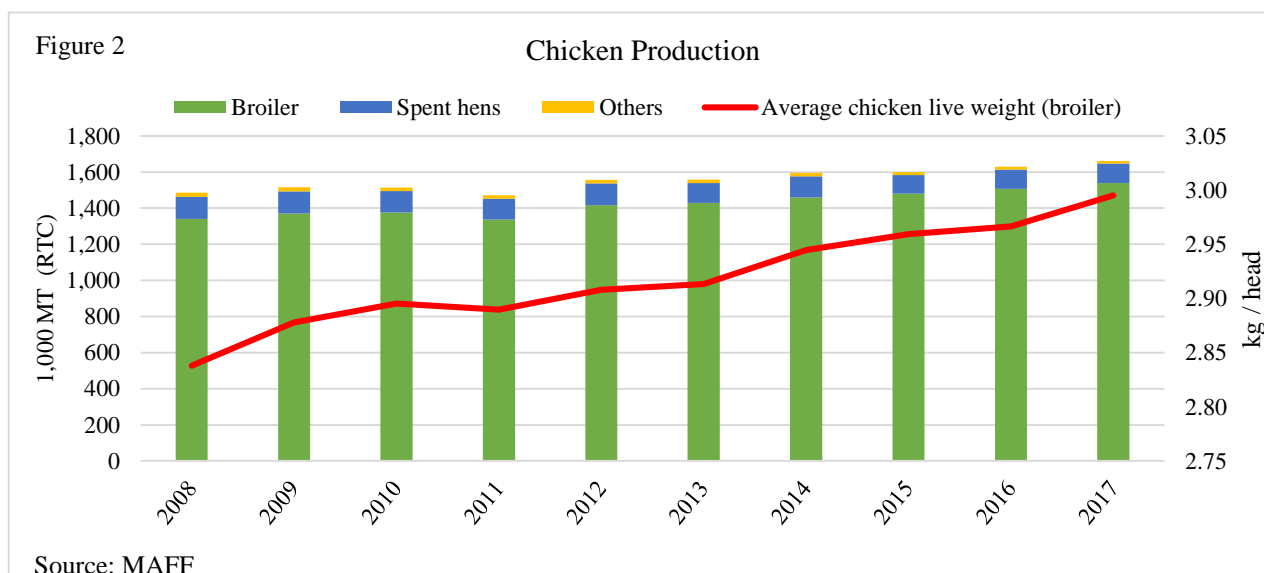
Growth in production comes despite an overall decline in the number of operations. According to the Ministry of Agriculture, Forestry, and Fisheries (MAFF), the total number of broiler operations as of February 1, 2018 dropped 1.7 percent from the previous year to 2,270. The decline was driven entirely by smaller producers exiting the industry with some leftover flocks subsumed by mid to large sized operations. This, along with greater expansion of already large operations, led the number of operations with 200,000 birds or more to increase two percent while the number of operations with less than 200,000 birds dropped five percent.

Figure 1

Year (as of Feb. 1)	The Number of Broiler Operations						
	Total	Operational Size (head)					
		3,000~49,999	50,000~99,999	100,000~199,999	200,000~299,999	300,000~499,999	500,000 or more
2017	2,310	270	323	698	422	333	268
2018	2,270	240	313	673	431	338	272
<i>year on year (%)</i>	-1.7	-11.1	-3.1	-3.6	2.1	1.5	1.5

Source: MAFF

Industry consolidation has yielded scale efficiencies that allowed overall chicken meat production to increase. In particular, the ability to introduce higher yield breeds has pushed average broiler weights up 5.5 percent over the past ten years, reaching 3.0 kilograms in 2017. FAS/Tokyo projects these trends to hold in 2018, estimating overall chicken meat production at 1.695 million MT, up two percent from 2017.

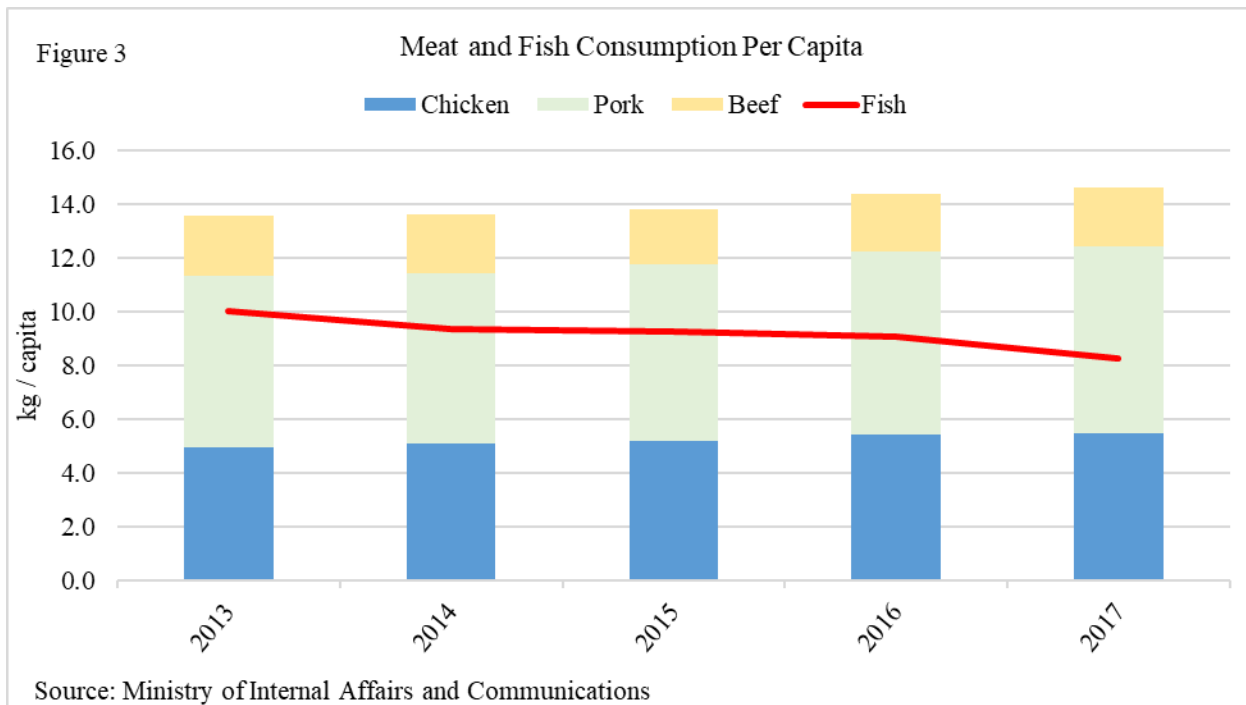


Consumption

Foodservice continues to be the main driver of Japanese chicken consumption. According to the latest MAFF data, 53 percent of Japanese chicken was consumed by the foodservice industry, ready-to-eat meals, and institutional end users (including catering, central kitchens, etc.). Traditional ready-to-eat products such as *yakitori* (grilled chicken skewers) and *karaage* (fried chicken nuggets) remain popular among consumers while newer products such as “salad chicken” (half pieces of cooked chicken breast marinated lightly in flavored sauces) which saw tremendous growth in 2017 (see [JA7113](#)) continue to feature prominently at supermarkets and convenience stores. Fuji Keizai Group, a private think tank, valued the market for “salad chicken” at 26.9 billion yen (\$24 million) in 2017 with projected growth to 31.1 billion yen (\$28 million) by 2022. Total chicken meat consumption in 2017 was estimated at 2.635 million MT.

Japan’s aging population and increasing urbanization are expected to bolster demand for prepared meals and ready-to-eat products featuring affordable, versatile proteins. Renewed consumer focus on healthy eating should promote greater consumption of chicken breasts (as used in “salad chicken”) compared to chicken thighs which have been more commonly used in Japanese cuisine.

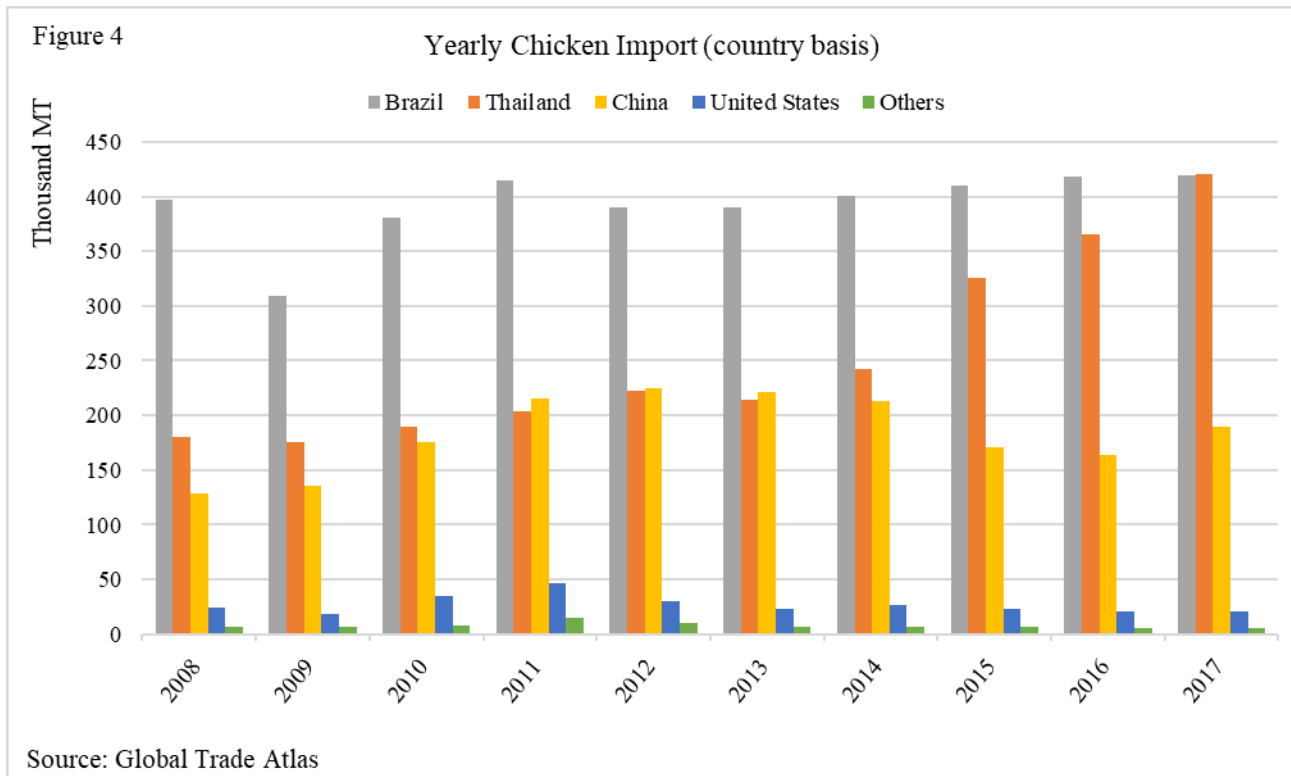
Household consumption, which accounts for around 40 percent of Japanese chicken consumption, is also ticking up. In 2017, per capita consumption of chicken (household only) reached 5.5 kilograms, up ten percent from five years prior. This largely reflects a gradual shift in consumer preferences away from fish toward more affordable proteins such as chicken and pork. With fish stocks limited and young Japanese consumers adopting more Western-style diets, FAS/Tokyo projects overall chicken consumption to continue trending upward, reaching 2.765 million MT in 2018.



Trade

Strong consumer demand for chicken is expected to drive retailers and foodservice providers to increase purchases of imported products in 2018. Through the first five months of the year, Japan imported 433,967 MT of chicken meat, up 11 percent compared to the same period in 2017. Japan's total chicken meat imports in 2017 were 1.056 million MT of which 54 percent was raw meat and 46 percent was processed chicken products.

Thailand continued its strong push into the market, edging out Brazil as the top chicken supplier to Japan in 2017. Since Japan lifted its avian influenza ban on Thai raw chicken in 2014 (see [JA4026](#)), Thailand has captured virtually all of the growth in Japan's market for imported chicken as imports from Brazil remain relatively flat. Together, the two countries accounted for 80 percent of Japan's chicken imports in 2017 with most of the remaining volume coming in processed products from China. With domestic production unable to keep up with demand, Japanese processors are increasingly turning to imported chicken for further processing. According to the Japan Ham and Sausage Processors Cooperative Association, the share of domestically processed chicken products using imported meat doubled between 2013 and 2017, growing from 7.6 percent to 14.5 percent. This trend is likely to continue in the near term as domestic production is primarily diverted to retail and foodservice. As such, FAS/Tokyo projects overall Japanese chicken imports to grow to 1.080 million MT in 2018, up two percent from the previous year. Ending stocks are projected to hold steady at 224,000 MT.



2019 Outlook

Prevailing market dynamics are expected to hold in 2019, with production tracking steadily upward on continued industry consolidation. FAS/Tokyo projects overall production to grow two percent to 1.730 million MT. Consumption growth may slow somewhat as newly popular products like “salad chicken” settle into market niches. However, trends in consumer demand and a preference for affordable proteins will continue to push overall chicken consumption upward. FAS/Tokyo forecasts consumption to reach 2.835 million MT in 2019, up 2.5 percent from 2018. Imports are expected to rise in tandem with consumption, growing nearly three percent to 1.110 million MT with ending stocks remaining stable at 222,000 MT.

Supplemental Tables:

Table 1: Monthly Average Wholesale Prices of Domestic Broiler Cuts

Unit: JP Yen per Kg.

Bone-less Leg										
	2014	% chg.	2015	% chg.	2016	% chg.	2017	% chg.	2018	% chg.
Jan.	710	11%	681	-4%	690	1%	703	2%	693	-1%
Feb.	682	10%	661	-3%	652	-1%	703	8%	686	-2%
Mar.	662	11%	653	-1%	637	-2%	688	8%	660	-4%
Apr.	637	11%	650	2%	633	-3%	669	6%		
May	620	9%	633	2%	632	0%	656	4%		
Jun.	600	10%	620	3%	620	0%	638	3%		
Jul.	581	9%	628	8%	614	-2%	600	-2%		
Aug.	569	5%	625	10%	608	-3%	574	-6%		
Sep.	590	2%	633	7%	610	-4%	572	-6%		
Oct.	617	0%	660	7%	640	-3%	599	-6%		
Nov.	634	-2%	672	6%	659	-2%	622	-6%		
Dec.	671	-3%	689	3%	684	-1%	656	-4%		
1st Qtr Ave.	685	10%	665	-3%	660	-1%	698	6%	679	-3%
2nd Qtr Ave.	619	10%	634	2%	629	-1%	654	4%		
3rd Qtr Ave.	580	5%	629	8%	610	-3%	582	-5%		
4th Qtr Ave.	641	-1%	674	5%	661	-2%	626	-5%		
Year Ave.	631	6%	650	3%	640	-2%	640	0%		

Breast										
	2014	% chg.	2015	% chg.	2016	% chg.	2017	% chg.	2018	% chg.
Jan.	265	19%	330	25%	298	-10%	270	-9%	318	18%
Feb.	268	28%	331	24%	272	-18%	291	7%	311	7%
Mar.	271	26%	338	25%	263	-22%	313	19%	319	2%
Apr.	272	23%	336	24%	257	-24%	327	27%		
May	278	20%	337	21%	255	-24%	340	33%		
Jun.	291	10%	342	18%	248	-27%	342	38%		
Jul.	291	5%	350	20%	245	-30%	333	36%		
Aug.	299	5%	353	18%	251	-29%	327	30%		
Sep.	315	12%	351	11%	259	-26%	329	27%		
Oct.	330	19%	349	6%	276	-21%	327	18%		
Nov.	332	23%	344	4%	284	-18%	325	14%		
Dec.	327	22%	327	0%	275	-16%	322	17%		
1st Qtr Ave.	268	24%	333	24%	278	-17%	292	5%	316	8%
2nd Qtr Ave.	280	17%	338	21%	253	-25%	336	33%		
3rd Qtr Ave.	302	7%	351	16%	252	-28%	330	31%		
4th Qtr Ave.	330	21%	340	3%	278	-18%	325	17%		
Year Ave.	295	17%	341	16%	265	-22%	320	21%		

Source: ALIC Monthly Statistics (Quarterly average price is compiled by FAS/Tokyo based on original ALIC monthly data.)

Table 2. Japanese Monthly Ending Poultry Stock Estimates

Unit: Metric Ton

	2013	2014	% chg.	2015	% chg.	2016	% chg.	2017	% chg.	2018	% chg.
Jan.	137,059	109,646	-20	124,518	14	147,314	18	137,206	-7	178,892	30
Feb.	138,905	109,702	-21	124,017	13	156,979	27	139,307	-11	186,993	34
Mar.	137,903	100,045	-27	117,368	17	156,444	33	135,759	-13	176,552	30
Apr.	132,563	102,887	-22	115,204	12	156,298	36	135,777	-13		
May	138,047	109,614	-21	116,936	7	162,872	39	142,376	-13		
Jun.	138,202	113,126	-18	123,687	9	167,880	36	151,028	-10		
Jul.	133,665	117,782	-12	123,955	5	167,803	35	147,703	-12		
Aug.	131,266	117,631	-10	129,096	10	169,453	31	157,855	-7		
Sep.	124,553	123,076	-1	131,548	7	165,114	26	161,461	-2		
Oct.	120,096	122,686	2	141,128	15	164,984	17	171,330	4		
Nov.	108,073	124,452	15	141,413	14	161,771	14	178,212	10		
Dec.	101,532	118,017	16	137,396	16	146,058	6	167,568	15		

Source: ALIC Monthly Statistics

Note: Figures represents the poultry meat estimates. Imported poultry cuts roughly accounts roughly 80% of ending stocks on the average with the majority being broiler meat.