

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry and Products Update

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Post: Tokyo

Report Category: Poultry and Products, Agricultural Situation

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Report Highlights:

Japan's chicken meat production in 2021 is projected to remain flat from 2020. A domestic outbreak of highly pathogenic avian influenza will continue to put downward pressure on supply while the lingering effects of the COVID-19 pandemic slow recovery in foodservice demand. Imports are projected to increase only slightly in 2021 as high domestic prices incentivize some processors to increase utilization of imported inputs. However, traders are likely to moderate imports by drawing down existing stocks.

Production, Supply, and Distribution Estimates:

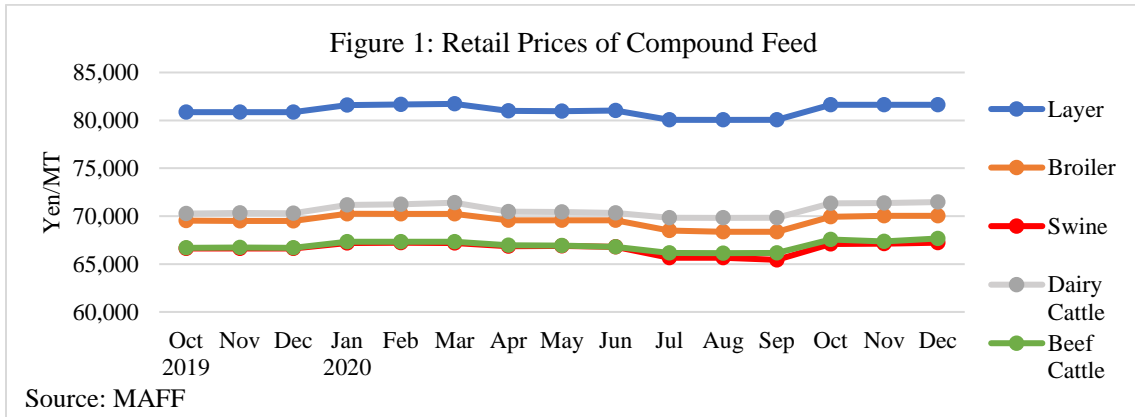
Meat, Chicken Market Year Begins Japan	2019		2020		2021 (Apr)	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	159	159	162	162	130	151
Production (1000 MT)	1723	1723	1770	1765	1765	1765
Total Imports (1000 MT)	1076	1076	1015	1005	1060	1010
Total Supply (1000 MT)	2958	2958	2947	2932	2955	2926
Total Exports (1000 MT)	7	7	8	8	8	8
Human Consumption (1000 MT)	2789	2789	2809	2773	2815	2775
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	2789	2789	2809	2773	2815	2775
Total Use (1000 MT)	2796	2796	2817	2781	2823	2783
Ending Stocks (1000 MT)	162	162	130	151	132	143
Total Distribution (1000 MT)	2958	2958	2947	2932	2955	2926
(1000 MT)						

Production

While official statistics for chicken production in Japan are not published, industry sources estimated that 2020 production finished around 2.4 percent higher than 2019 (bone-in product basis). This was slightly lower than FAS/Tokyo's original projection. As a result, FAS/Tokyo revises 2021 production lower to 1.765 million metric tons (MT). Highly pathogenic avian influenza (HPAI) continues to put downward pressure on domestic production volumes. The number of broilers culled due to HPAI between November 2020 and February 2021 totaled one million head, accounting for 0.7 percent of the total population. While some industry sources project one percent production growth in 2021, FAS/Tokyo anticipates production will remain flat due to weak growth in chick production. Industry surveys among chick producers revealed that most expect the chick supply to remain flat in 2020, in part due to stricter HPAI countermeasures.

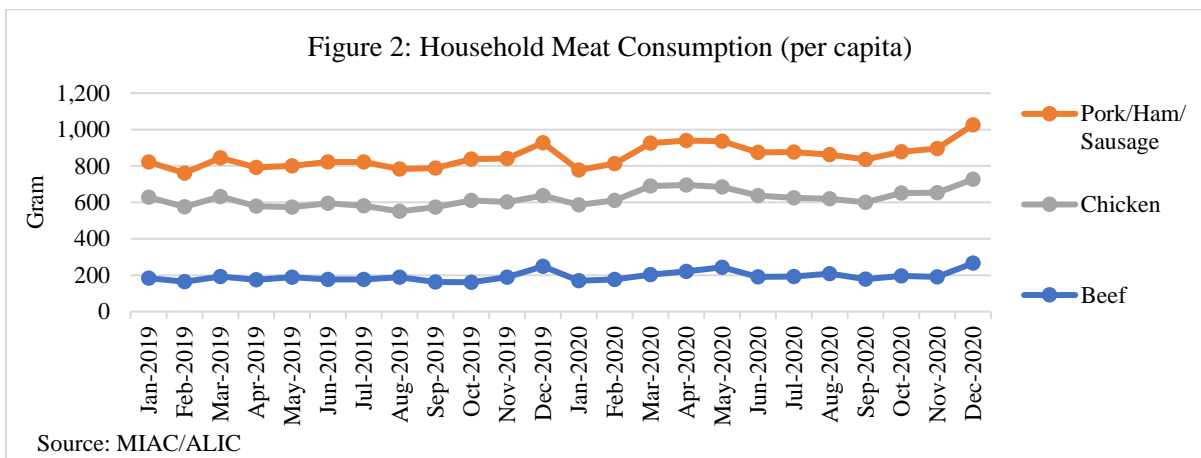
HPAI has disproportionately affected the layer population. Approximately nine million layers have been culled thus far, accounting for five percent of the overall population. As layers typically account for around 10 percent of Japan's chicken slaughter, this could put additional downward pressure on chicken supply in 2021.

Feed prices for layers and broilers have risen slightly since October 2020 but remain at roughly the same level as the first half of 2020. FAS/Tokyo does not anticipate this to have a significant effect on chicken production (Figure 1).

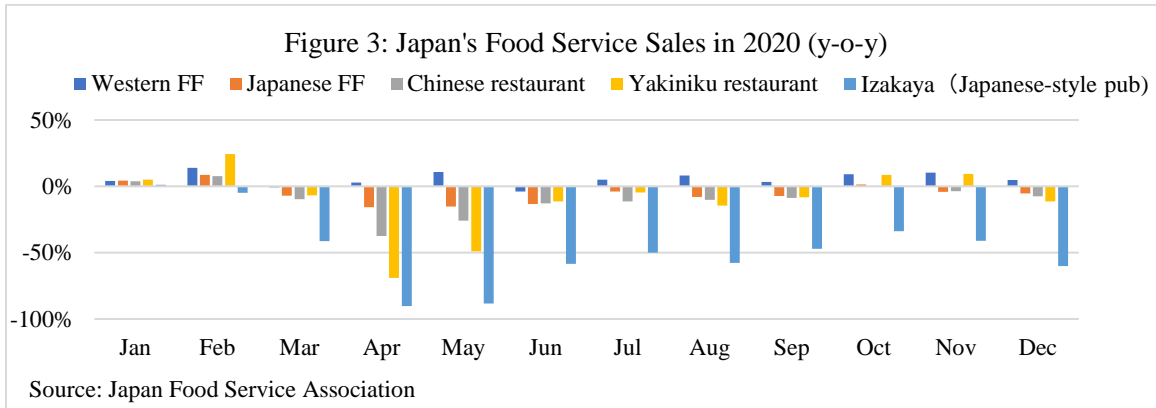


Consumption

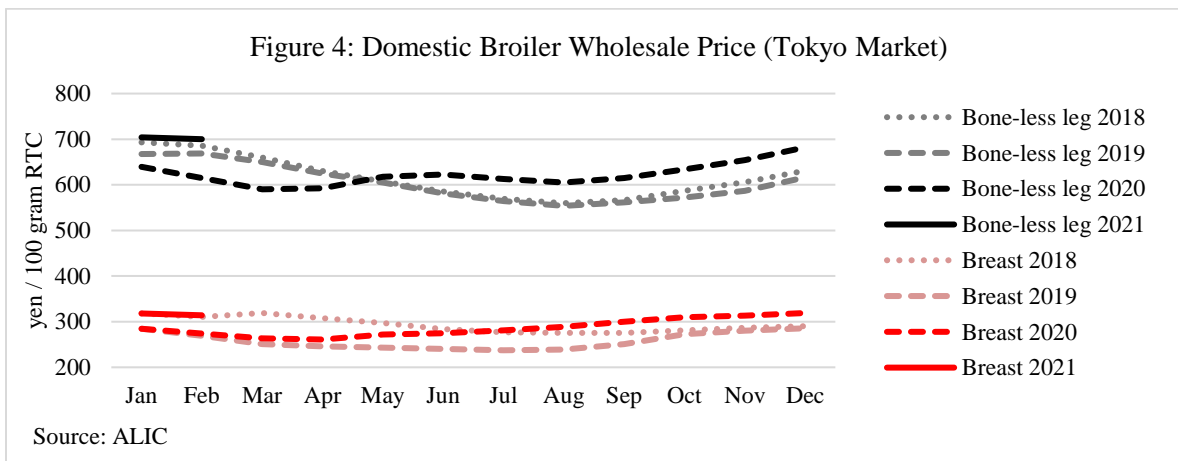
Japan's chicken consumption in 2021 is projected nearly flat from 2020. Strong household demand is expected to continue (Figure 2), but imports could replace domestic chicken on retail shelves due to rising domestic prices (Figure 4).



Industry sources indicate that consumers are increasingly turning to prepared/processed and take-out foods during the pandemic after an early boost in home-meal cooking. As reported in [JA2020-0154](#), fried chicken sales have increased. KFC, the largest fried chicken chain in Japan, announced that sales increased 7.6 percent year-on-year in February 2021. *Izakaya* restaurants (Japanese-style pubs), which are significant users of chicken, have struggled since spring 2020 (Figure 3), however several chains are now switching their business models to feature more take-out options and new products such as chicken burgers. Convenience stores have also expanded their product lineup to include more in-store cooked foods and snacks such as fried chicken and *karaage* (Japanese-style fried chicken) targeting increased family meals at home. Convenience stores are major users of imported prepared chicken.



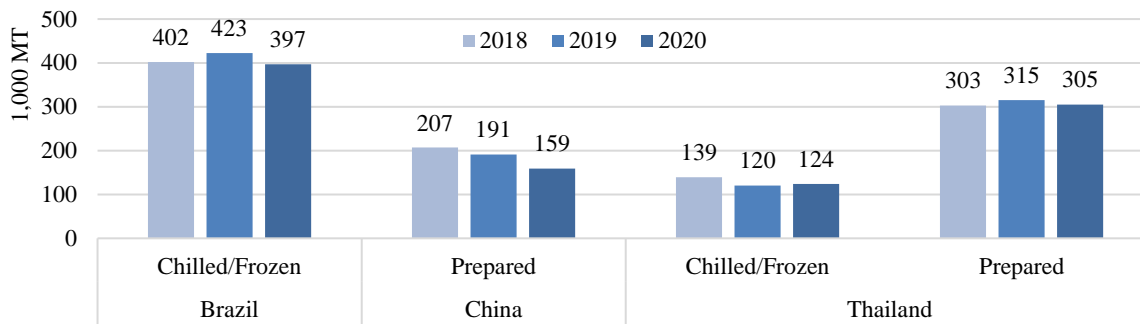
On sustained strong demand, industry sources project that boneless leg prices will remain high in 2021. Breast meat prices are projected to grow in the first half of 2021 before falling in the second half. Higher prices are expected to push processors to use more imported chicken.



Trade

FAS/Tokyo revises projected 2021 chicken imports to 1.010 million MT, up a half percent from 2020, but lower than FAS/Tokyo's previous projection. Weak foodservice demand during the pandemic pushed Japan's chicken imports sharply downward, falling seven percent. In particular, prepared chicken imports from Thailand and China, the two main suppliers, fell on reduced demand from *izakaya* pubs and other restaurants operating on shorter business hours (Figure 5). As pandemic concerns begin to ease, foodservice demand should begin to tick up again in the second half of 2021. In addition, the higher price of domestic chicken is likely to incentivize processors to use more imported inputs, reversing a trend from several years ago when processors preferred low-priced, underutilized domestic breast meat.

Figure 5: Japan's Chicken Imports from Brazil, China and Thailand



Source: Japan Customs

Sluggish demand in early 2020 temporarily pushed stocks upward, however buyers moderated imports in the second half of the year, drawing stocks down to 151,000 MT (Supplemental Table 2). FAS/Tokyo anticipates a further drawdown in stocks in 2021 as traders cautiously await recovery in foodservice demand.

Supplemental Tables

Supplemental Table 1: Monthly Average Wholesale Prices of Domestic Broiler Cuts

Unit: JP Yen per Kg.

Bone-less Leg											
	2016	2017	% chg.	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.
Jan.	690	703	2%	693	-1%	667	-4%	640	-4%	704	10%
Feb.	652	703	8%	686	-2%	669	-2%	615	-8%	700	14%
Mar.	637	688	8%	660	-4%	650	-1%	590	-9%		
Apr.	633	669	6%	630	-6%	625	-1%	593	-5%		
May	632	656	4%	607	-7%	605	0%	617	2%		
Jun.	620	638	3%	586	-8%	581	-1%	623	7%		
Jul.	614	600	-2%	569	-5%	565	-1%	613	9%		
Aug.	608	574	-6%	560	-2%	554	-1%	605	9%		
Sep.	610	572	-6%	567	-1%	561	-1%	615	10%		
Oct.	640	599	-6%	587	-2%	572	-2%	634	11%		
Nov.	659	622	-6%	606	-3%	586	-3%	654	12%		
Dec.	684	656	-4%	631	-4%	616	-2%	682	11%		
1st Qtr Ave.	660	698	6%	679	-3%	662	-3%	615	-7%		
2nd Qtr Ave.	629	654	4%	608	-7%	603	-1%	611	1%		
3rd Qtr Ave.	610	582	-5%	565	-3%	560	-1%	611	9%		
4th Qtr Ave.	661	626	-5%	608	-3%	592	-3%	657	11%		
Year Ave.	640	640	0%	615	-4%	604	-2%	623	3%		

Breast											
	2016	2017	% chg.	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.
Jan.	298	270	-9%	318	18%	285	-11%	284	0%	318	12%
Feb.	272	291	7%	311	7%	269	-13%	274	2%	314	15%
Mar.	263	313	19%	319	2%	251	-21%	263	5%		
Apr.	257	327	27%	308	-6%	246	-20%	261	6%		
May	255	340	33%	297	-13%	243	-18%	272	12%		
Jun.	248	342	38%	284	-17%	241	-15%	275	14%		
Jul.	245	333	36%	277	-17%	237	-14%	281	18%		
Aug.	251	327	30%	275	-16%	239	-13%	289	21%		
Sep.	259	329	27%	276	-16%	251	-9%	300	20%		
Oct.	276	327	18%	281	-14%	273	-3%	310	14%		
Nov.	284	325	14%	287	-12%	280	-2%	313	12%		
Dec.	275	322	17%	290	-10%	286	-1%	319	12%		
1st Qtr Ave.	278	292	5%	316	8%	268	-15%	274	2%		
2nd Qtr Ave.	253	336	33%	296	-12%	243	-18%	269	11%		
3rd Qtr Ave.	252	330	31%	276	-16%	242	-12%	290	20%		
4th Qtr Ave.	278	325	17%	286	-12%	280	-2%	314	12%		
Year Ave.	265	320	21%	293	-8%	258	-12%	287	11%		

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

Supplemental Table 2: Japanese Monthly Ending Poultry Stock Estimates

Unit: Metric Ton

-	2016	% chg.	2017	% chg.	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.
Jan.	147,314	18	137,206	-7	178,892	30	162,133	-9	166,107	2	156,031	-6
Feb.	156,979	27	139,307	-11	186,993	34	158,883	-15	167,710	6		
Mar.	156,444	33	135,759	-13	176,552	30	152,329	-14	170,447	12		
Apr.	156,298	36	135,777	-13	170,714	26	153,163	-10	171,702	12		
May	162,872	39	142,376	-13	173,042	22	152,778	-12	169,368	11		
Jun.	167,880	36	151,028	-10	166,035	10	153,595	-7	170,786	11		
Jul.	167,803	35	147,703	-12	167,950	14	156,610	-7	170,149	9		
Aug.	169,453	31	157,855	-7	168,961	7	156,959	-7	167,132	6		
Sep.	165,114	26	161,461	-2	162,803	1	164,346	1	166,214	1		
Oct.	164,984	17	171,330	4	166,766	-3	167,174	0	160,947	-4		
Nov.	161,771	14	178,212	10	166,174	-7	166,192	0	157,700	-5		
Dec.	146,058	6	167,568	15	159,383	-5	161,807	2	151,091	-7		

Source: ALIC Monthly Statistics

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

Attachments:

No Attachments.