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Japan

Poultry and Products Annual

2013 Broiler Market Situation Update and 2014 Outlook

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Report Highlights:

Japan’s 2013 broiler market demand and supply situation has been more in balance compared to the previous year’s surplus. Total broiler consumption in 2013 and 2014 is projected to be just moderately lower than the 2012 record level. Solid demand for broilers in the retail and ready-to-eat food business sectors is expected to be sustained. The national broiler output, after the record high of 2012, is projected to remain relatively high, capping growth prospects for imports.

The GOJ is undertaking a disease status review on its possible resumption of imports of Thai raw broiler meat for the first time since 2004. Any resumption during this reporting period is not expected to change the overall demand and supply outlook, but rather affect Brazil’s market share.

Executive Summary:

Surplus supplies of relatively low priced broilers (both domestic and imports) pushed Japan's 2012 total broiler consumption to a record high level at 2.165 million metric tons (MT). This surplus condition was greatly alleviated toward year end owing to reduced total imports, especially of raw broiler meat from Brazil and the United States. In 2012, for the first time in history, quantities of imported prepared and processed products outpaced imported raw broiler meat, driven by Japan's continued solid demand for ready-to-eat foods (lunch boxes and take-out meals sold/served at retail, food service, and convenience chains).

Post projections for Japan's total broiler consumption in 2013 and 2014 are only moderately lower than the high of 2012, remaining at a relatively high level. Total domestic broiler production, which also reached a record high level in 2012 at 1.325 million MT, is forecast to be moderately lower in 2013 and to remain unchanged in 2014, assuming continued solid overall demand for domestic broiler meat, especially in the retail sector. Therefore, Post's projections for imported raw broiler meat and prepared and processed products for 2013 and 2014 are expected to be capped just below 2012 levels. Meanwhile, as in 2012, quantities of imported prepared and processed products are expected to remain higher than imported raw broiler meat, reflecting a continued shift in market demand away from the food service sector and towards ready-to-eat foods.

Commodities:

Poultry, Meat, Broiler

Production, Supply and Demand Data Statistics:

Broiler PS&D Table

Poultry, Meat, Broiler 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
Inventory (Reference)	110	107	109	106		106
Slaughter (Reference)	640	650	645	635		635
Beginning Stocks	147	147	129	129		119
Production	1,332	1,325	1,330	1,305		1,305
Total Imports	876	877	860	860		855
Total Supply	2,355	2,349	2,319	2,294		2,279
Total Exports	7	7	10	10		10
Human Consumption	2,219	2,213	2,185	2,165		2,155
Other Use, Losses	0		0	0		0
Total Dom. Consumption	2,219	2,213	2,185	2,165		2,155
Total Use	2,226	2,220	2,195	2,175		2,165
Ending Stocks	129	129	124	119		114
Total Distribution	2,355	2,349	2,319	2,294		2,279
MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG						

Author Defined:

Preface

This report is an update to JA2022 Japan Poultry and Products Annual, dated September 1, 2012 (see the link below) and to revised March 2013 PS&D numbers.

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Tokyo_Japan_8-31-2012.pdf

Broilers comprise over 90 percent of Japan's domestic poultry production, with the remainder mostly being spent hens. Very few other poultry species (mainly quail for eggs) are produced. Total consumption in the PS&D table accounts for domestic broiler meat output (dressed whole bird, bone-in), imported broiler meat (raw meat of bone-in as well as boneless cuts mixed with a high percentage of bone-less cuts), and imported prepared and processed broiler meat products (cooked boneless meat). Stocks data include domestic poultry meat as well as imported broiler cuts and meat (accounting for roughly 70 – 75 percent of total stocks), but do not include imported prepared and processed products.

The quantities discussed in the text use product weight basis. Conversion rates are not used for domestic broiler or for import (customs cleared weight) numbers described in the text, unless otherwise specified.

All supplemental tables in the report are provided for the reader's own analysis.

Broiler:

2014 Broiler Market Outlook

-Total Consumption Projected to be Sustained at a Relatively High Level in 2014

With no sign of domestic production decreasing in 2014, ample supplies of domestic broiler meat should continue to hold Japan's total imports just below or at the 2013 level. Increased U.S. beef imports are expected to lead to intense cross commodity competition with imported pork and imported broiler meat (including prepared and processed products), plus low-priced domestic breast meat that has been in ample supply since 2012 for use in Japan's ready-to-eat food business and food service industry. This situation is projected to continue to trim Japan's demand for imported raw broiler meat in 2014, especially for the food service sector.

As mentioned in the 2013 Market Situation Update and Outlook Section, one potential market development that could affect the 2014 import outlook is the timing of Japan's resumption of Thai raw broiler meat imports; Japan's scientific review of Thailand's poultry disease free status (including avian influenza) is still ongoing.

In light of the above, Post outlook projections for Japan's 2014 broiler market demand and supply are similar to 2013 levels: total consumption to 2.155 million MT, marginally lower from the 2013 projected level; total imports slightly down to 855,000 MT, due to a slight decline in imports of raw broiler meat, but unchanged for prepared and processed broiler meat; and total domestic production unchanged at 1.305 million MT.

Any resumption of Thai raw broiler meat imports in late 2013 or early 2014 is expected to impact Brazil's share of the Japanese import of raw broiler meat (over 90 percent of total raw broiler meat imports) , rather than Japan's overall broiler demand (see Table 4-A). Re-entry of Thai raw broiler meat would certainly create price offer competition with Brazilian raw broiler meat, particularly for boneless leg and other cuts. Following the EU's resumption of Thai broiler meat in 2012, a Japanese resumption could help open export opportunities to some other countries that have banned Thai broiler meat since 2004, putting upward pressure on Thai broiler meat export prices (see Note 1).

Note 1: China, Thailand and Brazil were the major exporters that dominated Japan's imported raw broiler meat market before 2004. When HPAI swept through Asia in 2004, the GOJ suspended imports of raw broiler meat from Thailand and China, but quickly worked out a specific protocol to allow imports of heat-treated broiler meat products (cooked). Japanese meat trade is eagerly awaiting Japan's resumption of Thai raw broiler meat so they can diversify supply sources, thus lessening their reliance on a single supply source (Brazil). Like Brazil, Thailand is capable of supplying boneless portion controlled cuts (legs and other cuts) to meet the detailed Japanese specifications.

2013 Broiler Market Situation Updates and Outlook (Revised)

- Total Broiler Consumption and Total Imports to Decrease Moderately in 2013

Japan's 2012 broiler market started with large carryover poultry stocks (estimated at 147,000 MT) due to an oversupply situation that developed in 2011 as a result of a substantially increased imports and a faster than anticipated recovery of domestic broiler meat production after the triple disasters of March 11, 2011 (see JA 2022, Japan Poultry and Products Annual). In contrast, the 2013 market started with smaller beginning stocks (estimated at 129,000 MT – mostly consisting of imported raw broiler meat) as the 2012 surplus situation led to reduced imports of raw broiler meat from Brazil and the United States toward the end of 2012. The demand and supply adjustment that took place during 2012 appears to have brought the 2013 supply situation more in balance with demand, while sustaining a level of consumption close to the record level reached in the previous year (see Table 2).

Note 2: In 2012, Japan's total domestic broiler production reached a record high level (up six percentage points to 1.325 million MT). Increased supply of domestic broiler meat (fresh/chilled boneless leg and breast) was partially absorbed also by a record high level of total consumption (up five percentage points to 2,212 million MT). Increased average household purchase of fresh/chilled domestic broiler meat (up seven percentage points) and increased use of imported prepared and processed broiler meat products from Thailand and China were the main drivers of overall market growth in 2012 (see Table 1 and Table 3).

Japan's 2012 total broiler imports were moderately lower than the previous year at 876,691 MT (raw broiler meat: down 10 percentage points to 425,306 MT; prepared and processed broiler meat products: up seven percentage points to 451,385 MT). Despite its reduced price offer, Brazilian broiler meat exports fell by six percentage points to 387,469 MT as importers cut back on imports from Brazil due to a high level of carryover stocks and competition with a high volume of low-priced domestic broiler meat. However, in 2012 Brazil remained the single largest supplier of raw broiler meat (frozen cuts, mostly boneless) to Japan, accounting for 91 percent of total imports. U.S. broiler meat, in the absence of extra demand for other cuts on top of traditional bone-in leg (as was seen in the aftermath of the March 2011 earthquake) plunged 36 percentage points to 29,386 MT, accounting for seven percent of the import market (See table 4 A).

Japan's continued solid demand for ready-to-eat food (lunch boxes and take-out meals sold/served at retail, food service, and convenience chains) continues to raise imports of prepared and processed broiler meat products supplied from Thailand and China. In 2012, for the first time in history, quantities of imported prepared and processed products were higher than that of raw broiler meat.

At this time, Post does not anticipate any major changes in Japan's 2013 broiler trade map. However, imports of Brazilian raw broiler meat may fall moderately due to a fairly ample supply of relatively low-priced domestic breast meat for the retail and food service sectors. Further, imports of prepared and processed broiler meat products, mainly from Thailand and China, are expected to face tough competition from domestic breast meat as well as imported pork and beef cuts in the ready-to-eat food business sector.

In 2013, the Ministry of Agriculture, Forestry and Fisheries (MAFF) began a scientific review of Thailand's poultry disease free status – focusing particularly on avian influenza. It is uncertain, however, how long this process will take to complete. Upon completion of its review and necessary consultations with Thailand (to establish a new animal health protocol), Japan is expected to resume importation of raw broiler meat from Thailand for the first time since 2004 (see Note 3).

Note 3: According to OIE, Thailand declared itself free from highly pathogenic avian influenza (HPAI) in February 2009, and the country has had no reported cases of avian influenza since. The EU completed an assessment and, in 2012, resumed its importation of raw broiler meat from Thailand. Thailand has been requesting Japan review the disease status for some time, and MAFF sent a team in March 2013 to assess the situation; the evaluation report is currently under review.

So far, despite high feed costs, domestic hatcheries reportedly intend to keep this year's output roughly the same as last year's level in response to continued solid consumption of domestic broiler meat in the retail sector. Average market prices have been trending moderately down for domestic leg, but significantly up for breast meat, which seems to be offsetting weak prices for leg meat. Market demand for relatively low-priced domestic breast in retail, food service and even for use in ready-to-eat food business appears to continue to be solid in 2013 (see Table 2). Domestic producers are reportedly pressing the government for support measures to alleviate impact of high feed grain prices on their operations.

However, the severe hot summer weather that has hit two of the nation's top three broiler producing prefectures in the Southern province of Kyushu this year (namely Miyazaki and Kagoshima) may have a negative effect on 2013 total national output, for which Post projects a moderate decline from the previous year to 1.305 million MT.

In light of the above, Post projects Japan's 2013 total broiler consumption to continue at a relatively high level at 2.165 million MT, down only moderately from the record 2012 volume. Amid competition from a relatively high level of domestic broiler production projected for 2013, especially domestic broiler meats, total imports are expected to be moderately lower at 860,000 MT (Raw broiler meat: 415,000 MT, down two percentage points; Prepared and processed products: 445,000 MT, down one percentage point). The 2013 year ending stocks are also projected to decline further to a historical average level of 119,000 MT.

2013 First Half Import Results:

Compared to the same period last year, Japanese imports of prepared and processed broiler meat products in the first half of 2013 (up one percentage point at 205,186 MT) continued to outpace imports of raw broiler meat (down two percentage points at 207,294 MT) as importers have been hesitant to commit to purchases amid continued overall ample supplies of both raw broiler meat and prepared and processed products. Chinese prepared and processed broiler product exports were down five percentage points, indirectly affected by food safety scares related to avian influenza and others, but this reduction was more than offset by a modest increase in Thai exports. Brazilian raw broiler meat exports were up slightly to 194,786 MT, which only slightly offset a 19 percentage point decline in U.S. raw broiler meat exports to 10,222 MT (partially affected by a weak yen-dollar exchange rate).

Supplemental Tables:

Table 1: Average Monthly Expenditures and Quantities of Selected Commodities Purchased per Household (two or more person household) Year to Date (YTD)

	Beef				Pork				Chicken			
	Expenditure (JP Yen)		Quantity (gram)		Expenditure (JP Yen)		Quantity (gram)		Expenditure (JP Yen)		Quantity (gram)	
CY 2009	**20,166**		**7,045**		**24,790**		**18,639**		**12,614**		**13,649**	
CY 2010	**18,965**		**6,933**		**23,959**		**18,501**		**12,387**		**13,755**	
% Chg.	**-6%**		**-2%**		**-3%**		**-1%**		**-2%**		**1%**	
CY 2011	**18,597**		**6,782**		**24,740**		**18,989**		**12,802**		**13,705**	
% Chg.	**-2%**		**-2%**		**3%**		**3%**		**3%**		**0%**	
CY 2012	**18,173**		**6,765**		**23,771**		**18,770**		**12,769**		**14,614**	
% Chg.	**-2%**		**0%**		**-4%**		**-1%**		**0%**		**7%**	
	Beef				**Pork**				**Chicken**			
CY 2013	**Expenditure**		**Quantity**		**Expenditure**		**Quantity**		**Expenditure**		**Quantity**	
Jan.	1,581	8%	600	8%	2,015	-1%	1,600	-1%	1,077	-5%	1,230	-2%
Feb.	1,378	3%	527	0%	1,959	-2%	1,551	-1%	1,028	-6%	1,215	-3%
Mar.	1,616	10%	554	-7%	2,113	6%	1,691	5%	1,082	-2%	1,262	-1%
Apr.	1,563	10%	563	3%	2,084	8%	1,653	9%	1,077	1%	1,244	2%
May	1,604	7%	617	4%	2,020	5%	1,597	6%	1,074	3%	1,236	4%
Jun.	1,581	13%	598	10%	2,022	7%	1,616	7%	1,055	7%	1,318	14%
CY 2012 (Jan. - Jun.)	**8,577**		**3,359**		**11,789**		**9,325**		**6,432**		**7,325**	
CY 2013 (Jan. - Jun.)	**9,323**		**3,459**		**12,213**		**9,708**		**6,393**		**7,505**	
% Chg.	**9%**		**3%**		**4%**		**4%**		**-1%**		**2%**	

Source: Ministry of Internal Affairs and Communication Bureau

	Ground Meat				Ham				Sausage			
	Expenditure (JP Yen)		Quantity (gram)		Expenditure (JP Yen)		Quantity (gram)		Expenditure (JP Yen)		Quantity (gram)	
CY 2009	**2,045**		**1,888**		**5,670**		**2,947**		**7,197**		**5,324**	
CY 2010	**1,932**		**1,853**		**5,618**		**2,993**		**7,067**		**5,434**	
% Chg.	**-6%**		**-2%**		**-1%**		**2%**		**-2%**		**2%**	
CY 2011	**1,982**		**1,892**		**5,634**		**3,025**		**7,099**		**5,400**	
% Chg.	**3%**		**2%**		**0%**		**1%**		**0%**		**-1%**	
CY 2012	**1,920**		**1,860**		**5,626**		**3,059**		**7,076**		**5,466**	
% Chg.	**-3%**		**-2%**		**0%**		**1%**		**0%**		**1%**	
CY 2013	**Ground Meat**				**Ham**				**Sausage**			
	Expenditure		**Quantity**		**Expenditure**		**Quantity**		**Expenditure**		**Quantity**	
Jan.	153	-3%	152	-1%	326	-2%	182	1%	539	0%	414	-2%
Feb.	147	1%	151	2%	303	-1%	172	-1%	542	-2%	428	-2%
Mar.	165	-4%	160	-6%	352	-1%	197	-2%	579	-4%	460	-1%
Apr.	168	4%	158	3%	368	1%	207	0%	608	1%	469	1%
May	168	-1%	152	-3%	404	1%	225	0%	636	1%	505	4%
Jun.	185	9%	175	10%	514	11%	284	16%	605	5%	480	6%
CY 2012 (Jan. - Jun.)	**974**		**941**		**2,222**		**1,233**		**3,502**		**2,724**	
CY 2013	**986**		**948**		**2,267**		**1,267**		**3,509**		**2,756**	

(Jan. - Jun.)												
% Chg.	**1%**		**1%**		**2%**		**3%**		**0%**		**1%**	

Source: Ministry of Internal Affairs and Communication Bureau

	Bacon				**Yakitori**				**Cutlet**			
	Expenditure (JP Yen)		**Quantity (gram)**		**Expenditure (JP Yen)**		**Quantity (gram)**		**Expenditure (JP Yen)**		**Quantity (gram)**	
CY 2009	**2,391**		**1,379**									
CY 2010	**2,275**		**1,380**									
CY 2011	**2,429**		**1,489**		**1,896**				**1,000**			
% Chg.	**7%**		**8%**									
CY 2012	**2,398**		**1,470**		**1,952**				**1,019**			
% Chg.	**-1%**		**-1%**		**3%**				**2%**			
	Bacon				**Yakitori**				**Cutlet**			
CY 2013	**Expenditure**		**Quantity**		**Expenditure**		**Quantity**		**Expenditure**		**Quantity**	
Jan.	173	-8%	106	-6%	140	8%			126	2%		
Feb.	191	-2%	120	4%	120	-5%			118	-1%		
Mar.	221	8%	142	20%	160	1%			134	-12%		
Apr.	219	6%	133	2%	159	-5%			122	-5%		
May	216	-3%	137	0%	165	2%			143	2%		
Jun.	212	5%	133	3%	171	1%			146	10%		
CY 2012 (Jan. - Jun.)	**1,218**		**742**		**915**				**797**			
CY 2013 (Jan. - Jun.)	**1,232**		**771**		**915**				**789**			
% Chg.	**1%**		**4%**		**0%**				**-1%**			

Source: Ministry of Internal Affairs and Communication Bureau

Table 2: Monthly Average Wholesale Price of Domestic Broiler YTD, Boneless Leg and Breast Meat (Fresh/Chilled)

						Unit: JP Yen per Kg.	
Bone-less Leg							
	2010	**2011**	**% chg.**	**2012**	**% chg.**	**2013**	**% chg.**
Jan.	674	707	5%	627	-11%	642	2%
Feb.	677	705	4%	609	-14%	622	2%
Mar.	677	698	3%	594	-15%	596	0%
Apr.	667	700	5%	578	-17%	574	-1%
May	652	696	7%	572	-18%	567	-1%
Jun.	629	659	5%	564	-14%	544	-4%
Jul.	580	625	8%	555	-11%	534	-4%
Aug.	541	595	10%	533	-10%		
Sep.	544	599	10%	518	-13%		
Oct.	575	614	7%	537	-13%		
Nov.	622	607	-2%	573	-6%		

Dec.	662	602	-9%	611	2%		
1st Qtr Ave.	676	703	4%	610	-13%	620	2%
2nd Qtr Ave.	649	685	5%	571	-17%	562	-2%
3rd Qtr Ave.	555	606	9%	535	-12%		
4th Qtr Ave.	620	608	-2%	574	-6%		
Year Ave.	**625**	**651**	**4%**	**572**	**-12%**		
Breast							
	2010	**2011**	**% chg.**	**2012**	**% chg.**	**2013**	**% chg.**
Jan.	210	279	33%	208	-25%	222	7%
Feb.	201	276	37%	190	-31%	210	11%
Mar.	197	273	39%	179	-34%	215	20%
Apr.	200	277	39%	172	-38%	222	29%
May	206	279	35%	171	-39%	231	35%
Jun.	227	266	17%	175	-34%	264	51%
Jul.	244	272	11%	177	-35%	276	56%
Aug.	250	273	9%	176	-36%		-100%
Sep.	255	270	6%	182	-33%		-100%
Oct.	252	261	4%	202	-23%		-100%
Nov.	260	249	-4%	227	-9%		-100%
Dec.	275	232	-16%	235	1%		-100%
1st Qtr Ave.	203	276	36%	192	-30%	216	12%
2nd Qtr Ave.	211	274	30%	173	-37%	239	38%
3rd Qtr Ave.	250	272	9%	178	-34%		
4th Qtr Ave.	262	247	-6%	221	-10%		
Year Ave.	**231**	**267**	**15%**	**191**	**-28%**		

Source: ALIC Monthly Statistics

Table 3: Monthly Ending Stocks of Poultry Meat

Unit: Metric Ton

	2010	**2011**	**% chg.**	**2012**	**% chg.**	**2013**	**% chg.**
Jan.	115,656	111,439	-4%	153,923	38%	137,059	-11%
Feb.	116,123	105,321	-9%	152,515	45%	138,905	-9%
Mar.	109,643	106,385	-3%	147,844	39%	137,903	-7%
Apr.	107,481	105,289	-2%	147,708	40%	132,563	-10%
May	106,746	115,480	8%	155,341	35%	138,047	-11%
Jun.	112,510	127,292	13%	152,780	20%	138,202	-10%
Jul.	118,832	136,550	15%	160,545	18%		
Aug.	120,151	144,085	20%	160,705	12%		
Sep.	119,873	137,994	15%	153,832	11%		
Oct.	118,247	137,925	17%	149,564	8%		
Nov.	115,054	148,184	29%	145,932	-2%		
Dec.	108,859	**147,358**	**35%**	129,057	**-12%**		

Source: ALIC Monthly

Table 4-A: Japanese Imports of Broiler Meat/CIF Price YTD

Unit: Metric Ton (Customs Clearance Basis)

Partner Country	**Calendar Year (Jan. - Dec.)**					**Year To Date (Jan. - Jun.)**		
	2010	**2011**	**2012**	**% Chg. (2012/2011)**	**2012 Share**	**06/2012**	**06/2013**	**% Chg.**
World	420,253	471,841	425,306	-10%	100%	210,561	207,294	-2%

Brazil	379,982	413,066	387,469	-6%	91%	193,105	194,786	1%
United States	34,183	46,221	29,386	-36%	7%	12,698	10,222	-19%
Philippines	3,988	6,869	5,379	-22%	1%	2,997	1,686	-44%
Others	2,100	5,685	3,072	-46%	1%	1,761	600	-66%

Source of Data: Global Trade Atlas (Japan Customs)

Unit Value(United States Dollars)							
Partner Country	Calendar Year (Jan. – Dec.)				Year To Date (Jan. – Jun.)		
	2010	2011	2012	% Chg. (2012/2011)	06/2012	06/2013	%Chg.
World	2,606	3,476	2,801	-19%	2,948	2,852	-3%
Brazil	2,647	3,572	2,816	-21%	2,970	2,869	-3%
United States	1,934	2,592	2,299	-11%	2,280	2,199	-4%

Source of Data: Global Trade Atlas (Japan Customs)

Table 4-B: Japanese Imports of Prepared and Processed (Cooked) Broiler Products/CIF Price YTD

Unit: Metric Ton (Customs Clearance Basis)								
Partner Country	Calendar Year (Jan. - Dec.)					Year To Date (Jan. - Jun.)		
	2010	2011	2012	% Chg. (2012/201)	2012 Share	06/2012	06/2013	% Chg.
World	368,364	422,724	451,385	7%	100%	207,262	205,186	-1%
China	175,506	214,998	224,562	4%	50%	106,505	101,626	-5%
Thailand	190,100	203,193	222,019	9%	49%	98,436	101,509	3%
Others	2,758	4,533	4,804	6%	1%	2,321	2,051	-12%

Source of Data: Global Trade Atlas (Japan Customs)

Unit Value(United States Dollars)							
Partner Country	Calendar Year (Jan. – Dec.)				Year To Date (Jan. – Jun.)		
	2010	2011	2012	% Chg. (2012/2011)	06/2012	06/2013	% Chg.
World	4,306	4,841	4,953	2%	4,981	4,876	-2%
Thailand	4,522	5,153	5,109	-1%	5,111	5,123	0%
China	4,070	4,553	4,812	6%	4,872	4,654	-4%

Source of Data: Global Trade Atlas (Japan Customs)