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Approved by:
Casey E. Bean
U.S. Embassy
Prepared by:
Kakuyu Obara

Report Highlights: During 2000 the Japanese consumer's quest for value and convenience resulted in reduced retail expenditures on poultry and lower wholesale prices, while domestic broiler meat production continued its gradual decline. Japan's imports of broiler meat in 2000 are forecast at 550,000 MT, about the same as last year, though the U.S. total fell 16% to 94,000 MT. China and Brazil's market share both grew due to weak currencies and stepped-up output enabling competitive pricing. Japan's imports of processed egg products are forecast modestly up in 2000, benefitting U.S. yolk and whole egg product suppliers, due to hot summer demand for desserts.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Japanese Poultry Meat Market Situation and Outlook

Japan's Imports of Broiler Meat in 2000 Forecast at Last Year's Level, Despite Reduced Domestic Supplies, and Weak Demand for Broiler Meat Consumption Putting Downward Pressure on Wholesale Prices and Raising Inventories

Lethargic retail demand continues in 2000 for domestic boneless leg meat. Though Japan's household chicken consumption meat during the first half fell only 1% in volume (down 5% in expenditure) from a year ago, 2-3% declines occurred each month after April. Average wholesale prices of broiler parts have been weak during the first half of 2000, reflecting the slow down in table broiler meat consumption for boneless leg meat, down 6% to 618 yen per kg ($2.60/lb), and for breast meat, down 24% to 202 yen per kg ($0.85/lb).

Japanese consumers are increasingly buying less-expensive parts like wing packs, according to market sources. Even more popular in the retail sector is the *yakitori* pack, which contains a half dozen sticks of cooked and prepared *yakitori* (with sauce), mostly imported from China and Thailand. According to an industry source, "customers just take it to home, warm it up, and eat it. It is convenient and inexpensive." Solid sales of such prepared products are putting pressure on sales of domestic broiler parts in Japan's retail market

Post revised downward the domestic poultry and broiler supply forecast to reflect modestly reduced domestic broiler output during the first half this year. The prevailing market conditions - soft retail demand and weak prices for broiler parts - point to a continued decline in annual output. Higher year-ending inventories are projected, mostly imported frozen leg parts, due to continued stagnant Japanese broiler meat consumption in 2000.

Japan's total poultry and broiler imports in 2000 were revised upwards from the most recent semi-annual forecasts from 535,000 to 565,000 MT and from 520,000 MT to 550,000 MT (PWE). These levels are about the same as 1999. Imports of U.S. broiler meat are forecast to fall 10% to 94,000 MT for a 17% import market share, 2 points down from a year ago, while imports of Brazilian broiler meat are forecast to rise to 110,000 MT, increasing market share to 20%.

The slow recovery of the economy has affected consumer purchases in Japan's HRI sector the last 2-3 years, with month on month sales declines. During the first half of 2000, the situation was described as lethargic, with the exception of the HMR sector. Sluggish HRI demand for imported broiler parts resulted in an over-supply of broiler parts during the first half this year. Japan's broiler imports for January-June 2000 were up 5 percent from a year ago, reaching 275,467 MT. By country, the breakdowns were: U.S. 40,774 MT, down 22%; China 116,778 MT, up 11%; and Thailand 63,747 MT, unchanged; and Brazil 53,570 MT, up 35%.

Japan's increased imports of broiler meat from China and Brazil led to higher monthly-ending frozen inventories, and wholesale prices of imported parts fell sharply amid stagnant demand for imported broiler in Japan's HRI sector. Monthly ending frozen stocks in May are estimated to be up 20% to 116,000 MT (imported parts up 31% or 97,560 MT and domestic parts down 15% or 18,500 MT) compared to the same month of the previous year. Average imported part prices for the first half fell 10- 30% from the previous year as follows, bone-in leg (per kg), by country: U.S. - 205 yen, down 22%, Thailand - 309 yen, down 12% and Brazil - 304 yen, down 13%. For bone-less leg (per kg) prices were: U.S. - 271 yen, down 22%, Thailand - 317 yen, down 16%, Brazil - 249 yen, down 29%, China - 259 yen, down 23%.

Other factors leading to wholesales price declines for imported parts included the strong yen relative to the currencies in China and Brazil and high production in supplying countries. These combinations of factors are particularly applicable to China with its low offer prices and high output due to increased production and strengthened exporting capacities fueled by foreign investment. Brazil's weak currency and low price for broiler parts, impacted by sluggish demand from EU for breast meat this year, also drove exports from that country.

Chinese-Prepared Yakitori in HRI/HMR Sector, Popular with Japan's Convenience-Seeking Consumer, a Bright Spot in the Market

In contrast to the overall slumping market situation, January-June 2000 imports of prepared broiler and poultry products reached 69,562 MT, a jump of 30% from a year before owing to an import surge from China. Imports from this country surged 55% (41,540 MT) compared with 1999. At this import pace, annual volume will likely reach 140,000 MT, up 20% compared to 1999.

The Japanese consumer's quest for convenience, coupled with strong yen, has boosted Japan's imports of prepared chicken products. During January-June 2000, prepared chicken products from China and Thailand flooded supermarkets, fast food, family restaurants, drinking pubs, convenience shops, and lunch box chains.

This convenience trend negatively affected U.S. suppliers because increased use of prepared products reduces Japan's meat processor demand for U.S. bone-in leg for further deboning and portioning. As evidence, reduced imports of U.S. broiler meat in the first half occurred.

Regarding any negative impact of mandatory product origin labeling on U.S. bone-in leg, evidence suggests this issue is not attributable for the reduced imports of U.S. legs because shipments from other suppliers have increased. Russia, China and Hongkong market demand for U.S. legs, for further de-boning, has also driven imports from these countries into the Japanese market. During the first half, U.S. prepared chicken products suffer a 2% drop, reflecting weak demand from the fast food sector for nuggets and fried chicken items.

Japanese Imports of Prepared Poultry Meat Products (January - December); Unit: Metric Ton							
	1998	1999	% Chg.	Share	2000	% Chg.	Share
	Jan.- Dec.	Jan.- Dec.			Jan.- Dec.		
Thailand	38,022	40,574	7%	35%	42,500	5%	30%
China	41,663	59,393	43%	51%	82,500	39%	59%
U.S.	13,015	14,845	14%	13%	12,500	-16%	9%
Others	22,728	616	-97%	1%	2,500	306%	2%
Total	115,428	115,428	0%	100%	140,000	21%	100%
Note: CY2000 figures are FAS/Japan Projections							
Japanese Imports of Prepared Poultry Meat Products (January - June); Unit: Metric Ton							
	1998	1999	% Chg.	Share	2000	% Chg.	Share
	Jan. - Jun.	Jan. - Jun.			Jan. - Jun.		
Thailand	17,141	19,275	12%	36%	21,202	10%	30%

China	18,860	26,803	42%	50%	41,540	55%	60%
U.S.	5,909	6,762	14%	13%	6,628	-2%	10%
Others	537	256	-52%	0%	192	-25%	0%
Total	42,447	53,096	25%	100%	69,562	31%	100%

Source: Livestock Daily, 8/7/00 Issue

Japanese Egg Market Situation and Outlook

Hot Summer Weather Leads to Lower Table Egg Consumption in 2000, But Higher Egg Utilization for Ice Cream and Chilled Desserts

In 1999, Japan's egg market bottomed-out after a period of reduced demand for table eggs. But a gradual recovery in table egg consumption was reflected in wholesale price recoveries throughout the year. Then, in 2000, because of the warm temperatures, Japanese consumers lost their appetite for table eggs. During the first half, household purchases of table egg were down 3% from a year ago.

Post forecasts Japan's table egg consumption in 1999 to fall slightly from a year ago level, while a moderate reduction of domestic table egg output is forecast due to a reduced number of layers at the year beginning. The hot summer will also reduce productivity of layers, thus sustaining Japan's egg demand and supply balance in 2000.

In the processed egg products market, high domestic egg prices and the strong yen in 1999 pushed upwards imports of processed egg products. Japan's processed egg imports (after shell egg conversion) rose 16% in 1999 to 101,006 MT. Significant rises occurred in imports of dry albumen, up 18% from a year ago to 84,708 MT in 1999, partly due to stock replenishment and better than anticipated sales of processed meat products for gift items. Albumen is used as a binding agent for processed meat products. Canada, Netherlands and other EU countries are major suppliers of egg albumen.

Based on the first half year's trade data, post forecasts Japan's processed egg products imports in 2000 to grow modestly from the previous year to 12,000 MT in-shell egg equivalent. The increase is mainly attributable to solid frozen yolk products for ice cream and chilled confection products. Albumen imports are expected to remain unchanged from a year ago, partly affected by sluggish sales of processed meat products in 2000 (see table below). The U.S. has a dominant import share in frozen yolk and dry whole egg, but the share in albumen products is relatively small compared to other major suppliers. In 2000, these products are expected to do well for ice and chilled confection products.

Japanese Imports of Processed Eggs				
Unit: Metric Ton				
Period: January - June				
	Coefficient	1999	2000	% Chg.
Egg York (Powder)	2.2	2,216	1,965	-11%
Egg York (Frozen)	1.0	4,583	6,674	46%
Whole Egg (Powder)	4.4	5,191	5,377	4%
Whole Egg (Frozen)	1.1	1,122	1,303	16%

Albumen (Powder)	8.6	41,147	41,656	1%
Albumen (Frozen)	1.2	2,352	2,501	6%
Grand Total		56,613	59,476	5%

Source: World Atlas 2000 Jan. - June. Shell Egg Conversions by Ag. Office

Note: In revising PS&D, FAS/Japan made revisions in other domestic consumption (processed egg consumption) for 1995 - 1999 based on data released by Japan Liquid Egg Corporation. Accordingly, figures in the egg downloaded file are revised to reflect the new figures.

Japanese Broiler Meat PS&D Table

PSD Table						
Country	Japan					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	104	107	0	109	0	0
Slaughter (Reference)	0	572	0	560	0	0
Beginning Stocks	80	80	100	95	77	107
Production	1080	1078	1070	1060	0	1050
Whole, Imports	5	5	5	5	0	5
Parts, Imports	548	546	515	545	0	530
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	553	551	520	550	0	535
TOTAL SUPPLY	1713	1709	1690	1705	77	1692
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	4	3	4	0	4
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	4	3	4	0	4
Human Consumption	1560	1560	1560	1544	0	1539
Other Use, Losses	50	50	50	50	0	50
Total Dom. Consumption	1610	1610	1610	1594	0	1589
TOTAL Use	1613	1614	1613	1598	0	1593
Ending Stocks	100	95	77	107	0	99
TOTAL DISTRIBUTION	1713	1709	1690	1705	0	1692
Calendar Yr. Imp. from U.S.	106	105	0	94	0	94

Japanese Broiler Meat Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan. - Dec.	Units:	MT (PWE)
Imports for:	1999		2000
U.S.	104726	U.S.	94000
Others		Others	
China	213141	China	215000
Thailand	130575	Thailand	129000
Brazil	99220	Brazil	110000
Total for Others	442936		454000
Others not Listed	3694		2000
Grand Total	551356		550000

Japanese Poultry Meat PS&D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	104	107	0	109		0
Slaughter (Reference)	0	669	0	655	0	0
Beginning Stocks	80	80	100	95	77	107
Production	1190	1189	1185	1170	0	1160
Whole, Imports	5	7	5	6	0	5
Parts, Imports	563	558	530	559	0	545
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	568	565	535	565	0	550
TOTAL SUPPLY	1838	1834	1820	1830	77	1817
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	4	3	4	0	4
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	4	3	4	0	4
Human Consumption	1680	1680	1685	1664	0	1659
Other Use, Losses	55	55	55	55	0	55
Total Dom. Consumption	1735	1735	1740	1719	0	1714
TOTAL Use	1738	1739	1743	1723	0	1718
Ending Stocks	100	95	77	107	0	99
TOTAL DISTRIBUTION	1838	1834	1820	1830	0	1817
Calendar Yr. Imp. from U.S.	107	106	107	95	0	95

Japan Poultry Meat Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Poultry, Meat, Total		
Time period	Jan. - Dec.	Units:	MT (PWE)
Imports for:	1999		2000
U.S.	105624	U.S.	95000
Others		Others	
China	222766	China	225000
Thailand	131921	Thailand	130000
Brazil	99282	Brazil	110000
Total for Others	453969		465000
Others not Listed	5356		5000
Grand Total	564949		565000

Japanese Egg PS&D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Eggs				(MIL HEAD)	(MIL PCS)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Layers	143	143	142	140	0	139
Beginning Stocks	0	0	0	0	0	0
Production	42100	41975	42050	41700	0	41600
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	20	15	20	15	0	15
Other Imports	1700	1961	1720	1980	0	1980
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	1720	1976	1740	1995	0	1995
TOTAL SUPPLY	43820	43951	43790	43695	0	43595
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Hatch Eggs, Consumption	0	0	0	0	0	0
Shell Eggs, Human	34500	35256	34450	34990	0	34890
Shell Eggs,OT.Use/Loss	655	655	655	655	0	655
Other Dom. Consumption	8665	8040	8685	8050	0	8050
Total Dom. Consumption	43820	43951	43790	43695	0	43595
TOTAL Use	43820	43951	43790	43695	0	43595
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	43820	43951	43790	43695	0	43595
Calendar Yr. Imp. from U.S.	420	446	430	450	0	450

Japanese Egg Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Poultry, Eggs		
Time period	Jan. - Dec.	Units:	Million Pieces
Imports for:	1999		2000
U.S.	446	U.S.	450
Others		Others	
Brazil	88	Brazil	90
Canada	240	Canada	240
Netherlands	344	Netherlands	350
Total for Others	672		680
Others not Listed	858		850
Grand Total	1976		1980

Japanese Feed Demand Table

STRATEGIC INDICATOR TABLE FOR JAPAN				
MEAT PRODUCTION				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Poultry				
Poultry Meat:	1221	1189	1170	1160
Eggs:	42117	41975	41700	41600
Pork:	1285	1277	1270	1260
note: poultry meat (1000 MT); eggs (mil pcs); pork (1000 MT CWE)				

COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Compound Feed Capacity	27,240	27,101	27,000	26,889
Total Compound Feed Produced	24,516	24,391	24,300	24,200
------ by integrated producers	8,456	8,415	8,383	8,350
------ by commercial producers	16,060	15,976	15,917	15,850
FEED GRAIN USE				
		Last Year	Current Year	Out Year Forecast
Marketing Year: 1,000 MT	1998	1999	2000	2001
Corn (Domestic consumption: feed)	11,522	11,220	11,420	11400
Other (sorghum)	2,754	2,680	2,430	2400
PROTEIN - ENERGY USAGE				
		Last Year	Current Year	Out Year Forecast
Marketing Year: 1,000 MT	1998	1999	2000	2001
Total Protein Meal (feed waste domestic consumption)	4,387	4,335	4,220	4,195
Soy Bean Meal (feed waste domestic consumption)	3,110	3,100	3,000	2,990
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal	1,048	1,030	1,020	1,010
Fish Meal	229	205	200	195
Palm Crude Oil (feed waste domestic consumption)	-	-	-	-
TRADE (1,000 Metric Tonnes)				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Corn				
Imports:	16,058	17,557	17,600	17,800
Exports:	0	0	0	0
Soy Beans				
Imports:	4,751	4,884	4,800	4,750
Exports:	0	0	0	0
Soy Bean Meal				

Imports:	874	864	870	860
Exports:	0	0	0	0
Fish Meal				
Imports:	323	341	340	345
Exports:	0	0	0	0
Palm Crude Oil				
Imports:	357	365	363	360
Exports:	0	0	0	0
PROTEIN PRODUCTS TARIFFS AND TAXES		Bound Rate	Applied Rate	Other
	Product	(%)	(%)	Import
Report Year:	Description 1/			Taxes/Fees
0505.90	FEATHER MEAL	Free	Free	
1501.00.110	PIG FAT, ACID>1.3	Free	Free	
1502.00	INEDIBLE TALLOW	Free	Free	
1511.10.000	PALM OIL, CRUDE	7.0%	3.5%	
1518	ANML/VG FTS &OILS	4%	2.5%	
2301.10	MEAT AND BONE MEAL	Free	Free	
2301.20	FISH MEAL	Free	Free	