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Poultry and Products

Broiler Annual

2007

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Report Highlights: High broiler meat prices, caused in part by high feed prices, are forecast to continue in Japan through 2008. Although imports of generic cuts, mainly from Brazil and the United States, are expected to bounce back, the increase is expected to remain modest, hampered by high prices. Imports of cooked products, mainly from Thailand and China, are expected to decline further. Lackluster demand for Chinese cooked poultry products is forecast in 2008, due in part to China's negative food safety image. Japan is not expected to lift its avian influenza-related bans on uncooked poultry from China and Thailand in 2008.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Tokyo [JA1]
[JA]

Table of Contents

Note: Outline of Japan's Broiler Market Structure:

Broiler meat makes up about 90% of Japanese poultry meat market, which includes both domestic production and imports. Spent laying hens account for about 10% of the poultry meat market with the consumptions of ducks, turkeys, and other poultry being very limited.

Japanese government data suggest that about 60% of poultry products are used directly by households, 30% by the food service sector, and about 10% for processing. Households predominantly use domestic cuts. In general, leg meat (bone-less) is most preferred over breast meat. Japan's food service sector utilizes large quantities of imported generic cuts, mainly from Brazil, including those bulk cuts to be processed into prepared products after entry into Japan. Some of U.S. bone-in leg cuts are utilized in this segment as well.

Import figures discussed in the text of this report come from Japanese customs clearance data.

2008 Outlook

Tight Supply Situation to Persist in 2008

Through their trade in cooked poultry, China and Thailand accounted for nearly 18% of Japan's 2006 total broiler consumption (1.939 million MT). Japan currently allows imports of only the cooked poultry products from MAFF inspected facilities in Thailand (56 facilities) and in China (91 facilities) as of Oct. 2007. Japan is not expected to lift its avian influenza-related (highly pathogenic avian influenza H5n1) bans on uncooked poultry from China and Thailand in 2008, thus it is assumed that these counties will not be in a position to ship fresh poultry to Japan. Japan will maintain its continued reliance on frozen cuts from Brazil and the United States.

Both Japanese importers and domestic producers are increasingly concerned about the world supply outlook and the price expectations for feed in 2008. Many traders consider it likely that high feed costs will keep broiler meat prices high in 2008. The relatively solid demand for broiler meat reported in EU, the Middle East and in China since 2007 also points to continued strong prices in Japan.

In view of the above, the Japanese broiler market will likely continue to experience tight supply and solid demand in 2008 for both frozen and cooked products.

Amid high market prices, total consumption is projected to fall slightly in 2006 to an estimated 1.913 million MT (generic broiler: down by 1% to 1.588 million MT, and imported prepared and processed products: down by 2% to 325,000 MT) with slightly weaker household consumption anticipated due to high prices. Ending stocks of the generic broiler meat will continue lower.

Imports of Generic Cuts to Recover Modestly in 2008

However, 2008 total imports, due to continued high prices, are projected only up by 1% from a year before to 680,000 MT. This will mainly be due to a recovery in generic broiler imports, which more than offset a further decline anticipated in imports of cooked products (generic broiler cuts: up by 3% to 355,000 MT, and the prepared and processed products: down by 2% to 325,000 MT). Due to a tight supply and low stocks, Japanese importers are likely compelled to make increased purchases of high priced Brazilian boneless cuts in 2008. U.S. broiler meat is also expected to bounce back to the 30,000 MT level, assuming that low pathogenic avian influenza (LPAI) does not cause additional producing U.S. States to be ineligible to ship to Japan.

Imports of Cooked Products to Decline Further in 2008

Due to substantial price hikes made by the exporters in 2007, imports of cooked products are expected to fall further in 2008, projected down by 2% to 325,000 MT. Especially, high priced Chinese cooked poultry products may continue to suffer, partly due to perceived negative image held in Japanese market over food safety related scandals. According to an industry press, China specializes in *yakitori products* (skewed grilled chicken), which account for 40% of Chinese cooked products exports to Japan (195,000 MT in 2006). Yakitori supply is expected to become very tight in 2008, in part because Thailand can not currently supply the same products as China.

High Feed Cost to Trim Domestic Broiler Outputs Slightly in 2008

Due to high feeding cost, post projects lower domestic broiler output in 2008, down by 1% to 1.225 million MT. Also, continued high prices for the domestic broiler cuts may cause a consumption shift to competitively priced imports in 2008. Meanwhile, high feed cost, high fuel and, high utility prices will put pressure on domestic producers to curb production in 2008.

2007 Summary Situation Update and Outlook

The revised Japan broiler PS&D tables for CY 2007 are constructed based on preliminary production, trade and stock data.

Tight Supply Situation Prevails as Imports Squeezed

For the first 8 months of 2007, high international prices for broiler meat, including cooked products, and unexpectedly solid domestic consumption, made the Japan market tight (table 1, table 3). Imports of generic cuts from Brazil and the United States were reduced (table 5- and 5-b).

Despite a sharp price increase of the Chinese cooked products since spring, Japanese imports kept up at roughly the same level as the previous year up until the third quarter. Imports are expected to slow significantly during the last quarter of 2007. An industry press source reports that reduced pork supplies and rising feed prices in China were the reasons for the substantial price hike. On the other hand, a series of food safety scandals has created negative perceptions of Chinese foods among Japan consumers and this is also a factor in lackluster demand, particularly at the retail level.

Furthermore, given weaker than anticipated fourth quarter domestic production (based on the slightly lower number of chicks placed on feed due to hot summer), the broiler supply in Japan, coupled with reduced imports, will likely become much tighter in the coming months. Ending stocks have been depleted fairly quickly (table 4).

In light of the above, Japan's total broiler imports in 2007 are projected down by 6% from last year to 675,000 MT (generic meat: down by 7% to 345,000 MT, and cooked products: down by 4% to 330,000 MT). U.S. broiler meat, mainly bone-in leg, is also projected lower, down by 7% from a year before to 25,000 MT.

Japan's total broiler consumption in 2007 is projected down by 1% from last year to 1.925 million MT (generic broiler meat, both bulk domestic broiler and imported cuts consolidated: unchanged at 1.595 million MT and the imported prepared and processed products: down by 4% to 330,000 MT). The forecast decline is mainly owing to reduced sales of cooked products, mainly from China. Annual domestic output is projected up by 1% to 1.235 million MT in response to high market prices and relatively solid household consumption going into 2008 (Table 1 and table 2). There will be a significant reduction of carryover stocks left at the year beginning of 2007, estimated at 105,000 MT, down 14%.

Table 1. Japanese Monthly Household Consumption of Meat and Chicken

Quantify Consumed Unit: Grams per Household						
	Beef	% Chg.	Pork	% Chg.	Chicken	% Chg.
2006						
Jan.	556	-3%	1,409	0%	953	2%
Feb.	516	-4%	1,387	1%	951	3%
Mar.	541	-8%	1,459	0%	988	1%
Apr.	546	-4%	1,399	-3%	985	5%
May	570	-12%	1,437	-2%	973	-3%
Jun.	574	3%	1,418	0%	960	8%
July	575	4%	1,371	0%	887	2%
Aug.	603	-5%	1,401	0%	849	-1%
Sept.	529	-5%	1,380	-3%	1,012	7%
Oct.	573	-7%	1,490	-1%	1,035	4%
Nov.	551	-5%	1,531	0%	1,053	2%
Dec.	747	-4%	1,620	1%	1,342	4%
2007						
Jan.	578	4%	1,488	6%	1,027	8%
Feb.	504	-2%	1,398	1%	936	-2%
Mar.	569	5%	1,482	2%	1,074	9%
Apr.	602	10%	1,494	7%	1,030	5%
May	594	4%	1,487	3%	1,028	6%
Jun.	544	-5%	1,415	0%	970	1%
July	562	-2%	1,441	5%	963	9%
Aug.	p613	2%	p1,370	-2%	p900	6%
Sept.						
Oct.						
Nov.						
Dec.						
Average of Monthly Expenditures and Quantities of Selected Commodities and Services Purchased per Household (Two-or-more person households)						

Expenditures Unit: Yens per Household						
	Beef	% Chg.	Pork	% Chg.	Chicken	% Chg.

2006						
Jan.	1,700	-4%	1,897	0%	890	-5%
Feb.	1,511	-2%	1,856	1%	861	-7%
Mar.	1,612	-5%	1,927	-1%	886	-9%
Apr.	1,642	-3%	1,877	-1%	891	-5%
May	1,686	-8%	1,932	0%	874	-13%
Jun.	1,564	0%	1,842	-1%	835	-6%
July	1,631	0%	1,879	0%	801	-8%
Aug.	1,875	0%	1,940	2%	767	-11%
Sept.	1,548	-4%	1,915	1%	904	-4%
Oct.	1,633	-2%	2,005	0%	941	-5%
Nov.	1,588	-3%	2,012	1%	967	-6%
Dec.	2,715	-3%	2,167	1%	1,252	-3%
2007						
Jan.	1,751	3%	1,992	5%	932	5%
Feb.	1,540	2%	1,906	3%	874	2%
Mar.	1,696	5%	1,978	3%	941	6%
Apr.	1,647	0%	1,934	3%	913	2%
May	1,705	1%	1,943	1%	893	2%
Jun.	1,576	1%	1,889	3%	852	2%
July	1,662	2%	1,973	5%	868	8%
Aug.	p1,859	-1%	p1,931	0%	p821	7%
Sept.	0	-100%	0	-100%	0	-100%
Oct.	0	-100%	0	-100%	0	-100%
Nov.	0	-100%	0	-100%	0	-100%
Dec.	0	-100%	0	-100%	0	-100%
Average of Monthly Expenditures and Quantities of Selected Commodities and Services Purchased per Household (Two-or-more person households)						

Table 2. Monthly Average Wholesale Price of Domestic Broiler Cuts

Bone-less Leg									
Unit: Yen per Kg.									
	2003	2004	% chg.	2005	% chg.	2006	% chg.	2007	% chg.
Jan.	734	643	-12%	655	2%	619	-5%	666	8%
Feb.	690	559	-19%	632	13%	599	-5%	651	9%
Mar.	644	474	-26%	629	33%	558	-11%	630	13%
Apr.	594	478	-20%	593	24%	541	-9%	629	16%
May	552	540	-2%	585	8%	525	-10%	629	20%
Jun.	524	587	12%	565	-4%	494	-13%	603	22%
Jul.	491	586	19%	538	-8%	510	-5%	589	15%
Aug.	502	540	8%	517	-4%	520	1%	563	8%
Sep.	551	542	-2%	533	-2%	534	0%		
Oct.	597	598	0%	553	-8%	578	5%		

Nov.	636	596	-6%	564	-5%	593	5%		
Dec.	657	663	1%	596	-10%	638	7%		
1st Qtr Ave.	689	559	-19%	639	14%	592	-7%	649	10%
2nd Qtr Ave.	557	535	-4%	581	9%	520	-10%	620	19%
3rd Qtr Ave.	515	556	8%	529	-5%	521	-2%		
4th Qtr Ave.	630	619	-2%	571	-8%	603	6%		
Year Ave.	**598**	**567**	-5%	**580**	2%	**559**	-4%		
Breast									
Unit: Yen per Kg.									
	2003	2004	% chg.	2005	% chg.	2006	% chg.	2007	% chg.
Jan.	224	205	-8%	218	6%	234	7%	230	-2%
Feb.	210	230	10%	214	-7%	233	9%	215	-8%
Mar.	195	226	16%	224	-1%	220	-2%	213	-3%
Apr.	184	200	9%	217	9%	211	-3%	209	-1%
May	192	194	1%	223	15%	204	-9%	211	3%
Jun.	212	193	-9%	218	13%	192	-12%	211	10%
Jul.	225	225	0%	228	1%	205	-10%	218	6%
Aug.	233	248	6%	235	-5%	215	-9%	240	12%
Sep.	224	245	9%	226	-8%	217	-4%		
Oct.	206	239	16%	231	-3%	228	-1%		
Nov.	210	234	11%	238	2%	229	-4%		
Dec.	230	243	6%	248	2%	234	-6%		
1st Qtr Ave.	210	220	5%	219	-1%	229	5%	219	-4%
2nd Qtr Ave.	196	196	-0%	219	12%	202	-8%	210	4%
3rd Qtr Ave.	227	239	5%	230	-4%	212	-8%		
4th Qtr Ave.	215	239	11%	239	0%	230	-4%		
Year Ave.	**212**	**224**	5%	**227**	1%	**219**	-4%		
Source: ALIC Monthly Statistics									

Table 3. Monthly Average Wholesale Price of Imported Broiler Cuts

Unit: Yens per Kg.									
Imported: Brazilian Bone-less Leg (Frozen)									
	2003	2004	% chg.	2005	% chg.	2006	% chg.	2007	% chg.
Jan.	310	350	13%	378	8%	415	10%	450	8%
Feb.	310	459	48%	370	-19%	413	12%	450	9%
Mar.	310	444	43%	370	-17%	395	7%	450	14%
Apr.	311	411	32%	397	-3%	391	-2%	450	15%
May	317	408	29%	403	-1%	388	-4%	405	4%
Jun.	349	407	17%	403	-1%	388	-4%	435	12%

Jul.	390	384	-2%	401	4%	388	-3%	453	17%
Aug.	390	380	-3%	398	5%	388	-3%	453	17%
Sep.	350	378	8%	398	5%	388	-3%	0	-100%
Oct.	340	373	10%	400	7%	423	6%	0	-100%
Nov.	332	378	14%	415	10%	450	8%	0	-100%
Dec.	329	378	15%	415	10%	450	8%	0	-100%
1st Qtr Ave.	310	418	35%	373	-11%	408	9%	450	10%
2nd Qtr Ave.	326	409	25%	401	-2%	389	-3%	430	11%
3rd Qtr Ave.	377	381	1%	399	5%	388	-3%		
4th Qtr Ave.	334	376	13%	410	9%	441	8%		
Year Ave.	**337**	**396**	**18%**	**396**	**-0%**	**406**	**3%**		
Imported: U.S. Bone-in Leg (Frozen)									
	2003	2004	% chg.	2005	% chg.	2006	% chg.	2007	% chg.
Jan.	289	309	7%	316	2%	313	-1%	330	5%
Feb.	288	344	19%	289	-16%	313	8%	330	5%
Mar.	284	345	21%	280	-19%	313	12%	330	5%
Apr.	283	346	22%	280	-19%	309	10%	330	7%
May	289	354	22%	280	-21%	307	10%	330	7%
Jun.	310	372	20%	280	-25%	307	10%	332	8%
Jul.	315	383	22%	282	-26%	307	9%	387	26%
Aug.	318	383	20%	283	-26%	307	8%	445	45%
Sep.	319	376	18%	283	-25%	307	8%	0	-100%
Oct.	320	347	8%	291	-16%	324	11%	0	-100%
Nov.	320	330	3%	313	-5%	330	5%	0	-100%
Dec.	318	324	2%	313	-3%	330	5%	0	-100%
1st Qtr Ave.	287	333	16%	295	-11%	313	6%	330	5%
2nd Qtr Ave.	294	357	22%	280	-22%	308	10%	331	7%
3rd Qtr Ave.	317	381	20%	283	-26%	307	9%		
4th Qtr Ave.	319	334	4%	306	-8%	328	7%		
Year Ave.	**304**	**351**	**15%**	**291**	**-17%**	**314**	**8%**		
Source: ALIC Monthly Statistics									

Table 4. Monthly Ending Poultry Stock Estimates

Unit: Metric Ton							
	2004	**2005**	**% chg.**	**2006**	**% chg.**	**2007**	**% chg.**
Jan.	94,163	93,189	-1%	134,906	45%	129,058	-4%
Feb.	88,381	90,333	2%	142,256	57%	123,407	-13%
Mar.	92,965	90,039	-3%	140,687	56%	117,390	-17%
Apr.	85,873	91,503	7%	147,163	61%	113,498	-23%
May	91,218	97,408	7%	157,183	61%	119,946	-24%
Jun.	87,201	104,239	20%	162,635	56%	117,685	-28%

Jul.	88,593	110,889	25%	163,459	47%	117,583	-28%
Aug.	88,192	118,552	34%	159,694	35%	116,662	-27%
Sep.	89,655	120,846	35%	147,732	22%	0	-100%
Oct.	88,353	125,384	42%	137,136	9%	0	-100%
Nov.	93,455	127,218	36%	133,603	5%	0	-100%
Dec.	87,988	120,371	37%	121,605	1%	0	-100%
Source: ALIC Monthly Statistics							
Note: Figures represents the poultry meat estimates. Over 70 % is imported poultry cuts.							
Majority is imported broiler cuts.							

Table 5-a. Japanese Imports of Total Broiler Including Prepared Products

Unit: Metric Ton (Customs Clearance Basis)					
					% Change
Rank	Country	2005	2006	2007	- 07/06 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	--World--	484,339	504,218	450,599	-11%
1	Brazil	251,770	254,317	208,417	-18%
2	China	111,561	129,203	133,904	4%
3	Thailand	94,275	96,510	91,543	-5%
4	United States	18,799	19,704	13,837	-30%
5	Others	7,933	4,484	2,899	-35%
Source of data: Japan Customs (World Trade Atlas)					

Unit: Metric Ton (Customs Clearance Basis)						
					% Change	
Rank	Country	2004	2005	2006	- 06/05 -	-06 Share-
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	582,000	748,224	715,643	-4%	100%
1	Brazil	298,687	381,954	338,087	-11%	47%
2	China	131,702	179,406	195,363	9%	27%
3	Thailand	110,789	146,044	148,288	2%	21%
4	United States	29,770	29,383	27,910	-5%	4%
5	Others	11,052	11,437	5,995	-48%	1%
Source of data: Japan Customs (World Trade Atlas)						

Table 5-b. Japanese Imports of Broiler Meat

Unit: Metric Ton (Customs Clearance Basis)					
					% Change
Rank	Country	2005	2006	2007	- 07/06 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	--World--	275,858	277,640	224,496	-19%
1	Brazil	248,884	253,810	208,205	-18%

2	United States	18,550	19,392	13,679	-29%
3	Philippines	1,643	87	1,469	1590%
4	Others	6,780	4,352	1,143	-74%
Source of Data: Japan Customs (World Trade Atlas)					

Unit: Metric Ton (Customs Clearance Basis)						
					% Change	**06 Share**
Rank	**Country**	**2004**	**2005**	**2006**	**- 06/05 -**	
		Jan/Dec	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**
0	--World--	353,791	419,119	370,672	-12%	100%
1	Brazil	296,053	378,465	337,471	-11%	91%
2	United States	29,586	28,924	27,438	-5%	7%
3	Others	28,152	11,729	5,764	-51%	2%
Source of data: Japan Customs (World Trade Atlas)						

Table 5-c. Japanese Imports of Prepared Broiler Products

Unit: Metric Ton (Customs Clearance Basis)					
					% Change
Rank	**Country**	**2005**	**2006**	**2007**	**- 07/06 -**
		Jan/Aug	**Jan/Aug**	**Jan/Aug**	**Jan/Aug**
0	--World--	208,481	226,577	226,103	0%
1	China	110,752	128,888	133,729	4%
2	Thailand	94,226	96,499	91,543	-5%
3	Others	3,503	1,191	832	-30%
Source of data: Japan Customs (World Trade Atlas)					

Unit: Metric Ton (Customs Clearance Basis)						
					% Change	**06 Share**
Rank	**Country**	**2004**	**2005**	**2006**	**- 06/05 -**	
		Jan/Dec	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**
0	--World--	228,209	329,106	344,971	5%	100%
1	China	123,282	178,428	194,950	9%	57%
2	Thailand	98,541	145,983	148,274	2%	43%
3	Others	6,386	4,695	1,747	-63%	1%
Source of data: Japan Customs (World Trade Atlas)						

Broiler PS&D Table

Japan Poultry, Meat, Broiler										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Inventory (Reference)	103	103	104	103	103	105	0	0	104	(MIL HEAD)
Slaughter (Reference)	620	620	622	615	615	625	0	0	620	(MIL HEAD)
Beginning Stocks	120	120	120	145	145	122	140	140	105	(1000 MT)
Production	1195	1195	1227	1185	1185	1235	0	0	1225	(1000 MT)
Whole, Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Parts, Imports	740	740	716	725	725	675	0	0	680	(1000 MT)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Imports	740	740	716	725	725	675	0	0	680	(1000 MT)
Total Supply	2055	2055	2063	2055	2055	2032	140	140	2010	(1000 MT)
Whole, Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Parts, Exports	2	2	2	0	0	0	0	0	0	(1000 MT)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Exports	2	2	2	0	0	2	0	0	2	(1000 MT)
Human Consumption	1908	1908	1939	1915	1915	1925	0	0	1913	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	1908	1908	1939	1915	1915	1925	0	0	1913	(1000 MT)
Total Use	1910	1910	1941	1915	1915	1927	0	0	1915	(1000 MT)
Ending Stocks	145	145	122	140	140	105	0	0	95	(1000 MT)
Total Distribution	2055	2055	2063	2055	2055	2032	0	0	2010	(1000 MT)
CY Imp. from U.S.	35	35	27	35	35	25	0	0	30	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)