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Grain and Feed

Corn Imports Expected Steady as MAFF Continues to Subsidize Feed Price

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Report Highlights:

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) recently announced a 45 billion yen (\$415 million) feed price stabilization subsidy to help livestock producers cope with increasing feed prices. Thanks to the existing program, a doubling of the corn price over the past two years has not hampered demand, and this new injection of funds will continue to contribute to the apparent price insensitivity of Japanese feed users. Japan is on the target to import a forecast of 16 million metric tons (MMT) of corn in the current marketing year.

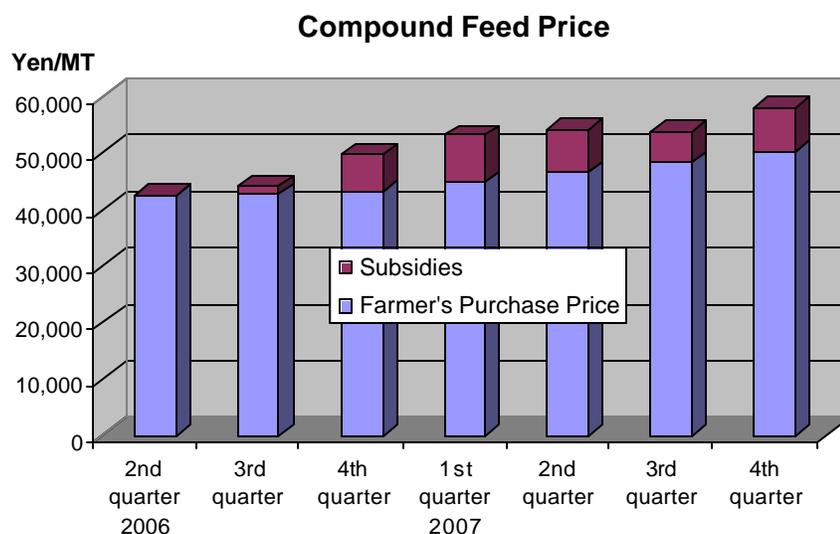
Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Tokyo [JA1]
[JA]

Summary

Japan recently announced a 45 billion yen (\$415 million) feed stabilization subsidy to help livestock producers cope with increasing feed prices. Thanks to the existing program, a doubling of the corn price over the past two years has not hampered demand and this new injection of funds, as well as other support measures for the livestock sector, will continue to contribute to the apparent price insensitivity of Japanese feed users. Japan is on target to import a forecast 16 million metric tons (MMT) of corn in the current marketing year, almost entirely from the United States.

Overview

The Ministry of Agriculture, Forestry and Fisheries (MAFF) announced on June 13 that it would continue funding its feed price stabilization program. The program, a combination of a MAFF subsidy and an industry fund, helps absorb sudden surges in the compound feed price. Since the new Japanese fiscal year began in April the fund has nearly been depleted. Thus, MAFF decided to inject 45 billion yen (about \$415 million) to keep the fund afloat until March 2009 (the end of the Japanese fiscal year). This translates to an average subsidy of about \$46 per metric ton or roughly one-sixth of the current landed price for feed corn.



Japan imports over 16 million metric tons (MMT) of corn, 12 MMT of which goes into feed. Despite the feed price increase, Japan's imports of corn have been stable due in part to subsidies on feed that have curbed the feed price increase by roughly half since the second quarter of 2006. Cumulative corn imports during the first four months of 2008 were 5,381,192 MT, of which 5,358,706 MT, or 99.6 percent, was from the United States. This is a slight volume increase over the same period in 2007.

Japan is likely to import up to 9 MMT of corn for feed in the remainder of the current Japanese fiscal year (ending in March 2009). Post maintains its corn import forecast of 16 MMT (see [JA8012](#)) for the current corn marketing year.

Utilization of corn by type of feed (in 2006)

	Poultry	Cattle	Swine	Feed, other	Compound Feed Total	Mixed Feed	Feed Total
MT	5,281,696	3,050,968	3,289,494	39,381	11,661,539	355,791	12,017,330
%	44.0%	25.4%	27.4%	0.3%	97.0%	3.0%	100.0%

Source: Feed Supply Stabilization Organization