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Grain and Feed Annual Report

2009

Approved by:

Deanna Ayala
U.S. Embassy

Prepared by:

Hisao Fukuda

Report Highlights:

Although Japan's likely economic contraction will lead to a decline in its purchasing power in 2009, food demand in Japan has demonstrated one of world's most inelastic and stable trends. The strengthened yen and a desire for cheaper food alternatives may well drive up imports. The recent grain price situation has caused tremendous hardship for Japan's livestock producers, resulting in a notably accelerated contraction in some sectors like dairy. However, overall feed grain demand has remained robust. The Government of Japan has capitalized on the volatile world food supply situation to aggressively promote self-sufficiency.

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IMPACT OF THE CURRENT ECONOMIC CRISIS

Many analysts initially believed that because Japan was largely insulated from the impact of the mortgage crisis in the United States, the impact on Japan's economy from the crisis would be limited. However, as the prospects of the U.S. economy get gloomier, the Japanese economy is being dragged into a recession. With many of Japan's top companies like Toyota and Sony laying off tens of thousands of workers, the unemployment rate has surpassed 4.4% (as of January 2009). It is now clear that Japan's purchase power will weaken in 2009.

It is important to separate the financial crisis from Japan's current economic downturn. The first is exogenous and Japan's financial firms are essentially insulated from the repercussions of toxic mortgages and counterparty risk. However, Japan's sagging economy is due in large part to slowing U.S. demand for Japan's exports. On February 25 Japan's Ministry of Finance released data showing that exports in January 2009 dropped by 45.7 percent compared to January 2008. The U.S. economic slow down has started showing a seriously negative knock-on effect on an economy that showed a 3.3 percent decline in GDP for the October-December 2008 period (12.7 percent on an annualized basis). Most analysts believe Japan's economy is heading into a severe contraction in 2009. While the yen has strengthened against the dollar; this tailwind for importers is not going to be enough to offset the effect on consumption-led growth.

The Government of Japan (GOJ) approved a 1.8 trillion yen economic stimulus package in September 2008, of which 139 billion yen is earmarked for measures to alleviate the impact of higher energy and food prices on households. Further, the GOJ pushed a second supplemental budget of 4.7 trillion yen through the Diet on March 4. This includes a direct payment of some 150 dollars to every citizen. Many analysts, however, are skeptical that the recipients of this direct payment will actually spend it because when economic prospects are uncertain, Japanese people tend to save.

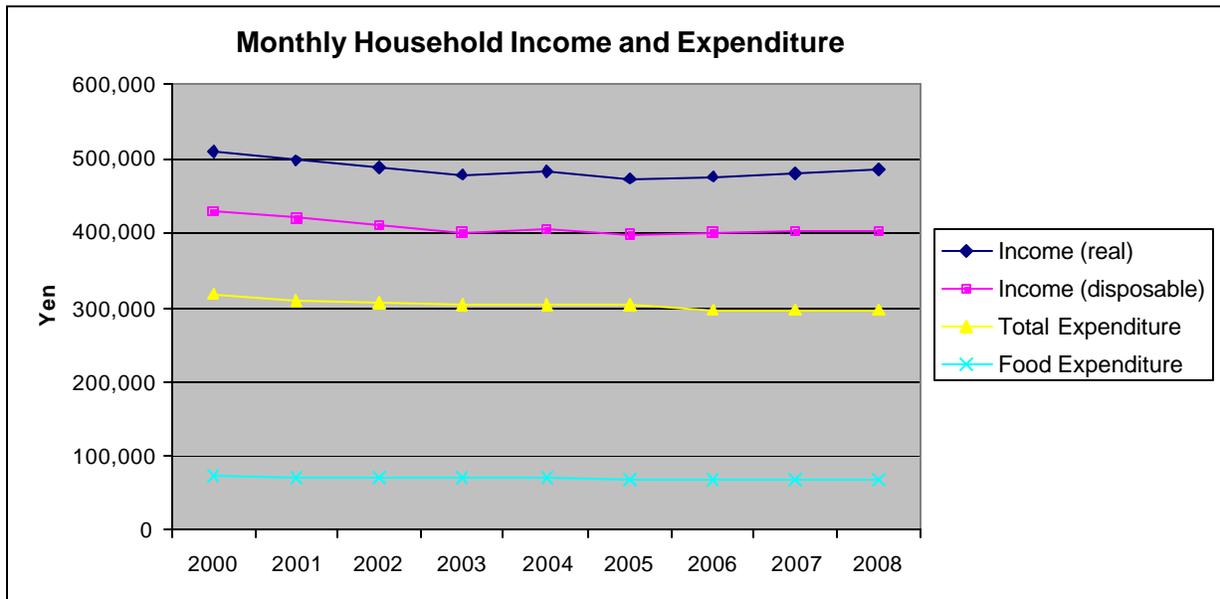
Looking at the micro economic picture, food consumption in Japan is relatively inelastic, 0.293 according to an Economic Research Service study (<http://www.ers.usda.gov/Data/InternationalFoodDemand/>). (NB: In the same study the only countries with lower income elasticity for food were: Barbados, Bermuda, Canada, Denmark, Hong Kong, Iceland, Luxemburg, Switzerland, and the United States.) Overall, food consumption will remain stable although eating patterns will likely change. Staples should remain about the same, but luxury products and discretionary purchasing are expected to decline. Consumers are scaling down restaurant dining in favor of more cost effective dinners at home. A shrink in corporate entertainment expenditures will also mean tougher times for the food service industry.

As consumers seek value and cheaper basic foodstuffs one can expect to see a positive impact on U.S. exports of meats, some horticultural products and most grains. The downturn in commodity prices, coupled with the strengthened yen, should help Japan to maintain or even increase its food and feed grain imports from the United States in 2009.

With respect to domestic production patterns, Post does not anticipate major fluctuations due to the current economic situation. One major reason is that the one crop in which Japan is self-sufficient, rice, is highly protected from the international market and hence neither the international price nor the international economy affects production. Domestic production of biofuels is minor and mostly in the R&D phase. If research funding shrinks, the biofuels projects underway might be affected but there would be little to no impact outside of Japan from this development.

From Post’s view, the most notable impact the financial crisis is having on agriculture is the impetus that it is giving to promote domestic food self-sufficiency. As mentioned below, the recent volatility in grain prices had already given a tremendous amount of fuel for the GOJ campaign to sway the public to the idea of increased self-sufficiency. When the economy goes sour, there is a tendency for the Japanese public to become more conservative not only in their purchasing behavior but also in their social attitude due to anxiety about the future.

Chart 1.



Source: Ministry of Management, Home Affairs, Post and Telecommunications

IMPACT OF THE RECENT GRAIN PRICE VOLATILITY

Over the last year and a half the Japanese media have played up Japan's vulnerability and the insecurity of depending too heavily on food imports, focusing on the possibility of food shortages due to climate change, spiking fuel and food prices and a surging demand for cereal grains and other food from developing countries like China and India. The media and some politicians have also criticized the U.S. ethanol policy for causing the grain price spikes. It is interesting to note that they have labeled grain price volatility and the current economic crisis both as problems "made in the U.S.A."

Notable impacts are seen in the following three areas:

1) Food corn turns to biotech

Japan's food corn imports are predominantly absorbed by starch manufacturers. Under the recent supply and price situation, they have made a decision to reevaluate their decade-long practice of only using identity-preserved (IP) handled non-biotech corn. In April 2008, Japan's major corn starch processors announced that they would use biotech corn. Although there are no official government or industry statistics, Post estimates that imports of biotech corn for food use went from near zero to almost a million metric tons in 2008.

2) MAFF embarks on a full-blown PR campaign to raise self-sufficiency

The government budget crunch in Japan has forced every ministry to shrink overall spending by a few percentage points every year over the last several years. MAFF is no exception. MAFF's budget for the Japanese fiscal year (JFY) 2008 took another two percent cut to 2,627 billion yen. However, while most budget lines saw cuts, MAFF created a new budget line item entitled "self-sufficiency strategic PR" and was able to obtain 1.7 billion yen (about 19 million dollars) funding. The pivot of this self-sufficiency promotion program is a campaign entitled "Food Action Nippon" whose main pillar is the website <http://www.syokuryo.jp/> introducing and linking various activities. The most interesting feature of the website is that it mimics a social networking site where one becomes a member and introduces one's friends, creating a network of supporters. Numerous celebrity supporters are listed, ranging from actors and chefs to Olympic athletes. If a company wishes to support the campaign, it can do so by submitting an application on or off line and once approved, it can use the campaign logo in its PR/advertising activities.

3) And Japan's critical industry, rice, is a focal point

Raising Japan's food self-sufficiency cannot be discussed without rice. MAFF's current target is to raise the calorie-based self-sufficiency ratio to 45 percent by 2015. In the current discussion to design a medium term strategy for Japan's agriculture, MAFF is proposing an ambitious goal of 50 percent. Here is the roadmap MAFF presented in December 2008.

In ten years (the base year being 2007),

- Increase per capita rice consumption from 61 KG to 63 KG;
- Increase rice flour production from 10,000 MT to 500,000 MT;
- Increase feed rice production from 0 to 260,000 MT;
- Increase wheat production from 910,000 MT to 1.8 MMT; and
- Increase soybean production from 230,000 MT to 500,000 MT.

Note that most of wheat and soybeans are grown on rice paddies. Therefore, all of the above are about rice paddy utilization.

- Increase vegetable production from 1.242 MMT to 1.422 MMT;
- Increase milk and dairy product production from 802,000 MT to 928,000 MT;
- Reduce per capita fat consumption from 14 KG to 12 KG;
- Reduce daily calorie intake from 2,551 kcal to 2,480 kcal.

Table 1.

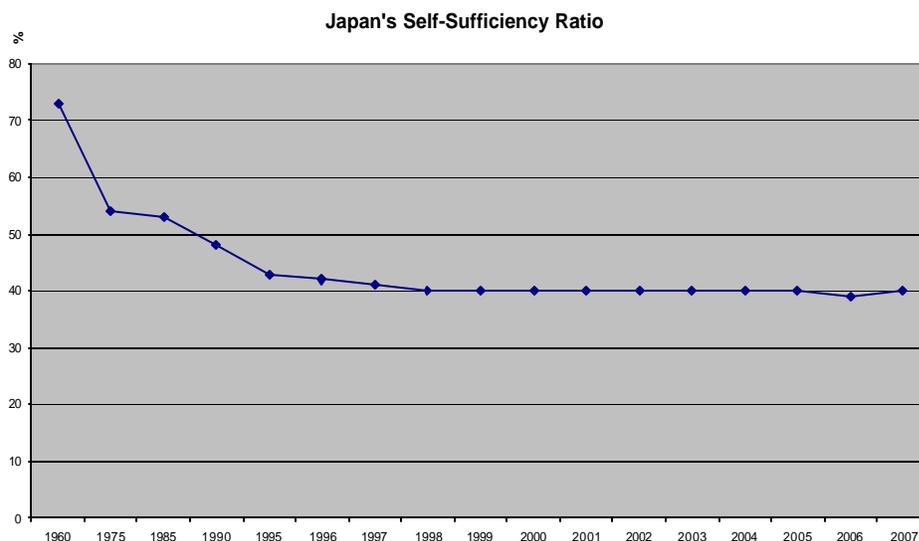
Japan's Self-Sufficiency Ratio (%)

	1960	1975	1985	1990	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Rice	96	110	107	100	95	95	95	95	96	95	95	95	94	94
Wheat	28	4	14	15	9	9	11	11	13	14	14	14	13	14
Beans	25	9	8	8	5	6	7	7	7	6	6	7	7	7
Soybeans	11	4	5	5	3	4	5	5	5	4	3	5	5	5
Vegetables	100	99	95	91	84	83	82	82	83	82	80	79	79	81
Fruit	90	84	77	63	49	49	44	45	44	44	40	41	38	41
Meats	90	77	81	70	55	54	52	53	53	54	55	54	56	56
Beef	95	81	72	51	35	36	34	36	39	39	44	43	43	43
Eggs	100	97	98	98	96	96	95	96	96	96	95	94	95	96
Milk/Dairy Products	86	81	85	78	71	70	68	68	69	69	67	68	67	66
Seafood (for food)	110	100	86	72	57	55	53	53	53	57	55	57	60	62
Sugar	31	15	33	32	32	31	29	32	34	35	34	34	32	33
Self-sufficiency (Calorie Basis)	73	54	53	48	40	40	40	40	40	40	40	40	39	40
Self-sufficiency (Major Food Grains)	80	69	69	67	59	59	60	60	61	60	60	61	60	60
Self-sufficiency (Major Feed Grains)	55	34	27	26	25	24	26	25	25	23	25	25	25	25
Self-sufficiency (Food + Feed Grains)	62	40	31	30	27	27	28	28	28	27	28	28	27	28

Source: MAFF

* Preliminary

Chart 2.



COMMODITY SPECIFIC REPORT**RICE****Tainted Rice Shakes the Whole Nation and MAFF**

On September 5, 2008, a whistle blower unveiled that Mikasa Foods, an Osaka-based food processing company, had been fraudulently selling so called "incident rice" designated for non-human consumption to food processing and foodservice users since 2003 and perhaps longer. "Incident rice" is the term the Ministry of Agriculture (MAFF) uses for the rice, stored in government warehouses, whose quality is deemed unsuitable for human consumption due to pesticide residues exceeding the regulatory limits or to quality deterioration like mold. Since most of the government stocks of rice are imported under Japan's Uruguay Round Minimum Access (MA) commitment, to the rice industry "incident rice" generally refers to MA rice disqualified for human consumption. At the time MAFF allowed incident rice or what the media now calls "tainted rice" to be sold only for industrial uses such as glue manufacturing.

According to MAFF's records, Mikasa had bought some 1,800 metric tons of tainted rice from MAFF since 2003 and sold most of it to over 390 companies which then used it to make products for human consumption. These companies claim that they did not know the rice was tainted. The list of purchasers includes sake breweries, confectionery manufacturers, and even foodservice companies catering to day care centers and kindergartens.

There was actually suspicion of Mikasa's fraudulent activity more than a year ago and MAFF officials had inspected Mikasa almost a hundred times since the first whistle blowing but found no wrongdoing. New findings of other companies' involvement in similar activities kept surfacing and made the front page of the newspapers daily. This so-called "tainted rice incident" became MAFF's biggest crisis since BSE was discovered in Japan in 2001.

The media portrayed the problem – which was essentially a case of fraudulent activities by Japanese companies and lack of oversight by Japanese government agencies – as a food safety issue. This was despite a public acknowledgement of wrongdoing by the company. Although some of the rice in question was found to exceed the maximum pesticide residue standards, it is highly unlikely, as the Ministry of Health says, that once processed into sake and rice crackers, it affects human health. In fact, no illnesses have been reported. (*Note that the rice that was found to exceed the MRLs fully met the residue standard at the time of import. Because MHLW introduced the MRL system in 2006, the rice imported prior was tested against the new standard and a fraction of it failed to meet the new standard.*) Most of the first reports in the media mentioned that the tainted rice was imported, thus branding it not only a food safety issue but an *imported* food safety issue. Some reports said, "Why do we have to import poisonous rice and spend tax-payers money to keep it," totaling ignoring the fact that imported rice goes through rigorous maximum residue level (MRL) testing, which exceeds the requirements to which domestic Japanese rice is subjected.

Most of the rice that went into the incident rice channel was disqualified due to molding from having been kept in the MAFF warehouse for so long and/or from being exposed to water. It is true that the Government of Japan spends an inordinate amount of money to import, store, and sell at a loss the rice it imports. However, there are many options available to relieve that burden including releasing the rice into the regular table rice market regularly. As a result of such misunderstandings by the media and the resulting effect on public opinion there came calls for MAFF to implement additional measures against imported rice. In the end, the purchase contract between importers and MAFF was revised so that importers must now ship back to exporting countries or dispose of rice disqualified at the port of entry. Since wheat is also a state-traded commodity, MAFF also revised the contract terms of wheat

imports with importers in the same manner, causing disruption of trade in the last quarter of 2008 during transition from the previous contract.

Production up 1 Percent, thus Surplus Continues

Without any major weather disruptions, overall national production ended at one percent above a normal year for the total volume of 8,823,000 metric tons (MT), brown rice basis. This is greater than the demand forecast of 8,550,000 MT

Table 2.

Japan's Rice Production (Brown Basis)

	Planted Area (1,000 hectares)			Production (1,000 metric tons)			Yield/10 ares (kilograms)	
	Total	Paddy	Upland	Total	Paddy	Upland	Paddy	Upland
2004	1,701	1,697	4	8,730	8,721	9	514	200
2005	1,706	1,702	4	9,074	9,062	12	532	266
2006	1,688	1,684	4	8,556	8,546	10	507	246
2007	1,673	1,669	4	8,714	8,705	9	522	257
2008	1,627	1,624	3	8,823	8,815	8	543	265

Source: MAFF

Consumption on Upturn but Long-term Prospects Not Perky

Per capita consumption of rice in Japan has been showing a slight upturn since 2007. This is attributed mainly to the relatively low price of rice when most food items, particularly other carbohydrate options like wheat based products, increased in price as shown in Chart 4 below. MAFF's extravagant "self-sufficiency" campaign whose core program is promoting rice consumption also might have helped. MAFF has also been pushing rice into the feed sector where the utilization ratio of rice in compound and mixed feed increased from 0.1 percent (or 13,464 MT) in 2003 to 2.3 percent (or 557,571 MT) in 2007 (Chart 3): the reason for the increase in total consumption shown in the PS&D. On the table rice side, however, it would be optimistic to conclude that the four-decade-long downward trend has been reversed. On the contrary, Post projects a further decline in the next decade, given the demographic situation depicted in Chart 6 where Japan's population peaked in 2005, faster than previously forecast, and the population is also aging rapidly (one out of four Japanese will be older than 65 by 2015).

Table 3.

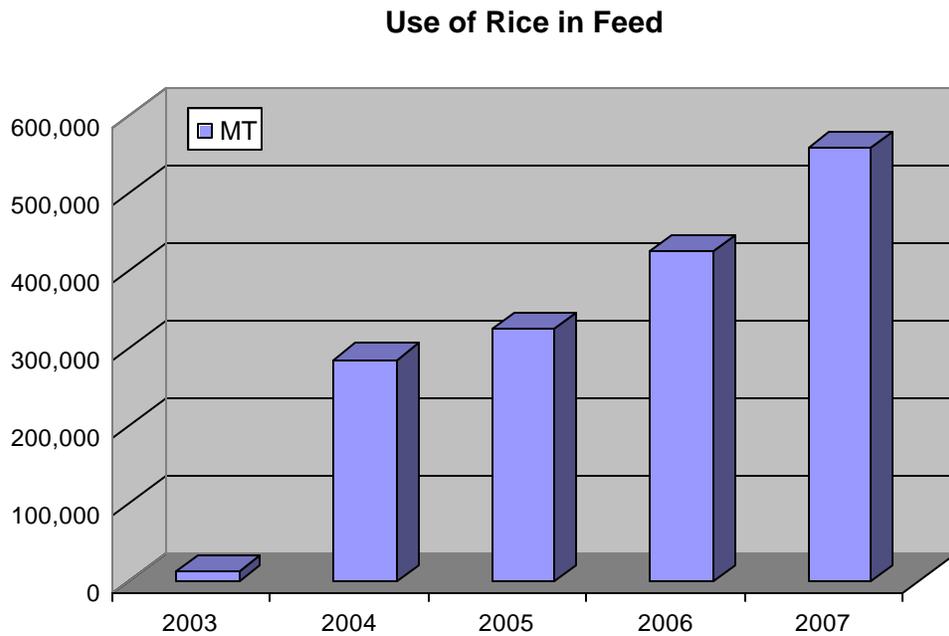
Annual Per Capita Consumption of Rice in Japan (Kilograms)

1962	1965	1975	1985	1995	2005	2006	2007	2008*
118.3	111.7	88.0	74.6	67.8	61.4	61.0	61.4	61.5

* Ag Office estimate

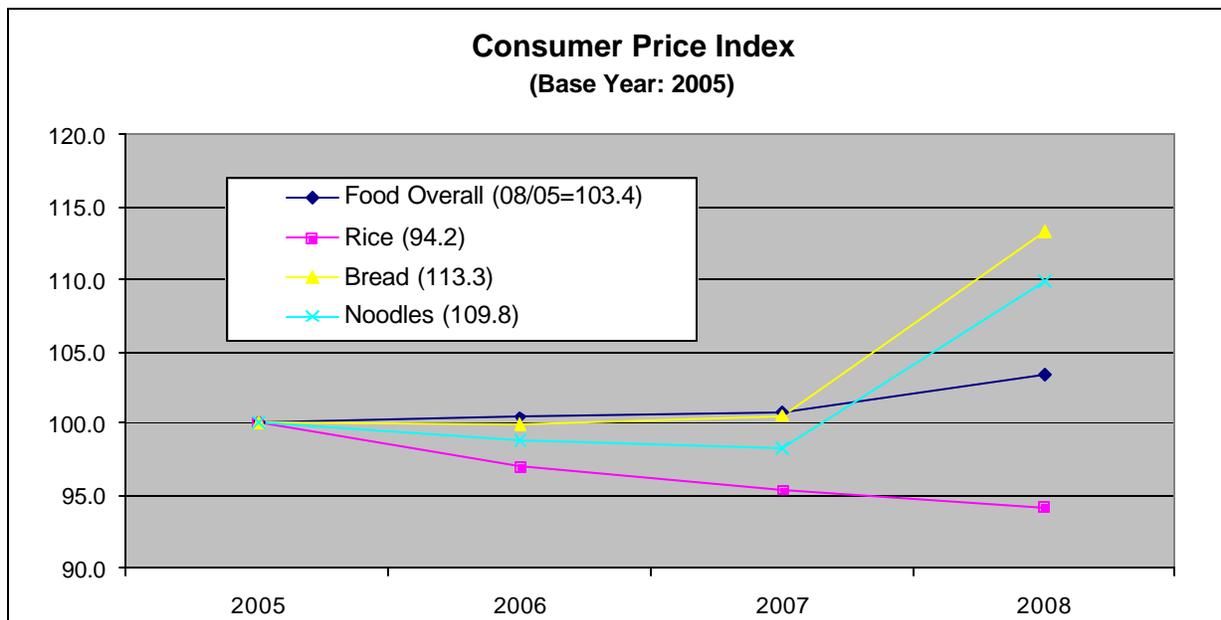
Source: MAFF

Chart 3.



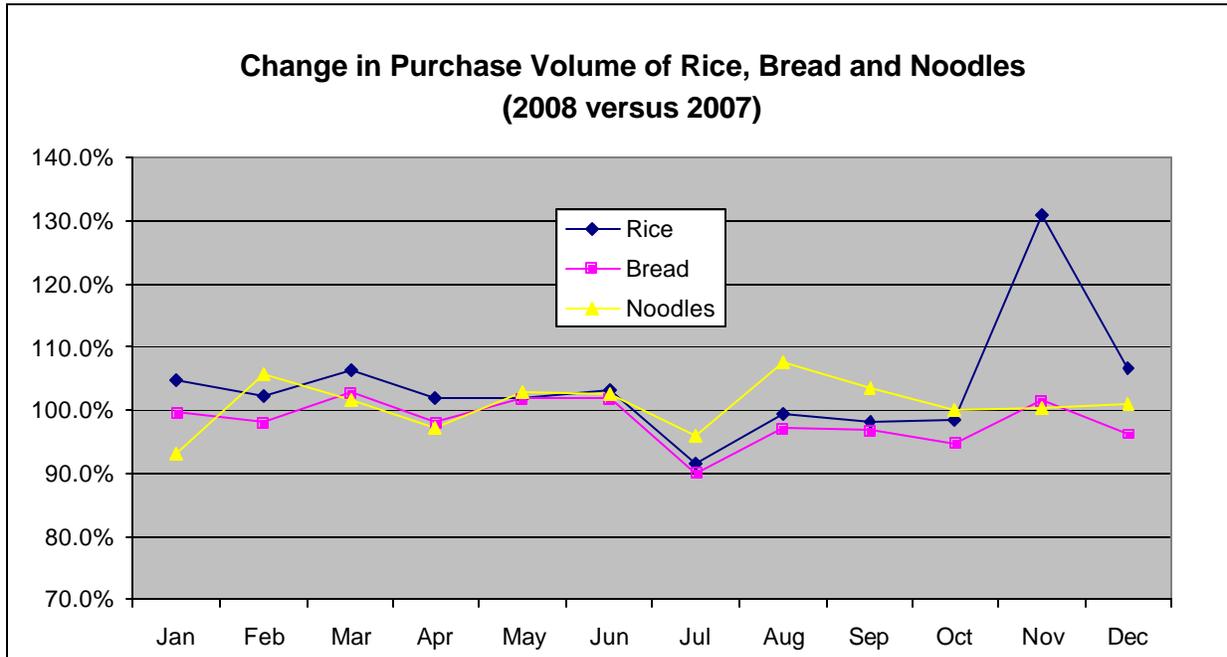
Source: Ministry of Finance

Chart 4.



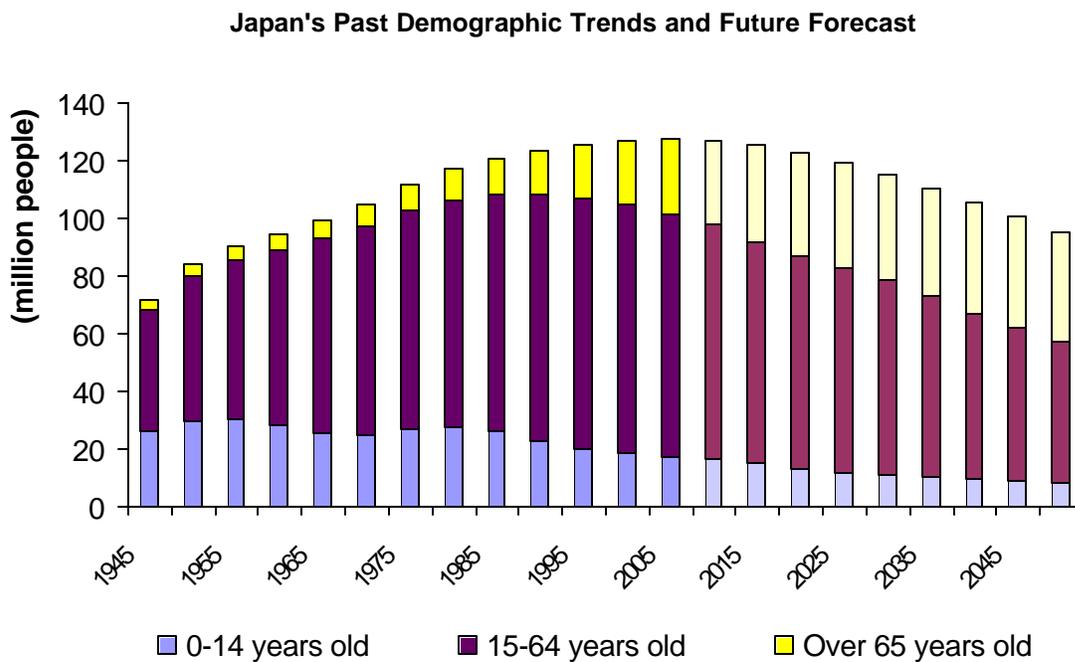
Source: Ministry of Management, Home Affairs, Post and Telecommunications

Chart 5.



Source: Ministry of Management, Home Affairs, Post and Telecommunications

Chart 6.



Source: Compiled by AgAffairs/Tokyo based on the statistics of the Ministry of Health, Labor and Welfare and National Institute of Population and Social Security Research

As a result of a reduction in rice consumption, as well as a decline in price over the years, household expenditures on rice have been cut by more than half during the last two decades. The average Japanese household now spends less than four percent of food expenditures on rice.

Table 4.

Average Monthly Expenditures on Rice by Japanese Household (in Yen)

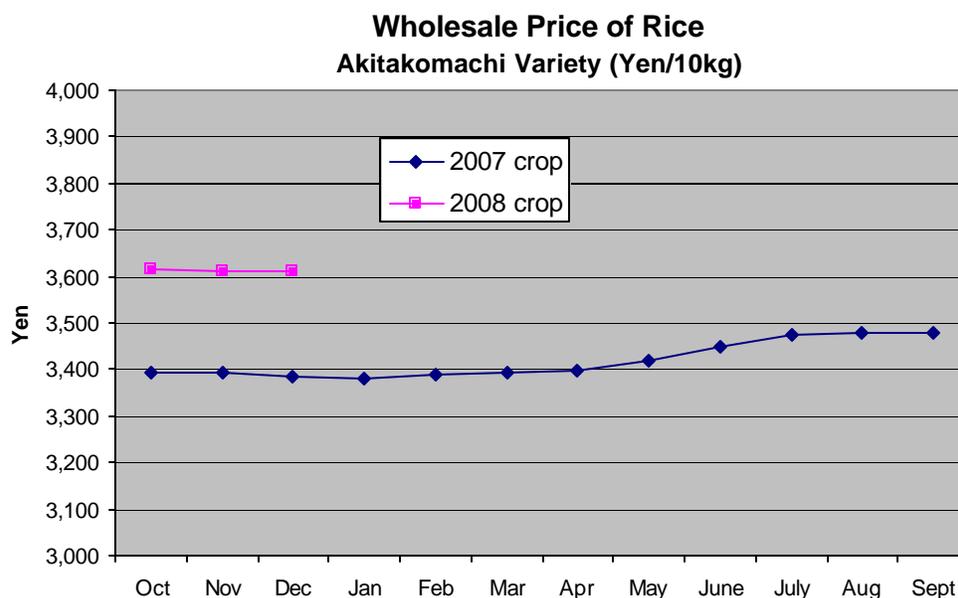
	1985	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Expenditure	273,114	317,133	308,692	306,129	302,623	304,203	302,903	295,332	297,139	297,102
Food Expenditure	73,735	73,844	71,534	71,286	70,260	70,116	68,910	68,178	68,522	69,145
Expenditure on Rice	6,233	3,291	3,113	2,992	3,041	3,044	2,681	2,523	2,506	2,515
% rice/food	8.50%	4.50%	4.40%	4.20%	4.30%	4.34%	3.89%	3.70%	3.66%	3.64%

Source: Ministry of Management, Home Affairs, Post and Telecommunications

Government Set-aside Program Planned Again This Year

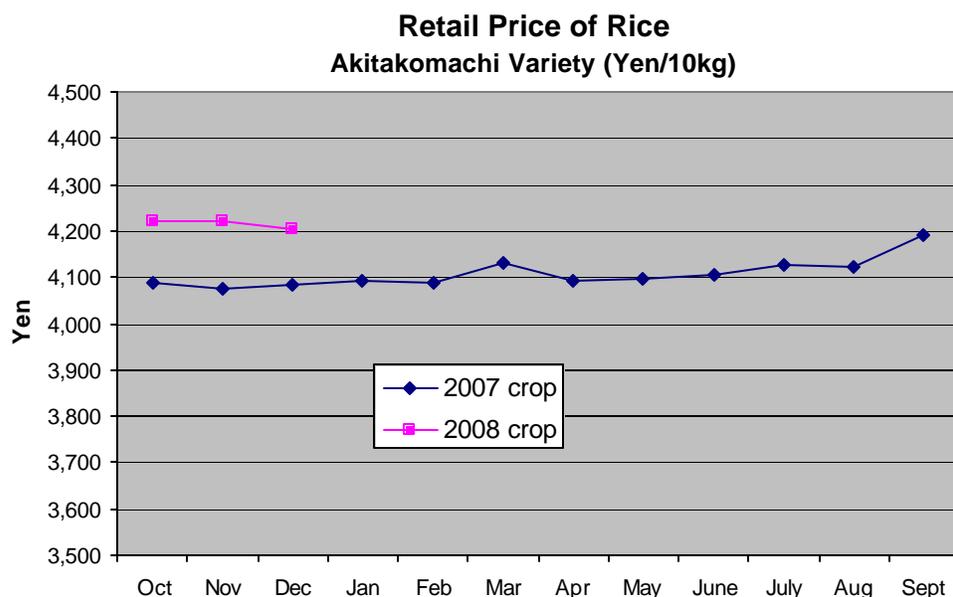
The graphs below show the trend in the wholesale traded price of rice and the retail price for 2007 crop and 2008 crop thus far. With early indications of the new 2008 crop at above normal year volume, MAFF quickly announced that it would buy 100,000 MT to segregate part of the surplus. In a further effort to sustain the price level, Japan's national farm cooperative (JA) did not supply its rice to market auctions until late January and had pre-negotiated wholesale prices with major distributors. As a result, the 2008 crop is showing a higher price level than last year. (Please refer to the following price section.) Some trade people are criticizing JA for price rigging, which has made the rice auction market dysfunctional.

Chart 7.



Source: MAFF

Chart 8.



Source: MAFF

Japan Fails to Meet Import Commitment in 2007

For the first time since its implementation in 1995, Japan failed to meet its WTO minimum access commitment of rice imports. Out of the committed volume of 682,000 MT, approximately 65,000 MT were left unfilled. The "tainted rice incident" also disrupted the 2008 tenders because MAFF decided to revise the terms of the import contract. (Please refer to the beginning of the Rice Section.) This resulted in a delay of tender implementation, particularly SBS tenders. As of the end of February, only two-thirds of the commitment volume has been filled.

Table 5.

Results of Japan's Minimum Access Rice Tenders (Actual Tonnage)

(JFY 1995-2008)

	U.S.	Thailand	Australia	China	Others	Total
JFY2008 (As of March 10, 2009)						
SBS	18,616	13,260	0	62,070	546	94,492
Share	19.7%	14.0%	0.0%	65.7%	0.6%	100.0%
OMA	325,000	200,000	0	0	0	525,000
Share	61.9%	38.1%	0.0%	0.0%	0.0%	100.0%
Total	343,616	213,260	0	62,070	546	619,492
Share	55.5%	34.4%	0.0%	10.0%	0.1%	100.0%
JFY2007						
SBS	24,629	1,506	0	73,456	409	100,000
Share	24.6%	1.5%	0.0%	73.5%	0.4%	100.0%
OMA	294,550	215,000	0	0	7,000	516,550

Share	57.0%	41.6%	0.0%	0.0%	1.4%	100.0%
Total	319,179	216,506	0	73,456	7,409	616,550
Share	51.8%	35.1%	0.0%	11.9%	1.2%	100.0%
JFY2006						
SBS	22,566	1,048	7,535	68,013	838	100,000
Share	22.6%	1.0%	7.5%	68.0%	0.8%	100.0%
OMA	296,316	158,050	39,000	0	85,050	578,416
Share	51.2%	27.3%	6.7%	0.0%	14.7%	100.0%
Total	318,882	159,098	46,535	68,013	85,888	678,416
Share	47.0%	23.5%	6.9%	10.0%	12.7%	100.0%
JFY2005						
SBS	17,894	1,784	4,084	75,684	554	100,000
Share	18.2%	1.1%	1.6%	78.8%	0.3%	100.0%
OMA	304,000	163,500	13,000	0	98,078	578,578
Share	52.2%	23.6%	13.7%	3.4%	7.1%	100.0%
Total	321,894	165,284	17,084	75,684	98,632	678,578
Share	47.4%	24.4%	2.5%	11.2%	14.5%	100.0%
JFY 2004						
SBS	23,413	1,211	4,658	63,877	829	93,988
Share	24.9%	1.3%	5.0%	68.0%	0.9%	100.0%
OMA	298,500	163,300	13,000	24,000	85,944	584,744
Share	51.0%	27.9%	2.2%	4.1%	14.7%	100.0%
Total	321,913	164,511	17,658	87,877	86,773	678,732
Share	47.4%	24.2%	2.6%	12.9%	12.8%	100.0%
JFY 2003						
SBS	18,216	1,145	1,570	78,803	266	100,000
Share	18.2%	1.1%	1.6%	78.8%	0.3%	100.0%
OMA	298,000	134,700	78,400	19,500	40,500	571,100
Share	52.2%	23.6%	13.7%	3.4%	7.1%	100.0%
Total	316,216	135,845	79,970	98,303	40,766	671,100
Share	47.1%	20.2%	11.9%	14.6%	6.1%	100.0%
JFY 2002						
SBS	20,122	1,327	4,077	24,247	294	50,067
Share	40.2%	2.7%	8.1%	48.4%	0.6%	100.0%
OMA	301,676	134,808	82,500	75,690	34,800	629,474
Share	47.9%	21.4%	13.1%	12.0%	5.5%	100.0%
Total	321,798	136,135	86,577	99,937	35,094	679,541
Share	47.4%	20.0%	12.7%	14.7%	5.2%	100.0%
JFY 2001						
SBS	25,173	421	8,529	65,702	175	100,000
Share	25.2%	0.4%	8.5%	65.7%	0.2%	100.0%
OMA	298,877	129,376	91,500	55,516	4,700	579,969
Share	51.5%	22.3%	15.8%	9.6%	0.8%	100.0%
Total	324,050	129,797	100,029	121,218	4,875	679,969
Share	47.7%	19.1%	14.7%	17.8%	0.7%	100.0%
JFY 2000						
SBS	46,273	4,960	14,269	53,264	1,234	120,000
Share	38.6%	4.1%	11.9%	44.4%	1.0%	100.0%
OMA	284,000	144,370	94,000	35,000	15,669	573,039
Share	49.6%	25.2%	16.4%	6.1%	2.7%	100.0%

Total	330,273	149,330	108,269	88,264	16,903	693,039
Share	47.7%	21.5%	15.6%	12.7%	2.4%	100.0%
JFY 1999						
SBS	36,826	3,753	14,587	62,611	2,223	120,000
Share	30.7%	3.1%	12.2%	52.2%	1.9%	100.0%
OMA	276,000	138,200	90,000	13,900	15,000	533,100
Share	51.8%	25.9%	16.9%	2.6%	2.8%	100.0%
Total	312,826	141,953	104,587	76,511	17,223	653,100
Share	47.9%	21.7%	16.0%	11.7%	2.6%	100.0%
JFY 1998						
SBS	36,498	5,297	14,538	61,965	1,702	120,000
Share	30.4%	4.4%	12.1%	51.6%	1.4%	100.0%
OMA	265,400	130,000	87,000	10,000	20,000	512,400
Share	51.8%	25.4%	17.0%	2.0%	3.9%	100.0%
Total	301,898	135,297	101,538	71,965	21,702	632,400
Share	47.7%	21.4%	16.1%	11.4%	3.4%	100.0%
JFY 1997						
SBS	34,657	911	3,159	13,882	2,532	55,141
Share	62.9%	1.7%	5.7%	25.2%	4.6%	100.0%
OMA	237,900	133,900	82,400	30,000	5,000	489,200
Share	48.6%	27.4%	16.8%	6.1%	1.0%	100.0%
Total	272,557	134,811	85,559	43,882	7,532	544,341
Share	50.1%	24.8%	15.7%	8.1%	1.4%	100.0%
JFY 1996						
SBS	14,134	360	1,173	5,113	1,220	22,000
Share	64.2%	1.6%	5.3%	23.2%	5.5%	100.0%
OMA	201,000	127,650	80,000	35,000	0	443,650
Share	45.3%	28.8%	18.0%	7.9%	0.0%	100.0%
Total	215,134	128,010	81,173	40,113	1,220	465,650
Share	46.2%	27.5%	17.4%	8.6%	0.3%	100.0%
JFY 1995						
SBS	5,715	246	1,935	2,390	408	10,694
Share	53.4%	2.3%	18.1%	22.3%	3.8%	100.0%
OMA	188,000	95,100	85,000	30,000	0	398,100
Share	47.2%	23.9%	21.4%	7.5%	0.0%	100.0%
Total	193,715	95,346	86,935	32,390	408	408,794
Share	47.4%	23.3%	21.3%	7.9%	0.1%	100.0%

Source: MAFF

Trade for Processed Rice Products

The United States is one of the three largest exporters of rice flour preparations to Japan along with Thailand and China. The U.S. suppliers have long catered to the specific needs of Japanese end users and have developed a mutually beneficial stable business.

In June 2005, MAFF started to release stocks of imported rice into the rice flour sector in an effort to curb the "surge" of imports of rice flour preparations and to reduce the inflating stocks of imported rice (estimated at roughly 1.5 MMT). It became clear that this sector-specific release program was substantially affecting U.S. exports (down nearly 20 percent in 2007 from 2005). USDA adamantly pursued this issue with MAFF at various bilateral fora. Consequently, MAFF eliminated this release program at the end of October 2008. Post will

continue monitoring MAFF's movements to release rice stocks to originally unintended sectors.

The U.S. share in imports of rice crackers, pilaf and sake (rice wine) remains small due to high labor costs compared to those in countries like Thailand (the largest exporter to Japan of rice crackers), China (the largest exporter of pilaf) and the Republic of Korea (the largest exporter of sake).

Table 6.

**Japanese Imports of Processed Rice Products
(MT, except sake)**

	CY 2006		CY 2007		CY 2008	
	Total	U.S.	Total	U.S.	Total	U.S.
Flour preparations	107,790	27,270	90,201	25,991	85,889	25,290
Rice Crackers	10,786	0	11,592	0	11,044	0
Pilaf	961	1	819	2	318	2
Sake (1,000 liters)	3,534	0	2,928	0	615	0

Source: Ministry of Finance

Stocks

MAFF holds emergency stocks of rice, whose appropriate level is currently targeted at 1 million MT. However, this does not include the Minimum Access (MA) rice. MAFF's official supply and demand table does not include stocks of MA rice. As shown below, stocks of domestic rice have been reduced over the years, and since 2004 have been below the targeted level due to a poor crop in 2003. With the planned set-aside program of 100,000 MT, domestic rice stocks are expected to surpass 1 MMT this year. In contrast, stocks of MA rice had been piling up and peaked in 2006. However, MAFF has been selling MA rice aggressively into the feed sector for the last two years, running down the stock level. It is estimated that about 600,000 Mt of MA rice is now going into the feed sector. Further, it has been reported that MAFF will be supplying MA rice to ethanol plants. Post will continue closely monitoring this development where an increasing amount of high quality U.S. rice, intended for human consumption, is going into non-food sectors.

Table 7.

**Japan's Rice Reserve
(MT)**

	Commercial	Government		Total
		Domestic	MA rice	
1995	370,000	1,180,000	0	1,550,000
1996	390,000	2,240,000	310,000	2,940,000
1997	850,000	2,670,000	390,000	3,910,000
1998	470,000	2,970,000	420,000	3,860,000
1999	220,000	2,330,000	440,000	2,990,000
2000	110,000	1,620,000	560,000	2,290,000
2001	370,000	1,760,000	750,000	2,880,000
2002	460,000	1,550,000	950,000	2,960,000

2003	130,000	1,310,000	1,270,000	2,710,000
2004	20,000	570,000	1,480,000	2,070,000
2005	0	710,000	1,700,000	2,410,000
2006	0	680,000	1,890,000	2,570,000
2007	0	770,000	1,520,000	2,290,000
2008	0	990,000	970,000	1,960,000

Source: Food Department/MAFF

Minimum Access Commitment Continues into 2007

As a result of the Government of Japan's (GOJ) tariffication of rice in JFY 2000, the Minimum Access commitment was reduced to 7.2 percent of total domestic consumption from the non-tariffed rate of 8.0 percent. In terms of volume, 7.2 percent is equivalent to 682,000 MT (milled basis). This volume will remain in effect until renegotiated. Japan intends to position rice as a most sensitive item, therefore, excluding it from the across the board expansion of tariff rate quotas (TRQs) and tariff capping in the WTO Doha Round.

Table 8.

***Japan's Market Access Obligations for Rice
(MT, Minimum Access as Percent of Domestic Rice Consumption)***

	Without Tariffication		With Tariffication	
	Volume	Percent of Domestic Consumption	Volume	Percent of Domestic Consumption
JFY 2000 Onward	758,000	8.0 percent	682,000	7.2 percent

Source: MAFF

Export of Rice under Food Aid

The GOJ sets aside about 200,000 MT of rice under food aid programs on an annual basis. This amount does not show up in the export statistics by the Ministry of Finance, which appears to record only exports of Japanese domestic rice (40,456 MT in the calendar year 2008 which includes a negligible amount of commercial exports). The discrepancy between the total food aid exports and the amount recorded in the official export statistics is considered to be rice imported under the OMA regime and diverted for food aid exports. In the midst of a perceived rice shortage in the Southeast Asia, there were talks that Japan might use MA rice as additional food aid for countries in need. However, none of these deals have come through.

WHEAT

Production in 2008 Declines 3 Percent

The total planted area for wheat in 2008 stayed about the same as the previous year. However, small precipitation in late June to early July as well as lack of sunlight in July affected yield, which resulted in a 3.0 percent decline in the total production volume at 882,400 MT.

Table 9.

Japan's Wheat Production

	Planted Area (hectares)	Production (MT)	Yield (MT/ha)
2004	212,600	860,300	4.05
2005	213,500	874,700	4.10
2006	218,300	837,200	3.84
2007	209,700	910,100	4.34
2008	208,800	882,400	4.23

Source: MAFF

Wheat Consumption Stays Flat

Historically, wheat consumption had been increasing gradually as consumers shifted from rice to processed wheat products such as bread and pasta. However, consumption has been flat in the last two decades. In 2007, per capita consumption of wheat showed a slight increase but the actual household spending on wheat based products has been stagnant throughout 2008 particularly in the latter half as prices of these products increased significantly as shown in the Rice Section. In the long run, with the growing size of the elderly population, who tend to eat less in quantity and more traditional foods, wheat consumption is expected to decline slowly but steadily.

Table 10.

Per Capita Consumption of Wheat in Japan (Kilograms)

1985	2000	2001	2002	2003	2004	2005	2006	2007	2008*
31.7	32.6	32.1	31.9	32.6	32.3	31.7	31.8	32.3	31.7

Source: MAFF

* Ag Office estimate

Utilization Patterns

In 2008 production of all major wheat based products showed a slight increase. In the long term, domestic production of these selected wheat products is estimated to be flat or to decline slightly as Japan's demographics change. However, as mentioned in the previous section, actual consumer spending slumped as price increased.

Table 11.

**Japanese Production of Selected Wheat Products
(1,000 MT)**

	2004	2005	2006	2007	2008*
Wheat Flour	4,667	4,623	4,599	4,672	4,695
Bread	1,243	1,232	1,218	1,211	1,217
Noodles	1,414	1,368	1,324	1,319	1,326
Biscuit	214	213	218	225	226
Premix	365	357	361	366	368

* Ag Office Estimate

Source: MAFF

Wheat Resale Price Significantly Raised

MAFF controls both producer and resale prices of domestic and imported wheat. MAFF buys imported wheat at international prices and sells it to domestic flour millers at a markup. As shown in Table 15 below, the ratio in recent years until 2006 had been consistent around 2 to 1, which means MAFF sells imported wheat at twice the purchase price. On the other hand, MAFF buys domestic wheat at a high price and sells it to domestic flour millers at a significantly lower price, lower than imported wheat so that the lower quality domestic wheat will be accepted. Revenues from transactions for imported wheat are used to help cover the cost difference between the purchase and resale of domestic wheat. This is referred to as the "Cost Pool System".

Until 2007 the resale price at which Japanese millers bought wheat from MAFF was set once a year for each brand/country and fixed at that price throughout the year. MAFF's purchase price (CIF price), however, has always fluctuated with international prices. Therefore, MAFF took the risk for changes in currency exchange rates and increases in import prices. This system was established in 1951 to ensure stable consumer prices as mandated under the Food Law.

The new system which started in JFY 2007 allows MAFF to revise the resale price twice a year (April and October), based on fluctuations in the market, and thus better reflects the market price situation (FOB price) in each country on the resale price. The initial resale prices set for April - September 2007 (Table 12), were based on an average of the past half year or full year FOB prices. The "mark-up" ratio (coefficient) on an annual average was meant to stay at the range between 1.8 to 1 and 2.1 to 1 as before. However, soaring international prices of wheat quickly worsened MAFF's balance sheet. From September 2007 till April 2008 MAFF ran in the red as shown in Table 12 below, despite repeated resale price hikes that increased the resale price by 50 percent in one year. Now that the import price has returned to the 2006 level, it is reported that MAFF will reduce the resale price in April 2009.

Table 12.

**GOJ Purchase and Resale Price of U.S. Wheat
(Yen per MT)**

	Average CIF Price* (a)	Resale Price** (b)	(b)/(a)
2003	22,855	45,790	2.0
2004	22,923	45,560	2.0
2005	21,521	45,350	2.1
2006	25,377	44,970	1.8
Apr-07	35,537	42,730	1.2
May-07	35,053		1.2
Jun-07	37,130		1.2
Jul-07	39,412		1.1
Aug-07	40,429		1.1
Sep-07	50,414		0.8
Oct-07	59,901	46,990	0.8
Nov-07	57,473		0.8
Dec-07	65,129		0.7
Jan-08	69,127		0.7
Feb-08	74,587		0.6
Mar-08			
Apr-08	58,349	61,090	1.0
May-08	50,508		1.2
Jun-08	46,396		1.3
Jul-08	49,403		1.2
Aug-08	49,309		1.2
Sep-08	43,696		1.4
Oct-08	24,688	67,200	2.7

*US Wheat (HS Code: 100190019)

**US Western White II

Source: MAFF and Ministry of Finance

The price includes 5% consumption tax.

Table 13.

GOJ Resale Price of Wheat by Brand
Yen per MT

Brand	2006	April - Sept. 2007	Oct. 07- March 08	April - Sept. 2008	Oct. 08- March 09
U.S. Western White (WW)	44,970	42,730	46,990	61,090	67,200
Australia Standard White (ASW)	46,350	48,660	53,530	69,590	76,550
U.S. Hard Red Winter (HRW)	45,920	47,440	52,170	67,830	74,610
Canada Western Red Spring #1 (1CW)	51,140	51,140	56,250	73,130	80,440
U.S. Dark Northern Spring (DNS)	49,270	49,270	54,190	70,450	77,500
Average of above 5 brands	47,820	48,430	53,270	69,120	76,030
% change		1%	10%	30%	10%

Source: MAFF

Wheat Imports Show Increase in 2008

Total imports of wheat in calendar year (CY) 2008 increased by 9.6 percent to 5,780,711 MT. Over the medium term, however, imports of wheat are forecast to decline slowly but steadily as Japan's demographics change. As most of the increase went to the United States, the U.S. share of total imports in 2008 was raised to 63.3 percent.

Table 14.

Japanese Wheat Imports by Source
(MT)

Year	U.S.	Share	Canada	Australia	TOTAL
CY 2006	3,002,097	56.2%	1,193,154	1,133,540	5,337,110
CY 2007	3,166,974	60.0%	1,136,261	948,251	5,275,108
CY 2008	3,658,265	63.3%	1,180,784	932,665	5,780,711

Source: Ministry of Finance

Table 15.

Japanese Imports of Processed Wheat Products
(MT)

	CY 2006		CY 2007		CY 2008	
	Total	US Share	Total	US Share	Total	US Share
Flour preparations	138,510	6.5%	117,019	7.5%	100,161	8.9%
Pasta (excl. stuffed)	109,791	22.5%	104,411	22.8%	127,254	19.2%
Biscuits	24,481	6.1%	23,105	6.3%	17,998	9.3%
Bread	10,058	40.0%	7,354	26.1%	5,562	12.7%

Source: Ministry of Finance

MAFF allows flour millers to import wheat outside of MAFF's control as long as they export an equivalent amount of wheat flour. This so-called "free wheat" is imported at world prices and is thus very profitable. This system also provides millers with an export market for their lower quality flour, which otherwise would have little value in the domestic market.

Table 16.

***Japanese Exports of Wheat Flour by Destination
(MT)***

Destination	CY 2006	CY 2007	CY 2008
Hong Kong	182,077	166,439	116,588
Vietnam	30,877	23,460	11,983
Singapore	37,596	33,255	32,164
Thailand	15,826	13,396	9,503
United States	899	1,017	985
Other	22,754	17,808	15,659
Total	290,029	255,375	186,882

Source: Ministry of Finance

Stocks

Japan has held emergency stocks of wheat at a level equivalent to 2.6 months' worth of demand. Due to the shortened time necessary to obtain alternative supplies in case of an emergency, the stocks have been reduced to 1.8 months' worth. Although the actual stock figures are not disclosed, 1.8 months' worth of stocks translates to around 900,000 metric tons.

Feed Wheat Imports through SBS System

In 1999, MAFF introduced the Simultaneous Buy and Sell (SBS) system for imported wheat and barley for feed use. During JFY 2008, MAFF conducted ten SBS tenders, through which 70,045 MT of imported wheat was contracted. Although information on the country of origin of successful tender contracts is not disclosed, according to trade sources, a very small amount of imports from China took place. However, Post does not see a significant advance by China or other low cost producers in the foreseeable future.

Table 17.

**SBS Imports of Feed Wheat and Barley
(MT)**

	Wheat	Barley
1st tender	13,440	179,095
2nd	12,760	179,740
3rd	9,000	82,000
4th	16,400	88,420
5th	0	36,080
6th	0	25,500
7th	0	84,300
8th	7,230	69,000
9th	0	12,650
10th	11,215	176,320
Total	70,045	933,105

Source: MAFF

MAFF Introduces New SBS System for Food Quality Wheat and Barley

MAFF started a new Simultaneous-Buy-Sell (SBS) system for food quality wheat and barley in Japan's new fiscal year beginning April 2007. The idea behind the SBS system is to allow for greater flexibility of imports and transparency in a portion of food quality wheat. However, MAFF still remains a "middle man" in the transaction.

Plans for Wheat SBS Tenders:

There are two categories of SBS wheat imports. First, MAFF planned to transfer state purchases of roughly 240,000 to 250,000 MT of Australian Prime Hard and roughly 240,000 to 250,000 MT of Durum to the SBS system. (Note: These quantities were tentative.) Traditionally, MAFF has bought durum only from Canada but this system will theoretically open up the system to U.S. durum. As for Prime Hard, Australia is the only supplier.

The second category included wheat varieties that are not imported under the state trading regime (See below.) The idea was that this would provide a vehicle for importing new varieties – including U.S. durum, which could be imported under Category I or II.

Category I: Prime Hard and Durum

Category II: Any variety/brand except:
 U.S. Western White (WW)
 U.S. Hard Red Winter (HRW)
 U.S. Dark Northern Spring (DNS)
 Australia Standard White (ASW)
 Canada Western Red Spring (CWRS)

Due to the extraordinary wheat trade situation caused by sharp price hikes in the international market, the first two years of SBS imports did not go as laid out in the original

plan above. The buyers/users were hesitant to take risks against price fluctuations in the volatile market situation.

Table 18.

SBS Imports of Food Wheat

Tender (Date)	Category I			Category II		
	MT	Type	Country	MT	Type	Country
1st 18-Apr-08				1,894 7,503	Prime Hard	France Australia
2nd 29-May-08	31,500	Durum	Canada			
3rd 26-Jun-08	10,000	Durum	Canada	7,400	Prime Hard	Australia
4th 24-Jul-08 31-Jul-08	30,100 5,300	Durum Prime Hard	Canada Australia			
5th 28-Aug-08	10,000	Durum	Canada	2,600 666	Prime Hard	Australia NA
6th 10-Oct-08	25,500	Durum	Canada			
7th 30-Oct-08	5,000	Durum	Canada	6,898	Prime Hard	Australia
8th 27-Nov-08	10,100	Prime Hard	Australia			
9th 17-Dec-08	35,000 3,320	Durum Prime Hard	Canada Australia	221 280 9,500 1,612	Prime Hard	USA Canada Australia France
10th 14-Jan-09	6,500	Durum	Canada			
Total Volume	172,320			38,574		

Source: MAFF

CORN

Production

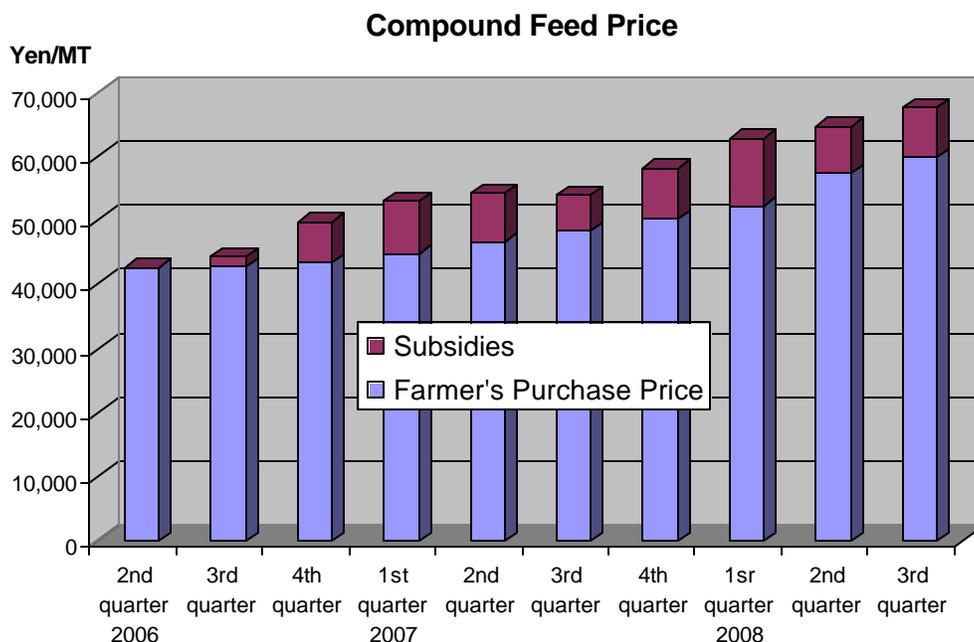
Corn production is negligible in Japan.

Overall Demand Stable While High Feed Price Will Severely Hurt Japanese Livestock Producers

Despite the historic high price, demand for corn in Japan in 2008 stayed highly stable, both in the feed sector and food sector. Corn is the largest ingredient in compound feed and Japan’s corn supply relies solely on imports. A stable corn supply, in terms of both quantity and price, is the lifeline for Japan’s livestock production.

Due to soaring feed grain prices the price of compound feed has increased 58 percent since late 2006. Japan has a feed price stabilization program, where a combination of a MAFF subsidy and an industry fund help absorb sudden surges in the compound feed price. As the graph below shows since the second quarter of 2006, the subsidy has helped curb feed price increases. Yet, the livestock farmer’s purchase price of compound feed has increased 40 percent during the period.

Chart 9.



Source: MAFF

The higher cost of feed has been a tremendous burden on Japan’s livestock industry. Consequently, the population of livestock animals decreased in 2008, except for beef cattle, as shown in the table below. Labor intensive dairy farmers have been the hardest hit.

Table 19.

**Japan's Livestock Population
(1,000 heads)**

	2003	2004	2005	2006	2007	2008	%08/03
Dairy cows	1,719	1,690	1,655	1,636	1,592	1,533	89.2%
Beef cattle	2,805	2,788	2,747	2,755	2,806	2,890	103.0%
Swine	9,725	9,724	9,750*	9,620	9,759	9,745	100.2%
Layers	137,299	137,216	136,000*	136,894	142,765	142,523	103.8%
Broilers	103,730	104,950	102,520	103,687	105,287	102,987	99.3%

Source: MAFF (as of February each year)

* Ag Office Estimate

The downward trend in the livestock population appears irreversible and feed demand in Japan is expected to decline slowly but surely in years to come. The future of corn demand in Japan relies heavily on developing and enhancing demand in the non-feed sector. In the past several years, a robust demand for food corn has been driven by a strong beverage demand for corn sweeteners. However, as Japan's economy is expected to seriously worsen in 2009, demand for beverages (non-necessity items) may also be negatively affected.

Table 20.

**Imports of Meat by Origin
(1,000 MT)**

	CY 2006	CY 2007	CY 2008
Beef, fresh/chilled (HS Code: 0201)			
United States	5	18	31
Share	2.3%	8.2%	15.6%
Australia	208	188	159
Total	223	216	199
Beef, frozen (HS Code: 0202)			
United States	2	16	23
Share	0.9%	6.3%	8.9%
Australia	197	206	199
Total	237	258	259
Pork, fresh/chilled/frozen (HS Code: 0203)			
United States	252	271	337
Share	34.8%	35.6%	41.2%
Denmark	168	161	160
Canada	152	166	175
Total	725	760	818
Poultry, fresh/chilled/frozen (HS Code: 0207)			
United States	28	24	25
Share	7.4%	6.6%	5.7%
Taiwan	5	5	5
France	1	2	1
Brazil	338	324	397
Total	380	360	434

Source: Ministry of Finance

Utilization Patterns

Of the total demand for corn in Japan (approximately 16.5 million MT), roughly 70 percent comes from the feed sector, 22 percent from starch manufacturers, and 8 percent from other food-use sectors including manufacturers of corn grits (used as a fermentation ingredient in liquors), cornflakes and confections.

Corn is the largest ingredient used in compound and mixed feed. The ingredient ratio is adjusted from year-to-year, depending on the prices of various grains, but the corn ratio has been fairly constant at 48–50 percent in recent years. Of the total demand for feed corn (roughly 12.0 million MT), about 43-44 percent (5.2 million MT) comes from the poultry sector.

Table 21.

Feed Utilization by Ingredients in 2007

	Corn	Sorghum	Wheat	Barley	Rice	Wheat Flour	Rye	Oats	Other Grains	Grain Total	Other Ingredients	Total
Layer Feed												
MT	3,561,034	84,642	658	0	162,826	1,901	1	0	2,349	3,813,411	2,763,699	6,577,110
%	54.1%	1.3%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	0.0%	58.0%	42.0%	100.0%
Broiler Feed												
MT	1,634,154	565,692	2,721	1,291	184,304	5,593	126	0	8,030	2,401,911	1,408,457	3,810,368
%	42.9%	14.8%	0.1%	0.0%	4.8%	0.1%	0.0%	0.0%	0.2%	63.0%	37.0%	100.0%
Poultry Total												
MT	5,195,188	650,334	3,379	1,291	347,130	7,494	127	0	10,379	6,215,322	4,172,156	10,387,478
%	50.0%	6.3%	0.0%	0.0%	3.3%	0.1%	0.0%	0.0%	0.1%	59.8%	40.2%	100.0%
Dairy Cattle												
MT	1,383,274	21,840	7,582	60,658	51,684	23,878	39,359	5,483	16,898	1,610,656	1,577,436	3,188,092
%	43.4%	0.7%	0.2%	1.9%	1.6%	0.7%	1.2%	0.2%	0.5%	50.5%	49.5%	100.0%
Beef Cattle												
MT	1,779,413	72,042	38,317	726,440	17,315	41,564	33,652	1,973	15,263	2,725,979	1,766,164	4,492,143
%	39.6%	1.6%	0.9%	16.2%	0.4%	0.9%	0.7%	0.0%	0.3%	60.7%	39.3%	100.0%
Cattle Feed Total												
MT	3,162,687	93,882	45,899	787,098	68,999	65,442	73,011	7,456	32,161	4,336,635	3,343,600	7,680,235
%	41.2%	1.2%	0.6%	10.2%	0.9%	0.9%	1.0%	0.1%	0.4%	56.5%	43.5%	100.0%
Swine Feed												
MT	3,318,874	387,815	41,768	58,794	140,482	56,367	75,594	19	80,450	4,160,163	1,755,416	5,915,579
%	56.1%	6.6%	0.7%	1.0%	2.4%	1.0%	1.3%	0.0%	1.4%	70.3%	29.7%	100.0%
Feed, other												
MT	36,259	2,998	95	963	435	1,383	800	1,093	231	44,257	39,891	84,148
%	43.1%	3.6%	0.1%	1.1%	0.5%	1.6%	1.0%	1.3%	0.3%	52.6%	47.4%	100.0%
Compound Feed Total												
MT	11,713,008	1,135,029	91,141	848,146	557,046	130,686	149,532	8,568	123,221	14,756,377	9,311,063	24,067,440
%	48.7%	4.7%	0.4%	3.5%	2.3%	0.5%	0.6%	0.0%	0.5%	61.3%	38.7%	100.0%
Mixed Feed												
MT	293,125	2,780	3,934	11,806	525	1,009	2,974	1,453	10,737	328,343	122,731	451,074
%	65.0%	0.6%	0.9%	2.6%	0.1%	0.2%	0.7%	0.3%	2.4%	72.8%	27.2%	100.0%
Feed Total												
MT	12,006,133	1,137,809	95,075	859,952	557,571	131,695	152,506	10,021	133,958	15,084,720	9,433,794	24,518,514
%	49.0%	4.6%	0.4%	3.5%	2.3%	0.5%	0.6%	0.0%	0.5%	61.5%	38.5%	100.0%

Source: Feed Supply Stabilization Organization

Table 22.

**Japanese Compound and Mixed Feed Production by Type of Animal
(1,000 MT)**

	Compound Feed				Mixed Feed	Grand-Total
	Poultry	Swine	Cattle	Subtotal*		
JFY 2004	10,067	5,919	7,302	23,370	547	23,916
JFY 2005	10,216	5,872	7,376	23,553	556	24,109
JFY 2006	10,301	5,964	7,504	23,863	517	24,381
JFY 2007	10,378	5,911	7,674	24,048	441	24,489
JFY 2008*	10,154	5,933	7,791	23,949	341	24,290

** Ag Office preliminary estimates

Source: MAFF

Prices

The CIF price of U.S. corn jumped near 50 percent again in 2008, reflecting both soaring farm gate prices and higher freight rates. Surges in U.S. corn prices directly translate to higher feed prices in Japan as explained in the previous sections. Japan's compound feed price for the current quarter (January-March 2008) is reported at 67,480 yen/MT, an increase of over 58 percent since September 2006.

Table 23.

**Average CIF Price of Corn for Feed by Origin
(\$US per MT)**

	CY 2006	CY 2007	CY 2008	%08/07
United States	149.4	227.1	334.1	147.1%
Argentina	151.4	244.2	378.8	155.1%
China	165.8	218.3	283.5	129.9%
Brazil	NA	214.2	218.6	102.1%

Source: Ministry of Finance

Trade

Although the quick trade statistics report issued by the Ministry of Finance (MOF) shows that total feed corn imports in 2008 were 10,841,320 MT, Post estimates that they were actually higher by around 1 million MT. Food corn imports, on the other hand, should be lowered by 1 million MT to 4.6 MMT. Historically, MOF has often revised its corn import statistics later in the year. Despite the high price, since China and Argentina have put in place export taxes and export restrictions on corn, the U.S. import share increased to 99 percent.

The general trend in recent years is that increases in food corn imports have been compensating for declines in feed corn imports. The driving force in the food corn demand comes from the beverage sector, particularly for high fructose corn syrup (HFCS) used in low alcoholic drinks like *happoshu* (light beer) and other alcoholic beverages, in addition to a continued strong demand for soft drinks. As a result of the lack of availability and higher premiums for identity preserved (IP) "non-GMO" food use corn, many Japanese users have reportedly started buying non-IP corn.

Table 24.

Imports of Corn by Origin
(1,000 MT)

	CY 2006	CY 2007	CY 2008
Corn for feed			
United States	12,043	11,217	10,728
Share	97.1%	93.0%	99.0%
Argentina	75	279	54
China	279	557	2
Brazil	0	6	1
Others	0	1	56
Total	12,397	12,061	10,841
Corn for manufacturing			
United States	4,297	4,333	5,549
Share	95.8%	94.9%	98.8%
Argentina	5	98	33
Australia	1	1	0
China	171	92	0
South Africa	0	0	0
Brazil	0	33	5
Others	10	8	30
Total	4,485	4,565	5,617
Total corn			
United States	16,341	15,550	16,227
Share	96.8%	93.5%	98.6%
Total	16,881	16,626	16,459

Source: Ministry of Finance

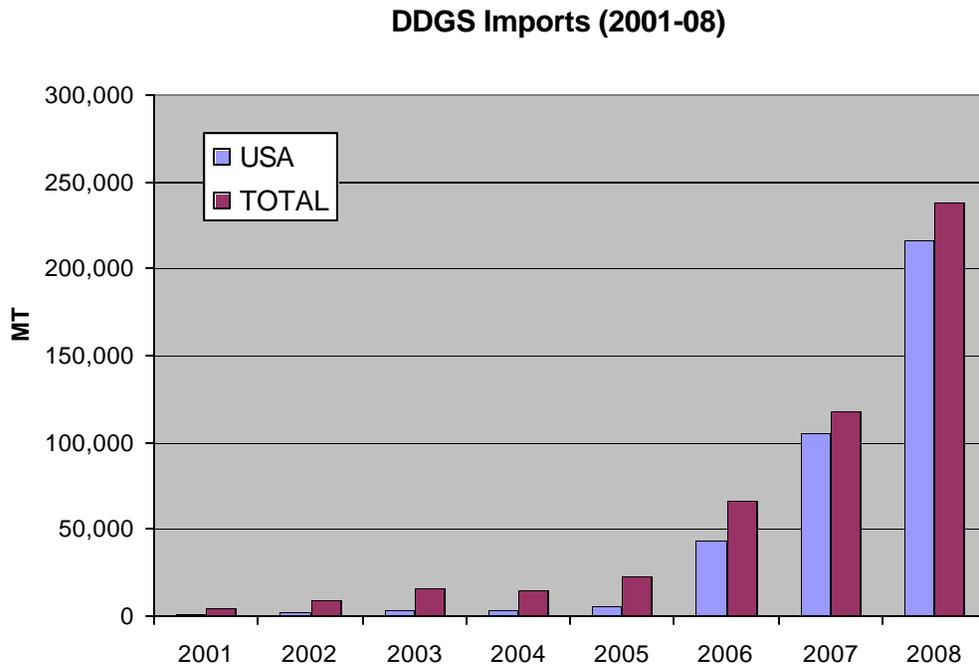
Stocks

Japan holds emergency stocks of essential feed grains, i.e. corn, sorghum, and barley. The stock level since 2005 has been set at approximately 950,000 MT in total. The breakdown is 600,000 MT of corn and sorghum combined (roughly 90 percent is corn) and 350,000 MT of barley. Since 2006 barley stocks have been replaced by rice.

DDGS Imports on the Rise

One of the positive side effects of the ethanol boom in the United States is the increasing availability of a high value co-product, Distiller's Dried Grains with Solubles (DDGS). As a result of aggressive educational activities led by the U.S. Grains Council, Japan's imports of DDGS from the United States have been increasing remarkably and surpassed the 100,000 MT mark in 2007, and 200,000 MT in 2008.

Chart 10.



Source: Ministry of Finance

SORGHUM

Production

Like corn, production of sorghum is negligible in Japan.

Consumption

Sorghum being a substitute for corn, its utilization rate in the production of compound and mixed feeds fluctuates depending on its relative price to corn and other ingredients. Due to the declining price appeal as well as to MAFF's aggressive promotion of "rice for feed," the utilization ratio of sorghum in feed has been declining steadily over the last several years. In JFY 2007, the most recent year with confirmed statistics, the sorghum utilization ratio went down to 4.6 percent from 7.6 percent in 2001.

Prices

Similar to corn, CIF prices for sorghum took a sharp rise in 2007 and 2008. In 2008 an increased demand for U.S. sorghum in Mexico, caused by Mexico's aversion to purchasing biotech food corn from the United States, created a further upward pressure on price.

Table 25.

*Average CIF Price of Sorghum for Feed by Origin
(\$US per MT)*

	CY 2006	CY 2007	CY 2008	%08/07
United States	155.7	230.8	338.0	146.4%
Argentina	136.3	227.0	329.8	145.3%
Australia	150.2	NA	342.1	NA
China	NA	223.0	282.0	126.5%

Source: Ministry of Finance

Trade

The U.S. is the largest supplier of sorghum to Japan. Since sorghum is mainly a substitute for corn, potential growth in Japan's sorghum imports largely depends on its relative price to corn. The demand for U.S. sorghum from Mexico, mentioned above, limited the availability of U.S. sorghum exports to Japan. As the U.S. and Argentine sorghum prices soared, Australia has returned as a major supplier, lowering the U.S. share from the 80 percent level in 2006 to below 50 percent in 2008.

As in the case of corn, the quick trade statistics report issued by the Ministry of Finance (MOF) tends to show total feed sorghum imports lower and food sorghum imports higher than the actual situation. Post estimates that about 100,000 MT should be transferred from food sorghum to feed sorghum imports for 2008. Imports are classified as being either for feed or food, however, despite this technicality, much of the sorghum imported under the food HS code must eventually end up in the feed sector, considering that the total demand for sorghum in the feed sector is approximately 1.1 million MT. (Refer to Table 24.)

Table 26.

*Imports of Sorghum by Origin
(1,000 MT)*

	CY 2006	CY 2007	CY 2008
Sorghum for feed			
United States	971	587	377
Share	82.1%	58.9%	45.4%
Argentina	134	282	48
Australia	77	0	313
China	0	128	76
Total	1,182	997	830
Sorghum, others			
United States	135	109	146
Share	81.3%	48.2%	49.8%
Argentina	18	101	15
Australia	12	0	85
China	1	15	39
Others	0	0	0
Total	166	226	293
Total sorghum			
United States	1,106	696	522
Share	82.0%	56.5%	46.5%
Total	1,348	1,232	1,123

Source: Ministry of Finance

Stocks

As written in the previous CORN section, Japan holds emergency stocks of essential feed grains, i.e. corn, sorghum, and rice. The stocks of sorghum had been kept at 130,000-170,000 MT over a decade until 2003. Following the policy of reducing the overall feed grain stocks, sorghum stocks were reduced to 75,000 MT in 2003, to 66,000 MT in 2004, 65,000 MT in 2005 and 64,000 MT since.

BARLEY

Production

According to Japan's Ministry of Agriculture, Forestry and Fisheries' (MAFF) survey for the 2007 barley crop, production increased by 11.7 percent owing to an increase in the planted area and favorable weather conditions resulting in increased yield over 2007. About 90 percent of the total barley production area is on converted rice paddy land, production of barley is strongly affected by the rice policy and its reform where MAFF is encouraging expanded wheat and barley production. Looking at the rate of increase in the planted area, however, the new policy has not so far had a notable impact.

Table 27.

Crop Area and Production of Barley in Japan

	Planted Area (hectares)	Production (1,000 MT)
2004	59,860	195,600
2005	54,840	184,500
2006	53,820	174,200
2007	54,220	194,600
2008	56,650	217,300

Source: MAFF

Consumption

In Japan, roughly 80 percent of barley is consumed in the feed sector. Barley is used for compound and mixed feed production for the cattle sector (beef and dairy). It is particularly important in feeding beef cattle because it produces high quality beef with the white marbling that Japanese consumers favor. The largest non-feed uses are for the production of *shochu*, a traditionally distilled liquor, and beer. Other uses include *miso* (soybean paste) and barley tea. Consumption of barley is now estimated to be around 1.6 million MT. There is little indication that the demand will increase in the near future. On the contrary some decline is expected as Japan's cattle population shrinks.

Prices

The average CIF price of barley soared in 2007 and again in 2008. The U.S. CIF price increased by almost 50 percent in 2007 over 2006, and by 45 percent in 2008 over 2007.

Table 28.

Average CIF Prices of Barley for Feed by Origin (\$US per MT)

	CY 2006	CY 2007	CY 2008	%08/07
United States	194.8	291.9	424.1	145.3%
Canada	173.4	273.8	445.9	162.9%
Australia	171.5	279.5	384.3	137.5%
China	NA	246.7	392.7	NA

Source: Ministry of Finance

Trade

Along with rice and wheat, barley imports are controlled by MAFF as a “Staple Food”. MAFF has been hesitant to remove barley from the state system entirely because it is a strategic alternative crop under the rice crop diversion program. As described in detail in the WHEAT section, starting April 2007, food barley can be imported under the Simultaneous Buy and Sell (SBS) system.

In 2007, imports from the United States increased on the calendar year basis to 501,000 MT, taking advantage of tight supplies from Canada and Australia. In 2008, the total imports as well as U.S. imports dropped on the calendar year basis. This is largely an import timing issue; often the case for barley imports which take place through SBS tenders as explained later. On the marketing year basis (October-September), total imports in 2008 and 2007 are at same level of 1.36 million MT.

Table 29.

***Imports of Barley by Origin
(1,000 MT)***

	CY 2006	CY 2007	CY 2008
Barley for feed			
United States	154	501	414
Share	13.7%	41.9%	42.4%
Canada	303	145	226
Australia	607	413	316
Ukraine	60	0	0
China	0	64	5
Others	0	73	14
Total	1,124	1,196	974
Barley, others			
United States	2	1	2
Share	0.7%	0.3%	0.3%
Canada	37	55	57
Australia	221	155	260
Others	0	0	1
Total	259	210	320
Total Barley			
United States	155	501	416
Share	11.2%	35.6%	32.1%
Total	1,383	1,406	1,295

Source: Ministry of Finance

SBS Tender for Feed Barley

MAFF introduced the SBS system for barley for feed in JFY 1999. During JFY 1999, 359,940 MT of feed barley was contracted under three tenders. The allocation amount has been raised every year reaching 1.41 million MT in 2008. In 2008, due to the volatile price situation, importers hesitated to participate in the tenders after the 2nd tender, leaving about 476,000 MT of the total allocation unfilled in this fiscal year. Unlike rice imports, however, Japan has no WTO obligation to fill this allocation.

Table 30.

**SBS Imports of Feed Wheat and Barley
(MT)**

	Wheat	Barley
1st tender	13,440	179,095
2 nd	12,760	179,740
3 rd	9,000	82,000
4 th	16,400	88,420
5 th	0	36,080
6 th	0	25,500
7 th	0	84,300
8 th	7,230	69,000
9 th	0	12,650
10 th	11,215	176,320
Total	70,045	933,105

Source: MAFF

New SBS Tender for Food Barley

As reported in the wheat section in detail, MAFF started a new Simultaneous-Buy-Sell (SBS) system for food quality wheat and barley in Japan's new fiscal year beginning April 2007. The idea behind the SBS system is to allow for greater flexibility of imports and transparency in a portion of food quality barley as below.

Plans for Barley SBS Tenders:

The plan for food barley would allow for 200,000 MT of imports annually. Annual imports of food barley are about 250,000 MT: 220,000 from Australia for *shochu*, a distilled liquor; 30,000 from Canada for barley tea; and only a few thousand tons from the United States mainly for beer.

As with wheat there are two categories for barley. Category 1 is for vessel trade. Although most barley is imported by vessel, there will also be Category 2 for container units. Category 2 is basically reserved for varieties that MAFF does not import and is intended to provide a means for new varieties to enter the market.

Table 32.

SBS Imports of Food Barley

Tender (Date)	Category I			Category II		
	MT	Type	Country	MT	Type	Country
1st 18-Apr-08	25,000 15,000		Australia Australia			
2nd 29-May-08	20,000 5,000	for beer	Australia Australia			
3rd 26-Jun-08	20,000		Australia	1,000 480		Australia Canada
4th 24-Jul-08	20,000		Australia			
5th 28-Aug-08	20,000		Australia	216 312 270	for beer	Australia USA Canada
6th 10-Oct-08	20,000 5,500	for beer	Canada Canada			
7th 30-Oct-08	6,000	for beer	Canada	600		Australia
8th 27-Nov-08						
9th 17-Dec-08	25,000 5,500	for beer	Australia Canada	1508		Australia
10th 14-Jan-09	15,000		Canada			
Total Volume	202,000			4,386		

Source: MAFF

Stocks

As written in the previous CORN and SORGHUM sections, Japan discontinued holding government emergency stocks of barley. Since practically all of feed barley Japan needs can be imported through the SBS tenders with an ample allocation (1.41 million MT since 2008), MAFF explains that government-held emergency stocks are no longer necessary.

RYE**Production**

Production of rye is minimal in Japan.

Consumption

Rye is almost exclusively used for feed in Japan. The main uses of rye are for cattle feed and swine feed. Like sorghum, most rye users consider it as substitute for corn. Since there is practically no domestic production, annual rye consumption and imports are directly linked with domestic cattle and swine production. In 2007, the latest statistics available (Table 21), total rye utilization in feed was 152,506 MT: 39,359 MT for dairy cattle; 33,652 for beef cattle; and 75,594 MT for swine. The ratio of rye in compound and mixed feed has been declining in the last few years due to declining price competitiveness, and it is expected to go down significantly in 2008 because of the fall in imports from Germany as explained in the following Trade section.

Prices

As shown below, U.S. rye is significantly less price competitive than that of Germany or Canada, the two major suppliers for Japan. Especially, the price of German rye soared in 2008 due to a fervent demand in the EU caused by poor Russian and Ukraine crops.

Table 33.

***Average CIF Price of Rye by Origin
(\$US per MT)***

	CY 2006	CY 2007	CY2008	%08/07
United States	615.6	630.7	748.1	118.6%
Canada	176.8	241.7	414.2	171.4%
Germany	138.2	202.5	424.8	209.8%

Source: Ministry of Finance

Trade

Germany dominates rye exports to the Japanese market because of its price competitiveness. Imports from Germany in CY 2008 declined dramatically due to the price situation as explained above. Although imports may recover as the price situation improves in 2009, in the medium term, rye imports are expected to steadily decline as Japan's cattle and swine populations will likely continue shrinking. Prospects for U.S. rye exports to Japan are directly linked to the relative price of U.S. rye, and no significant advance is expected in the near future.

Table 34.***Imports of Rye by Origin
(MT)***

	CY 2006	CY 2007	CY 2008
United States	284	501	1,087
Canada	8,350	60,373	53,241
Germany	263,236	154,278	4,911
Other	0	20	42
Total	271,870	215,172	59,281

Source: Ministry of Finance

Stocks

Unlike corn, sorghum and barley, Japan does not hold strategic emergency stocks of rye. Commercial stocks are estimated to be around 15,000 MT.

BEANS

Production

Small red beans (azuki) and kidney beans account for almost all of Japan's dry bean production. The production volume of small red beans in 2008 increased 5.6 percent due to an enhanced yield more than offsetting a slight drop in acreage. The production volume of kidney beans increased at a greater rate of 11.9 percent due to a 4.8 percent expansion in acreage and favorable weather conditions, which resulted in a larger bean size in Hokkaido where 96 percent of the planted area in Japan is located.

Table 35.

Crop Area and Production of Major Beans in Japan

	Small Red (Azuki) Beans		Kidney Beans	
	Area (Hectares)	Production (MT)	Area (Hectares)	Production (MT)
2004	42,600	90,500	11,800	27,300
2005	38,300	78,900	11,200	25,700
2006	32,200	63,900	10,000	19,100
2007	32,700	65,600	10,400	21,900
2008	32,100	69,300	10,900	24,500

Source: MAFF

Consumption

Japan's annual bean consumption had been fairly constant at around 230,000 metric tons. However, because the stagnant domestic economy and an increasing shift in consumer preferences toward Western desserts have negatively affected the demand for traditional Japanese confections (a major user of beans), bean consumption has been declining to 180,000 – 200,000 MT level in the last few years.

Trade

Japan's imports of small red beans and kidney beans combined increased by 12.6 percent from 39,920 MT in 2006 to 44,944 MT in 2007, reflecting reductions in Japanese domestic bean production in 2006. However, since Japanese production recovered somewhat in 2007, 2008 imports returned to the 2006 level. Another important trend to monitor is increasing imports of finished and semi-finished sweetened bean paste, shown in the chart below. Imports, predominantly from China, of processed sweetened bean paste (HS code 2005-40.190, 2005-51.190, and 2005-90.119) have more than doubled: from 37,970 MT in 1994 to 93,285 MT in 2007. However, after an incident in September 2008 where sweetened bean paste imported from China was found to contain poisonous toluene and ethyl acetate, making a few people sick, imports dropped dramatically.

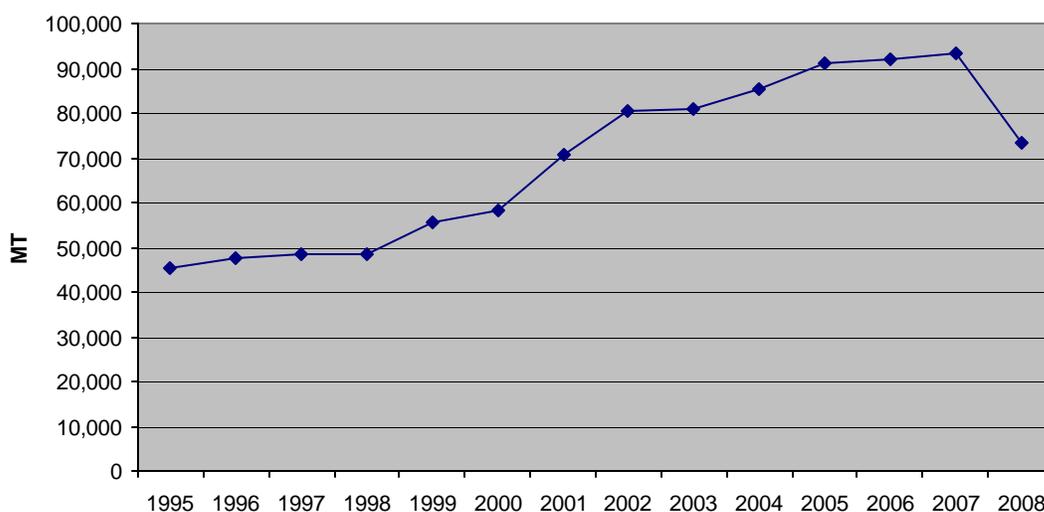
Table 36.

**Japanese Major Bean Imports by Supplier
(MT)**

	CY 2006	CY 2007	CY 2008
Small Red Beans	25,277	29,635	24,441
China	18,917	26,153	20,438
Canada	4,747	2,796	3,421
USA	1,076	495	395
Kidney Beans	14,643	15,309	14,725
China	2,927	2,318	1,694
Canada	7,462	7,894	8,367
USA	1,986	2,440	2,184
Peas	15,586	14,781	11,945
Canada	9,791	9,196	6,970
New Zealand	706	1,216	739
U.K.	2,309	1,965	1,844
USA	1,265	1,163	392
China	389	462	1,121
Hungary	638	551	763
Broad Beans	7,055	7,098	6,088
China	6,059	5,810	5,236
USA	18	0	0
Other Beans	28,673	30,915	27,530
Myanmar	8,375	9,314	10,756
USA	9,007	8,743	7,693
Total	91,234	97,738	84,729

Source: Ministry of Finance

Chart 11.

Imports of Sweetened Bean Paste (1994-2008)

Source: Ministry of Finance

Policy

With the implementation of the Uruguay Round Agreement in JFY 1995, the quota system for bean imports was replaced by a low tariff rate quota system. A market access volume of 120,000 MT per annum is maintained with 10 percent duty applied within the current access volume. As mentioned in the previous section on trade, with a shrinking demand, caused mainly by increasing imports of finished/semi-finished products, particularly sweetened bean paste, the quota has not been fully utilized since 2000.

PS&D

Rice PS&D Table

Rice, Milled Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	1,673	1,673	1,673	1,670	1,650	1,627			1,620	(1000 HA)
Beginning Stocks	2,406	2,406	2,406	2,686	2,686	2,556			2,715	(1000 MT)
Milled Production	7,930	7,930	7,930	8,000	7,900	8,029			7,710	(1000 MT)
Rough Production	10,893	10,893	10,893	10,989	10,852	11,029			10,591	(1000 MT)
Milling Rate (.9999)	7,280	7,280	7,280	7,280	7,280	7,280			7,280	(1000 MT)
MY Imports	700	700	700	700	700	700			700	(1000 MT)
TY Imports	700	700	700	700	700	700			700	(1000 MT)
TY Imp. from U.S.	0	350	350	0	350	350			350	(1000 MT)
Total Supply	11,036	11,036	11,036	11,386	11,286	11,285			11,125	(1000 MT)
MY Exports	200	200	200	200	200	200			200	(1000 MT)
TY Exports	200	200	200	200	200	200			200	(1000 MT)
Total Consumption	8,150	8,150	8,280	8,230	8,130	8,370			8,200	(1000 MT)
Ending Stocks	2,686	2,686	2,556	2,956	2,956	2,715			2,725	(1000 MT)
Total Distribution	11,036	11,036	11,036	11,386	11,286	11,285			11,125	(1000 MT)
Yield (Rough)	7.	7.	6.5111	7.	7.	6.7787			6.5377	(MT/HA)
TS=TD			0			0			0	

WHEAT PS&D

Wheat Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	210	210	210	205	205	209			205	(1000 HA)
Beginning Stocks	1,242	1,166	1,242	1,515	1,151	1,479			1,486	(1000 MT)
Production	910	910	910	834	834	882			843	(1000 MT)
MY Imports	5,701	5,300	5,492	5,500	5,300	5,300			5,300	(1000 MT)
TY Imports	5,701	5,300	5,492	5,500	5,300	5,300			5,300	(1000 MT)
TY Imp. from U.S.	3,651	3,250	3,465	0	3,100	3,100			3,200	(1000 MT)
Total Supply	7,853	7,376	7,644	7,849	7,285	7,661			7,629	(1000 MT)
MY Exports	338	425	370	425	425	425			400	(1000 MT)
TY Exports	338	425	370	425	425	311			400	(1000 MT)
Feed Consumption	300	150	95	150	120	100			100	(1000 MT)
FSI Consumption	5,700	5,650	5,700	5,700	5,600	5,650			5,600	(1000 MT)
Total Consumption	6,000	5,800	5,795	5,850	5,720	5,750			5,700	(1000 MT)
Ending Stocks	1,515	1,151	1,479	1,574	1,140	1,486			1,529	(1000 MT)
Total Distribution	7,853	7,376	7,644	7,849	7,285	7,661			7,629	(1000 MT)
Yield	4.	4.	4.3333	4.	4.	4.2201			4.1122	(MT/HA)
TS=TD			0			0			0	

Corn PS&D Table

Corn Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	1	1	1	1	1	1			1	(1000 HA)
Beginning Stocks	1,149	1,150	1,149	1,264	1,051	1,158			1,259	(1000 MT)
Production	1	1	1	1	1	1			1	(1000 MT)
MY Imports	16,614	16,100	16,614	16,500	16,000	16,500			16,300	(1000 MT)
TY Imports	16,614	16,100	16,614	16,500	16,000	16,500			16,300	(1000 MT)
TY Imp. from U.S.	15,103	15,300	16,233	0	15,100	15,840			15,650	(1000 MT)
Total Supply	17,764	17,251	17,764	17,765	17,052	17,659			17,560	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	11,800	11,600	12,006	11,700	11,400	11,800			11,700	(1000 MT)
FSI Consumption	4,700	4,600	4,600	4,800	4,600	4,600			4,600	(1000 MT)
Total Consumption	16,500	16,200	16,606	16,500	16,000	16,400			16,300	(1000 MT)
Ending Stocks	1,264	1,051	1,158	1,265	1,052	1,259			1,260	(1000 MT)
Total Distribution	17,764	17,251	17,764	17,765	17,052	17,659			17,560	(1000 MT)
Yield	1.	1.	1.	1.	1.	1.			1.	(MT/HA)
TS=TD			0			0			0	

Sorghum PS&D Table

Sorghum Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	0	0	0	0	0	0			0	(1000 HA)
Beginning Stocks	105	128	105	105	128	89			89	(1000 MT)
Production	0	0	0	0	0	0			0	(1000 MT)
MY Imports	1,084	1,250	1,084	1,350	1,230	1,100			1,150	(1000 MT)
TY Imports	1,084	1,250	1,084	1,350	1,230	1,100			1,200	(1000 MT)
TY Imp. from U.S.	506	950	559	0	930	800			850	(1000 MT)
Total Supply	1,189	1,378	1,189	1,455	1,358	1,189			1,239	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	1,084	1,250	1,100	1,350	1,230	1,100			1,150	(1000 MT)
FSI Consumption	0	0	0	0	0	0			0	(1000 MT)
Total Consumption	1,084	1,250	1,100	1,350	1,230	1,100			1,150	(1000 MT)
Ending Stocks	105	128	89	105	128	89			89	(1000 MT)
Total Distribution	1,189	1,378	1,189	1,455	1,358	1,189			1,239	(1000 MT)
Yield	0.	0.	0.	0.	0.	0.			0.	(MT/HA)
TS=TD			0			0			0	

Barley PS&D Table

Barley Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	54	54	54	52	52	56			55	(1000 HA)
Beginning Stocks	480	530	480	436	475	456			423	(1000 MT)
Production	195	195	195	172	172	217			190	(1000 MT)
MY Imports	1,361	1,300	1,361	1,400	1,300	1,300			1,350	(1000 MT)
TY Imports	1,361	1,300	1,361	1,400	1,300	1,300			1,350	(1000 MT)
TY Imp. from U.S.	588	400	544	0	400	700			800	(1000 MT)
Total Supply	2,036	2,025	2,036	2,008	1,947	1,973			1,963	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	1,300	1,250	1,280	1,300	1,180	1,260			1,250	(1000 MT)
FSI Consumption	300	300	300	300	290	290			280	(1000 MT)
Total Consumption	1,600	1,550	1,580	1,600	1,470	1,550			1,530	(1000 MT)
Ending Stocks	436	475	456	408	477	423			433	(1000 MT)
Total Distribution	2,036	2,025	2,036	2,008	1,947	1,973			1,963	(1000 MT)
Yield	4.	4.	3.6111	3.	3.	3.875			3.4545	(MT/HA)
TS=TD			0			0			0	

Rye PS&D Table

Rye Japan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
	Official	Post	Data	Official	Post	Data	Official	Post	Data	
Area Harvested	0	0	0	0	0	0			0	(1000 HA)
Beginning Stocks	20	23	20	18	23	13			15	(1000 MT)
Production	0	0	0	0	0	0			0	(1000 MT)
MY Imports	83	250	83	225	240	180			200	(1000 MT)
TY Imports	83	250	83	225	240	180			200	(1000 MT)
TY Imp. from U.S.	4	0	1	0	0	0			1	(1000 MT)
Total Supply	103	273	103	243	263	193			215	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	60	225	80	200	220	160			180	(1000 MT)
FSI Consumption	25	25	10	25	23	18			20	(1000 MT)
Total Consumption	85	250	90	225	243	178			200	(1000 MT)
Ending Stocks	18	23	13	18	20	15			15	(1000 MT)
Total Distribution	103	273	103	243	263	193			215	(1000 MT)
Yield	0.	0.	0.	0.	0.	0.			0.	(MT/HA)
TS=TD			0			0			0	