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Report Highlights: Import bans on broiler meat from Thailand and China will likely keep supplies tight in 2005. Brazil is expected to maintain its large market share for broiler meat in 2005, while imports from the U.S. are expected to rebound from an import ban imposed early in 2004. A recovery of cooked poultry imports from Thailand and China is will help to ease tight boiler supplies in 2005.

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Broiler Market Situation and Outlook

2005 Outlook

Overall broiler meat supply to remain tight

Similar to 2004, the continued absence of broiler meat (generic) from Thailand and China will likely keep consumption relatively low in 2005, at about 1.45 million MT. When combined with imported prepared products, Japan's total broiler consumption in 2005 is projected at 1.66 million MT, up 1% from 2004.

Trade sources don't anticipate that Japan will lift its Avian Influenza (AI) bans on Thai and Chinese broiler meat in the near term due to sporadic outbreaks of highly pathogenic avian influenza (HPAI). Japan's bans have been in place since January 2004, when the recent outbreaks started.

Broiler meat supplies are projected relatively unchanged from 2004 levels at 1.135 million MT (dressed weight) for domestic production, and 530,000 MT (customs clearance basis: bone-in and boneless mixed) for imports (320,000 MT for broiler meat 320,000 MT and 210,000 MT for cooked products). Assuming Japan maintains its import bans on Thailand and China in 2005, imports of broiler meat from Brazil are projected at 270,000 MT (84% import share), unchanged from 2004, but up substantially from 2003 (175,000 MT or 38%). Imports from the United States are expected to more than double to 35,000 MT (11% import share) from a low of 15,000 MT in 2004 due to an import ban (February – June) following the detection of a case of HPAI in Texas. Limited supplies of imported broiler meat will likely keep the market price for Brazilian boneless cuts relatively high throughout 2005, which will likely hurt Japan's food service industry, which is a major end user of imported meat. Broiler meat stocks are also expected to remain tight in 2005. A challenge for U.S. suppliers is to boost exports of boneless meat to Japan that is specifically portioned for the market. With China and Thailand currently out of market for this product there could be opportunities for U.S. suppliers.

Total consumption is expected to rise slightly in 2005, keeping market prices of domestic broiler meat relatively firm. In 2004, domestic and international AI outbreaks made consumers wary and discouraged household consumption, particularly during the first half of the year (see Table 1). Japanese producers will likely remain cautious about boosting production due to uncertainties, particularly regarding the beef market outlook and possible resumption of U.S. beef imports. [Note: According to Japan's agriculture ministry (MAFF), Japan's chicken consumption share (generic) was 33% for households (mainly domestic fresh/chilled cuts), 11% for processing (mainly domestic spent hen and imports), and 56% for food service and catering (mainly imports and partly domestic) in 2003]

[Supplemental Note: As of September 2004, Japan's AI problems appear to have been contained with no further outbreaks reported since early April 2004. Four HPAI cases were reported from December 2003 to April 2004, and 275,000 birds were depopulated. As a result, Japan implemented new AI measures to improve prevention and response.]

Full recovery is expected for cooked products from Thailand and China

In 2005, imports of cooked poultry products (broiler) from Thailand and China are expected to rebound, projected up by 17% to 210,000 MT, from low levels in 2004 due to a temporary ban. The unavailability of Chinese and Thai broiler meat is expected to strengthen import demand for cooked products in the food service and prepared food sectors.

Japan initially banned prepared products from China and Thailand in 2004 due to HPAI outbreaks. However, the Government of Japan negotiated a permit system on a plant-by-plant basis with China and Thailand to allow trade in cooked poultry products to resume. Currently, 22 plants in Thailand and 35 plants in China are eligible for export to Japan. Many of the eligible plants are reportedly joint venture operations with Japanese investors.

2004 Situation Update and Forecast

Japan's total broiler meat consumption, including imported prepared products, is forecast down by 11% to 1.645 million MT in 2004. Broiler meat consumption (excluding prepared products) is forecast down by 9% to 1.465 million MT. The overall decline is largely attributed to smaller imports from Asia and the United States following HPAI outbreaks. Imports of broiler meat from Thailand, China and U.S. were suspended in January. The ban on U.S. imports was lifted in June but the bans on Thailand and China remain, and it is unlikely the ban will be lifted in 2004.

Japan's 2004 total broiler imports, including cooked products, are forecast to tumble by 28% from a year before to 500,000 MT (see Table 5). Imports of broiler meat are projected down by 31% to 320,000 MT (See Table 6). In absence of Thai and Chinese broiler meat, Brazil became the largest supplier in 2004, particularly for boneless cuts. The average wholesale market price for Brazilian boneless leg meat jumped by 30% to 413 yen per kilogram in 2004, and is expected to remain high for the remainder of the year (see Table 3). Monthly ending stocks in 2004 were generally lower compared to 2003, and are expected to remain tight into 2005 (see Table 4).

Japan's ban on U.S. poultry imports was imposed in February and was not lifted until June. As a result, imports from the United States during for the first half of 2004 were only about 5,000 MT, one-quarter of the level during the same period in 2003. According to trade sources, small supplies of U.S. boneless leg meat may limit total imports of U.S. broiler meat during the second half of 2004. Monthly import demand for U.S. bone-in leg meat is reportedly at around 2,500 MT - 3,000 MT.

Imports of cooked poultry products from Thailand and China are projected down by 21% to 180,000 MT in 2004 (see Table 7). Increased imports during the second half of the year will likely not be enough to offset the impact of Japan's import ban during the first half of the year.

AI outbreaks in Japan and overseas negatively affected the household chicken consumption, resulting in a 12% drop in wholesale prices for domestic broiler leg meat (fresh/chilled bone-less). However, retail consumption is expected to rebound late in 2004 as AI concerns recede, possibly increasing prices for domestic leg meat. Wholesale prices for domestic breast meat are expected to remain relatively solid through 2004 supported by strong alternative demand in the food service sector due to the ongoing ban on imported broiler meat from Thailand and China (see Table 2).

Japan's 2004 broiler production is forecast unchanged from the previous year at 1.13 million MT, with a first-half decline offset by increases later in the year.

Table 1. Japanese Monthly Household Consumption of Beef, Pork and Chicken

Unit: Grams per Household

	Beef	% Chg.	Pork	% Chg.	Chicken	% Chg.
2003						
July	650	2%	1,353	-1%	895	1%
Aug.	755	12%	1,346	-4%	881	1%
Sept.	614	-3%	1,327	-4%	877	-9%
Oct.	650	5%	1,386	-6%	1,000	-3%
Nov.	628	-6%	1,401	-4%	1,040	-2%
Dec	789	-7%	1,486	-1%	1,299	0%
2004						
Jan.	525	-14%	1,389	6%	850	-7%
Feb.	520	-17%	1,447	11%	794	-14%
Mar.	611	-10%	1,511	9%	776	-19%
Apr.	573	-15%	1,427	3%	862	-10%
May	618	-14%	1,458	5%	939	-4%
Jun.	587	-18%	1,463	8%	884	-2%

Source: Meat and Livestock Daily, Aug. 9 Issue

Table 2. Monthly Average Wholesale Prices of Domestic Broiler Cuts

Unit: Yen per Kg.

Boneless Leg					
	2002	**2003**	**% chg.**	**2004**	**% chg.**
Jan.	737	734	-0%	643	-12%
Feb.	687	690	0%	559	-19%
Mar.	650	644	-1%	474	-26%
Apr.	640	594	-7%	478	-20%
May	648	552	-15%	540	-2%
Jun.	630	524	-17%	587	12%
Jul.	616	491	-20%	586	19%
Aug.	620	502	-19%	0	n.a.
Sep.	635	551	-13%	0	n.a.
Oct.	649	597	-8%	0	n.a.
Nov.	664	636	-4%	0	n.a.
Dec.	712	657	-8%	0	n.a.
1st Qtr Ave.	691	689	-0%	559	-19%
2nd Qtr Ave.	639	557	-13%	535	-4%
3rd Qtr Ave.	624	515	-17%	0	n.a.
4th Qtr Ave.	675	630	-7%	0	n.a.
Year Ave.	**657**	**598**	-9%	0	n.a.

Breast					
	2002	2003	% chg.	2004	% chg.
Jan.	323	224	-31%	205	-8%
Feb.	291	210	-28%	230	10%
Mar.	263	195	-26%	226	16%
Apr.	248	184	-26%	200	9%
May	238	192	-19%	194	1%
Jun.	226	212	-6%	193	-9%
Jul.	216	225	4%	225	0%
Aug.	213	233	9%	0	n.a.
Sep.	207	224	8%	0	n.a.
Oct.	206	206	0%	0	n.a.
Nov.	206	210	2%	0	n.a.
Dec.	219	230	5%	0	n.a.
1st Qtr Ave.	292	210	-28%	220	5%
2nd Qtr Ave.	237	196	-17%	196	-0%
3rd Qtr Ave.	212	227	7%	0	n.a
4th Qtr Ave.	210	215	2%	0	n.a
Year Ave.	**238**	**212**	-11%	0	n.a.

Source: ALIC Monthly Statistics

Table 3. Monthly Wholesale Price of Imported Broiler Cuts

Brazil: Boneless Leg (Frozen)					
				Unit: Yen per Kg.	
	2002	2003	% chg.	2004	% chg.
Jan.	437	310	-29%	350	13%
Feb.	389	310	-20%	459	48%
Mar.	366	310	-15%	444	43%
Apr.	327	311	-5%	411	32%
May	327	317	-3%	408	29%
Jun.	327	349	7%	407	17%
Jul.	337	390	16%	0	n.a.
Aug.	323	390	21%	0	n.a.
Sep.	313	350	12%	0	n.a.
Oct.	313	340	9%	0	n.a.
Nov.	313	332	6%	0	n.a.

Dec.	313	329	5%	0	n.a.
1st Qtr Ave.	397	310	-22%	418	35%
2nd Qtr Ave.	327	326	-0%	409	25%
3rd Qtr Ave.	324	377	16%	0	n.a.
4th Qtr Ave.	313	334	7%	0	n.a.
Year Ave.	**340**	**337**	**-1%**	**0**	**n.a.**

Source: ALIC Monthly Statistics

Table 4. Monthly Ending Poultry Stock Estimates

Unit: Metric Ton

	2002	2003	% chg.	2004	% chg.
Jan.	119,548	127,442	7%	94,163	-26%
Feb.	128,023	125,793	-2%	88,381	-30%
Mar.	130,520	120,419	-8%	92,965	-23%
Apr.	134,548	111,785	-17%	85,873	-23%
May	140,258	102,292	-27%	91,218	-11%
Jun.	139,560	97,187	-30%	87,201	-10%
Jul.	135,600	101,261	-25%	0	-100%
Aug.	138,530	104,277	-25%	0	-100%
Sep.	133,302	105,921	-21%	0	-100%
Oct.	128,652	110,951	-14%	0	-100%
Nov.	131,391	110,581	-16%	0	-100%
Dec.	117,723	95,736	-19%	0	-100%

Source: ALIC Monthly Statistics

Table 5. Japanese Total Broiler Imports Including Prepared Products

World Trade Atlas

Product Group

Total Broiler including Prepared Products

Quantity: Metric Ton

Rank	Country	2002	2003	2004	% Change 04/03
		Jan. - Jun.	Jan. - Jun.	Jan. - Jun.	
0	--World--	377,587	322,538	229,307	-29%
1	Brazil	95,539	72,426	131,701	82%
2	China	121,055	109,432	46,117	-58%
3	Thailand	136,390	117,985	41,553	-65%

4	United States	21,725	20,407	5,171	-75%
5	Malaysia	212	172	1,772	930%
6	Mexico	0	0	985	n.a.
7	United Kingdom	0	0	642	n.a.
8	Chile	5	0	576	n.a.
9	Denmark	267	146	205	41%
10	Argentina	0	0	172	n.a.
11	Others	2,394	1,970	413	-79%

Source of Data: Japan Customs (HS 0207.11, HS 0207.12, HS 0207.13, HS 0207.14.210, HS 0207.14.220, HS 1602.32.290)

Table 6. Japanese Imports of Broiler Meat

Broiler (Fresh/Chilled and Frozen)

Quantity: Metric Ton

Rank	Country	2002	2003	2004	% Change 04/03
		Jan. - Jun.	Jan. - Jun.	Jan. - Jun.	
0	**--World--**	**274,752**	**221,166**	**158,695**	**-28%**
1	Brazil	95,392	72,338	131,473	**82%**
2	Thailand	102,570	81,036	12,237	**-85%**
3	China	54,684	46,561	8,003	**-83%**
4	United States	19,664	19,278	5,066	**-74%**
5	Chile	0	0	576	**n.a.**
6	Malaysia	212	172	498	**189%**
7	Mexico	0	0	261	**n.a.**
8	Denmark	267	146	205	**41%**
9	Argentina	0	0	172	**n.a.**
10	Philippines	27	27	58	**118%**
11	Others	1,936	1,609	146	**-91%**

Source of Data: Japan Customs (HS 0207.11, HS 0207.12, HS 0207.13, HS 0207.14.210, HS 0207.14.220)

Table 7. Japanese Imports of Prepared Broiler Meat Products

Broiler (Prepared Products)

Quantity: Metric Ton

Rank	Country	2002	2003	2004	% Change 04/03
		Jan. - Jun.	Jan. - Jun.	Jan. - Jun.	
0	**--World--**	**102,836**	**101,372**	**70,612**	**-30%**
1	China	66,370	62,871	38,114	-39%

2	Thailand	33,820	36,949	29,316	-21%
3	Malaysia	0	0	1,274	n.a.
4	Mexico	0	0	724	n.a.
5	United Kingdom	0	0	642	n.a.
6	Brazil	147	88	228	159%
7	Korea, South	150	176	150	-15%
8	United States	2,061	1,130	104	-91%
9	Indonesia	269	130	32	-75%
10	Australia	2	6	21	223%
11	Others	15	22	7	-67%

Source of Data: Japan Customs (HS 1602.32.290)

Broiler PS&D Table

Japan
Poultry, Meat, Broiler

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Inventory (Reference)	106	104	0	105	0	105	(MIL HEAD)
Slaughter (Reference)	570	595	0	600	0	605	(MIL HEAD)
Beginning Stocks	118	118	95	96	68	79	(1000 MT)
Production	1127	1127	1125	1130	0	1135	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	695	694	520	500	0	530	(1000 MT)
Intra EC Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	695	694	520	500	0	530	(1000 MT)
TOTAL SUPPLY	1940	1939	1740	1726	68	1744	(1000 MT)
Whole, Exports	0	0	0	0	0	0	(1000 MT)
Parts, Exports	3	3	2	2	0	2	(1000 MT)
Intra EC Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Exports	3	3	2	2	0	2	(1000 MT)
Human Consumption	1842	1840	1670	1645	0	1660	(1000 MT)

Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	1842	1840	1670	1645	0	1660	(1000 MT)
TOTAL Use	1845	1843	1672	1647	0	1662	(1000 MT)
Ending Stocks	95	96	68	79	0	82	(1000 MT)
TOTAL DISTRIBUTION	1940	1939	1740	1726	0	1744	(1000 MT)
Calendar Yr. Imp. from U.S.	63	51	0	20	0	40	(1000 MT)