

Required Report: Required - Public Distribution

Date: October 14,2020

Report Number: JA2020-0174

Report Name: Dairy and Products Annual

Country: Japan

Post: Tokyo

Report Category: Dairy and Products

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Report Highlights:

Fluid milk production is projected to increase around one percent in 2020 and 2021 as increased numbers of young heifers born in 2018 and 2019 start milking. Nationwide school closures in the spring due to COVID-19 pushed excess fresh milk to further processing into butter and non-fat dry milk. With foodservice demand sluggish, increased production will expand stocks of both commodities and put downward pressure on imports in 2020 and 2021. Cheese production is forecasted to rise slightly in both years on increased availability of fluid milk and steady demand growth while imports remain flat.

Fluid Milk

Dairy, Milk, Fluid Market Year Begins Japan	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk (1000 HEAD)	730	730	735	716	0	730
Cows Milk Production (1000 MT)	7305	7314	7360	7390	0	7450
Other Milk Production (1000 MT)	0	0	0	0	0	0
Total Production (1000 MT)	7305	7314	7360	7390	0	7450
Other Imports (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7305	7314	7360	7390	0	7450
Other Exports (1000 MT)	6	0	6	0	0	0
Total Exports (1000 MT)	6	0	6	0	0	0
Fluid Use Dom. Consum. (1000 MT)	3969	4000	3999	4000	0	4005
Factory Use Consum. (1000 MT)	3285	3270	3310	3345	0	3400
Feed Use Dom. Consum. (1000 MT)	45	44	45	45	0	45
Total Dom. Consumption (1000 MT)	7299	7314	7354	7390	0	7450
Total Distribution (1000 MT)	7305	7314	7360	7390	0	7450

(1000 HEAD), (1000 MT)

Butter

Dairy, Butter Market Year Begins Japan	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	20	20	22	24	0	35
Production (1000 MT)	61	62	62	70	0	65
Other Imports (1000 MT)	25	25	23	20	0	17
Total Imports (1000 MT)	25	25	23	20	0	17
Total Supply (1000 MT)	106	107	107	114	0	117
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Domestic Consumption (1000 MT)	84	83	82	79	0	80
Total Use (1000 MT)	84	83	82	79	0	80
Ending Stocks (1000 MT)	22	24	25	35	0	37
Total Distribution (1000 MT)	106	107	107	114	0	117

(1000 MT)

Cheese

Dairy, Cheese Market Year Begins Japan	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	10	10	10	10	0	10
Production (1000 MT)	45	44	46	45	0	46
Other Imports (1000 MT)	303	303	285	300	0	300
Total Imports (1000 MT)	303	303	285	300	0	300
Total Supply (1000 MT)	358	357	341	355	0	356
Other Exports (1000 MT)	1	1	1	1	0	1
Total Exports (1000 MT)	1	1	1	1	0	1
Human Dom. Consumption (1000 MT)	347	346	330	344	0	345
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	347	346	330	344	0	345
Total Use (1000 MT)	348	347	331	345	0	346
Ending Stocks (1000 MT)	10	10	10	10	0	10
Total Distribution (1000 MT)	358	357	341	355	0	356

(1000 MT)

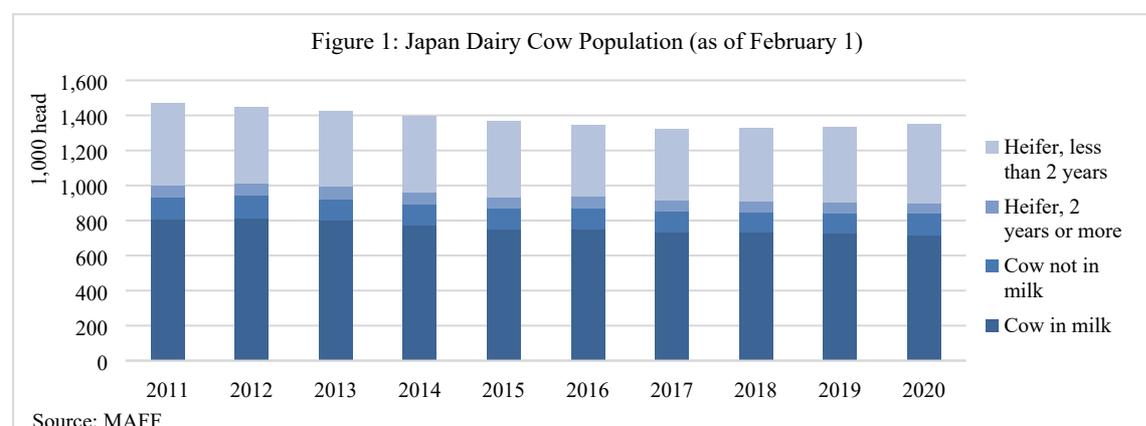
Non-Fat Dry Milk

Dairy, Milk, Nonfat Dry Market Year Begins Japan	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	61	61	65	69	0	85

Production (1000 MT)	122	125	124	145	0	135
Other Imports (1000 MT)	47	47	46	40	0	35
Total Imports (1000 MT)	47	47	46	40	0	35
Total Supply (1000 MT)	230	233	235	254	0	255
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	133	139	140	135	0	135
Other Use, Losses (1000 MT)	32	25	31	34	0	35
Total Dom. Consumption (1000 MT)	165	164	171	169	0	170
Total Use (1000 MT)	165	164	171	169	0	170
Ending Stocks (1000 MT)	65	69	64	85	0	85
Total Distribution (1000 MT)	230	233	235	254	0	255
(1000 MT)						

Fluid Milk

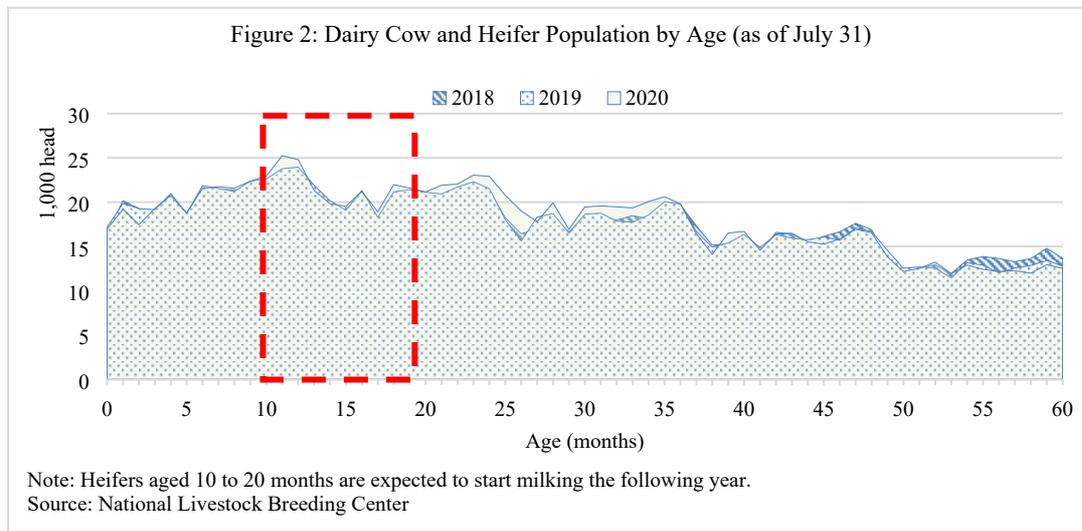
Japan's fluid milk production is projected to increase around one percent in 2020 and 2021 as increased numbers of young heifers born in 2018 and 2019 start milking. According to official data from the Ministry of Agriculture, Forestry, and Fisheries (MAFF), the total number of dairy heifers less than two years old (as of February 1) has increased an average of three percent each year since 2017 with the largest growth (five percent) occurring between 2019 and 2020. This growth helped stem a multi-year contraction of the dairy herd that cratered in 2017. The decline was mainly caused by dairy producers turning to wagyu calf production to capitalize on high beef market prices rather than invest in dairy cow replacement (See [JA2019-0183](#) for details). Wagyu prices stabilized after peaking in 2016 and began to fall in 2019 and early 2020 as demand for wagyu beef fell during the COVID-19 pandemic (see [JA2020-0115](#) for details). As a result, dairy producers have refocused their attention to rebuilding the dairy cattle herd which expanded two percent in 2020 to 1,352,000 head.



Official MAFF statistics indicate 716,000 cows in milk as of February 1, 2020, down two percent from 2019. However, FAS/Tokyo believes this does not accurately reflect Japan's milk production capacity since the number of cows recorded as "not in milk" jumped 13 percent from the previous year to 123,600. FAS/Tokyo attributes the discrepancy to the timing of the survey which coincided with the milking interval (two to three months) for a large number of cows about to calve. These cows would start milking again later in the spring, pushing milk production up around two percent by July compared to 2019. Production in Hokkaido, which accounts for 55 percent of Japan's milk output, increased three percent. Milk production is expected to show positive growth for the remainder of 2020, however the pace will slow since production typically peaks in the first half of the year. As a result, FAS/Tokyo projects total year-end 2020 production to increase around one percent to 7.390 million metric tons (MT).

The National Livestock Breeding Center estimates that the number of dairy heifers aged 10 to 20 months as of July 31, 2020 was 238,528 head, up two percent from 2020 (see Figure 2). FAS/Tokyo

anticipates that these heifers will start milking in 2021, bringing the total number of cows in milk to 730,000 head, up two percent from the official number in 2020. Since FAS/Tokyo anticipates more cows milking in the second half of 2020, fluid milk production is projected to increase just one percent compared in 2021 to 7.450 million MT.



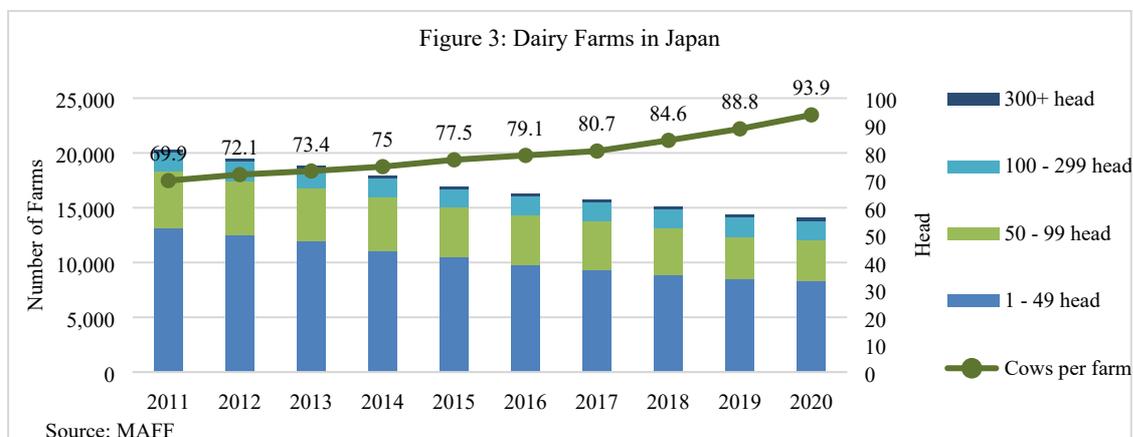
Growth in Japan’s dairy herd comes amid continued consolidation in the industry. According to MAFF, the total number of dairy operators in Japan contracted by two percent in 2020 to 14,043 farms (Table 1). The number of small operators with less than 50 head, which account for over half of all dairy farms, declined three percent. The gradual decline in the number of dairy farms is a long-term trend driven primarily by Japan’s aging farmer population and a lack of willing successors.

Table 1: Dairy Farms in Japan

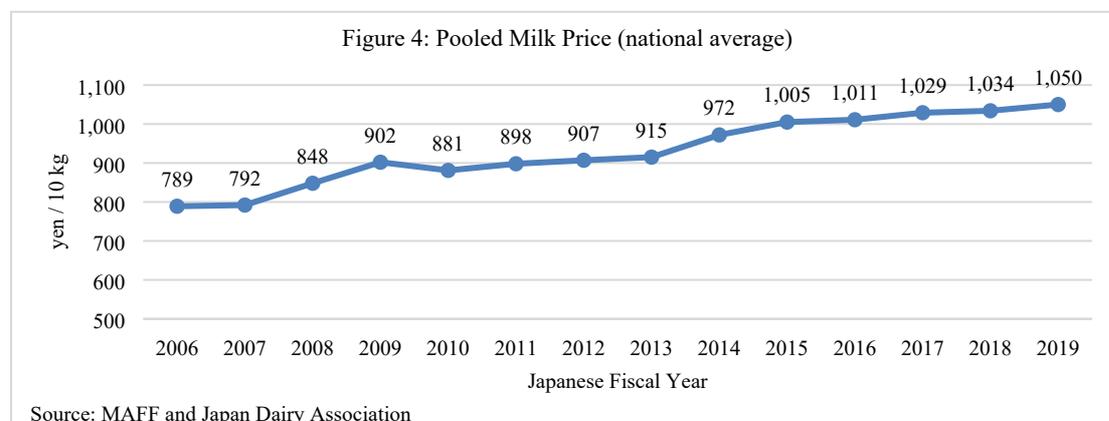
As of February 1	1 - 49 head	50 - 99 head	100 - 299 head	300+ head	Total
2019	8,510	3,874	1,739	261	14,384
2020	8,260	3,822	1,673	288	14,043
Y-o-Y change	-3%	-1%	-4%	10%	-2%

Source: MAFF

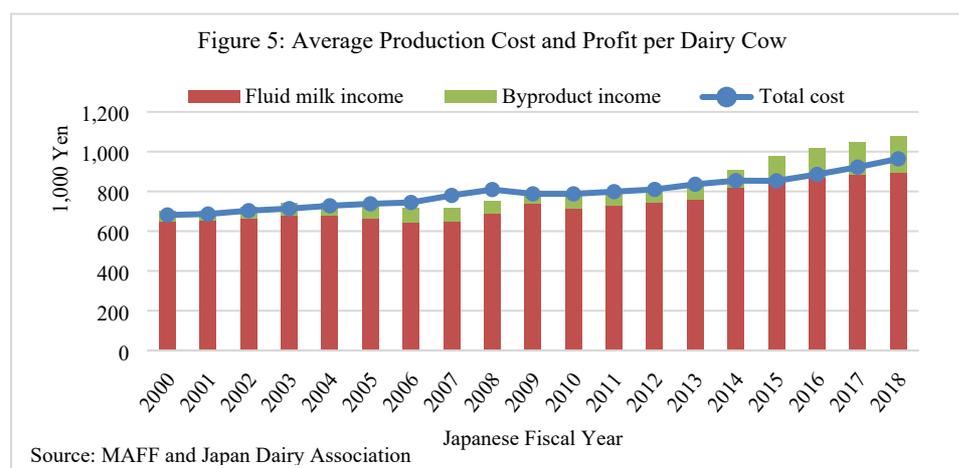
When older farmers retire and exit the industry, most of their dairy herds are absorbed by other operators. In 2020, the number of dairy operators with 300 or more head increased 10 percent to 288. As a result, the average number of cattle per farm increased to 93.9 in 2020, up from 88.8 in 2019 (Figure 3).



Positive economic factors have supported herd expansion among operators choosing to stay in business as milk prices continue to trend upward. The national average pooled milk price, representing the price paid to producers, has increased every year since 2010, reaching 1,050 yen (\$10) per 10 kilograms in 2019 (Figure 4).



In addition to strong milk prices, dairy producers have been able to capitalize on beef calf sales to boost overall income. Due to high wagyu beef calf prices, which peaked in 2016, byproduct income more than doubled between 2014 and 2018, enabling many dairy producers to turn a profit for the first time in decades (Figure 5). As mentioned above, however, wagyu prices have declined recently due to the COVID-19 pandemic, suggesting tighter margins in the years ahead.



Overall fluid milk consumption is projected to increase around one percent in 2020 and 2021 in order to absorb increased domestic production, though the consumption mix will shift slightly from fluid use to factory use. Fluid use consumption is expected to remain flat in 2020 with a modest increase in 2021 to 4.005 million MT. Flat fluid use consumption amid rising production will lead to increased factory use in both years, which FAS/Tokyo projects to increase two percent in 2020 and one and half percent in 2021 to 3.4 million MT.

The COVID-19 pandemic affected 2020 milk demand in several ways. Nationwide school closures between March and May caused a temporary oversupply of fluid milk since school lunches typically account for around 10 percent of fresh milk consumption in Japan. With school meals no longer being served, milk production for school lunches plunged by an average of 82 percent during those three months (Table 2). To maintain farmer incomes, the Government of Japan implemented emergency support measures to redirect excess milk supplies to further processing (see [JA2020-0059](#)) as well as launched a promotional campaign to encourage consumers to purchase more milk and yogurt at retail. The government also supported donation of milk and dairy products to medical and

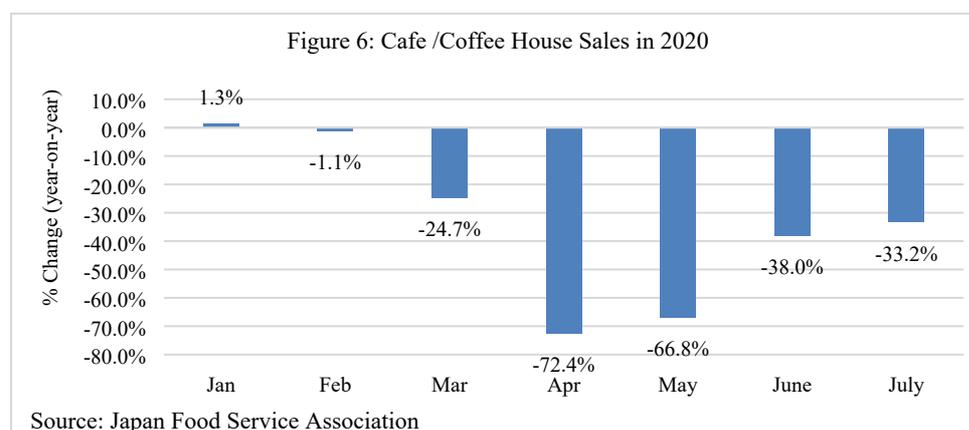
care service institutions for children and the elderly from April to mid-June (See [JA2020-0099](#)). These programs appear to have helped offset the temporary decline in school lunch demand.

2020	Retail Sales		School Lunch		Industry Use	
	Volume (kl)	YoY	Volume (kl)	YoY	Volume (kl)	YoY
Jan	200,977	1%	31,145	-1%	25,093	-4%
Feb	194,253	6%	33,099	-6%	23,827	-3%
Mar	215,647	6%	2,926	-87%	23,345	-11%
Apr	218,530	9%	5,345	-78%	20,093	-28%
May	234,019	9%	6,156	-82%	17,325	-36%
Jun	224,879	6%	34,904	-6%	21,939	-16%
Jul	224,658	3%	35,035	43%	23,146	-3%

Source: MAFF and ALIC

Meanwhile, with more school age students staying home, retail sales expanded between six and nine percent between March and May, also helping to offset lost school lunch demand. After schools reopened in June, classes were extended into July, typically a summer holiday month, boosting school lunch demand for milk by 43 percent that month. As a result, FAS/Tokyo estimates that the school closure impact on 2020 milk consumption will be relatively small.

In addition to school closings, a national state of emergency in effect from April 7 to May 25 shuttered many restaurants and cafes. Those which remained open saw a significant drop in sales as many office workers stayed home. According to the Japan Foodservice Association, café and coffee house sales dropped 72 and 67 percent, respectively, in April and May compared to 2019 (Figure 6). Despite the lifting of the state of emergency, sales have remained sluggish as many customers remain reluctant to dine in closed spaces. Café and coffee houses typically account for a significant volume of industrial use of milk which declined by 14 percent, on average, through the first seven months of 2020.

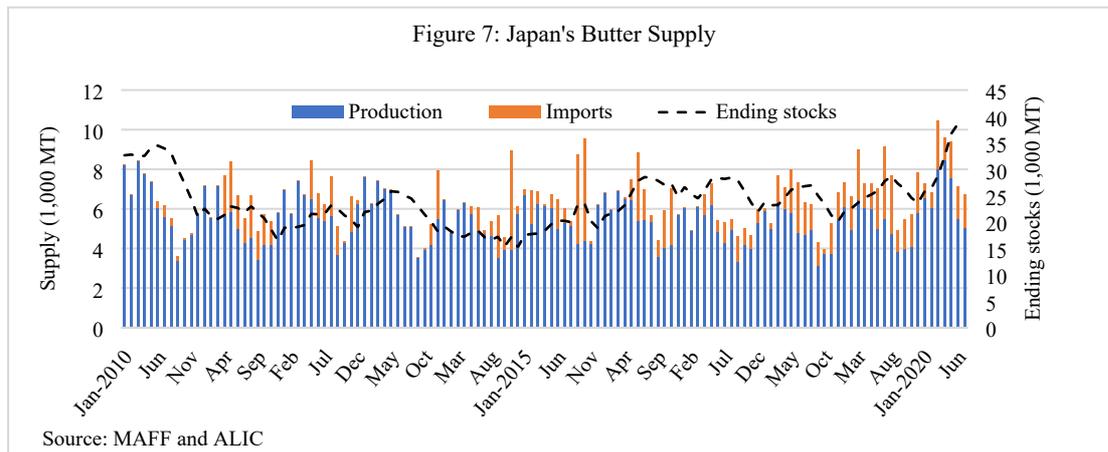


Assuming that the COVID-19 situation remains relatively stable in Japan, FAS/Tokyo estimates that fluid use consumption will hold steady in 2021, increasing just 0.1 percent compared to 2020, with excess production diverted to further processing.

Butter

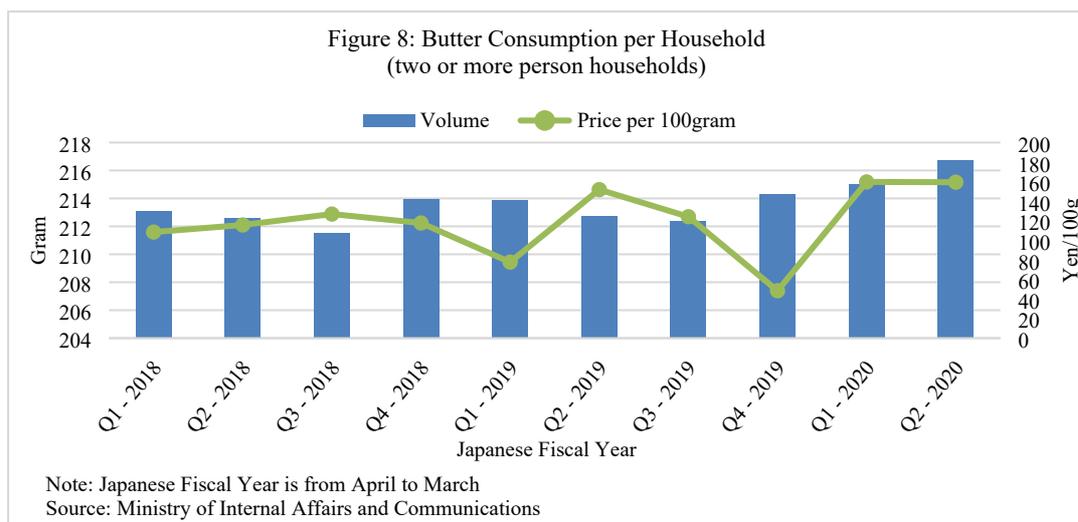
FAS/Tokyo projects butter production in 2021 to return to relatively normal levels following a spike in 2020 due to COVID-19. As described above in the fluid milk section, school closures between March and May caused excess supplies of milk to be diverted to further processing. Butter is typically the preferred choice for processing excess milk due to high prices, sustained demand, and

long shelf life. As a result, butter production during these three months increased 30 percent compared to 2019 (Figure 7). FAS/Tokyo anticipates that the pace of butter production to slow in the second half of 2020 as schools, cafes, and coffee houses reopen and increase utilization of fresh milk. However, due to the production spike in the first half of the year, FAS/Tokyo projects year-end 2020 butter production to finish at 70,000 MT, approximately 13 percent higher than 2019. Assuming stable market conditions next year, 2021 butter production is forecasted to contract slightly to 65,000 MT. While smaller than 2020, this reflects a five percent increase from 2019 due to rising milk production, particularly in Hokkaido.



Butter consumption is projected to increase around one percent in 2021 following a five percent contraction in 2020. Widespread restaurant closures in the spring followed by a general reluctance to eat out even after the state of emergency was lifted has caused a sharp reduction in foodservice demand for butter. In particular, sales declines for cafes and coffee houses (Figure 6 in fluid milk section) led to less industrial butter usage for cakes and confectionaries.

The decline in foodservice demand was partially offset by increased retail demand as consumers prepared more meals at home. According to data from the Ministry of Internal Affairs and Communications, retail consumption of butter per household increased 12 and 46 percent, respectively, in the first two quarters of Japan Fiscal Year (JFY) 2020 compared to JFY 2019 (Figure 8). In the spring, industry sources reported many retail outlets were sold out of butter or needed to limit quantities purchased per household. During the state of emergency, many consumers reportedly used more butter to bake bread and confectionaries at home. Despite the increase in retail demand, FAS/Tokyo estimates that lost foodservice demand will pull overall consumption down five percent in 2020 to 79,000 MT. Assuming stable market conditions next year, butter consumption is projected to increase around one percent in 2021 to 80,000 MT.



With sluggish demand unable to absorb excess butter production, stocks swelled in the first half of 2020, reaching nearly 40,000 MT by August which reflected 39 percent increase from the previous year (Figure 7 above). Expanding stocks put downward pressure on imports which fell 21 percent in the first half of 2020 (Table 3). With stocks remaining persistently high, MAFF announced in September that it would reduce planned butter imports by 30 percent (from 20,000 to 14,000 MT) for the remainder of JFY 2020 (ending March 31, 2021). Most of Japan's butter imports are controlled by the government through the Agriculture and Livestock Industries Corporation (ALIC), a state-trading enterprise. Since ALIC already tendered 12,000 MT of butter imports earlier in the year, the revised quota volume leaves only 2,000 MT to be imported over the next six months. More details on the butter quota reduction are available in [JA2020-0168](#).

Table 3: Japan's Butter Imports (unit: MT)

	Year			January-July		
	2018	2019	% Chg.	2019	2020	% Chg.
CPTPP countries	9,081	13,835	52	8,436	6,757	-20
<i>New Zealand</i>	9,021	13,542	50	8,242	6,738	-18
European Union	5,289	8,817	67	5,216	4,552	-13
<i>Netherlands</i>	2,815	3,790	35	2,258	1,384	-39
<i>Germany</i>	1,401	2,005	43	1,383	808	-42
<i>France</i>	914	1,904	108	1,041	1,706	64
United States	508	1,122	121	524	135	-74
Other	654	738	13	634	244	-62
Total	15,532	24,512	58	14,810	11,688	-21

Source: Japan Customs

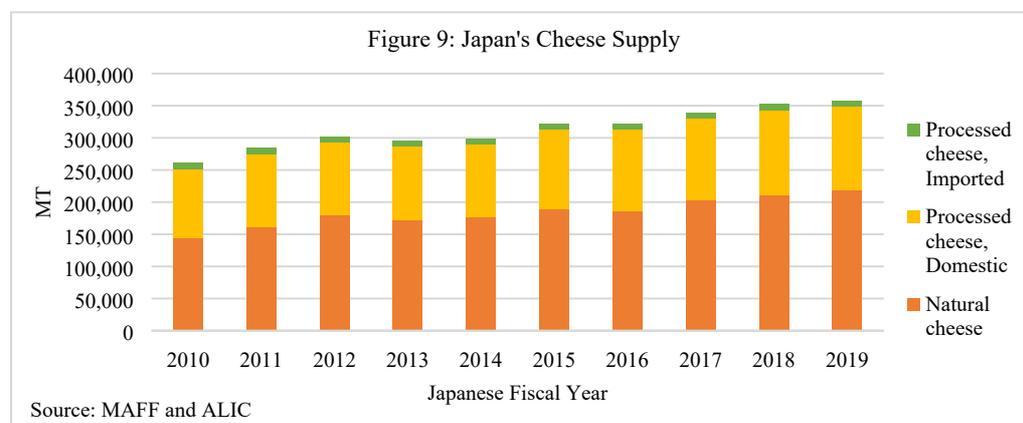
As a result of the MAFF announcement, FAS/Tokyo revises 2020 year-end imports down to 20,000 MT, a 20 percent decrease from the previous year. This should enable a partial drawdown of stocks which FAS/Tokyo projects at ending at 35,000 MT. High stocks are expected to persist into the new year, pushing 2021 imports down an additional 15 percent to 17,000 MT.

Cheese

Cheese production is projected to rise slightly in 2020 and 2021 on increased availability of fluid milk for processing and stable growth in cheese consumption. In the first seven months of 2020, cheese production increased two percent from the previous year due to excess fresh milk supplies resulting from COVID-19 school closures (see fluid milk section). The government boosted production

through support payments to dairy processors. From April 7 to May 25, the government paid dairy processors up to 50 yen (\$0.47) per kilogram of raw milk used in the production of gouda and cheddar cheese (details in [JA2020-0099](#)). Program funding was capped at \$17.5 million. Although cheese production increased during this period, the pace was slower than butter and NFDMM which have longer shelf lives.

As with many other products, foodservice demand for cheese fell in the first half of 2020 due to the COVID-19 pandemic. Hotels and restaurants, many of which were closed for several weeks in the spring, normally account for around 13 percent of natural cheese demand (see Supplemental Table 6). Retail demand, however, which accounts for around 26 percent, helped offset these losses due to an increase in at-home meal preparation. Between March and June, household consumption of cheese increased an average of 30 percent according to data from the Ministry of Internal Affairs and Communications. While such growth is unsustainable in the long term, it nevertheless reflects a multi-year trend of increasing cheese consumption. Total cheese consumption has increased every year since 2014, increasing 20 percent between JFY2014 and JFY2019 (Figure 9). Growth has been particularly strong for natural cheese which is increasingly viewed as a healthier alternative to processed cheese.



In addition to retail sales, increased demand for delivery pizza during the pandemic has helped push cheese consumption upward. Fuji Keizai, a Japanese research company, estimates that sales of delivery pizza, which typically account for nearly a tenth of natural cheese demand, increased 15 percent between April and June. Nippon Ham, Japan's second largest meat processor, also reported that sales of commercial chilled bakery products, primarily pizza, increased 17 percent from April to June compared to the previous year. As a result of strong retail and delivery demand, FAS/Tokyo estimates that overall cheese demand remained relatively stable during the pandemic and projects 2020 total consumption to finish at 344,000 MT, almost flat from 2019. FAS/Tokyo expects overall consumption to remain level in 2021 at 345,000 MT.

Although overall consumption remained flat, the decline in foodservice demand will put downward pressure on cheese imports. Imported natural cheese is relatively more dependent on hotel and restaurant demand than domestic natural cheese (Supplemental Table 6). As hotels and restaurants temporarily closed, cheese imports fell five percent between January and July (Table 4). With gradual recovery in foodservice demand in the second half of the year, FAS/Tokyo expects the pace of cheese imports to pick up, bringing the 2020 year-end total to just one percent below 2019 at 300,000 MT. Imports are expected to remain flat in 2021 due to stable consumption and only modest growth in domestic production. Ending stocks are expected to hold steady in both years at 10,000 MT.

Table 4: Japan's Cheese Imports (unit: MT)

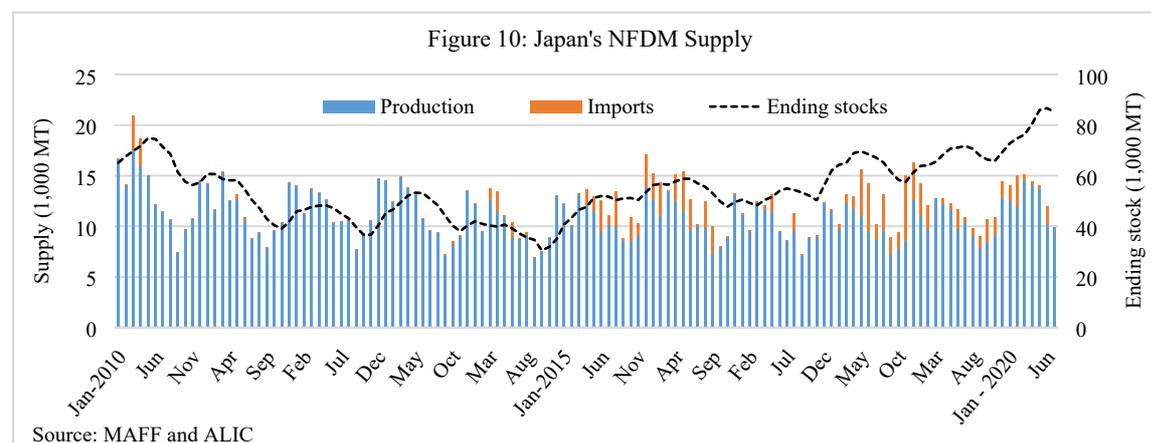
	Year			January-July		
	2018	2019	% Chg.	2019	2020	% Chg.

CPTPP countries	145,556	151,007	4	93,404	81,376	-13
<i>Australia</i>	83,043	82,880	0	52,052	45,432	-13
<i>New Zealand</i>	62,214	67,846	9	41,282	35,571	-14
European Union	101,532	109,368	8	60,621	64,196	6
<i>Netherlands</i>	30,201	33,482	11	18,489	16,626	-10
<i>Germany</i>	18,174	19,139	5	9,879	13,990	42
<i>Denmark</i>	18,607	17,361	-7	10,209	8,785	-14
<i>France</i>	11,316	11,471	1	6,442	6,346	-1
<i>Ireland</i>	9,475	11,436	21	6,176	9,190	49
United States	33,256	36,625	10	21,681	21,807	1
Other	5,356	5,601	5	3,831	2,396	-37
Total	285,700	302,601	6	179,537	169,775	-5

Source: MAFF and ALIC

Non-Fat Dry Milk (NFDM)

In line with butter production, Japan's NFDM production is projected to contract slightly in 2021 following a significant increase in 2020. Ending stocks, which already reached near-historic highs in 2019, will continue to climb in 2020 and 2021 as traders struggle to offload excess supplies. Since NFDM is a byproduct of butter production, domestic output fluctuates independently of demand. Even prior to the COVID-19 pandemic, NFDM output was rising due to increased butter production despite falling demand (see [JA2019-0183](#)). Due to supply outpacing demand, 2020 year-beginning stocks swelled to 69,337 MT, up 13 percent from the previous year (Figure 10). The COVID-19 school closures exacerbated the NFDM supply glut by pushing additional volumes of fresh milk to butter and NFDM production in the first half of 2020. According to data from MAFF and ALIC, NFDM production increased 17 percent in the first seven months of 2020 compared to 2019. As a result, FAS/Tokyo projects 2020 NFDM production to finish at 145,000 MT, up 16 percent from 2019. Assuming stable market conditions next year, production is forecasted to contract slightly to 135,000 MT.



With more people staying indoors, at-home consumption of dairy products using NFDM such as yogurt and ice cream increased in the first seven months of 2020 (Supplemental Table 1). Fermented products such as yogurt and lactic acid bacterial drinks were particularly popular, growing seven and eight percent, respectively, due to positive media coverage extolling their health benefits. Meanwhile, MAFF promoted increased consumption of yogurt through advertising campaigns to help draw down NFDM stocks. However, the boost in at-home consumption was insufficient to offset declining foodservice demand and, as a result, FAS/Tokyo projects 2020 year-end consumption of NFDM to fall around three percent to 135,000 MT. Consumption is expected to remain flat in 2021.

With consumption unable to keep pace with rising production, NFDN stocks ballooned to 85,261 MT by July, up 19 percent year-on-year and 23 percent from the year-beginning. As a result of rising stocks, MAFF reduced planned annual NFDN imports to just 750 MT, down from the previously announced volume of 4,000 MT (see [JA2020-0114](#)). Under the U.S.-Japan Trade Agreement, Japan created a 750 MT global tender within its existing WTO quota for milk powder with a protein content of 35 percent or higher. In addition to the 750 MT quota, MAFF maintains separate global quotas for skimmed milk powder for school feeding, feed production, and other uses totaling around 82,000 MT ([JA2020-0074](#)). MAFF has not amended these quota volumes from the initial announcement in April, however it is possible that the quotas may not be fully utilized.

In addition to reducing planned NFDN imports, MAFF instituted several support measures to promote utilization of NFDN. In March, MAFF announced payments to make the price received for NFDN sold for animal feed equal to the price for NFDN sold for human consumption (see [JA2020-0059](#)). FAS/Tokyo estimated these payments to be worth around 500 yen (\$4.67) per kilogram. The total industry-wide volume of NFDN eligible for payments was capped at 2,560 MT, which MAFF estimates to be the amount of NFDN produced from excess school-use milk. Industry sources report that program implementation started in summer 2020 and would likely take around two years to complete.

In April, MAFF announced a second support program to further incentivize the use of domestic milk powder for feed or to replace imported dairy preparations (see [JA2020-0090](#)). This program, budgeted at \$46 million, would issue payments up to 315 yen (\$2.94) per kg for feed and 280 yen (\$2.62) per kilogram to replace imported dairy preparations. FAS/Tokyo estimates that the CIF price of imported NFDN for feed use was around 299 yen per kilogram in JFY 2020, compared to 711 yen per kilogram for domestic NFDN.

Table 5: Japan's NFDN Imports (unit: MT)

	Year			January-July		
	2018	2019	% Chg.	2019	2020	% Chg.
CPTPP countries	34,186	22,789	-33	13,645	7,117	-48
<i>New Zealand</i>	19,065	15,448	-19	8,648	3,433	-60
<i>Australia</i>	10,378	6,664	-36	4,793	3,075	-36
European Union	7,721	16,744	117	10,458	7,647	-27
<i>France</i>	931	4,369	369	2,979	1,840	-38
<i>Poland</i>	625	4,011	542	2,660	816	-69
United States	9,550	5,804	-39	4,110	8,395	104
Other	616	1,776	188	583	1,803	209
Total	52,073	47,113	-10	28,796	24,962	-13

Source: MAFF and ALIC

The combination of expanding domestic stocks and government supports aimed at boosting consumption of domestic products has put downward pressure on imports. NFDN imports in the first seven months of 2020 trended 13 percent lower than the previous year (Table 5). The lone exception is the United States which saw imports double from the previous year to 8,395 MT. Industry sources cited competitive U.S. prices as the driving factor behind increased imports. FAS/Tokyo projects the pace of imports to remain unchanged through the remainder of 2020, finishing around 15 percent lower than the previous year at 40,000 MT. With ending stocks remaining high at around 85,000 MT, FAS/Tokyo forecasts 2021 imports to contract further to 35,000 MT.

Supplemental Tables

Table 1: Japanese Household Consumption of Milk and Dairy Products (two or more person households)

1-a) Household consumption in value

Unit: Japanese yen

	Bread	Milk	Powdered Milk	Yogurt	Butter	Cheese	Confectionary	Coffee Beverage	Lactic Acid Bacterial Drinks	Milk Beverage	Margarine	Ice Cream and Sherbet*
2016	30,294	15,519	738	13,495	981	5,193	83,472	4,452	4,079	1,641	701	8,908
2017	29,957	15,300	685	13,391	1,031	5,493	83,087	4,426	4,129	1,764	684	9,047
2018	30,554	14,950	648	13,203	1,067	5,887	83,916	4,590	3,948	1,945	681	9,670
2019	32,164	15,174	795	13,157	1,123	6,044	87,469	5,001	3,992	2,363	672	9,701
% Chg.	5%	1%	23%	0%	5%	3%	4%	9%	1%	21%	-1%	0%
Jan/Jul 2019	18,964	8,688	440	7,783	647	3,407	49,829	2,807	2,336	1,299	398	5,353
Jan/Jul 2020	18,506	9,262	388	8,366	841	3,928	48,427	2,701	2,516	1,340	411	5,608
% Chg.	-2%	7%	-12%	7%	30%	15%	-3%	-4%	8%	3%	3%	5%

*Ice Cream and Sherbet are also included in Confectionary Data

Source: Ministry of Internal Affairs and Communications (Statistics Bureau)

1-b) Household consumption in volume

	Milk (1 liter)	Powdered Milk (1 gram)	Cheese (1 gram)	Butter (1 gram)	Margarine (1 gram)	Bread (1 gram)
2016	79	326	3,084	471	954	45,099
2017	78	306	3,309	492	932	44,840
2018	76	287	3,488	503	917	44,526
2019	76	330	3,548	532	892	46,011
% Chg.	-1%	15%	2%	6%	-3%	3%
Jan/Jul 2019	44	178	2,002	305	520	27,030
Jan/Jul 2020	46	N/A	2,355	390	546	27,389
% Chg.	4%	N/A	18%	28%	5%	1%

Source: Ministry of Internal Affairs and Communications (Statistics Bureau)

Table 2: Japanese Fluid Milk Production

Unit: 1,000 MT

	2015	2016	2017	2018	2019	% Chg.	2019	2020	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Jul	Jan/Jul	
National Fluid Milk Production	7,379	7,394	7,277	7,289	7,314	0.3%	4,331	4,414	2%
Hokkaido	3,868	3,934	3,893	3,965	4,048	2.1%	2,368	2,440	3%
Other Prefectures	3,511	3,460	3,384	3,319	3,265	-1.6%	1,963	1,974	1%
Hokkaido Share	52%	53%	54%	54%	55%		55%	55%	
Other Prefectures Share	48%	47%	46%	46%	45%		45%	45%	
Fluid Milk Utilization									
For Drinking	3,933	3,992	3,986	3,999	4,000	0%	2,314	2,315	0%
For Processing	3,390	3,349	3,241	3,243	3,270	0%	1,992	2,073	4%
Others	57	53	49	46	44	-7%	26	26	0%

Source: MAFF and ALIC

Table 3: Japanese Utilization of Fluid Milk for Drinking Use Category

Unit: 1,000 Kilo Liter

	2015	2016	2017	2018	2019	% Chg.	2019	2020	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Jul	Jan/Jul	
Total Drinking Milk Products	3,456	3,488	3,539	3,556	3,572	0%	2,060	2,045	-1%
Regular Milk	3,005	3,049	3,091	3,142	3,160	1%	1,823	1,816	0%
Processed Milk	451	439	448	414	411	-1%	238	228	-4%
Milk Beverages	1,306	1,239	1,178	1,129	1,128	0%	638	646	1%
Fermented Milk	1,055	1,105	1,072	1,068	1,030	-4%	613	634	3%
Lactic Acid Bacteria Drinks	148	140	124	126	116	-8%	70	76	9%

Processed Milk includes low fat, high fat, vitamin and mineral fortified, calcium enriched

Milk Beverages includes Flavored milk (coffee and fruits flavored)

Fermented Milk includes yogurt etc.

Source: MAFF

Table 4: Japanese Production of Processed Milk Products

Unit: MT (unless otherwise noted)

	2015	2016	2017	2018	2019	% Chg.	2019	2020	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Jul	Jan/Jul	
Butter	64,810	66,210	59,808	59,589	62,441	5%	40,021	47,100	18%
Cream	114,205	111,029	115,848	116,246	116,298	0%	66,707	62,006	-7%
Whole Milk Powder	11,862	11,505	9,415	9,795	9,994	2%	6,617	6,476	-2%
Prepared Milk Powder	26,309	27,657	26,728	27,773	27,336	-2%	15,995	17,142	7%
Skim Milk Powder (NFDM)	128,610	127,598	121,063	120,005	124,901	4%	77,471	86,953	12%
Ice Cream (kilo liters)	134,093	141,767	147,708	148,317	146,909	-1%	86,293	78,678	-9%

Source: MAFF

Table 5: Japanese Imports of Non-Fat Dry Milk

Unit: MT

	2015	2016	2017	2018	2019	% Chg.	2019	2020	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec		Jan/Jul	Jan/Jul	
For School Lunch Program	1,803	1,752	1,689	1,853	1,666	-10%	1,135	694	-39%
For Feeds	25,483	28,875	27,655	30,466	30,309	-1%	17,239	18,205	6%
ALIC (Current Access and Additional Imports by ALIC)	23,805	4,052	25,365	17,854	10,476	-41%	11,417	4,349	-62%
For Other (Ordinary Imports)	1,911	1,485	3,836	1,910	4,755	149%	1,156	2,691	133%
<i>Total NFDM Imports</i>	<i>53,002</i>	<i>36,164</i>	<i>58,545</i>	<i>52,083</i>	<i>47,206</i>	<i>-9%</i>	<i>30,946</i>	<i>25,938</i>	<i>-16%</i>

Source: ALIC

Note: ALIC has not yet finalized the 2019 data.

Table 6: Japan's Estimated Consumption of Natural Cheese in JFY2018 (sorted by destination)

	Grand total		Imported products		Domestic products	
	MT	Share	MT	Share	MT	Share
Retail sales	56,700	26.0%	42,300	22.8%	14,400	44.7%
Dairy industry	43,100	19.8%	35,800	19.3%	7,300	22.7%
Processed food industry	32,600	15.0%	30,800	16.6%	1,800	5.6%
Restaurants/Hotels	28,700	13.2%	25,700	13.8%	3,000	9.3%
Confectionary industry	23,700	10.9%	20,800	11.2%	2,900	9.0%
Delivery pizza	20,100	9.2%	18,900	10.2%	1,200	3.7%
Bakery	10,200	4.7%	9,100	4.9%	1,100	3.4%
Other (industry use)	2,900	1.3%	2,400	1.3%	500	1.6%
<i>Total</i>	<i>218,000</i>	<i>100.0%</i>	<i>185,800</i>	<i>100.0%</i>	<i>32,200</i>	<i>100.0%</i>

Note: This data excludes natural cheese intended for processed cheese production.

Source: ALIC

Attachments:

No Attachments