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Report Highlights:

FAS Tokyo estimates MY2020/21 corn imports will be 15.5 million tons, down 2.4 percent from the previous year due to high global corn prices. FAS Tokyo forecasts MY2021/22 imports to recover to 15.7 million tons. The MY2021/22 wheat and barley harvest concluded with above-average yield estimates, which FAS Tokyo expects to result in sluggish MY2021/22 imports of 5.4 million tons and 1.15 million tons respectively. FAS Tokyo estimates MY2020/21 sorghum imports to decrease to 300,000 tons and MY2021/22 imports to drop further to 200,000 tons due to a shift in favor of rice for feed. High corn and sorghum prices have driven demand for rice in Japan's compound feed mix. FAS Tokyo projects MY2020/21 rice consumption to increase slightly to 8.3 million tons as feed consumption is expected to more than offset declines in table rice consumption.

Executive Summary

Feed Production

Japanese feed production has increased each year since bottoming out in MY2014/15 and reached the 24 million metric ton-mark in MY2019/20 for the first time in seven years (Appendix Table 1). The rebuilding of Japanese poultry and cattle inventories over the last five years has driven the feed production recovery (Table 1). More recently, the poultry sector has rebuilt flocks following sporadic Avian Influenza outbreaks between November 2020 and March 2021, which resulted in the culling of approximately 10 million birds, or three percent of the total population. With strong livestock and poultry production, driven by bullish household poultry and meat consumption, (JA2020-0117 and JA2021-0122) feed demand is expected to remain robust throughout MY2020/21 and MY2021/22.

Table 1. Livestock Inventories in Japan (1,000 heads)

	Layer	Broiler	Swine	Dairy Cattle	Beef Cattle
2012	174,949	-	9,735	1,449	2,723
2013	172,238	131,624	9,685	1,423	2,642
2014	172,349	135,747	9,537	1,395	2,567
2015	-	-	-	1,371	2,489
2016	173,349	134,395	9,313	1,345	2,479
2017	176,366	134,923	9,346	1,323	2,499
2018	181,950	138,776	9,189	1,328	2,514
2019	182,368	138,228	9,156	1,339	2,527
2020	-	-	-	1,352	2,555
2021	180,918	139,658	9,290	1,356	2,604
2021/2016	4.4%	3.9%	-0.2%	0.8%	5.0%

Source: MAFF. Data as of February 1 for each year. No data available for poultry and swine in the Agricultural Census Years of 2015 and 2020.

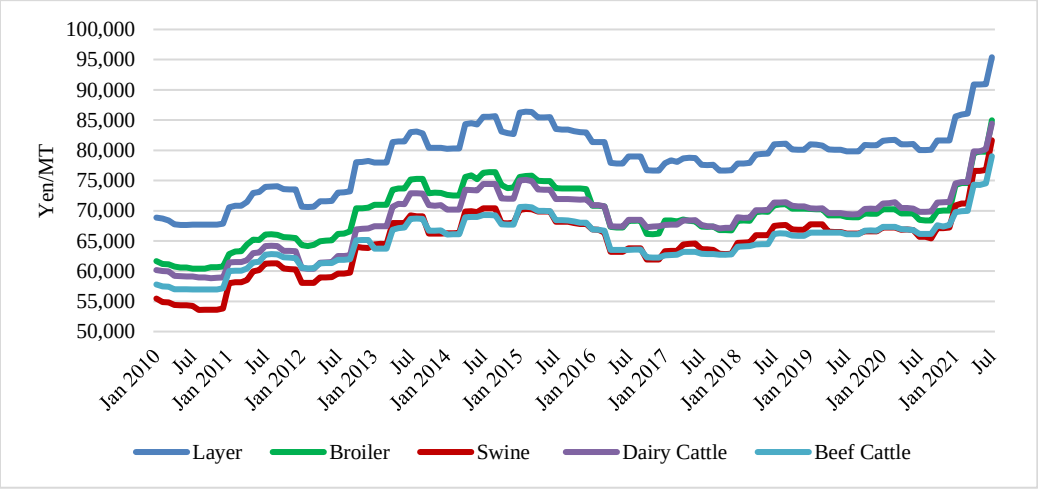
Feed Price

A surge in global corn and soybean meal prices, a weak yen, and a rise in freight costs have led to increasing feed prices in Japan. In July, the average retail price of compound feed hit a record high, up 22 percent from last year. To mitigate the impact of high prices for livestock producers, the "compound feed price stabilization system" was activated for the first two quarters of 2021.[1] The stabilization

[1] When the average import price of ingredients (corn, sorghum, soybean meal, barley, and wheat) in a particular quarter exceeds the average import price of ingredients of the last 12 months (hereinafter referred to as "the standard price"), the program compensates livestock producers for the difference. The compensation is made in two stages, "regular compensation program," and a "supplemental compensation program". The regular compensation program compensates livestock producers the difference up to 115 percent of the standard price, and the supplemental compensation program compensates the remaining difference above 115 percent of the standard price.

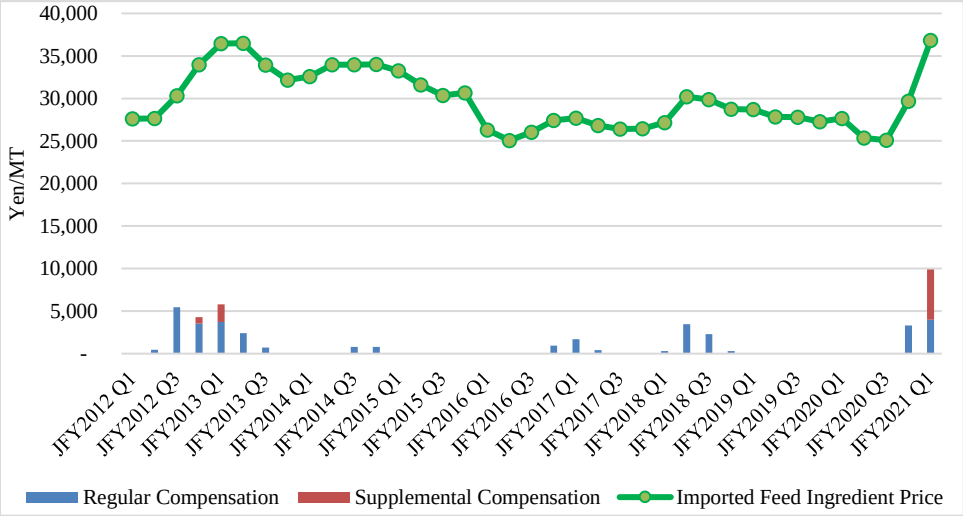
system is co-funded by the government and private sector. The regular compensation was activated for the January - March 2021 quarter for the first time in two years. Producers received 3,300 yen ($30)/ton since the average import price was 112.7 percent (29,669 yen ($270)/ton) of the standard price (26,332 yen ($239)/ton).[2] From April – June, the average import price was 136.9 percent (36,835 yen ($336)/ton) of the standard price (26,899 yen ($244)/ton). The difference, 9,900 yen ($90)/ton was provided to livestock producers with a combination of the regular compensation fund (3,999 yen ($36)/tons) and the supplemental compensation fund (5,901 yen ($54)/ton (Chart 2). This was the first time in eight years that the supplemental compensation was activated.

Chart 1. Japan Compound Feed Retail Prices



Source: MAFF

Chart 2. Japan Compound Feed Price Stabilization System Payments



Source: MAFF

[2] This report uses a USD 1 = 110 Japanese yen exchange rate.

Corn

Corn Production, Supply and Distribution

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1	1	1	1	1	1
Beginning Stocks (1000 MT)	1445	1445	1386	1437	1390	1291
Production (1000 MT)	3	4	4	4	4	5
MY Imports (1000 MT)	15888	15888	15400	15500	15600	15700
TY Imports (1000 MT)	15888	15888	15400	15500	15600	15700
TY Imp. from U.S. (1000 MT)	10051	9788	0	0	0	0
Total Supply (1000 MT)	17336	17337	16790	16941	16994	16996
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	12400	12400	11900	12200	12300	12300
FSI Consumption (1000 MT)	3550	3500	3500	3450	3550	3450
Total Consumption (1000 MT)	15950	15900	15400	15650	15850	15750
Ending Stocks (1000 MT)	1386	1437	1390	1291	1144	1246
Total Distribution (1000 MT)	17336	17337	16790	16941	16994	16996
Yield (MT/HA)	3	4	4	4	4	5

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

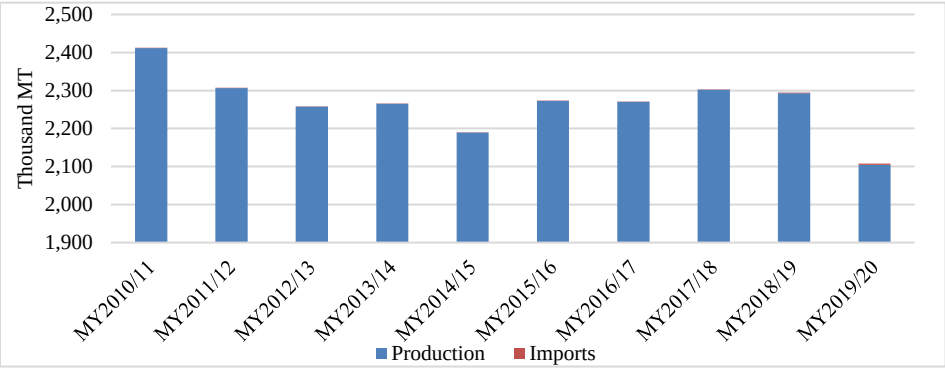
Consumption

FAS Tokyo expects MY2020/21 corn for feed consumption to decrease 1.6 percent to 12.2 million tons from MY2019/20 as high prices slow corn for feed demand. MY2021/22 feed consumption is forecast to increase to 12.3 million tons.

Due to high corn and sorghum prices (Chart 4), feed mills have increased the use of rice as a substitute in compound feed production (Appendix Table 1). The ratio of corn in compound feed formula has gradually decreased from 49.1 percent in October 2020 to 47.5 percent in June 2021. Over the same period, the ratio of rice increased from 4.2 percent to 4.6 percent. Mills typically pay a similar price for rice and corn, but rice prices have not matched corn price increases over the last 12 months, making rice price competitive. Feed demand will drive a correction in MY2021/22 corn for feed consumption.

FAS Tokyo lowered the MY2019/20 Food, Seeds and Industrial (FSI) consumption to 3.5 million tons based on a decrease in cornstarch production, predominantly attributable to dampened high fructose corn syrup (HFCS) demand. FAS Tokyo expects MY2020/21 FSI consumption to decrease further to 3.45 million tons and remain that way through MY2021/22 as HFCS production remains stagnant. Demand for soft drinks fizzled amid COVID-19 pandemic movement restrictions, reducing dining out and on-the-go consumption. As shown in Chart 3, the total supply of cornstarch decreased 8.1 percent (275,000 tons in corn equivalent) in MY2019/20 due to the decrease in soft drink consumption, which accounts for more than half of all HFCS use in Japan.

Chart 3. Japan Cornstarch Production and Imports

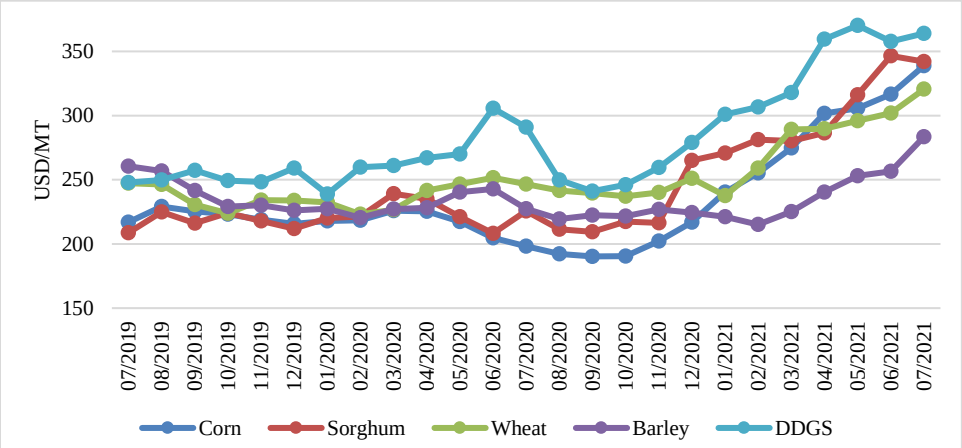


Source: MAFF

Trade

FAS Tokyo expects MY2020/21 imports to drop to 15.5 million based on a three percent decrease in imports over the first 10 months of MY2020/21, reflecting bearish feed and FSI demand for corn (Table 3). FAS Tokyo forecasts MY2021/22 imports to rebound to 15.7 million tons.

Chart 4. CIF Prices of Feed Grains and Distiller's Dried Grains with Solubles (DDGS)



Source: Trade Data Monitor

Table 3. Japan Corn Imports

	October - September			October - July		
	MY2017/18	MY2018/19	MY2019/20	2019/20	2020/21	Change
Total	15,657,595	16,050,191	15,887,903	13,324,580	12,929,585	-3.0%
United States	12,062,741	13,848,736	9,788,421	7,683,655	9,393,897	22.3%
Brazil	2,838,838	1,744,395	5,889,741	5,532,985	3,408,083	-38.4%
South Africa	644,176	90,313	92,892	84	111,579	132732.1%
All others	111,840	366,747	116,849	107,856	16,026	-85.1%

Source: Trade Data Monitor

Sorghum

Sorghum Production, Supply and Distribution

Sorghum	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	21	21	37	37	27	27
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	426	426	320	300	320	200
TY Imports (1000 MT)	426	426	320	300	320	200
TY Imp. from U.S. (1000 MT)	226	214	0	0	0	0
Total Supply (1000 MT)	447	447	357	337	347	227
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	410	410	330	310	320	200
FSI Consumption (1000 MT)	0	0	0	0	0	0
Total Consumption (1000 MT)	410	410	330	310	320	200
Ending Stocks (1000 MT)	37	37	27	27	27	27
Total Distribution (1000 MT)	447	447	357	337	347	227
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Consumption

Due to high sorghum prices and a resulting shift from sorghum to rice in compound feed, FAS Tokyo expects MY2020/21 consumption to decrease to 310,000 tons (Chart 4). FAS Tokyo forecasts MY2021/22 consumption to drop further to 200,000 tons as the shift to rice is anticipated to continue.

Trade

FAS Tokyo lowered MY2020/21 and MY2021/22 imports to 300,000 tons and 200,000 tons respectively in accordance with projected reduction in feed demand.

Argentina and the United States have been the dominant suppliers to Japan. Due to tight supplies from the United States, Japan diversified suppliers in MY2020/21 and imported sorghum from Mexico and Brazil for the first time since MY2014/15.

Stocks

FAS Tokyo projects MY2020/21 and MY2021/22 ending stocks to decline to 27,000 tons.

Barley

Barley Production, Supply and Distribution

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	61	61	62	64	64	65
Beginning Stocks (1000 MT)	281	281	318	328	268	190
Production (1000 MT)	224	224	220	222	195	240
MY Imports (1000 MT)	1253	1253	1150	1100	1250	1150
TY Imports (1000 MT)	1253	1253	1150	1100	1250	1150
TY Imp. from U.S. (1000 MT)	28	30	0	0	0	0
Total Supply (1000 MT)	1758	1758	1688	1650	1713	1580
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	1050	1050	1050	1100	1100	1100
FSI Consumption (1000 MT)	390	380	370	360	380	360
Total Consumption (1000 MT)	1440	1430	1420	1460	1480	1460
Ending Stocks (1000 MT)	318	328	268	190	233	120
Total Distribution (1000 MT)	1758	1758	1688	1650	1713	1580
Yield (MT/HA)	3.6721	3.6721	3.5484	3.4688	3.0469	3.6923
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022						

Production

Barley producers have marginally increased planting areas over the last five years with MAFF support payments to convert acres from table rice to new glutinous barley varieties (JA2021-0031). FAS Tokyo expects the upward trend to continue and for the harvested area to hit 65,000 hectares in MY2021/2022.

FAS Tokyo estimates MY2021/22 production will rise to 240,000 tons based on reports of a good crop in Japan's main production regions, namely Kyushu and Shikoku, where abundant sunshine accelerated growth, allowing for an early harvest and to avoid Japan's late spring rainy season. An early harvest and delayed start to the rainy season in Hokuriku and Kanto, other main production regions, allowed for above average yields. The MY2021/22 marks the third consecutive above average harvest, roughly 50,000 tons per year larger than the previous three-year average. Industry sources attribute this trend to favorable weather rather than improvements in fertilizer applications, seeds, and varieties.

Consumption

A growing cattle herd is leading to robust demand for barley by the feed industry (Table 1). FAS Tokyo expects MY2020/21 barley feed consumption to increase to 1.1 million tons based on a four percent increase from last year of barley in this year's compound feed mix (Appendix Table 1). FAS Tokyo forecasts MY2021/22 feed consumption to remain unchanged at 1.1 million tons.

FAS Tokyo lowered MY2019/20 FSI consumption to 380,000 tons based on smaller than estimated barley tea production. MY2020/21 FSI consumption is expected to decrease further to 360,000 tons

based on a drop in glutinous barley consumption as a rice extender. MY2021/22 FSI consumption is forecast to remain unchanged at 360,000 tons.

Japanese manufactures have been slow to use the excess domestic barley as large manufacturers are accustomed to imported barley, which is more consistent in variety and quality. According to industry sources, a large quantity of the MY2020/21 domestic crop remains unused. Agricultural cooperatives and producer groups have built new storage facilities using MAFF support payments that covers half the cost of building storage facilities (JA2021-0031).[3]

Trade

FAS Tokyo expects MY2020/21 imports to decrease to 1.1 million tons from the previous year based on a 17.4 percent decrease in imports from last year over the first 10 months of MY2020/21 (Table 4). Despite strong feed consumption, feed barley imports have been sluggish and FSI barley imports have dropped by over 50 percent from the same period last year as domestic stocks continue to grow. MY2021/22 imports are forecast to increase to 1.15 million tons assuming gradual consumption of domestic stocks.

Table 4. Japan Barley Imports (MT)

	October - September			October - July		
	MY2017/18	MY2018/19	MY2019/20	2019/20	2020/21	Change
Grand Total	**1,252,841**	**1,157,869**	**1,253,340**	**1,037,243**	**856,846**	**-17.4%**
Feed Barley sub-total	960,658	916,018	980,906	807,458	751,352	-6.9%
Australia	50,579	249,708	520,463	201,995	692,416	242.8%
Canada	797,920	570,001	299,918	444,938	58,936	-86.8%
All others	112,159	96,309	160,525	160,525	0	-100.0%
FSI Barley sub-total	292,183	241,851	272,434	229,785	105,494	-54.1%
Australia	183,888	126,725	136,118	132,549	53,827	-59.4%
Canada	78,144	79,069	106,385	73,022	38,623	-47.1%
United States	27,972	35,910	29,813	24,096	13,026	-45.9%
All others	2,179	147	118	118	18	-84.7%

Source: Trade Data Monitor

Stocks

FAS Tokyo increases the MY2019/20 stocks to 328,000 tons. Ending stocks are projected to decline to 190,000 tons in MY2020/21 and down to 120,000 tons in MY2021/22.

[3] The program is called “Wheat, Barley and Soybeans Profitability Improvement Project.”

Wheat

Wheat Production, Supply and Distribution

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	212	212	213	213	213	213
Beginning Stocks (1000 MT)	1081	1081	1205	1204	1048	1197
Production (1000 MT)	1100	1100	990	1000	960	1100
MY Imports (1000 MT)	5683	5682	5493	5493	5700	5400
TY Imports (1000 MT)	5683	5682	5493	5493	5700	5400
TY Imp. from U.S. (1000 MT)	2680	2680	0	2469	0	0
Total Supply (1000 MT)	7864	7863	7688	7697	7708	7697
MY Exports (1000 MT)	289	289	290	300	300	310
TY Exports (1000 MT)	289	289	290	300	300	310
Feed and Residual (1000 MT)	650	650	650	650	625	600
FSI Consumption (1000 MT)	5720	5720	5700	5550	5675	5600
Total Consumption (1000 MT)	6370	6370	6350	6200	6300	6200
Ending Stocks (1000 MT)	1205	1204	1048	1197	1108	1187
Total Distribution (1000 MT)	7864	7863	7688	7697	7708	7697
Yield (MT/HA)	5.1887	5.1887	4.6479	4.6948	4.507	5.1643

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Production

FAS Tokyo estimates MY2021/22 production to increase to 1.1 million tons, as favorable weather conditions increase yields in Japan's main production regions. This marks three consecutive years of above average yields. The harvested areas is estimated to remain unchanged at 213,000 hectares.

Consumption

FAS Tokyo lowered the MY2020/21 FSI consumption estimate to 5.55 million tons based on a reduction in per capita consumption in Japanese Fiscal Year (JFY)[4] 2020 (Table 5). Prolonged COVID-19 state of emergency periods stagnated wheat demand in the food service, tourism, events, and banquet sectors. FAS Tokyo forecasts a marginal recovery in MY2021/22 FSI to 5.6 million tons.

The uptick in pasta demand over the first half of MY2020/21 cooled in the latter half of the year. Instead, sales of cereal products such as oat-based granola and oatmeal have grown as consumers look for new trends after long stretches of increased eating at home during state of emergency periods.

With three consecutive years of higher-than-average wheat production, sizable domestic wheat stocks have accumulated and agricultural cooperatives and producer groups have used MAFF support payments to construct storage facilities, similar to barley.

[4] Japanese Fiscal Year (JFY) runs from April 1 to March 31.

Table 5. Japan Annual Per Capita Wheat Consumption

	JFY2011	JFY2012	JFY2013	JFY2014	JFY2015	JFY2016	JFY2017	JFY2018	JFY2019	JFY2020
Consumption (kg)	32.8	32.9	32.7	32.8	32.8	32.9	33.1	32.2	32.3	31.7
Change from the previous year	0.3%	0.3%	-0.6%	0.3%	0.0%	0.3%	0.6%	-2.7%	0.3%	-1.9%

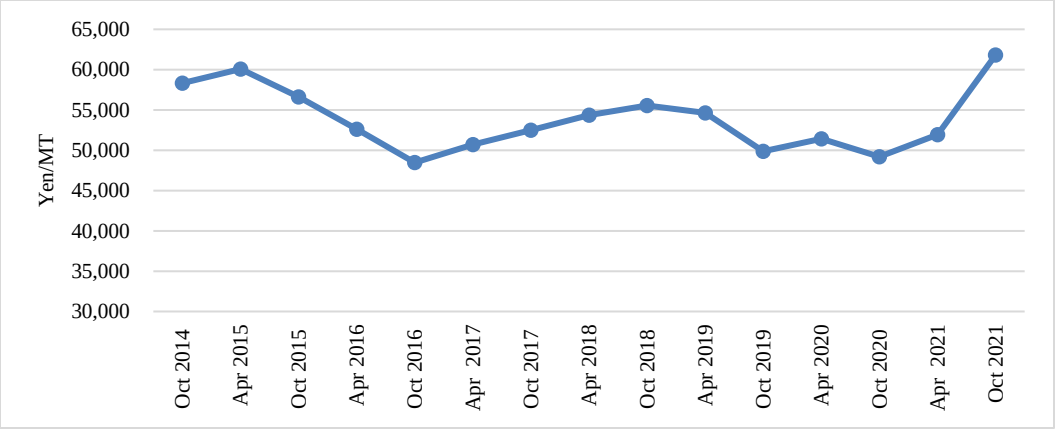
Source: MAFF

FAS Tokyo forecasts MY2020/21 feed consumption to remain stable but for MY2021/22 feed consumption to decrease to 600,000 tons as increasing prices suppress demand (Chart 4).

Price

In response to a jump in international wheat prices and freight costs, coupled with a weak yen, MAFF raised its average sales price for October 2021 – March 2022 of the five classes of wheat to 61,820 yen/ton, a 19 percent increase from the April – September 2021 sales period when prices were also raised by 5.5 percent (Chart 5).[5] MAFF anticipates a limited increase in the retail prices of wheat products as the cost of wheat accounts for a small proportion of the price of flour-based products, such as bread and noodles. However, with a surge in import prices of soybeans and rapeseeds, crushers have also raised cooking oil prices, which also affects bread and instant noodles prices.

Chart 5. MAFF Wheat Sales Price



Source: MAFF. MAFF updates its wheat sales prices to flour mills every six months.

Trade

FAS Tokyo forecasts MY2021/22 imports to drop to 5.4 million due to bumper domestic crops, stagnant FSI demand, and slowed pasta imports.

[5] U.S. Dark Northern Spring, U.S. Hard Red Winter, U.S. Western White, Canadian Western Red Spring and Australian Standard White.

FAS Tokyo expects MY2020/21 exports to increase slightly. Hong Kong continues to be a top destination, but the export quantity has halved over the last five years while exports to Malaysia and China have more than doubled. Exports are forecast to increase slightly to 310,000 tons in MY2021/22.

Stocks

FAS Tokyo estimates MY2020/21 ending stocks to be 1.197 million tons. MY2021/22 ending stocks are expected to remain relatively stable at 1.187 million tons.

Rice

Rice Production, Supply and Distribution

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Year Begins	Nov 2019		Nov 2020		Nov 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1543	1543	1533	1533	1525	1526
Beginning Stocks (1000 MT)	2046	2046	1980	2074	1902	1972
Milled Production (1000 MT)	7611	7611	7567	7573	7580	7560
Rough Production (1000 MT)	10455	10455	10394	10402	10412	10385
Milling Rate (.9999) (1000 MT)	7280	7280	7280	7280	7280	7280
MY Imports (1000 MT)	707	707	685	685	685	685
TY Imports (1000 MT)	676	676	685	685	685	685
TY Imp. from U.S. (1000 MT)	317	317	0	0	0	0
Total Supply (1000 MT)	10364	10364	10232	10332	10167	10217
MY Exports (1000 MT)	34	40	80	60	70	70
TY Exports (1000 MT)	40	40	80	60	70	70
Consumption and Residual (1000 MT)	8350	8250	8250	8300	8200	8300
Ending Stocks (1000 MT)	1980	2074	1902	1972	1897	1847
Total Distribution (1000 MT)	10364	10364	10232	10332	10167	10217
Yield (Rough) (MT/HA)	6.7758	6.7758	6.7802	6.7854	6.8275	6.8054

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Note: This section assumes a milled rice basis unless otherwise noted.

Production

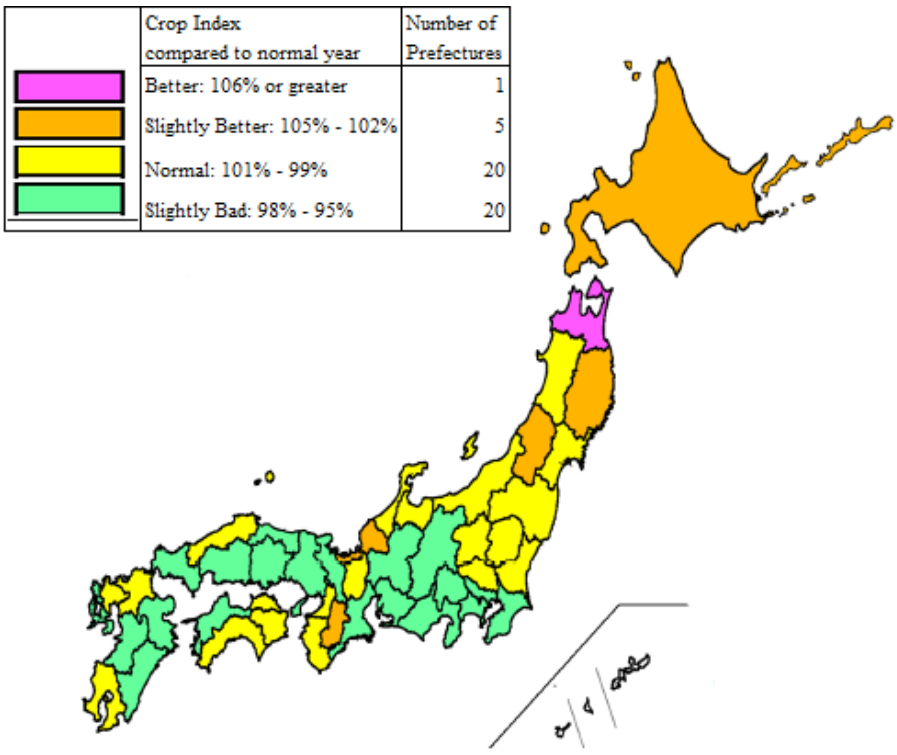
FAS Tokyo estimates MY2021/22 rice acres will continue to decline and projects the harvested area to be 1.526 million hectares, with 7.56 million tons of total production.

Similar to last year, industry expects MY2021/22 yields to be above average in Northern Japan and below average in Western Japan (Chart 6). As of August 15, the MAFF crop progress report shows an above average crop in Japan's northeast (Hokkaido, Tohoku, and Hokuriku) where farmers benefited from good weather through the heading season. Industry anticipates an early harvest in Hokkaido, but high temperatures may cause an increase in the generation of chalky kernels. MAFF anticipates a below average crop in southwest Japan, which suffered from lack of sunshine, typhoons in mid-August, and prolonged heavy rains, particularly in Kyushu where the August precipitation was 12 times higher and daylight hours were 90 percent lower than normal years. A lack of sunshine in early to mid-September in Central-Eastern Japan and South-Western Japan may delay and hamper grain ripening.

Stagnant table rice consumption led to increased stocks of the MY2020/21 crop, which prompted MAFF to recommend an approximately 300,00 tons (brown) reduction in MY2021/22 table rice production (JA2021-0032). To achieve this, MAFF encouraged producers to switch production and shipment of

MY2021/22 crop from table rice to rice for feed, processing, exports, and other uses. In late July, MAFF reported that producers converted 61,000 hectares of MY2021/22 table rice acres from table rice to rice for other purposes or other crops. FAS Tokyo estimates a resulting reduction of approximately 320,000 tons (brown) of table rice production.

Chart 6. MAFF Rice Crop Index Estimates as of August 15



Source: MAFF

Consumption

FAS Tokyo lowered MY2019/20 consumption to 8.25 million tons as the drop in FSI consumption was greater than earlier estimated. FAS Tokyo forecasts MY2020/21 consumption to increase to 8.3 million tons as greater feed consumption is expected to more than offset declines in FSI consumption. MY2021/22 consumption is also forecast to remain unchanged at 8.3 million tons as increases in feed consumption are projected to outpace declines in FSI consumption.

FSI Consumption and Price

The downward trend of table rice consumption in Japan accelerated amid the COVID-19 pandemic. MAFF estimates annual per capita consumption decreased by 2.5 kilogram to 50.7 kilogram, or 4.7 percent, in JFY2020, marking the largest decline in the last decade (Table 6). The drop is attributable to decreased consumption in the food service, tourism, events, and banquet sectors and the inability of increased household consumption to offset the declines. High stocks and bearish demand suppressed

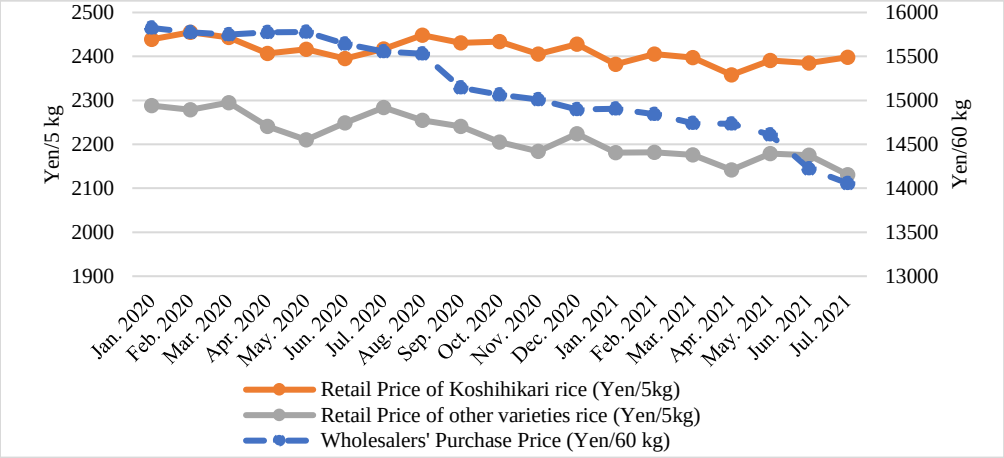
table rice prices over the last 18 months (Chart 7). Price drops are higher for varieties used by the food service and home meal replacement (HMR) sectors. Despite lower prices, table rice sales remain sluggish due to weak demand from the food service and HMR sectors (Chart 8). Rice used for manufacturing products such as Japanese *Sake*, rice crackers, and frozen cooked rice has been stable as shown in Chart 9, and no significant change is expected in MY2020/21 and MY2021/22.

Table 6. Japan Annual Per Capita Rice Consumption

	JFY2011	JFY2012	JFY2013	JFY2014	JFY2015	JFY2016	JFY2017	JFY2018	JFY2019	JFY2020
Consumption (kg)	57.8	56.2	56.8	55.5	54.6	54.4	54.1	53.5	53.2	50.7
Change from the previous year	-2.9%	-2.8%	1.1%	-2.3%	-1.6%	-0.4%	-0.6%	-1.1%	-0.6%	-4.7%

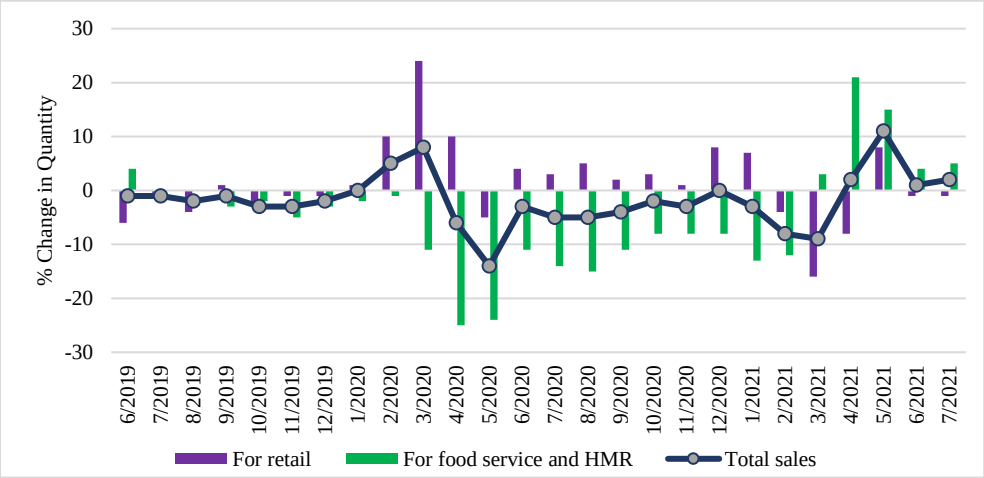
Source: MAFF

Chart 7. Japan Wholesaler Purchase Price and Retail Price for Table Rice



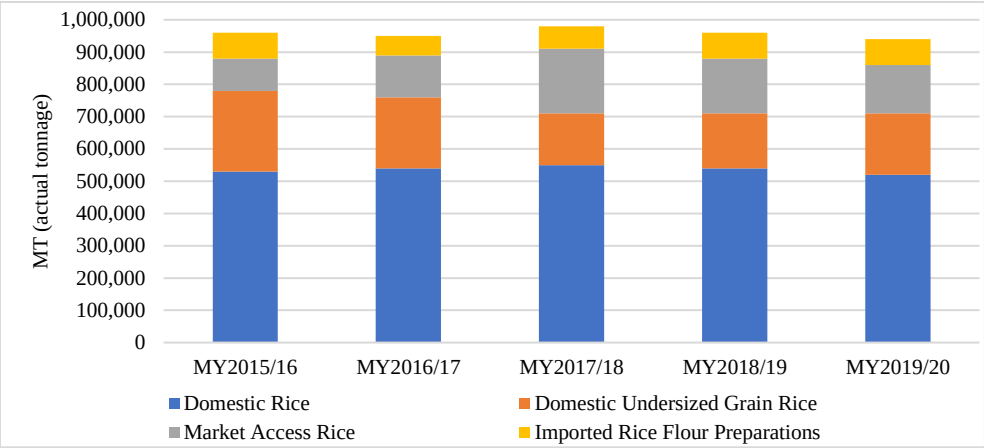
Source: MAFF

Chart 8. Changes in Rice Sale Quantity to Retailers and Food Service and HMR in Japan



Source: MAFF. Change compared to the same month from the previous year.

Chart 9. Rice for Manufacturing Use by Source



Source: MAFF. Rice used for manufacturing Japanese *Sake* (rice wine), rice crackers, frozen cooked rice, *miso* (fermented soybean paste), *Shochu* (distilled liquor), rice flour, cereals and other.

Feed Consumption

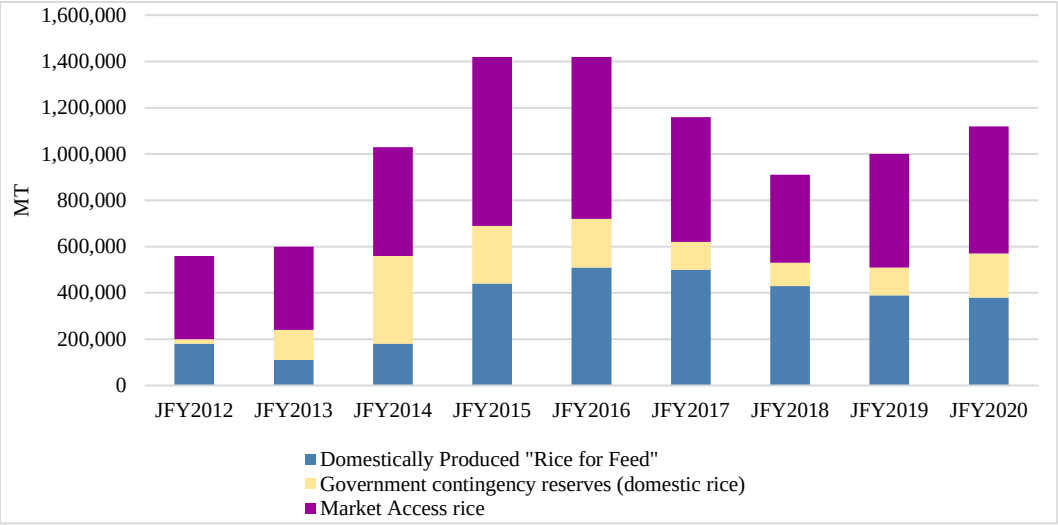
Feed mill demand for rice is strong due to high corn and sorghum prices. Rice used in compound feed production increased 20 percent (126,000 tons, actual tonnage) for the first eight months of MY2020/21. FAS Tokyo expects rice for feed consumption to increase approximately 200,000 tons (actual tonnage) to 1.25 million tons (actual tonnage) in MY2020/21 and by another 150,000 tons (actual tonnage), to 1.4 million tons (actual tonnage), in MY2021/22.

In JFY2020, 1.12 million tons (actual tonnage) of rice were consumed as feed, of which 1.01 million tons were used for compound feed production and the remaining 110,000 tons were consumed as on-farm feed. Feed mills indicate they could incorporate as much as 1.7 million tons into compound feed if the supply is competitively priced. Although there is not publicly available prices for rice for feed, industry sources indicate it is typically traded at similar prices to corn but prices have not risen at the recent pace of corn and sorghum prices.

Feed mills use a mix of domestic rice for feed, government contingency reserve rice[6], and imported WTO Minimum Access (MA) rice to meet demand (Chart 10). As the price for domestic rice drops, processed product manufacturers shift from using MA rice or government reserve rice to domestic rice. This, in turn, leads to increased availability of reserve and MA rice for use by feed mills. Domestic production of rice for feed is also expected to increase in MY2021/22. With strong demand coupled with an expected increase in supply, FAS Tokyo expects rice in feed consumption to increase in MY2020/21 and MY2021/22.

[6] MAFF sells five-year old government contingency reserve rice for manufacturing processed products and feed.

Chart 10. Rice for Feed Use by Source



Source: MAFF

Trade

Imports

FAS Tokyo expects Japan to import 685,000 tons of rice in MY2020/21 and MY2021/22 in line with its WTO commitment. Imports of Australian rice, for which Japan sets a country specific quota through the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP), are limited and as of September 13, importers have successfully bid only 20 tons of the 6,240-ton quota for JFY2021.

Exports

FAS Tokyo lowered MY2019/20 exports to 40,000 tons based on the latest available data, including 20,000 tons of food aid exports and approximately 20,000 tons of commercial exports. MY2020/21 exports are expected to rise to 60,000 tons with an expected increase in food aid to 36,000 tons, the five year average, and commercial exports to 24,000 tons. Commercial exports increased seven percent, to 14,000 tons, over the first eight months of MY2020/21 compared to last year. Based on projected growth in commercial exports, FAS Tokyo forecasts MY2021/22 exports to increase to 70,000 tons.

Stocks

FAS Tokyo increased MY2019/20 ending stocks to 2.074 million tons because of a decrease in consumption. With the expected MY2020/21 increase in consumption, ending stocks are projected to decrease to 1.972 million tons and to 1.847 tons in MY2021/22.

Appendix Table 1. Compound Feed Production (MT)

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Other Grains	DDGS	Soybean Meal	Rapeseed Meal	Other Ingredients	TOTAL
2015/16	10,868,266	650,398	398,723	177,880	798,662	1,206,845	136,642	405,308	3,018,163	1,115,233	4,784,547	23,560,667
	46.1%	2.8%	1.7%	0.8%	3.4%	5.1%	0.6%	1.7%	12.8%	4.7%	20.3%	100%
2016/17	10,963,813	537,868	451,748	198,078	822,410	1,113,796	137,883	501,962	2,929,498	1,188,101	4,839,950	23,685,108
	46.3%	2.3%	1.9%	0.8%	3.5%	4.7%	0.6%	2.1%	12.4%	5.0%	20.4%	100%
2017/18	11,423,194	520,789	413,442	203,771	828,412	838,915	138,958	543,956	2,929,230	1,118,223	4,900,850	23,859,742
	47.9%	2.2%	1.7%	0.9%	3.5%	3.5%	0.6%	2.3%	12.3%	4.7%	20.5%	100%
2018/19	11,650,310	464,960	390,898	186,242	822,948	746,394	137,063	516,466	2,989,815	1,111,783	4,932,988	23,949,867
	48.6%	1.9%	1.6%	0.8%	3.4%	3.1%	0.6%	2.2%	12.5%	4.6%	20.6%	100.0%
2019/20	11,796,346	383,653	361,064	175,347	836,561	907,750	139,825	429,848	3,065,662	1,125,880	4,919,902	24,141,838
	48.9%	1.6%	1.5%	0.7%	3.5%	3.8%	0.6%	1.8%	12.7%	4.7%	20.4%	100.0%
2020 Oct	1,033,194	29,418	32,276	14,557	73,060	88,669	12,120	37,272	274,900	95,594	414,615	2,105,675
	49.1%	1.4%	1.5%	0.7%	3.5%	4.2%	0.6%	1.8%	13.1%	4.5%	19.7%	100.0%
Nov	983,840	28,327	30,494	13,697	70,223	90,287	11,601	37,345	257,237	92,555	396,957	2,012,563
	48.9%	1.4%	1.5%	0.7%	3.5%	4.5%	0.6%	1.9%	12.8%	4.6%	19.7%	100.0%
Dec	1,123,947	31,948	34,115	16,012	81,798	97,724	13,496	43,149	291,755	106,720	460,329	2,300,993
	48.8%	1.4%	1.5%	0.7%	3.6%	4.2%	0.6%	1.9%	12.7%	4.6%	20.0%	100.0%
2021 Jan	921,435	25,450	29,585	12,847	66,589	90,365	10,464	36,288	240,567	87,604	376,659	1,897,853
	48.6%	1.3%	1.6%	0.7%	3.5%	4.8%	0.6%	1.9%	12.7%	4.6%	19.8%	100.0%
Feb	898,170	25,010	29,288	12,604	65,413	89,955	10,490	34,639	237,504	86,876	374,806	1,864,755
	48.2%	1.3%	1.6%	0.7%	3.5%	4.8%	0.6%	1.9%	12.7%	4.7%	20.1%	100.0%
Mar	1,044,942	28,272	34,095	15,458	79,386	102,165	12,297	39,661	273,577	101,777	442,680	2,174,310
	48.1%	1.3%	1.6%	0.7%	3.7%	4.7%	0.6%	1.8%	12.6%	4.7%	20.4%	100.0%
Apr	975,718	25,191	33,756	14,359	75,755	93,755	11,428	35,957	257,370	97,490	419,284	2,040,063
	47.8%	1.2%	1.7%	0.7%	3.7%	4.6%	0.6%	1.8%	12.6%	4.8%	20.6%	100.0%
May	922,239	23,437	32,462	13,295	70,448	94,126	10,376	33,915	245,673	92,160	393,303	1,931,434
	47.7%	1.2%	1.7%	0.7%	3.6%	4.9%	0.5%	1.8%	12.7%	4.8%	20.4%	100.0%
June	953,642	22,835	34,206	14,564	74,662	96,466	11,301	34,271	253,363	96,059	414,941	2,006,310
	47.5%	1.1%	1.7%	0.7%	3.7%	4.8%	0.6%	1.7%	12.6%	4.8%	20.7%	100.0%
10/20 - 6/21	8,857,127	239,888	290,277	127,393	657,334	843,512	103,573	332,497	2,331,946	856,835	3,693,574	18,333,956
	48.3%	1.3%	1.6%	0.7%	3.6%	4.6%	0.6%	1.8%	12.7%	4.7%	20.1%	100.0%

Source: MAFF

Attachments:

No Attachments