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Japan Livestock 1999 Annual Report - Revised

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Approved by:
Casey E. Bean
U.S. Embassy

Prepared by:
Kakuyu Obara

Report Highlights:
In 1999 Japan's pork and beef production is forecast to decline slightly from last year, and imports will modestly rise. Due to Japan's slumping economy, consumers are seeking meat value but sustaining consumption levels. Japan's imports of U.S. beef in 1999 are forecast to rise modestly from a year ago to 325,000 MT for a leading 48 percent market share. Total frozen/chilled U.S. pork imports are forecast at 170,000 MT, up 6% for a leading 30% market share, but chilled Canadian and South Korean pork continues to out-perform U.S. chilled pork. In 2000 Japan's imports of beef will moderately increase, while imports of pork will remain about the same level as 1999.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tokyo[JA1], JA

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Executive Summary

Post projects Japan's total domestic beef production in 1999 to fall slightly from the previous year to 525,000 MT (CWE) based on numbers of beef calves coming to slaughtering age. During 1999 stagnant consumption had led to depressed high value medium grade domestic beef , thus allowing moderate growth for price-competitive imported beef. Japanese consumers appear to be spending less on beef without reducing the volume purchased.

Given Japan's relatively flat beef consumption forecast in 1999, import demand for beef will likely grow moderately. Post projects import volumes for U.S. and Aussie beef in 1999 to rise modestly from a year ago at 325,000 MT (PWE) and 318,000 MT (PWE), with respective market shares to remain the same as the previous year at 48 percent and 47 percent. This year's reportedly high loin prices in the United States has been a factor leading to Japanese meat buyers shifting from U.S. grain-fed loins to Australian short-fed loins. Imports of price competitive, Australian, chilled, short grain-fed beef will stand a chance to gain in 1999, particularly targeted for the retail sector. Also, popular U.S. frozen short plate will continue to be heavily utilized by the price sensitive HRI/HMR sector, boosting imports of less expensive parts.

The total number of Japanese hog farms continues to drop, totaling 12,500 in 1999, down 9 percent from the previous year. The increase in pork imports, downward pressure on prices , and reduced sow numbers translated to slight reductions in pig and pork production in 1999.

Japan's total chilled pork imports in 1999 are forecast to reach around 160,000 MT (PWE), up about 10 percent from the previous year on a customs clearance basis, filling in better than anticipated Japan's table pork demand. Imports of U.S. pork, the single largest supplier of fresh/chilled pork to Japanese market, are forecast up, but Canada and Korea will likely increase their share of Japan's chilled pork market due to feeding, processing, and specifications that better meet Japan's demand.

Japan's total frozen pork imports are estimated in 1999 at 410,000 MT, up 14 percent from a year ago, owing to large stock replenishment that took place in the first half. During the first half of 1999, frozen pork imports totaled 227,859 MT (PWE), up 54 percent compared to the previous year. The surge in the first half was mainly due to the reduced gate price and Japanese importers' concerted efforts to boost the first quarter JFY2000 trigger level. The pace, particularly from Denmark and EU, will likely slow and stay at modestly above the previous year level in the second half of 1999.

Looking ahead to 2000, a stable growth scenario for Japan's beef market is forecast under the assumption that individual beef consumption will bottom-out and begin increasing, coupled with moderate import growth. Additionally, domestic beef production will moderately decline in 2000. For pork, the picture is flat overall demand for pork matched by stable domestic pork supply and imports. Japan's pork imports in 2000 will likely stay about the same level as 1999.

1. Japanese Beef Market Situation and Outlook Summary (1999)

Overall Situation and Outlook 1999

Japan's slumping economy of the last couple of years continues to impact beef consumption during 1999. The slow consumption recovery has negatively affected retail beef consumption, in particular. Currently, post projects Japan's beef consumption in 1999 to remain roughly the same level as the previous year at 1,490,000 MT with lethargic retail consumption of beef offset by moderate growth in the HRI/HMR sector.

On the supply side, the annual total beef supply in 1999 is forecast to rise slightly over the previous year at 1,622,000 MT (CWE). Post adjusted slightly downward the projection of total beef imports for 1999 from the previous semiannual forecast to 972,000 MT (PWE: 680,000 MT). No change was made on the previous domestic beef production forecast for 1999 at 525,000 (CWE).

During 1999 stagnant individual consumption is a key factor depressing high value medium grade domestic beef while allowing for moderate growth in Japan's beef imports. The exchange rate has been less of a factor affecting imports this year as the yen-dollar rate has been more stable than the previous year. However, this year's reportedly high loin prices in the United States has been a factor for Japanese meat buyers shifting from U.S. grain-fed loins to Australian short-fed loins. Consequently, the year-ending beef inventory for 1999 is expected to rise modestly from the year beginning estimated at 132,000 MT (CWE).

Broadened health and safety concerns in Japan are key areas requiring attention by governments, farm produce suppliers, and food industries. Issues such as BSE, O-157, FMD in Taiwan, birds flu in Hong Kong, environmental hormones, cloned beef, and dioxin contamination all send stress signals to Japanese consumers. As a result they are paying more attention to what they are buying and where it is produced. In addition, country of origin labeling will become mandatory next Spring pending amendment of JAS (Japan Agricultural Standards Law), further heightening consumer awareness.

The current food market trend, therefore, is to provide more food and ingredient information to consumers to gain their trust and confidence including producers, methods of production, health attributes of the product to counter concerns about inadequate labeling practices, unknown country of origins, and brand names.

Looking ahead to 2000, a stable growth scenario for Japan's beef market is forecast under the assumption that individual beef consumption will bottom-out and begin increasing coupled with moderate import growth. Additionally, a moderate decline in domestic beef production is projected for 2000.

Japanese Beef Import Situation and Outlook 1999

Given Japan's relatively flat beef consumption forecast in 1999, import demand for beef will likely grow only moderately. Post is currently projecting import volumes for U.S. and Aussie beef in 1999 to rise modestly from a year ago at 325,000 MT (PWE) and 318,000 MT (PWE), with respective market shares for each projected to stay the same at 48 percent and 47 percent. Imports of price competitive, Australian, chilled, short grain-fed beef will stand a chance to gain in 1999, particularly targeted for the retail sector. Also, popular U.S. frozen short plate will continue to be heavily utilized by the price sensitive HRI/HMR sector, boosting imports of less expensive parts.

During January to June 1999, Japanese beef imports, chilled and frozen combined, totaled 334,637 MT on a customs clearance basis (PWE), up 4 percent from the previous year. Similar to the previous year, trade sources predict that relatively high local beef prices in the U.S. are a factor continuing to affect Japan's import demand for U.S. high value parts: loins.

Japanese Domestic Beef Production Outlook 1999

Post projects Japan's total domestic beef production in 1999 to fall slightly from the previous year to 525,000 MT (CWE) based on numbers of beef calves coming to slaughtering age. Wagyu-Holstein cross F1 beef has become a major source of supply for medium graded beef in the last five years mostly sold as domestic brand. According to MAFF's livestock statistics as of February 1, 1999, the total number of live cattle raised was 2.84 million head. Of this total, 1.71 million head were beef breed (Mostly Black and Brown Wagyu) and 1.13 million head were dairy breed for beef (Holstein and F1 Cross Bred Combined). The number of F1 cross bred cattle increased 15 percent from a year before to reach 650,900 head in 1999, comprising 58 percent of the total dairy breed category.

HRI/HMR Situation and Outlook 1999

The strong demand in the HRI/HMR sector that prevailed for inexpensive frozen beef parts through last year is expected to continue in 1999 at a modestly higher level. During the first half of 1999, Japan's frozen beef imports were 173,143 MT, up 3 percent compared to the same period of the previous year, with U.S. frozen parts continuing to meet solid demand for BBQ, beef bowl and take-out lunch box business segments for short plate and brisket parts. As a result, imports of U.S. frozen were up 6 percent and Aussie frozen were down 2 percent.

Despite the overall import decline for Aussie frozen parts during the first half of 1999, this year's trend is a solid increase in Aussie short-fed, frozen loins, up 159 percent compared to the same period last year. Hotel/Restaurant demand for inexpensive Aussie loins for steaks and shabu-shabu seemed to have displaced more expensive U.S. frozen, grain-fed loins, which were down 18 percent in the same period. Also, frozen parts in the "other" category (HS 0202.300.90) showed a significant decline in the first half, down 11 percent, suggesting demand for beef hamburger paddies for the fast food and lunch box business has been slackening this year. Japan Food Service Association's data also indicates sales in the fast food sector since March have dropped an average of 3 - 4 percent, on a monthly basis, over the previous year. Overall, short frozen plate and briskets were major performers during the first half, up 15 percent from the previous year.

Given the current state of Japan's economy, post anticipates the above trend will likely persist throughout the second half of 1999.

Japanese Beef Imports by Parts
Period: Jan. - June 1998 - 1999
Unit: Metric Ton (Customs Clearance Basis)

Frozen Beef Parts	1998	1999	% Chg.
	Jan./June	Jan./June	
Loins	11,318	12,611	15%
Chuck, Clod, and Round	27,783	27,585	- 1%
Brisket and Short Plate	76,707	87,970	11%
Other Parts	48,006	42,450	-11%

Note: Above data excludes carcasses (full, half and quarter).
Source: World Trade Atlas, June 1999

Retail Situation and Outlook 1999

In the first half of 1999, Japan’s economic recession depressed wholesale carcass prices of medium grade domestic beef. Dairy steers (B-3 down 10% and B-2 grade down 23%) and F1 cross steers (B-3 down 9% and B-2 grade down 8%) all suffered the price drop due to weak retail demand for expensive domestic beef during the first half. Japanese major retail chains have been featuring medium grade domestic beef as store branded products.

Imports have been faring well with Japan’s chilled beef total reaching 161,494 MT, rising 5 percent from a year ago in the first half. Aussie chilled beef seems to be benefitting the most from this situation with a 9 percent rise at 93,896 MT during the same period while U.S. chilled beef was up 2 percent. The performance of chilled loins made the difference. During January - June 1999, Aussie chilled loins were up 11 percent contrasted to U.S. loins, which were down 16 percent.

Household beef consumption data also suggests that Japanese consumers are spending less without reducing purchasing volume. For Jan. - May 1999 (To date available), the average Japanese household (calculated per person) spent 3,347 yen, down 4 percent, and bought 1,275 grams, down 1 percent, for beef. The data supports the above import chilled parts performance in the first half. Given the persistence of Japan’s recession, post expects a similar trend to persist through the second half of 1999.

Japanese Beef Imports by Parts
Period: Jan. - June 1998
Unit: Metric Ton (Customs Clearance Basis)

Chilled Beef	1998	1999	% Chg.
	Jan./June	Jan./June	
Loins	32,309	31,256	- 3%
Chuck, Clod, and Round	83,460	90,560	9%
Brisket and Short Plate	34,840	37,598	8%
Other Parts	735	689	- 6%

Note: Above data exclude carcasses (full, half and quarter).
Source: World Trade Atlas, June 1999

JAPANESE BEEF IMPORTS BY COUNTRY							
Period: JANUARY - DECEMBER 1998 - 2000							
Unit: Metric Ton (Customs Clearance Basis)							
	1998	1999	% chg.	Share1999	2000	% chg.	Share2000
	Actual	Forecast		Forecast	Forecast		Forecast
U.S.	320,171	325,000	2%	48%	330,000	2%	48%
Australia	311,734	318,000	2%	47%	322,000	1%	47%
N.Z.	19,046	17,000	-11%	2%	17,000	0%	2%
Canada	13,654	19,000	39%	3%	20,000	5%	3%
Other	1,765	1,000	-43%	0%	1,000	0%	0%
TOTAL	666,369	680,000	2%	100%	690,000	1%	100%
Source: 1998 data are actual from World Trade Atlas. 1999 and 2000 figures are Ag. Office forecast.							

JAPANESE BEEF IMPORTS BY COUNTRY FOR 1999						
Period: JANUARY - JUNE 99						
Unit: Metric Ton (Customs Clearance Basis)						
	Chilled		Frozen		Total	
	1999	% chg.	1999	% chg.	1999	% chg.
	Jan./Jun.		Jan./Jun.		Jan./Jun.	
U.S.	63,730	2%	99,202	6%	162,932	4%
Australia	93,896	8%	59,852	-2%	153,748	4%
N.Z.	2,559	-35%	6,815	-13%	9,374	-20%
Canada	1,279	15%	6,724	29%	8,003	26%
Other	30		550		580	
TOTAL	161,494	5%	173,143	3%	334,637	4%
Source: World Trade Atlas, June 1999						

2. Japanese Pork Market Situation and Outlook Summary (1999)

Overall Situation and Outlook 1999

In 1999, Japan's overall consumption of pork is forecast to rise slightly above the previous year's level to 2,095,000 MT (CWE). This rise is mainly due to better than anticipated retail pork consumption which is expected to increase moderately in 1999, while the HRI/HMR and processing sectors demand for pork are expected to remain at about the same level.

On the supply side, the annual total pork supply in 1999 is forecast to rise slightly above the previous year to 2,303,000 MT due to increased imports. Japan's domestic pork production is forecast to decline slightly from a year ago level, permitting additional imported chilled pork. As predicted in the last semiannual report, substantial volumes of frozen pork were imported during the first half, up 45 percent compared to the same period of the previous year, mainly to replenish depleted raw material frozen inventories for processing by the beginning of the year in 1999. Also, better than anticipated table pork consumption in the first half 1999 generated additional demand for import chilled pork, up 20 percent in the same period.

The pace of pork imports, particularly frozen, is anticipated to slow down in the second half as the level of the frozen raw material inventory for processing gradually reaches sufficient level. Consequently, post adjusted Japan's total pork import projection for 1999 modestly upward from the previous semiannual to 814,000 MT (PWE: 570,000 MT), up 13 percent from a year before actual and the year ending pork inventory for 1999 is estimated to stay almost the same level as the previous year at 108,000 MT (CEW).

As forecasted the import volume particularly surged after April, when the gate price and the associated tariff were slightly lowered in accordance with the Uruguay Round agreement. For JFY first quarter (April - June) 1999, Japan's pork imports amounted to 183,500 MT (PWE), much more than expected. Based on this volume, the JFY first quarter 2000 pork safeguard trigger level is estimated at 162,600 MT (PWE)- three previous succeeding years' average multiplied by 119 percent. Under normal circumstances, therefore, the level appears sufficient to alleviate concerns for a safeguard trigger during the first quarter JFY 2000.

[Note: A safeguard trigger was considered possible since import volumes for the first quarter in JFY 1997 (April - June) and in JFY 1998 (April - June) were very low at 94,968 MT and 131,498 MT respectively. In JFY 1997, GOJ's import ban on Taiwan pork due to FMD, combined with the annual SG effected through June 1997, made the import volume for the first quarter of JFY1997 extremely low as indicated above. Also, in JFY 1998, large frozen pork inventory carried over from the previous year kept the first quarter import volume relatively low.]

The PS&D for Japan's 2000 pork outlook is constructed under a balanced demand and supply scenario, with flat overall demand for pork matched by stable domestic pork supply and imports. Japan's pork imports in 2000 will likely stay about the same level as 1999, while the year ending inventory will likely remain at the year beginning level. No safeguard trigger is assumed in this projection.

Japanese Pork Import Situation and Outlook 1999

Japan's total chilled pork imports in 1999 are forecast to reach around 160,000 MT (PWE), up about 10 percent from the previous year on a customs clearance basis, to meet better than anticipated Japan's table pork demand. The United States remain to be the single largest supplier of fresh/chilled pork to Japanese market, however, in 1999, U.S. competitors' such as Canada and Korea will likely increase their share of Japan's total chilled pork imports. During January to June 1999, Japan's chilled pork imports amounted to 79,492 MT, up 20 percent compared to the same period last year.

In the same period, Korea boosted its chilled parts supply to Japan, up 53 percent, reportedly by making full use of its location advantage and the country's various export promotion loans and incentives available for pork export packers, according to MAFF's recent survey on Korean pork and demand supply situation. Korean exports to Japan are expected to specialize in supplying more chilled, rather than frozen parts for raw materials, this year and beyond, capturing the higher end of Japan's table pork market.

Also, Canada has also been advancing its supply of chilled parts to Japan, up 33 percent from a year before. Several pork fabrication and processing plants, which have specialized lines for Japanese specification cuts for chilled parts, became operational this year, according to a JETRO (Japan External Trade Organization) report on Canadian pork. Backed by rising pork production at home since 1998, Canadian pork promoters have been making aggressive branded promotions in Japan (barley fed pork etc.), which have so far been well received by the retail and the HRI/HMR sectors. A relatively weak Canadian dollar to U.S. dollar has also been a factor helping Canada's pork expansion. Canada is expected to continue doing well in the Japanese pork market by expanding its share in the total pork imports in 1999 and beyond.

In the first half, US chilled pork has also been performing well, up 10 percent from a year before level, due to capturing of some pork promotion demand.

For frozen pork, post estimates Japan's total frozen pork imports to reach 410,000 MT, up 14 percent from a year ago, owing to large stock replenishment that took place in the first half. During the first half of 1999, frozen pork imports totaled 227,859 MT (PWE), up 54 percent compared to the previous year. As mentioned in the overall summary section, the surge in the first half was mainly due to the reduced gate price and Japanese importers' concerted efforts to boost the first quarter JFY2000 trigger level. The pace, particularly from Denmark and EU will likely slow and remain at modestly above the previous year level in the second half of 1999.

The EU (Denmark) and Canada were the 2 major share takers of the above frozen inventory adjustment effort with imports from Denmark skyrocketing, up 158 percent, and from Canada, up 63 percent from a year ago. For Denmark and other EU pork suppliers to Japan, low hog prices in EU since last year and the weak euro against yen are two major factors attributable to the first half growth of Denmark and EU pork. The import spike of Canadian frozen pork was also helped by the reportedly weak Canadian dollar against U.S. dollar.

Contrasting to chilled pork import growth, Korean frozen pork during the first half was down by 7 percent over the same period of the previous year. A tight demand and supply condition, a police arrest of Japanese illegal traders of Korean frozen pork, and uncertainties surrounding the bilateral health protocol issue on hog cholera under negotiation are factors which could have impacted on this year's first half result of Korean frozen pork.

U.S. frozen imports were up 9 percent in the first half of 1999. Though weak, the recovery in U.S. hog prices during the first half of 1999 could have affected the above result.

Japanese Domestic Pork Production Outlook 1999

Japanese slaughters and pork production in 1999 are forecast to decline slightly below last year, reflecting reduced sow numbers raised at the year beginning. Japan's total sow numbers on February 1, 1999, fell one percent compared with February 1998, according to MAFF livestock statistics.

On the wholesale market, monthly average domestic pork carcass prices have been stagnant, reflecting increased distribution of pork. During January - June 1999, average pork carcass prices in Tokyo were modestly below last year's level, down 5 percent for excellent grade at 442 yens per kilo and down 6 percent for medium grade at 402 yen per kilo. Increased imports, particularly chilled pork, have been a factor pressuring the domestic pork prices downward. The total number of Japanese hog farms continue to drop, totaling 12,500 in 1999, down 9 percent from the previous year.

Due to the arrival of very hot summer this year since end of July, Japan's domestic hog slaughters is expected to slow down in coming months. This may give some relief on slumping wholesale carcass prices during later part of the second half of 1999.

Retail Situation and Outlook 1999

Post forecasts Japan's retail pork consumption in 1998 will be modestly up from last year's level. Consumption in the first half of 1999 kept fairy solid as reflected in the rise of the average household consumption. For Jan. - May 1999, the average Japanese household (calculated per person) spent 2,817 yen, up 2 percent, and bought 2,042 grams, up 5 percent. Relatively attractive imported chilled loins, shoulder picnic sold as store brands through fairs and promotions by Japanese major retailers helped the growth in imported chilled pork in the first half. U.S. and Canadian chilled pork parts are most popularly featured as store branded items, often sold 20 - 30 percent less than the domestic table pork.

USMEF/NPPC summer pork campaign launched during June - July and over 1,000 stores of the major retail chains reportedly participated in the campaign. According to the trade sources, retail pork sales during June and July has somewhat slowed down as affected by rainy weather conditions, but are expected to pick up for August, helped by hot summer weather, for barbecue and cold pork shabu-shabu dishes. Overall, post expects that Japan's retail table pork consumption throughout 1999 will remain fair.

Processing Sector Utilization Situation and Outlook 1999

During 1999 demand by Japanese ham and sausage manufacturers for raw material frozen pork is forecast to be roughly unchanged from the previous year, with annual pork utilization for processing to reach 390,000 MT to 400,000 MT (PWE). Of the above total, utilization of imported frozen pork will likely rise to near 300,000 MT (PWE), up about 8 percent from the last year's actual of 277,530 MT, reflecting large increases of Danish, EU and Canadian raw materials in 1999. Utilization of domestic pork is expected to reduce significantly, down 15 percent from the last year's actual of 116,744 MT due to increased shipments of domestic pork for table consumption.

HRI/HMR Situation and Outlook 1999

Japan's HRI/HMR sector demand for pork is expected to stay unchanged from the previous year. Sales of regular pork dishes have been stable. Price-competitive U.S., Mexican, Korea and Canadian products (both chilled and frozen) continue to be featured in Japan's HRI/HMR menus and dishes.

JAPANESE PORK IMPORTS BY COUNTRY							
Period: JANUARY - DECEMBER 1998 - 2000							
Unit: Metric Ton (Customs Clearance Basis)							
	1998	**1999**	**% chg.**	**Share1999**	**2000**	**% chg.**	**Share2000**
	ACTUAL	**Forecast**		**Forecast**	**Forecast**		**Forecast**
Taiwan	**0**	**0**	**NA**	**0%**	**0**	**NA**	**0%**
U.S.	**160,215**	**170,000**	**6%**	**30%**	**180,000**	**6%**	**32%**
Denmark	**124,731**	**155,000**	**24%**	**27%**	**140,000**	**-10%**	**25%**
Canada	**61,758**	**75,000**	**21%**	**13%**	**80,000**	**7%**	**14%**
Korea	**90,180**	**90,000**	**-0%**	**16%**	**90,000**	**0%**	**16%**
Mexico	**30,604**	**40,000**	**31%**	**7%**	**40,000**	**0%**	**7%**
Other	**37,349**	**40,000**	**7%**	**7%**	**40,000**	**0%**	**7%**
TOTAL	**504,837**	**570,000**	**13%**	**100%**	**570,000**	**0%**	**100%**
Source: 1998 is actual from World Trade Atlas. 1999 and 2000 figures are Ag. Office Forecast							

JAPANESE PORK IMPORTS BY COUNTRY FOR 1999						
Period: JANUARY - JUNE 99						
Unit: Metric Ton (Customs Clearance Basis)						
	Chilled		Frozen		Total	
	1999	% chg.	1999	% chg.	1999	% chg.
	Jan./Jun.		Jan./Jun.		Jan./Jun.	
U.S.	53,706	8%	27,263	1%	80,969	6%
Taiwan	0	0%	0	0%	0	0%
Denmark	117	-48%	95,832	158%	95,949	156%
Canada	11,858	33%	31,873	63%	43,731	54%
Korea	10,251	53%	32,178	-7%	42,429	3%
Mexico	2,606	436%	15,608	6%	18,214	20%
Other	954		25,105		26,059	
TOTAL	79,492	21%	227,859	45%	307,351	44%
Source: World Trade Atlas, June						

3. Japanese Cattle Raw Hide and Skin Market Situation and Outlook

Summary 1999-2000

With the yen dollar rate favoring higher Japanese yen in 1999, post made 1999 raw hide and skin import figures substantially upward from the previous projection to 105,000 MT, up 9 percent from the previous year's actual of (96,000 MT). However, the increase is not due to a demand recovery from the leather industry, but largely due to moves by Japanese tanners to replenish stocks. The raw hide stock situation in 1998 had been running tight affected by reduced imports in 1998 because the unfavorable exchange rate favoring higher U.S. dollar situation prevailed through the third quarter last year. Japan's overall demand for imported hides and skins in 1999 continues to be stagnant overshadowed by Japan's slow economic recovery. During January - May 1999, Japan's raw hide imports from the United States were up 10 percent from the previous year, largely helped by weak wholesale prices of Texas heavy steers which have been averaging around 7,900 yen per piece from 8,700 yen in 1998 annual average. Based on the above, the annual total for US hides and skins are forecast at 75,000 MT, up 9 percent from the previous year's actual (69,000 MT).

For 2000, Japanese hide and skin imports are projected to remain the same as the previous year with sufficient running stocks and the same level of annual demand, assuming the exchange rate remains stable.

4. Japanese Lamb and Mutton Market Situation and Outlook Summary (1999)

Japan's annual lamb and mutton imports for 1998 amounted to30,373 MT, down slightly from the previous year sustained by steady barbecue demand for lamb and mutton for outdoor barbecues and HRI use in major consuming regions such as Hokkaido, despite the slumping economy. The imports during the first half were 17,296 MT (PWE), down 14 percent from a year before, and the annual total is forecast at 56,000 MT CWE basis (PWE: 28,000 MT). This figure reflects the slow down in the regional economy in Hokkaido, a major lamb and mutton consuming region, particularly affected by stagnant BBQ demand due to the drop in tourists.

5. Japanese Tallow and Grease Market Situation and Outlook Summary (1999)

The overall market demand for tallow and grease in Japan had been gradually declining due to increased use of plant-based substitutes. Tallow imports declined in 1998, down a significant 9 percent to 84,000 MT, mainly due to a large drop of Canadian tallow from 1997 by about 7,000 MT to 43,000MT. In 1998, the domestic tallow and edible pork fat supply was at the 1997 level of 133,000 MT, which resulted in reduced tallow imports in 1998. The reduced import demand was because Japan's pork slaughters kept the same level as the previous year, thus raising the edible grease production estimate for 1998. Japan's total demand for tallow and grease (including edible pork fat) in 1998 is estimated to have declined 4 percent from the previous year at 215,000 MT.

Japan's tallow and grease demand and supply in 1999 will likely stay the same as the previous year with the stable domestic production and the same level of imports as last year. January to June 1999, Japan's tallow imports totaled 44,500 MT, unchanged from the last year's first half, with Canada and the United States the two major suppliers. In the same period, U.S. tallow increased 10 percent compared to the previous year. Solid demand from HRI users continues to sustain the import demand for tallow.

Livestock PS&D Database

Live Cattle Historical Series

Live Cattle (1,000 Head)						
Calendar Year		1998		1999		2000
	OLD	New	OLD	NEW	OLD	NEW
Total Cattle Beg. Stks	4,708	4,708	4,714	4,656	0	4,600
Dairy Cows Beg. Stocks	1,022	1,022	1,018	1,008	0	1,000
Beef Cows Beg. Stocks	649	649	649	644	0	640
Dairy & Other Calf Production	1,020	1,035	1,020	1,025	0	1,015
Wagyu Calf Production	480	478	480	480	0	475
TOTAL Calf Production (Calf Crop)	1,500	1,513	1,500	1,505	0	1,490
Intra Ec Imports	NA	NA	NA	NA	NA	NA
Other Imports	18	19	18	18	0	18
TOTAL Imports	18	19	18	18	0	18
TOTAL SUPPLY	6,226	6,240	6,232	6,179	0	6,108
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Dairy & Other Cow Slaughter	340	337	330	335	0	330
Wagyu Cow Slaughter	285	286	285	280	0	275
Total Cow Slaughter	625	623	615	615	0	605
Calf Slaughter	10	10	10	10	0	10
Dairy Steer Slaughter	357	358	355	355	0	350
Wagyu Steer Slaughter	315	312	315	310	0	305
Wagyu Bull & Other Slaughter	18	19	15	15	0	15
Total Other Slaughter	690	689	685	680	0	670
TOTAL Slaughter	1,325	1,322	1,310	1,315	0	1,285
Loss	187	262	222	264	0	263
Ending Inventories	4,714	4,656	4,700	4,600	0	4,560
TOTAL DISTRIBUTION	6,226	6,240	6,232	6,179	0	6,108

Trade Matrix - Japanese Live Cattle Imports, Head						
Country of Origin		1998		1999	0	2000
	OLD	NEW	OLD	NEW	OLD	NEW
United States	250	209	250	200	0	200
Australia	17,000	17,192	17,000	17,000	0	17,000
New Zealand	500	785	500	600	0	600
Canada	50	127	50	50	0	50
Others	200	399	200	550	0	550
Total	18,000	18,712	18,000	18,400	0	18,400
Source: MAFF Livestock, Slaughter and Meat Production Statistics, ALIC Livestock Statistics, NIMEX Trade Data						

Beef & Veal Historical Series

Beef and Veal (1,000 Metric Tons)						
Calendar Year		1998		1999		2000
	OLD	NEW	OLD	NEW	OLD	NEW
Beginning Stocks	131	131	133	125	0	132
Slaughter (Reference- 1,000 head)	1,325	1,325	1,310	1,315	0	1,285
Production	530	530	525	525	0	515
Intra EC Imports	NA	NA	NA	NA	NA	NA
Other Imports	957	951	978	972	0	985
TOTAL Imports, CWE	957	951	978	972	0	985
TOTAL Imports, PWE	670	666	685	680	0	690
TOTAL SUPPLY	1,618	1,612	1,636	1,622	0	1,632
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	1,485	1,487	1,505	1,490	0	1,500
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,485	1,487	1,505	1,490	0	1,500
Ending Stocks	133	125	131	132	0	132
TOTAL DISTRIBUTION	1,618	1,612	1,636	1,622	0	1,632
Trade Matrix - Japanese Beef Imports - 1,000 Metric Tons, Customs Clearance Basis						
Country of Origin		1998		1999		2000
	OLD	NEW	OLD	NEW	OLD	NEW
United States	316	320	326	325	0	330
Australia	315	312	319	318	0	322
New Zealand	25	19	22	17	0	17
Canada	14	14	15	19	0	20
Others	5	1	3	1	0	1
Total	675	666	685	680	0	690
Source: MAFF Livestock, Slaughter and Meat Production Statistics, ALIC Livestock Statistics, NIMEX Trade Data						

Swine Historical Series

Live Swine (1,000 Head)						
	1998		1999		2000	
	OLD	NEW	OLD	New	OLD	New
TOTAL Beginning Stocks	9,904	9,904	9,900	9,873	0	9,880
Sow Beginning Stocks	939	939	935	931	0	930
Production (Pig Crop)	17,800	17,850	17,800	17,800	0	17,750
Intra Ec Imports	NA	NA	NA	NA	NA	NA
Other Imports	1	1	1	1	0	1
TOTAL Imports	1	1	1	1	0	1
TOTAL SUPPLY	27,705	27,755	27,701	27,674	0	27,631
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	NA	NA	NA	NA	NA	NA
Other Slaughter	17,040	17,067	17,020	17,030	0	16,980
Total Slaughter	17,040	17,067	17,020	17,030	0	16,980
Loss	765	765	781	764	0	761
Ending Inventories	9,900	9,923	9,900	9,880	0	9,890
TOTAL DISTRIBUTION	27,705	27,755	27,701	27,674	0	27,631
Trade Matrix - Japanese Swine Imports, Head						
Country of Origin	1998		1999		2000	
	OLD	NEW	OLD	NEW	OLD	NEW
United States	250	251	400	250	400	250
United Kingdom	950	939	500	950	500	950
Canada	0	0	40	0	40	0
Netherlands	0	0	0	0	0	0
Others	0	45	60	0	60	0
Total	1,200	1,235	1,000	1,200	1,000	1,200
Source: MAFF Livestock, Slaughter and Meat Production Statistics, ALIC Livestock Statistics, NIMEX Trade Data						

Pork

Pork (1,000 Metric Tons)						
	1998		1999		2000	
	OLD	NEW	OLD	New	OLD	New
Beginning Stocks	190	190	111	106	0	108
Slaughter (Reference- 1,000 head)	17,040	17,067	17,020	17,030	0	16,980
Production	1,283	1,285	1,280	1,283	0	1,280
Intra EC Imports	NA	NA	NA	NA	NA	NA
Other Imports	718	721	793	814	0	814
TOTAL Imports, CWE	718	721	793	814	0	814
TOTAL Imports, PWE	503	505	555	570	0	570
TOTAL SUPPLY	2,191	2,196	2,184	2,203	0	2,202
Intra EC Exports			NA	NA	NA	NA
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	2,080	2,090	2,075	2,095	0	2,095
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2,080	2,090	2,075	2,095	0	2,095
Ending Stocks	111	106	109	108	0	107
TOTAL DISTRIBUTION	2,191	2,196	2,184	2,203	0	2,202
Trade Matrix - Japanese Pork Imports - 1,000 Metric Tons, Customs Clearance Basis						
Country of Origin	1998		1999		2000	
	OLD	NEW	OLD	New	OLD	New
United States	160	160	170	170	0	180
Taiwan	0	0	0	0	0	0
Denmark	125	125	135	155	0	140
Canada	60	62	70	75	0	75
Korea	90	90	100	90	0	95
Mexico	30	31	35	40	0	40
Others	38	37	45	40	0	40
Total	503	505	555	570	0	570
MAFF Livestock, Sdlaughter and Meat Production Statistics, ALIC Livestock Statistics, NIMEX Trade Data						

Bovine Hides & Skins Historical Series

Bovine Hides and Skins (1,000 Metric Tons)						
	1998			1999		2000
	OLD	NEW	OLD	NEW	OLD	NEW
Beginning Stocks	33	33	20	27	0	29
Production in MT	33	33	32	32	0	33
Production in Thousand Pieces	1,322	1,319	1,307	1,312	0	1,282
Intra EC Imports	NA	NA	NA	NA	NA	NA
Other Imports	87	96	90	105	0	105
TOTAL Imports	87	96	90	105	0	105
TOTAL SUPPLY	153	162	142	164	0	167
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Domestic Consumption	133	135	122	135	0	135
Ending Stocks	20	27	20	29	0	32
TOTAL DISTRIBUTION	153	162	142	164	0	167
Trade Matrix - Japanese Bovine Hides & Skins Imports - 1,000 Metric Tons						
Country of Origin	1998			1999		2000
	OLD	NEW	OLD	NEW	OLD	NEW
United States	60	69	60	75	0	75
Australia	10	11	10	12	0	12
New Zealand	3	2	3	2	0	2
Netherlands	5	5	5	10	0	10
Canada	5	7	5	3	0	3
Others	4	2	2	3	0	3
Total	87	96	85	105	0	105
Source: MAFF Livestock, Slaughter and Meat Production, NIMEX Trade Data						
Note: Domestic Hide Production is estimated based on domestic slaughter figures.						

Tallow & Grease Historical Series

Tallow and Grease (1,000 Metric Tons)						
	1998		1999		2000	
			OLD	New	OLD	New
Beginning Stocks	23	23	22	22	0	25
Production	125	133	122	130	0	130
Intra EC Imports	NA	NA	NA	NA	NA	NA
Other Imports	95	84	95	90	0	85
TOTAL Imports	95	84	95	90	0	85
TOTAL SUPPLY	243	240	239	242	0	240
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	1	3	1	2	0	1
TOTAL Exports	1	3	1	2	0	1
Domestic Consumption	220	215	216	215	0	215
Total Consumption	221	218	217	217	0	216
Ending Stocks	22	22	22	25	0	24
TOTAL DISTRIBUTION	243	240	239	242	0	240
Trade Matrix - Japanese Tallow & Grease Imports - 1,000 Metric Tons						
Country of Origin	1998		1999		2000	
	OLD	NEW	OLD	NEW	OLD	New
United States	38	38	38	40	40	35
Canada	50	43	50	45	45	40
Australia	5	3	5	3	5	5
Others	2	0	2	2	10	5
Total	95	84	95	90	100	85
Source: MAFF Livestock, Slaughter and Meat Production Statistics, NIMEX Trade Data						
Note: Domestic tallow and edible fat is estimated from domestic cattle and hog slaughters.						

Lamb, Mutton, and Goat Meat Historical Series

Lamb, Mutton, and Goat Meat (1,000 Metric Tons)						
	1998		1999		2000	
	OLD	NEW	OLD	NEW	OLD	NEW
Beginning Stocks	12.0	12.0	12.0	12.0	0.0	11.0
Slaughter (Reference- 1,000 head)	10.0	10.0	10.0	10.0	0.0	10.0
Production	0.3	0.3	0.3	0.3	0.0	0.3
Intra EC Imports	NA	NA	NA	NA	0.0	NA
Other Imports	64.0	61.0	64.0	56.0	0.0	56.0
TOTAL Imports (CWE)	64.0	61.0	64.0	56.0	0.0	56.0
TOTAL SUPPLY	76.3	73.3	76.3	68.3	0.0	67.3
Intra EC Exports	NA	NA	NA	NA	NA	NA
Other Exports	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Exports	0.0	0.0	0.0	0.0	0.0	0.0
Human Dom. Consumption	64.0	61.0	65.0	57.0	0.0	56.0
Other Use, Losses	0.0	0.0	0.0	0.0	0.0	0.0
Total Dom. Consumption	64.0	61.0	65.0	57.0	0.0	56.0
Ending Stocks	12.0	12.0	11.0	11.0	0.0	11.0
TOTAL DISTRIBUTION	76.0	73.0	76.0	68.0	0.0	67.0
Trade Matrix - Japanese Lamb, Mutton and Goat Meat Imports - 1,000 Metric Tons, Customs Clearance Basis						
Country of Origin	1998		1999		2000	
	OLD	NEW	OLD	NEW	OLD	NEW
United States	0.10	0.02	0.05	0.05	0.05	0.05
Australia	19.00	17.20	18.00	15.00	16.00	15.00
New Zealand	17.00	13.15	16.00	12.00	13.00	12.00
Others	0.90	0.10	2.95	0.95	0.95	0.95
Total	37.00	30.47	37.00	28.00	30.00	28.00
Source: MAFF Livestock, Slaughter and Meat Production, NIMEX Trade Data						
Note: Conversion factor used is CWE=PWE*1/0.5 MAFF reports CWE, after calcurating boneless and bonein coverted into CWE every year.						