

Required Report: Required - Public Distribution

Date: April 01, 2020

Report Number: JA2020-0067

Report Name: Oilseeds and Products Annual

Country: Japan

Post: Tokyo

Report Category: Oilseeds and Products

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Report Highlights:

Soybean exports to Japan will increase in MY 2019/20 and MY 2020/21 due to a favorable soybean crush margin and advance contracting by crushers. Stable livestock production buoys steady soybean meal exports to Japan in MY 2018/19 and MY 2019/20. Driven by poor MY 2019/20 crop quality, Japan's rapeseed crush will decrease by five percent, while soybean crush will slightly increase. A consumption tax hike and COVID-19-related slump in inbound tourism will likely reduce Japan's vegetable oil demand, particularly for imported oils. Lower import duties under Japan's recent trade agreements will support rebounding MY 2020/21 oil demand. Domestic soybean production is forecasted to recover in MY 2020/21 following two low-yielding years.

Oilseeds

Commodities:

Oilseeds, Soybean

Oilseeds, Rapeseed

Oilseeds, Cottonseed

Production, supply and distribution of soybean (oilseed)

Oilseed, Soybean Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	155	147	155	144	0	142
Area Harvested	147	147	150	144	0	142
Beginning Stocks	201	205	184	182	0	180
Production	213	211	253	212	0	235
MY Imports	3300	3314	3350	3386	0	3405
Total Supply	3714	3730	3787	3780	0	3820
MY Exports	0	0	0	0	0	0
Crush	2400	2470	2430	2500	0	2520
Food Use Dom. Cons.	940	900	945	920	0	940
Feed Waste Dom. Cons.	190	178	195	180	0	180
Total Dom. Cons.	3530	3548	3570	3600	0	3640
Ending Stocks	184	182	217	180	0	180
Total Distribution	3714	3730	3787	3780	0	3820
Yield	1.449	1.4354	1.6867	1.4722	0	1.6549
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production, supply and distribution of rapeseed (oilseed)

Oilseed, Rapeseed Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	2	0	2	0	2
Area Harvested	2	2	2	2	0	2
Beginning Stocks	54	202	47	179	0	180
Production	4	3	4	4	0	4
MY Imports	2384	2384	2400	2272	0	2291
Total Supply	2442	2589	2451	2455	0	2475
MY Exports	0	0	0	0	0	0
Crush	2390	2396	2400	2270	0	2290
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	5	14	5	5	0	5
Total Dom. Cons.	2395	2410	2405	2275	0	2295
Ending Stocks	47	179	46	180	0	180
Total Distribution	2442	2589	2451	2455	0	2475
Yield	2	1.5	2	2	0	2
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production, supply and distribution of cottonseed (oilseed)

Oilseed, Cottonseed Market Begin Year	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted (Cotton)	0	0	0	0	0	0
Area Harvested (Cotton)	0	0	0	0	0	0
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	10	10	10	4	0	5
Production	0	0	0	0	0	0
MY Imports	95	95	95	100	0	101
Total Supply	105	105	105	104	0	106
MY Exports	0	0	0	0	0	0
Crush	30	26	30	24	0	26
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	65	75	65	75	0	75
Total Dom. Cons.	95	101	95	99	0	101
Ending Stocks	10	4	10	5	0	5
Total Distribution	105	105	105	104	0	106
Yield	0	0	0	0	0	0

(1000 HA) ,(RATIO) ,(1000 MT) ,(MT/HA)

In marketing year (MY; October to September) 2019/20, Japan's oilseed supply (production and imports) is estimated at approximately 6.25 million metric tons (MMT). In MY 2018/19, soybeans accounted for 56.4 percent of the supply, followed by rapeseed (38.1 percent), sesame seed (2.9 percent), cottonseed (1.5 percent) and peanuts (0.8 percent). Japan relies heavily on oilseed imports, with less than four percent of its MY 2018/19 consumption met by domestically produced oilseeds. It is important to note that the bulk of oilseeds grown in Japan are for food consumption rather than crush.

Production

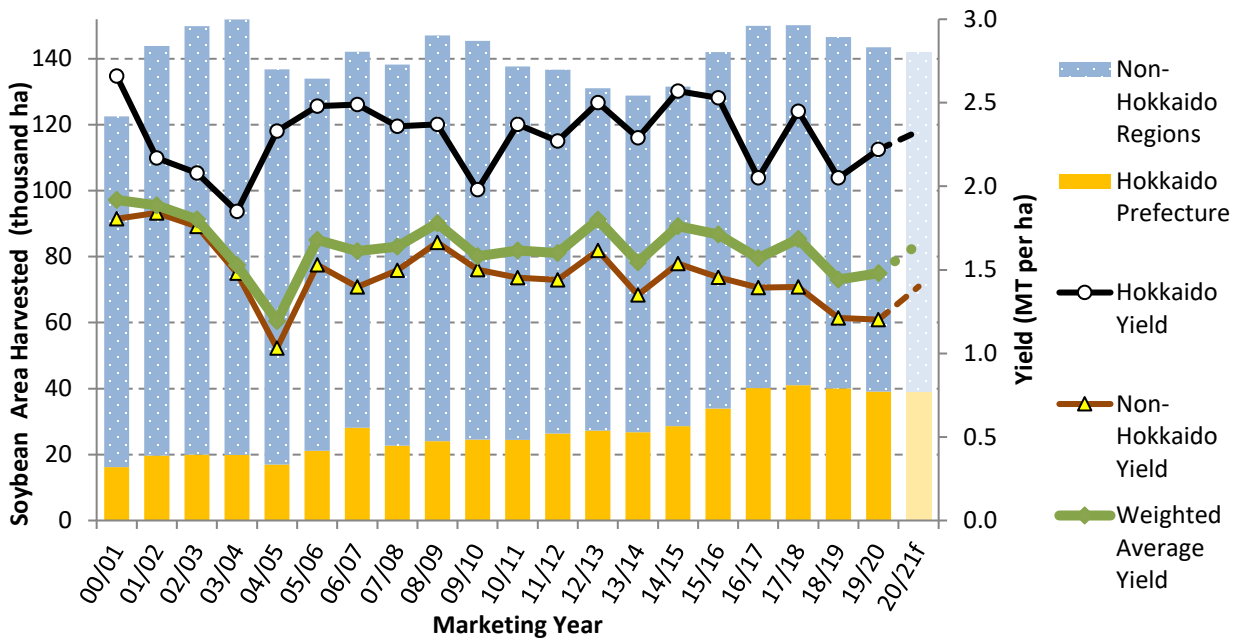
Soybean

In February 2020, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) reported that the soybean harvested area¹ was 143,500 hectares (ha) in MY 2019/20, a 2.1 percent drop from 146,600 ha in MY 2018/19. FAS/Tokyo forecasts Japan's soybean planted area will decrease by three percent to 142,000 ha in MY 2020/21. Driven by the decline in soybean prices, Japanese farmers, particularly in Hokkaido, have a marginal preference for planting adzuki beans and other legume rotation crops, over soybeans.

¹ In Japan, area harvested is typically nearly identical to area planted. MAFF's official figures do not distinguish between area planted and area harvested.

Over the past 20 years, Japan’s total soybean area harvested has remained quite stable, but the area harvested in Hokkaido prefecture has nearly doubled (Figure 1). Unlike other parts of Japan, Hokkaido farms tend to be substantially larger and have drier weather conditions that are more favorable for soybeans. Consequently, the average ten-year soybean yield in Hokkaido is 2.33 MT/ha, 66 percent higher than in the rest of the country. The overall soybean yield in Japan has been declining as more Japanese farmers grow high-premium specialty varieties with lower yield.

Figure 1. Japan’s Soybean Area Harvested and Yield

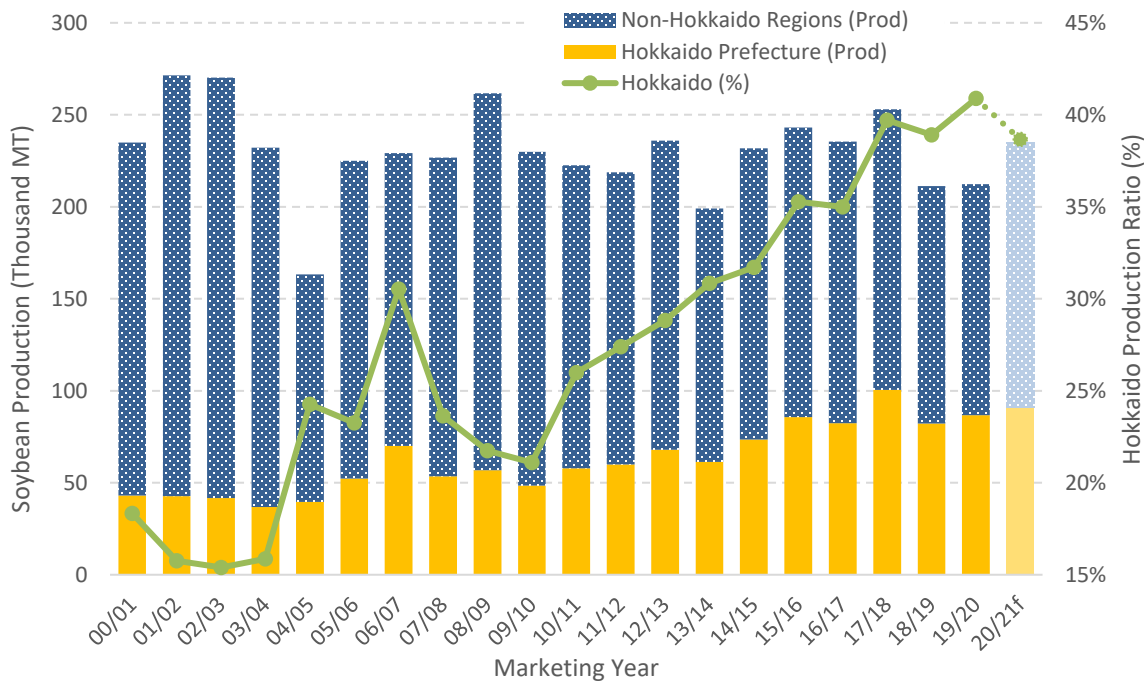


Source: MAFF

MAFF adjusted its final MY 2018/19 soybean production number to 211,300 metric tons (MT) (Figure 2). Due to a slightly higher yield in MY 2019/20 relative to the MY 2018/19 crop, MAFF estimates MY 2019/20 domestic soybean production at 212,300 MT, a 0.5 percent increase from MY 2018/19. MY 2019/20 soybean production in Hokkaido represented 40.9 percent of Japan’s overall soybean crop (Figure 2).

Assuming average weather conditions and Japan’s average ten-year yield of 1.66 MT/ha, FAS/Tokyo forecasts Japan’s MY 2020/21 soybean production at 235,000 MT.

Figure 2. Japan's Soybean Production



Source: MAFF

Rapeseed

Japan's rapeseed production is minimal and concentrated in northern Japan. MAFF estimates MY 2019/20 rapeseed area harvested at 1,900 ha, in line with their MY 2018/19 final figure. Reflecting normal weather conditions after an unfavorable MY 2018/19 growing season, MY 2019/20 rapeseed production returned to 4,060 MT. FAS/Tokyo forecasts Japan's MY 2020/21 rapeseed area harvested and production to remain at 2,000 ha and 4,000 MT, respectively.

Cottonseed

Japan does not produce cottonseed.

Consumption

Soybeans are Japan's most heavily consumed oilseed. FAS/Tokyo estimates Japan's MY 2019/20 soybean consumption to reach 3.6 MMT. Of this total, nearly 70 percent (2.5 MMT) will go toward crush, approximately 26 percent (920,000 MT) will be used directly for food, with the remainder going to feed, seed and waste (180,000 MT). Japan's total rapeseed consumption, estimated at 2.3 MMT in MY 2019/20, will go to crush. MY 2019/20 cottonseed consumption is expected to decrease slightly to 99,000 MT due to declining foodservice use, which will be reflected in oil consumption.

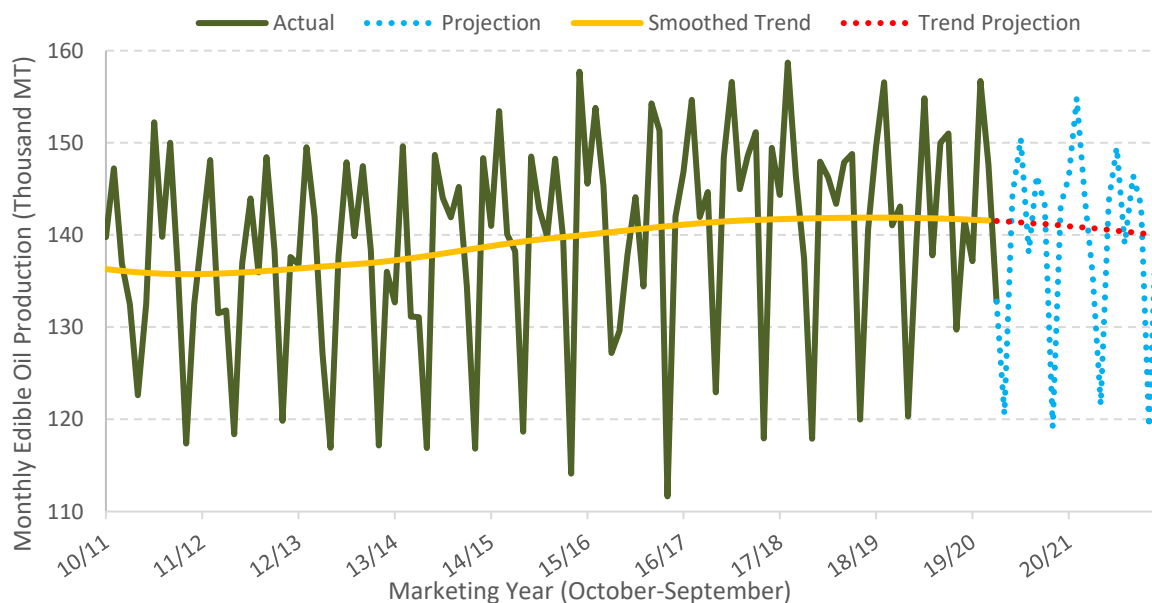
In October 2019, the government of Japan raised the consumption tax for most goods and services, excluding food and drink not consumed at the point of sale, from eight to 10 percent for foodservice and non-food items ([JA2019-0013](#)). FAS/Tokyo projects that the consumption tax hike and COVID-19-related concerns will dampen the overall MY 2019/20 vegetable oil demand by the Japanese foodservice sector.

Assuming economic recovery, FAS/Tokyo forecasts increases in MY 2020/21 soybean and rapeseed consumption and flat cottonseed consumption in MY 2020/21.

Crush

Three large oil crushers (Nisshin Oillio, J-Oil Mills, Showa Sangyo) produce over 80 percent of Japan’s edible vegetable oil.² According to official MAFF statistics, Japan’s MY 2018/19 edible oil production was 1.715 MMT, a 0.9 percent increase from MY 2017/18. The low price of U.S. soybeans and strong consumer demand, driven by low vegetable prices and tourism boom, fueled Japan’s vegetable oil demand and led to increased crush. Moreover, oil demand surged in anticipation of the 2019 consumption tax hike. FAS/Tokyo estimates Japan’s MY 2019/20 edible oil production will dip to 1.67 MMT, representing (i) consumption tax-driven demand suppression and (ii) decline in inbound tourism and foodservice demand due to the COVID-19 pandemic. If these issues are resolved, FAS/Tokyo forecasts Japan’s MY 2020/21 oil output to return to 1.69 MMT (Figure 3).

Figure 3. Actual and Projected Monthly Edible Vegetable Oil Production Trend in Japan



Source: MAFF

² According to the Japan Oil Products Association and MAFF, there are 10 edible vegetable oils: soybean oil, canola oil, mustard oil, rice bran oil, cottonseed oil, safflower oil, sesame oil, corn oil, peanuts oil and sunflowerseed oil. Linseed oil and castor oil are not included.

In October 2019, Japan's two largest crushers (Nisshin Oillio and J-Oil Mills) announced a new strategic procurement alliance to lower transaction fees. Under the new arrangement, similar to the one Nisshin Oillio already has with the third largest crusher (Showa Sangyo), the crushers will (i) coordinate shipping schedules, (ii) share storage capacity, (iii) exchange crude oil and meals, and (iv) develop a cooperative framework when natural disaster or emergency arises. To comply with Japan's antitrust laws, the crushers will not be able to discuss prices. The Government of Japan expects this arrangement to bolster the competitiveness of Japanese producers against overseas competitors.

Soybean and Rapeseed

In MY 2019/20, FAS/Tokyo projects Japanese crushers will require 2.5 MMT of soybeans to produce 488,000 MT of soybean oil (29 percent of the total domestic edible oil production) and 2.27 MMT of rapeseed to produce 980,000 MT of canola oil (59 percent of total edible oil production). FAS/Tokyo forecasts MY 2020/21 crush of 2.52 MMT of soybeans and 2.29 MMT of rapeseed to yield 490,000 MT of soybean oil (about 29 percent of total edible oil production) and 992,000 MT of canola oil (about 60 percent of total edible oil production), respectively. Table 1 summarizes the crush volumes discussed above and the expected five-year trend. Given the low value of canola meal relative to soybean meal and a tariff reduction on oil imports under Japan's recent trade agreement with Canada, its primary rapeseed supplier, industry sources indicate that the downward rapeseed crush trend may accelerate further.

Table 1. Actual and Forecasted Japanese Soybean and Rapeseed Crush (MMT)

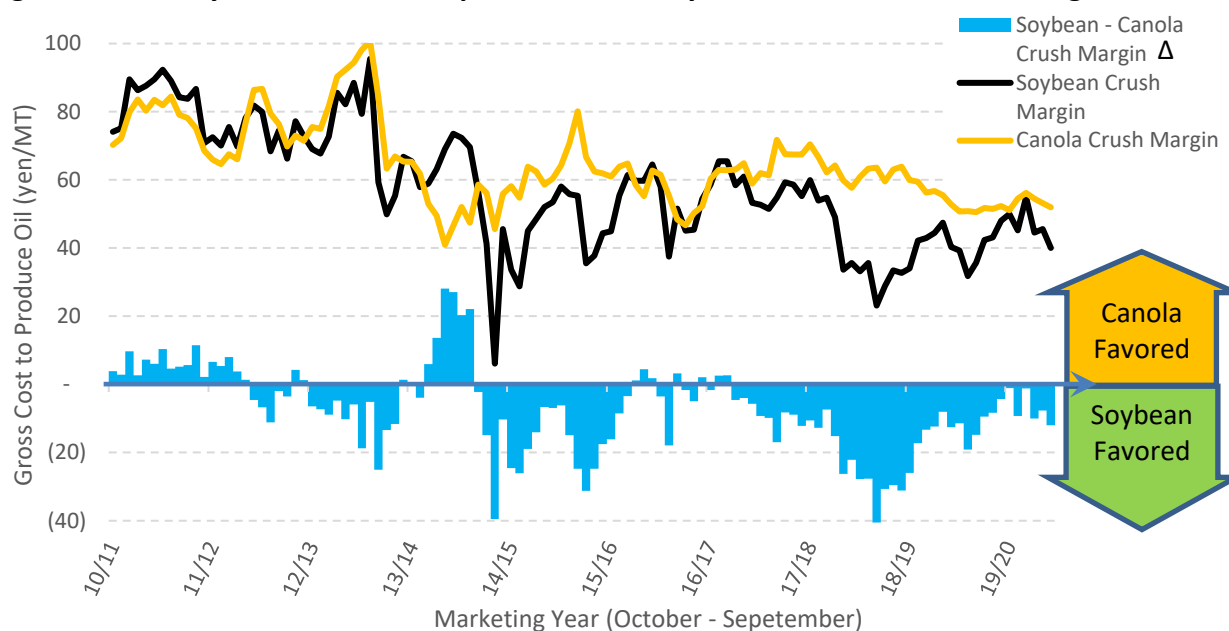
	Soybean Oil		Rapeseed Oil		Total Edible Oil
	Soybeans	Production	Rapeseeds	Production	Production
MY 2016/17	2.392	0.467	2.436	1.061	1.728
MY 2017/18	2.400 (+0.3%)	0.468 (+0.3%)	2.342 (-3.9%)	1.028 (-3.1%)	1.700 (-1.6%)
MY 2018/19	2.470 (+2.9%)	0.485 (+3.6%)	2.396 (+2.3%)	1.024 (-0.4%)	1.715 (+0.9%)
MY 2019/20 Estimate	2.500 (+1.2%)	0.488 (+0.7%)	2.270 (-5.3%)	0.980 (-4.3%)	1.670 (-2.6%)
MY 2020/21 Forecast	2.520 (+0.8%)	0.490 (+0.4%)	2.290 (+0.9%)	0.992 (+1.2%)	1.690 (+1.9%)
<i>Ref: MY 2019/20</i> <i>YTD [Oct-Jan]</i>	2.526 (+2.2%)	0.499 (+3.0%)	2.248 (-6.2%)	0.964 (-5.9%)	1.668 (-2.7%)

Source: MAFF

Note: Percentage in parentheses represent change from previous MY. Figures in the last row are estimated based on MY 2019/20 year-to-date (YTD) numbers from October 2019 to January 2020, latest available data.

Japanese vegetable oil is principally produced from soybeans and rapeseed (i.e., canola) in a balance that shifts based on the crop quality and relative prices of the oilseed and meal (i.e., price margin). As Japanese crushers have little control over the exchange rate and global oilseed and meal prices, which are set at the Chicago and Winnipeg futures markets, they increase profit margins by dynamically increasing the use of higher margin oilseeds (Figure 4). Japanese industry sources expressed concern over elevated moisture content in the MY 2019/20 Canadian rapeseed. The year-to-date data indicates lower rapeseed crop quality (Table 4).

Figure 4. Monthly Fluctuations in Japan’s Relative Soybean and Canola Crush Margins



Sources: Chicago Board of Trade, Bloomberg, and Nikkei

MAFF reports that in MY 2018/19 Japanese crushers utilized (i) 2.47 MMT of soybeans to produce 484,625 MT of soybean oil at an extraction rate of 0.196, and (ii) 2.40 MT of rapeseed to produce 1.02 MMT of rapeseed oil at the oil extraction rate of 0.428. FAS/Tokyo’s crush forecast assumes the five-year average extraction rate of 0.195 and 0.433 for soybeans and rapeseed, respectively.

Cottonseed

MAFF reports that in MY 2018/19, Japan crushed 25,793 MT of cottonseed to produce 4,620 MT of cottonseed oil, with an oil extraction rate of 0.1791. The resulting 12,193 MT of cottonseed meal was utilized as protein feed. Okamura Oil Mill in Osaka is the only cottonseed crusher in Japan. Japanese cottonseed oil is used as a high-end cooking oil, professional tempura oil and high-end oil for canned fish. FAS/Tokyo projects cottonseed crush to decrease to 24,000 MT in MY 2019/20 amid declining

foodservice demand due to the consumption tax hike and COVID-19-driven tourism slump and to return to 26,000 MT in MY 2020/21 as the economy recovers.

Food Use Consumption

Over the past ten years, Japan's food soybean consumption has been stable. FAS/Tokyo projects modest increases in the Japanese soybean food consumption to 920,000 MT in MY 2019/20 and 940,000 in MY 2020/21 due to increasing natto demand and rebounding domestic production. In MY 2018/19, Japan consumed 900,000 MT of soybeans for food, of which food processing accounted for 892,000 MT.

Soybeans are a fundamental part of the Japanese diet. Various soybean foods have different soybean requirements, resulting in numerous varieties of food-grade soybeans. Japan's National Federation of Agricultural Co-Operative Associations (i.e. Zen-Noh) establishes domestic criteria for food-grade soybeans. Zen-Noh categorized roughly 20 percent of domestic production as off-grade. Food processors typically do not accept off-grade soybeans, which are mostly consumed locally as food.

Tofu (soybean curd)

The tofu sector is Japan's top consumer of food-grade soybeans, representing 52-53 percent of food soybean processors' consumption. Tofu requires high-protein soybean variety. Japan's "Act for Securing Business Activities of Large Enterprises" prohibits large companies from producing tofu so manufacturers are relatively dispersed throughout Japan. Based on declining tofu demand, FAS/Tokyo projects tofu-related soybean consumption at 460,000 MT in MY 2019/20 and MY 2020/21.

Natto (fermented soybeans)

The natto sector is the second largest consumer of food-grade soybeans, representing 15-17 percent of consumption by soybean food manufacturers. Natto production requires firm soybeans of uniform size and color. Natto producers, which are highly consolidated, prefer very small to medium-sized soybeans. Industry contacts suggest that natto's recent rise in popularity is due to its low price, convenience, perception as a healthy food, and expansion into new Japanese markets (e.g. western Japan). Industry data indicates that in MY 2018/19 Japanese natto production processed 145,000 MT of soybeans. Natto sales have been on the rise as home cooked meals demand increases over COVID-19 concerns. FAS/Tokyo forecasts MY 2019/20 natto-oriented soybean consumption to reach 150,000 MT, but fall back to 148,000 MT in MY 2020/21.

Miso (soybean paste)

The miso sector is the third largest consumer of food-grade soybeans, representing approximately 13 percent of consumption by Japanese soybean food manufacturers. Miso manufactures require

medium to large-size soybeans with high sugar content. Miso is differentiated by color, sweetness, and minor ingredients, with a high rate of regional specialty, resulting in numerous small regional miso producers. As Japanese lifestyles and diets have changed, the demand for miso soup, once a staple food, has been gradually declining. In MY 2018/19, Japan's miso sector consumed 115,000 MT of soybeans. FAS/Tokyo forecasts miso-related soybean demand to contract slightly to 114,000 MT in MY 2019/20 and remain constant into MY 2020/21.

Other soy-based products (soy sauce, soymilk)

Pre-packed soymilk producers require high-protein soybeans. Japanese media reports rising soymilk demand due to perceived health benefits and increasing number of foreign visitors and residents with preference for soymilk-based drinks over milk-based drinks. In MY 2018/19, Japan's soymilk sector consumed 61,000 MT of soybeans. Based on industry estimates, FAS/Tokyo estimates soymilk demand to increase 5.6 percent in MY 2019/20 and forecasts a further three percent growth in MY 2020/21.

Although most soy sauce is produced from soybean meal, rather than whole soybeans, 31,000 MT of whole soybeans a year go toward the production of high-end "maru-daizu" (whole soybean) soy sauce.

Feed, Seed, and Waste (FSW) Consumption

According to MAFF's feed statistics, Japanese feed manufacturers used 83,197 MT of soybeans in MY 2018/19. Assuming stable livestock and poultry production, FAS/Tokyo forecasts steady soybean FSW consumption of 180,000 MT in MY 2019/20 and MY 2020/21.

Feed manufacturers use cottonseed as minor ingredient, primarily in dairy feed. FAS/Tokyo estimates Japan's cottonseed feed and waste consumption to stay flat at 75,000 MT in MY 2019/20 and MY 2020/21, reflecting stable dairy herd numbers (see the [2019 Dairy and Products Annual JA2019-8083](#)).

Trade

Japan relies heavily on oilseed imports and has no tariffs on soybeans, rapeseed and cottonseed. In MY 2018/19, soybeans accounted for 55.1 percent, rapeseed represented 39.6 percent and cottonseed represented 1.6 percent of total oilseed imports (6 MMT).

Soybeans

In MY 2018/19, Japan imported 3.314 MMT of soybeans, of which about 80 percent was oil and feed grade and the remaining 20 percent was food grade. The United States (74.4 percent; crush and food use), Brazil (14.8 percent; crush), and Canada (10 percent; food use) were Japan's top soybean

suppliers. Brazilian soybeans have higher crude protein content than U.S. soybean imports for crush. Japan's high-protein soybean meal requirement of 47.5 percent crude protein ensures Brazil's market share due to higher crude protein content in Brazilian soybeans. As crushers steadily increase soybean crush due to favorable crush margin, FAS/Tokyo forecasts soybean imports to reach 3.386 MMT in MY 2019/20 and 3.405 MMT in MY 2020/21. Industry sources report that Japanese crushers contract oilseeds one year in advance and are eager to take advantage of suppressed soybean prices.

Rapeseed

In MY 2018/19, Japan imported 2.384 MMT of rapeseed, with 94 percent from Canada and the rest from Australia. Based on the expected relative soybean crush margin, FAS/Tokyo forecasts Japan's rapeseed imports to fall to 2.272 MMT in MY 2019/20 and then slightly increase to 2.291 MMT in MY 2020/21.

Cottonseed

Japan's MY 2018/19 cottonseed imports were 94,728 MT, of which 61.2 percent came from the United States (for crush and feed), 22.6 percent from Brazil (primarily for crush), and 8.3 percent came from Australia (mainly for feed). Based on steady feed demand, changing oil demand, and diminished stocks, FAS/Tokyo projects Japan to import 99,000 MT of cottonseed in MY 2019/20 and 101,000 MT in MY 2020/21.

Stocks

According to MAFF, MY 2019/20 soybean beginning stocks were 181,570 MT, of which oil crushers held 177,305 MT and feed manufacturers held an additional 4,265 MT. MY 2018/19 beginning stocks were higher at 204,824 MT, of which oil crushers held 200,148 MT and feed manufacturers held 4,676 MT. In MY 2019/20 and MY 2020/21, FAS/Tokyo forecasts soybean ending stocks to remain at 180,000 MT.

MAFF statistics show that crushers held 202,327 MT of rapeseed at the beginning of MY 2018/19 and then decreased to 179,235 MT at the beginning of MY 2019/20. FAS/Tokyo forecasts rapeseed stocks to remain stable in MY 2020/21.

MAFF reported cottonseed stocks for crush at 2,327 MT at the start of MY 2018/19 and 1,088 MT at the end. As there are no official figures of cottonseed stocks for feed, FAS/Tokyo estimates total cottonseed stocks based on the consumption distribution of 30 percent for crush and the rest for feed. FAS/Tokyo forecasts MY 2019/20 and MY 2020/21 cottonseed stocks at 4,000 MT.

Meals

Commodities:

Meal, Soybean

Meal, Rapeseed

Meal, Fish

Meal, Palm Kernel

Production, supply and distribution of soybean meal

Meal, Soybean Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2400	2470	2430	2500	0	2520
Extr. Rate, 999.9999	0.7546	0.7506	0.7547	0.754	0	0.754
Beginning Stocks	186	115	161	101	0	100
Production	1811	1854	1834	1885	0	1900
MY Imports	1625	1596	1675	1615	0	1586
Total Supply	3622	3565	3670	3601	0	3586
MY Exports	1	1	1	1	0	1
Industrial Dom. Cons.	280	233	280	230	0	220
Food Use Dom. Cons.	120	180	120	182	0	185
Feed Waste Dom. Cons.	3060	3050	3120	3088	0	3080
Total Dom. Cons.	3460	3463	3520	3500	0	3485
Ending Stocks	161	101	149	100	0	100
Total Distribution	3622	3565	3670	3601	0	3586

(1000 MT) ,(PERCENT)

Production, supply and distribution of rapeseed meal

Meal, Rapeseed Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2390	2396	2400	2270	0	2290
Extr. Rate, 999.9999	0.5565	0.5534	0.5563	0.553	0	0.553
Beginning Stocks	52	64	49	74	0	70
Production	1330	1326	1335	1255	0	1267
MY Imports	7	7	7	7	0	7
Total Supply	1389	1397	1391	1336	0	1344
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	250	175	250	170	0	167
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1090	1148	1100	1096	0	1107
Total Dom. Cons.	1340	1323	1350	1266	0	1274
Ending Stocks	49	74	41	70	0	70
Total Distribution	1389	1397	1391	1336	0	1344

(1000 MT) ,(PERCENT)

Production, supply and distribution of palm kernel meal (excluding palm kernel shell)

Meal, Palm Kernel Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	1300	4	1350	4	0	4
Total Supply	1300	4	1350	4	0	4
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	1291	0	1340	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	9	4	10	4	0	4
Total Dom. Cons.	1300	4	1350	4	0	4
Ending Stocks	0	0	0	0	0	0
Total Distribution	1300	4	1350	4	0	4

(1000 MT) ,(PERCENT)

Note: Palm kernel shell (PKS) shares HS code (230660) with palm kernel meal. Nearly all imports under this HS code are PKS for biomass energy powerplants operating under a Feed-in Tariff (FIT) program. The New Post values do not include PKS values.

Production, supply and distribution of fishmeal

Meal, Fish Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	860	890	0	840	0	840
Extr. Rate, 999.9999	0.2093	0.2124	0	0.2143	0	0.2143
Beginning Stocks	10	20	10	17	0	17
Production	180	189	180	180	0	180
MY Imports	220	213	180	175	0	175
Total Supply	410	422	370	372	0	372
MY Exports	6	6	6	5	0	5
Industrial Dom. Cons.	50	50	50	50	0	50
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	344	349	304	300	0	300
Total Dom. Cons.	394	399	354	350	0	350
Ending Stocks	10	17	10	17	0	17
Total Distribution	410	422	370	372	0	372

(1000 MT) ,(PERCENT)

Production

Soybean Meal

Japanese crushers meet roughly half of domestic soybean meal demand. MAFF reports that in MY 2018/19, Japan produced 1.854 MMT of soybean meal from 2.47 MMT of soybeans (extraction rate of 0.7507) (Table 2). Based on Japan's five-year average soybean meal extraction rate of 0.754 and increasing soybean imports, FAS/Tokyo estimates a 1.7 percent increase in soybean meal production in MY 2019/20 to 1.885 MMT from 2.5 MMT of soybeans. As oil demand recovers, FAS/Tokyo forecasts a further 0.8 percent increase in MY 2020/21 to 1.9 MMT from 2.52 MMT of soybeans.

Rapeseed Meal

According to MAFF, in MY 2018/19, Japan produced 1.326 MMT of rapeseed meal from 2.4 MMT of rapeseed at 0.5536 extraction rate (Table 2). Based on Japan's five-year average rapeseed meal extraction rate of 0.553, FAS/Tokyo estimates MY 2019/20 production to dip 5.4 percent to 1.255 MMT of rapeseed meal from 2.27 MMT of rapeseed. As oil demand and crush rebound in MY 2020/21, FAS/Tokyo forecasts MY 2020/21 crush to increase rapeseed meal production by 1.0 percent to 1.267 MMT from 2.29 MMT of rapeseed.

Table 2. Actual and Forecasted Oilseed Meal Production (MMT)

	Soybean Meal			Rapeseed Meal		
	Soybeans	Production	Extr.Rate	Rapeseeds	Production	Extr.Rate
MY 2016/17	2.392	1.805	0.7546	2.436	1.340	0.5500
MY 2017/18	2.400 (+0.3%)	1.816 (+0.6%)	0.7566	2.342 (-3.9%)	1.287 (-3.9%)	0.5496
MY 2018/19	2.470 (+2.9%)	1.854 (+2.1%)	0.7507	2.396 (+2.3%)	1.326 (+3.0%)	0.5536
MY 2019/20 Estimate	2.500 (+1.2%)	1.885 (+1.7%)	0.754	2.270 (-5.3%)	1.255 (-5.4%)	0.553
MY 2020/21 Forecasts	2.520 (+0.8%)	1.900 (+0.8%)	0.754	2.290 (+0.9%)	1.267 (+1.0%)	0.553
<i>Ref: MY 2019/20</i> <i>YTD [Oct-Jan]</i>	2.526 (+2.2%)	1.895 (+2.2%)	0.7504	2.248 (-6.2%)	1.227 (-7.4%)	0.5460

Source: MAFF

Note: The percentage change from previous MY is noted in parentheses. The last row contains projections based on year-to-date (YTD) numbers from October 2019 to January 2020, the latest available data.

Fishmeal

Based on the steady 2019 sardine catch off the coast of eastern Hokkaido and resulting total allowance catch (TAC; [JA9044](#)), Japan Marine Oil Association estimates Japan produced 189,000 MT of fishmeal from 225,000 MT of domestically caught whole fish and 665,000 MT of trimmings in MY 2018/19 (January-December 2019; Table 3).

As fish processing plants moved offshore and Japan's overall fish consumption declines, the availability of fish trimmings has been falling. Assuming a continuing decline in the trimmings supply (around 660,000 MT) and a stable TAC level (180,000 MT), FAS/Tokyo forecasts Japan's MY 2019/20 (January-December 2020) and MY 2020/21 (January-December 2021) fishmeal production to decline to 180,000 MT (Table 3).

Table 3. Japan's Fishmeal Production (Thousand MT)

		2015/16	2016/17	2017/18	2018/19e	2019/20f	2020/21f
Domestic	Trimmings	720	681	671	665	660	660
Input (Catch	Whole Fish	97	156	174	225	180	180
for Reduction)	Total	816	837	845	890	840	840
	Extraction Rate	21.7%	21.7%	21.4%	21.2%	21%	21%
	Fishmeal Production	177	181	181	189	180	180

Sources: Fishmeal Association, Japan Marine Oil Association

Note: Fishmeal MY is January through December in the second year. MY 2019/20 is equivalent to calendar year 2020.

Palm Kernel Meal

Japan does not produce palm kernel meal.

Consumption

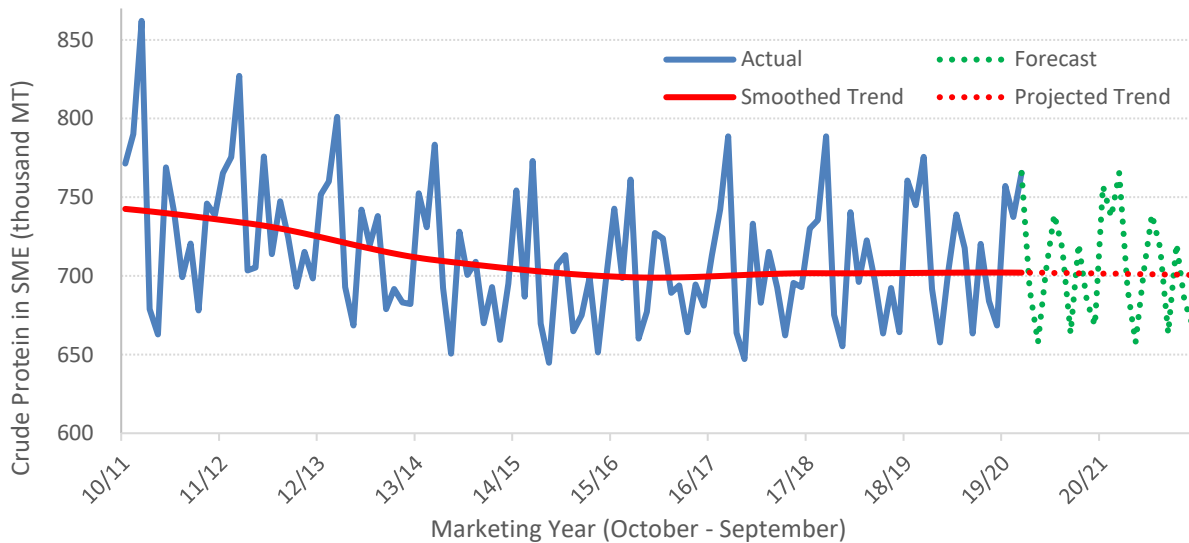
It is estimated that Japan consumed approximately 5.15 MMT of soybean meal, rapeseed meal and fishmeal in MY 2018/19. Japan utilizes these meals for animal feed (88 percent), food (three percent), and industrial use (nine percent). Soybean meal and rapeseed meal are the predominant protein sources for livestock and poultry, while fishmeal is primarily used in aquaculture. Food consumption of meal is limited to soybean meal. Plant and fish meals are also used as organic fertilizers (i.e. industrial use). Japanese oilseed crushers also produce 65,000 MT of other meals, such as cottonseed and sesame, for feed and industrial use. Japan's consumption of palm kernel meal is minimal and not tracked by MAFF.

Feed and Waste Consumption

Soybean Meal and Rapeseed Meal

Reflecting steady livestock and poultry production, MAFF reported stable feed consumption in MY 2018/19 ([Japan 2020 Grain and Feed Annual](#)). FAS/Tokyo projects overall feed demand to remain at 8.5 MMT soybean meal equivalent (SME³) in MY 2019/20 and MY 2020/21 (Figure 5). Driven by declining canola oil demand in MY 2019/20 and resulting lower rapeseed crush, Japan's feed and waste consumption of rapeseed meal is estimated to decrease by 4.7 percent to 758,000 MT SME (1.066 MMT). Soybean meal feed and waste consumption will offset reduced rapeseed meal consumption and marginally increase to 3.058 MMT in MY 2019/20. As foodservice demand rebounds and rapeseed crush increases in MY 2020/21, FAS/Tokyo forecasts rapeseed meal feed consumption to increase slightly to 766,000 MT SBE (1.077 MMT), while soybean meal feed consumption rebalances to 3.05 MMT. FAS/Tokyo assumes annual waste⁴ of 30,000 MT of soybean and rapeseed meals.

Figure 5. Monthly Crude Protein Consumption by Japanese Feed Manufacturers



Source: MAFF

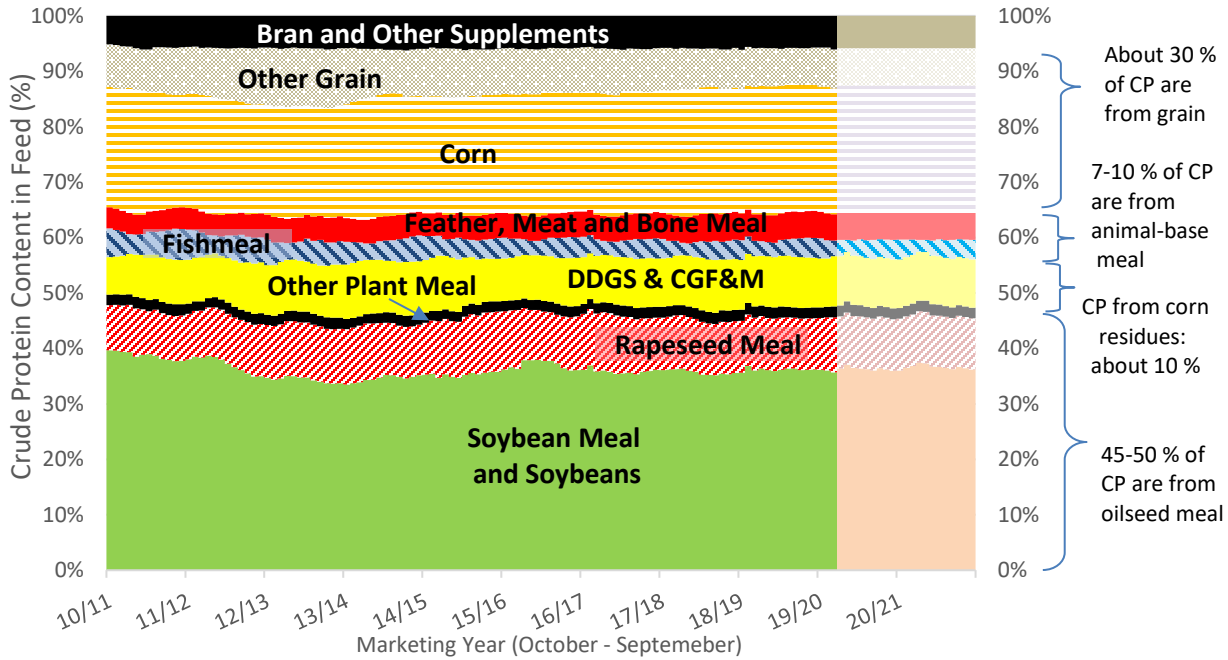
To meet Japan's feed crude protein (CP) demand, feed manufacturers first source soybean meal and rapeseed meal from domestic crushers and supplement the rest with imported soybean meal. Due to its reliability and availability, soybean meal is the predominant protein source in Japanese feed (Figure 6). In MY 2018/19, Japan consumed 3.02 MMT of soybean meal, domestically crushed and imported,

³ To facilitate the comparison of crude protein levels across different feeds, they are expressed in soybean meal equivalent (SME): 1 MT of rapeseed meal equals 0.7115 MT of SME; 1 MT of fishmeal is 1.445 MT of SME, 1 MT of soybeans is 0.8 MT of SME; and 1 MT of DDGS equals 0.5833 MT of SME.

⁴ Waste is defined as total material lost through the marketing channel and not accounted for elsewhere in the PS&D.

and 1.12 MMT of rapeseed meal for feed. According to industry sources, due to soybean meal's competitive pricing relative to dried distillers grains with solubles (DDGS) and corn gluten feed and meal (CGF&M), as well as decreasing rapeseed meal production, feed manufacturers marginally replaced DDGS and rapeseed meal with soybean meal in MY 2018/19.

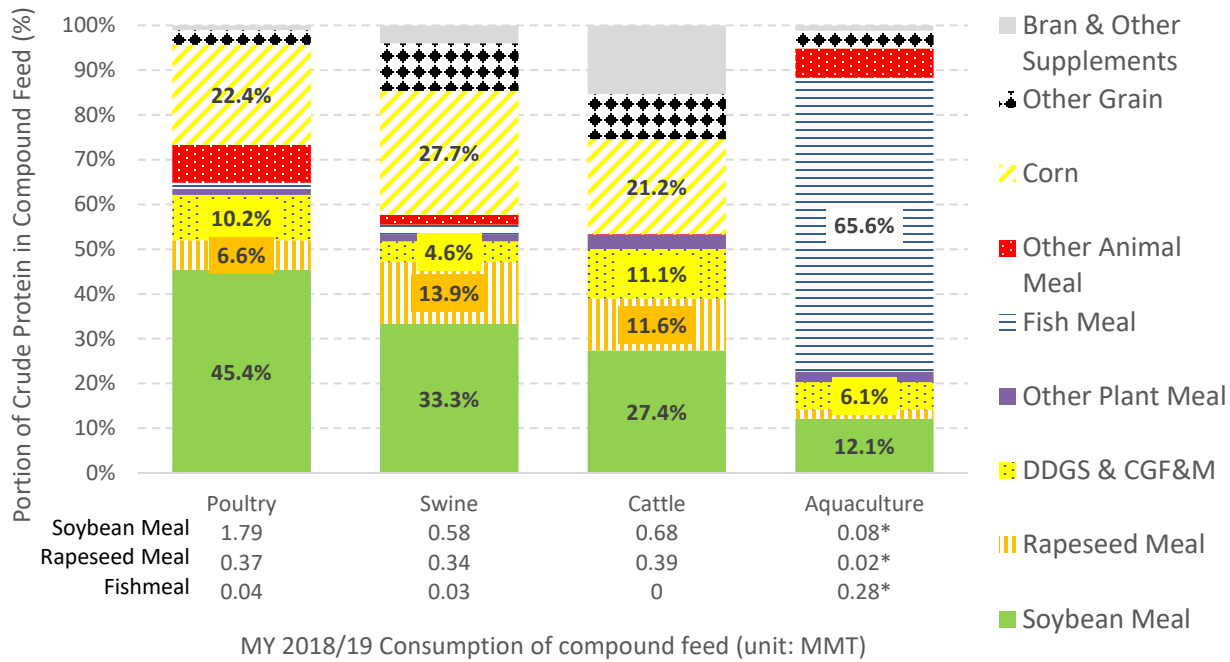
Figure 6. Crude Protein Composition by Feed Ingredient



Source: MAFF

According to MAFF, in MY 2018/19, Japan's poultry consumed 1.79 MMT of soybeans and soybean meal, swine consumed 578,684 MT, and cattle consumed 655,694 MT as compound feed. Based on industry sources, the aquaculture sector consumed approximately 75,000 MT of soybeans (12.1 percent of CP) in MY 2018/19. Crude protein requirements vary across species (Figure 7).

Figure 7. Proportion of Crude Protein in Compound Feed by Animal in MY 2018/19



Source: MAFF

Note: * denotes FAS/Tokyo estimates of aquaculture meal consumption during oilseed (October-September) MY, rather than fishmeal (January-December) MY.

Fishmeal

Fishmeal is the dominant protein source for aquaculture (Figure 7). Carnivorous fish, such as yellowtail (buri/hamachi), sea bream (tai), blue-fin tuna (kuro-maguro), coho salmon (gin-zake), and pufferfish (tora fugu), are common aquaculture species in Japan and have difficulty absorbing protein from soybean meal due to a trypsin inhibitor. MAFF reported fishmeal consumption by livestock at 60,972 MT in 2019 (MY 2018/19). FAS/Tokyo extrapolated fishmeal consumption by the aquaculture sector from MAFF's data on a subset of aquaculture operations. In MY 2018/19 (2019), FAS/Tokyo estimates total fishmeal consumption for feed use at 349,000 MT. As fishmeal demand is always constrained by supply, FAS/Tokyo forecasts that the fishmeal consumption for feed to decrease to 300,000 MT as the supply of fishmeal dips to normal levels in MY 2019/20 (2020) and MY 2020/21 (2021).

Palm Kernel Meal

According to feed industry experts, palm kernel meal is a feed ingredient for ruminants that is rarely used in Japan. In the absence of official MAFF data, FAS/Tokyo estimates palm kernel meal feed consumption at 4,000 MT in every marketing year.

Food Use Consumption

FAS/Tokyo forecasts demand for soybean meal for food will increase to 182,000 MT in MY 2019/20 and 185,000 MT in MY 2020/21 with growing demand for protein supplements. Soy sauce and plant protein manufacturers are the leading consumers of food soybean meal.

Industry sources indicated that Japan used 110,000 MT of soybean meal to produce soy sauce in MY 2018/19. Approximately 80 percent of soy sauce manufactured in Japan is made from soybean meal and 20 percent from soybeans (i.e. maru-daizu soy sauce). To avoid genetic engineering (GE) labeling, food manufacturers procure identity preserved (IP) soybean meal from the United States.

According to the Japan Plant Protein Food Association, annual manufacture of soybean-based plant protein is on the rise and reached 33,297 MT in 2019. Following extraction from soybean meal, soy protein is added to nutritional supplements (e.g. protein powder, baby formula), snacks, bread, processed meat products, dumplings, and surimi (food products made from pureed deboned white fish). Some large beer breweries produce a beer-like alcoholic beverage from soy protein.

Industrial Consumption

Official data on industrial meal use is largely lacking. According to industry sources, the primary use of meal is in organic fertilizer production. MAFF reported that soybean meal (27 percent), rapeseed meal (24 percent), and fishmeal (2 percent) accounted for about half of organic fertilizer sales in 2017.

FAS/Tokyo estimates that in MY 2018/19, the fertilizer industry utilized 233,000 MT of soybean meal, 175,000 MT of rapeseed meal and 50,000 MT of fishmeal. As global meal prices recover, FAS/Tokyo forecasts a gradual reduction in the use of plant-based meals by fertilizer manufacturers in MY 2020/21.

Trade

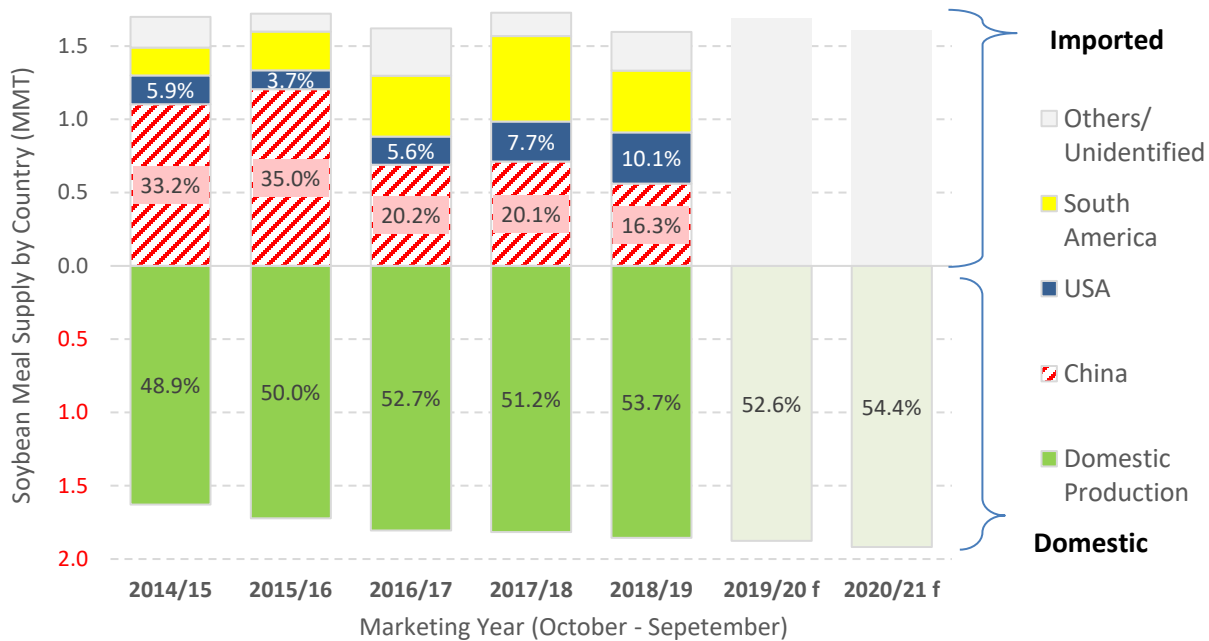
Japan has no tariff on meal products.

According to Japan's Ministry of Finance, in MY 2018/19, Japan imported 6,505 MT of rapeseed meal, which primarily consisted of fertilizer-grade high erucic acid rapeseed meal from China and India. As Japanese feed manufacturers do not utilize imported rapeseed meal, FAS/Tokyo forecasts imports of fertilizer-grade rapeseed meal to remain flat in the coming market years.

Japan's Ministry of Finance reports Japan's MY 2018/19 soybean meal imports at 1,595,755 MT (Figure 8). Imported soybean meal primarily fills the gap left by domestic crush in meeting protein requirements for feed. China and Brazil export high-protein soybean meal to meet Japan's crude protein requirement of 47.5 percent. Japanese feed manufacturers prefer to import containerized soybean meal from China to reduce transit time and access lower capacity ports.

In light of diminished soybean meal stocks and a 4.4 percent reduction in rapeseed meal supply, in MY 2019/20, Japan will import 1.615 MMT of soybean meal, a 1.2 percent increase over MY 2018/19. FAS/Tokyo forecasts soybean meal imports to decrease marginally to 1.586 MMT in MY 2020/21 as the supply of domestic rapeseed meal increases slightly.

Figure 8. Japan’s Annual Soybean Meal Supply



Source: Japanese Ministry of Finance

In 2019 (MY 2018/19), Japan imported 219,921 MT of fishmeal, an increase of 16.2 percent over MY 2018/19 (Table 4). Peru’s anchovy catch greatly impacts Japan’s fishmeal imports. To protect its fisheries, on January 15, 2020, with only 36 percent of its quota filled, Peru halted anchovy fishing. Global fishmeal price spiked. FAS/Tokyo forecasts fishmeal imports to decline to 175,000 MT in MY 2019/20 and 2020/21.

Table 4. Japan's Fishmeal Imports (Thousand MT)

	2014/15	2015/16	2016/17	2017/18	2018/19
Fishmeal Imports					
Peru	25	23	42	44	76
Chile	18	16	24	23	21
Ecuador	25	18	14	11	8
Thailand	37	21	11	17	21
Vietnam	27	8	10	13	13
United States	12	12	12	12	15
<i>U.S. (%)</i>	5.5%	7.8%	6.6%	6.3%	6.8%
Total	227	154	174	189	213
Domestic Production	184	177	181	181	189
Total Fishmeal Supply	411	331	356	370	402

Sources: Fishmeal Association, Japan Customs

Note: Fishmeal MY is January through December in the second year. MY 2018/19 is equivalent to calendar year 2019.

Industry source indicate that virtually all imports under HS code 230660 are palm kernel shell (PKS), rather than palm kernel meal, from Southeast Asia used for biomass energy production under the Feed-In Tariff (FIT) program ([JA2019-0183](#)). Japan's import levels under HS 230660 parallel regulatory developments in bioenergy. In 2012, FIT eligibility was expanded to biomass energy sources and there has been a corresponding increase in PKS imports as the number of biomass power plants grew.

Stocks

At the start of MY2018/19, MAFF official data show that soybean meal stocks were 114,687 MT, including 63,092 MT held by oil crushers and 51,595 MT held by feed manufacturers. By MY 2019/20, official beginning soybean meal stocks fell to 101,067 MT, of which 50,238 MT was held by oil crushers and 50,829 MT by feed manufacturers. FAS/Tokyo forecasts MY2020/21 soybean meal stocks to remain at 110,000 MT.

MAFF official data show that MY 2018/19 beginning rapeseed meal stocks were 63,848 MT, including 44,976 MT held by oil crushers and 18,872 MT held by feed manufacturers. By the start of MY 2019/20, MAFF reported rapeseed meal stocks increased to 74,414 MT, including 55,632 MT held by oil crushers and 18,782 MT held by feed manufacturers. FAS/Tokyo forecasts rapeseed meal stocks to remain at 70,000 MT in MY 2020/21.

According to MAFF, feed manufacturers held 19,525 MT in fishmeal stocks at the beginning of MY 2018/19 (January 1, 2019) and 16,818 MT at the beginning of MY 2019/20 (January 1, 2020). FAS/Tokyo forecasts fishmeal stocks to remain unchanged.

Oils

Commodities:

Oil, Soybean

Oil, Rapeseed

Oil, Palm

Oil, Sunflowerseed

Production, supply and distribution of soybean oil

Oil, Soybean Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2400	2470	2430	2500	0	2520
Extr. Rate, 999.9999	0.195	0.1964	0.1951	0.195	0	0.194
Beginning Stocks	16	17	13	17	0	17
Production	468	485	474	488	0	490
MY Imports	9	13	5	10	0	10
Total Supply	493	515	492	515	0	517
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	40	40	40	45	0	50
Food Use Dom. Cons.	440	458	440	453	0	450
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	480	498	480	498	0	500
Ending Stocks	13	17	12	17	0	17
Total Distribution	493	515	492	515	0	517

(1000 MT) ,(PERCENT)

Production, supply and distribution of rapeseed oil

Oil, Rapeseed Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2390	2396	2400	2270	0	2290
Extr. Rate, 999.9999	0.4351	0.4274	0.4354	0.432	0	0.433
Beginning Stocks	18	22	20	29	0	29
Production	1040	1024	1045	980	0	992
MY Imports	28	28	35	35	0	40
Total Supply	1086	1074	1100	1044	0	1061
MY Exports	1	1	1	2	0	2
Industrial Dom. Cons.	60	60	60	60	0	60
Food Use Dom. Cons.	1005	984	1015	953	0	970
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1065	1044	1075	1013	0	1030
Ending Stocks	20	29	24	29	0	29
Total Distribution	1086	1074	1100	1044	0	1061

(1000 MT) ,(PERCENT)

Production, supply and distribution of palm oil

Oil, Palm Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	71	17	98	17	0	20
Production	0	0	0	0	0	0
MY Imports	782	782	790	773	0	795
Total Supply	853	799	888	790	0	815
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	75	218	80	230	0	235
Food Use Dom. Cons.	680	564	715	540	0	560
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	755	782	795	770	0	795
Ending Stocks	98	17	93	20	0	20
Total Distribution	853	799	888	790	0	815
Yield	0	0	0	0	0	0

(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)

Production, supply and distribution of sunflowerseed oil

Oil, Sunflowerseed Market Begin Year Japan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	4	1	9	3	0	2
Production	0	0	0	0	0	0
MY Imports	40	28	30	24	0	26
Total Supply	44	29	39	27	0	28
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	2	0	2	0	2
Food Use Dom. Cons.	35	24	32	23	0	24
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	35	26	32	25	0	26
Ending Stocks	9	3	7	2	0	2
Total Distribution	44	29	39	27	0	28

(1000 MT) ,(PERCENT)

Note: Sunflowerseed oil PS&D does not include safflower oil data.

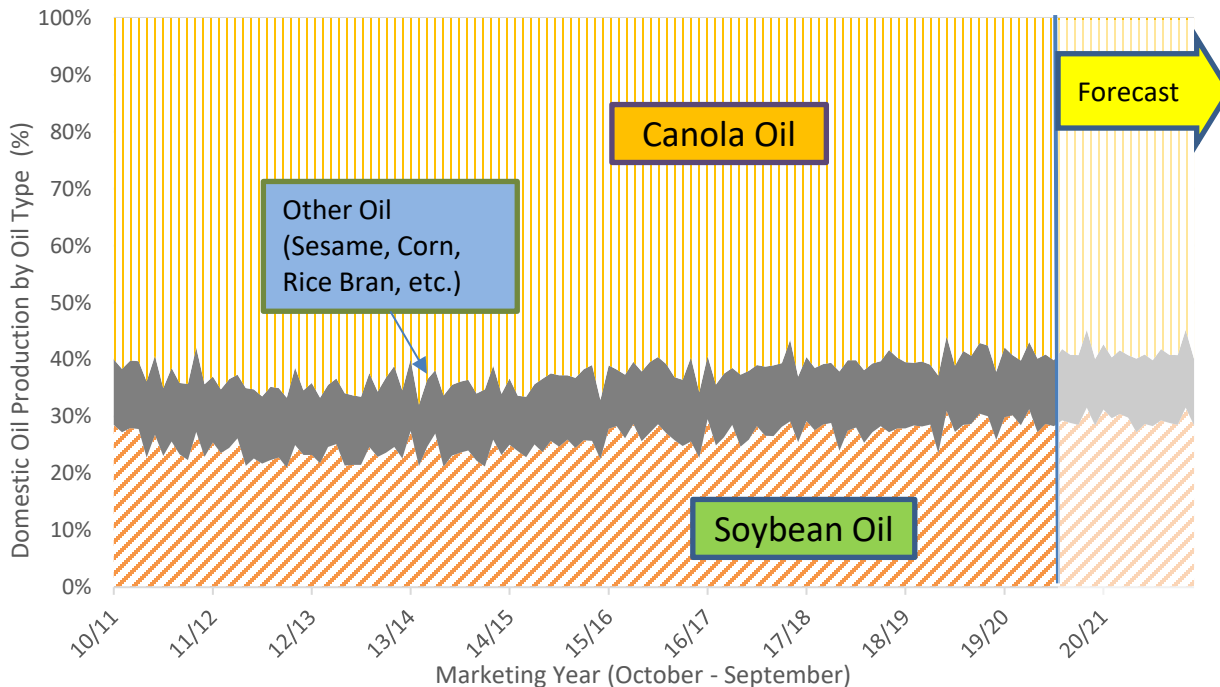
Production

Japan's soybean oil and canola (rapeseed) oil production relies on imported oilseeds and is protected by high import duties on oil. Due to an overall dip in oil demand and a greater crushing margin from soybean processing over rapeseed, in MY 2019/20, FAS/Tokyo estimates a 4.3 percent reduction in canola oil production to 980,000 MT and a slight increase in soybean oil production to 488,000 MT. Assuming oil demand recovers in MY 2020/21, FAS/Tokyo forecasts soybean oil production to remain steady at 490,000 MT and canola oil production to increase by one percent to 992,000 MT. In MY 2018/19, soybean oil represented 28 percent (484,625 MT) of Japan's total edible vegetable oil production and canola oil represented 60 percent (1,024,270 MT). Other domestically produced oils included corn oil (4.8 percent), rice bran oil (3.8 percent), sesame oil (3.1 percent) and cottonseed oil (0.3 percent).

According to official MAFF data on Japan's total MY 2018/19 crush (Figure 9), soybean oil production represented 28.3 percent, while canola oil production was 59.7 percent.

Japan does not produce palm oil or sunflowerseed oil.

Figure 9. Actual and Forecasted Ratio of Oil Crush by Oilseed



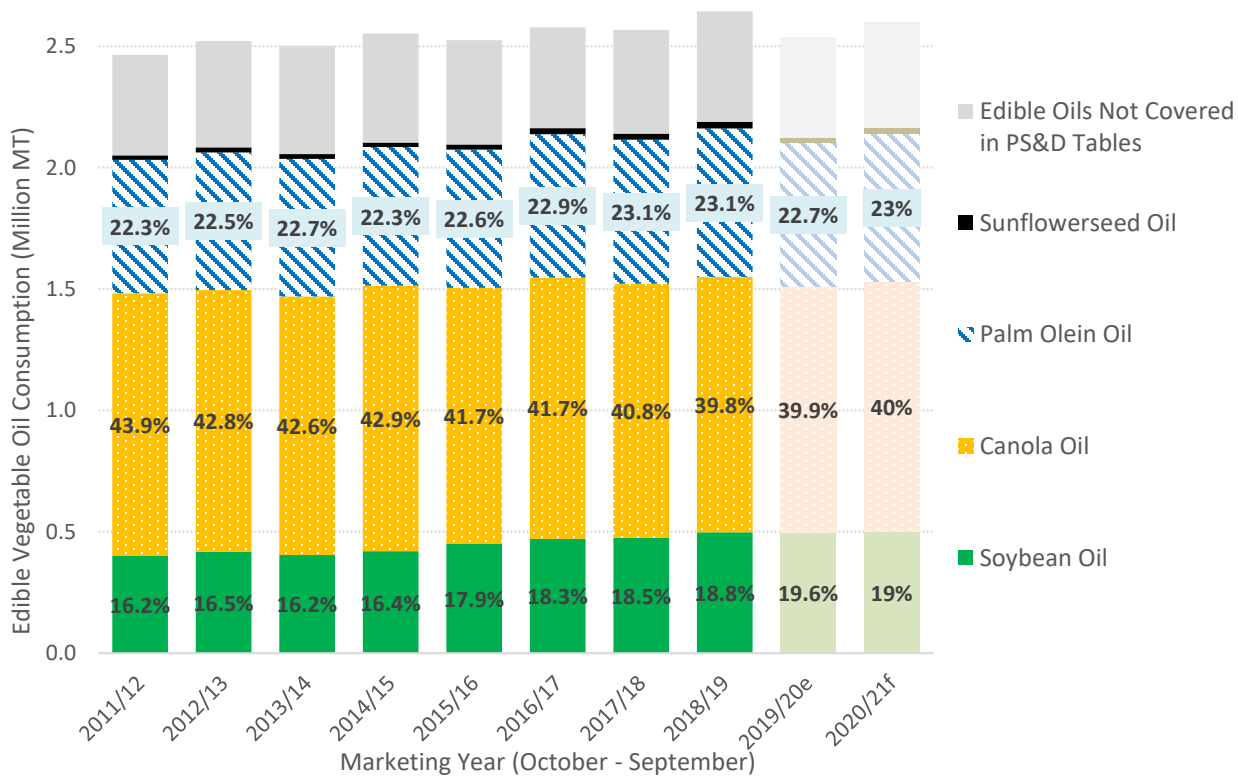
Source: MAFF

Consumption

Food Use

According to MAFF, in MY 2018/19, Japan consumed 2.64 MMT of edible oil⁵ (Figure 10), with 1.67 MMT (64.9 percent) coming from domestic crushers. FAS/Tokyo estimates total MY 2019/20 vegetable oil consumption will fall by 2.5 percent due to declining food service demand due to the 2019 consumption tax increase and COVID-19 pandemic. The consumption dip will impact imported oil, such as palm oil, more strongly than domestically produced vegetable oil. MY 2019/20 rapeseed food oil consumption will decline by 3.2 percent to 953,000 MT and soybean oil will decrease by 1.1 percent to 453,000 MT, while MY 2019/20 palm oil food consumption will fall by 4.3 percent to 540,000 MT. FAS/Tokyo forecasts MY 2020/21 vegetable oil consumption will largely bounce back to average levels. Sunflowerseed oil consumption is forecasted to stay at 24,000 MT in MY 2018/19 and MY 2020/21, with a 1,000 MT drop in MY 2019/20 due to a downturn in oil demand.

Figure 10. Japan's Total Annual Edible Vegetable Oil Consumption⁶



Source: MAFF and Japan Customs

⁵ Soybean, rapeseed, corn, rice bran, sesame, cottonseed, peanuts, linseed, sunflowerseed, safflower, olive and olive pomace, coconut, palm kernel, and palm olein oil. Palm stearin oil is used for power generation and is not included.

⁶ Excludes palm stearin oil used for power generation.

Industrial Use

Industry sources indicate that approximately seven percent of Japan's soybean oil and canola oil consumption goes toward industrial use for chemical manufacturing, cosmetics, and pharmaceuticals. FAS/Tokyo estimates soybean oil industrial consumption was 40,000 MT in MY 2018/19 and will increase by 5,000 MT in MY 2019/2020 and MY 2020/21 as the increasing supply soybean oil replaces other vegetable oils in industrial use. Industrial consumption of canola oil and sunflowerseed oil will remain stable. Japan's biodiesel use is minimal.

Industrial use of palm oil consists of power generation and chemical manufacturing. Since the 2012 start of Japan's biomass FIT program and Japan's first palm oil power plant opening in 2014⁷, palm stearin oil use has been increasing to supply Japan's growing biomass powerplant demand (Figure 11). Japan also uses approximately 15 percent of palm olein oil to produce detergents, soap, cosmetics, etc. In MY 2018/19, Japan's total industrial consumption of palm oil reached 218,000 MT of palm oil. FAS/Tokyo estimates a further growth of 5.5 percent in MY 2019/20 and 2.1 percent in MY 2020/21 in palm oil industrial use due to the FIT program.

Trade

Imported edible oil accounted for 35.1 percent of Japan's vegetable oil supply. In MY 2018/19, 86.2 percent of imported edible oil entered duty free (e.g., palm oil, coconut, palm kernel and olive oil).

Japan's tariffs on soybean oil, rapeseed oil and sunflowerseed oil will be gradually eliminated under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Japan-EU Economic Partnership Agreement (EPA). The U.S.-Japan Trade Agreement (USJTA) will eliminate import duties on crude vegetable oil products in line with CPTPP, but many refined vegetable oil products covered by CPTPP were excluded from the first phase of USJTA. Over time, these agreements will likely reduce the competitiveness of Japanese crushers and change the trade patterns for vegetable oil products.

Rapeseed Oil

In MY 2018/19, the first year of CPTPP entering into force, Japan imported 28,193 MT of rapeseed (canola) oil, a 51.6 percent increase from MY 2017/18. 65 percent of imported rapeseed oil came from Canada. FAS/Tokyo forecasts that Japan will increase its rapeseed oil imports to 35,000 MT in MY 2019/20 and further to 40,000 MT in MY 2020/21. According to industry sources, the low value of rapeseed meal coupled with the expected shrinking of the domestic livestock industry will shift imports from rapeseed to crude rapeseed oil.

⁷ The FIT program promotes the use of non-edible agricultural residues for power generation ([JA2019-0183](#)).

Soybean Oil

In MY 2018/19, Japan imported 12,897 MT of soybean oil from Taiwan and South Korea, primarily as ready-to-use products for restaurants and discount retail stores. Japanese crushers place higher value on soybean meal than rapeseed meal and require supply chain verification so there is less incentive to import soybean oil rather than soybeans. FAS/Tokyo forecasts Japan's soybean oil imports to remain flat at 15,000 MT in MY 2019/20 and MY 2020/21.

Sunflowerseed Oil

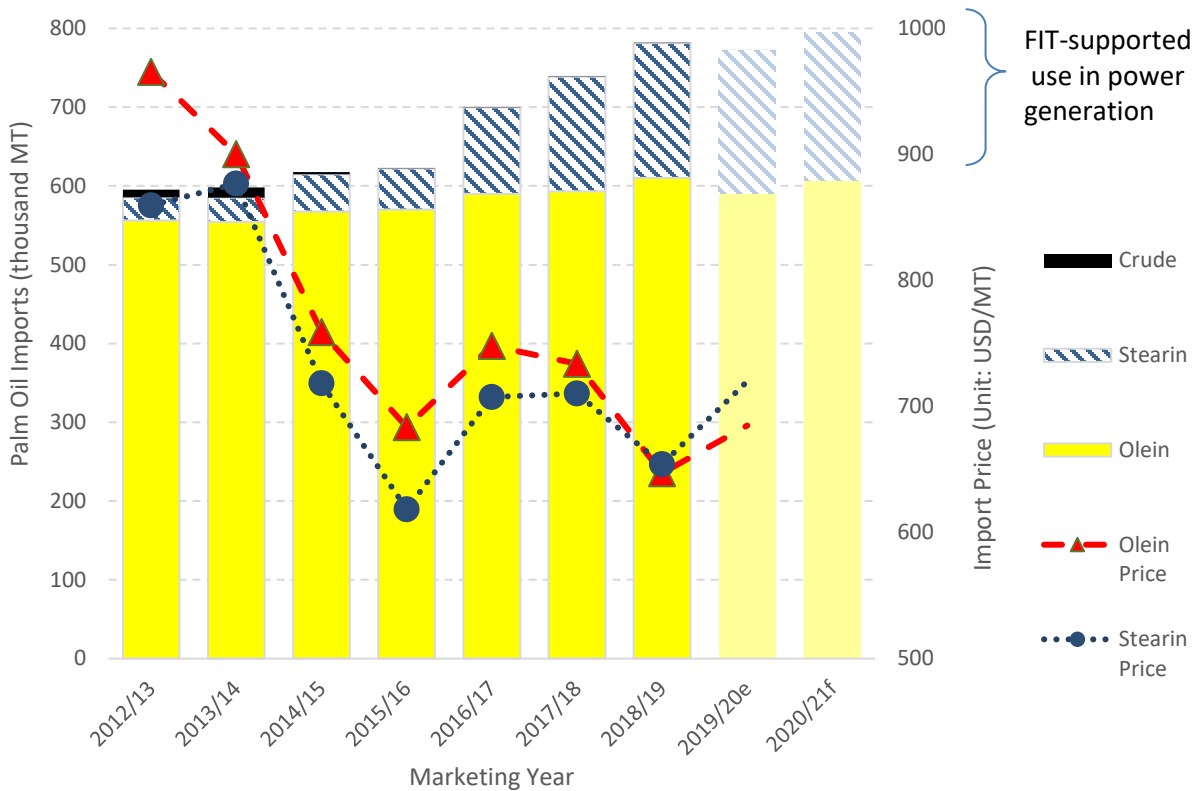
Japan's MY 2018/19 sunflowerseed oil imports reached 28,438 MT, of which 66 percent (18,750 MT) came from the EU. Sunflowerseed oil is subject to a specific tariff⁸, which will be eliminated under the Japan-EU EPA in April 2023. Due to reduced oil demand by the foodservice sector and higher stock levels, FAS/Tokyo estimates that Japan's MY 2019/20 sunflowerseed oil imports will decline to 24,000 MT. As the foodservice sector recovers, FAS/Tokyo forecasts MY 2020/21 sunflowerseed oil imports to rebound to 26,000 MT.

Palm Oil

In MY 2018/19, Japan imported 781,758 MT of palm oil, of which 62 percent came from Malaysia and 38 percent from Indonesia. The imported palm oil consisted of palm olein (610,428 MT), palm stearin (170,741 MT), and the remainder was palm crude oil. Palm olein demand is primarily driven by food consumption and has remained stable (Figure 11). Japan has been increasing imports of palm stearin oil rapidly since 2014 when the first palm oil power plant came operational. Demand for palm stearin is expected to grow. Due to rising palm oil prices and a downturn in foodservice demand, FAS/Tokyo estimates total MY 2019/20 palm oil imports to decrease by 0.8 percent to 775,000 MT. MY2020/21 imports will bounce back to 795,000 MT.

⁸ 8.5 yen for high acid oil or 10.4 yen per kg for low acid oil.

Figure 11. Annual Palm Olein and Stearin Oil Imports



Source: Ministry of Finance

Stocks

MAFF publishes beginning stocks data for the major oil categories. According to MAFF, there was a 4.3 percent increase in crusher-held soybean oil beginning stocks in MY 2019/20 (17,277 MT), compared to MY 2018/19 (16,557 MT). Oil crushers held to 28,627 MT of canola oil in MY 2019/20 beginning stocks, compared to 22,357 MT in MY 2018/19. Sunflowerseed oil beginning stocks were 3,179 MT in MY 2018/19 and grew to 3,376 MT in MY 2019/20. Oil companies held 16,982 MT in beginning stocks in MY 2018/19 and 17,006 MT in MY 2019/20.

FAS/Tokyo forecasts MY 2020/21 stocks of soybean oil, rapeseed oil, palm oil and sunflowerseed oil to remain at the MY 2019/20 ending stocks levels.

A gradual buildup of crude vegetable oil stocks in MY 2019/20 indicates ample supply as Japanese crushers took advantage of lower oilseed prices and tariff reductions on oil products.

Attachments:

No Attachments