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Report Highlights:

Japan's chicken meat production in 2022 is forecast to marginally increase from 2021 as the sector recovers from outbreaks of the highly pathogenic avian influenza during the November 2020 to March 2021 period. FAS/Tokyo projects a slight increase in consumption as the food service industry begins its recovery from the COVID-19 pandemic in 2021 and 2022.

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Production, Supply and Distribution (PS&D) Estimates:

Meat, Chicken	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	162	162	151	151	0	140
Production (1000 MT)	1765	1765	1765	1765	0	1780
Total Imports (1000 MT)	1005	1005	1035	1025	0	1035
Total Supply (1000 MT)	2932	2932	2951	2941	0	2955
Total Exports (1000 MT)	8	8	7	5	0	8
Human Consumption (1000 MT)	2773	2773	2785	2796	0	2807
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	2773	2773	2785	2796	0	2807
Total Use (1000 MT)	2781	2781	2792	2801	0	2815
Ending Stocks (1000 MT)	151	151	159	140	0	140
Total Distribution (1000 MT)	2932	2932	2951	2941	0	2955
(1000 MT)						

Production

FAS/Tokyo projects a one percent increase in the 2022 chicken production compared to 2021 as the industry recovers from a series of outbreaks of the highly pathogenic avian influenza (HPAI). Moreover, continuing strong household demand along with expected post-COVID demand recovery among eat-in restaurants and tourism industry has stimulated increased broiler production.

According to Livestock Statistics by the Ministry of Agriculture, Forestry and Fisheries (MAFF), as of February 1, 2021, Japan had 2,180 broiler operations (Table 1), down three percent from 2019. As smaller operators continue to exit the market, the number of broiler operators rearing 300,000 or more heads is on the rise through consolidation and business expansion. From 2019 to 2021, the average number of broilers shipped annually increased by two percent to 326,000 head per operation.

Table 1. Comparison of Japan's Broiler Operations in 2019 and 2021
Unit: Farm

Year	Number of Broiler Operations						
	Total	Operational Size (number of heads)					
		3,000 - 49,999	50,000 - 99,999	100,000 - 199,999	200,000 - 299,999	300,000 - 499,999	500,000 or more
2019	2,250	236	319	692	363	362	282
Share	*100%*	*10%*	*14%*	*31%*	*16%*	*16%*	*13%*
2021	2,180	221	272	665	360	368	298
Share	*100%*	*10%*	*12%*	*31%*	*17%*	*17%*	*14%*

Note: 2020 was the year of Japan’s 5-year agricultural census, and MAFF did not publish standard poultry statistics.
Source: MAFF

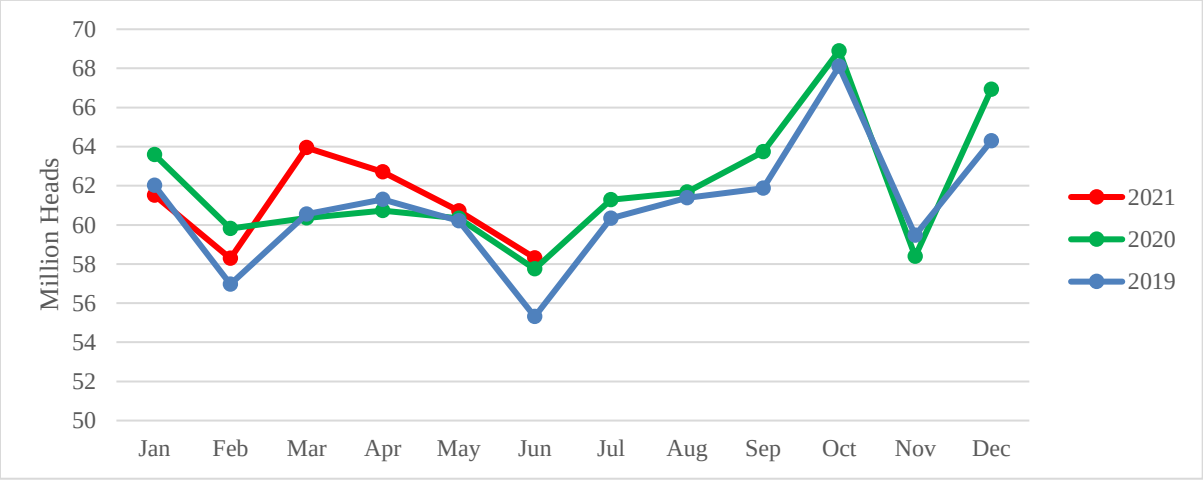
According to Japan's Agriculture and Livestock Industries Corporation (ALIC) statistics, the speed of chicken production in the first half of 2021 was slightly below the same period in 2020 (Table 2) due to HPAI outbreaks between November 2020 and March 2021. The culled number of heads totaled 10.1 million heads (approximately one million or 0.7 percent of all broilers and nine million or 5 percent of all layers) and resulted in decreased production in the first few months of 2021. By March 2021, HPAI-affected operators began to rebuild their flocks, and the total marketing number of broiler chicks spiked and stayed above 2019 and 2020 totals through at least June 2021, the latest date available (Figure 1). Nevertheless, industry sources anticipate that the 2021 broiler chick supply will be slightly below the demand likely due to decreasing chick production in response to lower chick prices.

Table 2. Chicken production in January-June of 2020 and 2021

	Ready to Cook Equivalent (RTC) (Metric ton)
2020	828,327
2021	826,696
% Change	-0.2%

Source: ALIC

Figure 1. Marketing Number of Broiler Chicks 2019-2021



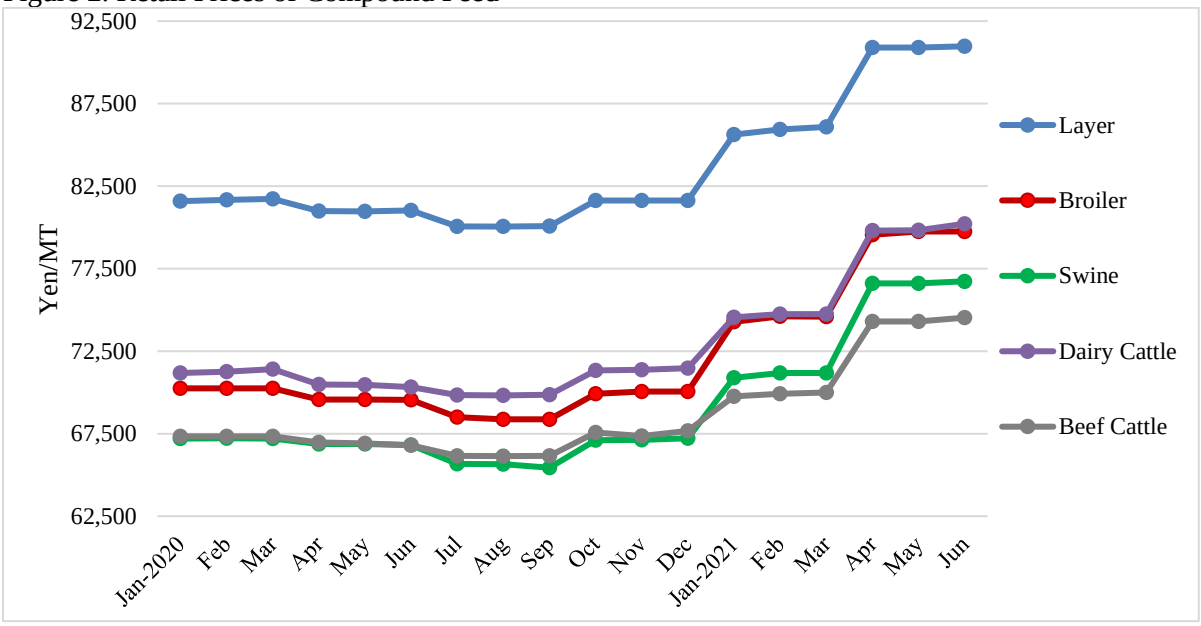
Source: Japan Poultry Breeders & Hatcheries Association

Despite an increase in compound feed prices from late 2020 through the first half year of 2021 (Figure 2) reflecting global price spikes for corn and soybeans, FAS/Tokyo anticipates minimal impact on Japanese chicken operators due to MAFF's compound feed price stabilization program (for details, please see 2021 Japan Grain and Feed Annual and Summary of Japan's Livestock and Egg Support Programs). The feed price for broilers and layers increased by 14 percent in the first quarter of the Japanese fiscal year (JFY, April through March) 2021 compared to the third[1] quarter of JFY 2020. From January to March 2021, MAFF's feed price compensation was

[1] In the third quarter (October-December) of JFY 2020, feed prices remained stable, but started to increase in the fourth quarter so FAS/Tokyo references the third quarter as the price baseline.

3,300 yen ($30.28[2]) per metric ton (MT), and the compensation amount increased to 9,900 yen ($90.83) per MT from April to June of 2021.

Figure 2. Retail Prices of Compound Feed



Source: MAFF

Consumption

According to ALIC, Japan's poultry consumption is approximately 53 percent for food service, 40 percent for household, and 7 percent for food processing. FAS/Tokyo projects that Japan's 2022 chicken consumption will continue to increase as food service demand begins to recover following Government of Japan's (GOJ) COVID-19 vaccination campaign (for official vaccination data, see number of vaccines administered so far) and expected easing of travel restrictions. As of August 23, 2021, GOJ anticipates that by October-November 2021 all Japanese residents interested in receiving a COVID-19 vaccine will have received it.

Tokyo prefecture will have been in full or partial state of emergency for 214 out of 273 days from January-September 2021 (Table 3). Similar measures have been in place in other large metropolitan areas[3] in Japan for most of 2021. The state of emergency and similar declarations have substantially impacted the food service industry due to restrictions placed on the hotel, restaurant and institutional (HRI) food sector. Central and local governments have requested or demanded that restaurants reduce business hours and limit the sale of alcohol. Moreover, GOJ and local officials have urged people in areas subject to states of emergency to limit travel outside of prefectural boundaries so domestic tourism has decreased.

[2] The currency exchange rate utilized in the report is $1=109 Japanese yen.

[3] The Greater Tokyo area encompasses Tokyo, Chiba, Kanagawa and Saitama prefectures and represents around 30 percent of Japan's total population. The Kansai area, which includes Osaka, Kyoto and Hyogo prefectures, has approximately 13 percent of the country's population.

Table 3. Periods of COVID-19-related restrictions on food service establishments in Tokyo in 2021

Declared states of emergency	
January 8 – March 21	193 days
April 25 - June 20	
July 12 – September12 (tentative)	
Priority Preventative Measures (e.g., quasi-states of emergency)	
June 21 - July 11	21 days

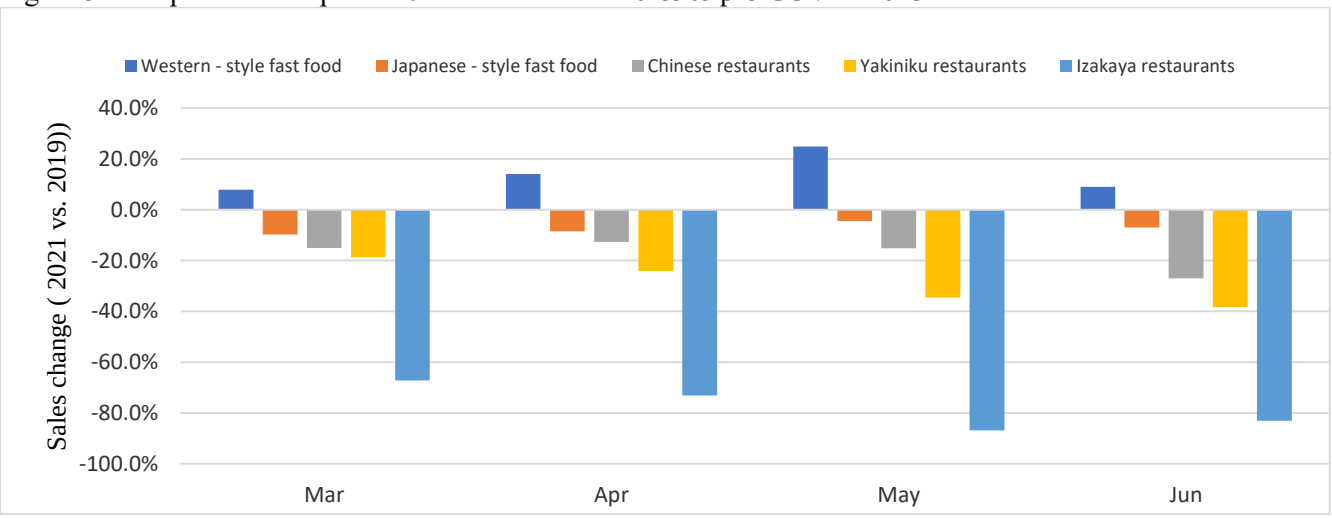
Source: FAS/Tokyo's summary based on data from the Cabinet Secretariat

Food service consumption

The COVID-19 impact has differed across specific sectors of the Japanese food service industry (Figure 3), which largely relies on imported chicken. Consumption data for the food service sector is reported in terms of value, rather than volume or product type, and by restaurant type. Western style fast food, such as fried chicken, restaurants have maintained high sales because (a) these establishments were well-positioned to offer takeout meals throughout the states of emergency, and (b) their primary customers are families with children and students whose eating patterns have been less affected by the ongoing restrictions. (Figures 3 and 4). For example, Kentucky Fried Chicken Japan, posted record sales in 2020 and increased its sales by another nine percent from January-June of 2020 compared to the same period in 2021.

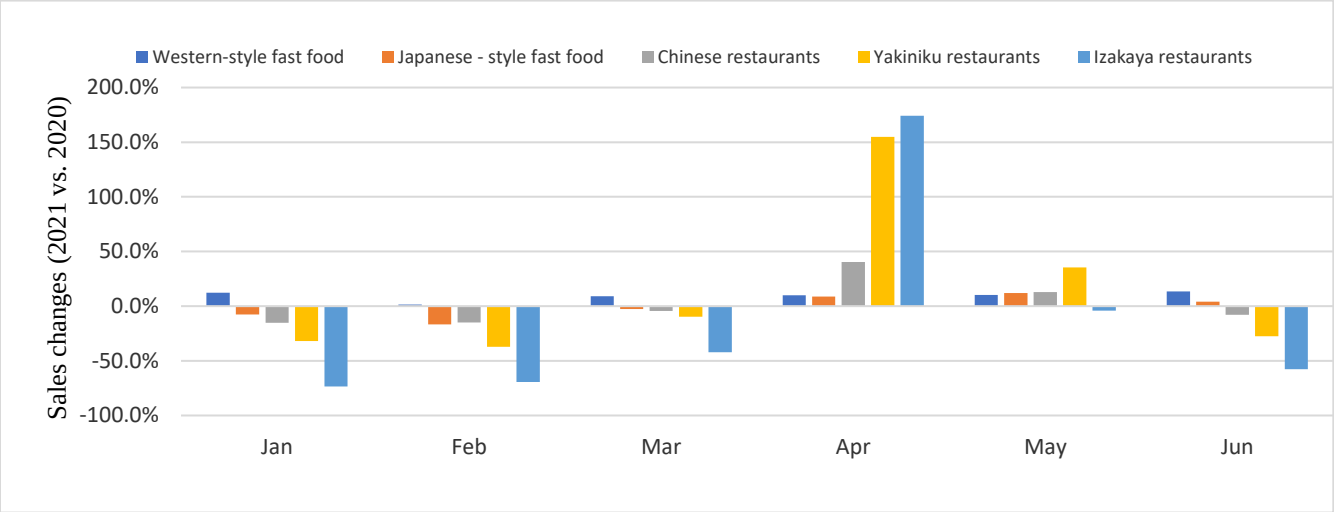
On the other hand, other restaurant categories have struggled during the COVID-19 pandemic. The 2021 recovery of the eat-in restaurants has been slower than FAS/Tokyo projected in March (Japan: Poultry and Products Update). There was a noticeable but very temporary improvement in April 2021, which corresponded to the easing of government restrictions on restaurants (Figure 4, Table 3). In response to the overall sluggish sales during the pandemic, some *izakaya* restaurants (Japanese-style pubs), which typically offer chicken dishes, (a) introduced takeout services, though these are no expected to fully offset losses due to the reduction in eat-in sales, or (b) changed their business model (e.g., to *karaage* (Japanese-style fried chicken), chicken burger restaurants, etc.).

Figure 3. Comparison of Japan's 2021 Food Service Sales to pre-COVID 2019



Source: Japan Food Service Association, which reports data by restaurant categories in the graph

Figure 4. Japan's Food Service Sales in 2021 compared to 2020

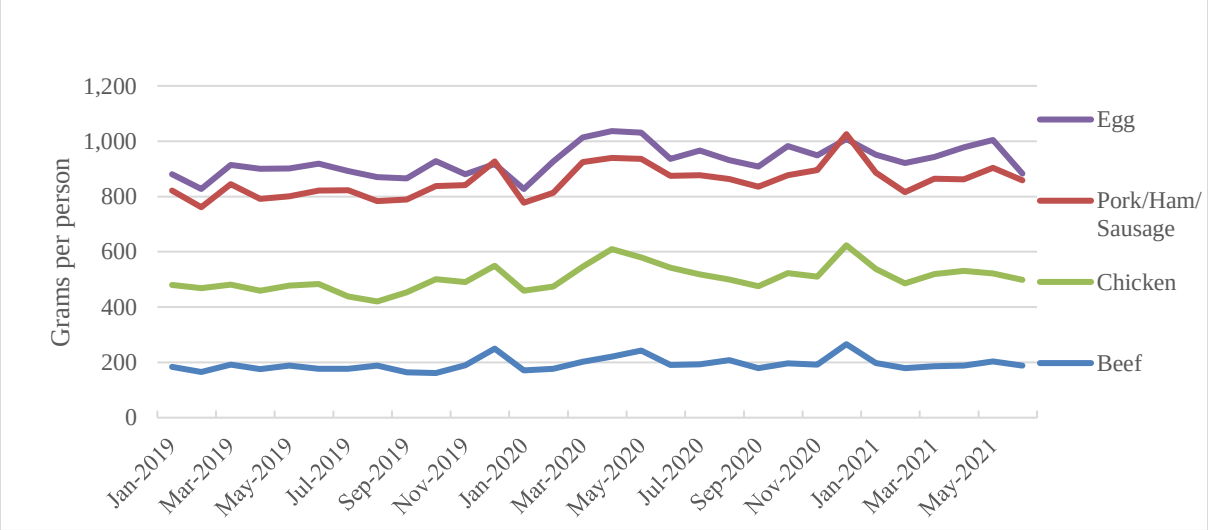


Source: Japan Food Service Association, which reports data by restaurant categories in the graph

Household Consumption

Japan's household demand for chicken and eggs has remained strong and steady from 2019 through the first half of 2021 (Figure 5). During central and local governments' multiple stay-home requests, Japanese consumers greatly relied on primarily domestic chicken and eggs to meet their protein demands.

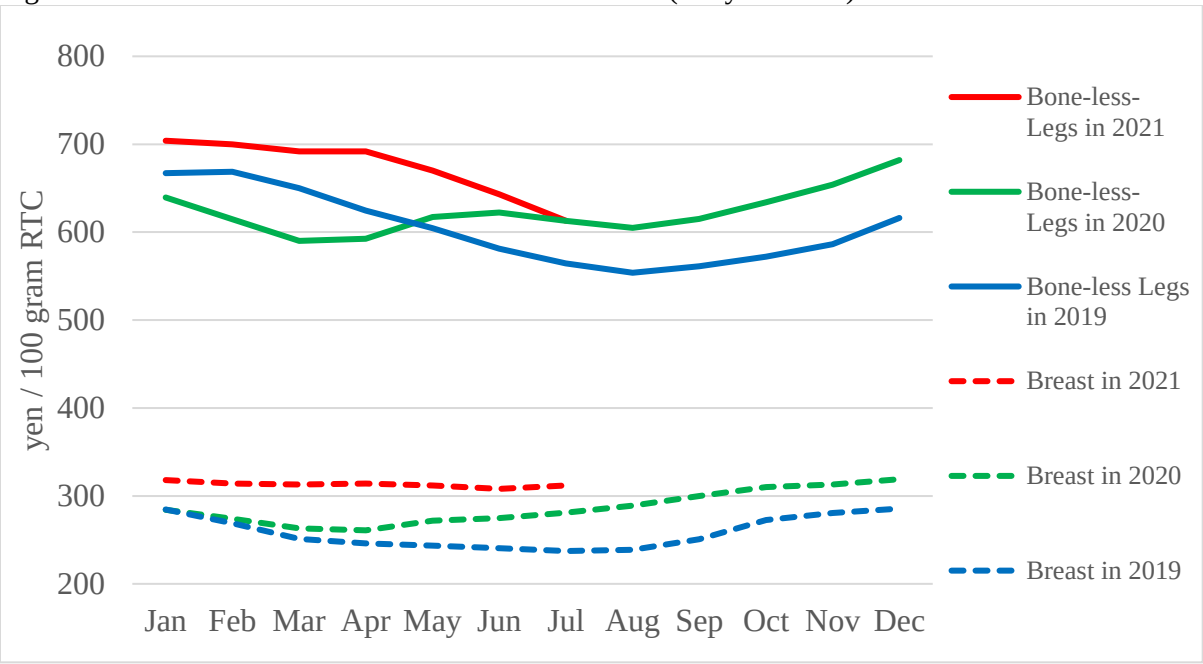
Figure 5. Household Protein Consumption across Animal Protein Categories in 2019-2021



Source: Ministry of Internal Affairs and Communications and ALIC

Traditionally, there is a stronger preference for chicken leg meat over breast meat in Japan, but chicken breast is gaining popularity as a healthy food option. Industry sources indicate that strong household demand for domestic bone-less legs and chicken breast kept broiler prices high for the first half of 2021 (Figure 6). The price of chicken breast, in particular, has stayed high since October 2020. Industry experts attribute this trend to strong demand from food processors for domestic breast meat as global breast prices increased in response to decreased production speed in Japan's major suppliers and strong demand from other countries, including China.

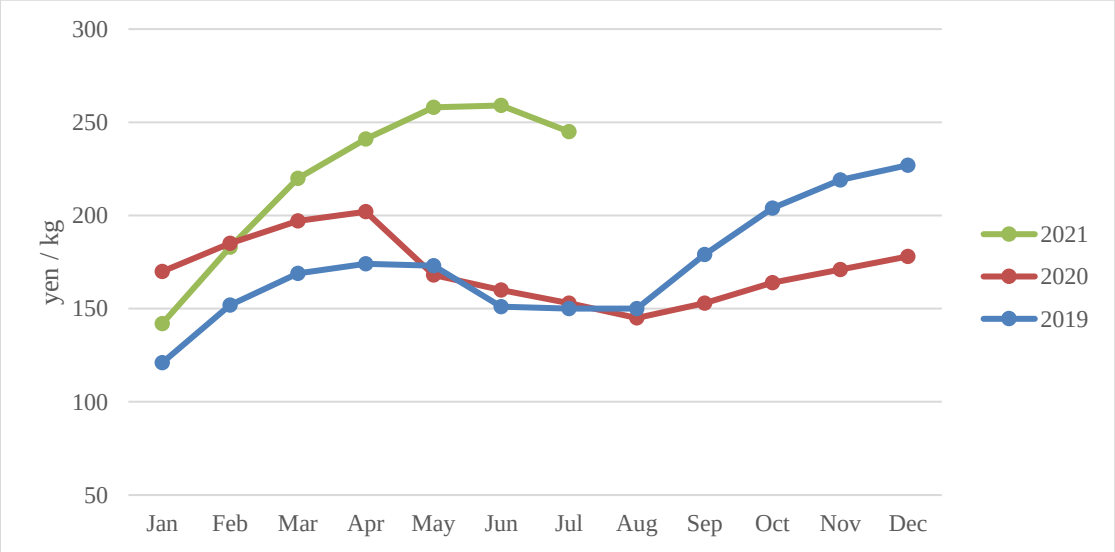
Figure 6. 2019-2021 Domestic Broiler Wholesale Prices (Tokyo Market)



Source: ALIC

Large culls, especially of layers, due to the HPAI outbreaks led to price spikes for eggs in the first half year of 2021 (Figure 7). Still, FAS/Tokyo projects that the culls had a limited impact on Japan's chicken production because chicken meat derived from layer spent hens represents only 10 percent of Japan's total chicken production.

Figure 7. Egg Whole Price (Medium size) in 2019-2021



Sources: JA Zen-noh Tamago Co., Ltd. and ALIC

Trade

FAS/Tokyo projects that Japan's 2022 chicken imports will be up one percent from 2021 as COVID-19 impact wanes, and (a) Japan's food service demand rebounds, and (b) the exportable supplies of major chicken suppliers, such as Thailand, increase on rising production.

In the first half of 2021, Japan's chicken imports grew by four percent compared to 2020 (Table 4). FAS/Tokyo revised its March import projection (Japan: Poultry and Products Update) up and estimates that Japan's 2021 chicken imports will be approximately two percent above 2020 import levels. While the demand in some food service industries remains sluggish, overall demand for imported chicken rebounded faster than FAS/Tokyo's projection in the first half of 2021.

Table 4. Japan's Imports of Chicken Products in January-June of 2020 and 2021

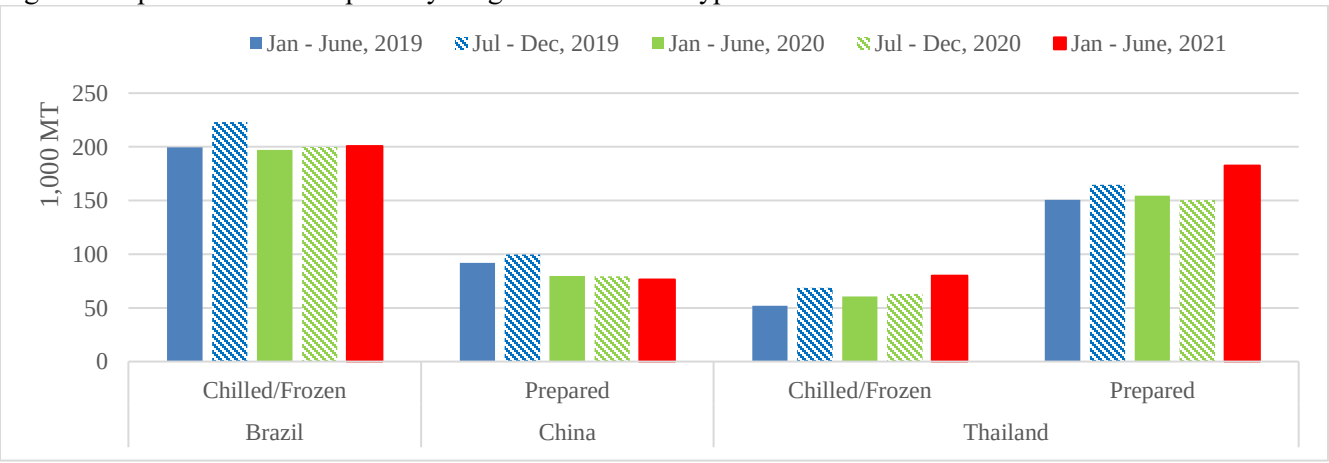
Unit: MT (product weight equivalent)

	Jan - Jun		Change
	2020	2021	2021/2020
Total	***502,451***	***523,559***	***4%***
Frozen Cuts	258,965	279,918	8%
Frozen Whole	6,753	9,339	38%
Prepared / Preserved	236,732	234,278	-1%
Other	1	24	2300%

Source: Japan Customs

Japanese food industries generally prefer to import bone-less and cut chicken as well as prepared products from Thailand because product quality meets Japanese requirements. ALIC reports that in the beginning of 2021, Japanese importers increased imports of frozen chicken from Thailand (Figure 8) as chicken prices rose in Brazil.

Figure 8. Japan's Chicken Imports by Origin and Product Type 2019-2021



Source: Japan Customs

However, as *Nikkei*, a major economic newspaper in Japan, reported the wholesale price in the Tokyo market jumped in July 2021 to 380 yen ($3.49) per kilogram, the highest on record since November 2018, for frozen

bone-less leg cut, due to the COVID-19-related shortage of workers at poultry establishments in Thailand. In response to the price hike and reduced production, some importers began to consider switching from Thai cut chicken to Brazilian chicken filet, which would require Japanese processors to further cut the imported filet. Another approach adopted by some Japanese food processing companies is to replace imported chicken with domestic breast meat. Industry sources anticipate that the import price will remain high through spring 2022.

FAS/Tokyo projects that despite Japan's chicken imports slowing down in the second half year of 2021, total 2021 imports will increase by two percent from 2020.

FAS/Tokyo forecasts that Japan's 2022 chicken exports will rebound as the domestic poultry industry recovers from the HPAI outbreaks. After Japan first reported the outbreak in November 2020, Hong Kong, Vietnam, Singapore and Macao suspended Japanese exports from the 18 affected prefectures. As a result, Japan's chicken exports in the first half of 2021 fell by 50% from 2020 levels. According to MAFF, Japan's trading partners have lifted all HPAI-related import restrictions on Japanese poultry products by June 29, 2021.

GOJ continues to promote agricultural exports (for the details, see JA2020-0201). FAS/Tokyo projects that poultry exports will gradually recover by 2022.

Supplemental Tables

Table 1S. Monthly Average Wholesale Prices of Domestic Broiler Cuts

Unit: JP Yen per Kg.

Bone-less Leg											
	2016	**2017**	**% chg.**	**2018**	**% chg.**	**2019**	**% chg.**	**2020**	**% chg.**	**2021**	**% chg.**
Jan.	690	703	2%	693	-1%	667	-4%	640	-4%	704	10%
Feb.	652	703	8%	686	-2%	669	-2%	615	-8%	700	14%
Mar.	637	688	8%	660	-4%	650	-1%	590	-9%	692	17%
Apr.	633	669	6%	630	-6%	625	-1%	593	-5%	692	17%
May	632	656	4%	607	-7%	605	0%	617	2%	670	9%
Jun.	620	638	3%	586	-8%	581	-1%	623	7%	643	3%
Jul.	614	600	-2%	569	-5%	565	-1%	613	9%	613	0%
Aug.	608	574	-6%	560	-2%	554	-1%	605	9%		
Sep.	610	572	-6%	567	-1%	561	-1%	615	10%		
Oct.	640	599	-6%	587	-2%	572	-2%	634	11%		
Nov.	659	622	-6%	606	-3%	586	-3%	654	12%		
Dec.	684	656	-4%	631	-4%	616	-2%	682	11%		
1st Qtr Ave.	660	698	6%	679	-3%	662	-3%	615	-7%	699	14%
2nd Qtr Ave.	629	654	4%	608	-7%	603	-1%	611	1%	668	9%
3rd Qtr Ave.	610	582	-5%	565	-3%	560	-1%	611	9%		
4th Qtr Ave.	661	626	-5%	608	-3%	592	-3%	657	11%		
Year Ave.	**640**	**640**	**0%**	**615**	**-4%**	**604**	**-2%**	**623**	**3%**		

Breast											
	2016	**2017**	**% chg.**	**2018**	**% chg.**	**2019**	**% chg.**	**2020**	**% chg.**	**2021**	**% chg.**
Jan.	298	270	-9%	318	18%	285	-11%	284	0%	318	12%
Feb.	272	291	7%	311	7%	269	-13%	274	2%	314	15%
Mar.	263	313	19%	319	2%	251	-21%	263	5%	313	19%
Apr.	257	327	27%	308	-6%	246	-20%	261	6%	314	20%
May	255	340	33%	297	-13%	243	-18%	272	12%	312	15%
Jun.	248	342	38%	284	-17%	241	-15%	275	14%	308	12%
Jul.	245	333	36%	277	-17%	237	-14%	281	18%	312	11%
Aug.	251	327	30%	275	-16%	239	-13%	289	21%		
Sep.	259	329	27%	276	-16%	251	-9%	300	20%		
Oct.	276	327	18%	281	-14%	273	-3%	310	14%		
Nov.	284	325	14%	287	-12%	280	-2%	313	12%		
Dec.	275	322	17%	290	-10%	286	-1%	319	12%		
1st Qtr Ave.	278	292	5%	316	8%	268	-15%	274	2%	315	15%

2nd Qtr Ave.	253	336	33%	296	-12%	243	-18%	269	11%	311	16%
3rd Qtr Ave.	252	330	31%	276	-16%	242	-12%	290	20%		
4th Qtr Ave.	278	325	17%	286	-12%	280	-2%	314	12%		
Year Ave.	**265**	**320**	**21%**	**293**	**-8%**	**258**	**-12%**	**287**	**11%**		

Source: ALIC Monthly Statistics (Quarterly average price is compiled by FAS/Tokyo based on original ALIC monthly data.)

Table 2S. Japanese Monthly Ending Poultry Sock Estimates

Unit: Metric Ton

	2016	**% chg.**	**2017**	**% chg.**	**2018**	**% chg.**	**2019**	**% chg.**	**2020**	**% chg.**	**2021**	**% chg.**
Jan.	147,314	18	137,206	-7	178,892	30	162,133	-9	166,107	2	156,031	-6
Feb.	156,979	27	139,307	-11	186,993	34	158,883	-15	167,710	6	157,208	-6
Mar.	156,444	33	135,759	-13	176,552	30	152,329	-14	170,447	12	163,802	-4
Apr.	156,298	36	135,777	-13	170,714	26	153,163	-10	171,702	12	161,412	-6
May	162,872	39	142,376	-13	173,042	22	152,778	-12	169,368	11	162,167	-4
Jun.	167,880	36	151,028	-10	166,035	10	153,595	-7	170,786	11	155,848	-9
Jul.	167,803	35	147,703	-12	167,950	14	156,610	-7	170,149	9		-100
Aug.	169,453	31	157,855	-7	168,961	7	156,959	-7	167,132	6		-100
Sep.	165,114	26	161,461	-2	162,803	1	164,346	1	166,214	1		-100
Oct.	164,984	17	171,330	4	166,766	-3	167,174	0	160,947	-4		-100
Nov.	161,771	14	178,212	10	166,174	-7	166,192	0	157,700	-5		-100
Dec.	146,058	6	167,568	15	159,383	-5	161,807	2	151,091	-7		-100

Source: ALIC Monthly Statistics

Note: Figures represents the poultry meat estimates. Imported poultry cuts account for roughly 80% of ending stocks on average with the majority being broiler meat.

Attachments:

No Attachments