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Report Highlights: Japan's broiler meat imports in 2002 are projected slightly lower at 515,000 MT due to a suspension of U.S. imports and restrictions on Chinese poultry. Imports of prepared poultry products continue to strengthen, reflecting a growing trend in Japan's poultry market. Strong demand resulting from the BSE crisis in 2001 is expected to ease as beef consumption recovers. In Japan's egg market, weak demand and low market prices will likely slow production in 2002. Total egg imports are projected down by 3% due to a weak Yen, the suspension of U.S. egg imports, and stagnant ingredient demand.

Includes PSD changes: Yes
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Table of Contents

Poultry and Broiler Consumption Outlook 2002

Beef Consumption Recovery will Likely Ease Tight Poultry Supply and Demand Situation

During 2002, total consumption of poultry and broiler meat is forecast to drop slightly to 1.7 million MT and 1.6 million MT respectively (PWE). Strong demand prompted by the confirmation of BSE in Japanese cattle in 2001 is expected to ease as beef consumption recovers. Consumption will also be hampered by deflationary pressure in Japan's weak economy, characterized by corporate bankruptcies and rising unemployment.

In 2001, two developments significantly impacted Japan's poultry and broiler supply and demand situation. First, Japan imposed a two month suspension on Chinese poultry imports because of Avian Influenza (A.I.), causing imports from China to plunge by 20% (note: in 2000 broiler imports from China represented about 42% of total imports). Residue detections and disease concerns also constrained poultry imports from China.

Second, confirmation of BSE in Japanese cattle in September, 2001 generated strong demand for poultry meat, imported and domestic, as consumers sought alternatives to beef. Retail sales of poultry meat for household consumption rose considerably during the fourth quarter, and utilization of poultry in the food service and catering industry also increased.

Reduced imports from China coupled with strong demand following detection of BSE resulted in a very tight supply and demand situation for Japan's poultry and broiler market in 2001. To bridge the supply deficit traders boosted imports of broiler meat and prepared poultry products from Thailand, Brazil, and China.

Japanese Household Consumption of Chicken in 2001				
Unit:	Yen per Person		Grams per Person	
	Expenditure	% Chg.	Quantity	% Chg.
Jan.	271	-1%	291	1%
Feb.	266	-4%	294	-3%
Mar.	260	-4%	292	-2%
Apr.	253	-3%	283	-0%
May	251	-5%	277	-4%
Jun.	250	-1%	275	-2%
July	218	-8%	241	-9%
Aug.	231	-2%	251	-3%
Sept.	279	3%	303	2%

Oct.	325	18%	345	12%
Nov.	320	16%	336	9%
Dec	NA	NA	NA	NA
Source: Ministry of Management and Coordination				

Imports of Prepared Poultry Products Reflect Growing Trend in Japanese Market

Since 1996, Japan's imports of prepared poultry products have nearly tripled, reflecting a growing trend in the Japanese market toward ready-to-eat and convenience foods. According to figures from an industry newspaper, China was the major beneficiary of this growing market in 2001 with a 60% share, followed by Thailand at 30% and the U.S. at 10% (see table below).

Post expects this trend to continue as Japan's food market incorporates more prepared and ready-to-eat products. Increasingly, these processed poultry products are prepared overseas for export to Japan, primarily through direct foreign investments and joint ventures in countries like China and Thailand, where Japanese companies can take advantage of abundant supplies of cheap labor.

Japanese Imports of Prepared Poultry Products					
Unit: MT (customs clearance basis)					
	Thailand	China	U.S.	Others	Total
1996	30,168	24,568	10,398	3,100	68,234
1997	35,441	32,063	10,295	2,454	80,253
% Chg.	17%	31%	-1%	-21%	18%
1998	38,022	41,633	13,015	1,177	93,847
% Chg.	7%	30%	26%	-52%	17%
1999	40,574	59,393	14,845	616	115,428
% Chg.	7%	43%	14%	-48%	23%
2000	46,677	91,044	14,668	806	153,195
% Chg.	15%	53%	-1%	31%	33%
2001	57,847	110,247	19,353	915	188,362
% Chg.	24%	21%	32%	14%	23%
Source: Chikusan Nippo (Livestock Daily Press), Feb. 4, 2002					

Poultry and Broiler Trade Outlook 2002

Total Poultry Imports Expected to Ease in 2002 / U.S. and Chinese Import Shares Down, Brazil and Thailand Up

The temporary suspension of U.S. poultry imports, persistent food safety concerns surrounding Chinese poultry, and a growing market for prepared poultry imports, will impact Japan's poultry meat trade picture in 2002. Based on these factors, Japan's 2002 poultry imports are forecast 1% lower for broilers at 515,000 MT, and 1% lower for poultry meat at 530,000 MT. Higher imports from Thailand and Brazil will offset lower imports from China and the U.S.

U.S. poultry imports in 2002 are projected to fall 13% to 67,000 MT (PWE) for poultry meat and fall 14% to 65,000 MT (PWE) for broilers. Sales opportunities for U.S. poultry were hurt when Japan temporarily suspended U.S. imports (January 12 - February 22, 2002) due to minor occurrences of low-path Avian Influenza (AI). Shipments of U.S. poultry held up during the ban are expected to clear customs in March 2002, which may dampen high poultry and broiler import prices. A strong dollar against Yen and high U.S. prices will continue to hamper U.S. poultry exports to Japan.

Since the summer of 2001, Chinese poultry imports have been under a strict inspection and monitoring regime due to the detection of chemical residues. This has constricted trade in Chinese poultry meat, leading to a projected decline in imports during 2002. Imports of prepared poultry products from China are expected to rise in 2002. Prepared poultry products (heated products) are generally not subject to strict residue testing.

Imports of poultry from Thailand and Brazil are expected to rise in 2002, partially offsetting declines in imports from the U.S. and China. Export prices for Thai poultry rose considerably in 2001 due to strong demand from Japan and the European Union (EU). The extent to which Thailand can boost its share of imports in the Japanese market rests on the ability of Thai producers to increase production, which is reportedly near capacity. Trade sources report that Brazil's poultry export prices have eased as production has increased, which should make Brazilian poultry more competitive in the Japanese market. Traders are reportedly executing advance contracts for imports of broiler leg meat from Brazil during the first half of 2002.

Average Monthly Wholesale Prices of Imported Broiler Leg Meat (Tokyo Market)						
Unit: Yen per Kilogram						
U.S. Broiler	Bone-in Leg			Boneless Leg		
	2000	2001	% chg.	2000	2001	% chg.
1st Qtr	207	211	2%	274	291	6%
2nd Qtr	204	222	9%	278	307	11%
3rd Qtr	205	245	19%	291	339	16%
4th Qtr	215	289	35%	293	413	41%
Year	208	242	16%	284	337	19%
Chinese Broiler	Bone-in Leg			Boneless Leg		
	2000	2001	% chg.	2000	2001	% chg.

1st Qtr	NA	NA	NA	265	250	-6%
2nd Qtr	NA	NA	NA	254	304	20%
3rd Qtr	NA	NA	NA	262	388	48%
4th Qtr	NA	NA	NA	250	448	79%
Year	NA	NA	NA	258	348	35%
Thailand Broiler	Bone-in Leg			Boneless Leg		
	2000	2001	% chg.	2000	2001	% chg.
1st Qtr	310	320	3%	321	317	-1%
2nd Qtr	309	330	7%	312	342	9%
3rd Qtr	322	348	8%	319	366	15%
4th Qtr	324	390	20%	318	430	35%
Year	316	347	10%	318	364	14%
Brazilian Broiler	Bone-in Leg			Boneless Leg		
	2000	2001	% chg.	2000	2001	% chg.
1st Qtr	310	327	6%	252	233	-7%
2nd Qtr	297	337	13%	246	291	18%
3rd Qtr	314	329	5%	246	372	52%
4th Qtr	330	369	12%	234	440	88%
Year	313	340	9%	244	334	37%
Source: Quarterly Figures Compiled by Ag. Office Based on ALIC Monthly Statistics						

Japanese Broiler Meat Imports					
(January - December 2001 - 2002)					
Unit: MT					
	Actual		Prelim.		
	2000	Share	2001	% chg.	Share
U.S.	87,324	15%	75,991	-13%	15%
China	238,215	42%	188,800	-21%	36%
Thailand	127,943	23%	146,547	15%	28%
Brazil	112,935	20%	109,216	-3%	21%
Other	1,855	0%	2,540	37%	0%
TOTAL	568,272	100%	523,094	-8%	100%
Source: World Atlas Data for 2000 and Livestock Daily Press for 2001					

Poultry and Broiler Production Outlook 2002

Domestic Broiler Production Forecast to Rise in Response to Higher Prices

In 2002, Japanese broiler and poultry production are forecast 1% higher to 1.08 million MT and 1.19 million MT respectively, in response to relatively high prices that have prevailed since last year. Industry reports indicate that broiler chick demand for the first half of 2002 is already up 3% from the same period last year. However, strong broiler demand resulting from the BSE crisis may diminish in 2002, slowing broiler production later in the year.

Monthly Wholesale Prices of Domestic Broiler Parts in Tokyo Market						
Unit: Yen per Kilogram						
	Boneless leg			Boneless Breast		
	2000	2001	% chg.	2000	2001	% chg.
Jan.	652	702	8%	212	216	2%
Feb.	603	673	12%	204	196	-4%
Mar.	610	621	2%	199	197	-1%
Apr.	623	563	-10%	200	212	6%
May	633	541	-15%	200	227	14%
Jun.	584	503	-14%	194	255	31%
Jul.	551	510	-7%	195	266	36%
Aug.	545	530	-3%	195	270	38%
Sep.	569	571	0%	198	277	40%
Oct.	646	666	3%	206	287	39%
Nov.	638	732	15%	197	307	56%
Dec.	658	752	14%	209	331	58%
Source: ALIC Monthly Statistics						

Egg Consumption Outlook 2002

Sluggish Demand Projected for Japan's Fresh Table Egg Market

In 2002, total egg consumption in Japan is expected to remain lethargic, projected down slightly from last year at 44,200 million pieces. Demand for eggs in the food service industry will likely remain soft due to slow sales following the BSE crisis last year. Household consumption is anticipated to remain slow due primarily to Japan's weak economic conditions. An unusually warm winter will also weigh on house hold consumption this year because consumers are less likely to prepare hot pot dishes using eggs, which is popular during normal (cold) winter seasons. Based on these factors, depressed wholesale market prices will likely continue through most of 2002.

Sales of branded fresh eggs, however, appear to be gaining steam in Japan's retail market, according to an industry source. Consumers preferring high quality eggs are reportedly willing to pay a 10 - 20 % premium, and some farm brands are successfully marketing their eggs based on how layers are raised and fed to emphasize special nutritional characteristics.

Availability of Cheap Domestic Eggs Expected to Replace Imports in the Processing Sector

Overall utilization of processed eggs is expected to ease in 2002 due to static ingredient demand in Japan's food processing sector. The availability of low-priced domestic eggs is expected to make up for a decline in imported processed egg products this year. Japanese food manufacturers use processed egg products to prepare food ingredients such as fresh/chilled liquid and frozen liquid products.

Monthly Japanese Household Egg Consumption 2000 - 2001						
Period: January - December						
	Expenditure (Yen)			Quantity (Gram)		
	2000	2001	% chg.	2000	2001	% chg.
Jan.	209	213	2%	794	829	4%
Feb.	236	217	-8%	858	814	-5%
Mar.	245	230	-6%	897	881	-2%
Apr.	236	217	-8%	873	870	-0%
May	234	220	-6%	873	891	2%
Jun.	217	203	-6%	864	846	-2%
Jul.	207	195	-6%	821	833	1%
Aug.	207	205	-1%	813	830	2%
Sep.	226	222	-2%	859	878	2%
Oct.	239	234	-2%	906	904	-0%
Nov.	237	226	-5%	904	886	-2%
Dec.	258	252	-2%	978	990	1%
	2000	2001	% chg.	2000	2001	% chg.
1st Qtr Total	690	660	-4%	2,549	2,524	-1%
2nd Qtr Total	687	640	-7%	2,610	2,607	-0%
3rd Qtr Total	640	622	-3%	2,493	2,541	2%
4th Qtr Total	734	712	-3%	2,788	2,780	-0%

Year Total	2,751	2,634	-4%	10,440	10,452	0%
Source: Management and Coordination Agency						

Egg Trade Outlook in 2002

Modest Decline in Egg Imports in 2002 Due to Weak Yen, Suspension of U.S. Egg Imports, and Static Ingredient Demand

Japan's total imports of eggs and products in 2002 is forecast down by 3% to 1,950 million pieces due to the weak Yen, Japan's temporary import suspension of U.S. eggs, and lethargic ingredient demand.

Japan's suspension of U.S. egg and egg products (January 12 - February 22, 2002) disrupted the supply of imported eggs for ingredient use, particularly for "frozen liquid yolk" which is used to manufacture products such as Mayonnaise. The U.S. supplies about 90% of Japan's frozen liquid yolk imports, which are about 12,000 MT (PWE) per year. The decline in U.S. imports may allow other suppliers of frozen liquid yolk, like Brazil and Canada, to increase market share. The disruption could also compel Japanese ingredient users to diversify suppliers in coming years.

Regarding powdered whole eggs and powdered yolk, which are used to make confectionary products, the U.S. remains the dominant supplier to Japan. However, U.S. market share is expected to slip in 2002 due to the weak Yen and increased competition from low-priced competitors like Canada, India and the EU.

Japan's imports of frozen liquid albumen are expected to fall in 2002 due to the availability of low-priced domestic product, impacting Brazil, the largest supplier of albumen to Japan. Liquid frozen albumen is used as a binding agent for finished surimi-based products like fish cakes and paste products. Imports of powdered albumen will also slow in 2002 due to relatively stagnant demand for ham and sausage products (powdered albumen is used as a binding agent in the preparation of ham and sausage products).

Japanese Imports of Egg Products					
Unit: MT (Shell Egg Equivalent)					
Period: January - December					
	1999	2000	% Chg.	2001	% Chg.
				Prelim.	
Egg Yolk (Powder)	4,359	4,548	4%	4,974	9%
Egg Yolk (Frozen)	10,234	12,525	22%	11,763	-6%
Whole Egg (Powder)	10,355	11,065	7%	13,235	20%
Whole Egg (Frozen)	2,337	2,702	16%	2,571	-5%

Albumen (Powder)	84,708	81,183	-4%	84,289	4%
Albumen (Frozen)	4,602	5,418	18%	2,591	-52%
Shell Eggs	889	1,844	107%	1,511	-18%
Grand Total	117,484	119,285	2%	120,934	1%
Note: Figures are compiled by post based on World Atlas data. 2001 figure is preliminary.					
Note: Coefficient factors used to convert customs clearance data into shell eggs in MT are; Egg Yolk (Powder) 1.1, Egg Yolk (Frozen) 1.0, Whole Egg (Powder) 4.4, Whole Egg (Frozen) 1.1, Albumen (Powder) 8.6, Albumen (Frozen) 1.2					

Domestic Egg Production Outlook in 2002

Voluntary Efforts to Reduce Production May Slow Egg Output in 2002

Japan's egg production in 2002 is forecast slightly below last year's level at around 42,250 million pieces. Due to low market prices for eggs, industry sources expect demand for layer chicks during the first half of 2002 to drop by 2% from the same period last year. In addition, Japanese layer producer groups are reportedly undertaking voluntary production cuts in 2002 to boost prices. By controlling the number of layers through advanced culling schedules, the producer groups hope to firm up depressed market prices. In 2001, the average wholesale price for fresh table eggs fell by 11% to Yen 168 per kilogram, which roughly equated to a break-even price for producers.

Monthly Wholesale Egg Prices in Tokyo Market					
Unit: Yen per Kilogram					
	1999	2000	% chg.	2001	% chg.
Jan.	159	175	10%	164	-6%
Feb.	190	218	15%	215	-1%
Mar.	193	228	18%	187	-18%
Apr.	198	203	3%	158	-22%
May	192	181	-6%	141	-22%
Jun.	168	166	-1%	140	-16%
Jul.	165	157	-5%	137	-13%
Aug.	177	150	-15%	138	-8%
Sep.	220	183	-17%	174	-5%
Oct.	205	198	-3%	174	-12%
Nov.	214	192	-10%	181	-6%
Dec.	242	220	-9%	209	-5%
	1999	2000	% chg.	2000	% chg.

1st Qtr Ave.	181	207	15%	189	-9%
2nd Qtr Ave.	186	183	-1%	146	-20%
3rd Qtr Ave.	187	163	-13%	150	-8%
4th Qtr Ave.	220	203	-8%	188	-8%
Year Ave.	194	189	-2%	168	-11%
Source: ALIC Livestock Monthly					

Japanese Broiler PS&D Table

PSD Table						
Country	Japan					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Inventory (Reference)	108	108	106	106	106	107
Slaughter (Reference)	569	569	565	565	565	570
Beginning Stocks	95	95	116	116	93	100
Production	1091	1091	1080	1074	1085	1080
Whole, Imports	4	4	4	7	5	5
Parts, Imports	717	564	662	516	686	510
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	721	568	666	523	691	515
TOTAL SUPPLY	1907	1754	1862	1713	1869	1695
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	3	3	3	3	3
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	3	3	3	3	3
Human Consumption	1738	1585	1716	1560	1721	1550
Other Use, Losses	50	50	50	50	50	50
Total Dom. Consumption	1788	1635	1766	1610	1771	1600
TOTAL Use	1791	1638	1769	1613	1774	1603
Ending Stocks	116	116	93	100	95	92
TOTAL DISTRIBUTION	1907	1754	1862	1713	1869	1695
Calendar Yr. Imp. from U.S.	89	87	86	76	90	65

Japanese Poultry PS&D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Inventory (Reference)	108	108	106	106	106	107
Slaughter (Reference)	667	667	665	665	665	670
Beginning Stocks	95	95	116	116	93	100
Production	1196	1196	1180	1183	1185	1190
Whole, Imports	7	7	5	8	6	6
Parts, Imports	733	577	679	530	704	524
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	740	584	684	538	710	530
TOTAL SUPPLY	2031	1875	1980	1837	1988	1820
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	3	3	3	3	3
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	3	3	3	3	3
Human Consumption	1856	1700	1829	1679	1835	1670
Other Use, Losses	56	56	55	55	55	55
Total Dom. Consumption	1912	1756	1884	1734	1890	1725
TOTAL Use	1915	1759	1887	1737	1893	1728
Ending Stocks	116	116	93	100	95	92
TOTAL DISTRIBUTION	2031	1875	1980	1837	1988	1820
Calendar Yr. Imp. from U.S.	89	89	86	77	90	67

Japanese Egg PS&D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Eggs				(MIL HEAD)(MIL PCS)	
	Revised	0	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Layers	140	140	139	139	138	138
Beginning Stocks	0	0	0	0	0	0
Production	42041	42335	42100	42498	41900	42250
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	31	31	10	25	10	15
Other Imports	1957	1957	1790	1991	1840	1935
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	1988	1988	1800	2016	1850	1950
TOTAL SUPPLY	44029	44323	43900	44514	43750	44200
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Hatch Eggs, Consumption	0	0	0	0	0	0
Shell Eggs, Human	34373	34667	34145	34759	34500	34600
Shell Eggs, OT.Use/Loss	655	655	655	655	650	650
Other Dom. Consumption	9001	9001	9100	9100	8600	8950
Total Dom. Consumption	44029	44323	43900	44514	43750	44200
TOTAL Use	44029	44323	43900	44514	43750	44200
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	44029	44323	43900	44514	43750	44200
Calendar Yr. Imp. from U.S.	438	438	400	425	420	400