

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Japan

### Grain and Feed Update

#### Grain and Feed Update - October 2013

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**Report Highlights:**

Wheat imports from the United States for MY2012/13 declined 3 percent due to an increased supply of Canadian spring wheat, which is cheaper than its U.S. counterpart. Despite the two-month-long trade disruption caused by the discovery of GE wheat volunteers in an Oregon field (see [JA3032](#)), import tendering has returned to normal. Japan's rice crop this season is forecast to be 2 percent above average historical yield.

## Overall Market Situation

Up-to-date feed production statistics and a detailed breakdown of feed ingredient utilization ratios follow. Since the beginning of the Japan Fiscal Year (JFY), in April 2013, utilization of corn has been at 42.0 percent, continuing the slight downward trend of the past decade. Instead, the use of sorghum has increased. The utilization ratio of wheat is slightly lower than the 2012 average but remains strong at 3.5-3.7 percent, significantly higher than the average of the previous decade.

Table 1: Feed Utilization by Ingredients

Unit: MT

Japan Fiscal Year (April- March)	Corn	Sorghu m	Whea t	Whea t Flour	Barle y	Rice	Rye	Other Grain s	DDGS	Non- grain Ingredie nts	TOTAL
2002	12,037, 262 49.2%	1,683, 412 6.9%	113,8 21 0.5%	121,4 37 0.5%	725,9 78 3.0%	69,18 5 0.3%	337,9 44 1.4%	117,2 54 0.5%	NA	9,240,2 05 37.8%	24,446, 498 100.0%
2003	12,384, 237 50.2%	1,499, 279 6.1%	123,3 69 0.5%	127,5 00 0.5%	744,5 37 3.0%	13,46 4 0.1%	359,7 04 1.5%	120,3 10 0.5%	NA	9,282,5 79 37.6%	24,654, 979 100.0%
2004	11,853, 348 49.5%	1,395, 749 5.8%	90,30 6 0.4%	127,3 82 0.5%	770,9 21 3.2%	285,9 32 1.2%	259,4 42 1.1%	123,3 99 0.5%	NA	9,062,8 77 37.8%	23,969, 356 100.0%
2005	11,894, 303 49.2%	1,335, 574 5.5%	101,5 39 0.4%	122,7 38 0.5%	792,1 59 3.3%	325,6 05 1.3%	233,5 18 1.0%	119,1 50 0.5%	NA	9,228,7 22 38.2%	24,153, 308 100.0%
2006	12,017, 330 49.2%	1,280, 438 5.2%	103,6 40 0.4%	129,2 12 0.5%	826,6 82 3.4%	425,9 42 1.7%	219,2 54 0.9%	126,8 10 0.5%	NA	9,291,2 74 38.0%	24,420, 582 100.0%
2007	12,005, 863 49.0%	1,137, 809 4.6%	95,07 5 0.4%	131,6 95 0.5%	859,9 52 3.5%	557,5 71 2.3%	152,5 06 0.6%	143,9 79 0.6%	NA	9,434,0 64 38.5%	24,518, 514 100.0%
2008	12,059, 732 49.1%	1,240, 344 5.1%	111,5 97 0.5%	145,3 87 0.6%	859,0 24 3.5%	468,0 00 1.9%	60,73 9 0.2%	153,1 38 0.6%	NA	9,449,4 21 38.5%	24,547, 382 100.0%
2009	11,908, 859 47.9%	1,722, 923 6.9%	164,0 14 0.7%	136,5 67 0.5%	911,0 19 3.7%	256,0 20 1.0%	53,92 4 0.2%	145,6 14 0.6%	NA	9,554,4 96 38.4%	24,853, 436 100.0%
2010	11,614, 834 47.3%	1,464, 181 6.0%	223,4 29 0.9%	135,3 79 0.6%	901,6 80 3.7%	401,4 63 1.6%	103,3 89 0.4%	152,5 45 0.6%	219,1 89 0.9%	9,321,5 92 38.0%	24,537, 681 100.0%
2011	10,935, 808 45.1%	1,413, 787 5.8%	402,6 09 1.7%	151,5 37 0.6%	878,0 47 3.6%	652,5 73 2.7%	74,02 8 0.3%	149,3 93 0.6%	362,9 70 1.5%	9,218,9 96 38.0%	24,239, 748 100.0%
2012	10,317, 271 42.8%	1,653, 366 6.9%	965,9 93 4.0%	159,8 86 0.7%	900,7 39 3.7%	472,1 31 2.0%	16,73 9 0.1%	150,2 36 0.6%	426,9 65 1.8%	9,053,0 78 37.5%	24,116, 404 100.0%
2013/Apr il	841,577 42.0%	159,12 3 7.9%	71,00 1 3.5%	14,25 8 0.7%	74,94 5 3.7%	35,30 5 1.8%	1,177 5 0.1%	12,60 1 0.6%	36,73 1 1.8%	754,851 37.7%	2,001,5 69 100.0%
May	867,782	166,82 9	73,00 1	14,77 4	78,58 7	36,31 8	1,393	12,91 9	37,82 9	774,992	2,064,4 24

	42.0%	8.1%	3.5%	0.7%	3.8%	1.8%	0.1%	0.6%	1.8%	37.5%	100.0%
	791,774	151,508	69,545	13,105	71,113	33,039	782	12,479	34,408	707,911	1,885,664
June	42.0%	8.0%	3.7%	0.7%	3.8%	1.8%	0.0%	0.7%	1.8%	37.5%	100.0%

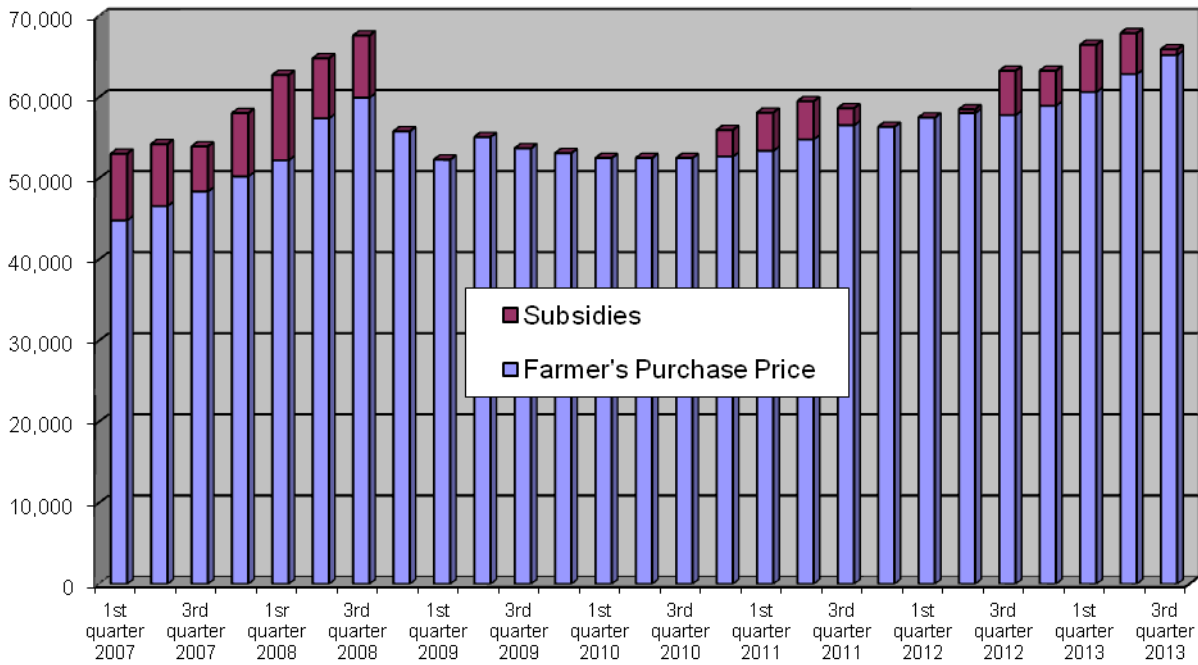
Source: Feed Supply Stabilization Organization

Japan has a feed price stabilization program, whereby the combination of a subsidy by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and an industry fund helps absorb sudden surges in the compound feed price. It is activated when the import costs of ingredients in a particular quarter exceed the average import costs of ingredients in the previous one year. As the graph below shows, since the significant grain price hike in the 3<sup>rd</sup> quarter of 2012, the subsidy has been re-activated and absorbed a large portion of the cost increase. However, even with the subsidy, the Farmer's Purchase Price for compound feed is the highest on record.

**Chart 1: Compound Feed Price**

Source: MAFF

Yen/MT



## Wheat Updates

The import statistics for MY2012/13 (ending June 2013) are summarized below. Of particular note, due to favorable weather conditions in the last couple of years, supply of price-competitive Canadian spring wheat has increased and taken a share from U.S. Dark Northern Spring.

Post has updated PS&D based on these import statistics.

Table 2: Japan's Wheat and Wheat Product Imports for MY2012/13

### Wheat

Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change
		2011	2012	2013	2011	2012	2013	2013/2012
World	MT	5627720	6116209	6343374	100.00	100.00	100.00	3.71
United States	MT	3292933	3545674	3429955	58.51	57.97	54.07	- 3.26
Canada	MT	1170030	1350656	1666426	20.79	22.08	26.27	23.38
Australia	MT	1146798	1197624	1241188	20.38	19.58	19.57	3.64
Other	MT	17959	22255	5805	0.32	0.36	0.09	-73.92

Source of Data: Japan Customs

### Wheat Products

Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change
		2011	2012	2013	2011	2012	2013	2013/2012
World	MT	176054	173896	185943	100.00	100.00	100.00	6.93
Italy	MT	89408	82955	92540	50.78	47.70	49.77	11.56
Turkey	MT	16775	19587	27305	9.53	11.26	14.68	39.40
United States	MT	21401	22504	21873	12.16	12.94	11.76	- 2.80
China	MT	17188	18943	18297	9.76	10.89	9.84	- 3.41
Korea South	MT	11198	10859	8687	6.36	6.24	4.67	- 20.01
Thailand	MT	7859	6986	6137	4.46	4.02	3.30	- 12.15
Greece	MT	2486	3082	3124	1.41	1.77	1.68	1.35
UAE	MT	2968	2622	1984	1.69	1.51	1.07	- 24.33
Vietnam	MT	1424	1469	1786	0.81	0.84	0.96	21.63
Tunisia	MT	2268	1725	976	1.29	0.99	0.53	- 43.41
Other	MT	3080	3163	3234	1.75	1.82	1.74	2.24

Source of Data: Japan Customs

Total Wheat Imports (Wheat and Wheat Products Combined) for MY2012/13

Unit: MT

	Wheat Product a	Wheat Equivalent b = a x 1.368	Wheat c	TOTAL b + c
World	185,943	254,370	6,343,374	6,597,744
United States	21,873	29,922	3,429,955	3,459,877

PS&D

Wheat Japan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	212	212	209	209	208	208
Beginning Stocks	1,056	1,056	1,456	1,456	1,634	1,734
Production	742	742	855	855	743	743
MY Imports	6,354	6,354	6,598	6,598	6,000	6,000
TY Imports	6,354	6,354	6,598	6,598	6,000	6,000
TY Imp. from U.S.	3,317	3,576	3,547	3,460	0	3,500
Total Supply	8,152	8,152	8,909	8,909	8,377	8,477
MY Exports	296	296	275	275	300	300
TY Exports	296	296	275	275	300	300
Feed and Residual	500	500	1,100	1,000	800	800
FSI Consumption	5,900	5,900	5,900	5,900	5,900	5,900
Total Consumption	6,400	6,400	7,000	6,900	6,700	6,700
Ending Stocks	1,456	1,456	1,634	1,734	1,377	1,477
Total Distribution	8,152	8,152	8,909	8,909	8,377	8,477
1000 HA, 1000 MT, MT/HA						

<GE Wheat Updates>

Since the successful resumption of import tenders for Western White wheat on August 1, 2013 (see [JA3032](#)), import tenders have been held regularly without disruption. The following table shows a summary of import tenders for MAFF's direct purchase of food wheat in August and September. Because Western White was excluded from the tenders for two months, MAFF purchased three months worth of Western White in August. The September tender returned to an ordinary pattern. By mid September, MAFF completed testing of all Western White stocks, 170,000 metric tons in total, which MAFF had held since the GE wheat incident occurred in late May. Following no positive detection of the GE trait in question, MAFF completed sale of all the stocks by the end of September.

Table 2: MAFF's Wheat Tenders Since August  
August

Country	Class	Quantity (MT)	*Price (YEN/MT)
USA	Western White	153,136	32,429
	Hard Red Winter	92,177	36,454
	Dark Northern Spring	88,104	35,670
	Sub-total	333,417	34,398
Canada	Western Red Spring	108,176	34,572
	Sub-total	108,176	34,572
Australia	Standard White	64,986	39,537
	Sub-total	64,986	39,537
TOTAL		506,579	35,094

September

Country	Class	Quantity (MT)	*Price (YEN/MT)
USA	Western White	41,297	33,047
	Hard Red Winter	62,328	36,909
	Dark Northern Spring	67,948	37,280
	Sub-total	171,573	36,127
Canada	Western Red Spring	122,340	34,584
	Sub-total	122,340	34,584
Australia	Standard White	44,910	38,844
	Sub-total	44,910	38,844
TOTAL		338,823	35,930

\*Weighted Average Price

### **Rice Updates**

According to MAFF's forecast issued on September 27, as of September 15, Japan's rice crop index is above an average year at 102. This translates to a harvest of 8,245,000 MT of table rice on a brown rice basis. MAFF will publish the final crop index in December.