

Required Report: Required - Public Distribution

Date: March 21, 2023

Report Number: JA2023-0021

Report Name: Grain and Feed Annual

Country: Japan

Post: Tokyo

Report Category: Grain and Feed

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Report Highlights:

FAS/Tokyo projects reduced corn imports and feed consumption in MY2022/23 due to large outbreaks of Highly Pathogenic Avian Influenza as well as increased competition from domestic feed rice, followed by a recovery of corn consumption in MY2023/24. Post forecasts strong demand for feed wheat and barley in MY2022/23 and MY2023/24 and for food wheat consumption to gradually recover despite price increases. FAS/Tokyo projects flat rice consumption in MY2022/23 due to strong demand for feed rice offsetting lower table rice demand but forecasts a decrease in MY2023/24 consumption as feed rice production declines.

Corn

Table 1. Production, Supply, and Distribution Corn

Corn Market Year Begins Japan	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1	1	2	2	0	2
Beginning Stocks (1000 MT)	1420	1420	1390	1390	0	1321
Production (1000 MT)	6	6	13	11	0	14
MY Imports (1000 MT)	15014	15014	15000	14800	0	15000
TY Imports (1000 MT)	15014	15014	15000	14800	0	15000
TY Imp. from U.S. (1000 MT)	10108	10404	0	0	0	0
Total Supply (1000 MT)	16440	16440	16403	16201	0	16335
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	11700	11700	11500	11500	0	11600
FSI Consumption (1000 MT)	3350	3350	3500	3380	0	3430
Total Consumption (1000 MT)	15050	15050	15000	14880	0	15030
Ending Stocks (1000 MT)	1390	1390	1403	1321	0	1305
Total Distribution (1000 MT)	16440	16440	16403	16201	0	16335
Yield (MT/HA)	6	6	6.5	5.5	0	7
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

Production

FAS/Tokyo forecasts Japan's MY2023/24 corn planting area and production to increase to 2,400 hectares and 14,000 metric tons respectively based on projected shifts from rice to grain corn production.

Industry reports estimate the MY2022/23 harvested area increased 85 percent from the previous year, to 1,839 hectares. Based on average yields, FAS/Tokyo estimates production at 11,000 metric tons, up 70 percent from the previous year. Post attributes production expansion to high global corn prices as well as support payments from the Ministry of Agriculture, Forestry and Fisheries (MAFF) which incentivize farmers to switch production from rice to corn. Farmer groups anticipate expanded grain corn production in MY2023/24 as it requires fewer labor hours compared to rice.¹ Processors use domestic grain corn for production of formula feed,² snacks, and drinks.

¹ MAFF estimates that labor hours per 0.1 hectare for grain corn is 1.2 hours and for table rice is 24 hours.

² FAS/Tokyo defines formula feed to cover both compound feed and mixed feed in this report. Compound feed is feed in which multiple feed ingredients or feed additives are mixed according to the blending design. Mixed Feed is a mixture of 2~3 types of feed ingredients for a specific feeding purpose.

Consumption

FSI Consumption

FAS/Tokyo forecasts Food, Seeds and Industrial (FSI) corn consumption to recover to 3.38 million metric tons in MY2022/23 and to 3.43 million metric tons in MY2023/24 as Japan returns to normal economic activity. Japan did not lift pandemic-related, inbound international tourism restrictions until October 2022.

Corn used to manufacture cornstarch accounts for approximately 90 percent of Japan's FSI corn consumption. Processors used the remaining FSI corn in flakes, grits, meal, flour ethyl alcohol, and distilled alcoholic beverages; annual demand for these products is stable at around 180,000 metric tons. MAFF reported MY2021/22 cornstarch production increased 0.2 percent, reflecting increased demand for beer and cardboard production. FAS/Tokyo projects a gradual recovery of cornstarch demand, including for sweetener production, in the next two marketing years based on projected demand from the Hotel, Restaurants and Institutional (HRI) and tourism sectors.

Feed Consumption

FAS/Tokyo forecasts MY2023/24 feed corn consumption at 11.6 million metric tons, up 0.9 percent from the previous marketing year. FAS/Tokyo anticipates demand will increase as layer inventories gradually recover in MY2023/24.

FAS/Tokyo projects MY2022/23 feed corn consumption to decrease 1.7 percent, to 11.5 million metric tons, from the previous marketing year reflecting declines in poultry and dairy cattle inventories, as well as an increase in feed rice supply. FAS/Tokyo projects overall MY2022/23 formula feed production to contract approximately 2 percent as Japan is experiencing its largest ever Highly Pathogenic Avian Influenza (HPAI) outbreak, resulting in the culling approximately 4.8 percent of poultry inventories.³ Layers accounted for 94 percent of poultry affected by HPAI and consume approximately 28.5 percent of all feed corn in formula feed. Based on current conditions, industry expects it will take roughly one year to fully recover to normal layer production. In addition, Japanese dairy farmers are reducing dairy herds because of weak milk demand and high feed prices, which has generated operating losses.⁴ Dairy cattle consume roughly 12 percent of feed corn in formula feed.

FAS/Tokyo forecasts robust broiler, swine, and beef cattle production in MY2022/23 and MY2023/24 based on bullish domestic demand for chicken and pork as well as a growing *Wagyu* beef export sector (GAIN [JA2023-0016](#), [JA2021-0122](#)).

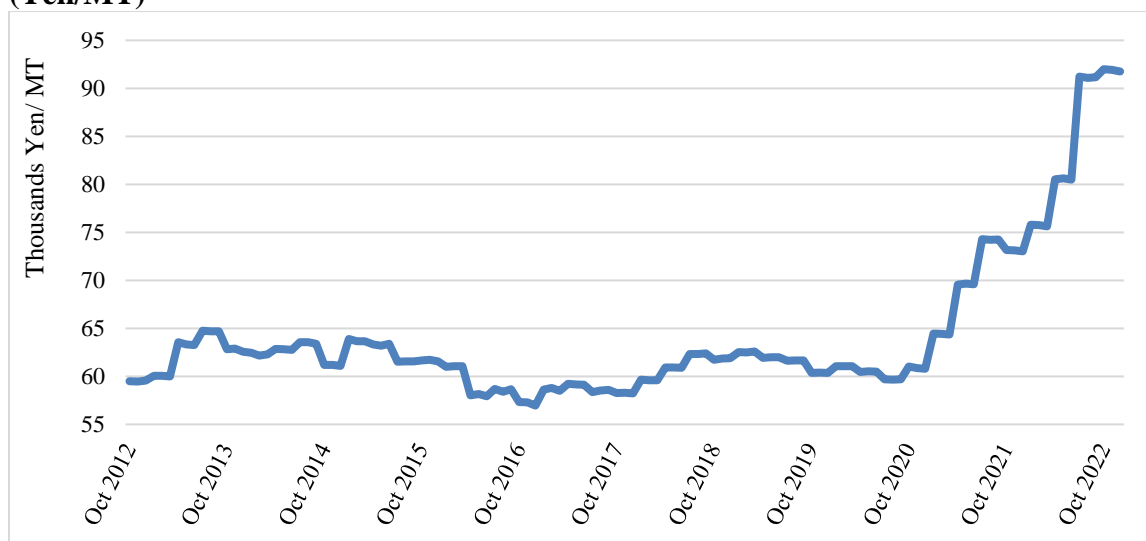
³ During the 2022/23 season, over 15.5 million birds (14.6 million birds for layers and 0.8 million birds for broilers) were culled or subject to culls as of March 10. For layers, the number culled or subject to cull accounted for 8 percent of the 2022 beginning inventory.

⁴ MAFF provides support payments to farmers for early shipment of low-performance dairy cattle for slaughter up to 40,000 heads between March 2023 and March 2024 which is about 3 percent of the 2022 beginning inventory.

Annually, Japan produces 24 million metric tons of formula feed. Due to high corn prices, feed mills substituted some corn with wheat and rice in feed rations in MY2021/22, resulting in a 230,000 metric ton decrease in corn used in formula feed production (Annex Table 1). However, corn still accounted for 47 percent of the total formula feed by volume in MY2021/22. According to MAFF, consumption of corn for on-farm feed has been trending down and fell to 170,787 metric tons in MY2021/22, down 11 percent from the previous marketing year (Annex Table 2). High corn prices accelerated the decline in MY2021/22. Post expects consumption of on-farm feed corn to decline in the next two marketing years as farmers shift to formula feed for convenience.

In addition to surging global prices for feed grains and a weak Yen, feed mills have faced high prices for by-products such as corn gluten feed, corn gluten meal, and wheat bran as domestic cornstarch and wheat flour production stagnated. Feed mills also struggled to procure used cooking oil in competition with sustainable aviation fuel manufactures. MAFF estimates formula feed processors consume 70 percent of used cooking oil in Japan. In response, feed mills raised compound feed prices, which hit a record high in October 2022. In December 2022, prices remained 26 percent higher than December 2021 (Chart 1). In addition to Compound Feed Price Stabilization System compensation payments to livestock, poultry, and swine farmers the Government of Japan (GOJ) provided additional payments to these farmers to alleviate compound feed price hikes for the October - December 2022 period ([JA2022-0078](#)). The GOJ has allocated 10.3 billion yen (\$76 million)⁵ from the Japan Fiscal Year (JFY)⁶ 2022 supplementary budget to replenish the depleted the Compound Feed Price Stabilization funds. Post expects high feed costs will accelerate the consolidation of livestock, poultry, and swine sectors in MY2022/23.

Chart 1. Japan Average Compound Feed Factory Shipment Price for All Livestock Animal (Yen/MT)



Source: Agriculture and Livestock Industries Corporation

⁵ U.S. Dollar = 135 Yen

⁶ Japan Fiscal Year (JFY) runs from April 1 to March 31.

Trade

FAS/Tokyo forecasts MY2023/24 corn imports to increase to 15 million metric tons, up 1.4 percent from Post's MY2022/23 estimates, based on projected increases in feed and FSI demand.

Post projects MY2022/23 imports to drop to 14.8 million metric tons, down 1.4 percent from the previous marketing year, based on reduced feed demand.

Japan imports corn mainly from the United States and Brazil. In MY2021/22, due to high U.S. corn prices, imports from the United States decreased 5.2 percent, to 10.4 million metric tons. Imports from Brazil also dropped 44 percent due to a decline in exportable corn supplies. Imports from Argentina and South Africa jumped 166 percent and 290 percent respectively due to price advantages over U.S. corn. In MY2021/22, Japan imported 108,380 metric tons of corn from Ukraine, the majority of which was contracted before Russia invaded Ukraine. After a year with no imports of corn from Russia, Japan imported 1,947 metric tons of corn in December 2022 and 528 metric tons in January 2023 from Russia.

Japan's tariffs structure on corn can be found at [JA2018-3015](#).

Stocks

FAS/Tokyo forecasts MY2023/24 ending stocks at 1.305 million metric tons. Post expects MY2022/23 ending stocks to be 1.321 million metric tons. For contingency preparedness, MAFF encourages feed mills to store a total of one million metric tons of imported feed grains, predominantly corn, and provides support payments to cover some storage costs for contingency stocks.