

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Japan

### Grain and Feed Update

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**Report Highlights:**

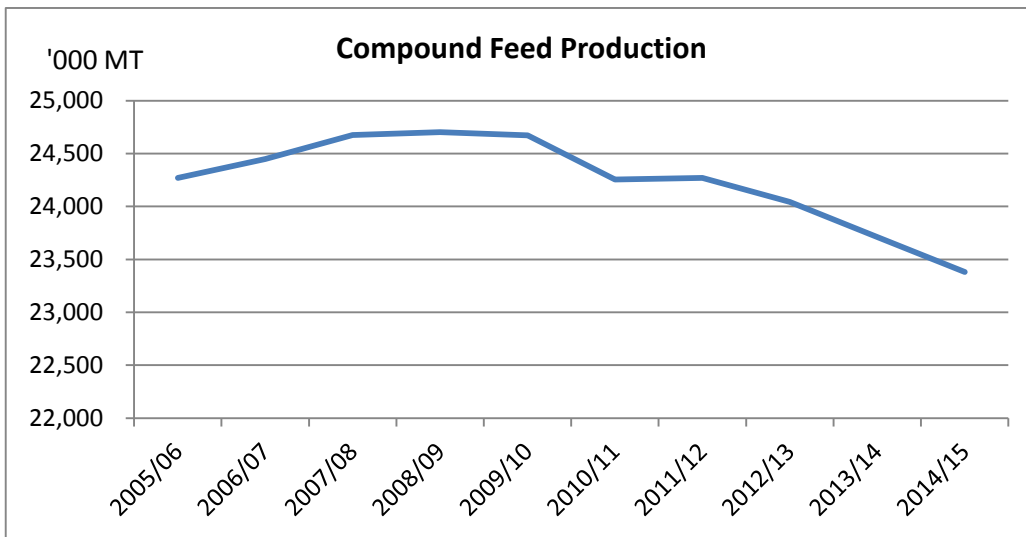
Reflecting an abundant global supply, prices of imported feed corn fell below 200 USD/metric ton (MT) in March 2016 for the first time since January 2007. Feed millers took advantage of low prices, increasing corn imports five percent in the first seven months of marketing year (MY) 2015/16 compared to the previous year. Post forecasts total corn imports to reach 15 million MT in MY2015/16. The utilization of sorghum in compound feed has dropped below three percent, the lowest on record, largely due to the increased utilization of rice and corn. Post forecasts consumption and imports of sorghum to decline to 750,000 MT and 780,000 MT respectively in MY2015/16.

**Post:**  
Tokyo

### Feed production

Consistent with the declining and aging Japanese population, overall food consumption had been trending down, and thus the livestock numbers and feed production had gradually declined in recent years. However, compound feed production for the first half of marketing year (MY) 2015/16 (October 2015 – March 2016) increased one percent from the same period last year due to a recovery in swine numbers following the outbreak of Porcine Epidemic Diarrhea (PED) virus in 2014 and a slight, estimated increase in poultry population thanks to strong demand for poultry meat, Compound feed production in MY2015/16 is expected to remain at least the same level as the previous year.

The utilization of rice for the composition of compound feed has continuously been over five percent between October 2015 and March 2016. The utilization of corn has increased to 46 percent from 45 percent in MY2014/15, while the ratio of sorghum has dropped below three percent - the lowest on record.



Source: Compound Feed Supply Stabilization Organization, MAFF  
MY: October – September

**Compound Feed Production (MT)**

	2014/15	2015/16	% Change
Oct	2,093,647	2,064,559	-1.4
Nov	1,918,458	1,951,481	1.7
Dec	2,168,644	2,141,480	-1.3
Jan	1,898,211	1,862,551	-1.9
Feb	1,820,225	1,920,085	5.5
Mar	1,974,320	2,057,196	4.2
Oct-Mar	11,873,505	11,997,352	1.0

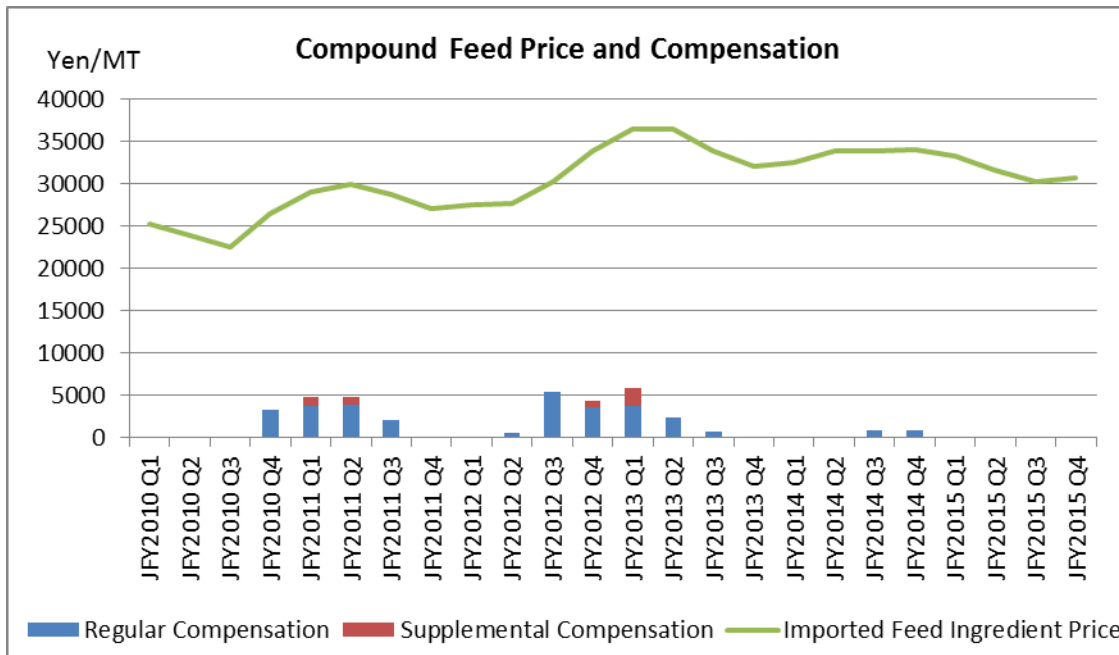
Source: Compound Feed Supply Stabilization Organization, MAFF

### Feed Utilization by Ingredients (Unit: MT)

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Non-grain Ingredients	TOTAL
2005/06	11,937,533 49.2%	1,351,794 5.6%	109,511 0.5%	125,953 0.5%	807,797 3.3%	335,379 1.4%	224,625 0.9%	122,798 0.5%	- 0.0%	9,254,689 38.1%	24,270,079 100%
2006/07	11,968,822 49.0%	1,207,666 4.9%	95,022 0.4%	128,407 0.5%	841,067 3.4%	501,410 2.1%	203,966 0.8%	135,042 0.6%	- 0.0%	9,368,267 38.3%	24,449,669 100%
2007/08	12,151,595 49.2%	1,061,836 4.3%	99,070 0.4%	140,704 0.6%	864,290 3.5%	604,450 2.4%	97,379 0.4%	150,312 0.6%	- 0.0%	9,504,883 38.5%	24,674,519 100%
2008/09	12,032,218 48.7%	1,599,366 6.5%	131,179 0.5%	142,216 0.6%	886,989 3.6%	240,408 1.0%	47,756 0.2%	148,571 0.6%	- 0.0%	9,474,483 38.4%	24,703,186 100%
2009/10	11,663,020 47.3%	1,605,491 6.5%	203,985 0.8%	133,065 0.5%	904,803 3.7%	396,061 1.6%	79,004 0.3%	151,734 0.6%	96,210 0.4%	9,438,395 38.3%	24,671,768 100%
2010/11	11,287,696 46.5%	1,380,159 5.7%	245,857 1.0%	145,289 0.6%	889,928 3.7%	537,274 2.2%	96,697 0.4%	148,573 0.6%	284,154 1.2%	9,239,452 38.1%	24,255,079 100%
2011/12	10,688,501 44.0%	1,461,639 6.0%	732,039 3.0%	152,292 0.6%	882,497 3.6%	589,640 2.4%	43,043 0.2%	148,359 0.6%	400,836 1.7%	9,172,479 37.8%	24,271,325 100%
2012/13	10,154,181 42.2%	1,856,711 7.7%	942,885 3.9%	176,433 0.7%	910,896 3.8%	397,406 1.7%	15,237 0.1%	154,324 0.6%	443,993 1.8%	8,990,056 37.4%	24,042,122 100%
2013/14	10,794,681 45.5%	1,006,553 4.2%	649,448 2.7%	160,815 0.7%	870,127 3.7%	732,983 3.1%	16,562 0.1%	135,126 0.6%	512,652 2.2%	8,831,356 37.2%	23,710,303 100%
2014/15	10,530,414 45.0%	901,173 3.9%	366,510 1.6%	161,019 0.7%	805,315 3.4%	1,172,993 5.0%	13,000 0.1%	135,034 0.6%	476,786 2.0%	8,818,977 37.7%	23,380,591 100.0%
2015 Oct	947,204 45.9%	64,759 3.1%	34,870 1.7%	14,242 0.7%	69,639 3.4%	107,671 5.2%	1,013 0.0%	11,509 0.6%	30,129 1.5%	783,523 38.0%	2,064,559 100%
Nov	893,467 45.8%	61,549 3.2%	32,135 1.6%	13,330 0.7%	64,770 3.3%	107,789 5.5%	931 0.0%	10,978 0.6%	29,325 1.5%	737,207 37.8%	1,951,481 100%
Dec	973,161 45.4%	62,955 2.9%	33,925 1.6%	15,456 0.7%	69,599 3.3%	117,160 5.5%	1,011 0.0%	12,727 0.6%	33,385 1.6%	822,101 38.4%	2,141,480 100%
2016 Jan	861,456 46.3%	56,066 3.0%	29,782 1.6%	13,143 0.7%	61,932 3.3%	96,193 5.2%	830 0.0%	10,227 0.5%	33,244 1.8%	699,678 37.6%	1,862,551 100%
Feb	888,015 46.2%	56,421 2.9%	30,868 1.6%	13,745 0.7%	64,597 3.4%	99,661 5.2%	804 0.0%	10,404 0.5%	36,593 1.9%	718,977 37.4%	1,920,085 100%
Mar	950,850 46.2%	58,024 2.8%	33,407 1.6%	15,740 0.8%	70,027 3.4%	104,676 5.1%	974 0.0%	10,997 0.5%	38,985 1.9%	773,516 37.6%	2,057,196 100%

Source: Compound Feed Supply Stabilization Organization, MAFF

MY: October – September



Source: MAFF

Japan maintains a feed price stabilization program that consists of a combination of a Ministry of Agriculture, Forests and Fisheries (MAFF) subsidy and an industry fund to help absorb sudden surges in compound feed prices. It is activated when the import cost of ingredients in a particular quarter exceeds the average import cost of ingredients in the previous year. No compensation payments were made throughout Japan Fiscal Year (JFY, April – March) 2015, reflecting lower prices of corn, soy meal and freight.

## Corn

Corn Market Begin Year Japan	2014/2015		2015/2016		2016/2017	
	Oct-14		May-15		May-16	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	1290	1290	1348	1345	1449	1245
Production	1	0	1	0	1	0
MY Imports	14657	14655	14700	15000	14500	14900
TY Imports	14657	14655	14700	15000	14500	14900
TY Imp. from U.S.	11911	12639	0	0	0	0
Total Supply	15948	15945	16049	16345	15950	16145
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	11000	11000	11000	11500	10800	11500
FSI Consumption	3600	3600	3600	3600	3600	3600
Total Consumption	14600	14600	14600	15100	14400	15100
Ending Stocks	1348	1345	1449	1245	1550	1045
Total Distribution	15948	15945	16049	16345	15950	16145

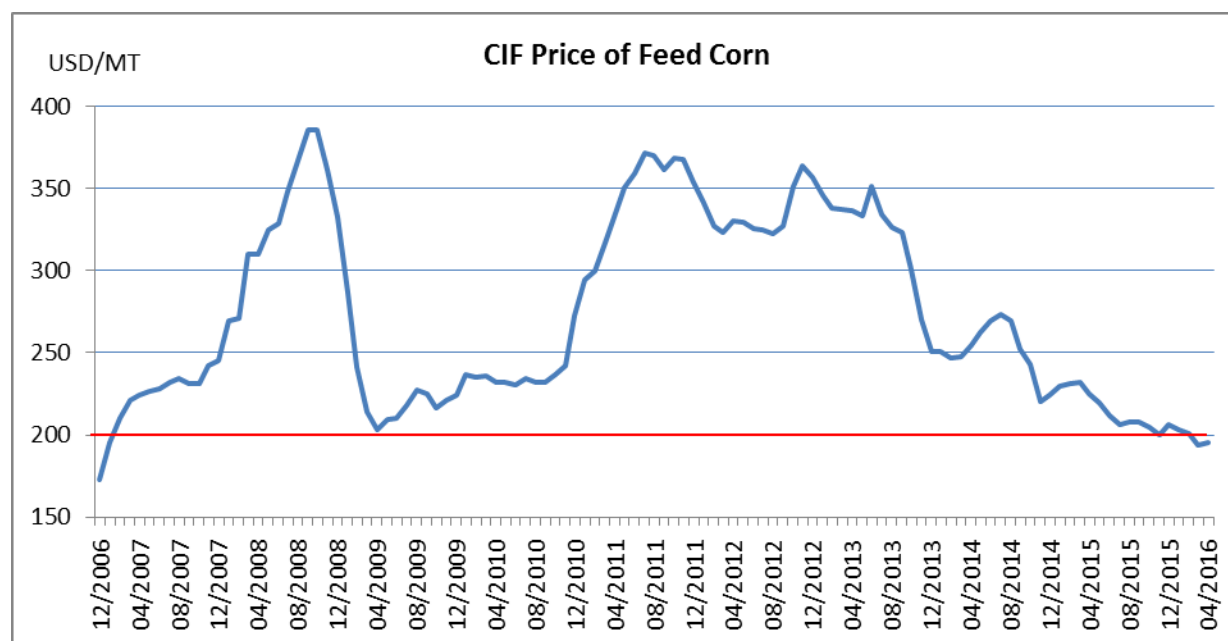
Reflecting an abundant global supply, prices of imported feed corn have gradually declined and fell below 200 USD/metric ton (MT) in March 2016 for the first time since January 2007. Feed millers took advantage of low prices, raising total corn imports five percent in the first seven months of MY2015/16 (October 2015 – April 2016) compared to the same period in the previous year, and corn utilization in compound feed has increased to 46 percent. If the price of corn remains attractive, robust demand for feed corn is expected to continue and raise feed corn consumption to 11.5 million MT in MY2015/16. As there is no sign of significant changes in food, seed and industrial (FSI) consumption (3.6 million MT in MY2015/16), total corn imports are expected to reach approximately 15 million MT in MY2015/16. For MY2016/17, feed consumption is forecast to stay flat if the corn price stays at the current level, and FSI consumption is also forecast to remain unchanged.

### Feed Grain Contingency Reserve Program

As Japan relies almost entirely on imported grains for manufacturing feed, the government of Japan (GOJ) operates its regular contingency plan to hold imported corn and sorghum in reserve. In JFY2015, Japan held a total of 1.25 million MT of feed grain in reserve; 600,000 MT by the GOJ and 650,000MT by the private sector. Beginning in JFY2016, the GOJ no longer hold reserves but the private sector holds 850,000 MT of feed grain, and the GOJ subsidizes the storage costs for 5/17 of the 850,000 MT (250,000 MT). In addition to corn and sorghum, the feed grain reserve program was expanded to include barley, wheat, bran, and soybean oil meal. However, industry sources say that corn continues to account for the majority of the reserve. Accordingly, stocks are expected to gradually reduce from 1.35 million MT in MY2014/15 to 1.25 million MT in MY2015/16 and to one million MT in MY 2016/17, and will likely offset the need for some imports over the next few years. Post forecasts a slight decline in total corn imports from 15 million MT in MY2015/16 to 14.9 million MT in MY2016/17.

## Japanese Total Corn Imports

	Year ending September							Oct - Apr		
	Quantity (MT)			% Share			% Change 2015/2014	Quantity (MT)		% Change 2015/16 / 2014/15
	2013	2014	2015	2013	2014	2015		2014/15	2015/16	
World	14409591	15118226	14654913	100.00	100.00	100.00	- 3.06	8566887	9036666	5.48
United States	6932378	11015899	12638597	48.11	72.87	86.24	14.73	6831081	4681513	-31.47
Brazil	4621090	2195239	1338540	32.07	14.52	9.13	- 39.03	1321734	4235692	220.46
Ukraine	351526	1219746	390945	2.44	8.07	2.67	- 67.95	183521	35120	-80.86
South Africa	617566	171870	141855	4.29	1.14	0.97	- 17.46	141779	47	-99.97
Argentina	1756484	301150	118247	12.19	1.99	0.81	- 60.73	64877	67772	4.46
Other	130547	214322	26729	0.91	1.42	0.18	-87.53	23895	16522	-30.86



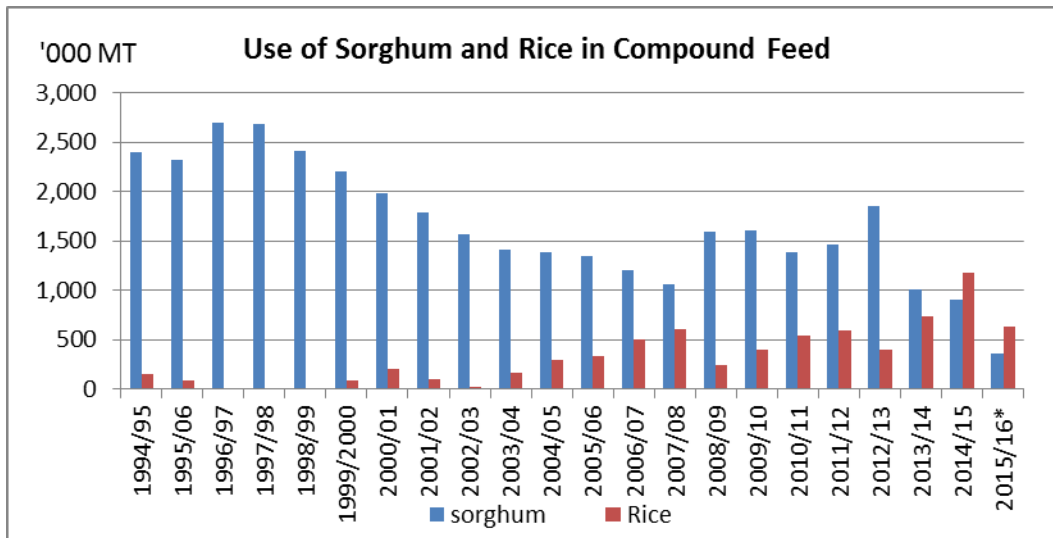
## Sorghum

Sorghum Market Begin Year Japan	2014/2015		2015/2016		2016/2017	
	Oct-14		Oct-15		Oct-16	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	51	51	24	23	24	53
Production	0	0	0	0	0	0
MY Imports	903	902	800	780	850	730
TY Imports	903	902	850	780	850	730
TY Imp. from U.S.	75	113	0	0	0	0
Total Supply	954	953	824	803	874	783
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	930	930	800	750	850	730
FSI Consumption	0	0	0	0	0	0
Total Consumption	930	930	800	750	850	730
Ending Stocks	24	23	24	53	24	53
Total Distribution	954	953	824	803	874	730
(1000 HA) ,(1000 MT)						

Almost all sorghum is used for feed, of which over 90 percent is consumed by the swine and poultry sectors. The utilization ratio of sorghum in compound feed fell below three percent in recent months, the lowest level on record due mainly to an increase in the utilization of rice and corn. As a result, the quantity of sorghum used in compound feed dropped 30 percent in the first half of MY2015/16, and imports also fell 30 percent. Accordingly, consumption and imports of sorghum are expected to decline to 750,000 MT and 780,000 MT respectively in MY2015/16. With an anticipated increase of rice used in compound feed, consumption and imports of sorghum are forecast to further decrease in MY2016/17.

### Japanese Total Sorghum Imports

	Year ending September							Oct - Apr		
	Quantity (MT)			% Share			% Change 2015/2014	Quantity (MT)		% Change 2015/16 / 2014/15
	2013	2014	2015	2013	2014	2015		2014/15	2015/16	
World	1896304	1003114	902138	100.00	100.00	100.00	- 10.07	607,559	426,316	-29.83
Argentina	1083819	643859	777424	57.15	64.19	86.18	20.74	525,464	389,229	-25.93
United States	177944	330362	112590	9.38	32.93	12.48	- 65.92	75,520	35,641	-52.81
Australia	633140	26876	593	33.39	2.68	0.07	- 97.79	369	437	18.43
Other	1401	2017	11531	0.07	0.20	1.28	471.69	6206	1009	535.68



Source: Compound Feed Supply Stabilization Organization, MAFF

October – September

\*October 2015 – March 2016