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2017 Market Situation Summary and 2018 Outlook

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Report Highlights:
Japanese beef and pork production remained flat in 2017 as slightly heavier carcass weights offset lower slaughter numbers. Total imports of U.S. beef reached a 14-year high as the United States overtook Australia as the leading supplier of chilled beef to Japan. However, competition intensified among suppliers to Japan’s growing market for imported pork. Increasing consumer demand for beef and pork will continue to drive the market in 2018.

Executive Summary:

FAS/Tokyo estimates that Japanese cattle slaughter declined one percent from the previous year to 1.045 million head in 2017. A higher F-1 slaughter led to a greater proportion of medium grade beef on the market. Beef producers continued to exit the industry as the number of cattle operations contracted by three percent. Feeder cattle prices trended downward after years of growth, signaling an end to Japan's herd rebuilding after the disease outbreaks of 2010. Beef production increased slightly to 469,000 MT. Facing fast-growing consumer demand for red meat, retail and foodservice providers ramped up purchases of foreign beef, propelling imports up 14 percent to 817,000 MT. Driven by 35 percent growth in U.S chilled beef imports, the United States captured additional market share from Australia, up four percentage points to 42 percent while Australia's share contracted to 50 percent. Consumer demand for beef is projected to continue trending upward in 2018, driving imports higher as domestic production remains flat.

FAS/Tokyo estimates Japanese swine slaughter held stable at 16.336 million head in 2017. Japan's total pig crop increased slightly as the industry showed signs of recovery from disease outbreaks between 2013 and 2016. However, the number of swine operations continued to decline. Capitalizing on growing consumer preference for pork over fish, importers increased purchases of foreign pork by eight percent to 1.477 million MT. The European Union continued to be the main supplier of frozen pork to Japan as competition intensified in the chilled market between the United States and Canada. Prevailing market dynamics for pork are expected to hold in 2018, with steadily increasing consumption supporting greater imported volumes of both chilled and frozen pork.

Preface:

This report is an update to JA7110 dated September 20, 2017. FAS/Tokyo has updated the 2017 market summary and revised previous supply and distribution estimates based on the Government of Japan's official figures (some are still preliminary). FAS/Tokyo has also revised the previous forecast for 2018 based on the most recent market information and industry accounts available to date.

Quantities listed in the text are made on the basis of Carcass Weight Equivalent (CWE) unless otherwise specified.

Rates of conversion from product weight to CWE are:
Beef Cuts (Boneless) – 1.40
Pork Cuts (Boneless) – 1.30
Processed/Prepared Beef Products – 1.79
Processed/Prepared Pork Products – 1.30

Commodities:

Animal Numbers, Cattle
Meat, Beef and Veal
Animal Numbers, Swine
Meat, Swine

Production, Supply and Distribution Data Statistics:

Cattle PS&D

Animal Numbers, Cattle	2016		2017		2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3824	3824	3822	3822	3840	3895
Dairy Cows Beg. Stocks	752	752	735	735	745	745
Beef Cows Beg. Stocks	589	589	597	597	595	595
Production (Calf Crop)	1194	1194	1210	1274	1210	1190
Total Imports	9	9	11	15	12	10
Total Supply	5027	5027	5043	5111	5062	5095
Total Exports	0	0	0	0	0	0
Cow Slaughter	480	480	470	468	465	470
Calf Slaughter	5	5	5	5	5	5
Other Slaughter	566	566	570	572	575	565
Total Slaughter	1051	1051	1045	1045	1045	1040
Loss	154	154	158	171	157	165
Ending Inventories	3822	3822	3840	3895	3860	3890
Total Distribution	5027	5027	5043	5111	5062	5095
(1000 HEAD)						

Not USDA Official Data

Beef and Veal PS&D

Meat, Beef and Veal	2016		2017		2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	1051	0	1045	1045	1045	1040
Beginning Stocks	185	185	151	151	133	156
Production	465	465	465	469	465	470
Total Imports	719	719	780	817	815	832
Total Supply	1369	1369	1396	1437	1413	1458
Total Exports	3	2	3	3	3	3
Human Dom. Consumption	1215	1216	1260	1278	1265	1315
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1215	1216	1260	1278	1265	1315
Ending Stocks	151	151	133	156	145	140
Total Distribution	1369	1369	1396	1437	1413	1458
(1000 HEAD) ,(1000 MT CWE)						

Not USDA official Data

Swine PS&D

Animal Numbers, Swine	2016		2017		2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	9313	9313	9346	9346	9307	9346
Sow Beginning Stocks	845	845	839	839	835	835
Production (Pig Crop)	16900	16900	16780	16785	16700	16700
Total Imports	1	1	1	1	1	1
Total Supply	26214	26214	26127	26132	26008	26047
Total Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	16393	16393	16370	16336	16300	16340
Total Slaughter	16393	16393	16370	16336	16300	16340
Loss	475	475	450	450	450	450
Ending Inventories	9346	9346	9307	9346	9258	9257
Total Distribution	26214	26214	26127	26132	26008	26047
(1000 HEAD)						

Not USDA Official Data

Pork PS&D

Meat, Swine	2016		2017		2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	16393	16393	16370	16336	16300	16340
Beginning Stocks	200	200	211	211	218	222
Production	1279	1279	1275	1282	1270	1280
Total Imports	1361	1364	1440	1477	1435	1485
Total Supply	2840	2843	2926	2970	2923	2987
Total Exports	3	2	3	2	3	2
Human Dom. Consumption	2626	2630	2705	2746	2705	2765
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2626	2630	2705	2746	2705	2765
Ending Stocks	211	211	218	222	215	220
Total Distribution	2840	2843	2926	2970	2923	2987
(1000 HEAD) ,(1000 MT CWE)						

Not USDA Official Data

Beef

2017 Market Situation Summary

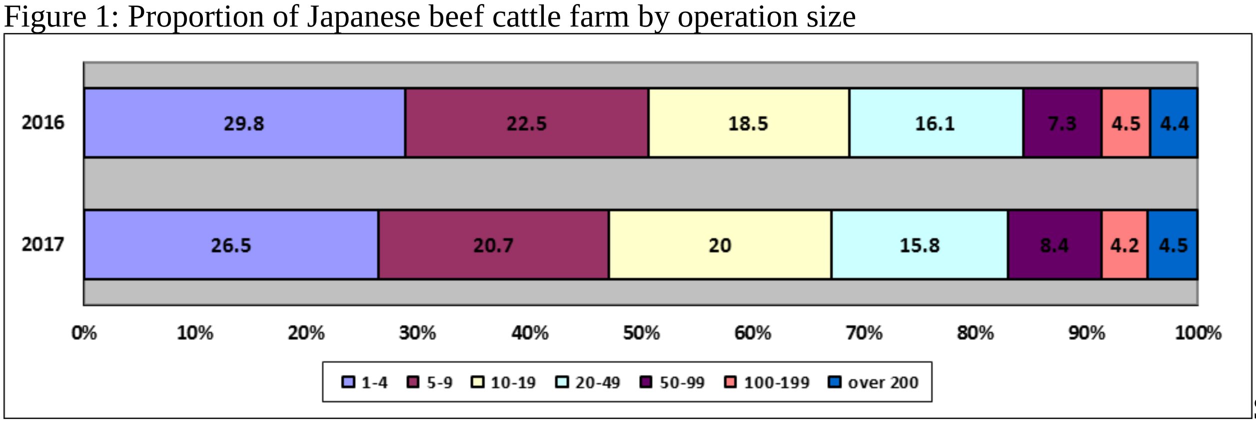
Production
FAS/Tokyo estimates that Japanese cattle slaughter declined one percent from the previous year to 1.045 million head in 2017. Steeper declines in wagyu and dairy cattle slaughter were offset by increases in slaughter of F-1 cattle, leading to a slightly greater share of medium grade domestic beef on the market. Slaughter numbers for 2017, by breed and in order of total slaughter share, were as follows:

- Wagyu steer/bull: 241,819 head, up one percent (23 percent of total slaughter)
- Wagyu heifer/cow: 197,904 head, down four percent (19 percent)
- Dairy steer/bull: 190,139 head, down four percent (18 percent)
- Dairy heifer/cow: 160,013 head, down five percent (15 percent)
- F-1 cross steer/bull: 129,413 head, up eight percent (12 percent)
- F-1 cross heifer/cow: 110,225 head, up six percent (11 percent)
- Calf slaughter (all breeds): 5,160 head, down seven percent (0.5 percent)

Historically, the average finishing age is about 30 months for Wagyu steers, 24 months for F1 cross breeds, and 20 months for Holstein steers.

The decline in overall slaughter numbers follows a multi-year trend of cattle producers exiting the industry. In 2017, the number of beef cattle farms in operation fell 3.5 percent from 51,900 farms in the previous year to just 50,100 farms. The industry as a whole remains skewed toward small operations. According to recent Japanese government data, 83 percent of Japanese beef operations have fewer than 50 cattle while 27 percent have four cattle or less. Only 9 percent have 100 cattle or more. See Figure 1.

Figure 1: Proportion of Japanese beef cattle farm by operation size

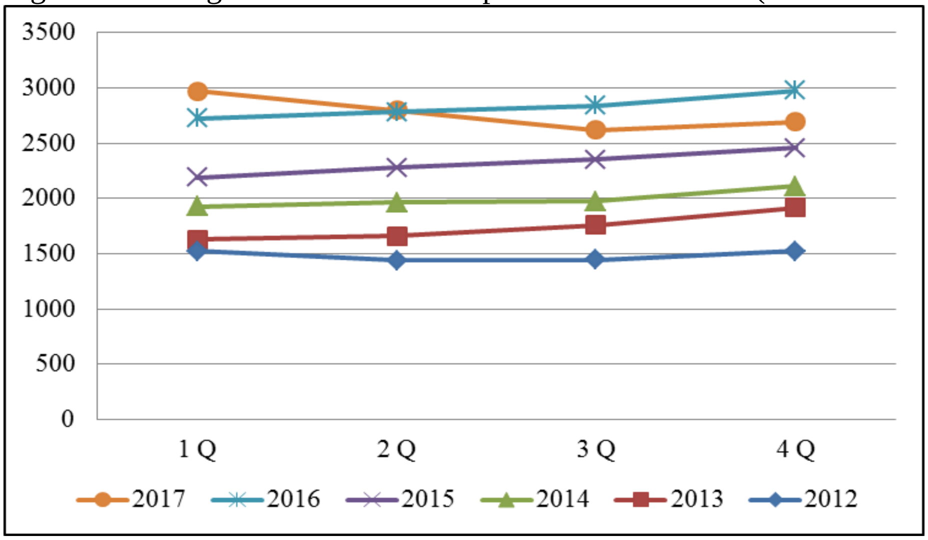


Source: Ministry of Agriculture, Forestry and Fisheries (MAFF)

Despite fewer operations and lower slaughter numbers, slightly heavier finishing weights led Japanese beef production to increase one percent from the previous year to 469,000 MT. A moderate increase in efficiency may be partly attributable to gradual consolidation in the industry which saw the average number of cattle-per-farm increase to 49.9 in 2017 from 47.8 in the previous year.

Heavier finishing weights also resulted from longer retention periods as producers continued to rebuild herds following the 2010 foot-and-mouth disease outbreak in Miyazaki Prefecture (see JA0015). The outbreak, which led to the culling of nearly 70,000 cattle, caused feeder cattle prices to spike as domestic calf operations struggled to increase output. After years of rising feeder calf prices, 2017 marked the beginning of a return to normalcy. As shown in Figure 2, feeder prices, which had continued to climb year over year since 2012, finally began to come down in 2017, signaling that Japan's herd rebuilding efforts may be nearing completion.

Figure 2: Average wholesale auction price of feeder cattle (black hair wagyu)



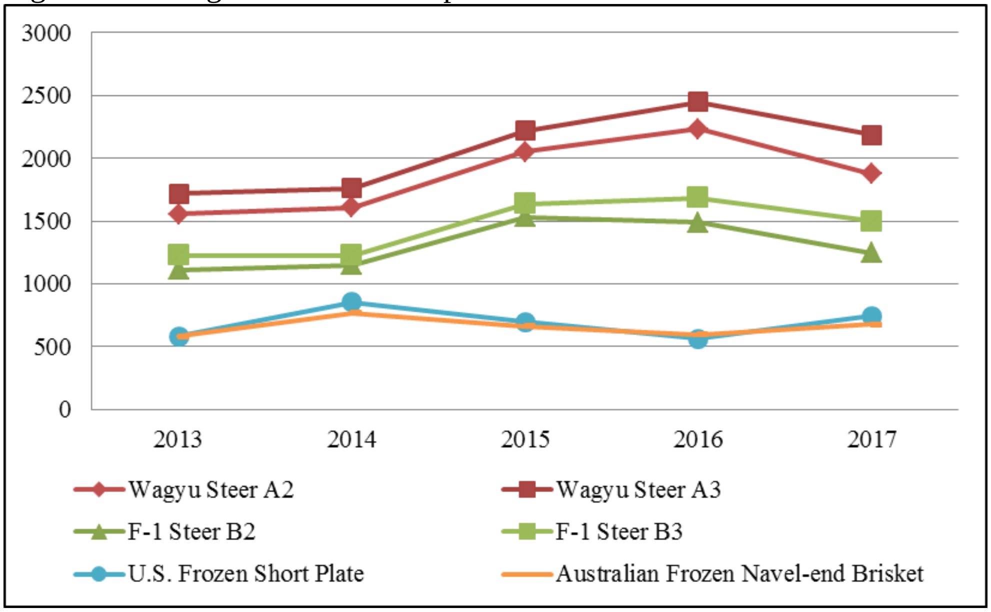
Source: Agriculture and Livestock Industries Corporation (ALIC)

In the short term, it is not anticipated that the decline in feeder calf prices will have a booster effect on production. Feeder calf prices continue to remain well above pre-2016 levels. As beef cattle operations continue to suffer high production costs, bolstered in part by persistently high calf prices, wholesale wagyu prices are expected to remain high in the near term.

Consumption

FAS/Tokyo estimates total Japanese beef consumption to have reached 1.278 million MT in 2017, up 5 percent from the previous year. For many in the industry, 2017 will be remembered as the year of the "meat boom" in Japan as beef sales across the country saw exceptional growth. The Japan Foodservice Association (JF) estimates that while overall foodservice sales increased three percent in 2017, Korean-style "yakiniku" barbecue restaurants and "western-style" fast food (including hamburger restaurants) were the fasting growing market segments with sales growth of 7.8 and 6.6 percent, respectively. U.S. frozen short plate beef, most of which is destined for foodservice, remained a price-competitive option for the average consumer reluctant to pay high prices for domestic beef (see Figure 3).

Figure 3: Average wholesale beef prices



Source: ALIC

2017 also saw the rapid expansion of "stand-up steak" restaurants, a new style of fast-casual dining in which patrons order steaks by the gram and eat them at stand-up countertops. Japan's preeminent "stand-up steak" chain features primarily U.S. chilled cuts on its menu. The proliferation of such restaurants has helped to shatter the consumer myth that quality steaks can only be eaten in expensive steakhouses.

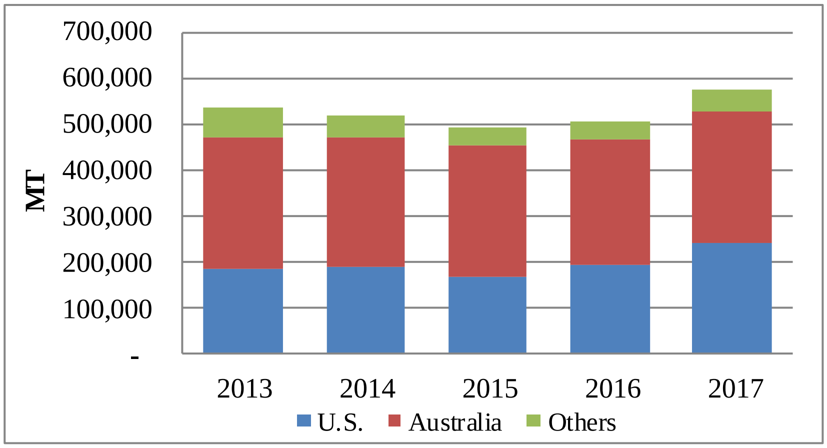
According to ALIC data, household consumption of beef increased 2.5 percent to 2,206 grams per person per year in 2017, compared to 2,152 grams in 2016. While this growth seems modest in comparison to foodservice sales, it reinforces the view that Japanese consumers are eating more beef across the board, both at home and when dining out.

Unexpected growth in beef consumption pushed companies to build extra buffer stocks, driving year-end stock volumes above FAS/Tokyo's previous estimates to 156,000 MT.

Trade (product weight equivalent)

As domestic production remained flat, retailers and foodservice providers increasingly turned to imports to meet growing consumer demand for red meat. In 2017, Japanese beef imports increased 14 percent year-on-year to 572,940 MT. The United States continued to regain market share from Australia, setting a new post-2003 high of 42 percent, up four percent from 2016. Australia's share contracted four percentage points to 50 percent. See Figure 4.

Figure 4: Japanese beef imports (chilled and frozen)



Source: Japanese Ministry of Finance, Global Trade Atlas

Imports of chilled beef increased 16 percent year-on-year to 265,849 MT. U.S. chilled beef was the main driver of import growth in Japan, surging 35 percent year-on-year to 137,025 MT and propelling the United States to surpass Australia (for the first time since 2003) as the leading chilled beef supplier to Japan with a 52 percent share of chilled imports. With Australian supplies of grain-fed beef remaining tight, the United States was well-positioned to capitalize on exceptionally strong demand growth for chilled cuts in the Japanese retail and foodservice markets. Imports of Australian chilled beef increased just 0.5 percent to 117,562 MT.

Overall chilled beef imports remained safely below the safeguard trigger through the third quarter (October-December) of Japanese fiscal year (JFY) 2017. JFY 2017 chilled imports through December stood at 209,375 MT, leaving 82,980 MT available under the trigger to be imported through March 2018. See Supplemental Table 1-A for details.

Japanese imports of frozen beef kept pace, up 12 percent year-on-year to 307,090 MT. Imports from the United States increased 13 percent to 102,555 MT driven primarily by strong demand for short plate cuts, approximately 60,000 MT of which are utilized for beef bowl restaurants, according to industry sources. Imports from Australia increased nine percent to 169,950 MT as demand for frozen trimmings for hamburgers remained solid.

It is difficult to discern the full market impact of the frozen beef safeguard in 2017, which increased tariffs on U.S. frozen beef from 38.5 to 50 percent starting August 1 (see JA7106). While imports of U.S. frozen beef increased over the full course of 2017, growth appeared to taper off after the tariff increase. Nevertheless, some importers opted to pay the higher tariff as a relatively weak U.S. dollar kept U.S. frozen beef prices competitive in the Japanese market. The tariff will revert to 38.5 percent on April 1, 2018.

2018 Market Outlook Update

FAS/Tokyo projects Japan's 2018 cattle slaughter to remain virtually unchanged from 2017, dipping just slightly to 1.040 million head. Wagyu slaughter is projected to increase marginally as high birth numbers in 2016, which surpassed 500,000 head for the first time since 2012, are gradually brought to market. F-1 slaughter, in contrast, is expected to contract on lower 2016 birth numbers. Beef production is projected to stabilize at 470,000 MT on slightly higher finishing weights. Wagyu beef prices are expected to remain high as producers struggle to recoup high costs for feeder cattle.

As Japan's "meat boom" shows no immediate signs of abatement, FAS/Tokyo revises its consumption forecast for 2018 upward to 1.315 million MT. While market saturation is expected at some point, per-capita beef consumption has yet to fully rebound to pre-2003 levels. Based on the latest population data, FAS/Tokyo estimates 2017 Japanese beef consumption at around 10.1 kilograms per person (CWE), up considerably from 9.6 kg/person in 2016, but still short of per-capita consumption levels in 2001 (10.7 kg/person).

FAS/Tokyo raises its previous forecast for 2018 imports up to 832,000 MT on continued strong demand for imported red meat. While it will be difficult to replicate the exceptional growth seen in 2017, particularly for chilled U.S. beef, consumers will continue to seek out price-competitive cuts in retail and foodservice. Frozen imports are expected to increase after the safeguard tariff is removed on April 1, although importers may remain conservative in their initial purchases to avoid a repeat triggering of the safeguard. Import competition is likely to intensify as Australia increases grain-fed beef exports after years of drought (see AS1716). Nevertheless, there remains room for the Japanese market to absorb greater volumes of imported beef as imports in 2017 were still about 20 percent lower than in 2000. Ending stocks are forecast to dip slightly to 140,000 MT as stocks are released to market to meet growing consumer demand.

Pork

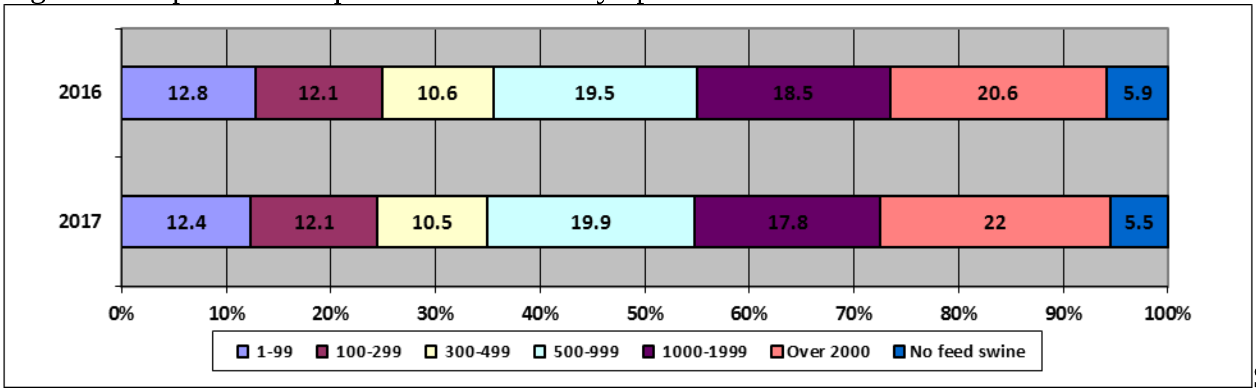
2017 Market Situation Summary

Domestic Production

FAS/Tokyo estimates Japanese swine slaughter held steady at 16.336 million head in 2017 with beginning sow stocks unchanged at 839,000 head. Japan's total pig crop for 2017 increased slightly from previous estimates to 16.785 million head as the industry continued to signal near full recovery from the Porcine Epidemic Diarrhea virus (PEDv) outbreaks which lasted from 2013 to 2016, affecting over 800 hog operations across 38 of Japan's 47 prefectures.

The number of swine farms in Japan continued to contract in 2017, down three percent from the previous year (from 4,830 to 4,670) as hog farmers continued to exit the industry. With overall hog numbers relatively stable, the average farm size increased to 2,001 head-per-farm, up four percent from the previous year. Compared to cattle farms, swine farms in Japan are already relatively integrated with 40 percent of operations raising 1,000 hogs or more and 22 percent with more than 2,000 head. See Figure 5.

Figure 5: Proportion of Japanese swine farm by operation size



Source: MAFF

Consumption

Pork also benefitted from the "meat boom" sweeping over Japan in 2017. FAS/Tokyo estimates that pork consumption increased four percent from the previous year to 2.746 million MT. While only 26 percent of pork is consumed in foodservice, compared to 63 percent for beef (see Figure 7), pork features prominently alongside beef in Korean barbecue style "yakiniku" which was the fastest growing foodservice segment in 2017.

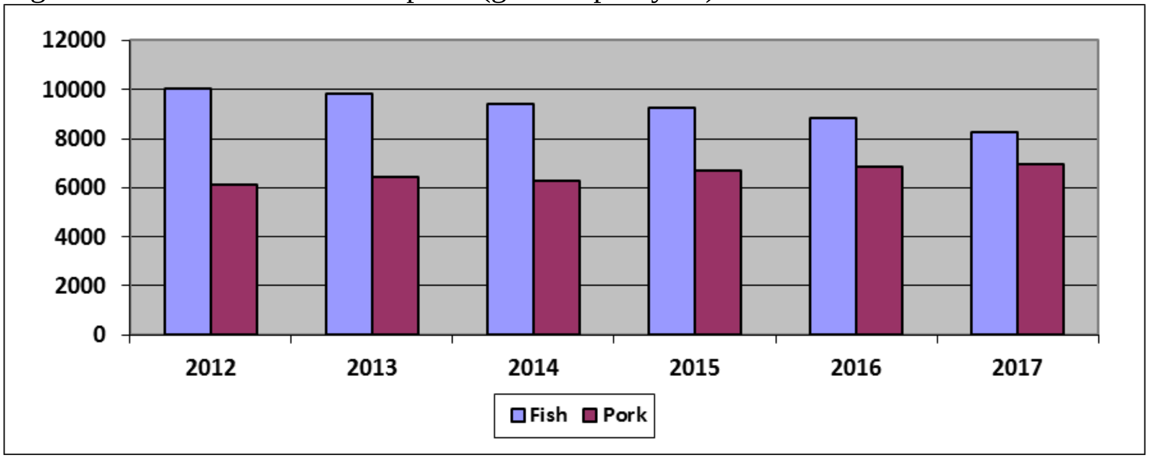
Table 1: Proportion of meat consumption (percentage basis)

	Home/table use	Further processing	Others (restaurants, ready-to-eat, etc.)
Beef	32	5	63
Pork	50	24	26
Chicken	40	7	53

Source: ALIC

FAS/Tokyo estimates that per-capita consumption of pork increased four percent in 2017 to 19.6 kg/person, suggesting that retail demand, which accounts for 50 percent of pork consumption, grew in tandem with foodservice demand. Despite Japan's declining population, the incoming generation of retirees (65 and up) is considered to have a greater affinity for meat, having grown up with western-style fast food, as opposed to fish which was preferred by the previous generation. Popular media have indeed encouraged elderly people to eat more meat in order to combat nutrition deficiency. Declining fish consumption in recent years is clearly correlated with increasing consumption of pork (see Figure 6).

Figure 6: Pork and fish consumption (gram/capita/year)



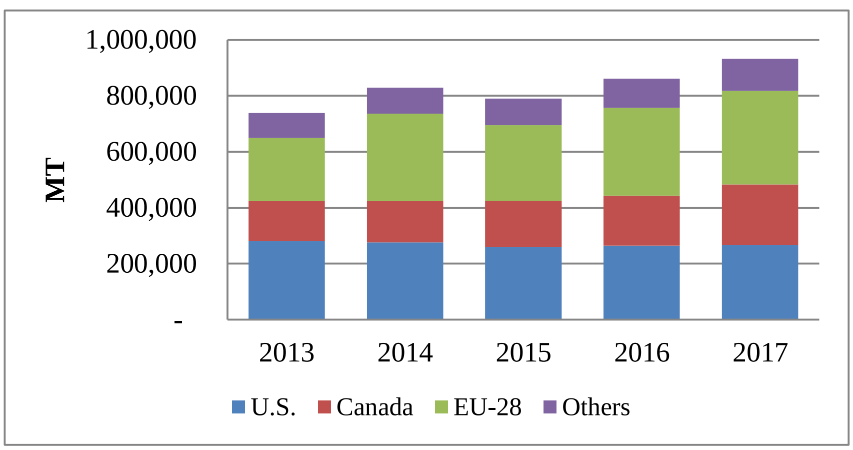
Source: Ministry of Internal Affairs and Communications

Higher volumes of chilled and frozen pork were sufficient to meet increased demand, leaving ending stocks steady at 222,000 MT.

Trade (product weight equivalent)

Japan's pork imports reached 932,060 MT in 2017, up eight percent from the previous year. The European Union (EU), which primarily exports frozen pork to Japan, increased its market share to 36 percent to remain Japan's leading pork supplier. The United States, which supplies both chilled and frozen product to Japan, remained in second place as its share dipped slightly to 29 percent. Canada was the third largest foreign supplier with 23 percent. See Figure 7.

Figure 7: Japanese pork imports (chilled and frozen)

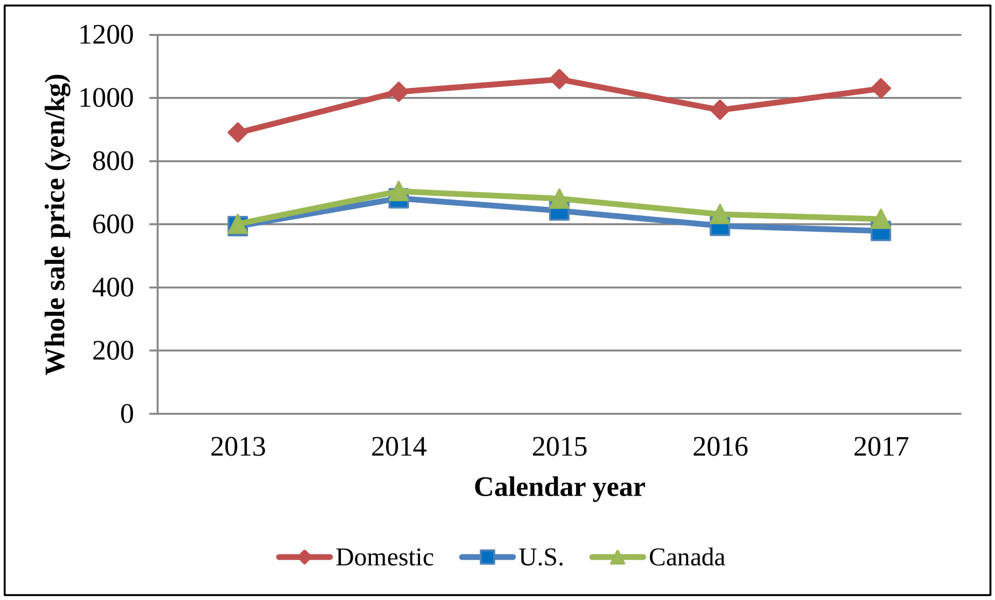


Source: Japanese Ministry of Finance, Global Trade Atlas

Frozen imports totaled 533,211 MT in 2017, up five percent from the previous year. The European Union continued to dominate the frozen sector with a 62 percent market share as Japan increased its imports from the bloc by seven percent to 334,664 MT. A significant volume of imported EU pork goes to further processing while remaining volumes go primarily to the foodservice industry.

Chilled imports rose 12 percent from the previous year to 398,849 MT in 2017. The United States and Canada together accounted for 97 percent of this segment, though competition between the two suppliers remained fierce. While imports of U.S. chilled imports increased three percent on the year to 213,256 MT, Canadian imports surged 27 percent higher to 174,161 MT. The United States remained the largest chilled pork supplier to Japan, but ended up ceding four percentage points of market share to Canada, leaving the two countries with 53 and 44 percent, respectively. Industry sources report that buyers remain keen to diversify supply in the wake of the 2015 West Coast port strike and that imported Canadian pork has succeeded in meeting their specification needs. Both U.S. and Canadian chilled pork remained price-competitive compared to domestic chilled pork (see Figure 8).

Figure 8: Average wholesale chilled pork prices



Source: ALIC

2018 Outlook

With beginning sow stocks relatively unchanged in 2018, FAS/Tokyo projects Japanese hog slaughter to remain flat at 16.340 million head. Projected pork production is revised slightly upward to 1.280 million MT on marginally heavier carcass yields due to improved feed efficiency on larger hog operations.

Consumption trends are unlikely to change as Japanese consumers continue to shift away from fish towards pork and other meats. With the “meat boom” expected to leave its mark on the market for years to come, FAS/Tokyo revises its pork consumption forecast for 2018 slightly higher to 2.765 million MT. With production flat, increased demand is likely to be met by higher volumes of imported pork which FAS/Tokyo forecasts at 1.485 million MT. Chilled pork will continue to feature prominently in retail and mid-to-high range foodservice as the United States and Canada compete for this segment. Ending stocks are forecast to remain around 220,000 MT as wholesalers and processors prepare ample supplies for the following year.

Supplemental Tables:

Table 1-A: Beef Safeguard Monitor

I-a. Safeguard Trigger Levels for All Trade Partners for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton (Customs Clearances Basis)

	Trigger Levels after Adjustments per EPA with Australia	**Cum. Total**			
Chilled Beef					
		Actual	April	May	June
I (Apr. - Jun.)	**74,339**	**68,826**	22,861	22,600	23,365
			July	August	September
I - II (Apr. - Sept.)	**152,456**	**141,579**	22,042	25,486	25,225
			October	November	December
II - III (Apr. -	**230,642**	**209,375**	22,397	21,990	23,409
			January	February	March
III - IV (Apr. -	**292,355**				
Frozen Beef					
		Cum. Total			
		Actual	April	May	June
I (Apr. - Jun.)	**89,140**	**89,253**	28,599	33,837	26,817
			July	August	September
I - II (Apr. - Sept.)	**181,569**	**180,640**	34,392	21,371	35,624
			October	November	December
II - III (Apr. -	**261,484**	**244,693**	20,949	19,554	23,550
			January	February	March
III - IV (Apr. -	**334,489**				

Source: Ministry of Finance

I-b. Safeguard Trigger Levels for Non-EPA Trade Partners for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton (Customs Clearances Basis)

	Trigger Level Outside SSG* per EPAs	Cum. Total			
Chilled Beef					
		Actual Entry	April	May	June
I (Apr. - Jun.)	**33,019**	**36,927**	12,365	11,824	12,738
			July	August	September
I - II (Apr. - Sept.)	**67,720**	**77,784**	11,867	14,496	14,494
			October	November	December
II - III (Apr. - Dec.)	**105,714**	**114,390**	12,528	11,810	12,268
			January	February	March
III - IV (Apr. - Mar.)	**142,868**				
Frozen Beef					
		Cum. Total			
		Actual Entry	April	May	June
I (Apr. - Jun.)	**35,468**	**37,823**	11,349	15,215	11,259
			July	August	September
I - II (Apr. - Sept.)	**76,070**	**76,337**	19,978	5,639	12,897
			October	November	December
II - III (Apr. - Dec.)	**106,221**	**101,137**	8,992	7,501	8,307
			January	February	March
III - IV (Apr. - Mar.)	**140,556**				

Source: Ministry of Finance

Note: With the January 15, 2015 implementation of the Japan-Australia Economic Partnership Agreement (JAEPA), Japan adjusted the beef safeguard trigger mechanism, such that the beef safeguard is triggered only if the following two conditions are met:

1. Cumulative quarterly imports for chilled and for frozen beef (each calculated separately) from the world exceed 117 percent of the previous year's imports (Table 1-A: I-a), **AND**
2. Cumulative quarterly imports for chilled and for frozen beef (each calculated separately) from all non-EPA partner countries (i.e., imports from the United States, Canada and New Zealand plus imports from EPA partner countries in excess of EPA beef tariff rate quota limits) exceed 117 percent of the previous year's imports (see Table 1-A: I-b).

Exceeding the trigger level for only one of the above conditions will not trigger the beef safeguard.

In the event that the trigger levels for both conditions are exceeded, then the import duty for non-EPA trade partners would revert to 50 percent (from the current 38.5 percent), while the import duty for EPA trade partners would climb to 38.5 percent. Prior to this adjustment, the so-called special safeguard (SSG) trigger level was calculated from imports from all trade partners, as in Tables I-a.

I-c. Safeguard Trigger for Australian Beef Under JAEPA for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton (Customs Clearances Basis)

Chilled Beef, Annual SG	**135,000**	**Cum. Total**			
		Actual Entry	April	May	June
		31,470	10,466	10,592	10,412
			July	August	September
		62,776	9,959	10,804	10,543
			October	November	December
		93,314	9,626	9,942	10,970
			January	February	March

Source: Ministry of Finance

Unit: Metric Ton (Customs Clearances Basis)

Frozen Beef, Annual SG	**200,000**	**Cum. Total**			
		Actual Entry	April	May	June
		49,853	16,979	17,998	14,876
			July	August	September
		100,734	13,837	15,001	22,043
			October	November	December
		138,149	11,295	11,343	14,777
			January	February	March

Source: Ministry of Finance

Table I-c represents annual safeguard monitoring results for Australian beef under JAEPA and the table below represents the tariff reduction and safeguard trigger levels for Australian beef under the JAEPA. Tariff reductions for Australian chilled and frozen beef were substantially front-loaded in the first two years of the agreement, after which annual tariff reductions will slow considerably (roughly 0.6 percent per annum for chilled beef; roughly 0.3 percent per annum for frozen beef from years 3-12 and 0.9 percent per annum for years 13-18).

I-d. Japan-Australia Economic Partnership Agreement Tariff Reduction Schedule

			Tariff Reduction Schedule								Remarks
Frozen Beef		JFY (April -	JFY 2014	JFY 2015	JFY 2016	**JFY 2017**	JFY 2018	Year 10	11-17	18	(50% reduction after 18 Years)
	Tariff Rate	38.5% (Bound	30.5	28.5	27.5	**27.2**	26.9	25.6	~	19.5	
	Safeguard Trigger Level		195	196.7		**200**	201.7	210			The level to be re-negotiated after 10
Chilled Beef		JFY (April -	JFY 2014	JFY 2015	JFY 2016	**JFY 2017**	JFY 2018	10	11-14	15	
	Tariff Rate	38.5% (Bound	32.5	31.5	30.5	**29.9**	29.3	26.4	~	23.5	(40% reduction after 15 years)
	Safeguard Trigger Level		130	131.7		**135**	136.7	145			The level to be re-negotiated after 10

Source: MAFF Meat and Egg Division

Table 1-B: Pork Safeguard Monitor

Pork Safeguard Trigger Levels for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton

	Trigger Level	**Cum. Total**			
	Quarterly Cum.	**Actual Entry**	April	May	June
I (Apr. - Jun.)	**227,647**	**208,219**	69,042	67,833	71,344
			July	August	September
I - II (Apr. - Sept.)	**455,999**	**408,612**	66,131	69,239	65,023
			October	November	December
I - III (Apr. - Dec.)	**683,525**	**628,256**	69,566	76,249	73,829
			January	February	March
I - IV (Apr. - Mar.)	**898,613**				

Source: Ministry of Finance

Table 2-A: Monthly Ending Beef Stock Estimate

Unit: Metric Ton (CWE converted)

Month/Year	**2014**	**2015**	**% Chg.**	**2016**	**% Chg.**	**2017**	**% Chg.**
Jan.	166,335	184,775	11%	177,155	-4%	147,329	-8%
Feb.	155,893	176,648	13%	168,689	-5%	144,337	-14%
Mar.	150,046	178,385	19%	162,392	-9%	143,910	-11%
Apr.	149,295	188,873	27%	160,255	-15%	143,895	-10%
May	145,508	196,265	35%	167,520	-15%	147,473	-12%
Jun.	154,976	202,262	31%	171,811	-15%	151,698	-12%
Jul.	161,944	202,241	25%	177,565	-12%	159,134	-10%
Aug.	171,396	198,636	16%	178,413	-10%	162,439	-9%
Sept..	181,558	200,381	10%	174,805	-13%	166,804	-9%
Oct.	188,727	197,273	5%	162,847	-17%	165,682	2%
Nov.	191,113	196,574	3%	158,376	-19%	164,479	4%
Dec.	185,395	185,345	-0%	151,116	-18%	155,753	3%

Source: ALIC monthly data

Table 2-B: Monthly Ending Pork Stock Estimates

Unit: Metric Ton (CWE Converted)

Month/Year	2014	2015	% Chg.	2016	% Chg.	2017	% Chg
Jan.	213,346	240,042	13%	218,539	-9%	228,337	4%
Feb.	209,024	233,146	12%	218,742	-6%	222,435	2%
Mar.	210,978	232,172	10%	220,194	-5%	230,775	5%
Apr.	213,498	244,282	14%	225,502	-8%	226,226	0%
May	229,268	251,971	10%	231,754	-8%	236,863	2%
Jun.	244,787	245,311	0%	234,361	-4%	235,581	1%
Jul.	266,367	238,221	-11%	223,907	-6%	228,890	2%
Aug.	274,021	232,287	-15%	229,206	-1%	230,182	0%
Sept..	275,977	220,672	-20%	220,194	-0%	222,369	1%
Oct.	286,718	213,147	-26%	212,792	-0%	217,122	2%
Nov.	264,953	207,094	-22%	213,507	3%	220,510	3%
Dec.	245,651	200,170	-19%	210,908	5%	222,074	5%

Source: ALIC monthly data

Table 3-A: Japanese Year Beginning Cattle Inventory

Beef Cattle Inventory (Part 1)

Unit: Farm/Head

Year Beginning (As of Feb. 1)	Total Number of Farms	Grand Total (Beef and Dairy Breed Combined)	Beef Breed Total				
			Beef Breed Total	Black Wagyu	Brown Wagyu	Others	Cows for Breeding (Cow Calf Rearing)
2008	80,400	2,890,000	1,823,000	1,734,000	30,400	58,100	667,300
2009	77,300	2,923,000	1,889,000	1,810,000	28,800	50,400	682,100
% Chg.	-4%	1%	4%	4%	-5%	-13%	2%
2010	74,400	2,892,000	1,924,000	1,853,000	26,000	44,700	683,900
% Chg.	-4%	-1%	2%	2%	-10%	-11%	0%
2011	69,600	2,763,000	1,868,000	1,805,000	24,500	38,700	667,900
% Chg.	-6%	-4%	-3%	-3%	-6%	-13%	-2%
2012	65,200	2,723,000	1,831,000	1,773,000	22,700	35,700	642,200
% Chg.	-6%	-1%	-2%	-2%	-7%	-8%	-4%
2013	61,300	2,642,000	1,769,000	1,714,000	21,700	33,300	618,400
% Chg.	-6%	-3%	-3%	-3%	-4%	-7%	-4%
2014	57,500	2,567,000	1,716,000	1,663,000	21,100	31,900	595,200
% Chg.	-6%	-3%	-3%	-3%	-3%	-4%	-4%
2015	54,400	2,489,000	1,661,000	1,612,000	20,800	28,300	579,500
% Chg.	-5%	-3%	-3%	-3%	-1%	-11%	-3%
2016	51,900	2,479,000	1,642,000	1,594,000	20,500	27,400	588,100
% Chg.	-5%	0%	-1%	-1%	-1%	-3%	1%
2017	50,100	2,499,000	1,664,000	1,618,000	21,000	25,000	597,300
% Chg.	-3%	1%	1%	2%	2%	-8%	2%

Beef Cattle Inventory (Part 2 - Continuation of Part 1)

Year Beginning (As of Feb. 1)	Dairy Breed Total				Average Number of Cattle Raised per Farm
	Dairy Breed Total	Holstein and Others	F-1 Crossbreed (Holstein x Wagyu)	% Share of F-1 Cross Breed in Total Dairy Breed	
2008	1,067,000	431,600	635,700	60%	36
2009	1,033,000	411,300	622,100	60%	38
% Chg.	-3%	-5%	-2%		5%
2010	968,300	421,000	547,300	57%	39
% Chg.	-6%	2%	-12%		3%
2011	894,800	411,800	483,000	54%	40
% Chg.	-8%	-2%	-12%		2%
2012	891,700	392,500	499,100	56%	42
% Chg.	0%	-5%	3%		5%
2013	873,400	375,500	497,900	57%	43
% Chg.	-2%	-4%	0%		3%
2014	851,400	367,500	483,900	57%	45
% Chg.	-3%	-2%	-3%		3%
2015	827,700	345,300	482,400	58%	46
% Chg.	-3%	-6%	0%		3%
2016	837,100	331,800	505,300	60%	48
% Chg.	1%	-4%	5%		4%
2017	834,700	313,100	521,600	62%	50
% Chg.	0%	-6%	3%		4%

Source: MAFF Livestock Statistics

Dairy Cow Inventory

Unit: Farm/Head

Year Beginning (As of Feb. 1)	Total Number of Dairy Farms	Total Number of Dairy Cows	Dairy Cows					Heifers	Animals
			Total	Cow			Heifer		
				Sub	Milking	Dry			
2008	24,400	1,533,000	1,075,000	998,200	861,500	136,700	76,500	458,000	63
2009	23,100	1,500,000	1,055,000	985,200	848,000	137,200	69,600	445,100	65
% Chg.	-5%	-2%	-2%	-1%	-2%	0%	-9%	-3%	3%
2010	21,900	1,484,000	1,029,000	963,800	829,700	134,100	65,600	454,900	68
% Chg.	-5%	-1%	-2%	-2%	-2%	-2%	-6%	2%	4%
2011	21,000	1,467,000	999,600	932,900	804,700	128,200	66,700	467,800	70
% Chg.	-4%	-1%	-3%	-3%	-3%	-4%	2%	3%	3%
2012	20,100	1,449,000	1,012,000	942,600	812,700	129,900	69,700	436,700	72
% Chg.	-4%	-1%	1%	1%	1%	1%	4%	-7%	3%
2013	19,400	1,423,000	992,100	923,400	798,300	125,100	68,700	431,300	73
% Chg.	-3%	-2%	-2%	-2%	-2%	-4%	-1%	-1%	2%
2014	18,600	1,395,000	957,800	893,400	772,500	121,000	64,400	436,800	75
% Chg.	-4%	-2%	-3%	-3%	-3%	-3%	-6%	1%	2%
2015	17,700	1,371,000	934,100	869,700	750,100	119,600	64,400	437,200	78
% Chg.	-5%	-2%	-2%	-3%	-3%	-1%	0%	0%	3%
2016	17,000	1,345,000	936,700	871,000	751,700	119,300	65,800	408,300	79
% Chg.	-4%	-2%	0%	0%	0%	0%	2%	-7%	2%
2017	16,400	1,323,000	913,800	852,100	735,200	116,900	61,700	409,300	81
% Chg.	-4%	-2%	-2%	-2%	-2%	-2%	-6%	0%	3%

Note: 99 percent of dairy cows raised in Japan are Holstein breed.

Source: MAFF Livestock Statistics

Table 3-B: Japanese Year Beginning Swine Inventory

National
Swine
Inventory
Data

Year	Number of Swine Farms		Number Raised					Average Number of Swine Raised
		Of Farms	Total	Breeding	Breeding	Hogs	Others	
2001	10,800	9,450	9,788,000	921,500	67,900	8,214,000	584,900	906.3
2002	10,000	8,790	9,612,000	916,400	67,900	8,028,000	599,000	961.2
2003	9,430	8,290	9,725,000	929,300	66,000	8,057,000	673,000	1031.3
2004	8,880	7,770	9,724,000	917,500	63,000	8,052,000	690,900	1095.0
2005	Census Year							
2006	7,800	6,780	9,620,000	907,100	60,000	7,943,000	710,700	1233.3
2007	7,550	6,560	9,759,000	915,000	58,000	8,119,000	667,100	1292.6
2008	7,230	6,250	9,745,000	910,100	57,400	8,117,000	660,900	1347.9
2009	6,890	5,930	9,899,000	936,700	57,100	8,220,000	685,700	1436.7
2010	Census Year							
2011	6,010	5,110	9,768,000	901,800	51,800	8,186,000	628,700	1625.3
2012	5,840	4,900	9,735,000	900,000	51,900	8,145,000	638,700	1667.0
% Chg.	-3%	-4%	0%	0%	0%	-1%	2%	3%
2013	5,570	4,620	9,685,000	899,700	49,100	8,106,000	629,500	1738.8
% Chg.	-5%	-6%	-1%	0%	-5%	0%	-1%	4%
2014	5,270	4,290	9,537,000	885,300	47,500	8,020,000	583,300	1809.7
2015	Census Year							
2016	4,830	3,940	9,313,000	844,700	42,600	7,743,000	682,500	1,928.2
% Chg.	-8%	-8%	-2%	-5%	-10%	-3%	17%	7%
2017	4,670	3,800	9,346,000	839,300	43,500	7,797,000	666,400	2,001.3
% Chg.	-3%	-4%	0%	-1%	2%	1%	-2%	4%

Source: MAFF