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# Japan

# Grain and Feed Annual

# Grain and Feed Annual 2012

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**Report Highlights:**
The Great East Japan Earthquake of March 11, 2011 devastated, both physically and emotionally, a country that had already been suffering from a stagnant economy. The so-called "triple disaster" also challenged Japan's food security regime. During this unprecedented crisis, Japan's food supply system demonstrated remarkable resilience and strength in its ability to secure ample, undisrupted supplies of food for people in the affected regions and feed for livestock animals. Despite economic setbacks and infrastructural damage, which have not been overcome, the fundamentals of Japan's food and feed industry remain sound, attesting to the robustness of Japan's food security system which relies on both domestic production and the availability of reliable imports.

## Executive Summary:
### THE GREAT EAST JAPAN EARTHQUAKE

A massive 9.0 magnitude earthquake and subsequent tsunami hit Japan's north east pacific coastal region on March 11, 2011. These natural disasters caused a failure of Fukushima Daiichi Nuclear Power Plant, which then led to a nuclear crisis including contamination of food by disseminated radionuclides. The triple disaster devastated cities, towns, and villages of the prefectures located along the coast line washing away buildings and infrastructure as far as 6 miles inland and took the lives of over 24,000 people.

According to the Ministry of Agriculture, Forestry and Fisheries (MAFF), approximately 23,600 hectares of arable land were damaged and estimates of physical/infrastructural damages to the agricultural, fisheries and forestry sectors have reached 30 billion dollars. This does not include the cost of radionuclide-affected farm products taken out of the marketplace, for which the producers are entitled to compensation. Affected farm products include numerous horticultural products, rice, milk, beef and some fish. However, detection of radionuclides above the regulatory thresholds has been diminishing and only a few marketing restrictions remain.

**Table 1.**
***Estimated Damage to Arable Land (in hectares)***

| Prefecture | Total Arable Land | Land Damaged | % | Rice Paddy | Other |
|---|---|---|---|---|---|
| Aomori | 156,800 | 79 | 0.05% | 76 | 3 |
| Iwate | 153,900 | 1,838 | 1.19% | 1,172 | 666 |
| Miyagi | 136,300 | 15,002 | 11.01% | 12,685 | 2,317 |
| Fukushima | 149,900 | 5,923 | 3.95% | 5,588 | 335 |
| Ibaraki | 175,200 | 531 | 0.30% | 525 | 6 |
| Chiba | 128,800 | 227 | 0.18% | 105 | 122 |
| Total | 900,900 | 23,600 | 2.62% | 20,151 | 3,449 |

Source: MAFF

**Table 2.**
***Damage to Agriculture, Forestry and Fisheries***

| Category | Damage | Number | Value (in Billion Yen) |
|---|---|---|---|
| Fisheries | Boats | 28,612 | 182.2 |
| | Port facilities | 319 | 823.0 |
| | Aquaculture facilities | | 73.8 |
| | Aquaculture products | | 59.7 |
| | Other shared facilities | 1,725 | 124.9 |
| Subtotal | | | 1,263.7 |
| Agriculture | Physical damage on arable land | 17,456 | 401.2 |
| | Facilities (irrigation, etc) | 21,866 | 429.0 |
| Subtotal | | | 830.2 |
| Ag production | Crops, animals | | 14.0 |
| | Facilities (silos, barns, etc) | | 48.7 |
| Subtotal | | | 62.6 |
| Forestry | Forests (affected by tsunami) | 429 | 23.8 |
| | Facilities | 255 | 116.7 |

| | | | |
|---|---|---|---|
| | Mountain road facilities | 2,632 | 4.2 |
| | Physical damage in forests in hills/mountains | 1,065 ha | 1.0 |
| | Manufacture/distribution facilities | 112 | 50.8 |
| | Other facilities | 473 | 2.5 |
| Subtotal | | | 198.9 |
| TOTAL | | | 2,355.4 |

Source: MAFF

The following links to relevant Japanese government agencies provide useful information on the situation surrounding the radionuclide contamination of food in Japan.

Radioactive Contamination of Food in Japan (Food Safety Commission and the Ministry of Health, Labor and Welfare)

http://www.fsc.go.jp/english/emerg/radiological_index.html
http://www.mhlw.go.jp/english/topics/2011eq/index.html

## Commodities:

Rice, Milled

## Author Defined:

**COMMODITY REPORT**

**RICE**

***Production Normal Despite Earthquake/Tsunami***

MAFF estimates about 20,000 hectares of rice paddy, which could have produced about 90,000 metric tons of rice, were damaged by the 3/11 tsunami. In addition, a ban on planting in the no-go zones near Fukushima Daiichi Nuclear Power Plant accounts for approximately 50,000 metric tons of rice taken out of expected production volume. Despite these damages, overall national production of rice in 2011 ended at normal 8,402,000 metric tons (MT), brown rice basis, and remained at last year's level.

**Table 3.**
***Japan's Rice Production (Brown Basis)***

| | Planted Area (1,000 hectares) | | | Production (1,000 MT) | | | Yield/10 ares (kilograms) | |
|---|---|---|---|---|---|---|---|---|
| | Total | Paddy | Upland | Total | Paddy | Upland | Paddy | Upland |
| 2007 | 1,673 | 1,669 | 4 | 8,714 | 8,705 | 9 | 522 | 257 |
| 2008 | 1,627 | 1,624 | 3 | 8,823 | 8,815 | 8 | 543 | 265 |
| 2009 | 1,624 | 1,621 | 3 | 8,474 | 8,466 | 8 | 522 | 276 |
| 2010 | 1,628 | 1,625 | 3 | 8,483 | 8,478 | 5 | 522 | 189 |
| 2011 | 1,576 | 1,574 | 2 | 8,402 | 8,397 | 5 | 522 | 220 |

Source: MAFF

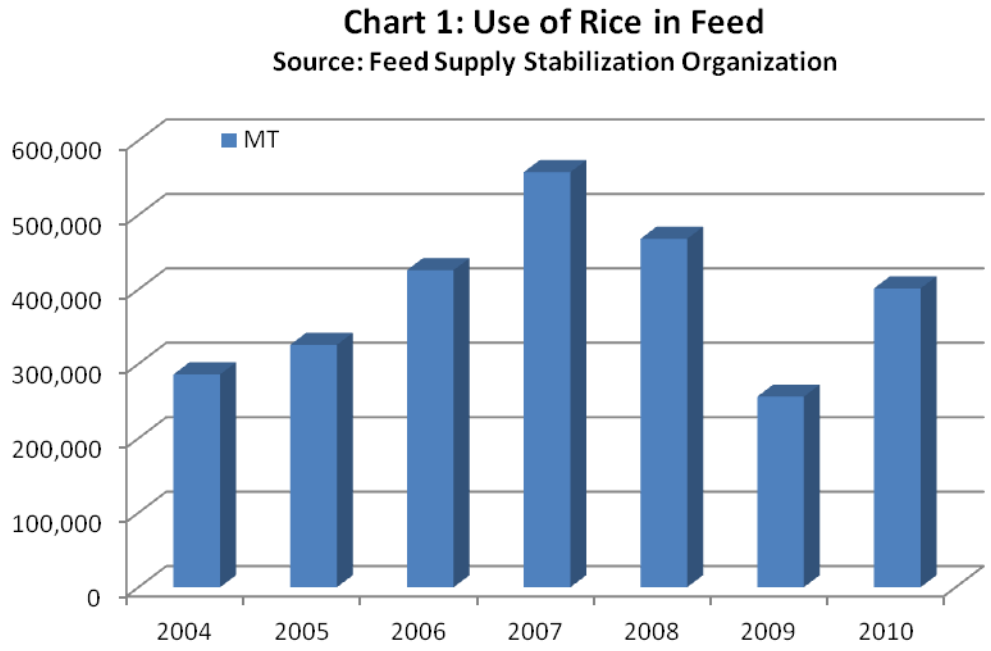
***Overall Consumption Remains Sluggish and Chronic Surplus Continues***

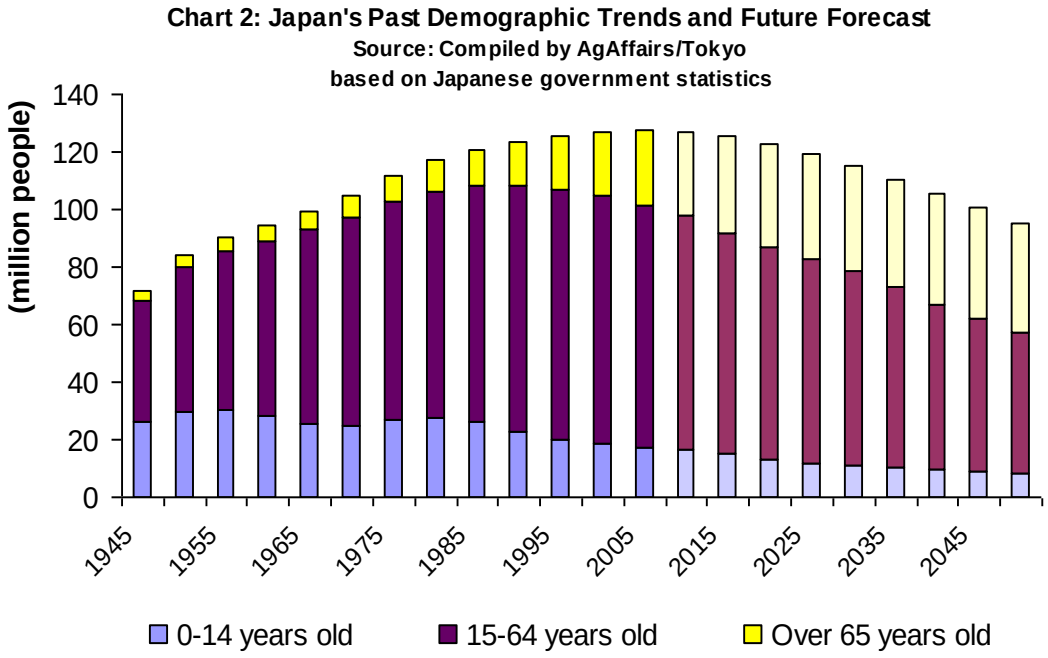
Per capita consumption of rice in Japan has been steadily declining since its peak in 1962, and finally went below the 60 KG mark in 2008. MAFF forecasts the aggregate table rice demand for 2011/12 to be 8,049,000 MT. The 2010 harvest of 8,402,000 MT will add some 353,000 MT to the stocks. In order to reduce surplus rice supply, MAFF has been pushing rice into the feed sector where the utilization ratio of rice in compound and mixed feed increased from 0.1 percent (or 13,464 MT) in 2003 to 2.3 percent (or 557,571 MT) in 2007 (Chart 1). In 2008, the feed use of rice declined to 468,000 MT and to 256,020 MT in 2009. It appeared that incentive to use feed rice, as opposed to conventional feed grains, had diminished. However, as the coarse grain prices started to surge once again, feed millers returned to rice in 2010/2011 and rice utilization in feed recovered to 400,000 MT. On the table rice side, the four-decade-long downward trend in consumption will not likely be reversed, given the demographic situation depicted in Chart 2, where Japan's population peaked in 2005, faster than previously forecast, and is also aging rapidly (one out of four Japanese will be older than 65 by 2015).

**Table 4.**
***Annual Per Capita Consumption of Rice in Japan (Kilograms)***

| 1962 | 1965 | 1975 | 1985 | 1995 | 2005 | 2009 | 2010 | 2011* |
|---|---|---|---|---|---|---|---|---|
| 118.3 | 111.7 | 88.0 | 74.6 | 67.8 | 61.4 | 58.5 | 59.5 | 59.0 |

* Ag Office estimate
Source: MAFF






As a result of a reduction in rice consumption, as well as a decline in price over the years, household expenditures on rice have been cut by more than half during the last two decades. The average Japanese household now spends slightly over three percent of food expenditures on rice.

**Table 5.**

***Average Monthly Expenditures on Rice by Japanese Household (in Yen)***

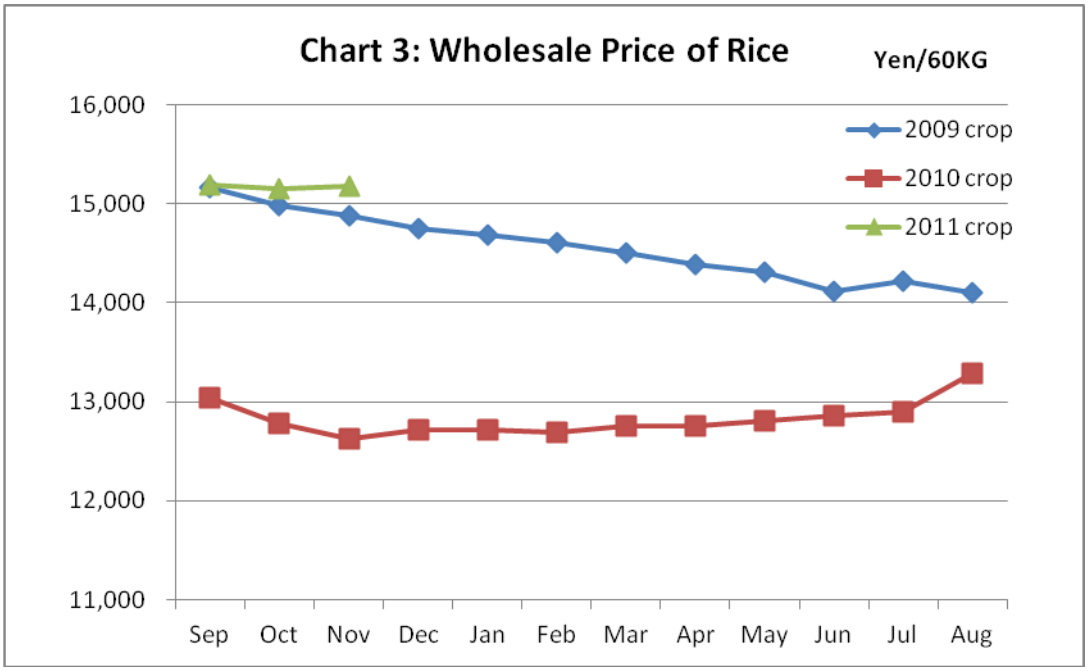
| | 2000 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|
| Total Expenditure | 317,133 | 295,332 | 297,139 | 297,102 | 291,737 | 290,244 | 282,955 |
| Food Expenditure | 73,844 | 68,178 | 68,522 | 69,145 | 68,322 | 67,563 | 66,901 |
| Expenditure on Rice | 3,291 | 2,523 | 2,506 | 2,515 | 2,419 | 2,276 | 2,193 |
| % rice/food | 4.50% | 3.70% | 3.66% | 3.64% | 3.54% | 3.37% | 3.28% |

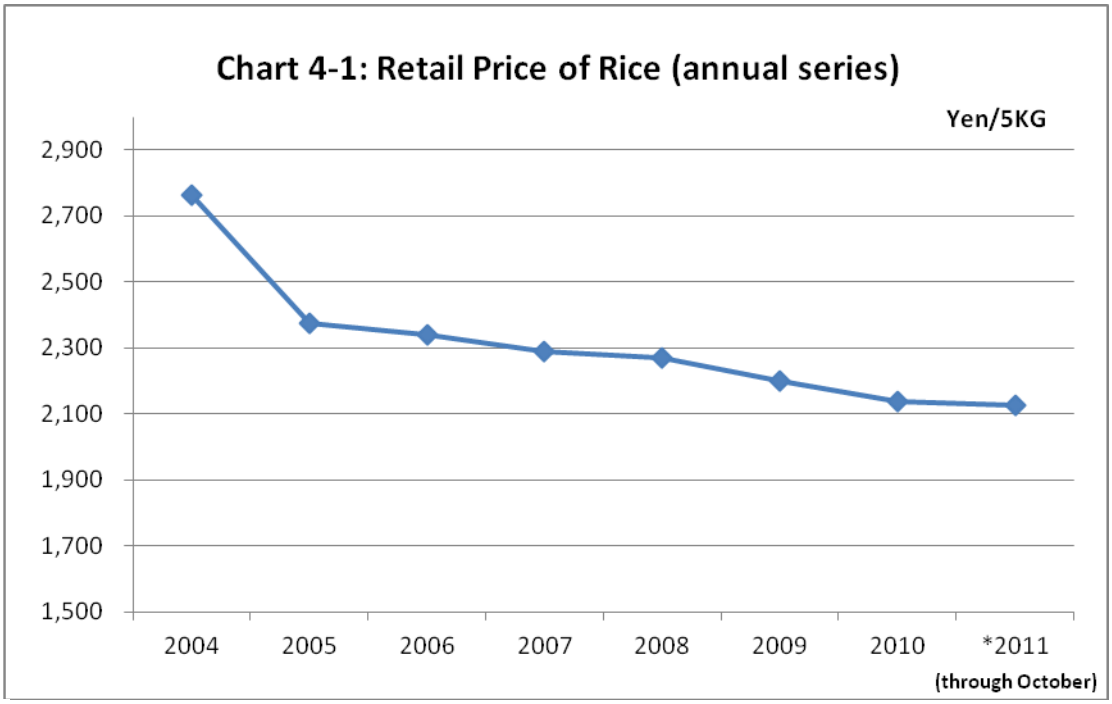
Source: Ministry of Management, Home Affairs, Post and Telecommunications

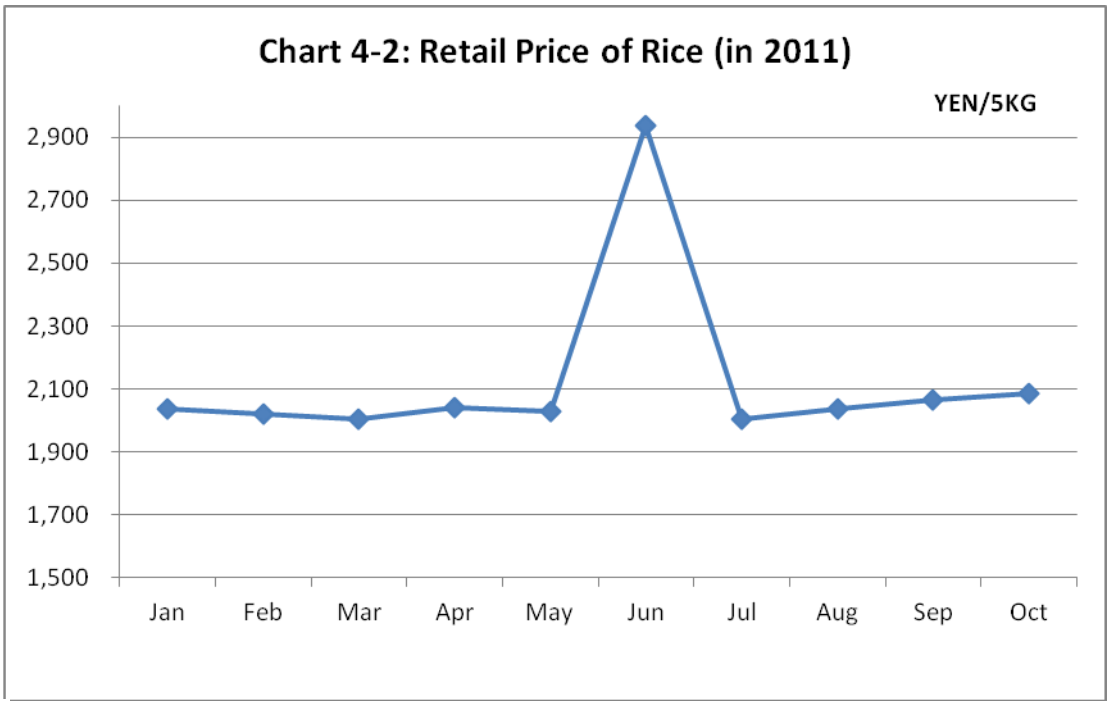
***Wholesale Price of 2011 Crop Rebounds to 2009 Level while Retail Price Stays Flat***

The tables below show the wholesale and retail price trends. Following the Great East Earthquake, there was some consumer hoarding of rice as emergency household stocks. The retail price spike in June 2011 reflects that movement (***Chart 4-2***). Then, the radiation scare caused by the Fukushima Daiichi Nuclear Power Plant failure and subsequent detection of above-regulatory-level of radionuclides in rice harvested near the nuclear power plant drove up the wholesale price. Post's trade sources see this situation as somewhat artificial in that there is an abundant supply of rice but some farmers are unwilling to release their newly harvested rice to major wholesalers in speculation that the strong price will be sustained. However, stores

are reluctant to raise the retail price under the struggling economy. Supply and demand will eventually dictate both the wholesale and retail price in the longer term, which is unmistakably downward.






**Launch of Rice Futures Market**

After a long heated debate, in July 2011, MAFF approved the request by the Tokyo Grain Exchange (TGE) and Kansai Commodities Exchange (KCE) for authorization for the pilot listing of rice futures. In fact, rice futures started in Osaka in 1730 and became the model for the Chicago Mercantile Exchange. Rice was traded at the TGE until 1939 when it was closed after the government implemented total distribution control. Trading commenced in August. Since eligible brands are limited, and given the seemingly tight supply situation, activities at these two futures markets have been slow. (Please see the links below for the trading terms and daily activity reports.) However, this is a significant move because MAFF overrode adamant resistance by JA (The National Federation of Agricultural Co-operatives Association Japan Agricultural Cooperative). JA controls over 50 percent of rice distribution and it feared rice futures would threaten its position as the price setter. Regardless of JA's concern, the futures market is a positive move towards increased transparency in Japan's price setting mechanism.

Tokyo Grain Exchange: http://www.tge.or.jp/english/index.shtml
Kansai Commodities Exchange: http://www.kanex.or.jp/english/index-eng.htm

***Japan Expected to Meet Import Commitment in 2010***

As of February 15, 2011, four Simultaneous Buy and Sell (SBS) tenders and nine Ordinary Minimum Access (OMA) tenders have been held for the current Japan Fiscal Year 2011 (April 2011-March 2012). Every year, Japan is expected to fulfill its WTO commitment of 682,000 MT on the milled rice basis. Due to the tight supply situation, though speculative in nature, for domestic rice, Japanese importers/wholesalers have participated in SBS tenders more actively this year than last year.

**Table 6.**
***Results of Japan's Minimum Access Rice Tenders***
***JFY 1995-2011***
***(Actual Tonnage)***

| | U.S. | Thailand | Australia | China | Others | Total |
|---|---|---|---|---|---|---|
| ***JFY2011 (as of February 15, 2012)*** | | | | | | |
| SBS | 23,928 | 7,822 | 16,134 | 51,095 | 1,021 | 100,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| *Share* | *23.9%* | *7.8%* | *16.1%* | *51.1%* | *1.0%* | *100.0%* |
| OMA | 243,000 | 158,800 | 36,000 | 0 | 6,000 | 443,800 |
| *Share* | *54.8%* | *35.8%* | *8.1%* | *0.0%* | *1.4%* | *100.0%* |
| Total | 266,928 | 166,622 | 52,134 | 51,095 | 7,021 | 543,800 |
| Share | *49.1%* | *30.6%* | *9.6%* | *9.4%* | *1.3%* | *100.0%* |
| ***JFY2010*** | | | | | | |
| SBS | 22,210 | 11,010 | 0 | 3,468 | 538 | 37,226 |
| *Share* | *59.7%* | *29.6%* | *0.0%* | *9.3%* | *1.4%* | *100.0%* |
| OMA | 295,000 | 296,482 | 36,000 | 13,000 | 0 | 640,482 |
| *Share* | *46.1%* | *46.3%* | *5.6%* | *2.0%* | *0.0%* | *100.0%* |
| Total | 317,210 | 307,492 | 36,000 | 16,468 | 538 | 677,708 |
| Share | *46.8%* | *45.4%* | *5.3%* | *2.4%* | *0.1%* | *100.0%* |
| ***JFY2009*** | | | | | | |
| SBS | 22,191 | 13,628 | 0 | 63,835 | 346 | 100,000 |
| *Share* | *22.2%* | *13.6%* | *0.0%* | *63.8%* | *0.3%* | *100.0%* |
| OMA | 296,500 | 283,710 | 0 | 0 | 0 | 580,210 |
| *Share* | *51.1%* | *48.9%* | *0.0%* | *0.0%* | *0.0%* | *100.0%* |
| Total | 318,691 | 297,338 | 0 | 63,835 | 346 | 680,210 |
| Share | *46.9%* | *43.7%* | *0.0%* | *9.4%* | *0.1%* | *100.0%* |
| ***JFY2008*** | | | | | | |
| SBS | 18,652 | 15,548 | 0 | 65,254 | 546 | 100,000 |
| *Share* | *18.7%* | *15.5%* | *0.0%* | *65.3%* | *0.5%* | *100.0%* |
| OMA | 364,000 | 217,000 | 0 | 0 | 0 | 581,000 |
| *Share* | *62.7%* | *37.3%* | *0.0%* | *0.0%* | *0.0%* | *100.0%* |
| Total | 382,652 | 232,548 | 0 | 65,254 | 546 | 681,000 |
| Share | *56.2%* | *34.1%* | *0.0%* | *9.6%* | *0.1%* | *100.0%* |
| ***JFY2007*** | | | | | | |
| SBS | 24,629 | 1,506 | 0 | 73,456 | 409 | 100,000 |
| *Share* | *24.6%* | *1.5%* | *0.0%* | *73.5%* | *0.4%* | *100.0%* |
| OMA | 294,550 | 215,000 | 0 | 0 | 7,000 | 516,550 |
| *Share* | *57.0%* | *41.6%* | *0.0%* | *0.0%* | *1.4%* | *100.0%* |
| Total | 319,179 | 216,506 | 0 | 73,456 | 7,409 | 616,550 |
| Share | *51.8%* | *35.1%* | *0.0%* | *11.9%* | *1.2%* | *100.0%* |
| ***JFY2006*** | | | | | | |
| SBS | 22,566 | 1,048 | 7,535 | 68,013 | 838 | 100,000 |
| *Share* | *22.6%* | *1.0%* | *7.5%* | *68.0%* | *0.8%* | *100.0%* |
| OMA | 296,316 | 158,050 | 39,000 | 0 | 85,050 | 578,416 |
| *Share* | *51.2%* | *27.3%* | *6.7%* | *0.0%* | *14.7%* | *100.0%* |
| Total | 318,882 | 159,098 | 46,535 | 68,013 | 85,888 | 678,416 |
| Share | *47.0%* | *23.5%* | *6.9%* | *10.0%* | *12.7%* | *100.0%* |
| ***JFY2005*** | | | | | | |
| SBS | 17,894 | 1,784 | 4,084 | 75,684 | 554 | 100,000 |
| *Share* | *18.2%* | *1.1%* | *1.6%* | *78.8%* | *0.3%* | *100.0%* |
| OMA | 304,000 | 163,500 | 13,000 | 0 | 98,078 | 578,578 |
| *Share* | *52.2%* | *23.6%* | *13.7%* | *3.4%* | *7.1%* | *100.0%* |
| Total | 321,894 | 165,284 | 17,084 | 75,684 | 98,632 | 678,578 |
| Share | *47.4%* | *24.4%* | *2.5%* | *11.2%* | *14.5%* | *100.0%* |
| ***JFY2004*** | | | | | | |
| SBS | 23,413 | 1,211 | 4,658 | 63,877 | 829 | 93,988 |
| *Share* | *24.9%* | *1.3%* | *5.0%* | *68.0%* | *0.9%* | *100.0%* |
| OMA | 298,500 | 163,300 | 13,000 | 24,000 | 85,944 | 584,744 |
| *Share* | *51.0%* | *27.9%* | *2.2%* | *4.1%* | *14.7%* | *100.0%* |
| Total | 321,913 | 164,511 | 17,658 | 87,877 | 86,773 | 678,732 |
| Share | *47.4%* | *24.2%* | *2.6%* | *12.9%* | *12.8%* | *100.0%* |
| ***JFY2003*** | | | | | | |
| SBS | 18,216 | 1,145 | 1,570 | 78,803 | 266 | 100,000 |
| *Share* | *18.2%* | *1.1%* | *1.6%* | *78.8%* | *0.3%* | *100.0%* |
| OMA | 298,000 | 134,700 | 78,400 | 19,500 | 40,500 | 571,100 |
| *Share* | *52.2%* | *23.6%* | *13.7%* | *3.4%* | *7.1%* | *100.0%* |
| Total | 316,216 | 135,845 | 79,970 | 98,303 | 40,766 | 671,100 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Share | *47.1%* | *20.2%* | *11.9%* | *14.6%* | *6.1%* | *100.0%* |
| ***JFY2002*** | | | | | | |
| SBS | 20,122 | 1,327 | 4,077 | 24,247 | 294 | 50,067 |
| *Share* | *40.2%* | *2.7%* | *8.1%* | *48.4%* | *0.6%* | *100.0%* |
| OMA | 301,676 | 134,808 | 82,500 | 75,690 | 34,800 | 629,474 |
| *Share* | *47.9%* | *21.4%* | *13.1%* | *12.0%* | *5.5%* | *100.0%* |
| Total | 321,798 | 136,135 | 86,577 | 99,937 | 35,094 | 679,541 |
| *Share* | *47.4%* | *20.0%* | *12.7%* | *14.7%* | *5.2%* | *100.0%* |
| ***JFY2001*** | | | | | | |
| SBS | 25,173 | 421 | 8,529 | 65,702 | 175 | 100,000 |
| *Share* | *25.2%* | *0.4%* | *8.5%* | *65.7%* | *0.2%* | *100.0%* |
| OMA | 298,877 | 129,376 | 91,500 | 55,516 | 4,700 | 579,969 |
| *Share* | *51.5%* | *22.3%* | *15.8%* | *9.6%* | *0.8%* | *100.0%* |
| Total | 324,050 | 129,797 | 100,029 | 121,218 | 4,875 | 679,969 |
| *Share* | *47.7%* | *19.1%* | *14.7%* | *17.8%* | *0.7%* | *100.0%* |
| ***JFY2000*** | | | | | | |
| SBS | 46,273 | 4,960 | 14,269 | 53,264 | 1,234 | 120,000 |
| *Share* | *38.6%* | *4.1%* | *11.9%* | *44.4%* | *1.0%* | *100.0%* |
| OMA | 284,000 | 144,370 | 94,000 | 35,000 | 15,669 | 573,039 |
| *Share* | *49.6%* | *25.2%* | *16.4%* | *6.1%* | *2.7%* | *100.0%* |
| Total | 330,273 | 149,330 | 108,269 | 88,264 | 16,903 | 693,039 |
| *Share* | *47.7%* | *21.5%* | *15.6%* | *12.7%* | *2.4%* | *100.0%* |
| ***JFY1999*** | | | | | | |
| SBS | 36,826 | 3,753 | 14,587 | 62,611 | 2,223 | 120,000 |
| *Share* | *30.7%* | *3.1%* | *12.2%* | *52.2%* | *1.9%* | *100.0%* |
| OMA | 276,000 | 138,200 | 90,000 | 13,900 | 15,000 | 533,100 |
| *Share* | *51.8%* | *25.9%* | *16.9%* | *2.6%* | *2.8%* | *100.0%* |
| Total | 312,826 | 141,953 | 104,587 | 76,511 | 17,223 | 653,100 |
| *Share* | *47.9%* | *21.7%* | *16.0%* | *11.7%* | *2.6%* | *100.0%* |
| ***JFY1998*** | | | | | | |
| SBS | 36,498 | 5,297 | 14,538 | 61,965 | 1,702 | 120,000 |
| *Share* | *30.4%* | *4.4%* | *12.1%* | *51.6%* | *1.4%* | *100.0%* |
| OMA | 265,400 | 130,000 | 87,000 | 10,000 | 20,000 | 512,400 |
| *Share* | *51.8%* | *25.4%* | *17.0%* | *2.0%* | *3.9%* | *100.0%* |
| Total | 301,898 | 135,297 | 101,538 | 71,965 | 21,702 | 632,400 |
| *Share* | *47.7%* | *21.4%* | *16.1%* | *11.4%* | *3.4%* | *100.0%* |
| ***JF 1997*** | | | | | | |
| SBS | 34,657 | 911 | 3,159 | 13,882 | 2,532 | 55,141 |
| *Share* | *62.9%* | *1.7%* | *5.7%* | *25.2%* | *4.6%* | *100.0%* |
| OMA | 237,900 | 133,900 | 82,400 | 30,000 | 5,000 | 489,200 |
| *Share* | *48.6%* | *27.4%* | *16.8%* | *6.1%* | *1.0%* | *100.0%* |
| Total | 272,557 | 134,811 | 85,559 | 43,882 | 7,532 | 544,341 |
| *Share* | *50.1%* | *24.8%* | *15.7%* | *8.1%* | *1.4%* | *100.0%* |
| ***JFY1996*** | | | | | | |
| SBS | 14,134 | 360 | 1,173 | 5,113 | 1,220 | 22,000 |
| *Share* | *64.2%* | *1.6%* | *5.3%* | *23.2%* | *5.5%* | *100.0%* |
| OMA | 201,000 | 127,650 | 80,000 | 35,000 | 0 | 443,650 |
| *Share* | *45.3%* | *28.8%* | *18.0%* | *7.9%* | *0.0%* | *100.0%* |
| Total | 215,134 | 128,010 | 81,173 | 40,113 | 1,220 | 465,650 |
| *Share* | *46.2%* | *27.5%* | *17.4%* | *8.6%* | *0.3%* | *100.0%* |
| ***JFY1995*** | | | | | | |
| SBS | 5,715 | 246 | 1,935 | 2,390 | 408 | 10,694 |
| *Share* | *53.4%* | *2.3%* | *18.1%* | *22.3%* | *3.8%* | *100.0%* |
| OMA | 188,000 | 95,100 | 85,000 | 30,000 | 0 | 398,100 |
| *Share* | *47.2%* | *23.9%* | *21.4%* | *7.5%* | *0.0%* | *100.0%* |
| Total | 193,715 | 95,346 | 86,935 | 32,390 | 408 | 408,794 |
| *Share* | *47.4%* | *23.3%* | *21.3%* | *7.9%* | *0.1%* | *100.0%* |

Source: MAFF

***Stocks***

MAFF holds emergency stocks of rice, the appropriate level of which is targeted at 1 million MT. However, this does not include stocks of the Minimum Access (MA) rice, also at the 1 million MT level in the last few years. As shown below, stocks of domestic rice have been reduced over the years, and since 2004 have been below the targeted level, subsequent to a poor crop in 2003. In contrast, stocks of MA rice had been piling up and peaked in 2006. MAFF has been selling MA rice aggressively into the feed sector for the last several years, running down the stock level. As reported in the earlier consumption section, about 400,000 MT of rice, mostly MA rice, is now going into the feed sector. Post will continue closely monitoring this development where an increasing amount of high quality U.S. rice, intended for human consumption, is going into non-food sectors.

**Table 7.**
***Japan's Rice Reserve***
***(MT)***

| | | Government | | |
|---|---|---|---|---|
| | Commercial | Domestic | MA rice | Total |
| 1996 | 390,000 | 2,240,000 | 310,000 | 2,940,000 |
| 1997 | 850,000 | 2,670,000 | 390,000 | 3,910,000 |
| 1998 | 470,000 | 2,970,000 | 420,000 | 3,860,000 |
| 1999 | 220,000 | 2,330,000 | 440,000 | 2,990,000 |
| 2000 | 110,000 | 1,620,000 | 560,000 | 2,290,000 |
| 2001 | 370,000 | 1,760,000 | 750,000 | 2,880,000 |
| 2002 | 460,000 | 1,550,000 | 950,000 | 2,960,000 |
| 2003 | 130,000 | 1,310,000 | 1,270,000 | 2,710,000 |
| 2004 | 20,000 | 570,000 | 1,480,000 | 2,070,000 |
| 2005 | 0 | 710,000 | 1,700,000 | 2,410,000 |
| 2006 | 0 | 680,000 | 1,890,000 | 2,570,000 |
| 2007 | 0 | 770,000 | 1,520,000 | 2,290,000 |
| 2008 | 0 | 990,000 | 970,000 | 1,960,000 |
| 2009 | 0 | 860,000 | 950,000 | 1,810,000 |
| 2010 | 0 | 980,000 | 880,000 | 1,860,000 |
| 2011 | 0 | 880,000 | 960,000 | 1,840,000 |

Source: Food Department/MAFF

***Minimum Access Commitment Continues into 2010***

As a result of the Government of Japan's (GOJ) tariffication of rice in JFY 2000, the Minimum Access commitment was reduced to 7.2 percent of total domestic consumption from the non-tariffied rate of 8.0 percent. In terms of volume, 7.2 percent is equivalent to 682,000 MT (milled basis). This volume will remain in effect until renegotiated. Japan intends to position rice as a most sensitive item, therefore, excluding it from the across the board expansion of tariff rate quotas (TRQs) and tariff capping in the WTO Doha Round.

**Table 8.**
***Japan's Market Access Obligations for Rice***
***(MT, Minimum Access as Percent of Domestic Rice Consumption)***

| | Without Tariffication | | With Tariffication | |
|---|---|---|---|---|
| | Volume | Percent of Domestic Consumption | Volume | Percent of Domestic Consumption |
| JFY 2000 Onward | 758,000 | 8.0 percent | 682,000 | 7.2 percent |

Source: MAFF

***Export of Rice under Food Aid***

The GOJ sets aside about 200,000 MT of rice under food aid programs on an annual basis. This amount does not show up in the export statistics by the Ministry of Finance, which appears to record only exports of Japanese domestic rice (25,203 MT in the calendar year 2011 which includes a negligible amount of commercial exports). The discrepancy between the total food aid exports and the amount recorded in the official export statistics is considered to be rice imported under the OMA regime and diverted for food aid exports.

## Commodities:

Wheat

## Author Defined:

**WHEAT**

***Production in 2010 Declines 16 Percent***

The total planted area for wheat in 2011 increased to the highest level in the last five years. With relatively undisruptive weather conditions bringing a better yield than the previous year, production volume increased 30 percent over the poor harvest in 2010.

**Table 9.**
***Japan's Wheat Production***

| | Planted Area (hectares) | Production (MT) | Yield (MT/ha) |
|---|---|---|---|
| 2007 | 209,700 | 910,100 | 4.34 |
| 2008 | 208,800 | 881,200 | 4.22 |
| 2009 | 208,300 | 674,600 | 3.24 |
| 2010 | 206,900 | 567,800 | 2.74 |
| 2011 | 211,500 | 742,100 | 3.51 |

Source: MAFF

***Wheat Consumption Stays Flat***

Consumption has been flat in the last three decades at 31-32 kilograms per capita. The Ministry of Agriculture, Forestry and Fisheries (MAFF) estimates the total food wheat demand to be 5.74 million metric tons for 2011/12 Japan fiscal year (April 2011-March 2012). In addition, Post estimates that the feed industry consumes 300,000 to 400,000 metric tons, which makes Japan's aggregate wheat demand 6.0 to 6.1 million metric tons.

**Table 10.**
***Per Capita Consumption of Wheat in Japan***
***(Kilograms)***

| 2000 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011* |
|---|---|---|---|---|---|---|---|
| 32.6 | 31.7 | 31.8 | 32.3 | 31.1 | 31.8 | 32.7 | 32.5 |

Source: MAFF

* Ag Office estimate

***Wheat Utilization***

Due to limited domestic wheat supplies, nearly 90 percent of Japan's wheat demand must be met by imports. Most of the imported wheat comes through the state trading system administered by MAFF. MAFF purchases different types/brands of wheat mainly from the United States, Canada and Australia to best meet the usage/needs by Japanese users.

**Table 11.**
***Major Brands of Imported Wheat and Their Uses***

(MT)

| Brand | Use | FY2010 Import Volume |
|---|---|---|
| U.S. Western White (WW) | Confectionery products | 783,000 |
| U.S. Hard Red Winter (HRW) | Bread and Chinese noodles | 841,000 |
| U.S. Dark Northern Spring (DNS) | Bread and Chinese noodles | 1,554,000 |
| Canada Western Red Spring #1 (1CW) | Bread | 871,000 |
| Canada Western Amber Durum (DRM) | Western noodles (pasta) | 221,000 |
| Australia Standard White (ASW) | Japanese noodles | 980,000 |
| Australia Prime Hard (PH) | Chinese noodles | 129,000 |
| Other | | 9,000 |
| | | 5,388,000 |

Source: MAFF

***Wheat Resale Price Declines as International Wheat Prices Fall***

MAFF controls both producer and resale prices of domestic and imported wheat. MAFF buys imported wheat at international prices and sells it to domestic flour millers at a markup. As shown in ***Table 12*** below, the markup ratio fluctuated between 1.2 and 2.1 over the last two years due to volatile international wheat prices. MAFF intends to keep it around 2 to 1, which means MAFF sells imported wheat at twice the purchase price. On the other hand, MAFF buys domestic wheat at a high price and sells it to domestic flour millers at a significantly lower price, lower than imported wheat so that the lower quality domestic wheat will be accepted. Revenues from transactions for imported wheat are used to help cover the cost difference between the purchase and resale of domestic wheat. This is referred to as the "Cost Pool System".

Until 2007 the resale price at which Japanese millers bought wheat from MAFF was set once a year for each brand/country and fixed at that price throughout the year. MAFF's purchase price (CIF price), however, has always fluctuated with international prices. Therefore, MAFF took the risk for changes in currency exchange rates and increases in import prices. This system was established in 1951 to ensure stable consumer prices as mandated under the Food Law.

The new system which started in JFY 2007 allows MAFF to revise the resale price twice a year (April and October), based on fluctuations in the market, and thus better reflects the market price situation (FOB price) on the resale price. Thus, the resale price, average of five brands (U.S. Western White, Hard Red Winter, Dark Northern Spring, Canadian Western Red Spring and Australian Standard White) increased over 18 percent, from 47,860 yen per metric ton in the second half of Japan Fiscal Year (JFY) 2010, i.e. October 2010 to March 2011, to 56,710 yen in the first half of JFY 2011 as international wheat prices rose.

**Table 12.**
***GOJ Purchase and Resale Prices of Imported Wheat***
***JFY 2009***
***(Yen per MT)***

| Month-Year | Average CIF Price* (a) | Resale Price* (b) | (b)/(a) |
|---|---|---|---|
| Apr-10 | 27,882 | 47,160 | 1.7 |
| May-10 | 26,760 | | 1.8 |
| Jun-10 | 25,989 | | 1.8 |
| Jul-10 | 26,002 | | 1.8 |
| Aug-10 | 30,905 | | 1.5 |

| | | | |
|---|---|---|---|
| Sep-10 | 34,012 | | 1.4 |
| Oct-10 | 32,466 | 47,860 | 1.5 |
| Nov-10 | 34,820 | | 1.4 |
| Dec-10 | 37,657 | | 1.3 |
| Jan-11 | 37,412 | | 1.3 |
| Feb-11 | 40,293 | | 1.2 |
| Mar-11 | 38,015 | | 1.3 |
| Apr-11 | 39,301 | 56,710 | 1.4 |
| May-11 | 40,371 | | 1.4 |
| Jun-11 | 37,927 | | 1.5 |
| Jul-11 | 33,379 | | 1.7 |
| Aug-11 | 31,705 | | 1.8 |
| Sep-11 | 31,416 | | 1.8 |
| Oct-11 | 29,179 | 57,720 | 2.0 |
| Nov-11 | 28,647 | | 2.0 |
| Dec-11 | 27,255 | | 2.1 |
| Jan-12 | NA | | |
| Feb-12 | NA | | |
| Mar-12 | NA | | |

Source: MAFF and Ministry of Finance
*Average of five brands: WW, HRW, DNS, 1CW and ASW
Price includes 5% consumption tax.

***Wheat Imports Remain Steady in 2010***

Total imports of wheat in calendar year (CY) 2011 increased by 13.5 percent to 6,214,220 MT. The increase is not as sharp on the marketing year (MY) basis (July-June): from 5,280,149 in MY09/10 to 5,627,720 MT in MY10/11, up 6.6 percent. The two main reasons for the increase are: 1) declined domestic wheat production in 2010 and increased demand for feed wheat as corn prices soared as explained in the feed wheat section below. Considering Japan's aggregate wheat demand to be 6.0-6.1 million metric tons, minus 600,000-700,000 MT of domestic wheat in the market, expected annual import volume should be 5.3 to 5.5 million MT. In the medium term, imports of wheat are forecast to decline slowly but steadily as Japan's demographics change.

**Table 13.**
***Japan's Wheat Imports***

Calendar Year

| Year | U.S. | Share | Canada | Australia | TOTAL |
|---|---|---|---|---|---|
| CY 2009 | 2,839,897 | 60.4% | 942,449 | 878,043 | 4,702,565 |
| CY 2010 | 3,305,142 | 60.4% | 1,017,907 | 1,093,092 | 5,475,586 |
| CY 2011 | 3,610,295 | 58.1% | 1,319,299 | 1,263,782 | 6,214,220 |

Source: Ministry of Finance

Marketing Year

| Year | U.S. | Share | Canada | Australia | TOTAL |
|---|---|---|---|---|---|
| MY 2009 | 3,051,697 | 61.8% | 1,036,444 | 836,474 | 4,938,417 |
| MY 2010 | 3,152,029 | 59.7% | 971,924 | 1,081,542 | 5,280,149 |
| MY 2011 | 3,292,933 | 58.5% | 1,170,030 | 1,146,798 | 5,627,720 |

Source: Ministry of Finance

MAFF allows flour millers to import wheat outside of MAFF's control as long as they export an equivalent amount of wheat flour. This so-called "free wheat" is imported at world prices and is thus very profitable. This system also provides millers with an export market for their lower quality flour, which otherwise would have little value in the domestic market.

**Table 14.**
***Japanese Exports of Wheat Flour by Destination***
***(MT)***

| Destination | CY 2009 | CY2010 | CY2011 |
|---|---|---|---|
| Hong Kong | 111,277 | 114,796 | 118,507 |
| Vietnam | 16,632 | 20,390 | 18,573 |
| Singapore | 29,574 | 31,635 | 32,247 |
| Thailand | 10,597 | 11,203 | 8,870 |
| United States | 703 | 723 | 708 |
| Other | 16,620 | 17,436 | 12,575 |
| Total | 185,403 | 196,183 | 191,480 |

Source: Ministry of Finance

***Feed Wheat Imports through SBS System Expand***

In 1999, MAFF introduced the Simultaneous Buy and Sell (SBS) system for imported wheat and barley for feed use. In JFY 2011, MAFF has so far conducted forty-one SBS tenders, through which 378,895 MT of imported wheat was contracted. As shown in ***Table 16*** and ***Chart 5*** below, imports of feed wheat has tripled in the last several years as a result of stronger demands triggered by high corn prices.

**Table 15.**
***SBS Imports of Feed Wheat and Barley***
***(MT)***

| | Wheat | Barley |
|---|---|---|
| 1st tender | 23,220 | 63,715 |
| 2nd | 0 | 0 |
| 3rd | 0 | 0 |
| 4th | 0 | 0 |
| 5th | 6,100 | 102,600 |
| 6th | 0 | 5,200 |
| 7th | 0 | 0 |
| 8th | 0 | 0 |
| 9th | 1,150 | 7,250 |
| 10th | 42,480 | 0 |
| 11th | 0 | 0 |
| 12th | 12,000 | 95,400 |
| 13th | 0 | 0 |
| 14th | 0 | 0 |
| 15th | 0 | 0 |
| 16th | 0 | 0 |
| 17th | 33,700 | 81,050 |
| 18th | 0 | 0 |
| 19th | 14,750 | 0 |
| 20th | 700 | 0 |
| 21th | 700 | 0 |
| 22nd | 10,600 | 100,900 |
| 23rd | 1,000 | 0 |
| 24th | 49,600 | 50,340 |
| 25th | 5,600 | 0 |

| | | |
|---|---|---|
| 26th | 0 | 0 |
| 27th | 0 | 0 |
| 28th | 12,350 | 0 |
| 29th | 0 | 17,540 |
| 30th | 16,000 | 111,250 |
| 31th | 63,280 | 90,360 |
| 32nd | 11,000 | 0 |
| 33rd | 0 | 17,500 |
| 34th | 48,965 | 5,357 |
| 35th | 0 | 0 |
| 36th | 21,900 | 102,150 |
| 37th | 800 | 0 |
| 38th | 0 | 0 |
| 39th | 0 | 0 |
| 40th | 0 | 0 |
| 41st | 3,000 | 48,245 |
| Total | 378,895 | 898,857 |

Source: MAFF

As of February 8, 2012

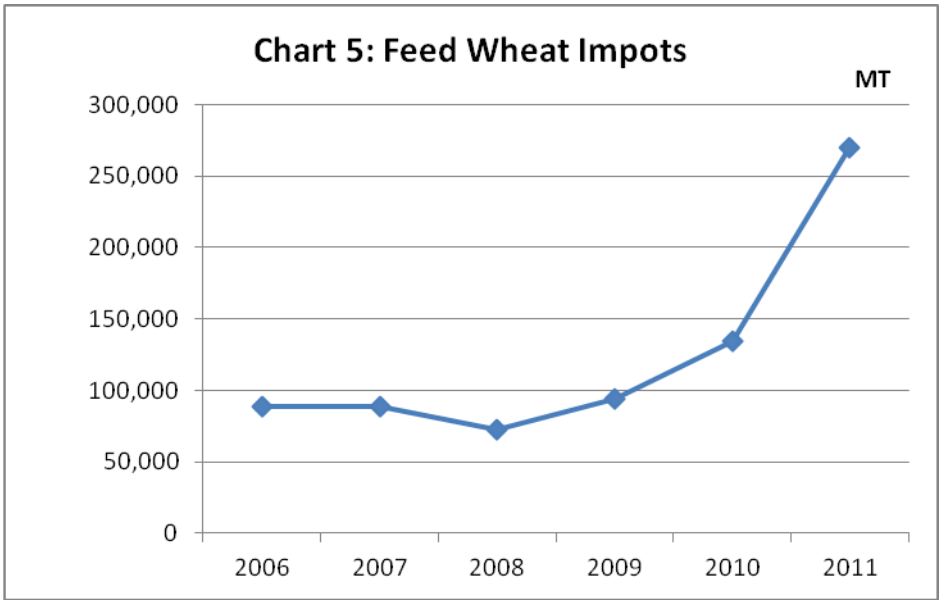
**Table 16.**

***Feed Wheat Imports***

***(MT)***

| Country | CY 2006 | CY 2007 | CY 2008 | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|---|---|---|
| Australia | 10,951 | 1,470 | 8,000 | 47,461 | 53,944 | 128,369 |
| Canada | 72,038 | 18,678 | 6,446 | 0 | 14,603 | 105,605 |
| China | 4,998 | 19,798 | 5,216 | 0 | 0 | 0 |
| Russia | 0 | 0 | 0 | 1,463 | 42,059 | 16,612 |
| Ukraine | 0 | 0 | 0 | 37,540 | 13,036 | 0 |
| United States | 1,165 | 48,345 | 53,086 | 7,644 | 10,887 | 19,712 |
| World | 89,152 | 88,291 | 72,748 | 94,108 | 134,529 | 270,298 |

Source: Ministry of Finance




***MAFF Introduces New SBS System for Food Quality Wheat and Barley***

MAFF started a new Simultaneous-Buy-Sell (SBS) system for food quality wheat and barley in Japan's new fiscal year beginning April 2007. The idea behind the SBS system is to allow for greater flexibility of imports and transparency in a portion of food quality wheat. However, MAFF still remains a "middle man" in the transaction.

Plans for Wheat SBS Tenders:

There are two categories of SBS wheat imports: Category I (vessel trade) and Category II (container trade). In Category I, MAFF plans to transfer state purchases of 240,000 to 250,000 MT of Australian Prime Hard and 240,000 to 250,000 MT of Durum to Category I. (Note: These quantities were tentative.) Traditionally, MAFF has bought durum only from Canada but this system will theoretically open up the system to U.S. durum. As for Prime Hard, Australia is the only supplier.

In Category II, MAFF designates wheat varieties that are not imported under the state trading regime into Category II. Category I is intended for vessel trade and Category II for container trade. The idea is that this would provide a vehicle for importing new varieties – including U.S. durum, which could be imported under Category I or II.

Category I: Prime Hard and Durum

Category II: Any variety/brand except:
U.S. Western White (WW)
U.S. Hard Red Winter (HRW)
U.S. Dark Northern Spring (DNS)
Australia Standard White (ASW)
Canada Western Red Spring (CWRS)

A total of about 348,000 MT of wheat (Category I and II combined) was imported under this system during JFY2010. Due to relatively expensive freight rates for containers, wheat imported by containers (Category II) was small in volume.

**Table 17.**
***SBS Imports of Food Wheat - Japan Fiscal 2009 (April 2010-March 2011)***
**(MT)**

| Country | Brand | Category | Apr-Sept | Oct-Mar | Total |
|---|---|---|---|---|---|
| Australia | Prime Hard | Category I | 77,250 | 35,500 | 112,750 |
| | | Category II | 3,300 | 7,200 | 10,500 |
| | | Australia Total | 80,550 | 42,700 | 123,250 |
| Canada | Durum | Category I | 113,800 | 104,500 | 218,300 |
| | | Canada Total | 113,800 | 104,500 | 218,300 |
| France | French | Category II | 1,923 | 2,599 | 4,522 |
| | | France Total | 1,923 | 2,599 | 4,522 |
| Other | Other | Category II | 558 | 1180 | 1,738 |
| Total | | | 196,831 | 150,979 | 347,810 |

Source: MAFF

***Stocks***

Japan has held emergency stocks of wheat at a level equivalent to 2.6 months' worth of the amount of food wheat imported annually. Due to the shortened time necessary to obtain alternative supplies in case of an emergency, the stocks have been reduced to 2.3 months' worth. For JFY 2011 the government sets the targeted amount of stocks at 970,000 metric tons.

## Commodities:

Corn

## Author Defined:

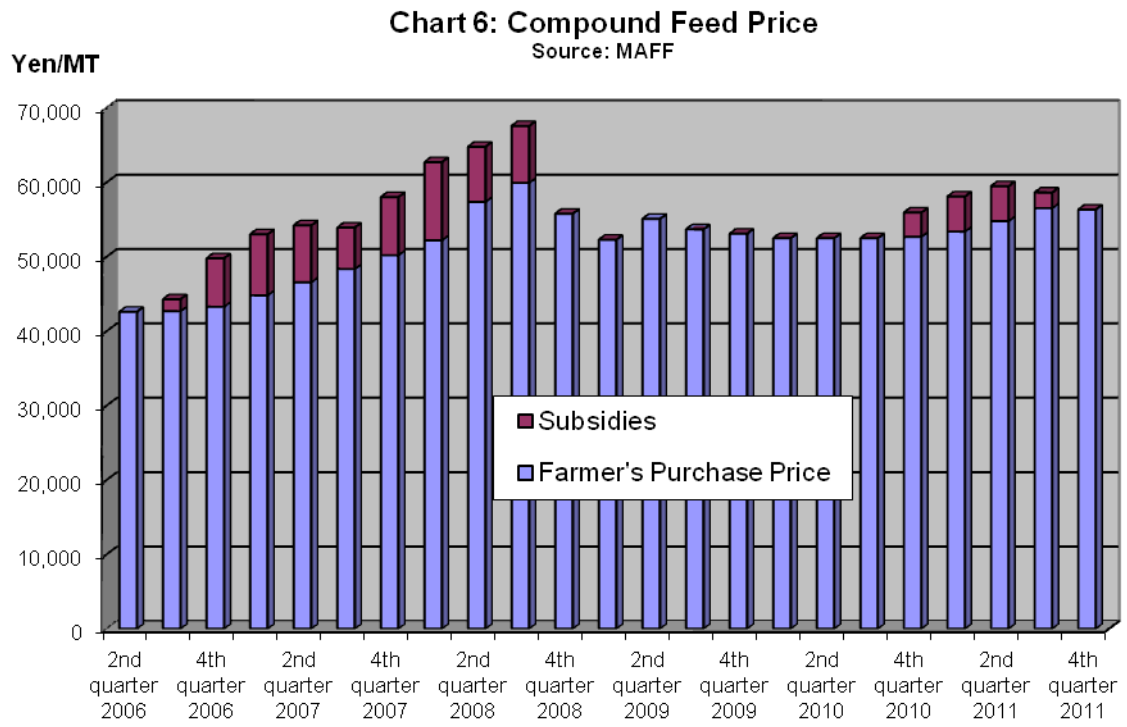
**CORN**

***Production***

Corn production is negligible in Japan.

***Prolonged Price Volatility Leads to Adjustment in Utilization***

Due to soaring feed grain prices the price of compound feed by the third quarter of 2008 had increased almost 60 percent since late 2006. Japan has a feed price stabilization program, where a combination of a MAFF subsidy and an industry fund help absorb sudden surges in the compound feed price. As the graph below shows since the second quarter of 2006, the subsidy has helped curb feed price increases. As grain prices declined in the fourth quarter of 2008, subsidies ceased. From the third quarter of 2006 through the third quarter of 2008 the total amount of subsidies reached 353 billion yen (approx. 4 billion dollars), 45 billion yen (approx. 500 million dollars) of which came out of MAFF's budget. Grain prices took another sharp rise in the last quarter of 2010 and subsidies were once again activated at 3,250 yen per metric ton, then was raised to 4,700 yen for the first and second quarters of 2011, and as the corn price declined, reduced to 2,100 yen during the third quarter and deactivated for the last quarter of 2011.




***The Entire Feed Industry Unites to Sustain Feed Production and Distribution to Overcome the Great East Japan Earthquake Devastation***

The Great East Japan Earthquake and tsunami destroyed five major ports and adjacent feed mills on the North-Eastern Pacific coast, the combined production capacity of which amounted to 30 percent of Japan's total feed production. Japan's feed industry gathered its strength and overcame this unprecedented crisis by increasing the production in Western Japan and Hokkaido, and transporting feed to unaffected North Western ports by vessel as well as by ground transportation. The affected ports are now open and feed mills are back in operation, although not to the pre-disaster level. On a side note, the post-disaster experience and response to expand capacities in the unaffected regions may accelerate rationalization/consolidation of the feed manufacturing industry in Japan.

**Table 18.**
***Japan's Livestock Population***
***(1,000 heads)***

| | 2000 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | *% change 2011/2000* |
|---|---|---|---|---|---|---|---|---|
| Dairy cows | 1,764 | 1,636 | 1,592 | 1,533 | 1,500 | 1,484 | 1,467 | ***-16.82%*** |
| Beef cattle | 2,824 | 2,755 | 2,806 | 2,890 | 2,923 | 2,892 | 2,763 | ***-2.2%*** |
| Swine | 9,806 | 9,620 | 9,759 | 9,745 | 9,899 | 9,750* | 9,768 | ***-0.4%*** |
| Layers | 140,365 | 136,894 | 142,765 | 142,523 | 139,910 | 139,200* | 137,352 | ***2.1%*** |
| Broilers | 108,410 | 103,687 | 105,287 | 102,987 | 107,141 | 106,400* | NA | ***NA*** |

Source: MAFF (as of February each year)

* Ag Office Estimate

The table above shows the trend in the population of Japan's major livestock animals. Since the figures are reported as of February, the latest statistics do not reflect the impact of the Great East Earthquake. According to MAFF, damage to the dairy/meat cattle and swine population was negligible, however, approximately 4.5 million birds (broilers and layers

combined) died primarily from starvation. This is still a fraction of Japan's overall broiler/layer population and much of it has reportedly been recovered. Over the last decade, dairy cattle population has declined notably by 17 percent.

***Utilization Patterns***

Corn is the largest ingredient used in compound and mixed feed. The ingredient ratio is adjusted from year-to-year, depending on the prices of various grains. The corn ratio of 49 percent, pre-2008 price surge, was lowered to 48 percent in 2009, then to 47 percent in 2010, and with the recent price re-surge, the Japanese feed industry has been forced to once again adjust the ratio down to the 44-45 percent range. (The table below "Feed Utilization by Ingredients 2010" covers the reporting period of April 2010 to March 2011 and does not reflect the drop in the utilization ratio.) The recent decline in the ratio translates to a roughly 700,000 metric ton reduction in corn demand for feed as Japan's aggregate feed production is approximated at 24,500,000 metric tons.

**Table 19-1.**
***Feed Utilization by Ingredients 2010***
***(MT)***

| | Corn | Sorghum | Wheat | Barley | Rice | Wheat Flour |
|---|---|---|---|---|---|---|
| Layer Feed | | | | | | |
| MT | 3,303,236 | 221,705 | 4,450 | 2 | 115,309 | 3,420 |
| % | 52.0% | 3.5% | 0.1% | 0.0% | 1.8% | 0.1% |
| Broiler Feed | | | | | | |
| MT | 1,714,083 | 583,984 | 5,832 | 332 | 146,529 | 9,562 |
| % | 43.2% | 14.7% | 0.1% | 0.0% | 3.7% | 0.2% |
| Poultry Total | | | | | | |
| MT | 5,017,319 | 805,689 | 10,282 | 334 | 261,838 | 12,982 |
| % | 48.7% | 7.8% | 0.1% | 0.0% | 2.5% | 0.1% |
| Dairy Cattle | | | | | | |
| MT | 1,337,334 | 16,340 | 49,728 | 49,665 | 32,694 | 27,226 |
| % | 42.8% | 0.5% | 1.6% | 1.6% | 1.0% | 0.9% |
| Beef Cattle | | | | | | |
| MT | 1,774,071 | 62,154 | 54,294 | 752,334 | 12,618 | 42,442 |
| % | 39.3% | 1.4% | 1.2% | 16.7% | 0.3% | 0.9% |
| Cattle Feed Total | | | | | | |
| MT | 3,111,405 | 78,494 | 104,022 | 801,999 | 45,312 | 69,668 |
| % | 40.8% | 1.0% | 1.4% | 10.5% | 0.6% | 0.9% |
| Swine Feed | | | | | | |
| MT | 3,171,566 | 576,017 | 99,054 | 78,718 | 93,711 | 50,208 |
| % | 52.4% | 9.5% | 1.6% | 1.3% | 1.5% | 0.8% |
| Feed, other | | | | | | |
| MT | 20,027 | 2,505 | 180 | 1,753 | 267 | 1,729 |
| % | 35.7% | 4.5% | 0.3% | 3.1% | 0.5% | 3.1% |
| Compound Feed Total | | | | | | |
| MT | 11,320,317 | 1,462,705 | 213,538 | 882,804 | 401,128 | 134,587 |
| % | 47.1% | 6.1% | 0.9% | 3.7% | 1.7% | 0.6% |
| Mixed Feed | | | | | | |
| MT | 295,388 | 2,165 | 10,317 | 18,607 | 261 | 769 |
| % | 60.4% | 0.4% | 2.1% | 3.8% | 0.1% | 0.2% |
| Feed Total | | | | | | |
| MT | 11,614,834 | 1,464,181 | 223,429 | 901,680 | 401,463 | 135,379 |

| | | | | | | |
|---|---|---|---|---|---|---|
| % | 47.3% | 6.0% | 0.9% | 3.7% | 1.6% | 0.6% |

Source: Feed Supply Stabilization Organization

**Table 19-2.**
***Feed Utilization by Ingredients 2010***
***(MT)***

| Rye | Oats | Other Grains | Grain Total | Other Ingredients | Total |
|---|---|---|---|---|---|
| Layer Feed | | | | | |
| 0 | 0 | 4,404 | 3,652,526 | 2,695,100 | 6,347,626 |
| 0.0% | 0.0% | 0.1% | 57.5% | 42.5% | 100.0% |
| Broiler Feed | | | | | |
| 11 | 0 | 7,472 | 2,467,805 | 1,495,751 | 3,963,556 |
| 0.0% | 0.0% | 0.2% | 62.3% | 37.7% | 100.0% |
| Poultry Total | | | | | |
| 11 | 0 | 11,876 | 6,120,331 | 4,190,851 | 10,311,182 |
| 0.0% | 0.0% | 0.1% | 59.4% | 40.6% | 100.0% |
| Dairy Cattle | | | | | |
| 17,006 | 5,208 | 17,039 | 1,552,240 | 1,571,264 | 3,123,504 |
| 0.5% | 0.2% | 0.5% | 49.7% | 50.3% | 100.0% |
| Beef Cattle | | | | | |
| 12,135 | 1,828 | 17,535 | 2,729,411 | 1,781,445 | 4,510,856 |
| 0.3% | 0.0% | 0.4% | 60.5% | 39.5% | 100.0% |
| Cattle Feed Total | | | | | |
| 29,141 | 7,036 | 34,574 | 4,281,651 | 3,352,709 | 7,634,360 |
| 0.4% | 0.1% | 0.5% | 56.1% | 43.9% | 100.0% |
| Swine Feed | | | | | |
| 71,977 | 10 | 81,854 | 4,223,115 | 1,824,084 | 6,047,199 |
| 1.2% | 0.0% | 1.4% | 69.8% | 30.2% | 100.0% |
| Feed, other | | | | | |
| 4 | 1,148 | 275 | 27,888 | 28,242 | 56,130 |
| 0.0% | 2.0% | 0.5% | 49.7% | 50.3% | 100.0% |
| Compound Feed Total | | | | | |
| 101,133 | 8,194 | 128,579 | 14,652,985 | 9,395,886 | 24,048,871 |
| 0.4% | 0.0% | 0.5% | 60.9% | 39.1% | 100.0% |
| Mixed Feed | | | | | |
| 3,442 | 771 | 15,240 | 346,960 | 141,850 | 488,810 |
| 0.7% | 0.2% | 3.1% | 71.0% | 29.0% | 100.0% |
| Feed Total | | | | | |
| 103,389 | 8,851 | 143,694 | 14,996,900 | 9,540,781 | 24,537,681 |
| 0.4% | 0.0% | 0.6% | 61.1% | 38.9% | 100.0% |

Source: Feed Supply Stabilization Organization

The devastation of north eastern ports and feed milling facilities by the Great East Earthquake resulted in a decline in feed production for several months as shown in the table below. The feed industry consolidated its strength to rev up production in the unaffected regions, and as reconstruction of infrastructure progressed, feed output returned to near normal by fall 2011.

**Table 20.**
***Japanese Compound and Mixed Feed Production by Type of Animal***
***(1,000 MT)***

| | Compound Feed | Mixed | Grand- |
|---|---|---|---|

| | Poultry | Swine | Cattle | Subtotal* | Feed | Total | |
|---|---|---|---|---|---|---|---|
| JFY 2005 | 10,216 | 5,872 | 7,376 | 23,553 | 556 | 24,109 | |
| JFY 2006 | 10,301 | 5,964 | 7,504 | 23,863 | 517 | 24,381 | |
| JFY 2007 | 10,378 | 5,911 | 7,674 | 24,048 | 441 | 24,489 | |
| JFY 2008 | 10,282 | 6,033 | 7,761 | 24,138 | 360 | 24,498 | |
| JFY 2009 | 10,344 | 6,232 | 7,717 | 24,347 | 455 | 24,803 | |
| JFY 2010 | 10,297 | 6,041 | 7,629 | 24,024 | 455 | 24,479 | Versus 2010 |
| Apr-11 | 843 | 477 | 671 | 1,996 | 31 | 2,027 | 93.1% |
| May-11 | 828 | 467 | 597 | 1,897 | 26 | 1,924 | 97.0% |
| Jun-11 | 840 | 490 | 622 | 1,956 | 28 | 1,984 | 99.2% |
| Jul-11 | 772 | 446 | 584 | 1,806 | 26 | 1,832 | 93.0% |
| Aug-11 | 830 | 498 | 641 | 1,974 | 28 | 2,002 | 105.4% |
| Sep-11 | 831 | 507 | 629 | 1,970 | 28 | 1,998 | 102.1% |
| Oct-11 | 861 | 532 | 633 | 2,030 | 29 | 2,060 | 99.2% |

* Includes feed for other animals

** Ag Office preliminary estimates

Source: MAFF

***Prices***

The CIF price of U.S. corn which jumped nearly 50 percent in 2008 over 2007 returned to the pre-soaring level in 2009 and remained stable throughout 2010. Fluctuations in U.S. corn prices directly translate to feed prices in Japan as explained in the previous sections. The recent re-surge in corn prices has resulted in a significant price increase of compound feed. (Refer to ***Chart 6***.) As mentioned earlier, this has led to a lowering of the ratio of corn used in compound feed to 44-45 percent.

**Table 21.**
***Average CIF Price of Corn for Feed by Origin***
***($US per MT)***

| | CY 2009 | CY 2010 | CY 2011 | *% change 2011/2009* |
|---|---|---|---|---|
| United States | 224.90 | 238.86 | 345.56 | ***+44.7%*** |
| Argentina | 248.87 | 241.21 | 372.40 | ***+54.4%*** |
| Brazil | 220.74 | 229.43 | 337.86 | ***+47.3%*** |

Source: Ministry of Finance

***Trade***

The 2009 U.S. corn crop suffered from several quality concerns: BCFM (broken kernel, foreign materials), low test weight (low grain density), low protein content, and DON (vomitoxin). This drove Japanese importers to divert supply sources to Brazil and Argentina as depicted in CY 2010 figures in ***Table 22*** below.

Although the quick trade statistics report issued by the Ministry of Finance (MOF) shows that total feed corn imports in 2011 were 10,019,602 MT, Post estimates that they were actually higher by around 1 million MT. Food corn imports, on the other hand, should be lowered by 1 million MT to about 4.3 MMT. Historically, MOF has often revised its corn import statistics later in the year.

The general trend in recent years is that increases in food corn imports have been compensating for declines in feed corn imports. The driving force in the food corn demand comes from the beverage sector, particularly for high fructose corn syrup (HFCS) used in low alcoholic drinks like *happoshu* (light beer) and other alcoholic beverages, in addition to a continued strong demand for soft drinks. However, due to general public restraint on holding receptions and parties in the

aftermath of the Great East Earthquake, beverage consumption staggered in 2011. According to reports by major brewers, 2011 shipments of beer and related beverages declined 3.7%. The drop in 2011 food corn imports, after Post adjustment, reflects this stagnant beverage consumption in 2011.

**Table 22.**
***Imports of Corn by Origin***
***(MT)***

| | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|
| Corn for feed | | | |
| United States | 11,066,051 | 9,792,191 | 8,773,674 |
| Share | 96.1% | 87.0% | 87.6% |
| Argentina | 148,084 | 610,468 | 356,691 |
| China | 11,241 | 23,702 | 0 |
| Brazil | 23,532 | 610,468 | 749,609 |
| Others | 264,033 | 218,603 | 139,628 |
| Total | 11,512,941 | 11,255,432 | 10,019,602 |
| Corn for manufacturing | | | |
| United States | 4,655,059 | 4,583,066 | 4,993,986 |
| Share | 97.4% | 94.1% | 94.7% |
| Argentina | 42,864 | 211,626 | 67,115 |
| Australia | 197 | 20 | 5,632 |
| China | 10,271 | 3 | 4 |
| South Africa | 0 | 10,000 | 45,022 |
| Brazil | 23,170 | 39,430 | 138,252 |
| Others | 47,689 | 25,476 | 21,332 |
| Total | 4,779,250 | 4,869,621 | 5,271,343 |
| Total corn | | | |
| United States | 15,721,110 | 14,375,257 | 13,767,660 |
| Share | 96.5% | 89.1% | 90.0% |
| Total | 16,292,191 | 16,125,053 | 15,290,945 |

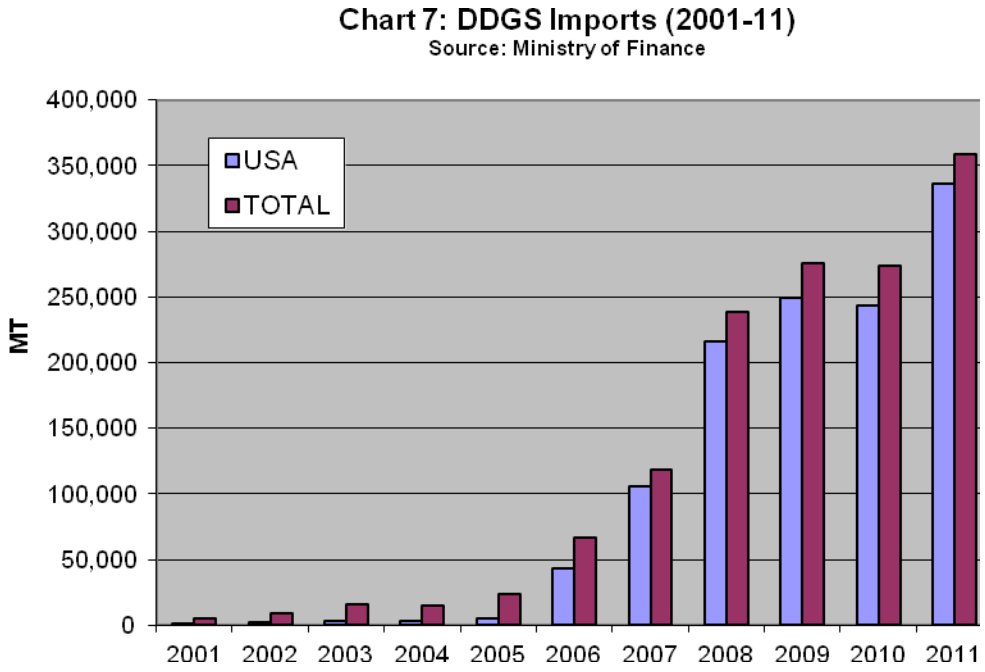
Source: Ministry of Finance

***Stocks***

Japan holds emergency stocks of essential feed grains, i.e. corn, sorghum, and rice. The stock level since 2005 had been set at approximately 950,000 MT in total. The breakdown is 600,000 MT of corn and sorghum combined (roughly 90 percent is corn) and 350,000 MT of rice. The level of corn/sorghum/rice stocks was lowered in 2011 to 750,000 MT (i.e. reduction in corn stocks by 200,000 MT). The stocks were effectively utilized during the post-Great East Earthquake emergency response when all the major North-East ports were shut down. MAFF reports 350,000 MT of grain stocks were released to feed mills in the unaffected regions by the end of April. Given this experience, MAFF is reconsidering what the appropriate level of grain stocks should be.

***DDGS Imports Leap to a Record High Level***

One of the positive side-effects of the ethanol boom in the United States is the increasing availability of a high value co-product, Distiller's Dried Grains with Solubles (DDGS). Japan's imports of DDGS from the United Sates have been increasing remarkably and surpassed the 100,000 MT mark in 2007, and 275,000 MT in 2009. Following a slight setback in 2010, the demand for DDGS surged further as corn prices jumped. The majority of these DDGS are currently used in dairy cattle feed.
Aggressive trade education activities led by the U.S. Grains Council have been behind this notable growth.




## Commodities:

Sorghum

## Author Defined:

**SORGHUM**

***Production***

Like corn, production of sorghum is negligible in Japan.

***Consumption***

As sorghum is a substitute for corn, its utilization rate in the production of compound and mixed feeds fluctuates depending on its relative price to corn and other ingredients. Due to a declining price appeal as well as to MAFF's aggressive promotion of "rice for feed," the utilization ratio of sorghum in feed has been declining steadily over the last several years. As described in the ***WHEAT*** section, use of wheat in feed wheat expanded significantly this past year, cutting into the share of corn and sorghum in feed to a still small but notable extent. The sorghum utilization ratio went down to 4.6 percent in 2007 from 7.6 percent in 2001, but recovered to 6.9 percent in 2009 due to improved price relative to corn, then down again to 6.0 percent in 2010 and is currently staying at the 6 percent level; Whereas, the ratio of wheat in feed, at a mere 0.7 percent in 2009, is now approaching 2 percent.

***Prices***

Just as corn prices did, CIF prices for sorghum rose sharply in 2008, returned to the 2007 level in 2009, remained calm in 2010, then surged again in 2011.

**Table 23.**

***Average CIF Price of Sorghum for Feed by Origin***
***($US per MT)***

| | CY 2009 | CY 2010 | CY 2011 | *% change 2011/2009* |
|---|---|---|---|---|
| United States | 221.59 | 244.26 | 329.25 | ***+48.6%*** |
| Argentina | 170.34 | 206.56 | 298.42 | ***+75.2%*** |
| Australia | 208.16 | 229.63 | 322.67 | ***+55.0%*** |

Source: Ministry of Finance

**Table 24.**
***Comparative CIF Price; US Sorghum versus Corn***
***($US per MT)***

| | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|
| Sorghum | 221.59 | 244.26 | 329.25 |
| Corn | 224.90 | 238.86 | 345.56 |
| Sorghum/Corn | 98.5% | 102.3% | 95.3% |

Source: Ministry of Finance

***Trade***

Since sorghum is mainly a substitute crop, potential growth in Japan's sorghum imports largely depends on its relative price to corn and other feed ingredients. As the U.S. and Argentine sorghum prices soared in 2008, Australia returned as a major supplier in 2008 and further strengthened its position in 2009, lowering the U.S. share to below 23 percent in 2009. With the U.S. prices having stabilized, 2010 imports from the United States recovered in volume and market share, but in 2011, lost its share again to the two competing countries.

Imports are classified as being either for feed or food, however, despite this technicality, much of the sorghum imported under the food HS code eventually ends up in the feed sector. Therefore, the volume of sorghum used in feed, shown in ***Table 19***, accurately represents the demand for sorghum in Japan: 1.46 MMT in 2010.

**Table 25.**
***Imports of Sorghum by Origin***
***(MT)***

| | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|
| Sorghum for feed | | | |
| United States | 348,656 | 690,688 | 217,128 |
| Share | 23.4% | 52.4% | 18.2% |
| Argentina | 169,658 | 499,100 | 459,203 |
| Australia | 970,413 | 128,060 | 517,322 |
| China | 0 | 0 | 0 |
| Total | 1,492,025 | 1,318,347 | 1,193,653 |
| Sorghum, others | | | |
| United States | 51,551 | 121,893 | 39,644 |
| Share | 19.9% | 45.6% | 19.6% |
| Argentina | 51,826 | 111,910 | 79,162 |
| Australia | 155,002 | 32,358 | 82,816 |
| China | 190 | 111 | 231 |
| Total | 258,896 | 267,072 | 202,032 |

| Total sorghum | | | |
|---|---|---|---|
| United States | 400,207 | 812,581 | 256,772 |
| Share | 22.9% | 51.3% | 18.4% |
| Total | 1,750,921 | 1,585,419 | 1,395,685 |

Source: Ministry of Finance

***Stocks***

As written in the previous ***CORN*** section, Japan holds emergency stocks of essential feed grains, i.e. corn, sorghum, and rice. The stocks of sorghum had been kept at 130,000-170,000 MT over a decade until 2003. Following the policy of reducing the overall feed grain stocks, sorghum stocks have also shrunk significantly. Post estimates the current stock level to be 50,000 MT or less.

## Commodities:

Barley

## Author Defined:

**BARLEY**

***Production***

The 2011 barley production increased 5 percent. However, the yield was still below average due to continued unfavorable weather conditions, particularly low temperatures in early spring and rain in mid/late spring. Production remains 20 percent smaller in volume than its peak in 2008 despite a 6 percent acreage increase.

**Table 26.**
***Crop Area and Production of Barley in Japan***

| | Crop Area (hectares) | Production (1,000 MT) |
|---|---|---|
| 2007 | 54,220 | 194,600 |
| 2008 | 56,650 | 217,300 |
| 2009 | 57,950 | 179,200 |
| 2010 | 58,720 | 161,600 |
| 2011 | 60,130 | 169,900 |

Source: MAFF

***Consumption***

In Japan, roughly 80 percent of barley is consumed in the feed sector. Barley is used for compound and mixed feed production for the cattle sector (beef and dairy). It is particularly important in feeding beef cattle because it produces high quality beef with the white marbling that Japanese consumers favor. The largest non-feed uses are for the production of *shochu*, a traditionally distilled liquor, and beer. Other uses include *miso* (soybean paste) and barley tea. Aggregate consumption of barley (feed and food) is estimated to be 1.5-1.6 million MT. There is little indication that the demand will increase in the near future. On the contrary some decline is expected as Japan's cattle population shrinks.

***Prices***

As in the case with other feed grains, the average CIF price of barley soared in 2007 and 2008. In 2009 it returned to the pre-surge level, remained stable in 2010, and jumped again in 2011. Since no imports from the United States were recorded in 2011, CIF price information is not available.

**Table 27.**
***Average CIF Prices of Barley for Feed by Origin***
***($US per MT)***

| | CY 2009 | CY 2010 | CY 2011 | *% change 2011/2009* |
|---|---|---|---|---|
| United States | 203.08 | 220.55 | NA | ***NA*** |
| Canada | 207.67 | 271.93 | 313.81 | ***+51.1%*** |
| Australia | 182.03 | 216.25 | 320.22 | ***+75.9%*** |
| Ukraine | 202.08 | 198.16 | NA | ***NA*** |
| Russia | 193.65 | 231.43 | 302.68 | ***+56.3%*** |

Source: Ministry of Finance

***Trade***

Along with rice and wheat, barley imports are controlled by MAFF as a "Staple Food". MAFF has been hesitant to remove barley from the state trading system entirely because it is a strategic alternative crop under the rice crop diversion program. As described in detail in the ***WHEAT*** section, starting April 2007, food barley can be imported under the Simultaneous Buy and Sell (SBS) system.

Since 2009, imports from the United States have dropped significantly due to the resurgence of Australia – which had suffered from drought - as the leading supplier due to its price competitiveness and proximity to Japan's major barley importing port in Kyushu.

**Table 28.**
***Imports of Barley by Origin***
***(MT)***

| | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|
| Barley for feed | | | |
| United States | 26,598 | 35,214 | 0 |
| Share | 2.3% | 3.0% | 0.0% |
| Canada | 198,589 | 148,756 | 376,871 |
| Australia | 697,162 | 917,910 | 710,193 |
| Ukraine | 159,160 | 70,710 | 0 |
| Russia | 58,197 | 2,002 | 2,642 |
| Others | 8,172 | 8,185 | 0 |
| Total | 1,147,878 | 1,182,777 | 1,089,706 |
| Barley, others | | | |
| United States | 1,117 | 837 | 865 |
| Share | 0.5% | 0.4% | 0.4% |
| Canada | 66,760 | 61,880 | 37,041 |
| Australia | 169,005 | 166,629 | 180,781 |
| Others | 5,623 | 5,763 | 4,449 |
| Total | 242,505 | 235,109 | 223,136 |
| Total Barley | | | |
| United States | 27,715 | 36,051 | 865 |
| Share | 2.0% | 2.5% | 0.1% |
| Total | 1,390,383 | 1,417,886 | 1,312,842 |

Source: Ministry of Finance

***SBS Tender for Feed Barley***

MAFF introduced the SBS system for barley for feed in JFY 1999 with approximately 360,000 MT contracted under three tenders. The allocation amount has been greatly raised since then, and for the Japanese fiscal year 2011, is set at 1.41 million MT. The frequency of bidding has been raised from ten in 2008 to fourteen in 2009, and to almost biweekly in 2010 to allow for more commercially viable trade. So far, this fiscal year, forty-one tenders have been held as summarized below.

**Table 29.**
***SBS Imports of Feed Wheat and Barley***
***(MT)***

| | Wheat | Barley |
|---|---|---|
| 1st tender | 23,220 | 63,715 |
| 2nd | 0 | 0 |
| 3rd | 0 | 0 |
| 4th | 0 | 0 |
| 5th | 6,100 | 102,600 |
| 6th | 0 | 5,200 |
| 7th | 0 | 0 |
| 8th | 0 | 0 |
| 9th | 1,150 | 7,250 |
| 10th | 42,480 | 0 |
| 11th | 0 | 0 |
| 12th | 12,000 | 95,400 |
| 13th | 0 | 0 |
| 14th | 0 | 0 |
| 15th | 0 | 0 |
| 16th | 0 | 0 |
| 17th | 33,700 | 81,050 |
| 18th | 0 | 0 |
| 19th | 14,750 | 0 |
| 20th | 700 | 0 |
| 21th | 700 | 0 |
| 22nd | 10,600 | 100,900 |
| 23rd | 1,000 | 0 |
| 24th | 49,600 | 50,340 |
| 25th | 5,600 | 0 |
| 26th | 0 | 0 |
| 27th | 0 | 0 |
| 28th | 12,350 | 0 |
| 29th | 0 | 17,540 |
| 30th | 16,000 | 111,250 |
| 31th | 63,280 | 90,360 |
| 32nd | 11,000 | 0 |
| 33rd | 0 | 17,500 |
| 34th | 48,965 | 5,357 |
| 35th | 0 | 0 |
| 36th | 21,900 | 102,150 |
| 37th | 800 | 0 |
| 38th | 0 | 0 |

| | | |
|---|---|---|
| 39th | 0 | 0 |
| 40th | 0 | 0 |
| 41st | 3,000 | 48,245 |
| Total | 378,895 | 898,857 |

Source: MAFF
As of February 8, 2012

***New SBS Tender for Food Barley***

As reported in the ***WHEAT*** section in detail, MAFF started a new Simultaneous-Buy-Sell (SBS) system for food quality wheat and barley in Japan's fiscal year (JFY) 2007 beginning April 2007. The idea behind the SBS system is to allow for greater flexibility of imports and transparency so that traders/users can obtain the quality and quantity they desire in a system that resembles commercial trade. Since Japanese fiscal year (JFY) 2008, all of food use barley has been imported under the SBS regime.

Plans for Barley SBS Tenders:

Annual imports of food barley have been around 240,000 MT: roughly 170,000 MT from Australia for *shochu*, a distilled liquor, and beer; 60,000 from Canada for beer and barley tea; and a few hundred tons from the United States mainly for beer. Post estimates 195,000-200,000 MT are intended for *shochu*, 40,000-45,000 MT for beer, and 5,000 MT for barley tea.

As with wheat there are two categories for barley. Category I is for vessel trade. Although most barley is imported by vessel, there is also Category II for container units. Category II provides a means for new varieties to enter the market.

**Table 30.**
***SBS Imports of Food Barley - Japan Fiscal Year 2009 (April 2009-March 2010)***
***(MT)***

| Country | Category | Apr-Sept | Oct-Mar | Total |
|---|---|---|---|---|
| Australia | Category I | 76,000 | 89,000 | 165,000 |
| | Category II | 3,260 | 0 | 3,260 |
| | Australia Total | 79,260 | 89,000 | 168,260 |
| Canada | Category I | 41,900 | 18,700 | 60,600 |
| | Category II | 100 | 992 | 1,092 |
| | Canada Total | 42,000 | 19,692 | 61,692 |
| USA | Category I | 0 | 0 | 0 |
| | Category II | 315 | 0 | 315 |
| | USA Total | 315 | 0 | 315 |
| Other | Category I | 0 | 0 | 0 |
| | Category II | 3,226 | 4,476 | 7,702 |
| Total | | 124,801 | 113,168 | 237,969 |

Source: MAFF

***Stocks***

Japan used to hold 350,000 MT of emergency barley stocks, but since 2006 they have been replaced by rice stocks. Since practically all of feed barley Japan needs can be imported through the SBS tenders with an ample allocation (1.41 million MT), MAFF explains that government-held emergency stocks are no longer necessary.

## Commodities:

Rye

## Author Defined:

**RYE**

***Production***

Production of rye is minimal in Japan.

***Consumption***

Rye is almost exclusively used for feed in Japan. The main uses of rye are for cattle feed and swine feed. Like sorghum, most rye users consider it as substitute mainly for corn. Since there is practically no domestic production, annual rye consumption and imports are directly linked with domestic cattle and swine production, and prices of corn and other feed grains. In 2010, the latest statistics available (***Table 19***), total rye utilization in feed was 103,389 MT: 17,006 for dairy cattle; 12,135 MT for beef cattle; and 71,977 MT for swine. The ratio of rye in compound and mixed feed had been declining in the last several years due to declining price competitiveness, and the total utilization went down significantly from 150,000 MT in 2007 to 54,000 MT in 2009 because of the fall in imports from Germany as explained in the following trade section. With the price having stabilized since 2009, the utilization of rye in feed has picked up in 2010 as reflected in increased imports. However, as the prices rose again in 2011, Post forecasts that use of rye in feed will show a decline once again.

***Prices***

As shown below, U.S. rye is significantly less price competitive than that of Germany or Canada, the two major suppliers for Japan. The price of German rye soared in 2008 due to a fervent demand in the EU caused by poor Russian and Ukraine crops, but it returned to the pre-surge level in 2009, stayed relatively flat in 2010, and soared again in 2011.

**Table 31.**
***Average CIF Price of Rye by Origin***
***($US per MT)***

| | CY 2009 | CY 2010 | CY 2011 | *% change 2011/2009* |
|---|---|---|---|---|
| United States | 906.82 | 629.74 | 829.17 | ***-8.6%*** |
| Canada | 238.23 | 235.11 | 337.26 | ***+41.6%*** |
| Germany | 226.95 | 234.85 | 544.24 | ***+139.8%*** |
| Poland | 222.53 | 255.04 | 224.45 | ***+0.9%*** |

Source: Ministry of Finance

***Trade***

Germany had dominated rye exports to the Japanese market because of its price competitiveness. Imports from Germany declined dramatically, from 154,000 MT in 2007 to 5,000 MT in 2008, due to the price situation as explained above. Although the price situation improved in 2009, imports did not fully recover in 2009 mainly because sorghum became more attractive. In 2010, as the rye/sorghum price ratio moved in favor of rye, imports of rye recovered to the 100,000 MT mark. In 2011, as the price of German rye more than doubled over the 2010 level, Canada has taken over the leading exporter position. In the medium term, rye imports are expected to be on a declining trend as Japan's cattle and swine populations will likely shrink. Prospects for U.S. rye exports to Japan are directly linked to the relative price of U.S. rye.

**Table 32**
***Imports of Rye by Origin***

***(MT)***

| | CY 2009 | CY 2010 | CY 2011 |
|---|---|---|---|
| United States | 640 | 1,267 | 1,014 |
| Canada | 13,761 | 21,404 | 71,162 |
| Germany | 44,717 | 56,603 | 1,349 |
| Poland | 5,548 | 40,128 | 13,975 |
| Other | 23 | 55 | 48 |
| Total | 64,689 | 119,457 | 87,548 |

Source: Ministry of Finance

***Stocks***

Unlike corn, sorghum and barley, Japan does not hold strategic emergency stocks of rye. Commercial stocks are estimated to be smaller than 20,000 MT.

## Commodities:

Select

## Author Defined:

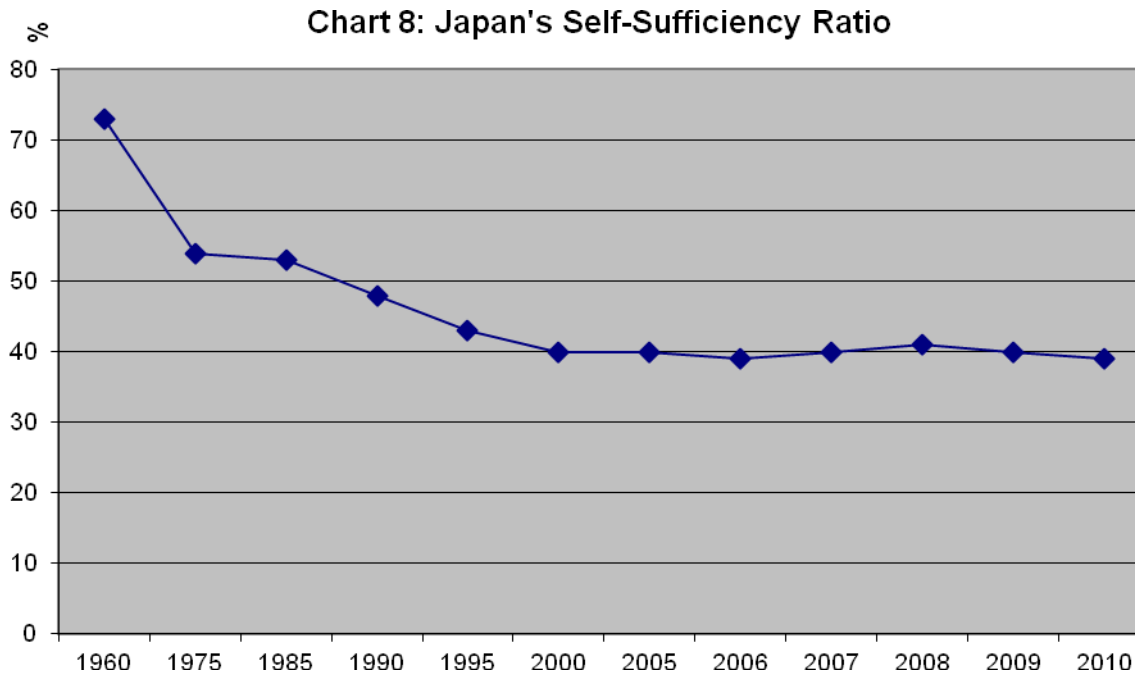
***Appendix: Japan's Food Self-Sufficiency***

**Table 33.**
***Japan's Self-sufficiency Ratio (%)***

| | 1960 | 1975 | 1985 | 1990 | 1995 | 2000 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rice | 96 | 110 | 107 | 100 | 104 | 95 | 95 | 94 | 94 | 95 | 95 | 97 |
| Wheat | 28 | 4 | 14 | 15 | 7 | 11 | 14 | 13 | 14 | 14 | 11 | 9 |
| Beans | 25 | 9 | 8 | 8 | 5 | 7 | 7 | 7 | 7 | 9 | 8 | 8 |
| Soybeans | 11 | 4 | 5 | 5 | 2 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Vegetables | 100 | 99 | 95 | 91 | 85 | 82 | 79 | 79 | 81 | 82 | 83 | 81 |
| Fruit | 90 | 84 | 77 | 63 | 49 | 44 | 41 | 38 | 40 | 41 | 42 | 38 |
| Meats | 90 | 77 | 81 | 70 | 57 | 52 | 54 | 56 | 56 | 56 | 57 | 56 |
| Beef | 95 | 81 | 72 | 51 | 39 | 34 | 43 | 43 | 43 | 44 | 43 | 42 |
| Eggs | 100 | 97 | 98 | 98 | 96 | 95 | 94 | 95 | 96 | 96 | 96 | 96 |
| Milk/Dairy Products | 86 | 81 | 85 | 78 | 72 | 68 | 68 | 67 | 66 | 70 | 71 | 67 |
| Seafood (for humans) | 110 | 100 | 86 | 72 | 57 | 53 | 57 | 60 | 62 | 62 | 62 | 60 |
| Sugar | 31 | 15 | 33 | 32 | 31 | 29 | 34 | 32 | 33 | 38 | 33 | 26 |
| Self-sufficiency (Calorie Basis) | 73 | 54 | 53 | 48 | 43 | 40 | 40 | 39 | 40 | 41 | 40 | 39 |
| Self-sufficiency (Major Food Grains) | 80 | 69 | 69 | 67 | 65 | 60 | 61 | 60 | 60 | 61 | 58 | 59 |
| Self-sufficiency (Major Feed Grains) | 55 | 34 | 27 | 26 | 26 | 26 | 25 | 25 | 25 | 26 | 25 | 25 |
| Self-sufficiency (Food + Feed Grains) | 62 | 40 | 31 | 30 | 30 | 28 | 28 | 27 | 28 | 28 | 26 | 27 |

Source: MAFF

* Preliminary




***Production, Supply and Demand Statistics***

| Rice, Milled Japan | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Nov 2010 | | Market Year Begin: Nov 2011 | | Market Year Begin: Nov 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 1,628 | 1,628 | 1,576 | 1,576 | | 1,550 |
| **Beginning Stocks** | 2,693 | 2,693 | 2,788 | 2,713 | | 2,810 |
| **Milled Production** | 7,720 | 7,720 | 7,646 | 7,646 | | 7,358 |
| **Rough Production** | 10,604 | 10,604 | 10,503 | 10,503 | | 10,107 |
| **Milling Rate (.9999)** | 7,280 | 7,280 | 7,280 | 7,280 | | 7,280 |
| **MY Imports** | 700 | 700 | 700 | 700 | | 700 |
| **TY Imports** | 700 | 700 | 700 | 700 | | 700 |
| **TY Imp. from U.S.** | 0 | 350 | 0 | 350 | | 350 |
| **Total Supply** | 11,113 | 11,113 | 11,134 | 11,059 | | 10,868 |
| **MY Exports** | 200 | 200 | 150 | 200 | | 200 |
| **TY Exports** | 200 | 200 | 150 | 200 | | 200 |
| **Consumption and Residual** | 8,125 | 8,200 | 8,250 | 8,049 | | 7,967 |
| **Ending Stocks** | 2,788 | 2,713 | 2,734 | 2,810 | | 2,701 |
| **Total Distribution** | 11,113 | 11,113 | 11,134 | 11,059 | | 10,868 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Wheat Japan | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Jul 2010 | | Market Year Begin: May 2011 | | Market Year Begin: Jul 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 207 | 207 | 208 | 212 | | 210 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Beginning Stocks** | 1,312 | 1,312 | 1,357 | 964 | | 1,066 |
| **Production** | 568 | 568 | 760 | 742 | | 750 |
| **MY Imports** | 5,869 | 5,628 | 6,100 | 5,800 | | 5,500 |
| **TY Imports** | 5,869 | 5,628 | 6,100 | 5,800 | | 5,500 |
| **TY Imp. from U.S.** | 3,598 | 3,293 | 0 | 3,500 | | 3,300 |
| **Total Supply** | 7,749 | 7,508 | 8,217 | 7,506 | | 7,316 |
| **MY Exports** | 292 | 264 | 300 | 300 | | 300 |
| **TY Exports** | 292 | 264 | 300 | 300 | | 300 |
| **Feed and Residual** | 300 | 300 | 600 | 400 | | 300 |
| **FSI Consumption** | 5,800 | 5,980 | 5,850 | 5,740 | | 5,700 |
| **Total Consumption** | 6,100 | 6,280 | 6,450 | 6,140 | | 6,000 |
| **Ending Stocks** | 1,357 | 964 | 1,467 | 1,066 | | 1,016 |
| **Total Distribution** | 7,749 | 7,508 | 8,217 | 7,506 | | 7,316 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Corn Japan | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 1 | 1 | 1 | 1 | | 1 |
| **Beginning Stocks** | 678 | 678 | 734 | 633 | | 684 |
| **Production** | 1 | 1 | 1 | 1 | | 1 |
| **MY Imports** | 15,655 | 15,654 | 16,100 | 15,500 | | 16,000 |
| **TY Imports** | 15,655 | 15,654 | 16,100 | 15,500 | | 16,000 |
| **TY Imp. from U.S.** | 13,863 | 14,525 | 0 | 15,000 | | 15,500 |
| **Total Supply** | 16,334 | 16,333 | 16,835 | 16,134 | | 16,685 |
| **MY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **TY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **Feed and Residual** | 11,000 | 11,200 | 11,500 | 11,000 | | 11,500 |
| **FSI Consumption** | 4,600 | 4,500 | 4,600 | 4,450 | | 4,500 |
| **Total Consumption** | 15,600 | 15,700 | 16,100 | 15,450 | | 16,000 |
| **Ending Stocks** | 734 | 633 | 735 | 684 | | 685 |
| **Total Distribution** | 16,334 | 16,333 | 16,835 | 16,134 | | 16,685 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Sorghum Japan | 2010/2011 | 2011/2012 | 2012/2013 |
|---|---|---|---|
| | Market Year Begin: Oct 2010 | Market Year Begin: Oct 2011 | Market Year Begin: Oct 2012 |

| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
|---|---|---|---|---|---|---|
| **Area Harvested** | 0 | 0 | 0 | 0 | | 0 |
| **Beginning Stocks** | 117 | 117 | 115 | 75 | | 75 |
| **Production** | 0 | 0 | 0 | 0 | | 0 |
| **MY Imports** | 1,418 | 1,418 | 1,500 | 1,400 | | 1,450 |
| **TY Imports** | 1,418 | 1,418 | 1,500 | 1,400 | | 1,450 |
| **TY Imp. from U.S.** | 328 | 315 | 0 | 250 | | 500 |
| **Total Supply** | 1,535 | 1,535 | 1,615 | 1,475 | | 1,525 |
| **MY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **TY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **Feed and Residual** | 1,420 | 1,460 | 1,500 | 1,400 | | 1,450 |
| **FSI Consumption** | 0 | 0 | 0 | 0 | | 0 |
| **Total Consumption** | 1,420 | 1,460 | 1,500 | 1,400 | | 1,450 |
| **Ending Stocks** | 115 | 75 | 115 | 75 | | 75 |
| **Total Distribution** | 1,535 | 1,535 | 1,615 | 1,475 | | 1,525 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Barley Japan | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 59 | 59 | 58 | 60 | | 58 |
| **Beginning Stocks** | 489 | 489 | 462 | 461 | | 401 |
| **Production** | 162 | 162 | 174 | 170 | | 180 |
| **MY Imports** | 1,361 | 1,360 | 1,300 | 1,280 | | 1,260 |
| **TY Imports** | 1,361 | 1,360 | 1,300 | 1,280 | | 1,260 |
| **TY Imp. from U.S.** | 2 | 9 | 0 | 2 | | 50 |
| **Total Supply** | 2,012 | 2,011 | 1,936 | 1,911 | | 1,841 |
| **MY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **TY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **Feed and Residual** | 1,250 | 1,250 | 1,225 | 1,230 | | 1,220 |
| **FSI Consumption** | 300 | 300 | 300 | 280 | | 280 |
| **Total Consumption** | 1,550 | 1,550 | 1,525 | 1,510 | | 1,500 |
| **Ending Stocks** | 462 | 461 | 411 | 401 | | 341 |
| **Total Distribution** | 2,012 | 2,011 | 1,936 | 1,911 | | 1,841 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |

| Rye Japan | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---|---|---|---|---|---|---|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 0 | 0 | 0 | 0 | | 0 |
| **Beginning Stocks** | 18 | 18 | 19 | 13 | | 13 |
| **Production** | 0 | 0 | 0 | 0 | | 0 |
| **MY Imports** | 101 | 100 | 75 | 80 | | 90 |
| **TY Imports** | 101 | 100 | 75 | 80 | | 90 |
| **TY Imp. from U.S.** | 0 | 1 | 0 | 1 | | 1 |
| **Total Supply** | 119 | 118 | 94 | 93 | | 103 |
| **MY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **TY Exports** | 0 | 0 | 0 | 0 | | 0 |
| **Feed and Residual** | 90 | 95 | 65 | 70 | | 80 |
| **FSI Consumption** | 10 | 10 | 10 | 10 | | 10 |
| **Total Consumption** | 100 | 105 | 75 | 80 | | 90 |
| **Ending Stocks** | 19 | 13 | 19 | 13 | | 13 |
| **Total Distribution** | 119 | 118 | 94 | 93 | | 103 |
| | | | | | | |
| 1000 HA, 1000 MT, MT/HA | | | | | | |