

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 1/28/2016

GAIN Report Number: JA6002

Japan

Grain and Feed Update

Grain and Feed Update January 2016

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Report Highlights:

In line with the declining livestock numbers, Japanese feed production decreased for the fourth consecutive year in MY2014/15 (October 2014 – September 2015). Japan typically imports the majority of its barley from Australia, Canada and the United States and the majority of its sorghum from Argentina and the United States. However, China's imports of barley and sorghum increased dramatically in MY2014/15 – importing most of Australia's exportable supply of barley and sorghum and most of the United States' sorghum exportable supply. As a result, Japan was forced to diversify supply sources for barley and relied heavily on Argentina for sorghum.

Post:
Tokyo

Commodities:
Barley

Sorghum

Overall Market Situation

Up-to-date feed production statistics and a detailed breakdown of feed ingredient utilization follow. Production of compound and mixed feed decreased 1.4 percent for MY2014/15 (year ending September 2015) over the previous year. Use of rice increased 60 percent in MY2014/15 at the expense of corn, sorghum, wheat and barley. The sorghum utilization ratio in compound feed in MY2014/15 marked a record low of 3.9 percent, and the composition ratio of barley was the lowest in the past seven years. MAFF's strong push for production and use of feed rice is expected to continue in MY2015/16, further reducing the use of other ingredients in compound feed. In recent years, the composition ratios of corn, sorghum, rice and wheat in the compound feed for poultry and swine fluctuated within the 2 - 5.5 percent range, with feed millers changing the composition ratios of these ingredients based on prices.

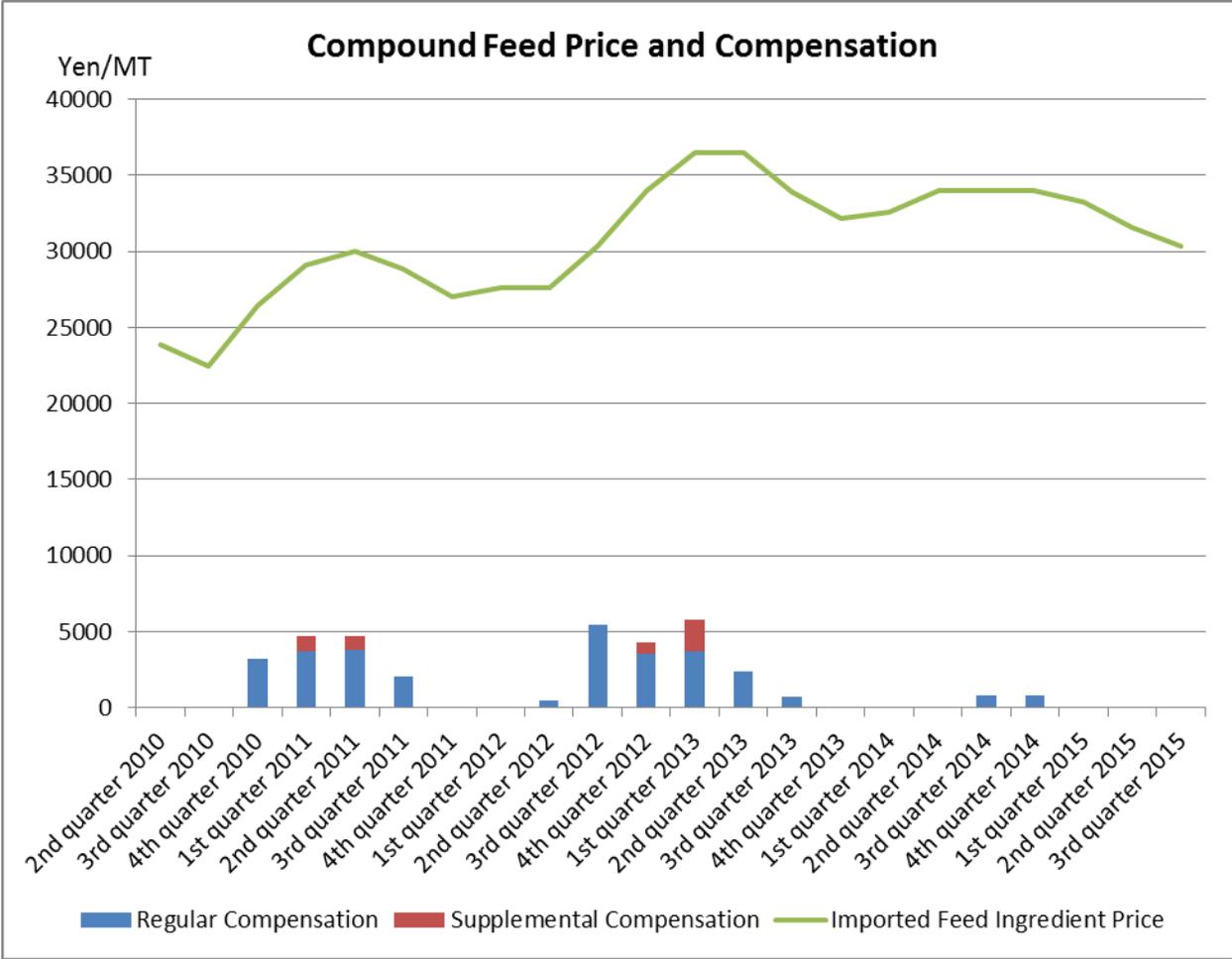
Feed Utilization by Ingredients (Unit: MT)

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Non-grain Ingredients	TOTAL
2007/08	12,151,595	1,061,836	99,070	140,704	864,290	604,450	97,379	150,312	-	9,504,883	24,674,519
	49.25%	4.30%	0.40%	0.57%	3.50%	2.45%	0.39%	0.61%	0.00%	38.52%	100%
2008/09	12,032,218	1,599,366	131,179	142,216	886,989	240,408	47,756	148,571	-	9,474,483	24,703,186
	48.71%	6.47%	0.53%	0.58%	3.59%	0.97%	0.19%	0.60%	0.00%	38.35%	100%
2009/10	11,663,020	1,605,491	203,985	133,065	904,803	396,061	79,004	151,734	96,210	9,438,395	24,671,768
	47.27%	6.51%	0.83%	0.54%	3.67%	1.61%	0.32%	0.62%	0.39%	38.26%	100%
2010/11	11,287,696	1,380,159	245,857	145,289	889,928	537,274	96,697	148,573	284,154	9,239,452	24,255,079
	46.54%	5.69%	1.01%	0.60%	3.67%	2.22%	0.40%	0.61%	1.17%	38.09%	100%
2011/12	10,688,501	1,461,639	732,039	152,292	882,497	589,640	43,043	148,359	400,836	9,172,479	24,271,325
	44.04%	6.02%	3.02%	0.63%	3.64%	2.43%	0.18%	0.61%	1.65%	37.79%	100%
2012/13	10,154,181	1,856,711	942,885	176,433	910,896	397,406	15,237	154,324	443,993	8,990,056	24,042,122
	42.23%	7.72%	3.92%	0.73%	3.79%	1.65%	0.06%	0.64%	1.85%	37.39%	100%
2013/14	10,794,681	1,006,553	649,448	160,815	870,127	732,983	16,562	135,126	512,652	8,831,356	23,710,303
	45.53%	4.25%	2.74%	0.68%	3.67%	3.09%	0.07%	0.57%	2.16%	37.25%	100%
2014 Oct	938,718	89,533	38,062	14,406	75,441	93,757	1,574	12,206	50,451	779,499	2,093,647
	44.80%	4.30%	1.80%	0.70%	3.60%	4.50%	0.10%	0.58%	2.40%	37.23%	100%
Nov	859,572	84,426	33,309	13,078	65,952	91,655	1,278	11,219	48,469	709,500	1,918,458
	44.80%	4.40%	1.70%	0.70%	3.40%	4.80%	0.10%	0.58%	2.50%	36.98%	100%
Dec	958,401	88,494	34,071	15,308	72,588	108,596	1,252	13,034	56,947	819,953	2,168,644
	44.19%	4.08%	1.57%	0.71%	3.35%	5.01%	0.06%	0.60%	2.63%	37.81%	100%
2015 Jan	846,912	85,152	29,489	12,609	64,264	94,966	1,093	10,748	49,380	703,598	1,898,211
	44.62%	4.49%	1.55%	0.66%	3.39%	5.00%	0.06%	0.57%	2.60%	37.07%	100%
Feb	808,603	81,287	26,987	12,478	62,776	93,002	956	10,465	47,557	676,114	1,820,225
	44.42%	4.47%	1.48%	0.69%	3.45%	5.11%	0.05%	0.57%	2.61%	37.14%	100%
Mar	878,575	85,307	29,269	13,550	68,119	100,169	1,017	11,386	49,502	737,426	1,974,320
	44.50%	4.32%	1.48%	0.69%	3.45%	5.07%	0.05%	0.58%	2.51%	37.35%	100%
Apr	907,651	74,111	29,623	13,965	70,636	100,374	1,123	11,716	37,839	764,996	2,012,034
	45.11%	3.68%	1.47%	0.69%	3.51%	4.99%	0.06%	0.58%	1.88%	38.02%	100%
May	853,835	67,902	27,553	12,707	63,787	96,212	923	10,535	31,770	712,443	1,877,667
	45.47%	3.62%	1.47%	0.68%	3.40%	5.12%	0.05%	0.56%	1.69%	37.94%	100%
June	863,576	71,436	28,446	13,008	65,497	96,113	926	10,856	29,607	720,772	1,900,237
	45.45%	3.76%	1.50%	0.68%	3.45%	5.06%	0.05%	0.57%	1.56%	37.93%	100%
July	898,211	61,211	29,796	13,744	68,336	98,359	989	11,192	26,784	751,424	1,960,046
	45.83%	3.12%	1.52%	0.70%	3.49%	5.02%	0.05%	0.57%	1.37%	38.34%	100%
August	829,994	54,358	28,184	12,820	62,306	94,892	928	10,455	23,678	699,841	1,817,456
	45.67%	2.99%	1.55%	0.71%	3.43%	5.22%	0.05%	0.58%	1.30%	38.51%	100%
September	886,366	57,956	31,721	13,346	65,572	104,309	941	11,222	24,802	743,411	1,939,646
	45.70%	2.99%	1.64%	0.69%	3.38%	5.38%	0.05%	0.58%	1.28%	38.33%	100%
2014/15	10,530,414	901,173	366,510	161,019	805,274	1,172,404	13,000	135,034	476,786	8,818,977	23,380,591
	45.04%	3.85%	1.57%	0.69%	3.44%	5.01%	0.06%	0.58%	2.04%	37.72%	100%
October	947,204	64,759	34,870	14,242	69,639	107,671	1,013	11,509	30,129	783,523	2,064,559
	45.88%	3.14%	1.69%	0.69%	3.37%	5.22%	0.05%	0.56%	1.46%	37.95%	100%

Source: Compound Feed Supply Stabilization Organization, MAFF

MY: October - September

Japan maintains a feed price stabilization program that consists of a combination of a MAFF subsidy and an industry fund to help absorb sudden surges in compound feed prices. It is activated when the import cost of ingredients in a particular quarter exceeds the average import cost of ingredients in the previous year. No compensation payments were made for the first three quarters of Japanese fiscal year 2015 (JFY; April – December 2015). In the third quarter (October – December 2015), the average price of imported raw materials for compound feed (30,341 yen/metric ton) was 2,909 yen lower than the average import cost of ingredients in the previous year, reflecting lower prices for soy meal and freight .



BARLEY

Barley Market Begin Year Japan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		May 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	59	59	60	60	60	61
Beginning Stocks	367	367	393	393	360	380
Production	182	182	170	170	170	177
MY Imports	1294	1294	1097	1097	1300	1150
TY Imports	1294	1294	1097	1097	1300	1150
TY Imp. from U.S.	165	183	71	87	0	0
Total Supply	1843	1843	1660	1660	1830	1707
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1100	1100	950	950	1100	1000
FSI Consumption	350	350	350	330	350	330
Total Consumption	1450	1450	1300	1280	1450	1330
Ending Stocks	393	393	360	380	380	377
Total Distribution	1843	1843	1660	1660	1830	1707
(1000 HA) ,(1000 MT)						

Production

Aggregate barley production in Japan in 2015 was up 4.2 percent from 2014 to 176,900 MT. For two-row barley, production increased four percent due to a slight increase in the planted area coupled with an improved yield in the Kanto region supported by favorable weather, offsetting a decrease in yield due to excessive rain during planting and growing in the other major growing region, Kyushu. However, the yield in 2015 was five percent lower than the average yield of the last five years. Production of six-row barley increased 12 percent due to an above-average yield, thanks to favorable weather conditions, and a five percent increase in planted area. Production of naked barley decreased 23 percent due to a 22 percent drop in yield from the previous year as a result of excessive rain during planting and growing.

Barley production

Type of Barley	Production	2010	2011	2012	2013	2014	*2015
Two-Row Barley	Crop Area (hectares)	36,600	37,600	38,300	37,500	37,600	37,900
	Production Volume (MT)	104,300	119,100	112,400	116,600	108,200	113,000
	Yield (MT/hectare)	2.85	3.17	2.93	3.11	2.88	2.98
Six-Row Barley	Crop Area (hectares)	17,400	17,400	17,100	16,900	17,300	18,200
	Production Volume (MT)	44,800	38,700	47,800	51,500	47,000	52,700
	Yield (MT/hectare)	2.57	2.22	2.80	3.05	2.72	2.90
Naked Barley	Crop Area (hectares)	4,720	5,130	4,970	5,010	5,250	5,200
	Production Volume (MT)	11,800	13,700	12,200	14,700	14,500	11,200
	Yield (MT/hectare)	2.50	2.67	2.45	2.93	2.76	2.15
Barley Total	Crop Area (hectares)	58,720	60,130	60,370	59,410	60,150	61,300
	Production Volume (MT)	160,900	171,500	172,400	182,800	169,700	176,900

Source:

MAFF

*Preliminary

Consumption

Aggregate annual barley (feed and food) consumption is estimated to be stable at approximately 1.3 million MT. Roughly 75 percent is consumed in the feed sector, of which over 80 percent is consumed by beef cattle. About 880,000 MT of feed barley was sold through MAFF SBS tenders during MY2014/15 (October 2014 – September 2015). MAFF sets the import volume of feed barley for each Japanese fiscal year. For JFY2015, MAFF initially set an import volume of 690,000 MT, but with competitively priced feed barley available in Europe, Russia and Black Sea countries, 603,905 MT of feed barley was imported in the first seven months (April - October 2015). To allow more barley to be imported this fiscal year, in November 2015, MAFF raised the import volume for JFY2015 to 1,000,000 MT.

For non-feed use barley, MAFF forecasts consumption of about 330,000 MT in JFY2015, of which 110,000 MT is expected to be supplied domestically and the remaining 220,000 MT to be imported. Two-row barley is used primarily for beer, and Australia is the major supplier. Six-row barley - supplied by domestic production and imports from Canada - is used for making barley tea. Naked barley is used for the production of *miso* (soybean paste), entirely produced from domestic barley supplies. There is little indication that barley for these non-feed uses will increase in the near future.

Trade

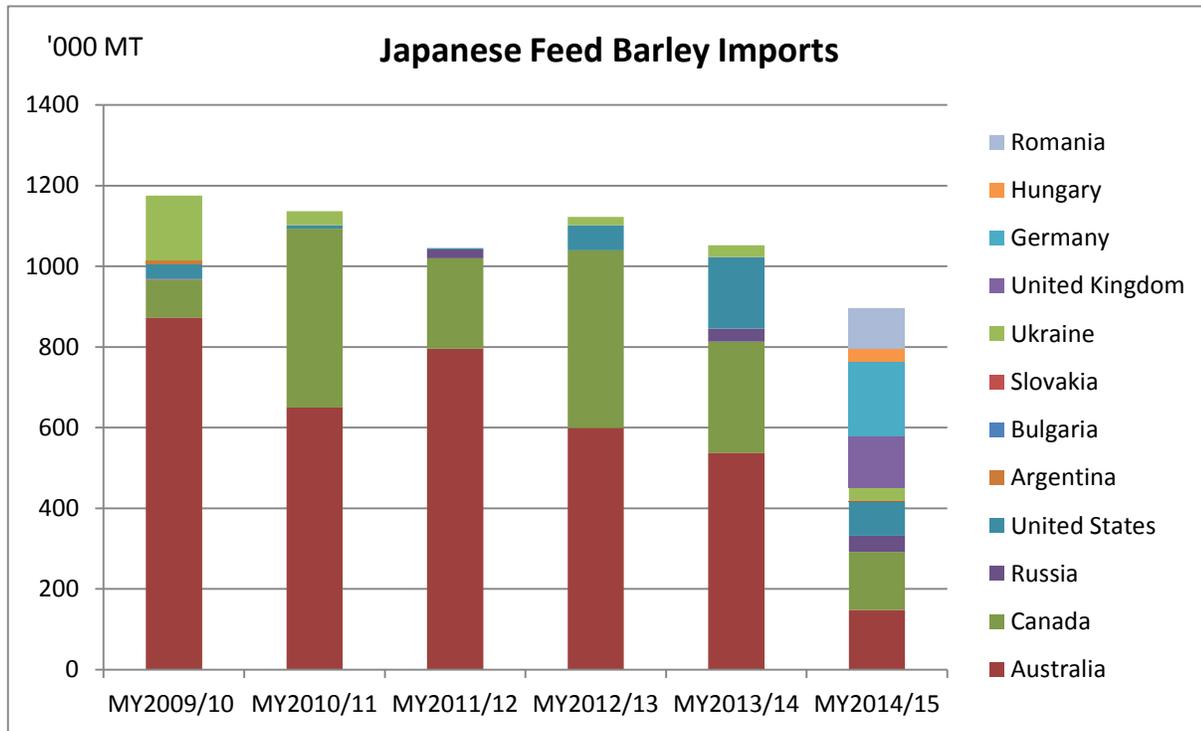
Barley imports decreased 15 percent in MY 2014/15 from the previous year due mainly to weak demand from the feed sector resulting from a decrease in the number of beef cattle. Until MY 2012/13, Australia and Canada had supplied 90 percent of barley to Japan. Australian exports of barley to China have soared in recent years, and Canada also increased barley exports to China to meet its strong demand. In MY2014/15, Japan's imports from Australia and Canada plunged by 59 percent and 42 percent respectively from the previous year due to high CIF prices. Instead, Japan diversified its

supply sources, importing feed barley from non-traditional suppliers such as Germany and the United Kingdom and Black Sea countries at competitive prices. If competitively priced feed barley continues to be available, feed barley imports are expected to increase slightly in MY2015/16, while food barley imports are forecast to remain flat.

CIF Price of Feed Barley

(USD/MT)

	MY2009/10	MY2010/11	MY2011/12	MY2012/13	MY2013/14	MY2014/15
World	208.92	302.26	300.95	326.12	276.88	255.4
Australia	208.77	310.27	298.39	325.7	278.71	280.58
Slovakia	0	0	0	0	0	272.06
Canada	223.83	299.47	308.45	326.09	271.29	267.77
United States	200.67	271.12	342.48	338.74	273.43	260.47
Germany	0	0	0	0	0	251.21
Russia	231.43	0	310.84	0	291.51	247.68
United Kingdom	0	0	0	0	0	242.03
Romania	0	0	0	0	0	240.4
Ukraine	201.74	196.2	0	299.8	300.58	234.32
Hungary	0	0	0	0	0	227.37
Bulgaria	0	0	0	0	0	213.33
Argentina	226.25	0	0	0	0	0



Japan Import Statistics							
Commodity: Barley for Feed,							
Year Ending: September							
	Quantity (MT)			% Share			% Change
	2012/13	2013/14	2014/15	2013	2014	2015	2015/2014
World	1122019	1052245	895391	100.00	100.00	100.00	- 14.91
Germany	0	0	183164	0.00	0.00	20.46	0.00
Australia	599259	537944	148449	53.41	51.12	16.58	- 72.40
Canada	439971	275057	143031	39.21	26.14	15.97	- 48.00
United Kingdom	0	0	129566	0.00	0.00	14.47	0.00
Romania	0	0	98927	0.00	0.00	11.05	0.00
United States	62584	177671	83233	5.58	16.88	9.30	- 53.15
Russia	0	32300	40548	0.00	3.07	4.53	25.54
Ukraine	20205	29273	33316	1.80	2.78	3.72	13.81
Hungary	0	0	32640	0.00	0.00	3.65	0.00
Slovakia	0	0	1520	0.00	0.00	0.17	0.00
Bulgaria	0	0	997	0.00	0.00	0.11	0.00

Japan Import Statistics							
Commodity: Barley for Food,							
Year Ending: September							
	Quantity (MT)			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	232317	242085	201591	100.00	100.00	100.00	- 16.73
Australia	173668	167992	139675	74.75	69.39	69.29	- 16.86
Canada	56513	68595	55014	24.33	28.34	27.29	- 19.80
United States	2133	5491	3903	0.92	2.27	1.94	- 28.92
France	0	0	1991	0.00	0.00	0.99	0.00
United Kingdom	3	5	1008	0.00	0.00	0.50	∞
China	0	2	0	0.00	0.00	0.00	- 100.00

Japan Import Statistics							
Commodity: Barley Total,							
Year Ending: September							
	Quantity (MT)			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	1354336	1294330	1096982	100.00	100.00	100.00	- 15.25
Australia	772927	705936	288124	57.07	54.54	26.27	- 59.19
Canada	496484	343652	198045	36.66	26.55	18.05	- 42.37
Germany	0	0	183164	0.00	0.00	16.70	0.00
United Kingdom	3	5	130574	0.00	0.00	11.90	∞
Romania	0	0	98927	0.00	0.00	9.02	0.00
United States	64717	183162	87136	4.78	14.15	7.94	- 52.43
Russia	0	32300	40548	0.00	2.50	3.70	25.54
Ukraine	20205	29273	33316	1.49	2.26	3.04	13.81
Hungary	0	0	32640	0.00	0.00	2.98	0.00
France	0	0	1991	0.00	0.00	0.18	0.00
Slovakia	0	0	1520	0.00	0.00	0.14	0.00
Bulgaria	0	0	997	0.00	0.00	0.09	0.00
China	0	2	0	0.00	0.00	0.00	- 100.00

Sorghum

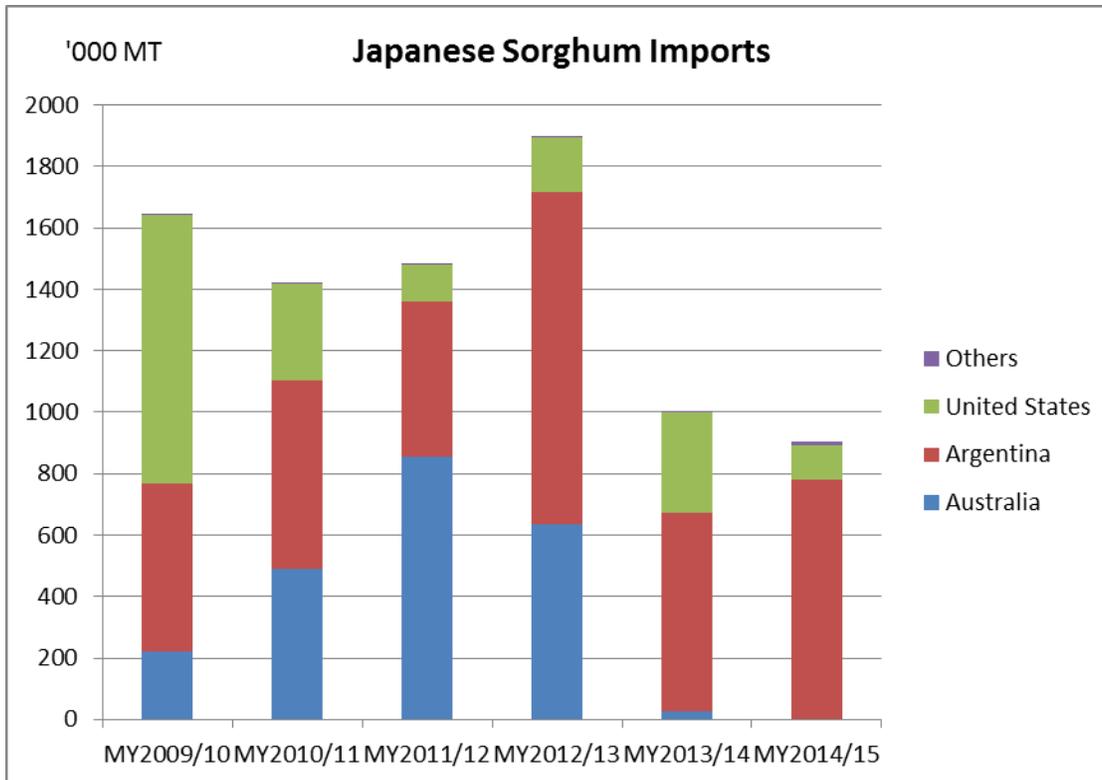
Sorghum Market Begin Year Japan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		May 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	78	78	81	51	84	24
Production	0	0	0	0	0	0
MY Imports	1003	1003	903	903	1000	950
TY Imports	1003	1003	903	903	1000	950
TY Imp. from U.S.	255	330	75	113	0	0
Total Supply	1081	1081	984	954	1084	974
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1000	1030	900	930	1000	900
FSI Consumption	0	0	0	0	0	0
Total Consumption	1000	1030	900	930	1000	900
Ending Stocks	81	51	84	24	84	74
Total Distribution	1081	1081	984	954	1084	974
(1000 HA) ,(1000 MT)						

Consumption

Almost all sorghum is used for feed, of which 90 percent is consumed by the swine and poultry sectors. Use of sorghum in compound feed adjusts depending on the availability and price of corn and, recently, rice. Swine numbers are expected to recover slightly in 2015 and 2016 from the 2014 reduction in the swine population resulting from the Porcine Epidemic Diarrhea virus (PEDv) outbreak. As production of poultry meat has increased in the last four years, and egg prices were high in 2015, the poultry population is expected to increase slightly in 2015 and 2016. Accordingly, although demand for sorghum for swine and poultry feed is expected to be robust in MY2015/16, increased use of rice in compound feed is expected to counterbalance the impact. Therefore, Post projects use of sorghum will decline slightly to 900,000 MT in MY2015/16.

Trade

Argentina has historically been the major sorghum supplier to Japan, followed by Australia and the United States. In MY 2014/15, because of China's strong demand for sorghum from Australia and the United States, Japan's imports from these countries dropped significantly, and Argentina's market share in Japan increased from 64 percent to 86 percent.



Japan Import Statistics								
Commodity: Sorghum Total,								
Year Ending: September								
Partner Country	Unit	Quantity			% Share			% Change
		2013	2014	2015	2013	2014	2015	2015/2014
World	T	1896304	1003114	903216	100.00	100.00	100.00	- 9.96
Argentina	T	1083819	643859	778502	57.15	64.19	86.19	20.91
United States	T	177944	330362	112590	9.38	32.93	12.47	- 65.92
Brazil	T	0	0	9472	0.00	0.00	1.05	0.00
India	T	1025	1147	1191	0.05	0.11	0.13	3.84
Australia	T	633140	26876	593	33.39	2.68	0.07	- 97.79
Mexico	T	0	0	276	0.00	0.00	0.03	0.00
Ukraine	T	0	0	264	0.00	0.00	0.03	0.00
Thailand	T	286	792	242	0.02	0.08	0.03	- 69.44
China	T	88	68	86	0.00	0.01	0.01	26.47
Belgium	T	2	10	0	0.00	0.00	0.00	- 100.00

CIF Price of Sorghum (USD/MT)

	MY2012/13	MY2013/14	MY2014/15
World	305.03	270.4	216.31
Argentina	283.22	261.54	207.56
United States	352.65	281.77	272.53
Brazil	0	0	233.59
India	349.19	315.69	311.94
Australia	328.77	335.68	413.05
Thailand	429.76	392.78	403.2
Ukraine	0	0	271.2
China	831.34	806.47	598.25
Mexico	0	0	184.4
Belgium	1124.6	966.71	0