USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

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Japan

Grain and Feed Annual 2010

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Report Highlights:
Japan is one of the steadiest buyers of rice, wheat and feed grains in the world. The impact of soaring grain prices in 2007 and 2008 was minimal because of Japan's solid purchase power and steady import regime including state purchases of rice and wheat. Subsidies to absorb cost increases in animal feed also alleviated pains of livestock producers. Japan's robust and solid purchases continued in 2009. Looking in the long-term span, however, demand for rice, wheat and feed grains is bound to shrink as Japan's demographics change. The challenge remains for the United States to cultivate new uses and markets for conventional grains, particularly in the food use sector, as well as for new items like DDGS.

Commodities:

Author Defined:

RICE

Production Down Four Percent, But Surplus Continues

Primarily due to low temperatures, particularly in Hokkaido, overall national production of rice in 2009 declined four percent from 2008 (two percent below a normal year) for a total volume of 8,474,000 metric tons (MT), brown rice basis. This is still greater than the demand forecast of 8,211,000 MT.

Table 1.
Japan's Rice Production (Brown Basis)

	Planted Area (1,000 hectares)			Production (1,000 metric tons)			Yield/10 ares (kilograms)	
	Total	Paddy	Upland	Total	Paddy	Upland	Paddy	Upland
2005	1,706	1,702	4	9,074	9,062	12	532	266
2006	1,688	1,684	4	8,556	8,546	10	507	246
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

Source: MAFF

Consumption Flat with No Bright Long-term Prospects

Per capita consumption of rice in Japan has been steadily declining since its peak in 1962, and finally went below 60 KG mark in 2008. In order to reduce surplus rice suuply, 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). However, in 2008, the feed use of rice declined to 468,000 MT. It appears that the maximum amount of rice that can be absorbed by the feed sector is around 500,000 MT. On the table rice side, also, it would be optimistic to conclude that the four-decade-long downward trend can be reversed despite MAFF's "self-sufficiency" campaign, whose core program is promoting rice consumption. Post projects a further decline in the next decade, given the demographic situation depicted in Chart 6, 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 2.
Annual Per Capita Consumption of Rice in Japan (Kilograms)

1962	1965	1975	1985	1995	2005	2007	2008	2009*
118.3	111.7	88.0	74.6	67.8	61.4	61.4	59.0	59.0

* Ag Office estimate
Source: MAFF

Chart 1: Use of Rice in Feed
Source: Feed Supply Stabilization Organization

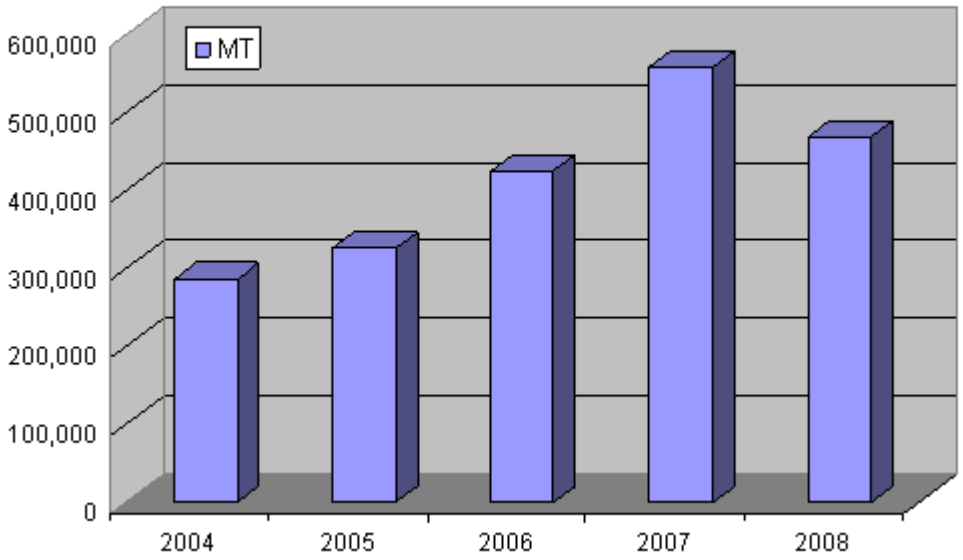
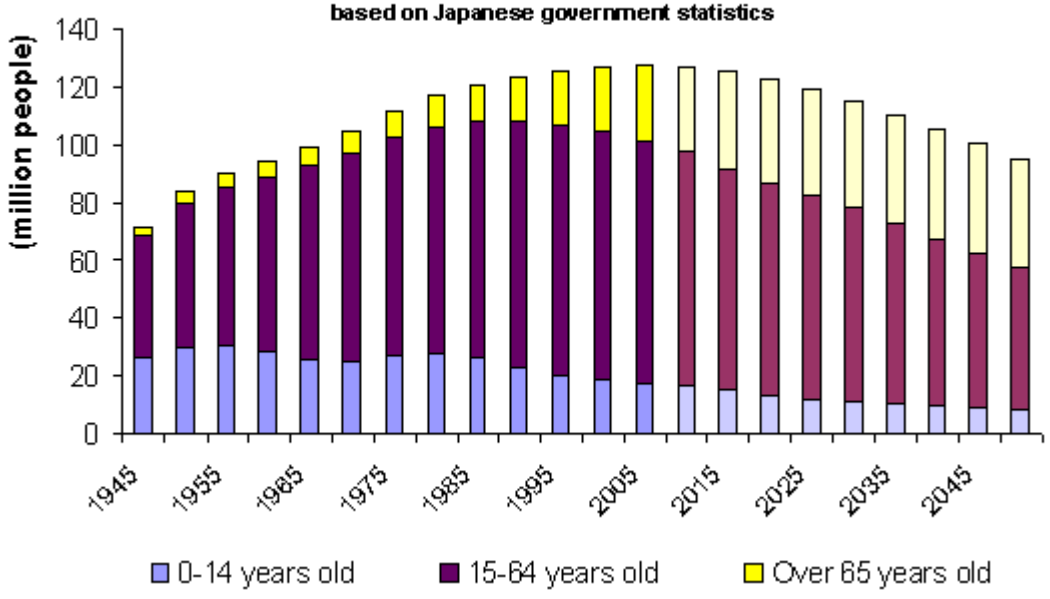


Chart 2: Japan's Past Demographic Trends and Future Forecast
Source: Compiled by AgAffairs/Tokyo
based on Japanese government statistics



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 less than four percent of food expenditures on rice.

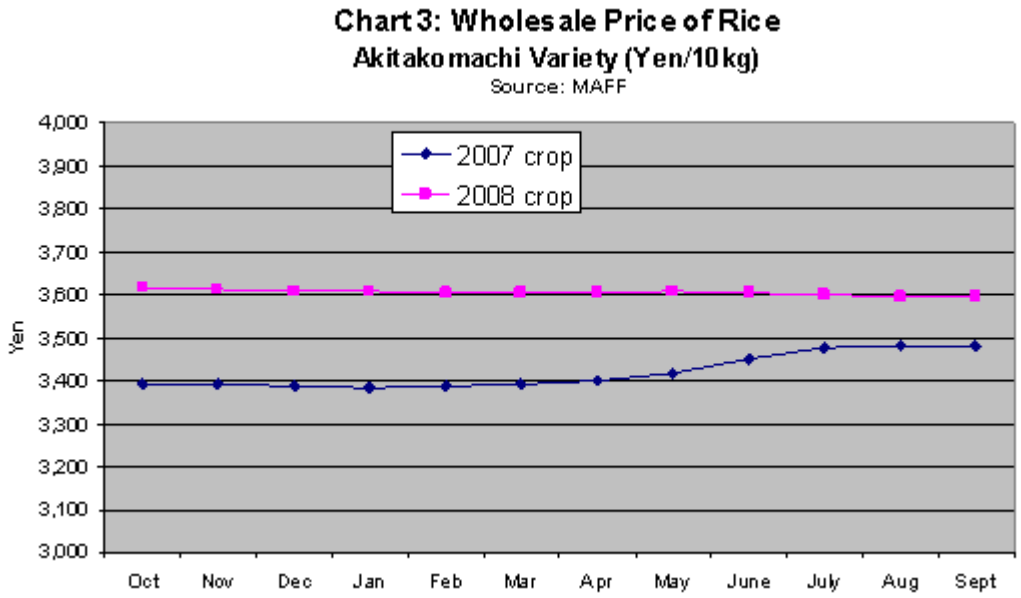
Table 3.
Average Monthly Expenditures on Rice by Japanese Household (in Yen)

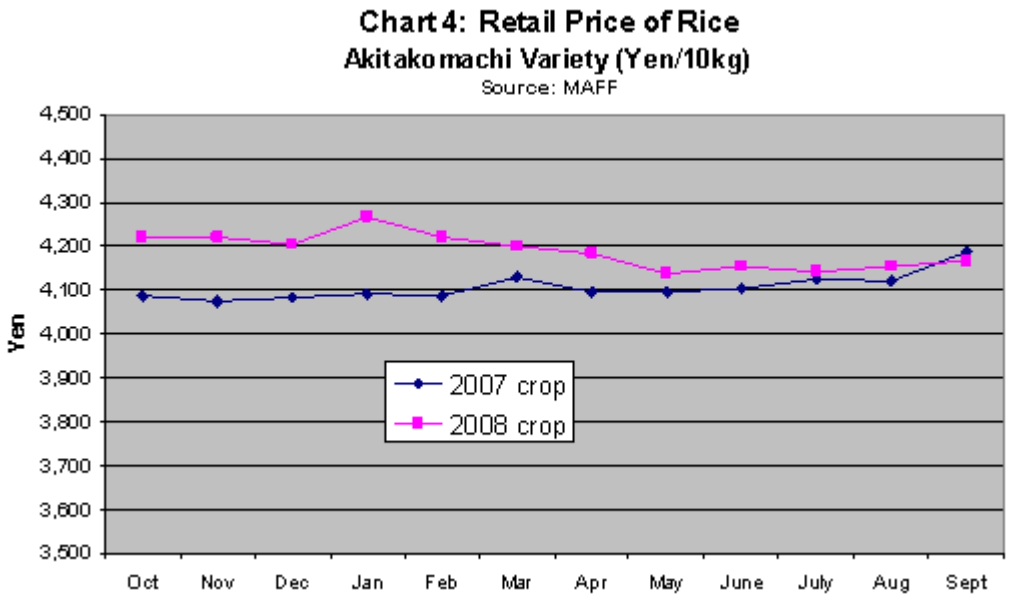
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Expenditure	317,133	308,692	306,129	302,623	304,203	302,903	295,332	297,139	297,102	291,737
Food Expenditure	73,844	71,534	71,286	70,260	70,116	68,910	68,178	68,522	69,145	68,322
Expenditure on Rice	3,291	3,113	2,992	3,041	3,044	2,681	2,523	2,506	2,515	2,419
% rice/food	4.50%	4.40%	4.20%	4.30%	4.34%	3.89%	3.70%	3.66%	3.64%	3.54%

Source: Ministry of Management, Home Affairs, Post and Telecommunications
Yen = .011 US$ in March 2010

No Government Set-aside Program This Year

The graphs below show the trend in the wholesale traded price of rice and the retail price for the 2007 crop and the 2008 crop. The 2008 prices, both wholesale and retail, were highly stable. With 2009 crop volume below a normal year's level, MAFF does not plan to purchase surplus rice as it did last year. (MAFF purchased 100,000 MT of surplus and segregated it from the market.) The early indication of the 2009 prices shows a similar level as the 2008 ending prices.





Japan Expected to Meet Import Commitment in 2009

So far, five Simultaneous Buy and Sell (SBS) tenders and nine Ordinary Minimum Access (OMA) tenders have been held for the current Japan Fiscal Year 2009 (April 2009-March 2010). Every year, Japan is expected to fulfill its WTO commitment of 682,000 MT on the milled rice basis.

Table 4.

Results of Japan's Minimum Access Rice Tenders (JFY 1995-2009)
(Actual Tonnage)

	U.S.	Thailand	Australia	China	Others	Total
JFY2009 (as of Feb 28, 2010)						
SBS	18,197	10,815	0	62,055	346	91,413
Share	*19.9%*	*11.8%*	*0.0%*	*67.9%*	*0.4%*	*100.0%*
OMA	273,000	247,000	0	0	0	520,000
Share	*52.5%*	*47.5%*	*0.0%*	*0.0%*	*0.0%*	*100.0%*
Total	291,197	257,815	0	62,055	346	611,413
Share	*47.6%*	*42.2%*	*0.0%*	*10.1%*	*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%*
JFY 2004						
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%*
JFY 2003						
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%*
JFY 2002						
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%*
JFY 2001						
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%*
JFY 2000						
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%*
JFY 1999						
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%*
JFY 1998						
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%*
JFY 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%*
JFY 1996						
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%*
JFY 1995						
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

Trade for Processed Rice Products

The United States is one of the three largest exporters of rice flour preparations to Japan along with Thailand and China. The U.S. suppliers have long catered to the specific needs of Japanese end users and have developed a mutually beneficial stable business.

In June 2005, MAFF started to release stocks of imported rice into the rice flour sector in an effort to curb the "surge" of imports of rice flour preparations and to reduce the inflated stocks of imported rice. It later became clear that this sector-specific release program was substantially affecting U.S. exports (down nearly 20 percent in 2007 from 2005). USDA pursued this issue with MAFF at various bilateral fora. Consequently, MAFF discontinued this release program at the end of October 2008. Total imports of rice flour increased in 2009. However, imports from the United States dropped due to high prices, whereas imports from China doubled (from 13,503 MT to 28,947 MT). Post will continue monitoring MAFF's movements to release rice stocks to originally unintended sectors.

The U.S. share in imports of rice crackers, pilaf and *sake* (rice wine) remains small due to high labor costs compared to those in countries like Thailand (the largest exporter to Japan of rice crackers), China (the largest exporter of pilaf) and the Republic of Korea (the largest exporter of *sake*).

Table 5.
Japanese Imports of Processed Rice Products
(MT, except sake)

	CY 2007		CY 2008		CY 2009	
	Total	U.S.	Total	U.S.	Total	U.S.

Rice Flour	90,201	25,991	85,889	25,290	93,055	17,552
Rice Crackers	11,592	0	11,044	0	10,724	0
Pilaf	819	2	318	2	3,501	1
Sake (1,000 liters)	2,928	0	611	0	325	0

Source: Ministry of Finance

Stocks

MAFF holds emergency stocks of rice, whose appropriate level is currently targeted at 1 million MT. However, this does not include the Minimum Access (MA) rice. MAFF's official supply and demand table does not include stocks of MA rice. As shown below, stocks of domestic rice have been reduced over the years, and since 2004 have been below the targeted level due to a poor crop in 2003. In contrast, stocks of MA rice had been piling up and peaked in 2006. However, MAFF has been selling MA rice aggressively into the feed sector for the last two years, running down the stock level. As reported in the earlier consumption section, about 500,000 MT of MA rice is now going into the feed sector. Further, it has been reported that MAFF will be supplying MA rice to ethanol plants. 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 6.
Japan's Rice Reserve
(MT)

		Government		
	Commercial	Domestic	MA rice	Total
1995	370,000	1,180,000	0	1,550,000
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

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 7.

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 (16,944 MT in the calendar year 2009 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.

Table 8.

Japan's Self-Sufficiency Ratio (%)

	1960	1975	1985	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Rice	96	110	107	100	95	95	96	95	95	95	94	94	95
Wheat	28	4	14	15	11	11	13	14	14	14	13	14	14
Beans	25	9	8	8	7	7	7	6	6	7	7	7	9
Soybeans	11	4	5	5	5	5	5	4	3	5	5	5	6
Vegetables	100	99	95	91	82	82	83	82	80	79	79	81	82
Fruit	90	84	77	63	44	45	44	44	40	41	38	40	41
Meats	90	77	81	70	52	53	53	54	55	54	56	56	56
Beef	95	81	72	51	34	36	39	39	44	43	43	43	44
Eggs	100	97	98	98	95	96	96	96	95	94	95	96	96
Milk/Dairy Products	86	81	85	78	68	68	69	69	67	68	67	66	70
Seafood (for food)	110	100	86	72	53	53	53	57	55	57	60	62	62
Sugar	31	15	33	32	29	32	34	35	34	34	32	33	38
Self-sufficiency (Calorie Basis)	73	54	53	48	40	40	40	40	40	40	39	40	41
Self-sufficiency (Major Food Grains)	80	69	69	67	60	60	61	60	60	61	60	60	61
Self-sufficiency (Major Feed Grains)	55	34	27	26	26	25	25	23	25	25	25	25	26
Self-sufficiency (Food + Feed Grains)	62	40	31	30	28	28	28	27	28	28	27	28	28

Source: MAFF

* Preliminary

WHEAT

Production in 2009 Declines 23 Percent

The total planted area for wheat in 2009 stayed about the same as the previous year. However, the production volume declined as much as 23 percent due to a significantly lower yield caused by low temperatures, a long rainy period, and a lack of sunshine in the major production area of Hokkaido, as well as a humidity damage in other areas such as Kyushu and Tokai.

Table 9.
Japan's Wheat Production

	Planted Area (hectares)	Production (MT)	Yield (MT/ha)
2005	213,500	874,700	4.10
2006	218,300	837,200	3.84
2007	209,700	910,100	4.34
2008	208,800	881,200	4.22
2009	208,300	674,600	3.24

Source: MAFF

Wheat Consumption Stays Flat

Up until the 1980's, wheat consumption had been increasing gradually as consumers shifted from rice to processed wheat products such as bread and pasta. However, consumption has been flat in the last three decades at about 30 kilograms per capita. In the long run, with the growing size of the elderly population, who tend to eat less in quantity and more traditional foods, wheat consumption is expected to decline slowly but steadily.

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

1985	2000	2005	2006	2007	2008	2009*
31.7	32.6	31.7	31.8	32.3	31.1	31.0

Source: MAFF
* Ag Office estimate

Utilization Patterns

In 2009 production of most major wheat based products showed a slight decline in line with a sluggish overall wheat consumption trend. In the long term, domestic production of these selected wheat products is estimated to be flat or to decline slightly as Japan's demographics change.

Table 11.
Japanese Production of Selected Wheat Products
(1,000 MT)

	2005	2006	2007	2008	2009*
Wheat Flour	4,623	4,599	4,701	4,554	4,450
Bread	1,232	1,218	1,211	1,181	1,165
Noodles	1,368	1,324	1,319	1,277	1,258
Biscuit	213	218	225	240	245
Premix	357	361	366	370	365

* Ag Office Estimate
Source: MAFF

Wheat Resale Price Returns to 2007 Level

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 ratio in recent years until 2006 had been consistent 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) in each country on the resale price. The initial resale prices set for April - September 2007 (Table 12), were based on an average of the past half year or full year FOB prices. The "mark-up" ratio (coefficient) on an annual average was meant to stay at the range between 1.8 to 1 and 2.1 to 1 as before. However, soaring international prices of wheat quickly worsened MAFF's balance sheet. From September 2007 till April 2008 MAFF ran in the red as shown in Table 12 below, despite repeated resale price hikes that increased the resale price by 50 percent in one year. Now that the import price has returned to the 2006 level, MAFF reduced the resale price in April 2009 by 14 percent, and October 2009 by 18 percent.

Table 12.
GOJ Purchase and Resale Price of U.S. Wheat
(Yen per MT)

	Average CIF Price* (a)	Resale Price** (b)	(b)/(a)
2003	22,855	45,790	2.0
2004	22,923	45,560	2.0

2005	21,521	45,350	2.1
2006	25,377	44,970	1.8
Apr-07	35,537	42,730	1.2
May-07	35,053		1.2
Jun-07	37,130		1.2
Jul-07	39,412		1.1
Aug-07	40,429		1.1
Sep-07	50,414		0.8
Oct-07	59,901	46,990	0.8
Nov-07	57,473		0.8
Dec-07	65,129		0.7
Jan-08	69,127		0.7
Feb-08	74,587		0.6
Mar-08	NA		
Apr-08	58,349	61,090	1.0
May-08	50,508		1.2
Jun-08	46,396		1.3
Jul-08	49,403		1.2
Aug-08	49,309		1.2
Sep-08	43,696		1.4
Oct-08	24,688	67,200	2.7
Nov-08	NA		
Dec-08	23,129		2.9
Jan-09	25,617		2.6
Feb-09	26,145		2.6
Mar-09	26,820		2.5
Apr-09	27,816	57,880	2.1
May-09	28,732		2.0
Jun-09	29,966		1.9
Jul-07	27,403		2.1
Aug-09	27,338		2.1
Sep-09	26,354		2.2
Oct-09	26,326	47,460	1.8
Nov-09	25,004		1.9
Dec-09	25,470		1.9

*US Wheat (HS Code: 100190019)

**US Western White II

Source: MAFF and Ministry of Finance

The price includes 5% consumption tax.

Table 13.

GOJ Resale Price for April-September 2007

Yen per MT

Brand	April - Sept. 2007	Oct. 07-March 08	April - Sept. 2008	Oct. 08-March 09	April-Sept. 2009	Oct. 09-March 10
U.S. Western White (WW)	42,730	46,990	61,090	67,200	57,880	47,460
Australia Standard White (ASW)	48,660	53,530	69,590	76,550	64,140	46,820
U.S. Hard Red Winter (HRW)	47,440	52,170	67,830	74,610	59,260	46,810
Canada Western Red Spring #1 (1CW)	51,140	56,250	73,130	80,440	71,890	54,640

U.S. Dark Northern Spring (DNS)	49,270	54,190	70,450	77,500	67,010	51,600
Average of above 5 brands	48,430	53,270	69,120	76,030	64,750	49,820
% change						

Source: MAFF

Yen = .011 US$ in March 2010

Wheat Imports Show Decrease in 2009

Total imports of wheat in calendar year (CY) 2009 decreased by 18.7 percent to 4,702,565 MT. The decline is not as sharp on the marketing year (MY) basis (July-June): from 5,491,503 in MY07/08 to 4,938,417 MT in MY08/09, down 10.1 percent. This is because MAFF purchased inflated amounts in mid-2008 when C&F prices started to come down, thus ended up holding back purchase in 2009. Imports in 2009 were also affected negatively by an expectation for plummeting production of wheat based products caused by an economic downturn. Over the medium term, imports of wheat are forecast to decline slowly but steadily as Japan's demographics change. Despite the overall import volume decline, however, the U.S. share of total imports in 2009 remained at the 60 percent level.

Table 14.
Japanese Wheat Imports by Source
(MT)

Year	U.S.	Share	Canada	Australia	TOTAL
CY 2007	3,166,974	60.0%	1,136,261	948,251	5,275,108
CY 2008	3,658,265	63.3%	1,180,784	932,665	5,780,711
CY 2009	2,839,897	60.4%	942,449	878,043	4,702,565

Source: Ministry of Finance

Table 15.
Japanese Imports of Processed Wheat Products
(MT)

	CY 2007		CY 2008		CY 2009	
	Total	US Share	Total	US Share	Total	US Share
Flour preparations	117,019	7.5%	100,161	8.9%	102,444	8.7%
Pasta (excl. stuffed)	104,411	22.8%	127,254	19.2%	116,416	18.7%
Biscuits	23,105	6.3%	17,998	9.3%	16,506	9.5%
Bread	7,354	26.1%	5,561	12.7%	5,619	13.5%

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 16.
Japanese Exports of Wheat Flour by Destination
(MT)

Destination	CY 2007	CY 2008	CY 2009
Hong Kong	166,439	116,746	111,277
Vietnam	23,460	11,983	16,632

Singapore	33,255	32,164	29,574
Thailand	13,396	9,503	10,597
United States	1,017	985	703
Other	17,808	15,659	16,620
Total	255,375	187,040	185,403

Source: Ministry of Finance

Stocks

Japan has held emergency stocks of wheat at a level equivalent to 2.6 months' worth of demand. Due to the shortened time necessary to obtain alternative supplies in case of an emergency, the stocks have been reduced to 1.8 months' worth. Although the actual stock figures are not disclosed, 1.8 months' worth of stocks translates to around 900,000 metric tons.

Feed Wheat Imports through SBS System

In 1999, MAFF introduced the Simultaneous Buy and Sell (SBS) system for imported wheat and barley for feed use. During JFY 2009, MAFF conducted fourteen SBS tenders, through which 125,490 MT of imported wheat was contracted.

Table 17.
SBS Imports of Feed Wheat and Barley
(MT)

	Wheat	Barley
1st tender	10,305	184,865
2nd	6,220	63,500
3rd	14,805	183,300
4th	1,500	2,750
5th	8,850	108,200
6th	11,130	90,880
7th	8,000	112,000
8th	11,385	75,200
9th	550	10,750
10th	7,000	120,000
11th	20,670	57,450
12th	550	900
13th	8,125	120,000
14th	16,400	62,120
Total	125,490	1,191,915

Source: MAFF
As of February 28, 2009

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 roughly 240,000 to 250,000 MT of Australian Prime Hard and roughly 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 300,000 MT of wheat (Category I and II combined) was imported under this system during JFY2009. Due to relatively expensive freight rates for containers, wheat imported by containers (Category II) was small in volume. In addition, the amount of U.S. wheat imported under the SBS system is quite limited because the users (flour millers) can obtain what they need through traditional state purchases.

Table 18.
SBS Imports of Food Wheat

Tender (Date)	Category I			Category II		
	MT	Type	Country	MT	Type	Country
1st 15-Apr-09	25,000 18,300	Durum Prime Hard	Canada Australia	3,500 600	Prime Hard	Australia France
2nd 29-May-08	6,600	Durum	Canada			
3rd 25-Jun-09	27,600 9,000	Durum Prime Hard	Canada Australia	438 108 6,916 300	 Prime Hard	Canada USA Australia France
4th 31-Jul-09	6,600 3,600	Durum Prime Hard	Canada Australia			
5th 28-Aug-08	26,600 22,800	Durum Prime Hard	Canada Australia	6,805 144	Prime Hard	Australia France
6th 25-Sep-09	10,000	Durum	Canada			

7th 29-Oct-09	22,600 5,000	Durum Prime Hard	Canada Australia	304 11,335 168	Prime Hard	USA Australia France
8th 26-Nov-09	6,600 5,600	Durum Prime Hard	Canada Australia	260 3,900	Prime Hard	Canada Australia
9th 16-Dec-09	31,800 15,150	Durum Prime Hard	Canada Australia	3,500 1,782	Prime Hard	Australia France
10th 15-Jan-10	11,000	Durum	Australia	1,800	Prime Hard	Australia
Total Volume	253,850			41,860		

Source: MAFF

As of February 28, 2009

CORN

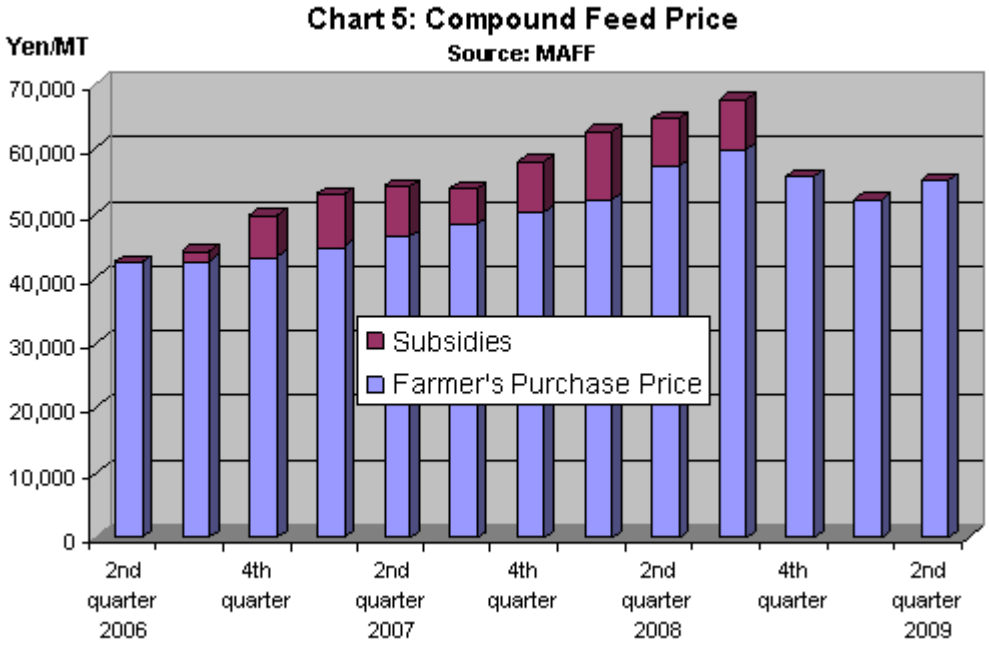
Production

Corn production is negligible in Japan.

Overall Demand Stable While High Feed Price Will Severely Hurt Japanese Livestock Producers

As corn is an indispensable ingredient in animal feed and starch making in Japan, despite price fluctuations demand for imported corn stays stable, both in the feed sector and food sector.

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 have 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.



Although the higher cost of feed has placed a tremendous burden on Japan's livestock industry, the feed price stabilization program has helped livestock farmers to sustain the population of animals. Labor intensive dairy farms, however, continue to shrink in number.

Table 19.
Japan's Livestock Population
(1,000 heads)

	2000	2005	2006	2007	2008	2009	***%09/00***
Dairy cows	1,764	1,655	1,636	1,592	1,533	1,500	***85.0%***
Beef cattle	2,824	2,747	2,755	2,806	2,890	2,923	***103.5%***
Swine	9,806	9,750*	9,620	9,759	9,745	9,899	***100.9%***
Layers	140,365	136,000*	136,894	142,765	142,523	139,910	***99.7%***
Broilers	108,410	102,520	103,687	105,287	102,987	107,141	***98.8%***

Source: MAFF (as of February each year)

* Ag Office Estimate

Table 20.
Imports of Meat by Origin ***(1,000 MT)***

	CY 2007	CY 2008	Cy 2009
Beef, fresh/chilled (HS Code: 0201)			
United States	18	31	35
Share	8.2%	15.6%	16.2%
Australia	188	159	169
Total	216	199	213
Beef, frozen (HS Code: 0202)			
United States	16	23	35
Share	6.3%	8.9%	12.9%

Australia	206	199	195
Total	258	259	268
Pork, fresh/chilled/frozen (HS Code: 0203)			
United States	271	337	289
Share	35.6%	41.2%	41.1%
Denmark	161	160	123
Canada	166	175	289
Total	760	818	703
Poultry, fresh/chilled/frozen (HS Code: 0207)			
United States	24	25	19
Share	6.6%	5.7%	5.6%
Taiwan	5	5	4
France	2	1	1
Brazil	324	397	308
Total	360	434	337

Source: Ministry of Finance

Utilization Patterns

Of the total demand for corn in Japan (approximately 16.5 million MT), roughly 70 percent comes from the feed sector, 22 percent from starch manufacturers, and 8 percent from other food-use sectors including manufacturers of corn grits (used as a fermentation ingredient in liquors), cornflakes and confections.

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, but the corn ratio has been fairly constant at 48–50 percent in recent years. Of the total demand for feed corn (roughly 12.0 million MT), about 43 percent (5.2 million MT) comes from the poultry sector.

The stagnant trend in the livestock population appears irreversible and feed demand in Japan is expected to decline slowly but surely in years to come. The future of corn demand in Japan relies heavily on developing and enhancing demand in the non-feed sector. In the past several years, a robust demand for food corn has been driven by a strong beverage demand for corn sweeteners and for light beer called *happoshu*.

Table 21a.
Feed Utilization by Ingredients 2008

	Corn	Sorghum	Wheat	Barley	Rice
Layer Feed					
MT	3,476,132	131,924	404	4	111,070
%	54.4%	2.1%	0.0%	0.0%	1.7%
Broiler Feed					
MT	1,701,283	586,606	1,689	675	159,331
%	43.6%	15.0%	0.0%	0.0%	4.1%
Poultry Total					
MT	5,177,415	718,530	2,093	679	270,401
%	50.3%	7.0%	0.0%	0.0%	2.6%
Dairy Cattle					
MT	1,401,717	23,910	16,590	48,946	57,617
%	43.8%	0.7%	0.5%	1.5%	1.8%
Beef Cattle					
MT	1,817,459	63,364	42,992	735,791	21,268

%	39.8%	1.4%	0.9%	16.1%	0.5%
Cattle Feed Total					
MT	3,219,176	87,274	59,582	784,737	78,885
%	41.4%	1.1%	0.8%	10.1%	1.0%
Swine Feed					
MT	3,411,306	430,181	42,044	58,366	117,925
%	56.5%	7.1%	0.7%	1.0%	2.0%
Feed, other					
MT	25,242	2,203	204	1,499	484
%	39.3%	3.4%	0.3%	2.3%	0.8%
Compound Feed Total					
MT	11,833,139	1,238,188	103,923	845,281	467,695
%	49.0%	5.1%	0.4%	3.5%	1.9%
Mixed Feed					
MT	226,593	2,156	7,674	13,743	305
%	58.9%	0.6%	2.0%	3.6%	0.1%
Feed Total					
MT	12,059,732	1,240,344	111,597	859,024	468,000
%	49.1%	5.1%	0.5%	3.5%	1.9%
Source: Feed Supply Stabilization Organization					

Table 21b.

Feed Utilization by Ingredients 2008

Wheat Flour	Rye	Oats	Other Grains	Grain Total	Other Ingredients	Total
Layer Feed						
2,280	1	0	2,933	3,724,748	2,665,078	6,389,826
0.0%	0.0%	0.0%	0.0%	58.3%	41.7%	100.0%
Broiler Feed						
9,275	21	0	5,170	2,464,050	1,439,599	3,903,649
0.2%	0.0%	0.0%	0.1%	63.1%	36.9%	100.0%
Poultry Total						
11,555	22	0	8,103	6,188,798	4,104,677	10,293,475
0.1%	0.0%	0.0%	0.1%	60.1%	39.9%	100.0%
Dairy Cattle						
28,743	13,147	4,919	21,955	1,617,544	1,586,059	3,203,603
0.9%	0.4%	0.2%	0.7%	50.5%	49.5%	100.0%
Beef Cattle						
43,978	14,870	2,057	15,750	2,757,529	1,805,580	4,563,109
1.0%	0.3%	0.0%	0.3%	60.4%	39.6%	100.0%
Cattle Feed Total						
72,721	28,017	6,976	37,705	4,375,073	3,391,639	7,766,712
0.9%	0.4%	0.1%	0.5%	56.3%	43.7%	100.0%
Swine Feed						
58,639	31,636	15	85,484	4,235,596	1,802,586	6,038,182
1.0%	0.5%	0.0%	1.4%	70.1%	29.9%	100.0%
Feed, other						
1,641	245	1,009	187	32,714	31,479	64,193
2.6%	0.4%	1.6%	0.3%	51.0%	49.0%	100.0%
Compound Feed Total						
144,556	59,920	8,000	131,479	14,832,181	9,330,381	24,162,562
0.6%	0.2%	0.0%	0.5%	61.4%	38.6%	100.0%
Mixed Feed						
831	819	982	12,677	265,780	119,040	384,820
0.2%	0.2%	0.3%	3.3%	69.1%	30.9%	100.0%

Feed Total						
145,387	60,739	8,982	144,156	15,097,961	9,449,421	24,547,382
0.6%	0.2%	0.0%	0.6%	61.5%	38.5%	100.0%

Source: Feed Supply Stabilization Organization

Table 22.
Japanese Compound and Mixed Feed Production by Type of Animal
(1,000 MT)

	Compound Feed				Mixed Feed	Grand-Total
	Poultry	Swine	Cattle	Subtotal*		
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**	10,144	6,054	7,662	23,906	438	24,344

* 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 2007 level in 2009. Fluctuations in U.S. corn prices directly translate to feed prices in Japan as explained in the previous sections.

Table 23.
Average CIF Price of Corn for Feed by Origin
($US per MT)

	CY 2007	CY 2008	CY 2009	***%09/08***
United States	227.1	333.4	224.1	***67.2%***
Argentina	244.2	386.3	259.1	***67.1%***
China	218.3	283.5	254.5	***89.8%***
Brazil	214.2	218.6	220.3	***100.8%***

Source: Ministry of Finance

Trade

Although the quick trade statistics report issued by the Ministry of Finance (MOF) shows that total feed corn imports in 2009 were 10,959,998 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 4.3 MMT. Historically, MOF has often revised its corn import statistics later in the year. The United States continues to maintain an overwhelming import share at 96.5 percent.

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. As a result of the lack of availability and higher premiums for identity preserved (IP) "non-GMO" food use corn, many Japanese users have reportedly started buying non-IP corn.

Table 24.
Imports of Corn by Origin
(1,000 MT)

	CY 2007	CY 2008	CY 2009
Corn for feed			
United States	11,217	11,727	10,555
Share	93.0%	98.7%	96.3%
Argentina	279	86	113
China	557	2	11
Brazil	6	1	23
Others	1	62	258
Total	12,061	11,878	10,960
Corn for manufacturing			
United States	4,333	4,550	5,170
Share	94.9%	99.3%	
Argentina	98	1	78
Australia	1	0	0
China	92	0	10
South Africa	0	0	0
Brazil	33	5	24
Others	8	25	54
Total	4,565	4,581	5,336
Total corn			
United States	15,550	16,277	15,725
Share	93.5%	98.9%	96.5%
Total	16,626	16,459	16,296

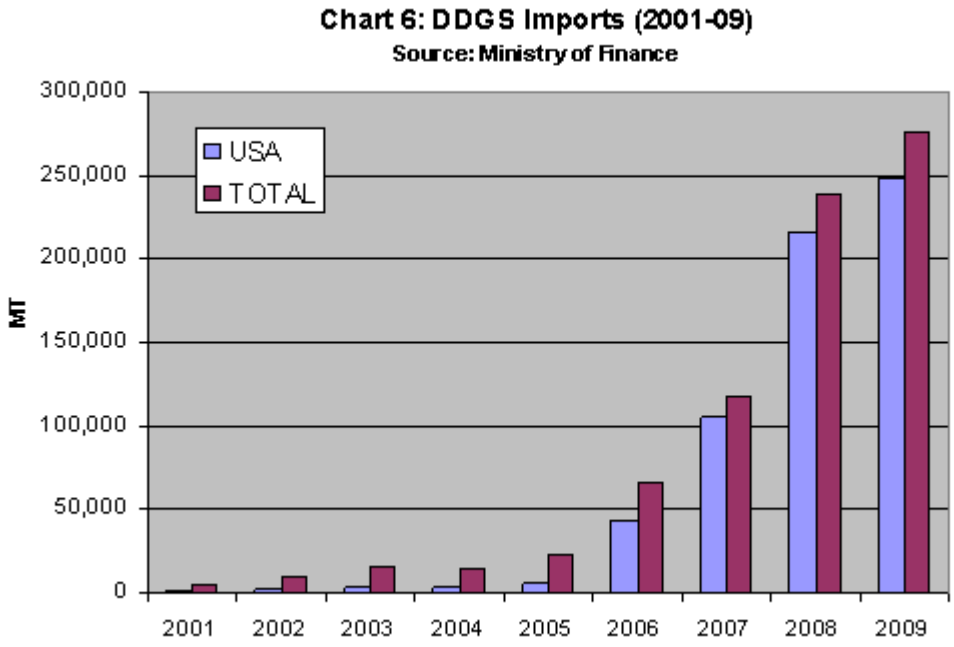
Source: Ministry of Finance

Stocks

Japan holds emergency stocks of essential feed grains, i.e. corn, sorghum, and barley. The stock level since 2005 has 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.

DDGS Imports on the Rise

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). As a result of aggressive educational activities led by the U.S. Grains Council, 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. The majority of these DDGS are currently used in dairy cattle feed.



SORGHUM

Production

Like corn, production of sorghum is negligible in Japan.

Consumption

Sorghum being 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 the 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. The sorghum utilization ratio went down to 4.6 percent in 2007 from 7.6 percent in 2001, but recovered slightly to 5.1 percent in 2008 due to improved price relative to corn, as shown in Table 26 below.

Prices

Similarly to corn prices, CIF prices for sorghum rose sharply in 2008, and in 2009 returned to the 2007 level.

Table 25.
Average CIF Price of Sorghum for Feed by Origin
($US per MT)

	CY 2007	CY 2008	CY 2009	***%09/08***
United States	230.8	336.4	222.5	***66.1%***
Argentina	227.0	334.0	171.3	***51.3%***

Australia	NA	342.3	208.3	***60.9%***
China	223.0	282.4	NA	***NA***

Source: Ministry of Finance

Table 26.
Comparative CIF Price; US Sorghum versus Corn
($US per MT)

	CY 2007	CY 2008	CY 2009
Sorghum	230.8	336.4	222.5
Corn	227.1	333.4	224.1
Sorg/Corn	101.6%	100.9%	99.3%

Source: Ministry of Finance

Trade

Since sorghum is mainly a substitute for corn, potential growth in Japan's sorghum imports largely depends on its relative price to corn. The demand for U.S. sorghum from Mexico, mentioned above, has been limiting the availability of U.S. sorghum exports to Japan. As the U.S. and Argentine sorghum prices soared, Australia has returned as a major supplier in 2008 and further strengthened its position in 2009, lowering the U.S. share to below 23 percent from the 57 percent in 2007.

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. As the price of sorghum compared to that of corn has declined since 2008, demand for sorghum has expanded. In the 2008 industry statistics (Table 21) total demand for sorghum for feed was reported to be approximately 1.24 MMT, increase of more than 100,000 MT over the previous year. Post estimates the utilization of sorghum in 2009 expanded further, reflected in the increase in 2009 imports, shown in Table 27 below.

Table 27.
Imports of Sorghum by Origin
(1,000 MT)

	CY 2007	CY 2008	CY 2009
Sorghum for feed			
United States	587	427	322
Share	58.9%	47.6%	23.0%
Argentina	282	50	158
Australia	0	326	916
China	128	79	0
Total	997	898	1,400
Sorghum, others			
United States	109	93	78
Share	48.2%	41.7%	22.2%
Argentina	101	13	63
Australia	0	72	209
China	15	37	0
Others	0	8	1
Total	226	223	351
Total sorghum			
United States	696	520	400

Share	56.9%	46.4%	22.8%
Total	1,223	1,121	1,751

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 were reduced to 75,000 MT in 2003, 66,000 MT in 2004, 65,000 MT in 2005 and 64,000 MT since then.

BARLEY

Production

According to Japan's Ministry of Agriculture, Forestry and Fisheries' (MAFF) survey for the 2009 barley crop, production decreased by 17.4 percent despite an increase in the planted area. This was due to humidity damage caused by wet weather conditions in many growing areas, resulting in lower yield. About 90 percent of the total barley production area is on converted rice paddy land, production of barley is strongly affected by the rice policy and its reform where MAFF is encouraging expanded wheat and barley production. Looking at the rate of increase in the planted area, however, the new policy has not so far had a notable impact.

Table 28.
Crop Area and Production of Barley in Japan

	Crop Area (hectares)	Production (1,000 MT)
2005	54,840	184,500
2006	53,820	174,200
2007	54,220	194,600
2008	56,650	217,300
2009	57,950	179,400

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. Consumption of barley is estimated to be around 1.6 million MT (about 850,000 MT of which is by the feed sector). 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 had soared in 2007 and 2008. In 2009 it returned to the 2006 level. The U.S. CIF price increased by almost 50 percent in 2007 over 2006, by 45 percent in 2008 over 2007, and declined to the 2006 level in 2009.

Table 29.
Average CIF Prices of Barley for Feed by Origin
($US per MT)

	CY 2007	CY 2008	CY 2009	***%09/08***
United States	291.9	424.2	203.1	***47.9%***
Canada	273.8	445.9	207.7	***46.6%***
Australia	279.5	384.5	182.0	***47.3%***
Ukraine	NA	NA	201.9	***NA***

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 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.

In 2009, imports from the United States 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. The Ukraine also came back on the supplier map with attractive price offers.

Table 30.
Imports of Barley by Origin
(1,000 MT)

	CY 2007	CY 2008	CY 2009
Barley for feed			
United States	501	414	27
Share	41.9%	42.4%	2.4%
Canada	145	226	199
Australia	413	316	697
Ukraine	0	0	159
China	64	5	0
Others	73	14	66
Total	1,196	974	1,148
Barley, others			
United States	1	2	1
Share	0.3%	0.3%	0.5%
Canada	55	57	67
Australia	155	260	169
Others	0	1	6
Total	210	320	243
Total Barley			
United States	501	416	28
Share	35.6%	32.1%	2.0%

Total	1,406	1,295	1,391

Source: Ministry of Finance

SBS Tender for Feed Barley

MAFF introduced the SBS system for barley for feed in JFY 1999. During JFY 1999, approximately 360,000 MT of feed barley was contracted under three tenders. The allocation amount has been greatly raised since then, and for the Japanese fiscal year 2009, is set at 1.2 million MT, bid over fourteen tenders. Unlike rice imports, however, Japan has no WTO obligation to fill this allocation.

Table 31.
SBS Imports of Feed Wheat and Barley
(MT)

	Wheat	Barley
1st tender	10,305	184,865
2nd	6,220	63,500
3rd	14,805	183,300
4th	1,500	2,750
5th	8,850	108,200
6th	11,130	90,880
7th	8,000	112,000
8th	11,385	75,200
9th	550	10,750
10th	7,000	120,000
11th	20,670	57,450
12th	550	900
13th	8,125	120,000
14th	16,400	62,120
Total	125,490	1,191,915

Source: MAFF
As of February 28, 2009

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 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 barley as below.

Plans for Barley SBS Tenders:

Annual imports of food barley are about 250,000 MT: 220,000 from Australia for *shochu*, a distilled liquor; 30,000 from Canada for barley tea; and only a few thousand tons from the United States mainly for beer.

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 2 for container units. Category 2 is basically reserved for barley varieties that MAFF does not import and is intended to provide a means for new varieties to enter the market.

Table 32.
SBS Imports of Food Barley

Tender (Date)	Category I			Category II		
	MT	Type	Country	MT	Type	Country
1st	7,700		Canada	1,100		USA
15-Apr-09	20,000		Australia	100		Canada
	4,500	for beer	Canada	1,000		Australia
	6,000	for beer	Australia	2,000	for beer	Canada
				1,000	for beer	Germany
				1,750	for beer	France
2nd	1,500	for beer	Canada			
29-May-08						
3rd	20,000		Australia	2,000	for beer	Australia
25-Jun-09						
4th	5,800	for beer	Canada			
31-Jul-09						
5th	4,600		Canada	100		Canada
28-Aug-08	20,000		Australia	1,008		Australia
6th	5,640		Canada			
25-Sep-09						
7th	20,000		Australia	52		Canada
29-Oct-09				525		USA
8th	6,000	for beer	Australia			
26-Nov-09						
9th	25,000		Australia			
16-Dec-09	5,500	for beer	Canada			
10th	5,600		Canada			
15-Jan-10						
Total Volume	157,840			10,635		

Source: MAFF
As of February 28, 2009

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 (1.2 million MT), MAFF explains that government-held emergency stocks are no longer necessary.

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 for corn. Since there is practically no domestic production, annual rye consumption and imports are directly linked with domestic cattle and swine production, and corn prices. In 2008, the latest statistics available (Table 21), total rye utilization in feed was 60,739 MT: 13,147 MT for dairy cattle; 14,870 for beef cattle; and 31,636 MT for swine. The ratio of rye in compound and mixed feed has been declining in the last several years due to declining price competitiveness, and the total utilization went down significantly in 2008 from 152,506 MT in 2007 because of the fall in imports from Germany as explained in the following trade section.

Prices

As shown below, U.S. rye is significantly less price competitive than that of Germany or Canada, the two major suppliers for Japan. Especially, 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 2007 level in 2009.

Table 33.
Average CIF Price of Rye by Origin
($US per MT)

	CY 2007	CY2008	CY 2009	***%09/08***
United States	630.7	748.1	906.8	***121.2%***
Canada	241.7	414.4	238.2	***57.5%***
Germany	202.5	424.8	227.4	***53.5%***

Source: Ministry of Finance

Trade

Germany dominates rye exports to the Japanese market because of its price competitiveness. Imports from Germany in CY 2008 declined dramatically due to the price situation as explained above. Although the price situation improved in 2009, imports did not recover in 2009 mainly because sorghum became more attractive. In the medium term, rye imports are expected to stay on a declining trend as Japan's cattle and swine populations will likely continue shrinking. Prospects for U.S. rye exports to Japan are directly linked to the relative price of U.S. rye, and no significant advance is expected in the near future.

Table 34.
Imports of Rye by Origin
(MT)

	CY 2007	CY 2008	CY 2009
United States	501	1,087	640
Canada	60,373	53,241	13,761
Germany	154,277	4,911	44,717
Other	20	42	5,571
Total	215,171	59,281	64,689

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 around 15,000 MT.

Production, Supply and Demand Data Statistics:

Rice, Milled	Japan	2008 2008/2009 Market Year Begin: Nov 2008			2009 2009/2010 Market Year Begin: Nov 2009			2010 2010/2011 Market Year Begin: Nov 2010	
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data
Area Harvested		1,627	1,627	1,627	1,610	1,620	1,624		1,620 (1000 HA)
Beginning Stocks		2,556	2,556	2,556	2,715	2,715	2,715		2,715 (1000 MT)
Milled Production		8,029	8,029	8,029	7,620	7,710	7,711		7,850 (1000 MT)
Rough Production		11,029	11,029	11,029	10,467	10,591	10,592		10,783 (1000 MT)
Milling Rate (.9999)		7,280	7,280	7,280	7,280	7,280	7,280		7,280 (1000 MT)
MY Imports		700	700	700	700	700	700		700 (1000 MT)
TY Imports		700	700	700	700	700	700		700 (1000 MT)
TY Imp. from U.S.		0	350	350	0	350	350		350 (1000 MT)
Total Supply		11,285	11,285	11,285	11,035	11,125	11,126		11,265 (1000 MT)
MY Exports		200	200	200	200	200	200		200 (1000 MT)
TY Exports		200	200	200	200	200	200		200 (1000 MT)
Consumption and Residual		8,370	8,370	8,370	8,200	8,200	8,211		8,128 (1000 MT)
Ending Stocks		2,715	2,715	2,715	2,635	2,725	2,715		2,937 (1000 MT)
Total Distribution		11,285	11,285	11,285	11,035	11,125	11,126		11,265 (1000 MT)
Yield (Rough)		7.	7.	6.7787	7.	7.	6.5222		6.6562 (MT/HA)
TS=TD				0			0		0

Wheat	Japan	2008 2008/2009 Market Year Begin: Jul 2008			2009 2009/2010 Market Year Begin: Jul 2009			2010 2010/2011 Market Year Begin: Jul 2010	
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data
Area Harvested		209	209	209	205	205	208		205 (1000 HA)
Beginning Stocks		1,515	1,479	1,515	1,381	1,486	1,280		1,155 (1000 MT)
Production		882	882	881	843	843	675		843 (1000 MT)

MY Imports	5,156	5,300	4,938	5,300	5,300	5,300	5,200	(1000 MT)
TY Imports	5,156	5,300	4,938	5,300	5,300	5,300	5,200	(1000 MT)
TY Imp. from U.S.	3,142	3,100	3,052	0	3,200	3,200	3,120	(1000 MT)
Total Supply	7,553	7,661	7,334	7,524	7,629	7,255	7,198	(1000 MT)
MY Exports	272	425	292	425	400	400	350	(1000 MT)
TY Exports	272	311	292	425	400	400	350	(1000 MT)
Feed and Residual	200	100	112	150	100	100	100	(1000 MT)
FSI Consumption	5,700	5,650	5,650	5,700	5,600	5,600	5,550	(1000 MT)
Total Consumption	5,900	5,750	5,762	5,850	5,700	5,700	5,650	(1000 MT)
Ending Stocks	1,381	1,486	1,280	1,249	1,529	1,155	1,198	(1000 MT)
Total Distribution	7,553	7,661	7,334	7,524	7,629	7,255	7,198	(1000 MT)
Yield	4.	4.	4.2153	4.	4.	3.2452	4.1122	(MT/HA)
TS=TD			0			0	0	

Corn	Japan	2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009			2010 2010/2011 Market Year Begin: Oct 2010	
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data
Area Harvested		1	1	1	1	1	1	1	(1000 HA)
Beginning Stocks		1,164	1,158	1,164	1,298	1,259	1,036	1,037	(1000 MT)
Production		1	1	1	1	1	1	1	(1000 MT)
MY Imports		16,533	16,500	16,531	16,300	16,300	16,300	16,100	(1000 MT)
TY Imports		16,533	16,500	16,531	16,300	16,300	16,300	16,100	(1000 MT)
TY Imp. from U.S.		15,597	15,840	16,016	0	15,650	15,650	15,500	(1000 MT)
Total Supply		17,698	17,659	17,696	17,599	17,560	17,337	17,138	(1000 MT)
MY Exports		0	0	0	0	0	0	0	(1000 MT)
TY Exports		0	0	0	0	0	0	0	(1000 MT)
Feed and Residual		11,800	11,800	12,060	11,700	11,700	11,700	11,500	(1000 MT)
FSI Consumption		4,600	4,600	4,600	4,600	4,600	4,600	4,550	(1000 MT)
Total Consumption		16,400	16,400	16,660	16,300	16,300	16,300	16,050	(1000 MT)
Ending Stocks		1,298	1,259	1,036	1,299	1,260	1,037	1,088	(1000 MT)
Total Distribution		17,698	17,659	17,696	17,599	17,560	17,337	17,138	(1000 MT)
Yield		1.	1.	1.	1.	1.	1.	1.	(MT/HA)

TS=TD				0			0		0	

Sorghum	Japan	2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009			2010 2010/2011 Market Year Begin: Oct 2010		
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data	
Area Harvested		0	0	0	0	0	0		0	(1000 HA)
Beginning Stocks		89	89	89	118	89	118		118	(1000 MT)
Production		0	0	0	0	0	0		0	(1000 MT)
MY Imports		1,629	1,100	1,629	1,600	1,150	1,600		1,500	(1000 MT)
TY Imports		1,629	1,100	1,629	1,600	1,200	1,600		1,500	(1000 MT)
TY Imp. from U.S.		314	800	329	0	850	500		450	(1000 MT)
Total Supply		1,718	1,189	1,718	1,718	1,239	1,718		1,618	(1000 MT)
MY Exports		0	0	0	0	0	0		0	(1000 MT)
TY Exports		0	0	0	0	0	0		0	(1000 MT)
Feed and Residual		1,600	1,100	1,600	1,600	1,150	1,600		1,500	(1000 MT)
FSI Consumption		0	0	0	0	0	0		0	(1000 MT)
Total Consumption		1,600	1,100	1,600	1,600	1,150	1,600		1,500	(1000 MT)
Ending Stocks		118	89	118	118	89	118		118	(1000 MT)
Total Distribution		1,718	1,189	1,718	1,718	1,239	1,718		1,618	(1000 MT)
Yield		0.	0.	0.	0.	0.	0.		0.	(MT/HA)
TS=TD				0			0		0	

Barley	Japan	2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009			2010 2010/2011 Market Year Begin: Oct 2010		
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data	
Area Harvested		57	56	57	55	55	58		52	(1000 HA)
Beginning Stocks		436	456	436	399	423	439		418	(1000 MT)
Production		217	217	217	190	190	179		180	(1000 MT)
MY Imports		1,346	1,300	1,346	1,400	1,350	1,350		1,320	(1000 MT)
TY Imports		1,346	1,300	1,346	1,400	1,350	1,350		1,320	(1000 MT)
TY Imp. from U.S.		33	700	136	0	800	400		400	(1000 MT)
Total Supply		1,999	1,973	1,999	1,989	1,963	1,968		1,918	(1000 MT)
MY Exports		0	0	0	0	0	0		0	(1000

TY Exports	0	0	0	0	0	0	0	(1000 MT)
Feed and Residual	1,300	1,260	1,260	1,250	1,250	1,250	1,230	(1000 MT)
FSI Consumption	300	290	300	300	280	300	300	(1000 MT)
Total Consumption	1,600	1,550	1,560	1,550	1,530	1,550	1,530	(1000 MT)
Ending Stocks	399	423	439	439	433	418	388	(1000 MT)
Total Distribution	1,999	1,973	1,999	1,989	1,963	1,968	1,918	(1000 MT)
Yield	4.	4.	3.807	3.	3.	3.0862	3.4615	(MT/HA)
TS=TD			0			0	0	

Rye	Japan	2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009			2010 2010/2011 Market Year Begin: Oct 2010	
		USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data	Jan Data
Area Harvested		0	0	0	0	0	0	0	(1000 HA)
Beginning Stocks		13	13	13	10	15	5	10	(1000 MT)
Production		0	0	0	0	0	0	0	(1000 MT)
MY Imports		57	180	57	100	200	70	65	(1000 MT)
TY Imports		57	180	57	100	200	70	65	(1000 MT)
TY Imp. from U.S.		3	0	3	0	1	1	1	(1000 MT)
Total Supply		70	193	70	110	215	75	75	(1000 MT)
MY Exports		0	0	0	0	0	0	0	(1000 MT)
TY Exports		0	0	0	0	0	0	0	(1000 MT)
Feed and Residual		50	160	55	75	180	55	55	(1000 MT)
FSI Consumption		10	18	10	20	20	10	10	(1000 MT)
Total Consumption		60	178	65	95	200	65	65	(1000 MT)
Ending Stocks		10	15	5	15	15	10	10	(1000 MT)
Total Distribution		70	193	70	110	215	75	75	(1000 MT)
Yield		0.	0.	0.	0.	0.	0.	0.	(MT/HA)
TS=TD				0			0	0	