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Report Highlights:

Post forecasts Japan's 2023 chicken meat production rises marginally and overcomes surging production costs as strong demand for chicken is driven by recovery in the food service industry under a boost from returning international tourism.

Production, Supply and Distribution

Meat, Chicken	**2021**		**2022**		**2023**	
Market Year Begins	**Jan 2021**		**Jan 2022**		**Jan 2023**	
Japan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	151	151	150	150	0	160
Production (1000 MT)	1765	1775	1780	1790	0	1795
Total Imports (1000 MT)	1077	1077	1100	1095	0	1100
Total Supply (1000 MT)	2993	3003	3030	3035	0	3055
Total Exports (1000 MT)	5	5	8	5	0	7
Human Consumption (1000 MT)	2838	2848	2872	2870	0	2875
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	2838	2848	2872	2870	0	2875
Total Use (1000 MT)	2843	2853	2880	2875	0	2882
Ending Stocks (1000 MT)	150	150	150	160	0	173
Total Distribution (1000 MT)	2993	3003	3030	3035	0	3055
(1000 MT)						

Production

FAS/Tokyo projects that 2023 chicken production in Japan will be 1.795 million metric tons (MT), almost flat from 2022 production, which in turn should surpass our earlier projection in Poultry and Products Annual 2021. Despite rising production costs, stable demand for domestic chicken and strong market prices for both chicken breasts and legs motivate broiler operators to sustain or even increase production levels through 2022 and 2023. Chicken production from January through June 2022 was up 2 percent from 2021 (Table 1); in 2022, yields per bird have improved and broiler operations have not suffered from the impact of highly pathogenic avian influenza (HPAI) outbreaks as in the 2021-2022 season. FAS/Tokyo updated the 2021 projections based on statistics updated since our previous report.

Table 1: Chicken Production in January – June of 2021 – 2022 Unit: MT

	Chicken production (bone-in)
2021	819,728
2022	836,023
% Change	2%

Source: Agriculture and Livestock Industries Corporation (ALIC)

According to Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan's layer and broiler flocks suffered HPAI outbreaks from November 2021 through May 2022. A total of 1.89 million birds, 0.6 % of the chicken population in Japan, were culled (around 608,000 broilers, and 1.276 million layers). HPAI's strain on production in 2021 resulted in some industry consolidation in 2022. According to Livestock Statistics published by MAFF, the number of operations rearing 500,000 or more broilers grew by 5 % in 2022 (Table 2) while operations of less than 200,000 birds declined in number. Contributing factors in that shift to larger scale include rising costs of bio-security management, which is a particular challenge for smaller operations. FAS/Tokyo expects the trend toward larger operations will continue.

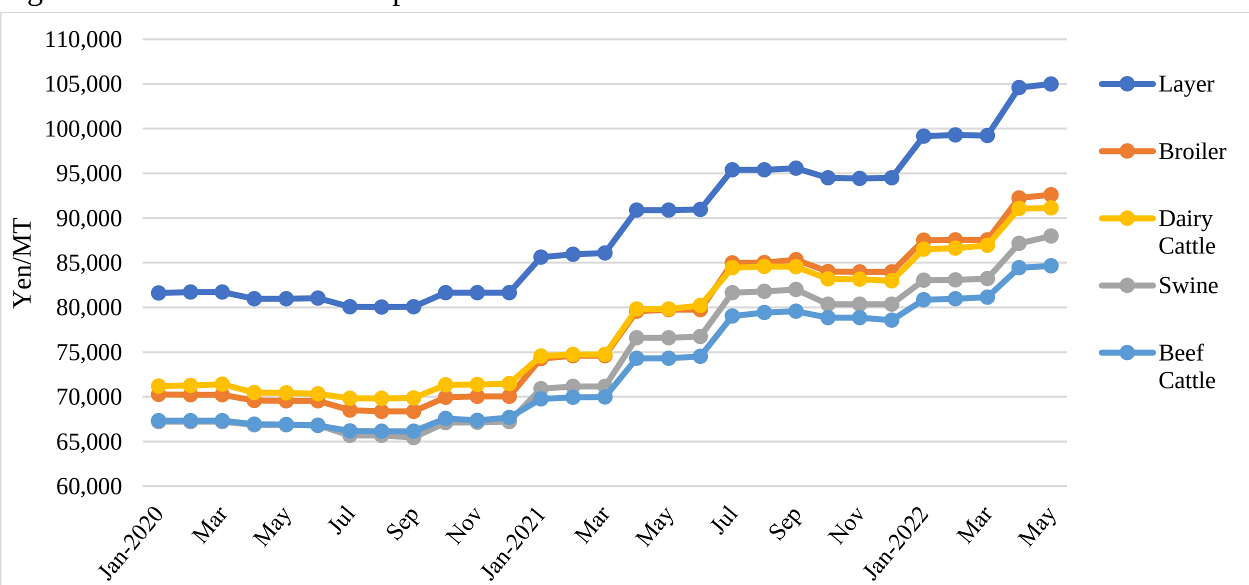
Table 2: Japan's Broiler Operation Unit: Farm

Year (as of Feb. 1)	Number of Broiler Operations					
	Total	Operation Size (head)				
		3,000 - 99,999	100,000 - 199,999	200,000 - 299,999	300,000 - 499,999	500,000 or more
2021	2,180	493	665	360	368	298
2022	2,150	479	597	389	370	313
Change	-1%	-3%	-10%	8%	1%	5%

Note: Total numbers round off to the nearest ten
Source: MAFF

Retail prices of compound feed for broilers and layers rose beginning in January 2021 (Figure 1). The Compound Feed Price Stabilization System, a support payment for livestock operators including poultry, has been in effect since the fourth quarter of JFY2020 (see JA2022-0024). Most broiler operations are integrated at least from breeder/broiler production through the meat processing plants, and some large operations are integrated at the feed level as well. Cost controls enabled by such integration help businesses maintain steadier operations which are less affected by spikes in specific input costs.

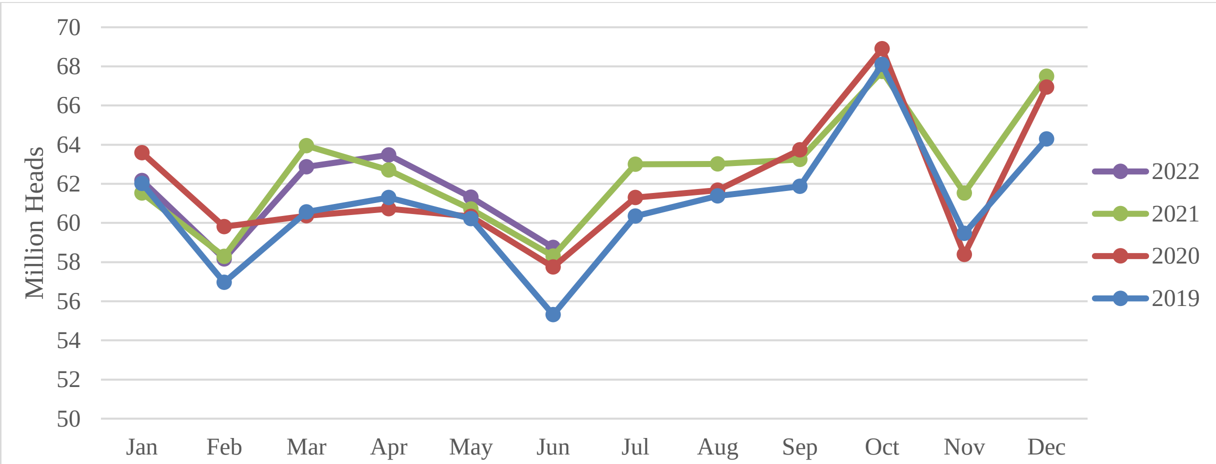
Figure 1: Retail Prices of Compound Feed



Source: MAFF

The number of commercial broiler chicks in 2022 is following the 2021 trend (Figure 2) and broiler operators are likely to sustain production levels in the second half of 2022.

Figure 2: Marketing Number of Broiler Chicks 2019 – 2022



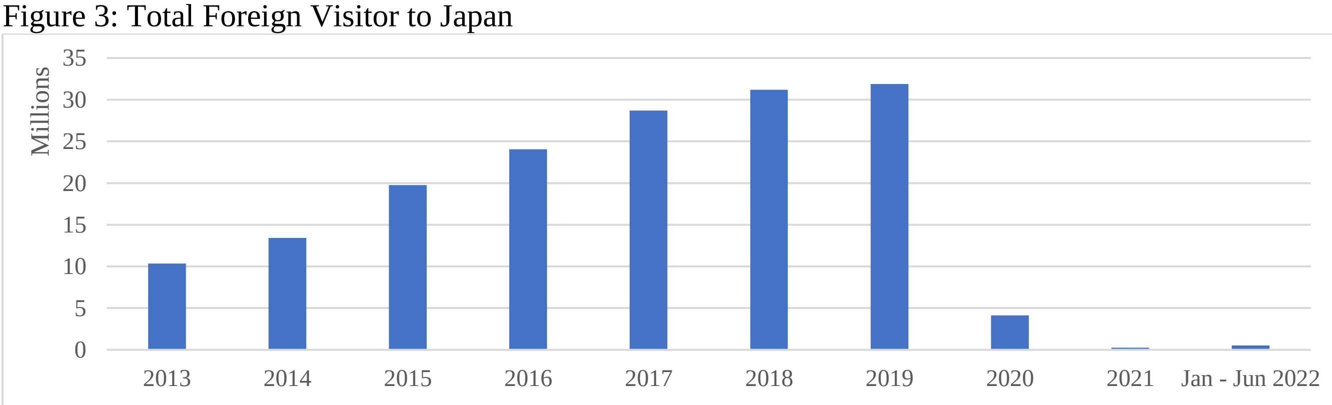
Source: Japan Poultry Breeders & Hatcheries Association

Consumption

As international and domestic tourism recovers in Japan, FAS/Tokyo projects that greater demand in food service industries will drive greater chicken consumption in 2023. But even 2022 consumption will surpass our previous projection because cost-conscious consumers cooking at home have been choosing chicken over relatively expensive beef or fish.

As of September 7, the government of Japan ended all COVID-related restrictions in the Hotel, Retail, and Institutional (HRI) food service industry, which formerly were required to limit business hours or services of alcoholic beverages. The government also raised the daily limit of foreign visitors from 20,000 to 50,000 people per day. Early news reports also suggest that all remaining COVID-related travel restrictions will be lifted in October 2022.

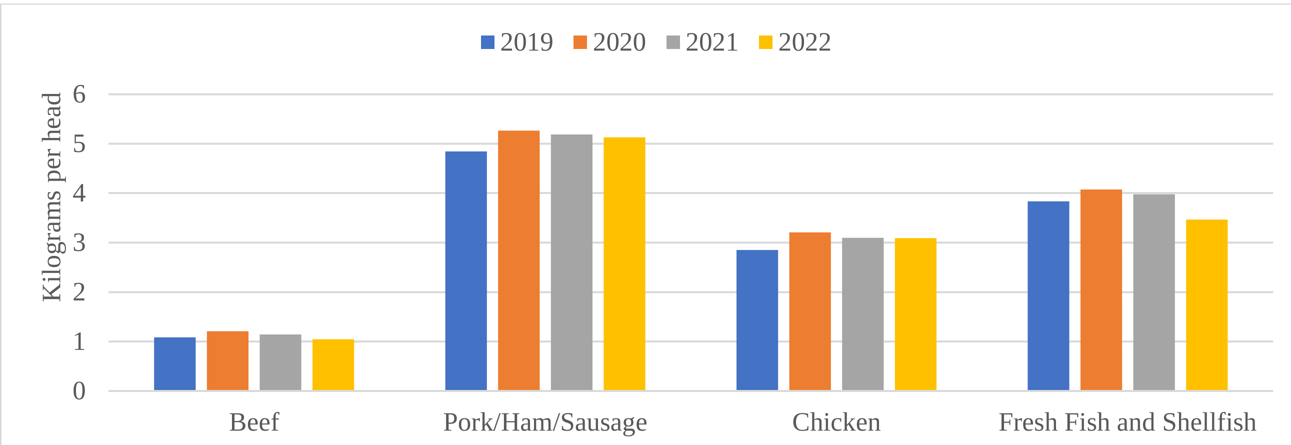
Figure 3: Total Foreign Visitor to Japan



Source: Japan Tourism Statistics

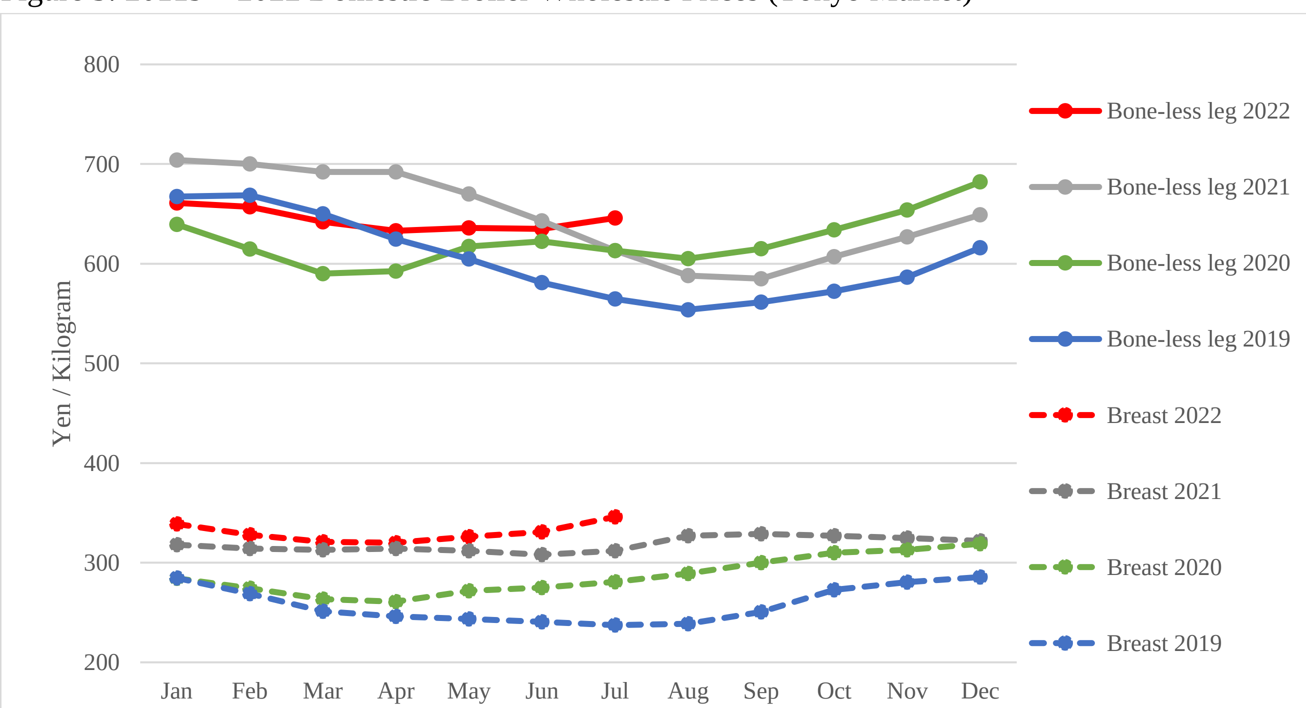
Retail consumption constitutes 44% of Japan's total chicken consumption. In the first half of 2022, retail consumption exceeded 2019 pre-COVID levels. Cost-conscious consumers have shifted some consumption from beef and seafood to chicken, particularly as strong supplies of already-popular chicken legs have driven down prices in 2022. (Figure 4 and 5). By contrast, greater consumer preference for leaner, healthier cuts have driven breast meat prices higher.

Figure 4: Retail Consumption across Animal and Seafood Protein Categories in 2019 – 2022



Source: Ministry of Internal Affairs and Communication, and ALIC

Figure 5: 20119 – 2022 Domestic Broiler Wholesale Prices (Tokyo Market)

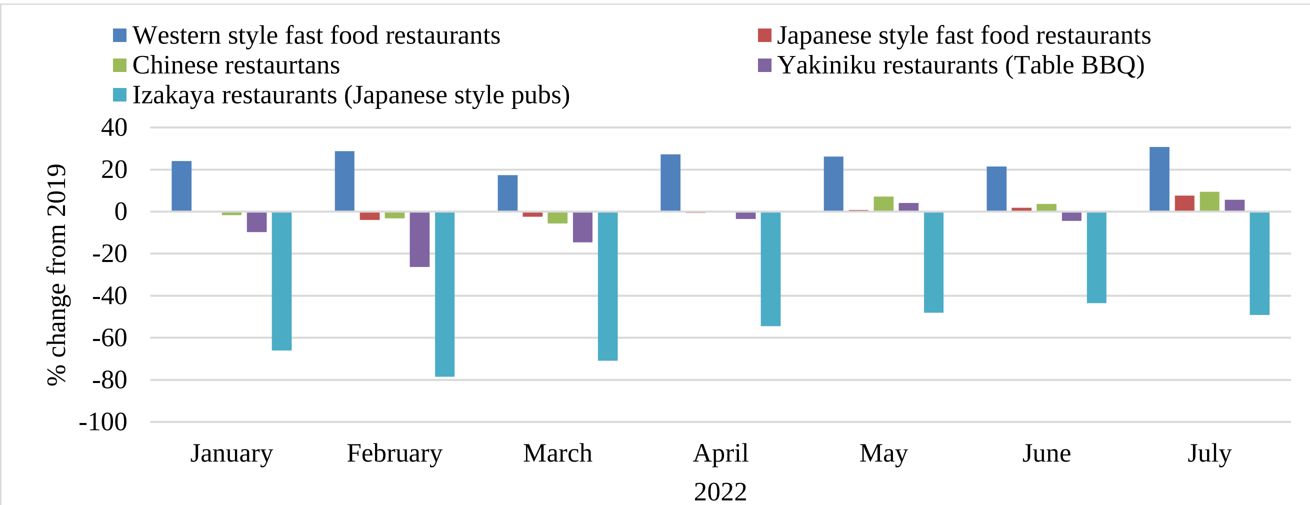


Source: ALIC

For food service industries, chicken take-out menus such as fried chicken have enjoyed sales above the pre-COVID-19 level. In particular, *Karaage* (one-bite size Japanese fried chicken) is a major menu item for take-out restaurants.

The 2023 sales of *Izakaya* restaurants, Japanese style pubs offering various food items on their menus, are recovering but have not yet reached 2019 pre-COVID levels. Although the government has already eliminated COVID restrictions such as pub hours and limits on serving of alcohol, the recovery of the *Izakaya* restaurants is moving slowly since during the COVID crisis some consumers shifted to alternative venues or their own homes for socializing. Even so, certainly the recovery of international tourism will boost *Izakaya* restaurant sales.

Figure 6: Sales in Food Service Industries in 2022 vs. 2019



Source: Food Service Association

Trade

FAS/Tokyo projects that 2023 imports will be up year on year to supply the strong demand for chicken. Imports of processed products are likely to be even greater in future since processing facilities in Japan face labor shortages.

For similar reasons, 2022 imports from January through July also increased, by 4% year on year, although the price of imports is rising as international suppliers such as Thailand also face labor shortages, partially the result of COVID restrictions. Brazil stepped in to seize some of Thailand's market share, if only temporarily. Note that industry sources report Japan's cold storage is near capacity; they expect imports will be limited through end of 2022. As a result, FAS/Tokyo expects the 2022 calendar year imports will finish at 1.095 million MT.

Imports of prepared products from January through July 2022 were up 10 % over 2021; imports from Thailand and China, Japan's major trading partners, actually surpassed imports of 2019. Another impact of COVID-19 movement restrictions was growth of the frozen food market: home-bound consumers needed meals which could be prepared easily in their own homes. Chicken products filled a need and imports grew. Chicken of course also is a major meat input at fast-food restaurants, which experienced strong sales throughout the COVID crisis.

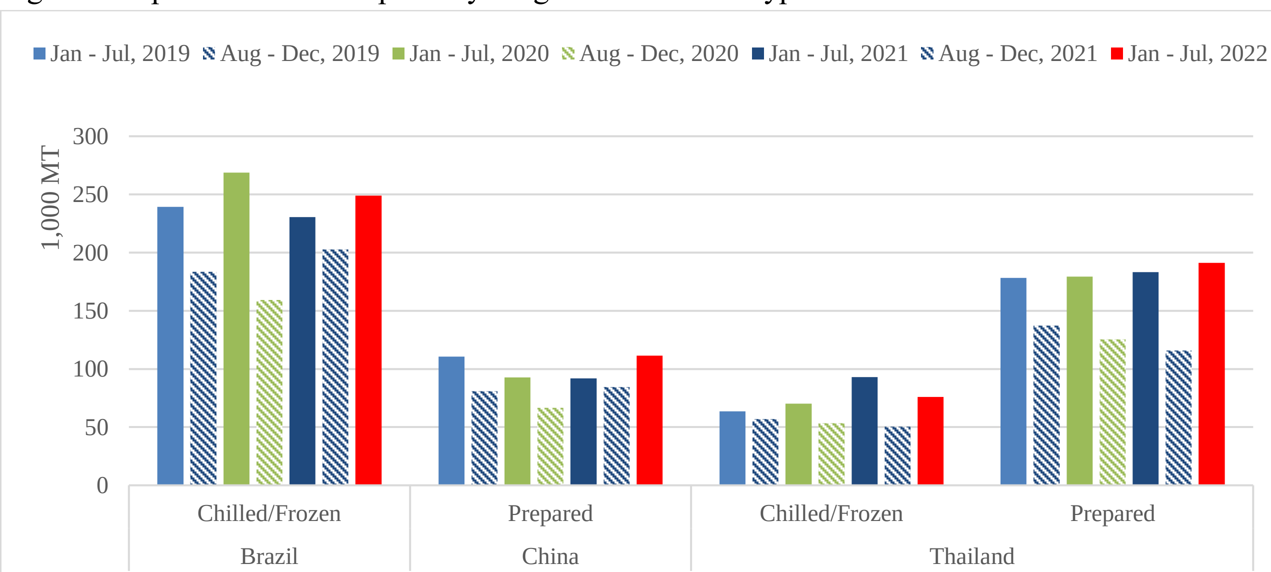
Table 3: Japan's Imports of Chicken Products in January – July of 2021 -2022

Unit: MT (product weight equivalent)

	Jan - Jul		Change
	2021	2022	2021/2020
Total	***612,180***	***638,579***	***4%***
Frozen Cuts	323,206	318,050	-2%
Frozen Whole	10,800	14,291	32%
Prepared / Preserved	278,149	306,238	10%
Other	24	0	-100%

Source: Japan Customs

Figure 7: Japan's Chicken Imports by Origin and Product Type 2019 – 2022



Source: Japan Customs

Supplemental Tables

Supplemental Table 1: Monthly Average Wholesale Prices of Domestic Broiler Cuts   Unit: JP Yen /Kg

Bone-less Leg											
	2017	**2018**	**% chg.**	**2019**	**% chg.**	**2020**	**% chg.**	**2021**	**% chg.**	**2022**	**% chg.**
Jan.	703	693	-1%	667	-4%	640	-4%	704	10%	661	-6%
Feb.	703	686	-2%	669	-2%	615	-8%	700	14%	657	-6%
Mar.	688	660	-4%	650	-1%	590	-9%	692	17%	642	-7%
Apr.	669	630	-6%	625	-1%	593	-5%	692	17%	633	-9%
May	656	607	-7%	605	0%	617	2%	670	9%	636	-5%
Jun.	638	586	-8%	581	-1%	623	7%	643	3%	635	-1%
Jul.	600	569	-5%	565	-1%	613	9%	613	0%	646	5%
Aug.	574	560	-2%	554	-1%	605	9%	588	-3%		
Sep.	572	567	-1%	561	-1%	615	10%	585	-5%		
Oct.	599	587	-2%	572	-2%	634	11%	607	-4%		
Nov.	622	606	-3%	586	-3%	654	12%	627	-4%		
Dec.	656	631	-4%	616	-2%	682	11%	649	-5%		
1st Qtr Ave.	698	679	-3%	662	-3%	615	-7%	699	14%	653	-6%
2nd Qtr Ave.	654	608	-7%	603	-1%	611	1%	668	9%	635	-5%
3rd Qtr Ave.	582	565	-3%	560	-1%	611	9%	595	-3%		
4th Qtr Ave.	626	608	-3%	592	-3%	657	11%	628	-4%		
Year Ave.	**640**	**615**	**-4%**	**604**	**-2%**	**623**	**3%**	**648**	4%		

Breast											
	2017	**2018**	**% chg.**	**2019**	**% chg.**	**2020**	**% chg.**	**2021**	**% chg.**	**2022**	**% chg.**
Jan.	270	318	18%	285	-11%	284	0%	318	12%	339	7%
Feb.	291	311	7%	269	-13%	274	2%	314	15%	328	4%
Mar.	313	319	2%	251	-21%	263	5%	313	19%	321	3%
Apr.	327	308	-6%	246	-20%	261	6%	314	20%	320	2%
May	340	297	-13%	243	-18%	272	12%	312	15%	326	4%
Jun.	342	284	-17%	241	-15%	275	14%	308	12%	331	7%
Jul.	333	277	-17%	237	-14%	281	18%	312	11%	346	11%
Aug.	327	275	-16%	239	-13%	289	21%	327	13%		
Sep.	329	276	-16%	251	-9%	300	20%	329	10%		
Oct.	327	281	-14%	273	-3%	310	14%	327	5%		
Nov.	325	287	-12%	280	-2%	313	12%	325	4%		
Dec.	322	290	-10%	286	-1%	319	12%	322	1%		
1st Qtr Ave.	292	316	8%	268	-15%	274	2%	315	15%	329	5%
2nd Qtr Ave.	336	296	-12%	243	-18%	269	11%	311	16%	326	5%
3rd Qtr Ave.	330	276	-16%	242	-12%	290	20%	323	11%		
4th Qtr Ave.	325	286	-12%	280	-2%	314	12%	325	3%		
Year Ave.	**320**	**293**	**-8%**	**258**	**-12%**	**287**	**11%**	318	11%		

Source: ALIC Monthly Statistics (Quarterly average price is compiled by FAS/Tokyo based on original ALIC monthly data.)

Supplemental Table 2: Japanese Monthly Edging Poultry Stock Estimates   Unit: MT

	2017	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.	2022	% chg.
Jan.	137,206	178,892	30	162,133	-9	166,107	2	156,031	-6	158303	1
Feb.	139,307	186,993	34	158,883	-15	167,710	6	157,208	-6	163173	4
Mar.	135,759	176,552	30	152,329	-14	170,447	12	163,802	-4	157653	-4
Apr.	135,777	170,714	26	153,163	-10	171,702	12	161,412	-6	147646	-9
May	142,376	173,042	22	152,778	-12	169,368	11	162,167	-4	146863	-9
Jun.	151,028	166,035	10	153,595	-7	170,786	11	155,848	-9	149569	-4
Jul.	147,703	167,950	14	156,610	-7	170,149	9	148,270	-13		
Aug.	157,855	168,961	7	156,959	-7	167,132	6	146,306	-12		
Sep.	161,461	162,803	1	164,346	1	166,214	1	141,357	-15		
Oct.	171,330	166,766	-3	167,174	0	160,947	-4	142,877	-11		
Nov.	178,212	166,174	-7	166,192	0	157,700	-5	148,227	-6		
Dec.	167,568	159,383	-5	161,807	2	151,091	-7	149,901	-1		

Note: Figures represents the poultry meat estimates. Imported poultry cuts accounts roughly 80% of ending stocks on the average with the majority being broiler meat.
Source: ALIC Monthly Statistics

Attachments:

No Attachments