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Report Highlights:

FAS/Tokyo forecasts Japan's chicken production will rise in 2024 to meet strong demand led by tourist consumption in the foodservice sector. Increased chicken imports are needed to replenish depleted 2023 ending stocks.

Executive Summary

FAS/Tokyo expects Japan’s domestic chicken production in 2024 will rise year on year as both steady demand and strong wholesale prices help poultry operators offset soaring production costs. Higher productions costs are due in part to relatively higher feed import costs which result from the weak yen exchange rate. Nevertheless, FAS/Tokyo forecasts that 2023 chicken production will be just below 2022 production since slaughter of spent hens declined owing to the impact of highly pathogenic avian influenza (HPAI) outbreaks in Japan in the winter 2022 season. Poultry consumption strengthens in 2023 and 2024 as it is driven both by consumer preferences for cheaper meat products and by growth of the food service sector as tourism surges. To meet the growth in demand, traders will import more in 2024 than in 2023, when a large volume of stocks needed to be drawn down.

Table 1: Production, Supply and Distribution

Meat, Chicken	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Beginning Stocks (1000 MT)	150	150	149	149	0	130
Production (1000 MT)	1770	1779	1770	1775	0	1785
Total Imports (1000 MT)	1101	1101	1070	1090	0	1095
Total Supply (1000 MT)	3021	3030	2989	3014	0	3010
Total Exports (1000 MT)	4	4	5	5	0	5
Human Consumption (1000 MT)	2868	2877	2839	2879	0	2880
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	2868	2877	2839	2879	0	2880
Total Use (1000 MT)	2872	2881	2844	2884	0	2885
Ending Stocks (1000 MT)	149	149	145	130	0	125
Total Distribution (1000 MT)	3021	3030	2989	3014	0	3010
(1000 metric ton [MT])						

Production

Despite high feed costs, FAS/Tokyo expects strong demand and higher wholesale prices will lead the industry to boost domestic chicken production in 2024.

Japan’s poultry operators suffered from serious outbreaks of HPAI in the 2022 winter season (October 2022 – May 2023). The reported number of cases totaled 84, which resulted in the culling of about 18 million birds, of which 93 % were table egg layers (layers). According to the latest statistics published by Ministry of Agriculture, Forestry and Fisheries (MAFF), as of February 1, 2023, the broiler population was up two percent but layer population down six percent year on year.

Since HPAI did not hit broiler operations as hard as layers, Japan’s chicken meat production in the first half of 2023 held steady at 2022 levels (Table 2), which was already at a historical high (Figure 1).

Steady demand for domestic chicken, especially at retail outlets, will drive this production growth, which is part of a three-year trend, which of course has been met by strong supply of commercial broiler chicks during the same period. (Figure 2).

Broiler production will be strong, but the high number of culls for HPAI means fewer spent hens of layers will be sent for slaughter. Since spent hens make up about six percent of Japan’s total chicken production volume, 2023 total chicken production will be just below 2022 production.

The poultry industry continues to consolidate as operators seek efficiency to counter rising production costs. As of February 1, 2023, many small broiler farms had ceased operation, but large-size operations of 300,000 or more birds grew in number (Table 3).

Compound feed prices have stayed high since mid-2022 (Figure 3) and in turn MAFF continues to implement its Compound Feed Stabilization System. Recent amendments to the system extend support to farmers when higher costs become normalized in March 2023 (For details, see [JA2023-0069](#)). As a result, an eligible operator received 7,050 yen or \$49 (@ \$1 = 145 yen) per metric ton (MT) in the first quarter of Japanese fiscal year 2023 (JFY, April 1 – March 31). Average compound feed prices for layers and broilers in Q1 were 113,600 yen (\$783) and 102,600 yen (\$708) per MT, up 13 % and 14 % year on year.

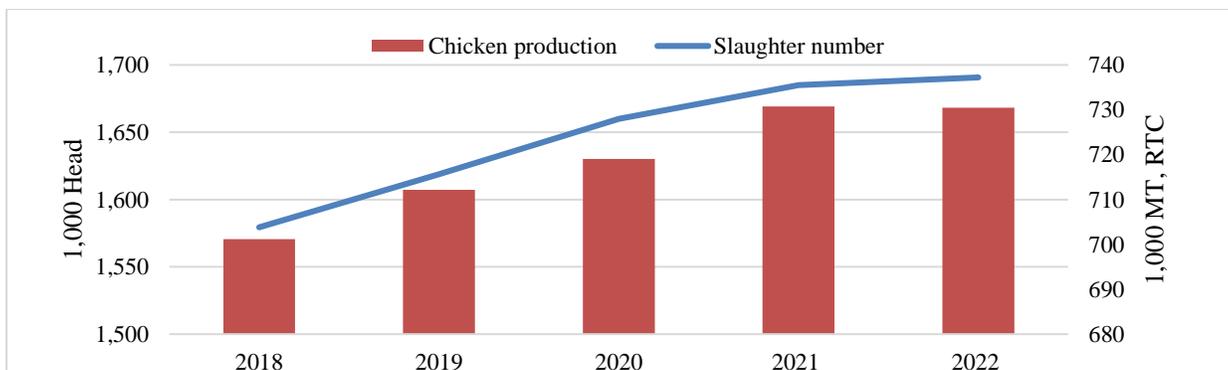
Some of the higher production costs have been priced into the product: wholesale chicken meat prices are now the highest on record (Figure 4): Supplemental Table 1 shows the 5-month average price for chicken breast meat is up 29 %.

Table 2: Chicken Production in January – June unit: MT (bone-in)

2022	836,023
2023	837,703
Year on year	0.2%

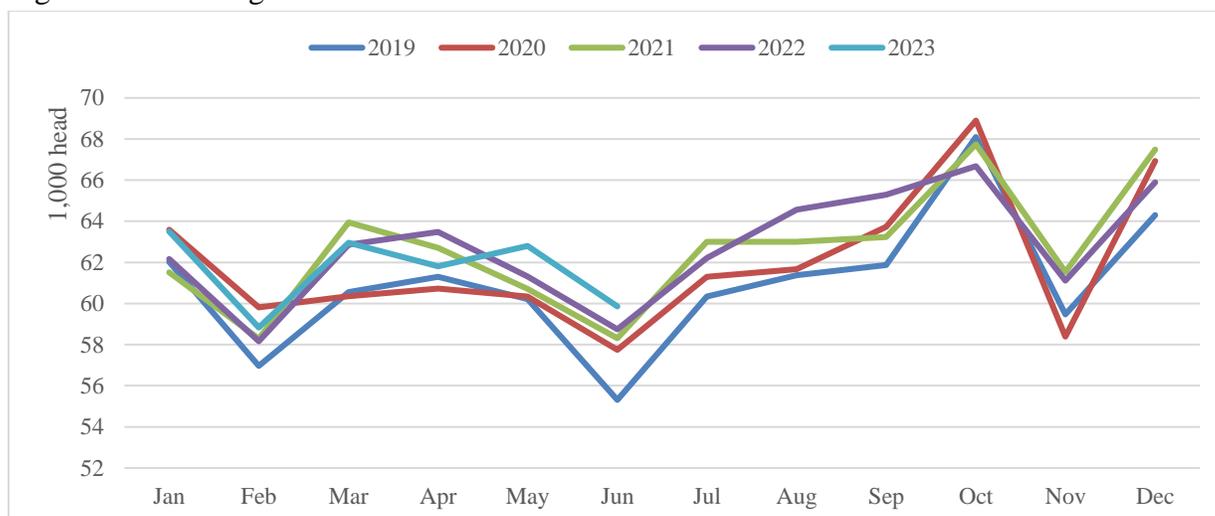
Source: Agriculture and Livestock Industries Corporation (ALIC)

Figure 1: Japan Broiler Slaughter



Source: MAFF

Figure 2: Marketing Number of Broiler Chicks



Source: Japan Poultry Breeders & Hatcheries Association

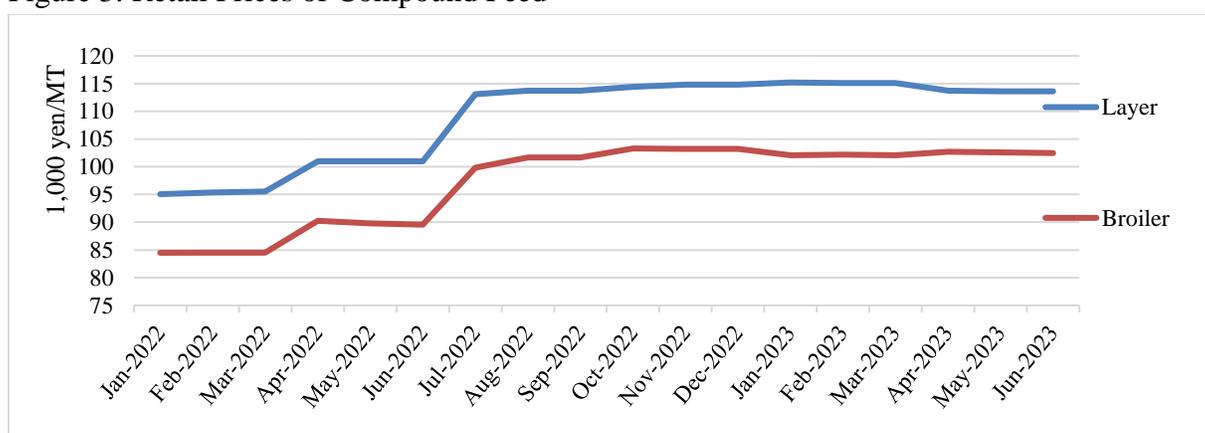
Table 3: Japan's Broiler Operation Unit: Farm

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 or more
2022	2,150	479	597	389	683
2023	2,120	422	623	375	696
Change	-1%	-12%	4%	-4%	2%

Note: Total numbers round off to the nearest whole number.

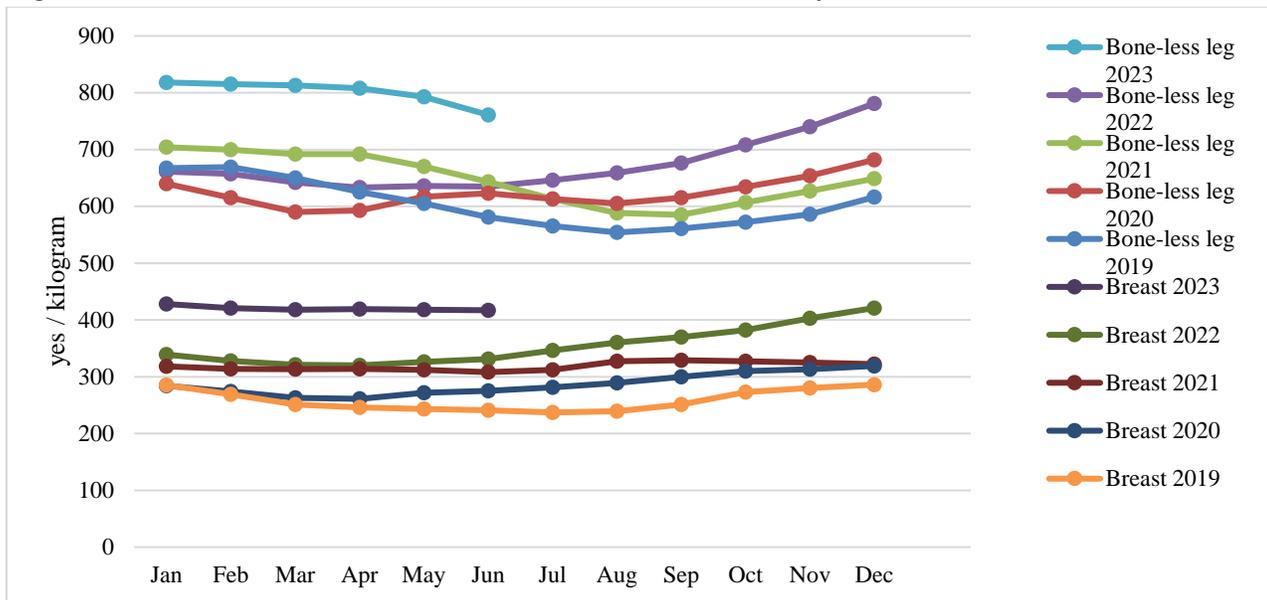
Source: MAFF

Figure 3: Retail Prices of Compound Feed



Source: MAFF

Figure 4: 2019 – 2023 Domestic Broiler Wholesale Prices (Tokyo Market)



Source: ALIC

Consumption

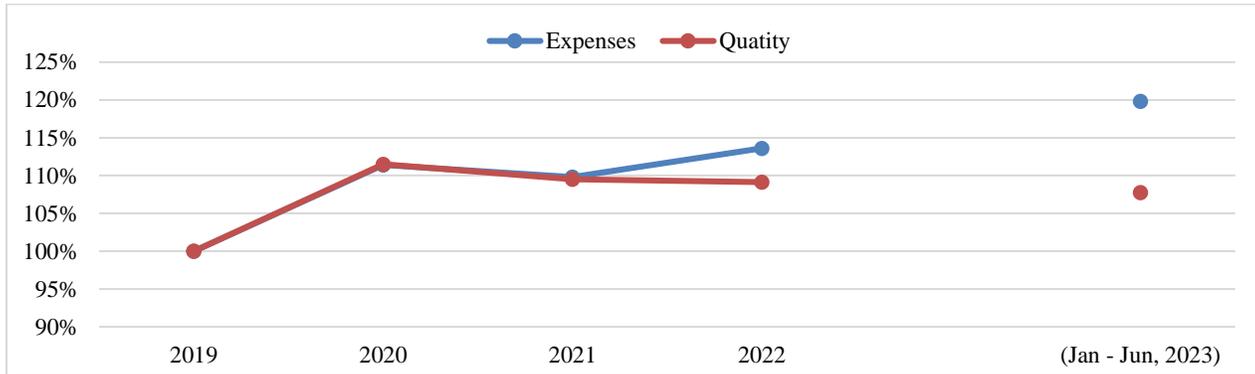
FAS/Tokyo expects chicken consumption in Japan remains steady in 2023 and 2024 as price-conscious consumers seek alternatives to comparatively expensive beef and pork. Demand at retail stores, fast food outlets, and the hotel, restaurant and institutional (HRI) sectors all will be strong. That strength is in part offset by a large drop in consumption at Japanese pubs. That drop resulted from social restrictions imposed on consumption of alcohol during the COVID 19 epidemic. Consumer behavior changed and the numbers of people who eat in Japanese pubs has not recovered to pre-COVID levels (Figure 6).

Given that part of the demand for poultry is a result of it being cheaper than other meats, one irony is that data shows retail demand for chicken is relatively price inelastic. According to a household survey published by Ministry of Internal Affairs and Communications (MIAC), compared to 2019, in 2022 consumers purchased nine percent more chicken, but paid 14 percent more for it (Figure 5). And in the first half year of 2023, consumers purchased eight percent more chicken, but paid 20 percent more for it than in 2019. Nevertheless, consumers still find ways to save: industry sources say consumer preference is shifting from premium-priced chicken legs to less-expensive cuts such as chicken breasts.

On May 8, the government of Japan (GoJ) reclassified COVID-19 as a Class 5 disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases [For details, visit [the Ministry of Health, Labour and Welfare \(MHLW\)](#) web page]. The reclassification removed all COVID-19-generated restrictive requirements over people’s daily movements and activities. Accordingly, consumers are dining out more frequently, and sales at most types of restaurants surpassed pre-COVID-19 levels (Figure 6).

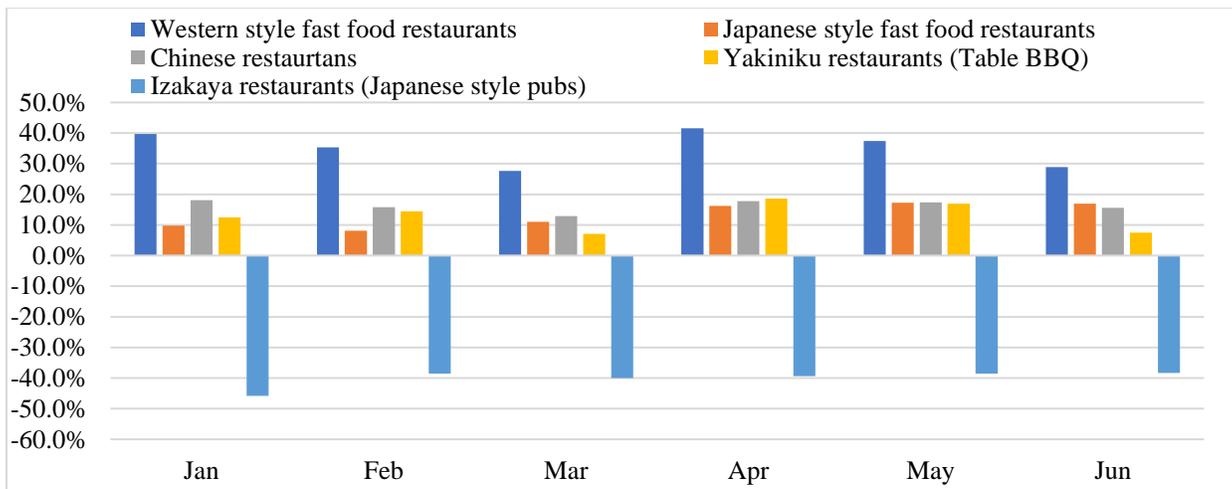
The May 8th reclassifying of COVID-19 as a class 5 disease has also attracted more foreign visitors. That plus the lifting of COVID-19 related border controls on April 29 has surged total visitors in January - July of 2023 to be 41% of the total visitors in 2019 (Figure 7).

Figure 5: Japan’s Chicken Retail Sales Trends (vs. 2019): Consumer Expenditure and Quantity



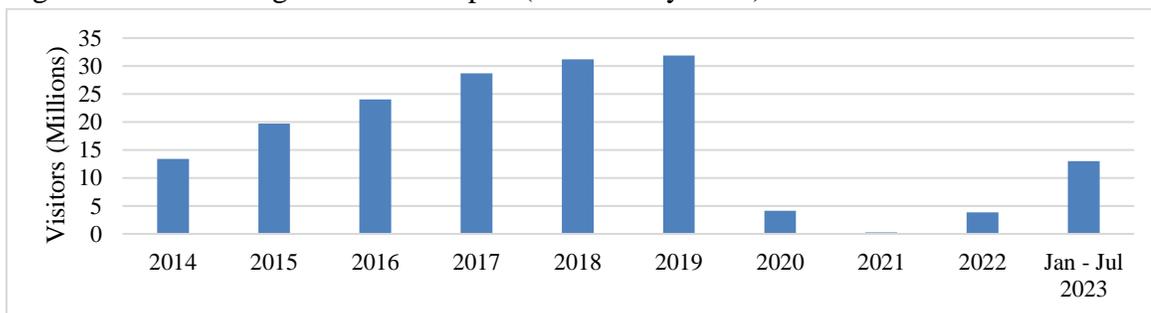
Source: MIAC

Figure 6: Sales in Food Service Industries in 2023 vs. 2019



Source: Food Service Association

Figure 7: Total Foreign Visitor to Japan (2014 – July 2023)



Source: Japan Tourism Statistics

Trade

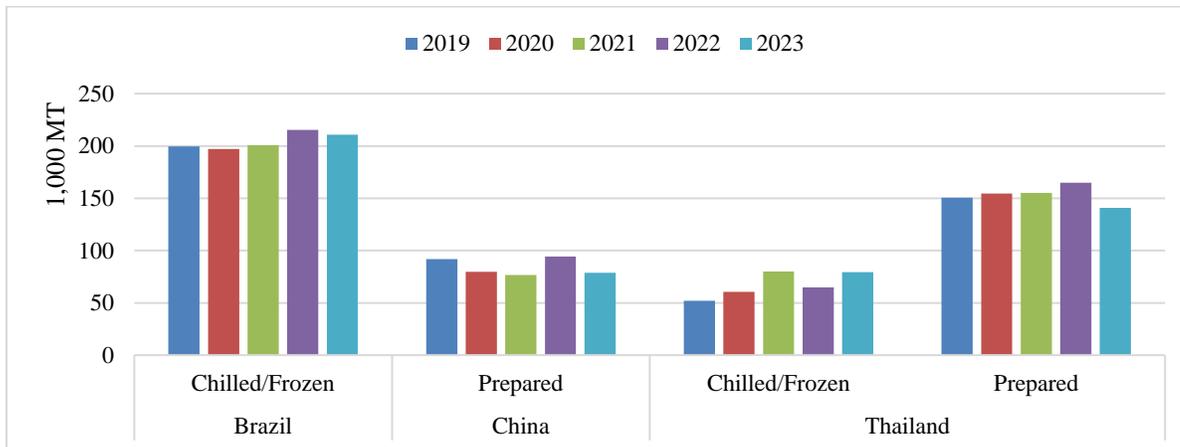
FAS/Tokyo forecasts chicken imports for Japan in 2024 will be flat year on year on strength of demand in the HRI sector and weaker domestic supply resulting from HPAI outbreaks in the 2022 winter season.

Supplies are further constrained for the food processing industry since fewer spent hens are available for slaughter for at least the next two years, a result of extensive culling of HPAI-infected flocks.

Although Japan's chicken imports were down six percent year on year through the first six months of 2023, they are still two percent higher than imports in 2019. Brazilian chicken imports also are off year on year (Figure 8), but still greater than in 2019. Japan suspended imports of poultry and poultry products from two affected states in Brazil in June and July when HPAI outbreaks were confirmed in backyard flocks, but the suspensions had been lifted by August 18. Industry sources say that, meanwhile, to minimize the trade disruption resulting from Brazil's suspensions, Japanese traders increased imports from Thailand in July and August.

Although high prices limited Japan's imports of *fresh or frozen* chicken cuts from Thailand in 2022, imports of *processed products* jumped to supply surging demand in the HRI sector. But stocks are now high and cold storage availability is low, so for some products, especially processed poultry products, we forecast 2023 imports will drop year on year.

Figure 8: Japan's Chicken Imports by Origin and Product Type (January – June)



Source: TDM

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.	2023	% chg.
Jan.	703	693	-1%	667	-4%	640	-4%	704	10%	661	-6%	818	24%
Feb.	703	686	-2%	669	-2%	615	-8%	700	14%	657	-6%	815	24%
Mar.	688	660	-4%	650	-1%	590	-9%	692	17%	642	-7%	813	27%
Apr.	669	630	-6%	625	-1%	593	-5%	692	17%	633	-9%	808	28%
May	656	607	-7%	605	0%	617	2%	670	9%	636	-5%	793	25%
Jun.	638	586	-8%	581	-1%	623	7%	643	3%	635	-1%	761	20%
Jul.	600	569	-5%	565	-1%	613	9%	613	0%	646	5%		
Aug.	574	560	-2%	554	-1%	605	9%	588	-3%	659	12%		
Sep.	572	567	-1%	561	-1%	615	10%	585	-5%	676	16%		
Oct.	599	587	-2%	572	-2%	634	11%	607	-4%	708	17%		
Nov.	622	606	-3%	586	-3%	654	12%	627	-4%	740	18%		
Dec.	656	631	-4%	616	-2%	682	11%	649	-5%	781	20%		
1st Qtr Ave.	698	679	-3%	662	-3%	615	-7%	699	14%	653	-6%	815	25%
2nd Qtr Ave.	654	608	-7%	603	-1%	611	1%	668	9%	635	-5%	787	24%
3rd Qtr Ave.	582	565	-3%	560	-1%	611	9%	595	-3%	660	11%		
4th Qtr Ave.	626	608	-3%	592	-3%	657	11%	628	-4%	743	18%		
Year Ave.	640	615	-4%	604	-2%	623	3%	648	4%	673	4%		

Breast													
	2017	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.	2022	% chg.	2023	% chg.
Jan.	270	318	18%	285	-11%	284	0%	318	12%	328	3%	421	28%
Feb.	291	311	7%	269	-13%	274	2%	314	15%	321	2%	418	30%
Mar.	313	319	2%	251	-21%	263	5%	313	19%	320	2%	419	31%
Apr.	327	308	-6%	246	-20%	261	6%	314	20%	326	4%	418	28%
May	340	297	-13%	243	-18%	272	12%	312	15%	331	6%	417	26%
Jun.	342	284	-17%	241	-15%	275	14%	308	12%	346	12%		
Jul.	333	277	-17%	237	-14%	281	18%	312	11%	360	15%		
Aug.	327	275	-16%	239	-13%	289	21%	327	13%	370	13%		
Sep.	329	276	-16%	251	-9%	300	20%	329	10%	382	16%		
Oct.	327	281	-14%	273	-3%	310	14%	327	5%	403	23%		

Nov.	325	287	-12%	280	-2%	313	12%	325	4%	421	30%		
Dec.	322	290	-10%	286	-1%	319	12%	322	1%	428	33%		
1st Qtr Ave.	292	316	8%	268	-15%	274	2%	315	15%	323	3%		
2nd Qtr Ave.	336	296	-12%	243	-18%	269	11%	311	16%	334	7%		
3rd Qtr Ave.	330	276	-16%	242	-12%	290	20%	323	11%	371	15%		
4th Qtr Ave.	325	286	-12%	280	-2%	314	12%	325	3%	417	29%		
Year Ave.	320	293	-8%	258	-12%	287	11%	318	11%	361	13%		

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

Supplemental Table 2: Japanese Monthly Ending Poultry Stock Estimates unit: metric ton

-	2017	2018	% chg.	2019	% chg.	2020	% chg.	2021	% chg.	2022	% chg.	2023	% chg.
Jan	137,206	178,892	30	162,133	-9	166,107	2	156,031	-6	158,303	1	150,021	-5
Feb	139,307	186,993	34	158,883	-15	167,710	6	157,208	-6	163,173	4	153,092	-6
Mar	135,759	176,552	30	152,329	-14	170,447	12	163,802	-4	157,653	-4	153,902	-2
Apr	135,777	170,714	26	153,163	-10	171,702	12	161,412	-6	147,646	-9	147,050	0
May	142,376	173,042	22	152,778	-12	169,368	11	162,167	-4	146,863	-9	156,845	7
Jun	151,028	166,035	10	153,595	-7	170,786	11	155,848	-9	149,569	-4	162,211	8
Jul	147,703	167,950	14	156,610	-7	170,149	9	148,270	-13	150,012	1		
Aug	157,855	168,961	7	156,959	-7	167,132	6	146,306	-12	149,715	2		
Sep	161,461	162,803	1	164,346	1	166,214	1	141,357	-15	147,061	4		
Oct	171,330	166,766	-3	167,174	0	160,947	-4	142,877	-11	152,720	7		
Nov	178,212	166,174	-7	166,192	0	157,700	-5	148,227	-6	153,312	3		
Dec	167,568	159,383	-5	161,807	2	151,091	-7	149,901	-1	148,824	-1		

Source: ALIC

Attachments:

No Attachments