

Meats

August 23, 2013

CURRENT SITUATION OF LIVESTOCK INDUSTRY

Domestic production fell and the high level of the price market is being maintained in the 2013 Japanese beef market. On the other hand, due to the weakening yen and revisions made on age restrictions of North American beef, it is difficult to make predictions for the future. Despite all this, since consumers can make wider choices from high expectations for revitalization of the economy caused by the so-called Abenomics, and increasing supply of internal organs including cow tongue due to the revision of age limitations, the market itself is undoubtedly said to be heading towards recovery.

The supply volume (volume by year, source: Ministry of Agriculture, Forestry, and Fisheries) of the beef market reached a record high of 1,103,000 tons (of this 738,000 tons is imported) in fiscal 2000. But in fiscal 2001, the number dropped drastically to 937,000 tons (608,000 tons imported) because of the BSE in Japan. BSE not only influenced domestic beef consumption, but also the consumption of imported beef. It clearly shows that import volume made a steep drop.

In addition to this, beef market fell to 806,000 tons (410,000 tons imported) in fiscal 2004 because of the import suspension of US beef. As a result, 200,000 tons of annual beef demand was lost. After that, beef import from the US was resumed under a condition of beef under the age of 20 months. The volume is on the rise, but even in fiscal 2012, the volume remains at 865,000 tons (506,000 imported).

Under these circumstances, the age restriction for North American beef was revised from under 20 months to under 30 months in February 2013. While the number of domestic shipments of beef is falling, North American beef supply is increasing due to the revision. Both North American beef and Australian beef, which now has a lower local price, is expanding its choices to volume sellers and restaurants such as Korean BBQ. It is inevitable to raise the retail price if the weak yen continues. While different products from domestic beef to imported beef, cow tongue, and internal organs line up in the market, there are possibilities of recovery for beef consumption once the economic outlook becomes clear.

Also, for domestic beef, the Ministry of Health, Labor, and Welfare raised the BSE inspection target age to cows over 48 months from July 1. It is no longer required for organizations with livestock to test every single cow. During the OIE (Office

International des Epizooties) meeting held at the end of May in Paris, BSE status in Japan was revised and the country was certified as a country where the "risk which can be ignored." The BSE problem is finally becoming an issue of the past.



Consumers' Survey on Meat

The consumers' survey was conducted by the Japan Meat Information Service Center in October 2012. The results of Japanese consumers' opinions on beef, pork and chicken are indicated as below.

Q1. How often do you consume meat? (by type)

Those who eat beef dishes "about once a week" accounted for nearly 60%. Compared with other types of meat dishes, many answered "2-3 times a month." More than 80% answered "once a week" for pork and chicken dishes.

Q2. What kind of image do you have towards meat? (by type)

The dominant answer for the image towards beef (multiple answers allowed) was "source

of stamina (nutritious)" (61.4%) followed by "abundant in protein" (34.2%), "builds muscles and bones" (33.7%), "easy to cook" (32.7%), and "many ways to cook" (23.6%). The nutritious values are evaluated.

The most frequent image towards pork was "reasonable price" (68.5%), "easy to cook" (62.8%), "many ways to cook" (54.0%), "abundant in protein" (36.8%), and "source of stamina (nutritious)" (36.7%). The price and convenience of cooking are evaluated.

For the image towards chicken, "reasonable price" was the highest at 73.6%, followed by "low calories" (54.8%), "easy to cook" (50.1%), "many ways to cook" (41.8%), and "abundant in protein" (36.4%). Chicken is evaluated for its price, low calories, and convenience.

Q3. Where do you mainly purchase meat? (by type)

Asking where people mainly purchase meat (multiple answers allowed), beef, pork, and chicken had similar tendencies. "food supermarkets" were dominant at about 80% (beef: 78.6%, pork: 82.4%, chicken: 81.9%), followed by "large super markets" accounting for about 45% (beef: 44.8%, pork: 45.6%, chicken: 44.9%). For beef, 12.7% answered "meat specialty stores" and "co-op" for pork and chicken (each 14.4% and 14.3% respectively).

Q4. What kind of things do you regard as important when purchasing meat?

When asked what is important when purchasing meat (multiple answers allowed), the top 3 answers for beef, pork, and chicken were the same. The 3 are "reasonable price," "production country (domestic, US, etc.)," and "freshness" (color, glaze) in that order. While pork and chicken have about the same score balance, beef has a relatively low score for "reasonable price" (beef: 65.2%, pork: 80.7%, chicken 81.7%). Also, "safety" (beef: 43.1%, pork 37.3%, chicken 36.5%) and "production country (domestic, US, etc.)" (beef: 60.6%, pork 53.2%, chicken 52.0%) was higher than the other two items. It could be said that since the nuclear accident in March 2011, people's interest towards production country and safety grew.