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## Japan

### Livestock and Products

# Japanese Meat Wholesaler Caught in Beef Scandal 2002

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**Report Highlights:** On August 9, Nippon Meat Packers, Japan's largest meat wholesaler admitted to mislabeling imported beef as domestic beef and selling it to an industry association under the government-funded beef buyback program. While the beef was never marketed, the company is still facing a serious public scandal with most of its products being pulled from many of the major grocery chains. The company is a major player in the meat and poultry trade procuring large volumes of beef and pork from the U.S. The impact of the scandal on U.S. meat exports to Japan will be followed carefully.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo [JA1], JA

## **Largest Japanese Meat Wholesaler Caught in Beef Scandal**

On August 9, Nippon Meat Packers, Japan's largest meat wholesaler, admitted to mislabeling imported beef as domestic beef and selling it to an industry association under the government-funded beef buyback program. Nippon Meat Packers is the largest meat wholesaler and distributor of ham, sausages, fresh and frozen beef, and poultry products in Japan with annual sales of nearly 1 trillion yen (\$8.7 billion). The company commands about 23% of the ham and sausage market and leads Japan's beef market with a share of more than 10%. The company is also a major importer of meat and poultry including large volumes of beef and pork from the United States.

According to the press, Nippon Meat Packers had sold large amounts of mislabeled beef to the industry association responsible for purchasing buy-back meat. Later, Nippon Meat Packers recovered at least 1.3 mt of the meat and incinerated it without the permission of the Ministry of Agriculture, Forestry and Fisheries (MAFF). The mislabeling was discovered by MAFF during a 100% inspection of buy-out beef that was implemented following a similar scandal by Snow Brand Foods earlier this year (reported in JA2008). (Note: The beef buyout program was developed to help purchase meat from untested cattle after the first case of BSE was discovered in Japan. Under the program, nearly 30 billion yen (\$240 million) was spent to segregate, store, and eventually incinerate about 12,000 mt of meat that was produced before the national BSE screening program was implemented on October 18, 2001. End Note).

Several Japanese retail chains, which have been suffering from a long series of food safety issues over the last year, reacted immediately by pulling almost all Nippon Meat Packer products, including pork and poultry products, from its shelves. Currently, 3 major supermarket chains, accounting for 1250 stores, 2 major convenience store chains with over 9,000 stores, and 2 major department store chains have announced that they will no longer sell Nippon Meat Packers products. Many other stores are expected to quickly follow suit. To date, other products produced by Nippon Meat Packers, but not carrying its label, including imported products, are still believed to be available in the stores.

Despite the scandal, meat consumption in the short term is not expected to change significantly and other Japanese companies are expected to quickly increase production to fill the gap left by Nippon Meat Packers. Nippon Meat Packers will probably try to keep its import and private label business separated from the scandal which may help maintain its purchases of some imported products. The impact on U.S. companies currently dealing with Nippon Meat Packers will be watched carefully.