

**Voluntary Report** – Voluntary - Public Distribution

**Date:** April 15,2020

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**Report Name:** ALIC Announces Details of COVID-19 Funding for Beef Industry

**Country:** Japan

**Post:** Tokyo

**Report Category:** Agricultural Situation, Livestock and Products, Dairy and Products

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**Report Highlights:**

On April 13, Japan's Agriculture and Livestock Industries Corporation (ALIC), a state-trading enterprise, announced details of \$875 million it will receive as part of Japan's COVID-19 supplementary budget. Over half of the budget will be used to stimulate consumption of wagyu beef. The remainder will be used to support beef and dairy producers as well as hides/skins companies and farms directly affected by COVID-19.

## General Information:

On April 7, Japan's Cabinet approved a 108 trillion yen (\$990 billion) economic package to support the economy in response to the COVID-19 pandemic. The Ministry of Agriculture, Forestry, and Fisheries is expected to receive a 545 billion yen (\$5 billion) supplementary budget to support the food and agricultural sectors (more details in [JA2020-0075](#)). Within that budget, the Agriculture and Livestock Industries Corporation (ALIC), a state-trading enterprise, is slated to receive 95 billion yen (\$875 million) to stimulate consumption of wagyu beef as well as support beef and dairy producers. Japan's Diet has not yet officially approved the supplementary budget, but is expected to do so by the end of April.

For some programs, funding levels differ according to the Japanese Fiscal Year (JFY) which runs from April to March of the following year. On April 13, ALIC announced details for the following three programs:

- 1. Support for Wagyu Storage and Sales:** 50 billion yen (\$460 million), from JFY 2020 through 2022, under Category 2 described in [JA2020-0075](#).

Targeted recipients are meat wholesalers who own and store wagyu beef. Wholesalers must submit a sales promotion plan to ALIC for approval in order to apply for funding. Wagyu beef targeted under this program must meet the following criteria:

- Derived from one of the four main wagyu breeds (black hair, brown hair, polled and short horn) or a wagyu cross breed.
- Cut and/or further processed (e.g. sliced and traceable on the cattle identification system) and packaged on/before April 6, 2020 or cut and packaged on/after April 7, 2020. Product which is further processed on/after April 7 is not eligible.
- Frozen and stored at a designated storage facility for one month or longer.
- Sold within one year from packing date in accordance with the company's sales promotion plan.

Payments will be issued under the following sub-programs:

Sub-Program	Target	Payment
Storage Cost Support	Carcass fabrication	150 yen/kg (carcass basis)
	Transportation of meat cuts to designated frozen storage facilities	32 yen/kg (product basis)
	Storage and associated costs (including freezing costs, insurance, and documentation fees)	Fixed amount based on wholesaler application
	Storage period	0.19 yen/kg per day (product basis)
Sales Promotion Plan Support	Product sold under approved sales promotion plan	JFY2020: 1,000 yen/kg JFY2021-22: 850 yen/kg

		(product basis)
Plan Promotion	Cost for sales program operators to confirm product quality	Fixed amount based on wholesaler application
	DNA testing for cattle identification: 1) Purchasing beef for DNA sampling	Fixed amount up to 7,279 yen/kg
	2) DNA testing including transportation cost of test samples.	Fixed amount based on wholesaler application
	Miscellaneous costs associated with smooth facilitation of the program including guidance and research	Fixed amount based on wholesaler application

2. **Support for Beef Calf Operators:** 984 million yen (\$9 million) in JFY2020, under Category 4 described in [JA2020-0075](#).

Beef calf producers who ship calves in accordance with a pre-established schedule set by local producer groups are eligible to receive support payments for extra days during which the calves must be reared. Calves targeted in this program must meet three criteria:

- Intended to be shipped to a calf market on a date (“original trading date”) between April 7 and September 30, which was postponed due to market closure, etc.
- Will be sold at the next available market.
- Younger than twelve months on the actual date of trading.

Support payments vary according to breed. Beef breeds (including wagyu and F-1 crossbreed) are eligible for up to 550 yen/head per day. Dairy breeds are eligible for up to 500 yen/head per day. Payments will be issued to cover the day following the “original trading date” until the actual date of trading at market. ALIC will also cover certain administrative costs.

3. **Support to Stabilize Demand and Supply of Cattle/Swine Hides:** 2 billion yen (\$18 million) in JFY2020, under Category 4 described in [JA2020-0075](#).

The targeted hides and skins must be derived from swine and cattle slaughtered in Japan and processed on/before April 7, 2020 or be held in stocks as of April 7. Recipient companies must be able to count hides and skins on a sheet per head basis. Rendering companies may estimate the number of sheets as 5.01 kg per sheet for swine and 29.04 kg per sheet for cattle.

Target	Payment
Temporary storing of hides/skins	Swine: 8 yen/sheet per month Cattle: 40 yen/sheet per month
Hides/skins processing (wet blue)	Processing Swine: 100 yen/sheet Cattle: 550 yen/sheet

	Storing Swine: 8 yen/sheet per month Cattle: 40 yen/sheet per month
Incineration of rendered hides/skins	For hide/skin companies Swine: 32.5 yen/sheet Cattle: 179 yen/sheet For rendering companies Swine: 136.5 yen/sheet Cattle: 802 yen/sheet
Incineration of raw hides/skins	Swine: 52.5 yen/sheet Cattle: 288.8 yen/sheet
Miscellaneous costs to carry out program	Fixed amount

In addition to the above three programs, ALIC will also implement the following programs as part of the 95 billion yen (\$875 million) package.

- **30.5 billion yen (\$280 million)** to support cattle fattening operations including:
  - Payments of 20,000 yen per head if operators adopt two of five quality-improvement measures including feed analysis, meat quality analysis, blood testing, business analysis, or environmental improvements.
    - Payments would increase to 40,000 yen per head if prices dipped 30 percent and operators implement three quality-improvement measures. Payments would increase to 50,000 yen per head if prices fall 40 percent.
  - Support if distribution channels are disrupted.
  - Postponement of producer contribution payments to the Beef Livestock Stabilization Program (see [JA2020-0071](#) for details).
- **5 billion yen (\$46 million)** to support dairy manufacturers for diverting nonfat dry milk from food use to feed use (for information about similar payments in previous COVID-19 funding see, [JA2020-0059](#)).
- **814 million yen (\$7.5 million)** to help farms if workers are infected with COVID-19.

In 2019, the United States exported \$1.95 billion of beef products and \$283 million of dairy products to Japan. Japan ranked as the top export market for U.S. beef and fifth largest market for U.S. dairy.

**Attachments:**

No Attachments.