

Voluntary Report – Voluntary - Public Distribution

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Report Name: Japan Increases Livestock Producer Support Ahead of Trade Agreement

Country: Japan

Post: Tokyo

Report Category: Livestock and Products, Trade Policy Monitoring

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Report Highlights:

The Japanese Cabinet approved new support programs for livestock producers under the 2019 supplementary budget aimed at increasing beef and dairy cow numbers. The new programs include payments to producers who expand the number of cows retained for breeding purposes. These new programs are expected to be implemented shortly after entry into force of the U.S.-Japan Trade Agreement.

General Information:

On December 12, the Liberal Democratic Party (LDP), Japan’s majority political party, approved the Japanese Fiscal Year (JFY) 2019 supplementary budget for the Ministry of Agriculture, Forestry and Fisheries (MAFF) to include additional support measures for beef and dairy producers. The stated objective of these measures is to help offset the impact of Japan’s trade agreements, including the U.S.-Japan Trade Agreement. Additional details on the JFY 2019 MAFF supplementary budget are available in (JA2019-0209). The budget will be submitted for approval by the Japanese Diet in January 2020.

In this budget, MAFF was allocated 24.3 billion yen (\$223 million) to increase the number of wagyu beef cows and dairy cows (excluding Hokkaido) in Japan. Calf production had slowed dramatically in recent years as aging producers gradually exited the industry, reducing the total cow population and pushing calf prices to all-time highs (see JA9105). To offset the impact of recent trade agreements, the Government of Japan aims to double wagyu beef production to 300,000 metric tons by 2035. To reach this goal, MAFF seeks to increase the number of breeding cows from 610,000 head in JFY 2018 to 800,000 head in JFY 2030. The government also aims to bolster domestic dairy production in regions other than Hokkaido, which are typically less efficient. Approximately 10.9 billion (\$100 million) of the total will be allocated to the following three programs:

Incentive payments for breeding cow producers: The government will provide incentive payments to farmers, public farms, and agricultural extension centers that increase the number of breeding cows. Payments vary according to farm size and purpose (see Table 1). Payments will be distributed by the national government through local agricultural cooperatives. The start date and application process for the program has not yet been announced.

Table 1. Incentive Payments to Farms				Unit: yen/head
Size/type of farm	Beef breeding cow		Dairy cow*	Breeding cow in public farms ** or agricultural extension centers
	Less than 50 head	50 head or more		
Payment amount	246,000 (\$2,248)	175,000 (\$1,606)	275,000 (\$2,523)	246,000 (\$2,248)
Note: * Support for dairy cows will apply to farmers in prefectures other than Hokkaido ** Public farms are established by local governments, agricultural cooperatives, or associations to support livestock reproduction Source: MAFF				

FAS/Tokyo estimates that the maximum payment for beef breeding cows accounts for around 45 percent of the cost of a wagyu cow (estimated at 551,584 yen or \$5,060 in 2018). The payment for a dairy cow accounts for around 39 percent of the market price of a pregnant dairy heifer (approximately 710,000 yen or \$6,422 in Hokkaido in November 2019).

Support functions of public farms and agricultural extension centers: MAFF will support public farms, established by local governments, agricultural cooperatives or associations, to produce high-quality beef calves by assisting with the introduction of breeding cows, machinery purchase, and field management. There are no additional details on the specific supports provided.

Facilitating increased production of wagyu embryos: MAFF will provide support to farms harvesting wagyu embryos and facilities involved in handling of the embryos. MAFF will also support dairy farms seeking to transition into beef cattle production. Assistance will also be provided to dairy farms seeking to procure new equipment to facilitate beef calf-rearing. The exact details of these supports have not yet been announced.

The remaining 13.4 billion yen (\$123 million) will be allocated to various programs aimed at improving livestock industry infrastructure and machinery. For more details see JA2019-0209.

Attachments:

No Attachments.