

Voluntary Report – Voluntary - Public Distribution

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Report Name: MAFF Increases COVID-19 Support for Beef Calf Producers

Country: Japan

Post: Tokyo

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

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Report Highlights:

On May 27, Japan's Cabinet Office approved the draft of a second supplementary budget aimed at addressing COVID-19-related impacts. In that budget, the Ministry of Agriculture, Forestry and Fisheries (MAFF) proposed a \$100 million support program for beef calf producers when average prices drop below predetermined threshold levels. The budget is expected to be approved by Japan's Diet on June 17.

General Information:

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

On May 27, Japan’s Cabinet Office approved the draft of second COVID-19 emergency economic package for Japanese fiscal year (JFY) 2020 (see [JA2020-0075](#) for details of the first supplementary budget). In this second budget, the Ministry of Agriculture, Forestry and Fisheries (MAFF) proposed a new support program for beef calf producers valued at 10.8 billion yen (approximately \$100 million). The program would issue payments to producers when calf prices fall below predetermined thresholds. The budget is expected to be approved by Japan’s Diet before the current session ends on June 17. The program will be implemented by the Agriculture and Livestock Industries Corporation (ALIC).

Beef calf producers who implement at least two of the following four improvement measures are eligible to receive payments.

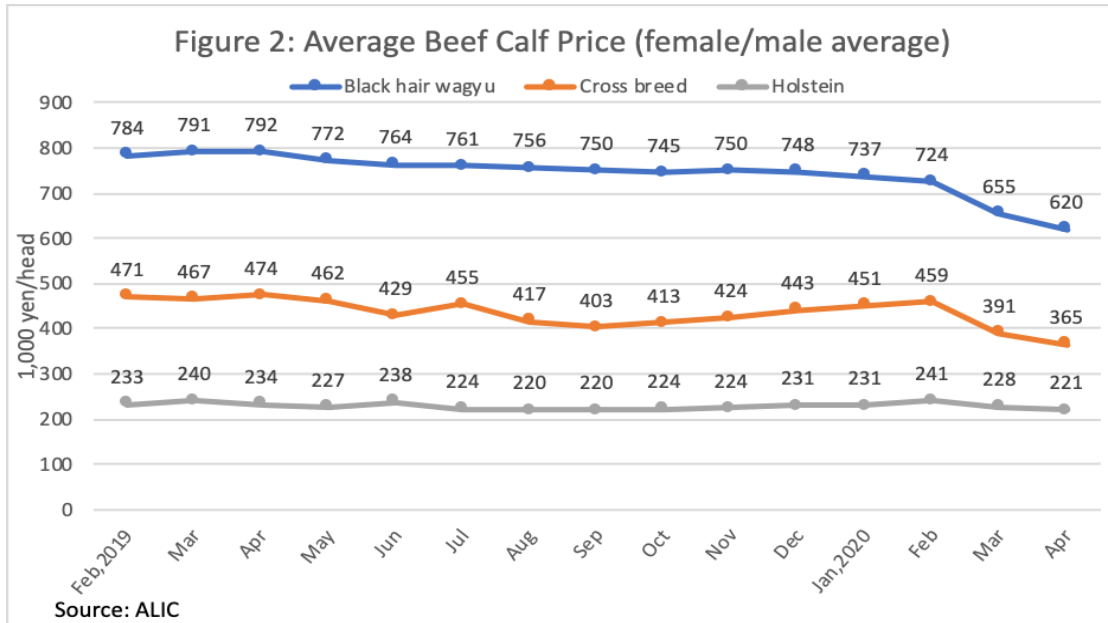
1. Facility improvements such as temperature and pest control
2. Consultant-based farm management analysis
3. Calf disease prevention
4. Nutritional improvements (e.g. using vitamin-enhanced feed)

Payments vary by breed and the degree of change in calf market prices (monthly national average). Details are shown in Figure 1 below. Black hair wagyu calf producers, for example, would receive 10,000 yen per head if calf prices fall below 600,000 yen. This payment would increase to 30,000 yen if calf prices fall below 570,000 yen. Payments are determined based on the actual time of sale.

Figure 1: Support Payment for Beef Calf Producers

	<i>Support payment</i>	
	<i>10,000 yen per head</i>	<i>30,000 yen per head</i>
Breed	Trigger market price (yen)	
Black hair wagyu	600,000	570,000
Cross breed	300,000	290,000
Holstein	180,000	170,000
Source: MAFF		

Prior to the COVID-19 pandemic, average black hair wagyu calf prices had been trending downward since May 2019 while cross breed and Holstein calf prices remained flat (see Figure 2). Both black hair wagyu and cross breed calf prices fell sharply in March 2020 and have continued to decline since. In April 2020, the average black hair wagyu calf price was 620,000 yen (\$5,700) per head, down 22 percent from the previous year. The average cross breed calf price was 365,000 yen (\$3,355) per head, down 23 percent from 2019.



In the first supplementary budget, MAFF implemented six support programs for livestock and dairy producers as follows:

1. Support for Wagyu Storage and Sales: 50 billion yen (\$460 million)
2. Support for Beef Calf Operators: 984 million yen (\$9 million)
3. Support to Stabilize Demand and Supply of Cattle/Swine Hides: 2 billion yen (\$18 million)
4. Support for Cattle Fattening Operations: 30.5 billion yen (\$280 million)
5. Support Use of Domestic Milk Powder: 5 billion yen (\$46 million)
6. Support Farms Infected by COVID-19: 814 million yen (\$7.5 million)

Details of programs 1-3 are available in [JA2020-0080](#). For details of programs 4-6, see [JA2020-0090](#).

Attachments:

No Attachments.