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Swiftly Reacting to FMD Crisis in Great Britain, MAFF Bans Pork Imports from Certain EU Member Countries

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Report Highlights: Japan swiftly reacted to the FMD outbreak in Great Britain by temporarily halting pork imports from some EU member countries. While waiting FMD test results from France and Belgium, the Japanese meat industry remains cautious. The import bans will moderately impact Japan's frozen pork supplies. EU member countries (excluding Denmark which tested negative on 3/06) accounted for 20% (61,500 MT) of Japan's annual pork imports for processing in 2000. Japan's meat industry will shift purchases of frozen pork to other suppliers.

Includes PSD changes: No
Includes Trade Matrix: No
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Table of Contents

<u>Amid Wide-Spread FMD Concerns, MAFF Swiftly Reacts By Halting Pork and Pork</u>	
<u>Product Imports From Several EU Countries</u>	Page 2 of 4
<u>FMD Problem Forecast to Moderately Affect Japan's Frozen Pork Supplies, and</u>	
<u>Japanese Meat Industry Remains Cautious</u>	Page 2 of 4
Table 1. Japanese Pork Imports in 2000	Page 3 of 4
Table 2. Japanese Pork Imports 1997 - 2000 by Country and Import Share by	
Country	Page 3 of 4

Amid Wide-Spread FMD Concerns, MAFF Swiftly Reacts By Halting Pork and Pork Product Imports From Several EU Countries

With last year's Foot and Mouth Disease outbreak in Japan a fresh memory, the focus of this highly contagious bovine animal disease shifted to the EU. Last month the first report of a FMD outbreak was reported in Great Britain, and now possible outbreaks are reported in other EU member countries. The FMD situation deals another blow to the EU's livestock industry, whose beef industry is already dealing with another livestock disease, BSE.

On March 5, responding to possible findings of FMD in livestock, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced a temporary halt of pork and pork products from France, Belgium and Denmark. The announcement came shortly after confirmed FMD outbreaks in Britain and Northern Ireland. MAFF took the measures in response to concerns that other EU member countries might also have FMD-infected animals.

[Note: According to APHIS Tokyo, pork imports from Great Britain have been suspended since August 2000 due to hog cholera.]

On March 6, while waiting FMD test results by the French and Belgium governments, the Danish government notified MAFF that their FMD test result confirmed negative. As a result, MAFF lifted the temporary halt of Danish pork on March 6.

FMD Problem Forecast to Moderately Affect Japan's Frozen Pork Supplies, and Japanese Meat Industry Remains Cautious

The temporary halt of pork imports from two EU countries, major suppliers of frozen pork to Japan, will impact Japan's frozen raw material pork supply situation, mostly for ham, bacon and sausage manufacturing. In recent years, the ham and sausage industry has increased their dependence on EU frozen pork supplies after supplies from Taiwan (1997) and Korea (2000) were terminated due to major FMD outbreaks (table 2 - see import shares).

Japan's imports of frozen pork for processing use are estimated at 300,000 MT (Meat Equivalent); for other uses, such as food service and prepared food, imports of frozen pork are about 130,000 MT. Denmark is the single largest supplier of frozen pork and shipped 211,700 MT of frozen pork to Japan in 2000 (table 1 -chilled and frozen imports break downs) and other members shipped about 61,500 MT, accounting for 20% of annual processing demand for imported frozen pork in Japan (table 2 - see major EU member suppliers).

Trade sources indicate little concerns about Japan's current pork supplies because frozen stocks are sufficient. Additionally, pork importers are reportedly switching supply sources during the second quarter of 2001 and taking a "wait and see" position. [Note: Japan's year ending frozen pork inventory in 2000 was estimated at 88,215 MT (Meat Equivalent), up 39% compared to the same month of the previous year.]

Meanwhile, the negative FMD test result on Danish pork provided temporary relief to Japanese meat traders. But they remain cautious of new developments, reportedly viewing all EU

countries at risk. At this point it is too early to assess the overall impact of MAFF's actions and the FMD problem on sales of Japan's ham and sausage products. Consumers, in general, are less aware of Japan's raw material situation for processed meat products sold at the retail level.

Industry sources report rising pork prices in the EU, coupled with a strengthening Euro against Yen, may also slow the pace of imports from EU after the second quarter this year. Further complicating the trade situation, Great Britain will likely import pork this year, which may impact Denmark's pork exports to Japan. Japanese buyers will likely continue to diversify imports away from non-EU member countries and increase purchases from North America, Eastern Europe and Oceania. Further escalation of the FMD problem in the EU will hasten the above process, speeding change in Japan's pork trade picture.

Post will provide updates on any new developments.

Table 1. Japanese Pork Imports in 2000

Unit: Customs Clearance Basis						
	Chilled		Frozen		Combined	
	Jan./Dec.		Jan./Dec.		Jan./Dec.	
U.S.	128,188	14%	60,895	10%	189,083	13%
Denmark	401	17%	211,762	20%	212,163	23%
Canada	41,116	45%	69,810	6%	110,926	22%
Korea	4,842	-73%	11,997	-75%	16,839	-74%
Mexico	12,927	95%	26,867	-14%	39,794	8%
Other	3,908		78,117		82,025	
TOTAL	191,382	11%	459,448	6%	650,830	8%

Source: Ministry of Finance (Feb. 20 Issue, Chikusan Nippo - Livestock Daily Press)

Note: Other countries in frozen category are EU member countries, Hungary, Australia, Chile etc.

Table 2. Japanese Pork Imports 1997 - 2000 by Country and Import Share by Country

Period: JANUARY - DECEMBER							
Unit: Metric Ton (Customs Clearance Basis)							
	1997	1998	% chg.	1999	% chg.	2000	% chg.
	Actual	Actual		Actual		Prelim.	
Taiwan	47,537	0	-100%	0	NA	0	NA
U.S.	137,041	160,214	17%	167,714	5%	189,068	13%
Denmark	144,919	124,732	-14%	171,876	38%	212,163	23%
Canada	54,434	61,843	14%	91,021	47%	111,166	22%
Korea	48,500	90,198	86%	80,498	-11%	16,840	-79%
Mexico	25,038	30,604	22%	36,789	20%	39,743	8%

France	7,816	8,923	14%	10,318	16%	22,405	117%
Belgium	3,633	972	-73%	544	-44%	3,189	486%
Ireland	8,309	4,119	-50%	9,559	132%	11,404	19%
Germany	1,127	1,357	20%	942	-31%	8,112	761%
Netherlands	15,581	4,953	-68%	14,738	198%	10,153	-31%
United Kingdom	10,303	5,160	-50%	5,225	1%	3,910	-25%
Other	7,720	11,862	54%	10,837	-9%	22,905	111%
TOTAL	511,956	504,938	-1%	600,062	19%	651,058	8%
	97 Share	98 Share		99 Share		00 Share	
Taiwan	9%	0%		0%		0%	
U.S.	27%	32%		28%		29%	
Denmark	28%	25%		29%		33%	
Canada	11%	12%		15%		17%	
Korea	9%	18%		13%		3%	
Mexico	5%	6%		6%		6%	
France	2%	2%		2%		3%	
Belgium	1%	0%		0%		0%	
Ireland	2%	1%		2%		2%	
Germany	0%	0%		0%		1%	
Netherlands	3%	1%		2%		2%	
United Kingdom	2%	1%		1%		1%	
Other	2%	2%		2%		4%	
TOTAL	100%	100%		100%		100%	
Source: 1997 - 1999 figures are from World Trade Atlas (WTA) and 2000 figures are prelim data. Note: Above data covers all HS 0203 including wild boars, etc.							