

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Japan

**Post:** Tokyo

### Japanese Beef Prices Plummet Due to Radioactive Beef

#### Findings

**Report Categories:**

Livestock and Products

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**Report Highlights:**

The finding of radioactive contamination in beef from Fukushima and surrounding prefectures has begun to affect the sale of beef nationwide. Despite government assurances that there is no immediate threat from eating beef contaminated with radioactive cesium over the GOJ's limit of 500 becquerels per kilogram, sales have fallen dramatically as reflected by falling prices.

## **General Information:**

**Contaminated Beef Found** - On July 11, 2011, 6 head of cattle were found to have been fed radioactive cesium-contaminated rice straw from farms in Fukushima prefecture, the location of the Fukushima Dai-ichi nuclear plant. Since that time, more than 1500 head of beef cattle have been found to have ingested contaminated rice straw. Beef from suspected cattle is believed to have been shipped almost nationwide. The Government of Japan has banned the sale of beef from Fukushima prefecture (except for those animals under 12 months of age) and has instructed prefectures to conduct radiological testing. In Fukushima, to determine whether a ban may be lifted every head from within the evacuation zones will be tested. Outside the zone (and in other prefectures), a sampling procedure will be employed. Some areas, such as Japan Agricultural Cooperative (JA) in Miyagi and Niigata prefectures have decided to voluntarily test every head from that area. In addition, the prefectures of Akita and Yamagata have also announced they will begin testing every animal, and the prefecture of Tochigi is considering blanket testing. As the central government has not called for blanket testing, these entities must bear the cost on their own.

Testing has begun throughout the affected area. Test results show that out of the 314 tests done as of July 24, 37 samples have exceeded Japan's limit of 500 bequerels per kilogram. Most of the test results only marginally exceed the standard. The highest test result measured 4300 bequerels per kilogram.

**High End Meat Most Affected** - Triggered by the high level radioactive beef scandal, Wagyu wholesale prices have dropped precipitously in the Tokyo market. A-4 grade, the second highest class of Wagyu beef traded at Yen 1603 (\$20.00) per kilogram on July 12, has now dropped to as low as Yen 606 (\$7.60) on July 19. Prices rebounded slightly on July 20 to Yen 910 (\$11.37) following the GOJ's announcement that it was banning the sale of all meat from Fukushima prefecture. The Wagyu A-3 grade carcass also sharply decreased in market price from Yen 1329 (\$16.60) per kilogram to Yen 492 (\$6.15) per kilogram and back to Yen 791 (\$9.90) in the same period. Price source: Animal and Livestock Industries Corporation (ALIC).

Meat traders are now conducting business on a day to day basis, as necessary, i.e. replenishing frozen stocks or filling daily orders from end users. However, they worry that the overall market slump could last some time and begin affecting imports, similar to the time of 2001 BSE crisis when the national beef consumption dropped considerably. They are now closely watching the developments on what the government will do to support the meat industry and to re-gain public confidence on domestic beef.

One trader noted that their chilled beef business has been down since four people died and over 70 got sick from eating E. Coli-contaminated raw beef at a Japanese barbecue (yakiniku) chain. This incident is adding more uncertainties in their business.

Many retailers, including AEON, Ito Yokado, Odakyu, and Isetan have disclosed that they sold tainted beef at their outlets and are now refraining from selling Wagyu. Ito Yokado has started labeling its beef by prefecture of origin.

**Future Government Actions Will Drive Market** – Despite the continued findings of cattle that may have eaten contaminated rice straw, prices did rebound slightly due to a decrease in slaughter in several areas. There is a reticence among farmers to send animals to slaughter until the Japanese government clearly lays out its plan to compensate ranchers and to buy back beef that has found to have been contaminated. We expect volatility in the domestic market until the details of those plans are announced.

Affect on U.S. Beef - The affect on U.S. beef has so far been minimal. Retail and most Food Service outlets have not reported any uptick in U.S. beef sales. However, high end hotels and restaurants show have shown great interest in sales and promotion of U.S. beef for summer vacation season, especially for high end cuts such as tenderloin and rib-eye. However, the continuation of the age limit for U.S. beef continues to hamper availability of these higher end cuts.