

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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

Voluntary  Public

**Date:** 3/30/2017

**GAIN Report Number:** JA7044

## Japan

**Post:** Tokyo

### Increasing Interest in U.S. Feeder Cattle

**Report Categories:**

Agricultural Situation

Livestock and Products

Trade Policy Monitoring

**Approved By:**

Christopher Riker, Senior Agricultural Attaché

**Prepared By:**

Evan Mangino, Agricultural Attaché

**Report Highlights:**

With auction prices for Japanese feeder calves rising between 80 and 120 percent across major beef breeds over the last five years, there is significant demand for lower-priced, imported feeder calves that can be fed out and slaughtered as Japanese "domestically produced beef." Japan halted imports of U.S. live cattle following the U.S. detection of *bovine spongiform encephalopathy* in 2003.

Keywords: Japan, JA7044, live cattle, feeder cattle

Japanese feeder calf prices have risen sharply over the last five years, as Japanese cow-calf operators retire from the industry without successors (see Table 9 in FAS/Tokyo's March 2017 Livestock and Products Semi-Annual Report [JA7011](#)). To supplement domestic calf production Japan currently imports approximately 10,000 head of live cattle per year, exclusively from Australia, consisting of both beef feeder calves and replacement dairy heifers. Imported calves can be slaughtered, sold and labeled as Japanese "domestically produced beef" if the animals have spent more than 50 percent of their life in Japan.

However, a [2016 detection of Johne's disease](#) in a shipment of Australian cattle [disrupted Japan's imports of live cattle for more than three months](#). Though additional shipments later in the year helped to minimize the impact, the disruption helped drive import numbers down five percent in 2016 and exposed the lack of diversity in Japan's live cattle supply chain.

On March 29, 2017, FAS/Tokyo met with Japanese companies interested in partnering with the U.S. cattle industry to import up to 20,000 head annually of Wagyu-Holstein crossbred feeder calves as soon as the market is re-opened. Japanese prices for Wagyu-Holstein (also known as "F-1" cattle) feeder calves have risen by 80 percent since 2012, and cattle feeders are struggling in the face of such high prices for Japanese calves (see Table 9 in [JA7011](#)). F-1 cattle satisfy Japanese retail and food service industry demand for Japanese domestic beef that is lower-priced and less-marbled than Wagyu beef.

FAS/Tokyo had previously heard from Japanese industry contacts interested in importing U.S. Holstein steer feeder calves for fattening operations in Hokkaido. Japanese supplies of Holstein steers for fattening have declined sharply in recent years, as profit-maximizing dairy farmers have increased their utilization of sexed Holstein semen and of Wagyu semen (see Table 10-A in [JA7011](#)). Holstein steer feeder calf prices have more than doubled since 2012 (see Table 9 in [JA7011](#)). Fed Holstein steers meet the Japanese retail and food service industries' demand for value-priced domestic beef cuts.

On February 4, 2016, the USDA Animal and Plant Health Inspection Service (APHIS) formally requested that Japan lift its ban on U.S. live cattle for breeding and for slaughter as well as create market access for U.S. feeder cattle. U.S. exports of live cattle have been banned from Japan since the 2003 detection of *bovine spongiform encephalopathy* (BSE) in the U.S. cattle herd. In 2003, the United States exported 159 head of live cattle to Japan with a value of approximately \$2.8 million.