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2010 Japanese Beef and Pork Market Outlook

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Report Highlights:

Commodities:

Meat, Beef and Veal

Animal Numbers, Cattle

Meat, Swine

Animal Numbers, Swine

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle Japan	2008			2009			2010			
	2008			2009			2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan	
			Data			Data			Data	
Total Cattle Beg. Stks	4,398	4,398	4,398	4,423	4,423	4,423	4,430	4,430	4,410	(1000 HEAD)
Dairy Cows Beg. Stocks	862	862	862	848	848	848	840	840	835	(1000 HEAD)
Beef Cows Beg. Stocks	667	667	667	681	681	681	670	670	690	(1000 HEAD)
Production (Calf Crop)	1,397	1,397	1,397	1,395	1,395	1,390	1,370	1,370	1,385	(1000 HEAD)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Imports	20	20	20	17	17	16	17	17	16	(1000 HEAD)
Total Imports	20	20	20	17	17	16	17	17	16	(1000 HEAD)
Total Supply	5,815	5,815	5,815	5,835	5,835	5,829	5,817	5,817	5,811	(1000 HEAD)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Cow Slaughter	553	553	553	560	560	551	560	560	545	(1000 HEAD)
Calf Slaughter	11	11	11	10	10	11	10	10	10	(1000 HEAD)
Other Slaughter	674	674	674	675	675	666	670	670	665	(1000 HEAD)
Total Slaughter	1,238	1,238	1,238	1,245	1,245	1,228	1,240	1,240	1,220	(1000 HEAD)
Loss	154	154	154	160	160	191	157	157	191	(1000 HEAD)
Ending Inventories	4,423	4,423	4,423	4,430	4,430	4,410	4,420	4,420	4,400	(1000 HEAD)
Total Distribution	5,815	5,815	5,815	5,835	5,835	5,829	5,817	5,817	5,811	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0		0	0		(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0		0	0		(1000 HEAD)
Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	25	25	25	7	7	-13	-10	-10	-10	(1000 HEAD)
Inventory Change	0	0	0	1	1	1	0	0	0	(PERCENT)
Cow Change	2	2	2	0	0	0	-1	0	0	(PERCENT)
Production Change	0	0	0	0	0	-1	-2	-2	0	(PERCENT)
Production to Cows	91	91	91	91	91	91	91	91	91	(PERCENT)
Trade Balance	-20	-20	-20	-17	-17	-16	-17	-17	-16	(1000 HEAD)
Slaughter to Inventory	28	28	28	28	28	28	28	28	28	(PERCENT)
TS=TD			0			0			0	

Japanese Beef PS&D Table

Meat, Beef and Veal Japan	2008			2009			2010			
	2008			2009			2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan	
			Data			Data			Data	
Slaughter (Reference)	1,238	1,238	1,238	1,245	1,245	1,228	1,240	1,240	1,220	(1000 HEAD)
Beginning Stocks	111	111	111	115	116	116	123	123	119	(1000 MT CWE)
Production	520	520	520	525	525	517	520	520	510	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	659	659	659	672	672	697	678	678	702	(1000 MT CWE)
Total Imports	659	659	659	672	672	697	678	678	702	(1000 MT CWE)
Total Supply	1,290	1,290	1,290	1,312	1,313	1,330	1,321	1,321	1,331	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	1	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	1	0	0	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumption	1,174	1,174	1,174	1,189	1,190	1,211	1,195	1,195	1,213	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	1,174	1,174	1,174	1,189	1,190	1,211	1,195	1,195	1,213	(1000 MT CWE)
Ending Stocks	115	116	116	123	123	119	126	126	118	(1000 MT CWE)
Total Distribution	1,290	1,290	1,290	1,312	1,313	1,330	1,321	1,321	1,331	(1000 MT CWE)
CY Imp. from U.S.	70	76	76	84	84	97	0	0	102	(1000 MT CWE)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Balance	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Inventory Balance	4	5	5	8	7	3	3	3	-1	(1000 MT CWE)
Weights	420	420	420	422	422	421	419	419	418	(1000 MT CWE)
Production Change	3	3	3	1	1	-1	-1	-1	-1	(PERCENT)
Import Change	-4	-4	-4	2	2	6	1	1	1	(PERCENT)
Export Change	0	0	0	-100	0	0	0	0	0	(PERCENT)
Trade Balance	-658	-659	-659	-672	-672	-697	-678	-678	-702	(1000 MT CWE)
Consumption Change	-1	-1	-1	1	1	3	0	0	0	(PERCENT)
Population		127.3			127.1			126.8		(MILLION HEAD)
Per Capita Consumption	9	0	0	9	0	0	9	0	0	(KG)
TS=TD			0			0			0	

Japanese Swine PS&D Table

Animal Numbers, Swine Japan	2008			2009			2010			
	2008			2009			2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan	
			Data			Data			Data	
Total Beginning Stocks	9,745	9,745	9,745	9,899	9,899	9,899	9,900	9,900	10,000	(1000 HEAD)
Sow Beginning Stocks	910	910	910	937	937	937	920	920	925	(1000 HEAD)
Production (Pig Crop)	16,960	16,960	16,960	17,400	17,400	17,700	17,100	17,100	17,500	(1000 HEAD)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	1	1	1	0	0	1	(1000 HEAD)
Total Imports	0	0	0	1	1	1	0	0	1	(1000 HEAD)
Total Supply	26,705	26,705	26,705	27,300	27,300	27,600	27,000	27,000	27,501	(1000 HEAD)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Sow Slaughter	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Other Slaughter	16,191	16,191	16,192	16,670	16,670	16,965	16,480	16,480	16,880	(1000 HEAD)
Total Slaughter	16,191	16,191	16,192	16,670	16,670	16,965	16,480	16,480	16,880	(1000 HEAD)
Loss	615	615	614	730	730	635	720	720	671	(1000 HEAD)
Ending Inventories	9,899	9,899	9,899	9,900	9,900	10,000	9,800	9,800	9,950	(1000 HEAD)
Total Distribution	26,705	26,705	26,705	27,300	27,300	27,600	27,000	27,000	27,501	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	154	154	154	1	1	101	-100	-100	-50	(1000 HEAD)
Inventory Change	0	0	0	2	2	2	0	0	1	(PERCENT)
Sow Change	-1	-1	-1	3	3	3	-2	-2	-1	(PERCENT)
Production Change	-1	-1	-1	3	3	4	-2	-2	-1	(PERCENT)
Production to Sows	19.	19.	18.6	19.	19.	18.9	19.	19.	18.9	(PERCENT)
Trade Balance	0	0	0	-1	-1	-1	0	0	-1	(1000 HEAD)
Slaughter to Inventory	166	166	166	168	168	171	166	166	169	(PERCENT)
TS=TD			0			0			0	

Japanese Pork PS&D Table

Meat, Swine	2008			2009			2010			
	2008			2009			2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan	
			Data			Data			Data	
Slaughter (Reference)	16,191	16,191	16,192	16,670	16,670	16,965	16,480	16,480	16,880	(1000 HEAD)
Beginning Stocks	208	208	208	237	237	237	238	238	217	(1000 MT CWE)
Production	1,249	1,249	1,249	1,285	1,285	1,310	1,270	1,270	1,300	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	1,267	1,268	1,268	1,210	1,210	1,139	1,210	1,209	1,151	(1000 MT CWE)
Total Imports	1,267	1,268	1,268	1,210	1,210	1,139	1,210	1,209	1,151	(1000 MT CWE)
Total Supply	2,724	2,725	2,725	2,732	2,732	2,686	2,718	2,717	2,668	(1000 MT)

										(CWE)
Intra EU Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumption	2,487	2,488	2,488	2,494	2,494	2,469	2,487	2,486	2,458	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	2,487	2,488	2,488	2,494	2,494	2,469	2,487	2,486	2,458	(1000 MT CWE)
Ending Stocks	237	237	237	238	238	217	231	231	210	(1000 MT CWE)
Total Distribution	2,724	2,725	2,725	2,732	2,732	2,686	2,718	2,717	2,668	(1000 MT CWE)
CY Imp. from U.S.	560	560	560	595	553	521	546	546	527	(1000 MT CWE)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Balance	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Inventory Balance	29	29	29	1	1	-20	-7	-7	-7	(1000 MT CWE)
Weights	77	77	77	77	77	77	77	77	77	(1000 MT CWE)
Production Change	0	0	0	3	3	5	-1	-1	-1	(PERCENT)
Import Change	5	5	5	-5	-5	-10	0	0	1	(PERCENT)
Export Change	0	0	0	0	0	0	0	0	0	(PERCENT)
Trade Balance	-1,267	-1,268	-1,268	-1,210	-1,210	-1,139	-1,210	-1,209	-1,151	(1000 MT CWE)
Consumption Change	1	1	1	0	0	-1	0	0	0	(PERCENT)
Population		127.3			127.1			126.8		(MILLION HEAD)
Per Capita Consumption	20	0	0	20	0	0	20	0	0	(KG)
TS=TD			0			0			0	

Author Defined:

Preface

This report is an update to the last livestock annual report, **JA9056**.

Quantities listed in the text are made on the basis of Carcass Weight Equivalent – CWE (unless specified otherwise). Numbers shown in some of the inserted tables are of the product weight basis before converted to CWE.

Conversion rates from the product weight to CWE are:

Beef Cuts (Boneless) – 1.40

Pork Cuts (Boneless) – 1.30

Processed/Prepared Beef Products – 1.79

Processed/Prepared Pork Products – 1.30

Japan Beef Market 2010 Outlook (Revised)

- Market Continues to Remain Price and Value Sensitive

The basic underlying market trends for beef and pork described in the 2009 livestock annual report have not changed. The deflationary trend that began last year is expected to further prevail in 2010 making the prospects for an economic recovery, which has already been hindered by income and job uncertainties, even less promising. Japanese consumers are likely to continue being sensitive to prices this year.

Amidst the situation described above, total Japanese beef consumption in 2010 is projected to be around 1.21 million MT, unchanged from last year. However, the market is expected to see a small but continued increase in imports, projected up by 1% to 702,000 MT, resulting from lower market prices for imported cuts this year. This will likely offset the small reduction anticipated in domestic beef production, which is projected down by 1% to 510,000 MT. The estimate for year ending stocks is just marginally below last year's level at 118,000 MT (See Table III-a).

Following the previous year's trend, consumers will continue to seek value cuts and lower priced products for daily use rather than more expensive cuts in 2010. Beef imports are one bright spot in the overall gloomy situation for meat in the Japanese market and growth in imports is expected to continue, assuming a strong yen holds on this year.

- Access for U.S. Beef Continues to be Limited by the EV Program

Unfortunately, at the present point in time U.S. beef continues to face high regulatory hurdles under the Export Verification (EV) program, which has limited growth in the total volume of American beef entering Japan. If the current restrictions remain in place in 2010, U.S. beef exports will continue to grow however will be constrained from meeting their full market potential. As of this time bilateral talks between the United States and Japan have not led to a normalization of the beef trade. Nevertheless, there is strong market demand for U.S. beef and full access through a lifting of beef restrictions would certainly result in increased exports. A similar Export Verification Program for Canadian beef is having the same effect; leaving a void in supply that has been filled by beef from other sources such as Australia.

- Total Beef Imports Forecast Up in 2010

Given the better than expected results for beef imports in 2009, post has raised projections for 2010 modestly from the forecast made in the last livestock annual report. Now, total beef imports in 2010

are projected up by 1% from last year to 702,000 MT (Beef cuts: 679,000 MT, up by 1%, Processed/Prepared Beef: 23,000 MT, unchanged). Specific to the trade in beef cuts, American and Canadian grain fed beef is expected to show a modest sales expansion due to lower market prices. A shift in preference to American beef and the taste of grain fed beef is even expected to begin substituting for Aussie chilled grass fed / frozen grain fed cuts this year. Furthermore, it will likely also support Japan's purchase of relatively high priced U.S. loin cuts in addition to some popular value cuts like short plate and chuck items.

Recognizing this favorable situation, post has raised 2010 projections for U.S. beef up by 12% to 102,000 MT (PWE 73,000 MT) and Canadian beef up by 33% to 16,8,00 MT (PWE 12,000 MT), while the projection for Aussie beef has been lowered by 1% from a year ago to 504,000 MT (PWE 360,000 MT). Japanese demand for Aussie chilled grain beef will remain strong due to the price competitiveness of the product and the wide availability of cuts including steak from loins that Australia enjoys with the absence of age restrictions such as have been placed on U.S. and Canadian beef. Ground beef items, mainly made out of Aussie grass fed cuts should continue doing well this year with the current popularity of hamburger dishes.

- Total Domestic Production Forecast to Lower in 2010

Post projects domestic beef production to be slightly lower than last year at 510,000 MT (or 1.22 million heads) in 2010. Although a high level of Wagyu slaughters will be sustained at least this year, they will likely be offset by the modestly reduced slaughter of dairy breeds. The prevailing deflationary trend will continue hurting domestic producers this year as market prices for their product is expected to remain weak. The market demand for domestic beef continues to be concentrated in less expensive cuts. Note: The latest data for beginning cattle inventory in 2010, including the past calf crop data, has not yet been announced.

- GOJ to Extend Special Measure for JFY 2010 Beef Safeguard

The triggering of the beef safeguard (for both chilled and frozen) is not foreseen during Japanese fiscal year 2010 (April 1, 2010 – March 31, 2011) at the projected level of imports. Under the new government administration, the GOJ is expected to implement yet another year long extension of the "special measure for the beef safeguard", which will give a preferential calculation of trigger levels for JFY 2010. Note: Although the extension of the above measure has already been decided at the Cabinet meeting held last December, final approval by the Diet is expected in a session to be held around March this year. Note: the measure initiated in 2006 will help encourage the unfortunately slow recovery of the overall beef market from BSE related turmoil that has taken place since

2003. Note: Imports of U.S. beef continue to be limited by the EV program and a surge of total beef imports is not expected during any specific quarter in JFY 2010 (See Supplemental Table II).

2009 Beef Market Situation Summary (New)

- Lower Market Prices Attributable to Increased Consumption Amid Recession in 2009

Despite the economic recession, Japan's total beef consumption in 2009 rose 3% over last year to an estimated 1.21 million MT. This modest expansion was largely supported by lower market prices for beef. The price situation encouraged sales in the retail and the food service sector that have been hit by the recession, particularly the value segment -- fast food service including hamburger and barbecue chains, and convenience stores featuring beef lunch boxes and ground beef paddy dishes. Therefore, the average quantity of beef purchased by households for Jan. – Dec., 2009 increased by 4%, down 3% by value from the previous year. Also, the quantity of ground meat (including ground beef) purchased rose 5% from the previous year while maintaining the same rate by value. (See Supplemental Table I). As for the food service situation, sales at Western style fast food chains including fast food hamburger chains reportedly increased 2% percent from the last year.

- Strong Yen, A Major Factor Attributing to Increased Imports in 2009

A rapid appreciation of Japanese Yen against other major currencies has been a major contributing factor in the import growth of beef in 2009 effectively lowering import prices and partially offsetting the high beef tariff (38.5%). The annual average import price of beef in 2009 fell 12% from the previous year at USD 4.14/Kg. Accordingly, for most imported beef cuts, the average wholesale prices showed double digit declines helping to lift beef consumption in 2009 (See Supplemental Tables IV-b, IV-c).

According to the latest trade data, total Japanese beef imports in 2009 were up 6% from last year at **697,000 MT** (Beef Cuts: up 5% to 673,000 MT, Processed/Prepared: up 30% to 23,000 MT). The numbers were better than post's conservative forecast in the last annual report and reached the highest levels since 2004 (See Tables 2-a, 2-b, 2-c, and 2-d).

Specifically for beef cuts, imports of American beef shot up 28% to 96,870 MT and Canadian beef also jumped 81% to 12,790 MT in 2009 from a year ago despite the continuation of strict limitations under the EV program (allowing only beef cuts derived from animals 20 months of age or younger). Japanese clients reportedly were attracted by the lower priced grain fed beef supplied by

the United States and Canada primarily focusing on the value cuts - short plate, some chuck items such as chuck rib, and other product - for beef bowl/barbecue chains and retail/convenience chains. Furthermore, in 2009 some hotels and restaurants have started to promote American steaks using the relatively expensive loin cuts.

Aussie beef comprised the majority of imports in 2009 total sharing 76% at 509, 470 MT, up 2% from last year. According to export data, chilled grain fed beef to Japan in 2009 apparently did very well showing a 10% rise from a year before, but was offset by reduced chilled grass fed cuts (down 4%), frozen grain fed (down 10%) and frozen grass fed (down 7%). A trade source reported that exports lower than the previous year for frozen grass fed cuts was mainly due to a temporary stock adjustments at the beginning of the year due to remaining stocks of Aussie cuts purchased at very high prices in the previous year (See Table 1). Also, the demand for inexpensive frozen grass fed cuts used for manufacturing a low- priced artificial steak (so called dice steak) reportedly shrank in 2009 following a food safety incident (0-157 incident detected from the finished product).

- Domestic Beef Hard Hit by Low Market Prices in 2009

On a preliminary basis, in 2009 the total domestic production in Japan was 517,000 MT (with slaughters at 1.228 million head), down 1% from the previous year. Increased Wagyu and F-1 cross breed slaughters were slightly more than offset by reduced Holstein slaughters (steers and cows combined). Affected by the state of economy, the market demands for domestic beef also fared well for inexpensive cuts, but stagnated for relatively high priced cuts throughout most of the year resulting in a strong downward pressure on average wholesale market prices across breeds (See Supplemental Table IV-a). A market source reported that sales for the year ending showed a moment of recovery, but was not sustained.

Japan Pork Market 2010 Outlook (Revised)

- Ample Pork Supplies to Continue in 2010

The general market outlook and previously anticipated trends for 2010 - weak consumption relative to supply - portrayed in post's last livestock annual report still holds valid. Thus an ample supply of domestic pork will continue to limit prospects for imported pork, particularly chilled cuts, which were significantly reduced in the previous year. On the other hand, a significant reduction in the total imports in the previous year helped to effectively run down the high level of frozen stocks to an estimated 217,000 MT by year end in 2009, down 8% from the beginning of the year (See

Supplemental Table III-b). Solid sales of processed pork products are expected to be sustained in 2010, which will allow imports of frozen raw material pork to be utilized in the processing sector.

- Pork Consumption to Remain Weak in 2010

Japan's total pork consumption in 2010 is projected to decline by 1% from last year to **2.46 million MT**; a relatively high level of consumption that despite plentiful supplies of the domestic pork will support only a slight reduction in total production in 2010 projected at 1.30 million MT (or 16.88 million head). The projected level may not be quite enough to eliminate Japan's existing surplus that has existed since last year. Thus, similar to the previous year, overall market prices for domestic pork at the wholesale level (both carcass and pork cuts) will remain low and competitive with international prices.

In response to deteriorated market prices for domestic pork, MAFF (the Ministry of Agriculture, Forestry and Fisheries) has been implementing a domestic pork buy-out and storage measure to raise wholesale prices since last fall (October 2009 – March 2010) (See the details in the 2009 situation summary section). So far, the above measure has only been partially effective in keeping the price level above the floor price of 400 Yen/kg after market prices surged momentarily during seasonal sales at the end of the last year. In addition, post noted that MAFF created a subsidy scheme last fall to help hog producers replace old sow stocks so that the number of piglets reaching a finishing age this fall are reduced in comparison with last year. At the present point in time, it is uncertain if these surplus trimming measures can effectively reduce total hog slaughter in 2010 (Sow numbers for the year have yet to be announced.).

- A Slight Increase in Total Pork Imports Projected in 2010

Given the above, the range of recovery for imports in 2010 is limited. Post projected Japan's total pork imports in 2010 to increase somewhat, by 1% from last year to **1.15 million MT** (Pork cuts: up by 1% to 923,000 MT, Processed/Prepared Pork: up by 1% to 228,000 MT). The projected increase takes into account some demand for stock replenishing likely to be generated by the processing sector for frozen stocks.

For pork cuts, post raised the projection for Danish pork, a major frozen supplier, at 169,000 MT up by 6% from last year, but left the numbers almost unchanged for U.S. pork at **377,000 MT** and Canadian pork at 221,000 MT for the following reasons: similar to last year, some U.S. and Canadian chilled pork cuts may be affected by the increased availability of domestic pork cuts, which have become fairly price competitive. On the other hand, it is likely that Japan's processors will

import some frozen cuts from the United States, Canada, Denmark and other suppliers for stock replenishment assuming the market demand for processed pork products stays solid as expected in 2010. For the same reason, post raised the number for processed/prepared imports up slightly from last year. U.S. seasoned ground pork is projected at **149,500 MT**, up 3% from last year assuming a continuation of the strong yen (See Note).

[Note: Unlike pork cuts, which are subject to the pork differential duty system (the gate price system), the import duty for seasoned ground pork is under an ad-valorem duty. In theory, when the Japanese yen is strong against the U.S. dollar or other currencies, importing inexpensive raw material frozen pork cuts will become difficult without paying a large differential duty, but favor seasoned ground pork. This is supposed to be true even with mixed combinations of high priced and low priced cuts.]

- Pork Safeguard Triggering Unlikely in JFY 2010

Given the state of surplus and at the projected level of imports, a triggering of the pork safeguard is not foreseen in Japanese fiscal year (JFY) 2010 for any specific quarter. The trigger levels calculated by post for JFY 2010 are based on the preliminary results of JFY 2009 [All Customs Clearance Basis - 1st quarter (April – June); 224,488 MT, 1st – 2nd quarter (April – September); 434,398, and 1st – 3rd quarter (April – December); 645,089 MT] are slightly lower than the level of the previous year, but look sufficient [Note: Calculation of the trigger level for pork is made by taking the quarterly cumulative average from the three preceding years (JFY 2007, 2008 and 2009) and then multiplying by 1.19 (119%)] (See Supplemental Table II)

2009 Pork Market Situation Summary (New)

- Increased Domestic Pork Supply Created a Major Surplus in 2009

With consumption somewhat weaker than last year, a significant surplus due to an unprecedented rise in domestic pork output became a major concern for the Japanese pork market in 2009. Total domestic hog and the pork outputs surged in 2009, up 5% from the previous year to **a total of 1.31 million MT (or 16.965 million heads)**; an unprecedented rise for a single year due to: 1) producer speculation in anticipation of good market prices similar to 2007 and 2008; 2) a reduced mortality rate for piglets stemming from the use of a newly approved vaccine. Consequently, market prices for domestic pork plunged severely and led to government intervention in reducing surplus domestic pork until the situation reverts to higher demand and tighter supplies (See note). The average

wholesale price of domestic pork, carcass and various cuts, on an annual basis showed mostly double digit declines ranging from 15 – 25% from the previous year (See V-a, V-b and V-c).

[Note: As the average wholesale price of domestic pork carcass declined remaining below a floor level of 400 yen/kg during the second half (the standard stabilization price, an official parameter for an estimated break even point for hog producers), MAFF (the Ministry of Agriculture, Forestry and Fisheries) announced the start of the “Supply Adjustment Measure for Storing Domestic Pork”, which took effect mid-October 2009. Under the program up to 70,000 head (with a budget of JPY 1.8 billion) are to be bought out and stored in an attempt to shore up average market prices beyond the floor by the end of March this year. The measure will be implemented from October 2009 through March 2010 by the ALIC (Agriculture & Livestock Industry Corporation, which is affiliated 100% with MAFF) and cooperation from relevant industries. Specifically, ALIC will ask participating farm cooperatives and ham/sausage manufacturers to buy out and store surplus pork for a certain period of time and will provide the cold storage charge, and possible price discount incurred for freezing fresh cuts after releasing the stored pork back to the market.]

Thus, as actual production and trade numbers started to become available for 2009, substantial adjustments were made in the post forecast PS&D numbers for pork from the previous livestock annual report.

- Total Pork Consumption Lowered in 2009

On a preliminary basis, total Japanese pork consumption in 2009 was down 1% from the previous year reaching an estimated 2.469 million MT. Despite ample supplies of low priced pork, demand from the food service sector slumped. Competition with other low priced commodities such as chicken and beef (including hamburger and ground beef products) was fairly intense while the sector reportedly suffered overall from reduced sales. On the other hand, the retail sector response to prices was reportedly positive and stayed solid for pork and processed pork products. For Jan. – Dec., 2009, the quantity of pork purchased by the average household rose 2% while expenditures fell 3%. For processed pork products, purchased quantities also increased; ham; up 2%, sausages; up 3%, bacon; up 1% and ground meat including ground pork up 7% while the corresponding expenditures were either down or remained unchanged from the previous year (See Supplemental Table I).

- Total Imports Deeply Slashed in 2009

Abundant supplies of domestic pork cuts, which were priced fairly low, virtually flooded the market in 2009. This consequently had a negative impact on imports that have already been impacted by increased stocks at the beginning of the year (See Supplemental Table III-b). The situation resulted in a significant cut back in total pork imports in 2009, which were down 10% from the year before at 1.14 million MT (Pork Cuts: down 14% to **914,000 MT**, Processed/Prepared: up 10% to 225,000 MT – A plunge in imports of pork cuts was partially offset by a rise in imports of processed/prepared products (See Tables 3-a, 3-b, and 3-c). With intense competition from low priced imported pork, the market price of imported pork appears to have lost its competitive edge (both chilled and frozen) and stayed weak throughout the year (See Supplemental Tables V-e, V-d)

Specific to pork cuts, Japanese imports of American pork dipped to 375,270 MT, down 14% with a total share of 41% (Chilled cuts: down 10% to 220,920 MT, Frozen Cuts; down 20% to 154,350 MT). The reduction in U.S. cuts, however, was partially offset by an 18% hike (or 145,010 MT) of seasoned ground pork imports under the processed/prepared products category (See Table 3-d). Canadian pork did relatively well with imports down 1% to 224,090 MT (Chilled cuts, down 17% to 68,720 MT, Frozen Cuts, up 8% to 155,370 MT). Danish pork (mostly frozen for processing and food service) was also down 23% to 159,800 MT. Most EU pork suppliers to Japan followed suit as Japanese importers cut back their purchases of frozen raw material cuts in 2009.

- Sausage Imports to Grow in 2009

Although not included in post's PS&D estimates, post noted that sausage imports in 2009 were up 11% reaching 40,735 MT. While China held a 51% share of the total (or 20,645 MT), products from the United States, Thailand and Brazil made substantial inroads into this value and price conscious market, up 23%, 83% and 35% respectively for the year.

Table 1 Australian Beef Exports to Japan

Australian Beef Exports to Japan							
Metric Ton (On Board Vessel Basis)							
Annual	2007	2008	% Chg	08 Share	2009	% Chg	09 Share
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
Chilled Beef	185,141	160,648	-13%	100%	168,928	5%	100%
Grass	62,331	57,659	-7%	36%	55,217	-4%	33%
Grain fed	122,810	102,989	-16%	64%	113,711	10%	67%
Frozen Beef	192,722	203,654	6%	100%	187,638	-8%	100%
Grass	144,081	157,460	9%	77%	146,162	-7%	78%
Grain fed	48,641	46,194	-5%	23%	41,476	-10%	22%
TOTAL	377,863	364,302	-4%	100%	356,567	-2%	100%
Grass	206,412	215,119	4%	59%	201,379	-6%	56%
Grain fed	171,451	149,183	-13%	41%	155,187	4%	44%

Source: Meat Livestock Australia (Table compiled by post)

Table 2-a) Japanese Beef Imports, Chilled and Frozen Combined, CY 2007 - 2009

Beef, Chilled and Frozen - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change - 09/08 -	Share - 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	473,652	458,024	481,136	5%	100%
1	Australia	393,828	358,229	363,907	2%	76%
2	United States	34,147	54,109	69,192	28%	14%
3	New Zealand	33,710	30,792	29,558	-4%	6%
4	Mexico	7,256	9,341	9,629	3%	2%
5	Canada	3,368	4,712	8,527	81%	2%
6	Others	1,344	841	323	-62%	0%

Source of data: Japan Customs (World Trade Atlas)

Table 2-b) Japanese Beef Imports, Chilled, CY 2007 - 2009

Beef, Chilled - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change - 09/08 -	Share - 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	216,059	199,485	212,727	7%	100%
1	Australia	188,151	159,157	168,577	6%	79%
2	United States	17,815	31,142	34,535	11%	16%
3	New Zealand	6,181	5,769	6,057	5%	3%
4	Canada	2,168	2,032	2,472	22%	1%
5	Mexico	1,740	1,381	1,086	-21%	1%
6	Others	4	3	0	-100%	0%

Source of data: Japan Customs (World Trade Atlas)

Table 2-c) Japanese Beef Imports, Frozen, CY 2007 - 2009

Beef, Frozen - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change - 09/08 -	Share - 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	257,593	258,540	268,408	4%	100%
1	Australia	205,676	199,072	195,330	-2%	73%
2	United States	16,333	22,967	34,658	51%	13%
3	New Zealand	27,529	25,023	23,501	-6%	9%
4	Mexico	5,516	7,959	8,543	7%	3%
5	Canada	1,200	2,680	6,055	126%	2%
6	Others	1,340	838	323	-62%	0%

Source of data: Japan Customs (World Trade Atlas)

Table 2-d) Japanese Beef Imports, Processed/Prepared Products, CY 2007 - 2009

Processed Prepared Beef - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change - 09/08 -	Share - 09 -

		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	12,960	9,883	12,901	31%	100%
1	Australia	6,332	4,335	5,802	34%	45%
2	Brazil	1,738	2,500	4,393	76%	34%
3	China	2,973	1,514	1,831	21%	14%
4	Others	1,917	1,534	874	-43%	7%

Source of data: Japan Customs (World Trade Atlas)

Table 3-a) Japanese Pork Imports, Chilled and Frozen Combined, CY 2007 - 2009

Pork, Chilled and Frozen - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	Share
Rank	Country	2007	2008	2009	- 09/08 -	- 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	760,398	817,691	702,936	-14%	100%
1	United States	270,642	336,993	288,669	-14%	41%
2	Canada	165,620	174,686	172,373	-1%	25%
3	Denmark	161,356	159,784	122,923	-23%	17%
4	Mexico	48,346	56,551	43,682	-23%	6%
5	Chile	45,997	23,777	26,172	10%	4%
6	Hungary	8,103	10,206	10,094	-1%	1%
7	Netherlands	8,441	10,089	9,397	-7%	1%
8	France	9,177	7,205	8,023	11%	1%
9	Spain	13,057	16,102	7,871	-51%	1%
10	Austria	10,684	8,116	5,082	-37%	1%
11	Others	18,975	14,182	8,650	-39%	1%

Source of data: Japan Customs (World Trade Atlas)

Table 3-b) Japanese Pork Imports, Chilled, CY 2007 - 2009

Pork, Chilled - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	Share
Rank	Country	2007	2008	2009	- 09/08 -	- 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	235,028	267,968	233,738	-13%	100%
1	United States	160,560	188,454	169,935	-10%	73%
2	Canada	58,970	63,904	52,860	-17%	23%
3	Mexico	14,487	14,928	10,640	-29%	5%
4	Others	1,010	683	302	-56%	0%

Source of data: Japan Customs (World Trade Atlas)

Table 3-c) Japanese Pork Imports, Frozen, CY 2007 - 2009

Pork, Frozen - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	Share
Rank	Country	2007	2008	2009	- 09/08 -	- 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	525,371	549,723	469,198	-15%	100%
1	Denmark	161,329	159,703	122,923	-23%	26%
2	Canada	106,650	110,782	119,513	8%	25%
3	United States	110,082	148,539	118,733	-20%	25%
4	Mexico	33,859	41,623	33,041	-21%	7%
5	Chile	45,967	23,777	26,172	10%	6%

6	Hungary	8,103	10,206	10,094	-1%	2%
7	Netherlands	8,441	10,089	9,397	-7%	2%
8	France	9,159	7,173	8,006	12%	2%
9	Spain	13,011	16,054	7,841	-51%	2%
10	Austria	10,684	8,116	5,082	-37%	1%
11	Others	18,086	13,661	8,396	-39%	2%

Source of data: Japan Customs (World Trade Atlas)

Table 3-d) Japanese Pork Imports, Processed/Prepared Products, CY 2007 - 2009

Processed Prepared Pork - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change	Share
		Jan/Dec	Jan/Dec	Jan/Dec	- 09/08 -	- 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	170,472	157,308	172,603	10%	100%
1	United States	81,593	94,231	111,547	18%	65%
2	China	62,892	33,180	27,872	-16%	16%
3	Canada	9,150	12,334	14,728	19%	9%
4	Thailand	4,621	6,486	5,582	-14%	3%
5	Chile	3,396	2,417	4,384	81%	3%
6	Others	8,820	8,660	8,490	-2%	5%

Source of data: Japan Customs (World Trade Atlas)

Table 4 Japanese Sausage Imports, CY 2007 - 2009

Sausage - Japan with Ports - Imports						
Unit: Metric Ton (Customs Clearance Basis)						
Rank	Country	2007	2008	2009	% Change	Share
		Jan/Dec	Jan/Dec	Jan/Dec	- 09/08 -	- 09 -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	43,392	36,810	40,735	11%	100%
1	China	30,267	20,775	20,645	-1%	51%
2	United States	6,305	7,786	9,551	23%	23%
3	Thailand	1,738	2,783	5,083	83%	12%
4	Brazil	255	1,173	1,587	35%	4%
5	Denmark	1,637	1,638	1,300	-21%	3%
6	Others	3,190	2,656	2,570	-3%	6%

Source of data: Japan Customs (World Trade Atlas)

Supplemental Tables

I. Average Annual and Monthly Quantities and Expenditures of Beef, Pork, Chicken and Processed Meat Products Purchased per Household CY 2005 – 2009

CY 2009	Beef				Pork				Chicken			
	Expenditure/Yen	Quantity/Gram										
Jan.	1,652	-2%	522	-5%	2,103	3%	1,506	4%	1,113	11%	1,120	11%
Feb.	1,400	-14%	496	-5%	2,046	-4%	1,513	-1%	1,027	-3%	1,050	-2%
Mar.	1,621	-3%	557	-3%	2,147	2%	1,641	6%	1,065	1%	1,149	4%
Apr.	1,509	-8%	556	4%	2,013	-4%	1,523	-1%	1,033	0%	1,075	5%
May	1,765	2%	609	5%	2,069	-2%	1,539	0%	1,059	2%	1,155	11%
Jun.	1,531	-3%	543	2%	2,005	-4%	1,504	0%	981	-2%	1,085	8%
July	1,514	-7%	568	10%	1,965	-4%	1,483	4%	948	2%	1,039	15%
Aug.	1,858	1%	646	6%	1,998	-6%	1,477	0%	912	-3%	984	7%
Sept.	1,513	-2%	565	4%	1,957	-6%	1,499	2%	962	-7%	1,098	9%

Oct.	1,582	-1%	603	9%	2,129	-2%	1,638	6%	1,067	-4%	1,222	12%
Nov.	1,582	-5%	579	5%	2,128	-6%	1,622	-2%	1,056	-7%	1,189	7%
Dec.	2,639	-1%	801	13%	2,230	-3%	1,694	4%	1,391	-6%	1,483	8%
CY 2008	20,885		6,785		25,555		18,305		12,830		12,657	
CY 2009	20,166		7,045		24,790		18,639		12,614		13,649	
% Chg.	-3%		4%		-3%		2%		-2%		8%	

Source: Ministry of Internal Affairs and Communication Bureau (Compiled from GOJ Statistical Data Base)

CY 2009	Ground Meat				Ham				Sausage			
	Expenditure/Yen		Quantity/Gram		Expenditure/Yen		Quantity/Gram		Expenditure/Yen		Quantity/Gram	
Jan.	164	12%	139	6%	312	-13%	169	-4%	519	3%	385	5%
Feb.	162	-6%	145	-5%	299	-11%	160	-4%	535	-3%	394	1%
Mar.	183	8%	163	1%	354	-7%	189	-3%	610	1%	446	4%
Apr.	180	-4%	164	-1%	372	-5%	191	-2%	606	-3%	445	0%
May	186	0%	175	7%	414	-3%	220	4%	658	1%	489	4%
Jun.	182	0%	167	2%	471	-7%	254	-1%	591	-1%	436	0%
July	176	7%	164	15%	585	0%	307	3%	585	-2%	436	-1%
Aug.	165	-5%	155	8%	476	-7%	246	-5%	609	-2%	455	4%
Sept.	169	-4%	161	7%	356	-5%	191	0%	612	0%	459	2%
Oct.	170	-1%	163	15%	355	-3%	196	7%	648	2%	480	6%
Nov.	153	-2%	142	4%	498	2%	263	11%	605	1%	443	2%
Dec.	155	-1%	150	7%	1,178	3%	561	9%	619	2%	456	8%
CY 2008	2,041		1,795		5,870		2,887		7,212		5,175	
CY 2009	2,045		1,888		5,670		2,947		7,197		5,324	
% Chg.	0%		5%		-3%		2%		0%		3%	

Source: Ministry of Internal Affairs and Communication Bureau (Compiled from GOJ Statistical Data Base)

Bacon												
CY 2009	Expenditure/Yen		Quantity/Gram									
Jan.	181	4%	106	7%								
Feb.	190	-3%	113	3%								
Mar.	207	-6%	119	-1%								
Apr.	207	-1%	115	1%								
May	210	-5%	123	0%								
Jun.	204	0%	123	4%								
July	197	7%	118	12%								
Aug.	183	-4%	103	-3%								
Sept.	194	-6%	113	-4%								
Oct.	210	6%	116	0%								
Nov.	202	-3%	119	4%								
Dec.	206	-5%	111	-12%								
CY 2008	2,426		1,369									
CY 2009	2,391		1,379									
% Chg.	-1%		1%									

Source: Ministry of Internal Affairs and Communication Bureau (Compiled from Statistical GOJ Data Base)

II. Japanese Beef and Pork Safeguard Monitor, JFY 2009

Beef Safeguard Trigger Levels for JFY 2009 and Actual Imports Year to Date (April 2009 – March 2010)					
Unit: Metric Ton					
Chilled Beef	Trigger Level	Cum. Total			
	Quarterly Cum.	Actual Entry	April	May	June
I (Apr. - Jun.)	74,339	55,213	19,018	16,580	19,615
			July	August	September
I - II (Apr. - Sept.)	152,455	110,684	21,068	17,367	17,036
			October	November	December
II - III (Apr. - Dec.)	230,642	163,628	17,961	17,981	17,002
			January	February	March
III - IV (Apr. - Mar.)	292,354		0	0	0
Frozen Beef	Trigger Level	Cum. Total			
	Quarterly Cum.	Actual Entry	April	May	June
I (Apr. - Jun.)	83,263	64,164	20,815	15,619	27,730
			July	August	September
I - II (Apr. - Sept.)	164,488	132,014	27,757	21,110	18,983
			October	November	December
II - III (Apr. - Dec.)	246,871	203,230	30,268	15,632	25,316
			January	February	March
III - IV (Apr. - Mar.)	323,924		0	0	0

Source: Ministry of Finance (ALIC Monthly)

Pork Safeguard Trigger Levels for JFY 2009 and Actual Imports Year to Date (April 2009 – March 2010)					
Unit: Metric Ton					
	Trigger Level	Cum. Total			
	Quarterly Cum.	Actual Entry	April	May	June
I (Apr. - Jun.)	233,663	172,956	59,527	56,592	56,837
			July	August	September
I - II (Apr. - Sept.)	448,131	324,982	57,549	48,164	46,313
			October	November	December
II - III (Apr. - Dec.)	666,791	480,348	50,686	48,084	56,596
			January	February	March
III - IV (Apr. - Mar.)	871,699		0	0	0

Source: Ministry of Finance (ALIC Monthly)

III-a) Monthly Ending Beef Stocks, Frozen, CY 2006 – 2009

Unit: Metric Ton (Carcass Equivalent)							
	2006	2007	% Chg.	2008	% Chg.	2009	% Chg.
Jan.	86,628	106,942	23%	101,830	-5%	114,384	12%
Feb.	84,958	104,017	22%	100,194	-4%	115,133	15%
Mar.	90,222	106,968	19%	101,938	-5%	110,956	9%
Apr.	94,703	103,488	9%	98,662	-5%	101,165	3%
May	95,644	108,269	13%	103,544	-4%	101,452	-2%
Jun.	102,873	112,503	9%	104,682	-7%	108,608	4%
Jul.	103,779	113,320	9%	112,221	-1%	117,881	5%
Aug.	100,678	113,883	13%	116,736	3%	120,725	3%

Sept..	98,438	112,468	14%	122,966	9%	122,319	-1%
Oct.	95,269	108,665	14%	123,063	13%	122,452	-0%
Nov.	104,160	106,582	2%	120,012	13%	124,414	4%
Dec.	102,473	110,641	8%	116,134	5%	119,342	3%

Note: Data are only for carcass/cuts. Stock data - frozen offal and processed/prepared products - are not available.

Source: ALIC Monthly Statistics

III-b) Monthly Ending Pork Stocks, Frozen, CY 2007 – 2009

Unit: Metric Ton (Carcass Equivalent)								
Month/Year	2006	% Chg.	2007	% Chg.	2008	% Chg.	2009	% Chg.
Jan.	271,825	23%	229,237	-16%	215,210	-6%	242,187	13%
Feb.	265,901	18%	243,250	-9%	213,395	-12%	247,941	16%
Mar.	272,463	18%	240,609	-12%	221,711	-8%	252,377	14%
Apr.	273,507	0%	236,846	-13%	238,494	1%	256,396	8%
May	280,716	-5%	251,245	-10%	250,532	-0%	265,288	6%
Jun.	278,803	-6%	244,873	-12%	242,774	-1%	268,905	11%
Jul.	270,063	-14%	242,336	-10%	234,295	-3%	261,222	11%
Aug.	259,930	-16%	244,132	-6%	240,890	-1%	248,970	3%
Sept..	238,957	-19%	232,467	-3%	240,707	4%	237,154	-1%
Oct.	226,429	-24%	226,330	-0%	240,872	6%	228,019	-5%
Nov.	223,649	-24%	211,637	-5%	232,638	10%	222,256	-4%
Dec.	220,984	-19%	207,802	-6%	237,377	14%	217,071	-9%

Note: Data are only for carcass/cuts. Stock data - frozen offal and processed/prepared products - are not available.

Source: ALIC Monthly Statistics

IV-a) Average Wholesale Price of Domestic Medium Grade Beef Carcass by Breed, CY 2006 – 2009

Unit: Yen per kilogram					
WAGYU STEER A-3 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,957	1,986	1,975	2,004	1,981
2007	1,894	1,856	1,822	1,857	1,857
%chg	-3%	-7%	-8%	-7%	-6%
2008	1,807	1,639	1,577	1,575	1,650
%chg	-5%	-12%	-13%	-15%	-11%
2009	1,542	1,529	1,462	1,540	1,518
%chg	-15%	-7%	-7%	-2%	-8%
WAGYU STEER A-2 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,723	1,711	1,656	1,616	1,676
2007	1,645	1,533	1,469	1,421	1,517
%chg	-4%	-10%	-11%	-12%	-9%
2008	1,539	1,339	1,265	1,197	1,335
%chg	-6%	-13%	-14%	-16%	-12%
2009	1,267	1,302	1,196	1,224	1,247
%chg	-18%	-3%	-5%	2%	-7%
WAGYU Heifer A-3 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,981	2,000	1,976	2,015	1,993
2007	1,901	1,865	1,834	1,879	1,870
%chg	-4%	-7%	-7%	-7%	-6%
2008	1,821	1,665	1,598	1,613	1,674
%chg	-4%	-11%	-13%	-14%	-10%
2009	1,578	1,563	1,476	1,543	1,540
%chg	-13%	-6%	-8%	-4%	-8%
Holstein Steer B-2 Grade					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.

2006	874	903	807	899	871
2007	826	779	716	730	763
%chg	-5%	-14%	-11%	-19%	-12%
2008	768	801	728	788	771
%chg	-7%	3%	2%	8%	1%
2009	807	763	736	759	767
%chg	5%	-5%	1%	-4%	-1%
Holstein Cow C-2 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	517	528	523	517	521
2007	506	534	532	488	515
%chg	-2%	1%	2%	-6%	-1%
2008	496	575	548	476	524
%chg	-2%	8%	3%	-2%	2%
2009	479	472	447	380	445
%chg	-3%	-18%	-18%	-20%	-15%
F1 Cross Breed Heifer B-3 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,455	1,405	1,373	1,411	1,411
2007	1,354	1,308	1,280	1,309	1,313
%chg	-7%	-7%	-7%	-7%	-7%
2008	1,263	1,230	1,165	1,178	1,209
%chg	-7%	-6%	-9%	-10%	-8%
2009	1,116	1,106	1,072	1,103	1,099
%chg	-12%	-10%	-8%	-6%	-9%
F1 Cross Breed Heifer B-2 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,277	1,213	1,110	1,185	1,196
2007	1,143	1,100	1,033	1,023	1,075
%chg	-11%	-9%	-7%	-14%	-10%
2008	1,054	1,041	937	903	984
%chg	-8%	-5%	-9%	-12%	-8%
2009	916	948	844	855	891
%chg	-13%	-9%	-10%	-5%	-9%
F1 Cross Breed Steer B-3 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,487	1,449	1,438	1,462	1,461
2007	1,371	1,343	1,324	1,362	1,355
%chg	-8%	-7%	-8%	-7%	-7%
2008	1,287	1,256	1,211	1,238	1,252
%chg	-6%	-6%	-9%	-9%	-8%
2009	1,140	1,138	1,117	1,156	1,141
%chg	-11%	-9%	-8%	-7%	-9%
F1 Cross Breed Steer B-2 GRADE					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,308	1,247	1,158	1,229	1,236
2007	1,185	1,132	1,080	1,073	1,117
%chg	-9%	-9%	-7%	-13%	-10%
2008	1,085	1,064	977	956	1,020
%chg	-8%	-6%	-10%	-11%	-9%
2009	949	970	885	907	928
%chg	-13%	-9%	-9%	-5%	-9%

Source: ALIC Monthly (Quarterly figures are compiled by post)

IV-b) Average Wholesale Price of Imported Beef, Chilled Cuts, CY 2006 – 2009

Unit: Yen per Kilogram					
Full Set, Aussie Beef, Chilled, (Short Grain Fed)					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	949	904	903	966	930

2007	938	930	959	1,042	967
%chg	-1%	3%	6%	8%	4%
2008	1,017	1,004	971	876	967
%chg	8%	8%	1%	-16%	-0%
2009	730	746	755	743	744
%chg	-28%	-26%	-22%	-15%	-23%
Full Set, Aussie Beef, Chilled, (Grass Fed)					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	812	761	792	872	810
2007	854	817	817	861	837
%chg	5%	7%	3%	-1%	3%
2008	856	771	846	739	803
%chg	0%	-6%	4%	-14%	-4%
2009	638	630	648	677	648
%chg	-25%	-18%	-23%	-8%	-19%
Navel-end Brisket, Aussie Beef, Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	703	696	753	743	724
2007	687	638	640	617	645
%chg	-2%	-8%	-15%	-17%	-11%
2008	652	598	728	622	650
%chg	-5%	-6%	14%	1%	1%
2009	573	640	604	576	598
%chg	-12%	7%	-17%	-7%	-8%
Strip Loin, Aussie Beef, Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,495	1,333	1,294	1,315	1,360
2007	1,336	1,370	1,445	1,337	1,372
%chg	-11%	3%	12%	2%	1%
2008	1,452	1,175	1,248	980	1,214
%chg	9%	-14%	-14%	-27%	-12%
2009	1,042	989	1,068	1,078	1,044
%chg	-28%	-16%	-14%	10%	-14%
Chuck-eye Roll, US Beef, Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	0	0	0	0	0
2007	0	0	0	910	-
%chg	-	-	-	-	-
2008	915	876	887	896	894
%chg	-	-	-	-2%	-
2009	799	732	703	725	740
%chg	-13%	-16%	-21%	-19%	-17%

Source: ALIC Monthly (Quarterly figures are compiled by post)

IV-c) Average Wholesale Price of Imported Beef, Frozen Cuts, CY 2006 – 2009

Unit: Yen per Kg.					
Chuck & Blade, Aussie Beef, Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	573	532	543	591	560
2007	575	568	563	551	564
%chg	0%	7%	4%	-7%	1%
2008	559	575	643	531	577
%chg	-3%	1%	14%	-4%	2%
2009	473	458	469	478	470
%chg	-15%	-20%	-27%	-10%	-19%
Top Side, Aussie Beef, Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.

2006	624	583	634	686	632
2007	653	618	637	691	650
%chg	5%	6%	1%	1%	3%
2008	675	675	730	656	684
%chg	3%	9%	15%	-5%	5%
2009	538	542	569	581	557
%chg	-20%	-20%	-22%	-11%	-18%
Trimming, Aussie Beef, Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	452	436	438	441	442
2007	445	452	450	448	449
%chg	-1%	4%	3%	2%	2%
2008	446	517	608	464	509
%chg	0%	14%	35%	3%	13%
2009	385	396	391	376	387
%chg	-14%	-23%	-36%	-19%	-24%
Short Plate, US Beef, Frozen					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	0	0	0	0	0
2007	0	0	0	0	0
%chg	-	-	-	-	-
2008	0	739	799	827	788
%chg	-	-	-	-	-
2009	824	844	779	641	772
%chg	-	14%	-3%	-23%	-2%
Source: ALIC Monthly (Quarterly figures are compiled by post)					

V-a) Average Wholesale Price of Domestic Pork, Carcass by Meat Grade, CY 2006 - 2009

Unit: Yen per Kilogram					
Excellent Grade					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	442	501	513	444	475
2007	447	507	546	490	498
% chg	1%	1%	6%	10%	5%
2008	532	571	559	428	522
% Chg	19%	13%	2%	-13%	5%
2009	409	471	414	417	428
% Chg	-23%	-17%	-26%	-3%	-18%
Medium Grade					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	412	476	488	417	448
2007	413	473	508	457	463
% chg	0%	-0%	4%	10%	3%
2008	499	549	521	397	492
% Chg	21%	16%	3%	-13%	6%
2009	380	444	380	377	395
% Chg	-24%	-19%	-27%	-5%	-20%
Source: ALIC Monthly (Quarterly figures are compiled by post)					

V-b) Average Wholesale Price of Domestic Pork, Chilled Cuts, CY 2007 – 2009

Unit: Yen per Kilogram					
Full Set: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	627	693	716	632	667
2007	630	700	771	692	698

%chg	0%	1%	8%	10%	5%
2008	736	795	805	620	739
%chg	17%	14%	4%	-10%	6%
2009	599	651	608	584	610
%chg	-19%	-18%	-25%	-6%	-17%

Picnic: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	484	528	533	474	505
2007	480	521	547	530	520
%chg	-1%	-1%	3%	12%	3%
2008	564	630	630	495	580
%chg	17%	21%	15%	-7%	12%
2009	448	480	439	408	444
%chg	-21%	-24%	-30%	-18%	-24%

Shoulder Loin: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	843	908	984	898	908
2007	867	921	1,032	955	944
%chg	3%	1%	5%	6%	4%
2008	969	999	1,031	848	962
%chg	12%	8%	-0%	-11%	2%
2009	785	822	779	796	795
%chg	-19%	-18%	-24%	-6%	-17%

Loin: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	920	992	1,079	983	994
2007	952	1,000	1,109	1,001	1,016
%chg	3%	1%	3%	2%	2%
2008	1,018	1,042	1,073	872	1,001
%chg	7%	4%	-3%	-13%	-1%
2009	826	887	837	829	845
%chg	-19%	-15%	-22%	-5%	-16%

Tender Loin: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	1,017	1,137	1,172	1,045	1,093
2007	1,030	1,155	1,251	1,115	1,138
%chg	1%	2%	7%	7%	4%
2008	1,148	1,194	1,215	986	1,136
%chg	11%	3%	-3%	-12%	-0%
2009	968	1,032	971	931	975
%chg	-16%	-14%	-20%	-6%	-14%

Belly: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	795	834	855	840	831
2007	832	863	889	894	870
%chg	5%	4%	4%	6%	5%
2008	924	932	930	780	891
%chg	11%	8%	5%	-13%	3%
2009	743	752	694	741	733
%chg	-20%	-19%	-25%	-5%	-18%

Ham: Chilled

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	505	558	567	499	532
2007	504	554	592	564	553
%chg	-0%	-1%	4%	13%	4%
2008	594	657	652	518	605
%chg	18%	19%	10%	-8%	9%
2009	478	519	474	437	477
%chg	-20%	-21%	-27%	-16%	-21%

Source: ALIC Monthly (Quarterly figures are compiled by post)

V-c) Average Wholesale Price of Domestic Pork, Frozen Cuts, CY 2006 – 2009

Unit: Yen per Kilogram					
Picnic: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	466	466	466	456	464
2007	459	468	476	495	474
%chg	-1%	0%	2%	9%	2%
2008	528	577	589	502	549
%chg	15%	23%	24%	1%	16%
2009	445	431	398	383	414
%chg	-16%	-25%	-32%	-24%	-25%
Shoulder Loin: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	712	724	744	786	742
2007	785	785	797	795	791
%chg	10%	8%	7%	1%	7%
2008	818	835	837	765	814
%chg	4%	6%	5%	-4%	3%
2009	718	695	647	641	675
%chg	-12%	-17%	-23%	-16%	-17%
Loin: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	764	772	815	835	796
2007	843	844	844	832	841
%chg	10%	9%	4%	-0%	6%
2008	838	848	856	791	833
%chg	-1%	0%	1%	-5%	-1%
2009	734	719	680	697	708
%chg	-12%	-15%	-21%	-12%	-15%
Tender Loin: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	821	841	858	861	845
2007	873	887	911	916	897
%chg	6%	5%	6%	6%	6%
2008	902	925	942	898	917
%chg	3%	4%	3%	-2%	2%
2009	846	825	777	765	803
%chg	-6%	-11%	-18%	-15%	-12%
Belly: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	684	697	707	745	708
2007	750	761	763	776	762
%chg	10%	9%	8%	4%	8%
2008	808	833	828	726	799
%chg	8%	9%	9%	-6%	5%
2009	681	655	589	606	633
%chg	-16%	-21%	-29%	-17%	-21%
Ham: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	474	482	483	472	478
2007	477	487	516	524	501
%chg	1%	1%	7%	11%	5%
2008	556	606	615	526	576
%chg	16%	24%	19%	0%	15%
2009	464	449	418	406	435

%chg	-16%	-26%	-32%	-23%	-25%
Source: ALIC Monthly (Quarterly figures are compiled by post)					

V-e) Average Wholesale Price of Imported Pork, Chilled Cuts, CY 2006 – 2009

Unit: Yen per Kilogram					
Loin, US: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	636	635	658	629	640
2007	635	637	637	632	635
%chg	-0%	0%	-3%	1%	-1%
2008	626	622	643	625	629
%chg	-1%	-2%	1%	-1%	-1%
2009	621	605	610	607	611
%chg	-1%	-3%	-5%	-3%	-3%
Loin, Canada: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	661	657	684	658	665
2007	671	677	682	674	676
%chg	2%	3%	-0%	2%	2%
2008	656	650	671	650	657
%chg	-2%	-4%	-2%	-4%	-3%
2009	635	631	634	630	633
%chg	-3%	-3%	-6%	-3%	-4%
Tender Loin, US: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	826	834	873	826	840
2007	833	856	849	783	830
%chg	1%	3%	-3%	-5%	-1%
2008	745	751	852	763	778
%chg	-11%	-12%	0%	-3%	-6%
2009	736	724	711	698	717
%chg	-1%	-4%	-17%	-9%	-8%
Tender Loin, Canada: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	879	879	902	891	888
2007	892	895	902	863	888
%chg	2%	2%	0%	-3%	0%
2008	846	845	884	841	854
%chg	-5%	-6%	-2%	-3%	-4%
2009	796	787	769	776	782
%chg	-6%	-7%	-13%	-8%	-8%
Shoulder Loin, US: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	673	661	706	664	676
2007	669	682	667	658	669
%chg	-0%	3%	-5%	-1%	-1%
2008	652	648	661	643	651
%chg	-3%	-5%	-1%	-2%	-3%
2009	631	617	624	625	624
%chg	-3%	-5%	-6%	-3%	-4%
shoulder Loin, Canada: Chilled					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	684	674	714	690	690
2007	702	717	714	696	707
%chg	3%	6%	0%	1%	2%
2008	683	676	698	673	682
%chg	-3%	-6%	-2%	-3%	-4%

2009	648	649	647	645	647
%chg	-5%	-4%	-7%	-4%	-5%

Source: ALIC Monthly (Quarterly figures are compiled by post)

V-d) Average Wholesale Price of Imported Pork, Frozen Cuts, CY 2006 – 2009

Unit: Yen per Kilogram					
Loin, Canada: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	535	531	549	596	553
2007	602	587	586	583	589
%chg	13%	11%	7%	-2%	7%
2008	592	595	612	621	605
%chg	-2%	1%	4%	6%	3%
2009	587	576	510	478	538
%chg	-1%	-3%	-17%	-23%	-11%
Loin, Denmark: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	611	614	649	682	639
2007	664	658	638	642	651
%chg	9%	7%	-2%	-6%	2%
2008	629	634	649	662	644
%chg	-5%	-4%	2%	3%	-1%
2009	653	647	640	632	643
%chg	4%	2%	-1%	-4%	-0%
Tender Loin, US: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	711	706	723	753	723
2007	731	716	707	690	711
%chg	3%	1%	-2%	-8%	-2%
2008	690	673	672	678	678
%chg	-6%	-6%	-5%	-2%	-5%
2009	660	659	653	643	654
%chg	-4%	-2%	-3%	-5%	-4%
Tender Loin, Canada: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	747	736	758	785	757
2007	772	761	738	742	753
%chg	3%	3%	-3%	-5%	-0%
2008	724	722	706	725	719
%chg	-6%	-5%	-4%	-2%	-5%
2009	708	702	680	677	692
%chg	-2%	-3%	-4%	-7%	-4%
Tender Loin, Denmark: Frozen					
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2006	728	725	733	779	741
2007	766	766	754	731	754
%chg	5%	6%	3%	-6%	2%
2008	696	691	687	692	692
%chg	-9%	-10%	-9%	-5%	-8%
2009	753	744	721	701	730
%chg	8%	8%	5%	1%	6%

Source: ALIC Monthly (Quarterly figures are compiled by post)

VI-6 Japanese Year Beginning Cattle Inventory (As of February 1)

Unit: 1,000 farms						
	2006	2007	2008	%chg	2009	%chg

Number of Beef Cattle Farms	85.6	82.3	80.4	-2%	77.3	-4%
Number of Dairy Cattle Farms (Female)	26.6	25.4	24.4	-4%	23.1	-5%
Unit: 1,000 heads						
Beef Cattle (Wagyu and Other)	1,703	1,742	1,823	5%	1,889	4%
Dairy Cattle for Beef	468	460	431	-6%	411	-5%
F-1 Cross Bred Cattle	584	604	636	5%	622	-2%
Sub Total Dairy & F-1 Cattle for Beef	1,052	1,064	1,067	0%	1,033	-3%
Total # of Beef Cattle Raised	2,755	2,806	2,890	3%	2,922	1%
Total # of Dairy Female Raised	1,636	1,592	1,533	-4%	1,500	-2%
Total # of Cattle, Beef and Dairy Combined	4,391	4,398	4,423	-1%	4,422	-1%
Source: MAFF Livestock Statistics						