

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: 4/21/2011

GAIN Report Number: JA1017

Japan

Post: Tokyo

March 25 Update - Japan Food and Agriculture

Report Categories:

Agricultural Situation

Approved By:

Jeffrey Nawn

Prepared By:

Jeffrey Nawn

Report Highlights:

Immediately following the **Great East Japan Earthquake** on March 11, 2011, FAS/Japan prepared a series of reports on Japan's rapidly evolving food and agricultural situation. These reports were designed to disseminate vast amounts of information to a broad audience of policy makers and private sector actors as quickly as possible. Topics covered in these reports include; food safety, soil toxicity, port damages, disaster assistance, feed supply infrastructure, commodity prices, retail trends, consumer psychology, and many other food and agricultural topics. As the post-quake series of reports were prepared quickly, often from Japanese translations, some liberties may have been taken with grammar and writing style.

TODAY'S OVERVIEW

Anxiety over the nuclear power plant, rescue efforts in Tohoku, food safety, water safety, power outages, and gasoline availability, continues to weigh on the mind of the Japanese consumer.

Fortunately today no new radioactive detections in the food chain were reported. Likewise, no new unacceptably high iodine levels in tap water were reported.

With the rice planting season just weeks away, soil toxicity, especially radioactive contamination, is emerging as an important issue for the Ministry of Agriculture, Forestry, and Fisheries. USDA, the Department of Energy, and US Forces Japan are collaborating to provide analytical equipment for soil sampling.

BACKGROUND

A massive 9.0 magnitude earthquake and subsequent Tsunami hit Japan's north east pacific coastal region on March 11, 2011. The catastrophe devastated cities, towns, and villages of the prefectures located along the coast line. The most affected prefectures are Iwate, Miyagi, Fukushima, and Ibaragi. According to the National Police Agency, 10,035 people have been confirmed dead; 17,443 have been registered as missing; and 2,777 injured as of 12:00 on March 25, 2011.

PORTS

The quake continues to complicate sea-borne shipments into East Asia. Radiation fears are reportedly causing some merchant shipping firms to avoid the port of Tokyo, and other ports in Japan. If a significant number of firms decide against shipping to Japan, container shipments to eastern Japan could come to a virtual standstill.

MAFF Port Update

Hachinohe (Average compound feed production 150,000 mt/month) Electricity back on line. Grains can now be shipped out of the silo to the feed mill. However, it is estimated two more months will be needed to fix the damages in the feed mill and six months to reconstruct the port facilities. Tohoku Grain Terminal (Hachinohe) cannot unload grains and needs one month for provisional recovery and 4 month for full recovery. Silos are also still flooded.

Kamaishi (Average compound feed production 20,000 mt/month) No electricity. Devastated condition continues.

Ishinomaki (Average compound feed production 100,000 mt/month) No electricity. Devastated condition continues.

Sendai (Average compound feed production 120,000 mt/month) No electricity. Devastated condition continues.

Kashima (Average compound feed production 330,000 mt/month) Electricity back on the day following the quake/tsunami. On and after March 15, Kashima was excluded from the rolling blackouts. No

damage in the feed mill facilities, but due to the damages in the loading equipment/facilities, grains cannot be unloaded from the vessels. Three more months will be needed for the recovery of infrastructure in entirety, but starting March 22, smaller boats (carrying grains from other ports of Japan) can be docked.

INTERNATIONAL TRADE

Australia, Singapore, Hong Kong, the EU, the Philippines and Canada have placed restrictions on the imports of Japanese food products after the United States imposed an import ban on dairy products and vegetables produced on farms contaminated by Japan's crippled nuclear power complex. Taiwan also began random tests of 658 industrial products Monday, including semiconductor chips. Russia has taken the more extreme step of banning all food imports from Fukushima, Ibaraki, Gunma, Tochigi, Nagano and Chiba prefectures, according to the Voice of Russia. And Russian airlines have stopped replenishing water at Narita International Airport. The Hong Kong government on Thursday banned some vegetable, fruit and dairy imports from Japan

In addition to the FDA guidance published yesterday about foods imported from Japan it has been learned that the U.S. Coast Guard Sector Columbia River is monitoring the evolving situation in Japan carefully to ensure the safety of all arriving vessels and cargo.

EMERGENCY FOOD AID

No changes from 3/24

GRAINS AND OILSEEDS

Compound feed production at feed mills in Tohoku are partially operational. Top feed milling companies in Tohoku are Kita Nihon Kumiai Feed (JA Zen-noh group) and Chubu Feed, which are now source feed supply from other mills and operate at 70 or 80 percent of pre-quake production levels. Feed mills in Ishinomaki reportedly need two months before they are able to start production. Feed ingredients in silos are moved to other area for processing. Many feedmills are producing a very basic mix with a rough formulation such as corn 72%, SBM 25%, with Phosphorus and Calcium. No additional vitamins and minerals or a balance of amino acids and energy are included. Such rations will not keep the animals growing, but will keep them alive for the short period. They need to adjust crystal amino acids, vitamins and minerals to the requirements of each stage of the animal's life to keep the animals healthy for a long period.

The two major natto manufacturing plants in the Kanto area owned by Takano Foods and Mistukan were severely damaged by the earthquake and remain inoperable. The YOSHINOYA beef bowl chain, which features a popular breakfast with natto, has had to suspend sales of this product due to the lack of supply.

SEAFOOD

Yomiuri reported that prices at the Tsukiji seafood market in Tokyo have plunged by up to 50 percent as demand from restaurants and hotels has evaporated in the wake of this month's earthquake and tsunami, leaving some operators unsure whether they can stay in business. Officials blamed the drop on reduced demand from sushi restaurants (which have difficulty keeping fish refrigerated and fresh during rolling blackouts) and cancelled weddings and banquets at hotels. One live lobster importer reported that he did not have any orders last week and has been forced to lower prices because of the slow market. Importers are selling live lobsters as quickly as possible due to the loss of weight and higher mortality rate stemming from excess time in the water tank.

According to a chairman of Japan Trout Farmers Association, there was no significant damage to Japanese inland (fresh water) aquaculture farms since they are located at high level above the sea.

Major marine fish farms are located in west of Japan. However, silver (coho) salmon aquaculture farms in Tohoku, which are located on the Pacific Ocean side of the northern mainland Japan were severely hit by the tsunami. Since egg and juvenile fish of silver (coho) salmon are supplied by trout farms in west Japan, those trout farms lost their main market. Electricity outages have also caused problems in the aquaculture operations in Shizuoka prefecture.

WOOD PRODUCTS

No changes from 3/24

POULTRY, MEAT, DAIRY AND LIVESTOCK

More than 20,000 metric ton in Tohoku and Kanto region of fluid milk had to be discarded in the past two weeks (March 11 – 24), with the loss incurred to dairy farmers estimated at over JP Yen 2 billion. The volume of discarded fluid milk is expected to diminish as damaged milk factories, infrastructure, and distribution starts to recover in the area. Meanwhile, due to radiation detected in fluid milk, the government has imposed shipping restrictions on fluid milk produced in Fukushima and Ibaragi prefectures. Angry farmers are reportedly demanding that total compensation be made. Retailers in the Kanto region are rushing to place orders for the packaged milk from Hokkaido's small/medium scale drinking milk manufacturers in order to ensure supply. Meanwhile, although the feed is still in short supply, the volume of formula mixed feeds diverted from other areas and delivered to Tohoku region have reportedly been increasing.

According to contacts in the feed grain industry:

Poultry

- There are about 3,100 large layer chicken operations in Tohoku. No large operations were hit by the tsunami. The supply of feed is improving better, but there are still problems. Some chicken farmers started "forced molt", which allows birds to survive with only water and very limited feed for two weeks. As a result the egg supply to the Tokyo market was decreased, and prices have surged.
- No large commercial hatcheries were damaged by the earthquake or tsunami.
- Even without this disaster, layer operations were decreasing in volume by 5.8% per year, with a

1.9% reduction of birds number in Japan, according to the census statistics on Feb.1, 2009 by MAFF .

Swine

- Swine farms are not located near the sea, and as such there are no reports of large commercial operations being wiped out by the tsunami. There are, however, reports of damages to facilities and delays of feed supply.
- There are 12 or 13 operations within the area of forced evacuation by nuclear power plant where farmers had to evacuate. leaving pigs behind. Some farmers moved boars for breeding.
- In Japan, swine operations usually keep pigs for breeding in their farms. Therefore damaged farmers can restart shipping products in about six months. If not with in-house breeding, it takes longer like a year.
- Hachimantai Farm, Youno, Iwate Pref.: has a 3200 sows operation, but now are only able to feed a subsistence level of 65% of feed to keep the pigs alive. They use liquid feeding system, so electric power is a must. They have their own generator and a couple days of fuel left to fee their pigs.

TOXICITY

Testing results – positive detection in vegetables

Aichi; Parsley (from Ibaraki) – 4400 Bq/kg (I-131, above limit)

Tokyo; komatsuna (sampled from agricultural research Station) – 890 Bq/kg (Cesium, above limit)

Testing results – water

Radioactive iodine above the permissible level 110 (Bq/kg) for infants was detected from tap water in Utsunomiya City, Tochigi. MHLW is advising parents in Utsunomiya City not to give tap water to infants.

Restriction on consumption and/or distribution

The table below shows current status of the restriction on consumption and/or distribution of agricultural products by radioactive material.

Prefecture	Product	Type of restriction (Distribution / Consumption)	Effective date	Status (on-going / ending date)
Fukushima	Non-head type leafy vegetables (e.g., spinach)	Consumption	3/23/2011	on-going
Fukushima	Head type leafy vegetables (e.g., cabbage)	Consumption	3/23/2011	on-going
Fukushima	Flowerhead brassicas (e.g., broccoli, cauliflower)	Consumption	3/23/2011	on-going
Fukushima	Non-head type leafy vegetables (e.g., spinach)	Distribution	3/23/2011	on-going
Fukushima	Head type leafy vegetables (e.g., cabbage)	Distribution	3/23/2011	on-going

Fukushima	Flowerhead brassicas (e.g., broccoli, cauliflower)	Distribution	3/23/2011	on-going
Ibaraki	Raw milk	Distribution	3/23/2011	on-going
Ibaraki	Parsley	Distribution	3/23/2011	on-going
Gunma	Spinach	Distribution	3/21/2011	on-going
Gunma	Kakina (Brassica family)	Distribution	3/21/2011	on-going
Tochigi	Spinach	Distribution	3/21/2011	on-going
Tochigi	Kakina (Brassica family)	Distribution	3/21/2011	on-going
Ibaraki	Spinach	Distribution	3/21/2011	on-going
Ibaraki	Kakina (Brassica family)	Distribution	3/21/2011	on-going
Fukushima	Raw milk	Distribution	3/21/2011	on-going

HORTICULTURAL PRODUCTS

No changes from 3/24

WHOLESALE, RETAIL AND DISTRIBUTION

Tohoku

We have received a report from a major retailer that may be of interest:

The first goal was to ensure that the stores were safe and restoring them to operational status. Within days, approximately 95% of this company's large markets were operational or partially open. Some stores were used as safety shelters, housing approximately 2,000 people.

Beverage companies that produce bottled water are still challenged to produce enough. Some stock points, bottling operations and operations that manufacture bottles and labels were damaged by the tsunami reducing normal capacity. Full operation of the reduce forces aren't meeting necessary quantities for the affected area.

Transportation is still a challenge. Lack of trucks, gas and limited access to the affected area continues to prevent necessary supplies to reach shelters and homes of people willing to brave the risks.

Tokyo

According to the information from New Supermarket Association of Japan as of March 24, most of the member supermarkets in Eastern Japan including the quake/tsunami affected prefectures except the severely affected outlets are operating normal hours or some limited hours due to the blackouts.

As of March 24, all the traffic restrictions for the major highways, including Tohoku Highway and Banetsu Highway, were lifted for any type of vehicles; however there are still some closed roads. In the Tokyo, restrictions on gas purchases seem to have disappeared in some areas. However, they could return depending on supply and the buying attitudes of consumers.

Consumers are shying away from vegetables produced in the Kanto region even if it is outside of the affected area. The wholesale market in Kanagawa Prefecture (south and west of Tokyo) reported that they have cartons of vegetables left unsold. Some of the prices went down to the 1/3 of the regular price. Yokohama City Office is planning to introduce two radioactive substances testing devices in the two major wholesale markets in Yokohama City. The Yokohama City Food Sanitation Division says it is to reassure the safety of foods, and they will take a voluntary action of recall if they detect any radioactive substances in vegetables in the markets in Yokohama City.

Kansai

Food manufacturing: Bell Foods Inc., Osaka (http://www.bellsyokuhin.co.jp/03_products.html), one of the major OEM companies for retort-pouched food in Japan, informed the following:

The company's extra stocks of retort-pouched food ran out in just a couple of days after the earthquake due to a rush of orders. New orders keep pouring in and the company has been trying its best to meet as much demand as possible. Currently, its production is about 10% above its normal operation. In spite of a serious shortage of food ingredients, caused by disruption of transportation, damages on the storage facilities of its suppliers and so on, the company is coping with the problem by using substitutes available to them. The availability of food ingredients started improving slightly this past Wednesday.

Market Conditions in Kansai: As far as perishables are concerned, the problem today in Osaka seems to be not a lack of them but their abundance.

An importer in Kobe reported that the problem today is not how to make up for the loss of supplies of vegetables from northern Kanto (after the radiation was found) or how to meet the demand by retailers in Kanto, but rather a lack of demand in Kanto/Tohoku in recent days for perishables including even fruits.

As a result, some of what was supposed to be shipped to Kanto is now being diverted to Osaka. One fear now is that prices might fall as a result.

Distribution in Kansai: The latest problem is a shortage of air cargo. With demand for passenger flights plummeting, airliners are cutting down the number of flights, thus affecting the cargo capacity.

As for ocean freights, uncertainties remain over whether containers will arrive at Tokyo as scheduled or not (and instead go to Kobe, Pusan, etc.), adding to difficulties. For example, one importer was supposed to receive a container in Tokyo right after the earthquake. The container instead went to Pusan, where it was reshipped for Kobe. The company is currently waiting for the container. Also, reports are that warehouses in Kobe are hitting capacity.

MEDIA

08:07 March 25, 2011 Friday (NHK: Radioactive cesium detected in vegetables grown in Tokyo): NHK-TV

reported at 7:17 that 890 becquerel/kg of radioactive cesium, 1.8 times the standard values, was detected on Wednesday in a sample of “komatsuna” leaf vegetables grown outdoors by the Tokyo Metropolitan Agriculture and Forestry Research Center in Edogawa-ku, Tokyo. The network said this is the first time that abnormal levels of radioactive substances were found in vegetables grown in Tokyo. The network said that the Tokyo Metropolitan Government conducted an emergency investigation Thursday of komatsuna grown by another farmer in Tokyo and spinach and komatsuna in Tachikawa, but found that although both radioactive cesium and radioactive iodine 137 were detected, they were all below the provisional standard values.

10:40 March 25, 2011 Friday (NTV: Serious food shortage in Ishinomaki, Miyagi): NTV reported at 10:13 that there continues to be a serious shortage of food in Ishinomaki, Miyagi, where nearly 80,000 people are dependent on food distribution. The network said that only 110,000 loaves of bread and 60,000 “onigiri” rice balls were delivered to shelters there on Thursday. According to the network, one shelter in the city could only serve one loaf of bread and one onigiri per person for Thursday night and Friday morning.

11:55 March 25, 2011 Friday (Mainichi: Russia prohibits its aircraft from being supplied water, food in Japan): This morning’s Mainichi reported from Moscow that the Russian government on Thursday instructed Russian airlines to ensure that their aircraft will not be supplied food or water while in Japan.

11:35 March 25, 2011 Friday (Tokyo Shimbun: Tap water in 16 municipalities found to have radiation levels unsafe for infants): Tokyo Shimbun reported that samples of tap water in 16 municipalities in Fukushima, Ibaraki, Tochigi, Chiba, and Saitama Prefectures as well as Tokyo taken on March 23-24 were found to have radiation levels above the level deemed safe for infants (100 becquerels per kg).

10:35 March 25, 2011 Friday (Nikkei: Firms scramble to import bottled water): Nikkei reported that even with domestic plants running at full capacity, producers of bottled water are having difficulty keeping up with demand resulting from findings of elevated radiation in tap water sources, and are turning to imports from countries including South Korea, the United States, and France, but shipping and labeling delays will mean that the water takes at least a month to reach Japanese markets. The booming demand has also pushed PET bottle manufacturers to boost production.

Retailers Hunt For New Vegetable Supplies - With a ban on shipments of certain vegetables from Fukushima and three other prefectures, supermarket and restaurant operators are searching high and low for alternative sources of supply. (NIKKEI March 25, 2011 15:58)

EU To Require Radiation Checks On Foods From Japan - The European Union decided Thursday to require food and livestock feed from parts of Japan to be inspected for radioactive material before being imported. Subject to safety checks are imports from 12 prefectures—Fukushima, Tokyo, Gunma, Ibaraki, Tochigi, Miyagi, Yamagata, Niigata, Nagano, Yamanashi, Saitama and Chiba---. The EU will also conduct random checks in its economic zone. The EU will also ask that the place of production be declared on products made in the other 35 prefectures in Japan. In 2010, EU countries imported some 9,000 tons of vegetables and fruits from Japan. (NIKKEI March 25, 2011 13:42)

Singapore Finds Radioactive Contamination In Some Japanese Produce - Singapore found radioactive contamination in four samples of vegetables imported from Japan – Singapore has extended its suspension of food imports to two more prefectures in Japan --Chiba and Ehime---. (NIKKEI March 25, 2011 09:59)

Prices plunge at Tsukiji as demand sinks - Prices at Tsukiji market in Tokyo have plunged by up to 50 percent as demand from restaurants and hotels has evaporated since this month's earthquake and tsunami, leaving some operators unsure whether they can stay in business. (The Yomiuri Shimbun 3/25/11)

DONATIONS BY AGRIBUSINES FIRMS

Bunge has contributed \$100,000 to the Japan Society's Earthquake Relief Fund to aid victims of the Tohoku earthquake and the subsequent tsunamis that struck Japan on March 11. The Japan Society is an American nonprofit organization that has been working to strengthen ties between the people of Japan and the United States through mutual understanding, appreciation and cooperation for more than 100 years. One hundred percent of the contributions made to the Society's Earthquake Relief Fund will go to support the work of Japanese and American nonprofit organizations that are on the frontlines of disaster relief and recovery in Japan, directly helping victims recover from the devastating effects of the earthquake and tsunamis and rebuild their lives.

Mitsui & Co., Ltd. ("Mitsui", head office: Chiyoda-ku, Tokyo, President and CEO: Masami Iijima) announced today a total 400 million yen cash donation including the 20 million yen which was already declared earlier in order to aid emergency relief efforts in the Tohoku region, devastated by the earthquake on March 11, 2011.

Viterra - CALGARY, ALBERTA--(Marketwire - March 23, 2011) - Viterra Inc. (TSX:VT) (ASX:VTA) announced today a donation of \$75,000 to support disaster relief and rescue efforts in Japan, following a major earthquake and tsunami on Friday, March 11. The donation will go to the Red Cross Japanese Earthquake Asia-Pacific Tsunami Response Fund.

BASF donated 500,000 Euro (US\$700,000) and additionally employees begun to raise funds.