

Japan's New Import Rules to Help U.S. Beef Industry

JOSH FUNK, Associated Press

OMAHA, Neb. (AP) — Ranchers welcomed Japan's decision Monday to ease restrictions on U.S. beef imports, saying it will provide a boost to the American meat industry but cautioning that it will take time before exports to Japan reach their levels of a decade ago.

Japan is one of the biggest importers of U.S. beef, despite restrictions that for years haven't allowed the import of beef from cattle older than 20 months instead of the industry standard of 30 months. Those restricted imports were only allowed after Japan banned U.S. beef altogether in 2003 after the U.S. recorded its first case of mad cow disease, which can cause a fatal brain disease in humans.

The news of the expanded export market is especially welcome now because the beef industry has been hurt by several years of high feed prices and the drought that hit cattle country hard the past two years, said J.D. Alexander, president of the National Cattlemen's Beef Association.

"It's a great shot in the arm," said Alexander, who runs a feedlot and corn farm near Pilger in northeast Nebraska. "This is going to help the profitability of the beef industry."

U.S. beef producers eventually hope to restore Japanese sales to their 2003 levels, when Japan was the U.S.'s biggest customer, buying 918 million pounds of beef. If Japan's loosening of restrictions leads to higher demand overall, American consumers may pay more for beef.

But the North American Meat Association says the effect on prices is likely to be limited because many popular cuts of meat in Japan, like tongue, aren't popular in America.

Still, the U.S. Meat Export Federation predicts that exports to Japan will grow to nearly 500 million pounds this year now that the restrictions are eased. That would be worth \$1.5 billion. Japan imported 317.2 million pounds in the first 11 months of 2012 and 456 million pounds of U.S. beef in 2011.

The number of cattle in the U.S. is down because Plains ranchers have been selling off much of their herds because they can't afford to feed them. The supply of cattle is lean enough that Cargill shut down one of its processing plants near Plainview, Texas this month.

Ranchers will likely be glad to have any positive news in the midst of the drought. Exports accounted for nearly 11 percent of U.S. beef production in 2011 and 9

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percent of the total in 2010.

"Anytime we have an expansion of access to an export market, it's good news for us," said Michael Kelsey, executive vice president of the Nebraska Cattlemen trade group.

Iowa State University livestock economist Lee Schulz said he thinks it will take time for American beef to regain market share in Japan because Australian producers have been serving the market well since 2003.

"Australia is not just going to give up the market share they've gained," Schulz said.

And some Japanese consumers may still be uneasy about U.S. beef, Schulz said.

Mad cow disease, or bovine spongiform encephalopathy (BSE), is fatal to cows and can cause a fatal human brain disease in people who eat tainted beef. The World Health Organization has said tests show humans cannot be infected by drinking milk from infected animals.

Japan banned American beef for three years between 2003 and 2006, and it only resumed imports after imposing tough safety standards. U.S. exporters must remove spinal columns, brain tissue and other parts considered linked to mad cow disease from any shipments to Japan.

Japan also insisted that no beef from cattle older than 20-months-old be imported because younger cattle are believed to pose less of a risk of carrying mad cow disease.

For years, U.S. officials had criticized that 20-month standard because they said it wasn't supported by science. Japanese officials yielded on Monday.

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