

December 22, 2014

Future of Livestock Industry in Japan and Requests to U.S.

Discussion about Promotion of Use of U.S. Feed Grains
in Emerging Asian Food Markets

Background

In response to the suggestions regarding Japan's export strategies of livestock products as stated in "Japan's Challenge towards Asian Food Market" of May 20, 2013¹⁾ which presented the summary of the development of the Japanese agriculture with emphasis on exports, we discuss in this meeting what we expect from the United States to realize the suggestions and propose our requests to the United States.

Desired Future of Livestock Industry in Japan and Trade Relationship between the United States and Japan

While the domestic market is shrinking due to the declining population, there are many potential markets for foods of Japanese origin throughout the world. The desired future development of the livestock industry in Japan has something to do with improvement trades in which value added products are exported mainly to fast-growing Asian countries. The exports of such special-value added products are not new, and being performed not only in the livestock industry but also other industries in the effort to improve the quality of processed food and to build regional brands. However, a much more advanced level of this type of trades could regenerate Japan's agriculture industry so that it could emerge as an agricultural exporter. It is estimated that grain imports of about 20 million are required annually to supply livestock products to the domestic market and those overseas markets. But even if it is to secure feed grains, Japan should not expand risks by diversification programs that simply increase production areas in Japan. Rather than that, it is essential to establish a reliable supply pipeline for bulk grains between Japan and an exporter that has fully developed infrastructures and stable political relationship with Japan, that is, the United States, and build a solid and trusting relationship with it to secure the required amount of grains even in unexpected events. This is also important from the viewpoint of food security. Furthermore, some possibilities should be explored: By the use of such supply pipeline, bioethanol production systems could be added to grain receiving facilities to produce ethanol from imported corn; While the supply pipeline system is established, a distribution system that ensures traceability for high quality grains could also be created in order to promote the use of biotechnologically derived functional grains and foods.

Proposals to U.S. Grain Industry

The following proposals are made to realize the above mentioned desired future of the livestock industry in Japan and establish trade relationship between the United States and Japan:

- Continuous supply of stable and high quality bulk grains by the sustainable use of infrastructures in the United States
- Cost reduction through further improvement of transportation efficiency, using larger bulk carriers, etc.
- Distribution of real time information on grain production and growth situation
- Development of biotechnologically derived functional grains and foods
- Creation of a market for contracted production of high value added grains based on a traceability framework and/or individual production contracts

¹⁾ “Japan’s Challenge towards Asian Food Market” (Discussion about Japan’s Contribution to Emerging Asian Food Market, May 20, 2013) <http://grainsjp.org/cms/wp-content/uploads/Food2040-Teigen-J.pdf>