

Cattle Exports To Japan Look 'Rosy'

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Japanese consumers prefer a meat that is "well-marbled, no discoloration — the more marbling, the more delicious," he said.

Yamakawa indicated that since 1987 in Japan, there has been a three-fold increase in beef consumption. "This year we can expect another increase. U.S. beef will make a big part of the increase," he noted.

Together with Todd Kikkawa, director of operations for Colonial Beef/Marudai Food Company who also spoke at the feeder's day, the company is backing research to provide a beef product with increased marbling. The company is working with Washington University to crossbreed Wyagu cattle, native to Japan, with Black Angus from this country. The Wyagu/Angus breeding program "will be a very big business," said Yamakawa.

About a quarter of the beef raised in Japan is comprised of Wyagu cattle, but the number of Wyagu farmers are declining in Japan. Most farms are small, owned by families, with about 5-10 head of beef per farmer. The number of farmers are also decreasing, indicated Yamakawa. That means more demand for American Wyagu beef.

At the same time, more youth in Japan (traditionally raised on a diet of fish) are eating beef, at least once a week in a family diet. The younger generation, said Yamakawa, is used to eating a lot of hamburgers from "McDonald's and Wendy's."

Yamakawa indicated this was the first time he has presented information about his company to any agricultural organization. He spoke about the difficulties experienced through the years in importing American beef.

Under the old simultaneous buy and sell (SBS) system, Yamakawa indicated, the chilled beef market opened to Japan with tight restrictions. Since the chilled beef market began, though, the Japanese impressions of American beef were made — American beef is a "high quality beef" and they are looking for only high quality prime or choice.

As general purchaser for his company, Yamakawa indicated he purchases about 50,000 head of beef from Pennsylvania each year.

Purchases have increased from 1996 levels, which were high.

Most beef takes about a month to reach Japan in chilled containers. A great deal of the business, according to associate Todd Kikkawa, is being done through Moyer Packing.

"We prefer a heavy carcass with higher marbling," Kikkawa said.

The director of operations was asked about the chilled beef box size and the larger cattle. "As long as we have enough (beef) quantities, we will make a bigger box," he said.

Yamakawa told those at the feeder's day that buyers for the Japan beef market are still struggling with high tariffs on chilled beef (now running 43 percent, but scheduled to drop to 32 percent in the year 2000), and indicated that the Japanese government needs more pressure by American growers to reduce the tariff.

In 1996, according to Yamakawa, American beef exceeded Australian imports into Japan.

Cattle Outlook

There will be no recession in 1997, and this year will look economically a lot like last year, according to H. Louis Moore, Penn State economics professor at the feeder's day.

The only gray news on the horizon is the upsurge in consumer credit which worries the financial industry.

The good news for agriculture is that exports are rebounding — about 12 percent of the meat produced in this country goes to the export market. We are exporting 18 percent of all the chicken we produce in the country, said Moore.

China is eating more chicken. "They want to eat something other than rice and fish heads," Moore said.

"We're the low-cost producer in the world," he said. "This is really good news — our exports are going to continue to increase."

Moore said, "A strong national economy is going to help the beef business this year." Overall meat production will increase 1 percent from 1996 levels, according to Moore. Beef will increase about 1 percent, while pork will decline about 3 percent. Broilers continue their steady production rise and will be up 3 percent from previous levels. Turkeys will also be up 1 percent.

Cattle futures as of Feb. 1 for April 1997 stood at \$66.82.

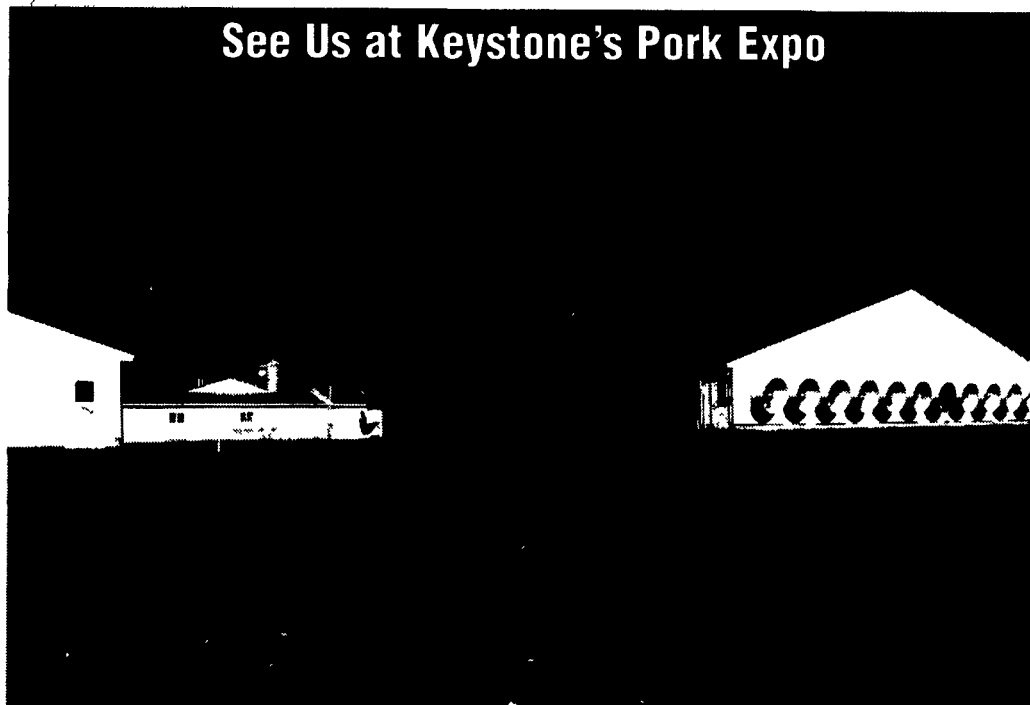
Cash price, while not actually listed, should range from \$64.00-\$65.00, Moore noted. Cattle inventory last July 1 in all 50 states was 1 percent less than the year before. Dairy stood at 7 million head and beef at 38 million head. Jan. 1, 1997 inventories of cattle stood at 101.2 million head, down 2.2 percent from last Janu-

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Speakers at the Cattle Feeder's Day, from left, H. Louis Moore, Penn State economist; Matt Perrier, promotions director for the Pennsylvania Beef Council; Bill Henning, Penn State Extension red meats specialist; Martin E. O'Connor, USDA agricultural marketing specialist; and Tammy Weaver, industry relations/compliance manager with the Pennsylvania Beef Council.

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