

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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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.

General Information:

It is too early for FAS Japan to be able to quantify the extent of damage to the agricultural sector, but we believe that the biggest damage will not be to crop agriculture, but to livestock production in the area. The reasons for this are the destruction of the road and rail systems, and port facilities in the region that had feed mills and silos. Because feed mills in those affected ports have been damaged or destroyed, and because feed cannot be moved into the affected hinterland from undamaged areas, we expect that livestock producers in those areas will suffer. It is too early to say to what degree, but we don't think it will have a major impact on overall demand or supply of meat and livestock products. Fisheries will be affected as there were many fishing ports and facilities on the tsunami stricken coast. It is difficult to hazard a guess at this point as to what damage has been done to fishing grounds, the fishing fleet or facilities, but it has to be significant.

The earthquake and 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.



Grains and Oilseeds

Rice – In a remarkable display of professionalism, MAFF announced the 11th and the final MA rice tender late on March 14. The will bring the total to: 677,708 mt.

Major Feed Grain Ports in Japan and the Quake/Tsunami Impact

Port	Damage	Compound Feed Production (in million metric tons)
Kushiro, Hokkaido	None	1.12
Tomakomai, Hokkaido	None	1.52
Hachinohe, Aomori	Severely damaged	1.82
Kamaishi, Iwate	Severely damaged	0.24
Ishinomaki, Miyagi	Severely damaged	1.14
Sendai, Miyagi	Severely damaged	0.46
Kashima, Ibaraki	Unloading facility partially damaged but compound feed production facility in tact	3.97
Nagoya, Aichi	None	1.34
Toyohashi, Aichi	None	0.72
Mizushima, Okayama	None	1.43
Yashiro, Kumamoto	None	0.71
Kagoshima, Kagoshima	None	1.39
Shibushi, Kagoshima	None	2.64
Other ports and inland production facilities	None	6.30

Total Compound Feed Production 24.80 million MT

The four severely damaged ports in the Tohoku area will not be operational for an extended period of time. The compound feed production capacity of these ports totals about 3.66 million MT, or 15% of Japan's total production of compound feed.

The port of Kashima is partially damaged, and it is expected to take about three months before it can receive vessels for unloading. However, the feed mills at the port are operational.

The plan is to increase production at unaffected mills and transport to affected areas (by boat from Hokkaido and Kyushu, and by truck from Western Honshu).

The challenge is to secure: 1) availability of boats; 2) inland routes; and 3) fuel.

Seafood

Japan Fisheries Association created an emergency headquarters on March 14 to support fishing industries in disaster area. There are many fishing cities and villages in Iwate, Miyagi, Fukushima and Ibaraki prefectures such as; Hachinohe, Kuji, Ootsuchi, Miyako, Yamada, Oofunato, Rikuzentakada, Kesen-numa, Minami Sanriku, Onagawa, Ishinomaki, Shiogama, Sendai, Natori, Iwaki, Takahagi, Hitachinaka, Ooarai, Hazaki, Choshi and so on. Unlike grain and soybeans, which require large storage and processing facilities, fishing industries tend to be comprised of small scale operators.

Kesen-Numa is the largest tuna deep sea fishing fleet base and suffered catastrophic damage.

Tsukiji fish market handled only one quarter of the usual volume on March 12 because of delayed

shipments. Fresh fish supply throughout the country will decrease from March 15 and there is no forecast to recover in the short term. Supply of frozen fish is also affected because the quakes, and subsequent power outages, have impacted cold storage facilities throughout the country. Rolling blackouts will cause spoilage in frozen fish stocks.

Wood Products

A significant amount of wood products, particularly plywood and lumber, are produced in Ishinomaki, in Miyagi prefecture and in Miyako and Ofunato, in Iwate prefecture. It is too early to estimate damage to these facilities and the impact on the wood industry because there are still many employees missing. Those factories still intact after the earthquake have been facing blackouts and a shutdown of major distribution channels and, thus, are unable to produce or ship finished products. A sudden shortage of plywood and lumber product can be expected.

Mills reporting damage:

Mills in Ishinomaki, Miyagi; Seihoku Ishinomaki Mill, Seihoku Plywood, Tokyo Board Ishinomaki Mill

Mills in Miyako, Iwate; Hokuyo Plywood, Hokusei, Iwate Prefecture Plywood Corp., Miyako Board Mills in Ofunato, Iwate; Kita Nihon Plywood, Ofunato Plywood (These two plywood mills were completely wiped out).

Chugoku Mokuzai Kashima mill is the largest Douglas fir sawmill in Japan and can cut 350 thousand cubic meters in year. This volume alone is equal to all the lumber exported from the USA to Japan in 2011. There is no major damage to the sawmill machinery. Mill floors have bumps and cracks and their private berth is in need of repair. It will take at least two weeks to investigate the damage and make repairs. This will affect Douglas fir log imports from the USA.

Meat and Livestock

According to The Meat Statistics in Japan, there are approximately 24,000 farms that are engaged in poultry, dairy, beef cattle and swine farming operations in the four impacted prefectures. The number accounts to 21% of the nation's total number of livestock farms. The number of livestock/poultry raised in all four prefectures (% share to the total) are; Broiler 19.5 million (18%), Layer 28.4 million (16%), Pig 1.57 million (16%), Beef Cattle 355,300 (12%), and Dairy 121,600 (8%). Produce from the regions (beef, pork, chicken, egg, and fresh milk) are destined mainly for the markets in the Tokyo metropolitan area and also for prefectural capitals.

First, at this point in time, the amount of information/data available assessing the impact of this major catastrophe is extremely limited. Time is needed to develop better assessments of the impact on the livestock sector. We do know that most livestock farms are located inland in these four prefectures, rather than the coastal area hit by Tsunamis. Post notes some initial issues and challenges that farmers in these earthquake hit prefectures presently facing are outlined below:

- The strong earthquake caused severe structural damages on the livestock farm facilities and equipment.
- The lack of feed supplies is a major issue – At least half a dozen feed mills/factories were located in the earthquake hit coastal area. It is assumed that those mills/factories became incapacitated by these catastrophes. Those who were dependent on the above will have to look for alternative supply sources. The Japan Agricultural Cooperatives (JA) has its own network and other major private feed

manufacturers also have their distribution networks. Alternative supplies are being arranged reportedly by using buffer stocks and diverting the products from other factories located in the country. Time will be an issue as to how fast that they can arrange the above.

- Even though alternative supplies have been arranged, farms still face delivery issues. If the farms are located in a remote area where roads and bridges are subject to clean up/reconstruction, they will likely face the delivery issues making it harder to get needed supplies on time.
- Damages to basic infrastructure, particularly in the Tohoku region (Northern Part of Honshu region), is said to be quite devastating. Thus, a certain percentage of farms (we do not know the total) are facing problems with electricity, water, and road disruptions, although they may have some diesel generators and water tanks to keep them for a few days. Keeping animal sheds warm will be an issue as the weather in the northern part is still reported to be cold.
- In the four prefectures, there are about 20 slaughtering plants/licensed meat handlers (out of a total of 198 in the nation). Not all, but some are reportedly not operating due to a lack of electricity/water and so on. How quickly these operations can be restored is uncertain and will likely affect some shipments of meat in certain areas.
- With all of the above, supplies of beef/pork/chicken/eggs/ fresh milk (for school lunch and so on) to be delivered not only to city capitals in each prefecture, but also to the Tokyo metropolitan area, will be significantly disrupted/hampered until the above issues are resolved.
- Many cattle and hogs to be slaughtered and auctioned at the Central Tokyo Meat Market will likely remain constrained for the foreseeable future.
- Lastly, radioactive materials released from the Fukushima nuclear plant could become a consumption issue as a certain population of animals could have been exposed in case farms are located closer to the plant.

Toxicity

Post will be reporting on the possible effects of toxic substances and related issues on food production and safety due to Tohoku Earthquake. Several topics that will be explored in greater detail include:

1. Salinity – by tsunami and liquefaction
 - 1.1. The tsunami affected a wide area of Northern Japan, including the agricultural production area. In some areas sea water will remain for a long period of time. In areas where the water recedes, the soil might not be suitable for crop production due to the salinity.
 - 1.2. Salinity problem would be also created by liquefaction of ground.
2. Radiation particles – short term and long term
3. Substances from oil refinery – spill and burning
4. Residue released by collapsing building
5. Contamination of water for food production factory, agricultural production, etc.
6. Contamination of food ingredients for processed products
7. Contamination in agricultural production systems, distribution and food processing plants due to lack of water
8. Contamination of final products by foreign materials due to the damage of package

Horticultural Products

The prefectures affected by the earthquake (Ibaraki, Iwate, Fukushima, and Miyagi) are not major producers of horticultural products. With a few exceptions, most of their horticultural production is consumed locally. Located in the northern part of mainland Japan, the affected area is not one of the major horticultural producers.

Fruits- The four prefectures combined production of fresh fruits constitutes only 7.6 percent (roughly 231,430 MT) of Japan's total fruit production. Nonetheless, the Fukushima prefecture produces about 21 percent of the nation's peaches. The Ibaraki prefecture contributes 23 percent to Japan's total melon production, 22 percent of chestnut production, and 10 percent of total Japanese pears. The Iwate prefecture supplies 7.2 percent of the nation's apples.

Vegetables- Vegetable production in the affected region constitutes 6.9 percent of the nation's total vegetable production (about 976,075 MT). Out of the four prefectures, Ibaraki is the strongest vegetable producer, satisfying not only local consumption but also supplying the nearby Tokyo Metro area. Ibaraki's chief vegetables production includes about 45 percent of Japan's lotus roots, 41 percent of Spring Chinese Cabbage, 34 percent of spring lettuce, and 33 percent of green peppers. At much smaller scale, the Fukushima prefecture produces green peppers and Chinese cabbage. Vegetable production in the remaining prefecture remains small.

Horticultural planting in this northern region does not usually occur until the weather gets warm, around April or May, so while recent events may delay planting, no major long-term changes are expected in this sector. With regards to the tsunami affected area, aside from some green houses and small local production, horticultural production is not significant. Hence, it is not expected to negatively impact Japan's overall horticultural production.

Retail and Distribution

Affected Region - Ibaraki, Miyage, Fukushima, and Iwate prefectures: Usual distribution routes are closed for an indefinite period of time, except for emergency vehicles. Agricultural products that are distributed through these emergency routes are drinking water and cup noodles. One other important item, which is non-agricultural, is batteries. The usual routes are interstate highways. Major delivery service companies stopped their service to Hokkaido, Tohoku (6 prefectures including Miyage, Fukushima, Aomori, Akita, Iwate and Yamagata) and Ibaragi Prefecture as of Monday, March 14. It is important to note that Japan depends almost exclusively on trucking for the transport of food and agricultural goods. Trains systems are generally used for passenger traffic.

1. North from Tokyo
 - a. Tohoku Highway
 - b. Tohoku Iwaki Highway
 - c. Shuto Highway Sango Line to Joban Highway
2. East from Niigata
 - a. Banetsu Highway
3. East from Yamagata
 - a. Tohoku Chuo Highway
4. Another important route is the transportation of product from Hokkaido, which would use sea vessels, Seikan Renrakusen (truck ferry), but these options are unavailable as they are now reserved for relief efforts. Another channel is the Seikan Tunnel, which travels under the sea between Hokkaido and Aomori, but again, this route is only available for emergency supplies.
5. Any other major roads in the three effected prefectures, Fukushima, Miyagi and Iwate are

closed.

What is being said in the industry is “No Roads, No Gasoline, and No Delivery”. Even the National Postal Service and all courier services (e.g. Fedex) are prohibited from using these routes.

Sources say that even on the third day after the earthquake that supplies are slow to arrive and quantities are scarce. Most disturbingly, hospitals are not receiving enough food to feed their patient populations. Emergency air transportation seems to be the only means of distributing to emergency supplies at this time.

Major supermarkets such as AEON and Ito-Yokado cannot deliver to their stores in the emergency area at this time. They are sending noodles, water, for relief supplies and trying to keep up with stocks of water, cup noodles and batteries at their stores in the affected area, but are having difficulty.

Kokubu, a major food wholesaler, says that it’s hard to tell at this moment when infrastructure will recover. At present, the guesstimate is at least one week from today (March 15) to restart distribution of foods. The wholesaler’s 25 storage facilities in the effective region, Tohoku Region, are not operative due to power black-outs.

Japanese food manufacturers reacted quickly and made donations to the devastated areas. For instance, Coca Cola Japan supplies 7.2 million bottles of soft drinks, Ito-en gives 600,000 bottles of soft drinks, Otsuka Holdings does 197,000 bottles of mineral water/160,000 bottles of sports drinks/142,000 cases plus of energy bars/3,000 units of packed curry and others raise money and donations, too.

Tokyo (Please note that disruptions in distribution and supply in the Tokyo (Kanto), and Nagoya (Chukyo) areas are expected to be short lived).

From first hand observation, most nonperishable food items were purchased by the end of the day of March 13 (Sunday). Bottled water, cup noodles, and bread were scarce by Saturday March 12. Non-agricultural products such as batteries, flashlights, rechargeable cell phone batteries, candles, portable gas hibachis were sold out by Saturday as well. These products may or may not be replenished by Tuesday March 15.

Queen’s Isetan, which is a high-end supermarket, is barely replenishing their store shelves, according to one manager.

Some of the issues affecting retail in Tokyo include:

- Scheduled blackouts and request of power saving done by the Tokyo Power company due to possible power shortage
- Lack of employees: public transportation is spotty due to physical railway checks and scheduled blackouts
- Reduced or cutoff water, power and gas at food suppliers including food and package factories, slaughter houses and stock yards/warehouses.
- Restriction of gasoline and some limits of traffic on damaged bridge. In Chiba, there have been reports of road liquefaction.
- Minor hoarding food done by consumers.

In the case of vegetables (from Dole-Japan) - Most store shelves are empty and they won’t be replenished quickly due to highly controlled port entries. All attention is on emergency supplies and anything else is limited. Dole reported that air shipments destined for Narita Airport from the U.S. were turned back. At other ports container yards closed due to damaged equipment caused by the earthquake. The next concern is that there isn’t enough gasoline for trucks. However, we understand that the government will be releasing some stockpiled oil for refining.

Osaka

Operations of supermarkets in the Osaka area seemed normal as of Sunday March 13.

Niigata

Operations of supermarkets in the Niigata area were normal as of Sunday March 13.