

Voluntary Report – Voluntary - Public Distribution

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Report Name: ALIC Continues COVID-19 Dairy Support Payments

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Dairy and Products, Livestock and Products

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Report Highlights:

As part of the 2020 Japanese Fiscal Year (JFY) third supplementary budget the Agriculture and Livestock Industries Corporation (ALIC) received 17.6 billion yen (\$161 million) to operate a COVID-19 countermeasure support program for cattle fattening operations and the dairy and hide processing industries. The funds will be available throughout the JFY2021 fiscal year. The support payments for the dairy industry incentivize Japanese dairy processors to use domestic butter and nonfat dry milk instead of imported products.

General information

On February 19, the Agriculture and Livestock Industries Corporation (ALIC), a state-trading enterprise, announced details of 17.6 billion yen (\$161 million¹) support program for cattle fattening operations and for the dairy and hide processing industries. This funding was allocated through the Japanese Fiscal Year (JFY)² 2020 third supplementary budget and will be available in JFY2021, for more on the third supplementary budget see [JA2021-0012](#). For details on the support programs see the [ALIC website](#) (Japanese only).

This support aims to stabilize the cattle fattening, dairy, and hide industries affected by the COVID-19 pandemic and subsequent economic fallout. Since March 2020, the Government of Japan has also established a series of specific support programs in response to the COVID-19 pandemic. Details on those programs may be found in [JA2021-0009](#), [JA2020-0115](#), [JA2020-0099](#), [JA2020-0090](#), [JA2020-0080](#), [JA2020-0071](#), [JA2020-0059](#).

Support for Cattle Fattening Operations

Cattle fattening operators who develop farm management improvement plans that incorporate at least one of the below eight quality improvement measures developed by ALIC are eligible to receive financial support through this program. Operators can receive up to 20,000 yen (\$183) per head if they implement three or more measures.

- Improve feed efficiency
- Avoid prolonged feeding periods prior to slaughter
- Blood test for better control of animal health to prevent accidents
- Introduce cattle with horns removed for improved fattening
- Cut cloven-hoofs to prevent disease
- Operate appropriate countermeasures on farm to prevent disease
- Improve barn environment
- Business analysis

Operators must apply in groups of three or more. Agricultural cooperatives or relevant organizations may also apply. Applicants must send original applications to ALIC for approval and a copy to the prefectural governor in which the applicant is located. Cattle eligible for this program must be sold by the last month the Beef *Marukin* suspension (see [JA2020-0071](#) for details) was applied or December 2021, whichever is sooner, and also meet one of the following criteria:

1. Cattle (excluding breeding or milking cows) must be at least 17 months old and have been reared on the operator's farm for at least eight consecutive months. In the case of unforeseen circumstances, such as natural disaster or disease, the cattle must be at least 12 months old and slaughtered immediately after selling.

¹ Unit: \$1 = 109 yen

² JFY is from April 1-March 31

2. Breeding cows and heifers must be reared at least three consecutive months on the operator's farm.
3. Cattle must be reared in accordance with the Beef Livestock Stabilization Program.

In June 2021, due to the revived beef carcass market price, the Ministry of Agriculture, Forestry, and Fisheries eliminated the countermeasures for the remainder of the year, and as a result this support payments may only be applied to cattle sold in April and May 2021.

Table 1. Sub-programs of Support for Cattle Fattening Operations

Sub-program	Target	Payment
Incentives for improving farm management	Farms which develop farm management plans (including relevant administrative costs)	Fixed amount (Max. 20,000 yen (\$183.49)) per head if operators adopt at least three of eight quality-improvement measures.)
Plan development	Miscellaneous costs	Fixed amount based on operator application

Source: ALIC

Support of Promote Domestic Butter and Nonfat Dry Milk (NFDM) Consumption

Butter and NFDM producers and producer associations are eligible for this support payment to cover the costs associated with replacing imported butter and NFDM with domestic butter and NDFM in newly developed end products. Producer associations and companies, including importers, that buy butter and NFDM and sell them to manufacturers, retailers, and other buyers in Japan are also eligible for this support payment if they switch from imported to domestic product. MAFF allocated a total of 1.7 billion yen (\$15.6 million) to ALIC for this program to be made available from January 28, 2021 through March 31, 2022. Companies that receive this support payment must submit a business plan to ALIC.

Table 2. Support to Promote Domestic Butter and NFDM Consumption

Sub-program	Target	Subsidy
Support payments to cover price gaps	<ul style="list-style-type: none"> • Costs for dairy companies to replace sales of imported butter and NFDM with domestic products • Costs for dairy companies to switch from imported butter and NFDM to domestic butter and NFDM in their own production • Costs for dairy companies to sell the domestic butter and NFDM to companies selling newly released products using domestic butter and NFDM. <p><i>Note: The domestic butter and NFDM must be produced by dairy producers using at least two MT of domestic fresh milk per day.</i></p>	Fixed amount (Maximum 200 yen/kg (\$1.83) for butter and 50 yen/kg (\$0.46) for NFDM)
Program to increase consumption of domestic dairy products	<ul style="list-style-type: none"> • Costs for market research and meetings to discuss promotion of the domestic butter and NFDM 	Fixed amount

Source: ALIC

Support Program to Stabilize the Supply of Hides

Licensed hide processing companies and their associations that produce gelatin, collagen, pet foods, or other products made of hide from cattle raised and slaughtered in Japan and their associations are eligible to receive support payments through this program. For sub-program 1, support for starting a new business, hides supported by the Stabilize Demand and Supply of Cattle/Swine Hides ([JA2020-0080](#)) are not eligible for this support payment.

Table 3: Support Program to Stabilize Hide Supply

Sub-program	Target	Subsidy
Support for starting a new business: <ul style="list-style-type: none">• Meet and establish an association• Market research on product quality and standards• Technological development• Producing samples and costs for use of domestic cattle hide• PR activities	<ul style="list-style-type: none">• Costs to develop new uses for hides in four categories (gelatin/collagen, pet foods, leather goods, and other new leather products).• The category of leather goods includes domestic wagyu hides only. <p><i>Excluding expenses for facilities and machineries</i></p>	Maximum of 10.5 million yen (\$96,330) for each category.
Support for a hide company to diversify its business	Costs for a hide company, recently licensed as an industrial waste processing company, to develop a combined system for sales and wastes of hides	Maximum of 2 million yen (\$18,349) per company
Promotion of hide supply	Miscellaneous costs to support the programs 1 and 2, including costs to confirm that the hides in these programs are derived from cattle raised and slaughtered in Japan.	Fixed amount based on operator application

Source: ALIC

Attachments:

No Attachments.