



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

U.S. producers and lower prices for Japanese consumers. However, Japan continues to ban U.S. beef from cattle over 20 months old and requires mandatory age verification, limiting supplies that could reduce prices in Japan.

Rising consumption is the key to continued growth in the Japanese beef market. Prices, income, and demographics will determine the potential size of Japan's beef market. Japan's declining population means that total consumption would fall even if consumption per person remained constant. Only modest income gains are expected in Japan over the next decade, but price changes could influence future consumption. Japanese consumers appear to be sensitive to changes in price when making purchasing decisions for beef. ERS estimates that a decrease of 1 percent in beef prices will lead to increases in consumption greater than 1 percent.

ERS researchers analyzed multiple consumption scenarios for Japan using USDA's 10-year projections for income and population and estimates of Japanese consumers' response to changing economic conditions. In case 1, where prices and incomes do not change, consumption declines because the population declines. Case 2 shows that even modest income gains could help offset some of the effects of the population decline. Case 3 demonstrates much larger changes to consumption if prices decrease, here set at 2 percent per year.

The analysis shows that there is potential for the Japanese beef market to continue growing, particularly if prices decrease. Improved access to imported beef could trigger such decreases and lead to higher consumption. This would be good news for U.S. producers, as much of this increased demand would likely be captured by U.S. beef. \mathcal{W}

Michael McConnell, mmcconnell@ers.usda.gov
John Dyck, jdyck@ers.usda.gov

This finding is drawn from . . .

Japan's Beef Market, by Kakuyu Obara, Michael McConnell, and John Dyck, LDP-M-194-01, USDA, Economic Research Service, August 2010, available at: www.ers.usda.gov/publications/ldp/2010/08aug/ldpm19401/



Shutterstock

Few Farms Participate in the Vegetable Planting Pilot Program

The 2008 Farm Act's Planting Transferability Pilot Program (PTPP) allows program crop producers who participate in Federal commodity programs in seven Upper Midwestern States to plant selected vegetables destined for processing without violating Government payment contracts. Under the traditional rules of commodity programs, planting fruit and vegetables on base acres (acres planted to program crops) is restricted. Program rules did allow farmers to expand fruit and vegetable acreage on nonbase acres without forgoing Direct and Countercyclical Payments (DCP) or Average Crop Revenue Election (ACRE) payments.

The PTPP permits the planting of certain vegetables for processing on base acres in Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin, regardless of previous fruit and vegetable



planting history. The pilot program places farms with no history on the same footing as those with a planting history—program payments are reduced acre-for-acre for each vegetable acre planted.

Program participation, however, has been low, with a total of 155 farms participating. Illinois, Indiana, and Minnesota accounted for approximately 85 percent of the farms and acres. Using farm-level data from USDA’s Farm Service Agency, ERS researchers estimated that 10,000 acres were planted under PTPP in 2009—about 14 percent of the total allowable acres by statute and 2 percent of total processing vegetable acreage in the seven States. About 50 percent of PTPP acres were planted to sweet corn and green peas, which represents just 1 percent of U.S. acreage for these processing vegetables. Farms with no history of planting fruit and vegetables made up the bulk of those participating in the PTPP.

The PTPP was authorized in response to claims by Midwestern vegetable processors that the traditional farm program planting rules constrained availability of raw vegetables for processing. The PTPP allows growers to plant cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes. Eligible PTPP acreage is capped at various levels across States but cannot exceed a total of 75,000 acres.

One reason for the relatively low PTPP participation is stagnant or declining long-run demand for processing vegetables. Net returns to other crops are often more attractive to growers. Moreover, should market conditions become more favorable, additional demand can largely be met by planting on nonbase acres and base acres on farms with a prior vegetable planting history. \mathbb{W}

Barry Krissoff, barryk@ers.usda.gov
Mesbah Motamed, mmotamed@ers.usda.gov

This finding is drawn from . . .

Fruit and Vegetable Planting Restrictions: Analyzing the Processed Cucumber Market, by Barry Krissoff, Mesbah Motamed, Edwin Young, and Chengxia You, VGS-342-02, USDA, Economic Research Service, February 2011, available at: www.ers.usda.gov/publications/vgs/2011/02feb/vgs34202/

Planting Transferability Pilot Program (PTPP) expanded planting options

Commodity program history	Before PTPP		After PTPP	
	Planting on nonbase acres ¹	Planting on base acres	Planting on nonbase acres	Reduced base acres
<i>With</i> fruit and vegetable history	No loss of payment	Acre-for-acre payment loss	No loss of payment	Acre-for-acre payment loss
<i>Without</i> fruit and vegetable history		Minimum of acre-for-acre payment loss plus market value of vegetables; or entire DCP ²		

¹Base acres are defined as the amount of a farm’s acreage eligible for commodity program payments.

²DCP=Direct and Countercyclical Payment.

Source: USDA, Economic Research Service.