

Japan's Kobe Beef presents small, but alternative market for Angus

By Gary Van Hoozer
Tarklo, Mo.

Editors note: Two Missouri Angus breeders have found a niche for their overweight steers through an unusual channel—the fabled Kobe Beef trade catering to affluent Japanese tastes.

Their experience contrasts dramatically with the general beef merchandising trends in the United States for this is beef that's overfinished coming from steers weighing well in excess of the "box" and packer limits. While this approach certainly wouldn't work for breeders and producers seeking to satisfy Certified Angus Beef "specs" or typical American consumer demands, the McEnaney story illustrates the wisdom of finding a market and filling it.

Japanese beef buyers are specifying Angus genetics in U.S. cattle selected for their prime Kobe beef industry. In the process, they are providing an outlet for cheap U.S. grain and a market for cattle feeders with over-finished animals.

"The cattle they buy must be black and black white-face or they won't bid on them," says Dick Jensen, an order buyer at the Omaha Livestock Market. "They also want steers weighing over 1,400 pounds and with a Yield Grade of 4 or 5. They're strictly looking for heavy cattle that grade Choice or Prime," he adds.

Derald and Gerald McEnaney, brothers with an Angus cow herd near Tarkio, Mo., were pleasantly surprised early this winter when an order buyer for the Japanese offered \$4/cwt. more for their home-raised steers than buyers from U.S. packers. Their steers, weighing just over 1,400 pounds, were too heavy, said local packer buyers.

Says Derald: "Most buyers said we would either have to take the cattle home or sell them to a different company. But our commission man, Bill Heider with John Clay & Co., lined us up with the buyer for the Japanese who want Angus breeding in the cattle they buy. I didn't know about this until they told us up there in Omaha."

Order buyer Jensen explains the market is a narrow one but an opportunity nonetheless: "While the amounts the Japanese buy are small presently—about a load a week here and some at Sioux City—I think from the way they're trying to change the trade barriers there may develop a market there that should be pursued."

Jensen points out cattle purchased by the Japanese are fed out to 1,900 to 2,000 pounds, often in feedlots near Holstein, Iowa. They are then slaughtered in the U.S. However, one Omaha packer recently shipped the Japanese a load of hanging beef.

Some Japanese-purchased cattle are quarantined in California, then sent to Japan by ship or flown in 747s. Once there, they are kept in stanchions, massaged, and fed high-energy rations.

"Over there, it's the famed Kobe beef," says Jensen. "In the meat counters they sell cuts like New York strips for around \$10. I'm not sure how many Japanese buy that meat, but the ones with money to spend sure go for it, including what they eat at restaurants where the beef may be worth \$50 a pound."

A Japanese meat broker recently visited the Omaha Market to look over slaughter cattle, according to Jensen.

"Even though I had trouble understanding him, I could tell they're very interested in this kind of trade with us. They must like the meat they get from cattle with Angus breeding."

Jensen says the Japanese were buying at a healthy premium over the market, but they have curtailed that practice. Recently they've been giving a little over the average market, he notes.

"That's still pretty good when you consider that they want the larger carcasses which are not too much in demand."



Derald (top) and Gerald McEnaney were pleased when a buyer representing Japanese interests outbid U.S. packers for their Angus steers. Japanese specifications demand Angus breeding in animals fed for the Kobe beef market.



Omaha order buyer Dick Jensen says Japanese buyers seek heavy, black cattle. He suggests this market could be pursued by more cattlemen.