

Another view of impact of BSE crisis in Japanese meat market through the almost ideal demand system model with Markov switching

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Abstract

This paper reexamines the change of overall consumer preference in the Japanese meat market due to the first reported case of Bovine Spongiform Encephalopathy (BSE) on September 2001. Unlike Ishida et al. (2006, 2010), we applied the Markov-switching almost ideal demand system (MS-AIDS) model (Allais and Nichele, 2007) to estimate the beginning of the structural change in Japanese meat market. The result shows that MS-AIDS model captures the structural change point coinciding with timing of the first reported case of BSE in Japan. We also found that the effect of BSE in Japanese meat market lasted more than 4 years longer than the result presented by Ishida et al. (2006, 2010).

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