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Japan's Tariff on U.S. Frozen Beef Reverts as Safeguard Resets

Report Categories:

Agricultural Situation
Trade Policy Monitoring
Livestock and Products

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Report Highlights:

On April 1, 2018, Japan's duty on U.S. frozen beef reverted to 38.5 percent as the special safeguard system reset for the new Japanese fiscal year. Japan had increased the duty to 50 percent in August 2017 after imports of frozen beef exceeded established trigger volumes. Under the terms of its free trade agreement with Japan, Australia was not subject to the safeguard duty as beef tariffs continue to fall as scheduled in the agreement.

Keywords: JA8021, Japan, beef, safeguard, tariffs, SSG

General Information:

Effective April 1, 2018, Japan's Ministry of Finance lowered the duty on U.S. frozen beef from 50 percent to 38.5 percent as the special safeguard (SSG) measure expired at the end of Japanese fiscal year (JFY) 2017. Japan had increased the tariff to 50 percent on August 1, 2017 after cumulative imports in the first quarter (April-June) of JFY 2017 exceeded established trigger volumes. Only countries that do not have an economic partnership agreement (EPA) with Japan were affected. See [JA7106](#) for more information.

As the new Japanese fiscal year begins, the SSG mechanism resets so that the following two conditions must be met to trigger the duty increase:

1. Cumulative quarterly imports of fresh/chilled beef or frozen beef (each calculated separately) from the world exceed 117 percent of the previous year's imports.
2. Cumulative quarterly imports of fresh/chilled beef or frozen beef (each calculated separately) from all non-EPA partner countries (plus imports from EPA partner countries in excess of EPA beef tariff rate quota limits) exceed 117 percent of the previous year's imports.

The Japanese government has stated that it intends to maintain the beef SSG even after effectuation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan had planned to scrap the current SSG after entry into force of the original TPP-12 agreement as all major beef exporters to Japan were members of the agreement and subject to a separate TPP safeguard. With the United States outside of the CPTPP, Japan has proposed to maintain the SSG which will only apply to countries with which it does not have an EPA.

Table 1 below shows actual imports through February 2018 and anticipated trigger volumes for JFY 2018. Fresh/chilled beef imports from all trading partners have remained below the trigger level through first three quarters of JFY 2017.

Meanwhile, Australian beef, which was exempt from the SSG due to its special treatment under the Japan-Australia Economic Partnership Agreement, will be subject to even lower tariffs in JFY 2018 as the next round of tariff cuts come into effect. Starting April 1, 2018, fresh/chilled and frozen beef from Australia will be subject to duties of 29.3 percent and 26.9 percent, respectively.

Table 1: Beef Safeguard Monitor

Condition 1: Trigger Levels for All Trade Partners for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton (Customs Clearances Basis)

| | Trigger Levels for JFY 2017 | Cumulative Total | | | | Trigger Levels for JFY 2018* |
|---------------------|-----------------------------|------------------|---------|----------|-----------|------------------------------|
| Chilled Beef | | | | | | |
| | | Actual Entry | April | May | June | |
| Q1 (Apr-Jun) | 74,339 | 68,826 | 22,861 | 22,600 | 23,365 | 80,526 |
| | | | July | August | September | |
| Q1-Q2 (Apr-Sep) | 152,456 | 141,579 | 22,042 | 25,486 | 25,225 | 165,647 |
| | | | October | November | December | |
| Q1-Q3 (Apr-Dec) | 230,642 | 209,375 | 22,397 | 21,990 | 23,409 | 244,969 |
| | | | January | February | March | |
| Q1-Q4 (Apr-Mar) | 292,355 | 247,855** | 18,548 | 19,932** | | |
| Frozen Beef | | | | | | |
| | | Actual Entry | April | May | June | |
| Q1 (Apr-Jun) | 89,140 | 89,253 | 28,599 | 33,837 | 26,817 | 104,426 |
| | | | July | August | September | |
| Q1-Q2 (Apr-Sep) | 181,569 | 180,640 | 34,392 | 21,371 | 35,624 | 211,349 |
| | | | October | November | December | |
| Q1-Q3 (Apr-Dec) | 261,484 | 244,693 | 20,949 | 19,554 | 23,550 | 286,291 |
| | | | January | February | March | |
| Q1-Q4 (Apr-Mar) | 334,489 | 279,029** | 17,083 | 17,253** | | |

Condition 2: Trigger Levels for Non-EPA Trade Partners for JFY 2017 and Actual Imports Year to Date

Unit: Metric Ton (Customs Clearances Basis)

| | Trigger Levels for JFY 2017 | Cumulative Total | | | | Trigger Levels for JFY 2018* |
|---------------------|-----------------------------|------------------|---------|----------|-----------|------------------------------|
| Chilled Beef | | | | | | |
| | | Actual Entry | April | May | June | |
| Q1 (Apr-Jun) | 33,019 | 36,927 | 12,365 | 11,824 | 12,738 | 43,205 |
| | | | July | August | September | |
| Q1-Q2 (Apr-Sep) | 67,720 | 77,784 | 11,867 | 14,496 | 14,494 | 91,007 |
| | | | October | November | December | |
| Q1-Q3 (Apr-Dec) | 105,714 | 114,390 | 12,528 | 11,810 | 12,268 | 133,836 |
| | | | January | February | March | |
| Q1-Q4 (Apr-Mar) | 142,868 | 135,906** | 10,508 | 11,008** | | |

| Frozen Beef | | | | | | |
|--------------------|----------------|------------------|---------|----------|-----------|----------------|
| | | Actual Entry | April | May | June | |
| Q1 (Apr-Jun) | 35,468 | 37,823 | 11,349 | 15,215 | 11,259 | 44,253 |
| | | | July | August | September | |
| Q1-Q2 (Apr-Sep) | 76,070 | 76,337 | 19,978 | 5,639 | 12,897 | 89,314 |
| | | | October | November | December | |
| Q1-Q3 (Apr-Dec) | 106,221 | 101,137 | 8,992 | 7,501 | 8,307 | 118,330 |
| | | | January | February | March | |
| Q1-Q4 (Apr-Mar) | 140,556 | 111,693** | 5,317 | 5,239** | | |

*anticipated based on JFY2017 actual import volumes.

Source: Japan Ministry of Finance

**preliminary data