

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

IMC/INV/10/Rev.10  
4 December 1992

Arrangement Regarding Bovine Meat

Original: English

### INTERNATIONAL MEAT COUNCIL

#### Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

#### Reply to Parts G and H of the Questionnaire

#### JAPAN

#### Revision

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the Secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/10/... documents.

## PART G

### Part G.I. Information on Domestic Policies and Trade Measures

#### I. Production

##### (a) Description of the beef industry in Japan

##### 1. Trends in the raising of beef cattle

In the past, beef cattle raised in Japan was used for both draught and meat, but as a consequence of the mechanization of agriculture, the number of beef cattle had decreased after reaching a peak of 2.7 million head in 1956. In 1967 this number fell to 1.55 million head.

However, since the second half of the 1960s, as a result of the increase of dairy cattle for meat, the number of the cattle raised for meat has gradually increased as a whole (2.898 million head, as of February 1992).

As for the number of households raising beef cattle, the number has sharply decreased until the first half of the 1970s, but since the latter half of the 1970s the decrease rate has been moderate. In 1992 the number of households was 210,100. The number of beef cattle raised per farm has steadily increased (e.g. in 1992, 13.8 head per household). Especially, the average herd size in the fattening sector (inter alia that of dairy steers) has been steadily increasing.

As for beef breeds, inter alia in the field of breeding to produce offspring which is the base for production of meat, enlargement of the scale has been less developed because of low profitability and difficulties involved in enlarging land scale.

##### 2. The importance of the beef industry in Japan

Beef production in Japan plays a major rôle in the securing of income for the 210,100 farm households raising beef cattle. Sixty-two per cent of domestic beef is produced from dairy cattle. Beef production contributes greatly to the securing of income for 55,100 dairy farming households. The share of the production value of beef cattle in gross agricultural output was some 6.3 per cent (¥ 717 billion) in 1990.

Furthermore, because it necessitates production of coarse feed, beef production serves to promote the converted use of paddy fields resulting from the over-production of rice.

Also the raising of beef cattle plays an important rôle in the promotion of use of land in that it not only supplies beef but also enables the effective utilization of plants in the mountains and meadows and little-or-unused resources such as agricultural by-products, as well as feed crops including pasture. It is also important in the maintenance of

the cycle of the ecological system which is characteristic of agricultural production, since it brings about the return to the ground of organic objects.

With regard to beef production, various steps being taken for the rationalizing of production have in recent years brought about steady progress in the expansion of the farm management scale with an increase in productivity.

Supplies of Beef by Different Category (Boneless Weight Basis)

(Unit: 1,000 tons)

	1985	1987	1988	1989	1990	1991
Domestic beef	389 (100)	396 (100)	398 (100)	384 (100)	385 (100)	402 (100)
Beef cattle	141 ( 36)	132 ( 33)	128 ( 32)	133 ( 35)	142 ( 37)	151 ( 38)
Dairy cattle	248 ( 64)	263 ( 66)	269 ( 68)	250 ( 65)	242 ( 63)	250 ( 62)
Dairy steer	126 ( 32)	137 ( 35)	142 ( 36)	136 ( 35)	133 ( 35)	138 ( 34)

Source: The Ministry of Agriculture, Forestry and Fisheries, "Meat Marketing Statistics"

Note: Figures in ( ) are shares (%)

Average Per-Household Numbers of Cattle Raised

(Unit: head)

	1970	1975	1980	1984	1985	1986	1987	1988	1989	1990	1991	1992
Beef-cattle raising	2.0	3.9	5.9	8.2	8.7	9.2	9.7	10.2	10.8	11.6	12.7	13.8
To produce offspring	-	2.1	-	3.1	-	3.2	3.2	3.3	3.5	-	3.7	4.0
Dairy cattle	-	8.5	16.5	26.3	29.8	32.5	35.1	37.7	40.5	45.5	53.2	65.6
Dairy farming	5.9	11.2	18.1	24.1	25.6	26.8	27.5	28.6	30.4	32.5	34.6	37.8

Source: The Ministry of Agriculture, Forestry and Fisheries, "Livestock Industry Statistics"

Production Values of Beef Cattle and its Share  
in Gross Agricultural Output

Year	Values (billion yen)	Share %
1960	52.4	2.7
1965	104.6	3.3
1970	147.5	3.2
1975	347.4	3.8
1980	507.6	4.9
1983	488.8	4.4
1984	544.0	4.6
1985	600.7	5.2
1986	607.1	5.3
1987	631.5	6.0
1988	671.1	6.4
1989	732.0	6.6
1990*	717.2	6.3

\* Provisional

- (b) Policies or measures of government which influence cattle production either directly or indirectly, other than direct support or stabilization measures

There are various kinds of measures concerning the production of beef cattle. For example, the following loan programmes operated by the Agriculture, Forestry and Fisheries Finance Corporation are available to beef cattle farmers.

1 April 1991

Kinds of funds	Project eligible for loans	Interest rate (per annum)	Maximum period of loan	Maximum period of deferment
Agriculture Improvement Project Promotion Fund	Purchase of breeding cows or breeding swine etc. improvement, construction or acquisition of farming facilities such as farming or livestock shed and natural recreation village facilities and environmental facilities of agricultural production.	Subsidized 6.5% Unsubsidized 3.5%	20 yrs. (25 yrs. for fruit trees)	3 yrs. (10 yrs. for fruit trees)

(c) Outline of support or stabilization measures

- (i) In accordance with the provisions of the "Livestock Products Price Stabilization Law", the Minister of Agriculture, Forestry and Fisheries establishes, at the start of each fiscal year, the stabilization prices for the year (the lower stabilization price and the upper stabilization price), taking into consideration the conditions for the production of beef and its supply-demand situation.
- (ii) The lower stabilization price is set up in such a way as to prevent the wholesale price of beef from falling below this level, while the upper stabilization price is set up with a view to preventing it from rising above that level.
- (iii) The Livestock Industry Promotion Corporation, a semi-governmental corporation (hereinafter referred to as "LIPC"), is authorized to be engaged in the buying and selling of beef, as a measure for maintaining the wholesale price of domestic beef within the price band established by the Government.
- (iv) The price stabilization system of Japan is to maintain the wholesale price of domestic beef within the stabilization price band through market interventions by the LIPC. However, the LIPC have never intervened in domestic beef market.
- (v) The Japanese Bovine Carcass Grading System was revised on 1 April 1988. The new grading system consists of fifteen grades (three yield grades x five quality grades) compared to the previous six grades.
- (vi) The stabilization prices were previously decided for "Wagyu Steer (Medium Grade)" and "Dairy Steer (Medium Grade)" separately. However, in accordance with the above-mentioned revision of the grading system, the stabilization price is decided for "B-2" and "B-3" grades.

Target Stabilization Price

(¥ per kilogram)

Beef (carcass)	Fiscal year	Upper stabilization price	Lower stabilization price
Wagyu-steers	1981	1,817	1,399
(Japanese native	1984	1,820	1,400
beef cattle)	1985	1,820	1,400
(second grade)	1986	1,820	1,400
	1987	1,780	1,370
Dairy-steers	1981	1,452	1,118
(second grade)	1984	1,455	1,120
	1985	1,455	1,120
	1986	1,420	1,090
	1987	1,325	1,020
Steers	1988	1,295	995
([B-2] & [B-3]	1989	1,295	995
grade)	1990	1,285	985
	1991	1,250	960
	1992	1,210	935

Average Resale Price of Imported Beef by LIPC

Fiscal year	Resale price
1980	1,299
1981	1,239
1982	1,196
1983	1,178
1984	1,212
1985	1,274
1986	1,108
1987	1,005
1988	1,050
1989	1,120
1990	1,128
1991	835

## II. Internal prices and consumption

### (a) Policies and measures affecting consumption

Both the central and local governments are implementing various measures for promoting consumption of meat and meat products. One of such measures is the campaign for expansion of consumption.

#### Wholesale Price (Tokyo)

(¥ per kilogram)

Calendar year	Wagyu steers (medium)	Dairy steers (medium)
1975	1,433	1,234
1976	1,696	1,358
1977	1,618	1,265
1978	1,584	1,276
1979	1,819	1,451
1980	1,851	1,329
1981	1,791	1,245
1982	1,823	1,304
1983	1,786	1,298
1984	1,749	1,284
1985	1,806	1,318
1986	1,874	1,339
1987	1,878	1,289
B-2, B-3		
1988	1,232	
1989	1,252	
1990	1,256	
1991	1,174	

<u>Retail Price (Tokyo)</u>		(¥ per 100 gram)
Calendar year	Beef (imported)	
1975	245	
1976	187	
1977	197	
1978	170	
1979	168	
1980	183	
1981	180	
1982	180	
1983	181	
1984	178	
1985	159	
1986	151	
1987	131	
1988	121	
1989	117	
1990	140	
1991	147	

Note: Frozen beef

Surey market was changed since 1990.

### III. Measures at the frontiers

- (a & b) Customs tariff and import measures at tariff line level, such as duties, variable levies, other special charges, quantitative restrictions, etc.

See Annex.

- (c) Export measures at tariff line level, such as subsidies, etc.

None.

- (d) Sanitary regulations

- (i) With respect to importation of meat and processed meat of cloven-hooved animals, the Minister of Agriculture, Forestry and Fisheries designates the import prohibition areas under Article 43 of the Enforcement Regulations of the Domestic Animal Infectious Diseases Control Law, in order to prevent the introduction of the malignant infectious diseases (i.e. rinderpest, foot-and-mouth disease and African swine fever).



(ii) These areas are designated by the Minister of Agriculture, Forestry and Fisheries taking into account the following:

- whether or not there exist such malignant infectious diseases of domestic animals as rinderpest, foot-and-mouth disease and African swine fever;
- whether or not vaccination against those diseases is being carried out;
- whether or not there exist appropriate laws, regulations and administrative systems to prevent the introduction of the above-mentioned diseases.

(e) Policy regarding quantitative restrictions on import

On 1 April 1991, the import allocation system on beef was terminated. Consequently, the Livestock Industry Promotion Corporation (LIPC) no longer involves the pricing or sales of imported beef.

Tariff items under import restrictions are shown in Annex.

Trend of Quota Allocation  
(Boneless weight basis)

		(Unit: tons)						
		1984	1985	1986	1987	1988	1989	1990
General	quota	133,200	141,400	149,400	194,000	253,600	309,000	364,000
Special	quota	16,800	17,600	18,600	20,000	20,400	25,000	30,000
Total	quota	150,000	159,000	168,000	214,000	274,000	334,000	394,000

Note: Japanese fiscal year

IV. Current supply and demand situation(a) Beef and veal(i) Consumption

According to the economic growth, consumption of beef and veal has increased steadily, especially consumption of imported beef has increased by more than 15 per cent annually over the past four years.

Although production of beef and veal in 1989 decreased by around 4 per cent mainly due to the decrease of daily beef production caused by the recent strong milk demand, production of beef and veal in 1990 slightly increased as a consequence of the increase of wagyu cattle.

Meat Supply and Demand

(metric tons, %)

Calendar year	Consumption		Production		Imports		Exports		Stocks	
	A	B	A	B	A	B	A	B	A	B
1985	767,796	102.1	555,256	103.6	220,372	103.4	62	206.7	80,356	112.7
1986	803,499	104.7	558,620	100.6	261,986	118.9	51	82.3	97,411	121.2
1987	873,419	108.7	564,883	101.1	318,967	121.7	48	94.1	107,794	110.7
1988	957,438	109.6	569,842	100.9	379,737	119.1	51	106.3	99,884	92.7
1989	989,265	103.3	547,958	96.2	495,907	130.6	56	109.8	154,429	154.6
1990	1,013,244	102.4	549,479	100.3	529,171	106.7	57	101.8	165,233	107.0
1991	1,130,302	111.6	573,988	104.5	508,003	96.0	52	91.2	106,066	64.2

A. Carcass weight

B. Comparison with previous year

(ii) Prices

According to the rapid expansion of beef imports, wholesale prices of domestic beef except higher grade wagyu beef have fallen significantly. For example, the price of "B-2 grade" dairy steer (which quality is seemed to be almost equal to that of import chilled beef) has fallen by 34 per cent during the past two years (1,217 yen/kg. at June 1989 to 803 yen/kg. at June 1991). The most significant price decline has been seen in "C-1 grade", the lowest grade in Japanese beef grading system, culling cow beef.

A more substantial price decline has been seen in imported beef. Such a significant price decline of imported beef seems to contribute to the expanding of its consumption.

Wholesale Carcass Prices by Tokyo Market

	(¥/kilogram)					
	Wagyu steer A5	Wagyu steer B4	Dairy steer B3	Dairy steer B2	Culling cow C2	Culling cow C1
June 1989	2,576	2,107	1,291	1,217	1,026	869
September	2,564	2,214	1,266	1,270	1,066	937
December	2,698	2,286	1,275	1,195	981	557
March 1990	2,643	2,167	1,229	1,091	873	564
June	2,697	2,232	1,256	931	747	461
September	2,670	2,222	1,245	1,070	758	323
December	2,736	2,285	1,243	1,016	779	329
March 1991	2,690	2,193	1,219	898	623	331
June	2,669	2,013	1,124	803	587	393
September	2,688	2,101	1,112	896	664	324
December	2,825	2,199	1,115	873	655	302
March 1992	2,657	2,042	1,057	736	539	328
June	2,717	2,106	1,049	745	559	372
September						

Beef Prices

	(¥/kilogram)				
	Strip loin	Chilled beef fullset	Aged beef fullset	Chuck and blade	Short plate
June 1989	1,954	1,488	1,268	999	890
September	1,767	1,356	1,146	747	742
December	1,753	1,396	1,178	742	732
March 1990	1,749	1,272	1,127	811	717
June	1,797	1,167	1,084	779	722
September	1,810	1,283	1,129	789	675
December	1,785	1,042	1,043	735	656
March 1991	1,736	1,057	1,033	720	683
June	1,704	923	945	673	614
September	1,621	937	836	627	578
December	1,586	902	827	621	577
March 1992	1,524	986	833	602	516
June	1,691	789	764	522	497
September					

(iii) Stocks

Stock level of imported beef and veal on 31 March 1991 before liberalization of beef was 148 tons. After liberalization, stocks had been decreased.

Stocks of imported beef and veal on 31 August 1992, indicated 91,000 tons in total.

(b) Calves

Reflecting the decrease of wholesale market prices for beef and veal, the prices of calves fell significantly except wagyu calves.

ANNEX

Customs Tariff and Import Measure (1992)

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
01.02		Live bovine animals:					
0102.10	000	Pure-bred breeding animals	Free	(Free)			
0102.90		Other:					
	010	- Buffaloes	Free	(Free)			
		- Other:					
		-- Weighing not more than 300 kg.:					
	091	--- Intended to be brought up to beef cattle: for the quantity (quota) stipulated by a Cabinet Order, on the basis of the quantity of prospective domestic demand in the coming fiscal year (April-March) with deduction of the quantity of prospective domestic production, and also in consideration of international market situation and other relevant conditions.				Free	
	092	--- Other				45,000 yen per each	
	099	-- Other				75,000 yen per each	

No.	Stat. code No.	Description	Rate of duty			Import measure
			General GATT	Prefer- ential	Tempo- rary	
02.01		Meat of bovine animals, fresh or chilled:				
0201.10	000	Carcasses and half-carcasses	(50Z)		70Z*	
0201.20		Other cuts with bone-in				
	010	- Quarter	(50Z)		70Z*	
	090	- Cuts with bone-in	(50Z)		70Z*	
0201.30		Boneless				
	010	- Loin	(50Z)		70Z*	
	020	- Chuck, clod and round	(50Z)		70Z*	
	030	- Brisket and plate	(50Z)		70Z*	
	090	- Other	(50Z)		70Z*	
02.02		Meat of bovine animals, frozen:				
0202.10	000	Carcasses and half-carcasses	(50Z)		70Z*	
0202.20		Other cuts with bone-in				
	010	- Quarter	(50Z)		70Z*	

\* If imported during the period from 1 April 1992 to 31 March 1993 ..... 60Z

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
	090	- Cuts with bone-in	(50%)			70%*	
0202.30		Boneless					
	010	- Loin	(50%)			70%*	
	020	- Chuck, Clod and Round	(50%)			70%*	
	030	- Brisket and plate	(50%)			70%*	
	090	- Other	(50%)			70%*	
02.06		Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen:					
0206.10		Of bovine animals, fresh or chilled:					
	020	- Cheek meat and head meat	(50%)			70%*	
	010	- Internal organs and tongues	(25%)	(15%)		15%	
	090	- Other	25%				

\* If imported during the period from 1 April 1992 to 31 March 1993 ..... 60%

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
		Of bovine animals, frozen:					
0206.21	000	Tongues	(25%)	(15%)		15%	
0206.22	000	Livers	(25%)	(15%)		15%	
0206.29		Other:					
	020	- Cheek meat and head meat	(50%)			70%*	
	010	- Internal organs	(25%)	(15%)		15%	
	090	- Other	25%				
02.10		Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal:					
0210.20	000	Meat of bovine animals	(15%)			190 (yen)/kg.	
0210.90		Other, including edible flours and meals of meat or meat offal					
	020	- Of bovine animals				190 (yen)/kg.	

\* If imported during the period from 1 April 1992 to 31 March 1993 ..... 60%



No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
16.02		Other prepared or preserved meat, meat offal or blood:					
1602.10	000	Homogenized preparations	25%				
1602.20		Of liver of any animal					
	010	- Of bovine animals or swine	25%				
1602.31		Of turkeys:					
	210	- Containing meat or meat offal of bovine animals or swine	25%				
1602.39		Other:					
	210	- Containing meat or meat offal of bovine animals or swine	25%				
1602.49		Other, including mixtures:					
		- Other:					
	290	-- Other	25%				
1602.50		Of bovine animals:					
	100	1. Guts, bladders and stomachs, whole and pieces thereof, simply boiled in water	Free	(Free)			

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
		2. Other					
		(1) Of bovine internal organs and tongues					
210		A. In airtight containers, containing vegetables	25%	(25%)			
290		B. Other	25%				
		(2) Other					
		A. Containing less than 30% of bovine meat and offals (except internal organs and tongues)					
		(a) In airtight containers, containing vegetables					
310		- Containing rice	25%	(25%)			
320		- Other	25%	(25%)			
		(b) Other					
330		- Containing rice	25%				
390		- Other	25%				
		B. Other					

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
	400	(a) Dried after simply boiled in water	25%				
	500	(b) Beef jerky	25%			10%	
	600	(c) Corned beef	25%				
		(d) Other					
	700	- In airtight containers, containing vegetables	25%	(25%)			
	800	- In airtight containers, not containing vegetables, other than chilled and frozen	45%				
		- Other					
	910	-- Simply boiled in water	(50%)			70%*	
	990	-- Other:	(50%)			70%*	
1602.90		Other, including preparations of blood of any animals:					
	210	- Containing meat or meat offal of bovine animals or swine	25%				

\* If imported during the period from 1 April 1992 to 31 March 1993 ..... 60%

No.	Stat. code No.	Description	Rate of duty				Import measure
			General	GATT	Prefer- ential	Tempo- rary	
19.02		Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared:					
1902.20		Stuffed pasta, whether or not cooked or otherwise prepared:					
		(2) Other					
	290	- Other		25%			