GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IMC/INV/10/Rev.3
15 May 1986

Arrangement Regarding Bovine Meat

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).

86-0772

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 heads in 1956. In 1967 this number fell into 1.55 million heads.

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 (2.59 million heads, as of February 1985).

As for 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 1985 the number of households was 298,000. The number of beef cattle raised per farm has steadily increased (e.g. in 1985, 8.7 heads 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 beef industry in Japan

Beef production in Japan plays a major rôle in the securing of income for the 298,000 farm households raising beef cattle. Sixty-four per cent of domestic beef is produced from dairy cattle. Beef production contributes greatly to the securing of income for 82,000 dairy farming households. The share of the production value of beef cattle in gross agricultural output was some 4.2 per cent (¥497 billion) in 1984.

Furthermore, because it necessitates production of coarse feed, the beef production serves to promote the converted use of paddy fields resulting from the overproduction 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 wild 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 increase in productivity.

Supplies of Beef by Different Category (Boneless Weight Basis)

(unit: 1,000 tons)

	1981	1982	1983	1984	1985
Domestic beef	333(100)	338(100)	353(100)	377(100)	389(100)
Beef cattle	96(29)	102(30)	119(34)	140(37)	141(36)
Dairy cattle	236(71)	235(70)	233(66)	236(63)	248(64)
Dairy steer	122(37)	121(36)	120(34)	122(32)	126(32)

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

Note: Figures in ( ) are shares (%).

Average Per-Household Numbers of Cattle Raised

(unit: heads)

	1965	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Beef-cattle raising	1.3	2.0	3.9	4.2	4.7	5.1	5.5	5.9	6.5	7.0	7.6	8.2	8.7
To produce offspring	-	-	2.1	2.2	2.3	2.4	2.4	-	2.7	2.9	3.0	3.1	-
Dairy cattle	-	-	8.5	9.4	10.6	12.7	14.7	16.5	17.5	20.3	22.9	26.3	29.8
Dairy farming	3.4	5.9	11.2	12.3	13.0	15.3	16.8	18.1	19.8	21.3	22.7	24.1	25.6

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	Share
	billion yen	%
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
1981	504.6	4.7
1982	494.1	4.6
1983	488.8	4.4
1984*	496.6	4.2

*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 to promote the production of beef cattle. For example, following loan programme operated by the Agriculture, Forestry and Fisheries Finance Corporation are available to beef cattle farmers.

1 April 1986

Kinds of funds	Project eligible for loans	Interest rate (per annum)	Maximum period of loan	Maximum period of deferment
Comprehensive Facilities Fund	Acquisition of facilities (farmland, uncultivated land, fruit-trees, flowering plants, livestock, or farming or livestock sheds, etc.) for fostering viable farm managements. Purchase of livestock	5.0%	25 yrs.	10 yrs.
Agriculture Improvement Project Promotion Fund	New or replanting of fruit-trees, etc.; purchase of milk cows, breeding cows or breeding swine; 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 6.4% 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, and also with a view to securing the reproduction of beef.

(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 range established by the Government.

(iv) The Price Stabilization System of Japan is to maintain the wholesale price of domestic beef within the Stabilization Price range through market interventions by the LIPC.

Stabilization Price

(yen per kilogram)

Beef (carcass)	Fiscal year	Upper stabilization price	Lower stabilization price
Wagyu-steers (Japanese native beef cattle) (Second grade)	1981	1,817	1,399
	1982	1,820	1,400
	1983	1,820	1,400
	1984	1,820	1,400
	1985	1,820	1,400
	1986	1,820	1,400
Dairy-steers (Second grade)	1981	1,452	1,118
	1982	1,455	1,120
	1983	1,455	1,120
	1984	1,455	1,120
	1985	1,455	1,120
	1986	1,420	1,090

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)

(yen per kilogram)

Calendar year	Wagyu-steers (second grade)	Dairy-steers (second grade)
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	1,801	1,312

Retail Price (Tokyo)

(yen per 100 gram)

Calendar year	Beef (second grade)
1975	271
1976	316
1977	315
1978	309
1979	315
1980	339
1981	336
1982	342
1983	351
1984	357
1985	351

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-hoofed 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.

(iii) Import permit area of unprocessed meat of cloven-hoofed animals into Japan should meet all the following requirements:

- free from malignant infectious diseases above-mentioned;
- no vaccination against above-mentioned diseases;
- existence of the appropriate laws and regulations above-mentioned, etc. Presently, the areas from which imports of unprocessed meats into Japan are permitted, total 21 (e.g. United States, Canada, Australia, New Zealand, Norway, Sweden and Finland).

(e) Policy regarding quantitative restrictions on import

Beef import quota is determined twice a year (first half and second half) taking into account the recent domestic supply and demand situation.

Ninety per cent of total quota is for the general use and the rest is for special uses (e.g. for hotel and school lunch).

In accordance with the Livestock Products Price Stabilization Act, the Livestock Industry Promotion Corporation (LIPC) purchases imported beef for the general use and sells such imported beef taking into account domestic supply and demand situation, so as to stabilize the beef price.

Tariff items under import restrictions are shown in Annex.

Trend of quota allocation (boneless weight basis)

(unit: ton)

		1978*	1979	1980	1981	1982	1983	1984	1985
Quota	General quota	95,000	116,500	119,000	111,000	119,200	125,200	133,200	141,400
	Special quota	17,000	18,000	15,800	15,800	15,800	15,800	16,800	17,600
	Total	112,000	134,500	134,800	126,800	135,000	141,000	150,000	159,000

*Japanese fiscal year

The Government of Japan, based on its current assessment of the supply-demand situation of beef for the years up to JFY 1987, estimates Japan's imports in JFY 1987 to be 177,000 tonnes and will endeavour, through the available mechanisms under the relevant laws and regulations in force in Japan, to bring the actual supply-demand (including imports) in line with this estimate.

The increase of 36,000 tonnes over the JFY 1983 level will be distributed approximately equally each year.

(a) The Government of Japan is of the view that, under a stable supply-demand situation, the annual import level of chilled beef, which will be imported on a global basis, will be retained at 24,000 tonnes up to JFY 1987.

In case of fluctuations in the supply-demand situation the annual import level may fall below 24,000 tonnes.

(b) The Government of Japan is of the view that, under a stable supply-demand situation, the imports of aged beef, which will be imported on a global basis, will be 14,000 tonnes in JFY 1987.

The increase of 4,000 tonnes over the current level (10,000 tonnes annually) will be phased in incrementally in even amounts each year.

(c) The Government of Japan will exert efforts to exploit the demand for high-quality beef with a view to realizing in JFY 1987, the importation of 58,400 metric tons of high-quality beef, within the special and general quotas on a global basis. The increase of 27,600 metric tons over the JFY 1983 level will be phased in incrementally in even amounts each year.

(d) The hotel quota will be increased from the current 3,000 metric tons per year to 4,000 metric tons per year in JFY 1984 and will be maintained at that level through JFY 1987.

The Government of Japan is of the view that Japan's beef imports will increase in the years immediately after JFY 1987.

ANNEX

Customs Tariff and Import Measure (1985)

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Preferential	Temporary	
01.02		Live animals of the bovine species	(Free)				
		Bovine other than buffaloes:					
	100	Certified as being those used for ameliorative multiplication by the means stipulated by a Cabinet Order	Free	(Free)			
		Other:					
		Weighing not more than 300 kg. per head:					
	911	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	
	912	Other				45,000 (yen)/ head	

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer-ential	Temporary	
01.02 (cont'd)	919	Other				75,000 (yen)/ (head)	
	920	Buffaloes	Free	(Free)			
02.01		Meat and edible offals of the animals falling within heading Nos. 01.01, 01.02, 01.03 or 01.04, fresh, chilled or frozen:					
		1 Meat and meat offals, of bovine animals	25%				
		Meat, fresh or chilled:					
	111	With bone in					IQ
	119	Other					IQ
		Meat, frozen:					
	121	With bone in					IQ
	129	Other					IQ
		Meat Offals:					
	131	Internal organs and tongue		(16.3)		15	
	139	Other					IQ

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Preferential	Temporary	
16.02		Other prepared or preserved meat or meat offal:					
	100	1 Guts, bladders and stomachs of animals, whole and pieces thereof, simply boiled in water	Free	(Free)			
		2 Other:					
		(1) Dried after simply boiled in water					
	210	Containing meat or meat offal of bovine animals or pigs	15%				IQ
		(2) Other	25%				
		Containing meat or meat offal of bovine animals or pigs:					
		In airtight containers:					
	221	Corned beef					IQ
		Other:					
	222	Containing vegetables		(25%)			IQ
	222	Other					IQ
		Other:					
	223	Simply boiled in water					IQ
	224	Other					IQ