

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/10/Rev.6

5 December 1989

## TARIFFS AND TRADE

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).

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 (2.651 million head, as of February 1989).

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 1989 the number of households was 246,100. The number of beef cattle raised per farm has steadily increased (e.g. in 1989, 10.8 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 246,100 farm households raising beef cattle. Sixty-eight per cent of domestic beef is produced from dairy cattle. Beef production contributes greatly to the securing of income for 66,700 dairy farming households. The share of the production value of beef cattle in gross agricultural output was some 6.0 per cent (¥ 631 billion) in 1987.

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)

	1983	1984	1985	1986	1987	1988
Domestic beef	353(100)	377(100)	389(100)	391(100)	396(100)	398(100)
Beef cattle	119 (34)	140 (37)	141 (36)	142 (36)	132 (33)	128 (32)
Dairy cattle	233 (66)	236 (63)	248 (64)	249 (64)	263 (66)	269 (68)
Dairy steer	120 (34)	122 (32)	126 (32)	129 (33)	137 (35)	142 (36)

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	1981	1982	1983	1984	1985	1986	1987	1988	1989
Beef cattle raising	2.0	3.9	5.9	6.5	7.0	7.6	8.2	8.7	9.2	9.7	10.2	10.8
To produce offspring	-	2.1	-	2.7	2.9	3.0	3.1	-	3.2	3.2	3.3	3.5
Dairy cattle	-	8.5	16.5	17.5	20.3	22.9	26.3	29.8	32.5	35.1	37.7	40.5
Dairy farming	5.9	11.2	18.1	19.8	21.3	22.7	24.1	25.6	26.8	27.5	28.6	30.4

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	544.0	4.6
1985	600.7	5.2
1986	607.4	5.3
1987*	631.0	6.0

Note: \* 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, the following loan programmes operated by the Agriculture, Forestry and Fisheries Finance Corporation are available to beef cattle farmers.

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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 6.5% 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, 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.
- (v) The Japanese Bovine Carcass Grading System was revised on 1 April 1988. The new grading system consists of fifteen grades (3 yield grades x 5 quality grades) compared to 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.

Stabilization Price

		(¥ per kilogramme)	
Beef (carcass)	Fiscal year	Upper stabilization price	Lower stabilization price
Wagyu steers	1981	1,817	1,399
(Japanese native	1982	1,820	1,400
beef cattle)	1983	1,820	1,400
(second grade)	1984	1,820	1,400
	1985	1,820	1,400
	1986	1,820	1,400
	1987	1,780	1,370
Dairy steers	1981	1,452	1,118
(second grade)	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
	1987	1,325	1,020
Steers	1988	1,295	995
([B-2]&[B-3]	1989	1,295	995
grade)			

Average Resale Price of Imported Beef by LIPC

Fiscal year	Resale price
1978	1,141
1979	1,275
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	

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 kilogramme)		
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	1,219 (April-December)	



Retail Price (Tokyo)

(¥ per 100 gramme)

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

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

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

About 90 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 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.

The Government of Japan has notified the CONTRACTING PARTIES to the GATT that beef is subject to State trading operated by the LIPC.

Tariff items under import restrictions are shown in the Annex.

Trend of Quota Allocation  
(boneless weight basis)

	(unit: tons)						
	1983	1984	1985	1986	1987	1988	1989
General quota	125,200	133,200	141,400	149,400	194,000	253,600	309,000
Special quota	15,800	16,800	17,600	18,600	20,000	20,400	25,000
Total quota	141,000	150,000	159,000	168,000	214,000	274,000	334,000

Note: Japanese fiscal year

Annex

Customs Tariff and Import Measure (1989)

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
01.02		Live bovine animals:					
0102.10	000	Pure-bred breeding animals	Free	(Free)			
0102.90		Other:	Free				
	010	-Buffaloes		(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 each	
	099	--Other				75,000 yen each	

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
02.01		Meat of bovine animals, fresh or chilled:					
0201.10	000	Carcasses and half-carcasses	50%			25%	IQ
0201.20	000	Other cuts with bone in	50%			25%	IQ
0201.30	000	Boneless	50%			25%	IQ
02.02		Meat of bovine animals, frozen:					
0202.10	000	Carcasses and half-carcasses	50%			25%	IQ
0202.20	000	Other cuts with bone in	50%			25%	IQ
0202.30	000	Boneless	50%			25%	IQ
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:					
0206.21	000	Tongues	25%	(15%)		15%	
0206.22	000	Livers	25%	(15%)		15%	

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
	010	-Internal organs and tongues	25%	(15%)		15%	
	020	-Cheek meat and head meat	50%			25%	IQ
	090	-Other	25%				
		Of bovine animals, frozen:					
0206.29		Other:					
	010	-Internal organs	25%	(15%)		15%	
	020	-Cheek meat and head meat	50%			25%	IQ
	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.	

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
16.02		Other prepared or preserved meat, meat offal or blood:					
1602.10		Homogenized preparations					
	010	-Containing meat or meat offal of bovine animals or swine, in airtight containers	25%				
1602.20		Of liver of any animal	25%				
	010	-Of bovine animals or swine					
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:					
	291	--In airtight containers	25%				
	299	--Other	25%				

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
1602.50		Of bovine animals:					
	100	1. Guts, bladders and stomachs, whole and pieces thereof, simply boiled in water	Free	(Free)			
		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%)			

No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
		(b) Other					
	330	-Containing rice	25%				
	390	-Other	25%				
		B. Other					
	400	(a) Dried after simply boiled in water	25%				
	500	(b) Beef jerky	25%			10%	IQ
	600	(c) Corned beef	25%				IQ
		(d) Other					
	700	-In airtight containers, containing vegetables	25%	(25%)			
	800	-In airtight containers, not containing vegetables, other than chilled and frozen	25%				IQ
		-Other					
	910	--Simply boiled in water	50%			25%	IQ
	990	--Other:	50%			25%	IQ



No.	Stat. Code No.	Description	Rate of Duty				Import measure
			General	GATT	Prefer- ential	Temporary	
1602.90		Other, including preparations of blood of any animals:					
	210	-Containing meat or meat offal of bovine animals or swine		25%			
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:					
	200	2. Other		25%			