

# GENERAL AGREEMENT ON

RESTRICTED

## TARIFFS AND TRADE

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### Arrangement Regarding Bovine Meat

#### INTERNATIONAL MEAT COUNCIL

The following are replies to questions put to Japan by Australia in IMC/W/61:

1. It is believed that there is no direct relationship of substitution between beef and so-called "diaphragm beef", because the latter is being consumed as internal organs in Japan and its quality and usage are, in general, different from beef. (For this reason "diaphragm beef" is subject to Automatic Approval in the Japanese import system).

The import to Japan of "diaphragm beef" has been increasing recently, but this is due to the increased demand for "diaphragm beef" in restaurants and retail stores which are specialised in internal organs such as intestines and liver.

2. The demand for beef in Japan has been increasing steadily until now. As to the Japanese fiscal year 1987, because of various factors, among others the stagnating growth of household consumption expenditure due to the prevalence of depression caused by the steep appreciation of the yen, it is hard to foresee whether the demand for beef will continue to increase as in the past. In fact, the wholesale prices of dairy beef which is in keen competition with imported beef have recently been dropping steadily. Therefore, we do not anticipate additional beef imports at present.

3. As regards the import mark-up of beef, we have no intention to provide additional information to that already supplied in the notification to the GATT because of, among other things, the necessity of protecting private commercial interests. In calculating the import mark-up of beef contained in the notification mentioned above, we have not disaggregated the figures into grass fed and grain fed beef and such breakdown is not available.

As to the results of research by the Australian Bureau of Agricultural Economics indicating that the import mark-up of grain fed beef is significantly less than for grass fed beef, we are of the view that they are based on insufficient data not covering all categories of beef imported by L.I.P.C., and the Bureau itself accepted our view when we had an exchange of views last May.