

GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/10/Rev.9

2 December 1991

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 were 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 (2.796 million head, as of February 1991).

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 1990 the number of households was 232,200. The number of beef cattle raised per farm has steadily increased (e.g. in 1991, 12.7 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 232,200 farm households raising beef cattle. Sixty-three per cent of domestic beef is produced from dairy cattle. Beef production contributes greatly to the securing of income for 63,300 dairy farming households. The share of the production value of beef cattle in gross agricultural output was some 6.6 per cent (¥ 732 billion) in 1989.

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 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 an increase in productivity.

Supplies of Beef by Different Category (Boneless Weight Basis)

(Unit: 1,000 tons)

	1985	1986	1987	1988	1989	1990
Domestic beef	389 (100)	391 (100)	396 (100)	398 (100)	384 (100)	385 (100)
Beef cattle	141 (36)	142 (36)	132 (33)	128 (32)	133 (35)	142 (37)
Dairy cattle	248 (64)	249 (64)	263 (66)	269 (68)	250 (65)	242 (63)
Dairy steer	126 (32)	129 (33)	137 (35)	142 (36)	136 (35)	133 (35)

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	1982	1983	1984	1985	1986	1987	1988	1989	1990
Beef-cattle raising	2.0	3.9	5.9	7.0	7.6	8.2	8.7	9.2	9.7	10.2	10.8	11.6
To produce offspring	-	2.1	-	2.9	3.0	3.1	-	3.2	3.2	3.3	3.5	-
Dairy cattle	-	8.5	16.5	20.3	22.9	26.3	29.8	32.5	35.1	37.7	40.5	45.5
Dairy farming	5.9	11.2	18.1	21.3	22.7	24.1	25.6	26.8	27.5	28.6	30.4	32.5

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

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.

1 April 1991

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 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.

Stabilization Price

(¥ 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
	1987	1,780	1,370
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
	1987	1,325	1,020
Steers ([B-2] & [B-3] grade)	1988	1,295	995
	1989	1,295	995
	1990	1,285	985
	1991	1,250	960

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

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		1,259

Retail Price (Tokyo)

(¥ 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

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 (except to sell stocks held by LIPC on 31 March 1991).

Tariff items under import restrictions are shown in the 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	30,00
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 dairy 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, 2)

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	68,769	112.7
1986	803,382	104.6	558,620	100.6	261,986	118.9	51	82.3	85,941	125.0
1987	875,161	108.9	564,883	101.1	318,967	121.7	48	94.1	94,583	110.1
1988	958,788	109.6	569,842	100.9	379,737	119.1	51	106.3	85,323	90.2
1989	994,310	103.7	547,958	96.2	495,907	130.0	56	109.8	134,821	158.0
1990	1,069,416	107.6	549,423	100.3	529,171	106.7	57	101.8	143,943	106.8

- 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.

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

Wholesale Carcass Prices by Tokyo Market

(¥ per 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						

Beef Prices

(¥ per kilogram)

	Storip 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

(iii) Stocks

Stocks of imported beef and veal on 31 August 1991, indicated 84,000 tons in total (120,000 tons on carcass weight basis) as well as 39,000 tons held by LIPC (56,000 tons on carcass weight basis). Stocks held by LIPC are expected to be sold deliberately on the wholesale market.

(b) Calves

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