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Japan

Livestock and Products

Beef Safeguard Calculation Announced for JFY 2009 2008

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Report Highlights: For the fourth year in a row, it is likely that Japan will use a 'special' method of calculating its beef import safeguard in JFY 2009. This method of safeguard calculation, under some circumstances, could prevent additional duties being levied on imported beef in the event of an import surge. However, access for U.S. beef is still severely constrained by age restrictions and complicated import controls. There is currently no evidence of an overall surge in beef imports into Japan.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Tokyo [JA1]
[JA]

On December 12, the Japan's Tariff and Foreign Exchange Council recommended extending the current beef safeguard calculation for another year. When implemented, the safeguard calculation method will be used for Japanese fiscal year (JFY) 2009 (April 01 – March 31). The Council's recommendation is expected to be approved by the Diet (parliament) before April 2009.

When adopted, additional duties will not be levied unless beef imports exceed 117% of average 2002 and 2003 levels or 117% of the previous year imports, whichever is higher. If the safeguard were to be triggered, the duty on beef imports would rise from 38.5% to 50%. This will be the fourth year in a row that Japan's Ministry of Agriculture, Forestry and Fisheries has managed the beef safeguard under this special measure.

Below is our preliminary calculation for the first two quarterly trigger levels (April – June 09 and April - September 09) of JFY 2009. This estimate has been made for both chilled beef and for frozen beef based on year to date imports for JFY 2008.

Chilled Beef

Chilled Beef

1st Quarter (April – June 09)

1st - 2nd Quarter (April – Sept. 09)

Quarterly Trigger Levels

74,339 MT (117% Average of 2002 – 2003)

152,455 MT (117% Average of 2002 – 2003)

Note: 2008 chilled beef import levels remained relatively low (year to date), mainly due to a decline in Australian supplies. Thus, the JFY 2009 chilled product trigger levels will be based on 117% of the average 2002 – 2003 imports as specified by the special measure. Starting from a much lower base, Japanese imports of American beef (chilled) shot up 86% or 18,673 MT over the same period. This reflects increased market acceptance and indicated strong market potential if age restrictions and other measures against U.S. beef were to be dropped.

Frozen Beef

1st Quarter (April – June 09)

1st - 2nd Quarters (April – Sept. 09)

Quarterly Trigger Levels

83,263 MT (117% of April – June 08)

164,488 MT (117% of April – Sept. 08)

Note: For frozen beef, the JFY 2009 product trigger levels will be based on 117% of the previous year 2008 imports, as specified by the special measure trigger levels.

Trigger levels for April – December period will be calculated once the actual imports are announced.

Table 1 – Monitoring of Japanese Beef Imports and Safeguard for JFY 2008 (YTD)

Chilled Beef	Trigger Level	Actual Imports			
	Quarterly Cum.	Quarterly Cum	April	May	June
I (Apr. – Jun.)	74,339	52,403	16,621	17,766	18,016
			July	August	September
I - II (Apr. - Sept.)	152,455	104,004	18,609	16,982	16,010
			October	November	December
II - III (Apr. - Dec.)	230,642	104,004	0	0	0
			January	February	March
III - IV (Apr. - Mar.)	292,354	104,004	0	0	0
Frozen Beef	Trigger Level	Actual Imports			

	Quarterly Cum.	Quarterly Cum.	April	May	June
I (Apr. - Jun.)	82,947	71,165	21,940	20,403	28,822
			July	August	September
I - II (Apr. - Sept.)	160,040	140,588	20,537	28,693	20,193
			October	November	December
II - III (Apr. - Dec.)	246,871	140,588	0	0	0
			January	February	March
III - IV (Apr. - Mar.)	323,924	140,588	0	0	0
Source: Ministry of Finance (ALIC Monthly)					