

FACT SHEET on Provisions of the U.S.- Japan Trade Agreement Beef and Beef Products

U.S. exports of beef and beef products to Japan currently face a competitive disadvantage. Major U.S. competitors in the Japanese market, including Australia, Canada, and New Zealand receive preferential market access treatment under CP-TPP. The U.S.-Japan Trade Agreement is necessary for U.S. exports of beef and beef products to remain competitive.

In 2018, the United States exported \$2.1 billion of beef and beef products to Japan. Japan is the United States' largest export market for beef, based on value. Under this agreement, the United States will obtain market access conditions equal to CP-TPP countries, with tariffs for fresh, chilled, and frozen beef reduced from 38.5 percent to 9 percent in 15 years. Additionally, Japan will eliminate tariffs on processed beef products, including beef jerky and meat extracts, which are as high as 50 percent, in 5 to 15 years.

Japan's WTO beef safeguard will no longer be applicable to U.S. beef. Instead, U.S. fresh, chilled, and frozen beef will be subject to an annual U.S.-specific safeguard, which will begin at 242,000 metric tons, and will grow 4,860 metric tons per year beginning in Year 3 through Year 9. Growth in Years 10 to 14 will be 2,420 metric tons, and beginning in Year 15, the growth will return to 4,840 metric tons. If triggered, the safeguard duty would be equivalent to the safeguard duty that a CP-TPP country would pay if it triggers the CP-TPP safeguard. Japan would cease applying any safeguard if the safeguard is not triggered for four consecutive fiscal years after year 14.

Unique to this agreement, Japan and the United States will consult to agree on adjusting the conditions for the safeguard trigger level under two scenarios. First, Japan and the United States will consult in year 4 of the agreement should Japan negotiate modifications to the safeguard measure with CP-TPP countries. Second, Japan agrees to consult to adjust the applicable safeguard trigger level to a higher level if the safeguard is ever triggered. The consultation mechanism is elaborated in a side letter.

The United States has agreed to enter into a side letter that the United States will change its WTO beef tariff-rate quota (TRQ) country allocations to eliminate Japan's 200 metric tons country specific allocation and increase the "other countries or areas" allocation to 65,005 metric tons. Such action will allow Japan to compete against other countries for access to the "other countries or areas" quota allocation.