

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

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

In 2018, the United States exported \$1.6 billion of pork and pork products to Japan. Japan is the United States' largest export market for pork, based on value. Under this agreement, the United States will obtain market access conditions equal to the CP-TPP agreement. Tariffs on muscle cuts will be eliminated over 9 years, and tariffs on processed pork products, such as the 20 percent tariff on ground seasoned pork, will be phased down to zero in Year 5. Certain fresh and frozen pork products will continue to be subject to Japan's gate price mechanism, but the maximum gate price duty will decline from 482 yen to 50 yen per kilogram by Year 9. This development could open up Japan's lucrative market for less expensive pork cuts to U.S. exporters.

Japan's WTO pork safeguard will no longer be applicable to U.S. pork. Instead, Japan will create a new transitional safeguard mechanism, similar to the one in CP-TPP, for fresh, chilled and frozen pork. For the first three years, fresh, chilled, and frozen pork cuts will be subject to a U.S.-specific safeguard that will allow for temporary duty increases when imports from the United States exceed 112 percent of the largest import volumes in the preceding three years. For Years 4 through 5, Japan may apply a safeguard for pork imports above a threshold price if the quantity of pork imports from the United States exceeds 116 percent of the largest import volumes in the preceding three years. For imports below the threshold price, the safeguard will be applied if an aggregate volume of U.S. and CP-TPP quantities exceed 90,000 MT in Year 4 and 102,000 MT in Year 5. For years 6 through 10, Japan may apply a safeguard for pork imports above a threshold price if the quantity of pork imports from the United States exceeds 119 percent of the largest import volumes in the preceding three years. For imports below the threshold price, the safeguard will be applied if an aggregate volume of U.S. and CP-TPP quantities exceed 114,000 MT in Year 6; 126,000 MT in Year 7; 138,000 in Year 8; and 150,000 MT in Years 9 and 10. The safeguard will be terminated at the end of year 10. Japan has also agreed to renegotiate the safeguard trigger volume if the safeguard is implemented in two years in a consecutive three-year period.

Japan may apply a quantity-based safeguard for U.S. processed pork as well in Years 1 through 10, similar to the safeguard measure in CP-TPP. For Year 1, Japan may apply a safeguard measure if import volumes from the United States exceed 115 percent of the largest import volumes in the preceding three years; for years 2 through 5, if import volumes from the United States exceed 118 percent of the largest import volumes in the preceding three years; and for years 6 through 10, if import volumes from the United States exceed 121 percent of the largest import volumes in the preceding three years. This safeguard will also be terminated at the end of year 10.