

The Impact of Japan's Trade Agreements and Safeguard Renegotiation on U.S. Access to Japan's Beef Market

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What Is the Issue?

Japan and its major beef trading partners recently entered into four trade agreements (TAs), including the U.S.-Japan Trade Agreement (USJTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP),¹ the Japan-EU Economic Partnership Agreement (Japan-EU EPA), and the Japan-UK Comprehensive Economic Partnership Agreement (Japan-UK EPA). These agreements reduce, in annual steps, the tariff rates that Japan applies to beef and beef product imports and include safeguards, which are temporary import restrictions that apply an increased tariff rate to any volume of imports over a specified trigger level. Because of differences in the safeguard trigger levels in the CPTPP and USJTA, CPTPP countries were likely to gain some of Japan's market share at the expense of the United States. However, when U.S. exports reached the USJTA safeguard trigger level in March of 2021, a renegotiation of the safeguard mechanism began, as per the requirements of the USJTA. The USJTA safeguard was renegotiated to a triple trigger system that was finalized in November of 2022.



What Did the Study Find?

This study estimates the impact of these TAs on Japan's beef market when the tariff reduction process will be halfway and fully implemented—in Japanese fiscal year (JFY) 2028/29, which runs from April 1, 2028, to March 31, 2029, and JFY 2033/34—utilizing four scenarios with different assumptions for the safeguards (table 1). Scenario 1 analyzes the impact of the tariff reductions stipulated in TAs absent safeguard tariffs. In JFY 2028/29, this study estimates that Japanese beef production will be 11.7 percent lower and imports will be 17.2 percent higher than 2018 levels. For the same JFY, imports from the United States and CPTPP countries are estimated to increase by \$267.4 million and \$349.6 million, respectively, from the 2018 baseline. Results for the United States, however, suggest its exports will likely trigger over-safeguard duties in JFY 2028/29 under both the original and renegotiated USJTA safeguard systems, while CPTPP exports will not. These safeguard systems both include a

¹ The CPTPP signatories are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

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30-day minimum duration requirement that can run into the next fiscal year, which will reduce the U.S. export gain by \$6.6 million to a \$260.8-million total gain (scenarios 2 and 3). Scenario 4 analyzed the renegotiated safeguard while excluding the 30-day minimum duration requirement, which reduced the length of time that over-safeguard tariffs would be applied to 12 days, thereby increasing the gain in U.S. exports by \$3.9 million to \$264.7 million.

By JFY 2033/34, Japan's beef production is estimated to decline by 17.2 percent, while imports are estimated to increase by 26.6 percent relative to 2018 levels, with exports from the United States and CPTPP countries increasing from 2018 baseline values by \$413.8 million and \$541.0 million, respectively. Results for scenarios 2 and 3 suggest U.S. exports would trigger over-safeguard tariffs under both safeguard systems. Tariffs would be in place for 34 days under the original system and for 30 days under the renegotiated system due to the 30-day minimum duration requirement. Scenario 4 further reduced the length of time over-safeguard tariffs would be applied to 25 days, which would benefit U.S. exporters more than either the original or renegotiated safeguard systems but would not fully remedy the U.S. disadvantage relative to CPTPP competitors since U.S. exports were estimated to increase by \$389.3 million, which is \$24.5 million lower than if safeguard tariffs were not triggered.

Table 1
Changes in Japan's beef imports from the United States and CPTPP countries from 2018 baseline to JFY 2028/29 and JFY 2033/34 (million U.S. dollars)

Scenario	Description	Exports			
		JFY 2028/29		JFY 2033/34	
		United States	CPTPP	United States	CPTPP
1	With tariff reductions in four TAs but without safeguards	267.4	349.6	413.8	541.0
2	With tariff reductions in four TAs and with original USJTA safeguard	260.8	353.1	375.7	562.7
3	With tariff reductions in four TAs and with renegotiated USJTA safeguard	260.8	353.1	380.8	559.8
4	With tariff reductions in four TAs and with renegotiated USJTA safeguard but without 30-day minimum duration	264.7	351.0	389.3	555.0

CPTPP = Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which includes Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. JFY = Japanese fiscal year, which begins April 1 of the first year and ends March 31 of the following year. USJTA = U.S.-Japan Trade Agreement.

Source: USDA, Economic Research Service calculations using the Global Trade Analysis Project (GTAP) model.

How Was the Study Conducted?

This report gathered data on production, consumption, bilateral trade, and demography using sources such as Trade Data Monitor (TDM), the Food and Agriculture Organization of the United Nations (FAO), and the Japanese Ministry of Agriculture, Forestry, and Fisheries (MAFF). The Global Trade and Analysis Project (GTAP) computable general equilibrium model was used to analyze the likely impact of the various TAs, using the year before Japan's first TA went into effect in 2018 as the baseline to reflect prevailing trade conditions before the TAs were implemented.