



CATTLE COUNCIL OF AUSTRALIA

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JAPANESE SNAPBACK "DEFINITELY POSSIBLE".

The Cattle Council of Australia has rated as "definitely possible" the likelihood of the trigger being reached that will impose the "snapback" tariff increase on Australian chilled beef imports to Japan.

The tariff safeguard (or "snapback") is triggered in the event that cumulative imports into Japan for the quarter exceed the previous year by 17%. This is calculated separately for chilled and frozen beef. In the event that the trigger is reached, the import tariff for the remainder of the Japanese fiscal year will rise from 38.5% to 50%. This could come into effect in as early as August this year, and would continue until the end of March 2006.

Cattle Council President Bill Bray said "Chilled beef trigger levels for 2005 are unusually low due to the absence of US beef from the Japanese market (due to BSE) and the time taken by the Australian industry to adjust to the increased demand for our product."

Australia has provided a record amount of product to Japan in 2004. Japan became the main destination for Australia's beef exports in 2004 in terms of volume as well as value, with around 393,000 tonnes shipped in a 12 month period. By April this year the industry had shipped 136,000 tonnes.

"The safeguard triggers are put in place under the provisions of the World Trade Organisation to prevent one country dumping product onto another. In this instance however, the trigger levels have been met as a result of a major importer being withheld from a market, and another taking up the slack."

"The safeguards are designed to protect markets, yet in this instance if the snapback is triggered, the immediate impact will be felt by the consumers in Japan who will find that the price of their beef increases substantially as importers endeavour to recoup the costs of the tariff increase."

"Imposing the snapback in this instance is legal, but senseless. Japanese consumers are regaining their confidence in beef, recovering after the declines in consumption caused by the BSE scares in Japan, the US and Canada. They are now already paying a premium for the food safety security that our Australian beef provides, and it would be absurd for the Japanese Government to put in place a barrier which will now discourage Japanese consumers by placing additional costs on imported product", Mr Bray concluded.

**For more information – contact Bill Bray (CCA President) 0429 307 561
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Backgrounder: The “Snapback” explained

- Each year the Japanese Diet (ie: Government) passes legislation (called the Temporary Tariff Measures Law) to reduce tariffs from their bound rates to specified applied rates on a range of commodities.
- The beef snap-back provision was included in the WTO Uruguay Round outcome. It applies to imports from all supplier countries, and came into effect from the beginning of 1995 (1 April 1995) and was designed to protect the Japanese domestic beef industry from a surge in imports (ie: dumping).
- The safeguard applies separately for chilled and frozen product and the trigger operates on an accumulating quarterly basis. The beef snapback measure allows beef tariffs to increase from 38.5 per cent to 50 per cent if beef imports exceed 17 per cent growth over the corresponding quarter of the previous year.
- Thus if the volume of exports to Japan in any quarter (January-March, April-June, July-September, or October-December) exceed 117% of the same quarter in the previous year, then the 11.5% increase in tariff rates occurs automatically. This increased rate will continue until the 31st of March in the following year.
- There is a discretionary capability within the legislation that allows for the Diet to choose to continue the lower rate tariff in the instance of the 117% trigger.

Japan is Australia’s single largest export market for beef, both in value and volume terms. The ongoing beef meat trade with Japan is crucial to both the consumers in Japan, and of course the Australian Red-meat sector.

Australia supplies over 361,000 tonnes of beef to Japan, which accounted for more than 90% of Japan’s total beef exports in 2004. Some of this dominance by Australian product can be attributed to the BSE instigated exclusion of the US from the Japanese market.

Australian exports of beef to Japan were at record levels in 2004, with value up 62% to A\$2.25 billion.