US Supply Chains Face Tariff Increase on Beef Exports to Japan, Unlike Member Countries of the CPTPP

Tuesday, March 19, 2019

US beef companies shipping to Japan likely will have to pay higher tariffs beginning in May due to the United States’ rejection of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). To protect its own beef industry, Japan increases tariffs on frozen beef imports if import volumes pass a certain threshold, which Japan is now approaching. However, Japan exempts CPTPP members from the tariff increases. Hence, most major beef exporters to Japan, such as Canada, New Zealand, and Mexico will be exempt from the tariff increases.

The United States therefore faces a tariff increase from 38.5% to 50% on beef exports through March 2020 (relative to the 26.6% tariff imposed on CPTPP members). To some extent, this has happened before; Japan’s tariff increase on beef was most recently triggered in 2017. However, at that time, the United States’ main beef competitors were subject to the same increase as non-US suppliers.

This also may be the tip of the iceberg. CPTPP members may have a competitive tariff advantage over US suppliers in Japan for other food products, including wheat and pork. These issues will likely loom over the upcoming trade talks between the United States and Japan. Negotiations regarding a free trade agreement between the US and Japan are set to begin in April, and President Trump plans to visit Japan in May.

© Copyright 2019 Squire Patton Boggs (US) LLP

Source URL: https://www.natlawreview.com/article/us-supply-chains-face-tariff-increase-beef-exports-to-japan-unlike-member-countries