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Author	安藤, 光代(Ando, Mitsuyo) 木村, 福成(Kimura, Fukunari)
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Japanese FTA/EPA Strategies and Agricultural Protection *

By

Mitsuyo Ando⁺

and

Fukunari Kimura

Abstract

This paper critically reviews agricultural protection in Japan in the era of regionalism. From detailed investigation on Japanese import patterns and trade barriers for agricultural products in its major FTAs/EPAs, we found a certain degree of liberalizing effects from FTA/EPA negotiations, particularly in “sectors being liberalized”. However, agricultural products under “structural protectionism” and “local protectionism” tend to be classified as those excluded from tariff removal or re-negotiated. Furthermore, complicated protection structure remains. With multilateral liberalization stuck, agricultural protection may severely constraint the degree of freedom in strategic moves. Japan should be serious in agricultural sector reform for its own benefit.

JEL Classification

F14, F15, Q17

Key Words

free trade agreements, regionalism, GATT/WTO, agriculture protection, Japanese trade policy

1. Agricultural protection in Japan

Agricultural protection in Japan is one of the most notorious examples of trade protection in the world. Japan, as a whole, thinks much of the value of free trade because its post-WWII economic growth has heavily depended on imports of food and natural resources and free access to foreign markets for manufactured products. Japan is also one

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⁺ Corresponding author: Mitsuyo Ando, Associate Professor, Faculty of Business and Commerce, Keio University.

of the largest beneficiaries of international production/distribution networks developed in East Asia since the 1990s, which has been backed by extensive trade liberalization and facilitation. Agricultural protection, however, has seriously degraded the reputation of Japanese trade policies.

The cost of trade protection has been well analyzed by economists. In the partial equilibrium approach to the standard welfare analysis, trade protection causes a loss in domestic consumer surplus and a loss for foreign exporters' welfare while it generates a gain in domestic producer surplus, ending up with an overall loss in efficiency. The hierarchy of various types of policies has also been well established. Border measures including trade policies are in general less efficient than direct producer subsidies. Quantitative restrictions and other non-tariff measures (NTMs) are quite often more distortive than simple ad-valorem tariffs. Although the agricultural lobby in Japan frequently points to the logic of "food security" and "multi-functionalism" based on a shaky argument of market failure, it can hardly be a convincing argument to justify extremely high border barriers.

Agriculture is not a quantitatively important industrial sector in Japan anymore. The share of agriculture, forestry, and fishery sector in Japan's total GDP has steadily declined and has reached as low as 1.5% by 2005¹. Nevertheless, agricultural protection remains because of the robust structure of political economy; agricultural lobby is strong in Nagata-cho (politicians' quarter in Tokyo) and Kasumigaseki (where most of the ministries are located). In addition, general public and mass media are often tolerant for declining industries, which is typical in developed countries but is in an extreme manner in Japan. OECD's producer support estimate (PSE) in 2003 suggests that one Japanese consumer bears over US\$100 for rice protection and about US\$350 for overall agricultural protection, which are heavy but not a non-tolerable level of cost bearing².

The other side of coin of agricultural protection is massive imports of agriculture-related products. Japan is actually one of the largest, most active importers of various agricultural products in the world. Agricultural protection in Japan thus necessarily has a complicated structure across products. There are at least three tiers in Japanese agricultural protection. The first tier includes products under "structural protectionism." For those products, the number of domestic producers as well as production locations is relatively large and scattered so that protection is designed to be highly complicated and resilient. Rice is a typical product in this category; animal meat including beef, pork, and chicken has some elements of this type. The second tier consists of products under "local protectionism." The number of producers as well as the geographical extension of production is narrowly limited, and the spike of protection is often accompanied with a specific powerful politician. Products in this category include sugar, molasses, barley, konnyaku, pineapples, bananas (on behalf of protecting apples), and others³. The third tier contains "sectors being liberalized." In the past round negotiations, particularly

¹This figure is calculated, based on values of GDP classified by economic activities, which are available from National Accounts for 2005 (93SNA) on the website of Cabinet Office, Japan (<http://www.esri.cao.go.jp/jp/sna/toukei.html>).

²Per capita agriculture protection cost used to be much higher; for instance in 1995 it is over US\$200 for rice and over US\$500 for all. These figures are calculated by using population, exchange rate, and PSE that is available from OECD (2007).

³Bananas are barely produced in Japan. One reason behind seasonal tariffs with high protection (higher in winter and lower in summer) is that bananas used to be considered as complements of apples, and thus sales of bananas were thought to reduce sales of other domestically produced fruits, particularly apples in winter if prices of bananas were lower. See Honma (2006) for the details on the issues of tariffs on bananas.

in the Uruguay Round, a wide range of trade liberalization was realized for products including various kinds of vegetables and fruits, forestry products, seafood, and others, which include asparagus, pepper, melon, avocado, mango, coffee, plywood, tuna, salmon, and shrimp/prawn. While some low tariffs are still left for these products, preferential arrangements for less developed countries (LDCs), i.e., GSP (Generalized System of Preferences), are often applied⁴. These three tiers have different types of protection in different politico-economic background and thus should be dealt with in distinctive ways.

The driving force of reducing agricultural protection has for long been WTO agricultural negotiations. Given negotiations for the Doha Development Agenda stalled, however, negotiating resources of countries in the world are evidently shifting to regionalism. What would be the implication of agricultural protectionism in the era of regionalism? Do FTA (free trade agreement) negotiations work as a liberalizing force for agriculture? What sorts of constraints on FTA negotiations are induced by agricultural protection? Are Japanese FTAs “partial” or “dirty”? What would be the cost of protectionism in the era of regionalism? Agricultural protection requires new evaluation in a new environment of international commercial policy regime.

This paper focuses on recent Japanese FTA/EPA (economic partnership agreement) strategies and examines the implication of agricultural protectionism in the era of regionalism. Section 2 discusses agriculture protection and FTAs, and Section 3 evaluates the degree of trade liberalization in agriculture, fishery, and forestry sectors in major EPAs concluded. Section 4 discusses the prospects for further Japanese FTAs/EPAs, focusing on selected potential FTAs/EPAs under negotiation or study, from the viewpoint of agricultural protection, and Section 5 concludes the paper.

2. Agricultural protection and FTAs

Although both GATT/WTO negotiations and FTA negotiations pursue freer trade, their approaches are substantially different, particularly in the context of agricultural protection. GATT/WTO agricultural negotiations have a long tradition of encouraging substantial domestic reform in the agricultural sector of member countries. They cover not only import restrictions such as tariffs and other trade barriers but also export subsidies, domestic support, and others. In addition, the outcome of reform is to be applied on a MFN (most-favored-nation) basis, based on the non-discrimination principle. In cases of FTA negotiations, on the other hand, trade liberalization is applied only for partner countries on a preferential basis, and is usually negotiated over only import restrictions. Thus, liberalization forces are certainly weaker in FTA negotiations than GATT/WTO negotiations.

FTA negotiations, however, may not entirely be powerless in liberalizing the agricultural sector. There are at least three channels through which FTA negotiations might accelerate agricultural reform. The first is GATT/WTO policy discipline. In particular, as a condition for allowing countries to swerve non-discrimination principle in trade in goods, GATT Article 24 requires realizing free trade for “substantially all

⁴GSP is a system of tariffs preferentially applied for LDCs. Based on the UNCTAD resolution, Japan introduced GSP in 1971 (see <http://www.mofa.go.jp/policy/economy/gsp/index.html>). Tariff rates presented in column “preferential” in tables in sections 3 and 4 are those based on GSP. Note that GSP is not automatically applied but requires some additional paper work. In addition, it is typically subject to some quantitative limitation. As a result, GSP is implemented for only a part of imports from LDCs. Kimura (2005) provides a brief review on this matter.

trade” “within ten years” in forming a free trade area. As these requirements, particularly the meaning of “substantially all trade,” are vague, they are always at issue; a popular interpretation of the phrase, at least in Japan and some other countries, is that (i) a free trade area must remove all trade barriers within ten years for traded commodities covering more than 90 percent of total intra-regional trade values and (ii) should not exclude a specific commodity group as a whole from liberalization⁵. Although the GATT-WTO policy discipline in GATT Article 24 is not strictly enforced in the form of panel decisions or dispute settlements, it provides at least a minimum level of pressures for countries to avoid international criticism.

Second, FTA negotiations contain serious mutual bargaining on trade policies, and thus are necessarily accompanied with pressure of liberalizing trade including the agricultural sector, on the top of the GATT/WTO policy discipline. Whether a pressure from counterparts for trade liberalization is expected to be bearable or not may become a crucial element for the initiation of FTA negotiations. In addition, negotiations necessarily require a certain level of concessions to draw desired outcomes from counterparts. To what extent counterparts think of the reputation of “cleanness” in the international arena is another important factor possibly encouraging further liberalization.

Third, an FTA negotiation or its preparation process provides a good opportunity for the general public to know the existence of hidden or barely visible protectionism and thus perhaps intensifies voices for accelerating trade liberalization and domestic reform.

The following sections attempt to investigate whether such possible liberalization pressure coming from FTA negotiations has effectively worked in the context of agricultural trade liberalization in Japan.

3. Post-evaluation of Japanese FTAs/EPAs

Japan has three bilateral EPAs concluded and two bilateral EPAs with “substantive agreements” as of October 2006: the Japan-Singapore EPA (JSEPA) signed/enforced in January 2002/November 2002, the Japan-Mexico EPA signed/enforced in September 2004/April 2005, the Japan-Malaysia EPA signed/enforced in December 2005/July 2006, the Japan-Philippines EPA signed in September 2006, the Japan-Thailand EPA with the “substantive agreements” in September 2005, and the Japan-Chile EPA with the “substantive agreements” in September 2006⁶. This section focuses on the market access improvement in agriculture, fishery, and forestry sectors in these EPAs and evaluates the degree of trade liberalization.

Table 1 summarizes agriculture-related imports from Singapore to Japan and the contents of tariff removal under JSEPA. As Table 1A clearly indicates, the JSEPA was designed so as to be consistent with the GATT/WTO policy discipline, i.e., tariff removal for more than 90% of trade values as well as not excluding a whole sector from liberalization, while keeping the protection level for agricultural sector intact. Out of

⁵Authors do not claim at all that this is the righteous interpretation of GATT Article 24. Authentic trade economists should certainly support more strict criteria. In addition, note that the percentage of liberalized tariff lines, rather than the percentage of liberalized trade values, is utilized in some countries, which tends to provide more demanding conditions. We, however, tentatively regard above-mentioned conditions as minimal criteria to meet GATT-WTO discipline.

⁶Japanese EPAs with Thailand and Chile were signed/enforced in April 2007/November 2007 and March 2007/September 2007, respectively, though EPA with the Philippines has not been in effect yet as of July 2008.

2,277 commodities in agriculture, fishery, and forestry sectors, 428 commodities are already committed as zero tariffs under the WTO. In addition to these commodities, 58 commodities are committed as zero tariffs under JSEPA; although these commodities are not committed as zero tariffs under the WTO, zero tariffs are already applied to them on a MFN basis⁷. In other words, no additional liberalization exists here⁸. In fact, major agricultural imports from Singapore in 2005 include cocoa butter, cocoa power, chocolate and other food preparations containing cacao, and preparations of cereals, flour, starch or milk, and most of them are excluded from the list in the tariff elimination schedule in JSEPA (Table 1B). As a result, the share of agricultural imports remains around only four percent of the total, and there seems to be no effect of JSEPA on agricultural imports from Singapore.

Since the portion of agricultural sectors was small in the case of Japanese imports from Singapore, such protection on agriculture-related sectors could be preserved. This "Singapore method", though, cannot be applied to FTAs/EPAs with other countries having a relatively large portion of agricultural products even for clearing the GATT/WTO policy discipline. The tables in this section present major Japanese imported agriculture-related commodities⁹ from Mexico, Malaysia, the Philippines, Thailand, and Chile with their shares in imports in 2005 and tariff rates including those under EPAs; the first column of import share is the share of the commodity in total imports in agriculture and fishery sectors, the second column is the share in total imports in agriculture, fishery, and forestry sectors, and the third column is the share in total imports in all sectors. Although the commodities listed in the tables are basically those with more than one percent share in total agriculture and fishery products, other examples of trade liberalization for sensitive products are included as notes in the tables.

Japanese agriculture-related imports from Mexico exceed 20 percent of total imports, and trade liberalization in these sectors cannot be avoided in an EPA to satisfy, so to speak, 90 percent rule under GATT/WTO at least on an import value basis (Table 2)¹⁰. In Japan-Mexico EPA, trade liberalization is indeed observed for many of the major commodities listed in the table including controversial commodities such as pork and avocado; in-quota tariffs are reduced to the half of MFN tariffs, i.e., 2.2 percent for some categories of pork (fresh, chilled, or frozen) and 4.3 percent for prepared or preserved pork (ham, bacon, press ham), and the tariff is eliminated for avocado from three percent. There are, however, several features that prevent simpler trade liberalization. First, some commodities such as prepared or preserved pork (excluding ham, bacon, pressed ham) (MFN tariff: 20%), yellowfin tunas (3.5%), and distilling alcohol (16%) are excluded from the list of tariff elimination. Second, gradual tariff elimination through a certain number of years is applied to some commodities such as melon and coffee; the tariff on melon will be eliminated through six annual reductions from six percent, and tariff on coffee (roasted) will be eliminated through four annual reductions from 10 percent. Third, complicated price-difference tariffs, i.e., tariffs imposed for price differentials between reference prices

⁷These 58 commodities include coniferous wood and articles of the wood, raw furskins, oats other than a kind used for sowing, protein preservative of a kind used for manufacturing frozen minced fish, cigarettes containing tobacco, some kinds of spirits, undenatured ethyl alcohol intended for use in distilling industrial alcohol and so on.

⁸Furthermore, JSEPA allows safeguard measures in the transition period, with which tariffs can be raised up to the WTO-committed level in the case that imports will flood in.

⁹Agriculture-related products in all Tables except Table 1A are composed of products in HS01-24 and 44. All the information on trade is obtained from "trade statistics" (<http://www.customs.go.jp/toukei/info/index.htm>).

¹⁰Tariffs under EPA with Mexico are obtained from Japan Tariff Association (2006).

Table 1 Japanese imports of agriculture-related products from Singapore and tariff removal under JSEPA

A) Imports from Singapore and tariff removal under JSEPA: based on import values in 2000

	Tariff lines (a)	Trade values (million yen) (b)	Zero tariff commitment under WTO (2002)			Zero tariff commitment under JSEPA				
			Tariff lines with zero rates committed (c)	Share in total tariff lines (c)/(a)	Trade values with zero tariffs committed (d)	Share in total trade values ((d)/(b))	Tariff lines with zero rates committed (e) ²⁾	Share in total tariff lines ((e)/(a))	Trade values with zero tariffs committed (f)	Share in total trade values ((f)/ (b))
Trade from Singapore to Japan	9,023	663,685	3,087	34.2%	559,021	84.2%	6,938	76.9%	622,749	93.8%
-Agriculture, forestry, and fishery ¹⁾	2,277	31,978	428	18.8%	2,125	6.6%	486	21.3%	2,196	6.9%

1) Agriculture, forestry, and fishery cover the following products: products in HS Chapter 1 to 24 except for fishery products plus those listed in the WTO Agriculture Agreement, Annex 1-1-(ii) for agriculture, products in HS Chapter 01 to 24 except for the agricultural products for fishery, and products in HS Chapter 44 and 46 for forestry.

2) Products not committed to tariff removal (1,791 tariff lines (=2,277-486)) include fresh fish (tunas etc), food preparation containing cacao, preparations of milk, prepared edible fats, and vegetable fats and oils.

Source: Ministry of Finance, Government of Japan "Outline of the contents of JSEPA (<http://www.mof.go.jp/jouhou/kanzei/ka140115d.htm>)".

B) Agriculture-related imports from Singapore in 2005

Imports total (values)	739.06billions JPY
Share in total (%)	
-Agriculture and fishery total	4.3%
---Cocoa butter, cocoa powder, chocolate and other food preparation containing cacao	1.5%*
---Preparations of cereals, flour, starch or milk	1.4%**
-Forestry total	0.1%
Agriculture, forestry, and fishery ¹⁾	4.4%

* : 0% or excluded in the list of tariff schedule for Japan in JSEPA.

** : excluded in the list of tariff schedule for Japan in JSEPA.

i) Agriculture, forestry, and fishery cover the products in HS 01 to 24 and 44.

and imported prices, are still applied to some categories of pork as Figure 1 presents¹¹. Fourth, a tariff quota is applied to some commodities such as beef, orange juice, which were another controversial commodities, fresh orange, and chicken. In the case of beef, tariffs are zero for the amount below the quota (10t) in the first and second years for the reason of market entry and 50 percent beyond the quota, and the in-quota tariff from the third year will be negotiated during the second year¹². While better than being wholly excluded, the tariff quota system should be simplified to the lower ad valorem tariff when the rate and amount of tariff quota are negotiated after five years.

In the case of agriculture-related imports from Malaysia, most of them are forestry products: the share of agriculture-related imports is 13 percent if forestry included and four percent if excluded (Table 3)¹³. In Japan-Malaysia EPA, most of the major commodities listed in Table 3 are already free of tariffs. It should be noted that, nevertheless, the commodity with the largest share in agriculture-related products, plywood, consisting of almost half of agriculture-related imports, is excluded from the list of tariff removal. Another excluded commodity among those listed in the table is mongo ika, and specific tariffs on soya-bean oils and its fractions remain at the level of MFN tariffs^{14 15}. Other examples of non-zero tariffs are fresh banana and margarine; for fresh banana, a tariff quota is applied: in-quota tariff is zero, and quota is 1000t per year from the first to third year and will be renegotiated from the fourth year. For margarine, the tariff is to be reduced from 29.8% to 25% in 5 years, and will be renegotiated thereafter.

Regarding agriculture-related imports from the Philippines, the share of agriculture-related imports is 15 percent if forestry products are included and 12 percent if not, suggesting that agriculture trade liberalization cannot be avoided in an EPA to satisfy the GATT/WTO rule (Table 4)¹⁶. The issue most worth mentioning would be tariffs on fresh banana under the EPA, which consists of over half of agriculture and fishery imports. Tariffs on banana are to be reduced only within small ranges: for small bananas, the tariff is eliminated through 11 annual reductions, and for other bananas, the tariff is reduced through 11 annual reductions from 20 percent to 18 percent on imports during the period from October to March and from 10 percent to eight percent on imports during the period from April to September. Market access is indeed improving, but it is far from simple trade liberalization because seasonal tariffs remain and 10 years are required for a mere two-percent tariff reduction. Other features include that a tariff quota is/will be introduced for commodities such as fresh pineapple, cane molasses, and chicken (excl. legs with bone),

¹¹We can easily see a danger of this system; if foreign exporters and Japanese importers collude, they can save tariff payments. There were actually a series of cases in which such tariff evasion was detected in 2005 and after (see, for example, <http://www.asahi.com/english/Herald-asahi/TKY200611170193.html>). Some unidentified rumor claims that the Japan-Mexico EPA changed conditions for collusion, which triggered a disclosure of insider information.

¹²While zero tariff is applied to the amount below the quota (10t) for a reason of market entry in the first year for chicken and in the first and second years for orange, tariffs from the second/third years will be negotiated during the first/second year. In the case of orange juice, half of the MFN tariff rate is applied to the amount below the quota until the fifth year, and the tariff rate will be negotiated thereafter.

¹³The information on EPA tariffs is obtained from (http://www.meti.go.jp/policy/trade_policy/epa/html/malaysia_epa_text.html).

¹⁴State trading products such as rice, wheat, barley and designated dairy products, beef, pork, starches, fishery products under import quota etc are treated as those for exclusion or renegotiation, though they may not be serious issues for Japanese imports from Malaysia.

¹⁵Countries are supposed to negotiate tariffs on these commodities when they undertake a general review of the implementation and operation of the EPA every five years.

¹⁶The information on EPA tariffs is obtained from (<http://www.mofa.go.jp/region/asia-paci/philippine/epa0609/index.html>).

Table 2 Imports of agriculture-related products and the tariff rates in Japan: imports from Mexico in 2005

Total imports: 280 billion yen

Agriculture-related imports: 60 billion yen (share in total imports:21.58%)

Agriculture-related imports (incl. wood) : 61 billion yen (share in total imports:21.62%)

Major imported commodities	Import share (%)			Tariffs				
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary	EPA ^{vi)}
Pork	32.89	32.82	(7.10)					
Pork (fresh, chilled, or frozen)	1) 0.62	0.62	(0.13)	(5%)	(482yen/kg)		*	**
	2) 31.71	31.65	(6.84)	(5%)	(4.3%)		4.3%	2.2%/4.3% ⁱ⁾
Internal organs	0.01	0.01	(0.00)	10%	8.50%	4.3%/ * Free		4.3%
Prepared or preserved pork (ham, bacon, press ham) ³⁾	0.02	0.02	(0.00)	(10%)	(8.5%)		8.5%	4.3%/8.5% ⁱⁱ⁾
Prepared or preserved pork (excl. ham, bacon, press ham)	0.25	0.25	(0.05)	25%	20%			Excluded
Prepared or preserved pork (simply boiled in water)	0.28	0.28	(0.06)	Free	Free			Free
Beef	10.59	10.57	(2.29)					
Beef (fresh, chilled, or frozen)	8.97	8.95	(1.94)	(50%)	(50%)		38.5%	0%~/50% ⁱⁱⁱ⁾
Tongues and livers	1.62	1.62	(0.35)	15%	12.8%			0%~/12.8% ⁱⁱⁱ⁾
Avocado	10.55	10.53	(2.28)	6%	3%	* Free		Free
Tunas	10.53	10.51	(2.27)					
Yellowfin tunas	10.42	10.40	(2.25)	5%	3.5%			Excluded
Bluefin tunas	0.11	0.11	(0.02)	5%	3.5%			Free ^{iv)}
Melon	4.70	4.69	(1.02)	10%	6%			From 6% x 6 times ^{v)}
Coffee	3.10	3.09	(0.67)					
Coffee, not roasted	3.05	3.05	(0.66)	Free	Free			Free
Coffee, roasted	0.04	0.04	(0.01)	20%	12%	10%/ * Free		From 10% x 4 times ^{v)}
Pumpkins	2.94	2.94	(0.63)	5%	3%	* Free		Free
Alcoholic beverages	2.79	2.78	(0.60)					
Beer	1.33	1.33	(0.29)	6.4yen/l	Free	Free		Free
Distilling alcohol (excl. used for making alcoholic beverage)	1.34	1.33	(0.29)	17.9%	16%	25.2yen/l/ * Free		Excluded ^{vi)}
Liqueurs and cordials	0.12	0.12	(0.03)	141.1yen/l	126yen/l			Free
Asparagus	2.58	2.57	(0.56)	5%	3%	* Free		Free
Mango	2.22	2.22	(0.48)	6%	3%	Free		Free
Limes	1.54	1.53	(0.33)	Free				Free
Sardines (of sardinops spp.)	1.25	1.25	(0.27)	10%				***
Shrimps and prawns (frozen)	1.13	1.13	(0.24)	4%	1%	* Free		Free

1) If a value for custom duty per kilogram is more than the upper limit prices for the specific duty applied to partial pork (53.53yen) but not more than the gate price of partial pork (524yen).

2) If a value for custom duty per kilogram is more than the gate price of partial pork (524yen).

3) If a value for custom duty per kilogram is more than the gate price of processed pork (897.59yen).

* Per kilogram, the difference between the standard import price of partial pork (535.53yen) and the value for custom duty.

* * Within quota, per kilogram, the difference between 535.53 yen and a value for custom duty per kilogram if a value for custom duty per kilogram is more than 53.53yen but not more than the value obtained by dividing 535.53yen by 1.022 (524yen)

*** 1) Higher rate, either 3% or 0.8 times of the applied MFN tariff rate (the rate obtained by subtracting one-fifth of applied MFN tariff rate from the applied MFN tariff rate), if the applied MFN tariff rate is more than 3%; 2) Discussion will be required if the applied MFN tariff rates is not more than 3%.

i) Within quota, 2.2% if a value for custom duty per kilogram is more than the value obtained by dividing 535.53yen by 1.022 (524yen). Beyond quota, 4.3%. Tariff quota (total, including other categories of pork) from the first to fifth year for pork is

38,000t in 2005F/Y, 53,000t in 2006F/Y, 65,000t in 2007F/Y, 74,000t in 2008F/Y, and 80,000t in 2009F/Y.

ii) Within quota, 4.3% if a value for custom duty per kilogram is more than the value obtained by dividing 577.15yen by 0.643 (897.59yen). Beyond quota, 8.5%. Tariff quota (total, including other categories of pork) from the first to fifth year for pork is 38,000t in 2005F/Y, 53,000t in 2006F/Y, 65,000t in 2007F/Y, 74,000t in 2008F/Y, and 80,000t in 2009F/Y.

iii) Within quota, 0% for the first and second years for the market entry, and the rates will be discussed for the third to fifth year during the second year, subject to the rates not higher than 0.9 times of the applied MFN tariff rate at the beginning of 2003F/Y. Beyond quota, 50%/12.8%. Tariff quota from the first to fifth year for beef is 10t in the first and second years and, 3,000t in the third year, 4,000t in the fourth year 6,000t in the fifth year.

iv) Discussion will be required for cultured ones.

v) To be removed through 6 or 4 times of annual reduction, starting from the standard rates (6%/10%).

vi) Tequila etc are exceptions.

vii) Other examples of major market access improvement for agricultural, forestry and fishery products are as follows:

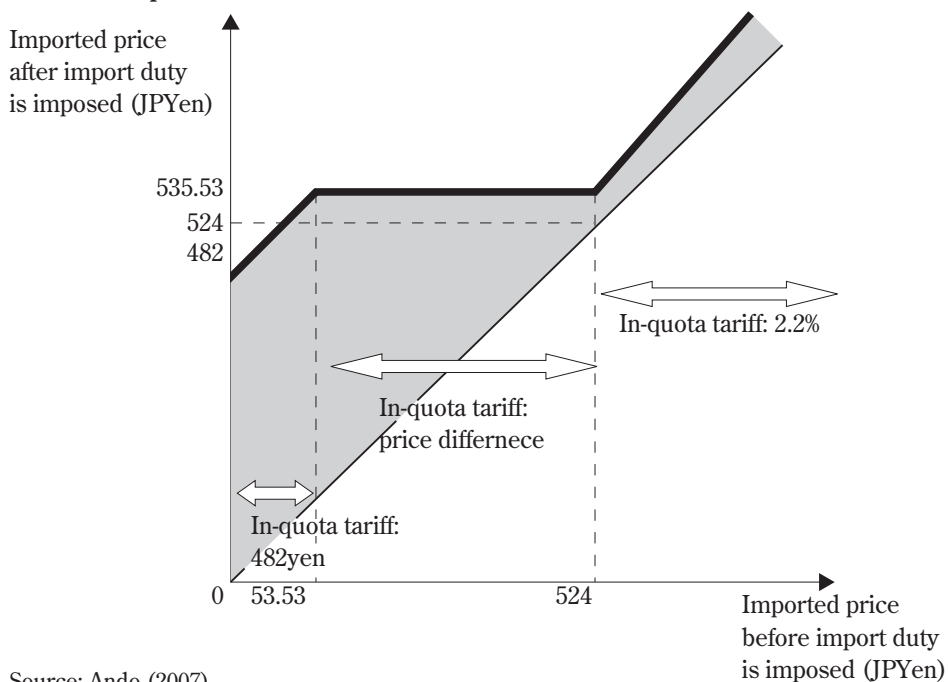
- Orange juice: within quota, half of MFN tariffs. MFN tariffs are either of the following three cases, 25.5%, 21.3%, 29.8% or 23yen/kg, whichever is the greater. Tariff quota (sum of HS200911, 200912, 200919) is 4000 for the first year, 4250 for the second year, 5100 for the third year, 5950 for the fourth year, and 6500 for the fifth year. From the sixth year, tariffs will be negotiated including the amount of quota.

- Chicken: within quota, 0% for the first year for the market entry, and the rates will be discussed for the second to fifth year during the first year, subject to the rates not higher than 0.9 times of the applied MFN tariff rate at the beginning of 2004F/Y. Beyond quota, 6%, 11.9% etc. Tariff quota from the first to fifth year for beef is 10t in the first year and, 2500t in the second year, 4,000t in the third year, 6,000t in the fourth year 8,500t in the fifth year.

- Orange: within quota, 0% for the first and second years for the market entry, and the rates will be discussed for the third to fifth year during the second year, subject to the rates not higher than 0.9 times of the applied MFN tariff rate at the beginning of 2004F/Y. Beyond quota, 16% or 32%, depends on the importing seasons. Tariff quota from the first to fifth year for beef is 10t in the first and second years and, 2,000t in the third year, 3,000t in the fourth year 4,000t in the fifth year.

Note: "*" Free" denotes free for only those originated in the LDCs.

Figure 1 Imported prices of pork per kilogram before and after import duty is imposed



Source: Ando (2007).

Notes: pork is fresh, chilled, or frozen. Import duty in shadows is in-quota tariff under EPA.

Table 3 Imports of agriculture-related products and the tariff rates in Japan: imports from Malaysia in 2005

Total imports: 1619 billion yen

Agriculture-related imports: 58 billion yen (share in total imports:3.59%)

Agriculture-related imports (incl. wood): 203 billion yen (share in total imports: 12.56%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential Temporary	EPA ³
Palm oils	48.63	13.91	(1.75)				
Palm oil (excluding Palm stearin)	39.69	11.35	(1.43)	7%	3.5%	Free	Free
Palm stearin	1.87	0.53	(0.07)	4%	2.5%	Free	Free
Palm kernel oil	7.08	2.03	(0.25)	7%	4%	Free	Free
Cut flowers (fresh, chrysanthemums spp. and others)	7.80	2.23	(0.28)	Free			Free
Cocoa butter, fat, and oil	6.87	1.96	(0.25)	Free			Free
Shrimps and prawns	6.41	1.83	(0.23)	4%	1%	* Free	Free
Pepper	2.76	0.79	(0.10)				
Pepper (in containers for retail sale)	0.49	0.14	(0.02)	4.2%	3%	Free	Free
Pepper (not in containers for retail sale)	2.26	0.65	(0.08)	Free			Free
Vegetable fats and oils and their fractions	2.23	0.64	(0.08)	4%	3.5%	Free	Free
Animal or vegetable fats and oils (others)	1.94	0.56	(0.07)	4%	2.5%	Free	Free
Mongo ika	1.75	0.50	(0.06)	10%	3.5%		Excluded
Soya-bean oil and its fractions	1.25	0.36	(0.04)				
Crude oil (of acid value exceeding 0.6)	0.40	0.11	(0.01)	17yen/kg	10.9yen/kg		*
Soya-bean oil excluding crude oil	0.85	0.24	(0.03)	20.7yen/kg	13.2yen/kg		*
Wood, Fibreboard, Plywood	65.22	(8.19)					
Wood in the rough and chips, wood charcoal, and wood sawn specified	16.85	(2.12)		Free			Free
Wood sawn (of diptero carpaeceae, planed or sanded)	1.14	(0.14)		10%	6%	Free	Free
Fibreboard (not exceeding 0.8g/cm ³)	2.35	(0.30)		3.5%	2.6%	1.56%/* Free	Free
Fibreboard (exceeding 0.8g/cm ³)	0.27	(0.03)		5.2%	2.6%	1.56%/* Free	Free
Plywood (less than 6mm in thickness)	0.66	(0.08)		15%	10%		Excluded
Plywood (not less than 6mm in thickness)	6.00	(0.75)		10%	8.5%		Excluded
Plywood (not less than 6mm in thickness, others)	30.64	(3.85)		10%	6%		Excluded
Plywood (less than 6mm in thickness, others)	4.21	(0.53)		15%	6%		Excluded
Plywood (laminated lumber)	0.30	(0.04)		15%	6%	3.6%/* Free	Excluded
Plywood (other)	2.80	(0.35)		20%	6%	3.6%/* Free	Excluded
Other articles of wood (other)	1.60	(0.20)		5.8%	2.9%	Free	Excluded

* : The countries shall negotiate on issues such as improving market access conditions when they undertake a general review of implementation and operation of the EPA every 5 years.

i): Other examples of market access improvement for agricultural, forestry and fishery products are as follows:

(a) Agricultural products

- Fresh banana: introduction of tariff quota (0% within the quota): 1000 metric tons per year with renegotiation on quota after the 4th year.
- Margarine: tariff reduction from 29.8% to 25% in 5 years, and renegotiation thereafter.
- Cocoa preparation (not containing added sugar): tariff elimination.
- Mangoes, mangosteens, durians, papayas, rambutans, okras: immediate tariff elimination.

- (b) Forestry products
 -Forestry products other than plywood: immediate tariff elimination.
 -Plywood: renegotiation
 -Cooperation
- (c) Fishery products
 -Shrimps, prawns and jellyfish: tariff elimination.
- (d) Sensitive products for exclusion or re-negotiation:
 -State trading products (rice, wheat, barley and designated dairy products), beef, pork, starches, fishery products under import quota etc.
- Note: * * Free " denotes free for only those originated in the LDCs.

Table 4 Imports of agriculture-related products and the tariff rates in Japan: imports from the Philippines in 2005

Total imports: 850 billion yen

Agriculture-related imports: 101 billion yen (share in total imports:11.92%)

Agriculture-related imports (incl. wood): 129 billion yen (share in total imports: 15.20%)

Major imported commodities	Import share (%)			Tariffs				
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary	EPA ²⁾
Banana (fresh)	55.44	43.49	(6.61)	50%	25%	20%	From 20% to 18% x 11 times ³⁾	
				40%	20%	10%	From 10% to 8% x 11 times ³⁾	
Pineapples	10.68	8.38	(1.27)					
Fresh	9.39	7.37	(1.12)	20%	17%			Free/17% ³⁾
Dried	0.00	0.00	(0.00)	12%	7.2%	* Free		From 7.2% x 11 times ³⁾
Prepared or preserved (in airtight ³⁾ containers) within the pooled quota	0.74	0.58	(0.09)	39yen/kg	39yen/kg		Free	Renegotiation ³⁾
Prepared or preserved (in airtight ³⁾ containers) beyond the pooled quota	0.02	0.02	(0.00)	39yen/kg	39yen/kg			Renegotiation ³⁾
Pineapple juices	0.52	0.41	(0.06)	30%	25.5%			From 25.5% to 23% x 6 times ³⁾
Tunas (Yellowfin, Bigeye, Southern bluefin) incl. Bonito	6.98	5.47	(0.83)	5%	3.5%			From 3.5% x 6 times or renegotiation ³⁾
Shrimps and prawns (not live, fresh, chilled), incl. lobster	6.67	5.23	(0.79)	4%	1.0%	* Free		Free
Coconut oil and its fractions	4.69	3.68	(0.56)	*	**			Free
Prepared or preserved tunas (in airtight containers), boiled and dried bonito, anchovies, and other	1.93	1.52	(0.23)	9.6%	(9.6%)	7.2%/ * Free		From 7.2% x 6 times ³⁾
Mango (fresh)	1.77	1.39	(0.21)	6%	3%	Free		Free
Asparagus	1.08	0.85	(0.13)	5%	3%	* Free		Free
Cane sugar and molasses	1.07	0.84	(0.13)					
Cane sugar: sugar centrifugal	0.52	0.41	(0.06)	Free	(71.8yen/kg)			Renegotiation ³⁾
Cane sugar: other	0.06	0.05	(0.01)	41.5yen/kg	35.3yen/kg			17.65yen/kg/35.3yen/kg or excluded ³⁾
Cane molasses: used in the manufacturing	0.05	0.04	(0.01)	5%	3%	* Free		Free
Cane molasses: other (excl. for feeding purposes)	0.44	0.34	(0.05)	18yen/kg	15.3yen/kg			7.65yen/kg/15.3yen/kg ³⁾
Prepared and preserved banana, avocados, mangoes, guavas and mangosteens	1.06	0.83	(0.13)					
Containing added sugar	0.77	0.60	(0.09)	22%	11%	5.5%*Free		From 5.5% x 8
Not containing added sugar	0.29	0.23	(0.04)	16%	9.6%	4.8%*Free		times ³⁾ or 11 times ³⁾
Chicken (frozen cut meat excl. legs with bone)	0.53	0.42	(0.06)	12%	11.9%			8.5%/11.9% ³⁾

Major imported commodities	Import share (%)		Tariffs			
	in agri.	in agri. (wood) (in total)	General	WTO	Preferential Temporary	EPA ²⁰
Builders' joinery and carpentry of wood	16.31	(2.48)				
Windows, doors, and their frames, tategu, tokobashira	3.89	(0.59)	Free			Free
Parquet panels and transom	0.01	(0.00)	4%	2%		Free
Other (excl. transom)	12.41	(1.89)	4%	(3.9%)	Free	Free
Other articles of wood (other)	1.53	(0.23)	5.8%	2.9%		Free
Wood charcoal	0.77	(0.12)	Free			Free

1) If imported during the period from 1st October to 31st March.

2) If imported during the period from 1st April to 30th September.

3) In airtight containers not more than 10kg each including container, other than in pulp form, chopped or crushed.

* 7% or 7yen/kg, whichever is the greater

** 4.5% or 5yen/kg, whichever is the greater

i) Tariff elimination through 11 times 0

ii) Tariff quota on fresh pineapples of weight per piece of less than 900g (0% within the quota): 1000t for the 1st year, 1200t for the 2nd year, 1400t for the 3rd year, 1600t for the 4th year, and 1800t for the 5th year. Out-quota tariffs of 17%. Tariff rate and quota after the 5th year will be negotiated in the 5th year.

iii) To be removed through 11times/6 times of annual reduction, starting from the base rate (7.2%).

iv) Renegotiation in the 4th year.

v) Tariff reduction from 25.5% to 23% through 6 times of annual reduction

vi) To be removed through 6 times of annual reduction, starting from the base rate (3.5%) for fresh, chilled or frozen yellowfin tunas; renegotiation in the 5th year or upon conclusion of the current WTO negotiations, whichever comes first, for other specific tunas including bluefin tunas, southern bluefin tunas, bigeye tunas, and longfinned tunas.

vii) Tariff quota (17.65yen/kg within quota) for those in container for retail sale, not exceeding a net weight of 1kg: 300t for the 3rd year to 400t for the 4th year. Out-quota tariffs of 35.5yen/kg. Tariff rate and quota will be renegotiated during the 4th year. Others are excluded from the list of tariff removal.

viii) Tariff quota (7.65yen/kg within quota) for those put up in container for retail sale, not exceeding a net weight of 1kg: 2000t for the 3rd year to 3000t for the 4th year. Out-quota tariffs of 15.3yen/kg. Tariff rate and quota will be renegotiated during the 4th year.

ix) To be removed through 8 times of annual reduction for those in airtight container and 11 times of annual reduction for others, starting from the base rate (5.5%).

x) Tariff quota on fresh, chilled or frozen chicken meat except for legs with bone (8.5% within the quota): 3000 for the 1st year, 4000t for the 2nd year, 5000t for the 3rd year, 6000t for the 4th year, and 7000t for the 5th year. Out-quota tariff of 11.9%. Tariff rate and quota after the 5th year will be negotiated in the 5th year.

xi) Other examples of market access improvement for agricultural, forestry and fishery products are as follows:

(a) Sensitive products for exclusion or re-negotiation:

-State trading products (rice, wheat, barley and designated dairy products), beef, pork, starches, fishery products under import quota, plywood etc.

Note: "* Free" denotes free for only those originated in the LDCs.

and that an in-quota tariff rate and quota will be renegotiated in the fourth or fifth year¹⁷. In addition, many commodities are subject to gradual tariff elimination from the base rate; 11 annual reductions from 7.2% for dried pineapples, eight or 11 annual reductions from 5.5% for prepared and preserved banana, avocado, mangoes, guavas, and mangosteens, and six annual reductions from 7.2% for prepared or preserved tunas. Furthermore, the tariff on pineapple juice is reduced from 25.5% to 23% through six annual reductions, tuna is subject to gradual tariff elimination (six annual reductions from 3.5%) or renegotiation in the fifth year depending on the kind, and cane sugar and canned pineapple will be renegotiated in the fourth year¹⁸. These are apparently far from simple trade liberalization.

Tables 5 and 6 present major agriculture-related commodities imported from Thailand and Chile with their shares of imports in 2005 and tariff rates including those under EPAs

¹⁷For cane sugar (other) and molasses (other) with specific tariffs, tariff quota will be introduced in the third and fourth years, keeping the form of specific tariff, and tariff rate and quota from the fifth year will be renegotiated during the fourth year.

¹⁸Similarly to the Japan-Malaysia EPA, state trading products, beef, pork, starches, fishery products under import quota etc are treated as those for exclusion or renegotiation.

based on “the substantive agreements”¹⁹. As Table 5 shows, agriculture-related imports from Thailand consist of over 16 to 17 percent, most of which are agriculture and fishery products. It suggests that we need substantial reduction of tariffs under an EPA. As is in the case of above-mentioned EPAs, market access is to be improved to some extent. In the case of chicken meat with the largest import share (almost 20 percent of agriculture-related imports), for instance, tariffs on prepared or preserved chicken will be reduced from six percent to three percent during five years. Regarding shrimps and prawns with the second largest share (around 14 percent), tariffs will be eliminated from around one to five percent on a MFN basis. Others such as dog or cat food, prepared or preserved fishes, frozen squid (mongo ika) will be gradually eliminated in five or ten years. Fish fillets (excluding fresh fish fillets), cane sugar, milled and brown rice, canned pineapples, however, are to be excluded from the list in the tariff schedule or re-negotiated. Almost no import of milled and brown rice other than that imported by the Japanese government indicates that the tariff is too high to normally import; tariffs are free for state trading and 341 yen/kg for others. Furthermore, similarly to the case of the Philippines and Malaysia, sensitive products such as state trading products are subject to exclusion or renegotiation.

Japanese imports from Chile include a large amount of agriculture-related products, particularly fishery products: 35 percent of total imports (Table 6). Commodities with the largest import shares are salmon and trout; close to one-third of agriculture and fishery imports. Their MFN tariffs range from 3.5 percent to 10.5 percent, depending on whether it is prepared or preserved or not, but most salmon and trout products are those fresh, chilled or frozen with MFN tariffs of 3.5 percent. This low tariff of 3.5 percent will be gradually eliminated in 10 years. Moreover, specific tariffs on bottled wine, the lower one of either 15% or 125yen/L (but subject to a minimum custom duty of 93yen/L), will be gradually eliminated in 12 years, and tariff quota would be introduced for pork.

Based on the above evaluation of five EPAs, we could emphasize the following points regarding trade liberalization in agriculture-related sectors in Japanese EPAs. First, market access is improved as a whole, particularly in “sectors being liberalized.” Although it would be better that such liberalization occurred on the multilateral basis from the beginning, forming EPAs is valuable as the first step in liberalizing sensitive sectors to some extent, at least better than doing nothing. Second, however, complexity in tariff systems still remains for EPAs such as in price-difference tariffs, specific tariffs, and tariff quotas. With a complicated tariff system, preferential tariffs under EPAs may not actually be utilized even if they are lower than MFN tariffs given the cost of administrative procedure and small preferential margin. Third, some sensitive sectors are simply excluded from the list of tariff removal under EPAs or are to be renegotiated. Commodities for exclusion or re-negotiation vary among EPAs, but commonly, state trading products such as rice, wheat, barley and designated dairy products, beef, pork, starches, fishery products under import quota and so on are treated as those for exclusion or renegotiation particularly in EPAs with Asian developing countries. These commodities might prevent forming FTAs/EPAs with developed countries such as Australia and the United States, as will be discussed in the next section.

¹⁹Substantive agreements are downloaded from the following website: (http://www.meti.go.jp/policy/trade_policy/epa/html2/2-torikumi3-thailand.html) for Thailand and (http://www.meti.go.jp/policy/trade_policy/epa/html2/2-torikumi3-chile.html) for Chile.

Table 5 Imports of agriculture-related products and the tariff rates in Japan: imports from Thailand in 2005

Total imports: 1718 billion yen

Agriculture-related imports: 274 billion yen (share in total imports:15.93%)

Agriculture-related imports (incl. wood): 285 billion yen (share in total imports: 16.59%)

Major imported commodities	Import share (%)			Tariffs				
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary	EPA ³
Chicken	19.12	18.36	(3.05)					
Frozen cut meat excl. legs with bone	0.01	0.01	(0.00)	12%	11.9%			
Prepared or preserved (others)	19.11	18.35	(3.04)	8%	6%	* Free		6% to 3% in 5 years
Shrimps and prawns (and lobsters)	14.11	13.56	(2.25)					
Frozen	5.85	5.62	(0.93)	4%	1%	* Free		Free
Prepared or preserved (smoked, simply boiled in water or in brine)	4.06	3.89	(0.65)	4.8%	4.8%	3.2%/*Free		Free
Prepared or preserved (other)	4.21	4.04	(0.67)	6%	5.3%	* Free		Free
Fish fillets and meat	8.00	7.68	(1.27)					
Frozen fillets of nishin, tara, buri, iwashi, aji and samma	0.39	0.37	(0.06)	10%				
Frozen fillets of other fish	0.85	0.81	(0.14)	5%	3.5%	* Free		
Frozen fillets of tunas and meat of Itoyori and other	6.48	6.23	(1.03)	5%	3.5%			Excluded or renegotiation
Fillets of Salmonidae, dried, salted, or in brine (not smoked)	0.28	0.27	(0.04)	12%	8.4%			
Dog or cat food, for retail sale	7.66	7.36	(1.22)					
Containing less than 10% of lactose	7.57	7.27	(1.21)	Free				Elimination in 10 years
Containing less than 10% of lactose (other)	0.09	0.08	(0.01)	60yen/kg	36yen/kg	18yen/kg/*Free		
Cane sugar	6.54	6.28	(1.04)					
Sugar centrifugal	6.40	6.15	(1.02)	Free	(71.8yen/kg)			Excluded or renegotiation
Other	0.14	0.13	(0.02)	41.5yen	35.3yen			
Prepared or preserved fishes	6.27	6.02	(1.00)					
Tunas (in airtight containers), boiled and dried bonito, mackerel, anchovies, and other	5.91	5.67	(0.94)	9.6%	(9.6%)	7.2%/*Free		Elimination in 5 years
Bonito (in airtight containers)	0.37	0.35	(0.06)	9.6%	(9.6%)	6.4%/*Free		
Frozen squid	6.24	6.00	(0.99)					
Mongo ika	3.51	3.37	(0.56)	10%	3.5%			Elimination in 5 years
Other squid	2.74	2.63	(0.44)	10%	(5%)			
Milled and brown rice	2.60	2.50	(0.41)					
Imported by Japanese government	2.60	2.50	(0.41)	(402yen/kg)	(Free)		Free	Excluded or renegotiation
Others	0.00	0.00	(0.00)	(402yen/kg)	(341yen/kg)		49yen/kg	
Preparations of rice flour	1.36	1.31	(0.22)					
Containing added sugar (other)	0.22	0.21	(0.04)	28%	23.8%			
Not containing added sugar (other)	1.14	1.10	(0.18)	16%	(16%)			
Cut flowers (fresh, crchids and others)	1.10	1.05	(0.17)	Free				
Pineapples	1.03	0.99	(0.16)					
Frozen	0.05	0.05	(0.01)	28%	23.8%			
Prepared or preserved (in airtight ¹⁾ containers) within the pooled quota	0.95	0.91	(0.15)	39yen/kg	33yen/kg		Free	Excluded or renegotiation
Prepared or preserved (in airtight ¹⁾ containers) beyond the pooled quota	0.03	0.03	(0.01)	39yen/kg	33yen/kg			

Major imported commodities	Import share (%)			Tariffs				
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary	EPA ^{sd}
Sauces and preparations	1.36	1.30	(0.22)					
Sauces (excl. tomato ketchup, mustard, mayonnaise, french dressings)	1.14	1.09	(0.18)	9.6%	7.2%	6%/	* Free	
Instant curry and other curry preparations	0.03	0.03	(0.00)	9.6%	7.2%	3.6%/	* Free	
Tomato ketchup	0.00	0.00	(0.00)	25%	21.3%			
Mustard	0.02	0.02	(0.00)	10%	7.5%		* Free	
Dressings	0.00	0.00	(0.00)	12%	10.5%			
Other	0.17	0.16	(0.03)	14%	10.5%			
Food preparations, containing added sugar (others)	1.30	1.25	(0.21)	30%	29.8%			
Wood in chips and wood charcoal		1.69	(0.28)	Free				

1) In airtight containers not more than 10kg each including container, other than in pulp form, chopped or crushed.

i) Other examples of market access improvement for agricultural, forestry and fishery products are as follows:

(a) Agricultural products

-Fresh banana: tariff quota (0% within the quota): 4000 metric tons for the 1st year to 8000 metric tons for the 5th year.

-Fresh small pineapples: tariff quota (0% within the quota): 100 metric tons for the 1st year to 300 metric tons for the 5th year.

-Fresh, frozen vegetables: Tariff elimination within 5-10 years.

-Fresh small pineapples: tariff quota (0% within the quota): 100 metric tons for the 1st year to 300 metric tons for the 5th year.

-Mixed fruit, fruit salad and fruit cocktail prepared, preserved: immediate tariff elimination.

-Prepared, preserved pork and ham: tariff quota (80% of MFN applied tariff within the quota), 1200 metric tons from the 1st year.

-Cane molasses: tariff quota in the 3rd year (50% of out-quota rate within the quota), 4000 metric tons in the 3rd year to 5000 metric tons in 4th year.

-Esterified Starch: tariff quota (0% within the quota), 200,000 metric tons from 1st year.

-Mangoes, mangosteens, durians, papayas, rambutans, okras, coconut: immediate tariff elimination.

(b) Forestry products

-Forestry products other than plywood, particle board and fiberboard: immediate tariff elimination

-Particle board and fibreboard: tariff elimination in 10 years.

(c) Fishery products

-Fresh fish fillet and jellyfish: tariff elimination in 5 years

(d) Sensitive products for exclusion or re-negotiation:

-Rice, wheat, barley, fresh, frozen and chilled beef and pork, raw cane and beet sugar, refined sugar, starches, canned pineapple, plywood, fishery products under import quota, tuna and skipjack, most items of prepared beef and pork and designated items of dairy products.

Note: * Free denotes free for only those originated in the LDCs.

Table 6 Imports of agriculture-related products and the tariff rates in Japan: imports from Chile in 2005

Total imports: 565 billion yen

Agriculture-related imports: 158 billion yen (share in total imports: 27.90%)

Agriculture-related imports (incl. wood): 198 billion yen (share in total imports: 35.07%)

Major imported commodities	Import share (%)			Tariffs				
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary	EPA ³
Salmon and trout	31.93	25.40	(8.91)					
Salmon (fresh, chilled, or frozen)	20.10	15.99	(5.61)	5%	3.5%			Elimination in 10 years
Smoked salmon	0.15	0.12	(0.04)	15%	10.5%			
Dried or salted, and hard roes of salmon	0.04	0.03	(0.01)	12%	8.4%			
Prepared or preserved salmon	0.58	0.46	(0.16)	9.6%	(9.6%)	7.2%/	* Free	
Trout	11.06	8.80	(3.09)	5%	3.5%			Elimination in 10 years
Pork	17.79	14.16	(4.96)					
Pork (fresh, chilled, or frozen) ¹⁾	17.57	13.98	(4.90)	(5%)	(4.3%)		4.3%	
Pork (frozen) ²⁾	0.22	0.18	(0.06)	(5.0%)	(482yen/kg)		*	Tariff quota
Prepared or preserved pork (others)	0.00	0.00	(0.00)	25%	20%			
Fish fillets (others)	17.02	13.55	(4.75)					
Fresh, chilled, or other fillets (others)	2.60	2.07	(0.73)	5%	3.5%			

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential Temporary	EPA ³⁾
Frozen fillets (exc. nishin, tara, euri, iwashi, aji, and samma)	14.42	11.48	(4.02)	5%	3.5%	* Free	
Flours, meals, and pellets of fish	5.17	4.11	(1.44)	0%	0%		
Sea urchins	4.10	3.26	(1.14)	10%	7%	* Free	
Wine	2.35	1.87	(0.66)				
Sparkling wine	0.00	0.00	(0.00)	201.6yen/L	182yen/L	145.6yen/L/ * Free	
Wine (excl. sparkling wine, sherry and port.) in containers of 2l or less	1.81	1.44	(0.50)	**	***		Elimination in 12 years
Other wine and other grape must	0.54	0.43	(0.15)	64yen/l	45yen/l	24yen/l / * Free	
Agar-agar	1.27	1.01	(0.35)	160yen/kg	112yen/kg		
Grape	1.04	0.83	(0.29)				
Grape (fresh) ³⁾	0.89	0.71	(0.25)	20%	17%		
Grape (dried) ⁴⁾	0.14	0.11	(0.04)	13%	7.8%		
Beet-pulp	1.02	0.82	(0.29)	Free			
Lemon	1.00	0.80	(0.28)	Free			
Wood chips and sawn		19.73	(6.92)				
Wood in chips		14.0	(4.91)	Free			
Wood in the rough and other wood sawn		0.9	(0.30)	Free			(Immediate)
Wood sawn (excl. pinus spp.)		0.9	(0.30)	8%	(4.8%)	Free	tariff elimination
Wood sawn of pinus spp. (not planed or sanded)		4.0	(1.40)	5%	4.8%	Free	

1) If a value for custom duty per kilogram is more than the gate price of partial pork (524yen).

2) If a value for custom duty per kilogram is more than the upper limit prices for the specific duty applied to partial pork (53.53yen) but not more than the gate price of partial pork (524yen).

3) If imported during the period from 1st March to 31st October.

4) If imported during the period from 1st November to the end of February.

* Per kilogram, the difference between the standard import price of partial pork (535.53yen) and the value for custom duty.

** Lower one of either 21.3% or 156.8yen/L, subject to a minimum custom duty of 93yen/L.

*** Lower one of either 15% or 125yen/L, subject to a minimum custom duty of 67yen/L.

Note: " * Free" denotes free for only those originated in the LDCs.

4. Prospects for further Japanese FTAs/EPAs

Tables 7 to 13 in turn present the corresponding tables for selected countries with which Japan is in negotiation, studying, or informal consideration regarding FTAs/EPAs as of October 2006; Korea, Indonesia, Vietnam, Australia, the United States, China, and the rest of ASEAN countries (Brunei, Cambodia, Laos, Myanmar)²⁰. Note that Table 13 shows only the share of agriculture-related imports for the rest of ASEAN countries (Brunei, Cambodia, Laos, Myanmar) since the variety of imported commodities or the amount of imports is limited²¹.

²⁰Japanese EPA with Indonesia reached "substantive agreements" in November 2006 and was signed/enforced in August 2007/July 2008.

²¹There is only a few amount of agriculture-related products imported from Brunei and Cambodia (Table 13). Most agriculture-related imports from Laos are forestry products such as wood continuously shaped, and those from Myanmar are shrimps and prawns. Therefore, agriculture issues may not be serious in EPAs with these countries.

Table 7 Imports of agriculture-related products and the tariff rates in Japan: imports from Korea in 2005

Total imports: 2695 billion yen

Agriculture related imports: 158 billion yen (share in total imports:5.85%)

Agriculture related imports (incl. wood) : 161 billion yen (share in total imports:5.97%)

Major imported commodities: import share and tariff rate

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Tuna	16.39	16.06	(0.96)	5%	3.5%		
Alcoholic beverages	8.65	8.47	(0.51)				
Distilling alcohol (excl. used for making alcoholic beverage)	7.07	6.93	(0.41)	17.9%	16%	25.2yen/l/*Free	
Sake (seishu and dakushu)	0.15	0.15	(0.01)	70.4yen/l	(70.4yen/l)		
Mixtures of fermented beverages (excl. sake)	0.01	0.01	(0.00)	30.8yen/l	27yen/l		
Sparkling beverages made, in part, from malt	0.87	0.85	(0.05)	6.4yen/l	42.4yen/l		Free
Other fermented beverages	0.10	0.10	(0.01)	43.1yen/l	42.4yen/l		
Vodka	0.38	0.37	(0.02)		17.9%	16%	Free
Liqueurs and cordials	0.07	0.06	(0.00)	141.1yen/l	126yen/l		Free
Fish other than ornamental fish (other-other)	8.28	8.11	(0.48)	5%	3.5%		
Prepared or preserved vegetables (other-not in airtight containers)	6.07	5.94	(0.35)	9.6%	9%		
Aquatic invertebrates and molluscs	5.71	5.59	(0.33)				
Akagai and sea urchins	1.25	1.22	(0.07)	10%	7%	Free	
Abalone, baby clam, fresh water clam, and molluscs (other)	4.46	4.37	(0.26)	10%	7%		
Edible seaweeds	4.07	3.98	(0.24)				
Hijiki	1.64	1.61	(0.10)	15%	10.5%	8%/ * Free	
Wakame	1.86	1.82	(0.11)	15%	10.5%		
Formed into rectangular papery sheets	0.57	0.56	(0.03)	1.5yen/piece			
Sweet peppers (incl.other)	4.03	3.95	(0.24)	5%	3%		
Prepared and preserved crab (incl. molluscs (other)) (not in airtight containers)	3.69	3.62	(0.22)	9.6%	9.6%	7.2%/ * Free	
Prepared and preserved hard roes of Tara (not in airtight containers)	2.94	2.89	(0.17)	12.8%	9.0%		
Oyster	2.11	2.07	(0.12)	10%	7%		
Chestnuts	2.09	2.05	(0.12)	16%	9.6%		
Vegetable saps and extracts (other)	1.55	1.52	(0.09)	Free			
Preparation of wheat flour	1.29	1.27	(0.08)	28%	23.8%		
Spanish mackerel	1.15	1.13	(0.07)	5%	3.5%		
Food preparations not elsewhere specified (others-others)	1.12	1.10	(0.07)	30%	29.8%		
Matsutake	1.06	1.04	(0.06)	5%	3%	0%	
Agar-agar	1.01	0.99	(0.06)	160yen/kg	112yen/kg	* Free	

Note: "* Free" denotes free for only those originated in the LDCs.

Table 8 Imports of agriculture-related products and the tariff rates in Japan: imports from Indonesia in 2005

Total imports: 2,298 billion yen

Agriculture-related imports: 103 billion yen (share in total imports:4.50%)

Agriculture-related imports (incl. wood): 231 billion yen (share in total imports: 10.05%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Shrimps and prawns (and ebi)	49.18	22.03	(2.21)				
Frozen, not frozen	42.40	18.99	(1.91)	4%	1%	* Free	
Not frozen (other)	0.02	0.01	(0.00)	6%	5%	4%/* Free	
Prepared or preserved (smoked, simply boiled in water or in brine)	1.20	0.54	(0.05)	4.8%	4.8%	3.2%/* Free	
Prepared or preserved (other)	5.54	2.48	(0.25)	6%	5.3%	* Free	
Ebi	0.04	0.02	(0.00)	4%	2%		
Tunas (yellowfin, bigeye) incl. bonito	13.97	6.26	(0.63)	5%	3.5%		
Prepared or preserved tunas and others	8.74	3.91	(0.39)				
Tunas (in airtight containers), boiled and dried bonito, anchovies, and other	8.10	3.63	(0.36)	9.6%	(9.6%)	7.2%/* Free	
Bonito (in airtight containers)	0.64	0.29	(0.03)	9.6%	(9.6%)	6.4%/* Free	
Coffee (not roasted)	8.09	3.62	(0.36)	0%			
Wood and Plywood		65.69	(6.60)				
Wood in chips and wood charcoal		1.54	(0.15)	Free			
Wood sawn (of tropical wood, planed or sanded)		1.05	(0.11)	10%	6%	Free	
Wood sawn (of tropical wood, other)		2.32	(0.23)	Free			
Wood continuously shaped (beadings and mouldings)		0.06	(0.01)	4.8%	3.6%	Free	
Wood continuously shaped (other)		1.82	(0.18)	Free			
Plywood (less than 6mm in thickness) and plywood varnished, printed etc (other)		3.79	(0.38)	15%	10%		
Plywood (not less than 6mm in thickness)		4.06	(0.41)	10%	8.5%		
Plywood (not less than 6mm in thickness, others)		30.64	(3.08)	10%	6%		
Plywood (less than 6mm in thickness, others)		12.45	(1.25)	15%	6%		
Plywood (laminated lumber)		0.63	(0.06)	15%	6%	3.6%/* Free	
Plywood (other)		0.79	(0.08)	20%	6%	3.6%/* Free	
Doors and their frames of wood		1.04	(0.10)	Free			
Other articles of wood (other)		5.50	(0.55)	5.8%	2.9%	Free	

Note: " * Free" denotes free for only those originated in the LDCs.

Table 9 Imports of agriculture-related products and the tariff rates in Japan: imports from Vietnam in 2005

Total imports: 502 billion yen

Agriculture-related imports: 102 billion yen (share in total imports: 20.35%)

Agriculture-related imports (incl. wood): 114 billion yen (share in total imports: 22.77%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Shrimps and prawns	59.15	52.86	(12.04)				
Frozen	48.58	43.41	(9.89)	4%	1%	* Free	
Prepared or preserved (smoked, simply boiled in water or in brine)	4.77	4.26	(0.97)	4.8%	4.8%	3.2%/* Free	
Prepared or preserved (other)	5.80	5.19	(1.18)	6%	5.3%	* Free	
Squid (not live, fresh or chilled)	9.34	8.34	(1.90)				
Frozen mongo ika	3.02	2.70	(0.61)	10%	3.5%		
Frozen other squid	3.81	3.41	(0.78)	10%	(5%)		
Not frozen	1.25	1.11	(0.25)	15%			
Prepared or preserved (excl. smoked), not in airtight containers	1.26	1.13	(0.26)	15%	10.5%		

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Prepared or preserved crabs, molluscs (other), scallops, and other	5.01	4.47	(1.02)	9.6%	(9.6%)	7.2%/	* Free
Frozen fish fillets (exc. nishin, tara, euri, iwashi, aji, and samma)	4.59	4.10	(0.93)				
Frozen fillets (tunas, marlins, and others)	2.34	2.09	(0.48)	5%	3.5%		
Frozen fillets (other)	2.25	2.01	(0.46)	5%	3.5%		* Free
Semi or wholly milled rice (imported by government)	2.95	2.63	(0.60)	(402yen/kg)	(Free)		Free
Coffee	2.86	2.55	(0.58)				
Coffee, not roasted	2.81	2.51	(0.57)	Free			
Coffee, roasted	0.05	0.04	(0.01)	20%	12%		
Tunas incl. bonito	1.75	1.57	(0.36)				
Tunas (yellowfin and bigeye; fresh, chilled, or frozen) incl. bonito	1.06	0.95	(0.22)	5%	3.5%		
Prepared or preserved tunas	0.69	0.62	(0.14)	9.6%	(9.6%)	7.2%/	* Free
Octopus (not live, fresh or chilled)	1.65	1.48	(0.34)				
Frozen	1.65	1.47	(0.34)	10%	7%	5%/	* Free
Not frozen	0.00	0.00	(0.00)	15%	10%		* Free
Frozen vegetables (spinach, green soya beans, and other)	1.07	0.95	(0.22)	10%	6%		
Wood in chips		8.46	(1.93)	Free			

Note: * Free" denotes free for only those originated in the LDCs.

Table 10 Imports of agriculture-related products and the tariff rates in Japan: imports from Australia in 2005

Total imports: 2706 billion yen

Agriculture-related imports: 497 billion yen (share in total imports:18.38%)

Agriculture-related imports (incl. wood) : 580 billion yen (share in total imports:21.45%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Beef	47.55	40.75	(8.74)				
Beef (fresh, chilled, or frozen)	39.97	34.26	(7.35)	(50%)	(50%)		38.5%
Tongues, livers, and internal organs (fresh, chilled, or frozen)	6.09	5.22	(1.12)	15%	12.8%		
Prepared or preserved (corned beef, other) and frozen (other)	0.74	0.64	(0.14)	25%	21.3%		
Frozen cheek meat and head meat	0.03	0.03	(0.01)	(50%)	(50%)		
Live, with weight of more than 300kg	0.71	0.61	(0.13)	45000yen/each	38250yen/each		
Live, with weight of not more than 300kg	0.00	0.00	(0.00)	75000yen/each	63750yen/each		
Wheat (excl. durum wheat) and barley	8.04	6.89	(1.48)				
Wheat imported by Japanese government	4.41	3.78	(0.81)	(65yen/Kg)	(Free)		Free
Barley imported by Japanese government	3.62	3.11	(0.67)	(46yen/Kg)	(Free)		Free
Barley (other)	0.00	0.00	(0.00)	(46yen/Kg)	(39yen/Kg)		10.4yen/Kg
Cheese	5.93	5.08	(1.09)				
Fresh cheese, blue-veined cheese, and others	4.41	3.78	(0.81)	35%	29.8%		
Used as materials for processed cheese, within a pooled quota	1.49	1.27	(0.27)	35%	29.8%		* Free
Processed cheese	0.03	0.02	(0.01)	40%	40%		
Dog or cat food for retail sales	3.22	2.76	(0.59)				

¹⁾

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
In airtight containers or more than 70 yen/kg in value for customs duty, etc	3.20	2.74	(0.59)	Free			
Other	0.02	0.02	(0.00)	60yen/kg	36yen/kg	18yen/kg	
Rape or colza seeds	3.03	2.60	(0.56)	Free			
Tunas (fresh, chilled or frozen)	2.89	2.48	(0.53)	5%	3.5%		
Fodder	2.88	2.47	(0.53)	Free			
Sugar and confectionery	2.36	2.02	(0.43)				
Sugar centrifugal	2.35	2.01	(0.43)	Free	(71.8yen/kg)		
Others	0.01	0.01	(0.00)	*	*	*	*
Shrimps and prawns	1.93	1.65	(0.35)	4%	1%	* Free	
Wood in chips		13.62	(2.92)	Free			

Note: * "Free" denotes free for only those originated in the LDCs.

1) Excluding those containing lactose of not less than 10% of the weight.

2) Others include candies and other sugar confectionary, lactose and lactose syrup, sugar syrup and so on. WTO tariffs, for instance, are 25% for candies and other sugar confectionary, 8.5% for lactose and lactose syrup, and 35.4% or 47yen/kg, whichever is the greater, for sugar syrup.

Table 11 Imports of agriculture-related products and the tariff rates in Japan: imports from the United States in 2005

Total imports: 7074 billion yen

Agriculture-related imports: 1602 billion yen (share in total imports:22.65%)

Agriculture-related imports (incl. wood) : 1700 billion yen (share in total imports:24.04%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Tabacco	19.84	18.69	(4.49)				
Tabacco incl. tabacco refuse, homogenised or reconstituted tabacco	0.51	0.48	(0.12)	Free			
Cigar	0.02	0.02	(0.01)	0.2	0.16		
Cigarettes containing tabacco	19.30	18.19	(4.37)	(*)	(*)		
Other than cigar and cigarettes	0.00	0.00	(0.00)	4%	3%		
Pipe tabacco	0.00	0.00	(0.00)	35%	29.8%		
Maize (corn) excl. seed	16.68	15.72	(3.78)				
Popcorn	0.03	0.03	(0.01)	Free			
For feeding purposes	11.96	11.27	(2.71)	**	Free		
Within quota, for use in the manufacture of corn starch, corn flakes or alcoholic beverages, for ¹⁾ feeding purposes	3.94	3.71	(0.89)	**	(**)		Free
Within quota, other ¹⁾	0.13	0.12	(0.03)	**	(**)		3%
Beyond quota ¹⁾	0.63	0.60	(0.14)	**	(**)		
Pork	10.05	9.47	(2.28)				
Pork (fresh, chilled, or frozen) ²⁾	2.05	1.93	(0.46)	(5%)	(482yen/kg)		***
³⁾	7.89	7.44	(1.79)	(5%)	(4.3%)		4.3%
Internal organs	0.11	0.10	(0.03)	10%	8.50%	4.3%/ * Free	
Soya beans (seeds and oil-cake and other solid residues)	8.15	7.68	(1.85)	Free			
Wheat and barley	4.99	4.70	(1.13)				
Wheat imported by Japanese government	4.62	4.35	(1.05)	(65yen/Kg)	(Free)		Free
Wheat (other)	0.01	0.01	(0.00)	(65yen/Kg)	(55yen/Kg)		9.8yen/kg
Barley imported by Japanese government	0.36	0.34	(0.08)	(65yen/Kg)	(Free)		Free
Barley (other)	0.00	0.00	(0.00)	(46yen/Kg)	(39yen/Kg)		10.4yen/kg

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Tara	4.29	4.04	(0.97)				
Tara (fresh or chilled)	0.00	0.00	(0.00)	10%			
Hard roes of Tara (frozen)	2.23	2.10	(0.51)	15%	12.8%		
Frozen surimi of Tara	2.06	1.94	(0.47)	10%	6%		4.2%
Fodder	3.17	2.98	(0.72)	Free			
Citrus fruit (fresh or dried)	1.93	1.82	(0.44)				
Orange	0.54	0.51	(0.12)	20%	16%		
				40%	32.0%		
Mandarins	0.07	0.07	(0.02)	20%	17%		
Grapefruit	0.84	0.79	(0.19)	10%	(10%)		
Lemon	0.47	0.45	(0.11)	Free			
Food preparation (other-other-other)	1.90	1.79	(0.43)	25%	15%		* Free
Dog or cat food for retail sales	1.70	1.60	(0.39)				
In airtight containers or more than 70 yen/kg in value for customs duty, etc	1.64	1.55	(0.37)	Free			
Other	0.06	0.05	(0.01)	60yen/kg	36yen/kg	18yen/kg	
Potatos	1.41	1.33	(0.32)				
Potatos, cooked	1.03	0.97	(0.23)	10%	8.5%		
Mashed potatoes	0.00	0.00	(0.00)	16%	14%		
Prepared or preserved excl. mashed potatoes	0.38	0.36	(0.09)	9.6%	9.0%		
Wood in the rough, of coniferous		3.77	(0.91)	Free			

Note: * "Free" denotes free for only those originated in the LDCs.

1) Other than those in application of the Paragraph 1 of Article 13 of the Customs Tariff Law.

2) If a value for custom duty per kilogram is more than the upper limit prices for the specific duty applied to partial pork (53.53yen) but not more than the gate price of partial pork (524yen).

3) If a value for custom duty per kilogram is more than the gate price of partial pork (524yen).

4) If imported during the period from 1st June to 31st November.

5) If imported during the period from 1st December to the end of May.

6) Excluding those containing lastose of not less than 10% of the weight.

* 8.5%+290.7yen/1,000.

** 50% or 12yen/kg, whichever is the greater.

*** Per kilogram, the difference between the standard import price of partial pork (535.53yen) and the value for custom duty.

Table 12 Imports of agriculture-related products and the tariff rates in Japan: imports from China in 2005

Total imports: 11975 billion yen

Agriculture-related imports: 941 billion yen (share in total imports:7.86%)

Agriculture-related imports (incl. wood) : 1095 billion yen (share in total imports: 9.14%)

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Prepared or preserved chicken (other)	6.93	5.96	(0.54)	8%	6%		* Free
Eel	6.72	5.77	(0.53)				
Live	1.81	1.56	(0.14)	5%	3.5%		
Prepared or preserved	4.91	4.22	(0.39)	10%	(9.6%)	7.2%/	* Free
Nishin and Tara	4.25	3.56	(0.33)				
Fresh, chilled, frozen, or frozen fillets	2.35	2.02	(0.18)	10%			
Fillets excl. frozen	0.00	0.00	(0.00)	10%	6%		
Hard roes of nishin	0.21	0.18	(0.02)	12%	8.4%		
Hard roes of tara	0.26	0.23	(0.02)	15%	8%		
Prepared or preserved Nishin (whole or in pieces, but not in minced)	0.10	0.10	(0.01)	9.6%	(9.6%)	7.2%/	* Free
Prepared or preserved Nishin, not in airtight containers	0.02	0.02	(0.00)	12.8%	11%		

Major imported commodities	Import share (%)			Tariffs			
	in agri.	in agri. (wood)	(in total)	General	WTO	Preferential	Temporary
Prepared or preserved Tara, not in airtight containers	1.30	1.11	(0.10)	12.8%	9%		
Prepared or preserved fish (excl. nishin and tara)	4.04	3.47	(0.32)	9.6%	(9.6%)	7.2%/ * Free	
Prepared and preserved crab (incl. molluscs (other)) (not in airtight containers)	3.60	3.09	(0.28)	10%	10%	7.2%/ * Free	
Frozen vegetables	3.05	2.62	(0.24)				
Green soya beans, spinach, broccoli, and other	2.50	2.15	(0.20)	10%	6%		
Potatoes, peas, beans, and other	0.45	0.39	(0.04)	10%	8.5%		
Sweet corn	0.08	0.07	(0.01)	20%	12%		
Burdock	0.01	0.01	(0.00)	12.5%	10.6%		
Shrimps and prawns	2.98	2.56	(0.23)				
Frozen, not frozen	1.97	1.69	(0.15)	4%	1%	* Free	
Not frozen (other)	0.00	0.00	(0.00)	6%	5%	4%/ * Free	
Prepared or preserved (smoked, simply boiled in water or in brine)	0.21	0.18	(0.02)	4.8%	4.8%	3.2%/ * Free	
Prepared or preserved (other)	0.80	0.69	(0.06)	6%	5%	* Free	
Soya beans (seeds and oil-cake and other solid residues)	2.98	2.56	(0.23)	Free			
Prepared or preserved vegetables (other)	2.56	2.20	(0.20)	9.6%	9%		
Ika	1.83	1.58	(0.14)				
Prepared or preserved, smoked	0.05	0.05	(0.00)	9.6%	6.7%		
Prepared or preserved, other than smoked	1.78	1.53	(0.14)	15%	10.5%		
Prepared or preserved pork (excl. Ham, Bacon, Press Ham)	1.71	1.47	(0.13)	25%	20%		
Bamboo shoots	1.36	1.17	(0.11)	16%	13.6%		
Shiitake	1.23	1.06	(0.10)				
Fresh or chilled	0.57	0.49	(0.04)	5%	4.3%		
Dried	0.67	0.57	(0.05)	15%	13%		
Waribashi		1.40	(0.13)	5.6%	4.7%	2.82%/ * Free	
Other articles of wood (other)		3.29	(0.30)	5.8%	2.9%		

Note: " * Free" denotes free for only those originated in the LDCs.

Table 13 Imports from other ASEAN countries: Brunei, Cambodia, Laos, and Myanmar

Agriculture, fishery, and forestry products	Share in total	Others	Share in total
Brunei (import values: 252.47billions JPY)			
Agriculture and fishery total	0.00	Petroleum oils	22.4
Forestry total	0.00	Petroleum gases	77.6
Total (agriculture, fishery, and forestry)	0.00		
Cambodia (import values: 11.64billions JPY)			
Agri total (not roasted coffee)	0.0	Apparel and clothing	8.1
Forestry total	0.03	Footwear	91.7
Wood charcoal	0.01		

Agriculture, fishery, and forestry products	Share in total	Others	Share in total
Statuettes of wood	0.01		
Total (agriculture, fishery, and forestry)	0.04		
Laos (import values: 0.89billions JPY)			
Agriculture and fishery total	1.0	Footwear	11.5
Forestry total	61.3	Apparel and clothing	16.6
Wood swan	7.2		
Wood continuously shaped (of kwarin, tsuge, red sandal wood)	34.6		
Wood continuously shaped (other)	7.4		
Total (agriculture, fishery, and forestry)	62.3		
Myanmar (import values: 22.47billions JPY)			
Agriculture and fishery total	42.1		
Frozen shrimps and prawns incl. lobsters	30.6	Apparel and clothing	25.9
Sesame seeds	3.2	Footwear	17.4
Beans	2.9		
Forestry total	6.2		
Wood charcoal	3.8		
Total (agriculture, fishery, and forestry)	48.2		

In the case of Japanese imports from Korea and China, the share of agriculture-related products is six percent in 2005 for Korea (Table 7), which is lower than the share in 2000 at nine percent, and nine percent for China (Table 12)²². Thus, it would be easier to simply meet the 90 percent rule on a import value basis as far as all sectors other than agriculture-related sectors are liberalized. To satisfy the other condition that FTA/RTA should not exclude a specific commodity group as a whole from liberalization, however, market access in agriculture-related sectors must be improved. Given that major imported commodities consist of various commodities and that they have relatively high tariffs and/or specific tariffs, agriculture imports may be a controversial issue in forming a FTA/EPA with Korea or China. In fact, a direct reason why negotiations between Japan and Korea were being stalled was, according to what the Korean side claimed, Japanese unwillingness to come into the negotiation with a strong commitment to “high-standard” FTA without excluding any commodity a priori.

For Indonesia, the share of agriculture-related imports including forestry products is 10 percent; two-thirds of agriculture-related imports consist of plywood, over 20 percent are shrimps and prawns, and six percent are tunas (Table 8). It may not be so difficult just to satisfy the 90 percent rule on a import value basis. Considering the trade liberalization in existing EPAs, particularly those with Malaysia and Thailand, however, plywood would likely be excluded from tariff elimination, and tunas might be excluded, depending on the kind, while tariffs on frozen shrimps and prawns may be eliminated. It indicates that some commodities may be a controversial issue in forming a FTA/EPA with Indonesia in terms of major imported agriculture-related products.

In the case of Vietnam, the share of agriculture-related imports in total is 22 percent,

²²See Kimura and Ando (2002) for corresponding tables for agriculture-related imports in 2000.

and over half of agriculture-related imports are shrimps and prawns, and the second largest commodity is squid (Table 9). Again, considering the case of an EPA with Thailand, tariffs on shrimps and prawns and frozen mung bean would be eliminated. What is worth mentioning here, however, is that major imported commodities listed in the table include semi or wholly milled rice imported by the government (state trading). Since there is no import of semi or wholly milled rice other than that imported by the Japanese government, the table does not include any information on them; it indicates that the tariff is too high to normally import (tariffs are free for state trading and 341 yen/kg for others). Although state trading commodities including rice are often treated as those for exclusion or renegotiation in existing EPAs, how to liberalize such sensitive sectors would affect the establishment of an EPA with Vietnam.

Regarding Japanese imports from Australia and the United States, the share of agriculture-related imports in total are over 20 percent for both countries, suggesting that a substantial improvement in market access is required (Tables 10 and 11). Looking at major imported commodities, we need to interpret with caution. The largest commodity imported from Australia in 2005 is beef (over 40 percent of agriculture-related imports), but major commodities imported from the United States do not include beef. This is affected by the prohibition on the imports of U.S. beef due to Bovine Spongiform Encephalopathy (BSE), and Japanese beef imports have shifted from U.S. beef to Australian beef²³. Therefore, although beef is not listed as a major imported commodity for the United States in 2005, how to liberalize imports in these products certainly affect the formation of not only EPA/FTA with Australia but also with the United States.

Besides beef, major commodities in these countries include sugar (specific tariffs), orange (seasonal tariffs of 32%/16%), maize (specific), and many sensitive products for exclusion or renegotiation under EPAs with Asian developing countries such as pork (ad valorem tariff or price difference tariff), wheat and barley (free or specific tariffs), preparation of milk such as cheese (29.8%). In the case of wheat and barley, imports are almost zero if state trading is excluded. It indicates that it is almost impossible to import them through normal channels due to high MFN tariffs. Moreover, tariffs on many commodities in the tables are specific tariffs or more complicated ones; tariffs on cigarettes with the largest import share for the United States, for instance, are 8.5% and 290.7yen/1000. All of these facts suggest that major commodities imported from these two countries include various products highly protected under “structural protectionism” or “local protectionism”, and at the same time such protection for these commodities would certainly prevent concluding an EPA/FTA with Australia or the United States if it is kept.

In summary, agriculture-related imports from countries with potential EPAs/FTAs indeed include many sensitive products. Unless Japan attempts to liberalize these sectors, agriculture protection will cause a huge cost of not being able to conclude ETAs/FTAs for the whole economy including manufacturing sectors.

5. Conclusion

This paper critically reviews agricultural protection in Japan in the era of regionalism. Although FTA negotiations are in principle accompanied with weaker legal enforcement

²³Beef was the second largest imported product from the United States, following tobacco. See Kimura, Kiyota, Fujii, and Ando (2003, Table 2-2-1) for major imports from the United States and their shares in 2000.

than WTO negotiations, we observe some improvements in liberalizing the agricultural sector. Detailed investigation on major existing EPAs and selected potential FTAs/EPAs, we found a certain degree of liberalizing effects on the Japanese agricultural sector. In particular, “sectors being liberalized,” i.e., a variety of vegetables, fruits, forestry products, and seafood, will realize gradual elimination of tariffs. However, agricultural products under “structural protectionism” and “local protectionism” tend to be excluded from complete liberalization lists or to be classified as items being re-negotiated. Furthermore, complicated protection structure is preserved in various sectors.

It is an infamous fact that Japanese commitment level for free trade, measured by the coverage of commodities under complete free trade within ten years, tends to be lower than that of partner countries in FTAs/EPAs. Japan can still conclude FTAs/EPAs because Japan is able to counteroffer investment and economic cooperation in one way or another for developing countries. The same method, however, cannot be used when partner countries are developed countries. It is very likely that FTA networking will soon be extended to the Asia-Pacific. At that point in time, agricultural protection may become a serious binding constraint for Japanese economic diplomacy.

Economists have for long analyzed the cost of agricultural protection in the context of welfare analysis. We, however, should not neglect the cost of protection in economic diplomacy. Particularly in the era of regionalism with stalled multilateral liberalization efforts, agricultural protection may critically constrain the degree of freedom in strategic moves. Japan has to be serious in agricultural sector reform not only for trading partners but also for its own benefit.

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