

U.S. Economic Diplomacy towards Japan in Resolving Beef Tariff Barriers

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Abstract

The United States (U.S.) is one of beef exporting countries in Japan. The high level of demand for beef in Japan was followed by a decrease in the volume of U.S. beef from Japan during 2017-2020 period caused by import barriers in the form of tariffs faced by U.S. beef. These tariff barriers arise because the U.S. does not have a trade agreement with Japan. This study aims to discuss the efforts made by the U.S. through negotiating tariff barriers with Japan regarding beef exports. This study uses the concepts of economic diplomacy and trade theory as the basis for research analysis. The research method used in this research is descriptive qualitative with data collection through documentation study. The results of this study indicate that the U.S. effort in negotiating tariff barriers with Japan is to form a bilateral trade agreement, namely the U.S.-Japan Trade Agreement (USJTA) which uses the stages of decision-making in economic diplomacy in its formation. Through this effort, the U.S. successfully lowered its beef import tariffs in Japan and leveled its beef competitive level with the CPTPP member countries. In the formation of the USJTA, various actors are involved, both state and non-state actors. Efforts to negotiate tariff barriers on beef exports by the U.S. and Japan succeeded in increasing U.S. beef exports after the establishment of the USJTA began to be implemented on January 1, 2020.

Keywords: economic diplomacy, export, tariff barriers, United States

Abstrak

Amerika Serikat (AS) adalah salah satu negara pengekspor daging sapi di Jepang. Tingkat permintaan daging sapi yang tinggi di Jepang ternyata diikuti oleh adanya penurunan volume ekspor daging sapi asal AS di Jepang pada periode 2017-2020 yang disebabkan oleh hambatan impor berupa tarif yang dihadapi oleh daging sapi AS. Hambatan tarif ini muncul karena AS tidak memiliki perjanjian perdagangan dengan Jepang. Penelitian ini bertujuan membahas upaya yang dilakukan AS melalui negosiasi hambatan tarif dengan Jepang tentang ekspor daging sapi. Penelitian ini menggunakan konsep diplomasi ekonomi dan teori perdagangan sebagai dasar analisis penelitian. Metode penelitian yang digunakan dalam penelitian ini adalah kualitatif deskriptif dengan pengumpulan data melalui studi dokumentasi. Hasil dari penelitian ini menunjukkan bahwa upaya AS dalam menegosiasikan hambatan tarif dengan Jepang adalah dengan membentuk perjanjian perdagangan

bilateral yaitu U.S-Japan Trade Agreement (USJTA) yang menggunakan tahapan-tahapan pembuatan keputusan dalam diplomasi ekonomi dalam pembentukannya. Melalui upaya ini, AS berhasil menurunkan tarif impor daging sapi di Jepang dan menyamakan level kompetitif daging sapi dengan negara-negara anggota CPTPP. Dalam pembentukan USJTA terdapat berbagai keterlibatan aktor baik aktor negara maupun non negara didalamnya. Upaya negosiasi hambatan tarif pada ekspor daging sapi yang dilakukan AS dengan Jepang berhasil meningkatkan ekspor daging sapi AS setelah pembentukan USJTA mulai diimplementasikan pada 1 Januari 2020.

Kata kunci: Amerika Serikat, diplomasi ekonomi, ekspor, hambatan tarif

INTRODUCTION

The U.S. is among many countries implementing economic practices to enhance access to goods and services. Today, U.S. economy is leaning more towards using systematic, strategic diplomacy and economic instruments. This measure is considered important to utilize in an increasingly competitive economy. One of the applications is economic diplomacy between the U.S. and foreign countries in international trade. As an open and competitive country, the U.S. has tied multifarious trade agreement at bilateral, multilateral, and regional levels, thus establishing the country as the biggest economy in the world with the highest records of export and import of goods and services. Particularly in the agricultural sector, the U.S. contributed a total trade of \$264 billion worth of agricultural products in 2017 and, in the same year, recorded a surplus of \$22 billion in this sector (U.S. Trade Representatives, 2017). It shows that agriculture is among many promising sectors in the U.S. economy.

On the other hand, Japan has a sequence of opportunities for U.S. agricultural commodities, considering the relatively small-scale agriculture in Japan compared to other sectors. According to the CIA World Factbook, the agricultural sector only contributed roughly 1% to Japan GDI in 2017 (CIA.gov, 2017). Japan's limited land, in

addition to high input costs, also affects the development of small-scale agriculture (Marie, 2018). This situation demonstrates Japan's overreliance on agricultural imports from other countries to fulfill national demand.

The exported U.S.-based agricultural commodity to Japan is beef. Historically, Japan has imported U.S. beef since the 1970s because the rapid economic growth in Japan between the 1950s and 1970s changed consumption patterns among the Japanese. Modernization is believed to be the driving factor of this shifting pattern, which then encouraged the first trade agreement "Beef Market Access Agreement" to import beef from the U.S. to Japan in 1988. This agreement contains, among other things, the revocation of the beef quota system and introduces the tariff system as the new measure (Wahl, William, & Hayes, 1989). The negotiation process during this agreement successfully reduced trade friction between the U.S. and Japan.

The U.S. made further efforts to increase access to the agriculture market in Japan, including beef, by participating in Trans-Pacific Partnership (TPP) (USDA.gov, 2015). However, in 2017, under Donald Trump's administration the U.S. withdrew from the TPP agreement as a way to realize Trump's "America's First" mission in foreign policy. The newly inaugurated AS

President, Trump, argued that his decision was representing both the U.S. people and U.S. financial welfare as stipulated in the presidential memorandum (trumpwhitehouse.archive.gov, 2017). Even so, the other country members joined forces under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) agreement, which is the extension of the TPP, agreement implemented in December 2018 (mofa.go.jp, 2018).

The absence of a trade agreement between the U.S. and Japan resulted in tariff barriers against the U.S. on whom Japan imposed a 38.5% tariff. This tariff is higher than the tariffs imposed on countries under the CPTPP agreement (entitled for lower tariffs) and in competition with the U.S.. As a result, U.S. beef export was rendered a non-competitive position in Japan. To address this, a trade relationship regarding beef exports needs to be fostered between U.S. and Japan U.S. beef export to Japan.

Discussion on U.S.-Japan, particularly beef export, has been reported in previous studies. Mori, and Lin (1990) discussed the challenges to U.S. beef export to Japan in the 1990s which gave birth to the first trade agreement for beef export between both countries. Other journal publications focused on the measures taken by the U.S. government to negotiate the remedy of U.S. beef export following Japan's market access due to the outbreak of BSE/mad cow disease in 2003 (Becker, 2005). A report by Obara, Mconell, and Dyck (2010) highlighted U.S. beef export started to increase in 2005 after the market access closure. Another study discusses the competitiveness of U.S. beef with other countries like Australia and

explains different imports of Japan beef (Muhammad, Heerman, Melton, & Dyck, 2016). Further research on U.S.'s competitor countries by Muhammad, Countryman, Heerman (2017) explains the impact of the U.S.-Australia trade agreement on U.S. beef export to Japan which rendered the U.S. lost its opportunities and markets in Japan. Finally, literature on economic diplomacy U.S. penned by Sawatzki (2019) focuses on U.S.'s Foreign Agricultural Service (FAS) as a government institution in U.S. economic diplomacy for the agricultural sector. Reviewing past literature, the researcher observed little to no studies on U.S.' strategic economic diplomacy with Japan to address tariff barriers on beef in 2017-2020. The current studies have mainly discussed the establishment of U.S.-Japan export trade in the 1990s, the conditions of U.S. beef export in Japan, and the comparison of beef export between the U.S. and other countries.

The higher import tariff barriers imposed on the U.S. have decreased U.S. beef export to Japan. Therefore, the U.S. would need to address this issue. Based on this background, the researchers take the focal point of how the U.S. navigates the negotiation of tariff barriers in beef export to Japan between 2017 and 2020.

THEORY AND CONCEPTS

Economic Diplomacy

The development of issues around international relations post-Cold War and globalization have sparked multifarious diplomacies. One form of diplomacy as a decision making tool in foreign policy is economic diplomacy. The increasing competitiveness for economic benefits in multilateralism has rendered economic diplomacy normal among countries. According to

Manasserian (2017), economic diplomacy also plays a vital role in providing informative-analytical support to institutions within state sovereignty and increasing public awareness of the negotiation process involved in state issues. Lee & Hocking (2010) stated that studies on economic diplomacy are essential, not only for matters about diplomatic agenda but also changes in diplomacy due mainly to the emerging new actors.

In their book "The New Economic Diplomacy", Bayne & Woolcock (2017) discuss the emergence of new actors in economic diplomacy. Unlike diplomacy in general where full responsibility is held by the Ministry of Foreign Affairs, the central government (the main actor in economic diplomacy) will assign particular ministry in charge of economic diplomacy. Economic diplomacy also involves non-state actors like Non-Governmental organizations (NGOs), private sectors, and even civilians. These actors play a vital role in diplomacy.

Bayne & Woolcock explain seven stages in shaping the government's decision to implement economic diplomacy (Bayne & Woolcock, 2017). The first stage is taking the lead, in which the government will assign one ministry to carry the primary responsibility in negotiation at domestic and international levels. In the second stage, external consultation, the primary ministry will consult non-government actors in the process of shaping policies at domestic level and prepare strategies for international negotiation. The third stage is internal coordination where the main ministry will coordinate with its internal parties to determine strategies to take. It is done to strengthen negotiations and enhance effectiveness of economic

diplomacy. Political decision is the fourth stage where the primary ministry will involve other ministries and bestow political authority to the strategies that will be negotiated at international level. At the fifth stage, democratic legitimation is applied to democratic nations which require government legitimation in economic diplomacy in order to gain supports from the members of legislative body. The sixth stage is *international negotiation* which demonstrate the country's readiness to negotiate at international level. At this stage, the primary ministry regularly holds meeting at domestic level for coordination, consultancy, and evaluation of the ongoing negotiation. At the last stage, ratification of agreement, *international negotiation* has successfully accomplished and would require further ratification to establish a legal foundation for implementation. This research focuses on the stage *taking the lead, external consultation, internal coordination, and international negotiation* to elaborate U.S. efforts to negotiate its beef export to Japan in 2017-2020.

Tariff Barriers

In addition to offering multiple benefits, international trade also faces inevitable obstacles every now and then, which may be found through the implementation of policy instruments for international trade by the countries. There are two types of trade obstacles in international trade policies: tariff barriers and non-tariff barriers.

This research is focused on tariff barriers. While tariff is the oldest policy in international trade implemented by a country, tariff barriers refer to the tax imposed on import goods to other

countries (import tariff). Tariff barriers are a potential income source in international trade and a measure to protect the domestic sectors of the exporter countries (Krugman, Obstfeld, & Melitz, 2018). Tariff barriers on goods would increase the price and render the goods sold in other countries more expensive.

Two types of tariff implementation in international trade are ad valorem tariffs and specific tariffs. An ad valorem tariff is a tax levied on a small number of imported goods, while a specific tariff is a tax imposed at a fixed rate for each unit of imported goods (Krugman, Obstfeld, & Melitz, 2018). Tariff barriers discussed in this study are included in the ad valorem tariff.

Tariff barriers imposed on a product imported from a country can be removed or lowered. This policy is among many outcomes of the Uruguay Round where countries are committed to imposing tariffs on particular categories of goods and services (Hoda, 2018) through multiple measures, including negotiation in a trade agreement. The trade agreement can be bilateral, multilateral, or regional. WTO regulation stipulates in Article I:1 of GATT 1994 the basic principles and regulations for countries involved in the negotiation to reduce or remove tariffs in, namely the countries shall uphold the principles of reciprocity, mutual benefits, and MFN obligation (Bossche, 2005). Pertaining to this regulation, when a country negotiates tariff reduction with other countries, such reduction must as well apply to other members of the WTO unconditionally.

Furthermore, every country involved in negotiation in a trade agreement is based on two motives. The

first motive usually applies to 'big' nations, is to carry out economic efficiency. It is because not one country has the incentive to unilaterally lower its tariff (Bown, 2015). The trade agreement would enable a coordinated tariff reduction that in turn improves economic welfare by enlarging the total trade volume. On the other hand, a trade agreement can neutralize the negative effect of the trade provisions imposed by each country. The second motive usually applies to 'small' countries, which are redistributive policies. The politically-driven government would use trade agreements as a commitment tool for preventing excessive import tariffs imposed in their countries.

Research Method

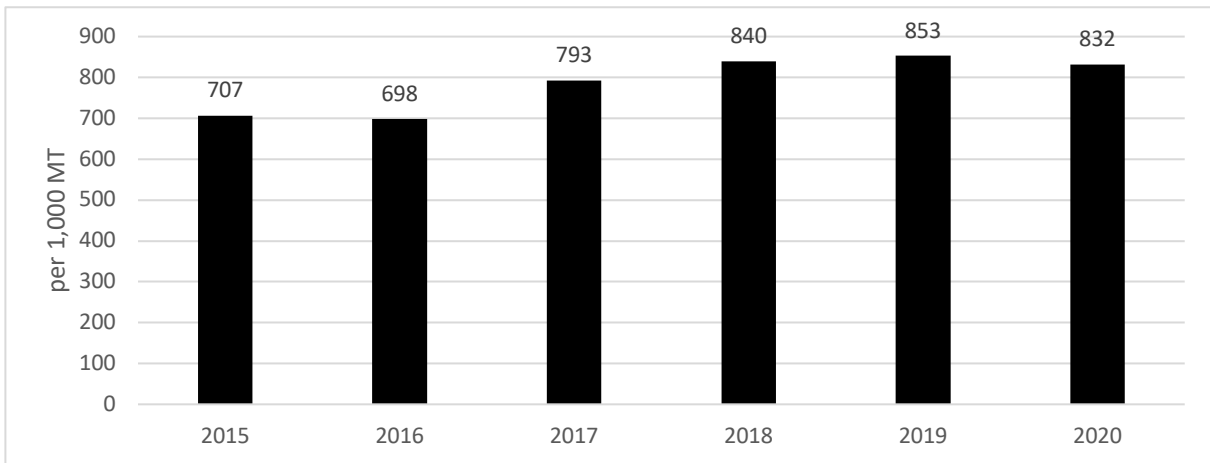
This study applied the descriptive qualitative method. According to Bryman (2012), qualitative research is a strategy that emphasizes words over numbers in data collection and data analysis. Furthermore, Creswell (2013) stated that qualitative data leans towards using data in form of texts and figures. Qualitative research is basically descriptive because it collects soft data instead of hard data that must be processed statistically (Yusuf, 2014). Accordingly, descriptive qualitative in this study was utilized to collect information in form of words from interview results, official documents, images, and field notes that portrayed the facts and actual conditions of the issues being studied. In this study, the semi-structured interviews were conducted by the authors using a prepared guideline. The interviewed informants were Joe Schuele, the Vice President of Communication of the United States Meat Export Federation (USMEF); Steven Jordan, the Lead Trade Officer for Japan

and Korea for the United States Department of Agriculture Foreign Agricultural Service (USDA FAS); and Jeff Jones, the Senior Policy Advisor in USDA FAS. The interview was conducted online through Zoom meetings. Other data were collected in order to understand the U.S. efforts to negotiate or address the tariff barriers to U.S. beef export to Japan between 2017 and 2020.

RESULT AND DISCUSSION

U.S. Beef Potentials in di Japan

U.S. beef has good potential in Japan. Japan is one of the highest beef importer countries in the world, accounting for 1.8 million pounds of beef or 8.90% of the total meat imported around the globe in 2020 (Cook, 2022). U.S. beef export to Japan comprised 26% of the total U.S. beef export in 2017 and gained 48% market access in Japan (Marie, 2018).



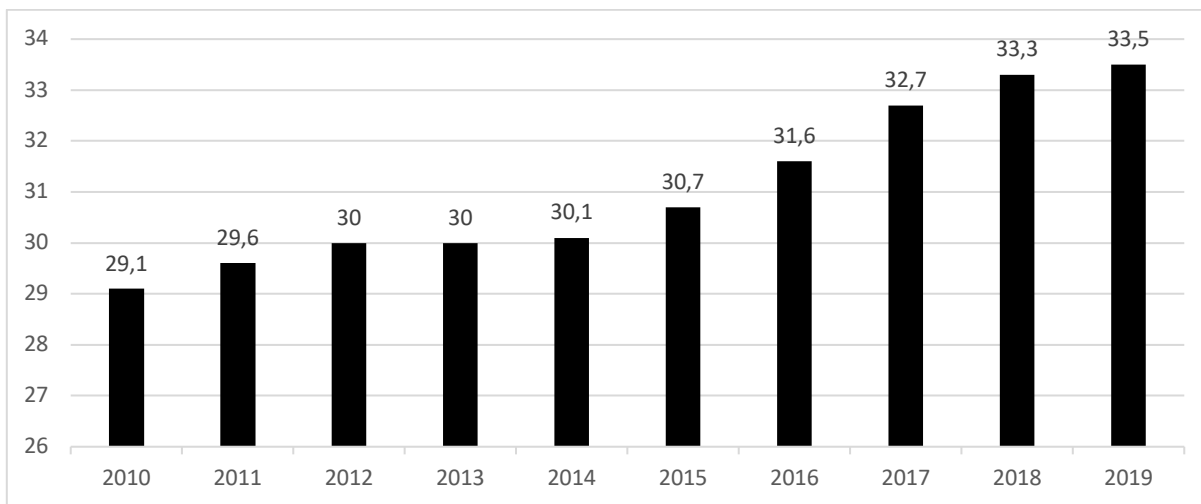
Source: USDA Economics, Statistics, and Market Information System, 2021.

Figure 1.

Total Volume of Beef Import to Japan in 2015-2020

Figure 1 illustrates a relatively high volume of Japan's beef imports, accounting for 787,000 MT of beef. The high volume of beef imports in Japan is followed by the increasing trend of Japanese consumption of beef in general. The Japanese are known to favor grain-fed beef for its well-marbled quality

compared to grass-fed beef (Obara, McConell, & Dyck, 2010). Grain-fed beef is famous for its tender texture and rich flavor suitable for the Japanese palate. This preference is advantageous potential for the U.S. as a country producing grain-fed beef.



Source: Statista, 2022.

Figure 2.
Per Capita Beef Consumption in Japan 2010-2019 (in kg)

Figure 2 shows that the consumption trend of the Japanese in 2010-2019 tends to grow every year, and the highest increase is evident from 2016 through 2018. This trend of per capita consumption shows great potential for U.S. beef in Japanese markets.

This study has revealed the driving factors behind this increasing trend in Japan. First, in an interview with Joe Schuele, the Vice President of Communication United States Meat Export Federation (USMEF) captured his explanation that the consumers in Japan prefer bigger cut meat for roast or barbecue. Also, today's Japanese homes with not-so-large kitchens are fit for cooking different beef cuts from barbecue-size to bigger sizes. It helps the U.S. to promote more beef cuts in Japan.

Second, according to a USDA report, Japan in 2016 saw extensive marketing of U.S. beef cuts in all retailers, hotels, and food services across the country. It was because restriction was imposed on beef from Japan and Australia and the Yen currency was relatively stronger across 2016, thus encouraging traders in Japan

to use U.S. beef. It was in line with Malik (2017) regarding factors to international trade. The price gap due to a sustainable combination between the strengthened Yen and the growth of U.S. beef production has resulted in a higher competitive price for U.S. beef export. The FAS USDA report in 2017 on the market situation of U.S. products in 2016 stated that the average import price for U.S. chilled cut declined by 8% to \$6,912/MT, mostly due to the strengthened Yen currencies. Meanwhile, the Australian chilled cut was 4% more expensive \$7,491/MT because the government restricted meat supply dedicated for export (USDA FAS, 2017). At last, the increasing consumption of beef in Japan was encouraged by a surge of beef in 2017 known as 'meat boom' (USDA Foreign Agricultural Service, 2018).

U.S. Beef Export in Japan

The great potential of U.S. beef in Japan is followed by declining U.S. beef export to Japan in 2019. The declining export was due to the CPTPP agreement that imposed tariff reductions on beef

imports to its country members since December 2018. CPTPP agreement was an obstacle to U.S. beef export to Japan because the U.S. was not part of CPTPP and U.S. did not tie a trade agreement with Japan.

This declining export in terms of volume and value of U.S. beef export to Japan in 2015-2020 is illustrated in Table 1 below. In 2019, the total volume of U.S. beef export to Japan declined by 5,7% from 330,217 MT in 2018 to 311,146 MT in 2019. Likewise, the total value of U.S. beef exported to Japan was 7% less than the previous year (USDA, 2018). While data in Graph 1 illustrates the increased total volume of Japanese beef in 2019 compared to other countries in the previous years, these data also show a declining beef export in the U.S. which caused lower market access for U.S. beef from 41% to 39% in 2019 (USDA FAS, 2020).

Table 1.

Total Volume and Value of U.S. beef export to Japan in 2015-2020

Year	Volume (Metric Tons)	Nilai (juta USD)
2015	204,927	1.284
2016	258,653	1.510
2017	307,559	1.889
2018	330,217	2.102
2019	311,146	1.950
2020	306,140	1.944

Source: U.S Meat Export Federation, 2021.

The CPTPP agreement is an obstacle to U.S. beef export. As discussed by Hilfi Firza (2020), Japan tends to impose a closed negotiation strategy, particularly regarding issues around

trade liberalization in agriculture stipulated in the CPTPP. Meanwhile, CPTPP has enabled Japan to open its agricultural market for the first time for international trade (Firza, 2020). This agreement also reduces the tariff for chilled beef and frozen beef for the members of CPTPP from 38,5% to 27,5% at the end of 2018, then again to 26,6% in April 2019, and will continue decreasing gradually up to 9% within 15 years. It was a loss for the U.S. beef export industry as reflected in Table 1. When tariff reduction below the threshold mentioned in CPTPP is imposed, the volume and value of U.S. meat export will decline while the trend of beef consumption in Japan's market is increasing.

Reflecting on U.S. beef export in Japan, the authors observed that tariff barriers faced by U.S. meat are not violating the regulations approved by WTO. The 38.5% tariff faced by U.S. beef is the custom tariff rate imposed by Japan to all countries not tying a trade agreement with Japan. Accordingly, this tariff has conformed to the WTO's tariff, and Japan is not violating the applicable rules of international trade.

From the aforementioned findings, the authors suggest that the issue was Japan imposed tariff reductions on beef imports to countries subjected to the CPTPP agreement. The Article I:1 of GATT 1994 stated that every citizen is mandated to uphold reciprocity and mutual benefit principles, as well as Most Favoured Nation (MFN) (Bossche, 2005). These rules stated that if a country reduces the tariff for other countries, the same tariff reduction must also be given to all WTO members. Based on this rule, Japan also applies tariff reductions to CPTPP agreements with other countries,

including the U.S.. Also, the higher tariff levied on the U.S. than other CPTPP countries is responsible for the declining U.S. beef export in Japan in 2019.

The Establishment of *U.S.-Japan Trade Agreement (USJTA)* as an Economic Diplomacy Measure

Since the U.S. officially withdrew from the TPP agreement, the U.S. people, particularly beef breeders and beef exporters involved in the access export market in Japan expected the U.S.-Japan trade agreement. According to Joe Schuele in our interview, the U.S. people wanted the U.S. government to make an achievable effort to embody a fair, balance trade with Japan. It was based on a concern that U.S.' withdrawal from the TPP agreement would place the U.S. in a threatened position. It was mainly because the U.S. has lost multiple market access due to the higher tariff barriers imposed on U.S. products in Japan (Kubota & Mauldin, 2017). Consequently, it affected the exports of U.S. products to Japan, particularly agricultural commodities that include U.S. beef.

Responding to this concern, U.S. President Donald Trump and Japanese Prime Minister Shinzo Abe established a Joint Statement in a meeting in New York, on September 26, 2018. The Joint Statement stated that both President Trump and PM Abe emphasized the importance of fostering strong, stable, and mutually profitable economic and trade relations between the U.S. and Japan (govinfo.gov, 2019), especially considering that U.S. and Japan combined economy equals 30% of the global GDI. Driven by this background, U.S. and Japan are committed to extending their trade and investment ties through beneficial measures and concrete realizations. Also,

the Joint Statement mentioned that Japan and U.S. would undertake a bilateral negotiation for establishing the Japan-U.S. Trade Agreement (USJTA) in the trade of goods and other main sectors that include services in order to accomplish a feat at the initial agreement.

The stages of economic diplomacy is evident since the USJTA existed. The U.S. government appointed The Office of the United States Trade Representatives (USTR) to take charge of and lead the negotiation process at both domestic and international levels. It was parallel with the stage of taking the lead proposed by Bayne & Woolcock (2017). At the initial stage of USJTA, the USTR was tasked with informing the U.S. Congress that the U.S. president intended to negotiate with Japan in USJTA, and informing the public or known as public register notice. The USTR would seek public comments about the formation of USJTA which contains U.S. interests and priorities and a development plan for the U.S. position in the anticipated negotiation. Then, the USTR would hold a public hearing to discuss the comments about the USJTA negotiation on December 10, 2018 in Washington DC, U.S. (USTR, 2018).

The three-day public hearing was attended by stakeholders and U.S. farmer representatives. Discussion on U.S. beef export to Japan was at panel 5, attended by organization delegates, including Dan Halstrom from USMEF, Kevin Fester from National Cattlemen's Beef Association (NBCA), William Westman from North American Meat Institute (NAMI), and others (ustr.gov, 2018). This process was equivalent to the external consultation stage introduced by Bayne & Woolcock. At this stage, the government through the appointed ministries conducted consultancy with other actors that

include non-government actors (Bayne & Woolcock, 2017). During the public hearing, the delegates offered their response to the trade barriers faced by U.S. beef in Japan. It seemed that the delegates all expected the U.S., through USJTA, to negotiate the tariff barriers by removing or lowering the beef import tariff in Japan (ustr.gov, 2018). Similarly, non-tariff barriers have positioned the U.S. as the only country facing the quarterly safeguard. The delegates also warned of several trade agreements that were currently being negotiated by Japan, such as CPTPP and Japan-EU EPA. These agreements tied between Japan and other countries threaten the position of U.S. beef in Japan. All comments and feedback were received and consulted to shape U.S. strategy in an international negotiation with Japan.

During the negotiation to establish USJTA, the USTR collaborated with USDA to negotiate the agricultural sector. This issue was also raised by Jeff Jones, the Senior Policy Advisor of USDA in our interview. Jones explained that in negotiation with USJTA, the USTR collaborated with the other ministries equivalent to the field being negotiated, in this case, USDA for agricultural affairs. USDA collaborated closely with the USTR in developing strategies to include in the trade agreement. In the formation of USJTA, the USTR as the chair of the negotiation formulated strategies for the next step and facilitated coordination with the USDA as the ministry in charge of agricultural sectors, including beef.

The USTR-USDA coordination for U.S. beef can be analyzed at the internal coordination stage. At this stage, the decision-making of economic diplomacy was carried out to obtain agreements from all levels of government officials

regarding the strategies and discussions that will be conducted in international negotiations (Bayne & Woolcock, 2017). It was evident from the USTR as the chair of the negotiation and the USDA as the U.S. ministry responsible for commodities in the agricultural sector, including beef.

The next stage in negotiating the formation of USJTA is delegate meetings between the U.S. and Japanese governments. To follow up U.S.-Japan Joint Statements, U.S. government, and strategic negotiations in the U.S. domestic through USTR, a meeting was held in Washington U.S. on April 15-16, 2019 between the Ambassador Robert Lighthizer representing USTR and Toshimitsu Motegi, Japan's Minister of Economic Revitalization (USTR.gov, 2019). This meeting reflected the international negotiation stage by Bayne & Woolcock (2017), in which the U.S. was ready to attend a meeting with Japan and brought U.S. negotiation strategies that were previously formulated from coordination and consultancy at the domestic level. This meeting discussed trade issues involving the trade of goods which also included agricultural products. Ambassador Lighthizer and Minister Motegi agreed to continue discussing USJTA in the near future. This negotiation meeting of the two countries' delegates earned positive appreciation according to PM Abe and President Trump at Japan-U.S. Summit in Japan on May 27, 2019 (mofa.go.jp, 2019). Both countries' leaders asked for an accelerated negotiation and to establish a trust-based agreement between Japan and U.S. in order to reach an initial, mutually beneficial accomplishment for both Japan and the U.S.

The reason of U.S. expecting a trade agreement with Japan in order to lower the tariff can be analyzed with Bown's tariff policy concept (2015). In his explanation about the country's motives in implementing policies for trade agreements, Bown stated that 'big' countries tie trade agreements for economic efficiency. Trade agreements to coordinate import tariff reduction will not be realized if the involved countries do not have incentives to reduce their tariff. Regarding this issue, we can take a retrospect to U.S. economic diplomacy for beef export imposed with tariff barriers in Japan. The U.S. is a superpower country with the strongest economy in the world that naturally expects profits in its economy. Therefore, in order to gain profit and address barriers in their beef export to Japan, the U.S. negotiated a bilateral trade agreement under the USJTA.

The results of the negotiation conducted by the USTR represented by Ambassador Robert Lighthizer and the representative of Japan's Ministry of Economic Revitalization Japan, Toshimitsu Motegi, were the achieved consensus on the core elements of negotiation, namely agricultural products and industrial products. The accomplished outcomes of international negotiation in USJTA formation are also declared by the U.S. President and Japanese PM during the Japan-U.S. Summit Meeting on August 25, 2019.

Then, on September 25, 2019, the U.S. President and Japanese PM signed a Joint Statement to confirm the final negotiation to establish USJTA. Through this Joint Statement, both countries are committed to obeying the implementation of USJTA based on mutual trust. U.S. and Japan also agreed to hold back from taking actions contradictive to the agreement and the Joint Statement (Mofa.go.jp, 2019).

By taking steps for making a decision in economic diplomacy through negotiation to establish USJTA, at last, the USJTA was officially signed the Ambassador Robert Lighthizer who represented the U.S., and Shinsuke J. Sugiyama, the U.S. Ambassador for the U.S. on October 7, 2019. This agreement start to take effect on January 1, 2020 after six months of negotiation between both countries (crsreports.congress.gov, 2019). In the journey, USJTA produced several outputs, including the provisions for market access for U.S. beef products. Japan's government agreed to grant tariff reduction for U.S. beef import gradually from 38,5% to 26,6% on January 1, 2020, then to 25,8% on April 1, 2020 or early JFY 2020, and keep going until 9% in JFY 2033 (USDA FAS, 2020). This tariff reduction is equivalent to that implemented by Japan under CPTPP. It showed the U.S. government's success to resume its competitive position for U.S. beef in Japan.

Table 2.

Volume of Japan Beef Import in 2019-2020
(in metric tons, Carcass-Weight Equivalent)

	2019	2020	Chg. (%) 2020/2019
CPTPP	509,829	462,373	-9
<i>Australia</i>	405,932	363,749	-10
<i>Canada</i>	58,311	51,677	-11
<i>New Zealand</i>	25,814	27,886	8
<i>Mexico</i>	19,767	19,012	-4
United States	335,163	353,883	6
EU 27 + UK	4,393	10,726	144
Others	3,35	4,903	46
Total	853,735	831,885	-2

Source: USDA FAS, 2021.

Since the implementation of USJTA on January 1, 2020, there has been an upward trend in U.S. beef import volume in Japan compared to the previous year (USDA FAS, 2020). It demonstrates the success of the U.S. government to negotiate through economic diplomacy which increased U.S. beef export to Japan's markets. The success of USJTA in increasing IS beef export can be seen in Table 2 which illustrates the USDA FAS report on data of U.S. meat export to Japan in 2020. Table 2 shows that the volume of U.S. beef increased by 6% from the previous year. Compared to beef import from country members of CPTPP which collectively suffered from a 9% decrease in beef import volume compared to the previous year. It demonstrates U.S. negotiation efforts to reduce the tariff imposed on U.S. beef through USJTA negotiation, thus granting U.S. profits from beef export to Japan. The tariff reduction for U.S. beef in Japan has given an equal level of competitiveness with other countries, particularly Australia.

The U.S. people, especially farmers, and exporters, gladly welcome the

success of the U.S. government to establish USJTA. It can be seen from the responses of the U.S. society. The President of the American Farm Bureau, Zippy Fudal, stated that this agreement will position U.S. farmers and breeders to compete at an equal level with CPTPP countries in Japan. He expressed his gratitude to the U.S. government for encouraging the negotiators to reach more consensus on trade agreements (Bureau, 2019). Then, Matt Deppe, the CEO of the Iowa Cattlemen's Association, stated that this bilateral agreement is important because Japan is the number one export market based on export values, and the Japanese people are 'hungry' for U.S. beef. Additionally, this agreement has brought positive progress and good news for the agriculture sector in Iowa (iowaagriculture.gov, 2019).

The success of economic diplomacy by the U.S. is not arguably based on the interests of the U.S. people, especially those directly involved in the U.S. beef export industry who responded positively to the USJTA.

CONCLUSION

Japan is a country with a sequence of opportunities for U.S. agricultural commodities, including beef. High demand for beef accompanied by limited area for agriculture render Japan unable to meet domestic demand for beef so beef import is inevitable. The potential of beef in Japan can be seen from the total volume of beef imported to Japan between 2015 and 2019, which increased from year to year. This increasing trend is driven by the consistently upward trend of beef consumption among the Japanese in 2017-2019.

U.S. export potentials are followed by the slightly fluctuating U.S. beef export to Japan in 2017-2020, with a dip in 2019. This study has found the reasons for the declining export of U.S. meat, namely the higher tariff imposed on U.S. beef than other country members of CPTPP.

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As an effort to negotiate trade obstacles in form of tariffs in Japan, the U.S. established USJTA with Japan based on economic diplomacy. In line with the economic diplomacy concept, the U.S. government involved non-government actors to provide inputs and participate in promoting U.S. beef in Japan. This study found that the process of U.S. economic diplomacy through the USJTA took six months until the U.S. finally secured the negotiated beef tariff reduction in Japan. This study also showed the government's efforts from the internal consultation, external coordination, and negotiation process in economic diplomacy to enter the notoriously protective Japan's agriculture market.

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