

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**JAPAN: MARKET IMPROVEMENT MEASURES CONCERNING
IMPORTS OF CERTAIN AGRICULTURAL AND FISHERIES PRODUCTS**

The following notification was received from the Permanent Mission of Japan on 27 December 1994, for circulation to contracting parties.

In connection with the implementation of the Agreement on Agriculture annexed to the Agreement Establishing the World Trade Organization, the Government of Japan hereby notifies the GATT Secretariat, with a view to ensuring transparency, of the following:

1. In any year during the implementation period, no less than three fourths of the whole quota quantity of the designated dairy products for general use will be available for the imports of skimmed milk powder and butter.
2. The Livestock Industry Promotion Corporation (LIPC) will pay appropriate consideration to such factors as quality and specification of the products as referred to in paragraph 1 above with respect to its imports thereof.

The Government of Japan hereby notifies the GATT Secretariat, with a view to ensuring transparency, of the measures to be taken by the Government of Japan in connection with (I) the implementation of the Agreement on Agriculture annexed to the Agreement Establishing the World Trade Organization and (II) the market access improvement measures concerning imports of certain fisheries products, as indicated in the attachment hereto.

These measures are to be implemented by the Government of Japan on an MFN basis.

I. 1. Measures for corn for industrial use

The market access improvement measures (notified to the GATT through L/7087) is further modified as follows.

(1) The Government of Japan will maintain the tariff quota for duty free entry of corn for industrial use, the secondary tariff rate and the blending ratio of cornstarch from imported corn and domestic potato starch required for access to the tariff quota, as follows:

JFY	TQ (in-quota amounts) for industrial use (TMT)		Blending Ratio	Secondary Tariff
	Ordinary use	New use		
1995	3,750	162 (40)	11:1	50% or ¥ 12/kg. whichever is greater
1996	3,750	222 (80)	11:1	50% or ¥ 12/kg. whichever is greater
1997	3,750	282 (120)	11:1	50% or ¥ 12/kg. whichever is greater
1998	3,750	372 (190)	11:1	50% or ¥ 12/kg. whichever is greater
1999	3,750	462 (260)	11:1	50% or ¥ 12/kg. whichever is greater
2000	3,750	552 (330)	11:1	50% or ¥ 12/kg. whichever is greater

Note: The amounts for new use in parentheses are not subject to blending requirement of cornstarch from imported corn and domestic potato starch.

(2) The above in-quota amounts are the minimum in each fiscal year. The forecast of supply and demand for starch, which is taken into account in the establishment of the actual quota, will be developed in a transparent manner each year. In this regard, the Government of Japan will provide an opportunity for Japan's domestic enterprises to comment concerning such supply and demand forecast for starch. The actual quota amounts may be greater than the amounts described above, if warranted, taking into account the market-driven growth in demand. If warranted, the actual quota amounts may be increased in the second half of the fiscal year.

(3) Corn imported under the quota for ordinary use may also be made available for new use.

2. Measures for pork

The Government of Japan will operate its system for the importation of pork and its processed products which are defined in the attached paper in the following manner:

(1) The Gate Price (GP) levels in JFY 1995 will be as follows:

Cut meat	612 ¥/kg.
Carcass	460 ¥/kg.
Processed pork products	1,038 ¥/kg.

(2) During the period JFYs 1996-2000, the GP level will be reduced from the level in paragraph (1) above so that the GP level in JFY 2000 will be as follows:

Cut meat	524 ¥/kg.
Carcass	393 ¥/kg.
Processed pork products	898 ¥/kg.

Such reductions will be implemented at the beginning of the relevant JFY.

(3) Notwithstanding paragraphs (1) and (2), if at the end of any of the first three quarters of a JFY, the quantity of imports from the beginning of the JFY up to the end of the relevant quarter of such products exceeds 119 per cent of the average quantity of imports during the corresponding periods in the three preceding years for which data are available, the Government of Japan may, for the remainder of that JFY, apply a GP level higher than the level set forth in paragraphs (1) and (2) above but not exceeding the GP level set forth in its Schedule annexed to GATT 1994 for that JFY. If the situation as described above occurs at the end of the fourth quarter of a JFY, the Government of Japan may apply such higher GP during the first quarter of the following JFY.

(4) With respect to pork and its processed products imported at c.i.f. values equal to or in excess of the GP level in effect in accordance with paragraphs (1), (2) and (3), the Government of Japan will apply a duty at an ad valorem rate not greater than the applicable rate of duty set forth in its Schedule annexed to GATT 1994 except where the Government of Japan invokes Article 5 of the Agreement on Agriculture.

(5) With respect to pork and its processed products imported at c.i.f. values less than the GP level in effect in accordance with paragraphs (1), (2) and (3), the Government of Japan will apply a specific duty at a rate not greater than the applicable tariff rate in its Schedule annexed to GATT 1994 except where the Government of Japan invokes Article 5 of the Agreement on Agriculture; provided, however, that the application of such specific duty including the case invoking Article 5 of the Agreement on Agriculture does not result in a duty-paid c.i.f. price greater than the value obtained by following formula: $(100 \text{ per cent} + \text{ad valorem duty (per cent)}) \times \text{GP}$.

Attached paper:

"pork and its processed products" consists of the following items:

Cut meat: HS Code No. 0203.12, 0203.19, 0203.22,
0203.29, 0206.30, 0206.49

Carcass: HS Code No. 0203.11, 0203.21

Processed pork products:

HS Code No. 0210.11, 0210.12, 0210.19, 0210.90
1602.41, 1602.42, 1602.49

3. Importing State Enterprises

The Government of Japan intends to take necessary measures so that the Food Agency, the Livestock Industry Promotion Corporation, and the Japan Raw Silk and Sugar Price Stabilization Agency treat the products to be imported subject to state trading system in conformity with the following conditions, except for the products to which the provisions of Annex 5 of the Agreement on Agriculture are applied.

(1) Import mark-ups on in-quota imports

- (i) Import mark-ups as defined in the Note Ad-Article XVII, paragraph 4(b) of the GATT 1994 will be specified in Column 7 "Other terms and conditions" of Section IB in Japan's Schedule annexed to the GATT 1994.
- (ii) Maximum amount of import mark-ups will be bound and reduced by 15 per cent over the implementation period in equal annual installments.

(2) Transparency

The provisions for operation and notification procedures in Article XVII of the GATT 1994 will be respected.

(3) Over-quota imports

The importing state enterprises specified above will not be involved in any way, in the marketing or distribution of over-quota imports, except to collect the whole or a part of the sum referred to in paragraph 3 of the Notes to Section I-A of Part I in Japan's Schedule annexed to GATT 1994 and to inspect the quantity, quality and safety of such imports.

4. Measures for beef

(1) The Government of Japan will reduce the tariff rates for beef (HS Code No. 0201. and 0202.) from 50 per cent, which is applied in JFY 1993, to 38.5 per cent by JFY 2000.

(2) Notwithstanding paragraph (1), if at the end of any of the first three quarters of a JFY, the quantity of imports from the beginning of the JFY up to the end of the relevant quarter of fresh beef and chilled beef (HS Code No. 0201.) exceeds 117 per cent of the quantity of imports during the corresponding period of the preceding year, the Government of Japan may, for the remainder of that JFY, apply a tariff higher than the tariff set forth in paragraph (1) above but not exceeding the bound rate of duty set forth in its Schedule annexed to GATT 1994. If the situation as described above occurs at the end of the fourth quarter of a JFY, the Government of Japan may apply such higher tariff during the first quarter of the following JFY.

(3) Notwithstanding paragraph (1), if at the end of any of the first three quarters of a JFY, the quantity of imports from the beginning of the JFY up to the end of the relevant quarter of frozen beef (HS Code No. 0202.) exceeds 117 per cent of the quantity of imports during the corresponding period of the preceding year, the Government of Japan may, for the remainder of that JFY, apply a tariff higher than the tariff set forth in paragraph (1) above but not exceeding the bound rate of duty set forth in its Schedule annexed to GATT 1994. If the situation as described above occurs at the end of the fourth quarter of a JFY, the Government of Japan may apply such higher tariff during the first quarter of the following JFY.

5. Measures for certain whey and modified whey

(1) The Government of Japan will determine specific amounts allocated for imports of food-use whey and modified whey (HS Code No. 0404.10.ex) within the quota quantity for imports of the designated dairy products for general use by the Livestock Industry Promotion Corporation (LIPC) as referred to in the relevant part of its Schedule annexed to GATT 1994. The specific amounts to be determined by the Government of Japan will be as set forth in column (ii) of the Table below.

Simultaneous Buy and Sell (SBS) system will be introduced for the imports up to the amounts set forth in column (iii) of the Table below.

Table

(i)JFY	(ii) Specific Amounts within LIPC QUOTA	(iii) SBS Amounts
(Metric Tons, Product Weight Basis)		
1995	3,000	2,000
1996	3,300	2,500
1997	3,600	3,000
1998	3,900	3,500
1999	4,200	4,000
2000	4,500	4,500

(2) In the event that the total amounts of successful bids under the SBS system are less than the amounts set forth in column (iii) of the Table above by the beginning of the last quarter of the relevant JFY, LIPC may reallocate such remaining portion for imports of other designated dairy products for general use.

6. Measures for "Specific dairy products"

(1) The Government of Japan confirms that "Specific dairy products" as defined in (2) below are eligible for importation under the current access opportunities for other dairy products for general use as referred to in the relevant part of its Schedule annexed to GATT 1994. The quota quantity for the other dairy products for general use, which is 111,000 metric tons in whole milk equivalent for JFY 1994 as notified to the GATT through L/7087 will be maintained for the purpose of the access opportunities of those products, and the quantity as specified in column (ii) in the following table will be added each year to 111,000 metric tons. The column (iii) of the following table shows a total quota quantity for other dairy products for general use as a result of such addition.

Table

(i) (JFY)	(ii) (Whole milk equivalent, MT)	(iii) (Whole milk equivalent, MT)
1995	13,640	124,640
1996	15,500	126,500
1997	17,360	128,360
1998	19,220	130,220
1999	21,080	132,080
2000	22,940	133,940

(2) "Specific dairy products" means products which fall under HS Code Nos. 1901.90.ex and 2106.90.ex and which have the following product description:

A flavoured dried powder with less than 3 per cent moisture; 25-40 per cent fat content; 50-65 per cent by weight of dairy solids; sugared, less than 50 per cent by weight of sucrose.

(3) The Government of Japan will take measures, as appropriate and in accordance with relevant laws and regulation in Japan, to facilitate smooth importation of the specific dairy products.

7. The Government of Japan will maintain:

- The tariff-quota systems for duty free entry of malts, natural cheese for processing, and tomato puree and tomato paste for manufacturing tomato ketchup and other tomato sauces, and
- The measures of reduction of or exemption from customs duty on starches for the production of sweeteners and modified starches. (Those measures are only applicable to the starches to be imported for the production of sweeteners and modified starches at the in-quota tariff rate under the tariff quota system which results from tariffication.)

II. The Government of Japan will reduce the currently applied tariff rates to the new statutory rates as follows:

HS Code	Item	Currently applied rate	New statutory rate
0303.74-000	mackerel, frozen	10%	7%
0303.80-020	hard roes of Tara, frozen	6%	4.2%
0304.90-012	Tara surimi, frozen	6%	4.2%
0307.49-190	squid, frozen (excluding Mongo ika)	5%	3.5%

The reduction described above will be implemented over five years, beginning from Japanese Fiscal Year 1995.