

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1014/Add.16
22 February 1960

Limited Distribution

Original: English

STATE-TRADING ENTERPRISES

Notifications Pursuant to Article XVII:4(a) in reply
to the New Questionnaire Contained in Document L/1014
of 3 July 1959¹

JAPAN

I. Enumeration of State-Trading Enterprises

In Japan two different types of State-trading enterprises are in operation, e.g. the "Food Control" and the "Government Monopoly". For the sake of convenience "Food Control" and "Government Monopoly" are treated separately in this notification.

A. Food Control

1. The Food Control Agency (hereinafter referred to as "the Agency") controls the purchase and sale of rice, barley and wheat.

2. Reason and purpose of maintaining food control

The principal objectives of food control are to ensure adequate food supplies to the people at reasonable prices and to achieve a measure of stability for the national economy through governmental control on the balance of demand and supply of such essential foodstuffs as rice, barley and wheat.

3. Functions

Under the Food Control Law of 1942, the Agency is empowered to control the prices and marketing of the above-mentioned three agricultural products:

¹ The following notifications received from governments have been reproduced in addenda to document L/1014:

Australia	Add.9	Finland	Add.11
Austria	" 14	Germany, Fed. Rep. of ...	" 15
Belgium	" 12	Ghana	" 8
Ceylon	" 7	India	" 2
Denmark	" 5	New Zealand	" 3
Federation of Malaya ...	" 10	Sweden	" 6
Federation of Rhodesia and Nyasaland	" 4	Union of South Africa ...	" 1

(a) Rice

According to the provisions of the Food Control Law of 1942, rice growers and importers sell all rice, produced or imported, to the Agency, with an exception of growers' own consumption. Since 1955, however, a new purchase system has been introduced and farmers may voluntarily present sale applications to the Agency even before the rice harvest. Rice thus purchased by the Agency is to be rationed to consumers at a fixed price.

Control on consumption of certain types of imported rice was abolished on 1 November 1959. The Agency determines an annual import requirement by deducting domestic supply and stock at the beginning of the year from the total of annual domestic demand calculated on the basis of the rationing plan and stock at the end of the year.

The Agency's purchase price of domestic rice is so determined as to ensure fair returns to growers, taking into account the production cost, the current commodity prices and other economic factors; while the sale price is determined with a view to ensuring supplies of rice to the people at a reasonable price, taking into account income levels, and other relevant factors.

Imports and exports of rice are carried out by private traders. For exports specific permission of the Food Control Agency is required.

Imported rice is purchased by the Agency by public tender and its sale price is determined on the basis of sale price of domestic rice, making allowance for difference in quality.

There is no long-term contract in connexion with trade in rice.

(b) Barley, Wheat

In case of barley and wheat, growers have no obligation to sell to the Agency, while the Agency is obligated to buy these products at certain prices, without limitation in quantity, when growers apply for sale to the Agency. In practice, a greater portion of domestic barley and wheat are purchased by the Agency and sold to processors in accordance with the "Demand and Supply Program" established by the Agency.

The Agency determines annual import requirements for barley and wheat by deducting domestic supply and stock at the end of the crop year from the total of domestic demand (cf. Note) and stock required at the end of the crop year.

Note: In as much as barley and wheat are not under the rationing system, the domestic demand thereof is estimated by taking into account the marketing conditions of wheat flour and polished barley."

The Agency's purchase prices of barley and wheat are determined on the basis of parity indices so as to secure fair returns to growers, due account being taken of conditions of production and other economic factors; while the sale price is determined with a view to ensuring supplies of barley and wheat to the people, taking into account income levels, price of rice and other economic factors.

Imports and exports of barley and wheat are carried out by private traders, though all imported barley and wheat are purchased by the Agency.

For exports, specific permission of the Agency is required.

All imported barley and wheat are purchased by the Government by public tender and their sale prices are determined on the basis of sale prices of domestic barley and wheat, making allowance for difference in quality.

There is no long-term contract concerning trade in barley and wheat.

4. Statistical information

As to statistics on imports, exports, production and consumption of rice, barley and wheat, see Annex I attached hereto.

5. Reasons for which no foreign trade is conducted

Not applicable.

6. Additional information

None.

Annex IImports, Exports, Production and Consumption of
Rice, Barley and WheatQ: 1,000 tons
V: 1,000 U.S.\$

	1956		1957		1958		
	Quant.	Value	Quant.	Value	Quant.	Value	
Rice *	Production	9,918	10,432		10,859		
	Imports	760	108,319	347	48,153	505	72,510
	Total supplies	10,678		10,779		11,364	
	Exports	0.1	0	0	5	0	10
	Consumption	10,677.9		10,779		11,364	
Barley	Production	2,340	2,160		2,067		
	Imports	922	62,129	842	55,724	716	41,378
	Total supplies	3,262		3,002		2,783	
	Exports	0	620	0	0	0	0
	Consumption	3,263		3,002		2,783	
Wheat	Production	1,375	1,330		1,281		
	Imports	2,277	165,345	2,239	63,233	2,280	154,109
	Total supplies	3,652		3,569		3,561	
	Exports	0	5	0	0	0	62
	Consumption	3,652		3,569		3,561	

Note: (a) Calendar year

(b)* Polished rice

B. Government Monopoly

1. The Japan Monopoly Corporation (hereinafter referred to as "the Corporation") holds monopoly for tobacco, salt, crude camphor, and crude camphor oil.

2. Reason and purpose of maintaining the government monopoly

(a) Tobacco: The tobacco monopoly is maintained for the purpose of securing fiscal revenue.

(b) Salt: The salt monopoly is maintained for the purpose of securing a smooth supply of salt to the consumers. In this sense it might be called as a "public welfare monopoly".

(c) Crude camphor and crude camphor oil: The camphor monopoly is maintained for the purpose of ensuring the stability of camphor producing enterprises which use for material Cinnamomum Camphor Sieb, an indigenous product of Japan, and adjusting the demand-supply situation for camphor.

Note: For relevant extracts from the Japan Monopoly Corporation Law, the Tobacco Monopoly Law, the Salt Monopoly Law, and the Camphor Monopoly Law, see L/784/Add.1, dated 3 January 1958 (pp. 44-53).

3. Functions

(a) Tobacco: Leaf tobacco and manufactured tobacco are imported solely by the Corporation or a person who is so entrusted by the Corporation. Tobacco thus imported is exempt from duties. However, where an individual imports manufactured tobacco for his personal use with the Corporation's permission, a duty of 355 per cent is levied on the product.

Manufactured tobacco is imported largely for the use of foreign tourists, while leaf tobacco is imported chiefly as aroma and taste material to be mixed with the home grown leaf tobacco. The annual importation programme for these kinds of tobacco is drawn up on the basis of the domestic demand-supply programme.

The purchase price of the leaf tobacco of domestic produce is fixed yearly with a view to enabling its growers to earn adequate profits, taking into account cost of production, current commodity prices and other economic factors, with advice of the "Tobacco Cultivation Council" composed of learned and experienced persons as well as representatives of growers. As for the leaf tobacco of foreign origin, it is purchased at the market price. The sale price of leaf tobacco for export is fixed by adding the amounts of the expenses to be borne by the Corporation and a certain margin to its purchase price.

The retail price of manufactured tobacco is fixed by the Corporation subject to the approval of the Minister of Finance. The sale price of manufactured tobacco for export is fixed by the Corporation by adding the amount of a certain margin to the total cost price.

(b) Salt: Salt is imported solely by the Corporation or a person who is so entrusted by the Corporation. The salt for common use (as foodstuff) is directly imported by the Corporation from producers abroad after the Corporation has decided on its import volume on the basis of the demand and supply programme for salt in Japan. The salt to be used as material for soda industries may be imported by soda makers who are so entrusted by the Corporation.

The purchase price of the domestically produced salt is fixed on the basis of its cost of production, taking into account conditions of production, general economic situations, and advice of "the Council for the Determination of the Purchase Price of Salt" composed of learned and experienced persons, representatives of salt (manufacturing) industries and those of the consumers. As for imported salt, it is purchased at the market price.

The sale price of salt is fixed by the Corporation subject to the approval of the Minister of Finance. The Government imposes no control on the export of salt; but no salt of domestic production is exported because of its comparatively high price.

(c) Crude Camphor and Crude Camphor Oil: Crude camphor and crude camphor oil are solely imported by the Corporation or a person who is so entrusted by the Corporation (Note 1). They may be exported either by the Corporation or by private traders, there being no difference between the two with respect to the terms and conditions of export (Note 2). The refined or processed products of crude camphor and crude camphor oil are not subject to monopolies and exports of these products are carried out by private traders.

Note 1: Being the largest natural camphor producer in the world, Japan has no record of import of this product for the past several years.

Note 2: As there is no demand from abroad for crude camphor and crude camphor oil in their original form, no export of these products has been registered.

The purchase prices of domestically produced crude camphor and crude camphor oil are fixed by the Corporation, taking into account cost of production, marketing conditions abroad, supply and demand situation and other economic factors.

No long-term contract has ever been made by the Corporation with reference to trade in tobacco, salt, crude camphor and crude camphor oil.

4. Statistical information

As to statistics on imports, exports and production of tobacco, salt, crude camphor and crude camphor oil, see Annex II attached hereto.

5. Reasons for which no foreign trade is conducted

(a) Salt: There is no export of salt, because of its comparatively high cost of production.

(b) Crude camphor and crude camphor oil: See 3 (c) (Note 1) and (Note 2).

6. Additional information

None.

Annex IIImports, Exports and Production of
Tobacco, Salt, Crude Camphor and Crude Camphor OilLeaf Tobacco

	1956		1957		1958	
	Quantity 1,000 kg.	Value \$1,000	Quantity 1,000 kg.	Value \$1,000	Quantity 1,000 kg.	Value \$1,000
Imports	3,821	7,005	1,801	3,831	5,737	12,086
Exports	1,609	1,056	4,380	2,933	3,069	1,919
Production	152,788	117,461	146,135	108,236	138,628	101,739

Manufactured Tobacco

	1956		1957		1958	
	Quantity million pieces	Value \$1,000	Quantity million pieces	Value \$1,000	Quantity million pieces	Value \$1,000
Imports	22	103	23	103	20	103
Exports	671	1,506	331	1,147	315	1,086
Production	104,243	-	108,432	-	108,204	-

Salt

	1956		1957		1958	
	Quantity 1,000 tons	Value \$1,000	Quantity 1,000 tons	Value \$1,000	Quantity 1,000 tons	Value \$1,000
Imports	2,234	31,286	1,952	27,231	1,755	16,556
Exports	-	-	-	-	-	-
Production	671	23,572	869	30,769	1,085	36,189

Crude Camphor and Crude Camphor Oil

There are neither imports nor exports of crude camphor and crude camphor oil. The annual production is between 3,500 - 4,000 metric tons and prices range from 2,000 - 2,300 dollars.

Note: Periods as referred to in the Annex are all "fiscal year (April - March)".

