

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/3/Add.2/Suppl.1
19 June 1986

International Dairy Arrangement

Original: English

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

JAPAN

Amendments to Japan's reply to Questionnaire 5 contained in document DPC/INV/3/Add.2:

A. Production

1. Support and/or stabilization measures

Stabilization Indicative Prices of the designated dairy product from F.Y.s 1977 to 1986:

Stabilization Indicative Price of butter for F.Y. 1986 has been lowered by 4 per cent.

F.Y.	Butter ¥/kg.	Skimmed milk powder ¥/25 kg.	Sugared condensed whole milk ¥/24.5 kg.	Sugared condensed skimmed milk ¥/25.5 kg.
1977	1,253	12,660	8,620	7,610
1978	1,253	12,530	8,620	7,610
1979	1,253	12,530	8,620	7,610
1980	1,253	12,530	8,620	7,610
1981	1,253	12,530	8,620	7,610
1982	1,253	12,670	8,750	7,760
1983	1,302	13,140	8,950	7,960
1984	1,302	13,140	8,950	7,960
1985	1,276	13,530	8,950	7,960
1986	1,225	13,530	8,950	7,960

(c) Amount of producer subsidies

Subsidies to raw milk producers from F.Y.s 1977 to 1985:

F.Y.	Subsidies million	Quantity of milk tons
1977	38,638	1,580,000
1978	44,963	1,830,000
1979	47,420	1,930,000
1980	47,420	1,930,000
1981	47,420	1,930,000
1982	47,420	1,930,000
1983	46,676	2,150,000
1984	46,376	2,220,000
1985	45,770	2,300,000

(d) Average returns to producers, including methods of determining those returns and constituent elements thereof

(1) Average returns to producers:

F.Y.	Average returns ₹/kg.
1977	101.2
1978	102.2
1979	101.3
1980	99.5
1981	99.0
1982	99.5
1983	100.1
1984	99.9
1985	98.4

B. Internal prices and consumption

2. Factors which condition the evolution and level of internal consumption

It is expected that the trend of slow increase in the demand for milk and dairy products will continue. The following may be pointed out as the general factors which will determine the future growth of demand for milk and dairy products:

- (1) consumers' income level;
- (2) prices of milk and dairy products;
- (3) changes in the dietary habits and in the composition of the daily diet;

- (4) exploitation, popularization and consumption of substitutes for milk and dairy products;
- (5) activity for promoting demand for milk and dairy products; and
- (6) climatic and weather condition, especially those in the hot season.

3. Policies and measures and comments on their effects on consumption

From the viewpoint that stable expansion of demand is most essential in ensuring the sound development of dairy industry, the following policies and measures have been taken by the Government:

- (1) Measures for stabilizing the supply of raw milk, and for stabilizing the price and supply of major dairy products. (For details, refer to A.1 (a) and A.2.)
- (2) Measures to expand and stabilize the demand for drinking milk:

(i) Subsidy to milk for school lunches:

In Japan, milk is used for school lunches in elementary and junior high schools. The Government effects subsidization, through the LIPC, for the milk used for that purpose at a rate of ¥3.5-4.0 per 200 cc. (The fiscal 1986 budget provides for the subsidy of ¥11.5 billion in total - for a total quantity for 703,000 kl.)

(ii) Subsidy for expansion and promotion of demand for drinking milk for general consumption:

The Government subsidizes the campaigns for promotion of consumption of drinking milk.