GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee II - Expansion of Trade

TRADE IN AGRICULTURAL PRODUCTS

JAPAN

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in Support of Incomes of Agricultural Producers furnished by the Government of Japan

I.

NATIONAL AGRICULTURAL POLICIES

A. General Objectives

The general policy objectives are to secure a fair return to the farming sector which constitutes nearly 40 per cent of the total population, to reduce production cost and to ensure an equitable distribution of food to consumers at a reasonable price. To this end, the Government, as stated in the Food Management Law 1942, as amended, is empowered to adjust the supply-demand conditions and prices of certain main agricultural products such as rice, wheat and barley.

The Government endeavours to achieve a continued increase in total and per capita production in order to attain the highest possible degree of self-sufficiency in staple foods. Efforts towards this end are concentrated on the improvement of land, agricultural techniques and fertilizers, as well as further diversification of agricultural production. The policy goals in support of these objectives also include continued domestic production of as large a percentage as practicable of Japan's food requirements, and a more varied and more nutritionally-adequate diet for the Japanese people.

During the period covered by the New Long-range Economic Plan (1958-1962), agricultural production is anticipated to increase by about 21.5 per cent, forestry production by 8.2 per cent and fishery production by 18.5 per cent, respectively, in comparison with the production in 1956.

B. Special Measures

Prices and marketing of certain agricultural products are regulated by the Government through the operation of State monopoly and price fixing or price support.
The price for rice is fixed annually by the Government on the basis of a "parity" formula, designed to ensure that the farmers' purchasing power derived from rice sales remains more or less constant. The Food Agency of the Ministry of Agriculture purchases from producers at the fixed price all domestically-grown rice. The Agency has exclusive control over imports (see Section IV). The Agency distributes rice to consumers under a rationing scheme at retail prices fixed by the Government in the light of the cost of living, the general price level and other economic conditions.

The marketing, distribution and price formation of wheat and barley is free. However, the Food Agency is authorized to purchase from producers such unlimited quantities of domestic wheat and barley as they wish to deliver at prices fixed by the Government on the basis of a parity formula. The Agency re-sells its purchases to processors at fixed prices. The Food Agency has exclusive control over all imported wheat and barley (see Section IV).

Guaranteed prices are fixed by the Government on the basis of a "parity" formula for white and sweet potatoes, rape-seed and soya beans. If market prices for these products fall sharply the Government at first makes appropriate suggestions to producers' organizations for regulating the market. If the price continues to fall the Government may purchase these commodities at the guaranteed price within the limit of a budgetary appropriation under the Agricultural Price Stabilization Law of 1953.

The producers' price of sugar beet is supported indirectly by the Government which may purchase if necessary some quantity of beet sugar manufactured from home-grown sugar beet through the Food Control Special Account at the price which is calculated on the basis of the parity price for sugar, cost of production and other factors.

For raw silk and cocoon, maximum and minimum prices are fixed by the Government every year. The Government is authorized to purchase raw silk when its market price falls below the minimum price and to sell it when market prices exceed the maximum price.

Tobacco is under a State monopoly (see Section IV). The Japan Monopoly Corporation, a Government agency, is given exclusive power in the field of manufacture, sale and import of tobacco, for revenue purposes. The Corporation may also exclusively export leaf tobacco and manufactured tobacco at current market prices.
II.

SUBSIDIES

( Including all forms of income and price support)

In the fiscal year 1957/58, Government spending for the purchase of sweet potatoes and rape-seeds amounted to 2,297 million yen.

Payment for Government purchase of beet sugar amounted to 7,248 million yen in the fiscal year 1957/58.

Payment for purchase of raw silk amounted to 4,270 million yen in the fiscal year 1957/58.

To encourage production of agricultural products subsidies are granted for mechanization of farming, propagation and distribution of superior quality seeds and seedlings, wide use of agricultural chemicals, and improvement and extension of production techniques.

The Government subsidizes land improvement (including ditching, field draining and water supply installation) and reclamation of land, including acid and volcanic soil. Payment in the fiscal year 1957/58 amounted to 11,325 million yen.

The Government subsidizes a part of interest on loans extended to farmers for the purchase of high quality cattle. Subsidies are also given to encourage the improvement of grasses and plants for animal feeding.

Forestation is subsidized by a Government fund. Payment amounted to 2,954 million yen in the fiscal year 1957/58. As to shallow sea fish culture, subsidy is granted for the cultivation of fishing grounds and propagation of seed fish and shell, amounting to 170 million yen in the fiscal year 1957/58.
III.

MIXING REGULATIONS

No mixing regulations are in force in Japan.

IV.

STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

In addition to purchasing all rice grown in Japan the Food Agency has the monopoly of imports and exports; importation by private dealers may be permitted, but imported rice must be sold to the Agency. Wheat and barley producers are free to sell on the home market, but the Agency buys all quantities offered to it; imports and exports are controlled by the Agency as in the case of rice.

The Tobacco Monopoly, operated by the Japan Monopoly Corporation, covers the production and distribution of both unmanufactured and manufactured tobacco. It has the exclusive right of purchasing, importing, and exporting leaf tobacco and of manufacturing, selling, exporting and importing tobacco products.

The purchase prices of domestic leaf tobacco are fixed by the Corporation, but, the retail prices of domestic tobacco products are fixed by the law.

V.

IMPORT RESTRICTIONS

All imports are subject to licence and the licences are issued only for goods which are included in an import plan established within the framework of a foreign exchange budget drawn up each half year. Licences are issued under two main procedures:

(1) under the automatic approval system individual licences for specified commodities are issued freely by authorized banks;
(ii) under the foreign exchange allocation system licences are issued by authorized banks within the limit of an allocation certificate which must first be granted to the importer by the Ministry of International Trade and Industry. Most commodities coming within this system may be imported on a global quota basis.

Certain quotas are granted in accordance with bilateral arrangements.

A. Restrictions applied to Products for which Support Measures are in Force

- rice
- wheat, barley
- rape-seeds
- tapioca
- soya beans
- animal feeding stuffs

Subject to licences granted under exchange allocation procedure, on the global quota basis.

In general, automatic licensing procedure for non-dollar imports, and exchange allocation procedure for dollar imports.

B. Other Restrictions applied for the Protection of Agriculture

All imported products, in addition to those listed above, are also subject to either automatic licensing procedure or exchange allocation procedure.

VI.

MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

While the arable land of Japan covers only 16 per cent of the total area of the island country, nearly forty million people - 40 per cent of the total population - are engaged in agricultural production. For this reason farming is run on a very small scale 0.4 acre per capita - and incomes of farmers are considerably smaller than other sectors of industry. With a view to securing fair returns to farmers and to lowering cost of production, the Government is pursuing the following measures:

(1) Increase in consumption of agricultural products. For the purpose of increasing consumption of agricultural products, the Government concentrates its efforts inter alia on the improvement of the marketing
system for vegetables, fruits, dairy products and meats, and also on the promotion of the use among the people of dairy products, oil and fats, and sweets.

(2) Improvement of Productivity.

Government assistances is given to the following projects: improvement of the quality of such major products as rice, wheat, barley, beans, potatoes and rape-seeds; promotion of dairy-farming; introduction of high quality livestock; introduction of agricultural machinery; improvement of land; improvement of farming technique; diversion of suitable production to suitable land; promotion of agricultural researches.

It is hoped that as a result of the above measures, domestic products will gain sufficient competitive power vis-a-vis imported products, and that the Government may be able to reduce eventually non-tariff measures of protection which are taken at the moment.