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

1. General Objectives

The objectives of agricultural policy are to raise the agricultural productivity and to ensure a stabilized farm income for farmers. And in order to achieve the said objectives the Government is making an effort to invest for the land improvements, improving crop variety, fertilizers and agricultural chemicals, mechanizing farming and encouraging farmers to produce the right crop in the right district. At the same time the Government adjusts the demand-supply conditions and fixes the prices for principal crops such as rice, wheat and barley from the standpoint of ensuring an appropriate farm income for farmers. And for soya beans, rape-seed and sugar beet price support measures are carried out in order to prevent a decline in the market price thereof below the normal price level.

In order to ensure a supply of staple foods such as rice, wheat and barley at rational price to the people, the Government controls the marketing and price as well as adjusts the marketing system of other foodstuffs such as fresh fruits and vegetables, fish and dairy products.

It is highly desirable as a target for future to overcome extreme small-scale farming and to select a type of production to match the demand in order to supply diversified and nutritious food to consumer.

According to the Long-Range Economic Plan for the period of five years from 1958 to 1962, production increase is estimated to be 21.5 per cent in agriculture and livestock, 8.2 per cent in forestry and 18.5 per cent in fishery taking 1956 production as basis.
2. State Controls

(a) Food controls.

The Government controls the price and marketing of rice, wheat and barley under the Food Control Law of 1942.

Farmers who produce rice and importers who import rice must sell all rice produced or imported to the Government under the Law with the exception of a case where farmers are permitted to retain a fixed quantity of rice for their own consumption. However, since 1955 the Government is adopting a new purchase system based chiefly on the free will of farmers, receiving the sale application of farmers prior to the rice harvest. And rice purchased by the Government is rationed to the consumer at a fixed price. Moreover, the Government has abolished its consumption regulation on a certain kind of imported rice since 1 November 1959. Government purchase price of domestic rice is determined by considering production costs, general price level and other economic factors with the prime purpose of ensuring the reproduction of rice. On the other hand, consumer's price is determined by considering the family budget, general price level, and other economic factors with a view to ensuring stabilized consumer's family budget.

Government selling price of imported rice is determined by considering the difference in quality based upon the domestic rice price.

Farmers are not legally obligated to sell wheat and barley to the Government. However, the Government shall purchase an unlimited quantity at certain price upon the sale application of a farmer. In practice, most of the domestic wheat and barley is purchased by the Government. At the same time the Government purchases all imported wheat and barley and sells them to processors under the demand and supply programme established by the Government, thereby enforcing a stabilization in price as well as in demand and supply.

Government purchase price of wheat and barley is determined on the basis of parity indices and by considering wheat and barley production conditions and other economic factors to ensure reproduction of wheat and barley and selling price is determined by considering family budget, rice price and other economic factors for the purpose of ensuring the stabilization in family budget.

Government selling price of imported wheat and barley is determined by considering the difference of quality based upon the price of domestic wheat and barley.

(b) Other monopoly

Tobacco is under a State monopoly. The Japan Monopoly Corporation, a Government agency, is given an exclusive power in manufacture, sale and import of tobacco for revenue purpose. The Corporation may exclusively also export leaf tobacco and manufactured tobacco at current market price.
### 3. Other Price Support Measures

Price support is enforced for soya beans, rape-seed, white and sweet potatoes in order to prevent the price fluctuation and to contribute to the stabilization of farm economy pursuant to the Agricultural Product Price Stabilization Law of 1953. (See report on Commodity).

Price support is also enforced for beet sugar pursuant to the Sugar Beet Development Special Measure Law of 1953 in order to promote sugar beet production and to ensure the rationalization of farm management in cold districts. (See report on Commodity).

As for silk cocoon and raw silk, price stabilization and stabilized management of sericulture are ensured by the enactment of the Temporary Measure Law concerning Raw Silk Price Stabilization of 1958.

### 4. Production Subsidy

Major production subsidies are granted as follows in 1958. (For detailed report see report on Subsidy).

<table>
<thead>
<tr>
<th>(1) Subsidy for the land improvement</th>
<th>(Unit: Million $)</th>
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<tbody>
<tr>
<td>Irrigation and drainage</td>
<td>33.65</td>
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<tr>
<td>Land consolidation</td>
<td>6.69</td>
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<tr>
<td>Land development and reclamation</td>
<td>28.74</td>
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| (2) Subsidy for securing seeds       | 0.65              |
| (3) Subsidy for the construction and improvement of grassland | 0.27 |
| (4) Subsidy for purchase of tractors and other agricultural machinery | 0.15 |
| (5) Subsidy for reforestation work   | 8.15              |
| (6) Subsidy for propagation and supply of fish and shellfish in shallow seas | 0.16 |
5. Amount of subsidy and farmer’s net income for the price support product. (Unit: Million $)

<table>
<thead>
<tr>
<th></th>
<th>Govt. subsidy</th>
<th>Net farm income</th>
</tr>
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<tbody>
<tr>
<td>Rice</td>
<td>53.6</td>
<td>20.6</td>
</tr>
<tr>
<td>Barley</td>
<td>3.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Wheat</td>
<td>8.3</td>
<td>9.5</td>
</tr>
<tr>
<td>Soya beans</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rape-seed</td>
<td>1.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Sweet potatos</td>
<td>1.4</td>
<td>2.0</td>
</tr>
<tr>
<td>White potatos</td>
<td>1.4</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Note: Net farm income is an estimated amount by multiplying net income per unit acreage by crop or planted acreage, provided that net income includes family wage, land rent and interest on capital.


7. Import Restrictions.

All imports are subject to license and the license is issued on the basis of the import plan regulated by the foreign exchange budget drawn up each half year.

There are two main import systems:

The automatic approval system and the foreign exchange allocation system.

(1) Goods to be imported under the automatic approval system:

(a) Food and feed

Oats for feed, maize, wheat bran, rice bran, natural cheese, spices, poultry and game meats (excluding beef, pork and whale meat) and cocoa-butter.
(b) Oil and fat, and raw materials thereof

Soya beans (from non-dollar area)
Copra, flax seed, castor seed, sesame seed, kapok seed, beef tallow (from non-dollar area).

(c) Cattle hide

Cattle hide and calf skin (from non-dollar area) sheep and goat hides etc.

(d) Timber

Lignumvitae, teak wood, hemlock, Douglas fir, cork bark and lauans.

(e) Fertilizer

Sulphate rock.

(f) Others

(2) Goods to be imported under the foreign exchange allocation system.

(a) Food and feed

Rice, barley, wheat, sugar, cacao beans, coffee beans, miscellaneous beans, black tea, beef, pork, lemons and bananas etc.

(b) Oil and fat and raw materials thereof

Peanut, rape-seed, cotton seed oil, soya beans and beef tallow (from dollar area) etc.

(c) Fertilizer

Potash.

(d) Others