

WORLD TRADE ORGANIZATION

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**Working Party on
State Trading Enterprises**

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STATE TRADING

New and Full Notification Pursuant to Article XVII:4(a)
of the GATT 1994 and Paragraph 1 of the Understanding on
the Interpretation of Article XVII

JAPAN

The following communication, dated 3 September 2004, is being circulated at the request of the Delegation of Japan.

I. LEAF TOBACCO

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES

Japan Tobacco Inc. (JTI)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION)

Leaf tobacco (HS No. 2401.10, 2401.20, 2401.30, 2403.91)

2. Reason and Purpose

A. REASON OF PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

The tobacco production is monopolized by the JTI for promoting sound development of the tobacco industry under the provisions of the Tobacco Business Law. Although private traders can import leaf tobacco, this monopoly in effect renders all the importation of leaf tobacco for the manufacture of tobacco in Japan dependent upon subsequent purchase by the JTI.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

The monopoly of production of manufactured tobacco is stipulated in Article 8 of the Tobacco Business Law.

3. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

The JTI is engaged predominantly in the manufacture and sales of tobacco products. The JTI is also diversifying its business activities into pharmaceuticals, food, real estate and engineering.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE

The importation of leaf tobacco and manufactured tobacco has been liberalized since 1 April 1985. However, as a consequence of the continuing monopoly of manufacturing tobacco by the Japan Tobacco Inc. (JTI), the importation of leaf tobacco for the manufacture of tobacco in Japan is in effect dependent upon the purchase by the JTI.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION/EXPORTATION AND CONDITIONS FOR PARTICIPATION

Any entity can engage in importation without any allowance.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

The JTI imports leaf tobacco on the basis of commercial consideration taking into account supply and demand situations of manufactured tobacco, as well as quality, market price and other relevant characteristics of leaf tobacco.

E. HOW EXPORT PRICES ARE DETERMINED

The JTI exports leaf tobacco on the basis of commercial consideration.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

The JTI does not resale imported leaf tobacco.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

No long-term contracts are negotiated by the JTI.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

The JTI is obligated to acquire all the leaf tobacco produced by domestic tobacco cultivators who enter into contracted purchase agreements with the JTI.

4. Statistical Information

(See attached Tables I – III on Tobacco).

II. OPIUM

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES.

The Government of Japan (Ministry of Health, Labour and Welfare)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION).

Opium (HS No. 13.02.11)

1. Reason and Purpose

A. REASON OF PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

The purpose for maintaining the state trading enterprise is to achieve the rational supply of opium for medical and scientific purposes, as well as to conduct necessary control over the cultivation of opium poppy, and the transfer, receipt and possession and other relevant activities concerning opium and poppy straw.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

Under the provisions of the Opium Law, only the Ministry of Health, Labour and Welfare is authorized as a state trading enterprise, which can conduct importation and exportation of opium, purchase opium from the opium poppy cultivators and from A class research cultivators and sell opium to narcotics manufacturers and narcotics research institution.

The monopoly of import and export opium is stipulated in Article 2 of the Opium Law.

The above mentioned regulations are based on the provision of the Single Convention of Narcotic Drugs, 1961.

2. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

The Ministry of Health, Labour and Welfare, as a state trading enterprise, imports opium from India through entrusted person by the Ministry of Health, Labour and Welfare.

The Ministry of Health, Labour and Welfare determines the quantity of opium which is to be imported to Japan, on the basis of factors such as demand for opium in Japan and supply of opium in exporting country.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE

The rights to import and to export opium belong exclusively to the Ministry of Health, Labour and Welfare or persons entrusted by the Ministry of Health, Labour and Welfare.

The Ministry of Health, Labour and Welfare purchases all the opium which opium poppy cultivators or A class research cultivators have gathered.

The Ministry of Health, Labour and Welfare determines the price for purchase of the opium from opium poppy cultivators, after consulting with the Ministry of Finance, on the basis of factors such as the condition of production by opium poppy cultivators, import price of opium and other economic conditions.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION/EXPORTATION AND CONDITIONS FOR PARTICIPATION

There are no entities allowed to engage in importation and exportation other than the Ministry of Health, Labour and Welfare.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

The Ministry of Health, Labour and Welfare determines the quantity of opium which is to be imported to Japan on the basis of factors such as demand for opium in Japan and supply of opium in exporting country.

E. HOW EXPORT PRICES ARE DETERMINED

The Ministry of Health, Labour and Welfare does not export opium.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

The Ministry of Health, Labour and Welfare determines the resale price on the basis of factors such as import price and other expense.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

No long-term contracts are negotiated by the Ministry of Health, Labour and Welfare.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

The Ministry of Health, Labour and Welfare imports opium through entrusted person by the Ministry and purchases all the opium gathered by opium poppy cultivators or A class research cultivators. The Ministry of Health, Labour and Welfare sells opium to narcotics manufacturers and proprietors of narcotics research institution.

4. Statistical Information

(See attached Tables I – III on Opium).

5. Reason why no foreign trade has taken place (as appropriate)

All imported opium is used for medical and scientific purposes.

Japan does not produce opium for export.

III. ALCOHOL

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES

New Energy and Industrial Technology Development Organization (NEDO)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION)

Alcohol of an alcoholic strength by volume of 90 per cent vol. or higher

2. Reason and Purpose

A. REASON OF PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

The monopoly of a certain type of alcohol (defined above) which had lasted for more than 60 years was abolished on 31 March 2001. There is a fear that a sudden liberalization of the alcohol market by the abolishment of the monopoly system may result in unfavourable influences in distribution and price mainly for users in remote locations and small users due to undeveloped private distribution networks. In order to alleviate such drastic change the market, NEDO undertakes, as a temporary step, all purchases/sales of alcohol for about five years from 1 April 2001.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

All purchases/sales of alcohol by NEDO is stipulated in Appendix Article 2 and 6 of the Alcohol Business Law.

3. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

NEDO undertakes all purchases/sales of alcohol which is imported by permitted importers and produced by permitted producers for about five years from 1 April 2001.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE

NEDO is granted the function of monopoly to purchase and sell all alcohol which is imported by permitted importers and produced by permitted producers for about five years from 1 April 2001.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION/EXPORTATION AND CONDITIONS FOR PARTICIPATION

If permission is granted, anybody can import.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

Import levels by permitted importers are not restricted under the Alcohol Business Law.

E. HOW EXPORT PRICES ARE DETERMINED

Export prices are not restricted under the Alcohol Business Law.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

Under Appendix Article 4 of the Alcohol Business Law, NEDO must sell the alcohol in the prices approved by Minister of Economy, Trade and Industry.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT.

NEDO does not negotiate long-term contracts.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

NEDO undertakes all purchases of alcohol which is imported by permitted importers and produced by permitted producers. NEDO sells the alcohol to permitted distributors or permitted users. However, this function of monopoly by NEDO is only for about 5 years from 1 April 2001.

4. Statistical Information

(See attached Tables I – III on Alcohol).

IV. RICE, WHEAT AND BARLEY

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES

The Government of Japan

The Ministry of Agriculture, Forestry & Fisheries (hereinafter referred to as “MAFF”)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION)

Rice and its worked and/or prepared products (hereinafter referred to as “rice”).

Wheat, meslin, triticale and their processed products (hereinafter referred to as “wheat”).

Barley and its processed products (hereinafter referred to as “barley”). (As for the tariff item numbers of specific products, see attached).

2. Reason and Purpose

A. REASON OF PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

MAFF is authorized to take measures to stabilize supply and demand situations as well as prices for such staple foods as rice, wheat and barley, for promoting stability of national life and economy, according to the Law for Stabilization of Supply-Demand and Price of Staple Food.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

MAFF can import rice, wheat and barley, and can export rice when particular necessity exist, based on the Law for Stabilization of Supply-Demand and Price of Staple Food.

Legal provisions – Articles 30, 31, 32, 42 and 44 of the Law for Stabilization of Supply-Demand and Price of Staple Food.

(Due to the amendment of the law as of 4th July 2003, the articles numbers have shifted respectively.)

3. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

MAFF mainly conducts the import of rice under the minimum access opportunities and wheat and barley under the current access opportunities, based on the Schedule XXXVIII-JAPAN in the WTO Agreement.

MAFF is not involved, in the marketing or distribution of over-quota imports of rice, wheat and barley, except for the collection of part of over-quota tariffs of such imports.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE

MAFF can import rice, wheat and barley, and can export rice when particular necessity exists, based on the Law for Stabilization of Supply-Demand and Price of Staple Food.

MAFF collects mark-ups on imported rice, wheat and barley which are bound in the Schedule XXXVIII-JAPAN in the WTO Agreement.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION/EXPORTATION AND CONDITIONS FOR PARTICIPATION

Private traders can freely import wheat and barley subject to over-quota tariffs established in the Schedule XXXVIII-JAPAN in the WTO Agreement.

As for rice, after following the tariffication on rice in April 1999, private traders can freely import rice subject to over-quota tariffs established in the Schedule XXXVIII-JAPAN in the WTO Agreement.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

MAFF imports rice under the minimum access opportunities and wheat and barley under the current access opportunities, both of which are established in the Schedule XXXVIII-JAPAN in the WTO Agreement.

MAFF sells rice destined for food aid pursuant to the Government's decision. The quantity for food aid is determined, taking account of requests from recipient countries, relevant international rules on food aid etc.

E. HOW EXPORT PRICES ARE DETERMINED

MAFF conducts no commercial export of rice, wheat and barley.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

The sales prices for imported rice, wheat and barley are determined on the basis of such factors as import prices, management costs and other economic conditions.

The sales prices for imported rice, wheat and barley are not to be above the sum of the respective purchase prices and the respective mark-ups bound in the WTO Agreement.

Mark-ups on imported rice, wheat and barley are used for their management costs such as storage, buying and selling costs and so on.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

MAFF has no long-term contracts on the import and export of rice, wheat and barley.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

Private marketing whose prices are freely decided is predominant in the Japanese rice market, and the government purchase from domestic market is limited only to the minimum amount necessary for official stockpile under the Law for Stabilization of Supply-Demand and Price of Staple Food.

Most of wheat and barley consumed in Japan is imported.

4. Statistical Information

(See attached Tables I – III).

5. Reason why no foreign trade has taken place

None.

6. Additional Information

The Food Agency, formerly affiliated to MAFF, had been dismantled. Its functions as a state trading enterprise for rice, wheat and barley have been taken over by the MAFF as of 1 July 2003.

V. MILK PRODUCTS

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES

Agriculture and Livestock Industries Corporation (hereinafter referred to as “ALIC”)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION)

Designated dairy products for general use (skimmed milk powder, skimmed milk solids, whole milk powder and solids, condensed milk, butter milk powder and other solids, whey and modified whey, butter and butter oil), hereinafter referred to as “designated dairy products”. As for the tariff item numbers of the specific products, see the notification on the administration of tariff quotas (G/AG/N/JPN/1).

2. Reason and Purpose

A. REASON OF PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

ALIC is authorized to take measures to stabilize supply and demand situations of and prices for milk products, to promote sound development of dairy and related industries and to improve national diet under the Manufacturing Milk Producer Compensation Temporary Law and the Agriculture and Livestock Industries Corporation Law.

As a part of such measures, ALIC, as a state trading enterprise, imports designated dairy products to ensure proper and smooth operation of the system to stabilize supply/demand and price of the designated milk products.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

Article 13 of the Manufacturing Milk Producer Compensation Temporary Law.

Article 28 of the Agriculture and Livestock Industries Corporation Law.

3. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

ALIC deals with in-quota imports of designated dairy products established in Schedule XXXVIII-Japan in the WTO Agreement.

ALIC is not involved, in the marketing or distribution of over-quota imports of designated dairy products, except for the collection of a part of over-quota tariffs of such imports.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE

ALIC collects mark-ups on imported designated dairy products which are bound in Schedule XXXVIII-Japan in the WTO Agreement.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION/EXPORTATION AND CONDITIONS FOR PARTICIPATION

Private traders can freely import designated dairy products subject to over-quota tariffs established in Schedule XXXVIII-Japan in the WTO Agreement.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

ALIC imports designated dairy products under the current access opportunities established in Schedule XXXVIII-Japan in the WTO Agreement.

E. HOW EXPORT PRICES ARE DETERMINED

This item is not applicable for ALIC.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

The resale prices are determined by a tender.

The prices, however, are not to be above the sum of the ALIC purchase prices and the mark-ups bound in Schedule XXXVIII-Japan in the WTO Agreement.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

ALIC has no long term contracts on the import of designated dairy products.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

Total national demand for milk and milk products in FY 2002 was 13.08 million tons milk equivalent.

8.38 million tons of raw milk were produced in FY 2002 of which 3.25 million tons were processed for milk products. Annual production of butter, skimmed milk powder and cheese in FY 2002 were 80 thousand tons, 179 thousand tons and 125 thousand tons, respectively.

3.78 million tons milk equivalent of milk products were imported to meet the demand in FY 2002. Annual imports of butter, skimmed milk powder and cheese in FY2000 were 7 thousand tons, 3 thousand tons (excluding skimmed milk powder for animal feed) and 196 thousand tons, respectively.

4. Statistical Information

(See attached Tables I – III).

5. Reason why no foreign trade has taken place

None.

6. Additional Information

None.

VI. RAW SILK

1. Enumeration of State Trading Enterprises

A. IDENTIFICATION OF STATE TRADING ENTERPRISES

Agriculture and Livestock Industries Corporation (ALIC)

B. DESCRIPTION OF PRODUCTS AFFECTED (INCLUDING TARIFF ITEM NUMBER(S) ENCOMPASSED IN PRODUCT DESCRIPTION)

Raw silk (including doupion silk). As for the tariff item number of the specific products, see the notification on the administration of tariff quotas (G/AG/N/JPN/1).

2. Reason and Purpose

A. REASON OR PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE

ALIC as a state trading enterprise, is authorized to import raw silk as part of measures to coordinate raw silk import, for promoting stable management of the industry concerning cocoon and raw silk and increasing raw silk demand, under the provisions of the Raw Silk Import Coordination Law.

B. SUMMARY OF LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

Legal provisions – Article 2 of the Raw Silk Import Coordination Law.

3. Description of the Functioning of the State Trading Enterprise

A. SUMMARY STATEMENT PROVIDING OVERVIEW OF OPERATIONS OF THE STATE TRADING ENTERPRISE

ALIC deals with in-quota imports of raw silk established in Schedule XXXVIII-JAPAN in the WTO Agreement.

ALIC is not involved, in the marketing or distribution of over-quota imports of raw silk, except for the collection of a part of over-quota tariff of such imports.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES ENJOYED BY THE STATE TRADING ENTERPRISE.

ALIC deals with in-quota imports of raw silk.

C. TYPE OF ENTITIES OTHER THAN THE STATE TRADING ENTERPRISE THAT ARE ALLOWED TO ENGAGE IN IMPORTATION AND CONDITIONS FOR PARTICIPATION

Private traders can freely import raw silk subject to out-quota tariffs established in Schedule XXXVIII-JAPAN in the WTO Agreement.

D. HOW IMPORT LEVELS ARE ESTABLISHED BY THE STATE TRADING ENTERPRISE

ALIC imports raw silk under the current access opportunities established in Schedule XXXVIII-JAPAN in the WTO Agreement.

E. HOW THE STATE TRADING ENTERPRISE DETERMINES ITS EXPORT PRICE – E.G., (I) IN RELATION TO PRICES IN OTHER MARKETS, (II) THROUGH TENDERING. INCLUDE INFORMATION ON THE USE OF REVENUE GENERATED

ALIC does not export raw silk.

F. HOW THE RESALE PRICES OF IMPORTED PRODUCTS ARE DETERMINED

Domestic sales prices for imported raw silk are determined on the basis of such factors as its import prices, management costs, domestic prices of raw silk and other economic conditions.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE STATE TRADING ENTERPRISE. WHETHER THE STATE TRADING ENTERPRISE IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

ALIC has no long term contracts on the import of raw silk.

H. BRIEF DESCRIPTION OF MARKET STRUCTURE

Domestic raw silk demands are filled with domestic production and imports of raw silk.

The declining demand for silk products causes decrease in both the domestic demand and the domestic production of raw silk every year.

4. Statistical Information

(See attached Tables I-III).

5. Reason why no foreign trade has taken place

Over-quota imports of raw silk by private traders fill the gap between domestic demands and domestic production of raw silk.

TABLE I

STATE TRADING: JAPAN TOBACCO INC.

Statistical Information, Imports

Description of product (including HS numbers)	Fiscal year	Total quantity imported (tons)	Quantity imported by state trading enterprise (tons)	Average import price (¥/kg.)	Average representative domestic sales price (¥/kg.)	Mark-up (¥/kg.)	National production (tons)
Leaf tobacco HS No. 2401.10, 2401.20, 2401.30, 2403.91	2001	100,713	100,713	688	-	-	60,596
	2002	87,483	87,483	705	-	-	58,219
	2003	89,218	89,218	661			50,687

Source: Ministry of Finance "Japan's Trade Statistics" – JTI Data.

TABLE II

STATE TRADING: JAPAN TOBACCO INC.

Statistical Information, Exports

Description of product (including HS numbers)	Fiscal year	Total quantity exported (tons)	Quantity exported by state trading enterprise (tons)	Average procurement price (¥/kg.)	Average representative domestic sales price (¥/kg.)	Average export price (¥/kg.)	National production (tons)
Leaf tobacco HS No. 2401.10, 2401.20, 2401.30, 2403.91	2001	808	808	-	-	-	60,596
	2002	801	801	-	-	-	58,219
	2003	5,706	5,706				50,687

Source: Ministry of Finance "Japan's Trade Statistics" – JTI Data.

TABLE III
STATE TRADING: JAPAN TOBACCO INC.
Statistical Information, Domestic Activities

Description of product (including HS numbers)	Fiscal Year	Domestic purchases by state trading enterprise (tons)	National production (tons)	Domestic sales by state trading enterprise (tons)	National consumption (tons)
Leaf tobacco HS No. 2401.10, 2401.20, 2401.30, 2403.91	2001	60,596	60,596	-	160,320
	2002	58,219	58,219	-	155,691
	2003	50,687	50,687	-	148,695

Source: JTI Data.

TABLE I

THE GOVERNMENT OF JAPAN (THE MINISTRY OF HEALTH, LABOUR AND WELFARE)

Statistical Information, Imports

Description of product	Total quantity imported (kg.)	Quantity imported by state trading enterprise (kg.)	Average import price (US\$/kg.)	Average representative domestic price (¥/kg.)	Mark-up	National production (kg.)
Opium (HS 13.02.11)	108,000 (J.F.Y.2001)	108,000 (J.F.Y.2001)	77.5	202,500	-	2.1 (J.F.Y. 2001)
	118,000 (J.F.Y. 2002)	118,000 (J.F.Y. 2002)	72.5	202,500	-	2.4 (J.F.Y. 2002)
	100,000 (J.F.Y. 2003)	100,000 (J.F.Y. 2003)	72.5	202,500	-	3.0 (J.F.Y. 2003)

The rate is about ¥109 to the US\$. Japan Fiscal Year (J.F.Y.) is from April to March. (Opium includes 11 per cent of Morphine).

TABLE II

THE GOVERNMENT OF JAPAN (THE MINISTRY OF HEALTH, LABOUR AND WELFARE)

Statistical Information, Exports

Description of product	Total quantity exported (kg.)	Quantity exported by state trading enterprise	Average procurement price	Average representative domestic sales price	Average export price	National production
Opium (HS 13.02.11)	0 (J.F.Y. 2001)	-	-	-	-	2.1 (J.F.Y. 2001)
	0 (J.F.Y. 2002)	-	-	-	-	2.4 (J.F.Y. 2002)
	0 (J.F.Y. 2003)	-	-	-	-	3.0 (J.F.Y. 2003)

Japan Fiscal Year (J.F.Y.) is from April to March.

TABLE III

THE GOVERNMENT OF JAPAN (THE MINISTRY OF HEALTH, LABOUR AND WELFARE)

Statistical Information, Domestic Activities

Description of product	Domestic purchases by state trading enterprise (kg.)	National production (kg.)	Domestic sales by state trading enterprise (kg.)	National consumption (kg.) *
Opium (HS 13.02.11)	2.1 (J.F.Y. 2001)	2.1 (J.F.Y. 2001)	106,269 (J.F.Y. 2001)	62 (Calendar year 2001)
	2.4 (J.F.Y. 2002)	2.4 (J.F.Y. 2002)	107,800 (J.F.Y. 2002)	61 (Calendar year 2002)
	3.0 (J.F.Y. 2003)	3.0 (J.F.Y. 2003)	99,860 (J.F.Y. 2003)	Not calculated yet (Calendar year 2003)

The rate is about ¥109 to the US\$. Japan Fiscal Year (J.F.Y.) is from April to March.

* The figures indicate the national consumption in the form of opium products (*ahen seizai*)

TABLE I

STATE TRADING: New Energy and Industrial Technology Development Organization (NEDO)

STATISTICAL INFORMATION, IMPORTS

Description of product(s)	Year	Total quantity imported (kl)	Quantity imported by state trading enterprise (kl)	Average import price (US\$/kl)	Average representative domestic sales price (Yen/kl)	Mark-up	National production (kl)
Ethyl alcohol (HS No, 2207.10)	2001	471,532	182,081	369	104,164 (\$1=120.95yen)	-	298,609
	2002	432,580	157,079	347	96,476 (\$1=125.61yen)	-	298,056
	2003	403,882	153,661	336	87,706 (\$1=116.41yen)	-	305,599

TABLE II

STATE TRADING: New Energy and Industrial Technology Development Organization (NEDO)

STATISTICAL INFORMATION, EXPORTS

Description of product(s)	Year	Total quantity exported (kl)	Quantity exported by state trading enterprise (kl)	Average Procurement price	Average representative domestic sales price (Yen/kl)	Average export price	National production (kl)
Ethyl alcohol (HS No, 2207.10)	2001	215	0	-	104,164 (\$1=120.95yen)	-	298,609
	2002	1,149	0	-	96,476 (\$1=125.61yen)	-	298,056
	2003	116	0	-	87,706 (\$1=116.41yen)	-	305,599

TABLE III

STATE TRADING: New Energy and Industrial Technology Development Organization (NEDO)

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

Description of product(s)	Year	Domestic purchases by state trading enterprise (kl)	National production (kl)	Domestic sales by state trading enterprise (kl)	National consumption (kl)
Ethyl alcohol (HS No, 2207.10)	2001	23,000	298,609	296,151	296,151
	2002	26,000	298,056	298,919	298,919
	2003	26,000	305,599	308,232	308,232

TABLE I
STATE TRADING: THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES
Statistical Information, Imports

(Unit: 1,000 tons (Mark-up: Yen/kg.))

Description of product(s) (including HS number(s))	Total quantity imported		Quantity imported by state trading enterprise		Average import price		Average representative domestic sales price		Mark-up		National production	
1	2		3		4		5		6		7	
Rice	2001FY	600	2001FY	600					2001FY	167	2000FY	9,490
	2002FY	664	2002FY	663					2002FY	160	2001FY	9,057
	2003FY	n.a.	2003FY	n.a.					2003FY	n.a.	2002FY	8,889
Wheat	2001FY	5,737	2001FY	5,722					2001FY	21	2000FY	688
	2002FY	5,033	2002FY	5,031					2002FY	19	2001FY	700
	2003FY	n.a.	2003FY	n.a.					2003FY	n.a.	2002FY	829
Barley	2001FY	1,368	2001FY	1,368					2001FY	3	2000FY	214
	2002FY	1,450	2002FY	1,450					2002FY	1	2001FY	207
	2003FY	n.a.	2003FY	n.a.					2003FY	n.a.	2002FY	217

- Note:
1. As for the HS numbers, see attached.
 2. The figures of columns 2, 3, and 6 in 2003FY has not been decided.
 3. Data source: Ministry of Finance "Japan's Trade Statistics"
Ministry of Agriculture, Forestry and Fisheries "Food Balance Sheet" and related data.

TABLE II**STATE TRADING: THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES**Statistical Information, Exports

(Unit: 1,000 tons, Yen/ton)

Description of product(s) (including HS number(s))	Total quantity exported		Quantity exported by state trading enterprise		Average procurement price		Average representative domestic sales price		Average export price		National production	
1	2		3		4		5		6		7	
Rice	2001FY	206	2001FY	206	2001FY	47,994	2001FY	234,991	2001FY	n.a.	2000FY	9,490
	2002FY	182	2002FY	182	2002FY	43,822	2002FY	226,081	2002FY	n.a.	2001FY	9,057
		n.a.		n.a.		n.a.		n.a.		n.a.		
	2003FY		2003FY		2003FY		2003FY		2003FY		2002FY	8,889

- Note:
1. As for the HS numbers, see attached.
 2. All the quantity exported was for food aid.
 3. The figures of columns 2, 3, 4 and 5 in 2003FY have not been decided.
 4. Data source: Ministry of Agriculture, Forestry and Fisheries "Food Balance Sheet" and related data.

TABLE III

STATE TRADING: THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES

Statistical Information, Domestic Activities

(Unit: 1,000 tons)

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise		National production		Domestic sales by state trading enterprise		National consumption	
1	2		3		4		5	
Rice	2001FY	80	2000FY	9,490	2001FY	737	2000FY	9,790
	2002FY	141	2001FY	9,057	2002FY	446	2001FY	9,638
	2003FY	n.a.	2002FY	8,889	2003FY	n.a.	2002FY	9,459
Wheat	2001FY	1	2000FY	688	2001FY	5,178	2000FY	6,311
	2002FY	0	2001FY	700	2002FY	5,125	2001FY	6,227
	2003FY	n.a.	2002FY	829	2003FY	n.a.	2002FY	6,203
Barley	2001FY	2	2000FY	214	2001FY	1,554	2000FY	2,627
	2002FY	1	2001FY	207	2002FY	1,520	2001FY	2,548
	2003FY	n.a.	2002FY	217	2003FY	n.a.	2002FY	2,445

- Note: 1. As for the HS numbers, see attached.
2. The figures of columns 2 and 4 in 2003FY have not been decided.
3. Data source: Ministry of Agriculture, Forestry and Fisheries "Food Balance Sheet" and related data.

1. Rice and its worked and/or prepared products

1006.10.010	1901.90.587
1006.20.010	1904.10.211
1006.30.010	1904.20.211
1006.40.010	1904.90.120
1102.30.010	2106.90.517
1103.14.010	
1103.29.250	
1104.19.250	
1104.29.250	
1901.20.122	
1901.20.162	
1901.90.142	

2. Wheat, meslin, triticale and their processed products

1001.10.010	1104.19.121
1001.90.011	1104.29.111
1001.90.016	1104.29.121
1001.90.019	1108.11.010
1008.90.021	1901.20.131
1101.00.011	1901.20.151
1101.00.091	1901.90.151
1102.90.210	1901.90.171
1103.11.010	1904.10.221
1103.19.210	1904.20.221
1103.21.010	1904.90.210
1103.29.410	2106.90.214
1104.19.111	

3. Barley and its processed products

1003.00.011	1901.20.141
1003.00.019	1901.90.161
1102.90.110	1904.10.231
1103.19.110	1904.20.231
1103.29.310	1904.90.310
1104.11.010	2106.90.216
1104.21.010	

TABLE I

STATE TRADING. AGRICULTURE AND LIVESTOCK INDUSTRIES CORPORATION

Statistical Information, Imports

(Unit: Metric tons, Yen/Kg.)

Description of products (including HS numbers)	Total quantity imported	Quantity imported by state trading enterprise	Average import price	Average representative domestic sales price	Mark-ups	National production
1	2	3	4	5	6	7
Skimmed milk powder and skimmed milk solids (0402.10, 0402.21)	14,394 (2001) 3,431 (2002) 3,385 (2003)	10,271 0 0	282 - -	545 544 541	- - -	177,855 178,905 184,372
Whole milk powder and other solids (0402.21, 0402.29)	17 (2001) 21 (2002) 30 (2003)	0 0 0	- - -	780 781 780	- - -	17,456 17,021 15,020
Condensed milk (0402.99)	55 (2001) 19 (2002) 26 (2003)	0 0 0	- - -	357 354 354	- - -	31,899 31,911 33,104
Buttermilk powder and other solids (0403.90)	11 (2001) 10 (2002) 0 (2003)	0 0 0	- - -	- * - * - *	- - -	- * - * - *
Whey and modified whey (0404.10)	16,527 (2001) 16,457 (2002) 13,581 (2003)	3,804 4,555 3,633	218 206 210	- * - * - *	- - -	- * - * - *
Butter and butter oil (0405.10, 0405.20, 0405.90)	379 (2001) 6,648 (2002) 10,818 (2003)	0 6,318 10,453	- 157 205	946 951 960	- - -	83,172 79,598 81,508

Remarks: (*) No official data available.

TABLE II

STATE TRADING. AGRICULTURE AND LIVESTOCK INDUSTRIES CORPORATION

Statistical Information, Exports

(Unit: Metric tons, Japanese Yen)

Description of products (including HS numbers)	Total quantity exported	Quantity exported by state trading enterprise	Average procurement price	Average representative domestic sales price	Average export price	National production
1	2	3	4	5	6	7
Skimmed milk powder and skimmed milk solids (0402.10, 0402.21)	260 (2001) 10 (2002) 9 (2003)	0 0 0	- - -	545 544 541	- - -	177,855 178,905 184,372
Whole milk powder and other solids (0402.21, 0402.29)	152 (2002) 28 (2002) 53 (2003)	0 0 0	- - -	780 781 780	- - -	17,456 17,021 15,020
Condensed milk (0402.99)	9 (2001) 14 (2002) 31 (2003)	0 0 0	- - -	357 354 354	- - -	31,899 31,911 33,104
Buttermilk powder and other solids (0403.90)	481 (2001) 86 (2002) 38 (2003)	0 0 0	- - -	- * - * - *	- - -	- * - * - *
Whey and modified whey (0404.10)	720 (2001) 1,792 (2002) 456 (2003)	0 0 0	- - -	- * - * - *	- - -	- * - * - *
Butter and butter oil (0405.10, 0405.20, 0405.90)	6 (2001) 3 (2002) 225 (2003)	0 0 0	- - -	946 951 960	- - -	83,172 79,598 81,508

Remarks: (*) no official data available.

TABLE III

STATE TRADING. AGRICULTURE AND LIVESTOCK INDUSTRIES CORPORATION

Statistical Information, Domestic Activities

(Unit: Metric tons, Japanese Yen/Kg.)

Description of products (including HS numbers)	Domestic purchases by state trading enterprise	National production	Domestic sales by state trading enterprise	National consumption
1	2	3	4	5
Skimmed milk powder and skimmed milk solids (0402.10, 0402.21)	0 (2001) 0 (2002) 0 (2003)	177,855 178,905 184,372	0 0 0	170,000 177,000 - *
Whole milk powder and other solids (0402.21, 0402.29)	0 (2001) 0 (2002) 0 (2003)	17456 17,021 15,020	0 0 0	17,000 17,000 - *
Condensed milk (0402.99)	0 (2001) 0 (2002) 0 (2003)	31,899 31,911 33,104	0 0 0	31,000 32,000 - *
Buttermilk powder and other solids (0403.90)	0 (2001) 0 (2002) 0 (2003)	- * - * - *	0 0 0	- * - * - *
Whey and modified whey (0404.10)	0 (2001) 0 (2002) 0 (2003)	- * - * - *	0 0 0	- * - * - *
Butter and butter oil (0405.10, 0405.20, 0405.90)	0 (2001) 0 (2002) 0 (2003)	83,172 79,598 81,508	0 0 0	94,000 90,000 - *

Remarks: (*) no official data available.

TABLE I

STATE TRADING. AGRICULTURE AND LIVESTOCK INDUSTRIES CORPORATION

Statistical Information, Imports

Description of product(s)	Total quantity imported (Unit: t)	Quantity imported by state trading enterprise (Unit: t)	Average import price	Average representative domestic sales price	Mark-up (Unit: yen/kg.)	National production (Unit: t)	JFY
1	2	3	4	5	6	7	
Raw silk	1,775	0				425	2001
	1,850	0				373	2002
	1,887	0				278	2003

TABLE III

STATE TRADING: AGRICULTURE AND LIVESTOCK INDUSTRIES CORPORATION

Statistical Information, Domestic Activities

Unit: t

Description of product(s)	Domestic purchases by state trading enterprise	National production	Domestic sales by state trading enterprise	National consumption	JFY
1	2	3	4	5	
Raw silk	0	425	0	2,290	2001
	0	373	0	2,145	2002
	0	278	0	2,014	2003