

# State Trading Enterprises (STEs)

Description	Tariff Item Number	State Trading Enterprise	Laws Regulating
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Leaf Tobacco			
Tobacco, not stemmed / stripped	2401.10	Japan Tobacco Inc. (JT) www.jt.com	Tobacco Business Act
Tobacco, partly or wholly stemmed / stripped	2401.20		
Tobacco refuse	2401.30		
"Homogenised" or "reconstituted" tobacco	2403.91		

Opium			
Opium	13.02.11	The Government of Japan Ministry of Health, Labour and Welfare (MHLW) www.mhlw.go.jp/english/	Opium Law

Rice, Wheat & Barley			
Rice and its worked and/or prepared products	1006.10.010		
	1006.20.010		
	1006.30.010		
	1006.40.010		
	1102.90.310		
	1103.19.510		
	1103.20.350		
	1104.19.250		
	1104.29.250		
	1901.20.122		
	1901.20.162		
	1901.90.142		
	1901.90.587		
	1904.10.211		
	1904.20.211		

Wheat, meslin, triticale and their processed products	1904.90.120	The Government of Japan The Ministry of Agriculture, Forestry & Fisheries (MAFF) <a href="http://www.maff.go.jp/e/">www.maff.go.jp/e/</a>	Law for Stabilization of Supply-Demand and Price of Staple Food
	2106.90.517		
	1001.11.010		
	1001.19.010		
	1001.91.011		
	1001.91.019		
	1001.99.011		
	1001.99.016		
	1001.99.019		
	1008.60.210		
	1101.00.011		
	1101.00.091		
	1102.90.210		
	1103.11.010		
	1103.19.210		
	1103.20.110		
	1103.20.510		
	1104.19.111		
	1104.19.121		
	1104.29.111		
	1104.29.121		
	1108.11.010		
	1901.20.131		
	1901.20.151		
	1901.90.151		
	1901.90.171		
	1904.10.221		
	1904.20.221		
	1904.30.010		
	1904.90.210		
	2106.90.214		
Barley and its processed products	1003.10.010		
	1003.90.011		
	1003.90.019		
	1102.90.110		
	1103.19.110		
	1103.20.410		
	1104.19.410		
	1104.29.410		
	1901.20.141		
	1901.90.161		

	1904.10.231	
	1904.20.231	
	1904.90.310	
	2106.90.216	

Milk Products			
Skimmed milk powder and skimmed milk solids	0402.10	Agriculture and Livestock Industries Corporation (ALIC) <a href="http://www.alic.go.jp/english/">www.alic.go.jp/english/</a>	Manufacturing Milk Producer Compensation Temporary Law  Agriculture and Livestock Industries Corporation Law
	0402.21		
	0402.29		
Whole milk powder and other solids	0402.21		
	0402.29		
Condensed milk	0402.99		
Buttermilk powder and other solids	0403.90		
Whey and modified whey	0404.10		
Butter and butter oil	0405.10		
	0405.20		
	0405.90		

Source: World Trade Organization



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Working Party on State Trading Enterprises

Original: English

## 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 28 June 2016, is being circulated at the request of the Delegation of Japan.

## 1 LEAF TOBACCO

### I. ENUMERATION OF STATE TRADING ENTERPRISES

#### A. *Identification of State Trading Enterprises*

Japan Tobacco Inc. (JT).

#### 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).

### II. REASON AND PURPOSE

#### A. *Reason of Purpose for Establishing and/or Maintaining State Trading Enterprise*

The tobacco production is monopolized by JT 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 JT.

#### 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.

### III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

#### A. *Summary Statement Providing Overview of Operations of the State Trading Enterprise*

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

*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. (JT), the importation of leaf tobacco for the manufacture of tobacco in Japan is in effect dependent upon the purchase by JT.

*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*

JT 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*

JT exports leaf tobacco on the basis of commercial consideration.

*F. How the Resale Prices of Imported Products are Determined*

JT does not resell 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 JT.

*H. Brief Description of Market Structure*

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

#### **IV. STATISTICAL INFORMATION**

(See attached Tables I – III on Tobacco).

**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	2013	64,861	64,861	647	-	-	19,844
	2014	58,639	58,639	713	-	-	19,980
	2015	59,118	59,118	821	-	-	18,687

Source: Ministry of Finance "Japan's Trade Statistics" – JT 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	2013	6,753	6,753	-	-	91	19,844
	2014	6,829	6,829	-	-	22	19,980
	2015	6,135	6,135	-	-	37	18,687

Source: Ministry of Finance "Japan's Trade Statistics" – JT 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	2013	19,844	19,844	-	73,432
	2014	19,980	19,980	-	66,578
	2015	18,687	18,687	-	67,531

*Source:* JT Data.

## 2 OPIUM

### I. 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).

### II. 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 entity, which can conduct import and export of opium, purchase opium from the opium poppy cultivators and from 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, but the Ministry of Health, Labour and Welfare does not export opium.

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

### III. 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 entity, imports opium from India.

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.

The Ministry of Health, Labour and Welfare purchases all the opium which opium poppy cultivators or 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 import and export 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 expenses.

*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 and purchases all the opium gathered by opium poppy cultivators or research cultivators. The Ministry of Health, Labour and Welfare sells opium to narcotics manufacturers and proprietors of narcotics research institution.

#### **IV. STATISTICAL INFORMATION**

(See attached Tables I – II on Opium).

#### **V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE (AS APPROPRIATE)**

All imported opium is used for medical and scientific purposes.

All of the amount is for domestic consumption, not for export.

**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 (¥/kg.)	Average representative domestic price (¥/kg.)	Mark-up	National production (kg.)
Opium (HS 13.02.11)	95,340 (J.F.Y. 2013)	95,340 (J.F.Y. 2013)	9,310	25,437	-	1.1 (J.F.Y. 2013)
	77,940 (J.F.Y. 2014)	77,940 (J.F.Y. 2014)	11,469	25,574	-	0.6 (J.F.Y. 2014)
	78,600 (J.F.Y. 2015)	78,600 (J.F.Y. 2015)	11,008	25,376	-	1.1 (J.F.Y. 2015)

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

**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. 2013)	-	-	-	-	1.1 (J.F.Y. 2013)
	0 (J.F.Y. 2014)	-	-	-	-	0.6 (J.F.Y. 2014)
	0 (J.F.Y. 2015)	-	-	-	-	1.1 (J.F.Y. 2015)

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

### 3 RICE, WHEAT AND BARLEY

#### I. 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).

#### II. 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, 43 and 44 of the Law for Stabilization of Supply-Demand and Price of Staple Food.

This law does not restrict the exportation of rice, wheat and barley by the private sectors.

#### III. 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 a 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.

This law does not restrict the exportation of rice, wheat and barley by the private sectors.

*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 rice, wheat and barley subject to over-quota tariffs established in the Schedule XXXVIII-JAPAN in the WTO Agreement.

Private traders can freely export rice, wheat and barley.

*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 are imported.

#### **IV. STATISTICAL INFORMATION**

(See attached Tables I – III).

#### **V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE**

None.

#### **VI. ADDITIONAL INFORMATION**

None.

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	2013FY	644	2013FY	642	-	-	-	-	2013FY	193	2013FY	8,718
	2014FY	659	2014FY	658	-	-	-	-	2014FY	95	2014FY	8,628* <sup>1</sup>
	2015FY	668	2015FY	667	-	-	-	-	2015FY	n.a.	2015FY	n.a.
Wheat	2013FY	5,637	2013FY	5,631	-	-	-	-	2013FY	17	2013FY	812
	2014FY	5,860	2014FY	5,854	-	-	-	-	2014FY	17	2014FY	852
	2015FY	5,483	2015FY	5,478	-	-	-	-	2015FY	n.a.	2015FY	1,004
Barley	2013FY	1,303	2013FY	1,302	-	-	-	-	2013FY	8	2013FY	183
	2014FY	1,192	2014FY	1,190	-	-	-	-	2014FY	8	2014FY	170
	2015FY	1,122	2015FY	975	-	-	-	-	2015FY	n.a.	2015FY	177

- Note: 1. As for the HS numbers, see attached.  
 2. The figures of columns 6 and 7 of rice in 2013FY are not yet available.  
 3. The figure with \*1 in column 7 is tentative data.  
 4. 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	2013FY	87	2013FY	84	2013FY	96,903	2013FY	270,102	-	-	2013FY	8,718
	2014FY	84	2014FY	79	2014FY	119,407	2014FY	188,652	-	-	2014FY	8,628 <sup>*1</sup>
	2015FY	98	2015FY	90	2015FY	114,407	2015FY	n.a.	-	-	2015FY	n.a.

- Note: 1. As for the HS numbers, see attached.  
 2. The quantity in columns 3 is for food aid.  
 3. The figures of columns 5 and 7 in 2013FY are not yet available.  
 4. The figures with \*1 in column 7 is tentative data.  
 5. 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	2013FY <sup>3</sup>	183	2013FY	8,718	2013FY	731	2013FY	8,697
	2014FY <sup>3</sup>	250	2014FY	8,628 <sup>*1</sup>	2014FY	957	2014FY	8,792 <sup>*1</sup>
	2015FY <sup>3</sup>	250	2015FY	n.a.	2015FY	n.a.	2015FY	n.a.
Wheat	2013FY	0	2013FY	812	2013FY	5,315	2013FY	6,992
	2014FY	0	2014FY	852	2014FY	5,613	2014FY	6,579 <sup>*1</sup>
	2015FY	0	2015FY	1,004	2015FY	n.a.	2015FY	n.a.
Barley	2013FY	0	2013FY	183	2013FY	1,272	2013FY	2,080
	2014FY	0	2014FY	170	2014FY	1,197	2014FY	1,953 <sup>*1</sup>
	2015FY	0	2015FY	176	2015FY	n.a.	2015FY	n.a.

- Note: 1. As for the HS numbers, see attached.  
 2. The figures of columns 3 of rice, 4 and 5 in 2013FY are not yet available.  
 3. The figures with \*1 in columns 3 and 5 are tentative data.  
 4. The figures of columns 2 of rice are the quantity of rice of successful bids in tenders which MAFF conducted to purchase from the respective year's crop.  
 5. 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	1901.20.162
1006.20.010	1901.90.142
1006.30.010	1901.90.587
1006.40.010	1904.10.211
1102.90.310	1904.20.211
1103.19.510	1904.90.120
1103.20.350	2106.90.517
1104.19.250	
1104.29.250	
1901.20.122	

2. Wheat, meslin, triticale and their processed products

1001.11.010	1104.19.121
1001.19.010	1104.29.111
1001.91.011	1104.29.121
1001.91.019	1108.11.010
1001.99.011	1901.20.131
1001.99.016	1901.20.151
1001.99.019	1901.90.151
1008.60.210	1901.90.171
1101.00.011	1904.10.221
1101.00.091	1904.20.221
1102.90.210	1904.30.010
1103.11.010	1904.90.210
1103.19.210	2106.90.214
1103.20.110	
1103.20.510	
1104.19.111	

3. Barley and its processed products

1003.10.010	1901.20.141
1003.90.011	1901.90.161
1003.90.019	1904.10.231
1102.90.110	1904.20.231
1103.19.110	1904.90.310
1103.20.410	2106.90.216
1104.19.410	
1104.29.410	



## 4 MILK PRODUCTS

### I. 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).

### II. 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 10 of the Agriculture and Livestock Industries Corporation Law.

### III. 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 2014 was 11.69 million tons milk equivalent.

7.33 million tons of raw milk were produced in FY 2014 of which 3.36 million tons were processed for milk products. Annual production of butter, skimmed milk powder and cheese in FY 2014 were 62 thousand tons, 121 thousand tons and 47 thousand tons, respectively.

4.43 million tons milk equivalent of milk products were imported to meet the demand in FY 2014. Annual imports of butter, skimmed milk powder and cheese in FY 2014 were 13 thousand tons, 25 thousand tons (excluding skimmed milk powder for animal feed) and 236 thousand tons, respectively.

**IV. STATISTICAL INFORMATION**

(See attached Tables I – III).

**V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE**

None.

**VI. ADDITIONAL INFORMATION**

None.

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, 0402.29)	7,145 (2013) 24,552 (2014) 17,357 (2015) <sup>*1</sup>	4,970 22,397 15,217 <sup>*1</sup>	366 410 303 <sup>*1</sup>	600 619 650	- - -	128,818 120,922 130,184 <sup>*1</sup>
Whole milk powder and other solids (0402.21, 0402.29)	173 (2013) 73 (2014) 87 (2015) <sup>*1</sup>	0 0 0	- - -	843 860 891	- - -	11,016 11,604 12,526 <sup>*1</sup>
Condensed milk (0402.99)	7 (2013) 35 (2014) 23 (2015) <sup>*1</sup>	0 0 0	- - -	372 378 391	- - -	35,697 33,653 34,560 <sup>*1</sup>
Buttermilk powder and other solids (0403.90)	1 (2013) 1 (2014) 18 (2015) <sup>*1</sup>	0 0 0	- - -	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>	- - -	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>
Whey and modified whey (0404.10)	14,542 (2013) 14,449 (2014) 16,157 (2015) <sup>*1</sup>	4,225 3,911 5,890 <sup>*1</sup>	242 270 219 <sup>*1</sup>	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>	- - -	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>
Butter and butter oil (0405.10, 0405.20, 0405.90)	4,386 (2013) 14,189 (2014) 13,913 (2015) <sup>*1</sup>	3,997 13,653 13,173 <sup>*1</sup>	442 451 416 <sup>*1</sup>	1,178 1,208 1,268	- - -	64,302 61,652 66,295 <sup>*1</sup>

Note: (\*1) The figures with \*1 in column 2, 3, 4 and 7 are tentative data.

(\*2) 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)	10 (2013) 13 (2014) 81 (2015)* <sup>1</sup>	0 0 0	- - -	600 619 650	- - -	128,818 120,922 130,184* <sup>1</sup>
Whole milk powder and other solids (0402.21, 0402.29)	132 (2013) 193 (2014) 120 (2015)* <sup>1</sup>	0 0 0	- - -	843 860 891	- - -	11,016 11,604 12,526* <sup>1</sup>
Condensed milk (0402.99)	27 (2013) 104 (2014) 68 (2015)* <sup>1</sup>	0 0 0	- - -	372 378 391	- - -	35,697 33,653 34,560* <sup>1</sup>
Buttermilk powder and other solids (0403.90)	18 (2013) 80 (2014) 70 (2015)* <sup>1</sup>	0 0 0	- - -	* <sup>2</sup> * <sup>2</sup> * <sup>2</sup>	- - -	* <sup>2</sup> * <sup>2</sup> * <sup>2</sup>
Whey and modified whey (0404.10)	1 (2013) 1 (2014) 1 (2015)* <sup>1</sup>	0 0 0	- - -	* <sup>2</sup> * <sup>2</sup> * <sup>2</sup>	- - -	* <sup>2</sup> * <sup>2</sup> * <sup>2</sup>
Butter and butter oil (0405.10, 0405.20, 0405.90)	3 (2013) 6 (2014) 2 (2015)* <sup>1</sup>	0 0 0	- - -	1,178 1,208 1,268	- - -	64,302 61,652 66,295* <sup>1</sup>

Note: (\*1) The figures with \*1 in column 2 and 7 are tentative data.

(\*2) 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, 0402.29)	0 (2013) 0 (2014) 0 (2015)	128,818 120,922 130,184 <sup>*1</sup>	0 0 0	145,000 140,000 <sup>*1</sup> <sup>*2</sup>
Whole milk powder and other solids (0402.21, 0402.29)	0 (2013) 0 (2014) 0 (2015)	11,016 11,604 12,526 <sup>*1</sup>	0 0 0	12,000 12,000 <sup>*1</sup> <sup>*2</sup>
Condensed milk (0402.99)	0 (2013) 0 (2014) 0 (2015)	35,697 33,653 34,560 <sup>*1</sup>	0 0 0	37,000 36,000 <sup>*1</sup> <sup>*2</sup>
Buttermilk powder and other solids (0403.90)	0 (2013) 0 (2014) 0 (2015)	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>	0 0 0	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>
Whey and modified whey (0404.10)	0 (2013) 0 (2014) 0 (2015)	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>	0 0 0	<sup>*2</sup> <sup>*2</sup> <sup>*2</sup>
Butter and butter oil (0405.10, 0405.20, 0405.90)	0 (2013) 0 (2014) 0 (2015)	64,302 61,652 66,295 <sup>*1</sup>	0 0 0	74,000 74,000 <sup>*1</sup> <sup>*2</sup>

Note: (\*1) The figures with \*1 in column 3 and 5 are tentative data.

(\*2) No official data available.