# Japan

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| **Japan’s Bogor Goals Progress Report (as at 3 September 2018)[[1]](#footnote-1)\*** |
|   | **Highlights of Achievements and Areas for Improvement** |

* Low average MFN tariff. Import tariffs were eliminated for several products. While agricultural products have seen a decrease in tariffs in recent years, tariffs for agricultural products on average continue to be higher than those for non-agricultural products.
* Import prohibitions and licensing requirements apply for some products for security, health and environmental reasons. No export taxes and levies are in place.
* Relaxation of rules in some services sectors such as banking and insurance. However, restrictions on participation of foreigners in board of directors and in voting shares remain in TV broadcasting.
* New initiatives in force to attract and facilitate foreign investments.
* No specific trade concerns against Japan have been raised in recent years at the WTO SPS and TBT Committees.
* Authorized Economic Operators (AEOs) are now allowed to lodge declarations in any customs office.
* Changes in intellectual property laws. Implementation of the Patent Law Treaty and the Singapore Treaty on the Law of Trademarks.
* The Patent Prosecution Highway pilot program and the Patent Prosecution Highway Plus are in place with a number of economies to fast track patent applications.
* Introduced a multiple bidding system for government procurement.
* Electricity and Gas retail markets were liberalized. Crossover between both markets are possible.
* Implemented the Trusted Traveller Program to facilitate entry to low risk visitors. Eased short term visa requirements for passport holders of certain economies.

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|   | **Summary of Topics** |

Tariffs

In 2016, the simple average MFN Tariffs fell to 4.0%. While agricultural products have seen a decrease in tariffs from 14.3% in 2014 to 13.1% in 2016; the average MFN tariff for agricultural products is still higher (13.1%) than that for non-agricultural products (2.5%).

Japan eliminated import tariffs in 2016 on dimethyl terephthalate (DMT) and bioethanol used for manufacturing ethyl-tertiary-butyl ether. In 2017, import tariffs were eliminated on *p*-nitro chlorobenzene (PNCB), *m*-aramid in primary forms, synthetic filament tow of *m*-aramid, certain toys and sanitary articles. Likewise, Japan implemented tariff elimination for seven products as part of WTO Information Technology Agreement (ITA) expansion.

Non-Tariff Measures

Import prohibitions and licensing requirements are required in certain cases for security, public health, environmental reasons and international commitments. Import quotas apply for some fishing products and controlled substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer. No export taxes, charges, or levies are in place in Japan, but some export controls remain for security, conservation, and humanitarian reasons, as well as for compliance with international obligations.

Regarding trade remedies, requirements for associations to submit requests for anti-dumping and countervailing duties were relaxed in May 2016.

Services

On February 2018, Japan implemented the Asia Pacific Regional Cooperation on the Approval of Higher Education Qualification which allowed for mutual recognition of qualifications among the parties involved.

There have been some relaxation in the rules concerning the relationship between foreign and domestic banks, as the amendments to the Banking Act no longer require capital ties between a Japanese and foreign bank when the former works as an agent or intermediary of the latter outside Japan. Regarding insurance services, amendments were also made to the Cabinet Office Ordinance in 2016 to ease restrictions imposed on providing insurance services to infertility treatments.

Some restrictions to the participation of foreigners in the board of TV broadcasting firms remain, as well as in the voting share by foreigners.

Investment

Between 2016 and 2018, Bilateral Investment Treaties (BITs) were signed with Iran, Kenya, Israel, Armenia, and the United Arab Emirates (UAE). In addition, Japan and Russia on September 2017 signed a tax treaty that reduced taxes paid on investment income, prevents tax evasion and avoids double taxation.

Regarding investment facilitation measures, as part of the Asia Region Funds Passport (ARFP), Japan put in force its Memorandum of Cooperation (MoC) with Australia, Korea, New Zealand and Thailand in June 2016. This implementation allows for increased ease of cross border offering of eligible collective investment schemes. Also, Japan introduced the “Investment Advisor Assignment System”, in which State Ministers act as advisors to designated foreign companies that have made important investments in Japan.

At the latest meeting of the WTO Trade Policy Review on Japan in March 2017, recent initiatives to attract FDI were noted, but some concerns had been expressed about market access issues, such as the stringent regulatory framework which made it difficult for foreign and local pharmaceutic companies to form joint ventures.

Standards and Conformance

By December 2016, Japan had implemented 10,587 Japanese Industrial Standards (JIS) of which 5,821 corresponded with International Standards. At the international level, Japan has been an active participant in both the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). At the domestic level, in 2016, Japan implemented amendments to the Textile Goods Quality Labeling regulation on textile care labeling for domestic washing and professional dry cleaning and wet cleaning in accordance with JIS, conformed to ISO standards.

While 18 specific trade concerns against Japan have been reported at the WTO SPS Committee with no reported resolution, there has been no new specific trade concern raised against Japan in recent years in both the WTO SPS and TBT Committees.

Customs Procedures

Amendments to the Customs Law effective from 2017 allowed Authorized Economic Operators (AEOs) to lodge import and export declarations in any customs office. Japan and Hong Kong, China in 2016 signed and implemented a Mutual Recognition Arrangement of AEOs.

Among other improvements in customs-related issues, the Customs Brokerage Law was amended in 2016 eliminating territorial restrictions imposed on customs broker. Furthermore, the Nippon Automated Cargo and Port Consolidated System (NACCS) was upgraded in 2017 to allow stakeholders to submit trade-related documents electronically.

Japan put in force the WTO Trade Facilitation Agreement in February 2017.

Intellectual Property Rights

The amendments to the Trademark Act, Patent Act, Design Act and Act on International Applications under the Patent Cooperation Treaty of Japan came into force in April 2016. The amendments included changes to revise the fees for patents, trademarks and international application searches and to include provisions based on the Patent Law Treaty and the Singapore Treaty on the Law of Trademarks.

A Patent Prosecution Highway (PPH) pilot program with Viet Nam was established in 2016 and subsequently with New Zealand, Chile and Peru in 2017. An extended PPH programme “Patent Prosecution Highway Plus” was introduced to promote fast tracking of applications through sharing of patent examination results with Brunei in 2017.

In 2017, the scheme of the United States-Japan Collaborative Search Pilot Program was renewed. This scheme allows for both the Japan Patent Office (JPO) and the United States Patent and Trademark Office (USPTO) to enhance collaboration on examinations of patent applications.

From January 2016, the JPO provided professional English translations of trial/appeal decisions, decisions on oppositions, and advisory opinions on the scope of industrial property rights. The intention is to raise international awareness and raise the quality of information provided on industrial property rights applicable in Japan.

Competition Policy

Amendments were made to the “Guidelines Concerning Distribution Systems and Business Practices under the Antimonopoly Act” in 2017 to make them easier for businesses to understand and use.

Between 2016 and 2017, Memorandums of Understandings (MoUs) were signed with competition authorities in China, Kenya and Singapore as well as cooperation arrangements with Mongolia and Canada.

Government Procurement

Japan’s amendment to the “Cabinet Order Stipulating the Special Procedures for Government Procurement by a Local Entity” introduced a multiple bidding system allowing firms to share a bid if one company cannot supply the full amount of the order.

Deregulation/Regulatory Review

Liberalization of the electricity and gas retail markets was carried out in 2016 and 2017 respectively. Crossover between electricity and gas markets are now possible.

Mobility of Business People

With the implementation of the Trusted Traveler Program (TTP) in November 2016, certain foreigners who have frequently visited Japan in the past and been registered as low risk travellers are allowed to use the automated gates during immigration.

Between 2016 and 2017, Japan relaxed short term visa requirements for passport holders from China; Russia and Viet Nam, as well as from other economies outside the APEC region. Visa waivers to United Arab Emirates passport holders was introduced in July 2017. In addition, the required residential period for the application of permanent residence by highly skilled foreign individuals has been shortened from 5 years to 3 years.

Japan extended the validity of the APEC Business Travel Card (ABTC) to 5 years.

RTA/FTAs

Japan has 15 RTA/FTAs or Economic Partnership Agreements in-force[[2]](#footnote-2). In June 2016, Japan implemented its economic partnership agreement with Mongolia. In July 2018, Japan signed the Japan-EU EPA. Japan also ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in July 2018 and is currently awaiting domestic ratifications from signatory parties. Japan is currently part of negotiations for the Regional Comprehensive Economic Partnership.

Other Issues: Initiatives at WTO

Japan is one of the WTO members leading the exploratory work toward future WTO negotiations on electronic commerce since March 2018. This work includes discussions among like-minded members related to international rule making on e-commerce/digital trade to deepen their understanding and exchange views through periodical meetings. In addition, Japan is one of the co-authors of a 2017proposal regarding NTMs for WTO ITA with the intention of reducing the burden of conformity assessment procedures by facilitating acceptance of test reports based on international standards.

Japan continues its commitment to WTO negotiations on Environmental Goods Agreement (EGA) and it is engaging in initiatives such as holding EGA symposium in Beijing in August 2017, addressing private sector representatives, academia and government officials, in order to rebuild momentum and give an impetus towards the early resumption of the EGA negotiations.

1. \* The brief report was prepared with information from Japan’s Submission of 2018 APEC Individual Action Plan (IAP) template; WTO Tariff Profile 2017; WTO Trade Monitoring Database; The 2017 WTO Trade Policy Review – Report by the Secretariat - Japan; WTO ITIP Goods; WTO Quantitative Restrictions Database; Ministry of Foreign Affairs; UNESCO; Financial Services Agency; Invest Japan; Ministry of Economy, Trade and Industry; Japan Industrial Standards Committee; International Organization for Standardization; International Electrotechnical Commission; Japan Customs; World Intellectual Property Organization; Japan Patent Office; Japan Fair Trade Commission; and Agency for Natural Resources and Energy websites. [↑](#footnote-ref-1)
2. Japan’s RTA/FTAs in force are the following ones: Japan-Singapore (2002); Japan-Mexico (2005); Japan-Malaysia (2006); Japan-Chile (2007); Japan-Thailand (2007); Japan-Indonesia (2008); Japan-Brunei (2008); Japan-ASEAN (2008); Japan-Philippines (2008); Japan-Switzerland (2009); Japan-Viet Nam (2009); Japan-India (2011); Japan-Peru (2012); Japan-Australia (2015); and Japan-Mongolia (2016) [↑](#footnote-ref-2)