

Japan's Bogor Goals Progress Report (as at 8 August 2014)*

Highlights of Achievements and Areas for Improvement

- Most of MFN tariffs are low. Around 40.5 per cent of tariff lines are duty-free.
- However, some agricultural products are subject to high tariff peaks and concealed by non-ad valorem rates.
- Some export controls have been relaxed. Import quotas applicable to certain products.
- Reforms in immigration and visa system are ongoing in order to attract high-skilled foreign professionals.
- Efforts to revitalize the economy by attracting more foreign investment through the conclusion of investment agreements and new schemes such as the establishment of National Strategic Special Zones.
- While some WTO members have concerns in relation to Japan's sanitary and phytosanitary requirements and technical regulations and standards, Japan mentions that its regimes are in accordance with the WTO agreements.
- Efforts to streamline customs procedures by improving the single window system and promote paperless procedures.
- The Antimonopoly Act Amendment Bill was passed in December 2013.
- The Council for Regulatory Reform was established in January 2013 to deliberate comprehensive issues on regulatory reforms.
- Japan has increased its participation in the negotiation of trade agreements in recent years, including the Trans-Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership.

Summary of Topics

Tariffs

Japan has not reported changes in its tariff system since the last 2012 Bogor Goals Progress Report. Most of Japan's MFN tariffs are low and around 40.5 per cent of the tariff lines are duty-free based on 2012 data. However, agricultural products face on average higher tariff rates (17.5 per cent) than non-agricultural products (3.7 per cent). Some agricultural products are subject to high tariff peaks. In some cases, they are concealed by non-ad valorem rates.

Non-Tariff Measures

Import quotas are applicable to certain fish products and controlled substances listed in the Montreal Protocol on Substances that Depletes the Ozone Layer. Japan reported that these quotas observe WTO agreements.

Japan maintains export controls via licensing to some products based on international commitments. The purpose is to preserve limited natural resources and ensure national security. In April 2012, the controls were slightly relaxed since Japan eliminated export approval

* This brief report was prepared with information from Japan's submission of 2014 APEC Individual Action Plan (IAP) template; the 2013 WTO Trade Policy Review - Report by the Secretariat - Japan; the minutes of the meeting of Japan's WTO Trade Policy Review from February 2013; and the Immigration Bureau of Japan and the Prime Minister of Japan and His Cabinet websites.

requirement of the Minister of Economy, Trade and Industry on fish flour and fish waste, fish mixtures for fish breeding, seminal roots and seedlings of mints, among others.

Services

In order to attract highly-skilled foreign professionals, Japan introduced the points-based immigration preferential treatment system in May 2012. And Japan also implemented a new residency management system in July 2012, which includes the extension of the maximum period of stay from three to five years and the revision of the re-entry system, which allows those foreigners that depart and return within a year not to apply for a re-entry permit.

The revised Postal Service Privatization Act was passed by the Diet in April 2012. The Act establishes that the Japan Post Group will have to provide universal services for postal services and fair access all over Japan to savings and insurance services through its postal network. The Act also indicates that Japan Post Holdings have to sell its shares of JP Bank and JP Insurance as soon as possible.

Investment

Between 2012 and 2013, Japan signed six investment treaties with seven economies.

A new initiative called “Japan Revitalization Strategy – Japan is Back” was launched in 2013, and then revised in 2014 as part of a comprehensive plan to formulate a new growth strategy for Japan. The initiative has been making progress in restoring confidence in the economy and revitalizing the Japanese industry. The plan includes accelerating the conclusion of investment agreements and doubling inward FDI stocks. The plan also includes the establishment of “National Strategic Special Zones” to attract funds and technology.

Standards and Conformance

Japan has reported participating actively in standardization organizations such as the International Organization for Standardization and the International Electrotechnical Commission. The work to harmonize standards and discuss conformity assessment issues is also discussed with experts from foreign economies.

Some concerns have been expressed in relation to Japan’s complex sanitary and phytosanitary (SPS) measures and technical regulations. Concerns about the appropriateness of risk assessment measures for SPS measures and transparency have also been raised, as well as approval procedures for food additives, pharmaceuticals and medical devices, among others. Nevertheless, Japan confirmed its regimes are in accordance with WTO/SPS and WTO/TBT agreements.

By the end of 2013, 19 specific trade concerns raised against Japan at the WTO SPS Committee had not reported a resolution. The most recent unresolved concerns raised in 2013 were beef and blueberries. Similarly, 11 specific trade concerns against Japan raised at the WTO TBT Committee had not reported a resolution.

Customs Procedures

The Japan Customs implemented a Time Release Study in March 2012. The results showed improvements in terms of the required average time for import procedures. The import procedures

via sea cargo reduced their average time required for release from 62.4 hours in 2009 to 60.7 hours in 2012. For air cargo, it declined from 16 to 13.4 hours in a similar period.

Japan started the full implementation¹ of Mutual Recognition Arrangements on Authorized Economic Operators (AEO) with Canada and the United States.

Among other initiatives to improve customs procedures, Japan Customs promote single window through development of the Nippon Automatic Cargo and Port Consolidated System (NACCS) which includes function of processing procedures for several relevant administrative authorities. In addition, to promote paperless procedures, documents necessary for customs clearance can be submitted in electronic format since October 2013.

Intellectual Property Rights (IPR)

As reported in the 2012 Bogor Goals Progress Report, Japan started the Patent Prosecution Highway (PPH) with counterparts in several APEC economies to grant IPR faster and more efficiently. A new scheme called Global PPH was started afterwards and Japan is one of the participating parties.

Japan becoming the first Party to the Anti-Counterfeit Trade Agreement (ACTA) on 5 October 2012

Competition Policy

In December 2013, the Antimonopoly Act Amendment Bill was passed. Among the main changes, it abolishes the Japan Fair Trade Commission's (JFTC's) hearing procedure for administrative appeal and includes stipulations such as the introduction of a system in which appealing suits to cease and desist orders/surcharge payment orders shall be subject to the jurisdiction to Tokyo District Court to ensure the expertise of the court and judgments made by a panel of three to five judges.

Government Procurement

Japan participated in the negotiation of the WTO Government Procurement Agreement, which was successfully concluded in December 2011 and the Protocol Amending the Agreement on Government Procurement, which entered into force in April 2014.

Deregulation/Regulatory Review

The Council for Regulatory Reform was established in January 2013 in order to deliberate comprehensive basic issues on regulatory reform.

Mobility of Business People

As mentioned previously in the Services section, Japan started the implementation of a new residency management system for foreigners in July 2012.

¹ Before December 2012, the coverage of the MRA was partial and only covered exports from Japan to the United States.

RTAs/FTAs

Japan has reported 13 Economic Partnership Agreements (EPA) or Free Trade Agreements in force² and 1 EPA signed³. In addition, Japan has reported its participation in eight trade agreement negotiations, including the Trans-Pacific Partnership Agreement (TPP) and the Regional Comprehensive Economic Partnership (RCEP). The government plans to increase the ratio of trade covered by FTAs from 23 per cent at present to 70 per cent by 2018.

² Japan's RTA/FTAs in force are the following ones: Japan–Singapore (2002), Japan–Mexico (2005), Japan–Malaysia (2006), Japan–the Philippines (2008), Japan–Chile (2007), Japan–Brunei Darussalam (2008), Japan–Indonesia (2008), Japan–Thailand (2007), Japan–ASEAN (2009), Japan–Viet Nam (2009), Japan–Switzerland (2009), Japan–India (2011), and Japan–Peru (2012).

³ The Japan–Australia EPA was signed in August 2014.