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ABBREVIATIONS

AD	-	Anti Dumping
ASEAN	-	Association of South East Asian Nations
ATA	-	Air Transport Association of America
BIT	-	Bilateral Investment Treaty
BIT	-	Bilateral Investment Treaty
BNC	-	Bi-Regional Negotiations Committee
Bq	-	Becquerel
BTI	-	Binding Tariff Information
CCT	-	Common Customs Tariff
CEPA	-	Comprehensive Economic Partnership Agreement
FDI	-	Foreign Direct Investment
FIR	-	Foreign Investment Regime
FTA	-	Free Trade Agreement
GATT	-	General Agreement On Tariff And Trade
GDP	-	Gross Domestic Product
GM	-	Genetically Modified
GMOs	-	Genetically Modified Organisms
GPA	-	Government Procurement
GSP	-	Generalized System of Preferences
ICT	-	Information and Communication Technology
IMF	-	International Monetary Fund
JRC	-	Joint Research Centre
JICA	-	Japan
LDCs	-	Least Developed Countries
METI	-	Ministry of Trade, Economy & Industry
MOFA	-	Ministry of Foreign Affairs
PRC	-	People's Republic of China
SMA	-	Single Market Act
SPS	-	Sanitary and Phytosanitary measures
SVHCs	-	Seven Substances of very High Concern
TACs	-	Total Allowable Catches
TBR	-	Trade Barriers Regulation
TBT	-	Technical Barriers to Trade
TEC	-	Transatlantic Economic Council
TI	-	Binding Tariff Information
TKM	-	Tonne Kilometre Benchmark
USDOC	-	United States Department Of Commerce
VAT	-	Value Added Tax

AUTHORS

JAMES J. NEDUMPARA

ANAMIKA SRIVASTAVA

RISHAB RATURI

VIVEK GUPTA

ARNAB GHOSH

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EXECUTIVE SUMMARY

ECONOMIC ENVIRONMENT

- The GDP of Japan in the January- March quarter grew by 5.9% during the quarter.
- The unemployment rate was recorded at 3.6% for this quarter.
- PMI witnessed a decline from 56.2 in January to 53.4 in March
- Inflation rate was recorded at 1.5% at the end of the quarter.
- After a four year low in December 2013, the Japanese Yen became stronger during the Quarter;
- In March 2014 the exports were recorded at JPY 6382 billion yen, the highest of the year. The quarter had a final import value of JPY 7828 billion.

TRADE & INVESTMENT AGREEMENTS

- During the Quarter, Japan continued negotiation of Economic Partnership Agreements with EU, Canada and Colombia.
- Fourth round of negotiations of a Free Trade Agreement between Japan, China and Republic of Korea was undertaken.
- Japan took part in the fourth round of negotiations for Regional Comprehensive Economic Partnership (RCEP)
- Japan took an aggressive approach in Trans-Pacific Partnership (TPP) Agreement and Trade in Services Agreement (TISA)
- Japan opened talks with United Arab Emirates aiming to encourage the country to invest in Japan
- During the quarter, Japan played an active role in Japan-India Public-Private Round Table on Renewable Energy and the Energy Efficiency Working Group Japan-India Energy Dialogue.
- Japan participated in the Informal WTO Ministerial Gathering and the World Economic Forum Annual Meeting 2014 in Davos, Switzerland.

AID FOR TRADE

- Japan entered into ODA Loan Agreements with ten countries, namely Lao, Mozambique, India, Turkey, Iraq, Vietnam, Indonesia, Philippines, Mongolia and Sri Lanka.
- Japan's ODA Loan Agreements with India will fund the construction of a Highway in Bihar and the development of IIT, Hyderabad. Additionally, the Grant Agreement was entered into for a Children's Hospital in Chennai.

TRADE POLICY BY MEASURE

- **CUSTOMS:** Japan passed a new 24 hours Advance Manifest Regulation (JP24). According to which offenders will be subject to imprisonment for up to one year or fines up to JPY 500000.
- **INTELLECTUAL PROPERTY:** On 11 March 2014, the Japanese Cabinet approved the Bill for the *Act for the Partial Revision of the Patent Act*.
- **COMPETITION LAW:** Cease and Desist Orders were issued against payment orders against international ocean shipping companies, participants in biddings for engineering works and paving works, *Yoshikawa Matsubushi* Medical Association and participants in bidding for overhead transmission line works and underground transmission line works
- **ANTI DUMPING:** No measures were reported during this period

TRADE POLICY BY SECTOR

- **TRANSPORT / SHIPPING SERVICES:** Japan Customs (JC) has implemented a *24 Hour Advance Notice of Shipping Rule System* from 1 March 2014
- **ENERGY:** METI and the Ministry of New and Renewable Energy (MNRE) of India their first Japan-India Public-Private Round Table on Renewable Energy under the Japan-India Energy Dialogue.
- **FISHERIES:** Ministry of Health, Labor and Welfare Food and Drug Administration (Food Safety Department Inspection and Safety Division) will conduct the process handling the fish meat paste products to be exported to China.

JAPAN AT THE WTO Dispute Settlement

- **China Rare Earth Case:** The WTO panel ruled in favor of Japan, EU and US.
- **Definitive Safeguards against Certain Passenger Cars:** Japan requested for the establishment of a panel against Ukraine.

TRADE POLICY MONITORING REPORT OF JAPAN
FOR THE QUARTERLY PERIOD: JANUARY - MARCH 2014

I. INTRODUCTION

This is the twelfth Quarterly Trade Policy Monitoring Report prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the trade and macroeconomic policy developments that took place in Japan during the period of January-March 2014.

II. RECENT ECONOMIC DEVELOPMENTS

The fourth quarter (Q4) GDP report of Japan was released on 15 May 2014.¹ Further, consumer spending increased by almost 30% in quarter-on-quarter terms (q-o-q). Analysts have noted that this increase in consumer spending is an attempt to purchase goods before the increase in tax from the new financial year 1 April 2014. It must be noted here that GDP of Japan in Q3 grew by only 0.3%.² Overall, the GDP for the year of 2013 grew an annualized by 0.7%.³ Forecasters predict the GDP of Japan to grow by 1.6% in the calendar year of 2014.⁴

II.A. UNEMPLOYMENT

The unemployment rate in January 2014 was recorded at 3.7%. This rate decreased by 0.1% resulting in an overall unemployment rate of 3.6% during the month of February 2014.⁵ In March 2014, the unemployment rates remained unchanged.⁶ This trend was contrary to what Japan's Cabinet Office (CO) had speculated.⁷ The CO, in its monthly economic report for February 2014, expected the unemployment rates to remain in decline due an increase in job offers.⁸

¹ Cabinet Office, *Govt. of Japan*, available at: http://www.esri.cao.go.jp/en/sna/kouhyou/kouhyou_top.html.

² Trading Economics, *Japan's Economy*, available at: <http://www.tradingeconomics.com/articles/02172014000908.htm>.

³ Trading Economics, *Economy Updates*, available: <http://www.tradingeconomics.com/articles/02172014000908.htm>.

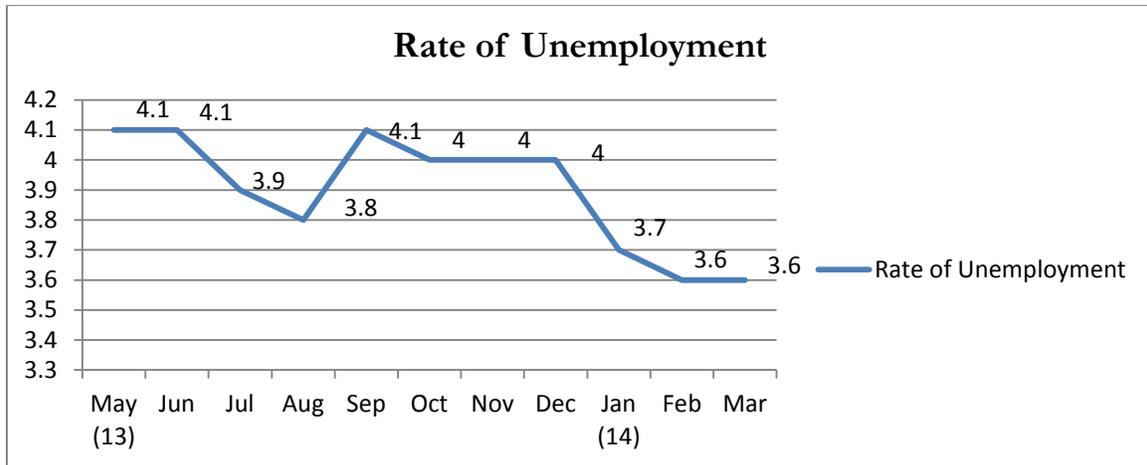
⁴ Focus- Economics, *Charts of Japan's Economy*, available: <http://www.focus-economics.com/en/economy/charts/Japan/GDP>.

⁵ Trading Economics, *Japan's Unemployment Rate*, available at: <http://www.tradingeconomics.com/japan/unemployment-rate>.

⁶ Trading Economics, *Japan's Unemployment Rate*, available at <http://www.tradingeconomics.com/japan/unemployment-rate>.

⁷ Cabinet Office, Govt. of Japan, *Monthly Economic Report* (February 2014), available at <http://www5.cao.go.jp/keizai3/getsurei-e/2014mar.html>.

⁸ *Id.*



Source: Bank of Japan's Monthly Report of Recent Economic & Financial Developments (March 2014)

II.B. MANUFACTURING ACTIVITY

The Japanese manufacturing activity levels declined after an eight-year peak in January 2014.⁹ The Purchaser's Manager Index (PMI) in January 2014 was recorded at 56.2. A further decline was noted in February 2014 (PMI: 55.5). A third successive decline was recorded in March 2014. The recorded PMI was noted to be 53.9. The PMI in March 2014 represents a decrease by 2.3 PMI points.¹⁰

Many analysts expect the PMI to continue decreasing in Q1 2014. This is supported by results of a study in the *Tankan* Business Survey, which indicates that businesses expect conditions to worsen after the Tax increase of April 2014.¹¹ *Tankan* Business Survey is conducted by the Central Bank of Japan.¹² Economists do not expect central bank intervention until there is more evidence of the tax increase demand.¹³

II.C. INFLATION

Japans inflation rate has been increasing since June of 2013, due to *Abenomics* policies being implemented. *Abenomics* is based upon 'three arrows' of fiscal stimulus, monetary easing and structural reforms and has been described by the Economist as "a mix of reflation, government

⁹ The Star Business News, *Major Economies end Q1 on Weaker Note*, available:

<http://www.thestar.com.my/Business/Business-News/2014/04/01/Major-economies-end-Q1-on-weaker-note/>.

¹⁰ Trading Economics, *Manufacturing Activities in Japan*, available at:

<http://www.tradingeconomics.com/japan/manufacturing-pmi>.

¹¹ GMA News Online, *Most Major Economies End on weaker note*, available at:

<http://www.gmanetwork.com/news/story/355034/economy/business/most-major-economies-end-q1-on-weaker-note>.

¹² Investopedia, *Definition of Tankan*, <http://www.investopedia.com/terms/t/tankan.asp>.

¹³ *Supra* n. 9.

spending and a growth strategy designed to jolt the economy out of suspended animation that has gripped it for more than two decades.”¹⁴

The inflation rate in January 2014 was recorded at 1.4%. This rate increased by 0.1% in February 2014 to be recorded at 1.5%. The inflation rate in March 2014 was noted to be 1.5%.¹⁵ The biggest increase was from fuel, light and water sectors, which collectively represented an increase of 5.8%. The Bank of Japan, the Central Bank of Japan widely expects to reach the inflation target of 2% by the end of 2014, with special assistance coming from the increased tax.¹⁶

II.D. EXCHANGE RATES

The Bank of Japan has continued the policy of monetary easing. As was reported in the previous quarters report, the Bank of Japan is attempting to support the country’s economy with aggressive money printing. Japan’s stance over its monetary policy remained unchanged during the quarter. It decided to continue its money market operations so that the monetary base increases by JPY 60 to 70 trillion annually. Yen depreciated to a four year low during December 2013.¹⁷ However, after policy slews implemented in the Monthly Meeting in December 2013, the valuation of Japanese yen increased during the quarter.¹⁸

II.E. IMPORT AND EXPORT

Exports declined to a record low to be recorded at JPY 5252 billion in January 2014. However, recovery was noted in the remainder of the quarter, as the exports gained in relative terms to the figure in January 2014. February recorded an export of JPY 5799 billion yen. The recovery was completed by the end of Q4 2014, when in March 2014 the exports were recorded at JPY 6382 billion yen, the highest of the year thus far.¹⁹

In the month of January 2014 imports increased by 8%²⁰. Imports in February 2014 declined to about 6601 billion yen. Overall, the quarter had a final import value of JPY 7828 billion. The central bank expects imports to continue increasing.²¹

¹⁴ The Economist, *Japan: Abe’s Master Plan*, available at: <http://www.economist.com/news/leaders/21578044-shinzo-abe-has-vision-prosperous-and-patriotic-japan-economics-looks-better>.

¹⁵ Trading Economics, *Japan’s Inflation*, available at: <http://www.tradingeconomics.com/japan/inflation-cpi>.

¹⁶ The Guardian, *Japan Consumer Inflation in a 5 Year High*, available at: <http://www.theguardian.com/world/2014/apr/18/japan-consumer-inflation-five-year-high>.

¹⁷ Focus Economics, *Japan’s Monetary Policy*, available at http://www.focus-economics.com/en/economy/news/Japan-Monetary_Policy-Bank_of_Japan_keeps_monetary_policy_unchanged;_yen_depreciates_to_four_year_low-2013-12-20.

¹⁸ Trading Economics, *Japan’s Currency*, available at: <http://www.tradingeconomics.com/japan/currency>.

¹⁹ Trading Economics, *Japan’s Exports*, available at: <http://www.tradingeconomics.com/japan/exports>.

²⁰ Bloomberg, *Japan’s Trade Deficit Widens*, available at: <http://www.bloomberg.com/news/2014-02-19/japan-trade-deficit-widens-to-record-as-import-costs-jump-on-yen.html>.

²¹ Cabinet Office, Govt. of Japan, available at: <http://www5.cao.go.jp/keizai3/getsurei-e/2014mar.html>.

II.F. FISCAL MEASURES

The Bank of Japan is getting nearing its upper limit for bonds that it seeks to purchase.²² While decreasing the amount of purchased bonds, the Bank of Japan has recognized that if the tax increase to be implemented in April 2014 restricts economic growth in the country, additional stimulus will be provided.²³ Economists are expecting an increase in quantitative easing during the next quarter, and some economists have asked the Bank of Japan to draft an exit strategy for quantitative easing policy.²⁴

Further, during the quarter, the Bank of Japan increased the amount of low interest money that commercial banks could borrow. This announcement in was made in February 2014, and the loan fund has increased to twice the amount that was previously permitted (JPY 7 trillion).

III. TRADE AND INVESTMENT AGREEMENTS AND ARRANGEMENTS

III.A. TRADE AGREEMENTS

III.A.1. Fifth Round of Negotiations for Japan-Canada Economic Partnership Agreement

The fifth round of negotiations for Japan-Canada Economic Partnership Agreement (EPA) was held in Tokyo, Japan from 24- 28 March 2014.²⁵ The meeting was attended by delegates from the Japan's Economic Affairs Bureau and Ministry of Foreign Affairs. The delegation from Canada included representatives from the Department of Foreign Affairs, Trade and Development and other relevant departments. Discussions were held in areas including Trade in Services, Investment, Intellectual Property and Energy, Minerals and Foods.²⁶

III.A.2. Fifth Round of Negotiations on the Japan-EU EPA

The fifth round of negotiations on the Japan-EU EPA was held in Tokyo, Japan from 31 March 2014 to 4 April 2014.²⁷ Earlier, the fourth round of negotiations on the Japan-EU Economic Partnership Agreement (EPA) was held in Brussels, Belgium, from 27-31 January 2014. Discussions during the fourth round of negotiations were conducted on areas such as trade in goods, trade in services, investment, intellectual property rights, non-tariff measures, government procurement.²⁸

²² Japan Times, *BOJ near limits for bond buys but boost may be needed*, available at: http://www.japantimes.co.jp/news/2014/01/20/business/economy-business/boj-near-limit-for-bond-buys-but-boost-may-be-needed/#.U1vAnfl_6So

²³ *Id.*

²⁴ Japan Times, *Businesses urge BOJ to draft exit strategy*, available at: http://www.japantimes.co.jp/news/2014/04/12/business/experts-urge-boj-to-draft-exit-strategy/#.U1vJpPl_6Sp.

²⁵ Press Release, METI, http://www.meti.go.jp/english/press/2014/0318_01.html.

²⁶ Press Release, METI, http://www.meti.go.jp/english/press/2014/0328_03.html.

²⁷ Press Release, METI, http://www.meti.go.jp/english/press/2014/0325_01.html.

²⁸ Press Release, METI, http://www.meti.go.jp/english/press/2014/0131_03.html.

The fourth round of negotiations on the Japan-EU EPA had taken place in Brussels, Belgium from 27-31 January 2014.²⁹

III.A.3. Fourth Round of Negotiations on a Free Trade Agreement (FTA) among Japan, China and the Republic of Korea

The fourth round of negotiations on a Free Trade Agreement (FTA) among Japan, China and the Republic of Korea (ROK) was held in Tokyo, Japan from 4-7 March 2014. During this round of negotiations, areas such as Trade in Goods, Trade in Services, Investment, and Competition Policies were discussed.³⁰

Earlier, on 18 February 2014 an Intersessional Meeting of the Negotiations on FTA among the three countries was held in Beijing, China.³¹

III.A.4. Fourth Round of Negotiations for the Japan-Colombia EPA

The Fourth Round of Negotiations for the Economic Partnership Agreement between Japan and Colombia was held in Bogota, Columbia from 10-14 February 2014.³² During this round of negotiation, progress was noted to be achieved in Trade in Goods, Rules of Origin, Cooperation, Improvement of Business Environment, Government Procurement and Technical Barriers to Trade (TBT).³³

III.A.5. Fourth Round of Negotiations for Regional Comprehensive Economic Partnership (RCEP)

The fourth round of negotiations for Regional Comprehensive Economic Partnership (RCEP) took place in Nanning, China from 31 March 2014 to 4 April 2014.³⁴ During this round of negotiations, the scope and method of negotiations, amongst others, were discussed, and it was decided to establish the new working groups on Competition, Intellectual Property, Economic and Technical Cooperation and Dispute Settlement.³⁵

III.A.6. Approach in Trans-Pacific Partnership Agreement and Trade in Services Agreement

Japan has taken an aggressive stance in the TPP negotiations. It is keen over protecting its market for rice, wheat, beef and poultry, dairy products and sugar which means that the liberalization ratio would be 90% against the target of 96%. This has created differences between US and Japan and has become a barrier for sealing the deal. While the countries praised Japan's initially aggressive

²⁹ Press Release, METI, http://www.meti.go.jp/english/press/2014/0124_01.html.

³⁰ Press Release, METI, http://www.meti.go.jp/english/press/2014/0307_01.html; See also, Press Release, METI (Feb 28, 2014), http://www.meti.go.jp/english/press/2014/0228_01.html.

³¹ Press Release, METI, http://www.meti.go.jp/english/press/2014/0217_01.html.

³² Press Release, METI, http://www.meti.go.jp/english/press/2014/0217_02.html.

³³ *Id.*

³⁴ Press Release, METI, http://www.meti.go.jp/english/press/2014/0327_01.html.

³⁵ Press Release, METI, http://www.meti.go.jp/english/press/2014/0124_02.html.

approach, US said that not enough progress has been made by Japan and it had not lived up to the high expectations of the TPP as the two countries failed to find a solution on how to treat agricultural and other products. Japan said that it would continue to do its best to reach the high level agreement.³⁶

During the quarter, negotiation for the new tariff reduction measure, have continued. The negotiations have entered into contentious issues making the process difficult as the United States has urged Japan to reduce the non-tariff barriers to the Japanese auto market.³⁷

III.B. TRADE & INVESTMENT ARRANGEMENTS

III.B.1. Japanese - Abu Dhabi: Encouraging Investment in Japan

On 12-13 March 2014, the Ministry of Economy, Trade and Industry (METI) dispatched a mission to Abu Dhabi, United Arab Emirates aiming to encourage the country to invest in Japan. During the visit, the mission held a seminar concerning investment in Japan. Through this effort, METI attempts to provide businesses in Abu Dhabi with an opportunity to notice the attractiveness of fund management in Japan as well as to promote Japan's economic growth by catching the reflux of oil revenues.³⁸

III.B.2. Japan-India Public-Private Round Table on Renewable Energy

In New Delhi, India, the Ministry of Economy, Trade and Industry (METI) held the Japan-India Public-Private Round Table on Renewable Energy under the Japan-India Energy Dialogue (Round Table), and the Energy Efficiency Working Group under Japan-India Energy Dialogue (Working Group).³⁹

Outline of the meeting

On 13 January 2014, METI and the Ministry of New and Renewable Energy (MNRE) of India held the Japan-India Public-Private Round Table on Renewable Energy under the Japan-India Energy Dialogue, aiming to promote specific public-private cooperative efforts for the introduction of renewable energy and development of smart grids in Japan and India. The Round Table was held for the first time in response to the agreement concluded at the seventh Japan-India Energy Dialogue* in New Delhi, India, in September 2013.⁴⁰

³⁶ Financial Times, *US and Japan differences stall Pacific Rim trade deal*, available at: <http://www.ft.com/intl/cms/s/0/22256554-618b-11e3-b7f1-00144feabdc0.html#axzz2wVxp3cAR>.

³⁷ Japan Times, *TPP tariff talks to resume on Monday*, available at: http://www.japantimes.co.jp/news/2014/04/03/business/tpp-tariff-talks-to-resume-monday/#.U1vHaPl_6Sp

³⁸ Press Release, METI, http://www.meti.go.jp/english/press/2014/0305_01.html.

³⁹ Press Release, METI, http://www.meti.go.jp/english/press/2014/0120_02.html.

⁴⁰ *Id.*; See also, Confederation of Indian Industry, *Japan India Public Private Round Table*, <http://www.cii.in/PhotoGalleryDetail.aspx?enc=siq4VnMejQiNz/HeiAefEAfYbdv23eXG0OfFo4+7ahblqDuz+AfZp>

Details of the meeting

The Round Table was led by the Japanese Business Alliance for Smart Energy Worldwide (JASE-W) and the Confederation of Indian Industry (CII), with major enterprises involved in photovoltaic power generation, waste-to-energy, accumulators, smart grids and representatives of other energy industries attending. The participants had an active discussion aimed at formulating specific cooperation projects.

III.B.3. Japan - Informal WTO Ministerial Gathering

From 25-27 January 2014, Japan's Minister of Economy, Trade and Industry visited Switzerland. During his visit, he participated in the Informal WTO Ministerial Gathering and the World Economic Forum Annual Meeting 2014 in Davos, Switzerland. Further, the Minister held bilateral meetings with the United States Trade Representative, and the Minister for Trade and Investment, Australia.⁴¹

The Informal WTO Ministerial Gathering was held with 22 countries and regions attending, including Japan, the U.S., EU, Australia and Canada. At the meeting, participants discussed how the WTO negotiations should proceed after the 9th WTO Ministerial Conference held in Bali, Indonesia, in December 2013.⁴²

Japan has called for the attention of the participants to the early adoption of the Protocol for the Agreement on Trade Facilitation and the importance of advancing plurilateral negotiations, including the expansion of the Information Technology Agreement (ITA), the Trade in Services Agreement (TiSA) and the discussion on environmental goods.⁴³

III.C. AID FOR TRADE

III.C.1. Japan-India ODA Loan Agreement

On 28 January, 2014, the Japan International Cooperation Agency (JICA) signed Japanese ODA loan agreements with the Government of India to provide up to 23.035 billion yen for the "Campus Development Project of Indian Institute of Technology, Hyderabad".⁴⁴

The project is expected to contribute to the development of human resources who will lead the economy and promote technical innovation. In line with the announcement by the Government of Japan to support IIT-H through an industry-government-academia partnership, efforts are

VVfoI67tlyOVUEITKiyR6Mqa11jquI6hDO57BrZqV0ORjRoEUKmJIn/uHycF2flhBrAvmaPDzEgu+uK+K3pPIBPb+91BnTG9A==.

⁴¹ Press Release, METI, http://www.meti.go.jp/english/press/2014/0127_01.html.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140130_01.html

underway on the academic exchange and human resource development at universities and research institutions, in order to improve the level of science and technology in both countries.

III.C.2. Japan-India ODA Loan Agreement

On 30 January, 2014, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Government of India to provide up to 21.426 billion yen for “Bihar National Highway Improvement Project (Phase 2)”.⁴⁵

The “Bihar National Highway Improvement Project (Phase2)”, proposes to widen National Highway 82 (Gaya-Biharshariff) into 4-lanes as well as construct 3 bypasses circumventing congested areas (Manpur, Wazirganj and Tungi). The Project also plans to improve connection between “East-West Corridor1” and “Golden Quadrilateral2” within the state, both of which are promoted by Ministry of Road, Transport & Highways (MoRTH) as parts of National Highways Development Project (NHDP).

III.C.3. Japan-India Grant Agreement

On 7 February 2014, JICA signed a grant agreement with the Government of India to provide grant aid of up to 1,495 million yen for assistance for the Project for Improvement of the Institute of Child Health and Hospital for Children, Chennai.⁴⁶

The project will construct a new outpatient department (OPD) building and provide medical equipment to the Institute of Child Health and Hospital for Children, Chennai (ICH). This project aims to contribute to the quality improvement of health care services, especially for the children in low-income groups and medical education of ICH. The project plans a “user-friendly” OPD building that will minimize the movement of patients and medical personnel and reinforce life-saving functions through improved emergency department and provision of updated specialized equipment, thereby contributing to the quality improvement of health care services, and medical education of ICH.

III.C.4. Japan-Lao People’s Democratic Republic ODA Loan Agreement

On 10 January, 2014, JICA signed Japanese ODA loan agreements with the Government of the Lao People’s Democratic Republic (Lao PDR) in the capital of Vientiane to provide up to a total of 9.517 billion yen for two projects.⁴⁷

Firstly, the loan agreement seeks to strengthen fiscal and public financial management (particularly in the education and health sectors), managing revenue from the natural resource sectors, diversifying industry and improving competitiveness to achieve the goals of the Seventh

⁴⁵ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140204_01.html

⁴⁶ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140210_01.html

⁴⁷ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/20140110_01.html

National Socio-Economic Development Plan (2011 - 2015) formulated by the Government of the Lao PDR through Policy and Institutional reforms.

Secondly, the loan agreement will bolster the air transportation services in the country.

III.C.5. Japan-Republic of Mozambique ODA Loan Agreement

On 13 January, 2014, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of Mozambique in the capital city Maputo to provide a Japanese ODA loan of up to 17.269 billion yen for the Maputo Gas Fired Combined Cycle Power Plant Development Project.⁴⁸

The proposed project will use a high energy plant to produce electricity from Natural Gas thereby producing environmentally clean energy which is both sustainable and stable.

III.C.6. Japan-Turkey ODA Loan Agreement

On 17 January, 2014, JICA signed a Japanese ODA loan agreement with the Government of the Republic of Turkey to provide a Japanese ODA loan of up to 42.979 billion yen for assistance for the Bosphorus Rail Tube Crossing Project (II), the so called Marmaray Project. This brings the total amount of Japanese ODA support for this project to 196.253 billion yen.⁴⁹

This project is constructing an undersea subway with the objectives of eliminating the chronic traffic congestion in the city center of Istanbul, and tackling global warming by addressing environmental problems such as air pollution caused by gas emissions from gridlocked cars.

III.C.7. Japan-Republic of Islamic Republic of Pakistan Grant Agreement

On 11 February, 2014, JICA signed a grant agreement with the Government of the Islamic Republic of Pakistan to provide grant aid of up to 808 million yen for the Project for upgrading Primary Girls Schools into Elementary Schools in Southern Rural Sindh.⁵⁰

The project will expand the number of middle school* classrooms and facilities for girls (from the age of 10 to 12) in existing primary schools (ages five to nine) in rural areas in Sindh Province, and replace primary school classrooms that have deteriorated and become unsafe to improve access to basic education for girls. About 90 new classrooms in about 30 schools will be built, increasing the number of girls attending middle school at the target schools. It is hoped that this will facilitate girls entering primary school in rural areas.

III.C.8. Japan-Republic of Iraq ODA Loan Agreement

⁴⁸ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/20140114_01.html.

⁴⁹ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/20140117_01.html.

⁵⁰ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140212_01.html.

On 16 February, 2014, JICA concluded a Japanese ODA loan agreement with the Republic of Iraq to provide a loan of up to 39.118 billion yen for the Port Sector Rehabilitation Project (Phase II).⁵¹

The objective of the Phase II project is to recover the functions of the Iraqi port system, by rehabilitation works related mainly to the Khor Al Zubayr Port (KZP). The Phase II Loans in accordance with the Special Terms for Economic Partnership where Japanese advanced technologies are to be utilized.

III.C.9. Japan-Myanmar Grant Aid Agreement

On 20 February, 2014, Japan International Cooperation Agency (JICA) signed a grant agreement with the Republic of the Union of Myanmar to provide grant aid of up to 738 million yen for assistance for the Project for Improvement of Road Construction and Maintenance Equipment in Rakhine State.⁵²

The project will improve road construction equipment to further road improvements in Rakhine State. The equipment procured by this project will be used for improvements to approximately 140 km of roads in the state, which should raise the average vehicle speed from 25 to 60 km per hour on the improved road section. This project will promote the movement of people, goods and money, stimulating economic activity in the state that is expected to lead to improved lives for minority ethnicities, particularly those living along the road.

III.C.10. Japan-Republic of Indonesia ODA Loan Agreement

On 24 February 2014, the Government of the Republic of Indonesia and JICA concluded loan agreements to provide Japanese ODA loans up to 62.334 billion yen for the following seven projects.⁵³

- Railway Double Tracking on Java South Line Project (IV) (Kroya-Kutoarjo Phase II)
- JABODETABEK Railway Capacity Enhancement Project (I)
- Rural Settlement Infrastructure and Kabupaten Strategic Area Development ((RISE) II)
- Metropolitan Sanitation Management Investment Program: Engineering Service for Sewerage System Development in DKI Jakarta
- Urgent Disaster Reduction Project for Mount Merapi and Lower Progo River Area II
- Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (II)

⁵¹ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140217_01.html.

⁵² JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140220_01.html.

⁵³ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140224_01.html.

- Professional Human Resource Development (IV)

III.C.11. Japan-Sudan Grant Agreement

On 20 February, 2014, JICA signed a grant agreement with the Government of the Republic of the Sudan to provide grant aid of up to 1,534 million yen for assistance for the Project for Improvement of Solid Waste Management in Khartoum State.⁵⁴

The project will strengthen waste collection vehicles and equipment for the final waste disposal site, as well as constructing a central workshop for waste collection vehicle maintenance, thereby improving the capacity to collect and process waste, and improving the level of sanitation in the region.

III.C.12. Japan-Socialist Republic of Vietnam ODA Loan Agreement

On 28 February 2014, JICA signed a Japanese ODA loan agreement with the Government of the Socialist Republic of Vietnam to provide a Japanese ODA loan of up to 7.515 billion yen for the Da Nhim Hydropower Plant Expansion Project.⁵⁵

The objective of this project is to increase the power generating capacity of Da Nhim Hydropower Plant in the southern area of Vietnam, especially at peak times, by installing an additional power generator, thereby contributing to economic growth and increased international competitiveness of the area.

III.C.13. Japan- Hashemite Kingdom of Jordan Grant Agreement

On 1 March 2014, JICA signed a grant agreement with the Government of the Hashemite Kingdom of Jordan to provide grant aid of up to 686.2 million yen for the Project for the Construction of the Petra Museum.⁵⁶

This project will construct a museum adjacent to the entrance to the Petra archaeological site. The museum will provide an appropriate venue for exhibiting historical cultural property and preserving the archaeological site. It is expected to invigorate tourism and entice even more tourists to visit the area.

On 13 March, 2014, JICA signed a grant agreement with the Government of the Hashemite Kingdom of Jordan to provide grant aid of up to 2.51 billion yen for assistance for the Urgent Improvement of Water Sector for the Host Communities of Syrian Refugees in Northern Governorates.⁵⁷

⁵⁴ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140225_01.html.

⁵⁵ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140228_01.html.

⁵⁶ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140303_01.html.

⁵⁷ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140313_02.html.

This project will repair and improve the water and sewer systems in four northern governorates (Ajloun, Irbid, Jerash and Mafraq) that are receiving a continuous influx of Syrian refugees. This project will rehabilitate and improve the water supply and sewer systems in the four governorates in northern Jordan experiencing an on-going influx of refugees from Syria to improve the water supply and sewer services. This project will be implemented based on the detailed plans to be prepared in the Project for the Study on Water Sector for the Host Communities of Syrian Refugees, a fast-track study currently underway.

Later on 17 March, 2014, JICA signed a loan agreement with the Government of the Hashemite Kingdom of Jordan in the Jordanian capital of Amman to provide a Japanese ODA loan of up to 12 billion yen for the Fiscal Consolidation Development Policy Loan.⁵⁸

The present loan is structured around three pillars:

- increasing transparency and accountability;
- improving debt management and the efficiency of government spending;
- promoting private sector-driven growth to support stronger fiscal management and promoting private sector growth by implementing policies for fiscal consolidation and economic growth.

The World Bank is undertaking parallel financing to support this project. To support the objectives of this program, JICA is now working with the World Bank to provide technical cooperation for debt management capacity development. Technical cooperation currently underway also includes the dispatch of an advisor to the National Electric Power Company that is a major reason for the government's fiscal deficit as a result of soaring fuel costs, and preparation of an Electricity Master Plan.

III.C.14. Japan-Socialist Republic of Vietnam ODA Loan Agreement

On 6 March, 2014, JICA signed Japanese ODA loan agreements with the Government of the Socialist Republic of Viet Nam to provide loans of up to a total of 25 billion yen for assistance for two projects.⁵⁹

The two projects under the purview of this Agreement are:

- Economic Management and Competitiveness Credit (II)
- Support Program to Respond to Climate Change (IV)

⁵⁸ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140318_02.html.

⁵⁹ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140306_01.html.

III.C.15. Japan-Tanzania Grant Aid Agreement

JICA signed a grant agreement with the Government of the United Republic of Tanzania to provide grant aid of up to 935 million yen for the Project for Development of Malindi Fish Landing and Marketing Facilities in Zanzibar.⁶⁰

Malindi is the largest fishing port in the Zanzibar Archipelago and a major distribution base for marine products headed to Zanzibar City, the largest market for consumption. The fishing wharf and seawall of the Malindi fishing port will undergo repairs, along with improvements to the nearby unloading and market facilities. Through these measures, the project aims to create a safe, efficient work environment, improve the freshness of marine products, and otherwise contribute to the stable supply of quality seafood, particularly at Malindi.

III.C.16. Japan-Mongolia ODA Loan Agreement

On 11 March, 2014, JICA signed a Japanese ODA loan agreement with the Government of Mongolia in Ulaanbaatar to provide a Japanese ODA loan of up to a total of 7.535 billion yen for the Higher Engineering Education Development Project.⁶¹

The funding for this loan will be allocated to expenses for exchanges to Japan, the procurement and installation of education and research equipment, the selection and acceptance of exchange students, bidding and contract assistance for equipment, and construction management. This project will conduct an international joint education program (for faculty twinning programs at Japanese universities and improving curricula), an educator training program (exchanges at Japanese master's and doctoral programs) and a technical high school exchange program, along with providing teaching and research equipment, and conducting collaborative research between Japanese and Mongolian universities.

III.C.17. Japan-Malawi Grant Agreement

On 18 March 2014, JICA signed a grant agreement with the Government of the Republic of Malawi to provide grant aid of 1,756 million yen for the Project for Reconstruction and Expansion of Selected Community Day Secondary Schools and Conventional Secondary Schools (Phase III).⁶²

This project will expand facilities and improve the educational environment, including the provision of science laboratory equipment, at 11 schools in five out of Malawi's six educational divisions where secondary schools are particularly inadequate, thereby improving access to secondary school education and improving the learning environment in those divisions.

III.C.18. Japan-UNDP Grant Aid Agreement

⁶⁰ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140311_01.html.

⁶¹ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140311_02.html.

⁶² JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140318_01.html.

On 19 March, 2014, JICA signed a grant agreement with the United Nations Development Programme (UNDP) in Tajikistan to provide grant aid of up to 1,129 million yen for the Project for Livelihood Improvement in Tajik-Afghan Cross-border Areas (LITACA).⁶³

The project aims to promote stability and security in Khatlon Province of the Republic of Tajikistan, and Kunduz and Takhor Provinces of the Islamic Republic of Afghanistan, both on the border between the two nations.

The project will support the rehabilitation of more than 75 rural infrastructure facilities to improve the ability of vulnerable people, including women living in rural communities, to directly access schools, hospitals, irrigation, drinking water and energy. Local governance institutions will be strengthened to give citizens greater access to public services, and farmers and entrepreneurs will be supported to improve agriculture and business development practices.

III.C.19. Japan-Socialist Republic of Vietnam ODA Loan Agreement

On 18 March, 2014, JICA signed Japanese ODA loan agreements with the government of the Socialist Republic of Viet Nam for a total of up to JPY 86,425 million for three projects⁶⁴, which are:

- North-South Expressway Construction Project (Da Nang – Quang Ngai Section) (II)
- North-South Expressway Construction Project (Ho Chi Minh City - Dau Giay Section) (III)
- Lach Huyen Port Infrastructure Construction Project (II)

The ODA loan is provided to support the development of infrastructure that is crucial for enhancing the country's competitiveness, focusing on creating a better investment environment.

III.C.20. Japan-Republic of Philippines ODA Loan Agreement

On 19 March, 2014, JICA signed a loan agreement with the Government of the Republic of the Philippines to provide a 50-Billion Yen Japanese ODA loan for “Post Disaster Stand-by Loan”.⁶⁵

The Government of the Philippines has intended to improve its capacity on disaster risk reduction and management, through setting of policies which include formulation of the National Disaster Risk Reduction and Management Plan, as well as capacity enhancement of Local Government Units; introduction of integrated water resources management; and information management on disaster risk reduction and management.

This loan agreement aims to strengthen the country's capacity on disaster risk reduction and management by:

⁶³ JICA Press Release, http://www.jica.go.jp/english/news/press/2013/140319_01.html.

⁶⁴ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140319_02.html.

⁶⁵ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140319_03.html.

- assisting the Government of the Philippines on the implementation of the policy actions;
- responding to temporary financial needs when large-scale disasters occur; and
- supporting immediate recovery processes.

III.C.21. Japan-Myanmar Grant Agreement

On 24 March, 2014 JICA signed a grant agreement with the Government of the Republic of the Union of Myanmar to provide grant assistance of up to a total of 5.6 billion yen for assistance for four projects, which are as follows:⁶⁶

- The Project for Installation of Operation Control Center System and Safety Equipment
- Programme for Emergency Food Assistance to Displaced Persons in Rakhine, Kachin and Northern Shan States
- Programme for Assistance to Displaced Persons in South-east of Myanmar, Rakhine, Kachin and Northern Shan States
- Programme for Emergency Assistance to Displaced Children in Kachin and Rakhine

III.C.22. Japan-Republic of Senegal Grant Agreement

On 25 March 2014, JICA signed a grant agreement with the Government of the Republic of Senegal to provide grant aid of up to a total of 1.932 billion yen for two projects.⁶⁷

Brief outlines of the projects are given below:

- Project for Construction of Junior High Schools in the Suburb of Dakar Region (total amount of aid: 1.29 billion yen)
- Project for Construction and Equipment of the Regional Teacher Training Center in Fatick (total amount of aid: 0.642 billion yen)

This cooperation will support efforts to improve access to and the quality of basic education that is being promoted by the Government of Senegal, and provide assistance to improve the learning environment for students and teacher training.

III.C.23. Japan-Democratic Socialist Republic of Sri Lanka ODA Loan Agreement

⁶⁶ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140325_01.html.

⁶⁷ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140326_01.html.

On 28 March 2014, JICA signed a Japanese ODA loan agreement with the Government of the Democratic Socialist Republic of Sri Lanka to provide an ODA loan of up to a total of 35.02 billion yen for assistance for the New Bridge Construction Project over the Kelani River.⁶⁸

The urban transportation network infrastructure in Colombo, Sri Lanka has not kept pace with that rapid development, resulting in serious traffic congestion, especially during the morning and evening work and school commute hours. This project will construct a new bridge adjacent to the New Kelani Bridge along with expressway access roads to meet the rapidly increasing traffic demand on the bridge, thereby dispersing traffic and improving the chronic traffic congestion. As the gateway to Colombo, the economic core of Sri Lanka, the bridge design will incorporate appropriate aesthetic considerations.

IV. TRADE POLICY BY PRACTICE AND MEASURE

IV.A. CUSTOMS

IV.A.1. Japan Customs 24 hours Advance Manifest Regulation

The new 24 hours Advance Manifest Regulation (JP24) requires all Ocean carriers and Non Vessel Operating Common Carriers (NVOCCs) to submit a list of customs-defined data elements to Japan Customs at least 24 hours prior to vessel departure from the Port of Loading.⁶⁹

The regulation is applicable to all cargoes bound for Japan import or transshipment, while Carrier's empty containers, cargo on platform container and Freight Remained on Board (FROB) are exempted. When the filing is made 24 hours before loading of a cargo on a vessel, carriers and NVOCCs can receive an advance notice before loading of the cargo.⁷⁰

Failure to comply with this JP24 rule could result in cargo hold at port of loading, or the denial of permission to unload vessel cargo and the possibility of returning the cargo to the load port, and the carriers and NVOCCs will be subject to imprisonment for up to one year or fines up to JPY 500000.⁷¹

IV.B. TECHNICAL BARRIERS TO TRADE

See Annexure A.

IV.C. SANITARY AND PHYTOSANITARY MEASURES

See Annexure B.

⁶⁸ JICA, Press Release, http://www.jica.go.jp/english/news/press/2013/140328_01.html

⁶⁹ OOCL, *Japan Customs Update*, available at: [http://www.oocl.com/norway/eng/localinformation/localnews/2014/Pages/UpdateontheJapanCustoms24hourAdvanceManifestRegulation\(JP24\).aspx](http://www.oocl.com/norway/eng/localinformation/localnews/2014/Pages/UpdateontheJapanCustoms24hourAdvanceManifestRegulation(JP24).aspx).

⁷⁰ *Id.*

⁷¹ *Id.*

IV.D. ANTI-DUMPING

Initiation of an Anti-Dumping Investigation on Toluene Diisocyanate Originating in the People's Republic of China

METI and Ministry of Finance (MOF) received an application for the imposition of an anti-dumping duty on toluene diisocyanate originating in China from Mitsui Chemicals, Inc. on 17 December 2013. Both ministries examined the application in accordance with the provisions of related laws and regulations and found that the application fulfilled the requirements for initiating an investigation based on the Customs Tariff Act. Therefore, the ministries decided to initiate an anti-dumping investigation as per public notice on 14 February 2014.⁷²

The investigation is to be concluded within one year, in principle. The ministries provide opportunities for interested parties to present evidence and information, and verify the evidence and information provided through the on the spot investigations to exporting companies and domestic manufacturers, etc. Based on collected evidence and information, the ministries will determine whether the importation of the dumped product has caused material injury to the domestic industry, in accordance with the provisions of the international rules under the WTO Agreements and the Customs Tariff Law, and the government will make a decision on whether or not to impose an anti-dumping duty on the subject product.⁷³

Report Compiled Concerning the Expiry Review of Anti-Dumping Duty on Electrolytic Manganese Dioxide Originating in the Republic of South Africa, the People's Republic of China, and Spain

The Government Japan imposed the anti-dumping duty on electrolytic manganese dioxide originating in Australia, Spain, China and South Africa for five years from 1 September 2008 to 31 August 2013 (tariff rates: 29.3% to Australia, 14.0% to Spain, 46.5% to China (34.3% to Guizhou Redstar Developing Co., Ltd.), and 14.5% to South Africa).⁷⁴

In August 2012, *Tosob Hyuga Corporation* and *Tosob Corporation* filed an application for an extension of the period of the anti-dumping duty imposed on electrolytic manganese dioxide originating in these countries, except Australia, where the producer of the material abandoned the business. In October 2012, the ministries initiated an investigation concerning the extension of the period of the anti-dumping duty on these countries. The investigation is still underway and the anti-dumping duty will continue to be imposed on the product in question from these countries until the completion date of the investigation. In addition, the product in question from Australia is not covered by the investigation, and the period of the anti-dumping duty on the product already expired on 31 August 2013.

⁷² METI, Press release, http://www.meti.go.jp/english/press/2014/0214_01.html

⁷³ *Id.*

⁷⁴ METI, Press Release, http://www.meti.go.jp/english/press/2014/0221_03.html

Since October 2012, METI and MOF have been conducting an investigation concerning the extension of the period of the anti-dumping duty imposed on electrolytic manganese dioxide originating in South Africa, China and Spain. Based on the results of the investigation, the ministries found that imports of the dumped product in question still continue and that, accordingly, material injury to the domestic industry will continue or is likely to continue to take place again. Finally, they concluded that an extension of the period of the anti-dumping duty currently imposed on such products is appropriate and compiled the results of the investigation into a report. In response, on 21 February 2014, the Subcommittee on Trade Remedies under the Trade Committee of the Industrial Structure Council examined the appropriateness of the conclusion.⁷⁵

Based on the results of the investigation concerning the extension of the anti-dumping duty period, the ministries found that there are imports of the dumped product in question from the countries and also that the domestic industry is vulnerable to material injury caused by such imports. Furthermore, they concluded that the imports of the dumped product will continue or are likely to continue to take place again, and cause material injury to the domestic industry after the expiration of the period of the duty.⁷⁶

The Government of Japan is expected to revise a part of the Cabinet Order concerning the anti-dumping duty imposed on electrolytic manganese dioxide as well as a part of the Ordinance of the Ministry of Economy, Trade and Industry in line with the enforcement of the revised Cabinet Order.⁷⁷

IV.E. INTELLECTUAL PROPERTY

On 11 March 2014, the Japanese Cabinet approved the Bill for the *Act for the Partial Revision of the Patent Act*. In response, the bill will be submitted to Japan's Diet during the 186th ordinary session. The bill aims at establishing a more user friendly intellectual property system for applicants, including Small & Medium Enterprises (SMEs), and small enterprises. This move seeks to strengthen regional economies and employment, while being harmonized with other patent systems overseas.⁷⁸

Earlier, in June 2013 the Cabinet decided to approve the Japan Revitalization Strategy and the Basic Policy Concerning Intellectual Property Policy. Based on this approval, the Government of Japan will aim to become the most advanced nation in the area of intellectual property in the next decade.⁷⁹

Additionally, along with the bill, the Japan Patent Office (JPO) has decided to set new numerical goals regarding patent examination, including an effort for shortening by half the

⁷⁵ *Id.*

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ International Federation of Intellectual Property Attorneys, *Changes in Japan's Patent Act*, available at <http://ficpi.org/wp-content/uploads/2013/12/EXCO-JP14-BUR-004-JP-open.pdf>.

⁷⁹ *Id.*

examination period required for granting patent rights, as well as to introduce fresh framework under which experts outside the JPO review the quality management process of patent examination, so as to realize “the world’s fastest and highest quality” IP system. The previous goal concerning patent examination procedures was to shorten the period from the time a request for examination is made, up to when the first notice of examination results is sent to 11 months or less by the end of FY2013, which is expected to be met as scheduled.⁸⁰

IV.F. COMPETITION LAW AND POLICY UPDATES

IV.F.1.Cease and Desist Orders and Surcharge Payment Orders against Participants in Bidding for Overhead Transmission Line Works and Underground Transmission Line Works

The Japan Fair Trade Commission (JFTC) issued a cease and desist order dated 31 January 2014. Further, the JFTC issued surcharge payment orders against the engineering companies participating in bidding for particular overhead transmission line works and particular underground transmission line works ordered by Kansai Electric Power Company, Incorporated (KEPCO) (collectively referred to as ‘the works’). JFTC found that the works had substantially restrained competition in the fields of the works by, in concert with one another, designating successful bidders and managing to have the designated successful bidders win the biddings. The total amount of the surcharge to be paid is JPY 2,370.48 million.⁸¹

The JFTC found that KEPCO’s employees in charge of ordering the works induced or facilitated the violations in such ways as informing sales representatives of the companies participating in the biddings, of design costs, or their approximate values, which can be used as the basis for presuming upper limit prices. Such information was not disclosed to the public. The JFTC therefore urged KEPCO to take appropriate measures to prevent recurrence of the conducts mentioned above.

Before issuing the cease and desist orders and the surcharge payment orders, the JFTC notified the said enterprises of the contents of the planned orders and provided them with opportunities to present their opinions and submit evidence. The JFTC issued the orders taking the opinions and the evidence submitted into consideration. The recipients dissatisfied with the orders may request, within sixty days of the date on which the transcript of the orders were served, the JFTC to initiate hearing procedures regarding the orders.

Cease and Desist Order against *Yoshikawa Matsubushi* Medical Association

⁸⁰ Japan Patents Office, *Cabinet Decision on the Bill for the Act of the Partial Revision of the Patent Act*, available at http://www.meti.go.jp/english/press/2014/0311_01.html.

⁸¹ Japan Fair Trade Commission, Cease & Desist Order, available at: <http://www.jftc.go.jp/en/pressreleases/yearly-2014/jan/140131.html>.

JFTC issued a cease and desist order against *Yoshikawa Matsubushi Medical Association* on 27 February 2014. The JFTC found that the Association substantially restrained competition in the field of voluntary flu shot service provided in the area of Yoshikawa City and Matsubushi Town, Saitama Prefecture, Japan by means of fixing the fees for voluntary flu shots service that would have been to be determined by each Association member and disseminating the fixed fees to the members.⁸²

Before issuing the cease and desist order, the JFTC had notified the Association of the content of the planned order and provided them with opportunity to present its opinion and submit evidence. The JFTC issued the order taking the opinion and the evidence submitted into consideration. The recipient dissatisfied with the order may request, within sixty days of the date on which the transcript of the order was served, the JFTC to initiate hearing procedures regarding the order.⁸³

IV.F.2.Cease and Desist Orders and Surcharge Payment Orders against Participants in Biddings for Engineering Works and Paving Works

The JFTC issued cease and desist orders and surcharge payment orders against engineering companies participating in biddings for particular engineering works and particular paving works ordered by Chiba Prefecture on 3 February 2014. This was based on JFTC's finding that said companies substantially restrained competition in the fields of the works by, in concert with each other designating successful bidders and managing to have the designated successful bidders win the biddings. The total amount of the surcharge to be paid is 223.52 million yen.⁸⁴

Before issuing the cease and desist orders and the surcharge payment orders, the JFTC notified the said enterprises of the contents of the planned orders and provided them with opportunities to present their opinions and submit evidence. The JFTC issued the orders taking the opinions and the evidence submitted into consideration. The recipients dissatisfied with the orders may request, within sixty days of the date on which the transcript of the orders were served, the JFTC to initiate hearing procedures regarding the orders.

Cease and Desist Orders and Surcharge Payment Orders against International Ocean Shipping Companies

JFTC issued a cease and desist order and surcharge payment orders against *Nippon Yusen Kabushiki Kaisha*, *Kawasaki Kisen Kaisha, Ltd.*, *Wallenius Wilhelmsen Logistics, AS* and *Nissan Motor Car Carrier Co., Ltd.*, under Article 7(2) and Article 7-2(1) of the Antimonopoly Act (AMA), finding that they violated

⁸² JFTC, Press Release, <http://www.jftc.go.jp/en/pressreleases/yearly-2014/February/140227.html>.

⁸³ *Id.*

⁸⁴ JFTC, Press Release, available at <http://www.jftc.go.jp/en/pressreleases/yearly-2014/February/140203.html>.

Article 3 (prohibition of unreasonable restraint of trade) of the AMA with regard to international ocean shipping services for automobiles. The order was given on 18 March 2014.⁸⁵

The JFTC also made a request to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to take necessary measures on cartels exempted from AMA application (exempted cartels) related to International Ocean Shipping Services, including abolition of the exempted cartels.⁸⁶

V. TRADE POLICY BY SECTOR

V.A. TRANSPORT / SHIPPING SERVICES

On 21 February 2014, United States Department of Agriculture (USDA) reported that Japan Customs (JC) is implementing a *24 Hour Advance Notice of Shipping Rule System* from 1 March 2014. This amendment requires a vessel operator to report the Customs about maritime container cargoes to be loaded into a port of Japan, no later than 24 hours before departure of the vessel from a port of loading. This change will be applied to all maritime shipments including agricultural, forestry, or fishery shipments.⁸⁷

On 28 January 2014, Japan and India agreed to cooperate further in the fields of standardization and conformity assessment, energy and medical care, based on a memorandum of cooperation (MOC) and memorandums of understanding (MOU) signed by two leaders Prime Ministers Shinzo Abe and Dr. Manmohan Singh, in a leaders' meeting held in New Delhi, India from 25-27 January 2014.⁸⁸

V.B. ENERGY

On 13 January 2014, METI and the Ministry of New and Renewable Energy (MNRE) of India their first Japan-India Public-Private Round Table on Renewable Energy under the Japan-India Energy Dialogue. The primary purpose of this meeting was to establish specific public-private cooperative efforts for the introduction of renewable energy and its development between the two countries. Further, they decided to establish a public-private task force for promoting an elaborated study for the utilization of accumulators, the establishment of financial scheme, and other initiatives.⁸⁹

On 28 January 2014, Japan and India agreed to cooperate further in the fields of standardization and conformity assessment, energy and medical care, based on a memorandum of cooperation (MOC) and memorandums of understanding (MOU) signed by two leaders Prime

⁸⁵ JFTC, Press Release, <http://www.jftc.go.jp/en/pressreleases/yearly-2014/March/140318.html>.

⁸⁶ *Id.*

⁸⁷ http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Japan%20to%20Implement%2024%20Hour%20Notice%20of%20Shipping%20Rule_Tokyo%20ATO_Japan_2-21-2014.pdf

⁸⁸ Press Release, METI, http://www.meti.go.jp/english/press/2014/0128_01.html

⁸⁹ Press Release, METI, http://www.meti.go.jp/english/press/2014/0120_02.html

Ministers Shinzo Abe and Dr. Manmohan Singh, in a leaders' meeting held in New Delhi, India from 25-27 January 2014.⁹⁰

On 13 March 2014, the Energy Security Initiative (ESI) at Brookings Institution, independent research and innovative policy solutions, set the panel to discuss the restructuring of the electricity sector in Japan based on a new energy policy introduced by the Japanese Government after the 2011 disaster at the Fukushima Daiichi nuclear power plant. The panelists considered the unique circumstances of Japan's electricity sector and discussed the effect on various markets due to increasing oil and gas prices by comparing the policy with the deregulation policy in the United States.⁹¹

V.C. FISHERIES

On 6 January 2014, Japan's Ministry of Health, Labor and Welfare made an announcement that from 1 January 2014, a new system is applied for the fishery products exported to China. Under this new regulatory system, Ministry of Health, Labor and Welfare Food and Drug Administration (Food Safety Department Inspection and Safety Division) will conduct the process handling the fish meat paste products to be exported to China.⁹²

VI. DISPUTE SETTLEMENT

VI.A. DS433: China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum

At its meeting on 23 July 2012, the DSB established a single panel pursuant to Article 9.1 of the DSU to examine this dispute, DS431 and DS432. Brazil, Canada, Colombia, the European Union, India, Korea, Norway, Oman, Saudi Arabia, Chinese Taipei, the United States and Viet Nam reserved their third party rights. Subsequently, Argentina, Australia, Indonesia, Peru, Russia and Turkey reserved their third party rights. On 12 September 2012, the United States, the European Union and Japan requested the Director-General to compose the panel. On 24 September 2012, the Director-General composed the panel. On 22 March 2013, the Chair of the panel informed the DSB that the panel expects to issue its final report to the parties by 21 November 2013, in accordance with the timetable adopted after consultation with the parties. On 26 March 2014, the panel report was circulated to Members.⁹³

VI.B. DS468: Ukraine — Definitive Safeguard Measures on Certain Passenger Cars

On 13 February 2014, Japan requested the establishment of a panel with Ukraine regarding the definitive safeguard measures imposed by Ukraine on imports of certain passenger cars and the

⁹⁰ Press Release, METI, http://www.meti.go.jp/english/press/2014/0128_01.html

⁹¹ Press Release, METI, <http://www.brookings.edu/events/2014/03/13-restructure-electricity-sector-japan>

⁹² <http://www.mhlw.go.jp/topics/bukyoku/iyaku/syoku-anzen/jigyousya/taichu/index.html>

⁹³ Panel report, *Ukraine — Definitive Safeguard Measures on Certain Passenger Cars*, WT/DS468/2, available at http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds468_e.htm

investigation that led to the imposition of those measures after the consultation failed which was filed by Japan on 30th October 2013. The panel was established on 26th March 2014 finally.⁹⁴

ANNEXURE A

TECHNICAL BARRIERS TO TRADE

⁹⁴ Panel report, *China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum*, WT/DS431/R, WT/DS432/R, WT/DS433/R, available at http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds433_e.htm.

Notification/Date	Agency Concerned	Products Concerned	Purpose of Notification
<p>G/TBT/N/JPN/450</p> <p>January 31 2014</p>	<p>Ministry of Health, Labour and Welfare</p>	<p>Pharmaceutical Products</p>	<p>To establish the standard for the manufacturing process, properties, quality, storage and others of drugs to which special attention must be paid for the attainment of public health and sanitation (Biological products).</p>
<p>G/TBT/N/JPN/451</p> <p>February 13 2014</p>	<p>Ministry of Health, Labour and Welfare</p>	<p>Powered air- purifying respirator</p>	<p>The Industrial Safety and Health Law is to be amended in order to ensure the safety and health of workers in workplace by assuring the performance of PAPR, and in order to facilitate inspections and examinations of machines by establishing a scheme to register foreign inspection or examination bodies. Protection of Human health or Safety.</p> <p>The Industrial Safety and Health Law is to be amended as follows:</p> <p>1) To add PAPR to the list of machines which shall not be transferred, leased or installed without undergoing type examination, and</p> <p>2) To allow foreign bodies to be registered as a body, which conducts inspections or examinations required for machines listed in Appended Table 1, 3 or 4 of the Law excluding construction lift.</p>

<p>G/TBT/N/JPN/452F February 13 2014</p>	<p>Ministry of Health, Labour and Welfare</p>	<p>Substances with probable effects on the central nervous system</p>	<p>In order to prevent the abuse of substances with probable effects on the central nervous system and to clarify the regulation under the Pharmaceutical Affairs Law, the Minister of Health, Labour and Welfare of Japan designates such substances as Shitei Yakubutsu". Manufacture, import and sale of "Shitei Yakubutsu" are banned except for the "proper uses" designated under the Law.</p> <p>The newly proposed "Shitei Yakubutsu" are abused substances which no longer have medicinal use nor industrial use, and effects on the current international trade activities will be minimal. (See the attachment for the "proper use".)</p>
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Notification	Agency Responsible	Product	Purpose	Description
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ANNEXURE B

SANITARY & PHYTOSANITARY MEASURES

G/SPS /N/JP N/327	Ministry of Health, Labour and Welfare (MHLW)	Pesticides - Residues - Cyprodini	Food Safety	Revision of the Standards and Specifications for Foods and Food Additives under the Food Sanitation Law and Proposed maximum residue limits (MRLs) for the following agricultural chemicals: Pesticide: Cyprodinil.
G/SPS /N/JP N/328	Ministry of Health, Labour and Welfare (MHLW)	Pesticides - Residues - Molinate	Food Safety	Revision of the Standards and Specifications for Foods and Food Additives under the Food Sanitation Law and proposed maximum residue limits (MRLs) for the following agricultural chemicals: Pesticide: Molinate.
G/SPS /N/JP N/329	Ministry of Health, Labour and Welfare (MHLW)	Feed additive/vet erinary drug: monensin	Food Safety	Proposed maximum residue limits (MRLs) for the following agricultural chemicals: Feed additive/Veterinary drug: Monensin.
G/SPS /N/JP N/330	Ministry of Agriculture, Forestry and Fisheries (MAFF)	Residues - Pendimetha line	Food Safety	Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives and proposal for the establishment of the maximum residue limit (MRL) for an agricultural chemical.
G/SPS /N/JP N/331	Ministry of Agriculture, Forestry and Fisheries (MAFF)	Pig meat and its products	Animal Health	The “animal health requirements for meat and viscera derived from pigs, and for sausages, ham and bacon made from the said meat and viscera as raw materials, to be exported to Japan from Portugal” are set to allow the export of pig meat etc. from Portugal to Japan since Portugal is recognised as a free country of Foot and mouth disease, Classical swine fever and African swine fever.

G/SPS /N/JP N/332	Ministry of Health, Labour and Welfare (MHLW)	Food additives - Sunflower lecithin	Food Safety	Authorization of Sunflower lecithin as food additive. The compositional specifications for Lecithin that are specified in the Ministry of Health, Labour and Welfare Notification (Ministry of Health and Welfare Notification No. 370, 1959) are applied to Sunflower lecithin.
G/SPS /N/JP N/333	Ministry of Health, Labour and Welfare (MHLW)	Pesticides - Residues - Prothioconazole	Food Safety	Revision of the Standards and Specifications for Foods and Food Additives under the Food Sanitation Law and proposed maximum residue limits (MRLs) for the following agricultural chemicals: Pesticide: Prothioconazole
G/SPS /N/JP N/325 Rev.1	Ministry of Health, Labour and Welfare (MHLW)	Pesticides - Residues - Dicamba, narasin - Revision	Food Safety	Proposed maximum residue limits (MRLs) for the following agricultural chemicals: Pesticide: Dicamba Veterinary drug/feed additive: Narasin An error was contained in the footnote of the MRLs table for Dicamba in the original notification G/SPS/N/JPN/325 circulated on 11 November 2013. The previous note stated: “MRLs are expressed the sum of dicamba and the metabolite B(3,6-dichloro-2-hydroxybenzoic acid), calculated as dicamba, for crop(only for Soybeans, dry), as dicamba for crops (except for Soybeans, dry) and as the sum of dicamba, the metabolite B and conjugate of the metabolite B, calculated as dicamba, for livestock and poultry products.” The correct note should be: “MRLs are expressed the sum of dicamba, the metabolite B(3,6-dichloro-2-hydroxybenzoic acid) and conjugate of the metabolite B, calculated as dicamba, for crop(only for

				Soybeans, dry), as dicamba for crops (except for Soybeans, dry) and as the sum of dicamba, the metabolite B and conjugate of the metabolite B, calculated as dicamba, for livestock and poultry products.”
G/SPS /N/JP N/334	Ministry of Health, Labour and Welfare (MHLW)	Food additives - Beta-apo-8'-carotenal	Food Safety	Amendment to the Enforcement Ordinance of the Food Sanitation Law and the Standards and Specifications for Foods and Food Additives and Authorization of beta-Apo-8'-carotenal as food additives and establishment of standards and specifications.
G/SPS /N/JP N/335	Ministry of the Environment	Invasive alien species	Animal health, plant protection	Amendment to the List of Regulated Living Organisms under the Invasive Alien Species Act and to designate <i>Macaca cyclopis</i> × <i>M. fuscata</i> , <i>M. mulatta</i> × <i>M. fuscata</i> , Canada goose, <i>Morone saxatilis</i> × <i>M. chrysops</i> , Large-flower primrose-willow and any species of the genus <i>Spartina</i> as Invasive Alien Species (IAS)
G/SPS /N/JP N/336	Ministry of Health, Labour and Welfare (MHLW)	Food additives - Advantame	Food safety	Amendment to the Enforcement Ordinance of the Food Sanitation Law and the Standards and Specifications for Foods and Food Additives and Authorization of Advantame as a food additive and establishment of standards and specifications.