



TRADE POLICY DEVELOPMENTS PAPER NO. 55

**TRADE POLICY MONITORING REPORT
OF
JAPAN
(July 2013- September 2013)
VOLUME X**

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EXECUTIVE SUMMARY

- Japan's economy grew at a rate of 1.9% in the second quarter (Q2) of 2013, as opposed to the growth rate of 3.8 % in the previous quarter. However, in light of the robust growth earlier this year (reported in CITELE TPMR for April-June 2013), along with an expectation of increase in consumer spending in light of a tax hike next year, the slowdown in this quarter is not a cause of concern as per analysts.
- A monetary policy meeting convened on 5 Sept. 2013 saw the Policy Board of the Bank of Japan to conduct money market operations in order to increase the monetary base in the amount of 60-70 trillion Yen, annually. The Bank further decided to continue its quantitative and qualitative easing to attain a target stability of 2% at the beginning of the Financial Year 2013-14. This has enabled an impressive rebound but the unwinding of fiscal stimulus, reconstruction spending along with consumption tax hikes is likely to lower the expected growth from present 2% to 1.25% during 2014.
- Japan entered into as well as negotiated various trade agreements during this quarter. Japan held negotiations with Canada, the EU, Mongolia, Trans-Pacific Partnership countries and the UK. Japan also secured various arrangements to strengthen its trade finance during the quarter.
- There has been severe opposition to including Agriculture for further liberalisation as part of the TPP agreement.

**TRADE POLICY MONITORING REPORT OF
FOR THE QUARTERLY PERIOD: JULY - SEPTEMBER 2013**

I. INTRODUCTION

This is the Tenth 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: July-September 2013.

II. ECONOMIC CONDITIONS OF JAPAN

II.A. GENERAL ECONOMIC CONDITIONS

Despite the recession, the economy in Japan during Q2 grew, although lower than the previous quarter. Japan won the bid to host the 2020 Olympics despite having received two severe shocks in the last five years from the 2008 global financial crisis and the 2011 great East Japan Earthquake. The three main challenges of Japan were: restoring fiscal sustainability, reducing deflation and boosting its growth potential. Such challenges were dealt by the government by adopting a ‘three pronged strategy’. However, persistent deflation continued to be a cause of concern during this quarter.

Further, public debt has been consistently increasing and was observed to be 200% over the Gross Domestic Product (“GDP”) at 1,011,178.5 billion Yen at the end of September reflecting the high level of fiscal debt.¹ It is noted that the Q2 growth was mainly a result of expansion in public spending.

II.B. GROSS DOMESTIC PRODUCT

Japan’s economy grew at a rate of 1.9% in the Q2 2013, as opposed to the growth rate of 3.8% in the previous quarter.² However, in light of the robust growth earlier this year (reported in CITEL TPMR for April-June 2013), along with an expectation of increase in consumer spending in light of a tax hike next year, the slowdown in this quarter is not a cause of concern as per analysts.³ On the other hand, it is pertinent to note that the government’s debt was reported to be at 1,011,178.5 billion Yen at the end of September, reflecting a very high fiscal debt.⁴ The lowest level of current account surplus since 1985 was noted in the month of Aug. 2013.⁵

¹ Jiji Press, *Japan Govt’s Debts Hit Record 1,011 Trillion Yen*, November 9, 2013, available at <http://newsonjapan.com/html/newsdesk/article/105298.php>

² *Japan Economy Slows Dramatically*, available at <http://newsonjapan.com/html/newsdesk/article/105373.php>

³ *Id.*

⁴ Jiji Press, *Japan Govt’s Debts Hit Record 1,011 Trillion Yen*, November 9, 2013, available at <http://newsonjapan.com/html/newsdesk/article/105298.php>

⁵ *Japan Current Account Surplus Plunges to Record August Low*, available at <http://newsonjapan.com/html/newsdesk/article/104789.php>

II.C. EXPORTS, IMPORTS AND TERMS OF TRADE

Terms of Trade in Japan decreased to 86.40 index points in Sept. of 2013 from 87.40 index points in Aug. of 2013.⁶ Rise in production of transport and electronic equipment marked a 1.5% increase in the industrial output of Japan in the month of September from the previous month.⁷

Exports marked an upward trend towards the end of Q2.⁸ Japanese exports to the US and Asia did not increase as compared to Q1 2012. There was an increase in exports to the EU as compared to the previous quarter.⁹

Interestingly, whereas imports from Asia and the EU remained at the same levels as the previous quarter, imports from US increased as compared to the previous quarter.¹⁰ Further, improvement in exports reflects the increase in domestic demand, production and business oriented machinery as compared to the previous quarter.¹¹

II.D. MONETARY POLICY & QUANTITATIVE EASING

A monetary policy meeting convened on 5 Sept. 2013 saw the Policy Board of the Bank of Japan to conduct money market operations so as to increase the monetary base at 60-70 trillion Yen annually. The Bank further decided to continue the quantitative and qualitative easing so as to attain a target stability of 2% at the beginning of Financial Year 2013-14. This step by the Bank has enabled an impressive rebound in the activity but unwinding of fiscal stimulus, reconstruction spending along with consumption tax hikes is likely to lower growth from present 2% to 1.25% during 2014.¹² The International Monetary Fund (IMF) projects Japan's growth rate at 1.2%.¹³

II.E. PRIVATE CONSUMPTION & BUSINESS INVESTMENT

Rise in Consumer Confidence and Real Income marked a robust growth in private consumption during the Q2 2013, and the same is expected to continue at least in the short term.¹⁴ The Synthetic Consumption Index (SCI) decreased by 0.1% in the beginning of the quarter, as compared to June

⁶ Terms of Trade- *Ibid*

⁷ *Industrial Output Increases in September*, October 31, 2013, available at <http://newsonjapan.com/html/newsdesk/article/105158.php>

⁸ Cabinet Office, Monthly Economic Report (September 2013), available at <http://www5.cao.go.jp/keizai3/getsurei-e/2013sep.html> (Last visited on November 20, 2013).

⁹ *Id.*

¹⁰ Cabinet Office, Monthly Economic Report, available at <http://www5.cao.go.jp/keizai3/getsurei-e/2013sep.html> (Last visited on November 20, 2013).

¹¹ *Id.*

¹² World Economic Outlook Global Growth Patterns Shifting, By Rupa Duttagupta and Thomas Helbling *IMF Research Department*. Available at <http://www.imf.org/external/pubs/ft/survey/so/2013/new100813a.htm>

¹³ IMF Country Statistics, Japan and the IMF, available at <http://www.imf.org/external/country/JPN/index.htm>

¹⁴ Cabinet Office, Monthly Economic Report, available at <http://www5.cao.go.jp/keizai3/getsurei-e/2013sep.html> (Last visited on November 20, 2013).

2013, and also decreased in terms of three-month moving average.¹⁵ Benefits of increase in income has also led to the rise in housing construction.¹⁶

Public investments are on a steady rise with an increase of 7.9% of contracted public works in Aug. 2013 as compared to the previous year.¹⁷ This rise is expected to continue due to the execution of related budgets.¹⁸ While the prices of domestic corporate goods have risen moderately in Sept. 2013, the general consumer prices excluding fresh food, petroleum products and other specific components, have remained at the same levels of the previous quarter. This indicates the end of deflation in Japan.¹⁹

II.F. EMPLOYMENT

Employment figures during the quarter have remained positive. Unemployment figures during the Q2 2013 declined by 3.8% as compared to the previous quarter. Growth has also been recorded in terms of Contractual Cash Earnings and Total Cash Earnings during the quarter.

Rate of unemployment for persons in the age group of 15-24 years was 6% during the quarter.²⁰ The Q2 2013 as Q1 2013 observed an increase in the number of employed persons, and thus, the number of unemployed decreasing.²¹ Moreover, due to increase in the number of job offers, the ratio of job offers to applicants has also been on a rise along with an increase in the number of overtime hours in the manufacturing sector.²²

II.G. INFLATION

Inflation in the Q2 2013 started with an increase of 0.2% as compared to June 2013, in core Consumer Price Index (CPI) and Annual Core Consumer Prices. These figures were incidentally the highest figures recorded since November 2008, which was 0.7%.²³ The Bank of Japan expects core consumer prices to increase between 0.5% and 0.8% during the course of this fiscal year, which will end on March 2014.²⁴ While prices for fuel, electricity, water, transportation, and communication

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ Cabinet Office, Monthly Economic Report, available at <http://www5.cao.go.jp/keizai3/getsurei-e/2013sep.html>

²¹ *Id.*

²² *Id.*

²³ Highest increase in core prices since November 2008, August 30, 2013. Available at: http://www.focus-economics.com/en/economy/news/Japan-Inflation-Highest_increase_in_core_prices_since_November_2008_-2013-08-30

²⁴ *Id.*

registered an increase, these were to some extent offset by lower prices for housing, housing appliances and furniture.²⁵

During the middle of the quarter, a further increase in inflation was observed. However, at the end of the quarter, there was a slight reduction in core inflation but the overall inflation was at 1% in Sept. which was 0.1% higher than the previous month.²⁶

III. TRADE AGREEMENTS & ARRANGEMENTS

III.A. UPDATES ON TPP AGREEMENT

(i) Malaysia Round

Japan joined the TPP free trade talks in Malaysia from 23-25 July 2013. The participants at the TPP conference session aimed at eliminating tariffs on 90% to 95% of the products out of which Japan had approximately 9,000 products. Japan expressed the desire to retain tariffs on five categories of products- rice, wheat, beef and pork, dairy products and agricultural products. As such products constituted Japan's farm industry.²⁷

Overall, Japan's participation in TPP was significant and consequently increased the benefits derived by the other participants. As with the Japan's participation, the benefits to the US were expected to triple.²⁸

(ii) Brunei Round

The Brunei rounds of the TPP took place in the final week of Aug. 2013 in which Japan proposed to eliminate tariffs on around 80% of imported products and planned to raise the offer to cover 90% in subsequent negotiations. Through the TPP, other countries are awaiting access to Japanese markets, and it is a key issue for Japan to protect the five products mentioned above by retaining the tariff levels on imports.

After the Brunei round, the Japanese negotiators met bilaterally with all the TPP negotiating countries except Chile and Peru to discuss the proposed tariffs.

(iii) Washington Round

²⁵ Inflation declines slightly in September, October 25, 2013. Available at: http://www.focus-economics.com/en/economy/news/Japan-Inflation-Inflation_declines_slightly_in_September-2013-10-25

²⁶*Id.*

²⁷ Shedding light on the TPP's impact- Japan Times dated 15/08/2013- available at: <http://www.japantimes.co.jp/opinion/2013/08/15/editorials/shedding-light-on-the-tpps-impact/#.UrCb4dIW01M>

²⁸ Japan Boosts the Trans-Pacific Partnership dated 09/08/2013- available at: <http://www.cfr.org/japan/japan-boosts-trans-pacific-partnership/p31206>

The TPP negotiators, in less than three weeks of the Brunei round, again met in during this quarter in Sept. 2013 at Washington. This meeting was described as talks to further advance the negotiations in the lead up to APEC leader meeting in Bali, Indonesia in October 2013.²⁹

III.B. ECONOMIC PARTNERSHIP AGREEMENT NEGOTIATIONS BETWEEN JAPAN & CANADA

The third round of negotiations between Japan and Canada were held in Tokyo from 8 July -12 July 2013 for an Economic Partnership Agreement between the two countries.³⁰ Issues with respect to trade in goods and services, competition, investment etc. were discussed.³¹

III.C. NEGOTIATIONS BETWEEN JAPAN AND EU

Further, second round of negotiations between Japan and the EU were held in Tokyo, with the next round of negotiations scheduled to take place in Brussels, Belgium. Discussions revolved around issues including trade in goods and services, investments, intellectual property rights, non tariff measures, government procurement etc.³²

III.D. ENERGY SECTOR- DIALOGUE B/W JAPAN AND UK

METI also held the fifth Japan-UK Energy Dialogue in Tokyo during this quarter to exchange views on issues including the energy policies of both countries, gas procurement strategies, renewable energy policies etc.

III.E. ECONOMIC PARTNERSHIP AGREEMENT B/W JAPAN & MONGOLIA

The fourth round of negotiations for the Japan-Mongolia Economic Partnership Agreement was marked by considerable progress through negotiations with respect to issues such as, trade in goods, rules of origin, custom procedure, dispute settlement, competition, sanitary and phytosanitary and e-commerce. The second round of negotiation for a Free Trade Agreement between Japan, China and Korea was to be held in Shanghai, to negotiate on issues like Trade in Goods, Trade in Services, Customs Procedures, Competition Policies, etc.

III.F. OTHER AGREEMENTS & ARRANGEMENTS

(i) EU & US eliminates import duties on IT Products

²⁹ TPP Talks Move to DC- Sept. 23, 2013. Available at: <http://thediplomat.com/2013/09/tpp-talks-move-to-dc/>

³⁰ Joint Press Release with the Ministry of Foreign Affairs, Third Round of Negotiations for Japan-Canada Economic Partnership Agreement, available at http://www.meti.go.jp/english/press/2013/0702_01.html

³¹ *Id.*

³² Joint Press Release with the Ministry of Foreign Affairs, Second Round of Negotiations on the Japan EU Economic Partnership Agreement, available at http://www.meti.go.jp/english/press/2013/0703_02.html

On 27 Sept. 2013, the EU adopted a new EU Council Regulation which allowed flat panel displays, including digital signage, to receive a duty-free treatment. Japan had previously used the WTO dispute settlement procedures to obtain a WTO panel ruling on this issue recommending the EU to bring its measures into conformity with WTO Agreements.

The Japanese industry had been subject to considerable duties by the EU (approximately US\$ 17 million annually). The market for high-tech IT products has been growing and a significant growth of exports in the future is expected. The US had also eliminated tariffs of 14% on flat panel displays, including digital signage, in July 2012. Japanese industry had been subject to U.S. duties, amounting to approximately US\$ 23 million annually.³³

(ii) METI and the U.S. DOE Issued a Joint Statement concerning Bilateral Cooperation in the Energy Field

On 24 July 2013, Japan and the US held a meeting in Washington D.C. and confirmed that the Ministry of Economy, Trade and Industry (METI), and the Department of Energy (DOE) will play the central role in Japan-US energy cooperation and continue to strengthen cooperation. Both the countries also exchanged views concerning major energy issues such as nuclear energy, clean energy, and natural gas, including the export of LNG. In conclusion, METI and DOE issued a joint statement concerning bilateral efforts in the energy field.³⁴

(iii) Japan's negotiates Trade in Services Agreement (TISA)

During the third round of the TISA which was chaired by Australia held from 16 to 20 Sept. 2013, Japan along with the US enabled the commencement of market access negotiations which were received positively³⁵. It was noted that the offer from Japan was of particularly high ambition. The US offer, surprisingly, did not include financial services.³⁶

(iv) Extension of Japan's Countermeasures against the US Byrd Amendment

Japan has decided to extend its countermeasures against the US Byrd Amendment which was confirmed as being inconsistent with the US' WTO obligations. The countermeasures are initiated against the US in connection with the Byrd Amendment by imposing additional tariffs in Sept. 2005, and they have been renewed seven times.

³³ EU eliminated illegal import duties on IT Products- http://www.meti.go.jp/english/press/2013/0927_01.html

³⁴ METI and the U.S. Department of Energy Issued a Joint Statement concerning Bilateral Cooperation in the Energy Field- *Ibid*

³⁵ Trade in Services Agreement- <http://www.dfat.gov.au/trade/negotiations/services/trade-in-services-agreement.html>

³⁶ Services Talks Advance as TISA Members Prepare to Exchange Offers- <http://ictsd.org/i/news/bridgesweekly/176518/#sthash.fDsFhJ8H.dpuf>

The countermeasures expired at the end of Aug. 2013, but as the US continues to perform distribution that has been found to be illegal, Japan will extend the applicable period of the countermeasures by one year. As the current items and tariff rates will be changed in a coming Cabinet Meeting, following the recommendation made in the Council on Customs, Tariffs, Foreign Exchange and Other Transactions. Earlier, in Sept. 2005, Japan decided to adopt countermeasures by imposing an additional 15% tariff on 15 items of US origin, including steel products. On 2 August 2013, an extension from September 1, 2013, to August 31, 2014 was approved for the same.

(v) Trade concerns raised against Ukraine, Russia, Brazil, Japan, Indonesia and Nigeria

Japan expressed serious concern over Ukraine's imposition of safeguard duties on automobiles as it seriously affected Japanese exporters. It questioned the basis of the measure, stating that Ukraine had not provided adequate opportunity for prior consultations as required by the Safeguards Agreement. Australia, Korea, the European Union, the Russian Federation and Turkey shared these concerns.³⁷

Ukraine stated that it imposed the safeguard duty only after domestic auto production decreased by 78% and employment in the sector declined by 50%. It further stated that it had fulfilled all the requirements of the Safeguards Agreement, adding that the measure is temporary and aimed at helping domestic producers adjust to global competition. It expressed disappointment that some members have taken counter measures instead of pursuing consultations.³⁸

The EU expressed concerns that Japan's "wood point stimulus programme" to boost the supply and use of domestic forest products would admit only Japanese wood species and not foreign wood. Canada, New Zealand, US and Malaysia expressed concern that the programme would negatively impact imported wood products.

Japan said that the purpose of the programme is to encourage the use of wood from forests that are increasing in volume. It said that the programme is non-discriminatory, and that foreign suppliers can join the programme.

(vi) Cloud Computing

During this quarter, Japan published new guidance, effective 1 Sept. 2013, which clarifies the application of Japanese export control regulations to cloud computing. Under Japanese export control regulations, an export license is required where:

- A Japanese resident or nonresident seeks to conduct a transaction with the aim of providing certain controlled technology in certain foreign countries.

OR

³⁷ http://www.wto.org/english/news_e/news13_e/good_11jul13_e.htm

³⁸ *Id.*

- A Japanese resident seeks to conduct a transaction with the aim of providing certain controlled technology to nonresidents of certain foreign countries.

Previously, formal guidance was not available on the application of this provision to cloud computing services, resulting in uncertainty regarding the level of controls required by providers and users of this relatively new technology/service.

(v) Amendments to Japan's Generalized System of Preferences program

Generalized System of Preferences (GSP) is a trade program that aims to assist the economic development of developing countries by providing preferential access to Japanese markets through the application of reduced duty rates on certain products from such developing countries. In applying the criteria for product exclusion, the following changes to the GSP program are planned.

(1) Certain excluded products originating in China to become eligible

The following articles originating in China were excluded from the GSP program for the period 1 April 2011 to 31 March 2014 because they were deemed as highly competitive in the Japanese market. However, some articles will be reinstated and will be eligible for GSP treatment from 1 April 2014, the list of which will be released next quarter.

(2) New 24-hour advance filing rules on cargo information

As part of the 2012 tax reforms, Japan's legislature approved the Advance Filing Rules on Maritime Container Cargo Information (Advance Filing Rules). The rules require a vessel operator or non-vessel operating common carrier (NVOCC) to electronically submit information on maritime container cargo to enter into a Japanese port, no later than 24-hours before departure of the vessel from the port of loading. The new rules require electronic submissions (i.e., paper submissions will no longer be allowed) of an expanded set of data elements. The Advance Filing Rules will be implemented in March 2014.

While the current customs laws also require the submission of information on maritime container cargo before entry into a Japanese port, the new requirements change the timing and form of submission, bringing the Japanese requirements in line with the World Customs Organization's recommendations under the Framework of Standards to Secure and Facilitate Global Trade (SAFE).

IV. TRADE POLICY BY MEASURE

IV.A. TRADE FINANCE ARRANGEMENTS

(i) MoU signed between Japan Bank for International Cooperation and the Joint Stock Commercial Bank for Investment and Development of Vietnam

On 24 July 2013, the Japan Bank for International Cooperation (JBIC) signed a memorandum of understanding with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) to support the activities of Japanese SMEs. The BIDV and the JBIC will work for a more active collaboration to support business expansion into Viet Nam of Japanese SMEs that have a business relation with Japanese financial institutions. Furthermore, the Vietnamese Bank will create a Japan desk for the support of Japanese enterprises.³⁹

(ii) JBIC sign agreement with Petróleo Brasileiro S.A for two export credit lines

On 17 July 2013, JBIC agreed with the State-owned Petróleo Brasileiro S.A. to two export credit lines for the purchase of services and equipment. The credit lines amount to US\$ 1.5 billion, of which US\$ 900 million provided by JBIC and the rest by Mizuho Corporate Bank Ltd. and other private institutions. The funds shall be used to purchase services and/or equipment from Japanese companies. This measure disadvantages other suppliers that might compete or have competed for the contracts in question.⁴⁰

(iii) JBIC signs MoU with Vale S.A.

On 17 July 2013, the JBIC signed a memorandum of understanding with Vale S.A. (Brazil) to identify projects to secure stable supply of mineral resources to Japan. Vale is a world-leading supplier of mineral sources and the JBIC will work for a more active collaboration to support the supply of iron ore and mineral resources for Japanese companies.⁴¹

(iv) JBIC enter into agreement with LLP Atyrau Refinery

On 8 Aug. 2012, the Japan Bank for International Cooperation (JBIC) agreed with LLP Atyrau refinery (Kazakhstan) to offer an export credit line to modernize an oil refinery. The credit line amounts to US\$ 297.5 million, of which US\$ 178.5 million are provided by JBIC and the rest by the Bank of Tokyo Mitsubishi UFJ, Ltd. with buyers' credit insurance provided by Nippon Export and Investment Insurance (NEXI). The credit line is granted to purchase a fluid catalytic cracker and associated plant equipment, manufactured by Marubeni Corporation (Japan). The JBIC reports that its support to export these materials "will lead to the creation of business opportunities in the oil refinery and petrochemical sectors, thereby contributing to maintaining and improving the international competitiveness of Japanese industries".⁴²

³⁹ Japan Bank for International Cooperation, Press Release: <http://www.jbic.go.jp/en/about/press/2013/0725-01/index.html>

⁴⁰ Japan Bank for International Cooperation, Press Release: <http://www.jbic.go.jp/en/about/press/2013/0717-01/index.html>

⁴¹ Japan Bank for International Cooperation, Press Release: <http://www.jbic.go.jp/en/about/press/2013/0717-02/index.html>

⁴² Japan Bank for International Cooperation, Press Release: <http://www.jbic.go.jp/en/about/press/2012/0808-01/index.html>

IV.B. CUSTOMS

In a notification dated 20 Sept. 2013, Japan had made certain amendments to its ‘principles of customs valuation’ with regard to ‘determination of customs value of imported goods deteriorated or damaged’, ‘price actually paid or payable for imported goods’, ‘scope of relationship’, and ‘determination of customs value of special imported goods.’⁴³

IV.C. TECHNICAL BARRIERS TO TRADE

During the Q2, various ministries of Japan have notified and adopted various measures on TBT in the field of communication, agriculture, energy consumption, environment protection, health standards, drugs and pharmaceutical products which are likely to affect the trading partners of Japan giving rise to new standards of requirements for trading partners.

For detailed information on TBT, please refer to **Annexure A**.

IV.D. SANITARY AND PHYTO-SANITARY MEASURES

Various sanitary and phyto-sanitary measures were adopted during the quarter containing measures relating to plant and food safety, various edible products, use of certain chemicals and substances in food, etc. according to the standards of relevant international conventions.

For detailed information, please refer **Annexure B**.

V. TRADE POLICY BY SECTOR

V.A. AGRICULTURE

The Ministry of Agriculture has been opposing the government’s decision to eliminate tariffs on agricultural products in order to match the standard rate under the TPP agreement. While some officials argue that the national rate should match at least the standard level, the agricultural ministry contended that the rate must be kept below 90% to make room for negotiations.⁴⁴ While the industrial sector wants Japan to join the TPP, the opposition from the agricultural sector might make things challenging for Japan.

VI. WTO DISPUTES UNDER THE QUARTER

⁴³ WTO Notification no. G/VAL/N/1/JPN/2 dated 20/09/2013.

⁴⁴ Government bickering over tariffs delays TPP plan until October- Sept. 17 2013. Available at: <http://ajw.asahi.com/article/economy/AJ201309170047>

(i) WTO dispute between Japan and Russia concerning Russia’s “recycling fee” imposed on motor vehicles

On 24 July 2013, Japan requested consultations with the Russian Federation regarding Russia's measures relating to a charge, the so-called “recycling fee”, imposed on motor vehicles.⁴⁵

The legal instruments cited by Japan include:

- Federal Law No. 128-FZ of 28 July 2012, on production and consumption wastes, and Article 51 of the Budget Code of the Russian Federation;
- Government Decree No. 870 of 30 Aug. 2012 on recycling fee for wheeled transport vehicles;
- Joint Order of the Ministry of Internal Affairs No. 496, the Ministry of Economic Development and Trade No. 134 and the Ministry of Industry and Energy No. 192, on vehicle registration passports and chassis registration passports (23 June 2005), as amended by Joint Order of the Ministry of Internal Affairs No. 828, the Ministry of Industry and Trade No. 1227 and the Federal Customs Service No. 1744 (30 August 2012); and,
- Resolution of the Government of the Russian Federation No. 520 of 20 June 2013 on, *inter alia*, rules for granting subsidies from the federal budget to organizations and individual entrepreneurs to reimburse expenses related to their handling of wastes resulting from the loss of consumer good characteristics of wheeled means of transport for which the recycling fee was paid (1 July 2013).

On 26 July 2013, Turkey and the United States requested to join the consultations. On 29 July 2013, the EU and Ukraine requested to join the consultations. On 31 July 2013, China requested to join the consultations. Subsequently, the Russian Federation notified the DSB that it had accepted the requests of China, the EU, Turkey, Ukraine and the US to join the consultations.

(ii) China- Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes (“HP-SSST”) from Japan

On 20 Dec. 2012, Japan requested consultations with China concerning measures imposing anti-dumping duties on high-performance stainless steel seamless tubes (“HP-SSST”) from Japan, as set forth in Ministry of Commerce of the People's Republic of China (“MOFCOM”) Notice No. 21 [2012] and Notice No. 72 [2012], including any and all annexes and any amendments thereof.⁴⁶

Japan claims that the measures are inconsistent with:

- Articles 1, 3.1, 3.2, 3.4, 3.5, 5.3, 5.8, 6.5, 6.5.1, 6.8, 6.9, 7.4, 12.2 and 12.2.2 of the Anti-Dumping Agreement; and
- Article VI of the GATT 1994.

⁴⁵ Available at, http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds463_e.htm

⁴⁶ Available at, http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds454_e.htm

On 15 Jan. 2013, the EU requested to join the consultations. Subsequently, China informed the DSB that it had accepted the request of the EU to join the consultations. On 11 April 2013, Japan requested the establishment of a panel. At its meeting on 24 April 2013, the DSB deferred the establishment of a panel.

Panel and Appellate Body proceedings

At its meeting on 24 May 2013, the DSB established a panel. The EU, India, Korea, the Russian Federation, and the US reserved their third party rights. Subsequently, Saudi Arabia and Turkey reserved their third party rights. On 17 July 2013, Japan requested the Director-General to compose the panel. On 29 July 2013, the Director-General composed the pane

ANNEX A
TBT measures

NOTIFICATION AND DATE	AGENCY CONCERNED	PRODUCTS CONCERNED	PURPOSE OF NOTIFICATION
G/TBT/N/JPN/433 dated 04/07/2013.	Ministry of Internal Affairs and Communications	Field Pick-up Unit (FPU) in 120 GHz.	To establish technical regulations on the FPU which transmits UDHTV signals for short distance in 120 GHz.
G/TBT/N/JPN/432 dated 04/07/2013.	Ministry of Internal Affairs and Communications	Field Pick-up Unit (FPU) in the 1.2GHz and 2.3GHz band.	To establish technical regulations on large capacity FPU which can transmit HDTV signals to a television studio from a running vehicle in the frequency bands of 1.2 GHz and 2.3 GHz.
G/TBT/N/JPN/434 dated 08/07/2013.	Ministry of Agriculture, Forestry and Fisheries	Various types of fertilizers	To revise the official Standards, considering the situation surrounding the agriculture and development of science and technology, in order to contribute to the protection of the human health and maintain the promotion of agricultural productivity.
G/TBT/N/JPN/435 dated 16/07/2013.	Ministry of Economy, Trade and Industry	Self-ballasted LED-lamps for general lighting services by voltage more than 50 V; Other electric lamps and lighting fittings	Protection of environment, rationalization of energy consumption by promoting the use of high energy efficient equipment to cope up with increasing energy consumption and global warming
G/TBT/N/JPN/436 dated 26/07/2013	Consumer Affairs Agency	Pre-packaged processed foods.	To facilitate and to make it possible to provide nutrient declarations on a wide range of food, new rules for nutrient declarations are added.
G/TBT/N/JPN/437 dated 12/08/2013	Consumer Affairs Agency	Air conditioners, window or wall types, self-contained or split-system.	To provide consumers with more accurate quality information about Air conditioners for their choice.
G/TBT/N/JPN/438 dated 15/08/2013	Ministry of Health, Labour and Welfare	Pharmaceutical products; drugs.	To establish the standards for manufacturing process, properties, quality, storage and others of drugs to which special attention must be paid for the attainment of public health and sanitation (Radiopharmaceuticals).
G/TBT/N/JPN/439 dated 16/08/2013 G/TBT/N/JPN/441 dated 23/09/2013	Ministry of Health, Labour and Welfare	Substances with probable effects on the central nervous system.	Protection of human health or safety; to prevent abuse of substances having effect on the central nervous system and clarify regulations relating to manufacture, import and sale of certain products.

G/TBT/N/JPN/440 Dated 23/08/2013.	Ministry of Health, Labour and Welfare	Drugs; pharmaceutical products	To establish the standard for manufacturing process, properties, quality, storage and others of drugs to which special attention must be paid for the attainment of public health and sanitation. Protection of human health or safety.
G/TBT/N/JPN/442 dated 23/09/2013	Ministry of Health, Labour and Welfare	Water supply devices; Materials and equipment of water supply facilities.	To revise the elution limit of chemical substances from water supply devices or facilities associated with the new Japan's drinking water quality standards. Protection of human health.

ANNEX B

NOTIFICATION	AGENCY	PRODUCT	PURPOSE OF NOTIFICATION	REGIONS OR COUNTRIES LIKELY TO GET AFFECTED	COMPLIANCE TO RELEVANT INT'L REGULATION
G/SPS/N/JPN/316 dated 28/06/2013.	Ministry of Agriculture, Forestry and Fisheries	Plant and Plant Products	Plant Protection	All trading partners.	International Plant Protection Convention- Yes.
G/SPS/N/JPN/319 dated 23/07/2013	Ministry of Health, Labour and Welfare	Dairy products, meat, aquatic invertebrates, fruits, vegetables, nuts, fats and oils, cereals, coffee, tea, spices, etc.	Food safety	All trading partners	Codex Alimentarius Commission- Yes.
G/SPS/N/JPN/320 dated 09/08/2013	Ministry of Health, Labour and Welfare	Food additive (Isopropanol)	Revision of specifications and use standards for Isopropanol. Food safety	All trading partners	Codex Alimentarius Commission- Yes.
G/SPS/N/JPN/321 dated 16/08/2013	Ministry of Agriculture, Forestry and Fisheries	Barley for feed	Food safety	All trading partners	None
G/SPS/N/JPN/322 dated 12/09/2013	Ministry of Health, Labour and Welfare	Dairy products, meat, aquatic invertebrates, fruits, vegetables, nuts, fats and oils, cereals, coffee, tea, spices, etc.	Proposed maximum residue limits for chemicals Difenoconazole and Tebuconazole. Food safety.	All trading partners	Codex Alimentarius Commission- Yes.

ANNEX C

INTERNATIONAL MEASURES DIRECTLY AFFECTING JAPAN

- Diffusion annealed, nickel-plated flat-rolled steel products from Japan: Postponement of preliminary determination of Anti-dumping Duties investigations (United States of America)⁴⁷
- *Bisphenol-A* originating in Japan, South Korea, Singapore and Taiwan: Final Review of Anti-dumping review. (MOFCOM, China)⁴⁸
- Certain welded large diameter line pipes from Japan-Second Review: Notice of Commission to conduct portion of the hearing in Camera (United States of America, Sunset Review)

⁴⁷ Baker & McKenzie, International Trade Compliance Report, July 2013, available at: <http://www.bakermckenzie.com/internationaltrade/newsletters/>

⁴⁸ *Id.*