



**Trade Policy Review Body
1 and 3 March 2023**

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TRADE POLICY REVIEW

JAPAN

MINUTES OF THE MEETING

Addendum

Chairperson: H.E. Dr. Athalia Lesiba Molokomme (Botswana)

This document contains the advance written questions and additional questions by WTO Members, and replies provided by Japan.¹

**Organe d'examen des politiques commerciales
1 et 3 mars 2023**

EXAMEN DES POLITIQUES COMMERCIALES

JAPON

COMPTE RENDU DE LA RÉUNION

Addendum

Présidente: S.E. Dr. Athalia Lesiba Molokomme (Botswana)

Le présent document contient les questions écrites communiquées à l'avance par les Membres de l'OMC, leurs questions additionnelles, et les réponses fournies par Japon.¹

**Órgano de Examen de las Políticas Comerciales
1 y 3 de marzo de 2023**

EXAMEN DE LAS POLÍTICAS COMERCIALES

JAPÓN

ACTA DE LA REUNIÓN

Addendum

Presidenta: Excma. Dr. Athalia Lesiba Molokomme (Botswana)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito y las preguntas adicionales de los Miembros de la OMC, así como las respuestas facilitadas por Japón.¹

¹ In English only/En anglais seulement/En inglés solamente.

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This revision contains pending replies from the Japanese authorities.

1 INDONESIA

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT SUMMARY

Page 9 Para 11

In October 2020, Japan announced its plans to achieve net zero greenhouse gas emissions by 2050. Moreover, in April 2021, it announced the goal of reducing emissions by 2030 to 46% from its 2013 levels. To this end, a long-term strategy under the Paris Agreement was elaborated in 2019 and revised in 2021 to promote green innovations and finance, and an Environment Innovation Strategy in 2020, with action plans for each technology area. Also in 2020, a new Green Growth Strategy was published.

Question

1. Basel has established principle on climate-related financial risk to encourage banking sector incorporating climate-related financial risk as part of risk mitigation management that need to be analyzed. Could Japan kindly elaborate on how is banking related authority incorporating this principle and strategy in its regulation and supervision?

Response

In line with the "Principles for the Effective Management and Supervision of Climate-related Financial Risks" (issued by the Basel Committee on Banking Supervision in November 2021), the JFSA published a discussion paper entitled "Supervisory Guidance on Climate-related Risk Management and Client Engagement" in July 2022, following the TPR review period. This paper summarizes the JFSA's current approach to climate change. Practices and methods for dealing with climate change are still under development, and international discussions are ongoing. Therefore, as such practices and methods are established in the future, we believe that they should be reviewed as necessary.

This Discussion Paper sets out the FSA's basic approach for supervision and inspection of financial institutions in the area of climate change as supervisory guidance, following the recommendations in the report of the Expert Panel on Sustainable Finance ("Building a Financial System that Supports a Sustainable Society") published in June 2021.

Banks can support clients in addressing climate-related opportunities and risks through constructive dialogue ("engagement") as part of bank's continuous support for the clients' mainstream business, thereby strengthening the clients' business base and the regions' economic foundation, which in turn will lead to profit opportunities and business stability for the banks themselves. On the other hand, if climate-related transition and physical risks faced by clients materialize, banks may need to recognize a risk in their business through damages to the clients' business value. Given the possibility that structural changes of the economy, industry, and society in achieving carbon neutrality may affect the business of a wide range of the banks' clients, including small and medium-sized enterprises (SMEs), it is significantly important how banks can encourage these clients to address climate change and whether banks' clients can build a business base resilient to climate change, in order to ensure the sustainability of banks' business models.

1.2 Recent Economic Developments

1.2.1 Growth and employment

Page 16 Para 1.5

Since 2021, Japan's economy has been recovering amid continued strong policy support. However, this recovery has been hampered and delayed by several renewed pandemic-related states of emergency, other state of emergency-like policy measures to contain the spreading of the virus, the appearance of new virus variants, sluggish international growth, and additional market turbulence caused by the war in Ukraine, all of which restrained consumption and investment in different manners. Exports have played a pivotal role in the recovery of Japan's economy.

Question

2. Could Japan kindly elaborate more deeply on the role of the banking sector in supporting these economic development policies?

Response

With future prospects remaining uncertain due to the prolonged impact of the COVID-19 pandemic and increasing prices around the world, financial institutions are expected to play a role in

supporting the post-COVID-19 growth of the Japanese economy at a time when some business operators are still facing severe conditions.

From this perspective, the JFSA has repeatedly requested financial institutions to provide supports to business operators, including business improvement or transformation support, business turnaround support, and support for re-challenge, in addition to prompt financing support.

Furthermore, the JFSA has taken policy measures from the perspective of supporting financial institutions' efforts to contribute to the recovery and growth of the Japanese economy. For example, the amendment of the Banking Act, which came into effect in November 2021,

- broadens the scope of nonfinancial activities allowed for the subsidiaries of commercial banks in such areas as digital transformation, revitalization of local economies and creation of sustainable societies and

- relaxes some regulations related to equity investment.

Following these measures, some banks have established regional trading companies, investment subsidiaries for revitalization of local economies, and subsidiaries engaging in new businesses for digitalization.

The JFSA will continue to encourage efforts by financial institutions to contribute to economic growth.

1.2.3 Monetary policy, prices, and the exchange rate

Page 17 Para 1.11

During the review period, the Bank of Japan continued its policy of quantitative and qualitative monetary easing with yield curve control to achieve the price stability target of 2% in terms of the year-on-year rate of change in the consumer price index. Under its yield curve control, the Bank has been targeting a short-term interest rate of -0.1% and a long-term interest rate of around 0%.⁸ Inflation pressures remained contained during most of the review period, and well below the Bank of Japan's 2% target. Measured by the CPI, inflation rates did not exceed 1% during the period under review and were negative in 2021. However, since then inflation rates picked up, following rising international energy prices and the depreciation of the yen, to achieve 2.6% in July 2022.

Question

3. Could Japan share on how effective were the intervention of Bank of Japan in the financial sector, particularly on the transmission of Central Bank Rate to lending rate? Are there any obstacles in policy transmission?

Response

The policy effects of the "Quantitative and Qualitative Monetary Easing with Yield Curve Control" have been transmitted mainly through a decline in funding costs and favorable conditions in financial and capital markets. According to the "Outlook for Economic Activity and Prices (January 2023)", banks' lending rates have been at around historical low levels. In addition, the year-on-year rate of increase in the amount outstanding of bank lending has been at around 3%.

However, because the decline in lending rates has been brought about by reducing banks' lending margins, the extent to which a decline in the yield curve will lead to a decline in lending rates depends on banks' lending stance.

Reference:

Outlook for Economic Activity and Prices (January 2023)

<https://www.boj.or.jp/en/mopo/outlook/gor2301b.pdf>

2.2 Trade Policy Formulation and Objectives

Page 25 Para 2.6

Japan's trade policy objectives and progress on their realization are laid out in the METI's annual White Papers on International Economy and Trade, which are submitted to Cabinet. Their objective is to contribute to the formulation of trade strategies through the analysis of trade-related international trends and policies, and to provide the public with the ideas that lay out the basis for trade policy and its directions. More detailed trade-related objectives were last laid out in the 2018 White Paper, but still guide Japan's current policy. This Paper underlines the importance of developing "free, fair and high-level trade rules", with key trading partners and in international for a (including the WTO), as well as progress in reinforcing economic ties and cooperation with emerging economies.

Question

4. Could Japan explain further whether the white paper submitted as progress report to the Cabinet or way forward for next policy that needed to be established by Cabinet? Will the public (related stakeholder and interested parties) be given chance to give their input on that white paper before being submitted to Cabinet?

Response

The White Paper on International Economy and Trade contributes to the formation of trade policy through analysis of international economic trends and the policies of other countries that affect trade. No public comments are solicited prior to distribution to the Cabinet.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

Page 27-28 Para 2.11

Japan is a signatory to the 1979 Agreement on Trade in Civil Aircraft, and a party to the plurilateral Agreement on Government Procurement (GPA). It is also a signatory to the Information Technology Agreement (ITA), and participated in the ITA expansion negotiations. Japan accepted the 2005 Protocol Amending the TRIPS Agreement and the Agreement on Trade Facilitation. Japan is an important donor to various WTO technical assistance activities. The authorities indicate that the WTO Agreement on Fisheries Subsidies is in the ratification process.

Question

5. Indonesia is interested in learning more about Japan's domestic ratification process, including the steps and authorities involved, as Japan is currently undergoing the ratification process of the WTO Agreement on Fisheries Subsidies.

Response

The Diet's approval is required for Japan to conclude this Agreement. On March 10th, the Cabinet submitted the Agreement on Fisheries subsidies to the Diet for approval and it is currently under deliberation of the Diet. Upon the approval of the Diet, Japan will deposit its instrument of acceptance.

2.4 Investment Regime

2.4.1 Investment framework

Page 34 Para 2.31

FDI is generally restricted in sectors such as broadcasting, radio, and telecommunications (Table 2.5). In broadcasting and radio, investment is reserved for Japanese nationals.

Question

6. Telecommunication is growing as it connects other sectors business process, especially services sector. Regarding that, could Japan elaborate on the rational of this policy?

Response

In Telecommunication sectors, there are no restrictions for telecommunications carriers except for the Nippon Telegraph and Telephone Corporation (NTT).

The reason that there are FDI provisions for NTT is as follows:

In view of the vital public role of NTT which is responsible for ensuring universal services, promoting research on telecommunications technologies and disseminating the results of research, it is necessary to secure a stable foundation for company management. In addition, it is necessary to prevent national security problems caused by NTT being controlled by foreign countries.

4 Trade Policies by Sector

4.1 Agriculture, Forestry, and Fisheries

4.1.2 Fisheries

4.1.2.2 Regulatory Development

Page 108 Para 4.50

The main laws concerning the fisheries sector include the Fishery Act of 1949 (last amended in 2022); the Basic Act on Fisheries of 2001 (last amended in 2020); the Fisheries Cooperative Association Act (last amended in 2022); the Act to Ensure Sustainable Aquaculture Production of 1999 (last amended in 2018); the Act on the Exercise, etc. of Sovereign Rights regarding Fishery, etc. in the Exclusive Economic Zone of 1996 (last amended in 2018); the Act on the Protection of Fishery Resources of 1951 (last amended in 2018); and the 2014 Inland Water Fishery Promotion Act. Under the Fishery Act, national and prefectural governments have responsibility for

appropriate conservation and management of fisheries resources. In principle, fisheries resources shall be managed with a goal to achieve the Maximum Sustainable Yield through Total Allowable Catch management. Fishers must engage in fisheries management in order to be eligible for some government support programmes for the establishment of environmentally and economically sustainable fisheries.

Questions

7. How does Japan ensure that fisheries management has a positive impact on the environment, especially with regard to the provision of subsidies?

Response

Engagement with fisheries management is one of the conditions to be eligible for some government supports which are aimed at establishing environmentally and economically sustainable fisheries.

8. What is the primary objective of fisheries resource management in Japan? How does Japan's approach to fisheries management align with international best practices and principles?

Response

The purpose of resource management in Japan is to ensure the sustainable use of fishery resources and to develop fishery productivity. In Japan, under the new Fishery Act, Fisheries resources shall be managed with a goal to achieve the Maximum Sustainable Yield (MSY) basically through TAC management, and international standard level of stock assessment and management have been introduced.

9. In Japan, who bears the responsibility for the conservation and management of fisheries resources? How do national and prefectural governments collaborate to ensure effective management of the country's fisheries resources?

Response

Under the new Fishery Act, the national and local governments have the responsibility to take necessary measures for the appropriate conservation and management of fisheries resources in order to develop fishery productivity. Therefore, in stock assessment and fisheries management, the national and local governments cooperate in collecting data, exchanging information, and coordinating management operation.

10. In order to qualify for government support programs aimed at establishing sustainable fisheries that are both economically and environmentally viable, what specific measures must fishers undertake to contribute to the conservation and management of fisheries resources? How is compliance with these measures monitored and evaluated?

Response

Participation in fisheries management plans is one of the conditions to be eligible for some government supports which are aimed at establishing environmentally and economically sustainable fisheries. Relevant organizations check the fishers' participation in the plans.

11. Within the context of fisheries management in Japan, what is meant by Total Allowable Catch management? How has this approach been implemented in Japan, and what results has it produced?

Response

In Japan, under the new Fishery Act, fisheries resources shall be managed with a goal to achieve the Maximum Sustainable Yield (MSY) basically through TAC management. Japan has introduced international standard level of scientific stock assessments and effective management methods because it is important to maintain, recover, and appropriately manage the resources for transformation of the fisheries industry into a growth industry.

12. What are the key laws and regulations that govern the fisheries sector in Japan? When were these laws last amended, and what were the key changes made? How have these changes impacted the management and conservation of Japan's fisheries resources?

Response

The Fishery Act which prescribes basic fisheries management system was amended in 2018. This amendment includes introduction of TAC system based on the scientific information, revisions of fishing licensing and fishing rights system. Through the amendment, fisheries management has been facilitated. For instance:

- 1) Aiming Expansion of MSY based TAC management species, the number of species subject to stock assessments has been increasing,
- 2) Species covered by Individual quota system have been increasing
- 3) The number of aquaculture fishing right has been increasing

13. Indonesia notes that Japan issued the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants, which governs the Catch Documentation Scheme (CDS) on specific four species (squid and cuttlefish, Pacific saury, Mackerel, and Sardine) on December 2020 and entered into force on December 1, 2022. Could you please provide a detailed explanation of these import requirements? Could the government ensure that the importer is not burdened by this additional administrative requirement?

Response

Japan CDS under the Act aims to prevent the import of fish or fishery products derived from illegal, unreported and unregulated (IUU) fishing into Japan. The CDS requires importers to submit a catch certificate (hereinafter referred to as "CC") and other documents to the Japan Customs at the time of import.

Japan CDS is based on the EU CCscheme, which started in 2010, not to burden importers, etc. The CC shall be issued by the competent authority of flag State of the vessel catching the four species to certify that they were caught legally.

Indonesia has already completed its consultation with Japan about documents including forms of CC and started issuing CC.

Japan appreciates Indonesia's cooperation on smooth implementation of Japan CDS. For detailed information, please go <https://www.jfa.maff.go.jp/220614.html>.

4.4.1 Financial services**4.4.1.1 General background****Page 117 Para 4.98**

According to the authorities, Japan has a generally proactive attitude towards regulation and supervision of cryptocurrencies and digital assets. As at August 2022, there were 31 crypto exchange service providers under the supervision of the FSA. Japan became the first country to regulate virtual-currency exchanges in 2017, when the FSA introduced a registration system. The Japan Virtual and Crypto Assets Exchange Association (JVCEA), which has a self-regulatory status certified by the FSA, was formed in April 2018.

Questions

14. This may not directly related to the paragraph, but we are keen to get more information on the development of Fintech ecosystem in Japan at the moment.

Response

The fintech sector is very active in Japan as in the other Member countries/jurisdictions. Various new services are launched in the fields of payments, banking, securities, insurance and crypto assets. The FSA has several measures (e.g., FinTech Support Desk, FinTech PoC Hub) to support them. In addition, the FSA is in close and regular communication with the FinTech Association, in which many of FinTech companies and other stakeholders participate.

PART II: QUESTIONS REGARDING THE GOVERNMENT REPORT**3 Multilateral Initiatives****3.1 WTO****Page 6 para 3.2**

In the lead up to the successful conclusion of the 12th WTO Ministerial Conference (MC12) in Geneva in June 2022, Japan has actively engaged in negotiations on important themes such as COVID 19 response, fisheries subsidies negotiations, food security, modern SPS challenges, and

the work programme on e-commerce. Looking ahead, Japan will work with like-minded countries, based on the outcome of MC12, on rule making for e-commerce, restrictions on trade restrictions on medical suppliers, and WTO reform.

Questions

In light of the adoption of the WTO Agreement on Fisheries Subsidies at the 12th Ministerial Conference in June 2022, which represents a significant milestone in advancing ocean sustainability, Indonesia seeks to understand Japan's perspectives on the following issues:

15. What is Japan's stance on the Agreement, as outlined in Ministerial Decision No WT/MIN(22)/33?

Response

The prohibitions of subsidies for IUU fishing (illegal, unreported, and unregulated fishing) and the prohibition of subsidies provided to overfished stocks without any resource restoration efforts have been agreed upon among Members as a whole, which will contribute to the achievement of the SDGs. Moreover, this is expected to lead to global fisheries resource management.

16. How does Japan view future negotiations related to fisheries subsidies, particularly in addressing the issues of overfishing and overcapacity, as well as special and differential treatment?

Response

Effective disciplines for overcapacity and overfishing and appropriate special and differential treatment should be discussed together. Japan will continue to work toward reaching a comprehensive agreement.

6.3 Intellectual property rights

Page 16 para 6.9

The Intellectual Property Strategy Headquarters also finalized "The Intellectual Property Strategic Program 2022" in June 2022. At the beginning stage of this Program, we organized the basic recognition of the current situation in Japan that should be taken into account concerning IP strategies. In the future, important policy issues and measures in promoting IP strategies will be summarized in eight priority policies: (...) and (8) Restarting the Cool Japan initiative in anticipation of post-COVID. The steady implementation of policies based on this plan is required in the future in order to transform our society into an economic society where new players including individuals with a passion for new idea creation and innovation in Japan can fully utilize society's IP.

Questions

17. What are the measures or strategies that will be implemented to support Japan's intellectual property under the Cool Japan initiative? Please also describe the sectors that the initiative will cover.

Response

Based on the Cool Japan Strategy, the public and private sectors are working together to discover, refine, brand, and disseminate the attractiveness of Japan.

Also, Cool Japan refers to "Japanese attractions that are perceived as cool by foreigners", and includes diverse fields such as food, animation, pop culture, traditional crafts, and nature.

In addition, the government is working to combat pirated copyright contents strengthening cooperation with the private sector.

18. According to Secretariat Report footnote 180, the government restructured its "Cool Japan" strategy to revitalize the food service, tourism, culture and the arts, and events and entertainment sectors. What is the distinction between the previous strategy? Is the "new" Cool Japan strategy intended to help the aforementioned sectors recover from the COVID-19 pandemic?

Response

The "Restructuring of Cool Japan Strategy" is a key priority indicated for promoting Cool Japan initiatives in the COVID-19 disaster. The objectives of the Cool Japan strategy, such as increasing the number of foreigners who are fans of Japan, and the general theory of strengthening cooperation, remain unchanged. However, in light of the social changes that occurred after the disaster, new emphasis will be placed on matters such as "responding to changing values", "promoting a virtuous cycle between exports and inbound travel", and "building new business

models utilizing digital technology". In addition, the program also states that the ability to disseminate information and the foundation to support Cool Japan will be strengthened.

PART III: GENERAL QUESTIONS

Game Development in Indonesia

19. How could an Indonesian game developer obtain a Game Development Kit from Japan? Please describe any requirements and preferences, as well as the measures in place.

Response

We are not sure what the term "Game Development Kit" means, and would like to ask for clarification.

Import Duty for Canned Tuna

20. Indonesia understands that Japan has been unable to provide tariff elimination (0%) on four tariff posts for canned tuna products, namely HS 160414010, HS 160414091, HS 160414092, and HS 160414099, because Japan considers Indonesia's fisheries management unsustainable, despite Indonesia's compliance with international organization provisions (WCPFC and IOTC).

Response

There have been separate negotiations with Indonesia and Thailand as regards the EPAs, in which the whole balance of requests and offers as well as sensitivities differ. For example, the total amount of Thailand's catch of tuna is only 1 % of Indonesia and a large portion of its catch is taken from the Indian ocean, where there is no direct linkage of fishery resources to the waters around Japan. In addition, Indonesia has declared that WCPFC (Western and Central Pacific Fisheries Commission) rules do not apply to Indonesia's archipelagic waters, thereby causing concerns over the increasing catches of tuna in Indonesia's waters. Furthermore, the Annex 2 (Product Specific Rules) to Japan-Thailand EPA prescribes the rule of origin for HS1604.14 that the products using non-originating materials are eligible for the preferential treatment only if the non-originating material is taken by the authorized fishing vessels listed on the IOTC (Indian Ocean Tuna Commission) record. In other words, the rules of origin for HS1604.14 of the Japan-Thailand EPA does NOT offer the preferential tariff to non-originating tunas caught in the WCPFC (Western and Central Pacific Fisheries Commission) Convention area. Under these circumstances, it would be inappropriate to assume the same treatment of specific tariff lines between the EPAs.

21. However, Indonesia needs to better understand the basis for Japan's government providing 0% tariff elimination on such products to Thailand, despite the fact that Thailand is not a member of the WCPFC. It would be greatly appreciated if there was a comparison matrix or description of the two countries.

Response:

Please refer to the answer for the question above.

Paper and Wood Furniture

22. Please confirm and explain Japanese prefectural regulations governing the import of paper and wood furniture.

Response:

The Foreign Exchange and Foreign Trade Law provides regulations regarding CITES, however, prefectures do not regulate on this matter.

23. Are the prefectural regulations in line with central government regulations, and has the government ensured that the regulation will not create future trade barriers?

Response:

Please refer to the answer for the question above.

Manufacture

24. Please confirm whether there are any measures or programs in place by the Japanese government that govern the purchase of transportation raw materials from domestic manufacturers. If so, please provide a brief description.

Response:

We are not sure what the term "transportation raw materials" means, and would like to ask for clarification.

25. As we all know, Expo 2025, an upcoming World Expo organized and sanctioned by the Bureau International des Expositions (BIE), will be held in Osaka, Japan. The Government of Japan has the right to regulate importation products in order to ensure that imported products meet specific safety, quality, and efficacy standards. How will the government manage the World Expo 2025 implementation if pavilion materials imported by tenants are prohibited or restricted products?

Response

The import of prohibited or restricted materials to Japan are indeed not allowed. However, materials can be imported and used for pavilions if they meet the criteria set forth under Japanese rules. Regarding the use of specific materials and how the criteria can be met, we recommend to consult with the liaison officer assigned by the Japan Association for the 2025 World Exposition.

26. Are there any specific criteria for material import exemption for World Expo 2025? Please also describe the procedure.

Response

Please refer to the answer for the question above.

ADDITIONAL WRITTEN QUESTIONS**PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT****Trade Policies and Practices by Measure****Page 79 Para 3.163**

According to OECD analysis of WTO international trade statistics, charges for the use of IP not included elsewhere (i.e. royalties and licensing revenue) constituted 23% of Japan's services exports in 2019, significantly higher than the OECD average of 9%.

Question

1. Could Japan elaborate in what kind of Intellectual Property (IP) not included elsewhere that contribute to Japan's services export in 2019?

Response

In Japan's BOP statistics, "Charges for the use of intellectual property n.i.e." is divided into "charges for the use of industrial property n.i.e." and "charges for the use of copyrights n.i.e."

"Charges for the use of industrial property n.i.e." covers (1) charges for the use of industrial property rights such as patents, utility model rights, design rights, and trademarks; (2) charges for the use of know-how or technical information; (3) various expenses related to franchising; and (4) receipts and payments for grants of distribution rights. Also included are technical assistance or management fees related to such rights.

Examples include (1) royalties received by automobile manufacturers from their overseas production affiliates based on the number of vehicles produced, and (2) receipts and payments associated with the licensing of the development and sales of pharmaceuticals (such as upfront payments and royalties based on sales).

"Charges for the use of copyrights n.i.e." covers charges for licenses to reproduce and distribute -- regardless of whether or not compensation is received -- copyrighted materials such as computer software, music, video recordings, characters, as well as literary, academic, and artistic works.

Examples include (1) license fees paid by a computer manufacturer to the copyright holder for the right to install software, such as an operating system or an application, in computers that the manufacturer produces; (2) license fees paid by an entity to a copyright holder for the use of video or music to be sold, leased, or distributed in the form of disks or files; (3) license fees for the use of characters; (4) charges for screening and broadcasting rights for films; (5) charges for the distribution rights for films; and (6) license fees for releasing films on video.

For your information, please refer to the Bank of Japan's website page, which describes the detail of them as well:

https://www.boj.or.jp/en/statistics/br/bop_06/index.htm

In Japan, "Charges for the use of industrial property n.i.e." accounts for a large portion of "Charges for the use of intellectual property n.i.e."

Trade and Investment Regimes

Page 25 Para 2.3

Japan's policy objectives place great emphasis on national and economic security issues. The new Act for the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (Economic Security Promotion Act), adopted in May 2022, provides for a framework for ensuring a stable supply of "key products" and "essential infrastructure services", enhancing development of "advanced critical technologies" (Article 2.2), and preventing disclosure or divulgence of inventions that might be detrimental to national security through patent procedures. As at October 2022, implementing regulations were under preparation.

Question

2. Could Japan elaborate more regarding what are services that included as essential infrastructure services?

Response

"Specified essential infrastructure services" are services that are provided by "Specified essential infrastructure business", which are specified by Cabinet Order among the 14 businesses that are listed in Article 50, paragraph 1 of the Act.

The 14 businesses are: Electricity, Gas, Oil, Water works, Railway, Truck transport, International maritime cargo, Aviation, Airports, Telecommunications, Broadcasting, Postal services, Financial services and Credit cards.

Financial Services

Page 117 Para 4.94

Japan's financial services sector is relatively open. There are no foreign equity restrictions. Criteria to obtain a licence are the same for foreign and domestic companies. There are no nationality or residency requirements for members of the board of directors. No banking services are reserved for domestic suppliers. Commercial presence is required for lending and deposit-taking activities.

Question

3. Is there any minimum capital requirement for foreign services supplier especially financial services that want to establish a representative office in Japan?

Response

Representative offices are established in Japan by foreign banks and other financial service suppliers for the purpose of gathering information about their operations, etc. There is no minimum capital requirement for the establishment of representative offices.

Maritime Transport

Page 122 Para 4.123

The applied market access regime remained unchanged. Japan does not discriminate against foreign participation in international maritime services and accords national treatment.

Question

4. It is written that Japan does not discriminate against foreign participation in international maritime services, how are cabotage principle being conducted in Japan? and what are certain conditions that can exclude foreign ships from the Japan's cabotage scheme?

Response

Cabotage is a scheme that limits domestic maritime transport to Japanese-flag vessels, and is stipulated in Article 3 of the Ship Law. Therefore, foreign-flag vessels are in principle excluded from domestic maritime transport.

PART II: QUESTIONS REGARDING THE GOVERNMENT REPORT

Foreign direct investment

Page 5 para 2.10

The Japanese Government also works on the enhanced promotion of inward FDI along with the "Main Policy Agenda for Promoting Foreign Direct Investment in Japan" adopted in April 2022 at the Working Group for Creating Medium and Long-term Strategy to Promote Foreign Direct Investment in Japan. The Agenda prioritizes strategic initiatives based on the Strategy ("Strategy for Promoting Foreign Direct Investment in Japan") and upholds three pillars: (i) Strengthening "investment in human capital" through inward FDI; (ii) Promotion of DX, GX, and start-ups through inward FDI; (iii) Improving the living environment of foreign nationals to promote FDI in Japan.

Questions

5. We see that Japan has some programs to promote inward FDI. What are services sectors that become the priority for the development of FDI in Japan, and why are these sectors become Government's priority?

Response

As for concrete measures, please refer to English-translated version of "Strategy for Promoting Foreign Direct Investment in Japan" and "Main Policy Agenda for Promoting Foreign Direct Investment in Japan" from the following link.

(Strategy for Promoting Foreign Direct Investment in Japan)

http://www.invest-japan.go.jp/documents/pdf/en_chuchoki.pdf

(Main Policy Agenda for Promoting Foreign Direct Investment in Japan)

http://www.invest-japan.go.jp/committee/jutenjikou_en.pdf

2 PHILIPPINES

PART III: OTHER QUESTIONS

1. **Could Japan expound on the criteria it uses (if any), particularly non-price factors such as the life cycle costing analysis, in the award of contracts to ensure the government's best possible purchase of goods and services?**

Response

In accordance with domestic laws and regulations, when a tender is set to take place, contract officers of the procuring entities will select the participant who submitted the offer with a highest or lowest price within the range of pre-determined target price as a successful supplier. If there are difficulties in doing so due to the nature and the purpose of a contract, procuring entities may conclude the contract with suppliers who offer the most favorable prices and other non-price terms.

In this context, the criteria used by procuring entities is not one size fits all and therefore it is hard to generalize. However, at least, procuring entities adopting the overall-greatest-value evaluation methodology can be regarded as carrying out procurements in a transparent and impartial manner because the evaluation criteria is written in the notice of intended procurement or tender documentation in accordance with the GPA.

2. **Could Japan explain how it determines government procurements practices which undermine competition, particularly those involving conflict of interest or beneficial ownership, the corresponding penalties imposed, and how it addresses these issues to ensure that government procurement practices adhere to principles like transparency, accountability, and integrity?**

Response

If procuring entities determine that a supplier has obstructed the fair implementation of a tender or has hindered a fair price from being reached or colluded with others to obtain an unlawful profit, the procuring entities may prevent the supplier from participating in procurements. This is stipulated in "Cabinet Order on Budgets, the Settlement of Accounts, and Accounting". In addition, "Act on the Responsibility of Government Employees who Execute the Budget" stipulates the duties and responsibilities of contract officers of procuring entities. Thus, Japan ensures competition and transparency in government procurement.

3. **What is Japan's policy/measure to ensure that the use of genetic resources sourced from other country/ies for commercial purposes in Japan is compliant to the Nagoya Protocol on Access and Benefit Sharing of Genetic Resources and Associated Traditional Knowledge?**

Response

In order to ensure that the use of genetic resources sourced from other country/ies for commercial purposes is compliant with the Nagoya Protocol, Japan has been enforcing the Guidelines on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from Their Utilization since 18 May 2017.

4. **What are the updates with regard to Japan's Agricultural Policy reform during the assessment period? What are the changes in terms of its level of support to agriculture, particularly on the Producer Support Estimate (PSE) in terms of share to gross farms receipts? What is the Total Support Estimate (TSE) as a percentage share to agriculture? Is Market Price Support (MPS) still the main element of PSE? What products are covered by border measures?**

Response

As described in the Secretariat's report, the revision to the Basi Plan for Food, Agriculture, and Rural Areas, the adoption of the Strategy to Realize Export Expansion of Agriculture, Forestry and Fishery and Food Products, and the adoption of the Strategy for Sustainable Food System are the main agricultural policy developments during the review period.

Please see page 388 and Figure 17.1 in "Agricultural Policy Monitoring and Evaluation 2022" for a trend in PSE, TSE and MPS:

https://read.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2022_7f4542bf-en#page390.

Please see page 13 in the cookbook, which is downloadable on the OECD web page:
<https://www.oecd.org/agriculture/topics/agricultural-policy-monitoring-and-evaluation/>
(Explore the data > Country data > Japan > Definitions and sources)

5. **The Forest and Forestry Basic Acts direct Japan's Forestry Agency (FA) to update its Forest and Forestry Basic Plan every five years. FA published the current Basic Plan in May 2016. On 26 April 2021, FA released the draft 2021 Basic Plan and the associated draft National Forest Plan for public comments. What are the updates on the Basic Plan regarding its finalization? What are the main features of the plan in terms of improvements to forest management to support Japan's goal of achieving net zero greenhouse gas emission by 2050?**

Response

The new Forest and Forestry Basic Plan was approved by the Cabinet in June 2021. The five key points are as follows,

- Appropriate management and use of forest resources
- Development of initiatives for "New forestry"
- Strengthening the competitiveness of the wood industry
- Creation of the "Second forests" in urban areas that means increasing buildings with wood
- Creation of a new value for rural communities in hilly and mountainous areas

These five measures will contribute to achieving carbon neutrality by 2050 through the cyclical use –"cutting, using and planting"– of Japan's mature planted forest resources.

3 REPUBLIC OF KOREA

PART I: Questions Regarding the Secretariat Report

<p><u>Page 28(Para 2.14)</u></p> <p>2.14. Since January 2020, Japan has been involved in two new dispute settlement cases as a complainant, against the Republic of Korea (DS594: Korea – Measures Affecting Trade in Commercial Vessels (second complaint)) and against China (DS601: China – Anti-Dumping Measures on Stainless Steel Products from Japan). It has been involved in one case as respondent over this period (DS590: Japan – Measures Related to the Exportation of Products and Technology to Korea), and in eight cases as a third party.</p>	<p><u>Question 1</u></p> <p>Could Japan explain the reason why it still maintains its export restriction measures on the three semi-conductor related materials (fluorinated polyimide, resist and hydrogen fluoride), despite the situation where the Korean government has long been insisting that it has fulfilled the requirements the Japanese government suggested earlier as the preconditions for lifting its measures?</p> <p><u>Response</u></p> <p>In light of A.(i) of Annex 3 of the WTO Agreement and for the sake of credibility of TPR mechanism, taking into account Korea's submission of a request for the establishment of a WTO panel on 18 June, 2020, and the subsequent establishment of a WTO panel on 29 July 2020 concerning the issues that appear to be closely related to the questions posed in this process, Japan would like to refrain from addressing the issue within the Trade Policy Review process and answering Question1.</p> <p>(note) The matter at question has been discussed between Japan and Korea at the Export Control Policy Dialogue and other forms of communications.</p>
<p><u>Page 109 (Para 4.64)</u></p> <p>The 2021 SEP indicates that the Government will make efforts towards decarbonizing innovations through the Green Innovation Fund for the enhancement of competitiveness in Japan's industries. JPY 2 trillion has been entrusted to the New Energy and Industry Technology Development Organization (NEDO) for the use of the Government.</p> <p>The Fund targets projects relating to energy, transport and manufacture, and households and offices, and it supports them continuously from research and development to implementation stages for up to 10 years. The Fund also expects to support small-scale projects that encourage the participation of SMEs and start-ups. The 2021 SEP states that, towards 2030, the Government needs to mobilize all policies in order to further pursue the major principles of 3E+S, which has been the major premise of energy policy(i.e. ensuring a stable and cost-effective energy supply and addressing the issue of climate change, on the premise of ensuring safety). The Government's support measures and initiatives to achieve the goals set in the SEP are being discussed in each sector.</p>	<p><u>Question 3</u></p> <p>Could Japan elaborate the background of the Green Innovation Fund and its specific goals targeted to projects relating to energy, transport and manufacture, and households and offices?</p> <p><u>Response</u></p> <p>"Back Ground"</p> <p>October 2020, at a special session of the Diet, former Prime Minister Suga declared that "Japan will seek to achieve a carbon-neutral, zero carbon society by 2050."</p> <p>This policy speech provided a launching pad for this fund initiative that aims to support companies that tackle ambitious R&D and social implementation challenge, which potentially contribute to the reduction of greenhouse gas emissions.</p> <p>METI and related ministry worked together to formulate the Green Growth Strategy in December 2020 as an industrial policy to establish a positive growth cycle involving the economy and the environment.</p> <p>In the Green Growth Strategy, we have selected 14 major fields that are expected to grow toward 2050. The Green Innovation Fund was established as a policy tool to encourage companies to take on the challenge of innovative technologies that will contribute to carbon neutrality by 2050.</p> <p>"Specific goals"</p>

	The Green Innovation Fund aims to achieve both economic growth and environmental goals by supporting innovative technologies that are the key to achieving carbon neutrality in 2050. This fund continuously from research and development through their social implementation.
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PART II: Questions Regarding the Government Report

<p><i>Page 5 (Para 2.1.5-6)</i></p> <p>2.5. With the rise of protectionist movements including trade-restrictive measures linked to the COVID-19 pandemic and a heightened perception of risk associated with supply chain disruptions, Japan welcomes the political commitments made at international fora such as G7, G20, OECD, and APEC to address these issues. Japan is strengthening cooperation with like-minded countries to ensure more diversified and stable supply sources including the dimension of economic security, while keeping in mind the maintenance and expansion of free and fair economic zones and consistency with existing international laws. In this context, Japan fully supports the WTO's peer review system of Trade Policy Review, which aims at curbing protectionist measures by achieving greater transparency in and understanding of Member countries' trade policies and practices.</p> <p>2.6. As the holder of the G7 Presidency in 2023, Japan will host the G7 Summit in Hiroshima and the G7 Trade Ministers' Meeting in Osaka to lead the discussion on trade issues.</p>	<p><u>Question 4</u></p> <p>Korea has been participating in major multilateral fora including APEC, G20 and OECD with Japan, and we think Japan has shown impressive contribution and has been taking leading role in these fora, especially with regard to discussions on global trade and investment. On which agenda will Japan focus its policy effort this year in APEC, G20 and OECD? More specifically, as you mentioned "strengthening cooperation with like-minded countries to ensure more diversified and stable supply sources including the dimension of economic security" with "a heightened perception of risk associated with supply chain disruptions", would there be any specific form or direction of "multilateral supply chain cooperation" that Japan has in mind?</p> <p><u>Response</u></p> <p>We are very pleased that you mentioned Japan's contribution to APEC, G20 and OECD. While the COVID-19 pandemic and Russia's aggression against Ukraine have slowed the global economic recovery and made its outlook uncertain, it is now more important than ever to work towards promoting free and fair trade and investment.</p> <p>In the G20, especially in the G20 Trade and investment Ministerial Meeting, G20 members should work together and aim for giving political momentum towards the MC13 in order to maintain and strengthen the rules-based, free and fair multilateral trading system. Japan, as a G7 presidency, is going to work closely with G20. With regard to the WTO reform, Japan is going to make best effort to progress with a view to having a fully and well-functioning DS system by 2024. Also, it is necessary to continue to make a commitment to ensure level playing field among G20 members. Japan shares the importance of enhancing resilience of GVCs, an agenda focused by the India's Presidency.</p> <p>In the APEC, Japan supports the 2023 APEC Theme "Creating a Resilient and Sustainable Future for All" and Policy Priorities "Interconnected, Innovative, Inclusive." Japan will contribute to these priorities through the promotion of APEC project-based cooperation. Specifically, we will encourage the APEC members to deepen discussions in areas such as the promotion of a free, open and fair trade and investment environment, the Data Free Flow with</p>
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	<p>Trust (DFFT), supply chain resilience, regional economic integration through Free Trade Area of the Asia-Pacific (FTAAP), women's empowerment and energy transitions to address climate change and any other issues.</p> <p>In the OECD, Japan mainly attaches importance to; (1) maintaining and strengthening a free, open and rule-based multilateral free trade system, (2) outreach of quality rules and standards and of the OECD to Asia, (3) Services Trade Restrictiveness index (STRI), (4) digital trade, (5) ensuring level playing field that forms the basis of free trade.</p> <p>Japan believes that promoting free and fair trade and investment, through these fora, contributes to enhancing resilience of our supply chains.</p> <p>Japan is working to strengthen the production capabilities and diversify the supply sources of critical products and will work with like-minded countries. The specific form and direction of cooperation will vary depending on the individual material.</p>
<p><i>Page 4 (Para 1.1.2)</i></p> <p>1.2. Among the structural challenges, the Japanese economy has long been facing a prolonged low birth rate and an aging population. In order to sustain and enhance domestic market demands, the virtuous cycle from income to spending, coupled with increasing wages to generate private consumption, is becoming a key factor. As a means to create such virtuous cycle, it is important to improve productivity of limited human resources through innovation and human-capital investment.</p>	<p><u>Question 5</u></p> <p>Low birth rate and an aging population is one of the major structural challenges that Korea also has been facing. Could Japan share its policies designed as countermeasures to this challenge, aiming at improving productivity of limited human resources through innovation and human-capital investment? Also, please provide its/their effect on global trade and investment.</p> <p><u>Response</u></p> <p>In Japan, based on the Economic measures to overcome new coronavirus infections and to carve out a new era (Cabinet decision of 19 November 2021), a three-year package of 400 billion JPY was established to drastically strengthen investment in 'human resources'.</p> <p>In the 2022 budget, Japan has made efforts to (i) strengthen human resources development to support growing fields such as digital technology, (ii) promote the career development of non-regular workers, (iii) promote the lifelong exercise of abilities such as recurrent education, and (iv) support the smoothing of labour transition to growing fields and others.</p> <p>Furthermore, the package of measures was expanded to 1 trillion JPY over five years by the Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival (Cabinet decision of 28 October 2022). Specifically, based on the economic measures, the package of measures has been expanded in three main areas: (i) facilitation of labour mobility between enterprises and industries; (ii) support for changing jobs by incumbents and others in order to achieve career advancement; and (iii) support for the reskilling of workers.</p>

	<p>As stated in the Grand Design and Action Plan for a New Form of Capitalism which was set out in June 2022, the Kishida administration heavily focuses on human-capital investment as one of the most priority areas for the Japanese economy to take back to sustainable growth path led by the private sector.</p>
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4 UKRAINE – ADDITIONAL WRITTEN QUESTIONS

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT (WT/TPR/S/438)

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.5 Other charges affecting imports

Page 48 (Para 3.38)

The Report informs that Japan levies a consumption tax (**value added tax**) of 10% on goods imported into or manufactured in Japan and a reduced rate (8%) on a list of goods.

Question

1. *Could Japan, please, clarify if there is reimbursement (refund) of paid VAT amounts from the budget?*

Response

We do not necessarily understand what "reimbursement (refund) of paid VAT amounts from the budget" indicates, but when the amount of consumption tax on taxable sales is lower than that on taxable purchases, you may get tax refund.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.3.1.1 Taxation and tax incentives

Page 58 (Para 3.88)

The Report informs that Japan`s taxes are classified into national, prefectural, and municipal taxes.

Question

2. *Would Japan kindly inform about Income Tax particularities regarding platform operators², in particular if there are any specifics of their taxation, reporting, and control over the correctness of data on revenues provided by such operators and whether single register of such operators is maintained?*

Response

We do not understand what you would like to indicate because each term in your question has multiple meanings. If you imagine that we have a particular income tax that is imposed only on "platform operators", we do not have such kind of tax.

3.3.1.2 Tax incentives

Page 59 (Para 3.90)

The Report informs about "loan schemes" that together with grants and tax incentives are available for foreign and domestic companies as support to production and trade.

Question

3. *Would Japan kindly provide definition of the term "loan schemes" and explain the difference between tax incentives and such loan schemes?*

Response

Upon checking with the relevant ministries, there are no "loan schemes that together with grants and tax incentives are available to both foreign and domestic companies as support to production and trade", while tax incentives are available as written in the Report by the Secretariat. There is no common general definition determined by the Japanese government for the term "tax incentives", as utilized in the Report by the Secretariat, and its definition varies depending on each case.

² By "platform operator" we mean digital platform operating as web-application/page in the Internet, where sellers can receive incomes due to publishing of appropriate information.

5 CHINA – FOLLOW-UP QUESTIONS

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT

Page 9, Para. 10

Japan's policy objectives also place great emphasis on national and economic security issues. The new Act for the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures, adopted in May 2022, provides a framework for ensuring a stable supply of key products and essential infrastructure services, enhancing development of advanced critical technologies, and preventing disclosure or divulgence of inventions that might be detrimental to national security through patent procedures.

Questions

1. Will Japan exert influence on other countries through export control or other measures in accordance with the Act for the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures? Has Japan provided an interpretation of the Act for foreign stakeholders likely to be affected by it, or will Japan do so?

Response

The Act for the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures does not contain export control measures nor measures aiming to exert influence on specific countries.

The Act is implemented through enforcement order, basic policy, guiding principles etc, which are decided and made public after the public comment procedure in which foreign stakeholders may participate.

How to make sure cooperation with Japan in terms of technology, standards, laws and regulation will not be adversely affected by the Act, both now and in the future?

Response

Japan's economic security measures including the Act are not designed with any particular country in mind.

Page 9, Para. 11

To this end, a long-term strategy under the Paris Agreement was elaborated in 2019 and revised in 2021 to promote green innovations and finance, and an Environment Innovation Strategy in 2020, with action plans for each technology area. Also in 2020, a new Green Growth Strategy was published.

Question

3. Will revisions of standards involved in the Green Growth Strategy produce a possible effect on trade? How will Japan make sure such revisions do not constitute trade-restrictive measures or requirements?

Response

Japan will make sure that the revision of standards will be conducted in a WTO consistent manner to avoid creating unnecessary obstacles to international trade.

Page 10, Para.21

Domestic support to production and trade is offered to foreign and domestic companies through grants, tax incentives, and loan schemes. The objective of the support is to encourage wage hikes, capital investments, and research and development, as well as to support SMEs and the agriculture and fisheries sectors. In June 2021, Japan notified a list of 53 specific subsidy programmes to the WTO's Committee on Subsidies and Countervailing Measures; the list includes both old and new schemes with different objectives mainly to support industry, finance, and agriculture, and to strengthen and stimulate the domestic economy.

Question

4. What are the specific contents of the above-mentioned support Japan provides for the fisheries sector, foreign and domestic fisheries businesses in particular (by increasing capital investment, promoting research and development and offering subsidies among others)? Will the support cover Japan's offshore fishing and distant-water fishing?

Response

The supports include development and adaptation of new technologies and conservation of fishing grounds, establishment of environmentally and economically sustainable fisheries, and regional development for through fisheries. Offshore fishing and distant-water fishing are also eligible for some supports.

Page 10, Para.22

During the review period, Japan took measures regarding regulations on vehicle safety and environmental protection; a few amendments were also made to some of laws and regulations governing labeling requirements concerning, *inter alia*, food, genetically modified products, household goods, and tobacco.

Question

5. Do amendments to laws and regulations governing labeling requirements concerning food, genetically modified products, household goods and tobacco involve adjustment of the standards?

Response

1. Food

Labeling requirements of food (including genetically modified products) are provided in the "Food Labeling Act" and the "Food Labeling Standards". The "Food Labeling Standards" is a Cabinet Office Ordinance that is based on the "Food Labeling Act", and it provides the concrete rules of food labeling. We also have some administrative notifications that shows detailed interpretation of these rules. When we amend the food labeling rules, we review these laws and documents as a whole.

2. Genetically modified products

3. Household goods

When the law is amended, the standards may or may not be revised. In addition, the standards may be revised without amending the law.

4. Tobacco

The amendment of Ministerial Order for Tobacco Business Act in relation to health warnings and messages is a revision of the technical regulation, so Japan Tobacco and importers must comply. This amendment complies with FCTC Article 11. There is no standard for tobacco labeling.

Page 11, Para. 25

During the review period, the basic rules on government procurement remained unchanged. Japan promotes green procurement and participation of SMEs in the market.

Question

6. What technical standards apply in green procurement? Are they JS standards, or those made by other standard setting organizations?

Response

Act on Promoting Green Procurement in Japan stipulates in its basic policy the items to be promoted for procurement and their environmental standards.

The standards are set by a study group consisting of experts, according to the state of development and diffusion of products, etc., and the enhancement of scientific knowledge, etc. JIS standards may be referred to for some items.

Page 11, Para. 28

On 4 June 2021, Japan adopted a Protocol to Amend the International Convention for the Conservation of Atlantic Tuna. Japan withdrew from the General Fisheries Commission for the Mediterranean on 31 October 2020.

Questions

7. Does Japan amend domestic management measures, laws and regulations, on a regular basis each year, in accordance with management measures adopted by regional fisheries organizations?

Response

Japan amends relevant domestic management measures, laws or regulations according to the decisions in RFMOs each time as necessary, not on a regular basis.

8. Could Japan elaborate on the considerations of withdrawing from the General Fisheries Commission for the Mediterranean?

Response

Since 1995, the General Fisheries Commission for the Mediterranean (GFCM) had been involved in the conservation and management of tuna resources, in which Japan was interested, in the Mediterranean Sea. But since 2015, the GFCM has ceased to be involved in the conservation and management of tuna resources.

Furthermore, Japanese fishing vessels have stopped fishing in the Mediterranean Sea since 2010. In light of these circumstances, Japan has decided to withdraw from the GFCM Agreement.

Page 33, Para 2.28-2.29

Under the amendment, a foreign investor seeking a 1%-share in businesses with importance to national security, public safety, infrastructure, or Japan's economy is required to undergo a prior-notification and approval process.

The amendment also introduced various exemptions from the prior-notification required for stock-purchases. An exemption from the prior-notification filings is available for foreign financial institutions and accredited general investors, including sovereign wealth funds. Exemptions are subject to three conditions: (i) the foreign investor and its closely related persons will not serve on the board of the target company as directors or audit and supervisory board members; (ii) the foreign investor will not make proposals at shareholders' meetings, whether directly or through third parties, to dispose of material businesses in designated industries; and (iii) the foreign investor will not access sensitive confidential technologies that are related to the target company's designated business.

Questions

9. How can investors determine which companies are important to national security, public safety, infrastructure or Japan's economy? Are there specific criteria or a list of important companies?

Response

Under the FEFTA, in principle, foreign investors are required to determine whether they need to submit prior-notification or not. Designated business sectors requiring prior-notification are set out in the Public Notices. Please follow the link provided below. https://www.mof.go.jp/english/policy/international_policy/fdi/related-laws-and-regulations.html

While foreign investors are required to determine whether or not to submit prior-notification as mentioned above, the Ministry of Finance publishes the "List of classifications of listed companies regarding the prior-notification requirements on inward direct investment under the FEFTA" for the benefit of foreign investors in making such decisions. Please follow the link provided below. https://www.mof.go.jp/english/policy/international_policy/fdi/Related_Guidance_and_Documents/20230519.html

10. How do eligible general investors apply for accreditation?

Response

In principle, state-owned enterprises are not eligible for the exemption from the prior-notification of stock-purchases.

If SWFs contact the Ministry of Finance to take advantage of exemption scheme, the Ministry of Finance will review whether (1) investment activities of the SWFs are only for economic returns; and (2) investment decisions by the SWFs are made independently of their governments. If SWFs are deemed to pose no risk to national security, etc., the Ministry of Finance will sign Memorandum of Understanding (MoU) with the SWFs to grant the accreditation for the regular exemption.

To avoid unintended adverse implications, the Japanese government will not make public the status of accreditation of SWFs and MoUs.

Page 39, Para 3.16

Japan applies MFN tariff rates to imports from eligible countries and regions, whereas the origin is defined as the country or region in which the goods concerned have been wholly obtained or have undergone substantial transformation, which is defined as having a change in the four-digit heading in the Harmonized System, or (in some cases) subject to specific origin-conferring processing or working.

Questions

11. For crops grown in Japan with imported seeds, is it recognized as produced in Japan?

Response

In our understanding, the referred part of the report is about the custom related laws that are applied to goods imported into Japan. On the other hand, the Food Labeling Act and the Food Labeling Standards provide the rules of labeling concerning the place of origin of fresh foods inside Japan, which is not necessarily identical with the custom related rules.

As a reference, in the "Food Labeling Standards", "place of origin" is, as the principle, where an agricultural, livestock, and fishery product is produced. It also provides more detailed labeling rules individually for agricultural, livestock, and fishery products, considering the difference of production environments among them.

12. China shiitake mushroom enterprises and industry associations reported that Japan restricted the export of Chinese shiitake mushroom products to Japan by amending the rules of origin, including that shiitake mushroom products cultivated in Japan by Chinese shiitake mushroom sticks (i.e. shiitake seeds) were not recognized as Japanese products.

According to the principle the actual place of change in form should be the origin of the finished product, shiitake mushroom sticks (HS0602) were cultivated in Japan to grow into shiitake mushrooms (HS0709.54), and thus the HS chapter has changed. Why is this type of shiitake not recognized as a Japanese product in Japan?

Response

In our understanding, the referred part of the report is about the custom related laws that are applied to goods imported into Japan. On the other hand, the Food Labeling Act and the Food Labeling Standards provide the rules of labeling concerning the place of origin of fresh foods inside Japan, which is not necessarily identical with the custom related rules.

The basic idea of the "Food Labeling Act" is the safety of ingestion of food and securing the opportunity to make an autonomous and rational choice of food for consumers. Based on this Act, the "Food Labeling Standards" provides the labeling items and labeling rules that are necessary for autonomous and rational choices of food for consumers.

In the "Food Labeling Standards", "place of origin" is, as the principle, where an agricultural, livestock, and fishery product is produced. It also provides more detailed labeling rules individually for agricultural, livestock, and fishery products, considering the difference of production environments among them. Shiitake mushrooms are included in "agricultural products" in the Food

Labeling Standards. According to the rules concerning the place of origin of agricultural products based on the Food Labeling Standards, as the principle, the name of origin prefecture shall be labeled as for domestically produced products, while the name of origin country shall be labeled as for imported products.

Regarding shiitake mushrooms, the environment of the early stage of their cultivation when their mycelium grow into the culture medium brings great influence on the formation of their fruiting bodies. Thus, we amended the related administrative notification ("Food Labeling Standards") in March 2022, and we made it clear that, regarding shiitake mushrooms, the place of origin is the place where their shiitake seeds were planted to shiitake sticks or culture medium.

Page 40, Para 3.22

Japan's MFN applied tariff structure remains complex. With a total of 272 tariff rates, there are 136 different *ad valorem* rates, 75 different specific rates, 29 different alternate rates, and 24 different compound rates, as well as some other types of duties (4 differential duties and 4 sliding duties). The FY2022 tariff schedule comprised 9,467 lines, excluding in-quota rates (compared to 9,181 in FY2019) at the HS 9-digit level of the HS22 nomenclature (Table 3.1). Of all tariff lines, 92.7% involve *ad valorem* rates (including duty-free lines, which represent 40.9% of all lines). The remaining 7.3% (i.e. 689 lines) are non-*ad valorem* rates (Chart 3.1); they apply mainly to fats and oils, footwear, prepared foods, mineral products, live animals and animal products, vegetables, and textiles and clothing (Chart 3.2).

Question

13. What are the underlying reasons for the complexity of Japan's MFN applied tariff structure?

Response

We think that the indication that our tariff regime is complex is not necessarily correct because of the following reasons:

1. In Japan, the total percentage of duty-free rate and *ad valorem* rate account for more than 90% of all tariff lines. For some of the remaining products, non-*ad valorem* rates are set due to specific conditions of each item in the domestic industry;
2. All tariff rates are listed in the relevant laws.

Page 54, Para. 3.67

Under the Export Trade Control Order, approval from the METI may be required to export certain goods and exports of certain goods to certain destinations.

Question

14. What factors will Japan take into consideration when it makes and implements export control? Is another country's request for joint action included in these factors? What procedures are needed before such control is approved? What is the basis for decision making? How will Japan explain the adverse impacts of such a move on the importing country?

Response

Ministry of Economy, Trade and Industry controls export from Japan to other countries based on the Foreign Exchange and Foreign Trade Act in the view of maintaining international peace and security, sincerely fulfilling obligations under the treaties and other international agreements Japan has concluded, or contributing to international efforts to achieve international peace, etc . Exporters have to take procedures required by related regulations such as checking specifications of goods to be exported in applying for an export license or approval.

Page 62, Para. 3.103

As at 31 March 2022, there were 10,918 JISs (Table 3.10). According to the authorities, the number of JISs with corresponding international standards was 6,341. The percentage of those JISs that were harmonized with international standards was 97%.

Question

15. What are international standards mentioned here? What are the percentages of ISO and IEC standards?

Response

International standards mentioned here are mostly ISO and IEC standards. The ratio of ISO standards and IEC standards is 7:3.

Page 66, Para. 3.126

To enhance the safe use of pesticides, Japan amended the Agricultural Chemicals Control Act in 2018. The amended Act introduced, *inter alia*, a re-evaluation system for pesticides. The MAFF started the procedure for re-evaluation of the first batch of agricultural chemicals in October 2021. Moreover, the amended Act introduced a risk assessment for pesticides to their users and to honeybees; the amendment entered into force April 2020.

Question

16. Please provide further details about the re-evaluation system for pesticides introduced in Japan's newly amended Agricultural Chemical Control Act.

Response

Re-evaluation is a system under which every registered pesticide is regularly re-evaluated for their safety based on the latest scientific knowledge. Each pesticides manufacturer is obliged to submit a set of test data in accordance with the latest testing requirements. MAFF started the re-evaluation from FY2021, prioritizing those used in high amounts.

Page 69, Para. 3.131

In response to the COVID-19 pandemic, the JFTC took a number of actions related to competition policy. In 2020, the JFTC issued a press release stating that necessary and temporary coordination between competitors to ensure supply and distribution of related goods and services would not violate the AMA. The statement in the press release does not limit the applicable timeframe or the range of targeted products and services.

Questions

17. What are the laws, regulations, criteria and procedures the Japan Fair Trade Commission apply to decide whether a temporary measure violates the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, or Anti-Monopoly Act, or whether the measure is necessary?

Response

In light of pandemic of the COVID-19, the JFTC determines whether each conduct done by businesses is allowed or not based on provisions of the Antimonopoly Act. A press release, which is released on 28 April 2021, describes how the Antimonopoly Act is applied to specific cases related the COVID-19 pandemic.

18. Will the temporary coordination policy stay effective permanently? If not, under what conditions will it be invalid?

Response

Temporary coordination would be effective if the situation of shortage of supplies due to the COVID-19 pandemic continues.

Page 69, Para. 3.132

Several activities and business practices remain exempt from the scope of the AMA. Competition in these areas may be covered by other legislation and different institutions.

Question

19. Please provide examples of activities or practices exempt from the scope of the AMA.

Response

Some examples of cartels exempted from the scope of the AMA are as follows: insurance cartels, cartels on fees for secondary use of commercial phonograms, and transportation cartels.

Page 76, Para 3.155

The principle of non-discrimination is pursued in all procurement activities except for preferences granted under RTAs to which Japan is a party. There are currently no RTAs in force that grant suppliers from non-GPA parties treatment more favorable than suppliers from GPA parties. Suppliers from non-GPA parties are not excluded from participating in GPA-covered procurement. However, there has been concern over the apparently low share of foreign companies in government procurement; it seems that this is partly due to non-regulatory barriers, the geographical distance from certain overseas markets, and a lack of knowledge of the local market. Foreign participation in central government entities' and incorporated administrative agencies' (IAAs, some of which are listed as Annex 3 entities under Japan's GPA 2012 commitments) procurement is described in Tables 3.15 and 3.16.

Question

20. Does Japan agree that the low share of foreign companies in government procurement is due to non-regulatory barriers, the geographical distance from certain overseas markets, and a lack of knowledge of the local market? How does the Japanese government plan to address this issue?

Response

Although China is quoting from the report by the secretariat and Japan is not in a position to respond to the contents of the report, procuring entities, including local governments, publish a summary notice in English, at the same time as the publication of the notice of intended procurement in Japanese. In addition, JETRO gathers information on procurements which are covered by the GPA, the Japan-EU Economic Partnership Agreement and the Japan-UK Comprehensive Economic Partnership Agreement and posts it on its portal site. JETRO posts procurement information in Japanese and its summary in English on its portal site, in principle, no later than the end of next business day of publication. Thus, Japan disseminates information on government procurement in Japan and looks forward to see many foreign suppliers to actively participate in government procurement in Japan.

Page 102, Para. 4.20

During the review period, the Government launched a Strategy for Sustainable Food System, MeaDRI (Measures for Achievement of Decarbonization and Resilience with Innovation) in May 2021, and the Act on Sustainable Food System, MeaDRI entered into force in July 2022.

Questions

21. Are there any corresponding action plans and/or projects for the strategy and act?

Response

Japan considers it is essential to promote effective implementation and utilization of the existing technologies as well as further development of relevant technological innovation in realizing the Strategy for Sustainable Food System, MeaDRI. In this point of view, Japan enacted "Act to Promote Environmental Burden Reduction Activities for Establishment of Environmentally Harmonized Food System" in 2022 and promotes various measures including enhancing existing demonstrational projects on the relevant technologies.

22. If any, please provide further details about them, as well as their expected targets and budgets.

Response

The same as above.

Page 102, 4.21

The general eligibility requirements of this project include that a recipient group must be composed of five farmers or more; expected performance indicators must meet the target levels specified in the operational procedure of this project; and the total area of farmland of a recipient group must be larger than the size of area specified in the operational procedure of this project.

Question

23. What are the basis for making the expected performance indicators? What aspects are included?

Response

The performance indicators are made based on the settled objective of this project: development of stable supply systems for agricultural and livestock products. The indicators include production cost reduction, income growth, and labour productivity improvement.

Page 102, 4.21 ; Page 103, 4.25

The Government also implemented a comprehensive grant for strong agriculture during the same period with a view to providing support for constructing fundamental facilities in agricultural rural areas and distribution centers of agricultural products, which the authorities consider necessary for joint delivery in production areas and consumption areas as well as for pilot programmes in pioneering projects.

A Production Infrastructure Power-up Project, introduced in FY2015 with a view to providing infrastructural development service to an agricultural rural area, aims to support farmers that work on initiatives based on the region's agricultural strategy.

Questions

24. Both of the policies aim to improve infrastructural development in agricultural rural areas. What are the differences between them?

Response

"Comprehensive Support Grants for Creating Strong Agriculture" supports constructing fundamental facilities in agricultural rural areas, with the aim of development of stable supply systems for agricultural and livestock products. "Production infrastructure power-up project" provides comprehensive support for introduction of farm machinery as well as construction of fundamental facilities in an effort to strengthen infrastructure for crop production in agricultural rural areas.

25. Can the same recipient group apply for and receive support from both projects?

Response

A recipient group cannot apply for both projects under the group's same plan.

Page 105, 4.33

The MAFF continues to implement the Rice Overseas Market Expansion Project.

Questions

26. What effect has the Rice Overseas Market Expansion Project achieved?

Response

Since this project was launched in September 2017, the efforts of export operators and producers have resulted in approximately 29,000 tonnes of rice export in 2022, compared to approximately 12,000 tonnes in 2017.

27. What measures have been taken to expand the overseas market under the project?

Response

Export operators who set export expansion goals and targeting countries/regions and rice producers who intend to export their products are on the list published by MAFF.

MAFF supports these export operators and producers by holding matching opportunities or setting promotion opportunities in domestic or overseas trade shows.

PART II: QUESTIONS REGARDING THE GOVERNMENT REPORT

Page 6, Para. 3.4

In the post-COVID-19 era, the realization of Data Free Flow with Trust (DFFT) is crucial for harnessing the increasingly important digital sector, and at the WTO, e-commerce negotiations are one of the most important themes and it is crucial to accumulate results in order to further advance negotiations.

Questions

28. As the G7 presidency, Japan will advance the Data Free Flow with Trust in 2023, according to news report. What are the criteria for "trust" and how does Japan intend to ensure the compliance of the criteria with the WTO principle of non-discrimination?

Response

There are no definitive criteria, but it aims to ensure trust in privacy, security, and intellectual property rights, and is committed to ensuring that its operation does not violate the principles of the WTO.

29. What are possible ways to incorporated DFFT measures into bilateral, regional and multilateral trade agreements?

Response

With the aim of promoting the concept of DFFT, Japan has formed digital trade rules in trade agreements that ensure the free flow of socio-economically beneficial data across borders, while maintaining systems that ensure trust. Japan has incorporated and promoted DFFT measures into bilateral, regional and multilateral trade agreements, for example through the Japan-US Digital Trade Agreement, the Japan-UK Economic Partner Agreement, the G7 Trade Ministers' Digital Trade Principles and the ongoing WTO E-commerce negotiations under the framework of the Joint Statement Initiative.

30. What domestic rules and regulations has Japan put in place regarding the cross-border flow of data?

Response

In Japan, there are regulations regarding the cross-border flow of data, for example, the Act on the Protection of Personal Information.

Page 7, Para. 3.5

Japan has been actively engaged in fishery subsidies negotiations with the view that subsidies that truly result in overfishing and expanding overfishing capacity be regulated. Japan is currently moving forward with acceptance of the Agreement on fishery subsidies adopted at MC12.

Questions

31. Are there any specific measures Japan has taken to better regulate "subsidies that truly result in overfishing and expanding overfishing capacity" (for example, how to determine overfishing and expanding overfishing capacity)?

Response

Engagement with fisheries management is one of the conditions to be eligible for some government supports which are aimed at establishing environmentally and economically sustainable fisheries.

32. What are most possible obstacles Japan would have as it moves forward with acceptance of the Agreement on fishery subsidies? Will it tackle the obstacles with reform of subsidy policies?

Response

Japan has not found any obstacles so far in terms of acceptance of the agreement.

Page 8, Para. 3.14

Therefore, for Japan, approximately 90% of in force or signed RTAs contain MSME-related provisions.

Questions

33. What specific measures has Japan taken to support small and medium-sized enterprises (SMEs) in participating in international trade? Could Japan share some experiences on those effective measures?

Response

The 10,000 New Exporters Support Program is a service that connects SMEs that are not familiar with existing support measures to appropriate support measures when they work to expand their sales channels. The program will be operated appropriately according to the actual conditions and needs of SMEs.

34. What is Japan's plan and suggestions on cooperation with China in promoting cross-border e-commerce for the development of SMEs?

Response

The governments of Japan and China have been discussing ways to improve the cooperation and business environment between the two countries, including cross-border E-commerce.

Such promotion of cooperation and improvement of the business environment between Japan and China will benefit industries in both countries, including small and medium-sized enterprises (SMEs).

The governments of Japan and China will continue to discuss ways to promote the development of the business environment.

Page 11, Para. 4.2.1

Japan remains committed to APEC's mission of regional economic integration and to the Bogor Goals of free and open trade and investment. In 2010, APEC Leaders set forth the Yokohama Vision, which is a comprehensive, forward-looking framework for achieving growth and prosperity in the Asia-Pacific region in the 21st Century. Japan has continued to take a leading role in realizing this vision in close cooperation with other member economies. Against rising protectionist movements including unfair trade practices, Japan solidifies its resolve toward the promotion of free trade.

Question

35. Japan made clear its continuing commitment to APEC's mission of regional economic integration. As a member of both the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), how does Japan view the two approaches of RCEP and CPTPP to advancing high-quality Free Trade Area of the Asia-Pacific (FTAAP)?

Response

The Lima Declaration on the FTAAP adopted at the 2016 Asia-Pacific Economic Cooperation (APEC) summit meeting confirmed mainly the following two points: (1) that the FTAAP would be high-quality and comprehensive, and address next-generation trade and investment issues, being built in accordance with the TPP Agreement and the RCEP Agreement; (2) efforts would begin on implementing work plans supporting related capacity building. In a progress report presented to leaders in 2020, the need was expressed for further efforts. Since 2017, Japan has been continuously providing capacity building support through workshops and policy dialogues concerning the "competition chapters" in FTAs and EPAs and investment policies. From the viewpoint of achieving a comprehensive and high-quality FTAAP, the entry into force of the CPTPP and RCEP Agreements are highly significant developments.

Page 12, Para. 4.7

At the summit meeting in September 2018, the former Prime Minister Abe and the former President Trump agreed to enter into bilateral trade negotiations on the Japan-United States Trade Agreement and the Japan-United States Digital Trade Agreement. At the summit meeting in September 2019, the two leaders confirmed that both sides reached final agreement. These agreements were signed in October and were then approved by the National Diet of Japan in December 2019. Following the completion of respective domestic procedures, both agreements went into effect on 1 January 2020.

Question

36. The Biden Administration in August 2022 adopted the Inflation Reduction Act, which offers subsidies to new electric vehicles produced in North America and second-hand vehicles. This may violate the WTO MFN principle and the U.S.-Japan Free Trade Agreement. We noticed that Japan, the Republic of Korea, the European Union and other WTO members expressed concern over the United States' subsidy policy. How does Japan view the U.S. policy of subsidy? Has any progress been made in bilateral negotiations? Apart from bilateral negotiations, does Japan have any plan for multilateral actions?

Response

With regard to the U.S. Inflation Reduction Act (IRA), Japan has been in close communication with the United States, including between the leaders and ministers of the two countries.

Page 16, Para 6.5

The Basic Act stipulates the Japan's basic digital policy regarding the formulation of principles and measures and requires the Japanese Government should quickly implement measures with priority for the formation of a digital society. In the Priority Policy Program for Realizing Digital Society (decided by the Cabinet in June 2022), among the important tasks set forth is to urge almost all residents in Japan to obtain their Individual Number Cards ("My Number Card") and to encourage the use of the Individual Number Cards as health insurance cards and other card functions in the future, such as use as driver's licenses and residence cards.

Question

37. Is My Number Card equivalent to national identification card? How are residents in Japan protected in terms of data security and personal privacy under this policy?

Response

Is it equivalent to a citizen's ID card?

The Individual Number Card (My Number Card) is a "passport" for a safe and secure digital society that allows identity verification online as well as face-to-face. The cumulative number of valid applications is over 96,460,000. This makes it the most popular identity verification tool. (Japan's population is about 122.03 million)

(Data security and personal privacy)

The IC chip only records the electronic certificate and the basic personal information (name, date of birth, gender, address, etc.), not sensitive information such as tax or pension information.

In addition, a PIN is required when using the Individual Number Card online. If the PIN is entered incorrectly several times, the function is blocked.

Thus, we have high levels of security measures and personal information is not compromised by the loss or theft of a card.

Security measures for Individual Number Card are the same regardless of whether you are Japanese or a resident of Japan.

Page 16, Para. 6.9

(3) Promoting the utilization of standard strategies;

Questions

38. How have the standard strategies been implemented?

Response

Allocating budgets to major measures of related ministries and agencies, and providing support for the realization of standardization in those measures, etc.

39. How do the Japanese authorities ensure negotiations for and identification of standards-essential patents are fairly conducted?

Response

The JPO has published the "Guide to Licensing Negotiations involving Standard Essential Patents" as a document objectively organizing issues surrounding license negotiations, based on trends in domestic and foreign court cases, competition authorities' decisions, licensing practices and so on.

In addition, METI established the "Good-Faith Negotiation Guidelines for Standard Essential Patent Licenses" which provides norms for good-faith negotiations to be followed by SEP holders and implementers involved in negotiations on licensing SEPs including domestic patents in order to realize an appropriate licensing environment by enhancing the transparency and predictability of negotiations.

Although none of these measures are legally binding or prejudice future judicial decisions, the measures help prevent disputes in negotiations between parties, and also encourage the early resolution of disputes.

In addition, the JPO provides, in its "Hantei (advisory opinion)" system, an official opinion on the technical scope of a patented invention from a fair and neutral perspective. Results of Hantei (advisory opinion) are not legally binding on the parties to the case. Where the parties concerned have conflict of views on the essentiality of a certain patented invention, the "Hantei (advisory opinion)" system can be utilized for determining whether the patented invention is a SEP for a specific standard.

40. What specific measures have been provided in the Intellectual Property Strategic Program 2022 for promoting the utilization of standard strategies?

Response

Same as response to Question 38.

41. How will competent authorities in Japan implement the initiative and supporting measures?

Response

In addition to the above, each competent authority continues to consider how to implement support measures.

Page 16, Para. 6.9

(6) Enhancing the IP utilization in SMEs, regional (areas), and agricultural sciences;

Question

42. What measures will Japan take to promote the IP utilization in agricultural sciences?

Response

Japan promotes measures in accordance with the related laws, regulations, or guidelines to protect and utilize the IP in agricultural sector such as plant variety, geographical indication (GI), livestock genetic resources, data, and cultivation techniques.

For more details of the measures please refer to the following document "Intellectual Property Strategic Program 2022":
https://www.kantei.go.jp/jp/singi/titeki2/kettei/chizaikeikaku20221114_e.pdf.
 (in Japanese only)

Page 16, Para 6.10

Japan has enacted the law for the Partial Revision of Payment Services Act (which took effect on 1May2021) to set up the following three different categories of money transmitter license/registrations and to apply appropriate regulations based on the functions and risks of each category, in light of the needs of users who exceed the maximum amount, including foreign remittances, and the fact that most remittances handled by existing funds transfer service providers are no more than several tens of thousands of yen per case.

Type 3: Permitted fund transfers up to JPY 50,000 with streamlined compliance requirements.

Question

43. The third category of money transmitter license sets the cap of JPY 50,000. What criteria is this figure based on? Will Japan consider raising the cap in the future?

Response

a) Taking into account following points and considering the balance between user convenience and user protection, JFSA have conducted studies to ensure an appropriate level of compliance.

- At present, about 90% of the balance of users accounts with funds transfer service providers are less than JPY50,000 per account.

- Member's comment at the Financial System Council that "Assuming that it will be used to pay utility charges, accommodation charges, etc., how about setting it to JPY 50,000 or less in order not to impair user convenience?"

b) While paying close attention to the implementation status of the revised law, such as the usage status of the small-amount category, we will consider appropriate measures, including reviewing the upper limit, if deemed necessary from the viewpoint of improving user convenience or protecting users.

Page 17, Para 6.13

Japan has enacted the Act on the Provision of Financial Services (which took effect on 1 November 2021) to address the needs of financial service providers to provide a wide variety of financial services on a one-stop shop basis against the backdrop of the development of information and communications technology, as well as the needs of users who want to use highly convenient, safe, and secure payment services in response to the cashless age. This revision enables financial service intermediary service providers that can intermediate services in all areas of banking, securities, and insurance through a single registration. Also, if certain requirements are met, registration procedures for electronic payment services can be dispensed with. The main contents are as follows. This revision:

includes supervisory rules and regulations regarding authorized financial service intermediary associations and alternative dispute resolution systems should be established.

Question

44. What kind of alternative dispute resolution system does Japan seek to establish in relation to financial services?

Response

Given that the characteristics of financial products and services differ from one to another, Japan has introduced a financial Alternative Dispute Resolution (ADR) system based on the efforts made so far by each sector, such as banking, securities, and insurance, in order to promptly respond to the growing user needs. Japan requires financial institutions to take measures to handle customer complaints and resolve dispute with their customers based on each business law. The establishment of the ADR system enables prompt, simple and flexible complaint handling and dispute resolution in accordance with the nature of the case and the circumstances of the parties concerned. The aim is to improve the reliability of users of financial products and services by resolving problems with the satisfaction of users under the legal framework.

Under this amendment, the Financial Instruments Sales Act was renamed the Act on the Provision of Financial Services, and the "Financial Service Intermediary Businesses Operators (FSIBO)" was created. Unlike the existing intermediary businesses, which are divided vertically by type of business, one registration makes it possible to provide one-stop service for all services (banking, securities, and insurance).

In the case of financial service intermediation, the regulations necessary for the protection of users might be different in the banking, securities, and insurance sectors. Therefore, FSIBO is to be subject to the appropriate regulations according to the sector of services it handles.

Based on the Act on the Provision of Financial Services, the Financial Services Agency (FSA) has established provisions concerning alternative dispute resolution systems in the "Financial Service Intermediary Business" as well as in the banking, securities, and insurance businesses, and requires FSIBO to take measures to handle customer complaints and resolve dispute with their customers.

In addition, the FSA is collaborating with the Japan Financial Services Intermediary Business Association (JFIM), a self-regulatory body, to enable JFIM to use 3 of Tokyo Bar Associations as a dispute resolution measure for members of the association.

Page 18, Para. 6.18

The Commitment Procedures is a scheme to resolve suspected violations against the AMA by consent between the JFTC and the enterprise concerned. It is considered that the Commitment Procedure would enable swifter elimination of competition concerns, broaden the range of cooperative problem-solving by the JFTC together with enterprises, and contribute to efficient and effective enforcement of the AMA.

Question

45. Please elaborate on the Commitment Procedure, including the requirements for initiation and ways to evaluate the effectiveness of commitment measures.

Response

It will be commenced when the JFTC believes that there to be a fact in violation of the provisions of the Antimonopoly Act and finds it appropriate to apply the Commitment Procedures to the activities leading to such suspicion (hereinafter referred to as the "Suspected Violation") during the period from the start of an investigation to Notice of hearing of opinions (this refers to the notice described under Article 50, paragraph (1) of the Antimonopoly Act [including when these are applied mutatis mutandis pursuant to Article 62, Paragraph (4) of the Antimonopoly Act following the deemed replacement of terms.]). To be accurate, when the JFTC recognizes that it is necessary for promotion of fair and free competition (including cases in which the Suspected Violation has already ceased to exist and there is a particular need for such procedures for promotion of free and fair competition.) (* except for hard-core cartels such as price-cartels or bid-rigging cases), the JFTC may commence the Commitment Procedures by issuing a written notice (hereinafter referred to as the "Notice of Commitment Procedures") to the enterprise conducting or has conducted the Suspected Violation, pursuant to the provisions of Article 48-2 or Article 48-6 of the Antimonopoly Act, of the following: (i) the overview of the Suspected Violation; (ii) the clause of the laws and regulations for which there is or was suspicion of violation; and, (iii) the fact that is possible to make an application for the approval of Commitment Plan which is necessary to eliminate the Suspected Violation or a Plan to Ensure Cessation which is necessary to ensure that the Suspected Violation has been eliminated (hereinafter collectively referred to as the "Commitment Plan").

When the enterprise that has received a Notice of Commitment Procedures (hereinafter referred to as the "Notified Enterprise") makes an Application for Commitment Approval, it needs to make an application within sixty days from the date when it received the Notice of Commitment Procedures pursuant to the provisions of Article 48-3, paragraph (1) or Article 48-7, paragraph (1) of the Antimonopoly Act.

After the Notified Enterprise has made an Application for Commitment Approval, the JFTC makes a judgment as to whether or not the relevant Commitment Plan conforms to the requirements for approval provided in both of the items of Article 48-3, paragraph (3) or both of the items of Article

48-7, paragraph (3) of the Antimonopoly Act (hereinafter collectively referred to as the "Approval Requirements") and approves the Commitment Plan when the JFTC recognizes that the Commitment Plan conforms to Approval Requirements.

Concretely, the content of Commitment Measures or Measures to Ensure Cessation included in the Commitment Plan needs to satisfy the following requirements for the approval: (i) they are sufficient for eliminating the Suspected Violation or to ensure that the Suspected Violation has been eliminated and (ii) they are expected to be reliably conducted.

Page 20, Para. 6.27

The Japanese Government has accelerated taking measures towards the reduction of GHG emissions and stipulated future directions. It should take into account the Strategic Energy Plan, the Plan for Global Warming Countermeasures, and the Long-Term Strategy under the Paris Agreement, as well as other relevant Agreements.

Questions

46. What are the supportive measures and policies for the plan?

Response

In order to simultaneously achieve economic growth, energy security, and decarbonization through the realization of GX, Japan formulated its Basic Policy for the Realization of GX in February this year. In this policy, the government has indicated that, in order to overcome the current crisis, it will promote transition to renewable energy, nuclear power, and other power sources that contribute to energy security and have a high decarbonization effect. In addition, under the "Prp-Growth Carbon Pricing Concept," the government has clarified its policy to support private sector investment in decarbonization by providing upfront investment support of JPY 20 trillion over the next 10 years in order to accelerate GX investment.

47. To boost green growth, the Japanese Government has made cross-sectoral policy tools, including improving regulations, mechanisms and standards. For example, it revised and optimized regulations, mechanism and standards for hydrogen refueling station, offshore wind power and storage batteries. Please provide further details about the improvement of the standards and plans for such improvement.

Response

Based on the Regulatory Reform Implementation Plan (decided by the Cabinet in 2017 and 2020), we have been considering regulatory reforms for hydrogen stations in cooperation with industry associations and related businesses, and have taken steps such as allowing unmanned operation through remote monitoring, and we will continue to review regulations as necessary.

Page 20, Para. 6.30

In order to meet the intervention exemption level of the Codex Alimentarius Commission (Codex), which is a well-known international standard for the purpose of international trade, Japan set the maximum levels of radioactive cesium in food to be 1mSv/year that FAO and WHO jointly stated as a general standard for contaminants and toxins in food an feed and considered as safe for the public, and in consideration of the released nuclides and with highly conservative and hypothetical assumption that 50% of the food intake is contaminated.

Question

48. According to the general standards for contaminants and toxins in food and feed jointly released by FAO and WHO, the maximum level of radiation due to ingestion of radioactive nuclides in all situations is 1mSv/year. The standard is not just for radioactive cesium. How does Japan explain the discrepancy between its interpretation of the international standards and that by the international organizations concerned? Does Japan agree with the opinion that according to its own explanation, this will lead to the increase in the maximum level for radioactive cesium?

Response

The Japanese maximum levels (JMLs) for radio-caesium are established for an effective dose of radionuclides (including strontium 90, plutonium, and ruthenium 106, having physical half-lives of more than a year) not to exceed 1mSv/year.

The migration ratio of each radionuclide according to migration pathway was analyzed, and the contribution of radio-caesium according to food product and age categories was derived. In the long-term, most of the doses through food intake derived from the Fukushima Daiichi Nuclear Power Station accident in 2011 were attributed to radio-caesium. The food monitoring results of these radionuclides other than radio-caesium show that they are minimal, either non-detected or at a level within the range of that before the accident.

Page 21, Para. 6.32

Since the last sample in April 2013, none of the farm products and fishery harvests have ever exceeded the Codex Guideline level defined as safe for human consumption, and even wild edible plants such as fungi, fern sprout and leaf buds have not exceeded the level for food with small consumed amounts, similarly for almost nine years. The only harvests that still exceed the level are certain game meat, although the detection rate is very low, and those detected are neither distributed nor exported.

Question

49. First, the Codex Guideline level defined as safe for human consumption covers 20 nuclides, but Japan only detects radioactive caesium. Therefore, it cannot arrive at the conclusion, "none of the farm products and fishery harvests have ever exceeded the Codex Guideline level defined as safe for human consumption." Second, according to the results of radioactive substances detected in food released by Japan's Ministry of Health, Labour and Welfare from 2020 to 2022, the level of radioactive substance in certain quantities of farm products exceeded the Japanese standards, and these farm products might have been distributed and exported. How does Japan explain the discrepancy between its interpretation of international standards and that by the international organizations concerned? For farm products whose radioactive substance exceeds the Japanese standards, how will Japan evaluate their safety risks when they are distributed and exported?

Response

(1) As explained in the response to Q48, Japan takes international standards into consideration when setting domestic standards.

(2) In the unlikely event that agricultural products are detected with radioactive materials exceeding the JMLs, the items exceeding the levels are recalled and disposed of.

Page 21, Para. 6.33

The Japan's domestic standard is much more stringent compared to the Codex. The Japanese Maximum Levels of radioactive caesium (JMLs) of food in general set by the Ministry of Health, Labour and Welfare is implemented as 100 Bq/kg in Japan⁷, while the corresponding Codex Guideline level is 1,000 Bq/kg (CXS193-1995).

Question

50. The Codex defines the maximum levels of 20 radionuclides in four groups, noting the figure for each radionuclide within the same group needs to be added together. By contrast, Japan's maximum level is for just one single nuclide, which is the radioactive caesium. Given this, why would Japan believe its domestic standard is "much more stringent" compared to the Codex?

Response

As previously indicated, of the radionuclides released as a result of the accident, radio-caesium is the dominant radionuclide in the long-term, and since the Codex Guideline level for radio-caesium (γ -ray emitting radionuclides) is either 1,000 Bq/kg or 10,000 Bq/kg for low consumption foods, the Japanese standard of 100 Bq/kg is more stringent than the Codex.

Page 21, Para. 6.34

Monitoring of food products, currently in Japan, is conducted in 17 prefectures to confirm compliance with the JMLs of 100 Bq/kg for radionuclides in food products, targeting radioactive cesium among the radionuclides that have relatively long half-lives and require consideration of their long-term effects. Based on domestic regulations, each municipality formulates and conducts monitoring plans. If the monitoring results exceed the JMLs, the entire lot is discarded. Japan's national laws mandate that food products which exceed these stringent JMLs be recalled and disposed of, and if a regional spread of exceeding the JMLs is recognized, shipment restriction measures are taken for that region based on the Government's instructions. As a result, food products originating from the restricted areas will not be distributed. Japan's regulatory framework thus ensures that food products exceeding the maximum level are neither distributed in the domestic market nor exported to overseas economies.

Question

51. Japan's 100 Bq/kg of maximum level of radioactive substance only applies to radioactive cesium. Detection only targets radioactive cesium rather than all or multiple radionuclides with regard to the Fukushima Daiichi Nuclear Disaster. This greatly limited the country's knowledge of contamination caused by radionuclides other than radioactive cesium. So, what's the scientific basis for Japan to evaluate the radionuclides risk with food just by detecting radioactive cesium?

Response

Please refer to the previous answer to the question 48.

Page 21, Para. 6.35

In this process, Japan reaffirmed that food products drastically exceeding the JMLs decreased in a few years after the accident and its detection rate has since been stable at minimal levels. The sampling is purposive to detect the contamination or to remove the restrictions and the majority of detections is limited to wild harvests monitored in areas where the distribution has already been restricted.

Question

52. The "detection rate" is closely associated with the "minimum limit of detection." Since 2020, the minimum limits of detection as defined by Japanese testing agencies have been ranging widely from 0.019 to 44 Bq/kg. Therefore, the statement that the "detection rate has since been stable at minimal levels" is not convincing as it gives no specific scope. Second, the "detection rate" is only about radioactive cesium rather than other radionuclides. So, how can Japan ensure that the detection rate is science-based and accurate? What's the scientific basis for Japan to exclude radionuclides other than radioactive cesium from the scope of detection?

Response

The detection rate in this context is to the percentage of samples exceeding the JMLs. We would like to add that "food products exceeding the JMLs drastically decreased in a few years after the nuclear power station accident and the percentage of samples exceeding the JMLs has remained at minimal levels since then."

Note: The rate has slightly increased since 2020, but it is only due to a change in the sampling: a decrease in beef samples due to the past test results, which met the JMLs for many years.

Regarding the Limit of Detection(LOD), we will respond below:

First, The source of the statement "Since 2020, the minimum limits of detection as defined by Japanese testing agencies have been ranging widely from 0.019 to 44 Bq/kg." is unclear.

However, for your reference, the screening method for radioactive cesium in food products using NaI scintillation spectrometer requires a certain level of performance criteria for the analytical instrument used. The performance criteria for the analytical instrument include the following:

- The screening level must be at least 1/2 of the JMLs (50Bq/kg)
- Limit of Quantification (LOQ) must be lower than 1/4 of the JMLs (25Bq/kg)

For samples whose radio-caesium could not be determined less than or equal to the JMLs as a result of screening, the reliability of the test results shall be confirmed by using a test method, including Gamma-ray spectrometry using a germanium semi-conductor.

With regard to "the scientific basis for Japan to exclude radionuclides other than radioactive caesium from the scope of detection", please refer to the previous answer to the question 48.

Page 21, Para. 6.36

and so far 43 countries and regions out of 55 have removed their restrictions. The combination of these comprehensive approaches makes sure that Japanese food is qualified to be consumed worldwide.

Question

53. As far as we know, there are still five countries and regions prohibiting imports of Japanese food and farm products; 33 countries and regions require certificates of radioactive substance tests when importing some Japanese food and farm products; a significant proportion of countries and regions still have restrictive measures in place. Can Japan provide the list of the "55 countries and regions"?

Response

Situation of the question may be that in early 2017.

Please find the following list:

https://www.maff.go.jp/j/export/e_info/attach/pdf/hukushima_kakukokukensa-59.pdf

or that in Chinese:

https://www.maff.go.jp/j/export/e_info/attach/pdf/hukushima_kakukokukensa-56.pdf

Nowadays, significantly small proportion of countries and regions maintain import measures, including highly excessive import bans maintained by PR China.

PART III: OTHER QUESTIONS

54. Does Japan apply a different regulation model for the pricing and charges of public air transport and general aviation? Please introduce Japan's laws and regulations on public air transport, general aviation and airports and its airspace management system and air traffic management and operation model.

Response

In Japan, there are the following differences between public air transport, equivalent of scheduled air services in Japan, and general aviation in terms of regulations for fares and charges. As for scheduled air services, fares and charges for international scheduled flights are subject to approval regardless of the nationality of the airline, while those for domestic scheduled flights are subject to notification. However, in either case, the government may order a change in fares and charges if the treatment is unreasonably discriminatory against a particular passenger, etc. General aviation is not regulated in terms of fares and charges, and typical examples of such operations include the operation of aircraft for administrative purposes and the operation of private aircraft for non-commercial purposes.

For airports, landing fees and other charges are set individually by the managing entity. Please refer to ICAO Doc 7100 for information on charges at major airports in Japan.

The ATM Center works to promote air traffic safety and to improve flight efficiency and to use airspace efficiently by integration of functions of Airspace Management which is to use airspace efficiently and Air Traffic Flow Management which is to form smooth traffic flow.

For more information, please refer to the following website:

<https://www.mlit.go.jp/en/koku/content/001420932.pdf>

55. Has the Japanese Government enforced policies to regulate subsidies to the domestic air transport sector and restrict other countries' subsidies to the air transport sector?

Response

The Japanese Government hasn't enforced any policies to regulate subsidies to the domestic air transport sector and restrict other countries' subsidies to the air transport sector.

56. Is there any market access restriction for foreign investment in Japan's civil aviation service sectors, including aircraft maintenance, passenger and freight agent services, ground services and computer reservation system? What are the legal bases for the regulation of the above-mentioned sectors and the management of market access to these sectors for foreign investors? Are there restrictions of market access to civil aviation sectors other than the above-mentioned sectors? And what are the legal bases?

Response

As for aircraft manufacturing and repair services (limited to those conducted by aircraft manufacturers), based on the Foreign Exchange and Foreign Trade Act, prior-notifications to the authorities are required for inward foreign investment. Therefore, if foreign investors intend to acquire 1% or more of the listed shares or unlisted shares of a Japanese company in the above business sector, the Foreign Exchange and Foreign Trade Act requires them to make prior-notification.

There are no foreign investment restrictions on passenger and freight agent services, ground services and computer reservation system.

In the civil aviation sector, other than the above, there are market access restrictions for foreign investment in air transport services and aerial work services. These businesses are subject to prior-notification under the regulations on inward direct investment, etc. in Japan based on the Foreign Exchange and Foreign Trade Act, and are primarily subject to the following regulations under the Civil Aeronautics Act.

1. When operating air transport services as a domestic air carrier or operating aerial work services, a license from the Minister of Land, Infrastructure, Transport and Tourism under the Civil Aeronautics Act is required, but such license will not be granted if the applicant or its holding company, etc. falls under any of the following categories.

(i) any person who does not have Japanese nationality

(ii) any foreign state or public entity or its equivalent in any foreign state

(iii) any juridical person or body established in accordance with the laws and regulations of any foreign state

(iv) any juridical person of which the representative is any one of those listed in the preceding three items or of which one-third or more of the officers are those persons or one-third or more of voting rights are held by those persons

2. Any domestic air carrier and its holding companies, etc. may, when it is requested by a person who has obtained its shares and falls under any of the categories listed in paragraph 1 items (i) through (iii) to enroll or register that person's name and address in the shareholders' list, refuse to enroll or register that name and address if the domestic air carrier and its holding companies, etc. has come to fall under item (iv) of the same paragraph by accepting that request.

6 EUROPEAN UNION – FOLLOW-UP QUESTIONS

WT/TPR/S/438 – WTO SECRETARIAT REPORT

Paragraph 11, page 9

11. In October 2020, Japan announced its plans to achieve net zero greenhouse gas emissions by 2050. Moreover, in April 2021, it announced the goal of reducing emissions by 2030 to 46% from its 2013 levels. To this end, a long-term strategy under the Paris Agreement was elaborated in 2019 and revised in 2021 to promote green innovations and finance, and an Environment Innovation Strategy in 2020, with action plans for each technology area. Also in 2020, a new Green Growth Strategy was published.

EU question 12

Has Japan registered any progress in cutting emissions when implementing its strategic policies?

Response

Japan has been conducting annual inspections of the status of achievement of reduction targets, related indicators, and progress in individual measures and policies in the Plan for Global Warming Countermeasures.

EU follow-up question 1

Could Japan please elaborate of the results of its annual inspections on the achievements of the reduction targets and related indicators?

Response

Japan's total GHG emissions in FY2020 marked the 7th consecutive year of decrease and the emissions after removals by forests and other carbon sink measures, reflecting a 21.5% decrease compared to FY2013 as base year for reduction target.

The detailed results of its annual inspections on the achievements of the reduction targets and related indicators are pressed in the below: (Japanese only)

<https://www.env.go.jp/press/111120.html>

For your information, on 21 April, Japan released its National Greenhouse Gas Emissions and Removals for FY 2021. The annual inspections is to be released later.

https://www.env.go.jp/en/press/press_01366.html

Paragraph 3.109, page 63

3.109 Manufacturers of electrical and consumer products overseas may undergo conformity assessment and certification conducted in foreign countries by foreign-registered conformity assessment bodies, in accordance with relevant laws. According to the authorities, under the Consumer Product Safety Act, the Electrical Appliances and Materials Safety Act, the Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas, and the Gas Business Act, a foreign conformity assessment body needs to apply for registration with the Japanese Government in order to be registered as a foreign-registered conformity assessment body under the Act. Upon receipt of the application, the Government shall register the foreign conformity assessment body as a foreign-registered conformity assessment body when the Government confirms that the foreign conformity assessment body satisfies all the provisions of the Act, including conformity with international standards for product certification bodies.

EU question 30

Could Japan provide information on whether it is only manufacturers of electrical products and consumer products that can be certified by foreign-registered CABs for the Japanese market? If other products are allowed, please list.

Response

Under the Japanese legal system, manufacturers of gas appliances (for city gas) and liquefied petroleum gas appliances can be certified by foreign-registered conformity assessment bodies.

EU follow-up question 2

Could Japan please confirm that its response is exhaustive, and it means that apart from electrical products and consumer products only gas appliances (for city gas) and liquefied petroleum gas appliances can be certified by foreign-registered conformity assessment bodies. Can any other product be certified by foreign-registered CABs for the Japanese market.

Response

Certain electrical appliances, consumer products, liquefied petroleum gas appliances, and gas appliances (for city gas) designated under the Consumer Product Safety Act, the Electrical Appliances and Materials Safety Act, the Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas, and the Gas Business Act are required to be certified through conformity assessment by a registered conformity assessment body, and all of these products are eligible for certification by a foreign-registered conformity assessment body.

Paragraph 3.216

Japan does not pursue site-blocking as an anti-piracy tool to the same degree as other developed jurisdictions, largely due to concerns regarding consistency with Article 21(2) of Constitution and Article 4 of the Telecommunications Business Act, relating to privacy and censorship. In 2018, the Government asked Internet service providers to voluntarily block three notorious manga pirate sites³¹⁷ as an emergency measure while a panel was convened to review potential site-blocking legislation. No such legislation has been presented to the Diet to date.

EU question 38

How does Japan rate the effectiveness of voluntary measures to block IP-infringing websites? Is Japan envisaging to introduce a website blocking system comparable to other major economies?

Response

Legislation on site-blocking may be considered upon assessment of the damage caused by piracy and effects of other measures.

EU follow-up question 3

Could Japan provide its assessment of the effectiveness of voluntary measures to block IP-infringing websites? Could Japan further explain in what circumstances it would consider legislation on site-blocking, and what other measures could be considered to address the issue?

Response

- The Japanese government did not assess the effectiveness of the voluntary measures since the three notorious manga pirate websites were closed immediately after announcement of the introduction of voluntary measures.
- Relevant ministries and agencies implement the necessary measures based on "the comprehensive measures and work schedule to combat against piracy distributed online" updated in April 2021. The government will carefully look into the effectiveness of those measures and the change of the damage to consider whether additional measure is necessary or not.

Paragraph 4.124, page 122

4.124. Regarding ports, in July 2022, the Cabinet decided an annual Specific Port Facility Development Project Basic Plan. Based on the Plan, the MLIT is to facilitate financing JPY 83.5 billion in the form of local government bonds that are used for developing facilities in ports and their surrounding industrial areas. The Plan targets 72 ports in Japan. In June 2022, Japan established a SDGs Partner Registration System for ports. The MLIT launched this system with a view to encouraging port operators to notice and visualize the impact of their operation on SDGs. In addition, the MLIT is considering a certification system for decarbonization of port terminals.

EU question 55

Could Japan please clarify whether foreign-owned companies will be eligible to receive financing for developing facilities in the targeted ports in Japan under the Specific Port Facility Development Project Basic Plan?

Response

Foreign-owned companies won't be eligible to receive financing for developing facilities on an annual Specific Port Facility Development Project Basic Plan.

EU follow-up question 4

Could Japan please explain why there is discrimination of foreign companies in terms of access to financing for developing facilities under the Specific Port Facility development Project Basic Plan?

Response

The annual Specific Port Facility Development Project Basic Plan is a plan made to promote financing of local government bonds. According to the Local Autonomy Law of Japan, local governments can issue local bonds, but private companies including foreign companies cannot.

7 UNITED STATES – FOLLOW-UP QUESTIONS

Page 25, paragraph 2.5:

Question 1: What coordination mechanisms exist between METI and other ministries and government agencies with trade policy responsibilities?

Response

Meetings and discussions are held both regularly and ad hoc between ministries, government agencies and any other parties in concern.

Follow-up question

o Is there a formal process that establishes this coordination, or a body that carries out this coordination? If so, please identify the process or the name of the body.

Response

There is no fixed formal process or body for such coordination. Overall coordination of trade policies rests with the Cabinet, and under this institutional framework take place the specific coordination of actors such as METI and MOFA.

Question 12: What information do pharmaceutical and medical device companies have to provide under this amendment?

Response

Marketing Authorization Holders are required to display the barcodes on the outside of the product packages, that allow healthcare professionals to access the information of the package insert.

Follow-up questions

- o Is the same information required for both pharmaceutical and medical device products?
- o Does the amendment require the barcode be of a minimum/maximum size?
- o Are there flexibilities for products with packaging that is too small to display the barcode?

Response

- o Yes, our barcode requirements for both pharmaceutical and medical device products are the same.
- o There is no requirement of the barcode size.
- o The product whose package is too small to display the barcode is allowed to show it in another manner such as inserting another material.

Question 13: Has there been an analysis on the impact of the amendment?

Response

In 2022, Pharmaceuticals and Medical Devices Agency (PMDA) conducted a survey of hospitals and community pharmacies regarding the availability of drug safety information.

Follow-up questions

- o Were medical devices included in the survey?
- o If so, will the medical device and pharmaceutical information be disaggregated when reporting the final analysis?

Response

It does not cover medical devices.

Question 33: Please explain if this grant was intended to improve the functioning of supply chains. If so, how successful has that effort been?

Response

The "Comprehensive Support Grant for Creating Strong Agriculture" is intended to provide support for constructing distribution centers of agricultural products necessary for joint delivery and fundamental facilities for farming in rural areas, and promoting pilot programs in an effort to develop innovative farming systems. This grant can cover supports for the improvement of supply chains, including enhancement of quality and hygiene management of fresh food products, and optimization of logistics.

Follow-up questions

- o Has Japan conducted any evaluation of supply chain improvement effects of this programme?
- o If so, please share the results of such an evaluation.

Response

Yes, Japan has conducted evaluation. For example, as for the support menu for wholesale markets, each wholesale market was required to prepare a plan for rationalization of distribution of food products, etc., and to submit a performance report every year during the implementation period. In the report submitted by wholesale markets that handle fruits and vegetables, significant reductions in logistics costs have been observed.

Question 40: Please explain if Japanese rice farmers can still grow table rice for exports to be eligible for domestic support programs. If so, what mechanisms exist to ensure that this rice is segregated and does not end up in the domestic table rice market?

Response

The programme is for the rice for processing and the rice for new demand, which is used for feed, the rice for flour, whole crop silage, early harvested rice plant, rice plant for straw and rice for new market development. Any of those is not distinguished whether it is for domestic or overseas markets.

Besides those rises, the requirement of the submission of a sales contract is required to confirm that the rice is produced for purposes other than not for table use.

Follow-up questions

- o Please confirm that farmers can receive payments under rice for new market development for table rice (i.e., rice virtually identical to table rice sold on the domestic market) that is exported.
- o Please also provide links to the relevant statutory and regulatory language defining the scope of rice for new demand, including new market development.

Response

In case farmers export table rice, they cannot receive the payments under rice for new market development. Payments for rice for new market development is provided for rice separately produced with prior distinction from table rice, whichever it is for the domestic or overseas markets.

Please see the web site below (in Japanese only)

<https://www.maff.go.jp/j/seisan/jyukyu/komeseisaku/attach/pdf/index-5.pdf>

Question 41: Please explain what would happen if a farmer or handler tried to sell this rice into the domestic table rice market? Can the same rice be eligible for other uses, like rice flour or other processed products, or does it have to go through a pre-determined channel based on the farmer's intent during planting?

Response

Regarding the rice for processing and for new demand, a sales contract is submitted to confirm that the rice is produced for purposes other than for table use. It is not allowed to sell the rice as table rice. Thus, if the rice is sold as such, the subsidy has to be returned and the offender is to be publicly announced.

Follow-up questions

- o Please describe the programme requirements for the sales contracts.
- o Who are the parties to the contracts?
- o What stages of the supply chain does the sales contract cover?
- o If table rice is to be exported would the contract with the farmer state that?
- o What documentation does MAFF require to confirm that exports have taken place in accordance with the conditions of the contract?

Response

The requirements for the sales contract are as follows: (1) contracted quantity for shipment and planned production area of rice for processing and for new demand, (2) matters related to grade, (3) prohibition of diversion to other purposes of use, and (4) penalty fees and other contractual measures.

They are farmers who produce rice for processing and for new demand, and their users.

It covers the stages from the farmers' shipment of rice for processing and for new demand to the sale of the rice to the users.

The Government does not set any restrictions on the export of table rice which is distinguished from rice for new market development.

The Government requires users to maintain and report a shipping ledger or other records of rice for new market development to confirm it is used for new market development but does not require to distinguish between rice for the domestic or overseas markets.

Question 42: Please provide the quantity of rice exported that received support under Rice for New Market Development for each year since 2018.

Response

The support for rice for new market development does not distinguish whether it is for domestic or overseas markets, and therefore the amount of exported rice subject to the support is not distinguished.

Follow-up questions

- o Do the sales contracts indicate that table rice is intended for overseas markets?
- o Does MAFF keep records of the sales contracts? If not, who maintains these records?

Response

It is described in the sales contract that the rice is for new market development. Sales contracts are kept between the contracting parties and are not kept by MAFF.
