JAPAN: ACTION PROGRAMME FOR IMPROVED MARKET ACCESS

The following communication has been received by the Director-General from the Permanent Mission of Japan and is being circulated to all contracting parties at its request.

Upon instructions from my authorities, I am sending herewith a second progress report on the implementation of the Action Programme for Improved Market Access of 27 March 1986.

This report, like the first one of 28 December 1985 (circulated in GATT document L/5858/Add.1 of 27 January 1986), mainly contains the improvements made so far since the end of last year in such sectors as tariffs, standards and certification systems, financial and capital markets, import promotion measures and other issues.

I hope that together with the first one, this could also assist you to see how far progress has been made by the Government of Japan in pursuing its trade liberalizing policy.

I would also like to ask you to circulate this report to other contracting parties in a GATT document as a series of the above-mentioned document.
For Improved Market Access (Four Sectors Including Tariffs etc)

March 27, 1986
Action Program Promotion Committee

Progress report on the implementation of the action program for improved market access (four sectors - tariffs, import restriction, financial and capital market, and services and import promotion, etc.) is as follows:

Tariffs

Tariff reduction and elimination of 1,849 items (4 wine and the like items not included) were implemented as from January 1, 1986. Tariff elimination on 9 items such as computer parts was implemented as from January 20, 1986 based upon the agreement between Japan and the United States as the result of the Japan-U.S. sectoral consultations on electronics.

With regard to 4 wine and the like items, amendments to the customs tariff law and the temporary tariff measures law were submitted to the diet on February 20, 1986, in order to implement the tariff reduction on these items as from April 1, 1986, one year ahead of the original schedule of April 1, 1987.

With respect to tariffs on plywood and others, the depths and schedules of tariff cut were announced in the Japan-U.S. joint report on sectoral consultations by Foreign Minister Abe and State Secretary Shultz on January 10, 1986, in view of the Japan-U.S. sectoral consultations on forest products and the requests from the ASEAN and other countries.

Necessary domestic steps are now being taken to reduce or eliminate tariffs on 88 items as from April 1, 1986, based on the agreement of the negotiations on leather and leather footwear with the United States and the European Community.
In this connection, amendments to the customs tariff law and the temporary tariff measures law were submitted to the diet on February 20, 1986. (N.B. relevant domestic procedures were completed on March 28, 1986).

2. Import Restriction

With regard to the issue of leather and leather footwear, necessary domestic steps are now being taken to eliminate the quantitative import restrictions and to introduce the tariff quota systems as from April 1, 1986, in line with the policy to take proper action within the framework of the GATT. Amendments to the customs tariff law and the temporary tariff measures law in this connection were submitted to the diet on February 20, 1986. (N.B. relevant domestic procedures were completed on March 28, 1986).

As regards the 12 agricultural products, consultations are now under way with the United States.

3. Financial and Capital Market

(1) Since October last year, the interest rate ceilings for large denomination time deposits of one Billion Yen and over is removed and the issue ceilings of the money market certificate (MMC) and the certificate of deposit (CD) were relaxed. Furthermore, removal of interest rate ceilings for large denomination time deposit of five billion yen and over, extension of maximum maturity of the MMC and extension from six months to one year of maturity range of the CD together with the relaxation of issue ceilings for both the MMC and CD are scheduled this April.

(2) The public offering of short-term government debt started
this February. (500 billion yen offered respectively in February and March totaling 1 trillion. The maturity is six months).

(3) The bond futures market was created on October 19, 1985.

(4) After the decision to permit trust banking to 9 foreign banks, operating licences were issued to 4 of them and they have all started business.

The remaining 5 banks have already passed preliminary screening procedures.

(5) The Tokyo Stock Exchange decided to increase the current seat of the TSE by 10 membership of which 6 were provided to foreign securities companies. (December 24, 1985).

(6) The features of Euroyen Bonds issued by Japanese residents is diversified by issue of floating rate note etc., and the maximum maturity of Euroyen CDS is extended from six months to one year this April.

(7) In order to create a suitable environment for the further progress of financial liberalisation, cabinet decision for the legislative proposal amending the deposit insurance law was obtained on March 4 this year.

(8) Furthermore, the perspective to liberalise the Tokyo Market and promote the internationalisation of the Yen, amending legislative proposals envisaging the creation of the Tokyo Off-shore Market was approved by the Cabinet this February.

4. Services, Import Promotion Measures

(1) Foreign Lawyers
Japan Federation of Bar Associations requested the Ministry of Justice on 7 February 1986 to prepare for the legislation based on the "basic provision of legal services by foreign lawyers" as adopted by the Federation's Extraordinary Council Meeting held on 6 February 1986. In response to the Federation's request, the Ministry of Justice began drafting a new legislation on foreign lawyers. Draft bill will be presented to the current session of the diet. Through the fourth consultation meeting (28-30 January 1986) between Japanese and the U.S. Government officials and following consultations, the U.S. side has come to understand this procedure and the contents of new legislation.

(2) Commuter Services and Helicopters

(i) Commuter Services

The size limit of aircraft for non-scheduled commuter services has been expanded from the maximum takeoff weight limit of 5.7 tons or about 19 passenger seats to 60 passenger seats.

(ii) Helicopters

Standards for heliport construction including those for restricted surface have been relaxed. Standards for the use of temporary heliports were also relaxed and the procedures to get permission have been simplified.

(3) Amendment of Aviation Law

With regard to the rationalisation of standards as to the manning of flight engineers, the aviation law was amended as part of the "bill for streamlining and rationalising regulations such as permission and license on private acti-
activities" at the 103th Extraordinary Session of the diet.

(4) Counterfeit Products

In the month of October designated "Anti-Counterfeit Month" efforts were made to strengthen the law enforcement against counterfeit products and arrest of the producers and dealers involved. Active public campaign has been launched to enhance public awareness of the issue.

Attention of industrial organisations are also called for. Under consideration among "Ministries concerned is the establishment of an Anti-Counterfeit Officer post at the National Policy Agency by April to further strengthen anti-counterfeit measures and to enforce laws more effectively.

(5) Lowering interest rates of loans by the export-import bank of Japan and the Japan Development Bank.

With the reductions of interest rate of the fiscal, investment and loan program twice, in October 1985 and February 1986, the interest rates of the export-import Bank of Japan for import credits for manufactured goods were lowered at the same time (Ex. The generic interest rate for import credit was reduced to 6.3-0/0, for certain items such as machinery to be appropriated as imports in the fiscal years 1985 and 1986 was reduced to 6.0-0/0.

Since last August, approximately 60 cases, amounting to 186 billion Yen (equivalent to imports of 257 billion Yen) have been financed.

The interest rates of the Japan Development Bank loans for the promotion of foreign direct investment in Japan, particularly the interest rate of such loans relating to high technology products was lowered to 6.3-0/0, in accordance with the reductions of interest rate of the fiscal investment and loan program.
The interest rate of the Japan Development Bank loan for the improvement of import environment will be lowered from 6.75-0/0 to 6.3-0/0 effective fiscal 1986.

(6) Import Promotion

(i) In the months of October and November designated as "Import Promotion Months" the nation-wide import promotion campaign was extended with imports fairs including large-scale import bazaars in about two thousand places throughout the country.

With a view to appealing the necessity of import to the public, strenuous campaign activities have been extended through mass media including public information services.

(ii) The survey of import expansion efforts by major 134 companies conducted in February and March revealed that their estimated total imports of manufactured goods (contract value) for this fiscal year has been revised upward to 24.8 billion dollars, i.e. 5.2 billion dollar increase from the previous year (1.2 billion dollar upward revision of the previous plan at the early year), regardless the significant decrease in total imports (contract value) due to the decline in imports of such commodities as fuel and food caused by the market depression.

(Note) Depreciation allowance or tax deductability of 20-0/0 will be made applicable to the facilities imported under the special investment promotion tax schemes on the new technology application in the small and medium scale industries and on the strengthening of the security of energy supply from fiscal 1986.
(7) Distribution Systems

A study on the distribution of imported goods has been undertaken by the Committee for price stabilisation policies. "Expert Committee on the distribution of imported goods", established under the Committee, has been held ten times since October and is scheduled to publish its report on 28 March 1986.

The result of the fact-finding study on the distribution of imported goods was announced in November.

(8) Encouragement of oversea tourism

The Joint Government/Private Overseas Travel Promotion Mission to Australia was dispatched early February. A study mission for the development of tourism was also dispatched to Indonesia late February. Furthermore, campaigns for the promotion of overseas travel are being conducted.