



TRADE POLICY REVIEW

REPORT BY

JAPAN

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Japan is attached.

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1 TRADE AND ECONOMIC ENVIRONMENT

1.1 Japan's Economic Environment

1.1. The Japanese economy went into a short recession in spring 2012, when the world economy decelerated due to the European debt crisis. However, it started to pick up in late 2012, with a movement in the direction of depreciation of the yen and an increase in stock prices starting from autumn 2012, while a recovery of new car sales from the reaction after the end of the subsidy for eco-cars also supported this. Following that, as the effect of economic policies support it, the economy has continued to recover moderately. Although real GDP growth rate in the second and third quarter of 2014 turned negative mainly because of a reaction after a last-minute rise in demand before a consumption tax increase, it is on a moderate recovery trend. Although consumer prices have been flat recently, price trends are no longer pointing to deflation. The economy is making steady steps forward to break free from deflation.

1.2 Trends in Foreign Trade

1.2. In 2013, the amount of Japanese trade recovered to almost the same level as that of 2008 from the significant decrease caused by the collapse of Lehman Brothers and ensuing world economic crisis. Though the trade balance was regained with the recovery of the amount of Japanese trade in 2010, after the Great East Japan Earthquake, the trade balance went into deficit in 2011. The deficit widened mainly due to an increase in fossil fuel imports and an increase in domestic demand. As a result, the annual trade balance in 2013 reached a deficit of ¥11.47 trillion.

1.3. The total value of exports from Japan in 2013 amounted to ¥69.77 trillion (an increase of 9.5% from 2012).

- Regional trends in the total value of exports in 2013 (compared to 2012)

China	up by 9.7%
ASIA NIEs (Hong Kong, China; Republic of Korea; Singapore and Taipei, Chinese)	up by 11.3%
ASEAN	up by 4.8%
United States of America	up by 15.6%
European Union (EU)	up by 7.7%
Middle East	up by 9.5%

1.4. The total value of imports to Japan in 2013 amounted to ¥81.24 trillion (an increase of 14.9% from 2012).

- Regional trends in the total value of imports in 2013 (compared to 2012)

China	up by 17.4%
ASIA NIEs (Hong Kong, China; Republic of Korea; Singapore and Taipei, Chinese)	up by 12.0%
ASEAN	up by 11.5%
United States of America	up by 12.0%
European Union (EU)	up by 15.2%
Middle East	up by 15.7%

1.3 Trends in Foreign Direct Investment

1.5. The amount of Inward FDI stocks increased from ¥17.5 trillion (3.7% of GDP) in CY2011 to ¥18.0 trillion (3.8% of GDP) in CY2013. According to the "2012 Economic Census for Business Activity" which the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry released, approximately 1.2 million regular employees were employed by companies where foreign companies and other foreign agents owned more than one-third of their equities.

2013 Outward FDI¹

1.6. According to a Ministry of Finance report, Japan's outflow of FDI (Outward FDI) increased to ¥13,386.0 billion in CY2013, which represents an increase of 40.0% from CY2012 (an increase of ¥3,821.2 billion). The major characteristics of Japan's Outward FDI in CY2012 were as follows:

- By Industry: In CY2013, Outward FDI in manufacturing industries increased to ¥4,148.4 billion (i.e. by 5.3%). The food, petroleum, rubber and leather, glass and ceramics, and transportation equipment sectors increased sharply. Outward FDI in non-manufacturing industries also increased to ¥9,100.1 billion (i.e. by 55.8%). The sectors such as transportation, communications, finance and insurance, real estate and services increased sharply while the sectors of fishery and marine products, mining, construction, wholesale and retail decreased.
- By Region: In CY2013, Outward FDI to North America increased by 59.7% to ¥4,573.0 billion, to Asia by 48.5% to ¥3,977.5 billion, to Europe by 27.7% to ¥3,159.6 billion, and to Central & South America by 18.7% to ¥990.2 billion.

2013 Inward FDI²

1.7. The FDI flow to Japan (Inward FDI) increased from ¥64.9 billion in CY2012 to ¥362.4 billion in CY2013. The major characteristics of inward FDI flow to Japan in CY2013 were as follows:

- By Industry: In CY2013, the amount of outflow in the non-manufacturing industries shrank from minus ¥287.4 billion in CY2012 to minus ¥12.9 billion and the amount of inflow in the manufacturing industries shrank from ¥425.6 billion in CY2012 to ¥237.7 billion. The sectors such as wholesale & retail and finance & insurance increased, while the sector of chemicals & pharmaceuticals decreased.
- By Region: In CY2013, the inward FDI flow from North America increased, while the amount of FDI flow from Asia into Japan stopped increasing.

2 TRADE AND INVESTMENT POLICY

2.1 Overview

2.1. Since the eleventh meeting of the Trade Policy Review on Japan in 2013, Japan has been committed to the trade liberalization under the multilateral trading system centered on the WTO. Japan is determined to be fully engaged in this non-discriminatory, open and rule-based regime.

2.2. While committed to the multilateral trade negotiations, Japan is also pursuing the conclusion of Economic Partnership Agreements (EPAs), both bilateral and regional, and plurilateral trade agreements. The negotiations of EPAs and plurilateral agreements will enhance the transparency of the respective member country's economic policy and reinforce the competitiveness of its industries, which will bring about positive impacts on the multilateral trade negotiations. Japan also has in mind that we should assess the possibility of reflecting the outcomes of the bilateral and plurilateral initiatives in the multilateral trading system.

2.3. Japan is currently a party to thirteen EPAs. Through the 'Japan Revitalization Strategy' issued by the Government in June 2013, Japan is committed to increasing the FTA coverage ratio to 70% by 2018 from the current figure of 19%. Regional trade agreements and multilateral trading system under the WTO should complement one another and Japan believes that these regional agreements will serve as building blocks to achieve higher trade liberalization at the multilateral level.

2.4. Regarding plurilateral negotiations in relation to the WTO, Japan is now engaging in initiatives such as the expansion of the Information and Technology Agreement (ITA), Trade in Services

¹ Source: Balance of Payments.

² Source: Balance of Payments. <http://www.boj.or.jp/en/statistics/br/bop/index.htm/>.

Agreement (TiSA), and the Environmental Goods Agreement (EGA). These negotiations will achieve significant progress towards the multilateral trade liberalization.

2.5. In the rise of protectionism around the world, Japan welcomes the political commitments made at international fora such as G20 and APEC on the standstill and rollback of protectionist measures. In this context, Japan fully supports the WTO's peer review system of Trade Policy Review and Trade Monitoring which aim at curbing protectionist measures.

2.2 WTO

2.6. Strengthening and maintaining the multilateral trading system forms a basis of global trade and a pillar of Japan's trade policy. Since the last review, Japan has always fully engaged in bringing about progress in the multilateral trading system under the WTO. While respecting the principle of transparency and inclusiveness, Japan is playing a role of offering new ideas and approaches to advance the trade negotiations under the WTO. In the lead up to the successful conclusion of the 9th Ministerial Conference (MC9) in Bali in 2013, Japan has made significant contributions to narrowing the gap among Member countries and reaching consensus.

2.2.1 Rule setting

2.7. Japan has been playing a constructive role in making a new agreement on trade facilitation. The adoption of the Protocol of Amendment to insert the Trade Facilitation Agreement (TFA) into the WTO Agreement failed to meet the deadline at the end of July 2014 as was agreed by the Ministers at MC9. However, given that the Protocol was adopted at the General Council on 27 November 2014, Japan, together with other WTO members, will continue its efforts to have the TFA brought into force and implemented.

2.8. Japan's dedication to making new rules and practices through the ongoing negotiations on the expansion of ITA, TiSA, and EGA will contribute to establishing a more solid and conducive basis for enhancing business and trade on a worldwide scale.

2.9. In April 2014, the revision of the Government Procurement Agreement (GPA) came into force for Japan. With its revision, Japan has expanded its coverage in terms of the threshold of the central governmental entities, entities of sub-central level, as well as covered services.

2.2.2 Dispute settlement

2.10. Observing the compliance with the WTO rules through Dispute Settlement is one of the most important and critical roles played by the WTO to maintain an open and fair multilateral trading system. Japan has actively engaged in the WTO dispute settlement mechanism to resolve disputes as both a party and a third party to a dispute. Japan continues to seek improvements and clarifications of the Dispute Settlement Understanding (DSU) which will serve Members' shared interests by enhancing compliance with trade rules and ensuring the integrity and credibility of the rule-based trade system. Japan attaches importance to the DSU revision negotiations and has actively contributed to the negotiations with a view to achieving a successful outcome.

2.2.3 Development

2.11. Development, which was one of the components agreed among the WTO members at the Bali Ministerial Conference in December 2013, contains three sets of decisions having direct relevance for the LDCs, 1) Duty Free Quota Free (DF-QF), 2) Rule of Origin of exports, and 3) operationalization of the waiver accorded to export of services from the LDCs. The proposed monitoring mechanism regarding implementation of Special and Differential Treatment (S&DT) provisions is another decision of the Development component of the Bali Package. With the active participation in the Conference, Japan has played an important role to lead the outcome of these decisions and has been meticulously monitoring that those decisions are in effect and in action even after the Conference.

2.12. Japan has been actively continuing its participation in the discussions related to various items of the development agenda such as Aid for Trade, recognizing that integrating developing and least-developed countries in the multilateral trading system is one of the essential roles of the

WTO. In particular, Japan has actively supported LDC accessions through technical assistance to accession applicants to build their trade capacity.

2.3 FTA/EPAs

2.13. Maintaining and strengthening the multilateral trading system under the WTO has been a main pillar of Japan's external economic policy. At the same time, Japan has also promoted its regional and bilateral trade policies as means of complementing the multilateral trading system, particularly through Economic Partnership Agreements which include elements of Free Trade Agreements and institution-building.

2.14. The data concerning the Economic Partnership Agreements is summarized in the Table 2.1 below (as of December 2014).

Table 2.1

Country	Date of the entry into force	Additional information
Entered into force Singapore (The Japan-Singapore Agreement for a New Age Economic Partnership)	30 November 2002	<ul style="list-style-type: none"> - The fourth and fifth Supervisory Committees were held in May 2013 and July 2014 respectively. - Joint Committees on Customs Procedures, Paperless Trading, Mutual Recognition, Mutual Recognition of Professional Qualifications, Intellectual Property, Financial Services Cooperation, ICT, Science and Technology, Trade and Investment Promotion, SMEs, Broadcasting, and Tourism have been held to date. - The amended Agreement came into effect in September 2007. - The partial amendment of the Annex (IIA "Product-Specific Rules" and IIB "Minimum Data Requirement for Certificate of Origin") came into effect in January 2008. - The amended Agreement came into effect in September 2007. - The partial amendment of the Annex (IIA "Product-Specific Rules" and IIB "Minimum Data Requirement for Certificate of Origin") came into effect in January 2008.
Mexico (The Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership)	1 April 2005	<ul style="list-style-type: none"> - The Protocol between Japan and the United Mexican States related to Improvement of Market Access Conditions based on paragraphs 3 and 5 of Article 5 of the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership entered into force in April 2007. - The Protocol Amending the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership was signed in September 2011 and entered into force in April 2012. - Sub-Committees on Trade in Goods, SPS Measures, Technical Regulations, Standards and Conformity Assessment Procedures, Rules of Origin, Certificate of Origin and Customs Procedures, Cross-Border Trade in Services, Entry and Temporary Stay, Government Procurement, Cooperation in the Field of Trade and Investment Promotion, Cooperation in the Field of Agriculture, Cooperation in the Field of Tourism, and also the Special Sub-Committee on Steel Products and the Committees for the Improvement of the Business Environment have been held to date.
Malaysia (The Agreement between the Government of Japan and the Government of Malaysia for an Economic Partnership)	13 July 2006	<ul style="list-style-type: none"> - The third Joint Committee was held in February 2013. - Sub-Committees on Trade in Services, Improvement of Business Environment, Cooperation, Rules of Origin, Intellectual Property, Sanitary and Phytosanitary, Investment, Trade in Goods, and Technical Regulations, Standards and Conformity Assessment Procedures have been held to date.
Chile (The Agreement between Japan and the Republic of Chile for a Strategic Economic Partnership)	3 September 2007	<ul style="list-style-type: none"> - Meetings of the Commission, Committees on Trade in Goods and Improvement of Business Environment and the Working Group on Fish and Fishery Products have been held to date.
Thailand (The Agreement between Japan and the Kingdom of Thailand for an Economic Partnership)	1 November 2007	<ul style="list-style-type: none"> - Sub-Committees on Trade in Services, Rules of Origin, Small and Medium Enterprises, Paperless Trading, Enhancement of Business Environment, Customs Procedures, Tourism, Agriculture, Forestry and Fisheries, Trade in Goods, and Movement of Natural Persons have been held to date.
Indonesia (The Agreement between Japan and the Republic of Indonesia for an Economic Partnership)	1 July 2008	<ul style="list-style-type: none"> - Sub-Committees on Rules of Origin, Trade in Goods, Trade in Services, Movement of Natural Persons, Cooperation, and Investment have been held to date.

Country	Date of the entry into force	Additional information
Brunei Darussalam (The Agreement between Japan and Brunei Darussalam for an Economic Partnership)	31 July 2008	- Sub-Committees on Trade in Services and Cooperation have been held to date.
ASEAN (The Agreement on Comprehensive Economic Partnership among Japan and Member States of the Association of Southeast Asian Nations)	1 December 2008 (Lao People's Democratic Republic, Myanmar, Singapore, Viet Nam) 1 January 2009 (Brunei) 1 February 2009 (Malaysia) 1 June 2009 (Thailand) 1 December 2009 (Cambodia) 1 July 2010 (The Philippines)	- The 11th Joint Committee was held in March 2014. - Sub-Committees on Rules of Origin, Trade in Services, Investment and Economic Cooperation have been held to date. - The Agreement is a legally independent agreement in relation to the bilateral EPAs between Japan and individual ASEAN Member States and thus the entry into force of the Agreement does neither nullify nor integrate those bilateral EPAs.
The Philippines (The Agreement between Japan and the Republic of the Philippines)	11 December 2008	- The fourth Joint Committee was held in March 2013. - Sub-Committees on Trade in Goods, Trade in Services, Rules of Origin, Investment, Movement of Natural Persons, Improvement of Business Environment, and Cooperation have been held to date.
Switzerland (The Agreement on Free Trade and Economic Partnership between Japan and the Swiss Confederation)	1 September 2009	
Viet Nam (The Agreement between Japan and the Socialist Republic of Viet Nam for an Economic Partnership)	1 October 2009	- Sub-Committees on Movement of Natural Persons have been held to date.
India (Comprehensive Economic Partnership Agreement between Japan and the Republic of India)	1 August 2011	- The sub-committee on Rules of Origin, Customs Procedures, TBT/SPS, Trade Services, Improvement of Business Environment has been held to date.
Peru (The Agreement between Japan and the Republic of Peru for an Economic Partnership)	1 March 2012	- Meeting of the Commission and the Sub-Committee on Improvement of the Business Environment have been held to date.
Signed		
Australia (The Agreement between Japan and Australia for an Economic Partnership)	Signed on 8 July 2014 (The negotiations commenced in April 2007)	- Sixteen rounds of negotiations were held.
Under negotiation		
The Republic of Korea	Under negotiation (The negotiations commenced in December 2003)	- Six rounds of negotiations were held. - Although no negotiations have been held since the end of the sixth round held in November 2004, four rounds of the working-level consultation were held by December 2009 to consider the resumption of negotiations. Director-general level consultations for the EPA were held in September 2010 and in May 2011. Several rounds of working-level consultations have been held since 2012.
GCC (Gulf Cooperation Council)	Under negotiation (Formal negotiations commenced in September 2006)	- Two rounds of negotiations and four rounds of informal intermediate meetings were held. The latest meeting was held in March 2009.
Mongolia	Reached an agreement in principle in the negotiations of the Agreement in July 2014. (The negotiations commenced in June 2012)	- Seven rounds of negotiations were held
Canada	Under negotiation (The negotiations commenced in November 2012)	- Seven rounds of negotiations were held. The latest meeting was held in Tokyo in November 2014.
Colombia	Under negotiation (The negotiations commenced in December 2012)	- Eight rounds of negotiations were held. The latest meeting was held in Bogota in October 2014.
CJK (China, Japan and Republic of Korea)	Under negotiation (The negotiations commenced in March 2013)	- Six rounds of negotiations were held. The latest meeting was held in Tokyo in November 2014.
RCEP (Regional Comprehensive Economic Partnership)	Under negotiation (The negotiations commenced in May 2013)	- Six rounds of negotiations were held. The latest meeting was held in India in December 2014.

Country	Date of the entry into force	Additional information
EU (European Union)	Under negotiation (The negotiations commenced in April 2013)	- Seven rounds of negotiations were held. The latest meeting was held in Brussels in October 2014.
TPP (Trans-Pacific Partnership)	Under negotiation (Japan participated in TPP negotiations in July 2013)	- The latest ministerial meeting was held in November 2014 and the latest Chief Negotiators' meeting was held in September 2014
Turkey	Under negotiation (The negotiations commenced in December 2014)	- The first round of negotiations was held in December 2014.

2.4 Other Regional/Bilateral Arrangements

2.4.1 Asia-Pacific Economic Cooperation (APEC)

2.15. 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 and will continue to take a leading role in realizing this vision in close cooperation with other Member economies.

2.16. At the APEC Economic Leaders' Meeting in Beijing in 2014, APEC economic leaders extended their standstill commitment through the end of 2018 to refrain from introducing new protectionist measures, and reaffirmed commitment (i) to rollback protectionist and trade-distorting measures and (ii) to continue maximum restraint in implementing WTO-consistent measures with a significant protectionist effect.

2.17. APEC's core mission continues to be further regional economic integration and expansion of trade in the Asia-Pacific region. APEC has pursued these objectives in 2014 by advancing Global Value Chains and Supply Chain Connectivity, and addressing next-generation trade and investment issues, including through our trade agreements and the Free Trade Area of the Asia-Pacific (FTAAP), which is a major instrument to further APEC's regional economic integration agenda. In this regard, Japan took the lead in manufacturing related services in supply chains/ value chains as one of the next generation trade and investment issues to advance the FTAAP in line with the agreed *"Beijing Roadmap for APEC's Contribution to the Realization of the FTAAP"* in 2014. Japan also took the lead in two work streams, namely "Improve the investment climate for GVCs development" and "Enhance resiliency of GVCs" under the *"APEC Strategic Blueprint for Promoting Global Value Chain Development and Cooperation"*. In addition, Japan has pursued the advance of APEC green growth and sustainable development objectives by taking the lead in environmental services and contributing to capacity building for implementation of the 2012 APEC Leaders' commitments on the APEC List of Environmental Goods (54 items), which aim to reduce applied tariff rates to 5% or less by the end of 2015, taking into account each economy's economic circumstances.

2.4.2 Asia-Europe Meeting (ASEM)

2.18. Japan believes that the economic dialogue and cooperation between Asia and Europe through ASEM will promote enhanced mutual understanding between the two regions on various economic issues, which could lead to increased trade and investment between Asia and Europe, as well as to the improved coordination of world economic issues of mutual concern relating to the WTO, RTA/FTA, IPR, etc., thereby contributing to the development of the global economy.

2.19. Following the decision taken at the tenth ASEM Customs Directors General-Commissioners Meeting in Vienna, Austria in October 2013, Japan, together with European side's coordinator, Poland, has taken the initiative to compile the situations and progress made in the field of the Authorized Economic Operator (AEO) programmes in the ASEM members. In addition, Japan is taking a leading role as the Asian side's Coordinator on the subject of Supply Chain Security in the ASEM Customs work for 2013-2014. The eighth ASEM Working Group Meeting on Customs Matters in Siem Reap, Cambodia in March 2014 endorsed the action plan on this subject that was proposed by Japan.

2.4.3 Japan's Bilateral Activities outside of FTAs

The United States

2.20. As long-time allies and major trade partners, Japan and the United States continue to engage in a wide range of bilateral economic dialogues.

2.21. In April 2013, Japan and the United States completed bilateral consultations regarding Japan's participation in the negotiation of the Trans-Pacific Partnership and decided to conduct negotiations on non-tariff measures (NTMs) and on motor vehicle trade in parallel to the TPP negotiations. The negotiation on NTMs includes the areas of Insurance, Transparency/Trade Facilitation, Investment, IPR, Standards, Government Procurement, Competition Policy, Express Delivery and SPS. The negotiation on motor vehicle trade includes Special Motor Vehicle Safeguard, Transparency, Standards, PHP Certification System, Green/New Technology Vehicles, Financial Incentives, Distribution, Third Country Cooperation and Other Issues. The parallel negotiations have been held four times since August 2013. Since the fourth round, both governments have continued consultations intermittently.

2.22. Japan and the United States held the sixth Director General-level meeting of the U.S.-Japan Policy Cooperation Dialogue on the Internet Economy in Washington D.C. in September 2014. This dialogue included a session with representatives from the private sector. Participants had candid and vibrant discussions on important topics on Internet and Information and Communication Technologies (ICT) such as enhancement of the Multi-stakeholder System of Internet Governance, Use of Personal Data and Protection of Privacy, Cybersecurity, Telecommunication Service, Open data, R&D Cooperation and ICT for Development. Such policy-level dialogues are aimed at deepening bilateral policy coordination and lay the groundwork for greater Japan-U.S. cooperation in international fora.

European Union

2.23. The trade turnover between Japan and the EU has steadily recovered in recent years from the temporary decline in 2009 due to the world economic crisis. As the Ministry of Finance reports, the volume of the mutual trade amounted to about ¥15 trillion in 2013. Japan is the EU's seventh largest trading partner and the EU is Japan's third one. Regarding foreign direct investment, Japan invested about ¥27 trillion and the EU invested about ¥7 trillion in 2013. The EU is the largest investor and the second largest investee for Japan. According to the survey of the Ministry of Economy, Trade and Industry (METI), about 2,600 Japanese enterprises are operating businesses in the EU and creating about half a million jobs.

2.24. On the occasion of the 22th Japan-EU Summit Meetings on 7 May 2014, the leaders recognized the active and continued contribution of the EU-Japan Business Round Table (BRT) to further development of bilateral economic relationship, and reaffirmed their determination to promote cooperation with the business communities on both sides, notably through the BRT.

Russian Federation

2.25. The trade and economic relationship between Japan and Russia has been growing steadily in recent years. The trade turnover between the two countries reached a record high level of 34.8 billion US\$ in 2013. Automobile-related products occupy more than 60% of Japanese exports to Russia and three-quarters of Japanese imports from Russia are oil, gas and other mineral-related materials.

2.26. In addition to Russia's economic slowdown, sanctions by G7 countries toward Russia have had a negative impact on Japan-Russia business and economic relations. Statistics show a rapid decline in exports from Japan to Russia over the period from March to September 2014 compared to the same period of the last year.

2.27. The Japanese Government has established Japan Centers in six Russian cities, through which it offers technical assistance aimed at cultivating and training personnel who are expected to play an important role in the Russian economy and Japan-Russia business and economic relations. The Centers also proactively support business activities by providing institutional and corporate

information offering consulting services, etc. in order to promote business relations between companies of the two countries.

China

2.28. The economic interdependence between Japan and China is growing deeper. China has been Japan's largest trading partner since 2007. The mutual trade amount in 2013 reached US\$312 billion. According to China's statistical data, Japan was China's second largest trading partner in 2013 and regarding foreign direct investment in China, Japan invested US\$7.1 billion in 2013. According to China's data, 23,094 Japanese enterprises were conducting business in China as of the end of 2012. Japan has bilateral economic agreements and arrangements with China in the areas of trade, air transportation, maritime transportation, trademark protection, tax, investment, fisheries and mutual customs cooperation.

2.29. In 2007, for strategic economic dialogue at the ministerial level, Japan and China decided to establish the Japan-China High-Level Economic Dialogue. The first meeting was held in Beijing in December 2007, the second meeting was held in Tokyo in June 2009 and the third meeting was held in Beijing in August 2010, in which both leaders expressed views to strengthen exchanges and cooperation in the fields of trade, investment, and protection of intellectual property rights, among other areas.

Republic of Korea

2.30. Japan and Republic of Korea maintain a mutually dependent economic relationship and it is growing steadily. The mutual trade amount in 2013 reached US\$94.7 billion. Japan and Republic of Korea are each other's third largest trading partner after China and the US in 2013. Regarding foreign direct investment in Republic of Korea, Japan was the second largest investor with US\$2,690 million in 2013. Foreign direct investment from Republic of Korea to Japan amounted to US\$690 million.

2.31. In order to strengthen the economic relationship between Japan and Republic of Korea, the 12th Japan-Republic of Korea High-Level Economic Consultation was held on 11 November 2013. Both sides exchanged views to promote bilateral trade and investment, and reaffirmed the importance of cooperation on global issues such as energy security and the environment. In addition, both sides confirmed the recent development of the cooperation between Japanese and Korean enterprises in third countries on projects of resource development and infrastructure, and exchanged views to promote further bilateral cooperation in various economic fields.

India

2.32. Based on the "Japan-India Strategic and Global Partnership", established by then-Prime Minister Abe and Prime Minister Singh in 2006, economic activities between two countries have been steadily enhanced. The mutual trade amount in 2013 reached US\$16.3 billion. This figure is fourfold of that in 2003.

2.33. To further strengthen the bilateral economic partnership, Japan and India have been engaged in wide-ranging dialogues on trade, investment promotion and improvement of the business environment. The Sixth Japan-India Strategic Dialogue on Economic Issues was held in October 2012 in Tokyo. At the ministerial level, the first India-Japan Ministerial-Level Economic Dialogue was held in April 2012.

Africa

2.34. In June 2013, the Fifth Tokyo International Conference on African Development (TICAD V) was held in Yokohama, Japan with participation of 53 African Countries, international organizations, the private sector and NGOs. Two outcome documents, namely the "Yokohama Declaration 2013" and the "Yokohama Action Plan 2013-2017", were adopted at TICAD V. The participants affirmed their support of Africa's growth by promoting trade and investment through Public-Private Partnership while recognizing Africa as a "business partner".

2.35. Japan announced the Assistance Package for Africa at TICAD V, utilizing private and public means of up to US\$32 billion, including ODA of US\$14 billion over the next 5 years and pledged a range of measures to promote trade and investment in Africa, including the following:

2.36. First, Japan set up various OOF schemes such as providing US\$5 billion through JBIC (Japan Bank for International Cooperation) Facility for African Investment and Trade Enhancement to finance projects in Africa, up to US\$2 billion through NEXI (Nippon Export and Investment Insurance) in trade and investment insurance, and US\$2 billion through JOGMEC (Japan Oil, Gas and Metals National Cooperation) in financial assistance for exploration/development project. As of April 2014, US\$2.08 billion was disbursed in total under the schemes.

2.37. Second, placing importance on the human resources development, Japan announced the dispatch of policy advisors on investment promotion to 10 countries and pledged to promote the capacity building of 300 people in 20 countries for the function of OSBP (One Stop Border Post) and to facilitate regional trade. Japan has already dispatched 5 advisors to 5 countries such as Tanzania and Mozambique and already trained 250 people in 11 countries such as Kenya, Togo and Zimbabwe. Japan also announced support for the capacity building of 30,000 people for business and industry through KAIZEN and Technical and Vocational Education and Training (including the establishment of 10 Human Resource Development Centers) and launched "ABE Initiative" (African Business Education Initiative for Youth) which invites 1,000 young people to study and to have the experience of interning in Japanese companies in Japan. In September 2014, as the first group, more than 150 students arrived in Japan through this Initiative.

2.38. Third, focused on developing an investment friendly environment, Japan announced the promotion of investment agreement negotiation. Japan concluded one with Mozambique and it went into effect in August 2014. Japan is now negotiating with Kenya, Ghana and Morocco and seeking other possible countries for negotiations.

2.39. Fourth, working to expanding business opportunities in Africa, Japan dispatched two Public and Private sector Joint Missions to African countries (one mission to Republic of Congo, Gabon and Côte d'Ivoire from November to December in 2013, and another mission to Ethiopia, Rwanda and Tanzania in August 2014).

2.40. Fifth, with a view to improving access of the private sector to finance, in January 2014 when Prime Minister ABE visited three African Countries (Côte d'Ivoire, Mozambique and Ethiopia), Japan pledged to double the amount of the EPSA (Enhanced Private Sector Assistance) loans jointly launched by Japan and AfDB (African Development Bank) Group to US\$2 billion for 5 years from 2012. Through this scheme, Japan already pledged several projects to promote the growth of the private sector in Africa.

MERCOSUR

2.41. In June 2011, Mr. Takeaki Matsumoto, Minister for Foreign Affairs at the time, participated in the 41st Summit Meeting of MERCOSUR for the first time as the Japanese Minister for Foreign Affairs. He proposed launching a dialogue as a forum for exploring possibilities to promote bilateral relations across a wide range of economic fields, including trade and investment. The first meeting was realized in November 2012 and a second meeting is expected to be held in the near future between Japan and MERCOSUR.

2.5 Investment Policy

2.5.1 Program for Promoting Japan as an Asian Business Centre and Direct Investment into Japan

2.42. Since December 2011, Japan has been implementing the "Program for Promoting Japan as an Asian Business Centre and Direct Investment into Japan". Location subsidies, tax incentives and reduced patent fees for R&D sites are being offered under the programme. The authorities stated that they had a site location subsidy for global companies from FY2010 to FY2014 and the total amount of subsidy was ¥4.0 billion.

2.5.2 Outlook

2.43. In the Japan Revitalization Strategy (decided by the Cabinet in June 2013), the Japanese Government stated that it "will also aim to double the outstanding amount of FDI to ¥35 trillion by 2020 (¥17.8 trillion at the end of 2012)".

2.44. From February to April in 2014, the Japanese Government convened the Expert Group Meeting on Foreign Direct Investment in Japan five times and compiled a report on challenges to promote investment, taking into account the opinions of foreign companies as well. In April 2014, the Japanese Government established the Council for Promotion of Foreign Direct Investment in Japan as a new headquarters for cross-ministerial promotion of investment.

2.45. Currently, the Council for Promotion of Foreign Direct Investment in Japan strives to make cross-ministerial efforts and to carry out the necessary institutional reforms. Diplomatic missions abroad and JETRO cooperate in strengthening activities abroad which focus on attracting investment projects. In addition, strategic sales pitches are conducted by the Prime Minister and other Cabinet Ministers.

2.5.3 Investment Agreements

2.46. Japan has actively promoted the conclusion of investment agreements as they create stable, equitable, favourable and transparent conditions for greater investment through the removal of barriers to investment and provision of investor protections. As of September 2014, Japan has concluded bilateral investment agreements, and a trilateral investment agreement, with 21 countries and regions as well as EPAs which contain investment chapters with 10 countries.

2.47. From the viewpoint of harnessing global demand and making the most of the benefits from a movement in the direction of appreciation of yen, Japan places a greater emphasis on the enhancement of foreign investment. Against this backdrop, Japan will proactively conclude investment agreements, taking into consideration the investment track record, the prospect for investment as well as the need to improve investment environment, and thus play a leading role in establishing new international investment rules.

3 TRADE AND DEVELOPMENT

3.1 Aid for Trade

3.1. In order for developing countries including LDCs to reap further benefit from the multilateral trading system, trade liberalization alone is not sufficient. Enhancing capacities on the supply side and encouraging assistance for this purpose is indispensable. Since Aid for Trade (AFT) initiatives contribute to enhancing the trade capacities of developing countries, Japan continues to provide various measures for AFT to this end, as well as promoting the "One Village, One Product" movement.

Japan's Development Initiatives for Trade

3.2. Japan announced the "Development Initiative for Trade", prior to the WTO Ministerial Conference in Hong Kong, China in December 2005. This Initiative contained: (a) implementation of Duty-Free and Quota Free Market Access for essentially all products originating from LDCs, (b) provision of US\$10 billion of financial assistance including trade, production and distribution infrastructure for three years (2006-2008), and (c) as part of (b), the exchange of a total of 10,000 trainees and experts in trade-related fields over the same period, targets of which were fully achieved. During the designated period (2006-2008) of the Initiative, the total sum of financial assistance amounted to US\$17.66 billion, which more than reached the target at 177%.

3.3. Given the successful results of the above-mentioned first initiative, Japan announced a new AFT strategy, "Development Initiative for Trade 2009" in July 2009. Its main pillar was US\$12 billion of financial assistance for trade-related projects including trade, production and distribution infrastructure for 3 years from 2009 to 2011. During the designated period (2009-2011) of the Initiative, the total sum of financial assistance amounted to US\$23.36 billion, which reached 195% of the target, well surpassing the amount of the first initiative. Despite the

fact that no additional Development Initiative has been launched since then, Japan has continuously been making a strong commitment to Aft as Japan considers it is important to help beneficiary countries meet the new challenges they face in the regional and global economy.

Aid for Trade Asia-Pacific Regional Technical Group

3.4. Japan is executing not only a quantitative commitment but also a qualitative commitment under the Initiative 2009 which aims for improvement in efficiency of Aft. For instance, Japan has been fully involved in the Aft Asia-Pacific RTG (Regional Technical Group) since its inception in March 2009. The purpose of the RTG is to discuss the successful and rich experiences of aid activities in the Asia-Pacific region, to glean some elements of effective aid and to share them with other regions, particularly Africa. Japan hosted the Sixth RTG meeting in Tokyo in March 2013 to complete a second report titled "Aid for Trade in Asia and the Pacific: Driving Private Sector Participation in Global Value Chains" which highlights the link between mainly the Japanese private sector participation in trade capacity building and the ability of firms to plug into value chains and was submitted to the Fourth Global Review in July 2013. As the Co-Chair of the RTG, Japan will endeavour to continuously be fully involved in the Seventh RTG Meeting in Geneva in July 2015 with a commitment to assist beneficiary countries to meet the new challenges they face in the region and regional economy.

Tokyo International Conference on African development

3.5. By welcoming representatives from 53 African nations, including 39 Heads of States, Japan has hosted TICAD V, the Fifth Tokyo International Conference on African Development in June 2013. TICAD has evolved into a major and unique global framework for promoting African development and has attracted high-level participants both from African countries and their development partners. Under the TICAD process, Japan has placed importance on the "quality growth" of Africa and affirmed the importance of promoting trade and investment through Public-Private Partnership while recognizing Africa as one of the most important business regions in the world (cf. para 41, 42).

Assistance to the One Village, One Product Movement

3.6. The One Village, One Product (OVOP) is one of the typical approaches under these initiatives. OVOP is a movement which supports local economies through the development, improvement and promotion of local products (foods, beverages, textiles & garments, etc.) with the participation of local people. This movement was first initiated in a southern prefecture in Japan in the late 1970s and later spread to the other prefectures. It has been introduced and has contributed to the development of local economies in other Asian countries.

3.7. Japan continues supporting this movement, especially the exports of developing countries and least developed countries through technical cooperation such as the dispatch of experts, educational and training programs to create competitive products, and support through international organizations. In addition, Japan has held exhibitions and trade fairs inviting buyers and has also opened shops (OVOP markets) since 2006 in some of Japan's international airports in order to introduce products and encourage shopping.

3.2 Generalized System of Preferences (GSP)

3.8. In order to improve market access for developing countries, Japan introduced a preferential tariff treatment under the GSP scheme on 1 August 1971, and has re-examined it several times since then. Furthermore, under the scheme, Japan has granted special preferential treatment to LDCs since 1980, including additional products for which preferences are granted only to LDCs. Currently, 137 developing countries and 7 territories, including all LDCs, enjoy the benefits of the GSP scheme. This scheme has been vastly improved over the last several years, especially in 2007 and 2011. In the comprehensive "Development Initiative for Trade" launched on 9 December 2005, Japan announced its commitment to providing duty-free and quota-free (DFQF) market access for essentially all products originating from LDCs. Japan is fully committed to implementing the above initiative thus complying with the decision adopted in the Hong Kong, China Ministerial Declaration. In realization of the above-mentioned commitment, on 1 April 2007 Japan started improved DFQF treatment for LDCs by adding a variety of items to the treatment. As

a result, the number of agricultural and fishery products originating from LDCs which receive DFQF preferential treatment increased from 497 to 1,523 and that of industrial products increased from 4,185 to 4,244. Consequently, treatment coverage which was previously approximately 86% has risen to approximately 98% as defined at the tariff line level. On 1 April 2011, Japan extended the effective period of the GSP scheme to 31 March 2021. Japan abolished all ceiling-based schemes for certain industrial products and revised the criteria for application of competitiveness-focused, product-by-exclusion measures. The revision was made to make the criteria more objective and transparent and to allow less competitive developing countries to benefit more from the GSP scheme.

4 JAPAN'S DOMESTIC POLICIES

4.1 Abenomics

4.1. The Abe administration has been implementing a set of new economic policies designed to end the prolonged deflation as soon as possible and revitalize the Japanese economy in an integrated manner. Known as Abenomics, these policies are made up of "three arrows": bold monetary policy, flexible fiscal policy, and Growth Strategy that promotes private investment. Consequently, the Japanese economy is regaining its robustness, and price trends are no longer pointing to deflation.

4.2. The government made Cabinet Decisions on "Basic Policies for the Economic and Fiscal Management and Reform 2014", revised "Japan Revitalization Strategy 2014", and "Regulatory Reform Implementation Plan" on June 2014. The most important issues are to further promote such positive movement, realize a virtuous cycle of the economy and achieve economic revitalization and fiscal consolidation simultaneously.

4.3. Under the current economic situation, the consumption tax increase from 8% to 10% scheduled in October 2015 will be postponed until April 2017 for 18 months in order to ensure that Abenomics succeeds in overcoming deflation and enhancing economic growth. Further, the Government will develop a new economic stimulus package to ensure the economic virtuous cycles get on the right track and the fruits of Abenomics spread throughout local economies. Regarding the current fiscal situation of Japan, the general government's gross debt to GDP ratio exceeds 200% and it is at the worst level in the world. In order to ensure confidence in Japan's public finance, the government firmly maintains the fiscal consolidation target of a primary surplus by FY2020 and in order to achieve the target, the government will prepare a concrete fiscal consolidation plan by next summer.

4.4. The revised Growth Strategy includes a large number of further reforms to enhance the growth potential of Japan as follows:

Attracting foreign visitors and inward FDI

4.5. Attracting foreign visitors to Japan is an important key to supporting domestic demand. The government will continue to take measures such as further deregulation of visa requirements. In addition, promoting inward foreign direct investment (FDI) is also essential in order to take global growth into Japan. Therefore, the government will strengthen the system to facilitate doubling inward FDI stocks.

Further regulatory reforms in National Strategic Special Zones

4.6. With the aim of a significant increase in inward FDI, the Japanese government designated six National Strategic Special Zones in May 2014 to implement ambitious regulatory reforms. For example, in the Tokyo area, Kansai area and Fukuoka City, several measures will be taken to attract foreign enterprises and promote business start-ups, such as providing clarification of employment rules/practices.

Promoting active social participation by women

4.7. In order to reduce the number of women who leave the workforce due to childbirth/child rearing and to increase the percentage of women in leadership positions, the government will take following measures:

- introducing over 10,000 integrated after-school childcare services/programs and installing after-school childcare centres for about another 300,000 children by the end of March 2020.
- reviewing tax and social security system in 2014 from a standpoint of being neutral with regard to how women choose to work.

4.8. Together with other measures, the government aims to raise the employment rate of women (aged 25-44) from 68% (in 2012) to 73% by 2020 and to increase women occupying leadership positions to 30% by 2020.

Reform in Agricultural sector

4.9. The government will undertake integrated regulatory reform of the Agricultural Committee and others so that highly-motivated and business-minded farmers can pursue more dynamic production and operation with taking advantage of various companies' knowledge. With the reform, the government will aim to raise annual exports of Japanese agricultural, forestry and fishery products and foods, to ¥1 trillion by 2020 and thereafter to ¥5 trillion by 2030.

4.2 Intellectual Property Rights

4.10. On June 7, 2013, the Intellectual Property Strategy Headquarters formulated the Intellectual Property Policy Vision (hereinafter referred to as the "Vision"). On the same day, the Cabinet adopted the essence of the Vision as the Basic Policy Concerning Intellectual Property Policy, and parts of its measures were reflected in the Japan Revitalization Strategy, which is one of the three pillars of the current administration's economic policy. Therefore, intellectual property policy is regarded as one of the most important efforts for enhancing Japan's industrial competitiveness.

4.11. In the Basic Policy Concerning Intellectual Property Policy, since the Intellectual Property Strategy Headquarters has celebrated the 10th anniversary of its establishment, in order to review the efforts of the past and to build up the world's most advanced intellectual property system, the following three goals have been set.

- Building up an intellectual property system attracting users and innovation investment from overseas
- Making Japan's intellectual property system become a standard in emerging nations in Asia
- Continuously producing human resources with creativity and strategic capability for global intellectual property activities.

4.12. Towards these goals, with the following four fields as pillars of the policy for the Vision, policy challenges and efforts in the field of intellectual property are organized, looking at medium- and long-term goals approximately ten years into the future.

- Building up a global intellectual property system for enhancing industrial competitiveness
- Support for enhancing intellectual property management by SMEs and venture companies
- Improving the environment for adjusting to a digital network society
- Strengthening soft power focusing on the content industry.

4.13. In addition, the Government of Japan will implement measures concerning intellectual property based on these four pillars and the Vision, in which long-term policy issues and the like will be incorporated according to the four pillars.

4.14. It should be noted that when new policies are needed as situations change in the future, this will be reflected in the Intellectual Property Strategic Program formulated as an annual action plan according to this Basic Policy and the Intellectual Property Policy Vision, and these policies will be continuously evaluated so that the Intellectual Property Policy Vision can be reviewed when necessary.

4.3 Financial Reform

Banking and securities sector

4.15. To prevent a financial crisis that may spread across financial markets and seriously impact the real economy, the Financial Service Agency (FSA) established an orderly resolution regime for financial institutions, which is consistent with the agreement by the G20 Summit countries. In addition, large exposure rules pursuant to international standards will be revised. Furthermore, the FSA has made the following of the respective Acts:

- In order to facilitate a smooth turnaround of business companies, the revised provision enables banks to hold a total of 100% of voting rights under certain conditions, as an exception of the provision which prevents banks from holding a total of more than 5% principally
- With a view to enhancing the depositor's protection, though the application of the Act on Special Measures for Reorganization, etc. was previously limited to foreign local subsidiaries, the revised provisions allow an extension to foreign bank branches, etc.

4.16. In order to revitalize the Japanese economy, it is crucial to establish measures to enhance the overall attractiveness of Japan's financial and capital markets, particularly measures to turn household financial assets into investment for growth, and to accelerate and reinforce the growth strategy from the financial side. Given this situation, the draft law regarding the amendment of the Financial Instruments and Exchange Act was enacted on 23 May 2014. The points of the amendment are as follows:

- 1) Promoting the provision of risk money to emerging and growing companies
 - (a) Promoting the use of equity crowdfunding
The entry requirements of Financial Instruments Business Operators which handle equity crowdfunding under a certain amount are relaxed. In addition, new regulations have been introduced to prevent fraudulent solicitation of investment via the Internet.
 - (b) New trading system for non-listed shares
Unlike the current Green Sheet system, the rules applied to ordinary non-listed shares are also applied to the new trading system which would be established to meet the needs for trading and cashing of non-listed shares, as distribution would be restricted to a limited investment group.
- 2) Promoting new listings and facilitating financing by listed companies
 - (a) Reduction of the burden following a new listing
For a limited period after listing, companies would be able to choose whether or not to have their internal control report audited by a Certified Public Accountant.
 - (b) Facilitation of financing by listed companies
When acquiring or disposing of treasury stock, listed companies would not need to submit a "Large Shareholding Report". Regarding the compensation liabilities of listed companies to secondary-market investors in connection with false disclosures, strict liability would be changed to fault liability. (The listed company is liable unless the company itself proves that it was not at fault.)
- 3) Ensuring reliability in markets
 - (a) Amendments to regulations concerning sale of partnership rights
Type II Financial Instruments Business Operators are prohibited from soliciting investment in a partnership right while knowing that the money invested in the partnership is used for other purposes.
In addition to the above, they are obliged to establish a domestic office.

- (b) Introduction of regulation of financial benchmarks
Regulation of administrators of specified financial benchmarks has been introduced.

Insurance sector

4.17. "The Act for Amendment of the Insurance Business Act, etc." was enacted in May 2014. This Act, in view of enormous change in the business environment surrounding insurance companies, mainly includes measures in order to "assure the reliability of insurance" and "develop the insurance market". The measures for assuring the reliability of insurance include (1) requirements for insurance companies to understand the client's intentions accurately and to provide necessary information for the decision-making of clients, as a fundamental rule regarding insurance solicitation and (2) the introduction of requirements for an insurance agent to establish an appropriate governance structure, etc. The measures to develop the insurance market include (1) revising regulations on insurance brokers, (2) revising regulations to facilitate insurance companies' adjustment to the current business environment, in terms of communication with clients, etc.

4.4 Agricultural Reform

4.18. In order to address various challenges such as the aging of farmers and the expansion of abandoned farmland, the government has been implementing a "Aggressive Agriculture, Forestry, and Fisheries" initiative consisting of industrial policy (making agriculture, forestry, and fisheries competitive) and regional policy (securing the benefits of multi-functionality of agriculture such as preserving land). In December 2013, the government established the Plan for Creating Dynamism through Agriculture, Forestry, and Fisheries and Local Communities comprising the following four pillars:

- 1) Strengthening the production side: reducing production costs by utilizing regional government-supported institutions which promote farmland consolidation and phasing out the allocation of the rice production quota within five years.
- 2) Securing the benefits of the multi-functionality of agriculture: establishing an original direct payment scheme to revitalize rural communities.
- 3) Establishing food value chains connecting producers and consumers: establishing an investment fund (A-FIVE) to financially support primary producers who are willing to diversify their businesses, creating a Geographical Indication (GI) Protection scheme.
- 4) Increasing food demand: promoting "FBI" strategies ("Made FROM Japan" spreading use of Japanese food ingredients globally beyond Japanese cuisine, "Made BY Japan" supporting the Japanese food industries for overseas marketing, and "Made IN Japan" promoting exports of Japanese food), establishing an executive committee of export strategy, and meeting new domestic demand through collaboration between medical/welfare and food/agriculture fields.

4.19. Furthermore, in June 2014, the government revised the above plan based on the discussion in the Industrial Competitiveness Council and the Council for Regulatory Reform, incorporating the reform of agricultural cooperatives, agricultural committees and agricultural production corporations in it.

4.20. In accordance with the revised plan, the government will promote agricultural reforms steadily and review the Basic Plan for Food, Agriculture, and Rural Areas to show the medium- and long-term vision of the agricultural policy.

4.5 Competition Policy

4.21. On 7 December 2013, the Antimonopoly Act (AMA) Amendment Bill was approved in the 185th extraordinary session of the Diet, and the enacted act was promulgated on 13 December 2013. It contains the abolition of the JFTC's hearing procedure and necessary revisions to develop procedures for hearings prior to Japan Fair Trade Commission (JFTC) issue of administrative orders such as cease and desist orders. The enacted act shall come into force from

the date specified by Cabinet Order within a period not exceeding one year and six months from the day of promulgation.

4.22. The JFTC has been taking rigorous legal actions against violations of the AMA. The number of legal cases against such violations amounted to 21 in 2012 and 15 in 2013. (Please refer to the Table 4.1)

Table 4.1

	2012	2013
Private monopolization	0	0
Bid-rigging	19	10
Cartels (excluding bid-rigging)	0	4
Unfair trade practices	2	1
Others	0	0
Total cases	21	15

4.23. The total amount of surcharge payment orders issued by the JFTC was estimated at ¥23,971.51 million in 2012 and ¥22,974.91 million in 2013.

4.24. The JFTC has adopted a proactive policy to indict violations of the AMA in seeking to impose criminal penalties on violators. In June 2012, the JFTC indicted one case. In March 2014, the JFTC indicted one case.

4.25. In order to strengthen the role of the JFTC as a guardian of the market, the JFTC increased the number of their personnel to 830 in 2014 and most of them were assigned to the investigation section.

4.6 Services-Related Policies

4.26. Japan has promoted reforms in several service-related sectors.

4.27. In the maritime transport sector, the tonnage tax was extended until the end of FY2018 (i.e. March 2019), and the scope of application expanded to include deemed-Japanese-flagged-vessels.³

4.28. Regarding the requirements to use international accounting and disclosure standards, in October 2013, relevant Cabinet Office Ordinances were amended to eliminate two requirements: "Being a listed company in Japan" and "Conducting financial or business activities internationally". As a result, a company may prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) under certain conditions.

4.29. As for the telecommunications sector, in keeping with the spread of the smart phone and diversification of public wireless LAN, the definition of a public wireless LAN access service was widened in order to impose obligations on Telecommunications Carriers to explain conditions of offering services when concluding a contract.

³ A deemed-Japanese-flagged-vessel refers to a Foreign-flagged-vessel operated by a Japanese shipping firm and owned by their overseas subsidiaries which can change its flag to a Japanese one immediately in the case of an issuing order of navigation in accordance with Maritime Transport Law.