

GENERAL AGREEMENT ON TARIFFS AND TRADE

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JAPAN: ACTION PROGRAMME FOR IMPROVED MARKET ACCESS

The following communication has been received by the Director-General from the Permanent Mission of Japan in Geneva. At the request of the Permanent Mission, it is being circulated to all contracting parties, together with the texts of an announcement regarding the outline of the Action Programme for improved market access (pp. 4-73), of a further announcement regarding the establishment of the Committee to Promote Implementation of the Action Programme (pp. 74-76), and of the statement of Prime Minister Nakasone on the outline of the Action Programme (pp. 77-80).

The Permanent Mission of Japan to the International Organizations in Geneva presents its compliments to the secretariat of GATT and, with reference to its Note Verbal, SK/GT 262, dated 10 July 1985, has the honour to inform the latter that on 30 July, the Government - Ruling Parties Headquarters for the promotion of external economic measures, headed by Prime Minister Yasuhiro Nakasone, announced the outline of the "ACTION PROGRAMME" for improved market access.

The establishment of the Committee to Promote Implementation of the Action Programme was also announced.

These announcements are attached herewith, together with the statement of Prime Minister Nakasone on the outline of the Action Programme.

The Japanese Mission has further the honour to inform the secretariat of GATT that the Action Programme was promised to be drawn up by the end of July in the External Economic Measures announced on 9 April 1985 (L/5795).

The Action Programme is aimed at contributing to the maintenance and reinforcement of the free-trading system by way of the roll-back of protectionism. For that, Japan aims at achieving a degree of openness surpassing international standards and befitting the position that Japan now occupies in the world economy.

The programme is based on three major guidelines: to minimize Government intervention and rely, wherever possible, on consumers' choice and responsibility from the basic perspective of "Freedom in Principle, Restrictions only as Exceptions,"; to positively contribute to the New Round of Multilateral Trade Negotiations; and to help promote the economic development of developing countries.

The Action Programme covers specific measures to improve market access in six areas: tariff reductions; import quotas; standards/certifications and import procedures; government procurement; financial and capital market; and services and the promotion of imports.

On tariffs, the Programme includes the tariff elimination and reduction package of 25 June which covers a total of 1,853 items. The Government had also made clear its readiness to reduce its tariffs on industrial products to zero along with other industrialized countries in the New Round. Further, Japan intends to improve the GSP system for the benefit of developing countries.

The largest section of the Action Programme deals with standards and certification and import procedures. The Government has undertaken a comprehensive review of Japan's relevant laws and regulations and has decided, after closely examining all the requests received from foreign governments and business circles, to take action on nearly all of them.

Specific measures cover 88 amendments, including a switch from government certification to self-certification, the further reduction and abolition of standards and certification systems, and the acceptance of foreign testing data and designation of foreign testing agencies.

In the field of government procurement, contracts awarded through single tendering will be reduced and the relevant provisions of the GATT Agreement on Government Procurement will be applied to government-related organizations that are normally out of the scope of the Agreement.

The measures also include: further liberalization of financial and capital markets including the liberalization of interest rate ceilings on deposits: and services and liberalization measures in various sectors including strict control of counterfeit goods.

Prime Minister Nakasone is firmly determined that the Action Programme shall be fully implemented through a responsible system to be established within the Government to carry out follow-up measures.

The Committee to Promote Implementations of the Action Programme, headed by the Chief Cabinet Secretary, will be set up to take up this task. Opinions and advice from abroad are to be earnestly studied and made use of in the follow-up process.

The government intends to draft legislative revisions based on the Action Programme and to introduce these revisions for passage to the next ordinary session of the Diet, starting toward the end of 1985.

The Permanent Mission of Japan requests the GATT secretariat to circulate this Note Verbal and the above-mentioned announcements together with the statement of the Prime Minister to all contracting parties in an appropriate GATT document.

The Permanent Mission of Japan avails itself of this opportunity to renew to the secretariat of GATT the assurances of its highest consideration.

Geneva, 30 July 1985

The Outline of the Action Programme
For Improved Market Access

30 July 1985

Government-Ruling Parties
Joint Headquarters for
the Promotion of External Economic Measures

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I. Introduction

- Significance of the Action Programme for improved market access

1. The world economy since the end of the last world war has undergone great development through the free-trade system with the IMF and the GATT system at its basis. Japan's miraculous economic recovery from the ruins of the war to attain the present status is attributable to the maximum benefits it has received from the free-trade system, in addition to the wisdom and efforts of its own people.

2. Today's world economy, however, faces an unprecedented rise of protectionism against the background of those problems such as the delay in the structural adjustment as reflected in the high level of unemployment, and the large current account imbalance derived from those factors including the high value of dollar. Thus, the free-trade system which is indispensable for the sustained growth of the entire world economy is now confronted with a serious situation of a commotion. Should this system collapse, the development of the world economy as well as the possibility of a new development on a swell, so to speak, of technological innovations could be nipped in the bud.

3. It is an important task for Japan, now accounting for one-tenth of the economic output of the entire world, to make active efforts in maintaining and strengthening the free-trade system as well as forming harmonious external economic relations and bringing about a stable world economic development through a balanced expansion of trade. Particularly, in the light of its present status in the international community, Japan is asked to fully utilize its strength, even at its own sacrifice to the considerable extent, so as to help the world attain a medium- and long-term development. Efforts in this direction, through increased imports, especially import of manufactured goods, which will bring about price stabilization and expansion of selection, will contribute to the further upgrading of the lives of the people.

4. It is with this view that Japan has decided to take the lead in internationalizing and opening up of its own economy as well as its society. From an independent, active, and comprehensive standpoint, the Government of Japan has drawn up a three-year "Action Programme for the Improved Market Access," based upon the following principles and intends to faithfully put it into implementation. A goal intended through the implementation of the Programme is that Japan's market will achieve an openness exceeding the international standard.

(The principles of the Action Programme)

(1) On the basic standpoint of "freedom in principle, restrictions only as exceptions," government intervention shall be reduced to minimum so as to leave the choice and responsibility to consumers.

(2) Positiveness, as befitting Japan's own position in promoting the New Round, shall be pursued.

(3) Special considerations shall be given so that the Programme can help promote the economic development of developing nations.

5. In order to ensure the effective implementation of the Action Programme, this Headquarter shall make vigorous follow-ups on a continuous basis, and the improvement and reinforcement of the O.T.O. shall be made so that clarification will be given as to where the responsibility rests in handling complaints and grievances. In the course of reducing government intervention, dissemination of relevant information as well as giving useful advice to consumers shall be ensured so that these services could help the consumers to make appropriate choices.

Following the formulation of the Action Programme, the Government of Japan shall carry on its policy tasks, while fully respecting the medium-term policy proposals suggested in the Report of the Advisory Committee for External Economic Issues, with regard to sustained economic growth led by domestic demand, expanded investment and industrial co-operation and response toward developing countries.

6. Japan hereby declares to the entire world that it intends to assume rôles and discharge responsibilities commensurate with its own economic strength, in order to maintain and strengthen the free-trade system, which is the most important and urgent task for the world economy today.

The problem of trade imbalance cannot be resolved by measures taken by the importing country alone. Japan hopes that its trade partners will take advantage of this opportunity, by accelerating their export efforts to Japan. Japan also hopes that its trade partners will join hands with Japan in the exhaustive efforts to resist temptation of protectionism and to maintain and strengthen the free-trade system.

II. The outline of the Action Programme

Chapter I: Tariffs

The Government of Japan has implemented measures including reduction and elimination of tariff rates and improvement of the Generalized System of Preferences through a series of External Economic Measures and other measures. In order to contribute to the maintenance and strengthening of the free-trade system, the early initiation of the New Round, the co-operation with developing countries, the encouragement of importing manufactured goods, the Government of Japan has decided on the following outline of the Action Programme concerning tariffs and will take necessary procedures.

I. Promotion of the New Round

1. Industrial and mining products

(1) Indication of the goal for tariff negotiations for industrial products

In order to expand and to improve the scope and contents of the tariff concessions by each country and to strengthen the GATT system through the New Round negotiations, the Government of Japan will announce its readiness to reduce tariff rates on industrial products to zero along with other advanced industrialized countries. It will actively promote such tariff negotiations in the forthcoming New Round.

From this viewpoint, the Government of Japan will also vigorously promote the elimination of the tariff rates of products with low tariff rates and substantial reduction or elimination of tariff rates on many other products.

(2) Elimination of tariff rates and other measures

(1) As the first step towards the goal mentioned above, the Government of Japan will promote negotiation with interested parties prior to the New Round for the elimination of tariff rates on high-technology products listed in Attachment 1 in order to revitalize the world economy urgently through expanding trade on high-technology products.

Priority shall be given to the promotion of negotiations on parts and other related items of automatic data processing machines, taking note of the trade volume of these items with interested parties.

(2) The Government of Japan will carry out unilateral elimination of tariff rates on low tariff rate products (approximately thirty tariff concession products) with tariff concession at or below 2 per cent with a view to implementation on 1 April 1987.

(3) Taking into account of requests by interested parties, including developing countries, to rectify tariff escalation, the Government of Japan will proceed with the study of the actual situation of tariff escalation, and will indicate around the first half of 1986 the mid- and long-term prospect for the improvement in tariff escalation.

2. Agricultural and fishery products

The Government of Japan will promote tariff negotiations in the New Round, considering the special characteristics of agriculture, and taking into account the rectification of tariff escalation and other factors.

II. Elimination and reduction of tariff rates

In view of the recent international economic situation, the Government of Japan will eliminate or reduce the tariff rates on more than 1,800 products in terms of the tariff line (including the products of the Generalized System of Preferences) from the earliest possible time of 1986 (1 April 1987 for some products).

1. Tariff rates on the products listed in the Attachment 2 will be eliminated or reduced.

2. With respect to other products, tariff rates will be reduced by 20 per cent in principle as described in Attachment 3 (in a separate volume). If injuries to domestic industries are caused to the considerable extent by import surge or other circumstances due to this measure, suspension of the measure on related products may be introduced.

As regards the reduction of tariff rates on softwood and hardwood, plywoods and other panel products, the Government of Japan shall implement the reduction as from April 1987, pursuant to the External Economic Measures decided on 9 April 1985.

III. Improvement of the Generalized System of Preferences

1. Industrial and mining products

(1) Self-initiated improvements

In relation to the implementation of the across-the-board reduction of tariff rates, necessary improvements will be made such as reduction of the tariff rates on SP products at the earliest possible time in 1986.

Considering the equalization of the benefits among countries subject to the Generalized System of Preferences, the Government of Japan will improve the ceiling system and expand the quotas with the aim of implementation from April 1987. It will also take the

initiative in leading other countries, to make fundamental improvements in the Generalized System of Preferences based upon the international principle advocated as in (2) below.

(2) Advocacy of the international principle

The Government of Japan proposes to establish an international principle consisting of the following three points for the purpose of rendering positive support to the efforts of the developing countries to industrialize and to export as well as for the purpose of promoting, by co-ordinated efforts of the industrialized countries, the fundamental improvement in the Generalized System of Preferences with the aim of implementation by the time of transition to the international convention on the harmonized commodity description and coding system (H.S.).

- (1) Freeze and reduction of the product exclusion for the Generalized System of Preferences
- (2) Principle of zero tariff rates in the Generalized System of Preferences
- (3) Consideration for the least-developed countries

2. Agricultural and fishery products

For the purpose of supporting the export efforts by the developing countries, the Government of Japan will make efforts to improve the Generalized System of Preferences such as expansion of the items subject to the System and reduction of the tariff rates under the System, bearing in mind their relations with the negotiations in the New Round.

Also, in accordance with the across-the-board reduction of tariff rates, necessary reductions and adjustments will be made concerning the tariff rates under the Generalized System of Preferences.

Attachment to Chapter I: Tariffs
(Attachment 1)

Proposed Items for Tariff Elimination
on High-Technology Products

Tariff Item No.	Description	Present rate (%)
<u>Telecommunications and radio equipment, etc.</u>		
70.18-2 ex etc.	Optical fibre	3.6 etc.
85.15-3 ex	Radar apparatus (for ships)	6
85.15-3 ex	Radar apparatus (for aircraft)	6.5
85.15-3 ex	Radar apparatus (other)	3.6
85.15-4 ex	Radio navigational aid apparatus etc. (for aircraft)	4.0
88.02-4 ex	Satellites such as communications satellites	6.5
<u>Computer-related and electrical parts, etc.</u>		
84.53-1	Central processing units and peripheral units for electrical digital automatic data processing machines (including those with analogue elements), etc.	4.9 , 6
84.53-2	Other automatic data processing machines etc.	3.7-4.9
84.55 ex	Parts of automatic data processing machines etc.	4.2 , 4.9
85.15-4 ex etc.	Television cameras, VTR combined with camera, magnetic camera	5.1 etc.
85.18 ex	Electrical Capacitors (other than electric power condensers)	4.2
85.19-2 ex	Micro-switches, printed circuits, resistors and parts thereof	3.6
85.21-1 ex	Thermionic tubes	4.2
85.21-2 ex	Light emitting diodes (cased)	6.5
85.21-2 ex	ditto (other)	4.2

Tariff Item No.	Description	Present rate (%)
92.12-3-(2) ex etc.	Floppy Disc, Video Disc, IC Card	3.6 etc.
97.04-3 ex	TV game for home use	3.6

Apparatus for medical use and based on the use of
radiations from radio-active substances

90.17- ex	Medical instruments (NMRCT)	5.8
90.17 ex	Surgical instruments (laser scalpel)	4.9
90.19 ex	Artificial parts of the body	4
90.20-1	Apparatus based on the use of radiations from radio-active substances	5.8
90.20-2 ex	Apparatus based on the use of Xrays for medical use	5.8
90.20-2 ex	Other apparatus based on the use of Xrays	4.2
90.28-2 ex	Electronic instruments and apparatus (electronic clinical thermometer)	4.9
90.28-3 ex	Measuring apparatus for radiations	5.1

Measuring apparatus, etc.

85.22 ex	Signal generators	4.2
90.26 ex	Electricity supply or production meters	4.2
90.28-1	Electrical measuring or checking instruments and apparatus for electricity, such as I.C. testers	4.9
90.28-2 ex	Electrical measuring and check- ing instruments and apparatus	4.9
90.28-4 ex	Other automatic regulators (excluding automatic voltage regulators)	4.9

Tariff Item No.	Description	Present rate (%)
<u>Nuclear-related equipment</u>		
84.18-1 ex	Centrifuges	4.2
84.59-6 ex	Fuel elements of nuclear reactors and assemblies thereof	7.2
84.59-6 ex	Nuclear reactors and parts thereof (other than the above)	6.5
<u>Robot</u>		
85.11-2 ex etc.	Welding robots, painting robots and assembling robots, etc.	5.7 etc.
<u>New materials</u>		
39.01-2-(4) ex	Engineering plastics (of polyacetals resin, polycarbonate resin, etc.)	5.1
69.14 ex	Articles of ceramics (scissors, knives, etc.)	4.2
68.16 ex	Carbon fibers	6
74.03-2-(3)B ex etc.	Shape memory alloy (copper alloy, nickel-titanium alloy, etc.)	5.8 , 7.2 etc.
81.01-3 ex	Bolon fibers (Bolon evaporated tungsten filament)	5.8
81.04-2-(3) ex etc.	Hydrogen storage alloy (of titanium alloy, etc.)	5.8 etc.
90.19 ex	Artificial teeth of ceramics, etc.	4
97.06-3 ex	Appliances, apparatus, accessories and requisites of carbon fibers for sports (golf club, etc.)	4.8 , 3.6

(Provisional translation)

{Attachment 2}

Tariff item No.	Description	Present rate (%)	New rate (%)
02.02ex	Fowls without bones	18	14
02.02ex	Ducks	12.8	10
02.02ex	Poultry other than fowls, turkeys and ducks	16	12.5
03.03-2(1)ex	Blood ark shell	10	8 (G)
04.07-1ex	Jelly Fish	10	8 (G)
07.01ex	Matsutake	5	0 (G)
08.01-1(1)	Bananas (Fresh)	From Apr. 17.5 (G) by Sept.	12.5 (G)
		From Oct. 35 (G) by Mar.	25 (G)
08.05-1	Chestnuts	20	16
08.05-2	Walnuts	20	16
08.05-4ex	Macadamia nut, Pistachios and Pecan	12	9
08.05-4ex	Macadamia nut	10 (G)	6 (G)
08.09ex	Papaya	4	3 (G)
08.10ex	Pineapples preserved by freezing, not containing added suger	35	28
08.11-3ex	Chestnuts peeled, provisionally preserved	20	16
12.08-3(3)ex	Hijiki	10 (G)	8 (G)
13.03-6	Pyrethrum extract	20	10

Tariff item No.	Description	Present rate (%)	New rate (%)
14.05-5ex	Leaves of oak	10	0(G)
14.05-5ex	Sphagnum	10	5
15.07-8ex	Palm oil	3(G)	0(G)
15.07-10	Castor oil	9	7.2
19.08-1ex	Baker's wares other than Arare, Senbei and similar rice products, biscuit, cookies and and crackers. (containing added suger)	40 20(G)	30 15(G)
19.08-2ex	-- ditto -- (not containing added sugar)	35 17.5(G)	25 12.5(G)
20.01-1ex	Tropical fruit prepared or preserved by vinegar or acetic acid (containing added sugar)	15	10
20.01-1ex	-- ditto -- (other than mangoes and mangosteens)	12.5(G)	6(G)
20.01-1ex	mangoes and mangosteens preserved by venegar or acetic acid (containing added sugar)	10(G)	6(G)
20.01-1ex	vegitable and fruits (other than tropical fruit) prepared or preserved by vinegar or acetic acid (containing added sugar)	20 16(G)	15 12(G)
20.01-2ex	Tropical fruit prepared or preserved by vinegar or acetic acid (other than mangoes and mangosteens) (not containing added sugar)	12.5 10(G)	10 6(G)

Tariff item No.	Description	Present rate (%)	New rate (%)
20.01-2ex	mangoes and mangosteens prepared or preserved by vinegar or acetic acid (not containing added sugar)	12 7.5(G)	9 5.6(G)
20.01-2ex	Vegetables and fruit (other than tropical fruit) (not containing added sugar)	16 12(G)	12 9(G)
20.03ex	Fruit preserved by freezing, containing added sugar (other than pineapple, sour cherries and berry)	28	20
20.03ex	Tropical fruit preserved by freezing (other than pineapple) (containing added sugar)	17.5(G)	12(G)
20.03ex	pineapple preserved by freezing (containing added sugar)	35	28
21.02 -1(2)Aex	Instant coffee (not containing added sugar)	17.5	14
21.07 -2(2)B(a)ex	Food preparations of Jellyfish	10(G)	8(G)
21.07 -2(2)B(b)ex	Food preparations of Young corncobs,	10(G)	9(G)
22.05-1	Champagne and other sparkling wine	MFN 360 yen/l GSP 260 yen/l	MFN 288 yen /l GSP 208 yen/l

Tariff item No.	Description	Present rate (%)	New rate (%)
22.05-2ex	Sherry, port and other fortified grape wine	220 yen/l	176 yen/l
22.05-2ex	Bottled wine (In containers of a capacity less than 150 l	38% or 280 yen/l whichever is the less, subject to a minimum customs duty of 166 yen/l	30.4% or 224 yen/l whichever is the less, subject to a minimum customs duty of 132.80 yen/l
22.09-1(1)Bex	Other whisky (those of an alcoholic strength of 50° or less and in containers of a capacity less than 2 l)	36% or 332 yen/l whichever is the less, subject to minimum customs duty of 299 yen/l	246.40 yen/l
22.09-1(2)B	Brandy (those of an alcoholic strength of 50° or less and in containers of a capacity less than 2 l	407 yen/l	325.60 yen/l
29.05-2(1)ex	Menthol	28 % or 900 yen/kg, whichever is the greater	22.4% or 720 yen/kg whichever is the greater
33.01	Ho Oil	1.85(G)	0(G)

Tariff item No.	Description	Present rate (%)	New rate (%)
38.01	Parts (For motor vehicles, excluding Catalysts etc.)	1.2	Free
	Belts and its belting	4.9	Free
40.11-1ex	Pneumatic tyres and tyre cases (New)	4	Free
68.14ex	Friction material of a kind suitable for brakes, for clutches or the like (Parts of motor vehicles)	5.7	Free
70.08ex	Safety glass (Laminated glass for motor vehicles)	5.5	Free
71.02-2(2)ex	Precious and semi-precious stones (other than those not polished, perforated nor similarly worked and formed to be used for mechanical or industrial purposes)	3.2	Free
76.03ex	Wrought plates and sheets of aluminum for aircraft (aluminium polished skin sheet)	11.5	Free
82.02-2	Blades for machine saws, other than hacksaw blades	3.6	Free
82.05-1	Drills, bits, reamers and screw taps	4.8	Free
82.05-2ex	Milling cutters	5.5	Free

Tariff item No.	Description	Present rate (%)	New rate (%)
82.05-2ex	Gear cutters	4.9	Free
82.05-3(1)ex	Diamond tools	5.8	Free
82.05-3(1)ex	Cutting tools, used in or with machines (Hard metal tools)	4.2	Free
82.05-3(1)ex	Hard metal tools (Other)	4.8	Free
82.05-3(2)	Interchangeable tools for hand tools, for machine tools or for power-operated hand tools (Others excluding hard metal tools and diamond tools)	4.2	Free
82.06	Knives and cutting blades, for machines or mechanical appliances	4.2	Free
84.10-1(3)	Parts of pumps for liquids	3.6	Free
84.31-2ex	Parts of machinery for making or finishing cellulosic pulp, paper or paperboard	4.2	Free
84.48	Accessories and parts of machine-tools for working metal or metal carbides	4.2	Free
85.04ex	Lead-acid batteries (Only those with 6V and 12V)	5.8	Free
85.09-2	Electrical lighting and signalling equipment, etc. (other than those for motor vehicles (excluding vehicles of heading No. 87.09 or 87.11))	4.2	Free

Tariff item No.	Description	Present rate (%)	New rate (%)
85.13ex	Electronic telephonic and telegraphic switch boards and exchangers	5.7	Free
85.13ex	Telephonic switch boards and exchangers (other than those of electronic types) Electrical line telephonic apparatus, n.e.s.	4.2	Free
85.13ex	Apparatus for carriercurrent line systems Electrical line telegraphic apparatus, n.e.s.	3.6	Free
85.15-4ex	Radiotelegraphic and radiotelephonic apparatus (for aircraft; excluding radio navigational aid apparatus and radio remote control apparatus)	4	Free
85.15-4ex	Radiotelegraphic and radiotelephonic apparatus (excluding apparatus for aircraft, television cameras, radio navigational aid apparatus and radio remote control apparatus)	5.1	Free
85.15-5ex	Parts of radiotelegraphic and radiotelephonic transmission and reception apparatus, or of radio broadcasting and television transmission and reception apparatus (exlcuding parts of radio naviagation aid apparatus, radar apparatus or of radio remote control apparatus)	4.2	Free

Tariff item No.	Description	Present rate (%)	New rate (%)
85.21-1ex	Cathode-ray tubes for television receivers	4.2	Free
85.24ex	Carbon electro-thermal resistor	4.9	Free
87.12-2ex	Parts and accessories of motor-cycle, auto-cycle, etc.	4.8	Free
90.07-1(3)ex	Cameras other than for microscope, aircraft, photo-engraving, X rays, copying documents or for medical, dental or surgical purposes (excluding for film of a width 35 mm)	5.7	Free
90.07-2	Parts and accessories of cameras	5.7	Free
90.24ex	Pressure gauges	4.9	Free
90.29	Parts or accessories suitable for use solely or principally with one or more of the articles falling within heading No. 90.23, 90.24, 90.26, 90.27 or 90.28	4.2	Free

[N.B.] Tariff reduction on the following items is to be implemented on April 1, 1987.:

- (i) Champagne and other sparkling wine (22.05-1),
- (ii) Sherry, port and other fortified grape wine (22.05-2ex)
- (iii) Bottled wine (22.05-2ex)

Chapter II: Import quota

With regard to import quota, Japan shall take the actions as follows.

I. Agricultural and fishery products

On those agricultural and fishery products subject to import quota, Japan shall take actions, in accordance with the following guidelines, in the consultations and negotiations at the GATT and other fora among the interested countries. Based upon these consultations and negotiations, Japan shall make efforts to improve its market access, so that it will conform with the international trend, while giving considerations to the actual situations of the domestic agriculture and fishery industries.

1. Bearing the New Round in mind, the GATT Committee on Trade in Agriculture has already initiated the work to draw up new rules that will cover all such measures affecting trade in agricultural products as import quota including those with waiver, import surcharges, export subsidies, etc. The Committee's work aims at achieving:

- (1) Further incorporation of trade in agricultural products in the GATT system;
- (2) Improvement of conditions for market access; and
- (3) Placement of export competitions under stricter disciplines.

The Committee, at the same time, is to give due consideration to the special characteristics of agriculture in the work of rule making. Japan will actively participate in the forming of a consensus on these rules in the GATT, thereby promoting the Committee's work and the negotiations for the New Round.

2. With respect to beef, citrus fruits and other agricultural products on which arrangements are made among the interested countries, Japan shall observe the arrangements in good faith. Also, with regard to their handling after the expiration of the present arrangements, Japan shall start the consultations one after another, according to the arrangements, and shall take appropriate actions with sincerity.

II. Industrial products

With regard to the import quota on leather and leather footwear, Japan shall take appropriate actions at the GATT forum.

Chapter III: Standards and certification, and import procedures

I. Basic orientations

1. The government has conducted a thorough check-up of all legally established standards and certification systems from the viewpoints of "freedom in principle, restrictions only as exceptions", "limiting exceptional restrictions to a necessary minimum", "consumer selection and responsibility to the fullest extent", "promoting awareness of producers' duties and responsibilities", and has decided on its own initiative to adopt the measures described in Attachment 1 in order to improve access into Japanese markets.

2. In this thorough check-up process, Japanese standards and certification systems were reviewed in comparison with similar systems to the extent possible abroad and consideration was given to ensure that Japanese systems would be as much open as those of other countries in terms of market accessibility.

3. More than 200 cases of requests from in and out of the country were all examined thoroughly and dealt with in good faith.

4. With regard to the achievements so far made by a series of Japan-United States high-level four-sector consultations initiated by the summit meeting between Japan and the United States in January this year, the progress on standards and certification systems, etc., is shown in the supplementary information of Attachment 1. The benefits of these achievements are not limited to the United States alone but to be widely enjoyed by many other countries.

II. Main points of the action programme

1. In order to limit government intervention to a necessary minimum and to enable the principle of free competition to work as effectively as possible in Japanese markets, self-certification system shall be introduced and expanded among others, together with reduction in the number of items covered by standards and certification systems, and the number of standards, themselves.

[Concrete example]

A self-certification system, shall be introduced in order to allow manufacturers to check compliance with standards, instead of inspection and other check-ups by the government or other entities, on eight items such as bottled carbonated beverages regulated by Consumer Product Safety Law, and antiseptics regulated by Infectious Disease Prevention Law, etc. As for five cases covered by Electrical Appliance and Material Control Law, items subject to government-certification shall be reduced to increase items subject to self-certification.

Also, for all different types of cosmetics, standards shall be set up individually for allowable combination of ingredients; for those cosmetics which comply with these standards, notification shall be deemed sufficient, individual licence no longer being necessary.

(In the coming three years, such standards will be set up for manicures and liquid hair dressings, etc., thus reducing the total number of annual licences for cosmetics by a proportion of about 60 per cent in three years.)

2. Measures shall be taken to give foreign products as fair and equal opportunities of access to Japanese markets as domestic products.

For this purpose, test data of foreign products generated in foreign countries shall be directly accepted by Japanese authorities to the extent possible so that their introduction into Japanese markets meets the licensing and other requirements.

[Concrete examples]

Different methods may be used for this purpose such as direct acceptance (acceptance of foreign test data for the majority of clinical trial items, acceptance of data under certain conditions in accordance with the newly established "Preferential Handling Procedure for Imported Vehicles", etc.) or the approval, etc. (to be newly approved under JAS (Japan Agricultural Standards) Law, JIS (Japanese Industrial Standards) Law, etc) through de facto automatic acceptance of data generated by already designated foreign third party organizations (foreign testing organizations). Through the introduction of such measures, it will become far easier to obtain licences, etc., for foreign products, and the conditions of competition these products face in Japanese markets will become identical with those faced by domestic products in practical terms.

3. Transparency in the policy-making process shall be ensured through such means as reflecting the views of representatives of foreign interests in the drafting or revising of standards in order to secure fair competition in the Japanese market.

[Concrete examples]

Representatives of foreign interests shall be always allowed to join or participate in any of advisory councils, their sub-committees and other fora to state their opinions in the process of drafting or revising standards.

4. Measures shall be taken to make certification procedures as simple and expeditious as possible, in order to facilitate market access.

[Concrete examples]

Expected period for the whole processing to issue approvals, etc. based upon all standards and certification systems (standard processing period) shall be announced in advance and if there are cases which cannot be processed within this period due to certain reasons, it shall also be announced. Thus, processing in each administrative section is expected to be substantially expedited.

5. Paying attention to the flow of goods, measures shall be taken to simplify procedures at the time of the entry of foreign goods into Japanese market. For this purpose, import procedures of foreign goods shall be made as simple and expeditious as possible through such means as expanding the scope of cases which require no import notification procedures and expanding the scope of relegation to the customs services.

[Concrete examples]

In cases of import of certain processed food material such as animal and vegetable crude oils and fats, malt and hop, import notification shall not be required.

In cases of continuous import of such items as whisky and brandy as well as chocolate, tea and other products which have not caused food sanitation problems, import notification on each import shall not be required within a set period (1-3 years). As a result of these measures, import procedures for about 30 per cent of the whole import food items (about 60 per cent when perishable foodstuffs are excluded) shall be substantially simplified.

III. Follow-up framework, etc.

Most important task from now on is to implement above-mentioned improvement measures effectively and conduct appropriate follow-ups of this operation. Basic orientations and frameworks for this task are elaborated in Attachment 2 together with the fundamental idea on the basic orientations of the Action Programme.

Attachments to Chapter III: Standards and
Certifications, and Import Procedures

(Attachment 1)

Measures to Improve Standards and Certifications System

- N.B. () indicates the
timeframe in which the measures shall
be taken -

A. Reduction of Government Intervention

1. Reduction of Items covered by the Standards and
Certification System

(Ministry of Health and Welfare)

- o With regard to 33 out of 103 categories of medical equipments such as medical centrifugal subsider and medical constant temperature instrument, approval shall be made unnecessary within 3 years.

N.B. In addition to the above, with the expansion of coverage of items, of which approval is not required, by newly establishing JIS standards (Japanese Industrial Standards), the annual number of approval shall be reduced by a quarter within three years.

- o With respect to cosmetics, standards of ingredients for each kind of products shall be introduced. No license shall be required on a product-by-product basis for those cosmetics which comply with these standards and only an advance notification shall suffice. (Within three years, and to be continued thereafter)
 - (1) Standards shall be established on 15 categories of cosmetics (5 each year) including manicure, liquid hair dressings within three years. As a result, license shall be made unnecessary for some 60% of cosmetic products.
 - (2) More standards shall be established, thereafter, to expand the scope of products of which licence is not required.

[Pharmaceutical Affairs Law]

(Ministry of Agriculture, Forestry and Fisheries)

- o In light of simplified and fair transactions, those items covered by JAS (Japan Agricultural Standards) shall be reviewed with an aim of reducing their numbers. (Within FY1986)

[Law concerning Standardization and Proper
Labelling of Agricultural and Forestry Products].

- o From a list of testing items concerning drugs for animals, (1) certain diagnostic reagents shall be excluded, and (2) study will be made with a view to excluding antibiotic feed additives. ((1) within FY1985, (2) within FY1986)

[Pharmaceutical Affairs Law]

(Ministry of International Trade and Industry)

- o In light of simplified and fair transactions, the existing product coverage of JIS Marking System shall be reviewed with an aim of reducing their numbers roughly by 10%. (Within three years; to be initiated from August 1985)

[Industrial Standardization Law]

- o With regard to measuring instruments including various meters, the number of items subject to government verification shall be reduced. (Deliberations by Weights and Measures Administration Council in FY1986)

[Measurement Law]

- o A system shall be created to publish as usable substance newly manufactured or imported chemical substances whose safety has been already verified in foreign countries after re-confirmation of safety by Japanese authorities. (Within three years)

[Law concerning the Examination and Regulation of
Manufacture, etc., of Chemical Substances]

(Ministry of Labour)

- o Small steam-cleaners (used for car washing, etc.) and boilers of miniature steam-locomotives shall be exempted from regulation. (Within three months)
- o With regard to newly manufactured or imported chemical substances, study shall be made with a view to exempting certain high molecular compounds composed of existing chemical materials from notification procedures. (Within one year)

[Industrial Safety and Health Law]

(Ministry of Home Affairs)

- o Roughly 20% of items subject to flame retardation regulations, such as fiberboard for display shall be reduced. (Within one year)

[Fire Service Law]

2. Transition from Government-Certification to Self-Certification

(Ministry of Health and Welfare)

- o With regard to medical equipments, 36 JIS standards shall be newly established within three years, thereby making approval unnecessary for those medical equipments which comply with these JIS standards. Establishment of relevant JIS standards shall continue to be promoted, thereby expanding the coverage of items for which manufacturers check compliance with the standards on their own responsibilities. (Within three years and to be continued thereafter)
- o With regard to the pharmaceuticals subject to government testing, aqueous infusions and certain blood preparations shall be exempted from testing in view of the progress in manufacturing and quality control techniques, so that the coverage of products for which manufacturers check compliance with the standards on their own responsibilities shall be expanded. (Within three years)

[Pharmaceutical Affairs Law]

- o Government testing for antiseptics used for prevention of infectious diseases shall be abolished, so that manufacturers will check compliance with the standards on their own responsibilities. (Within three years)

[Infectious Diseases Prevention Law]

- o With regard to "Kansui" (an alkaine agent used in the manufacture of Chinese noodles) and coal-tar colors preparations, products examination shall be abolished, so that manufacturers will check compliance with the standards on their own responsibilities. (Within three years)

[Food Sanitation Law]

(Ministry of Agriculture, Forestry and Fisheries)

- o With regard to bottled carbonated beverages, study shall be conducted with a view to introducing a system (self-certification) which allows manufacturers to check compliance with safety standards on their own responsibility. (Within three years)

[Consumer Product Safety Law]

- o With regard to medical equipments for animals, a system shall be newly introduced which allows manufacturers to check compliance with the quality standards on their own responsibilities for those equipments for which the safety is sufficiently secured and manufacturing and quality control techniques are well established. (Within three years)

[Pharmaceutical Affairs Law]

- o Certain fertilizers, now subject to registration, shall be made subject to notification (as designated mixed fertilizers). (within FY1985)

[Fertilizer Control Law]

(Ministry of International Trade and Industry)

- o With regard to electrical appliances, a review shall be made on category A items for which the government checks compliance with safety standards, so that these items will be transferred into category B for which manufacturers check compliance with standards on their own responsibilities. As a result, the present number of items in category B (72) shall be roughly doubled for the moment. Study shall be further made with an aim of tripling the present category B number in three years. (Within three years)

[Electrical Appliance and Material Control Law]

- o Regulations for specific products under Consumer Products Safety Law shall be referred to the related councils for deliberations, and, based on the opinions of consumers and others study shall be made as to the possibility of introducing self-certification system. (Within three years)

Refer to the above-mentioned (bottled carbonated beverages case under Ministry of Agriculture, Forestry and Fisheries.

[Consumer Products Safety Law]

- o With regard to the high-pressure gas equipments whose reliability has been improved, a review shall be made as to their treatment under the law with a view to expanding the coverage of self-artification system. (A report is expected to be issued from Council for High-Pressure Gas and Explosive Safety by the end of November, 1985)

[High Pressure Gass Control Law]

(Ministry of Posts and Telecommunications)

- o With regard to a microwave cooking range, one of the industrial products emitting radio waves, whose manufacturing and quality control techniques are well established, self-certification of compliance with technical standards shall be introduced. (by the end of 1985)

[Radio Law]

(Ministry of Labor)

- o With respect to simplified dust respirators, self-certification of compliance with structural and performance standards shall be introduced. (Within one year)

[Industrial Safety and Health Law]

(Ministry of Construction)

- o With regard to the log house construction methods (construction methods to build a wall by piling up logs) introduced from Finland and other countries, self-certification of compliance with design standards shall be introduced for those types with sufficient past records. (by the end of FY1985)

[Building Standards Law]

(Ministry of Home Affairs)

- o With regard to the fire equipments such as fire pumps, a study shall be made with a view to transferring about 10% of those items subject to government testing to those subject to self-certification. (Within one year)

[Fire Service Law]

3. Reduction of Numbers or Relaxation of Contents of Individual Standards

(Ministry of Agriculture, Forestry and Fisheries)

- o With regard to the technical standards of official standards for fertilizers, restrictions on raw materials, such as granulation accelerator, shall be relaxed. (Within FY1985)

[Fertilizer Control Law]

- o With regard to the testing items for drugs for animals certain physical and chemical tests, such as test for formaldehyde content, shall be abolished. (By the end of 1985)

[Pharmaceutical Affairs Law]

(Ministry of International Trade and Industry)

- o Review shall be made on the regulatory standards for the transportation of high pressure gas, in view of the result of the study of the recent turn-over accident of a tank lorry. (As soon as practicable in view of the result of the study by inter-ministerial committee.)

[High Pressure Gas Control Law]

(Ministry of Posts and Telecommunications)

- o The number of technical standards for telecommunications terminal equipments were reduced from 30 to 21. (July 20, 1985)

[Telecommunications Business Law]

(Ministry of Home Affairs)

- o With regard to the fire equipments including fire pumps, the number of detailed examination items for inspection shall be reduced by a quarter. (Within one year)

[Fire Service Law]

4. Others

(Ministry of International Trade and Industry)

- o The period of validity of comparative inspections of legally designated measuring instruments and inspections of reference instruments shall be extended.
(Deliberation by Weights and Measures Administration Council in FY1986)

[Measurement Law]

(Ministry of Transport)

- o The handling procedure for small-quantity motor vehicles, which is a more simplified system than the standards and certification systems adopted in the United States and European countries, shall be drastically improved as follows, establishing the "Preferential Handling Procedure for Imported Vehicles."
 - (1) The number of motor vehicles covered by the system, now up to 500 units per year for each type of motor vehicles, shall be increased up to 1,000 units under the new procedure.
 - (2) While the existing procedure requires the submission of test data generated by the designated testing organizations, test data generated by the automobile manufacturers themselves shall be accepted with certain conditions under the new procedure.
 - (3) While under the existing procedure the period of validity of certification for the applied motor vehicles is two years, beyond which reapplication is required, the new procedure shall abolish this limitation on the validity.
 - (4) A procedure shall be introduced to omit one-by-one presentation of motor vehicles to the official inspecting office at the time of inspection.

Furthermore, consultations shall be held with representatives of foreign interests on the issues of harmonization of standards and self-certification within a year. Based on the result of such consultations, policy lines for the further improvement in the road vehicle standards and certification system shall be decided upon. (By the end of 1985)

[Road Vehicles Act]

(Ministry of Posts and Telecommunications)

- o Technical standards for (1) cellular phones, (2) pagers and (3) cordless phones shall be relaxed. Study shall also be made on measures necessary for the introduction of portable data terminal. (Reports are expected to be issued by Radio Technology Council by April, 1986 ((1)), and by March, 1986 ((2) and (3)).

[Radio Law]

- B. Thorough application of basic principles referred to the Decision by Liaison and Coordination Headquarters on Standards and Certification Systems, etc. ("Gotoda Committee") on March 26, 1983

1. Acceptance of Foreign Test Data and Positive Use of Foreign Testing Organization

(Ministry of Health and Welfare)

- o With regard to pharmaceuticals, foreign clinical test data shall be accepted for all examination/testing items except for the following three items not immune to differences between Japanese and foreigners: comparative clinical trials; dose finding tests; absorption, distribution, metabolism and excretion tests.
(July 31, 1985)
- o In order to smoothly implement the acceptance of the pre-clinical test data with respect to pharmaceuticals, negotiations for bilateral arrangements on the mutual certification of the GLP (Standards for Safety Tests) shall be encouraged (arrangements with USA, Switzerland and UK are already concluded), thereby leaving to the arrangement partner the judgement whether testing facilities are in conformity with the GLP and facilitating the early acceptance of foreign test data.
(Consultations underway with the Federal Republic of Germany and France)

[Pharmaceutical Affairs Law]

(Ministry of Agriculture, Forestry and Fisheries)

- o A system shall be introduced in which the Minister shall designate in advance foreign testing organizations in order to smoothly implement the grading of items covered by the JAS through the use of data generated by foreign testing organizations. [Within FY 1985]
- o Positive public relations activities overseas shall be carried out with regard to the present system by which manufacturers themselves can conduct sampling for the grading and attach beforehand the JAS mark on the items covered by the JAS (i.e. "Approved and Permitted Plant System"), thereby promoting the utilization of the system by foreign manufacturers. (Now underway)

[Law Concerning Standardization and Proper Labelling of Agricultural and Forestry Products]

- o With regard to toxicity tests data on agrichemicals, negotiations for bilateral arrangements on the mutual certification of GLP (Good Laboratory Practice Standards for toxicity tests) shall be encouraged, thereby accepting data generated by foreign enterprises whose conformity with GLP is approved by the arrangement partner. (negotiations underway with USA, UK, and the Federal Republic of Germany)

[Agricultural Chemicals Regulation Law]

- o A system shall be introduced in which the Minister shall designate in advance foreign testing organizations in order to smoothly implement the examination of feed through the use of test data of foreign testing organizations. (Within FY1985)
- o In order to promote the acceptance of test data provided by foreign enterprises and others on feed additives, the introduction of GLP (Good Laboratory Practice Standards for toxicity test) shall be examined. (Within FY1988)

[Law Concerning Safety Assurance and Quality Improvement of Feed]

- o With regard to in vitro diagnostic reagents and medical devices for animals, clinical test data provided by foreign enterprises and others shall be in principle accepted. (Within FY1985)
- o In order to promote the acceptance of test data provided by foreign enterprises and others on drugs for animals, the introduction of GLP (Good Laboratory Practice Standards for toxicity test) shall be examined. (Within FY1987)

[Pharmaceutical Affairs Law]

(Ministry of International Trade and Industry)

- o With respect to test data necessary for factory approval, foreign testing organizations shall be utilized so that foreign enterprises can easily obtain approval for JIS marking. (Within FY1986)
- o With regard to type approval for electrical appliances, necessary measures shall be taken so that the Minister can designate foreign testing organizations whose test data shall be accepted. (Within FY1985)

[Electrical Appliance and Material Control Law]

- o With regard to inspection and type approval of liquefied petroleum gas apparatus, etc., necessary measures shall be taken so that the Minister can designate foreign testing organizations whose test data shall be accepted. (Within FY1985)

[Law Concerning the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas]

- o With regard to inspection and type approval of gas equipment and appliances, necessary measures shall be taken so that the Minister can designate foreign testing organizations whose test data shall be accepted. (Within FY1985)

(Gas Utility Industry Law)

- o With regard to inspections of high-pressure gas vessels such as gas cylinder, of specific equipment such as heat exchangers and of accessories such as valve of a gas cylinder, necessary measures shall be taken so that the Minister can designate foreign testing organizations whose test data shall be accepted. (Within FY1985)

(High Pressure Gas Control Law)

- o With regard to inspection, type approval etc. for measuring instruments, test data provided by foreign testing organizations shall be newly accepted. (Within FY1985)

[Measurement Law]

(Ministry of Transport)

- o The number of foreign testing organizations whose test data shall be accepted and the number of test items for such acceptance shall be increased (Promptly after applications are made)

[Road Vehicles Act]

(Ministry of Posts and Telecommunications)

- o With respect to radio equipment, the exemption from the compulsory type approval shall be expanded to all kinds (six) of equipments to be covered by the system which presently gives exemption to two kinds through the acceptance of type approval data provided by foreign governments. (Within FY1985)
- o With regard to the certification of conformity with technical standards for radio equipment, foreign test data meeting certain conditions and authorized by foreign governments shall be accepted as data for examination. (Within FY1985)

[Radio Law]

(Ministry of Construction)

- o When approving special structuring methods not foreseen under the Building Standards Law and when designating the flame-retardant materials other than those stipulated in the Law, foreign test data shall be accepted as long as performance and quality of these materials can be accurately judged by them. A guideline for this purpose shall be drawn up. (Within FY1986)

[Building Standards Law]

2. Ensuring of Transparency

(All ministries and agencies)

- o In order to ensure transparency in the process of setting standards, opportunities shall be provided to hear the opinions of interested parties including foreigners, while the draft standards being presented.
- o Representatives of foreign interests shall be always allowed to join or participate in any councils, their technical sub-committees and other fora to state their opinions in the process of drafting or revising standards.

(Ministry of Health and Welfare)

- o Exchange of views and sharing of information on standards and certification concerning foods, etc. shall be promoted through the expert meetings with the U.S., Canada, and European Community. (After April, 1986)

[Food Sanitation Law]

(Ministry of Transport)

- (1) Regular meetings shall be held with representatives of foreign interests such as those of foreign automobile manufacturers stationed in Japan. (Now underway)
- (2) Further steps shall be taken to keep interested parties well informed. (to be implemented soon)

[Road Vehicles Act]

(Ministry of Construction)

- o English pamphlets shall be distributed to interested foreign parties in order to explain the systems concerning the approvals for special structuring methods not foreseen under Building Standards Law and the designation of flame-retardant materials other than those stipulated in Building Standards Law. (by the end of 1985)
- o Bilateral exchanges on construction technics shall continue to be expanded with the U.S., France, Canada and others. (Underway)

- o The standards on forestry products shall be reviewed through the Japan-U.S. four-sector consultations on Forestry Products. (Underway)

[Building Standards Law]

3. Adjustment to international standards

(Ministry of Health and Welfare)

- (1) With regard to food additives, in line with the decision made by the Liaison and Coordination Headquarters on Standards and Certification Systems, etc. on March 26, 1983, measures shall be taken to newly designate or revise the standards of usage of food additives in close consultations with foreign authorities. (Underway)
- (2) With regard to standards for food, etc., necessary revisions shall be made in close consultation with foreign authorities concerning their requests. (Underway)

[Food Sanitation Law]

- o In order to clearly define testing standards, further steps shall be taken to establish testing guidelines for pre-clinical and clinical trials of pharmaceuticals, with reference to the systems used in foreign countries. (Underway)

[Pharmaceutical Affairs Law]

- o Further steps shall be taken to conform the standards for food processing equipment and food packaging to International Standardization Organization (ISO) standards. (April 1, 1986)

(Ministry of Agriculture, Forestry and Fisheries)

- o With regard to the establishment and revision of JAS on the following products requested in the Japan-U.S. four sector consultations on forestry products, positive actions shall be taken in the future consultations based on the results of the strength tests and other factors. (under way)
 - (1) Structural laminated lumber of U.S.-produced lodgepole pine and ponderosa pine
 - (2) Oriented strand board

(3) Wafer board

[Law Concerning Standardization and Proper
Labelling of Agricultural and Forestry Products]

- o Foreign official standards for fertilizers shall be incorporated into Japan's official standards when they meet Japan's natural conditions. (Within FY1985)

[Fertilizer Control Law]

(Ministry of International Trade and Industry)

- o The adjustment of Japan's safety standards for electrical appliances shall be completed to become consistent with the IEC (International Electro-technical Commission) standards. (within three years)

[Electrical Appliance and Material Control Law]

(Ministry of Transport)

- o The ways to internationalize Japan's technical safety and environmental pollution standards for road vehicles shall be studied through the Council for Transport Technics. (by the end of 1985)
- o Japan will participate more actively in the Group of Experts on the Construction of Vehicles of the United Nations's Commission for Europe (ECE. WP29) which is working to harmonize various national standards for road vehicles. Furthermore, Japan will host a meeting of this group in Japan and play a leading role in the internationalization of standards. (November, 1985)
- o The requirements in safety regulations for road vehicles to install parking light and speed warning system shall be abolished. (within FY 1985)

[Road Vehicle Act]

(Ministry of Labor)

- o The standards for industrial safety and health for machineries and other equipments (13 items) such as boilers, pressure vessels, dust respirators shall be examined based on the comparative study on the international standards including those major countries (within a year as to seven items such as boilers, within two to three years as to six items such as elevators)

[Industry Safety and Health Law]

(Ministry of Home Affairs)

- o With regard to fire equipments such as fire extinguishers and sprinklers, Japan will actively participate in the standard-drafting exercises by ISO and adopt such standards. (now underway)

[Fire Service Law]

4. Simplification and promptness in certification procedures

(All ministries and agencies)

- o With regard to all standards and certification systems, standard processing period shall be set for each procedure. If the application cannot be dealt with within this period, the applicants shall be informed of the situation with its reason. (November 1, 1985)

(Ministry of Health and Welfare)

- o The examination of approval for in-vitro diagnostic reagents such as diagnostic reagent for blood cholesterol concentration shall be expedited by simplification of application documents and separate examination from other pharmaceuticals. (July 31, 1985)

[Pharmaceutical Affairs Law]

- o (1) In case of changing a manufacturer of pharmaceuticals and medical equipments etc., a transferee shall not need to seek the approval anew if there is agreement between the transferer and the transferee. (July 31, 1985)
- (2) In case of changing a manufacturing country after acquisition of import approval of pharmaceuticals and medical equipments etc., notification to that effect shall suffice and there shall be no need to seek approval anew. (July 31, 1985)
- (3) With respect to the transfer of manufacturing facility or place of business, prior application for approval shall be made possible in order to prevent the suspension of manufacturing or business. Attached documents for the approval shall also be simplified. (July 31, 1985)

- (4) In order to simplify the safety examination of cosmetics, the list of cosmetic ingredients shall be expanded and a list of cosmetic ingredients whose use is forbidden shall be newly made and published. (within three years)

[Pharmaceutical Affairs Law]

(Ministry of Agriculture, Forestry and Fisheries)

o With respect to drugs for animals

- (1) notification system shall be in part adopted concerning the change in items for approval. (within 1985)
- (2) attached documents shall be simplified when the same person applies for approval of doing business at more than two places. (within 1985)
- (3) the approval procedures for in-vitro diagnostic reagents shall be expedited. (within 1985)

[Pharmaceutical Affairs Law]

(Ministry of International Trade and Industry)

- o With respect to the safety examination of high-molecular compounds, the examination shall be expedited by adopting simplified evaluation method. (within three years)
- o With respect to the manufacture and import of small-quantity new chemical substances, notification opportunities, now limited to three times a year, shall be expanded to four to five times a year. (FY1986)

[Law concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances]

(Ministry of Transport)

- o Among data which are required for applying type designation of motor vehicles, submission of those concerning safety and durability shall be made unnecessary. (within 1985)
- o The system shall be strengthened under which inspections that substitute for the presentation of motor vehicles for type designation will be conducted in foreign countries. (FY1986)

- o Type designation procedures shall be simplified and expedited. (within FY 1985)

[Road Vehicles Act]

(Ministry of Construction)

- o Among the log house construction methods, those which do not comply with the design standards are subject to inspections of such factors as earthquake resistance. However certification procedures shall be simplified and expedited by the omission or simplification of structure tests. (by the end of FY 1985)

[Building Standards Law]

II. Improved Measures on Import Procedures

1. Reduction of coverage of import procedures

(Ministry of Health and Welfare)

- o Import notification shall be made unnecessary with regard to certain processed food materials such as animal crude oils and fats, malts and hops, whose safety is secured at the manufacturing and processing stage of finished food. (within one year)
- o In cases of continuous imports of foods, etc. such as rice, wheat, soybean, whisky and metal tableware, which are stable in quality and have few sanitation problems, notification on each import shall be made unnecessary and annual or triennial notification shall be made sufficient. (within one year)
- o In cases of continuous imports of such items as tea and chocolate, of which no violation of Food Sanitation Law has been recorded for a certain period of time and which have considerable records of imports, notification on each import shall be made unnecessary and annual notification shall be made sufficient. (within one year)

[Food Sanitation Law]

2. Measures for simplification and promptness in procedures

(Ministry of Health and Welfare)

- o With regard to pharmaceuticals and others which have obtained approval and license under the Pharmaceutical Affairs Law, customs clearance shall be made only at the customs office. (August 1, 1985)

[Pharmaceutical Affairs Law]

- o (1) Prior notification system shall be introduced for all foods, thereby issuing certificates of notification prior to or promptly after the arrival of cargoes except for those subject to inspection. (to be implemented as from January 1, 1986)
- (2) With regard to surveillance of imported foods and others, 1) surveillance shall be instituted on Saturday afternoons and holidays at Narita,

Osaka and other airports, 2) an office shall be opened at Baraki. (to be implemented as from April 1, 1986 for Narita and Osaka airports, and as from April 1, 1986 for Baraki)

- (3) With respect to imported foods etc., the number of foreign testing organizations whose examination results will be accepted shall be increased. (upon requests)
- (4) Authority to judge on such matters as whether a certain food is in violation of laws, or to give direction on the means of disposal of such foods shall be delegated to directors of quarantine offices. (to be implemented in September, 1985)
- (5) The period of validity of analysis certificates for food processing equipment and food packaging shall be extended. (September, 1985)

[Food Sanitation Law]

(Ministry of Agriculture, Forestry and Fishery)

- o The process of the lifting of bans on imports of animals and plants shall be expedited.
 - 1) New Zealand cherry, 2) processed meat products such as FRG ham and sausage. (within 1985)
- o Japanese quarantine officers shall inspect goods in the exporting country, thereby expediting quarantine inspections at the time of importation. (Dutch cut flower) (September, 1985)
- o With respect to the new fumigation method (vapor heat treatment) which would replace the use of insecticide (EDB), technical assistance by quarantine experts shall be extended to countries concerned. (1) Philippine mango and papaya, 2) Thai mango) (1) technical assistance on mango has been started since May, 1985, to be followed by assistance on papaya. 2) A survey team is to be dispatched in September, 1985)
- o Copies of inspection certificates whose identity with their original copies is certified by the official quarantine agencies in the exporting countries shall be accepted. (October, 1985)

[Plant Protection Law, Domestic Animal
Infectious Diseases Control Law]

(Supplementary Information to Attachment 1)

The outcome of
the Japan-US Four Sector Consultations
(Attachment I. Supplement)

- () indicates the time when or the time-frame in which
the measures has been or shall be taken -

1. Telecommunications

(1) Change from Government Certification to
self-certification

o With respect to telecommunications terminal
equipments, compliance with technical standards shall
be checked by the manufacturer at his own
responsibility. Manufacturer-generated test data
shall be accepted, and the manufacturer may affix
seals of compliance approval. (April 1)

(2) Reduction of the number of standards

o With respect to technical standards for
telecommunications terminal equipments, the number of
standards shall be reduced from the initial 53 to 21
in line with "Freedom in principle, restriction as
exceptions". (July 20)

(3) Ensurance of transparency

o Members of foreign-affiliated companies in Japan will
be appointed to participate in the Telecommunications
Advisory Council and the Telecommunications Technical
Advisory Council, bodies to deliberate upon important
matters related to telecommunications, as members
etc. (May 6)

o In order to secure fair competition, the Designated
Approval Agency shall be the only body to approve
technical standard compliance of telecommunications
terminal equipments, including those provided by Type
I Telecommunications Businesses on rental bases.
(April 5)

o Impartiality and neutrality of the Designated
Approval Agency for telecommunications terminal
equipments technical standards compliance shall be
secured by excluding interested parties from the
membership. (April 5)

- o With respect to technical standards no longer subject to government regulations, private sector standard formulating body like the T1 committee in the US shall be set up in order to formulate impartial, autonomous, non-government standards through a transparent process. (within FY 1985)
- (4) Simplification and promptness in certification procedures
- o With respect to telecommunications terminal equipments technical standards compliance approvals, document inspection shall be the principle. In addition, there shall be simplification of application documents (reduction of necessary copies and necessary material items) and specification of inspection time (less than 2 months in principle). (April 1)
- o With respect to telecommunications terminal equipments technical standards compliance approvals, equipments subject to such approvals shall not be limited to terminal equipments connected to the analog telephone network but shall be expanded to include terminal equipments connected to digital and other networks, so that all terminal equipments connecting procedure shall be simplified. (April 1)
- (5) Others
- o There shall be established the "Ad Hoc Committee for Settlement of Complaints" composed of the US Embassy in Tokyo, the Ministry of Foreign Affairs and the Ministry of Posts and Telecommunications. (May 29)
- 2. Electronics
- (1) Acceptance of foreign test data and active use of foreign testing organizations
- o Foreign test data are already accepted under the Electrical Appliance and Material Control Law, and another U.S. testing organization (ETL) shall be designated this time. (May 1)
- (2) Ensurance of transparency
- o JIS drafting committee already admits foreign participants, and active participation shall be encouraged further. (July 1)

3. Pharmaceuticals and medical equipment

(1) Acceptance of foreign test data and active use of foreign testing organizations

- o With regard to pharmaceuticals, foreign clinical test data shall be accepted for all examination/testing items except for the following three items not immune to differences between Japanese and foreigners: comparative clinical trials; dose finding test; absorption, distribution, metabolism and excretion test. (July 31)
- o Foreign clinical test data shall be accepted for in-vitro diagnostic reagents except those of new parameter and those with immunological reaction problem with the material to be detected. (July 31)
- o Foreign clinical test data shall be accepted for medical devices except those implanted in human body and affect organic adaptability. (July 31)

(2) Ensurance of transparency

- o At the Central Pharmaceutical Affairs Council, the applicant will be given opportunities to hear contents of instructions directly and to ask and state his or her opinion in order to clarify them. (July 1)

(3) Simplification and promptness in certification procedures

- o The examination of approval of in-vitro diagnostic reagents shall be made expeditious by examining those reagents separately from other pharmaceuticals as well as simplifying application document. (July 31)
- o With respect to the change of a manufacturer of pharmaceuticals, medical devices and others, a successor need not seek the approval anew if an agreement is made between the successor and the predecessor. (July 31)
- o In case of a change of manufacturing country after receiving the import approval for pharmaceuticals, medical devices and others, notification will suffice and approval is not required anew. (July 31)

- o With respect to transfer of manufacturing facility or place of business, advance application for approval shall be made possible in order to prevent suspension of manufacturing or business, and attached documents shall be simplified. (July 31)
- o With respect to the modification of medical devices, the scope of minor modification which do not require approval anew shall be clarified. (July 31)
- (4) Measures for simplification and promptness of procedures on import process
- o With regard to pharmaceuticals and other items which have obtained approval and license under the Pharmaceutical Affairs Law, the products may be cleared by the customs procedures alone. (August 1)
- 4. Forest products
- (1) Acceptance of foreign test data and active use of foreign testing organizations
- o A system shall be introduced in which the Minister shall designate in advance foreign testing organizations in order to smoothly implement the grading and other functions for the items covered by the JAS. (within FY 1985)
- (2) Ensurance of transparency
- o Representatives of foreign interests well versed in standard, qualities etc. of foreign products shall be appointed, as necessary, expert member of the Research Committee for Agricultural Standards, which is responsible for establishing JAS.
In addition, representatives of foreign interests shall be admitted to participate, as necessary, in the drafting stage of standards. (As necessary, on an item-by-item basis)
- o Studies shall be conducted on the standards for wood products under the Building Standards Act. (under consideration)
- (3) Adjustment to international standards
- o In order to adopt US softwoods (lodgepole pine and ponderosa pine) as trees to be used for materials of structural laminated lumber under the JAS standard, necessary test on strength and others will be conducted promptly. (As early as possible)

- o In order to establish product standards for newly developed structural panel (Oriented Strand Board, Wafer board etc.), study will be initiated promptly. (August)

(Attachment 2)

Improvement of Standards and Certification,
and Import Procedures

1. Overall review and improvement of existing standards and certification systems

With thorough reviews of all the standards and certification systems based on national laws and regulations, specific measures along the following guidelines will be taken, to further improve thirty-one cases of such standards and certification systems. (See Attachment 1.)

(1) Reduction of government intervention

Measures will be taken from the viewpoint mentioned above to limit government intervention to a necessary minimum, such as:

(a) reduction of items covered by the standards and certification systems

(b) increase in transition from government-certification to self-certification

(c) reduction of numbers or relaxation of contents of individual standards.

In order to further strengthen the principle of "freedom in principle, restrictions only as exceptions", continued efforts for further introduction and expansion of self-certification shall be made for areas other than those where measures are to be taken this time.

(2) Measures to secure the complete application of decision made by the Liaison and Coordination Headquarters on Standards and Certification Systems, etc. (26 March 1983)

In order to secure the complete application of the decision made by the Liaison and Coordination Headquarters on Standards and Certification Systems, etc., the following measures will be taken with regard to all standards and certification systems.

(a) Acceptance of foreign test data and active use of foreign testing organizations

So as to facilitate easier acquisition by foreign applicants of Japanese certification, in the course of inspections and other check-ups based on certification systems,

(1) test data of foreign products generated in foreign testing organizations which meet certain conditions will be, in principle, accepted for all the data required for inspections and other check-ups based on certification systems;

(2) active use and expansion of the pre-designation practice for such foreign testing organization will be promoted;

(3) test data generated by foreign applicants themselves will be accepted as much as possible.

(b) Ensuring of transparency

Transparency will be ensured in the process of setting standards through such means as holding of hearings from interested people including foreigners in the drafting process. In the process of drafting or revising standards at any of advisory councils, their sub-committees and other fora, representatives of foreign interests will be always allowed to participate in the session and state their opinions.

(c) Adjustment to international standards

Japanese standards which do not conform with the international standards shall be, in principle, adjusted to be conforming with the latter. Even when the international standards do not exist, steps shall be taken to review and relax Japanese standards, in comparison with the similar foreign standards.

In either case, Japan shall actively contribute to establishing international standards.

(d) Simplification and speeding-up of certification procedures

Certification procedures shall be made as simple and expeditious as possible through such means as setting standard time-limits to processing of cases. If there are cases which cannot be processed within the set period of time, applicants shall be informed so with specific reasons.

Standards shall be clearly defined to reduce the room for administrative discretion and to speed up the certification procedures.

(3) Among the standards and certification systems based on national laws and regulations, those which have no legal ground (excluding organizational laws) such as those based only on "Kokuji" (public notification) or "Tsutatsu" (notice or directive) shall be reviewed with a view to their abolition in principle.

2. Thorough check-ups and improvements of the import procedures

With regard to regulations on import procedures which mainly consist of pre-customs clearance procedures, the eighteen regulations which are included in the scope of inquiry as listed in the attachment, will be reviewed from the viewpoints of "freedom in principle, restrictions only as exceptions" and "simplification and speeding-up of procedures", and concrete measures shall be taken in order to reduce the areas covered by such regulations and to simplify and speed up the procedures. (See Attachment 1.)

3. Refrain from creating new standards and certification systems (including expansion and reinforcement of existing systems)

New standards and certification systems (including expansion and reinforcement of existing systems) based on national laws and regulations will not be established, in principle, and, in case they are created, the Committee to Promote Implementation of the Action Program (referred to as the Committee in the following paragraphs) will strictly examine the necessity and appropriateness of the systems.

4. Improvements in the standards and certification systems of non-governmental organizations including private organizations

With regard to standards and certification systems of non-governmental organizations including private organizations, guidelines will be drawn up, and the ministries/agencies will conduct thorough check-ups of the existing systems of the organizations under their jurisdiction and provide guidance for improving them.

5. Schedule for the implementation of improvement measures

Ministries/agencies concerned shall promptly take necessary steps with regard to improvement measures listed from 1 to 4, while those items listed in Attachment 1 shall be implemented according to the schedule set down in the Attachment. For those items listed below, however, the following course of actions shall be taken.

- (1) Careful examination of standards and certification systems based on national laws and regulations which were not included in the scope of inquiry (see 1 and 2)

With regard to standards and certification systems based on national laws and regulations which were not included in the current scope of inquiry for the reason that they have no linkage with imports, the Cabinet Secretariat will carefully examine them by the end of September with co-operation of the administrative inspection, while each ministry/agency will draw up concrete plans for improvement in accordance with the basic ideas presented in the above paragraphs 1 (1) and (2) and 2, and will implement them with the approval of the Committee.

(2) Transition from government-certification to self-certification

With regard to standards and certification systems based on national laws and regulations which do not have the arrangement of transition from compulsory government-certification to self-certification, introduction of such arrangement in general by a package law shall be studied. The Cabinet Secretariat will compile the results of the study by each ministry and agency by the end of September and will report to the Committee, which will reach a conclusion by the end of October.

(3) Setting a standard processing period (See 1(2) (4))

By the end of September each ministry/agency will set a standard processing period of each procedure of the standards and certification systems based on the laws and regulations under their jurisdiction, to report to the Committee. With the approval of the Committee, each of these standard processing times shall go into effect on 1 November. Measures will be taken so that the standard processing period reported to the Committee shall be made public in a package.

(4) Review of standard and certification systems based on "Kokuji" (public notification) or "Tsutatsu" (notice or directive), with a view to their abolition in principle (see 1 (3))

(1) Each ministry/agency will study the arrangement that they have filed with the Cabinet Secretariat, and, after reporting the results of the study by the end of September, and with the approval of the Committee, necessary steps shall be taken within approximately two months.

(2) The Cabinet Secretariat will, by the end of September, carefully examine with the co-operation of administrative inspection the systems which were not filed by each ministry/agency. Each ministry/agency will take measures to abolish these systems within the following two months.

(5) Improvements in the standards and certification systems of non-governmental organizations (see 4)

The Committee will draw up a guideline by the end of September. Based on this guideline, each ministry/agency will conduct thorough check-ups of the systems such as those organizations under their own jurisdiction, and will provide guidance so that necessary improvements will be implemented starting Fiscal Year 1986 at the latest. Each ministry/agency will report to the Committee by the end of March 1986, the results of the thorough check-ups and the guidance for the improvements.

6. Clarification of responsibilities

In order to achieve effective implementation of improvement measures, the responsibilities of each ministry/agency shall be clarified, through such means as designating inspectors within each ministry/agency and shall be made clear to every clerk at the window.

7. Follow-up

The Committee, maintaining close contacts with each ministry/agency, will play the central rôle in the follow-up of the improvement measures.

8. Consideration of a package law

In order to implement the improvement measures as described above, a package law shall be considered for enactment if the existing relevant law requires amendment.

(Supplementary Information to the Attachment 2)

List of
Laws and regulations examined
in the Action Program
with regard to Standards,
Certifications and Import Procedures

- | | |
|---|--|
| 1. Standards and Certification Systems | |
| 1. Law Concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances | Environment Agency
Ministry of Health and Welfare, Ministry of International Trade and Industry |
| 2. Road Traffic Law | Police Agency |
| 3. Regulations concerning fineness certification of precious metal wares | Ministry of Finance |
| 4. Regulations concerning purification and fineness certification of precious raw metal | ditto |
| 5. Food Sanitation Law | Ministry of Health and Welfare |
| 6. Harmful Substance Containing Household Products Control Law | ditto |
| 7. Infectious Disease Prevention Law | Ministry of Health and Welfare, Ministry of Agriculture, Forestry and Fisheries |
| 8. Pharmaceutical Affairs Law | Ministry of Agriculture, Forestry and Fisheries |
| 9. Agricultural Chemicals Regulation Law | ditto |
| 10. Agricultural Mechanization Promotion Law | ditto |
| 11. Fertilizer Control Law | ditto |
| 12. Law for Improvement and Increased Production of Livestock | ditto |
| 13. Law Concerning Safety Assurance and Quality Improvement of Feed | ditto |

- | | |
|--|--|
| 14. Law Concerning Standardization and Proper Labelling of Agricultural and Forestry Products | Ministry of Agriculture, Forestry and Fisheries |
| 15. Consumer Product Safety Law | Ministry of International Trade and Industry |
| 16. Agricultural Produce Inspection Law | Ministry of Agriculture, Forestry and Fisheries, |
| 17. Measurement Law | Ministry of International Trade and Industry |
| 18. Industrial Standardization Law | Ministry of International Trade and Industry,
Ministry of Transport |
| 19. Electrical Appliance and Material Control Law | Ministry of International Trade and Industry |
| 20. Gas Utility Industry Law | ditto |
| 21. High Pressure Gas Control Law | ditto |
| 22. Law Concerning the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas | ditto |
| 23. Road Vehicles Act | Ministry of Transport |
| 24. Ship Safety Law | ditto |
| 25. Civil Aeronautics Law | ditto |
| 26. Law on the Prevention of Marine Pollution and Maritime Disaster | ditto |
| 27. Telecommunications Business Law | Ministry of Posts and Telecommunications |
| 28. Radio Law | ditto |
| 29. Industrial Safety and Health Law | Ministry of Labor |
| 30. Building Standards Law | Ministry of Construction |
| 31. Fire Service Law | Ministry of Home Affairs |

II. Import Procedures

32. Road Traffic Law	Police Agency
33. Liquor Tax Law	Ministry of Finance
34. Customs Law	ditto
35. Temporary Tariff Measures Law	ditto
36. Commodity Tax Law	ditto
37. Pharmaceutical Affairs Law*	Ministry of Health and Welfare, Ministry of Finance
38. Food Sanitation Law*	Ministry of Health and Welfare
39. Fertilizer Control Law*	Ministry of Agriculture, Forestry and Fisheries
40. Plant Protection Law	ditto
41. Domestic Animal Infectious Diseases Control Law	ditto
42. The Rabies Prevention Law	ditto
43. Foreign Exchange and Foreign Trade Control Law	Ministry of Inter- national Trade and Industry
44. Export and Import Transaction Law	ditto
45. Explosives Control Law	ditto
46. High Pressure Gas Control Law*	ditto
47. Law Concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances*	ditto
48. Industrial Safety and Health Law*	Ministry of Labor
49. Roads Law	Ministry of Construction

(N.B.) * indicates the laws and regulations which are also referred to in Section I.

Chapter IV: Government Procurement

While the principle of non-discrimination between nationals and non-nationals has been legally ensured with regard to Japan's government procurement, the Government shall, with respect to its own procurement, voluntarily and positively improve contract procedures in a drastic manner so as to increase the chances of even fairer competition and further facilitate market entry by foreign suppliers and others, and shall take the following measures to expand procurement of foreign products.

I. Drastic improvement of contract procedures

1. Thorough review of single tendering

(1) In order to ensure the basic guideline that the competitive tendering is adopted in principle while single tendering is adopted only as an exception, single tendering shall be reduced through such measures as repetitive re-tendering, review of terms and conditions of tendering and intensified internal inspections of procedures.

(2) To ensure the transparency of the execution of single tendering, information on the use of single tendering shall be made public individually by such means as offering it for public perusal.

2. Improvement of the operation of competitive tendering

(1) To increase the chances for foreign suppliers and others to participate in competition, the bid time (currently no less than thirty days) shall be extended to no less than forty days and delivery time shall also be extended to the extent possible.

(2) To assure the transparency of the execution of competitive tendering, information on winning bids shall be made public individually even to those who did not participate in the tendering procedures by such means as offering it for public perusal.

3. Improvement of qualification procedures

(1) In order to increase benefits and conveniences to foreign suppliers and others who intend to apply for qualification as well as to simplify their procedures, each ministry/agency and other entities concerned shall have, in principle, a single, unified qualification criteria/rating system for qualification of suppliers.

(2) Furthermore, the qualification procedures shall be made radically simple and efficient, so that once the qualification is provided, no further application will be required in other procurement entities within the same ministry/agency (introduction of "universal qualification system").

(3) In addition to those mentioned above, documents required when applying for qualification shall be kept at a necessary minimum. Also, acceptance at any time of application for qualification shall be ensured and quick processing of qualification as well as the registration of the qualified suppliers on the list shall be carried out.

4. Treatment of parent companies

The strong request has been made by foreign suppliers that capabilities and past records of the parent company of the applicant should be taken into consideration in qualification procedures. All parties concerned shall be thoroughly informed that such a consideration can be given to those applying companies whose legal relationship with their parent companies is clear.

II. Increased procurement of foreign products

1. The principle of competitive tendering shall be ensured and the procurement of foreign products be expanded through increased opportunities of participation in the competition by improving contract procedures as mentioned above, together with intensified sales efforts by foreign suppliers.

2. The Government of Japan shall positively explore the possibility of purchasing foreign products, to the fullest extent possible, and take the lead in the efforts for increased procurement of foreign products, so as to demonstrate its positiveness.

3. (1) To contribute to increased procurement of foreign products as described in 1 and 2 above, contact points shall be set up at each ministry/agency and other relevant entities in order to provide information to foreign suppliers, and handle general counsel and complaint processing.

(2) Furthermore, the Government will establish its unified contact point so that such functions as liaison and co-ordination within the Government, dissemination of information, general counsel and complaint processing will be adequately and smoothly carried out.

III. Coverage of application

1. The Action Program Outline Concerning Government Procurement mainly covers procurement and organizations that fall within the scope and coverage of the GATT Agreement on Government Procurement (see Attachment 1).

2. As for small-scale procurement, too, improvements in the qualification procedures shall be sought and increased benefits and conveniences such as provision of general information, general counsel and complaint processing shall be accorded to foreign suppliers and others in order to improve their access to the market.

3. While the GATT Agreement on Government Procurement mentioned in paragraph (1) above is applicable to forty-five organizations (thirty government organizations, fifteen government-related organizations), the Government of Japan, furthermore, shall take the lead in applying the relevant provisions of the Agreement to sixteen government-related organizations to which the GATT Agreement does not normally apply and the relevant provisions of the Action Program shall also be applied to them.

IV. Request for guidance and co-operation

Each ministry/agency concerned shall give guidance to a wide spectrum of government-related organizations from the viewpoint of encouraging increased chances of entry of foreign suppliers and expanded procurement of foreign products in accordance with the purports of the GATT Agreement and the Action Program, and shall review the result of the guidance every year.

The Government shall also request co-operation of regional/local governments from the same viewpoint mentioned above and shall review the result of such co-operation every year.

V. Concrete schedules of implementation and review

1. In order to secure steady implementation of the measures above, each ministry/agency and other relevant organizations will draw up concrete schedules for the implementation of the Action Program, and shall actually implement the Program as of 1 October 1985 in principle.

2. Follow-up of the implementation of the Action Program shall be conducted every year and an overall review of the Action Program shall be conducted in the third year. For this purpose, necessary arrangements shall be made.

Attachment to Chapter IV: Government Procurement
(Attachment 1)

- (1) The Action Program is applicable to the following institutions

Cabinet

Prime Minister's Office

Fair Trade Commission

National Public Safety Commission (National Police Agency)

Environmental Disputes Coordination Commission

Imperial Household Agency

Management and Coordination Agency

Hokkaido Development Agency

Defense Agency

Economic Planning Agency

Science and Technology Agency

Environment Agency

Okinawa Development Agency

National Land Agency

Ministry of Justice

Ministry of Foreign Affairs

Ministry of Finance

Ministry of Education

Ministry of Health and Welfare

Ministry of Agriculture, Forestry and Fisheries

Ministry of International Trade and Industry

Ministry of Transport

Ministry of Posts and Telecommunications

Ministry of Labor

Ministry of Construction

Ministry of Home Affairs

- (2) Cooperation is also requested in the application of the Action Program to the following institutions:

House of Representatives

House of Councillors

Supreme Court

Board of Audit

- (3) The application of the Action Program is to be secured through ministries and agencies concerned for the following institutions

Japanese National Railways

Japan Tobacco Inc.

Nippon Telegraph and Telephone Corporation

People's Finance Corporation

Housing Loan Corporation

Agriculture, Forestry and Fisheries Finance Corporation

Small Business Finance Corporation

Finance Corporation of Local Public Enterprise

Hokkaido and Tohoku Development Corporation

Social Welfare and Medical Service Corporation

Small Business Credit Insurance Corporation

Environmental Sanitation Business Financing Corporation

Okinawa Development Finance Corporation

Japan Development Bank

Export-Import Bank of Japan

(Attachment 2)

Water Resources Development Public Corporation
New Tokyo International Airport Authority
Japan Highway Public Corp.
Environmental Pollution Control Service Corp.
Japan International Cooperation Agency
Pension Welfare Service Public Corp.
Labor Welfare Projects Corp.
Employment Promotion Projects Corp.
Japan Consumer Information Center
Japan Information Center of Science and Technology
Japan Foundation
National Stadium
University of the Air Foundation
Japan Racing Association
Japan External Trade Organization
New Energy Development Organization

Chapter V: Financial and capital market

I. The Japanese Government has proceeded with the liberalization of the financial and capital market in a positive and forward-looking manner in keeping with "The report of the working group of the Joint Japan-U.S. Ad Hoc Group on Yen/Dollar Exchange Rate, Financial and Capital Market Issues", etc.

Several measures had been implemented by the end of last year, including permission for qualified foreign banks to deal in public bonds in the secondary market, relaxation of restrictions on Euroyen negotiable Certificates of Deposit (Euroyen CDs), lifting of restrictions on lead and co-lead management of Euroyen bond issues, and relaxation of the qualification standards for Euroyen bond issue by non-Japanese residents.

Measures that have been implemented during the current year include the introduction of money market certificates (MMCs), further liberalization of restrictions on domestic Certificates of Deposit (CDs), further liberalization of Euroyen bonds and Euroyen lending, abolition of withholding tax on interest earnings by non-residents on Euroyen bonds issued by Japanese residents, diversification of the dealers participating in money markets and public securities markets, establishment of a Yen-denominated banker's acceptance (BA) market, and announcement of the list of eligible foreign banks to engage in trust banking.

At the same time, the exchange of views with monetary authorities abroad has been intensified through the meetings with the EC, the United Kingdom, and the Federal Republic of Germany.

The Japanese Government will proceed with the steady implementation of measures for liberalization and internationalization financial and capital market along the lines included in "The report of the working group of the Joint Japan-U.S. Ad Hoc Group", etc.

II. Outline of the Action Program

1. Liberalization of interest rate ceilings on deposits

(1) Interest-rate ceilings on large-denomination deposits will be relaxed and removed by the spring of 1987. The following steps will be taken to implement liberalization without causing disruptions to the financial market.

- (i) Removal of interest-rate ceilings on large denomination time deposits

Interest-rate ceilings on large time deposits of ¥1 billion and over will be removed this fall. The interest-rate ceilings will be further removed gradually on lower denomination of time deposits.

(ii) Relaxation of regulations of MMCs

The minimum denomination of MMCs will be lowered and MMC issue ceiling for each bank will be raised by the spring of 1987. We will begin to gradually raise each bank's MMC issue ceiling this fall.

The maximum maturity of MMCs will be extended to two years by the spring of 1987.

The way to set the interest-rate ceiling of MMCs will be modified according to the maturity range and minimum denomination of MMCs, etc.

(iii) Further relaxation of restrictions on CDs

The CD issue ceiling for each bank will be gradually raised beginning this fall.

The CD maturity range will be modified; the maximum maturity will be extended to one year by the spring of 1987.

(2) Regarding liberalization of interest-rate ceilings on small-denomination deposits, we will study the possible problems accompanying and arising from it at early opportunity and we will promote it following liberalization of interest-rate ceiling on large ones on the condition that the necessary circumstances are well established taking into account the protection of depositors, and the total balance between private bank deposits and postal savings, etc.

(3) We will proceed with liberalization of interest-rate ceilings on inter-bank deposits as an aspect of the removal of interest rates on large-denomination time deposits with due consideration to maintenance of effectiveness of monetary policies.

(4) We will take measures for further development of Japanese short-term money markets. In this regard, we are requesting that the Bank of Japan and other market participants review the practices in inter-bank markets. Efforts will also be made to develop the market in short-term government debt.

Transactions without collateral are introduced to the call money markets this July as a review of the practices in inter-bank markets, taking account of market needs.

2. Establishment of the bond futures market

The amendment of the Securities and Exchange Law required to establish a bond futures market was passed by the Diet on 14 June 1985. We will therefore make preparations for the establishment of the market, which will take place this October.

3. Improvement of internal bond issue market

We will endeavour to relax the qualification standards for non-secured straight bond issues and to introduce the bullet repayment structure for ten year- and twelve year-bonds towards this fall. In addition, the maturity range of corporate bonds will be diversified and the primary markets for Yen-denominated foreign bonds and foreign-currency-denominated foreign bonds will be improved.

4. Dealings in Yen-denominated BAs by securities companies

The Yen-denominated BA market was established this June. Banks, short-term credit dealers and bank-related companies have been permitted to deal in the Yen-denominated BA market. In order to strengthen the function of the Yen-denominated BA markets through diversifying participating dealers, securities companies will be allowed to deal in the Yen-denominated BA market from April 1986.

5. Participation by foreign banks in trust banking

We intend to take the procedure for nine eligible foreign banks to participate in the trust banking activities as soon as possible after receiving applications.

6. Membership of the Tokyo Stock Exchange

At the request of the Minister of Finance, the Tokyo Stock Exchange set up the "Ad Hoc Committee on the Membership". The Committee has decided to increase the current seats of full members (eighty three companies). At present, the details of the increase, such as the number of increasing seats and the necessary procedures for participation, are under examination. The Committee is expected to reach a conclusion by this fall.

7. Liberalization of Euroyen bonds and others

The features of Euroyen bonds issued by Japanese residents will be diversified, and issue of floating-rate notes will be liberalized as of the spring of 1986. In addition, the maximum maturity of Euroyen CDs will be extended to one year, in the light of the relaxation of restrictions on domestic CDs.

8. Creation of a suitable environment for further financial liberalization

Measures will be implemented to create a suitable environment for the further progress of financial liberalization, including enhancement of the deposit insurance system, along the lines of the reports of the Committee on Financial System Research. For this purpose, we will submit legislative proposals to the Diet at the earliest opportunity after the next ordinary session.

Chapter VI: Services and import-promotion measures

The following is the outline of the Action Program concerning services which the Government of Japan has decided upon after conducting a thorough study to seek for policy measures to further improve market access in services area, bearing in mind the Government's basic approach of "Freedom in principle, restrictions only as exceptions". The Government shall also take measures including those to encourage imports and mutual investment.

I. Services

1. Contribution to a new round of multilateral trade negotiations

The Government of Japan will make necessary preparations, in co-operation with other countries, toward relaxing and dismantling existing various restrictions for the purpose of making positive contributions in services area to formulate international framework on trade in services in the New Round of multilateral trade negotiations.

2. Liberalization measures in various sectors

(1) Foreign lawyers

Paying due regard to the autonomy of the Japan Federation of Bar Associations, solutions appropriate both domestically and internationally are aimed to be reached, with expectation of necessary amendment of the Lawyers Law in the next regular session of the Diet.

(2) Transportation industry

(a) Causes shall be removed which practically prejudice foreign firms' access to Japan's trucking service which constitutes an integral part of international multimodal transportation system.

(b) Usage of small-size aircraft shall be expanded for regular short-range commuter services provided by unscheduled air transportation companies, and necessary measures shall be taken to promote the utilization of helicopters.

(c) Restrictions shall be relaxed as to the manning of flight engineers.

(3) Insurance industry

(a) The policy to give national treatment to foreign insurance firms in their access to and their business activities in the Japanese market shall be firmly maintained.

- (b) More flexible application for licensing of new insurance instruments and services shall be made, with a view to encouraging inventiveness of insurance companies.

(4) Data flow

With regard to the free transborder data flow, the Government will, following the declaration adopted at the last session of the OECD Council at Ministerial Level, promote access to data and information and related services, avoid the creation of unjustified barriers to the international exchange of data and information, and seek transparency in regulations and policies.

(5) Medical insurance

The National Health Insurance shall be made applicable to foreign residents in Japan.

(6) Commercial practices

An ad hoc study committee shall be established to carry out and report a study to the Government concerning the Japanese commercial practices which have been claimed as barriers to the distribution of imported goods. The study committee will make such necessary investigation as fact-finding, in consultation with knowledgeable people including those in Japanese and foreign business circles. The committee shall aim at presenting a report to the Government within the current fiscal year.

(7) Counterfeit products

Law enforcement shall be strengthened against counterfeit products, by establishing anti-counterfeit officers. The Government will make best endeavour to collect as much information on counterfeiting as possible, and will launch a public campaign to enhance public awareness, while giving strong guidance to industries concerned to respect and adhere to laws and regulations.

3. Enhancement of complaint processing

The existing windows for handling the complaints concerning market-access issues, including import-inspection procedures, shall be made available to the complaints on procedural and other matters in the services area. The O.T.O. (Office of Trade and Investment Ombudsman) shall process those complaints promptly and appropriately.

II. Promotion of imports

1. Efforts to expand imports

In view of the recent trend of the Japanese balance of payments, the Government will not only promote the following policies but also further

strengthen and expand import-promotion measures listed in Attachment 1, so as to realize a quick and visible expansion of imports in combined efforts by public and private sectors.

(1) Encouragement of import expansion by the private sector

The Government has already put forward its request to industries including sixty leading firms in the fields of exports and distribution, to co-operate to increase imports, and these firms have, in response to the request, undertaken their import-expansion efforts. The Government will take a follow-up action so as to ensure continued efforts to increase imports by those firms.

(2) Expansion of import credit on manufactured goods and government procurement

In order to support and encourage private industries' efforts to increase imports, the interest rate of the Export-Import Bank of Japan for import credit on manufactured goods shall be further lowered, and such new activities of the Bank as foreign-currency lending for manufactured imports will be introduced.

The Government of Japan itself will endeavour to further procure foreign manufactured goods.

2. Distribution systems

Distribution sector is playing an important rôle in increasing imports, particularly those of consumer goods, as the sector is in the best position to tell consumer's needs. With this in mind, the Government will take policies, as listed in Attachment 2, to promote the sales of imported goods in the distribution sector, and will examine the problems concerning the distribution of imported goods, by launching a fact-finding study on the distribution of imported goods in the Japanese market.

3. Encouragement of tourism

The Government will take measures to encourage Japanese people's tour abroad, such as co-operation with foreign countries with respect to the attraction and acceptance of the Japanese tourists. Measures will include the dispatch of missions to encourage Japanese people's tours abroad.

III. Investment

Inward direct investment by foreign firms and direct investment abroad by Japanese firms will be further encouraged through such measures as listed in Attachment 3, so as to contribute to forming harmonious external economic relations and to revitalizing the world economy.

Attachments to Chapter VI: Services and import promotion measures
(Attachment 1)

Measures to Encourage Imports

(1) Enhancement of public receptiveness to imported goods

To enhance public receptiveness to imported goods and their awareness on the importance of imports, the Government will promote a nation-wide public campaign, with particular emphasis on the month of October which has been designated as the manufactured import promotion month, by way of various activities including large-scale import fairs organized by the Japan External Trade Organization (JETRO).

(2) Expansion of Specific Products Trade Expansion Program (STEP)

Taking into account the requests of foreign countries, the Government will enhance its efforts to promote the programme by increasing the number of items in the programme.

(3) Promotion of business talks

To support the efforts to increase exports to Japan by foreign firms visiting Japan as members of large-scale export promotion missions, business talks between Japanese and foreign firms will be organized by active use of the JETRO and other relevant organizations.

(4) Enhancement of information service

To deepen the understanding of foreign firms about the Japanese market, the Government will provide various information on the Japanese importers, distributors, commercial practices, etc.

(Attachment 2)

Fact-Finding Study on the Distribution of Imported Goods
and Promotion of the Sales of Imported Goods

(1) Fact-finding study on the distribution of imported goods

The Government will conduct a fact-finding study on the distribution of the imported goods and will provide the results to consumers. An ad hoc committee shall be established to carry out a study on the problems of the distribution of imported goods, with a view to reporting to the Government within the current fiscal year. The committee will consult with knowledgeable people including those in Japanese and foreign business circles.

To ensure fair competition, the Government will continue to seek for its appropriate application of related laws and regulations.

(2) Prcmotion of the sales of imported goods in distribution sector

- (a) Large-scale import-promotion events will be held by the JETRO, calling for participation of department stores, supermarkets, as well as small- and medium-sized retailers.
- (b) The Government will request department stores and supermarkets to hold events all over the country for the promotion of the sales of imported goods, and to dispatch import-promotion missions abroad. Measures will also be taken to promote sales of imported goods by small- and medium-sized retailers by encouraging the nation-wide sales-promotion events for imported goods in shopping streets.
- (c) The restrictions on the duration of the special sales by department stores and supermarkets at the temporary retail outlets outside their stores will be relaxed with respect to imported goods.
- (d) For the promotion of alcoholic beverage imports, licenced retail stores will be requested to implement such import-promotion measures as setting up of imported alcoholic beverages day or imported alcoholic beverages fair.
- (e) The Government will make an appropriate guidance for the promotion of the sales of imported foodstuff at various existing sales-promotion activities such as a food week.

(3) Increased oppportunities to exhibit imported goods at trade fairs

Based on the results of the study on the treatment of imported goods in major trade fairs in Japan, the Government will take measures to ensure easier participation of imported goods in these trade fairs.

(Attachment 3)

Measures to Encourage Investment

(1) Information services by various governmental organizations

Efforts will be continued by various governmental organizations to disseminate information on inward direct investment and to process foreign complaints at the Office of Trade and Investment Ombudsman. Local authorities will also continue to receive positive support in their activities to encourage inward investment.

(2) Improvement of the function of the JETRO to promote industrial co-operation

The Government will assist the promotion of specific cases of industrial co-operation by utilizing JETRO's special project for the promotion of industrial co-operation, and will enhance JETRO's function in providing investment information by setting up the "Desk of Information Service for Industrial Cooperation" in major offices of the JETRO both at home and abroad.

(3) Expansion of Japan Development Bank Loans for the Promotion of Foreign Direct Investment in Japan

Assistance to foreign firms which desire to make direct investment into Japan shall be strengthened by measures including lowering of interest rate of the Japan Development Bank Loans for the Promotion of Foreign Direct Investment in Japan.

(4) Utilization of overseas investment credit by the Export-Import Bank of Japan

The overseas investment credit provided by the Export-Import Bank of Japan will be further utilized to facilitate industrial co-operation and economic co-operation.

Establishment of the Committee to Promote Implementation
of the Action Program

30 July 1985

(Decision by Government-
Ruling Parties
Headquarters for the
Promotion of External
Economic Measures)

(Committee to Promote Implementation of the Action Program)

1. In order to effectively and forcefully implement the Action Program, the Committee to Promote Implementation of the Action Program (hereinafter referred to as the Implementation and Promotion Committee) is established in the Government-Ruling Parties Headquarters for the Promotion of External Economic Measures. Accordingly, the Committee for Drafting and Promoting the Action Program on Standards and Certification Systems is dissolved.
2. The Implementation and Promotion Committee shall draw up the details of the Action Program after the outline of the Program in each area is decided, and shall follow up on their implementation.

Especially,

(1) with regard to the areas of standards and certification systems and import procedures, Sub-Committee on Standards and Certification Systems shall be established consisting of certain members of the Implementation and Promotion Committee (the members of the Committee for Drafting and Promoting the Action Program on Standards and Certification Systems).

This Sub-Committee will deal with the following tasks:

- (1) strict examination on the necessity for the establishment of new standards and certification systems (including enlargement and strengthening of the existing systems) as well as on the appropriateness of the contents of those systems;
- (2) examination and approval of the standard processing period determined by each ministry and agency;
- (3) examination and approval of the outcome of the examination by each ministry and agency concerned on standards and certification systems based upon public notification and directive, etc., and other tasks which were assigned to the

Implementation and Promotion Committee in the chapter on standards and certification systems as well as import procedures of the outline of the Action Program.

(2) With regard to government procurements, advisory offices will be set up in each ministry and agency concerned and in order to complement the function of these offices, a united office which deals with common external affairs will be established in the Ministry of Foreign Affairs. This office will receive enquiries from foreign suppliers and deal with them through such organizations as the liaison and co-ordination committees set up among the ministries and agencies concerned.

Moreover, the Implementation and Promotion Committee will ask for the co-operation of administrative inspection if necessary.

3. The Chief Cabinet Secretary shall be the Chairman of the Implementation and Promotion Committee, the Deputy Chief Cabinet Secretary (in working capacity) and the Vice-Minister for Economic Planning, the Deputy Chairmen, and the Committee members shall be composed of the Vice-Ministers of all the ministries and agencies plus the Director-General of the National Police Agency.

4. In order to support the management of the Implementation and Promotion Committee, a conference shall be established composed of Director-Generals from the relevant bureaus in the different ministries and agencies.

This conference shall be chaired by the Director-General of the Coordination Bureau of the Economic Planning Agency (the Director of the Cabinet Councillor's Office of the Cabinet Secretariat when standards, certification and import procedures are involved) and shall be composed of the Director-Generals or those with equivalent rank of the different ministries and agencies to which the Committee members belong. The Coordination Bureau of the Economic Planning Agency (the Cabinet Secretariat when standards, certification, and import procedures are involved) shall handle clerical matters concerning this conference.

5. The Chairman of the Implementation and Promotion Committee may seek the opinion of informed people within and without the Committee including members of the Advisory Committee on External Economic Issues when deemed necessary.

6. The Cabinet Secretariat shall handle clerical matters concerning the Committee with the co-operation of the Economic Planning Agency.

7. Besides the matter referred to in each of the above, the Chairman of the Implementation and Promotion Committee shall determine all necessary matters including those pertaining to the management of the Committee. (Action Program Promotion Committees in the different government ministries and agencies).

8. The existing committee in each of the government ministries and agencies for the formulation of the Action Program will be elaborated and reorganized into Action Program Promotion Committee chaired by their respective Vice-Minister, etc., not only for the purpose of drafting the Action Program but also for the purpose of promoting its implementation in a responsible manner.

In addition, an Improvement Surveillance Officer for Standards and Certification will be posted in each of the government ministries and agencies in order to ensure the effective implementation of improvement measures in standards, certification and import procedures through such means as the thorough diffusion of detailed information concerning such measures down to the primary working level.

Statement of Prime Minister Nakasone
on the Outline of the Action Program

30 July 1985

1. Today, the Government-Ruling Parties Joint Headquarters for the Promotion of External Economic Measures has decided "the Outline of the Action Program for Improved Market Access".

This is a decision on Japan's own initiative based upon our belief that Japan should assume rôles and discharge responsibilities commensurate with its economic strength in order to maintain and strengthen the free-trade system, the most important task for the present world economy.

2. The world economy today is charged with the danger of stumbling down a slope toward protectionism. In other words, the free-world nations are at a crossroads, facing the crucial choice of continuing walking on the road of economic prosperity with free trade as its basis or following the path to an economic stagnation under protectionism.

It was under this recognition that the advanced industrialized nations confirmed their commitment to take measures to roll-back protectionism and agreed to promote the New Round of Multilateral Trade Negotiations at the Bonn Economic Summit meeting held in May this year.

Having enjoyed maximum benefit from the free-trade system since the last world war to become the second largest economy in the free world, Japan, recognizing the present situation as an emergency, has decided, on its own initiative, the policy measures to actively open up and liberalize its markets in order to co-operate with other countries and to head up front the battle against protectionism.

3. Considering Japan's leading stance in promoting the New Round, I made a commitment to make the Japanese market one of the most open markets in the world.

To this end, I decided to make efforts to relax various regulations and restrictions and to improve access to the Japanese market pursuant to the Action Program which stands on the fundamental viewpoint of "freedom in principle, restrictions only as exceptions".

The goal of the present decision is to achieve for the Japanese market an openness exceeding that of the international level, not only in terms of tariffs but also in terms of non-tariff aspects such as standards and certification.

For example, although the Japanese tariff level is already the lowest among those of the industrialized nations, further measures will be taken to eliminate or reduce tariff rates on 1,853 products, with due consideration to the requests of other countries.

In the field of standards and certification, drastic measures will be taken to reform eighty-eight cases based on the results of thorough examination of as many as forty relevant laws and regulations, in order to accept foreign test data and to introduce and expand self-certification systems. Transparency will be secured in the drafting and other processes of standards and certification, by admitting the participation of those related to foreign countries to all the advisory councils and other bodies.

Furthermore, expansion of exchanges with foreign countries is intended in the field of services as well by taking improvement measures.

In the field of government procurement also, liberalization measures surpassing the internationally required level will be taken, such as improvement of contractual procedures and increase in the number of related organizations covered by procurement arrangements.

4. As for the revision of related laws and regulations and other follow-up measures, I reiterate my firm commitment to fully implement the intended goal, by establishing a responsible system in each ministry and agency, on top of which I will assume responsibility as the Chief of the Joint Headquarters in supervising and instructing the ministries/agencies concerned.

In so doing, I intend to earnestly study and make full use of those opinions and advice to be raised through consultations with countries concerned and through the Office of Trade and Investment Ombudsman (O.T.O.) in pursuing further improvement.

5. While promoting the implementation of the Action Program, I feel the need for a reformation of the Japanese people's minds to enable each consumer to act upon his own choice and responsibility and to more positively accept foreign products. I believe this will lead to wider selections for consumers and thus improving the livelihood of the Japanese people.

Today, I wish to appeal anew to all the Japanese people to willingly accept foreign products. While I have called on business people to continue to export with prudence, I wish to call on them for even further efforts for the expansion of imports of manufactured products and others.

On top of these efforts, I instructed the ministries and agencies to improve organizational structures for promotion of imports, to actively provide equal opportunities of market entry for foreign products in their

procurement and to actively encourage government-related institutions to import. I expect that not only the government-related organizations but also regional/local governments and even private enterprises would adopt the same measures as the Government.

On the other hand, I have expectations of strengthening competitiveness of the products and intensifying sales-promotion efforts on the part of suppliers of foreign manufactured products.

6. In order to aim at the elimination of economic friction through balanced expansion of economies, I believe efforts to expand domestic demand are required together with market liberalization.

A special working group will be organized to materialize, plan and promote this policy. Earnest study will be advanced on such various measures which were pointed out by the Report of the Advisory Committee for External Economic Issues, as deregulation (relaxing of official restrictions), spread of five-day work week practice, introduction of private-sector vitality into public-work projects, and review of the tax system.

7. Vitalization of the industrial economies through investment exchanges is useful to the entire world economy.

Local productions by direct overseas investment of Japanese enterprises vitalize the economies and increase employment of the host countries and, at the same time, bring a favourable result in balanced development of trade. While Japanese enterprises have rapidly increased their eagerness for direct overseas investment in recent years, I wish to ask the companies concerned for further efforts.

In Japan, liberalization of financial and capital markets is proceeding and the system of Loans for Promotion of Foreign Direct Investment in Japan is well-equipped. I welcome foreign investment in Japan and expect its expansion.

8. Economic development of developing countries is indispensable to the development of the world economy and trade. Japan will continue to expand and improve the Generalized System of Preferences centering on industrial products with a view to assisting the export efforts by developing countries. Furthermore, while Japan has extended economic assistance meeting the needs of developing countries so as to contribute to the economic development of these countries, I intend to set a new Medium-Term Target for the expansion of aid, under which efforts for the steady expansion in quantity and improvement in quality of Official Development Assistance will be made.

9. Lastly, I wish to point out the importance of appropriate economic management and positive efforts to export to Japan on the part of Japan's trading partners in connection with the rectification of Japan's trade accounts and expansion of imports.

At the same time, Japan expects that such efforts as bringing down interest rates in the United States and other countries will result in an even higher valuation of the Yen, reflecting Japan's economic strength.

At the Bonn Economic Summit, all participating countries promised to each other that each would seek for its own policy priorities in contributing to sustained growth of the world economy and better-balanced expansion of international trade. Japan then set its course for further facilitating access to its markets and encouraging growth in imports and we are now on the verge of materializing these objectives.

Trade can never be conducted by any single country alone. It requires partners. I pray that all countries, with surplus or deficits, join their efforts to overcome the present difficult period.