

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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The following communication, dated 13 August 1986, has been received from the delegation of Japan.

Progress Report on the Implementation
of the Action Program for Improved Market Access
(Four sectors including Tariffs etc.)

July 31, 1986
Action Program Promotion Committee

Progress Report on the Implementation of the Action Program for Improved Market Access (Four sectors - Tariffs, Import Restriction, Financial and Capital Market, and Services and Import Promotion, etc.) is as follows.

1. Tariffs

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

With regard to 4 wine and the like items, the tariff reduction on these items was implemented as from April 1, 1986, one year ahead of the original schedule of April 1, 1987.

With respect to tariffs on plywood and others, the depths and schedules of tariff cut were announced in the Japan-U.S. Joint Report on Sectorial Consultations by Foreign Minister Abe and State Secretary Shultz on January 10, 1986, in view of the Japan-U.S. Sectorial Consultations on Forest Products and the requests from the ASEAN and other countries.

The elimination or reduction of tariffs on 88 items was implemented as from April 1, 1986, based on the agreement of the negotiations on leather and leather footwear with the United States and other countries.

2. Import Restriction

With regard to the issue of leather and leather footwear, the quantitative import restrictions were eliminated and the tariff quota systems were introduced as from April 1, 1986, in line with the policy to take proper action within the framework of the GATT.

As regards the 12 agricultural products, efforts to reach an amicable solution between Japan and the U.S.A. have been being made.

3. Financial and Capital Market

(1) Since October 1 last year, the interest rate ceiling for large denomination time deposits of one billion yen and over was removed and the issue ceilings of the Money Market Certificate (MMC) and the Certificate of Deposit (CD) were relaxed.

And as a second step, the interest rate ceiling for large denomination time deposits of five hundred million yen and over was removed this April and at the same time both the extension of maximum maturity and the further relaxation of issue ceiling for the MMC and the CD were introduced. Furthermore, the removal of the interest rate ceiling for large denomination time deposit of three hundred million yen and over and the reduction of minimum denomination of MMC impayment from fifty million impayment

yen to thirty million yen are scheduled for the coming this September.

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

(3) The Bond Futures Market was created on October 19, 1985.

(4) Handling of Yen-denominated Banker's Acceptance (BA), previously limited to banks, was also opened to securities companies in this April.

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

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

(7) As from April 1, 1986, the features of Euroyen Bonds issued by Japanese residents were diversified by issue of floating rate note etc., and the maximum maturity of Euroyen CDs was extended from six months to one year.

(8) In order to create a suitable environment for the further progress of financial liberalization, the amendments of the Deposit Insurance Law came into effect on July 1 this year.

(9) Furthermore, from the viewpoint of liberalizing the Tokyo financial and capital market and promoting the

internationalization of the year. The amendments of (the Foreign Exchange and Foreign Trade Control Act) envisaging the creation of the Tokyo Off-Shore Market were approved at the 104th session of the Diet. (The amendments will come into effect on December 1st this year)

4. Services, Import Promotion Measures

(1) Foreign lawyers

Japan Federation of Bar Associations requested the Ministry of Justice on February 7, 1986, to draft legislation based upon "the Outline of the System of Foreign Lawyers" which Japan Federation of Bar Associations adopted in its ad-hoc meeting of the board of directors on February 6, 1986. Upon this request the Ministry of Justice went through drafting legislation on the Foreign Lawyers System and submitted to the 104th Diet session after the Cabinet approval on March 28, 1986, a Bill on Special Measures Concerning the Handling of Legal Business by Foreign Lawyers, whose content is to allow foreign lawyers to handle legal business in Japan related to the law of their own countries and others. This Bill was passed by the Diet and was promulgated on May 23, 1986.

(2) Promotion of the Use of Commuter services and helicopters

1) Commuter services

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

2) Helicopters

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

(3) Amendment of Aviation Law

With regard to the rationalization of standards as to the manning of flight engineers, the Aviation Law was amended as part of the "Bill for Streamlining and Rationalizing Regulations Such As Permission and License on Private Activities" at the 103th Extraordinary Session of the Diet.

(4) Counterfeit products

An anti-counterfeit officer post was created in the National Police Agency this April to further strengthen anti-counterfeit measures. In the months of May and June, efforts were made to strengthen the law enforcement against economic crimes, with a result of arresting a number of dealers and producers involved in counterfeiting. Furthermore, the attention of industrial

organizations was called for to help remove counterfeit products, and a public campaign has been launched to enhance public awareness of the issue by way of government announcements and posters.

(5) Lowering Interest Rates of Loans by the Export-Import Bank of Japan and the Japan Development Bank

With the reductions of interest rate of the Fiscal, Investment and Loan Program three times in, i.e. in October 1985, February 1986 and March 1986, the interest rates of the Export-Import Bank of Japan for import credits for manufactured goods were lowered at the same day (ex. the generic interest rate for import credit was reduced to 6.05%, for certain items such as machinery to be appropriated as imports in the fiscal years 1985 and 1986 was reduced to 5.75%).

Since last August, approximately 120 cases, amounting to 215 billion yen (equivalent to imports of 296 billion yen) have been financed.

The interest rates of the Japan Development Bank Loans for the Promotion of Foreign Direct Investment in Japan, particularly the interest rate of such loans relating to high technology products was lowered to 6.05%, in accordance with the reductions of interest rate of the Fiscal Investment and Loan Program.

The interest rate of the Japan Development Bank Loan for the improvement of import environment was lowered from 6.3% to 6.05%.

(6) Import promotion

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

Around the period of Tokyo Summit (May 4th-6th), a nation-wide import promotion campaign was conducted with import fairs including large-scale import bazars held by JETRO, MIPRO, etc. in about 5,600 places throughout the country.

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

2) An appeal was made in the last fiscal year to major 134 companies for import expansion efforts. According to the survey of their estimated total imports, the imports of manufactured goods (contract value) are estimated to amount to 24.8 billion dollars, i.e., 5.2 billion dollar increase from the previous year (1.2 billion dollar upward revision of the previous plan).

3) The sales promotion efforts for specific foreign products have been conducted regarding two items.

(Note)

(a) Imports fairs were promoted by establishing subsidy system for imports fairs by shopping centers,

voluntary chain stores, etc. (15 fairs have been held throughout the country this year).

- (b) Deepening of understanding of Japan's market system is necessary to expand imports from abroad. Since 1983, Japan has been despatching market access promotion missions, including that to China this May.

(7) Distribution systems.

A study on the distribution of imported goods has been undertaken by the Committee for Price Stabilization Policies. "Expert Committee on the Distribution of Imported Goods" established under the Committee, has been held ten times since last October and submitted its report on 28 March 1986.

The results of the fact-finding studies on the distribution of imported goods were announced last November.

(Note)

- (a) Under the government's guidance to make best use of the benefits of the yen appreciation, import fairs have been held by major department stores and supermarkets (104 stores in total) in a total of 10,000 places, where retail prices have been lowered and the possibility of the import of new items has been sought for, taking advantage of the benefits of yen appreciation.
- (b) The measure to relax limitation on the period of sales at the temporary sales outlet by department stores, supermarkets and other large-scale retailers was renewed on July 1.

(8) Encouragement of overseas tourism

The joint government/private overseas travel promotion mission to Australia was dispatched early February. A prior study mission for the development of tourism was also dispatched to Indonesia late February, followed by the overall study since July. Furthermore, Public Relations activities are being conducted for the promotion of overseas travel.

Progress Report on the Implementation
of the Action Program for Improved Market Access
(Standards and Certification,
and Import Procedures)
July 31, 1986

Action Program Promotion Committee

1. Progress concerning the implementation of the improvement measures stipulated in the Action Program

Follow-up work has been under way concerning all of the 91 items - 88 items stipulated in the Action Program as well as 3 items added thereafter, 63 of which have already been implemented, including such items as the establishment of standard processing period for all standards/certification systems and the measures to reflect the views of representatives of foreign interests in the drafting or revising of standards. 2 items were implemented after the check-up by the Administrative Inspection Bureau until the end of July. 28 items are now in the process of implementation, and with a view to their implementation within the set time schedule, necessary work is now under way including the revision of cabinet orders and ministerial ordinances, deliberation by Councils, consultations with countries concerned, research and tests.

2. Examination of the creation and revision of the standards and certification systems

No new standards and certification systems have been created up until the end of July this year. 27 cases of

revisions of the existing standards and certification systems have been approved by the Cabinet Secretariat, because the examinations by the Cabinet Secretariat concluded that they have no effects upon the access to the Japanese market.

3. Handling of the standards and certification systems based upon "kokuji" (notification) or "tsutatsu" (circular notice)

12 standards and certification systems based upon "kokuji" and "tsutatsu" as in the attachment shall all be abolished within the period of the Action Program (some of them will be relegated to the private organization systems.).

4. Thorough checkup of the standards and certification systems by non-governmental organizations and guidance for improvement

Each ministry/agency has conducted thorough checkups of 134 non-governmental organizations under their own jurisdiction in line with the "Guideline for thorough checkup of the standards and certification systems by non-governmental organizations," and has given them necessary guidances for improvement.

(Attachment)

Standards and Certification Systems Based
on "Kokuji" (Notification) and "Tsutatsu"
(Circular Notice)

July 31, 1986

<u>Name of systems</u>	<u>Ministry Agency concerned</u>	<u>Base</u>
1. Type Approval System of Fine Equipment for Crime Prevention	NPA	Kokuji
2. Safety Check of Agricultural Machinery	MAFF	Tsutatsu
3. Wooden Building Material Certification and Recommendation System	MAFF	Tsutatsu
4. Certification System for Advanced Building Materials	MITI	Tsutatsu
5. Certification System for Production Process of Prefabricated House	MITI	Kokuji
6. Certification System for Solar Energy Collector and Storage Tank of Good Quality	MITI	Kokuji
7. Certification System for Heat Insulating Materials of Good Quality	MITI	Tsutatsu
8. Certification System for Water-Saving Apparatus of Good Quality	MITI	Tsutatsu
9. Recommended Standard for Emergency Warning Receiver	MPT	Kokuji
10. Quality Housing Components Certification System	MOC	Kokuji
11. Industrialized Housing Performance Certification System	MOC	Kokuji
12. Fine Energy Saving Building Techniques Certification System	MOC	Kokuji

NPA: National Police Agency

MAFF: Ministry of Agriculture, Forestry and Fisheries

MITI: Ministry of International Trade and Industry

MPT: Ministry of Posts and Telecommunications

MOC: Ministry of Construction