IV. TRADE POLICIES BY SECTOR

(1) AGRICULTURE

(i) Structure

1. The main crops grown in Japan are rice, fruits, and vegetables. Rice accounts for approximately 25% of agricultural production and is mainly cultivated by part-time or weekend farmers. Most other crops are grown on commercial farms by full-time farmers.

2. The Basic Law on Food, Agriculture and Rural Areas continues to provide the framework and policy direction for agriculture; implementation of the Law is through the Basic Plan for Food, Agriculture and Rural Areas, which aims to, *inter alia*: achieve a higher self-sufficiency ratio; encourage consolidation of production, processing, and distribution of agricultural produce with a view to increasing value-added; improve food safety; encourage further Japan's participation in international standard-setting; and establish income support regardless of the size of farms. In addition, on 25 October 2011, a Basic Policy and Action Plan to Revitalize Food, Agriculture, Forestry and Fisheries was adopted.

3. Under the Agricultural Land Law, "general corporations" (including stock companies and other forms of corporations, profit or non-profit) are permitted to lease farmland. According to data provided by the authorities, 838 general corporations were newly involved in agriculture between December 2009 and March 2012; the authorities state that there are no data detailing general corporations' share in agricultural production.

4. The agriculture sector continues to receive substantial government support, comprising, *inter alia,* a relatively higher average MFN applied rate compared with other sectors; tariff quotas; income support; and, in some subsectors, production controls. According to the OECD, "total support estimates" for agriculture for 2006-08 were comparable to 1.1% of GDP.[1] Support is provided mainly through market price support; in addition, relatively high tariffs and production restrictions are in place, which lead to higher prices.[2]

5. Consumer prices of agricultural products in Japan are considerably higher than the OECD average. Total transfers to agriculture producers for 2010, arising from Government policies (the PSE, or producer support estimate), and transfers from consumers (the CSE or consumer support estimate) were provisionally estimated by the OECD at 50% and 42% of income from production. OECD averages were 18% and 8%, respectively.[3] Furthermore, the producer nominal assistance coefficient (NAC) was 2.00 (i.e. gross farm receipts were 2.00 times the level they would have been if generated at world prices without support), and the consumer NAC was 1.71 (i.e. consumers are

[1] Total support estimates are defined as the annual monetary value of all gross transfers from taxpayers and consumers arising from policy measures that support agriculture, net of the associated budgetary receipts, regardless of their objectives and impact on farm production and income or consumption of farm products.

[2] OECD (2011).

[3] OECD (2011). Figures for 2010 are provisional. PSEs are defined as the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm-gate level; PSEs include market price support and budgetary payments. CSEs are the annual monetary value of gross transfers to (from) consumers of agricultural commodities, measured at the farm-gate level. A producer NAC is the ratio between the value of gross farm receipts, including support, and gross farm receipts valued at border prices. As noted in WTO (2007), caution is necessary when interpreting PSEs, CSEs, and NACs, as changes in exchange rates or world prices may produce significant fluctuations, and border prices may be artificially reduced owing to the presence of export subsidies in international agriculture trade.

implicitly taxed, paying on average about 1.71 times as much as they would have paid without support) in 2010. Both the producer and consumer NACs were significantly higher than OECD averages.[4] In addition, the producer nominal protection coefficient (NPC) was 1.83 in 2010, implying that the farm-gate price received by producers was on average 1.83 times higher than the price at the border.

6. In 2010, the Government implemented a new single-year pilot direct-payment programme on rice. The programme provides participating farmers with income support to bridge the gap between the production cost and the "farm gate" price of rice, irrespective of the size of farm. In FY2011, the Government started to implement this programme formally for rice. The programme was also extended to other crops, such as wheat, barley, potatoes, buckwheat, rapeseed, sugar beet, and soybeans by reorganizing the existing payment schemes for these crops.

7. In addition to the direct income support, the Government continues to maintain the production adjustment programme (see below).

(ii) Border measures

8. The average applied MFN tariff for agriculture (WTO definition) is 17.5% (FY2012)[5], compared with an overall average of 6.3% (Chapter III(2)(ii)). The rate varies considerably from chapter to chapter and often from one product to another within the same HS chapter. Of the applied MFN tariffs on agricultural goods (WTO definition), 17.3% are non-*ad valorem*. Agriculture subsectors that are protected by MFN tariffs relatively higher than the sectoral average include: dairy products, edible vegetables, sugars, and cereals and products thereof (Table IV.1). As estimates of AVEs for some specific duties (which tend to involve relatively high tariffs)[6] were not made available, the average tariffs for the associated subsector may be underestimated. Where AVEs were available, the simple average for non-*ad valorem* tariff rates for agriculture (WTO definition) was 70.0%, considerably higher than the simple average of purely *ad valorem* tariff rates of 9.6%.[7] Out of 314 tariff lines that have a non-*ad valorem* rate under "WTO Agriculture", AVEs were not available for 102 lines at the HS nine-digit level; these include milk and dairy products, live swine and meat of swine, rice and cereals, fruit juices, groundnuts and their oil, and prepared foods. For example, the rate payable on imports of Bambara beans, cow peas, and Pegin beans is among the highest in Japan's customs tariff, with an *ad valorem* equivalent of 515.6% (out-of-quota rate). Tariffs tend to be particularly high and variable for vegetables, cereals, and sugars and sugar confectionery.

[4] Producer NAC and Consumer NAC for OECD averages were 1.22 and 1.08, respectively, in 2010.

[5] The average applied MFN tariff for agriculture (HS 1-24) in FY2012 is 15.3%.

[6] According to the authorities, the lack of estimates of AVEs may be due to low world production and international trade volume of certain products, and low demand for them in Japan. The absence of estimates because of no imports may suggest that tariffs for the products concerned are prohibitive.

[7] The simple average of all (i.e. agricultural and non-agricultural products) non-*ad valorem* tariff rates for which AVEs were available was 37.3%, approximately eight times the simple average of purely *ad valorem* tariff rates, which was 4.4%.

Table IV.1
Applied MFN tariff protection in agriculture, FY2012
(%)

HS Chapter/Description		Simple average tariff	Maximum tariff	Tariff peaks[a] (% of lines)	Non-*ad valorem* tariff (% of lines)
01	Live animals	3.2	45.4	8.1	12.9
02	Meat and edible meat offal	10.8	67.8	15.7	18.2
03	Fish and crustaceans, molluscs and other aquatic invertebrates	5.9	15	0.0	0.0
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	56.2	409.8	84.4	61.0
05	Products of animal origin, not elsewhere specified or included	0.3	3.5	0.0	0.0
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.3	3.0	0.0	0.0
07	Edible vegetables and certain roots and tubers	33.7	515.6	7.8	9.4
08	Edible fruit and nuts; peel of citrus fruit; melons	7.8	24.0	6.7	0.0
09	Coffee, tea, maté and spices	3.6	17.0	0.0	0.0
10	Cereals	21.8	327.4	24.1	29.3
11	Products of the milling industry; malt; starches; inulin; wheat gluten.	31.1	279.7	52.5	37.5
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	6.2	298.8	2.5	7.6
13	Lac; gums, resins and other vegetable saps and extracts	3.1	17.0	0.0	4.8
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	3.1	8.5	0.0	0.0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	4.6	29.8	2.2	40.7
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	12.7	50.0	25.0	2.5
17	Sugars and sugar confectionery	41.7	218.6	69.4	59.2
18	Cocoa and cocoa preparations	23.7	152.6	63.0	7.4
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	26.4	246.9	63.6	26.5
20	Preparations of vegetables, fruit, nuts or other parts of plants	16.9	46.8	38.9	6.9
21	Miscellaneous edible preparations	25.5	321.1	50.0	16.0
22	Beverages, spirits and vinegar	14.0	75.9	31.0	34.5
23	Residues and waste from the food industries; prepared animal fodder	0.9	12.8	0.0	9.5
24	Tobacco and manufactured tobacco substitutes	7.2	29.8	16.7	0.0
1-24	Agriculture	15.3	515.6	25.3	14.0

a Three times the simple average of overall applied MFN rates.

Note: The simple average applied MFN tariff rate in FY2012 is calculated by using 2010 AVEs, as available, provided by the Japanese authorities. When the AVEs are unavailable, the *ad valorem* part is used for compound and alternate rates.

Source: WTO calculations, based on data provided by the Japanese authorities.

9. Japan operates 18 tariff quotas covering 175 tariff lines, mainly for dairy products and cereals (including rice), unchanged since 2011.[8] The average fill ratio in 2010 was about 63.5% but varies from one quota to another, from a low of 10.6% for butter and butter oil to 99.3% for dairy products for general use (Table AIV.1). There have been no changes to the administration of TRQs since the

[8] WTO document G/AG/N/JPN/174, 24 February 2012.

last Review of Japan. The names of companies or persons that are allocated quotas are posted online by the MAFF; no information pertaining to quota amounts allocated to firms or individuals was available. In-quota imports of rice, wheat and barley, and certain milk products are handled mainly by state-trading entities; certain amounts of these products may be imported by private entities.[9]

10. As part of Japan's tariff quota commitments, a certain amount of imported rice may be purchased and marketed directly under the simultaneous buy-and-sell (SBS) system. During FY2011, a total of 100,000 tonnes were imported under the SBS system. In addition, Japan provides rice as food aid. Japan donated 167,823 tonnes of rice in 2009 and 135,955 tonnes in 2010 as direct transfers (it also donated significant quantities through local and triangular purchase arrangements).[10] Japan notified the Committee on Agriculture that it provided US$108.47 million and US$218.39 million, in 2008 and 2009, respectively, for the purchase of grains as food aid for LDCs and net-food-importing developing countries.[11]

11. Japan took a number of special safeguard (SSG) actions during fiscal years 2010, 2011, and 2012. Products affected included rice, starches, kidney beans, inulin, milk, yogurt, tubers of konnyaku, flour, and certain food preparations (Table IV.2). Both price-based and volume-based SSGs were imposed on various products (not concurrently); the remedies apply to out-of-quota imports only.

Table IV.2
Special safeguards in agriculture, FY2010 to FY2012, November 2012

Description	Type of action	Date or period of application
FY2010		
Yogurt; frozen, preserved or containing added sugar or other sweetening matter, flavouring, fruits or nuts (excluding frozen yogurt)	Volume-based	1 July 2010 to 31 March 2011
Tubers of konnyaku (*Amorphophalus*), whether or not cut, dried or powdered	Volume-based	1 July 2010 to 31 March 2011
Maize (corn) starch	Volume-based	1 August 2010 to 31 March 2011
Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 6%: sterilized, frozen or preserved; other cream of a fat content, by weight, of 13% or more (other than sterilized, frozen or preserved)	Volume-based	1 October 2010 to 31 March 2011
Kidney beans, including white pea beans (*Phaseolus vulgaris*)	Price-based	12 April, 2010
Rice (semi-milled or wholly milled rice, whether or not polished or glazed)	Price-based	9 August 2010
Rice flour	Price-based	5 August 2010, 25 February 2011

Table IV.2 (cont'd)

[9] Rice, wheat, and barley are imported by the Ministry of Agriculture, Forestry, and Fisheries; leaf tobacco by Japan Tobacco Inc.; and milk products by the Agriculture and Livestock Industries Corporation (WTO document G/STR/N/14/JPN, 6 July 2012).

[10] World Food Programme online information. Viewed at: http://www.wfp.org/fais/reports/quantities-delivered-two-dimensional-report/run/year/2010;2009/code/RICE/cat/All/recipient/All/donor/Japan/mode/Direct+Transfer/basis/0/order/0 [9.11.2012].

[11] WTO documents G/AG/N/JPN/160 and 172, 1 December 2010 and 13 January 2012.

Description	Type of action	Date or period of application
Other starches (excluding sago starches)	Price-based	8 September 2010, 21 December 2010, 9 February 2011
Inulin	Price-based	8 April 2010, 14 December 2010
Food preparations of flour, meal, or starch, containing groats, meal, pellets or starch of rice, wheat, triticale, barley, which total weight is more than 85% of the articles; mostly containing starch (excluding containing wheat starch)	Price-based	21 April 2010, 4 June 2010, 12 July 2010, 1 December 2010, 28 December 2010, 14 February 2011
Food preparations containing by weight not less than 30% natural milk constituents on the dry matter; not more than 30% by weight of milk fat	Price-based	25 February 2011
FY2011		
Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, not exceeding 1%: sterilized, frozen or treated appropriate to preserve	Volume-based	1 December 2011 to 31 March 2012
Milk and cream, not concentrated nor containing added sugar or other sweetening matter; of a fat content, by weight, exceeding 1% but not exceeding 6%: sterilized, frozen or preserved	Volume-based	1 December 2011 to 31 March 2012
Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 6%: sterilized, frozen or preserved; other cream of a fat content, by weight, of 13% or more (other than sterilized, frozen or preserved)	Volume-based	1 November 2011 to 31 March 2012
Milk powder, not containing added sugar or other sweetening matter; of a fat content, by weight, exceeding 5% but not exceeding 30%	Price-based	15 April 2011
Condensed milk	Volume-based	1 January 2012 to 31 March 2012
Yogurt; frozen, preserved or containing added sugar or other sweetening matter, flavouring, fruits, or nuts (excluding frozen yogurt)	Volume-based	1 July 2011 to 31 March 2012
Buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, sterilized, frozen, preserved, concentrated or containing added sugar or other sweetening matter, flavouring, fruits or nuts	Volume-based	1 August 2011 to 31 March 2012
Wheat or meslin flour	Price-based	4 April 2011 (two cases of application), 2 May 2011
Rice flour	Price-based	29 September 2011
Other starches (excluding Sago starches)	Price-based	13 February 2012
Inulin	Price-based	12 May 2011, 17 January 2012, 15 February 2012
Mostly containing wheat and triticale preparation	Price-based	7 October 2011
Food preparations of goods of heading 04.01 to 04.04, containing not less than 30% natural milk constituents, of the articles in dry weight, excluding whipped cream in pressurized containers; containing not more than 30% milk fat by weight	Price-based	28 November 2011
Food preparations of flour, meal, or starch, containing groats, meal, pellets or starch of rice, wheat, triticale, barley, which total weight is more than 85% of the articles; mostly containing starch (excluding wheat starch)	Price-based	19 April 2011, 9 June 2011, 10 November 2011, 5 January 2012

Table IV.2 (cont'd)

Description	Type of action	Date or period of application
FY2012		
Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 6%; sterilized, frozen or preserved; other cream of a fat content, by weight, of 13% or more (other than sterilized, frozen or preserved)	Volume-based	1 June 2012 to 31 March 2013
Buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, sterilized, frozen, preserved, concentrated or containing added sugar or other sweetening matter, flavouring, fruits or nuts	Volume-based	1 October 2012 to 31 March 2013
Cereals, other than maize (corn), in grain form, pre-cooked or otherwise prepared, of wheat or triticale, n.e.s.	Price-based	16 October 2012
Cereals other than maize (corn, in grain form pre-cooked or otherwise prepared, of rice, containing more than 30% by weight of rice, n.e.s.	Price-based	16 October 2012

Source: WTO notifications.

12. Japan extended its provisions on emergency tariff measures for import surges of beef and pork in April 2011 and April 2012, respectively, for one year[12]; the measures involve unilateral increases of customs duties to the WTO bound level (50% in case of beef) from the level reduced by Japan beyond its commitments (38.5% on beef). These measures are stipulated under the Temporary Customs Tariff Measures Law.[13] During the period under review, Japan did not resort to emergency tariff measures for import surges of beef and pork.

13. Japan notified to the WTO that no export subsidies were provided in the period 1 April 2010 to 31 March 2012.[14]

14. The Government has programmes to promote exports of food and agricultural, forestry, and fishery products. It has targeted these to reach ¥1 trillion by 2020. The authorities state that this is to be achieved by: requesting importing countries to set risk management measures regarding the Fukushima Daiichi Nuclear Power Plant accident; implementing strategic marketing under the "Japan Brand"; and increasing the appeal of Japan's food culture to the rest of the world.

(iii) Domestic measures

15. Since 2011, there has been no change in price support schemes. Price support through administered prices scheme continues to apply to beef and pork. Under the scheme, the Agriculture and Livestock Industries Corporation buys from the market when wholesale prices fall below the "lower stabilization price" and releasing stock onto the market when wholesale prices exceed the "upper stabilization price". There has been no change in these prices.[15] In addition, the Government provides calf producers with subsidies on a per head basis if the calf price falls below the

[12] Japan Tariff Association online information. Viewed at: http://www.kanzei.or.jp/test/tariff02.htm.

[13] The Temporary Customs Tariff Measures Law provides for temporary exceptions to the Customs Tariff Law and the Customs Law, and adjustments to customs duty rates on certain goods. This involves exemptions from customs duties, special emergency customs duty, reduction of customs duties, and other preferential duties (for example, under Japan FTA/EPAs). For FY2012, 473 lines (including in-quota rates) at the HS nine-digit level are subject to temporary rates.

[14] WTO documents G/AG/N/JPN/164 and 176, 3 May 2011 and 1 May 2012. However, Japan continues to provide food aid to LDCs and net-food importing developing countries (WTO document G/AG/N/JPN/173, 18 January 2012).

[15] In FY2011, the lower stabilization prices were ¥815/kg for beef and ¥400/kg for pork.

"guaranteed base price". In FY2011, the guaranteed base price was ¥310,000 per head for Japanese Black calf, unchanged since the second quarter of FY2008.

16. The Government implements "supply-demand adjustment" measures for rice, which, *inter alia*, set a volume cap for production; domestic distribution of rice is liberalized, and Government purchase and selling prices for rice are determined by tender. According to the authorities, the supply-demand adjustment is in place to keep domestic prices stable and raise the food self-sufficiency ratio. The rice diversion programme pays farmers to use rice paddies for purposes other than growing rice for food. Diversion payments vary according to the crop actually sown or how the land is used by the farmer. The payments are in addition to other subsidies received for crops other than rice. The supply-demand adjustment continues to be conducted voluntarily by farmers and farmers' organizations.

17. The Japan Dairy Council (a producer group) has been voluntarily restricting the overall production of raw milk since 1979, with a production cap of 7.4 million tonnes for FY2012.

18. Subsidies for rice totalled ¥32.4 billion in FY2008 (the latest year for which data were made available).[16] The Rice Farming Income Stabilization Programme, which offers direct payments for rice producers under a production-limiting programme, has been in place since 1998; the budget for the programme in 2009 was ¥21.8 billion.

19. Payments for wheat, barley, and soybeans were replaced by the new payment scheme based on historical entitlement, introduced in 2007. A subsidy programme for starch, introduced in 2007 provides payments to farmers and starch industries. Payments for fruit were made from funds that had already been raised; there was no disbursement of government support in FY2007, FY2008 or FY2009. The subsidy for cocoons was abolished in 2008.

(2) FISHERIES

(i) Profile and recent developments

20. The fisheries sector in Japan, although very small in comparison with the rest of the economy, plays an important economic and social role, as illustrated by Japan's high per capita fish consumption. In addition, globally, Japan consistently has been a major fish producer, especially from marine wild capture activities. With the world's sixth largest exclusive economic zone, at approximately 4 million square kilometres and more than ten times its land area (377,000 square kilometres), Japan's coastal and offshore fisheries (including in neighbouring countries' EEZs) predominate in its capture fisheries activities.[17] In 2009, for example, distant-water fishing yielded 11% of Japan's total capture production, with offshore fisheries accounting for 58% and coastal fisheries for 31%.[18]

21. The March 2011 tsunami has had a profound effect on Japan's fisheries sector, as the affected part of the coastline was one of Japan's most important fishing areas. The Government estimates the total value of the damage to the fishing sector at more than ¥12 trillion, involving more than 28,000

[16] WTO document G/SCM/N/220/JPN, 29 June 2011. The Government purchases rice for food-security purposes (public stockholding). In addition, subsidies are provided for sugar, starch, milk and dairy products, bovine meat and pig meat, eggs, and vegetables.

[17] FAO Japan fisheries country profile. Viewed at: http://www.fao.org/fishery/countrysector/FI-CP_JP/en [July 2012].

[18] Japan Fisheries Agency (2012).

fishing vessels and 319 fishing ports[19], as well as many aquaculture facilities and products. At the time of writing, the Government has budgeted for and has started to implement disaster recovery in the fisheries sector, involving the reconstruction and consolidation of fishing vessels, fishing ports, and other infrastructure, fishery processing, and distribution facilities, with an emphasis on coordination and cooperation at the regional level. These efforts are being implemented at the prefectural and municipal levels pursuant to the Government's Master Plan for Fishery Reconstruction.[20] It is not clear how much fishing capacity and how many and which fishing ports will be rebuilt, or how many of the fishers displaced by the disaster (the majority of whom are elderly) will return to fishing, and how many newcomers might be attracted to the sector. Nevertheless, extensive reconstruction efforts are under way, and fisheries production is estimated to have recovered to 60% of the pre-disaster output level.

22. Japan's per capita consumption of fish and fish products, at 56 kg per year[21], and far above the world average of around 18 kg per year.[22] While on a declining trend as a component of the Japanese diet, fish accounts for roughly 40% of animal protein consumed in Japan.[23] Even before the tsunami, the gross value of fisheries output accounted for only around 0.3% of total GDP (agriculture accounts for around 2.0% of GDP).[24] Total direct employment in the fisheries sector in 2011 was approximately 160,000, or 0.3% of Japan's total workforce.[25] Fisheries employment is on a declining trend, in particular due to the aging workforce. In 2008, 60% of Japan's total fishery workers (who numbered 222,000) were 55 years or older.[26]

23. Japan is currently the fourth largest producers of fisheries products (including capture and aquaculture production of marine and freshwater fish, shellfish, and aquatic plants). Capture production dominates in Japan, accounting for 78% of total Japanese fisheries production in 2010, and marine capture accounts for virtually all of this. In 2010, Japan, with an estimated 4.1 million tonnes marine capture production was ranked fifth in the world (Table IV.3).[27]

24. In terms of aquaculture, the vast majority of Japan's production is of marine species (fish, shellfish and various types of seaweed), with inland aquaculture accounting for less than 4% of Japan's total aquaculture production, and less than 1% of Japan's total fisheries production, by quantity. In global terms, Japan is a relatively minor player in total aquaculture (accounting for 1.5% by quantity and 3.7% by value of the world total), but a much more significant player in terms

[19] Japan Fisheries Agency (2012).
[20] Japan Fisheries Agency (2012).
[21] Japan Fisheries Agency (2012).
[22] FAO (2011).
[23] Japan Fisheries Agency (2012).
[24] Calculated as the per cent shares of 2009 GDP (Ministry of Internal Affairs and Communications. Viewed at: http://www.stat.go.jp/english/data/handbook/c03cont.htm) accounted for by the respective production values of agriculture and fisheries (Ministry of Agriculture, Forestry and Fisheries, "Monthly Statistics of Agriculture, Forestry and Fisheries", 25 June 2012 update.
[25] Ministry of Agriculture, Forestry and Fisheries, Monthly Statistics of Agriculture, Forestry and Fisheries, December 2012 update. Viewed at: http://www.maff.go.jp/e/tokei/kikaku/ monthly_e/pdf/gall.pdf. The figure excludes employment for Iwate, Miyagi and Fukushima Prefectures that were heavily damaged by the Great East Japan Earthquake of March 2011. In 2010, total direct employment in the fisheries sector was 200,000 or 0.3% of Japan's total workforce.
[26] 2008 Fisheries Census. Viewed at: http://www.e-stat.go.jp/SG1/estat/ListE.do?bid=000001029050 &cycode=0 [July 2012].
[27] FAO Fisheries and Aquaculture Department online database. Viewed at: http://www.fao.org/ fishery/statistics/en [July 2012].

of marine aquaculture, accounting for 3% of the world total by quantity and 10% by value[28], reflecting Japan's farming of high valued species (including laver (*nori*), yesso scallops, oysters, yellowtail (Japanese amberjack) and red sea bream).[29]

25. The volume of Japan's fisheries production, from all sources (capture plus aquaculture), was trending downward over the course of the 2000s, even before the tsunami. Overall production declined by 13% between 2000 and 2010, and similar percentage declines were registered for capture and aquaculture production volumes. However, the total value of aquaculture production increased by 11% during this period, due to increases in the value of both inland and marine aquaculture production (no value data are available for capture production).

Table IV.3
Japan's fisheries production, 2001-10
(Million tonnes and US$ million)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	% of world total in 2010
Total production (million tonnes)	**6.1**	**5.9**	**6.1**	**5.7**	**5.7**	**5.7**	**5.7**	**5.6**	**5.4**	**5.3**	**3.1**
Aquaculture											
Million tonnes	1.31	1.39	1.30	1.26	1.25	1.22	1.28	1.19	1.24	1.15	1.5
US$ million	4.20	3.92	4.01	4.19	4.16	4.05	4.00	4.30	4.85	4.67	3.7
Of which											
Inland waters											
Million tonnes	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.1
US$ million	0.37	0.36	0.41	0.43	0.45	0.45	0.45	0.57	0.65	0.65	0.8
Marine											
Million tonnes	1.26	1.33	1.25	1.21	1.21	1.18	1.24	1.15	1.20	1.11	3.0
US$ million	3.86	3.55	3.60	3.76	3.71	3.60	3.55	3.73	4.20	4.01	10.0
Capture											
Million tonnes	4.84	4.50	4.79	4.45	4.42	4.44	4.38	4.41	4.22	4.14	4.6

Source: FAO Fisheries and Aquaculture Department online database. Viewed at: http://www.fao.org/fishery/statistics/en [July 2012].

Trade

26. Japan is a significant net importer of fisheries products, importing roughly 40% of what it consumes[30], and exporting comparatively very little (Table IV.4). In 2011, Japan imported more than US$20 billion worth of fisheries products[31], and exported just under US$2 billion worth, for an US$18 billion trade deficit in fisheries products. Data for prior years show a similar trade imbalance in fisheries products. The main imports are fresh, chilled and frozen fish including fillets, and prepared or preserved fish, fish eggs and caviar.

27. Japan's main sources of imported fish and fish products in 2011 were China, Thailand, the United States, Chile, and Russia (Table IV.5). These five exporting countries accounted for

[28] FAO Fisheries and Aquaculture Department online database. Viewed at: http://www.fao.org/fishery/statistics/en [July 2012].

[29] FAO Japan fisheries country profile. Viewed at: http://www.fao.org/fishery/countrysector/FI-CP_JP/en [July 2012].

[30] Data provided by the authorities.

[31] The data on fisheries products reflect the sum of HS codes 03 (fish and crustaceans, molluscs and other aquatic invertebrates) and 16 (preparations of meat of fish or crustaceans, molluscs or other aquatic invertebrates). Trade data for seaweeds are not available separately.

approximately 60% of Japan's total imports of these products in 2011. The value of Japan's total imports of fish and fish products in 2011, in U.S. dollar terms, was 19% higher than in 2010.

Table IV.4
Trade in fisheries products, 2006-11
(US$ million)

	2006	2007	2008	2009	2010	2011
Total exports	**1,393.6**	**1,649.7**	**1,629.2**	**1,576.2**	**1,938.7**	**1,857.0**
Of which:						
Live fish	72.2	77.9	79.1	68.3	69.4	72.3
Fresh or chilled, excl. fillets, other fish meat	139.9	151.9	122.9	106.5	109.6	90.5
Frozen, excl. fillets, other fish meat	480.9	548.8	518.1	477.4	611.8	467.9
Fillets, other fish meat, fresh or frozen	86.5	106.3	116.6	115.2	127.3	140.9
Dried, smoked, salted or in brine, meal, etc.	15.8	14.3	17.2	13.9	16.0	15.2
Prepared or preserved fish; fish eggs, caviar	98.7	116.4	127.2	126.0	138.5	129.8
Crustaceans, molluscs and other aquatic invertebrates	290.8	360.7	337.7	359.7	498.0	499.4
Total imports	**15,543.7**	**14,762.1**	**16,157.3**	**15,184.0**	**16,882.2**	**20,052.1**
Of which:						
Live fish	439.3	398.8	494.6	321.3	576.1	580.1
Fresh or chilled, excl. fillets, other fish meat	709.1	619.1	640.7	686.5	654.6	668.0
Frozen, excl. fillets, other fish meat	3,323.0	3,127.5	3,689.6	3,434.9	3,740.9	4,246.3
Fillets, other fish meat, fresh or frozen	2,117.5	2,079.2	2,634.6	2,227.7	2,434.7	3,078.2
Dried, smoked, salted or in brine, meal, etc.	233.3	243.7	257.3	258.7	250.1	265.9
Prepared or preserved fish; fish eggs, caviar	1,430.4	1,382.1	1,232.5	1,205.5	1,417.8	1,708.1
Crustaceans, molluscs and other aquatic invertebrates	540.2	497.2	469.4	474.6	548.2	703.1

Source: UN Comtrade database.

Table IV.5
Imports of fish and fish products, by principal source, 2010-11
(US$ million)

	2010			2011		
	Total fish and fish products	Fish, crustaceans, molluscs, other aquatic invertebrates	Preparations of meat of fish or of crustaceans, molluscs or other aquatic invertebrates	Total fish and fish products	Fish, crustaceans, molluscs, other aquatic invertebrates	Preparations of meat of fish or of crustaceans, molluscs or other aquatic invertebrates
Total, all sources	16,882.2	11,623.8	5,258.4	20,052.1	13,527.7	6,524.4
China	3,626.1	1,108.5	2,517.6	4,420.2	1,279.0	3,141.2
Thailand	2,210.2	691.2	1,519.0	2,665.9	787.7	1,878.2
United States	1,603.7	1,200.4	403.3	1,833.7	1,336.5	497.2
Chile	1,121.7	1,095.4	26.3	1,553.0	1,513.7	39.3
Russia	1,172.4	1,167.1	5.3	1,425.7	1,421.5	4.2
All other	7,1482.1	6,361.2	786.9	8,153.6	7,189.3	964.3

Source: UN Comtrade database.

Fisheries policy

28. The Fisheries Agency of the Ministry of Agriculture, Forestry and Fisheries (MAFF) administers Japan's fisheries policy; a considerable amount of the responsibility devolves to prefectural governments and local Fisheries Cooperative Associations.[32] The main laws regulating fisheries are the Basic Law on Fisheries Policy, the Fisheries Law, and the Law Regarding Conservation and Management of Marine Living Resources. The Basic Law on Fisheries Policy has

[32] FAO Japan Aquaculture Country Profile. Viewed at: http://www.fao.org/fishery/countrysector/naso_japan/en July 2012.

two main objectives: to secure a stable supply of fishery products, and to ensure the sound development of the fishing industry by promoting the appropriate conservation and management of marine living resources. It establishes the direction for management measures in pursuance of these objectives. The Fisheries Law establishes national and prefectural licensing systems, and a rights-based management system, principally for coastal fisheries. The Law Regarding Conservation of Marine Living Resources contains provisions on total allowable catch (TAC) and total allowable effort (TAE), along with a plan for managing resources within the EEZ.[33] Seven species (saury, Alaska pollack, sardine, jack mackerel, common and spotted mackerel, common squid, and snow crab) are subject to the TAC.[34] In addition, the fishing industry undertakes voluntary resource management efforts, including capacity and effort reductions (seasonal and size restrictions, etc.)[35]

29. The Government also promotes conservation and restoration of the Japanese marine environment (breeding and nursery areas) and of fisheries resources (including through the large-scale release of juveniles/seedlings).[36] Despite management and conservation efforts, 40% of Japan's fisheries resources (34 stocks) are at low levels, according to the 2010 stock assessment, and resource recovery plans have been developed for resources in urgent need of recovery (66 plans for 77 species).[37] Japan is acting against illegal, unregulated, and unreported (IUU) fishing in its EEZ, with both the Fisheries Agency and the Coast Guard involved in the monitoring and enforcement measures.[38]

30. Some of Japan's offshore fishing activity takes place under reciprocal fisheries access agreements with China, the Republic of Korea, and Russia. In addition, Japan engages in distant water fishing activities, including under access agreements with Australia, Canada, France, Kiribati, Marshall Islands, Morocco, Solomon Islands, Senegal, and Tuvalu. No quota is currently allocated to Japanese vessels under the Australian or Canadian agreements, and the French agreement relates to fishing access in the French territories in the Pacific. In addition, the Japanese private sector has agreements with a range of mainly African and Pacific countries, principally concerning tuna fisheries.

31. Japan is a member of the five regional fisheries management organizations (RFMOs) regulating international tuna fishing (Indian Ocean Tuna Commission – IOTC; Western and Central Pacific Fisheries Commission – WCPFC; Inter-American Tropical Tuna Commission – IATTC; International Commission for the Conservation of Atlantic Tuna – ICCAT; and Commission for the Conservation of Southern Bluefin Tuna – CCSBT).

[33] OECD online information, "Draft Country Note on Fisheries Management Systems – Japan". Viewed at: http://www.oecd.org/dataoecd/10/46/34429748.pdf [July 2012].

[34] FAO Japan Fisheries Country Profile. Viewed at: http://www.fao.org/fishery/countrysector/FI-CP_JP/en [July 2012].

[35] Japan Fisheries Agency (2012).

[36] FAO Japan fisheries country profile. Viewed at: http://www.fao.org/fishery/countrysector/FI-CP_JP/en [July 2012].

[37] Japan Fisheries Agency online information, "Fisheries of Japan – FY2010 (2010/2011) Fisheries Policy Outline for FY2011 (White Paper on Fisheries: Summary)". Viewed at: http://www.jfa.maff.go.jp/j/kikaku/wpaper/ pdf/2010_haku_en6.pdf.

[38] Japan Fisheries Agency online information, "Fisheries of Japan – FY2010 (2010/2011) Fisheries Policy Outline for FY2011 (White Paper on Fisheries: Summary)". Viewed at: http://www.jfa.maff.go.jp /j/kikaku/wpaper/ pdf/2010_haku_en6.pdf.

Government support for the fisheries sector

32. In the wake of the March 2011 earthquake and tsunami, the Government formulated a large-scale disaster recovery programme, including extensive support for the relief and reconstruction of the affected fisheries activities and installations. The Third Supplementary Budget of FY2011 provides for ¥11,733.5 billion in disaster relief expenditures (not limited to fisheries). This total includes ¥836.6 billion for public works including fishery harbours; ¥29.4 billion for improvement of ports and airports; ¥18.6 billion for loans for rebuilding businesses in the agriculture, forestry, and fisheries sectors; ¥61.2 billion for flood control and improvement of coastal areas, ports, and airports; ¥22.3 billion for public works for development of rural areas, and infrastructure development for fisheries; and ¥157.6 billion for recovery and reconstruction of fisheries. In addition, the budget lists a range of programmes that do not specifically refer to fisheries.[39] The authorities indicated that under the FY2011 supplementary budget and the FY2012 ordinary budget, a total of ¥818.3 billion was appropriated for the relief and recovery of the affected fisheries sectors and communities, including for the rebuilding of capture fisheries and aquaculture activities, rebuilding fish processing and distribution, and reconstructing facilities and infrastructure of coastal fishing communities.

33. Apart from disaster relief, the Government of Japan has historically provided a range of support to the fisheries sector. The Japan Fisheries Agency Budget for 2010 set out the following programmes: ¥20,255 million as government contributions to the fishers insurance programmes and emergency support funds; ¥12,002 million for improvement of domestic fishing grounds (e.g. measures to control harmful alga and jellyfish blooms, recovery of lost gear); ¥5,045 million for improvement of marine fisheries through modernization of infrastructures such as hatcheries and processing facilities; ¥4,246 million for surveys and stock assessment; ¥1,955 million for fuel and aquaculture feed support; ¥1,666 million for marketing and price support; ¥1,456 million for fisher recruitment programmes; ¥1,376 million for support of remote island economies; ¥1,311 million in unsecured and low-interest loans to fishers; ¥761 million for management of coastal reefs, including restocking and removal of invasive species; and ¥170 million for the collection of economic data.

34. In total, ¥97,551 million were allocated under the budget to fund various fisheries assistance and management programmes. An additional ¥82,227 million was budgeted for construction and maintenance of fisheries-related infrastructure. The 2010 budget is on par with the US$1.9 billion reported by the OECD (2009) for 2006.[40]

35. In its 2011 subsidy notification to the WTO, Japan notified the Fisheries Modernization Fund Interest Subsidy (¥4.5 million in FY2009) for advanced equipment and modernization of management of fisheries and related sectors; and the Fund for the Measures to Supply Fishery Products Stably (¥3.0 billion in FY2009) for comprehensive programmes implemented by non-governmental organizations, for the promotion of sustainable management of fishery resources, promotion of stock enhancement and aquaculture, restructuring of fishing entities, conservation of coastal environments, recruitment of fishers, for promotion of distribution, processing, and consumption of fishery products, aimed at the stable, safe, and efficient supply of food.[41]

---

[39] Ministry of Finance, Outline of the Third Supplementary Budget of FY2011. Viewed at: http://www.mof.go.jp/english/budget/budget/fy2011/11sb03.pdf.

[40] OECD (2010b).

[41] WTO document G/SCM/N/220/JPN, 29 June 2011.

(3) MANUFACTURING

36. Manufacturing contributed about 20% of GDP and 17% of total employment in 2010 (the most recent year for which data are available). Within manufacturing, the largest subsectors were electrical machinery, food products and beverages, and transport equipment.

37. The sector remains open, with a simple average MFN tariff for industrial products (HS25-97) of 3.6% in FY2012, compared with 15.3% for agricultural products (HS01-24), and an overall simple average MFN rate of 6.3%. However, tariff rates for textiles and clothing and for leather products and footwear are significantly higher.

38. The Enterprise Turnaround Initiative Corporation of Japan (ETIC), established in 2009 under the Enterprise Turnaround Initiative Corporation Act, is authorized to provide financial support to companies and businesses that are deemed to have revitalization potential and are highly indebted, including those in manufacturing. The Innovation Network Corporation of Japan (INCJ), also established in 2009, aims to provide financial, technological, and management support with a view to promoting the creation of "next-generation businesses", including manufacturing, by providing fund and managerial and technological expertise from the public and private sectors.

39. Sector-specific subsidies are provided to companies involved in the manufacture of civil aircraft.[42] In 2009, ¥95 million were provided as a grant to the Japan Aircraft Development Corporation (JADC) for the development of next-generation aircraft.

40. There has been no change to the foreign direct investment regime with respect to the manufacturing sector. FDI in certain manufacturing subsectors remains subject to approval (prior-notification); and investment (domestic or foreign) in certain sectors requires permission or *ex post* reporting, as stipulated in various laws and relevant regulations (Chapter II(6)(i)). For example, investors who intend to invest in aircraft manufacturing require approval by the Ministry of Economy, Trade and Industry, in accordance with the Law on Aircraft Manufacturing.

(4) ENERGY AND UTILITIES

41. In 2012, the Electricity Business Act and the Gas Business Law were amended with a view to relaxing regulation on tariffs in order to, *inter alia*, incorporate a feed-in-tariff (FIT) system for certain renewable energy; both amendments replaced the approval requirement with a notification requirement on certain tariffs.

42. Against the background of a severe accident at a nuclear power plant in the north-eastern Japan in March 2011, the Government is reviewing whether to adopt regulatory reform, such as the establishment of a new entity for securing nationwide transmission operations and further liberalization of retail sales.

43. Under the provisions of the Foreign Exchange and Foreign Trade Law, foreign entities wishing to invest in electric and gas utilities must notify their intention to the competent authorities, including the METI. The authorities state that permission is denied on grounds of, *inter alia,* public order.[43] It would appear that there has been little investment in energy and utilities.[44]

---

[42] WTO document G/SCM/N/220/JPN, 29 June 2011.

[43] The Minister of Finance and the minister in charge of the industry involved may order the suspension of a proposed investment if they consider it may "endanger national security, disturb the maintenance of public

(5) SERVICES

(i) Financial services

44. The financial services sector is extremely important in Japan due notably to the high level of savings by OECD standards. Banking companies' assets account for 184.8% of nominal GDP and 173.3% of real GDP, while insurance companies' assets represent 72.7% and 68.2%, respectively. The sector is relatively concentrated, with the top three banks holding 40.7% of the market share and the top five 52.6% (Table IV.6). The same goes for insurance, with the top three life-insurance companies holding 55.6% of the market the top three non-life insurance companies holding 65.6%. The top three securities companies hold 33.95% of the market. The sector is still undergoing consolidation with four significant merger operations (one for banks, two for insurance and one for securities since January 2011).

Table IV.6
Japan's market and regulatory regime for financial services, 2012

General overview
Number of financial services providers (end-December 2011), banks: 204, of which 107 regional banks; insurance companies: 95, of which 45 life insurance, and 50 non-life; securities companies: 320
Significant players (cooperatives, mutual institutions, and the postal system): JP Bank and JP Insurance in the Japan Post Group and mutual institutions (with mostly a regional and an SME focus)
Total bank and insurance companies assets, end-March 2011: - as % of the whole financial sector: banking companies: 49.5%, insurance companies: 19.5% - as % of nominal GDP: banking companies: 184.8%; insurance companies: 72.7% - as % of real GDP: banking companies: 173.3%; insurance companies: 68.2%
Major consolidations since January 2011: **Banks:** April 2011: Sumitomo Mitsui Trust Holdings, Inc. – the result of a merger between Chuo Mitsui Trust Holdings, Inc. and the Sumitomo Trust and Banking Co., Ltd.) **Securities**: February 2012: Aozora Securities Co., Ltd. – the result of a merger between Japan Wealth Management Securities and Aozora Securities **Life insurance**: January 2012: Gibraltar Life Insurance Co., Ltd. – the result of a merger between the Gibraltar Life Insurance Co. Ltd., AIG Edison Life Insurance Co. Ltd., and Star Life Insurance Co. Ltd.) **Non-life insurance**: May 2011: Aioi Nissay Dowa Insurance Co. Ltd – the result of a merger between Aioi Nissay Dowa Insurance Co. Ltd and Adric Sompo.)
Market share held by the top 3 and top 5 largest firms, end-March 2011: **Banks** (based on data for all banks across the country): top 3: 40.7%; top 5: 52.6% (Bank of Tokyo-Mitsubishi UFJ Ltd – 18.2%; Sumitomo Mitsui Banking Corporation – 13.7%; Mizuho Bank Ltd – 8.7%; Mizuho Corporate Bank Ltd. – 8.7%; Risona Bank Ltd – 3.3%
Life insurance: top 3: 55.6%; top 5: 71.6% (JP Insurance – 30.3%; Nippon Life Insurance Company – 15.6%; The Dai-ichi Life Insurance Company – 9.7%; Meiji Yasuda Insurance Company – 8.5%; Sumitomo Life Insurance Company – 7.4%)
Non-life insurance: top 3: 65.6%; top 5: 85.7% (Tokio Marine and Nichido Fire Insurance Co. Ltd – 29.6%; Mitsui Sumitomo Insurance Company Ltd – 9.7%; Sompo Japan Insurance Inc. – 16.3%; Aioi Nissay Dowa Insurance Co. Ltd – 11.6%; Nipponkoa Insurance Co. Ltd – 8.5% **Employees pensions funds (**by the financial statements for fiscal year 2009): top 3: 11.8%; top 5: 15.0% **Mutual funds**: top 3: 46.5%; top 5: 60.3% (Nomura Asset Management Co. Ltd – 21.9%; Daiwa Asset Management Co. Ltd –14.3%; Nikko Asset Management Co. Ltd – 10.2%; Mitsubishi UFJ Asset Management Co. Ltd – 7.0%; Kokusai Asset Management Co. Ltd – 6.8%

Table IV.6 (cont'd)

order, or hamper the protection of public safety", or "adversely and seriously affect the smooth management of the Japanese economy". They may also recommend that the parties concerned alter their investment plans.

[44] WTO (2011).

Securities companies: top 3: 33.9%; top 5: 51.5% (Mizuho Securities Co. Ltd – 11.7%; Mitsubishi UFJ Morgan Stanley Securities Co. Ltd – 11.2%; Daiwa Securities Capital Markets Co Ltd – 11.0%; Nomura Securities Co. Ltd – 10.0%; Nikko Cordial Securities Inc. – 7.5% – name changed to SMBC Nikko Securities Inc. in April 2011)
Credit rating agencies (end-January 2012 – based on number of rating analysts): top 3: 70.4%; top 5: 91.5% (Rating and Investment Information, Inc. – 27.2%; Moody's Japan K.K. – 23.8%; Japan Credit Rating Agency, Ltd. – 19.4%; Standard & Poor's Ratings Japan K.K: – 12.9%; Moody's SF Japan K.K. – 8.2%)

Ownership by type of activity:
Banks (excluding foreign bank branches and locally incorporated foreign banks): Fully state-owned: 5 (Japan Post, Development Bank of Japan, Japan Bank for International Co-operation, Japan Finance Corporation and Okinawa Development Finance Corporation;
over 50% owned by a single foreign company: 1 (Aozora Bank, Ltd.)
Life insurance: fully state-owned: none; fully domestically owned, private: 17; foreign minority-owned: 4; majority foreign-owned: 15; mutual companies: 5; branches of foreign companies: 4
Non-life insurance: fully state-owned: none; fully domestically owned, private: 23, minority foreign-owned: 1; majority foreign-owned: 4; branches of foreign companies: 21; licensed specified juridical persons: 1;
Mutual funds: domestic shareholders: 54; foreign shareholders: 31 (based on business reports of each fund submitted in FY2011 and on the nationality of the largest shareholder)
Securities companies: Domestic shareholders: 229; foreign shareholders: 87 (as of July 2010, based on the nationality of the largest shareholder)
Credit rating agencies: domestic shareholders: 5; foreign shareholders: 2 (end January 2012, based on the nationality of the largest shareholder)
Specific taxes on financial transactions: No financial transaction tax (FTT); incomes from financial transactions are subject to tax; – tax on individuals differs by type of income

Source: Information provided by the Japanese authorities.

45. Some post-2008 financial crisis measures are still in force. For example the prohibition of naked short selling, which was time bound (6 months), was renewed 11 times and is still in force. Similarly, the Financial Instrument Act, which regulates over-the-counter transactions, has been revised so that all transactions on derivatives are subject to FSA supervision. Operators of such transactions have been obliged to use the clearing system, so as to allow the FSA to trace their transactions. The regulation on hedge funds has also been reinforced.

46. Cooperatives and mutual institutions (*Kyosai*) are significant players in particular for the small and medium enterprises and regional markets segments. The only regulatory change regarding those institutions during the review period was the extension of the term of transitional measures on the amount of insurance that "Small Amount and Short-Term Insurance Providers" involved in *Kyosai* business may underwrite. Japan Post Insurance and Japan Post Bank are very significant financial services player. Their network extends all over the territory and there is a long-standing tradition by the Japanese population to deposit savings and to subscribe to life insurance with this public or semi-public institution. Japan Post Bank is the largest bank in the world, with approximately US$2,000 billion of deposits, i.e. 22.3% of banking deposits in Japan. Japan Post Insurance is in the same position with approximately US$1,000 billion (¥93 trillion, as of March 2012) of assets.

47. Hence, the major regulatory change regarding financial services since the last TPR of Japan in 2011 is the revised Postal Service Privatization Act, passed by the Diet in April 2012; the Act significantly changes the conditions of privatization of the Japan Post Group established by a 2005 law. The sale by the State of less than two thirds of its shares in Japan Post Holdings, included in the privatization process, and the sale by Japan Post Holdings of all of its shares in its two financial subsidiaries, foreseen by this law between 2007 and 2017, were frozen by a provisional law passed in 2009 (Act No. 100 of 2009). Mainly because of the need to finance the reconstruction after the great East Japan earthquake the revised Postal Service Privatization Act (Act No. 30 of 2012) was passed by a very large majority in both Houses of the Diet. This act amended the Act on Japan Post

Holdings Co. Ltd., (Act No. 98 of 2005) for the Government of Japan to dispose the shares in Japan Post Holdings as soon as possible, and repealed the Act for freezing the disposition of the shares of Japan Post Holdings, Japan Post Bank, and Japan Post Insurance (Act No. 100 of 2009).

48. The main provisions of the revised Postal Service Privatization Act are that: the number of subsidiaries of Japan Post Holding will be reduced from four to three by the integration of Japan Post Services and Japan Post Network; Japan Post Group will have to provide, in a unified manner through its post office network, universal services for postal services and fair access all over Japan to savings and insurance services; Japan Post Holdings will aim to dispose of all the shares of JP Bank and JP Insurance as soon as possible, while taking into consideration the business conditions of both companies and the influence on the implementation of the Act on the responsibility for ensuring that postal services, simple savings, money transfers, debts and credit settlements and insurance services should be made available in post offices integrally, equally, and universally throughout the country in a simple and user-friendly manner; the minimum threshold of shares that the Government must maintain at any time has not been revised and remains at one third.

49. Comments were submitted by stakeholders, including foreign providers and institutions, on the Postal Service Privatization Act has been criticized by the private sector at home and abroad, and by foreign governments and institutions. Some stakeholders (e.g. USTR and the EU Chamber of Commerce in Japan)[45] alleged that the Act is a step backwards and expressed fears of an uneven playing field, as the maintenance of a State share may imply public interference (e.g. for the purchase of government bonds) and an implicit public guarantee of deposits and assets as well as the risk of cross-subsidization between the financial branches and the postal branch.

50. The Japanese authorities explained that the revised Postal Service Privatization Act had a provision to ensure equivalent conditions of competition between the Japan Post Group and operators offering similar services, and that the Government of Japan intended to continuously ensure consistency with the WTO Agreements and other international agreements. They underlined that the regulatory framework imposed on financial subsidiaries of Japan Post Holdings by the revised Act remains stricter than the one applying to the private sector. Specifically, one of the subsidiaries is subject to deposits and savings limitation of ¥10 million. In addition to regulation under the Banking Act and the insurance business law, imposed on all financial institutions, these subsidiaries are required to gain FSA and the MIC approval for new products until JP Holdings dispose of half of the shares of its financial services subsidiaries. Furthermore, the FSA and the MIC will hear the opinion of the Postal Services Privatization Committee in advance of the approval.

51. There are no state-owned banks or insurance companies apart from Japan Post, Development Bank of Japan, Japan Bank for International Co-operation, Japan Finance Corporation and Okinawa Development Finance Corporation. Foreign ownership remains marginal in banking services; only one bank has more than 50% foreign ownership (Aozora bank). For life-insurance, there are 15 majority foreign owned, 4 minority foreign owned, and 4 branches of foreign life insurance companies; in addition, there are 23 minority foreign owned and 1 majority foreign owned, and 4 branches of foreign non-life insurance companies.

[45] USTR online information, "2011 National Trade Estimate Report on Foreign Trade Barriers". Viewed at: http://www.ustr.gov/webfm_send/2712; EBC online information, "Going for Growth, the European Business Council Report of the Japanese Business Environment". Viewed at: http://www.ebc-jp.com/whitepapers/2010english/viewbook.html.

52. Three other subsectors appear largely internationalized: mutual funds, securities companies, and credit rating agencies (Table IV.7).

53. The percentage of non-performing loans in the total assets of the banking sector is 2.4%, similar to previous years. The net operating profit per employee has increased to ¥16.5 million and the net income per employee remains stable at ¥8.4 million.

Table IV.7
Japan's market and regulatory regime for banking

Economic indicators Non-performing loans as a percentage of total bank assets: 2.4% (end-March 2011) Net operating profits per employee: ¥16.5 million Net income per employee: ¥8.4 million **Regulatory framework** **Supervisory authorities:** Ministry/agency responsible for defining banking sector policy: the Financial Services Agency (FSA) Sector supervisor (monitoring bank liquidity, overseeing payment and settlement systems, etc): FSA and the Bank of Japan Responsibility for competition policy issues: the Japan Fair Trade Commission. **Preferential and bilateral policies:** Preferential arrangements affecting banking services: none Bilateral agreements and MOUs (notably concerning prudential regulation and supervision): 1 Recognition of prudential measures of other countries through international agreements or unilaterally: none **Licensing:** General criteria: sufficient financial basis and proper expected income and expenditures in relation to the business (Banking Act, Article 4.2) Additional criteria for foreign banks: reciprocity test - the treatment must substantially be the same in the country where the foreign bank's major offices are located. Where a foreign bank intends to receive a business licence, and where establishment of the foreign bank requires permission from a foreign government agency or must go through any other procedures, the bank must present a written document to prove that the permission has been obtained. Licencing organ: the FSA Validity of a licence: a licence has no validity period Restrictions on banks selling or disposing of licences: for maintaining bank stocks, prior permission is required from the FSA to become a holder of voting rights over the "major shareholder threshold" (about 15-20%, depending on influence power) (Banking Act, Article 52(9)) Minimum capital requirements to obtain a licence (domestic and foreign banks): ¥2 billion Recognition of home-country supervision: subject to an examination of whether treatment is substantially similar to Japan's Banking Act and of supervision by the home-country financial supervisory authorities. Requirement applied to all countries without exception (Banking Act, Article 4(3)). Other authorizations required: - approval from the Prime Minister for the acquisition of over 20% of the shares of a bank. This measure is non-discriminatory - the establishment of a secondary office is subject to a notification for Japanese banks and to an authorization from the Prime Minister for foreign banks. According to the authorities, this discrepancy between the two regimes is of a prudential nature - similarly, additional licences are not required for establishing a second or more branches although approvals are needed. The authorities consider this measure as is of a prudential nature. **Prudential regulations** Administrative allocation of financial resources: financial resources are not allocated administratively Determination of interest rates and fees: banks may determine interest rates and fees freely

Measures to ensure compliance with the Basel Committee's Core Principles for Effective Banking Supervision: The FSA states in supervisory guidelines: "the FSA tries to reflect principles and guidelines, with regard to bank supervision, which the Basel Committee, etc. develops on their supervision". The FSA has revised the Banking Act, supervisory guidelines, and inspection manuals, based on the Basel Committee's Core Principles (BCP). When the BCP itself is revised, the FSA will review the parts of the guidelines that relate to the revised parts of the BCP, as necessary. To ensure compliance with the BCP, the FSA implements inspections and supervision while taking into consideration the scale and complexity of financial institutions.

Table IV.7 (cont'd)

Specific provisions against money laundering: Financial institutions are working on identification and trade notifications which are obligations under "the Act of Preventing Transfer of Illegal Profits". The FSA is encouraging efforts in financial institutions, through examination and supervision. Members of financial instruments exchanges must obey the following procedures: dealers of financial instruments (registration with the Prime Minister is required); permitted contractors for exchange transaction's (permission from the Prime Minister); and registered financial institutions (registration with the Prime Minister). See Japan Financial Intelligence Center Annual Report 2010 http://www.npa.go.jp/sosikihanzai/jafic/jaficenglishpage/jafic_2010e.pdf. **Bank deposit insurance scheme** The Government introduced the deposit insurance system to protect depositors in failed financial institutions and to contribute to the smooth settlement of funds. Non-interest-bearing deposits, such as current deposits are protected in full. The status of other deposits, such as time deposits and ordinary deposits: no more than ¥10 million and interest / person / financial institution; protection, in excess of that amount: depends on the asset status of the failing financial institution.

Source: Information provided by the Japanese authorities.

54. Insurance premiums in Japan are equivalent to 7.2% of GDP for life insurance and 1.8 % for non-life insurance.

55. The main recent regulatory changes relate to the relaxation of the regulation of insurance solicitation by banks of small and medium enterprises (so called "bank sales channel"). Following a review in 2011 it was decided to move from a regime of general prohibition of such sales to the authorization of some sales of low-value, low-risk, low-return products, savings-oriented rather than investment-oriented through qualitative threshold. The FSA constituted a working group to review the issue of the domestication of foreign insurance operations, i.e. of the regulatory conditions for the transformation of branches of foreign insurance companies into subsidiaries. As a result, the restriction forbidding the sale of insurance during the transformation of branches of foreign insurance companies into subsidiaries has been removed.

56. Table IV.8 details the main economic indicators and the general regulatory framework for insurance services in Japan.

Table IV.8
Japan's market and regulatory regime for insurance, 2012

Penetration (premiums as share of GDP): Life insurance: 7.2%; non-life insurance: 1.8%
Regulatory framework
Recent legislative changes: Measures to prevent negative effects of insurance solicitation by banks, etc., were revised in several steps, including the easing of regulations and setting up measures necessary to ensure effectiveness **Supervisory authorities:** Ministry/agency responsible for defining insurance sector policy, and for supervision of the sector: the FSA Responsibility for competition policy issues: the Japan Fair Trade Commission **Preferential and bilateral policies:** Preferential arrangements affecting banking services: none Bilateral agreements and MOUs: none **Licensing:** Criteria for assessing applications for insurance licence: sufficient financial and organizational base to conduct insurance underwriting;

and whether the underwritten insurance products are appropriate Incompatibility of life and/or non-life insurance licences: insurance companies may conduct only one of these businesses Differential treatment for foreigners in the licensing process: no distinction under the Act Prior approval of home-country supervisor: compatible home-country regulation and other criteria applied exclusively to foreigners: a foreign insurer requires a certificate from an organization whose jurisdiction includes the home country, proving that the insurer is lawfully conducting insurance business in its home country that is similar to the insurance business it intends to conduct in Japan Limitation on number of providers: none

Table IV.8 (cont'd)

Licencing authority: the FSA, which is the single administrative organ for the consideration of licence applications Maximum processing time for applications: there is no provision under the Act for a maximum but the standard "to be attempted" is within 120 days Period of validity of a licence: without special conditions, a licence has no specified period of validity Restrictions on selling or disposing of licences: allocated licences may not be sold; where insurance companies abandon their insurance business, their licences become void Other authorization required: approval from the Prime Minister is required for the acquisition of over 20% of the shares of an insurance company. This measure is non-discriminatory **Prudential regulations** Specific obligations for banks providing securities services**:** such banks must create joint-stock companies for securities Differences of treatment between state-owned firms, other domestically owned firms, foreign-owned branches, and foreign-owned subsidiaries: foreign-owned subsidiaries are required to hold in Japan the necessary assets in order to secure an insurance policy that provides for the company's potential collapse (Insurance Business Act, Article 197) Also, foreign-owned subsidiaries are exempt from a consolidated solvency margin standard. Recognition of home-country supervision of foreign insurance companies: To obtain a licence, a foreign insurance company must be "carrying on Insurance Business in a foreign state in accordance with the Acts and regulations of the foreign state": home-country supervision of the foreign insurance company is recognized (Insurance Business Act, Article 2(6), 185(1)) Minimum capital requirements to obtain a licence: ¥1 billion. Foreign insurance companies are required to deposit ¥100 million with the deposit office in Japan (Insurance Business Act, Article 6: 190) Other prudential tests for licence applicants: ¥1 billion minimum capital requirement. In processing licence applications, consideration is given to ensuring equity capital in accordance with the contents and scale of the business anticipated, and a sufficient financial base to conduct the business of an insurance company soundly and efficiently, as well as to having good prospects for income and expenditures pertaining to the business (Insurance Business Act, Article 5(1)(i)). In addition, the solvency margin ratio of each insurance company must always be no less than 200% Administrative allocation of insurance services: insurance services are allocated administratively Approval required for life and non-life premiums and products: the contents of insurance products, premium rates, etc., are subject to review at the time of application for a licence. Also, approval is required from the FSA to revise the contents of insurance products, insurance premiums, etc., (Insurance Business Act, Article 5(1)(iii)(iv), 123(1), 187(5), (207)

Source: Information provided by the Japanese authorities.

57. The total market capitalization of securities services, companies listed on the first section of the Tokyo stock exchange represented 204.8% of nominal GDP December 2011 and 191.69% of real GDP, while the bond market capitalization represented 849.83% and 908.12%. Table IV.9 details the main economic indicators and the general regulatory framework of securities services in Japan.

58. There are no recent regulatory changes with regard to pension funds and mutual funds, but a working group has been constituted to review regulations for mutual funds. The FSA is the supervisory authority for both activities, assisted by the Minister for Health, Labour and Welfare for pension funds. For management and sales of investment trust, licensing takes the form of a registration procedure. Criteria taken into account are historical records of applicants, financial and organizational soundness, and minimum capital (¥50 million at least). Foreign companies intending to exercise these activities must be exercising the same activity in their home country under appropriate supervision and must have a branch or office in Japan. Licences have no fixed duration and are not transferable. There is no limitation on the number of providers. Table IV.10 details the main economic indicators and the general regulatory framework of mutual funds and pensions fund services in Japan.

Table IV.9
Japan's market and regulatory regime for securities, 2012

Securities services (including by banks)
Economic indicators
Total market capitalization of companies listed on the first section of the Tokyo Stock Exchange (end of each quarter 2011):
¥ million: 296,474,251 (March); 290,426,163 (June); 261,671,225 (September); 251,395,748 (December)
% of nominal GDP: 257.01% (March); 253.16% (June); 226.32% (September); December 204.8% (December)
% of real GDP: 235.26% (March); 237.16% (June); 204.67% (September); 191.69% (December)

Bond market capitalization (total outstanding amount of bond issues, end of each quarter 2011, including Government Bonds, Fiscal Investment and Loan Program Bonds, Local Government Bonds, Government-backed Bonds, FILP Agency Bonds, etc. , Bank Debenture Bond, and Corporate Bonds)
¥100 million: 10,811,223 (March); 11,017,522 (June); 11,155,083 (September); 11,145,074 (December)
% of nominal GDP: 857.89% (March); 899.67% (June); 872.50% (September); 849.83% (December)
% of real GDP: 937.23% (March); 960.38% (June); 964.78% (September); 908.12% (December)

Regulatory Framework
Supervisory authority and licensing organ: the FSA
Additional criteria for foreign firms: for sales of investment trusts (Type I Financial Instruments Business), registration requires a corporation to be an entity that is carrying out business of the same sort in its home country in accordance with laws and regulations of the corresponding foreign country

Period of validity of a licence: none
Transferability of licences: not transferable
Limitation of the number of providers: none
Restrictions on foreigners buying and selling on the stock market: A member of the Financial Instruments Exchange Market is limited to either (1) a Financial Instruments Business Operator (request for registration by the Prime Minister), (2) Authorized Transaction-at-Exchange Operator (request for authorization by the Prime Minister), or (3) Registered Financial Institutions (request for registration by the Prime Minister).

Other authorization required: obligation to register branch offices for brokers. This measure is non-discriminatory.

Operating conditions:
Requirements to use international accounting and disclosure standards: A company may prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) if:
(a) all of the following requirements are met: (1) The shares to be issued are listed on the Financial Instruments Exchange, (2) The Annual Securities Report contains a description of the special approach taken to ensure the appropriateness of the consolidated financial statements, (3) Board members and employees who have sufficient knowledge about designated international accounting standards are assigned, and the system in which the consolidated financial statements can be prepared, based on the designated international accounting standard, is maintained.

(b) One of the following requirements must also be met: The company, its parent company, and other affiliated companies as well as the parent company of the affiliated companies: (1) are disclosing documents regarding their corporate affairs and other related matters, based on international accounting standards, during a period stipulated by the Act and regulations, and based on the Act and regulations of the foreign country, (2) are disclosing documents regarding their corporate affairs and other related matters, based on international accounting standards, during a period stipulated by the rules, based on the rules of foreign financial instruments market, (3) own a subsidiary with more than ¥2 billion in capital in the foreign country.

On 12 December 2008, in agreement with the European Union, the Japanese GAAPs (Generally Accepted Accounting Principles) were evaluated to be equivalent to International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). (Since January 2009, Japanese companies that are listed on markets within the EU have been able to use the Japanese GAAPs when making disclosures in Europe.)

Table IV.9 (cont'd)

Provisions on shareholders' rights in companies listed on stock exchanges: The Financial Instruments and Exchange Act does not provide any special regulations on shareholders' rights for companies listed on the financial instruments exchange. **Provisions on companies' disclosure obligations:** - for companies listed on financial instruments exchange: disclosure of company information in accordance with securities listing regulations; to protecting shareholders' rights, rules are described in the "Corporate Code of Conduct" - for general companies: (a) Disclosure of issuance: for securities to be recruited and/or sold in excess of ¥100 million, the issuer must submit a notification of securities to the Prime Minister before a public offering or public selling (Financial Instruments and Exchange Act, Article4(1)); also, the issuer must document and deliver a prospectus to investors before (or at the same time as) delivering the securities (Article 15(2)); (b) Constant disclosure: an issuer of listed securities on the financial instruments exchange or of a public offering or sale of a security, is obligated to submit its security report after completion of each business year (within 3 months) to the Prime Minister (Financial Instruments and Exchange Act, Article 24(1)); a quarterly report must be submitted to the Prime Minister within 45 days of completion of every fiscal quarter (Article24-7(1)); and when making a public offering or sale of a security in a foreign country, these issuers must submit the extraordinary report to the Prime Minister without delay (Article 24-5(4)).

Source: Information provided by the Japanese authorities.

Table IV.10
Japan's market and regulatory regime for pension funds and mutual funds, 2012

Recent changes: no major changes in market access policies, ownership rules, or other regulations since previous TPR.
Supervisory authorities: FSA registration required to carry out management and sales for investment trust.
Responsibility for pension fund regulation and supervision: Minister for Health Labour and Welfare.
Licensing criteria: Registration with the FSA. Conditions to be considered are: historical records of violations, appropriateness, and sufficiency of human resources organization; a board of directors, corporate auditors or a committee must be established; and capital must be more than ¥50 million.
Additional licensing conditions for foreign companies: The corporation must be handling the same sort of business in its home country in accordance with law and regulations of that country, and must have a branch or office in Japan.
Period of validity of a licence: none **Transferability of licences:** licences are not transferable **Limitation on the number of providers:** none

Source: Information provided by the Japanese authorities.

59. The sectoral coverage of financial services appear identical in Japan's GATS commitments and its EPAs commitments, following the coverage of the GATS understanding on financial services for positive listing agreements or introducing the same sectoral limitations through reservations for the negative listing agreement with Switzerland (Table AIV.2). The EPA with Mexico refers to GATS commitments in its financial services chapter.

60. Since GATS commitments and all but one FTAs have the same sectoral coverage as the GATS financial services understanding, the coverage of modes 1 and 2 for insurance services is limited to two subsectors: transport and transit insurance ("MAT") and reinsurance. For MAT the restrictions are identical in all the agreements: commercial presence is required, including for intermediation services. For reinsurance services there is a compulsory retrocession of 60% for compulsory automobile third-party liability insurance, and suppliers not licensed in Japan are prohibited from providing reinsurance service in the GATS commitments. The retrocession requirement disappears from the FTAs except with Singapore, where it is the subject of a complex phase-out. All FTAs echo the GATS prohibition of modes 1 and 2 provision of reinsurance services by suppliers not licensed in Japan.

61. Mode 3 is devoid of restrictions under both the GATS and the EPAs except for one limitation: insurance intermediation may only be supplied for insurance contracts allowed in Japan. Japan's GATS commitments for mode 4 extend to personnel covered by the financial understanding, to the extent they are not already covered by those horizontal commitments, which is the case for senior managerial staff possessing proprietary information essential to the establishment, control and operation of the service supplier, and specialists in the operation of the financial service supplier. The categories benefiting from this extension, subject to the availability of personnel in Japan, are: specialists in computer services, telecommunication services, and accounts of financial services suppliers and actuarial and legal specialists. In all positive-listing EPAs, mode 4 remains totally unbound, which implies by default the application of GATS mode 4 commitments. For negative listing agreements, the chapter on movement of natural persons applies for mode 4 in financial services. Therefore entry and temporary stays of personnel engaged in financial services including certified public accountants or tax accountants are committed under one of the following categories: intra-corporate transferees, investors, professional services, and contractual services suppliers. The commitments undertaken in the Japan-Philippines agreement are subject to a standstill obligation. The GATS commitments contain additional commitments on automobile insurance, commercial fire insurance, and medical insurance, which are echoed only in the Japan-Singapore FTA.

62. For banking services the sectoral coverage is the same as the GATS financial understanding either through a direct reference for GATS and positive listing agreements, or through equivalent reservations in the case of negative listing agreements. Therefore the coverage of mode 1 is limited to the provision and transfer of financial services information, financial data processing, and other auxiliary services. The other sectors remain devoid of commitments. For the sectors covered, commercial presence is required for discretionary investment services.

63. Under mode 2 and its equivalent in negative listing agreements, "purchase of financial services by public entities" is unrestricted and this extends to all banking sectors in all FTAs and the GATS. Mode 3 regimes are more complex. The GATS commitments contain two restrictions: for market access, commercial presence for investment trust management services must be juridical persons established in Japan; and for national treatment, the deposit insurance system does not cover deposits taken by branches of foreign banks. In addition, there are modal additional commitments (a rare feature) on the abolition of the distinction between new money and other assets for employee pension fund management. In the positive listing FTAs (with Brunei, India, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam) there are no other restrictions than the non-coverage by the deposit insurance system of deposits taken by foreign banks. In addition, the agreement with Singapore contains specifically negotiated additional commitments different from those contained in the GATS commitments (Table AIV.2). There is an identical reservation in the investment chapter of some positive-listing agreements (with India, Malaysia, the Philippines, and Singapore) and in the negative-listing agreement with Switzerland. For Brunei and Indonesia the reservation in the investment chapter is wider: covering all existing measures in banking services that do not conform to national treatment.

64. The agreement with Switzerland contains two reservations that have no equivalent in the GATS commitments or in other EPAs: (i) a reservation for future measures on banking and other financial services other than (a) securities related transaction with financial institutions and other entities in Japan, (b) sales of a beneficiary certificate of an investment trust and an investment security through securities firms in Japan, (c) provision and transfer of financial information and financial data processing and advisory and other auxiliary services excluding intermediation. These exclusions represent a commitment on cross-border trade of securities services, which has no

equivalent in other FTAs or in GATS; and (ii) a reservation on mode 2 for banking and other financial services other than those in the list of the financial annex of the agreement.[46]

65. With regard to mode 4, the trade regimes for banking services are identical to those described for insurance services. The commitments undertaken for modes 1, 2, and 3 for banking services in the Japan-Philippines agreement are subject to a standstill obligation.

(ii) Telecommunications

66. Japan's legislation does not distinguish between basic telecommunication providers and value-added telecommunications providers, but since 2004, has distinguished between registered and notified carriers. This replaced the distinction between type I and type II carriers, i.e. facilities-based and non-facilities-based. The new distinction, triggered by technological developments, is between large- and small-scale facilities. Carriers whose activities go beyond the boundaries of a single prefecture are considered as registered operators. Registration formalities and procedures with the Ministry of Internal Affairs and Communication (MIC) are minimal; and the notification regime requires no investigation or authorization.

67. During the review period, 29 carriers subject to registration procedure have been created, while 22 merged with other companies and 3 closed, leaving a total of 330 companies as of 1 January 2012. For carriers subject to notification, the figures were 2,010 creations, 162 mergers and 1,113 closures, leaving a total of 15,482 carriers.

68. By law, the Government shall hold a share of 33.3% in NTT. This is the only case of public ownership in the sector. Foreign participation in NTT was 24.2% on 31 March 2012 according to the compulsory annual securities report for listed companies. Table IV.11 details the regulatory regime of telecommunications in Japan and its main economic indicators.

Table IV.11
Market structure and regulatory framework of Japan's telecommunications sector, 2012

Economic data
Main actors:
Companies providing value-added telecom services: 330 carriers are registered with the Minister; and 15,482 carriers have submitted notifications (up to 1 January 2012).
Market leaders for fixed telecom services: NTT East and NTT West (combined market share for fixed telecom service 79.2% (March 2012))
Market leaders for mobile services: NTT DOCOMO (45.3%), KDDI (including Okinawa Cellular, 26.4%), Soft Bank Mobile (21.8 %), (March 2012).
Main Internet access providers (incl. ADSL, fibre-to-home providers, and cable-based access): non-NTT group (31.7%), NTT group (30.2%), vendor group (26.0%), (March 2012).
Foreign ownership participation: Except for the Nippon Telegraph and Telephone Corporation, there are no restrictions in Japan's telecommunications carriers. Foreign ownership shares of listed telecom companies are not available.
State ownership: Nippon Telegraph and Telephone Corporation - 33.3%
Tariffs: (evolution since Japan's last TPR (2011))
Local services: no changes on basic monthly charges or local call rate (subscriber lines) of NTT East and NTT West.
International services: no changes on international calls of KDDI (3 minutes for ¥27), NTT Communications (3 minutes for ¥27), Softbank Telecom (3 minutes for ¥7.99).
Mobile services: NTT DoCoMo, Type S Value has not changed: basic monthly service rate – ¥3,000; call rate – ¥108 per 3 minutes (excluding tax). Basic monthly service rate includes a communications allowance of ¥2,000 (excluding tax).
Internet services: Ministry of Internal Affairs and Communications does not regulate the internet connection fee. No changes.
Interconnection rates: (monthly charge per line) for optical fibre significantly lowered to:

Table IV.11 (cont'd)

[46] This list is identical to the list of sectors of the GATS financial services annex.

-Dry copper local loop: NTT East: ¥1,298 NTT; West: 1,354 (2012)
-Line sharing local loop: NTT East: ¥88, NTT West: ¥89
-Single star optical fibre: NTT East : ¥3,403, NTT West: ¥4,357
-Shared-access optical fibre: NTT East: ¥3,013, NTT West : ¥3,846 (2012)
-Mobile phone interconnection rates: significantly lowered, e.g. NTT DoCoMo: ¥24.3/3 min. (in 2009), ¥12.24/3 min. (in 2011)

Establishment of new companies, mergers or closures since Japan's TPR:
Under Telecommunication Business Act Articles 17 and 18, 184 companies carried out procedures for successions and mergers (22 registered telecommunications carriers, 162 notified telecommunications carriers; 1,116 carried out procedures for closure (3 registered telecommunications carriers, 1,113 notified telecommunications carriers) (1 January 2012)

Regulatory framework
Interconnection:
Recent or planned changes: none
Complaints filed or resolutions effected for interconnection disputes among operators: one request for the Minister of Internal Affairs and Communications to start negotiations since 2010; and 4 mediations by the Telecommunications Dispute Settlement Commission since Japan's TPR in 2011 (Article 35, Article 154, Telecommunication Business Act; for the Telecommunications Dispute Settlement Commission (see: http://www.soumu.go.jp/ main_sosiki/hunso/ english/activities/processing.html).

Competition policy:
Results of the "competition review in the telecom business field (2010)":
Fixed telephone and dedicated service markets: a single operator has strong market power and the possibility of using its position to exercise market power; MIC estimated that regulations in the market are sufficient and WAN service has strong competitive pressures in the dedicated service market.
Toll bypass telephony, cellular phone (including PHS, broadband, FTTH, and ADSL market, a single operator is in a position to exercise its market power, or multiple carriers are in a position to exercise their market power in an alliance under an oligopoly; MIC estimates that the existence of regulations and competitive pressures from the other service are sufficient.
050- IP telephony and WAN service market: multiple operators are in a position to exercise their market power in an alliance under an oligopoly; MIC estimates that the market reduction in 050-IP telephony and the existence of regulations and competitive pressure in WAN service markets are sufficient.
Cable TV internet and ISP market: MIC estimates that no operator can use market power.
Japan Fair Trade Commission regulations and actions:
The JFTC establishes Guidelines Concerning the Interpretation of "Specific Business Field" as defined in the Provisions of "Monopolistic Situation" in the Antimonopoly Act": fixed telecom and mobile telecom have been shown in the annex since 2004, and broadband services since 2010. The JFTC monitors trends of production, sale, price, manufacturing costs, and technical innovations, and profit ratios
Ministry of Internal Affairs and Communications promotes competition in the telecom market.
Dominant suppliers: NTT East and NTT West (subscriber lines) NTT DoCoMo (mobile phones)

Other regulatory aspects:
Regulatory supervision: For carriers installing Category I designated telecommunications facilities – functional separation of the facility department and the sales department introduced to ensure appropriate supervision of subsidiaries and appropriate management of information obtained through the business activities of interconnection (Telecommunications Business Act, Article 31, the Ordinance for Enforcement of Telecommunications Business Act Article 22)
Facility sharing: no changes
Local loop unbundling: no changes
Number portability: system introduced by Article 4 of Rule of Interconnection, no changes since 2011
Spectrum management: Licence required from the Minister of Internal Affairs and Communications to operate a radio station. However, if a radio station meets a specific requirement it may be operated only by registration (without a licence).
Mobile interconnection: amendment to the Telecommunications Business Act in December, 2010: rules for interconnection accounting introduced for the telecom carriers with Category II designated telecommunications facilities in March 2011 (Telecommunications Act as amended, Article 34).
Mobile roaming rates (wholesale and retail): no changes
Accounting rates: no changes
Licensing: Operators of telecommunications businesses with large-scale telecommunications circuit facilities must be registered by the Minister of Internal Affairs and Communications; operators with small-scale telecommunications circuit facilities or without telecommunications circuit facilities must submit a notification to the Minister.

Universal service
Beneficiaries: Telecommunications carriers that provide universal telecom services and are designated by the Ministry of Internal Affairs and Communications (MIC) as carriers meeting the requirements (eligible telecommunications carriers: NTT East and NTT West)

Table IV.11 (cont'd)

Contributors: Telecommunications carriers that have connections to subscriber lines of NTT East and NTT West (limited to carriers with sales of ¥1 billion or more) **Services covered**: (1) subscriber telephones (subscriber access lines) or optical IP telephone equivalent with subscriber telephones (included in universal services from April, 2011); (2) Category I public telephone service; (3) emergency calls (dial 110, 118,119). **Expenditure** (approved in 2011): total compensation for NTT East and NTT West – ¥11.1 billion **Method of calculation:** - for subscriber access lines: benchmark method for the top 4.9% of the high-cost regions; when the cost per line exceeds the national average cost + double standard deviations, part of the cost will be covered by the universal service fund - category I public telephone service: cancel-out cost-revenue calculation method - emergency calls: costs of emergency lines that correspond to the top 4.9% high cost lines out of all subscriber lines are compensated - optical-IP telephones equivalent to subscriber telephone: excluded from compensation **Management**: Telecommunications Carriers Association (universal telecommunications service support institution) is responsible for collecting contributions from carriers and providing the subsidies. The institution must obtain permission from the MIC regarding the annual subsidies and contributions **Specific tax incentives regime for the telecommunication sector:** no changes

Source: Information provided by the Japanese authorities.

69. There was no change in the interconnection policy during the review period. Five cases have been dealt with under the interconnection dispute settlement mechanism since Japan's last TPR.

70. The Anti-Monopoly Act (AMA) applies to the telecommunications sector; and the JFTC "Guidelines Concerning the Interpretation of Specific Business Field as Defined in the Provisions of Monopolistic Situation in the Anti-Monopoly Act" list fixed and mobile telephone services in the respective annexes.

71. NTT East and NTT West are officially designated as the dominant suppliers for subscriber lines, and NTT DOCOMO for mobile telephony, with the obligations attached to that status.

72. NTT East and NTT West have been designated as eligible telecommunications carriers to ensure universal service. Universal service covers subscriber telephone services and, since April 2011, optical IP services equivalent to subscriber services, in addition to public telephone services and emergency calls. Contributors are providers interconnected with facilities installed by NTT East or NTT West to provide universal service. Providers whose annual sales are less than ¥1 billion are exempted. Calculation of the amount of compensation varies with the type of service. Funds are collected by the Telecommunications Carriers Association, which has been designated as the universal service support institution. In 2005, comments were submitted by stakeholders, including foreign carriers and institutions, on the scale of costs, cost calculation mechanism, and specification of high-cost areas. Some stakeholders (e.g. USTR and the EU Chamber of Commerce in Japan)[47] alleged that the mechanism had a cross-subsidy effect. The Japanese Government states that the calculation mechanism was based on deliberations of a council composed of persons with the relevant knowledge and experience in the areas concerned nominated by the MIC, with the purpose of fairness and balance, following the procedure established by the relevant ministerial ordinance. The amount of expenditure approved for this fund in 2011 was ¥11.1 billion. Table AIV.3 details the trade regime of telecommunications in Japan.

73. Japan's telecommunication services trade regimes are generally quite open. GATS and EPAs commitments cover all services listed in the W120 annex and in the model schedule on telecom, with the exception of the (outdated) telegraph services in the GATS commitments and in the EPAs

[47] USTR online information, "2011 National Trade Estimate Report on Foreign Trade Barriers", p. 201. Viewed at: http://www.ustr.gov/webfm_send/2712; EBC online information, “Going for Growth, the European Business Council Report of the Japanese Business Environment”, p. 42. Viewed at: http://www.ebc-jp.com/whitepapers/2010english/viewbook.html.

with India and Viet Nam, and of "other telecom services" in the GATS commitments and in the agreement with Singapore. The only reservations in the GATS and FTAs commitments are the limitation of foreign ownership in NTT (1/5 under the GATS, 1/3 under the FTAs, and via the standstill applying to some FTAs, in the applied regime), and the Japanese nationality requirement for NTT's board members and auditors. Two FTAs (with Brunei and Indonesia) contain a more generically drafted reservation to national treatment in their investment chapter on "existing measures on information and communications" covering the same NTT reservation as well as the Foreign Exchange and Foreign Trade Law reservation.

74. The GATS commitments incorporate the disciplines of the telecom reference paper via additional commitments. Six positive listing FTAs (with Brunei, Indonesia, Malaysia, Thailand, and Viet Nam) contain enhanced disciplines on safeguards, anti-competitive practices, and interconnection (line sharing and co-location). Two positive listing agreements (with India and Singapore) and all three negative listing agreements (with Chile, Mexico, and Switzerland) contain no reference to enhanced interconnection disciplines, but in the case of Switzerland these "GATS +"obligations appear through a specific telecom chapter containing those enhanced disciplines as rules.

75. In four positive listing agreements (with Indonesia, Malaysia, the Philippines, and Thailand) and all three negative listing agreements these commitments are subject to a standstill obligation. The applied regime thus reflects the best FTA regime subsector by subsector in these agreements.

(iii) Transport

(a) Maritime transport

76. Japan relies heavily on maritime transport, which carried 88.1% of its imports, by value, in 2012 and 71% of its exports. Container traffic account for the largest part (39.9% of imports and 43.9% of exports).

77. While no detailed figures are available, the Japanese controlled fleet is essentially deployed to serve bilateral trade. The national flag fleet (724 vessels, totalling 18.94 million DWT, 1.58% of world fleet) is much smaller than the beneficially owned fleet (3,071 vessels, 178.29 million DWT, 12.94% of world fleet). Altogether the Japanese fleet ranks second in the world, after Greece. Private management of port terminals is allowed, and open to foreign investors (e.g. Port of Singapore authority in Hibiki harbour). In major ports, managing companies now handle between 60% and 70% of the containers. The economic needs test in force for harbour transportation (maritime cargo handling services, container station and depot services, including inland container depot services) has been abolished in 2006 and replaced by a permission requirement system based on technical and financial abilities. Table IV.12 describes in more detail these three aspects of maritime transport: maritime trade, maritime fleet, and harbour management.

78. Japan's international obligations regarding maritime transport vary by the trading partner. Japan's commitments under the GATs are relatively limited (access to/use of port services, pushing and towing services, maritime agency services, salvaging, watering and fuelling services) due to the unsatisfactory outcome of the 1995-96 maritime transport negotiations. However Japan has formulated a very extensive offer in terms of sectoral coverage and obligations, in the context of the DDA, based on the very liberal applied regime. Commitments undertaken in the context of FTAs vary widely; the more liberal commitments are in negative listing agreements (with Chile, Mexico, and Switzerland) and in recent positive listing agreements containing standstill clauses (with

Indonesia, Malaysia, the Philippines and Thailand). Under treaties of friendship, commerce, and navigation with Denmark, the U.K. and Norway, Japan allows ships to access cabotage services on a reciprocal basis, and the U.S. Federal Maritime Commission discontinued its proceedings (1997 docket 96-20) against Japanese harbour practices on 26 January 2011. Table AIV.4 provides an extensive and systematic description of these trade regimes.

Table IV.12
Maritime transport, main economic indicators, March 2012

Fleet	**Vessels**		**Tonnage (DWT)**		**Geographical deployment (%)**	
	Number	**% of world fleet**	**Million tonnes**	**% of world fleet**	**Bilateral trade**	**Cross trade**
National flag	724	1,58%	18.94	1.37%	..	..
Of which foreign controlled	0	0%	0	0%	..	..
Beneficially owned fleet under foreign flags	3,071	6.72%	178.29	12.94 %	..	..

Merchandise trade	**Volume (tonnes, except for containers: TEU)**		**Value (¥'000)**		**% of Japan's international trade (all mode of transport) FY2009**	
	Imports	**Exports**	**Imports c.i.f.**	**Exports f.o.b.**	**Imp.**	**Exp.**
International maritime freight trade	847,092,342	244,692,452	53,653,610,428	47,964,883,819	88.1	71.0
Of which containers	7,398,869	7,345,734	24,337,738,563	29,644,513,991	39.9	43.9
Of which transhipped	218,940	211,418	..	..	..	..
Of which dry bulk	365,932,032	83,176,360	9,300,926,685	7,613,192,933	15.3	11.3
Of which liquid bulk	352,900,519	19,198,052	19,273,782,173	1,151,794,309	31.6	1.7
Domestic maritime freight trade	760,357,722	783,616,379	..	..	..	..
Of which conducted under a waiver regime	..	..	..	..	..	..

Privately managed terminals	**Type of cargo**	**Managing company(ies)/ Nationality**	**Volume**	**Date & duration of the contract**
Tokyo (some)	Container	Tokyo Port Terminal Corporation / Japanese	4,294,475TEU (Volume 2011)	01.04.2008
Hakata (some)	Container	Hakata port terminal Co., Ltd / Japanese	655,330TEU (Volume 2010)	01.04.2004 For 10 years
Ibaraki Port Hitachinaka District (some)	Container	Ibaraki Port Authority Corporation / Japanese	3,717TEU (Volume 2011)	06.2000

.. Not available.

Source: Information provided by the Japanese authorities; UNCTAD, *Maritime Transport Review 2011*.

79. The most significant changes in trade-related policies in the maritime transport sector are: Japan announced in June 2011 that the maritime antitrust exemption under the Marine Transportation Act would be maintained, with its scope unchanged, and that Japan planned to review the maritime antitrust exemption in FY2015. The support policy was prolonged by the tonnage system and the renewal of the international ship regime, due to expire on 31 March 2012. The Authorized Economic Operator (AEO) program was amended in October 2011 so that the cargo declared by AEO customs brokers or produced by AEO manufacturers may receive export permits without placing cargo into customs areas. Japan does not intend to adopt a 100% scanning policy for containers. Table IV.13 describes these policies in more detail.

Table IV.13
Trade-related maritime transport policies

Competition policy
Scope of the anti-trust immunity:
Marine Transportation Law, Article 28 item (4)
Immunity "to conclude an arrangement or agreement or to conduct concerted act concerning the fares or charges and other transportation conditions, routes, allocation of ships as well as sharing of shipping between a ship operator and other ship operators on routes between ports in Japan and a territory other than Japan", i.e. conferences, agreements, discussion agreements, stabilization agreements and vessel sharing agreements and consortia in liner shipping and tramp pools in bulk shipping

Filing requirements:
Marine Transportation Law Article 29-(2)
"Any ship operator shall, if he/she intends to engage in the act provided for in Article 28 item (4) or to alter the content thereof, notify beforehand Minister of Land, Infrastructure, Transport and Tourism to that effect".

Marine Transportation Law Article 50
"Any person to whom any of the following items applies shall be liable to a fine of not more than one million yen, item (24) Anyone who has taken action under item 4 of Article 28, or has altered the content of such action, without submitting notification under the provisions of Article 29-(2), Paragraph 1, or who has made a false notification under the same provisions".

Last review concluded: FY2010, by the MLIT in consultation with JFTC, no changes
Next planned review: FY 2015

Support policy
Tonnage tax: regime introduced in 2008 until the end of FY2013 (i.e. March 2014); characteristics unchanged corporate tax scale: net profit per day less than 1,000 tonnes: ¥120/100 tonnes; over 1,000 up to 10,000 tonnes: ¥90/100 tonnes; over 10,000 up to 25,000 tonnes: ¥60/100 tonnes; over 25,000 tonnes ¥30/100 tonnes
Foreign-invested companies must fulfil the same requirements in order to be eligible to the tonnage tax scheme as long as they are established under Japanese law, regardless of their shareholders
Other support measures applicable the ordinary Japanese register:
- Additional depreciation of 18% can be applied to Japanese-flagged vessels; may opt for either declining-balance method or the straight-line method
- "roll over relief" i.e. deferred taxation of capital gains in case of sale of old vessels replaced by new vessels; system extended in 2010 until the end of FY2013
- Coastal Shipping Tentative Measures Program: scrapping incentives FY2011: 3 cargo vessels: ¥0.2 billion repayment; and 2 special cargo ships ¥0.1 billion repayment.
International ship regime (ISR):
Ship registration tax under the ISR regime and the Japanese ordinary register (for a 85,000 GT bulker)
(1) ISR vessels – ¥29.8 million
(2) non-ISR vessels – ¥34.1 million
In order to receive tax relief, an ISR vessel must meet at least one of the following requirements:
(1) the vessel must board non-Japanese seafarers with a certificate issued by the Minister of Land, Infrastructure, Transport and Tourism;
(2) the vessel must be more than 2,000GT;
(3) the vessel must navigate in the ocean-going sea areas;
(4) the vessel must be LNG or RO-RO type
Companies may apply for the ISR scheme as long as they are established under Japanese law, regardless of their shareholders

Security policy
National regime:
Since 1 October 2011, AEO (Authorized Economic Operator) Customs Brokers and AEO Manufacturers can receive export permits without placing cargoes into customs areas. The captain of a foreign trading vessel is obliged to file a cargo manifest with the Customs before the vessel enters an open port in Japan. The Customs can require detailed information about the cargo manifest from the consignee.

Bilateral agreements:
Mutual recognitions agreement on AEO with the EU, 4 June 2010; with New Zealand, 14 May 2008; with the United States, 26 June 2009; with Canada, 25 June 2010; with the Republic of Korea, 20 May 2011; with Singapore, 25 June 2011.

Source: Information provided by the Japanese authorities; and Customs online information. Viewed at: http://www.customs.go.jp/english/aeo/pamphlet.pdf; and viewed at: http://www.customs.go.jp/english/procedures/advance 2_e/summary.htmJapanese

(b) Air transport

80. Japan is a major air transport market both domestically and internationally. Japan has no specific regulation concerning computer reservation services or selling and marketing of air transport, which are under generic competition and company laws. The trade regime of these sectors is completely liberalized in terms of GATS commitments, FTA commitments, and the applied regime. No detailed statistical data are available.

81. Establishment in the third sector covered by the GATS, aircraft repair and maintenance, is subject to a non-discriminatory economic needs test, which has been scheduled in both the GATS and the EPA commitments. Otherwise there are no restrictions except for prior notification of foreign investment. No statistical data are available except for the number of repair stations certified by the U.S. Federal Aviation Administration (10) and the European Agency for Safety in Aviation (6). Table AIV.5 details the various trade regimes of the three air auxiliary services covered by the GATS air transport annex.

82. Airports are all publicly owned and publicly managed, but a recently published document defining the medium-long term strategy for aviation mentions the possibility of establishing a concession regime and even privatization.[48] A restructuration of the landing fees schedule is also envisaged, in order to give preference to small and medium-size aircraft, promote the development of low-cost carriers, and advance the open sky policy.

83. Japan has no specific policy for all-cargo services (e.g. laxer ownership criteria, and on the granting of fifth and seventh freedom rights) although elimination of the restrictions on change of gauge is envisaged in order to boost freight cargo traffic to and from Japan. The charter policy is relatively liberal; authorization is granted without limitations, except in cases of reciprocity problems. Table IV.14 details the general regulatory framework and main economic characteristics of these aviation subsectors.

84. Japan's policy on international air transport has moved significantly towards liberalization and open skies, which now are stated policy goals, subject to qualification regarding reciprocity and congestion. While the dispersion of the air liberalization indexes (ALI) of all bilateral air services agreements in force in 2005 was between 0 and 18 (maximum potential score of 50 for a fully liberalized agreement), and the 2005 average weighted by traffic was 14.8, all of Japan's recent agreements, except for one have an ALI superior to 26.5, with a maximum score of 32 for the recently amended arrangement with the United Kingdom. Since the Growth Strategy of MLIT was introduced in May 2010, Japan has concluded arrangements with 15 countries or economies (the United States; the Republic of Korea; Singapore; Malaysia; Hong Kong, China; Viet Nam; Macau, China; Indonesia; Canada; Australia; Brunei; Chinese Taipei; the United Kingdom; New Zealand; and Sri Lanka). Table IV.15 describes in more detail the content of these agreements following the WTO QUASAR methodology.

[48] MLIT online information, "The Growth Strategy of MLIT", 17 May 2010, pp. 3-35. Viewed at: http://www.mlit.go.jp/common/ 000136525.pdf.

Table IV.14
Japan's market and regulatory regime for air transport subsectors, 2012

Computer reservation services

General regulatory framework: no specific market regulations, hence no monopoly granted or compulsory use of a specific system. The sector is subject to the generic legislation, the Antimonopoly act (see http://www.jftc.go.jp/dk/lawdk.html). No recent regulatory changes

Economic characteristics: all global players (Sabre, Galileo, WorldSpan, Amadeus) present on the market, two national providers: Axess (JAL) and Infini (Abacus-ANA). No detailed statistical data available.

Selling and marketing of air transport services

General regulatory framework: no specific regulations on the sale by foreign airlines of their tickets, no recent regulatory changes

Aircraft repair and maintenance

General regulatory framework: the Aircraft Manufacturing Industry Act does not impose any requirements on repair or maintenance of domestic planes; establishment is conditional on a non-discriminatory economic needs test. No recent regulatory changes.

Economic characteristics: 10 FAA-certified and 6 EASA-certified repair stations. No detailed statistical data available.

Ground handling services

General regulatory framework: self-handling and mutual handling are allowed (Aeronautics Law Article 102,104, 113-2, 15 July 1952; Civil Aeronautics Regulations Japan Article 211, 212,214, 222, 14 August 1952); third-party handling allowed with no quantitative threshold or limitation to nominatively designated airports. Differentiated situation with some bilateral partners (e.g. with Russia and with Uzbekistan). No recent regulatory changes.

Economic characteristics: foreign third-party handlers are present in Japan, e.g. at Narita Airport, Kansai Airport, Centrair Airport. No detailed statistics data available.

Airport management services

General regulatory framework: All airports are for public use; there are some airports managed by private corporations in Japan.
Economic characteristics: 98 airports

Air freight forwarding

General regulatory framework: Air freight forwarding in Japan reserved for Japanese nationals; international air freight forwarding subject to approval based on reciprocity test

Non-transport activities/aerial work

General regulatory framework: reserved to national operators within Japan, prior notification procedure for foreign investment, foreign investment limited to 1/3 of the shares.

Commercial aviation

General regulatory framework:

National establishment rules: the Civil Aeronautics Act limits foreign capital to less than 1/3 of national air carriers.

Bilateral agreements: see Table IV.15

All cargo: no specific market-access policy, new security regime, the "shipper/regulated agent regime" introduced in October 2005

Charter: foreign operators of passenger charter flights require permission from the Minister of Land, Infrastructure, Transport and Tourism. MLIT generally permits passenger charter flights by foreign airlines, except in case of reciprocity problems.

Domestic traffic: reserved to national carriers. New entrants are not restricted. Air carriers may decide freely on routes, capacities, and prices after notifying the MLIT, except for routes and capacities to/from congested airports like Haneda, Narita, Itami, and Kansai

Slot allocation: according to IATA rules, planned expansion of number of (mostly international) slots at Haneda (+57,000 by FY2013 at the earliest; current total 390,000) and Narita (+50,000 by FY2014 at the earliest; current total 250,000)

Economic characteristics

3 main national airlines, ANA (222 aircraft, operating revenues ¥1,411.5 billion for FY2011, owned by: Nagoya Railroad (2,85%), Japan Trustee Services Bank (2.51%), Master Trust bank of Japan (1.9%), and the general public (over 85%); JAL (209 aircraft, operating revenues ¥1,204.8 billion for FY2011; recently restructured and relisted; and Nippon Cargo Airlines (8 aircraft, turnover ¥87.2 billion in FY2010, owned 100% by Nippon Yusen Kaisha). JAL has recently undergone a restructuring process and has been re-listed. In total ¥350 billion of public funds in the form of equity, loans, and guarantees were injected during the restructuring process.

4 low-cost carriers: Skymark (founded 1996, 27 aircraft); Peach Aviation (2011, ANA-first Eastern Investment group); Air Asia Japan (2011, ANA 67%, Air Asia 33%); and Jetstar Japan (JAL, Qantas, Mitsubishi, 33% each)

Source: Information provided by the Japanese authorities.

85. From a technical point of view, this liberalization has taken the form of the relaxation of pricing clauses (evolving towards free pricing), and capacity clauses (evolving towards free determination), and the addition of modern cooperation/code share clauses. The lack of available slots at Haneda and Narita has hampered these efforts but there are plans to increase available slots following the completion of a new runway in 2010 at Haneda and substantial investments in airport facilities at Narita.

Table IV.15
Japan's air transport agreements, 2012

Partner (date)	5th	7th	Cab.	Coop.	Desig.	With-holding	Pricing	Cap.	Stat.	ALI STD	
										2012	2005
United States (25.10.2010)	Yes	No	No	Yes	M	SOE	DD/ZP	FD (except for HND)	No	29	18
Korea Rep. (22.12.2010)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	14
Singapore (19.1.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	14
Malaysia (24.2 2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	14
Hong Kong, China (19.5 2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	18
Viet Nam (9.6.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	10
Macau, China (14.7.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	
Indonesia (11.8.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	10
Canada (14.9.2011)	Yes	No	No	Yes	M	SOE	DD/ZP	FD (except for HND)	Yes	28	14
Australia (29.9.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	13
Brunei (28.10.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	10
Chinese Taipei (10.11.2011)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	No	27.5	
U.K. (20.1.2012)	Yes	No	No	Yes	M	COI	DD/ZP	FD (except for HND)	Yes	32	14
New Zealand (16.2.2012)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	14
Sri Lanka (23.3.2012)	Yes	No	No	Yes	M	SOE	CoO/ZP	FD (except for HND)	Yes	26.5	10

Note: "5th" = fifth freedom rights; "7th" = seventh freedom rights; "ALI" = Air Liberalization Index; "CoO" = country of origin; "Coop" = cooperation clauses; "DD" = dual disapproval; "FD" for free determination; Haneda Airport; "PD" = pre-determination; "SOE" = substantial ownership and effective control; and "Stat" = statistics.

Source: Information provided by the Japanese authorities; ALI computed by the WTO Secretariat.

86. Other elements of this new liberal policy are the relaxation of charter rules (forwarder charter and split charter are more easily approved) and fares regulations (upper limit authorization system for international fares), mutual recognition agreements regarding foreign licences, and relaxation of technical regulations covering the employment of foreign flight crew and flight crew licences.

(c) Rail transport

87. Due to its geographical configuration and its strong degree of urbanization, Japan has a dense railway network. There is no clear regulatory or commercial separation between inter-urban and urban railway transportation, which are under separate regimes in most other countries. Table IV.16 describes the main economic and technical characteristics of the Japanese railway system.

88. Whereas most railway companies in Japan are private or privatized and operate urban, suburban, and inter-urban routes, some urban transport and networks are publicly owned and managed.

Table IV.16
Railway transport in Japan, 2012

Interurban network	Total length	Electrified	Double tracked	Gauge (mm)	Traffic
Total railway network (all companies)	19,987.0 km	12,242 km (Fiscal Year 2010)	8,153 km (Fiscal Year 2010)	1,067 or 1,435	Passengers: 8,840,512,000 (passenger-km: 250,414,403,000
Freight companies	8,342.8 km	Unknown	Unknown	1,067	Tons: 31,059,000 ton-km 20,349,095,000

Source: Ministry for Land, Infrastructure, Transport, and Tourism.

89. Most infrastructure including in urban zones is privately owned. There is no vertical separation but a multiplicity of rail transport providers owning the network on which they operate. Foreign investment is allowed but subject to prior notification. Table IV.17 details further the regulatory framework for railway transport.

90. The rail transport trade regimes are quite open. GATS commitments cover only maintenance and repair of rail transport equipment and rental services of railway transport equipment with operators, without any restrictions. FTA commitments also cover freight and passenger transport, pushing and towing services, and support services for rail transport services; the only restriction is the prior notification regime for investment. Since these commitments are subject to a standstill obligation for Indonesia, Malaysia, and the Philippines the applied regime appears identical to the one bound in the FTA. Table AIV.6 detail these trade agreements by subsectors.

Table IV.17
Regulatory framework for railway transport in Japan, 2012

Investment regime	Prior notification regime for inward foreign direct investment: a foreign investor must notify in advance the Minister of Finance and the minister with jurisdiction over the business to: (1) obtain more than 10% of the stock of public-listed companies, or (2) obtain the stock of non-public-listed companies. When "national security is impaired, the maintenance of public order is disturbed, or the protection of public safety is hindered", the notifier may be ordered to change the content pertaining to the inward direct investment, or to discontinue the investment (Foreign Exchange and Foreign Trade Act).
Right to operate	Railway transport operators must submit an application to the Minister of Land, Infrastructure, Transport and Tourism, takes an examination, and obtain a licence in a non-discriminatory manner.
Infrastructures ownership	Railway transport network owners must submit an application to the Minister of Land, Infrastructure, Transport and Tourism, takes an examination and obtain a licence in a non-discriminatory manner.
Liberalization of freight transport	No specific regulations, except Foreign Exchange and Foreign Trade Act.
Liberalization of passenger transport	No specific regulations, except Foreign Exchange and Foreign Trade Act.

Note: The meaning of "Railway Transport" in this context includes railway, underground railway, tramway, monorail, guide-rail system railway, etc. (Article 3, paragraph (3) of the Order on Inward Direct Investment).

Source: Information provided by the Japanese authorities.

(d) Pipeline transport

91. Pipeline transport remains very marginal in Japan. There is no oil pipeline linking Japan to the continent. All crude oil is imported by tankers and transformed by refineries located at the main ports; it is redistributed by sea, trucks, and trains. There is no crude oil pipeline inside Japan; there is a 47 km pipeline, owned by Narita airport, transporting kerosene from the port of Shiba to the airport.

92. Similarly, for gas, there is no link, with the continent; all gas imports are carried by LNG ships and then re-gasified in stations located in ports. This feeds directly the local gas distribution network without going through a main pipeline network. All major regions benefit from such facilities, so there are few pipeline grids linking the regions.

93. However, the great earthquake and its consequences triggered new reflections on the need to interconnect regions so as to ensure a stable supply of gas. The new energy policy will contain provisions designed to foster the development of a pipeline grid.

94. The trade regimes for pipelines services are quite open. The GATS commitments are limited to pipeline transport for goods other than fuel (ethylene, coal slurry, other chemicals) with no restrictions. EPAs cover the totality of pipeline transport and create two regimes, one for gas and one for oil. For gas, under positive listing agreements mode 1 is unbound and mode 3 is subject to a possibility of limiting the number of licences granted and to a prior notification regime for foreign investment. Through its generic energy reservations, Japan reserves the right to adopt or maintain any measure relating to the supply of services in pipeline transportation services of natural gas, on a fee or contract basis, for negative listing agreements with Mexico, Chile, and Switzerland. For oil there are no restrictions in the positive listing EPAs, except under the agreement with Singapore where permission is needed, and with India and Viet Nam where there are no EPA commitments. Japan has no commitments for pipeline transportation of petroleum on a fee or contract basis in its negative listing agreements with Mexico, Chile, Switzerland, and Chile. For transportation of oil and goods other than fuels, commitments are subject to a standstill obligation in the positive listing agreements with Indonesia, Malaysia, and the Philippines. The applied regime corresponds to the best FTA regime. Table AIV.7 details these trade regimes subsector by subsector.

(iv) Construction

95. Construction services is an important sector in Japan's economy, but its share in GDP, public spending, and employment has been declining steadily due to the maturity of the economy and infrastructures, and to the prolonged effects of the post-bubble overall economic downturn. Reconstruction activities generated by the devastation of the great 2011 earthquake may temporarily halt this evolution.

96. Large Japanese construction companies are active outside Japan, but there are no detailed statistical data available on their activities. While the sector is essentially domestic in nature, where technical norms and regulations have an important role, a relatively large number of foreign affiliates are licenced in Japan (117). Table IV.18 describes the main economic indicators of the sector as well as its relatively complex, non-discriminatory licensing and qualification regime.

Table IV.18
Construction market and regulatory regime in Japan, 2012

Main economic data
Share in GDP(%): 7% (2009), 5.5% (2010)
Employment (number and share in total employment): 5,371,000, 8.4% (2009); 5,201,000, 8.1% (2010)
Spending on public construction projects: ¥16.7 trillion (FY2008), ¥17.9 trillion (FY2009)
Japanese construction firms internationally active: 48 members of the Overseas Construction Association of Japan, Inc. (OCAJI). Many companies are not members of OCAJI and their number could not be determined.
Licenced foreign affiliates (more than 50% foreign owned): 119

Regulatory framework
Licencing, authorization or registration requirements and procedures (including pre-qualifications standards and qualification rating systems):
(i) construction companies require: a Construction Business Licence except for those intending to undertake contracts for "simple construction work".
- Licence requirements include: appointment of: a Person Responsible for Management and Operation", "a full-time engineer attached to each office" and "financial foundations".
(ii) Approval from the MLIT Minister or the prefectural governor in accordance with the location of the business office, and a license for "Ordinary Construction Business" or "Specific Construction Business" according to the value of work to be subcontracted.
-a License is issued based on the category of construction work; there are 28 kinds of work (2 general construction and 26 specialty construction work).
-the term of validity of a License is five years. License holders must renew their licence every five years
-the licence is not an economic needs tests and the licensing process is non-discriminatory

Professional qualification requirements and procedure:
Appointment of a full-time director with five years or more experience as a "person responsible for management and operations" and of a full-time engineer at each office who has passed examinations for technical certificates.
A constructor must appoint an engineer who manages the technical aspects of the work at the construction site. The engineer must have certain qualifications or experience with regard to the category of construction work. A relevant foreign diploma is admitted, provided the Japanese authorities can check its equivalence.

Restrictions on the cross-border use of equipment and material: none
Mode 4 restrictions on foreign companies established in Japan wishing to offer their services while providing their own workers:
The applied regime corresponds to the GATS horizontal commitments i.e. "unbound except for measures concerning the entry and temporary stay of a natural person who falls under one of the following categories: intra-corporate transferees, independent professionals, business visitors, or contractual service suppliers".

Competition policy
The "Guidelines Concerning the Activities of Firms and Trade Associations with Regard to Public Bids" issued on 5 July 1994 by the Japan Fair Trade Commission (the JFTC) and its subsequent revisions, describe various violations cases and clarify what kind of activities by firms and trade associations may raise problems under the AMA. Since the AMA applies to the construction sector as well as other many sectors, the JFTC enforces strict regulations on bid-rigging cases in the sector.

"Green" public procurement rules
The Law Concerning the Promotion of Contracts Considering Reduction of Emissions of Greenhouse Gases and Others by the State and Others Entities, obliges the national government and other entities to promote environmentally friendly contracts and to publish and to notify the results of such contracts to the Minister of the Environment. Five contract types are subject to this law, 2 of which relate to construction services.

Recently adopted measures to foster competition including by foreign companies
Regarding construction work procured by the Government, two central government entities initiated measures to lower the threshold of open and competitive bidding from FY2009 to FY2010. As a result the percentage of open and competitive bidding out of the overall bidding tendered by local government, increased by 63.3% in FY2009 to 68.9% in FY2010.

Source: Information provided by the Japanese authorities; ESRI, Cabinet Office online information. Viewed at: http://www.esri.cao.go.jp/en/sna/menu.html; Estimate of Construction Investment; Ministry of Land, Infrastructure, Transport and Tourism (MLIT); viewed at: http://www.mlit.go.jp/toukeijouhou/chojou/stat-e.htm; Construction Business Act, Article 3, 7 and 15, and Construction Business Act, Article 7, 15 and 26; and MLIT online information. Viewed at: http://www.mlit.go.jp/report/press/sogo 13_hh_000098.html.

97. The trade regimes for construction services are quite open (Table AIV.8). The GATS commitments encompass all construction subsectors except "other construction services" i.e. pre-erection work at construction site, special trade construction work (e.g. foundation work, concrete work, roofing, masonry), renting of construction equipment, and construction work related to mining, with no restrictions under modes 2 and 3. FTA commitments cover other construction

services and, in certain instances, construction services related to mining but in the latter case with a nationality or establishment requirement. Since the commitments of two of these agreements (with Malaysia and Indonesia) are subject to a standstill obligation the applied regime corresponds to the best FTAs regimes.

(v) Distribution

98. Distribution is a very important service sector in Japan both in terms of share in GDP (13.4% of which 5.9% for wholesale and 7.5 % for retail) and in terms of employment (17.3%, of which 5.8% for wholesale and 11.5 % for retail). The sector has the modern characteristics of a mature market, such as clear domination of chain stores (supermarkets or convenience stores) over individually owned shops (585,732 outlets in total of which 93.3% belonging to chain stores), a high density of grocery stores per million inhabitants (2,292), with a high share of these sales for supermarkets (57,6%). There is a high share of e-commerce for business to business trade (23%), but this is still relatively marginal for business to consumer (2.55%), although both segments show growth of over 100% year on year (Table IV.19).

99. Several major foreign distributors are present in Japan (e.g. Wal-Mart, Metro, H and M). There are no economic needs tests for the establishment of supermarkets, but there is zoning legislation at both national and local levels. Foreign distributors have, in certain instances, complained that the implementation of those local regulations was not always consistent and transparent towards foreign distributors, an allegation denied by the Japanese authorities. There is no specific regime for franchising and no discrimination towards foreign franchisors and franchisees. There have been no major regulatory changes since 2008. The generic competition legislation, i.e. the Anti-Monopoly Act (AMA) applies to the sector, but guidelines related to the sector have been devised by the Japan Fair Trade commission.

Table IV.19
Japan's market and regulatory framework for distribution services, 2012

Economic data **Main economic indicators** Turnover: Wholesale: 413.5 trillion yen, Retail: ¥134.7 trillion, E -commerce: B to B (including EDI): ¥256 trillion (up 125% from the previous year, E-commerce ratio 23.7%), B to B (excluding EDI): ¥169 trillion (up 129% from the previous year, E-commerce ratio 15.6%), B to C: ¥7.8 trillion (up 116% from the previous year, E-commerce ratio 2.5%) Number of employees: wholesale: 3,150,000, retail: 6,260,000 Share in total GDP: wholesale: 5.9%, retail: 7.5% Concentration in the supermarket sector. Top 3: 13.9% , top 5: 18.9% Traditional versus modern retail sector: 552,127 traditional retail shops (individual proprietors excluding convenience stores) with market share about 6.7%; 585,732 modern retail shops (companies and convenience stores) market share about 93.3% Density of grocery outlets: about 2,292 grocery store outlets per million inhabitants; share of supermarkets in grocery retailers sales about 57.6% Franchising: no specific regimes and no discrimination against foreign franchisors and franchisees **Main foreign distributors present on the Japanese market**: Wal-Mart (USA through its subsidiary Seyu, 367 outlets). Metro (Germany, 9 outlets), H&M (Sweden, 15 outlets), Costco (USA, 13 outlets), IKEA (Sweden, 7 outlets). **Regulatory framework** **Main legislation:** Foreign Exchange and Foreign Trade Act (http://www.japaneselawtranslation.go.jp/law/detail_main?vm=&id=21), Liquor Tax Law, Wholesale Market Law, Livestock Dealer Law. No significant legislative reforms since 2008 **Legislation on the establishment of large-scale stores:** 2000 Act on the Measures by Large-Scale Retail Stores for Preservation of the Living Environment". No economic needs test (article 13) designed in order to protect the living environment surrounding large-scale stores by defining the procedures to establish and operate them. In addition, since 2007 local governments judge a location of large-scale commercial facilities from a city planning standpoint.

Table IV.19 (cont'd)

Legislation on exclusive rights or on limitations of number of suppliers: The Liquor Tax Law establishes a licence system for liquor distributors; a licence applicant must meet the supply-demand adjustment clauses under Article 10. An applicant may be subject to the limitation on the number of distributors, depending on the liquor type and the geographic area where it applies The Wholesale Market Law introduces a licence system wholesale trade service suppliers; there are some conditions for the application of licences (Articles 15, 17 and 33). The number of licences for suppliers at Central Wholesale Markets may be limited (Article 17).
Competition legislation The "Guidelines Concerning Distribution Systems and Business Practices under the Antimonopoly Act" issued by the JFTC in 1991 specifically describe the types of conduct which may impede free and fair competition and violate the Anti-monopoly Act. The JFTC "Guidelines Concerning Abuse of Superior Bargaining Position under the Antimonopoly Act" of 2010 include examples of "abuse of superior bargaining position" in the retail sector.
Zoning/urbanism legislation Since 2007, local governments make judgements regarding a location of large-scale commercial facilities from a city planning standpoint
Authorization procedure and thresholds applicable to the opening of new supermarkets A licence is not required for the store opening itself; however, Japan's laws specify separately the cases where a licence is required in order to sell food or pharmaceuticals

Source: Information provided by the Japanese authorities.

100. The trade regime for distribution services is basically open and devoid of restrictions, except for a series of products or types of distribution for which licences may be limited and investment subject to notification depending on the agreement concerned (GATS and various FTAs). The GATS commitments are unbound whatever the subsector of distribution for petroleum, petroleum products, rice, tobacco salt, alcoholic beverages, and products supplied at public wholesale markets. For pharmaceutical and firearms, which are often excepted from GATS distribution commitments are not part of these exceptions.

101. With regard to EPAs, the number of licences for alcoholic beverage may be limited in any distribution subsector, except under the agreements with Mexico and Chile, where no such reservation has been listed.[49] Livestock trading is subject to a licensing and residency requirement under the GATS and all EPAs (including positive listing agreements). Petroleum and petroleum products are subject to a prior notification requirement for investment only in positive listing agreements. There is no such reservation in negative listing agreements. Licences for products sold in public wholesale markets are subject to a limitation in the positive listing agreements. Table AIV.9 details these various trade regimes.

(vi) Tourism

102. Outbound tourism worldwide, Japan ranks 10th by the number of tourists (2009 data) and seventh by expenditure (2010 data). However, for inbound tourism, a relatively expensive destination, it ranks only 30th in terms of the number of tourists and 19th in terms of expenditure (2010 data in both instances). Domestic tourism is highly developed. The interest by national public authorities in promoting tourism in Japan is relatively recent, as the founding legislation, the Tourism Nation Promotion Basic Law dates form 2007 and the creation of the Japan Tourism Agency from 2008 (Table IV.20). Demand for tourism has fallen as a result of the great East Japan earthquake and the nuclear power plant disaster of 2011. The Government consequently disbursed ¥2,600 million and launched a promotional campaign for domestic tours, information dissemination

[49] According to the authorities, Japan's EPAs with Mexico and Chile do not provide market access obligations, and therefore such reservations (limitations on the number of service suppliers) have not been listed. In this case, Japan's GATS commitments on market access exclude services related to alcoholic beverages, and those commitments apply to Mexico and Chile as WTO Members.

through tour companies, and media invitations in order to recover the numbers of visitors from abroad. The stated aims of the tourism policy are the promotion of both domestic and inbound tourism, the enhancement of Japan's competitiveness as an international tourism destination, and the promotion of vacation-taking.

103. The generic legislation on competition, the Anti monopoly Act, applies to the sector; no sector-specific guidelines have been designed. Two cases have resulted in sanctions in the last eight years.

104. No statistical data are available on foreign presence in Japan's hotel sector, but foreign presence, tends to be in international hotels and in large cities.

105. No data on foreign presence are available on restaurants, an essentially domestic activity where foreign presence tends to be marginal and limited to large cities. The sector is highly developed in Japan, even compared with similar mature economies.

106. Foreign ownership of registered travel agencies and tour operators is not known, as disclosure of the nationality of ownership is not a condition for registration. Travel agencies are obliged to hold certain assets, and to hire employees with national qualifications on travel consumer affairs. These requirements are non-discriminatory. There are 3 classes of travel agencies: class 1 with assets of ¥30 million or more, class 2 with assets of ¥7 million or more, and class 3 with assets of ¥3 million or more.

Table IV.20
Japan's market and regulatory framework for tourism

Economic data
Inbound tourists: – 2010: 8,611,000; world ranking:30th; evolution: + 26.8%; – 2011: 6,219;000, evolution:-27.8%
Inbound tourism expenditure: – 2010: ¥1,158,600 million, world ranking: 19th, evolution: + 20.2%; – 2011: ¥864,700 million, evolution: – 25.4%
Outbound tourists: – 2010: 16,637,000, world ranking: 10th(2009), evolution: +7.7%; – 2011: 16,994,000, evolution:+2.1%
Outbound tourism expenditure: – 2010: ¥2,446,100 million, world ranking:7th, evolution: + 4.0%; – 2011: ¥2,201,600 million, evolution: – 10.0%
Regulatory framework
Level of regulation: essentially at national level. Tourism Nation Promotion Basic Law January 2007, and the Tourism Nation Promotion Basic Plan, decided at Cabinet level in June 2007. The Japan Tourism Agency founded on 1 October 2008.
Special subsidies and incentives (post-earthquake): to revive tourism after the earthquake, an emergency plan to attract foreign visitors, and a broader-based plan for cooperation in tourism revival measures have been decided. Foreign companies are eligible (and candidates) for these financial incentives
Competition policy: the Antimonopoly Act (AMA) applies to the tourism industry, including travel agencies and tour operators; two cases have been investigated in 2004 (abuse of superior bargaining position by hotels companies forcing their suppliers to buy coupons) and 2009 (cartel on the prices of charter buses, hotels, etc.)
Hotels
Economic data
Total number of hotels: 81,006, of which international style hotels: 9,629; inns ("ryokans"): 46,906; lodging house (e.g. youth hostel etc): 23,719; boarding house (i.e. accommodation for one month or longer) 752
Foreign owned hotels: -
Number of nights: -
Regulatory framework
Basic legislation: Inns and Hotels Act, Article 3 (http://www.mhlw.go.jp/bunya/kenkou/seikatsu-eisei04/03.html)
Restaurants
Economic data
Number of restaurants: 760,560 (FY2010)

Table IV.20 (cont'd)

Regulatory framework Basic legislation: Food Sanitation Act, Article 52 (http://www.japaneselawtranslation.go.jp/law/detail/?id=12&vm=04&re=01)
Travel agencies and tour operators **Economic data** Number of travel agencies and tour operators: 10,240 (April 2011), travel agencies registered under the Travel Agency Act; JTA has no information on the number of tour operators who arrange local trips; the tour operators are not required to register
Regulatory framework Basic legislation: Travel Agency Act (http://www.mlit.go.jp/kankocho/en/shisaku/sangyou/ryokogyoho.html)
Tourist guides services **Economic data** Number of licensed tourist guides: 15,371 people (1 April, 2011); a person with licences for more than two languages is recorded once for each language
Regulatory framework Basic legislation: the Licensed Guide Act

Source: Information provided by the Japanese authorities.

107. Under the Licensed Guide Interpreters Act licensed guides must pass an examination in Japanese and a foreign language. Foreigners are eligible to take the examination.

108. The trade regimes of the tourism sector vary among subsectors. For hotels and restaurants, there are no restrictions for modes 2 and 3 in the GATS commitments and in the FTA commitments mode 1, which is technically unfeasible for hotels, has no restrictions in GATS commitments and FTA commitments. Since these commitments are subject to a standstill obligation for 3 positive listing agreements (Indonesia, Malaysia, and the Philippines) and 3 negative listing agreements (Chile, Mexico, and Switzerland), the applied regime also has no restrictions. The same goes for travel agencies and tour operators services.

109. The trade regimes are equally liberal for travel guides, with no restrictions under modes 2 and 3, and mode 1 deemed to be technically unfeasible both for GATS and FTAs commitments. Table AIV.10 details those trade regimes subsector by subsector.

REFERENCES

FAO (2011), 2009 *FAO Yearbook - Fisheries and Aquaculture Statistics*, Rome. Viewed at: http://www.fao.org/docrep/015/ba0058t/ba0058t.pdf.

IMF (2011), Article IV Consultation, Country Report No. 11/181. Viewed at: http://www.imf.org/external/pubs/ft/scr/2011/cr11181.pdf.

IMF (2012), Article IV Consultation, Country Report No. 12/208. Viewed at: http://www.imf.org/external/pubs/ft/scr/2012/cr12208.pdf.

Japan Copyright Institute (2009), *Copyright White Paper*, Tokyo.

Japan Fisheries Agency (2012), *Japan's Fisheries at a Glance*, Ministry of Agriculture, Forestry and Fisheries, Tokyo, March.

JPO (2011a), *Formulation and Implementation of National IP Strategy in Japan – Intellectual Property Strategic Program 2011*, Tokyo.

JPO (2011b), *Annual Report 2011*, Tokyo.

METI (2011), *FY2010 Field Survey of Intellectual Property Right Infringement in China,* Tokyo.

Milken Institute (2009), *2009 Opacity Index: Measuring Global Risks*, April, Santa Monica.

OECD (2010a), *OECD Environmental Performance Reviews – Japan*, Paris.

OECD (2010b), *Review of Fisheries in OECD countries 2009, Policies and Summary Statistics*, Paris.

OECD (2011), *Agricultural Policies Monitoring and Evaluation 2011: OECD Countries and Emerging Economies*. Viewed at: http://www.oecd.org/tad/agriculturalpoliciesandsupport/japan-agricultural policymonitoringandevaluation2011.htm#more.

The Intellectual Property Protection Office (2011), *Annual Report 2011*, (METI) Tokyo.

UNCTAD (2012), *World Investment Report 2012*. Viewed at: http://www.unctaddocs.org/files/UNCTAD-WIR2012-Annexes-Tables-en.pdf.

WTO (2001), *Trade Policy Review: Japan*, Geneva.

WTO (2009), *Trade Policy Review: Japan*, Geneva.

WTO (2011), *Trade Policy Review: Japan*, Geneva.