

Tokyo and local cities regarding imports. Direct imports by local retailers are limited in scope. The FAZ plan will make it possible for consumers and retailers to gain wider access to imports through the

holding of sample fairs, the construction of exhibition halls and the expansion of economic exchanges with overseas suppliers. As a result, the import penetration of the Japanese market will be promoted.

(4) Expansion of airport and seaport functions.

Functions of these facilities will be expanded through improvements to the existing infrastructure. ■

## Import Board Urges Expanded Imports

The Import Board is a panel of experts set up in August 1990 in line with the agreements concluded at the Japan-U.S. Structural Impediments Initiative (SII) talks to remove barriers to trade and investment in both countries. Placed under the Trade Conference, an advisory body to the prime minister, the board is chaired by Yohei Mimura, honorary chairman of the Japan Foreign Trade Council, Inc. The board has 10 non-Japanese members including Jean-Louis Claudon, chairman of the Aeronautics and Space Committee of the European Business Community, Luciano P. Cohen, honorary chairman of the European Business Community, Joseph T. Gorman, chairman, president and CEO of TRW Inc., Edmund J. Reilly, president of the American Chamber of Commerce in Japan, and Gary L. Tooker, president and chief operating officer of Motorola Inc. Nine Japanese members of the board include, besides the chairman himself, Akira Ichihara, chairman of the Japan Retailers Association, Yutaka Kume, chairman of the Japan Automobile Manufacturers Association and Satoko Tanaka, secretary general of the Office of the Tokyo League of Regional Women's Organizations. In addition to members from the private sector, 10 representatives of Japanese government ministries and agencies are included.

The board meets to invite and hear opinions on ways to facilitate and expand imports, as well as to make recommendations to the Trade Conference. It met for the third time on July 15 as a follow-up to the previous sessions held in April and in November last year. Government members briefed the July board meeting on a series of measures implemented so far by the Japanese government to facilitate and to expand imports. These included:

(1) Provisional legislation to promote imports and encourage direct foreign investment into Japan. Measures to be taken under the legislation include the creation of Foreign Access Zones, financial and tax preferences for foreign firms seeking to invest in Japan, the establishment of bonded areas, and improvement of import-related infrastructure such as port facilities and warehouses.

(2) Revision of the Large-scale Retail Stores Law to smooth the way toward the opening of new stores and the implementation of a special ordinance to encourage retailers to set up stores specializing in imports.

(3) Adoption of special measures related to government procurement of computers and related services.

(4) Revision of the foreign exchange control regulations to simplify procedures for direct foreign investment in Japan. Investors may now report investments undertaken to the Ministry of Finance retroactively for ex post facto approval instead of filing their application in advance.

Direct foreign investment in the first five months of 1992 showed a 79% increase from the year before.

(5) Lifting of the ban on some fresh fruits (such as Australian lemons and American cherries, for which satisfactory insecticide technology has been established). Quarantine requirements still remain in force.

Business members of the board, pointing to Japan's continuing and unabated current account surplus, urged the government to take additional measures to ensure domestic demand-led economic growth and further expansion of imports.

Their recommendations and suggestions included:

(1) Formulating and projecting a clear

"import vision" to make a positive appeal to the public at large concerning the importance of expanding imports.

(2) Making arrangements for the Import Board to meet more frequently in smaller groups.

(3) Extending the effective period of tax incentives for manufactured imports and adding new tax preferences.

(4) Expanding and improving import-related infrastructure such as port facilities and warehouses.

(5) Increasing the volume of government procurement for imports and ensuring the transparency of procedures taken and followed in such procurements, and setting aside appropriations for promoting imports in a supplementary budget.

(6) Improving incentives for foreign businesses seeking to invest in Japan.

(7) Paying heed to the interests of not only the United States and Europe but also neighboring Asian countries in promoting business initiatives known as "Business Initiatives for Global Partnership."

Government ministries and agencies will take these recommendations into consideration in formulating their policies to promote imports. The Import Board will perform a vital role in facilitating and improving communication among government officials, Japanese traders and foreign business leaders, thus providing a climate and atmosphere conducive to promoting the expansion of Japanese imports from overseas countries. ■

*Kyoji Yoshino is deputy director of the Import Division at the International Trade Administration Bureau, MITI.*