

# Market Opening and Import Expansion

By Hiroshi Saito

Based on its underlying policy commitment to make Japan one of the most open markets in the world, the Japanese government has been steadily implementing measures aimed at improving market access for foreign products. A turning point in this process came on July 30, when the details of a new market-opening action program were announced.

Measures in the action program are to be enforced over a three-year period. But imports are expected to begin increasing far sooner than that. Many parts of the package will be implemented earlier than planned. Positive cooperation in stepping up imports of manufactured products at the corporate, retail, and consumer levels, a set of steps to boost domestic demand, and the correction of the dollar's excessive value against the yen through the coordinated action agreed on by the finance ministers of five major industrial democracies (G-5) last September are also expected to play a part.

## Progress report on action program

### 1. Tariffs

The action program called for either a uniform 20 percent cut in or abolition of tariffs on 1,853 items, effective April 1, 1986. But the government, in an unusual action, decided to bring the date forward to January 1 for all but four items associated with wine. A related bill was submitted to the extraordinary Diet session last October.

Under its policy of abolishing tariffs on high-technology products, the government decided in August to scrap duties on mainframe computers, terminals, and parts as an additional market-opening measure.

### 2. Import quotas

Japan has decided to terminate import quotas for four items in the leather and shoe category, imports of which are still controlled. It notified the General Agreement on Tariffs and Trade (GATT) and

countries concerned on September 20, and consultations have been under way since. Japan intends to settle the issue through the GATT framework in accordance with GATT rules.

### 3. Standards and certification systems

The government is moving as swiftly as possible to improve product standards and certification systems for 88 items; 25 of them have already been revised (see the table).



Import fairs were held at more than 1,000 sites across Japan to promote sales of foreign products.

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## Representative Action Program Measures on Standards, Certification Systems, and Import Procedures

Measures

Enforcement Date  
(1985)

### Improvements of standards and certification systems

#### 1. Measures to reduce government intervention

##### [Switch from government certification to self-certification]

- Government tests on two blood concentrations (anti-vaccinia human immune globulin and dried anti-vaccinia human immune globulin) abolished; manufacturers to check if their products meet standards. (*Pharmaceutical Affairs Law*)

October 7

##### [Easing or reduction of product standards]

- Technical standards for telecommunications terminals cut from 30 to 21. (*Telecommunications Business Law*)
- Number of tested items on fire-fighting equipment cut 25%. (*Fire Service Law*)

July 20

October 1

##### [Others]

- Maximum number of imported cars subject to small-lot handling (a simplified certification system) increased from 500 to 1,000 per model per year.
- To save importers the trouble of bringing cars to government inspection facilities for type certification, inspectors at branches of the Transport Ministry's regional offices will conduct inspection at importers' facilities. (*Road Vehicles Law*)

September 11

By year-end

#### 2. Measures to ensure implementation of rules on standards and certification systems decided in March 1983

##### [Acceptance of foreign test data and unreserved use of foreign testing institutions]

- Foreign clinical test data on drugs accepted. (*Pharmaceutical Affairs Law*)
- In changing country of origin after obtaining import licenses for drugs and medical equipment, notification will suffice; importers need not reapply for import approval. (*Pharmaceutical Affairs Law*)
- To simplify safety checks on cosmetics, a list of authorized ingredients was prepared and a new list of banned substances published. (*Pharmaceutical Affairs Law*)

July 31

July 31

August 10

#### Import procedures

##### [Measures to accelerate import procedures]

- Imports of drugs authorized by the Pharmaceutical Affairs Law subject only to customs clearance procedures. (*Pharmaceutical Affairs Law*)

August 1

#### 4. Government procurement

On October 1, every department in the government established a channel through which foreign businesses can seek information and advice, and file complaints on government procurement. A liaison council was inaugurated to link these channels, with the First International Organizations Division of the Foreign Ministry's Economic Affairs

Bureau acting as a unified contact point for the government as a whole.

Procedures regarding qualifications were improved October 1 by laying down common criteria and introducing a unified criteria/rating system for suppliers. Action was also taken October 1 to begin applying measures in the action program and the GATT Agreement on Government Procurement to 16 government affiliates that have been newly added to the



Standards and certification systems for 65 items, or 75% of the total, are to be improved within the first year. Improvements for 12 items planned over a three-year period are to be initiated in the first year in most cases.

The introduction of a self-certification system—under which manufacturers can certify product quality and safety themselves rather than having to turn the task over to the Japanese government—is one of the major improvements on tap. Bills to revise three pertinent laws covering consumer necessities, gas supplies, and fire prevention were submitted to the extra Diet session October 25.

The government has also taken action to ensure transparency in the process of drafting or revising standards. On September 30 it published guidelines calling for notifying the embassies of interested countries about schedules and the contents of advisory council meetings on these subjects and permitting representatives of foreign interests to state their opinions in such meetings.

For the convenience of applicants and to speed up clerical work, the government decided October 1 to announce the average time required to complete procedures for testing, certification, and approval in all 276 categories of standards and certification systems, a move involving 26 laws. And in a related effort, the government will move by March 1986 to ensure that systems set up voluntarily by private organizations will not hamper imports.



list of ministries, agencies, and public corporations open to foreign suppliers.

## 5. Services

Japanese and U.S. working-level officials met in September and October to discuss allowing foreign lawyers to practice in Japan. Another meeting was held in Tokyo in November. The Japan Federation of Bar Associations was scheduled to draft a proposal for related legislation by the end of last year.

The government has also tightened controls on counterfeits of foreign brand products. A special campaign in October confiscated numerous fakes and took illicit manufacturers and distributors into custody. The government is endeavoring to alert consumers to the problem through official publications and the mass media.

As part of the deregulation of Japan's financial market, the government liberalized interest rates on time deposits of ¥1 billion or more per account, and raised the ceilings on offerings of money market certificates (MMCs) and certificates of deposit (CDs), both effective October 1. A bond futures market was inaugurated October 19, and two of a total of nine foreign banks to be allowed into the trust business in Japan were licensed to launch operations October 28.

## Other import-promoting measures

### 1. 134 firms urged to boost imports

In 1985, the Ministry of International Trade and Industry (MITI) urged 134 major Japanese export-related manufacturers and distributors to cooperate in stepping up imports. It asked each to

establish import promotion mechanisms and map out their own import-boosting action programs. The firms now plan to import \$7.3 billion more goods in fiscal 1985 than in the previous year.

Prospects are bleak that the value of Japan's imports will increase in the near future due to sagging international prices for raw materials and fuel, most notably crude oil. But the 134 leading companies contacted by MITI are maximizing efforts to increase imports.

### 2. "Buy Foreign" campaigns

In a bid to raise public awareness of the trade problem, the government staged import campaigns in October and November last year urging consumers to be more receptive to foreign products. The government enlisted 100 leading figures from the arts, sports, entertainment, and academe to use their considerable influence on the public. Import fairs were organized at more than 1,000 sites across Japan to give consumers opportunities to

buy foreign products and promote their understanding of the import issue.

#### <Main Import Fairs>

##### Import Bazaar Tokyo

Date and location: August 11-18, 1985, Tokyo

Turnout: 400,000

Sales: \$2.8 million

Popular products: beef, cheese, jelly-beans, honeydew melons, fur coats, ties, ladies' accessories

Business deals: retail agent contracts, mass mail-order company purchases, etc.

##### Import Bazaar Yokohama

Date and location: October 9-13, 1985, Yokohama

Turnout: 320,000

Sales: \$2 million

Popular products: biscuits, honey, cashmere sweaters, jewelry, silk flowers, camel's hair blankets, vodka, beef

Business deals: buying missions and delegations from shopping centers across Japan.

### 3. Expansion of manufactures import financing system

The manufactures import financing system is designed to smooth the way for increased imports of manufactured products by lending low-cost funds to Japanese firms and branches of foreign companies. Effective October 11, the interest rate was reduced to 6.8% per annum for general products and to 6.2% for medicine and machinery. Loans extended under the system totaled \$440 million in import value as of September 30. The main products involved—some yet to be contracted—included two communications satellites and their ground control equipment, large general-purpose computers, and aircraft. ●

