

Breadth Appreciated

The January/February 1983 issue of the *Journal of Japanese Trade & Industry* contained, as always, a number of very stimulating and informative articles. Of these, I was especially interested to read Mr. Sueki's feature article, "Ensuring Japan's Economic Security," and the three commentaries (by Messrs. Young, Masuzoe, and Kohno) that followed.

I fully share Michael Young's view that the report on which Mr. Sueki's article is based should attract the attention of many Americans on at least two levels: (a) the substantive proposals it contains, and (b) the light it sheds on government-business relations in Japan. In many ways, the latter is just as important as the former.

During my eight years (1974-82) at Harvard University, I had the opportunity to discuss U.S.-Japan economic relations as a student at the Business School and Law School and as the director of the Japan Forum Lecture Series. My observation is that although American interest in and knowledge about Japan increased dramatically in the 1970s, the notion of a "Japan Incorporated" still remains firmly embedded in the minds of many. For these people, Japan's economic successes are to be explained by a conflict-free "consensus" (or, in the eyes of some, conspiracy) between government and business.

Given this perception, it seems to me that one of the most valuable contributions your journal can make is to present diverse points of view that exist concerning Japan's economy. As anyone who has spent a few weeks in Japan knows, there are important differences of opinion domestically concerning the means, if not the ends, of economic policy. But these differences are rarely shown to the outside world, thus reinforcing the often-held foreign perception that Japan thinks and acts monolithically. More articles like the "symposium" on economic security in your January/February issue can, I believe, go far to remedy this situation.

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Free Trade Essential

February's feature article, "Ensuring Japan's Economic Security" offered a comprehensive overview of some current threats to international trade stability. Mr. Sueki does a fine job outlining some of the approaches and thinking that Japan will follow in its attempt to ensure economic continuity for both itself and the world in the 80s.

Of particular interest to us, as a group of graduate business students from a widely diverse international background, was the article's discussion of "Preserving the Free Trade System." Here at the Institute for International Studies and Training, there are students from thirteen countries around the world, and thus, the issue of protectionism is of common and immediate concern to all of us.

As history will verify, regardless of how politically advantageous protectionist legislation may appear, any specific national advances in the short run are more than offset by losses in long-term international economic stability. This article's proposal to revitalize GATT is in accordance with sound economic principle, yet before this can occur there must be some significant improvements in international economic attitude and cooperation.

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CURRENT TOPICS

Fiscal 1983 Budget Up 1.4%

—Most Austere in 28 Years—

Japan's budget for fiscal 1983 (April 1983-March 1984), which cleared the Diet on April 4, is an unusually austere one due to revenue shortages stemming from the protracted economic slump. The general-account budget calls for total expenditure of ¥50,379.6 billion (\$212.6 billion), up 1.4% over the fiscal 1982 budget. It is the smallest rise since the 0.8% increase in fiscal 1955.

According to the government economic outlook on which the budget is based, the real economic growth rate in fiscal 1983 is projected at 3.4% (5.6% in nominal terms), the third straight year at the 3% level. The cost of living is expected to rise slightly to around 3.3%.

With the return of price stability, Japan is seeking steady economic recovery led by domestic private-sector demand. As for international transactions, it projects a current-account surplus of around \$9 billion in the new fiscal year, up from an estimated \$7 billion in fiscal 1982.

Of the general-account budget items, general expenditures—financing defense, social welfare and other policy programs—come to ¥32,619.5 billion (\$137.6 billion), down ¥500 million (\$2.1 million) from the fiscal 1982 budget. Despite the expenditure cutback, defense spending has been allowed an unusually solid increase of 6.5%; appropriations for social welfare programs are held down. This reflects the same thinking behind U.S. President Ronald Reagan's 1983 budget message calling for greater defense spending and reduced social welfare outlays. Showing substantial increases along with defense spending are programs associated with Japan's overall security, including economic cooperation, up 7%, and energy, up 6.1%.

On the revenue side, the goal of ending the flotation of deficit-covering bonds in fiscal 1984 has been abandoned while no tax hike is planned. Fiscal 1983 tax revenue is expected to drop 11.7% from the previous year's budget estimate to ¥32,350 billion (\$136.5 billion). In order to cover the revenue shortfall, Japan will have to depend heavily on bond issues. In fiscal 1983, ¥13,345 billion (\$56.3 billion) worth of bonds will be floated, up ¥2,905 billion (\$12.2 billion) from the previous year. This means Japan's dependence on bond issues will reach 26.5% of total revenue. Outstanding government bonds will exceed ¥100 trillion (\$422 billion) this

summer, reaching ¥109.8 trillion (\$463.3 billion) by the end of fiscal 1983.

During Diet deliberations on the budget, the ruling and opposition parties agreed that tax cuts be implemented in fiscal 1983 to help stimulate the economy.

The government has not committed itself to tax cuts and it remains to be seen whether they will materialize.

The economic outlook assumes a global recovery in the second half of fiscal 1983. U.S. interest cuts, including the recent reduction in the official discount rate, are beginning to have effect—as is suggested by rising car sales and housing starts—prompting the Reagan administration to assert that the recovery is getting under way. But it is generally agreed that the current U.S. upswing lacks the momentum of past recoveries. Some economists in Japan believe it will be temporary, with another decline coming in the second half of this year.

If this latter scenario is borne out, Japan will be required to take further pump-priming measures. Given the heavy bond issues, however, the government will have no choice but to emphasize monetary policy. The largest obstacle to slashing Japan's discount rate is the unstable yen exchange rate. It is widely believed that the Bank of Japan will reduce the discount rate if the yen's value in relation to the U.S. dollar is substantially appreciated.

Government Revises Standards and Certification Systems

The Japanese government has taken a bold step toward breaking down non-tariff barriers.

On March 26 the Liaison and Coordination Headquarters on Standards and Certification Systems, headed by Chief Cabinet Secretary Masaharu Gotoda, decided on a package of measures for comprehensive revision of the standards and certification systems, which the United States and the European Communities long regarded as a symbol of Japan's non-tariff trade barriers.

The decision was approved by Cabinet ministers concerned with economic affairs later the same day.

Gotoda said in a statement the decision "is a concrete demonstration to the public both at home and abroad of our active efforts to open our market further and to simplify and make more efficient our administrative procedures.

"No measures of comparable scope have been undertaken elsewhere."

The Japanese government will endeavor to implement as quickly as possible the legal revisions required to eliminate any discrimination in treating domestic and foreign products in their import certifica-

tion, Gotoda said.

The latest package consists of two basic points—one concerning revision of 17 related laws involving import standards and certification systems, and another related to revising necessary standards and specifications and allowing foreigners to take part in the process of revising them.

The government will also put into effect from October a relaxation of the safety standards for automobiles and a limited acceptance of foreign data on clinical tests.

As to automobiles, whose expanded imports to Japan are of primary concern to the U.S. and Western Europe, the government will allow foreign automakers to obtain type designation by sending a single sample vehicle to Japan if the necessary test data are submitted.

Safety standards for automobiles, excluding those on exhaust gas emissions, will also be considerably relaxed.

The adoption of the new trade package followed a three-month intensive review of all related domestic laws and ordinances by the Liaison and Coordination Headquarters on Standards and Certification Systems which was established in January.

At the time there were some 30 laws and ordinances governing import standards and certification systems.

Foreign countries have become increasingly critical of the current certification procedures as being complicated and constituting a non-tariff barrier.

Concerning the amendment related to certification procedures, the government will allow foreign makers to apply directly to the Japanese government, whereas under the present system, only importers are permitted to do so.

The government said the measures for simplifying procedures will result in equal treatment for foreign products and will help expand imports of such products into Japan.

Among the laws to be revised are the Road Transportation Vehicle Law, Pharmaceutical Affairs Law, Nutrition Improvement Law, Agricultural Chemicals Regulation Law, Fertilizers Control Law, and the Labor Safety and Sanitation Law.

Of the 17 laws to be revised, the following seven are under the jurisdiction of the Ministry of International Trade and Industry:

- 1) Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances
- 2) High Pressure Gas Control Law
- 3) Electric Appliance and Material Control Law
- 4) Consumer Product Safety Law
- 5) Gas Utility Industry Law
- 6) Law Concerning the Securing of Safety and Optimization of Transaction of Liquefied Petroleum Gas
- 7) Measurement Law

The decision on the revision drew a favorable reaction from the U.S. government.

U.S. Trade Representative William Brock hailed Prime Minister Yasuhiro Nakasone's leadership for tackling the difficult task. He said the U.S. government would fully cooperate in the Japanese government's efforts to open the Japanese market wider.

Japanese traders also welcomed the decision, saying the step would save both the time and cost of import inspection, eventually lowering retail prices of imported goods.

(A detailed description is given on pp.8-10.)

High-Powered Business Mission Visits Moscow

A delegation of top Japanese business leaders visited Moscow for five days from February 22 for talks with ranking Soviet officials. The delegation, led by Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, made the visit at the invitation of Soviet Foreign Trade Minister Nikolai Patolichev extended last October. Nagano and other members of the high-powered mission, representing a wide range of interests within the Japanese business community, conferred during their stay in Moscow with such Soviet leaders as Premier Nikolai Tikhonov, First Vice Premier Ivan Arkhipov and Foreign Trade Minister Patolichev.

A joint statement issued after a series of meetings said it was agreed to hold the next conference in Tokyo in the latter half of April 1984. It also said that both sides recognized the possibility of further expansion of trade and economic relations and affirmed such a development is desirable for the two neighboring countries.

The Moscow visit came at a time when Russo-Japanese relations remained chilly since the Soviet involvement in Afghanistan in 1979. Although privately organized, the mission appears to have produced some good results for bilateral political and economic relations.

Supporting Nagano as deputy leaders of the mission were four businessmen—Hirokichi Yoshiyama, vice president of the Federation of Economic Organizations (Keidanren) and chairman of Hitachi Ltd., Noboru Goto, vice president of the Tokyo Chamber of Commerce and Industry and president of Tokyu Corp., a major railway firm, Keizo Saji, vice president of the Osaka Chamber of Commerce and Industry and president of Suntory Ltd., and Kotaro Takeda, president of the Nagoya Chamber of Commerce and Industry and chairman of Nagoya Railroad Co. There were five advisers in the delegation, including Hiroki Imazato, chairman of Overseas



Top Japanese business leaders headed by Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, confer with ranking Soviet Officials in Moscow.

Photo: WWP

Petroleum Corp.; most of them are chairmen of expert committees of the Japan-Soviet Business Cooperation Committee. Among other delegation members were chairmen and presidents of the nine largest trading companies, including Mitsubishi Corp. President Yohei Mimura. Top executives of major commercial banks and manufacturing companies were also included. Full mission members numbered 114, but with aides included, total membership was 252. It was Japan's largest private economic mission since the end of World War II.

Nagano conferred with Tikhonov on February 25. It was the first meeting between a Japanese official and the Soviet premier since Andropov came to power. At the meeting, Nagano told Tikhonov the return of four small Soviet-held islands off northern Japan is the Japanese people's long cherished wish. But the Soviet leader stopped short of answering. The Nagano-Tikhonov meeting thus saw no substantive debate on political problems. On economic issues, Tikhonov said economic and trade exchanges should be promoted irrespective of the difference in political systems, suggesting a Soviet desire to step up economic cooperation with Japan to the same level as that with West Germany, France and other Western countries. The mission received a far warmer Soviet welcome, including a meeting with Tikhonov, than a similar U.S. business delegation that visited Moscow last November. This indicated high Soviet expectations of closer ties with Japan.

One of the mission's concrete results was that it has laid the groundwork for developing Russo-Japanese economic relations—so far tilted overwhelmingly toward Siberian development—into broader-based ties to include trade as well. The Soviet side renewed its request for Japanese cooperation in three projects—copper mine development, asbestos ex-

ploitation and construction of an integrated steel mill in the Far East—that constitute the main pillars of the Kremlin's 12th five-year plan (1986-90). But the Japanese side showed a negative attitude, citing the difficulty in granting the Soviet Union official credits due to continued Western economic sanctions against that nation. The Japanese also pointed out that there would be no prospective purchasers of copper, asbestos and steel due to the protracted global recession, which also affected Japan. But officials of the Mitsubishi group—including Mitsubishi Metal Corp.—in the mission agreed to set up a joint committee to discuss the feasibility of the Udokan copper mine project on the assumption that the group might be able to cooperate in or after the 1990s.

Both sides remained wide apart regarding major projects related to Siberian development, leaving adjustments of their views for future meetings. But the mission has at least apparently opened some possibility for solving various problems hampering bilateral trade and economic exchanges. For example, the mission raised the possibility of smaller Japanese businesses committing themselves to the 12th Soviet economic plan. It was also agreed to expand general trade between the two countries.

Another business mission led by Keidanren President Yoshihiro Inayama is scheduled to visit Moscow in June. Russo-Japanese trade and economic relations are thus expected to begin developing, though at a mild pace, along a new path.

First International Productivity Symposium

—To Be Held in Tokyo May 10-12—

An international symposium on productivity will be held at the New Takana Prince Hotel in Tokyo May 10-12

under the main theme of "Revitalizing the World Economy Through Improved Productivity." It will be the world's first international conference on productivity.

Sponsored by the nonprofit Japan Productivity Center, the International Productivity Symposium will be supported by the Japanese government (the Ministry of International Trade and Industry, Foreign Ministry, and Labor Ministry), four business bodies (the Federation of Economic Organizations or Keidanren, the Japan Federation of Employers Associations, the Japan Chamber of Commerce and Industry, and the Japan Committee for Economic Development), four labor organizations (the General Council of Trade Unions of Japan or Sohyo, the Japanese Confederation of Labor, the Federation of Independent Unions, and the National Federation of Industrial Organizations), and the Organization for Economic Cooperation and Development (OECD).

The symposium has been drawing worldwide attention since it was announced that it would be held in Tokyo. Its organizers initially expected an attendance of about 200 delegates from industry, labor, business and academic circles in the OECD's 24 member nations as well as other countries. But nearly 400 people have applied to take part.

It is rare for Japanese government, business and labor to join hands in staging such an international gathering. MITI Minister, Sadanori Yamanaka, in a message concerning the symposium, said the results of symposium discussions on business management, labor relations, industrial policy and other areas could play a big part in the policies of each respective country. He also said he hoped the results would lead, through international exchanges, to invigorating the economies of various countries and, eventually, revitalizing world economic activity.

According to the symposium program, the three-day session will feature the following:

On the first day, May 10, an opening ceremony will be held from 10 a.m. It will be followed by special speeches by Robert E. Kirby, chairman of Westinghouse Electric Corp. of the United States, Dr. Assar Lindbeck, professor at the Institute for International Economic Studies at the University of Stockholm, and Konosuke Matsushita, Japan's most respected businessman and founder of Matsushita Electric Industrial Co. (he is currently adviser to the nation's top consumer electronics firm). MITI Minister Yamanaka will deliver a luncheon speech. In the afternoon, Naohiro Amaya, adviser to MITI, will make a keynote speech on the topic of the groundwork for improving productivity. This will be followed by a panel discussion on productivity improvement as viewed from the angles of the business

climate, business management and labor relations.

On the second day, panel discussions will be conducted in four groups—on business climate and productivity, on business management and productivity, on labor relations and productivity, and on ways of measuring productivity.

On the final day, panel discussions will be held in the morning, to be followed by a special address by Kazuo Okouchi, professor emeritus at the University of Tokyo. The symposium will close with a commemorative speech by Claude Levi-Strauss, member of l'Académie Française and professor emeritus at the Collège de France, who will speak on productivity and human relations.

Foreign delegates are scheduled to visit Japanese business establishments after the symposium.

Toyota, GM Agree on Joint Car Venture in U.S.

After about a year of negotiations, General Motors Corp. (GM) of the United States and Toyota Motor Corp. of Japan, the world's top two ranking automakers, announced February 14 they had agreed to link up for joint production of a small passenger car in the United States. Under the agreement, GM and Toyota will soon set up an equally owned joint venture in the United States to use GM's idle plant in Fremont, California for production of a small car developed by Toyota. It will be turned out at an annual rate of 200,000 units, starting at as early a date as possible in the American 1985 model year, which begins in September 1984. The joint venture agreement covers a maximum of 12 years. GM Chairman Roger Smith and Toyota Chairman Eiji Toyoda signed a memorandum of understanding at the Fremont plant on February 17. The two companies then sought approval of the project by the U.S. Federal Trade Commission, which is now screening it with regard to antitrust aspects.

The Toyota-GM agreement is expected to help ease strained Japan-U.S. relations over car exports, which is one of the focal points in the bilateral trade tension together with agricultural trade centering on beef and citrus fruit. International Trade and Industry Minister Sadanori Yamanaka said in a statement he "welcomes the linkup" between the two major automakers and "expects the project to materialize smoothly." He added: "It will promote the cooperative relationship between the Japanese and U.S. automotive industries, contribute to the utilization of an idle American factory and increase employment."

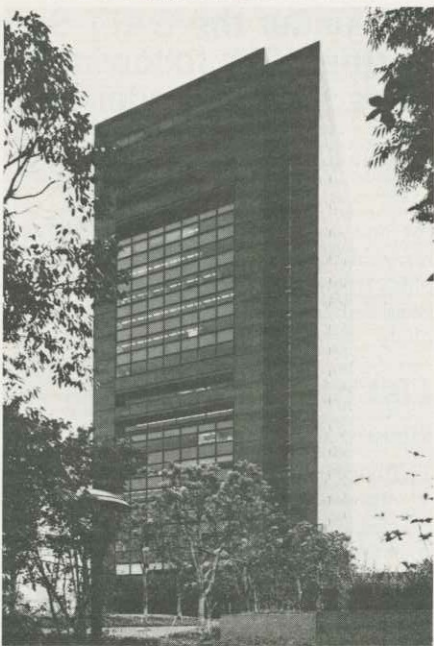
Toyoda and Smith began talks on the joint production of small cars in the United States in March 1982. A final

agreement could be reached because they viewed the project as essential in pushing their respective global strategies focused on small cars.

Amid growing U.S. demand for small cars, GM was faced with the need to cope with this trend without heavy investments and risks. This was the major factor that prompted GM to pick Toyota—the world's strongest auto maker in terms of small cars—as a partner for the joint venture. GM unveiled the "J Car" as a strategic model aimed at the small-car market in 1981, but it sold well below the target level; in addition, although oil prices are coming down sharply, cars sold in the United States are required to meet tough fuel economy requirements under an energy conservation act. GM thus faces the urgent need to come up with small cars that are efficient enough in fuel economy to clear the regulations.

Toyota, for its part, chose to launch production in the United States through cooperation with GM in a bid to cope with the growing difficulty in exporting finished cars to the American market. Against the backdrop of unabated U.S. protectionist sentiment, Japan's voluntary curbs on car exports to the United States have been extended for a third year into fiscal 1983, with total exports limited to 1.68 million units a year. The possibility of the curbs being continued beyond fiscal 1983, coupled with growing U.S. protectionism such as the so-called "local content" bill, is raising the specter of Japanese car shipments to the United States being cut back. Another reason for Toyota's decision to join hands with GM is that such a move is far less costly and risky than going it alone with U.S. production.

One of the largest problems to be solved



Toyota's headquarters in Tokyo

before the proposed joint venture comes into being is how to clear U.S. antitrust regulations. Already, GM's main competitors—Ford Motor Co. and Chrysler Corp.—have voiced objections, claiming a tie-up between the world's two largest auto makers will cause serious long-term problems in the U.S. car market. Ford and Chrysler are reportedly seeking strict FTC screening. Toyota and GM refute the criticism, saying the joint venture is not an overall linkup and is limited to a maximum 12 years, with a single model to be produced for distribution through a single channel—GM's Chevrolet dealers. Emphasizing that the partnership is limited and temporary, Toyota and GM hope to persuade the FTC to authorize the joint venture, which they claim will have only a minor effect on their competitors and the U.S. car market.

Another major pending issue is relations with the powerful United Auto Workers (UAW). Chairman Toyoda has indicated the planned new joint company that will operate the Fremont plant will employ about 3,000 workers "without preference for UAW members" laid off from the plant. This drew a reaction from the UAW, which is demanding that its laid-off members be given employment priority. With an army of jobless members, the UAW is actively lobbying for the local content legislation. Given that situation, the success of the Toyota-GM venture appears to depend largely on how the auto makers can hammer out an agreement with the UAW on the employment issue.

Boeing, Airbus Battling For Japanese Market

An intense "air battle" is under way in Japan between a major U.S. aircraft manufacturer, Boeing Co., and its six-nation European rival, Airbus Industrie.

On February 13, Boeing's medium-sized twin-engine B767 staged demonstration flights aimed at promoting sales to Japan Air Lines (JAL), the national flag carrier. Airbus Industrie followed suit soon after, with its A310 making its debut in Japan on February 28 in a sales campaign also aimed at JAL.

The B767 has 211 seats against 216 for the A310. Both jetliners use U.S.-made engines. Equipped with computer-controlled electronics flight systems, they are new, "third-generation" aircraft. Costing more than ¥10 billion (\$41.7 million) each, there is said to be little to choose between the two planes.

All Nippon Airways, a Japanese airline, has ordered 25 B767s. The plane's advantage is the fact that Japanese companies have a 15% share in its production—the fuselage. Boeing Chairman T. Wilson says the jetliner has a cruising range 3,000 kilo-

Photo: WWP



All Nippon Airways has ordered the B767

meters longer than that of the A310, adding that good fuel economy and low noise are among other advantages.

The seats of the A310 are 13 centimeters wider than those of the B767, permitting more comfortable seating. It also has a cargo space of a globally common size—as large as a jumbo jetliner's cargo room accommodating containers in two rows. Airbus Industrie says the A310 performs like a jet fighter during landing and takeoff and thus is suitable for Japa-

nese airports with short runways.

So far, the A310 has been sold to four airlines in the Middle East and Asia (a total of 15 worldwide) with total sales at 19 (102 worldwide) unit. Five (19) airlines have bought 35 (175) B767s. Both Boeing and Airbus Industrie have decided to develop successors to the B767 and A310. Boeing has announced it will begin delivering a new 254-seat model in the spring of 1986 while Airbus Industrie is aiming for November 1985. Both planes will be of the

same series as their predecessors, thus permitting airlines to meet changing market needs relatively easily and forcing no major change in technical control.

JAL President Yasumoto Takagi says the airline will decide by this summer which type to choose. It plans to purchase about 10 planes. JAL has bought 41 B747 jumbo jetliners, so JAL pilots and technicians are more familiar with the B767 than the A310 regarding flight control and other technical aspects.

Airbus Industrie, on the other hand, has the advantage of more delivery records for the A310 than Boeing in Asia. This would enable JAL to cooperate with airlines in countries involved in a planned new "silk route" if the A310 was selected.

It is difficult to determine which has the competitive edge in terms of performance, operation and other technical aspects. JAL is expected to make a decision in favor of the one that offers better purchase terms—price and service.

Purchase of either of the two costly models will help ease strained trade relations between Japan and the United States or the European Communities (EC). According to a Japanese government source, the government is not prepared to commit itself to JAL's decision making on which to purchase. The final decision, it said, would be based on commercial considerations.

Improvement of Japan's Standards and Certification Systems

(Released on March 26, 1983 by the government)

In the light of the requirements under the GATT Standards Code and the views and requests of our trading partners, the following measures regarding standards and certification systems will be taken in order to proceed further with the opening of Japan's market.

I. Ensuring in Terms of Legal Systems Non-Discrimination Between Nationals and Non-Nationals in Certification Procedures

To ensure in terms of legal systems that there be no discrimination between nationals and non-nationals in certification procedures, draft legislation will be presented to the Diet with respect to those laws which have been found to be relevant (see list), taking into account the following points:

(1) to enable foreign suppliers to apply

for and obtain certification directly and (2) to accord foreign products and suppliers treatment substantially equal to that accorded to domestic products and suppliers, with respect to testing methods.

List of Laws

Ministry of Health and Welfare

1. Pharmaceutical Affairs Law (pharmaceuticals, medical devices and cosmetics)
2. Nutrition Improvement Law (special nutrition foodstuffs)

Ministry of Agriculture, Forestry and Fisheries

1. Agricultural Chemical Regulation Law (agricultural chemicals)
2. Fertilizer Control Law (fertilizers)
3. Agricultural Mechanization Promotion Law (agricultural machinery and equipment)
4. Law Concerning Standardization and Proper Labelling of Agricultural and Forestry Products (agricultural, forestry and fishery products such as foodstuffs and plywood)
5. The Law Concerning Safety Assurance and Quality Improvement of Feed (feeds)
6. Domestic Animal Improvement and Propagation Law (animals for propagation)

Ministry of International Trade and Industry

1. Consumer Product Safety Law (eight products including safety helmets for drivers and baseball players)
2. High Pressure Gas Control Law (oxygen cylinders and other high pressure vessels)
3. Electric Appliance and Material Control Law (household electric appliances)
4. Law Concerning the Securing of Safety and Optimization of Transaction of Liquefied Petroleum Gas (LPG appliances)
5. Measurement Law (measuring devices)
6. Gas Utility Industry Law (urban gas appliances)
7. Law Concerning the Examination and Regulation of Manufacture, Etc. of Chemical Substances (seven specific chemical substances including polychlorinated biphenyls, polychlorinated naphthalenes and hexachloro benzenes)

Ministry of Transport

1. The Road Vehicles Act (motor vehicles)

Ministry of Labour

1. Labour Safety and Sanitation Law (machine tools and equipment including press machines and gas masks)

II. Other Improvements of Standards and Certification Systems

The following measures will be taken with a view to ensuring the transparency of the standards developing processes, promoting the internationalization of standards, accepting foreign test data, and otherwise simplifying systems and speeding up procedures.

1. Ensuring transparency

The following measures will be taken to ensure the transparency of standards and certification systems, whether they be mandatory or voluntary.

(1) Opportunities to hear the opinions of interested parties, both domestic and foreign, will be provided from the initial stages of the standards-drafting process so as to fully reflect their opinions in the process.

Where standards-drafting activities are carried out by private organizations, the government will request these organizations to ensure that foreign nationals are given the opportunity to participate in such activities.

(2) To this end, steps will be taken to inform interested parties of scheduled standards-drafting activities (subject of study, timing, contact point, etc.) through various government and private sector publications, etc.

(3) As for the prior notification on the

establishment and revision of standards and certification systems required under the GATT Standards Code, the government of Japan will provide the parties to the Code a comment period of not less than nine weeks (45 days at present), so that the government of Japan can fully study and consider the views of the parties.

(4) In order to ensure that specific requests from domestic and foreign interested parties regarding standards developing are handled properly, the government of Japan will prepare and publish a directory of its standards drafting and revision processes. Furthermore, the ministries and agencies which maintain or are otherwise closely involved in standards activities will each establish a "window" to handle specific requests and will keep in close contact with one another.

2. Promotion of internationalization of standards (see Annex)

(1) Where there exist international standards, the work to bring Japanese standards into conformity with such international standards will be promoted with due consideration of the conditions peculiar to Japan. Where efforts to amend international standards are already under way, Japan will promote such efforts actively, in close cooperation with other countries.

(2) Where international standards do not exist, Japan will contribute to the establishment of international standards in such areas by participating actively in the preparatory work therefor.

(3) Furthermore, measures will be taken to relax and review existing standards, and to establish new standards in the light of comparison of Japanese standards with foreign standards.

3. Promoting the acceptance of foreign test data (see Annex)

Results of tests conducted by foreign testing organizations or firms of foreign countries will be accepted if the reliability of such data are confirmed, except where there exist compelling reasons not to do so.

4. Simplifying and speeding up certification procedures

With respect to motor vehicles, pharmaceuticals, medical devices, cosmetics, electric appliances, and animal and plant quarantine, the following measures will be taken. Further, the possibility of application in English and other foreign languages will be studied.

(1) With regard to motor vehicles, the following steps for simplification of the procedure and requirements for type designation will be taken, with a view to facilitating the use of the type designation system under which inspection of each imported vehicle is dispensed with:

(a) To dispense with the requirement to

submit motor vehicles which have made the prescribed long-distance running (30,000 km., etc.) when test data relating to durability are submitted at the time of application.

(b) To accept data of tests conducted by foreign manufacturers through foreign testing methods which are roughly equivalent to those of Japan in the examinations for type designation.

(c) To simplify the accompanying documents to be submitted by the applicant, e.g., simplification of items in the specification table, dispensing with the document on strength calculation, etc.

(2) With regard to pharmaceuticals, medical devices, etc., the following measures will be taken.

(a) With respect to pharmaceuticals, medical devices and cosmetics, transfer of import approvals between importers will be allowed where the foreign manufacturer remains unchanged.

(b) With respect to medical devices, the approval and licensing systems will be operated in accordance with the category of the product in question. This will include the expansion of the category of articles which do not require approval.

As for extracorporeal diagnostic agents, approval procedures will be simplified.

(c) Government regulations will be reviewed and improved with a view to clarifying the criteria for distinction between pharmaceuticals and foodstuffs, including the treatment as foodstuffs of products which have so far been controlled as pharmaceuticals.

(3) With regard to household electric appliances, measures will be taken to allow the transfer of type approvals between importers when the foreign manufacturer remains unchanged.

(4) With regard to animal and plant quarantine, necessary measures will be taken to develop or improve import inspection techniques and disinfection techniques, and a review will be made of the products or areas subject to import prohibitions corresponding to the development of the fully effective insecticide techniques and epidemic prevention in the countries requesting the lifting of import prohibitions. Further steps will be taken to simplify and speed up quarantine procedures through the promotion of the dispatching of quarantine officers, consultations with the quarantine experts of the countries concerned, etc.

5. Improvement of pre-import procedures

Steps will be taken to make more efficient and simplify the pre-import procedures which involve various ministries and agencies through expanding and strengthening the system to effect improvements including information-giving.

Further, the government will closely