

Progress Report on Market - Opening Measures

By Yoshinobu Nisaka

The Japanese Government adopted eight market-opening measures on May 28, 1982, in a bid to maintain and strengthen the free trade system and contribute positively to the development of the world economy.

In adopting the market-opening package, Prime Minister Zenko Suzuki issued a statement urging the parties concerned to cooperate in implementing the measures under his leadership. The statement said in effect that:

(i) public servants and businessmen should welcome foreign products and investment without discrimination in their actual administrative management and economic activities;

(ii) those concerned should offer maximum help to foreign firms in their efforts to boost sales of manufactured goods in Japan; and

(iii) the nation should make a contribution in keeping with its economic power to the revitalization of the world economy and the expansion of world trade.

The Japanese Government has eagerly embarked on the enforcement of the market-opening measures. While the government is checking its progress as a whole through ministerial level meetings, the ruling Liberal-Democratic Party (LDP) Special Council on International Economic Affairs, chaired by House of Representatives member Masumi Esaki, is meeting frequently to hear progress reports from the government agencies in charge.

As shown above, the market-opening package is being enforced through the concerted efforts of the government and the LDP. The measures, as will be discussed individually below, are clear and definite; they are being steadily implemented without delay under firm time-tables.

Details of the eight market-opening measures and progress in their implementation are outlined below.

(1) Improvement of Import-Screening Measures

The Office of the Trade Ombudsman (OTO) has been hard at work since opening late last January. By the end of September, 68 complaints had been filed with

the office. They were treated considerably and expeditiously at OTO counters. As a result, checking procedures were revised in 13 cases. In all, 60% of the complaints were settled amicably, including some based on misunderstanding on the part of complainants (see Note 1 and Table 2).

In addition, wild rice was exempted from coverage by the Food Control Law on June 2 and can now be imported freely. The Japanese Government has similarly been trying to improve access to the domestic market for foreign-made aluminum baseball bats.

Regarding customs-clearance procedures, Japan introduced a simplified system of screening imports after their passage through customs and a package-screening system on April 1. Simpler procedures were adopted for food on April 1 and for drugs on May 1 (see Note 2 and 3).

As for foreign participation in drawing up product standards, U.S. and European countries have been represented by request on committees drafting safety standards for electric appliances and for consumer products.

(2) Tariff Cuts

Import duties on products of particular foreign concern are to be eliminated or reduced as follows:

Products/ Duties	Number of Products Covered		
		Agricultural	Mining & Mfg.
Removed	96	—	96
Reduced	119	17	102
Total	215	17	198

Typical examples include tariff removal for machine tools, home appliances, boilers, generators, and cut diamonds, and lower duties on computers, automobile parts, nuclear power equipment, biscuits, chocolates, and lemons and limes. The measures will be endorsed by a panel of government advisers—the Tariff Council—around December, the time of the first council meeting scheduled since the market-opening package was announced. They are to be enforced beginning April 1 next year following parliamentary action from January through March on a bill

revising the Tariff Law. The government will try to ensure that the measures are implemented fully.

(3) Relaxation of Import Controls

Japan will increase import quotas for herring, prepared and preserved pork, hi-test molasses and canned pineapples as Table 1 shows.

(4) Import Expansion

Japan is to increase the number of retail stores selling foreign tobacco from 20,000 currently to 70,000 by the end of fiscal 1983. The Japanese and U.S. governments agreed in October to form a study group to discuss how to increase foreign tobacco sales.

Foreign-currency lending for emergency imports was applied to purchases of U.S. synthetic rubber, West German passenger cars, French helicopters, and U.S. and West German automatic packaging machines. There were 69 such loans worth \$235 million as of September 30.

(5) Improvement of Distribution System & Business Practices

The Manufactured Imports Conference, a government-business body set up under the Trade Conference, has met several times since June; in July it heard opinions from the presidents of the U.S. and Canadian Chambers of Commerce in Japan. Conference results will be reported to the government toward the end of fiscal 1982.

In a related development, a system of business consultants was established on June 9. Those desiring to sell to Japan are advised to contact the Japan External Trade Organization (JETRO) through any of its three domestic offices—Tokyo, Osaka and Nagoya—and 10 overseas offices—New York, Chicago, Los Angeles, San Francisco, Houston, London, Paris, Milan, Hamburg and Duesseldorf. The offices will introduce the most suitable of 450 consultants picked from among busi-

nessmen around the world. Business-consultant counters are to be set up at 25 other JETRO offices worldwide next year. Some 92 applications had already been filed as of early September, with some applicants obtaining sufficient services at JETRO counters without recourse to business consultants and others eventually seeking consultations.

Meanwhile, the Fair Trade Commission is probing problems associated with Japan's domestic distribution system and business practices.

(6) Liberalization of Services Trade

Free investment is assured in Japan in all but four industries in accordance with the capital liberalization code of the Organization for Economic Cooperation and Development (OECD). In banking and other services, foreign interests are assured of receiving the same treatment as their Japanese counterparts. Japan is to make a positive contribution to discussions on international rules for services trade at the General Agreement on Tariffs and Trade (GATT). It is now preparing for the GATT ministerial meeting scheduled for late November. Meanwhile, national associations of the banking, securities and insurance industries have opened offices that provide information necessary for foreign businesses operating in Japan (see Note 4).

(7) Cooperation in High Technology

It is the Japanese Government's policy to promote the principles of free trade in high-technology trade. The aim of Japan's research and development is to step up international cooperation in appropriate high technology fields, and to provide equal treatment to firms affiliated with foreign interests regarding participation in government-subsidized projects.

Japan and the United States have accordingly held a series of meetings of the joint high-tech working group since July. The group was to present recommendations to the concerned ministerial-level officials of both nations in late October. Japan is participating actively in projects for technical development cooperation agreed on at the last Western economic summit.

(8) Industrial and Economic Cooperation

Visible results are being achieved in industrial cooperation, with the Japanese Government conducting talks with the British, French and Belgian Governments on the issue and various cases of industrial cooperation increasing in the private sector (see Note 5).

Table 1. Easing of Import Curbs

Item	How eased	Progress
Herring	Annual quota to be raised 54,000 tons over 3 years from fiscal 1982	27,000 tons set for first half of fiscal 1982
Prepared & preserved pork	Annual quota to be raised 10,000 tons in 3-4 years	Preparing implementation for the second half of fiscal 1982
Hi-test molasses	Minimum quota set at 30,000 tons in fiscal 1983 and 1984	Steps to be taken according to decision
Canned pineapples	Annual quota in excess of 800,000 cases beginning in fiscal 1982	700,000 cases set for first half of fiscal 1982 (June 11)

(Note 1)

Example of Improved Import Handling

A U.S. sporting goods manufacturer complained to the OTO counter at JETRO's New York office on May 7 that the official authorization of volleyballs, soccer balls, basketballs and gymnastic equipment by Japanese athletic organizations is exclusive and discriminatory, hampering foreign access to the Japanese market. The manufacturer requested that authorization be extended to foreign products. The complaint was referred to the Education Ministry by JETRO via MITI. The Education Ministry discussed the complaint with the athletic organizations concerned; it later informed the complainant that the organizations had already revised rules or laid down new ones for granting official approval to foreign products and are now ready to accept applications.

The official approval system for volleyballs, soccer balls and basketballs was revised May 1 to encompass foreign as well as domestic products. The Japan Gymnastic Association revised its checking system for gymnastic equipment on May 22, opening the way for equal treatment of foreign products (see Table 2).

(Note 2)

Food & Additive Import Inspection Procedures Expedited

In importing food, additives, and similar products for sale or commercial use, importers must submit an official translation of a "Food Import Notification" to the Minister of Health and Welfare (under Article 16 of the Food Sanitation Law). Such imports are permitted to pass customs after notification is confirmed.

(1) The Ministry of Health and Welfare previously did not accept notification forms for fresh food (vegetables, fruit, and fish and shellfish except frozen) until cargoes arrived. Such food arrives at night for market auction the following morning, and requires quick handling. The

ministry now accepts notification forms on a provisional basis before cargoes arrive, permitting importation—after confirming import volume and the absence of accidents affecting the imported items—if no problems are found with the import documents.

(2) There have been few past violations involving whisky, brandy and other distilled spirits, rice and wheat purchased by the government. In light of this good record, the ministry has decided to permit importation without inspection of those items which have complete notification forms and pose no special problems.

(3) The ministry has decided to exempt from import inspection crude salt, crude alcohol, and other food materials which are refined directly by government agencies after importation and sold under their jurisdiction in compliance with the Food Sanitation Law.

(4) No notification is required for food imported for personal use. To better clarify the difference between personal and commercial use, the ministry has decided to regard imports of food and food materials (except additives) not exceeding 10 kilograms to be for personal use.

(5) The ministry has decided to treat results of analyses by examination agencies established or authorized by other countries or states on the same basis as results obtained by domestic examination agencies designated by the Minister of Health and Welfare.

(6) The ministry has decided to exempt continuously imported food from inspection in the case of second importation or thereafter for six months from the initial importation if no problems were found at that time.

(Note 3)

Streamlined Drug Import Procedures

Importers of pharmaceuticals were previously required to submit import notification forms to the Ministry of Health and Welfare for official certification. This was in addition to the need to qualify as

High-Pressure Gas Control Law	Import permit sought for aerosol carpet stain removers	U.S.A.	A ministerial directive issued in late September abolishing the standard for aerosol container thickness, which had been cited as a non-tariff barrier, after confirming the safety of thinner-walled containers.
Food Sanitation Law	Exemption sought from antibody inspection for honey certified by exporting country government (New Zealand)	Japan	Explained that food sanitation inspection offices would be told not to inspect, in principle, certified honey; complainant accepted explanation.
Food Sanitation Law	Clarification sought on duration of certificates on coloring, etc. of tableware	Japan	Explained that food sanitation inspection offices would be told to regard certification to be effective for 6 months for continuously imported cargoes which can be considered the same in composition, contents, etc. judging from manufacturing process and other factors.
Road Vehicles Law	Shorter inspection period sought for foreign cars imported through dual channels under jurisdiction of Nagoya District Land Transport Bureau	Japan	Bureau directed to screen import documents in advance at local Land Transport Office.
High-Pressure Gas Control Law	Quicker inspection sought for import of LPG-plant pumps and compressors (U.S.A.)	Japan	Complainant accepted following explanations: Advance notification will be given both at home and abroad of revisions in related standards; foreign test data may be substituted for some domestic tests, expediting import inspection. Foreign manufacturers are advised to submit necessary data as early as possible.
Food Sanitation Law	Review demanded of documents accompanying food import notification forms concerning frozen beef rejected earlier on grounds of incomplete importer address	Japan	Allowed to pass customs after full address supplied; advised to write accurate address in future.
Food Sanitation Law	Preparation standards for automatic fresh-drink preparing machines claimed discriminatory against imports (U.S.A.)	Japan	Charge of discrimination unfounded. Probe into machine structure, etc., led to conclusion such machines are not covered by standards; complainant notified accordingly.
Food Sanitation Law	Acceptance sought of West German food analysis in table wine import inspection (West Germany)	Japan	Test data of official examination agencies of exporting countries accepted.
—	Official approval sought from athletic and gymnastic associations for game ball air injectors and gymnastic equipment (U.S.A.)	U.S.A.	Complainant notified that associations have revised rules or set new ones to permit approval of foreign products and that applications for approval would now be accepted.
Tobacco Sales Law	Japan Tobacco and Salt Public Corp. accused of obstructing sales promotion for foreign tobacco	U.S.A.	Documents distributed by Corporation to retail stores explaining foreign tobacco makers are permitted to conduct advertising and sales promotion; same notice delivered in writing to Corporation's own retail outlets.