

April 16, 2007

Ministry of Economy, Trade and Industry

Release of the “2007 Report on Compliance by Major Trading Partners with Trade Agreements -WTO, FTA/EPA, and BIT” and “METI Priorities based on the Report”

The “2007 Report on Compliance by Major Trading Partners with Trade Agreements -WTO, FTA/EPA, and BIT” has been adopted by the Subcommittee on Unfair Trade Policies and Measures (chaired by Professor Mitsuo MATSUSHITA, Seikei University) of the Industrial Structure Council.

Following the adoption of the report, METI has announced a list of issues deemed as high priority for now in trade policy and its approach thereto under the title “METI Priorities,” and will place emphasis on negotiations toward resolving these issues.

Note: The Report on Compliance by Major Trading Partners with Trade Agreements (previously known as “Report on the WTO Inconsistency of Trade Policies by Major Trading Partners”) is an annual report that points out trade policies and measures adopted by major countries that must be or should be corrected in light of the WTO agreement and other international rules and that calls for corrective action. The latest report is the 16th since the first report was released in 1992.

The 2007 report contains a newly introduced section, Part III, which provides analysis and explanations concerning the provisions and rules of FTAs/EPAs and investment treaties as new international rules, in addition to those of the WTO agreements in Part II, as they are likely to be used as a basis for future dispute settlements. In addition, the latest report makes references not only to the agreements and treaties Japan has concluded but also to major agreements and treaties concluded by third countries such as the U.S. and the EC etc.

1. Release of the “2007 Report on Compliance by Major Trading Partners with Trade Agreements -WTO, FTA/EPA, and BIT”

The report points out a total of more than 100 problems involved in the trade policies and measures of Japan’s major trading partners (the United States, China, ASEAN, the EU, South Korea, etc.) and explains specific actions taken by Japan to address these problems

Part I of the report points out 112 trade policies and measures whose consistency with international rules are questionable, and describes the outlines and questionable points thereof as well as recent related developments

Part II provides detailed explanations with regard to the contents of and the basic concept behind the WTO agreements that regulate various aspects of international economic activities with reference to major cases

The newly-added Part III explains, in a systematic manner, economic partnership agreements and investment treaties, whose numbers have increased substantially in recent years, and which function as new international rules to supplement the WTO agreements, and are thus expected to be used as a basis for future dispute settlement. Japan concluded FTAs/EPAs with Singapore, Mexico, Malaysia and the Philippines by 2006, while pursuing the maintenance and enhancement of the WTO regime as the centerpiece of its trade policy. Part III explains the provisions and rules of not only the agreements that involve Japan but also those of some agreements concluded between other countries as necessary. In addition, it describes specifics of major cases of international mediation under investment treaties, with a view to helping Japanese companies make their investment and management decisions from a broader perspective.

2. Release of “METI Priorities,” following the release of the “2007 Report on Compliance by Major Trading Partners with Trade Agreements”

Based on the points made by the Industrial Structure Council in the “2007 Report on Compliance by Major Trading Partners with Trade Agreements,” METI released a list of 11 priority issues selected from the 112 questionable trade policies and measures mentioned above as high priority in its trade policy. By releasing the list, the METI aims to make its approaches clear to industry and other parties concerned, and promote cooperation with industry in tackling these issues.

Furthermore, “METI Priorities” contains evaluations of issues related to trade policies and measures through follow-up examinations of the priority issues included in the lists of the previous two years.

Two of the priority issues included in April last year, namely, “China: Issues related to regulating the import or export of toxic chemicals” and “Indonesia: Issues related to imposition of tariffs on digital cameras” were excluded from this year’s list as the concerns were resolved or there was a substantial improvement with regard to them.

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