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## **2004 REPORT ON THE WTO CONSISTENCY OF TRADE POLICIES BY MAJOR TRADING PARTNERS**

**The 2004 Report on the WTO Consistency of Trade Policies by Major Trading Partners** was released today by the Subcommittee on Unfair Trade Measures and Practices, under the WTO Committee of the Industrial Structure Council, an advisory body to the Minister of Economy, Trade and Industry. (The full English version will be released around the end of April.)

The Report examines trade policies and measures implemented by Japan's major trading partners from the perspective of their consistency with WTO agreements and other international rules.

In response to the Report, METI has also released the "**METI Priorities regarding WTO Consistency of Foreign Trade Policies**," announcing its stance with regard to the WTO-inconsistent trade policies and measures included in the Report.

### **FEATURES OF THE 2004 REPORT ON THE WTO CONSISTENCY OF TRADE POLICIES BY MAJOR TRADING PARTNERS**

The Report covers approximately 100 trade policies and measures implemented by Japan's major trading partners, including the U.S., China, the EU and its members, ASEAN countries, the Republic of Korea, Chinese Taipei, Hong Kong, Australia, Canada, India, and Mexico.

The U.S and China are analyzed in detail in the Report. For specifics on individual policies and measures of particular importance, please see the attached "METI's Priorities to ensure WTO-consistency."

### **FEATURES OF THE METI Priorities regarding WTO Consistency of Foreign Trade Policies**

Based on the analysis contained in the report of the Industrial Structure Committee ("Report on the WTO Consistency of Trade Policies by Major Trading Partners"), METI has identified 15 items on which it intends to put high-priority in conducting consultations with Japan's trading partners. (Please refer to the attached document for details.)

By linking the legal and economic analysis in the Report to actual implementation of trade policy, METI aims to make the government's view clear to the business circle and other concerned parties, and thereby promote better communications with them.

*Note: The Subcommittee, chaired by Professor Mitsuo Matsushita of Seikei University, is a subdivision of the World Trade Organization Committee, which is part of the Industrial Structure Council. The Council is an official advisory body to the Minister of Economy, Trade and Industry. The Report examines the trade policies and measures of Japan's major trading partners from the perspective of their consistency with the WTO Agreement and other international trade rules. The 2004 Report is the 13<sup>th</sup> to have been released since the report's inception in 1992.*

**METI PRIORITIES REGARDING WTO CONSISTENCY OF FOREIGN TRADE POLICIES**  
in relation to the issues raised in  
Report on the WTO Consistency of Trade Policies by Major Trading Partners

The **2004 Report on the WTO Consistency of Trade Policies by Major Trading Partners** was released today by the Subcommittee on Unfair Trade Policies and Measures, under the WTO Committee of the Industrial Structure Council, an advisory body to the Minister for Economy, Trade and Industry (METI). The Report examines trade policies and measures implemented by Japan's major trading partners from the perspective of their consistency with WTO agreements and other international rules.

Below listed are the policies and measures that METI intends to place high- priority on when implementing trade policy, accompanied by a basic description of the METI stance on these issues.

**<United States>**

The U.S. is one of the countries that have frequently implemented so-called "trade remedy" measures, including anti-dumping measures in particular. Japan has suffered from the WTO-inconsistent anti-dumping measures of U.S.

Specifically, the U.S. has not amended the legislation listed below, even though its WTO-inconsistency has been confirmed via the WTO dispute settlement procedure, and recommendations to amend or repeal the legislation have been made.

METI will continue to request the U.S. to immediately amend or repeal these WTO-inconsistent measures. With regard to the Anti-dumping Act of 1916 and the Byrd Amendment, the deadlines for complying with WTO recommendations have passed, and METI will consider implementing counter measures as allowed under WTO rules, if necessary. Regarding U.S. anti-dumping measures on certain hot-rolled steel products from Japan, METI will monitor the revision of relevant regulations over the designated time frame.

**Anti-dumping Act of 1916**

**The Byrd Amendment (Amendment to the Tariff Act of 1930)**

**Anti-dumping measures on certain hot-rolled steel products from Japan**

**<China>**

China has made a wide range of commitments upon its accession to the WTO. Japan appreciates that, since its accession, China has been making efforts to implement those commitments by enacting and revising a large number of laws and regulations. However, China still needs to make improvements on many counts (e.g., the delay in appropriately enacting and revising domestic laws and regulations, and the lack of transparency and consistency in enforcing them). METI is particularly concerned about certain issues (detailed below) which have given rise to serious problems.

METI will continue to request that China fulfill its WTO obligations at every opportunity, including Vice Minister-level meetings between METI and China's State

Development Reform Commission and Ministry of Commerce; industry-specific dialogues between government officials and industries; and the Transitional Review Mechanism in the WTO.

**Problems related to the refund of value-added taxes on semiconductors**  
**Problems related to the selling both imported and domestic automobiles**  
**Enforcement of the quota system for imported automobiles and auto parts**  
**Failure to fulfill tariff concessions for photographic film**  
**Implementation of anti-dumping measures**  
**Delay in improving domestic legislations on the right to trade and distribution services**  
**Abundance of counterfeit, pirated, and other infringing products**

#### **<EU and its members>**

With their potential to restrict trade, the EU rules being introduced on the environment, health, safety, and other areas are causing serious concern among Japanese industries. Below are the rules which have aroused a particularly high level of concern.

METI will continue to request that the EU provide sufficient information and opportunities for discussion, to ensure that these rules satisfactorily take into account the interests and concerns of Japanese businesses.

**Draft Regulations of Registration, Evaluation, and Authorization of Chemicals (REACH)**  
**Directives on Waste Electric and Electronic Equipment (WEEE)**  
**Directives on the Restriction of the Use of Certain Hazardous Substances (RoHS)**

#### **<ASEAN countries>**

High tariffs on certain products, as well as restrictions on trade in services and foreign investment in ASEAN countries, are the most serious concerns for the Japanese industry. Though many of the problems do not necessarily pose WTO-consistency problems, liberalization of existing barriers is essential to the promotion of global free trade.

METI will put maximum effort into tackling these problems in the DDA (current round of WTO negotiations), as well as through FTA negotiations.

Specific issues involving possible inconsistency with WTO agreements are listed below. METI will seek WTO consistency regarding these issues utilizing FTA negotiations and other relevant opportunities.

**Malaysia: Problems related to internal taxes on automobiles**  
**Thailand: Problems related to imposition of tariffs on digital cameras**

#### **<China, Hong Kong, Chinese Taipei, Republic of Korea, and ASEAN countries>**

**The abundance of counterfeit, pirated, and other illegal products** in East Asian countries and territories has caused serious problems for the Japanese industry.

In order to remedy this situation, METI will request each trading partner concerned to improve relevant legislation, enforce laws appropriately and effectively, and strengthen enforcement efforts by administrative and judicial branches. At the same time, METI will provide each trading partner with necessary support.

Japanese companies have suffered most in China in this regard. METI will request China to implement administrative measures to improve enforcement of legislation and impose stricter controls. METI will also cooperate with JETRO and other organizations in order to support industry initiatives such as requesting stricter controls, obtaining necessary information, organizing industry-specific discussions, and sending missions.