METI Priorities Based on the 2025 Report on Compliance by Major Trading Partners with Trade Agreements (Wednesday, June 11, 2025)

The 2025 Report on Compliance by Major Trading Partners with Trade Agreements, namely, WTO, EPA/FTA and IIA – hereinafter referred to as "the Report" - was published today by the Industrial Structure Council's Subcommittee on Unfair Trade Policies and Measures. The Report points out a wide range of trade policies and measures of major trading partners that are questionable in light of the WTO Agreements and other international rules. The Report has consistently presented, for 33 years since its first issuance, the underlying concept of "rule-oriented". Japan has made a series of efforts with the aim of developing a new trade-related rules as well as actively utilizing the WTO dispute settlement procedures to eliminate disadvantages caused by other countries' measures that are found inconsistent with international rules, including through 28 consultations requested by Japan.

As noted in the Report, the WTO dispute settlement system not only recommend corrections to measures that are found inconsistent with the agreements, but also contain procedures for monitoring implementation of recommendations and applying countermeasures in the event of failure of implementation thereof. In this way, WTO recommendations are implemented at a high rate, and thereby contribute to maintaining the effectiveness of the WTO rules. Since the establishment of the WTO in 1995, the number of WTO cases has reached 639 (As of 11 June 2025).

The WTO dispute settlement system, however, is facing a crisis. With the prolonged vacancy for the Appellate Body member positions since December 2019, "appeals into the void" have been made in WTO DS cases, leaving the cases pending and unresolved. As a result, the WTO dispute settlement system is in a critical situation where rules-based governance for international trade would not work well. METI will continue to work for the realization of dispute settlement reform. At the same time, METI will make efforts to ensure that disputes are resolved in accordance with the rules in the interim until the reform is realized, including the utilization of the MPIA, which Japan joined in March 2023.

In recent years, there has been an increasing concern that non-market measures by some emerging countries could present a risk to the foundation of the multilateral trading system, including fair competition and market functions. There are scattered cases where unilateral measures are taken to correct such economic imbalances. METI will make further efforts to make rules for ensuring level playing field through various fora such as the WTO, G7, and the Trilateral Meeting of the Japan, U.S. and EU Trade Ministers.

Furthermore, there is an increasing concern about economic coercion, which is the use of or the threat of the use of economic coercive measures that interferes with legitimate sovereign choices of another government. Considering such situation, METI will enhance cooperation and strengthen coordination with like-minded partners to evaluate, prepare for,

deter, and respond to such economic coercive measures.

The responses to the non-market measures and economic coercion are mentioned in the G7 Trade Ministers' Statement (September 2022, April 2023, October 2023 and July 2024), G7 Leaders' Statement on Economic Resilience and Economic Security (May 2023), G7 Leaders' Communiqué (June 2024), Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices (June 2023) and others.

From this point of view, in addition to the systemic problems mentioned above, METI will prioritize addressing the following cases based on the policies and measures as specified in the 2025 Report. The details of each case are illustrated in the Reference below.

(1) Measures to resolve issues through bilateral and multilateral consultations, or measures to closely monitor the design and operation of the system

With respect to the following issues, METI will examine the possible use of the WTO DS procedures while working on resolving issues through bilateral consultations, WTO ordinary committees, etc.

- China: Export Control Law
- China, Hong Kong, Macau, Russia: Suspension of Import of Japanese Aquatic Products in Response to Discharge of ALPS Treated Water Into the sea
- China: Inappropriate Application of AD Measures
- China: Anti-Suit Injunctions (ASI) by Chinese Courts in Standard Essential Patent Lawsuits
- China: Preferential treatment for domestic companies and domestic products in government procurement
- The United States: Zeroing (Inappropriate Calculation of AD Duties) including Abusive Zeroing in the Cases of Targeted Dumping
- The United States and Emerging Economies: Sunset Review Practice (Term-end Review for the Continuation of Anti-Dumping (AD) Measures) and Unreasonably Long-standing AD Measures on Japanese Products
- The United States: Tax Incentives for Electric Vehicles
- The United States: Import Adjustment Measures pursuant to Section 232 of the Trade Expansion Act of 1962 and the International Emergency Economic Powers Act (IEEPA)
- Indonesia: Import Restriction Measures on Steel Products, Textile Goods, and Electrical Products
- EU: Regulation on a Carbon Border Adjustment Mechanism (CBAM)
- EU: Anti-Dumping investigation On Hot-Rolled Flat Products Of Iron From Japan
- EU: F-Gas Regulation
- France: Subsidies for Electric Vehicles
- India: Inappropriate Application of Trade Remedy Measures

* As for the following issues, METI will proceed with policy measures, including rule-making, to ensure a level playing field, in addition to the efforts to address these issues through the WTO and bilateral consultations with possible use of the WTO DS Mechanism based on the current WTO rules.

- China: Industrial Subsidies
- China: Regulations related to cybersecurity and data
- China: Forced Technology Transfer
- Vietnam: Cybersecurity Law / Decree on Personal Data Protection

(2) Issues for which the WTO DS procedures have already started

With respect to the following issues, Japan referred them to the WTO DS procedures and will request each country to abolish or correct the measures through the procedures.

- Korea: Measures Affecting Trade in Commercial Vessels 【Consultation】(The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is in charge)*
- India: Tariff Treatment on Certain Goods in the ICT Sector 【Appellate Body】
- India: Safeguard Measures on Hot-Rolled Steel Coils【Appellate Body】

* The case is handled by MLIT, and METI provides certain legal advice.

(Reference 1) Details of the Individual Trade Policies and Measures Listed in the METI Priorities Based on the 2025 Report on Compliance by Major Trading Partners with Trade Agreements

Details of the individual trade policies and measures listed in the 2025 METI Priorities are as follows.

(1) Measures to resolve issues through bilateral and multilateral consultations, or measures to closely monitor the design and operation of the system

- **China: Export Control Law**

The Chinese government had implemented the security export control regulation in which only items related to weapons of mass destruction were subject to the regulation. In October 2020, China established the Export Control Law, adding a number of products and technologies that are related to conventional weapons to the restricted items, and at the same time, including various new measures such as retaliatory measures, re-export measures, deemed export regulations, etc. The Export Control Law is enforced since December 1st, 2020.

In addition, in December 2024, the Regulations on Export Control of Dual-Use Items and Dual-Use Items Export Control List as subordinate regulatory instruments enforcing the Export Control Law. Dual-use items are those used for both military and civil applications. The Regulations govern the export control of all dual-use items, which used to be enforced by several subordinate regulations.

However, the details of the new measure are not yet clear. Having said that, an excessive export restriction that has little relevance to the national security objective may be implemented. Such restriction might fail to satisfy the requirements under national security exception (Article 21 of the GATT) and might be found inconsistent with the prohibition of import/export restrictions (Article 11 of the GATT, in particular on the following points: (i) the scope of controlled items may become excessively broad considering the fact that the policy objectives of the Export Control Law explicitly include protection of “state interests”; (ii) there remains a risk of Chinese regulatory authorities requiring to disclose technical information in excess of what is necessary for the determination of whether the regulation is applicable or not to the subject product or for identifying end users and end use; (iii) the Export Control Law has a provision of retaliatory measures against discriminatory export restrictions imposed by other countries.

The Chinese government announced export control measures on gallium and germanium-related items in July 2023 (enforced in August of the same year), on graphite-related products in October 2023 (enforced in December of the same year), on antimony-related products and superhard material-related products in August 2024 (enforced in September of the same year), on 25 products and technologies related to tungsten, tellurium, bismuth, molybdenum, and indium in February 2025 (enforced on the date of announcement). In addition, in December 2024, China announced that export of gallium and germanium-related products, antimony-related products and hard metal-related products to

the United States won't be permitted without exceptions and screening of graphite materials-related products will be tighten. There are concerns that export control may be implemented arbitrarily.

In addition, under the Export Control Law, violations by organizations and individuals outside China are also subject to the Export Control Law (Article 44), including its re-export regulations (Article 45). Regarding re-export regulations, Article 49 of the Regulations states that the Chinese government may "request" to enforce the relevant provisions of the Regulations when organizations and individuals outside China (a) provide certain dual-use items manufactured outside China that include specific dual-use items of Chinese origin, (b) provide dual-use items manufactured outside China using specific technologies or items of Chinese origin, or (c) provide specific dual-use items of Chinese origin to specific destination countries, regions, organizations, or individuals outside China. These re-export regulations may lead to excessive extraterritorial enforcement of domestic law that is not permissible under international public law, depending on the circumstances to which the re-export regulations apply and the way they are enforced. Therefore, it is necessary to monitor future developments, including clarifications through subordinate regulatory instruments and specific enforcement cases. Furthermore, it is essential to monitor the operation of visits and on-site inspections by Chinese government officials at businesses located outside China pursuant to Article 17 of the Export Control Law and Article 26 of the Regulations, and ensure that they do not infringe upon enforcement jurisdiction of other countries.

Japan has been taking actions seeking for a fair and transparent system which reflects international rules and practices at meetings of the WTO Council on Trade in Goods after March 2018 and bilateral talks between METI and the Chinese Ministry of Commerce. In addition, the establishment of Japan-China dialogue on export control was agreed in November 2023, and following the first dialogue held in January 2024, three rounds of dialogues were held until March 2025. Japan requested China to enhance the transparency of the system and operate it in a manner consistent with the Agreements. Japan will continue to monitor the operation of the Export Control Law, and will proceed with discussions for the resolution of problems in bilateral and multilateral consultations.

- **China, Hong Kong, Macau, Russia: Suspension of Import of Japanese Aquatic Products in Response to Discharge of ALPS Treated Water Into the Sea**

The discharge of ALPS treated water into the sea from TEPCO's Fukushima Daiichi Nuclear Power Station in Japan (from August 24, 2023) prompted the following countries and regions to impose import restrictions on Japanese aquatic products to address food safety concerns.

- China (8/24-): Complete suspension of the import of Japanese aquatic products
- Hong Kong (8/24-): Import ban on aquatic products from 10 prefectures (Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano, Saitama)
- Macau (8/24-): Import ban on fresh food, etc., from the above 10 prefectures
- Russia (10/16-): Complete suspension of the import of Japanese aquatic products

The discharge of ALPS treated water into the sea from TEPCO's Fukushima Daiichi

Nuclear Power Station has been concluded by the IAEA that it is consistent with international safety standards and would have a negligible radiological impact on people and the environment. However, for example, China only argues that it is concerned about food safety and has not demonstrated any scientific basis for the specific risk that the discharge of ALPS treated water poses to the safety of Japanese aquatic products. It is also not clear whether an objective risk assessment was properly conducted. For these reasons, the import suspension measures are unfair import restriction measures that are not based on scientific principles required by the SPS Agreement.

Japan has been requesting an immediate lifting of these measures during bilateral consultations and at various WTO committees. Regarding relations with China, on September 20, 2024, “Shared Recognition between Japan and China” was announced. According to the announcement, the Japanese side welcomes the additional measures on the long-term international monitoring to be taken under the framework of the IAEA at the important stages of the discharge into the sea, based on the interest of all stakeholder countries including China, and ensures that all stakeholder countries including China will effectively participate in that monitoring, thereby their independent sampling and the interlaboratory comparisons (ILC) will be conducted. The Chinese side explained that China will effectively participate in the long-term international monitoring under the framework of the IAEA, and, after conducting the monitoring activities such as the independent sampling by the participating countries, will initiate adjustment of the measures, based on scientific evidence, thereby steadily restoring imports of aquatic products from Japan which meet the standards. Regarding the additional measures under the IAEA framework, samplings were carried out by analytical laboratories of the participating countries including China in October 2024, February and April 2025. Besides, at Sixth Japan-China High-Level Economic Dialogue in March 2025, the two sides expressed their appreciation for the steady implementation of the “Shared Recognition between Japan and China” mentioned above, and concurred on promoting relevant consultations towards the resumption of imports of Japanese aquatic products. Under such circumstances, since March 2025, the authorities of Japan and China have conducted technical consultations on the resumption of exports of Japanese aquatic products to China. At the technical consultation on May 28, Japan and China reached an agreement on the technical requirements that are necessary for the resumption of exports to China. Going forward, after the Chinese side takes the necessary procedures, the resumption of exports is expected.

The METI will continue to call for the prompt and smooth resumption of imports, as well as the immediate lifting of any remaining import restrictions. At the same time, it will make efforts to ensure the safety of the discharge of ALPS treated water into the sea and on disseminating information.

- **China: Inappropriate Application of AD Measures**

The Chinese government initiated 302 AD investigations between 1995 and the end of December 2024, among which Japanese products were included as the subject products in 54 cases. Among these 54 cases, AD measures were applied in 44 cases. AD duties remain

in force in 20 cases as of the end of December 2024.

Deteriorating business performance of Chinese companies is thought to have been caused by the excessive production structure in China. Nevertheless, it was determined that Chinese companies suffered injury due to dumped imports from Japan, revealing that Chinese AD measures are not consistent with the AD Agreement in areas such as lack of transparency in investigation procedures and arbitrary determination of injury and causation.

Regarding China's seemingly inappropriate AD investigations, Japan has been conveying government opinions to the Chinese investigation authority and requesting that it improve the situation using various methods such as submission of written opinions to the Chinese investigation authority, consultations with Chinese government officials, participation in public hearings and attendance in WTO AD Committee meetings, and others. Furthermore, Japan has been cooperating with the U.S. and the EU which have shared the concerns about Chinese AD investigation procedures using methods such as submission of written opinions which mutually support arguments in the WTO DS procedures.

Japan will continue to encourage China to correct its inappropriate operation and application of AD measures.

- **China: Anti-Suit Injunctions (ASI) by Chinese Courts in Standard Essential Patent Lawsuits**

Anti-Suit Injunction ("ASI") is a court order that prohibits a party from requesting for enforcement of a judgment, or from filing a suit and other legal proceedings in a foreign court for parallel legal suits of substantially identical disputes. In August 2020, the Supreme People's Court of China issued an ASI in a lawsuit relating to a standard essential patent for mobile communication technology. Thereafter, lower Chinese courts issued ASIs in lawsuits relating to standard essential patents for mobile communications technology. Some ASIs prohibited not only to pursue legal proceedings in foreign courts, but also to file new lawsuits therein.

In February 2022, the EU requested consultations on China's ASI measures, arguing that they are inconsistent with the TRIPS Agreement and other agreements (DS 611), and in December 2022, the EU requested the establishment of a panel. Subsequently, a panel was established in January 2023 (Japan participates in the panel as a third party). In April 2025, the EU requested the suspension of the panel proceedings, and the Panel Report was circulated to the parties involved, the third parties, and the MPIA arbitrator pool. In the same month, the EU submitted a Notice of Appeal, and China filed a cross-appeal, initiating the MPIA appeal process.

In cooperation with the EU and other members, Japan will pay close attention to the issuance of any ASIs in China and will appropriately respond to them to ensure that ASIs are operated in a manner consistent with the Agreements, if any.

- **China: Preferential treatment for domestic companies and domestic products in government procurement**

Domestic products remain the primary focus of the government procurement in China, with restrictions on and exclusions of the procurement of imported products.

The Government Procurement Law of the People's Republic of China, which came into effect in January 2003, carried out the first round of public comment on the proposed amendments from December 2020 to January 2021 and the second round from July to August 2022, respectively. A summary of the proposed amendments is the following:

(1) "Other procurement entities" is added to the definition of procuring entities under Article 12, expanding the scope to include not only government agencies but also public interest state-owned enterprises.
(2) Article 23 of the proposed amendment maintains the current Article 10, which provides that "the government shall procure domestic goods, construction and services, except in one of the following situations: where the goods, construction or services needed are not available within the territory of the People's Republic of China or, though available, cannot be acquired on reasonable commercial terms" and adds a new local content requirement providing preferential treatment in government procurement for products with a high added value ratio within China.
(3) Article 24 further expands the provision on state security which was added in the proposed amendment released in December 2020. Specifically, "Government procurement must carry out national security requirements and enforce national security provisions of laws and regulations such as product standards, supplier qualification conditions, intellectual property rights, information release, and data management. Procurement projects involving State secrets must employ modalities and procedures other than open competition. The State has established the government procurement security review system and conducts security reviews for government procurement activities that may affect national security."
(4) Regarding the relationship with international treaties, Article 118 states, "China shall grant most-favored-nation treatment and national treatment in government procurement to other parties based on the international treaties and agreements it has concluded or acceded to.

Regarding Articles 12 and 23, if the products and suppliers are limited to those in China even for procurements that do not fall under "procurement by government agencies" as stipulated in Article 3.8(a) of the GATT and Article 13.1 of the GATS, it may violate national treatment obligation under Article 3.4 of the GATT and Article 17 of the GATS. In addition, procurements by state-owned enterprises and state-invested enterprises for commercial or nongovernmental use do not constitute government procurement, and could be in violation of their commitments under the WTO Accession Protocol under which China committed those enterprises to be subject to Article 3 of the GATT and Article 17 of the GATS, among others.

Regarding Article 23, it clearly provides preferential treatment for domestic products, which may raise the issue of consistency with paragraphs 1 and 2 of Article 4 (non-discrimination) of the Agreement on Government Procurement (GPA) of the WTO, which China is currently negotiating to join.

Regarding Article 24, the scope of government procurement activities that have to do with state security stipulated under the government procurement security review system is extremely unclear and vague, and there is a risk that the scope of this provision may exceed the scope permitted under the security exception under the WTO Agreements and be applied in a very broad and arbitrary manner. In addition, there is a risk of violating the transparency rule under Article 16.4 of the RCEP Agreement to which China is a party.

Regarding Article 118, if China joins an international agreement, it will grant national treatment and most-favored-nation treatment to the member countries. This provision seems to be in consideration of the GPA, which China is currently negotiating to join. However, as mentioned above, there is a possibility that preferential treatment for domestic products and services may extend beyond the scope of government procurement. It is necessary to closely monitor the movement of future amendments.

In addition, there are reports that China has issued a notice instructing preferential treatment for domestic products through undisclosed documents, such as Document No. 551, the list of “安可” (secure and controllable) products and services, and Document No. 79. In fact, some Japanese companies have reported that domestic products are imposed as a condition in the bidding process.

Furthermore, in March 2023, China’s Ministry of Finance and Ministry of Industry and Information Technology announced new standards for government procurement of four items including computers (desktop computers, portable computers, operating systems, and databases). As a procurement condition, the standards require that subject products are in line with the “evaluation results” of the China Information Technology Security Evaluation Center. As the “evaluation results”, which were separately released around the same time, list only the products of Chinese companies, it is practically impossible to bid subject products made by foreign companies for procurement.

The “Opinions on Further Optimizing the Foreign Investment Environment and Increasing the Attraction of Foreign Investment” issued in August 2023 set a target to ensure that foreign-invested enterprises participate in government procurement activities according to law. The “Action Plan to Steadily Promote a High Level of Openness and Make Greater Efforts to Attract and Utilize Foreign Investment” issued in March 2024 also states that products produced by domestic and foreign-funded enterprises that meet the standards will be considered equivalent and treated equally in government procurement activities. However, as stated above, foreign-funded enterprises are excluded from government procurement and contradictory trends are observed.

December 2024, public comments were solicited regarding the "Notice on Matters Relating to Domestic Product Standards and Implementation Policies in the Field of Government Procurement." According to the notice, the domestic product standards required for government procurement in China will include the following conditions: 1) the product must be produced in China, with a change in attributes from raw materials or

components to the final product; 2) the cost of components produced domestically must reach a specified percentage; and 3) for certain products, key components must be produced in China, and the major processes must be completed domestically. In addition, when domestic products and non-domestic products compete in government procurement bid in China, a price discount of 20% will be applied to domestic products, and evaluations are conducted based on the discounted price.

If the percentage of domestically produced components that will be established in the future becomes unreasonably high, foreign companies in China may be placed at a disadvantage. Furthermore, if the application of domestic product standards is expanded to procurements that do not strictly qualify as "government procurement," it could potentially violate the national treatment obligation under Article 3 of the GATT.

Japan has submitted its government's opinion in response to the public comment on the draft revision of the Government Procurement Law solicited by the government of China in 2022 as well as the public comments on domestic product standards in 2024. In addition, Japan has expressed its concerns about the preferential treatment for Chinese domestic products and companies at bilateral and multilateral consultations. Japan will continue to advance discussions to resolve these concerns.

- **The United States: Zeroing (Inappropriate Calculation of AD Duties) including Abusive Zeroing in the Cases of Targeted Dumping**

In AD procedures, the U.S. applies a methodology known as "zeroing" when calculating anti-dumping duties (dumping margin) for each exporter. This methodology takes into account only export transactions at prices lower than domestic prices while ignoring export transactions at higher prices (and thus assuming the differences from domestic prices as zero), which will artificially inflate dumping margins. Zeroing is an unfair methodology that ignores transactions in which dumping is not occurring, and violates Article 2.4.2, of the AD Agreement, etc., that provide the calculation method for dumping margins.

Japan requested consultations under the WTO DS procedures with the U.S. in November 2004 and requested the establishment of a panel in February 2005. The Appellate Body Report, which was circulated in January 2007, ruled that zeroing is inconsistent with the WTO Agreements. Further, the panel and the Appellate Body of the compliance proceedings were undertaken, and eventually, the U.S. and Japan agreed on a memorandum for resolution of this dispute in February 2012. In accordance with the memorandum, in February 2012, the U.S. amended the Department of Commerce regulation and abolished zeroing. Japan continues to pay close attention to future developments so that zeroing will be completely abolished based on the memorandum and the amended regulation.

Recently, the U.S. has been resuming the application of zeroing, increasingly applying the practice based on its own interpretation that zeroing is exceptionally allowable under the second sentence of Article 2.4.2 of the AD Agreements, in the context of target dumping (dumped exports targeting certain purchasers, regions or time periods). This raised concerns that the aforementioned ruling which prohibited zeroing was being rendered invalid in practice.

Korea and China referred the U.S. AD measures on their domestic products to the WTO DS procedures (The United States: Anti-Dumping and Countervailing Measures on Large Residential Washers from Korea (DS464); and The United States: Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China (DS471)), citing that zeroing was used for their products when targeted dumping was determined. Japan participated in these cases as a third party and argued that the usage of zeroing violates the AD Agreement. The panel and the Appellate Body of the former case (DS464) and the panel of the latter case (DS471) (this issue was not appealed to the Appellate Body) adopted an interpretation consistent with Japan's arguments and determined that the zeroing procedure by the U.S. violated the AD Agreement. With respect to DS464, soon after the period for the U.S. to implement the DSB recommendation (by December 2017) elapsed, in January 2018 Korea requested retaliatory measures against the U.S.'s failure to comply with the recommendation, and suspension of concessions up to the amount of 84.81 million dollars were approved by arbitration decision in February 2019. In the case of DS471 as well, soon after the period for the U.S. to implement the recommendation (by August 2018), in September 2018, China requested retaliatory measures against the U.S.'s failure to comply with the recommendation, and suspension of concessions up to the amount of 3.57913 billion dollars were approved by arbitration decision in November 2019.

The panel report on the AD duties imposed by the U.S. on Canadian softwood lumber (DS534) circulated in April 2019 held that zeroing might be permitted to address targeted dumping under certain conditions. However, it also found that the current zeroing practice by the U.S. is inconsistent with Article 2.4.2 of the AD Agreement. (The report has not been adopted as Canada appealed.)

The "America First Trade Policy" announced by the Trump administration on January 20, 2025, states that the Secretary of Commerce will review policies and regulations regarding the trade remedy measures, including AD measures, with the use of zeroing being highlighted as one of the key areas of focus.

Japan will continue to closely monitor the United States' practices regarding the use of zeroing, as well as their consistency with international agreements.

Japan will continue to monitor any alleged findings concerning targeted dumping of Japanese products and the consistency of such measures with the AD Agreement.

- **The United States and Emerging Economies: Sunset Review Practice (Term-end Review for the Continuation of Anti-Dumping (AD) Measures) and Unreasonably Long-standing AD Measures on Japanese Products**

The AD Agreement stipulates that any definitive AD duties shall be terminated within five years of commencement (Sunset provision) unless the necessity for further continuation is determined. However, the U.S. practice of sunset reviews is that AD measures are continued in general as long as a domestic company files an application for a review.

As of the end of December 2024, there are 21 definitive AD measures imposed by the U.S. government on Japanese products. The longest duration of the U.S. measure exceeds 40 years and the duration of the 12 measures exceeds 20 years. The results of such

prolonged imposition of the AD duties excessively discourages exports of Japanese companies and imposing huge burdens on the importers and the users in the U.S. For example, some Japanese iron or steel products are high quality and highly reliable and have won wide support from U.S. users, but they became unavailable to those customers due to the U.S AD measures, and it is pointed out that the users in the U.S. are forced to buy other country's products.

Accordingly, Japan requested the early termination of these measures in the Japan-U.S. Economic Harmonization Initiative and repeatedly held WTO AD Committee meetings, in addition to other fora. In August 2018, the AD measure that had been imposed by the U.S. government on Japanese steel products for more than 35 years was terminated as the result of sunset review.

Moreover, an increasing number of continued AD measures by emerging economies based on lax determinations through sunset review proceedings have been observed.

Japan will continue to work for improvement of the U.S. and emerging economies sunset review practice and abolition of the unreasonably long-standing AD measures on Japanese products at the earliest possible time.

- **The United States: Tax Incentives for Electric Vehicles**

In August 2022, the U.S. enacted the Inflation Reduction Act of 2022 (the "IRA") which included provisions regarding tax credits on electric vehicles etc.("EVs").

Pursuant to the IRA, tax credits are granted upon purchase of EVs with final assembly in North America. Tax credits with a maximum of 3,750 USD are granted if a certain percentage or more of the value of the critical minerals contained in the battery is extracted or processed in the U.S. or a country with which the U.S. has a free trade agreement; and additional tax credits with a maximum of 3,750 USD are granted if a certain percentage or more of the value of the battery components are manufactured or assembled in North America (the tax credit can be granted up to 7,500 USD in total). In addition, vehicles containing battery components manufactured by a foreign entity of concern became no longer eligible for this credit in March 2024. Further, critical minerals extracted by a foreign entity of concern will cease to be eligible for the tax credits from 2025.

It should also be noted that in connection to the IRA, in March 2023, Japan and the U.S. signed the Japan-U.S. Critical Minerals Agreement, which aims to establish robust supply chains through coordination between Japan and the U.S. and among like-minded countries. Following the signing of this agreement the U.S. Treasury announced a guidance which stated that Japan is a country with which the U.S. has a free trade agreement as stated in the IRA.

In March 2024, China requested consultations on the U.S. EV tax credits and subsidies to renewable energy projects under the Inflation Reduction Act (IRA). However, the dispute was not settled through these consultations, and in July 2024, China requested the establishment of a panel, which was established in September (DS623).

The eligibility requirement that requires the final assembly in North America may be inconsistent with the Article 1.1 (Most-Favoured-Nation Treatment obligation) and Article 3.4

(National Treatment obligation) of GATT. In addition conditioning the EV tax credits to the use of battery components manufactured or assembled in North America, or to the use of critical minerals extracted or processed in the U.S. or a country with which the U.S. has a free trade agreement may fall under the prohibited subsidies (local content subsidies) under Article 3.1 (b) of the ASCM, and may be inconsistent with Article 1.1 (Most-Favoured-Nation Treatment obligation) and Article 3.4 (National Treatment obligation) of GATT.

In addition to having informed the U.S. government of Japan's position on the EV tax credits, Japan is participating in the discussion on DS623 as a third party. Japan will continue to coordinate with the industry and closely look into the relevant laws and guidance as well as the operation of the IRA.

- **The United States: Import Adjustment Measures pursuant to Section 232 of the Trade Expansion Act of 1962 and the International Emergency Economic Powers Act (IEEPA)**

(Steel / Aluminum)

In March 2018, the U.S. commenced to impose additional tariffs on steel and aluminum imported from Japan of 25% (ad valorem) and 10% (ad valorem), respectively, pursuant to Section 232 of the Trade Expansion Act of 1962 (hereinafter "Section 232"). In addition, after February 2020, the U.S. began imposing additional tariffs at the same rates on derivative products of steel and aluminum (25% and 10% respectively) such as nails, cables, noting that despite the imposition of the Section 232 tariffs, imports of downstream products are increasing, and that the objective of the Section 232 tariffs are not being realized.

However, the U.S. grants exemptions from tariffs if it is approved that (1) the product at issue does not affect national security or (2) the substitute production of the product at issue cannot be made in the U.S., upon request from U.S. companies (product-based exemptions).

Tariffs were abolished for some countries (country-based exemptions) (imports from some countries, such as South Korea, are subject to absolute export quotas as an alternative to receiving country-based exemptions.). In addition, in October 2021, it was announced that steel and aluminum from the EU would be partially exempted from additional tariffs in exchange for the introduction of tariff quotas, and that additional tariffs would be removed for derivative products. Accordingly, the tariff quotas have been in place since January 2022 (secondary rates of 25% for steel and 10% for aluminum tariffs are maintained).

With regard to steel imports from Japan, tariff quotas were introduced in February 2022, and additional tariffs on derivative products were abolished (the 25% additional tariff on steel products and the 10% additional tariff on aluminum products were maintained as secondary tariffs).

The U.S. invokes Article 21 of GATT (Security Exceptions), stating that all measures pursuant to Section 232 are measures taken for the national security purpose. However, it is questionable whether these measures are justified under the Security Exceptions. In this regard, the panel reports in the cases brought by China, Norway, Switzerland, and Turkey were circulated to the WTO members, where the panel found in each case that the U.S. Section 232 measures cannot be justified under the Security Exceptions. The U.S. appealed

these four panel rulings. In January 2022, EU withdrew the case and the dispute between EU and the U.S. was referred to arbitration proceedings and has been suspended by their mutual agreement. In July 2023, the case filed by India was terminated by a mutually agreed solution, and a panel decision to that effect was issued in August of the same year.

The U.S. announced on February 10 and 11, 2025, a presidential proclamation regarding additional tariffs on imports of steel and aluminum products into the U.S under Section 232, andabolishing the existing country- and product-specific exemption system, thereby imposing a uniform 25% tariff on all imported steel and aluminum products effective March 12, 2019 (for aluminum products, the tariff rate was increased from 10% to 25%), and expanding the scope of steel and aluminum derivative products subject to the additional tariffs.

(Automobiles and Auto Parts)

Concerning automobiles and auto parts, an investigation report including recommendations to the President from the Secretary of Commerce was submitted in February 2019. In accordance with Presidential proclamations issued on May 17, 2019, the President instructed the USTR to negotiate with certain countries, including the EU and Japan, to address national security threats on the grounds that automobile imports from those countries threat to impair the U.S. national security. However, although the negotiation deadline in November 2019 had passed,. the U.S. has not yet made any decisions on specific measures.

In the joint statement by Japan and the U.S. in September 2018, it was confirmed that Japan and the U.S. would “refrain from taking measures against the spirit of this joint statement during the process of these consultations”. Furthermore, as agreements were reached for the Japan-U.S. Trade Agreement and the Japan-U.S. Digital-Trade Agreement in September 2019, both countries confirmed in the joint statement that “[w]hile faithfully implementing these agreements, both nations will refrain from taking measures against the spirit of these agreements and this Joint Statement”. The leaders of both countries confirmed that this meant that additional tariffs under Section 232 would not be imposed on Japanese automobiles and auto parts.

In November 2018, the U.S., Canada and Mexico signed the USMCA Agreement. At the same time, the Side Letters concerning automobiles and auto parts, were exchanged between the U.S. and Mexico and between the U.S. and Canada. In the Side Letters, an agreement was reached that if the U.S. imposes a measure pursuant to Section 232 on automobiles or any auto parts, the U.S. shall exclude from such measures a certain number of automobiles and auto parts and to all light trucks imported from Mexico and Canada.

On March 26, 2025, the U.S. issued a presidential proclamation titled “Adjusting Imports of Automobiles and Automobile Parts Into the United States,” and began imposing additional tariffs of 25% on automobiles starting April 3, 2025, and on major automobile parts starting May 3, 2025. Notably, for automobiles eligible for preferential tariffs under the USMCA, additional tariffs will be imposed only on the value of non-U.S. content of those automobiles, based on declarations of the value of the U.S. content included in each model. The value of

non-U.S. content is calculated as the total value of the automobile minus the value of U.S. content.

(Titanium Sponge)

With respect to the investigation on titanium sponge initiated in March 2019, in November 2019, the Department of Commerce found a national security threat but recommended not to take import adjustment measures. In February 2020, the President concurred with the findings that the import of titanium sponge will pose a national security threat, and directed the secretaries of the Department of Defense and the Department of Commerce to set up a working group, instead of imposing import adjustment measures (such as additional tariffs). In July 2020, the Department of Defense and the Department of Commerce established the Titanium Sponge Working Group (TSWG), involving the Department of State and the Department of the Interior as its members. The TSWG compiled its report and recommendations by the end of 2022, and published its final report and recommendations in July 2023. The TSWG's final report and recommendations include: (a) Adding titanium materials to the National Defense Stockpile, (b) exploring the feasibility, benefits, and consequences of restructuring titanium-related product tariffs; (c) promoting and funding recycling programs, innovation, and technological advancements in the titanium metal and aerospace industries; (d) monitoring the availability of idle domestic titaniumsponge capacity for use in the event of a sustained disruption to imports; and (e) maintaining strong relationships with Japan and other allies with titanium sponge capacity.

The U.S. imports most of its titanium sponge from Japan, but products from Japan, which is an ally of the U.S., will never pose a threat to the national security of the U.S. Rather, titanium sponge exported from Japan is well controlled in terms of quality, and is highly reliable. Exports from Japan are meeting the domestic supply shortage in the U.S., and truly supports the national security of the U.S. Accordingly, measures to be agreed on through the consultations should be consistent with the WTO Agreements.

(Tariff measures under the International Emergency Economic Powers Act (IEEPA))

The U.S. declared a national emergency on April 2, 2025, citing the lack of reciprocity in trade relations, including asymmetries in tariff rates, currency manipulation, and non-tariff barriers such as excessive value-added taxes (VAT), which have caused trade deficits and the hollowing out of the U.S. manufacturing and defense industries. Under the International Emergency Economic Powers Act (IEEPA), the U.S. announced a 10% additional tariff on nearly all imports, effective April 5. In addition, for all imports from certain countries and regions with which the U.S. has a trade deficit, the tariff rate was raised from 10% to additional tariff rates set for each country and region, effective April 9, with Japan facing an additional tariff of 24%. However, on April 10, the U.S. enacted an executive order suspending the tariff increase for 90 days. These additional tariffs are generally applied to all products, but certain products are exempted under the authority of the IEEPA, including personal communications (such as postal communications and telecommunications), donations, information and informational materials (including those provided via any transmission medium, such as publications, films, and CD ROMs), as well as: (i) all articles

and derivatives of steel and aluminum and all automobiles and automotive parts that are already subject to Section 232 measures; (ii) specified products such as copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, and energy and energy products, (iii) imports from countries not eligible for Most-Favored-Nation (MFN) tariff rates (Cuba, North Korea, Russia, and Belarus), and (iv) all articles that may be subject to duties pursuant to future Section 232 measures are exempt from the additional tariffs. Additionally, the reciprocal tariffs will only apply to the value of non-U.S. content in products where the value of U.S. content accounts for 20% or more of the total value of the product. Furthermore, for imports from Canada and Mexico, additional tariffs kdo not apply to imports eligible for preferential tariffs under the USMCAand to imports that do not satisfy the rules of origin under the USMCA so long as the tariff measures under the IEEPA (imposing an additional 25% tariff on products from Canada and Mexico) remain in effect. Imports from Mexico and Canada will be subject to the 12% country-specific additional tariff only when these 25% tariff measures are terminated.

An increase in tariffs exceeding the U.S. bound rates is likely to violate Article 2 of the GATT (Schedules of Concessions). Furthermore, while the IEEPA may grant the U.S. President broad authority to regulate economic transactions, measures imposing different rates of duty on a country-by-country basis may violate the most-favored-nation treatment obligation under the GATT (Article 1 of the GATT). Imports from Japan, an ally of the U.S., do not pose a threat to U.S. national security and, on the contrary, make significant contributions to the U.S. industry and employment. Japan will strongly urge the U.S. government to eliminate these measures.

- **Indonesia: Import Restriction Measures on Steel Products, Textile Goods, and Electrical Products**

While Indonesia has conventionally and frequently used various import restriction measures, recently there has been a series of moves to revise, abolish, or strengthen the import restriction system. In addition to the establishment, revision, and abolition of import approval and registration systems by item, the “Commodity Balance System (Neraca Komoditas)” (Presidential Decree No. 32 of 2022) should be noted as a move to collectively manage import restriction systems across items, whereby approval of subject imports and exports is conducted according to the supply-demand balance determined by the government. Initially, five items, including rice, beef, and aquatic products, were subject to this system. Afterward, presidential Decree No. 7 of 2025 enforced in February 2025 has designated nine items, oil, natural gas, sugar, salt, corn, rice, beef, aquatic products and garlic. An SPI (import license) is required to import subject products, and import approval will be granted based on the supply-demand balance of the items determined by the government. However, while the conventional application system ceased operation in December 2022, there have been delays and troubles in the operation of SNAS-NK, which is compatible with the new system, causing major confusion such as import delays. In particular, the system had a serious impact on steel products, with import applications

themselves being blocked on the system for an extended period of time. The Indonesian government is reportedly addressing these issues, such as postponing the operation of the new system for some products, but the future schedule is unknown.

Even under the former system, import licensing procedures for various goods were significantly delayed. This situation that there has been a significant delay in import licensing procedures for many products, including steel products, fiber products, and electrical products (such as air conditioners) remains under the current system. In addition, import licenses are only granted for quantities far below the number of applications, which has become a constant situation. The above situations may violate the provisions of elimination of "discretionary (…) import licensing schemes" (Article 11 of the Agreement on Safeguards) and general elimination of quantitative restrictions (Article 11 of GATT) set forth in the WTO Agreements. There is also a possibility of violating the Agreement on Import Licensing Procedures in the lack of WTO notification, uncertainty of the procedures, including application requirements, screening criteria, and screening period, and furthermore, in a significant delay in import approval procedures as well, if it occurs.

Japan has expressed its concerns to the Indonesian government on various occasions, including at various WTO committees. Japan will continue to closely monitor the transition and operation of the system, and will also encourage the Indonesian government to reduce the impact on Japanese products.

- **EU: Regulation on a Carbon Border Adjustment Mechanism (CBAM)**

In July 2021, the European Commission published a draft regulation on a Carbon Border Adjustment Mechanism (CBAM) and the European Commission, the European Parliament and the European Council subsequently made adjustments and the regulation was enacted in May 2023. The CBAM would impose a levy on importers of goods imported into the EU based on the carbon content of the product in question. The amount of the levy would be calculated as follows: CBAM certificate price (P/CO2-ton) x emissions per unit of product (CO2-ton/Q) x amount of product imported (Q). The CBAM certificate price would be linked to the emissions trading price in the EU-ETS, the EU's greenhouse gas emissions trading system. In the CBAM, the carbon price (tax, levy, fee or in the form of emission allowances under a emission trading system) paid outside the region will be taken into account as a burden accompanied with carbon emission outside the region in a manner of a deduction from the levy. The CBAM entered into force in October 2023, but will be subject to a transitional period until the end of 2025. During the transitional period, importers will not be obliged to pay the import levy, but will be obliged to report information such as emissions per unit of product.

In February 2025, the European Commission announced an omnibus package that includes the simplification of environmental regulations, which also featured proposals for simplifying and strengthening the effectiveness of EU's CBAM. Since the CBAM is a border measure that imposes a levy on imports, it will naturally have an impact on trade, but the basic premise is that it must be designed to be consistent with WTO rules such as national treatment. In particular, whether the CBAM can satisfy justifications under WTO rules may

become an issue. An issue closely related to consistency with rules is that restrictions on trade need to be the minimum necessary to achieve the objective, with many issues to be considered in this regard. For example, first, in order to be considered a measure aimed at preventing carbon leakage, it would need to be confirmed that the carbon intensity of imported goods exceeds that of domestically produced goods. This is because if the carbon intensity of imported goods is equal to or lower than that of domestic goods, there is no carbon leakage associated with imports, and there is thus no basis for requiring the payment of a levy at the border. In addition, how to measure and evaluate carbon emissions per unit of a good on the same international basis, and how to compare the intensity of measures taken by each exporting country, including how to verify the carbon cost of each country's emission reduction efforts are all issues that require careful consideration.

Another issue is that the Regulation suggests the possibility of future support measures for exports from the EU, and that, if such measures are to be considered, WTO consistency should be taken into account. But in general, support conditional on export is likely to fall under export subsidies, which are prohibited by the ASCM. The ASCM clearly provides that the refund of indirect taxes upon export does not constitute an export subsidy. But the burden under the EU-ETS is not a domestic tax levied on goods, and is not an indirect tax. Thus, it is not easy to ensure WTO consistency for a system that exempts export products from the burden of emission credits.

Japan, for its part, will continue to engage in bilateral discussions with the EU and discussions on the above issues among member countries in various WTO committees and others. Japan will examine and engage with the EU's CBAM proposal from the perspective of its consistency with global rules and its appropriateness as a trade-related climate measure.

In December 2023, the United Kingdom also announced that it would introduce its own CBAM by 2027, which will be addressed in conjunction with the above.

- **EU: Anti-Dumping investigation On Hot-Rolled Flat Products Of Iron From Japan**

The EU initiated the AD investigation on hot-rolled flat products from Japan, Egypt, India and Vietnam in August 2024.

The subject products have already been subject to the safeguard measures imposed by the EU (the "EU Steel Safeguard") since July 2018. Therefore, the total import volume of the subject products has remained stable. The increased imports from the four countries subject to this AD investigation have replaced the imports of other exporting countries, within the amounts of the tariff rate quotas set out in the EU Steel Safeguard, which cannot cause injury to the domestic industry of the European Union.

Moreover, since July 2024, the EU Steel Safeguard measure has been extended and reinforced. and As a result, the volume of imports from Japan in 2nd half of 2024 has decreased by about 51.2% compared to the previous year. Japan is worried about the risk that the EU would find injury, without taking into account the trade-restrictive effect of the extended safeguard measure. If the EU's injury finding lacks the proper consideration for the

factors taking place after the period of investigation, it would be inconsistent with Article 3.1 of the Antidumping Agreement.

In April 2025, the EU imposed the provisional measures, with 6.9-33.0% additional duties calculated for the subject products from Japan.

Japan submitted its governmental opinions to the EU prior to the public hearing and after the provisional measures were imposed, and expressed its concerns at the public hearing and at the WTO AD Committee. Japan will continue to closely monitor this investigation and request that the EU make an appropriate determination.

- **EU: F-Gas Regulation**

In order to protect the ozone layer and reduce global warming, with a target of reducing emissions of fluorinated greenhouse gases ("F-Gases") by two-thirds by 2030, the EU has enacted a regulation in 2014 that regulates the global warming potential (GWP) of refrigerants used in split type air conditioners (whose refrigerants circulates across indoor and outdoor units) with refrigerants capacity of less than 3 kg to be less than 750 starting 2025, along with other appliances using HFCs (hydrofluorocarbons). However, to further reduce emissions, the EU revised the regulation in February 2024 to completely prohibit the use of F-Gases by 2035 for split type air conditioners with a capacity of 12 kW or less, and by 2032 for self-contained type air conditioners (whose refrigerants is contained only in the outdoor unit).

This 2024 revision that completely bans F-Gases risks prohibiting all split type air conditioners, which are technically more difficult to use highly flammable refrigerants as a substitute for F-Gases refrigerants due to their design, from being put on the EU market in the future. In this respect, a large portion of the split type air conditioners sold in the EU market are imported from outside the EU. On the other hand, self-contained type air conditioners, in which it is relatively easy to replace F-Gases refrigerants with highly flammable refrigerants as their refrigerants is contained only in the outdoor unit, are mostly supplied by domestic manufacturers in the EU market. Therefore, there is a concern that the 2024 revision to the regulation prohibiting F-Gases completely would accord less favorable treatment to split type air conditioners produced outside the EU than to self-contained type air conditioners, which are the like domestic products produced in the EU. This may infringe upon the national treatment obligation (GATT Article 3, Paragraph 4), under which a WTO Member is required to accord imported products treatment no less favorable than that accorded to like domestic products.

Moreover, the regulation uniformly prohibits the use of low-GWP F-Gases that contributes to the objective of reducing greenhouse gas emissions and does not take into account the lack of availability of alternative refrigerants. In addition, since no assessment of the safety risks associated with the use of highly flammable refrigerants and the greenhouse effect associated with the use of low-GWP F-Gases has been conducted, there is a risk that the regulation has not been designed to be sufficiently relevant to its objective. Therefore, it cannot be said that the aforementioned disadvantages are solely based on legitimate

regulatory distinctions, which may violate Article 2.1 of the TBT Agreement. In addition, for the same reason, the regulation which may violate the above national treatment obligation under the GATT may be regarded as “a means of arbitrary or unjustifiable discrimination” or “a disguised restriction on international trade” and may be difficult to justify under the general exception of the GATT. Furthermore, the regulation may violate Article 2.2 of the TBT Agreement as a more trade-restrictive measure than necessary to achieve a legitimate objective because it uniformly prohibits the use of F-Gases even when there is no availability of alternative refrigerants, as described above. Although the TBT notification was submitted in November 2023, the European Commission's press release dated October 2023, prior to the notification, stated that the regulation would enter into force upon adoption by the European Parliament and the Council of the EU, which demonstrates that the European Commission was not supposed to consider Members’ comments on the TBT notification.Further, the part pertaining to the total ban on F-Gases, which was newly included by the political agreement of October 2023, has not been notified under the TBT Agreement. These procedural aspects of the 2024 revision to the F-gas Regulation may violate Article 2.9 of the TBT Agreement. In addition, considering all the facts above, the measure may be inconsistent with the EU’s obligation to provide national treatment under Article 8 in the section B (investment liberalization) of Chapter 8 of the Japan-EU Economic Partnership Agreement.

The Japanese government submitted its comment at the time of the TBT Notification and has expressed its concerns at consultations through the Japan-EU EPA Joint Committee in January 2025 as well as the WTO TBT Committee in March 2025 and the WTO Trade in Goods Council in April 2025. Japan will continue to closely look into the developments of the details of the revision of the regulations and encourage the system to be balanced in terms of safety, energy efficiency, and other aspects.

- **France: Subsidies for Electric Vehicles**

In July 2023, the French government announced an amendment to the eligibility requirements for the subsidy for the purchase of electric vehicles (EVs) to take into account CO2 emissions from the manufacturing and transportation of the vehicles, and solicited public comments until August. In September, a decree making the above amendment was promulgated and came into effect in October of the same year. The amendment sets an environmental score to be calculated from the CO2 emissions of EVs during their manufacturing and transportation processes, and vehicles with an environmental score of 60 or higher will be eligible for the subsidy. For the purchase of a passenger car, 27% of the purchase price will be subsidized (up to 5,000 euro for individuals, 3,000 euro for corporations, and 7,000 euro for people on lower incomes). The environmental score is assessed as the sum of CO2 emissions calculated by multiplying the emission factor and the amount used, etc., for each of the following items: (i) emissions from the manufacture of steel, aluminum, and other materials; (ii) emissions from the manufacture of batteries; (iii) emissions from intermediate assembly, etc., excluding batteries; and (iv) emissions during

transportation. Emission factors for (i) through (iii) are set by country or region, while for (iv), emission factors are set by country or region for overland (rail and road) transportation and uniformly by distance for marine transportation. If there is an objection to the calculation of the environmental score, there is a provision allowing recalculation and reapplication of CO2 emissions based on actual measured values. In December 2023, the French government announced the list of vehicle types eligible for the subsidy. Subsequently, the French government has announced that it will reduce the subsidy amount for EVs from a maximum of 7,000 euros to a maximum of 4,000 euros in 2025. In addition, the budget for EV subsidies in 2025 will be reduced by two-thirds.

Emissions during transportation are included in the calculation of the environmental score, which is an eligibility requirement for the subsidy. In the case of marine transportation, emissions during transportation are calculated by multiplying the transportation distance by a uniform emission factor. In the case of land transportation, emission factors for rail and road transportation are set higher for Asian countries than for European countries. Due to these designs, the treatment of imported vehicles differs depending on the length of transportation distance and method of transportation, which may violate Article 1.1 (Most-Favoured-Nation Treatment obligation) and Article 3.4 (National Treatment obligation) of GATT. In addition, the CO2 emission factors for steel and battery production, etc., used to calculate the environmental scores are set uniformly by country or region, and European countries and regions, including France, have factors that are better than those of other countries and regions, making imported vehicles harder to score and less eligible for the subsidy than French and European-made vehicles. Therefore, as unfavorable treatment of some imported vehicles, there is a possibility of violating Article 1.1 (Most-Favoured-Nation Treatment obligation) and Article 3.4 (National Treatment obligation) of GATT.

Japan has expressed its concern to the French government on various occasions, and has also expressed its concern to the EU about the extension of this measure and similar measures to other countries and sectors through various talks. Japan will seek to correct measures that are inconsistent with the WTO agreement, and will closely monitor the situation in cooperation with industry and other countries to ensure that such measures do not extend to other sectors or countries.

- **India**: **Inappropriate Application of Trade Remedy Measures**

The Indian government initiated 1,218 AD investigations between 1995 and the end of December 2024, which is the largest number of all WTO Members, and among which Japanese products were included as the subject products in 51 cases. Among these 51 cases, AD measures were applied in 34 cases. AD duties remain in force in 4 cases as of the end of June 2024. India initiated 48 SG investigations between 1995 and the end of December 2023, among which SG measures were applied in 25 cases. The first SG investigation pursuant to Japan-India CEPA was also initiated in 2020 (the investigation was subsequently terminated because the application was withdrawn).

Regarding the AD and SG measures imposed by India, possible inconsistencies with the relevant WTO Agreements, including AD and SG Agreements, have been observed. The

possible inconsistencies include the lack of objectiveness in determination of injury and causal link, such that it was determined that the Indian companies suffered injury due to dumped imports or increased imports from Japan even though the injury occurred because of deterioration in domestic demands and increase in market share of the domestic competitors. In some AD investigations, the notifications to the interested parties, including the subject companies, were not made appropriately and in a timely manner, which prevented the subject companies from effectively responding to the investigation which constitutes a lack of procedural transparency.

Regarding India's seemingly inappropriate AD and SG investigations, Japan has been conveying government opinions to Indian investigating authority and requesting that it improve the situation using various opportunities such as submission of written opinions to Indian investigating authority, consultations with Indian government officials, participation in public hearings and attendance in WTO AD and SG Committee meetings, etc.

Japan will continue to encourage India to correct its inappropriate operation and application of the trade remedy measures.

- **China: Industrial Subsidies**

The government of China has not fully fulfilled its notification obligation under Article 25 of the Agreement on Subsidies and Countervailing Measures (ASCM), which requires members to provide notification of any subsidies that are specific every two years (in 2011, 2014, and 2017, the Unite States filed notifications of certain Chinese subsidies (so called "counter notification") that China should have provided notifications for, including support regimes for China's strategic emerging industries). In July 2016, the government of China provided notifications for subsidies by its local governments for the first time. However, the issue that the subsidies for which notification should have been provided has not been sufficiently resolved. Insufficient transparency of subsidies would likely encourage market-distorting subsidies, and is suspected to have led to excess capacity in certain industries such as steel and aluminum.

Regarding the problem of excess capacity in some industries including aluminum and steel caused by Chinese government subsidies, there may be some subsidies that are inconsistent with Article 5 of the ASCM as they have an adverse effect on the interests of other member countries. Furthermore, it is concerning that a variety of the governmental financial support initiatives including loans by state-owned enterprises and government funds: i) increases government influence on major companies, ii) may promote concentration of private capital, and a huge amount of capital would flow into certain industries that would result in excess capacity, and iii) may be used for acquiring foreign companies that have highly advanced technology.

The issue of China's industrial subsidies has also been highlighted in the OECD reports. For example, the OECD series of reports on "Measuring distortions in international markets", published in January 2019 (aluminum value chain), December 2019 (semiconductor value chain), and May 2021 (below-market finance), indicate the relationship between distortion of conditions of competition and the large amount of government support in the manner of

below-market borrowings and equity in various industries, including aluminum, solar PV and semiconductors in China and other countries.
Furthermore, the OECD series of reports on “Government support in industrial sectors” and “Government support and state enterprises in industrial sectors” published in April 2023 also show i) that industrial firms based in China receive disproportionately more support overall than firms based in OECD members and other non-OECD members such as India, Thailand, and Malaysia; ii) that state-owned enterprises play an important role as recipients as well as providers of subsidies; iii) that disclosure of information regarding government support and government ownership is limited and that the investment by China’s government guidance funds aggravates this problem. Additionally, the OECD report from June 2024 (Quantifying the Role of State-Owned Enterprises in Industrial Subsidies) points out features distinguishing China's government guidance funds from other government guidance funds. It highlights that the control of Chinese authorities over investment decisions made by government guidance funds remains significant, and there is a notable lack of transparency not only regarding the structure and ownership of the investment entities but also concerning investment criteria, investment records, and performance.

In the light of this situation, Japan has held several discussions with the government of China to solve the issue. For instance, the Japan-China Economic Partnership Consultation in February 2023 (a vice-minister-level consultation with China's Ministry of Commerce, with the Japanese delegation led by Vice-Minister for Foreign Affairs and attended by representatives of METI and other relevant ministries), and the Japan-China High-Level Economic Dialogue in March 2025 (Japan was led by the Minister for Foreign Affairs and including representatives from the METI and other relevant ministries, while China was led by the Minister of Foreign Affairs with representatives from the Ministry of Commerce and other relevant ministries) .

Also, in the Subsidies Committee meetings and Trade Policy Review (TPR) of China at the WTO, together with the United States, the EU and others, Japan brought up discussions related to the issues of subsidies and excess capacity. At the TPR of China in 2024, many member countries expressed concerns regarding China's opaque and pervasive non-market policies and practices and extensive market interventions using state-owned enterprises. Additionally, the WTO Secretariat's report at the TPR of China, also pointed out that information on government support for sectors such as steel, EVs, and semiconductors is unclear, where such support could have a significant global impact. It was also pointed out that details of investments by government guidance funds are not disclosed, and there has been no notification to the SCM Committee..

In addition, while not targeting specific countries, the Trilateral Meeting of Trade Ministers among Japan, EU and the U.S., started in December 2017, also has held discussions on strengthening rules on industrial subsidies and state-owned enterprises. G7 countries including Japan also has repeatedly referred to the need to address harmful industrial subsidies in the G7 Leaders’ Communiqué. G20 has also discussed excess capacity in the steel sector and industrial subsidies.

Japan, in cooperation with other WTO members, will continue discussion with China bilaterally and multilaterally so that China enhances the transparency of its expenditure

related to industrial subsidies and state-owned enterprises to ensure market-distorting measures are not taken, and that the system in China operates within the confines of the ASCM.

- **China: Regulations related to cybersecurity and data**

Recently, the Chinese government has put in place various laws and regulations related to cybersecurity and data security. The Cybersecurity Law in June 2017, the Data Security Law in September 2021, and the Personal Information Protection Law in November 2021, respectively, became effective. Additionally, China has legislated relevant laws and regulations related to the three laws mentioned above.

If these laws place foreign business operators in substantially less favorable competitive conditions than Chinese business operators, it might violate the national treatment obligations stipulated in Article 17 of GATS, as well as Articles 8.4 and 10.3 of the RCEP Agreement. In addition, it might also violate the provisions of free flow of data across borders and prohibition of computing facilities location requirements in the RCEP Agreement (Articles 12.14 and 12.15 of the RCEP Agreement), depending on the implementations. Although not only the Japanese but also other foreign governments, and industry groups, etc., had submitted their opinion through the public consultation process and expressed their concerns to the Chinese government, these laws came into force without reflecting much of those concerns.

Subordinate laws and regulations relevant to the three laws are also subject to public comment procedures. The draft "Measures on the Management of the National Online Identity Authentication Public Service," published in July 2024, stipulates the handling of personal information by the government in the operation of the "public service platform" in the construction of the National Online Identity Authentication Public Service. Additionally, the revised draft "Measures for the Administration of Electronic Certification Services," published in September 2024, stipulates the qualifications and obligations of electronic certification service providers, as well as the supervision and management of these providers by the authorities. Furthermore, the draft "Measures for the Certification of Personal Information Protection for Cross-Border Data Transfers," published in January 2025, stipulates the procedures for personal information protection certification in cross-border transfers. Specifically, it confirms that personal information processors outside of China must comply with Chinese laws and regulations and are subject to the supervision and management. It also stipulates that during the validity period of the certification, they must be subject to continuous supervision by specialized certification bodies. Additionally, it mandates that specialized certification bodies promptly report to the authorities if, during certification activities, there is a possibility that cross-border transfers of personal information could endanger national security or public interests. These Measures have many unclarities such as definitions of terms, detailed requirements for application or examination, contents of particular procedures and scopes of coverage.

Japan submitted our opinion through the public consultations on the draft "Measures on the Management of the National Online Identity Authentication Public Service" and the

revised draft "Measures for the Administration of Electronic Certification Services" conducted in 2024, as well as on the draft "Measures for the Certification of Personal Information Protection for Cross-Border Data Transfers" conducted in January 2025. Additionally, at the WTO Council for Trade in Services, Japan expressed concerns regarding the draft " Measures for the Certification of Personal Information Protection for Cross-Border Data Transfers." Japan will continue to pay close attention to the status of amendments and operations of the Cybersecurity Law, Data Security Law, Personal Information Protection Law and relevant subordinate laws and regulations, and urge China to correct the status through WTO's Council for Trade in Services, TBT Committee meetings and bilateral consultations, etc. in cooperation with relevant countries.

- **China: Forced Technology Transfer**

In Paragraph 7.3 of its Protocol of Accession to the WTO, China commits to ensure that the distribution of means of approval for importation, the right of importation or investment by national and sub-national authorities is not conditioned on technology transfer requirements. In Article 10.6 of the RCEP Agreement, China also commits to prohibit performance requirements including technology transfer requirements and royalty regulations. In addition, the Chinese government stipulated in the Foreign Investment Law, which came into effect in January 2020, that administrative agencies and their officials must not use administrative means to force technology transfer. However, there remains concerns with the ambiguity of the conditions under which administrative agencies may request businesses to provide technical information, as well as the difficulties in collecting evidence when an unlawful request was made through state-owned enterprises or other public entities. There also continues to be systems in place that could result in forced technology transfer depending on their operation. In addition, the systems still exist which could result in forced technology transfer depending on their operation. For example, multiple laws contain clauses requiring businesses to provide data to government authorities, which may require them to provide technical information including source codes and encryption. Such laws include: the Measures for Data Security Management (draft) published in May 2019, the Measures for the Administration of Data Security in the Field of Industrial and Information Technology Sectors (For Trial Implementation) published in September 2021 and February 2022, the Outbound Data Transfer Security Assessment Measures (draft) published in October 2021, the Measures for Network Data Security Management (draft) published in November 2021, the Provisions on Management of Automotive Data Security which came into effect in October 2021 and the Cybersecurity Review Measures (Revised) which came into effect in February 2022. In the WTO, Japan raised the issue of forced technology transfer at the 2021 Trade Policy Review requesting China to explain if any measure is taken to prevent government authorities from coercing foreign investors and businesses to transfer their technologies, as well as available remedies for forced technology transfer.

In addition, while not targeting specific countries, at various international fora such as the G7 and the OECD , the issue of forced technology transfer has been discussed. For example, G7 members, including Japan, have repeatedly mentioned the need for addressing forced

technology transfer in the past G7 Leaders Communiqués and trade ministers' statements. In particular, the G7 Trade Track in 2023, in which Japan was the presidency holder, classified not only cases of laws and regulations clearly specifying what constitutes forced technology transfer, but also cases that practically fall under requests for forced technology transfer, such as (1) a requirement for a joint venture with local capital as a condition of operating businesses in the country accepting investments (In many cases, domestic and foreign investment ratio is 51:49.), (2) a requirement for local production and procurement, and (3) national standards for individual industries, and exchanged opinions on the recognition of the current situation and the issues faced by each G7 member country. Additionally, the G7 Trade Ministers' Meeting in 2024 under Italy's Presidency, they committed to continuing their collaboration on the possible development of principles regarding forced technology transfer. Furthermore, at the 2024 OECD Ministerial Council Meeting chaired by Japan, they agreed to continue discussions on gaps between the existing WTO rules and current situations with a view to securing a level playing field including in relation to forced technology transfer.

Japan, in cooperation with other member countries, will continue to proceed with discussions aimed at solving the problem through bilateral and multilateral consultations to ensure that the Chinese system is operated in a manner consistent with the rules and commitments including its Protocol of Accession to the WTO.

- **Vietnam: Cybersecurity Law / Decree on Personal Data Protection**

The Vietnamese government enforced the Cybersecurity Law in January 2019, and in October 2022, Decree 53, stipulating the detailed requirements to store data within Vietnam and to establish branches or representative offices according to the Cybersecurity Law, was enforced.

If these obligations place foreign business operators in de facto less favorable competitive conditions than Vietnamese business operators in the sectors, the Draft Decree could be deemed as a violation of the national treatment obligations stipulated in Article 17 of GATS as well as Articles 9.4 and 10.3 of the CPTPP. Additionally, since Vietnam has agreed to the provisions of cross-border free flow of information and the prohibition of the requirement regarding location of computing facilities in the CPTPP and RCEP Agreements (Articles 14.11 and 14.13 of the CPTPP Agreement and Articles 12.14 and 12.15 of the RCEP Agreement)[1], the Cybersecurity Law could conflict with these provisions, depending on the implementation. Since Decree 53 requires a specific form in relation to the obligation to establish branches or representative offices in Vietnam, it might violate the market access obligations stipulated in Article 16 of GATS and the prohibition of requirement to establish an enterprise in its territory stipulated in Article 10.6 of the CPTPP Agreement.

In addition, the Personal Data Protection Decree enforced in July 2023 has provisions

[1] Under the CPTPP Agreement, the Japanese Government and Vietnamese Government have signed a side letter setting forth that measures based on the Vietnam's Cybersecurity Law and laws and regulations related to cybersecurity shall be exempted from the dispute resolution provisions for five years after its effectuation.

which requires business operators to, when transferring personal data across borders, assess cross-border transfers of personal data and submit the assessment to the Ministry of Public Security in advance. The draft “Decree on Penalties for Administrative Violations in the Field of Cybersecurity” published in May 2023 provides for administrative sanctions against violations of the obligations prescribed by the Personal Data Protection Decree, in addition to sanctions against violations of the obligations of cybersecurity protection. It also provides that, as an additional sanction against a violation of obligations concerning cross-border transfers of personal data, if the person who committed a violation is a foreign national, such person shall be deported from Vietnam. These provisions are likely to contravene the national treatment obligations of Article 17 of the GATS and Articles 9.4 and 10.3 of the CPTPP Agreement if, in practice, foreign business operators are treated substantially less favorably than domestic business operators in Vietnam.

In November 2024, the Data Law was enacted. In February 2025, the drafts of three decrees and one decision that detail the regulations and implementation measures of the law (hereinafter "the draft subordinate regulations of the Data Law") were published. The draft decree on scientific, technological, and innovative activities and data-related services provides that "the head of the organization or the legal representative of the enterprise" (hereinafter "the head of the organization, etc.") providing data intermediary services must be a Vietnamese citizen or a person permanently residing in Vietnam. However, limiting the head of the organization, etc., to a Vietnamese citizen or a person permanently residing in Vietnam may raise issues regarding consistency with Vietnam’s commitments concerning national treatment under GATS and the service trade chapters in the respective EPAs, as well as the obligations related to senior management and boards of directors under the investment chapters in the respective EPAs.

Regarding the draft subordinate regulations of the Data Law , Japan submitted our opinion through the public consultation processes in 2025 and expressed concerns on the Data Law and the subordinate regulations at the WTO Council for Trade in Services, etc. Additionally, Japan has encouraged Vietnam to establish a fair and transparent system that reflects international rules and practices, Japan will continue to monitor legislative developments and their enforcement and implementation, and if necessary, Japan will proceed with discussions pursuing improvements and clarifications in the WTO Council for Trade in Services or bilateral consultations, etc.

(2) Issues that have been submitted to the WTO's trade dispute settlement procedures

● Korea: Measures Affecting Trade in Commercial Vessels

Since October 2015, Korea has been using public financial support by taking measures to support its domestic shipbuilding industry, which includes: (1) financial support by a public financial institution for a domestic shipbuilder (Daewoo Shipbuilding & Marine Engineering Co., Ltd.); (2) providing refund guarantees supporting orders placed with shipbuilders; (3) support for purchasing new commercial vessels for shipping companies

through the New Shipbuilding Program (public-private fund); and (4) other measures such as subsidies for replacing current vessels with eco-ships (subsidizing a part of the price of new ship). As results of these public financial support measures, Korean companies were able to repeatedly make low cost orders for new ships, leading to a substantial drop in ship prices in the international markets. In addition, Japan's market share has fallen substantially due to lost orders and due to Japanese companies giving up on competing in the market because of the decline of the market ship price. These measures may be inconsistent with Article 5 of the Agreement on Subsidies and Countervailing Measures (ASCM). The public financial support likely distort the market and hamper early resolution of the excess supply capacity issues in the shipbuilding industry. Further, certain measures may be regarded as export subsidies prohibited under Article 3 of the ASCM.

Japan requested that Korea rapidly abolish the measures during the director-general-level talk between Maritime Bureau of MLIT and Ministry of Trade, Industry and Energy Korea (MOTIE) in October 2018, but the measures have not been withdrawn. Consequently, Japan requested bilateral consultations based on the WTO Agreements in November 2018 and in January 2020 and is consulting with Korea. Japan also has been raising concerns on Korea's support measures to its shipbuilding industry repeatedly through discussions at multilateral settings. In this regard, Japan requested Korea to explain its public financial support measures and to ensure their transparency at the Shipbuilding Committee of the OECD, in April 2025.

Japan will continue to request that Korea abolish these measures.

- **India**: **Tariff Treatment on Certain Goods in the ICT Sector**

In July 2014, the government of India, raised the tariff rate for some ICT products (HS code: 8517.62-90 and 8517.69-90 parts of telecommunication devices) to 10% which were set as 0% in India's Schedule of Concessions under the WTO Agreement. Thereafter, in July 2017, it raised the tariff rates for ink cartridges（HS code: 8443.9951 and 8443.9952）, mobile phones (HS code:8517.1210 and 8517.1290)[2] , base station（HS code:8517.6100）and parts of telephone/telecommunication devices（HS code:8517.7090）. Furthermore, in December 2017, it publicly issued a notification to raise the tariff rate for mobile phones to 15%. In addition, in February 2018, it raised the tariff rate for mobile phones and parts of telecommunication devices（HS code:8517.6290）to 20%. In April 2018, it also raised the tariff rate for mobile phone printed circuit board assemblies（PCBA）（HS code:8517.7010）to 10% and in February 2020, further to 20%. In January 2022[3], it also raised the tariff rate

[2] In January 2020, HS codes were altered accompanying the amendment of the tariff schedule of India, and the tariff classification now consists of HS8517.1211, 8517.1219, and 8517.1290.

[3] In January 2022, Through the amendment of the tariff schedule of India、telephones for other wireless networks, other than cellular networks（HS8517.12）was classified into HS8517.1300（Smartphones、the tariff rate 20%）and HS8517.1400（Other telephones for cellular networks or for other wireless networks、the tariff rate20%）, populated, loaded or stuffed printed circuit boards（HS8517.7010）was classified intoHS8517.7910（Populated, loaded or stuffed printed circuit boards、the tariff rate 20%）, (a) All goods other than the parts of cellular mobile phones and (b) Inputs or sub-parts for use in manufacture of parts mentioned at (a)（HS8517.7090）was classified into HS8517.7100（Aerials and aerial reflectors of all kinds; parts suitable for use therewith、the tariff rate 20%）andHS8517.7990（Other、the tariff rate 15%）.

for parts of telecommunication devices from 15% to 20% through the amendment of the tariff schedule of India.

These are clearly in violation of Article II of the GATT because,for example, India raised the effective tariff rates for products such as mobile phones, parts of telephone/telecommunication devices and base stations for which it has specified as duty-free based on 6-digit HS code in its Schedule of Concessions.

Japan repeatedly expressed concerns through the WTO Market Access Committee, the Information Technology Agreement (ITA) Committee, the WTO Council on Trade in Goods, the Embassy of Japan in India, etc., and requested that the Government of India provide a detailed explanation and promptly withdraw the measures. However, the government of India continued to provide the same response that “those products did not exist when the ITA was concluded, and therefore they are not subject to the elimination of tariffs which India promises under the ITA”, and so far, no improvement of the situation has been observed.

In May 2019 Japan requested that the government of India hold consultations based on the WTO Agreements and pursued the withdrawal of the measures. However, as the issue was not resolved through the consultations, in March 2020, Japan requested the establishment of a panel and in July 2020, the panel was established. In June and July 2020, EU and Chinese Taipei also requested the establishment of a panel and the panels were established, respectively. In April 2023, the panel report was published which fully accepted Japan's arguments and found India's measures to increase tariffs on the ICT (information and communications technology) products to be inconsistent with the WTO Agreements.

In May 2023, India appealed to the WTO Appellate Body, and the case is pending the start of the Appellate Body procedure. Japan will appropriately respond in the Appellate Body procedure when it is resumed. Japan will also continue to request that India promptly and faithfully correct the measures.

- **India: Safeguard Measures on Hot-Rolled Steel Coils**

On September 7, 2015, the government of India initiated an investigation on hot-rolled steel coils and decided to impose provisional safeguard measures on September 9, 2015, which is only two days after the initiation. The provisional safeguard measures were imposed on September 14, 2015 levying duties on hot-rolled steel coils. In March 2016 the government of India made a public notice on imposing the definitive safeguard measures for a period of two years and six months, starting from the date of levy of the provisional safeguard duty.

As required under the WTO Agreements, the investigating authority needs to clearly determine and demonstrate an increase in import resulting from the effect of the obligations incurred under the GATT 1994 as prescribed in Article XIX, paragraph 1 (a) of the GATT 1994. However, the Indian authority failed to clarify this in its investigation reports.

Moreover, as required under the WTO Agreements, the investigating authority needs to demonstrate the increase in import as the results of unforeseen developments, in addition to the effect of the obligations incurred under the GATT. However, although the investigation reports prepared by the Indian authority recognize such facts as excessive overproduction

in China and demand increase in India as unforeseen developments as prescribed in Article XIX, paragraph 1 (a) of the GATT 1994, these facts are only changes in supply-demand relationships, which exert influence equally both on imported goods and domestic goods, and they do not cause disadvantageous changes in conditions of competition for domestic goods and do not fall under unforeseen developments.

Given these facts, the Indian authority cannot be seen to have properly demonstrated the fulfilment of the requirements for imposing safeguard measures under Article XIX, paragraph 1 (a) of the GATT 1994.

Furthermore, Japan understands that the Indian authority has not fulfilled other requirements for imposing safeguard measures. In addition, there were defects in the content of the notification to the WTO and thus the consistency of its procedure to the WTO Agreements is questionable.

Japan has carefully monitored the actions taken by the Indian authority concerning this issue since September 2015 when the investigation was initiated, and submitted government opinions, held bilateral consultations, and participated in public hearings procedures. In the written opinions submitted, Japan suggested that the safeguard measures at issue may violate the WTO Agreements and requested that due care be taken in conducting the investigation. Nevertheless, the Indian government decided to impose definitive safeguard measures following the investigations and has not corrected their measures since then. Therefore, in December 2016, Japan requested that India hold bilateral consultations under the WTO Agreements. In March 2017, Japan requested that the WTO establish a panel regarding the safeguard measures at issue and the panel was established in April 2017.

In November 2018, a panel report was published. The relevant safeguard measures lapsed during the consultation period, but most of Japan's arguments were accepted in the panel report. The report recommended that India bring the relevant measures into conformity as long as the effect remains since India's safeguard measures are inconsistent with the WTO Agreements. In December 2018, India appealed to the WTO Appellate Body and is waiting for the examinations at the Appellate Body. Japan will appropriately respond to the examinations of the Appellate Body when it is resumed.

(Reference 2) Development of Individual Trade Policies and Measures Described in "METI Priorities Based on the 2024 Report on Compliance with Trade Agreements by Major Trading Partners" for the Past One Year

Name of the Country	Trade Policies and Measures	Development
China	Export Control Law	Japan has been actively seeking for a fair and transparent system which reflects international rules and practices, expressing concerns against the law (including its drafts) at meetings such as the WTO Council on Trade in Goods.
	Inappropriate Application of AD Measures	Japan expressed its concerns about China's AD investigations which are considered inappropriate by pointing out problems of the investigation through submission of written opinions and at the public hearings. Japan also pointed out problems of China's inappropriate AD investigations at the WTO AD Committee meetings.
	Anti-Suit Injunctions (ASI) by Chinese courts in Standard Essential Patent Lawsuits	Based on the EU's request made in December 2022, a panel was established in January 2023. Japan participates in the panel as a third party. In April 2025, the EU requested the suspension of the panel proceedings. In the same month, the EU submitted a Notice of Appeal, and China filed a cross-appeal, initiating the MPIA appeal process.

China	Preferential treatment for domestic companies and domestic products in government procurement	Japan expressed its concerns on the preferential treatment of domestic products in the local governments' procurements as well as the amendments to the Government Procurement Law at the WTO Council on Trade in Goods and the Commission on Government Procurement and other occasions. In December 2024, public comments were solicited regarding the "Notification on Matters Related to Domestic Product Standards and Implementation Policies in Government Procurement" to establish standards for domestic products required in government procurement, such as the proportion of domestically produced components. In response, the Japanese government submitted comments and expressed its concerns through opportunities such as bilateral meetings.
	Industrial Subsidies	In the Subsidies Committee meetings, Japan proposed discussions related to the problem of subsidies and overcapacity, including the necessity to improve the transparency of subsidies, together with the U.S., the EU and others.
	Regulations related to cybersecurity and data	Japan submitted our opinion through the public consultations on the draft "Measures on the Management of the National Online Identity Authentication Public Service" and the revised draft "Measures for the Administration of Electronic Certification Services" conducted in 2024, as well as on the draft "Measures for the Certification of Personal Information Protection for Cross-Border Data Transfers" conducted in January 2025. Additionally, at the WTO Council for Trade in Services, Japan expressed concerns regarding the draft " Measures for the Certification of Personal Information Protection for Cross-Border Data Transfers."
	Forced Technology Transfer	Japan conveyed its concerns at bilateral and multilateral consultations, while confirming the need for further discussions and action through the G7 and OECD.

China, Hong Kong, Macau, Russia	Suspension of Import of Japanese Aquatic Products in Response to Discharge of ALPS Treated Water Into the sea	Regarding relations with China, on September 20, 2024, “Shared Recognition between Japan and China” was announced. In the announcement “after conducting the monitoring activities such as the independent sampling by the participating countries,” China “will initiate adjustment of the measures, based on scientific evidence, thereby steadily restoring imports of aquatic products from Japan which meet the standards.” At the technical consultation on May 28, Japan and China reached an agreement on the technical requirements that are necessary for the resumption of exports to China. Japan urges certain countries/regions to immediately repeal import restrictions on Japanese aquatic products.
The United States	Zeroing (Inappropriate Calculation of AD Duties) Including Abusive Zeroing in the Cases of Targeted Dumping	Japan pointed out problems regarding the U.S. Zeroing practice at various fora such as the past WTO AD Committee meetings. Furthermore, Japan will closely monitor the future developments regarding the utilizing zeroing implied in the "America First Trade Policy" announced by the United States on January 20, 2025.
	Tax Incentives for Electric Vehicles	In December 2023, regarding the exclusion of critical minerals and battery components mined by entity of concerns from the tax credits, the U.S. Department of Energy and Treasury and the Internal Revenue Service each published a proposed rule detailing the definition of a foreign entity of concern (FEOC) and a proposed rule detailing related requirements for FEOCs. After public comment, both final rules were published in May 2024, and the Department of Energy's rule detailing the definition of FEOC enter into force on the day of publication, while the Treasury and Internal Revenue Service's rule detailing the relevant requirements for FEOCs took effect in July of the same year. In March 2024, China requested consultations on the U.S. EV tax credits and subsidies to renewable energy project under the Inflation Reduction Act (IRA). However, the dispute was not settled through these consultations, and in July 2024, China requested the establishment of a panel, which was established in September (DS623). Japan is participating in the discussion on DS623 as a third party.

The United States	Import Adjustment Measures pursuant to Section 232 of the Trade Expansion Act of 1962 and the International Emergency Economic Powers Act (IEEPA)	The U.S. has imposed additional tariffs on steel and aluminum products (March 2025) and automobiles and automobile parts (April 2025) under Section 232 of the Trade Expansion Act, as well as additional tariffs on nearly all imports (same month) under the International Emergency Economic Powers Act (IEEPA). In response, Japan will strongly urge the U.S. government to reconsider these measures.
The United States and Emerging Economies	Sunset Review Practice (Term-end Review for the Continuation of Anti-Dumping (AD) Measures) and Unreasonably Long-standing AD Measures on Japanese Products	Japan pointed out problems regarding the U.S. sunset review practice and measures at the WTO AD Committee meetings.
Indonesia	Import Restriction Measures on Steel Products, Textile Goods, and Electrical Products	Japan has been actively seeking for mitigation of effects on Japanese products, expressing concerns to the Indonesian government at meetings such as the WTO Council on Trade in Goods.
EU	Regulation on a Carbon Border Adjustment Mechanism （CBAM）	The EU's draft regulation on a Carbon Border Adjustment Mechanism (CBAM) was enacted in May 2023 and came into force in October 2023. The CBAM is subject to a transitional period until the end of 2025, and importers are not obliged to pay the import levy, but are obliged to report information such as emissions per unit of product. The United Kingdom also announced in December 2023 that it would introduce its own CBAM by 2027.
	F-Gas Regulation	The Japanese government has expressed its concerns at consultations through the Japan-EU EPA Joint Committee, as well as at the WTO TBT Committee and WTO Trade in Goods Council.

France	Subsidies for Electric Vehicles	The French government has announced that it will reduce the subsidy amount for EVs from a maximum of 7,000 euros to a maximum of 4,000 euros in 2025. In addition, the budget for EV subsidies in 2025 will be reduced by two-thirds. Japan has expressed its concern to the French government on various occasions, and has also expressed its concern to the EU about the extension of this measure and similar measures to other countries and sectors through various talks.
India	Inappropriate Application of Trade Remedy Measures	Japan pointed out problems of India's inappropriate AD investigations at the WTO AD Committee meetings.
	Tariff Treatment on Certain Goods in the ICT Sector	In April 2023, a panel report was published. In May 2023, India appealed to the WTO Appellate Body and is waiting for the review at the Appellate Body.
	Safeguard Measures on Hot-Rolled Steel Coils	As the Appellate Body stopped functioning in December 2019, examination procedures by the Appellate Body have been suspended.
Vietnam	Cybersecurity Law, Decree on Personal Data Protection	Regarding the draft subordinate regulations of the Data Law, Japan submitted our opinion through the public consultation processes in 2025 and expressed concerns on the Data Law and the subordinate regulations at the WTO Council for Trade in Services.
Korea	Measures Affecting Trade in Commercial Vessels	In October 2024 and in April 2025, Japan also requested that Korea explain its public financial support measures to ensure transparency at the Shipbuilding Committee of the OECD.

End