

**“2026 Report on Compliance by Major
Trading Partners with Trade
Agreements – WTO, EPA/FTA, and IIA-”
and
“METI Priorities Based on the
2026 Report”**

June 2026

International Economic Affairs Department

Trade Policy Bureau

Overview

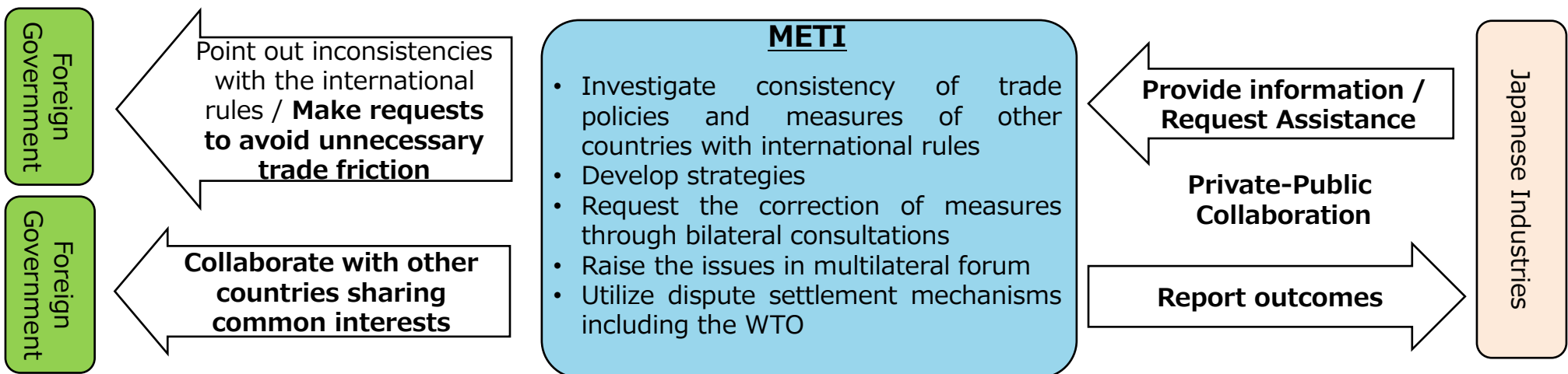
- The Report describes trade measures by foreign governments that are questionable in light of the WTO agreements and other international rules based on the information provided by industry. The Report aims to highlight the importance of the rules-based multilateral system.
- The Report has been published every year since 1992 (the 2026 Report is the 35th edition). **The 2026 Report was published on June 12, 2026.**
- **“METI Priorities”** is a list of issues which METI prioritizes to address.

“Report on Compliance by Major Trading Partners with Trade Agreements” (Report of the Subcommittee on Unfair Trade Policies and Measures)

- This is the only report that comprehensively analyzes the status of trade measures in each country in accordance with international rules.
- Experts of **Subcommittee on Unfair Trade policies and Measures under the Industrial Structure Council** have analyzed problems of trade policies and measures of major trading partners based on international rules, including the WTO agreements.

“METI Priorities”

- From the measures pointed in the report, METI has picked up several measures as priorities, taking into consideration the interests of the industry. It is used to encourage foreign governments and promote collaboration with industry and foreign governments of similar interest.

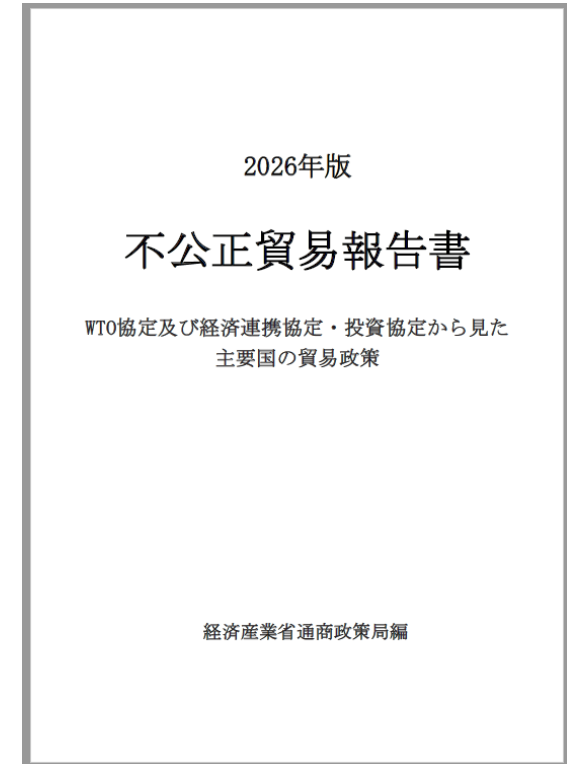


1. 2026 Report on Compliance by Major Trading Partners with Trade Agreements

Structure of the 2026 Report on Compliance by Major Trading Partners with Trade Agreements

- Composed of three parts, Part I points out various trade policies and measures of foreign countries and analyzes their consistency with the international rules including the WTO agreements. Part II (WTO agreements) and III (FTA/EPA) give a brief summary of international rules.

Preface	Presents the concept of “rule-based” approach, which is to determine the “fairness” of trade policies and measures based on internationally agreed rules
Part I	Points out policies and measures of 22 countries/regions (including China, the US, ASEAN countries, the EU·UK, Australia, Korea, Canada, India, Russia, and Brazil)
Part II	Explains the WTO agreements and WTO-related discussions (including GATT, AD Agreement, Agreement on Subsidies and Countervailing Measures, Safeguard Agreement, GATS, TRIPS, Government Procurement, and E-Commerce) and major cases under each agreement
Part III	Explains Japan’s major EPA/FTA and International Investment Agreements (IIAs) including the CPTPP
References	Exhibits the recent movement in the Ministerial Conferences of the WTO, and also provides a list of WTO dispute settlement (DS) cases.



Newly Listed Cases

Part and Chapter	Measure	Abstract
Part I Chapter 3 ASEAN "Vietnam"	Economic Needs Test (ENT) for Foreign-Invested Retail Businesses	Vietnam committed to abolishing the Economic Needs Test (ENT) applicable to foreign investors establishing retail outlets within five years from the entry into force of the CPTPP. However, even after the lapse of this five-year period, the relevant laws and regulations providing the legal basis for the ENT have not been repealed or amended, raising concerns about potential inconsistency with the CPTPP.
Part I Chapter 3 ASEAN "Indonesia"	Mandatory Standards for Audio Product and Other Products	Indonesian mandatory standards for audio product and other products impose additional burdens on foreign manufactures, thereby effectively restricting imports. Furthermore, they fail to provide a sufficient transition period for procedures such as registration and factory inspections. These measures may be inconsistent with the national treatment obligation and the principle of transparency under the TBT Agreement.
Part I Chapter 3 ASEAN "Indonesia"	Safeguard Measures on Cotton Fabrics	In January 2026, Indonesia imposed safeguard measures on cotton fabrics. There are concerns regarding whether the conditions for the imposition of such measures have been satisfied, including whether the increase or surge in imports causing, or threatening to cause, serious injury to the domestic industry is the result of "unforeseen developments." In addition, there are concerns about the lack of clarity in the determination of the safeguard duty levels.
Part I Chapter 4 "EU"	Tariff Measures on Steel Products	In anticipation of the expiry of safeguard measures covering all steel products in June 2026, the European Commission announced in October 2025 its policy to substantially reduce the overall tariff-rate quota (TRQ) volume and to raise the bound tariff rate to 50%. If the EU imposes tariff-rate quotas or additional duties on steel products originating in Japan, such measures would violate the Japan–EU EPA. Furthermore, if the EU sets country-specific quota allocations that do not reflect recent trade volumes, this would be inconsistent with Article 13 of the GATT, which provides that tariff-rate quotas should be allocated with reference to trade in a prior representative period. From a procedural standpoint, the EU also lacks an appropriate reservation of rights for renegotiation under Article 28.5 of the GATT.

Newly Listed Cases

Part and Chapter	Measure	Abstract
Part I Chapter 4 "EU"	Anti-Dumping Investigation on Cold-Rolled Steel Sheets	In September 2025, the EU initiated an anti-dumping (AD) investigation on cold-rolled steel sheets from Japan. The total volume of EU imports of cold-rolled steel sheets has barely increased. Moreover, following the strengthening of safeguard measures in April 2025, imports from Japan have declined significantly. However, there is concern that the EU may unduly find injury without properly taking these factors into account. In addition, the applicant claims that Japan is in a "particular market situation," but this is a unilateral assertion lacking supporting evidence.
Part I Chapter 8 "Canada"	Tariff Measures on Steel Products	In June 2025, Canada began imposing tariff-rate quotas (TRQs) and additional duties on steel products from non-FTA countries, followed by similar measures on steel products from FTA partners in August of the same year. In December, Canada further reduced these TRQ volumes and initiated the imposition of additional duties on certain steel derivative products. These measures exceed Canada's WTO bound tariff rates and are inconsistent with its tariff binding obligations as well as its tariff elimination commitments under the CPTPP. In addition, in October of the same year, Canada began imposing additional duties on steel products containing steel or aluminum that had been melted and poured in China. However, exempting only U.S. and Mexico products from these measures constitutes a violation of the most-favored-nation (MFN) treatment obligation with respect to other countries.
Part I Chapter 12 Other matters "Turkey"	Tariff Measures on Cars	In September 2025, Turkey raised tariffs on imported cars originating from non-FTA countries. To the extent that these tariffs exceed Turkey's WTO bound rates, they are inconsistent with its tariff binding obligations.

Columns

Part and Chapter	Title	Abstract
Part II "Overview of the WTO Agreements"	Business Supply Chain, And Human Rights And Environmental Issues	The introduction or consideration of laws and regulations aimed at respecting human rights and environmental protection has progressed in Europe and the United States and some Asian countries, and business enterprises are required to strengthen their business efforts. This column will provide an overview of trends in laws and regulations in various countries and also introduce the efforts of the Japanese government to encourage respect for human rights by Japanese business enterprises. In addition, this column analyzes the relationship between laws and regulations on human rights or environment and international agreements.
Part II Chapter 5 "Tariffs"	The Current Trading Order and Renegotiation of Concessions under GATT Article 28	Under Article 28 of the GATT, WTO Members may modify their bound tariff concessions through negotiations and consultations with interested exporting Members. This column examines the nature of the process under Article 28 and related legal issues, as well as the challenges observed in the recent application by the EU and the United Kingdom.
Part II Chapter 6 "Anti-Dumping Measures"	"Circumvention" and Trade Rules	"Circumvention" refers to business practices whereby, with respect to products subject to trade remedy measures, firms make slight modifications to distribution channels or product characteristics to avoid the application of duties, while in substance maintaining commercial activities equivalent to those prior to the imposition of such measures. This column outlines the discussions on circumvention at the WTO and in various countries, and also introduces recent developments in Japan's legal framework.
Part II Chapter 7 "Subsidies and countervailing measures"	Developments Regarding The Overcapacity Issue - toward Ensuring a Level Playing Field (LPF) -	In recent years, concerns about the overcapacity problem with its distortive effect on trade and non-market policies and practices that underlie it have been growing, and the need to ensure a level playing field (LPF) has been called for. This column reviews the status of the discourse on the overcapacity problem, and introduces the measures taken by various countries in response to the problem, as well as the movements of discussions in the international fora.

Columns

Part and Chapter	Title	Abstract
Part II Chapter 14 "Government Procurement"	Developments around EU's Foreign Subsidies Regulation	In May 2021, the European Commission published a new proposal for regulations titled "Foreign Subsidies Regulation (FSR)" aimed at addressing distortions of competition in the internal market caused by subsidies granted by governments outside the EU. This regulation came into effect in January 2023 and began to be applied in July of the same year. Furthermore, guidelines on the FSR were published in January 2026, outlining specific criteria for determining "distortions in the internal market." This column outlines the contents of the regulation and previous investigation cases, as well as introduces the response of the Chinese government to them and analysis in relation to international rules.
Part II Chapter 17 "Dispute Settlement Procedures under the WTO"	Developments around The WTO Appellate Body	This column addresses development of discussions and updates regarding the Appellate Body that has ceased its functions since December 2019. It describes (1) the United States' long-standing criticisms against the Appellate Body, (2) discussions at the WTO over the reform of dispute settlement system (especially, informal discussions introduced after MC12, the ministerial decision made at MC13, formal discussions after MC13, and discussions at MC14), (3) how WTO Members have used the dispute settlement system since the Appellate Body became dysfunctional, (4) how the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) has been utilized, and (5) Japan's efforts to address this issue.
Part II Chapter 18 "Monitoring Trade Policies / Measures"	Recent Discussions on Trade-Related Climate Measures (TrCMs) and Japan's Initiative	In recent years, there has been an active movement regarding Trade-related Climate Measures (TrCMs), such as the introduction and consideration of Carbon Border Adjustment Mechanism (CBAM) in various countries and regions, including the EU. This column introduces the current status of TrCMs, concerns regarding the fragmentation of TrCMs, the state of discussions in international fora such as the WTO, and Japan's proposal submitted at the WTO Committee on Trade and Environment (CTE) in response to these issues.

2. METI's Priorities Based on the 2026 Report

Summary of METI Priorities Based on the 2026 Report on Compliance by Major Trading Partners with Trade Agreements (published on June 12, 2026)

- Since its first publication in 1992, the Report on Compliance by Major Trading Partners with Trade Agreements (Unfair Trade Report) has, for 34 years, extensively identified issues in the trade policies and measures of major countries that may be inconsistent with international rules, including the WTO agreements, based on the concept of a “rule-oriented” approach.
- 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 Multi-Party Interim Appeal Arbitration Arrangement (MPIA).
- In recent years, unilateral measures have increasingly been taken in response to economic imbalances arising from non-market policies and practices by some emerging countries. With a growing inclination toward prioritizing national interests, the balance between the free trade system and economic security fluctuates, raising questions about the future of the international economic order. METI will make further efforts to make rules for ensuring level playing field through various fora such as the WTO and the G7, to develop rules aimed at ensuring a level playing field (LPF). Furthermore, given that there is an increasing concern with economic coercion, METI will strengthen our cooperation with like-minded partners to evaluate, prepare for, deter, and respond to economic coercion.
- In addition to responses to such systemic problems, METI will work on the following individual policies and measures.

METI's Priority Cases listed in the 2026 Report

- Policies and measures deemed to be of a high priority in implementing future trade policies by METI

(1) Measures to resolve issues through bilateral and multilateral consultations

- China: Export Control Law
- China, Hong Kong, Macao, Russia: Suspension of Import of Japanese Aquatic Products in Response to Discharge of the ALPS Treated Water into the Sea
- China: Preferential Treatment for Domestic Companies and Domestic Products in Government Procurement
- China, The United States, India and Indonesia: Inappropriate Application of Trade Remedy Measures
- The United States: Import Adjustment Measures Pursuant to Section 232 of the Trade Expansion Act of 1962, etc.
- Indonesia: Import Restriction Measures on Steel Products, Textile Goods, and Electrical Products
- EU: Regulation on a Carbon Border Adjustment Mechanism (CBAM)
- EU: Cumulative Trade Restrictive Measures on Steel Products
- EU: F-Gas Regulation
- France: Subsidies for Electric Vehicles

※ As for the following issues, METI will proceed with comprehensive 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

- Korea: Measures Affecting Trade in Commercial Vessels (Consultation) (collaborate with the MLIT)
- India: Tariff Treatment on Certain Goods in the ICT Sector (Appellate Body)
- India: Safeguard Measures on Hot-Rolled Steel Coils (Appellate Body)

Progress since last year

● METI's Priorities Based on the 2025 Report

(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
- China, Hong Kong, Macao, Russia: Suspension of Import of Japanese Aquatic Products in Response to Discharge of the 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**

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- China, Hong Kong, Macao, Russia: Suspension of Import of Japanese Aquatic Products in Response to Discharge of the ALPS Treated Water into the Sea
- (deletion)
- China: Preferential Treatment for Domestic Companies and Domestic Products in Government Procurement
- **China, The United States, India and Indonesia: Inappropriate Application of Trade Remedy Measures**
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- The United States: Import Adjustment Measures Pursuant to Section 232 of the Trade Expansion Act of 1962 , etc.
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- EU: Regulation on a Carbon Border Adjustment Mechanism (CBAM)
- EU: **Cumulative Trade Restrictive Measures on Steel Products**
- EU: F-Gas Regulation
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