

Section 4 WTO

1. Developments related to the formulation of WTO rules

This section provides a broad overview of recent developments related to the WTO¹⁹, including the Doha Round negotiations and plurilateral negotiations outside the round negotiations, namely (i) Information Technology Agreement (ITA) expansion negotiations, (ii) Environmental Goods Agreement (EGA) negotiations, and (iii) Trade in Services Agreement (TiSA) negotiations, as well as initiatives to resist protectionism, implementation of the WTO Agreements and the use of dispute settlement procedures by Japan.

(1) Trends concerning WTO-related matters in general

At the Fourth WTO Ministerial Conference held in Qatar in 2001, Doha Development Agenda (DDA, hereafter referred to as “Doha Round”) was launched with consideration given to the special needs of developing economy members. This Round covers not only trade in agricultural commodities, including forestry and fisheries products, and mining and industrial products, but also encapsulates such areas as liberalization of trade in services, trade rules concerning anti-dumping and other remedial matters, trade and environment, and development. Furthermore, it also covers investment, competition, and trade facilitation as fields where rule-making should be considered. (Table III-1-4-1).

19 Reflecting the recognition that the protectionism that became pervasive in the 1930s was a cause of World War II, the General Agreement on Tariffs and Trade (GATT), which was based on the underlying principle of the provision of most favored nation treatment and national treatment, was put into effect in 1948 with the aim of achieving multilateral trade liberalization. The GATT signatory countries realized substantial tariff reductions and developed trade-related rules concerning non-tariff matters through eight rounds of multilateral negotiations. In 1995, GATT was reorganized into the World Trade Organization (WTO). The WTO, which currently has 164 member countries, has the following functions: (i) negotiations (revision of the WTO Agreements through round negotiations, and negotiations about tariff reductions); (ii) monitoring (resistance against protectionist measures through multilateral monitoring); and (iii) dispute settlement (settlement of trade disputes through WTO dispute settlement procedures). Therefore, the WTO serves as infrastructure for the world trade system that regulates multilateral trade. Specifically, regarding the WTO’s negotiation function (i), the Doha Development Agenda was launched in 2001 as the first round of negotiations since the establishment of the WTO, and since then, this round of negotiations has continued until now for 14 years. Amid the impasse in the negotiations, plurilateral negotiations concerning specific rules and specific sectors have been conducted actively between interested parties, including Information Technology Agreement (ITA) expansion negotiations, Environmental Goods Agreement (EGA) negotiations and negotiations on a new services trade agreement. The WTO’s function of monitoring (ii) plays an important role in maintaining the free trade system by resisting protectionism. In recent years, protectionist movements have become active in response to the slowdown of the world economy, among other factors, so making political commitment to monitoring and resisting protectionism is becoming increasingly important. The WTO’s dispute settlement function (iii) is a system to settle bilateral trade disputes without turning them into political problems through a neutral, quasi-judicial procedure. As the dispute settlement procedure concerning the implementation of the WTO Agreements is functioning effectively at the WTO, there has been an increase in the number of cases in which members, including emerging economies, use this procedure. Japan is also actively using the dispute settlement procedure in order to resolve its disadvantages arising from other countries’ measures that are not in conformance with the WTO rules and in order to clarify the rules through the accumulation of precedents.

Table III-1-4-1 Items negotiated for single undertaking at the Doha Round and main issues for the discussion²⁰

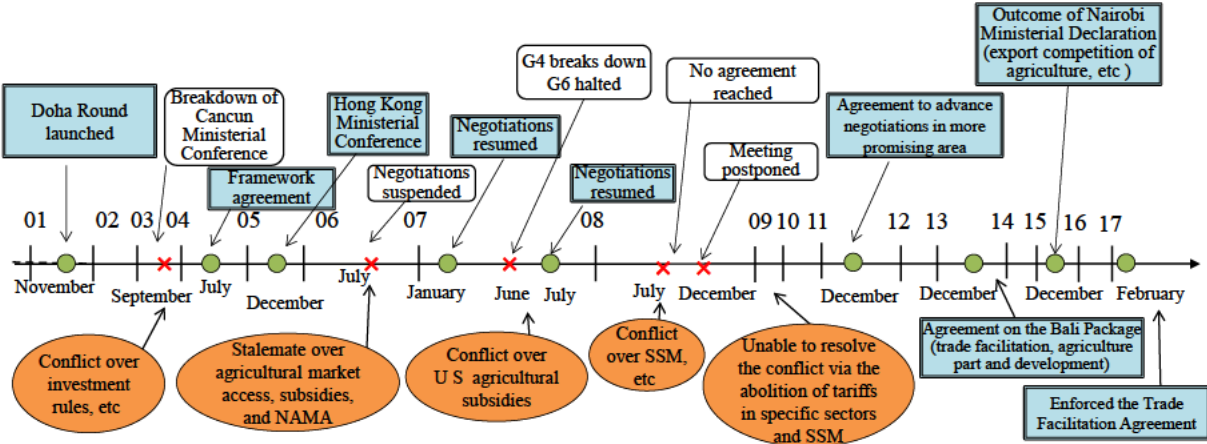
Agriculture	Reducing tariffs and domestic support, abolition of export subsidies
Non-Agricultural Market Access (NAMA)	Tariff reduction (the Swiss Formula, sectoral elimination of tariffs), elimination of non-tariff barriers
Services	Liberalization and acceleration of efforts, such as reduction of foreign investment restrictions, as well as assistance for least developed countries (LDCs) with implementation of measures
Rules	Strengthening disciplinary rules for anti-dumping measures and subsidies
Trade facilitation	Simplification and acceleration of trade procedures, assistance for LDCs with implementation of measures
Development	Special and differential treatment (S&D) for developing economies
TRIPs (intellectual property rights)	Multilateral register of geographical indications (GI) for wine and spirits
Trade and environment	Trade liberalization and facilitation on environmental goods and services

Source: METI.

In the Doha Round, decision-making by consensus by all member countries is the principle so after the launch of the Round in 2001, the negotiations proceeded slowly, making progress sometimes and suffering setbacks at other times due to the conflict of interests between developed and emerging economies. After the breakdown at a Ministerial Conference held in July 2008, the negotiations remained in an impasse (Figure III-1-4-2). At the Eighth Ministerial Conference (MC8) in December 2011, the ministers agreed, while acknowledging that there was no prospect of a single undertaking in the near future in the Doha Round, to recognize the necessity of exploring different negotiating approaches and to advance negotiations in areas where progress could be achieved, as was delivered in the “Elements for Political Guidance” from the Chairman’s Concluding Statement. Through subsequent negotiations, members shared a common recognition that trade facilitation, some elements of agriculture, and development were fields in which progress was possible. As a result of intensive negotiations at the Ninth WTO Ministerial Conference (MC9) held in Bali, Indonesia in December 2013, an agreement was reached on the Bali Package, which included an agreement on trade facilitation and which was the first multilateral agreement to be reached since the establishment of the WTO.

²⁰ Initially after its launch, this round covered the so-called Singapore issues, which referred to investment, competition, trade facilitation and transparency in government procurement, but at the WTO Ministerial Conference in Cancun, it was decided that negotiations should start only with regard to trade facilitation.

Figure III-1-4-2 History of the Doha Round negotiations



Subsequently, member countries considered the results of the Tenth WTO Ministerial Conference (MC10) and it became clear that there was a division of opinion between advanced economies--which argued that “different negotiating approaches” were necessary to replace the Doha Round negotiations that had not achieved sufficient results despite as many as 14 years of negotiations--and developing economies, which insisted that the negotiations should be continued. Concerning new challenges that must be resolved in order to respond to changes of the times, such as the deepening of the global value chain and the spread of IT (information technology), there was also a division of opinion between advanced economies--including the United States, the EU and Japan--and developing economies--including India and China--that showed a cautious stance on initiatives to tackle the new challenges.

Under these circumstances, at MC10 held in Nairobi, Kenya, in December 2015, agreements were reached on the fields of export competition concerning agriculture (abolition of export subsidies, enhancement of the regulation on export credit, etc.), area in relation to development, and ITA expansion negotiations (the details are below). Regarding the future treatment of the Doha Round and initiatives to tackle new challenges, a final agreement was not reached so the ministerial declaration indicated arguments made by both sides in parallel and made clear that some countries were calling for initiatives to tackle new challenges of the times.

In the debates held since MC10, the importance to tackle new issues continued to be addressed, as indicated in the declarations issued at the G7 summit, G20 and APEC leaders’ meetings and trade ministers’ meeting in 2016. With new issues including small and medium-sized enterprises, investment, and the global value chain (GVC), the issue that attracted particularly strong interest from various countries was e-commerce. At the WTO dedicated discussions on e-commerce in July 2016, many countries presented their proposals concerning discussion points and necessary rules regarding e-commerce. Japan also presented proposals. On the other hand, emerging and developing economies wary of progress in the negotiations made arguments focusing on development, causing the debate to fall into a stalemate. At the informal WTO ministerial conference in January 2017, the majority view was that specific and focused debate should be started in fields where agreement can be reached in preparation for the 11th Ministerial Conference (MC11; in Buenos Aires). However, even after coordination work preparing for a ministerial conference in December started in earnest, differences of

opinion over various points of debate were not easily resolved. Concerning the Doha Development Agenda as well, discussions were continued with a view to reaching an agreement on such matters as domestic support for agriculture, public reserves and fishing subsidies. In new fields of challenge, such as e-commerce and small and medium-size enterprises, there remained a strong sense of wariness, mainly among some developing economies, about proceeding with discussion. No major progress was made in major fields before the start of MC11.

MC11 was held in Buenos Aires, Argentina, in December 2017. Regarding outcome documents, negotiations were held by the participating ministers until the last day of the ministerial conference, but as a ministerial declaration could not be drawn up, only a chair's statement was issued. With respect to agriculture, an agreement was not reached on how to conduct negotiations, indicating the difficulty of securing a unanimous agreement by many countries with different positions, including advanced and developing economies, at a ministerial conference. Under those circumstances, although no notable results could be delivered on an all-member-country basis, it was decided to continue discussions on fishing subsidies in preparation for the 12th Ministerial Conference as member countries indicated readiness to be involved in the WTO. Regarding contemporary challenges, such as e-commerce, micro, small and medium enterprises (MSMEs), and trade facilitation, joint statements were issued by groups of like-minded countries promoting future discussions at the WTO. Regarding e-commerce in particular, Japan, together with Australia and Singapore, exercised leadership in holding a ministerial meeting of like-minded countries that share the view that discussions on e-commerce should be actively promoted, and a joint statement was issued by 70 countries/regions, including advanced economies such as the United States and the EU and developing economies. While the difficulty of forming a consensus among all member countries came into sharp relief once again, MC11 was concluded with indications that the new approach of groups of like-minded countries leading negotiations on a sector-by-sector basis was the way forward. On the margin of this ministerial conference, the Trilateral Meeting of the Trade Ministers of the United States, Japan and the European Union was held upon Japan's initiative, with the participation of Minister of Economy, Trade and Industry Seko, United States Trade Representative Lighthizer and European Commissioner for Trade Malmstrom.²¹ In order to secure a global level playing field, the ministers issued a joint statement proclaiming their agreement to enhance trilateral cooperation between Japan, the United States and the EU in removing market-distorting measures taken by third countries.

Subsequently, with respect to e-commerce, the first meeting of like-minded countries was held in Geneva in March 2018 based on the joint statement issued at MC11, followed by the second meeting in the same city in April, in order to implement exploratory work toward future negotiations.

(2) Information Technology Agreement (ITA) expansion negotiations

One of the important results of MC10 was the conclusion of the ITA expansion negotiations. The 201 products covered by the ITA expansion account for around 10% of the annual value of world trade, which is approximately 1.3 trillion dollars. The elimination of tariffs gradually started from July 1, 2016,

²¹ Regarding the Trilateral Meeting of the Trade Ministers of the United States, Japan and the European Union, see Column 8.

with the tariffs on around 90% of all covered products to be eliminated by July 2019 and the tariffs on all products to be completely eliminated by January 2024.

(A) Backgrounds to expansion negotiations

The ITA, which concerns the elimination of tariffs on IT products and which was reached before the ITA expansion negotiations, was reached at a WTO Ministerial Conference in Singapore in December 1996 between 29 members, including Japan, the United States, the EU and the ROK and went into effect in 1997. Since then, the number of participating countries increased, and as of the end of March 2016, there are 82 members (including China, India and Thailand but not including Mexico, Brazil, and South Africa, for example), which together account for more than 97% of the total value of world trade in the 17 items covered by the ITA, meaning that the ITA contributes to the elimination of tariffs equivalent to approximately 15% (5.3 trillion US dollars (2013)) of the total value of world trade. The main products of the ITA cover semiconductors, computers, telecommunication equipment, and semiconductor manufacturing equipment.

In consideration of the technological advance since the ITA went into effect, hopes are growing in each country's industrial sector that the list of goods in the ITA should be expanded and the scope of application of the list will be clarified. As a result, the ITA expansion negotiations were launched in May 2012 with the aim of expanding the list of goods covered by the agreement and the clarification of the scope of application.

(B) Developments leading up to the conclusion of the negotiations

After the launch of the negotiations, monthly negotiation meetings were held in Geneva, and progress was made in preparing a list of candidate goods. In the autumn of 2012, work began on narrowing down the list of candidate goods, with the participation of the Philippines, Singapore, and China. However, as China insisted that many items be excluded from the list, the negotiations were often suspended.

After agreement was reached between the United States and China on the products covered by the ITA expansion at the U.S.-China summit meeting held on the occasion of the November 2014 APEC Leaders' Meeting in Beijing, the members participating in the negotiations agreed on the 201 products (new types of semiconductors, semiconductor manufacturing equipment, digital multifunction copiers/printers, digital audio/video equipment, medical appliances, etc.) covered by the ITA expansion in July 2015. The list of items covered by the ITA expansion, together with a declaration concerning the agreement on the deadlines for the elimination of tariffs, the implementation schedule and other matters, were reported to and published at the WTO General Council Meeting in the same month.

From September 2015, Japan chaired the ITA expansion negotiations, during which the deadlines for the elimination of tariffs, among other matters, were negotiated. At MC10 held in Nairobi, Kenya, in December 2015, which was chaired by Minister of Economy, Trade and Industry Motoo Hayashi, the negotiations were concluded with the participation of 53 members (including the 28 EU countries), which together account for more than 90% of the value of world trade in the products covered.

The annual value of world trade in the 201 products covered is more than 1.3 US trillion dollars, which is equivalent to around 10% of the total amount of world trade and which is much higher than the global trade share of 4.8% for automotive products. The value of Japanese exports of the 201 products

covered to the rest of the world is around 9 trillion yen, or some 12% of the country's total net exports of 73 trillion yen. The value of tariffs to be reduced is estimated at around 170 billion yen.

(3) Environmental Goods Agreement (EGA) negotiations

(A) Background to discussions

The launch of negotiations on “the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services” and the establishment of the Committee on Trade and Environment Special Session (CTESS) were included in the 2001 Doha Ministerial Declaration. In response, discussions began within the CTESS concerning the list of environmental goods to be subject to the reduction or elimination of tariffs.

Subsequently, with the Doha Round negotiations having reached a stalemate, the venue for discussions concerning the reduction or elimination of tariffs on environmental goods shifted to APEC. At the November 2011 APEC Leaders' Meeting in Honolulu, participants agreed to reduce applied tariff rates on the goods concerned to 5% or less by the end of 2015, while at the APEC Leaders' Meeting in Vladivostok in September 2012, they agreed on a list of 54 environmental goods.

(B) Background to the start of negotiations

Due in part to the agreement at APEC to reduce tariffs on 54 types of environmental goods, discussions among the “Friends of Environmental Goods and Services” (Japan, the U.S., the EU, the ROK, Taiwan, Singapore, Canada, Australia, New Zealand, Switzerland, and Norway), a group comprised of countries promoting liberalization of exports of environmental goods, began in November 2012, concerning the approach to future WTO negotiations on the liberalization of environmental goods.

Discussions in Geneva accelerated after an agreement was reached at the October 2013 APEC Leaders' Meeting in Bali to explore opportunities to make progress at the WTO, based on the APEC List of Environmental Goods. In January 2014, 14 voluntarily-participating members (Japan, the U.S., the EU, China, the ROK, Taiwan, Hong Kong, Singapore, Canada, Australia, New Zealand, Switzerland, Norway, and Costa Rica) issued a joint statement aimed at the launch of WTO negotiations concerning environmental goods. This was timed to coincide with the WTO's informal ministerial meeting in Davos.

In July 2014, 14 voluntarily-participating members launched WTO negotiations concerning environmental goods and confirmed their intention to aim for elimination of tariffs on a wider range of items than the 54 items agreed upon at APEC.

(C) Current status of negotiations

Since July 2014, a negotiation meeting has been held once every two months in Geneva to perform the work of identifying the products that each participating member wished to add to the list of products.

Since April 2015, discussions have been held about the products thus identified from the viewpoint of environmental credibility and the work of narrowing down the list of products has proceeded.

At a negotiating meeting in November 2015, discussions were held with a view to reaching an agreement on the list of products at MC10 held in Nairobi, Kenya in December of the same year, but no agreement was reached. 18 countries and regions are participating in the negotiations as of the end of March 2018, following the addition of some new participating members, namely Israel in January 2015 and Turkey and Iceland in May of the same year.

The Leaders' Communique of the G20 Hangzhou Summit in September 2016 stated that G20 EGA

participants welcomed the “landing zone” achieved in the EGA negotiations and reaffirmed their aim to redouble efforts to conclude the EGA by December of the same year. To this end, the ministerial conference was held in December with the aim of concluding the EGA. At the meeting, the differences in position over the products to be covered by the EGA were not resolved, and the EGA negotiation was not concluded.

While the schedule for future negotiations is not fixed, Japan has been making efforts to create momentum toward an early resumption of negotiations through such activities as holding the EGA Beijing Symposium in August 2017.

(4) Trade in Services Agreement (TiSA) negotiations

Given the length of time since GATS entered into force in 1995 and the fact that the widespread use of the Internet and other technological innovations have brought about major changes in the supply and consumption of services, there have been calls for the revision of the schedules of commitments and the formulation of new rules, to take account of changes in the circumstances within the WTO as well. However, the Doha Round negotiations have been at an impasse with little prospect for rapid progress, so member countries have promoted the liberalization of trade in services through the conclusion of EPAs/FTAs.

Amid this situation, in response to the results of at MC8 in December 2011, discussions began in early 2012 concerning the establishment of a new agreement aimed at the liberalization of trade in services among interested members as part of the “different negotiating approaches.” The interested countries and regions, which included Japan, held successive rounds of talks aimed at reaching a new trade in services agreement tailored to the 21st century, discussing such matters as new rules and methods of commitments for liberalization. In June 2013, the participants issued a joint statement confirming that they had entered into the full negotiating stage, and negotiations have been continued. Informal ministerial meetings were held in June 2015, January, June and October 2016, and the negotiations were accelerated with the aim of concluding an advanced new agreement by the end of 2016. At a negotiation meeting held in December 2016, the participating countries/regions agreed that although it became difficult to reach a substantive agreement by the end of the year, they should continue to cooperate with each other toward an early conclusion next year or later. A total of 23 countries and regions (Japan, the U.S., the EU, Australia, Canada, the ROK, Hong Kong, Taiwan, Pakistan, Israel, Turkey, Mexico, Chile, Colombia, Peru, Costa Rica, Panama, New Zealand, Norway, Switzerland, Iceland, Liechtenstein and Mauritius; if EU member states are included, the number of member countries is 50) are members as of the end of March 2017.

(5) Resisting protectionism

Following the global financial crisis, political pressure to introduce protectionist measures aimed at supporting domestic industries and securing employment increased in each country²². There was strong concern that submission to this political pressure by one country would lead to other countries following suit or taking reprisals, resulting in a worldwide proliferation of protectionism that would adversely affect global trade and the global economy. Amid this situation, the multilateral trading system

22 See the White Paper on International Economy and Trade 2009, Chapter 2, Section 3.

embodied by the WTO has played a crucial role in resisting protectionism and maintaining the free trade system. In recent years, protectionist movements have become active in response to the slowdown of the world economy, among other factors, meaning that making political commitment to monitoring and resisting protectionism as described below is becoming increasingly important.

The 18th Report on G20 Trade and Investment Measures, published in November 2017, noted that although the number of new trade-restrictive measures implemented by the G20 members decreased, the value of trade covered by import-restrictive measures is slightly higher than the value of trade covered by import-promoting measures, and called upon the G20 members to reinforce their efforts to counter protectionism. Such report is expected to strengthen the monitoring of each country's trade measures and help prevent the proliferation of protectionist measures.

In addition, high-level international political statements calling for efforts to resist protectionism have been adopted at international forums such as G20 and APEC meetings. Members have the obligation to comply with the WTO agreements, but political statements are significant because they express a level of commitment above and beyond that stipulated in the WTO agreements. For example, the need to fight protectionism was reaffirmed in statements issued at the G7 Taormina Summit in May 2017, the G20 Hamburg Summit in July and the APEC leaders' meeting in November.

To effectively counter protectionism, the G20 and APEC political statements on resisting protectionism include two major elements in addition to maximum self-restraint on measures which comply with the WTO agreements but which may have serious protectionist effects. One is the standstill commitment, a pledge not to introduce any new protectionist measures. The other is the rollback commitment, a pledge to rectify protectionist measures that are already in place. At the G20 Hangzhou Summit, held in Hangzhou, China in September 2016, the extension of the standstill and rollback commitment was reaffirmed. At the APEC leaders' meeting in November 2017, the extension of the standstill commitment until 2020 was reaffirmed. At the G20 Hamburg Summit and the APEC leaders' meeting in November 2017, it was reaffirmed that protectionist measures include all unfair trade practices.

(6) Implementation of the WTO Agreement (rules)

The WTO agreements set out the provisions for dispute settlement procedures in the event of trade disputes between members through clarifying the interpretation and application of the rules. Regarding recommendations based on the dispute settlement procedures, there are provisions for the procedures for monitoring compliance with a recommendation and for the authorization of countermeasures in the event of non-compliance with a recommendation. As a result, the recommendation is highly effective and its compliance rate is high. They are also useful for resolving trade disputes without turning them into political problems. Since the WTO's launch in 1995, its dispute settlement procedure has been initiated in 538 cases (as of the end of March 2018; including cases in which requests for consultations were made but panels were not established).

The details of recent cases which have been referred by Japan as a complaining party to the WTO's dispute settlement procedure and in which the Ministry of Economy, Trade and Industry has been involved in resolution efforts, are shown in subsection 2 below.

Column 8 The Trilateral Meeting of the Trade Ministers of the United States, Japan and the European Union

On December 12, 2017, a Japan, U.S., and EU trade ministers' meeting was held for the first time upon Minister of Economy, Trade and Industry Seko's initiative, with the participation of Minister Seko, United States Trade Representative Lighthizer and European Commissioner for Trade Malmstrom on the margin of MC11 (in Buenos Aires, Argentina). The ministers agreed that Japan, the United States and the EU will cooperate with each other in dealing with market distorting measures by third countries.

On March 10, 2018, the second meeting was held (in Brussels, Belgium). The ministers agreed on specific joint actions, including (A) conducting a study on strengthening of rules on industrial subsidies, (B) conducting a study on joint filing of complaints at the WTO, and (C) cooperating at international forums, such as the G7, G20 and OECD.

Column Figure 8-1 Japan-US-EU Trilateral Meeting of Trade Ministers (1st round)



Colum Figure 8-2 Japan-US-EU Trilateral Meeting of Trade Ministers (2nd round)



2. Initiatives using the WTO's dispute settlement procedure

Japan has been actively using the WTO dispute settlement procedures in order to settle the trade concerns arising from measures taken by other WTO members which are inconsistent with the WTO rules and to develop the rules on a case-by-case basis. Japan has requested consultations as a complaining party in 23 cases. Many of the cases in recent years involve emerging economies as respondents. Of the 19 cases, excluding four ongoing cases, 18 have been settled along the lines of Japan's claims (as of the end of March 2018). From the viewpoint of developing the rules through the establishment of precedents, Japan has also participated in many cases as a third party (third-party participation) and stated its positions concerning important issues for the settlement of disputes.

The following are recent cases which have been referred by Japan as a complaining party to the WTO's dispute settlement procedure and in which the Ministry of Economy, Trade and Industry has been involved in resolution efforts.

(1) India's certain measures on imports of iron and steel products

The government of India imposed provisional safeguard measure against hot rolled coils for automobiles and building materials in September 2015 and imposed definitive measure in March 2016. The government of India also introduced measures to prohibit or restrict imported steel products sold at below the minimum prices (MIP) set by it in February 2016.

The government of India's safeguard measure has a possibility of being inconsistent with the WTO Agreement because it does not meet the requirements prescribed by GATT Article XIX or the imposition and procedural requirements prescribed under the Safeguard Agreement. Meanwhile, the MIP system has a possibility of being inconsistent with GATT Article XI because it prohibits or restricts imported products sold below a certain level. In consideration of the above points, in December 2016, Japan requested consultations with India, and in April 2017, a panel was established. The panel is assessing this case. The request for the establishment of the panel concerned only the safeguard measure since the MIP system was a limited-time measure and the government of India did not extend the system in February 2017 when the system lapsed.

(2) The ROK's anti-dumping duties on pneumatic valves from Japan

The government of ROK initiated an anti-dumping investigation against imports of pneumatic valves from Japan in February 2014 and started imposing anti-dumping duties in August 2015.

As this measure had a possibility of being inconsistent with the Anti-Dumping Agreement with respect to the determination of injury and causal relationship, Japan requested consultations in March 2016 and requested the establishment of a panel in July of the same year. The panel examined the case.

In April 2018, a final report by the panel was published. The report upheld Japan's main claim, concluding that the abovementioned imposition of duties is inconsistent with the Anti-Dumping Agreement because of problems related to the determination of injury and causal relationship and transparency over investigative procedures, and recommended that the ROK should rectify the measure.

(3) Brazil's tax advantages concerning automobiles and other products that are discriminatory against foreign products in favor of domestic ones

The government of Brazil raised the rates of the Industrial Product Tax (IPI) on automobiles by 30% in December 2011 and announced a new automobile policy (Inovar-Auto) in 2012, offering to reduce

the IPI by up to 30% for domestic automakers if they meet certain requirements, such as carrying out certain manufacturing processes in the country and using domestic parts. Furthermore, in the field of information and communication technology, Brazil has introduced a measure to grant a significant reduction of indirect taxes on information and communication products if companies manufacture certain parts and assemble final products using such parts in the country.

As these measures had a possibility of being inconsistent with the national treatment requirement under the GATT, Japan requested consultations with Brazil in July 2015 and for the establishment of a panel in September of the same year and the panel was established in the same month (the EU requested the establishment of a panel in October 2014). In August 2017, the panel upheld the claims by Japan and the EU, but Brazil was dissatisfied with the panel's decision and appealed to the WTO Appellate Body.