

Trade Policy Review of Japan 2026

Closing Statement by Japan

Day 2 (29 May 2026)

(Introduction)

Thank you, Chair,

I highly appreciate the insightful remarks made by you as the Chair and Ambassador Phan Dung MAI as the discussant for the meeting on Wednesday.

I would also like to express our appreciation to all the Members who have made interventions, and all those who have submitted written questions. Let me also extend our great thanks to the Secretariat team for Japan's 16th Trade Policy Review.

Japan considers that enhancing transparency through the TPR process is one of the most important efforts that supports the multilateral trading system. From this perspective, we regard all Members' comments raised on Wednesday and today as meaningful for us.

Now I would like to address the respective areas and respond to several questions. We have already responded to many of the questions in our written answers and we would like to continue to discuss remaining concerns which I cannot cover today due to the time constraints individually.

1. Public finance policy

The Takaichi administration, under the approach of “responsible and proactive public finances”, has struck a balance between a strong economy and fiscal sustainability. As a result, the latest Economic and Fiscal Projections for Medium to Long Term Analysis show that the public finances of central and local governments will steadily improve in a scenario in which the transition to a growth-oriented economy is realized.

We will raise the growth rate, closely monitoring market situations, and make sure to restrain the growth of government debt within the range of nominal economic growth, thereby steadily reducing the debt-to-GDP ratio. Thoroughly pursuing wise spending, we will ensure the sustainability of public finances and trust from the markets.

2. Gender and labor

If we compare various indicators related to the status of women's participation and advancement between the most recent fiscal year 2024 and fiscal year 2016, when the main provisions of the Act on the Promotion of Women's Active Engagement in Professional Life came into force, we can say that the overall trend has been positive. The wage disparity has narrowed, and the proportion of women across different positions has increased. For companies above a certain size, we require the publication of the wage disparity and the ratio of women in managerial positions. In addition, we provide women with re-skilling and job hunting supports.

These developments suggest that, in conjunction with the said Act and other related initiatives, we have achieved a certain level of positive impact, supported by efforts made by individual companies in this regard.

As Japan's birthrate declines and the population ages, it is important that society be supported by elderly people who are willing to work. The government has set a goal of increasing the employment rate and has introduced several initiatives to maintain older workers in the workforce. Japan is promoting the development of an environment in which older workers can be active based on their own wishes and regardless of their age.

3. Green Transformation (GX)

Japan's GX policy aims to simultaneously achieve energy security, economic growth, and decarbonization. This policy integrates institutional measures, including carbon pricing, with investment support. It is designed to contribute to decarbonization overseas by utilizing Japan's advanced technologies

In Japan, the government issues GX Economy Transition Bonds to promote GX investment. In addition, an emissions trading system based on the free allocation of emissions allowances will be fully implemented from fiscal year 2026; a surcharge on fossil fuel supply will be introduced from fiscal year 2028; and from fiscal year 2033, auctions of emissions allowances for power generation companies will be introduced. In this way, carbon pricing will be introduced in a phased manner.

Foreign companies operating in Japan may also utilize funding through GX Economy Transition Bonds.

4. SMEs

In December 2022, we launched the 10,000 New Exporters

Support Programme in Japan to address challenges faced by SMEs, such as a lack of resources and information when participating in international trade.

Within the framework of this Programme, we provide individual counseling and propose support measures tailored to the current challenges faced by SMEs and their goals. For example, for businesses facing issues such as a lack of know-how or human resources to engage in international trade, we offer hands-on, practical support provided by experts. In addition, for challenges related to information gaps, we provide information on market trends, business practices, and other relevant topics through reporting and briefings.

Even among the businesses seeking to participate in international trade, their situations and goals vary, and the required support measures also differ. Through this programme, we provide support tailored to each business's situation.

5. Investment

Japan regulates outward direct investment under the Foreign Exchange and Foreign Trade Act. Under this Act, investments are

only subject to limited reporting and prior-notification requirements. We recognize therefore that outward direct investment flows are based on each firm's commercial assessments.

A new Committee on Foreign Investment in Japan will serve as a new ministerial meeting group to strengthen the cross-ministerial review framework. Consideration is given to maintaining an appropriate balance between strengthening FDI screening for national security purposes and promoting sound FDI. Therefore, the FDI screening regime of Japan does not adversely affect sound FDI which contributes to Japan's economic development.

6. Customs procedure

The Japan Customs has amended the customs procedures including the amendment of the Attorney for Customs Procedures (ACP) system to maintain smooth import clearance, enhance the effectiveness of border enforcement, and ensure proper taxation under the circumstances where imports of cargo transacted through e-commerce platforms, which have been increasing in number with the expansion of cross-border e-commerce. The purpose and effects of those amendments are consistent with the principles of the WTO Trade Facilitation Agreement.

7. Economic security

Japan appreciates that many Members have mentioned that Japan strikes a balance between the need for economic security-such as enhancing the resilience of supply chains-and free trade and international law. We also appreciate Members having expressed their willingness to cooperate with Japan to strengthen supply chains. On the other hand, noting opinions that the over-extension of the scope of “economic security” risks creating a discriminatory playing field, concerns about possible market distortions caused by subsidies, and unexpected disadvantages to developing countries, Japan gives appropriate consideration to these points as follows.

Article 90 of the Economic Security Promotion Act (ESPA) provides that "In the enforcement of this Act, care must be taken not to prevent the sincere implementation of treaties and other international agreements which Japan has concluded." With this provision, careful attention is paid to ensuring consistency with the international agreements, including WTO agreements such as the disciplines on subsidies.

In addition, Article 5 of the Act expressly provides that regulatory measures shall be implemented only to the extent reasonably

necessary to ensure security, thus avoiding excessive restrictions on trade and investment.

Regarding the support scheme that contributes to ensuring the stable supply of specified critical goods and to strengthening supply chain resilience, where the content of a proposed plan is deemed appropriate in light of these objectives, companies may be eligible for support, irrespective of whether they are domestic or foreign companies. They can receive supports for the reinforcement of production base, diversification of supply sources, stockpiling, development of production technologies, and development of alternative products, among others.

8. Trade control

Security trade controls under the Foreign Exchange and Foreign Trade Act are intended to maintain international peace and security and to prevent the proliferation of weapons of mass destruction and related materials. These controls are not intended to impede legitimate transactions that pose no risk of diversion to military use, nor to disrupt global supply chains.

The items and technologies subject to Japan's export controls are listed on export control lists applicable to all regions, and the

appropriate export controls are implemented accordingly.

As a responsible holder of advanced technologies, Japan determines the items and technologies subject to export controls in light of international circumstances, including commitments made under the international export control regimes.

None of these measures target any specific country or region, and they are consistent with the WTO rules.

9. Government procurement

Japan maintains its high level of commitment under the GPA. Central and sub-central government entities implement the Agreement through the Public Accounting Act, the Local Autonomy Act, and the relevant Cabinet Orders. Other entities, which have been established by the relevant laws, implement the Agreement through their respective accounting or internal statutes. This framework ensures uniform application of GPA principles across all covered entities.

With regard to complaint handling and appropriate procurement procedures at the sub-central government level, the central government provides notifications or suggestions to sub-central

government entities to comply with international rules.

10. Patent non-disclosure under the ESPA

Regarding the patent non-disclosure system introduced under the ESPA, a review consists of two steps, the primary review by the Japan Patent Office and the security review by the Cabinet Office.

For the primary review by the Japan Patent Office, an application that discloses an invention falling under a Specific Technology Field is selected to be sent to the Cabinet Office. For the security reviews by the Cabinet Office, the review is conducted to determine whether it is appropriate to protect information pertaining to the relevant invention.

A Specific Technology Field has been disclosed to secure predictability for applicants, and this review process is conducted in a timely manner based on a predetermined timeline with communicating with applicants, which takes into account the impact of this system toward the industry.

11. Agriculture

Japan has consistently adhered to WTO rules and has fulfilled its

commitments under WTO agreements. Japan intends to continue doing so with respect to the formulation and the implementation of various agricultural policies and measures, including those with the aim of increasing the calorie-based food self-sufficiency ratio, taking into consideration the importance of enhancing food security and building more resilient and sustainable agricultural and food systems.

The current tariff levels and tariff structure on an MFN basis for agricultural products, including tariff rate quotas and state trading arrangements, are the result of appropriate implementation of the modalities agreed upon during the GATT Uruguay Round including tariff reductions and its tariffication of non-tariff measures.

Agricultural policies need to be formulated with approaches different from country to country so that those policies are designed and implemented in line with their region-specific circumstances. The difference between the average tariffs of agricultural products and non-agricultural products exists because the levels of protection for domestic industries and domestic products are diverse and not uniform.

The import of rice under the Minimum Access commitment is conducted through tenders, based on the WTO rules, taking into

account the needs of domestic consumers, the production and export capacity of exporting countries, and domestic and international supply and demand trends. Import volumes by country are the results of such tenders, and no preferential treatment is given to any specific country.

For SPS measures, Japan implements all measures in accordance with the SPS Agreement. When there is a market access request from a Member, Japan conducts bilateral consultations with the requesting Member in accordance with the standard approval procedures, which have been established to ensure operational integrity and scientific assessment.

On this occasion, Japan reaffirms its further commitment to the agricultural negotiations at the WTO, and expresses its intention to make constructive contributions to the Dialogue on Emerging Agricultural Trade Issues.

12. Critical minerals

Japan emphasizes diversification of supply sources, stockpiling systems, and the use of policy tools to secure supplies of critical minerals. The primary objective of these measures is to enhance supply chain resilience for economic security and emergency

preparedness, and not to distort international trade.

Japan is actively pursuing flexible cooperation frameworks to strengthen economic security and supply chain resilience. Japan has been cooperating with partner countries in both bilateral and multilateral contexts, including through making bilateral Memoranda of Cooperation (MoC) and reaffirming the commitment to strengthening economic security.

(Conclusion)

I would like to express my heartfelt gratitude to all Members for your valuable participation and constructive contributions.

We appreciate a lot of the comments made on Wednesday and today, which commended Japan's contribution to the multilateral trading system and active engagement with WTO negotiations, as well as establishing the close bilateral relationships. Japan continues to collaborate with all WTO Members to achieve our common goals. We hope that, through this TPR, your understanding of Japan's trade and economic policies have been further deepened. If you have any questions or need further clarification, Japan will be ready to explain in detail at any time.

As stated on Wednesday, the multilateral trading system is facing unprecedented challenges. We believe that maintaining and advancing the international rules-based trading system is a necessary foundation for the global economy, and Japan has an unwavering commitment to continue working in cooperation with WTO Members to advance WTO reform, including addressing level playing field issues, by building on the positive elements emerging from the discussion so far.

Thank you very much.