

*The Third-Year Dialogue of the Japan-U.S. Regulatory Reform
and Competition Policy Initiative*

GENERAL BACKGROUND and OBJECTIVES

Japan and the U.S. have made mutual efforts to point out, discuss and take constructive measures for the issues concerning regulatory reform and competition policy of both countries. The Regulatory Reform and Competition Policy Initiative is a forum for such discussions established in 2001.

In the third-year dialogue of the Initiative, Japan makes requests to the United States based on general background and objectives specified below for the promotion of the mutual benefits.

For smoother visit to and stay in the U.S. by the Japanese nationals

- > All applicants of U.S. visas have been obliged to go through interviews by U.S. consular officials since August 1. It generally takes 3 to 12 months for foreign residents to have their permission to stay extended. **Such U.S. consular systems and regulations have imposed an increasing scale of difficulties and burden on the Japanese nationals in visiting and staying in the U.S.**
- > While Japan shares with the U.S. the basic understanding on the importance of counterterrorism, these measures have been not only causing inconveniences in bilateral trade relationship and mutual visits, but **also undermining the image of “America, the land of freedom” the Japanese have envisaged.**
- > The objective is therefore to make these systems and regulations more rational from the perspectives of not only economy but also the overall Japan-U.S. alliance and friendship.

For Improving business environment and reducing costs of foreign companies in the age of globalization

- > **The U.S. lags behind the rest of the world in adopting the metric system as its basic weights and measures, the fundamental system of industry.** As such, although the U.S. is the biggest and leading economy of the world, there still remain some U.S. standards which are not in line with global standards. The absence of internationally accepted standards in the U.S. forces **business entities to face obstacles in doing their activities on a global scale.**
- > The U.S. federal system has enabled **50 states to adopt different systems and regulations independently.** In telecommunications and energy sectors, for instance, **companies conducting inter-state businesses must file for, petition and report to all the states where they operate in different forms with different contents.** Thus they are paying unreasonable costs.
- > Some U.S. foreign policy and homeland security measures discourage the private sector from trade and investment. **Due to the absence of clear criteria in their application, companies tend to presume possibility to be penalized beyond the scope of reasonable predictability.** The U.S. is encouraged to exercise such measures as sanctions acts and container security clearly and reasonably to eliminate their negative effects on business activities.

For enhanced free trade and competition

- > **The U.S. has some measures inappropriate to promote free trade and competition, which are the fundamental driving forces of the growth of the world economy.** Obligatory purchase of U.S. products in federal government procurement and a large amount of subsidy for U.S. marine transporters are typical examples. Such unfair exclusion of foreign enterprises from the U.S. market **eventually stifles the efficiency of the U.S. economy itself.**

For the rebuilding of confidence in the U.S. market

- > **To maintain confidence in the U.S. economy and market is indispensable for the sustainable growth of the world economy.** This is the very reason why the corporate scandals of its energy and telecommunications companies and the power outage in the northeast region of North America gave a tremendous shock to the world. The U.S. is expected to make further efforts to secure stable and transparent conditions for competition.