

Trade Policy Review of Japan  
Statement of the Japanese Delegation  
(First Day)

## **1 Introduction**

Mr. Chairman,  
Distinguished ambassadors and delegates,

It gives me great pleasure to represent my country for the third time in a Trade Policy Review. I would like to express Japan's sincere appreciation to all the Members participating in this Review; to the Chair, Ambassador Bashir; and to the distinguished discussant, Ambassador Fried. I would also like to acknowledge the excellent contribution of the Trade Policy Review Division. Mr. Eglin and his team, Mr. Hayafuji, Mr. Latrille and Mr. Khilji, have worked very hard to produce a truly comprehensive and on the whole fair report.

More than 700 questions from 29 Members attest to the keen interest they have in Japan's economic and trade policies. I am pleased to announce that the responses to all the questions submitted by the closing date are being distributed today in written form.

The Trade Policy Review has proven its worth as a tool to achieve greater transparency in the trade policies of Members. Japan continues to remain strongly committed to this valuable mechanism. One indicator of this commitment is the fact that I am heading a team of 14 persons to travel from Tokyo specifically for this purpose. In addition, more seriously, our commitment to the enhancement of transparency can be seen in the fact that we have constantly supplied the Secretariat with the required data in a timely manner. We would like to encourage all the Members to do likewise, if they have not already done so.

### ***Recovery from the Great East Japan Earthquake***

On March 11, 2011, one month after the last TPR for Japan, my country was struck by the Great East Japan Earthquake. Helping hands were

extended to us from all over the world and we wish to reiterate our heartfelt gratitude for that. The damage both in terms of human lives and material was massive and is still weighing on our economy. But, it should be noted that Japan has not adopted any protectionist measure as a result. The Secretariat's report mentions that since the last TPR, Japan has not even used the gap between the bound and the applied MFN tariffs to raise them. In spite of all the difficulties, Japan's GDP remains the third largest in the world; and the volume of trade, which dropped in 2008 due to the financial crisis, has recovered steadily from 1 trillion dollars in 2009 to 1.3 trillion dollars in 2012, placing Japan in the fourth place in terms of volume of trade. One issue of serious concern to us related to the disaster is that some countries still maintain a blanket import ban on foodstuffs from some areas of Japan, citing radioactive contamination. Very soon after the disaster, we have set up a large scale monitoring system for foodstuffs so that contaminated foods do not reach consumers. Under this monitoring system, around 375,000 inspections have been carried out to date, and the screening data is posted on the internet immediately, ensuring complete transparency. Moreover, last April, stricter standards of limit values for radioactive materials in food products were introduced when carrying out these inspections. As a result, Japan has so far managed to avoid having foods breaching the standards distributed and reaching consumers. Today, almost two years after the disaster, Japan requests those Members still maintaining special border measures occasioned by it to weigh carefully the scientific grounds for doing so, particularly in view of the fact that many WTO members have already lifted such measures, some as early as only three months after the earthquake, without any hitch being reported.

### ***Global Value Chain***

Now, turning to another point related to the Great East Japan Earthquake and also to the flood that hit Thailand in the same year, we think that these two disasters starkly demonstrated the extent of the so-called Global Value Chain and the ripple effect a breakdown of even one link may have on the entire Chain. Following the disaster, the temporary shutdown of many factories producing high-tech products, often key components of final products produced in other countries, had the potential to severely disrupt the global industrial production. In view of this experience, Japan wishes to

see the WTO address these issues more deeply so that the salient features of today's intricate trade could be better understood. In this regard, Japan attaches importance to the joint research with the OECD to understand the reality of Trade in Value Added. The Institute of Developing Economies of the Japan External Trade Organization has contributed to the understanding of Trade in Value Added through its research over the years which have culminated in the joint report with the WTO in 2011.

### ***New government's economic policy***

As the Members are well aware, my country has a new Government since last December. The Abe administration attaches its highest priority to revitalizing the economy by first attacking deflation which has been plaguing us for a long time. It is pressing forward with a three-pronged strategy, consisting of aggressive monetary policy, flexible fiscal policy, and a growth strategy that encourages private-sector investment.

This clear commitment to pro-growth policies has already been welcomed enthusiastically in the Tokyo Stock Exchange, where share prices are substantially higher than when Mr. Abe took office. In addition, the strategy has received broad attention in various international fora such as the World Economic Forum Annual Meeting this year.

Of course, there is still much to be done. Above all, a major challenge we are currently facing is how to implement the third arrow namely a growth strategy that encourages private-sector investment. We plan to adopt this new growth strategy in the middle of the year, though some parts of it will be implemented even before the finalization of the entire strategy. Emphasis will be placed on strengthening the competitiveness of our economy over the mid- to long-term, through innovation and accelerating the removal of domestic institutional and regulatory obstacles.

## **2 Open trading system**

### ***WTO***

Mr. Chairman, on the multilateral trading system, Bearing in mind that international trade plays an important role in accelerating the integration of the world economy, Japan continues to adhere to the non-discriminatory principles of the multilateral trading system (MTS) under the WTO. It is therefore in our view essential to achieve concrete outcomes at the ninth Ministerial Conference (MC9) in order that the WTO retains its credibility.

### ***Resisting protectionism***

Strongly concerned by growing instances of protectionism around the world, I would like to point out, especially to the Members of G20 and APEC, the successive commitments their leaders have made in this regard. In order to counteract this tendency, Japan fully supports the idea of strengthening the monitoring exercises of the WTO.

### ***Accession***

As integration into the MTS is beneficial for developing countries, Japan has consistently supported the accession negotiations of new Members and will continue to do so in the future.

### ***FTAs/EPAs***

On FTAs/EPAs, Japan is currently developing a network of FTAs/EPAs. Of course, careful attention is paid so that they conform fully to the WTO rules and obligations. At present, with the addition of the Economic Partnership Agreements with India and with the Republic of Peru that took effect after the last TPR, Japan has concluded 13 EPAs. The amount of our trade covered by these EPAs is about 19%. Aside from ongoing EPA negotiations with Australia, Mongolia, Canada and the Republic of Colombia, Japan is about to start negotiating the so-called Regional Comprehensive Economic Partnership (RCEP) negotiations, and the Free Trade Agreement negotiation among Japan, China and Korea. Additionally, following the adoption of the negotiating mandates for a Japan-EU EPA by the Foreign Affairs Council of the EU, Japan and the EU are preparing for an early

launch of the negotiations.

### ***Investment Agreements***

Japan has actively pursued concluding investment agreements as a means to create stable, equitable, favorable and transparent conditions for increased investment. Since its last TPR, Japan has so far signed 4 bilateral investment agreements, one trilateral investment agreement and one EPA containing an investment chapter.

### ***Asia-Pacific Economic Cooperation***

We have also been a promoter of trade and investment liberalization through the economic integration of the Asia-Pacific region, in the framework of the Asia-Pacific Economic Cooperation (APEC). In this vein, last year, Japan actively contributed to the development of the APEC List of Environmental Goods.

### **3 Aid for Trade (AfT)**

Mr. Chairman. Now I would like to move on to development issues.

We believe that attracting foreign direct investment is the most efficient way for the developing countries to further benefit from the MTS. Aid-for-Trade can play a significant supporting role in creating a better investment climate if it is combined with home-grown, spontaneous effort by the developing countries themselves.

#### ***Development Initiative for Trade***

Japan has been active in enhancing AfT-related measures. In this regard, Members may recall that my country undertook an Aid-for-Trade initiative entitled "Development Initiative for Trade", for two consecutive 3 year periods and has fully implemented its commitment of 22 billion US dollars aid. As the major provider of AfT, Japan will continue to contribute to the expansion of trade by the developing countries.

#### ***Enhancement of Connectivity***

One of the key components of Japan's AfT is Enhancement of Connectivity in South-East Asia and Africa.

At the Japan-ASEAN Summit Meeting in November 2011, then Prime Minister Noda announced "Flagship Projects" which comprised of 33 projects for enhancing ASEAN Connectivity. These projects are making steady headway.

For Africa, believing that it is one of the places where the development of inter-regional trade is most important for economic growth, Japan announced a project called One Stop Border Post under the framework of the Tokyo International Conference on African Development (TICAD) to promote smooth and efficient cross-border procedures. Assistance has already been provided in 14 locations in Africa. At TICAD V taking place in June 1-3 this year in Yokohama, robust and sustainable economic growth is one of the three themes to be discussed. Participants are expected to address the issue of improvement of trade-related capacity building.

#### ***Aid for Trade Asia-Pacific Regional Technical Group***

A group consisting of Asia-Pacific countries including Japan organized a

small voluntary expert group called the "Regional Technical Group (RTG)". This group is conducting continuous discussions on how to implement effective Aid-for-Trade measures in light of Asian experiences. Japan has been serving as a co-chair of this group since its inception in 2009. In March this year, Japan will host the Sixth RTG meeting in Tokyo to complete the second report, which will be submitted to the Fourth Global Review in July.

***Duty-Free, Quota Free Market Access to products from LDCs***

Japan has provided Duty-Free, Quota-Free Market Access to products from the least developed countries (LDCs). The items subject to the preferential treatment cover 98% of products, which exceeds the level agreed to in Hong Kong. Import volume from LDCs has doubled from 2005 to 2011.

### ***Conclusion***

Mr. Chairman, Let me now conclude my opening statement.

The notion that Japan owes its present economic prosperity to the opportunities for growth provided by the post-Second-World-War multi-lateral trading system is deeply ingrained in us. Today, as cross-border economic integration is rapidly advancing among Members, developing country Members included, Japan reiterates its willingness to promote trade liberalization and its commitment to contributing to the strengthening of the multi-lateral trading system.

I very much look forward to listening to comments from the distinguished Discussant and all the delegations. Thank you very much for your attention.