

*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 fourth-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

- > Visa revalidation in the U.S. has been suspended since July. Regulations concerning driver's license of respective States have been reinforced. Under the current U.S. law, as many as 700,000 Japanese nationals will be required to obtain visas to visit the U.S. from November 2004 to March 2005. **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 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.** A large amount of subsidy for U.S. marine transporters is a typical example. Such unfair exclusion of foreign enterprises from the U.S. market **eventually stifles the efficiency of the U.S. economy itself.**
- > Among all, **the U.S. has not completed measures to redress some trade rules that have already been found inconsistent with the WTO Agreement.** These trade rules impose unreasonable burden on foreign companies, impede competition, and **eventually give negative impacts on confidence in the multilateral trade system represented by WTO**, which the U.S., the world's biggest economy, should take a leading part to maintain.

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

- > The U.S. federal system has enabled **50 states to adopt different systems and regulations independently.** In insurance, 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 could discourage the private sector from trade and investment, due to the additional cost incurred therein and predictability of business being damaged.** The U.S. is encouraged to exercise such measures as sanctions acts and counterterrorism in physical distribution clearly and reasonably to avoid their negative effects on business activities.

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.