

# Legal 500

## Country Comparative Guides 2024

### Japan

### International Trade

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This country-specific Q&A provides an overview of international trade laws and regulations applicable in Japan.

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## Japan: International Trade

### 1. What has been your jurisdiction's historical level of interaction with the WTO (e.g. membership date for the GATT/WTO, contribution to initiatives, hosting of Ministerials, trade policy reviews)?

Japan has been a member of GATT since September 10, 1955, and has been a WTO member since January 1, 1995. The 7th multilateral trade negotiations from 1973 to 1979 were held in Tokyo, Japan. In the Tokyo round, the participating countries discussed the reduction of tariffs. They also reached an agreement on rules regarding non-tariff issues, which interpret and clarify existing GATT rules.

Japan has been playing a major role in the negotiation process of rules on e-commerce. Japan, together with Australia and Singapore, co-convenes the WTO Joint Statement Initiative on E-commerce which started in January 2019. On July 26, 2024, Japan, Australia, and Singapore issued a joint statement that the participants achieved a stabilized text and outlined the next steps. Japan is also actively participating in negotiations regarding the WTO reforms including the dispute settlement reform.

Japan is subject to a Trade Policy Review every three years, and the latest review (the 15<sup>th</sup> review) took place in March 2023. In this review, Japan's contribution to the WTO, such as its leadership in the E-commerce negotiations and being the first contributor to the fund under the Agreement on Fisheries Subsidies, was highly appreciated by other member countries. Also, member countries, especially developing countries, emphasized the importance of Japan's efforts in the form of development assistance, such as assistance for trade, the generalized system of preferences to LDC, and assistance by JICA.

### 2. Are there any WTO agreements to which your jurisdiction is not party (e.g. Government Procurement Agreement)? Is your jurisdiction seeking to accede to these agreements?

Japan is a party to the agreements covered in Annexes 1 to 4 of the Marrakesh Agreement Establishing the World Trade Organization, including the Agreement on

Governmental Procurement and is a signatory to the Agreement on Trade in Civil Aircraft. Japan has also signed the Information Technology Agreement and the Pharma Agreement.

Japan also accepted the Agreement on Fisheries Subsidies and became the first contributor to the fund established under the agreement.

### 3. Is your jurisdiction participating in any ongoing WTO negotiations (e.g. E-Commerce Joint Initiative) and what has been its role?

Japan is one of the co-conveners of the WTO Joint Statement Initiative on E-commerce and has led the process of crafting high-level rules, including the liberalization of data flow.

"Data Free Flow with Trust (DFFT)" was proposed by ex-Prime minister Shinzo Abe at the annual meeting in Davos. Building on this, during an event hosted by Japan at the sideline of the G20 Osaka Summit in 2021, the launch of the "Osaka Track", a process to promote international policy discussions for international rule-making on E-commerce and data flow, was declared. Further, in the Ministerial Declaration of the G7 Digital and Tech Ministers' Meeting in April 2023, hosted by Japan, the need to accelerate and operationalise work on DFFT was recognized among the participating countries and it confirmed that they would "advance international policy discussions to utilize the full potential of cross-border data flows under the banner of DFFT".

On July 26, 2024, Japan, Australia and Singapore issued a joint statement that participants achieved a stabilized text and outlined the next steps on the Agreement on Electronic Commerce (see question 1 above).

### 4. Has your jurisdiction engaged in the WTO dispute settlement system in the past 5 years? If so, in which disputes and in which capacity (as a party to a dispute or as a third party)?

In the past 5 years, Japan has engaged in four dispute settlement procedures as a complainant (i.e., *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553), *Korea – Measures Affecting Trade in*

*Commercial Vessels (Japan) (DS594), India – Tariff Treatment on Certain Goods (DS584), China – Anti-Dumping measures on stainless steel products from Japan (DS601).*)

In addition, Japan engaged in a dispute settlement procedure as a respondent (*Japan – Measures Related to the Exportation of Products and Technology to Korea (DS590)*). However, Korea withdrew the case on March 23, 2023.

As for the current status and URL for each case, please see the table below:

Case	Position	Current Status	URL
DS533: Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars	Complainant	Under Appeal	<a href="https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds533_e.htm">https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds533_e.htm</a>
DS594: Korea – Measures Affecting Trade in Commercial Vessels (second complaint) (Japan)	Complainant	In Consultations	<a href="https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds594_e.htm">https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds594_e.htm</a>
DS584: India – Tariff Treatment on Certain Goods	Complainant	Under Appeal	<a href="https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds584_e.htm">https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds584_e.htm</a>
DS601: China – Anti-Dumping measures on stainless steel products from Japan	Complainant	Panel report adopted	<a href="https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds601_e.htm">https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds601_e.htm</a>
DS590: Japan – Measures Related to the Exportation of Products and Technology to Korea	Respondent	Terminated/withdrawn	<a href="https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds590_e.htm">https://www.wto.org/english/stratop_e/dspu_e/cases_e/ds590_e.htm</a>

## 5. Has your jurisdiction expressed any views on reform of the WTO, in particular, the dispute settlement system and the Appellate Body?

Regarding the reform of the dispute settlement system of WTO, Japan submitted three joint proposals with the EU on “procedures for the lifting of countermeasures,” for the “sequence (determining whether the losing state of a dispute has implemented the recommendations of the Dispute Settlement Body (DSB)”, and for “imposing sanctions on the losing state of the winning state for failing to implement the recommendations.” In the meetings of the Dispute Settlement Body, Japan states that it wishes to work actively and constructively with all members and emphasizes the urgency of reforming the dispute settlement system<sup>1</sup>.

In March 2023, Japan joined the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) and is now one of the parties to the MPIA.

Footnote(s):

<sup>1</sup> See for example, [directdoc.aspx \(wto.org\)](https://www.wto.org)

## 6. What are the key bilateral and/or regional free trade agreements (FTAs) in force for your jurisdiction and from which dates did they enter into force?

Japan is a party to 20 EPA/FTAs that are in force. The EPA/FTAs that entered in force since 2018, are as follows:

EPA/FTA	Date of entry in force
ASEAN-Japan Comprehensive EPA	December 2018
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	December 2018
Japan-EU EPA	February 2019
Japan-United States Trade Agreement, Japan-US Digital Trade Agreement	January 2020
Japan-United Kingdom Comprehensive EPA	January 2021
Regional Comprehensive Economic Partnership (RCEP) Agreement	January 2022

With respect to the CPTPP, UK's Protocol on the Accession was signed in July 2023. As of October 2024, Japan, Singapore, Chile, New Zealand, Vietnam, Peru, and Malaysia completed the process of ratification. Accordingly, the UK's accession to the CPTPP is expected to enter in force on December 15, 2024.

## 7. Is your jurisdiction currently negotiating any FTAs (or signed any FTAs that have not yet entered into force) and, if any, with which jurisdictions? What are your jurisdiction's priorities in those negotiations (e.g. consolidating critical mineral supply chains, increasing trade in financial services, etc.)? For both FTAs under negotiation and signed FTAs, when are they expected to enter into force?

Japan is engaged in EPA/FTA negotiations in order to accelerate (i) the creation of rules to promote a free and fair economic order; (ii) the promotion of public-private partnerships to support the overseas expansion of Japanese companies; and (iii) the promotion of resource diplomacy and inbound tourism.

Japan is currently negotiating several FTA/EPAs. Those under negotiation are the Japan-Turkey EPA, the Japan-Columbia EPA, the Japan-China-Republic of Korea FTA and the Japan-Bangladesh EPA. In addition, Japan and the Gulf Cooperation Council (GCC) have agreed to resume the Japan- GCC FTA negotiations. The timeline for each FTA/EPA to enter into force is uncertain. Negotiations with Korea and Canada are currently suspended.

Also, Japan is participating in negotiations for Indo-Pacific Economic Framework for Prosperity (“IPEF”), which includes a framework for discussing economic cooperation in the Indo-Pacific region. IPEF differs from FTAs in that it is not consistent with GATT Article 24. In September 2023, the parties agreed to negotiate four pillars: trade, supply chain, clean economy and fair economy. In IPEF, as of October 2024, the following four agreements have entered into force;

- IPEF Agreement relating to Supply Chain Resilience: Agreement on Pillar II
- IPEF Agreement relating to A Clean Economy: Agreement on Pillar III

- IPEF Agreement relating to A Fair Economy: Agreement on Pillar IV
- Agreement on IPEF: Agreement on the establishment of a conference body to deal with cross-cutting matters.

## 8. Which five countries are the biggest trading partners for your jurisdiction in relation to each of exports and imports and which goods or services are particularly important to your jurisdiction's external trade relationships?

According to the Trade Statistics of Japan issued by the Ministry of Finance (the "Trade Statistics"), the five biggest export partner countries for Japan are the US, China, Korea, Taiwan, and Hong Kong and the five biggest import partner countries for Japan are China, Australia, the US, UAE, Saudi Arabia.

According to the Trade Statistics, transportation equipment such as automobiles, general machinery, and electrical equipment are the key exports. Mineral chemical fuels, electrical equipment, and chemical products are the key imports.

## 9. What are the three most important domestic and three most important international developments that are likely to have the biggest impact on your jurisdiction's trade profile and priorities?

As international events, (i) the economic tension between the United States and China that has resulted in numerous trade measures, including but not limited to the strengthening of export controls in both countries, (ii) Russia's aggression against Ukraine, and the economic sanctions taken by several countries against Russia, and (iii) the issuance of proposed rules on US investments in certain national security technologies and the strengthening of foreign direct investments especially in relation with critical technologies and data.

As domestic events, (i) there will be the gradual enforcement of the Economic Security Promotion Act, (ii) the enactment of the Act on the Protection and Utilization of Important Economic and Security Information in May 2024, and (iii) the likely implementation of prior notification requirements for certain key technologies, including those related to semiconductors.

The Economic Security Promotion Act was enacted in May 2022 to enhance an economic policy for security in

Japan. In 2023, the Cabinet approved a basic policy regarding the system for ensuring the stable provision of key infrastructure and the system for keeping patent applications confidential. These regulations have been enforced since May 2024.

The Act on the Protection and Utilization of Important Economic and Security Information was enacted in May 2024 to protect and utilize important economic and security information such as information on cyber security and the supply chain of important infrastructure or products. Under this Act, administrative authority may provide such information to other authorities if necessary, but such information must be handled by those who are deemed under an evaluation not to pose a risk of leaking such information.

On September 6, 2024, the Ministry of Economy, Trade, and Industry announced a draft amendment to the ordinances relating to the Foreign Exchange and Foreign Trade Act (the "FEFTA"), requiring the submission of prior notifications to the competent authority in order to undertake technology transfers overseas. Ten sectors, including but not limited to electronic components and semiconductors sectors, will be subject to a prior notification. The amendment will take effect after a public notice period, with implementation scheduled for December 2024.

## 10. Has your jurisdiction taken any specific domestic measures to address sustainability issues in international supply chains, for example in relation to forced labour, human rights and environmental issues? Is it seeking to address these issues in any FTAs or other international agreements?

Regarding human rights, in September 2022, the Japanese Government released Guidelines on Respecting Human Rights in Responsible Supply Chains (the "Guideline"). The Guideline was established based on the UN Guiding Principles on Business and Human Rights and other international regulations to help business enterprises' understanding of this issue and to prod business enterprises to undertake activities respecting the human rights of enterprises themselves, as well as those of their affiliates and suppliers, etc. The Guideline provides specific guidance on how an enterprise should approach the prevention human rights violations, through means such as the establishment of a human rights policy, conducting a human rights due diligence, and stating the provisions of remediation.

Following the publication of the Guideline, the Japanese Government released its "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains" in April 2023. This Reference Material provides in-depth explanations and case examples regarding "establishing a human rights policy" and the "identification and assessment of adverse impacts on human rights (human rights risks)."

Regarding climate challenges, the Japanese Government has set a target of reducing greenhouse gas emissions by 46% from its FY 2013 levels by FY 2030 and declared that it will achieve carbon neutrality by FY 2050, in accordance with the Paris Agreement. To achieve these goals, the Japanese Government is engaging in green transformation (decarbonization) programs, mandating the disclosure of sustainability information for listed companies, and carrying out other measures. On May 12, 2023, the Act Concerning the Promotion of a Smooth Transition to a Decarbonized Economic Structure was enacted and the Japanese Government decided to invest in technology development of various target industries. Also, the Japanese Government is engaging in the decarbonization of energy supply by promoting renewable energy.

Environmental issues are also specified in an increasing number of EPA/FTAs. Specifically, relevant rules contain provisions on prohibiting the promotion of investment by deregulating environmental regulations, cooperating in environmental issues, and mutually recognition of domestic measures to protect the environment which the party considers appropriate. Also, in the CPTPP, an independent chapter on the environment (Chapter 20) was included in the agreement for the first time for Japan.

### **11. Is your jurisdiction taking any specific domestic measures to promote near-shoring/on-shoring for strategic goods (i.e. domestic subsidies, import tariffs, or export restrictions)? Is it seeking to address these issues in any FTAs or other international agreements?**

With respect to strategic goods, the Economic Security Promotion Act was enacted in May 2022. The Act designates 11 items as "specified critical products" and sets out measures to ensure the stable supply of such products. In particular, Chapter 2 sets out governmental support to this end in order to strengthen supply chain resilience. Further, Chapter 4 provides for incentive programs to develop and support certain important research areas of advanced critical technologies. This

includes, among others, technologies related to semiconductor products, aerospace, marine, quantum, and AI.

This issue is not addressed in FTAs or other international agreements concluded by Japan. However, in the IPEF Agreement relating to Supply Chain Resilience, the parties are required to identify its critical sectors or key goods considering some factors such as the impact on its national security, the level of dependence, geographic factors.

### **12. What is the legal regime governing trade sanctions in your country? Has it evolved in response to ongoing geopolitical developments, such as the on-going crisis in Ukraine?**

In Japan, the FEFTA sets out the legal regime governing trade sanctions. The purpose of the FEFTA is to enable the proper development of foreign transactions and the maintenance of peace and security in Japan and in the international community through the minimum necessary control or coordination of foreign transactions.

Under the FEFTA, the Japanese Government may impose economic sanctions such as by freezing assets or prohibiting imports and/or exports. The Japanese Government is currently imposing economic sanctions on 15 countries including North Korea, Iran and Russia.

With respect to Russia's aggression against Ukraine, the FEFTA and relevant rules provide for an asset freeze or the regulation of payments to relevant individuals and organizations, including Russian Banks, and a prohibition on exports to and imports from Russia for specified products and services.

### **13. Does your jurisdiction use trade remedies and, if so, what remedies are most commonly used? And in which jurisdictions and on which products are they most commonly applied?**

Japan can impose trade remedy measures, including anti-dumping duties, countervailing duties and safeguard measures pursuant to the Customs Tariff Act. Antidumping measures are the most commonly used and currently, as of October 2024, eight antidumping measures are in force, 13 anti-dumping investigations having been initiated so far, one of which is currently under investigation. There are many investigations related to certain materials and chemical products, such as hot dip galvanized iron wire and potassium carbonate.



Countervailing duties and safeguard measures are relatively rare compared to antidumping measures. In 2001, safeguard measures were imposed on three agricultural products: green onions, raw bamboo shoots and weaving rushes, and in 2006, Japan imposed countervailing duties on Hynix DRAMs.

#### **14. What is the key legislation relating to anti-dumping duties, countervailing duties and safeguards? What are the authorities responsible for investigating and deciding whether these remedies are applied?**

The Customs Tariff Act stipulates the requirements for anti-dumping duty measures (Article 8), countervailing duty measures (Article 7) and safeguard measures (Article 9). The investigation procedures for each of these measures are provided for in the Customs Tariff Act, and in the Cabinet Orders on Anti-Dumping, Countervailing Duties and Emergency Tariffs, etc..

The Ministry of Finance (the Office of Trade Remedy Affairs, Tariff Policy and Legal Division, Customs and Tariff Bureau), the Ministry of Economy, Trade and Industry (the Trade Control Department, Trade and Economic Security Bureau) and the ministries responsible for the relevant domestic industry (collectively referred to as the "investigating authority") handle investigations and decisions for trade remedy measures. In practice, the investigating authority provides consultation services to domestic manufactures to assist them with the application process.

#### **15. What is the process for a domestic business and/or industry to seek trade remedies (i.e. key documentation, evidence required, etc.)? How can foreign producers participate in trade remedies investigations in your jurisdiction?**

##### **(a) Application procedure**

Domestic producers may submit an application for anti-dumping measures and/or countervailing duty measures to the investigating authority with sufficient evidence to prove material injury to domestic industries ("evidence based on reasonably available information" constitute "sufficient evidence" in this regard). The investigating authority can also self-initiate investigations.

Once the investigating authority decides to initiate an investigation, it sends a questionnaire to the interested parties. During the investigation, additional evidence and

explanations might be requested and the investigating authority may conduct onsite investigations as necessary. Thereafter, following the determination of provisional measures (if any) and then the disclosure of essential facts to interested parties, the investigating authority makes a final decision whether or not to impose anti-dumping duties and/or countervailing duties.

As for safeguards measures, the investigating authority initiates an investigation when there is sufficient evidence that, as a result of unforeseen developments, increased imports cause or threaten serious injury to the domestic industry and there is emergency to the national economy. Before imposing a safeguard measure, consultations are to be held with interested countries with the effort to negotiate compensations.

##### **(b) How to participate by foreign producers**

When a decision is taken to initiate an investigation, the Ministry of Finance must notify interested parties, including exporters and producers, in writing, the name of the applicant, the goods involved in the investigation, the period of investigation and the matters to be investigated, and publish the notice in the Official Gazette.

#### **16. Does your jurisdiction have any special regulations or procedures regarding investigation of possible circumvention or evasion of trade remedies? What are the consequences of circumventing or evading trade remedies?**

No, there are no specific regulations or procedures regarding investigation of possible circumvention or evasion of trade remedies in Japan.

In general, a fraudulent exemption from customs duties may result in a post-investigation (Customs Act, Article 105) or investigation and disposition of criminal cases (Customs Act, Chapter 11). Furthermore, there are penalties under the Customs Act for evading customs duties by deception or other fraudulent acts (Article 110(1)).

#### **17. What are the substantive legal tests in your jurisdiction for the application of remedies? Does your jurisdiction apply a lesser duty rule and/or a public interest test in anti-dumping investigations? Are there any other notable**

## features of your jurisdiction's trade remedies regime?

Under Japanese law, the substantive legal requirements for the application of remedies are "where there is a fact that the import of goods ... sold at an unfair discount ... causes substantial damage ... to Japanese industry ..., and it is considered necessary to protect the Japanese industry" (Customs Tariff Act, Article 8(1)). In other words, the requirements are (i) existence of an unfair trade practice, (ii) substantial damage to the Japanese industry, (iii) causation between (i) and (ii), and (iv) a need to protect the Japanese industry.

There is no legal provision which mandates a lesser duty rule or a public interest test in antidumping investigations.

## 18. Is there a domestic right of appeal against the authority's decisions? What is the applicable procedure?

As with other administrative measures, the Administrative Case Litigation Act will apply and accordingly, a claimant will need to file a case with the district court of Japan under Article 12 of the Administrative Case Litigation Act either on the final decision or the imposition of individual taxation measures by the authorities.

## 19. Has your jurisdiction's imposition of any trade remedies been challenged at the WTO? If so, what was the outcome? A general explanation of trends can be provided for jurisdictions involved in significant trade remedies dispute settlement.

In 2006, Korea brought a case to the WTO concerning Japan's imposition of countervailing duties on imports of certain DRAMs from Korea (*Japan – Countervailing Duties on Dynamic Random Access Memories from Korea*). The panel report was circulated in July 2007, and the Appellate body report was circulated in November 2007 and adopted in December of the same year. The Appellate Body found Japan's measures to be inconsistent with the WTO Agreement and made a recommendation to bring the measure into compliance. Japan implemented the recommendations of the DSB by modifying the amount of the countervailing duties in 2008.

The above-mentioned case is the only case where Japan's trade remedy measures were challenged to date.

## 20. What authorities are responsible for enforcing customs laws and regulations and what is their role?

The Customs and Tariff Bureau of the Ministry of Finance (MOF) is responsible for enforcing customs laws and regulations.

The Customs Clearance Division is in charge of assessment and the collection of customs duties, the calculation of the taxable value, and the licensing and approval of imports and exports of goods.

The Post Clearance Audit, Investigation and Intelligence Division is responsible for investigation, disposition and information-related affairs of criminal cases under customs laws and regulations.

As noted above in the Answer to Question 14, the Ministry of Finance, the Ministry of Economy, Trade and Industry, and other relevant ministries responsible for certain industries subject to the investigation are in charge of trade remedies (i.e., antidumping duties, countervailing duties and safeguard measures), and carries out the relevant investigations.

## 21. Can importers apply for binding rulings from the customs authority in advance of an import transaction? How can customs decisions be challenged?

There is an advance instruction system, which requires Customs to reply to written inquiries from taxpayers and other interested parties (Customs Act, Article 7(3)). Taxpayers and other interested parties may request information regarding tariff classifications, the applicable rate of customs duties, the basis for duty assessments pertaining to import goods, etc..

With respect to customs decisions, a request for re-examination may be made to the Director-General of Customs (Customs Act, Article 89(1)). Such request for reinvestigation must be made within three months from the day following the day on which the notification of the customs decision is received (Administrative Complaint Review Act, Article 54(1)). To challenge the results of the re-examination, further request for review may be made to the Minister of Finance within one month from the day following the date of service of the decision (Administrative Complaint Review Act, Article 18(1)).

A dissatisfied party may file with the court after the above review is concluded. This must be done within six months from the day on which a certified copy of the decision is

served (Administrative Case Litigation Act, Article 14(1)).

## 22. Where can information be found about import tariffs and other customs charges?

Information about import tariffs and other customs charges can be found on the Japan Customs' website.

The page below provides the tariff rates for each of the imported materials.

See [https://www.customs.go.jp/english/tariff/2024\\_04\\_01/index.htm](https://www.customs.go.jp/english/tariff/2024_04_01/index.htm)

## 23. Does your jurisdiction have any of the following features: a. Authorised Economic Operator (AEO) or equivalent programme? b. Mutual recognition arrangements (MRAs) with other jurisdictions in relation to their AEO programmes? c. Suspension of duties on any goods imports (for example, for goods for which there is no domestic production)? d. Allowing goods imports valued below a certain amount to enter duty free (*de minimis* shipments)?

a. Authorised Economic Operator (AEO) or equivalent programme?

Japan introduced an AEO programme for exporters in March 2006.

b. Mutual recognition arrangements (MRAs) with other jurisdictions in relation to their AEO programmes?

Japan has signed MRAs with 13 countries as of October 2024. To date, Japan Customs has signed an MRA with New Zealand (May 2008), the U.S. (June 2009), EU and Canada (June 2010), South Korea (May 2011), Singapore (June 2011), Malaysia (June 2014), Hong Kong (August 2016), China (October 2018), Australia (June 2019), the United Kingdom (December 2020), Thailand (April 2022). In addition, Japan has a private-sector arrangement for an MRA with Chinese Taipei (November 2018). Japan Customs are currently negotiating with Switzerland and India with a view to concluding an MRA.

c. Suspension of duties on any goods imports (for example, for goods for which there is no domestic production)?

There are no tariff suspension measures on any goods imports.

d. Allowing goods imports valued below a certain amount to enter duty free (*de minimis* shipments)?

Japan has introduced *de minimis* shipments as a general rule for imported goods valued below JPY 10,000, except for some products such as leather goods.

## 24. What free trade zones and facilities such as bonded warehouses are available in your jurisdiction?

There are five types of bonded areas where foreign goods may be stored, processed or displayed while customs duties are withheld: (i) designated bonded areas, (ii) customs warehouses, (iii) customs factories, (iv) customs display areas and (v) integrated bonded areas.

(i) Designated bonded areas are designated by the Minister of Finance and owned or administered by the government or public entities etc. These areas are used to simplify and expedite customs procedures, and in the areas, foreign goods may be loaded, unloaded, transported or temporary stored (in principle, one month). (Customs Act, Article 37).

(ii) Customs warehouses are used to facilitate trade and the development of transit trade. A place is permitted by the customs authority, and in this place foreign goods may be loaded, unloaded, transported or stored (in principle for two years) (Customs Act, Article 42).

(iii) Customs factories are used to promote processing trade. With permission from the customs authority, these factories may be used to process foreign goods, manufacture something made from foreign goods as raw materials, or repack foreign goods (Customs Act, Article 56).

(iv) Customs display areas are areas where the customs authority allows foreign goods to be displayed for exhibitions. These places facilitate the operation of international expositions and exhibitions of foreign goods organised by public authorities, etc. (Customs Act, Article 62-2).

(v) Integrated bonded areas are areas where the various functions of a customs warehouse, a customs factory and a custom display area are combined (Customs Act, Article 62-8).

## 25. What are the domestic scrutiny and transparency arrangements before and during



### negotiations for a trade agreement? What domestic ratification procedures are required once a trade agreement is concluded?

During negotiations for a trade agreement, the Cabinet Secretariat (for CPTPP, <https://www.cas.go.jp/jp/tpp/en/index.html>) and the Ministry of Foreign Affairs (for all other FTAs/EPAs, <https://www.mofa.go.jp/policy/economy/fta/index.html>) often provide a summary of the relevant round of negotiations on their websites.

Cabinet must obtain the approval of the Diet before or after concluding treaties (the Constitution of Japan,

Article 73(3)). The government usually submits a signed treaty to the Diet, and if it is passed by both Houses of the Parliament, the relevant treaty is thereby ratified.

### 26. What are the domestic procedures for local traders to request the government take action against measures of other jurisdictions that are inconsistent with WTO and/or FTA rules?

There are no specific domestic procedures stated in Japanese laws or regulations. Local traders and industry associations can approach the relevant Ministry that is in charge of the industry in question to consult on potential dispute matters.

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