



TRADE POLICY REVIEW

REPORT BY

JAPAN

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Japan is attached.

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1 INTRODUCTION

1.1. On the occasion of the 16th Trade Policy Review (TPR) of Japan, and recognizing that the year 2025 marks the 30th anniversary of the establishment of the WTO and also marks the 70th anniversary of Japan's accession to the General Agreement on Tariffs and Trade (GATT), Japan reaffirms its deep belief in, and commitment to, the rules-based, free, and open multilateral trading system with the WTO at its core. Japan also emphasizes its status as an open economy and underscores the critical role that the WTO has played in the development of Japan.

1.2. The Japanese economy is currently characterized by modest recovery, evidenced by nominal GDP surpassing the JPY 600 trillion threshold and the realization of wage increases reaching a 33-year zenith. Conversely, a multitude of opaque variables persists: the stagnation of private consumption due to soaring prices and the looming ramifications of additional US tariffs on the automotive sector and beyond. Japan is presently in a transitional phase, pivoting from an era defined by deflation and cost-cutting imperatives towards a growth-oriented economy. Japan stands at a critical juncture, where the primary challenge is to avert a lapse back into deflation and successfully pivot to a new growth trajectory.

1.3. By fortifying supply structures and bolstering income levels, Japan aims to revitalize consumer sentiment. Furthermore, it seeks to catalyse sustainable growth through the strategic promotion of public-private partnership investment in pivotal sectors and areas such as economic security. The Takaichi administration has championed a policy of "responsible and proactive public finances". By incentivizing investment across 17 strategic fields, the Takaichi administration endeavours to fundamentally strengthen Japan's supply structures and enhance the overall resilience of the national economy.

1.4. In a time of uncertainty and disruption, and with the Japanese economy standing at a critical juncture as mentioned above, the value of the multilateral trading system is unquestionable for Japan as well. Japan is committed to working closely together with other WTO Members to solve current and future challenges in global trade, to strengthen the multilateral trading system, and to advance meaningful reform of the WTO.

1.5. Regarding WTO reform, on the occasion of Director-General Dr Okonjo-Iweala's visit to Japan, Japan has called for promoting WTO reform in a way that allows all Members to participate.

1.6. Japan is also highlighting the need to promote the participation of developing and least-developed country Members in global supply chains, a process supported by WTO rules and Members' commitments to the multilateral trading system.

1.7. Japan underscores the profound significance of, and unequivocally supports, the TPR – the purpose of which is to contribute to the smoother functioning of the multilateral trading system – by achieving greater transparency in, and understanding of, the trade policies and practices of Members.

2 TRADE AND ECONOMIC ENVIRONMENT

2.1 Japan's economic environment

2.1. The Japanese economy continues to exhibit a moderate recovery trend. Nominal GDP exceeded JPY 600 trillion for the first time on an annual basis in Fiscal Year (FY) 2023. Simultaneously, the wage growth rate for FY2024 reached a 33-year high, and the wage increase rate secured through the 2025 Spring Labor-Management Negotiations surpassed that of the previous year. These indicators signal unprecedented positive developments across various sectors, despite the evident effects of the additional tariff measures implemented by the United States, especially in the automotive industry.

2.2. Conversely, private consumption, which constitutes the majority of GDP, lacks the requisite momentum relative to the growth in wages and income. This is attributable to a dampening of consumer sentiment amid rising prices of staple commodities, such as food products. To achieve a robust recovery in consumption, we have to realize not only sustained wage increases that outpace inflation but also overcome the sluggishness of our potential growth. The economy has now reached

the stage where it is transitioning from one defined by deflation and cost-cutting to a new growth-oriented economy. We now stand at a decisive juncture: whether we can successfully shift to a growth-oriented economy that will not fall back into deflation.

2.2 Trends in foreign trade

2.3. In 2024, the combined goods and services balance (in nominal terms) produced a deficit of around JPY 6.4 trillion. Nominal exports of overall goods and services have seen an upward trend. Recently, the main driver of overall exports has been transportation equipment. Travel services and charges for the use of intellectual property, have also been increasing. On the other hand, regarding imports, foods, raw materials, and fuels, which have been affected by fluctuations in energy prices and the cost of primary goods, have made significant contributions to the growth of imports. As for the recent trend in imports, the value of imports and the trade deficit for digital-related products have grown.

2.4. In 2024, the value of exports of goods from Japan increased to JPY 107.1 trillion by 6.2% compared to the previous year, and that of imports of goods to Japan increased to JPY 112.7 trillion by 2.1%. As a result, the trade balance was JPY 5.6 trillion, demonstrating a deficit for the fourth consecutive year.

Box 2.1 Regional breakdown of total value of goods exports in 2024 (compared to 2023)

China	up by 6.2%
Chinese Taipei	up by 14.2%
Republic of Korea	up by 6.7%
ASEAN	up by 4.3%
United States	up by 5.1%
European Union (EU)	down by 3.9%

Box 2.2 Regional breakdown of total value of goods imports in 2024 (compared to 2023)

China	up by 3.6%
ASEAN	up by 4.3%
Australia	down by 11.9%
United States	up by 9.8%
European Union (EU)	up by 4.7%
Middle East	down by 2.7%

2.3 Trends in foreign direct investment

2.5. The amount of outward FDI stocks increased from JPY 309.2 trillion (52.8% of GDP) in 2023 to JPY 351.8 trillion (60.2% of GDP) in 2024. The amount of inward FDI stocks increased from JPY 51.0 trillion (8.7% of GDP) in 2023 to JPY 53.3 trillion (9.1% of GDP) in 2024.

2024 Outward FDI

2.6. The outflow of FDI from Japan (outward FDI) increased from JPY 27,652.9 billion in 2023 to JPY 30,722.4 billion in 2024. The major characteristics of the outward FDI flow in 2024 were as follows:

- by industry: in 2024, outward FDI in manufacturing industries decreased to JPY 7,930.2 billion (i.e. by 13.9%). The food, chemicals and pharmaceuticals sectors also decreased sharply. Outward FDI in non-manufacturing industries increased to JPY 23,006.0 billion (i.e. by 24.9%). Sectors such as finance and insurance, and communications saw a sharp increase in outward FDI.

- by region: in 2024, outward FDI to North America increased by 32.3% to JPY 13,704.0 billion, and to Asia by 27.1% to JPY 6,039.4 billion, and to Central and South America by 13.0% to JPY 2,119.5 billion. On the other hand, outward FDI to Europe decreased by 16.8% to JPY 6,514.4 billion.

2024 Inward FDI

2.7. The FDI flow to Japan (inward FDI) decreased from JPY 2,886.1 billion in 2023 to JPY 2,493.0 billion in 2024. The major characteristics of the inward FDI flow to Japan in 2024 were as follows:

- by industry: in 2024, inward FDI in the manufacturing industries decreased to JPY 558.3 billion (i.e. by 58.4%). The precision machinery, chemicals and pharmaceuticals sectors decreased. Inward FDI in the non-manufacturing industries decreased to JPY 1,463.5 billion (i.e. by 7.8%). Sectors such as wholesale and retail, finance and insurance recorded a decrease in inward FDI.
- by region: in 2024, the inward FDI from North America decreased by 68.7% to JPY 312.1 billion, and from Central and South America by 341.2% to JPY -322.2 billion, and from Asia by 2.2% to JPY 1,097.6 billion. On the other hand, inward FDI from Europe increased by 32.4% to JPY 877.6 billion.

3 TRADE AND INVESTMENT POLICY

3.1 Trade policy

3.1. Japan has long been committed to trade liberalization under the multilateral trading system with the WTO at its core. Japan is determined to be fully engaged in this non-discriminatory, open and rules-based trading system.

3.2. While committed to the multilateral trade negotiations, Japan is also pursuing the conclusion of Regional Trade Agreements (RTAs). Such agreements will enhance the transparency of the respective Member's economic policy and reinforce the competitiveness of its industries, which will bring about positive impacts on multilateral trade negotiations. Japan also intends to assess the possibility of reflecting the outcomes of bilateral and plurilateral initiatives in the multilateral trading system.

3.3. Japan is currently a party to 19 Economic Partnership Agreements (EPAs). Since the previous Review, a new EPA with Bangladesh was signed in February 2026. In addition, a protocol amending the EPA with the EU was signed and entered into force in 2024. A protocol amending the EPA with Indonesia was signed in 2024. The Protocol on the Accession of the UK to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was signed in 2023 and entered into force in 2024. With this progress, the EPA ratio¹ has reached nearly 80%. Japan has also promoted its regional and bilateral trade policies as a means of complementing the multilateral trading system under the WTO and Japan is confident that these agreements will contribute to expanding the free and fair economic order.

3.4. Japan has been actively engaged in plurilateral initiatives in areas such as e-commerce, investment facilitation for development, services domestic regulations, the environment, and Micro, Small and Medium-sized Enterprises (MSMEs). Regarding services domestic regulations, Japan has issued additional commitments under the Joint Initiative on Services Domestic Regulation in 2025. Through these efforts, Japan aims to make significant contributions towards improving WTO disciplines and establishing global rules to address contemporary issues.

3.5. Japan is strengthening cooperation to ensure more diversified and stable supply sources aimed at enhancing economic security, while keeping in mind the maintenance and expansion of the free and fair economic order and maintaining consistency with existing international laws. In this context, Japan fully supports the WTO's peer review system, the Trade Policy Review Mechanism, which aims

¹ Share of trade value with countries with which EPA/FTA has entered into force or signed in Japan's total trade in 2021.

at curbing protectionist measures by achieving greater transparency in and understanding of Member countries' trade policies and practices.

3.6. Japan assumed the G7 Presidency in 2023 and hosted the G7 Summit in Hiroshima and the G7 Trade Ministers' Meeting in Osaka-Sakai, leading various discussions, including on trade issues. At the meetings, Japan emphasized that G7 members should take a leading role in advancing WTO reform in order to maintain and strengthen the multilateral trading system with the WTO at its core and as the foundation of global growth and stability.

3.2 Investment policy

3.2.1 Foreign direct investment

3.7. The Government of Japan has consistently undertaken initiatives to promote inward foreign direct investment in Japan. With respect to recent initiatives, in April 2023 the Government of Japan adopted the "The Action Plan for Attracting Human and Financial Resources from Overseas", which compiled 100 measures to promote more FDI in Japan. The Government of Japan also established the "Task Force for Attracting Human and Financial Resources from Overseas" to follow up on the Action Plan. In May 2024, the Government of Japan adopted the "Priority Program for Attracting Foreign Direct Investment". This program identifies key issues requiring focused attention and corresponding policy responses. These issues were selected from the 100 measures outlined in the Action Plan and additional views of foreign company managers and others during Task Force discussions.

3.8. In June 2025, the Government of Japan set a target of achieving a balance total of JPY 120 trillion in foreign direct investment in Japan by 2030 in the "Basic Policy on Economic and Fiscal Management and Reform 2025" and government ministries are working to promote foreign direct investment in Japan. The Government of Japan, with the "Council for the Promotion of Foreign Direct Investment in Japan" serving as a command centre for activities to identify and attract investment projects, is promoting foreign direct investment in Japan while directly taking into account the views of foreign company managers and others.

3.2.2 Investment agreements

3.9. Japan has actively encouraged the conclusion of investment-related agreements (investment agreements and economic partnership agreements with investment chapters) as they create stable, equitable, favourable and transparent conditions for greater investment through the removal of barriers to investment and inclusion of provisions related to investor protections. In the "Action Plan for Improvement of Investment Climate through Promoting the Conclusion of Investment related Treaties" formulated in 2016 and revised in 2021, the Government of Japan set the goal of signing and/or achieving entry into force of investment-related agreements covering 100 countries and regions by 2020. As of December 2025, Japan has concluded/signed investment related agreements with 85 countries and regions. This figure increases to 97 countries and regions if investment-related agreements currently under negotiation are included. Investment related agreements, both concluded/signed and under negotiation, cover around 95% of Japan's total FDIs.

4 MULTILATERAL INITIATIVES

4.1 WTO

4.1. Maintaining and strengthening the multilateral trading system, which forms the basis of global trade, is a main pillar of Japan's trade policy. Since its last Review, Japan has always fully engaged in bringing about progress in the multilateral trading system under the WTO. While respecting the principles of openness, transparency, non-discrimination and inclusiveness, Japan intends to continue offering new ideas and approaches to advance the trade negotiations under the WTO.

4.2. In the lead up to the successful conclusion of the 13th WTO Ministerial Conference (MC13) in Abu Dhabi, from 26 February to 2 March in 2024, Japan actively engaged in negotiations on important themes such as dispute settlement reform, fisheries subsidies negotiations, and the work programme on e-commerce.

Reform

4.3. In a Joint Press Release issued by the Government of Japan and the World Trade Organization Secretariat on the occasion of the visit by Director-General Dr Okonjo-Iweala to Japan in May 2025, the Government of Japan, recognizing that the current trade turmoil would have a significant impact on the global economy and the entire multilateral trading system, called for promoting WTO reform in a way that allows all Members to participate. It also highlighted the need to ensure that disputes are resolved in line with the rules in the interim until dispute settlement reform is realized, to further enhance trust in the WTO, as the core of the rules-based, free, and open multilateral trading system.

Agriculture

4.4. Japan has actively engaged in the WTO negotiations on agriculture considering the importance of enhancing food security and building more resilient and sustainable agricultural and food systems, while faithfully fulfilling its obligations under the Agreement on Agriculture. In 2023, Japan submitted a proposal on export restrictions (ER) aiming to improve the transparency and predictability of ER and to stimulate further discussion on strengthening its discipline and has been proactively facilitating discussions among Members at the Special Session of the Committee on Agriculture.

Fisheries subsidies

4.5. Japan has actively contributed to the negotiations on fisheries subsidies and to the implementation of the Agreement on Fisheries Subsidies (AFS). Notably, Japan was the first donor to the Fish Fund supporting developing Members' implementation of the AFS and continues to contribute to its operation as a Member of the Steering Committee.

E-commerce

4.6. Japan has led and has been actively engaged in the negotiations of the WTO Agreement on Electronic Commerce as a co-convenor of the JSI on E-commerce, along with Australia and Singapore. In order to integrate the outcome of the negotiations into the WTO legal framework, Japan, together with other co-sponsors, is seeking a decision to add the Agreement to Annex 4 of the WTO Agreement.

Dispute settlement

4.7. Ensuring compliance with WTO rules through dispute settlement is one of the most important and critical roles that the WTO plays in maintaining an open and fair multilateral trading system. Japan has actively engaged in the WTO dispute settlement mechanism to settle disputes as both a party and a third party to a dispute. Japan continues to make its best efforts to achieve reform that will contribute to a long-lasting solution to the structural and functional problems of the dispute settlement system, including matters concerning the appeal/review mechanism. Japan remains committed to discussions on reform to achieve a fully and well-functioning dispute settlement system. In the meantime, Japan recognizes the usefulness of the Multi-Party Interim Arbitration Arrangement (MPIA) to definitively resolve disputes in a rules-based manner and joined the MPIA in March 2023.

Investment facilitation

4.8. Japan believes that the Investment Facilitation for Development Agreement (IFDA) will significantly contribute to enhancing the economic development of developing and least-developed country Members, as well as to promoting international trade. From that perspective, Japan has actively participated in the negotiations of the IFDA and is strongly engaged in the joint efforts for the incorporation of the IFDA into Annex 4 of the WTO Agreement with the co-coordinators and the co-facilitators by calling on other Members to support the IFDA on various occasions.

Trade and environment

4.9. Japan has led discussions at the Committee on Trade and Environment (CTE), including on promoting proposals on non-binding guidance on methodologies for measuring embedded emissions ([WT/CTE/W/264](#) and [WT/CTE/W/269](#) and its revisions), which are intended to enhance

transparency, foster cooperation between Members and thereby facilitate trade and investment, and promote good communication between different regulatory systems and regulatory bodies.

4.10. Japan has contributed to discussions at plurilateral initiatives on trade and the environment, namely, the Trade and Environmental Sustainability Structured Discussions (TESSD) and the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (DPP).

Trade and development

4.11. Japan has been further contributing to revitalizing discussions on development, for example, by presenting three perspectives as lessons from trade-related aspects of TICAD9 in August 2025 (see paragraph 6.7). At the CTD in November of the same year, Japan submitted a communication ([WT/COMTD/W/303](#)) to advance a concrete path towards modernizing and revitalizing discussions on development at the WTO and to contribute to discussions on development in the context of WTO reform. It aims to draw lessons on effective trade policies for the integration of developing and least-developed country Members into global trade and supply chains, also exchange lessons within the CTD, and build a shared knowledge base to conduct more evidence-based discussions on the relationship between effective trade policies and WTO trade rules. In the future, Japan will make further efforts to materialize this communication document through further discussions with Members.

4.12. Japan has been actively continuing its participation in discussions related to various items of the development agenda, such as Aid for Trade, recognizing that integrating developing and least-developed country Members in the multilateral trading system is one of the essential roles of the WTO. Specifically, through the implementation of the Trade Facilitation Agreement (TFA), Japan provided around USD 7.9 million in 2022 to various countries in the form of both assistance and capacity-building resources.

Accession

4.13. Japan has been proactively engaging in negotiations aimed at facilitating the WTO accession process, including the accession of least-developed countries. Furthermore, Japan is providing robust support to realize the accession of these LDCs; for instance, Japan has been implementing the project "Support for Ethiopia's WTO Accession (Japan)" through the International Trade Centre (ITC).

4.14. In addition, regarding Timor-Leste – which has recently acceded to the WTO – Japan, through JICA, has provided extensive infrastructure development assistance to support Timor Lester's trade participation. Notable projects include: the Project for the Improvement of Presidente Nicolao Lobato International Airport (approximately JPY 4.9 billion), the Project for Urgent Relocation of Ferry Terminal in Dili Port (JPY 2.197 billion), and the Oecussi Port Urgent Rehabilitation Project (JPY 1.175 billion). Moreover, to provide capacity-building support that also contributes to the implementation of the WTO Agreement, Japan has implemented initiatives such as legal capacity-building support for capacity building in legal and judicial development, as well as customs capacity development, customs risk management, and post-clearance audit in collaboration with the World Customs Organization (WCO). Through these efforts, Japan has demonstrated a steadfast commitment to providing long-term, sustainable support, ensuring Timor Lester's seamless integration into the global trading system following its accession.

4.2 OECD

4.15. Since its accession to the OECD in 1964, Japan has been actively engaged in OECD initiatives through discussions at the OECD Ministerial Council Meeting and various committees, as well as through financial and human resources contributions. Japan has always placed importance on the OECD's role in creating rules and standards that reflect shared values such as democracy and the rule of law. In 2024, the year that marked the 60th anniversary of Japan's accession to the OECD, Japan chaired the OECD Ministerial Council Meeting held in Paris, leading discussions and adopting a Ministerial Council Statement under the theme of "Co-Creating the Flow of Change: Leading Global Discussions with Objective and Reliable Approaches towards Sustainable and Inclusive Growth". The Ministerial Council Statement reflects many of Japan's viewpoints, including: a commitment to furthering the digital economy by promoting Data Free Flow with Trust (DFFT); a supportive stance

towards quality infrastructure investment according to the G20 Principles for Quality Infrastructure Investment, an emphasis on the importance of WTO reform; and a strong resolve to implement the revised G20/OECD Principles of Corporate Governance.

4.16. Due to the growing importance of Southeast Asia as a centre for global economic growth, the OECD is strengthening outreach to the region through the Southeast Asia Regional Programme (SEARP). Japan will continue to utilize the OECD Tokyo Office to encourage the future accessions of Southeast Asian countries to the OECD.

5 REGIONAL ACTIVITIES

5.1 FTA/EPAs

5.1. Maintaining and strengthening the multilateral trading system under the WTO has been a main pillar of Japan's external economic policy. At the same time, Japan has also promoted its regional and bilateral trade policies as a means of complementing the multilateral trading system, particularly through Economic Partnership Agreements that include elements of Free Trade Agreements.

5.2. The data concerning the Economic Partnership Agreements is summarized in Table 5.1 below (as of December 2025).

Country	Date of the entry into force	Additional information
Entered into force		
Singapore (The Agreement between Japan and Singapore for a New Age Economic Partnership (JSEPA))	30 November 2002	The sixth and seventh Supervisory Committees were held in January and March 2016 respectively. The amended Agreement came into force in September 2007. The partial amendment of the Annex (IIA "Product-Specific Rules" and IIB "Minimum Data Requirement for Certificate of Origin") came into effect in January 2008.
Mexico (The Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership)	1 April 2005	The Protocol between Japan and the United Mexican States related to Improvement of Market Access Conditions based on paragraphs 3 and 5 of Article 5 of the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership entered into force in April 2007. The Protocol Amending the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership was signed in September 2011 and entered into force in April 2012. Sub-Committees on Trade in Goods, SPS Measures, Technical Regulations, Standards and Conformity Assessment Procedures, Rules of Origin, Certificate of Origin and Customs Procedures, Cross-Border Trade in Services, Entry and Temporary Stay, Government Procurement, Cooperation in the Field of Trade and Investment Promotion, Cooperation in the Field of Agriculture, Cooperation in the Field of Tourism, and also the Special Sub-Committee on Steel Products and the Committees for the Improvement of the Business Environment have been held to date.
Malaysia (The Agreement between the Government of Japan and the Government of Malaysia for an Economic Partnership)	13 July 2006	The third Joint Committee was held in February 2013. Sub-Committees on Trade in Services, Improvement of Business Environment, Cooperation, Rules of Origin, Intellectual Property, Sanitary and Phytosanitary, Investment, Trade in Goods, and Technical Regulations, Standards and Conformity Assessment Procedures have been held to date.
Chile (The Agreement between Japan and Chile for a Strategic Economic Partnership)	3 September 2007	Meetings of the Commission, Committees on Trade in Goods and Improvement of Business Environment and the Working Group on Fish and Fishery Products have been held to date.
Thailand (The Agreement between Japan and Thailand for an Economic Partnership)	1 November 2007	Sub-Committees on Trade in Services, Rules of Origin, Small and Medium Enterprises, Paperless Trading, Enhancement of Business Environment, Customs Procedures, Tourism, Agriculture, Forestry and Fisheries, Trade in Goods, and Movement of Natural Persons have been held to date.
Indonesia (The Agreement between Japan and Indonesia for an Economic Partnership)	1 July 2008	The sixteenth Joint Committee was held in September 2021. Sub-Committees on Rules of Origin, Trade in Goods, Trade in Services, Movement of Natural Persons, Cooperation, Investment, Intellectual Property, and Government Procurement have been held to date.
Brunei Darussalam (The Agreement between Japan and Brunei Darussalam for an Economic Partnership)	31 July 2008	The protocol amending the Agreement was signed in August 2024. Sub-Committees on Trade in Services and Cooperation have been held to date.

Country	Date of the entry into force	Additional information
ASEAN (The Agreement on Comprehensive Economic Partnership among Japan and Member States of the Association of Southeast Asian Nations)	1 December 2008 (Japan, Lao PDR, Myanmar, Singapore, Viet Nam) 1 January 2009 (Brunei Darussalam) 1 February 2009 (Malaysia) 1 June 2009 (Thailand) 1 December 2009 (Cambodia) 1 March 2010 (Indonesia) 1 July 2010 (Philippines)	The twenty-first Joint Committee was held in March 2025. Sub-Committees on Rules of Origin, Economic Cooperation, Standards, Technical Regulations and Conformity Assessment Procedures, Investment and Trade in Services have been held to date. The Agreement is a legally independent agreement in relation to the bilateral EPAs between Japan and individual ASEAN Member States and thus the entry into force of the Agreement does neither nullify nor integrate those bilateral EPAs. The First Protocol to amend the Agreement came into force in all the member countries by 1 February 2022.
The Philippines (The Agreement between Japan and the Philippines)	11 December 2008	The ninth Joint Committee was held in April 2019. Sub-Committees on Trade in Goods, Trade in Services, Rules of Origin, Investment, Movement of Natural Persons, Improvement of Business Environment, Mutual Recognition and Cooperation have been held to date.
Switzerland (The Agreement on Free Trade and Economic Partnership between Japan and Switzerland)	1 September 2009	The fifth Joint Committee was held in July 2023. Sub-Committee on Rules of Origin, Customs Procedures and Trade Facilitation has been held since February 2011.
Viet Nam (The Agreement between Japan and Viet Nam for an Economic Partnership)	1 October 2009	Sub-Committees on Movement of Natural Persons have been held to date.
India (Comprehensive Economic Partnership Agreement between Japan and India)	1 August 2011	The sixth Joint Committee Meeting was held in January 2021. The sub-committee on Rules of Origin, Customs Procedures, TBT/SPS, Trade Services, Movement of Natural Persons, and Improvement of Business Environment has been held to date.
Peru (The Agreement between Japan and Peru for an Economic Partnership)	1 March 2012	Meeting of the Commission and the Sub-Committee on Improvement of the Business Environment have been held to date.
Australia (The Agreement between Japan and Australia for an Economic Partnership)	15 January 2015	The third meeting of the Joint Committee was held in Tokyo on 13 February 2019. Sub-Committee on Promotion of a Closer Economic Relationship was held in Tokyo on 8 October 2015.
Mongolia (The Agreement between Japan and Mongolia for an Economic Partnership)	7 June 2016	The second Sub-Committee on Cooperation was held in Ulaanbaatar on 27 November 2024
CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership)	30 December 2018	The ninth CPTPP Commission Meeting was held in Australia in November 2025.
EU (European Union) (The Agreement between Japan and EU for an Economic Partnership)	1 February 2019	The fifth Joint Committee was held in Italy in July 2024 at ministerial level In accordance with the agreement, various specialized committees were also held.
UK (United Kingdom) (Comprehensive Economic Partnership Agreement between Japan and the UK)	1 January 2021	The second Joint Committee was held in Osaka in October 2023 at ministerial level. In accordance with the agreement, various specialized committees were also held.
RCEP (Regional Comprehensive Economic Partnership)	1 January 2022 (Brunei Darussalam, Cambodia, Lao PDR, Singapore, Thailand, Viet Nam, China, Australia and New Zealand) 1 February 2022 (Republic of Korea) 18 March 2022 (Malaysia) 2 January 2023 (Indonesia), 2 June 2023 (Philippines)	The 4 th RCEP Ministers' Meeting was held in Kuala Lumpur in September 2025, and the 5 th RCEP Summit in October 2025.
Signed		
TPP (Trans-Pacific Partnership)	Signed on 4 February 2016. (Japan participated in TPP negotiations in July 2013)	Ministerial Meeting was held in Atlanta and an agreement in principle was reached on 5 October 2015. Japan submitted the agreement to the Diet for approval on 8 March 2016.
Under negotiation		
Republic of Korea	Negotiation suspended (The negotiations commenced in December 2003)	Six rounds of negotiations were held. Although no negotiations have been held since the end of the sixth round held in November 2004, four rounds of the working-level consultation were held by December 2009 to consider the resumption of negotiations. Director-general level consultations for the EPA were held in September 2010 and in May 2011. Several rounds of working-level consultations have been held since 2012.

Country	Date of the entry into force	Additional information
GCC (Gulf Cooperation Council)	Under negotiation (Formal negotiations commenced in September 2006, and after suspension in 2009, resumed in December 2024)	Two rounds of negotiations and four rounds of informal intermediate meetings were held until suspension of negotiations in 2009. Negotiations were resumed in December 2024, and two rounds of negotiations were held. The latest meeting was held in Tokyo in June 2025.
UAE (United Arab Emirates)	Under negotiation (The negotiations commenced in November 2024)	Seven rounds of negotiations were held. The latest meeting was held in Tokyo in January 2026.
Canada	Negotiation suspended (The negotiations commenced in November 2012)	Seven rounds of negotiations were held. The latest meeting was held in Tokyo in November 2014.
Colombia	Under negotiation (The negotiations commenced in December 2012)	Thirteen rounds of negotiations were held. The latest meeting was held in Tokyo in September 2015.
CJK (China, Japan and Republic of Korea)	Under negotiation (The negotiations commenced in March 2013)	Sixteen rounds of negotiations were held. The latest meeting was held in Seoul in November 2019.
Türkiye	Under negotiation (The negotiations commenced in December 2014)	Seventeen rounds of negotiations were held. The latest meeting was held in October 2019.
Bangladesh	Signed on 6 February 2026	The negotiations commenced in March 2024. Seven rounds of negotiations were held and an agreement in principle was reached in December 2025.

5.2 Other regional activities

5.2.1 Asia-Pacific Economic Cooperation (APEC)

5.3. Japan remains committed to APEC's mission and goals as articulated in the Putrajaya Vision 2040 which aims to achieve an open, dynamic, resilient, and peaceful Asia-Pacific community by 2040. The Vision also stipulates that APEC "will continue to work together to deliver a free, open, fair, non-discriminatory, transparent, and predictable trade and investment environment, as well as support for agreed upon rules of the WTO in delivering a well-functioning multilateral trading system and promoting the stability and predictability of international trade flows".

5.4. On this basis, Japan has been firmly advocating the importance of strengthening a rules-based, free and fair economic order and the WTO, as well as advancing regional economic integration in a manner that is market-driven. Furthermore, Japan proactively advocates for positive outcomes in plurilateral negotiations, such as the Investment Facilitation for Development Agreement (IFDA) and the Agreement on Electronic Commerce, with the aim of integrating them into the WTO legal framework. Japan remains committed to advancing the areas of work identified in the Ichma Statement on A New Look at the Free Trade Area of the Asia-Pacific (FTAAP) agenda. Japan actively supports APEC's initiatives to strengthen the WTO, a commitment often reflected by references in various Ministerial and Leaders' Statements. Japan's initiatives in this regard include, namely, the facilitation of trade and investment, the promotion of quality infrastructure aligned with international standards, strengthening supply chains, digital economy, energy security, and women's economic empowerment. Japan has also been actively engaged in various capacity-building projects such as competition policy, digital trade, AI, and demographic changes in close collaboration with business and academic stakeholders.

5.5. As one of the founding members of APEC, the premier forum for economic cooperation in the Asia-Pacific region, Japan continues to take a leading role in realizing the APEC vision and with that spirit, Japan will host APEC in 2031 for the third time following the Osaka Meetings in 1995 and the Yokohama Meetings in 2010.

5.2.2 Japan's bilateral activities

The United States

5.6. At the summit meeting in September 2018, former Prime Minister Abe and President Trump agreed to enter into bilateral trade negotiations on the Japan-United States Trade Agreement and the Japan-United States Digital Trade Agreement. At the summit meeting in September 2019, the two leaders confirmed that both sides reached final agreement. These agreements were signed in

October and were then approved by the National Diet of Japan in December 2019. Following the completion of respective domestic procedures, both agreements went into effect on 1 January 2020.

5.7. Regarding US tariff measures, in February 2025, the US announced 25% sectoral tariffs on steel and aluminium, applicable worldwide, pursuant to Section 232 of the Trade Expansion Act of 1962 (later raised to 50% in June). In March 2025, the US announced 25% sectoral tariffs on automobiles and auto parts. In addition, on 2 April 2025, President Trump announced "reciprocal tariffs" under the International Emergency Economic Powers Act (IEEPA), setting the baseline rate for Japan at 24%. In response to these tariff measures, Japan and the US began consultations on tariffs in April 2025. On 22 July 2025, Japan and the US announced an agreement on tariffs. Under the agreement, the US applies a baseline 15% reciprocal tariff on all imports from Japan (no additional duty will be imposed on items with an MFN tariff of 15% or more; for items with an MFN tariff of less than 15%, an additional duty will be applied to bring the total to 15%). For sector specific treatment, the US applies a Section 232 tariff rate no greater than 15% on automobiles and auto parts from Japan. For any tariff imposed on pharmaceuticals and semiconductors, including semiconductor manufacturing equipment, the US intends to apply to goods of Japan a Section 232 tariff rate no greater than that applied to goods of any other country. The US also intends not to impose any tariff on aircraft and aircraft parts from Japan. In addition, to promote economic and national security interests, Japan and the US concurred to closely collaborate in building resilient supply chains that benefit both Japan and the US through Japanese investment in the US. The two countries also confirmed that they would promote USD 550 billion in investment in the US in areas important for economic security, such as semiconductors, pharmaceuticals, and energy. Subsequently, on 4 September 2025, President Trump signed an executive order on tariff reduction measures for Japan based on the 22 July agreement. On the same day, Japan and the US signed a Memorandum of Understanding to confirm the mutual understanding between Japan and the United States regarding the above-mentioned strategic investment initiative in the US. On the same day, Japan and the US issued a Joint Statement reconfirming the commitments made in the 22 July agreement between Japan and the US. Furthermore, on 28 October 2025, Prime Minister Takaichi and President Trump signed a document reaffirming the swift and continued efforts by both countries regarding the agreement on tariffs between Japan and the US (Implementation of the Agreement – Towards a New Golden Age of the Japan-U.S. Alliance).

European Union

5.8. The trade turnover of Japan and the EU has remained stable after the temporary decline in 2020 largely due to the COVID-19 pandemic. As the Ministry of Finance reports, the volume of mutual trade amounted to about JPY 22 trillion in 2024. Japan is the EU's seventh largest trading partner. As regards the reciprocal foreign direct investment stock between Japan and the EU, Japan invested approximately JPY 59 trillion to the EU and the EU invested approximately EUR 78 billion to Japan as of 2024. Japan is the second largest investor of inward FDI stock in the EU, and the EU is the largest investor of inward FDI stock in Japan. According to the survey by Ministry of Foreign Affairs of Japan, about 6,770 Japanese enterprises are doing business in the EU.

5.9. The Japan-EU EPA has been implemented smoothly after it entered into force in February 2019. In addition to continuous sector-specific discussions in the specialised committees, a total of five Joint Committee meetings have been held so far at ministerial level. The latest fifth Joint Committee was held in Italy in July 2024 and welcomed the steady implementation of the Japan-EU EPA in various fields as it marked its 5th anniversary.

United Kingdom

5.10. The Japan-UK CEPA entered into force on 1 January 2021. The CEPA sets out a new trade and investment framework following the UK's departure from the EU, replacing the Japan-EU EPA. The CEPA also stipulates rules, which are more advanced and of a higher standard than those in some areas of the Japan-EU EPA, such as financial services and e-commerce.

5.11. Through the CEPA, Japan continues to enjoy the benefits it had under the Japan-EU EPA. With this agreement, business continuity has been ensured for both Japanese and UK companies, and Japan expects further promotion of trade and investment between Japan and the UK. The latest second Joint Committee was held in Osaka in October 2023.

China

5.12. China has been Japan's largest trading partner since 2007. The mutual trade amount in 2024 reached USD 292.7 billion. According to China's statistical data, Japan was China's third largest trading partner in 2024. According to Japan's data, 32,364 Japanese enterprises and their branches were conducting business in China as of October 2024. Japan has bilateral economic agreements and arrangements with China in the areas of trade, air transportation, maritime transportation, trademark protection, tax, investment, fisheries, and mutual customs cooperation.

5.13. Regarding China's import restrictions on fishery products, in September 2024, Japan and China announced a "Shared Recognition between Japan and China²" regarding the discharge of ALPS treated water into the sea and China's import restrictions on Japanese fishery products, wherein China noted that it would initiate adjustment of its import restrictions on Japanese fishery products, and steadily restore imports of Japanese fishery products, after conducting additional measures under the framework of the International Atomic Energy Agency (IAEA) regarding the discharge of ALPS treated water into the sea. With the participation of experts from third countries, including China, a total of seven additional measures have been conducted under the IAEA framework as of the end of February 2026. The Chinese Government has also announced that all analytical results completed thus far have been normal. As confirmed by the leaders of both countries, it is significant to steadily implement the "Shared Recognition between Japan and China" announced by both governments in September 2024. To this end, Japan has been calling on China to facilitate exports of fishery products, including expediting the registration of Japan's export-related facilities in the GACC system, and to lift the remaining import restrictions on fishery products from 10 prefectures as soon as possible.

Republic of Korea

5.14. The mutual trade amount of Japan and the Republic of Korea reached USD 77 billion in 2024. Japan was the Republic of Korea's fourth-largest trading partner after China, the United States and Viet Nam in 2024; and the Republic of Korea was Japan's third-largest trading partner after China and the United States in 2024. Regarding foreign direct investment in the Republic of Korea, Japan was the largest investor with USD 6.12 billion in 2024. Foreign direct investment from the Republic of Korea to Japan amounted to USD 0.46 billion in 2024.

India

5.15. Based on the "Japan-India Special Strategic and Global Partnership", established by former Prime Minister Abe and Prime Minister Modi in 2014, economic activities between the two countries have been steadily enhanced. The mutual trade amount in 2024 reached USD 23.8 billion.

5.16. To further strengthen the bilateral economic partnership, Japan and India have been engaged in wide-ranging dialogues on trade, investment promotion, and improvement of the business environment. The Sixth Japan-India CEPA Joint Committee Meeting was held in January 2021.

ASEAN

5.17. Japan has been expanding trade with ASEAN, including through the frameworks of the Regional Comprehensive Economic Partnership Agreement (RCEP) and the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP). The trade between ASEAN and Japan totalled USD 31.8 billion in 2022. In the 28th ASEAN Japan Summit, Prime Minister Takaichi proposed forming a working group to strengthen Japan-ASEAN economic relations and discuss various measures, considering ASEAN's interest in digital and green issues.

Africa

5.18. On 20-22 August 2025, the 9th Tokyo International Conference on African Development (TICAD9) was held in Yokohama, Japan. In addition to Japan and African countries, international organizations, the Japan-AU Parliamentary Friendship League, private companies, and civil society organizations also participated in the conference and in business-related events held on its margins.

² MOFA of Japan, https://www.mofa.go.jp/press/release/pressite_000001_00598.html.

On that occasion, Japan emphasized that, as it aspires to "co-create innovative solutions with Africa", Japan will accelerate its efforts on shared priorities including promoting sustainable growth by leveraging the vitality of the private sector, strengthening regional integration and connectivity within and beyond the region, and economic diversification by enhancing industrial ecosystems.

MERCOSUR

5.19. In April 2024, the Fifth Dialogue to Strengthen the Economic Relationship between Mercosur and Japan was held in Asunción, Paraguay. In this Dialogue, both sides exchanged information on the current situations of trade and investment between Japan and Mercosur. They also exchanged their views on the cooperation in a wide range of areas with a view to further strengthening the strategic partnership between Japan and Mercosur. On 20 December 2025, Japan and Mercosur established the "Strategic Partnership Framework between Japan and MERCOSUR" to further strengthen their strategic relations. On 20 December 2025, Japan and Mercosur established the "Strategic Partnership Framework between Japan and MERCOSUR" to further strengthen their strategic relations. On 27 January 2026, the first meeting was held under the framework in Asunción, Paraguay.

6 TRADE AND DEVELOPMENT

6.1 Aid for Trade

6.1. To promote the integration of developing and least-developed country Members into the multilateral trading system, trade liberalization alone is not sufficient. Enhancing capacities on the supply side and encouraging assistance for this purpose is indispensable. Japan has been providing support through Aid for Trade (AFT) programmes as a means of assisting developing and least-developed country Members in effectively utilizing the WTO rules.

6.2. Japan provides financial contributions to organizations such as the International Trade Centre (ITC), which implements AFT initiatives. Through these initiatives, Japan aims to enhance the capacity of developing and least-developed country Members to navigate trade negotiations, access international markets, and fulfil their obligations under the WTO agreements. In 2024, through the ITC, Japan's support extended to diverse projects, including: empowering African women entrepreneurs through e-commerce; providing technical cooperation to expand vaccine production and distribution in Nigeria; and conducting capacity-building for governments, business support organizations (such as trade promotion agencies and chambers of commerce), and MSMEs across West Africa, with a focus on Nigeria. Furthermore, Japan has facilitated employment and entrepreneurship support for displaced persons in Ukraine.

6.3. Japan is widely recognized as a leading supporter of trade facilitation initiatives aimed at accelerating inter-regional trade, most notably in Africa and in ASEAN member countries. Japan has supported: modernizing customs procedures; strengthening border agency cooperation, especially in Africa through the establishment of One-Stop Border Posts (OSBPs); and improving the transparency and predictability of trade-related regulations. These initiatives are aligned with the implementation of the WTO Trade Facilitation Agreement (TFA). By assisting developing and least-developed country Members in operationalizing TFA disciplines, Japan is contributing to reducing trade costs, enhancing supply chain connectivity, and promoting deeper integration into regional and global value chains.

6.4. One example of Japan's support through AFT is to provide training for customs officials and dispatching Japanese experts. This initiative, the Master Trainer Program – a joint JICA/WCO initiative launched for Africa in 2016 – has expanded to the Pacific Islands, as well as Central Asia, and the Caucasus. As of 2024, this program supports instructor training and the development of teaching materials across a total of 37 countries, fostering sustainable institutional capacity for training.

6.5. In June 2025, at the informal Aft meeting, Japan International Cooperation Agency (JICA) delivered a presentation outlining the basic approach of Japan's ODA policy, centred on the concept of co-creation, as well as Japan's bilateral, regional, and continental support initiatives. The presentation highlighted JICA's assistance in industrial development, institutional strengthening, and capacity building designed to enhance productivity and competitiveness in line with WTO rules. The

presentation emphasized that effective support should be comprehensive and coordinated, combining policy support, capacity building, institutional strengthening, and trade-related assistance in a mutually reinforcing manner, rather than through isolated interventions.

6.6. Japan has been consistently contributing to the WTO Global Trust Fund. Since 2002, Japan has contributed over CHF 12.8 million to the Global Trust Fund and other WTO trust funds. This reflects Japan's firm belief in the essential role the rules-based multilateral trading system plays in providing stability, predictability, and inclusive growth. By contributing to technical assistance and capacity-building, Japan aims to strengthen the ability of developing and least-developed country Members to implement the WTO agreements and thereby support their complementing policies for sustainable development. It is Japan's strong conviction that expanding the capacity of developing and least-developed country Members to fully participate in the multilateral trading system in this way will create more opportunities for them to reap the benefits of global trade.

Tokyo International Conference on African Development (TICAD)

6.7. The key initiatives on trade and development announced by Japan at the 9th Tokyo International Conference on African Development are as follows:

- (1) to mobilize impact investment on the scale of USD 1.5 billion, through JICA's overseas investments and financing.
- (2) to support the development of African private sector through Enhanced Private Sector Assistance for Africa (EPSA) up to USD 5.5 billion with the African Development Bank (AfDB).
- (3) to enhance regional integration of Africa through supporting the African Continental Free Trade Area (AfCFTA).
- (4) to launch the "Public-Private-Academia Joint Study Group on Strengthening of Japan-Africa Economic Partnership" and cooperate towards strengthening the effectiveness of AfCFTA.
- (5) to launch the "Economic Region Initiative of Indian Ocean-Africa" to promote trade and investment within Africa and the Indian Ocean region.

6.8. Trade-related takeaways from TICAD9 were also highlighted through Japan's session at the WTO Public Forum 2025 and were included in the information agenda at the General Council meeting last October. These include: (i) (as a premise) trade is one tool for development, and the WTO is only a part of the broader global community that contributes to development, hence, there needs to be even more focus on the WTO's unique added value; (ii) (as a common objective) promoting the integration of developing and least-developed country Members into global trade and supply chains benefits the entire world economy; and (iii) (as an effective means) the WTO could foster trust and partnership by improving the trade and investment environment in developing Members. In the future, efforts will be made to materialize this communication through further discussions with Members.

6.2 Generalized System of Preferences (GSP)

6.9. In order to improve market access for developing countries, Japan introduced a preferential tariff treatment under the GSP scheme on 1 August 1971 and has re-examined it several times since then. Furthermore, under the scheme, Japan has granted special preferential treatment to least-developed countries (LDCs) since 1980, including additional products for which preferences are granted only to LDCs. Currently, 126 developing countries and four territories, including all LDCs, enjoy the benefits of the GSP scheme. This scheme has been vastly improved, especially in 2007 and 2011. In the comprehensive "Development Initiative for Trade" launched on 9 December 2005, Japan announced its commitment to providing duty-free and quota-free (DFQF) market access for essentially all products originating from LDCs. Japan is fully committed to implementing the above initiative, thus, complying with the decision adopted in the Hong Kong, China Ministerial Declaration. To realize the aforementioned commitment, on 1 April 2007, Japan expanded the area covered by the DFQF treatment for LDCs. As a result, the number of agricultural and fishery products originating

from LDCs that receive DFQF preferential treatment increased from 497 to 1,523 and that of industrial products increased from 4,185 to 4,244. Consequently, the coverage rate of DFQF increased from 86% to approximately 98% as defined at the tariff line level. The utilization of Japan's GSP for LDCs has remained high, averaging around 90% since 2021. On 1 April 2011, Japan abolished all ceiling-based schemes for certain industrial products and revised the criteria for application of competitiveness-focused, product-by-exclusion measures. The revision was made to make the criteria more objective and transparent and to allow less competitive developing countries to benefit more from the GSP scheme. On 1 April 2021, Japan extended the effective period of the GSP scheme to 31 March 2031.

6.10. Considering the WTO decision in October 2023, Japan reformed its tariff system in April 2025 to allow least-developed country Members to receive preferential tariff treatment up to three years after they graduate from the least-developed countries category.

7 ECONOMIC SECURITY

7.1. In Japan, since May 2022, under the Economic Security Promotion Act, the implementation of various systems has commenced, and is centred on four pillars: enhancing the resilience of supply chains, ensuring the stable provision of essential infrastructure services, providing support for the development of advanced critical technologies, and maintaining non-disclosure of selected patent applications. In May 2024, the Act on the Protection and Utilization of Critical Economic Security Information, which covers the introduction of a security clearance system in the field of economic security, was enacted. It entered into force on 16 May 2025.

7.2. As for diplomatic efforts to promote economic security, Japan leverages bilateral efforts, including through the Japan-U.S. Economic Policy Consultative Committee Meeting (the Economic "2+2") and economic security consultations, as well as cooperation under the G7, Japan-Australia-India-U.S. (Quad), and Japan-U.S.-ROK in addition to the Japan-EU High-Level Economic Dialogue, to expand and deepen cooperation with a view to developing common recognition and coordinating policies. Furthermore, Japan has been working in coordination with like-minded countries to seek correction of unfair trade policies and practices by other countries, from the perspective of consistency with existing rules such as WTO agreements. Japan will continue to pursue active diplomacy in cooperation with like-minded countries in areas where existing international agreements cannot adequately address issues, such as non-market policies and practices (NMPPs), overcapacity resulting from them, and economic coercion.

8 JAPAN'S DOMESTIC POLICIES

8.1 Current economic priorities

8.1. The Government of Japan's current priority is fundamentally shifting the economy from the long-standing "deflationary, cost-cutting" model to a "growth-oriented economy". The core challenge is strengthening the economic supply structure, increasing income, and improving consumer confidence.

8.2. The policy is based on the core principle of "responsible and proactive public finances", prioritizing investment to safeguard people's lives and drive future growth. To realise this goal, the Cabinet established the Headquarters for Japan's Growth Strategy. The Headquarters' explicit purpose is to achieve further growth for Japan's economy by promoting strategic Public-Private Investment that proactively addresses risks and solves societal issues in areas such as economic security, food security, and energy security, generating products and services that contribute to addressing global challenges.

8.3. A major immediate priority is the execution of strategic "Crisis Management Investment" and "Growth Investment". This investment is focused on 17 strategic fields – including AI/semiconductors, shipbuilding, and quantum – aiming to fundamentally strengthen Japan's supply capacity and enhance economic resilience.

8.2 Digital transformation

8.4. After the COVID-19 pandemic highlighted the particularly slow pace of digitalization, exemplified by cumbersome procedures and slow benefit payments, former Prime Minister Suga made the digitalization of Japan one of his top priorities. Subsequently, to promote a digital society, Japan enacted three new laws in 2021: the Basic Act on Forming a Digital Society, the Act on the Establishment of the Digital Agency, and the Act on the Arrangement of Related Acts for the Formation of a Digital Society.

8.5. The Basic Act stipulates Japan's basic digital policy regarding the formulation of principles and measures, and it also stipulates that the Government of Japan should promptly implement measures for the formation of a digital society as a priority. In the Priority Plan for the Realization of a Digital Society, among the important tasks set forth by the Government of Japan is to enhance utilization of the Individual Number Cards (My Number Card) – which most residents in Japan hold—in various public and private sector situations, and to encourage the use of the Individual Number Cards for other identification purposes, such as for health insurance, car driver's licenses, and residence cards.

8.6. Under the Act on the Establishment of the Digital Agency, the Digital Agency officially started its operations in September 2021. Each ministry, agency, and local government office in Japan has been promoting digitalization with separate responsibility in the past. However, the Digital Agency now plays a lead and coordinating role and has the power to make recommendations to other ministries and agencies to promote digitalization in a comprehensive manner.

8.7. The Act on the arrangement of related acts for the formation of a digital society amended many laws to enable the implementation of the above two laws.

8.3 Intellectual property rights

8.8. The Intellectual Property Strategy Headquarters finalized "The Intellectual Property Strategic Program 2025" in June 2025. At the beginning of this Program, the Government of Japan assessed the current state of intellectual property (IP) in Japan to be taken into account when designing its IP strategies. Important policy issues and measures to promote IP strategies were summarized in 13 priority policies: (1) value creation through investment in IP and intangible assets; (2) AI and IP rights; (3) strengthening creative human resources and realizing diversity; (4) prevention of technology leakage; (5) strengthening measures against piracy and counterfeit products; (6) strengthening the industrial property rights system and operation; (7) IP protection in the region; (8) promoting social implementation through industry-academia collaboration; (9) startup support; (10) New International Standards Strategy; (11) development of data distribution and utilization environment; (12) implementation of the New Cool Japan Strategy; and (13) content strategy. The steady implementation of the policies based on this program is required in the future in order to transform our society into an economic society where new actors including individuals with a passion for new idea creation and innovation in Japan can fully utilize IP.

8.4 Financial reform

8.9. Japan enacted the Act Partially Amending the Trust Business Act on 13 June 2025 (promulgated on 20 June 2025). In light of the fact that the Act on Charitable Trust (enacted in May 2024) establishes a system of authorization by the administrative agencies (either Cabinet Office or prefectures) regarding charitable trusts and regulations on trustees, etc., the Trust Business Act was amended to take necessary measures, such as exempting the acceptance of charitable trusts from the scope of application, etc. of that Act. More specifically, the provisions of the Trust Business Act regarding the licensing of trust business and the registration of trust contract agency business no longer apply to the acceptance of charitable trusts or the assumption of the role of an agent or intermediary for the conclusion of trust agreements for charitable trusts, which are instead governed by the regulations of the Act on Charitable Trusts.

8.10. Japan enacted the Act Partially Amending the Payment Services Act on 6 June 2025 (promulgated on 13 June 2025). In response to the progress of financial digitalization, etc. and to promote innovation while ensuring user protection, Japan has reviewed regulations related to crypto assets and electronic payment instruments (so-called stablecoins) and regulations related to funds transfer services. Regarding crypto assets and electronic payment instruments, the Act (i) introduces

an order for crypto asset exchange service providers or electronic payment instruments service providers to retain assets within Japan, (ii) allows more flexible management and investment of the backing assets for stablecoins issued in the form of trust-beneficiary rights (specified beneficial interest in a trust), and (iii) establishes an intermediary business for transactions of crypto assets or electronic payment instruments. Regarding funds transfer services, the Act extends regulations to cross-border receiving agent services and diversifies methods for returning a user's funds in the event of bankruptcy etc.

8.11. Japan enacted the Act Partially Amending the Insurance Business Act on 30 May 2025 (promulgated on 6 June 2025). In order to prevent the recurrence of fraudulent insurance claims cases and insurance premium adjustment practices, the system for large-sized shared non-life insurance agencies and insurance companies has been strengthened and the scope of prohibited acts regarding the conclusion of insurance contracts has been expanded, with the aim of ensuring customer-oriented business conduct and realizing a healthy competitive environment. To ensure thorough management of customer-oriented business conduct (related to fraudulent insurance claims cases), the amended Act strengthens the obligation for large-sized shared non-life insurance agencies and insurance companies, etc. to establish and improve their internal systems. Regarding the realization of a fair competitive environment (related to insurance premium adjustment practices), it prohibits excessive provision of convenience from insurance companies to policyholders.

8.12. Japan enacted the Act Partially Amending the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations on 15 May 2024 (promulgated on 22 May 2024). It develops a new system for asset management (AM) business and sets out a large shareholding reporting rule and tender offer rule to revitalize the Japanese capital market by enhancing the capability and diversification of AM business, by promoting dialogue between investors and companies and by ensuring transparency and fairness in the market. To improve corporate value and returns to investors, including households, and revitalize startups by enhancing the capability and diversification of asset management, the Act promotes the market entry of new AM companies and vitalizes the circulation of unlisted securities. Additionally, to promote constructive dialogue between investors and companies, it clarifies the large shareholding reporting rule and expands the scope of the tender offer rule.

8.13. Japan enacted the Act on the Promotion of Cash Flow-Based Lending on 7 June 2024 (promulgated on 14 June 2024). It promotes the provision of financing to business operators based on the actual business conditions and future cash flow, in lieu of financing based on real estate collateral or personal guarantees. The Act establishes: "Basic Principles concerning the Promotion of Cash Flow-Based Lending", "Responsibilities of the National Government", "Cash Flow-Based Lending Promotion Headquarters", the "Enterprise Value Charge", "Certified Support Agencies for Cash Flow-Based Lending", and other related measures.

8.5 Corporate governance reform

8.14. In recent years, the Government of Japan has been promoting corporate governance reform as part of its growth strategy. The focus of the reform is the Corporate Governance Code and Japan's Stewardship Code.

8.15. The Corporate Governance Code is a framework of principles that requires listed companies to promote initiatives to increase corporate value over the mid- to long-term by cooperating with a wide range of stakeholders and is a part of the Securities Listing Regulations set forth by the Tokyo Stock Exchange. In 2025, the review of the Code commenced with the objective of encouraging companies to allocate business resources in a manner that more appropriately supports sustainable corporate growth. In addition, efforts will be made to further promote understanding of the principles-based approach and the "comply or explain" framework that the Code adopts, leading to more value creation. In 2022, the Practical Guidelines for Corporate Governance Systems (CGS Guidelines) were revised and then a proposal was made that companies must consciously work to strengthen both their executive functions and monitoring functions synergistically in order to enhance their corporate value by improving their governance systems. In 2025, METI published the Five Principles for Board of Directors to Enhance "Growth Power" to present the key considerations that the board of directors should take into account when pursuing the corporate management aimed at enhancing their "Growth Power", contrasted with the actions that the management team should take. METI also published Corporate Governance Guidance for Enhancement of "Growth Power" to

present foundational concepts and approaches for advancing initiatives, key discussion points, and examples of approaches and initiatives of each company to support the discussions and initiatives of each company.

8.16. The Stewardship Code is a framework of principles that requires institutional investors (trust banks, investment managers, insurance companies, pension funds, etc.) to promote the sustainable growth of their investee companies and enhance the mid- to long-term investment return of clients and beneficiaries. To enhance the effectiveness of investors' engagement with companies, the Code was revised in 2025 to promote collective and collaborative engagement that fosters constructive dialogue and to promote the transparency of beneficial shareholders.

8.6 Competition policy

8.17. The Japan Fair Trade Commission (JFTC), Japan's competition authority, actively implements competition policy. This is achieved through two complementary strategies: "enforcement" and "advocacy". Enforcement involves eliminating violations of the Antimonopoly Act (AMA) and restoring competition through the strict and appropriate enforcement of laws and regulations under jurisdiction of the JFTC. Advocacy focuses on improving business practices and proposing revisions to regulations and systems to develop a competitive environment.

8.18. Regarding the enforcement strategy, the enforcement record under the AMA is as follows:

8.19. The JFTC has been taking rigorous legal measures against violations of the AMA. The number of legal cases (which includes cease and desist orders and approvals of commitment plans) against such violations amounted to 15 in 2020, 5 in 2021, 11 in 2022, 9 in 2023, and 24 in 2024.

	2020	2021	2022	2023	2024
Cease and Desist Orders	9	3	8	4	21
Approvals of the Commitment Plan	6	2	3	5	3

8.20. The total amount of surcharge payment orders issued by the JFTC was estimated at JPY 4,320 million in 2020, JPY 2,180 million in 2021, JPY 101,980 million in 2022, JPY 220 million in 2023 and JPY 3,700 million in 2024.

	2020	2021	2022	2023	2024
Amount of Surcharge (100 million yen)	43.2	21.8	1,019.8	2.2	37.0
Number of Enterprises	4	31	21	16	33

8.21. The JFTC has adopted a proactive policy of indicting a party or an individual for violations of the AMA and imposing criminal penalties on violators. In February 2023, the JFTC filed a criminal accusation to the Prosecutor General.

8.22. Regarding the advocacy strategy, the JFTC has established and published several Guidelines, such as Green Guidelines and Guidelines for Proper Electric Power Trade, and has conducted many market studies in various areas, such as Electric Vehicle (EV) Charging Services, Transactions Between Performers and Entertainment Agencies in the Music and Broadcasting Industry, and Generative AI.

8.23. As for legislation, in addition to the Antimonopoly Act, the following new laws have been enacted. The Act on Promotion of Competition for Specified Smartphone Software, which aims to promote fair and free competition on mobile software related market, fully entered into force in December 2025. The main provisions of prohibited acts concern, *inter alia*, unjust discrimination against developers, preventing the inclusion of third-party application stores, and preventing the use of third-party billing systems.

8.24. The Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators entered into force in November 2024, aims to ensure proper transactions involving "specified entrusted business operators" (which are largely freelance) and to improve the working environment for specified persons engaged in entrusted business. The Act stipulates, *inter alia*, the requirement of a clear statement of the transaction terms, the obligation to set a date of payment of remuneration. The Act also stipulates the prohibition of returns, remuneration reductions, and other related practices.

8.25. The amendment of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (current new name: Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields) entered into force in January 2026. This amendment aims to ensure an appropriate cost pass-through and transaction environment between enterprises based on an equal relationship between the client and the contractor.

8.7 Labour market reform and women's economic participation

8.26. Amid the declining workforce and aging population in Japan, the Government of Japan amended the Act on Stabilization of Employment of Elderly Persons. This amended Act was entered into force in April 2021 to include an obligation for employers to make their best efforts to secure stable job opportunities for workers aged between 65 and 70.

8.27. The amended Act requires that employers make efforts to take various measures such as: (i) raising the retirement age to 70; (ii) introducing a continued employment system until the age of 70; and (iii) abolishing a mandatory retirement system. In addition, employers can take other measures after having sufficient discussions between staff and management, such as: (iv) introducing an outsourcing agreement with elderly workers until they reach the age of 70; (v) introducing a social contribution system for elderly workers to be able to continuously engage in social contribution projects carried out, either by (a) employers themselves or by (b) organizations that employers entrust or provide funds for, until elderly workers reach the age of 70. With regard to employees aged up to 65, employers are required to ensure stable employment opportunities as before.

8.28. The gender pay gap in Japan has been narrowing from a long-term perspective, however, it still remains high compared to that of other advanced economies. To further narrow this gap, the Government of Japan requires employers with over 100 regularly employed workers to formulate an action plan, which must stipulate: (i) the specific planned period; (ii) its numerical targets; (iii) its targeted initiatives and efforts; and the (iv) the timing of implementation. These elements of the plan need to be decided after assessing the current situation and investigating the challenges in terms of (a) the ratio of the number of women workers to the total number of workers employed; (b) the difference in the average length of service between men and women; (c) the average overtime hours and other working hours indicators; and (d) the ratio of women in managerial positions. In addition, from 8 July 2022, employers with over 300 regularly employed workers are required to publicize information on pay differences between men and women. Under the revised Act enacted in June 2025, employers with over 100 regularly employed workers, will be required to publicize information on pay differences between men and women and the ratio of women in managerial positions from 1 April 2026.

8.8 MSMEs

8.29. Japan recognizes that micro, small and medium-sized enterprises (MSMEs) play an important role in international trade. The Japan-Singapore Agreement in 2002 was the first RTA with a standalone MSME Chapter³, and subsequently Japan signed four more RTAs with a standalone MSME Chapter: The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Japan-EU Economic Partnership Agreement (EPA), the Japan-UK CEPA, and the Regional Comprehensive Economic Partnership (RCEP). In addition to these RTAs with a standalone MSME Chapter, Japan has to date concluded 12 RTAs with MSME-related provisions. Therefore, for Japan, approximately 90% of RTAs that are in force, or have been signed, contain MSME-related provisions.

8.30. In Japan, the definition of MSMEs is set out in the Small and Medium-sized Enterprise Basic Act (SME Basic Act" Act No. 154 of 1963: Amended on 3 December 1999).⁴ In accordance with Article 2 of the SME Basic Act, an "SME" is any entity which is (1) a company whose capital or total amount of investment does not exceed JPY 300 million, or a company or an individual whose regular workforce does not exceed 300 persons principally engaged in manufacturing, construction or transportation, (2) a company whose capital or total amount of investment does not exceed JPY 100 million, or a company or an individual whose regular workforce does not exceed 100 persons

³ [INF/MSME/W/6/Rev.3](https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/MSME/W6R3.pdf&Open=True). Viewed at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/MSME/W6R3.pdf&Open=True>.

⁴ Viewed at: https://www.chusho.meti.go.jp/sme_english/outline/08/01.html.

principally engaged in the wholesale trade, (3) a company whose capital or total amount of investment does not exceed JPY 50 million, or a company or an individual whose regular workforce does not exceed 100 persons principally engaged in the service industry, and (4) a company whose capital or total amount of investment does not exceed JPY 50 million, or a company or an individual whose regular workforce does not exceed 50 persons principally engaged in the retail trade. In 2021, there were about 3.36 million MSMEs, which accounted for about 99.7% of all companies in Japan, and the percentage of total employment generated by MSMEs was about 70%. In addition, the contribution of MSMEs to Japan's total value added is about 56%. Thus, MSMEs account for a large part of Japan's economy. This policy measure for the international trade of MSMEs aims to address the gap in resources and information necessary for expanding their sales channels through individualized counselling.

8.9 Climate change and environmental sustainability

8.31. Japan has accelerated steps towards achieving net-zero emissions and in order to meet two ambitious climate goals: in October 2020, the Government of Japan declared its intention to achieve net-zero greenhouse gas (GHG) emissions by 2050; and, in February 2025 announced its new target to reduce its GHG emissions by 60% in FY2035 and by 73% in FY2040 from FY2013 levels.

8.32. The Government of Japan has accelerated measures to reduce GHG emissions and has set out recommendations to achieve this going forward. The Government's approach takes into account the Strategic Energy Plan the Plan for Global Warming Countermeasures and the Long-Term Strategy under the Paris Agreement, as well as other relevant agreements. The plans and strategies are as follows:

- The Seventh Strategic Energy Plan (decided by the Cabinet in February 2025): lays out specific measures to be taken by 2040 with a continued focus on the principle of "S+3E". On the premise of safety (Safety), the plan prioritizes ensuring a stable energy supply (Energy Security), while improving economic efficiency (Economic Efficiency) and environmental suitability (Environment).
- The Plan for Global Warming Countermeasures (decided by the Cabinet in February 2025): updates the Plan for Global Warming Countermeasures, which was set in October 2021 to present the Government's comprehensive plan based on the Act on Promotion of Global Warming Countermeasures. It puts forward a set of measures and policies aimed at achieving the new target, outlining a pathway towards achieving it. Specifically, by evaluating each section of measures and policies and identifying sections where progress is delayed, the Government of Japan examines how to advance progress in the identified sections. In so doing, the Government of Japan takes into consideration not only how to enhance the measures and policies that are already included in the Plan for Global Warming Countermeasures but also the potential introduction of new measures and policies.
- The Long-Term Strategy under the Paris Agreement (decided by the Cabinet in October 2021): updates the Long-Term Strategy to show the basic concept, visions, and measures for achieving net-zero GHG emissions by 2050. Regarding realizing a virtuous circle of environment and growth, the Strategy includes provisions on promoting innovation for decarbonization technologies and cost reduction, on green finance through TCFD disclosures and ESG finance, and on business-led international application and cooperation.

8.33. Based on the Act on Promoting Transition to the Decarbonized Growth Economic Structure adopted in FY2023 and GX 2040 Vision approved by the Cabinet in February 2025, the Government of Japan is working to implement a Pro-Growth Carbon Pricing Concept. The Government of Japan is aiming to realize public and private GX-related investment of over JPY 150 trillion over 10 years. Public and private GX-related investments are to be achieved through: (i) an investment promotion measure amounting to JPY 20 trillion utilizing GX Economy Transition Bonds, and the introduction of Phased Carbon Pricing (Emissions Trading and Fossil Fuel Levy); (ii) the introduction of carbon pricing over a specified period during which companies must commit to GX, while clearly indicating a gradual increase in the price in advance, and creating a system in which companies commit to GX, and (iii) utilizing new financial instruments such as the issuance of GX Economy Transition Bonds.

8.10 Current situation and measures for radioactive materials in fishery and other products

8.34. Shortly after the accident at the Tokyo Electric Power Co. (TEPCO)'s Fukushima Daiichi Nuclear Power Station (FDNPS) in March 2011, the Japanese national government and prefectural authorities have taken a comprehensive set of measures such as the decontamination of farmland and fruit trees, controlling feeds and agricultural inputs, and introducing a risk-based food monitoring scheme, respectively.

8.35. In order to meet the intervention exemption level of the Codex Alimentarius (Codex), which is a well-known collection of international standards for the purpose of, *inter alia*, protecting the health of consumers in international trade, Japan set the maximum levels of radioactive cesium in food at 1mSv/year. This is the maximum level that FAO and WHO have jointly set as a general standard for contaminants and toxins in food and feed considered safe for the public and has been set in consideration of the released nuclides and with the highly conservative and hypothetical assumption that 50% of the food intake is contaminated.⁵

8.36. According to the UNSCEAR 2020/2021 Report, in the first year after the accident, about 2.5% of the measured samples of marine fish caught off Fukushima Prefecture were found with radioactive cesium concentrations exceeding the guideline level (of 1,000 Bq/kg). However, in the second year, the number reduced to 0.3% and in the third year, only one sample was found and it further reduced by around 0.01%.⁶

8.37. Since the last sample in April 2013, none of the farm products and fishery harvests have ever exceeded the Codex guideline level defined as safe for human consumption, and even wild edible plants such as fungi, fern sprout and leaf buds have not exceeded the level for food with small consumed amounts, similarly for almost nine years.⁷ The only products that still exceed the level are certain game meat, although the detection rate is very low, and those detected are neither distributed nor exported.

8.38. Japan's domestic standard is much more stringent compared to the Codex standard. The Japanese Maximum Levels of radioactive cesium (JMLs) of food in general made by the Ministry of Health, Labour and Welfare is set at the level of 100 Bq/kg in Japan⁸, while the corresponding Codex guideline level is 1,000 Bq/kg (CXS 193-1995).⁹

8.39. In Japan, the monitoring of food products is currently conducted in 17 prefectures to confirm compliance with the JMLs of 100 Bq/kg for radionuclides in food products, targeting radioactive cesium among the radionuclides that have relatively long half-lives and require consideration of their long-term effects. Based on domestic regulations, each municipality formulates and conducts monitoring plans. If the monitoring results should exceed the JMLs, the entire lot would be discarded. Japan's national laws mandate that food products which exceed these stringent JMLs be recalled and disposed of, and if a regional trend of food products exceeding the JMLs would be observed, shipment restriction measures would be taken for that region based on the Government's instructions. As a result, food products originating from the restricted areas will not be distributed. Japan's regulatory framework thus ensures that food products exceeding the maximum level are neither distributed in the domestic market nor exported to overseas economies.

8.40. Through this process, Japan reaffirmed that food products containing levels of radioactive cesium that drastically exceed the JMLs decreased in a few years after the accident and the detection rate has since been stable at minimal levels. The sampling is carried out with the aim of detecting any contamination or checking the data to see whether it is possible to remove the restrictions.

⁵ FAO and WHO, General Standard for Contaminants and Toxins in Food and Feed (Codex Alimentarius CXS 193-1995). Viewed at: https://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252Fstandards%252FCXS%2B193-1995%252FCXS_193e.pdf.

⁶ NSCEAR, UNSCEAR 2020/2021 Report, p. 36 and p. 72 of Volume II: Scientific Annex B.

⁷ None of them have exceeded the guideline level since the last case in September 2016.

⁸ Provisionally 500 Bq/kg before April 2012.

⁹ 1 April 2024, the administration of food safety standards was transferred from the Ministry of Health, Labour and Welfare to the Consumer Affairs Agency.

8.41. Above all, Japan needs to look at the dose of cesium in terms of human health. While food regulation is operationalized through maximum levels in food, what matters is the overall annual dose exposure from food. The biannual market basket surveys, which have been conducted since September 2011 at numerous study sites including Fukushima, show that the estimated annual effective dose from radioactive cesium in food has been digits smaller than the intervention exemption level of 1mSv/year and is currently only detected at micro levels.¹⁰ The effect is significantly lower for consumers in foreign countries, considering the committed share of Japanese food imports in total food consumption. The Government of Japan has been making efforts to eliminate import restrictions on agricultural, forestry, and food products from Japan and has been addressing reputational damage. As a result, import restrictions were lifted in the European Union, Norway, Iceland, Switzerland and Liechtenstein in 2023, French Polynesia in 2024, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu in 2025, and so far, 50 countries and regions out of 55 have removed their restrictions. The combination of these comprehensive approaches ensures that Japanese food is qualified to be consumed worldwide.

8.42. Regarding the discharge of ALPS treated water into the sea, Japan takes measures considering international safety standards and international law and practice, and the impact on the environment, marine biota, and human health. As a result of the IAEA's rigorous reviews, the IAEA concluded in its Comprehensive Report of July 2023 that the discharge of ALPS treated water into the sea is consistent with relevant international safety standards, and that the discharge will have a negligible radiological impact on people and the environment.

8.43. Furthermore, multi-layered monitoring activities by Japan with the involvement of the IAEA have confirmed that the discharge is conducted safely. The levels of radioactive nuclides, including tritium, in the discharged water have been far below the regulatory standards, and monitoring results can be found on the websites of the relevant authorities and institutions. Also, Japan has continued to provide relevant information based on scientific evidence to the international community in a highly transparent manner. Thus, the discharge cannot be a reason for imposing import restriction measures on Japanese fishery and other products.

8.44. In 2023, China; Hong Kong, China; Macao, China, and the Russian Federation imposed additional measures restricting imports of Japanese fishery and/or other products in response to Japan's discharge of ALPS treated water. In June 2025, the General Administration of Customs of China (GACC) announced the resumption of imports of fishery products originating from Japan, with import bans on products from 10 prefectures still in place. Japan has been engaging in technical exchanges with China aimed at facilitating Japan's exports of fishery products to China.

8.45. The Joint FAO/IAEA Division stated on 1 October 2025 that Japan's "confidence in the safety of the food supply continues to be maintained by appropriate monitoring, regulatory action and public communication" and that "the situation regarding the safety of the food supply, fishery and agricultural production continues to remain stable". Given the evidence provided so far, there is no need to continue to impose import restriction measures on Japanese food, fishery and other products and Japan calls on Members to remove their measures.

¹⁰ Maximum 0.0009 mSv/year in Sep. - Oct. 2024, 1/1,000 of the intervention exemption level.