RESTRICTED

WT/TPR/S/485

1 April 2026

(26-2567) Page: 1/193

Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

JAPAN

This report, prepared for the sixteenth Trade Policy Review of Japan, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Japan on its trade policies and practices.

Any technical questions arising from this report may be addressed to Ana Cristina Molina (tel. +41 22 739 6060), Masahiro Hayafuji (tel. +41 22 739 5873) and Florian Forsthuber (tel. +41 22 739 5472).

Document WT/TPR/G/485 contains the policy statement submitted by Japan.

CONTENTS

CHARTS

TABLES

BOXES

APPENDIX TABLES

SUMMARY

1. Japan remains one of world's largest economies, ranking fourth in 2025. The economy is highly developed, diversified, and market-oriented, characterized by a well-established industrial base and strong technological capabilities. The economy is closely integrated into global markets through both trade and outward investment, reflecting its position as a major exporter of manufacturing products and a source of foreign investment.

2. Over the review period, from 2022 to early 2026, the economy continued its gradual recovery from the COVID-pandemic, amid persistent structural challenges and evolving geoeconomic conditions. Japan intensified efforts to revitalize growth and strengthen economic resilience, notably by reinforcing economic security considerations in domestic policies, while upholding international commitments, and promoting economic cooperation. During this period, economic security became an increasingly important driver of policy development, continuing a trend observed in the previous review period. This shift influenced various policy areas, including trade and trade-related measures. In parallel, Japan continued to advance its green and digital transformations, with industrial policy playing an important role in strengthening innovation and production capacity.

3. Japan is a leading advocate of the multilateral trading system, and its trade policy remains anchored in it. Throughout the period, the importance of WTO principles continued to be reflected in the significant share of MFN trade in Japan's imports and in the absence of unilateral tariff reductions as a policy instrument.

Macroeconomic and economic security developments

4. Following a rebound in 2021, Japan's economic growth remained modest (0.7% in 2023), while unemployment stayed low, at around 2.6%. In 2024, the economy contracted by 0.2% and nominal GDP totalled USD 4.2 trillion, corresponding to approximately USD 34,000 per capita. For FY2025, real growth is estimated at 1.1%. Trade played an important role in supporting the recovery, driven by external demand for Japanese exports, of both goods (vehicles and transport equipment) and services (travel services), alongside a rebound in domestic consumption. The trade-to-GDP ratio remained broadly stable at around 45%, showing Japan's continued openness despite a changing global trade environment.

5. Fiscal and monetary policies remain supportive of economic activity during this period. Japan continued to maintain an expansionary fiscal policy through various stimulus packages. The country remains among the most indebted countries in the world, although the gross government debt to GDP ratio declined from around 258% in 2020 to around 236% in 2024. Most of the debt is financed domestically. On the monetary side, the Bank of Japan ended its policy of negative interest rates in March 2024 and raised its policy rate to 0.75% in December 2025, marking a turning point after a prolonged period of persistent low inflation (CPI inflation was 2.5% in 2022 and 2.7% in 2024). In parallel, the yen depreciated against most major currencies since 2020, mechanically reducing the value of Japan's economic indicators when expressed in USD for cross-country comparisons.

6. The balance of payments continued to record a current account surplus during the review period, increasing from 2.0% in 2022 to 4.5% in 2024 when expressed as the share of GDP. This position remains driven by a surplus in the primary income balance, which has been offsetting the deficits in merchandise and services trade. Both deficits narrowed between 2022 and 2024. The surplus in the primary income balance reflects strong earnings by Japan's outward investments.

7. Several structural challenges continue to shape Japan's economy. These include relatively weak domestic demand, deflationary pressures, modest productivity growth, fiscal sustainability, and import dependency, notably for agricultural, mineral and energy goods. At the same time, an ageing population and persistent labour shortages continue to weigh on economic activity. These challenges have been exacerbated by external shocks, including the 2024 Noto Peninsula Earthquake, and by intensifying international competition in manufacturing sectors, where Japan has traditionally held a revealed comparative advantage.

8. Against this macroeconomic background, Japan continued to gradually integrate economic security considerations into its trade and investment policy frameworks. A major step was the adoption of the Economic Security Promotion Act (ESPA) in 2022, which entered fully into force in

May 2024 and institutionalized economic security within Japan's policy framework. The Act aims to enhance supply chain resilience for critical goods, safeguards strategic technologies, and ensure the provision of critical infrastructures services, with implications across the economy, affecting areas such as manufacturing, the services sector, investment inflows, and the intellectual property regime.

9. The Act also defines critical goods eligible for government support, which as of December 2025 comprises 16 categories, including semiconductors, storage batteries, critical minerals, computer programs for cloud services, and natural gas. In 2024, these goods together accounted for 15% and 13.5% of Japan's exports and imports, respectively. Economic security considerations were also included in other policy areas such as foreign investment screening, export controls, access to finance, and trade remedies.

Trade, investment and global integration

10. Trade and outward investment are key drivers of Japan's economy. As one of the world's largest traders, Japan benefits from a well-established manufacturing base and stands out as a major exporter of automotive products, steel and iron, and chemicals. Manufactured goods account for most merchandise exports (88.5% in 2024), while imports provide access to essential resources that are limited domestically, notably agricultural, mining and energy products, as well as intermediary inputs.

11. In 2024, merchandise exports amounted to USD 707.3 billion, while imports totalled USD 742.6 billion. Merchandise export and imports remained broadly stable in USD terms during the review period, while export values in JPY have increased substantially since 2021, reflecting the depreciation of the JPY against the USD rather than growth in export volumes. Japan's major export destinations remain the United States and China. On the import side, China remains by far the largest trading partner for Japan, supplying on average around 22% of imported goods during 2022-2024. The share of the United States and the European Union increased during the same period, whereas the importance of Asia (except China) as import source declined.

12. Japan remains a net importer of services, and this trend continued during the review period. Japan's commercial services exports and imports grew steadily between 2022 and 2024, although they remain much smaller in scale than merchandise trade. During this period, the deficit narrowed significantly from USD 43.5 billion in 2022 to USD 18.6 billion in 2024, largely due to a boost in travel services. In 2024, the most important export sectors were travel, charges for the use of intellectual property, and other business services, while for imports, the main categories were other business services, transport, and charges for the use of intellectual property. Trade in digitally delivered services contributed significantly to overall trade in services, even as export growth in these services remained limited and import reliance persisted, notably in digitally delivered computer and insurance services.

13. Japan is deeply integrated into global value chains, with a share of foreign value added in its gross exports that has consistently exceeded that of OECD economies and the world's top tree traders. China remains the largest GVC partner, followed by the United States. Japan's integration in GVCs has been supported by declining overall trade costs since 2020, according to the WTO Trade Cost Index.

14. Over the review period, Japan's revealed comparative advantage (RCA) in manufacturing industries generally declined, with several traditional sectors, including motor vehicles and semiconductors, losing ground relative to global averages. No new product groups achieved an RCA. Japan's manufacturing concentrates on innovation-intensive activities like electronic components and specialized machinery. To sustain competitiveness, Japan's trade policy continued to emphasize workforce transitions, innovation ecosystems, and technological leadership to boost productivity and shift toward higher value-added manufacturing.

15. In investment, Japan remains one of the world's major sources. Outward investments support Japan's production networks abroad and integration into GVCs; and their earnings are key to sustaining the current account surplus. By 2024, Japan's outward FDI stock had reached USD 2.1 trillion, equivalent to about 50% of Japan's GDP. During the review period, the United States remained the main destination for Japan's outward FDI stocks and flows, at the same time Japan's outward FDI stock decreased for China and increased towards ASEAN countries.

16. Trade and investment, and economic activities in general, continue to benefit from a conducive business environment, supported by strong innovation capacity, solid logistics infrastructure and high regulatory quality as evidenced by WIPO, World Bank and IMD indicators. However, the country faces persistent labour shortages and demographic pressures as its working-age population continues to decline. These pressures are being partially offset by rising female labour participation (77.3% in 2025) and high elderly workforce engagement. To address labour shortages, measures have been taken to prioritize investments in automation alongside policies to attract skilled foreign talent, including dedicated visa programs. To further enhance its business environment, anti-corruption and corporate governance frameworks also were strengthened through heightened penalties for foreign bribery and enhanced whistleblower protection. Additional reforms aimed to ease market entry, boost transparency, and enhance reporting rules for cross-shareholding.

17. In other cross-cutting areas, such as competition, and government procurement, the regimes remained unchanged during the review period. Japan's government procurement amounted to JPY 3.4 trillion (USD 24.3 billion) in 2023 (the latest year for which data were available). Foreign suppliers accounted for 4.2% of procurement by the Central Government and Incorporated Administrative Agencies in 2023 (4.1% in 2022). Japan is party to WTO Agreement on Government Procurement. Japan maintains various State-owned enterprises, known as "Special Companies", notably in telecommunications, financial services, railways, and airports, as well as in energy and leaf tobacco. In addition to Special Companies, the State holds stakes in other domestic enterprises and institutions. As of March 2023, these stakes amounted to around JPY 90 trillion (USD 640 billion, equivalent to about 15% of the 2023 GDP).

Multilateral, regional and bilateral trade engagement

18. Japan is a strong supporter of the multilateral trading system, and contributes actively to WTO negotiations and committees, including as a donor to WTO related initiatives. Japan advocates for an ambitious WTO reform, and participates in multiple plurilateral initiatives, often taking a leading role, such as in the case of the Joint Statement Initiative on Electronic Commerce. In 2025, Japan inscribed its additional commitments under the Joint Initiative on Services Domestic Regulation in its GATS Schedule. During the review period, Japan also accepted the Agreement on Fisheries Subsidies (2023) and joined the Multi-Party Interim Appeal Arbitration Arrangement (2023). During this period, Japan participated as a third party in WTO dispute settlement cases but was neither a complainant nor a respondent. Japan maintains a solid record of WTO notifications, with pending notifications in limited areas, notably with respect to regional trade agreements (RTAs). Nearly 80% of the value of imports entered the Japanese market duty-free on an MFN basis, showcasing the importance of the MFN regime in Japan's trade.

19. To further deepen economic integration, Japan maintains a diversified RTA network, with 20 RTAs currently in force, covering 24 trading partners across the Asia-Pacific, Europe and the Americas. In 2024, Japan's merchandise trade with its RTA partners accounted for about 79% of its exports and of its imports. As of December 2025, implementation was ongoing for nine RTAs, with timelines extending to 2041.

20. During the review period, Japan revised some of its existing RTAs to broaden their scope. In 2024, it amended its RTA with the European Union to facilitate cross-border data exchange and updated its agreement with Indonesia to strengthen e-commerce disciplines. More recently, in February 2026, Japan signed a new RTA with Bangladesh. Japan also maintained its strong support for developing countries through enhanced market access under its Generalized System of Preferences (GSP) scheme, which includes broad product coverage for least developed countries (LDCs). In April 2025, Japan revised its GSP system to allow LDCs to remain beneficiaries up to three years (up from one year) after their graduation.

21. With the view of expanding and diversifying partnerships, Japan has ongoing RTA negotiations with various economies (i.e. the Gulf Cooperation Council, Colombia, Türkiye, and the United Arab Emirates) and is actively pursuing more flexible cooperation frameworks to strengthen economic security and supply chain resilience. In this regard, Japan concluded bilateral agreements with India and United States in 2025 to secure critical minerals and participates in related international initiatives.

22. In July 2025, Japan signed a Framework Agreement with the United States following changes in US trade policy. Under the agreement, most imports from Japan are subject to a baseline 15% tariff in the US market, with differentiated treatment for certain sectors. Some products, such as aerospace goods, generic pharmaceuticals, and certain natural resources, may be exempt, while automobiles, auto parts, timber, and wood furniture are subject to the baseline tariff and are not affected by higher tariffs under US Section 232 measures. The Agreement also includes procurement commitments and an investment pledge by Japan. The Agreement applies separately from the Japan-US RTA, which Japan continues to apply. As at March 2026, additional changes to US tariff measures were ongoing, which could affect the tariffs faced by Japan.

Trade and investment regimes

23. Japan's tariff structure remains complex and non-uniform, featuring over 270 distinct rates, with the highest rates exceeding 200% when considering *ad valorem* equivalents (AVE). Seasonal tariffs and tariff rates quotas are also applied. Agriculture, leather and footwear remained the most protected sectors. Revenue from customs duty was marginal and accounted for 1.2% of the total tax revenue in FY2024 (1.4% in FY2022), reflecting their strategic rather than fiscal purpose.

24. At the 9-digit level (national level), in FY2025, 41% of the tariff lines were duty-free, and the average applied MFN tariff was 5.4%, down from 6.3% in FY2022. This decline was not driven by changes in duty rates, but by lower AVE values, particularly in agricultural products, resulting from higher unit prices and reflecting market dynamics rather than policy adjustments. In FY2025, the average applied MFN tariff for agricultural products (WTO definition) was 14.7%, down from 18.0% in FY2022, and significantly higher that on non-agricultural products (3.2%). At the 6-digit level and for the purpose of cross-country comparisons, the overall average applied MFN tariff was 3.9% in 2025 (latest figure published by the WTO). The difference between both indicators was mainly driven by the greater variations captured at the 9-digit level. In terms of bound tariffs, Japan's applied rates remain at or below their bound levels, with nearly all applied MFN rates matching the corresponding bound rates. Japan does not apply export taxes.

25. In the area of customs procedures and trade facilitation, Japan operates a modern and highly digitalized customs system and has fully implemented its WTO Trade Facilitation Agreement commitments. In 2023 and 2025, reforms in customs procedures were introduced to enhance transparency, tax compliance, as well as oversight of cross-border e-commerce transactions. Customs procedures are supported by an advanced Single Window system, and well-established Authorized Economic Operator (AEO) programme, through which most trade flows benefit from simplified procedures (i.e. 74% of imports and 77% of exports in 2024). To further facilitate trade, Japan had 13 Mutual Recognition Arrangements (MRAs) for AEO programmes in force. Additional MRAs were signed with India (December 2024) and Indonesia (October 2025) but had not yet entered into force. According to the OECD, Japan ranks among the leading performers in trade facilitation within the Asia-Pacific region, and among OECD countries.

26. During this period, Japan integrated economic security considerations in several trade related areas, notably trade remedies, export controls and trade finance. In trade remedies, it clarified the requirements for initiating *ex officio* investigations on national security considerations for specified critical goods. During this period, Japan continued to rely on anti-dumping measures as its main trade defence instrument and maintained its long-standing practice of not using countervailing or safeguard measures, except for certain agricultural products under a WTO reservation. In export controls, Japan expanded their scope in 2023 and 2025 by revising the licensing system for dual-use goods to cover items related to semiconductor manufacturing equipment, advanced semiconductors, and quantum-related technologies. In parallel, access to finance and loan guarantees was expanded in 2023 through Japan's export credit agencies to support the overseas expansion of domestic firms, particularly in strategic sectors such as semiconductors, electric vehicles, and batteries, as well as projects contributing to supply chain resilience and decarbonization.

27. Regarding export promotion policies, Japan continued to provide support in the form of capacity-building, business-matching, market intelligence, advisory services, and promotional activities. Certain programs available to exporters and non-exporters may include grants covering certain expenses for overseas expansion.

28. In the areas of SPS and TBT measures, there were no significant changes to Japan's regimes. In TBT, Japan maintains Japanese standards for agricultural and industrial goods. According to the authorities, most standards in both categories follow international standards, where these exist.

29. Japan's investment regime remains broadly open, although specific statutory foreign equity restrictions exist in specific industries, notably in telecommunications, air transport, broadcasting and radio services. In 2023, Japan strengthened oversight of foreign investment in strategic sectors by expanding the list of industries subject to prior notification under its screening regime, to include *inter alia* semiconductors, storage batteries, and advanced machinery. By 2025, it also introduced a tiered approach differentiating by investor type, coupled with transaction specific provisions for the transfer of sensitive technologies abroad.

30. The services regulatory framework is also relatively open and characterized by a low level of barriers for trade, as reflected in the scores of the WTO–World Bank Services Trade Restrictiveness Index (STRI) 2022 and the STRI OECD in 2024. During the review period, economic security considerations were also incorporated in services-related policies. In April 2025, Japan introduced an oversight regime to secure essential infrastructure services, requiring operators in 15 critical sectors, including finance and telecommunications, to undergo pre-screening for equipment installation and outsourcing of services.

Economic transformation, industrial policy, and innovation

31. The "Digital Transformation" (DX) is a key component of Japan's economic strategy, aimed at enhancing productivity, innovation, and competitiveness across sectors through new governance frameworks and infrastructure investment. The Act on Promotion of AI (2025) established the AI Strategic Headquarters to guide national strategy, with an AI Basic Plan published in December 2025. Policy during the review period shifted from voluntary guidelines to a framework that includes voluntary risk-based inspections for high-impact systems.

32. The "Green Transformation" (GX) and Japan's overall energy policy is driven by the need to reduce reliance on fossil fuels, while strengthening energy security. In 2024, fossil fuels (crude oil, coal and natural gas) remained the main source of energy, accounting for 83.5% of total energy supply, leaving Japan highly dependent on imports from a limited number of partners. To shield the domestic economy from global energy price volatility, the Government introduced price stabilization measures, including subsidies for fuel, electricity and gas between 2022 and 2025, and strengthened regulatory enforcement in the electricity market. Nuclear energy is considered essential to decarbonization; while reactor restarts remained limited, new rules have been adopted to strengthen and support its development.

33. During the review period, industrial policy gained prominence as Japan adopted a comprehensive approach that integrates economic security and manufacturing revitalization with its green and digital transformations. This approach has been implemented through a range of policy tools, including tax incentives and subsidies, aimed at securing access to critical goods, such as semiconductors and batteries while enhancing supply chain resilience and reducing dependencies. These measures focus on boosting domestic production of these goods, and fostering public-private collaborations in R&D. For example, under the ESPA, Japan allocated JPY 2.55 trillion (USD 17 billion) in public funding (as of December 2025) to support the supply of critical goods, with most funding directed toward storage batteries, semiconductors, and critical minerals.

34. Furthermore, the GX Promotion Act authorizes JPY 20 trillion (USD 133.7 billion) in transition bonds to fund decarbonization technologies. This financial support is underpinned by a "growth-oriented carbon pricing" roadmap, featuring a phased emissions trading system and a mandatory fossil fuel surcharge starting in FY2028, alongside legislation to accelerate hydrogen supply chains, carbon capture and storage, and critical mineral recycling.

35. In July 2025, Japan notified a list of 54 specific subsidy programmes to the WTO's Committee on Subsidies and Countervailing Measures. The list includes both old and new schemes with different objectives mainly to support industry, finance, and agriculture, including measures under ESPA and those adopted by local governments. Several support measures for SMEs were also in place, including low interest loans, credit guarantees, and tax measures.

36. Strong innovation capabilities drive Japan's industrial competitiveness, evidenced by its high RCA index and its position as a leading net exporter of intellectual property. To counter intensifying global competition, the Government adopted a new Intellectual Property Strategic Program in June 2025, aiming to reach the top four of the Global Innovation Index by 2035 through investments in AI and digital technologies. Japan also modernized its broader IP regime during the review period with updates to copyright, trademark, and design frameworks. Under ESPA, it also established a non-disclosure system for patent applications, allowing the Government to suspend the publication of patent applications that pose national security risks. Alongside this, amendments to the Unfair Competition Prevention Act in 2024 further strengthened protection for trade secrets and shared data.

Sector-specific policies

37. Japan is a net importer of agricultural goods and remained the world's fourth largest importer in 2024, reflecting Japan's important role in agriculture trade and its strong reliance on imports. At the same time, the sector remains highly protected and subject to a complex tariff regime. Agricultural trade is also managed through tariff quotas and state trading for rice, wheat and barley. The commercial rice quota was fully utilized in 2024 for the first time since 2017 due to domestic rice shortages, prompting regulatory changes to allow stockpile releases for non-harvest emergencies. Support to the sector has declined in recent years but remained more than double the OECD average. During the review period, agricultural policy shifted to focus on supply chain resilience, environmental sustainability, and productivity improvements. In this regard, Japan introduced new support programmes tied to environmental objectives, as well as tax incentives promoting automation to offset labour declines. Recent reforms have also redefined the role of exports of agricultural products to maintain domestic production capacity.

38. Japan is also a net importer of fisheries products. In 2024, Japan was the third-largest importer of fish and crustaceans globally and in 2023 (latest data available), it was among the top ten capture fishery producers. The size of the domestic fleet has continued its downward trend, and contracted by 50% since 2003, prompting support aimed to modernize and decarbonize vessels and improve productivity via digital technologies rather than expanding capacity. According to the OECD, in 2022 (latest year available) Japan's fishing fleet represented around 10% worldwide. Japan has also revised it system for management fisheries resources to enhance enforcement and accountability to ensure sustainability and combat illegal fishing. Japan was the first WTO Member of make a voluntary contribution to the WTO Fisheries Funding Mechanism.

39. Japan's mining sector remains characterized by structural import dependence. Policy focused on securing supply chains for critical minerals, important for both the green and digital transformation. To mitigate dependence, the Government utilizes a public stockpiling mechanism and expanded regulatory scope in 2023 to include rare-earth minerals. Authorities are also pursuing supply diversification through bilateral agreements (see above), alongside state-backed equity and technical support for overseas projects.

40. Manufacturing remains central to the economy, accounting for 20.5% of GDP and 15.4% of employment in 2024, almost unchanged since the previous Review. Key challenges include persistent labour shortages, the need to accelerate digitalization, and the urgency to meet carbon neutrality targets. These challenges are compounded by weak productivity growth and intensifying international competition in industries in which Japan traditionally has held a revealed comparative advantage. The report zooms in on three manufacturing industries, automobiles, semiconductors, and steel, given their importance in Japan's trade policy and strategic role in supporting other industries. The automotive industry remains Japan's largest export sector, accounting for 17.1% of merchandise exports, with policy increasingly focused on electrification and software-defined vehicles. Semiconductors have become a renewed strategic policy priority, reflecting their central role in driving technological innovation and receiving substantial financial support through various government initiatives. In 2024, semiconductor devices accounted for 5.6% of Japan's exports, ranking fourth among export products, with their share remaining relatively stable during the review period. Japan also remained one of the world's leading steel producers. The sector is a critical intermediate input supplier to domestic industries, and undergoes a structural transformation driven by decarbonization objectives. Japan has applied trade remedies in recent years to address dumping of certain steel products.

41. The services sector is the largest contributor to Japan's economy, accounting for around 70.5% of GDP and 72.5% of employment in 2024. In telecommunications, Japan prioritized the development of next-generation infrastructure and the regulation of digital platform competition amidst a trade deficit driven by foreign cloud services. To secure technological leadership, the Government is funding R&D and providing tax incentives. To enhance market competition, new legislation (Mobile Software Competition Act, 2024) mandates designated large-scale software providers to permit access of third-party application and alternative billing systems. Regulations on the former state monopoly (NTT) were relaxed to permit foreign directors.

42. Financial services were among the sectors to record a trade surplus during the review period, along with travel, construction and charges for the use of intellectual property. With the end of negative interest rates, policymakers are focused on mobilizing largely dormant household assets and elevating Japan's status as a global investment management hub. Key initiatives include expanding tax-exempt investment programs, enforcing capital efficiency mandates for listed firms, and implementing reforms that ease market entry while boosting transparency and attracting overseas talent. Additionally, the fintech landscape has been updated with regulations defining fiat-backed stablecoins as electronic payment instruments and applying stricter anti-money laundering rules to crypto-assets.

43. Maritime and air transport remain the backbone of Japan's international connectivity for merchandise and passenger movements, respectively. Both sectors operate under strict domestic protections; domestic shipping is reserved exclusively for Japanese-owned vessels, and foreign ownership of national air carriers is capped at one-third of voting rights. Furthermore, policy in both industries is increasingly geared toward decarbonization, driven by new subsidies for zero-emission shipbuilding and a mandate to replace 10% of aviation fuel with Sustainable Aviation Fuel by 2030.

To conclude

44. To conclude, Japan remains an active WTO Member and a highly developed, globally integrated economy, supported by a robust industrial base, advanced technological capabilities, and a favourable business and trade facilitation environment. While the economy has shown resilience, its growth performance has remained modest, both reflecting structural challenges, including weak private consumption, labour shortages, and modest productivity growth, as well as external factors, such as evolving global competition and geoeconomic conditions. In this context, trade and outward investment have continue to play an important role in supporting economic activity and sustaining external balances.

45. Over the review period, Japan implemented measures to support economic recovery following the COVID-19 pandemic, focusing on economic security, emerging technologies, and the green and digital transitions. These included promoting R&D investments, supporting overseas expansion, and enhancing protection of sensitive technologies, as well as strengthening domestic production capacity and supply chain resilience for critical goods.

46. Japan's economic outlook remains positive in the near term, with real GDP projected to growth by 1.3% in FY2026. Monetary policy normalization, together with solid private sector activity, is expected to support economic conditions, although the outlook remains subject to global uncertainty and ongoing structural challenges. In this context, trade will remain central to growth, both by securing essential imports and supporting exports. Japan retains comparative advantages in manufacturing exports, including in automotive products, machinery, electronics, and semiconductors. Yet, shifts in global competition and technology are placing pressure on these strengths and highlighting the need to broaden Japan's sources of growth. Expanding high-value services, developing new industries, and diversifying markets and suppliers, will be important to enhance resilience and support sustainable long-term growth.

1 ECONOMIC ENVIRONMENT

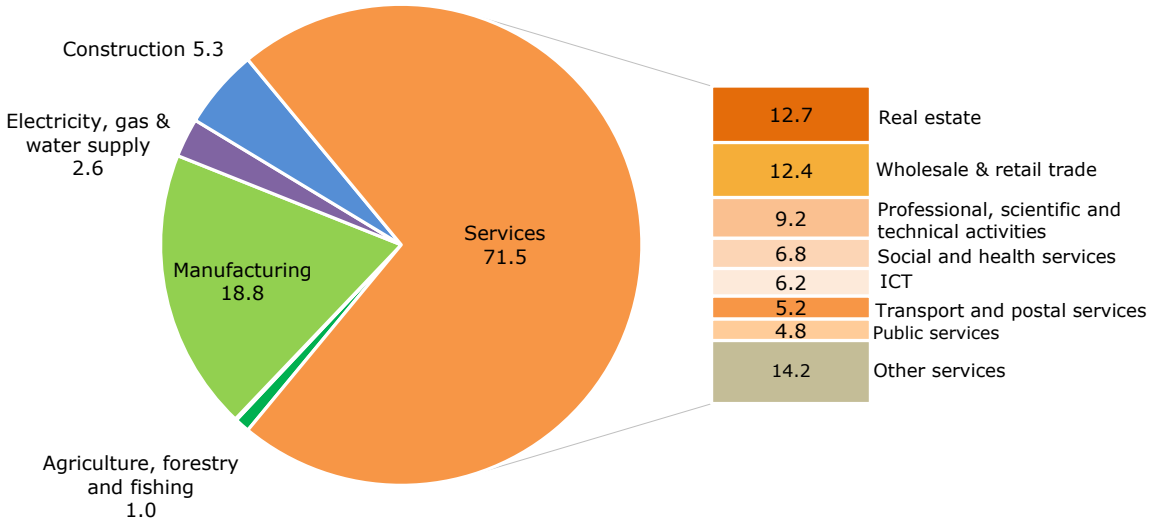
1.1 Main features of the economy

1.1. Japan's economy continues to be characterized by a high level of development, diversification, and income as well as by strong market orientation. In 2024, its gross domestic product (GDP) was around JPY 634 trillion (USD 4.2 trillion), compared with JPY 616 trillion (USD 4.4 trillion) in 2023 and JPY 574 trillion (USD 5.2 trillion) in 2021. In 2024, per capita GDP stood at JPY 5.1 million (USD 33,785) at current prices; per capita GDP at 2020 prices in USD terms has been increasing since 2021 (**Error! Reference source not found.**). It is estimated that in 2025, Japan was the fourth largest in the world by nominal GDP in US dollar (USD) terms.[1]

1.2. Services remain the largest contributor to the economy, accounting for 71.5% of GDP in 2024. It was followed by manufacturing (18.8%), which is the country's leading export sector, and by agriculture, forestry and fishing (1.0%) (Chart 1.1). Real GDP growth rates remained moderate or slightly negative during the review period[2]. Unemployment remained at low levels, with rates never exceeding 2.6%, reflecting demographic developments and a tight labour market. Inflation as measured by CPI was 2.5% in 2022 and 2.7% in 2024.

1.3. Trade plays an important role in the economy, supported by a solid manufacturing sector, a well-established position in global value chains, and significant overseas investments. In 2024, manufacturing accounted for 89% of total exports and 61% of total imports for goods. Japan was among the world's leading exporters of automotive products, steel and iron, and chemicals.[3] In 2023, GDP growth was led mainly by external demand for Japanese exports. The trade-to-GDP ratio for goods and services was 45.0% in 2024, up from 43.8% in 2023 (45.1% in 2022).

Chart 1.1 GDP by economic activity (% of GDP at current prices), 2024



Note: Shares are calculated from GDP at current prices by economic activity. The chart includes economic activities only and therefore excludes items such as import duties (net taxes on products). As a result percentages do not add up to 100%.

Source: Cabinet Office, Statistics. Viewed at: https://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2024/2024annual_report_e.html (29/01/2026).

[1] IMF. Viewed at: https://www.imf.org/-/media/files/publications/weo/2025/october/english/text.pdf (18/12/2025).

[2] This Review is mainly for the period between 2021 and early 2026.

[3] WTO (2025), Global Trade Outlook and Statistics, April; and WTO, *World Trade Statistics, Key insights and trends in 2024*. Viewed at: https://www.wto.org/english/res_e/statis_e/world_trade_statistics_e.htm (24/02/2026).

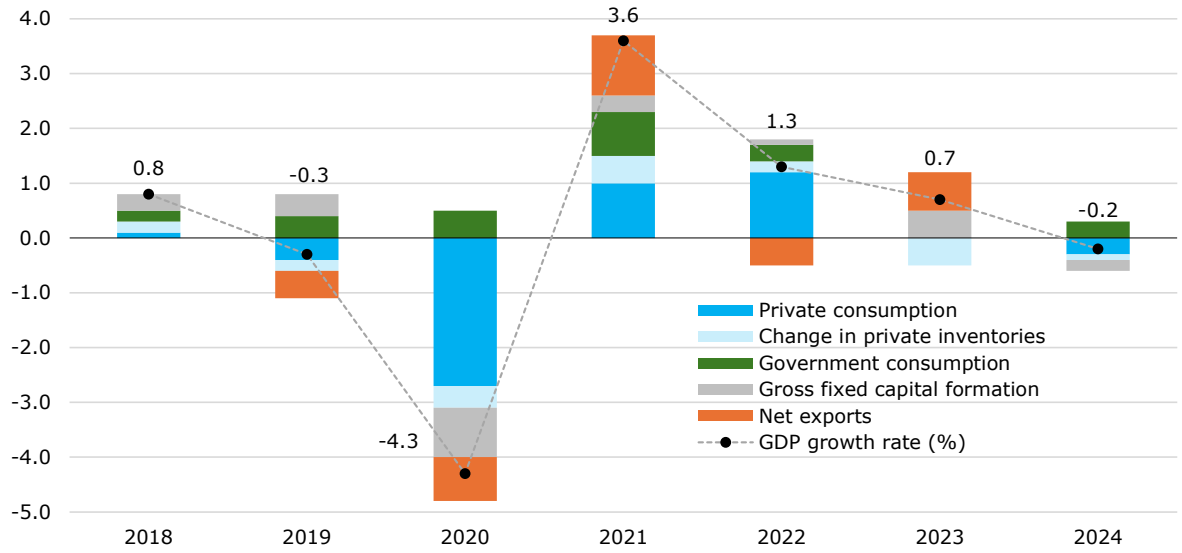
1.4. Japan's economy continues to face challenges posed by, *inter alia*, an ageing and declining population; 29% of the population is aged 65 or older (highest in the world) (Sections 1.2.2 and 2.1.3). The working-age population is expected to decline by 35 percentage points by 2065.[4] The Government considers that economic growth is expected to decline as the working-age population continues to decrease, reflecting the declining birthrate and ageing population, unless there is a change in the economic structure and a further increase in productivity.

1.2 Recent economic developments

1.2.1 Economic performance

1.5. During the review period, Japan's economy continued its gradual recovery from the impact to the COVID-pandemic, which caused the economy to contract by 4.2% in 2020. After an initial rebound in 2021, growth slowed and contracted again in 2024, with real GDP declining by 0.2% (Chart 1.2). In 2023, real GDP growth stood at 0.7%, driven mainly by net exports, while in 2024, government consumption became the main positive contributor to growth. The authorities state that the negative growth rate in 2024 was mainly attributed to the impact of the Noto Peninsular Earthquake and production and shipment stoppages at some automakers against the background of some irregularities in certification.

Chart 1.2 Contribution to annual percentage change in real GDP growth, 2018-2024



Source: Cabinet office, Statistics, Jul.-Sep. 2025 (The 2nd preliminary). Viewed at: https://www.cao.go.jp/index-e.html (29/01/2026).

1.6. According to the IMF, for a decade, Japan's total factor productivity growth has been slowing; Japan's R&D spending has been substantial and the country has a high number of patent applications per capita (Section 3.3.7).[5] This may reflect the misallocation of labour and capital, and population ageing. The IMF report suggests that Japan's low interest rates and quantitative easing may have left unviable firms to stay in the market longer than they would otherwise have.

1.7. Japan's economy is expected to continue growing in 2025 and 2026. Based on the Government's latest outlook, the real GDP growth rate is projected to be 1.1% in FY2025 and 1.3% in FY2026. The CPI inflation rate is expected to be 2.6% in FY2025 and slowdown to 1.9% in FY2026, while the current account surplus as a percentage of nominal GDP is projected to expand from 4.6% in FY2024 to 5.3% in FY2025 and 5.5% in FY2026. The Government considers uncertainty in the global economy and fluctuations in the financial and capital markets are major risks to the projection. There are some factors that could move the medium- to long-term growth path upwards, such as the recent trend in the wage increase and continued high investment motivation. On the other hand,

[4] IMF Country Report No. 25/82.
[5] IMF Country Report No. 25/82.

there are factors that could move the path downwards, such as an increase in the volatility of the economy and a decline in the expected medium- to long-term growth rate amid the declining birthrate and the reduction in labour force participation. The Government estimates the latest potential growth rate to be 0.5% annually, which is estimated to rise to 0.8% in FY2026 according to the Government's projection.

1.2.2 Fiscal policy

1.8. Fiscal policy remained expansionary overall during the review period, although between 2023 and 2024, the fiscal deficit of the general government (central government, local government, and social expenditure) decreased from 2.3% to 1.5% of GDP, reflecting some fiscal consolidation. The most recent fiscal package was adopted in November 2025. It aims at, *inter alia,* protection from rising prices and facilitating strategic investment that promotes resilience against potential crises and economic growth, and was announced to be the size of JPY 21.3 trillion (around USD 137 billion), or around 3.5% of GDP in 2024.[6] Japan's ratio of net government debt to GDP in 2024 was around 134% of GDP (down from 162% in 2020, a recent peak), while the ratio of gross government debt to GDP in the same year was around 236% of GDP (down from 258% in 2020). Most of the debt is financed domestically.

1.9. On fiscal consolidation, the Government has set targets in the Basic Policy on Economic and Fiscal Management and Reform 2025, adopted on 13 June 2025 as a decision by the Cabinet, to achieve a primary surplus of the central and local governments as early as possible over the period from FY2025 to FY2026 and aim to steadily reduce the public debt-to-GDP ratio toward the level before the COVID-19 pandemic.[7] Under the current Government's approach of "responsible and proactive public finances", the authorities intend to strategically employ fiscal policies to build a strong economy and enhance economic growth; this is to involve "strategic investments", which are intended to enhance resilience against potential crises. The authorities state that strategic investments, which the Government will implement pre-emptively together with the private sector, are to address various risks and social issues, including those in the areas of economic security, food security, energy and resource security, health and medical care security, national resilience, and cyber security. The authorities consider that through this path, it will achieve fiscal sustainability, ensure trust from the markets, and drive economic growth. In December 2025, it was decided to increase basic deduction amount and the minimum guaranteed amount of employment income deduction, effectively providing fiscal stimulus to the economy. Simultaneously, while paying attention to the primary balance, the authorities intend to curb the rate of growth of Japan's outstanding debt balance so that it will not exceed the rate of economic growth and lower Japan's ratio of outstanding government debt to GDP.

1.10. Population ageing remains a challenge particularly in view of Japan's fiscal situation (Sections 1.1 and 2.1.3). Meeting the targets of reducing greenhouse gas emissions to net zero by 2050 is an additional source of pressure on public finance.

1.2.3 Monetary policy, prices, and the exchange rate

1.11. On 19 March 2024, the Bank of Japan (BOJ) decided to encourage the uncollateralized overnight call rate to remain at around 0 to 0.1%, effectively ending the negative interest rate policy (previously, the BOJ had been targeting a short-term interest rate of -0.1% and a long-term interest rate of around 0%) that had lasted since 2013. The BOJ then shifted its monetary policy to guiding the short-term interest rate as a primary policy tool. Against this background, the BOJ has gradually adjusted the degree of monetary accommodation by raising the policy interest rate to around 0.25% in July 2024 and to around 0.5% in January 2025. On 19 December 2025, the BOJ decided to raise a short-term interest rate to around 0.75% from the previous 0.5%, and the interest rate of the Complementary Deposit Facility was raised to 0.75% per annum (up from 0.50% previously).[8]

[6] Cabinet Office. Viewed at: https://www5.cao.go.jp/keizai1/keizaitaisaku/keizaitaisaku.html (19/12/2025).

[7] Cabinet Office. Viewed at: https://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/honebuto/2025/2025_basicpolicies_ja.pdf (19/12/2025).

[8] BOJ. Viewed at: https://www.boj.or.jp/mopo/mpmdeci/mpr_2025/k251219a.pdf (19/12/2025) and BOJ. Viewed at: https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2025/mpr251219a.pdf (22/12/2025).

1.12. The BOJ considers that financial conditions remain sufficiently accommodative after the BOJ's latest policy interest rate hike accommodative; real interest rates have remained significantly negative and accommodative financial conditions will continue to firmly support and stimulate economic activity, and the policy change in December 2025 will not cause distress in the overall financial sector. The BOJ considers that financial intermediation has continued to function smoothly, with the changes in monetary policy, and Japanese banks have sufficient capital bases and stable funding bases. As for the future conduct of monetary policy, given that real interest rates are at significantly low levels, the authorities state that the BOJ will continue to raise the policy interest rate and adjust the degree of monetary accommodation in accordance with improvement in economic activity and prices. The BOJ consider that it is necessary to gradually adjust the degree of monetary accommodation to achieve the price stability target while ensuring stability in financial and capital markets, and to place Japan's economy on a long-term growth path.

1.13. As inflation pressures continued to remain during the review period, recent CPI (2.7% in 2024) surpassed the BOJ's 2% target, although the core CPI remains less than 2%. Along with the BOJ's increase in its policy rate during the review period, interest rates gradually increased. When the interest rates go up, interest payments generally tend to increase; the authorities consider that it is necessary to promote initiatives on both expenditures and revenues such as enhancing sustainability of the social security system, aiming at the fiscal consolidation goal.

1.14. Japan maintains a free-floating exchange rate regime. The Ministry of Finance may intervene via the BOJ as an agent of the Ministry in the foreign exchange market.[9] Between 2023 and 2025, the yen tended to depreciate against the major currencies including the US dollar. Over the same period, Japan's real effective exchange rate also depreciated. Foreign reserves stood at around USD 1.3 trillion in September 2025.[10]

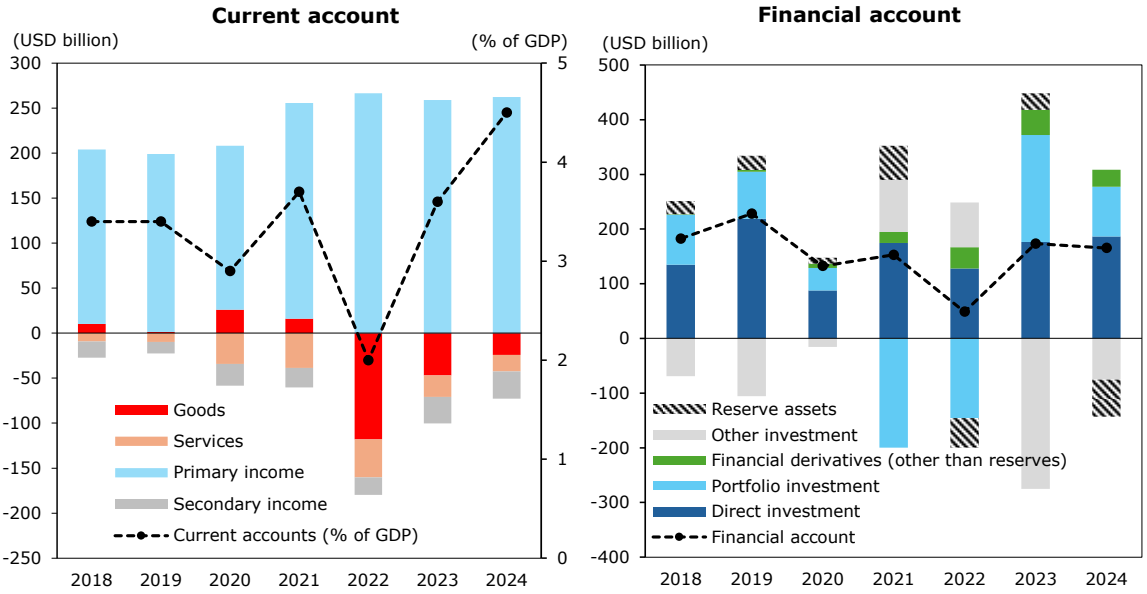
1.2.4 Balance of payments

During the review period, Japan's balance of payments continued to feature a current account surplus, increasing from 2.0% in 2022 to 4.5% in 2024 when expressed as the share of GDP (Chart 1.3). This surplus, which reflects the difference between the gross national savings and total investment (

[9] BOJ. Viewed at: https://www.boj.or.jp/announcements/education/oshiete/intl/g19.htm/ (19/12/2025).
[10] MOF. Viewed at: https://www.mof.go.jp/english/policy/international_policy/reference/official_reserve_assets/e0709.html (19/12/2025).

1.15. Table A1.2), remained driven by a strong surplus in Japan's primary income balance, which was around USD 267 billion in 2022, USD 259 billion in 2023, and USD 262 billion in 2024. The surplus in the primary income balance reflects the importance of earnings from overseas investments and has been offsetting the trade deficits. Both merchandise trade deficit and services trade deficit narrowed between 2022 and 2024. Deficit in the capital account increased in 2023 but narrowed in 2024, while the financial account surplus increased in 2023 and decreased in 2024.

Chart 1.3 Balance of Payments, 2018-2024



Source: Information provided by the authorities.

1.2.5 Structural reforms

1.16. During the review period, key structural reforms included: (i) "work style reform", including facilitating labour mobility and promoting diverse working styles; (ii) promoting green transformation (GX) and digitalization (digital transformation – DX); (iii) strengthening human capital management (visualization and disclosure); and (iv) promoting wage increases and investment in growth industries.

1.17. Japan continued to adopt various reforms to increase labour supply, productivity, and wages over the review period with a view to addressing its demographic challenges. In May 2023, the Government issued Guidelines for the "Trinity of Labor Market Reform" to promote, *inter alia*: (i) support for capacity development through reskilling; (ii) introducing job-based pay tailored to the circumstances of each company; and (iii) facilitating labour mobility to growth sectors. To provide information for introducing job-based employment system, the Government issued Guidelines for Job-based employment system in August 2024.[11] A pension system reform was undertaken in 2025 through the adoption of the Pension System Reform Act on 13 June 2025.[12] Other structural reforms aim at increasing Japan's productivity, notably by accelerating digitalization, expanding investment, and increasing R&D expenditure.

[11] Cabinet Secretariat. Viewed at: https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/pdf/roudousijou.pdf (19/12/2025).

[12] MHLW. Viewed at: https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000147284_00017.html (19/12/2025). The main reforms introduced by the law include: (i) expansion of employees' insurance coverage; (ii) review of the employees' old-age pension system for current workers; (iii) review of the pension for surviving family; (iv) gradual increase in the upper limit of the standardized monthly amount of remuneration for employees' pension insurance; (v) review of the private pension system.

1.2.6 Trade and gender

1.18. According to the OECD, the labour force participation rate for women (from 15 to 64 years) reached 77.3% in 2025 up from 73.5% in 2021.[13] Significant pay differences between men and women have been observed in recent years. According to the authorities, in 2024, the pay differences were such that the salary level of female general workers in 2024 was 75.8 when the salary level of male general workers is set at 100; they indicate that differences have been narrowing over a long period. A 2025 amendment to the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and relevant rules and regulations require, *inter alia*, from April 2026, that employers with 101 or more regular employees publicize information concerning pay differences between men and women (Section 2.1.3).[14]

1.19. The authorities indicate that the Japan-UK Comprehensive Economic Partnership Agreement (EPA), which entered into force in January 2021, includes a dedicated chapter on trade and women's economic empowerment. Under the EPA, Japan and the United Kingdom held three Working Group meetings on Trade and Women's Economic Empowerment and jointly delivered four events.[15] The authorities state that these outcomes were shared in the WTO's Informal Working Group on Trade and Gender.

1.2.7 Trade and environment

1.20. The Government has been promoting GX, which aims to simultaneously achieve stable energy supplies, economic growth, and emissions reductions to transform the entire economic and social system by shifting the economy, society, and industrial structure to one centred around clean energy instead of fossil fuels, which is among Japan's main import items.

1.21. Based on 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 authorities are working to implement a Pro-Growth Carbon Pricing Concept.[16] The authorities are aiming to realize public and private GX-related investment of over JPY 150 trillion over 10 years. These are to be achieved through: (i) 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) introduction of carbon pricing over a period during which companies must commit to GX, and 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 (Section 4.2.2.5).

1.22. While no estimates have been made regarding the impact of these measures on Japan's trade, the authorities consider that promoting GX would have impacts on trade; for example, the Government aims to facilitate over JPY 150 trillion in GX-related investment over the 10 years, which is expected to strengthen industrial competitiveness and thereby increase foreign investment and exports. In addition, as the Government seeks to promote domestic energy production and improve energy self-sufficiency through GX[17], the authorities expect that progress in reducing dependence on fossil fuels would lead to a decline in import values of fossil fuels.

1.23. In 2021, Japan announced its target to reduce its greenhouse gas (GHG) emissions by 46% in FY2030 from its FY2013 levels and continue efforts to meet 50%. Furthermore, in February 2025, Japan set new targets to reduce its GHG emissions by 60% in FY2035 and 73% in FY2040 from FY2013 levels, as aligned with the global 1.5°C goal and to achieve net zero by 2050. In addition,

[13] OECD, Labour force participation rate. Viewed at: https://data-explorer.oecd.org/vis?tm=labour%20force%20participation%20rate&pg=0&snb=16&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_LFS%40DF_IALFS_LF_WAP_Q&df[ag]=OECD.SDD.TPS&df[vs]=1.0&dq=JPN.LF_WAP.._Z.Y.F.Y15T64..A&lom=LASTNPERIODS&lo=7&to[TIME_PERIOD]=false&vw=tb (23/02/2026).

[14] MHLW. Viewed at: https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyoukintou/seisaku09/index.html (19/12/2025).

[15] These were: a virtual roundtable event focused on women's economic empowerment in 2021; two online Japan-UK women's economic empowerment seminars held in 2024 and 2025; and an in-person Japan-UK women's economic empowerment forum at the UK Pavilion in Expo 2025 Osaka-Kansai, Japan.

[16] METI. Viewed at: https://www.meti.go.jp/policy/energy_environment/global_warming/index.html (19/12/2025).

[17] Japan currently imports more than JPY 20 trillion of fossil fuels annually.

Japan also adopted the Plan for Global Warming Countermeasures as a decision of the Cabinet on 18 February 2025.

1.2.8 Digital trade and e-commerce

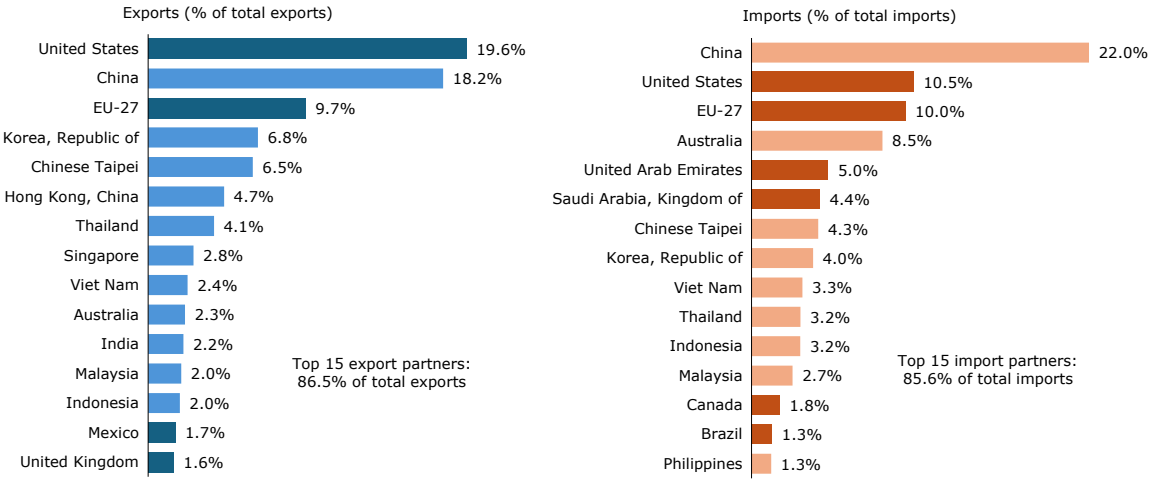
1.24. Since Japan's Prime Minister proposed Data Free Flow with Trust (DFFT) in January 2019, aiming to promote the free flow of data while ensuring trust in privacy, security, and intellectual property rights, Japan has been promoting DFFT. In the context of the Joint Statement Initiative (JSI) on Electronic Commerce, Japan, along with Australia and Singapore, has been serving as a Co-Convenor. In July 2024, the Co-Convenors issued a joint statement on behalf of JSI participants, which announced that participants had achieved stabilized text on the Agreement on Electronic Commerce and published the text. In the Japan-EU EPA, which entered into force in February 2019, Japan and the European Union held discussions on the reassessment of the need to include provisions on the free flow of data into the Agreement under Article 8.81. The formal discussions started in October 2022, and the agreement in principle was confirmed in October 2023. In January 2024, the protocol amending the EPA regarding cross-border transfer of information by electronic means was signed and entered into force on 1 July 2024.

1.25. Regarding the Japan-Indonesia EPA, which entered into force in July 2008, through negotiations for amending the agreement, the protocol amending Japan-Indonesia EPA introduced an e-commerce chapter, which is to include provisions for the cross-border transfer of information by electronic means and the installation of computer-related equipment. The protocol was signed on 8 August 2024. The date of entry its entry into force has not been fixed.

1.3 Developments in trade and investment

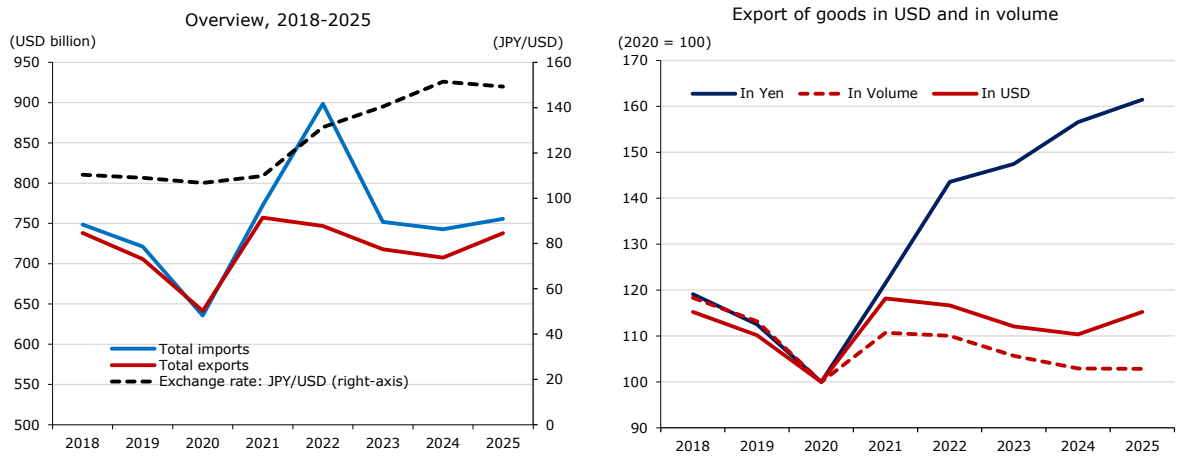
1.3.1 Trends and patterns in merchandise trade

Japan remains one the largest traders in the world. In 2024, merchandise exports amounted to USD 707.3 billion, while imports totalled USD 742.6 billion. Both merchandise exports and imports stayed mostly stable between 2023 and 2025 as expressed in USD (Main merchandise exports and imports by main partners, 2022-2024



1.26.). Nonetheless, the value of total exports as expressed in JPY has been substantially increasing since 2021, suggesting the effect of the depreciation of the JPY against the USD. The combined value of merchandise exports and imports was 33.7% in 2024 (unchanged since 2023). These figures have been in an increasing trend, demonstrating the importance of international trade to Japan's economy, its degree of openness, the resilience of its external sector, and its integration into the world economy and global value chains.

Chart 1.4 Merchandise trade, 2018-2025

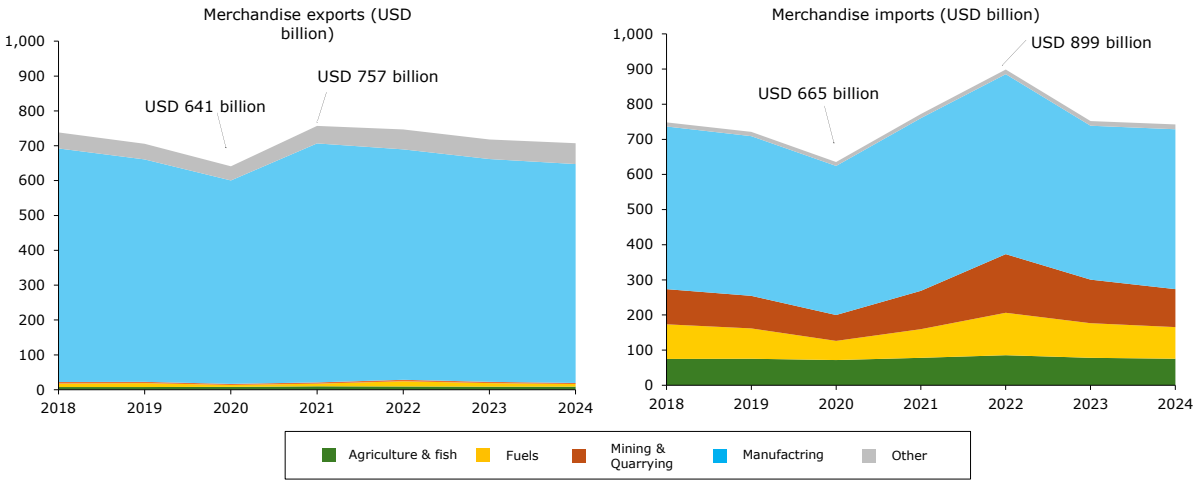


Note: Preliminary merchandise trade data for 2025 sourced from Ministry of Finance, Trade statistics of Japan.

Source: WTO Secretariat calculations, based on UN Comtrade; Bank of Japan, BOJ Time-Series Data Search. Viewed at: https://www.stat-search.boj.or.jp/index_en.html (30/01/2026); Ministry of Finance, Trade Statistics of Japan. Viewed at: https://www.customs.go.jp/toukei/info/tsdl_e.htm (30/01/2026).

1.27. The broad structure of Japan's merchandise trade remained unchanged during the review period. Its merchandise trade continues to be dominated by manufactures (e.g. motor vehicles, machinery, telecommunication equipment) (**Error! Reference source not found.** and **Error! Reference source not found.**). In a more disaggregated level, the leading export items include motor vehicles, machinery, and electrical machinery, and the main import items include mineral fuels including crude oils.

Chart 1.5 Merchandise trade by broad category, 2018-2024



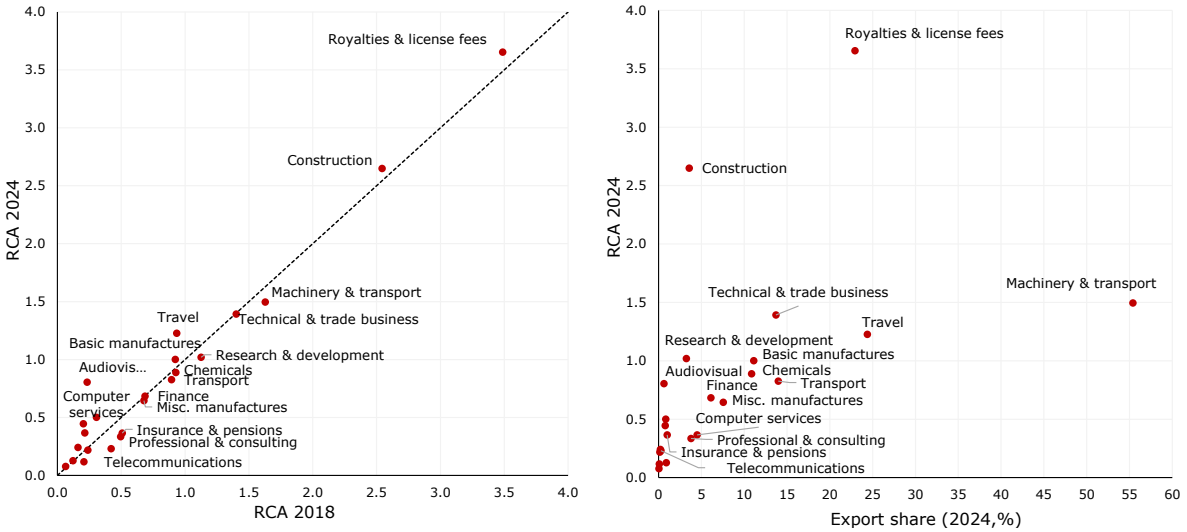
Source: WTO Secretariat calculations, based on UN Comtrade database.

1.28. Over the period 2018-2024, Japan's revealed comparative advantage (RCA) highlights a highly concentrated pattern of competitiveness in manufacturing-intensive sectors (Chart 1.6).[18] This pattern remained largely unchanged during the period, suggesting that Japan's export competitiveness continues to rely on its core products and services, namely machinery and transport

[18] For the definition of RCAs, see, for example, UNCTAD. Viewed at: https://unctadstat.unctad.org/EN/RcaRadar.html (20/02/2026).

for merchandise; and construction and royalties and licence for services, reflecting Japan's strong innovation capacity (Section 4.3.1).

Chart 1.6 Japan's revealed comparative advantage, 2018-2024

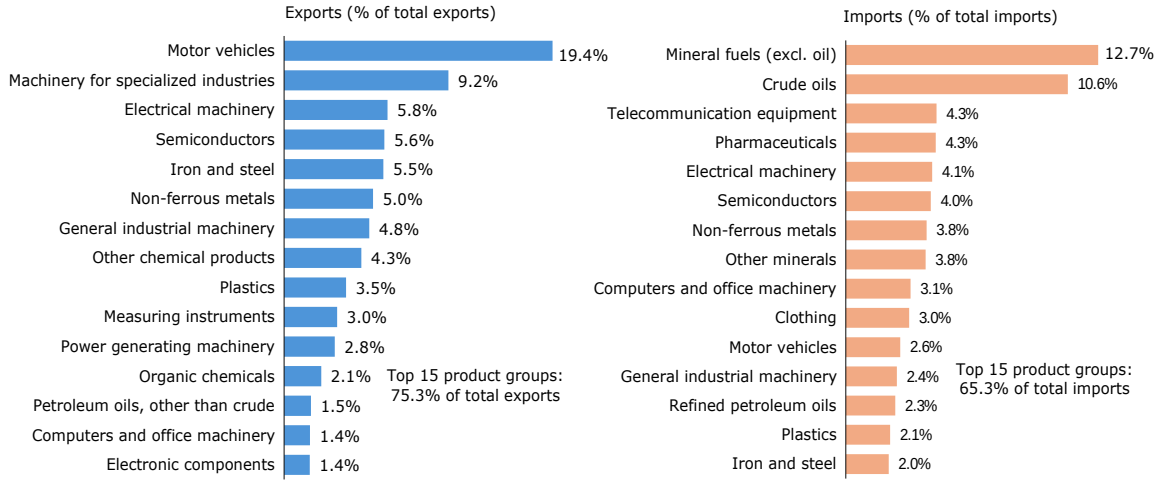


Note: There is a revealed comparative advantage if RCA >1.

Source: WTO Secretariat calculation based on CEPII data. Viewed at: https://www.cepii.fr/CEPII/en/bdd_modele/bdd_modele_item.asp?id=37 (01/02/2026).

1.29. Japan's import pattern reflects its reliance on energy and high-tech industrial goods from abroad (Chart 1.7). Japan's largest imports were mineral fuels and crude oil, making up roughly 23% of total imports during the period of 2022-24. Other major imports included electrical machinery and electronic equipment (e.g. semiconductors and telecommunications devices) and industrial machinery, which may be used as inputs for further production. The share of petroleum in its imports decreased from 13.1% in 2023 to 12.1% in 2024, and the share of minerals and metals decreased from 23.8% in 2023 to 21.8% in 2024 reflecting mainly decrease in the share of imports of mineral fuels other than petroleum oils. In addition, the share of electrical machinery and electronic equipment also decreased from 15.5% in 2023 to 14.5% in 2024. On the other hand, the share of other manufactures increased strongly from 1.5% in 2023 to 5.8% in 2024 (**Error! Reference source not found.**).

Chart 1.7 Main merchandise exports and imports by main product groups, 2022-2024

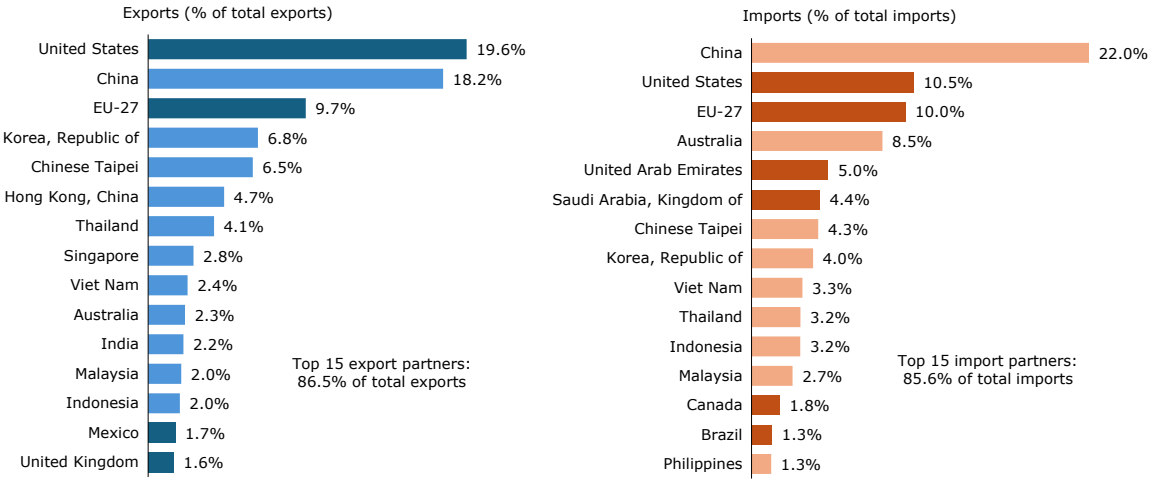


Note: Average share of each product group in total exports and imports. Product groups are based on WTO Multilateral Trade Negotiations (MTN) Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf (1/12/2025).

Source: WTO Secretariat calculations, based on UN Comtrade database.

1.30. Concerning the geographical composition of trade, Japan's major export destinations included the United States and China during the review period. (Chart 1.8 and **Error! Reference source not found.**). The trade data also shows that emerging markets for Japan's export destinations such as India and Middle East partners (e.g. Kingdom of Saudi Arabia and the United Arab Emirates) are becoming increasingly important destinations for Japan's exports. Although their shares remain relatively small compared with the United States and China, their growth rates are higher than major destinations. On the import side, China remains by far the largest trading partner for Japan, supplying around 22% of imported goods during the review period (**Error! Reference source not found.**). The share of the United States and the European Union increased during the review period, whereas the importance of Asia (except China) as import source declined.

Chart 1.8 Main merchandise exports and imports by main partners, 2022-2024



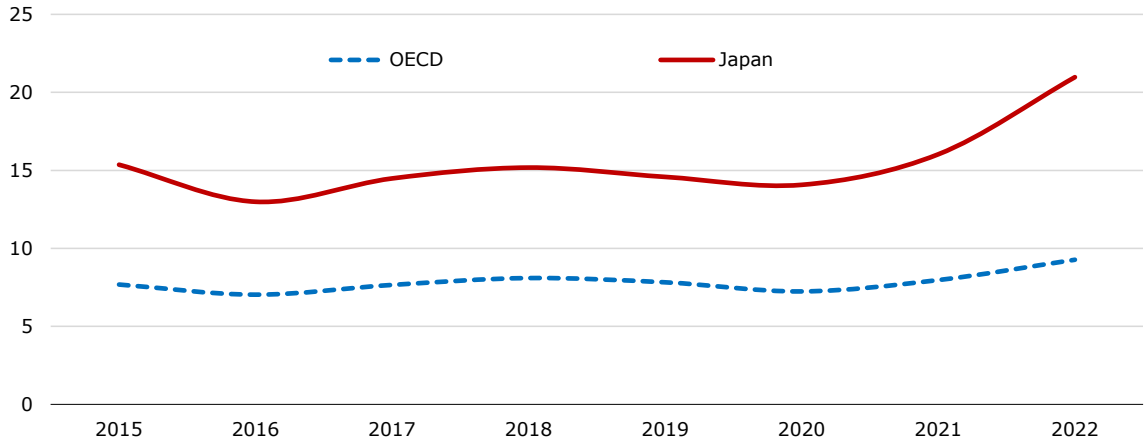
Note: Average share of each partner in total exports and imports. Bars with lighter colours refer to economies in the Asia-Pacific region.

Source: WTO Secretariat calculations based on the UN Comtrade database.

1.31. Japan has been deeply integrated in the global value chain, as the foreign value-added component of its gross exports has constantly been higher than that of the OECD and the tree top traders (Chart 1.9). China remains the largest GVC partner, followed by the United States (Chart 1.10). Overall, Japan continued to shift its GVC engagement toward Asia economies while the United States remains an important GVC partner. During the review period, Japan's GVC linkages with China strengthened (up to 2022), reflecting continued deep production integration. Participation with other East Asian economies, including the Republic of Korea, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), Singapore, and several ASEAN countries also rose modestly, signalling deeper regional integration. By contrast, Japan's GVC ties with major European partners were broadly stable or slightly weaker. According to the Global Value Chain Development Report 2025, Japan has been one of regional hubs regarding electric vehicles in recent years.[19]

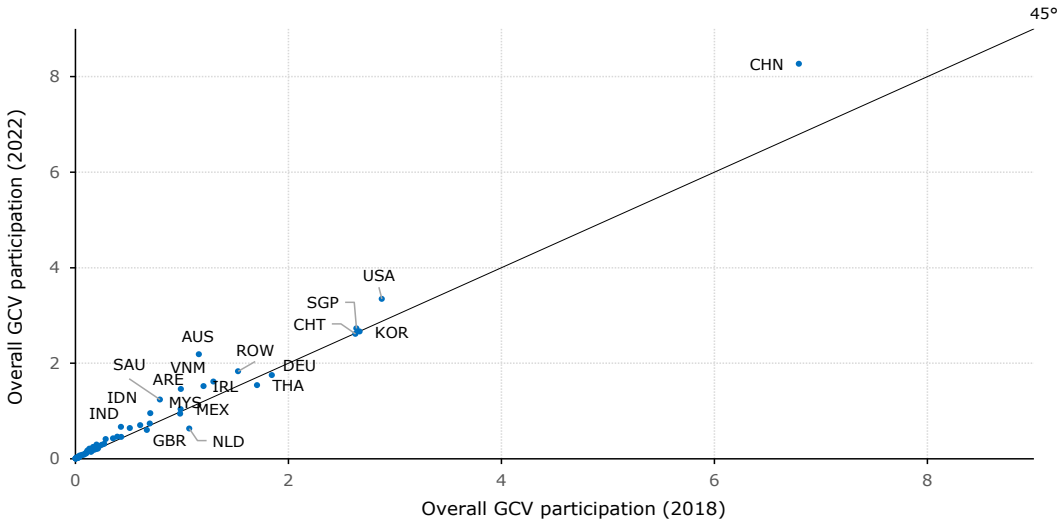
[19] WTO. Viewed at: https://www.wto.org/english/res_e/reser_e/rese_1512202514_e/rese_1512202514_e.htm (22/12/2025).

Chart 1.9 Foreign value-added content of gross exports (% of total gross exports), 2015-2022



Source: OECD TiVA database, Trade in Value Added (TiVA) 2025 edition: Principal Indicators, shares. Viewed at: https://www.oecd.org/en/topics/sub-issues/trade-in-value-added.html (12/03/2026).

Chart 1.10 Overall GVC participation by trading partners between 2018 and 2022

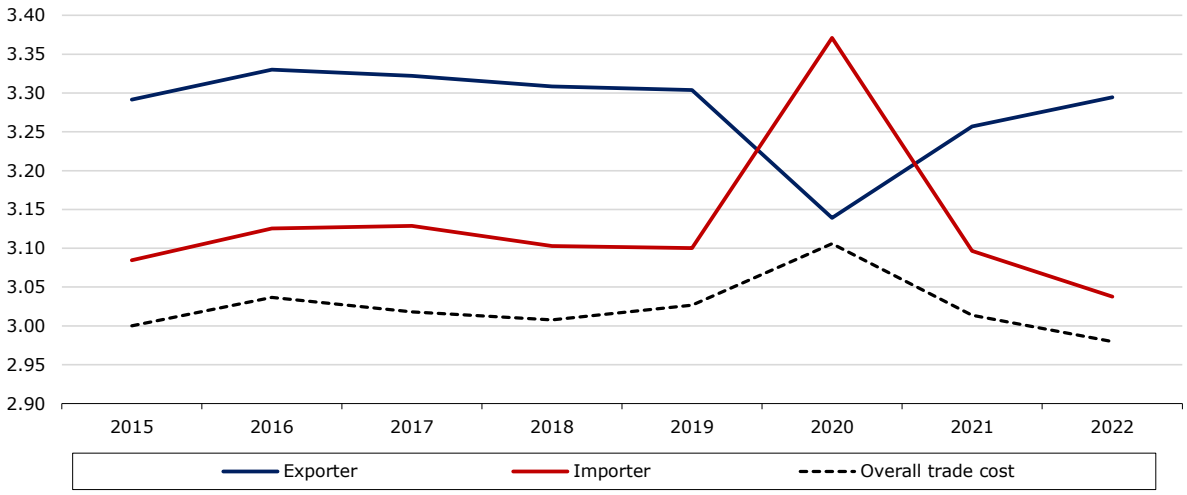


ARE: UAE; AUS: Australia; CHN: China; CHT: Chinese Taipei; DEU: Germany; GBR: United Kingdom; IDN: Indonesia; IND: India; IRL: Ireland; KOR: Korea, Republic of; MEX: Mexico; MYS: Malaysia; NLD: Netherlands; SAU: Saudi Arabia, Kingdom of; SGP: Singapore; THA: Thailand; USA: United States; VNM: Viet Nam; ROW: Rest of the World

Source: WTO Secretariat calculations, based on OECD TiVa database. Viewed at: https://www.oecd.org/en/topics/sub-issues/trade-in-value-added.html (21/11/2025).

1.32. Japan's integration in GVCs is supported by lower trade cost on average, and notably for importers. According to the WTO Trade Cost Index, Japan's trade costs for imports decreased between 2021 and 2022 while they increased for exports (Chart 1.11).

Chart 1.11 WTO Trade Cost Index, 2015-2022

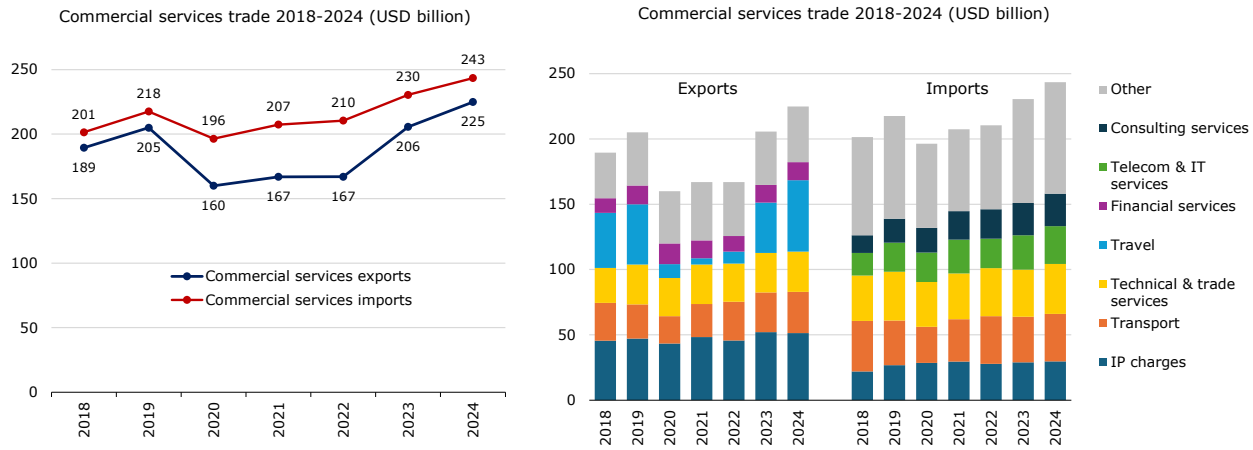


Source: WTO Secretariat calculations, based on WTO Trade Cost Index. Viewed at: http://tradecosts.wto.org/ (16/02/2026).

1.3.2 Trends and patterns in services trade

1.33. Japan is a net importer of services, and this trend continued during the review period. Japan's commercial service exports and imports grew continuously between 2022 and 2024 as expressed in USD (Chart 1.12 and **Error! Reference source not found.**) while their overall value remained lower than that of merchandise trade. In 2024, the value of trade in merchandise was about 3 times the value of trade in services. In 2024, the main exports in services were travel, which grew rapidly in the past few years, partly reflecting the depreciating JPY, and charges for the use of intellectual property. In the same year, the main services imports were technical, trade-related, and other business services and transport. The services trade deficit to GDP ratio narrowed from 0.57% of GDP in 2023 to 0.44% of GDP in 2024.

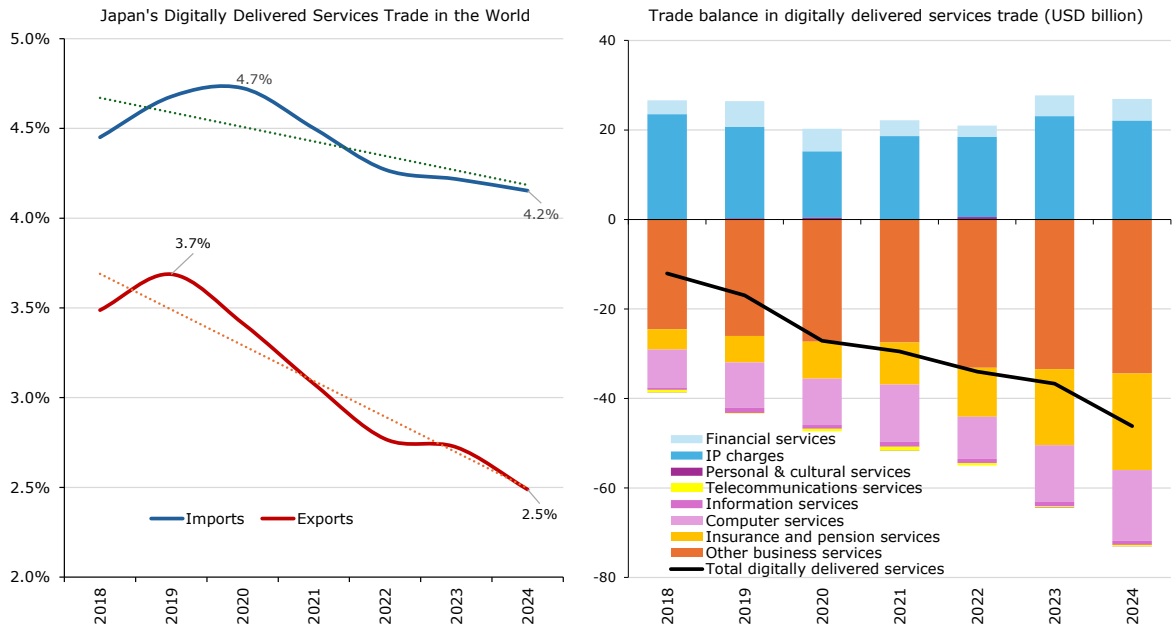
Chart 1.12 Commercial services trade, 2018-2024



Source: WTOStats, Trade in commercial services. Viewed at: https://www.wto.org/english/res_e/statis_e/gstdh_commercial_services_e.htm (06/10/2025).

1.34. Nonetheless, Japan's share in digitally delivered services trade in the world declined during the review period (Chart 1.13); trade in IP charges was in surplus while insurance and pension services and computer services were in deficit in 2024.

Chart 1.13 Digitally delivered services trade, 2018-2024



Source: WTO Secretariat calculations, based on WTO Statistics, Digitally delivered services trade dataset. Viewed at: https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm (31/10/2025).

1.3.3 Trends and patterns in FDI

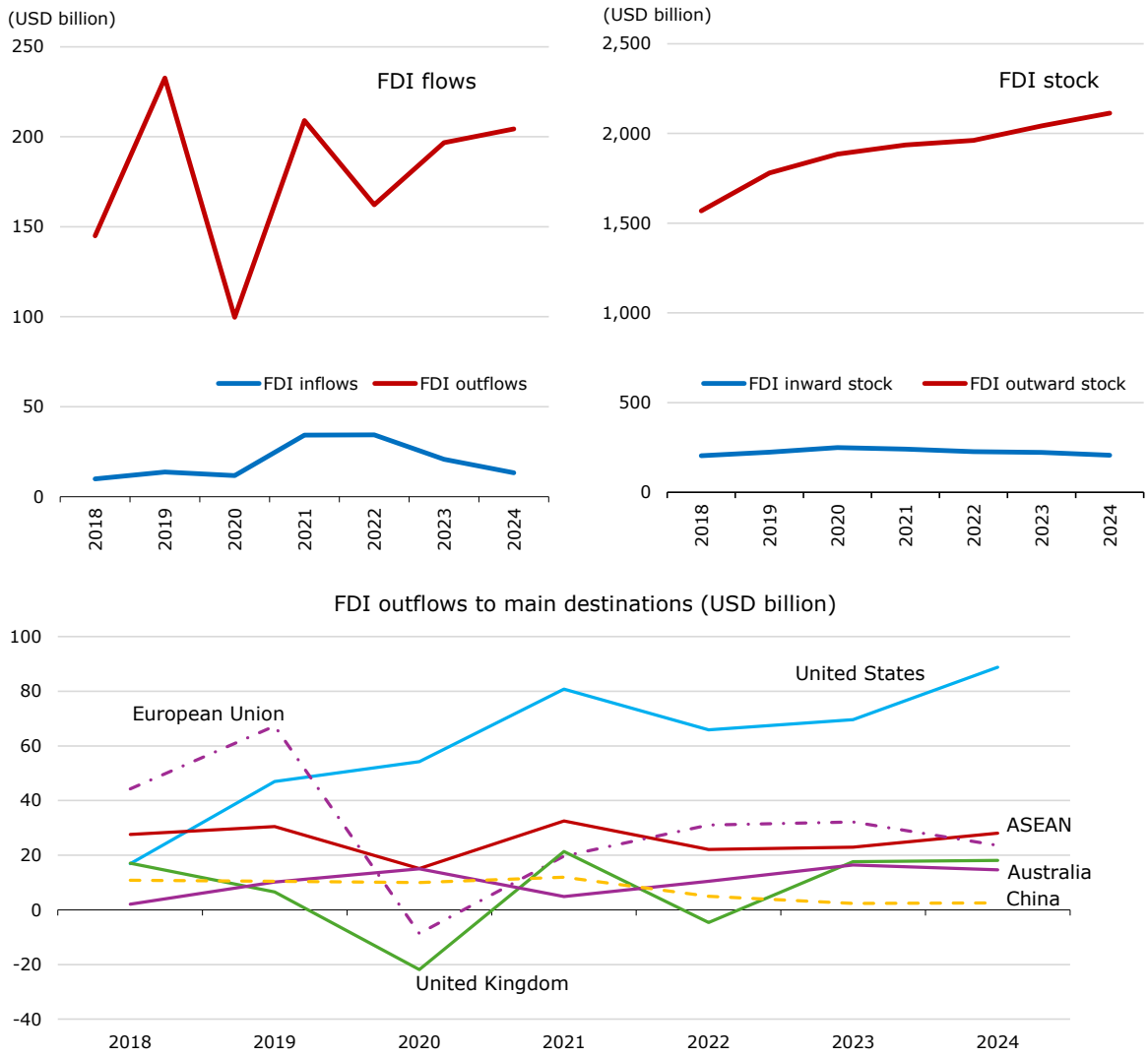
1.35. Japan remained one of the major global sources of foreign investment during the review period. The stock of Japanese investment abroad continued to increase in 2022 and 2024. (Chart 1.14 and **Error! Reference source not found.**). By 2024, Japan's outward FDI stock had reached USD 2.1 trillion, equivalent to about 50% of Japan's GDP. The United States continued to account, by far, for the largest share of Japan's outward FDI classified by destinations, representing about 37% of Japan's FDI outward stock. The United States is followed by the Netherlands, China, and the United Kingdom. Over the same period, Japan's outward FDI stock in China decreased, while outward FDI stock increased towards ASEAN countries and the United States in the same years. Basic Survey on Overseas Business Activities by the Ministry of Economy, Trade, and Industry (METI) shows similar trends.[20] Regarding FDI outflows, their pattern broadly mirrors the evolution of outward FDI stock. FDI outflows to ASEAN countries have increased, although their level remains far below those directed to the United States, which remains Japan's primary investment destination.

1.36. Between 2022 and 2024, the inward stock of FDI decreased from USD 227 billion to USD 207 billion, equivalent to around 5.2% of GDP. In 2024, the United States remained the most important source of foreign investment in Japan, with a share of some 26% of all FDI (down from 27% in 2023), followed by Singapore and France.

1.37. Regarding the sectoral distribution of Japan's investment abroad, finance and insurance are the most important sectors, followed by wholesale and retail (Chart 1.15 and **Error! Reference source not found.**). Foreign investment in Japan also remained concentrated in finance and insurance, chemicals and pharmaceuticals, transportation equipment, communications, and electric machinery.

[20] METI. Viewed at: https://www.meti.go.jp/english/statistics/tyo/kaigaizi/index.html (02/0372026).

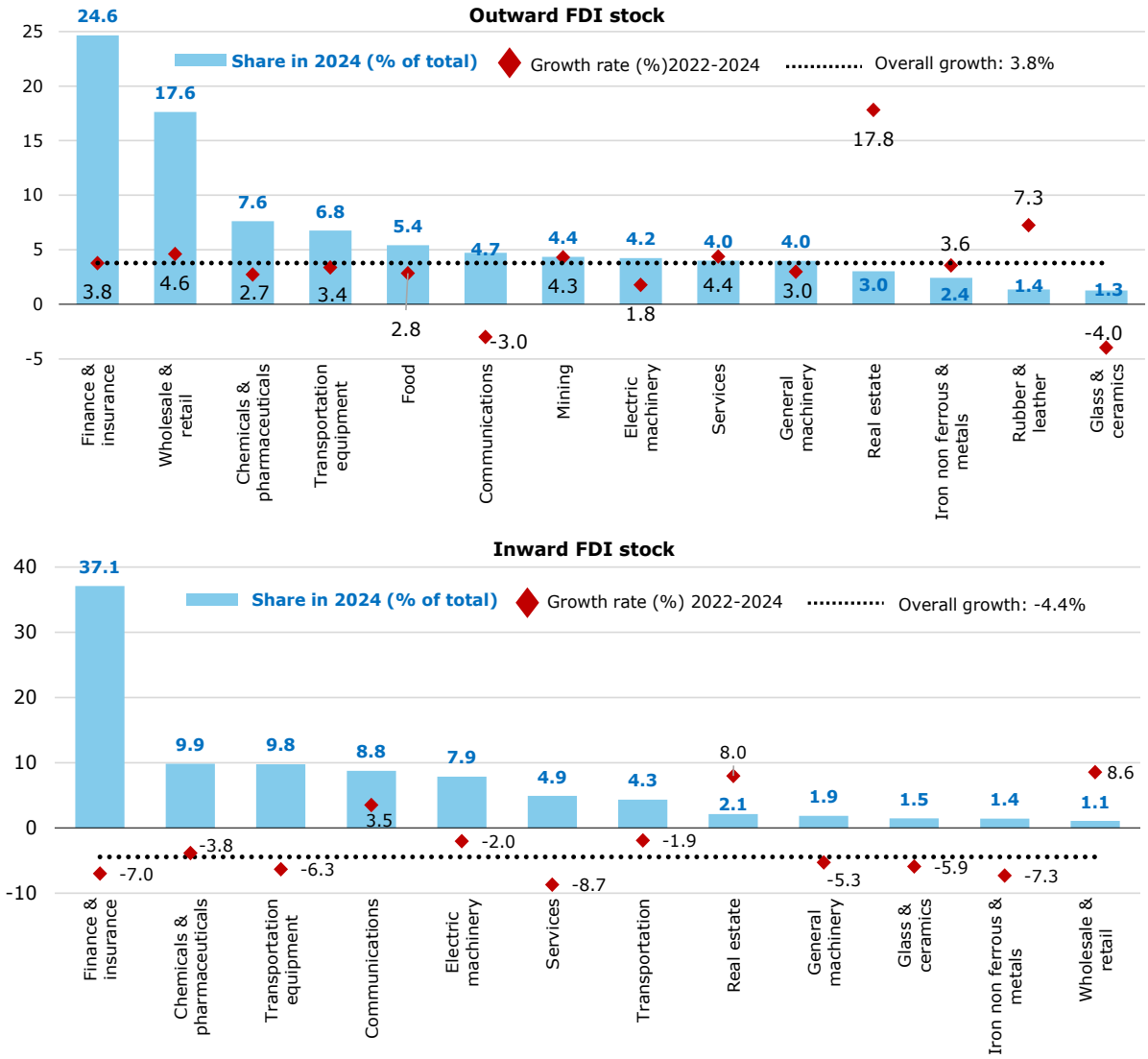
Chart 1.14 Japan's Foreign Direct Investment, 2018-2024



Note: Figures in this table are compiled according to the directional principle.

Source: WTO Secretariat calculations, based on data from Bank of Japan. Statistics. Viewed at: https://www.boj.or.jp/en/statistics/br/bop_06/bpdata/index.htm (02/03/2026).

Chart 1.15 FDI stock by main sector, 2024



Note: The growth rate is derived based on the compound annual growth rate (CAGR).

Source: WTO Secretariat calculations, based on data from Bank of Japan. Statistics. Viewed at: https://www.boj.or.jp/en/statistics/br/bop_06/bpdata/index.htm (02/03/2026).

2 TRADE AND INVESTMENT REGIMES

2.1 General framework

2.1.1 Institutional structure

2.1. Japan is a constitutional monarchy operating under the Constitution of 1947, which has remained unchanged since its adoption. This framework establishes a parliamentary system of government that separates legislative, executive, and judicial powers. As per the Constitution, the Emperor is the "symbol of the nation and unity of the Japanese people", with ceremonial duties but no political authority.[1]

2.2. The legislative branch is the bicameral National Diet, Japan's sole law-making body. It consists of the House of Representatives (lower house) and the House of Councillors (upper house). The Constitution grants the House of Representatives priority in areas such as passing laws, approving the national budget, and ratifying international treaties.[2] Executive authority rests with the Cabinet, which is accountable to the National Diet.[3] The Prime Minister leads the Cabinet and is selected by a Diet resolution and formally appointed by the Emperor. The Prime Minister appoints and dismisses Ministers of State, most of whom must be members of the Diet.[4]

2.3. The judicial branch consists of the Supreme Court and four tiers of lower courts (High Courts, District Courts, Family Courts, and Summary Courts). The Supreme Court serves as the final appellate authority and exercises judicial review over laws and official acts. Specialized courts are incorporated within this framework through dedicated divisions. Some District Courts include commercial administrative divisions, and labour divisions. Civil intellectual property cases involving patents and other technology-related actions fall under the exclusive jurisdiction of the specialized divisions of the Tokyo and Osaka District Courts. Appeals from those cases are heard by the Intellectual Property High Court, which is a special branch of the Tokyo High Court.[5] Since 2023, the Court Act (Act No. 59 of 1947) has undergone formal amendments to address inconsistencies arising from revisions to related legislation. However, no substantive changes have been made to its core provisions.[6]

2.4. Most bills are drafted by ministries and submitted to the National Diet by the Cabinet. Draft bills undergo legal and technical review by the Cabinet Legislation Bureau before submission to the Diet.[7] Japan's legal framework distinguishes between laws and other primary legislation adopted by the Diet and secondary legislation, such as Cabinet Orders and Ministerial Ordinances, issued by the executive as delegated by primary legislation. All laws and orders are published in the Official Gazette.[8]

2.5. Japan is a unitary State, with a centralized structure and a single legal framework. The 47 prefectures have local autonomy under the Constitution and the Local Autonomy Act (Act No. 67 of 1947). The negotiation and conclusion of international treaties, including trade agreements, is an exclusive competence of the central government.[9] Generally, ratified international treaties automatically become part of domestic legal system and take precedence over domestic statutes. This requires the government to align national laws with international commitments.[10]

[1] Ministry of Foreign Affairs, Web Japan, Japan Fact Sheet, Governmental Structure. Viewed at: https://web-japan.org/factsheet/en/pdf/e08_governmental.pdf (21/10/2025).
[2] Ministry of Foreign Affairs, Web Japan, Japan Fact Sheet, Governmental Structure.
[3] Article 66-3 of the Constitution.
[4] Ministry of Foreign Affairs, Web Japan, Japan Fact Sheet, Governmental Structure.
[5] Courts in Japan, Judicial System in Japan. Viewed at: https://www.courts.go.jp/english/vc-files/courts-en/file/2020_Courts_in_Japan.pdf (20/11/2025).
[6] Information provided by the authorities.
[7] Cabinet Legislation Bureau, The law-making process. Viewed at: https://www.clb.go.jp/english/process/#anchor-2 (21/10/2025).
[8] Cabinet Secretariat, Overview of the Public Comment System (in Japanese). Viewed at: https://www.cas.go.jp/jp/seisaku/jouhouwg/hyoka/dai1/sankou5.pdf (21/10/22025).
[9] Ministry of Foreign Affairs, Web Japan, Japan Fact Sheet, Local Self-Government. Viewed at: https://web-japan.org/factsheet/en/pdf/e10_local.pdf (21/10/2025).
[10] Tadaatsu Mori, The Current Practice of Making and Applying International Agreements in Japan, in The Oxford Handbook of Comparative Foreign Relations Law 191, 195 (Curtis A. Bradley ed., 2019).

2.6. In practice, trade negotiations are jointly led by the Ministry of Foreign Affairs (MOFA) and METI together with other relevant ministries and agencies. MOFA's Economic Affairs Bureau oversees trade negotiations from a diplomatic perspective, while METI's Trade Policy Bureau aligns trade policy with domestic industrial and economic priorities. Other ministries contribute on sector-specific issues, requiring close inter-ministerial coordination.[11]

2.7. In 2025, in alignment with Japan's National Security Strategy[12], the National Cybersecurity Office was created to coordinate cybersecurity policy. Simultaneously, the position of National Cyber Director was introduced within the Cabinet Secretariat to provide oversight and strategic direction for the office.[13]

2.1.2 Development and economic strategy

2.8. During the review period, Japan's Development and Economic Strategy spanned three distinct administrations. For the majority of this timeframe, policy was guided by the "New Form of Capitalism". Following the formation of a new administration in October 2025, this approach was replaced in November by the new "Japan's Growth Strategy". Under this new framework, the Government aims to build on insights gained from the "New Form of Capitalism" while placing a stronger emphasis on driving growth through strategic public-private investments.[14]

2.9. The "New Form of Capitalism" Strategy aimed to foster economic growth through *inter alia* labour reforms, investment, and innovation. The Strategy also identified economic security as a key requirement for achieving its objectives and emphasized the need to strengthen domestic supply chains for critical goods (e.g. semiconductors, batteries) to reduce foreign dependency and enhance resilience. In addition, the Strategy established the "Green Transformation" (GX) and "Digital Transformation" (DX) framework.[15] To support the implementation of the Strategy, a Council of New Form of Capitalism Realization was established in 2021. The Council was replaced in November 2025 by the Council for Japan's Growth Strategy.[16]

2.10. "Japan's Growth Strategy" seeks to stimulate economic growth through public and private investment across seventeen designated strategic sectors.[17] According to the authorities, implementation combines regulatory reforms with both supply-side measures, such as multi-year budget allocations, and demand-side measures, including public procurement in selected sectors.[18] For example, in November 2025 the Government announced a plan to invest an additional JPY 100 billion in Rapidus Corporation, which aims to mass produce 2-nanometre generation semiconductors in Hokkaido to ensure a stable domestic production of advanced semiconductors.[19]

---

[11] Tadaatsu Mori, The Current Practice of Making and Applying International Agreements in Japan, in The Oxford Handbook of Comparative Foreign Relations Law 191, 195 (Curtis A. Bradley ed., 2019).

[12] The National Security Strategy outlines an integrated approach to combine diplomacy, defence, economic security, and technology with the aim safeguard sovereignty and promote a free and open international order. It prioritizes reinforcing domestic defence capabilities, deepening the Japan–US alliance, countering cyber and hybrid threats, and addressing global challenges such as climate change and supply chain resilience. Cabinet Secretariat, National Security Strategy of Japan, December 2022. Viewed at: https://www.cas.go.jp/jp/siryou/221216anzenhoshou/nss-e.pdf (20/11/2025).

[13] National Cybersecurity Office, About NCO. Viewed at: https://www.cyber.go.jp/eng/index.html#sec1 (05/01/2026).

[14] Information provided by the authorities.

[15] Cabinet Office, Basic Policy on Economic and Fiscal Management and Reform 2024. Viewed at: https://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/honebuto/2024/2024_basicpolicies_en.pdf (21/11/2025).

[16] Cabinet Secretariat, Establishment of the Japan Growth Strategy Council (in Japanese). Viewed at: https://www.cas.go.jp/jp/seisaku/nipponseichosenryaku/pdf/honbu.pdf (21/11/2025).

[17] Prime Minister's Office of Japan, Press Conference by Prime Minister Takaichi (17 December 2025). Viewed at: https://japan.kantei.go.jp/104/statement/202512/17kaiken.html (26/01/2026).

[18] According to the authorities targeted sectors include: AI and semiconductors; Shipbuilding; Quantum technology; Synthetic biology and biotechnology; Aviation and space; Digital and cybersecurity; Content industry; Food tech; Resource, energy security and green transformation; Disaster prevention and national resilience; Drug discovery and advanced medicine; Fusion energy; Materials (critical minerals and component materials); Port logistics; Defence industry; Information and communications; and Marine and ocean.

[19] METI, Summary of the press conference held by Minister of Economy, Trade and Industry Akazawa after the Cabinet meeting (in Japanese). Viewed at: https://www.meti.go.jp/speeches/kaiken/2025/20251121001.html (21/11/2025).

Furthermore, the Strategy for the Future of Regions aims to attract large-scale investments to form regional industrial clusters.[20]

2.11. During the review period, the Committee on New Direction of Economic and Industrial Policies under METI's Industrial Structure Council remained responsible for designing long-term strategies for structural transformation and sustainable growth. Its mandate includes formulating mission-oriented industrial policies, updating Japan's Socioeconomic Operating System and mobilizing tools such as subsidies, tax incentives, regulation, and standardization. The Committee seeks to address social issues as engines of growth, increase domestic investment, and enhance competitiveness through digitalization, green transition, and economic security measures.[21]

2.12. The Committee's reports evolved during the review period. The Second Report (2023) emphasized reversing decades of stagnation by fostering a "virtuous cycle" of domestic investment, innovation, and income growth.[22] The Third Report (2024) introduced an outlook around 2040, focusing on GX, DX, and inclusive regional growth in Japan.[23] The Fourth Report (2025) advanced a quantitative outlook, projecting shifts in industrial structure and GDP growth under a "growth-oriented economy" driven by wage increases and investment.[24]

2.13. To support these strategies, the Government gradually implemented the Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures (or Economic Security Promotion Act – ESPA, Act No. 43 of 2022) to secure infrastructure and technologies deemed critical to national security, which entered full enforcement in May 2024. The Act contains a wide range of provisions with broad implications across the economy, affecting areas such as manufacturing, the services sector, investment inflows, and the intellectual property regime (Box 2.1). For instance, the Act provides for a support mechanism to enhance the resilience of supply chains of specified critical goods. Currently, the list of critical goods comprises 16 product categories, including semiconductors, storage batteries, critical minerals, computer programs for cloud services, and natural gas. In 2024, together these goods accounted for 15.0% of Japan's exports and 13.5% of its imports. As of December 2025, the budget allocated to this programme amounted to JPY 2.55 trillion since FY2022. Most of the funding has been directed toward strengthening the supply chains of storage batteries (41% of the funding), semiconductors (32%), and critical minerals (4%).[25]

Box 2.1 Overview of the Economic Security Promotion Act

Overview:

The Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (Act No. 43 of 2022)[a], commonly referred to as the Economic Security Promotion Act (ESPA), was promulgated in May 2022. The Act establishes a government-wide framework to prevent economic activities that could endanger Japan's national security, in view of increasingly complex international situations and changing socio-economic structures. It also created the Economic Security Promotion Office within the Cabinet Office and the Council for the Promotion of Economic Security, which jointly oversee implementation in coordination with relevant ministries and regulatory agencies.

The ESPA was passed on 11 May 2022 and promulgated on 18 May 2022. The Government adopted the overall Basic Policy and the Basic Guidelines for critical goods and critical-technology systems in September 2022, followed by the Basic Guidelines for the essential-infrastructure and non-disclosure of patent applications in April 2023. After the issuance of multiple Cabinet Orders, Ministerial Ordinances, and Basic Guidelines, the

[20] Prime Minister's Office of Japan, Policy Speech by Prime Minister TAKAICHI Sanae to the 219th Session of the Diet, 9. Preserving our regional areas and our ways of life. Viewed at: https://japan.kantei.go.jp/104/statement/202510/24shoshinhyomei.html#09 (05/01/2026).

[21] METI, Third Report of the Committee on New Direction of Economic and Industrial Policies. Viewed at: https://www.meti.go.jp/english/policy/economy/industrial_council/pdf/240628002.pdf (21/11/2025).

[22] METI, Second Report of the Committee on New Direction of Economic and Industrial Policies. Viewed at: https://www.meti.go.jp/english/policy/economy/industrial_council/pdf/0628_002.pdf (21/11/2025).

[23] METI, Third Report of the Committee on New Direction of Economic and Industrial Policies. Viewed at: https://www.meti.go.jp/english/policy/economy/industrial_council/pdf/240628002.pdf (21/11/2025).

[24] METI, METI Publishes Fourth Report of the Committee on New Direction of Economic and Industrial Policies. Viewed at: https://www.meti.go.jp/english/press/2025/0603_008.html (21/11/2025).

[25] Cabinet Office. Regarding the overall system for ensuring a stable supply of critical materials (strengthening supply chains) and preventing technology leaks under the Economic Security Promotion Act, December 2025 (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/supply_chain/doc/sc_gaiyou.pdf (25/02/2026).

Act fully entered into force in May 2024. The legislative landscape is expected to continue to evolve; the new administration announced a comprehensive review of and future amendments to the ESPA in November 2025.[b]

The ESPA consists of four main chapters:

- Chapter II: Stable Supply of Specified Critical Products (Articles 6 to 48)
- Chapter III: Stable Provision of Specified Essential Infrastructure Services (Articles 49 to 59)
- Chapter IV: Support for Development of Specified Critical Technologies (Articles 60 to 64)
- Chapter V: Non-Disclosure of Patent Applications (Articles 65 to 85)

Japan's Basic Policy and accompanying Guidelines[c] underline three central objectives: (i) strengthening autonomy by reducing excessive external dependence in critical areas; (ii) securing strategic advantages and international indispensability through targeted technology development and deployment; and (iii) maintaining and strengthening an international order grounded in shared values and rules. At the same time, the framework requires that regulatory measures remain proportionate, necessary, and implemented with full regard for free and fair economic activity, international commitments, and cooperation with the private sector.

Chapter II: Stable Supply of Specified Critical Goods[d]

The second Chapter of the ESPA seeks to mitigate vulnerabilities in Japan's supply chains for goods deemed indispensable to the survival of the population and the functioning of the economy. Under Article 7, the Government designates Specified Critical Goods through Cabinet Orders. The Basic Guidelines (September 2022) establish four criteria for designation: i) the product is essential for public survival or vital economic activity; ii) the product or its raw materials depend heavily on foreign procurement; iii) there is a high likelihood of supply disruption due to actions by external actors; and iv) the product is deemed to require targeted support under the ESPA to ensure its stable and reliable supply.

Once designated, the competent ministry develops policies outlining the initiatives to ensure a stable supply. Business entities may also submit a plan of initiatives for approval. Approved business entities may receive support to reduce the costs of enhancing resilience. If these measures are judged insufficient, the Government may take other measures (e.g. national stockpile) to ensure a stable supply of specified critical goods.

Government support includes direct financial assistance covering between one-third and one-half of the capital expenditures required to establish new production capacity or diversify supply sources, as notified to the WTO.[e] Additional long-term financing is available through the Japan Finance Corporation (JFC). The Small and Medium-Sized Enterprise Credit Insurance Act (Act No. 264 of 1950) also provides special measures to assist smaller firms within strategic supply chains.

The initial designation in December 2022 identified 11 categories of critical goods: semiconductors, storage batteries, permanent magnets, critical minerals, machine tools/industrial robots, aircraft parts, marine equipment, computer programs for cloud services, natural gas, fertilizers, and antibiotics. A subsequent expansion in February 2024 added advanced electronic parts and extended the critical minerals list to include uranium. In December 2025, the scope was further expanded to include ventilators, unmanned aircraft systems, spacecraft, and rocket parts (16 categories in total), while also broadening certain existing categories, such as ship hulls and magnetic sensors. In 2024, the designated critical goods together accounted for 15.0% of Japan's exports and 13.5% of its imports in merchandise trade (**Error! Reference source not found.**).

As of December 2025, competent ministries had secured approximately JPY 2.55 trillion in budgetary resources and certified 135 plans from business entities, with a combined maximum grant value of roughly JPY 1.44 trillion.

Chapter III: Stable Provision of Specified Essential Infrastructure Services[f]

The third Chapter of the ESPA establishes a mandatory prior-screening regime to ensure that essential services cannot be misused as channels for external interference. The Act designates 15 Core Infrastructure Sectors as vital to national life: electricity, gas, petroleum, water supply, railways, trucking, international freight, port transportation, aviation, airports, telecommunications, broadcasting, postal services, finance, and credit cards. Within these sectors, the Government has identified 257 entities (as of July 2025) as Specified Essential Infrastructure Service Providers, based on their business scale and the criticality of their services.

The screening mechanism entered into force in May 2024.[g] Specified Essential Infrastructure Service Providers must submit a Plan for Introduction to the competent minister before installing Specified Critical Facilities (hardware or software defined by ministerial ordinance) or before outsourcing critical maintenance or operational management to third-party vendors. The Government reviews each plan within 30 days, though the period may be shortened if no risk is identified or extended up to four months for complex cases. The review evaluates whether the proposed installation could enable "actions taken from outside", such as cyberattacks or remote sabotage, that may disrupt the stable provision of essential services.

The assessment covers several dimensions and requires detailed information on suppliers, ownership, and governance arrangements (e.g. shareholders above a defined threshold, identity details of key officers, and whether transactions with certain foreign governments exceed a specified share of revenue). It also examines risk-management measures, including controls to prevent tampering and ensure robust cybersecurity. If the review identifies a high security risk, the minister may recommend that the provider amend the plan (such as by changing vendors) or cancel the installation altogether. If the provider fails to comply without valid justification, the minister may issue a binding order.

Chapter IV: Support for Development of Specified Critical Technologies[h]

The fourth Chapter of the ESPA seeks to strengthen R&D in advanced critical technologies, while simultaneously managing security risks that may arise if such technologies or associated sensitive information are improperly exploited by external parties or disrupted. The Act created the Key and Advanced Technology R&D through Cross-Community Collaboration Program (K-Program) as the main operational framework. The programme is promoted by the Cabinet Secretariat, the Cabinet Office, and other relevant administrative organs under the Council for the Promotion of Economic Security and the Integrated Innovation Strategy Promotion Council.

A dedicated fund of JPY 500 billion is managed by the Japan Science and Technology Agency and the New Energy and Industrial Technology Development Organization to support multi-year R&D projects. Technologies eligible for support are determined by government-issued "R&D Visions". The first vision, published in September 2022, identified 27 priority technologies spanning the marine, space/aviation, cyber/Internet, and biotechnology domains. A further 24 technologies were added in emerging fields including disinformation analysis, advanced cyber-defence capabilities, and in-orbit refuelling technologies.

Chapter V: Non-Disclosure of Patent Applications[i]

The fifth Chapter of the ESPA establishes the Non-Disclosure of Patent Applications. Before its introduction, all patent applications in Japan were automatically published 18 months after filing, regardless of their security sensitivity. This created the risk that sensitive technologies could become accessible to parties outside the country. Fully implemented in May 2024, the new system screens patent applications to prevent the dissemination of technologies falling within the government-defined "Specified Technology Fields", which include 19 high-risk fields and 6 fields with potential for extreme harm.

The system employs a two-stage filtering mechanism. First, the Japan Patent Office (JPO) screens all new applications within three months of filing, flagging those that match specific International Patent Classification codes. Second, the Cabinet Office conducts a security review on flagged applications. If disclosure is deemed to undermine national security, a "Security Designation" is made, suspending publication and prohibiting the filing of applications in foreign economies. To mitigate the economic impact on the applicant, the Government provides compensation for losses that would ordinarily arise.

In FY2024, the JPO forwarded 90 applications to the Prime Minister for a security review, none of which ultimately fell under a Security Designation. The JPO also processed 1,305 requests for Prior Confirmation Regarding Prohibition of Foreign Applications and issued 630 notifications indicating that an application would not be transmitted to the Cabinet Office.

a JLT, Economic Security Promotion Act, 2022. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4716/en (23/02/2026).
b Prime Minister's Office of Japan, Council for the Promotion of Economic Security. Viewed at: https://japan.kantei.go.jp/104/actions/202511/07keizaianpo.html (30/01/2026).
c Cabinet Office, Basic Policy and Guidelines (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/kihonhoshin.html (30/01/2026).
d Cabinet Office, Stable Supply of Specified Critical Products (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/supply_chain/supply_chain.html (30/01/2026).
e WTO document G/SCM/N430/JPN, 7 July 2025.
f Cabinet Office, System for Ensuring the Stable Provision of Core Infrastructure Services (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/infra/infra.html (30/01/2026).
g The provisions for ports came into effect in April 2025 and mandatory pre-screening for port operators commenced in November 2025.
h Cabinet Office, Support for Development of Specified Critical Technologies (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/technology/technology.html (30/01/2026).
i Cabinet Office, Non-Disclosure of Patent Applications (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/patent/patent.html (30/01/2026).

Source: Compiled by the WTO Secretariat.

2.1.3 Business environment

2.14. Japan ranks 35th globally in the IMD Global Competitiveness Ranking with a score of 68.7 in 2025[26] and combines strong innovation capacity (12th in the Global Innovation Index 2025[27]), with high regulatory quality[28] and a good logistics network (13th of 139 economies).[29] However, talent competitiveness remains a constraint, Japan dropped out of the global Top 25 in INSEAD's Global Talent Competitiveness Index in 2023.[30] Japan ranks 25th of 118 in the WEF Energy Transition Index 2025 with an overall score of 64.9, slightly below the simple average for advanced economies (65.8).[31]

2.15. Japan's working-age population has declined by 16% since its peak in 1995, reaching 73.7 million in 2024, and its old-age dependency ratio increased from 21% to 49% during the same period (Sections 1.1 and 1.2.2).[32] This demographic trend has been partly offset by rising labour force participation among women and older persons. According to the OECD, the labour force participation rate for women (from 15 to 64 years) reached 77.3% in 2025 up from 73.5% in 2021[33], while participation among persons aged 65 and above exceeded 25% in 2024, the second highest rate among OECD countries.[34] Remote work adoption in Japan reached 24.8% in 2024, with hybrid arrangements being predominant. A significant urban-rural divide persists; with Tokyo and its surrounding areas reporting an adoption rate of 28.0% compared with 8.8% in other rural areas.[35]

2.16. Demographic changes have influenced labour market policy, prompting measures to address labour shortages and enhance flexibility. Reforms during the review period include amendments to the Ordinance for Enforcement of the Labour Standards Act (Act No. 49 of 1947), effective April 2024, which have added items concerning working conditions that employers must clearly indicate at the time of hiring, including disclosure of potential changes in duties and workplace, contract renewal conditions, and opportunities for conversions to an indefinite-term contract. Violation of the obligation may result in fines of up to JPY 300,000.[36] In November 2024, other legal amendments also took place to improve the working conditions for freelancers.[37] Amendments to Employment Stabilization Act for the Elderly (Act No. 68 of 1971) in April 2025 require employers to secure employment for all those who want to work until the age of 65 by raising or abolishing the retirement age, or through re-employment schemes. Additionally, employers are encouraged to provide opportunities for people wishing to work until age 70.[38]

---

[26] IMD, World Competitiveness Ranking, 2025. Viewed at: https://imd.widen.net/s/vnxcr7n8qd/jp1page_wcy_2025 (02/11/2025).

[27] WIPO, Global Innovation Index 2025. Viewed at: https://www.wipo.int/web-publications/global-innovation-index-2025/assets/80937/global-innovation-index-2025-en.pdf (02/11/2025).

[28] World Bank, Worldwide Governance Indicators, 2024 Update, Japan, Regulatory Quality. Viewed at: https://www.worldbank.org/en/publication/worldwide-governance-indicators (02/11/2025).

[29] World Bank, Logistics Performance Index, 2023. Viewed at: https://lpi.worldbank.org/index.php/international/global (02/11/2025).

[30] INSEAD, Global Talent Competitiveness Index 2023. Viewed at: https://www.insead.edu/system/files/2023-11/gtci-2023-report.pdf (02/11/2025).

[31] World Economic Forum, Fostering Effective Energy Transition 2025. Viewed at: https://reports.weforum.org/docs/WEF_Fostering_Effective_Energy_Transition_2025.pdf (02/11/2025).

[32] OECD, Employment Outlook 2025: Japan. Viewed at: https://www.oecd.org/en/publications/oecd-employment-outlook-2025-country-notes_f91531f7-en/japan_7672bd00-en.html (12/11/2025).

[33] OECD, Labour force participation rate. Viewed at: https://data-explorer.oecd.org/vis?tm=labour%20force%20participation%20rate&pg=0&snb=16&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_LFS%40DF_IALFS_LF_WAP_Q&df[ag]=OECD.SDD.TPS&df[vs]=1.0&dq=JPN.LF_WAP..Z.Y.F.Y15T64..A&lom=LASTNPERIODS&lo=7&to[TIME_PERIOD]=false&vw=tb (23/02/2026).

[34] OECD, Labour force participation rate. Viewed at: https://www.oecd.org/en/data/indicators/labour-force-participation-rate.html (23/02/2026).

[35] MLIT, FY2023 Survey on the Actual State of Telework Population. Viewed at: https://www.mlit.go.jp/report/press/toshi03_hh_000128.html (12/11/2025).

[36] AMT, Labor and Employment Law Bulleting, Requirement of Explicit Indication of Terms and Conditions of Employment Pursuant to Amendments to the Ordinance for Enforcement of the Labor Standards Act. Viewed at: https://www.amt-law.com/asset/pdf/bulletins9_pdf/LELB61.pdf?mkt_tok=Mzc4LVhBSS00NTEAAAGSItDtOBJ82cVwurdNZAv0c_Pv5JCnQLH1FlfrPGa_kOehYqK3D0RD1KFWNvgtZn1H89A_aY8p5_7_zmTIyQ (12/11/2025).

[37] The Japan Institute for Labour Policy and Training, Freelance Act Comes into Effect in November 2024. Viewed at: https://www.jil.go.jp/english/jli/documents/2024/049-01.pdf (12/11/2025).

[38] L&E Global, Japan: 2025, Looking Ahead. Viewed at: https://leglobal.law/countries/japan/looking-ahead-2025-japan/ (12/11/2025).

2.17. The gender wage gap remains a structural issue, standing at 22% in 2023 compared with an OECD average of 11%.[39] To address gender disparities, a partial amendment to the Act on the Promotion of Women's Active Engagement in Professional Life was passed in 2025 (Section 1.2.6). This amendment is to enter into force in April 2026 to expand the requirement for companies to publicly disclose their gender pay gap, as well as their ratio of women in managerial positions. This mandate, which previously applied to firms with 301 or more regular employees, will now apply to all firms with 101 or more regular employees.[40]

2.18. In the area of taxation, Japan's corporate tax regime comprises national corporate income tax, local corporate tax, corporate inhabitant tax, and enterprise tax. For large corporations, the standard national corporate income tax rate is 23.2%, with an effective combined rate of approximately 30% to 34% including local taxes. Preferential rates apply to small and medium-sized enterprises on a portion of income.[41] Tax policy aims to secure stable revenue while promoting economic growth and competitiveness through base-broadening and rate adjustments. Recent reforms also seek to align with international standards; support investment, domestic production and research; and Small and Medium-sized Enterprises (SMEs).[42]

2.19. The Income Inclusion Rule (IIR) entered into force on 1 April 2024. Subsequently, the Undertaxed Profits Rule (UTPR) and the Qualified Domestic Minimum Top-up Tax (QDMTT) were introduced in FY2025 Tax Reform, applicable from FY2026 onwards, thereby completing the introduction of the Global Minimum Tax (minimum tax rate of 15%) in accordance with the agreement at the OECD/G20 Inclusive Framework on BEPS.[43]

2.20. A special defence surtax of 4% was introduced under the 2025 Tax Reform, applicable to corporate income tax liabilities from FY2026 onwards. For large corporations (capital exceeding JPY 100 million), the effective tax rate will increase from approximately 29.74% to 30.64% and from 34.59% to 35.43% for corporations which are not subject to the size-based enterprise tax. The surtax base is reduced by JPY 5 million.[44]

2.21. A new platform taxation system, part of the 2024 Tax Reform, entered into force in April 2025. This system mandates that digital platform operators designated by the National Tax Agency must report and remit Japan's consumption tax on behalf of foreign operators. This new obligation applies to the cross-border provision of digital services to customers in Japan, effectively making the platform responsible for tax collection on sales from foreign entities using its service.[45]

2.22. During the review period, Japan also took steps aiming to strengthen the anti-corruption framework and enhance corporate accountability. In 2023, Japan amended the Unfair Competition Prevention Act (Act No. 47 of 1993) to strengthen the provisions for preventing foreign bribery; the amendment entered into force on 1 April 2024.[46] Key changes include increased penalties for bribery of foreign public officials; maximum imprisonment for individuals was raised from 5 to 10 years, and fines from JPY 5 million to JPY 30 million. The statute of limitations was extended from 5 to 7 years. For corporations, the maximum fine increased from JPY 300 million to JPY 1 billion. The law now applies extraterritorially to non-Japanese employees of Japanese firms.[47]

[39] OECD, Gender wage gap, 2023. Viewed at: https://www.oecd.org/en/data/indicators/gender-wage-gap.html (23/01/2026).
[40] OECD, Employment Outlook 2025: Japan. Viewed at: https://www.oecd.org/en/publications/oecd-employment-outlook-2025-country-notes_f91531f7-en/japan_7672bd00-en.html (12/11/2025).
[41] JETRO, Setting Up Business, Section 3. Taxes in Japan, 3.3 Overview of corporate income taxes. Viewed at: https://www.jetro.go.jp/en/invest/setting_up/section3/page3.html (21/11/2025).
[42] MOF, Materials on Corporate Taxation. Viewed at: https://www.mof.go.jp/english/policy/tax_policy/tax_system/corporate/index.html (21/11/2025).
[43] MOF, FY2025 Tax Reform (Proposals). Viewed at: https://www.mof.go.jp/english/policy/tax_policy/tax_reform/fy2025/07keyhighlight.pdf (23/01/2026).
[44] Information provided by the authorities.
[45] PWC, Japan, Corporate – Significant developments Consumption tax. Viewed at: https://taxsummaries.pwc.com/japan/corporate/significant-developments (12/11/2025).
[46] Act on Partial Revision of the Unfair Competition Prevention Act (Act No. 51 of 2023).
[47] METI, Guidelines for the Prevention of Bribery of Foreign Public Officials. Viewed at: https://www.meti.go.jp/policy/external_economy/zouwai/pdf/GuidelinesforthePreventionofBriberyofForeignPublicOfficials.pdf (12/11/2025).

2.23. In addition, in June 2025, an amendment to the Whistleblower Protection Act (Act No. 122 of 2004) was promulgated; the amendment is scheduled to enter into force in December 2026, aimed at enhancing protection of whistleblowers, improving the effectiveness of the system and it is expected to lead to a strengthening of corporate governance. The amendment strengthens measures to prevent and remedy disadvantageous treatment due to whistleblowing. A direct penalty is established for those who dismiss or discipline a worker on the ground of whistleblowing. The amendment enhances the enforcement authority of the Consumer Affairs Agency, including powers to issue compliance orders to the business operators that fail to comply with their obligation and conduct on-site inspections. Criminal penalties regarding these matters are also imposed.[48]

2.2 Trade policy formulation and objectives

2.24. The institutional framework for trade policy has remained unchanged and is led by METI and MOFA (Section 2.1.1). Regarding other ministries and agencies, the Ministry of Finance (MOF) manages customs, while line ministries retain influence over sector-specific issues. The Cabinet Office provides high-level coordination, increasingly supported by the Prime Minister's Office.[49] Institutional collaboration is structured through inter-ministerial committees and advisory councils that embed expert and industry input.[50] Industry associations may influence trade priorities through their own proposals (e.g. Keidanren proposals on WTO reform).[51]

2.25. Japan regards a rules-based multilateral trading system as the foundation of global economic stability but acknowledges persistent dysfunction in the Appellate Body of the WTO dispute settlement and the rise of unilateral measures.[52] As a complement to the multilateral trading system, Japan promotes regional trade agreements, plurilateral initiatives and advocates for international norms to mitigate market distortions and economic coercion.[53] This approach seeks to maintain predictable trading relations, while adapting to economic fragmentation and emerging challenges.[54]

2.26. During the review period, Japan's trade strategy has shifted from reactive crisis management to a forward-looking framework focused on resilience and competitiveness. Core priorities include strengthening supply chains, accelerating the digital and green transitions, and proactively engaging with "like-minded" partners.[55] Central to this strategy is a broader economic transition toward value creation driven by services, intellectual property, and digital capabilities. While manufacturing remains foundational, embedding value-added services (e.g. software, design, and after-sales solutions) into goods is increasingly critical to Japan's export competitiveness, a shift that necessitates further investment in intangible assets, innovation ecosystems, and cross-border digital frameworks.[56]

2.27. Alongside this shift towards a knowledge-based economy, Japan is working to ensure a stable supply of critical minerals and strengthen the domestic production of strategic goods like rare earths, semiconductors, and batteries. To safeguard these critical materials and technologies while influencing global governance, the Government employed a mix of targeted subsidies, strategic stockpiling, and international cooperation frameworks.[57]

---

[48] Consumer Affairs Agency, Whistleblower Protection System. Viewed at: https://www.caa.go.jp/en/policy/consumer_partnerships/ (26/02/2026).

[49] Christina L. Davis (2021), Japanese Trade Policy. In The Oxford Handbook of Japanese Politics, edited by Robert J. Pekkanen and Saadia M. Pekkanen. Oxford University Press. Viewed at: https://cldavis.scholars.harvard.edu/sites/g/files/omnuum7946/files/cldavis/files/davis_japanese_trade_policy_ouphandbook.pdf (22/10/2025).

[50] METI, METI Councils. Viewed at: https://www.meti.go.jp/english/committee/index.html (22/10/2025).

[51] Keidanren, Establishing the WTO 2.0. Viewed at: https://www.keidanren.or.jp/en/policy/2025/070.html (22/10/2025).

[52] METI, White Paper on International Economy and Trade 2024. Viewed at: https://www.meti.go.jp/english/report/pdf/0709_001a.pdf (22/10/2025).

[53] METI, Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices. Viewed at: https://www.meti.go.jp/press/2023/06/20230609008/20230609008-1.pdf (23/10/2025).

[54] METI, White Paper on International Economy and Trade 2025.

[55] METI, White Paper on International Economy and Trade 2025. Viewed at: https://www.meti.go.jp/english/press/2025/pdf/0627_001b.pdf (22/10/2025).

[56] METI, White Paper on International Economy and Trade 2025.

[57] METI, White Paper on International Economy and Trade 2024.

2.28. Partnerships with the "Global South"[58] has moved to a core strategic pillar. Japan positions emerging and developing economies as "co-creation" partners and aspires to combine their growth potential with Japanese technology and governance expertise. Initiatives focus on infrastructure development, digital connectivity, and human capital. By embedding cooperation in areas such as the green transition, Japan intends to secure market access, foster innovation, and strengthen its role as a reliable partner.[59]

2.29. SMEs are recognized as a vital, yet underutilized source of resilience, competitiveness, and economic growth. In this respect many SMEs often lack the resources and information necessary to expand their sales channels. Policy measures aim to close this gap through individualized counselling.[60]

2.3 Trade agreements and arrangements

2.3.1 WTO

2.30. Japan is a strong supporter of the rules-based multilateral trading system with the WTO at its core. During the review period, it continued to engage actively in the WTO's core functions and the work of its committees, including through experience sharing and by contributing as a donor to several WTO-related initiatives. Japan accepted the WTO Agreement on Fisheries Subsidies in 2023.[61]

2.31. Japan generally extends at least MFN treatment to both WTO and non-WTO Members, subject to certain exceptions. MFN treatment for the Russian Federation was suspended in April 2022 following the start of the war in Ukraine, accompanied by a range of export- and import-related sanctions. As of November 2025, treatment less favourable than MFN applies to Andorra, Equatorial Guinea, Eritrea, the Democratic People's Republic of Korea, and South Sudan.

2.32. Japan remains committed to WTO reform, which it sees as urgent[62], and advocates for a restoration of a fully functioning dispute settlement system, the advancement of plurilateral initiatives and supports efforts to improve rulemaking, transparency, and monitoring.[63]

2.33. In November 2025, Japan submitted a proposal to the Committee on Trade and Development (CTD) as a follow-up to the Ninth Tokyo International Conference on African Development (TICAD 9), emphasizing trade and the WTO as tools for development. The proposal calls for a sequenced approach to align domestic trade policies with WTO rules, enhance knowledge-sharing through the CTD, and tailor Special and Differential Treatment (S&DT) to economy-specific needs. It aims to support developing economies' integration into global trade and inform broader WTO reform efforts.[64]

2.34. Japan also participates actively in negotiations in plurilateral initiatives, often taking a leading role.[65] It engages in the Joint Initiatives on Investment Facilitation for Development Agreement[66] and on Micro, Small and Medium-sized Enterprises (MSMEs)[67], and has co-convened the Joint Statement Initiative on Electronic Commerce[68] and led efforts to seek incorporation of the

[58] MOFA, Press Conference by Foreign Press Secretary ONO Hikariko, Definition of "Global South". Viewed at: https://www.mofa.go.jp/press/kaiken/kaiken24e_000202.html (20/11/2025).
[59] METI, White Paper on International Economy and Trade 2025.
[60] METI, White Paper on International Economy and Trade 2023. Viewed at: https://www.meti.go.jp/english/press/2023/pdf/0627_001a.pdf (22/10/2025).
[61] WTO (2023). Viewed at: https://www.wto.org/english/news_e/news23_e/fish_04jul23_e.htm (03/06/2025).
[62] METI, White Paper on International Economy and Trade 2024.
[63] METI, Joint Press Release by the Government of Japan and the World Trade Organization Secretariat. Viewed at: https://www.meti.go.jp/press/2025/05/20250513002/20250513002-a.pdf (23/10/2025).
[64] WTO document WT/COMTD/W/303, 7 November 2025.
[65] METI, Joint Press Release by the Government of Japan and the World Trade Organization Secretariat. Viewed at: https://www.meti.go.jp/press/2025/05/20250513002/20250513002-a.pdf (23/10/2025).
[66] WTO, Investment Facilitation for Development. Viewed at: https://www.wto.org/english/tratop_e/invfac_public_e/invfac_participation_list_e.htm (23/10/2025).
[67] WTO document INF/MSME/2/Rev.16, 10 July 2024.
[68] WTO document INF/ECOM/87, 26 July 2024.

Agreement on Electronic Commerce into the WTO. In 2025, Japan inscribed its additional commitments under the Joint Initiative on Services Domestic Regulation in its GATS Schedule.[69]

2.35. Japan has maintained a strong WTO notification record, with numerous submissions during the review period covering a broad spectrum of WTO instruments, including under the Agreement on Fisheries Subsidies, which recently entered into force. As of December 2025, some regular notifications related to regional trade agreements remain pending.[70]

2.36. Japan did not act as a complainant or as a respondent in any cases before the WTO Dispute Settlement Body (DSB) which were initiated during the review period[71] but participated as a third party in 11 cases.[72] In 2023, Japan joined the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) in response to the continued absence of a functioning Appellate Body[73], which some Members suggested during the previous Review.[74] Regarding measures taken by Japan's trading partners, METI publishes an annual report on Japan's major trading partners trade-related measures and practices.[75]

2.37. Japan plays an active role as a donor to WTO-related initiatives, supporting trade capacity-building and development. It contributes to the Global Trust Fund[76], the Enhanced Integrated Framework[77] and is among the largest donors to the Aid for Trade initiative.[78]

2.3.2 Regional trade agreements

2.38. Japan currently has 20 regional trade agreements (RTA) in force, which include Australia, Brunei Darussalam, Chile, the European Union, India, Indonesia, Malaysia, Mexico, Mongolia, Peru, the Philippines, Singapore, Switzerland, Thailand, the United Kingdom, the United States, Viet Nam, and parties of the Agreement on Comprehensive Economic Partnership among Japan and Member states of the Association of Southeast Asian Nations (AJCEP Agreement). Japan also participates in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership Agreement (RCEP).[79] Except for the RCEP and the 2020 trade agreement on goods with the United States, all RTAs in force have been notified to the WTO. An overview of preferential tariffs is presented in Section 3.1.3.3 .

2.39. As of December 2025, no new RTAs were signed or entered into force, but the existing EPA with the European Union has been amended and a protocol amending the EPA with Indonesia has been signed. In February 2026, Japan and Bangladesh signed an economic partnership agreement, for which ratification will be ongoing in both parties.

2.40. In July 2024, the Protocol amending the existing Japan-EU EPA to include provisions on the free flow of data entered into force. The Protocol aims to facilitate the free flow of data while safeguarding privacy. It prohibits data localization requirements and restrictions on data transfers, among others. Both parties retain the right to implement measures for personal data protection;

[69] WTO document GATS/SC/46/Suppl.4, 10 June 2025.
[70] Notification Portal, Member Profile, Japan. Viewed at: https://notifications.wto.org/en/status-by-member/japan (23/10/2025).
[71] WTO, Disputes by members. Viewed at: https://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm (12/11/2025).
[72] Since 2023 Japan participated as third party in the following disputes: DS636, DS630, DS629, DS627, DS624, DS623, DS622, DS618, DS617, DS616, DS613.
[73] METI, Cabinet Approval on the participation in the MPIA. Viewed at: https://www.meti.go.jp/english/press/2023/0310_001.html (23/10/2025).
[74] WTO (2023), Trade Policy Review: Japan, Concluding remarks by the Chairperson. Viewed at: https://www.wto.org/english/tratop_e/tpr_e/tp538_crc_e.htm (19/11/2025).
[75] METI, Priorities Based on the 2025 Report on Compliance by Major Trading Partners with Trade Agreements. Viewed at: https://www.meti.go.jp/english/report/data/2025WTO/pdf/20250611_02en_1.pdf (23/10/2025).
[76] WTO, Japan gives CHF 105,000 to support trade capacity-building in developing economies. Viewed at: https://www.wto.org/english/news_e/pres25_e/pr978_e.htm (23/10/2025).
[77] EIF, Funding partners. Viewed at: https://enhancedif.org/en/funding-partners-0 (23/10/2025).
[78] OECD, Aid for Trade at a Glance 2024. Viewed at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/aid-for-trade-at-a-glance-2024_1a89cb64/7a4e356a-en.pdf (23/10/2025).
[79] Japan Customs, Free Trade Agreement / Economic Partnership Agreement and Related Initiatives. Viewed at: https://www.customs.go.jp/english/epa/index.htm (19/11/2025).

and for legitimate public policy objectives, provided these are non-discriminatory and not overly trade restrictive.[80]

2.41. The Protocol Amending the Japan-Indonesia EPA, signed in August 2024, introduces updates to modernize the Agreement. It strengthens provisions on electronic commerce (e.g. online consumer and personal data protection, cross-border information flows, and source code), intellectual property (e.g. patents, industrial designs, geographical indications), and movement of persons (e.g. streamlined visa procedures and extended stay durations). New principles of transparency and fairness are introduced for government procurement.[81]

2.42. As of November 2025, Japan is engaged in negotiations for several regional trade agreements. Negotiations for EPAs with the Gulf Cooperation Council resumed in 2024 after a long suspension. Negotiations with Colombia and Türkiye have progressed slowly despite multiple rounds, while new initiatives with Bangladesh and the United Arab Emirates began in 2024. Meanwhile, discussions on EPAs with Canada and the Republic of Korea remain suspended. The last trilateral FTA negotiations with China and the Republic of Korea took place in 2019.[82]

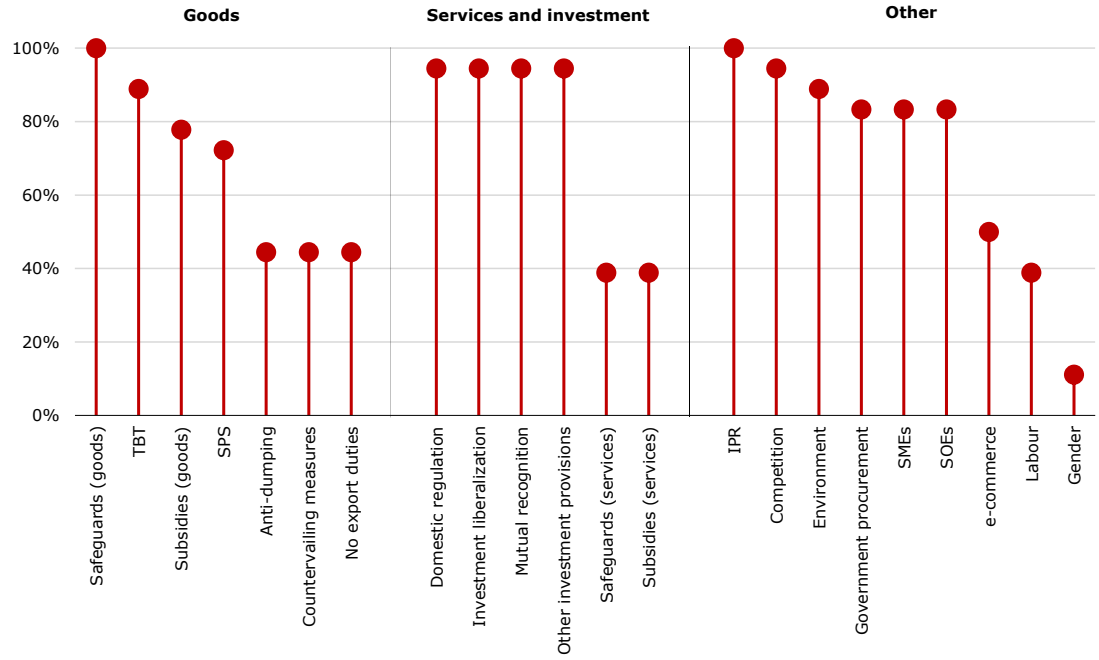
2.43. The policy areas covered in Japan's RTAs are extensive, encompassing goods, services, investment, and other regulatory disciplines (Chart 2.1). Provisions on safeguards for goods are included in nearly all agreements, while technical barriers to trade and subsidies also feature prominently. Measures such as anti-dumping and countervailing duties appear less consistently. Domestic regulation, investment liberalization, and mutual recognition are among the most common, reflecting Japan's emphasis on facilitating services and investment flows. Other investment provisions are also widely present, whereas safeguards and subsidies for services occur less frequently. Among cross-cutting disciplines, intellectual property rights (IPR) and competition rules are included in almost all agreements. Environmental provisions, government procurement, measures related to SMEs and State-owned Enterprises (SOEs) are also significant. By contrast, social provisions such as on labour and gender appear only in a minority of agreements.

[80] MOFA, Protocol amending the Agreement between the European Union and Japan for an Economic Partnership. Viewed at: https://www.mofa.go.jp/files/100675115.pdf (20/11/2025).

[81] MOFA, Protocol amending the Agreement between Japan and the Republic of Indonesia for an Economic Partnership. Viewed at: https://www.mofa.go.jp/files/100709861.pdf (20/11/2025).

[82] MOFA, Economic Partnership Agreement (EPA) / Free Trade Agreement (FTA) and Related Initiatives. Viewed at: https://www.mofa.go.jp/policy/economy/fta/index.html (09/11/2025).

Chart 2.1 Policy areas of Japan's RTAs



Note: Estimates by the WTO Secretariat are based on information in the WTO RTA database, which contains data on a wide range of provisions included in RTAs. The 22 broad policy areas beyond market access considered in this report are: anti-dumping, competition, countervailing measures, domestic regulation, e-commerce, environment, gender, government procurement, investment liberalization, intellectual property rights, labour, mutual recognition (services), no export duties, other investment provisions, safeguards (goods), safeguards (services), small and medium-sized enterprises, state-owned enterprises, sanitary and phytosanitary measures, subsidies (goods), subsidies (services), and technical barriers to trade. The shares are calculated over the total number of notified RTAs (18).

Source: WTO Secretariat calculations, based on the WTO RTA database.

2.3.3 Unilateral preferences

2.44. Japan grants unilateral, non-reciprocal tariff preferences to developing economies under its Generalized System of Preferences (GSP). As of November 2025, beneficiaries include 126 countries and 4 territories. Product coverage includes 431 agricultural and fishery items (HS Chapters 1–24) and 3,285 industrial items (HS Chapters 25–97).[83] Preferences are subject to annual review and may be suspended if "preferential imports of a product cause or threaten to cause damage to a domestic industry".[84] The authorities note that the escape clause has not been utilized since its introduction in 2001.

2.45. Japan's GSP scheme applies two types of graduation. "Entire graduation" removes an economy from the GSP beneficiary list when it qualifies as a high-income economy or as an upper-middle-income economy accounting for at least 1% of global exports for three consecutive years. In contrast, "partial graduation" suspends GSP benefits for specific products for one year from a beneficiary economy where it qualifies as a high-income economy or as an upper-middle-income economy accounting for at least 1% of global exports if imports of that product exceed JPY 1 billion and represent 25% or more of Japan's total imports of that product. These mechanisms aim to ensure that preferences remain targeted toward less competitive and lower-income economies.[85] During the review period Monserrat entirely graduated from Japan's GSP scheme.[86]

[83] WTO Integrated Database notification.
[84] MOFA, Generalized System of Preferences, Explanatory Notes for Japan's Scheme, Escape Clause. Viewed at: https://www.mofa.go.jp/policy/economy/gsp/explain.html (24/10/2025).
[85] MOFA, Generalized System of Preferences, Explanatory Notes for Japan's Scheme, Graduation of Advanced Beneficiaries.
[86] WTO document WT/COMTD/N/2/Add.19, 17 May 2023.

2.46. Separate from graduation, Japan applies an additional exclusion for highly competitive products. If imports of a product from a single beneficiary exceed JPY 4.5 billion and account for 50% or more of Japan's total imports of that product over the past three years, the product is excluded from GSP benefits for three years.[87]

2.47. Least Developed Countries (LDCs) qualify for duty-free and quota-free preferential treatment and are exempt from graduation mechanisms and the competitiveness-based exclusion. Japan extends these special preferences to 44 LDCs, covering additional product lines beyond the standard GSP list.[88] In 2025, Japan extended its preferential tariff treatment for LDCs from one year to up to three years after graduation from the LDC category.[89]

2.48. To qualify for Japan's GSP, goods must originate in the beneficiary economy according to specific rules of origin (Section 3.1.2). Goods must be either "wholly obtained" or undergo "substantial transformation" if made with non-originating materials. The general rule for substantial transformation is a change in tariff heading at the 4-digit HS level, but product-specific rules exist. Goods must generally be transported directly to Japan to maintain their originating status.[90]

2.49. Japan's GSP scheme is concentrated among a few Asian partners; Bangladesh, Cambodia, and Myanmar together accounted for nearly 80% of total GSP imports in 2024 (Table 2.1). While overall GSP imports grew modestly, their share in Japan's total imports stayed flat at around 0.7%. Utilization rates vary sharply across beneficiaries suggesting that, although GSP is critical for certain partners and sectors, its overall role remains limited.

Table 2.1 Main beneficiaries of GSP scheme, 2022-2024

(JPY million; % of total GSP imports; % of total imports by partner)

	2022	2023	2024
Bangladesh	193,393 (27.4; 86.3)	191,969 (26.6; 86.7)	202,239 (27.2; 87.4)
Cambodia	178,000 (25.2; 70.0)	180,796 (25.0; 67.1)	214,436 (28.8; 66.8)
Myanmar	155,041 (21.9; 82.3)	180,924 (25.1; 83.4)	173,880 (23.4; 82.5)
Madagascar	48,559 (6.9; 81.1)	43,389 (6.0; 83.4)	23,351 (3.1; 77.3)
South Africa	25,060 (3.5; 1.9)	23,537 (3.3; 2.3)	18,359 (2.5; 2.1)
Mauritania	15,437 (2.2; 60.3)	16,659 (2.3; 57.0)	15,342 (2.1; 77.6)
Ecuador	14,307 (2.0; 5.2)	13,116 (1.8; 7.4)	15,475 (2.1; 8.2)
Türkiye	11,391 (1.6; 8.5)	12,428 (1.7; 8.0)	15,825 (2.1; 10.5)
Colombia	11,951 (1.7; 9.1)	11,452 (1.6; 9.8)	11,219 (1.5; 10.5)
Lao PDR	6,593 (0.9; 26.6)	7,192 (1.0; 31.2)	7,817 (1.1; 32.4)
Total GSP imports	**707,098**	**721,899**	**743,796**
Total GSP in Japan's total imports	*0.6%*	*0.7%*	*0.7%*
Top 10 GSP beneficiaries in total GSP	*93.3%*	*94.4%*	*93.8%*

Note 1: Main GSP beneficiaries are identified based on the three-year average (2022–2024).

Note 2: The figures in parentheses indicate two percentage shares: the first shows a partner's GSP imports as a percentage share of Japan's total GSP imports, and the second shows GSP imports as a percentage share of that partner's total imports to Japan.

Source: WTO Secretariat calculations, based on Japan Customs, (Imports under preferential tariff schemes). Viewed at: https://www.customs.go.jp/kyotsu/import/tokkei/index.htm (14/11/2025).

[87] MOFA, Generalized System of Preferences, Explanatory Notes for Japan's Scheme, Competitiveness-focused, Product-by-Exclusion.

[88] MOFA, List of Products for which Duty-Free, Quota-Free Market Access is Granted to LDCs. Viewed at: https://www.mofa.go.jp/files/100505244.pdf (24/10/2025).

[89] WTO document WT/COMTD/N/2/Add.20, 7 November 2025.

[90] MOFA, Generalized System of Preferences, Explanatory Notes for Japan's Scheme, Rules of Origin.

2.3.4 Other arrangements

2.50. Japan is also engaging in cooperation frameworks that, while trade-related, diverge from traditional free trade agreements focused on tariff reduction and market access. This pivot emphasizes economic security, supply chain resilience, and the establishment of high-standard rules in emerging areas. A key example includes the Indo-Pacific Economic Framework for Prosperity (IPEF). These mechanisms enable Japan to address geoeconomic challenges through more flexible arrangements, particularly in the field of critical minerals.

2.51. The Agreement on the Indo-Pacific Economic Framework for Prosperity serves as the institutional backbone of the IPEF initiative. Signed in June 2024 and entering into force in October 2024, the Agreement establishes a permanent governance structure. It creates two key bodies, the IPEF Council and the Joint Commission. Japan was among the first five partners to ratify the Agreement, enabling its entry into force.[91]

2.52. The Agreement Relating to Supply Chain Resilience was the first IPEF pillar to become operational, entering into force in February 2024. Its primary objective is to strengthen supply chain transparency, identify vulnerabilities, and mitigate disruptions that could impede trade. To achieve this, the Agreement established three permanent bodies: the IPEF Supply Chain Council, tasked with developing strategic action plans; the IPEF Supply Chain Crisis Response Network, designed for emergency coordination; and the IPEF Labor Rights Advisory Board, which addresses labour-related issues.[92]

2.53. Japan was party to the Minerals Security Partnership (MSP), an initiative designed to secure critical mineral supply chains essential for advanced manufacturing and clean energy technologies. The initiative was officially succeeded by the Forum On Resource Geostrategic Engagement (FORGE) in February 2026.[93]

2.54. Japan has bilateral agreements with both resource rich and consuming countries (recent agreements include those with India signed August 2025[94]; and with the United States signed in October 2025[95]) and promotes strategic investments in critical mineral projects. For instance, in March 2025, JOGMEC invested EUR 100 million in the Caremag rare-earth refinery project in France.[96] Similarly, in July 2025, JOGMEC financed the Speewah fluorite exploration project in Australia to secure essential industrial minerals for Japan's manufacturing sector.[97]

2.55. Another development during the review period was the conclusion of the Framework Agreement between United States and Japan in July 2025 (**Error! Reference source not found.**). According to this agreement and the US International Emergency Economic Powers Act (IEEPA)[98], most imports from Japan are to be subject to a baseline tariff at 15%, supplemented by existing MFN duties if higher. Several sectors are subject to carve-outs or differentiated treatment (Box 2.2). The Agreement also includes procurement and market access commitments, in addition to a pledge by Japan to invest up to USD 550 billion into the United States under a dedicated Memorandum of

[91] MOFA, Agreement on the IPEF for Prosperity. Viewed at: https://www.mofa.go.jp/files/100680386.pdf (10/11/2025).
[92] MOFA, IPEF for Prosperity Agreement Relating to Supply Chain Resilience. Viewed at: https://www.mofa.go.jp/files/100581548.pdf (10/11/2025).
[93] MOFA, State Minister for Foreign Affairs HORII's attendance at the Critical Minerals Ministerial hosted by the Secretary of State of the United States (Outcome). Viewed at: https://www.mofa.go.jp/press/release/pressite_000001_02050.html (18/02/2026).
[94] MOFA, Fact Sheet on Japan-India Economic Security Cooperation. Viewed at: https://www.mofa.go.jp/files/100897546.pdf (10/11/2025).
[95] MOFA, Japan-United States Framework For Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing. Viewed at: https://www.mofa.go.jp/files/100926026.pdf (19/11/2025).
[96] METI, The Japanese and French Governments Work Together to Support a Heavy Rare Earth Project in France. Viewed at: https://www.meti.go.jp/english/press/2025/0317_002.html (10/11/2025).
[97] JOGMEC, Equity investment to fluorite exploration project in Australia. Viewed at: https://www.jogmec.go.jp/english/news/release/news_08_00042.html (10/11/2025).
[98] Federal Register, Implementing the United States-Japan Agreement. Viewed at: https://www.federalregister.gov/documents/2025/09/09/2025-17389/implementing-the-united-states-japan-agreement (02/03/2026).

Understanding. This agreement is distinct from the Japan-US RTA of 2020, which Japan continues to apply, according to the authorities (Section 3.1.3.3).

2.56. Following a United States Supreme Court ruling in late February 2026[99], all additional *ad valorem* tariffs under the IEEPA were terminated.[100] Concurrently, the United States invoked Section 122 of the Trade Act of 1974 to impose a temporary 10% *ad valorem* surcharge on imports from all trading partners. This measure will remain in effect for 150 days, subject to specified product exclusions.[101] According to estimates of the WTO-IMF Tariff Tracker, the US trade-weighted average tariff on Japanese exports seemed to decline slightly from 16.6% to 15.7%, while the share of tariff lines subject to higher duties slightly increased from 80% to 86%%, while the corresponding share of import value remained broadly unchanged at around 80% of total US imports from Japan.[102]

Box 2.2 Framework Agreement between Japan and the United States

Trade framework as of December 2025

Following the conclusion of the US–Japan Framework Agreement on 22 July 2025, the commitments of both sides were formalized through Executive Order 14345[a] and the Joint Statement on the Framework Agreement between the United States and Japan[b] Under the Agreement, the United States applies a uniform 15% *ad valorem* tariff on most imports from Japan, by supplementing existing MFN duties where necessary to reach the threshold. Products with MFN rates already at or above 15% retain their original tariff levels. Japan continues to apply its liberalization schedule under the Japan-US Trade Agreement, which has been in force since 2020.

Several sectors are subject to carve-outs or differentiated treatment. Aerospace products, including aircraft and related components, are fully exempt from any tariffs. Generic pharmaceuticals and natural resources may also be exempt from the baseline tariff if the products are not sufficiently available in the United States. Branded pharmaceuticals are subject to the baseline rate and remain under Section 232 review, with a commitment that tariffs will not exceed those applied to other trading partners. Semiconductors are covered under the baseline tariff, with a similar non-discrimination commitment.

Despite higher Section 232 tariffs, Japanese automobiles and auto parts are subject to the baseline tariff of 15%; a similar provision also applies to timber, lumber, and wood furniture. The remaining Section 232 tariff apply to products originating from Japan. These include steel, aluminium, and copper products at a rate of 50%; medium- and heavy-duty vehicles and parts at 25% and buses at 10%.

Japan reconfirmed its commitments in the Japan-US Joint Statement to a series of procurement and market access measures covering both agricultural and manufacturing goods. These include (i) incremental purchases of US agricultural products for domestic consumption, including bioethanol, soybeans, corn, and fertilizers as well as other products, totalling USD 8 billion per year; (ii) expedited implementation of a 75% increase of US rice procurements within Minimum Access TQs; (iii) expansion of purchase of a range of US industrial and consumer goods including 100 Boeing aircrafts; (iv) stable and long-term purchases of US energy, including liquefied natural gas (LNG), totalling USD 7 billion per year, while exploring a new Alaskan offtake agreement for such LNG; and (v) an increase of annual procurement of US defence equipment pursuant to the Defence Buildup Program and semiconductors. Japan will also accept US manufactured passenger vehicles certified under US safety standards without requiring additional domestic testing and provide Clean Energy Vehicle Introduction Promotion Subsidies for US manufactured passenger vehicles.[c]

[99] Supreme Court of the United States, LEARNING RESOURCES, INC., ET AL. v. TRUMP, PRESIDENT OF THE UNITED STATES, ET AL. Viewed at: https://www.supremecourt.gov/opinions/25pdf/24-1287_4gcj.pdf (02/03/2026).

[100] Federal Register, Executive Order 14345, Ending Certain Tariff Actions. Viewed at: https://www.federalregister.gov/documents/2026/02/25/2026-03832/ending-certain-tariff-actions (02/03/2026).

[101] Federal Register, Proclamation 11012, Imposing a Temporary Import Surcharge To Address Fundamental International Payments Problems. https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems (02/03/2026).

[102] WTO-IMF Tariff Tracker. Calculations are based on US imports from Japan for 2024. Viewed at: https://ttd.wto.org/en/reports/tariff-actions/chart?reporter=C840&partner[0]=A000&partner[1]=C392&start=2025-01-01 (02/03/2026).

Investment framework as of December 2025

The Memorandum of Understanding[d] signed on 4 September 2025 establishes a framework for Japan to invest up to USD 550 billion in strategic sectors in the United States. Investment proposals are selected by the US President based on recommendations from an Investment Committee chaired by the Secretary of Commerce, with input from a bilateral Consultation Committee. The Memorandum is an "administrative understanding" between the two parties and does not create legally binding obligations under domestic or international law. It may be modified or terminated by either party with written notice. Both sides commit to resolve disputes amicably through consultation.

Funding provisions require Japan to transfer the investment amount within 45 business days after notification of selection. Japan retains discretion to decline funding, but such decisions trigger consequences: forfeiture of entitlement to distributions under the original allocation formula and application of a revised formula until the United States recovers the shortfall ("Catch-up Amount"). Additionally, the United States may impose tariff adjustments on Japanese imports if Japan elects not to fund. During the period that Japan is implementing the Memorandum and has not failed to fund, tariff rates remain unchanged from those agreed under the Framework Agreement.

Cash flows generated by projects are distributed in two stages. Initially, returns are shared equally, 50% to each party, net of US taxes, until the "Deemed Allocation Amount" is satisfied. Once this threshold is met, distributions shift to a preferential allocation of 90% to the United States and 10% to Japan for all subsequent cash flows. The Memorandum also encourages the use of Japanese vendors and suppliers where feasible for goods and services related to the investments. The Deemed Allocation Amount typically corresponds to Japan's initial investment or a negotiated recovery threshold, ensuring Japan recovers parts of its capital before the profit-sharing ratio changes. For example, if Japan invests USD 50 billion and the Deemed Allocation Amount equals that figure, Japan will receive half of returns until its cumulative share reaches USD 50 billion, after which its share drops to 10%.

The Joint Fact Sheet[e] issued during a US presidential visit to Japan in October 2025 identifies priority projects under the investment framework. Initiatives include large-scale energy projects such as nuclear reactors, small modular reactors (SMRs), and power infrastructure systems involving partnerships between US and Japanese firms. These projects represent potential investments exceeding USD 300 billion. Additional initiatives target AI-related power development and infrastructure, including data centre equipment, optical fibre, advanced electronics, and energy storage systems supplied by Japanese firms such as Hitachi, Murata, and Panasonic, with estimated commitments of up to USD 60 billion.

Further cooperation extends to critical minerals and heavy industry, including copper smelting, ammonia and urea fertilizer production, diamond grit manufacturing, and lithium-iron-phosphate battery materials. Although smaller in scale, these projects are strategically significant for resource security and energy transition. Both governments emphasize that these efforts align with the USD 550 billion investment commitment under the Memorandum and aim to strengthen bilateral supply chains and economic resilience.

a Federal Register, Executive Order 14345, Implementing the United States-Japan Agreement. Viewed at: https://www.federalregister.gov/documents/2025/09/09/2025-17389/implementing-the-united-states-japan-agreement (11/11/2025).
b Cabinet Secretariat, Joint Statement on the Framework Agreement between the United States and Japan on 22 July 2025. Viewed at: https://www.cas.go.jp/jp/seisaku/tariff_measures/houmon/pdf/250905kyodoseimei.pdf (11/11/2025).
c Information provided by the authorities.
d Cabinet Secretariat, Memorandum of Understanding Between the Government of Japan and the Government of the United States of America with Respect to Strategic Investments. Viewed at: https://www.cas.go.jp/jp/seisaku/tariff_measures/houmon/pdf/250905oboegaki.pdf (11/11/2025).
e MOF, Joint Fact Sheet for Japan-US Investment. Viewed at: https://www.mof.go.jp/policy/international_policy/convention/dialogue (11/11/2025).

Source: Compiled by the WTO Secretariat.

2.4 Investment regime

2.4.1 Overview

2.57. Japan's investment environment is characterized by a high performance among existing foreign-affiliated companies, and persistent structural challenges. The Government aims to revitalize domestic investment as it seeks to transition from a 30-year cost-cutting economy and position Japan as a profitable, competitive and secure destination amid global uncertainty. To guide these efforts, in June 2025, the Government revised its FDI stock targets to JPY 150 trillion by early 2030s, prioritizing firms involved in the digital transition, green energy, and life sciences.

2.58. The regulatory framework for foreign investment is primarily governed by the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949) and supplemented by sector-specific legislation. At the institutional level, Japan's investment regime is governed by the Council for Promotion of Foreign Direct Investment in Japan, which adopts overarching policy measures. In April 2023, the Council established the Task Force for Attracting Human and Financial Resources from Overseas to follow up on the implementation of its Action Plan for Attracting Human and Financial Resources from Overseas. Investment promotion activities, including information provision, support services, and business-matching, are primarily undertaken by METI and JETRO, while the Financial Services Agency (FSA) ensures the smooth functioning of financial services.[103] The Government also maintains points of contact across related ministries through the Office of Invest Japan (within the Cabinet Office).[104]

2.59. Overall business conditions for foreign-affiliated companies remain broadly positive. According to a survey by JETRO in 2024, 48.7% reported year-on-year sales growth, compared with 24.0% citing declines, and 59.2% said business plans progressed as expected. Despite cautious optimism, 54.2% intend to strengthen or expand operations in Japan, driven by market scale, stability, and infrastructure quality.[105] Furthermore, Japan ranks highly as an R&D base (68% attractive or very attractive) and as a sales and marketing hub (nearly 80% favourable). These perceptions reinforce Japan's appeal for innovation-led investment and customer acquisition.[106]

2.60. Human resources remain the most significant challenge. Securing talent ranks as the top improvement area, with firms struggling to hire general personnel (21.7%) and highly skilled staff (18.0%). Sales and marketing roles (57.3%) and IT specialists (39.1%) are hardest to fill, particularly outside major cities. Companies acknowledge progress in administrative simplification and foreign language fluency but call for further reforms. Policy measures to attract global talent and streamline incorporation processes aim to address these constraints.[107]

2.4.2 Investment policy

2.61. Since 2023, Japan has accelerated its national investment policy through a new integrated strategy aimed at boosting foreign investment, as well as addressing long-standing challenges of low domestic investment, stagnant labour productivity, and persistent deflation. The strategy seeks to leverage foreign capital, expertise, and human resources to complement domestic savings and promote sustainable economic growth and real wage increases.[108] The most recent annual Program for Promotion of Foreign Direct Investment in Japan was adopted by the Council for Promotion of Foreign Direct Investment in June 2025.[109]

2.62. The gradual implementation of ESPA during the review period significantly shaped Japan's investment policy. Aimed at enhancing economic resilience, this approach included, *inter alia*, targeted support to incentivize private investment, secure supply chains for specified critical goods, and promote R&D in priority technologies identified by the Government (Box 2.1).

2.63. In 2023, Japan revised its target for inward FDI stock to JPY 100 trillion by 2030. In 2025, the Government further increased the target to JPY 120 trillion by 2030 and JPY 150 trillion in the early 2030s, citing demographic challenges and global economic uncertainty.[110] To support these objectives, the authorities established the "FDI in Japan Attraction Consortium", a permanent body

[103] METI, Invest Japan. Viewed at: https://www.meti.go.jp/english/policy/external_economy/investment/index.html (03/11/2025).
[104] Cabinet Office, Office of Invest Japan within related Ministries. Viewed at: https://www.cao.go.jp/invest-japan/link/link/en_index.html (24/02/2026).
[105] JETRO, 2024 Survey on Business Operations of Foreign-affiliated Companies in Japan, pages 10, 12, and 14.
[106] JETRO, Invest Japan Report 2024, page 34.
[107] JETRO, 2024 Survey on Business Operations of Foreign-affiliated Companies in Japan, pages 21-22, and 25. Viewed at: https://www.jetro.go.jp/ext_images/_News/releases/2025/a2074f44be097739/survey_en_v3.pdf (02/11/2025).
[108] Cabinet Office, Action Plan for Attracting Human and Financial Resources from Overseas, Basic Views. Viewed at: https://www.cao.go.jp/invest-japan/documents/pdf/action_plan_en.pdf (08/11/2025).
[109] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025. Viewed at: https://www.cao.go.jp/invest-japan/committee/program2025_en.pdf (08/11/2025).
[110] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025, Background.

comprising relevant ministries and stakeholders. The consortium operates through dedicated working groups to manage large-scale FDI projects and provide single-point-of-contact support, reflecting a move from general policy planning toward project-based implementation.[111]

2.64. The new structure is supported by an expanded role for Japan's overseas diplomatic missions and JETRO which have been tasked with identifying foreign companies and venture capital firms with potential to support Japan's economic growth. Overseas "FDI Task Forces" were increased from five to eleven in FY2024, with new locations in North America, the Middle East, Europe, and Asia to strengthen global outreach and project sourcing.[112]

2.65. One key component of the strategy is the "Policy Plan for Promoting Japan as a Leading Asset Management Center", introduced in December 2023. The Plan aims to mobilize Japan's household financial assets, which reached over JPY 2,200 trillion in 2025, about half of which are held in cash and low-yield deposits. Its objective is to redirect these savings toward domestic investment, enabling higher returns to households that can be reinvested and used to support consumption.[113]

2.66. To manage the mobilization of household capital, Japan is reforming its asset management sector to attract new domestic and foreign participants and enhance competition. The reforms aim to increase the supply of qualified asset managers, particularly in smaller, specialized firms. Measures include reducing business practices and entry barriers that have been considered restrictive. A key initiative is the "Emerging Manager Program" introduced in December 2023, which relaxes registration requirements to outsource middle- and back-office operations to registered providers and promotes initiatives that encourage asset owners and financial institutions to engage with emerging asset managers.[114]

2.67. Japan also seeks to engage its large institutional asset owners to improve their investment capabilities, in turn generating demand for new asset management services. A key instrument are the "Asset Owner Principles", introduced in August 2024, which require greater accountability to stakeholders and regular assessments of asset management contractors. These measures aim to lead to a more competitive environment in which institutional investors prioritize performance from the perspective of its beneficiaries, thereby encouraging the entry of specialized asset managers.[115]

2.68. The "Special Zones for Financial and Asset Management Businesses", finalized in June 2024, serve as one of the major policy measures for attracting foreign financial expertise. Four regions have been designated, each with specific focus areas: Hokkaido/Sapporo (Green Transformation), Tokyo (international financial services), Osaka (life sciences and technologies associated with Expo 2025), and Fukuoka (start-up development and regional connectivity).[116] As of June 2025, several "soft infrastructure" reforms have been implemented in the designated zones.[117]

2.69. Attracting foreign firms is closely associated with measures to attract high-skilled individuals. In April 2023, Japan introduced two new visa categories. The "J-Skip" visa is designed for professionals with high income and experience, offering preferential treatment and an expedited path to getting permitted permanent residence. The "J-Find" visa targets graduates from highly ranked universities and permits them to stay in Japan for up to two years to seek employment or prepare to establish a business without requiring a sponsoring employer.[118]

[111] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025, Pillar 1.
[112] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025, Pillar 5(2).
[113] Cabinet Office, Policy Plan for Promoting Japan as a Leading Asset Management Center, Basic ideas. Viewed at: https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/bunkakai/sisanunyou_torimatome/planen.pdf (08/11/2025).
[114] Cabinet Office, Policy Plan for Promoting Japan as a Leading Asset Management Center, Policy Responses (C).
[115] Cabinet Office, Policy Plan for Promoting Japan as a Leading Asset Management Center, Reforming asset ownership.
[116] FSA, Policy Package to Achieve Special Zones for Financial and Asset Management Businesses. Viewed at: https://www.fsa.go.jp/en/policy/pjlamc/special_zones/package_en.pdf (06/01/2026).
[117] FSA, Promoting Japan as a Leading Asset Management Center, page 35. Viewed at: https://www.fsa.go.jp/common/conference/danwa/20250303.pdf (18/03/2026).
[118] Cabinet Office, Action Plan for Attracting Human and Financial Resources from Overseas, page 9.

2.70. In its first year, the J-Find visa recorded 353 users, with the largest share from China (75% of total), followed by the United States (5%) and the United Kingdom (3%). The programme has been described as restrictive due to its reliance on top-100 university rankings, which may unnecessarily limit the available talent pool.[119]

2.71. The 2025 FDI Promotion Programs broadens the focus from entry to integration and living conditions for foreign residents.[120] The programme also seeks to attract highly skilled personnel from Southeast Asia and India. Planned measures include launching new exchange programmes with Indian universities in FY2025, increasing the number of international students to 365,000 by 2030, and achieving a domestic employment rate of 60% for these students after graduation by 2033. The Government strengthens promotional activities to achieve its target of foreign nationals accounting for at least 30% of researchers at all WPI[121] centres by FY2030.[122]

2.72. The strategy also focuses on channelling capital and talent into sectors considered high priority for economic growth. These include sectors related to semiconductors, digital transformation (including data centres and 5G), green transformation (such as renewable energy and storage batteries), and bio-healthcare/life sciences as strategic areas. This approach is supported by public-private funding mechanisms, including the "Advanced Semiconductor Production Infrastructure Fund", which provide large-scale subsidies for major projects.[123]

2.73. The FY2024 tax reforms introduced new incentives to encourage investment to increase production. The "Strategic Sector Domestic Production Promotion Tax System" provides tax credits based on the production and sales volume of designated goods, focusing on output rather than value addition for an applicable period of ten years. The policy aims to strengthen competitiveness and improve the attractiveness of large-scale manufacturing in Japan. Targeted products include electric vehicles, semiconductors, green steel and chemicals, sustainable aviation fuel, and semiconductors (microcomputers and analogs).[124]

2.74. The "Innovation Box Regime" came into effect in April 2025 with a view to strengthen Japan's competitiveness as an R&D hub and encourage private-sector investment in intangible assets. It provides a 30% income deduction for qualified income derived from licensing or transfer transactions of patents or copyrighted works of AI-related programs. This results in an effective tax rate of approximately 21% on qualified income, with the tax relief capped at 30% of current income; excess amounts cannot be carried over. The deduction excludes revenue streams from embedded royalties or related-party transactions and requires government certification that the innovation has been acquired or been produced through R&D conducted mainly in Japan.[125]

2.75. Recent large-scale investments have been concentrated in the sectors identified as strategic by the Government. In semiconductors, projects include the construction of a second plant in Kumamoto by TSMC (Chinese Taipei), a major investment in Micron Technology's Hiroshima facility (Republic of Korea), and a new R&D centre by Samsung Electronics in Yokohama. Foreign investors have also initiated major data centre projects, such as Ada Infrastructure (Singapore) in the Tokyo and Kansai regions, Asia Pacific Land (United States) in Fukuoka, and Vantage Data Centers (United States) in Osaka. In the area of green transformation, renewable energy projects have been

[119] Jelper Club, Exploring J-Find Visa's Impact & Utilization 2024: The Drive of Global Top Students to Work in Japan. Viewed at: https://info.jelper.co/post/2407-j-find-visa-impact-en (08/11/2025).
[120] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025, Pillar 3.
[121] WPI (World Premier International Research Center Initiative) is a programme aimed at fostering world-leading research centres, primarily at universities. As of December 2025, there are 18 centres nationwide.
[122] Cabinet Office, Program for Promotion of Foreign Direct Investment in Japan 2025, Pillar 4.
[123] Cabinet Office, Action Plan for Attracting Human and Financial Resources from Overseas, page 4. Viewed at: https://www.cao.go.jp/invest-japan/documents/pdf/action_plan_en.pdf (08/11/2025).
[124] JETRO, Invest Japan Report 2024, page 47. Viewed at: https://www.jetro.go.jp/ext_images/en/invest/investment_environment/ijre/ijreENreport2024.pdf (08/11/2025).
[125] METI, Cabinet Decision on the Bill for Partially Amending the Act on Strengthening Industrial Competitiveness and Other Acts to Create New Business and Encourage Investment in Industries. Viewed at: https://www.meti.go.jp/english/press/2024/0216_003.html (08/11/2025).

launched, particularly in power storage systems, including investments by Gurin Energy (Singapore) and Akaysha Energy (Australia).[126]

2.4.3 Investment restrictions and screening system

2.76. Japan's regulatory regime for foreign investment is relatively open, with targeted sectoral restrictions. Under the Civil Aeronautics Act (Act No. 231 of 1952), foreign ownership in Japanese airlines is limited to one-third of voting rights. In telecommunications, the Act on Nippon Telegraph and Telephone Corporation (Act No. 85 of 1984) caps aggregate foreign ownership in NTT, Inc. (NTT) at less than one-third of shares. These restrictions apply to persons without Japanese nationality, foreign governments or their representatives, and foreign juridical persons.

2.77. Broadcasting and radio services are also subject to foreign ownership restrictions. Under the Broadcasting Act (Act No. 132 of 1950), basic broadcasting operations may not be provided by persons without Japanese nationality, foreign governments or their representatives, or foreign corporations and organizations. Similarly, the Radio Act (Act No. 131 of 1950) prohibits granting radio station licences to such entities, with exceptions for specific types of stations, including experimental or amateur radio stations.

2.78. Japan's foreign investment screening framework is governed by the Foreign Exchange and Foreign Trade Act (FEFTA), which aims to balance the principle of free foreign transactions while allowing necessary controls to safeguard national security and public order. Prior notification is required for foreign investments in publicly listed companies when the acquisition reaches 1% or more of the shares (lowered from 10% in 2019). The system also requires post-investment reporting and provides enforcement measures, including recommendations, orders for modification, and penalties for non-compliance.[127]

2.79. Aligning with the gradual implementation of the ESPA, the enforcement of FEFTA also placed greater emphasis on economic security aimed to prevent leakage of sensitive technology. During the review period, the Government strengthened the FDI screening mechanisms by expanding the scope of designated business sectors and introducing a tiered, profile-based classification for foreign investors (Box 2.3).

2.80. The investment screening system operates through three pathways. First, investments in designated business sectors require prior notification and may be subject to recommendations or orders for modification or discontinuance. Second, certain investments may use the prior notification exemption system if conditions are met, such as refraining from board participation and avoiding access to non-public technology information; post-investment reporting remains mandatory. Third, investments in non-designated sectors require only post-investment reporting.[128]

2.81. In addition to share acquisitions, FEFTA requires prior notification for specific shareholder actions in designated business sectors. These include voting at a general meeting to appoint a foreign investor or a related person as a director and voting on proposals to transfer or dispose of business activities in designated sectors. These obligations apply regardless of whether the initial share acquisition was exempted or occurred in the past and aims to prevent indirect influence over management in designated industries.[129]

2.82. In July 2025, Japan updated the List of Classifications of Listed Companies regarding prior-notification requirements under the FEFTA as part of a periodic review. This revision aligned company classifications with the expanded scope of designated business sectors and entities following recent

[126] JETRO, Invest Japan Report 2024. Viewed at: https://www.jetro.go.jp/ext_images/en/invest/investment_environment/ijre/ijreENreport2024.pdf (08/11/2025).
[127] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 2-3. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Data/annual_report2024_en.pdf (09/11/2025).
[128] MOF, Foreign Investment Screening System, *Annual Report FY2024,* p. 2-3.
[129] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 5.

amendments. The list[130] is prepared to assist foreign investors, who are required under FEFTA to determine whether prior notification is necessary.[131]

Box 2.3 Main developments related to Japan's investment screening framework

Overview:

Japan's Foreign Exchange and Foreign Trade Act (FEFTA; Act No. 228 of 1949)[a] provides the legal framework for cross-border economic activities, including foreign exchange, foreign trade, and capital transactions. The Act seeks to foster a stable and conducive environment for cross-border transactions while safeguarding peace and security in Japan and internationally. While FEFTA is guided by trade and investment openness, it establishes "minimum necessary controls" to address risks related to national security, public order, and the balance of payments.

FEFTA applies to transactions between residents and non-residents. Certain provisions have extraterritorial application, including acts committed abroad by representatives of Japanese corporations and, in defined cases, of the actual persons who ultimately own or control the entity (ultimate beneficial ownership). FEFTA operates a dual-track regime based on whether a foreign investment falls within a "designated sector" or not.

i) Prior notifications are required for foreign direct investment (FDI) in "designated sectors": Foreign investors must submit a prior notification when acquiring 1% or more of the shares of a listed company (or any share in an unlisted company) in a designated sector and wait for government review (typically 30 days) before closing. While exemptions may apply, their application became subject to more stringent requirements, based *inter alia* on the type of investor. During this period, the number of sectors subject to a prior notification requirement also increased (see below);
ii) Post-facto reporting applies to investments in non-designated sectors.

Where a transaction raises national security concerns, the Ministry of Finance (MOF), in coordination with competent ministries, may impose risk-mitigation measures and, in exceptional cases, recommend or order modification or cancellation of the investment.

Expansion of sectoral scope under FEFTA:

The FEFTA applies a three-tiered risk-based classification of business activities: non-designated, designated, and core business sectors. Foreign investors acquiring 1% or more of the shares of a listed company (or any share in an unlisted company) operating in a designated sector must submit a prior notification and undergo government review before completion. Core business sectors constitute a subset of designated sectors that present higher national security risks; investments in these sectors are subject to stricter scrutiny and fewer exemptions from prior notification.

To align with the ESPA[b], ensure stable supply, address risks of technology leakage and military use, and other national security considerations, the Government expanded the list of core business sectors, effective May 2023. Newly added areas include manufactures of semiconductor manufacturing equipment; storage batteries; permanent magnets; machine tools; marine equipment engines; metal 3D printers and metal powder; natural gas wholesaling; metals and mineral products refining; importation of fertilizers (specifically potassium chloride).

In September 2024, MOF further broadened the scope of core business sectors to include manufactures of semiconductor manufacturing-related equipment; advanced electronic components; machine-tool parts; marine engines (expanding the 2023 scope); fibre-optic cables; and multifunctional machines.

New investor-type measures under FEFTA:

Effective May 2025, the Government introduced an investor-profile-based layer to the screening regime under the FEFTA. The objective is to address national security risks associated with foreign investors that may be subject to legal or contractual obligations to cooperate with their home governments in intelligence-gathering efforts. The reform narrows the availability of previously broad exemptions from prior notification for certain foreign financial institutions and general investors. To mitigate the risk of data or technology leakage the amendment created a new tiered classification system, Type-A and Type-B investors.

According to the authorities, the cooperation obligation is determined by the wording of applicable foreign laws at the time of investment. The criterion focuses on the specific legal obligations of the investor and

[130] The classifications are based on voluntary survey responses, Articles of Incorporation, and Annual Securities Reports available at the time of the update, the classification on the list may differ from the actual classification at the time of investment.

[131] MOF, Update of the List of Classifications of Listed Companies regarding the Prior-notification Requirements on Inward Direct Investment. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Related_Guidance_and_Documents/20240913.html (09/11/2025).

excludes standard regulatory obligations to provide information for criminal investigations, financial inspections, tax audits, or labour authority investigations.

The category of Type-A investors covers investors that are legally or contractually obliged to cooperate with a foreign government in national-security-related information collection, and entities in which such persons hold a majority of voting rights or board seats. Type-A investors are ineligible for exemptions from prior notification and must file prior notifications for acquisitions of 1% or more of a listed company's shares (or any share in an unlisted company) operating in designated sectors, with mandatory government review before completion.

The category of Type-B investors captures investors who are effectively controlled in their decision-making by Type-A investors, investors headquartered in jurisdictions with intelligence-cooperation obligations, and investors with obligations of intelligence cooperation with foreign governments based on agreements (including each agreement when having chains of similar agreements). While Type-B investors may still access exemptions in certain cases, their use is more limited. Exemptions do not apply to investments in Designated Core Business Entities and Specified Essential Infrastructure Service Providers under the ESPA, which are operating in core business sectors, for which prior notification is always required.[c]

The existing sectoral classification (non-designated, designated, core business sectors) remains in place. Prior notification obligations continue to apply to investments in designated business sectors, with the scope of exemptions conditioned by investor type. Investments outside designated business sectors generally remain subject to post-facto reporting only.

In January 2026, the Council on Customs, Tariff, Foreign Exchange and Other Transactions (within MOF) outlined potential measures to address remaining gaps.[d] First, a new screening mechanism for "indirect acquisitions", which would allow review of transactions in which a foreign investor acquires a foreign parent that owns a Japanese subsidiary engaged in sensitive activities. Second, establishing discretionary "call-in powers" that authorize the Government to retrospectively review and order risk-mitigation measures for investments in "Non-Designated Business Sectors" if specific national security concerns arise after the investment transaction has already been completed.

a JLT, Foreign Exchange and Foreign Trade Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4857/en (25/02/2026).
b JLT, Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4716/en (25/02/2026).
c MOF, Update of the List of Classifications of Listed Companies regarding the Prior-notification Requirements on Inward Direct Investment. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Related_Guidance_and_Documents/20240913.html (25/02/2026).
d MOF, Report on the Inward Direct Investment Review System (in Japanese). Viewed at: https://www.mof.go.jp/about_mof/councils/customs_foreign_exchange/sub-foreign_exchange/report/20260106191944.html (25/02/2026).

Source: Compiled by the WTO Secretariat.

2.83. Japan's screening activity increased/intensified, reflecting the lower threshold and broader sector coverage. Prior notifications rose from 2,426 in FY2022 to 2,903 in FY2024. Cybersecurity-related sectors accounted for 61% in FY2022 and 56% in FY2024, followed by infrastructure and defence-related industries (e.g. weapons, aircraft, and nuclear facilities). The expansion of designated sectors in 2023 and 2024 contributed to sustained growth in filings.[132] Despite this volume, screening is completed swiftly, with the average screening time of 8.2 business days; 79% of cases were cleared within two weeks and 30% within five business days.[133]

2.84. Most prior notifications originate from Japanese entities classified as foreign investors under FEFTA because they are majority-owned by non-residents. Among foreign jurisdictions, the United States, Cayman Islands, and Singapore consistently rank highest. Withdrawals rose from 274 cases in FY2022 to 363 in FY2024, often following consultations with authorities. Non-notified cases surged from 534 cases in FY2022 to 1,184 in FY2023 due to multi-year omissions in Certain Actions filings, then fell to 356 in FY2024.[134]

2.85. The prior notification exemption system remains widely used, with 756 post-investment reports in FY2022 and 702 in FY2024, including blanket exemptions for foreign financial institutions

[132] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 23-24.
[133] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 20 and 26.
[134] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 25-26 and 28.

(546 and 323 cases respectively). No orders for modification, discontinuance, or divestiture have been issued under FEFTA since its 2017 revision, and no penalties have been imposed.[135]

2.86. During the review period, Japan also introduced controls on the disclosure of certain information. The Act on the Protection and Utilization of Critical Economic Security Information (Act No. 27 of 2024)[136], which entered into force on 16 May 2025, established a security-clearance system to align information protection practices with those by international partners. The Act creates a unified framework for the designation and handling of "Critical Economic Security Information" (CESI); non-public, non-military information whose unauthorized disclosure could significantly impede national security, particularly with respect to critical infrastructure, supply chains, and cyber-defences. Heads of administrative organs may classify information as CESI for five years, extendable up to thirty years. The law mandates strict protocols for marking, notifying, and managing this data to ensure that only authorized personnel can access materials that are essential for the Japan's economic resilience. Access is operationalized through a consent-based clearance process for government officials and private-sector employees whose duties require handling CESI; background checks cover factors such as criminal records, substance use, mental health, and foreign affiliations, with clearances valid for ten years. The Act includes penal provisions, such as imprisonment of up to five years and/or fines, for unauthorized disclosure. The framework intended to mitigate leakage risks and facilitate participation by domestic firms in international joint research and government procurement requiring trusted handling of sensitive economic-security information.

2.87. Other developments included reforms to strengthen the regulatory framework for cybersecurity. In May 2025, Japan promulgated the Cyber Response Strengthening Act (Act No. 42 of 2025) and the Act on the Development of Relevant Laws Related to the Strengthening of Cyber Response Capabilities (Act No. 43 of 2025), which reorganized the National Center of Incident Readiness and Strategy for Cybersecurity (NISC) into the National Cybersecurity Office (NCO). The NCO serves as a new control tower for a coordinated responses to cyber threats against critical infrastructure and government systems.[137]

2.88. In July 2025, Japan revised the Basic Act on Cybersecurity (Act No. 104 of 2014)[138] to extend national cyber-defence policy to upstream supply chains by introducing obligations for "cyber infrastructure providers", which include entities that develop, supply, or operate software, such as cloud service providers, software vendors, and manufacturers of embedded firmware. The amendment requires providers to make "reasonable efforts" to support customers' cybersecurity measures, shifting part of the compliance burden from end-users and critical-infrastructure operators towards a shared-responsibility model across the product lifecycle.[139]

2.4.4 International cooperation

2.89. Japan maintains bilateral investment treaties (BITs) with 42 countries and territories, of which 37 were in force as of November 2025. Since 2023, Japan signed BITs with Angola, Zambia, Paraguay, Tajikistan and Serbia. The BIT with Angola (July 2024) and the Kingdom of Bahrain (September 2023) have entered into force.[140] Japan is also party to several international agreements containing investment-related provisions[141], and nearly all regional trade agreements concluded by Japan include investment chapters.[142]

[135] MOF, Foreign Investment Screening System, *Annual Report FY2024*, p. 27-28.
[136] e-Gov. Act on the Protection and Utilization of Critical Economic Security Information (in Japanese). Viewed at: https://laws.e-gov.go.jp/law/506AC0000000027/20240517_000000000000000 (02/02/2026).
[137] Cabinet Secretariat, Initiatives related to cybersecurity (in Japanese). Viewed at: https://www.cas.go.jp/jp/seisaku/cyber_anzen_hosyo_torikumi/index.html (17/02/2026).
[138] JLT, The Basic Act on Cybersecurity. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/5050/en (02/02/2026).
[139] NCO, Outline of the Cybersecurity Strategy, December 2025. Viewed at: https://www.cyber.go.jp/pdf/policy/kihon-s/cs_strategy2025_abstract_english.pdf (09/02/2026).
[140] Information provided by the authorities.
[141] These are Multilateral Investment Guarantee Agency Convention; International Centre for Settlement of Investment Disputes Convention; New York Convention; OECD Invisible Operations; OECD Capital Movements; and the Energy Charter Treaty.
[142] UNCTAD, International Investment Agreements Navigator, Japan. Viewed at: https://investmentpolicy.unctad.org/international-investment-agreements/countries/105/japan (09/11/2025).

2.90. As of December 2025, Japan had 89 tax conventions covering 157 jurisdictions, including participation in the Convention on Mutual Administrative Assistance in Tax Matters. During the review period, Japan signed new conventions with Azerbaijan (2022), Algeria (2023), Greece (2023), Ukraine (2024), Turkmenistan (2024) and Armenia (2024). The conventions with Azerbaijan, Ukraine, Turkmenistan, and Armenia are new conventions replacing the existing conventions.[143]

2.91. According to the authorities, Japan's prohibition on new investment in the Russian Federation, introduced in April 2022, remains in force.

[143] MOF, Japan's Tax Convention Network. Viewed at: https://www.mof.go.jp/english/policy/tax_policy/tax_conventions/tax_convetion_list_en.html (06/01/2026).

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Customs procedures, valuation, and requirements

3.1.1.1 Customs procedures and requirements

3.1. Japan's customs procedures are highly digitalized, and their implementation continues to be guided by Japan's long-term vision SMART Customs Initiative 2020, which aims to further improve efficiency and compliance, adopt new technologies (e.g. AI for big data analysis and inspections) and enhance public-private cooperation.[1] During the review period, Japan introduced reforms to enhance transparency and tax compliance, including clarifying importers' tax obligations and strengthening oversight of cross-border e-commerce transactions.[2]

3.2. Japan has fully implemented its WTO Trade Facilitation Agreement commitments, and is party to the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures. According to the OECD, Japan ranks among the leading performers in trade facilitation within the Asia-Pacific region, and among OECD countries.[3]

3.3. The Customs and Tariff Bureau of MOF is Japan's customs authority. Customs procedures are governed by the Customs Act (Act No. 61 of 1954) and its subsidiary legislation. During the review period, the Customs Act saw various amendments to strengthen importers' tax obligations and enhance effectiveness of the regulatory framework.[4] In October 2023, Japan clarified the rules applicable to foreign importers without a legal presence in Japan (see below). Other amendments included additional requirements for customs declarations for importers with the view to clarifying existing provisions and enhancing duties and tax compliance by clearly differentiating between the importer[5] and services providers handling customs procedures. In addition, in October 2025, new information requirements for customs declarations were introduced to enhance accuracy, traceability and tax compliance, including the identification of e-commerce transactions and the platforms used. In October 2025, simplified declarations for small sea cargo shipment also entered into force.

3.4. Businesses wishing to engage in import activities are not subject to any specific registration requirement. To make a customs declaration or carry out any other customs procedures, importers must have a legal presence in Japan. Importers without legal presence must appoint an Attorney for Customs Procedures (ACP) in Japan to act on their behalf. In October 2023, Japan clarified the rules applicable to non-resident importers, by allowing customs authorities to designate an Attorney for Customs Procedures (i.e. Customs Procedure Agent) where the importer has not already done so.[6] ACP registrations can be done in presence or electronically via Japan's Single Window, known as the Nippon Automated Cargo and Port Consolidated System (NACCS).[7]

3.5. Customs declarations must be submitted in person or electronically via the NACCS, along with all supporting documentation, including an import permit or licence when applicable. Virtually all

[1] Japan Customs, SMART Customs Initiative 2020, June 2020, and its Action Plan 2022, November 2022. Viewed at: https://www.customs.go.jp/english/smart_e/smart2020.pdf; https://www.customs.go.jp/english/smart_e/index_e.htm; and https://www.customs.go.jp/english/smart_e/honbun2.pdf (9/2/2026).

[2] World Customs Organization, Permanent Technical Committee, J*apan Customs Engaging E-Commerce Stakeholders with Purpose,* April 2022. Viewed at: https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/ressources/permanent-technical-committee/243-244/item-vi-a-ecommercejapan-customs.pdf (24/11/2025)

[3] OECD (2025), OECD Trade Facilitation Indicators: Monitoring Policies Up to 2025; and OECD Trade Facilitation Indicators Simulator. Viewed at: https://sim.oecd.org/default.ashx?lang=En&ds=TFI&d1c=asiap&cs=asiap (20/11/2025).

[4] Japan customs, *Amendment to Import Declaration Items and Customs Procedure Agent System.* Viewed at: https://www.customs.go.jp/shiryo/leaflet_jimukanrinin_e.pdf (21/22/2025).

[5] Under the amendment, the actual importer name and address are required.

[6] According to the authorities, since the adoption of this amendment and as of January 2026, there have been no cases where customs had to designate an ACP.

[7] Trade Facilitation Agreement Database, *Experience sharing, Single Window for Trade Facilitation: Japan's Experience*, October 2024. Viewed at: https://tfadatabase.org/en/trade-facilitation-committee/experience-sharing/all?country=83 (20/11/2025).

import declarations are processed through the NACCS (99.9% in 2024), and this trend continued during the review period.[8] Pre-arrival declarations are optional for importers, while compulsory for carriers (shipping lines and airlines) (i.e. advance reporting system).

3.6. Hiring a customs broker to conduct customs procedures is optional. Any company or individual wishing to provide customs brokerage services must obtain a licence issued by the Ministry of Finance. To obtain this licence, companies are required to employ the necessary number of licensed customs specialists, based on the type and volume of their brokerage activities. Individuals seeking to become a licensed customs specialist must pass the relevant national examination.[9]

3.7. The NACCS is operated by a state-owned company (i.e. NACCS Center) and is a key component of Japan's customs digitalization strategy.[10][11] It integrates procedures from Customs authorities and other government entities, including six ministries, as well as port and airport authorities. The system requires paid access and stands out for its scope, being considered as one the most advanced in the region.[12] It allows to initiate customs procedures in parallel, avoiding duplication of documentation requirements and reducing the processing time. During the review period, the 7th version of the system was released (October 2025), which integrates upgrades focusing on its usability and on reflecting recent legislative amendments (see above).

3.8. Japan maintains an Authorized Economic Operator (AEO) programme under which importers can benefit from simplified customs procedures, provided they fulfil certain requirements. The programme covers importers, exporters, warehouses operators, customs brokers, and logistics operators. During the review period, it did not undergo any significant change, except for the relaxation of the conditions to duty and tax payments (i.e. a collateral is required only when necessary) (October 2024).[13] During the review period, participation in the AEO programme continued to expand, though at a relatively modest pace compared with earlier phases. Growth remained driven mainly by customs brokers, who also accounted for the largest share of AEO participants. As of May 2025, 755 trade operators held AEO status, up from 714 in April 2022. Customs brokers represented about one third of all participants, with 264 accreditations. They were followed by exporters (228), warehouses operators (151), importers (102) and logistics operators (10).[14] In 2024, imports by AEO traders (i.e. importers or customs brokers) totalled approximately JPY 83 trillion, accounting for 73.7% of total imports.[15]

3.9. As of December 2025, Japan had 13 Mutual Recognition Arrangement (MRAs) for AEO programmes in force, including with several of its main trading partners. These MRAs covered the United States, Canada, the European Union, the United Kingdom, and economies in the Asia-Pacific region, namely Australia; New Zealand; China; Hong Kong, China; the Republic of Korea; Singapore; Malaysia; Chinese Taipei and Thailand. During the review period, Japan also signed an

[8] Japan Customs Report 2025, *Annexes.* Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025).

[9] Customs Brokerage Act (Articles 2, 3, 13, 14, 23, and 31) (Act No. 122 of 1967) and its Order for Enforcement (Cabinet Order No. 237, 1967) (Article 5).

[10] Japan Customs Report 2025, *More Efficient Customs Clearance with ICT* and *Annexes.* Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025). UNESCAP (2018), Single Window for Trade Facilitation: Regional Best Practices and Future Development; and J. Koh (2024), "Comparative analysis of four advanced single windows in Asia: Hong Kong, China; Japan; Republic of Korea and Singapore", Project Documents (LC/TS.2024/85), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC).

[11] The NACCS Center is majority-owned by the Government.

[12] Japan Customs Report 2025, *More Efficient Customs Clearance with ICT* and *Annexes.* Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025). UNESCAP (2018), Single Window for Trade Facilitation: Regional Best Practices and Future Development; and J. Koh (2024), "Comparative analysis of four advanced single windows in Asia: Hong Kong, China; Japan; Republic of Korea and Singapore", Project Documents (LC/TS.2024/85), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC).

[13] Information provided by the authorities.

[14] Japan Customs Report 2025, *Further facilitating trade procedures.* Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025).

[15] Data provided for the authorities, and Japan Customs, *Transition in the Number of AEOs*. Viewed at: https://www.customs.go.jp/zeikan/seido/aeo/aeo_transition_e.pdf (19/11/2025).

AEO MRA with India (December 2024) and Indonesia (October 2025), which had yet to enter into force.[16]

3.10. Customs controls use an automated risk management system integrated in the NACCS that assigns declared goods a risk level (i.e. low/green, medium/yellow, or high/red). Low-risk goods benefit from rapid clearance and are released immediately. Medium-risk goods are subject to documentation checks, and X-ray scanning, while high-risk goods require physical inspections. Aggregate data on the processing and risk-level classification of import declarations is not publicly available. According to the latest Time Release Study, in 2024, the average time to complete customs clearance for imports (i.e. from declaration to import approval) was one hour for sea cargo, and approximately 20 minutes for air cargo.[17] In the area of IPR, enforcement controls intensified during the review period, with the number of detected IPR-infringing goods rising from 882,600 items in 2022 (i.e. 26,900 in terms of customs declarations) to 1.2 million items in 2024 (i.e. 33,000 customs declarations).[18] The majority of these goods were intercepted in postal shipments.

3.11. Importers can request advance rulings regarding a good's origin, tariff classification, and customs value.[19] Rulings are valid for 3 years from the date of issuance; related data is not publicly available. Importers may also lodge a complaint (i.e. re-investigation request) against a customs decision with the Director-General of Customs within three months of the decision. Further appeals may be submitted to the Minister of Finance within one month, and the Minister's decision may be challenged in court within six months.[20] During the period 2022-2024, 57 complaints and 10 appeals were filed, down from 88 complaints and 7 appeals during 2019-2021. Of the cases filed during 2022-2024, 24 complaints and 1 appeal were decided in favour of the complainant.[21]

3.1.1.2 Customs valuation

3.12. Japan's rules on customs valuation have not been subject to any significant change since the previous Review. These rules are described in the Customs Tariff Act, 1910 (Articles 4 to 9) (Act No. 54 of 1910).[22] They are based on the WTO Customs Valuation Agreement and specify the transaction value as the primary method to determine the value of imported goods. If this method cannot be used, the other five WTO valuation methods shall be applied in a sequential order. No public data are available on the application of the different customs valuation methods.

3.13. Importers may complain and appeal customs decisions, including concerning customs valuation, and may also request for advance rulings (see above).[23] Japan does not require pre-shipment inspection for imports.[24]

3.1.2 Rules of origin

3.14. Japan applies both non-preferential and preferential rules of origin. During the review period, both regimes remained largely unchanged.

[16] Information provided by the authorities, and Japan Customs Report 2025, *Further facilitating trade procedures.* Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025).
[17] Data provided by the authorities.
[18] Japan Customs Report 2025, *Ensuring Peoples' Security and Safety*. Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/index_e.htm (19/11/2025).
[19] Japan Customs, Advance Ruling System. Viewed at: https://www.customs.go.jp/english/advance/index.htm (19/11/2025).
[20] Japan Customs, *Customs Answers (Customs Procedure FAQs), Appeal Procedures for Appeals Against Customs Disposition*. Viewed at: https://www.customs.go.jp/tetsuzuki/c-answer/sonota/9401_jr.htm (16/1/2026).
[21] Data provided by authorities. Figures exclude procedures related to advance rulings, for which data is not publicly available.
[22] WTO document G/VAL/N/1/JPN/2, 20 September 2013.
[23] Japan Customs, *Advance Rulings on Valuation*. Viewed at: https://www.customs.go.jp/english/advance/valuation.htm (11/11/2025).
[24] In this regard, Japan clarified that it does not have any specific legislation on pre-shipment, and that the WTO notification related to this area refers to the following legislation: the Port and Harbor Transportation Business Act (WTO document G/PSI/N/1, 31 March 1995). This Act aims at the smooth execution of port transportation business and was notified to the WTO as part of "other laws and regulations" indirectly related to pre-shipment inspection.

3.15. The provisions on preferential rules of origin are set out in each of Japan's regional trade agreements (RTA), and in its GSP scheme. Although these rules vary by agreement, they are based on a common set of principles. These rules cover three main aspects: origin, consignment and certification. Under the origin criteria for its RTAs, a good is, in general, considered originating and eligible for preferential treatment, if it has been (i) wholly obtained or produced in a Party; (ii) produced in a Party exclusively from originating materials; or (iii) produced in the territory of the Parties and undergone substantial transformation when using non-originating inputs. The criteria for substantial transformation are based on a change in tariff classification, a value-added rule, and/or additional product-specific criteria such as manufacturing requirements. Accumulation with certain non-Parties may be permitted only under the Japan-UK RTA.[25] The consignment criteria define the rules that ensure goods maintain their originating status during transportation (i.e. certificate of non-manipulation), while the certification criteria refer to the verification of the certificate of origin and related administrative procedures.

3.16. Currently, twelve of Japan's RTA partners participate in more than one of its RTAs, resulting in significant overlap.[26] In these cases, businesses may, depending on the importing country, choose the most beneficial rules of origins from up to four different rules-of-origin regimes. This setup may provide flexibility to exporters, while also potentially adding complexity to Japan's network of RTAs. In terms of notifications, as of November 2025, Japan had notified the preferential rules of origin under all of its RTAs in force[27], except for those under RCEP, and the RTA with the United States.

3.17. Under the GSP's preferential rules of origin, goods qualify for preferential treatment if they (i) are wholly obtained or produced in a beneficiary economy, or (ii) have undergone substantial transformation. As with RTAs, the consignment and verification criteria also apply. In recent years, LDCs have argued that some of these criteria are relatively stringent, contributing to the underutilization of preferences, and have encouraged reforms.[28] In this context and in response to LDCs' expressed interest, in 2025, Japan notified to the WTO additional information on the consignment criteria, to enhance clarity and understanding of the legislation.[29] In 2021, the GSP scheme and its rules of origin were extended until 2031, and have been notified to the WTO.[30] An overview of tariffs under the GSP scheme is presented in Section 3.1.3.3 .

3.18. As for non-preferential rules of origin, they follow the same principles than preferential rules of origin. Under these rules, a good is considered as originating if it has been (i) wholly obtained or produced in a country, or (ii) has undergone substantial transformation. These rules are to be used for the purpose of collecting statistics and applying trade remedies, MFN rates, and origin marking.[31] In September 2025, Japan updated its WTO notification on non-preferential rules of origin using the standardized template introduced in 2024, providing a reference for others. Japan is one of the few Members that have taken this step.[32]

[25] WTO document WT/REG441/1/Rev.1, 21 April 2023.
[26] Half of Japan's RTAs show an overlap in terms of membership.
[27] During the review period there were no new notifications in this regard. All the related notifications were submitted before the current review period.
[28] WTO document G/RO/W/209, 4 October 2021.
[29] WTO document, G/RO/LDC/N/JPN/1/Rev.1/Add.1, 14 March 2025.
[30] WTO documents WT/COMTD/N/2/Add.17, 11 June 2021; G/RO/LDC/N/JPN/1/Rev.1, 12 July 2022; and G/RO/W/240, 14 October 2025.
[31] Japan customs, *Rules of Origin*. Viewed at: https://www.customs.go.jp/roo/english/index.htm (13/11/2025).
[32] WTO document G/RO/N/296, 30 September 2025.

3.1.3 Tariffs

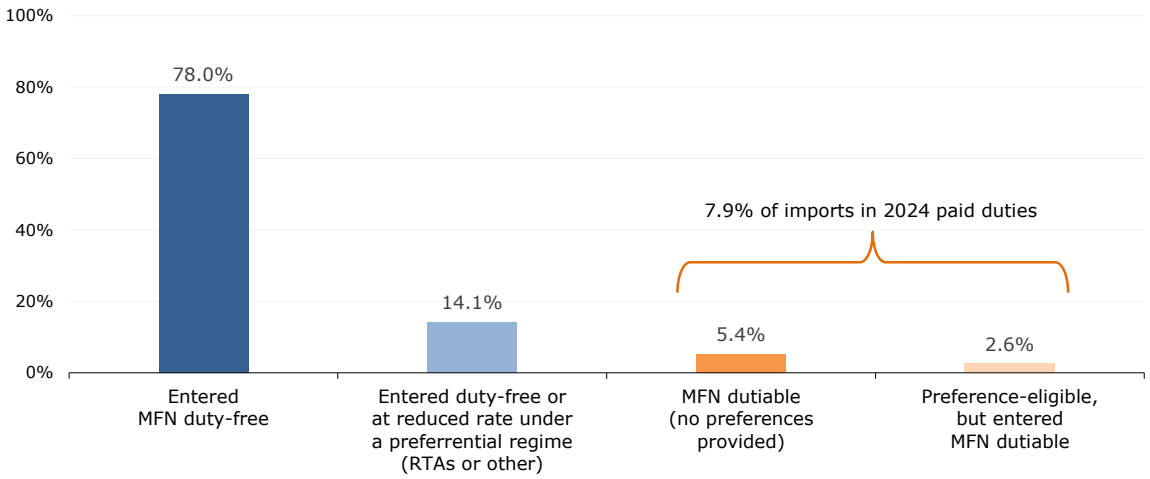
3.1.3.1 Applied MFN tariff

3.1.3.1.1 Overview

3.19. Japan grants MFN treatment to WTO and non-WTO Members, with some exceptions.[33] In 2024, nearly 80% of the value of imports entered the Japanese market duty-free on an MFN basis (Chart 3.1) while 41% of Japan's tariff lines were duty-free (Chart 3.2).[34] For 2025, the share of import value eligible for duty-free treatment remained similar, at an estimated 77.5%. In terms of revenue, customs duties play only a marginal role. In FY2024, they accounted for 1.2% (JPY 931.2 billion) of the Government's total tax revenue (1.4% in FY2022) (**Error! Reference source not found.**), highlighting their use to pursue policy rather than fiscal objectives.

Chart 3.1 Imports entering Japan's market by tariff regime, 2024

(% of total imports)



Note: Total imports cover all goods (excluding Chapters 98–99), originating from all of Japan's trading partners in 2024, including goods imported under in-quota rates. Imports entering under MFN duty-free status were identified by aligning with the FY2024 tariff information (at the 9-digit level). According to WTO notifications, total imports for 2024 amounted to USD 730.9 billion (excluding Chapters 98–99). Discrepancies may arise between this figure and that from Comtrade due to differences in data-processing procedures, notably regarding foreign exchange conversion. Tariff data follow the fiscal year (FY), while trade data follow the calendar year.

Source: WTO Secretariat estimates, based on the data provided by the authorities through WTO notification.

3.20. Japan's tariff schedule for FY2025 comprises 9,400 lines at the 9-digit level (9,467 lines in FY2022) and is based on the HS22 nomenclature (Table 3.1). During the review period, its structure and rates were not subject to any significant change. The tariff structure is complex and non-uniform, featuring over 270 distinct duty rates, many of which are relatively high. Seasonal tariffs and tariff quotas are also applied. Agriculture, leather, and footwear remain the most protected sectors.

[33] These are: Andorra, Equatorial Guinea, Eritrea, Democratic People's Republic of Korea, and South Sudan, which will be subject to general rate (or statutory rate). Aside from a "WTO rate" (bound rate) and the general rate, Japan maintains a temporary rate, which can be higher or lower than the general rate. Temporary rates apply for limited period, in general a year, and are reviewed annually based on economic considerations. The applied MFN rate is the lower between the WTO rate and the statutory rate (i.e. the general rate and the temporary rate). As of 2025, temporary rates applied to 486 lines at the HS-9 level. Japan's Customs, *Outline of Tariff and Duty Rates System.* Viewed at*:* https://www.customs.go.jp/english/summary/tariff.htm (07/11/2025).

[34] Figure provided by the authorities.

3.21. In FY2025 and based on 6-digit level data, the average applied MFN tariff was 3.9%[35], while using 9-digit level data (national level), the average was higher, at 5.4% (Table 3.1). This difference is mainly driven by the greater variations captured at the 9-digit level. Both indicators provide complementary insights: the former enables cross-country comparisons, while the latter provides a more granular view of the level of protection faced by exporters. The analysis that follows focuses on data at the 9-digit level.

Table 3.1 Main indicators of the applied MFN tariff (9-digit level), FY2022 and FY2025

(%, unless otherwise indicated)

	Applied MFN tariffs	
	FY2022 (9-digit)	FY2025 (9-digit)
Number of lines	9,467	9,400
Duty free tariff lines (% of all tariff lines)	40.9	41.0
Ad valorem tariffs (% of all tariff lines)	51.8	51.9
Non-*ad valorem* tariffs (% of all tariff lines)	7.3	7.1
Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	2.4	2.5
Tariff quotas (% of all tariff lines)	2.0	2.4
Simple average rate	6.3	5.4
▪ WTO agricultural products	18.0	14.7
▪ WTO non-agricultural products	3.4	3.2
▪ HS01-24	15.8	13.2
▪ HS25-97	3.3	3.0
Simple average rate when excluding non-*ad valorem* tariffs	4.3	4.2
Domestic tariff "peaks" (% of all tariff lines)[a]	7.0	7.0
International tariff "peaks" (% of all tariff lines)[b]	7.9	7.2
Coefficient of variation	2.9	2.2
Nuisance applied rates (% of all tariff lines)[c]	1.6	4.7

a Domestic tariff peaks are duties exceeding three times the overall simple average applied rate.
b International tariff peaks are defined as those exceeding 15%.
c Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2022 and 2025 tariff schedules are based on the HS22 nomenclature.
For the 2022 non-*ad valorem* tariffs, *ad valorem* equivalents (AVEs) were provided by the authorities.
For the 2025 non-*ad valorem* tariffs, the Secretariat estimated AVEs using 2024 import data at the 9-digit tariff level. For compound and mixed rates, the *ad valorem* component is used when AVEs are unavailable.
Calculations for the 2025 tariff analysis account for the duty-free treatment of pharmaceutical products under the WTO Pharma Agreement.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

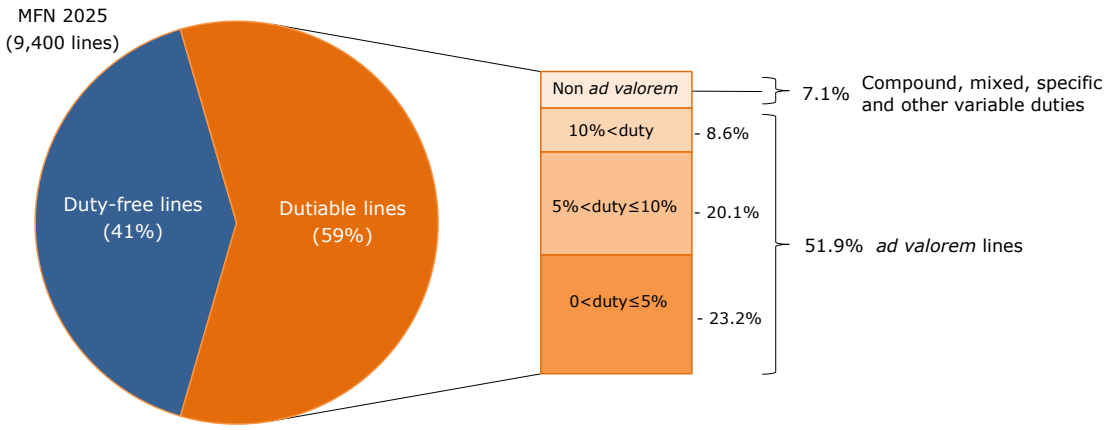
3.1.3.1.2 Structure and main features

3.22. Nearly 60% of tariff lines were dutiable in FY2025, virtually the same as in FY2022. (Chart 3.2). Of these, most were subject to *ad valorem* rates, accounting for about 52% of all tariff lines, while *non-ad valorem* duties represented 7.1%. As noted above, the average applied MFN tariff was 5.4% in FY2025, down from 6.3% in FY2022. This decline was not driven by changes in duty rates, but by lower a*d valorem* equivalents (AVE) values, particularly in agricultural products, resulting from higher unit prices and reflecting market dynamics rather than policy adjustments. AVEs were estimated for most non-*ad valorem* tariff lines.[36] Calculations were carried out using 2024-unit prices derived from import data for that year where available. Consequently, AVEs reflect the market conditions prevailing in 2024 including movements in exchange rates and commodity prices. Most dutiable lines face rates of 10% or less, representing 43% of all tariff lines.

[35] Figure as of 27 November 2025 published in WTO Tariff and Trade Data, *Profiles*, *Japan*. Viewed at: https://ttd.wto.org/en/profiles/japan (27/11/2025).

[36] AVEs could not be estimated for 228 tariff lines (out of 664 tariff lines): 106 were subject to compound duties and the rest to other non-*ad valorem* duties. For those lines subject to compound duties, the *ad valorem* component was used instead.

Chart 3.2 Applied MFN tariff structure, FY2025



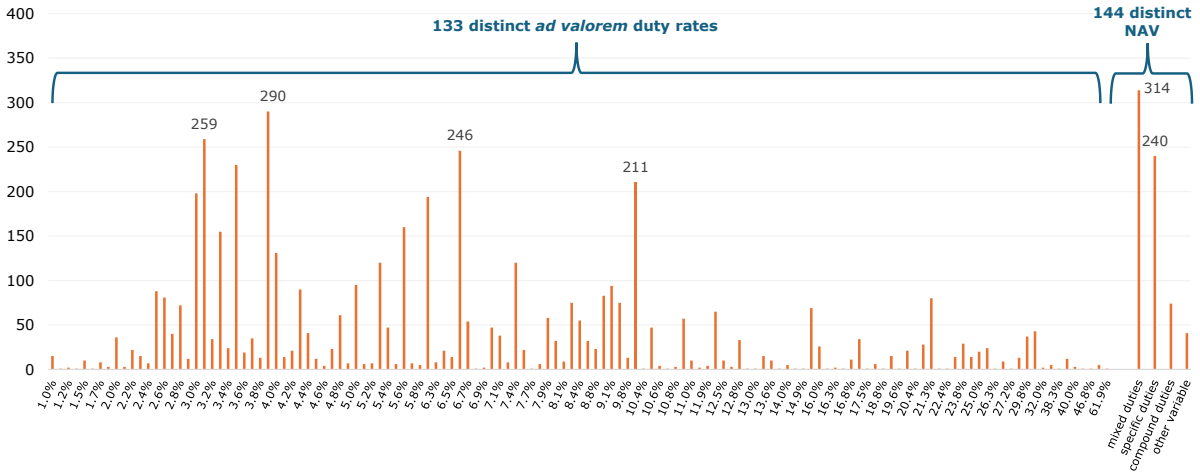
Note: Excluding in-quota rates.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

3.23. Duty rates remain highly fragmented. As of FY2025, there were 277 distinct rates, with nearly half (133) being *ad valorem* (Chart 3.3). Rates range from 1% to over 200% when AVEs are considered. The highest *ad valorem* rate is 61.9% for sugar (HS code 1702.90.110), while the highest AVE is 267.4% for certain beans (HS code 0713.39.222). Most rates see limited use: around 70% of them apply to ten tariff lines or fewer, and about quarter apply to only one line. The most common rate is 3.9% applied to about 3% of all lines (290 lines), followed by rates of 3.1% and 6.5%, which apply to 2.7% and 2.6% of all lines, respectively. Taken together, these patterns reflect the high degree of non-uniformity of the tariff structure.

Chart 3.3 Dutiable rates, FY2025

(Number of tariff lines)



Note: Excluding in-quota rates. NAV refers to non-*ad valorem* duty rates.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

3.24. Non-*ad valorem* duties (NAV) cover 7.1% of all tariff lines (or 664 tariff lines) (Table 3.1). They are diverse in form and apply to both agricultural and non-agricultural goods, which is not very common among other WTO Members. Mixed (314) and specific (235) rates make up the majority, while the remainder take the form of compound, or other variable duties.[37] The value of these variable duties depends on different criteria, including the product's composition, and the difference between a minimum reference import price and its declared customs value (i.e. gate price system).

[37] Non-*ad valorem* rates are governed by the Temporary Tariff Measures Act.

These are, for example, apply to pork products. The list of products subject to these variable duties is presented in **Error! Reference source not found.**.

3.25. Agricultural lines subject to NAV duties account for about a half of all NAV lines (352 lines) and are distributed across several HS chapters, notably dairy products (75 lines, HS chapter 4,), animal or vegetable fats and oils (39 lines, Chapter 15), preparations of cereals and flour (35 lines, HS chapter 19), and products of the milling industry (35 lines, HS chapter 11). For non-agricultural lines, NAV duties apply mainly to cotton (192 lines, HS chapter 52), fuels (37 lines, HS chapter 27), footwear (25 lines, HS chapter 64), and copper (16 lines, HS chapter 74). AVE rates[38] above 100% account for a minority of cases (around 30 tariff lines) and mostly apply to goods under tariff quotas for out-of-quota imports[39], with the highest out-of-quota rates applying to certain types of beans (267.4%, and 212.3%)[40], whey (236.3%), ground nuts (211.4%), and rice (201.7%).[41]

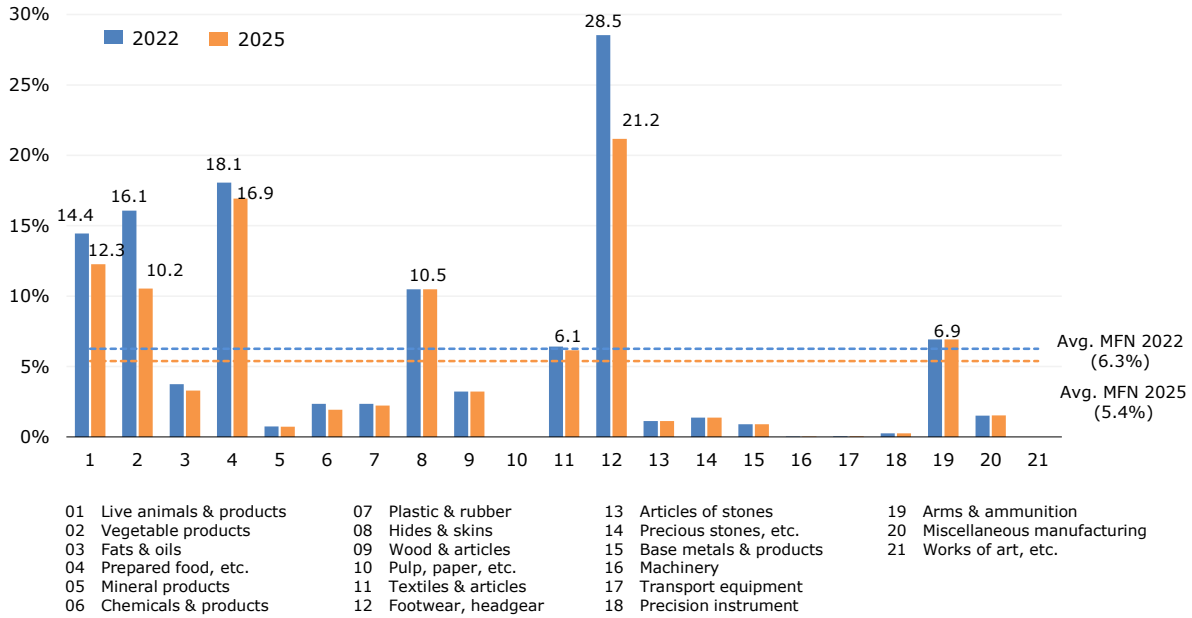
3.26. Japan maintains tariff quotas on 255 lines, some of which are applied autonomously.[42] These tariff quotas cover both agriculture and non-agriculture products, but the large majority (about 200 lines) concern agricultural products (Section 4.1). The remaining lines concern raw hides and skins, and leather products (chapter 41), silk (chapter 50), and footwear (chapter 64). For agricultural goods, out-of-quota rates are predominantly *non-ad valorem*. In contrast, for non-agricultural goods, these rates are distributed roughly evenly between *ad valorem* and *non-ad valorem* duties, with non-*ad valorem* duties applied to footwear. Seasonal rates applied to fruits (8 tariff lines), mainly fresh ones, namely bananas, oranges, grapes, grapefruits and pomelos.[43]

3.27. At the sectoral level, tariff protection continued to be significantly higher for agricultural products than for non-agricultural goods. In FY2025, the average applied MFN tariff at the 9-digit level for agricultural products (WTO definition) was 14.7%, down from 18.0% in FY2022. This rate was more than four times the average tariff for non-agricultural products, which remained almost unchanged at 3.2%. The reduction in the average applied MFN tariff for agricultural products in FY2025 was driven mainly by lower AVEs.

3.28. At the product level, this pattern was also reflected among the most highly protected items, with footwear appearing as an exception. By WTO product categories, the highest average applied MFN rate was for dairy products (47.6%), followed by sugars and sugar confectionery (33.5%), footwear (27.4%), and cereals (27.2%) (**Error! Reference source not found.**)[44], while by HS section, the highest average applied MFN rate was for footwear and headgear (21.2%). It was followed by prepared food, beverages, and tobacco (16.9%), live animals and products (12.3%) (Chart 3.4).

[38] AVE estimates are derived from 2024 unit prices, which reflect market conditions in that year (see paragraph 3.22).
[39] Except for two tariff lines which are applied to goods not subject to quotas.
[40] These product lines represent only part of the product categories covering beans.
[41] The HS codes of these lines are 071339222 and 071335299 for beans; 040410146 for whey, 120242099 for ground nuts, and 100630090 for rice.
[42] Autonomous tariff quotas are applied on an MFN basis and include 15 agricultural tariff lines, subject in general to an in-quota rate of zero.
[43] HS codes: 080310100, 080390100, 080510000, 080540000, 080610000, 081290100, 081290200, and 081290300.
[44] WTO product categories are described in WTO document WTO Multilateral Trade Negotiations (MTN) Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf (27/11/2025).

Chart 3.4 Average applied MFN tariff, by HS section, FY2022 and FY2025



Note: Calculations are based on national tariff line level (9-digit), excluding in-quota rates and including AVEs, as available. For non-*ad valorem* tariffs in FY2025, the Secretariat estimated AVEs using 2024 import data at the 9-digit tariff level.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

3.1.3.2 Bound tariff

3.29. Japan has bound nearly all its tariff lines (98%). Most bound rates are *ad valorem* duties, except for 609 lines bound using compound, mixed, specific, or variable rates.[45] Bound *ad valorem* duties range from 0% to 61.9%, and as with applied rates, they are dispersed. They comprise 134 distinct *ad valorem* rates and 123 distinct non-*ad valorem* rates. Unbound lines refer mainly to fish (HS chapter 3), mineral fuels (HS chapter 27) and wood and wood products (HS chapter 44).

3.30. Japan's applied rates continue to closely mirror these bound rates. In 2025, nearly all applied MFN tariff rates (97.3%), including those expressed as AVEs when available, were identical to their bound rates. For the small share that differed, the applied rates were below the bound levels. As a result, the average bound tariff stood at 5.6%, slightly higher than the applied MFN rate of 5.4% (Table 3.1). This reflects Japan's strong commitment to its WTO obligations, and its minimal use of available policy space. Japan's most recent certified binding commitments goes back to 2008 and are based in the HS02 nomenclature. In this regard, the authorities indicated that a new certification document is under preparation.[46] The new document will reflect multiple transpositions from HS02 to HS22.

3.1.3.3 Tariff preferences

3.31. Japan grants tariffs preferences to imports from 24 economies[47], including its main partners, under the 20 RTAs it currently has in force (Section 2.3). These agreements are diversified across regions, covering partners in the Asia-Pacific, Europe and the Americas (Canada, the United States, Mexico, Peru and Chile). They also include two major regional agreements: the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with Japan standing out as one of the major advanced

[45] The bound rates used in this section are the WTO rates, in HS22 nomenclature, submitted by the authorities to the WTO.

[46] WTO document G/MA/TAR/RS/145, 29 August 2008.

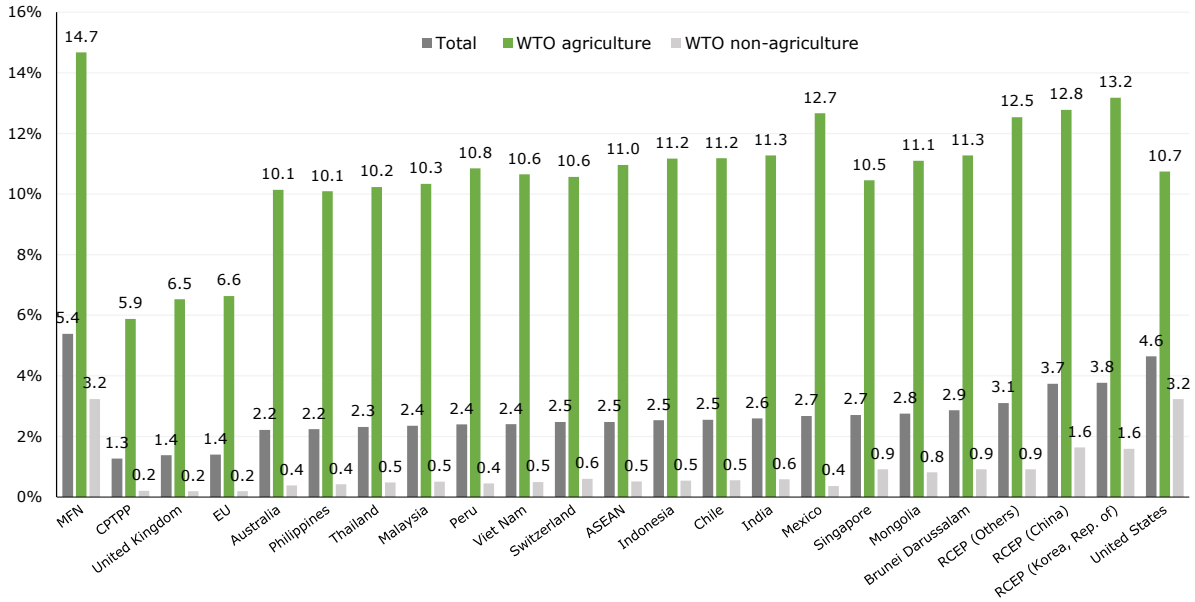
[47] Counting the European Union as one.

economies participating in both, highlighting its pursuit of deeper regional economic integration.[48] As of December 2025, no new RTAs have been signed or entered into force since the previous Review.

3.32. The RTAs in place differ in their degree of tariff liberalization, with the CPTPP, and the bilateral RTAs with the European Union and the United Kingdom being the most liberal. As of 2025, the average preferential tariff ranged between 1.3% (CPTPP) and 4.6% (Japan-United States RTA), about one percentage point below the MFN level (5.4%) (Chart 3.5). By product category, the preferential averages follow the same pattern as that of the applied MFN tariffs, with higher rates for agricultural products than for non-agricultural products. For agricultural products (WTO definition), the average preferential tariff ranged from 5.9% (CPTPP) to 13.1% (RCEP). For non-agricultural products, they range from 0.2% (CPTPP, and RTAs with the European Union and the United Kingdom)) to 3.2% (Japan-United States RTA). In terms of duty-free lines, the share of these lines stood between 45.2% (Japan-United States RTA) and nearly 90% (Japan-Australia RTA) (Chart 3.6).

3.33. For partners covered by more than one RTA, tariff conditions improve when the agreements are combined, and the most favourable duty is applied to each product. In these cases, the effective average preferential tariff falls to between 1.2% and 2.3%, compared with 2.2% to 3.1% when considering the RTAs separately (**Error! Reference source not found.**). This situation involves about half of Japan's RTAs and 12 economies (e.g. Singapore), where importers may choose from up to four different RTAs when exporting to Japan.

Chart 3.5 Average tariff under preferential agreements, FY2025

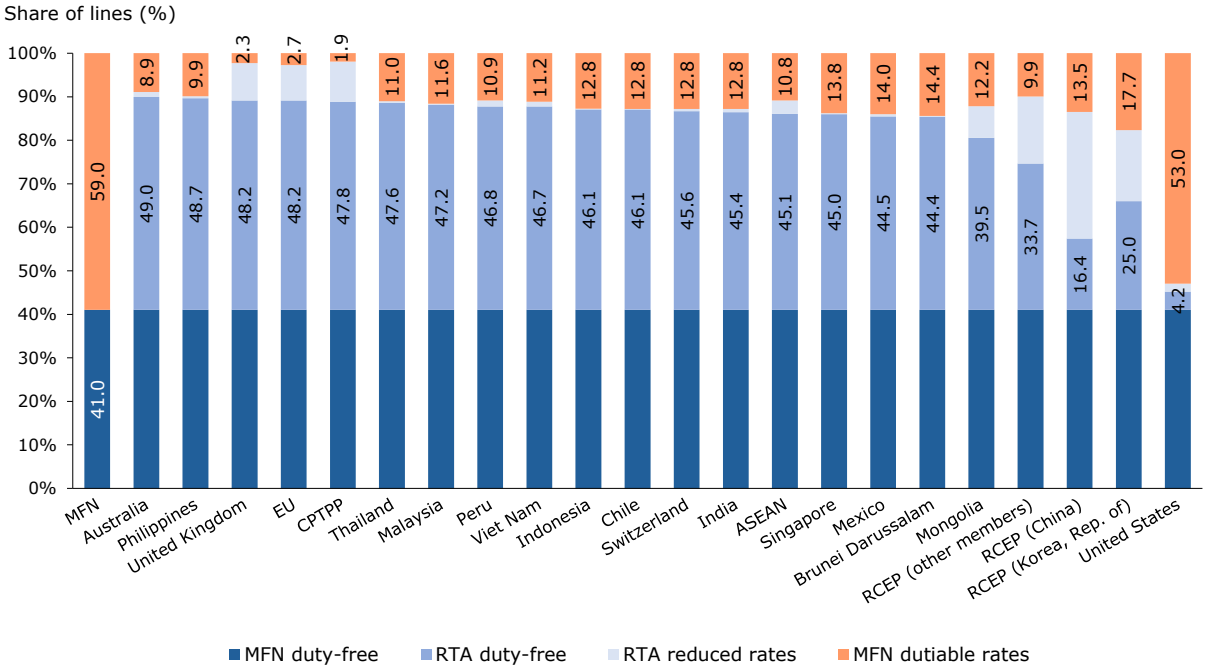


Note: Calculations are based on the 9-digit national tariff lines, excluding in-quota rates and including AVEs. AVEs are derived from 2024 import data at the 9-digit level which is available online. For compound duties, the *ad valorem* component is used when AVEs are unavailable. All calculations were based on the rates applied in FY2025.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

[48] RCEP signatories are ASEAN member States (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam), Australia, China, Japan, the Republic of Korea and New Zealand. CPTPP signatories are: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Viet Nam, and the United Kingdom (since 2024).

Chart 3.6 Tariff distribution under preferential agreements, FY2025



Note: All calculations were based on the rates applied in FY2025.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

3.34. Since the previous Review, Japan has made significant progress in implementing its RTA commitments. It has completed the liberalization schedules under six bilateral agreements, namely those with ASEAN (2023), Brunei Darussalam (2023), Indonesia (2023), the Philippines (2023), Viet Nam (2024), and Switzerland (2024). As of November 2025, implementation was ongoing for other nine RTAs, with timelines extending to 2041 and liberalization coverage ranging up to 96.3% of Japan's tariff lines (Chart 3.7). These RTAs were the RCEP, to be completed by 2041, and the CPTPP, by 2038, as well as the bilateral agreements with (end year and share of duty-free lines): India (2026, 88.9%), Peru (2027, 89.9%), Mongolia (2031, 87.7%), Australia (2034, 90.5%), the United States (2038, 52.7%), the European Union (2038, 95.8%), and the United Kingdom (2038, 96.3%).[49] A Factual Presentation summarizing the parties' liberalization commitments has been prepared for all these RTAs, except for RCEP and the Japan-United States RTA for which the notification is pending.[50] According to the authorities, for RCEP, tariff commitments will be fully implemented by 2041, with approximately 86.2% of its tariff lines becoming duty-free for China, 80.7% for Republic of Korea, and 88.5% for the other parties.[51] Under the CPTPP, about 95.9% of Japan's tariff lines will be duty-free at the end of implementation.[52]

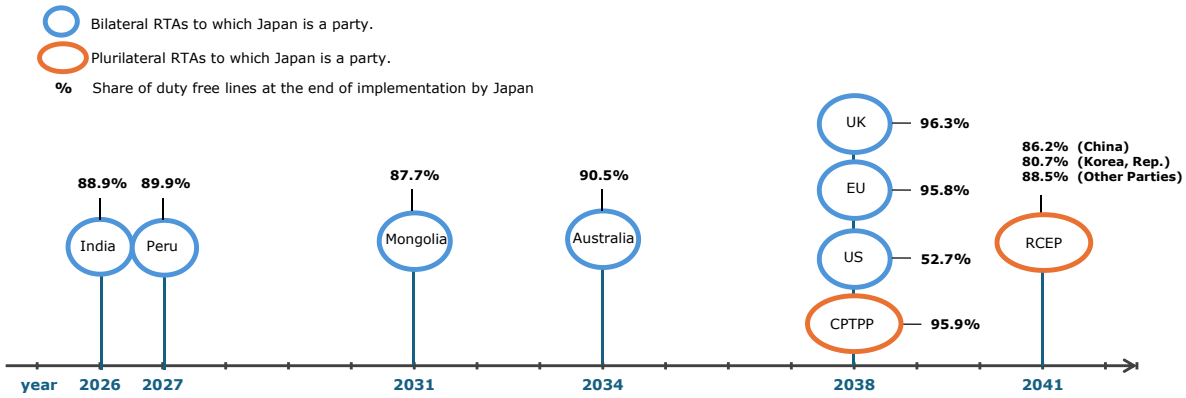
[49] The end year of implementation is based on the latest available RTA tariff liberalization schedules published on the Japan Customs website. Japan Customs, *Outline of Japan's EPA. Viewed at:* https://www.customs.go.jp/english/epa/index.htm (11/10/2025). The share of duty-free lines at the end of implementation is based on the Factual Presentation of the relevant RTA. For the Japan-US RTA, the figure was estimated by the WTO Secretariat based on Japan's tariff schedule viewed at https://www.customs.go.jp/english/epa/epa/USA.pdf (2/2/2026).

[50] WTO RTAs database, RTAs Factual Presentations. Viewed at: https://rtais.wto.org/UI/PublicMaintainRTAHome.aspx (11/09/2025).

[51] Figures provided by the authorities.

[52] WTO document WT/REG395/1/Add.3, 1 April 2021.

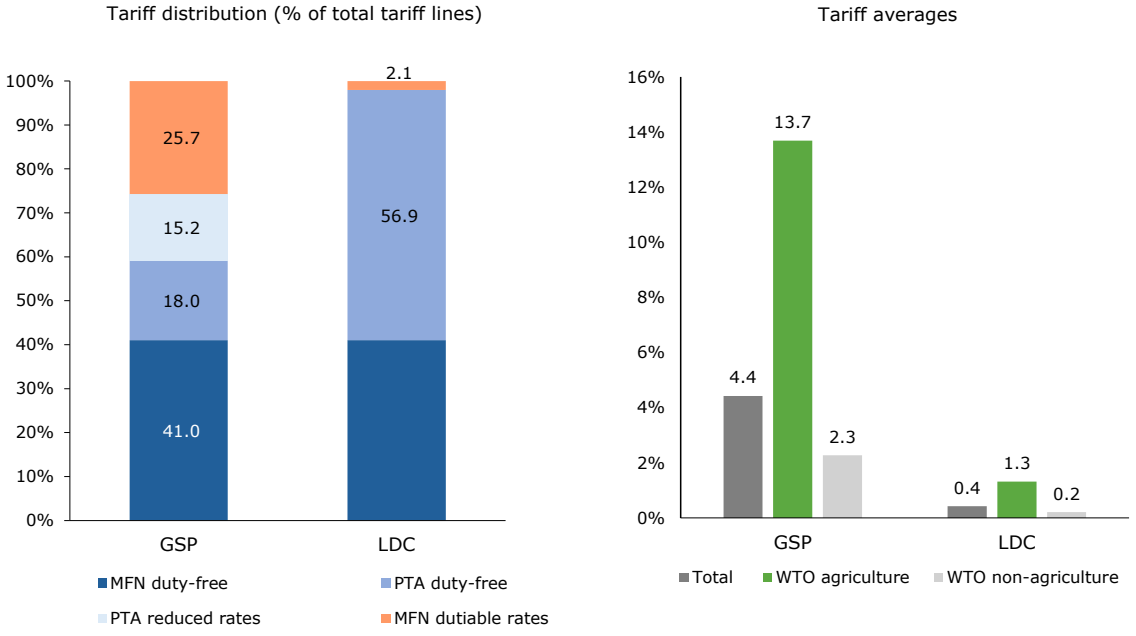
Chart 3.7 Japan's RTAs with ongoing liberalization schedules, 2025



Source: WTO Secretariat.

3.35. Japan also continues to demonstrate its strong support for developing countries through enhanced market access. It grants preferential treatment to imports from developing countries under its GSP scheme, with additional preferences for LDCs (duty-free quota-free access) (Chart 3.8 and Section 2.4.2). As of November 2025, the number of GSP beneficiaries remained almost unchanged since the previous Review: 130 total, comprising 126 countries (including 44 LDCs) and 4 territories (down from 5 territories).[53] In April 2025, Japan revised its GSP system to allow LDCs to remain beneficiaries up to three years after their graduation.[54] Previously, the transition or grace period was up to one year.

Chart 3.8 Tariffs overview under Japan GSP scheme, FY2025



Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

[53] Japan Customs, *List of GSP Beneficiaries (Countries and Territories).* Viewed at: https://www.customs.go.jp/english/c-answer_e/imtsukan/1504_e.htm (11/10/2025). Monserrat ceased to be a beneficiary in 2023 as per the graduation criteria (WTO document WT/COMTD/N/2/Add.19, 17 May 2023).

[54] Temporary Tariff Measures Act, Article 8-2 (WTO document WT/COMTD/N/2/Add.20, 7 November 2025).

3.36. In terms of GSP preference utilization, the overall rate for LDCs stood at 90.3% in 2024 (slightly higher than in 2022, 89%), though rates varied across product categories and countries.[55] In that year, LDCs imports amounted to USD 6.4 billion, and for the top ten imports, GSP utilization rates ranged between 46.9% to 100%. The categories with the highest utilization rates were nickel (HS chapter 75), fruits and nuts (HS chapter 8), apparel and clothing (HS chapter 61 and 62), while those with the lowest were articles made of textiles, sets, and worn clothing and other worn textile articles (HS chapter 63).[56] According to the authorities, there were no changes to the GSP rules of origin during the review period.

3.1.3.4 Tariff exemptions and concessions

3.37. Japan grants duty reductions or exemptions to certain imports for social and economic reasons, including to support domestic processing or stabilize prices. These exemptions were not subject to any significant change during the review period and remain regulated by the Customs Tariff Act (Act No. 54 of 1910) and the Temporary Tariff Measures Act (Act No. 36 of 1960). Under the latter, certain reductions and exemptions are subject to renewal every three years. The last revision took place in March 2023, extending the corresponding provisions for another three years until March 2026. According to the authorities, in FY2024, forgone tax revenue relating to customs duty reductions and exemptions amounted to around JPY 253 billion, equivalent to about 27% of customs duties collected.[57]

3.38. Under the Custom Tariff Act, imports eligible for duty reductions or exemptions include: (i) goods re-imported within one year after processing or repair abroad; (ii) essential items (e.g. food and apparel) during price increases; (iii) raw materials for manufacturing specific products; (iv) articles under state monopoly; (v) goods imported for temporary used and subsequently re-exported; (vi) marine products caught by Japanese vessels abroad; (vi) goods imported for scientific purposes; (v) raw materials used to produce export goods.[58] Japan also applies a *de minimis* threshold for low-value goods under which Imported goods worth less than JPY 10,000 (approximately USD 65) are exempt from customs duty and the consumption tax.[59]

3.39. Under the Temporary Tariff Measures Act, duty reductions or exemptions apply to: (i) aircraft parts and materials, as well as satellites and rockets (and their parts) imported by March 2026 (extended from 2023 under the latest revision); (ii) processed goods whose materials are exported for processing or assembly by March 2026 and re-imported within one year; and iii) goods exported for processing or repair to an RTA partner and re-imported.[60] The re-importation system for processed goods covers imports of leather products, textile products, and uppers of leather footwear containing certain materials originally exported from Japan.[61]

3.40. Japan also provides for the suspension of duties for goods imported under its bonded zones system (i.e. *Hozei* system) and no duties are levied if such goods are re-exported within the prescribed timeframes (Section 3.2.4). Additionally, Japan maintains a duty drawback system (i.e. refund system). The system applies to imported goods that are: damaged, re-exported in their original condition, claimed merchandise, or that are used as materials for export products.[62] In 2024, the total amount of refunds amounted to JPY 2.9 billion, compared with JPY 2.5 billion in 2022.[63]

[55] UNCTAD Database on GSP utilization, *Utilization by country*. Viewed at: https://gsp.unctad.org/utilizationbycountry;reporter=392;year=2024 (10/11/2025).
[56] UNCTAD, Database on GSP utilization, *Top products imported from a beneficiary*. Viewed at: https://gsp.unctad.org/majorimports;reporter=392;year=2024(10/11/2025).
[57] The amount of forgone tax revenue does not include refunds. In FY2024, total amount of customs duties collected was JPY 931.2 billion.
[58] Custom Tariff Act, Articles 10-19. A summary of these provisions is available in Japan's Customs Website. Viewed at: https://www.customs.go.jp/english/c-answer_e/imtsukan/1602_e.htm and https://www.customs.go.jp/english/c-answer_e/imtsukan/1603_e.htm (10/12/2025).
[59] Custom Tariff Act, Article 14, and Japan Customs, *Export/Import, Customs Answer (FAQ)*. Viewed at: https://www.customs.go.jp/english/c-answer_e/imtsukan/1006_e.htm (10/11/2025).
[60] Temporary Tariff Measures Act, Articles 4, 8 and 8-7.
[61] Japan Customs, *Export/Import, Customs Answer (FAQ)*. Viewed at: https://www.customs.go.jp/english/c-answer_e/imtsukan/1605_e.htm (10/11/2025).
[62] Customs Tariff Act (Article 10, 19 to 19-3, and 20).
[63] Information provided by the authorities.

3.1.4 Other charges affecting imports

3.41. In addition to tariffs, imports are subject to a consumption tax (VAT) and, where applicable an excise tax. Both taxes apply equally to imported and locally produced goods. During the review period, the regimes governing these taxes were not subject to any significant change.

3.42. The consumption tax remains at 10%, except for food, non-alcoholic beverages and newspaper subscriptions which are subject to a reduced rate of 8%.[64] The consumption tax consists of a national (7.8%) and local component (2.2%), with the national component remaining the Government's main source of tax revenue. In FY2024, the national consumption tax generated JPY 25 trillion, accounting for a third of the general account tax revenue, and about 3.9% of the country's GDP (JPY 634 trillion) (**Error! Reference source not found.** and **Error! Reference source not found.**).[65] The same year (FY), about 35.1% of this revenue was derived from imports, underscoring the importance of border collection, where the consumption tax also represented the largest share of customs receipts.[66]

3.43. Japan also applies an excise tax mainly for fiscal and environmental considerations. Products subject to an excise tax include fuels, liquors, tobacco products, vehicles, petroleum, and liquified petroleum gas. The rates take the form mainly of specific rates depending on the product (Table 3.2) and in most cases have not change singe the previous Review. In FY2024, the revenue from these taxes totalled JPY 5.8 trillion, representing about 7% of Japan's tax revenue. Of these products, the tax on gasoline was generating the largest revenue.[67] Certain services are also subject to an excise tax, and some goods may also be subject to additional local excise taxes.

Table 3.2 Products subject to excise taxes at the national level, 2025

Product categories	Applied rates 2025
Liquor tax	JPY 20,000/kl – JPY 370,000/kl. In some cases, there is a JPY 10,000 additional amount of tax per 1% of alcohol.
Tobacco tax[68]	JPY 7,622/1,000 cigarettes
Gasoline tax	JPY 28.7 per litre plus a provisional gasoline tax rate of JPY 25.1/litre. The provisional gasoline tax was abolished on 31 December 2025.
Liquefied petroleum gas tax	JPY 17.5/kg
Aviation fuel tax	JPY 15,000/kl
Petroleum and coal tax	Crude petroleum or petroleum products: JPY 2,800/kl; Natural gas or petroleum gas: JPY 1,860/tonne; Coal: JPY 1,370/tonne.
Motor vehicle tonnage tax	Applied to passenger cars (new and used): JPY 2,500/year-JPY 6,300/year for every half tonne

Note: kl: kilolitre.

Source: Information provided by the authorities.

3.1.5 Import prohibitions, restrictions, and licensing

3.44. Japan maintains import prohibitions and licensing requirements for certain goods based on both economic and non-economic reasons, including safeguarding public safety, moral values, public health, and the environment, as well as fulfilling its international commitments. These measures are mainly contained in the Customs Act, and the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949), as well as various sector-specific laws.

[64] National Tax Agency, *Information for Taxpayers, Consumption Tax*, *Basic Knowledge*. Viewed at: https://www.nta.go.jp/english/taxes/consumption_tax/01.htm (11/11/2025). The reduced rate on food does not apply to dining out.

[65] Ministry of Finance, Survey of the Settled Amount of Tax and Stamp Revenues. Viewed at: https://www.mof.go.jp/english/policy/tax_policy/account/index.htm (3/11/2025).

[66] According to the authorities, in FY2024, the consumption tax (national and local) on imported goods accounted for 82.3% of the tax revenue collected at the border in FY2024. According to the Japan Customs Report 2025, this share stood at 82% for FY2023, followed by customs duties (7%), other domestics consumption taxes (excise tax) (10.5%), and tonnage dues (i.e. port charges applied to foreign vessels) (0.1%). Japan Customs Report 2025, *Appropriate and Fair Collection of Duties and Taxes*. Viewed at: https://www.customs.go.jp/zeikan/pamphlet/report/pdf/report_003e.pdf (3/11/2025).

[67] National Tax Agency Report 2024.

[68] Comprises a tobacco tax and a special tobacco tax.

3.45. During the review period, the lists of prohibited and restricted goods remained broadly unchanged, with very few exceptions. These measures have been notified on a regular basis to the WTO, with the latest notification submitted in August 2025, in which Japan submitted its replies to the annual WTO questionnaire on import licensing procedures for 2025.[69] In 2024, Japan also submitted its biennial notification on import prohibitions and controls (i.e. procedures for quantitative restrictions) for the period 2024-2026. [70]

Import prohibitions

3.46. The list of prohibited goods is set out in Article 69-11 of the Customs Act and comprises about a dozen of product categories, including narcotics, arms, certain chemicals, counterfeit currency, IP-infringing goods, and materials harmful to public safety or morals (**Error! Reference source not found.**). The list remained largely unchanged from the previous Review, with very specific updates. For instance, in 2024, Japan expanded its import prohibition on the Russian Federation to include non-industrial diamonds of Russian origin, including those processed via third countries).[71] Other import prohibitions may also apply to certain goods (e.g. specific plants[72] and animal products[73]) under issue-specific legislation.

Import restrictions and licensing

3.47. Japan regulates the import of certain products through a non-automatic licensing system (referred to as an approval system in the legislation), under which regulated products require a certificate of import approval. These measures are governed mainly by the Foreign Exchange and Foreign Trade Act (Article 52), and its implementing legislation namely (i) the Import Trade Control Order, and (ii) the Public Announcement on the list of goods subject to approval.[74] Other issue-specific legislation may also include import approval/licensing requirements.[75]

3.48. During the review period, the list remained broadly unchanged, with few updates related mainly to trade sanctions on the Democratic People's Republic of Korea and the Russian Federation. These include extensions in 2023 and 2025 of an approval requirement for all imports from Democratic People's Republic of Korea. [76] The latest extension is valid until April 2027.[77] In 2025, the list of regulated products comprised over a dozen of product categories (**Error! Reference source not found.**), including marine goods, medicines, ethanol, and wild animal and plants. The corresponding certificate of import approval is issued by METI in coordination with other agencies as appropriate, and according to the authorities, applications can be submitted in most cases through the NACCS system.[78] Certain marine goods are subject to (quantitative) import quotas and require

[69] WTO Document G/LIC/N/3/JPN/24, 27 August 2025.
[70] WTO Document G/MA/QR/N/JPN/7, 9 October 2024.
[71] METI, Trade Control, *Japan's Export and Import measures against Russia and Belarus (Overview)*, September 2025. Viewed at: https://www.meti.go.jp/english/policy/external_economy/trade_control/pdf/overview.pdf.
[72] Ministry of Agriculture, Forestry, and Fisheries, *the Plant Protection Act*, *List of the Import Prohibited Plants*. Viewed at: https://www.maff.go.jp/pps/j/information/language_top.html (11/25/2025).
[73] Ministry of Agriculture, Forestry, and Fisheries, *Act on Domestic Animal Infectious Disease Control*. Viewed at: https://www.maff.go.jp/aqs/english/index.html (9/12/2025).
[74] The latest amendment of the "Public Announcement on items of goods subject to import quotas, places of origin or places of shipment of goods requiring import approval, and other necessary matters concerning import of goods" took place in 2025 through the METI Public Notice 162, November 2025.
[75] WTO Import Licensing Procedures Database, *Members Profile*, *Japan*. Viewed at: https://lic-public.wto.org/en/members/japan/legislations (11/26/2025).
[76] In this regard, the authorities indicated that although the measure is called a ban on imports, it is formally an import approval requirement and therefore has been notified under its licensing procedures.
[77] METI, News Releases, *Extension of Ban on Imports from and Exports to North Korea, Pursuant to the Foreign Exchange and Foreign Trade Act*, April 2023, and April 2025. Viewed at: https://www.meti.go.jp/english/press/2025/0408_001.html and https://www.meti.go.jp/english/press/2023/0407_001.html (11/25/2025).
[78] Applications to import certificates can be done online at: https://www.meti.go.jp/policy/external_economy/trade_control/05_naccs/naccs.html, available in Japanese only (11/26/2025).

an approval in addition to a licence. Quotas allocation takes places annually (FY) and for on a first-come and first-served basis for new applicants.[79]

3.49. In addition to these licensing requirements, Japan maintains a certificate system to administer agricultural imports under its tariff quotas (Section 4.1).

3.1.6 Anti-dumping, countervailing, and safeguard measures

3.50. Japan's legal framework for the application of trade remedy measures is based on the Customs Tariff Act and three main Cabinet Orders, along with their guidelines and amendments, where applicable (Table 3.3). These instruments cover anti-dumping, countervailing, and safeguard measures, and are administered by MOF and METI, with other ministries involved as applicable. This framework was supplemented in 2022 by specific provisions (Articles 30 and 48)[80] under the Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures (or Economic Security Promotion Act – ESPA, Act No. 43 of 2022) and its order for enforcement. These provisions aim to clarify the requirements for initiating *ex officio* investigations on national security considerations for specified critical goods, as defined in the legislation.

3.51. These legal instruments have been notified to the WTO, with the latest notifications covering amendments to the guidelines and relevant provisions in the ESPA and its enforcement legislation. During this period, Japan continued to use anti-dumping measures as its main trade defence instrument. Japan did not apply countervailing or safeguard measures, except for agricultural products which are covered by a special safeguard.

Table 3.3 Main legislation on trade remedies, 2025

Coverage and Legislation
Anti-dumping, Countervailing and Safeguards measures
▪ Customs Tariff Act, 1910, last amended in 2023 (Articles 7 to 9).
▪ Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (known as the Economic Security Promotion Act), 2022 (Articles 30 and 48)[a]
▪ Order for Enforcement of the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures, 2022 (Article 7)[b]
Anti -dumping
▪ Cabinet Order Relating to Anti-dumping Duties
▪ The Guidelines for Procedures Relating to Anti-dumping Duties (Updated in 2023)[c]
Countervailing measures
▪ Cabinet Order Relating to Countervailing Duties
▪ The Guidelines for Procedures Relating to Countervailing Duties (Updated in 2023)[c]
Safeguards measures
▪ Cabinet Order Relating to Emergency Duties
▪ The Guidelines for Procedures Relating to Emergency Measures

a The Economic Security Promotion Act (Act No. 43 of 2022) was promulgated on 18 May 2022. WTO documents G/ADP/N/1/JPN/2/Suppl.12, G/SCM/N/1/JPN/2/Suppl.11, G/SG/N/1/JPN/2/Suppl.4, 11 June 2023.

b The Order for Enforcement of the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (Cabinet Order No. 394 of 2022) was promulgated on 23 December 2022. WTO documents G/ADP/N/1/JPN/2/Suppl.13, G/SCM/N/1/JPN/2/Suppl.12, G/SG/N/1/JPN/2/Suppl.5, 11 July 2023.

c WTO documents G/ADP/N/1/JPN/2/Suppl.11, G/SCM/N/1/JPN/2/Suppl.10, 4 July 2023.

Source: Compiled by the WTO Secretariat.

3.52. Other than the clarification on *ex officio* investigations, the procedures for imposing trade remedy measures under the existing system were not subject to any significant change during the review period. MOF is responsible for receiving requests by domestic producers to initiate an investigation regarding foreign trade practices and handles the process jointly with METI, and other ministers when applicable. For AD and CV cases, MOF and METI may initiate an investigation upon

[79] METI, *Import quota for marine products and First-come, first-served allocation*. Viewed at: https://www.meti.go.jp/policy/external_economy/trade_control/03_import/04_suisan/index.html and https://www.meti.go.jp/policy/external_economy/trade_control/03_import/04_suisan/about/senchaku.html (10/02/2026).

[80] Article 30 under ESPA entered into force in August 2022, while Article 48 entered into force in December 2022.

a request by domestic producers, or *ex officio* when there is sufficient evidence of imports of dumped or subsidized goods, and the existence of injury, and the Government acknowledges the necessity of initiating an investigation. Investigations are carried out by a team composed of relevant officials of MOF, METI, and other relevant ministries, as appropriate. These measures may be imposed for a maximum of five years and can be renewed following a review (Articles 7 and 8 of Customs Tariff Act). For SG measures, procedures are broadly similar: investigations may be initiated *ex officio*, but there is no formal mechanism for domestic producers to request an investigation. Safeguard measures may be applied for up to four years and may be extended for another four years (Article 9 of Customs Tariff Act).

3.53. The requirements for applying trade remedies on national security considerations are described in the ESPA (Article 30). The provisions entered into force in August 2022 and apply to specified critical products as defined in the legislation and allows investigations to be initiated *ex officio* through a request of a competent minister. Under this mechanism, the minister responsible for the good concerned may request the Minister of Finance to initiate an investigation, provided that there is sufficient evidence of dumping, subsidization, or increased imports and that action is deemed necessary to protect "the security of the nation and its citizens".[81]

3.54. During the period 2023-2025, Japan initiated seven AD investigations, one in 2024 and the rest during the second half of 2025 (Table 3.4).[82] The investigation of 2024 concluded in 2025 with the imposition of duties. Japan has reported this measure, along with seven others, bringing the total number of AD measures in force to eight as of November 2025. These AD measures applied mainly to chemicals and steel products. They were imposed on imports from China (5 measures) and the Republic of Korea (3 measures), and about half of them were extensions of existing ones, with some in place since 2008. During this period, three AD measures on steel products and chemicals were terminated. Two of them had been imposed on imports of steel products from China and from the Republic of Korea, while the other had been imposed on imports of chemicals from China.[83]

Table 3.4 New anti-dumping investigations, November 2022-December 2025

Subject product	Exporter	Investigation		Measure in force since
		Month/year of initiation	Status	
Bisphenol A	Republic of Korea and Chinese Taipei	08/2025	Ongoing	n.a.
Hot-dipped galvanized steel coil, sheet and strip	China and Republic of Korea	08/2025	Ongoing	n.a.
Nickel-added cold-rolled stainless-steel coils, sheets, and strips	China and Chinese Taipei	07/2025	Ongoing	n.a.
Graphite electrodes	China	04/2024	Concluded	02/07/2025

n.a. Not applicable.

Source: WTO Secretariat based on most recent notification. WTO document G/ADP/N/419/JPN, 5 February 2026, and MOF website, Anti-dumping Duty. Viewed at: https://www.mof.go.jp/english/policy/customs_tariff/traderemedy/anti-dumping-duty.htm (31/12/2025).

3.55. In the areas of safeguards and countervailing measures, Japan has a long-standing practice of not using such instruments under the WTO Agreements on Safeguards, and on Subsidies and Countervailing Measures, with only a few specific exceptions.[84] This trend continued between

[81] Order for Enforcement of the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures, 2022 (Article 7).

[82] Procedures concerning various partners are counted as separate investigations.

[83] WTO documents G/ADP/N/384/JPN, 10 August 2023; and G/ADP/N/419/JPN, 5 February 2026.

[84] In the area of safeguards, since 1995, Japan had initiated only one investigation (in 2000) and has never applied any safeguard measure under the WTO Agreement on Safeguards. WTO, *Safeguard measures*, *Statistics on safeguard measures*. Viewed at: https://www.wto.org/english/tratop_e/safeg_e/safeg_e.htm (14/11/2024). In the area of countervailing measures, Japan applied such measures in 2006. WTO, *Subsidies and countervailing*, *Statistics on countervailing actions*. Viewed at: https://www.wto.org/english/tratop_e/scm_e/scm_e.htm (14/11/2024).

January 2023 and November 2025, with no investigations initiated and no measures applied in either area.[85]

3.56. At the same time, Japan maintains a reservation under the WTO Agreement on Agriculture allowing the use of special safeguards on 121 agricultural tariff lines at the HS 6-digit level[86], and as in previous years, it applied this mechanism annually during 2022-2025 (Section 4.1).[87] According to its WTO notifications in FY2025, it applied special safeguards to 9 products lines at the 6-digit level (compared with 6 tariff lines in FY2023), notably dairy products, certain beans, products of the milling industry and cereal and flour preparations.

3.57. In terms of notifications, during the period 2023-2025, Japan regularly submitted semi-annual reports on AD and CV[88] actions, as well as *ad hoc* notifications under the WTO SG Agreement, to the relevant WTO committees.

3.2 Measures directly affecting exports

3.2.1 Customs procedures and requirements

3.58. The legal framework governing customs procedures and requirements is the same as that for imports, namely the Customs Act and its implementing legislation. During the review period, Japan made enhanced regulatory requirements for foreign exporters (as with foreign importers) and advanced the digitalization of certain trade procedures, notably regarding RTAs' origin certification. Apart from these measures, there were no other significant changes in this area.

3.59. Export declarations may be submitted electronically via the NACCS or by email, along with all supporting documents, including, where applicable, an export licence or permit. Licences/permits can be requested online (see below and Section 3.2.3). As with importers, exporters residing abroad wishing to carry out customs procedures must appoint an "Attorney for Customs Procedures" (ACP) to act on their half. Since October 2023, customs authorities are allowed to designate an ACP, if the exporter has not designated one. With this amendment, Japan aims to enhance effectiveness of the regulatory framework, notably regarding tax compliance (Section 3.1.1).

3.60. Exporters, like importers, can benefit from simplified customs procedures when granted AEO status (Section 3.1.1). As of May 2025, 228 exporters held AEO status. They generated JPY 82,433 million exports, which represented 77% of total exports in 2024. Japan currently has 13 Mutual Recognition Arrangement (MRAs) for AEO programmes in force, all of which were signed prior to signed prior 2022 (Section 3.3.3). Dring the review period, Japan signed two additional AEO MRAs, one with India in 2024, and another with Indonesia in 2025. As of the time of writing, neither agreement has entered into force.

3.61. Certificates of origin (COs) under Japan's RTAs are issued by the Japan Chamber of Commerce and Industry (JCCI). Applications can be submitted online through the JCCI website.[89] To streamline certification procedures, since 2022, Japan has been gradually digitalizing the issuance of certificates (to PDF format). As of December 2025, this was possible for nine RTAs: RCEP (January 2022, all parties), Japan-India RTA (July 2023), Japan-Australia RTA (June 2024), Japan-Chile RTA (February 2024), Japan-Malaysia RTA (July 2023), Japan-Viet Nam RTA (September 2023), Japan-ASEAN RTA (for Viet Nam since September 2023 and Malaysia since July 2023), Japan-Mongolia RTA (May 2025) and Japan-Mexico RTA (November 2025).[90] At the same time, Japan enabled the data

[85] The latest WTO notification to the Committee on Subsidies and Countervailing Measures (G/SCM/N/436/Add.1) covers the period January-June 2025 and was circulated on 16 October 2025.

[86] WTO document G/AG/NG/S/9/Rev.1, 19 February 2002.

[87] WTO documents G/AG/N/JPN/281, 26 April 2023; G/AG/N/JPN/289, 29 April 2024; and G/AG/N/JPN/300, 30 April 2025.

[88] Japan's most recent WTO notifications of its semi-annual reports on anti-dumping and countervailing actions cover the period January–June 2025. The anti-dumping report is contained in WTO documents G/ADP/N/412/JPN, 16 September 2025; and the countervailing report in G/SCM/N/436/Add.1, 16 October 2025.

[89] Japan Chamber of Commerce and Industry, *Apply for Issuance of Specified Certificates of Origin*. Viewed at: https://www.jcci.or.jp/gensanchi/7.html (09/12/2025).

[90] METI Certificates of Origin are shifted to issuance in PDF format under EPAs for India and Malaysia. Viewed at: https://www.meti.go.jp/english/press/2023/0414_004.html (09/12/2025), and Japan-Mexico Digitizes Certificates of Origin for Mexico Based on EPA. Viewed at:

exchange of COs for the Japan-Indonesia RTA (June 2023) and the Japan-Thailand RTA (November 2025).[91] For certain RTAs, exporters can benefit from a self-certification system. This is the case for Japan-Australia RTA, CPTPP, Japan-EU RTA, Japan-United Kingdom RTA, RCEP (only with Australia, Republic of Korea, and New Zealand), and Japan-United States RTA.

3.2.2 Taxes, charges, and levies

3.62. Japan does not apply any export taxes, charges, or levies.

3.2.3 Export prohibitions, restrictions, and licensing

3.63. Japan applies export prohibitions and licensing requirements to certain goods, as well as technologies for national and international security as well as to fulfil its commitments under international agreements. As with imports, these measures are regulated mainly by the Customs Act, and the Foreign Exchange and Foreign Trade Act, and its implementing legislation, as well as topic-specific legislation. The lists of prohibitions and licensing requirements for general goods remained largely unchanged, with only a few updates. In contrast, Japan revised the licensing system for dual-use goods and technologies to broaden its scope and incorporate economic security considerations. In terms of WTO notifications, Japan reported updates concerning general goods and submitted the biennial notification on export prohibitions and controls (i.e. procedures for quantitative restrictions) for the period 2024-2026.[92]

3.64. In 2025, export prohibitions were applied to a very limited number of product categories under the Customs Act, namely narcotics, psychotropic substances, child pornography goods that infringe IPRs, and goods prescribed under the Unfair Competition Prevention Act, which also relate to cases associated to IPR infringement. The list remained unchanged since the previous Review.[93]

3.65. As for licensing requirements, in 2025, the list of goods requiring a non-automatic export licence comprised over 20 broad product categories mainly under the Foreign Exchange and Foreign Trade Act (**Error! Reference source not found.**). The list was not subject to any significant change since 2022, with only few updates related mainly to trade sanctions on the Democratic People's Republic of Korea and the Russian Federation. The export prohibition applying to the Democratic People's Republic of Korea was extended in 2023 and 2025, with the last one valid until April 2027.[94] Japan also expanded the scope of export prohibitions applied to the Russian Federation to include, for instance, goods that may strengthen its industrial capacity, with the most recent revision dated September 2025.[95] Although, in principle, a prohibition, this measure is formally implemented through an export approval requirement.[96]

3.66. In addition to this list and under the same Act, Japan maintains a system of export controls for dual-use items and their technologies, as well as other less sensitive items, based on international and national security considerations (Box 3.1).[97] During the review period, Japan revised this system, notably in 2023 and 2025, to broaden its scope to include economic security objectives.

---

https://www.meti.go.jp/policy/external_economy/trade_control/boekikanri/gensanchi/20250902.html (09/12/2025).

[91] METI, *First Ever the Certificate of Origin Data Exchange Under the Japan-Indonesia EPA to Be Implemented in Japan*. Viewed at: https://www.meti.go.jp/english/press/2022/1227_002.html (09/12/2025).

[92] WTO Document G/MA/QR/N/JPN/7, 9 October 2024.

[93] Article 69-2 of the Customs Act, WTO document G/MA/QR/N/JPN/7, 9 October 2024; and Japan customs, *Prohibited and Restricted Items*. Viewed at: https://www.customs.go.jp/mizugiwa/kinshi.htm (05/12/2025).

[94] METI, News Releases, *Extension of Ban on Imports from and Exports to North Korea, Pursuant to the Foreign Exchange and Foreign Trade Act*, April 2023, and April 2025. Viewed at: https://www.meti.go.jp/english/press/2025/0408_001.html and https://www.meti.go.jp/english/press/2023/0407_001.html (11/25/2025).

[95] METI, Trade Controls, Japan's Export and Import measures against Russia and Belarus (Overview). Viewed at: https://www.meti.go.jp/english/policy/external_economy/trade_control/pdf/overview.pdf (26/01/2026).

[96] Foreign Exchange and Foreign Trade Act, Article 48(3).

[97] The Export Trade Control Order and Foreign Exchange Order set out the lists of dual-used goods and associated technologies, respectively, including those under international agreements to which Japan is party to (e.g. the Wassenaar Arrangement) (refer to "List controls"); as well as the lists of non-listed items for goods and technologies that are likely to be used for military purposes (refer to "Catch-all controls").

Box 3.1 Overview of Japan's security export control system

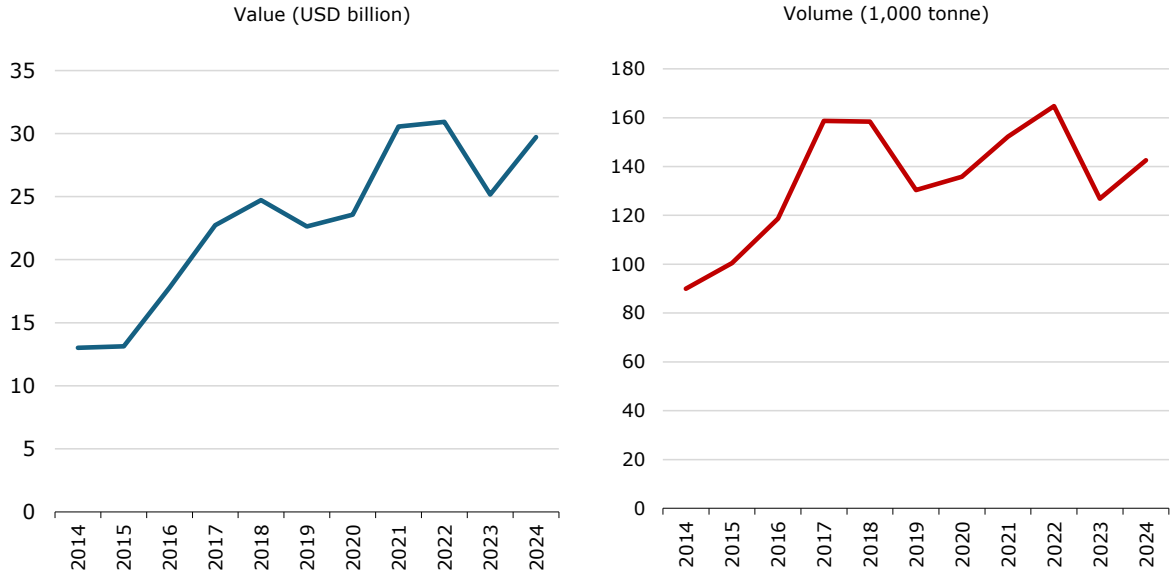
Japan's security export control system was established with a view to safeguarding international peace and security and in general is based on international export control regimes. It is governed by the Foreign Exchange and Foreign Trade Act (Articles 25 and 48), and its implementing legislation, namely the Export Trade Control Order, the Foreign Exchange Order and the corresponding Ministerial Order[a] specifying the goods and technologies falling under the legislation. The system defines a list of dual-use items and their associated technologies (refer to "list controls"), as well as a list of other less sensitive items (non-listed goods and technologies) that present a risk of being used for military purposes (refer to "Catch-all controls"). The list of dual-use items comprises 15 product categories: namely: arms, nuclear power, chemical weapons, biological weapons, missiles, advanced materials, material processing, electronics, computers, telecommunications, sensors, navigations devices, marine, propulsion units, miscellaneous, and sensitive items. Items covered by this system require an export licence from METI. Licences can be individual or bulk depending on the type of item, the end-use and the importer. During the review period, its system focus was expanded to incorporate economic security considerations.

a Ministerial Order Specifying Goods and Technologies Pursuant to the Provisions of the Appended Table 1 of the Export Trade Control Order and the Appended Table of the Foreign Exchange Order.

Source: METI, Security Export Guidance, Second edition, January 2025. Viewed at: https://www.meti.go.jp/policy/anpo/seminer/shiryo/guidance_english.pdf (09/12/2025).

3.67. With this aim, in July 2023, Japan expanded the list of dual-use items subject to export control by adding 23 items of advance semiconductors manufacturing equipment (and their technologies), which require an export licence regardless of the destinations.[98] While this measure is relatively recent and there is no empirical analysis regarding its effects on trade, Japan's exports of inputs for semiconductors (HS code 8486) saw a decline in 2023, both in value and quantity, before increasing again in 2024 (Chart 3.9). In May 2025, 21 other items were added to the list of controlled dual-use items, which mainly related to advanced semiconductors and quantum computers.[99]

Chart 3.9 Exports of semiconductor manufacturing equipment (HS code 8486)



Source: WTO Secretariat calculations, based on Ministry of Finance, Trade Statistics of Japan. Viewed at: https://www.customs.go.jp/toukei/srch/indexe.htm (11/12/2025).

3.68. In 2025, Japan made also revisions to strengthen export controls for less sensitive items and their technology but with a high risk of dual-use application (i.e. catch-all controls).[100] One of the most notable changes took place in October 2025, when it expanded the scope of the required end-

[98] METI White Paper 2024, *Section 2 - Trends in export and investment control policies by major countries*. Viewed at: https://www.meti.go.jp/english/report/data/wp2024/pdf/2-1-2.pdf (08/12/2025). This amendment was made through the Goods and Technologies Specifications Ministerial Ordinance.

[99] Information provided by the authorities.

[100] METI, *Trade Control*. Viewed at: https://www.meti.go.jp/english/policy/external_economy/trade_control/index.html#oth (08/12/2025).

use and end-user assessments for such items, thereby broadening the circumstances under which a licence may be required.

3.69. In addition to these exports controls on technology, Japan also introduced a prior notification system in December 2024 for the transfer of technology abroad for selected sectors also under the Foreign Exchange and Foreign Trade Act (Section 4.4.1).

3.70. The application for export licences, including those for items under the security export control system, can be done online through the NACCS system.[101] Licence applications for general goods can also be done by email.

3.2.4 Export support and promotion

3.71. Japan supports exporters and firms seeking to expand their businesses overseas through a range of services. The main services provided are capacity-building, business-matching, market intelligence, advisory services, and promotional activities, such as trade fairs. These programmes are administered mainly by the Japan External Trade Organization (JETRO)[102], Japan's investment and trade promotion agency, as well as by METI. According to the authorities, Japan does not maintain any export subsidy programmes. Japan has further notified that it did not grant any export subsidies to agricultural products between FY2022-FY2024.[103]

3.72. During the review period, Japan introduced the "10,000 New Exporters Support Programme" (December 2022) to assist SMEs through comprehensive advisory and strategic guidance services, including providing information on other relevant support programmes from which they could benefit.[104] The list of support programmes for firms wishing to expand abroad can be found on the websites of JETRO[105] and METI.[106] The latter also includes financial support schemes available to firms more broadly, such as the Monozukuri grant scheme which aims to enhance firms' productivity in "manufacturing, commerce, and services". One component supports overseas expansion by covering a portion of eligible costs, including the installation of production equipment and marketing activities.[107]

3.73. Japan continues to operate its bonded zones system (i.e. *Hozei* system) under which imported goods may be stored, processed, manufactured, or used for other authorized activities. Goods imported into Japan in bonded zones do not pay duties and taxes provided they are re-exported, afterwards, in accordance with the established time frames. This system plays a key role in Japan's logistics and supply chain participation strategy and has not been subject to any significant change since the previous Review.[108] As of April 2024, Japan maintained various type of bonded zones, including 89 designated bonded areas, 4,624 customs warehouses, 193 customs factories, and 4 integrated bonded areas. Data on exports and imports through bonded zones are not available. Additionally, Japan maintains a drawback system, and offers duty reductions or exemptions in specific cases to support exports (Section 3.1.3.4).

3.74. Japan has one International Logistics Hub Industrial Cluster Area in Okinawa under its legislation.[109] Under this regime, importers of goods manufactured in bonded zones established

[101] METI. NACCS Electronic Application. Viewed at: https://www.meti.go.jp/policy/external_economy/trade_control/05_naccs/naccs.html (08/12/2025).
[102] JETRO, *Activities*. https://www.jetro.go.jp/en/jetro/activities/business/ and https://www.jetro.go.jp/en/jetro/activities/agri/ (10/02/2026).
[103] WTO documents G/AG/N/JPN/284, 6 June 2023; G/AG/N/JPN/307, 15 December 2025; and G/AG/N/JPN/308, 15 December 2025.
[104] Guidebook 10,000 New Exporters Support Program, *Subsidies for Export-Related Costs* (in Japanese). *Viewed at:* https://www.jetro.go.jp/ext_images/ichiman-export/pdf/2025/guidebook_A4.pdf (11/12/2025)
[105] JETRO, *Services*. Viewed at: https://www.jetro.go.jp/services/list.html (11/12/2025).
[106] METI, *Overseas expansion support measures* (in Japanese). Viewed at: https://www.kanto.meti.go.jp/seisaku/kaigai_tenkai/shien_sesaku.html (24/02/2026).
[107] Portal Monodukuri. Viewed at: https://portal.monodukuri-hojo.jp, and https://www.jetro.go.jp/ext_images/ichiman-export/pdf/2025/guidebook_A4.pdf (11/12/2025).
[108] METI, *Overview of the Bonded System.* Viewed at: https://www.customs.go.jp/tetsuzuki/c-answer/sonota/9203_jr.htm (11/12/2025).
[109] The authorities indicated that Japan no longer has a system called special free trade zone.

under this cluster area are eligible to duties incentives (i.e. lower duties either on the raw materials or on the finished products) and reduced permit fees.[110]

3.2.5 Export finance, insurance, and guarantees

3.75. Japan's trade finance system includes two official export credit agencies, the Japan Bank for International Cooperation (JBIC), and the Nippon Export and Investment Insurance (NEXI). Both institutions are wholly owned by the Government and are referred to as "Special Companies" within the Government's administrative structure (Section 3.3.5).[111] During the review period, Japan expanded the functions of JBIC, as well as the activities of NEXI to enhance economic resilience and support sectors identified as critical by the Government. These changes reflect the broader evolution of these entities' activities in line with the country's economic and development objectives.

3.76. JBIC specializes in providing financial support to exporters, importers, and Japanese companies in their overseas operations, as well as overseas projects that advance Japan's economic foreign policies.[112] Its financial products include loans, equity investments, and guarantees. JBIC follows OECD arrangements for export and other types of loans. For non-export loans, SMEs may benefit from preferential rates and other favourable conditions (e.g. no collateral or guarantee required), such loans include those promoting overseas development or enhancing international competitiveness.[113] In terms of assets, JBCI's total assets amounted to JPY 20.4 trillion as of March 2025, placing it in the category of medium-size financial institution within Japan. Its outstanding loans and equity investments reached JPY 15.7 trillion in March 2025, compared with JPY 15.1 trillion in March 2022.[114]

3.77. During the review period, JBIC strategy focused on strengthening supply chains in key sectors such as semiconductors, electric vehicles, and batteries, including through overseas expansion and strategic M&A. It also supported energy supply, and decarbonization by supporting renewable energy, as well as other industries such as food and healthcare. [115] In terms of activities, overseas investments loans remain the main JBIC product, accounting for about 74% of the loans, equity investments and guarantees committed in FY2024, compared with 80% in FY2022.[116] They are followed by untied loans (13% in FY2024, 3% in FY2022)[117], and guarantees (8%). The share of export loans was marginal (1%). The main sectors of overseas investments loans were in manufacturing, (electrical machinery and natural resources, notably natural gas and copper).[118] During the review period, JBIC continued to promote international cooperation, and signed agreements with the International Finance Corporation in 2024 to promote sustainability, supply chains resilience, and innovation.

3.78. In April 2023, Japan amended the JBIC Act (Act No. 39 of 2011) to broadens JBIC's role in strengthening Japan's economic security, resilience, competitiveness and innovation, notably by enhancing support for the overseas activities of domestic firms. The amendments include: (i) easing conditions for lending to eligible foreign companies that support Japanese companies abroad and their supply chains; (ii) allowing JBIC equity investments and bond purchases from domestic start-

[110] Information provided by the authorities.
[111] Japan's Cabinet Secretariat, *Administrative Structure Diagram, List of special corporations as of July 2025*. Viewed at: https://www.cas.go.jp/jp/gaiyou/jimu/jinjikyoku/satei_01_05.html and https://www.cas.go.jp/jp/gaiyou/jimu/jinjikyoku/kikouzu_202508/23.pdf (10/02/2026).
[112] Loans to support overseas investment can be granted directly to Japanese companies willing to invest abroad, and their overseas affiliates, or through foreign governments or financial institutions in specific countries. JBIC products can be viewed at: https://www.jbic.go.jp/en/support-menu/index.html (4/11/2025).
[113] JBIC, Data Book 2025. Viewed at: https://www.jbic.go.jp/en/information/image/JBICD25_en04_print_all_A4.pdf (4/12/2025).
[114] JBIC, *Integrated Report 2025*. Viewed at: https://www.jbic.go.jp/en/information/image/JBICR25_en01_all_A3.pdf (4/12/2025). JBIC, *Annual Report 2022*. Viewed at: https://www.jbic.go.jp/en/information/image/2022E_m00_full.pdf.
[115] JBIC, *Integrated Report 2025*. Viewed at: https://www.jbic.go.jp/en/information/image/JBICR25_en01_all_A3.pdf (4/12/2025).
[116] JBIC, *Annual Report 2023*. Viewed at: https://www.jbic.go.jp/en/information/image/2023E_m00_full.pdf (4/12/2025).
[117] Untied loans are loans that do not require the borrower to purchase equipment or materials from a Japanese company.
[118] JBIC, Data Book 2025.

ups and other companies engaged in business abroad; and (iii) permitting JBIC to provide credit guarantees for loans granted by international institutions.[119]

3.79. JBIC activities are complemented by NEXI, which provides trade insurance products covering risks related to overseas transactions. NEXI's main types of insurances comprise export credit insurance, overseas investment insurance and loan insurance.[120] In July 2023, NEXI expanded the scope of its activities to support domestic firms' overseas expansion by introducing a new programme. Under the latter, NEXI can provide loan insurance to Japanese financial institutions for domestic loans granted to companies that intend to expand their operations abroad in areas that support: (i) supply chain resilience; (ii) decarbonization, and/or (iii) start-ups expansion.[121] In FY2024, the total committed amount was approximately JPY 7.6 trillion, while outstanding insurance commitment was approximately JPY 15.5 trillion, among the highest amounts since NEXI's incorporation in 2017. The main products were export credit insurance (JPY 6.8 trillion in FY2024), and overseas untied loan insurance (JPY 5.5 trillion).[122]

3.80. In addition to JBIC and NEXI, several other public entities provide financial support to businesses, including those that do not export. These include financial institutions that provide loans such as the Japan Finance Corporation (JFC); as well as regional Credit Guarantee Corporations that guarantee bank loans to businesses. Among the largest credit guarantee corporation are those of Tokyo and Osaka. In December 2022, NEXI, JFC and SME Support Japan launched the "Overseas Business Support Package", framework designed to coordinate their efforts in strengthening access to finance and promote SMEs' export expansion.[123] In 2024, JETRO joined this initiative.[124] According to the authorities, regional financial institutions may also cooperate within this framework.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.3.1.1 Taxation and tax incentives

3.81. Japan's taxes are classified into national, prefectural, and municipal taxes. Both for residents and non-residents, all income earned in Japan is taxable; the corporation tax rate is the same for foreign and domestic corporations. For domestic and imported goods, internal indirect taxes generally apply at the same rate except for certain taxes.[125]

3.82. In FY2025, direct taxes, which include corporation tax and individual income tax, accounted for 59.4%of the general account tax revenue (**Error! Reference source not found.**). Indirect taxes including consumption tax (at the rate of 7.8% or 6.24%[126]) and excise taxes at variable rates (e.g. on automobiles, gasoline, tobacco, and liquor) accounted for the rest of general account tax revenue in the same fiscal year.

[119] JBIC Today, 2023 Special Issue, *2023 Amendment to the JBIC Act, JBIC is pushing forward for the future of Japan and the world.* Viewed at: https://www.jbic.go.jp/en/information/today/today_2023sp/image/jtd_2023sp.pdf.

[120] Export credit insurance protects Japanese exporters' transactions against losses resulting from political and commercial risks; overseas investment insurance protects Japanese companies' overseas investments against political and commercial risks; and overseas loan insurance protects Japanese commercial banks or other financial institutions that finance overseas projects by covering losses if borrowers cannot repay and associated to political and commercial risk events.

[121] METI, *Establishment of New Export Insurance Program for Promotion of Overseas Business.* Viewed at: https://www.meti.go.jp/english/mobile/2023/20230807001en.html (27/11/2025).

[122] NEXI, Annual Report 2024. Viewed at: https://www.nexi.go.jp/corporate/booklet/pdf/annual2024-e.pdf (10/01/2026).

[123] Japan Finance Corporation, *Guide to the Operations of the Small and Medium Enterprise (SME) Unit 2025.* Viewed at: *https://www.jfc.go.jp/n/english/report/pdf/jfc2025e-sme_web.pdf* (11/12/2025).

[124] JETRO, Press Release, *JETRO Joins "Overseas Business Support Package", Further Strengthening Support for SMEs and Small Businesses Expanding Overseas*. Viewed at: https://www.jetro.go.jp/news/releases/2024/edd4bf20a1c8cdb4.html (23/02/2026).

[125] The authorities state that in the case of the petroleum and coal tax, imported petroleum products are subject to taxation, whereas domestically produced petroleum products are exempt, as they are taxed at the crude oil. The authorities consider that national treatment is thus assured.

[126] The corresponding local consumption taxes are 2.2% and 1.76%, respectively.

3.83. For the FY2026 tax reforms, it was decided to review special tax measures after verifying their actual application status and other factors. The authorities indicate, as examples, the wage increase promotion tax system will be reviewed considering the current wage increases, and to strengthen incentives for companies to further increase their research and development expenses, the deduction rates and other aspects of the research and development tax system will be reviewed.

3.84. Domestic support to production and trade is offered through, *inter alia*, grants, tax incentives, and loan schemes; these include a number of support measures adopted as a part of various economic measures since 2023 (Table 3.5).

Table 3.5 Selected tax incentives, grants, and loan schemes available to both local and foreign-affiliated companies, 2025

Title	Overview
Act for Promotion of Japan as an Asian Business Center (Act No. 55 of 2012)	Assistance for fund raising by the Small and Medium Business Investment & Consultation Co., Ltd. (Also covering small and medium-sized stock companies with capital not less than JPY 300 million) provided to companies that have been certified by the competent minister to conduct a new R&D project or control operation in Japan.
Employment promotion taxation	Establishment/expansion of headquarters functions within regional revitalization areas (including FDI in Japan): Tax credit of up to JPY 300,000 per new employee. Relocation of headquarters functions within regional revitalization areas or quasi-regional revitalization areas from the 23 wards of Tokyo: Tax credit of up to JPY 900,000 per new employee.
Capital investment tax cut (tax cut for offices)	Establishment/expansion of headquarters functions within regional revitalization areas (including FDI in Japan): Tax measures: 15% special depreciation or 4% tax deduction on the acquisition value of specified business facilities. Relocation of headquarters functions within regional revitalization areas or quasi-regional revitalization areas from the 23 wards of Tokyo: Tax measures: 25% special depreciation or 7% tax deduction on the acquisition value of specified business facilities.
Tax exemption or unequal taxation of local taxes for certified businesses	Establishment/expansion of headquarters functions within regional revitalization areas (including FDI in Japan): Property acquisition taxes, and property taxes by local authorities for certified companies. Relocation of headquarters functions within regional revitalization areas or quasi-regional revitalization areas from the 23 wards of Tokyo: Enterprise taxes, property acquisition taxes, and property taxes by local authorities for certified companies.
National Strategic Special Zone	For companies (e.g. start-up companies) with business plans in National Strategic Special Zones: special tax treatment (for corporate income tax), and financial/monetary support.
Comprehensive Special Zone (CSZ)	Special regulatory measures, tax credits (for corporate income tax), and fiscal/financial support for companies with business plans in designated CSZs.
Special Zones for Reconstruction	Tax incentives for companies with business plans in disaster-affected areas (e.g. special depreciation or tax credit for corporate tax, etc., and research and development tax incentives).
Regional Future Investment Promotion Tax System Special taxation measure regarding capital investment	Taxation measures: (i) machinery: 35%-50% special depreciation, 4%-6% tax deduction; (ii) appliance, fixtures: 35%-50% special depreciation, 4%-6% tax deduction; and (iii) buildings, attached facilities, and structures of specific business facilities: 20% special depreciation, 2% tax deduction. Total acquisition cost subject to support: JPY 8 billion. Maximum amount of tax deduction: 20% of the amount of corporate or income tax in the period concerned.
The 5G Introduction Promotion Tax	Tax credits according to the amount of the investment or special depreciation of capital investments, for specific 5G capital investments introduced with an approved deployment plan.
Innovative ICT (Beyond 5G(6G)) Fund Project	Promotion of research and development of innovative information and communication technologies (see National Institute of Information and Communications Technology). Viewed at: https://www.nict.go.jp/en/data/pamphlet/lde9n200000078a4-att/beyond5G_en_1105.pdf (17/02/2026).
Tax System(s) to Promote Investment Toward Carbon Neutrality (Special depreciation or tax credits applicable for introduction of production facilities that optimize the production process.)	Special measures of tax credits of up to 10% (for small and medium-sized enterprises, up to 14%) or special depreciation of 50% for the introduction of equipment that achieves both decarbonization and added value improvement in production processes, etc., based on the plan approval system of the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) (The amount of the investment shall be at or less than JPY 50 billion. The deductible tax amount shall be up to 20% of the corporate tax.).

Title	Overview
Open Innovation Tax Incentives	Domestic business corporation or its domestic corporate venture capital may be deducted 25% of the acquisition price of the shares from the income, if it acquires a certain amount or more of newly issued shares of a start-up company, aiming for open innovation with start-up companies. If an M&A (acquisition of a majority of voting rights) that contributes to the growth of a start-up company is conducted, the acquired issued shares will also be subject to the system.
Research and Development (R&D) Tax Credit System	Tax incentives through which a certain rate of R&D expenses conducted by a private company as part of its business can be deducted for its corporate tax (national tax) of the relevant fiscal year. Total expenditure-based tax credit system (the current tax credit rate): 6%-14% in principle; 12%-17% for SMEs.
Promotion of Open Innovation	Tax credit for the total amount of expenses for joint or contract research with universities, national research institutes, etc. Tax credit = total amount of special R&D expenses times 20% or 30% (30% for joint or contract research with universities and national research institutes).
Enhancement of the tax incentives to encourage wage increases (for large companies)	A tax credit system that allows companies that actively invest in wage increases and human resource development to be deducted a certain percentage of the increase in employee salaries from the previous fiscal year from the amount of corporation tax or income tax.
Enhancement of the tax incentives to encourage wage increases (for small and medium-sized enterprises)	A tax credit system that allows SMEs that which file a blue tax return to be deducted a portion of the increased amount from their corporation tax (or income tax for sole proprietors) if they are subject to certain requirements and paid more amount of salaries, etc. than those in the previous year.

Source: Information provided by the authorities; and JETRO, *Incentive Programs*. Viewed at: https://www.jetro.go.jp/en/invest/support_programs/incentive/ (17/12/2025).

3.3.1.2 Subsidies and other assistance programmes

3.85. In July 2025, Japan notified a list of 54 specific subsidy programmes to the WTO's Committee on Subsidies and Countervailing Measures under Article XVI:1 of GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.[127] The list includes both old and new schemes with different objectives mainly to support industry, finance, and agriculture, including measures adopted by local governments. For FY2023, the notification indicates a funding amounting to JPY 31.2 billion (approximately USD 212 million) in support measures under the ESPA (Box 2.1). Schemes shown in Table 3.5 are not notified to the WTO; the authorities consider that these measures are not subject to the notification requirement under the SCM Agreement.

3.86. For SMEs including MSMEs, the Small and Medium Enterprise Agency has a number of support measures including low interest loans, credit guarantees, and tax measures.[128] During the review period, Japan maintained certain measures for mitigating the impacts on companies of the COVID-19 pandemic and for supporting such companies[129], such as the Business Reconstruction Grant scheme.[130]

3.3.2 Standards and other technical requirements

3.3.2.1 Overview

3.87. Standards and technical regulations (including conformity assessment procedures) are governed by several laws and regulations including the Industrial Standardization Act (Act No. 185 of 1949) and the Act on Japanese Agricultural Standards (Act No. 175 of 1950), which were not revised during the review period. Other relevant laws and regulations include the Consumer Product Safety Act (Act No. 31 of 1973); the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices (Act No. 145 of 1960); the Building Standard Act

[127] Full details of subsidy schemes as notified by Japan are provided in WTO document G/SCM/N/430/JPN, 7 July 2025. The list in the document includes both old and new schemes with different objectives mainly to support industry, finance, and agriculture, and to strengthen and stimulate the domestic economy.

[128] METI. Viewed at: https://www.chusho.meti.go.jp/pamflet/q_book/index.html (29/11/2025). These schemes are not notified to the WTO; the authorities consider that these measures are not subject to the notification requirement under the Agreement.

[129] WTO document WT/TPR/S/438/Rev.1, 26 July 2023, page 60.

[130] Jigyou Saikouchiku. Viewed at: https://jigyou-saikouchiku.go.jp/koubo.html (02/03/2026).

(Act No. 201 of 1950); the Electrical Appliances and Materials Safety Act (Act No. 234 of 1961); the Measurement Act (Act No. 51 of 1992); and Food Labelling Act (Act No. 70 of 2013). In April 2025, an amendment entered into force to the Building Standards Act, which included a revision of the scope of buildings subject to building confirmation and inspection procedures and a reduction in the scope of the system allowing for the omission of certain examination procedures.

3.88. Japan's Notification Authority under the Agreement on Technical Barriers to Trade (TBT) remains the International Trade Division of MOFA. In April 2024, administration about food safety standards, which had previously been under the jurisdiction of the Ministry of Health, Labour and Welfare (MHLW), was transferred to the Consumer Affairs Agency (CAA). With the transfer, the development of food standards and criteria is now managed by the CAA, while the inspection and monitoring of compliance with the established standards and criteria remain under the jurisdiction of the MHLW. Technical regulations are formulated and adopted by the relevant authorities including: METI and its subordinate entities include the Japanese Industrial Standards Committee; the Ministry of Internal Affairs and Communications (MIC) (for telecommunications terminal devices and radio equipment); the MAFF (for foodstuffs, agricultural and forestry products, and pesticides and fertilizers); the MHLW (for drugs and medical devices); and the CAA (for labelling).

3.89. Japan has regularly notified its draft technical regulations, ordinances, and conformity assessment procedures to the WTO TBT Committee; during the review period, more than 120 notifications were submitted.[131] In the TBT Committee, no specific trade concerns were raised by Members regarding TBT measures maintained or planned by Japan during the review period.

3.90. Japan is a member of the International Organization for Standardization (ISO), the International Telecommunication Union, the International Electrotechnical Commission, the International Accreditation Forum, the Bureau international des poids et mesures, the Organisation internationale de métrologie légale, and the International Laboratory Accreditation Cooperation, as well as several regional standards and accreditation bodies.

3.91. Japan has in place MRAs with the European Union, Singapore, the Philippines, Thailand, the United Kingdom, and the United States. No new MRAs were concluded during the review period. Under an MRA, the importing country recognizes the conformity assessment carried out in the exporting country on selected products and practices such as telecommunications equipment, electrical products, good laboratory practice for chemicals, and good manufacturing practice for medicinal products.

3.92. There exist two types of standards in Japan: the Japanese Industrial Standard (JIS) and the Japanese Agricultural Standard (JAS). Data provided by the authorities indicate that 163 new JISs and 4 JASs have been adopted since 2023. As at 31 December 2024, there were 10,993 JIS (Table 3.6). Since 2023, 163 new JIS were established and 4 JAS. The authorities indicate that 98% of JIS and 77% of JAS, where there are corresponding international standards, are harmonized with international standards. According to the authorities, the reason why there is a remaining gap of 2% in the harmonization of JIS with international standards is because of: (i) protection of human health, safety, or the environment; (ii) fundamental climatic or other geographical factors; (iii) fundamental technological or infrastructural problems; or (iv) the corresponding ISO or IEC international standards are inappropriate.

Table 3.6 JIS and JASs: their reference as technical regulations and international standards, 2022-2024

Year	Total number of JIS	Referenced in technical regulations	Identical to international standards	Harmonized to international standards
2024	10,993	1,444	2,415	6,196
2023	10,955	1,442	2,404	6,177
2022	10,934	1,444	2,385	6,174

[131] WTO documents G/TBT/N/JPN/760-889.

Year	Total number of JAS	Referenced in technical regulations	Identical to international standards	Harmonized to international standards
2024	92	3	0	63
2023	92	3	0	63
2022	89	3	0	63

Note: Total number of JIS and JAS in 2022-2024 and each number of standards referenced in technical regulations and those identical to international standards are shown in the table.

Source Information provided by the authorities.

3.93. The authorities state that the drafting of technical regulations in Japan follows international requirements and recommendations. For instance, concerning vehicle safety and environmental protection, Japan has harmonized its national regulations with the International Whole Vehicle Type Approval under the UNECE World Forum for Harmonization of Vehicle Regulations.

3.94. The authorities indicate that no data are available on the number of technical regulations in force.

3.95. During the review period, there were no new developments regarding conformity assessments procedures in Japan.

3.3.2.2 Labelling requirements

3.96. Labelling requirements in Japan are stipulated in various laws, including the Consumer Product Safety Act; the Fertilizer Regulation Act (Act No. 127 of 1950); the Food Labelling Act (Act No. 70 of 2013); the Electrical Appliances and Materials Safety Act (Act No. 234 of 1961); the Household Goods Quality Labelling Act (Act No. 104 of 1962); the Industrial Safety and Health Act (Act No. 57 of 1972); and the Act Concerning Business Associations and Measures for Securing Revenue from the Liquor Tax (Act No. 7 of 1953).

3.97. During the review period, a few amendments were made to some of laws and regulations governing labelling requirements. The Food Labelling Act was revised several times and the Food Labelling Standards, as stipulated by the Act, were amended several times through different pieces of legislation. In March 2023, canola genetically modified to produce Docosahexaenoic and Eicosapentaenoic acid was added to "specific GM products", and walnuts were added to "specified ingredients" for allergen labelling. In August 2024, a new requirement on food business operators (FBOs) of Foods with Function Claims (FFC) and Foods for Specified Health Uses (FOSHU) to collect information concerning potential cases of health damages and provide information on such damages to the CAA and prefectural governors etc. immediately was introduced. For dietary supplements of FFC and FOSHU, such as tablets and capsules, manufacturing management Good Manufacturing Practice was required for FBOs (from September 2024 for FFCs and from April 2025 for FOSHU). In March 2025, (i) a provision under which the labelling of food additives used for nutritional enhancement purposes had been exempted from labelling was repealed; (ii) the nutrient reference values and the standard values for nutrient content claims based on the nutrient reference values was revised; and (iii) the tolerance limit and add the zero declaration in dietary fibre was added; (iv) high performance liquid chromatography was added as methods of measurement and calculation of the amount of B vitamins; (v) the notifications for FFC to the Government, which was previously prescribed by the guideline have been prescribed by a legally binding public notice.

3.98. Under the Household Goods Quality Labeling Act; there were: (i) revisions to the Electrical Appliances and Apparatus Quality Labeling Regulation concerning labelling requirements for air conditioners and ventilation fans, which entered into force on 1 January 2023; (ii) revisions to the Textile Goods Quality Labeling Regulation, which entered into force on 20 August 2024, concerning "Textiles – Care Labelling code using symbols"; (iii) revisions to the Textile Goods Quality Labeling Regulation, which entered into force on 1 January 2025, concerning adding "Polyacrylate" to terms used for labelling to show composing fibres' names; and (iv) revisions to the Miscellaneous Manufactured Goods Quality Labeling Regulation, which entered into force on 1 January 2025 concerning cautionary statement to be indicated on Cleanser among Polishing agents for kitchen, household, or furniture use.

3.99. The Premiums and Representations Act (Act No. 134 of 1962) was amended and entered into force on 1 October 2024. The amendment included (i) introduction of Commitment Procedures to promote voluntary activities of Businesses and promptly eliminate the problem; (ii) reconsideration of surcharges and strengthening of the penal provisions with a view to enhancing a deterrent to violations; and (iii) introducing a provision to allow disclosure requests from qualified consumer organizations as adjustment of the relevant provisions towards more efficient law enforcement.

3.3.3 Sanitary and phytosanitary requirements

3.100. The authorities state that Japan's sanitary and phytosanitary (SPS) regime aims to enhance and strengthen its ability to satisfy Japan's obligations under the SPS Agreement; provide adequate protection against risks threatening human, animal, and plant life and health; and improve its competitiveness to fully benefit access opportunities, unchanged since the previous Review.

3.101. In general, Japan's SPS measures are based on relevant international standards or, where its measures do not conform to relevant international standards, on scientific risk assessment. The Food Safety Commission under the Cabinet Office conducts risk assessments for food safety; their results are available on its website.[132] The MAFF also conducts risk analyses for animal health and phytosanitary measures; they are available on the MAFF's website.[133]

3.102. Japan's enquiry point and the national notification authority under the SPS Agreement is the Standards Information Service within the International Trade Division of MOFA's Economic Affairs Bureau.

3.103. Main institutions responsible for SPS measures in Japan include the MAFF, the MHLW, the Food Safety Commission, the Ministry of Environment, and the Consumers Affairs Agency (Box 3.2).

Box 3.2 Main agencies responsible for SPS measures, 2025

MAFF **Food Safety and Consumer Affairs Bureau** Responsible for SPS measures relating to animal feed, animals, plants, and veterinary drugs.
MHLW **Public Health Bureau** Responsible for administration of food safety including inspection and monitoring of food distributed in Japan, including imported food.
Cabinet Office **Food Safety Commission** Responsible for conducting risk assessment on food and making recommendations to relevant ministries; implementing risk communication among stakeholders, e.g. consumers and business operators; and responding to food-borne accidents and emergencies.
Ministry of the Environment **Nature Conservation Bureau** Responsible for managing risks to the environment from imports, including from invasive alien species.
Consumers Affairs Agency **Food Safety Standards and Evaluation Division** Responsible for the establishment of specifications and standards for food, food additives, pesticide residues, veterinarym drug residues, genetically modified foods and their containers, etc.

Source: Information provided by the authorities.

[132] FSC, *Risk Assessment Reports*. Viewed at: https://www.fsc.go.jp/english/evaluationreports/ (01/12/2025) and https://www.maff.go.jp/j/syouan/keneki/kikaku/pra_kaisei.html.

[133] MAFF. Viewed at: https://www.maff.go.jp/j/syouan/keneki/kikaku/pra_kaisei.html (01/12/2025); and MAFF, *Risk Analyses for Animal Health*. Viewed at: https://www.maff.go.jp/j/syouan/douei/eisei/sop/index.html (01/12/2025).

3.104. The MHLW accepts test results issued by Foreign Official Laboratories concerning food safety of imported food. Importers can use the testing results issued by Foreign Official Laboratories if the Laboratory is listed by the MHLW.[134]

3.105. Japan is a member of the Codex Alimentarius Commission and the World Organisation for Animal Health, and a contracting party to the International Plant Protection Convention.

3.106. Several laws and acts form the basis of legislative framework of SPS measures and practices in Japan (Table 3.7).

Table 3.7 Main SPS legislation, 2025

Legislation	Authority	Objectives
Food Safety Basic Act (Act No. 48 of 2003)	Cabinet Office (Food Safety Commission), MIC, MHLW, MAFF, Ministry of the Environment, CAA	The Act aims to comprehensively promote policies to ensure food safety by establishing basic policy principles; clarifying the responsibilities of national and local governments and food-related business operators and the roles of consumers; and establishing a basic direction for policy formulation.
Food Sanitation Act (Act No. 233 of 1947)	CAA MHLW	The Act aims to prevent eating and drinking-related sanitation hazards through measures to ensure food safety. The Act applies to food and drink.
Plant Protection Act (Act No. 151 of 1950)	MAFF	The Act provides the legal basis for regulations on plant protection including quarantine for local, imported, and exported plants.
Act on Domestic Animals Infectious Diseases Control (Act No. 166 of 1951)	MAFF	The Act aims to protect and promote the livestock industry by preventing the outbreak and spread of infectious diseases in domestic animals.
Agricultural Chemicals Regulation Act (Act No. 82 of 1948)	MAFF, Ministry of Environment (MOE)	The act aims to ensure the safety and other qualities of agricultural chemicals, and their safe and proper use, by establishing a registration system of agricultural chemicals and regulating their sale and use, and thereby to contribute to the stability of agricultural production and the protection of the people's health and to contribute to the conservation of the people's living environment.
Act on the Safety Assurance and Quality Improvement of Feeds (Act No. 35 of 1953)	MAFF	The purpose of this Law is to contribute to public safety and stable production of livestock products by regulating the production of feeds and feed additives, setting official specifications for feeds, conducting tests of feeds in conformity with the official specifications so as to provide the assured safety and improved quality of feeds.

Source: Information provided by the authorities.

[134] As before, when the government of an exporting country recognizes a laboratory's capacity to carry out relevant inspections, the MHLW may place it on the list of Foreign Official Laboratories, if requested by the government of the exporting country. The Laboratory can be either a public or private entity. MHLW. Viewed at: https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000144562.html (04/12/2025); and https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryou/shokuhin/yunyu_kanshi/index_00019.html (04/12/2025).

3.107. Japan has been actively participating in the SPS Committee. During the review period, Japan submitted regular notifications to the WTO Committee on Sanitary and Phytosanitary Measures for measures that entered into force during the review period (Box 3.3). During the review period, four specific trade concerns on were raised by Members regarding SPS measures maintained or planned by Japan[135]; Japan raised four specific trade concerns during the same period.[136] Japan also supported 5 STCs (three against Indian measures, one of which relates to GM issues, and two regarding EU approach for pesticides and veterinary drug residues). Japan also (i) provided SPS-related technical assistance and its periodic updates at the SPS Committee; (ii) participated in the 2024 WTO SPS Thematic Session on Emerging Risks and New Agricultural Technologies, where Japan discussed changes in migration pattern for the oriental fruit fly, highlighting the need to predict migration developments and have a quick response in the field. Japan also discussed the development of methods for detecting pathogens and antimicrobial resistance (AMR) genes in honey, highlighting the potential to rapidly and cost-effectively disseminate the methods by utilizing equipment already available in many labs; (iii) participated in the 2025 WTO SPS Committee Thematic Session on Addressing Antimicrobial Resistance Through SPS Measures in International Trade, where Japan presented its National Action Plan on AMR (2023-2027) and highlighted the importance of science-based approach for AMR; (iv) actively participated in the sixth review process, leading to the adoption in March 2025 by the SPS Committee of the Sixth Review Report, including some recommendations for the work ahead; (v) actively participated in the SPS Committee work programme established under the WTO SPS Declaration at MC12, which led to the adoption by the SPS Committee of a report in June 2024; (vi) actively participated in the new WTO SPS Transparency Working Group (first meeting was held in November 2025); and (vii) participated in the working group on approval procedures, which led to adoption by the SPS Committee in March 2023 of the Collection of Available Tools and Resources in Relation to SPS Approval Procedures as well as the Recommendations in Relation to SPS Approval Procedures[137].

3.108. A few amendments to relevant SPS legislation occurred during the review period. In April 2024, administration about food safety standards, which had previously been under the jurisdiction of the MHLW, was transferred to the Consumer Affairs Agency (CAA). The development of food standards and criteria is now managed by the CAA, while the inspection and monitoring of compliance with the established standards and criteria remain under the jurisdiction of the MHLW.

3.109. During the review period, certain ministerial ordinances of the Act on the Safety Assurance and Quality Improvement of Feeds was amended. The amendment concerned labelling requirements concerning feed additives.

3.110. Based on the amendment of the Plant Protection Act, which entered into force on 1 April 2023, used agricultural machinery was added to the scope of import quarantine. The Ordinance for Enforcement of the Plant Protection Act was also amended; the amendments concerned revisions to the lists of quarantine pests and non-quarantine pests, import phytosanitary requirements, as well as the host plants and the regions and countries where quarantine pests occur.

3.111. During the review period, there was no change in the legal framework on maximum residue limits (MRLs) under the Food Sanitation Act since 2023. Japan newly implemented or revised MRLs for around 120 agricultural chemicals including pesticides, feed additives, and veterinary drugs.

[135] These concern: Japan's restrictions related to FMD (ID332 – WTO document G/SPS/R/118, 19 December 2025); Japan's approval procedures for poultry products (ID 556 – WTO document G/SPS/R/118, 19 December 2025); Japan's approval procedures to import plant products (ID 567 – WTO documents G/SPS/R/110, 13 September 2023, and G/SPS/R/110/Corr.1, 29 September 2023); and Japan's restrictions on poultry meat (ID 601 - WTO document G/SPS/R/116, 22 April 2025).

[136] These concern: China's administrative measures for registration of overseas manufacturers of imported food (ID 485 – WTO documents G/SPS/R/110, 13 September 2023, and G/SPS/R/110/Corr.1, 29 September 2023); China's actions related to COVID-19 that affect trade in food and agricultural products (STC487 – WTO documents G/SPS/R/110, 13 September 2023, and G/SPS/R/110/Corr.1, 29 September 2023); China's delay in approving requests for new listing and reinstatement of export establishments (STC 516 – WTO document G/SPS/R/118, 19 December 2025); Hong Kong, China; Macao, China; Russian Federation – Import restrictions on aquatic products after the discharge of ALPS treated water (STC 574 – WTO document G/SPS/R/118, 19 December 2025).

[137] WTO documents G/SPS/67, 27 March 2023, and G/SPS/68, 27 March 2023.

Box 3.3 Selected SPS measures notified to the WTO, 2023-2025

1. Agricultural chemicals (pesticides)
Ministerial Order Establishing Cases Defined by Ministerial Order of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment under Article 4, Paragraph (1), Item (xi) of the Agricultural Chemicals Regulation Act (G/SPS/N/JPN/1172, 30 January 2023)
2. Feed safety
Amendments of appended form to the application of safety confirmation and manufacturing standards conformity (GM microorganisms) (G/SPS/N/JPN/1334, 25 April 2025)
Proposed revision of Ministerial Ordinance on the Specifications and Standards of Feeds and Feed Additives (Cashew nut shell liquid) (G/SPS/N/JPN/1332, 8 April 2025)
Proposed revision of Ministerial Ordinance on the Specifications and Standards of Feeds and Feed Additives (Isopropyl ester of 2-hydroxy-4-(metylthio) butanoic acid) (G/SPS/N/JPN/1317, 29 November 2024)
Revision of Ministerial Ordinance on the Specifications and Standards of Feeds and Feed Additives (3-Nitrooxypropanol) (G/SPS/N/JPN/1316, 14 November 2024)
Ministerial Ordinance for Partial Revision of the Ministerial Ordinance on Compositional Standards, etc. for Feed and Feed Additives (Ordinance of the Ministry of Agriculture, Forestry and Fisheries No. 52 of 3 October 2024) (Domestic bovine-MBM, etc. (meat-and-bone meal, hydrolyzed protein, steamed bone meal, blood powder and blood plasma protein derived from cattle, sheep and goat)) (G/SPS/N/JPN/1305, 17 October 2024)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard) (24-Dichlorophenoxyacetic acid) (G/SPS/N/JPN/1273, 28 August 2024)
Expanding target livestock of feed with Muramidase (G/SPS/N/JPN/1262, 2 April 2024)
Amendments of standards and specifications of Phytase (G/SPS/N/JPN/1257, 1 February 2024)
Amendments of standards and specifications of Formic acid (G/SPS/N/JPN/1198, 24 April 2023)
Designation of L-Histidine Monohydrochloride Monohydrate as a feed additive (G/SPS/N/JPN/1175, 20 February 2023)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard) (Glyphosate) (G/SPS/N/JPN/1171, 10 January 2023)
Expanding target livestock of feed with 25-Hydroxycholecalciferol (G/SPS/N/JPN/1170, 10 January 2023)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard)(Imazapyr) (G/SPS/N/JPN/1116, 17 October 2022)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard) (Cyanazine) (G/SPS/N/JPN/1117, 17 October 2022)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard) (Pendimethalin) (G/SPS/N/JPN/1118, 17 October 2022)
Amendments to the Enforcement Ordinance of the Standards of Feed and Feed Additives (Amendment of an agricultural chemical residue standard) (Malathion) (G/SPS/N/JPN/1119, 17 October 2022)
3. Plant quarantine
The following notifications on phytosanitary measures have been made.
Revisions of the Ordinance for Enforcement of the Plant Protection Act, relevant notifications and detailed rules (G/SPS/N/JPN/1327, 18 March 2025)
Revisions of the Ordinance for Enforcement of the Plant Protection Act, relevant notifications and detailed rules (G/SPS/N/JPN/1260, 12 March 2024)
Standard Procedure for Lifting a Ban on Importation of Plants into Japan (Official Directive No. 5 of MAFF) (G/SPS/N/JPN/1201, 11 May 2023)
Revisions of the Ordinance for Enforcement of the Plant Protection Act, relevant notifications and detailed rules (G/SPS/N/JPN/1138, 4 November 2022)
Revisions of the Ordinance for Enforcement of the Plant Protection Act, relevant notifications and detailed rules (G/SPS/N/JPN/1076, 29 July 2022)
The amendment of the Plant Protection Act (G/SPS/N/JPN/1017, 9 May 2022)
4. Food safety
There have been no major changes since 2023 concerning Japan's SPS requirements under the Food Sanitation Act.

Source: WTO ePing SPS&TBT platform.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.112. Japan's main law concerning its competition policy, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of 1947 (Anti-Monopoly Act (AMA)) remained unchanged during the review period; it was last amended in 2019.[138]

3.113. On 28 April 2023, the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (Act No. 25 of 2023) was adopted; the Act entered into force on 1 November 2024. The objectives of the Act are to ensure proper transactions involving "specified entrusted business operators" (which are largely freelance) and improving the working environment for specified persons engaged in entrusted business. The Act stipulates, *inter alia*, the obligation of clear statement of the transaction terms, the obligation to set date of payment of remuneration, prohibition of returns, and remuneration reductions and related practices.

3.114. On 24 June 2024, the Act on Promotion of Competition for Specified Smartphone Software (or Mobile Software Competition Act - MSCA) (Act No. 58 of 2024) was adopted. The Act aims to promote fair and free competition in specific software including mobile operating systems (OS), application stores, browsers and search engines that is regarded particularly necessary for the use of smartphones. The main provisions are divided into prohibited acts and compliance requirements. Main provisions of prohibited acts concern, *inter alia*, unfair use of acquired data, unjust discrimination against developers, preventing third-party application stores, preventing third-party access to OS features, preventing third-party billing systems, preventing in-app information, preventing the use of other browser engines, and preferential treatment of their own services in search results. Main provisions of compliance requirements include those related to information disclosure, data portability, default setting changes, displaying choice screens and disclosure of specifications changes in OS, application stores and browser.

3.115. On 16 May 2025, the amendment of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Act No. 120 of 1956) was adopted; the Act entered into force on 1 January 2026. The objectives of the Act are to ensure appropriate price pass-through and transaction environment between enterprises based on an equal relationship between the client and contractor.

3.116. The Japan Fair Trade Commission (JFTC) remains the agency responsible for implementing the AMA. During the review period, some JFTC Guidelines concerning the AMA were issued, such as Guidelines Concerning the Activities of Enterprises, etc. Toward the Realization of a Green Society Under the AMA.[139] All relevant legislation and implementing rules are published on the JFTC's official website.[140] During the review period, the JFTC continued to conduct market studies and publish reports on various markets, including on generative AI, ride-hailing applications, connected TV and video on-demand services, and electric vehicles charging services.[141]

3.117. In FY2024, the JFTC set up a Deputy Secretary General for Ensuring Fair Transactions and the Office of Ensuring Fair Transactions Involving Freelance Contractors of the Trade Practices Department, Economic Affairs Bureau were newly established with a view to strengthening enforcement. In addition, a post of the Chief Green Officer was set up in the General Affairs Division of the Economic Affairs Bureau to conduct research and analysis on the activities of businesses related to environment. In FY2025, a Director-General for Digital and International Affairs and a Counsellor for Digital Affairs were newly established with a view to reinforcing the organization to enforce the MSCA, and the number of staffs was increased. In addition, Freelance Divisions were established in five regional offices to strengthen the enforcement system of the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators.

[138] JFTC, *The Antimonopoly Act (AMA).* Viewed at: https://www.jftc.go.jp/en/legislation_gls/amended_ama09/index.html (13/11/2025).
[139] JFTC. Viewed at: https://www.jftc.go.jp/en/legislation_gls/240424EN.pdf (13/11/2025).
[140] The relevant instruments can be viewed at: https://www.jftc.go.jp/en/legislation_gls/imonopoly_guidelines.html (13/11/2025).
[141] JFTC. Viewed at: https://www.jftc.go.jp/en/pressreleases/categories/Fact-finding%20Survey/index.html (29/11/2025).

3.118. The list of activities and business practices that are exempt from the scope of the AMA remained unchanged during the review period.[142] As a result of the entry into force on 1 January 2026 of the Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields, some activities are regulated, such as prohibition of determination of price without negotiation, and prohibition of payment by promissory notes.

3.119. The authorities state that as administrative measures such as cease and desist orders based on the *ex-post* review under the AMA require a significant amount of time for substantiation activities, the MSCA was adopted for the purpose of expeditiously eliminating competition-restricting acts by establishing in advance acts that typologically fall under the violation of the AMA as prohibited matters and by finding facts pertaining to the violation based on the applicability of the formal requirements of the prohibited acts. Thus, the MSCA is intended to supplement the enforcement framework of the AMA in principle, prioritizing the application of the MSCA in cases where the MSCA and the AMA overlap, thereby expediting the elimination of competition-restricting acts.

3.120. The JFTC solicited public comments on the drafts of relevant Cabinet Order and JFTC Rules and Guidelines necessary for the enforcement of the MSCA. The public comment period ran from 15 May 2025 to 13 June 2025, with a total of 105 comments submitted. Subsequently, the JFTC revised and published the final versions of the subordinate legislation and guidelines on 28 July 2025. With the entering into force of the Order and Rules and Guidelines, the Act fully entered into force on 18 December 2025.

Enforcement

3.121. As before, Japan maintains both a criminal enforcement system and a civil administrative route to enforce competition-related rules.[143] The civil administrative process is the main option used for enforcement. With respect to criminal sanctions, the JFTC has only the authority to file criminal accusations with the Public Prosecutor's Office. An investigation on possible violations of the AMA may be initiated as a result of (i) a report from the general public; (ii) detection by the JFTC itself; (iii) notification by the Small and Medium Enterprise Agency; or (iv) a report by leniency applicants. In addition, private damage actions may be brought before civil courts by those affected by specific violations. For statistical information about JFTC's investigations (Table 3.8).

Table 3.8 Competition enforcement statistics, FY2022-FY2024

The number of measures based on the Anti-monopoly Act

FY	Action				No action	Total
	Cease and desist orders	Approvals of commitment plan	Warning	Caution		
FY2022	8	3	0	83	5	99
FY2023	4	5	3	94	25	131
FY2024	21	3	8	69	4	105

The number of measures based on the Subcontract Act

FY	Action			No action	Total
	Recommendations	Guidance cases	Subtotal		
FY2022	6	8,665	8,671	86	8,757
FY2023	13	8,268	8,281	47	8,328
FY2024	21	8,230	8,251	55	8,306

The number of business combination received

FY	Those completed in the primary review	Those withdrawn before the end of the primary review	Those moved to the secondary review	Total
FY2022	299	7	0	306
FY2023	335	10	0	345
FY2024	423	14	0	437

Source: Information provided by the authorities.

[142] WTO document WT/TPR/S/397/Rev.1, 6 November 2020, Table 3.16.

[143] The JFTC has the exclusive authority to impose administrative orders (including cease-and-desist orders and surcharge payment orders) and to approve commitment plans proposed by enterprises under investigation.

International cooperation

3.122. The JFTC remains actively involved in competition policy activities at the multilateral level with international organizations including the International Competition Network (ICN), the OECD, the Asia-Pacific Economic Cooperation (APEC), and the United Nations Conference on Trade and Development (UNCTAD).[144] It also cooperates closely with foreign competition authorities. Most RTAs concluded by Japan contain a competition-related chapter.

3.3.4.2 Price controls

3.123. The authorities state that there is no control over prices that suppliers can charge for goods and services, except in certain sectors (e.g. Compulsory Automobile Liability Insurance and Earthquake Insurance[145]).

3.124. Japan maintains a price survey scheme on certain pharmaceutical products, based on the Health Insurance Act (Act No. 70 of 1922). The MHLW conducts surveys on pharmaceutical wholesalers' actual sales prices to medical institutions and pharmacies and revises the reimbursement prices specified in the standard periodically based on the results of the survey.[146] The survey applies to all medicines covered by the National Health Insurance. During the review period, a reimbursement price revision for medicines covered by the National Health Insurance took place every year. In April 2025, Japan revised prices on some drugs whose actual purchase prices had a large deviation from the reimbursement prices; the total price cuts were worth around JPY 247 billion.[147]

3.3.4.3 Corporate governance

3.125. Japan has several policy instruments regarding corporate governance, such as the Corporate Governance Code, which listed conducts that companies are obliged to follow on a "comply or explain" basis. During the review period, the Corporate Governance Code implemented by the Tokyo Stock Exchange remained unchanged (Section 4.4.2.4).[148] With a view to implementing the Corporate Governance Code, METI published several guidelines including Corporate Governance Guidance for Enhancement of "Growth Power, issued on 30 April 2025.[149]

3.3.5 State trading, state-owned enterprises, and privatization

3.126. During the review period, Japan notified a list of four state trading enterprises remaining operational according to the provisions of Article XVII:4(a) of the GATT 1994 and paragraph 1 of the understanding on the interpretation of Article XVII related to State Trading Enterprises.[150] The four state trading enterprises have remained unchanged since Japan's previous Review. Nonetheless, for rice (imported by bulk vessel)[151] and wheat and barley (imported by bulk vessel)[152], additional conditions to be eligible for tariff quotas were added.

3.127. Japan keeps stakes in various "Special Companies" in telecommunications, financial services, railways, and airports, as well as in energy and leaf tobacco (Table 3.9). In addition to Special Companies, there are other domestic enterprises and institutions (e.g. incorporated administrative agencies, national university corporations) that have certain stakes held by the State. The total amount of such stakes was around JPY 90 trillion as at 31 March 2023 related to 30 Special Companies (JPY 35.9 trillion), 83

[144] JFTC, *International Agreements.* Viewed at: https://www.jftc.go.jp/en/int_relations/agreements.html (29/11/2025).

[145] These insurance schemes are operated in accordance with the so-called "no-loss, no-profit principle", under which insurers neither make profits or losses. Accordingly, uniform premium rates are established and applied by, *inter alia*, vehicle type, geographical area, and policy period in the case of Compulsory Automobile Liability Insurance, and by building structure and location in the case of Earthquake Insurance.

[146] MHLW. Viewed at: https://www.mhlw.go.jp/topics/2025/04/tp20250401-01.html (02/12/2025).

[147] MHLW. Viewed at: https://www.mhlw.go.jp/content/10808000/001533286.pdf (17/02/2026)

[148] Japan Exchange Group (2021), "Publication of Revised Japan's Corporate Governance Code", 11 June. Viewed at: https://www.jpx.co.jp/english/news/1020/20210611-01.html (07/11/2025).

[149] METI. Viewed at: https://www.meti.go.jp/english/press/2025/0430-002.html (17/02/2026).

[150] Full details of the state trading enterprises that Japan notified to the WTO under Article XVII are provided in WTO document G/STR/N/20/JPN, 20 June 2024.

[151] See JPNQ016 in WTO document G/AG/N/JPN/301, 30 April 2025

[152] WTO document G/AG/N/290, 6 May 2024.

incorporated administrative agencies (JPY 39.5 trillion), 86 national university corporations (JPY 8.1 trillion), and 17 other agencies (JPY 6.6 trillion).[153] While not directly held by the Government, JR Hokkaido, JR Shikoku and Japan Freight Railway Company are 100% owned by the Japan Railway Construction, Transport and Technology Agency, an incorporated administrative agency.

3.128. While there was no full privatization of these enterprises during the review period, the Government sold some stakes in certain enterprises including Japan Post Holdings Co. Ltd and Tokyo Metro Co. Ltd.[154]

Table 3.9 State ownership in various special companies and other selected entities in Japan, FY2023

Name/operation	Total stakes owned by the State (JPY billion)	Total operating revenue (JPY billion)	Total operating profit before/after tax (JPY billion)	State/public authority shareholding
New Kansai International Airport Company Ltd	578.2	59.6	12.4/8.4	100%
Narita International Airport Corporation Ltd	190.01	216.9	10.4/10.1	100%
Nippon Telegraph and Telephone Corporation	5,247.1	13,538.3	1,179/1,166	33.33%
Japan Post Holdings Co. Ltd	297,150	11,468	763/599	33.3%
Japan Finance Corporation	15,323	749	-82	100%
Japan Tobacco Inc.	2,431	20	195/185	33.3%
Tokyo Metro Co. Ltd.	281.7	407	74/53	26.7% Government of Japan and 23.3% Tokyo Metropolitan Government
Japan Bank for International Cooperation	2,108.8	124.7	72.4	100%
Development Bank of Japan Inc.	4,009	411	151/104	100%
Nippon Export and Investment Insurance	795	61	-	100%
Shoko Chukin Bank, Ltd.[b]	1,016	145,144	20,908/15,363	46.52%
Japan Investment Corporation	367.0	25.3	2.5/2.5	96.2%
Central Nippon Expressway Company Limited	228	958	5/4	100%
West Nippon Expressway Company Limited	201	1,049	8/7	100%
East Nippon Expressway Company Limited	197	1,086	0/2	100%

a FY2024.
b Established under the revised Shoko Chukin Bank Act (Act No. 74 of 2007), which entered into force in 2025. While the Government sold all its shares in June 2025, the Bank is still subject to this Act.

Source: Information provided by the authorities and Ministry of Finance. Viewed at: https://www.mof.go.jp/policy/national_property/list/stocks/kabushiki/index.htm (13/11/2025).

3.3.6 Government procurement

3.129. Based on the Government's annual survey of procurement of goods and services subject to the voluntary government procurement measures, Japan's government procurement amounted to JPY 3,409 billion in 2023.[155]

3.130. During the review period, the basic rules on government procurement remained unchanged. Central government entities, Sub-Central government entities, and other entities follow their

[153] MOF. Viewed at: https://www.mof.go.jp/policy/national_property/publication/report/ch5.pdf. (24/11/2025).
[154] MOF. Viewed at: https://www.mof.go.jp/policy/national_property/list/stocks/kabushiki/baikyaku2024.pdf (25/11/2025).
[155] Cabinet Secretariat. Viewed at: https://www.cas.go.jp/jp/seisaku/chotatsu/dai11/shiryo1.pdf (4/12/2025).

respective procedures, which are established by different laws and regulations due to their autonomous status. For the Central government entities, the main laws and regulations include the Public Accounting Act (Act No. 35 of 1947) (last amended in 2019); the Cabinet Order on Budgets, the Settlement of Accounts, and Accounting of 1947; the Special Provisions for the Cabinet Order on Budgets, the Settlement of Accounts, and Accounting of 1946; and the Regulations on the Management of Contract Administration (MOF Ordinance No. 52 of 1962).

3.131. The legal framework for Sub-Central government entities includes the Local Autonomy Law of 1947 and the Ordinance for Enforcement of the Local Autonomy Law of 1947. Procurement procedures followed by other entities are set out in their accounting or internal statutes. Ministers that oversee other entities are responsible for ensuring the consistency of their procurement activities with the internal rules. According to the authorities, there are no differences among the procedures applying to different categories of entities. Japan also maintains special procurement procedures (applicable to procurement by Central government entities and other entities) for individual sectors, such as supercomputers, non-R&D satellites, computer products and services, telecommunications products and services, and medical technology products and services, unchanged since the previous Review.

3.132. Japan implements GPA 2012 rules and other relevant international agreements through various cabinet orders and ordinances.[156] On 29 January 2025, the Cabinet Order Stipulating Special Procedures for Government Procurement of Goods or Specified Services, related to international agreements, was revised (Cabinet Order No. 18 of 2025). It added some provisions to reflect paragraphs 4, 5 and 7 of Article XI of the GPA 2012, which allow for reducing the time-period for tendering set forth under paragraph 3 of Article XI of the GPA 2012 in certain circumstances.

3.133. In the Committee on Government Procurement, Japan has pursued accession negotiations with countries including Albania, Costa Rica, China, and Brazil in various meetings. The authorities hope that: (i) the GPA will maintain high level of commitment; (ii) the number of GPA parties will continue to expand; and (iii) the Committee will become more active in its engagement.

3.134. In addition, relevant legal provisions to implement Japan's obligation under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) were amended; for example, as the CPTPP does not allow procuring entities, for recurring contracts, to reduce the time-period for tendering, Article 5 of the Cabinet Order Prescribing Special Provisions for the Procurement Procedures of National Goods or Specified Services was amended accordingly.[157] Many of the RTAs signed between Japan and its trade partners contain chapters on government procurement (notably except for the ASEAN-Japan Comprehensive EPA or in the Japan-Malaysia EPA).

3.135. On 31 March 2023 and 28 January 2025, the following amendments were made to the 2014 Operational Guideline on Procedures for Government Procurement (voluntary measures): (i) amendments to make the voluntary measures align with amendments of the Cabinet Order No. 18 of 2025; (ii) amendments to reflect the launch of the Digital Marketplace (DMP) Official Catalogue Site in October 2024.[158]

3.136. On 3 April 2023, the Government decided a policy on human rights considerations in public procurement.[159] The Government is currently working to include the statement "Bidders and contractors will make efforts to respect human rights in light of the Guidelines on Respecting Human

[156] These include: (i) the Cabinet Order Stipulating Procedures for Government Procurement of Products or Specified Services (last amended on 9 February 2022 to remove provisions on accepting tenders by mail); (ii) the Cabinet Order Stipulating Procedures for Government Procurement of Products or Specified Services in Local Governments Entities (last amended in December 2020 in response to the conclusion of the Japan-UK CEPA and the entry into force of the GPA 2012 in Switzerland); and (iii) the Ministerial Ordinance Stipulating Special Procedures for Government Procurement of Products or Specified Services.

[157] Cabinet Order No. 18 of 2025.

[158] The DMP is an initiative that aims to simplify the procurement process for both administrative agencies and businesses by speeding up procurement of cloud software (SaaS) for government agencies and diversifying procurement sources through the entry of various vendors. Digital Agency. Viewed at: https://www.digital.go.jp/en and https://www.digital.go.jp/en/news/20c139ef-0981-4f31-83f8-62df8034625f (26/11/2025).

[159] Cabinet Secretariat. Viewed at: https://www.cas.go.jp/jp/seisaku/business_jinken/dai7/siryou4.pdf (27/11/2025).

Rights in Responsible Supply Chains" in tender documents, contracts, and other documents related to public procurement.

3.137. In addition to the market access commitments undertaken under the GPA 2012, Japan maintains various "voluntary measures", which are the outcome of bilateral negotiations with the United States in the past, to facilitate foreign suppliers' opportunities to access Japan's government procurement markets. These measures are applied at the multilateral level; there have been no changes to the measures since the previous Review.[160]

3.138. Unchanged since the previous Review, open tendering, selective tendering, and limited (single) tendering remain the main procurement methods; of these, open tendering is the basic procedure, and is used for most GPA-covered procurement by the Central government entities and Sub-Central government entities.[161]

Foreign participation

3.139. The authorities state that there were no regulatory changes affecting foreign participation in Japan's government procurement market during the review period. The principle of non-discrimination is pursued in all procurement activities except for preferences granted under RTAs to which Japan is a party.[162] Foreign participation in central government entities' and incorporated administrative agencies' (IAAs, some of which are listed as Annex 3 entities under Japan's GPA 2012 commitments) procurement is described in Tables 3.10 and 3.11.

Table 3.10 Foreign participation in central government and IAA procurement, 2021-2022

Year	Relative foreign share of procurement value	Relative foreign share of number of contracts awarded
2022	4.1%	4.0%
2023	4.2%	3.9%

Note: The survey covered procurement of goods and services above the threshold of SDR 100,000 and excluded procurement of construction services and procurement by sub-central government entities.

Source: Cabinet Secretariat. Viewed at: https://www.cas.go.jp/jp/seisaku/chotatsu/dai10/siryou1.pdf (17/02/2026) and https://www.cas.go.jp/jp/seisaku/chotatsu/dai11/shiryo1.pdf (17/02/2026).

Table 3.11 Awards to foreign suppliers by origin, 2022-2023 [a]

Year		Number of contracts	Value (JPY 100 million)
2022	United States	271	536
	European Union	276	436
	Others	147	91
	Total	**694**	**1,063**
2023	United States	307	926
	European Union	260	379
	Others	131	120
	Total	**698**	**1,425**

Note: The survey covered procurement of goods and services above the threshold of SDR 100,000 and excluded procurement of construction services and procurement by sub-central government entities.

a The latest years for which data were available.

Source: Cabinet Secretariat. Viewed at: https://www.cas.go.jp/jp/seisaku/chotatsu/dai10/siryou1.pdf (17/02/2026) and https://www.cas.go.jp/jp/seisaku/chotatsu/dai11/shiryo1.pdf (17/02/2026).

3.140. Foreign participation shares were relatively high in certain categories of goods, including: aircraft and associated equipment (in 2021); medicinal and pharmaceutical products (in 2021 and

[160] MOFA. Viewed at: https://www.mofa.go.jp/mofaj/annai/shocho/chotatsu/kijyungaku2024.html (13/11/2025).

[161] See Japan's notifications of statistics under Article XVI:4 of the GPA 2012 (WTO documents GPA/STAT(23)/JPN/1, 5 May 2025; GPA/STAT(22)/JPN/1, 22 April 2024; GPA/STAT(21)/JPN/1, 2 May 2023; and GPA/STAT(20)/JPN/1/Rev.1, 2 May 2023).

[162] Currently, there are no RTAs in force that grant suppliers from non-GPA parties treatment more favourable than suppliers from GPA parties. Suppliers from non-GPA parties are not excluded from participating in GPA-covered procurement.

2022); medical, dental, surgical, and veterinary equipment (in 2021, 2022 and 2023); non-ferrous metals, and articles thereof (in 2021, 2022, and 2023); railway vehicles and associated equipment (in 2023); and scientific and controlling instruments and apparatus (in 2021, 2022, and 2023) (**Error! Reference source not found.**), and in certain categories of services, including: maintenance and repair of motorcycles and snowmobiles (in 2021) (**Error! Reference source not found.**).

Procurement and women

3.141. Companies that have obtained certification based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children (Act No. 120 of 2003) are accorded preferential treatment when procuring entities evaluate factors other than price through the overall-greatest-value evaluation method and competitive proposal evaluation method. In April 2025, the scope of these initiatives was expanded through an amendment to the Act on Advancement of Measures to Support Raising Next-Generation Children. Specifically, companies with 100 or fewer full-time employees that have formulated or revised their General Employer Action Plans based on the Act are now eligible to receive additional evaluation points. The authorities state that Japanese and foreign companies are treated under these initiatives in a non-discriminatory manner.

Procurement and the environment

3.142. The authorities state that Japan aims to promote government procurement of goods and services that contribute to reducing environmental burdens and contracts that show consideration for reduction of emissions of greenhouse gases. Since 2023, Japan has notified the Committee on Government Procurement five times regarding relevant revisions to its basic policy on government procurement.

3.143. Among them, in February 2023, the Cabinet approved the revision of the Basic Policy concerning the Promotion of Contracts considering Reduction of Emissions of Greenhouse Gases and Others by the State and Other Entities under the Act on Promotion of Contracts of the State and Other Entities, which Show Consideration for Reduction of Emissions of Greenhouse Gases, etc (Act No. 56 of 23 May 2007). The revision includes changes to basic matters concerning contracts related to buildings and contracts related to the supply of electricity.[163]

3.144. The Basic Policy on Promoting Green Procurement under the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act No. 100 of 2000) has been revised three times since 2023. These revisions include additions and revisions of evaluation criteria for each designated procurement item as well as additions and deletions of designated procurement items.[164]

3.145. On 13 December 2024, the Basic Policy for the Quality Assurance in Public Works was amended with a view to securing human resources, improving productivity, and strengthening responsiveness.[165] On 3 February 2025, Guidelines concerning the Operation of Ordering-related Affairs were revised, based on the amendments in 2024 of the Act on Promoting Quality Assurance in Public Works (Act No. 18 of 31 March 2005), which aimed at strengthening of disaster response, productivity improvement through ICT utilization, and promotion of work style reform.[166]

Procurement and SMEs

3.146. Legislation aimed to promote the participation of SMEs in government procurement remains the Act on Ensuring the Receipt of Orders from the Government and Other Public Agencies by Small and Medium Sized Enterprise Operators (Act No. 97 of 1966), unchanged during the review

[163] WTO document GPA/LEGIS/JPN/7, 6 April 2023.
[164] WTO documents GPA/LEGIS/JPN/8, 6 April 2023; GPA/LEGIS/JPN/9, 13 March 2024; and GPA/LEGIS/JPN/10, 5 May 2025.
[165] MLIT. Viewed at: https://www.mlit.go.jp/report/press/content/001851691.pdf (17/12/2025).
[166] MLIT. Viewed at: https://www.mlit.go.jp/tec/content/001860706.pdf (29/11/2025).

period.[167] In accordance with the Act, the central government and legal entities specified in the Order for Enforcement of the Act set their own procurement target values for the procurement from SMEs every fiscal year. In 2025, the target amount for the procurement from MSMEs by the Government was set at JPY 5.9 trillion, or 61% of the total budget of public procurement spending and the target amount for new MSMEs that are less than 10 years old was set at 3%.[168] Sub-central government entities follow the policies set up for the central government entities on an "endeavour basis".

Domestic review procedures

3.147. Complaints filed by suppliers are reviewed by the Government Procurement Review Board (GPRB).[169] During 2023-2025, complaints were brought against 14 tendering processes.[170] Sub-central government entities maintain their own procurement review mechanisms. Under the State Redress Act (Act No. 125 of 1947), a supplier can file a lawsuit against the Government to seek compensation for loss that a public officer in charge of a tendering procedure has, in the course of their duties, unlawfully caused to the supplier intentionally or negligently.

Transparency

3.148. Japan publishes procurement notices in the Official Gazette, *Kanpo* (available on both electronic media and paper), and its equivalents at the sub-central level.[171] Japan has a single web portal for notices covered by the GPA in the electronic database of JETRO[172]; there is also a *Chotatsu* Portal to replace the Government Electronic Procurement System (GEPS)[173], which includes a search function for tender notices and allows suppliers to apply for the Unified Supplier Qualification, consult tender notices, and participate in electronic tendering procedures for central government entities. Sub-central government entities have developed their own tendering platforms.[174]

3.3.7 Intellectual property rights

3.3.7.1 Overview

3.149. Intellectual property (IP) plays an important role in Japan's competitiveness and in its efforts to support innovation-driven growth. It is integrated into wider strategies on digital transformation, the development of creative industries and measures to enhance the international competitiveness of the private sector, including SMEs and start-ups. In 2024, Japan ranked 3rd in the world in patent applications and 10th in trademark and design filings.[175] It is also widely recognized for the quality of its innovation and for the expanding global reach of its creative industries, including animé, comics, design, gaming and fashion.

[167] The Act on Ensuring the Receipt of Orders from the Government and Other Public Agencies by Small and Medium Sized Enterprise Operators. Viewed at: https://elaws.e-gov.go.jp/document?lawid=341AC0000000097 (29/11/2025).

[168] In 2024, the target amount for the procurement from MSMEs was 61% (JPY 5.9 trillion) and the actual result was 45.4% (JPY 5.0 trillion). Viewed at: https://www.meti.go.jp/press/2025/04/20250422001/20250422001.html (29/11/2025).

[169] More information on the Government Procurement Challenge System (CHANS) can be viewed at: https://www5.cao.go.jp/access/english/chans_main_e.html (04/12/2025).

[170] Cabinet Office, *Public Release of Status of Receipt and Review of Complaints.* Viewed at: https://www5.cao.go.jp/access/english/shori-e.html (27/11/2025).

[171] *Kanpo* can be accessed at: https://www.kanpo.go.jp/ (04/12/2025). Notices of GPA Annex 3 entities are published on their respective websites. Viewed at: http://www.mofa.go.jp/mofaj/ecm/it/page24_000219.html (04/12/2025).

[172] JETRO procurement database. Viewed at: https://www.jetro.go.jp/gov_procurement/ (17/02/2026). This database covers information on procurement by central government entities, sub-central government entities, government-designated cities, and IAAs.

[173] Chotatsu Portal. Viewed at: https://www.p-portal.go.jp (01/12/2025).

[174] For public works at the sub-central level, the CALS/EC platform is available. MLIT, *Reform of Public Works by IT: CALS/EC*. Viewed at: https://www.mlit.go.jp/tec/it/cals/panf/CALS_E.pdf (01/12/2025).

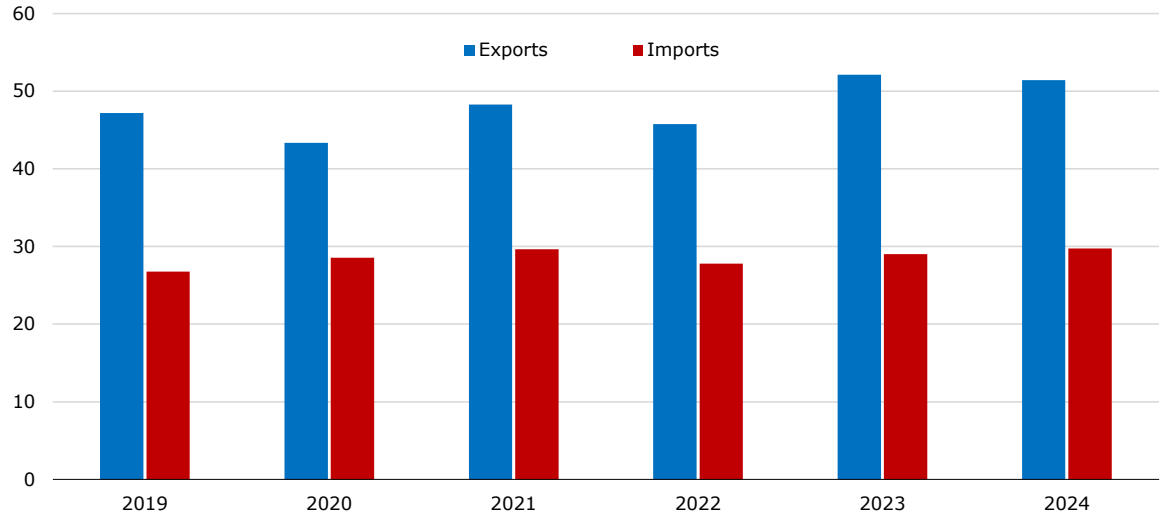
[175] WIPO, Intellectual Property Statistical Country Profile 2024: Japan. Viewed at: https://www.wipo.int/edocs/statistics-country-profile/en/jp.pdf (28/02/2026).

3.150. In 2024, high-technology products accounted for 17.6% of Japan's merchandise exports.[176] Key export categories remain intensive in IP and advanced technologies, notably vehicles and transport equipment, machinery and computers, semiconductors and chemical products.

3.151. Japan has run a consistent surplus in royalty and licence fee transactions, amounting to USD 51.40 billion in 2024. This performance underscores Japan's position as a major net exporter of intellectual property, with strong, sustained growth in IP-related receipts alongside relatively stable payment levels (Chart 3.10).

Chart 3.10 Charges for the use of IP, 2019-2024

(USD billion)



Source: WTOStats, Trade in commercial services. Viewed at: https://www.wto.org/english/res_e/statis_e/gstdh_commercial_services_e.htm (06/10/2025); and information provided by the authorities.

3.152. Japan ranked 12th among the 139 economies featured in WIPO's 2025 Global Innovation Index,[177] its highest position since 2011. It continues to lead globally in production and export complexity, reflecting a broad and technologically sophisticated industrial base. In June 2025, the authorities adopted a new Intellectual Property Strategic Program, which aims to place Japan among the world's top four performers in the Global Innovation Index by 2035.[178] The strategy emphasizes innovation in emerging fields, including artificial intelligence and digital technologies, measures to attract and retain talent, improvements in IP governance, and support for the commercialization of cultural content (animé, manga, etc.). It also seeks to reinforce standard-setting activities, promote the use of IP by SMEs and universities, and strengthen enforcement efforts against counterfeiting and piracy.

3.153. The Japan Patent Office (JPO) continued to update its institutional framework for examining technologies involving artificial intelligence. In 2023 and 2024, the JPO released studies on the treatment of AI-generated inventions. The study concluded that current developments do not require immediate changes to Japan's patent legislation, although the JPO will continue to monitor technological and international policy developments.[179]

3.154. During the review period, IP policy was closely linked to Japan's broader approach to fostering cultural and content industries. The Cool Japan Strategy, updated in June 2024, includes

[176] Global Economy. Japan: High tech exports, percent of manufactured exports. Viewed at: https://www.theglobaleconomy.com/Japan/High_tech_exports_percent_of_manufactured_exports/ (17/12/2025).

[177] WIPO, Global Innovation Index 2025. Viewed at: https://www.wipo.int/web-publications/global-innovation-index-2025/en/index.html (17/12/2025).

[178] Prime Minister's Office, Intellectual Property Strategy Headquarters, 3 June 2025. Viewed at: https://japan.kantei.go.jp/103/actions/202506/03chizai.html (28/02/2026).

[179] JPO, Patent Examination Cases for AI-Related Technologies. Viewed at: https://www.jpo.go.jp/system/laws/rule/guideline/patent/ai_jirei.html#report (28/02/2026).

initiatives to support international licensing, merchandising and the overseas distribution of Japanese content. Under this strategy and related programmes, the authorities aim to promote the global dissemination and commercial use of animation, games, design and other cultural products, while reinforcing the protection of associated IP and advocating for the implementation of measures against piracy abroad. These initiatives are implemented in cooperation with the relevant ministries, agencies and industry stakeholders and form part of Japan's broader approach to leverage IP for soft power and export competitiveness.[180]

3.155. A range of support measures has been introduced to facilitate the creation, management and commercial use of IP, particularly by SMEs and start-ups. According to the JPO Status Report 2025, these measures include advisory services through the JPO and the National Center for Industrial Property Information and Training, a nationwide network of IP Comprehensive Helpdesks, programmes to promote IP-based management and financing, and initiatives to encourage collaboration between universities and industry.[181] In addition, to reduce the costs of acquiring and maintaining IP rights, fee reductions and exemptions are also provided for SMEs and start-ups. [182]

3.156. Specific initiatives to align IP administration with business needs include collective examinations for related portfolios of patents, designs and trademarks. This approach allows coordinated examination of applications linked to a particular business project, supporting the timely acquisition of rights. It has been used in fields such as advanced manufacturing. Other measures include the expanded use of virtual and in-person interviews to facilitate communication with applicants, as well as guidance on the use of IP in fundraising and valuation.

3.157. Support for start-ups and emerging enterprises includes tailored advice on IP strategy, assistance with international filings and facilitation of cooperation with venture capital and financial institutions. These measures aim to encourage early and strategic acquisition of IPRs, reduce information asymmetries and strengthen the capacity of young firms to use patents, designs, trademarks and data as assets for growth and internationalization.

3.158. Japan participates actively in the TRIPS Council. It regularly briefs on updates to its domestic regime, shares national experiences in using IP to promote innovation and economic development, and provides information on initiatives to build capacity and facilitate technology transfer for LDCs. During the review period 2023-2025, Japan submitted 12 notifications to the TRIPS Council **Error! Reference source not found.**).

3.3.7.2 Domestic framework

3.159. Japan's IP regime consists of a set of comprehensive statutes that have been periodically updated to reflect technological and economic developments. Since the last Trade Policy Review in 2023, several legislative and regulatory changes have been introduced and are described in the following sub-sections.

3.3.7.2.1 Copyright

3.160. Amendments to the Copyright Act (Act No. 48 of 1970) were adopted in 2023. These include establishing provisions allowing the transmission of copyrighted works within government entities, and an updated method for calculating damages.[183]

[180] Intellectual Property Strategy Headquarters, *New Cool Japan Strategy,* 4 June 2024. Viewed at: https://www.cao.go.jp/cool_japan/english/main_document_2024.pdf (27/02/2026).

[181] JPO, *JPO Status Report, 2025*. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, pages 112 and 122 (28/02/2026).

[182] See WTO document IP/N/1/JPN/75, 31 May 2024.

[183] WIPO, Lex Online Database, *Copyright Act, Japan*. Viewed at: https://www.wipo.int/wipolex/en/legislation/details/22612 (28/02/2026), and Agency for Cultural Affairs. Viewed at: https://www.bunka.go.jp/english/policy/copyright/amendments_2023/ (28/02/2026).

3.161. Japan has also adopted and updated comprehensive measures against online piracy of copyrighted content. The Government has published a "Comprehensive measures and timeline against pirated contents on the Internet".[184]

3.3.7.2.2 Trademarks

3.162. In 2024, a consent system was introduced into the Trademark Act (Act No. 127 of 1959) [185]. Under the revised framework, a trademark application that would otherwise be denied due to its similarity to an already a registered trademark may be registered when the holder of the earlier right consents and consumer confusion between the existing trademark and the proposed one is unlikely.[186]

3.163. Trademark filing activity remains high, although it has moderated in recent years. Total applications amounted to 170,275 in 2022, 164,061 in 2023 and 158,792 in 2024,[187] including both national applications and international applications designating Japan under the Madrid System (**Error! Reference source not found.**). Over the same period, trademark registrations decreased from 183,804 in 2022 to 132,011 in 2024.

Table 3.12 Trademark applications and registrations, 2022-2024

Year	International applications for trademark registration	Applications for trademark registration, excluding international applications	Total trademark applications	Trademark registrations
2022	19,769	150,506	170,275	183,804
2023	17,397	146,664	164,061	124,334
2024	16,252	142,540	158,792	132,011

Source: Information provided by the authorities.

3.3.7.2.3 Geographical indications

3.164. Geographical indications (GIs) are protected through two parallel frameworks: the Act on Protection of the Names of Specific Agricultural, Forestry and Fishery Products and Foodstuffs (the GI Act) (Act No. 84 of 2014), in force in June 2015,[188] establishes a registration system for geographical indications covering foodstuffs, beverages excluding alcoholic beverages, and agricultural products intended for human consumption. The system is administered by the Ministry of Agriculture, Forestry and Fisheries (MAFF), and there were no changes to the operation of the GI regime during the review period. The number of registrations has increased, as the authorities continued to foster the use of the GI system. As of November 2025, 172 GIs were registered, including 164 domestic products such as Yubari Melon, Kobe Beef, and Yame Tea, and 2 cancelled registrations.[189]

3.165. Geographical indications for alcoholic beverages fall under the jurisdiction National Tax Agency (NTA). Specific indications domestic alcoholic beverages are designated under NTA Notice No. 19 (October 2015).[190]

3.166. Protection of GIs for foreign alcoholic beverages, including Champagne and Scotch Whisky, has been ensured under the bilateral Economic Partnership Agreement through legislative or administrative means.

[184] Cabinet Office et. al. Viewed at: https://www.kantei.go.jp/jp/singi/titeki2/kaizokuban_taisaku/pdf/kaizokuban_taisaku.pdf (28/02/2026).
[185] JPO. Viewed at: https://www.jpo.go.jp/system/trademark/gaiyo/consent/index.html (28/02/2026).
[186] WTO document IP/N/1/JPN/76, 31 May 2024.
[187] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, page 29 (28/02/2026).
[188] WTO document IP/N/1/JPN/28, 17 February 2017.
[189] MAFF, Information on Registered Gis. Viewed at: https://www.maff.go.jp/e/policies/intel/gi_act/register.html (28/02/2026).
[190] National Tax Agency, Notice on Establishing Indication Standards Concerning Geographical Indications for Liquor (National Tax Agency Notice No. 19). Viewed at: https://www.nta.go.jp/english/taxes/liquor_administration/geographical/01.htm (28/02/2026).

3.167. In addition, a regional collective trademark system has been available since 2006 to protect regional brands combining the name of region with the name of goods or services. As of December 2024, 1,362 applications had been filed under this system, and 781 registrations were valid. [191]

3.3.7.2.4 Industrial designs

3.168. On 1 January 2024, the amendments to the Design Act (Act No. 125 of 1959) entered into force. These amendments aim to facilitate the preparation of the certificates required to assert an exception to lack of novelty when a design has been disclosed prior to filing due to acts by a person entitled to obtain a design registration. Under the revised provisions, it is sufficient to submit one of the earliest disclosure events. To implement these changes, the JPO revised the Examination Guidelines and the Examination Handbook.

3.169. Applications for design registration have remained steady. According to the JPO Status Report 2025, applications for design registration rose from 31,711 in 2022 to 31,747 in 2023, and then to 32,065 in 2024 (**Error! Reference source not found.**). Registrations followed a similar pattern, with 29,540 recorded in 2022, 26,908 in 2023 and 27,598 in 2024. Foreign applicants continue to account for a large share of filings, underscoring Japan's importance as both a market and a production hub for design-intensive sectors. In 2024, the average examination pendency was 6.8 months. The JPO also provides accelerated examination for eligible applications. [192]

Table 3.13 Design applications and registrations, 2022-2024

Year	International applications for design registration	Applications for design registration, excluding international applications	Total design applications	Design registrations
2022	3,353	28,358	31,711	29,540
2023	4,160	27,587	31,747	26,908
2024	4,518	27,547	32,065	27,598

Source: Information provided by the authorities.

3.170. In April 2025, the JPO published the results of a research study on the state of design creation using generative AI. This study aimed to provide foundational data for exploring the appropriate protection of designs created using generative AI under the Design Act. Based on these research findings, the Design System Subcommittee of the Intellectual Property Committee of the Industrial Structure Council, composed of external experts, is advancing discussions regarding issues that may arise in design examination practices and the design system.

3.3.7.2.5 Patents

3.171. In 2024, Japan introduced a system for the non-disclosure of patent applications involving sensitive technologies, under the ESPA (Box 2.1).[193] The system allows the suspension of publication of patent applications following a security review when the applications include inventions that could pose a significant risk to the security of the nation and its citizens if made public, thereby preventing the disclosure of sensitive technologies.[194] Patent procedures at the JPO can be carried out as usual, even after the security review has commenced.[195]

3.172. Amendments to the Patent Act (Act No. 121 of 1959) and relevant guidelines further modernized procedures by expanding options for electronic communication, enabling online submission of a copy of the priority certificate and, in principle, all documents, and allowing certain

[191] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, page 73 (28/02/2026).
[192] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, pages 24-25 (28/02/2026).
[193] WTO document IP/N/1/JPN/78, 6 June 2024.
[194] Outline of the Economic Security Promotion Act (Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures. Viewed at: https://www.japaneselawtranslation.go.jp/outline/75/905R403.pdf (28/02/2026).
[195] JPO, System for Non-Disclosure of Patent Applications. Viewed at: https://www.jpo.go.jp/e/system/patent/shutugan/patent_applications.html (28/02/2026).

notifications to be completed through electronic means.[196] In 2024, the authorities announced that examination of a divisional applications for which a request has been made by the applicant or applicant's agent would be suspended while the original application is pending trial.[197] The Examination Guidelines for Patent and Utility Model were revised on 1 May 2024 to add details regarding the provision of the Economic Security Promotion Act.[198] In addition, the Examination Handbook for Patent and Utility Model was revised on 29 May 2025.[199]

3.173. Japan remains one of the world's top patent-filing jurisdictions. The JPO granted around 200,000 patents and received approximately 300,000 patent applications in 2024 (**Error! Reference source not found.**). It has one of the shortest total pendency globally, averaging about 14 months, or two months under its super-accelerated track (**Error! Reference source not found.**). The JPO is widely recognized for its efficient and timely approach to patent examination and granting, with the pendency typically being 10 months shorter than those of other large IP offices. Under certain conditions, the JPO offers accelerated examinations and super-accelerated examinations. In 2024, first action pendency from request for accelerated examination was 2.3 months on average; and for super-accelerated examination the average was 0.8 months.[200]

Table 3.14 Patent applications and patents granted, 2022-2025

Year	International patent applications	Patent applications excluding international applications	Total patent applications	Patent registrations
2022	75,892	213,638	289,530	201,420
2023	75,687	224,446	300,133	209,368
2024	72,888	233,967	306,855	200,284

Source: Information provided by the authorities.

3.174. Maintaining timely examinations and clear outcomes remains a priority for the authorities. To sustain this performance[201], the JPO employed 1,668 examiners in 2025, outsources prior-art searches to registered search organizations, uses digital tools and AI, and relies on work-sharing through the Patent Prosecution Highway (PPH). User satisfaction for patent services exceeds 97%.[202] Japan has PPH agreements with 46 IP offices[203] around the world as of 1 January 2026, as well as extensions with Thailand. In September 2025, Japan signed a PPH agreement with the Kingdom of Bahrain, which entered into force on 1 January 2026.[204] The JPO also serves as the Secretariat of the Global Patent Prosecution Highway (Global PPH), which brings together 29 participating IP offices as of 6 January 2026, and allows applicants to request accelerated examination in participating jurisdictions based on positive examination results from another member office.

Table 3.15 Average patent application pendency periods, in months, FY2022-2025

Fiscal year (FY)	First Action (FA) pendency			Total pendency
	Normal	Accelerated	Super-accelerated	
FY2022	10.0	2.2	0.9	14.7

[196] WTO document IP/N/1/JPN/74, 28 February 2024.
[197] JPO, Suspension of examination of a divisional application while the original application is pending trial. Viewed at: https://www.jpo.go.jp/e/system/patent/shinsa/bunkatu-shutugan_chushi.html (28/02/2026).
[198] JPO, Examination Guidelines for Patent and Utility Model in Japan. Viewed at: https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/tukujitu_kijun/index.html (28/02/2026).
[199] JPO, Examination Handbook for Patent and Utility Model in Japan. Viewed at: https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/handbook_shinsa/index.html (28/02/2026).
[200] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, page 52 (28/02/2026).
[201] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, page 50 (28/02/2026).
[202] JPO, JPO Status Report, 2025. Viewed at: https://www.jpo.go.jp/e/resources/report/statusreport/2025/index.html, page 5 (28/02/2026).
[203] PPH, PPH Network. Viewed at: https://www.jpo.go.jp/e/toppage/pph-portal/network.html (28/02/2026).
[204] JPO, Agreement to Start the Patent Prosecution Highway (PPH) with the Ministry of Industry and Commerce of the Kingdom of Bahrain. Viewed at: https://www.jpo.go.jp/e/news/ugoki/202509/2025092201.html (28/02/2026).

Fiscal year (FY)	First Action (FA) pendency			Total pendency
	Normal	Accelerated	Super-accelerated	
FY2023	9.4	2.1	0.8	13.8
FY2024	9.1	2.3	0.9	13.0

Source: Information provided by the authorities.

3.175. Beyond the PPH, Japan operates the PPH Plus and the Cooperation for Facilitating Patent Grant (CPG), which allow partner offices to rely on the JPO's examination results to expedite corresponding patent grants. These mechanisms help applicants obtain protection for the same invention in multiple jurisdictions more efficiently and form part of Japan's broader strategy of international IP cooperation and capacity-building.

3.3.7.2.6 Utility models

3.176. The 2022 reform of Japan's utility-model regime introduced tighter limits on "multi-multi" claims, which refer to any dependent claim that refers to more than one other claim in the alternative ("multiple dependent claim") which depends from any other multiple dependent claim.[205]

3.177. Demand for utility-model protection remains relatively low, as reflected in the continued low number of technical evaluation reports issued by the JPO. The use of the utility model system has been on a declining trend over the past 25 years. After reaching a peak of more than 200,000 applications in 1987, filings fell to fewer than 10,000 by 2000 and stood at around 4,600 in 2024 (Table 3.16).[206]

Table 3.16 Utility model applications and registrations, 2022-2024

Year	International applications for utility model registration	Applications for utility model registration, excluding international applications	Total utility model applications	Utility model registrations
2022	173	4,340	4,513	4,615
2023	186	4,763	4,949	4,772
2024	213	4,442	4,655	4,514

Source: Information provided by the authorities.

3.3.7.2.7 Plant variety protection

3.178. Plant breeders' rights are granted under the Plant Variety Protection and Seed Act (Act No. 83 of 1998), as amended in 2020. There were no legislative developments in the area of plant varieties during the period under review.

3.179. Japan is a member of the International Union for the Protection of New Varieties of Plants (UPOV)[207] and participates in the East Asia Plant Variety Protection Forum, [208] which seeks to harmonize testing guidelines among 13 countries and facilitate cooperation on plant variety protection. In 2025, Japan linked its national online plant variety protection system to UPOV PRISMA, the global platform for filing PVP applications and managing national listings.[209] The applications and grants are shown in Table 3.17.

[205] JPO, Revision of Examination Guidelines related to Multi-Multi Claim Restriction. Viewed at: https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/kaitei/rev_202204.html (28/02/2026).
[206] Utility Models in Japan. Masabumi Suzuki. Sub-patent Innovation Rights. Utility Models, Petty Patents and Innovation Patents Around the World. Edited by Jorge L. Contreras. Cambridge University Press. 2025. Page 228.
[207] UPOV. Viewed at: https://www.upov.int/en/about-upov/members (28/02/2026).
[208] The East Asia Plant Variety Protection Forum (EAPVP). Viewed at: http://eapvp.org/ (28/02/2026).
[209] UPOV. Viewed at: https://www.upov.int/en/w/news/2025/japan-joins-upov-prisma-facilitating-simplified-submissions-of-plant-variety-applications.

Table 3.17 Plant variety applications and registrations, 2022-2024

Year	Applications for plant variety protection	Titles granting variety protection
2022	683	672
2023	591	497
2024	599	703

Source: Information provided by the authorities.

3.3.7.2.8 Undisclosed information and trade secrets

3.180. The Unfair Competition Prevention Act (UCPA) (Act No. 47 of 1993) provides the legal framework for the protection of undisclosed information and trade secrets in Japan. Trade secrets are defined as technical or business information useful for business activities, that is kept secret and not publicly known. The UCPA provides civil remedies, including injunctions and damages, as well as criminal sanctions against acts of infringement, such as the wrongful acquisition, use or disclosure of trade secrets. Provisions on the presumption of damages were revised to allow claims for loss or damage in excess of the production capacity of the infringed party.[210]

3.181. The UCPA also protects data that meets specific requirements as "shared data with limited access". This includes information that has economic value and that may not be strictly secret but is controlled so that only designated persons have access. Protection of such data is intended to facilitate secure data sharing and collaborative use while preventing unauthorized extraction or misuse by third parties. Remedies under the UCPA are available for certain acts, including some forms of digital misappropriation.

3.182. Amendments to the UCPA, which entered into force on 1 April 2024, have strengthened the protection of trade secrets and shared data with limited access.[211] These include expanding the provisions regarding the presumption of damages, expanding the provisions regarding the presumption of use of trade secrets, and clarifying the definition of shared data with limited access. In addition, it has been clarified that a civil lawsuit concerning trade secrets managed by a company conducting business in Japan under a management system in Japan can be filed in a Japanese court even if the infringement occurred overseas, based on the UCPA.[212]

3.3.7.3 Enforcement

3.3.7.3.1 Administrative and judicial measures

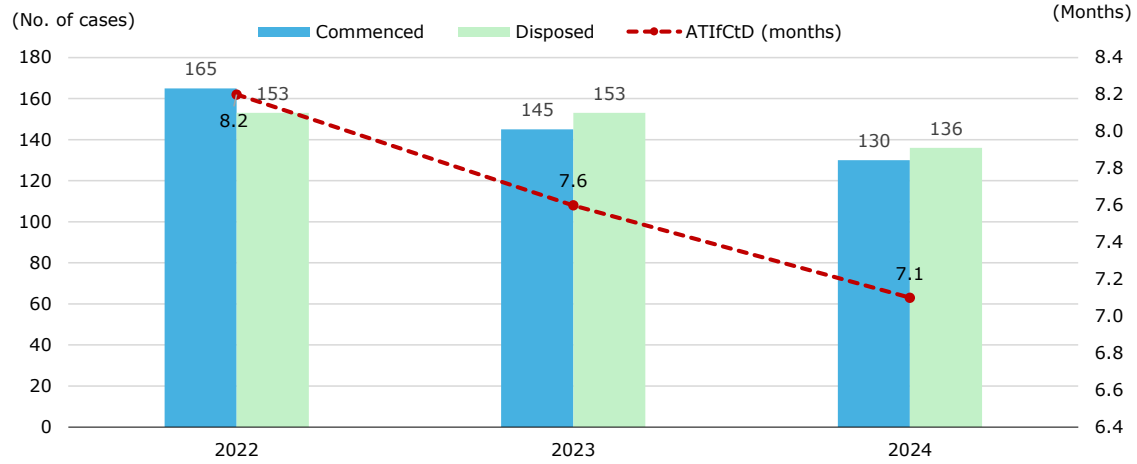
3.183. The enforcement of intellectual property rights in Japan encompasses both administrative and judicial mechanisms. The JPO administers registration systems and conducts trials and appeals concerning the validity of patents, utility models, designs, and trademarks. The JPO Trial and Appeal Department examines oppositions, invalidation trials, and related matters. Challenges to the decisions rendered in trials and appeals of the JPO are subject to the exclusive jurisdiction of the Tokyo High Court and are handled by the Intellectual Property High Court (the "IP High Court"), which is a special branch of the Tokyo High Court. Decisions of the IP High Court may be challenged by final appeal before the Supreme Court.

3.184. Specialized intellectual property divisions for IP-related civil cases are established in the Tokyo and Osaka District Courts. IP-related civil cases filed with district courts tend to be concentrated in those two courts. In addition, with respect to IP-related civil cases, the IP High Court, located in Tokyo, has exclusive jurisdiction over appeals in patent-related matters (so-called technology-related actions concerning patent rights, utility model rights, layout-design exploitation rights for semiconductor integrated circuits, or the rights of authors for a computer program work) as well as over actions seeking revocation of decisions rendered in trials and appeals of the JPO. In 2024, high courts disposed of 136 IP cases, with an average resolution time of 7.1 months, down from 8.2 months in 2022 and 7.6 months in 2023. Overall caseloads are trending downward, with fewer new appeals submitted each year. The number of intellectual property appeal cases

[210] METI, Unfair Competition Prevention Act. Viewed at: https://www.meti.go.jp/english/policy/economy/chizai/chiteki/index.html (02/03/2026).
[211] Act on Partial Revision of the Unfair Competition Prevention Act (Act No. 51 of 2023).
[212] WTO document IP/N/1/JPN/77, 5 June 2024.

commenced and disposed of, as well as average disposal times across all high courts since 2022, show a gradual improvement in case resolution times (Chart 3.11).

Chart 3.11 Intellectual property appeal cases in high courts: commenced, disposed, and average disposal time, 2022-2024



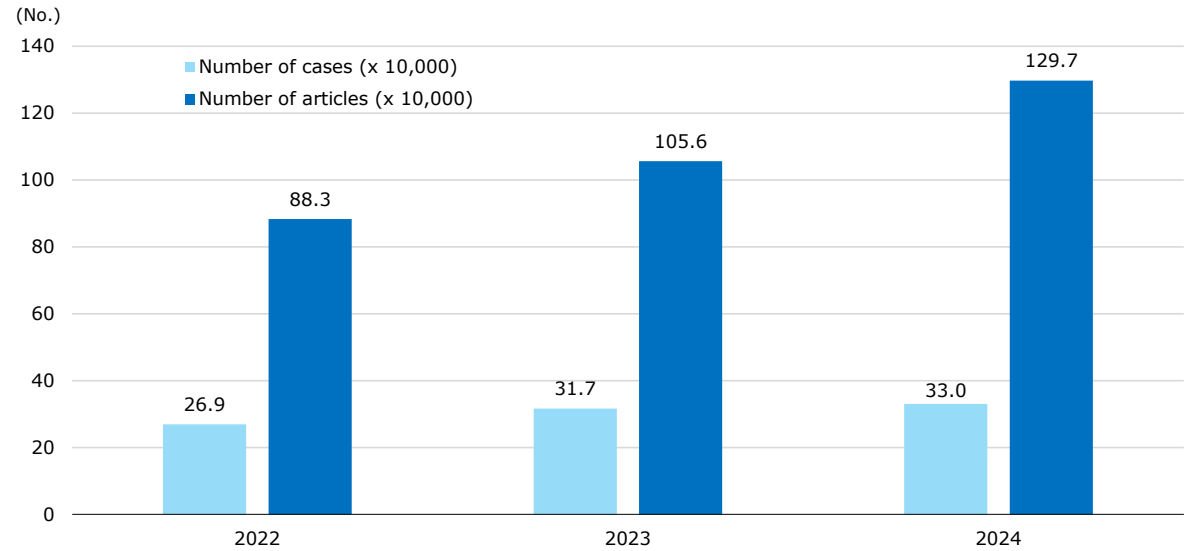
Source: Intellectual Property High Court Statistics. Viewed at: https://www.courts.go.jp/ip/eng/vc-files/eng/2025/2-E/e-zenkokukousai.pdf (23/02/2026).

3.3.7.3.2 Border measures

3.185. On 1 October 2022, amendments to the Trademark Act, the Design Act, and the Customs Act entered into force, prohibiting the importation of counterfeit goods into Japan via postal mail or other channels, including shipments intended for personal use. In 1997, Japan provided its checklist of issues on enforcement under Article 63.2.

3.186. Japan Customs applies border enforcement measures, as provided for in the Customs Act and relevant IP laws. In 2024, the IPR Border Enforcement unit seized 1,297,113 counterfeit items,[213] the highest annual total recorded in the past four years (Chart 3.12).[214]

Chart 3.12 Customs seizures of counterfeit items, 2022-2024



[213] Japan Customs, 2024 Seizure Statistics of IPR Border Enforcement. Viewed at: https://www.customs.go.jp/mizugiwa/chiteki/pages/statistics/statistics2024.pdf (28/02/2026).
[214] In 2020 (589,219), 2021 (819,411), 2022 (882,647), 2023 (1,056,245).

Source: Japan Customs, 2024 Seizure Statistics of IPR Border Enforcement. Viewed at: https://www.customs.go.jp/mizuqiwa/chiteki/pages/statistics/statistics2024.pdf (23/02/2026).

3.187. In implementing border enforcement against goods infringing industrial property rights, the JPO responds to inquiries from customs authorities regarding the technical scope and other aspects relevant to determining whether goods infringe protected rights. Furthermore, through personnel exchanges between customs authorities and the JPO, as well as cooperation and training programmes for their staff, both agencies foster mutual understanding of their respective systems. In addition, the JPO compiles information related to counterfeit and pirated goods and provides it to customs.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, forestry, and fisheries

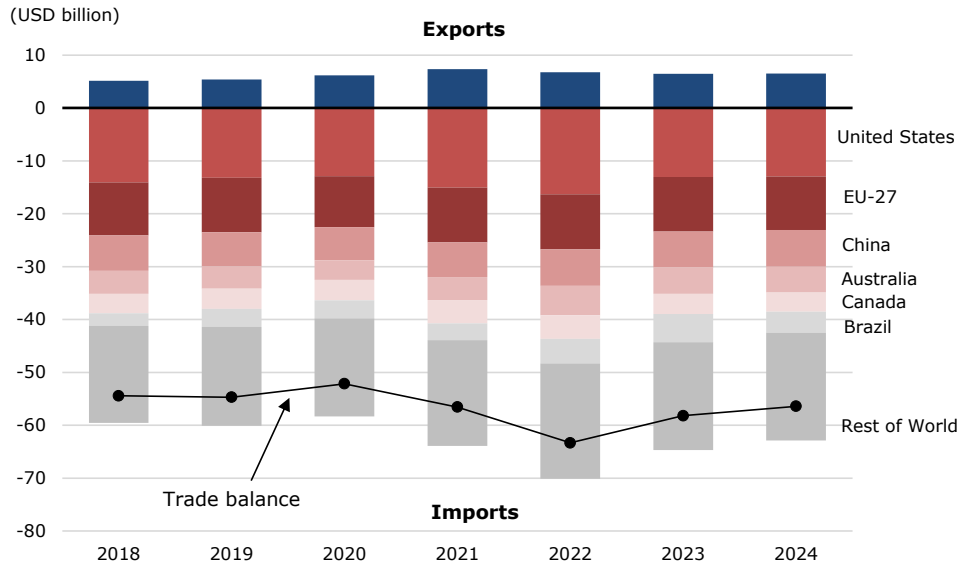
4.1.1 Agriculture

4.1.1.1 Overview

4.1. Agriculture accounted for around 0.8% of GDP and 2.6% of total employment in 2024.[1] Despite its modest share of the national economy, the authorities consider that agriculture is strategically vital for maintaining food security, preserving rural landscapes, and sustaining local communities. Structurally, the sector is characterized by small-scale, fragmented landholdings and a rapidly ageing labour force, which has accelerated the adoption of smart agricultural technologies. Rice remains the dominant crop in terms of land use, followed by high-value horticulture (vegetables and fruits) and livestock products, which are increasingly prioritized to boost sectoral profitability.

4.2. Japan is a net importer of agricultural goods (WTO definition) and remains one of the world's largest importers of these goods (4th largest in 2024).[2] In 2024, the agricultural trade deficit declined to USD 56.4 billion from USD 63.3 billion in 2022, mainly due to lower imports (Chart 4.1). In 2024, imports totalled USD 62.9 billion, while exports reached USD 6.5 billion. The most important import partners include the United States (20.6% of total agricultural imports), the European Union (16.1%), and China (11.1%). The sector remains highly protected, with significant tariff and non-tariff measures.

Chart 4.1 Agricultural trade and main import partners, 2018-2024



Source: WTO Secretariat calculations, based on UN Comtrade database.

4.3. Key agricultural imports include meats (particularly pork and beef), maize for livestock feed, and wheat, which collectively accounted for approximately 7.3% of agricultural imports in 2024. The main agricultural exports in 2024 were alcoholic beverages (whisky and sake), beef (Wagyu), and apples, accounting for 17.4% of total agricultural exports. The export basket is aligned with the Government's strategy to target high-income overseas markets focuses on high-quality, value-added products.

4.4. Since the previous Review, Japan's agricultural policy has undergone fundamental legislative reforms to address structural vulnerabilities, notably since 2024. The primary drivers of this shift

[1] Information provided by the authorities.
[2] WTO, World trade in agricultural products. Viewed at: https://www.wto.org/english/tratop_e/agric_e/ag_imp_exp_charts_e.htm#mapHeading (24/02/2026).

include heightened geopolitical risks affecting food security, the intensification of climate change, and demographic pressures from a shrinking farming population.[3] In response, policy objectives have moved beyond simple income support toward integrated strategies that emphasize supply chain resilience, environmental sustainability, and productivity improvements through smart agriculture.

4.5. To complement these efforts, in 2025, Japan introduced the Basic Plan for Food, Agriculture and Rural Areas, which sets targets for 2030 to enhance food security and sustainability.[4] Key objectives include raising the calorie-based food self-sufficiency rate to 45% (from 38% in FY2023) and the production value-based rate to 69% (from 61%). Environmental goals include a reduction in the usage of chemical fertilizer by 20% and pesticides by 10% and doubling organic farming area to 63,000 hectares. Economic targets aim to expand agri-food exports to JPY 5 trillion (from JPY 1.5 trillion in 2024), alongside JPY 3 trillion in revenues from an overseas expansion, and JPY 4.5 trillion in food-related consumption by inbound tourists.[5]

4.1.1.2 Institutional and legal framework

4.6. The Ministry of Agriculture, Forestry and Fisheries (MAFF) oversees policy formulation and implementation. The primary legal framework governing the sector remains the Basic Act on Food, Agriculture and Rural Areas (Act No. 106 of 1999)[6], which mandates the publication of an annual report on the state of the sector. The latest Annual Report on Food, Agriculture and Rural Areas was issued in May 2025, reporting agricultural trends and policy measures taken in FY2024.[7]

4.7. In 2024, the Basic Act underwent a comprehensive revision to explicitly prioritize national security. The amended Act introduces a legal definition of "food security" as "a condition in which a stable supply of high-quality food is ensured at a reasonable price and each and every individual in the country can obtain the food".[8] The amendment redefines agricultural exports not merely as a commercial activity, but as a strategic means to maintain domestic production capacity to counteract domestic demand reductions from domestic population decline.[9] The authorities indicate measures are targeted, *inter alia*, at large scale consolidation of production, sharing of facilities and smart agricultural technologies.

4.8. The amended Act also stipulates a more proactive role for the Government in securing food supplies.[10] It mandates measures to diversify the sources of imports of essential agricultural commodities and production inputs (e.g. fertilizers) to reduce reliance on specific sources. Furthermore, the Act authorizes the Government to, *inter alia*, adjust the tariff rate and to restrict imports, where urgently required, if competing imports "cause or are likely to cause serious damage" to domestic production.[11] Complementing domestic efforts, the Act requires the provision of technical and financial assistance to developing countries, as well as promoting international cooperation to stabilize global food systems.[12]

[3] The number of people engaged solely in agricultural activities halved from 2.4 million in 2000 to 1.2 million in 2023. MAFF, *FY2023 Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan*. Viewed at: https://www.maff.go.jp/e/data/publish/Annual_Report/AnnualReportonFoodAgricultureandRuralAreas_FY2023.pdf (05/12/2025).

[4] MAFF, *Shokuryo, Nogyo, Noson Kihon Keikaku* (Basic Plan for Food, Agriculture and Rural Areas, 2025) (Basic Plan). Viewed at: https://www.maff.go.jp/j/keikaku/k_aratana/attach/pdf/index-61.pdf (05/12/2025).

[5] MAFF, Basic Plan, pages 13, 18 and 20.

[6] Japanese Law Translation (JLT), Basic Act on Food, Agriculture and Rural Areas (tentative translation) (Basic Act), 1999. Version: Act No. 44 of 2024. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4874/en#je_s20 (05/12/2025).

[7] MAFF, *FY2024 Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan*. Viewed at: https://www.maff.go.jp/e/data/publish/Annual_Report/AnnualReportonFoodAgricultureandRuralAreas_FY2024.pdf (05/12/2025).

[8] Basic Act, Article 2(1). Version: Act No. 44 of 2024. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4874/en#je_s20 (05/12/2025).

[9] Basic Act, Article 2(4).

[10] Basic Act, Article 3 and Section 3.

[11] Basic Act, Article 21.

[12] Basic Act, Article 25.

4.9. The Basic Plan for Food, Agriculture and Rural Areas serves as the strategic roadmap for the sector, mandated to be revised approximately every five years to address evolving challenges. The 2025 Plan identifies obstacles, outlines comprehensive measures to be implemented by the Government, and sets targets matters related to food self-sufficiency rate and ensuring food security. The Government is required to conduct research about targets for matters relating to the food self-sufficiency rate and ensuring food security and publish their findings yearly (**Error! Reference source not found.**).[13]

4.10. Trade plays a dual role in the plan, serving as both a necessity for supply stability and a driver for growth. The Plan seeks to ensure the stable import of essential commodities (e.g. wheat, soybeans, and corn) by diversifying procurement sources and strengthening supply chains with partner countries through targeted investments, intergovernmental dialogue and improved public-private information sharing within Japan. To counteract the shrinking domestic market, the Plan promotes exports to capture growing overseas demand. The export-oriented strategy aims to ensure the profitability and sustainability of Japan's agricultural and food industries, thereby reinforcing the domestic production base by developing agriculture and food industries overseas.[14]

4.11. To operationalize the objectives of the amended Basic Act, a cluster of new laws was implemented during the review period. These legislative measures focus on three critical pillars: crisis management for food supply, the preservation of productive farmland, and the modernization of the sector through technology.

4.12. The Act on Countermeasures for Difficult Food Supply Situations (Act No. 61 of 2024)[15] entered into force in April 2025. The Act establishes a crisis management framework to address risks such as weather anomalies or logistical disruptions. It mandates the early detection of potential shortages and the creation of a "Food Supply Difficulty Response Headquarters", chaired by the Prime Minister and comprising all Cabinet Ministers, to formulate and execute emergency policies when signs of a crisis are detected.[16] As of February 2025, no measures have been implemented.

4.13. In critical situations, the Headquarters are empowered to request businesses to control the production, collection, sale, distribution, or transportation of food and agricultural inputs, and can also require submission of action plans to the extent necessary. The Act outlines provisions for financial support to businesses to mitigate undue burdens, alongside penalties for businesses that do not submit action plans and includes fines during initial information-gathering stages (e.g. notifications, on-site inspections).

4.14. The Government has adopted, as a Cabinet Decision related to the Act, a basic policy that due consideration should be given to Japan's international obligations under WTO agreements and other international trade rules when implementing measures that affect Japan's import activities.[17]

4.15. Japan also adopted the Act on the Promotion of Smart Agricultural Technology Utilization to Improve Agricultural Productivity (Act No. 63 of 2024), which entered into force in October 2024. The Act aims to maintain production levels despite a diminishing workforce by accelerating the adoption of smart agricultural technologies such as robotics and artificial intelligence. It mandates MAFF to formulate basic policies for technology development and introduces two certification systems to support different aspects of this transition.[18] The first system certifies the Implementation Plan for Innovation of Production Methods. This targets agricultural business operators who aim to utilize smart technologies and introduce new production methods on a significant scale to improve productivity. The second system certifies the Implementation Plan for Development and Supply, which targets manufacturers, service providers, and research institutes. This certification covers business plans that integrate the development of essential smart

[13] Basic Act, Article 17.
[14] MAFF, Basic Plan, pages 79 and 83. Viewed at: https://www.maff.go.jp/j/keikaku/k_aratana/attach/pdf/index-61.pdf (05/12/2025).
[15] JLT, Act on Countermeasures for Difficult Food Supply Situations. Viewed at: https://www.japaneselawtranslation.go.jp/ja/laws/view/4958 (08/12/2025).
[16] JLT, Outline of the Act on Countermeasures for Situations of Difficulty in Food Supply. Viewed at: https://www.japaneselawtranslation.go.jp/outline/132/905R634.pdf (05/12/2025).
[17] Information provided by the authorities.
[18] JLT, Outline of the Act on the Promotion of Smart Agricultural Technology Utilization to Improve Agricultural Productivity. Viewed at: https://www.japaneselawtranslation.go.jp/outline/125/905R637.pdf (05/12/2025), and JLT. Viewed at: https://laws.e-gov.go.jp/law/506AC0000000063 (05/12/2025).

technologies with the supply of related services or machinery. Both certifications grant applicants access to support measures such as long-term low-interest loans from the Japan Finance Corporation (JFC) and streamlined administrative procedures for permits (e.g. for agricultural drones). Additionally, developers can access R&D facilities at the National Agriculture and Food Research Organization.[19]

4.16. In addition to these legislative developments related to the Basic Act, the MAFF launched various initiatives with a view to enhancing the functioning of the domestic market. The Fair Price Project and the Council for Fair Price Formation was established in 2023, to address persistent issues of incomplete cost pass-through in the agri-food sector.[20] According to a survey by the Japan Agricultural Cooperatives in 2022, 55% of agricultural producers were unable to pass on input cost increases to their selling prices. The MAFF has issued guidelines for "fair" trade negotiations and started consumer awareness campaigns.[21] The authorities attribute the high incidence of incomplete cost pass-through in the agri-food sector to small-scale farming, complex supply chains, and environmentally driven supply fluctuations.

4.17. Building on these initiatives, Japan amended the Wholesale Market Act (Act No. 35 of 1971) and the Act on Rationalizing Distribution and Improving Transactional Propriety for Food and Other Products (Act No. 59 of 1991) in 2025. The Acts introduce a certification system for distribution plans to establish sustainable trade relationships and establishes an "effort-based obligation" for buyers to negotiate prices in good faith when costs rise. To support this, wholesale markets are now required to publicize cost indices for designated foods, enhancing price transparency.[22, 23]

4.18. The Act on the Promotion of Smart Agricultural Technology Utilization to Improve Agricultural Productivity encompasses several support measures, these include, *inter alia*, a single registration procedure for smart agricultural technology (e.g. flight permits for drones); special depreciation allowances for capital investments (corporate and income tax); reduced registration and licence taxes; financial assistance in the event of crop failures; and access to long-term and low-interest loans from the Japan Finance Corporation (JFC).[24]

4.19. During the review period, Japan also continued its efforts to promote sustainability. The Act on Promotion of Environmental Burden Reduction Business Activities for Establishing Environmentally Harmonized Food Systems (Act No. 37 of 2022, also called "MIDORI Act"[25]) entered into force on 1 July 2022. Its primary objective is to decarbonize the agricultural sector and reduce environmental burdens across the food supply chain. Business operators in agricultural, forestry and fishery operators certified under the MIDORI Act are eligible for a range of support measures aimed at expanding efforts to reduce the environmental burden. Benefits include special provisions for taxation and financial support for equipment, *inter alia*, aimed at reducing chemical fertilizer and pesticide use. This framework aims to lower the economic barrier for farmers transitioning to environmentally sustainable production methods.[26]

4.20. In 2024, the MAFF formally launched the "Visualization Label" for environmental impact reduction. This voluntary labelling scheme rates agricultural products produced in Japan with one to three stars based on their Greenhouse Gas (GHG) emission reductions compared with regional average practices. To facilitate this, the Government provides a standardized calculation tool that allows farmers to estimate emissions based on input data such as fertilizer usage, fossil fuel

[19] MAFF, Promotion of Smart Agriculture. Viewed at: https://www.maff.go.jp/e/policies/tech_res/smaagri/PDF/Promotion_of_SmartAgriculture_250131.pdf (18/02/2026).

[20] MAFF, *FY2023 Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan*.

[21] MAFF (2023). Viewed at: https://www.maff.go.jp/j/shokusan/kikaku/kakaku_keisei/attach/pdf/imdex-4.pdf (05/12/2025).

[22] MAFF (2024) Viewed at: https://www.maff.go.jp/j/law/bill/attach/pdf/250214-19.pdf (05/12/2025).

[23] Sangiin. Viewed at: https://www.sangiin.go.jp/japanese/annai/chousa/rippou_chousa/backnumber/2025pdf/20250425029.pdf (05/12/2025).

[24] JLT, Outline of the Act on the Promotion of Smart Agricultural Technology Utilization to Improve Agricultural Productivity.

[25] MAFF. Viewed at: https://www.maff.go.jp/j/kanbo/kankyo/seisaku/midori/houritsu.html (05/12/2025).

[26] JLT, Act on Promotion of Environmental Burden Reduction Business Activities for Establishing Environmentally Harmonized Food Systems. Viewed at: https://www.japaneselawtranslation.go.jp/ja/laws/view/4982/en (21/01/2025).

consumption, and water management practices. For rice, contributions to biodiversity conservation (e.g. winter flooding, creation of biotopes, etc.) is specifically evaluated and indicated on the label.[27]

4.21. In 2024, the Act on Temporary Measures Concerning Improvement of Management of Specified Agro-Processing Industries (Act No. 118 of 1989) was amended and extended for an additional five years. The amendment expands the scope of eligible raw materials to include wheat and soybeans (and their primary processed products). Specified processor businesses are eligible to formulate plans with the aim of stabilizing procurement of eligible raw materials, and qualify for long-term, low-interest loans from the JFC to improve processing facilities, after approval by the MAFF.[28]

4.22. The J-Credit Scheme, established in April 2013, certifies greenhouse gas (GHG) emission reductions and removal and was broadened within the agricultural sector during the review period. In 2023, the scheme incorporated new agricultural methodologies (Methodology AG-005[29] and AG-006[30]), allowing farmers to monetize their environmental efforts by selling carbon credits to corporations and other users.

4.23. To further enforce environmental goals, the MAFF is implementing "MIDORI Check", a cross-compliance mechanism linking environmental efforts to subsidy eligibility. From FY2024 to FY2026 (trial period), farmers seeking MAFF subsidies must complete "Check Sheets" detailing their actions to optimize fertilizer use, reduce energy consumption, and conserve biodiversity. Full implementation is scheduled for FY2027, at which point compliance with these environmental standards will become a mandatory prerequisite for receiving government support.[31]

4.24. Researchers argue that the high cost of transitioning to sustainable agriculture can be particularly challenging for small and medium-sized farms (97% of agri-business is considered family businesses in Japan[32]). There are specific programme evaluations in place (e.g. direct payments for sustainable agriculture[33]); however, there is no study by the Government on the national effects of sustainable agriculture on the economy and environment.[34]

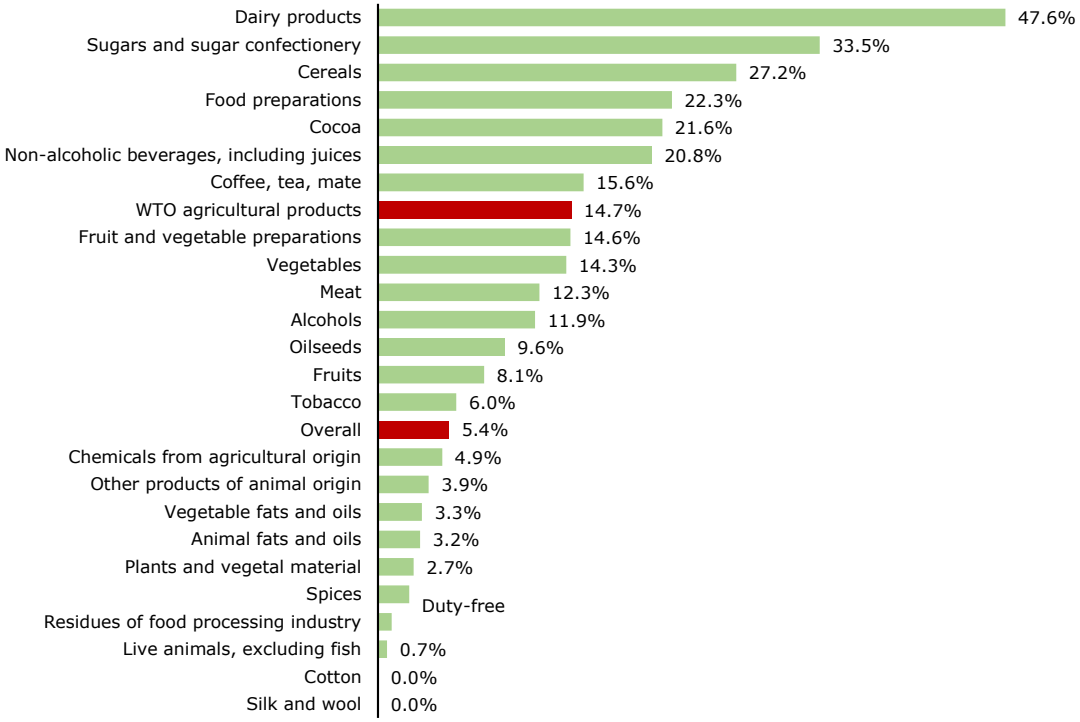
4.1.1.3 Market access

4.1.1.3.1 Tariffs

4.25. In FY2025, the average applied MFN tariff at the 9-digit level for agricultural products (WTO definition) was 14.7%, down from 18.0% in FY2022, and significantly higher that on non-agricultural products (3.2%). The highest simple average tariffs were applied to dairy products (47.6%), sugars and sugar confectionary (33.5%), and cereals (27.2%) when including *ad valorem* equivalents (Chart 4.2).

[27] Government of Japan, Public Relations Office. Viewed at: https://www.gov-online.go.jp/eng/publicity/book/hlj/html/202404/202404_08_en.html (05/12/2025).
[28] JLT, Outline of the Act Partially Amending the Act on Temporary Measures Concerning Improvement of Management of Specified Agro-Processing Industries. Viewed at: japaneselawtranslation.go.jp/outline/110/905R635.pdf (05/12/2025).
[29] J-Credit Scheme Secretariat, Methodology AG-005. Viewed at: https://japancredit.go.jp/pdf/methodology/AG-005_v3.4.pdf (21/01/2026).
[30] J-Credit Scheme Secretariat, Methodology AG-006. Viewed at: https://japancredit.go.jp/pdf/methodology/AG-006_v1.4.pdf (21/01/2026).
[31] MAFF. Viewed at: https://www.maff.go.jp/j/kanbo/kankyo/seisaku/midori/kurokon.html (05/12/2025).
[32] Benjamin E. Graeub et al. (2016), World Development, Volume 87, November 2016, Pages 1-15, Appendix A, Supplementary data 2. Viewed at: https://doi.org/10.1016/j.worlddev.2015.05.012 (05/12/2025).
[33] MAFF. Viewed at: https://www.maff.go.jp/e/policies/env/sustainagri/directpay.html (05/12/2025).
[34] Fuhrmann-Aoyagi et al. (2024), Sustainability, 16(2), 596. Viewed at: https://doi.org/10.3390/su16020596 (05/12/2025).

Chart 4.2 Tariff averages (%) by agricultural product group, 2025



Source: WTO Secretariat calculations, based on data provided by the authorities.

4.26. Japan's seasonal tariff system applies mainly to fresh fruits (HS 0803, 0805, 0806) that compete with domestic production, with rates varying by season, although preferential rates under trade agreements often apply. The applied MFN tariff for grapes is 17% from March to October and 7.8% from November to February. On bananas a 20% tariff applies from April to September, which increased to 25% from October to March. Oranges are subject to an applied MFN rate of 16% during June to November, and 32% from December to May. Grapefruit and pomelos, apply a uniform tariff of 10% year-round. Seasonal structures also apply to provisionally preserved fruits (HS 0812).

4.1.1.3.2 Tariff quotas

4.27. Japan maintains a complex system of Tariff Quotas (TQs) to manage market access for sensitive products. According to its notification for FY2024, Japan applies 20 TQs covering 188 tariff lines. Fill rates for TQs varied considerably, ranging from 1.6% to 100% (**Error! Reference source not found.**). The administration of TQs involves various allocation methods, including lottery, pro-rata, and historical allocation, as well as state trading (see below). No major structural changes to TQ administration methods took place during the review period. Japan also administers country-specific quotas under its RTAs.

4.28. Japan utilizes a State Trading Enterprise (STE) system within its TQ framework, legally grounded in the Act on Stabilization of Supply, Demand and Prices of Staple Food (Act No. 113 of 1994), for wheat, barley, and rice. Managed by the MAFF, this system aims to ensure domestic price stability and supply security. Imports outside the quota are permitted subject to the payment of out-of-quota duties, the STE manages the in-quota volume through two primary mechanisms. The Ordinary Import System, which functions as a traditional government purchase and stockpile operation, and the Simultaneous Buy and Sell (SBS) System, which functions as a tendering mechanism allowing for direct commercial negotiation between importers and end-users under government oversight. The mechanism has been notified to the WTO.[35]

4.29. Under the Ordinary Import System (used for the majority of food wheat), the Government acts as the sole importer. MAFF purchases wheat from international markets and resells it to

[35] WTO documents G/STR/N/20/JPN and G/STR/N/19/JPN/Add.1, 20 June 2024.

domestic millers at an administered Government Resale Price. This price is not linked to daily market fluctuations but is revised biannually (effective April and October). The resale price is calculated using a formula based on the average import cost over the preceding six months, foreign exchange rates, and maritime freight costs, plus a "mark-up". The mark-up (capped at JPY 45.2/kg for wheat under WTO commitments) covers administrative expenses and funds the "Management Stability Grant" for domestic wheat producers.

4.30. As of October 2025, the average government resale price of wheat was JPY 61,010 per tonne, a reduction of approximately 4% from the April 2025 price of JPY 63,570, reflecting softer international grain markets. The authorities emphasize that while the government selling price impacts miller costs, retail prices for bread and noodles are increasingly dominated by other input costs such as energy, labour, and logistics, rather than the raw cost of wheat grain.

4.31. Under the SBS System (primarily used for table rice, feed grains, and niche wheat varieties), MAFF allows an importer and a domestic end-user such as wholesalers, flour millers and feed companies to form a pair and negotiate terms directly. The pair submits a joint bid containing a "Buying Price" (importer to MAFF) and a "Selling Price" (MAFF to end-user). The quota is allocated to the pairs offering the highest mark-up (the spread between the Selling and Buying prices), which effectively functions as a competitive duty paid to the state.[36] This mechanism allows end-users to secure specific qualities and origins that the bulk Ordinary Import system cannot accommodate.

4.32. For rice, the Ordinary Import System is used primarily for government stockpiles (such as for processing, aid and feed rice), while the SBS system is directed at importing table rice (staple food). Recent regulatory changes in FY2023 lowered the barrier to entry for Ordinary Import tenders; the requirement for past business records was reduced from 10,000 MT to a 3-year average of 7,000 MT, allowing smaller trading houses to participate.[37]

4.33. In 2024, the SBS rice tariff quota (100,000 MT) was fully utilized for the first time since 2017.[38] This surge was driven by a severe domestic rice shortage and soaring local prices, which made imported rice (even with the SBS mark-up) competitive for food service and retail sectors. The in-quota tariff rate for Japan's Minimum Access TQs[39] for rice, which includes the SBS quota, is set at 0%; the state-trading mark-up is capped at a ceiling of JPY 292/kg under WTO commitments.[40] The out-of-quota tariff was set at JPY 341/kg as of January 2026.[41]

4.1.1.3.3 Other border measures

4.34. As during the previous review period, Japan continued to utilize agricultural Special Safeguards (SSGs) to protect domestic producers from import surges or price drops. During FY2022–FY2024, either volume-based or price-based SSGs were triggered for various out-of-quota imports (**Error! Reference source not found.**).

4.35. Japan's border measures in the agricultural sector are designed to protect domestic producers and consumers from global market volatility. Using a range of instruments, the Government aims to balance import volumes and maintains minimum entry prices (Table 4.1).

4.36. Under the Temporary Tariff Measures Act (Act No. 36 of 1960), Japan's pork import regime continues to be governed by the "Gate Price" system, a differential tariff mechanism aimed to

[36] Tradinate (28/02/2025) What is the SBS system for rice? How it works and its impact on Japan's food security (in Japanese). Viewed at: https://www.tradinate.co.jp/20250228/3970 (06/06/2025).
[37] WTO document G/AG/N/JPN/301, 30 April 2025.
[38] WTO document G/AG/N/JPN/301, 30 April 2025.
[39] Under the WTO Agreement on Agriculture, Members whose imports of a given product were below 3% of domestic consumption during the 1986–88 base period were required to establish a tariff quota guaranteeing a minimum access opportunity for foreign exporters. Imports within the quota are subject to a low or zero in-quota tariff; imports above the quota face the fully bound out-of-quota tariff. The Minimum Access TQs must be offered on an MFN basis. Minimum Access TQs were introduced as part of the Uruguay Round tariffication process, under which quantitative restrictions on agricultural imports were converted into bound tariffs.
[40] WTO, Japan's Goods Schedule. Viewed at: https://goods-schedules.wto.org/member/japan (11/03/2026).
[41] Japan Customs, Japan's Tariff Schedule as of January 1 2026. Viewed at: https://www.customs.go.jp/english/tariff/2026_01_01/index.htm (11/03/2026).

stabilize domestic prices by enforcing a floor price for imported products. During the review period, the Gate Price remained at 524 JPY/kg with no new measures introduced. The system's practical effectiveness has diminished as RTAs mandate phased tariff reductions.

4.37. Under the Act on Price Adjustment of Sugar and Starch (Act No. 109 of 1965), Japan's sugar and starch imports rely on a "Price Adjustment" system, a variable levy mechanism designed to protect domestic sugar and starch producers. The Agriculture and Livestock Industries Corporation (ALIC) technically purchases imports and immediately resells them at a higher "sell-back price", collecting the difference to fund subsidies. During the review period, surging global prices resulted in frequent upward revisions of the domestic "adjustment reference price" (exceeding JPY 120,000 per tonne in 2024).

4.38. Under the Act on the Stabilization of Livestock Products (Act No. 183 of 1961), Japan's dairy import regime (specifically for butter and skim milk powder) acts as a state trading system through which ALIC manages domestic supply and price stability, which can result in stockpile accumulation during periods of weak demand. The mechanism utilizes Current Access TQs[42] through a general state trading system for stockpiles and the SBS system for specific varieties. Since 2023, general tender volumes for butter and milk powder have decreased due to an oversupply of raw milk. According to the authorities import volumes under international agreements have been maintained.

4.39. The safeguard mechanism for beef imports based on the Temporary Tariff Measures Act (Act No. 36 of 1960) has not been applied since 2020 because other safeguard mechanisms for beef imports are regulated by some RTAs (such as CPTPP, Japan-EU, and Japan-US). In an amendment adopted in January 2023, the threshold at which higher tariffs are triggered for US beef imports was raised.[43]

Table 4.1 Selected border measures

Product	Description	Administration	Financial impact
Rice	State trading; imports generally limited to Minimum Access TQs.	MAFF	Revenue (high tariff barrier)
Wheat/barley	State trading (mark-up); MAFF sells imported wheat at the price that adds port expenses and a mark-up under the WTO Agreement. The mark-up revenue is used to provide subsidies to wheat producer.	MAFF	Revenue (mark-up collected)
Beef	Safeguard; tariffs snap back if quarterly import volumes surge (emergency measures under the WTO Agreement has not been applied since 2020 and those under some RTAs are imposed)	MOF	Revenue (did not trigger in review period)
Pork	Gate price system; differential tariff to enforce minimum import price (JPY 524/kg; voluntarily lowered tariff levels in response to WTO concessions).	MOF	Revenue (effectiveness low due to RTA tariff cuts)
Dairy	State Trading (TQ); imports of butter and skimmed milk to fill domestic supply shortages.	ALIC	Revenue (volumes low recently due to domestic surplus)
Sugar/starch	Price adjustment (levy); levy collected on cheap imports to subsidize domestic growers.	ALIC	Revenue (levies adjusted to mitigate high global prices)
Vegetables	Tariffs; standard *ad valorem* tariffs.	MOF	Revenue (standard custom duties)
Fruit	Tariffs; standard *ad valorem* tariffs	MOF	Revenue (standard custom duties)
Eggs	Tariffs; standard *ad valorem* tariffs.	MOF	Revenue (standard custom duties)

Source: Information provided by the authorities.

[42] Under the WTO Agreement on Agriculture, Members whose imports of a given product already exceeded 5% of domestic consumption during the 1986–88 base period are required to maintain those historical import flows through a Current Access TQ, preserving pre-existing trade rather than creating new access. Unlike Minimum Access TQs, Current Access TQs need not be offered on an MFN basis and may be allocated to specific supplying countries reflecting the historical trade pattern. Current Access TQs were introduced as part of the Uruguay Round tariffication process, under which quantitative restrictions on agricultural imports were converted into bound tariffs.

[43] MOFA, Protocol Amending the Trade Agreement between Japan and the United States of America. Viewed at: https://www.mofa.go.jp/mofaj/files/100352864.pdf (16/02/2016).

4.1.1.4 Export support

4.40. Japan notified the WTO Committee on Agriculture that it did not use any export subsidies on agricultural products in FY2022[44], FY2023[45] and 2024.[46]

4.41. Risk cover under the Export Bill Insurance, the Insurance for supporting exports of SMEs and organizations related to agriculture, forestry and fisheries, and the Export Credit Insurance provided under Nippon Export and Investment Insurance (NEXI) is available for agricultural products in the same way as for exports of other goods. The total value of covered agricultural exports was approximately JPY 20 billion annually during the fiscal years 2023-2024.[47]

4.42. The scope of the mutual recognition agreements with Canada (2023)[48] and Chinese Taipei (2024) [49] has been expanded to cover alcoholic beverages (Organic Japanese Agricultural Standard).[50]

4.43. The MAFF continued to implement the Rice Overseas Market Expansion Project, a government initiative designed to support Japanese rice exporters in developing and expanding overseas markets by registering and facilitating export-eligible businesses. As of November 2025, the project involved 135 registered export businesses.[51]

4.1.1.5 International food assistance

4.44. Regarding international food assistance, Japan continued to provide aid, although the volume of food aid notified indicated a declining trend during the review period (Table A4.5). In 2024, Japan provided food aid with a total value of about JPY 8.0 billion. The bilateral food assistance programme allows for the monetization of this aid, with the resulting Counterpart Funds being allocated to various social and economic development initiatives, including agricultural development programmes.[52] Japan is also one of the major contributors to the ASEAN Plus Three Emergency Rice Reserve[53], consisting of joint reserves of earmarked rice and stockpiled rice; about 8,000 tonnes of Japan's stockpiled rice reserves has been utilized so far.[54]

4.45. Japan is promoting international cooperation in the agricultural sector. The "Global Green Cooperation Plan" (announced 2024) aims to support countries in the "Global South"[55], the ASEAN-Japan MIDORI Cooperation Plan (adopted 2023) focuses on the ASEAN region specifically.[56] Efforts aim to leverage Japanese expertise and technology to address issues related to food security, climate change adoption and sustainable agriculture.

4.1.1.6 Domestic support

4.1.1.6.1 Overview

4.46. While the MAFF maintains overall responsibility for agricultural policy, several implementing bodies contribute to the administration of specific support measures. Among these, the ALIC plays

[44] WTO document G/AG/N/JPN/284, 6 June 2023.
[45] WTO document G/AG/N/JPN/307, 15 December 2025.
[46] WTO document G/AG/N/JPN/308, 15 December 2025.
[47] WTO document G/AG/W/125/Rev.22/Add.2, 10 November 2025.
[48] MAFF. Viewed at: https://www.maff.go.jp/j/jas/jas_kikaku/attach/pdf/yuuki-402.pdf (05/12/2025).
[49] Bio Diversity Center of Japan. Viewed at: https://www.biodic.go.jp/biodiversity/activity/policy/NPkaigi/files/03_2.pdf (05/12/2025).
[50] MAFF, Organic JAS. Viewed at: https://www.maff.go.jp/e/policies/standard/specific/organic_JAS.html (05/12/2025).
[51] Information provided by the authorities.
[52] WTO document G/AG/W/125/Rev.22/Add.3, 10 November 2025
[53] ASEAN Plus Three Emergency Rice Reserve. Viewed at: https://www.apterr.org/ (22/01/2026).
[54] Information provided by the authorities.
[55] MAFF. Viewed at: https://www.maff.go.jp/j/kokusai/kokkyo/nousui_bunya/attach/pdf/index-79.pdf (05/12/2025).
[56] MAFF, FY2023 Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan. Viewed at: https://www.maff.go.jp/e/data/publish/Annual_Report/AnnualReportonFoodAgricultureandRuralAreas_FY2023.pdf (05/12/2025).

a role in managing selected price-stabilization and supply-management programmes for designated commodities, including livestock products (beef, pork, milk), vegetables, and sugar. Some of Japan's domestic support schemes function as a safety net for producers, providing compensation when market prices fall and revenues decline (Table 4.2). During the review period, targeted support measures in the agricultural sector were notified to the WTO.[57]

4.47. The most recent notification from Japan to the WTO Committee on Agriculture concerning domestic support covers FY2023 (**Error! Reference source not found.**). Total notified agricultural support amounted to JPY 2,398 billion[58]; 79.2% of which falls under the Green Box, and 20.8% under the Amber Box (including *de minimis*). Price-related measures are administered for beef and veal, eggs, milk and vegetables.[59]

4.48. According to the OECD, support to Japan's agricultural sector has declined in recent years. The Producer Support Estimate (PSE) averaged 32% of gross farm receipts in 2022–2024, down from 60% two decades earlier, though still more than twice the OECD average. The Total Support Estimate represented roughly 0.8% of GDP over the same period. Market price support remains the dominant component of producer support, largely maintained through border measures, particularly for rice and milk. As a result, average producer prices are about 36% higher than world reference prices.[60]

Table 4.2 Costs of selected domestic support programmes, FY2022-FY2023

(JPY billion)

Product	Description	Threshold	Agency	FY2022	FY2023
Rice, wheat, barley, soybeans, sugar beet, potato for starch	"Narashi"; compensates if revenue drops below standard revenue level.	Current price < average price (past 5 years)	MAFF	29.8	13.8
Wheat, barley, soybeans, sugar beet, potato for starch, buckwheat, and rapeseed	"Geta"; compensates farmers for the gap between standard production costs and market prices (partly funded by border mark-ups).	N/A (direct payment)	MAFF	211.8	192.6
Beef	"Marukin"; deficiency payment covering 90% of gap between production cost and market price.	Average market price < production cost	ALIC	22.9	38.4
Pork	"Marukin"; deficiency payment covering 90% of gap between production cost and market price.	Average. market price < production cost	ALIC	No payout	No payout
Dairy	Manufacturing Milk Subsidy; direct payment per kg of milk sent to processing.	Fixed unit price (annual revision)	ALIC	37.7	33.1
Vegetables	Price Stabilization Fund; pays difference if price drops below 90% of average (Fund: 60% Government, 20% Prefecture, 20% Grower)	Market price < 90% historical average	ALIC	18.2	7.0
Eggs	Egg Price Stabilization Fund; compensates if market price < JPY 230/kg (Voluntary Fund).	Market price < compensation price	JPA	No payout	No payout
Sugar	Grower subsidies; direct support to farmers and factories (funded by border levies).	N/A (direct payment)	ALIC	20.5	19.5

Note: According to the authorities, selected support programmes have not been compiled for FY2024.

Source: Information provided by the authorities.

[57] WTO documents G/SCM/N/430/JPN, 7 July 2025 and G/AG/N/JPN/304, 2 June 2025.

[58] Measures exempt from the reduction commitment (JPY 1898.6 billion), Product-Specific Aggregate Measurements of Support (JPY 254 billion), Non-Product-Specific AMS (JPY 245.4 billion).

[59] WTO document G/AG/N/JPN/304, 2 June 2025.

[60] OECD, *Agricultural Policy Monitoring and Evaluation 2025*, Viewed at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/10/agricultural-policy-monitoring-and-evaluation-2025_354e7040/a80ac398-en.pdf (21/01/2026).

4.1.1.6.2 Rice and other staple food

4.49. Japan utilizes a system of direct payments to stabilize farmers' income and steer production toward strategic targets, centred on the Act on Payment of Grants to Farmers for Purpose of Stabilization of Farming Management (Act No. 88 of 2006). This framework consists of two main pillars: (i) the Direct Payment of Grants for Upland Field Crops ("Geta" measures), which compensates upland crop producers for competitive disadvantages through quantity and area-based payments (JPY 202.4 billion budget in FY2025) and (ii) the Grants for Mitigating Income Fluctuation ("Narashi" measures), which provides an income safety net covering 90% of revenue decline for rice and upland crops below standard revenue levels (JPY 44.6 billion).[61]

4.50. Further targeted support includes the Upland Field Conversion Promotion Project (JPY 45 billion in FY2025), and specific projects for Upland Field Crop Production Area Formation (JPY 16 billion) and the Rice New Market Development (JPY 11 billion). To encourage long-term stability, the system also incorporates a tax-deferred reserve mechanism governed by the Act on Promotion of Improvement of Agricultural Management Foundation (Act No. 65 of 1980)[62], allowing farmers to set aside income from grants for future management improvements.[63]

4.51. The "Geta" measures (JPY 202.4 billion in the FY2025 budget) support eligible farmers by compensating production cost disadvantages in specified upland crops (wheat, barely, soybeans, sugar beet, potato for starch, buckwheat, and rapeseed[64]). Payments are primarily quantity-based, reflecting actual sales volume and quality against pre-agreed contracts, with distinct rates for taxable/tax-exempt businesses (since FY2023). An area-based advance payment (e.g. JPY 20,000/10a) is also provided and later deducted from the quantity payment. Quality standards are enforced to ensure funds support genuine agricultural production efforts.[65] In addition, the Direct Payment Subsidy for Paddy Field Utilization, which promotes strategic crops (e.g. feed rice) and upland conversion initiatives under Ministry guidelines (JPY 276 billion in FY2025).[66]

4.52. The "Narashi" measures (JPY 44.6 billion budget in FY2025) provide an income safety net for certified producers of rice and key upland crops (rice, wheat, barely, soybeans, sugar beet, and potato for starch), compensating 90% of revenue reductions below a five-year standard. This system operates on a cost-sharing basis, with mandatory farmer contributions (1 part) and state funds (3 parts); unused farmer contributions roll over. Key requirements include application by June, contribution payment by August, and pre-arranged sales contracts to align with market demand.[67]

4.53. The Direct Payment Subsidy for Paddy Field Utilization (JPY 276 billion in the FY2025 budget) incentivizes strategic crop production and upland conversion. Key components include Strategic Crop Grants (e.g. feed rice), Regional Production Grants and Upland Conversion Promotion Grants. The rule requiring paddy fields to be flooded at least once every 5 years is set for abolition from FY2027, with interim flexibility. The programme is currently under revision, such that the current paddy field-targeted subsidy will transition towards crop-specific support aimed at productivity improvements from FY2027 onwards.[68]

4.54. The Upland Field Conversion Promotion Project (JPY 45 billion budget in FY2025) supports farmers transitioning paddy fields to upland crop production. It offers a direct payment for converting land to high-value crops (e.g. vegetables, fruits, flowers) or other upland crops (e.g. wheat, soybeans, feed crops), coupled with five years of financial assistance to support the establishment of these new crops. Additionally, the project provides funding for regional collaborative efforts to

[61] MAFF (2024), Overview of business income stabilization measures, etc. (Keiei Anteika Taisaku tou no Gaiyou – in Japanese)Viewed at: https://www.maff.go.jp/j/seisaku_tokatu/antei/attach/pdf/keiei_antei-264.pdf (05/12/2025).

[62] JLT, Act on Promotion of Improvement of Agricultural Management Foundation. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/1086 (18/02/2026).

[63] MAFF (2024), Overview of business income stabilization measures, etc.

[64] Malt barley (for beer), black soybeans, and crops grown for seed are excluded. For sugar beet and potato for starch, production must be in Hokkaido and meet specific criteria.

[65] MAFF (2024), Overview of business income stabilization measures, etc., pages 8-12.

[66] MAFF (2024), Overview of business income stabilization measures, etc.

[67] MAFF (2024), Overview of business income stabilization measures, etc., pages 13-17.

[68] MAFF (2024), Overview of business income stabilization measures, etc., pages 18-22.

build consolidated upland farming areas (up to JPY 3 million/council) and helps cover specific settlement costs (up to JPY 250,000/10a) arising from the change in land use.[69]

4.55. The Upland Field Crop Production Area Formation Promotion Project (JPY 16 billion budget in FY2025) provides JPY 40,000/10a for wheat, soybeans, high-value crops (e.g. vegetables for processing), and feed corn. The Rice for New Market Development Promotion Project (JPY 11 billion budget in FY2025) offers area-based payments (e.g. JPY 30,000/10a for rice destined for processing, JPY 40,000/10a for rice destined for new market development; JPY 90,000/10a for specific rice flour rice varieties). Eligibility for both programs require implementing approved low-cost cultivation methods and established sales contracts with end-users (or concrete plans thereof); and is conducted based on a point system and budget availability on the basis of Regional Agricultural Revitalization Councils.[70]

4.56. In response to rice shortages and sharp price increases in 2024, the MAFF modified the operational rules for the usage of rice reserves, allowing the sale of stockpiled rice as table rice, under the condition that an equivalent quantity and quality of domestic rice is bought back within a certain period of time; previously stockpiles could only be released as table rice in response to poor harvest or disaster. The Basic Policy on the Stabilization of Supply, Demand, and Prices of Rice allows buy-back-conditioned sales when distribution is impaired, with retailers eligible for exemption from the buy-back condition. The five-year "shelf-stock" scheme is maintained but purchases from the 2025 harvest were temporarily suspended while large releases proceed; pre-contracted purchases resume for the 2026 harvest, with buy-backs and new procurements tied to market conditions.[71]

4.57. The policy of the new Government to stabilize table-rice supply focuses on better measurement of the production volume, more responsive supply-demand outlooks, greater transparency of the distribution structure, and a retooled reserve system. Regarding the Paddy Rice Production Survey, the MAFF will begin publishing estimates of staple rice production based on the sieve sizes used at the farm level starting with the 2025 crop. The survey will also start fully integrating harvest data reported by producers and other stakeholders, following a pilot phase in 2025–2026, with full implementation scheduled for 2027. Furthermore, supply-demand outlooks will be issued on both brown- and milled-rice bases, incorporating recent per-capita consumption, inbound tourism, and milling yields, with in-year updates. Reporting under the Act on Stabilization of Supply, Demand and Prices of Staple Food is proposed to expand to processors and ready-to-eat/food-service firms, and the stockpiling policy will be amended so reserves can address non-production disruptions.[72]

4.58. There has been no change to the Act on Price Adjustment of Sugar and Starch (Act No. 109 of 1965). The latest amendment entered into force in December 2018.

4.1.1.6.3 Fruits and vegetables

4.59. Japan's new Basic Policy on the Promotion of Fruit-Growing Industry (2025) focuses on strengthening the production base to address declining fruit production caused by an ageing workforce and climate change. Key policies include accelerating the adoption of labour-saving technologies, smart agriculture, and new climate-resilient varieties to combat high-temperature damage. The plan aims to secure a future workforce by establishing "training farms" for new entrants. Furthermore, it seeks to capture new markets by developing processed goods and expanding exports, with a target to increase export value to JPY 102.3 billion by 2030.[73]

4.1.1.6.4 Livestock and livestock products

4.60. In April 2025, the MAFF published the new "Basic Plan for the Modernization of Dairy and Beef Cattle Production". A core objective of the plan is to increase livestock production capacity by

[69] MAFF (2024), Overview of business income stabilization measures, etc., page 24.
[70] MAFF (2024), Overview of business income stabilization measures, etc., page 25.
[71] MAFF, Basic Guidelines for the Stabilization of Supply and Prices of Rice (draft in Japanese). Viewed at: https://www.maff.go.jp/j/council/seisaku/syokuryo/251031/attach/pdf/1031-4.pdf (21/01/2026).
[72] Prime Minister's Office of Japan, Short-term measures for stable rice supply (in Japanese). Viewed at: https://www.kantei.go.jp/jp/singi/nousui/kome_anteikyokyujitsugen_kaigi/dai4/shiryo.pdf (21/01/2026).
[73] MAFF (2025), Basic policy for promoting fruit tree agriculture (Kaju Nogyo Shinko Kihon Hoshin – in Japanese). Viewed at: https://www.maff.go.jp/j/seisan/ryutu/fruits/attach/pdf/index-198.pdf (05/12/2025).

stimulating domestic consumption and expanding exports. Additionally, the plan aims to reduce the industry's reliance on imported feed by increasing domestic feed production. It also emphasizes environmental sustainability and addresses labour shortages through capital investment and mechanization.[74]

4.61. In FY2025, the MAFF introduced a three-tiered support system for beef calf producers to stabilize income against price fluctuations. The first tier remains the standard deficiency payment, triggered if the national average sales price falls below a guaranteed level. The second tier, in place since 2023, is a temporary measure providing a variable payment (up to JPY 30,000 per head) if regional prices drop below specific trigger levels, contingent upon producers improving herd management (e.g. vaccination, feed efficiency). The third tier, newly introduced in FY2025, is an emergency measure granting a fixed payment of JPY 10,000 per head (JPY 50,000 for remote islands) when regional prices fall below a certain threshold; this applies only to producers in regions undertaking specific structural reforms.[75]

4.62. Japan continues to apply established counter-cyclical measures to support domestic producers. The Beef Cattle Fattening Business Stabilization Measure ("Beef Marukin") and the Hog Grower Business Stabilization Measure ("Pig Marukin") provide grants covering 90% of the difference when production costs exceed standard sales prices.[76] In FY2024, subsidies amounted to JPY 25.6 billion for beef due to high feed costs and lower calf prices.[77] No compensation was paid to pork producers in FY2024, as domestic market prices remained above production cost.[78]

4.63. Other products subject to specific support measures include eggs and raw milk. Raw milk benefits from a processing producer subsidy[79], while eggs are covered by the Price Stabilization Fund. Under this voluntary mechanism, producers under contract with the Japan Poultry Association (JPA) are compensated with 90% of the difference between a pre-determined compensation price (set at JPY 230/kg for FY2025) and the average transaction price. However, since August 2024, the transaction price has consistently exceeded the compensation price, averaging approximately JPY 330/kg in FY2025 due to supply reductions caused by avian influenza and extreme heat.[80] Consequently, the compensation mechanism has not been triggered during this period.

4.1.1.6.5 Other products

4.64. According to its latest WTO notification on state trading, the manufacturing of tobacco remains explicitly reserved to Japan Tobacco Inc. (JT), which is partially owned by the State. The import of tobacco leaves for domestic manufacturing continues to be dependent upon purchases made through JT.[81]

4.1.2 Forestry

4.65. In 2024, the forestry sector contributed approximately 0.05% to GDP and accounted for 0.1% of total employment. Japan records a trade deficit in this sector, with imports valued at USD 9.6 billion against exports of USD 0.4 billion in 2024. Key imports include fuel wood (HS 4401), semi-processed wood (HS 4407, HS 4412), and processed wood (HS 4418, HS 4421). In 2024, the most important import partners were Viet Nam (16.3% of total forestry imports), the European Union (12.6%), and China (12.4%). The simple average MFN tariff on wood and wood products was 3.2% in 2025.

---

[74] MAFF (2025), Basic policy for modernizing dairy farming and beef cattle production (Rakuno oyobi Nikuyo-gyu Seisan no Kindaika wo hakaru tameno Kihon Hoshin – in Japanese). Viewed at: https://www.maff.go.jp/j/press/chikusan/suisin/attach/pdf/250411-1.pdf (05/12/2025).

[75] MAFF. Viewed at: https://www.maff.go.jp/j/chikusan/kikaku/lin/l_zigyo/attach/pdf/index-218.pdf (05/12/2025).

[76] MAFF. Viewed at: https://www.maff.go.jp/j/chikusan/kikaku/lin/l_zigyo/tikusankeieianteitaisaku/marukin/ushibutamarukin.html (05/12/2025).

[77] ALIC. Viewed at: https://www.alic.go.jp/content/001248115.pdf (05/12/2025).

[78] MAFF. Viewed at: https://www.maff.go.jp/j/press/chikusan/suisin/250411.html (05/12/2025).

[79] MAFF. Viewed at: https://www.maff.go.jp/j/chikusan/gyunyu/kakou.html (05/12/2025).

[80] The Japan Agricultural News (30/01/2025) – in Japanese. Viewed at: https://www.agrinews.co.jp/news/index/285341 (05/12/2025).

[81] WTO document G/STR/N/20/JPN, 20 June 2024.

4.66. Responsibility for national forestry policy lies with the Forestry Agency in the MAFF, which formulates a National Forest Plan (latest of 2021), which sets targets for forest management (e.g. logging, reforestation, etc.). Prefectures and municipalities formulate their own strategies based on the national plan.[82] The main laws concerning the forestry sector are the Forest Act (Act No. 249 of 1951), the Forest Pest Control Act (Act No. 53 of 1950), the Forest and Forestry Basic Act (Act No. 161 of 1964) and the Act on Promoting the Distribution and Use of Legally Harvested Wood and Wood Products (Act No. 48 of 2016).[83]

4.67. The most recent Annual White Paper on Forestry (FY2024) highlights Japan's progress in sustainable forest management and biodiversity conservation. Forests cover two-thirds of the country, with 40% of planted forests are increasingly mature. Wood self-sufficiency reached 43%, supported by expanded timber use in construction and biomass energy. Key challenges include ageing forests, labour shortages, and climate resilience. Policy priorities focus on labour-saving and cost reduction reforestation, smart forestry technologies, and promoting wood use in buildings. International commitments, such as the Kunming-Montreal biodiversity framework, guide efforts towards environmental goals by 2030.[84]

4.68. The Forest Environment Tax started to be levied in FY2024 at JPY 1,000 per resident in Japan annually (via resident tax, exemptions apply for low-income brackets), to finance public management of unmanaged forests, particularly in mountainous areas.[85]

4.69. The 2023 revision of the Act on Promoting the Distribution and Use of Legally Harvested Wood and Wood Products (Act No. 48 of 2016, also known as "Clean Wood Act") entered into force in April 2025. The revision stipulates for upstream wood-related businesses (e.g. log markets, sawmills) and importers to confirm, and log producers and sellers to provide documentation (e.g. logging notifications) about the legality of their harvested wood and wood products (certification that the wood has been harvested in accordance with laws and regulations of the country of origin; information about species of trees and area of logging[86]).[87] These measures aim to strengthen supply chain transparency and ensure compliance with legality standards.

4.70. Japan does not require a specific licence for import or export of timber. For protected species, importers and exporters need permits from Japan Customs and, where applicable, documentation under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).[88]

4.1.3 Fisheries

4.1.3.1 Overview

4.71. In 2024, the fishing sector contributed approximately 0.1% to GDP, and 0.2% to total employment. As a major consumer of fisheries products, Japan plays an important role in global seafood trade. In 2024, Japan was the third-largest importer of fish and crustaceans (HS chapter 3) and in 2023 (latest data available), it was among the top ten capture fishery producers.[89]

4.72. Japan is a leading OECD member in marine capture fisheries, contributing about 7% of the total value of landings among the 41 economies covered. Globally, capture fisheries account for roughly 40% of aquatic animal production by volume; in Japan, the sector remains significant despite a gradual decline in volumes. High-value species such as tuna and squid account for a significant

[82] MAFF (2024), *Annual White Paper on Forestry*, FY2023. Viewed at: https://www.maff.go.jp/e/data/publish/attach/pdf/AnnualReportonForestandForestryinJapan_FY2023_web.pdf (06/12/2025).
[83] JLT, Acts related to forestry sector. Viewed at: https://www.japaneselawtranslation.go.jp/en (06/12/2025).
[84] MAFF (2025), *Annual White Paper on Forestry* (Japanese), FY2024. Viewed at: https://www.rinya.maff.go.jp/j/kikaku/hakusyo/r6hakusyo/attach/pdf/zenbun-54.pdf (08/12/2025).
[85] MAFF (2024), *Annual White Paper on Forestry*, FY2023.
[86] JLT, Article 6(2). Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4677 (06/12/2025).
[87] MAFF (2024), *Annual White Paper on Forestry*, FY2023.
[88] Information provided by the authorities.
[89] FAO, Fisheries and Aquaculture, *Global capture production Quantity (1950 - 2023)*. Viewed at: https://www.fao.org/fishery/statistics-query/en/capture/capture_quantity (06/12/2025).

part of catches. Japan's fishing fleet represents around 10% of all vessels recorded worldwide in the report and is among the largest within OECD members. The global number of vessels has fallen by 26% since 2005, Japan's number of vessels have decreased more rapidly (by about 50%) from 2003 to 2023. Fleet capacity, measured in gross tonnage, has remained relatively stable. Modernization and energy-efficiency upgrades are priorities to reduce emissions and maintain competitiveness without incentivizing overcapacity.[90]

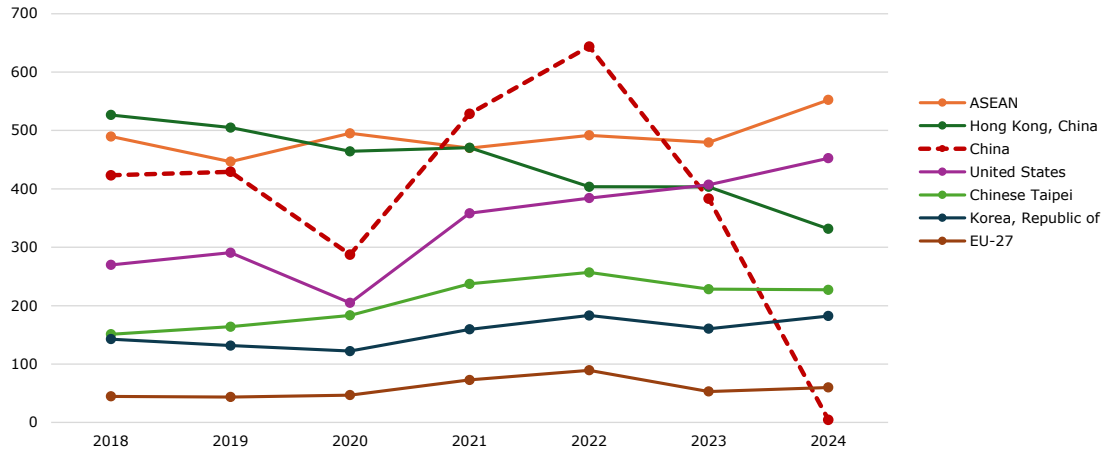
4.73. Japan's fisheries sector faces significant challenges including, *inter alia*, declining domestic production volume, an ageing and decreasing workforce, and falling per capita consumption of seafood. Additionally, volatile fuel prices, the impacts of climate change on fish stocks and marine environments and import restrictions on Japanese produce compound the difficulties for the industry.[91]

4.74. In 2024, Japan had a deficit in fisheries trade, with imports of USD 12.7 billion (1.7% of imports) and exports of USD 2.0 billion (0.3% of exports); the main imported fisheries products included salmon and trout, shrimp and prawn, tuna and skipjack tuna; accounting for 33% of total fisheries imports. The main agricultural exports were scallop, Japanese amberjack, and pearl; accounting for 42% of total fisheries exports in 2024.[92]

4.75. In 2024, the most important import partners were China (19.3% of fisheries imports), Chile (10.5%) and the United States (7.6%). The top export destinations were the United States (22.6% of fisheries exports), Hong Kong, China (16.5%), and Chinese Taipei (11.3%) (Chart 4.3). In 2024, exports to China dropped to almost zero from USD 643.7 million in 2022, following an import ban by China in August 2023.[93]

Chart 4.3 Main export destinations for fish and fish products, 2018-2024

(USD million)



Note: Main destinations, based on the 2018-2024 average, account for nearly 90% of Japan's exports of fish and fish products.

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.76. In August 2023, the General Administration of Customs of China (GACC) suspended the importation of all aquatic products originating from Japan citing food safety concerns[94] following the commencement of the discharge of Advanced Liquid Processing System (ALPS) treated water from

[90] OECD, *OECD Review of Fisheries 2025*. Viewed at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/oecd-review-of-fisheries-2025_d308ff48/560cd8fc-en.pdf (02/12/2025).

[91] MAFF (2024), *FY2023 White Paper on Fisheries Summary*. Viewed at: https://www.maff.go.jp/e/data/publish/White_Paper_on_Fisheries/White_Paper_on_Fisheries_Summary_FY2023_Trends_in_Fisheries_FY_2024_Fisheries_Policy.pdf (06/12/2025).

[92] Information provided by the authorities.

[93] WTO document G/SPS/N/CHN/1283, 31 August 2023.

[94] WTO document G/SPS/GEN/2153, 20 September 2023.

the Tokyo Electric Power Company (TEPCO) Fukushima Daiichi Nuclear Power Station.[95] Similar import prohibitions were adopted by Hong Kong, China[96] and Macao, China[97] for ten Japanese prefectures. In October 2023 the Russian Federation[98] also suspended the importation of all aquatic products originating from Japan. Japan raised concerns at the WTO regarding the scientific basis and consistency of import restrictions against aquatic products originating from Japan.[99] In September 2024, Japan and China announced a "Shared Recognition between Japan and China" regarding the issue under a monitoring framework of the IAEA.[100] Seven additional measurements have been conducted under the IAEA framework with the participation of experts from third-party laboratories since October 2024.[101] In June 2025, GACC announced the resumption of imports of aquatic products originating from Japan except from ten prefectures.[102] Following the first shipment of aquatic products on 5 November 2025, Japan has been engaging in technical exchanges with China. Reportedly China notified Japan that it will suspend imports of Japanese aquatic products on 19 November 2025.[103]

4.77. Japan ratified the WTO Agreement on Fisheries Subsidies in 2023[104], and was the first WTO Member of make a voluntary contribution to the WTO Fisheries Funding Mechanism, which as of October 2025 comprised 16 donors (Section 4.1.3.6).

4.1.3.2 Institutional and legal framework

4.78. Responsibility for national fisheries policies lies with the Fisheries Agency in the MAFF, while prefectural governments are responsible for local issues, such as management of local fisheries resources.[105] Japan's current overall strategy remains the revised Basic Plan for Fisheries from 2022.[106] The most recent Annual White Paper on Fisheries (FY2024) tracks overall progress related to the Basic Plan.[107] The MAFF formulated guidelines for the utilization of digital technologies in the fisheries sector for productivity improvements; three model regions have been selected in 2023 and expanded to additional regions in 2024.[108]

4.79. The main laws concerning the fisheries sector is the Fishery Act (Act No. 267 of 1949, last amended in 2024) which is supplemented by legislation covering resource management, sustainability, aquaculture, and fishing vessel operations (Table 4.3).

[95] Chinalawinfo, Announcement No. 103 [2023] of the General Administration of Customs - Announcement on Completely Suspending the Import of Aquatic Products from Japan. Viewed at: https://www.lawinfochina.com/display.aspx?id=41881&lib=law (02/12/2025).
[96] WTO document G/SPS/N/HKG/49, 21 September 2023.
[97] WTO document G/SPS/N/MAC/27, 29 September 2023.
[98] WTO document G/SPS/N/RUS/273, 24 October 2023.
[99] WTO document G/SPS/GEN/1233/Rev.6/Add.4, 8 November 2023.
[100] WTO document G/SPS/R/115, 17 December 2024.
[101] Information provided by the authorities.
[102] FAO, China partially lifts import ban on Japanese aquatic products. Viewed at: https://www.fao.org/in-action/globefish/news-events/news/news-detail/china-partially-lifts-import-ban-on-japanese-aquatic-products/en (02/12/2025).
[103] MOFA, Press Conference by Foreign Press Secretary KITAMURA Toshihiro. Viewed at: https://www.mofa.go.jp/press/kaiken/kaikenwe_000001_00213.html (08/12/2025).
[104] WTO (2023). Viewed at: https://www.wto.org/english/news_e/news23_e/fish_04jul23_e.htm (03/06/2025).
[105] Regarding important policy decision-making, the Fisheries Policy Council (at the national level), the Regional Fisheries Coordination Committees (at the regional level), and the Sea Area Coordination Committees (at the prefectural level) are consulted for their opinions, depending on the nature of the issue. Other relevant organizations include the Fisheries Cooperative Associations and the Fisheries Research Agency.
[106] MAFF (2022). Viewed at: https://www.jfa.maff.go.jp/j/policy/kihon_keikaku/attach/pdf/index-9.pdf (07/12/2025).
[107] MAFF (2025), *Annual White Paper on Fisheries*, FY2024 (Japanese). Viewed at: https://www.jfa.maff.go.jp/j/kikaku/wpaper/R6/attach/pdf/250606_1-21.pdf (08/12/2025).
[108] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*

Table 4.3 Main legislation governing the fisheries sector

Legislation	Last amendments	Short description of each amendment effective since 2023
Fishery Act (Act No. 267 of 1949)	June 2024	The Act mandates measures such as the individual verification of each fish at the time of TAC reporting and the establishment of new penalties, particularly for Pacific bluefin tuna, which is of high economic value.
Basic Act on Fisheries (Act No. 89 of 2001)	No practical amendments since its establishment	
Fishery Industry Cooperative Act (Act No. 242 of 1948)	April 2024	When fishery cooperatives or federations of fishery cooperatives implement projects using fishing port facilities or similar infrastructure, they are exempt from the restrictions on employing non-members as part of their workforce (Articles 11 and 87).
Fishing Boat Act (Act No. 178 of 1950)	January 2025	Minor amendment related to the Criminal Code (creation of custodial sentences); the last major revision dates to April 2002.
Act on the Regulation of Fishing Operations by Foreign Nationals (Act No. 60 of 1967)	November 2014	
Act on the Exercise of Sovereign Rights on Fishing Operations in the Exclusive Economic Zone (Act No. 76 of 1996)	November 2014	
Sustainable Aquaculture Production Assurance Act (Act No. 51 of 1999)	April 2005	
Act on the Protection of Fishery Resources (Act No. 313 of 1951)	December 2018	
Act on the Promotion of Inland Fisheries (Act No. 103 of 2014)		
Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants (Act No. 79 of 2020)	Partial amendment was promulgated in June 2024 and will enter into force in April 2026	Requirements for transmitting information and maintaining records at each stage of transactions for every Pacific bluefin tuna will be introduced, along with new penalties for operators who fail to comply with these obligations.

Source: Information provided by the authorities.

4.80. The Fishery Act delegates responsibility for the conservation and management of fisheries resources to national and prefectural governments, with the aim to achieve Maximum Sustainable Yield through a Total Allowable Catch (TAC) system. As of October 2025, TAC management covers 77% of stocks on a catch basis and Individual Quota management was introduced to 12 fishing methods and stocks.[109] The shift from voluntary Resource Management Plans to legally binding Resource Management Agreements was completed in FY2023.[110] The authorities note that if the stock of target fish falls below the limit control standard value, a stock reconstruction plan must be established. Under Article 12 of the Fishery Act, the Minister of Agriculture, Forestry and Fisheries must establish a plan to reduce fishing effort or catch limits to restore the stock to the target control standard value. These plans are legally binding and enforced through licensing restrictions and penalties for non-compliance based on the Fishery Act.

4.81. To combat poaching and ensure sustainable resource management, recent legal amendments have tightened regulations on specific aquatic species. Under the amended Fishery Act, abalones, sea cucumbers, and juvenile eels are designated as "specified aquatic animals and plants" subject to stricter prohibitions and harsher penalties. Complementing this, the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants (Act No. 79 of 2020) mandates catch number communication for the domestic handling of those same species, while requiring catch certificates from flag states for imports of mackerel, Pacific saury, Japanese sardine,

[109] Information provided by the authorities.
[110] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*

and squid.[111] The new regulatory framework took effect in December 2022 for abalones and sea cucumbers, and in December 2025 for juvenile eels.[112]

4.82. In June 2024, in response to violations regarding TAC reporting for Pacific bluefin tuna, amendments were made to the Fishery Act and the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants (Distribution Act), to strengthen oversight. The revised Fishery Act now mandates reporting the specific number of fish caught and retaining detailed TAC records, such as vessel names and individual fish weights, backed by increased penalties. Simultaneously, the amended Distribution Act aims to prevent the distribution of fish caught in violation of TAC reporting requirements by obligating the transmission of this data at every transaction step, requiring record retention, and submitting the certificate to Japan Customs when exporting. To streamline compliance, information transmission via tags or QR codes is permitted, though new penalties apply for violations.[113]

4.83. The Act on Development of Fishing Ports and Grounds (Act No. 137 of 1950) and the Fishery Industry Cooperative Act (Act No. 242 of 1948) were amended in 2023 to address the decline in the consumption of marine products, grow the fishing industry and revitalize fishing communities. The former establishes systems for projects to promote the utilization of fishing port facilities, granting operators long-term rental rights for fishing port facilities (up to 30 years) and water operating and exclusive usage rights (up to 10/30 years). The definition of fishing port facilities is also expanded to include land-based aquaculture facilities and direct sales offices. The latter Act exempts fishery cooperatives undertaking such projects from restrictions on using non-member labour in their workforce.[114]

4.84. The Act on Temporary Measures Concerning Financing for Improving Processing Facilities for Marine Products (Act No. 93 of 1977) has been extended by five years, until March 2028. This allows JFC to continue to provide long-term, low-interest loans to marine product processing businesses upgrading their facilities, which have been impacted by a lack of supply of raw materials. From 2016 to 2021, 262 loans were granted under the Act, amounting to JPY 356 billion.[115]

4.1.3.3 Licensing framework

4.85. Japan's fisheries management is governed by the Fishery Act[116], which differentiates access into fishing rights for stationary coastal operations and fishing permits (licences) for mobile offshore fleets. Authority is decentralized; the MAFF oversees national strategies and large-scale operations, while prefectural governments manage local implementation. The framework seeks to balance resource sustainability with the economic stability of coastal communities.

4.86. Coastal fisheries operate under a property-rights system known as Fishery Rights, which are legally recognized and primarily allocated to local Fisheries Cooperative Associations (FCAs). This community-based approach limits individual ownership and prevents corporate consolidation. The Fishery Act classifies rights into three categories: Common Fishery Rights (nearshore resources), Demarcated Fishery Rights (aquaculture), and Fixed Gear Fishery Rights (large stationary nets). FCA membership is generally required for utilization.[117]

4.87. Offshore and distant-water fisheries are subject to a licensing regime. MAFF issues licences for large-scale operations, while prefectural governors license medium-scale fisheries. Licences are

[111] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*
[112] Information provided by the authorities.
[113] JLT, Outline of the Act Partially Amending the Fishery Act and the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants. Viewed at: https://www.japaneselawtranslation.go.jp/outline/130/905R632.pdf (07/12/2025).
[114] JLT, Outline of the Act to Partially Amend the Act on Development of Fishing Ports and Grounds, and the Fishery Industry Cooperative Association Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/81/905R414.pdf (07/12/2025).
[115] JLT, Outline of the Act to Partially Amend the Act on Temporary Measures Concerning Financing for Improving Processing Facilities for marine Products. Viewed at: https://www.japaneselawtranslation.go.jp/outline/66/905R416.pdf (07/12/2025).
[116] JLT, Fishery Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/3846/en (02/12/2025).
[117] JLT, Fishery Act.

capped by vessel size and species to align with TAC allocations. They are typically valid for five years, transferable, and contingent on compliance with conservation and reporting requirements.[118]

4.88. Foreign entities are prohibited from direct commercial fishing in Japan's territorial waters under the Act on Regulation of Fishing Operation by Foreign Nationals (Act No. 60 of 1967).[119] To operate, vessels must be Japanese-flagged, which requires the owning company to be headquartered in Japan, with at least two-thirds of executive officers being Japanese nationals. Fisheries are a "designated business sector" under the Foreign Exchange and Foreign Trade Act, requiring prior notification for foreign investment.[120]

4.1.3.4 Market access

4.89. During the review period, tariff protection to the fisheries sector remained largely unchanged. In 2025, the average applied MFN tariff rate on the nine-digit 546 tariff lines (546 lines in FY2022) covering fish and fish products was 6.2% (6.2%) and the range was between zero and 15.0% (15.0%). Of these lines, 4.6 (4.6%) are duty-free, and 0.2% (0.2%) are subject to non-*ad valorem* rates. 71 of tariff lines are fully unbound, and 19 are partially bound, representing about 13.0% (16.3%) of tariff lines for fish and fishery products under the WTO definition.[121] Japan applies import licensing procedures and import quotas on certain marine species.[122]

4.90. Starting in 2023, land-based aquaculture of domestic and foreign owned businesses requires notification to the MAFF; 740 businesses have been notified as of December 2025.[123]

4.1.3.5 Domestic support

4.91. According to the OECD, Japan ranks as the second-largest provider of fisheries support globally, accounting for about 12.4% of total reported support in 2020–2022; annual spending averaged roughly USD 1.3 billion. Japan has phased out fisheries-specific fuel subsidies, reducing high-risk incentives.[124] The structure of Japan's fisheries subsidy schemes has remained largely unchanged. In FY2023, support programmes reported to the WTO received roughly USD 880 million in funding, primarily to advance structural reforms and promote sustainable resource management (Table 4.4).

Table 4.4 Fisheries subsidies, FY2022-2023

Name	Level and form	Policy objective	Beneficiaries	Duration and amount
Programmes for development and adaptation of new technologies and conservation of fishing grounds	- National - Grants, etc.	Support fishers and their organizations to conserve fishing grounds and mitigate damage by harmful marine species, using new technologies	Fishers and their organizations	JPY 3,376 million (FY2022) JPY 3,337 million (FY2023)

[118] JLT, Fishery Act.
[119] JLT, Act on the Regulation of Fishing Operations by Foreign Nationals. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4208 (02/12/2025).
[120] MOF, Foreign Investment Screening System, Annual Report FY2024. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Data/annual_report2024_en.pdf (02/12/2025).
[121] WTO Secretariat calculations based on the 2025 tariff information from the HS 2022 version provided by the authorities.
[122] METI, Import quota for marine products (in Japanese). Viewed at: https://www.meti.go.jp/policy/external_economy/trade_control/03_import/04_suisan/index.html (23/02/2026).
[123] Information provided by the authorities.
[124] OECD, *OECD Review of Fisheries 2025*. Viewed at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/oecd-review-of-fisheries-2025_d308ff48/560cd8fc-en.pdf (02/12/2025).

Name	Level and form	Policy objective	Beneficiaries	Duration and amount
Support for establishment of environmentally and economically sustainable fisheries as a growth sector	- National - Grants, etc.	Enable fishers and their organizations to conduct sustainable fishing practices, thereby establishing environmentally and economically sustainable fisheries. In some projects, developing and implementing resource management plans in line with the Resource Management Guidelines is required. Fishing permits and licence systems are combined to ensure that the overall fishing capacity does not increase.	Fishers and their organizations	JPY 123,262 million (FY2022) JPY 117,718 million (FY2023)
Promotion for regional development through fisheries	- National - Grants, etc.	Promote regional development by supporting fishers and their organizations to conduct on-site fisheries-related activities such as national border surveillance, revitalization of fishing communities in remote islands, and recruitment and settlement of new fishers	Fishers and their organizations	JPY 5,412 million (FY2022) JPY 5,812 million (FY2023)
Support for aquaculture, inland fisheries, and fish stock enhancement	- National - Grants, etc.	Support aquaculture and inland fisheries, and to promote fish stock enhancement	Fishers and their organizations	JPY 678 million (FY2022) JPY 774 million (FY2023)
Subsidy for inland water aquaculture	- Local (Yamagata Prefectural Government) - Grants, etc.	Stabilize and promote inland water aquaculture	Fisheries association and aquaculture producers	JPY 55.9 million (FY2022) JPY 61.4 million (FY2023)

Source: WTO document G/SCM/N/430/JPN, 7 July 2025.

4.1.3.6 International agreements

4.92. Japan remained engaged in fisheries cooperation at the bilateral, regional, and multilateral levels. Japan continues to manage fishing access through a network of bilateral agreements and maintains membership in major Regional Fisheries Management Organizations (RFMOs). It accepted the WTO Agreement on Fisheries Subsidies on 3 July 2023, and the Agreement entered into force on 15 September 2025. In line with its obligations, Japan is expected to submit fisheries-related notifications to the newly established WTO Committee on Fisheries Subsidies (December 2025) and was among the first Members to notify its participation in RFMOs.[125]

4.93. Japan holds valid and operating bilateral agreements on fishing access with China, Kiribati, the Marshall Islands, Morocco, the Republic of Korea, the Russian Federation, Solomon Islands, and Tuvalu.[126] Among these agreements, those with China, the Republic of Korea, and the Russian Federation include provisions on operational conditions for mutual fishing access.[127] Under the agreement with the Russian Federation, fishing operations are subject to annual consultations.[128]

4.94. At the regional level, Japan is a member of the major tuna RFMOs (ICCAT, IATTC, CCSBT, IOTC, WCPFC) and other management bodies (Table 4.5). Additionally, Japan participates in scientific and advisory bodies such as the North Pacific Marine Science Organization (PICES) and the Asia-Pacific Fishery Commission (APFIC).

[125] WTO document G/FS/RFMO/N/JPN/1, 16 January 2026.
[126] Information provided by the authorities.
[127] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*
[128] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*

Table 4.5 Membership in regional fisheries organizations, 2025

Organization type	Organization name	Main objective	Year Japan joined
Tuna RFMOs	**ICCAT** (International Commission for the Conservation of Atlantic Tunas)	Conservation and management of tunas and tuna-like species in the Atlantic Ocean	1969
	IATTC (Inter-American Tropical Tuna Commission)	Conservation and management of tunas and other marine resources in the Eastern Pacific Ocean	1970
	CCSBT (Commission for the Conservation of Southern Bluefin Tuna)	Conservation and management of Southern Bluefin Tuna globally	1994
	IOTC (Indian Ocean Tuna Commission)	Conservation and management of tuna and tuna-like stocks in the Indian Ocean	1996
	WCPFC (Western and Central Pacific Fisheries Commission)	Conservation and management of highly migratory fish stocks (mainly tuna) in the Western and Central Pacific	2005
Non-tuna RFMOs	**NAFO** (Northwest Atlantic Fisheries Organization)	Management of fishery resources (cod, redfish, squid, etc.) in the Northwest Atlantic	1980
	CCAMLR (Commission for the Conservation of Antarctic Marine Living Resources)	Conservation of marine life (mainly krill and toothfish) in the Southern Ocean (Antarctica)	1982
	NPAFC (North Pacific Anadromous Fish Commission)	Promoting the conservation of anadromous stocks (salmon) in the North Pacific	1993
	CCBSP (Convention on the Conservation and Management of Pollock Resources in the Central Bering Sea)	Conservation and management of Alaska pollock in the Central Bering Sea	1995
	SEAFO (South East Atlantic Fisheries Organisation)	Management of fishery resources in the South East Atlantic Ocean	2010
	SIOFA (Southern Indian Ocean Fisheries Agreement)	Management of non-tuna fishery resources in the Southern Indian Ocean	2014
	NPFC (North Pacific Fisheries Commission)	Management of fisheries resources (e.g. saury, squid) in the North Pacific Ocean	2015
	CAOFA (Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean)	Prevention of unregulated high seas fisheries in the Central Arctic Ocean	2018
Scientific and advisory Bodies	**APFIC** (Asia-Pacific Fishery Commission)	Promoting full and proper utilization of living aquatic resources in the Asia-Pacific region	1952
	SEAFDEC (Southeast Asian Fisheries Development Centre)	Promoting sustainable fisheries development and aquaculture in Southeast Asia	1967
	PICES (North Pacific Marine Science Organization)	Promoting and coordinating marine scientific research in the North Pacific	1992
	CECAF (Fishery Committee for the Eastern Central Atlantic)	Promoting the sustainable utilization of living marine resources in the Eastern Central Atlantic	Member without a specific treaty ratification

Source: Compiled by the WTO Secretariat; based on WTO document G/FS/RFMO/N/JPN/1, 16 January 2026.

4.95. At the multilateral level, Japan is a party to the United Nations Fish Stocks Agreement and the FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) fishing.[129] In line with the WTO Agreement on Fisheries Subsidies, the Government added provisions prohibiting subsidies for IUU fishing vessels to the conditions of fisheries subsidies. According to the authorities, Japan cooperates with both developed and developing partners through joint regional patrols (e.g. with Canada in the North Pacific) and provides official development assistance (hardware and software) to strengthen monitoring, control and surveillance capacities. Within Japan's EEZ the authorities note that illegal fishing by foreign fishing vessels around the Yamato Bank remains an ongoing problem.[130]

4.96. Japan's withdrawals from the International Convention for the Regulation of Whaling in 2019[131] and the General Fisheries Commission for the Mediterranean in 2020[132] remain active as of December 2025.

4.97. Import restrictions on Japanese food products in connection to the TEPCO Fukushima Daiichi Nuclear Power Plant accident and subsequent discharge of ALPS-treated water have decreased to 5

[129] FAO, Agreement on Port State Measures. Viewed at: https://www.fao.org/port-state-measures/background/parties-psma/en/ (07/12/2025).
[130] MAFF (2024), *FY2023 White Paper on Fisheries Summary*.
[131] IWC. Viewed at: https://iwc.int/resources/media-resources/news/statement-on-government-of-japan-withdrawal (07/12/2025).
[132] FAO. Viewed at: https://www.fao.org/treaties/results/details/en/c/TRE-000008/ (07/12/2025).

countries/regions by December 2025 (down from 55) according to the authorities. Japan works with the IAEA to improve transparency of data on radionuclides in marine samples.[133]

4.2 Mining and energy

4.2.1 Mining

4.98. Japan's mining sector is very limited in scale, and its contribution to the economy is marginal. In 2024, the sector contributed less than 1% to Japan's GDP. Japan maintains a structural trade deficit in mineral goods; imports reached USD 107.7 billion (14.5% of total imports) while exports stood at USD 2.8 billion (0.4% of total exports). For minerals (excluding mineral fuels) the main import partners include Australia (27.8% of mineral imports), Chile (19.0%), and Brazil (14.1%) in 2024. The simple average MFN tariff applied to mineral products is 0.7%.

4.99. The Mining Act (Act No. 289 of 1950)[134] remains the core legislation governing the sector.[135] At the institutional level, METI and the Agency for Natural Resources and Energy (ANRE) are the main institutions responsible for administering the legislation. They are supported by the Japan Organization for Metals and Energy Security (JOGMEC), an incorporated administrative agency.

4.100. Current policy continues to prioritize stable supply of critical minerals[136] through import diversification, stockpiling, targeted support, overseas investment, and international cooperation. During the review period, Japan implemented the financial support mechanism under the Economic Security Promotion Act for eligible projects enhancing the supply of critical goods, including critical minerals, through production capacity expansion or the diversification of supply sources (Box 2.1). Japan signed the Japan-US Critical Minerals Agreement in March 2023, which sets outs commitments to reinforce and diversify supply chains for minerals essential to EV batteries.[137] Further bilateral agreements were signed with India and the United States in 2025, as well as strategic investments in critical minerals projects through JOGMEC (Section 2.3.4).

4.101. JOGMEC also operates a national stockpile system for rare metals to ensure adequate supply in case of short-term supply disruptions.[138] The system has not changed significantly since the previous Review; it operates on a baseline reserve target of 60 days of standard domestic consumption, which can be adjusted based on the risk of supply disruption for each metal. Targets are set solely for the national stockpile, with no mandatory stockpiling obligations imposed on private companies.[139] JOGMEC formulates stockpiling plans based on a risk assessment for each metal and conducts the management of reserves accordingly.[140]

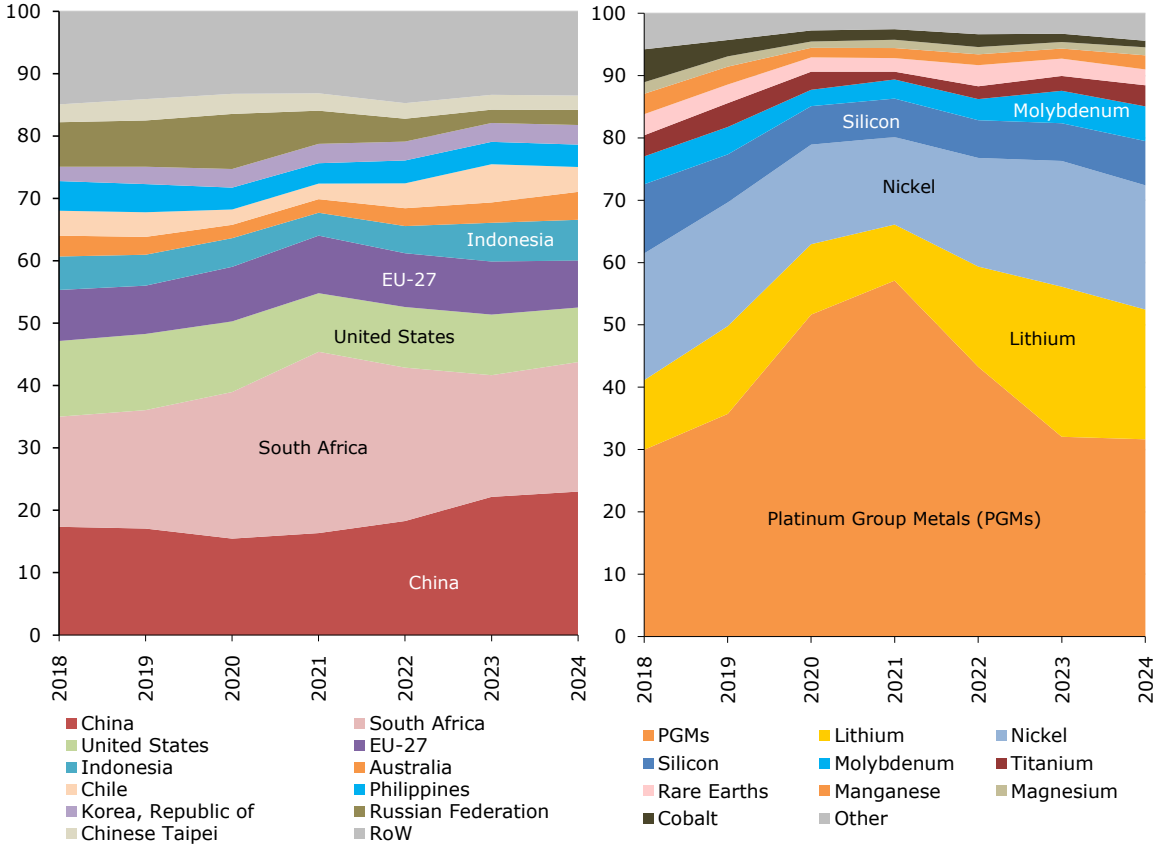
4.102. In 2023, the Mining Act was amended to expand its scope to include rare-earth minerals[141], which underpin the production of many electronic merchandise goods and support the transition toward green energy technologies. In 2024, Japan imported USD 17.5 billion in critical minerals (including rare-earth minerals), slightly above its level prior to the COVID-19 pandemic (USD16.9 billion in 2019), but down from its 2021-2022 peak (USD 27.4 billion; USD 29.6 billion in

[133] MAFF (2024), *FY2023 White Paper on Fisheries Summary.*
[134] JLT, Mining Act, 1950. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/2441/en (08/12/2025).
[135] METI, Organization Chart. Viewed at: https://www.meti.go.jp/english/aboutmeti/data/aOrganizatione/pdf/chart2025.pdf (08/12/2025).
[136] METI, Policy for ensuring a stable supply of critical minerals, page 3, footnote 1 (in Japanese). Viewed at: https://www.meti.go.jp/policy/economy/economic_security/metal/250619_torikumihoshin.pdf (09/12/2025).
[137] METI, Japan-U.S. Critical Minerals Agreement. Viewed at: https://www.meti.go.jp/press/2022/03/20230328007/20230328007-e.pdf (27/11/2025).
[138] JOGMEC, Resource stockpiles (metallic minerals) (in Japanese). Viewed at: https://www.jogmec.go.jp/stockpiling/stockpiling_017.html (28/02/2026).
[139] METI, New International Resource Strategy (in Japanese). Viewed at: https://warp.ndl.go.jp/20230307/20230302083751/https://www.meti.go.jp/press/2019/03/20200330009/20200330009-1.pdf (17/02/2026).
[140] METI, Policy for ensuring a stable supply of critical minerals (in Japanese).
[141] The Amendment does not define the term "rare-earth minerals" but is it understood to include the following minerals: cerium, dysprosium, erbium, europium, gadolinium, holmium, lanthanum, lutetium, neodymium, praseodymium, promethium, samarium, scandium, terbium, thulium, ytterbium, and yttrium. METI uses the definition in the following document. Viewed at: https://www.kyushu.meti.go.jp/seisaku/shigen/oshirase230518.pdf (08/01/2026).

2022; USD 23.0 billion in 2023). In 2024, the most important import partners were China (23.0% of critical mineral imports), South Africa (20.8) and the United States (8.7%) (Chart 4.4).

Chart 4.4 Critical mineral imports by major partners and products, 2018-2024

(% of total critical mineral imports)



Note: PGMs refer to Platinum Group Metals.

Source: WTO Secretariat calculations, based on information provided by the authorities and UN Comtrade.

4.103. Japan continued to develop deep-sea mining capacity to enhance long-term resource independence, pilot tests of excavating and ore lifting for polymetallic sulphides within its EEZ have been conducted since 2017. These efforts position Japan as a technological leader in this emerging industry. Previous small-scale trials documented adverse environmental impact and may require additional measures to mitigate ecological risks.[142, 143] Further operations are scheduled to commence by 2026.[144]

4.104. The Act on the Promotion of Business Activities for Exploring and Developing Space Resources (Act No. 83 of 2021) establishes a legal framework for private companies in Japan to explore, develop, and own resources extracted from outer space, including the Moon and other celestial bodies.

[142] JOGMEC, Seafloor Hydrothermal Deposit Development Project Comprehensive Evaluation Report. Viewed at: https://www.jogmec.go.jp/content/300386327.pdf (08/12/2025).

[143] Washburn TW, Iguchi A, Yamaoka K, Nagao M, Onishi Y, Fukuhara T, Yamamoto Y, Suzuki A (2023) Impacts of the first deep-sea seafloor massive sulfide mining excavation tests on benthic communities. *Marine Ecology Progress Series,* 712:1-19, Visited at: https://doi.org/10.3354/meps14287 (08/12/2025).

[144] The Maritime Executive (07/07/2025), Japan Plans Test of Seabed Mining Systems Next Year. Viewed at: https://maritime-executive.com/article/japan-plans-test-of-seabed-mining-systems-next-year (08/12/2025).

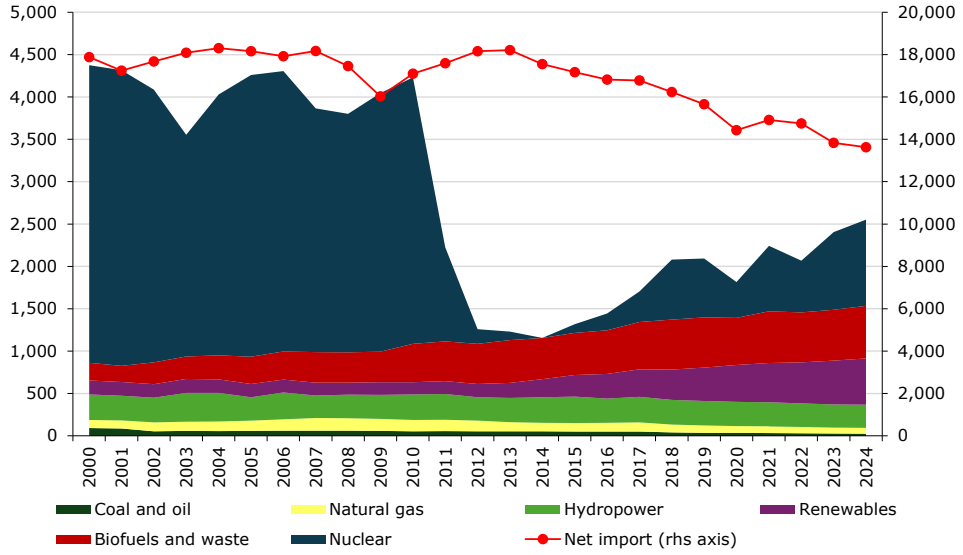
4.2.2 Energy

4.2.2.1 Overview

4.105. In 2024, Japan's Total Energy Supply (TES) remains heavily dependent on fossil fuels, which collectively accounted for 83.5% (Chart 4.5). Oil constituted the largest share at 36.5%, followed by coal at 26.1% and natural gas at 20.9%. In contrast, low-carbon sources accounted for 16.5% of Japan's TES, with nuclear power providing 6.5% and all renewable sources combined (biofuels, waste, hydro, solar, and wind) accounting for 10.0%.[145] Domestic production is led by nuclear (39.9%); biofuels and waste (24.3%) and solar; wind and other renewables (21.4%). In 2024, Japan was the 4th world largest energy importer, with net imports of energy accounting for 87.4% of TES.

Chart 4.5 Domestic production and net imports, 2000-2024

(TJ 1,000)



Note: Net imports are displayed on the axis on the right-hand side of the chart.

Source: IEA, Energy statistics data browser. *Japan.* Viewed at: https://www.iea.org/countries/japan (28/11/2025).

4.106. During the review period, the regulatory and institutional framework governing the energy sector remained largely unchanged. At the institutional level, ANRE oversees energy policy, planning, and legislation. Responsibility for the safety supervision of nuclear power plants resides independently with the Nuclear Regulation Authority, as an external bureau of the Ministry of the Environment. The main legislation governing the sector includes the Electricity Business Act (Act No. 170 of 1964), the Gas Business Act (Act No. 51 of 1954) and the Oil Stockpiling Act (Act No. 96 of 1975).

4.107. Investment screening under the Foreign Exchange and Foreign Trade Act applies to the energy sector and includes businesses in the power sector (transmission, distribution and generation), the gas sector (pipeline, production and liquefied petroleum gas), the oil sector (refinery, storage, crude and gas mining), and the nuclear sector (nuclear reactors, turbines, power generators, or source and fuel material).[146] In May 2023, natural gas wholesale was added to the Core Business Sectors (Box 2.3). In addition, in May 2024, a screening mechanism for critical infrastructure services entered into force under the Economic Security Promotion Act, requiring

[145] IEA, Country Profile Japan, Energy mix. Viewed at: https://www.iea.org/countries/japan/energy-mix (08/12/2025).

[146] IEA, Amendments to Foreign Exchange and Foreign Trade Act of Japan (FEFTA), 31 May 2024. Viewed at: https://www.iea.org/policies/19085-amendments-to-foreign-exchange-and-foreign-trade-act-of-japan-fefta (08/12/2025).

designated providers in energy sectors to notify the Government in advance before installing or outsourcing the management of critical equipment or software (Box 2.1).

4.108. The Strategic Energy Plan (SEP) by ANRE outlines Japan's mid- to long-term energy policy objectives under the guiding principles of balancing the "S+3E" (Safety, Energy Security, Economic Efficiency, and Environmental Protection).[147] In 2025, the Cabinet adopted its 7th SEP. Under the Outlook for Energy Supply and Demand in FY2040, published alongside the 7th SEP, Japan's power generation mix is expected to increase the share of renewable energy to approximately 40-50%, nuclear to approximately 20% and thermal power to approximately 30-40%.[148]

4.2.2.2 Hydrocarbons

4.109. Japan remains a major global importer of fossil fuels, with its supply chains concentrated among a limited number of key partners. In 2024, Japan was the world's third-largest importer of coal (HS 2701), accounting for 17.4% of global imports, and the third-largest importer of petroleum gas (HS 2711), accounting for 10.3% (treating the European Union as a single importer). Australia served as the principal supplier for both resources, providing 65.8% of Japan's coal and 38.2% of its LNG. Other significant partners included Indonesia (14.5%) and the United States (8.0%) for coal, and Malaysia (15.6%), the United States (9.6%), and the Russian Federation (8.6%) for gas. Japan's crude oil supply is characterized by a high dependence on the Middle East accounting for approximately 90% of total imports; notably, in 2024, the United Arab Emirates (43.8%) surpassed the Kingdom of Saudi Arabia (40.0%) to become Japan's largest oil supplier.[149]

4.110. The 7th SEP emphasizes the need to phase out inefficient coal-fired power generation while ensuring a stable electricity supply. The Government promotes the decarbonization of the sector using abatement technologies (e.g., ammonia co-firing) as part of its pathway to carbon neutrality by 2050. To secure a stable coal supply, JOGMEC supports Japanese companies' overseas coal assets through equity, geological surveys and technical expertise.[150]

4.111. Under the Outlook for Energy Supply and Demand in FY2040, the Government expects to see thermal power accounting for approximately 30–40% of Japan's power generation mix in 2040, with liquified natural gas positioned as a transition fuel to enable renewable deployment and serve as feedstock for hydrogen and its derivatives.[151] JOGMEC plays a similar role in coal, oil and gas supply security, backing Japanese firms' upstream projects through equity capital, loan guarantees, geological surveys, technical support, and resource diplomacy.[152]

4.2.2.3 Electricity

4.2.2.3.1 Overview

4.112. In 2024, Japan's electricity generation remained based on fossil fuels, which accounted for 62.3% of the total. Coal was the largest source accounting for 30.1%, followed closely by natural gas at 29.9%. Low-carbon sources generated the remaining 37.7%, with solar photovoltaics (10.0%), hydropower (8.7%), and nuclear power (9.5%) as the largest contributors.[153] Wholesale

[147] ANRE (2025), The 7th Strategic Energy Plan. Viewed at: https://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/7th_outline.pdf (08/12/2025).
[148] ANRE, Outlook for Energy Supply and Demand in FY2040. Viewed at: https://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/outlook_for_energy_supply_and_demand_in_fy2040.pdf (08/01/2026).
[149] Information provided by the authorities.
[150] JOGMEC, Coal. Viewed at: https://www.jogmec.go.jp/english/coal/index.html (09/12/2025).
[151] METI, The 7th Strategic Energy Plan. Viewed at: https://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/7th_outline.pdf (09/12/2025).
[152] JOGMEC, Oil and Natural Gas. Viewed at: https://www.jogmec.go.jp/english/oil/index.html (09/12/2025).
[153] IEA, Country Profile Japan, Electricity. Viewed at: https://www.iea.org/countries/japan/electricity (09/12/2025).

electricity prices were increasing in Japan (15% y-o-y in first half of 2025) driven by the recent global surge in fuel prices.[154]

4.113. In 2025, METI published a comprehensive review[155] of electricity system reforms adopted by the Government since the Great East Japan Earthquake.[156] The review concluded that while the establishment of a cross-regional operator enhanced grid stability during emergencies, securing sufficient generation capacity remains a challenge. Consumer choice expanded with the entry of over 700 new retail electricity providers and various rate menus and services. The system's reliance on fossil fuels exposed the electricity retail market to global fuel price surges, which caused the exit of retail electricity providers and sharp fluctuations in electricity prices, complicating consumer protection efforts. The review stressed that future policy should focus on stable electricity supply, decarbonization and stable consumer prices.[157]

4.114. The Electricity and Gas Market Surveillance Commission (EGC) monitors retail competition, tariff practices, and the financial stability of market participants following the full liberalization of the retail electricity market in 2016. During the review period, the market share of new entrants has remained relatively stable at around 20% (22.5% as of July 2025)[158]; the retail arms of former regional monopolies continue to hold a dominant position controlling approximately 80% of the market.[159] A system of regulated tariffs remains in place for the low-voltage sector, legacy tariffs, offered by incumbent utilities, are subject to government approval and periodic review by the EGC. This arrangement maintains a safety net for consumers while allowing competitive pricing to develop in other segments of the market.[160]

4.115. Recent regulatory actions highlight competition challenges. In 2023, the Japan Fair Trade Commission (JFTC) imposed surcharges totalling JPY 101 billion on Chubu, Chugoku, and Kyushu Electric Power, and Chubu Electric Power Miraiz for forming an illegal cartel to restrict competition by agreeing not to acquire customers in each other's traditional service areas.[161] In 2024, the EGC issued a business improvement recommendation to JERA, Japan's largest generator. The EGC's investigation found that JERA had engaged in market manipulation by deliberately withholding surplus power from the wholesale spot market between April 2019 and October 2023, thereby inflating market prices.[162]

4.116. Japan has introduced several market mechanisms since the previous Review to ensure a reliable supply of energy and that complement the Capacity Market mechanism, established in FY2020. The latter is administered by the Organization for Cross-regional Coordination of Transmission Operators (OCCTO), which holds auctions to secure power generation capacity four years in advance. Capacity payments are funded by charges levied on electricity retailers. The Long-term Decarbonization Power Source Auction was launched in FY2023, as a special mechanism within the Capacity Market, to promote investment in "decarbonized" power sources, by offering 20-year

[154] IEA, Prices: Trends in wholesale markets differ across regions, Japan. Viewed at: https://www.iea.org/reports/electricity-mid-year-update-2025/prices-trends-in-wholesale-markets-differ-across-regions (09/12/2025).

[155] METI, The 85th Comprehensive Resources and Energy Research Committee, Electric Power and Gas Business Subcommittee, Basic Policy Subcommittee on Electricity and Gas (in Japanese). Viewed at: https://www.meti.go.jp/shingikai/enecho/denryoku_gas/denryoku_gas/085.html (09/12/2025).

[156] The major reforms include the establishment of the Organization for Cross-regional Coordination of Transmission Operators (OCCTO) in 2015, the full liberalization of the retail electricity market in 2016, and the legal unbundling of the transmission and distribution sectors in 2020.

[157] METI, The 85th Comprehensive Resources and Energy Research Committee, Electric Power and Gas Business Subcommittee, Basic Policy Subcommittee on Electricity and Gas, Document 3-1 and Document 3-2 (in Japanese). Viewed at: https://www.meti.go.jp/shingikai/enecho/denryoku_gas/denryoku_gas/pdf/085_03_01.pdf and https://www.meti.go.jp/shingikai/enecho/denryoku_gas/denryoku_gas/pdf/085_03_02.pdf (09/12/2025).

[158] Information provided by the authorities.

[159] METI, Progress of full liberalization of the electricity retail market (in Japanese). Viewed at: https://www.meti.go.jp/shingikai/enecho/denryoku_gas/denryoku_gas/pdf/086_03_00.pdf (09/12/2025).

[160] METI, Activity Report of the Electricity and Gas Market Surveillance Commission, FY2024. Viewed at: https://www.egc.meti.go.jp/english/committee/pdf/annualreport2024.pdf (26/01/2026).

[161] Renewable Energy Institute (5 July 2023), Electricity Cartel Directly Contradicts Power System Reform. Viewed at: https://www.renewable-ei.org/en/activities/column/REupdate/20230705_1.php (08/12/2025).

[162] Renewable Energy Institute (25 December 2024), Regarding Market Manipulation by JERA. Viewed at: https://www.renewable-ei.org/en/activities/column/REupdate/20241225.php (08/12/2025).

fixed revenue contracts. Eligible sources include renewables, battery storage, nuclear, and thermal power plants planning to co-fire hydrogen or ammonia. A Reserve Power Plants System was established in FY2024 as an additional mechanism to secure supply capacity in the event of large-scale disasters or other emergencies.[163,164]

4.117. In 2023, METI and the OCCTO formulated the "Master plan for national power grid development". The long-term vision outlines a strategy to modernize the electricity grid to support the large-scale integration of renewables and enhance resilience against disasters, with projected investments of JPY 7 trillion by 2050. Key projects include the construction of high-voltage direct current connections between Hokkaido and Honshu; and expanding frequency converters that link Japan's eastern (50 Hz) and western (60 Hz) grids.[165, 166]

4.2.2.3.2 Nuclear

4.118. The Act on GX Decarbonized Power Sources (Act No. 44 of 2023) entered into force in June 2025. The new legislation maintains a maximum operation period of 60 years for nuclear operators but allows operators to exclude periods a reactor was offline for safety reviews or due to court injunctions from the calculation of its total operational timeline.[167] The actual pace of reactor restarts remains slow, 14 of 36 operable reactors have resumed operation as of January 2026.[168]

4.119. In line with a renewed focus on nuclear energy as outlined in the 7th SEP, the Government is supporting the development and construction of Next-Generation Advanced Nuclear Reactors (e.g. advanced light water reactors, small modular reactors, fast reactors, and high-temperature gas-cooled reactors), with a strategy focused on siting new units on the grounds of existing plants that are being decommissioned. METI established the Nuclear Supply Chain Platform (NSCP) to support companies along the supply chain of advanced reactors.[169] In June 2024, Japan initiated a literature-based survey in Saga Prefecture, while continuing literature-based survey in Hokkaido from November 2020, as part of the process to select a final disposal site for radioactive waste.[170]

4.2.2.3.3 Renewables

4.120. JOGMEC has an expanded mandate to support Japan's carbon-neutral goals and energy transition. Its role in renewables focuses on promoting the development of geothermal resources (considered a clean, base-load power source) and supporting offshore wind development through wind condition surveys and geological studies. JOGMEC also undertakes surveys related to biomass production and supports large scale deployment of novel technologies (e.g. hydrogen and carbon storage).[171]

4.121. To accelerate grid access for renewables, Japan started a nationwide expansion of the "non-firm" grid connection system. This system allows renewable energy projects to connect to congested parts of the grid on the condition that their output can be curtailed without compensation when the

[163] AMT (13 March 2024), Japan Legal Update: Recent Changes in the Energy Industry: Towards a Carbon Neutral Society. Viewed at: https://amt-law.com/en/insights/others/publication_0028357_en_001/ (08/12/2025).
[164] The Institute of Energy Economics (22 December 2023), Topics for Electric Power Policy in FY2024. Viewed at: https://eneken.ieej.or.jp/data/11652.pdf (08/12/2025).
[165] Eco News (7 June 2023) Power grid development plan: What is the master plan for the wide-area interconnection system? (in Japanese). Viewed at: https://econews.jp/column/8926/ (08/12/2025).
[166] OCCTO (2023), Long-term policy for wide-area grid connections (in Japanese). Viewed at: https://www.occto.or.jp/kouikikeitou/chokihoushin/files/chokihoushin_23_01_03.pdf (08/12/2025).
[167] METI, Promulgation of Ministerial Ordinance Partially Revising the Regulations for Enforcement of the Electricity Business Act and Other Acts. Viewed at: https://www.meti.go.jp/english/press/2025/0530_002.html (08/12/2025).
[168] JAIF, Current Status of Nuclear Power Plants in Japan. Viewed at: https://www.jaif.or.jp/cms_admin/wp-content/uploads/2025/05/jp-npps-operation20250512_en.pdf (08/12/2025).
[169] Nucleareurope (15 May 2023). Nuclear sector – Facts and insights on Japan. Viewed at: https://www.nucleareurope.eu/blog/nuclear-sector-facts-and-insights-on-japan/ (08/12/2025).
[170] Information provided by the authorities.
[171] JOGMEC, Carbon Neutrality Promotion. Viewed at: https://www.jogmec.go.jp/english/carbonneutral/index.html (08/12/2025).

grid is overloaded. Applications for non-firm connections to local distribution grids began in April 2023.[172]

4.2.2.4 Domestic support

4.122. Japan continues to apply fossil fuel subsidies while phasing out older or disaster-related programmes. New support measures focus on strengthening the nuclear industry's technological base through programmes such as "Subsidy for Strengthening Nuclear Industry Base" (FY2022: JPY 832 million; FY2023: JPY 937 million) and "Subsidy for Innovative Nuclear Technology Development to Meet Societal Demands" (FY2022: JPY 1,652 million; FY2023: JPY 1,088 million), aimed at improving safety and advancing next-generation technologies.[173]

4.123. Additional measures are seeking to secure stable power supply and accelerate the deployment of renewable energy through battery storage under the "Subsidy for the Introduction of Distributed Energy Resources such as Residential Battery Storage", launched in November 2023 with an FY2024 allocation of JPY 7.2 billion. To secure critical goods, the "Stable Supply Support Corporation Fund" was established in 2022 under the Economic Security Promotion Act, providing grants for certified projects in areas such as cloud services (FY2023: JPY 50,591 million), batteries (JPY 46,677 million), semiconductors (JPY 61,935 million), and combustible natural gas (JPY 13,616 million). These schemes primarily take the form of direct grants and operate on an annual fiscal cycle, with multi-year objectives extending through 2025 and beyond.[174]

4.124. Japan introduced emergency fuel price stabilization measures in January 2022 to counter sharp increases in gasoline and diesel prices. Initially designed to keep retail gasoline prices near JPY 170–175 per litre, the scheme was repeatedly extended through 2023 and 2024 as global oil prices surged. The programme covered gasoline, diesel, kerosene, heavy oil, and jet fuel and was financed through supplementary budgets and reserve funds, including allocations from FY2022 and FY2024 budgets totalling over JPY 8 trillion.[175] In May 2025, METI shifted to a fixed-rate subsidy system (JPY 10 per litre for gasoline and diesel, JPY 5 for kerosene and heavy oil, and JPY 4 for jet fuel). In November 2025, rates have been revised upwards to bridge the transition until tax reforms take effect in early 2026.[176]

4.125. Japan implemented temporary subsidies for electricity and city gas from January 2023 onwards to ease household and corporate burdens from global energy price spikes. Subsidies were provided from January 2023 to May 2024; from August to October 2024; from January to March 2025; July to September 2025; and from January to March 2026. Under the subsidy programme for January to February 2026, the discounts were JPY 4.5/kWh (low-voltage) and JPY 2.3/kWh (high-voltage) for electricity, and JPY 18/m^3 for city gas. For March 2026, discounts are JPY 1.5/kWh, JPY 0.8/kWh, and JPY 6.0/m^3 respectively; with a phase-out anticipated afterwards. The most recent programme disbursed JPY 5.1 trillion through supplementary budgets and reserve funds.[177]

4.2.2.5 Decarbonization strategy

4.126. Japan's "Green Transformation" (GX) represents a fundamental shift from voluntary climate targets to a state-led industrial policy aimed at reconciling the 2050 Carbon Neutrality pledge with economic security. Triggered by the 2022 global energy crisis, the Cabinet adopted the "Basic Policy for the Realization of GX" in February 2023, reframing decarbonization as a driver for national competitiveness rather than a compliance cost. The strategy aims to use government credit to de-risk immature technologies and create new domestic markets which can be leveraged for

[172] OCCTO, Grid connection rules (in Japanese). Viewed at: https://www.occto.or.jp/grid/business/documents/nf-tekiyou.pdf (08/12/2025).
[173] Based on WTO document G/SCM/N/430/JPN, 7 July 2025. Budget amounts were revised by the authorities.
[174] Based on WTO document G/SCM/N/430/JPN, 7 July 2025. Budget amounts were revised by the authorities.
[175] METI, Regarding the fuel oil price drastic fluctuation mitigation measures project (in Japanese). Viewed at: https://www.tohoku.meti.go.jp/s_shigen_ene/oil/topics/downloadfiles/231109_1.pdf (27/11/2025).
[176] METI, Press Conference by Minister Akazawa (Excerpt). Viewed at: https://www.meti.go.jp/english/speeches/press_conferences/2025/1107001.html (27/11/2025).
[177] Information provided by the authorities.

exports. This approach aims to mobilize over JPY 150 trillion in public-private investment over the next decade (see below).[178]

4.127. The legal cornerstone of this strategy is Act on Promoting a Smooth Transition to a Decarbonized Growth-Oriented Economic Structure (Act No. 32 of 2023; also referred to as Green Transformation Promotion Act, or GX Promotion Act), which entered into force in May 2023.[179] The Act codifies the Government's responsibility to formulate and execute a "GX Promotion Strategy" (June 2023) and authority for fiscal intervention in energy markets. It mandates the Government to concentrate policy resources on innovative business fields where Japanese industry holds a competitive advantage, aiming to enhance industrial competitiveness while fulfilling international emissions reduction commitments.[180]

4.128. The Act authorizes the issuance of "GX Economy Transition Bonds" of JPY 20 trillion over ten years (FY2023–2032) to fund upfront R&D and infrastructure investment by the Government.[181] These bonds are backed by future revenues from "Growth-Oriented Carbon Pricing" which is implemented through: (i) the voluntary "GX League" currently in operation; (ii) a mandatory fossil fuel surcharge on importers commencing in FY2028; and (iii) a full emissions trading system with paid auctions for the power generation sector starting in FY2033.[182] This structure aims to incentivize immediate investment while delaying regulatory costs to prevent sudden economic adjustments.

4.129. Japan's Green Innovation Fund, established in March 2021 under METI and operated by the New Energy and Industrial Technology Development Organization (NEDO), is a public investment vehicle targeting carbon neutrality by 2050. Originally set at JPY 2 trillion, the fund has grown to nearly JPY 2.8 trillion following budget additions in FY2022 and FY2023. It supports companies in fields related to green power, energy structure transformation, and industry transformation with continuous funding for up to 10 years. Key focus areas include offshore wind, next-generation solar, large-scale hydrogen supply chains, and green steel.[183] Financial support for R&D in energy-related and advanced industrial technologies administered by NEDO were notified to the WTO.[184]

4.130. To administer these financial and regulatory mechanisms, the Act authorized the establishment of the Organization on Promotion of a Transition to a Decarbonized Growth-Oriented Economic Structure (GX Acceleration Agency), which commenced operations in July 2024.[185] The Tokyo-based agency with capital of approximately JPY 122 billion in FY2024[186], provides financial support such as debt guarantees and equity to GX projects that private finance cannot fully support. The Agency also operates Japan's carbon emissions trading system (GX-ETS) and is designated to collect the surcharge on fossil fuel supply planned for FY2028.[187]

4.131. Phase 1 of the GX-ETS (also called "GX League"), which operates from FY2023 to FY2025, serves as a voluntary trial period designed to prepare the Japanese market for a mandatory cap-and-trade system. Open to all sectors, this pilot phase attracted about 800 volunteers. Unlike the

[178] Cabinet Secretariat, The Basic Policy for the Realization of GX - A roadmap for the next 10 years. Viewed at: https://www.cas.go.jp/jp/seisaku/gx_jikkou_kaigi/pdf/kihon_en.pdf (28/11/2025).

[179] JLT, Outline of the Act for Partially Amending the Act on the Promoting Transition to the Decarbonized Growth Economic Structure and the Act on the Promotion of Effective Utilization of Resources. Viewed at: https://www.japaneselawtranslation.go.jp/outline/167/905R714.pdf (08/01/2026).

[180] METI, Japan's Green Transformation Policy and Transition Finance. Viewed at: https://cdnw8.eu-japan.eu/sites/default/files/imce/2024.4.18%20METI.pdf (28/11/2025).

[181] METI, Japan Climate Transition Bond Framework. Viewed at: https://www.meti.go.jp/policy/energy_environment/global_warming/transition/climate_transition_bond_framework_eng.pdf (28/11/2025).

[182] METI, Japan's Green Transformation Policy and Transition Finance.

[183] METI, Green Innovation Fund. Viewed at: https://www.meti.go.jp/english/policy/energy_environment/global_warming/gifund/index.html (26/02/2026).

[184] WTO document G/SCM/N/430/JPN, 7 July 2025.

[185] METI, Standards for Support Related to Financial Assistance by the GX Acceleration Agency Formulated. Viewed at: https://www.meti.go.jp/english/press/2024/0813_001.html (28/11/2025).

[186] GX Acceleration Agency, Financial Statement FY2024 (in Japanese). Viewed at: https://www.gxa.go.jp/.assets/fuzokumeisaisho_FY2024.pdf (28/11/2025).

[187] GX Acceleration Agency, Emissions trading system and fossil fuel levy (in Japanese). Viewed at: https://www.gxa.go.jp/carbon-trade-levy/ (28/11/2025).

future mandatory phase that targets only CO_2, the trial period covers a wider array of gases.[188] This allows companies to adapt to emissions trading mechanisms before strict compliance begins.[189]

4.132. Phase 2 is scheduled to commence in FY2026 and transitions Japan to a mandatory cap-and-trade system. This phase obligates enterprises with over 100,000 tonnes of direct CO_2 emissions to participate, capturing approximately 400 companies and roughly 60% of the Japan's CO_2 emissions. In contrast to the trial phase, coverage is strictly limited to CO_2. Allowances will be allocated freely until FY2033, primarily through benchmarking or grandfathering. To maintain market stability, METI will implement price ceilings and floors. Operationally, participants can bank excess allowances indefinitely for future use, but borrowing is prohibited. Trading is expected to start in FY2027.[190]

4.133. The Act on Promotion of Supply and Utilization of Low-Carbon Hydrogen and its Derivatives for Smooth Transition to a Decarbonized, Growth-Oriented Economic Structure (Act No. 37 of 2024, also referred to as "Hydrogen Society Promotion Act") establishes a legal framework to accelerate the supply and use of low-carbon hydrogen and its derivatives (e.g. ammonia and e-fuels).[191] The core mechanism is a business plan approval scheme, where certified projects become eligible for government support. This includes two types of subsidies, both administered by JOGMEC: (i) a "price difference support subsidy", covering the price gap between the cost for hydrogen and its derivatives (production and transportation) and conventional fuels (typically for 15 years); and (ii) a "hub development support subsidy", focusing on construction costs of transport and storage facilities for low-carbon hydrogen and its derivatives.[192]

4.134. The Act on Carbon Dioxide Storage Business (Act No. 38 of 2024, also referred to as CCS Business Act) establishes a legal framework for private Carbon Capture and Storage (CCS). The Act introduces a licensing system where the Government designates suitable underground storage areas and grants drilling licences and storage rights to operators. Operators must adhere to safety standards, continuous monitoring; tort liability arising from exploratory drilling and storage business is to be no-fault liability. For long-term management, responsibility for stable sites can be transferred to JOGMEC, funded by contributions from the operator.[193]

4.135. Recognizing the resource security risks of the green transition, the Act for Partially Amending the Act on the Promoting Transition to the Decarbonized Growth Economic Structure and the Act on the Promotion of Effective Utilization of Resources (Act No. 52 of 2025) was promulgated on 19 May 2023 and has been gradually entering into force. The legislation introduces: (i) planning and reporting requirements of recycled resources for certain manufacturers; (ii) a certification system for excellent environmental design; (iii) promotion of resource recovery for GX-related materials; (iv) new regulatory categories for "Circular Economy Commerce".[194] The legislation seeks to establish an institutional framework for a circular economy and to ensure a stable supply of rare metals through enhanced resource recovery, therefore strengthening economic resilience by reducing dependence on imported critical minerals and to advance Japan's commitment to achieving carbon neutrality by 2050.

[188] Phase 1 covers the following gases: CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3.

[189] IETA, JAPAN EMISSIONS TRADING SCHEME (GX-ETS). Viewed at: https://www.ieta.org/uploads/wp-content/Resources/Busines-briefs/2025/IETA-Japan-Emissions-Trading-Scheme-_GX-ETS-final-one_July.pdf (26/01/2026).

[190] IETA, JAPAN EMISSIONS TRADING SCHEME (GX-ETS).

[191] JLT, Hydrogen Society Promotion Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/146/905R618.pdf (08/12/2025).

[192] JOGMEC (23 October 2024), For the establishment of supply chain for low-carbon hydrogen and its derivatives, JOGMEC will administer "Support focusing on the price gap" and "Support for the development of hubs". Viewed at: https://www.jogmec.go.jp/english/news/release/news_10_00079.html (08/12/2025).

[193] JLT, Outline of CCS Business Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/148/905R616.pdf (08/12/2025).

[194] JLT, Outline of the Act for Partially Amending the Act on the Promoting Transition to the Decarbonized Growth Economic Structure and the Act on the Promotion of Effective Utilization of Resources. Viewed at: https://www.japaneselawtranslation.go.jp/outline/167/905R714.pdf (28/11/2025).

4.3 Manufacturing

4.3.1 Overview

4.136. Manufacturing plays a central role in Japan's economy. In 2024, the sector accounted for 20.5% of GDP and 15.4% of employment, almost unchanged since 2022 (20.0% for its GDP contribution and 15.5% for employment), highlighting a remarkable stable trend despite the long-term structural shift toward services. Key challenges facing the sector include persistent labour shortages, the need to accelerate digitalization, and the urgency of the green transformation to meet carbon neutrality targets.[195] These challenges are compounded by weak productivity performance[196] and intensifying international competition in manufacturing sectors in which Japan traditionally holds a revealed comparative advantage.[197]

4.137. Manufacturing remains the leading export sector, with manufacturing products accounting for 88.5% of merchandise exports and 68.2% of total exports (merchandise and services) in 2024, respectively. Japan is a net exporter of manufactured products with a trade surplus of USD 172.5 billion in 2024, up from USD 148.9 billion in 2022.[198] Despite the depreciation of the JPY, export volume growth was sluggish and may take time to support growth in export volumes according to the authorities.[199] METI estimates that the depreciation of the JPY contributed by about 15 percentage points to the increase in the Export Price Index (yen basis)[200] in 2023 compared with 2021.

4.138. The largest export partners in 2024 were the United States (20.8% of merchandise exports), China (18.2%), and the European Union (9.5%). On the import side, the largest partners were China (33.7% of merchandise imports), the European Union (14.7%) and the United States (12.2%). Partner concentration remained broadly stable over the review period, with modest shifts linked to sector-specific demand. In 2024, the largest merchandise export product categories were motor vehicles (17.1% of merchandise exports), machinery for specialized industries (9.6%), electrical machinery (6.0%), and semiconductors (5.7%). Import composition was less concentrated, with telecommunications equipment (4.5% of merchandise imports), electrical machinery (4.2%), and pharmaceuticals (4.2%) among the largest categories (Chart 4.6).

[195] METI, *White Paper on Manufacturing Industries*, 2025, Figures 130-1 and 130-5 (in Japanese). Viewed at: https://www.meti.go.jp/report/whitepaper/mono/2025/pdf/all.pdf (10/12/2025).

[196] OECD, OECD Compendium of Productivity Indicators 2025, Figure 4.6 Labour productivity in 2023, Japan scores 56.5 compared with an OECD average of 70.5 for GDP per hour worked in current prices and current PPPs. Viewed at: https://www.oecd.org/en/publications/oecd-compendium-of-productivity-indicators-2025_b024d9e1-en/full-report.html (26/02/2026).

[197] METI, Trade White Paper 2025, Part II, Chapter 3 (in Japanese). Viewed at: https://www.meti.go.jp/report/tsuhaku2025/2025honbun/i2320000.html (26/02/2026).

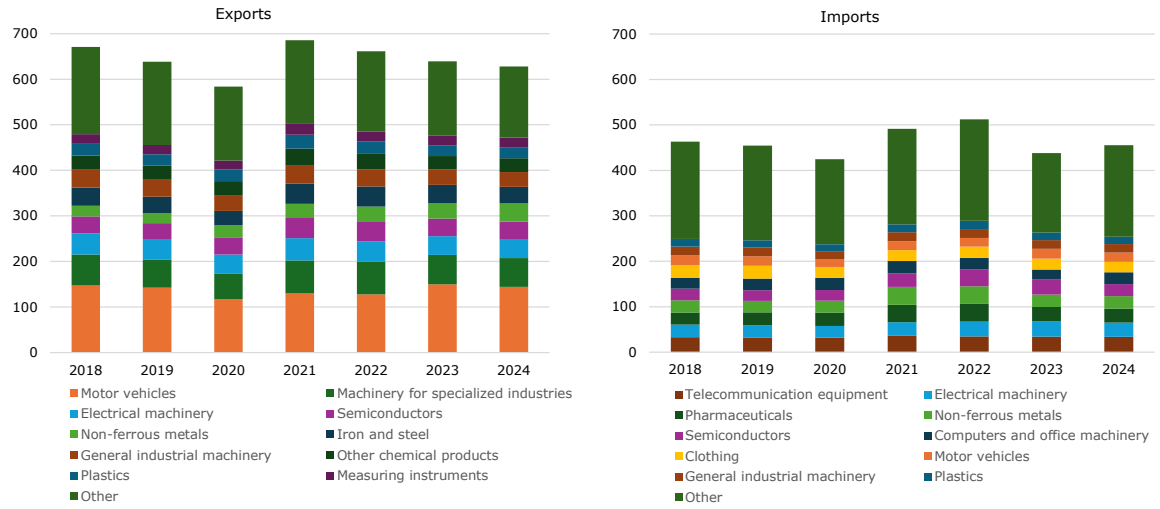
[198] WTO Secretariat calculations, based on UN Comtrade. Product groups are based on WTO Multilateral Trade Negotiations (MTN) Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf (1/12/2025). Manufacturing product groups are constructed based on WTO non-agricultural products, excluding fish and fish products (K), mining and quarrying (L01 and L02), and fuels (M).

[199] METI, *White Paper on International Economy and Trade*, 2024, p.19. Viewed at: https://www.meti.go.jp/english/report/pdf/0709_001a.pdf (09/09/2026).

[200] BOJ, Monthly Report on the Corporate Goods Price Index, Preliminary Figures for December 2025. Viewed at: https://www.boj.or.jp/en/statistics/pi/cgpi_release/cgpi2512.pdf (26/01/2026).

Chart 4.6 Trade in manufactured products, 2018-2024

(USD billion)



Note 1: Individual sectors cover the ten largest industries in 2024.
Note 2: Product groups are based on WTO Multilateral Trade Negotiations (MTN) Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf (1/12/2025). Manufacturing product groups are constructed based on WTO non-agricultural products, excluding fish and fish products (K), mining and quarrying (L01 and L02), and fuels (M).

Source: WTO Secretariat calculations, based on UN Comtrade.

4.139. Geographically, Japan's manufacturing sector is characterized by specialized industrial clusters which facilitate efficiency, foster deep vertical integration, and enable technology spillovers among SMEs, research institutions, and large enterprises. However, this concentration also amplifies vulnerability to natural disasters. The Chubu region is a core hub for automotive production, while the Kanto region remains a stronghold for electronics and heavy industry. The Kansai region has established itself as a centre for battery manufacturing and life sciences, and Kyushu is revitalizing its status as "Silicon Island"[201] with substantial recent investments in semiconductor production.[202]

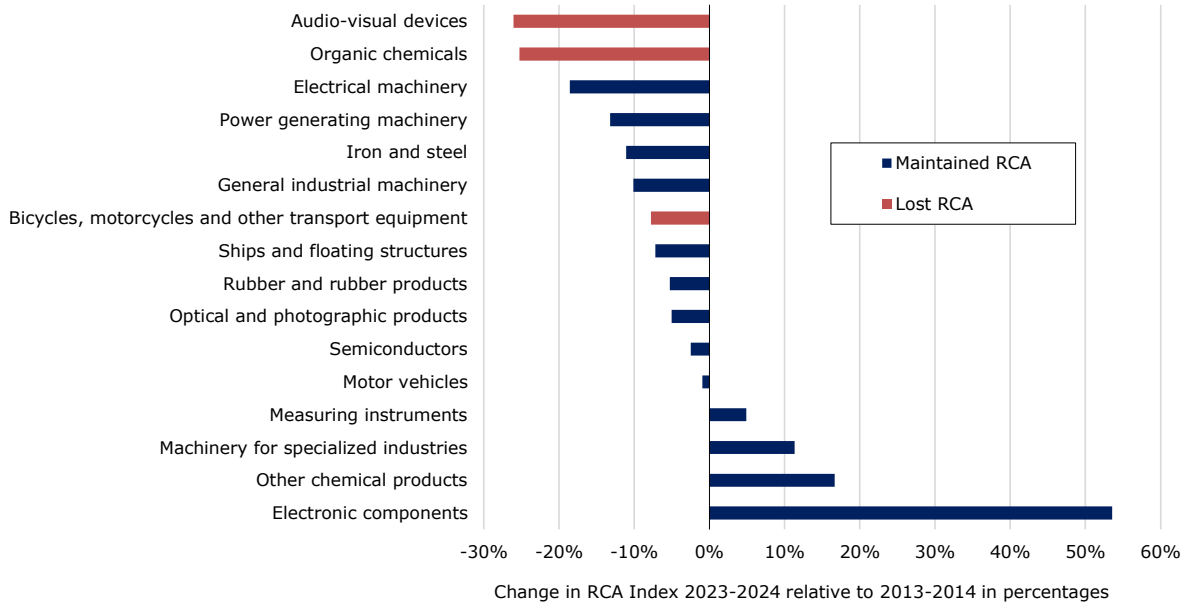
4.140. Over the review period, Japan's manufacturing competitiveness remained anchored in established industries, as reflected in revealed comparative advantage (RCA) indices. RCAs by manufacturing product group, measured as each product group's share in Japan's manufacturing exports relative to its share in world manufacturing exports, showed mixed trends over the past decade, with most categories recording declining indices within the manufacturing basket. Three groups slipped below the threshold of one (audio-visual devices; organic chemicals; bicycles, motorcycles and other transport equipment) while no product group newly crossed above it (Chart 4.7). The overall pattern points to a gradual concentration in innovation-intensive activities, notably electronic components, other chemical products, and machinery for specialized industries.

4.141. By contrast, more standardized categories (e.g. audio-visual devices, organic chemicals, and electrical machinery) show a starker decline in RCA. More broadly, even traditional strengths, including motor vehicles and semiconductors, have seen export shares within manufacturing fall relative to the world manufacturing average, underscoring the need to raise productivity in incumbent sectors while moving further into higher-value, advanced manufacturing.[203] This orientation is reflected in Japan's trade policy, with a stronger focus on facilitating workforce transitions, sustaining innovation ecosystems, and reinforcing institutional frameworks to maintain

[201] METI, Kuyushu Bureau, The Business and Investment Environment in Kyushu. Viewed at: https://www.kyushu.meti.go.jp/jirei/kokusai/investment/2024/240409_1_2.pdf (12/12/2025).
[202] METI, *White Paper on Manufacturing Industries*, 2025 (in Japanese).
[203] METI, Trade White Paper 2025 (in Japanese). Viewed at: https://www.meti.go.jp/report/tsuhaku2025/2025honbun/i2320000.html (20/02/2026).

technological leadership in high-complexity manufacturing; consistent with economic frameworks on automation and task creation, as well as the innovation–standardization lifecycle.[204]

Chart 4.7 Change in revealed comparative advantage in manufacturing, 2013-2024



Note: The chart includes manufacturing product categories (MTN classification) for which the revealed comparative advantage remained above 1 (blue) and dropped below 1 (red) compared to 2013-2014.

Source: WTO Secretariat computations based on CEPII data. Viewed at: https://www.cepii.fr/CEPII/en/bdd_modele/bdd_modele_item.asp?id=37 (01/02/2026).

4.3.2 Strategies and policies

4.142. Japan's industrial strategy was framed under the "New Direction of Economic and Industrial Policies" (initiated in 2021 and updated annually). It focuses on enhancing domestic competitiveness, advancing Green Transformation (GX) and Digital Transformation (DX), and strengthening economic security. To support these objectives, the Government provides incentives, notably for the domestic production of critical materials (e.g. semiconductors, batteries) and the integration of high value-added services.[205]

4.143. Public-private collaboration is a central feature of Japan's industrial strategy, with significant financial allocations under initiatives such as the 5G Promotion Act (JPY 632.2 billion in FY2023) and the Post-5G R&D Fund (JPY 677.3 billion) aimed at reducing investment risks in critical technologies. Notably, support measures increasingly incorporate conditionality; for example, tax incentives are linked to wage increases, and EV subsidies are tied to lifecycle emissions transparency.[206]

4.144. During the review period, the legislative frameworks were adjusted to integrate economic security. For the manufacturing sector, the Economic Security Promotion Act carries significant implications, particularly through provisions aimed at strengthening supply chain resilience for critical goods, promoting public-private cooperation on critical technologies, and introducing a non-disclosure system for patent applications (Box 2.1). Under the Foreign Exchange and Foreign Trade

[204] Acemoglu, Daron and Gancia, Gino and Zilibotti, Fabrizio. 2012. "Competing engines of growth: Innovation and standardization". Journal of Economic Theory 147 (2): 570-601. Viewed at: https://doi.org/10.1016/j.jet.2010.09.001 (19/02/2026).

[205] METI, Fourth Report of the Committee on New Direction of Economic and Industrial Policies, 2025. Viewed at: https://www.meti.go.jp/english/policy/economy/industrial_council/pdf/250603008_01.pdf (12/12/2025).

[206] METI, Outline of Semiconductor Revitalization Strategy in Japan. Viewed at: https://www.meti.go.jp/english/policy/0704_001.pdf (09/12/2025). Budget allocations were revised by the authorities.

Act, the list of "designated business sectors" requiring prior notification was expanded (Box 2.3). Furthermore, 23 items of advanced semiconductor manufacturing equipment were added to the export control list of dual-use items (Section 3.2.3). The Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) was also amended in 2024 to introduce tax incentives for the domestic production of strategic goods, such as semiconductors (microcomputers and analogs) and electric vehicles.

4.145. Japan's applied MFN tariff level for the manufacturing sector remains relatively low, designed to facilitate the importation of critical raw materials and intermediate inputs, although specific protection remains for certain sensitive sectors (Section 3.1). The simple average applied MFN tariff for manufactured products declined from 3.3% in FY2022 to 3.1% in FY2025.

4.146. At the institutional level, various public entities share responsibilities related to the manufacturing sector. Administrative oversight is led by METI, with the MHLW and the Ministry of Education, Culture, Sports, Science and Technology responsible for labour standards and research policy, respectively. Policy consultation is conducted through METI's Industrial Structure Council and sectoral sub-committees; business and sector associations (e.g. Keidanren, Japan Automobile Manufacturers Association (JAMA), Japan Electronics and Information Technology Industries Association (JEITA)) provide technical input on draft legislation.[207]

4.147. The manufacturing sector continues to face persistent labour shortages. The Employment Conditions Diffusion Index from the BOJ's Tankan Survey for large manufacturing enterprises remained negative throughout the review period, standing at −19 in December 2025, indicating that labour shortages outweigh excess labour.[208] To mitigate this, manufacturers are accelerating labour-saving investments, such as robotics and automation, while simultaneously expanding the integration of foreign talent. The number of foreign workers in the manufacturing sector reached a record high of approximately 598,000 in 2024, accounting for 6.0% of the total manufacturing workforce.[209]

4.148. In 2024, the manufacturing sector accounted for about 36% of Japan's CO_2 emissions.[210] The Green Transformation (GX) Promotion Act (Act No. 32 of 2023), which entered into force on 4 August 2025, established the framework for investments and carbon pricing. Policies under the framework target hard-to-abate subsectors (iron and steel, chemicals, cement) through energy-efficiency requirements and pilot deployment of hydrogen and carbon capture, utilization and storage. In addition, the amendment to the Act on Promotion of Effective Resource Utilization (Act No. 48 of 1991) was approved by Cabinet in February 2025[211] and is set to introduce obligations for manufacturers that produce or sell designated products above certain thresholds to submit plans and reports regarding the use of recycled materials. Alongside, it established a certification system for environmentally conscious design, such as ease of disassembly and extended product life.

4.3.3 Selected industries

4.3.3.1 Semiconductor

4.149. Since 2021, Japan has reinforced its efforts to revitalize the domestic semiconductor industry. The sector is viewed as essential to drive technological advancement, AI adoption, and the digital transition. Semiconductors are designated as "specified critical goods" under the Economic Security Promotion Act enabling targeted support measures to strengthen supply chain resilience. The semiconductor industry stands out for the scale of public support, reflecting its central role in strengthening the IT infrastructure needed for broader economic digitalization. Constraints in the

[207] Information provided by the authorities.
[208] JIL, Employment Condition. Viewed at: https://www.jil.go.jp/english/estatis/eshuyo/e0212.html (26/01/2026).
[209] METI, *White Paper on Manufacturing Industries*, 2025, Figure 212-5 (in Japanese).
[210] METI, *White Paper on Manufacturing Industries*, 2025, p. 153 (in Japanese).
[211] METI, Cabinet Decision on the Bill for the Act for Partially Amending the Act on the Promoting Transition to the Decarbonized Growth Economic Structure and the Act on the Promotion of Effective Utilization of Resources. Viewed at: https://www.meti.go.jp/english/press/2025/0225_001.html (02/03/2026).

industry include shortages of skilled labour, high energy costs, and volatility in global demand. The sector is also exposed to trade controls and supply-chain bottlenecks.[212]

4.150. In 2024, exports of semiconductors (HS 8541 and HS 8542) amounted to USD 39.9 billion (down from USD 42.8 billion in 2022), and exports of semiconductor-related machinery (HS 8486) stood at USD 29.7 billion (down from USD 30.9 billion in 2022), together accounting for about 10% of Japan's exports. In terms of imports, these products accounted for 8.6% of the total. Semiconductor imports totalled USD 26.8 billion (down from USD 36.9 billion in 2022), while imports of semiconductor-related machinery reached USD 5.3 billion (down from USD 5.6 billion in 2022). The most important import partners of semiconductors were Chinese Taipei (52.0%), China (11.6%) and the United States (6.1%).

4.151. Applied MFN tariffs on semiconductor products and most related production equipment are set at zero based on the Information Technology Agreement. Non-tariff measures include technical standards, electromagnetic compatibility requirements, and safety certifications administered by METI and the MIC. Amendments to the Foreign Exchange and Foreign Trade Act, which entered into force on 23 July 2023, introduced export controls on 23 categories of semiconductor-manufacturing equipment (Section 3.2.3).[213]

4.152. The JEITA projects a nationwide shortage of approximately 43,000 semiconductor-related workers over the next decade. In response, the Government has allocated JPY 580 million under the FY2025 budget and JPY 1 billion through the FY2024 supplementary budget to implement the "Education Network for Semiconductor Technologies". The initiative seeks to establish a practical education framework via inter-university collaboration, with a particular focus on addressing the shortage of faculty qualified to teach advanced semiconductor technologies.[214]

4.153. The Government provides substantial financial support to the semiconductor industry through various funds. In FY2023, budget allocations for semiconductor-related projects reached JPY 1.75 trillion via the 5G Promotion Act (JPY 632.2 billion), the Post-5G R&D Fund (JPY 677.3 billion) and the Economic Security Promotion Act (JPY 437.6 billion).[215] As of December 2025, the Government had allocated approximately JPY 806.2 billion (31.6% of total) under the Economic Security Promotion Act to ensure a stable supply of semiconductors, making this sector the second-largest recipient under the Act.[216] In addition to direct subsidies, the 2024 Tax Reform introduced the "Strategic Sector Domestic Production Promotion Tax Regime", which offers tax credits proportional to the production volume of strategic goods, including semiconductors. These incentives support large-scale projects, such as Rapidus Corporation and TSMC's expansion in Kumamoto, with the objectives of reducing foreign dependence and securing Japan's position in the global supply chain.[217]

4.154. On 4 August 2025, the amendment the Act on Promotion of Information Processing (Act No. 90 of 1970) and the Act on Special Accounts (Act No. 23 of 2007) entered into force and addresses the rapid increase in computational demand driven by the expansion of generative AI. The amendment seeks to encourage large-scale public-private investment and improve predictability of public support in Japan's semiconductor industry. Key measures include support for the stable production of designated high-speed semiconductors, financial assistance for introducing advanced information processing equipment, and initiatives to develop relevant human resources. Additional

[212] METI, *White Paper on Manufacturing Industries*, 2025 (in Japanese).
[213] METI, Section 2, Trends in export and investment control policies by major countries. Viewed at: https://www.meti.go.jp/english/report/data/wp2024/pdf/2-1-2.pdf (10/12/2025).
[214] METI, *White Paper on Manufacturing Industries*, 2025 (in Japanese).
[215] METI, Outline of Semiconductor Revitalization Strategy in Japan. Budget allocations were revised by the authorities. Viewed at: https://www.meti.go.jp/english/policy/0704_001.pdf (09/12/2025).
[216] Cabinet Office, Regarding the overall system for ensuring a stable supply of critical materials (strengthening supply chains) and preventing technology leaks under the Economic Security Promotion Act (in Japanese). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/supply_chain/doc/sc_gaiyou.pdf (27/02/2026).
[217] METI, Outline of Semiconductor Revitalization Strategy in Japan.

responsibilities have been assigned to the Information-technology Promotion Agency, including financial contributions, equipment provision, and guarantees for related borrowings.[218]

4.155. To secure the necessary financial resources, the Act provides for the issuance and redemption of government bonds and the creation of new accounts under the Special Account for Energy Measures. Under the "AI and Semiconductor Industry Foundation Strengthening Framework", the Government plans to provide over JPY 10 trillion in public support (equivalent to 1.65% of nominal GDP in 2024) for the semiconductor and AI sectors by FY2030. These measures aim to ensure a stable supply of advanced semiconductors and enhance Japan's competitiveness in emerging technologies.[219]

4.3.3.2 Automotive

4.156. Motor vehicles remain Japan's largest merchandise export category, reaching USD 144.1 billion in 2024 up from USD 127.6 billion in 2022. The most important partners were the United States (33.6% of motor vehicle exports), the European Union (10.4%), and Australia (7.2%) in 2024. Employment in the auto manufacturing and auto-related industries was estimated at 5.6 million persons; approximately 8.2% of total employment.[220]

4.157. In 2025, Japan applied a 0% MFN tariff rate on all motor vehicles, including electric vehicles (EVs) and hybrid models. Type approval procedures, as well as vehicle safety and emissions standards are administered by the MLIT. Japan actively participates in international rule-making bodies (e.g. World Forum for Harmonization of Vehicle Regulations), where it leads discussions on automated driving standards with the objective of ensuring market access and interoperability with emerging standards.

4.158. Support measures include funding under the Green Innovation Fund and targets areas such as next-generation batteries and motors. Reported uptake includes multiple approved projects, with JPY 266 billion allocated in FY2023 to initiatives related to battery supply stability.[221]

4.159. Investment activity has focused on electrification and software-defined vehicles (SDVs), including alliances among assemblers, suppliers, and IT firms. Policy targets include a 30% global market share in SDVs for Japanese firms by 2030, alongside workforce reskilling programmes. Structural adjustments comprise plant retooling for electric vehicle production, supplier consolidation, and establishment of software development centres.[222]

4.160. In February 2024, Japan established the Automotive and Battery Traceability Center (ABtC) to enhance supply chain transparency and support carbon neutrality objectives. In September 2024, ABtC was certified as a certified public-interest digital platform operator. ABtC is governed by a consortium of 14 automotive manufacturers and two industry associations under a framework to ensure data sovereignty and confidentiality. Its initial mandate is to enable the calculation and exchange of product carbon footprint (PCF) data for vehicles and batteries, in line with international standards. The initiative forms part of Japan's "Ouranos Ecosystem" for cross-industry data interoperability.[223] In April 2024, Japan (Information-technology Promotion Agency) and the European Union (Catena-X Automotive Network e.V.) signed a memorandum of understanding to

[218] JLT, Outline of the Act for Partially Amending the Act on Facilitation of Information Processing and the Act on Special Accounts. Viewed at: https://www.japaneselawtranslation.go.jp/outline/175/905R713.pdf (15/12/2025).
[219] JLT, Outline of the Act for Partially Amending the Act on Facilitation of Information Processing and the Act on Special Accounts.
[220] JAMA, The Motor Industry of Japan 2025. Viewed at: https://www.jama.or.jp/english/reports/docs/MIoJ2025_e.pdf (27/02/2026).
[221] METI, *White Paper on Manufacturing Industries*, 2025, p. 226 (in Japanese).
[222] METI, *White Paper on Manufacturing Industries*, 2025, p. 172 (in Japanese).
[223] ABtC, About the Automotive and Battery Traceability Center (ABtC). Viewed at: https://abtc.or.jp/en (15/12/2025).

explore interoperability[224], and in March 2025, a proof-of-concept successfully demonstrated secure PCF data exchange between the platforms.[225]

4.3.3.3 Steel

4.161. During the review period, the steel industry continued to be subject to general industrial safety and environmental legislation, with sector-specific guidance provided by the Study Group on Green Steel under METI. The Green Transformation Promotion Act provides the legal basis for measures supporting industrial decarbonization. Domestic definitions and standards for "green steel" are under development to enhance transparency, prevent greenwashing, and align with emerging international practices.[226]

4.162. Japan remains among the world's largest steel producers, with a production volume of 84.0 million tonnes in 2024, ranking third globally after China (1,005.1 MT) and India (149.4 MT). The sector is a vital supplier to the domestic automotive, construction, and infrastructure industries. However, domestic steelmaking capacity has gradually contracted, declining by an annual average of 0.7% between 2020 and 2024. Japan also plays a critical role in the global raw materials market as one of the world's largest exporters of ferrous scrap.[227]

4.163. In 2024, Japan's exports of iron and steel amounted to USD 36.4 billion, representing 5.9% of total merchandise exports, compared with USD 44.2 billion in 2022. The main export destinations were the Republic of Korea and China (each accounting for 12.0% of iron and steel exports), followed by Thailand (11.5%). Imports also declined, from USD 18.0 billion in 2022 to USD 15.0 billion in 2024. The principal suppliers were China (37.6%), the Republic of Korea (24.8%), and Chinese Taipei (8.5%).

4.164. In 2024, MFN tariffs on iron and steel products averaged 0.3%. Trade remedies have been applied in recent years to address dumping of certain steel products (Section 3.1.6).[228]

4.165. The steel sector accounts for approximately 39% of Japan's industrial greenhouse gas emissions[229] and is undergoing structural transformation driven by decarbonization objectives. Investment has shifted from capacity expansion toward process innovation, including hydrogen-based reduction steelmaking and high-grade electric arc furnace production. To secure raw materials for this shift, producers are increasingly investing upstream in scrap collection and advanced sorting technologies.[230]

4.166. The transition to low-carbon steel production is capital-intensive and depends on the availability of affordable green hydrogen at scale, which is not yet available domestically. Industry stakeholders have indicated that, without continued public support, price competitiveness could decline relative to producers in regions with lower energy costs. To support this transition, JPY 449.9 billion has been allocated through the Green Innovation Fund for research, development, and demonstration of hydrogen steelmaking.[231] Additional tax incentives are provided under the Green Transformation framework for investments in carbon-neutral production facilities and technologies.

[224] IPA, IPA and Catena-X sign an MOU on Automotive Industry Data Sharing Interoperability. Viewed at: https://www.ipa.go.jp/pressrelease/2024/press20240423.html (15/12/2025).
[225] Catena-X. Catena-X and Ouranos Ecosystem Successfully Demonstrate Data Space Interoperability. Viewed at: https://catena-x.net/news/catena-x-and-ouranos-ecosystem-successfully-demonstrate-data-space-interoperability/ (15/12/2025).
[226] METI, Green Steel for GX. Viewed at: https://www.meti.go.jp/english/press/2025/pdf/0123_001a.pdf (10/12/2025).
[227] OECD, *Steel Outlook*, 2025. Viewed at: https://www.oecd.org/en/publications/2025/05/oecd-steel-outlook-2025_bf2b6109.html (12/12/2025).
[228] MOF, Anti-dumping Duty. Viewed at: https://www.mof.go.jp/english/policy/customs_tariff/traderemedy/anti-dumping-duty.htm (10/12/2025).
[229] Information provided by the authorities.
[230] OECD, *Steel Outlook*, 2025.
[231] NEDO, Hydrogen Utilization in Iron and Steelmaking Processes. Viewed at: https://green-innovation.nedo.go.jp/en/project/utilization-hydrogen-steelmaking/summary/ (10/12/2025).

4.3.4 Digitalization

4.167. DX is a key policy priority in Japan's manufacturing sector, with approximately 80% of firms engaged in DX initiatives. However, progress in transforming business models remains limited, and notable gaps persist between large enterprises and SMEs, which account for 99.7% of firms.[232] While more than 60% of large firms have adopted advanced technologies such as robotics and sensors, adoption among SMEs with 50 or fewer employees is around 30%.[233] These differences are reflected in productivity and wage levels, where SMEs continue to lag larger firms.

4.168. To address these challenges, the Government has introduced measures to support SME investment in automation, digital tools, and transitions toward growth sectors, including digital services and green technologies. Key instruments include the Business Restructuring Subsidy and IT Introduction Subsidy. In addition, the voluntary "Partnership Building Declaration"[234] encourages contracting firms to allow SMEs to pass on increases in labour and raw material costs; by end-2025, more than 83,000 companies[235] had registered declarations, with compliance monitored primarily through reputational incentives and oversight by the Japan Fair Trade Commission. These initiatives aim to alleviate labour shortages and cost pressures while promoting more balanced supply chain practices.

4.169. As digitalization expands, cybersecurity has become a key policy priority and forms one of the criteria considered in the screening process under the Economic Security Promotion Act. METI has also issued guidelines for operational technology (OT) security in manufacturing. The "OT Security Guidelines for Semiconductor Device Factories" introduced in 2025 address risks associated with connected manufacturing environments, such as remote maintenance and supply chain data linkages. The Guidelines aim to protect confidential information, maintain production goals and the quality of semiconductors.[236] The sector-specific guidelines are expected to serve as a reference for other advanced manufacturing subsectors.

4.170. The adoption of hardware automation and robotics has advanced relatively quickly; however, system interoperability and cross-company data sharing remains limited, particularly among SMEs. Therefore, METI launched the "Ouranos Ecosystem" in 2023, a government-led initiative to promote cross-company data interoperability through public-private collaboration. The initiative aims to enable secure exchange of industrial data to support regulatory compliance and enhancing competitiveness in global markets.[237]

4.4 Services

4.4.1 Overview

4.171. The services sector is the largest contributor to Japan's economy. In 2024, it accounted for around 70.5% of GDP and employed approximately 72.5% of the workforce, compared with 71.1% and 72.1% in 2022, respectively. The sector remains highly liberalized overall, with limited restrictions on foreign investment and equal treatment for domestic and foreign providers. Japan's trade in commercial services recorded a deficit of around USD 18.6 billion in 2024, a significant reduction from the USD 43.5 billion deficit in 2022. The decline was primarily driven by higher exports of travel services, which surged from USD 9.2 billion in 2022 to USD 54.7 billion in 2024. In 2024, the most important export sectors were travel (24.3% of commercial services exports), charges for the use of intellectual property (22.9%), and other business services (20.8%). Most commercial services imports were recorded under other business services (33.4% of commercial services imports), transport (14.9%), and charges for the use of intellectual property (12.2%).

[232] Japan Chamber of Commerce and Industry, Exclusive Interview: The Future Growth of Japan's SMEs. Viewed at: https://www.jef.or.jp/en/256th_Exclusive_Interview.pdf (09/12/2025).
[233] METI, *White Paper on Manufacturing Industries*, 2025, Figure 231-1 (in Japanese).
[234] Japan Chamber of Commerce and Industry, Exclusive Interview: The Future Growth of Japan's SMEs.
[235] Information provided by the authorities.
[236] METI, OT Security Guidelines for Semiconductor Device Factories, Ver 1.0. Viewed at: https://www.meti.go.jp/policy/netsecurity/wg1/semiconductor_systems_guideline_ver1.0_eng.pdf (10/12/2025).
[237] METI, Ouranos Ecosystem Trust Study Group Report. Viewed at: https://www.meti.go.jp/english/press/2025/pdf/0328_004a.pdf (10/12/2025).

4.172. Japan's trade in digitally delivered services reflects a significant contribution to trade in services and persistent import reliance. According to WTO estimates, Japan exported USD 118.9 billion (USD 110.1 billion in 2022) in digitally delivered services and imported USD 165.1 billion in 2024 (USD 144.1 billion in 2022), driven by charges for intellectual property and other business services.[238] The growth of these exports remains moderate compared with imports, primarily due to a focus on customized system integration for domestic clients rather than globally scalable software platforms, alongside a shortage of specialized digital talent.

4.173. Japan's degree of liberalization in services is reflected in its commitments under the GATS, which cover major sectors including financial, telecommunications, and professional services. According to the OECD Services Trade Restrictiveness Index (STRI) 2024, Japan's overall STRI score is 0.11, below the OECD average of 0.19, indicating relatively low barriers to services trade. The WTO–World Bank STRI provides similar findings, though its latest available data is for 2022, confirming Japan's position as one of the least restrictive economies for services trade among high-income countries.[239]

4.174. Japan's GATS commitments cover a wide range of sectors in financial services, telecommunications, professional services, and distribution overall, while often requiring a commercial presence. In sectors where commitments exist, Japan often provides both market access and national treatment. Postal services, and radio and television broadcasting are not included. The schedule contains commitments in audiovisual services, specifically for motion picture and video tape production and distribution. In transport services, commitments focus primarily on auxiliary activities such as aircraft repair and maintenance, selling and marketing of air transport services, and computer reservation systems; in line with the scope of the GATS Annex on Air Transport Services. Maritime transport commitments cover certain auxiliary services. Additional limitations apply in legal services.[240]

4.175. The schedule contains horizontal limitations that apply across all sectors. The most significant relate to Mode 4 (movement of natural persons), where entry is limited to specific categories such as intra-corporate transferees, executives, and specialists with advanced technical or professional knowledge. Research and development subsidies remain unbound.[241] While the formal GATS schedule regarding Mode 4 remains restrictive, the Government established the "Employment for Skill Development" Program in June 2024, with implementation scheduled from April 2027 onwards, thereby facilitating the recruitment of workers from abroad to address labour shortages in industrial fields.[242]

4.176. In February 2024, Japan certified Supplement 4 to incorporate the Services Domestic Regulation disciplines in its GATS schedule.[243] Additionally, Japan was a co-convenor of the Joint Statement Initiatives on Electronic Commerce (stabilized text in July 2024), supporting efforts to establish global rules in digital trade.[244]

4.177. During the review period, Japan operationalized the oversight regime provided under the Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures (or Economic Security Promotion Act – ESPA, Act No. 43 of 2022) to secure the stable provision of specified essential infrastructure services. As of April 2025, designated operators in 15 infrastructure sectors deemed critical to national security, including finance, telecommunications, and transport, are subject to a pre-screening mechanism for procurement and outsourcing (distinct from investment screening). Businesses must notify the relevant Ministry (e.g. METI for electricity, MIC for telecommunication) before installing critical facilities or outsourcing critical maintenance. The review focuses on addressing security risks in the infrastructure supply chain (e.g. cyber-

[238] WTO, Digitally delivered services trade dataset. Viewed at: https://yamaraja.work/english/res_e/statis_e/gstdh_digital_services_e.htm (26/11/2025).
[239] OECD, Services Trade Restrictiveness Index 2025. Viewed at: https://www.oecd.org/en/topics/services-trade-restrictiveness-index.html (25/11/2025).
[240] WTO document GATS/SC/46, 15 April 1994.
[241] WTO document GATS/SC/46, 15 April 1994.
[242] MOJ, Outline of "Employment for Skill Development" Program. Viewed at: https://www.moj.go.jp/isa/content/001438365.pdf (27/11/2025).
[243] WTO document GATS/SC/46/Suppl.4, 10 June 2025.
[244] WTO document INF/ECOM/87, 26 July 2024.

sabotage, malware, and influence of foreign suppliers). This allows the Government to recommend or order changes to vendors or equipment to mitigate security risks before the project proceeds.[245]

4.178. Certain foreign investment and cross-border services transactions are also subject to other regulatory mechanism under the Foreign Exchange and Foreign Trade Act (FEFTA). Under the foreign investment screening under FEFTA, foreign acquisitions of 1% or more of voting rights in listed companies operating in "Designated Business Sectors" require prior notification and national-security screening (Section 2.4.3); the scope covers, *inter alia*, telecommunications and transport services, however, is legally distinct from the list under the Economic Security Promotion Act.[246]

4.179. As for import and export controls, in December 2024, a new "Prior Notification System for Overseas Technology Transfers" took effect under the FEFTA. Unlike broad sectoral investment screening, this system is transaction-specific and targets the transfer of technical know-how (e.g. intellectual property, blueprints, and specialized services), that enables the design or manufacturing of specified "key technologies" (e.g. advanced semiconductor manufacturing technology) outside of Japan. Prior notification is mandatory only for technology transfers to countries and regions not classified under "Group A".[247] For non-Group A destinations, the mandate covers cross-border service exports where technical data is shared with foreign partners, licensed to third parties, or transferred to a companies' own overseas subsidiaries to facilitate local manufacturing or design.[248] The measure aims to prevent technology leakage through a public-private dialogue but effectively functions as a transaction-specific export licence administered by METI.

4.4.2 Financial services

4.180. In 2024, the finance and insurance sector contributed 5.1% to GDP and employed approximately 2.3% of the labour force, compared with 4.6% and 2.5% in 2021, respectively. Japan is a net exporter of financial services, with a trade surplus of USD 4.8 billion in 2024. Financial services remain among the most open, with Japan scoring below the OECD average for commercial banking and insurance.[249]

4.181. During the review period, the financial sector navigated a critical transition as the economy exited a prolonged deflationary environment (Section 1.2). In March 2024, when the Bank of Japan (BOJ) ended its negative interest rate policy, judging that it was within sight that the 2% price stability target would be achieved in a sustainable and table manner.[250] Against this backdrop, major trends included continued consolidation among regional banks facilitated by antitrust exemptions, the promotion of FinTech and digital currencies, and enhanced anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks to improve transparency.

4.4.2.1 Institutional and legal framework

4.182. During the review period, the overall institutional and legal framework for the financial sector was not subject to any significant change. The Financial Services Agency (FSA) serves as the primary regulator, with its strategic direction articulated in annual policy documents. Regulatory efforts

[245] Cabinet Office, System for Ensuring Stable Provision of Specified Essential Infrastructure Services under the Economic Security Promotion Act (Briefing Material). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/infra/doc/infra_setsumeikai_eng.pdf (05/12/2025).

[246] MOF, Foreign Investment Screening System, Annual Report FY2024. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Data/annual_report2024_en.pdf (05/12/2025).

[247] Group A countries participate in all major international export control regimes and are recognized by the Government as having established and effectively implement stringent export control systems. As of the latest designation, the following 27 countries are included in this category: Argentina, Australia, Austria, Belgium, Bulgaria, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Republic of Korea (added in July 2023), Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[248] Anderson Mori & Tomotsune, Introduction of a Prior Notification System for Overseas Technology Transfers in Key Technological Fields such as Semiconductors (Effective December 2024). Viewed at: https://www.amt-law.com/en/insights/trending-news/publication_0029315_en_001/ (09/12/2025).

[249] OECD, Services Trade Restrictiveness Index, Sector Notes, Commercial banking and insurance.

[250] IMF, *Staff Country Reports, Japan*, 2025. Viewed at: https://doi.org/10.5089/9798229006811.002 (08/12/2025).

focused on promoting Japan as a leading asset management centre, advancing corporate governance reforms, and addressing the challenges of financial digitization.[251]

4.183. In addition to the FSA, Japan has various Self-Regulatory Organizations (SROs)[252] that establish and enforce industry-specific rules under the oversight of the FSA. This co-regulatory model allows for an agile and expert-driven regulation. SROs have become laboratories for regulatory innovation, allowing the Japanese financial system to adapt more quickly to emerging technologies and market practices. There were no regulatory barriers preventing foreign firms from joining SROs, and membership is often a prerequisite for operation and facilitated through applications and qualification examinations in English.[253]

4.184. At the legislative level, the financial sector is primarily governed by the Banking Act (Act No. 59 of 1981), the Insurance Business Act (Act No. 105 of 1995), and the Financial Instruments and Exchange Act (Act No. 25 of 1948). The Banking Act provides the principal framework for banks, covering licensing, business scope, and capital adequacy. The Insurance Business Act regulates the life and non-life insurance sector, focusing on solvency and policyholder protection. The Financial Instruments and Exchange Act regulates capital markets, securities transactions, and corporate disclosures. The Payment Services Act (Act No. 59 of 2009) regulates fiat-backed stable coins and fund transfer services. According to the authorities, regulation of crypto assets, including algorithmic stablecoins and crypto-backed stablecoins, will be under the Financial Instruments and Exchange Act.

4.185. Regarding foreign investment, the legislation has remained unchanged since the last Review and is considered relatively open.[254] There are no foreign equity restrictions, and licensing criteria for financial institutions are applied equally to foreign and domestic companies under the Banking Act and the Financial Instruments and Exchange Act. There are no nationality or residency requirements for board members under the Companies Act (Act No. 86 of 2005), and no banking services are reserved exclusively for domestic providers. A commercial presence is mandatory to conduct lending and deposit-taking activities in accordance with the Banking Act and the Money Lending Business Act (Act No. 32 of 1983).

4.186. To facilitate Japanese market entry, the Financial Market Entry Office (FMEO) operating under the FSA, functions as a one-stop office providing support for licence registration and post-registration supervision to newly-entering foreign financial institutions.[255] As of June 2025, 47 licences of foreign financial institutions have been processed by the FMEO.[256] The Financial Start-up Support Program (implemented alongside the FMEO), provides reimbursements for up to 70% of establishment costs (up to JPY 15 million in FY2024) to new financial businesses as well as start-up support.[257]

4.187. In 2024, Japan adopted the National Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF) Action Plan (FY2024/26)[258] as a response to findings from the Mutual Evaluation Report by the Financial Action Task Force in 2021, which placed Japan under an enhanced follow-up process.[259] In 2024, the 3rd Enhanced Follow-Up

[251] FSA, Strategic Priorities: July 2024 – June 2025. Viewed at: https://www.fsa.go.jp/en/news/2024/20240913/20240913_summary.pdf (08/12/2025).
[252] Japan Securities Dealers Association (JSDA), Japanese Bankers Association (JBA, and Japan Virtual and Crypto assets Exchange Association (JVCEA).
[253] Information provided by the authorities.
[254] OECD, Services Trade Restrictiveness Index: Policy trends up to 2025.
[255] FSA, The Financial Market Entry Office. Viewed at: https://www.fsa.go.jp/en/policy/marketentry/index.html (08/12/2025).
[256] Information provided by the authorities.
[257] FSA. Financial Start-up Support Program: Application Overview. Viewed at: https://www.fsa.go.jp/internationalfinancialcenter/asset/pdf/en/our-support/start-up-support/financial_start-up_support_program_application_en_20250415.pdf (08/12/2025).
[258] MOF. Viewed at: https://www.mof.go.jp/english/policy/international_policy/amlcftcpf/National_AML_CFT_CPF_Action_Plan_FY2024-26.pdf (08/12/2025).
[259] FATF, *Mutual Evaluation Report 2021*. Viewed at: https://www.fatf-gafi.org/en/publications/mutualevaluations/documents/mer-japan-2021.html (08/12/2025).

Report acknowledged that Japan has made good progress in addressing technical compliance deficiencies, by widening the scope of regulations and increasing transparency and monitoring.[260]

4.4.2.2 Banking

4.188. Japan maintains a generally open framework for banking services, while applying distinct regulatory requirements for foreign and domestic branches. Foreign bank branches in Japan require a licence for initial entry under the Banking Act; each subsequent (secondary) foreign bank branch requires a separate authorization. Domestic banks, by contrast, obtain an initial banking licence and thereafter open additional branches in Japan by notification. Foreign branches are not separate legal entities, making the parent bank liable for obligations; however, they must maintain assets in Japan to cover local liabilities (Article 47-2). Domestic banks and banks established as foreign subsidiaries act as independent corporations and must meet minimum capital requirements (Article 5). Both are subject to similar prudential supervision and reporting obligations, and permitted activities are broadly the same (Article 10).

4.189. According to the IMF, the banking sector held approximately 60% of financial system assets in 2022, with three globally systemically important banks (G-SIBs) holding about a third of banking assets. The market is composed of city banks (account for 38% banking system's total assets) regional I banks (16%), credit unions (8%), trust banks (5%), regional II banks (3%), and other banks (18%) as of March 2023.[261] While foreign banks are present, they focus primarily on corporate and investment banking rather than retail services.[262] The State retains a limited presence, primarily through the Japan Post Bank, which is mandated to provide universal services according to the Postal Service Privatization Act (Act No. 97 of 2005). The sector remains well-capitalized, with a non-performing loan ratio of 1.37% in 2024.[263]

4.190. To address demographic headwinds and low profitability, regional bank consolidation accelerated under antitrust exemptions in 2020. This Measure provides a ten-year exemption from standard antitrust rules under the Anti-Monopoly Act (Act No. 54 of 1947) for mergers that maintain banking services in local economies[264]; one such mergers occurred during the review period according to the authorities.

4.191. Japanese households held approximately JPY 2,351 trillion in financial assets as of the fourth quarter of 2025[265], equivalent to about 3.8 times annual nominal GDP. About 50% of these assets were held in cash and low-yield deposits, a legacy of deflation that now exposes households to inflation risk. To address this, the Government launched the "Doubling Asset-based Income Plan", aimed at redirecting household savings towards domestic investment (Section 2.4.2). The plan was spearheaded by reforms to the Nippon Individual Savings Account (NISA) in 2024.[266] The programme was made permanent and expanded with higher annual (JPY 3.6 million) and lifetime investment limits (JPY 18 million); tax exemptions for assets holdings became indefinite. The number of new NISA accounts increased from 21.2 million in 2023 to 27.0 million in June 2025. The cumulative purchase amount in NISA accounts reached JPY 63.1 trillion, of which JPY 27.9 trillion were invested after the reform.[267]

4.192. In March 2024 the finalized Basel III framework took effect for internationally active banks, in line with international standards. Revised capital adequacy, leverage ratio, and liquidity requirements followed amendments to the Regulation for Enforcement of the Banking Act and related

[260] FATF (2024), Anti-money laundering and counter-terrorist financing measures. Viewed at: https://www.fatf-gafi.org/content/dam/fatf-gafi/fur/Follow-Up-Report-Japan-2024.pdf.coredownload.inline.pdf (08/12/2025).
[261] IMF, Financial Sector Assessment Program-Financial System Stability Assessment, 2024. Viewed at: https://www.elibrary.imf.org/view/journals/002/2024/109/article-A001-en.xml (12/01/2026).
[262] FSA, Monitoring of Foreign Bank Branches and Foreign Securities Companies (June 2025). Viewed at: https://www.fsa.go.jp/en/news/2025/20250630/02.pdf (25/11/2025).
[263] Information provided by the authorities.
[264] IMF, Financial Sector Assessment Program-Financial System Stability Assessment, 2024.
[265] BOJ, Basic Figures, Flow of Funds for the Third Quarter of 2025 (Preliminary report). Viewed at: https://www.boj.or.jp/en/statistics/sj/sjexp.pdf (28/01/2025).
[266] Cabinet Secretary, Doubling Asset-based Income Plan. Viewed at: https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/pdf/dabiplan2022en.pdf (08/12/2025).
[267] FSA, Survey Results on the Usage Status of NISA Accounts (in Japanese). Viewed at: https://www.fsa.go.jp/policy/nisa/20250924.html (09/01/2026)

supervisory guidelines issued by the FSA. By March 2025, all domestic banks and foreign subsidiaries adhered to the new standards.[268]

4.193. The Act on the Promotion of Cash Flow-Based Lending (Act No. 52 of 2024), which was adopted in June 2024 and is to fully enter into force in May 2026, aims to improve access to financing for younger businesses, particularly start-ups, by allowing loans to be secured based on the entirety of the businesses' assets, including intangible assets, rather than traditional real estate collateral or personal guarantees. Under the new system, a licensed trust company acts as the secured party to protect general creditors. In the event of default, priority is given to essential business expenses, such as commercial transaction receivables and labour claims, to preserve business continuity. The price of business transfer is then applied to loan repayment. The amendment also establishes the Cash Flow-Based Lending Promotion Headquarters in the FSA and introduces a certification system for institutions that provide advisory services to support businesses under this framework.[269]

4.194. In 2025, the FSA and BOJ launched the Common Data Platform, a joint initiative to streamline the collection of transaction-level corporate loan data on a quarterly basis. The primary objective is to enhance risk monitoring capabilities and reduce the administrative burden on financial institutions. Ongoing efforts focus on improving data accuracy and efficiency.[270]

4.4.2.3 Insurance

4.195. In 2024, the insurance sector accounted for 10.4% of total financial assets. Life insurance providers, 41 firms of which 12 are incorporated foreign subsidiaries, make up 92.7% of the total balance sheet. There are 57 non-life insurance providers, 21 of which are foreign. While the sector has strong capital buffers in aggregate, especially life insurers, are sensitive to an increase in domestic and foreign interest rates.[271]

4.196. Under the Insurance Business Act, both domestic and foreign insurers must obtain a licence to operate in Japan. Licensing involves submitting a business plan and meeting solvency, governance, and disclosure requirements. Domestic insurers must incorporate under Japanese law and maintain at least JPY 1 billion in capital, while foreign insurers may operate through a branch but must appoint a local representative, maintain a principal office, and join the Policyholders Protection Corporation. Foreign branches must maintain sufficient assets within Japan to cover liabilities arising from their Japanese operations. The scope of permitted activities is broadly similar for both. In line with Japan's GATS commitments, the Insurance Business Act prohibits unlicensed foreign insurers from covering risks located in Japan or consumption abroad. There have been no major changes to entry requirements since 2022; core provisions remain unchanged, with recent updates focused on solvency and supervisory guidelines.

4.197. The Japanese insurance sector is transitioning from a Solvency Margin Ratio (SMR) to an Economic Value-Based Solvency Ratio (ESR) regime, with full implementation scheduled for March 2026. The FSA held two rounds of public consultation [272] with insurers to facilitate implementation and the ESR regime was subsequently promulgated in July 2025. The ESR requires insurers to value assets and long-term liabilities against future interest rate volatility, aligning the Japanese insurance market with global industry standards.[273]

4.198. In 2022, an amendment to the Insurance Business Act extends the availability of government subsidies for the Life Insurance Policyholders Protection Corporation by five years. This measure aims to ensure continued policyholder protection in the event of insurer failure, particularly

[268] FSA, About Capital Adequacy Ratio Regulations (Basel Regulations). Viewed at: https://www.fsa.go.jp/policy/basel_ii/index.html (09/01/2026).
[269] FSA, Outline of the Bill on Promotion of Business Loans (in Japanese). Viewed at: https://www.fsa.go.jp/common/diet/213/02/gaiyou.pdf (08/12/2025).
[270] FSA, Commencement of Full-Scale Data Collection Using the Common Data Platform, August 2025. Viewed at: https://www.fsa.go.jp/en/news/2025/20250801/02.pdf (08/12/2025).
[271] IMF, Financial Sector Assessment Program-Financial System Stability Assessment, 2024. Viewed at: https://www.elibrary.imf.org/view/journals/002/2024/109/article-A001-en.xml (08/12/2025).
[272] FSA, FSA Weekly Review No. 623. Viewed at: https://www.fsa.go.jp/en/newsletter/weekly2025/623.html#e02 (12/01/2026)
[273] Insurance Capital Standard of the International Association of Insurance Supervisors.

when financial assistance needs exceed industry contribution limits and failure to provide such support could harm public welfare or financial stability.[274]

4.199. In 2025, the Insurance Business Act was amended to strengthen compliance and governance in the insurance sector. Large-sized insurance agencies[275] must implement internal controls, monitor concurrent businesses (e.g. auto repairs), appoint a compliance officer (at each branch office) and a supervisor (at the head office, etc.), and establish complaint-handling systems. Insurers are required to improve oversight of affiliated agents and separate claims management departments from sales departments. The reform also expands the ban on special advantages to related parties in order to address improper premium adjustments, and lowers minimum deposit requirements for brokers to promote competition.[276] Concurrently, the FSA revised its Comprehensive Guidelines for Supervision, introducing measures to prohibit excessive conveniences, review the calculation process of agent commissions, reduce cross-shareholdings, encourage insurance broker use, and enhance customer information management.[277]

4.200. The pricing framework within the Japanese insurance sector is grounded in the Insurance Business Act and the Act on Non-Life Insurance Rating Organizations (Act No. 193 of 1948), which mandate that insurance premiums be reasonable, adequate, and not unfairly discriminatory. Supervised by the FSA, the General Insurance Rating Organization of Japan (GIROJ) administers a dual-track pricing system ("Standard Full Rates" and "Reference Loss Cost Rates") designed to balance market stability with consumer protection. For Compulsory Automobile Liability Insurance[278] and Earthquake Insurance[279], the Government enforces a "No Loss, No Profit" principle. GIROJ calculates "Standard Full Rates" which insurers are legally obligated to adopt without modification, resulting in uniform prices across the industry that cover claims and expenses without generating profit.[280] In contrast, voluntary non-life sectors utilize "Reference Loss Cost Rates", which represent the pure risk portion of the premium derived from pooled industry data. Insurers may use these reference rates as baseline and add their own expense loadings, thereby allowing for competitive differentiation. Similarly, in the life insurance sector, the FSA enforces a "Standard Valuation Base" for policy reserves rather than setting premiums directly. By mandating conservative mortality tables and standard interest rates for reserve calculations, regulators effectively establish a minimum capital requirement. This acts as a *de facto* price floor, preventing companies from under-pricing products to levels that would threaten their solvency.

4.4.2.4 Securities

4.201. According to the Financial Stability Board (FSB), investment funds and other non-bank financial intermediaries have been growing in importance during the review period and account for 19.4% of total financial assets in 2024 (up from 16.1% in 2022). The sector is considered resilient and able to accommodate sudden increases in investor withdrawals.[281] Recent regulatory reforms aim to modernize Japan's financial markets, promote competition, and strengthen investor protection.

4.202. The amendment to Financial Instruments and Exchange Act and the Act on the Provision of Financial Services (Act No. 101 of 2000) in 2023, mainly aims to enhance convenience for and

[274] JLT, Outline to the Partially Amend the Insurance Business Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/48/905R318.pdf (08/12/2025).
[275] According to the authorities, a large-sized insurance agency operates under a multi-agency model (non-exclusive insurance agency) and handles products from multiple insurance companies. The threshold is set at JPY 2 billion or more in commissions and other remuneration received annually from insurance companies. In the case of an agency handling both non-life and life insurance, the criteria are receiving JPY 1 billion or more from its affiliated non-life/life insurer and having a total amount received from both its affiliated life and non-life insurers of JPY 2 billion or more.
[276] FSA, *Annual Report on Insurance Monitoring,* July 2025.
[277] JLT, Outline of the Bill Partially Amending the Insurance Business Law. Viewed at: https://www.japaneselawtranslation.go.jp/outline/174/905R705.pdf (12/01/2026).
[278] GIROJ, Automobile Insurance in Japan (October 2024). Viewed at: https://www.giroj.or.jp/english/pdf/Automobile.pdf (29/01/2026).
[279] GIROJ, Earthquake Insurance in Japan (October 2022). Viewed at: https://www.giroj.or.jp/english/pdf/Earthquake.pdf (29/01/2026).
[280] GIROJ, Overview of Standard Full Rates for CALI (as of April 2023). Viewed at: https://www.giroj.or.jp/english/pdf/Overview_SFR_CALI.pdf (29/01/2026).
[281] IMF, Financial Sector Assessment Program-Financial System Stability Assessment, 2024. Viewed at: https://www.elibrary.imf.org/view/journals/002/2024/109/article-A001-en.xml (08/12/2025).

protection of financial service customers. The reform establishes a legal duty for financial businesses to take into consideration the best interest of customers and establish an organization to further promote financial and economic education in Japan, particularly in terms of enhancing financial literacy among the public. Furthermore, the amendment replaces the mandatory quarterly reporting system for listed companies by a semi-annual disclosure schedule and extends the public inspection period for extraordinary reports to five years. Furthermore, the amendment extends existing financial rules to tokenized real estate interests and introduces new reporting rules for Type-II financial instruments businesses operators engaging in social lending to ensure investors receive adequate information.[282]

4.203. Corporate governance reforms focused on enhancing corporate value and sustainability. The Tokyo Stock Exchange (TSE) requested all companies on the Prime and Standard Markets to disclose management strategies conscious of their cost of capital and stock price. As of April 2025, 87% of companies (1,424) in the Prime Market and 39% of companies (616) in the Standard Market have disclosed their initiatives.[283] To align with global standards, mandatory English-language disclosure for Prime Market listed companies is being phased in starting April 2025.[284] Furthermore, the FSA mandated sustainability disclosures in annual securities reports for all listed companies[285] and updated supervisory guidelines for investment trusts to prevent "greenwashing" by asset managers.[286] The FSA also strengthened cross-shareholding transparency by requiring companies to disclose, in their annual securities reports, any shareholdings reclassified from strategic to pure-investment purposes over the preceding five fiscal years, including the rationale and policy for their retention or disposal.[287]

4.204. In 2024, Japan amended the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), with reforms entering into force gradually between 2024 and 2026. The amendments pursue two distinct objectives. First, to facilitate entry into investment management, they relax registration requirements for firms outsourcing middle- and back-office functions to registered providers and permit full delegation of investment execution to licensed operators. Second, to strengthen market transparency and investor protection, the amendments revise the large shareholding reporting rules by clarifying the definition of "joint holders", exempting one-off or limited investor collaborations that do not seek to influence the management or control of a company; they also expand the mandatory tender offer system by lowering the threshold from one-third to 30% of voting rights and extending its application to on-market transactions.[288]

4.4.2.5 FinTech

4.205. Japan has been actively developing a regulatory framework for digital assets since 2016. As of January 2025, the number of accounts at Japanese crypto exchanges exceeds 12 million, with total deposits reaching JPY 5 trillion. A survey in 2024 by the FSA found that 7.3% of individual investors hold crypto assets, a rate higher than for foreign exchange or corporate bonds. Fraudulent investment advertisements and the misuse of crypto assets for criminal activities remain a major concern; the FSA receives on average over 300 related complaints and inquiries monthly.[289] To mitigate risks, an amendment to the Act on Prevention of Transfer of Criminal Proceeds (Act No. 22

[282] FSA, Outline of the Bill to Amend the Financial Instruments and Exchange Act (in Japanese). Viewed at: https://www.fsa.go.jp/common/diet/211/01/gaiyou.pdf (08/12/2025).
[283] FSA, TSE's Recent Initiatives. Viewed at: https://www.fsa.go.jp/en/refer/councils/follow-up/material/20250602-07.pdf (12/01/2026).
[284] Japan Exchange Group, TSE's Recent Initiatives, 2 June 2025. Viewed at: https://www.fsa.go.jp/en/refer/councils/follow-up/material/20250602-07.pdf (08/12/2025).
[285] FSA. Viewed at: https://www.fsa.go.jp/news/r4/sonota/20221107/20221107.html (08/12/2025).
[286] FSA, Draft of Revised Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc., 2022. Viewed at: https://www.fsa.go.jp/news/r4/shouken/20221219/02.pdf (08/12/2025).
[287] FSA, Publication of the proposed amendments to the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (related to disclosure of cross-shareholdings) (in Japanese). Viewed at: https://www.fsa.go.jp/news/r6/sonota/20241126/20241126.html (28/02/2026).
[288] FSA, Outline of the Bill to Partially Amend the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations (in Japanese). Viewed at: https://www.fsa.go.jp/common/diet/213/01/gaiyou.pdf (08/12/2025).
[289] FSA, Examination of the Regulatory Systems Related to Cryptoassets, 10 April 2025. Viewed at: https://www.fsa.go.jp/en/news/2025/20250410_2/01.pdf (08/12/2025).

of 2007) in 2022 introduced the "travel rule", which requires crypto-asset exchange service providers to collect and share information on the originators and beneficiaries of transactions.[290]

4.206. In 2023, the amendment to the Payment Services Act to establish a new regulatory framework for fiat-backed stablecoins[291] legally defined as Electronic Payment Instruments (EPIs) took effect. Under this framework, registered and licensed banks[292], fund transfer service providers, trust companies, and trust banks can issue EPIs directly, whereas providing trade, brokerage, or custody services for EPIs requires registration as an electronic payment instrument service provider. The providers are subject to anti-money laundering (AML) regulations (including the travel rule) under the Act on Prevention of Transfer of Criminal Proceeds (Act No. 68 of 2022) and must segregate users' electronic payment instrument from their own.[293]

4.207. Cross-border transfers of EPIs are also subject to the Foreign Exchange and Foreign Trade Act (FEFTA), bringing them within the scope of capital transaction controls and sanctions compliance requirements applicable to traditional bank transfers (Box 4.1).

Box 4.1 Electronic payment instruments under FEFTA

Amendments to the Payment Services Act[a] (effective June 2023) introduced a legal category of "Electronic Payment Instruments" (EPIs). Corresponding amendments to the Foreign Exchange and Foreign Trade Act[b] (FEFTA) have brought cross-border transfers of EPIs (including stablecoins qualifying as EPIs) within the scope of sanctions compliance requirements and capital transaction rules applicable to traditional bank transfers.

EPIs include digital instruments issued by banks, trust companies, or licensed fund transfer service providers that guarantee redemption in fiat currency at face value. EPIs are subject to capital controls under FEFTA. Crypto assets include tokens without a par-value redemption guarantee (e.g. algorithmic stablecoins) remain classified as "crypto assets". Cross-border payments involving crypto assets are subject to separate reporting requirements for "payments involving crypto assets", rather than the banking-style regime.

Cross-border EPI transfers are subject to the FEFTA's sanctions regulations. Intermediaries (e.g. exchanges, custodians) handling such transfers must transmit originator and beneficiary information to the receiving institution (travel-rule compliance) to enable sanctions screening. Residents making or receiving EPI payments exceeding JPY 30 million must submit post-facto reports to the MOF. Financial institutions and EPI service providers are required to confirm, prior to execution, that transactions do not involve sanctioned parties or destinations.

a JLT, Payment Services Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4477/en (03/02/2026).
b JLT, Foreign Exchange and Foreign Trade Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4857/en (03/02/2026).

Source: Compiled by the WTO Secretariat.

4.208. To improve the effectiveness of AML/CFT measures across payment service providers, the amendment to the Payment Services Act also introduced a new framework for funds transfer transaction analysis service providers. Entities that provide large-scale transaction filtering (e.g. checks against sanctions lists) and transaction monitoring (e.g. detecting suspicious activity) services to deposit-taking institutions require a licence. Furthermore, in response to the growing use of high-value electronically transferrable prepaid payment instruments, the amendment introduced stricter rules on their issuers to prevent unauthorized use, among others. Issuers are required to

[290] FSA, Examination of the Regulatory Systems Related to Crypto assets, 10 April 2025.
[291] Fiat-backed stablecoins and cryptocurrencies share the use of blockchain technology for transaction recording and transfer, but they differ in value backing and volatility. Fiat-backed stablecoins are pegged to a currency issued by a government and maintain price stability through reserves held by the issuer. Traditional cryptocurrencies are decentralized digital assets without intrinsic backing, and their value fluctuates based on market forces. Both can be traded and stored digitally, but stablecoins aim to reduce transaction costs, while cryptocurrencies are often treated as digital assets.
[292] The authorities note that to ensure the appropriate operation of deposit-taking institutions, careful consideration from multiple perspectives is required regarding the issuance of stablecoins by deposit-taking institutions. No specific criteria have been prepared yet.
[293] Chambers and Partners, Fintech 2025, Japan. Viewed at: https://practiceguides.chambers.com/practice-guides/fintech-2025/japan/trends-and-developments (08/12/2025).

submit business implementation plans to the regulatory authorities for review and mandated to verify the identity of their customers at the time of a transaction.[294]

4.209. In 2025, the Payment Services Act was further amended to establish a registration-based framework for intermediary business providers that solely engage in the act of bringing together electronic payment instrument service providers with users seeking to purchase, sell, or exchange fiat-backed stablecoins. These intermediary business providers are subject to obligations to explain relevant matters to customers and comply with advertising regulations, however, no financial requirements are imposed on them. Moreover, anti-money laundering regulations will not apply to these intermediary business providers as such regulations already apply to electronic payment instrument service providers.[295]

4.210. In addition to these reforms, Japan is actively pursuing international cooperation in the area of digital assets. In 2023, the FSA became an observer in "Project Guardian" organized by the Monetary Authority of Singapore; an initiative designed to explore the potential of crypto assets (e.g. asset tokenization), through pilot experiments and testing risk management frameworks.[296] Japan has been actively engaged in discussions within the FSB and standard-setting bodies, and has contributed to the Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities. Japan has also taken an active role in international AML/CFT dialogue on virtual assets by serving as co-chair of the Virtual Assets Contact Group under the Financial Action Task Force.[297]

4.4.3 Telecommunication services

4.211. In 2024, the information and communications industry accounted for 4.7% of GDP (4.9% in 2022) and 4.3% of total employment (4.0% in 2022). Exports in telecommunications, computer, and information services amounted to USD 11.0 billion (4.9% of commercial services exports) in 2024, whilst imports grew to USD 28.8 billion (11.8% of commercial services imports). The trade deficit was largely driven by foreign cloud computing and digital platforms.[298]

4.212. The importance of the information and communications industry extends beyond its direct economic contribution, serving as the foundational infrastructure for the digital economy. It enables innovation and digital transformation across various sectors, including remote medical care to address doctor shortages, automated logistics to counter labour scarcity, and smart agriculture. These technologies are viewed as essential tools for addressing Japan's demographic challenges, particularly an ageing population and shrinking workforce.

4.213. Governance of the telecommunications sector is centralized under the MIC, whose mandate covers licensing, spectrum allocation, competition policy, infrastructure development, and consumer protection rules. The Telecommunications Dispute Settlement Commission, a specialized organization established as an independent part of the MIC, facilitates the resolution of disputes between telecommunication carriers.[299]

4.214. Government policy is anchored in the DX agenda; two strategic initiatives give operational form to this agenda. The "Vision for a Digital Garden City Nation" aims to revitalize regional economies and narrow the rural-urban divide by actively promoting DX deployment across sectors and regions, particularly outside major metropolitan areas. The "Beyond 5G Promotion Strategy" seeks to position Japan as a global leader in the development and deployment of next-generation mobile communication technologies (e.g. All-Photonics Networks, Non-Terrestrial Networks, and Open Radio Access Networks) providing the connectivity infrastructure that underpins the broader DX transition.[300]

[294] JLT, Outline of the Act to Partially Amend the Payment Services Act and Other Related Acts to Establish a Stable and Efficient Payment Services System. Viewed at: https://www.japaneselawtranslation.go.jp/outline/53/905R320.pdf (08/12/2025).
[295] Information provided by the authorities.
[296] FSA. Viewed at: https://www.fsa.go.jp/en/news/2023/20230626.html (08/12/2025).
[297] Information provided by the authorities.
[298] BOJ, Balance of Payments Related Statistics. Viewed at: https://www.boj.or.jp/en/statistics/br/bop_06/index.htm (26/11/2025).
[299] MIC, White Paper 2024.
[300] MIC, White Paper 2024.

4.215. To implement its strategic objectives, the Government employs several domestic subsidy schemes. The "Project to Promote Advanced Wireless Environment" provides financial support to deploy optical fibre in remote regions, particularly islands). Tax incentives to accelerate the rollout of 5G base stations in rural areas have been extended until the end of FY2026. The "Regional Digital Infrastructure Utilization Promotion Project" launched in FY2023, supports local governments and other organizations in adopting digital technologies tailored to solve regional issues.[301]

4.216. To counter stagnating private sector R&D spending in the telecommunications industry[302], the Government has established the "ICT Research and Development Fund", managed by the National Institute of Information and Communications Technology (NICT) in 2023.[303] The fund provides funding for corporate and academic research projects; it seeks to enhance Japanese competitiveness and economic security by supporting technologies for next-generation information and communications infrastructure (Beyond 5G), anticipated to be introduced in the 2030s.[304] As of April 2025, the fund has disbursed a total of JPY 166.8 billion.[305]

4.217. Japan engages in multilateral (G7, APEC, OECD) and bilateral initiatives (e.g. Japan-EU Digital Partnership) in telecommunications, promoting "Data Free Flow with Trust" (DFFT) to balance cross-border data flows with privacy and security. To operationalize DFFT, Japan led the establishment of the Institutional Arrangement for Partnership (IAP) during its 2023 G7 Presidency, creating a mechanism to bring together governments and other stakeholders for cooperation on cross-border data flows.[306]

4.218. Japan has continued to actively promote international dialogue on AI governance, culminating in the adoption of the Hiroshima AI Process Guiding Principles and Code of Conduct in 2023 during its G7 Presidency. In May 2024, the initiative was expanded through the establishment of the Hiroshima AI Process Friends Group, joined by 60 economies as of December 2025[307], with the aim of fostering global implementation of the Guiding Principles and Code of Conduct.[308]

4.4.3.1 Market structure and characteristics

4.219. Japan's mobile telecommunications market has traditionally been an oligopoly with three major operators. This structure has historically led to high barriers to entry and limited price competition. However, recent policy measures have focused on structural reform to reduce market concentration and encourage new entrants. The three incumbents still hold over 80% of the market share, but MIC has encouraged potential operators and Mobile Virtual Network Operators (MVNOs)[309] to enter the market through various measures, including the Mobile Business Revitalization Plan.[310]

4.220. The entry of a fourth major carrier in 2020 and pro-competitive regulation towards MVNOs introduced a new dynamic to the market.[311] As of December 2024, market shares for mobile subscription were dominated by NTT Docomo (34.2%), KDDI (27.1%), and SoftBank (19.1%); Rakuten Mobile and all MVNOs accounted for 3.2% and 16.3%, respectively.[312] NTT Docomo is a

[301] MIC, White Paper 2024, Part II, Chapter 2, Sections 2 and 6.
[302] MIC, White Paper 2024, Figure 2-1-1-11.
[303] JLT, Outline of the Act Partially Amending the Act on the National Institute of Information and Communications Technology, National Research and Development Agency, Viewed at: https://www.japaneselawtranslation.go.jp/outline/114/905R514.pdf (08/12/2025).
[304] MIC, White Paper 2024, Part II, Section 7.
[305] Information provided by the authorities.
[306] Digital Agency, Institutional Arrangement for Partnership. Viewed at: https://www.digital.go.jp/en/policies/dfft/dfft-iap (26/11/2025).
[307] MIC, Hiroshima AI Process, Membership of the Friends Group. Viewed at: https://www.soumu.go.jp/hiroshimaaiprocess/en/supporters.html (27/01/2026).
[308] MIC, White Paper 2024, Part II, Chapter 2, Section 8.
[309] A Mobile Virtual Network Operator (MVNO) is a wireless communications service provider that does not own the physical network infrastructure. Instead, it leases network access from a traditional mobile network operator at wholesale rates and resells the service to customers under its own brand, often with independent pricing and customer support.
[310] MIC, White Paper 2023. Viewed at: https://www.soumu.go.jp/johotsusintokei/whitepaper/eng/WP2023/2023-index.html (08/12/2025).
[311] MIC, White Paper 2023.
[312] MIC, White Paper 2024, Figure 2-1-2-10. Market share numbers were updated by the authorities.

wholly owned subsidiary of NTT, Inc., a partially state-owned enterprise in which the Government holds roughly 35% of shares as of September 2025.[313]

4.221. Foreign investment in the telecommunications sector is considered relatively open, without any general ownership restrictions but subject to national security screening under the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949). Acquiring shares 1% or more of a listed firm in the telecommunications sector requires prior notification since 2020 as the industry is classified as a "Designated Business Sector".[314] As of May 2024 under the Economic Security Promotion Act, designated "specified essential infrastructure service provider" in the telecommunications sector are required to submit plans for the installation or maintenance of critical equipment for government pre-screening (Box 2.1).[315] Specific statutory caps also apply, limiting foreign ownership in NTT to one-third[316] and in broadcasters to 20%.[317]

4.222. Japan's telecommunications infrastructure is among the world's most advanced[318], with optical fibre household coverage estimated at 99.8%[319] in 2023 and 5G population coverage at 98.4% in March 2025.[320] The strategic focus has shifted from expansion to enhancing resilience and redundancy. Key initiatives include decentralizing data centres away from the Tokyo metropolitan area and developing new submarine cable routes, mobile base stations (e.g. ships and drones) and non-terrestrial networks to create a national network less vulnerable to disruptions.[321]

4.223. A growing challenge is the rising electricity demand associated with the expansion of digital infrastructure, particularly data centres and advanced mobile networks. To address this, the "Watt-Bit Collaboration" initiative was launched in 2025 to coordinate energy and digital policies. This includes promoting Green Transformation (GX) investments to ensure that the increased power consumption from data centres is met with renewable energy sources and energy-efficient technologies.[322]

4.4.3.2 Regulatory developments

4.224. The regulatory structure of Japan's telecommunications market is built upon the Telecommunications Business Act (Act No. 86 of 1984). The Act sets rules for market entry and contains provisions governing interconnection, universal service obligations and consumer protection.[323] Recent reforms emphasize stronger monitoring and reporting obligations for data protection, and measures to curb harmful online content. At the same time, Japan has introduced rules and guidelines to promote fair competition in mobile software markets and advanced AI governance. These developments aim to enhance trust, safeguard users, and foster innovation in a rapidly changing digital environment.

4.225. In 2023, an amendment to the Telecommunications Business Act introduced several changes aimed at enhancing consumer protection.[324] The amendment requires operators to inform users of the content of user information, the names of natural persons or entities that will handle it, and the purpose of use if operators transmit user information outside the user's device. This aims to ensure

[313] NTT. Viewed at: https://group.ntt/en/ir/shares/digest.html (26/11/2025).
[314] MOF, Mandatory Notification of Foreign Investors. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Overview/outline2.pdf (08/12/2025).
[315] Cabinet Office, System for Ensuring Stable Provision of Specified Essential Infrastructure Services under the Economic Security Promotion Act (Briefing Material). Viewed at: https://www.cao.go.jp/keizai_anzen_hosho/suishinhou/infra/doc/infra_setsumeikai_eng.pdf (05/12/2025).
[316] JLT, Act on Nippon Telegraph and Telephone Corporation (Act No. 85 of 1984). Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/3768 (08/12/2025).
[317] JLT, Broadcasting Act (Act No. 132 of 1950). Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4509/en#je_s1 (08/12/2025).
[318] Yoshio Arai, History of the development of telecommunications infrastructure in Japan, Netcom, 33-3/4, 2019. Viewed at: https://doi.org/10.4000/netcom.4511 (08/12/2025).
[319] MIC, White Paper 2024, Figures 2-1-2-5 and 2-1-2-6.
[320] MIC, 5G Development Status (As at the end of FY 2024). Viewed at: https://www.soumu.go.jp/main_sosiki/joho_tsusin/eng/pressrelease/2025/pdf/20251019_4_1.pdf (12/01/2026).
[321] MIC, White Paper 2024, Special Feature 1.
[322] METI, Watt-Bit Working Group. Viewed at: https://www.meti.go.jp/shingikai/economy/watt_bit/watt_bit_wg/index.html (12/01/2026).
[323] MIC, White Paper 2024, Part II, Chapter 2, Section 6.
[324] MIC, White Paper 2024, Part II, Chapter 2, Section 6.

that user information is not transmitted externally without the user's intention when using apps or websites. While there may be exceptions, in principle, the law applies regardless of whether the user information is collected by the operator of the app or website itself (first-party cookies) or by a third party operating through it, such as an advertiser or analytics provider (third-party cookies). Furthermore, the amendment requires operators whose services significantly affect user interests to establish and submit handling rules for user information and to report to the MIC in the event of a leak of specified user information.[325]

4.226. In 2024, Japan also introduced several regulatory changes for NTT Holdings, NTT East, and NTT West through an amendment to the Act on Nippon Telegraph and Telephone Corporation (Act No. 85 of 1984). The reform abolishes the responsibilities of the listed companies to promote public research and disseminate their findings. Regulations concerning the appointment of foreign directors or auditors were relaxed from a complete prohibition to a partial restriction. Foreign nationals are now permitted to serve on the board, provided they do not serve as representative directors or account for one-third or more of all directors or auditors. For NTT Holdings, the requirement for prior ministerial authorization for the appointment or dismissal of directors was changed to a post-notification requirement. Ministerial authorization for resolutions on the appropriation of surplus was also abolished [326]

4.227. In April 2025, the Information Distribution Platform Act (Act No. 25 of 2024) entered into force to compel large-scale social media platforms to expedite the removal of rights-infringing content and increase operational transparency.[327] The Act applies to platform operators designated by the MIC. These providers are required to establish and disclose clear criteria for deleting posts, maintain a user-friendly system for receiving deletion requests, and notify users of the outcomes of such requests. It also mandates the appointment of a representative in Japan to handle disputes and facilitate communication with regulators.[328]

4.228. In June 2024, Japan adopted the Mobile Software Competition Act (Act No. 58 of 2024) with the aim of creating a more competitive environment in mobile software markets (specifically operating systems, application stores, browsers, and search engines); the Act entered into force in December 2025. The Act defines large-scale software providers as "designated providers" and subjects them to a set of specific rules.[329] Designated providers, depending on the software for which they are designated, must, for example, permit third-party app stores onto their operating systems, allow alternative billing systems in their own app stores, and are prohibited from blocking third parties from linking to their own websites for sales. The Act also forbids designated providers to force third party developers to use first-party browser engines and bans designated providers of search engines from unfairly prioritizing their own services in search results. Users must be able to easily change default settings and be presented with choice screens for key services. Additionally, providers cannot use acquired private data from competing apps for their own and must grant equivalent third-party access to the operating system.[330] The regulations in the Act allow for "justifications" or exemptions, *inter alia*, based on cybersecurity, privacy, youth protection.

4.229. The Japan Fair Trade Commission (JFTC) is responsible for enforcing the Mobile Software Competition Act. It requires designated providers to submit compliance reports every fiscal year and can investigate suspected violations and issue corrective measures. If violations are confirmed, the commission can issue cease and desist orders and impose surcharge payment orders; set at 20%

[325] MIC, White Paper 2024, Part II, Chapter 2, Section 6(1).
[326] JLT, Outline of the Act Partially Amending the Act on Nippon Telegraph and Telephone Corporation. Viewed at: https://www.japaneselawtranslation.go.jp/outline/117/905R619.pdf (18/08/2025).
[327] JLT, Information Distribution Platform Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/120/905R620.pdf (08/12/2025).
[328] JLT, Information Distribution Platform Act (IDPA) (Partial Amendment of the Provider Liability Limitation Act). Viewed at: https://www.japaneselawtranslation.go.jp/outline/120/905R620.pdf (12/01/2026).
[329] JLT, Outline of the Act on Promotion of Competition for Specified Smartphone Software (Mobile Software Competition Act). Viewed at: https://www.japaneselawtranslation.go.jp/outline/154/905R644.pdf (08/12/2025).
[330] JLT, Outline of the Act on Promotion of Competition for Specified Smartphone Software (Mobile Software Competition Act).

of the relevant domestic turnover which can be increased to 30% if the provider fails to stop the violation despite repeated orders.[331]

4.230. Regarding Artificial Intelligence (AI), Japan has historically favoured a "soft law" approach to encourage innovation, and during the review period it continued to develop its AI governance framework. In April 2024, the MIC and METI released the AI Guidelines for Business 1.0[332], consolidating previous sectoral guidelines into a unified framework. These guidelines provide voluntary principles for AI developers, providers, and users to ensure fairness, accountability, and transparency without imposing legally binding penalties. The document is regularly updated and was revised to version 1.1 in March 2025.[333] During this period, Japan also reinforced its support and controls for certain technological industries such as semiconductors (Sections 3.2.3 , 3.3.1 and 4.3), deemed as critical for its economic security and that are key to strengthen IT infrastructure needed for AI adoption and to advance the digital transition. These measures also sought to enhance economic resilience and reduce foreign dependence for these industries.

4.231. In September 2025, the Act on Promotion of Research and Development, and Utilization of Artificial Intelligence-related Technology (Act No. 53 of 2025) fully entered into force with the aim to accelerate innovation related to AI while mitigating risks. The law establishes an Artificial Intelligence Strategic Headquarters, chaired by the Prime Minister, and an Artificial Intelligence Basic Plan to guide measures structured around four pillars: accelerating AI deployment, strategic approach to AI development, leading AI governance, and sustainable transformation toward an AI society. It emphasizes international cooperation and alignment with international norms such as the Hiroshima AI Process.[334] Based on the Act, the Government is to monitor domestic and international trends in AI research, development, and utilization and analyse instances where citizens' rights or interests are infringed upon by the misuse or inappropriate application of AI technologies. Based on these analyses and further studies, the Government is tasked with providing guidance, advice, and information to research institutes and business operators, as well as taking other necessary measures to ensure responsible development.

4.232. Trade in AI-enabling goods[335] has declined since the previous Review. In 2024, exports totalled USD 120 billion, down from USD 130 billion in 2021. Imports of AI-related goods also fell, from USD 104 billion to USD 90 billion in 2024. Despite these decreases, the shares of exports and imports remained stable at 17% and 12%, respectively (Chart 4.8). Japan primarily trades in intermediate inputs, 73.5% for exports and 61.9% for imports respectively. In 2024, the largest AI-enabling product categories included electronic integrated circuits (HS 8542, 27.1%) and machines for semiconductor production (HS 8486, 23.6) for exports; and electronic integrated circuits (HS 8542, 25.8% of AI-enabling goods), automatic data processing machine etc. (HS 8471, 21.0%), and telephone sets (HS 8517, 7.8%) for imports. The most important partners were China (28.5% for exports, 33.9% for imports), Chinese Taipei (15.6%, 19.5%) and the United States (11.7%, 12.4%) in 2024.

[331] JLT, Outline of the Act on Promotion of Competition for Specified Smartphone Software (Mobile Software Competition Act).

[332] METI, AI Guidelines for Business Ver 1.0. Viewed at: https://www.meti.go.jp/shingikai/mono_info_service/ai_shakai_jisso/pdf/20240419_9.pdf (26/11/2025).

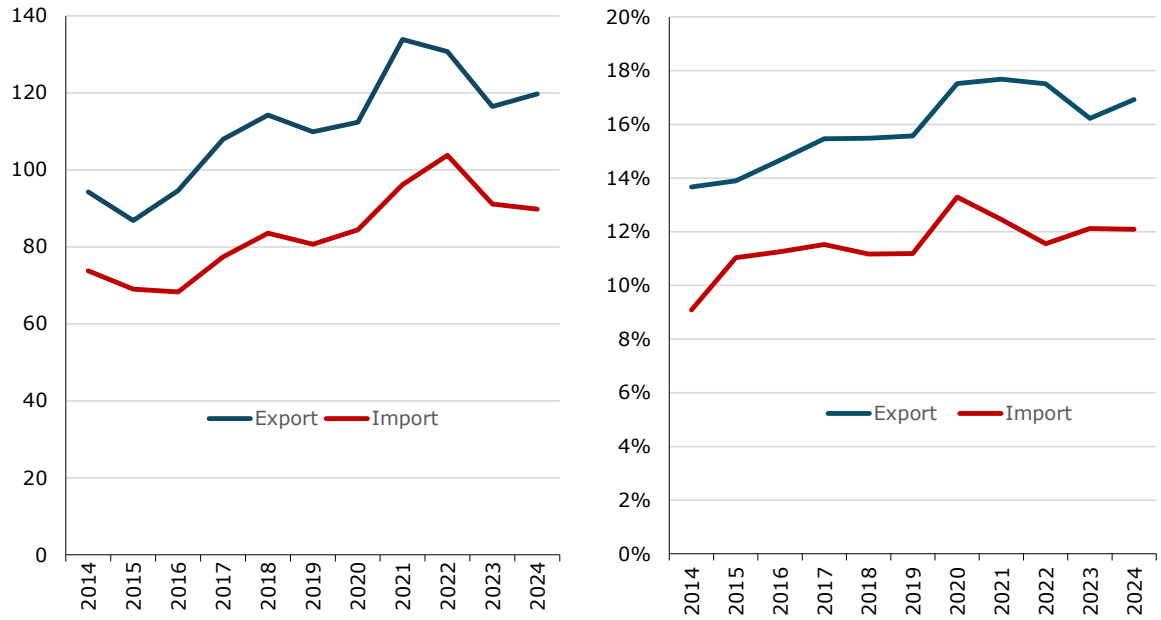
[333] MIC, AI Guidelines for Business Ver 1.1. Viewed at: https://www.soumu.go.jp/main_content/001003028.pdf (12/01/2026).

[334] Cabinet Office, Outline of the Act on Promotion of Research and Development, and Utilization of AI-related Technology. Viewed at: https://www8.cao.go.jp/cstp/ai/ai_hou_gaiyou_en.pdf (26/11/2025).

[335] AI-enabling goods are defined as set out in Annex A (List of AI-enabling products and economic sectors) of the WTO *World Trade Report 2025*. Viewed at: https://www.wto.org/english/res_e/booksp_e/wtr25_ch5_e.pdf (05/12/2025).

Chart 4.8 Trade in AI-enabling goods, 2014-2024

(USD billion; % share)



Note: The list of AI-enabling goods is available in Annex A.1 of World Trade Report 2025.

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.4.4 Transport services

4.233. In 2024, transport and postal services accounted for 4.8% of GDP and employed 5.1% of total workforce. Japan has a persistent trade deficit in transportation services amounting to USD 4.8 billion in 2024, down from USD 7.0 billion in 2022.

4.234. International trade is almost entirely dependent on the sea, with maritime routes handling over 99.5% of trade volume in FY2024. Conversely, 98.5% of international passengers entered Japan via airports, with only 1.5% arriving through seaports.[336] The domestic freight system relies heavily on both road and sea transport. On a tonne-kilometre basis, motor vehicles handled 57.4% of domestic freight volumes in FY2024, with coastal ships accounting for 37.9%. Rail's share is comparatively minor at 4.4%.[337]

4.235. Japanese domestic freight transport volume remains on a downward trend, particularly in the commercial truck and coastal shipping sector. Domestic freight transport volume (tonne basis) for FY2023 is estimated at 2.5 billion tonnes by commercial truck (60.9%), 1.3 billion tonnes by private truck (30.8%), 300 million tonnes by coastal shipping (7.4%), 38 million tonnes by rail (0.9%), and 660,000 tonnes by air. Driven by e-commerce, parcel deliveries reached 5.03 billion items in FY2024. The efficiency of this growing market is hampered by a high re-delivery rate (10.2%) adding to costs, emissions, and worsening labour shortages.[338]

[336] Information provided by the authorities.
[337] MLIT, White Paper FY2025 (in Japanese), pages 16 and 18. Viewed at: https://www.mlit.go.jp/sogoseisaku/transport/content/001890733.pdf (08/12/2025). Authorities updated figures to FY2024.
[338] MLIT, White Paper FY2025, pages 15 and 40. Updates for FY2024 provided by the authorities.

4.236. Japan ranks 13th in the World Bank's Logistics Performance Index of 2023[339] with an overall score of 3.9.[340] Public investment in transport infrastructure remains substantial, focusing on maintenance, disaster resilience, and network strengthening. In the FY2024 national budget, approximately JPY 6.1 trillion (5.4% of total expenditure) was allocated for public works related to land, infrastructure, and transport.[341]

4.237. In FY2023, the transport sector accounted for 190 million tonnes of CO_2 emissions, representing 19.2% of the country's total amount of emissions. Road transport is the dominant source, accounting for 85.7% of the sector's emissions, with private passenger cars (44.4%) and freight vehicles (38.3%) being the largest contributors. Government policy aims to improve fuel efficiency and provides subsidies and tax incentives to promote the adoption of electrified vehicles, with the goal for all new passenger car sales to be electrified by 2035.[342]

4.238. Japan generally maintains an open investment regime for transport services, though prior notification is required for foreign investment in sensitive infrastructure sectors classified as "Designated Business Sectors", including railways, aviation, and maritime transport, under the Foreign Exchange and Foreign Trade Act.[343]

4.239. The principal government body regulating the transport sector is the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), with wide ranging responsibilities, including land planning, infrastructure development, transport safety, and tourism promotion. The strategic direction for the transport sector is articulated in the Basic Plan for Transport Policy. The current plan (FY2021-FY2025) shifts the focus from growth towards resilience and sustainability. Its core pillars are maintaining essential transport systems, strengthening high-productivity networks, and promoting a sustainable and resilient system.[344]

4.240. Japan initially introduced emergency fuel subsidies in January 2022 under the Government's emergency energy price relief programme. In May 2025, the system was replaced by a fixed-rate subsidy scheme designed to smooth the transition toward the abolition of the temporary tax rate on gasoline and diesel. The Government planned to remove the temporary tax on gasoline by the end of December 2025, followed by the diesel tax in April 2026. To minimize confusion in distribution, the subsidy was set to exactly match these tax rates; JPY 25.1/litre for gasoline and JPY 17.1/litre for diesel).[345] Consequently, when the gasoline tax was abolished in December 2025, the corresponding subsidy also ended.[346]

4.241. In 2024, the Government added the automotive transport (covering taxi, bus, and truck drivers) and railway sectors eligible for the Specified Skilled Worker visa programme to address labour shortages and established sector-specific councils and skill evaluation tests for foreign workers. The Government plans to extend the scheme to the logistics and warehousing sector.[347] According to the authorities, foreign workers under the visa programme in the motor vehicle transportation sector stood at 10 as of the end of June 2025. The authorities expect this number to gradually increase as the necessary procedures to obtain a Japanese driver's licence are completed.

---

[339] The score is a weighted average of a survey in which professionals score the following areas between 1 (weakest) and 5 (strongest): (i) efficiency of the clearance process (score of 3.9); (ii) quality of trade- and transport-related infrastructure(4.2); (iii) ease of arranging competitively priced international shipments(3.3); (iv) competence and quality of logistics(4.1); (v) ability to track and trace consignments (4.0); and (vi) frequency with which shipments reach the consignee within the scheduled or expected delivery time (4.0).

[340] WB, Trade Logistics in the Global Economy: The Logistics Performance Index and Its Indicators. Viewed at: https://lpi.worldbank.org/sites/default/files/2023-04/LPI_2023_report.pdf (08/12/2025).

[341] MOF, Highlights of the FY2024 Draft Budget. Viewed at: https://www.mof.go.jp/english/policy/budget/budget/fy2024/01.pdf (26/11/2025).

[342] MLIT, Status Report of Japan. Viewed at: https://www.jasic.org/meeting_docs_admin/contents/uploads/doc/meeting2/19%20JAPAN_Status%20report_231122-1330.pdf (08/12/2025). Updates for FY2023 provided by the authorities.

[343] MOF, Foreign Investment Screening System, Annual Report FY2024. Viewed at: https://www.mof.go.jp/english/policy/international_policy/fdi/Data/annual_report2024_en.pdf (08/12/2025).

[344] MLIT, Outline of 2nd Basic Plan on Transport Policy (FY2021-2025). Viewed at: https://www.mlit.go.jp/sogoseisaku/transport/content/001578180.pdf (08/12/2025).

[345] METI, Press Conference by Minister Akazawa (Excerpt). Viewed at: https://www.meti.go.jp/english/speeches/press_conferences/2025/1107001.html (26/11/2025).

[346] Information provided by the authorities.

[347] MLIT, White Paper FY2025, page 104.

4.4.4.1 Maritime

4.242. Maritime transport plays a vital role in Japan's economy and participation in international trade. As an island nation, Japan conducts nearly all its trade by sea. In 2024, maritime transport accounted for 99.5% of all international freight to and from Japan by tonnage. A total of 820 million tonnes were imported by sea, while 250 million tonnes were exported. Key imports were energy resources (52%), industrial raw materials (15%), and consumer goods (10%). The main exported goods were metal/machinery products (52%) and chemical products (22%).[348]

4.243. Japan remains one of the world's leading shipbuilding nations and among the top three ship-owning countries by fleet capacity, particularly in bulk carriers and tankers.[349] In 2024, the fleet operated by Japanese shipping companies transported a total of 830 million tonnes (including cargo between third countries), which represents about 6.6% of the world's total maritime cargo.[350]

4.244. Japan has 23 major international ports[351], with the largest port clusters being Keihin (Tokyo, Yokohama, Kawasaki) and Hanshin (Osaka, Kobe). In 2023, the Keihin cluster handled 7.7 million TEU and Hanshin cluster handled 5.1 million TEU. The Port of Yokohama features as 16th among ports with the highest Container Port Performance Index in 2024.[352] Compared with Asian peers, growth has stagnated, and their global ranking declined. Japanese ports have fewer but stable direct calls from major international shipping routes compared with their regional competitors, mainly because shipping lines are using larger vessels and consolidated routes.[353] In 2023, public and private port infrastructure investment reached JPY 383.7 billion.[354]

4.245. Japan's port governance is based on the Port and Harbor Act (Act No. 218 of 1950)[355], which regulates development, management, and operation of ports. The Act assigns the MLIT as the central authority responsible for national port policy, technical standards, and financial support. Local governments act as port management bodies, preparing port plans that must conform to a national basic policy. This framework ensures uniform safety and environmental standards while allowing regional autonomy.[356] Port authorities handle infrastructure maintenance, berth allocation, and fee collection.

4.246. For strategic international hubs, MLIT designated mixed public-private port operating companies. The Yokohama Kawasaki International Port Corporation (established in 2016, with shareholding by the Yokohama and Kawasaki municipalities alongside private operators) and the Kobe-Osaka International Port Corporation (established in 2014, with shareholding by the Kobe and Osaka municipalities alongside private operators) were formed to improve the efficiency of port operations, including through outsourcing certain functions to the private sector. This system balances national objectives with local flexibility, ensuring ports remain vital to Japan's trade network.[357]

---

[348] MLIT, White Paper FY2025, pages 18, 55 and 60. Numbers were updated to FY2024 by the authorities.

[349] UNCTAD, 2025 Review of maritime transport. Viewed at: https://unctad.org/system/files/official-document/rmt2025_en.pdf (26/11/2025).

[350] MLIT, White Paper FY2025, pages 18, 55 and 60. Numbers were updated to FY2024 by the authorities.

[351] MLIT, Classification of Ports and Harbours. Viewed at: https://www.mlit.go.jp/en/kowan/kowan_fr4_000004.html (26/11/2025).

[352] WB, The Container Port Performance Index 2020 to 2024. Viewed at: https://openknowledge.worldbank.org/server/api/core/bitstreams/695e8bdc-eb9a-439a-a8d5-228593831ce8/content (26/11/2025).

[353] MLIT, White Paper FY2025, pages 56-58.

[354] OECD, Transport infrastructure investment and maintenance spending. Viewed at: https://data-explorer.oecd.org/vis?lc=en&fs[0]=Topic%2C1%7CTransport%23TRA%23%7CInfrastructure%20investment%20and%20maintenance%20spending%23TRA_IMS%23&pg=0&fc=Topic&bp=true&snb=1&vw=tb&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_INFRINV%40DF_INFRINV&df[ag]=OECD.ITF&df[vs]=1.0&dq=JPN.A.INV.XDC.MAR.V&lom=LASTNPERIODS&lo=5&to[TIME_PERIOD]=false (26/11/2025).

[355] JLT, Port and Harbour Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/3589 (26/11/2025).

[356] MLIT, Ports and Harbours in Japan. Viewed at: https://www.mlit.go.jp/kowan/english/index.html (26/11/2025).

[357] MLIT, Ports and Harbours in Japan.

4.247. The PPP/PFI Promotion Action Plan (Revised in 2025) aims to steadily advance PPP/PFI projects. By 2031, it targets the realization of 10 PPP/PFI projects for cruise passenger terminal facilities, utilizing the Public Facility Operation Business and the International Passenger Ship Hub Port Development System Business.[358]

4.248. Under the Ship Act (Act No. 46 of 1899)[359], Commercial Code (Act No. 48 of 1899)[360] and the Act on the International Carriage of Goods by Sea (Act No. 172 of 1957)[361], vessels may only be registered under the Japanese flag if owned by Japanese nationals or by companies incorporated under Japanese law that meet strict nationality conditions. Specifically, all representatives and at least two-thirds of directors must be Japanese nationals. Public entities and government offices also qualify as eligible owners. Foreign companies cannot directly register ships unless they establish a Japanese-incorporated entity satisfying these requirements.[362]

4.249. Under the Act on Ships' Officers and Boats' Operators (Act No. 149 of 1951) and related regulations, crew members on Japanese-flagged vessels are required to hold a Japanese marine engineer's licence. However, an individual may serve without this licence if they possess a certificate of competency that complies with the STCW Convention for the operation of the deck or machinery department and has been approved by the Minister of MLIT.

4.250. Japan enforces strict cabotage rules under the Ship Act, reserving domestic maritime transport exclusively for Japanese-flagged vessels. Cabotage covers the carriage of passengers or goods between Japanese ports and within territorial waters, including coastal shipping and feeder services. Foreign-flagged vessels are prohibited from engaging in these activities unless granted special exemption by the MLIT.

4.251. To promote an increase in Japanese ocean-going ships, the tonnage-based tax system has been extended for five years starting April 2023. By the end of FY2024, 30 plans for "specified ships" (high-quality vessels with defined safety and environmental standards, built at shipyards certified by the Minister of MLIT) had been approved. Additionally, the registration tax for specified Japanese ocean-going ships will be reduced from 0.4% to 0.2% for three years, and the special measure reducing the fixed asset tax base for such ships to one-thirty-sixth has been extended for three years from April 2024.[363]

4.252. MLIT introduced a new support program for zero-emission shipbuilding facilities in FY2024, granting financial support to facilities producing zero-emission ships such as hydrogen-, ammonia-, LNG-, methanol-, or battery-powered vessels.[364]

4.253. In 2025, the MLIT proposed amendments to several key maritime laws, including the Mariners Law (Act No. 100 of 1947), the Seafarers Employment Security Act (Act No. 130 of 1948), and the Act on Ships' Officers and Boats' Operators (Act No. 149 of 1951). The reforms are driven by domestic challenges, such as a severe shortage of mariners and the need to digitalize administrative procedures (e.g. electronic Certificate), as well as a necessity to align domestic law with international treaty obligations (e.g. revisions to the SOLAS and STCW-F conventions). The aim of the reforms is to create a more attractive, safe, and efficient maritime labour environment to ensure the sustainability of Japan's shipping industry.[365] In addition, Japan made amendments to

[358] MLIT, PPP / PFI (in Japanese). Viewed at: https://www.mlit.go.jp/sogoseisaku/kanminrenkei/content/001839812.pdf (09/12/2025).
[359] JLT, Ship Act (in Japanese). Viewed at: https://laws.e-gov.go.jp/law/132AC0000000046 (08/12/2025).
[360] JLT, Commercial Code. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4293 (26/11/2025).
[361] JLT, Act on the International Carriage of Goods by Sea. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4166/en (26/11/2025).
[362] MLIT, Vessel registration procedure (in Japanese). Viewed at: https://wwwtb.mlit.go.jp/kanto/kaijou_annzen/kensa_touroku/touroku.html (26/11/2025).
[363] Information provided by the authorities.
[364] Japan Ship Technology Research Association Zero-Emission Ship Construction Promotion Project Secretariat (in Japanese). Viewed at: https://pczes.jstra.jp/ (26/11/2025).
[365] MLIT, Inquiry No. 467 (in Japanese). Viewed at: https://www.mlit.go.jp/policy/shingikai/content/001859779.pdf (08/12/2025).

legislation to enhance cybersecurity measures for ports (2024) and safety regulations for passenger vessels (2023).[366]

4.4.4.2 Air

4.254. Air transport is the primary mode for international passenger travel, reaching 100.1 million in 2024, nearly matching the pre-pandemic levels of FY2019. The recovery was primarily fuelled by record inbound tourism demand, while outbound travel by Japanese nationals remained constrained by currency depreciation. Narita International Airport (NRT) remained the most important international gateway handling about 31% of traffic, Kansai International Airport (KIX) surged to approximately 24%, overtaking Tokyo Haneda (HND) at approximately 22%, reflecting Kansai's growing role as an Asian tourism hub.[367]

4.255. Japan maintained its status as the fourth-largest global air cargo market in 2024.[368] Narita Airport dominates this sector, processing 54.4% of international cargo, followed by Kansai (20.8%) and Haneda (19.6%)[369], with regional hubs in Kyushu expanding to support semiconductor logistics.

4.256. The Civil Aeronautics Act (Act No. 231 of 1952) serves as the foundational legal framework for the sector. The Act delineates four primary regulatory pillars: (i) aircraft registration and airworthiness certification; (ii) competency certification for aviation personnel; (iii) the establishment and management of aerodromes; and (iv) the licensing of air carriers and economic regulation of transport services.[370] Recent amendments to the Civil Aeronautics Act have focused on environmental obligations and emerging technologies, notably regarding the operations of unassisted beyond-visual-line-of-sight small Unmanned Aircraft Systems (sUAS) (2022 and 2023).[371]

4.257. The competent regulatory authority is the MLIT, acting through the Japan Civil Aviation Bureau (JCAB), which exercises jurisdiction over safety oversight, route licensing, permission for the establishment of an aerodrome, and the negotiation on arrangements such as transport capacity under international air services agreements.[372] Cabotage remains prohibited under the Civil Aeronautics Act.

4.258. According to the Civil Aeronautics Act operation of commercial air transport services requires a licence from the MLIT (Article 100). The licensing process involves an assessment of the applicant's business plan, financial stability, and Safety Management System. Foreign air carriers seeking to operate into Japan must obtain permission under Article 129, which requires the submission of a valid certificate issued by the carrier's home state.

4.259. The domestic airline market in Japan is characterized by a stable duopoly comprising, with ANA and JAL collectively accounting for 62.1% of market share in FY2024.[373] No state-owned enterprises operate in the sector. The low-cost passenger carrier segment has expanded considerably, recording a 34.1% increase in international capacity in FY2024 compared with FY2023. The market is dominated by subsidiaries of the major airline groups, including Peach Aviation (ANA Group) and Zipair Tokyo (JAL Group), alongside Jetstar Japan and Spring Japan. Independent LCCs face barriers to entry due to slot constraints at Tokyo metropolitan airports.[374]

[366] 2024 Amendment to Regulations of the Port and Harbor Transportation Business Act (Act No. 161 of 1951) and 2023 Amendment to the Maritime Transportation Act

[367] Nippon, Full Recovery in Number of International Passengers at Japanese Airports in 2024. Viewed at: https://www.nippon.com/en/japan-data/h02505/ (27/11/2025). Numbers revised by the authorities.

[368] IATA, The Value of Air Transport to Japan. Viewed at: https://www.iata.org/en/iata-repository/publications/economic-reports/the-value-of-air-transport-to-japan/ (26/11/2025).

[369] Nippon, Full Recovery in Number of International Passengers at Japanese Airports in 2024. Viewed at: https://www.nippon.com/en/japan-data/h02505/ (18/02/2026).

[370] JLT, Civil Aeronautics Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/4039 (27/11/2025).

[371] MLIT, Establishment of the level 3.5 flight category (in Japanese). Viewed at: https://www.mlit.go.jp/seisakutokatsu/freight/content/001716111.pdf (12/01/2026)

[372] Information provided by the authorities.

[373] Information provided by the authorities.

[374] Information provided by the authorities.

4.260. Japan imposes foreign ownership limits on national air carriers. Under Article 101 of the Civil Aeronautics Act, a licence for air transport services cannot be granted if more than one-third of the voting rights are held by foreign nationals or foreign entities. Consequently, while major carriers like JAL and ANA are privately owned and publicly traded, they utilize a specific provision in the Civil Aeronautics Act, and they are authorized to refuse the registration of shares in their shareholder registry if such registration would result in the foreign ownership threshold being exceeded, thereby ensuring they do not lose their operating licences and ensures partial Japanese ownership. The aviation transport sector is a "Designated Business Sector" under the Foreign Exchange and Foreign Trade Act and requires foreign investors to submit prior notification for FDI screening.

4.261. In 2024, Japan had 97 airports, of which 36 are designated as international gateways.[375] The Government owns and manages land and runways at national airports, whilst airport operations may be transferred to the private sector under the Act on Operation of National Airports Utilizing Skills of the Private Sector (Act No. 67 of 2013).[376] Unlike the airline sector, foreign equity participation in airport concessions is not prohibited.

4.262. Japan's airports managed by the national government apply a structured system of charges designed to reflect factors such as aircraft weight, airport characteristic, and noise level. Landing fees are calculated primarily on an aircraft's maximum take-off weight, with heavier aircraft bearing a greater burden. Additional charges apply when aircraft remain parked on the apron, with rates linked to both weight and parking duration. Security fees are calculated per departing passenger. Airlines are also required to pay air navigation service fees as compensation for air traffic control services.[377]

4.263. Japan maintains an extensive network of air services agreements (ASAs). As of December 2025, it has 71 bilateral ASAs[378], of which the most recent were concluded with Croatia in March 2025 and the Czech Republic in July 2025.[379] Japan maintains air services with many jurisdictions through "Records of Discussion" or provisional arrangements (over 100 jurisdictions in practice), ensuring connectivity for passengers and cargo.[380]

4.264. Japan's ASAs typically grant Third and Fourth Freedom rights for direct traffic. Open Skies agreements have been concluded with 37 countries and regions[381], liberalizing restrictions on capacity and frequency. Fifth Freedom rights are exchanged reciprocally with strategic partners to facilitate beyond traffic. However, cabotage rights (Eighth and Ninth Freedoms) are universally excluded from Japan's agreements to protect the domestic network. The authorities actively utilize these agreements to promote sixth freedom transit traffic through Narita and Haneda.

4.265. Japan generally excludes air transport services, measures affecting traffic rights or measures affecting services directly related to the exercise of traffic rights from the scope of services chapter of its RTAs. However, Japan has undertaken specific commitments regarding auxiliary aviation services in some of them. Under RCEP, commitments were made to allow foreign investment in ground handling services, aircraft repair and maintenance, and computer reservation systems.[382] To address labour shortages, the Government has added ground handling to the Specified Skilled Worker (SSW) visa programme, facilitating the employment of foreign nationals. Recent regulations

[375] MLIT, Airport Management Status, Airport rankings for 2024 (in Japanese). Viewed at: https://www.mlit.go.jp/koku/15_bf_000185.html (26/11/2025).
[376] MLIT, Basic Policies on Operation of National Airports Utilizing Skills of the Private Sector. Viewed at: https://www.mlit.go.jp/common/001046481.pdf (12/01/2026).
[377] MLIT, Landing Charges & Air Navigation Service Charges. Viewed at: https://www.mlit.go.jp/en/koku/koku_fr1_000006.html (18/02/2026).
[378] MLIT, Current status of Japan's Air Services Agreement (in Japanese). Viewed at: https://www.mlit.go.jp/koku/content/001881829.pdf (27/11/2025).
[379] Information provided by the authorities.
[380] JICA, One-Stop Border Post Sourcebook. Viewed at: https://www.jica.go.jp/Resource/english/publications/brochures/c8h0vm0000avs7w2-att/osbp_en.pdf (27/11/2025).
[381] MLIT, Current status of Japan's Air Services Agreement.
[382] ERIA, Regional Comprehensive Economic Partnership (RCEP): Implications, Challenges, and Future Growth of East Asia and ASEAN, page 4-7. Viewed at: https://www.eria.org/uploads/media/RCEP-Monograph-Launch-14-March-2022-FINAL.pdf (27/11/2025).

also allow for the mutual recognition of qualifications to improve labour mobility between providers.[383]

4.266. To support the domestic aviation sector during the COVID-19 pandemic, the Government implemented a temporary reduction in the aviation fuel tax for domestic flights, with the measure planned to expire after FY2027. Funding for the measure totalled JPY 108.8 million in FY2024[384], and the tax rate for FY2025 is set at JPY 15,000 per kilolitre.[385] The authorities report that while domestic leisure travel nearly returned to pre-pandemic levels in FY2024 (reaching 89.6% of FY2019 passenger numbers), business travel remained significantly depressed, at 67.4% below its FY2019 level.

4.267. Japan has set a target to replace 10% of domestic airline fuel consumption with Sustainable Aviation Fuel (SAF) by 2030. To support this objective, a public-private council was established to develop the SAF supply chain. Given the higher cost of SAF compared with conventional fuel, some private companies also introduced a trading scheme to mitigate the price differential. Under this mechanism, corporate clients may purchase the environmental value of SAF used by airlines, allowing such transactions to contribute to their ESG commitments. The first phase of the pilot project was completed in March 2025.[386]

4.4.4.3 Rail

4.268. In FY2023, railways transported approximately 22.6 billion passengers, which represents 82% of all public transport usage and 73.3% of total travel distance (in person-kilometres). Rail is the primary mode of transport for foreign tourists in Japan, 64.8% of their domestic travel is estimated to be by train. Rail freight holds a minor share of the logistics market (about 4.6% by tonnage) and is predominantly used for long-haul transport and divided into two main categories: (i) container transport primarily for industrial and consumer goods, and (ii) carload transport for raw materials, particularly petroleum. In FY2023, rail freight volume was slightly below 20 billion tonne-kilometres. The Government continues to promote a modal shift of long-distance freight from trucks to rail.[387]

4.269. The Railway Business Act (Act No. 92 of 1986) regulates market access through three licence categories: Type I (owning infrastructure and operating trains), Type II (operating on rented infrastructure), and Type III (owning infrastructure for lease). There are no specific legal restrictions on foreign participation or ownership in these licence categories; foreign companies can apply for licences on the same basis as domestic entities. However, inward investment in the railway sector is subject to prior notification under the Foreign Exchange and Foreign Trade Act (FEFTA) due to its classification as designated business sector.[388] According to the authorities, there is no foreign company operating in the rail sector.

4.270. Japan's railway market, comprising 218 operators as of 2024, is characterized by regional vertical integration. The Japan Freight Railway Company (JR Freight), which is also fully owned by the JRTT, remains the sole nationwide freight operator utilizing the tracks of passenger companies. The passenger segment is dominated by the six companies of the Japan Railways (JR) Group. Of these, four companies (JR East, JR West, JR Central, and JR Kyushu) are fully privatized, while two (JR Hokkaido and JR Shikoku) remain wholly owned by the Japan Railway Construction, Transport and Technology Agency (JRTT), which in turn is an Independent Administrative Institution (IAI) overseen by the Government. The market structure remains stable, with no significant privatizations or restructuring since the last Review.[389]

[383] MLIT, Acceptance of new foreign human resources in the aviation field (in Japanese). Viewed at: https://www.mlit.go.jp/koku/koku_fr19_000011.html (27/11/2025).
[384] Information provided by the authorities.
[385] Information provided by the authorities.
[386] Clear Blue Markets, Japan Airlines Completes SAF Scope 3 Emissions Reduction Trading Pilot. Viewed at: https://www.clearbluemarkets.com/knowledge-base/japan-airlines-completes-saf-scope-3-emissions-reduction-trading-pilot (27/11/2025).
[387] MLIT, White Paper FY2025, pages 11, 13, 4 and 52.
[388] JLT, Railway Business Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/3839/en#je_ch2 (08/12/2025).
[389] MLIT, White Paper FY2025, page 42.

4.271. The Japanese railway sector operates under a regulated tariff regime grounded in Article 16 of the Railway Business Act.[390] The primary objective is to safeguard consumer interests against monopolistic pricing while ensuring the financial viability of operators. The MLIT sets the maximum fare, which defines the ceiling as the sum of justified operating expenses plus a fair return on capital. MLIT benchmarks an operator's costs against industry peers; costs exceeding these standards are disallowed, incentivizing companies to optimize performance. Adjustments to fares require strict ministerial approval.[391]

4.4.4.4 Road

4.272. The Japanese trucking industry is characterized by a highly fragmented market structure. As of FY2023, there were 62,848 operators, of which over 95% were SMEs. This structure leads to intense competition and a multi-level subcontracting system, where smaller operators are often subject to downward pressure on freight rates from larger companies and shippers.[392]

4.273. Fragmentation has contributed to the industry's challenging working conditions.[393] To improve working conditions in the sector, the Work Style Reform Act (Act No. 71 of 2018) entered into force on 1 April 2019, which imposed a 960-hour annual overtime cap for workers. After an adjustment period of five years, relevant regulations entered into force for truck/bus/taxi drivers on 1 April 2024. In addition, the MHLW strengthened rules for truck drivers' duty hours, driving time, and rest periods. These reforms collectively force a shift in how trucking companies manage their operations and driver schedules. The reduction in available working hours per driver is estimated to lead to a freight capacity shortage of approximately 14% in FY2024.[394] The authorities are currently updating the estimation of the transport capacity shortage for FY2030.

4.274. To improve drivers' working conditions and maintain the stable functioning of the trucking industry, the Government temporarily introduced a "standard freight charge" system. The system provides a benchmark for freight charges that accounts for driver wages comparable to other industries and other business costs, to help carriers in their negotiations with shippers. As of February 2023, 53.5% of carriers had filed their rates under this system.[395] To ensure compliance MLIT established a dedicated enforcement unit in 2023; tasked with monitoring shippers, consignees and prime contractors to identify and correct violations (e.g. unilateral reductions in freight rates or refusal to pay for ancillary services).[396]

4.275. In 2024, the Act on the Advancement of Integration and Streamlining of Distribution Business (Act No. 85 of 2005) was partly amended with a view to introducing new obligations for shippers, consignees, and logistics providers. They are required to make efforts towards streamlining operations, such as consolidating cargo to improve loading efficiency and reducing waiting and handling times. Businesses over a certain size that are designated as specified business operators must create mid-to-long-term plans, submit regular reports, and appoint a Chief Logistics Officer. Failure to implement sufficient initiatives can result in government recommendations and orders.[397] In 2025, additional reforms aim at improving fairness in negotiations and road safety within the trucking industry.[398]

4.276. The Government provides several subsidies to support the trucking industry in modernizing operations. Support programmes include subsidies for implementing fleet management software, environmental grants for purchasing fuel-efficient and zero-emission vehicles, and subsidies for

[390] JLT, Railway Business Act. Viewed at: https://www.japaneselawtranslation.go.jp/en/laws/view/3839 (29/01/2026).
[391] Information provided by the authorities.
[392] MLIT, White Paper FY2025, page 20.
[393] Cabinet Office, 2024 Problem (in Japanese). Viewed at: https://www8.cao.go.jp/kisei-kaikaku/kisei/meeting/wg/2210_01startup/230406/startup10_0203_03.pdf (08/12/2025).
[394] Cabinet Office, 2024 Problem (in Japanese).
[395] Cabinet Office, 2024 Problem (in Japanese).
[396] SOMPO, September 2024, No. 166 (in Japanese). Viewed at: https://www.sompo-japan.co.jp/-/media/SJNK/files/hinsurance/logistics/news/2024/b_news166.pdf?la=ja-JP (21/08/2025).
[397] JLT, An Act to Partially Amending the Act on the Advancement of Integration and Streaming of Distribution Business and the Motor Truck Transportation Business Act. Viewed at: https://www.japaneselawtranslation.go.jp/outline/139/905R612.pdf (08/12/2025).
[398] JLT, Amendment to the Motor Truck Transportation Business Act (Act No. 83 of 1989).

installing advanced safety technologies (e.g. collision avoidance systems). Grants are also available for efficiency-enhancing equipment and collaborative logistics projects.[399]

4.277. The "Autoflow Road" is MLIT's long-term vision for a fully automated logistics system designed to provide a solution to driver shortages and carbon emissions. The strategy involves dedicated lanes on expressways for unmanned, clean-energy-powered trucks operating around the clock, as well as automated loading and unloading at hubs. First tests are scheduled for FY2025.[400]

[399] MLIT, Subsidies Available to Truck Transport and Logistics Companies (in Japanese). Viewed at: https://wwwtb.mlit.go.jp/kinki/00001_02858.html (08/12/2025).

[400] MLIT, Autoflow Road (in Japanese). Viewed at: https://www.mlit.go.jp/road/autoflow_road/ (08/12/2025).

5 APPENDIX TABLES

Table A1.1 Selected macroeconomic indicators, 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Nominal GDP (JPY trillion)	569.2	571.8	554.1	573.6	584.9	616.0	634.2
Nominal GDP (USD trillion)	5.2	5.2	5.2	5.2	4.5	4.4	4.2
CPI	1.0	0.5	0.0	-0.2	2.5	3.2	2.7
GDP per capita (JPY 1,000 at current prices)	4,490	4,518	4,392	4,570	4,681	4,954	5,123
GDP per capita (USD at current prices)	40,671	41,440	41,096	41,556	35,597	35,229	33,785
GDP per capita (USD at 2020 prices)	42,918	42,851	41,148	42,834	43,597	44,121	44,211
Population (million)	126.7	126.6	126.1	125.5	124.9	124.4	123.8
Percentage distribution of total population (65 and over)	27.9	28.1	28.4	28.7	28.8	29.0	29.1
Unemployment rate (%)	2.4	2.4	2.8	2.8	2.6	2.6	2.5
National accounts (annual %change)							
GDP	0.8	-0.3	-4.3	3.6	1.3	0.7	-0.2
Private consumption	0.2	-0.8	-5.0	1.9	2.3	0.1	-0.6
Government consumption	1.0	2.0	2.5	3.7	1.6	-0.2	1.6
Gross fixed capital formation	1.3	1.7	-3.5	1.0	0.5	1.9	-0.6
Private Residential investment	-5.8	3.8	-7.0	0.2	0.4	2.1	-1.0
Private Non-residential investment	3.1	0.9	-4.6	2.4	3.1	1.7	-0.1
Public investment	1.2	2.7	3.5	-2.7	-8.1	2.3	-1.8
Exports	3.8	-1.4	-11.7	11.8	5.3	3.1	0.9
Imports	3.8	1.1	-6.9	4.7	8.0	-0.4	0.9
GDP by type of expenditure (% of GDP)							
Private consumption	53.7	53.5	52.9	52.6	54.5	53.6	53.1
Government consumption	19.1	19.4	20.4	20.5	20.7	20.1	20.1
Gross capital formation	27.1	27.3	26.9	27.3	28.3	27.8	27.7
Gross fixed capital formation	26.7	27.2	27.1	27.1	27.8	27.8	27.8
Private sectors	21.8	22.0	21.6	21.7	22.8	22.8	22.8
Public investment	5.0	5.1	5.5	5.3	5.0	5.0	5.0
Saving and investment (% of current GDP)							
Total investment	25.6	25.8	25.2	25.8	26.8	26.1	26.1
Gross national savings	29.2	29.2	28.2	29.7	28.9	29.8	30.9
General government (% of current GDP)							
Revenue	34.6	34.4	35.6	36.4	37.5	36.5	37.2
Expenditure	36.2	36.7	44.7	41.9	40.5	38.1	38.1
Overall balance	-1.6	-2.3	-9.0	-5.6	-3.1	-1.7	-0.9
Structural balance	-3.0	-3.3	-8.1	-5.4	-4.2	-2.4	-1.6
Primary balance	-1.6	-2.5	-9.4	-5.7	-3.1	-1.7	-1.3
Government debt, net	151.1	151.6	162.0	156.0	149.5	136.3	133.9
Government debt, gross	232.4	236.4	258.4	253.7	248.2	240.5	236.1
Interest rates							
The Basic discount rate and basic loan rate (end-of-period)	0.30	0.30	0.30	0.30	0.30	0.30	0.50
Call rate, uncollateralized overnight (end-of-period)	-0.06	-0.07	-0.03	-0.02	-0.02	-0.04	0.23
10-year JGB yield (end-of-period)	0.01	-0.02	0.04	0.09	0.45	0.65	1.11
External sector							
JPY/USD (annual average)	110.4	109.0	106.8	109.8	131.4	140.5	151.5
REER (percentage change; - depreciation)	-1.0	3.0	1.0	-8.7	-13.7	-4.9	-5.4
Current accounts (% of GDP)	3.4	3.4	2.9	3.7	2.0	3.6	4.5
Trade (goods and services) (% of GDP)	36.1	34.7	30.8	35.7	45.1	43.8	45.0
Trade goods (% of GDP)	28.3	26.5	23.8	28.4	36.5	33.7	33.7
Trade services (% of GDP)	7.7	8.2	7.0	7.3	8.6	10.1	11.3
Total reserves (includes gold, USD billion)	1,270	1,322	1,391	1,406	1,228	1,295	1,231
Gross external debt							
Gross external debt (JPY trillion, end period)	444.7	463.1	499.9	529.8	582.3	637.6	684.9
Direct investment: intercompany lending	6.8	8.2	13.7	11.9	14.5	17.9	18.8

Source: Cabinet office, Statistics. Viewed at: https://www.cao.go.jp/index-e.html; Bank of Japan, BOJ's main statistical data. Viewed at: https://www.stat-search.boj.or.jp/index_en.html; Ministry of Finance. Statistics. Viewed at: https://www.mof.go.jp/english/statistics/index.html; World Bank, WDI database. Viewed at: https://databank.worldbank.org/source/world-development-indicators (28/01/2026); IMF, World Economic Outlook Database (October 2025 Edition). Viewed at: https://data.imf.org/en/datasets/IMF.RES:WEO (13/03/2026); and information provided by the authorities.

Source: Cabinet Office, Statistics. Viewed at: https://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2025/qe251_2/gdemenuea.html.

Table A1.2 Balance of payments, 2018-2024

(USD billion)

	2018	2019	2020	2021	2022	2023	2024
Current account	176.6	176.6	149.8	195.5	87.0	158.6	189.5
Goods & services	1.0	-8.5	-8.2	-22.6	-160.2	-70.8	-42.5
Goods	10.2	1.4	26.0	16.1	-118.0	-47.1	-24.2
Exports	735.6	695.1	630.0	750.3	751.8	715.3	694.3
Imports	725.4	693.7	603.9	734.3	869.7	762.3	718.5
Services	-9.2	-9.9	-34.2	-38.7	-42.3	-23.8	-18.3
Credit	194.1	209.5	164.0	170.8	170.4	209.0	228.1
Debit	203.4	219.4	198.2	209.5	212.6	232.8	246.4
Primary income	193.8	197.7	182.1	239.7	266.5	258.9	262.4
Secondary income	-18.1	-12.6	-24.1	-21.5	-19.3	-29.5	-30.4
Capital account	-1.9	-3.8	-1.9	-3.9	-0.9	-2.8	-1.5
Financial account	182.4	228.1	132.3	152.8	48.8	173.2	165.3
Direct investment	135.0	218.9	87.9	174.7	127.9	176.3	186.5
Portfolio investment	91.0	85.9	41.1	-199.7	-146.0	195.5	91.0
Financial derivatives (other than reserves)	1.1	3.4	7.5	19.8	38.7	46.2	30.9
Other investment	-68.9	-105.8	-15.5	95.2	81.9	-275.0	-75.3
Reserve assets	24.1	25.7	11.2	62.8	-53.7	30.2	-67.9
Net errors & omissions	7.6	55.3	-15.5	-39.0	-37.3	17.4	-22.8

Note: The data are converted from JPY to USD using period-average exchange rates obtained from the Bank of Japan.
A Positive figures (+) show increase in net assets, negative figures (-) show decrease in net assets in "Financial account".

Source: Information provided by the authorities; Ministry of Finance, Balance of payments. Viewed at: https://www.mof.go.jp/english/policy/international_policy/reference/balance_of_payments/index.htm; and Bank of Japan, BOJ Time-Series Data Search. Viewed at: https://www.stat-search.boj.or.jp/index_en.html (21/11/2025).

Table A1.3 Merchandise exports by MTN category, 2022-2024

(USD million, % of total exports)

MTN categories	Value in USD million			% of total		
	2022	2023	2024	2022	2023	2024
Total exports	**746,672**	**717,946**	**707,390**	**100.0**	**100.0**	**100.0**
A. Live animals and meat	455	484	498	0.1	0.1	0.1
B. Dairy products	133	117	104	0.0	0.0	0.0
C. Fruits and vegetables	505	462	469	0.1	0.1	0.1
D. Coffee, tea, cocoa and spices	481	459	526	0.1	0.1	0.1
E. Cereals and food preparations	2,545	2,406	2,390	0.3	0.3	0.3
F. Oilseeds, fats and oils	292	289	294	0.0	0.0	0.0
G. Sugars and sugar confectionery	155	159	162	0.0	0.0	0.0
H. Beverages and tobacco	1,570	1,515	1,447	0.2	0.2	0.2
I. Cotton, silk and wool	6	11	11	0.0	0.0	0.0
J. Other agricultural products	637	581	590	0.1	0.1	0.1
K. Fish and fish products	2,672	2,319	2,004	0.4	0.3	0.3
L. Minerals and metals, of which	95,869	90,009	91,070	12.8	12.5	12.9
L05 Non-ferrous metals	33,848	33,986	39,824	4.5	4.7	5.6
L06 Iron and steel	44,220	39,926	36,409	5.9	5.6	5.1
M. Petroleum	14,665	10,282	7,876	2.0	1.4	1.1
N. Chemicals, of which:	96,187	84,447	84,393	12.9	11.8	11.9
N02 Organic chemicals	16,812	14,546	13,709	2.3	2.0	1.9
N03 Pharmaceuticals	7,767	7,852	7,935	1.0	1.1	1.1
N04 Plastics	26,882	23,626	24,594	3.6	3.3	3.5
O. Wood, paper, furniture	4,938	4,232	4,470	0.7	0.6	0.6
P. Textiles	7,198	6,781	6,777	1.0	0.9	1.0
Q. Clothing	678	751	744	0.1	0.1	0.1
R. Rubber, leather and footwear	10,825	10,396	10,046	1.4	1.4	1.4
S. Mechanical, office and computing machinery	141,201	129,473	125,345	18.9	18.0	17.7
S01 General industrial machinery	36,881	34,017	32,518	4.9	4.7	4.6
S02 Machinery for specialized industries	71,590	64,525	63,442	9.6	9.0	9.0
S03 Power generating machinery	21,642	20,836	19,096	2.9	2.9	2.7
S04 Computers and office machinery	11,087	10,095	10,288	1.5	1.4	1.5
T. Electrical machinery and electronic equipment	114,061	102,226	101,504	15.3	14.2	14.3
T01 Electrical machinery	44,728	40,876	39,942	6.0	5.7	5.6
T02 Electronic components	11,501	9,808	9,875	1.5	1.4	1.4
T03 Semiconductors	42,836	38,821	39,923	5.7	5.4	5.6
T04 Telecommunication equipment	8,082	6,737	5,984	1.1	0.9	0.8
T05 Audio-visual devices	4,812	4,471	4,250	0.6	0.6	0.6
T06 Domestic appliances	2,103	1,513	1,530	0.3	0.2	0.2
U. Transport equipment, of which:	147,092	169,815	163,158	19.7	23.7	23.1
U01 Motor vehicles	127,604	149,906	144,072	17.1	20.9	20.4
V. Other manufactures, of which:	47,628	44,377	43,369	6.4	6.2	6.1
V01 Optical and photographic products	8,489	7,382	7,274	1.1	1.0	1.0
V02 Measuring instruments	22,484	20,903	20,982	3.0	2.9	3.0
V03 Medical equipment	6,956	7,007	6,958	0.9	1.0	1.0
Z. Other products with no specified HS codes	56,878	56,355	60,142	7.6	7.8	8.5

Note: MTN categories are based on the WTO Multilateral Trade Negotiations Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf.

Source: WTO Secretariat calculations, based on UN Comtrade database (18/08/2025).

Table A1.4 Merchandise imports by MTN category, 2022-2024

MTN categories	Value in USD million			% of total		
	2022	2023	2024	2022	2023	2024
Total imports	**898,600**	**751,750**	**742,672**	**100.0**	**100.0**	**100.0**
A. Live animals and meat	14,924	13,301	13,854	1.7	1.8	1.9
B. Dairy products	2,283	2,215	2,041	0.3	0.3	0.3
C. Fruits and vegetables	9,181	8,965	9,069	1.0	1.2	1.2
D. Coffee, tea, cocoa and spices	3,684	3,398	4,033	0.4	0.5	0.5
E. Cereals and food preparations	13,208	11,593	10,169	1.5	1.5	1.4
F. Oilseeds, fats and oils	7,017	5,818	5,296	0.8	0.8	0.7
G. Sugars and sugar confectionery	1,016	1,184	1,105	0.1	0.2	0.1
H. Beverages and tobacco	9,239	9,122	8,977	1.0	1.2	1.2
I. Cotton, silk and wool	200	123	116	0.0	0.0	0.0
J. Other agricultural products	9,359	8,953	8,236	1.0	1.2	1.1
K. Fish and fish products	15,150	13,465	12,676	1.7	1.8	1.7
L. Minerals and metals, of which:	234,618	179,154	161,551	26.1	23.8	21.8
L01 Mineral fuels, other than petroleum oils	133,714	96,040	78,407	14.9	12.8	10.6
L02 Other minerals	33,421	27,977	29,259	3.7	3.7	3.9
L03 Non-metallic mineral products	4,665	4,206	3,949	0.5	0.6	0.5
L05 Non-ferrous metals	37,825	27,617	27,094	4.2	3.7	3.6
L06 Iron and steel	17,984	15,731	14,966	2.0	2.1	2.0
M. Petroleum	120,944	98,627	90,068	13.5	13.1	12.1
M01 Crude oils	100,922	80,885	71,812	11.2	10.8	9.7
M02 Petroleum oils, other than crude	20,021	17,742	18,256	2.2	2.4	2.5
N. Chemicals	105,259	85,921	81,341	11.7	11.4	11.0
N01 Inorganic chemicals	11,999	9,521	6,749	1.3	1.3	0.9
N02 Organic chemicals	17,239	14,403	13,546	1.9	1.9	1.8
N03 Pharmaceuticals	39,852	31,630	31,027	4.4	4.2	4.2
N04 Plastics	18,201	16,082	15,982	2.0	2.1	2.2
N05 Fertilizers	1,717	859	744	0.2	0.1	0.1
N09 Other chemical products	16,251	13,426	13,293	1.8	1.8	1.8
O. Wood, paper, furniture	25,107	20,793	19,931	2.8	2.8	2.7
P. Textiles	15,243	14,073	13,605	1.7	1.9	1.8
Q. Clothing	25,122	23,764	22,843	2.8	3.2	3.1
R. Rubber, leather and footwear	13,133	12,612	12,802	1.5	1.7	1.7
S. Mechanical, office and computing machinery	69,908	67,736	71,324	7.8	9.0	9.6
S01 General industrial machinery	19,554	19,190	18,866	2.2	2.6	2.5
S02 Machinery for specialized industries	14,832	14,400	13,263	1.7	1.9	1.8
S03 Power generating machinery	10,258	12,118	13,181	1.1	1.6	1.8
S04 Computers and office machinery	25,265	22,028	26,015	2.8	2.9	3.5
T. Electrical machinery and electronic equipment	122,080	116,753	107,683	13.6	15.5	14.5
T01 Electrical machinery	32,791	33,459	31,351	3.6	4.5	4.2
T02 Electronic components	2,467	2,193	2,093	0.3	0.3	0.3
T03 Semiconductors	36,943	33,073	26,782	4.1	4.4	3.6
T04 Telecommunication equipment	34,660	34,131	33,729	3.9	4.5	4.5
T05 Audio-visual devices	7,572	7,308	7,343	0.8	1.0	1.0
T06 Domestic appliances	7,647	6,589	6,385	0.9	0.9	0.9
U. Transport equipment, of which:	26,009	29,648	29,114	2.9	3.9	3.9
U01 Motor vehicles	18,952	21,905	20,370	2.1	2.9	2.7
U04 Aircraft	3,194	4,027	5,667	0.4	0.5	0.8
V. Other manufactures	42,891	11,439	43,065	4.8	1.5	5.8
Z. Other products with no specified HS codes	13,024	13,091	13,776	1.4	1.7	1.9

Note: MTN categories are based on the WTO Multilateral Trade Negotiations Categories (2023 version). Viewed at: https://stats.wto.org/Areas/TimeSeries/src/assets/WTO_Multilateral_Trade_Negotiations_Categories_2023-06-26.pdf.

Source: WTO Secretariat calculations, based on UN Comtrade database (18/08/2025).

Table A1.5 Merchandise exports by destination, 2022-2024

	Value in USD million			% of total exports		
	2022	2023	2024	2022	2023	2024
World (USD million)	**746,672**	**717,946**	**707,390**	**100.0**	**100.0**	**100.0**
Americas	**175,876**	**186,121**	**182,750**	**23.6**	**25.9**	**25.8**
United States	139,768	145,131	141,523	18.7	20.2	20.0
Other – Americas	36,109	40,990	41,227	4.8	5.7	5.8
Mexico	10,960	13,095	12,276	1.5	1.8	1.7
Canada	8,608	10,937	11,161	1.2	1.5	1.6
Brazil	4,318	4,238	4,641	0.6	0.6	0.7
Panama	3,443	3,947	4,637	0.5	0.5	0.7
Chile	2,289	2,036	1,650	0.3	0.3	0.2
Europe	**91,155**	**96,895**	**88,213**	**12.2**	**13.5**	**12.5**
EU-27	71,223	73,910	65,907	9.5	10.3	9.3
Germany	19,552	19,338	17,369	2.6	2.7	2.5
Netherlands	12,374	13,432	11,509	1.7	1.9	1.6
France	6,414	7,021	6,657	0.9	1.0	0.9
Belgium	6,989	6,391	5,834	0.9	0.9	0.8
Italy	5,307	6,063	5,052	0.7	0.8	0.7
Poland	4,181	4,208	4,092	0.6	0.6	0.6
Spain	2,703	3,284	3,157	0.4	0.5	0.4
Czech Republic	2,312	2,221	2,305	0.3	0.3	0.3
EFTA	5,220	6,317	6,955	0.7	0.9	1.0
Switzerland	4,152	5,333	5,954	0.6	0.7	0.8
Norway	1,000	885	943	0.1	0.1	0.1
Other – Europe	14,711	16,668	15,351	2.0	2.3	2.2
United Kingdom	11,025	12,024	11,242	1.5	1.7	1.6
Türkiye	3,213	3,987	3,452	0.4	0.6	0.5
Commonwealth of independent states (CIS)[a]	**6,067**	**4,653**	**4,276**	**0.8**	**0.6**	**0.6**
Russian Federation	4,606	2,815	2,165	0.6	0.4	0.3
Kazakhstan	678	841	922	0.1	0.1	0.1
Africa	**9,629**	**9,898**	**8,658**	**1.3**	**1.4**	**1.2**
South Africa	2,350	2,509	2,103	0.3	0.3	0.3
Liberia	2,651	2,799	1,668	0.4	0.4	0.2
Middle East	**21,152**	**25,282**	**27,697**	**2.8**	**3.5**	**3.9**
United Arab Emirates	8,483	10,436	12,726	1.1	1.5	1.8
Saudi Arabia, Kingdom of	5,078	6,352	6,063	0.7	0.9	0.9
Kuwait, the State of	1,583	1,945	1,823	0.2	0.3	0.3
Qatar	1,247	1,404	1,640	0.2	0.2	0.2
Asia	**442,793**	**395,099**	**395,796**	**59.3**	**55.0**	**56.0**
China	144,539	126,440	124,626	19.4	17.6	17.6
Other – Asia	298,254	268,659	271,170	39.9	37.4	38.3
Korea, Republic of	54,042	46,802	46,377	7.2	6.5	6.6
Chinese Taipei	52,151	42,821	45,334	7.0	6.0	6.4
Hong Kong, China	33,137	32,589	35,942	4.4	4.5	5.1
Thailand	32,452	29,288	26,572	4.3	4.1	3.8
Singapore	22,342	18,729	19,821	3.0	2.6	2.8
Viet Nam	18,642	17,205	17,080	2.5	2.4	2.4
Australia	16,523	16,769	15,986	2.2	2.3	2.3
India	13,928	15,910	17,208	1.9	2.2	2.4
Indonesia	15,051	14,414	12,984	2.0	2.0	1.8
Malaysia	16,458	13,936	13,930	2.2	1.9	2.0
Philippines	12,147	10,132	9,977	1.6	1.4	1.4
New Zealand	3,003	2,914	2,313	0.4	0.4	0.3

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on the UN Comtrade database (18/08/2025).

Table A1.6 Merchandise imports by origin, 2022-2024

	Value in USD million			% of total imports		
	2022	2023	2024	2022	2023	2024
World (USD million)	**898,600**	**751,750**	**742,672**	**100.0**	**100.0**	**100.0**
Americas	**142,925**	**120,907**	**129,457**	**15.9**	**16.1**	**17.4**
United States	90,685	76,044	84,952	10.1	10.1	11.4
Other – Americas	52,240	44,863	44,505	5.8	6.0	6.0
Canada	16,590	14,152	13,006	1.8	1.9	1.8
Brazil	11,091	11,027	9,785	1.2	1.5	1.3
Chile	7,816	7,702	8,204	0.9	1.0	1.1
Mexico	6,404	4,753	5,893	0.7	0.6	0.8
Peru	3,065	2,521	3,290	0.3	0.3	0.4
Europe	**105,254**	**89,148**	**97,416**	**11.7**	**11.9**	**13.1**
EU-27	86,510	74,269	78,328	9.6	9.9	10.5
Germany	22,706	19,946	21,283	2.5	2.7	2.9
Italy	11,732	11,725	12,175	1.3	1.6	1.6
France	10,107	10,195	11,060	1.1	1.4	1.5
Ireland	6,541	4,754	5,913	0.7	0.6	0.8
Spain	6,861	4,926	3,780	0.8	0.7	0.5
Netherlands	3,419	3,095	3,638	0.4	0.4	0.5
Belgium	6,873	3,523	3,348	0.8	0.5	0.5
Sweden	3,353	2,616	3,011	0.4	0.3	0.4
Austria	2,284	2,041	2,162	0.3	0.3	0.3
Denmark	2,391	2,064	1,983	0.3	0.3	0.3
Czech Republic	1,614	1,298	1,736	0.2	0.2	0.2
EFTA	9,747	6,600	9,611	1.1	0.9	1.3
Switzerland	7,901	5,001	8,226	0.9	0.7	1.1
Norway	1,648	1,408	1,240	0.2	0.2	0.2
Other – Europe	8,997	8,278	9,476	1.0	1.1	1.3
United Kingdom	6,859	6,531	7,937	0.8	0.9	1.1
Türkiye	1,019	1,101	989	0.1	0.1	0.1
Commonwealth of independent states (CIS)[a]	**15,864**	**8,151**	**6,494**	**1.8**	**1.1**	**0.9**
Russian Federation	14,890	7,379	5,684	1.7	1.0	0.8
Africa	**15,074**	**10,796**	**9,074**	**1.7**	**1.4**	**1.2**
South Africa	10,024	7,276	5,853	1.1	1.0	0.8
Middle East	**117,317**	**94,470**	**85,715**	**13.1**	**12.6**	**11.5**
United Arab Emirates	45,805	36,972	36,843	5.1	4.9	5.0
Saudi Arabia, Kingdom of	42,351	34,683	29,834	4.7	4.6	4.0
Kuwait, the State of	9,971	9,125	7,386	1.1	1.2	1.0
Qatar	13,225	9,176	7,113	1.5	1.2	1.0
Oman	3,147	2,490	2,547	0.4	0.3	0.3
Asia	**502,163**	**428,273**	**414,513**	**55.9**	**57.0**	**55.8**
China	188,858	168,057	167,120	21.0	22.4	22.5
Other – Asia	313,305	260,216	247,393	34.9	34.6	33.3
Australia	88,401	64,535	52,854	9.8	8.6	7.1
Korea, Republic of	33,575	30,240	31,434	3.7	4.0	4.2
Chinese Taipei	38,638	34,651	30,522	4.3	4.6	4.1
Viet Nam	26,427	25,352	26,745	2.9	3.4	3.6
Thailand	26,617	24,322	24,711	3.0	3.2	3.3
Indonesia	28,717	24,101	23,151	3.2	3.2	3.1
Malaysia	26,093	18,979	19,053	2.9	2.5	2.6
Philippines	10,861	9,965	9,475	1.2	1.3	1.3
Singapore	9,821	7,252	7,621	1.1	1.0	1.0
India	6,483	5,504	6,434	0.7	0.7	0.9
Papua New Guinea	4,592	3,193	3,034	0.5	0.4	0.4
New Zealand	2,988	2,635	2,621	0.3	0.4	0.4
Cambodia	1,932	1,914	2,120	0.2	0.3	0.3
Brunei Darussalam	2,519	1,874	1,853	0.3	0.2	0.2
Other	**3**	**5**	**3**	**0.0**	**0.0**	**0.0**

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on the UN Comtrade database (18/08/2025

Table A1.7 Trade in commercial services, 2022-2024

(USD million)

Sector	2022	2023	2024
Trade balance	**-43,512**	**-24,833**	**-18,578**
Commercial services exports	**166,948**	**205,574**	**224,847**
Goods-related services	2,805	2,992	3,640
Transport	29,537	30,321	31,510
Travel	9,238	38,587	54,673
Construction	7,264	6,984	8,071
Insurance and pension services	2,116	2,225	2,256
Financial services	11,936	13,520	13,801
Charges for the use of intellectual property n.i.e.	45,757	52,124	51,402
Telecommunications, computer, and information services	11,154	11,725	11,012
Other business services	45,207	45,412	46,723
Research and development services	5,945	5,801	7,326
Professional and management consulting services	10,037	9,390	8,558
Technical, trade-related, and other business services	29,225	30,221	30,839
Personal, cultural, and recreational services	1,935	1,684	1,759
Memo item: Total services	170,358	209,020	228,058
Government goods and services n.i.e	3,410	3,446	3,211
Commercial services imports	**210,459**	**230,407**	243,425
Goods-related services	10,689	12,224	12,220
Transport	36,584	34,855	36,283
Travel	5,143	12,740	14,260
Construction	5,547	6,641	6,039
Insurance and pension services	13,034	19,222	23,764
Financial services	9,468	8,888	9,010
Charges for the use of intellectual property n.i.e.	27,788	29,012	29,738
Telecommunications, computer, and information services	22,555	26,295	28,832
Other business services	78,261	78,524	81,188
Research and development services	19,064	17,712	17,941
Professional and management consulting services	22,443	24,751	24,924
Technical, trade-related, and other business services	36,753	36,060	38,324
Personal, cultural, and recreational services	1,389	2,006	2,090
Memo item: Total services	212,608	232,797	246,401
Government goods and services n.i.e	2,148	2,390	2,977

Source: WTOStats, Trade in commercial services. Viewed at: https://www.wto.org/english/res_e/statis_e/gstdh_commercial_services_e.htm (06/10/2025); and information provided by the authorities.

Table A1.8 FDI stock by main partners, 2022-2024

(USD million and % of total)

	Value (USD billion)			% of total			Growth rate (CAGR, %), 2022-2024
	2022	2023	2024	2022	2023	2024	
Outward stock	**1,961.9**	**2,042.3**	**2,113.1**	**100.0**	**100.0**	**100.0**	**3.8**
United States	683.4	705.7	778.3	34.8	34.6	36.8	6.7
Netherlands	140.9	143.1	151.6	7.2	7.0	7.2	3.7
United Kingdom	128.0	141.9	127.4	6.5	6.9	6.0	-0.3
China	138.4	132.7	127.6	7.1	6.5	6.0	-4.0
Singapore	105.7	105.3	115.9	5.4	5.2	5.5	4.7
Australia	86.1	96.0	100.3	4.4	4.7	4.7	7.9
Thailand	71.9	74.2	75.4	3.7	3.6	3.6	2.4
Germany	34.7	46.6	44.4	1.8	2.3	2.1	13.0
Korea, Republic of	41.8	40.3	36.1	2.1	2.0	1.7	-7.0
Switzerland	39.0	38.9	35.4	2.0	1.9	1.7	-4.7
Indonesia	35.6	38.7	39.1	1.8	1.9	1.9	4.9
Hong Kong, China	37.7	35.3	35.0	1.9	1.7	1.7	-3.5
India	29.6	33.5	37.1	1.5	1.6	1.8	12.1
Luxembourg	32.4	27.1	27.3	1.7	1.3	1.3	-8.2
Viet Nam	24.7	28.9	28.7	1.3	1.4	1.4	7.8
Memo:							
European Union	314.7	333.4	339.9	16.0	16.3	16.1	3.9
ASEAN	277.6	288.4	301.6	14.1	14.1	14.3	4.2
Inward stock	**227.1**	**222.7**	**207.4**	**100.0**	**100.0**	**100.0**	**-4.4**
United States	62.8	60.4	53.9	27.6	27.1	26.0	-7.3
Singapore	29.6	28.2	29.1	13.0	12.6	14.0	-0.8
France	23.1	21.2	19.5	10.2	9.5	9.4	-8.1
Hong Kong, China	16.1	16.2	16.8	7.1	7.3	8.1	2.2
Cayman Islands	17.3	18.1	14.2	7.6	8.1	6.9	-9.3
United Kingdom	13.4	16.4	14.9	5.9	7.3	7.2	5.3
Switzerland	13.4	13.2	13.8	5.9	5.9	6.7	1.6
Netherlands	11.3	9.7	8.4	5.0	4.4	4.0	-14.0
Chinese Taipei	7.6	8.4	8.9	3.3	3.8	4.3	8.1
Korea, Republic of	7.6	6.5	5.5	3.3	2.9	2.7	-14.6
Luxembourg	4.9	5.4	4.9	2.2	2.4	2.4	0.3
Canada	6.0	6.0	6.5	2.7	2.7	3.2	4.1
China	2.5	2.6	2.7	1.1	1.2	1.3	3.5
Australia	2.4	2.3	2.2	1.0	1.0	1.1	-3.7
Germany	2.2	2.4	0.5	1.0	1.1	0.2	-52.1
Memo:							
European Union	42.6	39.0	33.3	18.8	17.5	16.1	-11.6
ASEAN	30.7	29.2	30.1	13.5	13.1	14.5	-0.9

Note: Figures are compiled according to the Directional Principle -- that is, investments from an affiliated company in its parent company are recorded as withdrawals from the parent company.
Thus, the figures are different from those of direct investment in the International Investment Position of Japan that are compiled according to the Asset and Liability Principle on a gross basis.
Total figures include undisclosed items (confidentiality).
"Manufacturing" and "Non-manufacturing" are not necessarily equal to the sum of individual industries due to undisclosed items.

Source: WTO Secretariat calculations, based on data from Bank of Japan. Statistics. Viewed at: https://www.boj.or.jp/en/statistics/br/bop_06/bpdata/index.htm (04/07/2025).

Table A1.9 FDI stock by sector, 2022-2024

(USD million and % of total)

	2022	2023	2024	2022	2023	2024	Growth rate (CAGR, %), 2022-2024
	(USD million)			(% of total)			
Outward direct investment	**1,961,880**	**2,042,306**	**2,113,078**	**100.0**	**100.0**	**100.0**	**3.8**
Manufacturing, of which:	**732,425**	**770,427**	**770,574**	**37.3**	**37.7**	**36.5**	**2.6**
Food	108,116	116,275	114,345	5.5	5.7	5.4	2.8
Textile	11,089	11,431	11,372	0.6	0.6	0.5	1.3
Lumber and pulp	13,425	14,605	13,824	0.7	0.7	0.7	1.5
Chemicals and pharmaceuticals	152,354	161,107	160,800	7.8	7.9	7.6	2.7
Petroleum	4,432	4,602	4,400	0.2	0.2	0.2	-0.4
Rubber and leather	25,093	28,786	28,866	1.3	1.4	1.4	7.3
Glass and ceramics	28,906	27,870	26,664	1.5	1.4	1.3	-4.0
Iron non ferrous and metals	47,704	51,310	51,156	2.4	2.5	2.4	3.6
General machinery	79,133	81,174	83,921	4.0	4.0	4.0	3.0
Electric machinery	86,353	87,925	89,466	4.4	4.3	4.2	1.8
Transportation equipment	133,459	141,111	142,640	6.8	6.9	6.8	3.4
Precision machinery	21,336	21,761	21,252	1.1	1.1	1.0	-0.2
Non manufacturing, of which:	**1,229,455**	**1,271,878**	**1,342,504**	**62.7**	**62.3**	**63.5**	**4.5**
Farming and forestry	1,652	1,355	1,522	0.1	0.1	0.1	-4.0
Fishery and marine products	1,549	1,463	1,715	0.1	0.1	0.1	5.2
Mining	84,683	88,509	92,147	4.3	4.3	4.4	4.3
Construction	8,438	9,570	11,290	0.4	0.5	0.5	15.7
Transportation	18,835	21,290	20,437	1.0	1.0	1.0	4.2
Communications	105,804	105,481	99,543	5.4	5.2	4.7	-3.0
Wholesale and retail	340,284	361,830	372,309	17.3	17.7	17.6	4.6
Finance and insurance	483,629	475,240	520,855	24.7	23.3	24.6	3.8
Real estate	46,091	54,627	63,972	2.3	2.7	3.0	17.8
Services	77,627	84,809	84,583	4.0	4.2	4.0	4.4
Inward direct investment	**227,079**	**222,718**	**207,435**	**100.0**	**100.0**	**100.0**	**-4.4**
Manufacturing, of which:	**77,328**	**79,925**	**71,489**	**34.1**	**35.9**	**34.5**	**-3.8**
Food	758	871	793	0.3	0.4	0.4	2.2
Textile	517	555	508	0.2	0.2	0.2	-0.9
Lumber and pulp	346	488	473	0.2	0.2	0.2	16.9
Chemicals and pharmaceuticals	22,118	22,479	20,456	9.7	10.1	9.9	-3.8
Petroleum	101	73	67	0.0	0.0	0.0	-18.6
Rubber and leather	17	514	540	0.0	0.2	0.3	456.1
Glass and ceramics	3,422	3,396	3,030	1.5	1.5	1.5	-5.9
Iron non ferrous and metals	3,485	3,394	2,996	1.5	1.5	1.4	-7.3
General machinery	4,334	4,153	3,890	1.9	1.9	1.9	-5.3
Electric machinery	17,036	19,007	16,359	7.5	8.5	7.9	-2.0
Transportation equipment	23,111	21,524	20,287	10.2	9.7	9.8	-6.3
Precision machinery	423	1,961	667	0.2	0.9	0.3	25.6
Non manufacturing, of which:	**149,751**	**142,793**	**135,945**	**65.9**	**64.1**	**65.5**	**-4.7**
Farming and forestry	119	112	111	0.1	0.1	0.1	-3.7
Fishery and marine products	65	79	64	0.0	0.0	0.0	-1.0
Mining	235	196	184	0.1	0.1	0.1	-11.7
Construction	337	236	345	0.1	0.1	0.2	1.3
Transportation	9,347	9,607	8,994	4.1	4.3	4.3	-1.9
Communications	16,988	17,898	18,203	7.5	8.0	8.8	3.5
Wholesale and retail	1,877	4,418	2,212	0.8	2.0	1.1	8.6
Finance and insurance	88,928	81,343	76,925	39.2	36.5	37.1	-7.0
Real estate	3,807	4,140	4,437	1.7	1.9	2.1	8.0
Services	12,217	9,989	10,185	5.4	4.5	4.9	-8.7

Note: Figures are compiled according to the Directional Principle -- that is, investments from an affiliated company in its parent company are recorded as withdrawals from the parent company. Thus, the figures are different from those of direct investment in the International Investment Position of Japan that are compiled according to the Asset and Liability Principle on a gross basis. Total figures include undisclosed items (confidentiality)."Manufacturing" and "Non-manufacturing" are not necessarily equal to the sum of individual industries due to undisclosed items.

Source: WTO Secretariat calculations, based on data from Bank of Japan. Statistics. Viewed at: https://www.boj.or.jp/en/statistics/br/bop_06/bpdata/index.htm (04/07/2025).

Table A2.1 Trade in ESPA-related products, 2024

Category	Number of tariff lines (HS six-digit level)	Exports		Imports	
		USD million	% of total merchandise exports	USD million	% of total merchandise imports
Total	**238**	**106,071.2**	**15.0%**	**100,333.7**	**13.5%**
1 Antibacterial preparations	4	236.0	0.0%	445.4	0.1%
2 Fertilizers	3	2.8	0.0%	414.4	0.1%
3 Permanent magnets	2	474.6	0.1%	648.0	0.1%
4 Machine tools and industrial robots	42	6,311.3	0.9%	566.1	0.1%
5 Aircraft parts for engines and bodies	3	259.3	0.0%	319.3	0.0%
6 Semiconductor devices and integrated circuits	25	77,687.5	11.0%	34,297.5	4.6%
7 Secondary batteries	6	1,703.0	0.2%	896.7	0.1%
8 Computer programmes for cloud services	n.a.	n.a.	n.a.	n.a.	n.a.
9 Combustible natural gas	2	0.1	0.0%	41,181.5	5.5%
10 Critical Minerals	120	8,488.5	1.2%	17,472.6	2.4%
11 Marine equipment	5	2,467.1	0.3%	843.8	0.1%
12 Capacitors and wave filters	9	6,393.7	0.9%	704.8	0.1%
13 Ventilators (medical)	1	17.8	0.0%	453.7	0.1%
14 Unmanned aircraft (drones)	11	1.9	0.0%	76.4	0.0%
15 Artificial satellites	1	16.8	0.0%	0.4	0.0%
16 Rocket parts	4	2,010.8	0.3%	2,013.0	0.3%

n.a. Not applicable.

Note: Calculations are based on a list of tariff lines at the six-digit HS level, compiled by the WTO Secretariat using information provided by the authorities. The list comprises 238 tariff lines, of which trade was recorded in 2024 for 227 lines in exports, and 231 lines in imports

Source: WTO Secretariat estimate based on UN Comtrade.

Table A2.2 Key developments in Japan-US economic relations in 2025 and early 2026

Date	Description	Source
2025		
7 February	The Prime Minister of Japan visited the White House; the two leaders reaffirm the importance of the bilateral economic cooperation between Japan and the US.	MOFA, Japan-US Summit Meeting. Viewed at: https://www.mofa.go.jp/na/na1/us/pageite_000001_00800.html (11/11/2025).
10 February	The US expanded the scope of Section 232 tariffs on steel and aluminium and increased the aluminium rate from 10% to 25%, eliminating all partner exemptions and terminating product exclusions (effective 12 March).	Federal Register, Proclamation 10896, Adjusting Imports of Steel into the United States. Viewed at: https://www.federalregister.gov/documents/2025/03/05/2025-03598/implementation-of-duties-on-steel-pursuant-to-proclamation-10896-adjusting-imports-of-steel-into-the (11/11/2025).
13 February	The US published a Memorandum entitled on "Reciprocal Trade and Tariffs", directing federal agencies to review trading practices by partners and to develop a plan for implementing tariff measures.	Federal Register, Memorandum, Reciprocal Trade and Tariffs. Viewed at: https://www.federalregister.gov/documents/2025/02/19/2025-02872/reciprocal-trade-and-tariffs (11/11/2025).
26 March	The US established a 25% tariff on imports of automobiles (effective 3 April) and automobile parts (effective 3 May).	Federal Register, Proclamation 10908, Adjusting Imports of Automobiles and Automobile Parts Into the United States. Viewed at: https://www.federalregister.gov/documents/2025/04/03/2025-05930/adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states (11/11/2025).
2 April	The US enacted a national emergency under the International Emergency Economic Powers Act (IEEPA) citing structural trade deficits and established a baseline 10% tariff on all imports (effective 5 April) and a set of partner-specific tariffs, including Japan at 24% (effective 9 April).	Federal Register, Executive Order 14257, Regulating Imports With a Reciprocal Tariff To Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits. Viewed at: https://www.federalregister.gov/documents/2025/04/07/2025-06063/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and (11/11/2025).
9 April	The US suspended the country-specific tariff rates for 90 days; Japan is subject to the baseline 10% rate (effective 10 April).	Federal Register, Executive Order 14266, Modifying Reciprocal Tariff Rates To Reflect Trading Partner Retaliation and Alignment. Viewed at: https://www.federalregister.gov/documents/2025/04/15/2025-06462/modifying-reciprocal-tariff-rates-to-reflect-trading-partner-retaliation-and-alignment (13/11/2025).
3 June	The US increased Section 232 tariffs on all steel and aluminium imports to 50% (effective 4 June).	Federal Register, Proclamation 10947, Adjusting Imports of Aluminium and Steel Into the United States. Viewed at: https://www.federalregister.gov/documents/2025/06/09/2025-10524/adjusting-imports-of-aluminum-and-steel-into-the-united-states (11/11/2025).
7 July	The US published a letter signalling a country-specific 25% tariff rate on Japanese goods effective on 1 August unless a bilateral deal is reached[a] and extends the temporary suspension of the country-specific tariff rate until 1 August (effective 9 July).[b]	The White House (7 July 2025), Fact Sheet: President Donald J. Trump Continues Enforcement of Reciprocal Tariffs and Announces New Tariff Rates. Viewed: https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-continues-enforcement-of-reciprocal-tariffs-and-announces-new-tariff-rates/ (11/11/2025). Federal Register, Executive Order 14316, Extending the Modification of the Reciprocal Tariff Rates. Viewed at: https://www.federalregister.gov/documents/2025/07/10/2025-12962/extending-the-modification-of-the-reciprocal-tariff-rates (13/11/2025).

Date	Description	Source
2025		
22 July	The US and Japan announced a Framework Agreement which includes tariff reductions and a USD 550 billion investment commitment by Japan.	Cabinet Secretariat, Joint Statement on the Framework Agreement between the United States and Japan on 22 July 2025. Viewed at: https://www.cas.go.jp/jp/seisaku/tariff_measures/houmon/pdf/kyoudouseimei(EN).pdf (06/01/2026).
30 July	The US introduced Section 232 tariffs of 50% on copper and derivative copper products (effective 1 August).	Federal Register, Proclamation 10962, Adjusting Imports of Copper Into the United States. Viewed at: https://www.federalregister.gov/documents/2025/08/05/2025-14893/adjusting-imports-of-copper-into-the-united-states (13/11/2025).
31 July	The US revised the baseline tariff rate applicable to Japan to 15% (effective 7 August).	Federal Register, Executive Order 14326, Further Modifying the Reciprocal Tariff Rates. Viewed at: https://www.federalregister.gov/documents/2025/08/06/2025-15010/further-modifying-the-reciprocal-tariff-rates (11/11/2025).
19 August	The US expanded the scope of Section 232 tariffs by adding over 400 new steel and aluminium-containing products, subject the 50% tariff rate (effective 18 August).	Federal Register, Adoption and Procedures of the Section 232 Steel and Aluminium Tariff Inclusions Process. Viewed at: https://www.federalregister.gov/documents/2025/08/19/2025-15819/adoption-and-procedures-of-the-section-232-steel-and-aluminum-tariff-inclusions-process (13/11/2025).
4 September	The US implemented the Framework Agreement applying a baseline tariff rate of 15% on nearly all products from Japan, unless the existing tariff is already 15% or higher, in which case no additional duty is applied (tariffs apply retroactively from 7 August). Automobiles and auto parts from Japan are also subject to a Section 232 tariff rate no greater than 15%. Civil aircraft (excluding unmanned aircraft) from Japan are not subject to any tariff. Generic pharmaceuticals and natural resources may also be exempt from the baseline tariff rate if the products are not sufficiently available in the US.	Federal Register, Executive Order 14345, Implementing the United States-Japan Agreement. Viewed at: https://www.federalregister.gov/documents/2025/09/09/2025-17389/implementing-the-united-states-japan-agreement (11/11/2025).
4 September	Japan and the US published a Joint Statement on the Framework Agreement between the United States and Japan.	Cabinet Secretariat, Joint Statement on the Framework Agreement between the United States and Japan on 22 July 2025. Viewed at: https://www.cas.go.jp/jp/seisaku/tariff_measures/houmon/pdf/250905kyodoseimei.pdf (11/11/2025).
25 September	A Memorandum of Understanding between Japan and the US was published outlining provisions on the USD 550 billion investment pledge.	Cabinet Secretariat, Memorandum of Understanding between the Government of Japan and the Government of the United States of America with respect to Strategic Investments. Viewed at: https://www.cas.go.jp/jp/seisaku/tariff_measures/houmon/pdf/250905oboegaki.pdf (11/11/2025).
29 September	The US imposed Section 232 tariffs on timber, lumber, and their derivative products, set at 10% for softwood lumber and up to 50% for furniture and cabinetry. Tariffs for Japanese products were capped to 15% (effective 14 October).	Federal Register, Proclamation 10976, Adjusting Imports of Timber, Lumber, and Their Derivative Products Into the United States. Viewed at: https://www.federalregister.gov/documents/2025/10/06/2025-19482/adjusting-imports-of-timber-lumber-and-their-derivative-products-into-the-united-states (13/11/2025).

Date	Description	Source
2025		
17 October	The US imposed Section 232 tariffs of 25% on imports of medium- and heavy-duty vehicles and their parts, and a 10% tariff on buses (effective 1 November).	Federal Register, Proclamation 10984, Adjusting Imports of Medium- and Heavy-Duty Vehicles, Medium- and Heavy-Duty Vehicle Parts, and Buses Into the United States. Viewed at: https://www.federalregister.gov/documents/2025/10/22/2025-19639/adjusting-imports-of-medium--and-heavy-duty-vehicles-medium--and-heavy-duty-vehicle-parts-and-buses (13/11/2025).
28 October	The Prime Minister of Japan and the President of the US signed the document "Implementation of the Agreement – Towards a New Golden Age of the Japan-U.S. Alliance".[c] Alongside the visit the Japan-United States Framework For Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing[d], a Memorandum of Cooperation Regarding Shipbuilding[e], a Memorandum of Cooperation Regarding the Technology Prosperity Deal[f], and a Joint Fact Sheet for Japan-US Investment[g] were also published.	[c] MOFA, Implementation of the Agreement - Towards a New Golden Age for the Japan-U.S. Alliance. Viewed at: https://www.mofa.go.jp/mofaj/files/100926023.pdf (07/01/2026). [d] MOFA, Japan-United States Framework For Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing. Viewed at: https://www.mofa.go.jp/mofaj/files/100926026.pdf (07/01/2026). [e] MLIT, Memorandum of Cooperation Regarding Shipbuilding Between the Government of Japan and the Government of the United States of America. Viewed at: https://www.mlit.go.jp/report/press/content/001966582.pdf (07/01/2026). [f] Cabinet Office, Memorandum of Understanding on Cooperation on the Technology Prosperity Deal between Japan and the United States. Viewed at: https://www8.cao.go.jp/cstp//kokusaiteki/nichibei/202510_moc.pdf (07/01/2026). [g] MOFA, Joint Fact Sheet for Japan-U.S. Investment. Viewed at: https://www.mofa.go.jp/mofaj/files/100926028.pdf (07/01/2026).
2026		
20 February	The US terminated all additional *ad valorem* duties previously imposed under the IEEPA. The order preserves all Section 232 and Section 301 duties (effective 24 February).	Federal Register, Executive Order 14345, Ending Certain Tariff Actions. Viewed at: https://www.federalregister.gov/documents/2026/02/25/2026-03832/ending-certain-tariff-actions (02/03/2026).
20 February	The US imposed a temporary 10% *ad valorem* import surcharge on all goods under Section 122 of the Trade Act of 1974, for a period of 150 days. The surcharge exempts products already covered by Section 232 tariffs, as well as selected goods in the categories of critical minerals, energy, pharmaceuticals, electronics, passenger vehicles, and aerospace products.	Federal Register, Proclamation 11012, Imposing a Temporary Import Surcharge To Address Fundamental International Payments Problems. https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems (02/03/2026).

Source: Compiled by the WTO Secretariat.

Table A3.1 Applied MFN tariff summary, FY2025

	Number of lines	Simple average (%)	Highest rate (%)a	Duty-free (share %)	Non-*ad valorem* lines (share %)
Overall	**9,400**	**5.4**	**267.4**	**41.0**	**7.1**
By WTO category					
WTO agricultural products	**1,839**	**14.7**	**267.4**	**23.9**	**19.4**
A. Live animals and meat	237	9.6	50.0	32.1	17.3
A01. Live animals, excluding fish	52	0.7	10.5	80.8	15.4
A02. Meat	185	12.3	50.0	18.4	17.8
B. Dairy products	119	47.6	236.3	0.8	60.5
C. Fruits and vegetables	448	12.9	267.4	6.7	3.1
D. Coffee, tea, cocoa and spices	140	11.0	57.3	27.1	4.3
D01. Coffee, tea, mate	38	15.6	29.8	13.2	10.5
D02. Cocoa	37	21.6	57.3	8.1	5.4
E. Cereals and food preparations	262	23.9	201.7	7.3	37.4
E01. Cereals	97	27.2	201.7	17.5	53.6
E02. Food preparations	165	22.3	110.3	1.2	27.9
F. Oilseeds, fats and oils	120	4.5	211.4	38.3	35.0
G. Sugars and sugar confectionery	49	33.5	114.7	6.1	59.2
H. Beverages and tobacco	150	16.5	51.2	17.3	24.7
H01. Non-alcoholic beverages, including juices	88	20.8	34.0	1.1	18.2
H02. Alcohols	46	11.9	51.2	39.1	45.7
I. Cotton, silk and wool	32	0.0	0.0	84.4	15.6
J. Other agricultural products	282	3.2	40.0	61.3	4.6
WTO non-agricultural products	**7,561**	**3.2**	**154.5**	**45.2**	**4.1**
K. Fish and fish products	546	6.2	15.0	4.6	0.2
L. Minerals and metals	1,242	0.9	11.7	71.9	3.0
M. Petroleum	90	1.6	7.9	28.9	40.0
N. Chemicals	1,351	2.0	6.5	32.1	0.6
O. Wood, paper, furniture	568	2.1	10.0	59.5	0.0
P. Textiles	1,451	5.5	16.0	4.5	14.0
Q. Clothing	370	8.9	13.4	1.4	0.0
R. Rubber, leather and footwear	316	12.4	154.5	38.0	7.9
R01. Rubber and rubber products	101	0.2	2.5	93.1	0.0
R02. Leather and leather products	139	13.2	30.0	18.7	0.0
R03. Footwear	76	27.4	3.4-154.5	0.0	32.9
S. Mechanical, office and computing machinery	590	0.0	0.0	100.0	0.0
T. Electrical machinery and electronic equipment	391	0.1	4.8	98.2	0.0
T01. Electrical machinery	189	0.1	4.8	96.3	0.0
T02. Electronic components	19	0.0	0.0	100.0	0.0
T03. Semiconductors	39	0.0	0.0	100.0	0.0
U. Transport equipment	188	0.0	0.0	100.0	0.0
V. Other manufactures	458	1.2	16.0	76.0	0.4
By HS Section					
01 Live animals and products	789	12.3	236.3	15.0	14.3
02 Vegetable products	566	10.5	267.4	30.4	12.5
03 Fats and oils	95	3.3	29.8	26.3	41.1
04 Prepared food, beverages and tobacco	816	16.9	114.7	8.9	15.6
05 Mineral products	247	0.7	7.9	66.0	15.4
06 Chemicals and products thereof	1,190	1.9	21.3	35.7	0.4
07 Plastics, rubber, and articles thereof	309	2.2	6.5	36.9	1.9
08 Raw hides and skins, leather	193	10.5	30.0	33.7	0.0
09 Wood and articles of wood	357	3.2	10.0	37.0	0.0
10 Pulp of wood, paper and paperboard	166	0.0	0.0	100.0	0.0
11 Textiles and textile articles	1,820	6.1	13.4	4.7	11.4
12 Footwear, headgear, etc.	103	21.2	154.5	4.9	24.3
13 Articles of stone, plaster, cement	171	1.1	8.0	62.6	0.0
14 Precious stones and metals, pearls	77	1.4	10.0	71.4	0.0
15 Base metals and articles thereof	860	0.9	11.7	71.6	4.1
16 Machinery, electrical equipment, etc.	972	0.0	4.8	99.3	0.0
17 Transport equipment	191	0.0	8.4	99.5	0.0
18 Precision equipment	253	0.3	16.0	96.4	0.0
19 Arms and ammunition	22	6.9	5.4-8.4	0.0	0.0
20 Miscellaneous manufactured articles	184	1.5	6.6	62.5	1.1
21 Works of art, etc.	19	0.0	0.0	100.0	0.0

a Unless specified, the minimum applied MFN rate is 0.

Note: Calculations are based on national tariff line level (9-digit), excluding in-quota rates and including AVEs. For 2025, AVEs were estimated using 2024 import data at the 9-digit tariff level.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

Table A3.2 Products subject to compound or variable duties, 2025

HS heading	Product description	Import duty rates	Number of lines covered
Duties based on products' composition			**2**
HS 2309	Preparations of a kind used in animal feeding	JPY 52.50/kg plus JPY 5.30 for every 1% exceeding 10% by weight of lactose contained; JPY 59.50/kg plus JPY 6 for every 1% exceeding 10% by weight of lactose contained	2
Duties based on the customs value of the good (i.e. gate price system)			**39**
HS 0103	Live swine	Min (JPY 19,508/each; Per each, the difference between the standard import price of live swine and the declared customs value)	1
HS 0203	Meat of swine, fresh, chilled or frozen:	Min (JPY 361/kg; Per each kilogramme, the difference between the standard import price of pig carcass and declared customs value); Min (JPY 482/kg; Per each kilogramme, the difference between the standard import price of partial pig and the declared customs value)	12
HS 0206	Edible offal of swine, fresh, chilled or frozen	Min (JPY 482/kg; Per each kilogramme, the difference between the standard import price of partial pig and the declared customs value)	4
HS 0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal (of swine)	Min (JPY 1,035/kg; Per each kilogramme, the difference between the value obtained by multiplying the standard import price of processed pig by 1.5 and the value obtained by multiplying the declared customs value by 0.6)	4
HS 1602	Other prepared or preserved meat, meat offal (of swine)	Min (JPY 1,035/kg; Per each kilogramme, the difference between the value obtained by multiplying the standard import price of processed pig by 1.5 and the value obtained by multiplying the declared customs value by 0.6)	3
HS 0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	Min (8.5%; (Difference between JPY 73.70/kg and the declared customs value/kg))	1
HS 7402	Unrefined copper; copper anodes for electrolytic refining	Min (3%; (Difference between JPY 490/kg and the declared customs value/kg))	1
HS 7403	Refined copper and copper alloys, unwrought	Min (3%; (Difference between 500/kg minus the declared customs value/kg))	7
HS 7801	Unwrought lead	Min (JPY 2.70/kg; (Difference between JPY 180/kg and the declared customs value/kg)); Min (2.8%); (Difference between JPY 170/kg minus the declared customs value/kg))	4
HS 7901	Unwrought zinc	Min (JPY 4.30/kg; (Difference between JPY 250/kg and the declared customs value /kg))	2

Source: WTO Secretariat calculations, based on tariff notifications submitted to the WTO and data from the IDB database.

Table A3.3 Preferential tariff summary, FY2025

	Total		WTO agriculture		WTO non-agriculture	
	Simple average (%)	Duty free lines (%)	Simple average (%)	Duty free lines (%)	Simple average (%)	Duty free lines (%)
Applied MFN	**5.4**	**41.0**	**14.7**	**23.9**	**3.2**	**45.2**
RTAs						
ASEAN	2.5	86.1	11.0	54.8	0.5	93.7
Australia	2.2	90.0	10.1	62.7	0.4	96.6
Brunei Darussalam	2.9	85.4	11.3	58.7	0.9	91.9
Chile	2.5	87.1	11.2	59.2	0.5	93.9
CPTPP	1.3	88.8	5.9	66.5	0.2	94.3
EU	1.4	89.2	6.6	66.6	0.2	94.7
India	2.6	86.5	11.3	56.4	0.6	93.8
Indonesia	2.5	87.1	11.2	59.3	0.5	93.9
Malaysia	2.4	88.2	10.3	62.6	0.5	94.4
Mexico	2.7	85.5	12.7	41.3	0.4	96.3
Mongolia	2.8	80.6	11.1	47.0	0.8	88.7
Peru	2.4	87.8	10.8	56.6	0.4	95.4
Philippines	2.2	89.7	10.1	64.1	0.4	95.9
RCEP (ASEAN/Australia/New Zealand)	3.1	74.7	12.5	35.8	0.9	84.1
RCEP (China)	3.7	57.4	12.8	35.8	1.6	62.6
RCEP (Korea, Rep. of)	3.8	66.0	13.2	35.8	1.6	73.4
Singapore	2.7	86.0	10.5	62.1	0.9	91.8
Switzerland	2.5	86.7	10.6	61.4	0.6	92.8
Thailand	2.3	88.6	10.2	63.2	0.5	94.8
United Kingdom	1.4	89.2	6.5	66.6	0.2	94.7
United States	4.6	45.2	10.7	45.4	3.2	45.2
Viet Nam	2.4	87.7	10.6	61.1	0.5	94.2
Unilateral preferences						
GSP	4.4	59.1	13.7	32.7	2.3	65.5
LDC	0.4	97.9	1.3	97.1	0.2	98.1
Memorandum						
Australia[a]	1.2	91.5	5.9	67.9	0.1	97.2
Brunei Darussalam[b]	1.2	90.9	5.9	67.8	0.1	96.5
Chile[c]	1.2	91.2	5.9	67.8	0.1	96.9
Indonesia[d]	2.3	87.5	10.5	59.3	0.5	94.4
Malaysia[b]	1.2	91.4	5.8	69.1	0.1	96.9
Mexico[c]	1.2	91.3	6.0	66.9	0.1	97.2
New Zealand[e]	1.3	88.8	6.0	66.3	0.2	94.2
Peru[c]	1.2	91.0	5.9	67.2	0.1	96.8
Philippines[d]	2.2	89.7	10.0	64.1	0.4	95.9
Singapore[b]	1.2	91.1	5.8	69.1	0.1	96.5
Thailand[d]	2.3	88.6	10.1	63.2	0.4	94.8
Viet Nam[b]	1.2	91.1	5.9	68.8	0.2	96.6

a Based on lowest rate applied from country's EPA, CPTPP, and RCEP.
b Based on lowest rate applied from country's EPA, ASEAN, CPTPP, and RCEP.
c Based on lowest rate applied from country's EPA and CPTPP.
d Based on lowest rate applied from country's EPA, ASEAN, and CPTPP.
e Based on lowest rate applied from CPTPP and RCEP.

Note: Calculations are based on national tariff line level (9-digit), excluding in-quota rates and including AVEs. For 2025, AVEs were estimated using 2024 import data at the 9-digit tariff level. For compound duties, the *ad valorem* component is used when AVEs are unavailable.
MFN duty-free lines are calculated as a percentage of total tariff lines.
Some RTAs have not been fully implemented yet. All calculations were based on the rates applied in 2025.

Source: WTO Secretariat calculations, based on data provided by the authorities through IDB notification.

Table A3.4 Central government tax revenue, by source, FY2022-FY2025

(JPY million, % of total)

	FY2022	FY2023	FY2024	FY2025
Total tax revenue	71,137,395	72,076,147	75,232,068	80,698,000
	(% of total)			
Direct tax	56.8	57.6	56.7	59.4
Income tax	31.7	30.6	28.2	30.6
Corporation tax	21.0	22.0	23.8	24.3
Inheritance tax	4.2	4.9	4.7	4.6
Indirect tax	43.2	42.5	43.3	40.6
Consumption tax	32.4	32.0	33.3	31.7
On imported goods	12.8	11.7	11.7	..
On domestic goods	19.7	20.4	21.5	..
Liquor tax	1.7	1.6	1.6	1.4
Tobacco tax	1.3	1.3	1.3	1.2
Gasoline tax	2.9	2.9	2.7	2.2
Liquefied petroleum gas tax	0.01	0.01	0.01	0.00
Aviation fuel tax	0.04	0.04	0.04	0.05
Petroleum and coal tax	0.9	0.8	0.8	0.7
Promotion of power resources development tax	0.4	0.4	0.4	0.4
Motor vehicle tonnage tax	0.6	0.5	0.5	0.5
International tourist tax	0.0	0.1	0.1	0.1
Customs duty	1.4	1.3	1.2	1.1
Tonnage tax	0.0	0.0	0.0	0.0
Stamp revenue	1.4	1.4	1.4	1.3
Other	0.0	0.0	0.0	0.0

.. Not available.

Note: Data for FY2022/FY2024 refers to settled amount, and data for FY2025 refers to budgeted amount revised (draft).

Source: Data provided by the authorities, and Ministry of Finance. Survey of the Settled Amount of Tax and Stamp Revenues. Viewed at: https://www.mof.go.jp/english/policy/tax_policy/account/index.htm (19/11/2025). Data include only national tax revenue.

Table A3.5 List of prohibited products for import, 2025

Product categories	Rationale
Narcotics and psychotropic substances	Public health and safety
Designated drugs (excluding those imported for medical purposes, etc.)	Public health and safety
Handguns, rifles, machine guns and guns, and their shells and pistol parts.	Public safety
Explosives	Public safety
Gunpowder	Public safety
Precursor materials for chemical weapons	Public safety
A type of pathogen which are likely to be used for terrorism	Protection of human health, and national security
Counterfeit money, banknotes or banknotes, stamps or postage stamps (including certificates representing postage rates other than postage stamps) or t or imitation products of securities and counterfeit cards	Economic order, public confidence, and public safety
Books, drawings, sculptures, and other items that may harm public safety or morals.	Protection public safety and moral values
Child pornography	Protection moral values
Items that infringe patent rights, utility model rights, design rights, trademark rights, copyrights, circuit arrangement rights or breeder's rights	Intellectual property protection
Items that infringe on trademark rights or design rights brought into Japan by mail, etc.	Intellectual property protection
Acts listed in Article 2, Paragraph 1, Items 1 to 3, 10, 17, or 18 of the Unfair Competition Prevention Act (excluding acts specified in Article 19, Paragraph 1, Items 1 to 6, 8 or 10 of the same Act according to the classification of unfair competition listed in these items).	Intellectual property protection

Source: WTO documents G/MA/QR/N/JPN/7, 9 October 2024, and Japan customs, *Prohibited and Restricted Items*. Viewed at: https://www.customs.go.jp/mizugiwa/kinshi.htm.
In addition to this list, other goods may be prohibited under the Act on Ensuring the Quality, Efficacy, and Safety of Pharmaceuticals and Medical Devices, the Plant Protection Act, and the Act on the Prevention of Infectious Diseases in Livestock.

Table A3.6 Goods subject to an import licence/approval, 2025

Product category	Products	HS code[a]	Application	Rationale
Cultural goods	Foreign cultural property	Various	All trading partners	Compliance with the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict
Depleting-ozone substances	Substances that deplete the ozone layer, specified hazardous wastes, and waste chemical weapons goods	Various	All trading partners, with certain exceptions	Compliance with various national laws and international conventions/protocols
Ethanol	Alcohol (of 90% volume or over) for the purpose of test, research or analysis	2207.10	All trading partners	Compliance with Ethanol Business Act
Marine products	Marine animals and their preparations; fish, crustaceans, other aquatics and their preparations; products of animal origin (marine animals, fish, crustaceans and molluscs); seaweeds and their preparations	01.06; 02.08; 02.10; 03.01-03.07; 03.09; 05.04; 05.06-05.08; 05.11; 12.12; 15.04; 15.06; 15.21; 16.01; 16.02; 16.04; 16.05; 20.01; 21.03; 21.06; 23.01; 23.09	Products shipped from outside Japanese waters	Prevent adverse effects to fishing activities of Japanese fishers
Marine products	Fresh and chilled Bluefin tuna farmed in the Atlantic Ocean and the Mediterranean	03.02; 03.04	Products from non-members of ICCAT	Compliance with ICCAT resolution
Marine products	Fresh and chilled Southern Bluefin tuna	03.02; 03.04	Products from non-members of CCSBT	Compliance with CCSBT resolution
Marine products	Salmon and (salmon) trout and their preparations	03.01; 03.02; 03.03; 03.04; 03.05; 03.09; 16.04	China, Democratic People's Republic of Korea, Chinese Taipei	Compliance with UNCLOS provisions
Medicines	Foot-and-mouth disease vaccine	3002.42	All trading partners	Protection of animal life/ health
Mercury and mercury-added products	Mercury-added products	Various	All trading partners	Compliance with Minamata Convention on Mercury
Mercury and mercury-added products	Mercury	2805.40	Non-parties to the Minamata Convention	Compliance with Minamata Convention on Mercury
Nuclear goods	Nuclear goods	26.12; 28.44; 81.09; 84.01; 90.30	All trading partners	National security
Propellant powders	Propellant powders	36.01; 36.02; 36.03	All trading partners	Security
Rough diamonds	Rough diamonds	71.02	All trading partners	Compliance with Kimberly Process Certification Scheme and UN Security Council Resolution 1459
Weapons	Weapons, ammunition, etc.	84.11; 84.12; 87.10; 88.02; 88.06; 89.06; 93.01-93.04; 93.05; 93.06; 93.07	All trading partners	National security
Wild animals and plants	Wild animals and plants in Appendix I, II, and III of the CITES	Various	CITES members	Compliance with CITES
Cultural goods	Cultural property illegally acquired in Iraq	97.01- 97.06	Iraq	Compliance with UN Security Council Resolution 1483
Cultural goods	Cultural property illegally move from the Syrian Arab Republic	97.01-97.06	Syrian Arab Republic	Compliance with UN Security Council Resolutions 2118 and 2199
Charcoal	Charcoal	44.02	Somalia	Compliance with UN Security Council Resolution 2036
Chemical weapons	Chemical weapons and other items related to chemical weapons programme	Various	Syrian Arab Republic	Compliance with UN Security Council Resolutions 2118 and 2199

Product category	Products	HS code[a]	Application	Rationale
All goods from the Democratic People's Republic of Korea	All goods from the Democratic People's Republic of Korea	All	Democratic People's Republic of Korea	To take the measures decided by the Government
Various goods	Alcoholic beverages, crude oils and petroleum products, lumber, machinery, diamonds and electrical machinery	HS chapters 22, 27, 44, 71, 84, and 87	Russian Federation	In response to Japan's relations with the international community
Goods from specific areas	Goods from specific areas	All	Goods from specific areas of Ukraine	In response to Japan's relations with the international community
Weapons	Weapons and other items from Libyan Arab Jamahiriya	Various	Libyan Arab Jamahiriya	Compliance with UN Security Council Resolution 1970
Various goods	Any arms or related materiel and any items related to nuclear activities	Various	Islamic Republic of Iran	Compliance with UN Security Council Resolution 1737 and 1747

Note: UNCLOS: United Nations Convention on the Law of the SEA.
ICCAT: International Commission for the Conservation of Atlantic Tunas.
CCSBT: Commission for the Conservation of Southern Bluefin Tuna.
CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.

a HS product headings are indicative and included when available. Under a given HS heading not all tariff lines are necessarily subject to import licensing/approval.

Source: Information provided by the authorities, and WTO documents G/MA/QR/N/JPN/7, 9 October 2024, and G/LIC/N/3/JPN/24, 27 August 2025.

Table A3.7 List of products requiring an export licence (non-automatic), 2025

Products categories	Rationale
Depleting-ozone substances	Environmental protection
Hazardous wastes	Public safety and Environmental protection
Hazardous chemicals and pesticides	Public safety and Environmental protection
Endangered species of wild fauna and flora	Animal conservation (CITES)
Birds and mammals (including their processed goods) and eggs of birds.	Animal conservation
Mercury and mercury-added products	Compliance with Minamata Convention on Mercury
Rough diamonds	Compliance with Kimberly process certification scheme
Blood products prescribed in Article 2, paragraph (1) of the Act on Securing a Stable Supply of Safe Blood Products (Act No. 160 of 1956).	Public health
Nuclear source materials and nuclear fuel materials	National security
Certain type of waste	Public safety
Radioactive isotopes	Public safety
Chemical substances specified by METI	Public safety
Certain type of fishing vessels	Public safety
Mycelia of lentinus edodes (Shiitake mushroom)	n.a.
Certain eels[a]	Animal conservation
Japanese mist nets	Wildlife protection
Counterfeit, altered, or imitated currencies, and postage stamps and revenue stamps	National Security
Books, drawings, and other goods having content that claims or incites any revolts.	Protection public safety and moral values
Books, drawings, sculptures, and other goods that may corrupt public morals	Protection public safety and moral values
Cultural goods	Cultural conservation
IP-infringing goods in destination countries	Intellectual property protection
Certain products destined to the Russian Federation (i.e. dual-use items, items related to the development of advanced technology, items related to oil refinery, Items which could contribute to the enhancement of industrial capacities, luxury goods, chemical weapons)	Trade sanctions
All goods destined to the Democratic People's Republic of Korea	Trade sanctions

n.a. not available.

a In November 2025, export restrictions for certain eels were lifted under the Foreign Exchange and Foreign Trade Act to avoid duplication with other legislation. Eels exports remain regulated under other topic-specific legislation.

Source: WTO document G/MA/QR/N/JPN/7, 9 October 2024; and Japan customs, Trade controls. Viewed at: https://www.meti.go.jp/policy/external_economy/trade_control/index.html (08/12/2025). During the review period: the export licensing requirements for eels were lifted.

Table A3.8 Procurement by the central government and IAAs, by good and by origin, 2021, 2022 and 2023

No.	Products	2021		2022		2023	
		Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)
1	Products from agriculture, and from agricultural and food processing	37.1	26.9	20.0	15.6	23.8	16.6
2	Mineral products	335.4	11.5	594.0	7.0	426.9	15.9
3	Products of the chemical and allied industries	43.3	0.0	39.0	0.1	41.7	0.0
4	Medicinal and pharmaceutical products	2,817.2	48.3	2,782.0	48.5	3,803.4	4.6
5	Artificial resins; rubber, raw hides and skins; leather; and articles thereof	19.7	4.7	16.1	0.0	21.7	2.8
6	Wood and articles of wood; paper-making material; paper and paperboard, and articles thereof	204.2	0.0	130.0	0.1	204.8	0.1
7	Textiles and textile articles; thread for spinning and weaving; and articles thereof	66.6	3.6	75.6	6.9	69.3	7.6
8	Articles of stone, of cement and of similar materials; ceramic products; glass and glassware; and articles thereof	81.2	0.0	4.7	0.0	11.0	0.0
9	Iron and steel, and articles thereof	21.0	5.7	55.0	0.0	47.9	3.7
10	Non-ferrous metals, and articles thereof	58.2	38.6	81.5	25.6	64.0	47.8
11	Power-generating machinery and equipment	45.0	0.0	128.7	7.5	122.2	3.0
12	Machinery specialized for particular industries	76.0	4.8	91.3	6.5	114.1	13.7
13	General industrial machinery and equipment	54.9	4.1	213.2	0.2	122.0	2.1
14	Office machines and automatic data-processing equipment	1,680.9	7.3	2,097.9	5.4	2,533.0	4.7
15	Telecommunications and sound recording and reproducing apparatus and equipment	1,142.4	9.5	874.6	11.0	657.3	4.9
16	Electrical machinery, apparatus and appliances, and electrical parts thereof	343.7	6.4	372.6	2.3	421.5	1.8
17	Road vehicles	457.3	2.2	588.1	0.0	528.8	1.1
18	Railway vehicles and associated equipment	1.2	0.0	27.2	0.0	17.2	59.8
19	Aircraft and associated equipment	56.0	49.7	59.4	0.4	77.1	1.0
20	Ships, boats and floating structures	146.9	0.0	69.1	0.0	111.5	0.0
21	Sanitary, plumbing, and heating equipment	12.1	0.0	11.3	0.0	12.7	0.0
22	Medical, dental, surgical and veterinary equipment	1,014.6	30.6	884.2	38.1	1,166.0	29.5
23	Furniture and parts thereof	55.8	0.5	55.2	1.1	110.2	0.0
24	Scientific and controlling instruments and apparatus	1,069.1	22.4	1,057.5	30.4	908.8	30.0
25	Photographic apparatus and equipment, optical goods, and clocks	22.5	4.1	25.2	0.0	23.3	0.0
26	Miscellaneous articles	1,985.5	4.1	2,281.3	4.5	3,400.2	2.2
	Total	**11,848.0**	**19.9**	**12,634.6**	**19.2**	**15,040.5**	**7.8**

Note: The survey covered procurement of goods and services above the threshold of SDR 100,000 and excluded procurement of construction services and procurement by sub-central government entities.

Source: 2021, 2022 and 2023 Government Procurement Results. Viewed at: https://www.cas.go.jp/jp/seisaku/chotatsu/dai9/siryou1.pdf, https://www.cas.go.jp/jp/seisaku/chotatsu/dai10/siryou1.pdf, and https://www.cas.go.jp/jp/seisaku/chotatsu/dai11/shiryo1.pdf.

Table A3.9 Procurement by the central government and IAAs, by service and by origin, 2021, 2022, and 2023

No.	Services	2021		2022		2023	
		Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)
1	Maintenance and repair of motor vehicles	5.0	19.7	15.8	6.3	66.4	1.8
2	Maintenance and repair of motorcycles and snowmobiles	0.0	100.0	0.0	n.a.	0.0	n.a.
3	Other land transport services (except mail transportation)	70.2	0.0	120.1	0.0	88.0	0.0
4	Rental services of sea-going vessels with operator	0.6	0.0	0.5	0.0	2.4	0.0
5	Rental services of non-sea-going vessels with operator	1.4	0.0	1.9	0.0	0.0	n.a.
6	Air transport (except mail transportation)	35.2	8.9	20.0	4.6	45.4	10.3
7	Freight transport agencies	27.8	0.0	59.0	0.0	223.0	0.0
8	Courier services	1.5	5.6	1.8	4.8	1.9	3.5
9	Telecommunication services	154.5	4.1	138.8	5.7	125.0	7.2
10	Computer and related services	10,198.9	6.2	10,322.9	5.5	14,979.5	6.5
11	Market research and public opinion polling	40.0	9.6	101.2	0.4	156.1	2.6
12	Advertising services	522.6	0.1	901.9	0.2	591.9	0.9
13	Armoured car services	21.7	0.0	2.9	0.0	43.0	0.0
14	Building cleaning services	566.2	0.2	776.8	0.0	786.8	0.0
15	Publishing and printing services	139.1	0.2	235.6	0.1	124.2	1.0
16	Repair services incidental to metal products, machinery and equipment	147.6	3.6	183.9	1.2	199.7	0.9
17	Sewage and refuse disposal, sanitation and other environmental protection	2,477.1	0.0	357.4	0.2	1,092.0	0.0
18	Repair services of personal and household goods	0.5	0.0	77.7	0.0	0.0	n.a.
19	Food serving services	1.7	0.0	3.2	0.0	2.2	0.0
20	Beverage serving services	0.0	100.0	0.0	n.a.	0.0	n.a.
21	Leasing or rental services concerning agricultural machinery and equipment without operator	0.0	100.0	0.0	n.a.	0.1	0.0
22	Leasing or rental services concerning furniture and other household appliances	2.9	0.0	3.3	0.0	3.2	0.0
23	Leasing or rental services concerning pleasure and leisure equipment	0.0	100.0	0.2	0.0	0.0	n.a.
24	Leasing or rental services concerning other personal or household goods	1.4	0.0	0.0	n.a.	0.0	n.a.
25	Management consulting services	2.2	0.0	1.7	0.0	2.4	0.0
26	Services related to management consulting (except 86602 Arbitration and conciliation services)	0.3	0.0	0.5	0.0	0.2	0.0
27	Packaging services	5.0	0.0	4.5	0.0	3.7	0.0
28	Services incidental to forestry and logging, including forest management, and publishing and printing services	0.0	100.0	0.0	n.a.	0.1	0.0
29	Primary education services	0.0	100.0	1.1	0.0	0.0	n.a.
30	Secondary education services	0.0	100.0	0.0	n.a.	0.0	n.a.

No.	Services	2021		2022		2023	
		Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)	Total value (JPY 100 million)	Foreign share (%)
31	Higher education services	0.4	0.0	1.1	100.0	1.1	100.0
32	Adult education services	6.7	0.0	8.2	0.0	42.0	0.0
33	Motion picture and video tape production and distribution services	0.2	0.0	0.8	0.0	0.1	0.0
34	Other	501.3	0.0	124.8	0.0	478.7	0.1
	Total	**14,931.8**	**4.4**	**13,467.5**	**4.4**	**19,060.0**	**5.3**

Note: The survey covered procurement of goods and services above the threshold of SDR 100,000 and excluded procurement of construction services and procurement by sub-central government entities.

n.a. Not applicable.

Source: 2021, 2022 and 2023 Government Procurement Results. Viewed at: https://www.cas.go.jp/jp/seisaku/chotatsu/dai9/siryou1.pdf; https://www.cas.go.jp/jp/seisaku/chotatsu/dai10/siryou1.pdf, and https://www.cas.go.jp/jp/seisaku/chotatsu/dai11/shiryo1.pdf.

Table A3.10 Notifications to the TRIPS Council Art. 63.2

Document symbol	Title of law or regulation	Date of entry into force
IP/N/1/JPN/79, IP/N/1/JPN/P/28	Plant Variety Protection and Seed Act (reflecting amendments in effect as of 1 April 2022) (Act No. 83 of 1998)	15/01/2026
IP/N/1/JPN/78; IP/N/1/JPN/P/27	Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (Act No. 43 of 2022)	01/05/2024
IP/N/1/JPN/77; IP/N/1/JPN/U/5	Unfair Competition Prevention Act (Act No. 47 of 19 May 1993)	01/04/2024
IP/N/1/JPN/75; IP/N/1/JPN/P/26	Patent Act (Act No. 121 of 1959) - Latest Revision: Act No. 51 of 14 June 2023	01/04/2024
IP/N/1/JPN/76; IP/N/1/JPN/T/20	Trademark Act (Act No. 127 of 13 April 1959) - Latest Revision: Act No. 51 of 14 June 2023	01/04/2024
IP/N/1/JPN/73; IP/N/1/JPN/D/19	Design Act (Act No. 125 of 1959)	01/01/2024
IP/N/1/JPN/74; IP/N/1/JPN/P/25	Patent Act (Act No. 121 of 1959)	01/01/2024
IP/N/1/JPN/72; IP/N/1/JPN/T/19	Trademark Act (Act No. 127 of 13 April 1959)	01/01/2024
IP/N/1/JPN/71; IP/N/1/JPN/P/24	Patent Act (Act No. 121 of 1959)	03/07/23
IP/N/1/JPN/70; IP/N/1/JPN/D/18	Design Act (Act No. 125 of 1959)	03/07/23
IP/N/1/JPN/67; IP/N/1/JPN/P/23	Patent Act (Act No. 121 of 1959)	01/04/2023
IP/N/1/JPN/68; IP/N/1/JPN/D/17	Design Act (Act No. 125 of 1959)	01/04/2023
IP/N/1/JPN/69; IP/N/1/JPN/T/18	Trademark Act (Act No. 127 of 13 April 1959)	01/04/2023

Source: e-TRIPS Gateway.

Table A4.1 Selected agricultural production, FY2023

Product	Production volume ('000 tonnes)	Self-sufficiency ratio (%)
Vegetables	10,888	80
Rice	7,911	99
Milk and dairy products	7,324	63 (29)
Seafood	3,473	53
Chicken eggs	2,443	96 (13)
Fruit	2,428	38
Potatoes	2,364	68
Starch	2,250	..
Fats and oils	1,890	15
Sugar	1,729	25
Wheat	1,094	17
Soy	261	7
Poultry	1,690	65 (8)
Pork	1,298	49 (6)
Beef	502	40 (12)
Livestock	3,497	53 (8)

.. Not available.

Note: Figures in brackets are self-sufficiency ratios considering imported feed.

Source: Information provided by the authorities.

Table A4.2 Tariff quota fill ratio, FY2024

Description of products	No. of tariff lines	Tariff quota quantity (MT)	In-quota imports	Fill-rate (%)
Skimmed milk powder (for school lunch)	040210211, 040221211	7,264	681	9.4
Skimmed milk powder (for other purposes)	040210121, 040210216, 040210222, 040221216, 040221222, 040229220	74,973	22,592	30.1
Milk powder[a]	040221, 040229	0.3	..	..
Evaporated milk	040291121, 040291210	1,500	1,278	85.2
Condensed milk[a]	040299	13	..	..
Whey and modified whey (for feeding purposes)	040410131, 040410141, 040410171, 040410181	45,000	36,675	81.5
Prepared whey (for infant formula)	040410142, 040410182, 040490116, 040490126, 040490136	25,000	3,648	14.6
Butter and butteroil	040510121, 040510221, 040590221	581	44	7.6
Mineral concentrated whey	040410121, 040410122, 040410161, 040410162	14,000	218	1.6
Prepared edible fat	210690121, 210690122	18,977	12,967	68.3
Other dairy products for general use	040110110, 040120110, 040140110, 040150111, 040150121, 040320110, 040320120, 040390116, 040390117, 040390126, 040390127, 040390136, 040390137, 040490111, 040490117, 040490121, 040490127, 040490131, 040490137, 180620311, 180690311, 190110111, 190110121, 190120111, 190120116, 190190131, 190190136, 210112231, 210112236, 210120231, 210120236, 210610120, 210610130, 210690111, 210690112, 210690124, 210690125	133,940	123,900	92.5
Designated dairy products for general use	040210110, 040210221, 040221111, 040221121, 040221221, 040229111, 040229121, 040229211, 040299121, 040299210, 040390111, 040390112, 040390121, 040390122, 040390131, 040390132, 040410111, 040410119, 040410151, 040410159, 040510110, 040510210, 040520010, 040590110, 040590210	137,202	178,427	100[b]
Dried leguminous vegetables	071310221, 071332010, 071333221, 071334291, 071335291, 071339221, 071339226, 071350221, 071360291, 071390221	120,000	58,168	48.5
Wheat, meslin, triticale and their processed products	100111010, 100119010, 100191011, 100191019, 100199011, 100199016, 100199019, 100860210, 110100011, 110100091, 110290210, 110311010, 110319210, 110320110, 110320510, 110419111, 110419121, 110429111, 110429121, 110811010, 190120131, 190120151, 190190151, 190190171, 190410221, 190420221, 190430010, 190490210, 210690214	5,740,000	4,599,577	80.1
Barley and its processed products	100310010, 100390011, 100390019, 110290110, 110319110, 110320410, 110419410, 110429410, 190120141, 190190161, 190410231, 190420231, 190490310, 210690216	1,369,000	143,426	10.5
Rice and its worked and/or prepared products	100610010, 100620010, 100630010, 100640010, 110290310, 110319510, 110320350, 110419250, 110429250, 190120122, 190120162, 190190142, 190190587, 190410211, 190420211, 190490120, 210690517	682,200	682,200	100

Description of products	No. of tariff lines	Tariff quota quantity (MT)	In-quota imports	Fill-rate (%)
Starches, inulin, and their preparations	110812010, 110812020, 110813010, 110813020, 110814010, 110814020, 110819011, 110819012, 110819091, 110819092, 110820010, 190120156, 190120157, 190190176, 190190177	157,000	140,541	89.5
Ground nuts	120230011, 120230019, 120241091, 120242091	75,000	31,627	42.2
Tubers of konnyaku	121299110	267	46	17.2
Silk-worm cocoons and raw silk	500100010, 500200211, 500200215, 500200216, 500200217	798	154	19.3

.. Not available.

a TQs were not opened during FY2024 (milk powder and condensed milk).
b In case where in-quota imports exceeded the TQ quantities, fill rates are capped at 100%.

Note: The table contains 3 six-digit codes (milk powder and condensed milk) and 185 nine-digit codes.

Source: WTO document G/AG/N/JPN/305, 3 June 2025.

Table A4.3 Special safeguards, FY2024

HS	Description	Type	Date or period
040221139	Milk powder, not containing added sugar or other sweetening matter - Of a fat content, by weight, exceeding 5% but not exceeding 30%	Price	10/05/2024
040320199	Yogurt - Frozen, preserved or containing added sugar or other sweetening matter, flavoring, fruits or nuts (excluding frozen yogurt)	Price	18/06/2024
040390113, 040390118, 040390123, 040390128, 040390133, 040390138	Buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, sterilized, frozen, preserved, concentrated or containing added sugar or other sweetening matter, flavoring, fruits or nuts	Volume	01/02/2025 to 31/03/2025
071333229	Kidney beans, including white pea beans (Phaseolus vulgaris)	Price	04/12/2024
110813099	Potato Starch	Volume	01/11/2024 to 31/03/2025
110819098	Other starches (excluding Sago starch)	Price	30/10/2024
110820090	Inulin	Price	11/07/2024, 17/07/2024, 14/03/2025
190120159, 190190179	Food preparations of flour, meal or starch, which contain more than 85% by weight of flour, groats, meal and pellets of rice, wheat, triticale or barley, starch, or any combination thereof and mostly containing starch	Volume	01/12/2024 to 31/03/2025
190190179	Food preparations, containing more than 85% by weight of flour, groats, meal and pellets of rice, wheat, triticale or barley, starch, or any combination thereof, excluding cake-mixes and a kind used as food suitable for infants or young children or dietetic purpose - Mostly containing starch (excluding wheat starch)	Price	17/05/2024, 06/06/2024
190190159	Food preparations, containing more than 85% by weight of flour, groats, meal and pellets of rice, wheat, triticale or barley, starch, or any combination thereof, excluding cake-mixes and a kind used as food suitable for infants or young children or dietetic purpose - Mostly containing wheat and triticale preparation	Price	11/09/2024, 17/09/2024, 09/12/2024

Source: WTO document G/AG/N/JPN/300, 30 April 2025.

Table A4.4 Food assistance, 2017-2023

Year	Rice (tonnes)	Other agri-food products[a] (tonnes)
2017	71,102	36,170
2018	78,719	22,777
2019	87,089	44,711
2020	47,071	25,490
2021	65,280	6,513
2022	37,169	9,971
2023	33,376	6,924

a Other agri-food products include coarse grains, skim milk powder, sugar, vegetables, vegetable oils, wheat, and wheat flour, depending on the year.

Source: WTO documents G/AG/N/JPN/270/Rev.1, 6 December 2023; G/AG/N/JPN/271, 13 April 2022; G/AG/N/JPN/272, 13 April 2022; G/AG/N/JPN/273/Rev.1, 6 December 2023; G/AG/N/JPN/286, 6 December 2023; G/AG/N/JPN/292, 29 May 2024; and G/AG/N/JPN/302, 28 May 2025.

Table A4.5 Agricultural support notified to the WTO, FY2021/2023

(JPY billion)

Category & measure	Nature of support	FY2021	FY2022	FY2023	Note
Overview					
Final bound total AMS	WTO limit	3,972.9	3,972.9	3,972.9	
Current total AMS	AMS above *de minimis* (d.m.)[a]	208.2	814.7	184.5	
Utilization rate	% of limit used	5.2%	20.5%	4.6%	
De minimis support	AMS below *de minimis*	351.0	40.2	314.9	
Total Green Box	Non or minimally trade-distorting support	2,031.4	1,903.8	1,898.6	
Product-specific AMS					
Beef	Price deficiency payments; COVID-19 support	184	190.9	163.9	Above d.m. (always > 5%)
Sugar	Volume production payments	22.3	20.5	19.5	Above d.m. (support is approx. 28% of value)
Milk	Volume production and price payments	31.8	44.8	40.5	FY2021: below d.m. (4.1%) FY2022: above d.m. (5.7%) FY2023: below d.m. (4.9%)
Pork	Price deficiency payments	16.8	16.8	16.8	Below d.m. (always < 5%)
Vegetables	Price Payments	17.6	18.2	7	Below d.m. (always < 5%)
Non-product specific (NPS) AMS					
Total NPS value		279.6	557	245.4	Status: FY2021/23: below d.m. (<5%) FY2022: above d.m. (6.05%)
Baseline programmes					
Crop income stabilization	Income loss payments	230	241.6	206.5	Stable recurring support
Agricultural insurance	Premium subsidies	26.6	27.4	34.4	Stable recurring support
Special measures					
Feed Price support	Compound/emergency feed	23	200.7	0	FY2022 emergency feed: 109.0 and compound feed: 91.7
Fertilizer support	Price surge subsidy	0	78.8	0	New measure in FY2022 only
Fuel support	Horticulture fuel	0	8.5	4.5	Energy subsidy
Green Box					
Infrastructure	Dams, irrigation, roads, etc.	753.7	711	729.6	
Environmental programmes	Paddy field maintenance, etc.	429.3	435.6	464.9	
General services	Research, extension, inspection, etc.	613.1	549.6	525.3	Includes administration and research costs
Structural adjustment	Retirement and investment, etc.	154.1	128.5	102.2	Declining trend
Disaster relief	Natural disaster loans, etc.	39.3	37.3	34	
Public stockholding	Rice and wheat reserves, etc.	15.2	15.2	16	

a Includes only support provided at levels above the *de minimis* threshold (5% of the total or product-specific value of production).

Source: WTO documents G/AG/N/JPN/282, 30 May 2023; G/AG/N/JPN/294, 10 June 2024; and G/AG/N/JPN/304, 2 June 2025.