

III. JAPAN

FY 1999

Performance Goals

- a. Eliminate or substantially reduce formal and informal barriers to market access in two of the following areas: the closed distribution system, nontransparent regulations, discriminatory procurement policies, and other practices as identified in the National Trade Estimates Report for FY 1998 by negotiating new and extending current commercially significant sectoral and structural trade agreements, or otherwise ensuring U.S. suppliers fair and open access to the Japanese market.
- b. Negotiate, by the end of FY 1999, market-opening deregulation measures (in telecommunications, medical devices, pharmaceuticals, financial services, and housing).

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

Performance Verification

- a. On July 1, 1999, the NTT Procurement Agreement for telecommunications equipment was renewed. Japan also agreed to specific measures under the Enhanced Initiative on Deregulation and Competition Policy announced on May 3, 1999 to address its closed distribution system and to adopt government-wide public comment procedures introducing greater transparency into Japan's regulatory process.
- b. On May 3, 1999, President Clinton and Prime Minister Obuchi announced agreement on a Second Joint Status Report under the Enhanced Initiative on Deregulation and Competition Policy, which inter alia covers medical devices, pharmaceuticals, financial services, and housing sectors. This agreement also includes market-opening deregulatory measures in all these sectors.
- c. USTR has worked closely with the relevant agencies in monitoring the bilateral agreements contained in Appendix IV of the FY 1999 Performance Plan.

FY 2000

Performance Goals

- a. Eliminate or substantially reduce formal and informal barriers to market access in two of the following areas: the closed distribution system, nontransparent regulations, discriminatory procurement policies, and other practices as identified in the National Trade Estimates Report for FY 1999 by negotiating new and extending current commercially significant sectoral and
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structural trade agreements, or otherwise ensuring U.S. suppliers fair and open access to the Japanese market.

- b. Negotiate, by the end of FY 2000, market-opening deregulation measures (in telecommunications, medical devices, pharmaceuticals, housing, and energy).

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.
- b. On July 22, 2000, President Clinton and Prime Minister Mori announced agreement on a Third Joint Status Report under the Enhanced Initiative on Deregulation and Competition Policy, which inter alia covers telecommunications, energy, and housing sectors. This agreement also includes market-opening deregulatory measures in all these sectors.
- c. USTR has worked closely with the relevant agencies in monitoring the bilateral agreements contained in Appendix IV of the FY 1999 Performance Plan.

FY 2001

Performance Goals

- a. Eliminate or substantially reduce formal and informal barriers to market access in two of the following areas: the closed distribution system, nontransparent regulations, discriminatory procurement policies, and other practices as identified in the National Trade Estimates Report for FY 2000 by negotiating new and extending current commercially significant sectoral and structural trade agreements, or otherwise ensuring U.S. suppliers fair and open access to the Japanese market.
- b. Negotiate, by the end of FY 2001, market-opening deregulation measures (in telecommunications, medical devices, pharmaceuticals, housing, and energy).

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

Performance Verification

- a. Initiation and completion of negotiations were announced in press releases, notifications to Congress and in the *President's Trade Policy Agenda*. We reported fully on negotiations in the FY 2001 annual performance report.
- b. In June 2001, the United States and Japan launched the U.S.-Japan Economic Partnership for Growth ("the Partnership") through which our countries are tackling a wide range of bilateral

economic and trade issues. The Partnership consists of a senior-level forum and four groups created to address issues of concern to the United States related to structural and regulatory reform, financial and corporate restructuring, foreign direct investment, and open markets. In addition, the private sector, whose expertise/experience should help stimulate creative solutions to economic and trade problems, has been an integral part of the two governments' work under this initiative.

In addition, in October 2001, USTR and the Department of Commerce announced the creation an "Automotive Consultative Group" designed to improve U.S. companies' access to the domestic Japanese automotive market and Japanese auto plants in the United States. The Automotive Consultative Group will meet at least annually to assess trade and economic data on autos and automotive parts and address market access issues as well as needed regulatory reform in Japan.

- c. In June 2001, the U.S. and Japanese Governments submitted to the President and Prime Minister the Fourth Joint Status Report under the bilateral Enhanced initiative on Deregulation and Competition Policy, containing specific measures that Japan will undertake in key sectors and structural areas throughout its economy. This included concrete new steps in areas such as telecommunications, information technology, energy, housing, medical devices and pharmaceuticals, financial services, competition policy, Commercial Code reform, legal reform, distribution, and transparency.

The United States is seeking further market-opening, deregulatory measures by Japan under the Regulatory Reform and Competition Policy Initiative launched in June 2001. We expect to submit another annual report detailing further steps to be taken by Japan to the leaders in the summer of 2002.