

14th Trade Policy Review of Japan (6 and 8 July 2020)

Statement by India- Delivered by Ambassador & PR to the WTO

Thank you Chair. My delegation is pleased to participate in the fourteenth Trade Policy Review of Japan. My greetings to the Japanese delegation in Tokyo led by Mr. Kenko Sone, Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs and H.E. Ambassador Kazuyuki Yamazaki and his entire team here at the WTO, Geneva for the TPR. We thank Mr. Sone for his comprehensive opening statement, H.E. Ambassador Dagfinn Sorli of Norway for his insightful observations as a Discussant, and the Secretariat and the Government of Japan for the reports prepared for the review.

2. We are pleased to note from the Secretariat's Report that during the period under review, the Japanese economy has witnessed the longest economic expansion of the post-war era. While the present pandemic has impacted growth across the globe, we commend the Japanese Government for its efforts to boost economic growth.

3. India and Japan share centuries old ties of friendship and civilizational linkages. In 2014, Prime Minister Abe and Prime Minister Modi elevated this relationship to a Global and Strategic partnership which has now become multifaceted, substantive and deep. Regular high level exchanges take place between both countries. Japan remains a key partner in India's economic development and its continued growth is beneficial to both India and the global economy.

4. Deepening trade and economic relations are a key pillar of our strategic partnership. The bilateral trade between India and Japan stood at about 17 billion US dollars in 2018-2019. Exports from Japan to India during this period were of the order of 12 billion and imports from India were about 5 billion.

5. Japan is our third largest investor and India has consistently remained amongst the most attractive destinations for Japanese companies. Since 2000, their investments in the form of FDI into India has grown steadily to more than USD 32 billion. There are nearly 1,500 Japanese companies with more than 5,000 business establishments, thriving in India and many of them have become household names. Over a 100 Indian companies are contributing to

growth and job creation in Japan. Japan is also an important partner for our flagship infrastructure projects including various industrial and freight corridors, high-speed rail and metro rail projects across the country. In recent years, the bilateral cooperation has expanded to new areas including Energy, Skill Development, Digital partnership, Start-up and Financial markets to name a few.

6. In terms of its trade policy, Japan is an open economy. However, the Secretariat Report mentions that since the last review, while the general thrust of Japan's trade policy remains unchanged, the regulatory regime of SPS and TBT measures have been further strengthened. As noted in the Report, the agriculture sector remains highly protected with some of the highest import tariffs with a maximum tariff of almost 500 % and Tariff Rate Quotas (TRQs) across 101 tariff lines. The specific market support to agriculture is double the OECD average.

7. Chair, we thank the Japanese delegation for the replies provided to some of the questions we had raised. These will be reviewed by my authorities. However, I wish to underline some specific trade concerns which undermine the tremendous potential of our bilateral economic relations. The regulatory regime including technical regulations, standards and SPS measures which in many cases are more stringent than international standards continue to impact agricultural exports from India to Japan. The stringent maximum residual levels (MRLs) for agricultural chemicals, chemical products, additives for food products etc. are major entry barriers and add to the costs of our exporters. Further, our exports of shrimps, organic products, egg bi-products, mangoes, steel, textiles and carpets continue to face market entry barriers. Agricultural products such as pomegranates, potatoes, etc. are also still awaiting market access. We would urge Japan to review the standards and measures to improve market access for Indian exporters by harmonising the standards to the Codex level. Indian pharmaceutical companies continue to face difficulties in accessing the Japanese market due to the stringent and cumbersome regulatory framework and the requirement to form joint ventures with Japanese companies. The current pandemic demonstrates that easier access for Indian Pharma companies in Japan will be a win-win outcome for both countries. In the IT services market, the Keiretsu model of Japan makes it extremely difficult for Indian IT firms to approach customers directly, despite their competitive strength in the sector. We request Japan to look into both these areas i.e. pharma and IT services and simplify the regulatory framework to make it consistent with international standard and

norms. Despite being part of the Comprehensive Economic Partnership Agreement (CEPA), the Mutual Recognition Agreements on Accountancy and Nursing services, the access for Indian companies in the insurance sector in Japan and procedural visa related issues for Indian professionals remain a matter of concern for us. We hope Japan will comprehensively look into all these matters expeditiously.

8. Chair, before I conclude I wish to highlight the vast potential for further strengthening the trade and investment ties between both countries, given the natural affinities we share. We look forward to working closely with the authorities of Japan in further expanding our economic ties for mutual benefit and wish our Japanese friends a productive and successful TPR.
