

**Trade Policy Review of Japan  
(First Session on 1 March 2023)**

**Statement by Hong Kong, China**

- I would like to start by extending a warm welcome to the delegation of Japan led by Mr Akihiro OKOCHI, Deputy Assistant Minister of the Economic Affairs Bureau and Ambassador in charge of Economic Diplomacy. I would also like to thank the Discussant H.E. Mr Joao AGUIAR MACHADO of the European Union for his insightful remarks, and the Secretariat for preparing the comprehensive report.
- Hong Kong, China and Japan have been enjoying robust trade and economic relations. Japan is our 6<sup>th</sup> largest partner in merchandise trade. Despite the pandemic, our bilateral trade in goods recorded an encouraging year-on-year growth of 11.5% in 2021, with trade value amounting to US\$50.1 billion.
- Japan is also our 5<sup>th</sup> largest partner in services trade. In 2020, our bilateral trade in services amounted to US\$5.2 billion. With the lifting of COVID-19 travel restrictions in Hong Kong, we look forward to more business and tourist travels between Hong Kong and Japan, which would benefit the travel and transport services of both sides.
- We have the following observations on Japan's trade policy regime.
- First, on **trade facilitation**, we appreciate Japan's active contributions in capacity building and experience sharing at the Committee on Trade Facilitation throughout the years, including its responses to the pandemic. We also welcome Japan's efforts to further digitalise and simplify its customs procedures by introducing the Smart Customs Plan 2020 and amending its Customs Act in 2021.
- Second, on **tariff**. We appreciate that Japan has bound 98% of its total tariff lines at a simple average rate of 6.4% and the percentage of duty-free tariff lines has slightly increased from 40.5% in 2019 to 40.9% in 2022. However, Japan's rather complicated MFN applied tariff structure and application of non-ad valorem rates in 7.3% of its tariff lines have reduced the predictability of its tariff regime. We would encourage Japan to consider converting the non-ad valorem rates to ad valorem ones.

- Turning to **agriculture**, we note that Japan’s agricultural sector remains relatively protected: the average applied MFN rate for agricultural products was 18% in 2022, compared with 3.4% for non-agricultural products. We also note that Japan provided a range of support to the sector through border measures and domestic measures, with “amber box” measures making up 22% of Japan’s agriculture domestic support notified to the WTO. We would encourage Japan to further liberalise trade in its agricultural sector.
- Finally, on **services**. The services sector, which constitutes the backbone of Japan’s economy, was hard hit by the pandemic in 2020 before its recovery in 2021. As both Hong Kong, China and Japan are services oriented economies, we look forward to working even closer with Japan in the multilateral context with a view to pursuing progressive liberalisation of trade in services.
- Chair, Japan has been an active member of the rules-based multilateral trading system. Hong Kong, China looks forward to continuing working with Japan on issues of mutual concern and deepening our bilateral ties on all fronts. I would also thank Japan for their replies to our written questions and wish Japan a successful and fruitful trade policy review.

**Hong Kong Economic and Trade Office in Geneva**  
**March 2023**