

Japan

1. Bilateral trade and investment

China has close economic and trade relations with Japan, each being the major trading partner of the other. With complementarity in the economy of the two countries, it is in the common interest for China and Japan to maintain and develop mutually beneficial economic and trade ties. According to customs statistics released in China, Japan was China's third largest trading partner in 2006. The bilateral trade volume between China and Japan hit US \$ 207.356 billion in 2006, breaking the 200 billion dollar mark for the first time and up 12.5% over the previous year, among which China's exports to Japan accounted for US \$ 91.639 billion, gaining 9.1%, while China's imports from Japan registered an increase of 15.2% to arrive at US \$ 115.717 billion. With imports growing much faster than exports, China ran a trade deficit of US \$ 24.078 billion with Japan. Of all the exports to Japan, garments and accessories, metal products, computers and auxiliaries enjoyed a marked growth in 2006. Out of all the imports from Japan, electronic devices such as semiconductors, non ferrous metals, and plastic materials showed a significant growth.

As was released by China's Ministry of Commerce(MOFCOM), by the end of 2006, the accumulated turnover of the engineering contracts completed by Chinese companies in Japan had added up to US \$ 480 million, the accumulated volume of the completed labor service contracts had come out at US \$ 8.23 billion.

Upon the ratification or on the record of MOFCOM, China's direct non financial investment in Japan totaled US \$ 18.42 million in 2006.

According to the figures of MOFCOM, Japanese firms invested in 2,590 projects in China in 2006, with a contractual investment of US \$ 9.91 billion and an injected capital of US \$ 4.6 billion. By the end of 2006, Japan had accumulatively invested in 37,714 projects in China, with a pledged investment of US \$ 88.48 billion and an actual capital input of US \$ 57.97 billion.

2. Japan's trade and investment regime

The legal framework of trade and investment in Japan consists of Foreign Exchange and Foreign Trade Law, Import and Export Transactions Law, and the relevant government regulations such as Cabinet Orders, Ministerial Ordinances, Circulars, Notices and Announcements.

The Ministry of Economy, Trade and Industry(METI) is Japan's leading government body in the administration of foreign trade and investment. Other

government bodies partly responsible for foreign trade and investment matters include the Ministry of Finance(MOF) and its affiliated agency Japan Customs, the Ministry of Agriculture, Forestry and Fisheries(MAFF), the Ministry of Health, Labor and Welfare(MHLW), and the Bank of Japan(BOJ). Institutions such as Japan External Trade Organization(JETRO), Japan Bank for International Cooperation(JBIC), Nippon Export and Investment Insurance(NEXI) also deal with trade and investment. According to the Ordinance to Partially Revise the Organization of the Ministry of Agriculture, Forestry and Fisheries, as from 1 August 2006, the government body administering tariff quotas for agricultural products has been changed from the Department of Trade and Tariff to the Department of International Economy, which will be responsible for processing tariff quota applications and granting tariff quotas.

2.1 Trade administration regime and its recent developments

2.1.1 Tariff administration

The major legislation governing customs tariff in Japan mainly includes Customs Law, Customs Tariff Law, and Temporary Tariff Measures Law.

In March 2006, Japan Customs, an agency affiliated to the Ministry of Finance, promulgated the Amendments to Customs Tariff Law, which went into force on 1 April 2006(part of which took effect from 1 June 2006, 1 July 2006 and 1 January 2007). Major amendments include:(1) changes in the tariff rates for certain products, for example, customs duties for petroleum products and ethyl alcohol have been reduced;(2) the extension of temporary customs rates, namely, temporary customs rates originally scheduled to expire on 31 March 2006 have been extended for another year; and (3) the readjustment in the tariff schedule according to the revisions in the Harmonized Commodity Description and Coding System(HS), strengthening customs inspection on imports at the time of entry, facilitating customs procedures, and toughening inspection on goods suspected to have infringed upon intellectual property rights.

As from 27 December 2006, Japan terminates the application of GSP preferential rates to the following categories of products: sheets for veneering under Tariff Heading Nos. 4408 • 10 • 2(2), 4408 • 31(2), 4408 • 39 • 4(2), and 4408 • 90 • 2(2),(the above applies to products originating in China); products under Tariff Heading No. 4421 • 90 • 3(1), Chapter 44(excluding those under Tariff Heading Nos. 4421 • 13, 4421 • 14, 4421 • 19, and 4421 • 22—32), Chapter 54(excluding those under Tariff Heading Nos. 43 and 44), 5604 • 20 • 2(2), 5604 • 90(2), 7409 • 11, 7409 • 19, 7409 • 40, 7409 • 90, 74 • 10, and 7411 • 10 in the customs tariff schedule annexed in the Customs Tariff Law,(the above applies to products originating from all recipient countries of GSP). As from 16 January 2007, GSP preferential rates no longer apply to the following product categories: items under Tariff Heading No.2905 • 44 originating from China; products under Tariff Heading Nos.7202 • 30, 7202 • 50, 7202 • 70, 7202 • 80, 7202 • 91, 7202 • 92, and 7202 • 99(excluding Ferro phosphorus), and Chapter 76 in the customs tariff schedule annexed in the Customs Tariff Law,(the

above applies to all GSP beneficiary countries). In recent years, Japan has frequently reduced the number of products with Chinese origin to which GSP preferential rates are applicable.

2.1.2 Import administration

According to the relevant regulations in Japan, imports fall into two broad categories: free imports and non free imports.

Free imports embrace those goods imported into the country that do not need to apply for licensing, submit import statements, and present invoices upon clearing customs. Non free imports refer to those goods that are, according to the Import Administration Ordinance, subject to prior licensing. These cover goods subject to import quotas, specified goods from certain places of origin or shipment, goods requiring prior ratification of the competent ministers, and goods required to submit designated documents to the customs.

2.1.3 Export administration

A member to the Wassenaar Agreement, Japan has joined all the international export control organizations, including Nuclear Suppliers Group(NSG), Australia Group(AG) and Missile Technology Control Regime(MTCR), and subjects all the goods designated in the relevant international treaties to examination and licensing. Based on Foreign Exchange and Foreign Trade Law, Import and Export Transactions Law, and Export Administration Ordinance, Japan's trade regime also provides for export controls, restrictions on the supply of technologies, prior approval and post export examination of exports.

2.2 Investment administration regime and its recent developments

Pursuant to Japan's Foreign Exchange and Foreign Trade Law, there is, in principle, no restriction placed upon foreign companies investing in Japan. However, prior application is still needed when investing in an industry such as the aircraft and the weapons industry on which the OECD Code of Liberalization of Capital Movements allows for measures of restrictions to protect national security, or in an industry such as the petroleum and the leather industry on which Japan has expressed its reservation to the OECD Code of Liberalization. In addition, the relevant stipulations in the Anti Monopoly Law prescribing joint ventures, shareholding restrictions and corporate shareholdings also affect foreign direct investment in Japan.

At present, foreign direct investment(FDI) in Japan has, in aggregate, been liberalized, with the notable exception in four major sectors, namely, agriculture forestry fishery, mining industry, petroleum industry, and leather industry. According to the pertinent stipulations in the Law on Vessels, Japan's domestic maritime shipping market is open only to vessels registered in Japan; foreign companies are permitted to invest in Japan's domestic shipping market only after they have established a

company in Japan.

2.3 Administration regime related to trade and investment and its recent developments

2.3.1 Relevant provisions in the new Corporate Law

In June 2005, Japan enacted a new Corporate Law, which went into effect on 1 May 2006. The new Corporate Law was made on the basis of the old Corporation Law in the Commercial Code, Special Law in the Commercial Code, and Limited Liability Company Law. The most notable amendment in the new Corporate Law is the abolition of minimum registered capital requirement for the establishment of a company. To put it simply, permission is now granted for the set up of a one Yen company. This amendment significantly lowers the threshold for foreign investors to open businesses in Japan.

2.3.2 Revisions of Agricultural Seeds and Seedlings Law Enforcement Regulation

At present, about 40% of the applications for the registry of new varieties of plants in Japan comes from foreign countries. The Japanese government considers it important to encourage the registry application of new varieties of plants developed by Japanese in countries overseas. Therefore, the Ministry of Agriculture, Forestry and Fisheries amended on 30 May 2006 the Agricultural Seeds and Seedlings Law Enforcement Regulation, which brings its own application forms and supporting papers in line with those specified by the International Union for the Protection of New Varieties of Plants (UPOV). According to the revised regulation, the names of the new plant varieties under application may be expressed in Roman alphabets or in foreign languages that use Roman alphabets. The new regulation entered into force on 1 August 2006.

2.3.3 Entry and exit administration

In March 2006, the Immigration Bureau of Japan's Ministry of Justice issued a notification, specifying the guidelines for the examination and approval of applications filed by foreign nationals coming to Japan for "re training" and "alternate training" purposes.

The Ministry of Justice amended in March 2006 relevant regulations (Ministerial Ordinance No. 29, 2006) concerning the criteria for foreign nationals such as doctors, dentists and nurses who intend to engage in the activities as described in the status of residence "Medical Services", abolishing some of the restrictions placed on their employment in Japan.

2.3.4 Certification procedures of qualification

Subject to mandatory Japanese technical standards, many products must be examined, tested and evaluated by Japanese officials at the point of entry. The Japanese certification of qualification falls into two categories: mandatory and voluntary. Mandatory certification, which mainly applies to consumables, electric appliances,

liquefied petroleum gas utensils and coal gas fittings, is implemented according to relevant laws. The most important certification body is the Ministry of Economy, Trade and Industry, which deals with the certification of 90% of products in Japan.

2.4 Product specific administrative measures

2.4.1 Positive list system

According to the revised Food Sanitation Law, the so called “positive list system” was formally put into implementation in Japan on 29 May 2006. The positive list system provides a list of residue limits for those agricultural chemicals (pesticides, veterinary drugs and feed additives) that are allowed in foods. According to the new system, there are two ways to establish residue limits for agricultural chemicals remaining in foods: (1) As stipulated in Article 11 of the Food Sanitation Law, maximum residue limits for a total number of 799 agricultural chemicals (including those for 283 agricultural chemicals that are already effective before the introduction of the positive list system) have been established; (2) According to the notification of the Ministry of Health, Labor and Welfare, a uniform limit of 0.01 ppm has been set for those agricultural chemicals for which no maximum residue limits exist. In addition, 65 chemical substances have been designated by the Minister of Health, Labor and Welfare as those that will not pose adverse health effects and, therefore, are not subject to the positive list system.

2.4.2 Revisions of Plant Quarantine Law Enforcement Regulation

On 28 July 2006, Japan's Ministry of Agriculture, Forestry and Fisheries issued its revised Plant Quarantine Law Enforcement Regulation (MAFF Ordinance No. 68), adding 29 animals and 5 plants to the list of non hazardous fauna and flora that are exempt from quarantine, which went into effect on 10 August 2006. At the same time, Japan subjects China (excluding the Hong Kong Special Administrative Region) to the growing site inspection in exporting countries, requiring phytosanitary inspection on near wilt of pea. This regulation will become effective as from 10 August 2007.

2.4.3 Revisions of Imported Plant Quarantine Guidelines

In October 2006, Japan's Ministry of Agriculture, Forestry and Fisheries released the revised Guidelines on Quarantine of Imported Plants, which states: (1) In the light of pest risk assessment, it is decided that there exists a risk that pests may invade Japan via wood packaging materials in international trade and that plant quarantine measures consistent with international standards should be adopted. Wood packaging materials disinfected in exporting countries according to international standards and labeled “DISINFECTED” shall be exempt from plant quarantine upon entry. (2) Wood packaging materials that are not marked “DISINFECTED” shall be subject to plant quarantine at the point of entry. The relevant revisions shall come into effect as from 1 April 2007.

2.4.4 Revisions of industrial standards

In January 2007, Japan's Ministry of Economy, Trade and Industry published 13 categories of industrial standards, most of which involve electrical home appliances.

3. Barriers to trade

3.1 Tariff and tariff administrative measures

Japan imposes a uniform rate of 17% on imports of both green tea and oolong tea, but a mere rate of 2.5% on black tea in bulk. Believing that the Japanese practice of collecting differential tariff rates on different varieties of tea is unjustifiable, increases export costs of Chinese enterprises and unfavorably affects China's exportation of tea to Japan, the Chinese side urges Japan to cut the tariff rates on green tea and oolong tea as early as possible.

3.2 Technical barriers to trade

Japan has a multitude of technical standards and regulations. About 10% of the Japanese national standards are not consistent with international standards, particularly so in agricultural standards, which are usually far more demanding than international standards.

On the strength of their unique efficacy, the traditional Chinese herbal and patent medicines (or Kanbo-yaku in the Japanese language) are increasingly popular and well received in the Japanese market. However, because the Japanese government still fails to formulate unified, integrated and normalized market access criteria for Chinese herbal and patent medicines, the relevant Chinese products cannot enter the Japanese market despite continued efforts on the Chinese side.

China hopes that the competent Japanese authorities will, as soon as possible, draft market access criteria for traditional Chinese medicines and make known the examination and approval procedures so that the relevant Chinese producers and exporters may find access to the Japanese market accordingly.

3.3 Sanitary and phytosanitary measures

3.3.1 Inspection and quarantine procedures

Japan adopts a very exacting inspection and quarantine system on agricultural, livestock and food imports. Imported agricultural products are first inspected for plant diseases and insect pests by plant and animal quarantine centers under the Ministry of Agriculture, Forestry and Fisheries. Meanwhile, as agricultural products are for the most part foodstuffs, they then have to be subjected to food sanitary inspection by quarantine centers under the Ministry of Health, Labor and Welfare after passing plant

and animal quarantine. The testing, inspecting and quarantine procedures targeting agricultural products from China are over elaborate, complicated and onerous. Japan subjects up to 30 categories of Chinese agricultural products to mandatory inspection(batch by batch inspection), accounting for 25% of all the 119 food items that must go through quarantine procedures. In addition, Japan expands the range of agricultural chemicals that has to be checked and increases sample sizes; for example, 448 testing items have been established for Chinese vegetable exports. Chinese exporters complain that customs clearance fee for Chinese agricultural exports runs into 150,000 to 170,000 Japanese Yen per batch. It usually takes 4 days for Chinese agricultural products to clear customs, and for agricultural exports subject to mandatory inspection, it can take as long as 10 to 20 days, which adds significantly to the customs clearance fees, including warehousing and inspecting charges. Furthermore, the delay in customs clearance adversely affects the quality of fresh vegetables and greatly blunts the competitiveness of Chinese exports.

3.3.2 Food additives

Japan strictly restricts the use of additives in food. A large number of food additives banned in Japan such as potassium sorbate are allowed in the international standards set forth in Codex Alimentarius Commission(CAC) and in many other countries. In addition, Japan usually confines the use of a particular food additive to domestically produced traditional Japanese foods, thereby prohibiting the import of food products containing the same food additive.

3.3.3 Positive list system

Since its official implementation on 29 May 2006, the positive list system has severely affected the export of Chinese agricultural products to Japan. Japanese importers and distributors have begun to look for agricultural suppliers elsewhere or simply suspend agricultural imports from China altogether. There is a marked drop in Chinese agricultural exports to Japan, particularly exports of fresh vegetables and eels. In June 2006, Chinese agricultural exports to Japan fell by 17.9% over the same period last year.

China understands the Japanese concern over food hygiene and safety and the need to strengthen the monitoring of agricultural chemicals in foods, and has made continued efforts to increase the quality and safety of Chinese agricultural exports. However, the Chinese side believes that the enforcement of the positive list system, which is unreasonable in many regards, has adversely affected normal bilateral trade in agricultural products. China, therefore, hopes that the Japanese government takes China's concern seriously and tackles the following problems properly:

(1) Reasonable and scientific improvements in residue limits. Most of the current temporary residue limits are set at the average value of the standards of only five countries or regions such as the US and the EU, and have not been critically reviewed, which runs counter to the principle of risk assessment and the determination of

appropriate sanitary and phytosanitary protection as laid down in Article 5 of WTO/SPS. In particular, in the absence of sound scientific evidence and sufficient risk assessment, the so called uniform limit is set at 0.01ppm for hundreds of agricultural chemicals which differ significantly in physical attributes, uses and effectiveness. Such a practice itself has no justified scientific grounds and does not accord with the principles in the pertinent international agreements. In addition, there is no consistent application of the residue limits. For the same agricultural chemicals, some foods are subject to specified residue limits, while other foods are subject to the uniform limit. China calls into question the rationality of such a practice and demands that Japan give reasons for the determination and application of the uniform limit and improve the establishment of the uniform limit the soonest possible.

(2) The fulfillment of technical assistance obligations. In accordance with Article 9, Section 2 of WTO/SPS regarding the provision of technical assistance to developing member countries, Japan should, as soon as possible, make its testing methods known, provide testing instruments to the Chinese side, and offer technical training, cooperation and development programs to Chinese businesses and farmers.

(3) The adoption of corresponding measures to ensure normal trade. On the one hand, Japan should strengthen dialogue with the Chinese side regarding technical issues. Taking into account the time lag between the productive cycle of farm products and the enforcement of the positive list system, Japan should implement the new system step by step in a flexible and practical way, and provide a timetable for its gradual implementation and a list of key agricultural chemicals and products subject to inspection. On the other hand, Japan should take appropriate measures to speed up inspection and reduce inspecting costs. The increase in inspection expenses not only incurs heavy losses to Chinese exporters and Japanese importers, but also pushes the rise in prices, thereby ultimately harming the interest of Japanese consumers.

(4) Provision of facilitation and differential treatment in import inspection to reliable Chinese enterprises. The relevant Chinese governmental departments or trade associations will provide a list of trustworthy enterprises, which will, it is hoped, enjoy priority in customs clearance and not be affected by problems in food quality and safety caused by other Chinese enterprises.

3.3.4 Mandatory inspection on agricultural imports

According to the revised Food Sanitation Law in 1995, Japan established the so called “mandatory inspection system”, which subjects a great variety of food products (and their containers) specified by ministerial ordinances such as vegetables, fruits and their processed products, beef, pork, chicken and offals, fish and meat mixed products, and beans to “voluntary inspection” by designated inspection agencies. However, in practice, food products that come under mandatory inspection includes not only those specified by administrative ordinances, but also a considerable number of specific items from specific exporting countries or exporters based on the annual notification of the Ministry of Health, Labor and Welfare. Food products

subject to mandatory inspection must be kept before the inspection results are made known and follow up import procedures for them cannot be processed. When found to be unqualified, these food products will be returned to the suppliers, abandoned, or used in purposes other than human consumption.

Since March 2006, the Ministry of Health, Labor and Welfare has imposed mandatory inspection upon staple agricultural products from China such as green Chinese onion(*Allium fistulosum*), oolong tea, black fungus, mushroom(*Lentinus edodes*), white fungus(*Tremella fuciformis*), pine mushroom, garlic bolt, eel, ginger and shii take mushroom, which incurs substantial losses to the Chinese enterprises involved. China expresses great concern over the issue of mandatory inspection.

The Japanese authorities sometimes arbitrarily expand the range of mandatory inspection. On 20 October 2006, the Inspection and Safety Division of the Food Safety Department of the Ministry of Health, Labor and Welfare issued a notification, requiring mandatory inspection on onions and their roughly processed products from China to check tebufenozide. The declared reason for such mandatory inspection is that on 6 October 2006, the Kobe Inspection and Quarantine Center detected tebufenozide at 0.03ppm and 0.05ppm respectively in fresh shallots exported from China's Shandong Province, exceeding the uniform limit of 0.01ppm as laid down in the positive list system. However, onions fall into several different categories, such as green Chinese onions, shallots and sweet onions. China mainly exports green Chinese onions to Japan, with shallots and sweet onions accounting for a negligible part of Chinese exports of onions. So far, no agricultural chemical residues in green Chinese onion exports have been found exceeding the uniform limit. Japan stated that under the Japanese imported food classification code, there is only the entry of onions without any sub-headings. Therefore, although only shallots have been detected exceeding the uniform limit of chemical residues, all the varieties of onions should be subjected to mandatory inspection. Japan also asserted that as the cultivation methods of shallots and green Chinese onions are believed to be quite similar, mandatory inspection measures upon all onion categories are justifiable. Mandatory inspection on onions of Chinese origin tarnishes the reputation of Chinese onions, blunts the interest in the import and export trade of the said products, increases inspecting and warehousing costs, raises demurrage from the previous 2 days to 7 or 8 days, and reduces the shelf life from the previous 10 days to 3—5 days. The effect is particularly damaging for fresh onion exports. At present, some Japanese supermarkets have indicated that the reduction of freshness and shelf life will force them to suspend the sale of green Chinese onions from China. China expresses grave concern over the unreasonable practice on the part of the Japanese government and urges Japan to amend its relevant regulation and to end mandatory inspection on green Chinese onions originating from China at the earliest possible date.

3.3.5 Certification of artiodactyl and poultry meat thermal processing facilities

In accordance with Livestock Infectious Disease Prevention Law and other relevant regulations and on the grounds of preventing the spread of foot and mouth disease and avian influenza("bird flu"), Japan requires that artiodactyl meat and

poultry meat of Chinese origin can be imported into Japan, only after they have been thermally processed at the facilities designated respectively by the Ministry of Agriculture, Forestry and Fisheries and by the livestock sanitation authorities.

Since the implementation of such a certification regime, there are, according to the statistics released by the Ministry of Agriculture, Forestry and Fisheries at the end of July 2006, only 81 designated artiodactyl and poultry meat thermal processing facilities in China. Except that four facilities were changed in January 2005, there are no additions to the list of designated facilities, and the certification of 7 facilities has been canceled for alleged violation of relevant rules. In recent years, meat thermal processing industry has developed very quickly in China, with a steady rise in the number of such enterprises every year. The facilities designated by the Japanese authorities have lagged well behind the overall development in the industry in China, be it in quantity or in quality. On the pretext that Chinese facilities have been found to fall short of the hygienic standards, Japan has refused to entertain any new applications for the certification of designated facilities, which seriously restricts China's exports of relevant meat products. Many newly established facilities with advanced technology, sound governance and good sanitation have failed to enter into the designated list, which is a total disregard of the real development in the industry in China. The Chinese side believes that to expand the certification of designated facilities will only contribute to the improvement in the quality of Chinese exports of meat products.

China believes that the Japanese regime of certification and accreditation of designated thermal processing facilities should take into full account not only the safety of relevant meat products, but also the interest of Chinese exporting enterprises so that the regime as such will not pose a barrier to the normal development of bilateral trade. China once again strongly urges the competent Japanese authorities to consider the candidate facilities recommended by the Chinese side for the certification and to expand the number of designated facilities in China as soon as possible.

3.4 Export Restrictions

Every year since 2002, Japan has placed many Chinese companies, research institutes and universities in the Foreign End User List of Catch All Export Controls. In 2006, there are still 14 Chinese entities on the catch all list. China believes that it is utterly unjustifiable to put Chinese entities on the catch all list in the absence of any valid grounds and any sound proof and demands that Japan give reasons and provide evidence for such an act.

Some Chinese entities named in the catch all list have engaged in Sino-Japanese trade for a long time, and others have been long term clients of Japanese companies. The unfair practices on the part of the Japanese government have seriously affected their legitimate trade activities. Because of catch all controls, the Chinese entities on the list have been forced to terminate their cooperative projects with Japanese partners. China's import of controlled listed items from Japan has been either

banned or delayed, the indirect adverse effects of which are hard to estimate. Such a consequence not only impedes the long term steady growth in bilateral trade, but also incurs tremendous and unnecessary costs to Japanese as well as Chinese enterprises.

For this reason, a communication arrangement has been set up between the two countries, in which the Chinese government will provide the Japanese government with a Statement of End Users and End Uses for the import of controlled listed items. If necessary, the Japanese government can ask the Chinese government to render assistance in investigation to confirm Chinese end users and end uses. China is prepared to strengthen cooperation with Japan to improve the information sharing mechanism through appropriate channels. China hopes that Japan will adopt effective measures to remove Chinese entities from the catch all control list as quickly as possible.

3.5 Barriers to trade in services

According to the relevant stipulations in the Port and Harbor Administration Law, engagement in port and harbor inspection is subject to the examination and ratification of Japan's Ministry of Land, Infrastructure and Transport. With recent deregulation in Japanese port and harbor supervision, foreign invested companies are allowed access to port and harbor inspection business subject to the fulfillment of relevant requirements of the Ministry of Land, Infrastructure and Transport. One of the mandatory requirements is that the applicant company should have at least three inspectors with qualifications certified by the Japanese authorities. However, there are, at present, no unified state level qualifications training and accreditation examination recognized by the Japanese government. All the current practitioners in port and harbor inspection are trained by the Japanese trade association, which offers training and accreditation only to its member Japanese companies. Non member companies, mostly foreign invested companies, have no access to relevant training and accreditation. This means that Chinese invested companies cannot obtain qualifications through relevant training and thus are barred from entering into activities of port and harbor inspection, which amounts to a de facto barrier to trade in services.

China hopes that the competent Japanese authorities will adopt effective measures to provide convenience to the training and accreditation of inspectors in foreign invested companies, including Chinese ones, thereby offering real market access to such business activities.

3.6 Other barriers

With increasingly closer bilateral economic and trade relations, people to people exchanges, especially in the business circles, between the two countries have become very frequent. China's Ministry of Foreign Affairs has decided that Japanese nationals holding general passports and intending to travel to China's mainland for

a period of no more than 15 days for purposes of sightseeing, business, visiting relatives and friends or transit can enter China without a visa through ports of entry open to foreigners. In stark contrast, the Japanese government up to now still subjects Chinese business people to complicated and tedious visa application procedures, which has caused considerable inconvenience to Chinese enterprises. The Japanese immigration control authorities impose excessively harsh and irritating review standards for the acquisition and renewal of status of residence of Chinese staff working in Chinese invested companies in Japan, which has affected the employment freedom and business operations of Chinese funded companies in Japan.

China once again urges the relevant Japanese authorities to increase efficiency and transparency of visa issuance, to relax the policy for issuing short term business visas, to further clarify and streamline procedures of visa issuance, and to normalize procedures and criteria for reviewing the status of residence of employees of Chinese invested companies in Japan, thereby providing facilitation to business people traveling between the two countries and business activities of Chinese invested companies in Japan.