

The New Japanese GSP Schemes for LDCs and Bangladesh's Export Opportunities

Paper 44

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*The present paper, **The New Japanese GSP Schemes for LDCs and Bangladesh's Export Opportunities** , has been prepared as part of CPD's on-going **Trade Policy Analysis** programme.*

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LIST OF ACRONYMS

AC	African, Caribbean countries
ACP	African, Caribbean and Pacific countries
ADD	Anti Dumping Duty
AGOA	African Growth Opportunity Act
AMCL	Agricultural Marketing Co. Ltd.
AoA	Agreement on Agriculture
ASEAN	Association of South East Asian Nations
ATDP	Agro-based Technology Development Project
BADC	Bangladesh Agricultural Development Corporation
BARI	Bangladesh Agricultural Research Institute
BDXDP	Bangladesh Export Diversification Project
BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade Partnership Act
CCP	Critical Control Point
CET	Constant Elasticity of Transformation
CGE	Computable General Equilibrium
CPD	Centre for Policy Dialogue
DCs	Developing Countries
DME	Developed Market Economy
DSM	Dispute Settlement Mechanism
EBA	Everything but Arms
EC	European Commission
ECU	European Currency Unit
EEF	Entrepreneurs' Equity Fund
EU	European Union
F&V	Fruit and Vegetables
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GEF	General Equilibrium Framework
GMO	Genetically Modified Organisms
GSP	Generalized System of Preference
GTAP	Global Trade Analysis Procedure
H/H	House Hold
HACCP	Hazard Analysis Critical Control Point
HS	Harmonized System
HSC	Harmonized System of Coding
HYV	High Yielding Variety

IF	Integrated Framework
IFOAM	International Federation of Organic Agriculture Movements
IOAS	International Organic Accreditation Service
ISO	International Organization for Standardization
ITC	International Trade Centre
JAS	Japan Agricultural Standards
JETRO	Japan External Trade Organization
JFTC	Japan Foreign Trade Council
JIS	Japan Industrial Standards
JITAP	Joint Integrated Technical Assistance Programme
LDCs	Least Developed Countries
MAFF	Ministry of Agriculture, Forestry and Fisheries of Japan
METI	Ministry of International Trade and Industry
MFA	Multi-Fiber Arrangement
MFN	Most Favoured Nation
MGF	Matching Grants Facilities
MHLW	Ministry of Health, Labor, and Welfare
MLVs	Maximum Limit Values
MOFA	Ministry of Food and Agriculture
MOF & A	Ministry of Foreign Affairs
MT	Metric Ton
NAFTA	North American Free Trade Area
NGMA	Negotiating Group on Market Access
NGOs	Non-Government Organization
OCT	Ontario College of Teachers
OECD	Organisation of Economic Cooperation and Development
PT	Preferential Treatment
PTA	Preferential Tariff Arrangement
QRs	Quantitative Restrictions
RC	Regional Cumulation
RCO	Registered Certification Organization
RFCO	Registered Foreign Certification Organization
RMG	Ready Made Garments
RoO	Rules of Origin
ROW	Rest of the World
RTA	Regional Trade Arrangement
S&DT	Special and Differential Treatment
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SAPTA	SAARC Preferential Trading Arrangement
SMEs	Small and Medium Enterprises
SPSMs	Sanitary and Phytosanitary Measures

STABEX	Stabilization of Export Earnings for Agricultural Commodities
SYSMIN	System for Safeguarding and Developing Mineral products
TBT	Technical Barriers to Trade
TRQ	Tariff Rate Quota
UNCTAD	United Nation Conference on Trade and Development
UR	Uruguay Round
USTDA	United States Trade and Development Act
VTR	Vocational Training Institute
WTO	World Trade Organization

Executive Summary

JAPAN'S GSP TREATMENT TO LDCS

Initiated in 1971, Japan's Generalised System of Preference (GSP) scheme grants advantageous treatment to imports from 164 developing and least developed countries (LDCs) until March, 2011. The scheme covers a majority of industrialized products with a handful of exceptions, and also includes selected agricultural and fishery products. Since its inception, it has been revised thrice in 1981 and 1991. The scheme was further revised in 2001 (effective till March, 2003) and 2003, extending duty free and quota free treatment to a substantial number of industrial products (both by enhancing additional list and by reducing the size of negative list) and agricultural products.

Traditionally, Japan's GSP scheme has adopted a positive list for agricultural products and a negative list for industrial products, including textile. Special treatment accorded to LDCs were: a) duty free entry, b) exemption from ceiling restrictions and c) additional list of industrial products for which preferences are granted only to LDC beneficiaries. The upper limits of quota and TRQ on duty free imports were applicable only to developing countries, while LDCs were exempt from such ceilings. Moreover, the scheme incorporated an ongoing graduation policy removing GSP privilege for specific products deemed to 'have become competitive' in course of time.

In spite of Japan's GSP scheme facilitating greater quota and duty-free, or reduced-duty access for products of LDCs and a number of trade measures favouring the LDCs, it is noteworthy that products from LDCs accounted for only 1.3 per cent and 1 per cent of the total imports accorded GSP status in 1999 and 2000 respectively (Bora et al, 2002). Japanese markets thus had been virtually off-limit for products from LDCs. In the context of the enhanced preferential treatment for LDCs under the new scheme, LDCs have now an opportunity to substantively increase their exports to Japanese market under more favourable terms.

Status of Bangladesh-Japan Bilateral Trade

Bangladesh's total export to Japan in 2001 was worth USD 112 million. This accounted for only 1.7% of Bangladesh's total export and 0.04% of Japan's total import over the corresponding year. Bangladesh's export to Japan increased from USD 71 million to USD 146 million between 1990 and 1995, followed by a downslide trend thereon. Exports came down to USD 115 million in 2002 (ITC Trade Map).

In 2001, Bangladesh exported 118 items at HS 6 digit level. This constituted only 11 HS 2 code items for which export value is more than USD 1 million. Valued at USD 23.69 million, Footwear and Leather Products (HS 64) topped the list of Bangladesh's exports

to Japan. The other principal exported items comprised of Frozen Fish (HS03), Leather (HS41), Woven RMG (HS62), Optical Products (HS90) and Electrical and Electronics (HS85). The export of leather was valued at USD 20.25 million, while USD 22.45 million worth of shrimp and frozen products were imported by Japan from Bangladesh. It is to be noted that export of Knit-RMG (HS 61) was of insignificant level amounting to a mere USD 5.58 million, in spite of its substantive domestic capacity and overall robust performance of the sector in recent years. 16 out of 118 items exported to Japan was excluded from preferential list granting benefits to developing countries and LDCs.

Bangladesh currently exports only 4 groups of agricultural products and 20 groups of non-agricultural products to Japan at HS 2 digit level. It is to be noted that Bangladesh's exports to Japan constitutes several non-conventional industrial products with or without preferential treatment. This includes export of instruments and apparatus (HS 90) amounting to USD 5.35 million. The other products exported to Japan include electrical and electronic products (HS 85), toys, games and sport requisites (HS 95) and ceramic products (HS 69).

The export basket of Bangladesh is more diversified in Japan than in EU and US markets. However, despite the preferential regime total export is insignificant. The study is attempting to identify whether the recent initiatives of extension of preferential treatment would be effective in enhancing export to Japanese market.

What is There in the Recent Initiatives of Japan?

Japan launched 99% initiative in 2000, which came into force in April, 2001. Following the 99% initiative, Japan's market was liberalised further for exports of industrial products from the LDCs. The list of products allowed for duty free and quota free export to Japan includes 9 HS 2-digit level categories, which consisted of 141 HS 6-digit level items representing 350 HS 9-digit level products. Since 123 items of HS 52 category at HS 6-digit level products were allowed duty free access, textile products from LDCs will now enjoy enhanced preferential treatment in terms of access to the Japanese market.

The 99% initiative included 8 items of raw hides and skin and leather (HS 41), 123 items of textiles (HS 52), 4 silk items (HS 50), 2 categories for pearls, precious stones, metal coins (HS 71), 1 category of optical, photo, technical apparatus (HS 90) for duty free and quota free export.¹

Following the April, 2003 revision of the GSP Scheme subsequent to the Johannesburg Summit, 47 additional 6-digit level categories of industrial products were included in the preferential access list for LDCs. The revised GSP scheme included 14 additional

¹ Compiled from Hand Book of Japan's GSP, MoFA, Japan, April, 2003 and November, 2002

categories of knit-wear items (HS 61) level products at 6-digit level for quota and duty free access of items from the LDCs. Moreover, 10 woven-RMG items were included in the new list for quota and duty free treatment. Given its relatively better endowed knit-RMG industry and export capacity to the global market, this holds special significance for Bangladesh. Offer of duty and quota-free treatment for leather (HS 41), leather products and footwear products is also of interest to Bangladesh. The revised scheme enables export of 17 HS 6-digit level leather and 5 HS 6-digit level footwear under quota and duty free regime. These include items where Bangladesh has demonstrated export capacities.

If the negative list of industrial products under the revised 2001 and 2003 schemes are taken into account, the list of products from the LDCs receiving preferential treatment following the two revisions in the Japanese GSP Schemes demonstrate two distinct characteristics. First, only 7 out of 75 HS 2 digit level industrial product categories remain in the negative list. This essentially renders 68 HS chapters of industrial products eligible for quota and duty free access to the Japanese market. Moreover, 14 additional four-digit level HS 61 and HS 62 product categories were included into the free access list in 2003.

The negative list for industrial products was curtailed further and the number of tariff lines in the list was substantially reduced to provide market access opportunities to the LDCs. In 2003, the number of items in the negative list for industrial products has been downsized further by the exclusion of 3 additional categories (HS 43, HS 44 and HS 50). In respect to HS 27, only HS 2710.11 remains in the negative list. HS 42.03 has currently been expanded to 6 digit level, while only 5 HS 6-digit level items still remain in the negative list. HS 64.01 (Waterproof Footwear), HS 64.02 (Other Footwear with Outer Soles) and HS 64.06 (Parts of Footwear) was integrated into the preferential regime, though a few HS 6 digit level categories were earlier excluded. In the context of the export opportunities for items belonging to Knit RMG (HS 61), Woven RMG (HS 62), Footwear, Gaiters and like (HS 64), the recent GSP initiatives promises to create important market opportunities for Bangladesh from short as well as medium to long term perspectives. The scheme essentially facilitates greater advantages for products of the LDCs, although the attended market access advantage is likely to suffer some erosion since a large number of items are also eligible for preferential treatment if exported from the developing countries as well.

Coverage of Agricultural Products under Recent Initiatives

As mentioned above, Japan adopted a positive list approach for agricultural products for inclusion in the preferential list for the LDCs. Hundred eighty four HS 6 digit level items were granted preferential treatment under the Japanese GSP Scheme prior to 2001. In respect to HS 6 digit level items, coffee, tea mate and spices (HS 09), preparation of vegetable, fruits, nuts or other (HS 20), preparations of meat, or fish or crustaceans,

molasses or other aquatic invertebrates) (HS 16), fruit and nuts; peel of citrus, fruits or melons (HS 08) received comparatively more preferential treatment.

For 135 HS 6 digit level items, both developing countries and the LDCs received preferential treatment under the scheme albeit in different degrees. The LDCs were granted quota and duty free access to the market, while the developing countries benefited from reduced tariff in general and zero duty access for only a nominal number of items. For a total of 49 HS 6-digit level items, the quota and duty free regime was applicable only to LDCs.

The range of HS categories for these items was confined to Preparations of Vegetable, fruit, nut, etc (HS 20), Miscellaneous edible preparations (HS 21), Preparation of Meat, or fish or of crustaceans (HS 16), Fish, crustaceans, molluscs, aquatic invertebrates nes (HS 03), Edible Fruits and Nuts (HS 08) and Preparations of Cereal, flour, starch, milk, pastry cooks products (HS 19). Following the Johannesburg Summit, the revised GSP scheme included a list of 117 additional items at HS 6 digit level for quota and duty free access to be accorded to the LDCs. It is to be noted that LDCs enjoy exclusive preferential treatment for 91 out of the 117 items enjoying quota and duty free regime. In respect to the remnant 26 HS 6 digit level items, both the developing countries and the LDCs are granted preferential treatment. Of the product categories enjoying a more liberalized and open market access in Japan, HS 03 (fish and crustaceous), HS 07 (vegetables) and HS 20 (preparation of vegetables, fruits and nuts) can be considered to be important from the perspective of Bangladesh's export opportunities.

Bangladesh's Incremental Benefits

Bangladesh's total export to Japan was valued at USD 112 million and USD 115 million in the years 2001 and 2002 respectively. Of her total exports, Bangladesh could avail duty free access under the GSP scheme for export worth USD 79.58 million, equivalent to 73.7 per cent. It is notable that Bangladesh's export to Japan remained virtually unchanged in absolute terms between 2001 and 2002, increasing by only USD 3 million. It needs to be analysed whether this was because of limitation of the new offer or inabilities of the supply capacities to pick up.

It is important to highlight that knit-wear RMG (HS 61) exports from Bangladesh did not enjoy any preferential treatment under the previously existing GSP scheme. Hence inclusion of the entire HS 61 category into the list of items for quota and duty free regime, under the newly offered GSP Scheme of Japan has created opportunities for entry of Bangladesh's knit-RMG products into the Japanese market under preferential treatment. This is likely to increase Bangladesh's competitive strength in Japanese market.

On the other hand, 28 out of 29 woven-RMG (HS 62) products at HS 6 digit level received preferential treatment for access to Japanese markets under the previous GSP Scheme. Despite such comparatively liberal regime for HS 62, the quantity of items exported from Bangladesh to Japan under this category remained insignificant, at \$13.3 million. It is important to bear in mind this fact when discussing the potential benefits of Japan's new GSP Scheme and devising strategies in terms of getting maximum benefit out of the revised GSP scheme.

In respect to industrial products from Bangladesh, outside of the negative list items, it was estimated that the utilisation rate of preferential treatment granted by Japan was 68.1 per cent in terms of export value and 43.2 per cent of the total number of items at HS 6 digit level exported.

The Effective Gain of Bangladesh

In 2001, 17 HS 6 digit level items (except HS 190590) worth USD 3.9 million exported to Japan enjoyed preferential treatment following the 99% initiative. As a consequence of the revised 2001 GSP scheme, Bangladesh's effective gain in terms of tariff concessions on MFN rates was USD 0.38 million. The benefit arose from export of several items, including USD 206.30 thousand for men's shirt (HS 620530) and USD 45.4 thousand for sports footwear (HS 640411).

According to the estimates, effective gain for RMG products in terms of duty exemption amounted to USD 2 million. The effective gain in terms of reduced tariff was mostly confined to the top 10 knit-RMG (HS 61) and woven RMG (HS 62) items amounting to USD 1.86 million.

In respect to the leather products, Bangladesh's effective gain as a result of preferential treatment amounted to USD 2.68 million. The average tariff rate for footwear (HS 64) and leather (HS 41) is higher compared to RMG products.

Bangladesh's total effective gain from export of agricultural products was worth USD 4.8 thousand. This comprised of 2 HS 03 items, 1 HS 19 and 1 HS 21 items granted preferential treatment. The average tariff on agricultural products was USD 6.18 thousand in Japan, which will be gain in terms of tariff concessions under a duty-free regime.

Effective and Potential Gain: A CGE Analysis

A CGE model was developed and simulation exercise was undertaken to capture the overall impact of the new GSP Schemes. According to the GCE analysis, the overall impact of Japan's preferential treatment of exports from the LDCs was found to be rather

negligible. When the influence of other global initiatives facilitating preferential access of products from LDCs is isolated, the simulation exercise shows that the incremental gains to Bangladesh as a result of Japan's recent initiatives was found to be rather insignificant. The absolute value of the impact was found to be only USD 9.95 million (over the base period)² equivalent to 0.184 per cent of Bangladesh's export to Japan. The gains for ACP LDCs was also not very high at USD 49.64 million. As for other ACP, the benefit was estimated to be only USD 3.66 million.

According to the disaggregated results, other food and leather sectors of Bangladesh are expected to benefit in terms of positive export growth under the revised GSP scheme. The other food and leather sectors are projected to grow by 4.8 per cent and 2.1 per cent respectively from the base period. The ACP LDCs stand to benefit only from the other food sector.

If the incremental gains are decomposed it is found that Bangladesh's exports of all products other than sugar and primary products are set to go up in the Japanese market. The simulation exercise shows that export of apparel (12.8 per cent), leather (27.2 per cent), vegetables and other food (37.8 per cent) are likely to grow more rapidly compared to textiles (5.4 per cent), fish (5.3 per cent) and other manufacturing sector (0.8 per cent) items.

The possible impact of Japan's latest initiative on a number of economic indicators, the simulation exercises shows that the recent initiative is likely to have a positive impact on Bangladesh in respect to Terms of Trade (0.36%), GDP (0.02%) and H/H income (0.51%).

Rules of Origin

Japanese rules of origin shows that 'simplified' rules of origin does not ensure "better market access". The basic rules are, either the products to be exported should be wholly obtained in the exporting country, or, the resulting export goods which are produced from the imported raw materials should undergo sufficient processing in the exporting country. The sufficient processing means conversion from one HS 4-digit level item to other HS-4 digit level items. This is a very stringent criteria for many products, essentially reduce scope of utilisation of duty-free and quota-free market access. However, there are exceptions to these rules, when the processing of imported intermediate goods or raw materials are not considered sufficiently processed. A "single list" has been developed describing all processing requirements, on a product-by-product basis, for obtaining originating status. Other than the processing or origination criteria, there are some criteria

² 1995

for transportation, for obtaining preferential treatment. Besides, there is specific documentation process, which is standard for export-import of goods.

Standards and Sanitary and Phytosanitary (CPS) Measures

The compliance mechanism with standards and SPS for exporting goods to Japan is very complicated. There are 15 laws implementation of mandatory technical compliance of goods imported to Japan. There are two levels of compliance: voluntary standards, which exporters follow for hassle free processing of goods through customs authorities in Japan; second, mandatory technical standards. The compliance for industrial products is done through the *Japan Industrial Standards (JIS)* which covers compliance both for voluntary standards and mandatory standards. Similarly, for agricultural products there is a system of codes which is called *Japan Agricultural Standards (JAS)*. Both for agricultural and industrial products there are additional environmental measures, which covers, SPS and chemical residue compliance.

For increased deregulation and international harmonisation of its standards and technical regulations Japan has adopted a system of mutual recognition arrangements between exporting countries and Japan.

For implementation of JAS there three options for exporters or importers. According to option 1, which provides system for obtaining registration by the exporters. Ministry of Agriculture, Forestry and Fisheries (MAFF) provides registration through registered foreign certification organisation (RFCO), which is recognised by the MAFF. After obtaining the registration an exporter can use the “JAS logo” on the exported products. The second option provides registration facilities to the importers through registered certification organisation (RCO) of Japan. An exporter using national certification system exports products to Japan without “JAS logo”, an importers receives goods and affix the “JAS logo”. In this case, there should be compliance agreement between exporting country and Japan as regards the equivalence of standards. The third option is a system of “trust contract”. If the exporting country does not have any national standards or certification system, the RFCO can go into an agreement with a foreign certification organisation, recognised by ISO or IOAS, to provide registration the producer. The producer then affix “JAS logo” and exports products to Japan.

Japan is very sensitive about the genetically modified organisms (GMOs) and ban virtually all GM products to Japan, except a few exceptions. Japan has also very stringent standard for industrial products which contains harmful chemical residue. Thus, exporting products both of agricultural and industrial origin is quite difficult for the LDCs. The stringent RoO and standards are one of the major factors why export of the LDCs to Japan is only around 1 per cent of Japan’s total import.

Bangladesh's Export Potential

For identification of Bangladesh's potential exportable products for Japanese market, the following exercise has been conducted.

- Step 1: identification of products which are to enjoy zero-tariff, quota-free access to the Japanese market under the recent initiatives
- Step 2: Identification of products from Bangladesh which already enjoy duty free and quota free access to Japan and exclude them from list of products identified in Step 1.
- Step 3: identification of products which are not exported from Bangladesh and exclude from list of products identified in Step 2.
- Step 4: Identify products for which Bangladesh does not enjoy price advantage in the global market over the average import price of the same products in Japan and exclude them from the list of products identified in Step 3. Thus, these are the new products which have received preferential access as a result of the newly introduced GSP Schemes and may have export potentials in EU and Japan.

The products having export potential, identified following the abovementioned process in Japanese Market are presented in Annex 1. The products were subsequently disaggregated by industrial and agricultural products. The industrial products were divided further into RMG and non-RMG products. Out of 781 items at HS 6 digit level exported by Bangladesh to Japan and elsewhere, 176 products were identified which are having promising in terms of export to the Japanese market.

Agricultural Products with Export Potentials in Japan

In respect to agricultural items, 28 HS 6 digit categories were identified which appear to have export opportunities in the Japanese market. In addition to price advantage in the Japanese market, Bangladesh possesses the capacity to produce and export these items and at present these products are indeed exported to a number of countries. Thirteen of these 28 categories of products have been recently included for preferential treatment under the revised 2003 GSP scheme, the total export value of which is USD 11.41 million. The Top 10 items which have potential to Japanese market, constitutes 94 per cent of world export from Bangladesh worth USD 10.68 million and Fish product (HS 03), Vegetable (HS 07, HS 08, HS 09, HS 11), Animal and Vegetable Fats and Oils (HS 15), Prepared and processed agricultural products (HS 16, HS 19, HS 20 and HS 23) are the items at 2 digit level which have potential market opportunity in Japan. The price advantage of these items range from 6.9 per cent to 87.5 per cent over Japan's average import price of the same products from other countries in the world.

It is to be noted that all Top 10 agricultural items excluding HS 070920 enjoyed quota or duty free access to Japanese markets since 1991 or 2001. However, price at which Bangladesh exports to the global market is lower than the average Japanese import price for these products. Bangladesh did not export these products to the Japanese market during the earlier period although she had exported these products to other countries. According to the price analysis, Bangladesh should eye the Japanese market for exports of fish and frozen food, beans, cucumbers, nuts, asparagus, fresh fruits, processed food such as dog or cat food, processed cucumbers, onions and lentils and black tea.

Market analysis shows that Bangladesh's major competitors for these products would be China, Korea, Thailand, Vietnam, Philippines, Taiwan, Hong Kong, Indonesia, India, Sri Lanka, Oman, UAE, Mexico and USA. For instance, Bangladesh's major principal competitors for exports of shrimps and prawns (HS 030623) to the Japanese market are China, Vietnam, Philippines, Korea, Thailand and Sri Lanka. It needs to be underscored that currently China alone exports one-third of Japan's import requirements in abovementioned categories. Though Bangladesh presently meets approximately 9 per cent demand of the Japanese market, the zero-tariff access is expected to provide Bangladesh some competitive edge over the principal suppliers of shrimp to the Japanese market.

Non-Agricultural Products

Based on the price analysis 159 HS 6 digit level industrial products have been identified which have export potential in the Japanese market. These products mainly belong to RMG categories HS 61 and HS 62.

RMG Products

Among the RMG products, currently exported to Japan, only 2 of 63 HS 6 digit level categories under HS 61 (HS 610110 and HS 611130) have been included for preferential treatment under the revised GSP scheme in 2003. The total export of these two items in 2001 was USD 8.87 million. However, 63 categories of knitwear items have been newly included in the revised GSP Scheme of 2003, which Bangladesh did not export earlier to Japan; though the export value of these 63 categories to the world market amounts to USD 251.36 million. It was possible to identify the price relatives in the Japanese market only for 10 items of these 63 items; for 53 other items it was not possible to carry out price analysis due to paucity of Quantitative Data.

Some of the 6 digit level products under HS 61 were already given duty-free, quota-free access under earlier GSP Scheme. In 2003 substantial numbers of products under HS 61 was included in the new scheme leaving only a handful products under HS 61 outside of preferential treatment. Of the newly included items in 2003 Bangladesh exported only

two items to Japan. However, since Bangladesh exports a large number of HS 61 items in the global market, there is potentially good scope for export of these to the Japanese market by taking advantage of the new GSP Scheme.

According to the price advantage analysis, Bangladesh has export opportunities for undergarments and dresses for women and girls, garments of babies, men's suit and ties. Export data indicate that Bangladesh currently exports only limited quantities of these products to the global market. A scope for quota and duty free export of such high-end products to the Japanese market will help Bangladesh realize the potentials of diversifying her apparel product basket.

Given Bangladesh's proven capacity to compete the export of these items in the global market, the recent inclusion of HS 61 category into the preferential regime is likely to open an window of opportunity for Bangladesh to explore new markets for these products in Japan.

All 66 HS 62 6 digit level categories were included for preferential treatment under the revised GSP scheme in 2003. The total export of HS 62 products from Bangladesh to the world market is valued at USD 419.84 million. The inclusion of 66 additional items under preferential regime is likely to enhance export opportunities of such items from Bangladesh to Japan. According to the Top 10 HS 62 items, Bangladesh holds price advantage primarily in high-end items for women and babies. The price advantage of these items range from 22.2 per cent to 95.1 per cent over Japan's average import price of the same products from other countries in the world.

Non-RMG Products

Based on the analysis carried out for this study, 31 HS 6 digit level non-RMG categories were identified as holding export potential in the Japanese market. Twenty two out of 31 HS 6 digit level non-RMG categories have been recently included for preferential treatment under the revised GSP scheme in 2003. The principal non-RMG categories included in the list are Footwear (HS 64) and Textiles (HS 52). Bangladesh's global export of products under such categories amount to USD 17.24 million. As seen from the table, the price advantage for these items range from 5.6 per cent to 97.5 per cent. Bangladesh's recent export performance in the Canadian market, thanks to the quota and duty-free market access, indicated that Bangladesh has good potentials in expanding export of home textiles and the market opportunities provided by Japan could allow Bangladesh also to tap the market for this item in the Japanese market.

Export potential of leather and leather products in the Japanese market was borne out by the findings of the GCE analysis, as was reported earlier. Our price analysis shows that 19 out of 56 HS 6 level products exported by Bangladesh enjoyed price advantage in the

Japanese market (however, it was not possible to estimate the price advantage of 27 products at HS 6 level due to paucity of quantitative data).

With respect to HS 24 category, though Bangladesh does not currently export tobacco and cigarette products to Japan, an analysis on export prices of these products to the world market indicates that these Bangladeshi items should have some price advantage in the Japanese market.

What is Left?

Bangladesh at present exports 76 HS 6-digit level categories to the Japanese market under non-preferential treatment; these constituted 30% of Bangladesh's total export to Japan in 2001. Price analysis shows that Bangladesh enjoyed price advantage of varying degrees in 30 items out of a total of 76. For 8 items Bangladesh's price advantage is negative. The price data was not available for 38 categories. In future bilateral consultation Bangladesh may provide the list of these 76 items for providing duty and quota free market access in the Japanese market.

From discussion with trade bodies it can be deduced that RoO restrictions requirements and stringent quality and safety standards act as major deterrents to Bangladesh's export in accessing the Japanese market. At present Bangladesh's current export of knit-RMG, duty paid, stands at USD 3.91 million. Export of this item despite prevalent duty regime indicates Bangladesh's ability to maintain a competitive edge in certain segments of this item in Japanese market. In 2001, the value of leather export amounted to USD 5.36 million indicating Bangladesh's ability to compete successfully with other countries in export of leather to the Japanese market.

In this context, it can be inferred that further liberalization and flexibility in RoO is likely to enhance Bangladesh's market and increase share of quota and duty free export to Japan.

Capacity Building and Technical Assistance

The experience of GSP utilisation shows that due to many supply side constraints, often the preferential market access remains only in paper. The system of standard compliance is very complicated and costly which often not possible for LDCs to afford. The capacity building and technical assistance are essential for realising the potential into reality, which have been generated through the extended preferential treatment of EU and Japan. The following is a short list of measures, needed to be taken for overcoming supply side constraints by Bangladesh:

- Establishment of *Food Technology Research Institute* (lessons can be learnt from Indian experience of establishment of Central Food Technology Research Institute (CFTRI);
- Establishment of Packaging Technology Institute;
- Establishment of Agricultural Processed Food Products Wing under EPB to help the agro-products exporters (Indian experience: APEDA);
- Establishment of Product Specific Institutions to guide the manufacturers complying standards, fashion, test and promotional techniques;
- Building capacity to deal with trade remedies including ADD and CVD cases
- Building capacity at the enterprise level to ensure compliance with SPS-TBT standards
- Providing training in SPS-TBT issues for the entrepreneurs
- Providing support for promotion of marketing of the identified agri-products
- Preparation of *Hand Book of Rules of Origin* of major export countries and organise training for exporters: BFTI
- Providing training on SPS-TBT Compliance
- Initiate bilateral arrangements for JAS and JIS Compliance for Japanese market
- Launching relevant national standards for auto-compliance
- Equipping BSTI for international standard compliance testing at pre-certification stage
- Organise export fairs in EU and Japan
- Development of e-commerce for product selling
- Development of product promotion facilities based on importing country language.

SECTION I: BANGLADESH'S PREFERENTIAL MARKET ACCESS IN JAPAN: THE OLD AND THE NEWLY INTRODUCED GSP SCHEMES

1.1 Emergence of the Japanese GSP Scheme

Japan has not been a major export destination of Bangladesh. In 2002, Bangladesh's total export to Japan was only USD 112 million, accounting for only 2.1% of Bangladesh's export and 0.033% of Japan's import (ITC Trade Map). In FY2003 export to Japan from Bangladesh was \$108.0 mln or 1.65% of Bangladesh's total export (EPB). The share of Bangladesh's export to the Japanese market has been somewhat on the decline over the recent years as will be evidenced from figure-1.1 However, given the new GSP Schemes for the LDCs, issues related to market access for Bangladeshi products in the Japanese market should command renewed attention.

Initiated in 1971, Japan's Generalized System of Preference (GSP) scheme grants advantageous treatment to imports from 164 developing and least developed countries (LDCs) until March, 2011. The scheme covers a majority of industrial products with a handful of exceptions, and also includes selected agricultural and fishery products. Since its inception, it has been revised three times in 1981, 1991 and in 2001 to be effective till March, 2003. The scheme was further revised in March 2003.

By providing deeper and broader preferential treatment, the Japanese GSP scheme accords enhanced privileges to the LDCs compared to developing countries. Japan unveiled its *99% Initiative* in December, 2000 to substantially eliminate duty and quota on imports from LDCs to be effective from April, 2001. Under the revised scheme, approximately 350 items which included textile and clothing products belonging to HS 9-digit level received duty and quota free treatment. Under this initiative apart from a few HS categories (table 1.1, 1.2 and 1.3), all textile and clothing products manufactured by the LDCs were offered duty and quota free access to the Japanese market. This effectively enlarged the product coverage of duty free and quota free regime from 94 percent to 99 percent of industrial products (HS Chapter 25 and beyond) exported by the LDCs. It was projected that this revised scheme will augment the share of duty and quota free import of industrial goods produced by the LDCs from the previous share of 60% to 95% by 2005 (METI, 2000).

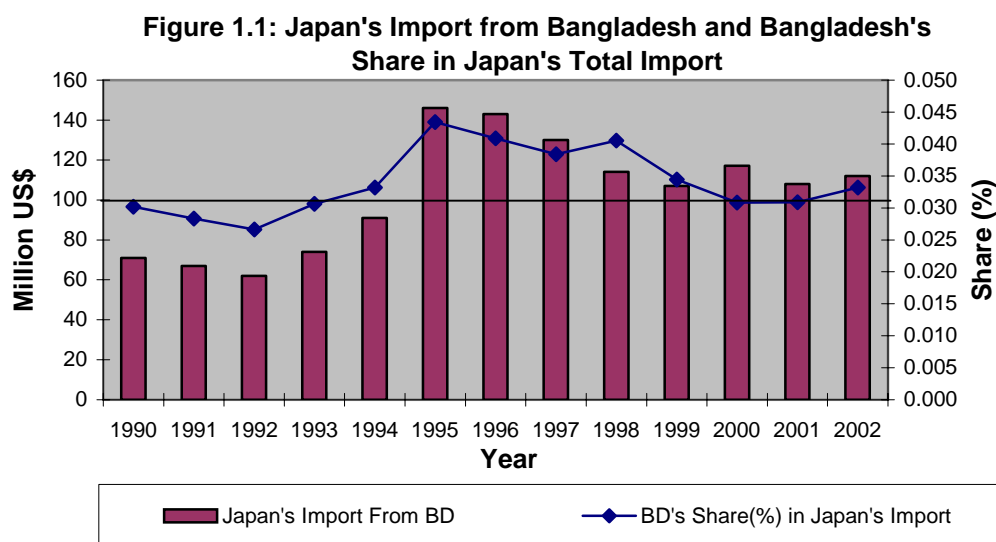
Traditionally, Japan's GSP scheme has adopted a *positive list* for agricultural products and a *negative list* for industrial products, including textile. Special treatment accorded to LDCs for products covered by the scheme were: a) duty free entry, b) exemption from ceiling restrictions and c) additional list of industrial products for which preferences are granted only to LDC beneficiaries. The upper limits of quota and TRQ on duty free imports were applicable only to developing countries, while LDCs were exempted from such ceilings. Moreover, the scheme incorporated an ongoing graduation policy removing

GSP privilege for specific products deemed to ‘have become competitive’ in course of time.

In spite of Japan’s GSP scheme facilitating greater quota and duty-free, or reduced-duty access for products of LDCs and a number of trade measures favouring the LDCs, it is noteworthy that products from LDCs accounted for only 1.3 per cent and 1 per cent of the total imports accorded GSP status in 1999 and 2000 respectively (Bora et al, 2002). Japanese markets thus had been virtually off-limit for products from LDCs. In the context of the enhanced preferential treatment for LDCs under the new scheme, LDCs have now an opportunity to substantively increase their exports to Japanese market under more favourable terms.

1.2 Status of Bangladesh-Japan Bilateral Trade

Bangladesh’s total export to Japan in 2001 was worth USD 112 million. This accounted for only 1.7% of Bangladesh’s total export and 0.04% of Japan’s total import over the corresponding year. Figure-1.1 shows that Bangladesh’s export to Japan has gone up from USD 71 million to USD 146 million between 1990 and 1995, followed by a downslide trend thereon. Exports came down to USD 115 million in 2002; exports in FY2003 was about \$108.0 million.



Source: Calculation based on Dots various issues and ITC Trade Map Data.

Table 1.1 presents the structure of Bangladesh’s exports to Japan. Data in the table shows that leather and footwear products lead Bangladesh’s export to Japan. Woven RMG occupies third position and knitwear is in fifth position.

TABLE 1.1: STRUCTURE OF BANGLADESH'S EXPORT TO JAPAN

2-digit level Category	Share	
	2002	2001
Footwear (Leather and Sports)	21.46	17.37
Leather	17.61	18.35
Woven RMG	13.56	7.01
Shrimps	11.89	26.04
Camera Parts	7.59	5.52
Knit wear	4.07	4.58
Jute Manufactures	4.46	4.44
Others	19.36	16.69
All Goods	100	100
All Goods (million USD)	96.13	107.58

Note: In FY 2003 Bangladesh's export USD 108 Million to Japan of which leather's share is 13.87 percent (14.98 Million) and frozen share is 13.76 per cent (USD 14.86 Million).

Source: Export Promotion Bureau

The export basket of Bangladesh is more diversified in Japan than in EU and US markets. However, despite the preferential regime total export is insignificant. The study is attempting to identify whether the recent initiatives of extension of preferential treatment would be effective in enhancing export to the Japanese market.

1.3 Recent GSP Initiatives of Japan

In recent years Japan expressed its willingness to use her trade policy to promote economic growth of developing countries and particularly the LDCs; by way of expansion of product coverage for duty and quota free access of imports from LDCs. Thus, during the Johannesburg Summit (World Summit on Sustainable Development) held in August, 2002 Japan announced further expansion of its list of quota and duty free market access for agricultural products from 298 to 496 items by adding another 198 items at HS 9-digit level³. Following the Johannesburg Summit Japan included additional 118 items with 198 in to the preferential list for the LDCs and developing countries. This follow-up measure to the revised GSP scheme of 2001 has come into effect from April, 2003. Such expansion is expected to boost the percentage of total imports from LDCs under purview of quota and duty free regime from 80 per cent to 90 per cent, a target initially set for 2005 (MOFA, 2003). Moreover, the tariff rates of approximately 60 items under the prevalent GSP scheme have been brought down further.

1.4 Coverage of Industrial Products Under the Recent Initiatives

Tariff lines in which Bangladesh and other LDCs have been offered quota and duty free access to the Japanese market are presented in table-1.2. Following the 99% initiative of

³ It is to be noted that 120 of the 198 aforementioned additional items provide preferential treatment to developing countries as well.

April, 2001, Japan's market was liberalised further for exports of industrial products from the LDCs. The list includes 9 HS 2-digit level categories, which consisted of 141 HS 6-digit level items representing 350 HS 9-digit level products. Since 123 items of HS 6-digit level products were allowed duty free access, textile products from LDCs will now enjoy enhanced preferential treatment in terms of access to the Japanese market.

Following the April, 2003 revision of the GSP Scheme, announced subsequent to the Johannesburg Summit, 47 additional 6-digit level categories of industrial products were included in the preferential access list for LDCs (table-1.2, Column 3). The revised GSP scheme included 14 additional categories of HS 61 level products at 6-digit level for quota and duty free access of items from LDCs. Moreover, 10 woven-RMG items were included in the new list for quota and duty free treatment. Given the relatively better endowment of RMG industry, this holds special significance for Bangladesh. Offer of duty and quota-free treatment for leather (HS 41), leather products and footwear products is also of interest to Bangladesh. The revised scheme enables export of 17 HS 6-digit level leather and 5 HS 6-digit level footwear under quota and duty free regime. These include items where Bangladesh has demonstrated export capacities.

TABLE 1.2: JAPAN'S 2001 AND 2003 GSP INITIATIVES: TARIFF LINES INCLUDED IN THE LIST FOR MARKET ACCESS OF INDUSTRIAL PRODUCTS

2-digit level Category	Preference Only to LDC (6-digit categories)	
	2001 99% Initiative	2003 Post-Johannesburg
27 (Mineral fuels, oils, distillation products, etc)	9(1:27.10)	2
41 (Raw hides and skins (other than furskins) and leather)	8	17
46 (Manufactures of plaiting material, basketwork, etc.)	2	1
50 (Silk)	4(1:50.05)	2
52 (Cotton)	123	8 (8: 52.05-52.12)
58 (Special woven or tufted fabric, lace, tapestry etc)	0	8
61 (Knit RMG)	0	14 (1:61.00)
62 (Woven RMG)	0	14 (10: 62.01-62.08, 62.10, 62.11)
63 (Other made textile articles, sets, worn clothing etc)	0	7
64 (Footwear, gaiters and the like, parts thereof)	0	5 (2: 64.03, 64.04)
71 (Pearls, precious stones, metals, coins, etc)	2	0
80 (Tin and Articles thereof)	3	0
81 (Base Metal)	2	0
90 (Optical, photo, technical, medical, etc apparatus)	1	
Total category in 6-digit level	141	47

Note: Figures in parenthesis mentions number of categories at 4-digit level and the HS codes of those categories

Source: Compiled from Hand Book of Japan's GSP, MOFA, Japan, April, 2003 and November, 2002.

If the negative list of industrial products under the revised 2001 and 2003 schemes are taken into account, the list of products from the LDCs receiving preferential treatment following the two revisions in the Japanese GSP Schemes demonstrate two distinct characteristics. First, only 7 out of 75 HS 2 digit level industrial product categories remain in the negative list. This essentially renders 68 HS chapters of products eligible for quota and duty free access to the Japanese market. Moreover, 14 additional four-digit level HS 61 and HS 62 product categories were included into the free access list in 2003.

It is important to note that in spite of the preferential treatment granted to Bangladesh and other LDCs, preferential market access under the scheme can be realised only if the country is able to comply with the specific Rules of Origin (RoO) requirements under the scheme.

TABLE 1.3: DEVELOPMENTS IN SIMPLIFICATION OF THE NEGATIVE LISTS FOR INDUSTRIAL PRODUCTS

Under 99% Initiative, 2001	Further Simplification Post-Johannesburg, 2003
	2501.00
2710.00-1-(1)-C	Excluded
2710.00-1-(2)-B	Excluded
2710.00-1-(3)	Excluded
2710.00-1-(4)	2710.11
3503.00-3	Excluded
42.03	4203.10
	4203.21
	4203.29
	4203.30
	4203.40
4302.12	Excluded
4302.13	Excluded
4302.19EX	Excluded
4302.20EX	Excluded
4302.30EX	Excluded
4303.10EX	Excluded
4303.90EX	Excluded
4412.13	Excluded
4412.14	Excluded
4412.19	Excluded
5001.00EX	Excluded
5002.00-2EX	Excluded
61	Excluded
64.01	6401.10
	6401.91
	6401.92
	6401.99
64.02	6402.12
	6402.19
	6402.20
	6402.30
	6402.91
	6402.99
64.06	6406.10

Source: Compiled from Hand Book of Japan's GSP, MOFA, Japan, April, 2003 and November, 2002.

The negative list for industrial products was curtailed further the number of tariff lines in the list has been substantially reduced to provide market access opportunities to the LDCs. In 2003, the number of items in the negative list for industrial products has been downsized further by the exclusion of 3 additional categories (HS 43, HS 04 and HS 50). In respect to HS 27, only HS 2710.11 remains in the negative list. HS 42.03 has currently been expanded to 6 digit level, while only 5 HS 6-digit level items still remain in the negative list. HS 64.01 (Waterproof Footwear), HS 64.02 (Other Footwear with Outer Soles) and HS 64.06 (Parts of Footwear) was integrated into the preferential regime, though a few HS 6 digit level categories were earlier excluded. In the context of the export opportunities for items belonging to HS 61 (Knit RMG), HS 62 (Woven RMG), HS 64 (Footwear, Gaiters and like), the recent GSP initiatives promises to create

important market opportunities for Bangladesh from short as well as medium to long term perspectives. However, though the scheme essentially facilitates greater advantages for products of LDCs, the attended market access advantage is likely to suffer some erosion since a large number of items are also eligible for preferential treatment if exported from developing countries as well.

1.5 Coverage of Agricultural Products Under Recent Initiatives

As mentioned above, Japan adopted a positive list approach for agricultural products for inclusion in the preferential list for the LDCs. 184 HS 6 digit level items were granted preferential treatment under the Japanese GSP Scheme prior to 2001. In respect to HS 6 digit level items, HS 09 (coffee, tea mate and spices), HS 20 (preparation of vegetable, fruits, nuts or other), HS 16 (preparations of meat, or fish or crustaceans, molasses or other aquatic invertebrates), HS 08 (fruit and nuts; peel of citrus, fruits or melons) received comparatively more preferential treatment.

(table-1.4).

TABLE 1.4: JAPAN'S REVISED GSP SCHEME INITIATIVE- TARIFF LINES INCLUDED UNDER THE INITIATIVE OF LIBERALISATION FOR AGRICULTURAL PRODUCTS

HS 2 Code	Number of 6-digit categories				
	Preference to Both LDC and Developed Countries			Preference to only LDC	
	Up to 2001	Newly Added in 2003	Withdrawn	Up to 2001	Newly Added in 2003
01	0	1	0	0	0
02	0	12	0	0	2
03	9	0	0	4	21
04	1	0	0	0	1
05	3	1	0	0	1
06	3	0	1	0	0
07	3	13	1	0	21
08	14	13	0	3	3
09	21	2	0	0	0
10	0	4	0	0	1
11	4	3	2	0	2
12	2	4	0	0	3
13	1		0	0	4
14	1		0	0	0
15	9	6	2	2	5
16	15	3	0	9	2
17	1	2	0	0	4
18	7	0	0	0	0
19	4	2	1	3	5
20	18	10	0	23	7
21	9	2	0	5	7
22	9	1	0	0	0
23	1	0	0	0	2
24	0	0	0	0	0
25	0	0	0	0	0
Total	135	26	3	49	91

Source: Compiled from Hand Book of Japan's GSP, MOFA, Japan, April, 2003 and November, 2002.

For 135 HS 6 digit level items, both developing countries and the LDCs received preferential treatment under the scheme albeit in different degrees. The LDCs were

granted quota and duty free access to the market, while developing countries benefited from reduced tariff in general and zero duty access for only a nominal number of items.

For a total of 49 HS 6-digit level items, the quota and duty free regime was applicable only to the LDCs. The range of HS categories for these items was confined to HS 20 (Preparations of Vegetable, fruit, nut, etc), HS 21 (Miscellaneous edible preparations), HS 16 (preparation of Meat, or fish or of crustaceans), HS 03 (Fish, crustaceans, molluscs, aquatic invertebrates nes), HS 08 (Edible Fruits and Nuts) and HS 19 (Preparations of Cereal, flour, starch, milk, pastry cooks products). Following the Johannesburg Summit, the revised GSP scheme included a list of 117 additional items at HS 6 digit level for quota and duty free access to be accorded to the LDCs. It is to be noted that LDCs enjoy exclusive preferential treatment for 91 out of the 117 items enjoying quota and duty free regime. In respect to the remnant 26 HS 6 digit level items, both developing countries and the LDCs are granted preferential treatment. Of the product categories enjoying a more liberalized and open market access in Japan, HS 03 (fish and crustaceous), HS 07 (vegetables) and HS 20 (preparation of vegetables, fruits and nuts) can be considered to be important from the perspective of Bangladesh's export opportunities.

In summary, under the revised GSP scheme of 2003 the additional items belonging to the agriculture category enjoying quote and duty free regime are grouped as follows:

TABLE 1.5: EXPANSION PREFERENTIAL LIST OF AGRICULTURAL PRODUCTS (INITIAL LIST)

#	Product Group	Example	Number of new Items Received PT
1	Vegetable products	dried fruits: apricots, prunes, frozen fruits: berries, truffles, and chicory, etc.	88
2	Prepared foods	canned olives, prepared nuts etc.	54
3	Fats and oils	coconut oil, palm kernel oil etc.	9
4	Animal products	meats of ducks and turkeys, etc.	22
5	Fishery products	prawns, lobsters, frozen fish fillets, etc.	25
Total Items			198

Source: Compiled from Hand Book of Japan's GSP, MOFA, Japan, April, 2003

Following the Johannesburg Summit, the revised GSP scheme further included a list of 118 agricultural products for duty free or 'at less than MFN rate' access for the LDCs. Items which received GSP treatment for LDCs (and developing countries) are grouped as follows:

**TABLE 1.6: EXPANSION PREFERENTIAL LIST OF AGRICULTURAL PRODUCTS
(ADDITIONAL LIST)**

#	Product Group	Example	Number of new Items Received PT
1	Vegetable products	tropical fruits: avocados, papaws, truffles, and chicory, etc.	56
2	Prepared foods	canned olives, prepared nuts etc.	37
3	Fats and oils	coconut oil, palm kernel oil etc.	6
4	Animal products	meats of ducks and turkeys, etc.	19
Total Items			118

Source: Compiled from Hand Book of Japan's GSP, MOFA, Japan, April, 2003

Thus, Japan's revised GSP scheme, following the two recent initiatives, include an additional list of 350 items of industrial product and 316 agricultural products which are eligible for quota and duty free access to the Japanese market if exported by the LDCs. The inclusion of virtually all textile and clothing products in the enhanced preferential list of imports from LDCs bears special significance for Bangladesh's potential export to the Japanese market.

SECTION II: IMPLICATIONS OF THE NEWLY INTRODUCED JAPANESE GSP INITIATIVES FOR BANGLADESH

2.1 Bangladesh's Incremental Benefits

Bangladesh's total export to Japan was valued at USD 112 million and USD 115 million in the years 2001 and 2002 respectively. Of her total exports, Bangladesh could avail duty free access under the GSP scheme for export worth USD 79.58 million, equivalent to 73.7%. It is notable that Bangladesh's export to Japan remained virtually unchanged in absolute terms between 2001 and 2002, increasing by only USD 3 million. It needs to be analysed whether this was because of limitation of the new offer or inabilities of the supply capacities to pick up.

In 2001, Bangladesh exported 118 items at HS 6 digit level. This constituted only 11 HS 2 code items amounting to an export volume of more than USD 1 million (table-2.1). Valued at USD 23.69 million, Footwear and Leather Products (HS 64) topped the list of Bangladesh's exports to Japan. The other principal exported items comprised of Frozen Fish (HS03), Leather (HS41), Woven RMG (HS62), Optical Products (HS90) and Electrical and Electronics (HS85). The export of leather was valued at USD 20.25 million, while USD 22.45 million worth of shrimp and frozen products were imported by Japan from Bangladesh. It is to be noted that export of Knit-RMG (HS 61) was of insignificant level amounting to a mere USD 5.58 million, in spite of its substantive domestic capacity and overall robust performance of the sector in recent years. 16 out of 118 items exported to Japan was excluded from preferential list granting benefits to developing countries and LDCs.

It is important to highlight that knit-wear RMG (HS 61) exports from Bangladesh did not enjoy any preferential treatment under the previously existing GSP scheme. Hence inclusion of the entire HS 61 category into the list of items for quota and duty free regime, under the newly offered GSP Scheme of Japan has created opportunities for entry of Bangladesh's knit-RMG products into the Japanese market under preferential treatment. This is likely to increase Bangladesh's competitive strength in Japanese market. From table-2.2, it is clear that over the year knitwear manufacturing gained momentum and captured one-third share of total RMG export.

TABLE 2.1: EXTENT OF DUTY FREE EXPORT TO JAPAN BY HS CATEGORIES

HD Code	Number of HS 6 items exported in 2001	Number of items exported duty free	Value of all export	Value of Duty Free Export	% of Duty Free Export
64	9	7	23.69	23.40	98.80
03	4	2	22.45	22.11	98.50
41	11	10	20.25	20.22	99.83
62	29	28	13.34	13.33	99.90
61	16	0	5.85	0.00	0.00
90	6	0	5.35	0.00	0.00
53	4	1	4.76	0.18	3.70
85	9	2	3.88	0.31	7.97
63	6	0	1.67		0.00
95	2	0	1.27	0.00	0.00
73	4	0	1.16	0.00	0.00
05	1	0	1.13	0.00	0.00
65	1	0	0.75	0.00	0.00
99	1	0	0.63	0.00	0.00
71	1	0	0.47	0.00	0.00
42	2	0	0.46	0.00	0.00
84	3	0	0.41	0.00	0.00
74	1	0	0.22	0.00	0.00
69	3	0	0.08	0.00	0.00
58	1	0	0.07	0.00	0.00
46	1	0	0.03	0.00	0.00
19	1	1	0.02	0.02	100.00
21	1	1	0.01	0.01	100.00
48	1	0	0.01	0.00	0.00
Total Export			107.94	79.58	73.72

Source: Compiled and Calculated from Hand Book of Japan's GSP, MOFA, Japan, April, 2003 and ITC Trade Map Data.

TABLE 2.2: SHARE OF KNITWEAR IN TOTAL EXPORT OF READYMADE GARMENTS

Year	(mln US\$)			
	Woven RMG	Knit RMG	RMG (Woven+Knit)	Knit as % of RMG
1990	609.32	14.84	624.16	2.38
1995	1835.09	393.26	2228.35	17.65
2000	3081.14	1268.22	4349.36	29.16
2001	3364.31	1495.51	4859.82	30.77
2002	3125.92	1458.93	4584.85	31.82
2003	3258.27	1653.82	4912.09	33.67

On the other hand, 28 out of 29 woven-RMG (HS 62) products at HS 6 digit level received preferential treatment for access to Japanese markets under the previous GSP Scheme. Despite such comparatively liberal regime for HS 62, the quantity of items exported from Bangladesh to Japan under this category remained insignificant, at \$13.3 million. It is important to bear in mind this fact when discussing the potential benefits of Japan's new GSP Scheme and devising strategies in terms of getting maximum benefit out of the revised GSP scheme.

According to table-2.1, Bangladesh currently exports only 4 groups of agricultural products and 20 groups of non-agricultural products to Japan at HS 2 digit level. It is to be noted that Bangladesh's exports to Japan constitute several non-conventional industrial products with or without preferential treatment. This includes export of instruments and apparatus (HS 90) amounting to USD 5.35 million. The other products exported to Japan include electrical and electronic products (HS 85), toys, games and sport requisites (HS 95) and ceramic products (HS 69).

In respect to industrial products from Bangladesh, outside of the negative list items, it was estimated that the utilisation rate of preferential treatment granted by Japan was 68.1 per cent in terms of export value and 43.2 per cent of the total number of items at HS 6 digit level exported (table-2.3).

TABLE 2.3: UTILISATION RATIO

Items	Quantity
- Total number of items exported [HS 6-digit level]	111.0
- Export value with preferential treatment, mln USD	57.5
- Number of items received preferential treatment	0.48
- Total export of industrial product, mln USD	84.3
Utilisation Ratio	
Export Value %	68.1
Number of Items [HS 6-digit], %	43.2

Source: Estimated on the basis of Hand Book of Japan's GSP and ITC Trade Map Data.

It is noted that HS 61 items were not included in the preferential list under the revised GSP scheme of 2001. 13 six digit level and 1 four digit level item belonging to HS 61 category currently not exported by Bangladesh to Japan was inducted into the quota and duty free list in 2003. In both 2001 and 2003, HS 2001 category products did not enjoy privileges to access Japan's market. This would indicate that despite the two recent GSP initiatives, several items with potential market opportunities for Bangladesh remained excluded for quota and duty free access regime.

2.2 The Effective Gains of Bangladesh

In 2001, 17 HS 6 digit level items (except HS 190590) worth USD 3.9 million exported to Japan enjoyed preferential treatment following the 99% initiative. As a consequence of the revised 2001 GSP scheme, Bangladesh's effective gain in terms of tariff concessions on MFN rates was USD 0.38 million (table-2.4). The benefit arose from export of several items, including USD 206.30 thousand for HS 620530 (men's shirt) and USD 45.4 thousand for HS 640411 (sports footwear).

TABLE 2.4: EFFECTIVE GAIN FROM THE EXPORT OF NEWLY ADDED ITEMS IN 2001

Product		Japan's imports from Bangladesh	MFN Rate	Effective Gain (in mIn USD)
code	Product label			
620530	Mens/boys shirts, of man-made fibres, not knitted	2,427	8.5	206.30
640411	Sports footwear w outer soles of rubber o plastics&uppers of tex mat	547	8.3	45.40
620111	Mens/boys overcoats&similar articles of wool/fine animal hair, not knit	306	12.8	39.17
620452	Womens/girls skirts, of cotton, not knitted	151	11.8	17.82
610819	Womens/girls slips and petticoats, of other textile materials, knitted	117	8.5	9.95
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	82	28.34	23.24
620292	Womens/girls anoraks and similar article of cotton, not knitted	46	12.8	5.89
621143	Womens/girls garments nes, of man-made fibres, not knitted	40	12.8	5.12
620191	Mens/boys anoraks&similar articles,of wool/fine animal hair,not knitted	37	12.8	4.74
610130	Mens/boys overcoats, anoraks etc, of man-made fibres, knitted	29	12.4	3.60
620333	Mens/boys jackets and blazers, of synthetic fibres, not knitted	27	12.8	3.46
190590	Communion wafers,empty cachets f pharm use&sim prod&bakers' wares nes	21	18.62	3.91
611420	Garments nes, of cotton, knitted	15	9.95	1.49
620453	Womens/girls skirts, of synthetic fibres, not knitted	14	11.8	1.65
621030	Womens/girls overcoats&sim articles,of impreg,ctd,etc,tex wov fab	13	11.8	1.53
621020	Mens/boys overcoats&similar articles of impreg,ctd,cov etc,tex wov fab	13	11.8	1.53
210690	Food preparations nes	11	20.6	2.27
620199	Mens/boys anoraks&similar articles,of oth textile materials,not knitted	10	12.8	1.28
		3,906	13.29	378.33

Source: Estimated on the basis of ITC Trade Map Data.

According to the estimates, effective gain for RMG products in terms of duty exemption amounted to USD 2 million. The effective gain in terms of reduced tariff was mostly confined to the top 10 knit-RMG (HS 61) and woven RMG (HS 62) items amounting to USD 1.86 million, as shown in table-2.5.

TABLE 2.5: TOTAL EFFECTIVE GAIN FOR TOP 10 RMG PRODUCTS

Product code	Product label	Japan's imports from Bangladesh in 2001	MFN rate (%)	BD's Effective Gain over MFN rate (000 US\$)
620193	Mens/boys anoraks and similar articles, of man-made fibres, not knitted	4,252	12.8	544.3
620293	Womens/girls anoraks & similar article of man-made fibres, not knitted	2,633	12.8	337.0
620530	Mens/boys shirts, of man-made fibres, not knitted	2,427	8.5	206.3
610910	T-shirts, singlets and other vests, of cotton, knitted	1,604	11.0	176.4
611020	Pullovers, cardigans and similar articles of cotton, knitted	1,420	11.95	169.7
621040	Mens/boys garments nes, made up of impreg, ctd, cov, etc, textile woven fab	1,133	11.8	133.7
610821	Womens/girls briefs and panties, of cotton, knitted	973	8.5	82.7
620342	Mens/boys trousers and shorts, of cotton, not knitted	779	11.8	91.9
611030	Pullovers, cardigans and similar articles of man-made fibres, knitted	636	12.15	77.3
610990	T-shirts, singlets and other vests, of other textile materials, knitted	368	10.3	38.0

Source: Estimated on the basis of ITC Trade Map Data.

TABLE 2.6: EFFECTIVE GAIN FOR NON-RMG INDUSTRIAL PRODUCTS

Product code	Product label	Japan's imports from Bangladesh in 2001	MFN rate (%)	GSP rate (%)	BD's Effective Gain over MFN rate (000 US\$)	BD's Effective Gain over GSP rate (000 US\$)
410410	Bovine skin leather, whole	6,604	19.92	1.2	1315.5	79.2
410431	Bovine and equine leather, full/split grains, nes	2,623	21.51	1.2	564.2	31.5
640391	Footwear, outer soles of rubber/plast uppers of leather covg ankle nes	1,551	28.61	-	443.7	-
640359	Footwear, outer soles and uppers of leather, nes	907	28.18	-	255.6	-
640411	Sports footwear w outer soles of rubber o plastics&uppers of tex mat	547	8.30	-	45.4	-
410520	Sheep or lamb skin leather, nes	120	14.27	1.20	17.1	1.4
640351	Footwear, outer soles and uppers of leather, covering the ankle, nes	82	28.34	-	23.2	-
640419	Footwear o/t sports, w outer soles of rubber/plastics&uppers of tex mat	40	18.51	-	7.4	-
410429	Bovine and equine leather, tanned or retanned, nes	37	15.40	-	5.7	-
640590	Footwear, nes	13	23.62	-	3.1	-

Source: Estimated on the basis of ITC Trade Map Data.

**TABLE 2.7: EFFECTIVE GAIN FOR PRODUCTS GRANTED PREFERENTIAL TREATMENT
(AGRI-PRODUCTS)**

Product code	Product label	Japan's imports from Bangladesh in 2001 Value in US\$ thousand	Indicative potential trade in US\$ thousand	MFN rate (%)	GSP rate (%)	Effective gain of BD Over MFN (000 US\$)	Effective gain of BD Over GSP (000 US\$)
190590	Communion wafers, empty cachets of pharm use&sim prod&bakers' wares nes	21	112	18.62	14.16	3.91	2.97
210690	Food preparations nes	11	71	20.6	16.6	2.27	1.83
Total		32				6.18	4.80

Source: Estimated on the basis of ITC Trade Map Data.

In respect to the leather products, Bangladesh's effective gain as a result of preferential treatment amounted to USD 2.68 million. The average tariff rate for footwear (HS 64) and leather (HS 41) is higher compared to RMG products (table-2.6).

Bangladesh's total effective gain from export of agricultural products was worth USD 4.8 thousand. This comprised of 2 HS 03 items, 1 HS 19 and 1 HS 21 items granted preferential treatment. The average tariff on agricultural products was USD 6.18 thousand in Japan (table-2.7), which will be gain in terms of tariff concessions under a duty-free regime.

2.3 Implication for Bangladesh from Japan's Duty Free and Ceiling Free Market Initiative for LDCs: A CGE Analysis

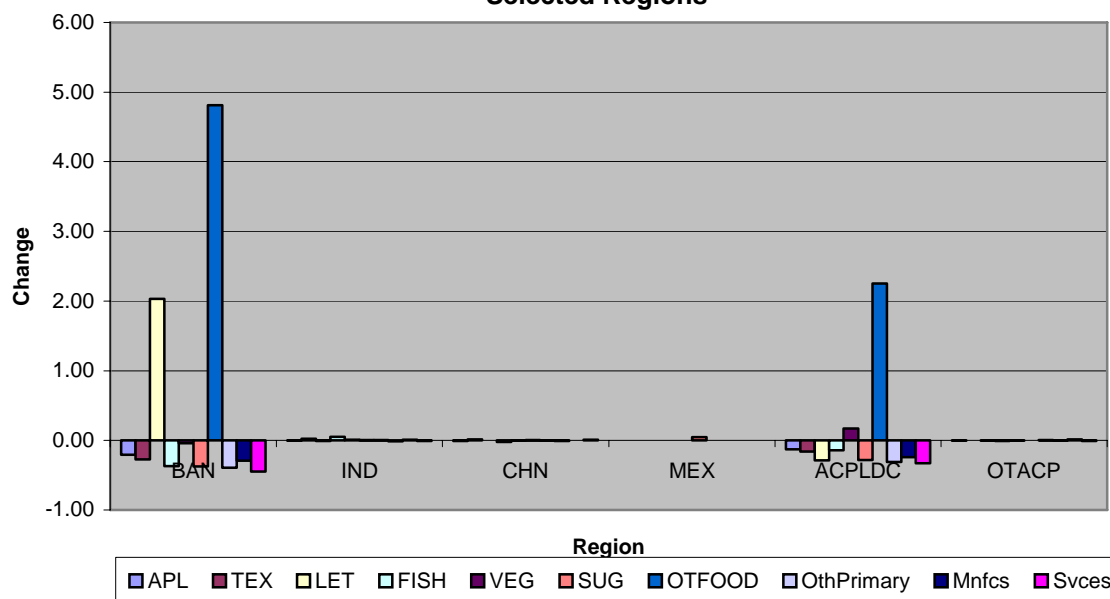
Export

According to the GCE analysis, the overall impact of Japan's preferential treatment of exports from the LDCs was found to be rather negligible. When the influence of other global initiatives facilitating preferential access of products from the LDCs is isolated, the simulation exercise shows that the incremental gains to Bangladesh as a result of Japan's recent initiatives was found to be rather insignificant. The absolute value of the impact was found to be only USD 9.95 million (over the base period) equivalent to 0.184 per cent of Bangladesh's export to Japan. The gains for ACP LDCs was also not very high at USD 49.64 million. As for other ACP, the benefit was estimated to be only USD 3.66 million (table-2.8).

According to the disaggregated results of figure-2.1, other food and leather sectors of Bangladesh are expected to benefit in terms of positive export growth under the revised GSP scheme. The other food and leather sectors are projected to grow by 4.8 per cent and

2.1 per cent respectively from the base period. The ACP LDCs stand to benefit only from the other food sector.

Figure 2.1. Japan's Revised GSP: Gains from Exports for Some Selected Regions



Source: Estimated from CPD's CGE Analysis.

TABLE 2.8: JAPAN'S PREFERENTIAL TREATMENT: MERCHANDISE EXPORT FOR SELECTED REGIONS

Region	Pre		Post	
	Absolute Amount, Mln USD	Absolute Amount, Mln USD	Change, Absolute Amount, Mln USD	Percentage Change
		Simulation 4	Simulation 4	Simulation 4
BAN	5418.90	5428.85	9.95	0.184
IND	47344.97	47347.42	2.45	0.005
CHN	241436.02	241443.41	7.39	0.003
MEX	115311.61	115312.21	0.60	0.001
ACPLDC	52687.43	52737.07	49.64	0.094
OTACP	84702.09	84705.75	3.66	0.004
USA	872641.06	872651.06	10.00	0.001
JPN	506277.91	506468.34	190.44	0.038
EU	2454885.50	2454900.25	14.75	0.001
ROW	2028595.25	2028629.88	34.63	0.002

Source: Estimated from CPD's CGE Analysis.

If the incremental gains are decomposed it is found that Bangladesh's exports of all products other than sugar and primary products are set to go up in the Japanese market (see table-2.9). The simulation exercise shows that export of apparel (12.8 per cent), leather (27.2 per cent), vegetables and other food (37.8 per cent) are likely to grow more rapidly compared to textiles (5.4 per cent), fish (5.3 per cent) and other manufacturing sector (0.8 per cent) items.

TABLE 2.9: IMPACT ON BANGLADESH'S EXPORTS TO JAPAN

	Pre	Post (%)
	Amount in Mln USD	Sim 4
Apparel	17.08	12.79
Textiles	11.66	5.41
Leather	20.51	27.21
Fish	0.17	5.32
Vegetables	0.04	44.09
Sugar	0.02	-0.44
Other Food	51.98	37.80
Other Primary	0.28	-0.67
Other Manfcs	21.02	0.79

Source: Estimated from CPD's CGE Analysis.

Terms of Trade

TABLE .2.10: EXPECTED CHANGES IN THE VARIOUS ECONOMIC INDICATORS FOLLOWING JAPAN'S NEW INITIATIVE

(in percentage)

	Simulation-4
Change in GDP	0.0202
Change in Export	0.184
Change in Terms of Trade	0.36
Change in H/H Income	0.509

Source: Results from CPD's Simulation Exercise.

Table-2.10 shows the possible impact of Japan's latest initiative on a number of economic indicators. The simulation exercises shows that the recent initiative is likely to have a positive impact on Bangladesh in respect to Terms of Trade (0.36%), GDP (0.02%) and H/H income (0.51%).

SECTION III: IDENTIFICATION OF POTENTIAL PRODUCTS FOR EXPORT TO THE JAPANESE MARKET UNDER THE EXTENDED PREFERENTIAL REGIME

3.1 Identification of Products for Export to Japan

The following exercise was carried out with a view to identifying Bangladesh's exportable products which have export opportunities in the Japanese market.

- Step 1: identification of products which are to enjoy zero-tariff, quota-free access to the Japanese market under the recent initiatives [List A]
- Step 2: Identification of products from Bangladesh which already enjoy duty free and quota free access to Japan and exclude them from List A [List B]
- Step 3: identification of products which are not exported from Bangladesh to Elsewhere and Exclude from List B [List C]
- Step 4: Identify products for which Bangladesh does not enjoy price advantage in the global market over the average import price of the same products in Japan and exclude them from List C [List D]. The list D has been rearranged and presented in Annex 1.

List D includes products having export potential in Japanese Market. Subsequently, the list was disaggregated by industrial and agricultural products. The industrial products were divided further into RMG and non-RMG products.

Out of 781 items at HS 6 digit level exported by Bangladesh to Japan and elsewhere, 176 products were identified which are having promising in terms of export to the Japanese market (Annex 1).

Agricultural Products with Export Potentials in Japan

In respect to agricultural items, 28 HS 6 digit products were identified which appear to have export opportunities in the Japanese market. In addition to price advantage in the Japanese market, Bangladesh possesses the capacity to produce and export these items and at present these products are indeed exported to a number of countries. 13 of these 28 categories of products have been recently included for preferential treatment under the revised 2003 GSP scheme, the total export value of these items being about USD 11.41 million. The Top 10 items presented in table-3.1 constitutes 94 per cent of world export from Bangladesh worth USD 10.68 million. HS 03, HS 07, HS 08, HS 09, HS 11, HS 15, HS 16, HS 19, HS 20 and HS 23 are the HS items at 2 digit level enjoying potential market opportunity in Japan. The price advantage of these items range from 6.9 per cent to 87.5 per cent over Japan's average import price of the same products from other countries in the world.

TABLE 3.1: TOP 10 POTENTIAL AGRICULTURAL PRODUCTS IN THE JAPANESE MARKET

Product code	Product label	BD's exports to world			Japan's imports from world			Price Advantage of BD (%)
		Value (USD'000)	Quantity tons	Export Price ['000 USD/ton]	Value (USD'000)	Quantity tons	Import Price ['000 USD/ton]	
030622	Lobsters nes, not frozen, in shell or not, including boiled in shell	272	51	5.33	23,099	1,403	16.46	67.61
030623	Shrimps & prawns, not frozen, in shell or not, including boiled in shell	1194	115	10.38	27,188	2,380	11.42	9.11
030629	Crustaceans nes, not frozen, in shell or not, including boiled in shell	66	63	1.05	348	94	3.70	71.70
070820	Beans, shelled or unshelled, fresh or chilled	277	178	1.56	5,631	1,435	3.92	60.34
080290	Nuts edible, fresh or dried, whether or not shelled or peeled, nes	445	655	0.68	29,997	5,533	5.42	87.47
081090	Fruits, fresh nes	77	105	0.73	9,940	2,942	3.38	78.30
090230	Black tea (fermented)&partly fermentd tea in packages not exceedg 3 kg	361	236	1.53	44,643	3,979	11.22	86.37
090240	Black tea (fermented) & partly fermented tea in packages exceedg 3 kg	3119	2,226	1.40	117,642	38,345	3.07	54.33
160520	Shrimps and prawns, prepared or preserved	4785	524	9.13	379,818	38,700	9.81	6.96
190410	Prep foods obtained by the swellg o roastg of cereal o cereal products	85	116	0.73	10,496	3,336	3.15	76.71

Source: Calculation based on ITC Trade Map Data.

It is noted that all Top 10 agricultural items excluding HS 070920 enjoyed quota or duty free access to Japanese markets since 1991 or 2001. However, price at which Bangladesh exports to the global market is lower than the average Japanese import price for these products. Bangladesh did not export the products to the Japanese market during the earlier period although she had exported these products to other countries. According to the price analysis, Bangladesh should keep an eye on the Japanese market for exports of fish and frozen food, beans, nuts, fresh fruits and black tea.

Table-3.2 represents the Top 10 agricultural products recently included under the quota and duty free regime in 2003, which have been holding export potential in the Japanese

market. HS 07, HS 08, HS 11, HS 15, HS 19, HS 20 and HS 23 could be identified as product groups having price advantage. The items include fresh bean, cucumbers, asparagus, processed food such as dog or cat food, processed cucumbers, onions and lentils.

TABLE 3.2: THE TOP 10 NEWLY INCLUDED AGRICULTURAL ITEMS

Product code	Product label	BD's exports to world			Japan's imports from world			Price Advantage of BD (%)
		Value (USD'000)	Quantity tons	Export Price ['000 USD/ton]	Value (USD'000)	Quantity tons	Import Price ['000 USD/ton]	
070820	Beans, shelled or unshelled, fresh or chilled	277	178	1.56	5,631	1,435	3.92	60.34
190410	Prep foods obtained by the swelling or roasting of cereal or cereal products	85	116	0.73	10,496	3,336	3.15	76.71
230910	Dog or cat food put up for retail sale	58	345	0.17	610,594	469,979	1.30	87.06
151590	Veg fats&oils nes&their fractions,refind or not but not chemically mod	36	62	0.58	24,628	18,717	1.32	55.87
070700	Cucumbers and gherkins, fresh or chilled	27	97	0.28	11,161	7,960	1.40	80.15
190490	Cereals,exc maize (corn),in grain form,pre-cookd or otherwise prepard	22	24	0.92	1,584	1,216	1.30	29.63
200110	Cucumbers, gherkins and onions preserved by vinegar	20	19	1.05	35531	29,681	1.20	12.07
110430	Germ of cereals, whole, rolled, flaked or ground	16	21	0.76	14	13	1.08	29.25
080720	Papaws (papayas), fresh	13	7	1.86	16,447	6,869	2.39	22.44
070920	Asparagus, fresh or chilled	12	6	2.00	87,211	22,055	3.95	49.42
071340	Lentils dried, shelled, whether or not skinned or split	12	26	0.46	193	207	0.93	50.50
071390	Leguminous vegetables dried,shelled,whether or not skinnd or split,nes	12	25	0.48	189	49	3.86	87.56
190540	Rusks, toasted bread and similar toasted products	12	11	1.09	1,142	338	3.38	67.71

Source: Calculation based on ITC Trade Map Data.

Market analysis shows that Bangladesh's major competitors for these products would be China, Korea, Thailand, Vietnam, Philippines, Taiwan, Hong Kong, Indonesia, India, Sri Lanka, Oman, UAE, Mexico and USA. For instance, Bangladesh's major principal competitors for exports of shrimps and prawns (HS 030623) to the Japanese market are China, Vietnam, Philippines, Korea, Thailand and Sri Lanka (table-3.3). It needs to be

underscored that currently China alone exports one-third of Japan's import requirements. Though Bangladesh presently meets approximately 9 per cent demand of the Japanese market, the zero-tariff access is expected to provide Bangladesh some competitive edge over the principal suppliers of shrimp to the Japanese market.

TABLE 3.3: MAJOR CATEGORIES OF HS0363 FOR BANGLADESH

Exporters	Imported value 2002 in US\$ thousand	Unit value (US\$/unit)	Ranking of partner countries in world exports	Share of partner countries in world exports, %
World	24880	10738		
China	9636	9733	4	8
Viet Nam	2834	4217	13	2
Philippines	905	6511	17	1
Rep. of Korea	592	21926	31	0
Thailand	129	8600	3	9
Sri Lanka	13		37	0
Bangladesh*	2726	10904	25	0

Source: Calculation based on ITC Trade Map Data.

3.2 Non-Agricultural Products

Based on our analysis 159 HS 6 digit level industrial products can be identified which have export potentials in the Japanese market. These products mainly belong to RMG categories HS 61 and HS 62 (table-3.4)

TABLE 3.4: MAJOR NON-AGRICULTURAL ITEMS HAVING EXPORT POTENTIAL IN JAPAN

HS46	HS50	HS52	HS58	HS61	HS62	HS63	HS64
1	2	19	1	63	66	5	3

Source: Analysed from ITC Trade Map Data.

3.3 Potentials for Export of RMG Products

Among the RMG products, currently exported to Japan, only 2 of 63 HS 6 digit level categories under HS 61 (HS 610110 and HS 611130) have been included for preferential treatment under the revised GSP scheme in 2003. The total export of these two items in 2001 was USD 8.87 million. The export value of these 63 categories to the world market amounts to USD 251.36 million. It was possible to identify the price relatives in the Japanese market only for 10 items under HS 61; for 53 other items under HS 61 it was not possible to carry out price analysis due to paucity of Quantitative Data.

Some of the 6 digit level products under HS 61 were already given duty-free, quota-free access under earlier GSP Scheme. In 2003 substantial numbers of products under HS 61 was included in the new scheme leaving only a handful products under HS 61 outside of preferential treatment. Of the newly included items in 2003 Bangladesh exported only two items to Japan. However, since Bangladesh exports a large number of HS 61 items in

the global market, there is potentially good scope for export of these to the Japanese market by taking advantage of the new GSP Scheme.

TABLE 3.5: TOP 10 KNIT-RMG ITEMS WITH EXPORT POTENTIAL TO JAPAN

Product code	Product label	BD's exports to world		Japan's imports from world		Price Advantage of BD (%)
		Value (USD'000)	Export Price ['000 USD/unit]	Value (USD'000)	Import Price ['000 USD/unit]	
610829	Womens/girls briefs and panties, of other textile materials, knitted	321	7.25	3,812	42.36	100.00
611110	Babies garments&clothg accessories of wool or fine animal hair, knitted	143	11.00	372	37.20	70.43
610110	Mens/boys overcoats, anoraks etc, of wool or fine animal hair, knitted	45	6.43	3,013	37.66	82.93
610459	Womens/girls skirts, of other textile materials, knitted	39	19.50	9,672	71.12	72.58
611410	Garments nes, of wool or fine animal hair, knitted	38	7.60	1,355	64.52	88.22
610461	Womens/girls trousers and shorts, of wool or fine animal hair, knitted	37	18.50	1,783	84.90	78.21
611720	Ties, bow ties and cravats, of textile materials, knitted	36	18.00	489	163.00	88.96
610312	Mens/boys suits, of synthetic fibres, knitted	30	7.50	279	18.60	59.68
611520	Women full-l/knee-l hosiery, of textile yarn<67 dtex/single yarn knitted	28	9.33	6,065	37.44	75.07
611599	Hosiery nes, of other textile materials, knitted	17	0.01	3,882	12.56	99.91

Source: Calculation based on ITC Trade Map Data.

Table-3.5 represents the Top 10 knit-RMG items with potential export opportunities in the Japanese market. As the list shows, Bangladesh has export opportunities for undergarments and dresses for women and girls, garments of babies, men's suit and ties. Export data indicate that Bangladesh currently exports only limited quantities of these products to the global market. A scope for quota and duty free export of such high-end products to the Japanese market will help Bangladesh realize the potentials of diversifying her apparel product basket.

It needs to be recalled that items belonging to HS 61 categories faced stiff restrictions in accessing the Japanese market prior to 2003. Given Bangladesh's proven capacity to compete the export of these items in the global market, the recent inclusion of HS 61 category into the preferential regime is likely to open an window of opportunity for Bangladesh to explore new markets for these products in Japan.

All 66 HS 62 6 digit level categories were included for preferential treatment under the revised GSP scheme in 2003. The total export of HS 62 products from Bangladesh to the

world market is valued at USD 419.84 million. The inclusion of 66 additional items under preferential regime is likely to enhance export opportunities of such items from Bangladesh to Japan. According to the Top 10 HS 62 items, Bangladesh holds price advantage primarily in high-end items for women and babies (table-3.6). The price advantage of these items range from 22.2 per cent to 95.1 per cent over Japan's average import price of the same products from other countries in the world.

TABLE 3.6: POTENTIAL WOVEN-RMG PRODUCTS FOR EXPORT TO JAPAN

Product Code	Product Label	BD's exports to world		Japan's imports from world		Price Advantage of BD (%)
		Value (USD'000)	Export Price ['000 USD/unit]	Value (USD'000)	Import Price ['000 USD/unit]	
620439	Womens/girls jackets, of other textile materials, not knitted	5191	18.47	65,307	61.84	70.13
620211	Womens/girls overcoats&sim articles of wool/fine animal hair not knitted	2703	27.58	233,427	53.35	48.31
620431	Womens/girls jackets, of wool or fine animal hair, not knitted	2507	20.38	135,741	58.76	65.31
620990	Babies garments&clothing accessories of the textile materials,not knitted	1428	17.41	544	28.63	39.18
620331	Mens/boys jackets and blazers,of wool or fine animal hair,not knitted	1344	26.88	91,554	50.61	46.89
620451	Womens/girls skirts, of wool or fine animal hair, not knitted	1083	22.10	87,082	42.25	47.69
620719	Mens/boys underpants and briefs,of other textile materials,not knitted	943	8.13	2,682	31.55	74.24
620311	Mens/boys suits, of wool or fine animal hair, not knitted	838	34.92	546,255	44.89	22.22
620419	Womens/girls suits, of other textile materials, not knitted	454	5.10	17,558	62.93	91.89
621141	Womens/girls garments nes, of wool or fine animal hair, not knitted	369	24.60	5,883	34.81	29.33

Source: Calculation based on ITC Trade Map Data.

3.4 Potentials for Export of Non-RMG Products

Based on our analysis carried out for this study, 31 HS 6 digit level non-RMG categories were identified as holding export potential in the Japanese market. 22 out of 31 HS 6 digit level non-RMG categories have been recently included for preferential treatment under the revised GSP scheme in 2003. The principal non-RMG categories included in the list are Footwear (HS 64) and Textiles (HS 52). Bangladesh's global export of products under such categories amount to USD 17.24 million. As seen from the table, the price advantage for these items range from 5.6 per cent to 97.5 per cent. Bangladesh's recent export performance in the Canadian market, thanks to the quota and duty free market access, indicated that Bangladesh has good potentials in expanding export of home textiles and the market opportunities provided by Japan could allow Bangladesh to also tap the market for this item in the Japanese market.

TABLE 3.7: NON-RMG INDUSTRIAL PRODUCTS HAVING EXPORT POTENTIAL IN JAPAN

Product code	Product Label	BD's exports to world		Japan's imports from world		Price Advantage of BD (%)
		Value (USD'000)	Export Price ['000 USD/unit]	Value (USD'000)	Import Price ['000 USD/unit]	
630391	Curtains/drapes/interior blinds&curtain/bd valances,of cotton,not knit	8844	5.86	1,384	11.23	47.79
520812	Plain weave cotton fabric,>/=85%, >100 g/m2 to 200 g/m2, unbleached	2841	2.51	47,446	2.66	5.64
630210	Bed linen, of textile knitted or crocheted materials	1128	4.22	1,917	6.82	38.06
640320	Footwear,outr sole/uppr of leathr,strap across the instep/arnd big toe	453	17.42	8	39.50	55.89
500720	Woven fabrics of silk/silk waste,o/t noil silk,85%/more of such fibres	230	1.53	1,127	61.47	97.51
640340	Footwear,outr sole of rber/plas/leathr,uppers of leathr w/met toe-cap	207	6.68	42	24.40	72.64
521132	Twill weave cotton fab,<85% mixed with m-m fib,more than 200 g/m2,dyed	175	1.56	86	17.63	91.14
520851	Plain weave cotton fabrics,>/=85%, not more than 100 g/m2, printed	156	1.37	148	26.32	94.80
520511	Cotton yarn,>/=85%,single,uncombd,>/=714.29 dtex, nt put up	134	1.79	1,451	2.65	32.51
630311	Curtains,drapes,interior blinds&curtain or bed valances,of cotton,knit	133	4.93	3	21.67	77.26

Source: Calculation based on ITC Trade Map Data.

Export potential of leather and leather products in the Japanese market was borne out by the findings of the GCE analysis, as was reported earlier. Our price analysis shows that 19 out of 56 HS 6 level products exported by Bangladesh enjoyed price advantage in the Japanese market (however, it was not possible to estimate the price advantage of 27 products at HS 6 level due to paucity of quantitative data).

With respect to HS 24 category, though Bangladesh does not currently export tobacco and cigarette products to Japan, an analysis on export prices of these products to the world market indicates that these Bangladeshi items should have some price advantage in the Japanese market.

3.5 Which Products are Still Excluded?

Bangladesh at present exports 76 HS 6-digit level categories to the Japanese market under non-preferential treatment; these constituted 30% of Bangladesh's total export to Japan in 2001. Price analysis shows that Bangladesh enjoyed price advantage of varying degrees in 30 items out of a total of 76. For 8 items Bangladesh's price advantage is negative. The price data was not available for 38 categories.

TABLE 3.8: EXPORT OF BANGLADESH TO JAPAN UNDER MFN/GSP REGIME

HS Code	Number of categories at 6-digit level	Export Value ('000 USD)
03	2	334
05	1	1130
41	3	5355
42	2	457
46	1	34
48	1	11
53	4	4759
58	1	65
61	16	5914
62	1	176
63	6	1844
64	2	285
65	1	753
69	3	828
71	1	467
73	4	1627
74	1	216
84	3	624
85	8	3624
90	6	5349
95	3	1266
99	1	631
	76	35749

Source: Compiled and Analysed from Hand Book of Japan's GSP and ITC Trade Map Data.

From discussion with trade bodies it can be deduced that RoO restrictions requirements and stringent quality and safety standards act as major deterrents to Bangladesh's export in accessing the Japanese market. At present Bangladesh's current export of knit-RMG, duty paid, stands at USD 3.91 million. Export of this item despite prevalent duty regime indicates Bangladesh's ability to maintain a competitive edge in certain segments of this item in the Japanese market (table-3.8). In 2001, the value of leather export amounted to USD 5.36 million indicating Bangladesh's ability to compete successfully with other countries in export of leather to the Japanese market.

In this context, it can be inferred that further liberalisation and flexibility in RoO is likely to enhance Bangladesh's market and increase share of quota and duty free export to Japan.

SECTION IV: RULES OF ORIGIN AND NON-TARIFF BARRIERS IN JAPAN

4.1 Rules of Origin and Origin Criteria

Rules of origin

In order to enjoy preferential market access, goods exported to Japan by a GSP beneficiary country must be recognised as having originated in the exporting country under the origin criteria of the Japanese GSP scheme. These goods must also be transported to Japan in accordance with the relevant rules for transportation. Following is a summary of the major RoO requirements taken from relevant documents (MOF&A, 2003; MOFA 2002; WTO, 2002).

Rules for Transportation

In order to ensure the identity, and non-manipulation (direct consignment) the following conditions need to be met:

- (a) Direct freight to Japan, without any transit;
- (b) Goods using third country territory, in the course of shipment, are entitled to preferential treatment only if:
 - a. they have not undergone any operations other than transshipment and/or temporary storage;
 - b. transshipment and temporary storage have been done in a bonded area under the supervision of the custom authorities of the transit countries;
- (c) With regard to temporary storage or exhibitions, fairs and similar events in the transit-country, goods are subject to preferential treatment only if:
 - a. transportation to Japan from the transit-country falls under (a) and (b) above;
 - b. the exhibition (or similar events) have been held in a bonded area or similar place, under the supervision of the transit-country authority.

Origin Criteria

Goods are considered as originating in a preference-receiving country if: (a) they are wholly obtained in that country; (b) the materials or parts, imported from other countries or are of unknown origin and used in the production of these resulting goods, have undergone sufficient working or processing in the exporting country. The resulting goods have to be classified in an HS tariff heading (4 digits) other than those covering each of the parts or materials used in the production. However, there are exceptions to this rule: (i) Some working or processing will not be considered sufficient when these are actually very simple even if there is a change in the HS heading, (ii) Some goods are required to satisfy *specific conditions* in order to obtain originating status without a change in the HS

heading; (c) A “single list” has been established describing all processing requirements, on a product-by-product basis, for obtaining originating status.

However, the following minimal processes are not accepted as obtaining originating status:

(i) Operations to ensure the preservation of products in good condition during transport and storage (drying, freezing, placing in salt water and similar operations); (ii) Simple cutting or screening; (iii) Simple placing in bottles, boxes and similar packing cases; (iv) Repacking, sorting or classifying; (v) Marking or affixing of marks, labels or other distinguishing signs on products or their packaging; (vi) Simple mixing of non-originating products; (vii) Simple assembly of parts of non-originating products; (viii) Simple making up of sets of articles of non-originating products; (ix) A combination of two or more operations specified in (i)-(viii).

Use of materials imported from Japan

Materials imported from Japan, in the production of goods to be eventually exported to Japan, will receive the following special treatments:

- ✓ Such goods, produced in a preference-receiving country only from materials imported from Japan or entirely obtained in the exporting country, will be considered as being wholly obtained in that country.
- ✓ Goods, other than those of the previous paragraph, which have been produced by using goods imported from Japan as raw materials or components will be considered as goods originating in the preference-receiving country.

4.2 Rules of Cumulative Origin

Two or more countries from Southeast Asia, e.g. the “5 Countries” (Indonesia, Malaysia, the Philippines, Thailand and Vietnam), are regarded as a single preference-receiving country for the purpose of applying the above-mentioned origin criteria and preference-giving country content rule.

For claiming RoO compliance a number of documentary evidences are required, which include:

- (a) Certificate of Origin Form A, issued by the Japanese customs authorities upon application from the exporter⁴;
- (b) With regard to materials imported for Japan, a certificate issued by the Japanese customs authorities;
- (c) In case of goods of cumulative origin, a Certificate of Cumulative Working/ Processing and a Certificate of Origin Form A

⁴ *Exemption:* Consignments of customs value not exceeding 200,000 yen or goods whose origins are evident;

The required documents evidence relating to transport includes:

- (a) A through bill of lading;
- (b) A certification by the customs authorities or other government authorities of the transit countries; or
- (c) Any other authentic document, (i) *Exemption* include consignments with a customs value not exceeding 200,000 yen.

4.3 Standards and Sanitary and Phytosanitary Measures

Japan has moved toward increased deregulation and international harmonization of its standards and technical regulations and the adoption of mutual recognition arrangements. Japan's voluntary standards, mandatory technical regulations, and sanitary and phytosanitary (SPS) regulations are summarized in table-4.1.

Voluntary Standards

Foreign exporters in exporting industrial, agricultural and food products can obtain voluntarily special markings according to JIS and JAS for availing ready acceptance during customs processing of exported goods. Voluntary standards in Japan comprise Japan Industrial Standards (JIS) and Japan Agricultural Standards (JAS), with 8,932 and 351 standards, respectively.⁵ About 90% of JIS were aligned with international standards as at 31 March 2002, compared with about 50% in FY1997. The Ministry of Agriculture and Fisheries of Japan (MAFF) is currently in the process of reviewing JAS.

⁵ At the end of May 2002

TABLE 4.1: MAJOR STANDARDS AND TECHNICAL REGULATIONS IN JAPAN, MAY 2002

	Number of standards or regulations	Percentage corresponding to international standards ^a	Percentage equivalent to international standards	Percentage acceptance of overseas certification ^b	Percentage acceptance of overseas test data ^b
A. Mandatory technical regulations					
Pharmaceuticals Affairs Law	2,602	..	..	..	..
Food Sanitation Law	505	..	..	..	..
Electrical Appliance and Materials Safety Law	452	..	..	..	..
Consumer Product Safety Law	5	0	0	0	..
High Pressure Gas Safety Law	2	..	..	..	100
Building Standard Law ^c	..	..	..	..	..
Safety Regulations for Road Vehicles	277	15	0	18	20
Law concerning the Safety Assurance and Quality Improvement of Feed ^d	153	n.a.	n.a.	n.a.	100
Law concerning Examination and Regulation of Chemical Substances and Regulation of their Manufacture	5	..	..	..	100
Telecommunications Business Law	..	..	..	..	..
Radio Law ^e	..	..	..	..	..
Fertilizer Control Law	141	n.a.	n.a.	n.a.	100
B. Voluntary standards					
Japan Industrial Standards (JIS)	8,932	44	90	..	..
Japan Agricultural Standards (JAS)	351	38 ^f	18 ^f	0.6	n.a.
Total	..	..	..	..	..

Not available.

n.a. Not applicable.

a Defined as "primary aspects sharing a common scope".

b Where applicable.

c Building Act Code.

d As of December 2001.

e According to the authorities, the number of mandatory technical regulations is not available because the scope and definition of mandatory technical regulations is ambiguous; the technical conditions of radio stations in Japan generally comply with ITU-R Recommendations and Radio Regulations, and international harmonization is given consideration. Regarding the system for the certification of radio equipment, the Radio Law was amended to establish the system for accepting foreign test results and foreign certification (promulgated in 1998 and went into effect in 1999).

f As of October 1998. Only JAS for processed foods.

Source: Information provided by the Japanese authorities.

As of 31 March 2002, about 13,000 domestic and more than 400 foreign factories, in 22 countries, had received approval to affix JIS marks. The JIS marking system covers about 630 products. The authorities maintain that domestic and foreign factories are treated in the same manner with regard to approval of affixing JIS marks. As of 1 May 2002, six Japanese organisations were accredited as JIS mark certification bodies, and two foreign bodies were accredited, by METI. For the JAS system, a new grading system for foreign products was introduced in June 2000 in accordance with the 1999 amendment to the JAS Law. Foreign producers or manufactures certified by Registered Certification Organizations (RCOs) or Registered Foreign Certification Organisations

(RFCOs) can conduct their own grading and append the JAS symbols to their products.⁶ Only products graded under the JAS system may affix JAS symbols. There are 15 laws to implement mandatory technical compliance for exporting industrial products to Japan.

Mandatory Technical Regulations

There are 15 laws related to implementation of mandatory technical compliance for exporting industrial products to Japan. In 2001, approximately 20% of all JIS were quoted in Japanese Laws and government/ministerial ordinances as mandatory technical regulations. Changes in technical regulations since 2000 include the introduction of mandatory labelling requirements concerning place of origin of eight food items⁷, and of genetically modified food. Currently, seven inspection bodies, two foreign, are designated by METI for testing based on the standards and certification systems listed in Table III.3 under the jurisdiction of METI.

Sanitary and Phytosanitary Measures

To enter the Japanese market, exporters are subject to pre-certification system, Food Sanitation law, Standardisation and Labeling Law of Japanese Agricultural Standards. Japan revised sanitary and phytosanitary regime under its Food Sanitation Law, which was implemented in April 2001. The revised regime included newly specifications and standards for genetically modified foods, and prohibited their importation unless approved under the Law.

On April 1, 2001, the Ministry of Health, Labor, and Welfare (MHLW) established a "food with health claims" category, consisting of two subcategories: food for specified health use; and food with nutrient function claims. The former requires individual permission or approval by the MHLW per product to be on the market, while the latter are only required meeting the established standards and labeling rules.

To avoid the introduction of injurious pests due to insufficient import quarantine inspection, through workloads in excess of inspection capacity, Japan introduced in April 2001 indices of maximum inspection capacity per day.⁸ The authorities maintain that the indices are intended as a guideline for proper and consistent inspections at each regional

⁶ Since 2000, 12 RFCOs in four countries have been designated by the Minister of Agriculture, Forestry and Fisheries.

⁷ Some food and food products, other than imported ones, were made subject to mandatory labelling of place of origin of their main ingredient under the standards for labelling of quality in 2000 and 2001: ume-boshi (pickled and dried Japanese plum) and pickled scallion; salted and dried horse mackerel and mackerel; salted mackerel; unagi-kabayaki (broiled split eel) and unagi-shirayaki (eel broiled without sweetened soy sauce or seasoning); dried wakame; salted wakame; pickled agricultural products other than ume-boshi and pickled scallion; and katsuo-kezuribushi (shavings of dried bonito).

⁸ The average number of inspections carried out in the two busiest months in each of the preceding three years for each Plant Protection Station.

Plant Protection Station⁹; they are not intended to be used to limit the number of inspections or to conduct the import inspections too rigidly.

Other changes in Japan's SPS measures include the entry into force of: the *Enforcement Ordinance of the Law for Prevention of Infectious Diseases and on Medical Service* and the amendment of the *Enforcement Ordinance of the Rabies Prevention Law* on 1 April 1999¹⁰; the amendment of the *Regulations for the Enforcement of the Domestic Animal Infectious Disease Control Law* on December 2000¹¹; the amendment of the animal quarantine measures for BSE on 1 January 2001, 1 April 2001, and 11 June 2001¹²; and the amendment of the animal quarantine measures for BSE on 4 October 2001.¹³

4.4 Labelling and Packaging Requirements

To label food as "organic" accreditation is needed from an authorized accreditation body that the food meets certain JAS requirements. Only accredited food may carry an Organic-JAS Mark label.¹⁴ Mandatory labelling regarding genetically modified organisms (GMOs) was applied to soyabeans, corn, potatoes, rapeseed, cotton seed, and some processed foods mainly made of soyabeans or corn according to the Genetically Modified Food Labelling Standard. The Ministry of Health and Welfare does not permit the importation of GMOs that do not meet its safety requirements. Labelling requirements for rice were also reinforced by the JAS law. The *Agricultural Products Inspection Law* requires mandatory inspections of rice, wheat, and barley as well as soybean. Apart from mandatory labelling requirements, the JFTC's guideline on misleading representations may lead to the establishment of de facto standards.¹⁵

⁹ There are 32 stations across the country covering air, sea and land check points. The list is attached in Annex- C.2.

¹⁰ These measures establish import quarantine procedures for non-human primates, and specify countries and regions from which their import to Japan is prohibited; they also establish import and export quarantine procedures for cat, racoon, fox and skunk from all countries and areas. See WTO documents G/SPS/N/JPN/45 and 46, 29 July 1999 and 30 July 1999.

¹¹ Under the amendment, straw and forage originating in countries and areas specified in Article 43 of the Regulation for Enforcement of the Domestic Animal Infectious Disease Control Law are prescribed as prohibited items, with a view to preventing the introduction of domestic animal infectious diseases into Japan. See also WTO document G/SPS/N/JPN/59, 20 November 2000.

¹² The amendment involves urgent suspension of the importation of cattle meat and related items through enforcement of import inspection and other measures with a view to protecting Japan from the possible introduction of BSE. See also WTO documents G/SPS/N/JPN/62, 66, and 72, 17 January 2001, 20 April 2001, and 5 October 2001.

¹³ In the light of the outbreak of BSE in Japan, and the possibility that feed containing processed animal proteins (meat and bone meal etc.) may be the cause of BSE, the amendment suspended the use of processed animal proteins, and therefore, provisional suspension of imports of processed animal proteins. See also WTO document G/SPS/N/JPN/71, 5 October 2001.

¹⁴ Seventeen countries' standards and labelling for organic agricultural products are currently regarded equivalent to the JAS. These are: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, the United Kingdom, and the United States.

¹⁵ For example, the JFTC established a guideline on the labelling of abyssal water in 2001.

4.5 Environmental Measures

Japan's Ministry of Health and Welfare looks after imported products with the Environmental Health Bureau responsible for products checking. Under the control of the Bureau, Quarantine Stations are available at 32 significant docks and airports in Japan.

On 12 October 1973 the Japanese Parliament passed Law No. 112, the Law for the Control of Household Products Containing Harmful Substances. The Law, as its name suggests, is intended to control people's exposure to hazardous substances contained in common household products. The Ministerial ordinance implementing the Law, issued in 1974, initially set maximum limit values (MLVs) for five substances, including formaldehyde, in a wide range of those products¹⁶. Producers and importers were then given one year to comply with the formaldehyde restrictions.

Formaldehyde is a pungent gas (CH₂O) used in the manufacture of synthetic resins, adhesives and dyes. Residues of these compounds enter fabrics (particularly those made of cotton, viscose, linen and their blends with synthetic fibres) through various stages in the manufacture of textiles. Formaldehyde based resins, for example, are used in textile finishing as glazing agents, anti-creasing and anti-shrinking agents, and sometimes to improve colour fastness.

When Japan developed its MLVs for formaldehyde it was already well known that free formaldehyde could irritate people's mucous membranes and provoke allergic reactions. Formaldehyde was also already suspected of being a probable human carcinogen, though strong evidence of the link did not emerge until the 1980s. Since no internationally agreed or recommended standards relating to the formaldehyde content of products existed at the time, the Japanese authorities based their limit on toxicity tests – building in a significant margin of safety. The law sets two standards. The level of formaldehyde allowed in products used by infants less than 24 months old (textile products, diaper, diaper covers, bibs, underwear, pyjamas, gloves, socks, middle-wear, outerwear, caps and hats, and bedding material) must not exceed the limit of detection – currently around 15 to 20 ppm. The amount of formaldehyde in textile products, underwear, pyjamas, gloves, socks and *tabi* (Japanese socks), adhesives used in wigs, false eyelashes, false moustaches, or garters that are *not* intended for infants must not exceed 75 ppm (table-4.2).

Since the 1990s, information on the Law has been published on the Internet (<http://www.nihs.go.jp/law/katei/ekatei.html>) and is available upon request from the Ministry of Health, Labour and Welfare and the Japan External Trade Organization (JETRO). Since Japan first introduced its formaldehyde limit for textiles, several

¹⁶ The list of five regulated substances has subsequently been expanded to 17

European countries, plus Korea, have also adopted, or are considering adopting, similar measures.

TABLE 4.2: MAXIMUM RESIDUAL LIMIT OF FORMALDEHYDE

	<i>Maximum residue limit (ppm)</i>		
<i>Year in force</i>	<i>Infant garments¹⁷</i>	<i>Garments that contact skin</i>	<i>Other garments or fabrics</i>
1974	15-20	75	75

Source: OECD, 2003.

Implementation of Food Sanitation Law

- Import products are kept in Bonded Warehouse. After public health staffs at the station have checked the products, they give importers certificates used for passing Customs procedures. This process takes 6-10 days approximately. The products that fail the test will be returned to the country of origin. However, if dangerous germs are found, the products will be destroyed by burning.
- Apart from being tested at the docks, when the products are sent for retail sale on shelf in supermarkets, they might be examined again by local public health staffs. If germs are found, they have power to remove those products from shelf.
- If germs or antibiotics are often found in a particular product, Public Health Department of Japan then contacts with organizations in those countries of origin to send in public health officers to investigate the matter and work together in finding out the solution to that problem.
- Japan has developed and improved systems so as to build up confidence in product quality by bringing in Pre-Certification System. This system is like HACCP but it mainly focuses on product hygiene. The system also applies with processed food. According to this system, the countries of origin will be controlled by their own inspection bodies.

The detailed import procedure under Food Sanitation Law is presented in ANNEX 4.

4.6 Regulations for Labelling of Organic Plant Products

Over the last decade, consumers in Japan have come to attach greater importance to the safety of their food. In response to this demand, on April 1, 2001 the Japanese Government implemented a mandatory regulation on organic plant products — both raw and processed — as part of the Japan Agriculture Standards (JAS) system, a comprehensive package of measures that establishes various standards for agricultural products. The main purpose of these regulations was to provide domestic consumers with trustworthy information, by way of labelling, on both imported and domestic foods.

Many cases of fraudulent use of the JAS standard and labelling have been reported lately, requests for stringently applying the JAS system, including to organic labelling, has increased. For example, some processed foods made from organic agricultural products

¹⁷ Applying the measurement procedures required in Japan, the regulation effectively limits the amount of formaldehyde to a level no greater than 15-20 ppm.

and bearing the Organic JAS mark, imported from China, were found to contain more than the maximum residual level of pesticides stipulated under Japan's Food Sanitation Law (ANNEX 4). This case proved to be caused by the mixing of organic with non-organic foods. Measures have been taken to prevent such mixing occurring in the future.

While Japan's production standards for organic foods follow quite closely established international standards, requirements relating to the qualifications of operators (i.e., farmers, processors, repackers and importers) put considerable emphasis on procedures and criteria for the person in charge of "grading", and on maintaining an audit trail. Nonetheless, compared with other national organic regulations, Japan's contains some features that allow for greater flexibility in meeting its requirements.

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) developed voluntary guidelines for organic labelling, which it issued in April 1992. Over the next five years, organic certification expanded in Japan, especially among processors and traders. A few Japanese bodies were established to certify according to IFOAM¹⁸ or US private-sector organic standards. But most operators sought certification from U.S.-based certifying bodies. Nor did the voluntary guidelines prevent operators from putting non-organically produced products on the market and calling them organic. This created pressure to develop national, mandatory standards. Both producers, who sought protection from unscrupulous competitors, and consumers, who wanted assurance that the labelled products they were buying were, in fact, produced using organic methods, supported the idea.

In 1998 MAFF decided to establish a national organic regulation within the Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products (known as the JAS (Japan Agriculture Standards Law)).¹⁹ The Japanese administration was also influenced by on-going discussions in the Codex Alimentarius Commission, which eventually led to the publication in 1999 of international guidelines for organic products.²⁰

18 International Federation of Organic Agriculture Movements, <http://www.ifoam.org/>

19 The Japan Agricultural Standards Law (Law 175) was created in 1950 in order to protect consumers' rights to information about food products.

20 CAC/GL 32-1999.

Table 4.3 provides information on entities certified to apply the JAS organic seal to food products.

TABLE 4.3: ENTITIES CERTIFIED TO APPLY THE JAS ORGANIC SEAL TO FOOD PRODUCTS

(Numbers as of 18 October 2002)

Based in	Farms and farmer groups	Processors or Manufacturers	Repackers	Importers	Total
Japan	1 479	702	422	86	2 689
Foreign countries	197	198	40	0	435
Total	1 676	900	462	86	3 125

Source: based on MAFF sources.

The regulations apply only to organic plant products and processed products thereof. Livestock products, cosmetics, natural medicines and alcohol were not included. The regulations also specify that the word “organic” (*yuki* in Japanese) may not be used on its own, but only in conjunction with the JAS Organic Mark (figure-4.1). These regulations apply to the labelling of products, but not other marketing claims on leaflets, advertisements or similar printed material. In addition, they set out criteria for: the registration of certification organisations; for the four categories of certified operators (farmer, processor or manufacturer, repacker or sub-divider, and importer); and for inspection methods.²¹

FIGURE 4.1: THE OFFICIAL JAS ORGANIC MARK



As with all organic standards, the JAS organic standards relate not to the properties of the final product itself, but *how* the products are produced and processed – from the farm to final packaging. In that respect they adhere rather closely to the Codex Alimentarius Guidelines and the IFOAM standards. The major difference between the JAS system and other systems is the great emphasis it places on the qualifications of the person responsible for “grading”²² — the so-called “Grading Manager”. Such a person must complete a special course. In this regard, the role of the Grading Manager is similar to that of an internal auditor, as defined in the International Organization for Standardization’s (ISO’s) 10011 series of standards.

Only certification organisations registered by MAFF, known as Registered Certification Organisations (RCOs) or Registered Foreign Certification Organisations (RFCOs) in

21 Notifications 808, 818, 819, 820, 821 and 830 respectively, all issued on 9 June 2000.

22 In the JAS organic system, “grading” is used as a term for the act of qualifying a product as organic.

Japan, can certify operators. When applying for registration, an R(F)CO must notify the categories in which it wishes to obtain authority to certify. As of November 2002 there were 63 RCOs registered within Japan and 12 outside Japan.

There are currently three ways for agricultural products to qualify for the JAS organic mark (MAFF 2000a and 2000b; see also flowchart in the Annex 6):

- 1(a) *Certification by a Registered Certification Organisation (RCO) in Japan.*
An RCO based in Japan certifies the production or processing, or both, in the exporting country. Currently there are around 10 organisations that offer certification of foreign operators. Once certified by the RCO, the foreign operator can affix the JAS organic label to its products.
- 1(b) *Certification by a Registered Foreign Certification Organisation (RFCO) in the exporting country.* To register as an RFCO, the foreign organisation must be based in a country that is deemed by MAFF to have a system equivalent to that of Japan. In addition, it must pay a fee²³ to, and be registered with, MAFF. An RFCO can also certify in countries (apart from Japan) other than the country in which it maintains its primary business establishment, provided that the said foreign countries are included in “the area where certification service is carried out” at the time of application of registration.²⁴ There is no requirement that these other countries have a system that has been deemed to be equivalent to that of Japan’s. Once certified by the RFCO, the foreign operator can affix the JAS organic label to its products.
2. *Recertification of imports.* The production or processing, or both, of organic raw material is certified by a certification organisation based in the exporting country, while the Japanese importer is certified by an RCO in Japan. The RCO assesses conformity with the JAS for organic ingredients to be used in organic processed foods. The certified Japanese processor (who is also the importer) affixes the JAS organic label. This option can only be used for raw materials that will undergo further processing — i.e., it cannot be used for ready-made products, or for products that are being re-packed in Japan.
3. *Use of contracted inspection services.* R(F)COs may delegate inspections to certification organisations in exporting countries through a “trust contract of providing inspection data”, provided that the certification organisation conforms to the following requirements:

23 Registration is valid for five years, and can be renewed. The fees are JPN 51,200 (USD 415) for an initial registration and JPN 37,200 (USD 302) for a renewal. In either case the applicant must cover the travel expenses for two auditors from Japan. If the applicant is engaged in the business of grading (i.e., certification) and is accredited by the country in which it operates, then the initial fee is JPN 60,500 (USD 490), and the fee for renewal is JPN 45,500. In either case the applicant must cover the travel expenses for two auditors from Japan. See Article 25 of the Enforcement Ordinance of the JAS Law.

24 For example, NASAA (an Australian certifying body) is registered by MAFF to certify throughout the world.

The organisation is recognised or registered as a certification body by the government of the country, the local government, or an international organisation with an established reliability such as the International Organic Accreditation Service (IOAS).²⁵

The organisation has considerable experience as a certification body for organic foods.

4.7 Potential Problems and Options for Bangladeshi Exporters

The JAS system stresses the neutrality, fairness and reliability of grading and certification services — all with a view to ensuring protection of consumers. This principle also applies to the accreditation of Registered Foreign Certification Organisations (RFCOs) and to the criteria used by MAFF when examining equivalency to the JAS system. These criteria require evidence that the foreign government's grading system is being properly implemented and that its label is reliable (i.e., that there are adequate systems to detect fraudulent use). Given the rapidity with which Japan recognised the organic standards of Australia, the EU and the United States, the procedures would appear not to be particularly onerous — at least for developed countries with well-established organic rules. Just five governments of developing countries have implemented rules for organic agriculture within the region: China, Chinese Taipei, India, Korea and Thailand. Only India and Thailand have so far applied for examination of equivalency. For Bangladesh, as it did not apply for examination of equivalency, until equivalency is recognised, potential exporters could have the choice of being certified by a (Japan-based) RCO or an RFCO that is already operating in the country. However, in Bangladesh there is no such international certifying organisation. Eventually, Bangladesh government should have to apply for registration with MAFF. The second option may be to find an IOAS-accredited certification organisation in Bangladesh with which an RCO or RFCO would be willing to enter into a trust contract.

²⁵ The latter is the entity that performs IFOAM Accreditation according to IFOAM Standards and Criteria for certification.

Most of the countries in Asia do not have domestic organic regulation (table-4.4).

TABLE 4.4: STATUS OF ORGANIC REGULATIONS IN SOUTHERN, SOUTH-EASTERN AND EASTERN ASIA¹

<i>Country</i>	<i>National regulation in place</i>	<i>Stage of implementation if not yet in place</i>
<i>Bangladesh</i>	-	<i>No initiative</i>
<i>Bhutan</i>	-	<i>No initiative</i>
<i>Cambodia</i>	-	<i>No initiative</i>
<i>China</i>	<i>Yes</i>	-
<i>Chinese Taipei</i>	<i>Yes</i>	-
<i>Hong Kong, China</i>	-	<i>Completed Protocol of Practice</i>
<i>India</i>	<i>Yes</i>	-
<i>Indonesia</i>	-	<i>Early consultation and drafting of regulation</i>
<i>Japan</i>	<i>Yes</i>	-
<i>Korea (South)</i>	<i>Yes</i>	-
<i>Laos</i>	-	<i>No initiative</i>
<i>Malaysia</i>	-	<i>Has finalised standards</i>
<i>Mongolia</i>	-	<i>No initiative</i>
<i>Nepal</i>	-	<i>No initiative</i>
<i>Pakistan</i>	-	<i>No initiative</i>
<i>Philippines</i>	-	<i>Early consultations</i>
<i>Sri Lanka</i>	-	<i>No initiative</i>
<i>Thailand</i>	<i>Yes?</i>	<i>Finalising inspection and certification system</i>
<i>Vietnam</i>	-	-

1. Three countries were contacted but provided no information: Myanmar (Burma), North Korea and Papua New Guinea.

Source: OECD, 2003.

It is to be noted that most of the documented allegations of implementation problems have come from the United States, the leading exporter of organic foods to Japan.²⁶ If United States face such barriers which are difficult to comply with, the case of Bangladesh is more aggravated. A concerted effort is required to develop useful technical assistance plan for facilitating Bangladeshi exporters for compliance with the existing standards. As Japan is providing support to several developing countries on how to establish organic regulations, Bangladesh should also resolve the issue at bi-lateral level. One immediate solution may be invitation of the person in charge of administering Japan's organic standards to visit Bangladesh to explain the Japanese system and to support the establishment of an equivalent Bangladeshi system. Thai government invited Japanese expert for establishment of Thai system.

²⁶ One U.S. operator for example, has complained that it had to re-certify all its facilities to the JAS standard, at a cost of more than USD 20,000 in the first year (Weinberg, 2002). According to this source, would need to qualify, train and appoint a Grading Manager for each plant it operated, at an additional cost of time and money. Furthermore, it was required to develop a redundant standard-operating procedure and grading report for each facility so that its existing audit trail could be recognised as JAS-compliant.

The primary route for exporters to break into the Japanese market — recognition of other countries' standards as equivalent — is straightforward (at least for the developed countries) and does not even require that that recognition be reciprocated.²⁷ In the short-to medium-term, however, exporters in most of the developing countries within the region cannot avail themselves of that option. Formal equivalency of national standards can be recognised only where such standards exist, and so far the number of countries in Asia that have adopted national standards can be counted on the fingers of one hand. Local certification organisations (to the extent they exist) therefore stand little chance of attaining the status of an RFCO; most producers will be forced to apply to an RCO or an RFCO for direct certification. Moreover, because only a few of the RCOs or RFCOs operating in other countries have local inspectors stationed in the exporting countries, they generally must send inspectors from their head offices, which increases costs.²⁸ Other special aspects of the JAS system, with its requirement for a designated “Grading Manager” and its stringent procedural requirements, are also likely to be more difficult to comply within developing countries, especially small or medium-size enterprises, with a limited number of staff. The flow chart of certification process is shown in Annex 6.

The Japanese system does, however, allow for the possibility of “trust-contracts” between an approved certification organisation and other certification organisations. This means that, effectively, the establishment of equivalence can be delegated to the private sector. Recognition of the competence of the IOAS (IFOAM) Accreditation Programme also supports this approach. It is particularly important for those developing countries that have not yet developed their own national organic standards, or whose standards may not be compatible with Japan. Many producers and processors in the developing countries, including China, have already exported organic foods to Japan through the procedure of “trust contracts”. Bangladesh may also adopt this approach in the short run until a compliant national regulation is developed.

27 For example, in two cases the equivalency is recognised in only one direction: Japan immediately recognised the equivalency of the certification systems of the USA and the EU without delay. The examination of equivalency for the Japanese system, currently taking place in the USA and Europe, has by contrast made little progress — despite Japan's frequent requests.

28 Mutsumi Sakuyoshi, Vice President of the Japanese Organic Inspectors Association. Personal communication with Gunnar Rundgren, April 2002.

SECTION V: CAPACITY BUILDING AND TECHNICAL ASSISTANCE NEEDS

5.1 Supply Side Constraints and TA Needs

In order to harvest the potential benefits from the preferential market access opportunities emanating from Japan's revised GSP Scheme, the attendant constraints that inhibit accessing of these opportunities need to be adequately addressed. Targeted actions need to be designed, and subsequently implemented to translate the opportunities into real export to Japan. Most of such strategic actions relate to macroeconomic policies that could give impetus to private sector growth by way of enhanced incentives for exports, effective institutional and infrastructural support, and appropriate service delivery from the relevant public institutions. The objective of this particular exercise has not been to come up with a comprehensive analysis of the supply side constraints and relevant actions to address those. This would require a more in-depths treatment of this relevant issues and institutional mechanisms. However, there is an attempt to articulate some of the measures that could be of help to policymakers in identifying areas where they could focus their action and also could seek technical assistance for building the required supply-side capacities.

Accessing opportunities for markets of agro-products and apparels to the Japanese market will call for targeted programs. Success in exporting agricultural produce to the Japanese market will largely hinge on developing high quality seeds, raising agricultural productivity through adopting appropriate foreign technologies, and educating export-oriented producers about the stringent SBS-TBT measures and other compliance issues. In designing the marketing campaigns, adequate attention should also be placed on designing attractive packages for exportable agricultural produces.

Exports of agricultural produce to Japan may be constrained to a large extent because of SPS-TBT related measures in place. Capacity building to tackle disputes in these areas in WTO's dispute settlement mechanism also merits attention. For strengthening Bangladesh's capacities to ensure compliance in these areas, technical assistance should be targeted, particularly to enhance capacities of national standardisation institutions in the area of the accreditation and certification agencies.

In recent years, the agro-exporters and associations have come up with following recommendations to strengthen the supply side capacities of the agro-based industries and promote production and marketing of agricultural produce in foreign markets:

- A *Food Technology Research Institute* should be established for promoting research, testing, quality control, microbiological and nutritional evaluation and training. For building such an institution, India's *Central Food Technology Research Institute (CFTRI)* can be used as a model.

- A *Package Development Institute* should be put in place to promote research on improved marketing of agro-production that would be brought to the customers in improved and attractive packages. If it is not possible in the near future, a Vocational Training Institute (VTI) can be specially assigned to specialise in this year.
- A separate department should be established at the EPB to cater to the specialised needs of the agro-based exporters. The structure and functional responsibilities of APEDA of India could be studied in developing such a specialised functional wing at the EPB.
- Product specific research centres should be established to promote diversification in agro-based exports to Japan.

Developing *clusters* of small and medium scale enterprises can be an effective means to best utilise the technical assistance measures. Regional and global experience has shown that development of *clusters* of enterprises in the production of particular items facilitate efficient delivery of support services that ensures quality assurance, raising awareness about SBS-TBT measures and other compliance issues, promotes innovation of new products through knowledge sharing, technology upgradation, access to credit, testing laboratory facilities, and quality related solutions.

Partnership between private and public bodies should be strengthened further to ensure efficient and timely delivery of services. The syllabuses of the VTI's may be reorganised in a manner that would cater to the needs of the potential exporters.

Areas of regional cooperation for identifying the opportunities for horizontal and vertical integration should also be explored. It is to be noted here that, in SAFTA, special provisions have been built-in the framework agreement for providing technical assistance to the LDCs. Bangladesh might benefit largely from such cooperative measures in order to stimulate exports to the Japanese market.

Transparency and professionalism are required in the process of ensuring compliance with the rules of origin requirement. Past experience indicates that lack of efficiency in the process of administering the certification procedure may negatively affect export performance. Thus, technical assistance can also be targeted to relevant agencies for building institutional capacities to deliver the required services. Strengthening such agencies has literally become a “must do” for Bangladesh since it

has already tied itself with various RTAs and GSP Schemes where rules of origin play a key role in export performance²⁹.

As was mentioned, the new GSP schemes of Japan also allows greater market access for apparels. Since it will not be easy to penetrate the quality, fashion and design conscious Japanese apparels market (particularly in view of the fact that about two-third of this market is controlled by China), it is crucially important that Bangladesh accords more attention to developing and marketing quality, value-added apparels products. Private sector entrepreneurs will need to invest more in the development of fashion and design capacity of their units and the government could also help by way of facilitating imports of related machineries and spares required for producing such products. The Fashion and Design Institute for Apparels should also play an important role in this respect. Bangladesh should also explore whether TAs can be negotiated with the Japanese government and JICA to help Bangladesh's capacity building in this area.

Specific areas of capacity building and technical assistance to promote access to the Japanese market could be as follows:

- The rules of origin for exporting products are often very difficult to understand by the exporters. Relevant government agencies in collaboration with private sector bodies may prepare *hand book of rules of origin* for major exporting countries and provide short training course for the exporters. Bangladesh Foreign Trade Institute (BFTI) can play a crucial role in this regard. Although such initiatives will also in most cases service the needs of facilitating market access to the countries in the EU as well.
- The product standards and SPS-TBT regulations in Japan are very complicated and many Japanese organisations are involved in processing products after reaching the border of Japan. BFTI and other relevant government organisations may organise training and publish hand-book for facilitating export of processed agri-products through Japanese customs authorities.
- As Japan introduced *voluntarily special marking system* for industrial, agricultural and food products, the government should go into bi-lateral arrangement with the Japanese government to obtain such system. In this context, Indian and Thai experience may be very useful. Such marking considerably reduce customs hassles at Japanese ports of entry.
- For obtaining certification of voluntary standard the government can organise affiliation with Registered Certification Organizations (RCOs) or Registered Foreign Certification Organizations (RFCOs) which have recognition by the Japanese authorities.

²⁹ The so-called "spaghetti bowl" of rules of origin.

- Japan introduced mandatory technical compliance system for exporting industrial products. There are also mandatory labelling requirements for food products. Japan requires equivalent quality control system in the exporting countries. As Bangladesh has export potential in agricultural and food products, the government should initiate incorporation of required standards and legislations, so that exporters can export their products to Japan without difficulty.
- The government should encourage BSTI to acquire requisite recognition by the Japanese authorities so that it can certify Bangladeshi exporters under pre-certification system.
- Japan follows stringent rules for environmental measures, particularly for textile products, in terms of controlling various chemical residues. The BSTI should be equipped to monitor the residue contents of our textile exports so that exporters can ensure quality control at pre-inspection stage.
- The government should invite foreign pre-certification agencies, which are recognised by Japanese pre-inspection and other authorities, for inspection of voluntary, mandatory and environmental standards on the basis of trust contract.
- Alternatively, the Japanese system does allow for the possibility of “trust-contracts” between an approved certification organisation and other certification organisations. This means that, in effective, establishment of equivalence can be delegated to the private sector. The government should encourage interested private sector bodies for applying to the Japanese government to act as approved certification entity.
- Bangladesh should request Japan to provide technical assistance for development of organic regulation in Bangladesh.
- The Japanese JAS system requires designated Grading Managers. Bangladesh government should invite Japanese experts for training and setting up of office of Grading Managers.
- Bangladesh government should organise export fair in Japan to promote goods with export potentials, which enjoy duty-free and quota free access. EPB may open a cell and organise a campaign to inform the private sector about the new market opportunities in Japan.
- The government should provide support to potential exporters to promote their products using the internet.
- One specific difficulty in exporting and marketing products in the Japanese market is the language barrier. The government in collaboration with the Japanese government should set up a marketing company which will provide professional translation, interpretation and promotional support to Bangladeshi exporters.

The study has identified some core products which can potentially reap the benefits from the market regimes offered under the new initiatives. It is Bangladesh’s fortunate distinction that amongst LDCs she is relatively better endowed with the supply capacities

to translate the potential gains into real gains. Our analysis has shown that in a number of the identified products Bangladesh does enjoy some degree of price competitiveness and has the potential to expand her exports. At the same time our analysis also shows that product specific SPS-TBT measures, RoO certification requirements, standard compliance, product-process modifications and quality solutions could become constraining factors inhibiting market access under the offered initiatives.

A number of areas for possible technical assistance have been identified and it was argued that development of clusters could be a practical way to best utilise such assistance. Since the newly inducted products concern mostly small producers, it should be stressed that SMEs should be particularly targeted to realise the potential benefits of the market openings under the two initiatives. The government has recently put in place an initiative to develop the SMEs sector. Special attention will need to be paid to connect the SMEs with the emerging market access opportunities emanating from the initiatives taken by Japan.

Active measures should be pursued to attract financial resources available under the WTO's IF and JITAP initiatives in order to mobilise the required funds for the development of the identified products under the two initiatives. Modalities to facilitate access of funds from the MGF and EEF facilities, by taking cognisance of the special needs of the identified sectors, should be developed.³⁰

CONCLUDING REMARKS

It is well recognised that the export sector growth of the LDCs are largely constrained by lack of domestic capacities to produce internationally competitive products; the situation has been further aggravated because of the absence of meaningful market access opportunities extended by the developed nations. In this context, preferential market access opportunity extended to the LDCs by Japan, by way of broadening the ambit of its GSP schemes, needs to be recognised as a good opportunity to enhance as well as diversity Bangladesh's exports to Japan. The Japanese initiative is particularly important for Bangladesh since it includes both textile/apparel goods, where Bangladesh has visible competitive advantage, and agricultural goods, where Bangladesh has an opportunity to become a competitive global supplier because of its substantial supply-side capacities include infrastructure, availability of required inputs, and demonstrated market presence in other countries. However, in order to translate the *potential benefits* to *realised* benefits, Bangladesh needs to do a lot of homework in the areas of institutional capacity building, strengthening of supply side capacities, effective ability to move up the value chain and marketing.

³⁰Policy support could include exemptions from leviable duties as is in practice in case of Indian exports of agri-products. For example, basic duty on Bangladesh's export to Nepal of agro-processed products to Nepal is 35% though similar Indian products receive 20% duty exemption.

The analysis of the Japanese GSP Scheme shows that preferential access to the Japanese market in case of such products as textile/apparels could be of high potential benefit to Bangladesh; more particularly, the zero-tariff market access provided for knit-apparels under the revised Japanese GSP Scheme should be accorded due attention by Bangladesh's policy makers. However, as was pointed out in the final section, a list will need to be done to penetrate the fashion conscious Japanese apparels market.

As was evinced from our analysis, targeted actions need to be designed in order to ensure maximum benefits from the two newly introduced Japan's GSP Schemes. Whether the scheme can be translated into a meaningful market access initiative, will, in all likelihood, hinge on the successful implementation of such measures. It needs to be reiterated here that in a fast changing global trading regime, other competitors, from the group of LDCs, particularly those with supply-side capacities, will try to make the most of the preferential treatment accorded under the new Japanese GSP schemes. If Bangladesh is to take advantage of the opportunities, both policy makers and entrepreneurs will need to move fast.

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ANNEX 1: LIST OF BANGLADESHI PRODUCTS WITH POTENTIAL TO EXPORT TO JAPAN

P c	Product label	Bangladesh's exports to world				Japan's imports from world				Price Advantage of BD (%)	Indicative potential trade in US\$ thousand
		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
030622	Lobsters nes, not frozen, in shell or not, including boiled in shell	272	51	Tons	5.33	23,099	1,403	Tons	16.46	67.61	272
030623	Shrimps & prawns, not frozen, in shell or not, including boiled in shell	1194	115	Tons	10.38	27,188	2,380	Tons	11.42	9.11	1,194
030629	Crustaceans nes, not frozen, in shell or not, including boiled in shell	66	63	Tons	1.05	348	94	Tons	3.70	71.70	66
070700	Cucumbers and gherkins, fresh or chilled	27	97	Tons	0.28	11,161	7,960	Tons	1.40	80.15	27
070820	Beans, shelled or unshelled, fresh or chilled	277	178	Tons	1.56	5,631	1,435	Tons	3.92	60.34	277
070920	Asparagus, fresh or chilled	12	6	Tons	2.00	87,211	22,055	Tons	3.95	49.42	12
071340	Lentils dried, shelled, whether or not skinned or split	12	26	Tons	0.46	193	207	Tons	0.93	50.50	12
071390	Leguminous vegetables dried, shelled, whether or not skinned or split, nes	12	25	Tons	0.48	189	49	Tons	3.86	87.56	12
080290	Nuts edible, fresh or dried, whether or not shelled or peeled, nes	445	655	Tons	0.68	29,997	5,533	Tons	5.42	87.47	445
080300	Bananas including plantains, fresh or dried	28	89	Tons	0.31	451,921	990,802	Tons	0.46	31.02	28
080450	Guavas, mangoes and mangosteens, fresh or dried	38	43	Tons	0.88	26,124	9,154	Tons	2.85	69.03	38
080720	Papaws (papayas), fresh	13	7	Tons	1.86	16,447	6,869	Tons	2.39	22.44	13
081090	Fruits, fresh nes	77	105	Tons	0.73	9,940	2,942	Tons	3.38	78.30	77
090230	Black tea (fermented) & partly fermented tea in packages not exceedg 3 kg	361	236	Tons	1.53	44,643	3,979	Tons	11.22	86.37	361
090240	Black tea (fermented) & partly fermented tea in packages exceedg 3 kg	3119	2,226	Tons	1.40	117,642	38,345	Tons	3.07	54.33	3,119
090700	Cloves (whole fruit, cloves and stems)	19	7	Tons	2.71	2,054	319	Tons	6.44	57.85	19
090920	Coriander seeds	46	0	No quantity		2,159	3,015	Tons	0.72	100.00	46
110430	Germ of cereals, whole, rolled, flaked or ground	16	21	Tons	0.76	14	13	Tons	1.08	29.25	14
151590	Veg fats & oils nes & their fractions, refined or not but not chemically mod	36	62	Tons	0.58	24,628	18,717	Tons	1.32	55.87	36
160420	Fish prepared or preserved, except whole or in pieces	48	51	Tons	0.94	166,154	18,131	Tons	9.16	89.73	48
160520	Shrimps and prawns, prepared or preserved	4785	524	Tons	9.13	379,818	38,700	Tons	9.81	6.96	4,785
190410	Prep foods obtained by the swelling or roasting of cereal or cereal products	85	116	Tons	0.73	10,496	3,336	Tons	3.15	76.71	85
190490	Cereals, exc maize (corn), in grain form, pre-cooked or otherwise prepared	22	24	Tons	0.92	1,584	1,216	Tons	1.30	29.63	22
190530	Sweet biscuits, waffles and wafers	293	209	Tons	1.40	5,293	1,855	Tons	2.85	50.87	293
190540	Rusks, toasted bread and similar toasted products	12	11	Tons	1.09	1,142	338	Tons	3.38	67.71	12
200110	Cucumbers, gherkins and onions preserved by vinegar	20	19	Tons	1.05	35,531	29,681	Tons	1.20	12.07	20
230910	Dog or cat food put up for retail sale	58	345	Tons	0.17	610,594	469,979	Tons	1.30	87.06	58

P c	Product label	Bangladesh's exports to world				Japan's imports from world				Price Advantage of BD (%)	Indicative potential trade in US\$ thousand
		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
460120	Mats, matting and screens of vegetable plaiting materials	26	37	Tons	0.70	100,232	59,248	Tons	1.69	58.46	26
500720	Woven fabrics of silk/silk waste,o/t noil silk,85%/more of such fibres	230	150	1000 square meters	1.53	69,275	1,127	Tons	61.47	97.51	230
500790	Woven fabrics of silk, nes	46	10	Tons	4.60	6,805	105	Tons	64.81	92.90	46
520511	Cotton yarn,>=85%,single,uncombd,>=714.29 dtex, nt put up	134	75	Tons	1.79	3,841	1,451	Tons	2.65	32.51	134
520811	Plain weave cotton fabric,>=85%, not more than 100 g/m2, unbleached	13	16	Tons	0.81	14,252	3,622	Tons	3.93	79.35	13
520812	Plain weave cotton fabric,>=85%, >100 g/m2 to 200 g/m2, unbleached	2841	1,133	Tons	2.51	126,084	47,446	Tons	2.66	5.64	2,841
520819	Woven fabrics of cotton,>=85%, not more than 200 g/m2,unbleached, nes	29	106	1000 square meters	0.27	28,279	5,655	Tons	5.00	94.53	29
520829	Woven fabrics of cotton,>=85%, nt more than 200 g/m2, bleached, nes	23	2	Tons	11.50	831	38	Tons	21.87	47.41	23
520832	Plain weave cotton fabric,>=85%,>100g/m= to 200g/m=, dyed	184	0	No quantity	-	7,287	600	Tons	12.15	-	184
520839	Woven fabrics of cotton,>=85%, not more than 200 g/m2, dyed, nes	55	0	No quantity	-	1,937	112	Tons	17.29	-	55
520842	Plain weave cotton fabrics,>=85%, >100 g/m2 to 200 g/m2, yarn dyed	347	0	No quantity	-	11,149	870	Tons	12.81	-	347
520851	Plain weave cotton fabrics,>=85%, not more than 100 g/m2, printed	156	114	Tons	1.37	3,895	148	Tons	26.32	94.80	156
520859	Woven fabrics of cotton,>=85%, not more than 200 g/m2,printed, nes	171	0	No quantity	-	2,963	47	Tons	63.04	-	171
520932	Twill weave cotton fabrics,>=85%, more than 200 g/m2, dyed	222	0	No quantity	-	5,416	568	Tons	9.54	-	222
520939	Woven fabrics of cotton,>=85%, more than 200 g/m2, dyed, nes	89	0	No quantity	-	3,607	219	Tons	16.47	-	89
520942	Denim fabrics of cotton,>=85%, more than 200 g/m2	1110	0	No quantity	-	5,523	1,009	Tons	5.47	-	1,110
521011	Plain weave cotton fab,<85% mixd w m-m fib,not more than 200 g/m2,unbl	25	11	Tons	2.27	4,117	1,167	Tons	3.53	35.58	25
521029	Woven fabrics of cotton,<85% mixd with m-m fib,< nes bl, m2, g>	108	13	Tons	8.31	23	1	Tons	23.00	63.88	23
521039	Woven fabrics of cotton,<85% mixd with m-m fib,< g m2,dyed,nes>	33	3	Tons	11.00	1,153	33	Tons	34.94	68.52	33
521041	Plain weave cotton fab,<85% mixd w m-m fib,nt mor thn 200g/m2,yarn dyd	17	2	Tons	8.50	2,494	93	Tons	26.82	68.30	17
521049	Woven fabrics of cotton,<85% mixed w m-m fib,< dyed,nes m2,yarn>	38	3	Tons	12.67	1,611	83	Tons	19.41	34.74	38
521132	Twill weave cotton fab,<85% mixed with m-m fib,more than 200 g/m2,dyed	175	112	1000 square meters	1.56	1,516	86	Tons	17.63	91.14	175

P c	Product label	Bangladesh's exports to world				Japan's imports from world				Price Advantage of BD (%)	Indicative potential trade in US\$ thousand
		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
580122	Cut corduroy fabrics of cotton, o/t narrow fabrics	35	25	1000 square meters	1.40	8,977	971	Tons	9.25	84.86	35
610110	Mens/boys overcoats, anoraks etc, of wool or fine animal hair, knitted	45	7	Tons	6.43	3,013	80	Tons	37.66	82.93	45
610120	Mens/boys overcoats, anoraks etc, of cotton, knitted	2490	0	No quantity	-	15,842	1,163	Tons	13.62	-	2,490
610190	Mens/boys overcoats, anoraks etc, of other textile materials, knitted	63	0	No quantity	-	23	1	Tons	23.00	-	23
610210	Womens/girls overcoats, anoraks etc, of wool or fine animal hair, knitted	325	0	No quantity	-	15,008	329	Tons	45.62	-	325
610220	Womens/girls overcoats, anoraks etc, of cotton, knitted	2074	0	No quantity	-	15,108	942	Tons	16.04	-	2,074
610312	Mens/boys suits, of synthetic fibres, knitted	30	4	Tons	7.50	279	15	Tons	18.60	59.68	30
610319	Mens/boys suits, of other textile materials, knitted	154	0	No quantity	-	21	1	Tons	21.00	-	21
610322	Mens/boys ensembles, of cotton, knitted	1993	0	No quantity	-	14,705	1,830	Tons	8.04	-	1,993
610323	Mens/boys ensembles, of synthetic fibres, knitted	197	0	No quantity	-	34,307	4,707	Tons	7.29	-	197
610332	Mens/boys jackets and blazers, of cotton, knitted	222	0	No quantity	-	1,084	50	Tons	21.68	-	222
610333	Mens/boys jackets and blazers, of synthetic fibres, knitted	563	0	No quantity	-	13,670	785	Tons	17.41	-	563
610339	Mens/boys jackets and blazers, of other textile materials, knitted	139	0	No quantity	-	735	16	Tons	45.94	-	139
610342	Mens/boys trousers and shorts, of cotton, knitted	7988	0	No quantity	-	39,589	3,830	Tons	10.34	-	7,988
610349	Mens/boys trousers and shorts, of other textile materials, knitted	653	0	No quantity	-	81	3	Tons	27.00	-	81
610412	Womens/girls suits, of cotton, knitted	95	0	No quantity	-	377	22	Tons	17.14	-	95
610422	Womens/girls ensembles, of cotton, knitted	1231	0	No quantity	-	11,083	936	Tons	11.84	-	1,231
610423	Womens/girls ensembles, of synthetic fibres, knitted	1336	0	No quantity	-	32,536	3,423	Tons	9.51	-	1,336
610433	Womens/girls jackets, of synthetic fibres, knitted	862	0	No quantity	-	26,395	1,588	Tons	16.62	-	862
610442	Womens/girls dresses, of cotton, knitted	5416	0	No quantity	-	23,165	1,082	Tons	21.41	-	5,416
610443	Womens/girls dresses, of synthetic fibres, knitted	2514	0	No quantity	-	24,721	1,240	Tons	19.94	-	2,514
610444	Womens/girls dresses, of artificial fibres, knitted	167	0	No quantity	-	6,453	113	Tons	57.11	-	167
610449	Womens/girls dresses, of other textile materials, knitted	101	0	No quantity	-	2,938	34	Tons	86.41	-	101

P c	Product label	Bangladesh's exports to world				Japan's imports from world				Price Advantage of BD (%)	Indicative potential trade in US\$ thousand
		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
610452	Womens/girls skirts, of cotton, knitted	836	0	No quantity	-	9,774	519	Tons	18.83	-	836
610453	Womens/girls skirts, of synthetic fibres, knitted	513	0	No quantity	-	26,514	1,451	Tons	18.27	-	513
610459	Womens/girls skirts, of other textile materials, knitted	39	2	Tons	19.50	9,672	136	Tons	71.12	72.58	39
610461	Womens/girls trousers and shorts, of wool or fine animal hair, knitted	37	2	Tons	18.50	1,783	21	Tons	84.90	78.21	37
610462	Womens/girls trousers and shorts, of cotton, knitted	13592	0	No quantity	-	90,377	7,444	Tons	12.14	-	13,592
610463	Womens/girls trousers and shorts, of synthetic fibres, knitted	5399	0	No quantity	-	88,642	9,005	Tons	9.84	-	5,399
610469	Womens/girls trousers and shorts, of other textile materials, knitted	385	0	No quantity	-	7,891	516	Tons	15.29	-	385
610520	Mens/boys shirts, of man-made fibres, knitted	28722	0	No quantity	-	76,656	5,967	Tons	12.85	-	28,722
610590	Mens/boys shirts, of other textile materials, knitted	571	0	No quantity	-	2,495	25	Tons	99.80	-	571
610620	Womens/girls blouses and shirts, of man-made fibres, knitted	13573	0	No quantity	-	150,970	9,203	Tons	16.40	-	13,573
610690	Womens/girls blouses and shirts, of other materials, knitted	217	0	No quantity	-	28,910	363	Tons	79.64	-	217
610711	Mens/boys underpants and briefs, of cotton, knitted	22575	0	No quantity	-	115,058	10,113	Tons	11.38	-	22,575
610712	Mens/boys underpants and briefs, of man-made fibres, knitted	2202	0	No quantity	-	11,680	1,022	Tons	11.43	-	2,202
610721	Mens/boys nightshirts and pyjamas, of cotton, knitted	4485	0	No quantity	-	38,279	3,789	Tons	10.10	-	4,485
610791	Mens/boys bathrobes, dressing gowns etc of cotton, knitted	77	0	No quantity	-	638	71	Tons	8.99	-	77
610792	Mens/boys bathrobes, dressing gowns, etc of man-made fibres, knitted	1014	0	No quantity	-	1,141	102	Tons	11.19	-	1,014
610811	Womens/girls slips and petticoats, of man-made fibres, knitted	15	0	No quantity	-	10,477	233	Tons	44.97	-	15
610829	Womens/girls briefs and panties, of other textile materials, knitted	321	484,830	Units	0.00	3,812	90	Tons	42.36	100.00	321
610831	Womens/girls nightdresses and pyjamas, of cotton, knitted	12542	0	No quantity	-	65,938	5,615	Tons	11.74	-	12,542
610832	Womens/girls nightdresses and pyjamas, of man-made fibres, knitted	1174	0	No quantity	-	55,890	6,858	Tons	8.15	-	1,174
610892	Womens/girls bathrobes, dressing gowns, etc, of man-made fibres, knitted	5611	0	No quantity	-	31,032	1,761	Tons	17.62	-	5,611
611010	Pullovers, cardigans & similar article of wool or fine animal hair, knitted	33596	0	No quantity	-	881,332	21,218	Tons	41.54	-	33,596
611090	Pullovers, cardigans & similar articles of other textile materials, knitted	1463	0	No quantity	-	114,313	1,387	Tons	82.42	-	1,463

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		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
611110	Babies garments&clothg accessories of wool or fine animal hair, knitted	143	13	Tons	11.00	372	10	Tons	37.20	70.43	143
611120	Babies garments and clothing accessories of cotton, knitted	38853	0	No quantity	-	93,021	4,590	Tons	20.27	-	38,853
611130	Babies garments and clothing accessories of synthetic fibres, knitted	8825	0	No quantity	-	20,241	1,268	Tons	15.96	-	8,825
611211	Track suits, of cotton, knitted	1045	0	No quantity	-	5,119	584	Tons	8.77	-	1,045
611212	Track suits, of synthetic fibres, knitted	11082	0	No quantity	-	24,845	3,095	Tons	8.03	-	11,082
611219	Track suits, of other textile materials, knitted	170	12	Tons	14.17	12	0	No quantity	-	-	12
611231	Mens/boys swimwear, of synthetic fibres, knitted	1365	0	No quantity	-	3,551	80	Tons	44.39	-	1,365
611239	Mens/boys swimwear, of other textile materials, knitted	91	15	Tons	6.07	27	0	No quantity	-	-	27
611241	Womens/girls swimwear, of synthetic fibres, knitted	2920	0	No quantity	-	36,119	767	Tons	47.09	-	2,920
611249	Womens/girls swimwear, of other textile materials, knitted	848	0	No quantity	-	377	6	Tons	62.83	-	377
611410	Garments nes, of wool or fine animal hair, knitted	38	5	Tons	7.60	1,355	21	Tons	64.52	88.22	38
611430	Garments nes, of man-made fibres, knitted	4452	0	No quantity	-	45,099	2,127	Tons	21.20	-	4,452
611490	Garments nes, of other textile materials, knitted	209	0	No quantity	-	1,597	22	Tons	72.59	-	209
611520	Women full-l/knee-l hosiery, of textile yarn<67 dtex/single yarn knitted	28	3	Tons	9.33	6,065	162	Tons	37.44	75.07	28
611593	Hosiery nes, of synthetic fibres, knitted	154	0	No quantity	-	191,556	17,588	Tons	10.89	-	154
611599	Hosiery nes, of other textile materials, knitted	17	1,500	Pairs	0.01	3,882	309	Tons	12.56	99.91	17
611693	Gloves, mittens and mitts, nes, of synthetic fibres, knitted	3470	0	No quantity	-	94,218	31,963	Tons	2.95	-	3,470
611720	Ties, bow ties and cravats, of textile materials, knitted	36	2	Tons	18.00	489	3	Tons	163.00	88.96	36
620112	Mens/boys overcoats and similar articles of cotton, not knitted	3625	0	No quantity	-	31,090	816	Tons	38.10	-	3,625
620119	Mens/boys overcoats&sim articles of oth textile materials, not knitted	166	0	No quantity	-	1,145	22	Tons	52.05	-	166
620199	Mens/boys anoraks&similar articles, of oth textile materials, not knitted	3018	0	No quantity	-	2,307	55	Tons	41.95	-	2,297
620211	Womens/girls overcoats&sim articles of wool/fine animal hair nt knit	2703	98	Tons	27.58	233,427	4,375	Tons	53.35	48.31	2,703
620212	Womens/girls overcoats and similar articles of cotton, not knitted	1968	0	No quantity	-	55,555	1,718	Tons	32.34	-	1,968
620219	Womens/girls overcoats&similar articles of	92	5	Tons	18.40	25,287	379	Tons	66.72	72.42	92

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		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
	other textile mat,not knit										
620291	Womens/girls anoraks&similar article of wool/fine animal hair,not knit	1068	0	No quantity	-	20,162	520	Tons	38.77	-	1,068
620299	Womens/girls anoraks&similar article of oth textile materials,not knit	789	0	No quantity	-	6,968	104	Tons	67.00	-	789
620311	Mens/boys suits, of wool or fine animal hair, not knitted	838	24	Tons	34.92	546,255	12,168	Tons	44.89	22.22	838
620312	Mens/boys suits, of synthetic fibres, not knitted	198	0	No quantity	-	22,971	676	Tons	33.98	-	198
620319	Mens/boys suits, of other textile materials, not knitted	98	0	No quantity	-	10,043	179	Tons	56.11	-	98
620322	Mens/boys ensembles, of cotton, not knitted	7631	0	No quantity	-	3,904	300	Tons	13.01	-	3,904
620323	Mens/boys ensembles, of synthetic fibres, not knitted	45	0	No quantity	-	20,400	1,539	Tons	13.26	-	45
620329	Mens/boys ensembles, of other textile materials, not knitted	19	2	Tons	9.50	342	27	Tons	12.67	25.00	19
620331	Mens/boys jackets and blazers,of wool or fine animal hair,not knitted	1344	50	Tons	26.88	91,554	1,809	Tons	50.61	46.89	1,344
620332	Mens/boys jackets and blazers, of cotton, not knitted	3218	0	No quantity	-	47,347	1,604	Tons	29.52	-	3,218
620339	Mens/boys jackets and blazers, of other textile materials, not knitted	2748	0	No quantity	-	31,579	843	Tons	37.46	-	2,748
620341	Mens/boys trousers and shorts,of wool or fine animal hair,not knitted	2141	0	No quantity	-	102,972	3,059	Tons	33.66	-	2,141
620349	Mens/boys trousers and shorts, of other textile materials, not knitted	8445	0	No quantity	-	34,823	1,678	Tons	20.75	-	8,445
620411	Womens/girls suits, of wool or fine animal hair, not knitted	15	5	Tons	3.00	36,959	614	Tons	60.19	95.02	15
620412	Womens/girls suits, of cotton, not knitted	77	6	Tons	12.83	5,764	105	Tons	54.90	76.62	77
620413	Womens/girls suits, of synthetic fibres, not knitted	2563	0	No quantity	-	96,914	3,355	Tons	28.89	-	2,563
620419	Womens/girls suits, of other textile materials, not knitted	454	89	Tons	5.10	17,558	279	Tons	62.93	91.89	454
620422	Womens/girls ensembles, of cotton, not knitted	660	0	No quantity	-	11,280	821	Tons	13.74	-	660
620423	Womens/girls ensembles, of synthetic fibres, not knitted	1202	0	No quantity	-	35,082	1,669	Tons	21.02	-	1,202
620429	Womens/girls ensembles, of other textile materials, not knitted	365	0	No quantity	-	5,888	131	Tons	44.95	-	365
620431	Womens/girls jackets, of wool or fine animal hair, not knitted	2507	123	Tons	20.38	135,741	2,310	Tons	58.76	65.31	2,507
620432	Womens/girls jackets, of cotton, not knitted	3804	0	No quantity	-	123,917	4,333	Tons	28.60	-	3,804
620433	Womens/girls jackets, of synthetic fibres, not knitted	7137	0	No quantity	-	147,930	4,851	Tons	30.49	-	7,137
620439	Womens/girls jackets, of other textile	5191	281	Tons	18.47	65,307	1,056	Tons	61.84	70.13	5,191

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	materials, not knitted										
620443	Womens/girls dresses, of synthetic fibres, not knitted	14621	0	No quantity	-	102,453	2,965	Tons	34.55	-	14,621
620444	Womens/girls dresses, of artificial fibres, not knitted	8194	0	No quantity	-	25,388	661	Tons	38.41	-	8,194
620449	Womens/girls dresses, of other textile materials, not knitted	9963	0	No quantity	-	29,665	202	Tons	146.86	-	9,963
620451	Womens/girls skirts, of wool or fine animal hair, not knitted	1083	49	Tons	22.10	87,082	2,061	Tons	42.25	47.69	1,083
620459	Womens/girls skirts, of other textile materials, not knitted	4651	0	No quantity	-	65,578	1,301	Tons	50.41	-	4,651
620461	Womens/girls trousers & shorts, of wool or fine animal hair, not knitted	2309	0	No quantity	-	55,410	1,243	Tons	44.58	-	2,309
620469	Womens/girls trousers & shorts, of other textile materials, not knitted	30093	0	No quantity	-	52,299	2,109	Tons	24.80	-	30,093
620510	Mens/boys shirts, of wool or fine animal hair, not knitted	2081	0	No quantity	-	8,111	242	Tons	33.52	-	2,081
620590	Mens/boys shirts, of other textile materials, not knitted	24166	0	No quantity	-	14,863	437	Tons	34.01	-	14,863
620610	Womens/girls blouses and shirts, of silk or silk waste, not knitted	132	0	No quantity	-	31,116	218	Tons	142.73	-	132
620620	Womens/girls blouses & shirts, of wool or fine animal hair, not knitted	98	10	Tons	9.80	8,181	173	Tons	47.29	79.28	98
620640	Womens/girls blouses and shirts, of man-made fibres, not knitted	63044	0	No quantity	-	239,683	8,804	Tons	27.22	-	63,044
620690	Womens/girls blouses and shirts, of other textile materials, not knitted	24325	0	No quantity	-	20,288	322	Tons	63.01	-	20,288
620711	Mens/boys underpants and briefs, of cotton, not knitted	13222	0	No quantity	-	110,515	10,156	Tons	10.88	-	13,222
620719	Mens/boys underpants and briefs, of other textile materials, not knitted	943	116	Tons	8.13	2,682	85	Tons	31.55	74.24	943
620721	Mens/boys nightshirts and pyjamas, of cotton, not knitted	7118	0	No quantity	-	79,599	7,291	Tons	10.92	-	7,118
620722	Mens/boys nightshirts and pyjamas, of man-made fibres, not knitted	2161	0	No quantity	-	2,588	229	Tons	11.30	-	2,161
620729	Mens/boys nightshirts & pyjamas, of other textile materials, not knitted	25	3	Tons	8.33	1,084	24	Tons	45.17	81.55	25
620791	Mens/boys bathrobes, dressing gowns, etc of cotton, not knitted	8069	0	No quantity	-	24,178	1,777	Tons	13.61	-	8,069
620792	Mens/boys bathrobes, dressing gowns, etc of man-made fibres, not knitted	73	10	Tons	7.30	877	79	Tons	11.10	34.24	73
620799	Mens/boys bathrobes, dressing gowns, etc of other textile materials, not knitted	28	3	Tons	9.33	704	30	Tons	23.47	60.23	28
620811	Womens/girls slips and petticoats, of man-made fibres, not knitted	310	14	Tons	22.14	2,303	38	Tons	60.61	63.46	310
620819	Womens/girls slips & petticoats, of other textile materials, not knitted	83	3	Tons	27.67	571	7	Tons	81.57	66.08	83

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		Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	BD Export Price ['000 USD/ton, or, unit]	Value 2001 in US\$ thousand	Quantity 2001	Quantity Unit	JPN IMP Price ['000 USD/ton, or, unit]		
620821	Womens/girls nightdresses and pyjamas, of cotton, not knitted	32027	0	No quantity	-	109,526	9,808	Tons	11.17	-	32,027
620822	Womens/girls nightdresses and pyjamas, of man-made fibres, not knitted	2781	0	No quantity	-	6,583	512	Tons	12.86	-	2,781
620829	Womens/girls nightdresses&pyjamas,of oth textile materials,not knitted	58	2	Tons	29.00	5,897	113	Tons	52.19	44.43	58
620891	Womens/girls panties, bathrobes, etc, of cotton, not knitted	10200	0	No quantity	-	29,847	3,272	Tons	9.12	-	10,200
620892	Womens/girls panties, bathrobes, etc, of man-made fibres, not knitted	6832	0	No quantity	-	8,259	554	Tons	14.91	-	6,832
620910	Babies garments&clothg accessories of wool o fine animal hair,not knit	51	4	Tons	12.75	147	3	Tons	49.00	73.98	51
620920	Babies garments and clothing accessories of cotton, not knitted	64070	0	No quantity	-	25,723	1,320	Tons	19.49	-	25,723
620930	Babies garments & clothing accessories of synthetic fibres,not knitted	17118	0	No quantity	-	3,838	185	Tons	20.75	-	3,838
620990	Babies garments&clothg accessories of oth textile materials,not knitted	1428	82	Tons	17.41	544	19	Tons	28.63	39.18	544
621010	Garments made up of textile felts and of nonwoven textile fabrics	79	0	No quantity	-	32,760	2,487	Tons	13.17	-	79
621139	Mens/boys garments nes, of other textile materials, not knitted	386	0	No quantity	-	2,261	56	Tons	40.38	-	386
621141	Womens/girls garments nes, of wool or fine animal hair, not knitted	369	15	Tons	24.60	5,883	169	Tons	34.81	29.33	369
621149	Womens/girls garments nes, of other textile materials, not knitted	3517	0	No quantity	-	135,631	720	Tons	188.38	-	3,517
630210	Bed linen, of textile knitted or crocheted materials	1128	267	Tons	4.22	13,076	1,917	Tons	6.82	38.06	1,128
630240	Table linen, of textile knitted or crocheted materials	48	11	Tons	4.36	560	35	Tons	16.00	72.73	48
630311	Curtains,drapes,interior blinds&curtain or bed valances,of cotton,knit	133	27	Tons	4.93	65	3	Tons	21.67	77.26	65
630319	Curtains,drapes,interior blinds&curtain/bd valances,oth tex mat,knit	19	3	Tons	6.33	49	6	Tons	8.17	22.45	19
630391	Curtains,drapes/interior blinds&curtain/bd valances,of cotton,not knit	8844	1,508	Tons	5.86	15,545	1,384	Tons	11.23	47.79	8,844
640319	Sports footwear,o/t ski,outr sole of rbr/plas/leather&upper of leather	296	0	No quantity	-	14,897	510	Tons	29.21	-	296
640320	Footwear,outr sole/uppr of leathr,strap across the instep/ardn big toe	453	26	Tons	17.42	316	8	Tons	39.50	55.89	316
640340	Footwear,outr sole of rber/plas/leathr,uppers of leathr w/met toe-cap	207	31	Tons	6.68	1,025	42	Tons	24.40	72.64	207

ANNEX 2: THE LIST OF INSPECTION STATIONS IN JAPAN

[Testing Organizations (Quarantine Stations supervising imported foods.)]

Name of quarantine station and department	Address	Tel.# Fax. #	Jurisdiction
Otaru Quarantine Station (Sanitation and Food Inspection Division)	Otaru Kowan Godo Chosah, 5-3 Minatomachi, Otaru-shi, Hokkaido 047-0007	0134-32-4304 0134-25-6069	Hokkaido (except for areas under the jurisdiction of the Chitose Airport Branch)
Chitose Airport Branch (Quarantine Sanitation and Food Inspection Division)	Shin-Chitose Airport, Bibi, Chitose-shi, Hokkaido 066-0012	0123-45-7007 0123-45-2357	Hokkaido (limited to the Chitose Airport)
Sendai Quarantine Station (Sanitation and Food Inspection Division)	Shiogama Kowan Godo Chosha, 3-4-1 Teizan-Dori, Shiogama-shi, Miyagi 985-0011	022-367-8102 022-383-1856	Aomori, Iwate, Miyagi (except for areas under the jurisdiction of the Sendai Airport Branch), Akita, Yamagata and Fukushima prefectures
Sendai Airport Branch (Quarantine Sanitation and Food Inspection Division)	Sendai Airport, New Passenger Terminal Bldg. Aza Minamihara,, Shimo-masuda, Natori0shi, Miyagi 989-2401	022-383-1854 022-383-1856	Miyagi prefecture (limited to the Sendai Airport)
Narita Airport Quarantine Station (Food Inspection Division)	2159 Aze-Tennamino, Komaino, Narita-shi, Chiba 282-8691	0476-32-6741 0476-32-6742	Chiba prefecture (limited to Narita-shi, Daiei-cho and Tako-cho in Katori-gun and Shibayama-cho in Sanbu-gun)
Tokyo Quarantine Station (Sanitation and Food Inspection Division)	Tokyo Kowan Godo Chosha 2-56 Oumi, Koto-ku, Tokyo 135-0064	03-3471-7913 03-3458-2915	Ibaraki, Tochigi, Gunma, Saitama, Tokyo prefectures (except areas under the jurisdiction of the Tokyo Airport Branch)
(Food Inspection Division II)	Funabashi Kowan Godo Chosha 32-5 Shiomi-cho, Funabashi-shi, Chiba 273-0016	0474-37-1381 0474-37-1585	Chiba prefecture [except for Noda, Kashiwa, Sasayama, Matsuto, Kamagaya, Funabashi, Narashino, Urayasu and Ichikawa (except for Baraki-shi) and Higashi-Katsushika-gun (limited to Sekiyado-cho and Shounan-cho)]
	Baraki Terminal 2526 Baraki, Ichikawa-shi, Chiba 272-0004	0473-28-6323 0473-27-2320	Same as above
Chiba Branch (Quarantine, Sanitation and Food Inspection Division)	Chiba Kowan Godo Chosha 1-12-2 Chuoko, Chuo-ku, Chiba-shi. Chiba 260-0024	043-241-6096 043-241-7281	Chiba prefecture (except for areas under the jurisdiction of the Narita Airport Quarantine Station and the Food Inspection Division II of the Tokyo Quarantine Station)
Tokyo Airport Branch (Quarantine, Sanitation and Food Inspection Division)	Tokyo International Airport, International Line Terminal Bldg. 2-5-6 Haneda-kuko, Ota-ku, Tokyo 144-0041	03-5756-4858 03-5756-4859	Tokyo prefecture (limited to Tokyo International Airport)
Kawasaki Branch (Quarantine, Sanitation and Food Inspection Division)	Pilot Bldg. 4F, 23-1 Chidoricho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-0865	044-277-0025 044-288-2499	Kanagawa prefecture (limited to Kawasaki-shi)
Yokohama Quarantine Station (Sanitation and Food Inspection Division)	Yokohama Daini Kowan Godo Chosah 1-1 Kaigan-dori, Naka-ku, Yokohama-shi, Kanagawa 231-0002	045-201-0505 045-212-0640	Kanagawa prefecture (except areas under the jurisdiction of the Kawasaki Branch)
Niigata Quarantine Station (Sanitation and Food Inspection Division)	Niigata Kowan Godo Chosha 1-5-4 Ryugashima, Nigata-shi, Niigata 950-0072	025-244-4405 025-241-7404	Niigata prefecture
Nagoya Quarantine Station (Sanitation and Food Inspection Division)	11-1 Tsukijicho, Minato-ku, Nagoya-shi, Aichi 455-0045	052-661-4133 052-655-1808	Gifu and Aichi (except for areas under the jurisdiction of the Nagoya Airport Branch) prefectures

Shimizu Branch (General Food Inspector)	Shimizu Kowan Godo Chosah 9-1 Hinodecho, shimizu-shi, Shizuok 424-0922	0543-52-4540 0543-53-1364	Shizuoka prefecture
Nagoya Airport Branch (Quarantine, Sanitation and Food Inspection Division)	a Airport Bldg. Toyoba, Toyoyama-machi, Nishikasugai-gun, Aichi 480-0202	0568-28-2524 0568-28-5909	Aichi prefecture (limited to Nagoya Airport)
Yokkaichi Branch (Quarantine, Sanitation and Food Inspection Division)	Yokkaichi Kowan Godo Chosha 5-1 Chitosecho, Yokkaichi-shi, Mie 510-0051	0593-52-3574 0593-51-7666	Mie and wakayama (limited to Shingu-shi and Higashi-muro-gun)
Osaka Quarantine Station (Sanitation and Food Inspection Division)	Osaka Kowan Godo Chosha 4-10-3 Chikkoh, Minato-ku, Osaka-shi, Osaka 552-0021	06-6571-3523 06-6571-1803	Toyama, Ishikawa, Fukui, Shiga, Kyoto, Osaka (except for areas under the jurisdiction of the Kansai Airport Quarantine Station), Nara and Wakayama (except for areas under the jurisdiction of the Yokkaichi Branch) prefectures
Kansai Airport Quarantine Station (Food Inspection Division)	CIQ Godo Chosha, 1-canchi, Kuko-naka, Izumishu, Tajiri-cho, Izumi-minami-gun, Osaka 549-0021	0724-55-1290 0724-55-1292	Osaka prefecture (limited to the Kansai International Airport)
Kobe Quarantine Station (Sanitation and Food Inspection Division)	1-1 Toyahamacho, Hyogo-ku, Kobe-shi, Hyogo 652-0866 1	078-672-9655 078-672-9662	Hyogo (except for areas under the jurisdiction of the Food Inspection Division II), Okayama, Tokushima and Kagawa prefectures
(Food Inspection Division II)	Kobe Air Cargo Terminal, 4-16 Koyo-cho, Higashi-nada-ku, Kobe-shi, Hyogo 658-0031	078-857-1671 078-857-1691	Hyogo prefecture (limited to Higashi-nada-ku and Nada-ku in Kobe-shi)
Hiroshima Quarantine Station (Sanitation and Food Inspection Division)	Hiroshima Kowan Godo Chosha 3-10-17 Ujinakaigan, Minami-ku, Hiroshima-shi, Hiroshima 734-0011	082-255-1379 082-254-4984	Hiroshima (except for areas under the jurisdiction of the Hiroshima Airport Branch), Ehime and Kochi prefectures
Sakai Office (Sanitation and Food Inspection Division)	Sakai Kowan Godo Chosha 9-1 Showamachi, Sakaiminato-shi, Tottori 684-0034	0859-42-3517 0859-42-3517	Tottori and Shimane prefectures
Hiroshima Airport Branch (Quarantine Sanitation and Food Inspection Division)	Hiroshima Airport Terminal Bldg. 64-31 Aza Hiraiwa, Zeniridera, Hongo-cho, Toyota-gun, Hisorhima 729-0416	0848-86-8017 0848-86-8030	Hiroshima prefecture (limited to the Hiroshima Airport)
Fukuoka Quarantine Station (Sanitation and Food Inspection Division)	Fukuoka Godo Chosha, 1-22, Okihama-cho, Hakata-ku, Fukuoka-shi 812-0031	092-271-5873 092-282-1004	Fukuoka (except for areas under the jurisdiction of Moji Quarantine Branch and the Fukuoka Airport Branch), Saga (limited to Tosu and Karatsu cities), Nagasaki (limited to Oki-gun, Shimoagata-gun and Kami-agata-gun), Kumamoto (limited to Kumamoto, Arao, Tamana, Kikuchi and Yamaga cities, and Tamana-gun, Kamoto-gun, Kikuchi-gun and Aso-gun) and Oita prefectures

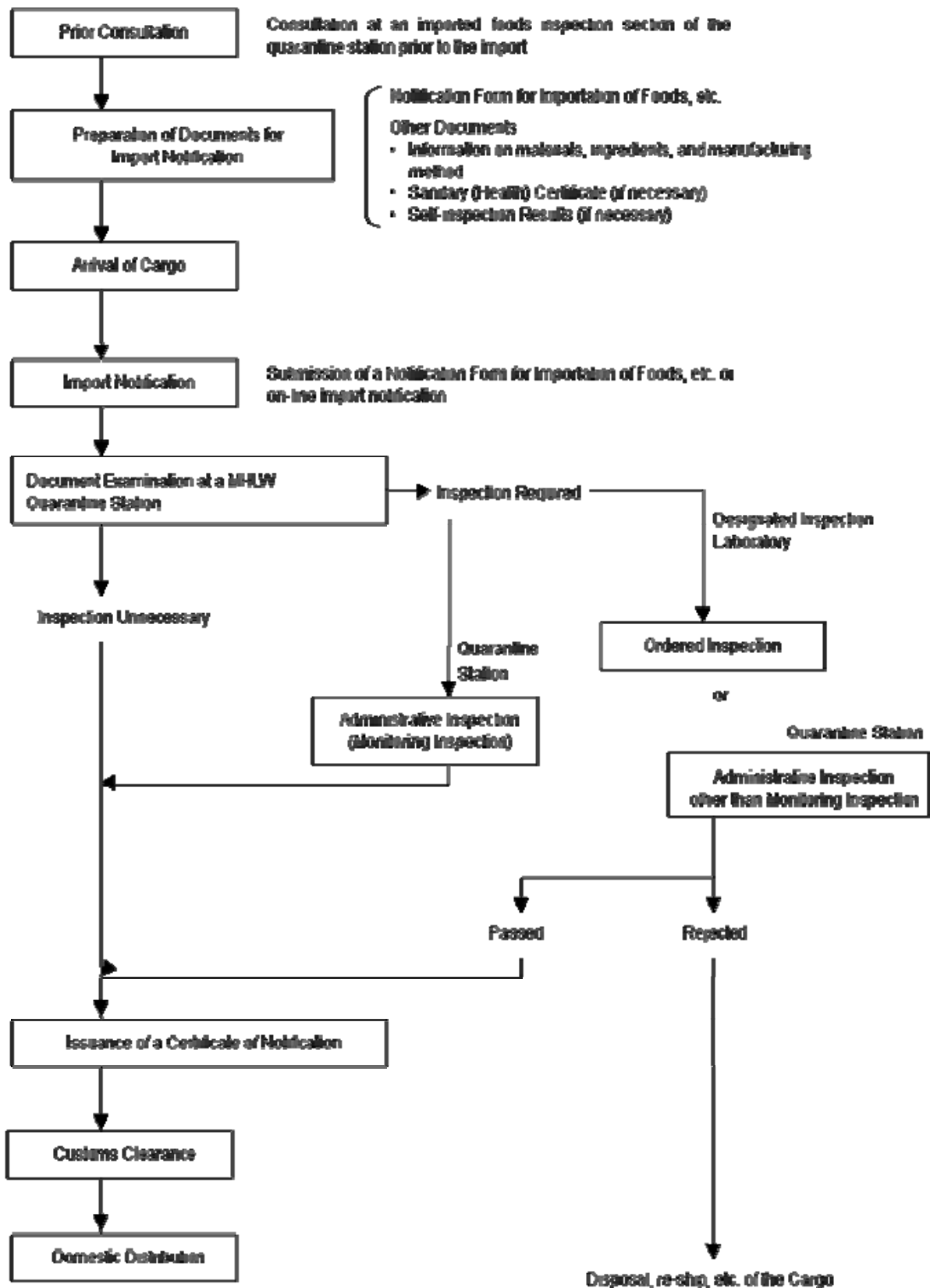
Moji Quarantine Branch (General Food Inspector)	Moji Kowan Godo Chosha 1-3-10 Nishikaigan, Moji-ku, Kitakyushu-shi, Fukuoka 801-0841	093-321-2611 093-332-4129	Fukuoka prefecture (limited to Kita-kyushu, nokata, iizuka Tagawa, Yamada, Yukuhashi, Buzen and Nakama cities, and Enga-gun, Kurate-gun, Kahogun, Tagawa-gun, Miyako-gun and Chikujo-gun)
Shimonoseki Office (General Food Inspector)	Shimonoseki Kowan Godo Chosha 1-7-1 Higashiyamato-cho, shimonoseki-shi, Yamaguchi 750-0066	0832-66-1402 0832-66-8145	Yamaguchi prefecture
Fukuoka Airport Branch (Quarantine, Sanitation and Food Inspection Division)	International Passenger Line Terminal Bldg. 739, Aoki, Hakata-ku, Fukuoka-shi 816-0051	092-477-0208 092-477-0209	Fukuoka prefecture (limited to the Fukuoka Airport)
Nagasaki Quarantine Branch (Quarantine Sanitation and Food Inspection Division)	3-913-1 Tomachi, Nagasaki-shi, Nagasaki 850-0952	095-878-8623 095-878-8627	Saga (except for areas under the jurisdiction of the Food Inspection Division of the Fukuoka Quarantine Station), Nagasaki (except for areas under the jurisdiction of the Food Inspection Division of the Fukuoka Quarantine Station) and Kumamoto prefectures (except for areas of areas under the jurisdiction of the Food Inspection Division of the Fukuoka Quarantine Station)
Kagoshima Quarantine Branch (Quarantine Sanitation and Food Inspection Division)	Kagoshima Kowan Godo Chosha 18-2-31 Izumi-cho, Kagoshima-shi, Kagoshima 892-0822	099-222-8670 099-223-5297	Miyazaki and Kagoshima prefectures
Naha Quarantine Station (Sanitation and Food Inspection Division)	Naha Kowan Godo Chosha 2-11-1 Minatomachi, Naha-shi, Okinawa 900-0001	098-868-4519 098-861-4372	Okinawa prefecture (except for areas under the jurisdiction of the Naha Airport Branch)
Naha Airport Branch (Quarantine, Sanitation and Food Inspection Division)	174 Aza-Kagamizu, Naha-shi, Okinawa 901-0142	098-857-0057 098-859-0032	Okinawa prefecture (limited to the Naha Airport)

ANNEX 3: IMPORT PROCEDURE UNDER FOOD SANITATION LAW

To ensure the safety of imported foods and related products, Article 27 of the Food Sanitation Law obliges importers to submit import notification. As Article 27 of the Food Sanitation Law states that "Those who wish to import food, food additives, apparatuses, or container/packages for sale or for use in business, shall notify the Minister of Health, Labour, and Welfare on each occasion as prescribed by the Ministerial Ordinance," the imported foods and related products must not be used for sale without import notification.

"Notification Form for Importation of Foods, etc." is submitted to a Quarantine Station of the Ministry of Health, Labour and Welfare. At the quarantine station, food sanitation inspectors carry out document examination and inspection to see if the foods and products comply with the Food Sanitation Law.

Procedures of Import Notification of Foods and Related Products are provided in the next page.



Postal cargoes from abroad that are subject to the Food Sanitation Law

When food and related products are imported from abroad to Japan through postal services for the purpose of sales or for use in business, an import notification must be submitted according to the Food Sanitation Law.

The "food and related products" here include foods, additives, apparatuses, containers/packages and toys for infants.

This procedure is necessary under Article 27 of the Food Sanitation Law, which states that "Those who wish to import food, food additives, apparatuses, or container/packages for sale or for use in business, shall notify the Minister of Health, Labour, and Welfare on each occasion as prescribed by the Ministerial Ordinance," and the method and amount of import does not affect the application.

When a postal cargo arrives at a Japanese port, a "Notice of Customs Clearance on Foreign Posted Items (i.e., Arrival Notification)" is sent to the addressee from a custom office, and the customs clearance is conducted. If the imported items are for sale or for use in business, an import notification must be submitted to the quarantine station of the Ministry of Health, Labour and Welfare that is responsible for the port where the posted cargo is temporarily stored.

Items that are imported not for the above purposes, such as personal uses, are exempted from import notification.

The import notification must be submitted before the end of customs clearance procedures. If the cargo was imported without import notification, the cargo will not be able to use for sale or for business purposes.

Any inquiries and questions about the handling of foreign postal cargoes that are subject for the Food Sanitation Law can be addressed to a quarantine station. Please contact the quarantine station of the Ministry of Health, Labour and Welfare that is responsible for the port where the posted cargo is stored, or any station nearest to you.

Import Notification Procedures

1. Prepare a "Notification Form for Importation of Foods, etc" in order to notify the import.
2. Fill out the Notification Form for Importation of Foods, etc., providing all the required information. (Please note that the import of some food items, such as meat, meat products and swellfish (puffy fish), requires a "sanitary (health) certificate" issued by the governmental organization of the exporting country.
3. Submit the completed Notification Form to the quarantine station responsible for the port of import. In addition to the import notification by submitting the paper form, submission through electronic information processing system is also available. To submit the notification through the electronic system, importers are required to register their computer terminal along with the necessary information to the Ministry of Health, Labour and Welfare beforehand.

Document Examination of the Notification Form for Importation of Foods, etc. and Inspection at the MHLW Quarantine Station

1. After the submission of notification, the food sanitation inspector at the quarantine station inspects the product to examine whether the item meets the regulations under the Food Sanitation Law.

During the document examination, the food sanitation inspector validates the following items, based on the information reported in the Notification Form. The judgement will be made based on the information, such as the country of export, imported items, manufacturer, the place of manufacture, ingredients and materials, methods of manufacturing and use of additives.

- Whether the imported food, etc. complies with the manufacturing standards regulated under the Food Sanitation Law
- Whether the use of additives complies with the standards
- Whether poisonous or hazardous substance is contained
- Whether the manufacturer or the place of manufacturing has a record of sanitation problem in the past.

2. When the document examination judges the cargo needs to be inspected (cargoes with many records of incompliance with the law in the past, imported swellfish, etc.), an inspection order (inspection order system), a public inspection (other inspection systems) and other inspections (see Box) will be carried out in order to confirm the compliance of the cargo with the law by the inspection.

3. When the document examination and cargo inspection have found that the cargo is in compliance with the law (the cargo "passed" the inspection), a "Certificate of Notification" will be returned to the importer from the MHLW quarantine station where the notification was first submitted. The import procedures, then, will proceed to the next step.

4. The cargo that has been judged not to comply with the law (the cargo that "did not pass" the inspection) cannot be imported into Japan. The MHLW quarantine station will notify the importer how the cargo violates the Food Sanitation Law, and the importer will take necessary measures by following the instructions from the station.

5. In order to simplify and expedite the import procedures, simplified systems of import notification are also available.

Name	System
Advance Notification System	For all food and related products, the import notification form can be submitted starting 7 days before the estimated date of cargo's arrival. Except for the cargo that needs an inspection, a copy of certificate of notification is issued immediately, either before the arrival of cargo or after the cargo is unloaded to the bonded area.
Planned Import system	If a certain food or related item is planned to be imported repeatedly, an import plan can be submitted at the time of the first import. When the plan is found satisfactory, the submission of import notification is exempted for a certain period.
Inspection Results by Public Inspection Organizations in Other Countries	When a cargo is inspected by a public inspection organization in the exporting country prior to the export, and a report of the result from the inspection is attached to the cargo, the inspection at the quarantine station for the cargo may be exempted. Inspection items whose results are subject to change during transportation (bacteria, mycotoxin, etc.) are excluded. (To Specifications and Standards for Food, Food Additives, etc. of JETRO Home Page(? JETRO's Home Page on Information of Food and Additive Regulations and Standards: http://www.jetro.go.jp/se/e/standards_regulation/index.html)
Continuous Import of Same Items	When certain foods and related products are imported repeatedly and inspection results are attached to the import notification form at the initial import, if document examination finds no problem, inspection can be exempted in the upcoming occasions of import for a certain period.
Advance Approval of Imported Foods and related Products	When the imported foods, etc. is confirmed to be compliance with the Food Sanitation Law, the items and the manufacturers may be registered. Inspection at the upcoming import is exempted for these items for a certain period of time and the certificate of notification is issued immediately after the submission of import notification.

MHLW quarantine stations offer import consultations to provide further information on import procedures and other matters. Please make inquiries at each station in the region.

Inspection Order System

When the examination of the document and information on the sanitary situation of the exporting country, the nature of the food and related items, or the record of non-compliance of the similar items in the past, indicates that the concerned food, etc. is highly suspected to violate with the Food Sanitation Law, the inspection order will be issued by the Minister of Health, Labour and Welfare and the import procedure will be suspended until the compliance of the concerned food, etc. is proved. This system is called "Inspection Order System" and the importer is responsible for the cost of the inspection.

The items that are subject for this system are designated in the cabinet order, and detail of each item is specified every year.

Monitoring Inspection System

"Monitoring inspections" are carried out at the Ministry of Health, Labour and Welfare Quarantine Station for the food and related items that are unlikely to be in compliance with the Food Sanitation Law. Every year, the monitoring inspection system designates the items subject for the monitoring inspections based on the annual import amount and the record of non-compliance in the past for each item.

The purpose of the monitoring inspection system is to collect information data on sanitation statuses of the diverse food items that are brought to Japan as well as to promote the smooth distribution of these items. While MHLW food sanitation supervisors carry out sample inspections, the import procedures can be forwarded without waiting for the inspection results.

Other Inspection Systems

In addition to monitoring inspections, MHLW food sanitation inspectors conduct other kinds of inspections, such as inspections for the food and related items that are imported first time to Japan, inspections to examine the items that are in compliance with the Food Sanitation Law, and inspections to examine the food and related items that have experienced an accident during transportation.

Also, in some occasions of a first-time import or regular import, the MHLW quarantine station requires the importers to conduct an inspection of the cargo on some necessary items, based on the idea that importers also have the obligation to secure the food sanitation and safety.

Minister of Health, Labour and Welfare, Esq.

Name and address of importer (Or name of importing corporation and its address)

Notification Receipt Number	*1	Name	
Classification of Notification	Four Notification / Planned Import	Address	
Code of Importer		(Telephone Number)	
Name and Code of Country of Production		Registration Number of Importer Responsible for Food Sanitation	
Name, Address and Code of Manufacturer			
Name, Address and Code of Manufacturing Facility			
Name and Code of Port of Loading		Date of Loading	____(Month) ____ (Day) ____ (Year)
Name and Code of Port of Discharge		Date of Arrival	____(Month) ____ (Day) ____ (Year)
Name and Code of Warehouse		Date of Storage	____(Month) ____ (Day) ____ (Year)
		Date of Notification	____(Month) ____ (Day) ____ (Year)
Mark and Number of Cargo		Accident Said Explanation (Y/N)	Yes / No
Ship Name or Flight Number of Aircraft		Name and Code of Transporter	

I	Classification of Cargo	Food / Food Additive / Apparatus / Container-Packages / Toys	Continuous Import	Y - N	Sanitary Certificate Number	
Item Code					If the cargo includes processed food, describe its ingredients and their codes. If the cargo includes apparatuses, containers/packages or toys, describe the raw materials and their codes.	
Description of Article						
Shipped Volume (Number of Units)						
Shipped Volume (Weight)				kg		
Usage and its Code					If the cargo includes food with additives, describe the names and codes of additives. If the cargo includes manufacturing agents in the additives, describe the names and codes of additives. (Additives used as flavoring agents are excluded for other cases.)	*1
Kind of Package and its Code						*2
Registration Number 1						
Registration Number 2						
Registration Number 3						
If the cargo includes processed food, describe the method of manufacturing or processing, and its code.						
Remarks						Stamp for Resolving Notification

Notes:

*1: Do not apply here.

*2: When the article in the cargo includes food additives that are generally supplied in food or drink and regulated by the relevant statutes, describe the names of the substances used. When the article includes manufacturing agents in the additives, including flavoring agents or food additives that are generally supplied in food or drink, write the names of the agents.

ANNEX 4: FOOD SANITATION LAW IN JAPAN

1. PURPOSE OF THE LAW AND SYSTEM

The objective of this law is to protect the public from health hazards caused by the consumption of food or drink, thereby to contribute to the improvement and promotion of public health.

2. OUTLINE OF THE LAW AND SYSTEM

The sale or production and importation for the sale of foods additives (excluding natural flavoring agent, etc.) and foods containing these ingredients is forbidden, except where approved by the Minister of Health, Labour and Welfare. (Article 6). When standards for methods of manufacturing, labeling, or specifications for ingredients have been established by the Minister of Health, Labour and Welfare, for food, food additives, apparatuses and container-packages for sale or business, its is forbidden to sell all products which do not conform with the relevant statutes. (Articles 7, 10 and 11). Those who wish to import food, food additives, apparatuses or container-packages for sale or business must first notify the Minister of Health, Labour and Welfare on each occasion. (Article 16). The Minister of Health, Labour and Welfare and prefectural governor, etc. when deemed necessary may conduct inspections, etc. of food, food additives, apparatuses or container-packages for sale or business. (Article 17)

3. CABINET ORDER AND MINISTERIAL ORDINANCES

- Enforcement Order of the Food Sanitation Law
- Enforcement Regulations of the Food Sanitation Law
- Ministerial Ordinance Concerning Compositional Standards, etc. for Milk and Dairy Products
- Specifications and Standards for Food and Food Additives, etc. (Ministerial Notice)

4. OUTLINE OF SPECIFICATION, STANDARDS AND INSPECTIONS ETC.

1) Items Covered

- Foods (All food and drink; drugs and quasi-drugs (iyakubugaihin) prescribed by the Pharmaceutical Affairs Law are excluded.
- Food additives (those used for adding, mixing, soaking or other methods in the manufacturing process of food or used for the purpose of processing or preserving)
- Apparatuses or container-packages
- Toys (toys for infants)
- Cleaning agents (for vegetables, fruits and tableware)

2) Outline of Specifications, Standards and Inspections

i. Specifications and standards

The Ministerial Ordinance Concerning Compositional Standards, etc. for Milk and Daily Products and the Specifications and Standards for Food and Food Additives, etc. (Ministerial Notice) are stipulated as specifications and standards related to the Food Sanitation Law.

Ingredient specifications, standards on manufacturing, cooking and storing methods, specifications and manufacturing standards on cooking equipment, container-packages or ingredients are prescribed in the said ministerial ordinance for milk and dairy products.

Specifications and standards are prescribed by classifying other matters into foods, food additives, apparatus, container-packages, toys and cleaning agents. Ingredient specifications, manufacturing, processing and cooking standards, preserving standards, utilizing standards are prescribed for foods; whereas, general rules, the general examination method, chemical reagents and trial liquids, manufacturing standards and utilizing standards are prescribed for food additives.

These specifications and standards are established and amended based on reports of the Pharmaceutical Affairs and Food Sanitation Council and international standards.

Furthermore, in the case of importing foods from foreign countries, although importation of food additives other than those designated by the Minister of Health, Labour and Welfare is not permitted, if scientific data to be used as a reference in evaluating the safety of the said food additives is attached to a request, importation of new food additives may be permitted after deliberation of the Pharmaceutical Affairs and Food Sanitation Council.

ii. Certification system (Import inspection)

Those who wish to import food or others must first notify the Minister of Health, Labour and Welfare on each occasion. The notification form is to be filed with a food import inspection office of the Quarantine Stations at 31 major seaports and airports. The Quarantine Stations carefully import, and when necessary take samples for testing in order to ensure food sanitation.

Furthermore, in order to simplify procedures for the importation of foods and others, in addition to major systems listed as follows, procedures for the importation are being simplified and expedited by introducing the Food Automated Import Notification and Inspection Network System (FAINS) by which notification for the importation can be made on-line or by floppy disk from terminals of an importer (1986) and by promoting interface with the Nippon Automated Cargo Clearance System. (NACCS) (1997)

(a) Pre-certification System: Of foods manufactured in foreign countries, those which conform with specifications and standards in advance under the Food Sanitation Law are registered with the Ministry of Health, Labour and Welfare. In the case of notifying registered foods, etc., a certificate of notification for importing foods, etc. is issued immediately after inspection.

(b) Planned Import System: If specially selected foods, etc. (foods subject to planned importation) are to be repeatedly imported, a one-year or three-year import plan is attached to Import Notification of Foods, etc. at the initial importation. As a result of an examination, if it is judged to have no problems, through this system notification at every importation may be omitted from the following time (limited to within the relevant period).

(c) Item Registration System: When the same foods, etc. are continuously imported, matters to be mentioned concerning foods, etc. to be imported are registered. If there are no problems in the mentioned matters, through this system matters mentioned and registered at the time of notification for import may be processed through a registration number for one year following.

(d) Minor errors on a notification for import: Minor errors such as typing mistakes related to mentioned matters on Import Notification of Foods, etc. are disregarded. (Clerical correspondence on December 20, 1971, Kanshoku No. 184 Notice to each assistant chief of quarantine on August 18, 1982)

(e) Continuous Import System: When the same foods are repeatedly imported, if inspection results for the same foods conducted within a certain period are attached, through this system inspection at the time of importation within the effective period concerning the inspection items may be omitted.

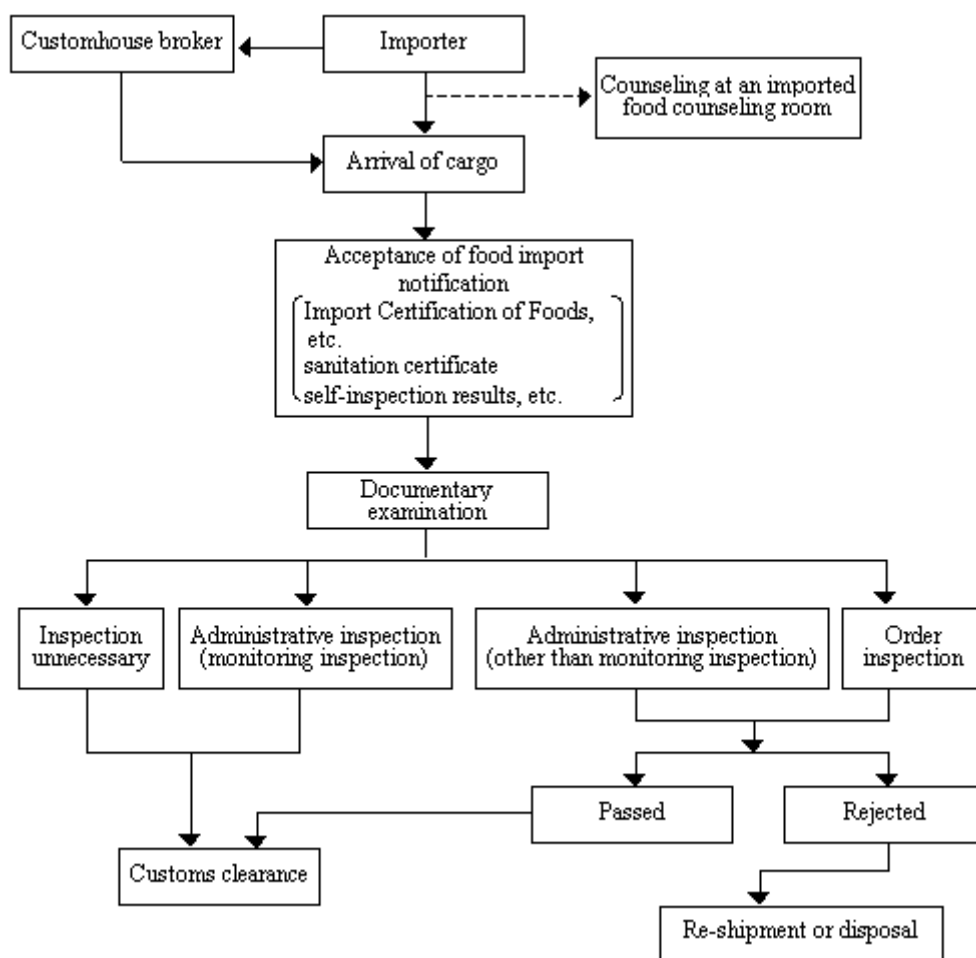
(f) System of Foreign Official Laboratories: In the case of obtaining an inspection at the time of importation by foreign official laboratories (testing organization listed on a list of foreign official laboratories), through this system inspection of inspection items may be omitted.

(g) Prior Notification System: When notification for import is accepted for all foods, etc. seven days prior to the scheduled arrival of the imported cargo, if an on-the-spot inspection for import is judged to be unnecessary, through this system a certificate of notification for import of foods, etc. is issued before the arrival of the cargo or immediately after its arrival.

(h) Electronic Transmission of an Inspection Certificate: Although it is prohibited to import meat to Japan unless an inspection certificate issued by the governmental organisation in the exporting country is attached, if matters to be mentioned on an inspection certificate are transmitted to the computer of the quarantine office from the governmental organisation of the exporting country and are recorded in a file provided by the said computer, this does not apply.

Electronic transmission of inspection certificates is implemented between Japan, and Australia. A system is now being developed to carry out electronic transmission with the United States and New Zealand (As of January 2000).

[Flowchart of an import notification system]



5. HIGHLIGHTS OF THE RECENT AMENDMENT

Introduction of an approval system for comprehensive sanitation control for soft drinks (Partial amendment of the Enforcement Order and Regulations of the Food Sanitation Law in July 1999)

6. REFERENCE INFORMATION

A. (Liaison Office for Further Information)

Policy Planning Division, Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare

Tel: 03-3595-2326

<http://www.mhlw.go.jp/english/index.html>

B. (Reference Materials)

"Handbook on the Food Sanitation Law: Article-by-Article Explanation of the Food Sanitation Law (2nd edition)" Japan Food Hygiene Association

"Pharmaceutical Hygiene Law Handbook" Yakuji Nippo Ltd.

"Practical Business of Food Import" Japan Food Hygiene Association

[Testing Organisations (Quarantine Stations supervising imported foods, see Annex 3.

Source: OTO (Office of Trade and investment Ombudsman, Cabinet Office Government of Japan)

Note: Please contact the relevant ministry for the most up-to-date laws and regulations.

ANNEX 5: CERTIFICATION BY REGISTERED FOREIGN CERTIFICATION ORGANISATION (RFCO)

The same applies for a Japanese RCO certifying in a foreign country

A RCO or a RFCO can also certify in other countries without an equivalent system if their head office is in a recognised country

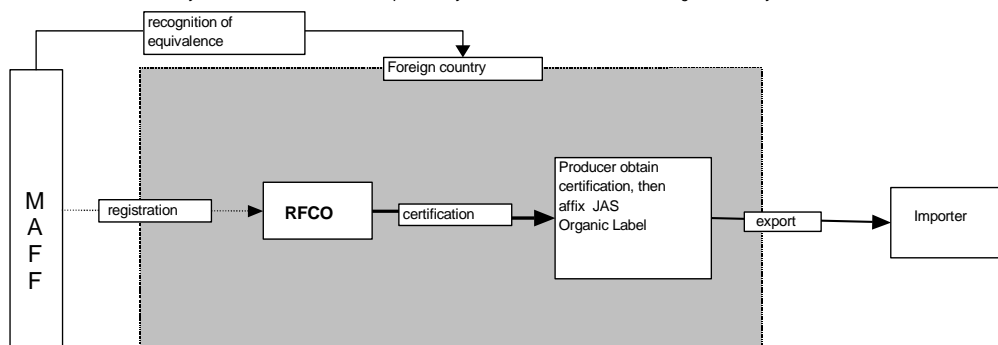


Chart 2 Certified importer

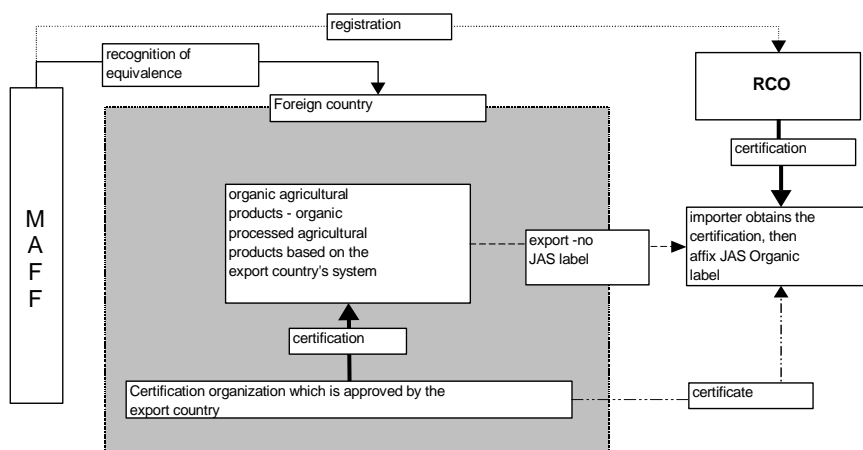
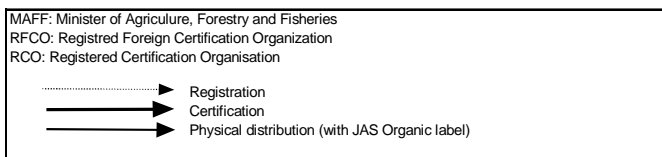
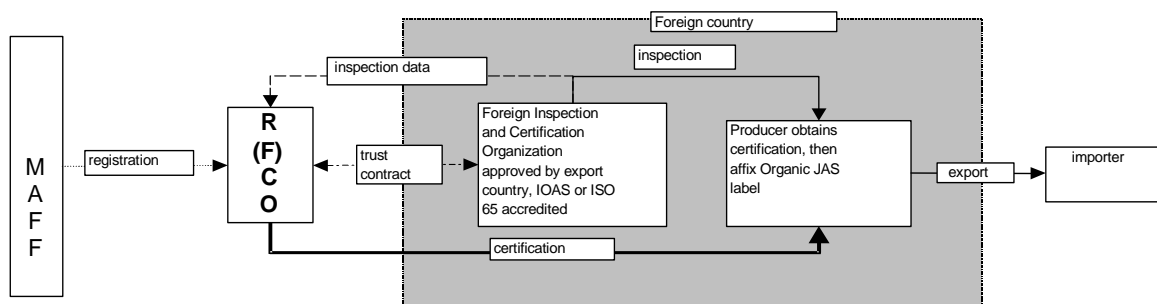


Chart 3: Re-certification based on trust Contract



Source: OECD. 2003. The Development Dimension of Trade and Environment: Case Studies on Environmental Requirements and Market Access. Joint Working Party on Trade and Environment