

Provisional Survey Report 2014

**New Issues and Requests for Improvements on Trade and Investment  
- North America -**

January 2015

Japan Business Council for Trade and Investment Facilitation (JBCTIF)  
Secretariat: Japan Machinery Center for Trade and Investment

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(Note) \*, APEC countries and regions

Issues and requests relating to foreign trade and investment - Canada

	Category	No	Issue	Issue Details	Requests	Governing Laws
1	Restrictions on Entry of Foreign Capitals	(1)	Nebulous basis of permits and approvals for FFEs' Acquisition of Canadian Enterprises	- Due to the Government of Canada's (GOC's) Policy under its Incentive Measures to protect the domestic industries in Telecommunications, Media Industries, and Financial Service Sectors, where oligopoly prevails, Foreign Funded Enterprises' (FFE's) entry into these Sectors are extremely difficult. FFEs' acquisition of Canadian enterprises is subject to the approval of the Provincial Government. However, the terms to apply for and obtain approvals are nebulous and remain undefined.	- It is requested that GOC clearly defines the terms and conditions for FFEs' acquisition of Canadian enterprises.	
9	Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	Complex Payment Procedures for the Goods and Services Tax (GST) for Import Customs Clearance	- Payments for Federal GST(Goods and Services Tax) and Federal part of HTS(Harmonized sales Tax) made upon import customs clearance and made in relation to the domestic transactions in Canada are not integrated into a single payment. The dual payment requirements complicate the clerical procedure.	- It is requested that GOC synchronises into single period the periods for payment of the Federal excise tax relative to Import Customs Clearance and Domestic Transactions.	- Canada Border Services Agency Memorandum D17-15
		(2)	Canadian Tariff Barrier for Beer on Certain Inter-Province Transactions	- Alcohol (beer) Duty levied on the Specified Inter-Province transactions in Canada forms a barrier for Member Firm's selection of the location for its local manufacturing depot. While no duty is levied in Quebec Province for beer manufactured in Ontario and sold in Quebec, the duty is payable on beer manufactured in Brunswick Province and sold in Quebec.	- While the restriction is universally applied, no applicable regulation can be located. The Member Firm is given to understand, this is an exceptional measure. It is requested that GOJ, to the extent possible, takes steps to induce GOC's removal of the inequality in Inter-Province Transactions in Canada.	- While the Duty accrues, no underlining legislation seems to exist despite the effort made for its confirmation.
		(3)	Antidumping Measures	- On 5 September 2013, Canada Border Services Agency (CBSA) notified in the Gazette, its initiation of an investigation into the dumping of certain hot-rolled carbon steel plate and high-strength low-alloy steel plate originating in or exported from Japan, Republic of Korea, Taiwan, Indonesia, Denmark and Italy, covered by HS Code 7208.51 and 7208.52. On 14 November 2013, preliminary affirmative determination was made against all countries subject to investigation.		
12	Exchange Controls	(1)	Appreciation of Canadian Dollars	- In the immediate preceding one-year, Canadian dollars tended to depreciate by the appreciation of the USD. However, due to the various factors that appreciate Canadian dollars, such as raise in interest rates, there remains a possibility for weakening of the competitive edge of the exporting industries.	- It is requested that GOC takes steps to ensure an adequate and stable exchange rate of the Canadian dollars to enable maintenance of the competitive edge for the products manufactured in Canada.	
13	Finance	(1)	Canadian Banks Guarantee on the Loan for the Mines Development Fund	- A Firm extends a loan for mining development funds of Canadian Mining Company. The Firm is desirous of Canadian Development Bank's (CDB's) extension of Repayment Guarantee for this Loan.	- It is requested that CDB, etc. will execute Repayment Guarantee for the Loan extended by FFEs for the Mining Development Fund.	

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14 Taxation Systems	(1)	Complex Accounting Work due to the Varying Sales Tax by each Province	- Since 1 July 2010, Province of Ontario and Province of B.C. have inaugurated Harmonised Sales Tax (HST), by merging the Federal Goods and Services Tax with the Provincial Retail Sales Tax. However, HST rate is 13% in Ontario and 12% in B.C., while a tax law on HST differs in the two provinces. Programming of the accounting system and data input, together with all the necessary clerical works, has been made even more complex. Quebec sales tax will be raised by 1% on 1 January 2011 and 1 January 2012, adding more complexity to the works involved all around.	- It is requested that GOC harmonises GST (HST) all across Provinces.	- Federal/Ontario Province/B.C. Province HST - Provincial Retail Sales Tax, Quebec
	(2)	Transfer Price Taxation System	- A Member Firm Subsidiary (MFS) must pay careful attention in handling Headquarters' Expenses with its sister company in the U.S. to avoid any problems over the Transfer Price Taxation System.	- It is requested that GOJ discloses to the extent possible, the measures it takes directed to the Canadian Taxation Authority on similar problems shared by other Japanese affiliated enterprises.	
	(3)	LNG Tax	- LNG Tax: The details remain unveiled for the Liquefied Natural Gas (LNG) Tax Regime by British Columbia Province (BC), impacting Member Firm decision to invest in the LNG business. It remains nebulous if it is applicable only to export business, or to domestic business as well.	- It is requested that the BC Authority makes it a point to ensure that introduction of its taxation system does not affect the international competitive edge	
	(4)	Goods and Services Tax	- The applicable Rules for Goods and Services Tax are quite complex so that it takes much time and work in calculating and determining if taxable or not on a given item. In addition, it is extremely difficult to systemise it. Largely varying rules employed by each Province, inflate the system maintenance cost, including its modifications.	- It is requested that GOC streamlines and simplifies both the Goods and Services Tax System and, the procedures for filing Tax Returns and Tax Refund Applications.	
16 Employment	(1)	Restricted Nationality of the BOD Members	- Federal Canada Business Corporation Act and Ontario Business Corporation Act both require: "At least 25 per cent (or minimum 1-person in case of the Board comprising of less than 4-directors) of the directors of a corporation other than a non-resident corporation shall be resident Canadians". However, in the prevailing circumstances of the heavier responsibility upon directors, it is getting difficult to request resident Canadians to assume directorship in a business corporation. This provision sometimes forms a barrier for Japanese investor's entry into Canada.	- It is requested that GOC repeals the provisions of the law concerning the nationality requirements.	- Canada Business Corporation Act 105 - Canada Business Corporation Act 118
	(2)	Complex and Delayed Visa Renewal Procedures	- GOC has started the clerical processing of work concerning Work Visa Acquisition at Canadian Embassy in Manila. It is said there was a case where the Visa of only one-year validity was issued upon actual entry, notwithstanding the fact the 3-year validity visa was granted.  - A Member Firm's Subsidiary (MFS) faces a problem on transfer of work from the predecessor to successor due to a longer period (maximum 3-months) required for visa acquisition than the previous 3-weeks, actual. Presumably the transfer of visa issuance work from the Home Country to its Embassy in Manila is partly responsible for this delay.	- It is requested that at GOC: -- ensures issuance of Work Visa at all issuing depots, and -- uniformly applies the work visa issuance unaffected by individual personal judgement of officers in charge.  - It is requested that GOC: -- systemise the Visa Application by employing the on-line facility, and -- expedites the Visa Issuance.	

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	(3)	Job Hopping Engineers	- Since 2007 when the energy related business began flourishing, job-hopping engineers have mushroomed in Alberta, making it difficult to retain its engineers by raise in salary, etc. The difficulty continues.	- It is requested that GOC introduces a scheme that equalises the workforce across- the-State through mobilising inter-provincial movement of workforce.	
	(4)	GOC's Support Solicited for Securing Workforce	- While the increase in energy resources development is promising focused on oil sand, LNG, etc., the difficulty in securing workforce is a matter of concern.	- It is requested that GOC deregulates its policy on immigration and visa issuance to support the enterprises' effort to secure the workforce.	
17 Implementation of Intellectual Property Rights ("IPRs")	(1)	Disallowed Temporary Reproductions on Maintenance and Repair of Machineries, etc.	- To the extent regarded as necessary to maintain, repair and replace machineries, reproduction should be permitted, as is provided in Article 47-4 of Japan Copyright Act, Transfer of ownership of reproductions made pursuant to the provisions of limitations on the right of reproduction.	- It is requested that GOC takes steps to introduce a provision that allows reproductions made pursuant to the provisions of limitations on the right of reproduction relative to maintenance, repair, etc. of machineries, etc.	
			<b>(Reference)</b> - In the U.S., the owner or lessee of machineries are authorised to affix temporarily the computer programme for the purpose of maintenance and / or repair of machineries, "if such new copy is used in no other manner and is destroyed immediately after the maintenance or repair is completed" (U.S. Copyright Act Section 117(c)), with a leeway applied under Section 107, 'Limitations on Exclusive Rights: Fair use.'		
	(2)	Removal of Complaint Requirement from Criminal Penalty on Copyright Infringements	- As long as copyright infringements remain infringement of a private property, there is no necessity for recovery when the injured party does not wish to seek recovery. In terms of its deterrent effect, the needs remain at a low level. Conversely, the negative aspect of only the chilling effect remains. In addition, creation and expression in most cases originate from imitation. Consequently, tightening of the deterrent requires a scrupulous care and deliberation. As regards copyright, the border surrounding the restricted right/indirect infringement is ambiguous. It requires a careful deliberation (for example, from the viewpoint of the chilling effect) in cases where predictability is not crystal clear.	- It is requested that Controller General of Patents, Designs & Trade Marks takes steps to remove the Complaint Requirement from Criminal Penalty on Copyright Infringements.	
<b>(Reference)</b> - In the case of the U.S., it seeks obviating the need for a formal complaint under QQ.H.7-7(h) of WikiLeaks Release of Secret Trans-Pacific Partnership Agreement (TPP) of 30 August 2013 at QQH.7-7: "(h) that its competent authorities may act upon their own initiative to initiate a legal action without need for a formal complaint by a private party or right holder": U.S./ROK 18.10.27, U.S./Peru 16.11.27, U.S./Chili 17.11.22, and Australia/Chile 17.38.					
	(3)	Canadian Courts' Denial Of Patent	- Canadian Courts could deny the evidence for usefulness, which had been held as useful in Japan, the U.S., EU, etc. As a result the patent could be held invalid. In addition, the evidence submitted after the filing date of patent application cannot form the basis for determining the usefulness. The Canadian judgement basis is extremely rigorous compared to Japan, the U.S., EU, etc.	- It is requested that GOC takes step to adopt the criteria comparable to those adopted in Japan, the U.S., EU, etc.	

	Category	No	Issue	Issue Details	Requests	Governing Laws
20	Monopoly	(1)	Monopoly in Railway Transport	- A Member Firm's Subsidiary (MFS) ships the bulk of its products across the continent by railway transport, which forms an oligopoly by two firms, Canadian National (CN) and Canadian Pacific Railways (CP). Their Tariff and Operational Policies severely impact MFS's profitability and business operation. In response to the complaints filed by the users, including business associations, and with the participation of the Federal Government, the discussions are now under way, concerning introduction of the Control Scheme, which is geared toward improvement.	- It is requested that with the view to slackening oligopoly and to protect the users' interest, GOC materialises as soon as possible its substantive policy.	
21	Restrictions on Land Ownership	(1)	Existence of Restrictions by Province on Farmland Ownership	- In light of equalising distribution of Canadian farming resources, deregulation is sought on the restricted foreign ownership of land property in the Three Great Plains (Alberta, Saskatchewan and Manitoba Provinces).	- It is requested that GOC deregulates restrictions on Landownership by Foreign Funded Enterprises (FFE's).	
24	Indigested Legislation, Abrupt Changes	(1)	Non-existence of Consumer Protection Policy for Import of Used Pianos	- There have been inflows of about 3,000 units per annum of used pianos into Canada from Japan, and other Asian peripheral countries. Most of the products in concern are retrieved from individual households in Japan, and exported to Canada after some refurbishments (in particular to their external appearances). Over the years, Member Firm has warranted the product quality by carefully adjusting the product specifications to the climatic market conditions, in particular, to the moisture content of the wooden materials incorporated into the piano products most suitable to the Canadian climatic conditions.	- GOC now levies Import Duty of 7% on Grand Piano and 0% on Upright Pianos equally upon both New and Used Pianos. It is requested that GOC curbs the systematic sales of Used Pianos by levying import duty on Used Upright Pianos, provided, however, that no restrictions are required in principle on personal sales and purchase.	
26	Others	(1)	Capacity Shortage of Railway Transport and Delays	- In addition to the chronic capacity shortage in railway transport, serious delays have arisen on grain exports, due to the increased volume of crude oil transport and the bad wintery weather. In light of the expanded grain production forecast in Canada, the capacity shortage in railway transport can materially block the Japan/Canada Grain Trade.		

Issues and requests relating to foreign trade and investment - United States

Category	No	Issue	Issue Details	Requests	Governing Laws
1 Restrictions on Entry of Foreign Capitals	(1)	The Requirements are nebulous for Granting Approval on Foreign Acquisition of Enterprises	- Although not compulsory in all investments, in order to play it safe, a Member Firm has cleared in most cases the requirements of the Committee on Foreign Investment in the United States (CFIUS) on the U.S. National Security, in as much as the retroactive conformance to CFIUS requires complications with onerous responsive measures.	- In light of Japan being one of the major alliance countries with the U.S., it is requested that GOU: -- completely exempts Japan of the CFIUS requirements, or -- identifies the sectors that require the measures responsive to the CFIUS National Security Test.	
9 Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	High Import Duty Rates	- Tariffs on watches of the U.S. are quite complex for the parallel use of ad valorem and fixed tariff rate. It makes it difficult to calculate the average tariff rate. According to the estimate of Japan Clock & Watch Association, it is about 5% in average, while since 1983, GOJ has imposed zero tariff on imports from the U.S.	- It is requested that GOU repeals tariff on watches as soon as possible.	- The Tariff Act of 1930; and Harmonized Tariff Schedule of the United States
	(2)	Complexity in Import Duty Calculation Formula	- The calculation method for import duty on Watches is complex: (1)GOU establishes the tariff rates on watches individually by parts: movement, case, band, etc. The fixed tariff amounts are applied to movements, while the fixed tariff rates are applied to other parts. (2)U.S. ITC Report on Simplification of the Harmonized Tariff Schedules of the U.S. released in March 1999 continues to rely upon 8-digit-classification, not harmonised into 6-digit classification. It retains classification by size, and price. The fixed amount import duty on movements is not simplified.	- It is requested that GOU streamlines the tariff rates so that fixed rates are levied on the finished watches.	- The Tariff Act of 1930; and Harmonized Tariff Schedule of the United States - Customs Regulations and Provisions
	(3)	International Gaps of HS Code Classification on Supply Goods	- On consumable goods such as toner / ink cartridge for printers, multi-purpose equipment, etc., HS Classification Code differs between the countries in the U.S. and EU, being dutiable in some and not so in others.	- It is requested that GOJ approaches GOE and GOU toward unification of applicable HS Classification Code on consumable goods, and - It is requested that GOJ approaches GOE and GOU to incorporate them into the expanded items of ITA products.	

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	(4)	Increased Tariff Burden due to the Delay in Renewal of GSP	<p>- Generalised System for Preferential Tariff (so called GSP) that exempts tariff on products imported from designated Developing Countries and Territories expired on 31 July 2013, without renewal to this date (as of 3 January 2014).</p> <p>More precisely, MFS imports products from Indonesia by incurring, in a sense, extraneous cost (several hundred million yen per annum). It remains uncertain "when the GSP renewal takes place (or never gets renewed)", and "if renewed, retroactive refund of tariff paid during the hiatus of GSP takes place". Importers' assumption of the tariff burden continues.</p>	<p>- It is requested that GOU:</p> <ul style="list-style-type: none"> <li>-- ensures there is no hiatus of GSP treatment at each renewal.</li> <li>-- determines in advance in the event of occurrence of expiry, provisional measures such as "renewal time", "retroactive measures", or at least provides a clear-cut information.</li> </ul>	
	(5)	Illegal Nature of Zeroing Methodology in Antidumping Regulations	<p>- In December 2004, GOJ filed request for consultation with GOU and the Dispute Settlement Body, stating the "zeroing" by which GOU treats transactions with negative dumping margins as having margins equal to zero for purposes of determining the weighted-average dumping in its Antidumping Investigation at artificially high price level is in violation of WTO AD Rules.</p> <p>WTO Appellate Body frequently found the U.S. violation of AD Agreement. However, the corrective measures by the GOU have been insufficient. On 20 May 2009, GOU appealed on the Japan-the U.S. disputes to WTO Appellate Body. The Appellate Body Report, released on 18 August 2009, totally upholds the Japanese contention.</p> <p>On 6 February 2012, GOU signed Memorandum on Repeal of the Zeroing Methodology.</p> <p>On 14 February 2012, DOC put up in Federal Register the review of antidumping calculation methodology, and on 18 June 2012, notified in Federal Register the revised calculation of Antidumping Margins without using the Zeroing Methodology. It resulted in amended dumping margins on some of the Japanese thin stainless steel plate products.</p>	<p>- It is requested that GOU thoroughly implements the corrective measures.</p>	<p>- WT/DS322/AB/RW</p> <p>- Notice of Determination Under Section 129 of the Uruguay Round Agreement Act</p>
	(6)	Sunset Review under Antidumping Proceedings	<p>- As affairs now stand, GOU's Sunset Review is dictated by the ground rule of "Order is continued in principle, and revoked in exceptional cases" under the relative laws and regulations, internal rules and in their implementation. Thus, in reality, antidumping measures are not revoked past the five-years and prolonged imposition of Antidumping Duty continues.</p> <p>- On 22 February 1995, Antidumping Duty levied on Stainless Steel Bar (from 4-countries including Japan), Continued Levy decided by the 2nd and 3rd Sunset Reviews on 4 December 2006 and 17 July 2012, respectively.</p> <p>- On 18 June 1996, Antidumping Duty levied on Clad Steel Plate from Japan, continued levy decided by the 2nd and 3rd Sunset Reviews on 20 February 2007 and 15 January 2013, respectively.</p> <p>- On 7 July 1999, Antidumping Duty levied on Stainless Steel Thin Plate (from Japan, South Korea*, Taiwan, U.K., France*, Germany, Italy* and Mexico)(* marked here and the following also includes Countervailing Duty), continued levy decided by the 1st and 2nd Sunset Reviews on 21 June 2005 and 11 August 2011, respectively.</p>	<p>- It is requested that GOU conducts its antidumping reviews in accordance with the WTO Antidumping Agreement.</p> <p>- It is requested that GOU:</p> <ul style="list-style-type: none"> <li>-- conducts the sunset review pursuant to the principles set forth in the WTO Antidumping Agreement, and</li> <li>-- applies the GOJ's proposal at the WTO negotiation, namely, "the antidumping measures terminate after 8-years from the date of the first antidumping duty levy."</li> </ul>	



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			<ul style="list-style-type: none"> <li>- On 1 September 1998, Antidumping Duty levied on Stainless Steel Wire (from Japan, South Korea, Taiwan, Sweden, Spain, Italy*), continued levy decided by the 1st and 2nd Sunset Reviews on 8 July 2004 and 17 June 2010, respectively.</li> <li>- On 26 June 2000, Antidumping Duty levied on Middle Diametre Seamless Steel Pipe (from Japan and Mexico), continued levy decided by the 1st and 2nd Sunset Reviews on 6 April 2006 and 11 October 2011, respectively.</li> <li>- On 26 June 2000, Antidumping Duty levied on Small Diametre Seamless Steel Pipe (from Japan, Rumania, Czech, South Africa), continued levy decided by the 1st and 2nd Sunset Reviews on 6 April 2006 and 11 October 2011, respectively.</li> <li>- On 28 August 2000, Antidumping Duty levied on Tinplate (from Japan), continued levy decided by the 1st and 2nd Sunset Reviews on 13 June 2006 and 15 May 2012, respectively.</li> <li>- On 6 December 2001, Antidumping Duty levied on Large Diametre Welded Line Pipe (from Japan, Mexico).</li> <li>- On 2 October 2007, Antidumping Duty continued levy was decided. On 29 October 2013, at the 2nd Sunset Review, continued levy was decided. The antidumping measures against the Japanese steel products in the foregoing in many cases continue to this day, although some cases have been revoked. The revocation of antidumping measures take place only when the U.S. domestic industries show no interest for continuation of the measures or the U.S. petitioners participate in the Sunset Review, and ITC votes in favour of revocation.</li> </ul>		
	(7)	Antidumping Duty Levy	- GOU levies 6.5% Antidumping on Heat Sensitive Paper exported from a Member Firm's German factory. (Its Sunset Review due in June 2014 remains unconfirmed.)	- It is requested that GOU revokes the Antidumping Measures.	
	(8)	Antidumping Measures	<ul style="list-style-type: none"> <li>- On 12 November 2013, DOC released Preliminary Determination of Dumping in the Antidumping Proceedings on Nickel Plated Steel Plate (the Investigation initiated on 27 March 2013.)</li> <li>On 19 November 2013, in the Antidumping Investigation on Directional Electromagnetic Steel Plate, ITC made a Preliminary Injury Determination (after initiating the investigation on 18 September 2013).</li> <li>On 2 December 2013, in the Antidumping Investigation on Non-Directional Electromagnetic Steel Plate, ITC made a Preliminary Injury Determination (after initiating the investigation on 30 September 2013).</li> </ul>		
	(9)	Heavier Tariff Levied on Imported Parts	- Member Firm exports certain products to North American purchasers via its depot in North America. The recent resumption of antidumping levy (for example, on bearings related products) at a high rate materially affects profit and loss of the business in concern.	- It is requested that GOJ collects extensive information on all tariff rates in advance.	

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	(10)	Rigorous Country of Origin Marking Regulations	<p>- Country of Origin (COO) marking is required on every movement, case and band in accordance with the precise method specified in the relevant statutory requirement. This requirement is quite burdensome to watch manufacturers, etc. in production control, etc.</p> <p><b>(Actions)</b></p> <p>- In the WTO Trade Policy Review in June 2008, GOU stated, "It is unable to agree that the tariff scheme is excessively complicated" in answer to GOJ's request for improvement. Since then, during WTO Trade Policy Review on the U.S. held on 30 September and 1 October 2010, GOJ prompted GOU for improvement. Nevertheless, no improvement has materialised to this date.</p> <p><b>(Improvement)</b></p> <p>- 15 CFR Part 245, The Guides for Watch Industry is rescinded, obviating the need for marking the metal composition for each watchcase.</p> <p>- The origin marking is harmonized to the method stipulated in the Customs Act.</p> <p>- The use of indelible ink is formally approved as the method to provide the origin marking on imported watches. (H.R.435 Miscellaneous Trade and Technical Collection Act of 1999)</p>	<p>- It is requested that GOU:</p> <ul style="list-style-type: none"> <li>-- applies the COO Marking only on finished watches, with the method for COO Marking at the discretion of manufacturers,</li> <li>- It is requested that GOU follows "GOJ's Comment on U.S. ITC Report on Simplification of the Harmonized Tariff Schedules of the U.S.",</li> <li>-- applies COO Marking requirement only on finished products and</li> <li>-- leaves the method for COO Marking at the discretion of manufacturers.</li> </ul>	<p>- The Tariff Act of 1930; and Harmonized Tariff Schedule of the United States</p> <p>- Customs Regulations and Provisions</p>
	(11)	Certificate of Origin	<p>- GOU requires as Certificate of Origin not only the marking of the country in which the final production process takes place, but also Certificate of Origin for raw materials and semi-processed products.</p>	<p>- It is requested that GOU restricts the Certificate of Origin marking requirement only to the country in which the final production process takes place.</p>	
	(12)	Monitoring on Steel Imports	<p>- On 1 February 2003, Department of Commerce (DOC) instituted Steel Import Monitoring on all imported steel products (including excluded countries and excluded items) subject to the safeguard measures. After repeal of Safeguard Measures in December 2003, monitoring was continued until establishment of new measures replacing this measure by DOC.</p> <p>- On 5 December 2005, DOC released The Final Rule for SIMA (Steel Import Monitoring and Analysis). The followings are the major outlines: Subject goods: All basic steel mill products (however, excluding coupling flange, stainless steel coupling flange, partially excluding cold formed steel, steel bar, secondary wire rod).</p> <ul style="list-style-type: none"> <li>-- The monitoring period: 5 December 2005 - 21 March 2009.</li> <li>-- Classification of Products subject to monitoring: Based on HTS Code 6 Digits</li> <li>-- Transactions subject to monitor: Not only export/import but also includes delivery/export.</li> <li>-- On items excluded from monitor, only import data separately is released.</li> </ul>	<p>- It is requested that GOU streamlines the procedure.</p>	


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	(13)	Excessive Air Cargo Security Measures	- Since December 2012, GOU requires 100% Air Cargo Explosive Screening loaded on Passenger Planes destined to the U.S.. Beginning April 2014, the requirement will apply to all Passenger Planes flying to all destinations. These additional work not only increase the cost and administrative expenses, with high possibility of transport cargo delays, it hinders the smooth international trade operation.	- It is requested that GOU deregulates by large margin the requirements in the left column to the Authorised Economic Operator (AEO) Certified Companies.	- The Implementing Recommendations of 9/11 Commission Act
	(14)	The U.S. Mutual Recognition of C-TPAT (AEO, etc.)	- C-TPAT was originally developed as (optional) Membership Security Programme for imports into the U.S. GOU has arranged Mutual Recognition of the Authorised Economic Operator (AEO) Programme on her export overseas as well. However, GOU's fails to disclose the practical merits from mutual recognition and the absence of the operational guidelines for the Programme makes policy decision difficult whether to participate in the Export Mutual Recognition (Note: GOJ has participated in MBK).	- It is requested that GOJ requests disclosure of the merits and the substantive programme guidelines for implementing C-TPAT relative to export to the U.S.	
	(15)	10+2 Rule	- The 10+2 Rule under the SAFE Port Act fully implemented since 2010 takes a lot of work and time. Particularly information from India lags behind. - While EU and GOJ compel the Programme for 24-Hours' Advance Registration of Manifest, as is done by GOU, GOU compels Registration of 10-Items upon Shippers, heavily burdening Shippers. In addition, GOU compels the U.S. Importer Security Filing "10+2" Programme with 24-Hours' Advance Registration of Manifest Requirement, which heavily burdens the Shippers. Moreover, GOU fines penalty in the amount of USD5,000 for the delays, which practice is unique to the U.S.	- It is requested that GOU alleviates, simplifies or repeals the 10+2 Rule. - It is requested that GOU deregulates the Programme at least to the level similar to the EU 24-Hour Programme.	- Importer Security Filing "10+2", US Customs and BP
	(16)	SEC Rule on Compulsory Disclosure for Use of Conflict Minerals	- SEC Rule compels reporting upon Listed Companies manufacturing products using Conflict Minerals (gold, tantalum, tin, or tungsten) that originated in the Democratic Republic of the Congo and/or an adjoining country (the Covered Countries) to the Securities and Exchange Commission. Listed Companies compel their suppliers' disclosure of information on use or non-use, including the case where the minerals originate in countries outside the Covered Countries, in which case the supplier must give explanation in detail that the minerals originated in a country outside the Covered Countries.	- It is requested that GOU deregulates disclosure of explanation on Conflict Minerals produced outside the Covered Countries.	
	(17)	International Discrepancies in the Requisite Description relative to the Customs Clearance Documents	- It has taken a Member Firm one month, only to get the discrepancies adjusted between GOU and GOJ over the Health Certificate (Export Certificate for Animal Products, issued by USDA this time), concerning the wordings, which should be described on the Products (the descriptive method of the wordings). While GOU accepts only a simple generic product description, GOJ requires the verbatim word for word compatibility with the Commercial Invoice (CI) description, in addition to the quantitative description on the CI. The Member Firm was at a loss what to do. GOU would not concede to the last minute, due to the absence of any such precedence. As the last straw, the Member Firm filled, in the Identification Column of the Certificate, the Product Catalogue Number that matches the Customs Clearance Documents to obtain GOJ's approval in the end.	- The case described in the left column occurred just for importing the product simply as an evaluation sample. While the respective circumstances affecting both governmental authorities cannot be ignored, it is requested that both governments will make it crystal clear as to what the concerned parties must practically do, by adjusting the tolerance in the requisite description, and eliminating discrepancies in the tolerance between GOJ and GOU.	- State, Local, and Tribal Laws on Prevention of Livestock Epidemic Disease (Animal Quarantine)

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10 Restrictive Measures for Operations in Free Trade Zones ("FTZs") and Special Economic Zones ("SEZs")	(1)	Denial of FTZ Preferential Tariff	- On August 22, 2012, the Securities and Exchange Commission ("SEC") adopted a new rule and form, as mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), to require companies to publicly disclose their use of conflict minerals (tantalum, tin, gold, or tungsten) that originated in the Democratic Republic of the Congo ("DRC") or an adjoining country (together with the DRC, "Covered Countries").	- It is requested that GOU: -- ensures exemption of import duty on raw materials imported into FTZ, and -- repeals the import duty.	
12 Exchange Controls	(1)	Delayed Foreign Currency External Remittance	- Member Firm has experienced delays in external settlement in foreign currency, due to shortage of foreign currency and GOU's control of foreign currency release.	- It is requested that GOU deregulates and repeals its Foreign Exchange Control.	
14 Taxation Systems	(1)	High Corporate Income Tax Rate	- Effective Corporate Income Tax (CIT) exceeds 40% in total of the Federal and State Tax of each State.	- It is requested that GOU reduces the CIT rate.	- The U.S. Tax Law
	(2)	High Amount of In-Bond Charges	- In-Bond Charges are exorbitantly high on Bonded Carrier, Bonded Storage, etc.	- It is requested that GOU improves the mechanism.	
	(3)	Varying Tax Levy by each State, County, etc.	- State Income Tax NEXUS (Determination of State Corporate Income Tax) varies in each state. Moreover, the sales tax system varies in each state, county and city.	- It is requested that GOU harmonises state and county taxes.	- State and County/City Tax Laws
	(4)	Complex Regulation on Financial Statement	- GOU compels tax regulations (such as so called FIN 48) Reserve for Uncertain State Tax Positions, which are unprecedented elsewhere internationally. It demands a vast amount of time and financial resources for the account audit.	- It is requested that GOU repeals FIN 48..	- FASB ASC740-10
	(5)	Judgement Basis of Under-Capitalization (Not Earnings Stripping Rule)	- Determination of Under-capitalization in the U.S. lacks clarity in certain aspects, because it relies on rulings of old cases, or on aborted legislative drafts, etc., all no longer in force. It necessitates consultation with CPA's each time on issues such as increase in the borrowing amounts, capital fund, etc.	- It is requested that GOU takes step to numerically identify the tax basis.	
16 Employment	(1)	Tightened Control over Visa Acquisition/ Renewal Procedures	- A Firm, being a minority partner in a U.S. Joint Venture Enterprise, has only one choice for the expatriates' visa, namely, H-1B. [U.S. Citizenship and Immigration Services (USCIS) reached the statutory H-1B cap of 65,000 for fiscal year (FY) 2014 within the first week of the filing period, which ended on April 5, 2013. Quoted from USCIS Webpage] The total number of petitions filed in each year goes up and down, reflecting the prevailing economic climate. USCIS accepts petitions only once a year, depriving petitioning enterprises of ability to deploy their workforce timely. In addition, USCIS no longer accepts by mail application for visa renewal. Applicants must personally visit Embassy or Consular Office for an interview.	- It is requested that GOU: -- expands the H-1B statutory cap, and -- accepts H-1B petitions throughout the year, and -- streamlines the procedures for visa renewal.	- Immigration and Nationality Act - The US-Visit Program

Category	No	Issue	Issue Details	Requests	Governing Laws
	(2)	Disallowed Re-Issuance of Form I-94 Arrival-Departure Record upon Reentry After a Temporary Departure	- Upon temporary exit to Mexico or Canada, Form I-94 is returned to the holder on the spot without renewal. It seems non-collection of Form I-94 at the Immigration Wicket is the original rule in the case where the temporary exit destination is Mexico or Canada, consequently, obviating the need for reissuance of Form I-94 upon re-entry (back from Canada or Mexico). Consequently, it seems temporary exit to (most convenient neighbouring) Canada or Mexico will not do for Form I-94 renewal.	- Upon temporary exit to Mexico or Canada, Form I-94 is returned to the holder on the spot without renewal. It seems non-collection of Form I-94 at the Immigration Wicket is the original rule in the case where the temporary exit destination is Mexico or Canada, consequently, obviating the need for reissuance of Form I-94 upon re-entry (back from Canada or Mexico). Consequently, it seems temporary exit to (most convenient neighbouring) Canada or Mexico will not do for Form I-94 renewal.	
	(3)	Too Short Visa Validity	- The I-94 with the validity of 2-years is issued upon each entry for holders of E-visa, regardless of the remaining term of E-visa, while their accompanying family members have no need to travel outside the U.S. during the valid term of E-visa in many cases. In such cases, employers must incur additional cost and trouble of filing application for visa-extension for the accompanying family members of the expatriate under E-visa.	- It is requested that DOS takes advantage of the E-visa under which I-94 valid for 2-years is issued regardless of the remaining term, to extend the effective E-visa validity. As far as employers are concerned, the longer the better the effective validity of E-visa is.	
	(4)	Arbitrary Nature of the Entry Documental Procedures	- Errors and inadequacies in examiner's disposal at the Immigration Wicket are noticeable such as those in the followings, limited only to the MFS's own experience: 1) An apparently incorrect date (a past date) is filled in. 2) Stay period is allowed only within the validity of the Passport. 3) Validity of Form I-94 is synchronised with the validity of an E-visa. 4) I-94 dates are different between the visa holder and his/her accompanying family members. 5) Filled in figures are almost illegible (so that in one case, DMV refused to accept application for Driver's Licence). 6) Incorrect Visa type is filled in on I-94. 7) Applicant is unduly held at the Immigration Wicket when the error was pointed out. These cases continue to occur in increasing numbers. It looks as if each immigration officer changes the law. It is beyond comprehension to the Japanese mentality.	- It is requested that GOU reviews the operational framework at the Immigration Wicket including the through orientation given to the officers at the Wicket, since employers must assume the costs required for the subsequent requisite corrections.	

Category	No	Issue	Issue Details	Requests	Governing Laws	
	(5)	Restricted Stay of Accompanying Family Members	- The accompanying family members of an expatriate (AMFs) must leave the U.S. at the same time as the return of the expatriate to Japan. While it is understood that the AFMs' authorized stay in the U.S. is linked to the expatriate's work visa, nevertheless, the fact remains that the AFMs have a strong desire to leave the U.S. at the timing most suited to their individual situation. As it now stands, if AFMs stay in the U.S. after the return to Japan of the expatriate, it constitutes an illegal stay. Thus, either the employers or the AFMs are compelled to compromise against their original wishes. As it now stands, enterprises are compelled to rotate staff by considering the schooling ages of AFMs for the candidate expatriate.	- While employers must give due consideration to the expatriate's accompanying AFMs beyond a certain age level, frequently, employers find themselves not in a position to listen to the wishes of AFMs. It is therefore much appreciated if GOU paves the way for AFMs to legally remain in the U.S. for a certain period after return to Japan of the expatriates.		
	(6)	Difficult Acquisition of Social Security Number (SSN)	- SSN Application follows the sequence of: (1) applicant hands out I-94 stub at Airport to Immigration Officer => (2) who inputs information on the stub (the Information) into the USCIS computer => (3) SSN Application gets accepted when the Information becomes accessible at SSN Office Computer. It takes about 1-2 weeks to get the Application accepted, and further 1-4 weeks for issuance of SSN.	- It is requested that GOU cuts down the lead-time for issuance of SSN, without which expatriates must put up with much inconvenience such as inability to open personal bank account, etc.		
	(7)	Difficult Acquisition of Work Visa	- The cap is narrow on issuance of HIB Work Visa so that it hits the ceiling just in a day or two, or it is subjected to a Lottery Process. - A Member Firm, in the process of internal transfer of its employees, must file application for acquisition of Work Visa, which takes a long waiting, each time (taking a few months for acquisition of L- or H-Visa.)	- It is requested that GOU deregulates issuance of Work Visa. - It is requested that GOU processes smoothly the visa acquisition procedures.		
	(8)	Visa Applications	- For visa renewal, applicants must exit to a third country, and pending its acquisition, problems arise on their business responsibility and education of their children. There is no problem for acquisition of a new visa. However, for renewal, the applicants and their family members must put up with much inconvenience in regard to their job responsibility and their children's education. => Although the problems do arise, they arise only for those with a longer stay period, and tend to fail attracting attention.	- It is requested that GOU discontinues its requirement for temporary exit to third countries for a long-term visa renewal.		
	(9)	Bidding War for Procurement of Human Resources	- Intense robbery prevails in procurement of human resources with technology for Unity, Python Developer, etc. While the U.S. start-up operators can offer contingency fees in the form of Stock Option, etc., generally, the locally incorporated Japanese Affiliated Enterprises are unable to offer such benefits, and must face difficulty in procurement of human resources.	- It is requested that the GOU deepens its appreciation of the employment status around the Bay Area.		
17	(1)	Implementation of Intellectual Property Rights ("IPRs")	Anomaly in the deadline for submission of applicant's oath and invoicing of surcharge	- Notwithstanding the provisions under Patent Act Sec. 115 (f) "Timing of Filing Inventor's Oath or Declaration (IOD) shall be ... No later than the date on which the issue fee for the patent is paid," in practice, unless IOD is filed simultaneously with the filing of patent application, the surcharge is withdrawn automatically from the bank account of the applicant registered by each patent attorney. Thus inconsistency has arisen between the period of IOD submission and withdrawal of the surcharge set forth in the Patent Act. This is unfair.	- It is requested that the U.S. Patent and Trademark Office refrains from automatically withdrawing from the bank account of the applicant the surcharge, where IOD is timely submitted, as specified in the Patent Act	- 35 USC Sec. 115 - Oath of applicant (f)

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	(2)	Heavy Burden of Obligating Applicant the Disclosure of Prior Art	- The burden for assumption of duty is extremely heavy upon the applicant on the pending patent relative to patentability of the material information (on prior art) based on the principle of good faith. It is particularly burdensome and costly for the applicant as regards time, man hours, attorney fees, etc. relative to the materials quoted in the corresponding patent applications, not only item numbers, but also copies of official bulletin and literature, filed at foreign patent offices (Japan, EU, etc.). The applicant must provide not only the file number, but also copies of official gazette and literature themselves. While the court has handed down judgment recently that suggests reduction in the compulsory burden, the related administrative measures remain intact.	- It is requested that USPTO repeals the applicant's responsibility for disclosure of important information by taking advantage of the information exchange system (such as Dossier Information System) between the Patent Office's concerned without the applicants' participation.	- CFR Title 37, Sec. 1.56 Duty to Disclose Information Material To Patentability, (a)(1) Prior Art Cited in Search Reports of a Foreign Patent Office in a Counterpart Application
	(3)	Nebulous Legislative Provisions on the Home Country Application Obligations	- In emerging countries where needs for local development grow, many of them retain legislative provisions for Home Country Application Obligations (HCAO). However, due to the opaqueness of the legislation, on occasions, it is difficult to secure effective protection of IPRs. In addition, in these days when needs grow for the cross border joint development, there is a risk that HCAO in plural countries can conflict each other.	- It is requested that GOU takes step to: -- deregulate HCAO or clearly sets forth the provisions into law, and -- promote deregulation of HCAO upon the cross border development through agreements by and among multiple countries.	
	(4)	Nebulous Disclosure Obligations for Information on Foreign Patent Application and Examination Information	- Even today when the computerisation and provision to the public of patent examination information, some countries continue to obligate disclosure of information on the fact of foreign patent application and the result of its examination. It heavily burdens Multi-National Enterprises (MNEs) seeking IPRs protection in multiple countries. Due to the vagueness of such requirements, MNEs must run the risk of unintentional violation of its obligations.	- It is requested that GOU deregulates or repeals the disclosure obligations of the foreign patent application information, or else, advances clarification of the contents of such obligations.	
20 Monopoly	(1)	Obligations to submit Form F-4 upon Reorganisation by Exchange of Shares, etc.	- In acquisition of a target company by means of exchange of shares, even where the transaction takes place between the Japanese affiliated companies, unless the exclusionary provisions under the U.S. Securities Act apply, the acquiring company has obligations to file Form F-4 to the U.S. Securities Exchange Commission (SEC). Regardless of the accounting standards applied, in certain cases, Financial Statement must be prepared in accordance with the U.S. Generally Accepted Accounting Principles (US GAAP). This requirement is not only costly but gives a substantial impact on scheduling, and on occasions disables the agile reorganisation.	- (1) In principle, obligations to submit Form F-4 are exempted in the event of less than 10% substantive ownership by the U.S. acquiring party. It is requested that GOU deregulates the exemption requirements. For example, if the transactions are of small consequence to the acquiring group (if it is a simple company reorganisation under the Japanese law) or if the individual notification is given to the substantive owner in the U.S., submission of Form F-4 is exempted. (2) Obligations to submit Financial Statement prepared under the US-GAAP are exempted as to the Listed US Subsidiary (for example, if the Consolidated Financial Statement	- Securities Act of 1933, Section 5(c) and its relevant SEC Regulation (mainly Rules Sec. 145, and Sec. 802)

Category	No	Issue	Issue Details	Requests	Governing Laws
				is prepared under the US-GAAP in the process of turning the listed US Subsidiary into a wholly owned US Subsidiary.)	
22 Environmental Pollution and Waste Disposal	(1)	Difficulty in Designating the Disclosure Date of Information concerning Energy Efficiency Report	- Section 429.12 of Title III of the Energy Policy and Conservation Act (EPCA) requires submission to Department of Energy (DOE) of compliance declaration and certification report in regard to the energy efficiency rates before launching into the market any products subject to EPCA. While the data concerning the products prior to marketing are in principle confidential to the disclosing party, EPCA under the current implementation scheme does not allow the disclosing party to designate the date of disclosure of such confidential information. (While confidentiality of certain information may be protected, in case of new products, the disclosing party desires the full information submitted as confidential pending launching into the market of the products in concern. Therefore the disclosing party is unable to seek confidential protection authorized under the regulations.) As a result, it requires a careful timing of when to submit the confidential information, demanding otherwise unnecessary burden upon the disclosing party.	- It is requested that DOE implements the Act that allows the disclosing party to designate the date of disclosure.#	- Title III of the Federal Energy Policy and Conservation Act (EPCA) (42 U.S.C. 6291, et seq.), establishing the Energy Conservation Program for Consumer Products Other than Automobiles, Section 429.12 (without, however, any implementing details written into law.)
	(2)	Unconfirmed Contents of the Green Chemistry Regulations	- The Safer Consumer Products Regulations, California State, do not specify the targeted consumer products and chemical substance. It is therefore difficult to evaluate in full the degree of impact it gives over the trade.	- It is requested that GOJ brings the issue to WTO Panel on account of a possible TBT issue, after publication of the decision on the target products and the hazardous substance covered under the Regulation. - It is requested that GOU shall decide subject substances based on scientific ground, provide with sufficient time for evaluation and consider confidentiality of enterprises.	- The Safer Consumer Products Alternatives, the California State's First Green Chemistry Regulations (OAL File No. 2013-0718-03 S)
	(3)	Original Recycle Mark (Batteries)	- Legislative provisions have been promulgated in each country and each region throughout for effective use of natural resources and prevention of environmental pollution. It is the same with Batteries. GOU compels provision of the various markings on the Battery itself, and its User's Manual correctly without any mistakes, the administration of which heavily burdens the manufacturers.  	- It is requested that GOJ and GOU will jointly work toward unification of the Recycle Marking Requirement worldwide.	



Category	No	Issue	Issue Details	Requests	Governing Laws	
	(4)	Californian State Regulations of Chemical Substances	- The Californian State Act "Proposition 65" promulgated in 1986 regulates carcinogenic substance contained in foods and chemical substances, inclusive of numerous substances for which the controlled density remains unspecified so that even the minutest contents that exist in the natural environment can be a subject of litigation. While it is the state law, in light of the large market scale of the State of California, basically, it can affect the total business across the entire country. Therefore, it forms a potential threat.	- It is requested that GOU takes steps to have the Californian State Law amended more in line with the reality.	- Proposition65 Safe Drinking Water and Toxic Enforcement Act of 1986	
23	(1)	Inefficient Administrative Procedures, Regimes and Practices	Filing Obligations of Service Contracts, etc.	- In the U.S., filing of Service Contracts (=S/C: Service Contracts between Shipper and Carrier inclusive of all Arrivals/Departures to and from the U.S.) to Federal Maritime Commission (FMC)) is compulsory. However, in the middle of liberalisation where freight conferences get dissolved one after another, the compulsory filing requirement merely piles up a large volume of service contracts with individually different contents. It is a unique rule implemented only by the U.S. throughout the world. There is no output from FMC and the legislative thrust of "Exclusion of the Disinterest to the U.S. Consumers" is also questionable.	- It is requested that GOU takes step to -- review the U.S. Shipping Act and -- repeal the compulsory filing requirement of Service Contracts.	- Federal Regulation, Title 530, part 530, \$530.8 Service Contracts
24	(1)	Indigested Legislation, Abrupt Changes	Restrictions on Auto Truck Transport Varying by Each State	- While this is not a matter of immediate concern to a Member Firm, in the inter-state transport, varying truck weight requirements by individual states compel splitting the container cargo into smaller bundles in certain cases.	- It is suggested that GOU harmonizes the truck weight throughout the U.S. for the sake of attaining the optimum efficiency.	
25	(1)	Government Procurement	Buy American Act	- The Buy American Provisions for iron and steel, etc. passed the Congress under the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), which compels the use of the U.S. made products relating to the public procurement of iron and steel and other general industrial products. The public work under this Act includes, without limitation, construction, alteration, maintenance or repair of airport, bridge, canal, dam, banks, pipeline, railway, public transportation system, road, tunnel, port, and landing bridge. Circumvention is a matter of concern by non-member countries like PRC, closed out from the WTO GPA membership on steel products. Japan, being a Member State to WTO Government Procurement Agreement (GPA), Japanese Steel Industries have sustained no direct negative interest. However, it remains a matter of concern that indirect damage to the maintenance of the sound international trade environment could result from the circumventing export via third countries by non-GPA Member States such as PRC. - GOU demands penalty payment of 6% or 12% over the purchase price on purchase by the U.S. federal agencies' purchase for more than \$2,500 under the Buy American Act (BAA), should the amount of local procurement or purchase in the U.S. be less than 50% of the purchase price. In the event Member Firm imports from Japan and sells to any of the U.S. federal agencies Power Generator Package (gas turbine, reduction gears,	- It is requested that GOU implements The Buy American Provisions in the manner compatible with the WTO GPA.  - It is requested that GOU takes step to repeal or deregulates its requirement under BAA.	- 41 U.S.C. S10a-10d - Federal Acquisition Regulation(FAR) Part25 & DFARS 225.1(Supplies) and DFARS 225.2(Construction)

Category	No	Issue	Issue Details	Requests	Governing Laws
			<p>generator, and other machineries and equipment), such transactions violates BAA. As it stands, Member Firm is unable to sell products to Federal Agencies, unless it assembles the power generator package in the U.S.</p> <ul style="list-style-type: none"> <li>- BAA is the protectionist's legislation enacted with the express purposes of protecting and encouraging the domestic industries. It first appeared amidst the 1933 Great Depression Period, compelling prioritised Purchase of domestic products in government procurement. The American Recovery and Reinvestment Act enacted in February 2009 incorporates the Buy American provisions that compel purchase of the domestically manufactured steel products in public projects. While the Act includes an additional wordings, "the law shall be implemented in accordance with the international agreements", lest it violates the World Trade Organisation's Agreement, it is a matter of great concern, as it swings toward promoting the protectionism. The line of products Member Firm handles include steel and related products subject to these protectionist legislation and faces problems in its sales in the U.S.</li> <li>- The U.S. gives priority to domestic products in federal procurement under BAA, discriminating foreign products.</li> </ul>	<ul style="list-style-type: none"> <li>- It is requested that GOU repeals these laws and provisions to promote free trade/competition.</li> <li>- It is requested that GOU deregulates its BAA policy of prioritising the domestic products in the U.S.</li> </ul>	
	(2)	Exclusion of Non Designate Countries in Government Procurement	- Due to the exclusion of products manufactured in PRC, participation in government tender is either disallowed or excessively burdensome.	- It is requested that GOU repeals the restrictions as soon as possible.	- US General Service Administration
26 Others	(1)	The Risk of Impending Seaport Functional Hiatus due to Strikes	- In the Year 2014, the review of the Labour Contract takes place between ILWU(International Longshore and Warehouse Union), comprising of dockworkers at 29 West Coast ports and PMA (Pacific Marine Association), its employers' association. In past years, there were occasions when all port functions came to standstill due to the ILWU strikes, etc. The outcome of the contract negotiation is a matter of great concern.	- It is requested that the parties will avoid strikes and ensure maintenance of the port function by carrying out a thorough and smooth negotiation for the contract renewal.	

Issues and requests relating to foreign trade and investment - Mexico

	Category	No	Issue	Issue Details	Requests	Governing Laws
2	Grant of a Preferential Tariff Rates based on Increased Home Production, and/or Local Procurements	(1)	No Tax Incentive for the Existing Enterprises	- GOM provides no tax incentive to the existing enterprises (while such incentives are available to the new entrants.)	- It is requested that GOM promotes investment by the existing enterprises both by the Central and State Governments.	- Mexican Tax Laws, etc.
9	Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	Antidumping Measures	- Updates on Antidumping duty levy on iron and steel products: On 10 November 2000: Antidumping duty of 99.9% was imposed on seamless line pipe from Japan. On 7 November 2005: Review began on Antidumping Measures. In October 2006: At the 1st Sunset Review, Continued Levy of Antidumping Duty was decided. In November 2010: At the 2nd Sunset Review, Continued Levy of Antidumping Duty was decided.	- It is requested that GOM repeals the antidumping measures.	
		(2)	Complex Monitoring of Imports	- In September 1998, MOE monitors prices of imports of certain specific steel products with the intent of protecting the domestic industry through import check and price maintenance. MOE issues Import License (I/L) based on the importer's report to MOE of import prices and the result of the pre-shipment inspection of the documents and products by the designated inspection institution. Many importers are unwilling to absorb the inspection cost and to put up with the vexatiously complex procedures. While strong voices are heard for the repeal of this requirement, it seems that GOM continues its monitoring for the time being.	- It is requested that MOE repeals the monitoring system or streamlines the procedures.	
		(3)	Implementation of the Safeguard Investigation	- On 2 July 2010, MOE initiated investigation for Safeguard Measures on Welded Steel Pipes and Tubes for Piping (HS Code 7305.1901, 50.8 mm or less in thickness with 8 inches or more in diameter and 26.83 m or less in length with API 5L Approval. On 20 March 2012, Mexico's Ministry of Economy, notified in the Official Federal Gazette (Diario Oficial de la Federacion) not to invoke the Safeguard Measures as a result of its Investigation.		
		(4)	Delayed and Nebulous Procedures for Customs Clearance at the US/Mexican Border	- Government of Mexico (GOM) negotiation with the landlord has stranded over the plot for the 2nd Otay Mesa Port of Entry (OMPE), while the land area is apparently too small in light of future expansion. The development of infrastructure in the vicinity also lags behind.	- In light of competition with Asian countries opening of the 2nd OMPE are eagerly awaited for further speeding up of cargo transport between the U.S.-Mexican borders. - It is requested that GOU and GOM join their efforts to open as soon as possible the 2nd OMPE, beginning with the GOM's procurement of the land plot.	

Category	No	Issue	Issue Details	Requests	Governing Laws
			<p><b>(Actions)</b></p> <p>- GOU after formally authorizing construction of the 2nd Otay Mesa Port of Entry has set up the new plan for State Route 11 connecting to the existing State Route 905/125 Interchange at Otay Mesa Port of Entry. The construction will start in 2012. Its operation will begin in 2014 one after another commensurate with completion of each construction. The toll will be levied for crossing the National Border (in the amount of MXN\$9.97 for general vehicles and MXN 86.27 for trucks.)</p>		
	(5)	Ambiguous and Imprecise IMMEX	- 2013 Amendment of IMMEX has terminated basically application of VAT (16%) exemption. The requirements are ambiguous to qualify for VAT exemption, while its continuation period is unknown. Use of consulting service is an idea but it is costly.	- It is requested that GOM: -- makes available materials that enable clear interpretation in detail of the amended IMMEX, and -- sets in place, in each city, a governmental institute that provides explanation.	
	(6)	Complex IMMEX	- The tracking of records, as required under IMMEX, is so complex, that it requires employment of a staff exclusively dedicated for this purpose. It deprives FFEs of the privilege of benefiting from the tax saving under IMMEX.	- It is requested that GOM achieves facilitation of the IMMEX tracking requirements.	
	(7)	A Partial Change in PITEX Scheme	- Since November 2000, to distinguish between the transactions fully completed within the NAFTA Territories and the other transactions, GOM levies Import Duty on the import into NAFTA Territories of Finished Products, comprising of Materials and Components originating from non-NAFTA Territories. GOM compels the payment of the amount which is the difference between the Export Duty of Finished Products and the Import Duty on Materials, Components, etc. within 60-days of the export of the Finished Products, while the Temporary Import Period is 150-days maximum. No VAT (IVA) is levied.		
	(8)	Complex Documents Relative to Customs Clearance Procedures	- GOM requires Numerous Documents for Customs Clearance Purposes. They are complex indeed.	- It is requested that GOM further streamlines the Requisite Documents.	
	(9)	Complex and delayed Import Customs Clearance	- Importers rely on DHL, FEDEX, etc. to rush import of goods urgently required. However, due to the frequent questions from Customs, customs clearance delays so that the required cargo would not timely reach the customer. - Due to the varying materials demanded each time by import customs personnel in charge, the importer must prepare new materials. It delays the customs clearance.	- It is requested that the Customs clearly identifies the requisite documents for Import Customs Clearance.	
	(10)	Change in Import Tariff Rate	- 2010.02.09: GOM promulgated Decree that amends the Tariff Law, the PROSEC Decree, etc. With the exception of certain products (5%), zero duty rate will apply from beginning January 2012, provided, however, that duty on steel products repealed since 1 January 2010 is revived so that 3%, 5% or 7% of duty rate will apply correspondingly to product items.		- Agreement on General Rules And Standards on External Trade Ordained by Ministry of Economy

Category	No	Issue	Issue Details	Requests	Governing Laws
			<p>2011.01.01: As to PROSEC Scheme (in which Preferential Tariff Duty Rates apply, 3% for Cars, 5% for Electric Appliances, 0% for Electronic Appliances, etc.), along with the change in the General Tariff Rates, items subject to change as of 2010.2.10 have been removed from the subject items under PROSEC. Instead of PROSEC, the Duty Exemption Scheme under Japan-Mexico EPA will separately apply to Certain Steel Items.</p> <p>2012.01.01: Under Decree enforced on 2010.02.09, General Tariff Rate was reduced to 0%.</p> <p>2012.02: CANACERO (Camara Nacional de la Industria del Hierro y el Acero = National Chamber of Iron and Steel Industries) and SNTIMMSA (Sindicato de Nacional de Trabajadores de la Industria Metal-Mecanica, Siderometalurgica y Autopartes = National Workers' Syndication of Metal, Mechanical, Iron and Steel and Auto-parts Industries) instituted "Amparo" Litigation (that seeks protection on the ground of unconstitutionality), demanding stay of Decree published in the Federal Official Gazette that roughly nullifies the MFN tariffs from 2012.</p> <p>2012.06.29: The Court handed down its Decision, holding Stay of Execution on the Measures to Nullify the MFN tariffs. The Court ordered MOE to put the duty rates back to those as of 2011.</p> <p>2012.08.01: The MFN tariffs, reduced to zero on 2010.02.09, were raised to 3%. As to Japanese Steel Products, Preferential 0% Tariff Rate applies under Japan-Mexico Economic Partnership Agreement, subject to attachment of Certificate of Origin, and if imported by Registered Enterprises under PROSEC in Electronic, Car and Capital Goods Industries.</p>		
	(11)	Introduction of Advance Notification Scheme on Import	<p>- On 5 December 2013, Ministry of Economy (MOE) notified in the Federal Gazette Decree amending "General Rules And Standards on External Trade Ordained by Ministry of Economy". It compels advance notification to MOE for import of 113-items of steel products subject to notification requirement.</p> <p>The Notification requires attachment of MIL-Sheet (Steel Materials Inspection Certificate), which requirement could delay customs clearance. Moreover, certain indefinite matters such as the procedures to give notification require further clarification.</p>	- It is requested that GOM clarifies the procedures.	- Agreement on General Rules And Standards on External Trade Ordained by Ministry of Economy
	(12)	Automatic Advance Notification Scheme on Export/Import	<p>- GOM has introduced advance notification on certain steel parts. However, the absence of sufficient explanation, clear-cut format, etc. makes its practical implementation difficult.</p>	<p>- It is requested that GOM:</p> <ul style="list-style-type: none"> <li>-- appreciates the burden to the tax payors, exporters, importers, etc. when it executes new obligations to them, and</li> <li>-- exhausts checking all possibilities with the view to facilitate discharge of their responsibility.</li> </ul>	- Agreement on General Rules And Standards on External Trade Ordained by Ministry of Economy notified on 5 December 2013 in Federal Gazette

	Category	No	Issue	Issue Details	Requests	Governing Laws
		(13)	Striking Failures of Ventanilla Unica Computer System	- Relative to the computer system "Ventanilla Unica" that Taxation Bureau has introduced since June 2012, Member Firm has experienced numerous problems, including without limitation, frequent system crashes, non-recognition of encrypted electronic signature, called "Fiel", generally used in taxation procedures, and inability to access the system, affecting the time required for completing customs clearance procedures. While some improvements have been achieved step by step, Member Firm experiences much inconvenience when it is in a hurry. Some improvement has been achieved. However, during the access peak time, around 6 p.m., the procedures slow down.	- It is requested that GOU takes step to: -- resolve operational problems of the new computer system "Ventanilla Unica", and -- and redoubles its effort to refine the system further.	
		(14)	Amended Preferential Measures under Bond System	- 2014 Amended Taxation System restricts the preferential measures on in-bond VAT enjoyed by IMMEX enterprises, etc, halving the attractiveness for continuing business or investing newly into Mexico.	- It is requested that GOM considers enabling IMMEX enterprises correctly operating under the Bond Scheme to enjoy continually the bond scheme, without complex requirements or procedures.	- VAT Act for 2014 - Miscellaneous Resolution Fiscal for 2014 notified by Ministry of Finance on 1 January 2014 in Federal Gazette
11	Restriction on Profits Remittance Abroad	(1)	Payment Delays for Consideration of Work on Contracted Project.	- In amending, in part, the Contract with Mexican State-Owned Petroleum Company (PEMEX) concerning business on increment of the gas production, it has take a few months to complete the PEMEX's internal approval procedures, (probably, a temporary problem, triggered by the change of the President of Mexico).	- It is requested that GOM ensures a thorough discharge of PEMEX's payment obligations.	
13	Finance	(1)	Restricted External Remittance	- (Beginning January 2014), Bank of Mexico, the Central Bank, newly requires reporting to the Central Bank on external remittance of MFS's payment of consideration for import.	- It is requested that the Central Bank repeals the reporting requirement.	
14	Taxation Systems	(1)	IETU	<b>(Improvement)</b> - Business Flat Tax Law (IETU=Ley del Impuesto Empresarial a Tasa Única) has been repealed since 2014. It has simplified the taxation system.		
		(2)	Frequent Amendment of Taxation System	- In Mexico, under (1) Various Tax Laws are provided (2) Detailed Implementing Regulations, (3) and their Supplementations, Additions, Amendments in the form of (4) Resolucion Miscelanea Fiscal (RMF), which is annually issued, while further (5) Supplements, Additions of RMF 1st, 2nd, 3rd, ... Indefinitely continue. It takes super-human workload to check every detail each time. Moreover Annex 3 attached to one of the recent RMFs titled "Non-restrictive Base of Tariff Act Regulations" is baffling to taxpayers, driving them into great consternation and anxiety. - Tax Law Amendment for 2014 has brought about changes in preferential measures under IMMEX. IVA (16%) becomes payable unless the taxpayer completes the procedures for establishing during 2014 the official lawful importer status. Due to the change in the capital environment, financing cost increases. Increase in Income Tax. Income Tax rate has gone up for high-income earners. It will impact upon employment of medium-income earners after now. Expanded conceptual denial. The foregoing reduction in the deductible expenses inflates the tax burden upon the company's operation.	- It is requested that GOM develops rational procedures, in order to avoid forcing taxpayers into a pandemonium of confusions that require wasted expenditures both in time and cost, in lieu of promulgating frequent supplements and additions, and publishing ambiguous standards one after another. - It is requested that GOM affords Foreign Funded Enterprises (FFEs) opportunities to exchange dialogues with GOM and provides due and sufficient explanation to FFEs in order to secure transparency of its policy.	

Category	No	Issue	Issue Details	Requests	Governing Laws
			- Amendment in taxation system in each year forces taxpayers into great expenses in time and cost (, for example, fees paid to external consultants in order to understand the new taxation system), (for example, change in the rate of deductible expenses, such as meal coupon handed to employees as part of fringe benefits – to what extent (in percentage) such coupon is deemed deductible expenses.)	- It is requested that GOM discontinues yearly amendment of its taxation system,	
	(3)	Vastly increased Financial and Clerical Burdens upon Resident FFEs relative to the VAT Levy	- Previously sales transactions domestically delivered to Mexican purchasers by foreign resident enterprises (residing in the U.S.) are deemed outside the scope of VAT taxation. However, since the last year's change of Customs Regulations, VAT has been levied on sales by IMMEX certified enterprises (branch office of the U.S. enterprises) to domestic purchasers. Because of this change, domestic enterprises pay VAT on behalf of the U.S. enterprises that are obligated to pay tax. The work involved over VAT payments is extremely heavy. Moreover, it heavily burdens the domestic purchasers who experience much delay in receiving the VAT refund.	- It is requested that GOM: -- streamlines the clerical work related to tax payments, and -- expedites VAT refund.	- Bureau of National Revenue Detailed Rules on Trade, Article No. 3.8.4, VI.
	(4)	VAT Levy on Airfreight for Export Cargoes	- Effective 1 January 2014, Airfreight and the related expenses for Export Cargoes, previously tax free, have come to attract VAT levy (IVA= Impuesto al Valor Agregado), at the rate of 16% over the 25% of the total expenses, namely, 4% on total expenses. While the expense is deductible within Mexico, there is no means left for deduction on air cargoes, the freight cost of which is paid externally outside Mexico, for example, "shipped freight collect" at destinations. To a customer of Members Firm's Subsidiary (MFS) it becomes non-deductible expenses, pushing up the customers cost. It is quite possible that some of them would refuse to accept such increased cost.	- It is requested that GOM repeals the enforcement date retroactive to 1 January 2014. * American Chamber of Commerce of Mexico, and Amacarga in Mexico also oppose to this tax levy, and have requested GOM for its repeal.	- Mexican Value Added Tax Law, Article 29-VI
	(5)	Delayed Administrative Procedures on Tax Refund, etc.	- The Taxation Authority's tax refund on IVA, etc. lags behind. Inability to predict when the refund actually takes place makes it difficult for MFS to manage cash flow in its operation.	- It is requested that the Taxation Authority: -- cuts down the time required for tax refund, and -- considers public disclosure of the tax refund timing.	
	(6)	Raise in Personal Income Tax Rates	- Because the taxation authority raised the cap from 30% to 35% on progressive personal income tax (PIX), PIX burden on individual expatriates has gone up.	- It is requested that GOM considers: -- cut down of the tax refund time and -- disclosure of the expected refund date	- 2014 Mexican Tax Reform
	(7)	Tax Refund	- MFS's cash flow plan has been interrupted by the delay in VAT refund paid during the construction period for the infrastructure projects far beyond the refund period stipulated in the Tax Law. The delay jeopardises the MFS's cash flow.	- It is requested that GOM cuts down the tax refund period.	
	(8)	Complex Customs Duty Preferential Measures	- The preferential measures, such as IMMEX, PROSEC, etc. are effective scheme to promote international trade, foreign investment and foreign entry into Mexico. However, due to the complexity in details, applicants must face the risk of exclusion from application, cancellation of permits and approvals, and even penalties.	- It is requested that GOM provides opportunity to give proper explanation and assures transparency in legislative interpretation.	

Category	No	Issue	Issue Details	Requests	Governing Laws
	(9)	Tax Reform relative to IMMEX	- The 2014 Mexican Tax Reform has removed the IVA 16% exemption which has been granted by acquisition of IMMEX. While affected enterprises are given to understand that continued tax exemption may be granted by filing application to the taxation authority. However, there is no practical guideline that gives substantive details.	- It is requested that GOM gives practical explanation in detail by giving an ample prior notice to the taxation authority.	- 2014 Mexican Tax Reform
	(10)	New Amended Law Concerning Import Duty	- Applicants continue to wonder if the tax refund really takes place, as more than ever, cash requirement is imminent.		
	(11)	New Tax Reform	- There are a few newly amended taxation systems for enforcement beginning January 2014. IVA (IMMEX, etc.), Income Tax (ISR), etc. There are many contents of which remain unconfirmed.	- It is requested that GOM makes available materials that give a clue to the differences between 2013 and 2014.	
	(12)	Tax Act, Believed to Contain Inadequacies	- The provisions on Agrichemicals and Insecticides in Amended "Special Tax Law on Productions and Services (IEPS Law)" that levies tax proportionate to the toxicity have caused consternation in industry segments. (Each firm considers instituting litigation on the ground of unconstitutionality depending upon developments.). Issues considered inadequate are as follows: (1) Violation of the Principle of Fairness in Taxation (PFT) (Mexican Constitution Article 31.4.) The following two issues violate PFT. (a) Amended IEPS Law in the product category containing the same toxicity levies tax only upon Agrichemicals and Insecticides, excluding from the taxable items, pharmaceuticals, generic chemicals, etc. (b) While the tax rate commensurate with the taxpayers' financial means is contributory to PFT, the Amended IEPS Law adopts as the tax base commensurate with the "toxicity" of Agrichemicals and Insecticides. (2) Violation of the No Taxation without Law Principle (Mexican Constitution Article 31.4.) Amended IEPS Law newly added Agrichemicals and Insecticides to Taxable items, while it relies upon the classification set forth in the Norm (La Norma Oficial Mexicana) prescribed by Health & Assistance Ministry without the Diet's approval, in contravention of "No Taxation without Law Principle". (3) Retroactive Tax Levy While Mexican Constitution Article 14 expels retroactive tax levy disadvantageous to individuals and legal entities, in certain conditions, IEPS Law allows retroactive tax levy on transactions prior to 31 December 2013.	- It is requested that GOM takes step to: -- avoid promulgation of laws that leaves room for unconstitutionality litigation, or -- redraft to perfect the law.	- Special Tax Law on Productions and Services (IEPS Law)
	(13)	Repeal of Consolidated Tax Payment Scheme	- The 2014 Taxation System Reform in effect terminated Consolidated Tax Payment Scheme, disabling the realisation of the efficient Tax Payment Structure.	- It is requested that GOM takes step to resurrect the Consolidated Tax Payment Scheme.	



Category	No	Issue	Issue Details	Requests	Governing Laws
	(14)	Repeal of Preferential Treatment under Maquiladora	- The 2014 Tax Reform has repealed the Reduced Corporate Income Tax Rate of 17.5% (CRIT Rate) so that new tax rate of 30% applies. The 2014 Tax Reform has repealed Transfer Price Taxation System from the calculation formula of Compulsory Profit Rate (CPR), increasing CPR as a result.	- It is requested that GOM: -- restores RIT Rate for promotion of export industry, and -- restores the calculation method by Transfer Price Taxation System.	- Mexican Tax Laws
	(15)	Raise in Income Tax Rates	- The 2014 Tax Reform has repealed some taxes. However, GOM, in lieu of the scheduled reduction to 29% and then 28%, retains 30% rate on Corporate Income Tax, while it has raised the Personal Income Tax Rate. The business environment gets tougher.	- It is requested that GOM amends the tax rates in the long-term perspective.	- Increased Rates of Corporate and Personal Income Taxes, etc.
16	Employment	(1)	Irrational Work Visa Renewal - Since 30 April 2010, a substantial change was made in the procedures for filing Work Visa application at Bureau of Immigration. While it has dispensed with the requirement for visa renewal at each change in managerial position, a number of inconveniences remain unchanged as follows: -- Work Visa must be renewed once every year. -- Residence address change must be notified each time. -- GOM directs the applicant to defer the application for visa renewal until the regular annual renewal period, it takes much time to get the Work Visa renewed.	- It is requested that GOM: -- deregulates the visa renewal requirement of once every year (to once every 3-years, etc.), and -- streamlines the visa renewal procedures.	
		(2)	Delayed Visa Issuance for Expatriates due to Frequently Amendments of Immigration Act - Immigration Law changes frequently so that neither Mexican Consular Office in Tokyo nor GOM are able to provide prompt or sufficient service, delaying visa issuance, and in the end disrupting expatriates' work and the stay in Mexico of their accompanying family members.	- Visa issuance is streamlined and promptly processed by and among the Alinza del Pacifico Member States (Mexico, Chile, Peru and Columbia). It is requested that GOM streamlines and expedites visa issuance to Japanese expatriates to Mexico and their accompanying family members, in as much as Japan and Mexico have concluded Japan-Mexico EPA.	- Ley de Migracion - Reglamento de Migracion
		(3)	Irrational Manner of Work Visa Renewal - It was only in September 2012 that GOM authorised Resident Certificate for 4-years Maximum. However, by the 2013 Amendment, the Annual Renewal has become necessary, requiring trip to Mexico City each time. The cost of filing renewal application kicks up the operational expenses, (including attorney's fees) of the Member Firm's Subsidiary (MFS) in Mexico.	- It is requested that GOM: -- exercises self-control in annually amending laws and regulations. -- accepts renewal application also at the nearest location of the applicant.	- Ley General de Poblacion, articulo 60 y Reglamento de la Ley General de Poblacion, articulo 140
		(4)	Overly Labour Protective Labour Legislation - While the enforcement in December 2012 of new Labour Act has drastically revised the Act since 1970, it retains overly labour protective colour more than in past years. It includes a provision that compels employers to pay compensation for dismissals inclusive of those who caused material damage to employers. This goes beyond the comprehension based on a general common sense.	- For Mexico to join the bandwagon of the developed countries, it is essential for GOM to take steps to streamline and amend the labour legislation, including the Labour Contract Law.	- Labour Act

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	(5)	Pre-Modernistic Employees Profit Sharing System (PTU)	- Under the Mexican law, all workers (excepting officers) are entitled to 10% of the corporate profit evenly commensurate with the number of days worked and the wage scale, regardless of the individual performance results or ability. Employees are entitled to such payments in so far as they are on the payroll of the enterprise in concern.	- It is a policy based on Socialism. An amendment is required to reflect the principle of competition to a certain degree.	- PTU	
	(6)	Irrational Labour Profit Sharing Scheme	- Mexican Employees are entitled to receive 10% of an enterprise's profit after adjustment of the taxable income, as employees' pooling of profit under the Participacion de los Trabajadores en las Utilidades de la Empresa (PTU Scheme). The PTU Scheme fails to come to grip with neither the Economic nor Market Principle. Should this abnormal scheme grow irrationally into the future, foreign investors will have to think twice before making investment into Mexico. From the perspective of foreign investors, it is preferable for Mexico to revert its labour policy back to normal where enterprises pay wages to their employees based on their performance and ability, reflective the prevailing market conditions and terminate the abnormal PTU Scheme.	- It is requested that GOM prohibits the abnormal profit sharing system.	- Ley Federal del Trabajo (LFT, Federal Labour Law in English)	
	(7)	PTU Review	- While PTU (under Profit Sharing Scheme) gets distributed to all employees evenly without reflecting the job performance or individual ability, it does not motivate individual workforce.  - Where an expatriate is not on the BOD or remunerated in like manner, employers must apply PTU to that expatriate in contravention of the agreement between Member Firm and MFS.	- PTU is a scheme rooted in socialistic doctrine, requiring amendment to certain extent based on the doctrine of competition.  - It is requested that GOM takes step to provide exceptional provision applicable to expatriates from overseas.	- Federal Labour Act amendment (in Article 15),  - Clarification on the Definition of HRDA and Provision of Certain Restrictive Measures.	
17	Implementation of Intellectual Property Rights ("IPRs")	(1)	Inadequate Preparation of Database to get IPRs issued	- It is impossible to grasp precisely the patent risk of other firms, due to the inefficiency in the overhaul of the Statistical Data and Information, such as the Number of Patent Applications filed and the Application Database in the Developing Countries, where the needs are rising for Patent Applications.	- It is requested that GOM: -- advances collaboration with Patent Offices of Developed Countries and -- overhauls as soon as possible the Database for Intellectual Property Rights.	
		(2)	Delays / Qualitative Differences in Patent Examination, etc.	- While legislative overhauls have made a fair progress in each country, the Economic Growth and the Snowballing Patent Applications have outpaced the Legislative Overhauls in each Country. Qualitative differences in the level of Examiners, examination delays, etc. have been the cause of Scattering Results amounting to the pending task that demands improvement. It affects applicant's quest for a stable protection of IPRs.	- It is requested that INPI advances collaboration with other countries under Patent Prosecution Highway (PPH), ASEAN Patent Examination Co-operation (ASPEC), etc., promotes their utilisation in order to resolve the backlog of examination, and gives training to examiners.	

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	(3)	(Copyright) Compensation Scheme for Private Copying	- Compensation Scheme for Private Copying (CSPC) is an outdated, irrational scheme for today, when a fair progress has taken place in digital network connection. Copying made for private use from music CD regularly purchased into PC, and from PC to mobile audio player; first audio/video recording of on-air broadcast for time-shift listening/viewing, second audio/video recording into a smartphone for time-shift lis.	- It is requested that countries still retain CSPC to make it compatible with today's status quo, when digitisation and networking has made a fair progress. - It is further requested that the countries without CSPC will refrain from its introduction. If, however, introduction is inevitable, it will pay careful review as shown above (by refraining from unilateral copying levy, stipulating into legislative provisions copy charges commensurate with the loss based on the actual use, by refraining from the unilateral levy on general purpose products, etc.)	- According to the information just received, Bill for introduction of CSPC has just been deliberated.
	(4)	(Copyright) Copying for Private Use	- Copying made for private use from music CD regularly purchased into PC, and from PC to mobile audio player; first audio/video recording of on-air broadcast for time-shift listening/viewing, second audio/video recording into a smartphone for time-shift listening/viewing when out of the home, a printed book regularly purchased converted into a digital format, and copied into a tablet... Such usages actually take place. In light of the fact that such action cannot be considered as being harmful to the copyright holder, the copyright granted to the copyright holder should be restricted to make lawful the foregoing copying practices. However, depending upon the countries where such conducts take place, they are at times held by law to be unlawful, or even when it is deemed as partially lawful, it is held to be not fully lawful.	- It is requested that GOM takes step to restrict the copyright to make lawful copying made for the purpose of realistically private use.	- [Mexico] The permissible scope of private copying is restricted to copyrights on arts and literatures.
	(5)	(Copyright) Copying made for Reverse Engineering Purposes	- Research and analysis of computer programmes are conducts to extract ideas, and copyright should not reach as far as intermediate copying and adaptation, which are made during such processes.	- It is requested that GOM takes step to introduce restriction upon copyright for copying made for the purpose of reverse engineering.	
	(6)	(Copyright) Use of Copyright concerning Temporary Saving/Storage in the Use of Equipment and for Provision of Service using Information Communication Technology	- The minimum amount of copying should be made possible in the process of Communication, Viewing, Listening and Executing Copyrighted Materials, Provision of Service using Information Communication Technology, to the extent of facilitating such process smoothly with high efficiency.	- It is requested that GOM takes step to introduce Restrictions of Copyright concerning Temporary Saving/Storage in the Use of Equipment and in the Communication Process, as well as the restrictions in Copyright Use for the purpose of Provision of Service that employs the Information Communication Technology.	

Category	No	Issue	Issue Details	Requests	Governing Laws
	(7)	(Copyright) Copying for Provision of Internet Search Service	- To the extent deemed necessary for provision of Internet Search Service, copying of copyrighted materials should be permissible.	- It is requested that GOM takes step to introduce Limitation of Copyright relative to implementing Search Service for Internet Information.	
19 Industrial Standards, Approval of Safety Standards	(1)	Unspecified Measurement Standard on the Label Marking Rules	- Regulation on labeling the power consumption introduced since September 2011 does not specify the measuring standard, lacking the basis for the harmonised numerical values. Manufacturers on the other hand individually tout on the energy efficiency in their flyers and catalogues, without, however, the harmonised standard for measuring power consumption. The absence of uniform measuring standard forms a bottleneck to convey adequate message to consumers on power efficiency, interfering with the fair competition among enterprises. - The bulk of the 186 items subject to the Label Marking Requirement do not make sense for the purpose of Power Efficiency Regulations, because the Regulations fail to specify neither the test methods, which should be employed for individual products, nor the usage mode per day. As a result, neither uniformity nor reliability is secured on the values shown on the Labels so that purchasers get confused, being unable to compare the values on the equal basis.	- It is requested that the Federal Energy Efficiency Commission takes the leadership in establishing the Power Consumption Labeling and its Measuring Standard by product category, and makes it the compulsory requirement.  - It is requested that GOM: -- reduces by large margin the number of items requiring power consumption label marking, and -- ensures compatibility with the corresponding regulations in EU and the U.S. as regards the test methods employed and calculation basis of the power consumption.	- Article 23 of "Ley para el Aprovechamiento Sustentable de la Energia" (Law on Exploitation of Sustainable Energy) - Articles 25 and 26 of "Reglamento de la Aprovechamiento Sustentable de la Energia" (Regulation on Exploitation of Sustainable Energy)
	(2)	Industrial Standard	- Products sold in Mexico must be labeled with product information (Country of Origin, Importer Information, etc.). Products not packed in individual box must be labeled one by one by hand with added cost and time.		- NOM (Norma Oficial Mexicana)
	(3)	Disparity in Marked Numerical Values, Lacking in Assurance of Reliability	- GOM plans to issue a different Compulsory Standard NOM-032. Despite the similarity of the two standards, GOM implements both standards on duplicated items.	- It is requested that GOM exempts this Standard on items NOM-032 applies.	
22 Environmental Pollution and Waste Disposal	(1)	Measurement and Certification of Standby Power Consumption	- The Mexican Compulsory Standard NOM-032 implemented since 19 September 2014 requires the marking on products of Standby Power Consumption within 90-days by 17 December 2014. It requires Measurement and Certification by an Accredited Measurement Institute in Mexico on Standby Power Consumption. There is no express explanation on its relations to the existing Energy Marking Rule	- It is requested that GOM: -- prepares the implementing scheme within Mexico to ensure its smooth implementation, -- accepts measurement and certification by external measurement laboratories, and -- prepares written explanation between the new energy marking requirement and the existing standard.	- Mexican Mandatory Energy Efficiency Regulations NOM-032-ENER-2013 for Consumer Technology products with Standby Feature, Maximum Power Standard, Test Method, Marking
	(2)	Explanation on Environment Standard given in Spanish	- Regulation for environmental preservation, such as sewage disposal is a matter of course. However, informative relative to the regulations is in Spanish, which is difficult for Foreign Funded Enterprises (FFE's).	- It is requested that GOM prepares the English version of the requisite information.	

	Category	No	Issue	Issue Details	Requests	Governing Laws
23	Inefficient Administrative Procedures, Regimes and Practices	(1)	Delayed examination procedures at The Federal Commission for the Protection against Sanitary Risk (COFEPRIS)	- A Member Firm's business is substantially interrupted by the delays (in excess of the statutory 9-months period) in getting the agricultural chemicals and pesticides for home use registered at The Federal Commission for the Protection against Sanitary Risk (COFEPRIS)	- It is requested that COFEPRIS: -- reinforces its examination system, and -- abridges the examination period.	- "Regulation on Registration, Export/Import Licence, and Registration of Goods with Residual Pesticides or Toxic Substances" Section 15 (New Registration of Agricultural Chemicals), Section 18 (Change of Basic Registered Information Other than Technical Information) Section 21 (Technical Information)
		(2)	Delayed Administrative Procedures such as Tax Refund	- On tax refund, etc. it takes too much time, due to the stark and stiff GOM handling.	- It is requested that GOM cuts down the time required for tax refund.	
		(3)	Interest Burden on Loan from Parent Company	- Member Firm is unable to invest vigorously into Mexico, because of GOM's application of Transfer Price Taxation System (TPTS) to its subsidiary in Mexico (MFS) on low interest loan granted by Member Firm, its parent. Loan at high interest rate prolongs the period for collecting ROI (Return On Investment).	- It is requested that GOM considers the grant of preferential measures on MFS's loan from Member Firm, its parent company.	
		(4)	Delay in the Legal Examination Period under General Health Law	- The Legal Examination Period is not observed. The legal examination period for the new medical equipment (as distinct from accreditation of like grade and quality) varies by the Risk Classification of medical equipment, stipulated as 30-days for Class I, 35-business days for class II, and 60-business days for Class III. Nevertheless, in practice, it takes a long time, 1~2 years, which disables enterprises' business activity as no planning is possible on sales, etc. However, in some cases on import of medical equipment, a Member Firm has received the Import Licence (I/L) in about 20-business days, while its legal examination period is 40-days. The gap between the legal examination period and actual issuance date inconveniences business activity of enterprises operating in Mexico.	- (1) It is requested that GOM observes the legal examination period. (2) If approval within the legal examination period is not possible, at minimum, GOM's feed back is appreciated. More precisely, when the accreditation is obtainable, what causes the delay, if they is anything applicant can do to expedite the examination, enable applicant to share information with COFEPRIS. (3) After accreditation of legal examination, should there be any deficiency due to COFEPRIS in the accreditation documents, it takes 2~3 months for correction. During this period, in some cases, no import and sales can be made. (4) Documents correction within the legal examination period, etc. and abridgement of the examination	- Articles 204,376, General Health Law (Ley General De Salud) - Article 82, Regulation of Health Supplies (Reglamento De Insumos Para La Salud).

	Category	No	Issue	Issue Details	Requests	Governing Laws
					<p>period, and positive relief measures upon occurrence of deficiency within COFERPRIS are issues for which COFERPRIS consideration is requested.</p> <p>(5) Setup of Consultation Window that addresses to all matters relative to medical registration. As it stands, plural windows exist from time to time. For example, COFERPRIS accepts only once re-submission of application documents for Prevention. While enterprises submit documents after most careful scrutiny, misconception could arise between applicant and COFERPRIS. To the extent possible, COFERPRIS's on the spot perusal, marking of deficiencies if any, and guidance on the submitted documents, it is believed, will cut down the examination period of the submitted documents.</p>	
24	Indigested Legislation, Abrupt Changes	(1)	Vagueness in Thrust and Purpose of Amended Federal Labour Law (Ley Federal del Trabajo) and Deficiency in Implementing Detailed Rules	- On 13 November 2012, Amendment of Federal Labour Act passed the Senate, and was published on 30 November 2012 and enforced on the following day, 1 December 2012 without, however, its Detailed Implementing Regulations. The concerned parties, being kept in the dark as to what they should do, are unable to decide what steps they should take.	- Prior to the law enforcement, it is requested that GOM: -- first promulgates its Detailed Implementing Regulations, and if possible, -- provides Public Hearing to exchange communication with industries and interested parties.	
		(2)	Unspecified Measurement Standard on the Label Marking Rules	- GOM has introduced since September 2011 Regulation on Marking Power Consumption over 186-items of product categories. However, to this date, the Regulatory Authority has failed to specify the measurement specifications for the power consumption volume so that the status of disunity both in regard to the numerical values and in reliability continues. It serves no purpose other than to exacerbate confusions when customers purchase products. It is likely to damage a fair competition.	- It is requested that the Regulatory Authority will: -- narrow down the product categories subject to regulation, -- assure conformity to the Internationally Recognised Generally Used Standards in regard to the Test Method, and the Calculation Method of Power Consumption.	- Articles 25 - 28 of "Reglamento de la Aprovechamiento Sustentable de la Energia" (Regulation on Exploitation of Sustainable Energy) - List of Machineries and Equipment on which Manufacturers, Importers, Distributors and Ministry of

Category	No	Issue	Issue Details	Requests	Governing Laws
					Commerce must give information on Energy Consumption.
	(3)	Complex Product Registration Procedures	- Product Registration Procedures are complex.	- It is requested that GOM repeals the renewal requirement on product registration procedures. Namely, no renewal is necessary once the Product is registered, the same as Japan.	
	(4)	The Law Amendment necessitates Review of Business Plan	- The Despatched Workforce Scheme adopted by many enterprises to assure a Flexible Wage Policy has been suddenly voided by the amendment of the Labour Act, which compels enterprises to review their business plans.	- It is requested that GOM takes step to assure the preparation period and transparency by provision of advance information, opportunities for exchange of dialogues, etc.	
	(5)	Non-acceptance of International Drivers' Licence for Motor Vehicles	- GOM does not allow driving of motor vehicles by international driver's licence. Long term despatched personnel on business trip and trainees face the problem of inability to drive motor vehicles in Mexico.	- It is requested that GOM: -- allows driving of motor vehicles by international driver's licence, or -- makes it possible to obtain the driver's licence for Long term-despatched personnel on business trip and trainees.	
25	Government Procurement	(1) Deflected Evaluation Basis for Environment/ Infrastructure Technology in Government Procurement	- GOM pays less attention to the burden to the environment, long-term maintenance cost, post-construction expense for environmental protection, etc. in connection with the project in concern. As a result, enterprises equipped with a high level of environmental protection find it difficult to make a successful bid. While Japanese enterprises are equipped to provide a long-term maintenance, service, and environmental protection measures, in railroad, water industry and energy infrastructure plant business GOM pays less attention to these aspects of the tender, awarding the contract to the lowest price bidder that satisfies a minimal requirement.	- It is requested that GOM adds to the list of evaluation items the precise details of the high quality long-term maintenance cost, post-construction environmental protection, etc. Those Japanese enterprises can provide.	- Tender Documents for Government Procurement
26	Others	(1) Aggravated Public Security	- In the Northern District Urban Areas, the citizens' livelihood is endangered by the violence between the drug rings. A serious threat spreads over the public security. - Robbery, kidnapping, murder, theft, these occur all the time, threatening the safety not only in business operation but also on day-to-day livelihood. The low reputation of policemen makes it unwise to look for their help in emergencies. - The crime rate has dropped by 5% over the last year. Nevertheless, there are abundant criminal cases in Mexico.	- It is requested that GOM: -- ensures public security, and -- gives top priority to regaining the police reliability. - It is requested that GOM: -- beefs up clampdown, and -- improves coordination among all law enforcement agencies in unison.	
		(2) Burglary of Cargoes	- In the domestic transport in Mexico, theft or burglary of cargoes frequently occurs. It costs heavily for enterprises to guard against it.	- It is requested that the government (each local authority) takes positive measures for its prevention.	

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