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**JAPAN-MEXICO JOINT STUDY GROUP
ON THE STRENGTHENING OF BILATERAL
ECONOMIC RELATIONS**

FINAL REPORT

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BACKGROUND

Background

- During the summit meeting held in Tokyo on June 5, 2001, H. E. Mr. Junichiro KOIZUMI, Prime Minister of Japan and H. E. Mr. Vicente Fox Quesada, President of the United Mexican States, decided to establish the Joint Study Group, comprised of individuals from business, academic and government circles, in order to comprehensively study ways to strengthen the bilateral economic relations, including the possibility of the Japan-Mexico Free Trade Agreement (FTA).
- The Joint Study Group established for this objective first identified issues and areas for improvement and cooperation to further promote the bilateral economic relations, then discussed, in a comprehensive manner, the ways and means for improvement and cooperation as to the identified issues and areas.
- The Joint Study Group held a total of seven meetings from September 2001 to July 2002. This Final Report summarizes the main points of its discussions.

In Part 1 (Overview), the Report briefly shows an overall picture of what was discussed at the Joint Study Group meetings. In Part 2 (Liberalization of Trade and Investment) and Part 3 (Facilitation, Bilateral Cooperation Measures and Settlement of Disputes), the Report details the discussions of the Joint Study Group on specific topics.

The Japan-Mexico Joint Study Group List of Participants

Japanese Side

Government

1. Yasushi Takase, Director, Second Latin America and Caribbean Division, Ministry of Foreign Affairs.
2. Nobuchika Mori, Director for Trade Negotiations, Customs and Tariff Bureau, Ministry of Finance.
(From September 2001 to July 2002)
Satsuki Katayama, Director for Trade Negotiations, Customs and Tariff Bureau, Ministry of Finance.
(From July 2002)
3. Takayuki Sumita, Director for Economic Partnership, Minister's Secretariat, Ministry of Economy, Trade and Industry.
4. Mitsuhiro Takayanagi, Director, International Trade and Information Office, Ministry of Agriculture, Forestry and Fisheries. (From September to December 2001)
Tatsuya Kajishima, Director, International Trade and Information Office, Ministry of Agriculture, Forestry and Fisheries. (From January 2002)

Business Sector

5. Kazuo Sato, Chairman, TAIWAN SHINKANSEN Corp. (Ex-Counselor, Mitsui & Co., Ltd.)
6. Buheita Fujiwara, Corporate Senior Executive Director, Group General Manager, International Group, SHARP Co.,
7. Masatake Yashiro, Deputy President, UC Card Co., Ltd.

Academics

8. Akio Hosono, Professor of Economics, Kobe University.
9. Shujiro Urata, Professor of Economics, Waseda University.
10. Shinji Hattori, Professor of Economics, Toyo University.

Mexican Side

Government

1. Gerardo Traslosheros, Director General for Multilateral Trade Affairs, Ministry of Economy
(Head of Delegation).
2. Eduardo Ramos, Director General for Multilateral Trade Policy, Ministry of Economy.
3. Humberto Jasso, Director General for Agriculture and Industrial Negotiations, Ministry of Economy.
4. Carlos Garcia Fernandez, Director General for Foreign Investment, Ministry of Economy.

5. Jose Poblano, Director General for Negotiations on Trade in Services, Ministry of Economy.
6. Jose Parra, Director General for Government Procurement Negotiations, Ministry of Economy.
7. Andres Rosenzweig, Director General for Agricultural Studies and International Negotiations, Agency for Support Services for Agricultural Marketing, Ministry of Agriculture, Livestock, Fisheries, and Food.
8. Salvador de Lara, Director General for International Economic Negotiations, Ministry of Foreign Affairs
9. Maria Gomez-Mont, Director for Economic and Financial Affairs, Ministry of Foreign Affairs
10. Claudia Campos, Director for APEC CTI Affairs, Bilateral Relations with Asia Pacific, Africa and Middle East, Ministry of Economy.
11. Georgina Pastelin, Deputy Director for Multilateral Trade Policy, Ministry of Economy.

Business Sector

12. Luis Martinez, National Confederation of Industrial Chambers.
13. Jesus Villasenor Gonzalez, Mexican Council for International Trade
14. Alfredo Moises Ceja, Agricultural National Council

Academics

15. Melba Falk, Universidad de Guadalajara.
16. Alberto Montoya, Universidad Iberoamericana
17. Carlos Uscanga, Universidad Nacional Autonoma de Mexico.
18. Juan Jose Ramirez Bonilla, Colegio de Mexico

Other Participants

Federal Competition Commission

Mexican Bank for Foreign Trade

Mexican Institute of Industrial Property

Ministry of Agriculture, Livestock, Fisheries, and Food

Ministry of Energy

Ministry of Environment and Natural Resources

Ministry of Finance and Public Credit

Ministry of Labor

National Migration Institute

Regulatory Improvement Federal Commission

International Trade Practices Unit

National Service for Animal and Plant Health, Food Safety and Quality (Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria)

National Council of Science and Technology

PART 1
OVERVIEW

PART1: Overview

1. The economies of Japan and Mexico are endowed with conditions to complement each other. This complementarity should contribute to further promoting the economic development in both countries, by making use of their respective economic strengths through bilateral trade and investment activities. Mexico is the ninth economy in the world, representing a market of about 100 million people¹. Mexico is rich in natural resources and land, and has an abundant young and relatively skilled labor force. Japan, on the other hand, is the second largest economy in the world, and has a market of 126 million people. Japan has accumulated capital and technology.
2. The strengthening of economic relations between Japan and Mexico will be of great significance for both countries in realizing their economic development.
 - (1) For Japan, Mexico, being one of the most promising economies in Latin America, is strategically important as a gateway to North America, Latin America and Europe. Mexico has thus far concluded FTAs with a total of 32 countries² including the ones with the US and Canada, with the EU, with the EFTA, with Israel and with some Latin American countries³. Mexico's FTA network covers about 60% of the world's GDP. The strengthening of bilateral economic relations with Mexico, which has a preferential access to these markets, will prove to be an important element in Japanese enterprises' efforts for international business development.
 - (2) For Mexico, Japan is an influential partner in the realization of its economic growth. Japan is an important source of foreign direct investment (FDI) and a very large market for Mexican exports. Investment flows from Japan into Mexico and the technology transfer embodied in it will contribute to the growth of production, employment, and competitiveness in the latter. The strengthening of Mexico's economic relations with Japan would help to diversify its exports markets.
 - (3) Strengthening the economic relationship between Japan and Mexico will contribute to further enhancing the positions of both Japan and Mexico in the context of strong global competition and, at the same time, will reinforce the position of the Japanese enterprises in Mexico as well as the geopolitical and competitive advantages of Mexico through, for example, brushing up of supply chain management capability.
3. However, the potential economic benefits of a strong Japan-Mexico relation have not been fully realized. Although trade and investment volume in absolute terms have increased, the relative weight of mutual economic relations has rather waned. Mexico's share in Japan's trade has generally levelled off, whereas Japan's importance as a Mexico's trading partner decreased. Because of the conclusion of NAFTA and Mexico-EU FTA, Mexico's trade with North America and Europe has grown sharply. In contrast, Japan's share in Mexico's total imports in value diminished from 6.1% in 1994 to 4.8% in 2001, while the share of Mexico's exports to Japan in Mexico's total exports in value dwindled from 1.6% in 1994 to 0.3% in 2001. These figures were clearly lower than the U.S. share of 68.0% in Mexico's imports and 88.5% in its exports, and the EU's share of 9.6% in Mexico's imports and 3.4% in its exports, all figures being in value. With regard to investment, Japan's share in terms of foreign direct investment (FDI) which Mexico received accounted for only 3.3% in the cumulative total during 1994-2001. This share was clearly smaller than investments from U.S. (67.3%) and EU (18.6%)⁴. There is an urgent need

¹ Mexico's nominal GDP: \$ 617.7 billion in 2001, Secretaria de Economia

² n.b. the European Union is counted as 15 countries and the EFTA as 4 countries.

³ Costa Rica, Nicaragua, Venezuela, Colombia, Bolivia, Chile, Guatemala, Honduras and El Salvador.

⁴ Figures for 2001, Secretaria de Economia

to solve the problems that have hindered the exploitation of the complementarities of the Japanese and Mexican economies for the benefit of both countries.

4. The Joint Study Group identified issues for improvement and areas for cooperation in order to further promote the bilateral economic relations and to fully develop the potential of their bilateral economic relations.

The Joint Study Group concurred in recognizing that there is an urgent need for both countries to improve the following situations restricting the development of Japan-Mexico bilateral trade and investment:

- (1) Japanese enterprises are placed in a disadvantageous position with regard to tariffs, compared to their U.S./European counterparts, as a result of Mexico's conclusion of NAFTA in 1994 and Mexico-EU FTA in 2000. At the same time, Mexican government extends preferential treatment to enterprises of the countries with which it has concluded FTAs in the areas of trade in services, investment and government procurement.
- (2) The further opening up of their respective markets will contribute to the economic growth, and job creation in both countries and, especially for Mexico, to the diversification of exports.
- (3) In order to realize a smooth flow of goods and investment between Japan and Mexico, both countries should cooperate in improving the business environment and in working on various projects for trade and investment promotion.

5. The Joint Study Group comprehensively studied concrete ways and means to address the issues mentioned above. The members of the Joint Study Group shared the view that Japan and Mexico should proceed with liberalization in such areas as trade in goods, investment, trade in services and government procurement, as an effective measure for strengthening the bilateral economic relations. As to specific steps for liberalization, members of the Joint Study Group reaffirmed the importance of trade liberalization in WTO for both Japan and Mexico, but further concurred in recognizing that an early conclusion of an FTA is the desirable and effective instrument to advance such liberalization. Given that the current situation in the said areas requires prompt solutions, an FTA will enable both countries to put the mutually complementary characteristics of their economies into full play in a prompt way while taking into consideration the domestic interests and sensitivities of each other. Further, the members concurrently recognized that, considering the urgent need to solve some of the existing problems, it is desirable to consider the adoption of individual liberalization measures as early as possible.

The Study Group stressed the need to ensure the consistency of a possible Japan-Mexico FTA with the WTO rules.

At the same time, the Joint Study Group pointed out the need to give consideration to the sensitive sectors of both Japan and Mexico in the course of negotiations of a possible FTA between the two countries. For instance, agriculture, in which Mexican side desires to expand its exports to Japan, is one of the sensitive sectors for Japan, and the view that there is difficulty in liberalizing this sector was introduced from the Japanese side. In response, the Mexican side expressed its view that certain agricultural liberalization is indispensable in the final package of a possible FTA, explaining that Mexican agriculture is also sensitive, and that Mexican agricultural products will not constitute a threat to the Japanese agricultural sector.

The Joint Study Group also shared the view that, in order to further strengthen the Japan-Mexico economic relations, apart from the measures supporting the bilateral liberalization process, others are needed in the field of trade and investment facilitation. Bilateral cooperation could be also important in other fields. In order to achieve the ultimate goal, the Joint Study Group concluded that an agreement to strengthen the economic partnership between Japan and Mexico could include all the above-mentioned elements.

6. In fact, several studies show that positive macro-economic effects on both economies resulting from measures for such an extensive economic partnership, including an FTA, would be significant⁵.
7. In conclusion, the Joint Study Group proposes that the two governments, while endeavoring to gain understanding from both Japanese and Mexican public, overcome various problems identified in the process of discussions of the Joint Study Group, and promptly start working with the aim of concluding an agreement for strengthening bilateral economic partnership, which includes the elements of an FTA, as a concrete measure for strengthening the bilateral economic relations.

⁵ See the studies in ANNEX.

PART 2
LIBERALIZATION OF TRADE AND INVESTMENT

PART 2 LIBERALIZATION OF TRADE AND INVESTMENT

I. Trade in Goods

1. Mexico is bestowed with rich natural resources, land, a comparatively skilled and productive labor force, while Japan possesses accumulated capital and technology. Both countries can give great benefit to producers and consumers of each country by fostering complementary economic relationship through trade, making use of the sectors in which each country has comparative advantages. However, the producers of both countries, each having a population of more than one hundred million, are hindered from penetrating into the markets of specific sectors in which each country has comparative advantages because of tariffs and non-tariff barriers to trade in both countries.

The expansion of bilateral trade through the reduction or elimination of tariffs and non-tariff barriers, and resolving trade-related institutional problems in both countries, can further benefit the producers and consumers of both countries, promote efforts toward industrial restructuring as well as social effectiveness, and enhance the economic development of both countries.

(For trade statistics in recent years of Japan and Mexico are detailed in the APPENDIX)

2. The Joint Study Group studied the following points as areas for improvement in order to strengthen bilateral economic relations.

A . Points raised by Japanese members

A-1. Tariffs in general

3. At the meetings of the Joint Study Group, the following concerns were identified by the Japanese members in relation to Mexico's tariff system.

The simple average bound tariff rate of Mexico is 36.24%, while its simple average applied tariff rate is 16.23% (APEC IAP 2000). Meanwhile, the Japanese tariff rate is 8.7%, in terms of the simple average bound tariff rate, and 8.1% in terms of the simple average applied tariff rate (APEC IAP 2000). Generally speaking, Mexico's tariff rates are higher than those of other countries at similar economic levels. Further, Mexico is not participating in ITA (Information Technology Agreement), a group of 57 major countries that have agreed to remove tariffs on information technology products.

As a result of the conclusion of NAFTA and the FTA between Mexico and EU, enterprises of countries that are parties to such agreements do not incur the disadvantage of high tariff rates of Mexico stated in above, so that Japanese enterprises are placed in a seriously disadvantaged position compared with such enterprises.

As for above, the Mexican side responded that, i) given the differences in level of development, the fact that Mexico has maintained its tariff rates at only twice those of Japan was a signal of Mexico's consciousness of the importance of trade liberalization, and ii) another signal in this direction was the fact that Japanese figures showed that Mexico's current tariffs were half those to which Mexico has a right under the WTO. Mexico commented that Mexico's bound tariffs in industrial goods were similar to those of other Latin American countries of similar level of development, and that one of the main reasons why Mexico did not participate in the ITA was that other major Latin American economies with which Mexico was negotiating preferential tariffs also refused to participate in it.

4. The aforementioned points and give rise to the following concerns and problems of the producers and consumers of Japan and Mexico.

Access to the Mexican market of Japanese products has been affected by the preferential treatment offered to the goods of the member countries of NAFTA and the Mexico-EU FTA. Negative impact on exports of electric equipment (finished products) and power plant-related items, for example, were identified.^{1 2}

When Japanese companies based in Mexico import parts from Japan or ASEAN countries, high tariffs are imposed if not imported through the temporary or preferential regime, so that the Japanese companies lose price competitiveness. At the Joint Study Group meetings, problems related to automobiles and electric/electronic parts, for instance, were identified.³

The current state of tariffs will prove to be a serious preventive factor when Japanese enterprises using parts and machinery made in Japan in high proportions conduct new investments in Mexico.

High tariffs on finished products decrease the economic welfare of Mexican consumers, as they prevent these consumers' access to low-priced and high-performance products, while high tariffs on parts diminish the competitiveness of Mexican producers because of increased production costs. In this sense, the reduction of high tariffs and the elimination of disparities in tariffs between inside and outside the FTA areas generally produce favorable effects on the Mexican economy.

5. At the meetings of the Joint Study Group, it was pointed out that frequent changes or increases of Mexican tariff rates have been carried out; that the Mexican tariff system needs to be more transparent, predictable and stable, and that improvement of the system is necessary.⁴ These have serious effects on the further penetration of Japanese enterprises to Mexico. Addressing this would also have a positive influence on Mexican economy.

A-2. Individual Measures

6. At the meetings of the Joint Study Group, the following issues were pointed out with regard to Mexico's modification of the Maquiladora system, in connection with the conclusion of NAFTA and the subsequent introduction of PROSEC (Program of Sectorial Promotion).

Only specific parts are covered and no finished products are included as target items for which a tariff reduction is implemented. Accordingly, coverage of the system over target items is insufficient, and the degree of tariff cuts is insufficient.

Under PROSEC, government directives determine the products to be covered, so it is relatively easy for the list of items to be revised based on decisions by the Mexican Government. Japanese manufacturers who rely on favorable tariff rates provided by PROSEC are subject to unforeseeable increases in manufacturing costs. This poses a problem, since Japanese enterprises, which are engaged in business activities based on the premise of parts imported at preferential tariff rates in accordance

¹ Japan's share in the imports of Mexico has been declining since the entering into force of NAFTA. The estimate, which was conducted by the Ministry of Economy, Trade and Industry of Japan based on the investigations by JETRO Mexico Center and Japanese Chamber of Commerce and Industry of Mexico, indicates that the loss of Japan's exports (i.e. the gap between real exports and the estimated exports on the hypothesis that the Japan's share were maintained at the same level as that just before NAFTA came into effect) would be equivalent to approximately 395.1 billion yen. This loss would cause a decrease of 621 billion yen in Japan's GDP, which would, theoretically, result in the loss of employment for 31,824 persons.

² Japanese enterprises have difficulties in winning tenders in power plant projects in Mexico partly because of the tariff burden as a result of the absence of an FTA between Japan and Mexico. The same estimate as footnote 1 indicates that its effect would be a loss of 120.1 billion yen per year. This loss would cause a reduction of 196.6 billion yen of Japan's GDP, which would result in the loss of employment for 10,571 persons.

³ A Japanese manufacturing company in Mexico changed the source of procurement of its parts amounting to 13 billion yen from Japan to NAFTA member countries in 2000. The effect of this is estimated to be equivalent to a decrease of 33 billion yen of Japan's GDP, which would result in the loss of employment for 1,381 persons according to the same estimation as in footnote 1.

⁴ For instance, in general import tariff increases of January 1999, general import tariff rates applicable to countries and regions that do not have FTA with Mexico were raised by 3 to 10 percentage points, and the increase covered approximately 10,000 items (about 85% in terms of customs classification numbers). Also, in September 2001, general tariffs for steel products were raised by 25 percentage points.

with the system would be forced to face unexpected manufacturing cost increases.⁵ Regarding the amendment of government directives, their effectuation on the day following its promulgation, with no transit steps admitted, was pointed out as another problem. Further, there is a problem of inconsistent application of tariff classifications, with different products receiving the same classification.

In addition, the following difficulties in the operation of the system can be mentioned:

- i) Tariff payment procedures are complicated.
- ii) Different tariff rates are applied to the same parts when used in different sectors.
- iii) Applying for additions to the list of designated items takes a long time.
- iv) With the registration procedure remaining unclear, a delay in registration authorization continues.

The Mexican side pointed out that PROSEC was created to reduce or eliminate tariffs on imported inputs, components and machinery and to maintain the competitiveness of the industry. The beneficiaries of PROSEC are all the participants in the productive chains of the sectors covered since they are able to import into Mexico machinery and equipment, inputs, parts and components duty free or with very low tariffs from non-FTA countries. It should be noted that, with PROSEC, Mexico is undertaking an ambitious unilateral liberalization on hundreds of tariff lines for 22 productive sectors.

In addition, the Mexican side expressed that PROSEC is a dynamic instrument, which can be constantly improved to the benefit of the industry established in Mexico. However, an FTA would constitute a better instrument to address the bilateral tariff issues between Mexico and Japan given the legal certainty that it would provide.

7. At the meetings of the Joint Study Group, Japanese members pointed out the following problems with regard to the Regla Octava system of Mexico, which was introduced to allow the imports of parts at preferential tariff rates, as in the case of PROSEC: rigidity of the system that requires extension procedures at the end of the six-month period, as well as instability and unpredictability, stemming from the burden of uncertainty about the receipt of authorization even when an application is filed, or from unexpected post-development costs for Japanese enterprises that operate based on the premises of the said system. The Mexican side explained that Regla Octava is a step of a provisional nature, designed to be applied during a period until the said import items are specified as target items of PROSEC.

A-3. Non-Tariff Measures

8. At the meetings of the Joint Study Group, Japanese members identified the following problem with regard to the Mexican Aviso Automatico system (a notification system designed for monitoring): The system sets high reference prices for imports of designated products from specific countries, without any consideration of different production costs of the country concerned.⁶ It was pointed out that unilateral setting of reference prices for the imported goods from specific countries places the company in question in a disadvantageous position, compared to the companies of those countries with which Mexico concluded FTAs.

The Mexican side responded that the Aviso Automatico system is designed for statistical monitoring

⁵ For instance, in the revised PROSEC announced on December 31, 2000, more than 2,500 items in the electric and electronic sectors that are used as parts were removed from the list of items subject to favorable PROSEC tariff rates. In addition, among some items that remained on the PROSEC list, the applicable tariff rate was raised from 0% to 5%. After the amendment implemented in December 2001, and even at present, prospects for continuation of the system, as well as its revision, are unstable, causing serious restrictions to corporate activities.

⁶ The reference price for tinplate, for example, is 650 US dollars while the FOB price of Japanese tinplate is about 500 US dollars. Consequently, Japanese enterprises have to deposit the amount equivalent to the import tariff to customs authorities, calculated on the basis of this disparity between the reference price and the effective price (150 dollars in this specific case), for a period of three months.

purposes in relation to goods that could be imported in underinvoicing conditions, and therefore could affect national production. Besides, the Mexican side expressed that the Aviso Automatico System operates in a neutral, transparent, and expedite manner, according to the provisions of the Agreement on Import Licensing Procedures of the WTO, since it only requires the importer to present to the customs authorities acknowledgement of receipt by the Ministry of Economy of the requested format properly filled out. Finally, it should be noted that this system applies, in the case of Japan, for very few products, as established in Mexico's publication in the Official Gazette of March 26, 2002.

B. Points raised by Mexican members

B-1. Tariffs in general

9. The Mexican side pointed out the uncertainty of Japan's Generalized System of Preference (GSP). Under the GSP scheme, Japan grants preferential tariff treatment to products originating in developing countries, including Mexico, recognizing the difference in levels of development between both economies. This GSP scheme allows Mexico to find market niches in Japan without affecting other sensitive products. Mexican side argued that its exporters lack certainty in developing a permanent export markets in Japan because the preferential tariff treatment on certain products with quantitative limitations is suspended if imports of such products exceed pre-determined values or volumes.

The Japanese side responded that according to the non-reciprocal and non-discriminatory nature of the GSP based on international norms, a preference-giving country unilaterally determines the coverage of countries and products in the scheme, and also that the preferential tariff treatment must be extended on a non-discriminatory basis to all beneficiary developing countries.

10. At the meetings of Joint Study Group, the Mexican side noted that Japan has in general a structure with low average tariffs, but has tariff peaks for certain sectors in which Mexico might have an export interest.

11 . With regard to trade in agricultural products, in particular, the Mexican side referred to the following points⁷:

The enhancement of agricultural trade relations between Japan and Mexico would support the development of the Mexican agricultural sector and diversify Mexico's risk of depending on just one market for its agricultural products.

Japan imports 60% of its food consumption, but the Mexican share in the total food imports of Japan is negligible. Therefore, the possible influence of elimination of tariffs on Mexican agricultural products would not constitute any threat to Japanese agriculture, although it is recognized that a product by product analysis is necessary. The result of this analysis might lead to specific recommendations on modalities that are best suited to grant preferential treatment to those Mexican agricultural products that are already exported and those with export potential to Japan, in order to prevent any type of disruption to the Japanese agricultural sector.

From the Mexican perspective, strengthening trade relations with Japan will necessarily involve exports of high value added products. Mexico considers that trade in agricultural products requires medium- to long-term partnerships between importers and exporters to satisfy consumer preferences and concerns, such as food safety and quality. Moreover, the Japanese consumers are highly

⁷ Mexico is fully conscious that subsidies in agriculture can not be addressed at a bilateral level, that current distortions in world agricultural markets are mainly caused by the large exporting countries which heavily support their agricultural sectors and not by net food importing countries. This issue should be discussed in WTO negotiations.

sophisticated and they seem to demand increasingly a greater variety of products on a year round supply basis.

Both countries are net importers of cereals, forages, oilseeds, dairy products and meats, thus relying on third countries imports to meet domestic demand. Mexico expressed that the areas of complementarity are located in sectors such as tropical products, fruits and vegetables, poultry, beef and pork meat, beverages and processed products. It is necessary to concentrate on areas of economic complementarity and potential for mutually beneficial trade, and both Japan and Mexico can complement domestic agricultural production through imports.

Mexico is fully aware that Japan produces a wide range of agricultural products, including some of those in which Mexico has export potential. Complementarity arises due to the fact that Japan relies heavily on the import of some of those products. A preferential trade agreement would strengthen Mexico's position as a sound and reliable supplier to the Japanese market. Even though, full liberalization in all products of interest is not necessarily envisaged.

Mexico pointed out that in general Japanese import duties are not so high, but several tariff peaks are in place.

12. In this regard, from the Japanese side a view was introduced that:

The tariff rates on agricultural products that are exported from Mexico to Japan are already at considerably low level and they do not constitute any barrier for the Mexican agro industry.

The increase in Mexican agricultural exports to the Japanese market in recent years is a result of the fact that Mexico properly identified the needs and demands of Japanese consumers. In order to enhance export opportunities to Japan, it is important to make further efforts to collect such information on the Japanese market.

There is little complementarity between Japan and Mexico in the agricultural sector. Japan imports many agricultural products but exports few. In this sense, Japan and Mexico do not complement each other in the agricultural trade, as Mexico and some other countries do.

With regard to the Japanese market, consumption of fruit, for example, has recently been saturated in Japan, while few Japanese fruits are exported. Therefore, an increase in imports of any fruit, even tropical fruits that are not produced domestically in Japan, is very likely to affect consumption of domestic fruits. This shows that even tropical fruits are in a competing position with domestic fruits by substitution. Vegetables, poultry meat, beef, pork, and beverages etc. are indeed in a competing position with Japanese domestic products. In this context, Japan and Mexico do not complement each other within agricultural trade.

From the viewpoint of ensuring food security and securing the benefits of the multifunctionality of agriculture, sufficient attention should be directed towards a harmonization between agricultural trade and the sound development of domestic agriculture.

B-2. Non-tariff measures

13. Representatives of the Mexican Government highlighted good working experience, and stated that they wished that Japan would recognize Mexico's inspection system. According to the Mexican experience, they considered it important to mention the example of mango, in which other countries recognize Mexico as a country free of fruit diseases in several regions, while Mexico is still waiting for a reply from Japan. It is an example where more expedite bilateral mechanisms would prove very useful.

The Japanese side responded that, if Mexico is interested in any specific aspects of SPS, it would be important that specialists of both countries have scientific and technical consultations for each item and that Japan is ready to conduct such consultations at any time, as necessary. The Japanese side also

explained that it cannot apply any special procedures to any specific country because it has standard SPS clearing procedures which are published and applied equally to all countries in the world.

Concerning the export of mango from the State of Chiapas, Japanese side also explained that Japan was waiting for the current data from Mexico with regard to the accreditation of free status on Mediterranean Fruit Fly in the region, and had already admitted that the other states of Mexico do not have any problem of Mediterranean Fruit Fly.

C. Solutions

14. At the meetings of the Joint Study Group, it was pointed out that it is necessary to cope with the aforementioned issues in order to further strengthen bilateral economic relations in the domain of trade in goods. It is the view of the Joint Study Group that it is important to realize a desirable state of tariffs and non-tariff measures, while paying attention to the mutually complementary nature of the Japanese and Mexican economies, as well as to the effects of competitiveness and welfare of their economy. It was also urged that this will be essential not only for producers of both Japan and Mexico but also for the enhancement of the economic welfare of their consumers and for the development of the Japanese and Mexican economies, based on their mutually complementary nature.

15. The Joint Study Group studied, in a comprehensive manner, several concrete measures, which are summarized hereafter, to further improve Japan-Mexico bilateral economic relations, a possible bilateral free trade agreement (FTA) between Japan and Mexico being one of them.

Moreover, the government of Mexico indicated its willingness to attend to all the issues raised by the Japanese side in Section A above.

C-1. FTA

16. It is the view of the majority of the members of the Joint Study Group that the conclusion of an FTA between Japan and Mexico is the most desirable and effective measure, compared to individual domestic measures or the new round of negotiations of the WTO, in the following aspects.

An FTA provides for the elimination of duties and other restrictive regulations of commerce with respect to substantially all trade and it would become possible through the FTA to make the best use of the mutually complementary relations between two or more economies, taking account of their domestic concerns and sensitivities for individual items.

Since an FTA can be concluded between/among a small number of countries, it may become an effective measure to promptly solve the present tariff problems under the situation in which Japanese enterprises are subject to serious disadvantages due to Mexico's conclusion of NAFTA and the effectuation of the EU-Mexico FTA.

The Mexican side indicated that Mexico hopes to conclude an FTA with specific countries because, with the tariff reduction on an MFN basis, it is difficult to take care of the difficulties of several specific sectors where competing countries maintain high tariff rates. Moreover, Mexico considers that it is also difficult to deal with issues, such as tariff peaks and the uncertainty of GSP systems, without an FTA.

With regard to possible rapid increases in imports after the conclusion of an FTA, damage to industries affected in both Japan and Mexico can be mitigated by establishing bilateral safeguard provisions within the FTA.

Mexico is studying the conclusion of a government procurement agreement and/or the according of national treatment in investment agreements, based on the premise of concluding an FTA.

17. The Joint Study Group stated that, in the eventual process of concluding an FTA, it will be necessary to establish the rules of origin so that only the goods of Japan and Mexico can enjoy benefits of such tariff elimination.

Mexico and Japan recognize the importance of having a specific set of rules of origin, as each country established in its respective FTAs the requirements for determining the country of origin of goods.

With regard to country of origin rules, Japan has basically adopted the criterion of change of tariff classification (CTC) in connection with the Japan-Singapore New Age Economic Partnership Agreement and GSP. Meanwhile, in all FTAs negotiated by Mexico, there are rules of origin of CTC, regional value content and rules with both criteria.

The Joint Study Group shared the view that, in the case of Japan and Mexico, the criterion of CTC should be principally used, and only in particular cases where it is difficult to use the criterion of CTC, it is possible to have a regional value content option.

The Joint Study Group also shared the view that rules of origin shall be consistent with the following disciplines and principles:

- a) not to create unnecessary obstacles to trade;
- b) to be developed and applied in an impartial, transparent, clear, predictable, consistent and neutral manner; and
- c) easy to administer for both users and Customs.

Additionally, the Joint Study Group considered it important to establish a specific set of clearly-defined customs procedures in order to have the certification requirements that importers and exporters must meet.

In order to strengthen co-operation and to enhance mutual understanding of the rules of origin and related procedures, the Joint Study Group recognized the importance of exchanging information relating to these issues.

18. The Joint Study Group indicated the need for securing consistency with the WTO Agreement if an FTA is to be concluded. Specifically, Article 24 of the General Agreement on Tariffs and Trade (GATT) calls for the elimination of "duties and other restrictive regulations of commerce" with respect to "substantially all the trade."⁸ The same Article also allows for the gradual elimination of restrictive regulations of commerce, including tariffs, within a reasonable length of time (within 10 years, in principle, in accordance with the Understanding of Interpretation).⁹

⁸ Although there is no internationally established criterion to measure what constitutes "substantially all the trade," the EU seems to understand, for example, that "substantially all trade" has both a quantitative and a qualitative dimensions, meaning that 90% of all trade between the parties is covered, with no major sector being excluded.

(N.B.) Source: 5.1.1. of the European Commission's staff working paper concerning the establishment of an inter-regional association between the EU & Mercosur.

⁹ In the case of NAFTA, signed by Mexico, 99% of the bi-directional trade volume between Mexico and the U.S. and Canada are bound at zero tariff, while under EU-Mexico FTA, 97.1% of the total bi-directional trade volume (96.8% of the EU's total exports to Mexico, and 97.6% of Mexico's total exports to the EU) are bound at zero tariff. In the case of the Japan-Singapore New-Age Economic Partnership Agreement, an FTA signed by Japan, 98.5% of the bi-directional trade volume (100% of Japan's total exports to Singapore, and 93.8% of the Singapore's total exports to Japan) are bound at zero tariff. (Table 1)

(N.B. These are the figures communicated to the WTO-CRTA from the FTA member countries, except for the figures on the Japan-Singapore New-Age Economic Partnership Agreement, which are calculated by Japan's side. These figures show the percentage to be finally achieved after various interim measures such as staging.)

19 . The Joint Study Group recognized the need to give consideration to the sensitive sectors of each country in the study of tariff removal. For instance, the Mexican side expressed its desire to expand its shares of agricultural products, particularly fruits, vegetables, pork, etc., in the Japanese market, and at the same time presented its view that agriculture in Mexico also has sensitivities and that a possible Japan-Mexico FTA would need to respect the profound sensitivities existing in both countries.

20 . It was introduced from the Japanese side, however, that there is an argument that it is difficult to further reduce or eliminate the tariffs on agricultural, forestry and fishery products under bilateral agreements because of sensitivity that specific agricultural, forestry, and fishery products have.

It was explained that, in the Japan-Singapore New-Age Economic Partnership Agreement, agricultural, forestry and fisheries products that are subject to tariff elimination are those that are already applied with zero tariff (those currently bound at zero under WTO and those currently duty-free but are not bound at zero under WTO). In this connection, furthermore, the decision of the Research Commission on Trade in Agriculture, Forestry, and Fishery Products of the Liberal Democratic Party (of September 3, 2001) was introduced. In the decision, it is stated, as basic policies with regard to the Japan-Singapore New-Age Economic Partnership Agreement, that (1) we must be careful not to have negative impacts on the domestic agricultural, forestry and fishery industries, and that (2) as a specific issue, the tariffs on agricultural, forestry, and fishery products are not to be further curtailed or revoked under bilateral agreements, because this subject has to be discussed at WTO, and that the same kind of bilateral agreements that will be negotiated in the future are to be dealt with under the same policy.

21 . In connection with this argument, the Mexican side made it clear that agricultural products are indispensable in the final package of the bilateral agreement, if any, and that it is ready to take a flexible approach to address Japanese sensitivities. The Mexican side pointed out that the element of the Liberal Democratic Party stating “we must be careful not to have negative impacts on the domestic agricultural, forestry and fishery industries....”, is an approach that might be addressed within the Mexico-Japan bilateral talks. Finally, the structure of the Mexican economy, and the social and economic importance of the Mexican agricultural sector is much different from that of Singapore.

22 . The Joint Study Group recognized the need to overcome the difficulties over sensitive sectors and to study concrete measures in this sense. In this connection, the Joint Study Group noted that the following measures are included in some of the existing FTAs, for instance.

In EU-Mexico FTA, consideration is given to sensitive sectors through tariff reduction/elimination in different staging processes, or the "waiting list method" in which the reduction/elimination of tariff rates can be considered after a certain period of time. (However, liberalization of 97% of trade volume between EU and Mexico is provided for in any case (See fn. to 18. above)). Further, in NAFTA and Japan-Singapore New-Age Economic Partnership Agreement, bilateral safeguard arrangements were introduced as safety nets against the impact of tariff reduction/elimination.

C-2. Reduction/elimination of applied tariff rates through individual domestic measures

23 . Individual domestic measures make it possible to cope with tariff issues in a flexible manner, such as the coverage of items and an applicable period, based on the specific needs and requests of the industrial sectors concerned. Accordingly, the Joint Study Group underlined the necessity to continue to properly implement individual tariff measures, taking into account the real situation of the economy. The Group

also stressed the importance of securing that transparency of the procedures in relation to the modification of items or tariff rates and the publication of such modification.

24 . The Joint Study Group pointed out the need to take transitory measures to lower tariffs on an MFN basis without waiting for tariff reduction measures to be agreed upon in a possible FTA or the new round of WTO.

C-3. Reduction of bound tariff rates in the New Round Negotiations of the WTO

25 . A new round of negotiations were launched at the 4th WTO Ministerial Conference held in November 2001. Concerning agricultural products, negotiations had already commenced in order to continue the reform process in conformity with Article 20 of the WTO Agreement on Agriculture. In the Declaration of the above mentioned 4th WTO Ministerial Conference, it is stipulated that agricultural negotiation modalities shall be established no later than 31 March 2003, and that the negotiations to be pursued under the terms of the Declaration, including negotiations on agriculture, shall be concluded no later than the 1st of January 2005.

26 . The results of the round negotiations will be applied to imports from all WTO member countries, and it is also profitable for the Japanese enterprises in Mexico that use parts imported from such WTO member countries.

27 . However, the Mexican side expressed its views that products such as textiles, shoes, and steel are sensitive items for tariff reductions on an MFN basis and that it preferred to discuss these issues on a bilateral basis, since multilateral discussions take much more time than bilateral negotiations before a consensus is achieved, as multilateral discussions require negotiations with the many countries concerned, giving due consideration to the sensitivities of each nation.

28 . Based on the aforementioned viewpoints, it was the view of the majority of the members of the Joint Study Group that a bilateral approach in the form of an FTA is a better solution to resolve the problems existing between Japan and Mexico in the short term compared with multilateral negotiations.

C-4. Aviso Automatico

29 . The Japanese members stated, with regard to the Aviso Automatico system, that it is necessary to improve operational aspects in Mexico and to mutually monitor the application of the system in an appropriate way in order that the scheme, whose objective is essentially price monitoring, is not implemented in trade-restrictive manner.

II. Government Procurement

1. Japan is a contracting party to the WTO Agreement on Government Procurement, and Mexico is a non-contracting party to that agreement. Accordingly, from Japan's point of view, Japanese corporations are deprived of business opportunities in Mexico and this constitutes an obstruction to investment. This could result in an increase in procurement costs within Mexico, which runs counter to the interests of both consumers and manufacturers in Mexico. These issues were pointed out and the Joint Study Group agreed on the necessity of addressing this situation. The Mexican side provided overall information on its government procurement procedures
2. The Joint study Group pointed out the following issues to be addressed in the government procurement procedure in Mexico and Japan.
 - 1) The Japanese side pointed out that national treatment is granted to corporations of contracting parties to FTAs with Mexico, whereas such treatment is not granted corporations of other nations. There are some projects to which bidding participation is permitted only to Mexican corporations and the corporations of parties contracting FTAs with Mexico. In addition, corporations from Japan, which is not a contracting party to an FTA with Mexico, are disadvantaged against Mexican companies by the 10% discount on the tendering price competition. As a result, Japanese companies have been handicapped and this constitutes an obstruction to investment from Japan to Mexico, and effective government procurement having been hindered in Mexico.
 - 2) The Japanese side pointed out that bidding qualification requirements in government procurement procedures in Mexico are unclear and the procedures are complicated. This has discouraged Japanese companies from participating in bidding for government procurement in Mexico. The Mexican side pointed out that the Mexican government procurement procedures are clear and functional, considering the fact that there were more than 2,900 millions US\$ participation of goods and suppliers from non-FTA member countries in the Mexican government procurement market in 1997.
 - 3) The Mexican side expressed its concern that, according to the available information on Japan's TPR-2000, the participation rate of foreign suppliers in the Japanese government procurement market remains low, and this shows that the market is difficult to access by potential Mexican suppliers. The Japanese side pointed out that i) the Government Procurement regime of Japan is non-discriminatory for domestic and foreign suppliers and there is no restraint specific to procurement from foreign suppliers, and ii) potential Mexican suppliers are provided with the same opportunity as any other suppliers to enter the Japanese market, due to the principle of open tendering, though only the WTO GPA members can make use of the dispute settlement procedures provided therein.
3. Recognizing the importance of providing opportunities under transparent and fair procedures to all corporations, the Joint Study Group agreed on the need for non-discriminatory procedures in government procurement both in Japan and Mexico, and studied the ways and means for improvement for the above-mentioned issues, including a possible bilateral agreement between Japan and Mexico on government procurement.
4. Bilateral agreement linked with an FTA.

The Joint Study Group pointed out that concluding a bilateral agreement linked with an FTA would be a more effective and desirable approach than other means, in order to overcome the current discriminatory situation in the government procurement procedure in Mexico. In the case of government procurement in Japan, a bilateral agreement linked with an FTA would provide the Government of

Mexico with dispute settlement procedures to be provided in that agreement. A bilateral agreement on its own not linked with an FTA is not a feasible option, because government procurement is a sensitive area for Mexico and it would be difficult to provide preferential measures such as granting national treatment.

5. Mexico's accession to the WTO Agreement on Government Procurement.

Among the signatories that have acceded to the WTO Agreement on Government Procurement (twenty-eight countries and regions), Mexico has concluded FTAs with all the signatories, except for three countries and a region: Japan, the Republic of Korea, Singapore, and Hong Kong, China Special Administrative Region. Within the framework of each FTA, national treatment in government procurement is already granted. Thus, theoretically speaking, it would not be too difficult for Mexico to join the Agreement and thereby expand granting of national treatment to the said three countries and region, but Mexico has great difficulty in doing so due to its domestic sensitivity concerning government procurement.

It was the view of the majority of the members of the Joint Study Group that a bilateral agreement on government procurement linked with an FTA is an easier and more convenient solution for Mexico, in order to resolve the problems existing between Japan and Mexico in terms of government procurement.

6. The Japanese side pointed out that it was important to establish transitional measures for granting national treatment to Japanese corporations without waiting for the actual implementation of the possible measures stated above, in order to promptly resolve existing problems.

7. The Japanese side pointed out that the current actions taken by the Mexican Government for improving and making clear the bidding qualification requirements in government procurement procedures in Mexico should be accelerated¹⁰

¹⁰ The Mexican government provides advanced public information to the business community on procurements opportunities through the Internet (www.economia-paasop.gob.mx), where the Annual Acquisition Program of Goods, Leases and Services (PAAAS), containing the government procurement preliminary program, is published. For transparency purposes, the Mexican government has a website (www.compranet.gob.mx) with information regarding public tenderings (from invitations to participate to the result of each public tendering).

. Anti-dumping (AD) ,Countervailing Duties (CVD) and Safeguards (SG)

1. The Joint Study Group held the common recognition that, although both anti-dumping and countervailing measures are valid actions to be taken against unfair trade, trade partners must avoid protectionism and arbitrary abuse of these measures. The group requested the governments of both Japan and Mexico to recognize such needs, and to give careful consideration to conformity with the WTO agreement in the implementation of such measures in order to contribute to the WTO's objective of promoting free trade.
2. Discussions on anti-dumping measures are to take place within the framework of the WTO. The Joint Study Group shared the view that in the discussions in the WTO, the governments of Japan and Mexico should cooperate and make efforts with a view to clarifying the necessary conditions that accurately legitimate the application of anti-dumping measures.
3. The Joint Study Group expressed its concern that there may be differences in the application of anti-dumping measures by Mexico between contracting parties to FTAs with Mexico on one hand and non-contracting parties to such agreements on the other. In addition, the group concurred in recognition that such measures should be implemented under transparent and fair procedures.
4. Members of the Joint Study Group shared the view that it is necessary to consider to incorporate effective and WTO-consistent bilateral emergency measures in a possible Japan-Mexico FTA, and that some of the procedural elements such as relationship with the global safeguard measures could be discussed in possible negotiations.
5. Regarding AD and CVD, the Mexican side pointed out that discussions could take place between Mexico and Japan in order to consider the improvement of the provisions related to the transparency and procedural fairness in a possible Japan-Mexico FTA.
The Japanese side showed its view that such issues should be dealt with in WTO negotiations.

. Services

1 . The characteristics of trading in services are that it is accompanied by the movement of production factors, such as capital, labor, technology, and managerial resources. Activation of trade in services will produce new combinations of production factors in different countries, promoting international division of labor and creating opportunities to enhance productivity through competition.

In particular, improving the efficiency of service fields that provide infrastructures for industrial activities, such as finance, transportation, telecommunications, distribution, construction, and energy, will not only contribute to these fields but will also enhance the efficiency of other services and manufacturing industries. Considering this, the benefits of the liberalization of trade in services of these sectors will not be limited to efficiency enhancement of the said industries.

Moreover, it is important to note that electronic commerce, which eliminates geographical and time-related restrictions between trading partner countries, and audiovisual services that increase a sense of closeness to the other country by communicating language, culture and art, will also have positive impacts on the expansion of trade and investment.

2. At the meetings of the Joint Study Group, the following issues were pointed out by the Japanese members as requiring improvement with regard to regulations in the Mexican service field.

- (1) There is an upper limit of 49% on the ratio of foreign capital in fields such as bonded warehouse firms, integral port administration, insurance and security companies, financial factoring companies, and non-bank financial institutions.
- (2) Prior governmental approval is required for foreign capital participation in excess of 49%, regarding high seas traffic service.
- (3) There are nationality requirements in the domain of recognition of qualifications for tax/audit services, and notary publics.
- (4) According to Mexico's list of specific commitments in GATS, there remain various restrictions on foreign investment, including minority restrictions in the third mode, in such sectors as professional service, telecommunications, construction, and transport. In the absence of commitment in GATS, there is a possibility of sudden regulatory changes.
- (5) For service suppliers in countries that are signatories to FTAs with Mexico, market access and national treatment have been guaranteed for the financial service sectors, while Japanese service suppliers are accorded disadvantageous treatment. This also means that Japanese manufacturing firms located in Mexico have limited access to the services provided by Japanese service suppliers.

3. The Mexican side explained that *de facto* liberalization of services has taken place through two mechanisms:

- Autonomous actions of national governments to remove regulatory limitations and restraints on trade and foreign investment, and
- Measures adopted by virtue of technological advances that facilitate trade in services (for example, Internet, professional services, data transmissions, video conferences and fund transfers).

However, the Mexican side also pointed out that there is no certainty that the unilateral liberalization observed in recent years would be maintained in the future and its unilateral liberalization should not be taken for granted.

4. At the meetings of the Joint Study Group, various ways and means of improvement were comprehensively studied, together with their merits and demerits.

5. FTA

It is the view of the Joint Study Group that the conclusion of a services trade FTA is a more effective measure compared to the liberalization commitment through the New Round Negotiations of the WTO, for the improvement of bilateral economic relations in the following aspects.

Agreements liberalizing trade in services between the two countries which meet the requirements stipulated in Article 5 of GATS ((a) to have "substantial sectorial coverage," and (b) to provide for "elimination of substantially all discrimination") would enhance the merit of mutually complementary relations between their economies, taking account of the sectorial interest and sensitivities of each country.

Thanks to Mexico's participation in NAFTA, liberalization in services sectors has progressed considerably in the country, so that it is considered possible to commit such liberalization in an FTA with other countries in conformity with Article 5 of GATS. With such an FTA, the legal stability of liberalization will be further secured.

In the financial service sector, Mexico has already granted foreign affiliates of NAFTA and EU countries 100% capital participation. It is, therefore, considered possible for Japanese enterprises to be granted the same treatment by concluding an FTA.

The Mexican side showed their preference on a possible FTA based on a negative list approach, considering its experience in the liberalization of its services sectors through FTAs signed with North American and Latin American countries. The Mexican side explained the following points:

- FTAs can provide certainty to services providers through transparent limitations identified in ANNEXES and,
- Through Mexico's experience in its different FTAs, areas were identified in which restrictions exist but can be removed or changed in order to benefit the national economy through liberalization, and others that should be maintained for justified reasons.

With regard to the exemptions to services liberalization, the Japanese side explained that it had adopted the positive list formula in the Japan-Singapore New Age Economic Partnership Agreement. The Mexican side explained that it adopted the negative list approach in NAFTA and that it foresees a negotiation of an FTA in the future based on a negative list approach that will allow the countries to include all services sectors in the negotiation, with the possibility of maintaining reservations in sectors that are very sensitive for both economies, and establishing further liberalizing commitments.

6. Liberalization commitment through the New Round Negotiations of the WTO

Negotiations on trade in services have been proceeding since 2000. With the target date for conclusion of negotiations set at January 1, 2005, it has been decided that initial requests be presented by June 30, 2002, and the first commitment offer by March 31, 2003.

The Mexican side explained that it would be able to make further commitment in trade in services through an FTA than through WTO negotiations where the contributions from 144 member countries need to be negotiated through bilateral, plurilateral and multilateral negotiations. This would require a much longer period of negotiations with more limited results.

It was the view of the majority of the members of Joint Study Group that a bilateral approach of a services trade FTA is a better solution for the problems existing between Japan and Mexico in terms of trade in services that should be resolved promptly, than liberalization commitments through the New Round Negotiations of the WTO.

V. Investment

1. After the mid-1980s, direct overseas investment by principal countries/regions in the world attained remarkable growth. In some investment-receiving countries, however, various requirements are imposed on foreign investments from the viewpoint of protecting and cultivating domestic industries and preventing the outflow of their foreign currencies. Local content requirements, balance of payments requirements, and money remittance controls are examples of such requirements.

There is no multilateral comprehensive agreement on investment that provides for liberalization of foreign capital investment or protection of investors and invested assets.

2. It is widely recognized that Foreign Direct Investment (FDI), along with national domestic capital can perform an important role in the development strategy of many countries by acting as a catalyst in the production and generation of employment and as a vehicle for the transfer of technology. Generally, FDI contributes to capital formation, the expansion and diversification of exports, increasing competition, providing access to state-of-the-art technology, and improving management systems. (Graphs 1 and 2.)

3. Mexico and Japan are attractive trading partners. For Japanese investors, investing in Mexico is attractive not only due to the size of Mexico's domestic market, but also because of the vast network of Free Trade Agreements (FTAs) that renders Mexico a key export platform for world trade, having preferential access to the main markets of North America, Latin America and Europe.

4. The Study Group shared the view that both Japan and Mexico have the opportunity to inaugurate a new form of relationship for Japanese and Mexican investors through the creation of a balanced investment framework for both countries.

5. The Joint Study Group identified and categorized the following issues related to Japan's investment in Mexico, from the viewpoints of promoting investment between Japan and Mexico and creating more attractive conditions for economic activities between the two countries.

(1) As to investment by Japanese companies, the Japanese side referred to some restrictions on foreign investment in the Services Sector.

- There is an upper limit of 49% on the ratio of foreign capital such as bonded warehouse firms, integral port administration, insurance and security companies, financial factoring companies, and non-bank financial institutions.
- Prior governmental approval is required for foreign capital participation in excess of 49%, regarding high seas traffic services.
- According to Mexico's list of specific commitments in GATS, there remain various restrictions to foreign investment, including minority restrictions in the third mode, in such sectors as professional service, telecommunications, construction, and transport. In the absence of commitment in the GATS, there is a possibility of sudden regulatory changes.

The Japanese side further stated that the level of restraint on foreign investment imposed on the enterprises of signatory nations of NAFTA and other FTAs is generally lower than those restrictions pointed out above, except for the areas in which universal foreign capital restraint is imposed under the Foreign Investment Law. Accordingly, Japanese enterprises are receiving disadvantageous treatment compared with the enterprises of NAFTA member countries and other states with which Mexico has concluded FTAs. Mexican side explained that it grants preferential stand still to the service suppliers of countries that are signatories to FTAs with Mexico.

(2) The Japanese side pointed out that with regard to the dispute settlement cases where foreign investments are involved, experience shows that there are certain restraints on bringing cases to international arbitration because of the ideas derived from the Calvo principle. Under the provisions of NAFTA, an investor on its own behalf or on behalf of an enterprise that it owns or controls may submit to international arbitration a claim that the host party has breached an obligation under the principles and disciplines comprised in the chapter of investment only if the investor or the enterprise has incurred loss or damage by reason of, or arising out of, such a breach. In the case of Japan and Mexico, Japan considered that it is also necessary that investment disputes can be submitted directly to international arbitration in order to secure a neutral judgment.

With this regard, Mexican side stated the following:

The Calvo clause means that foreign companies or foreign nationals making investments in corporations in Mexico are dealt with in the same way as Mexican companies or nationals, and that those foreign companies or foreign nationals cannot resort to the relief measures of the government of its nationality in case of dispute settlement.

The Mexican side believes that the creation of an international instrument comprising a balanced investment framework between Japan and Mexico could be supplemented with a mechanism for the settlement of disputes between an investor and a Party that would provide legal certainty to investors.

- (3) The Mexican Automobile Ordinance provides for local content requirements, balance of payments requirements, and other performance requirements. The Automobile Ordinance also stipulates that, unless a firm produces finished automobiles in Mexico, it cannot import automobiles as a dealer. However, the Automobile Ordinance is scheduled to be abolished at the end of 2003.
- (4) Foreign as well as national investment is prohibited in certain areas of energy sectors. Regarding the downstream sectors of natural gas (transport, distribution, and storage), participation of foreign capital was reportedly permitted, but such participation is still prohibited with regard to the upper stream sectors of the said field (refining and development), as well as the petroleum sector. The Mexican side clarified that private investment restrictions in certain energy sectors is mandated in the Mexican Constitution.
- (5) The Japanese side considered that amending or abolishing the Mexican tariff system under which tariffs of certain sectors were eliminated has significant negative influences on Japanese investors willingness to invest in Mexico, from the viewpoint of legal stability, as well as predictability.
6. Members of the Joint Study Group concurred in recognizing that it is important to establish a legal framework on investment as an effective way to improve the aforementioned issues, and the Group comprehensively studied ways and means for improvement, together with the merits and demerits of respective measures.
7. Bilateral investment rules linked with an FTA

Investors take into account certainty and legal security when undertaking investments. Investment Rules between Japan and Mexico would provide such elements, since they would establish a framework of principles and disciplines oriented to the promotion and protection of FDI.

It was the view of the Joint Study Group that investment rules linked with an FTA would be a more effective measure to strengthen bilateral economic relations in terms of investment, and to solve issues

such as accordance of national treatment and most-favored-nation treatment to investment both in pre-establishment and post establishment of investment, prohibition of performance requirements and securing free transfers and the clarification of the conditions for expropriation and compensation.

Japan and Mexico have been negotiating an investment agreement since 1999. The Mexican position is that the national treatment and the most-favored-nation treatment regarding permission for investment can be accorded solely in the case of investment rules linked with an FTA.

Meanwhile, with regard to the conclusion of an FTA, including trade in goods, it is necessary to take into consideration the issues pointed out in Chapter 1. "Trade in Goods."

The Mexican side considers that such investment rules would be an incentive for reciprocal investments because they would directly reflect a cost reduction for investments, expanding the bilateral investment flows under conditions of transparency and legal certainty. Particularly the guarantees afforded to such investments would be especially valuable to small and medium-sized companies. These companies could then consider investing directly in Mexico.

8. Formulation of new rules through the New Round Negotiations of the WTO

Multilateral rules in the domain of investment are to be negotiated after the decision made on a consensual basis in the 5th Ministerial Meeting of the WTO scheduled for September of 2003 in Mexico, before which the current work is to be continued.

The Mexican side, however, presented their view that the elaboration of multilateral rules on investment would take longer and that bilateral investment rules would be a more effective measure in order to guarantee legal certainty and better market access in terms of investment in Mexico.

It was the view of the majority of the members of Joint Study Group that investment rules linked with an FTA would be a better solution in the short term than formulation of new rules on investment through the New Round Negotiations of the WTO, in order to resolve the problems existing between Japan and Mexico in terms of investment.

. Movement of natural persons (business people)

1. Undertaking investment and/or trading in services are usually accompanied by the movement of persons involved in these activities. Without the smooth movement of natural persons, timely business activities will be blocked. From the viewpoint of strengthening economic relations between Japan and Mexico, the Joint Study Group studied the issues related to the movement of natural persons between the two countries. In particular, the Japanese side pointed out the topics of Mexican procedural delays regarding the issuance, change, and extension of visas.
 2. At the Joint Study Group meetings, ways and means for improvement concerning the movement of natural persons were studied.
 - (1) At the Joint Study Group meetings, the Mexican side explained that, with regard to the procedures for issuance, changes and extension of visas, Mexico ensures the visa issuance period does not exceed 30 days, and that Mexico will study further improvement if a specific problem is pointed out hereafter.
 - (2) From the viewpoint of promoting the movement of experts or technicians, mutual recognition of licenses or certifications can be considered. To promote efforts in this direction, it is necessary to proceed with discussion between respective vocational groups of the two countries.
 - (3) The Joint Study Group shared a view on the convenience of the creation of a coordinated mechanism for the exchange of information and experiences related to migratory issues, including mutual recognition of licenses and certifications in order to clarify doubts regarding the requirements of each country for the entry of business people, as well as for identifying the remaining major problems.
- (N.B. Such issues could be dealt with in the context of trade in services)

PART 3
FACILITATION,
BILATERAL COOPERATION MEASURES AND
SETTLEMENT OF DISPUTES

PART 3 FACILITATION, BILATERAL COOPERATION MEASURES AND SETTLEMENT OF DISPUTES

VII. Trade Facilitation (Customs and other Trade-related Procedures)

1. The Joint Study Group noted the importance of trade facilitation through the simplification and international harmonization of customs and other trade-related procedures, recognizing that:
 - (1) trade facilitation has a similar effect to tariff reduction; and
 - (2) it becomes more important to shorten the time required for export and import procedures as well as to secure their predictability, particularly as many companies are now establishing global supply chains.
2. In order to provide a better environment for business activities, both Japan and Mexico have undertaken various measures for trade facilitation including the simplification of customs procedures. The Joint Study Group identified and categorized the following areas of possible cooperation in order to provide the business community with a better environment that contributes to the strengthening of the economic relations between the two countries.

Cooperation between the customs administrations of both countries

The World Customs Organization and other forums have developed various international standards and recommendations regarding the introduction of computer systems and simplification of customs procedures. Harmonizing existing customs procedures with these standards and recommendations, as far as possible, would enhance their simplicity, and efficiency.

In order to instrument trade facilitation while enhancing appropriate border controls, the customs administrations of both countries have implemented a risk management system based on clearance which categorizes cargoes into high-risk and low-risk and thereby allocates customs resources to controlling high-risk ones.

Furthermore, Japan Customs has adopted various trade facilitation measures, including an “Instant Import Permit Upon Arrival System,” for air cargoes (enabling the cargo release immediately after its arrival by applying for a pre-arrival examination scheme) and a “Simplified Declaration Procedure System” (enabling the release of cargo prior to the declaration for duty payment, applicable to parts of the consignments of high compliance importers).

On the other hand, Mexico Customs implemented a new program in early 2002, called the “Compliant Customs Taxpayer” program, the purpose of which is to reduce and simplify customs procedures for the imports and exports of companies identified as low-risk. This program is now on its first stage between Mexico and U.S. Customs.

The Joint Study Group shared the view that the cooperation between Japan and Mexico in the areas of exchange of information and harmonization of customs procedures to international standards etc, would enhance trade facilitation between the two countries.

The reinforcement of Customs Clearance Capacity

The Japanese side pointed out that the congestion experienced by customs clearance at the border of the United States and Mexico often results in significant delays of cargo arrival, and that the delay is mostly caused by Mexico's insufficient infrastructure. The Japanese side also pointed out that this problem could be addressed through accelerating the ongoing process of computer networking inside Mexico Customs and increasing the number of lanes for customs clearance in Mexico.

Mexico has registered substantial changes in customs procedures. Last year Mexico introduced a new customs system which facilitates and makes more effective the foreign trade operations. This system is called the "Integral Automated Customs System Millennium 3 (SAAI M3)". With this system were introduced some new informative and technological elements that permit the redefinition of process in the customs operation and administration. In the same way, it seeks to reduce the corruption levels.

Utilization of information and communications technology

In order to promote paperless trading and one-stop services (the single window system) for trade-related procedures, including customs procedures, quarantine procedures and harbor procedures, the Joint Study Group recognized the possibility of further promoting trade facilitation by using information and communication technology, for example, the WCO Customs data model version 1.0, and the seamless data flow in trade-related procedures among private companies (e.g., a system that makes it possible to deliver electronically the necessary information for importation into Mexico from Japanese trade-related companies to their counterparts in Mexico, immediately after the goods are exported from Japan).

3. In order to identify concrete measures for further cooperation in the trade facilitation areas including the above-mentioned ones, the Joint Study Group recognized the possibility of establishing two expert groups: one comprising relevant public and private sectors of both countries to discuss issues related to trade facilitation between the two countries, and the other comprising the customs authorities of Japan and Mexico, to discuss customs-related issues.

VIII . Standard and Conformity Assessment

1. The Joint Study Group shared the view that it was important to ensure that the application of any standard, technical regulation or conformity assessment procedure to safety, the protection of human, animal or plant life or health, the environment, consumer protection or quality, does not create an unnecessary obstacle to trade between Japan and Mexico. The Study Group considered important that both countries reaffirm with respect to each other their existing rights and obligations under the Agreement on Technical Barriers to Trade (TBT Agreement) of World Trade Organization.
2. The Japanese side pointed out the following problems in the Official Mexican Standards (NOMs: Normas Oficiales Mexicanas) as a factor that may impede smooth commercial transactions and pointed out the necessity of their improvement. The Japanese side explained that the improvement of the NOMs system and its operation in order to facilitate trade was a request from the Japanese business sector and stressed the need for its early and effective realization.

Such details as font size and designs in the Spanish language labeling and other displays are rigidly regulated.

It is inconvenient that there are no official testing stations that could conduct conformity assessments in Tijuana and other places where many Japanese affiliated corporations are doing business and a high volume of cross-border trade takes place.

The Mexican side explained that its Federal Law of Metrology and Standardization provides transparent procedures for the elaboration and application of standards, technical regulations, and conformity assessment procedures in accordance with the Technical Barriers to Trade Agreement of WTO. Regarding the specific points raised by the Japanese counterpart, the Mexican side added that these NOMs are consistent with international standards, and that sufficient official testing stations are located along the northern border of the country. Mexico gave information to the Japanese delegation about the official testing stations distributed in Tijuana and Ciudad Juarez.

3. The Mexican side expressed a concern relative to its agricultural export to Japan that: i) Japan has established specific procedures for “organic” products certification. ii) This regulation is applied by Japan and is neither homologous nor harmonized with other current procedures in other markets as are conducted in the European Union or the United States. iii) For the moment, this specific regulation in Japan constitutes a technical barrier for the access of certain agricultural products.

The Japanese side explained that: i) The Japan’s standard and certification procedures for organic products are established in conformity with the CODEX guidelines which are an international standard. ii) The regulation on “organic” labeling is implemented based on the law of JAS on an equal basis for both imported and domestic products in a non-discriminatory manner. Thus, JAS system does not constitute any barrier against the access of Mexican organic products. Japanese side also presented an actual case of Mexican organic products sold in Japan with the JAS label.

- 4 . The Joint Study Group shared the view that it is important for the Japanese and Mexican standards authorities to continue their cooperation efforts in the areas of technical regulations, standards and conformity assessments. In order to promote the cooperation between both countries effectively, it is important as a first step to understand more in detail each other’s system of technical regulations, standards and conformity assessments through the need-oriented information exchange. Such

cooperation could lead to further collaboration in the areas of technical regulations, standards and conformity assessments.

IX. Competition Policy

1. As globalization progresses and the economic relationship between Japan and Mexico is further strengthened, the needs for regulations against anti-competitive activities that may hamper trade and investment between the two countries will increase. In fact, in 2001, the Federal Competition Commission of Mexico resolved eight merger cases involving Japanese agents in Mexico.
2. The Joint Study Group shared the view that a cooperation mechanism on competition policy between Japan and Mexico would contribute to legal stability and, in consequence, to the facilitation of trade and investment. The Joint Study Group pointed out the need to build up a framework of competition policy, including the following elements.
 - (1) Japan and Mexico should take measures, which each party considers appropriate, against anti-competitive activities of the business sector.
 - (2) Taking into account the possibility of the greater need for regulations against anti-competitive activities that may hamper trade and investment between the two countries, Japan and Mexico should study measures to promote cooperation between the competition policy authorities of both countries (notification, cooperation and coordination, for example), in order to implement the competition policy framework of both countries effectively and smoothly, as well as to foster a common understanding on more effective ways to address anti-competitive business activities.

The Joint Study Group expressed the view that Mexico and Japan should consider the possibility of including competition policy issues in a possible FTA.

X . Intellectual Property Rights (IPRs)

1. Production and distribution of counterfeit products and pirated goods has recently become a serious problem and the export of IPR infringing products to third countries has worsened the damage and given serious impact on corporations of many countries. This gives rise to an internationally important issue for each country to cooperate and reinforce the border measures to prevent the flow of IPR infringing products. On this point, the Joint Study Group shared the view that it is important for both Japan and Mexico to make efforts to strengthen their own enforcement of IPRs and to cooperate in this area.
2. Taking into account the growing importance of the protection of IPRs, the Joint Study Group recognized the need to cooperate between Japan and Mexico through the exchange of available information on:
 - Activities regarding nationwide cultivation of awareness of the function of IPR protection systems and importance of the protection of IPRs;
 - Improvement of the IPR protection systems and their operation;
 - Enforcement of IPRs; and
 - Automation of the intellectual property administration process in order to enhance efficiency.

XI . Improvement of the Business Environment

1. The Joint Study Group pointed out the following problems with regard to the business environment.

(1) Changes to the system of rules affecting business activities

The study group recognized that frequent and sudden changes to the system of rules concerning business activities affect the business operations due to the time that firms take to adapt to new circumstances, and that transparency is key in the modifications of such rules. Especially, the Japanese side expressed that their companies doing business in Mexico consider that predictability in the system of rules concerning business activities in Mexico is important to enhance the trade and investment relationship between Japan and Mexico. The Joint Study Group shared the view that it would be important for the governments of Japan and Mexico to regularly exchange information on the changes to their respective legal systems which have significant impact on business activities and to make them transparent.

(2) Labor relations

In the Joint Study Group, the Japanese side recognized that wages in Mexico have risen, especially in the area along the border with the United States, as the Mexican economy has grown, and showed its concern that this is gradually eroding Mexico's competitiveness as a manufacturing center and stated that the labor reform, including legal reform, should be essential for the expansion of investment from Japan.

The Mexican side explained that the government is seeking to create conditions in Mexico to attract more and better investment from abroad, not on the basis of cheap labor, but by fostering a New Labor Culture in which business and labor can work together to increase productivity and competitiveness through training and worker participation in the transformation of productive processes. The Mexican side invited Japanese firms to contribute in this effort.

The Mexican side also pointed out that the Mexican government is promoting discussions for labor law reform in the so called Central Decision Making Table composed of business and labor representatives, with the government acting only as facilitator of the process. Thereafter any initiative to be agreed upon must be submitted to Congress for consideration and approval.

The Study Group shared the view that increasing labor productivity (human resource development, labor education) is also important for improving the business environment and promoting new Mexican labor policies. The following problems were identified:

- i) The difficulty in employing and retaining middle-level executives and engineers limits the scope of corporate activities. There is an urgent need for human resource development.
- ii) The very high rate of rotation of workers has made it difficult to secure a stable labor force.

The Mexican side agreed that one of the most important factors as regards competitiveness is the existence of qualified human resources. In order to attain quality growth, it is of vital importance to promote quality training and technical assistance in a timely way to update productive processes, distribution and commercialization, and it is essential to involve workers and employers together in this endeavour, to identify problems and solutions and to propose strategies for growth and expansion.

On this respect, the Mexican side showed their interest in the possibility of cooperation on human resource development and training, especially in such areas as technology and IT. The Mexican side is also interested in exchanging information about systems of normalization and certification of labor competencies, experiences in social dialogue, and legislation and labour administration in both countries.

(3) Security Conditions

The Japanese side expressed its concern in relation to security conditions in some cities of Mexico and to the cost implications of contracting private security services for the operation of firms.

The Joint Study Group shared the view that it is important for the Government of Mexico to continue working to solve the security problems.

(4) Regulatory Reform

The Joint Study Group pointed out that the regulatory framework is a key element to maintain a healthy economy, open to the global markets and foreign investment. It stressed that regulatory reform promotes elimination of unnecessary barriers to trade and investment, boosting in that way economic growth, and job creation, lower prices to consumers, competitiveness and innovation.

During the meetings of the Joint Study Group, the following concerns were identified by the Mexican side in relation to the Japanese regulatory framework:

- the lack of transparency of the rulemaking and administrative adjudication processes; and

- the so called “co-regulation”, or sharing of regulatory functions between government and industry or other bodies, that may limit competition and create trade and investment barriers.

The Mexican side proposes that, given the importance of regulatory reform to keep a healthy, open and strong bilateral economic relation, a bilateral mechanism to discuss regulatory issues that may affect trade and investment flows could be established. The participation of the private and academic sectors could be considered in such mechanism.”

(5) Energy and Resources

The Joint Study Group expressed concerns regarding the high cost of the electrical power supply in Mexico and called for the Mexican Government's continued efforts for the reduction of electrical power supply costs and Japanese cooperation to the possible extent, in order to facilitate the smooth expansion of investment in Mexico.

The Joint Study Group shared the view that the points mentioned below in Chapter XIV. "Other Bilateral Cooperation Measures" (1), are also important to help establish a proper environment for business with a view to promoting investments in Mexico.

(6) Environment

The Joint Study Group pointed out that because of the serious air pollution (NO_x) problems in Mexico City, there are environmental concerns that make it difficult to attract capable people to work in Mexico, resulting in a situation that is detrimental to Mexico's international competitiveness. Furthermore, it was pointed out that, although there are regulations stipulating that products that contain materials specified with a view to controlling environmental pollution, must be transported to designated locations for disposal, there are not enough corporations and operators who can provide this service, which makes it difficult in practice to dispose of such products and materials in the appropriate manner.

At the Joint Study Group meetings, the Mexican side explained the measures taken by the Mexican Government for addressing environmental problems, including the "Pro Air Program for the Metropolitan Zone of Mexico's Valley." The Joint Study Group also acknowledged that Japan and Mexico had been carrying out considerable cooperation projects in the field of environmental protection.

The Joint Study Group shared the view that, for ensuring an appropriate business environment to facilitate investment, and for promoting economic development giving due considerations to the environment, it is important for Japan to proceed with its cooperation with Mexico, where necessary, making use of its technologies, in order to redress the environmental issues facing Mexico. These include ensuring a proper supply of water, controlling air pollution and disposing of waste products, in addition to the issues mentioned above.

(7) Accounting

The Joint Study Group shared the view that it would be useful for both countries to collaborate in improving their accounting systems.

(8) Others

The Joint Study Group recognized the efforts made in Mexico to improve the business environment and pointed out that it should continue to work in the following areas in order to further improve such environment:

- Telecommunication systems and postal service.

- Water supply and sewage systems.

- The electrical power supply

- Transportation infrastructure such as roads, ports and harbors.

2. The Joint Study Group shared the view that the improvement of the bilateral business environment, including the above mentioned issues is essential for promoting bilateral trade and investment. The Joint Study Group proposed that a mechanism could be established to discuss ways and means, including the prioritization of the aforementioned areas in their efforts and cooperation, to improve the bilateral business environment.

XII . Fostering supporting industries

1. At present, Mexico does not have such parts supply centers as those present in China or Southeast Asian countries. A weak supply chain represents a considerable obstacle to the growth of assembly operations and does not contribute to long-term investments in the country. Such a lack of supporting industries in Mexico may pose a serious problem in the future. Accordingly, the need for fostering support industries and a parts supply network in Mexico hereafter was pointed out at meetings of the Joint Study Group.

2. At the Joint Study Group meetings, the Japanese side pointed out that in order to foster supporting industries in Mexico it is most important for Mexico to improve its business environment by facilitating finance, extending education for the improvement of labor skills and to resolve domestic labor problems. Such efforts would also promote Japanese investment and the corporate presence in the Mexican market.
The Joint Study Group proposed that, in addition to the measures mentioned above, both countries should take steps toward the implementation of cooperation programs as stated below, among others, in order to support Japanese firms in entering the Mexican market as supporting industries, and developing Mexican supporting industries as well.
 - (1) The enhancement of effective linkage among relevant organizations and the optimization of various on-going cooperation projects of Japanese governmental financial institutions, through the "Small- and Medium-Size Enterprises Forum," which was started in October 2001 under an initiative of the governmental and private sectors of both countries.
 - (2) Continuation of joint projects promoted by JETRO and Mexico's Ministry of Economy to foster supporting industries (including efforts to promote small- and medium-size businesses, and to support business-matching between small- and medium-sized enterprises of both countries).

XIII . Trade and investment promotion

1. The Joint Study Group shared the view that it is important to continue to implement projects such as the following programs that are jointly conducted by JETRO, the Mexican Ministry of Economy, and BANCOMEXT, in order to strengthen trade and investment.
 - Hosting of or participation in trade fairs and exhibitions in order to promote trade and investment between the two countries, including foreign investment promotion fairs in Japan.
 - Hosting of seminars with a view to promoting the mutual flow of exports and investments between Japan and Mexico.
 - Exchanges of experts and trainees in the fields of trade, investment, and marketing.
 - Organizing business meetings / trade and investment missions.
2. The Joint Study Group shared the view that it is important to continue to provide and exchange information in the following ways between JETRO and the Mexican Ministry of Economy in order to promote trade and investment between the two countries.
 - Confirmation of which goods and services can be exported between the two countries by exchanging corporate directories for each industrial sector.
 - Exchange of information to confirm opportunities for investment and information on the establishment of joint venture businesses between the two countries.
 - Exchange of information on various trade and investment activities.
 - Exchange of information on technical regulations and criteria in industry and commerce related to goods and services that are effectively transacted, or which are thought of as possible to be transacted, between the two countries.
 - Exchange of information about the factors affecting trade and investment, and improvements to market access that are brought about by such factors.

XIV. Other Bilateral Cooperation Measures

(1) Energy Cooperation

The Joint Study Group recognized the importance of ongoing cooperation in the energy sector between relevant Japanese entities, such as the Japan International Cooperation Agency (JICA), and their Mexican counterparts.

The Joint Study Group highly valued the existing cooperation between Japan and Mexico within the framework of APEC in such fields as energy conservation, development of renewable energy sources, and energy forecasting/modeling. The group agreed to the importance of continuously implementing such cooperations.

The Joint Study Group acknowledged that, under the framework of cooperation between Japan and Mexico, efforts have been undertaken to develop natural resources in Mexico, including through a study on the Chicontepec sedimentary basin and the promotion of successful cases such as the Tizapa Mine and the Rey de Plata Mine.

The Joint Study Group shared the view that, in order to create an appropriate business environment for the facilitation of investment promotion, it is important to promote energy conservation, consideration of the environment in the electric power generation process, and the development of renewable energy, such as solar power and wind power.

The Mexican side expressed their interest in expanding institutional collaboration, promoting greater exchanges of information and experts, and strengthening joint work regarding the diversification of energy consumption and production towards cleaner sources -such as natural gas-, and in the electric, nuclear, and other related sectors. The Japanese side expressed that they would examine these proposals after more detailed information had been provided by the Mexican side, although they could not guarantee the result.

The Mexican side stressed the benefits of stronger commercial links between Mexico and Japan in the area of crude oil, as Mexico is one of the world's top crude oil producers and a reliable supplier. Commercialization contracts with Mexico grant transparent and uniform treatment to all of its clients. Mexico also underlined the upgrading of the Mexican refineries, as well as the investment plans in several producing fields, which will allow PMI/PEMEX to market an additional volume of lighter grades, like Isthmus and Olmeca. These grades are ad hoc for processing in Japanese refineries, as they have less sulfur content than Maya crude oil, Mexico's current main export grade. The Japanese side pointed out the importance of further communication between Japanese companies and their Mexican counterparts considering the commercial nature of crude oil transactions.

(2) Cooperation in the Agriculture and Fisheries Sectors

The Joint Study Group recognized the importance of promoting mutual understanding on rural development, agricultural policies, and technical cooperation, in light of the actual state of the agricultural sector in both countries.

In the Joint Study Group, the Mexican side expressed their hope that cooperation would be promoted with regard to Mexican agriculture in terms of technology, capital and quarantine measures. The areas

which Mexico considered as a priority to allocate cooperation activities within the agricultural sector are as follows:

- Strategic planning and formation of technical cooperation projects;
- Organization of producers;
- Training in aspects of trading and commerce of agricultural products;
- Training on normalization and standards, sanitary and phytosanitary aspects, and regulations affecting agricultural products;
- Workshops on the development of joint ventures and strategic alliances between Mexican producers and Japanese investors, at productive projects within the agricultural sector.
- Promotion of activities to stimulate the participation of universities and research centers in joint projects, exchanges of experts, researchers and students, scholarship programs for students, and residential research programs for experts from both countries.

The Japanese side expressed their view that further study and political dialogue would be necessary to prioritize cooperation areas in the future, and some areas required direct cooperation between the private sectors of both countries. The Mexican side stated the need for harmonization with respect to the conditions of sanitary and phytosanitary measures, and expressed their recognition that it was important to exchange information and to proceed with consultations between experts of both sides when specific issue arise. It was pointed out from the Japanese side that the conditions of sanitary and phytosanitary measures are technical issues and that, as has been the case in the past, it will be important to address specific issues through consultations between scientific experts from both sides hereafter.

(3) Science and Technology

The Joint Study Group shared the view that Science and Technology is a possible area for cooperation in the future, taking into account the following points:

- The fact that the accelerated growth and transformation of knowledge in the last 50 years, and the role played by science and its technological developments and applications, became one of the most important sources of economic, social, political and cultural change. It is expected that this dynamic will become even more central to societies and economies in the twenty-first century, leading to what has been called the information age and the era of digital economy.
- Given the growing communication networks, among researchers and scholars from different parts of the world based on the Internet, a number of new scientific communities, electronic journals, scientific conferences and other means for the production and communication of new knowledge, have developed at an accelerated rate.
- The Joint Study Group acknowledged that the following activities are already taking place in order to further accelerate interchange in this area:
 - i) exchange of academics, researchers and experts,
 - ii) strengthening of relations between the universities of both countries, and
 - iii) preparation of an international symposium for further collaboration between the academics, research institutes and think-tanks of Japan and Mexico.

(4) Others

In the Joint Study Group, interest was expressed in the following points in order to promote trade and investment:

- In order to overcome geographical and time-related constraints, efforts should be made to establish a base for the development of electronic trading between Japan and Mexico as an instrument for the expansion of trade between Japan and Mexico.
- Cultural, language-related, and artistic interaction will promote mutual understanding and encourage a sense of closeness between our two countries and will also have a positive impact on the expansion of trade and investment. Taking into consideration this fact, it would be useful to explore the possibility of promoting investment in audiovisual services and other services that can help spread such positive impacts.

The Joint Study Group proposed that, in order to promote technical cooperation, the various programs in technical sectors currently being conducted jointly by JETRO and the Mexican Ministry of Economy should continue. The same should be done with the activities conducted between JICA and Authorities concerned of the Mexican Government under the Agreement on Technical Cooperation between the Government of Japan and Mexico whose success is widely acknowledged. The programs aforementioned should be developed in accordance with the principles of co-participation, cost sharing and post operational self sufficiency in the implementation of each project.

XV . Consultation and Settlement of Disputes

Concerning dispute settlement, three different systems are provided for in NAFTA: (a) government-to-government disputes regarding the interpretation and application of agreement overall, (b) individual-to-government disputes related to anti-dumping and countervailing duties determinations, and (c) investors-to-state disputes concerning investment issues. Under these arrangements, investors, who incur any damages because of the violation of investment provisions in NAFTA, can seek a remedy under international arbitration. In the EU-Mexico FTA, a dispute settlement clause for government-to-government disputes concerning overall agreements is provided for, while the dispute settlement clause about investors-to-state is provided for in respective bilateral investment agreements between Mexico and each EU member country. On the other hand, in the Japan-Singapore New-Age Economic Partnership Agreement, systems for avoidance and settlement of disputes are provided for with regard to government-to-government disputes concerning the interpretation and application of overall agreements on the one hand, and investors-to-state disputes concerning investment issues, on the other.

At meetings of the Joint Study Group, it was pointed out that efficient dispute settlement is important for enterprises, and that it is necessary to guarantee a legal framework for solving disputes between enterprises and governments.

Members of the Joint Study Group concurred that, in concluding any FTA between Japan and Mexico, it would be necessary to provide a dispute settlement mechanism, based on the regional and multilateral experience of both countries, in order to ensure effective solutions utilizing international dispute settlement procedures for any disputes arising between the two countries.

[END]

ANNEXES

(ANNEX of PART I “OVERVIEW”)

Recent Estimation on Impacts of FTAs between Japan and Mexico

Research Institute of Economy, Trade and Industry (Dr. Kawasaki)

: Impacts of tariff reduction by Japan-Mexico FTA

(Using GTAP ver.5, effects of capital accumulation / movements and pro-competitive effect of imports are considered; (unit: million US dollars))

	<u>Japan</u>	<u>Mexico</u>
• Export	+ 637.4 (+0.13%)	+1939.4 (+1.68%)
• Import	+ 1092.9 (+0.26%)	+1733.2 (+1.70%)
• Real GDP	+ 0.03%	+ 1.08%
• Capital Stock	+ 0.05%	+ 1.40%

Japan Center for Economic Research (2001)

: Impacts of tariff reduction by Japan-Mexico FTA and Japan-Singapore FTA¹

(Using GTAP ver.4, effects of technological spillover, FDI and movement of skilled labor are considered)

	<u>Japan</u>	<u>Mexico</u>
• Real GDP	+ 0.10%	+ 4.20%
• National Income	+ 0.21%	+ 5.36%

(N.B. as for the case of Japan-Singapore FTA, it estimates 0.07% increase of Japan's real GDP and 0.08% increase of its national income)

¹ The results for Japan consider tariff reductions with both Singapore and Mexico. The results for Mexico consider only tariff reduction with Japan

(Table 1 of I. Trade in Goods)

Coverage, Liberalization Rates of Trade in Goods

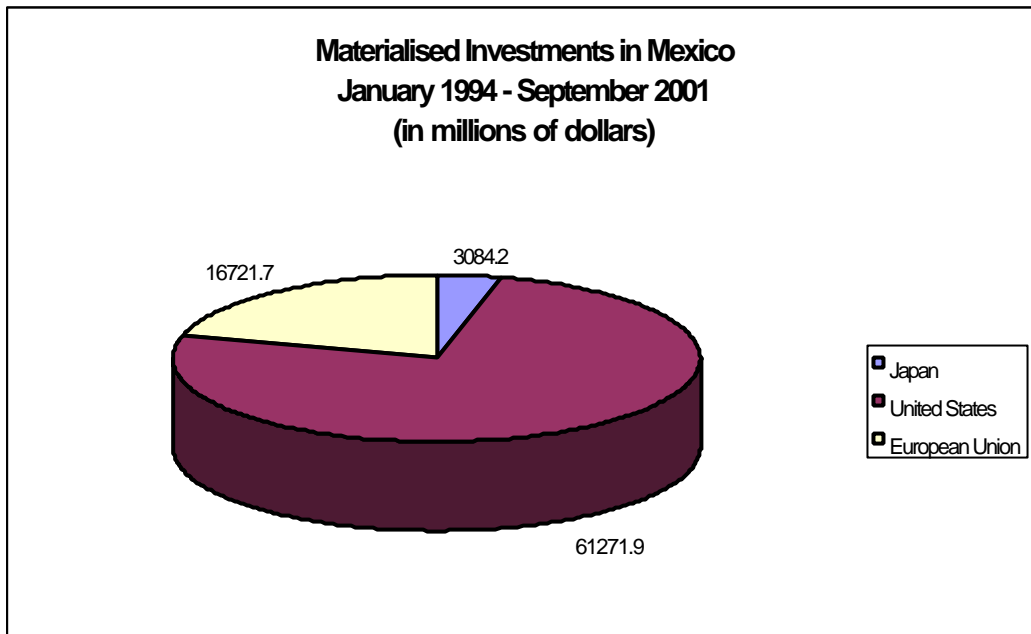
(Figures)

Agreement	1 .NAFTA	2 .MEXICO EU FTA	3 .JAPAN - SINGAPORE EPA
Share of duty free	USA MEX CAN 99%	MEX EU 97.6%	JPN SIN 100%
	MEX USA 99% CAN 100%	EU MEX 96.8%	SIN JPN 93.8%
	CAN USA MEX 99%		
Total	99%	97.1%	98.5%

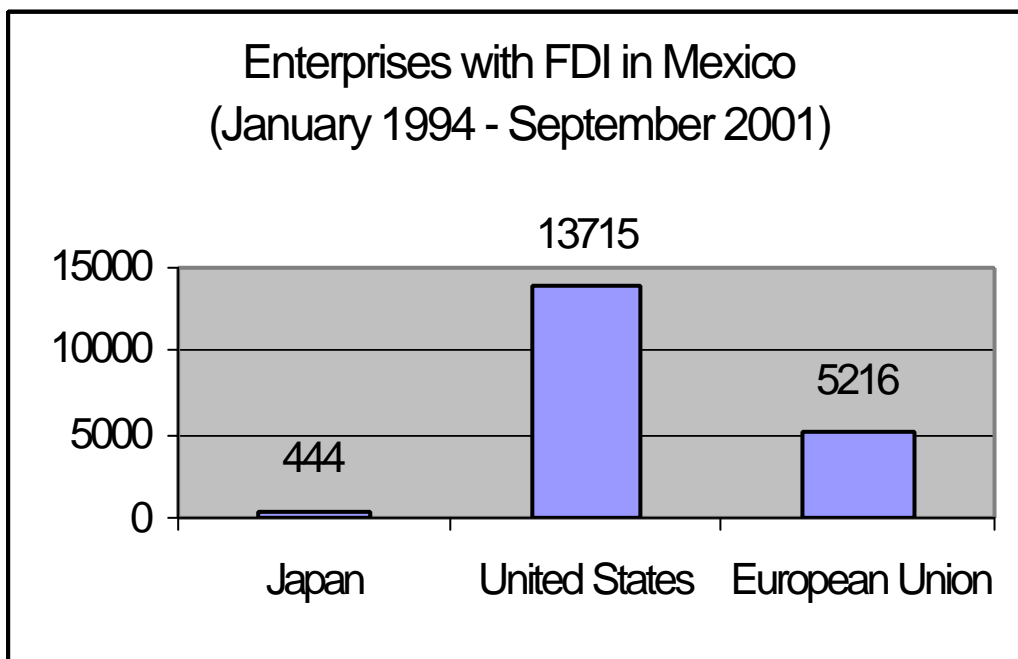
(1)The figures 1. and 2. are the ones which were notified to WTO CRTA from each FTA member country.
The figures in 3. are the figures calculated by Japan's side.

(2)The figures are the ones to be finally achieved after various transitory measures such as staging have been implemented.

(Graphs of V. Investment, paragraph 2.)



Graph 1



Graph 2

APPENDIX : STATISTICS

Evolution of Trade

According to Mexican statistics, Japan is Mexico's most important trading partner after the United States and the European Union. In 2000, total bilateral trade between Mexico and Japan amounted to US \$7.4 billion dollars, almost 61% more than in 1993 and 26.5% more than 1999. According to Japanese statistics, trade volume between these two countries totaled \730 billion in 2001, an increase of 30% over 1993 and a decline of 11% from 2000.

i) Growth of the trade flows between Mexico and Japan.

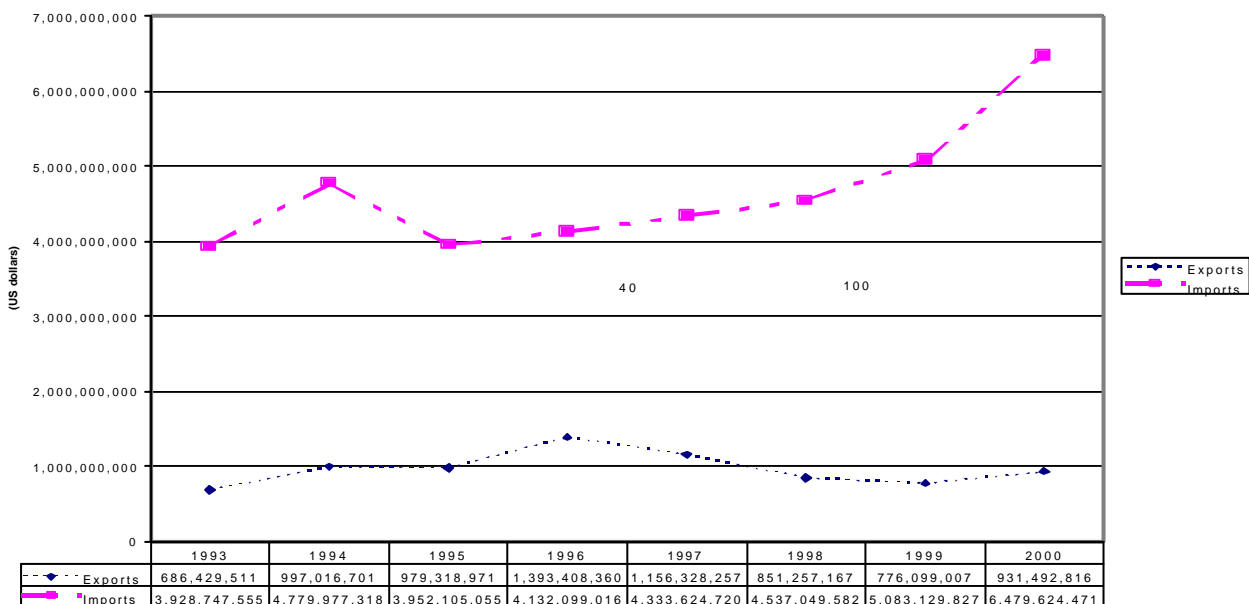
(Statistics of Mexico)

Table 1: Trade balance between Mexico and Japan

(U.S. Dollars)							
Year	EXPORTS	GROWTH PERCENTAGE	IMPORTS	GROWTH PERCENTAGE	TRADE BALANCE	GROWTH PERCENTAGE	TOTAL TRADE
1993	686,429,511	0.0	3,928,747,555	0.0	-3,242,318,044		4,615,177,066
1994	997,016,701	45.2	4,779,977,318	21.7	-3,782,960,617	16.67	5,776,994,019
1995	979,318,971	-1.8	3,952,105,055	-17.3	-2,972,786,084	-21.42	4,931,424,026
1996	1,393,408,360	42.3	4,132,099,016	4.6	-2,738,690,656	-7.87	5,525,507,376
1997	1,156,328,257	-17.0	4,333,624,720	4.9	-3,177,296,463	16.02	5,489,952,977
1998	851,257,167	-26.4	4,537,049,582	4.7	-3,685,792,415	16.00	5,388,306,749
1999	776,099,007	-8.8	5,083,129,827	12.0	-4,307,030,820	16.85	5,859,228,834
2000	931,492,816	20.0	6,479,624,471	27.5	-5,548,131,655	28.82	7,411,117,287
2000 1/	853,876,841		5,888,547,291		-5,034,670,450		6,742,424,132
2001 1/	579,659,916	-32.1	7,310,461,994	24.1	-6,730,802,078	33.69	7,890,121,910

Source: Ministry of Economy with data of the Bank of Mexico.
1/ Data from January to November.

Graph 1: Trade between Mexico and Japan
Source: Ministry of the Economy with data of the Bank of Mexico



(Statistics of Japan)

Table 2: Trade balance between Japan and Mexico

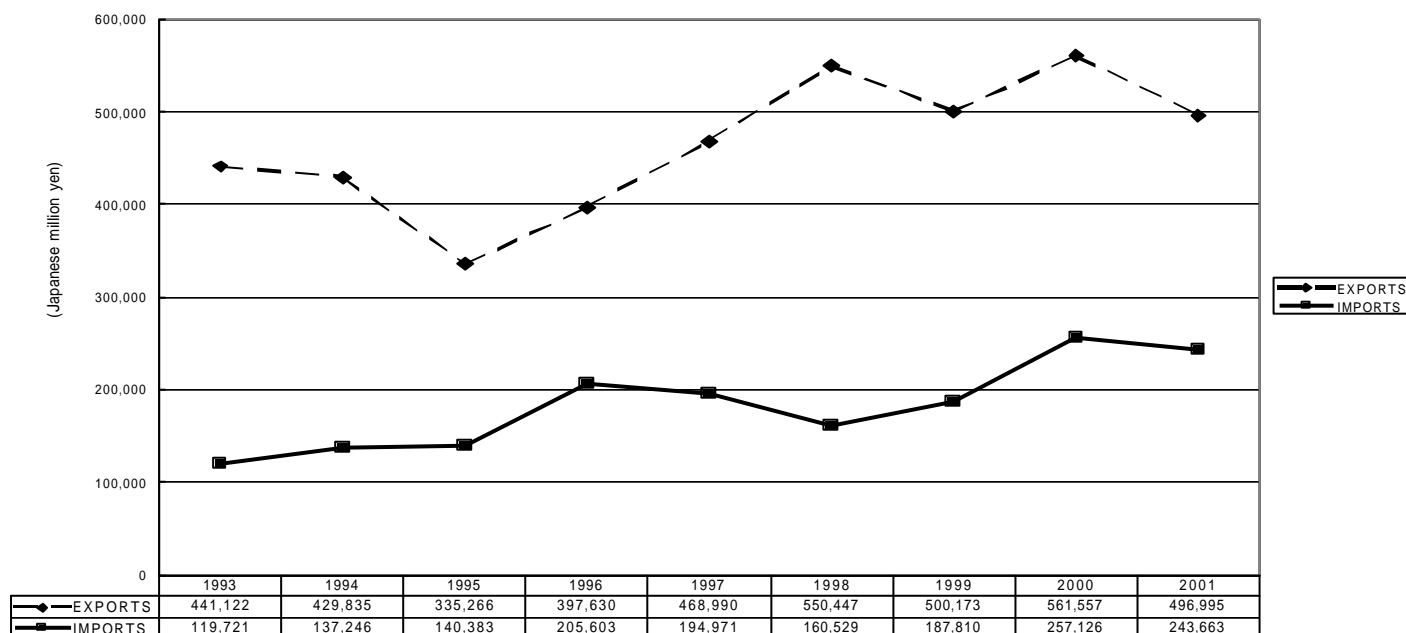
(Unit: Japanese million yen)

Year	EXPORTS	GROWTH PERSENTAGE	IMPORTS	GROWTH PERSENTAGE	TRADE BALANCE	GROWTH PERSENTAGE	TOTAL TRADE	GROWTH PERSENTAGE
1993	441,122	-8.6%	119,721	-24.3%	321,401	-0.9%	560,843	-12.4%
1994	429,835	-2.6%	137,246	14.6%	292,589	-9.0%	567,082	1.1%
1995	335,266	-22.0%	140,383	2.3%	194,883	-33.4%	475,649	-16.1%
1996	397,630	18.6%	205,603	46.5%	192,027	-1.5%	603,233	26.8%
1997	468,990	17.9%	194,971	-5.2%	274,019	42.7%	663,961	10.1%
1998	550,447	17.4%	160,529	-17.7%	389,919	42.3%	710,976	7.1%
1999	500,173	-9.1%	187,810	17.0%	312,364	-19.9%	687,983	-3.2%
2000	561,557	12.3%	257,126	36.9%	304,431	-2.5%	818,682	19.0%
2001	496,995	-11.5%	243,663	-5.2%	253,332	-16.8%	740,658	-9.5%
2000 1/	511,680		237,055		274,625		748,734	
2001 1/	447,893	-12.5%	225,557	-4.9%	222,336	-19.0%	673,449	-10.1%

Source: Ministry of Finance, Japan

1/ Data from January to November

Graph 2 : Trade between Japan and Mexico
Source: Ministry of Finance, Japan



iii) Main export and import products (Statistics of Mexico)

- Main imports to Mexico from Japan (See ANNEX I)
- Main exports from Mexico to Japan (See ANNEX II)

(Statistics of Japan)

- Main imports to Japan from Mexico (See ANNEX III)
- Main exports from Japan to Mexico (See ANNEX IV)

Bilateral Trade in Comparison with Trade with other Countries

Japan is Mexico's third most important supplier, after the United States and the European Union. During 2000, Mexican imports from Japan reached US \$6.4 billion dollars, almost 65% more than in 1993.

In 2001, Mexico was the 20th most important destination for Japanese export and the 33rd source of Japanese import.

Japan's import from Mexico amounted to ¥243.7 billion and Japan's export to Mexico totaled ¥497 billion. Compared to figures of 1993, the export grew by 12.7% and the import by 103.5%.

i) Share of Mexican imports from Japan

Table 3

Evolution of Mexican Imports from Japan in relation to the Mexican Imports from the rest of the world
(US dollars)

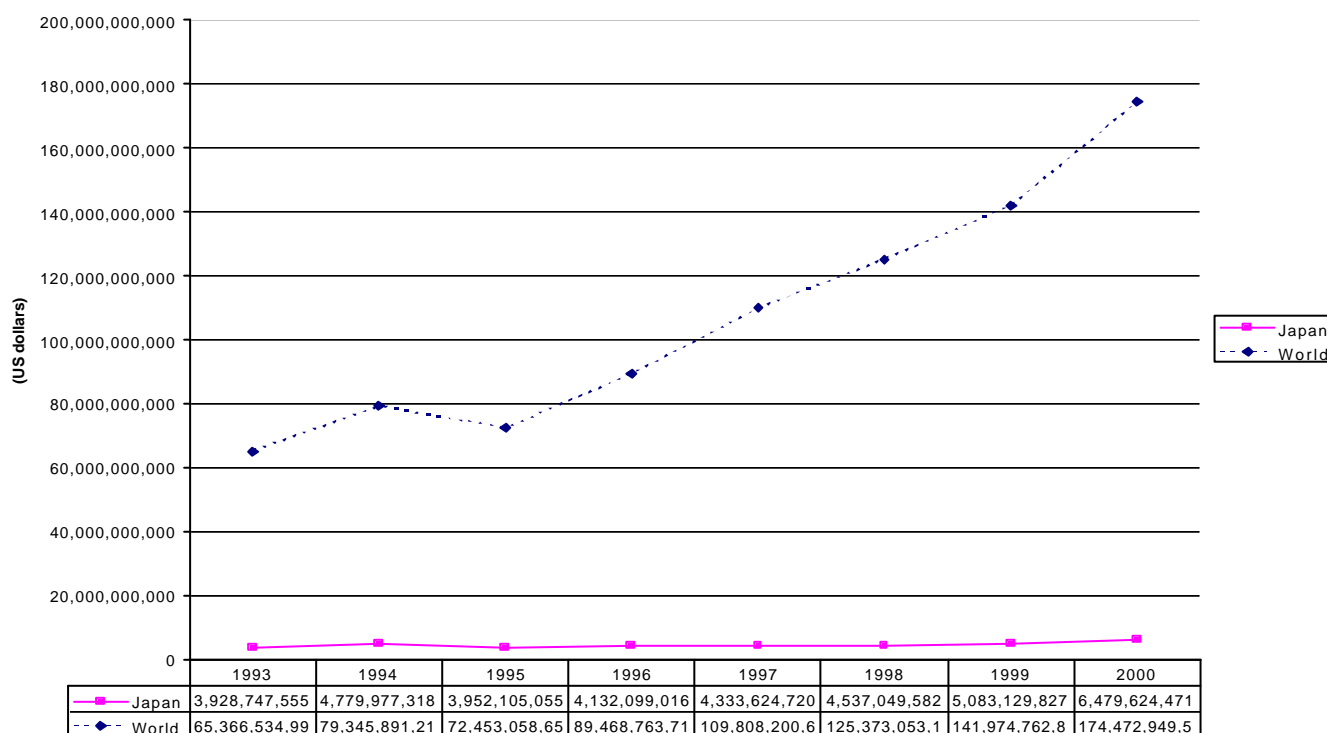
	1993		1994		1995		1996		1997		1998		1999		2000		2001		2001	
	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%
World	6536653499	100	79345891218	100	72453058655	100	89468763711	100	109808200620	100	125373053182	100	141974762861	100	174472949584	100	159397350986	100	154878068225	100
Japan	3928747555	6	4779977318	6	3952105055	5	4132099016	5	4333624720	4	4537049582	4	5083129827	4	647962471	4	5888547291	4	7310461994	4

Source: Ministry of Economy with data of the Bank of Mexico

1/ Data from January to November

Graph 3: Mexican imports from Japan and from the rest of the World

Source: Ministry of the Economy with data of the Bank of Mexico



ii) Share of Japanese imports from Mexico

Table 4

Japanese imports from Mexico in relation to the Japanese imports from the world
(Japanese million yen)

	1993		1994		1995		1996		1997		1998	
	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%
World	26,826,357	100	28,104,327	100	31,548,754	100	37,993,421	100	40,956,183	100	36,653,647	100
Mexico	119,721	0.45	137,246	0.49	140,383	0.44	205,603	0.54	194,971	0.48	160,529	0.44

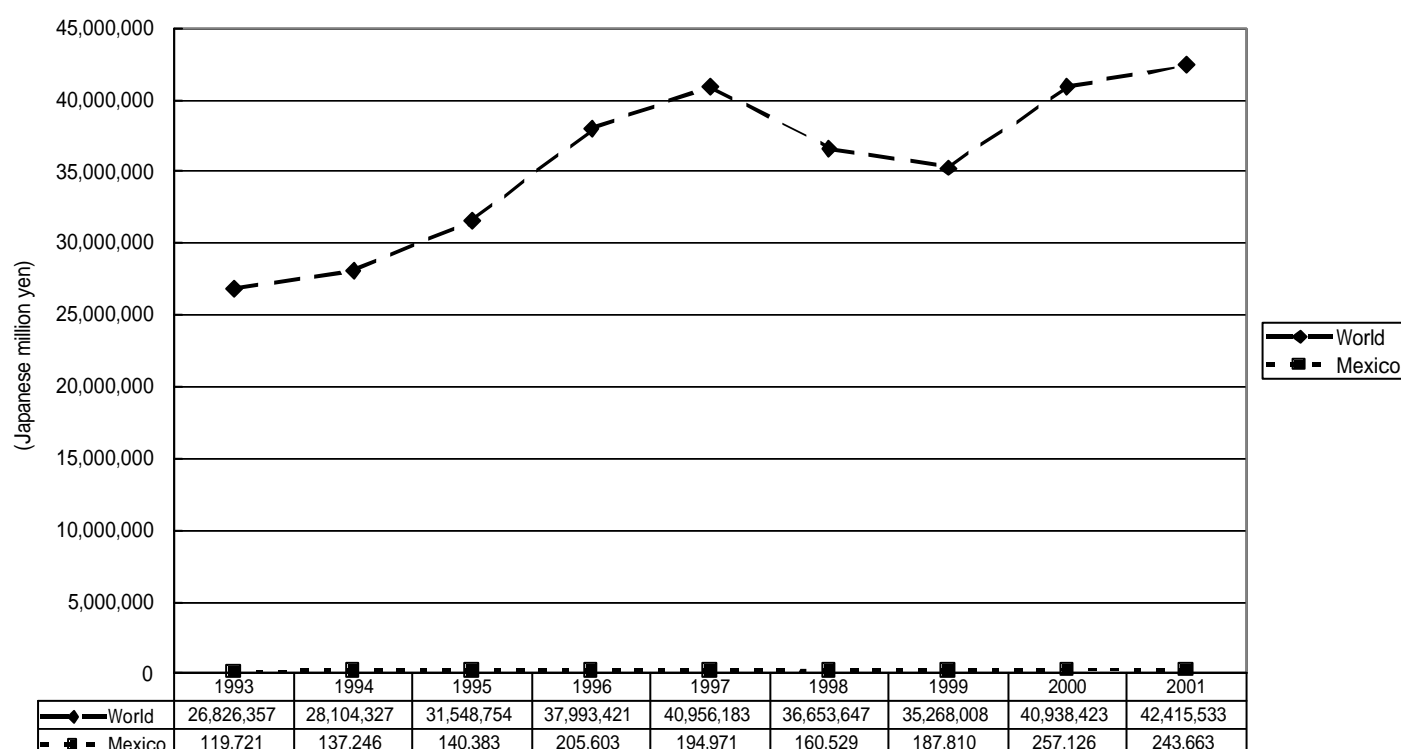
	1999		2000		2001		2000 1/		2001 1/	
	Imports	%	Imports	%	Imports	%	Imports	%	Imports	%
World	35,268,008	100	40,938,423	100	42,415,533	100	37,124,610	100	39,113,542	100
Mexico	187,810	0.53	257,126	0.63	243,663	0.57	237,055	0.64	225,557	0.58

Source: Ministry of Finance, Japan

1/ Data from January to November

Graph 4 : Japanese import from Mexico and from the world

Source: Ministry of Finance, Japan



iii) Trade evolution vis-a-vis United States of America and Canada (NAFTA) and the European Union (EU).

Table 5

Mexican imports from USA/Canada, the European Union and Japan.

(US dollars)

Year	1993			1994			1995			1996			1997			1998			1999			2000			2000/1			2001/1		
	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth
EU	7,798,726,416	12%		9,058,151,140	16	11%	6,732,173,194	-26	9%	7,740,567,215	15	9%	9,917,309,726	28	9%	11,692,981,542	18	9%	12,742,753,569	9	9%	14,745,058,766	16	8%	13,398,698,036	-9	8%	14,840,943,662	11	10%
USA/Canada	46,470,004,458	71%		56,411,171,796	21	71%	55,202,755,833	-2	76%	69,279,668,733	26	77%	83,970,264,019	21	76%	95,548,578,805	14	76%	108,216,205,848	13	76%	131,582,194,955	22	75%	120,454,257,364	-8	78%	109,195,070,450	-9	71%
Japan	3,928,747,555	6%		4,779,977,318	22	8%	3,952,105,055	-17	5%	4,132,099,016	5	5%	4,333,624,720	5	4%	4,537,049,582	5	4%	5,063,129,827	12	4%	6,479,624,471	27	4%	5,888,547,291	-9	4%	7,310,461,994	24	5%
Total	65,366,531,993	100		79,345,891,218	21	100	72,453,058,655	-9	100	89,468,763,711	23	100	109,808,200,620	23	100	125,373,053,182	14	100	141,974,762,861	13	100	174,472,949,584	23	100	159,397,350,986	-9	100	154,878,058,225	-3	100

Source: Ministry of Economy with data of the Bank of Mexico.

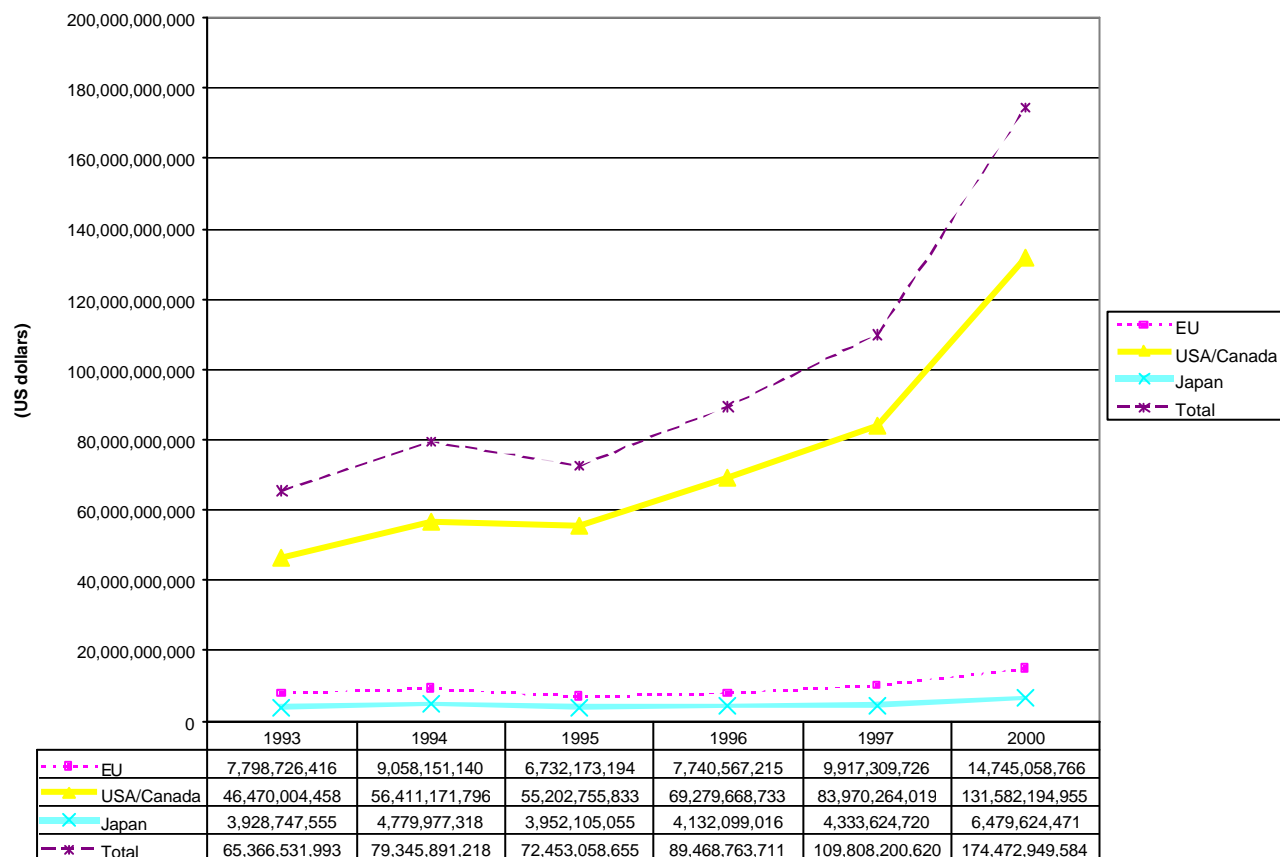
1/ Data from January to November

Growth percentage in relation to the previous year.

% Share in relation to the total Mexican imports.

Graph 5: Mexican imports from USA/Canada, European Union and Japan

Source: Ministry of the Economy with data of the Bank of Mexico



iv) JAPANESE IMPORTS FROM MEXICO IN RELATION WITH THE JAPANESE IMPORT FROM USA/CANADA AND CHINA

Table 6
Japanese imports from Mexico, USA/Canada and China

(Unit: Japanese million yen)

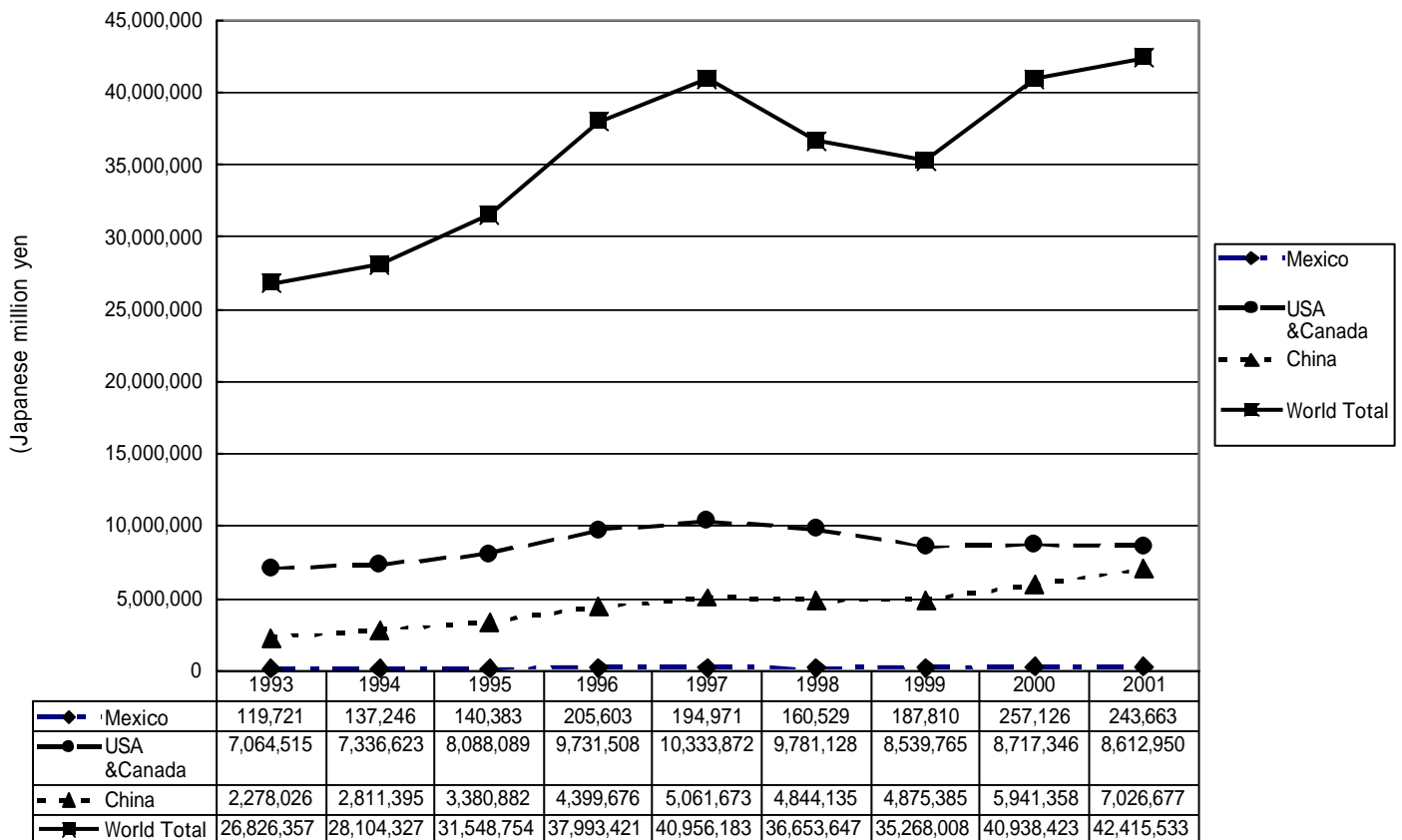
Year	1993			1994			1995			1996			1997			1998		
	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth	Imports	%	Growth
Mexico	119,721	0.4		137,246	14.6	0.5	140,383	2.3	0.4	205,603	46.5	0.5	194,971	-5.2	0.5	160,529	-17.7	0.4
USA & Canada	7,064,515	26.3		7,336,623	3.9	26.1	8,088,089	10.2	25.6	9,731,508	20.3	25.6	10,333,872	6.2	25.2	9,781,128	-5.3	26.7
China	2,278,026	8.5		2,811,395	23.4	10.0	3,380,882	20.3	10.7	4,399,676	30.1	11.6	5,061,673	15.0	12.4	4,844,135	-4.3	13.2
World Total	26,826,357	100.0		28,104,327	4.8	100.0	31,548,754	12.3	100.0	37,993,421	20.4	100.0	40,956,183	7.8	100.0	36,653,647	-10.5	100.0

Year	1999			2000			2001			2000 1/		2001 1/		
	Imports	Growth	%	Imports	Growth	%	Imports	Growth	%	Imports	%	Imports	Growth	%
Mexico	187,810	17.0	0.5	257,126	36.9	0.6	243,663	-5.2	0.6	237,055	0.6	225,557	-4.9	0.6
USA & Canada	8,539,765	-12.7	24.2	8,717,346	2.1	21.3	8,612,950	-1.2	20.3	7,932,520	21.4	7,948,215	0.2	20.3
China	4,875,385	0.6	13.8	5,941,358	21.9	14.5	7,026,677	18.3	16.6	5,390,311	14.5	6,444,923	19.6	16.5
World Total	35,268,008	-3.8	100.0	40,938,423	16.1	100.0	42,415,533	3.6	100.0	37,124,610	100.0	39,113,542	5.4	100.0

Source: Ministry of Finance

Graph 6

Japanese imports from Mexico, USA/Canada and China
Source; Ministry of Finance



ANNEX I (Mexico)

Main imports to Mexico from Japan																	
(U.S. Dollars)																	
Item	Description	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%
	TOTAL	3,928,747,555	100	4,779,977,318	100	3,952,105,055	100	4,132,099,016	100	4,333,624,720	100	4,537,049,582	100	5,083,129,827	100	6,479,624,471	100
	Subtotal of Main Imports	416,589,803	11	993,119,243	21	1,123,419,598	28	1,910,220,088	46	1,811,027,163	42	1,694,714,698	37	2,061,581,948	41	3,306,089,082	51
98020014	Pharmaceutical products for the manufacture of medicaments	76,223,357	2	284,851,813	6	205,117,304	5	526,391,402	13	539,642,067	12	494,553,663	11	269,974,687	5	266,296,692	4
85423099	Other integrated monolithic circuits	0	0	0	0	0	0	143,356,741	3	102,121,917	2	112,379,782	2	109,038,306	2	212,471,881	3
87089999	Other parts and accessories for vehicles	1,950,141	0	5,015,818	0	67,020,705	2	81,001,233	2	55,775,800	1	53,547,491	1	76,669,281	2	199,955,203	3
85023902	Systems for cogeneration of electricity and steam	0	0	0	0	0	0	0	0	0	0	0	0	121,444,625	2	143,498,287	2
87082999	Other parts and accessories for vehicles	8,021,329	0	7,930,077	0	38,810,251	1	55,157,816	1	126,864,130	3	54,501,007	1	67,056,377	1	127,315,799	2
84798999	Other machines and apparatus	19,856,307	1	84,563,305	2	95,135,954	2	108,321,658	3	96,624,339	2	80,041,811	2	68,255,119	1	117,595,340	2
84073499	Other spark-ignition motors	63,400	0	5,003,232	0	4,184,671	0	4,752,566	0	6,452,003	0	5,405,022	0	16,078,296	0	117,457,713	2
87085099	Other parts for vehicles	91,259	0	1,096	0	741,448	0	47,103,213	1	36,798,549	1	21,295,687	0	38,526,497	1	113,795,715	2
85078099	Electric accumulators	126,026	0	341,295	0	1,333,040	0	158,445	0	5,345,343	0	57,375,598	1	80,222,705	2	110,016,311	2
85229099	Other parts and accessories for reproducing or recording apparatus, or turntables	9,272,231	0	36,554,010	1	17,398,911	0	59,855,780	1	54,606,224	1	51,767,204	1	122,019,823	2	100,669,303	2
87043105	"Pick-up" trucks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	98,834,330	2
87032301	Vehicles, of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc	16,137,078	0	11,597,615	0	15,367,958	0	30,846,871	1	3,439,179	0	3,433,423	0	36,758,934	1	89,880,127	1
85424001	Hybrid integrated circuits	0	0	0	0	0	0	75,794,698	2	41,250,411	1	38,531,275	1	76,110,453	1	85,388,394	1
73269099	Other iron or steel manufactures	23,854,689	1	58,420,484	1	37,135,166	1	29,982,464	1	24,465,347	1	20,617,001	0	22,194,188	0	85,064,176	1
87032401	Vehicles, of a cylinder capacity exceeding 3,500 cc	426,579	0	407,743	0	302,668	0	8,043,159	0	41,892	0	22,485	0	30,356,236	1	82,841,153	1
85421999	Other digital monolithic integrated circuits	4,733,978	0	11,266,619	0	19,906,334	1	22,546,688	1	7,958,109	0	1,714,106	0	55,888,032	1	74,885,789	1
84733001	Computer parts	30,212,883	1	16,896,824	0	11,399,820	0	9,631,264	0	29,471,606	1	21,206,659	0	56,808,410	1	73,082,032	1
84099199	Motor parts	1,137,232	0	2,076,896	0	179,305,216	5	247,349,187	6	157,844,459	4	55,719,592	1	56,402,195	1	68,837,696	1
84733003	Computer parts	0	0	20,008,048	0	11,831,641	0	19,605,446	0	31,488,037	1	28,894,063	1	36,752,838	1	62,890,447	1
85369099	Other circuit switchers	21,617,682	1	32,125,129	1	37,219,424	1	46,902,327	1	47,182,387	1	40,710,602	1	47,175,034	1	62,862,681	1
85299099	Other parts for T.V and telecommunication apparatus	32,437,698	1	85,184,949	2	68,930,583	2	74,850,987	2	62,172,049	1	64,320,360	1	79,354,519	2	60,636,694	1
85404099	Other data/graphic display tubes	0	0	0	0	0	0	1,884	0	14,259	0	651,479	0	13,635,935	0	58,301,177	1
85254001	Still image video cameras	0	0	0	0	0	0	8,746,368	0	19,871,945	0	17,849,581	0	24,634,989	0	50,861,468	1
72083901	Flat rolled steel products of a thickness of less than 3 mm	0	0	0	0	0	0	2,954,743	0	3,784,785	0	10,666,442	0	7,998,046	0	49,240,528	1
85252006	Transmission apparatus incorporating reception apparatus	3,479,742	0	46,442,226	1	22,182,016	1	2,999,425	0	3,591,458	0	3,442,534	0	12,241,887	0	41,640,899	1
84718001	Computers	0	0	0	0	0	0	1,095,473	0	853,094	0	56,537,034	1	38,435,802	1	41,004,709	1
85179015	Telephone parts	0	0	10,795,820	0	2,359,420	0	2,199,859	0	4,637,520	0	5,641,250	0	12,195,098	0	39,100,506	1
98020026	Parts for manufacture of siderurgic products	2,667,063	0	2,463,693	0	1,816,378	0	1,982,841	0	3,724,232	0	5,490,983	0	18,983,931	0	38,436,855	1
85322499	Ceramic dielectric, multilayer	430,330	0	1,958,979	0	4,793,546	0	6,551,028	0	8,867,637	0	11,685,066	0	28,704,548	1	37,906,542	1
85472099	Insulating fittings of plastics	12,051,208	0	16,132,087	0	17,981,791	0	17,713,187	0	15,716,898	0	22,664,437	0	30,669,639	1	37,878,662	1
39269099	Other plastic manufactures	23,174,711	1	48,049,238	1	47,875,716	1	29,085,383	1	26,134,449	1	22,431,375	0	24,811,212	0	37,826,380	1

85340099	Other printed circuits	16,834,319	0	41,294,378	1	43,977,476	1	37,658,963	1	27,421,787	1	24,290,325	1	26,634,949	1	37,623,878	1
70112004	Glass envelopes for cathod-ray tubes	61,851	0	0	0	917,716	0	1,194,413	0	10,572,801	0	42,107,552	1	33,991,525	1	30,823,528	0
90099001	Parts and accessories of photo-copying machines	14,748,859	0	14,057,200	0	16,272,809	0	20,637,119	0	38,877,007	1	33,868,492	1	32,289,180	1	30,458,705	0
84771099	Injection moulding machines	0	0	1,620,427	0	13,512,440	0	16,158,307	0	15,058,500	0	16,740,715	0	21,923,042	0	29,720,080	0
73181599	Other screws and bolts	7,744,548	0	8,311,291	0	19,691,707	0	26,356,354	1	19,375,119	0	17,975,366	0	27,722,898	1	29,272,136	0
85299012	Parts for electronic apparatus	5,444	0	0	0	0	0	198,287	0	0	0	11,417,735	0	19,130,725	0	29,222,827	0
84717001	Computers (storage units)	0	0	0	0	0	0	14,446,886	0	36,762,879	1	22,026,390	0	16,524,305	0	29,006,918	0
72103099	Other flat-rolled steel products	0	0	0	0	0	0	1,757,074	0	2,725,902	0	3,491,616	0	10,812,135	0	28,496,268	0
85421399	Other metallic oxide semiconductors for high definition TVs	0	0	0	0	0	0	3,328,635	0	4,524,183	0	5,791,725	0	8,362,956	0	28,069,519	0
85231399	Other magnetic tapes	3,275,596	0	38,046,639	1	38,321,518	1	50,429,232	1	56,451,366	1	47,352,450	1	47,473,874	1	27,250,490	0
84162099	Other furnace burners	0	0	0	0	0	0	293	0	614	0	144,118	0	116	0	26,944,757	0
72261101	Other flat-rolled steel products	0	0	0	0	0	0	3,350,423	0	13,090,253	0	15,515,143	0	21,618,669	0	26,097,388	0
72105001	Flat rolled products plated with chromium oxides	23,099,377	1	34,030,332	1	20,799,949	1	28,499,839	1	29,290,162	1	38,142,678	1	32,125,940	1	24,727,231	0
90138099	Other liquid crystal devices	0	0	0	0	0	0	8,358,019	0	3,795,694	0	4,038,755	0	12,908,751	0	24,265,163	0
85412999	Other transistors	9,568,774	0	19,456,209	0	22,003,741	1	8,895,378	0	10,552,965	0	11,194,758	0	19,224,886	0	24,235,612	0
85411099	Other diodes	10,408,289	0	22,365,193	0	18,911,473	0	4,480,780	0	4,426,385	0	5,821,619	0	9,472,631	0	23,888,529	0
84295202	Machinery with a 360° revolving superstructure	3,925,263	0	5,066,371	0	709,313	0	2,865,679	0	3,716,339	0	8,803,450	0	16,638,377	0	23,745,234	0
40169901	Other inflatable articles	2,347,970	0	2,952,459	0	4,125,422	0	8,415,043	0	8,502,555	0	15,875,301	0	14,965,870	0	23,677,945	0
85322299	Aluminium electrolytic capacitors	36,604,590	1	17,831,748	0	16,026,073	0	8,207,228	0	9,142,527	0	7,019,498	0	10,363,477	0	22,089,385	0

Source: Ministry of the Economy with data of the Bank of Mexico

ANNEX II (Mexico)

Main exports from Mexico to Japan

(U.S. Dollars)

Item	Description	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%
	TOTAL	686,429,511	100	997,016,701	100	979,318,971	100	1,393,408,360	100	1,156,328,257	100	851,257,167	100	776,099,007	100	931,492,816	100
	Subtotal of Main Exports	508,045,320	74	529,940,110	53	593,183,176	61	1,064,946,792	76	957,872,348	83	693,743,205	81	637,587,154	82	854,383,889	92
27090001	Petroleum oils, crude	413,891,869	60	445,967,649	45	458,329,663	47	601,526,990	43	420,179,705	36	131,276,434	15	252,761,594	33	317,899,257	34
720712	Other semifinished steel or iron products	0	0	0	0	0	0	283,156,372	20	319,198,095	28	295,610,124	35	80,077,665	10	68,590,676	7
710691	Silver, unwrought	0	0	592,717	0	172,447	0	4,411,051	0	2,765,954	0	0	0	9,424,236	1	67,234,869	7
250100	Salt (included table salt and denatured salt)	35,423,436	5	14,743,626	1	60,733,470	6	56,920,861	4	53,143,355	5	47,498,054	6	47,796,847	6	53,232,071	6
851999	Other sound reproducing apparatus	235	0	3,025	0	0	0	0	0	39,200,550	3	60,962,694	7	56,423,743	7	45,675,662	5
850730	nickel-cadmium electric accumulators	68	0	0	0	0	0	0	0	0	0	0	0	0	0	33,314,550	4
847170	Computers (storage units)	0	0	0	0	0	0	152,472	0	10,634	0	6,252	0	1,662,894	0	30,395,832	3
854230	Other monolithic integrated circuits	0	0	0	0	0	0	81,162	0	4,072,934	0	7,932,120	1	11,955,651	2	15,593,946	2
840690	Parts of steam turbines	0	0	0	0	0	0	0	0	0	0	0	0	404,983	0	11,926,825	1
260800	Zinc ores and concentrates	1,846,023	0	3,283,039	0	8,711,775	1	8,388,196	1	8,485,669	1	9,353,591	1	8,749,182	1	11,281,672	1
210390	Other sauces	18,866	0	41,309	0	22,777	0	15,523	0	29,057	0	441,831	0	11,473,061	1	10,972,188	1
848180	Other appliances (taps, valves)	41,829	0	157,915	0	250,078	0	3,281	0	88,740	0	37,445	0	41,970	0	10,168,191	1
847330	Computer parts and accessories	12,038,614	2	4,655,370	0	3,588,272	0	8,318,901	1	5,223,636	0	4,906,829	1	5,389,372	1	9,889,402	1
320300	Colouring matter of vegetable or animal origin	6,158,197	1	7,038,037	1	5,854,787	1	8,777,200	1	8,311,034	1	10,508,750	1	8,555,592	1	9,127,520	1
261310	Roasted molybdenum ores and concentrates	0	0	0	0	5,259,402	1	1,205,268	0	0	0	179,460	0	6,483,305	1	9,084,927	1
160250	Other preserved or prepared meat	412	0	124	0	73,849	0	112,741	0	85,327	0	8,281	0	1,737,625	0	8,780,626	1
283692	Strontium carbonates	16,660,677	2	24,478,416	2	23,034,432	2	20,385,472	1	13,492,370	1	7,682,236	1	11,382,682	1	8,651,605	1
841430	Compressors for refrigerating equipment	3,359	0	0	0	13,210	0	6,229	0	4,027	0	15,820	0	20,147	0	8,164,446	1
852721	Reception apparatus combined with sound recording or reproducing apparatus	0	0	2,157	0	0	0	14,621	0	1,133,523	0	4,428,835	1	4,964,014	1	6,956,750	1
370120	Instant print film	0	0	0	0	0	0	0	0	174,130	0	2,126,900	0	6,831,870	1	6,567,780	1
854011	Colour cathode-ray tubes	120,374	0	381	0	457	0	1,025	0	2,267	0	130	0	34,553,763	4	6,463,657	1
030239	Other tunas	0	0	0	0	0	0	0	0	0	0	169,526	0	1,058,256	0	6,041,404	1
550630	Synthetic fibers, acrylic or modacrylic	1,676,387	0	2,206,915	0	563,301	0	757,885	0	306,149	0	37,208	0	148,493	0	5,652,183	1
220300	Malt beer	1,729,271	0	1,915,366	0	2,456,068	0	2,465,124	0	3,777,444	0	4,502,573	1	5,584,937	1	5,650,040	1
841869	Refrigerators and freezers	0	0	0	0	0	0	0	0	3,000	0	0	0	450	0	5,523,336	1
854389	machines and apparatus for electro-plating	0	0	0	0	0	0	191,598	0	37,184	0	63,636	0	85,778	0	5,352,303	1
160249	Other preserved or prepared meat	304	0	40,818	0	55,222	0	282,802	0	179,143	0	1,330,042	0	4,397,958	1	5,346,948	1
550130	Synthetic filament tow, acrylic or modacrylic	3,680,970	1	796,660	0	1,410,607	0	1,222,943	0	1,860,390	0	1,861,859	0	585,342	0	4,858,265	1
520100	Cotton, not carded or combed	0	0	0	0	0	0	12,913,615	1	15,053,854	1	11,175,213	1	4,029,146	1	4,749,642	1

851730	Teleprinters	0	0	0	0	3,000	0	858	0	1,788	0	5,984,724	1	487,087	0	4,554,106	0
090111	Coffee, not decaffeinated	0	0	0	0	0	0	11,107,741	1	15,392,250	1	17,702,416	2	6,129,122	1	4,139,216	0
560311	Nonwovens of synthetic or artificial filaments	0	0	0	0	0	0	1,516,316	0	3,226,124	0	6,050,856	1	4,949,276	1	4,130,522	0
903289	Other automatic regulating or controlling instruments	20,702	0	244,094	0	192,655	0	204,872	0	117,437	0	15,222	0	9,389	0	4,081,602	0
22089001	Tequila.	0	0	1,955	0	0	0	1,881,666	0	2,117,731	0	2,235,555	0	2,169,964	0	3,965,547	0
340111	Soap	72,626	0	108,346	0	0	0	69,324	0	33,950	0	404,339	0	2,870,421	0	3,775,171	0
840991	Oil motor parts	2,331,590	0	1,233,919	0	586,930	0	2,915,707	0	2,133,082	0	2,108,242	0	4,219,226	1	3,573,089	0
020329	Other meat of swine	0	0	0	0	0	0	171,480	0	14,956,428	1	32,588,316	4	22,276,131	3	3,521,134	0
021090	Other meat, including edible flour and meals of meat or meat offal	3,526	0	1,384	0	518	0	0	0	0	0	1,891,729	0	2,022,875	0	2,943,064	0
902620	Pressure or measure control instruments	23,281	0	22,514	0	13,710	0	430	0	1,250	0	40,750	0	29,541	0	2,847,112	0
081190	Other fruits	391,278	0	390,177	0	60,590	0	21,992	0	84,093	0	941,631	0	2,705,921	0	2,767,140	0
030759	Other molluscs	0	0	0	0	0	0	13,069,255	1	4,935,819	0	5,034,714	1	0	0	2,752,849	0
381121	Additives for lubricating oils (containing petroleum oils)	30,952	0	0	0	19,212	0	2,400,155	0	3,361,896	0	2,149,788	0	3,173,101	0	2,656,025	0
080530	Limes	2,871,746	0	3,115,579	0	2,677,997	0	3,382,037	0	3,914,343	0	4,327,850	1	3,194,466	0	2,521,053	0
840999	Other motor parts	5,939	0	625,075	0	224,134	0	94,339	0	74,422	0	30,790	0	37,647	0	2,459,158	0
030371	Sardines	0	0	0	0	134,664	0	469,358	0	723,385	0	657,686	0	284,680	0	2,173,443	0
550330	Synthetic fibers, acrylic or modacrylic	677,125	0	2,695,682	0	0	0	0	0	0	0	469,481	0	339,031	0	2,136,876	0
080440	Avocados	993,589	0	2,232,791	0	1,317,811	0	2,307,566	0	3,779,466	0	2,394,748	0	2,409,072	0	2,126,479	0
282410	Lead monoxide (litharge, massicote)	7,331,788	1	13,300,150	1	17,420,428	2	14,017,183	1	6,200,713	1	6,598,525	1	3,699,648	0	2,091,626	0
220600	Other fermented beverages	287	0	44,920	0	1,710	0	5,181	0	0	0	0	0	0	0	2,022,104	0

Source: Ministry of Economy with data of the Bank of Mexico.

ANNEX III (Japan)

Main imports to Japan from Mexico
(Japanese million yen)

HS		1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%	2001	%
not 00	total	117,759	100	131,535	100	137,352	100	203,552	100	193,313	100	158,980	100	185,703	100	255,290	100	240,224	100
270900090	Petroleum oils and oils obtained from bituminous minerals, crude excluded for use in the manufacture of petrochemical products stipulated by a Cabinet Order	0	0	0	0	0	0	0	0	0	0	25,648	16	23,039	12	42,691	17	21,259	9
870323000	Motor cars and other motor vehicles of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc	52	0	60	0	236	0	940	0	382	0	1,517	1	7,995	4	27,800	11	27,054	11
854213031	Electronic integrated circuits and microassemblies, MPU	0	0	0	0	0	0	0	0	11,597	6	10,732	7	15,798	9	16,386	6	5,439	2
847180000	Other units of automatic data processing machines	0	0	0	0	0	0	10	0	12	0	39	0	544	0	15,605	6	25,608	11
020329022	Meat of swine, frozen, other	1,525	1	2,446	2	3,807	3	7,776	4	14,316	7	15,784	10	15,733	8	13,724	5	15,412	6
250100000	Salt	9,717	8	9,172	7	9,844	7	10,748	5	12,916	7	14,355	9	12,789	7	13,549	5	14,634	6
710691000	Silver, unwrought	3,830	3	7,020	5	7,315	5	8,668	4	10,556	5	6,819	4	6,586	4	10,175	4	5,835	2
020319022	Meat of swine, fresh or hilled, other	0	0	2	0	12	0	16	0	176	0	1,115	1	3,594	2	6,869	3	8,548	4
392310000	Boxes, cases, crates and similar articles of plastics	0	0	0	0	0	0	0	0	4	0	30	0	3,380	2	5,027	2	2,885	1
847330010	Parts and accessories of automatic data processing machines or of units thereof	1,027	1	53	0	110	0	606	0	841	0	876	1	1,750	1	4,910	2	5,066	2
080440010	Fresh avocados	299	0	494	0	534	0	739	0	1,054	1	2,097	1	2,074	1	3,019	1	2,961	1
271000181	Petroleum spirits, intended for use in the manufacture of petrochemical products stipulated by a Cabinet Order	0	0	0	0	0	0	0	0	0	0	0	0	12,060	6	2,989	1	2,445	1
900653100	Other cameras, for roll film of a width of 35 mm, without a function of exchanging film	0	0	0	0	0	0	1	0	0	0	464	0	1,386	1	2,927	1	1,343	1
090111000	Coffee, not roasted, not decaffeinated	347	0	1,528	1	2,419	2	2,493	1	4,917	3	3,941	2	2,939	2	2,860	1	1,946	1
260300000	Copper ores and concentrates	0	0	0	0	0	0	0	0	0	0	449	0	2,294	1	2,656	1	1,144	0
291737000	Dimethyl terephthalate	1,550	1	1,950	1	3,574	3	2,788	1	1,762	1	1,502	1	1,210	1	2,529	1	2,300	1
283692000	Strontium carbonate	1,983	2	2,836	2	2,176	2	2,550	1	2,243	1	2,513	2	2,494	1	2,417	1	1,921	1
080719000	Melons(not watermelons)	0	0	0	0	0	0	1,562	1	1,652	1	1,847	1	2,803	2	2,359	1	2,351	1
847170010	Automatic data processing machines etc. central (main) storage units	0	0	0	0	0	0	0	0	0	0	0	0	88	0	2,359	1	3,259	1
070920000	Asparagus (fresh or chilled)	1,612	1	2,481	2	2,055	1	1,895	1	2,089	1	2,380	1	2,199	1	2,315	1	2,271	1
851750000	Other apparatus, for carrier-current line systems or for digital line systems	0	0	0	0	0	0	154	0	9	0	0	0	188	0	1,874	1	1,080	0
854129010	Silicon transistors	8	0	34	0	62	0	57	0	102	0	259	0	565	0	1,756	1	2,634	1
854230090	Other monolithic integrated circuits (not uncased)	0	0	0	0	0	0	0	0	493	0	1,104	1	1,950	1	1,724	1	447	0
261310000	Molybdenum ores and concentrates (Roasted)	0	0	0	0	155	0	161	0	172	0	484	0	792	0	1,640	1	1,767	1
070990091	Pumpkins (fresh or chilled)	2,720	2	2,748	2	3,408	2	3,638	2	3,306	2	3,257	2	2,095	1	1,557	1	2,945	1
854040000	Data/graphic display tubes, colour, with a phosphor dot screen pitch smaller than 0.4 mm	0	0	0	0	0	0	0	0	0	0	0	0	2,756	1	1,507	1	2,787	1

HS		1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%	2001	%
382490490	Other chemical products and preparations of the chemical or allied industries	0	0	0	0	0	0	21	0	10	0	12	0	29	0	1,472	1	485	0
030613000	Shrimps and prawns	1,933	2	1,344	1	1,526	1	1,713	1	1,736	1	1,681	1	1,746	1	1,467	1	586	0
260800000	Zinc ores and concentrates	1,062	1	551	0	748	1	1,177	1	1,286	1	1,470	1	1,187	1	1,413	1	2,864	1
252010000	Gypsum; anhydrite	1,497	1	1,964	1	2,395	2	2,625	1	3,602	2	2,479	2	1,520	1	1,275	0	848	0
870324000	Other vehicles of a cylinder capacity exceeding 3,000 cc	0	0	11	0	438	0	3,302	2	2,031	1	536	0	725	0	1,233	0	1,667	1
071080010	Broccoli (uncooked or cooked by steaming or boiling in water), frozen	0	0	0	0	1,149	1	1,417	1	1,707	1	1,928	1	1,376	1	1,162	0	1,088	0
252921000	Fluorspar, containing by weight 97% or less of calcium fluoride	0	0	0	0	360	0	477	0	727	0	834	1	1,253	1	1,125	0	1,408	1
320300210	Colouring matter of vegetable origin	890	1	699	1	587	0	826	0	1,278	1	1,360	1	972	1	1,090	0	943	0
080450011	Mangoes (Fresh)	475	0	635	0	787	1	1,238	1	1,118	1	969	1	853	0	964	0	950	0
080590010	Limes, excluding limes (Citrus aurantifolia)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	911	0	1,068	0
847160020	Automatic data processing machines etc. , Other display units (not incorporating liquid crystal devices)	0	0	0	0	0	0	359	0	727	0	43	0	468	0	880	0	358	0
370120011	Instant print film for colour photography	0	0	0	0	0	0	0	0	17	0	275	0	876	0	840	0	407	0
030239010	Bluefin tunas (fresh or chilled excluding fish filets and other fish meat of heading No.03.04)	0	0	0	0	6	0	5	0	2	0	26	0	158	0	831	0	903	0
300390020	Medicaments, containing alkaloids or derivatives thereof, not preparations with a basis of vitamins	0	0	0	0	0	0	0	0	0	0	185	0	1,646	1	807	0	0	0
220300000	Beer made from malt	554	0	547	0	552	0	633	0	796	0	864	1	805	0	806	0	866	0
370110011	Photographic plates and film in the flat for X-ray, not for fluorography film, for medical use	0	0	0	0	0	0	0	0	0	0	81	0	673	0	802	0	460	0
520100000	Cotton, not carded or combed	518	0	407	0	2,049	1	1,798	1	1,855	1	1,443	1	1,363	1	794	0	622	0
900652010	Other cameras, for roll film of a width less than 35 mm, without a function of exchanging film	0	0	0	0	0	0	0	0	0	0	0	0	0	0	791	0	651	0
870829000	Other parts and accessories of bodies (including cabs) of the motor vehicles of headings 87.01 to 87.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	740	0	248	0
854390000	Parts for electrical machines and apparatus	4	0	0	0	2	0	14	0	60	0	10	0	22	0	737	0	226	0
848180010	Other appliances of iron or steel in taps, cocks, valves and similar appliances	4	0	3	0	2	0	2	0	16	0	318	0	511	0	675	0	564	0
850780000	Other accumulators	2	0	90	0	68	0	278	0	115	0	268	0	237	0	656	0	95	0
340111000	Soap and organic surface-active products and preparations for toilet use (including medicated products)	0	0	0	0	0	0	0	0	9	0	40	0	396	0	633	0	630	0
851829000	Other loudspeakers	150	0	64	0	342	0	720	0	499	0	645	0	274	0	609	0	1,939	1

Source: Ministry of Finance

ANNEX IV (Japan)

Main exports to Mexico from Japan
(Japanese million yen)

HS		1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%	2001	%
		437,659	100	424,504	100	330,510	100	390,741	100	458,800	100	534,364	100	486,129	100	549,466	100	486,517	100
870840000	Gear boxes of the motor vehicles of headings No.87.01 to 87.05	18,653	4	20,867	5	20,068	6	10,993	3	8,980	2	9,532	2	9,221	2	20,025	4	23,729	5
850780100	Nickel-hydoric accumulator	0	0	0	0	0	0	0	0	0	0	10,885	2	14,901	3	17,882	3	5,041	1
847330000	Parts and accessories of the machines of heading No.84.71	11,538	3	18,428	4	10,603	3	30,834	8	47,689	10	39,504	7	17,876	4	17,557	3	12,798	3
870899900	Other parts and accessories of the motor vehicles of headings No.87.01 to 87.05	18,377	4	17,592	4	10,645	3	9,376	2	9,451	2	9,129	2	9,472	2	14,299	3	12,534	3
850780200	Lithium-ion accumulator	0	0	0	0	0	0	0	0	0	0	7,358	1	6,603	1	13,192	2	8,895	2
854011000	Colour cathode-ray television picture tube	5,382	1	6,739	2	3,393	1	1,275	0	1,485	0	1,050	0	5,447	1	11,855	2	3,481	1
852290900	Other parts and accessories suitable for use solely or principally with the apparatus of headings No.85.19 to 85.21	5,783	1	7,003	2	4,838	1	8,173	2	8,640	2	11,009	2	9,682	2	11,624	2	6,079	1
852990900	Other parts suitable for use solely or principally with the apparatus of headings No.85.25 to 85.28	8,637	2	7,789	2	7,220	2	4,965	1	5,008	1	11,152	2	10,261	2	11,294	2	11,742	2
870829000	Other parts and accessories of bodies of the motor vehicles of headings No.87.01 to 87.05	18,205	4	18,505	4	8,862	3	9,128	2	10,451	2	10,841	2	9,315	2	10,018	2	11,690	2
840991100	Parts suitable for use solely or principally with the engines of a kind used for the propulsion of vehicles of chapter 87	22,526	5	23,822	6	19,352	6	18,430	5	12,138	3	7,106	1	6,414	1	8,141	1	6,154	1
840734900	Other reciprocating piston engines of a kind used for the propulsion of vehicles of a cylinder capacity exceeding 1,000cc	4,320	1	4,006	1	3,442	1	11,172	3	10,674	2	13,304	2	13,040	3	8,039	1	2,674	1
847989900	Other machines and mechanical appliances having individual functions	2,954	1	9,314	2	6,747	2	8,839	2	5,707	1	9,832	2	6,936	1	7,976	1	6,980	1
850730000	Nickel-cadmium accumulator	3,633	1	1,399	0	5,689	2	7,725	2	10,321	2	7,733	1	7,783	2	7,706	1	6,936	1
853400000	Printed circuits	856	0	1,877	0	2,248	1	3,292	1	5,025	1	5,283	1	5,288	1	7,664	1	4,005	1
854091000	Parts of cathode-ray tubes	1,725	0	2,661	1	2,484	1	2,246	1	3,190	1	1,720	0	5,906	1	7,365	1	5,664	1
854040000	Data/graphic display tubes, color, with a phosphor dot screenpitch smaller than 0.4mm	0	0	0	0	0	0	12,393	3	16,846	4	31,931	6	19,757	4	7,061	1	9,848	2
870323920	Other vehicles, with sparkignition internal combustion reciprocating piston engine of a cylinder capacity exceeding 2,000cc	753	0	592	0	1,417	0	2,245	1	5,945	1	8,773	2	3,175	1	7,043	1	590	0
854720000	Insulating fittings of plastics	3,100	1	3,962	1	4,791	1	5,636	1	6,241	1	6,140	1	5,746	1	6,775	1	6,049	1
847170500	Storage units : optical disc units	0	0	0	0	0	0	0	0	1	0	997	0	4,061	1	6,747	1	8,027	2
854230900	Other monolithic integrated circuits, cased	0	0	0	0	0	0	7,711	2	6,565	1	5,589	1	6,141	1	5,818	1	3,093	1
853690290	Other apparatus for making connections, not connector	0	0	0	0	0	0	0	0	4,845	1	4,813	1	4,922	1	5,667	1	4,923	1
850790000	Parts of electric accumulators	2,423	1	2,400	1	1,046	0	1,914	0	3,535	1	3,881	1	6,132	1	5,654	1	5,034	1
870324900	Other vehicles, with sparkignition internal combustion reciprocating piston engine of a cylinder capacity exceeding 3,000cc	0	0	0	0	0	0	1,357	0	4,639	1	6,945	1	3,822	1	5,437	1	1,291	0
701120000	Glass envelopes for cathode-ray tubes	59	0	130	0	389	0	2,113	1	4,091	1	6,325	1	3,457	1	5,400	1	6,936	1
854213900	Other monolithic digital integrated circuits	0	0	0	0	0	0	3,610	1	3,477	1	4,395	1	5,934	1	5,385	1	5,084	1
901380000	Other devices, appliances and instruments of liquid crystal devices	183	0	300	0	287	0	509	0	1,411	0	493	0	3,245	1	5,354	1	3,522	1

HS		1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	1999	%	2000	%	2001	%
851790000	Parts of electrical apparatus for line telephony or line telegraphy	755	0	840	0	524	0	1,515	0	2,504	1	2,994	1	1,329	0	4,790	1	6,774	1
870893000	Clutches and parts thereof	731	0	338	0	123	0	6,332	2	11,204	2	9,506	2	8,497	2	4,789	1	3,619	1
720839110	Flat-rolled products of iron or non-alloy steel containing by weight less than 0.6% of carbon	0	0	0	0	0	0	2	0	0	0	710	0	1,990	0	4,549	1	254	0
721250900	Flat-rolled products of iron or non-alloy steel of otherwise plated or coated	999	0	1,271	0	3,833	1	4,479	1	7,283	2	6,784	1	5,628	1	4,181	1	3,811	1
852540000	Still image video cameras and other video camera recorders	0	0	0	0	0	0	0	0	53	0	1,422	0	1,682	0	4,095	1	5,865	1
847170900	Other storage units for automatic data processing machines and units thereof	0	0	0	0	0	0	1	0	3	0	404	0	226	0	4,018	1	2,563	1
841182000	Other gas turbines of a power exceeding 5,000 kW	0	0	0	0	0	0	0	0	0	0	0	0	3,430	1	3,976	1	10,821	2
721030000	Flat-rolled products of iron or non-alloy steel of electrolytically plated or coated with zinc	0	0	0	0	0	0	1,893	0	1,945	0	2,111	0	2,454	1	3,962	1	3,385	1
392690000	Other articles of plastics and articles of other materials of headings No.39.01 to 39.14	901	0	1,223	0	1,564	0	1,609	0	2,404	1	2,689	1	2,706	1	3,901	1	4,217	1
721012900	Flat-rolled products of iron or non-alloy steel of a thickness of less than 0.5mm	500	0	1,785	0	184	0	810	0	1,390	0	3,376	1	3,115	1	3,688	1	5,560	1
840681000	Other turbines of an output exceeding 40 MW	0	0	0	0	0	0	0	0	0	0	1,354	0	0	0	3,669	1	570	0
854213320	Microcontroller unit	0	0	0	0	0	0	4,933	1	4,172	1	3,494	1	3,355	1	3,628	1	2,812	1
840690000	Parts of steam turbines and other vapour turbines	1,182	0	1,004	0	580	0	1,684	0	353	0	374	0	7,251	1	3,552	1	7,036	1
853890900	Other parts suitable for use solely or principally with the apparatus of headings No.85.35, 85.36 or 85.37	659	0	820	0	798	0	1,126	0	1,863	0	1,749	0	2,383	0	3,449	1	1,870	0
854213230	Memory:Read only memory	0	0	0	0	0	0	4,218	1	819	0	1,161	0	1,314	0	3,311	1	305	0
401699000	Other articles of vulcanised rubber other than hard rubber	1,809	0	2,296	1	1,970	1	2,034	1	2,505	1	2,549	0	2,694	1	3,171	1	2,587	1
853690210	Connector	0	0	0	0	0	0	0	0	1,645	0	1,569	0	1,789	0	3,076	1	1,825	0
870821000	Safety seat belts	4,774	1	3,803	1	2,141	1	959	0	813	0	1,422	0	2,465	1	3,047	1	1,964	0
854449910	Other electric conductors, for a voltage not exceeding 80V of copper conductor	646	0	1,117	0	1,376	0	1,963	1	1,992	0	2,043	0	1,909	0	2,954	1	2,638	1
900120000	Sheets and plates of polarising material	8	0	26	0	178	0	164	0	249	0	605	0	2,141	0	2,932	1	3,404	1
847710000	Injection-moulding machines of machinery for working rubber or plastics	1,300	0	1,550	0	774	0	1,834	0	2,198	0	3,268	1	2,273	0	2,839	1	1,449	0
841199000	Other parts of other gas turbines	19	0	3	0	1	0	0	0	60	0	33	0	745	0	2,832	1	5,583	1
870839000	Brakes and servo-brakes and parts thereof, excluding mounted brake linings	2,356	1	2,146	1	1,049	0	1,437	0	1,450	0	1,156	0	1,813	0	2,706	0	3,670	1
721050200	Flat-rolled products of iron or non-alloy steel:tinfree steel	0	0	0	0	0	0	2,454	1	3,207	1	3,711	1	3,560	1	2,632	0	3,276	1

Source:Ministry of Finance