

Exporting pharmaceuticals to Japan

After moving to Tokyo from Hong Kong, my moving agent called to say that Customs had found my supply of Drixoral, an over-the-counter decongestant tablet, and wanted me to hand over the pills. They contained more of the active ingredient than Japanese law allows. Baffled, I asked my mover for an explanation. ‘Ma’am, your drugs are considered narcotics,’ he said. ‘You know, dope’.

This comical episode taught me a serious lesson. Don’t be fooled by Japanese leaders’ pledges about lowering all trade barriers. This incident at the customs post wasn’t meant to stem the rising abuse of cold pills. It was protection, pure and simple, of Japanese companies that sell their own remedies. There has been progress in deregulation, but there remain a host of subtle obstacles prohibiting the entry of many foreign goods.

Stories of such customs encounters abound. One friend tells of an acquaintance who had to abandon his personal supply of American condoms because bringing in more than 24 is a violation of the Pharmaceutical Affairs Law and is considered a shipment destined for ‘commercial use’. It was conceded by an official that Japan might be protecting its local industry.

So how tough would it be for a merchant to import condoms? The Tokyo Metropolitan government told me that getting a condom import permit would take a long time. I pressed for more details. I could import condoms only if I had a testing facility of my own, built to the government’s specifications!

I found other medical imports the Japanese government monitored closely, such as Extra-Strength Excedrin headache tablets because the dosage of aspirin, caffeine and acetaminophen in Excedrin Extra-Strength is too high. Also, the name Extra-Strength is not permitted by the Health and Welfare Ministry because it describes the medicine’s function. So instead of accepting dangerous American-made Excedrin, Japanese consumers pay US\$5.40 for a package of 10 Excedrin capsules made in Japan. The price for 24 Excedrin in New York is US\$8.29.

To be fair, US health regulators ban or restrict some imports seen as health hazards, including certain foods, medical items and also a few condom brands. ‘If Japan truly deregulated, there would be less need for officials,’ says Mitsuru Shinozaki, an officer at Keidanren, the Japanese confederation of business. In Japan, it takes shipments two to four days to clear customs. In the US, it takes 30 minutes.

Protectionism is a common occurrence in many countries. Many countries try to protect their own industries from outside competition by a variety of means. But there can be ways around some of the protectionist trade barriers.

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Student exercises

1. Tariffs are import taxes that can force up the prices of an international competitor and so protect domestic producers from competition. In this case study the Japanese government is not using tariffs, but hidden protectionism is still occurring. Describe this ‘hidden protectionism’.
2. Can you think of a way around the ‘Excedrin’ problem?
3. Investigate recently implemented US trade barriers that are affecting Australian exporters.