



Launching an Innovative Canada-Japan Economic Framework

Economic ties have formed a cornerstone of the Canada-Japan relationship. Today, trade in goods and services spans the full spectrum of economic activity, bilateral investment has reached an all-time high and cooperation in science and technology is steadily increasing. In order to propel economic relations toward their full potential, the Governments of Canada and Japan will launch discussions for the development of a flexible, innovative Canada-Japan Economic Framework, as stipulated in the Joint Statement issued by Prime Ministers Martin and Koizumi on January 19th, 2005.

This framework will be structured to focus on forward-looking strategic priorities, including policy dialogue, facilitation and promotion of trade and investment, regulatory cooperation, as well as the promotion of cooperation in a wide range of other fields. Under this framework, building on the significant cooperation that already exists between the two countries, Canada and Japan will:

1. Address new and emerging economic challenges and opportunities, as well as respond in an effective and timely manner to the concerns of the Canadian and Japanese private sectors;
2. Promote economic cooperation through policy as well as business development initiatives, with a focus on enhancing both countries' capacities in innovation and in the knowledge-based economy;
3. Launch a joint study on the benefits and costs of further promotion of trade and investment and other cooperative issues.

The Canadian and Japanese Governments will develop this innovative economic framework within a period of six months. They will report to Prime Ministers on the result of the discussion for the development of the framework at the end of this timeframe.

An appropriate architecture for the oversight of the framework will be developed by the Co-Chairs of the Joint Economic Committee (JEC). In enhancing the role of the JEC, the framework will allow for, *inter alia*, appropriate and effective ways to take into account the interests raised by Canadian and Japanese private sectors, a focus on a selected number of key strategic issues of particular relevance every year, and the development of a more detailed process to address specific trade and investment issues.

Priority Areas of Cooperation

- a. *Social Security Agreement*: Both governments endeavour to expedite negotiations on a bilateral social security agreement, aiming at reaching a substantial agreement at the earliest possible time, fully recognizing its significance in increasing and facilitating two-way investment between the two countries.

- b. Cooperation on Anticompetitive Activities: Welcoming that Canada and Japan have reached agreement in principle on major elements of the draft cooperation agreement on the anticompetitive activities, the two sides will cooperate closely in, *inter alia*, combating cross-border cartels by active implementation of the agreement once it comes into effect.
- c. Canada-Japan Food Safety Cooperation: Given the increase in globalized food trade, new inspection technologies and new risks, there are many challenges that both countries share in the area of food safety. The two governments will cooperate and share experiences to respond to these challenges.
- d. Customs Cooperation: Reaffirming the importance of customs cooperation, especially its usefulness in combating smuggling and enhancing the security and facilitation of the international trade supply chain, and recognizing the value of exchanges of information and expertise in customs operations, the two governments will start consultations with a view to concluding a bilateral customs cooperation arrangement as soon as possible.
- e. Trade Facilitation: Reaffirming the importance of the multilateral negotiations on trade facilitation following the July 2004 negotiated outcome at the WTO and in recognition of the close link to trade facilitation of the work on expediting and simplifying trade procedures to expand world trade and enhance administrative efficiency, the two governments will continue to work together through their contact in relevant venues at the WTO and in other relevant fora to progress the work of the WTO Negotiating Group on Trade Facilitation towards a successful conclusion.
- f. Transportation: The two governments will continue the existing dialogue on air transportation between their aeronautical authorities.
- g. Investment: The two governments will collaborate on events aimed at promoting the mutual benefits and conditions of two-way investment so that companies in both countries can capitalize on the benefits of engagement in global production and supply chains. Leaders from Canadian and Japanese business communities will be invited to participate in these high-profile programs. Japan External Trade Organization's (JETRO) initiatives and Investment Partnerships Branch of International Trade Canada's programs for the promotion of mutual investment will be discussed. The Governments of Canada and Japan will also discuss points of interest and commonality on investment policy in the bilateral, regional and multilateral context.
- h. Science and Technology: The two governments seek to broaden the scope and role of the current cooperation under the Canada-Japan Agreement on Cooperation in Science and Technology with a view to (i) facilitating and increasing public and private sector exchanges; (ii) fostering collaboration in leading areas of scientific and technological innovation such as life sciences, information communication technologies, earth sciences, environment, space, renewable energy and advanced materials; and (iii) developing programs and activities to support women in science, engineering and technology. This expanded science and technology cooperation

between Canada and Japan will seek to build closer ties between advanced technology related institutions and the respective private sectors toward the commercialization of new technologies.

- i. Information and Communication Technology (ICT): The two governments will enhance their efforts to promote exchange of information on their respective ICT strategies, in order to share knowledge on the development of new markets, including ubiquitous network society. The existing Canada-Japan Telecommunications Policy Consultations will continue to provide a forum to exchange perspectives on telecommunications policy issues and emerging technologies, with a view to exchanging information on best practices and enhancing collaboration.
- j. E-commerce: Considering the already existing informal cooperation between Canada and Japan in this sector, the two governments will develop a strategy to better integrate and enhance those exchanges at the private sector level, with a view to promoting more efficient communication and implementing agreed upon e-commerce solutions.
- k. E-Government: Canada and Japan have exchanged information regarding their respective approaches and progress on e-Government and are committed to continuing this valuable dialogue. To that end, Canada and Japan will continue to collaborate in a variety of fora for the promotion of their e-Government initiatives with a view to providing the public with better access to government information over the Internet for the facilitation of their business and other activities.
- l. Energy and Natural Resources: The two governments will continue the exchange of policy expertise for the development and use of natural resources and energy in a sustainable manner through existing multilateral frameworks.
- m. Climate Change: With a view to building on the existing successful bilateral cooperation for the negotiation and implementation of the Kyoto Protocol, Canada and Japan will conduct ad hoc consultations on climate change policy involving the participation of officials from key departments, ministries and agencies from both countries. The goal is to promote more intensive cooperation through informal meetings on the key policy areas under consideration for the post-2012 period and the implementation of the Kyoto Protocol.
- n. Tax Convention: Canada and Japan will informally discuss their existing bilateral tax convention, in order to exchange concerns and examine issues raised by both countries.
- o. Tourism Promotion: The two governments will cooperate on increasing tourism in both directions between Canada and Japan. In this regard, the Government of Canada fully recognizes the importance to the Government of Japan of the “Visit Japan Campaign.” To this end also, the two governments express their continued commitment to the Canada-Japan Tourism Conference.

Joint Study on Bilateral Trade, Investment and Cooperative Issues

The two governments will launch a study on the benefits and costs of further promotion of trade and investment as well as other cooperative issues between the two countries.

For this purpose, the Joint Study will identify and describe the current status of the bilateral economic relationship, including the identification of areas for further development. It will subsequently consider pursuing various cooperative bilateral trade and economic initiatives to reenergize the relationship.

A report on the Joint Study will be submitted to the Prime Ministers within one year of agreement on the Economic Framework. Further details of modalities will be determined by the two governments as expeditiously as possible. In setting up the Joint Study, both governments will give appropriate consideration to the interests of the private sector.