

U.S.-JAPAN ECONOMIC PARTNERSHIP FOR GROWTH

JUNE 30, 2001

1. Recognizing the growing interdependence of the economies of the United States and Japan, the opportunities and challenges facing the two economies, and the need to support prosperity in the United States, Japan, and the world, the President of the United States and the Prime Minister of Japan announce the establishment of the U.S.-Japan Economic Partnership for Growth (“Partnership”), as described below.
2. The objective of the Partnership is to promote sustainable growth in both countries as well as the world by addressing such issues as sound macroeconomic policies, structural and regulatory reform, financial and corporate restructuring, foreign direct investment, and open markets and by providing a structure for cooperation and engagement on bilateral, regional and global economic and trade issues.

The Government of the United States and the Government of Japan (“the two Governments”) recognize that private sector input could be beneficial to realizing the objective of the Partnership.

The Partnership will be based on the principle of two-way dialogue that enables either government to raise issues of concern and interest. Measures taken by either government under the Partnership will be within its scope and responsibility and will be applied on a most-favored nation basis.

3. To realize the objective of the Partnership, the two Governments establish the fora described below. The two Governments recognize the need to focus on important issues and will avoid, to the utmost extent, overlap and duplication of issues in more than one of these fora.
4. The U.S.-Japan Subcabinet Economic Dialogue (“Subcabinet”) will set the direction of the Partnership. Informal and flexible in style, the Subcabinet will meet at least once a year to address the full range of bilateral, regional, and multilateral issues. The Subcabinet could, for example, exchange views on global and regional issues; enhance cooperation in multilateral and regional bodies; review developments in the two economies, such as macroeconomic issues, structural and regulatory reform, and financial and corporate restructuring; and advance the bilateral economic relationship, including, as necessary, discussing issues raised in other bilateral fora, keeping in mind meetings between the President and Prime Minister.

Participation in the Subcabinet will include officials at the Deputy/Vice-Ministerial level from the key economic agencies and ministries of the United States and Japan as well as any other agencies and ministries appropriate to the agenda. The Subcabinet will be chaired by the National Security Council/National Economic Council for the United States and the Ministry of Foreign Affairs (MOFA) for Japan.

5. The Private Sector/Government Commission (“Commission”) is designed to integrate the U.S. and Japanese private sectors more fully into the economic work of the two Governments.
 - A. Annual Meetings: The Commission will meet annually immediately prior to the Subcabinet meeting to discuss agenda topic(s) agreed to in advance by the two Governments. The purpose of the Commission is to enable U.S. and Japanese private sector representatives to present their input – including expertise, observations and recommendations – on these agenda topic(s). The two Governments will seriously take into account this private sector input in conducting their work under the Partnership. Participation in the Commission will include government officials from the Subcabinet and other agencies and ministries appropriate to the agenda as well as high-level private sector representatives. Each government will select the composition of its respective private sector delegation as appropriate to the agenda.
 - B. Agenda: The two Governments, in close consultation with the private sector, will set the agenda for the annual meeting of the Commission.
 - C. Review: No later than two months after completion of the first annual meeting, the two Governments will conduct a review of the Commission to assess the structure and effectiveness of the forum and, as appropriate, implement improvements. Further reviews will be held as agreed by the two Governments.

6. The Regulatory Reform and Competition Policy Initiative (“Reform Initiative”) is designed to promote economic growth by focusing on sectoral and cross-sectoral issues related to regulatory reform and competition policy. The Reform Initiative replaces the “Enhanced Initiative on Deregulation and Competition Policy” (“Enhanced Initiative”), established by the United States and Japan in their Joint Statement of June 19, 1997. Recognizing the progress made under the Enhanced Initiative – particularly in reducing regulations, enhancing competition, and improving market access – the Reform Initiative will build upon the work of the Enhanced Initiative and focus on key sectors and cross-sectoral issues in which important reforms are being undertaken.
 - A. High-level Officials Group: The two Governments establish a High-level Officials Group to review and advance the work of the working groups (established and described below). The High-level Officials Group will strive to resolve any outstanding issues forwarded by the working groups. The High-level Officials Group will be chaired by a Deputy USTR for the United States and a Deputy Minister of MOFA for Japan and will include officials from other agencies and ministries, as appropriate. Meetings of this group will be held annually, or more frequently as agreed by the two Governments.

- B. Annual Reports: On an annual basis, the High-level Officials Group will transmit a report in writing to the President and Prime Minister specifying the progress made under the Reform Initiative, including measures to be taken by each government. For this purpose, the working groups will report the progress of their work to the High-level Officials Group. As appropriate, this report will include progress in financial sector liberalization achieved under the Financial Dialogue (established and described below).
- C. Working Groups: The two Governments establish four “sectoral working groups” and one “cross-sectoral working group” to address in detail measures to promote regulatory reform and competition policy. Additional working groups may be established in the future as agreed by the two Governments. The working groups will meet during the year to address proposals submitted by each government. Officials from the two Governments (including independent government agencies) most relevant to the specific topics addressed by each working group will participate in the working groups.
- (1) Sectoral Working Groups: The two Governments establish four sectoral working groups in the areas of telecommunications, information technologies, energy, and medical devices/pharmaceuticals. Given the progress made under the Enhanced Initiative in addressing housing issues, the two Governments disband the Housing Expert-level Group established under the Enhanced Initiative and will address housing-related matters in other bilateral fora.
- a. The Working Group on Telecommunications will focus on fostering greater innovation, investment, and competition in the telecommunications sector. This group will be chaired by USTR for the United States and MOFA and the Ministry of Public Management, Home Affairs, Posts and Telecommunications for Japan.
- b. The Working Group on Information Technologies will focus on improving the environment for growth and investment in information technologies, leading to greater use of e-commerce and the Internet. This group will be chaired by USTR and the Department of Commerce for the United States and MOFA for Japan.
- c. The Working Group on Energy will focus on the further promotion of competitive, efficient, and innovative wholesale and retail energy sectors. This group will be chaired by USTR for the United States and MOFA and the Ministry of Economy, Trade and Industry (METI) for Japan.

- d. The Working Group on Medical Devices/Pharmaceuticals will focus on issues related to medical devices, pharmaceuticals, and nutritional supplements. This group will be chaired by the Department of Commerce for the United States and the Ministry of Health, Labour and Welfare for Japan.
 - (2) Cross-Sectoral Working Group: To more effectively address the increasingly complex cross-sectoral issues related to regulatory reform and competition policy, the two Governments establish a working group to address topics that have a widespread impact on the economy, including competition policy, transparency, legal reform, commercial code issues, distribution, customs clearance procedures, business facilitation and other cross-sectoral issues not directly addressed in the Sectoral Working Groups. Considering the breadth and complex nature of these issues, the two Governments will ensure that this working group will have sufficient time to cover thoroughly and conduct in-depth discussions of these issues. This group will be chaired by USTR and the Department of Justice for the United States and MOFA for Japan.
 - D. Private Sector Component: The two Governments will identify issue(s) addressed in the Reform Initiative that could benefit from private sector input. On this basis, the two Governments will, as appropriate, invite private sector representatives to join the government working groups on an ad hoc basis to offer their input – including expertise, observations, and recommendations – on such issue(s). The two Governments will seriously take into account this private sector input in conducting their work under the Reform Initiative.
7. The Financial Dialogue will serve as a forum for the Department of the Treasury and the Ministry of Finance and the Financial Services Agency to exchange information and views on a range of key macroeconomic and financial sector issues of mutual importance, including banks' non-performing loans. As appropriate, the attendance of other relevant agencies may be called for by the chairs while preserving the frank and candid nature of the dialogue. The Financial Dialogue will include:
- a strengthened focus on financial sector issues; and
 - a review of the economic developments in both countries, including a review of current monetary and fiscal policy and economic considerations that might influence macroeconomic policies.

- A. Meetings: Meetings of the Financial Dialogue will take place at least annually and will be chaired at the Under Secretary/Vice Ministerial level by the Department of the Treasury and the Ministry of Finance in order to underscore the strong financial relations between the two countries.
 - B. Working Group: A Working Group on Financial Services will meet immediately prior to the Under Secretary/Vice Ministerial level meeting to prepare for the financial sector discussions by those senior officials and to brief senior officials on financial sector issues. The working group will focus on developing competitive financial markets, and strengthening the banking and securities sectors as well as other financial services issues. This group will be chaired at the Deputy Assistant Secretary/Deputy Director General level by the Department of the Treasury and the Ministry of Finance and include participation by each country's other financial authorities.
 - C. Private Sector Component: The two Governments will seek to bring views from outside the two Governments for advancing the agenda of the Financial Dialogue.
8. The Investment Initiative will address laws, regulations, policies, and other measures designed to improve the environment for foreign direct investment in both countries. Issues to be addressed in this Initiative will include the structure and operation of corporations, corporate governance, corporate transparency, bankruptcy, labor mobility, and land market liquidity.
- A. Meetings: An interagency "Investment Group" of the Investment Initiative will meet semi-annually and will be chaired by the Department of State for the United States and METI for Japan. Officials at the Deputy/Vice Ministerial level will meet annually to review progress.
 - B. Public Programs: The two chairs will sponsor public programs to explain the mutual benefits of foreign direct investment (FDI) to the U.S. and Japanese public as well as to review reform efforts designed to further the objectives of this initiative.

- C. Private Sector Component: Leaders from the U.S. and Japanese business communities will be invited to participate in the high-profile public programs described above. The Investment Group also will invite private sector experts to give technical presentations on issues relating to corporate restructuring and FDI.
 - D. Reports: The Investment Group will produce a report annually summarizing progress on issues under discussion in this group.
9. The Trade Forum (“Forum”) will address trade and trade-related issues raised by either government. The two Governments recognize the importance of engaging in focused and substantive discussion of a broad and wide-ranging set of issues of interest and concern to either government, including those related to the manufacturing, services, and agricultural sectors. The Forum will also serve as an “early warning” mechanism to facilitate expeditious resolution of emerging trade and trade-related issues. The two Governments recognize that the Forum will not replicate ongoing multilateral negotiations and will avoid, to the utmost extent, the overlap of issues with other bilateral bodies, including other fora of the Partnership.
- A. Meetings: The Forum will meet once a year and more frequently as necessary. Meetings of the Forum will be chaired by USTR for the United States and MOFA for Japan and will include officials from other agencies and ministries as appropriate. The two Governments will set the agenda for meetings of the Forum.
 - B. Private Sector Component: Recognizing that the private sector can help narrow the gap in views between the two Governments, the two Governments will consult as to how private sector input will best be considered in conducting their work under the Forum.