

## **JAPAN-CANADA ECONOMIC FRAMEWORK**

The Government of Japan and the Government of Canada, hereinafter referred to as Japan and Canada respectively,

Recognizing their longstanding friendship and important trade and investment relationship;

Recalling their joint statement to launch an Innovative Japan-Canada Economic Framework, issued in January 2005; their joint establishment of a Global Partnership for the 21<sup>st</sup> Century in 1999; and the 1976 Japan-Canada Framework for Economic Cooperation that created the Joint Economic Committee;

Recognizing the importance of cultivating an open, stable and predictable environment for trade and investment;

Building on the significant bonds that exist between the two countries in order to facilitate contact between the Japanese and Canadian private sectors;

Reaffirming their commitment to trade and investment liberalization and continued multilateral cooperation under the World Trade Organization;

Reaffirming the importance of ongoing collaborative efforts in the Asia-Pacific Economic Cooperation forum to facilitate economic growth and trade and investment liberalization;

Acknowledging that remaining challenges to bilateral trade and investment must be identified and overcome for bilateral economic relations to reach their full potential; and

Desiring to promote sustainable development by working to ensure that trade and investment policies are consistent with environmental protection and conservation;

Have determined as follows:

### **Section 1 - Objectives**

1. Under this Framework, Japan and Canada aim to achieve the following:
  - (a) to reinforce existing economic ties between the two countries, including the strengthening of functions of the Joint Economic Committee established by the two governments;
  - (b) to address new and emerging trade and investment challenges and opportunities;
  - (c) to respond in an effective and timely manner to the concerns of the Japanese and Canadian private sectors;
  - (d) to promote economic cooperation through policy, as well as business development initiatives; and

- (e) to strengthen policy mechanisms to enhance trade in goods and services and to create transparent, liberal and facilitative investment environments.

## **Section 2 - Joint Economic Committee**

1. Oversight of this Framework will rest with the Co-Chairs of the Joint Economic Committee, created under the 1976 Japan-Canada Framework for Economic Cooperation. The Co-Chairs of the Joint Economic Committee will meet on a yearly basis, unless otherwise decided, and will exchange information and establish joint working groups, as necessary, to ensure that this Framework remains current and effective.
2. The functions of the Joint Economic Committee include the following:
  - (a) to monitor trade and investment relations;
  - (b) to identify opportunities for expanding trade and investment;
  - (c) to address remaining challenges to bilateral trade and investment; and
  - (d) to review and develop the priority areas of cooperation.
3. The Co-Chairs of the Joint Economic Committee will establish a Cooperative Working Group to oversee progress on the priority areas of cooperation, whensoever requested, in accordance with Paragraph 1 of this Section and Section 3. When such a request is made, the Co-Chairs of the Joint Economic Committee will identify and approve, as necessary, the relevant priority areas of cooperation to be discussed. The Cooperative Working Group will be co-chaired by officials from Japan and Canada at the Director-General or Deputy Director-General level. The Cooperative Working Group will hold discussions on an *ad hoc* basis and will seek to maximize the use of existing policy dialogues between ministries and agencies of the two countries in achieving the objectives identified in the priority areas of cooperation. The Co-Chairs of the Joint Economic Committee will ensure that there is no overlap in this Framework with the existing policy dialogues between ministries and agencies of the two countries.
4. The Co-Chairs of the Joint Economic Committee will also establish a Joint Study Working Group, which will be co-chaired by officials from Japan and Canada at the Director-General or Deputy Director-General level, to conduct the Joint Study in accordance with Section 4. The Joint Study Working Group will meet quarterly, in principle, to share information and refine the elements of the Joint Study. The Joint Study Working Group will report its activities to the Joint Economic Committee and will submit a progress report after six months.
5. Both countries may nominate representatives, as appropriate, from the relevant Japanese and Canadian government ministries and agencies, engaged in issues related to trade and investment, to the Cooperative Working Group and the Joint Study Working Group.
6. The Co-Chairs of the Joint Economic Committee will report to the relevant Japanese and Canadian ministers as appropriate.
7. The Co-Chairs of the Joint Economic Committee, the Cooperative Working Group and the Joint Study Working Group will be free to seek advice from the private sector and other domestic players on an *ad hoc* or formal basis.

### **Section 3 - Priority Areas of Cooperation**

1. Both countries will proceed expeditiously with the implementation of the activities identified under each of the priority areas of cooperation described in Attachment I.
2. At the annual meeting of the Joint Economic Committee, the Co-Chairs will review and update, as appropriate, the priority areas of cooperation as new areas of mutual interest and cooperation are identified and developed.

### **Section 4 - The Joint Study**

1. Both countries will complete the Joint Study on the benefits and costs of further promotion of bilateral trade and investment, as well as other cooperative issues between the two countries, including the assessment of the implications of further trade and investment liberalization and related policy instruments.
2. The Co-Chairs of the Joint Economic Committee will review and oversee the findings of the Joint Study conducted by the Joint Study Working Group and discuss next steps. The Joint Study will be completed within twelve months of the date of its commencement, and a report on the Joint Study will then be submitted to the Japanese and Canadian Prime Ministers.

### **Section 5 - Regulatory Cooperation**

1. Both countries recognize the importance of ensuring protection for their citizens and the environment, and the transparency, performance and cost-effectiveness of domestic regulations.
2. Each country further recognizes the value of regulatory cooperation to promote information exchange and expand mutual knowledge of regulatory practices, including enhanced use of best practices, improvement of the effectiveness of regulatory initiatives and facilitation of trade and investment.
3. Both countries will work towards the enhancement of trade and investment through effective mechanisms, including, where appropriate, the reduction of regulatory differences.
4. Both countries are committed to addressing regulatory issues, *inter alia*, in the context of their 1999 regulatory cooperation arrangement. The Joint Economic Committee will provide a further opportunity to highlight regulatory concerns raised by each country's respective private sector.

### **Section 6 - Multilateral, Regional and Bilateral Priorities**

1. Japan and Canada will, where appropriate, work together in multilateral and regional fora to pursue common goals with respect to trade liberalization and investment liberalization.
2. Each country may request information from the other country on the possible implications of agreements and ongoing negotiations with any third country or countries that would provide for preferential treatment of trade or investment. The requested country will respond as appropriate and in a prompt manner to such requests.
3. Both countries will share such information through the Joint Economic Committee.

These exchanges of information will be confidential.

**Section 7 - Private Sector**

1. In the maintenance and future development of this Framework, both countries recognize the important role of the private sector in enriching bilateral economic relations and will promote business development initiatives with a focus on enhancing both countries' capacities in innovation and in the knowledge-based economy.
2. Japan and Canada acknowledge the value of responding in an effective and timely manner to the concerns of the Japanese and Canadian private sectors and of engaging key groups to realize the benefits of private sector innovation and initiative.
3. Both countries are committed to seeking the advice of the private sector, where appropriate, in their respective countries on matters related to the work of the Joint Economic Committee, the priority areas of cooperation and the Joint Study.
4. With a view to building strong links between the Japanese and Canadian Governments and their respective private sectors, members of the private sectors may submit opinions to the Joint Economic Committee for its consideration.

Signed at Busan this nineteenth day of November 2005.

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**FOR THE GOVERNMENT OF JAPAN**

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**FOR THE GOVERNMENT OF CANADA**

## **Japan-Canada Economic Framework**

### **Attachment I**

#### **Current Priority Areas of Cooperation**

(Revised, as of February, 2012)

##### **A. Trade and Investment Dialogue**

With a view to promoting trade and investment, in 2008 the two governments established a "Trade and Investment Dialogue," designed to include three sub-dialogue working groups: 1) Regulatory Cooperation, 2) Business Environment and 3) Trade Policy. At the 2010 Canada-Japan Joint Economic Committee (JEC), it was decided to merge the Business Environment sub-Dialogue with the Regulatory Cooperation sub-Dialogue so that discussions would be streamlined into two core elements, namely 1) the Business Environment sub-Dialogue and 2) the Trade Policy sub-Dialogue. The Business Environment sub-Dialogue provides a forum for Canada and Japan to discuss issues relating to, inter alia, science and technology, energy and natural resources, the environment and intellectual property. Other issues for discussion under the Business Environment sub-Dialogue include trade-related regulatory activities concerning goods. The Trade Policy sub-Dialogue provides an opportunity for Canada and Japan to exchange information and advance cooperative initiatives on bilateral and international trade and investment policies and developments, including World Trade Organization (WTO) negotiations, approaches to regional economic integration, respective strategies on economic partnership agreements/free trade agreements (EPAs/FTAs), bilateral investment treaties and other trade policy topics of mutual interest. The areas and issues taken up by the sub-dialogues will be coordinated carefully in advance and will not duplicate or interfere with discussions in existing fora.

##### **B. Social Security Agreement**

Recognizing the significance of a social security agreement in facilitating two-way investment and its importance to persons who have lived or worked in both countries, Japan and Canada signed the Japan-Canada Social Security Agreement in February 2006, in Tokyo, which came into effect on March 1, 2008. It is expected that the conclusion of this agreement will reduce the burden imposed on the corporations and employees and further promote person-to-person and economic exchanges between Japan and Canada. Recognizing the importance of social security to a strong bilateral investment and business environment, both countries continue to work for further cooperation in this area.

### **C. Cooperation on Anticompetitive Activities**

A cooperation agreement between Japan and Canada on anticompetitive activities came into effect on October 6, 2005. The agreement contains provisions for enforcement cooperation and notification on enforcement actions that may affect the other country. The two sides will continue cooperating closely in, *inter alia*, combating cross-border cartels by active implementation of the agreement.

### **D. 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 through enhanced dialogue and a joint work plan between the relevant Japanese and Canadian authorities.

### **E. 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 customs administrations signed a bilateral customs cooperation arrangement on June 2, 2005. The two customs administrations will continue their productive cooperation under this arrangement.

### **F. Trade Facilitation**

Reaffirming the importance of the multilateral negotiations on trade facilitation following the outcome of the framework agreement of July 2004 and the Hong Kong Ministerial Declaration of December 2005 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, such as the Organisation for Economic Co-operation and Development (OECD) and Asia-Pacific Economic Cooperation

(APEC), to advance the work of the WTO Negotiating Group on Trade Facilitation towards a successful conclusion.

## **G. Transportation**

With a view to supporting people-to-people, commercial and cultural exchanges between the two countries, the two governments' aeronautical authorities will continue the existing dialogue on air transportation.

## **H. 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 further capitalize on the benefits of engagement in global production and supply chains. Leaders from the Japanese and Canadian business communities will be invited to participate in these high-profile programs. Japan External Trade Organization (JETRO) initiatives, and programs for the promotion of mutual investment under the Investment, Innovation and Sectors Branch of Foreign Affairs and International Trade Canada, will be discussed. The Governments of Japan and Canada will also discuss points of interest and commonality on investment policy in the bilateral, regional and multilateral context.

In this regard, the two governments welcome the progress on bilateral investment promotion cooperation, arranged by means of a 2005 Memorandum of Understanding between JETRO and the former International Trade Canada, which aims to expand comprehensive collaboration between the two institutions. The Memorandum of Understanding helps facilitate the promotion of two-way investment by ensuring efficient and smooth implementation of investment promotion activities between the two countries. Both countries welcome the continuation of efforts to develop investment promotion activities under this Memorandum of Understanding.

## **I. Science and Technology**

The two governments seek to broaden the scope and role of the current cooperation under the

Japan-Canada 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 and communication technologies, earth sciences, environment, renewable energy, and advanced materials; (iii) developing programs and activities to support women in science, engineering and technology; and (iv) encouraging closer cluster-to-cluster cooperation and discussion toward the commercialization of new technologies.

## **J. Information and Communication Technology (ICT)**

The two governments will enhance their efforts to promote the exchange of information on their respective ICT strategies to realize an ubiquitous network society and will share knowledge on the development of new markets and opportunities enabled by increasingly ubiquitous technologies. The Japan-Canada ICT Policy Consultations, which have been held since October 1985, 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. The two governments will also work together to advance common objectives on ICT issues in multilateral fora, such as the International Telecommunications Union, WTO, APEC and OECD.

## **K. Energy and Natural Resources**

Ensuring sustainable supplies of energy and natural resources is essential for the two countries as well as globally. Japan and Canada recognize the value of cooperation to encourage the development and use of natural resources and energy in a sustainable manner, improve energy efficiency and promote the development and deployment of new energy technologies.

In this regard, the two governments will consider possible ways to cooperate in the energy and natural resources sectors, while continuing to collaborate on issues of common interest in these sectors, including through multilateral fora.

## **L. Climate Change**

Recognizing the vital need to establish an effective framework to address climate change beyond 2012 with the participation of all major economies in accordance with the Bali Action Plan, Japan and Canada will continue to work closely and cooperate in international climate



change discussions taking place under the United Nations Framework Convention on Climate Change (UNFCCC) and in other related fora. The two governments share a long-term goal to at least halve greenhouse gas (GHG) emissions by 2050, and will cooperate to take a leadership role in setting this goal as a globally shared vision to guide international climate mitigation efforts. Canada and Japan recognize that a sectoral approach is a useful tool among others for achieving national emissions reduction objectives. The two governments will cooperate to explore the potential of sectoral approaches internationally as a way of engaging major economies in climate change mitigation efforts. In this regard, Canada and Japan will also work jointly on technology cooperation through the Asia Pacific Partnership for Clean Development and Climate.

#### **M. Tax Convention**

Recognizing that there are a few key areas in the existing Japan-Canada tax convention where each side has concerns, Japan and Canada will discuss their existing convention and exchange views on issues raised by both countries.

#### **N. Tourism Promotion**

The two governments will continue to cooperate on encouraging tourism between Japan and Canada. In this regard, the Government of Canada fully recognizes the importance of the “Visit Japan Campaign” undertaken by the Government of Japan. The Government of Canada also recognizes that it has been designated as an “important market area” under the “Visit Japan Campaign” and that various market research activities will be conducted. The two governments have expressed their intention to make their best efforts to increase, by 2010, the volume of tourist flow between the two countries to one million: 800,000 Japanese tourists to Canada; and 200,000 Canadian tourists to Japan.

To increase tourism flows between Japan and Canada, 2007 was designated Japan-Canada Tourism Exchange Year, and numerous promotional activities were carried out to promote tourism between the two countries, such as the launching of an exclusive web site and the appointment of goodwill ambassadors who participated at various events.

In addition, the 11<sup>th</sup> Japan-Canada Tourism Conference took place on September 6, 2007, at which the two countries decided to continue their promotional activities, including opinion

exchange at tourism promotional events between industry organizations. The two countries will consider new frameworks for exchanging opinions that will be the most effective in expanding tourism exchange.

## **O. Intellectual Property Rights**

Intellectual property has become increasingly borderless and it is the urgent task of governments to protect such property with international frameworks that provide equity and legal stability, as well as facilitating trade. The two governments will promote efforts to better protect intellectual property rights through international measures to prevent the proliferation of counterfeit and pirated goods, especially by accelerating the negotiation to establish the Anti-Counterfeiting Trade Agreement (ACTA) and striving to complete the negotiation as early as possible.

With a view to streamlining patent processing and ensuring the high quality of granted patents, the Japan Patent Office (JPO) and the Canadian Intellectual Property Office (CIPO) will continue discussion on this and other patent-related issues, including the Patent Prosecution Highway.

Japan and Canada will, where appropriate, continue to work together in intellectual property related issues other than those identified above.

[END]

## **Japan-Canada Economic Framework**

### **Attachment II Terms of Reference of the Joint Study**

1. In January 2005, the Prime Ministers of Japan and Canada determined that the two countries would conduct a joint study with the following aims:
  - (a) to examine the benefits and costs of further promotion of trade and investment, as well as other cooperative issues between the two countries;
  - (b) to identify and describe the current status of the bilateral economic relationship, including the identification of areas for further development;
  - (c) to consider the possibility of pursuing various cooperative bilateral trade and economic initiatives to reenergize the relationship; and
  - (d) to give appropriate consideration to the interests of the private sector.
  
2. The structure of the Joint Study will be as follows:
  - (a) Introductory section to address the overall purpose of the Joint Study: Examining the benefits and costs of further promotion of bilateral trade and investment, as well as other cooperative issues between the two countries;
  - (b) Examination of Japan-Canada economic relations in the context of bilateral, regional and multilateral initiatives;
  - (c) Report on past and present trends in the bilateral economic relationship;
  - (d) Summary of areas of current collaboration, such as
    - (i) Existing structures, including the Joint Economic Committee, the 1976 Japan-Canada Framework for Economic Cooperation, the 1986 Japan-Canada Agreement on Cooperation in Science and Technology and the 1999 regulatory cooperation arrangement;
    - (ii) Private-sector initiatives; and
    - (iii) Priority areas of cooperation based on the 2005 Japan-Canada Economic Framework;
  - (e) Examination of existing measures limiting the full potential of trade and investment;
  - (f) Examination of the benefits and costs of further promotion of bilateral trade and investment, as well as other cooperative issues between the countries, including the assessment of the implications of further trade and investment liberalization and related policy instruments; and
  - (g) Summary of findings.