

Chapter 1
General Provisions

Article 1
Objectives

The objectives of this Agreement are to:

- (a) facilitate, promote and liberalize trade in goods and services between the Parties;
- (b) increase investment opportunities and promote investment activities through strengthening protection for investments and investment activities in the Parties;
- (c) ensure protection of intellectual property and promote cooperation in the field thereof;
- (d) enhance transparency of government procurement regimes of the Parties, and promote cooperation for mutual benefits of the Parties in the field of government procurement;
- (e) promote competition by addressing anti-competitive activities, and cooperate on the promotion of competition;
- (f) improve business environment in the Parties;
- (g) establish a framework to enhance closer cooperation in the fields agreed in this Agreement; and
- (h) create effective procedures for the implementation and application of this Agreement and for the resolution of disputes.

Article 2
General Definitions

1. For the purposes of this Agreement:

- (a) the term "Area" means:
 - (i) with respect to Japan, the territory of Japan, and all the area beyond its territorial sea, including the sea-bed and subsoil thereof, over which Japan exercises sovereign rights or jurisdiction in accordance with international law and the laws and regulations of Japan; and

- (ii) with respect to Indonesia, the land territories, territorial sea including seabed and subsoil thereof, archipelagic waters, internal waters, airspace over such territories, sea and waters, as well as continental shelf and exclusive economic zone, over which Indonesia has sovereignty, sovereign rights or jurisdiction, as defined in its laws, and in accordance with the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982;
- (b) the term "customs authority" means the authority that is responsible for the administration and enforcement of customs laws and regulations. In the case of Japan, the Ministry of Finance, and in the case of Indonesia, the Directorate General of Customs and Excise;
- (c) the term "GATS" means the General Agreement on Trade in Services in Annex 1B to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994;
- (d) the term "GATT 1994" means the General Agreement on Tariffs and Trade 1994 in Annex 1A to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994. For the purposes of this Agreement, references to articles in the GATT 1994 include the interpretative notes;
- (e) the term "Harmonized System" or "HS" means the Harmonized Commodity Description and Coding System set out in the Annex to the International Convention on the Harmonized Commodity Description and Coding System, and adopted and implemented by the Parties in their respective laws;
- (f) the term "Parties" means Japan and Indonesia and the term "Party" means either Japan or Indonesia; and
- (g) the term "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994.

2. Nothing in subparagraph 1(a) shall affect the rights and obligations of the Parties under international law, including those under the United Nations Convention on the Law of the Sea, done at Montego Bay, December 10, 1982.

Article 3
Transparency

1. Each Party shall make publicly available its laws and regulations as well as international agreements to which the Party is a party, with respect to any matter covered by this Agreement.
2. Each Party shall make available to the public, the names and addresses of the competent authorities responsible for laws and regulations referred to in paragraph 1.
3. Each Party shall, upon the request by the other Party, within a reasonable period of time, provide information to the other Party with respect to matters referred to in paragraph 1.
4. When introducing or changing its laws and regulations that significantly affect the implementation and operation of this Agreement, each Party shall endeavor to take appropriate measures to enable interested persons to become acquainted with such introduction or change.

Article 4
Public Comment Procedures

The Government of each Party shall, in accordance with the laws and regulations of the Party, endeavor to make public in advance regulations of general application that affect any matter covered by this Agreement and to provide a reasonable opportunity for comments by the public before adoption of such regulations.

Article 5
Administrative Procedures

1. Where administrative decisions which pertain to or affect the implementation and operation of this Agreement are taken by the competent authorities of the Government of a Party, the competent authorities shall, in accordance with the laws and regulations of the Party, endeavor to:
 - (a) inform the applicant of the decision within a reasonable period of time after the submission of the application considered complete under the laws and regulations of the Party, taking into account the established standard period of time referred to in paragraph 3; and
 - (b) provide, within a reasonable period of time, information concerning the status of the application, at the request of the applicant.

2. The competent authorities of the Government of a Party shall, in accordance with the laws and regulations of the Party, establish criteria for taking administrative decisions in response to submitted applications. The competent authorities shall endeavor to:

- (a) make such criteria as specific as possible; and
- (b) make such criteria publicly available except when it would extraordinarily raise administrative difficulties for the Government of the Party.

3. The competent authorities of the Government of a Party shall, in accordance with the laws and regulations of the Party, endeavor to:

- (a) establish standard periods of time between the receipt of applications by the competent authorities and the administrative decisions taken in response to submitted applications; and
- (b) make publicly available such periods of time, if established.

4. The competent authorities of the Government of a Party shall, in accordance with the laws and regulations of the Party, prior to any final decision which imposes obligations on or restricts rights of a person, endeavor to provide that person with:

- (a) a reasonable notice, including a description of the nature of the measure, specific provisions upon which such measure will be based, and the facts which may be a cause of taking such measure; and
- (b) a reasonable opportunity to present facts and arguments in support of position of such person,

provided that time, nature of the measure and public interest permit.

Article 6 Review and Appeal

1. Each Party shall, in accordance with its laws and regulations, maintain judicial tribunals or procedures for the purpose of prompt review and, where warranted, correction of actions taken by its Government regarding matters covered by this Agreement. Such tribunals or procedures shall be impartial and independent of the authorities entrusted with the administrative enforcement of such actions.

2. Each Party shall ensure that the parties in any such tribunals or procedures are provided with the right to:
 - (a) a reasonable opportunity to support or defend their respective positions; and
 - (b) a decision based on the evidence and submissions of record.
3. Each Party shall ensure, subject to appeal or further review as provided for in its laws and regulations, that such decision is implemented by the relevant authorities with respect to the action at issue which is taken by its Government.

Article 7 Administrative Guidance

1. For the purposes of this Article, the term "administrative guidance" means any guidance, recommendation or advice by a competent authority of the Government of a Party which requires a person to do or refrain from doing any act but does not create, impose limitations on or in any way affect rights and obligations of such person in order to pursue administrative objectives.
2. Where a competent authority of the Government of a Party renders administrative guidance with regard to any matter covered by this Agreement, such competent authority shall ensure that the administrative guidance does not exceed the scope of its competence and shall not require the person concerned to comply with the administrative guidance without voluntary cooperation of such person.
3. Such competent authority shall ensure, in accordance with the laws and regulations of its Party, that the person concerned not be treated unfavourably solely on account of non-compliance of such person with such administrative guidance.
4. Such competent authority shall, in accordance with the laws and regulations of its Party, provide to the person concerned in writing, upon the request of such person, the purposes and contents of the administrative guidance.

Article 8 Measures against Corruption and Bribery

Each Party shall, in accordance with its laws and regulations, take appropriate measures to prevent and combat corruption and bribery regarding matters covered by this Agreement.

Article 9
Confidential Information

1. Each Party shall, in accordance with its laws and regulations, maintain the confidentiality of information provided in confidence by the other Party pursuant to this Agreement.
2. Unless otherwise provided for in this Agreement, nothing in this Agreement shall require a Party to provide the other Party with confidential information, the disclosure of which would impede the enforcement of the laws and regulations of the former Party, or otherwise be contrary to the public interest of the former Party, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

Article 10
Taxation

1. Unless otherwise provided for in this Agreement, the provisions of this Agreement shall not apply to any taxation measures.
2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention in force between the Parties. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.
3. Articles 3 and 9 shall apply to taxation measures, to the extent that the provisions of this Agreement are applicable to such taxation measures.

Article 11
General and Security Exceptions

1. For the purposes of Chapters 2, 3, 4, 5 other than Article 66, and 8 of this Agreement, Articles XX and XXI of the GATT 1994 are incorporated into and form part of this Agreement, *mutatis mutandis*.
2. For the purposes of Chapters 5 other than Article 66, 6 and 7 of this Agreement, Articles XIV and XIV *bis* of the GATS are incorporated into and form part of this Agreement, *mutatis mutandis*.

3. In cases where a Party takes any measure pursuant to paragraph 1 or 2, that does not conform with the obligations under Chapter 5 other than Article 66, the Party shall make reasonable effort to notify the other Party of the description of such measure either before the measure is taken or as soon as possible thereafter.

4. For the purposes of Chapter 9 of this Agreement, Article 73 of the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreement (hereinafter referred to as "the TRIPS Agreement") is incorporated into and forms part of this Agreement, *mutatis mutandis*.

Article 12 Relation to Other Agreements

1. The Parties reaffirm their rights and obligations under the WTO Agreement or any other agreements to which both Parties are parties.

2. In the event of any inconsistency between this Agreement and the WTO Agreement, the WTO Agreement shall prevail to the extent of the inconsistency.

3. In the event of any inconsistency between this Agreement and any agreements other than the WTO Agreement, to which both Parties are parties, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution, taking into consideration general principles of international law.

Article 13 Implementing Agreement

The Governments of the Parties shall conclude a separate agreement setting forth the details and procedures for the implementation of this Agreement (hereinafter referred to as "the Implementing Agreement").

Article 14 Joint Committee

1. A joint committee (hereinafter referred to as "the Joint Committee") shall be hereby established.

2. The functions of the Joint Committee shall be:

- (a) reviewing and monitoring the implementation and operation of this Agreement;

- (b) considering and recommending to the Parties any amendments to this Agreement;
 - (c) supervising and coordinating the work of all Sub-Committees established under this Agreement;
 - (d) adopting:
 - (i) the Operational Procedures for Trade in Goods and the Operational Procedures for Rules of Origin, referred to in Article 27 and Article 50, respectively; and
 - (ii) any necessary decisions; and
 - (e) carrying out other functions as the Parties may agree.
3. The Joint Committee:
- (a) shall be composed of representatives of the Governments of the Parties; and
 - (b) may establish and delegate its responsibilities to Sub-Committees.
4. The Joint Committee shall establish its rules and procedures.
5. The Joint Committee shall meet as such times as may be agreed by the Parties. The venue of the meeting shall be alternately in Japan and Indonesia, unless the Parties agree otherwise.

Article 15
Sub-Committees

1. The following sub-committees shall be hereby established:
- (a) Sub-Committee on Trade in Goods;
 - (b) Sub-Committee on Rules of Origin;
 - (c) Sub-Committee on Customs Procedures;
 - (d) Sub-Committee on Investment;
 - (e) Sub-Committee on Trade in Services;
 - (f) Sub-Committee on Movement of Natural Persons;

- (g) Sub-Committee on Energy and Mineral Resources;
- (h) Sub-Committee on Intellectual Property;
- (i) Sub-Committee on Government Procurement;
- (j) Sub-Committee on Improvement of Business Environment and Promotion of Business Confidence;
and
- (k) Sub-Committee on Cooperation.

2. A Sub-Committee shall:

- (a) be composed of representatives of the Governments of the Parties and may, by mutual consent of the Parties, invite representatives of relevant entities other than the Governments of the Parties with the necessary expertise relevant to the issues to be discussed; and
- (b) be co-chaired by officials of the Governments of the Parties.

3. A Sub-Committee shall meet at such times and venues as may be agreed upon by the Parties.

4. A Sub-Committee may, as necessary, establish its rules and procedures.

5. A Sub-Committee may establish and delegate its responsibilities to Working Groups.

Article 16 Communications

Each Party shall designate a contact point to facilitate communications between the Parties on any matter relating to this Agreement.

Chapter 2 Trade in Goods

Article 17 Definitions

For the purposes of this Chapter:

- (a) the term "bilateral safeguard measure" means a bilateral safeguard measure provided for in paragraph 1 of Article 24;