

Recognizing the catalytic role which regional and bilateral trade agreements that are consistent with the rules of the World Trade Organization can play in accelerating global and regional trade and investment liberalization and rule-making;

Realizing that enhancing economic ties between the Parties would strengthen Japan's involvement in Southeast Asia;

Observing in particular that such ties would help catalyze trade and investment liberalization in Asia-Pacific;

Bearing in mind the Framework for Comprehensive Economic Partnership between Japan and the Association of Southeast Asian Nations, signed in Bali, Indonesia on October 8, 2003;

Convinced that stronger economic linkages between the Parties would provide greater opportunities, larger economies of scale and a more predictable environment for economic activities not only for Japanese and Philippine businesses but also for other businesses in Asia; and

Determined to create a legal framework for an economic partnership between the Parties;

HAVE AGREED as follows:

Chapter 1 General Provisions

Article 1 Objectives

The objectives of this Agreement are to:

- (a) liberalize and facilitate trade in goods and services between the Parties;
- (b) facilitate the mutual recognition of the results of conformity assessment procedures for products or processes;
- (c) increase investment opportunities and strengthen protection for investments and investment activities in the Parties;

- (d) enhance protection of intellectual property and strengthen cooperation in the field thereof to promote trade and investment between the Parties;
- (e) promote transparency in government procurement in the Parties;
- (f) promote competition by addressing anti-competitive activities and cooperate in the field of competition;
- (g) establish a framework for further bilateral cooperation and improvement of business environment;
- (h) promote transparency in the implementation of laws and regulations respecting matters covered by this Agreement; and
- (i) create effective procedures for the implementation and operation of this Agreement and for the resolution of disputes.

Article 2 General Definitions

For the purposes of this Agreement, unless otherwise specified:

- (a) the term "Area" means:

with respect to Japan, the territory of Japan, and the exclusive economic zone and the continental shelf with respect to which Japan exercises sovereign rights or jurisdiction in accordance with its laws and regulations and international law; and

with respect to the Philippines, the national territory as defined in Article I of its Constitution. The term "national territory" also includes the exclusive economic zone and the continental shelf to which the Philippines exercises sovereign rights or jurisdiction in accordance with its laws and regulations and international law;

Note: Nothing in this subparagraph 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.

- (b) the term "existing" means in effect on the date of entry into force of this Agreement;
- (c) the term "GATS" means the General Agreement on Trade in Services in Annex 1B to the Marrakesh Agreement Establishing the World Trade Organization;
- (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. For the purposes of this Agreement, references to articles in GATT 1994 include the interpretative notes;
- (e) the term "Harmonized System (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 domestic laws;
- (f) the term "juridical person" means any legal entity duly constituted or otherwise organized under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;
- (g) the term "measure" means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action or any other form;
- (h) the term "person" means either a natural person or a juridical person; and
- (i) the term "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization.

Article 3 Transparency

1. Each Party shall promptly publish, or otherwise make publicly available, its laws, regulations, administrative procedures and administrative rulings and judicial decisions of general application as well as international agreements to which the Party is a party, respecting any matter covered by this Agreement.

2. Each Party shall make publicly available the names and addresses of competent authorities responsible for laws, regulations, administrative procedures and administrative rulings, referred to in paragraph 1 above (hereinafter referred to in this Chapter as "the competent authorities").

3. Each Party shall, upon request by the other Party, within a reasonable period of time, respond to specific questions from, and provide information to, the other Party, to the extent possible in English, with respect to matters referred to in paragraph 1 above.

Article 4 Review of Laws and Regulations

Each Party shall examine the possibility of amending or repealing laws and regulations that pertain to or affect the implementation and operation of this Agreement, if the circumstances or objectives giving rise to their adoption no longer exist or if such circumstances or objectives can be addressed in a less trade-restrictive manner.

Article 5 Public Comment Procedures

The Government of each Party shall, in accordance with the laws and regulations of the Party, endeavor to provide, except in cases of emergency or of purely minor nature, a reasonable opportunity for comments by the public before the adoption, amendment or repeal of regulations of general application that affect any matter covered by this Agreement.

Article 6 Administrative Procedures

1. Where measures are to be adopted which pertain to or affect the implementation and operation of this Agreement, the competent authorities of a Party shall, in accordance with the laws and regulations of the Party:

- (a) inform the applicant within a reasonable period of time of the decision concerning an 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 below; and
 - (b) provide, without undue delay, information concerning the status of the application, at the request of the applicant.
- 2. The competent authorities shall, in accordance with the laws and regulations of the Party, establish standards for taking measures in response to submitted applications. The competent authorities shall:
 - (a) make such standards as specific as possible; and
 - (b) make such standards publicly available except when it would extraordinarily raise administrative difficulties for the Party.
- 3. The competent authorities shall, in accordance with the laws and regulations of the Party:
 - (a) endeavor to establish standard periods of time between receipt of applications by the competent authorities and measures taken in response to submitted applications; and
 - (b) make such periods of time publicly available, if it is established.
- 4. Where measures are to be adopted by the competent authorities which pertain to or affect the implementation and operation of this Agreement and which impose obligations on or restrict rights of a person, such competent authorities shall, prior to any final decision, when time, the nature of the measures and public interest permit and in accordance with the laws and regulations of the Party, 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 the position of such person.

Article 7 Review and Appeal

1. Each Party shall ensure that judicial remedies are available under its laws and regulations for the impartial and independent review and, where warranted, correction of actions taken by relevant authorities regarding matters covered by this Agreement.

2. Each Party shall ensure that the parties to any such judicial remedies 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 in its laws and regulations, that decisions referred to in paragraph 2(b) above with respect to the actions referred to in paragraph 1 above are implemented by the competent authorities.

Article 8 Measures against Corruption

Each Party shall ensure that measures and efforts are undertaken to prevent and combat corruption regarding matters covered by this Agreement in accordance with its laws and regulations.

Article 9 Confidential Information

1. Unless otherwise provided for in this Agreement, nothing in this Agreement shall be construed to require a Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular juridical persons, public or private.

2. Each Party shall, in accordance with its laws and regulations, maintain the confidentiality of information provided as confidential by the other Party pursuant to this Agreement.

Article 10 Taxation

1. Except as otherwise provided for in this Agreement, nothing in this Agreement shall apply to taxation measures.
2. Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.

Note: The term "tax convention" means a convention for the avoidance of double taxation.

Article 11 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 the Treaty of Amity, Commerce and Navigation between Japan and the Republic of the Philippines, this Agreement shall prevail to the extent of the inconsistency.
4. In the event of any inconsistency between this Agreement and any agreements other than the WTO Agreement and the Treaty of Amity, Commerce and Navigation between Japan and the Republic of the Philippines, 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.
5. In the event of an amendment of the agreements to which both Parties are parties and which are referred to in this Agreement, relevant principles of international law, including those in the Vienna Convention on the Law of Treaties, shall apply. In the event of the amendment of the agreements referred to in this paragraph, the Parties may consult with each other as necessary.

Article 12 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 in this Agreement as "the Implementing Agreement").

Article 13 Joint Committee

1. The Joint Committee composed of representatives of the Governments of the Parties shall be established under this Agreement.

2. The functions of the Joint Committee shall be:

- (a) reviewing the implementation and operation of this Agreement and, when necessary, making appropriate recommendations to the Parties;
- (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 on Trade in Goods and Rules of Origin referred to in Article 25 and the Operational Procedures on Mutual Recognition referred to in Article 65;
 - (ii) the Rules of Procedure referred to in Article 159; and
 - (iii) any necessary decisions; and
- (e) performing other functions as the Parties may agree.

3. The Joint Committee may:

- (a) establish Sub-Committees and delegate its responsibilities thereto; and
- (b) take such other action in the exercise of its functions as the Parties may agree.

4. The following Sub-Committees shall be established on the date of entry into force of this Agreement:

- (a) Sub-Committee on Trade in Goods
- (b) Sub-Committee on Rules of Origin
- (c) Sub-Committee on Customs Procedures
- (d) Sub-Committee on Mutual Recognition
- (e) Sub-Committee on Trade in Services
- (f) Sub-Committee on Investment
- (g) Sub-Committee on Movement of Natural Persons
- (h) Sub-Committee on Intellectual Property
- (i) Sub-Committee on Government Procurement
- (j) Sub-Committee on Improvement of the Business Environment
- (k) Sub-Committee on Cooperation

Other Sub-Committees may be established as the Parties may agree.

5. The details of the Sub-Committees may be specified in the Implementing Agreement.

6. The Joint Committee shall convene once a year alternately in Japan and the Philippines, unless the Parties agree otherwise.

Article 14 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 15 Definitions

For the purposes of this Chapter: