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 at such time and venue as may be agreed by the Parties.

Article 12
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 13
Definitions

For the purposes of this Chapter, the term:

(a) "bilateral safeguard measure" means a bilateral safeguard measure provided for in paragraph 4 of Article 20;

(b) "customs duty" means any customs or import duty and a charge of any kind imposed in connection with the importation of a good, but does not include any:

(i) charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III of the GATT 1994, in respect of the like goods or, directly competitive or substitutable goods of the Party or in respect of goods from which the imported goods have been manufactured or produced in whole or in part;

(ii) anti-dumping or countervailing duty applied pursuant to a Party's law and applied consistently with the provisions of Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, and the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement; or

(iii) fees or other charges commensurate with the cost of services rendered;

(c) “customs value of goods” means the value of goods for the purposes of levying ad valorem customs duties on imported goods;

(d) “domestic industry” means the producers as a whole of the like or directly competitive goods operating in a Party, or those whose collective output of the like or directly competitive goods constitutes a major proportion of the total domestic production of those goods;

(e) “originating good” means a good that qualifies as originating in accordance with the provisions of Chapter 3;

(f) “provisional bilateral safeguard measure” means a provisional bilateral safeguard measure provided for in subparagraph 11(a) of Article 20;

(g) “serious injury” means a significant overall impairment in the position of a domestic industry; and

(h) “threat of serious injury” means serious injury that, on the basis of facts and not merely on allegation, conjecture, or remote possibility, is clearly imminent.

Article 14
Classification of Goods

The classification of goods in trade between the Parties shall be in conformity with the Harmonized System.

Article 15
National Treatment

Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994.

Article 16
Elimination or Reduction of Customs Duties

1. Except as otherwise provided for in this Agreement, each Party shall, in accordance with its Schedule in Annex 1, eliminate or reduce its customs duties on originating goods of the other Party.

2. The Parties shall negotiate on issues such as improving market access conditions on originating goods designated for negotiation in the Schedules in Annex 1, in accordance with the terms and conditions set out in such Schedules.

3. In cases where its most-favored-nation applied rate of customs duty on a particular good is lower than the rate of customs duty to be applied in accordance with paragraph 1 on the originating good which is classified under the same tariff line as that particular good, each Party shall apply the lower rate with respect to that originating good in accordance with its laws, regulations, and procedures.

Article 17
Customs Valuation

For the purposes of determining the customs value of goods traded between the Parties, provisions of Part I of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement (hereinafter referred to in this Agreement as "the Agreement on Customs Valuation") shall apply *mutatis mutandis*.

Article 18
Export Subsidies

Neither Party shall, in accordance with its obligations under the WTO Agreement, introduce or maintain any export subsidies.

Article 19
Non-tariff Measures

1. Each Party shall not introduce or maintain any non-tariff measures on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the other Party which are inconsistent with its obligations under the WTO Agreement.

2. Each Party shall ensure transparency of its non-tariff measures permitted under paragraph 1, including quantitative restrictions. Each Party shall ensure full compliance with the obligations under the WTO Agreement with a view to minimizing possible distortions to trade to the maximum extent possible.

Article 20
Bilateral Safeguard Measures

1. Each Party may apply a safeguard measure to an originating good of the other Party in accordance with Article XIX of the GATT 1994 and the Agreement on Safeguards in Annex 1A to the WTO Agreement (hereinafter referred to in this Article as "the Agreement on Safeguards"), or Article 5 of the Agreement on Agriculture in Annex 1A to the WTO Agreement (hereinafter referred to in this Article as "Agreement on Agriculture"). Any action taken pursuant to Article XIX of the GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture shall not be subject to Chapter 13 of this Agreement.

2. Each Party shall be free to apply a bilateral safeguard measure, to the minimum extent necessary to prevent or remedy the serious injury to a domestic industry of that Party and to facilitate adjustment, if as an effect of the obligations incurred by that Party under this Agreement, including tariff concessions, or if as a result of unforeseen developments and of the effects of the obligations incurred by that Party under this Agreement, an originating good of the other Party is being imported in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry of the former Party that produces like or directly competitive goods in the former Party.

3. A Party shall not apply a bilateral safeguard measure to an originating good imported up to the limit of quota quantities granted under tariff rate quotas applied in accordance with its Schedule in Annex 1.

4. A Party applying a bilateral safeguard measure may:

(a) suspend the further reduction of any customs duty on the originating good of the other Party provided for under this Chapter; or

(b) increase the customs duty on the originating good of the other Party to a level not to exceed the lesser of:

(i) the most-favored-nation applied rate on the good in effect on the day when the bilateral safeguard measure is applied; and

(ii) the most-favored-nation applied rate on the good in effect on the day immediately preceding the date of entry into force of this Agreement.

5. (a) A Party may apply a bilateral safeguard measure only after an investigation has been carried out by the competent authorities of that Party in accordance with the same procedures as those provided for in Article 3 and paragraph 2 of Article 4 of the Agreement on Safeguards.

(b) The investigation referred to in subparagraph (a) shall be completed within one year following its date of initiation.

6. The following conditions and limitations shall apply with regard to a bilateral safeguard measure:

(a) A Party shall immediately give a written notice to the other Party upon:

(i) initiating an investigation referred to in subparagraph 5(a) relating to serious injury, or threat of serious injury, and the reasons for it;

(ii) making a finding of serious injury or threat of serious injury caused by increased imports; and

(iii) taking a decision to apply or extend a bilateral safeguard measure.

(b) The Party giving the written notice referred to in subparagraph (a) shall provide the other Party with all pertinent information, which shall include:

(i) in the written notice referred to in subparagraph (a)(i), the reason for the initiation of the investigation, a precise description of an originating good subject to the investigation and its heading or subheading of the Harmonized System, on which the Schedules in Annex 1 are based, the period subject to the investigation, and the date of initiation of the investigation; and

(ii) in the written notice referred to in subparagraphs (a)(ii) and (iii), the evidence of serious injury or threat of serious injury caused by the increased imports of the originating good, a precise description of the originating good subject to the proposed safeguard measure and its heading or subheading of the Harmonized System, on which the Schedules in Annex 1 are based, a precise description of the bilateral safeguard measure, the proposed date of its introduction, and its expected duration.

(c) A Party proposing to apply or extend a bilateral safeguard measure shall provide adequate opportunity for prior consultations with the other Party with a view to reviewing the information arising from the investigation referred to in subparagraph 5(a), exchanging views on the bilateral safeguard measure and reaching an agreement on compensation set out in paragraph 7.

(d) No bilateral safeguard measure shall be maintained except to the extent and for such time as may be necessary to prevent or remedy serious injury and to facilitate adjustment, provided that such time shall not exceed a period of three years. A bilateral safeguard measure may be extended, provided that the conditions set out in this Article are met. The total duration of the bilateral safeguard measure, including any extensions thereof, shall not exceed four years. In order to facilitate adjustment in a situation where the expected duration of a bilateral safeguard measure is over one year, the Party maintaining the bilateral safeguard measure shall progressively liberalize the bilateral safeguard measure at regular intervals during the period of application.

(e) No bilateral safeguard measure shall be applied again to the import of a particular originating good which has been subject to such a bilateral safeguard measure, for a period of time equal to the duration of the previous safeguard measure or one year, whichever is longer.

(f) Upon the termination of a bilateral safeguard measure on a good, the rate of the customs duty for that good shall be the rate which, in accordance with the Schedule of the Party applying the bilateral safeguard measure set out in Annex 1, would have been in effect had the bilateral safeguard measure not been applied.

7. (a) A Party proposing to apply or extend a bilateral safeguard measure shall provide to the other Party mutually agreed adequate means of trade compensation in the form of substantially equivalent level of concessions or other obligations to that existing under this Agreement.

(b) In seeking compensation provided for in subparagraph (a), the Parties shall hold consultations in the Joint Committee. Any proceedings arising from such consultations shall be completed within 30 days from the date on which the bilateral safeguard measure was applied.

(c) If no agreement on the compensation is reached within the time frame specified in subparagraph (b), the Party against whose originating good the bilateral safeguard measure is taken shall be free to suspend concessions of customs duties under this Agreement, which is substantially equivalent to the bilateral safeguard measure. That Party may suspend the concessions only for the minimum period necessary to achieve the substantially equivalent effects and only while the bilateral safeguard measure is maintained. The right of suspension provided for in this subparagraph shall not be exercised for the first two years that a bilateral safeguard measure is in effect, provided that the bilateral safeguard measure has been applied as a result of an absolute increase in imports and that such a bilateral safeguard measure conforms to the provisions of this Article.

8. (a) A Party applying a safeguard measure in connection with an importation of an originating good of the other Party in accordance with Article XIX of the GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture, shall not apply the bilateral safeguard measure to that importation.

(b) The period of application of the bilateral safeguard measure referred to in subparagraph 6(d) shall not be interrupted by the Party’s non-application of the bilateral safeguard measure in accordance with subparagraph (a).

9. Each Party shall ensure the consistent, impartial, and reasonable administration of its laws and regulations relating to bilateral safeguard measures.

10. Each Party shall adopt or maintain equitable, timely, transparent, and effective procedures relating to bilateral safeguard measures.

11. (a) In critical circumstances, where delay would cause damage which it would be difficult to repair, a Party may apply a provisional bilateral safeguard measure, which shall take the form of the measure set out in subparagraph 4(a) or 4(b), pursuant to a preliminary determination that there is clear evidence that increased imports of an originating good have caused or are threatening to cause serious injury to a domestic industry.

(b) A Party shall give a written notice to the other Party prior to applying a provisional bilateral safeguard measure. Consultations by the Parties in the Joint Committee on the application of the provisional bilateral safeguard measure shall be initiated immediately after the provisional bilateral safeguard measure is applied.

(c) The duration of a provisional bilateral safeguard measure shall not exceed 200 days. During that period, the pertinent requirements of paragraph 5 shall be met. The duration of the provisional bilateral safeguard measure shall be counted as a part of the period referred to in subparagraph 6(d).

(d) Subparagraph 6(f) shall apply, *mutatis mutandis,* to the provisional bilateral safeguard measure.

(e) The customs duty imposed as a result of the provisional bilateral safeguard measure shall be refunded if the subsequent investigation referred to in subparagraph 5(a) does not determine that increased imports of the originating good have caused or threatened to cause serious injury to a domestic industry.

12. All official communications and documentations exchanged between the Parties relating to a bilateral safeguard measure shall be in writing and shall be in the English language.

13. (a) Within 10 years after the entry into force of this Agreement, the Parties shall review this Article with a view to determining whether there is a need to maintain the bilateral safeguard mechanism.

(b) If the Parties do not agree to remove the bilateral safeguard mechanism during the review pursuant to subparagraph (a), the Parties shall thereafter conduct reviews to determine the necessity of the bilateral safeguard mechanism in the Joint Committee.

Article 21
Measures to Safeguard the Balance of Payments

Where a Party is in serious balance of payments and external financial difficulties or threat thereof, the Party may, in accordance with the GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, adopt restrictive import measures.

Article 22
Relation to the Agreement on Comprehensive Economic Partnership among Japan and Member States of the Association of Southeast Asian Nations

The Parties reaffirm that, as is provided for in Article 9 of this Agreement, any commitments of the Parties under this Chapter shall not affect the commitments of the Parties under the Agreement on Comprehensive Economic Partnership among Japan and Member States of the Association of Southeast Asian Nations.

Chapter 3
Rules of Origin

Article 23
Definitions

For the purposes of this Chapter, the term:

(a) “exporter” means a natural or juridical person located in an exporting Party who exports a good from the exporting Party;

(b) “factory ships of the Party” or “vessels of the Party” respectively means factory ships or vessels:

(i) which are registered in the Party;

(ii) which sail under the flag of the Party;

(iii) which are owned to an extent of at least 50 percent by nationals of the Parties, or by a juridical person with its head office in either Party, of which the representatives, chairman of the board of directors, and the majority of the members of such board are nationals of the Parties, and of which at least 50 percent of the equity interest is owned by nationals or juridical persons of the Parties; and

(iv) of which at least 75 percent of the total of the master, officers, and crew are nationals of the Parties or non-Parties which are Member States of the Association of Southeast Asian Nations (hereinafter referred to in this Agreement as “ASEAN”);

(c) “generally accepted accounting principles” means the recognized consensus or substantial authoritative support in a Party, with respect to the recording of revenues, expenses, costs, assets, and liabilities; the disclosure of information; and the preparation of financial statements. These standards may encompass broad guidelines of general application as well as detailed standards, practices, and procedures;

(d) “good” means any merchandise, product, article, or material;