

CHAPTER 1

GENERAL PROVISIONS

ARTICLE 1.1

Objectives

The objectives of this Agreement are to liberalise and facilitate trade and investment, as well as to promote a closer economic relationship between the Parties.

ARTICLE 1.2

General definitions

For the purposes of this Agreement, unless otherwise specified:

- (a) "Agreement on Agriculture" means the Agreement on Agriculture in Annex 1A to the WTO Agreement;
- (b) "Agreement on Anti-Dumping" means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement;
- (c) "Agreement on Import Licensing Procedures" means the Agreement on Import Licensing Procedures in Annex 1A to the WTO Agreement;
- (d) "Agreement on Safeguards" means the Agreement on Safeguards in Annex 1A to the WTO Agreement;
- (e) "CPC" means the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);

- (f) "customs authority" means:
 - (i) for the United Kingdom, Her Majesty's Revenue and Customs and any other authority responsible for customs matters within the customs territory of the United Kingdom;
and
 - (ii) for Japan, the Ministry of Finance;
- (g) "customs legislation" means any laws and regulations of a Party, governing the import, export and transit of goods and placing of goods under any other customs procedures, including measures of prohibitions, restrictions and controls falling under the competence of the customs authority;
- (h) "customs territory" means:
 - (i) for the United Kingdom, the territories of the United Kingdom, the Bailiwicks of Guernsey and Jersey and the Isle of Man; and
 - (ii) for Japan, the territory with respect to which the customs legislation of Japan is in force;
- (i) "days" means calendar days;
- (j) "DSU" means the Understanding on Rules and Procedures Governing the Settlement of Disputes in Annex 2 to the WTO Agreement;
- (k) "EU-Japan EPA" means the Agreement between the European Union and Japan for an Economic Partnership, done at Tokyo on 17 July 2018;
- (l) "GATS" means the General Agreement on Trade in Services in Annex 1B to the WTO Agreement;

- (m) "GATT 1994" means the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement; for the purposes of this Agreement, references to articles in the GATT 1994 include the interpretative notes;
- (n) "GPA" means the Agreement on Government Procurement in Annex 4 to the WTO Agreement¹;
- (o) "Harmonized System" or "HS" means the Harmonized Commodity Description and Coding System, including its General Rules for the Interpretation, Section Notes, Chapter Notes and Subheading Notes;
- (p) "IMF" means the International Monetary Fund;
- (q) "measure" means any measure, whether in the form of a law, regulation, rule, procedure, decision, practice, administrative action, or in any other form;
- (r) "natural person of a Party" means a national of a Party in accordance with its applicable laws and regulations;
- (s) "person" means a natural person or a legal person;
- (t) "SCM Agreement" means the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement;
- (u) "SPS Agreement" means the Agreement on the Application of Sanitary and Phytosanitary Measures in Annex 1A to the WTO Agreement;
- (v) "TBT Agreement" means the Agreement on Technical Barriers to Trade in Annex 1A to the WTO Agreement;

¹ For greater certainty, the "GPA" shall be understood to be the GPA as amended by the Protocol Amending the Agreement on Government Procurement, done at Geneva on 30 March 2012.

- (w) "territory" means the area to which this Agreement applies in accordance with Article 1.3;¹
- (x) "TFEU" means the Treaty on the Functioning of the European Union;
- (y) "TRIPS Agreement" means the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreement;
- (z) "WIPO" means the World Intellectual Property Organization;
- (aa) "WTO" means the World Trade Organization; and
- (bb) "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh on 15 April 1994.

ARTICLE 1.3

Territorial application

1. This Agreement applies:

- (a) for the United Kingdom, to the territory of the United Kingdom; and
- (b) for Japan, to the territory of Japan.

2. Unless otherwise specified, this Agreement also applies to all the areas beyond each Party's territorial sea, including the sea-bed and subsoil thereof, over which that Party exercises sovereign rights or jurisdiction in accordance with international law including the United Nations Convention on the Law of the Sea, done at Montego Bay on 10 December 1982 and its laws and regulations which are consistent with international law.

¹ This definition does not apply to "territory" used in subparagraph (h), Article 1.3 and Article 1.8.

3. As regards the provisions of this Agreement concerning customs matters, this Agreement also applies to those areas of the customs territory of the United Kingdom not covered by subparagraph 1(a).
4. Notwithstanding subparagraph 1(a) and paragraph 2, for the United Kingdom, the Protocol on Mutual Recognition applies to its customs territory.
5. To the extent that application of this Agreement is not provided for under paragraphs 1 to 4, at the time of entry into force of this Agreement, or at any time thereafter, this Agreement, or specified provisions of this Agreement, may be extended to such territories for whose international relations the Government of the United Kingdom is responsible, as may be agreed between the Governments of the Parties in an exchange of diplomatic notes.
6. At any time after an extension in accordance with paragraph 5, the United Kingdom may notify Japan that this Agreement shall no longer apply to a territory for whose international relations the Government of the United Kingdom is responsible. To this end, the procedure set out in paragraph 2 of Article 24.4 shall apply, *mutatis mutandis*.

ARTICLE 1.4

Taxation

1. For the purposes of this Article:
 - (a) "residence" means residence for tax purposes;
 - (b) "tax agreement" means an agreement for the avoidance of double taxation or any other international agreement or arrangement relating wholly or mainly to taxation to which a Party is party; and
 - (c) "taxation measure" means a measure in application of the tax legislation of a Party.

2. This Agreement applies to taxation measures only in so far as such application is necessary to give effect to the provisions of this Agreement.
3. Nothing in this Agreement shall affect the rights and obligations of a Party under any tax agreement. In the event of any inconsistency between this Agreement and any such tax agreement, the tax agreement shall prevail to the extent of the inconsistency. With regard to a tax agreement between the Parties, the relevant competent authorities under this Agreement and that tax agreement shall jointly determine whether an inconsistency exists between this Agreement and the tax agreement.
4. Any most-favoured-nation obligation in this Agreement shall not be applicable with respect to an advantage accorded by a Party pursuant to a tax agreement.
5. The Joint Committee established pursuant to Article 23.1 may decide on a different scope of the application of dispute settlement under Chapter 22 with respect to taxation measures.
6. Subject to the requirement that taxation measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between the Parties where like conditions prevail, or a disguised restriction on trade and investment, nothing in this Agreement shall be construed to prevent the adoption, maintenance or enforcement by a Party of any taxation measure aimed at ensuring the equitable or effective imposition or collection of taxes such as measures:
 - (a) distinguishing between taxpayers who are not in the same situation, in particular with regard to their place of residence or the place where their capital is invested; or
 - (b) preventing the avoidance or evasion of taxes pursuant to the provisions of any tax agreement or domestic tax legislation.

ARTICLE 1.5

Security exceptions

1. Nothing in this Agreement shall be construed:
 - (a) as requiring a Party to provide any information the disclosure of which it considers contrary to its essential security interests;
 - (b) as preventing a Party from taking any action, which it considers necessary for the protection of its essential security interests, including action:
 - (i) relating to fissionable and fusionable materials or the materials from which they are derived;
 - (ii) relating to the production of or trade in arms, ammunition and implements of war as well as to the production of or trade in other goods and materials as carried out directly or indirectly for the purpose of supplying a military establishment;
 - (iii) relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment; or
 - (iv) taken in time of war or other emergency in international relations; or
 - (c) as preventing a Party from taking any action in pursuance of its obligations under the Charter of the United Nations for the purpose of maintaining international peace and security.
2. Notwithstanding paragraph 1,
 - (a) for the purposes of Chapter 10, Article III of the GPA applies; and
 - (b) for the purposes of Chapter 14, Article 14.62 applies.

ARTICLE 1.6

Confidential information

1. Unless otherwise provided for in this Agreement, nothing in this Agreement shall require a Party to provide confidential information the disclosure of which would impede the enforcement of its laws and regulations, or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.
2. When, under this Agreement, a Party provides the other Party with information which is considered as confidential under its laws and regulations, the other Party shall maintain the confidentiality of the information provided, unless the Party providing the information agrees otherwise.

ARTICLE 1.7

Fulfilment of obligations and delegated authority

1. Each Party shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement.
2. Unless otherwise specified in this Agreement, each Party shall ensure that any person or entity to which the Party has delegated regulatory or administrative authority to fulfil the Party's obligations under this Agreement acts in accordance with those obligations in the exercise of such delegated authority.
3. For greater certainty, neither Party shall be released from its obligations under this Agreement in the event of non-compliance with the provisions of this Agreement by any of its governmental levels or non-governmental bodies in the exercise of powers delegated by the Party to them.

ARTICLE 1.8

Laws and regulations and their amendments

1. Where reference is made in this Agreement to laws and regulations of a Party, those laws and regulations shall be understood to include amendments thereto, unless otherwise specified.
2. Unless otherwise specified, where reference is made in this Agreement to laws and regulations of the European Union, it shall be understood as a reference to those laws and regulations of the European Union as incorporated or implemented in the laws and regulations of the United Kingdom in accordance with the European Union (Withdrawal) Act 2018 and includes subsequent amendments by the United Kingdom, if they exist, to those laws and regulations before the date of entry into force of this Agreement.
3. As regards the provisions of this Agreement which, in accordance with paragraphs 3 to 5 of Article 1.3, apply to a territory for whose international relations the Government of the United Kingdom is responsible:
 - (a) unless otherwise specified, where reference is made to laws and regulations of the European Union, it shall, in respect of that territory, be understood as a reference to those laws and regulations of the European Union as incorporated or implemented in the laws and regulations of that territory on the day following the date on which the EU-Japan EPA ceases to apply to the United Kingdom and includes any subsequent amendments, if they exist, to those laws and regulations before the date on which the provisions of this Agreement containing the reference begins to apply to that territory; and
 - (b) where reference is made to laws and regulations of the United Kingdom, it shall, in respect of that territory, be understood as a reference to the corresponding laws and regulations of that territory.

ARTICLE 1.9

Relation to other agreements

1. The existing agreements between the Parties are not superseded or terminated by this Agreement.
2. Nothing in this Agreement shall require either Party to act in a manner inconsistent with its obligations under the WTO Agreement.
3. In the event of any inconsistency between this Agreement and any agreement other than the WTO Agreement to which both Parties are party, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution.
4. Where international agreements¹ are referred to in or incorporated into this Agreement, in whole or in part, they shall be understood to include amendments thereto or their successor agreements entering into force for both Parties on or after the date of signature of this Agreement. If any matter arises regarding the implementation or application of the provisions of this Agreement as a result of such amendments or successor agreements, the Parties may, on request of either Party, consult with each other with a view to finding a mutually satisfactory solution to this matter as necessary.
5. (a) In the event of an inconsistency between this Agreement and the Protocol on Ireland/Northern Ireland to the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, signed in London and Brussels on 24 January 2020, this Agreement shall not prevent a Party from taking a particular measure not consistent with the obligations under this Agreement and relating to the inconsistency between this Agreement and that Protocol, provided that such a measure is not applied in a manner that would constitute a means of arbitrary or unjustified discrimination against the other Party or a disguised restriction on trade.

¹ The international agreements referred to in or incorporated into this Agreement shall be understood to include their most recent amendments having entered into force for both Parties before the date of signature of this Agreement.

- (b) In that event, a Party shall notify the other Party of such a measure and promptly provide, on request of the other Party, supplementary information or clarification thereon, and the Parties shall hold consultations, on request of either Party, in relation to the effects of the measure on this Agreement, and seek a mutually acceptable solution.

CHAPTER 2

TRADE IN GOODS

SECTION A

General provisions

ARTICLE 2.1

Objective

The objective of this Chapter is to facilitate trade in goods between the Parties and to progressively liberalise trade in goods in accordance with the provisions of this Agreement.

ARTICLE 2.2

Scope

Unless otherwise provided for in this Agreement, this Chapter applies to trade in goods between the Parties.