

4004 Outline of the Agreement Between Japan and The United Mexican States for the Strengthening of the Economic Partnership

In March 2004, Japan and Mexico confirmed that both sides reached agreements in substance on major elements of the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership on the basis of the negotiations since November 2002. The agreement was signed by both countries in September 2004, and entered into force in April 2005. This agreement is the 2nd economic partnership agreement for Japan, following that concluded with Singapore.

The Protocol related to Improvement of Market Access Conditions entered into force in April 2007, and the Protocol Amending the Agreement entered into force in April 2012.

1. Summary of the agreement

The purposes of the Agreement are to promote a freer trans-border flow of goods, persons, services and capital between Japan and Mexico. The Agreement also aims to promote a comprehensive economic partnership, which includes competition, improvement of business environment and bilateral cooperation in such fields as vocational education and training and support for small and medium size enterprises. The Agreement contributes to make the most of the complementary relations between Japan and Mexico and thus to strengthen even more the existing bilateral economic relations.

2. Significance of the agreement

Mexico is Japan's 17th export partner and 30th import partner (2022 Trade Statistics, Ministry of Finance).

(1) Expansion of Access to Mexican Market

It creates Japan's access to a dynamic and growing market with an economy ranked 15th in the world (World Bank, 2015) and with a population of approximately 130 million people (United Nations, 2015).

(2) Securing the Gateway to the South and North American Markets

It facilitates the entry into North and South American markets via Mexico (which has FTA agreements with more than 40 countries, including the U.S.A. Canada, EU and the Central and South American countries).

(3) Elimination of Disadvantages which Japan Currently Suffers

It enable Japanese corporations to enjoy effectively the same treatment as corporations of the U.S., Canada and EU, etc., in the areas such as tariff, service, investment, and government procurement, etc.

3. Key elements in the Agreement

(1) Trade in goods

Comprehensive elimination and reduction of tariffs on agricultural and industrial products that are traded between the two Parties.

(2) Investment

A commitment to apply national treatment or most favored nations treatment, excluding some exceptions. Requesting to achieve a given level or percentage of domestic content, etc. is prohibited as a condition for investment.

(3) Cross-Border Trade in Services

A commitment to apply national treatment or most favored nations treatment, excluding some exceptions.

(4) Government Procurement

A commitment to apply national treatment for the procurement of goods and services of the government or government related companies.

(5) Competition

Cooperation in the area of regulations against anti-competition behavior.

(6) Improve of the Business Environment

Creation of the Committee for the Improvement of the Business Environment which includes participation of representatives of the private sector.

(7) Bilateral Cooperation

Bilateral cooperation in the promotion of nine areas, such as trade and investment, supporting industries, small and medium enterprises, science and technologies, human resource development, intellectual property, agriculture, tourism, and the environment.

4. Summary of the Protocol related to Improvement of Market Access Conditions

The protocol stipulates the in-quota rate of customs duties and other matters in respect of chicken, beef and oranges, items designated for consultation under the Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership.

5. Summary of the Protocol Amending the Agreement

(1) Further improvement of market access conditions related to trade in goods:

Japanese Side

—Expansion of tariff rate quotas and reductions of in-quota tariffs applied to beef, pork, chicken, orange and orange juice.

—Establishment of a tariff rate quota for agave syrup: Fructose syrup from Agave

(Negotiations regarding pineapples, durum wheat, cane sugar, etc. will take place in 2014.)

Mexican Side

—Acceleration of the elimination of tariffs imposed on certain auto parts and paper for ink-jet printers (They will be eliminated in 2012, two years earlier than the original schedule).

—Elimination of tariffs on mandarin oranges and the establishment of tariff rate quotas for apples and green tea.

(2) The application of most-favored nation (MFN) applied tariff rates on particular goods in case these rates are lower than those under the EPA:

A provision has been added to apply MFN applied tariff rates under the WTO on particular goods in case the MFN rates are lower than the corresponding tariff rates under the EPA.

(3) Introduction of the Approved Exporter System:

In order to facilitate procedures for certification of origin, the rules on the Approved Exporter System will be introduced.