

In April 2005, the ASEAN-Japan Comprehensive Economic Partnership Agreement (“the AJCEP Agreement”) started negotiations and was signed by the ASEAN Member States and Japan from March to April 2008. In December 2008, the AJCEP Agreement entered into force among Japan and the 4 Member States of the ASEAN and entered into force among the other ASEAN Member States by July 2010. On August 1 2020, the First Protocol to Amend the AJCEP Agreement entered into force among Japan and the 5 ASEAN Member States, and entered into force among the other ASEAN Member States by February 1 2022. The Protocol adds the provisions concerning Trade in Services and liberalization and facilitation of Investment. The AJCEP Agreement is the Japan’s first multilateral Economic Partnership Agreement (“EPA”).

### **1. Summary of the AJCEP Agreement**

To strengthen the economic partnership between Japan and the ASEAN Member States, the AJCEP Agreement liberalizes and facilitates trade in goods and trade in services between Japan and the ASEAN Member States, promotes cooperation in the economic field.

### **2. The significance of the AJCEP Agreement for Japan**

Together with bilateral EPAs between Japan and respective ASEAN Member States, the AJCEP Agreement is expected to further enhance the economic relationship with the ASEAN Member States. The AJCEP Agreement includes accumulation provision in rules of origin. (Materials produced in Japan can be considered as originating materials of Thailand.) Japanese companies can apply such provision and thus their product produced within the ASEAN Member States can be eligible for preferential tariff treatment under the AJCEP Agreement. This will enhance trade between Japan and ASEAN Member States, thereby further strengthen the production network within Japan and the ASEAN Member States.

### **3. The key elements in the AJCEP Agreement**

- (1) General rules: The objective of the AJCEP Agreement, terminology, transparency in administrative procedures, etc.
- (2) Trade in goods: Tariff elimination or reduction (adoption of a common concession system in which tariff elimination and reduction (concessions) between Japan and the ASEAN Member States are applied equally to each of the signatory nations), safeguards, customs procedures, etc.
- (3) Rule of origin: Certification of origin of products (adopting a common rule of origin to be applied equally among the signatory nations and also regulating the aggregate of rules of origin in Japan and ASEAN region (allowing parts and semi-finished goods, etc., manufacture and other signatory nations to be deemed manufactured internally), issue of certificates of origin, etc.
- (4) Sanitary and phytosanitary (SPS) measures: The rights and obligations related to sanitary and phytosanitary measures based on the agreement on application of SPS measures concluded between the signatory countries are reaffirmed, and a subcommittee is to be established for exchanging information, facilitating cooperation, etc.
- (5) Voluntary standards, compulsory standards and conformity assessment procedure: Voluntary standards, compulsory standards and conformity assessment procedures are not to cause unnecessary barriers in trade.
- (6) Trade in services: National Treatment, Market Access and Transparency, etc.
- (7) Investment: Fair treatment and full protection, prohibition of expropriation without proper compensation, dispute settlement procedures, etc.
- (8) Economic cooperation: Agreement on review and action on cooperation in 13 areas, namely procedures related to trade, business environment, intellectual property, energy, information and communication technology, human resources development, small businesses, tourism and customer service, transport and logistics, agriculture, fisheries and forestry, environment, competition policy and other areas in which mutual agreements are reached among all signatory nations.
- (9) Resolution of disputes: Procedure for resolving disputes emerging from interpretation and application of the EPA, etc.
- (10) Final provisions: General review of the provisions, enforcement, amendment procedure, etc.