

Report of the Joint Study Group
for an Economic Partnership Agreement (EPA)
between Japan and the Republic of Colombia

July 2012

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Chapter 1 Background

In 1990, the Japan-Colombia Joint Economic Committee was established to discuss and promote economic relations between the two countries, following the visit to Japan by President Virgilio Barco. To date, a total of seven meetings of the Joint Committee have been held.

In 2008, commemorating the 100th anniversary of the establishment of the diplomatic relations between Japan and Colombia, a Wise Men Group, consisting of public, private and academic sectors was created for the vitalization of bilateral economic relations. The meetings of the Wise Men Group were held in April and October of 2008, and they issued recommendations which consist of such pillars as “confirmation of the potential field of trade and investment,” “promotion for improvement of the investment environment, including security,” “promotion of active emission and exchange of information,” and “commencement of an investment treaty and tax convention, and the conclusion of an Economic Partnership Agreement (EPA).” The recommendations were submitted to President Alvaro Uribe of Colombia in December 2008 and to Prime Minister Taro Aso of Japan in February 2009.

In the Foreign Ministers’ meeting between Japan and Colombia (Hirofumi Nakasone and Jaime Bermudez), which was held in Bogota in November 2008, the launch of the negotiation for an investment treaty was decided, and the same was confirmed in the Summit meeting between Prime Minister Aso and President Uribe, which followed the Foreign Ministers’ meeting. The negotiation began in April 2009, and after the seventh round of negotiations, in December 2010, the content of the treaty was agreed in principle. In September 2011, taking the opportunity of the visit to Japan by President Juan Manuel Santos, the Agreement between Japan and the Republic of Colombia for the Liberalization, Promotion and Protection of Investment (Japan-Colombia BIT) was signed between Minister for Foreign Affairs Koichiro Gamba and Minister of Trade, Industry, and Tourism Sergio Diaz-Granados.

From February to July 2011, a study group for a possible Japan-Colombia EPA was held by Japan External Trade Organization (JETRO). As a result, a report was issued in August 2011, proposing an early commencement and conclusion of the EPA negotiation, while taking sensitive sectors into consideration. Also, requests for the early

commencement of the EPA negotiations were submitted by Keidanren (Japan Business Federation) to the Minister for Foreign Affairs Takeaki Matsumoto in July 2011. Such requests were also submitted by the Japan Foreign Trade Council to Minister for Foreign Affairs Koichiro Gemba and to Minister of Economy, Trade, and Industry Yoshio Hachiro in September 2011. In September 2011, Keidanren and the National Federation of Coffee Growers of Colombia co-hosted the seventh meeting of the Japan-Colombia Joint Economic Committee, which resulted in the adoption of a joint statement calling for an immediate commencement of the EPA negotiations.

In September 2011, taking the opportunity of the visit of President Juan Manuel Santos to Japan, the Summit meeting was convened between Prime Minister Yoshihiko Noda and President Santos, and they decided to launch the Joint Study Group regarding a possible EPA.

A total of three meetings of the Joint Study Group were held from November 2011 to May 2012.

Chapter 2 Overview

(1) General Aspects

a) Complementary Bilateral Trade

Japan mainly exports industrial products including machinery and automobile, while Colombia mainly exports agricultural products, such as coffee and flowers, and mineral resources, which reflects that the bilateral trade is complementary.

It can be stressed that the two countries can contribute to the development of Global Value Chains, and to the increase of investment flows and trade in services through a possible EPA.

b) Japan's EPA Strategy

Japan started negotiating its first EPA with Singapore in 2001, and since then, it has concluded a total of thirteen EPAs. As for the countries in Latin America, Japan has concluded EPAs with Mexico, Chile and Peru. The Government of Japan, under its policy to retrieve strategically and multilaterally the conclusion of high-level EPAs/FTAs, aims at playing a leading role in the formulation of trade and investment

rules designed for the twenty-first century in Asia-Pacific region through bilateral and multilateral efforts.

c) Colombia's FTA Strategy

Colombia has taken the strategy of active participation in the globalized economy for its sustainable growth. Currently, it is pursuing an internationalization policy which includes several pathways to approaching Asia-Pacific. In the 1990's, Colombia began its FTA negotiations, first with other Latin American countries, and then with North America and Europe. Since 2010, FTA negotiations have expanded to other regions, including Asia-Pacific. Currently, Colombia is aiming at strengthening its economic relationship with the Asia-Pacific region through expanding trade and investment treaties, broadening trade hubs, and by way of the Pacific Alliance, in which Colombia, Chile, Mexico, and Peru are members.

(2) Current Situation and Future Perspectives of Bilateral Trade

Bilateral trade values between Japan and Colombia have been increasing recently, although they declined in 2009 due to the effect of the global economic crisis.

Trade Statistics Between Colombia and Japan

Year	Japan Exports to Colombia ¹⁾	Colombian Exports to Japan ²⁾
2007	\$ 1,316,210,557	\$ 395,287,514
2008	\$ 1,113,768,646	\$ 371,562,100
2009	\$ 773,978,935	\$ 336,295,590
2010	\$ 1,235,945,329	\$ 511,058,167
2011	\$ 1,490,336,101	\$ 527,962,611

Source: 1) Ministry of Finance of Japan "Trade Statistics".

2) Ministry of Trade, Industry and Tourism of Colombia

According to the Trade Statistics issued by the Ministry of Finance of Japan, the amount of bilateral trade (in US Dollars) has shifted as follows: 1.39 billion in 2006, 1.74 billion in 2007, 1.58 billion in 2008, 1.16 billion in 2009, 1.77 billion in 2010, and 2.19 billion in 2011.

Japan's export to Colombia fell in 2009 to 770 million US Dollars, but in 2010 they sharply recovered to 1.24 billion. In 2011, export rose about 20.6% compared with the previous year, which was a firm increase.

Japan's import from Colombia is also increasing. Nonetheless, the scale is smaller than Japan's export to Colombia. In 2009, export fell from 462 to 387 million US Dollars, but in 2010 it rose to 537 million US Dollars and to 698 million US Dollars in 2011.

According to the statistics of the Ministry of Trade, Industry and Tourism of Colombia, bilateral trade values between Colombia and Japan increased 55% in recent years, growing from 1.26 billion US Dollars in 2006 to 1.97 billion US Dollars in 2011. However, bilateral trade in 2009 fell 24%, from 1.52 billion US Dollars in 2008 to 1.16 billion US Dollars in 2009. Colombia's import from Japan were reduced 28% in 2009 to 825 million US Dollars, but it was registered a significant increase in 2010 and 2011, of 1.15 billion US Dollars and 1.44 US Dollars, respectively. Colombia's export to Japan totaled an annual average of 357 million US Dollars from 2006 to 2009, but in the last two years, the amount rose to 511 million US Dollars and 528 million US Dollars.

One of the characteristics of the bilateral trade structure between Japan and Colombia is that more than 80% of the exports from Japan to Colombia are industrial products, whereas more than 80% of the exports from Colombia to Japan are agricultural products. Another characteristic is that while customs duties are levied on almost all the products exported from Japan to Colombia, only 5% of those exported from Colombia to Japan are dutiable. Colombia has the intention to diversify its exports to Japan in the future; therefore, one objective is to improve access for goods from Colombia in which there are opportunities in the Japanese market, for example agribusiness products, among others.

In 1995, Japan was the third country for Colombia regarding external trade share (9.8%), but in 2010, its position has lowered to ninth (2.8%), and in 2011 the share were reduced to 1.8%. When Colombia concludes the FTAs with the EU or Republic of Korea, the Japan's share might further decline, given that exports from Japan will face unfavorable conditions.

Japan's Top 10 Imports from Colombia (2011)

HS		US Dollars	Percentage of Imports
09	Coffee, tea, mate and spices	423,280,743	60.7%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	101,419,557	14.5%
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	73,421,646	10.5%
72	Iron and steel.	45,863,174	6.6%
21	Miscellaneous edible preparations	17,691,422	2.5%
38	Miscellaneous chemical products	6,210,666	0.9%
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	5,517,419	0.8%
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin	4,577,066	0.7%
61	Articles of apparel and clothing accessories, knitted or crocheted	2,909,278	0.4%
18	Cocoa and cocoa preparations	2,481,255	0.4%

Source: Ministry of Finance of Japan "Trade Statistics"

Colombia's Top 10 Imports from Japan (2011)

HS		US Dollars	Percentage of Imports
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	364,562,439	28.4%
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	285,503,260	22.2%
72	Iron and steel	213,032,035	16.6%
40	Rubber and articles thereof	128,893,908	10.0%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	74,997,058	5.8%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound	68,761,661	5.4%

	recorders and reproducers, and parts and accessories of such articles		
73	Articles of iron or steel	36,761,502	2.9%
30	Pharmaceutical products	17,181,775	1.3%
89	Ships, boats and floating structures	11,612,141	0.9%
39	Plastics and articles thereof	11,081,306	0.9%

Source: Ministry of Trade, Industry and Tourism of Colombia

Trade in services is also an important issue. Today, more than half of annual world foreign direct investment flows are in services, which have been among the fastest growing component of world trade over the last decade and a half. Leading the way are telecommunications, finance, health and a variety of business-related services. Colombia's trade in services has grown around 60% in the last 5 years. It is expected that bilateral trade in services will increase with the possible Japan-Colombia EPA.

(3) Current Situation regarding Bilateral Investment

Foreign direct investment flow to Colombia has risen in this decade from 2 billion US Dollars to 13, 2 billion US Dollars, and it is now the third largest recipient of investment in Latin America. One of the reasons for the recent increase of investment is Colombia's efforts to improve the investment environment. These include improvements in the area of security (through reinforcement and an increase of military and police), promotion of investment treaties and tax conventions (to mitigate the effects of double taxation), and fiscal and financial reform. Additionally, Colombia's long-term credit is rated as an "investment grade bond" by the three major rating agencies.

In Colombia, the security situation has been a long-time concern and barrier to its economic development, but there has been significant improvement since 2002. Urban areas, in particular, have shown a sharp decrease in crime. As the security situation improves, more Japanese companies are becoming interested in investing and embarking on business in Colombia.

From Japan, manufacturing industries, such as the sectors of automobiles, motorcycles and elevators, are investing in Colombia. According to PROEXPORT Colombia,

Japanese companies made an investment equivalent to a total of 2 billion US Dollars. Investment opportunities for Japan will increase under the Agreement between Japan and the Republic of Colombia for the Liberalization, Promotion and Protection of Investment, which was signed in September 2011. Besides, various public and private projects for infrastructure in Colombia would receive a total of 25 billion US Dollars from 2011 to 2014. In light of this, some Japanese companies are participating or considering participation, which suggests that investment will increase in the future.

As of October 2011, there were 70 Japanese companies doing business in Colombia. An example of Japanese investment to Colombia is the decision by Itochu Corporation to invest 1.5 billion US Dollars for a project in coal mining, through a U.S. company. Other examples of projects in Colombia that count the participation of Japanese companies, or where Japanese companies are considering participation, include the Bogota Metro and the hydroelectric power plants in Porce (No.3 and No.4) and Sogamoso.

According to the Central Bank of Colombia (*Banco de la República*), there was no Colombian investment in Japan from 1994 to 2010. Therefore, one objective of the Japan-Colombia BIT, as well as the possible Japan-Colombia EPA, is to strengthen investment between the two countries. Colombia considers that foreign investment has the advantage of creating trade flows, facilitating knowledge transfer, and strengthening cooperation. On the other hand, the possible Japan-Colombia EPA can help to increase Colombia's investment in Japan, given the recent growth of these flows to the world and the fact that some Colombian companies are already based there.

Chapter 3 Summary of Discussions

The Joint Study Meeting was held three times, and both Japan and Colombia conducted discussions on a broad range of subjects. Both sides shared the view that a comprehensive and pragmatic EPA between Japan and Colombia would make their economy more integral, and that flexible approaches must be sought, which take the sensitivities of each country into consideration.

(1) Trade in Goods

Both sides shared the general view that a high-level EPA, compatible with the WTO,

should be aimed to provide both countries with increased opportunities in terms of market access, and that improvement of market access would bring benefits to the economies of the two countries. Both sides also shared the view that practical and flexible approaches should be taken with respect to sensitive items in the negotiations of the possible Japan-Colombia EPA.

The Japanese side expressed that Japan's previous EPAs have eliminated more than 90% of the tariff based on trade values, and that when entering into EPA negotiations with other countries, Japan and its partners have usually exchanged their respective trade statistics and lists of tariff rates based on the HS code, as well as line by line requests and offers. The Japanese side explained that in November 2010, the Government of Japan adopted, by cabinet decision, the "Basic Policy on Comprehensive Economic Partnerships," under which Japan is conducting negotiations and consultations with other countries. As for the individual sectors, the Japanese side expressed its particular interest in the tariff elimination on industrial products, such as automobiles and auto parts, electrical and industrial machinery, iron, steel, and chemicals, as well as its interest in the deregulation measures on export restrictions on goods such as natural resources in the Colombian market. The Japanese side also stressed the importance in taking due consideration to the balancing between promotion of trade and sound development of domestic agriculture, fisheries, and rural areas, so that a pragmatic and flexible approach should be taken to the sensitivities of agricultural and fishery products. Finally, the Japanese side reminded that special consideration must be taken for the agricultural workers and fishers that have been gravely affected by the Great East Japan Earthquake, suffering from the natural disaster, accident at Fukushima Dai-ichi Nuclear Power Stations of Tokyo Electric Power Company and reputational damages.

The Colombian side expressed its interest in having an ambitious agreement, by eliminating tariff and non-tariff measures for the entry of goods into both markets, including present and potential trade. The Colombian side stressed particular interests in some sectors such as agricultural and livestock, agribusiness and light industry, where it has competitive advantages.

The Colombian side also stressed the importance of having special procedures for used, inventory remnants and remanufactured goods, of eliminating export taxes, and of

maintaining some mechanisms, such as Plan Vallejo¹.

The Colombian side expressed that special consideration must be taken for a list of sensitive products such as vehicles, motorcycles, and their components, as well as some fibers.

Both sides shared the view that in the possible Japan-Colombia EPA, bilateral safeguard measures should be provided to prevent or remedy any serious injury to domestic industry as a result of the elimination or reduction of customs duty through a bilateral EPA. Both sides also stressed that the safeguard measures should be impartial, fair, timely, transparent and effective, and that the implementation of the safeguard measures and other relevant laws and regulations should be coherent, fair and rational.

(2) Rules of Origin

Both sides confirmed that the Rules of Origin of the possible Japan-Colombia EPA should aim at:

- a) preventing goods from third countries from circumventing the rules;
- b) not creating unnecessary hindrance to trade;
- c) applying rules impartially, neutrally and consistently;
- d) ensuring transparency, clarity and predictability; and
- e) creating rules that are easy to understand for users and simple to implement for governments.

Both sides also shared the view that the Rules of Origin, including Product Specific Rules (PSR), should be consistent with their existing EPAs/FTAs. For example, wholly-obtained or entirely-produced products should be applied in general to agricultural goods, whereas selective standards of change in tariff classification or value added criteria should be applied to the industrial goods, which corresponds with the industrial realities. Both sides also shared the basic view on the possible introduction of the origin declaration by the approved exporter, which was introduced in the latest EPAs/FTAs of Japan and Colombia, as an alternative proof of origin other than a

¹ Plan Vallejo is an export promotion instrument that allows the import of raw materials with exemption of customs duties (tariffs and VAT) with the commitment of transforming them and exporting all goods produced with these materials.

certificate of origin issued by the authorities concerned. On this point, the Colombian side mentioned the possible introduction of the electronic certification.

(3) Customs Procedures

Both sides shared the view that the possible Japan-Colombia EPA should include the following elements in the Customs Procedures Chapter:

- a) ensuring transparency and predictability, such as the publication of custom laws and regulations and reply to queries, the provision of a get-acquainted period for introducing regulations and revisions, appeal procedure and advance rulings;
- b) simplification and harmonization of customs procedures, such as utilization of information and communications technology (ICT), improvement of risk management and harmonization of international standards;
- c) follow-up functions, such as establishment of a sub-committee, review of enforcement and operation and suggestion for further implementation of trade facilitation measures;
- d) customs mutual cooperation, such as research and development of enforcement technologies and new customs procedures, training and personnel exchanges, and promotion and exchange of information on ICT and risk management; and
- e) exchange of information, such as mutual assistance for appropriate enforcement against smuggling, and exchange of information for border enforcement against illicit trade of harmful goods and goods infringing intellectual property rights.

(4) Government Procurement

Both sides shared the view that the possible Japan-Colombia EPA should include a Chapter on Government Procurement.

The Colombian side expressed the relevance of Government Procurement, explaining that although Colombia is not a party to the WTO Agreement on Government Procurement (GPA), it has concluded several FTAs with the third countries that include a Chapter on Government Procurement. The Colombian side also explained that it applies transparency principles as part of its domestic regulation, and that a Chapter on Government Procurement in the possible Japan-Colombia EPA should cover

procurement of goods and services above certain threshold values, and such principles as National Treatment and Non-Discrimination.

The Japanese side explained that, in addition to its commitments in the GPA, Japan has taken a series of voluntary measures, such as clarification of tendering procedures, implementation of open tendering procedure and improvement of the provision of information regarding Government Procurement. The Japanese side also explained some of the comments that the Japanese companies made in a survey organized by JETRO, regarding business in Colombia, such as “necessity of transparency for tendering procedures” and “too much bond needed for contracts.”

(5) Trade in Services

Both sides reaffirmed that service industry forms a fundamental part of the economy for both countries, and that cross-border trade in services is an important business factor. Both sides shared the view that the possible Japan-Colombia EPA should aim at ambitious commitments in this sector for the service suppliers of the two countries, such as granting of national treatment (NT) and most-favored-nation treatment (MFN) as the principal concepts of the Chapter, adoption of “negative list” for non-conforming measures and sectors, and inclusion of the “Ratchet Clause,” so as to assure high-level market access and transparency.

The Japanese side expressed its intention to seek the liberalization of certain sectors of Colombia, such as computer and related services, audiovisual services, telecommunications services and distributions services, in which Japan has a general interest and that Colombia has not made any or full commitments at WTO negotiations.

The Colombian side referred to the importance of the Services sector in its GDP, as well as the principles of market access (MA) and no requirement of local presence (LP) in addition to NT and MFN, and to the inclusion of provisions regarding transparency, domestic regulations and subsidies. The Colombian side also stressed its strong interest to include complementary commitments in some specific areas such as Telecommunications, Financial Services and Professional Services. The Colombian side noted the importance to assure access for Colombian services providers by including provisions, among others, regarding grant of entry and temporary stay of Business Persons.

(6) Financial Services

Both sides shared the view that provisions on Financial Services should be included in the possible Japan-Colombia EPA, either as an independent Chapter or as an Annex to the Chapter on Trade in Services.

The Colombian side expressed that Financial Services could be handled, including disciplines regarding MA and LP, and that the provisions on Financial Services could allow for exemptions in a form of a list of non-conforming measures.

The Japanese side explained that in its previous EPAs, it has included provisions on Financial Services, either as an Annex or as an independent Chapter, and stressed that the possible Japan-Colombia EPA should also include provisions on Financial Services.

(7) Telecommunications Services

Both sides shared the view that the possible Japan-Colombia EPA should include provisions on Telecommunications Services.

The Colombian side stressed the importance of establishing rules to guarantee access to telecommunications services, given that it is a highly regulated sector, and stressed its interest in including measures relating to access to and the use of public telecommunications transport services on reasonable and non-discriminatory terms and conditions. The Colombian side also stressed the importance on measures relating to obligations of suppliers of public telecommunications transport services, such as interconnection with the suppliers of public telecommunications transport services of the other Party at reasonable rates, as well as the protection of confidentiality regarding commercially sensitive information. The Colombian side also showed its interest in including rules related to resale, independent regulators, and number portability.

The Japanese side explained that such rules have been included in the provisions on Telecommunications Services in its previous EPAs, either as an Annex to the Chapter on Trade in Services or as an independent Chapter.

(8) Electronic Commerce

The Colombian side stressed its interest in including provisions regarding Electronic Commerce (E-Commerce), such as transparency for the protection of consumers, and that it has included E-Commerce chapters in most of its previous FTAs.

The Japanese side explained that it has included a Chapter on E-Commerce in its EPA with Switzerland, which includes provisions regarding non-discriminatory treatment of digital products, customs duties on electronic transmissions, transparent and impartial domestic regulations and protection of online consumers. The Japanese side also stressed its interest in achieving certain commitments on not imposing customs duties, giving importance to the Decision on not imposing customs duties on electronic transmission under the WTO Ministerial Conference, adopted on December 17, 2011.

(9) Competition

Both sides shared the view that establishment of a sound competitive environment is desirable for the two countries to assure the benefit achieved by the liberalization of trade and investment. In addition, both sides recognized the importance to take appropriate measures against anticompetitive activities based on fundamental principles of competition policy, including non-discrimination, procedural fairness and transparency as well as to promote cooperation between the competition authorities of both countries.

Both sides noted the inclusion of the Competition Chapter in previous EPAs/FTAs of the two countries and shared the view that it should be included in the possible Japan-Colombia EPA, in which a framework of cooperation between the competition authorities of the two countries would be sought.

(10) Intellectual Property

Both sides shared the view that adequate and effective protection of intellectual property (IP) contributes to the development of a competitive knowledge-based economy, and plays a fundamental role in realizing sustainable economic growth through promoting innovation, creativity, investment and competition. Both sides shared the importance to assure transparent and streamlined administrative procedures concerning IP, to combat counterfeiting and piracy, and to promote public awareness concerning IP rights

protection. Both sides shared the view on the importance of the commitments of the international conventions, especially the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), and the necessity for enhanced protection of IP and system of enforcement beyond the TRIPS Agreement in certain aspects. The Colombian side noted the importance that provisions beyond the TRIPS Agreement don't undermine the exceptions and flexibilities nor affect the balance provided by the TRIPS Agreement. The Japanese side underlined the importance of early accession to international agreements relating to IP.

The Colombian side noted the necessity to maintain balance between the rights of intellectual property holders and the interest of the public, particularly in education, culture, research, public health, food security, environment, access to information, and technology transfer.

The Japanese side noted that neither side should prejudice the establishment of an IP Chapter, in respect to the possible Japan-Colombia EPA. The Colombian side expressed that it included an IP Chapter in most FTAs, partly as it relates to Colombia's interests as a bio diverse country.

(11) Environment / Labor

The Colombian side stressed its interest in reaffirming the commitment of basic principles in international agreements regarding Environment and Labor, in the relevant clauses of the possible Japan-Colombia EPA.

The Japanese side explained that it has included in its previous EPAs, individual provisions such as consideration to environment in general exceptions clause or provisions that recognize that the relaxation of environmental measures or the lowering of labor standards, as a means to encouraging investment activities, is inappropriate.

Both sides shared the general view that the issue would be further discussed.

(12) Improvement of Business Environment

Both sides shared the view that the possible Japan-Colombia EPA should include a Chapter regarding Improvement of Business Environment, to facilitate the smooth

development of business between the two countries, which would include the establishment of a sub-committee. Both sides also shared the view that representatives from private sectors could be included as participants in the sub-committee.

The Colombian side welcomed including this Chapter, although the Chapter has never been included in its previous FTAs.

(13) Cooperation

Both sides shared the view that a Cooperation Chapter would be included in the possible Japan-Colombia EPA for liberalization and facilitation of trade and investment, the promotion of public welfare, and the promotion of cooperation that contributes to mutual benefit and that would serve to complement the economic integration between the two countries. Both sides shared the view that the Chapter should set out a general concept and principle of the cooperation, rather than listing all the possible fields of cooperation. And in respect to the specific context, these may be provided in a separate Implementing Agreement, thus, making the EPA a two-track agreement.

The Japanese side presented some examples of the specific projects realized under the Cooperation Chapter of its previous EPAs with the third countries. While extending its gratitude to the Colombian side for receiving the JETRO mission in February 2012, the Japanese side stressed that building strong ties between the private sectors of the two countries is one of the effective approaches to promoting cooperation.

(14) Sanitary and Phytosanitary Measures

The Colombian side stressed its interest in having a Chapter on Sanitary and Phytosanitary (SPS) Measures included in the possible Japan-Colombia EPA, so it would provide opportunities to strengthen cooperation on SPS issues based on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), through the establishment of mechanisms such as a sub-committee for cooperation and exchange of information between the competent authorities of the two countries. The Colombian side mentioned that it has included an SPS Chapter in all its FTAs, aiming at having bilateral mechanisms in order to facilitate the discussion and cooperation on issues related to this topic.

The Japanese side expressed that a Chapter on SPS is not necessary for the possible Japan-Colombia EPA, since the SPS Agreement has already established an appropriate balance of rights and obligations to protect human, animal or plant life or health, which is based on science. The Japanese side also stressed that the existing bilateral channels between the two countries have been functioning.

Both sides confirmed that the issue should be further discussed, in order to decide whether a Chapter on SPS should be included in the possible Japan-Colombia EPA.

(15) Technical Barriers to Trade

The Colombian side stressed its interest in including a Chapter on Technical Barriers to Trade (TBT) in the possible Japan-Colombia EPA, as Colombia has done in all of its FTAs, which would allow a closer relationship between the competent authorities of the two countries in order to facilitate trade. The Colombian side expressed that some aspects regarding international standards, such as equivalence of technical regulations, trade facilitation (bilateral cooperation in standards, technical regulations and conformity assessment procedures), acceptance of conformity assessment results and transparency and technical cooperation could be included in a Chapter on TBT.

The Japanese side expressed that Japan attaches importance to the procedures in the WTO Agreement on Technical Barriers to Trade (TBT Agreement) and believes that establishing individual rules under a bilateral framework is not necessarily indispensable. The Japanese side also noted possible consideration of a Chapter on TBT which contains the same level of rights and obligations with the TBT Agreement.

Both sides shared the intention to find a pragmatic solution on this issue.

(16) Investment

Both sides shared the view that the possible Japan-Colombia EPA should include investment provisions by, for example, incorporating Japan-Colombia BIT *mutatis mutandis*.

Chapter 4 Conclusion

The Joint Study Group recognized, through a broad and detailed discussion, that a comprehensive, high-level, and WTO-consistent EPA between Japan and Colombia would contribute to bringing about significant benefits, which would further strengthen the economic relationship between the two countries.

An EPA between Japan and Colombia would foster further economic integration between the two countries. Therefore, the Joint Study Group recommends that the Government of Japan and the Government of Colombia launch a negotiation for an EPA between the two countries as soon as possible.

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