

Subject to Legal Review for Accuracy, Clarity and Consistency

In connection with the signing on this date of the *Trans-Pacific Partnership Agreement* (the "Agreement"), I have the honour to confirm the following understanding reached by the Governments of Japan and Canada during the course of negotiations regarding trade in forest products.

Japan and Canada agree to the creation of, among others, a Bilateral Forestry Committee on Forest Products, which will undertake to review the necessity of safeguard mechanisms in the trade of forest products during the fifth year after the date of entry into force of the Agreement for Japan and Canada, and as a standing agenda item in each subsequent year thereafter. The Committee will also undertake to review the understandings between the Governments of Japan and Canada as described below. Either Japan or Canada may raise a matter relating to the understandings set out in this letter to the Committee, and the Committee shall seek to resolve that matter. Either Japan or Canada with whom the matter is raised shall accord sympathetic consideration to the position of the other side.

In the context of liberalized trade for forest products, upon implementation of the TPP, notwithstanding the exception for the export of logs of all species from the application of Articles 3 (National Treatment) and Article 11 (Import and Export Restrictions) in Chapter 2 (National Treatment and Market Access for Goods) of the Agreement, the Government of Canada shall issue permits upon request for the export of logs destined for Japan following the procedures set out in the *Export and Import Permits Act* and its applicable notices and regulations and provincial and territorial laws and regulations.

For greater certainty, Japan and Canada confirm that nothing in this letter shall have any other implications with respect to Canada's existing practices and procedures relating to its existing measures concerning the export of logs of all species. In respect of the export of logs, Japan and Canada maintain their rights and obligations under the WTO Agreement, and any dispute regarding a matter relating to the export of logs shall be settled under the WTO.

I have the further honour to propose that this letter, equally valid in French and English, and your letter of confirmation in reply shall constitute an understanding between our two Governments on the application between Japan and Canada of rights and obligations contained in the Agreement, which shall enter into force on the date on which the Agreement enters into force.