



## Background

- Protectionist movements and market-distorting measures by emerging countries (industry subsidies, and forced technology transfer, etc.).
- Stagnation of Doha Round of WTO negotiation and the necessity of modernization of the WTO (E-commerce, investment, dispute settlement, and transparency, etc.).



Japan promotes **trade liberalisation by leading the establishment of free and fair rules through TPP11, Japan-EU EPA and RCEP.**

## Significance

- The Japan-EU EPA is an important pillar of Abenomics' growth strategy.
- With regard to the Japanese economy, the EPA is estimated **to increase real GDP by approximately 1% (approximately 5 trillion yen) and employment by approximately 0.5% (approximately 290,000 jobs).** (estimated by the Cabinet Secretariat (December 2017))
- **A model of economic order in the 21<sup>st</sup> century** based on free and fair rules (state-owned enterprises, intellectual property, and regulatory cooperation, etc.).
- The EPA will create one of the largest free and advanced economic zones in the world with **approximately 30% of the world GDP and 40% of world trade.** (EU's GDP: 17.3 trillion dollars (21.7 % of the world GDP), Japan's GDP: 4.9 trillion dollars (6.1% of the world GDP) (at the time of its entry into force) )



**By concluding the EPA, Japan and the EU set a model of trade liberalisation to the world as the flag bearers for free trade.**

## Progress after entry into force

- After the EPA entered into force in February 2019, **trade has been expanding** (E.g. wine and automobile).
- In April 2019, **the First Joint Committee** of the EPA was held (co-chaired by Mr. Kono, Minister for Foreign Affairs of Japan, and Dr. Malmström, European Commissioner for Trade). **The Specialised Committees and Working Groups** covering 12 different fields were held in a steady manner at the administrative level. (E.g. February 2019: the first meeting of the Working Group on Wine, June 2019: the first meeting of the Committee on Rules of Origin and Customs-Related Matters, July 2019: the first meeting of the Committee on Cooperation in the Field of Agriculture, November 2019: the first meeting of the Committee on Trade in Goods)



### < EU >

27 Member States: Belgium, Bulgaria, the Czech, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Holland, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden  
Population: 446.83 million (2019) (approximately three or four times larger than that of Japan)

### <Chronology>

March, 2013 : determining the launch of the negotiation  
July, 2017 : an agreement in principle  
December, 2017: finalisation of the negotiations  
July, 2018 : Signing  
December, 2018: notification of completion of respective applicable legal requirements and procedures  
February, 2019: entry into force

### (Reference)

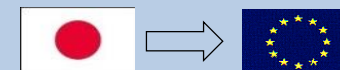
- EPA/FTA of Japan  
18 EPAs with 21 countries and regions have already been entry into force/signed (As of February, 2020)
- Recent EPA/FTA of the EU
  - Korea: entered into force, 2015
  - Canada: provisional application started, 2017
  - Singapore: entered into force, 2019
  - Vietnam: entered into force, 2020<sup>1</sup>

✂The UK withdrew from the EU at the end of January 2020.

## Main contents: Trade in goods

### Exportation of Japanese products to the EU's market

Elimination rate of customs duties on the EU side: **approximately 99%**(※1)(※2)



#### Industrial products

- **100% elimination of customs duties**
- **Automobiles** (current customs duties: 10%) : **customs duties will be eliminated in 8 years.**
- **Car parts**: **more than 90% of customs duties** (exports by value) **will be eliminated immediately.**
- **General machineries, chemical products and electronics**: **approximately 90% of customs duties** (exports by value) **will be eliminated.**  
※general machineries: 86.6%, chemical products: 88.4%, electronics: 91.2%

#### Agriculture, forestry and fisheries products, etc.

- Custom duties for almost all products including Japan's export priority products such as **beef, tea, and fisheries products will be eliminated** (almost all of them will be eliminated at the date of entry into force of the EPA).
- **Japan wine**: **the EU's import restriction will be eliminated** (authorisation of oenological practices of Japan Wine, introduction of self-certification). **All customs duties of alcoholic beverages will be eliminated immediately.** Free distribution will be possible.
- **Protection of geographical indications (GI)** will be ensured on agricultural products & alcoholic beverages (Japanese Sake etc.)

**Industrial products**: Not only big firms but also small & medium-sized enterprises supplying manufactures with parts may also benefit from the EPA.  
**Agriculture, forestry and fisheries products**: The EPA will create an environment which promotes export of Japanese products to a market of more than 500 million people in the EU.  
**Alcoholic beverages**: Export will be expanded and the brand image will be strengthened through protection of GIs.

### Importation of the EU products to Japan's market

Elimination rate of customs duties on the Japanese side: **approximately 94%**



(agriculture, forestry and fisheries products: approximately 82%, industrial products: 100%) (※1)

#### Industrial products

- **Chemical products, fiber/fiber products**: **customs duties will be eliminated immediately**
- **Leather, footwear** (maximum current customs duties: 30%) : **customs duties will be eliminated in 11 years or 16 years.**

#### Agriculture, forestry and fisheries products, etc.

- **Rice**: **excluded from reduction/elimination of customs duties.**
- **Wheat, Dairy products, Sugar, Pork**: **maintain state trading system for wheat and dairy products; sugar price adjustment system; gate price system for pork.** Ensure effective measures such as tariff rate quotas and safeguards.
- **Soft cheese**: **tariff rate quota is allocated**, and quota volume is limited to **the extent which enables expansion of production in Japan.**
- **Beef**: **ensure 15-year tariff reduction period and safeguard.**

## Main contents : Trade in Services / Investment, Rules

### Trade in Services, Investment, E-commerce

#### Trade in Services, Investment, E-commerce

- In principle all trade in services and investments are liberalised. Reserved exceptional measures and areas are enumerated (**Negative List**).
- Rules **meeting the needs of Japanese businesses in Europe** are provided (telecommunications services, regulatory cooperation on financial regulation, etc.).
- Rules **ensuring security and credibility of e-commerce** are provided (prohibition of imposing customs duties on electronic transmissions, prohibition of forced disclosure of source codes)

### High-level rules in the 21<sup>st</sup> century

#### State-owned enterprises, subsidies

- **State-owned enterprises**: ensuring **commercial considerations** in its purchase or sale of a good or service, and **non-discriminatory treatment** for enterprises of the other Party.
- **Subsidies**: notification obligation, procedure for the request for consultation, prohibiting certain types of **subsidies**, etc.

#### Intellectual Property

- **Higher standards than TRIPS** (protection of trade secrets, extension of term of protection for rights of an author of a literary or artistic work to 7 years after the author's death, etc.)
- **High level of mutual protection of geographical indications (GI)**. 55 GIs of Japan ( "KOBE BEEF", "YUBARI MELON", "Satsuma", and "Nihonshu /Japanese Sake", etc.)

#### Regulatory Cooperation

- Regarding regulatory measures on trade and investment, regulatory authorities of both Japan and the EU: **issue publication in advance, offer reasonable opportunities for any person to provide comments, conduct prior and retrospective evaluation, and exchange information on good regulatory practices.**