



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 **liberalisation of trade by leading 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).
- **A model of economic order in the 21st 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: 4.9trillion dollars (6.1% of the world GDP))

- ⇒ The EPA meets the expectations of businesses both in Japan and the EU. By concluding the EPA, **Japan and the EU set a model of trade liberalisation to the world as the flag bearers for free trade.**

<EU>

28 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, Britain

Population : 511.81 million (2017) (approximately 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

Schedule

- The Diet of Japan approved the EPA on 8th December 2018.
 - The European Parliament gave its consent to the EPA on 12th December, and the Council approved it on 20th December.
- ⇒ On 21st December, Japan and the EU notified each other that their respective applicable legal requirements and procedures for entry into force of this Agreement had been completed.
- The EPA entered into force on **1st February, 2019.**

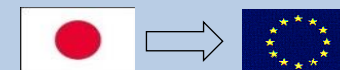
(Reference)

- EPA/FTA of Japan
 - 18 EPAs with 21 countries and regions have already been entry into force/signed (As of December, 2018)
- Recent EPA/FTA of the EU
 - Korea : signed in October, 2010
 - Canada : signed in October, 2016

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.**
- **Carparts**: **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.

- Almost all products including Japan's export priority products, including **beef, tea, and fisheries products, customs duties 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 21st 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)**. 56 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.**