



Background

- Protectionist movements and market-distorting measures by emerging countries (industry subsidies, and forced technology transfer, etc.).
 - Stagnation of the Doha Round of the 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 CPTPP, Japan-EU EPA and RCEP.**

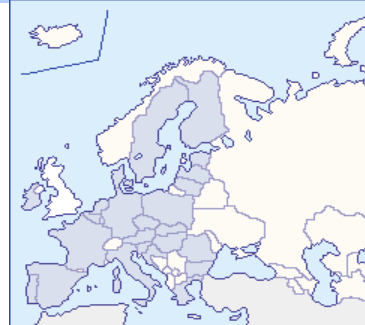
Significance

- 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 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 a quarter of the world GDP and one third of world trade.** (EU's GDP: 15.6 trillion dollars (17.8 % of the world GDP), Japan's GDP: 5.1 trillion dollars (5.8% of the world GDP) (2020))
- ➡ **By concluding the EPA, Japan and the EU set a model of trade liberalisation to the world as 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).
- **The First Joint Committee** of the EPA was held in April 2019. **The Second Joint Committee** was held in February 2021, and **the Third Joint Committee** was held in March (co-chaired by Mr. Hayashi, Minister for Foreign Affairs of Japan, and Mr. Dombrovskis, Executive Vice President of the European Commission).
- **The Specialised Committees and Working Groups** covering 12 different fields were held in a steady manner at the administrative level.
- In February 2022, 28 new names were added as Geographical Indications (GIs) to be protected for Japan and the EU respectively. In addition, exploratory talks were held to include provisions on the **free flow of data to the EPA.**

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



< 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: 447.8 million (2020) (approximately 3.6 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)

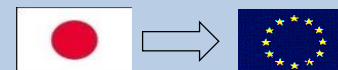
- EPA/FTA of Japan
18 EPAs with 21 countries and regions have already been entry into force/signed (As of January, 2022)

- 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
 - the United Kingdom: entered into Force, 2021

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.)

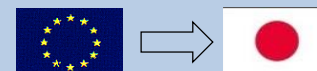
Industrial products: Not only big firms but also small & medium-sized enterprises supplying manufactures with parts may also benefit from the EPA.

Agriculture, forestry and fisheries products: The EPA will create an environment which promotes export of Japanese products to a market of more than 400 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 70 years after the author's death, etc.)
- **High level of mutual protection of geographical indications (GI)**. 111 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.**