



EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT

Seminar by the Embassy of Finland

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Overview: EU-Japan trade relations

- EU and Japan together account for around 30% of the world GDP and 37% of world trade;
- Japan is the EU's 6th largest trade partner, the EU is Japan's 2nd largest trading partner;
- EU is No. 1 investor in Japan and No. 2 destination of investment from Japan;



Overview: EU priorities

- Better market access for processed agricultural products (cheeses, pasta, chocolates etc.) and wines and alcoholic beverages;
- Elimination of Non-Tariff Measures in particular as regards cars, medical devices, pharmaceuticals, food products;
- Direct protection of Geographical Indications;
- Opening up services sectors;
- Increasing access to the Japanese public procurement market



Coverage of the EPA

- Market access for good, services and investment;
- Procurement;
- Sanitary and phytosanitary measures;
- Technical barriers to trade;
- Intellectual property rights, including geographic indications;
- Competition, subsidies and state owned enterprises;
- Trade and sustainable development;
- Small and medium sized enterprises.



Overview: Potential gains of an EPA between Japan-EU

- Around 90% of mutual trade will be liberalised at entry into force of the agreement, after transitional period of 15 years 99% of all trade will be liberalised;
- Exports on both ways are estimated to increase by 16-24%



Timeline

Start of the negotiations

Agreement in principle

Conclusion

Signature

Entry in to force

~18 rounds of negotiations

Translation,
legal review
Council approval

European
Parliament
approval

Apr
2013

Jul
2017

Dec
2017

Year
2018

Year
2019



Industrial tariff liberalisation

- Full liberalisation was agreed in all sectors
- In terms of trade value, 96.2% of Japanese tariffs will be removed upon EIF
- In terms of number of tariff lines, Japan will remove 96% of tariffs upon EIF
- Longest staging is of 15 years for some products

Agricultural tariff liberalisation

- Japanese average applied agricultural tariff is 16.3%
- 2690 tariff lines (TLs) (Harmonised System 2017) cover agricultural, fisheries and forestry products
- Mutually excluded: rice, sea weed, whales

Number of TLs	Tariff elimination				Tariff rate quotas, safeguards, reduction of tariffs
	total	EIF/year 0 includes TLs at 0	year 1-12	year 13 and beyond	
2,690	82%	54%	26%	2%	18%



Agricultural tariff liberalisation

- Wine, most fisheries and forestry products to 0% at entry in force (EIF)
- Processed Agricultural Products (PAPs) liberalisation (at EIF or with some staging of 5-10 years): pasta, chocolates, candies, confectionary, biscuits, pure cocoa powder, starch derivatives, egg albumin, tomato sauce, etc. Sizeable Tariff Rate Quotas (TRQs) for other important PAPs (food preparations, etc.)
- Hard cheeses full liberalisation (28.9%) in 15 years
- Most tariff lines liberalised by year 12
- For others reduced or in TRQs or under Safeguard (SG)



Tariff rate quotas

Product	Tariff rate quotas
Wheat, barley	10 TRQs
Malt (roasted, unroasted)	1 TRQ
Starch	1 TRQ
Sugar	6 TRQs
SMP, butter, whole powder milk, butter milk powder, sugar-added condensed milk	1 TRQ
Whole powder milk	1 TRQ
No sugar condensed milk	1 TRQ
Inorganic concentrated whey, whey for infant use, whey permeate	1 TRQ
No sugar cocoa preparations	2 TRQs
Low fat PEF	1 TRQ
Fresh shredded cheese, cream cheese (more than 45% milk fat), fresh cheese, grated/powdered processed cheese, processed cheese, blue cheese, soft cheese among ripened cheese	1 TRQ



Volume based safeguard measures

Product	Safeguards
Whey for human consumption	2 SG
Beef	1 SG
Pork	1 SG
Pork preparations (ham/ sausages)	1 SG
Racehorses	1 SG
Oranges	1 SG



Japan's schedules and notes

- HS 2017: correspondence of subheadings at 6 digit level. Japan 9 digit/EU 8 digit.
- A/- = 0 at EIF; B3 = elimination in equal instalments, free 1st April of fourth year; X = exclusion; S = review etc.

RULES OF ORIGIN!

Information sources

Website of the European Commission (DG TRADE):
<http://ec.europa.eu/trade/policy/countries-and-regions/countries/japan/>

The screenshot shows the European Commission website page for the EU-Japan Trade Agreement. The page is titled "Countries and regions" and "Japan". It features a navigation menu on the left with categories like Trade, Policy, Policy making, EU position in world trade, EU and WTO, Countries and regions, Negotiations and agreements, Development, Statistics, Accessing markets, Import and export rules, and Trade policy and you. The main content area includes a map of Japan, a paragraph stating that the EU has finalized negotiations for a trade agreement with Japan, and a section titled "Trade picture" with bullet points. A red box highlights a "Trade picture" section titled "EU-Japan Trade Agreement" which contains a sub-section "EU-Japan Trade Agreement" with a brief description and three links: "More information on the agreement", "The agreement explained in detail", and "Text of the negotiated agreement".

- Text of agreement
- Summary
- Factsheets
- Q&A



Information sources

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

The screenshot shows a web browser displaying the EU-Japan Economic Partnership Agreement (EPA) website. The main heading is "EU-Japan Economic Partnership Agreement: texts of the agreement". Below this, there is a section for "Chapter-by-chapter" with a "Disclaimer" stating that the regulations between the EU and Japan on the EPA have been finalized and the legal revision of the texts has been completed. A list of chapters is provided, including:

- Chapter 1: General provisions
- Chapter 2: Trade in goods
- Chapter 3: Rules of origin and origin procedures
- Chapter 4: Customs matters and trade facilitation
- Chapter 5: Trade remedies
- Chapter 6: Sanitary and phytosanitary measures
- Chapter 7: Technical barriers to trade
- Chapter 8: Trade in services, investment liberalisation and electronic commerce
- Chapter 9: Capital movements, payments and transfers and temporary safeguard measures
- Chapter 10: Government procurement
- Chapter 11: Competition policy
- Chapter 12: Subsidies
- Chapter 13: State-owned enterprises, enterprises granted special rights or privileges and designated monopolies
- Chapter 14: Intellectual property
- Chapter 15: Corporate governance
- Chapter 16: Trade and sustainable development
- Chapter 17: Transparency
- Chapter 18: Good regulatory practices and regulatory cooperation
- Chapter 19: Cooperation in the field of agriculture
- Chapter 20: Small and medium-sized enterprises

Text of agreement, including tariff schedules and accompanying notes
NB: All tariff lines not specifically mentioned in the EU and in the Japanese schedules will be duty-free at the entry into force of the agreement.



Further information sources

- EPA related information to be added by end of 2018:

<http://madb.europa.eu/madb/indexPubli.htm>

- Contacts for SMEs, including procurement helpdesk:

<https://www.eu-japan.eu/>



Further information sources

Website of Japanese Ministries:

- MAFF:

http://www.maff.go.jp/j/kokusai/renkei/fta_kanren/f_eu/

- METI:

http://www.meti.go.jp/english/press/2017/1225_003.html

- MOFA:

http://www.mofa.go.jp/mofaj/gaiko/page6_000042.html

http://www.mofa.go.jp/policy/economy/page6e_000013.html



To summarise:

- EPA is a balanced agreement addressing the key sensitivities on both parties;

Main stakeholders of both parties will benefit:

- Agricultural and industrial producers will benefit from reduced tariffs and better market access due to elimination of non-tariff measures;
- Service providers will benefit from better access to services and procurement markets;
- Consumers will benefit by having wider selection of products with better prices.