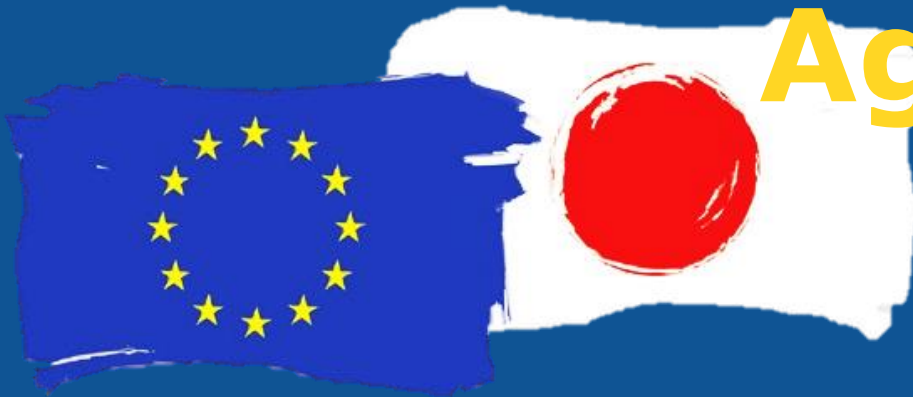




# EU – Japan Economic partnership Agreement





# The strategic importance of the EPA

- Important partner with common values
- Promotion of free and fair trade based on rules; resisting protectionism
- Level-playing field with other FTA partners (CPTPP, Switzerland etc.)
- EU presence in Asia-Pacific region: regulatory footprint



# Overview of the agreement

- **A high degree of trade liberalisation**
  - EU liberalizes 99% of tariff lines
  - Japan liberalizes 97% of tariff lines; grants additional concessions through tariff rate quotas; and addresses Non-Tariff Measures (cars, wine)
- **Small and Medium sized enterprises**
  - Large number of exporters to Japan
  - SME chapter – transparency to market access through sharing information

# Liberalisation and protection



... will have Japan recognise over 200 certified European delicacies.

This protects European farmers and producers when selling abroad.



... will lead to a growth in green tech, while not raising the demand for energy or imports of fossil fuels.



... sets strong, legal standards for workers and the environment under the deal.



... can create EU jobs - every €1 billion in EU exports supports 14,000 jobs in Europe.



... opens up Japan's services market to EU firms, and allow them to bid for more public contracts in Japan.



... will help design rules and standards that would ensure global trade is free and fair.

# Impact of the agreement

- 33 billion euro to the EU GDP by 2035
- 13 billion euro: forecast increase of annual EU exports to Japan
- Considerable gains in sectors e.g. agriculture, beverage, textile, apparel and leather products
- Balanced impact of the agreement

# Agricultural And Food Products

- Annual exports worth over €5.7 billion
- Japan the 4<sup>th</sup> biggest market for agricultural exports
- Japan – high tariffs on agricultural products
- After the EU – Japan EPA
  - Over time 85% of EU agricultural and food products entirely duty-free
    - > 87% of current agricultural and food exports by value

**Pork:** Duty-free for processed pork and significantly lower tariffs for fresh pork meat

**Beef:** Tariff cut from 38.5% to 9% over 15 years

**Wine:** Second biggest agricultural export – tariff free from day 1

**Cheese:** tariff elimination for hard cheese (e.g. Manchego); duty free quota for fresh cheese (e.g. Burgos)

+ No custom duties for key **processed agricultural products** : pasta (10 years), chocolates (10 years), confectionary (10 years), biscuits (5-10 years) etc.



## Geographical Indications (GIs) – Protection for food, wines and spirits

- Over 200 European agricultural products, wines and spirits
- Possibility to add new GIs to the list under the agreement
- Domestic registration procedures also available



VINOS DE JEREZ  
WINES  
SHERRY



DE NOMINACIÓN DE ORIGEN  
**CAVA**



CONSEJO REGULADOR DE LA DENOMINACIÓN DE ORIGEN  
**RI  
BE  
RA**  
DEL  
DUERO





# Industrial products

Tariffs fully abolished for chemicals, plastics, cosmetics, textiles and clothing

Leather and Shoes

- Tariff rate quotas eliminated at entry into force

**Shoes** 30% to 21% at entry into force,  
eliminated over 10 years

**Leather** Eliminated over 10 years



Example: Current Export Volume from EU to Japan and Japanese Tariff Rate

- **Chemicals (includes Pharmaceutical products) : 6,848 billion yen (= 53 bil. Euros)**  
Tariff rate: Chemicals products 2.6–3.9%, Plastic products etc. 3.9%
- **Textile • Textile products : 1,949 billion yen (= 15 bil. Euros)**  
Tariff rate: Handbags 8-16%
- **Leather • Leather footwear : 2,261 billion yen (= 18 bil. Euros)**  
Tariff rate: Leather Footwear 17.3-30 % or 2,400-4,300 yen

# Non-tariff Barriers – EPA provisions

Agreement eases technical requirements and certification procedures, with specific provisions on wines and on motor vehicles



## Motor vehicles

- EU & Japan – same key international standards on product safety and the protection of environment (77 UNECE Regulations) – COMPLETED!
- Japan committing to the development work of international car standards - continued engagement
- Safeguard mechanism (tariffs  $\Leftrightarrow$  regulations)



# Non-tariff Barriers – Progress achieved

## **Pharmaceutical products**

Mutual recognition of GMP inspections for all EU MS. MRA expanded in 2018 to sterile medicines, vaccines, active pharmaceutical ingredients (APIs)

## **Medical devices**

Japan – harmonisation with international standards on quality management systems (QMS) in 2014; alignment of good clinical practices requirements with ISO 14155 in 2013

## **Textile labelling**

Japan – international textiles labelling system (ISO) since 2016

## **"Quasi drugs", medical devices and cosmetics**

Duplicative import notification system abolished in 1 January 2016. Fluoride standard for toothpaste revised in 2017. Approval process for "quasi-drugs" shortened to ~ 6months on average in 2018.

## **Beer**

European beer exported as beer not as "alcoholic soft drinks" – fair tax competition

# Trade in Services

## **Postal and courier services**

Universal service obligations, border procedures, licenses and independence of the regulators, level playing field

## **Telecommunications**

Level playing field, universal service obligations, number portability, mobile roaming, confidentiality of communications

## **International maritime transport services**

Open, non-discriminatory access

## **Financial services**

Definitions, exceptions, disciplines and rules based on WTO framework

## **Movement of people for business purposes**

Including spouses and children



# Future work

- **EPA opens opportunities for engagement on NTMs**
  - **TBT Committee**
  - **SPS Committee**
  - **Working Group on Motor Vehicles and Parts**
  - **Working Group on Wine**
  - **Committee on Trade in Services, Investment Liberalisation and Electronic Commerce**
  - **Committee on Government Procurement**
  - **Committee on Regulatory cooperation**

# Future work (2)

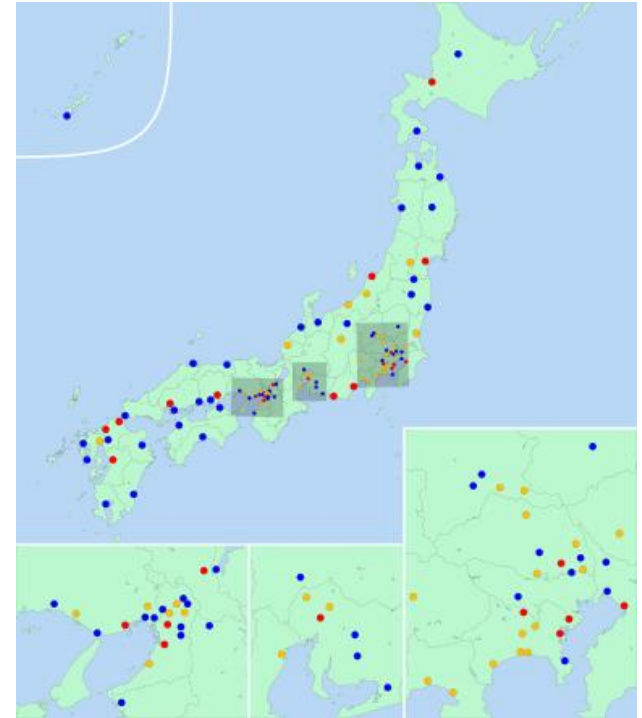
- **EPA built-in agenda:**
  - For Motor vehicles – UNECE regulations 53 (lighting for L3 vehicles); 73 (lateral protection devices); 85 (measurement of electric drive train power); 126 (non OEM partition systems for luggage)
  - For Wine – phase-in of oenological practices (linked to additives and processing aids)
- **Possible initiatives identified within the EPA (or SPA) context can be pursued also through other instruments:**
  - **E.g. Mutual Recognition Agreement** (sectors currently covered: telecommunications equipment, electrical products, good laboratory practice (GLP) for chemicals and good manufacturing practice (GMP) for medicinal products)
  - **E.g. Equivalence decisions on data protection**

## Public Procurement

An equal footing with Japanese companies in "core cities" (300.000 – 500.000 people)



Evolving list, currently 54 cities (*blue dots*)



Removes obstacles to procurement in railway sector ('operational safety clause')





## **Data protection & privacy**

- guarantees high level of protection
- mutual 'adequacy' arrangement in January 2019

## **Intellectual property rights**

- protection of trade secrets, trademarks, copyright protection, patents, minimum common rules for regulatory test data protection

## **Corporate governance**

- Best practices and rules – based on the G20/ OECD's Principles on Corporate Governance: transparency, disclosure of information, etc.

## **Competition**

## **State-to-state dispute settlement mechanism**

## **Anti-Fraud**



# Czech exports to Japan

## COMPANIES AND JOBS

**969**

The number of Czech companies that export to Japan.

**37%**

The share of Czech companies exporting to Japan that are small and medium-sized enterprises.

**18,264**

The number of jobs in the Czechia that EU exports to Japan help support.

**739,560**

The number of jobs in the EU that EU exports to Japan help support.



European  
Commission

# Czech exports to Japan

Companies across the Czechia export goods and services to Japan.





# First year of Implementation

- EU exports to Japan + 6.6%  
(Japanese exports to EU + 6.3%)

**Beverages + 20%**

**Wine + 17.3%**

**Tea + 39.8%**

**Sunflower seeds + 39.9%**

**Frozen bovine meat + 221.0%**

**Butter + 47.8%**

**Leather articles + 14%**

**Electrical machinery + 16.4%**

**Discs, tapes, storage devices + 9.4%**

**Telephone sets and telecommunication equipment + 69%**

**Babies' clothing and accessories + 108.3%**

**Meat + 12%**

**Cider + 31.5%**

**Pasta + 14.9%**

**Pork meat + 12.6%**

**Dairy + 10% / Cheese + 7.0%**

**Milk and cream + 120.7%**

**Apparel + 9%**



European  
Commission

# Information sources

# 1 – DG Trade

**In focus**

**EU-JAPAN**

**ECONOMIC PARTNERSHIP AGREEMENT**



<http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>

## 2 – Customs issues



**DG TAXUD:** [https://ec.europa.eu/taxation\\_customs/business/international-affairs/international-customs-cooperation-mutual-administrative-assistance-agreements/japan\\_en](https://ec.europa.eu/taxation_customs/business/international-affairs/international-customs-cooperation-mutual-administrative-assistance-agreements/japan_en)

## 3 - EU – Japan Centre for Industrial Cooperation



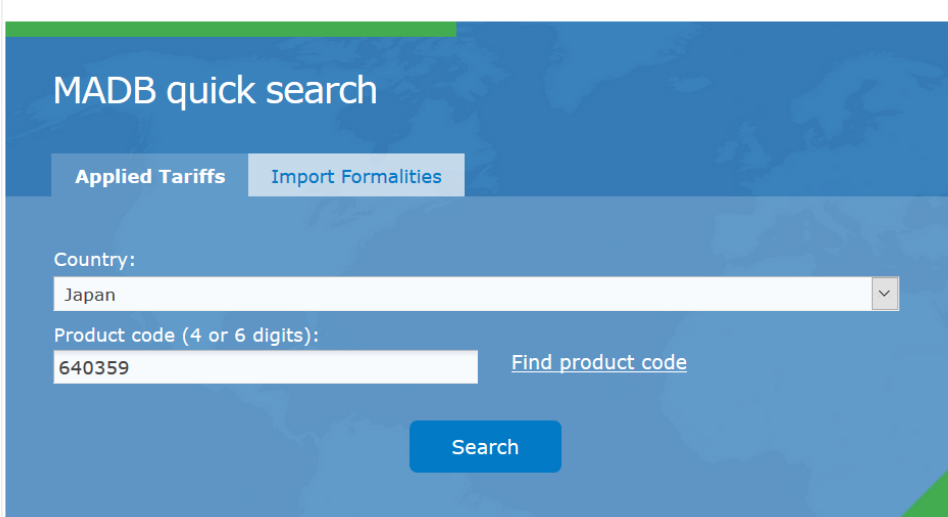
**EU-Japan Centre**  
for Industrial Cooperation

日欧産業協力センター

[www.eu-japan.eu](http://www.eu-japan.eu) -

## 4 – Market Access Database / Trade Helpdesk

- <http://madb.europa.eu/madb/> - Information for EU exporters
- <https://trade.ec.europa.eu/tradehelp/> - Information for EU Importers



MADB quick search

Applied Tariffs Import Formalities

Country:  
Japan

Product code (4 or 6 digits):  
640359

[Find product code](#)

Search





**Thanks!**