

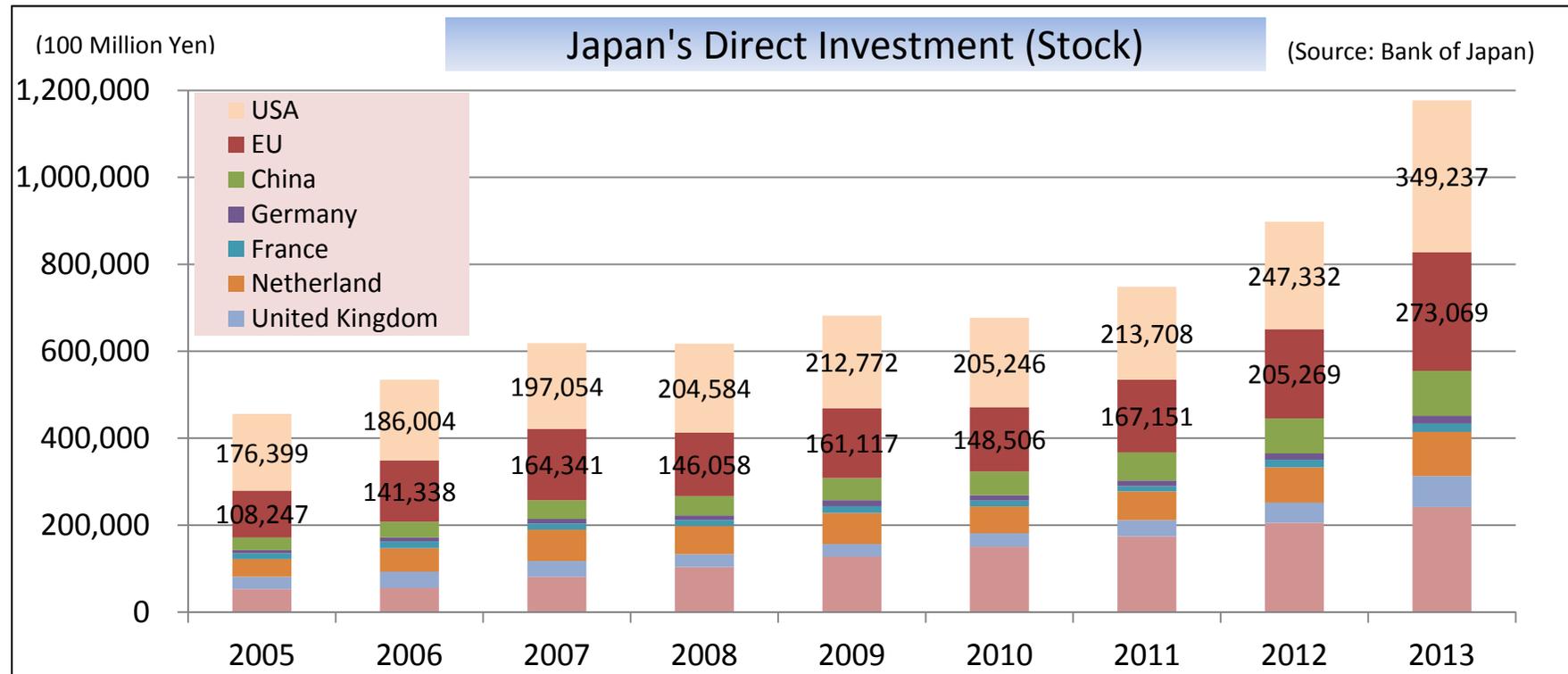
Japan-EU Economic Partnership Agreement/ Free Trade Agreement

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Ministry of Economy, Trade and Industry of Japan
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Japan-EU/Germany Economic Relationship

Investment and Job Creation by Japanese Companies



Japanese overseas affiliates in Europe

Survey of Overseas Business Activities as of 2012(FY), METI

Number of employees: over 532,180

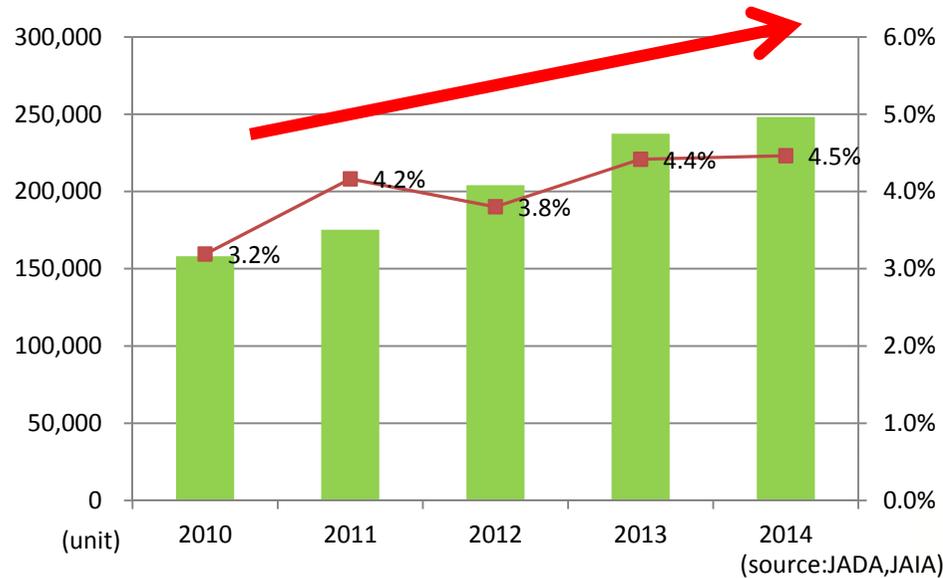
Number of companies: over 2,834

*Number of Employees by Japanese affiliates

UK	161,014
Germany	65,275
Netherland	63,242
Belgium	46,525
France	38,771
Italy	21,792
Spain	12,212

Example of Automotive Sector

Share of European vehicles in Japan



Japan Car of the Year

2013-2014	
1st	Volkswagen Golf
2nd	Honda Fit/Jazz
3rd	Volvo V40



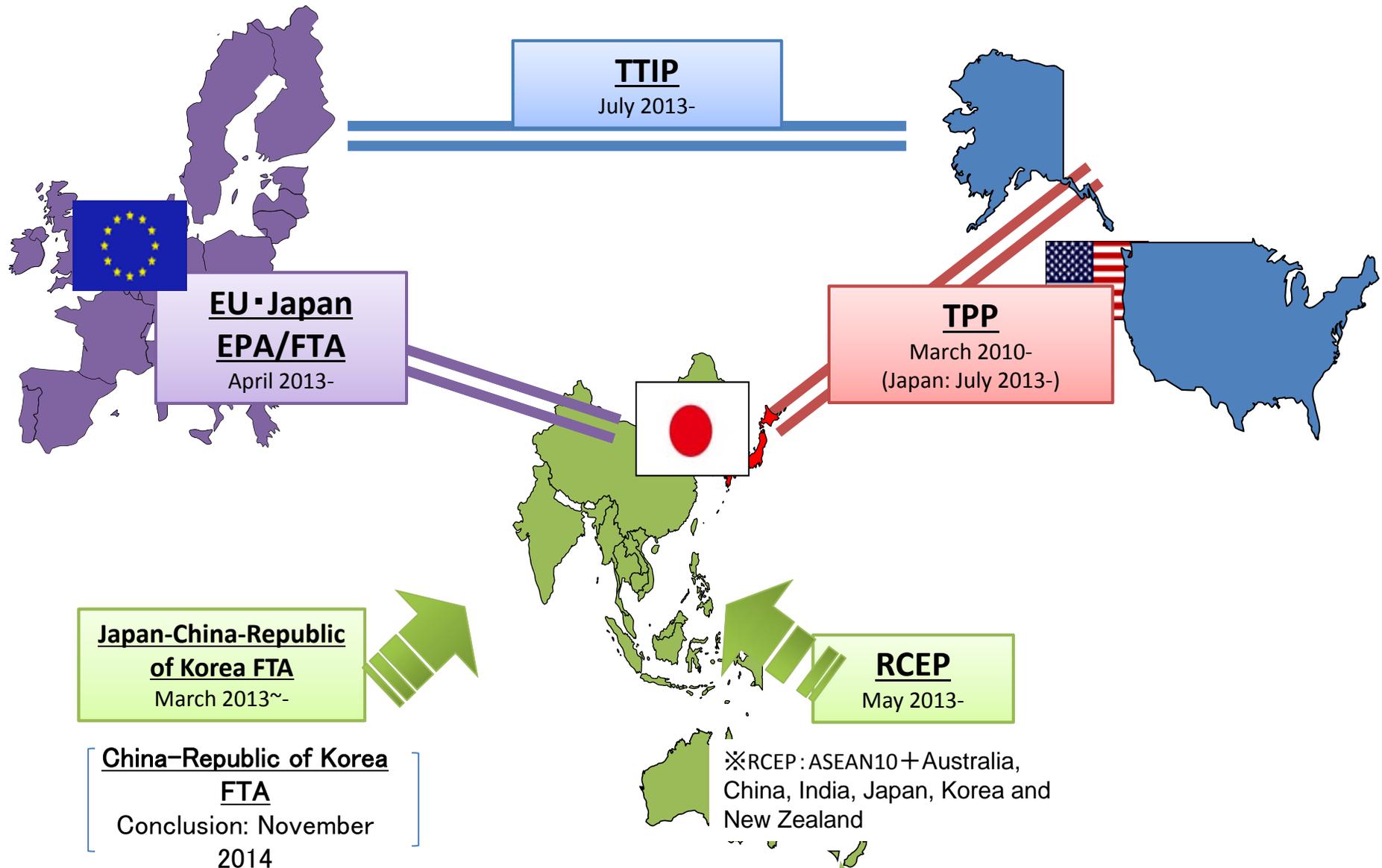
2014-2015	
1st	Mazda 2/Demio
2nd	Mercedes Benz C-Class
3rd	BMW i3



General Expectations for Japan-EU EPA/FTA

1. Improvement in market access
2. leading role in global rule-making
3. Enhancing Japan-EU/Germany economic relationship

“Mega-FTAs”



Japan-EU EPA/FTA Status of Negotiation

Progress of the Negotiations

March 2013	Launch of negotiations
April 2013	1 st round of negotiations
June - October 2013	2 nd – 3 rd round of negotiations
November 2013	Japan-EU Summit
January - April 2014	4 th – 5 th round of negotiations
May 2014	Japan-EU Summit
May - June 2014	EU's one-year review
July 2014	6 th round of negotiations
October 2014	7 th round of negotiations
December 2014	8 th round of negotiations

The Scope of the Main Negotiation Issues

General, Institutional, and Final Provision	Procurement
Trade in Goods: Market Access	NTM (Automotive, Medical Devices & Pharmaceuticals, etc.)
TBT (Technical Barriers to Trade)	Intellectual Property Rights (GIs, etc.)
Rules of origin	Competition Policy
Customs and Trade Facilitation	Dispute Settlement
SPS (Sanitary and Trade Facilitation)	Trade and Sustainable Development
Trade in Service	Others (e.g. Regulatory Cooperation, Electronic Commerce)
Investment	

Areas of Interest to Both Sides

Japan's main areas of interest

- 1) Tariffs:** Elimination of high tariffs on industrial products (e.g. automobiles: 10%, electronic devices: 14%) will not only improve the competitive condition for Japanese products in the European market but benefit European consumers.
- 2) Regulatory issues** facing Japanese companies in Europe.

EU's main areas of interest

- 1) Non-Tariff Measures (NTMs)** on automobiles, food safety, medical devices and pharmaceuticals etc.
- 2) Government procurement** (e.g. railways).
- 3) Tariffs:** Elimination of tariffs on the main export products to Japan.
- 4) Protection of Geographical Indications (GIs)**

“One-Year Review”

- After the first year of negotiations the Commission provided to the Council a report assessing the progress achieved during the first year of negotiations with Japan.
- This review had been foreseen in the original negotiating mandate for the EU. After this satisfactory review the negotiations will hopefully continue with added momentum.

(Website of European commission)

Conclusion of One-Year Review June 25, 2014



Second Half of the Negotiations

Examples of Japan's Progress on NTMs (1)

-Automotive-

Adoption of UNECE regulations

- 37/47 passenger vehicle regulations were adopted.

Hydrogen Gas Airbags

- Exemption of airbags containing hydrogen gas from import inspection under the High Pressure Gas Safety Act

Zoning for automobile service shops

- Facilitation of the establishment of automobile service shops
- The number of approvals in FY2013 is 52. (FY 2011: 14)

Pyrotechnic Safety devices

- Exemptions of automotive pyrotechnic safety devices from the Explosive Control Act

High-Pressure Gas Tanks (Fuel Cell Vehicles)

- Adoption of Global Technical Regulation (Phase 1)

Examples of Japan's Progress on NTMs (2)

-Food-

Food additives

- 10 food additives were newly designated.

Beef Import

- The ban on imports of cattle meat and offal was lifted: France (Feb 2013), Netherlands (Feb 2013), Ireland (Dec 2013), Poland (Aug 2014).

Liquor wholesale license

- Establishing new license categories for cash-and-carry wholesalers

-Medical Device-

- Revision of the Pharmaceutical Affairs Law was entered into force.

Railway Sector

EU-Japan Industrial Dialogue on Railways

(March and December 2014)

- Exchange views and information concerning the characteristics of the respective railway markets
- Deepening mutual understanding and enhancing mutual market access opportunities in Japan and the EU



Photo: Delegation of the EU to Japan

Delisting of the three Japan Railway Honshu companies from Japan's schedule to the WTO/GPA (October 2014)

Schedule

2015

- Jan. 21-24 World Economic Forum (Davos)
 - **Feb. 23- 9th round of negotiations**
 - Spring? EU-Japan Business Round Table(BRT)
 - Spring? Japan-EU Summit
 - June 6-7 G7 (in Germany)
 - Autumn? G20 (in Turkey)
 - **During 2015 Reach Agreement in Principle**
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Impact of the FTA/EPA on SMEs

Effect on SMEs (1)

Japan-Germany Seminar on Small- and Medium-Sized Enterprises (Berlin, April 2013)

- PM Abe touched on the long history and future outlook of the partnership between SMEs of both Germany and Japan.
- “More than 99% of companies of Japan and Germany are SMEs”
- “SMEs are key of the growth strategy”



Photo: JETRO

Effect on SMEs (2)

German SMEs to benefit from:

- Investment /procurement by Japanese companies
- Investment in Japan
- Alliances with Japanese companies

Nearly 80 M&A cases by Japanese companies in Germany have been announced from 2010 to July 2014.

- LIXIL acquired the Shares of GROHE Group. (2.94 billion euros, 2014)

The latest cases

○Investment

- Tsukishima Kikai has signed a stock transfer agreement to acquire stocks of a German filter equipment manufacturer, BOKELA GmbH. (December 2014)

○ Cooperation

- Seiren and SCHMITZ concluded business alliance in automotive interior textile business. (July 2014)

Thank you.