Japan-EU Economic Partnership Agreement/
Free Trade Agreement

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Ministry of Economy, Trade and Industry of Japan
January 2015
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

(Source: Bank of Japan)
Example of Automotive Sector

**Share of European vehicles in Japan**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share (%)</td>
<td>3.2%</td>
<td>4.2%</td>
<td>3.8%</td>
<td>4.4%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

(source: JADA, JAIA)

**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

Photo: CAR OF THE YEAR JAPAN
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”

- **TTIP**
  - July 2013-
  - EU ・ Japan EPA/FTA
    - April 2013-

- **TPP**
  - March 2010-
  - (Japan: July 2013-)

- **Japan-China-Republic of Korea FTA**
  - March 2013-

- **RCEP**
  - May 2013-
  - ※RCEP: ASEAN10 + Australia, China, India, Japan, Korea and New Zealand

- **China-Republic of Korea FTA**
  - Conclusion: November 2014
Japan-EU EPA/FTA
Status of Negotiation
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2013</td>
<td>Launch of negotiations</td>
</tr>
<tr>
<td>April 2013</td>
<td>1st round of negotiations</td>
</tr>
<tr>
<td>June - October 2013</td>
<td>2nd – 3rd round of negotiations</td>
</tr>
<tr>
<td>November 2013</td>
<td>Japan-EU Summit</td>
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<tr>
<td>January - April 2014</td>
<td>4th – 5th round of negotiations</td>
</tr>
<tr>
<td>May 2014</td>
<td>Japan-EU Summit</td>
</tr>
<tr>
<td>May - June 2014</td>
<td>EU’s one-year review</td>
</tr>
<tr>
<td>July 2014</td>
<td>6th round of negotiations</td>
</tr>
<tr>
<td>October 2014</td>
<td>7th round of negotiations</td>
</tr>
<tr>
<td>December 2014</td>
<td>8th round of negotiations</td>
</tr>
</tbody>
</table>
## The Scope of the Main Negotiation Issues

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

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**Japan’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)**
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

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

- Jan. 21-24  World Economic Forum (Davos)
- Feb. 23- 9th round of negotiations
- Spring?  EU-Japan Business Round Table (BRT)

2015
- Spring?  Japan-EU Summit
- June 6-7  G7 (in Germany)
- Autumn?  G20 (in Turkey)
- During 2015  Reach Agreement in Principle
Impact of the FTA/EPA on SMEs
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”
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.