

Remarks of the Ambassador of Japan to the European Union,
H.E. Mr. Kazuo Kodama
Keynote and Panel Discussion
The Japan-EU EPA: Expanding our Rules-Based, Free Trading
Sphere to Create Economic Opportunities for Businesses
13 July, 2018

Distinguished Guests,
Ladies and Gentlemen,

(Introduction)

Good morning. It is a great pleasure and honor for me to be with you at this event and to talk about the Japan-EU Economic Partnership Agreement (EPA).

As you already know, the Japan-EU EPA, as well as the Japan-EU SPA, were scheduled to be signed by Prime Minister Abe, European Council President Tusk and European Commission President Juncker here in Brussels on July 11th. However, Prime Minister Abe canceled his visit to Brussels, deciding instead to oversee the government's response to the devastation caused by the torrential rain in western Japan. Both President Tusk and President Juncker expressed their sympathies and condolences to the government of Japan and to the families of the victims, and at the same time generously suggested to Prime Minister Abe that they visit Tokyo on July 17th on their way back from Beijing, to have the Japan-EU Summit. Japan and the EU are now coordinating the Japan-EU Summit, where they will sign both the EPA and the SPA. I understand today's event was originally organized to celebrate the signing of the EPA and to discuss the EPA from various perspectives based on Dr. Lee-Makiyama's insightful studies. Hoping we will soon be in a position to celebrate the signing of this truly

epoch-making Japan-EU EPA, let me start with our view of how significant the Japan-EU EPA is from two perspectives, namely, the strategic and economic perspectives.

(Strategic perspective)

Japan and the EU are united by our common values of democracy and the rule of law, as well as by our determination to promote together an open and fair global economy that benefits everyone. These are the foundations of our political and economic strategic partnership for peace, prosperity and a rules-based international order.

From this strategic perspective, I am very pleased to acknowledge that the agreement in principle of our EPA and the conclusion of the negotiations truly mark the beginning of a new chapter in the strategic partnership between Japan and the EU, elevating the relationship onto a higher terrain.

It should be noted that with respect to the timing of reaching the agreement in principle and concluding the negotiations, Japan and the EU sent a powerful political signal against a recent backdrop of rising protectionism and anti-globalization movements. The message was crystal clear: Japan and the EU have shown to the world that free trade, with clear and transparent rules which fully respect and enhance our values, remains an important tool for promoting prosperity in our societies. We believe that the highly ambitious and comprehensive EPA should take its rightful place beyond the bilateral context and will be a model of high-standard, free, open and fair trade and investment rules for the 21st century.

(Economic perspective)

The EPA will create one of the largest free and advanced economic zones in the world. Namely, it will form a huge economic zone with approximately 640 million people and comprising around 37 percent of the world's trade.

Recently in Florence on May 11, the President of the European Commission Jean-Claude Juncker mentioned that “The trade agreement between Japan and the European Union is of the utmost importance since together we represent more than a third of global GDP”. This share is even larger than those of the TPP11 and of CETA, which are approximately 13.6 percent and 24 percent respectively. In a nutshell, the EPA will contribute to the economic growth of Japan and the EU, and benefit greatly both Japanese and EU citizens through its expected economic effects such as boosting trade and investment between Japan and the EU via mutual market liberalization, the creation of job opportunities and the strengthening of the competitiveness of businesses.

(Individual areas)

The EPA will bring our two economies closer by addressing issues related to market access for goods, services and investment, procurement including railways, as well as intellectual property rights. I would like to refrain from going into the details of individual areas, but let me briefly touch upon some of the aspects which might be of interest to you: Namely, how the EPA will have a positive impact on Japanese and European trade and business relations.

The EPA will bring about far-reaching improvements in market access. For example, as has broadly been reported, market access for dairy products will be improved and furthermore, the

tariff on wines will be eliminated upon entry into force of the agreement. In addition, the import quota on soft cheese will be unprecedentedly expanded in response to a request by the EU side.

As for the protection of geographical indications (GIs), Japan's level of commitment is higher than any agreement between the EU and other third parties. More than 200 GIs of the EU, including those of alcoholic beverages such as wines and those of agricultural products, will be duly protected under the EPA.

With regards to manufacturing industries, the Japanese side has agreed to abolish tariffs for all industrial goods imported from the European Union. Furthermore, in the field of NTM relating to all types of cars, Japan has agreed to further converge regulatory standards through applying international standards, in response to strong requests from the EU side. In this way, the conclusion of the Japan-EU EPA contributes to the benefit of the manufacturing sector as a whole in both the EU and Japan.

With regard to government procurement, the EPA makes it possible for EU suppliers to participate in open tendering by the so-called Core Cities of Japan, which was previously limited to local suppliers. The Core Cities of Japan are cities with more than 200,000 inhabitants that have been designated by Cabinet Order, the number of which is 54 as of 1 April 2018. In addition, in the railway sector, Japan makes a commitment in the EPA to remove restrictions on railway related procurement tenders currently imposed to ensure operational safety of railway services.

On Small and Medium-sized Enterprises, or SME's, which play vital roles in both the Japanese and European economies, the Japan-EU EPA stipulates a series of measures to support SME's, including specific measures to maximize the utility of the agreement for SME's. These measures include the assurance of easier access for SMEs to important information related to the EPA through the nomination of focal points for SMEs, or the uploading of useful

information on to related websites.

The Japan-EU EPA does not overlook sustainability issues and the rights of citizens. The EPA reinforces Japan and the EU's actions on sustainable development and climate change, notably via a strong and unambiguous commitment to working together to implement the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. The Japan-EU EPA is the first agreement of its kind to make specific reference to the Paris agreement.

(Conclusion)

Where are we now? The EPA is soon to be signed. What comes next? In order to conclude the agreement, both sides should complete their respective internal legal procedures. In the case of Japan, the approval of the Diet will be required. Japan and the EU will need to see the entry into force of the EPA as early as possible, and, thereby bring the benefits of the EPA to the people of Japan and the EU, and in so doing, demonstrate our leadership to the world.

Turning to the Asia-Pacific region, the TPP-11 was signed in March this year. Each signatory country is now in the process of ratifying it according to their domestic procedures, with the aim of allowing it to enter into force at the earliest possible timing. Japan is the second of the 11 signatories of the TPP 11 Agreement to notify the Depositary following Mexico, adding momentum towards the entry into force of the Agreement. Japan will continue to work with other signatories to achieve an early entry into force of the TPP 11 Agreement.

Furthermore, in the East Asian region, 16 countries including Japan, the ASEAN-10, China, Korea, Australia, New

Zealand and India are striving to conclude the Regional Comprehensive Economic Partnership (RCEP) in order to achieve a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement. The RCEP is significant as it aims to create a big Free Trade Area that accounts for almost half the world's population, about 30 percent of global GDP and over a quarter of world exports. The 5th RCEP Intersessional Ministerial Meeting was held on the 1st of this month in Tokyo. At the meeting, the Ministers recognized the importance of swiftly and successfully concluding the RCEP negotiations.

Japan continues to work on the expansion of high-quality and fair rules-based Free Trade Areas across the world.

Thank you for listening.

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