

BREXIT

Japan's perspective

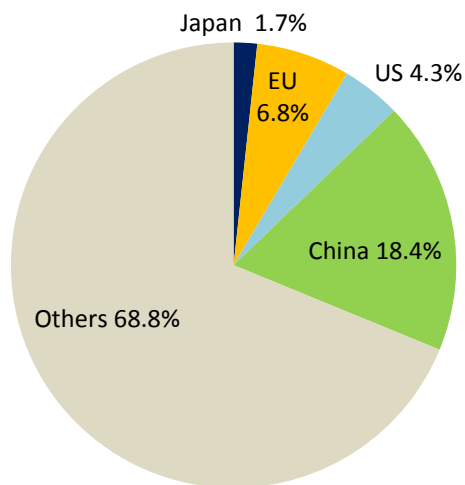
H. E. Mr. Kazuo KODAMA,
Ambassador Extraordinary and Plenipotentiary
of Japan to the European Union

Informal Brussels Network on Brexit , 19 September, 2018

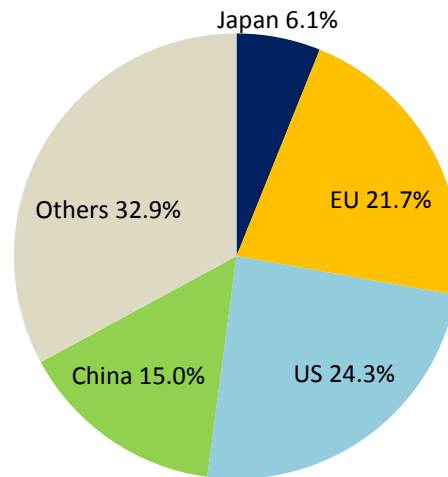


Japan-EU Economic Partnership Agreement (EPA)

Population (2017) Japan + EU = 8.5%

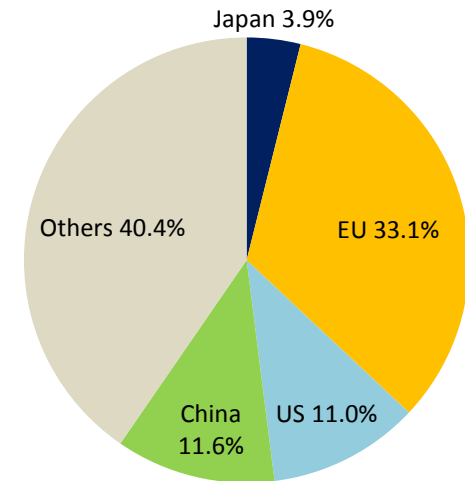


GDP (2017) Japan + EU = 27.8%



TPP11
13.3%
TPP 37.6%
TTIP 46.0%
NAFTA
27.8%
RCEP
31.8%

Trade (Exports & Imports) (2017) Japan + EU = 36.9%



	Population (2017, million)	Proportion
Japan	127	1.7%
EU	512	6.8%
US	326	4.3%
China	1,386	18.4%
Others	5,179	68.8%
World	7,530	—

Source: World Bank, World Development Indicators ,
May 21 2018

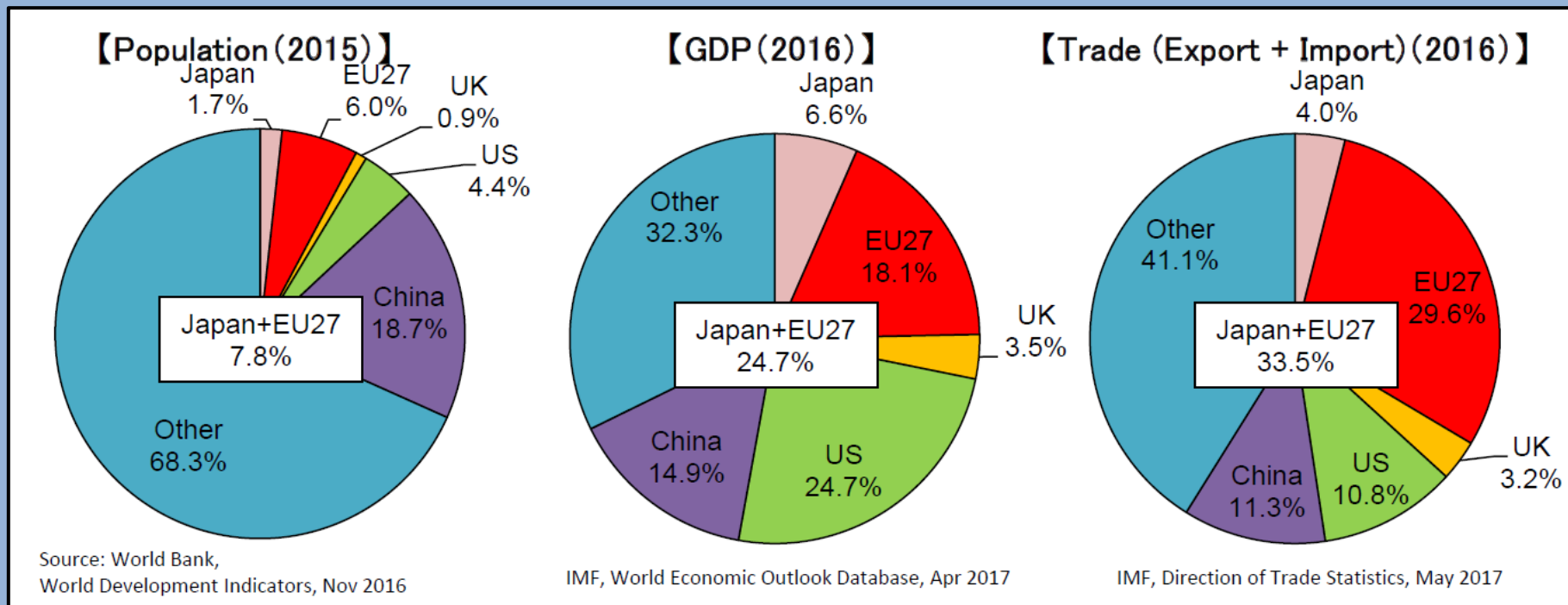
	GDP (2017, \$ billion)	Proportion
Japan	4,782	6.1%
EU	17,309	21.7%
US	19,391	24.3%
China	12,015	15.0%
Others	26,279	32.9%
World	79,865	—

Source: IMF, World Economic Outlook Database, April
2018

	Trade (Exports & Imports) (2017, \$ billion)	Proportion
Japan	1,369	3.9%
EU	11,705	33.1 %
Intra-trade	7,468	21.1%
US	3,888	11.0%
China	4,112	11.6%
Others	14,309	40.0%
World	35,384	—

Source: IMF, Direction of Trade Statistics, May 25, 2018

Share of “Japan + EU27 Economies” in the World



- 1) EU27's share of UK exports: 44%
UK's share of EU27 exports: 7%
- 2) EU27's share of UK imports: 56%
UK's share of EU27 imports: 4%
- 3) UK-EU27 trade/ EU27 total trade: 6%
UK-EU27 trade/ UK total trade: 51%

Source: Eurostat 2015

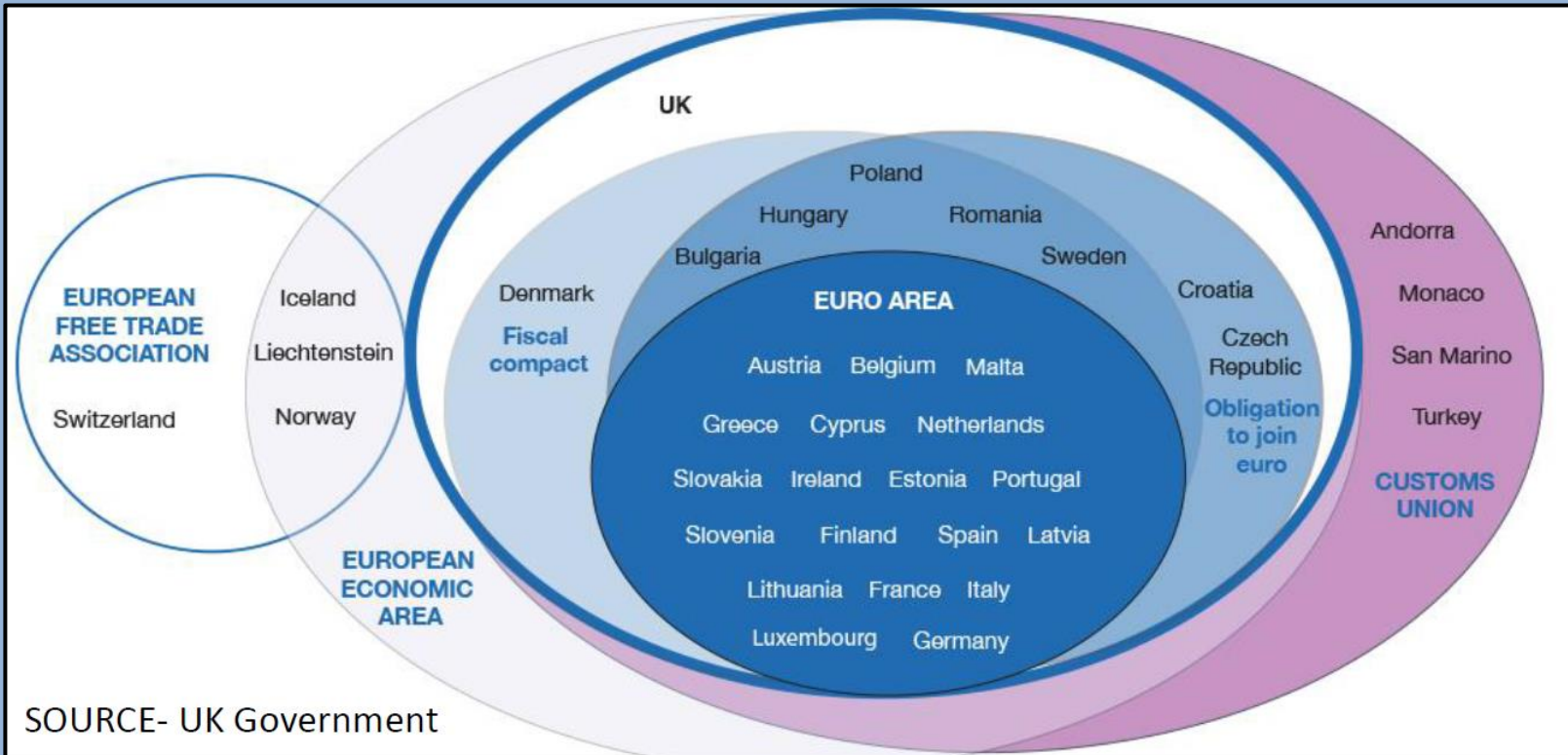
UK Before Brexit:

- Opt-out of Schengen (À la carte Europe)
- Opt-out of the Euro (Multi-speed Europe)

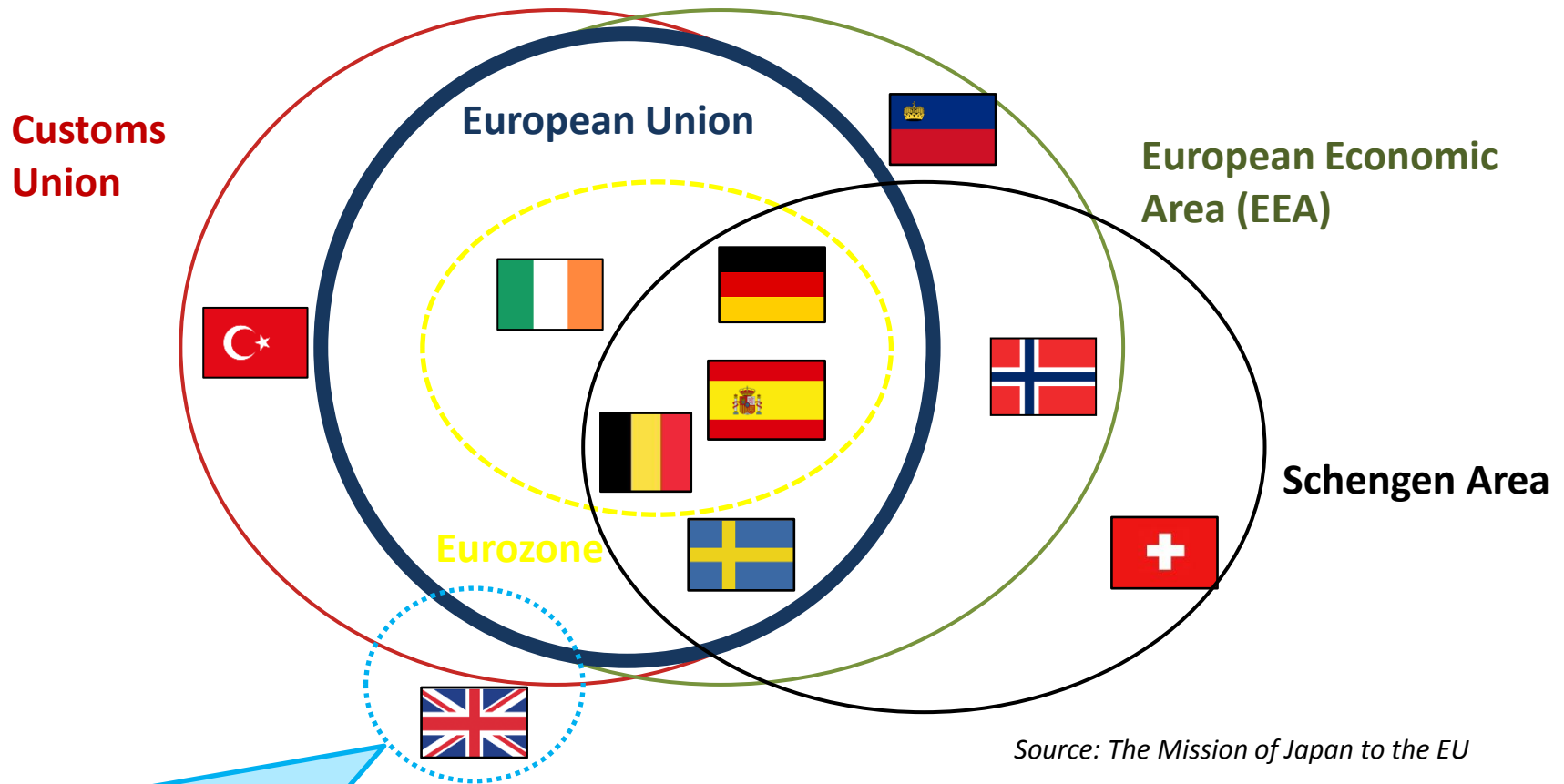


UK After Brexit:

- Out of Single Market
- Out of Customs Union
- No ECJ Jurisdiction
- Controls on Immigration, Etc.



The UK's Future Relationship



Source: *The Mission of Japan to the EU*

A "Sui Generis" Relationship

- Frictionless Single Market access for UK businesses;
- A hard customs border mitigated by technological solutions;
- Controls on EU Migration;
- Independent UK trade and commercial policies;
- An end to the jurisdiction of the ECJ.

Possible Consequences for businesses

- Restrictions on access to talent;
- Disruptions to supply chains;
- UK/EU regulatory divergence;
- Import/Export tariffs;
- Rules of origin.

Hard Core Issues

- **No hard border between Ireland and N. Ireland** ⇒ Yes. If UK accepts EU “backstop”. ⇒ only on paper once ambitious “*sui generis*” future relations agreed?
- **Frictionless Single Market Access** ⇒ Requires regulatory alignment both in goods and services. ⇒ FTA?
- **Independent UK customs and trade policies** ⇒ Yes. Possible once UK leaves EU Customs Union. FTA?
- **Control on Immigration** ⇒ Yes. Mutual visa waiver for short stay?
- **No ECJ Jurisdiction** ⇒ Yes. EEA type solution matches requirement of both sides?

Japan's message to the UK and the EU

- Transparency, predictability and legal certainty to citizens and businesses, stakeholders and international partners on the immediate impact of the UK's withdrawal from the EU as well as on future relations between the EU and the UK.
- The Brexit process will move forward in an orderly & smooth manner so that the world economy avoids major disruption.

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