

# **EU and Japan: Joint Leadership in Challenging Times?**

Ambassador Kazuo KODAMA  
Japanese Ambassador to the European Union  
at the “Rebooting EU Relations with Japan and India”  
organized by EU Asia Centre and European Policy Centre  
5 December  
Mission of Japan to the European Union



## ■ Rule-Based International Order

The Leaders of Japan and the EU reaffirm the strength of our Strategic Partnership and our resolve to work together for peace, prosperity and the rule-based international order.

## ■ Japan-EU Economic Partnership Agreement (EPA)

The EPA demonstrates to the world the firm political will of Japan and the EU to keep the flag of free trade waving high and powerfully advance free trade. Moreover, the Agreement will be the model of high standard, free, open and fair trade and investment rules in the 21<sup>st</sup> century.

## ■ Japan-EU Strategic Partnership Agreement (SPA)

The SPA will set the stage for even stronger collaboration both bilaterally and in multilateral fora, enrich the political dimension of our relationship and allow for deeper cooperation in a broad range of sectors.

## ■ Trade and the WTO

Japan and the EU underline the crucial role of the rules-based multilateral trading system with the World Trade Organization (WTO) at its core and continue to fight protectionism. We commit to modernize the WTO, and will continue to drive progress on the follow-up work, including exploratory work among like-minded members on e-commerce.

## ■ Climate Change

We reaffirm our strong commitment to implement the Paris Agreement.

## ■ Foreign and Security Policy

Japan and the EU reaffirm the intention to contribute jointly to international peace and stability through intensified consultation and coordination based on the SPA, on issues including North Korea, Iran, Ukraine, Russia, maritime security.

## ■ Japan-EU High Level Industrial, Trade and Economic Dialogue

Japan and the EU endorse the establishment of a Japan-EU High Level Industrial, Trade and Economic Dialogue.

## ■ Japan-EU Policy Dialogue on Education

Japan and the EU welcome the first Japan-EU Policy Dialogue on Education, and affirm that the launch of the new joint call for joint master programmes between Japanese and European Universities will bolster educational exchanges.

## ■ International Personal Data Flows

Japan and the EU welcome the conclusion of the talks on safe data transfer through mutual adequacy. Each side will launch its relevant internal procedures.



## 1 Background

- Joint Declaration on Relations between Japan and the European Community and its Member States was issued in 1991 and both sides decided to strengthen cooperation between them.
- In May 2011, Japan and the EU decided to commence the negotiations for a comprehensive agreement on a wide range of cooperation in order to further enhance the relationship in a manner befitting the new era, given the changes in the international community.
- A total of 13 negotiation meetings were conducted until reaching an agreement in the negotiation in February 2018. The Agreement was signed on 17 July.

## 2 Purpose

- The Agreement will serve as a legal basis for promoting cooperation on matters of mutual interest in a wide range of areas, between Japan and the European Union as well as its Member States which share values and principles of democracy, the rule of law, human rights and fundamental freedoms, and for strengthening the long-lasting strategic partnership between them.

## 3 Outline

- Japan, EU and the Member states will cooperate/coordinate in the areas listed below, based on the principles of mutual respect, equal partnership and respect for international law.

- |  |   |                                 |   |
|--|---|---------------------------------|---|
| • Promotion of shared values and principles                      | • International and regional cooperation and reform of the UN | • Tourism                       | • Judicial cooperation                                  |
| • Promotion of peace and security                                | • Development policy  | • Information society           | • Combating corruption and organised crime              |
| • Crisis management  | • Disaster management and humanitarian action                 | • Consumer policy               | • Combating money laundering and financing of terrorism |
| • Non-proliferation of WMD and disarmament                       | • Economic and financial policy                               | • Environment                   | • Combating illicit drugs                               |
| • Transfer control of conventional weapons                       | • Science, technology and innovation                          | • Climate change                | • Cyber issues  |
| • Investigation and prosecution of serious crimes                | • Transport   | • Urban policy                  | • Passenger name records                                |
| • Counter-terrorism  | • Outer space   | • Energy                        | • Migration   |
| • Chemical, biological, radiological and nuclear risk mitigation | • Industrial cooperation                                      | • Agriculture                   | • Personal data protection                              |
|  | • Customs   | • Fisheries                     | • Education   |
|  | • Taxation  | • Maritime affairs              | • Youth and sport                                       |
|  |   | • Employment and social affairs | • Culture   |
|  |   | • Health                        |   |



## Benefits

- The signing of the Japan-EU EPA sends a strong message that Japan and the EU will continue to demonstrate the leading model of free trade to the world by keeping the flag of free trade waving high.
- The model of the economic order in the 21st century based on free and fair rules (Examples: state-owned enterprises, intellectual property, and regulatory cooperation).
- This EPA will create one of the largest free and advanced economic zones in the world, with approximately 30% of world GDP and 40% of world trade.
- This EPA sets out strong commitments to environmental protection and sustainable development. It is also noteworthy that this EPA includes a specific commitment to implement the Paris Agreement.

## Background

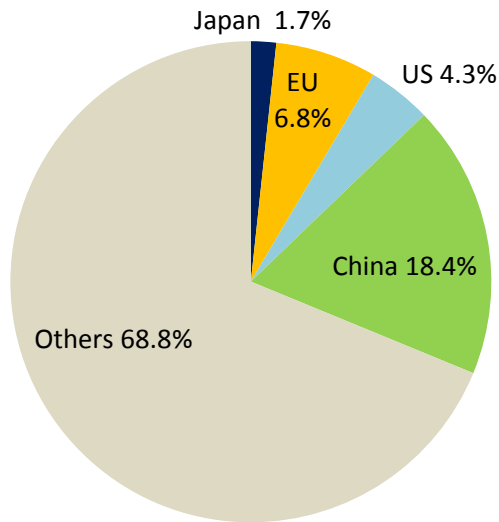




# Japan-EU Economic Partnership Agreement (EPA)

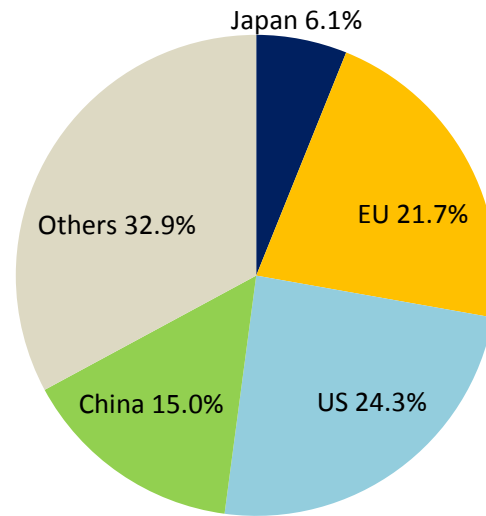
2018 December  
Mission of Japan to the EU

## Population (2017) Japan + EU = 8.5%

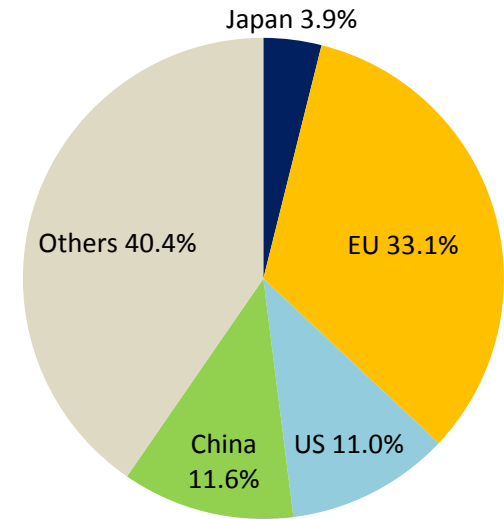


## GDP (2017) Japan + EU = 27.8%

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	—

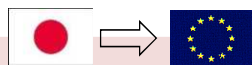
Source: IMF, World Economic Outlook Database, April 2018

	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



## Economic Effect



### Greater access to the EU's market for Japanese exporters and suppliers

Elimination rate of customs duties on the EU side: approximately 99% \*1\*2

#### ● Industrial Products

- ✓ 100% Elimination of customs duties
- ✓ Automobiles (current customs duties: 10%): customs duties will be eliminated in 8 years.
- ✓ Car parts: more than 90% of customs duties (exports by value) will be eliminated immediately.

#### ● Agriculture, forestry and fishers products, etc

- ✓ For almost all products including Japan's export priority products, including beef, tea, and fisheries products, customs duties will be eliminated (almost all of them will be eliminated at the date of entry into force of this EPA).
- ✓ Japanese wine: import restrictions (on the basis of oenological practices and export certificates) will be eliminated allowing free distribution.
- ✓ Agricultural products & alcoholic beverages (Japanese Sake etc): protection of geographical indications (GI) will be ensured.



### Greater access to Japan's market for EU exporters and suppliers

Elimination rate of customs duties on the Japanese side: approximately 94%\*2

(agriculture, forestry and fisheries products approximately 82%, industrial products: 100%)

#### ● Agriculture, forestry and fisheries products

- ✓ Cheese: customs duties on hard cheeses such as Gouda will be eliminated. Quota specialized for EU products only will be established for soft cheeses.
- ✓ Wine: customs duties will be eliminated at the date of entry into force of this EPA.
- ✓ Agricultural products & alcoholic beverages: protection of more than 200 geographical indications (GI) will be ensured.

#### ● Industrial products

- ✓ Chemical products, fiber/fiber products: customs duties will be eliminated immediately.
- ✓ Leather, footwear (maximum current customs duties: 30%) : customs duties will be eliminated.

#### ● Government procurement

- ✓ Railway sector: removes the so-called operational safety clause under the GPA.

**Expansion of exports and markets for both Japanese and EU products**  
**Creation of one of the largest free and advanced economic zones in the world**



# Sharing Values: Japan, EU and US

