

“Japan-EU EPA: A political introduction”

***Remarks by H.E. Mr. Kazuo Kodama, Ambassador of Japan to the EU,
on the occasion of the Seminar on “EU-Japan Trade Agreement”,
Organized by FEB and BJA, on 28 February, Thursday, 2019***

Mr. Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs and Defense of the Kingdom of Belgium,

Mr. Pieter Timmermans, CEO of FEB, Federation of Enterprises in Belgium,

Mr. Peter Berz, Acting Director of DG Trade, the European Commission,

Distinguished guests,

Ladies and Gentlemen,

Introduction

Thank you very much for the invitation today. It is great pleasure to present the Japan-EU EPA from a Japanese perspective to our important business partners in Belgium. I would like to highlight how important the Japan-EU EPA is, not only for strengthening economic ties between Japan and Europe, but also for consolidating our bilateral cooperation at a global level.

Record support in the European Parliament for the Japan-EU EPA

As you all know, the Japan-EU EPA entered into force on the 1st February this year. Prior to this, on the 12th December, last year, the EPA was voted on at the plenary of the European Parliament in Strasbourg for the consent by the Parliament in order to conclude the Agreement, which I witnessed. The result was 474 votes in favor of the Agreement out of 661. It is impressive that as many as 71% of MEPs cast their vote in favour of the Japan-EU EPA. I have heard from officials working at the Commission in DG Trade that this is a record figure for FTAs ever concluded by the EU. I would like to take this opportunity to express, on behalf of the government of Japan, my heartfelt appreciation to all those who supported the Japan-EU EPA and to thank them for their tireless contributions.

Economic significance of the EPA; world's biggest free, open and fair economic space

The Japan-EU EPA creates the world's biggest free, open and fair economic space which comprises almost 640 million people, covers about 30% of the world's GDP and nearly 40% of global trade. Given its unprecedented scale, the impact of this EPA concluded by two of the world's leading economies is obvious, both in a global economic context and for our bilateral trade relations. Some preliminary estimates conducted by a Japanese researcher reported that the Japan-EU EPA would push up Japan's GDP by approximately 1%, as a result of the elimination of tariffs, quotas and other sorts of trade barriers. In a nutshell, it will deliver economic benefits for sustainable growth and job creation in both the EU and Japan.

The Japan-EU EPA; beyond an FTA

Our trade agreement, the Japan-EU EPA, is named an Economic Partnership Agreement, not an FTA, free trade agreement, because it goes beyond ordinary FTAs. The level of tariff elimination realized by the Japan-EU EPA is one of the highest in the world. It will eventually remove 100% of tariffs on industrial products and more than 95% of all tariff lines will be duty free in both directions, when it fully applies. We should be proud of this great achievement. This fact alone, however, does not qualify the Japan-EU EPA as an EPA. I cannot agree with President Juncker more when he spoke as it came into force, fully identifying the nature of our EPA when he said, and I quote, *“our agreement shows that trade is about more than quotas and tariffs, or millions and billions. It is about values, principles and fairness. It makes sure that our principles in areas such as labour, safety, climate and consumer protection are the global gold-standard. This only happens when you work with the most natural of partners, separated by thousands of kilometres but united in friendship and values”*.

EPA's strategic importance; strong message for free, fair and rule-based trade

Japan and the EU strongly support multilateralism, free trade, and, most importantly, a rules-based world order. We are important partners that also share common values of human rights, democracy and the rule of law. In today's world where our common values are confronted by various challenges, such as unilateralism and protectionism fueled by populism or nationalism all over the world, the strategic importance of Japan-EU cooperation has never been more important. With the entry into force of the EPA, Japan and the EU are sending a powerful message to promote free, fair and rules-based trade, and to discourage protectionism. The EPA demonstrates the firm political will of Japan and the EU to the rest of the world to keep the flag of free trade waving high and to powerfully advance free trade.

Japan EU-EPA in Japan's key trade policy

The Japan-EU EPA is one of Japan's biggest achievements in Japan's key trade policy, along with the CPTPP, Comprehensive and Progressive Agreement for Trans-Pacific Partnership, better known as TPP 11. TPP 11 entered into force on the 30th December, 2018, two months before the Japan-EU EPA, to create another important free trade zone in the Asia-Pacific region. At the moment, its economic impact is limited in comparison with our EPA, however, it has great potential as it covers about 500 million people and 13% of the world's GDP. I am proud that Japan, together with our important partners, has played a significant role in promoting the idea of free trade.

Key features of Japan-EU EPA

Here today we have a number of experts in different areas of the EPA. I do not want to enter into the details, but instead I would like to briefly touch upon some remarkable aspects of the Japan-EU EPA. If I were to define the Japan-EU EPA in a few words, I would describe it as "the world's most advanced FTA". It can be and should be a model EPA for the 21st-century. As I previously mentioned, the Japan-EU EPA goes well beyond a simple free trade agreement. It is a vehicle for Japan and Europe to lead the world in promoting an open, fair and balanced rules-based economic system.

I will highlight some aspects of the EPA;

- In addition to eliminating the majority of tariffs, it equally addresses non-tariff measures (NTMs), which may have hampered trade.
- Keeping itself more efficient, transparent and predictable, the EPA remains business friendly. Also, in order to maximize the benefits of our EPA for SMEs, the authorities of both sides nominated responsible offices which will liaise with SMEs and provide useful information online including notices on the provisions for the SMEs in the EPA.
- The Japan-EU EPA commits to paving a way for further two-way investment, including investment by SMEs.
- Our safe, high-quality agricultural and food products will be protected by the EPA. More than 50 Japanese Geographical Indications (GIs) will be protected in the European market, while over 200 EU GIs will be protected in Japan; “*Jambon d’Ardenne*” and “*Beurre d’Ardenne*” are two examples.

Free flow of data; as complement to the Japan-EU EPA

Last but not least, I cannot help touching upon another important topic related to our trade agreement, the so-called “adequacy decisions” on personal data by both the EU and Japan’s authorities. On the 23rd January this year, the framework for the mutual and smooth transfer of personal data between Japan and the European Union came into force. With this framework, in addition to a free trade area created by the EPA, the world’s largest area of safe and smooth data transfers was created. In this regard, these decisions complement and enhance the benefits of the Japan-EU EPA and contribute to the strategic partnership between the EU and Japan.

Conclusion; Japan-EU cooperation in Japan's Presidency of G20 Summit

This year, Japan takes the presidency of the G20 Summit. In his speech at the World Economic Forum at Davos on the 23rd January, 2019, Japanese Prime Minister Shinzo Abe stated that *“Japan is determined to preserve and committed to enhancing the free, open, and rules-based international order.... I call on all of you..., to rebuild trust toward the system for international trade. That should be a system that is fair, transparent, and effective in protecting IPR and also in such areas as e-commerce and government procurement. TPP11 and the EU-Japan EPA both aim at achieving those goals. Let us begin here”*. In declaring his determination to ensure Japan's successful G20 presidency, Prime Minister Abe cited the Japan-EU EPA and the importance of ever closer cooperation between Japan and EU. Now, I can say that the Japan-EPA, together with the Strategic Partnership Agreement (SPA), gives us a robust legal basis to elevate our relationship to achieve our common goals, truly on a global scale.

Thank you very much for your attention.

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