

Why Pursuing Japan-EU EPA?

1 . EPA Expands and Strengthens Economic Ties (trade, investment, financial cooperation, industrial cooperation).

- ◆ Bilateral Trade: €120 billion (total amount in 2010).
 - The EU: No.3 Trading Partner for Japan
 - Japan: No.6 Trading partner for the EU
- ◆ Investment
 - The EU: No.2 Investor to Japan € 60 billion (outstanding amount as of 2009)
 - Japan: No.3 Investor to the EU €140 billion (outstanding amount as of 2009)
- ◆ Japanese Companies Investment Create Jobs within the EU

3,300 Japanese companies operate; and create more than 400 thousands jobs.
(accounts for 0.2% of entire workforce in the EU (200 million)).
- ◆ Japan Contributed to Financial Stability of the EU

Greek Financial Crisis (May 2010):
Japan took part in G7/G20 cooperation and financially contributed through the IMF.

EFSF Bonds (Jan 2011):
Japan purchased 20.5% (€5 billion) of EFSF bonds (largest share)
- ◆ Closer Cooperation between Japanese and European Companies, especially on Green Growth
 - Electric Vehicles: e.g. Mitsubishi Motors and PSA Peugeot Citroën (France)
 - New energy resources: e.g. Sharp and Enel Green Power(Italy)
- ◆ Japanese Firms Buy More EU Products
 - Skymark Airlines agreed to buy 6 Airbus Aircraft (A380). (also interested in additional purchase).
 - A&F Aviation, established mainly by All Nippon Airways (ANA), selected a fleet of 10 Airbus Aircraft (A320). (also interested in additional purchase).
 - JR East bought German brake systems for Bullet Train (Hayabusa).

2 . EPA Contributes to the Economic Growth (Japan and the EU).

Elimination of tariffs and reduction of NTMs will make:

Japanese Economy grow by 1.02% to 1.20% (GDP)

EU Economy grow by 0.51% to 0.72% (GDP)

(according to several studies conducted by both sides)

3 . EPA Comprehensively Strengthens Japan-EU Relationship (Political/Security) through Enhanced Interdependence and Mutual Trust

◆ Concrete Cooperation Projects Proceed in Political/Security Arena

· The Japan-EU Conference on Tajikistan - Afghanistan Border Management and Trade Facilitation Conference(October, 2010).

· Police training in Afghanistan.

· Anti-piracy off the coast of Somalia.

· Assistance to Palestine.

◆ More Cooperation to be Expected on Global Challenges

· Climate Change and Environment

· Millennium Development Goals (MDGs)

· Nuclear Non-Proliferation

(Note) The political commitments toward a Japan-EU EPA

- ◆ The leaders agreed to comprehensively strengthen the Japan-EU relationship.

19th Japan-EU summit (April 2010) Joint Press Statement

“...decided to establish a joint High-Level Group to identify options for the comprehensive strengthening of all aspects of Japan-EU relations and defining the framework for implementing it,... In this context, the joint High-Level Group will conduct a joint examination of the ways to comprehensively strengthen and integrate the Japan-EU economic relationship...”

Japan have expressed the strong political commitments toward a Japan-EU EPA.

Basic Policy on Comprehensive Economic Partnerships (November 2010, Cabinet Decision)

“Japan is currently conducting a joint examination with the European Union (EU), its largest trading partner outside the Asia-Pacific region, and it will expedite arrangements to enter into negotiations with the EU at an early date. For this purpose, the Government will accelerate efforts to reform its domestic non-tariff measures....”

New Years Reflection by Prime Minister (January 2011)

“...I aim to make this year the base year for the opening of Japan in the 21st century, akin to the opening of Japan in the Meiji era, through which Japan started on the path to modernization, and to the opening of Japan after World War II, through which Japan began its reintegration into international society. We have already formulated a Basic Policy on Comprehensive Economic Partnerships. In accordance with this Basic Policy, we will bring our negotiations with the European Union, the Republic of Korea, and Australia into full swing, while also engaging in consultations with relevant countries concerning the Trans-Pacific Partnership (TPP) Agreement.”

Speech by Japanese Prime Minister Naoto Kan Presented at the World Economic Forum, Davos, Switzerland (January 2011)

“We also very much look forward to beginning negotiations this year with the EU, another important trade partner for Japan. “