

Time for EU-Japan FTA/EPA

KEIDANREN

4 September 2012

KEIDANREN on EU-Japan FTA/EPA

- strongly hopes that the member states (the Council) will soon authorize the Commission to open negotiations.
- believes that it is import to tap into overseas markets by deepening trade and investment relationships to generate growth and jobs. As for the EU, an FTA/EPA with Japan which is the third-largest economy in the world, possesses high technology and boasts a network of FTA/EPAs in Asia, would be more beneficial than any trade agreement the EU has concluded in the past.
- believes that negotiations on FTA/EPA would be the most effective way to realize untapped potential. Once negotiations are started, both sides positions on each specific issue would be clarified. After an agreement is signed, implementation would follow.
- There was no distinct opposition to an EU-Japan FTA/EPA at the sector-to-sector meeting KEIDANREN and BusinessEurope jointly held on 7 March. More and more European industries support the start of negotiations.
- Should negotiations not be opened, those industries would miss the chance of increasing their exports and investments into Japan and Japanese businesses would disengage themselves from the EU market and further focus on the Asia and Pacific market.

ECONOMIC IMPACT

European Commission (18 July 2012)

(Press Release)

The European Commission decided today to ask the Member States for their agreement on opening negotiations for a Free Trade Agreement with Japan. Negotiating directives will be submitted to the Council which will have to give the Commission a mandate to start negotiating. Japan is the EU's second biggest trading partner in Asia, after China, and together the EU and Japan account for more than a third of world GDP. A trade deal with Japan could boost the EU's GDP by almost one per cent and EU exports to Japan could increase by one third.

A free trade deal with Japan would boost Europe's economy by 0.8% and EU exports to Japan could increase by 32.7%, while Japanese exports to the EU would increase by 23.5%. 420,000 additional jobs in the EU are expected as a result of this agreement.

Economic Impact

(Mln €, %

change)

Policy options	Baseline values (Mln €)	Conservative		Ambitious	
		Asym. B1	Sym. B2	Asym. B3	Sym. B4
Impact in the EU					
GDP	17,642,509	0.34	0.75	0.79	1.88
National Income (Mln €)	17,642,509	42,006	92,805	99,774	319,292
Global exports (FOB)	5,334,549	1.2	2.7	2.8	6.7
Global Imports (CIF)	5,611,441	1.2	2.8	2.9	N/A
Bilateral exports to JPN	68,553	22.6	23.7	32.7	N/A
Impact in Japan					
GDP	3,845,622	0.27	0.27	0.67	0.67
National Income (Mln €)	3,845,622	5,069	5,137	13,173	18,321
Global exports (FOB)	720,175	3.8	3.9	7.3	7.4
Global Imports (CIF)	684,535	4.5	4.5	8.6	N/A
Bilateral exports to EU	109,201	17.1	18.0	23.5	N/A

Assessment of Impacts

Option (a): continuing similar arrangements to those presently in force, given the extremely limited results achieved to date over many years, is not likely to produce any substantial growth of bilateral trade and investment volumes. Thus, no significant GDP gains could be expected in either the EU or Japan.

Option (b): a comprehensive FTA

Conservative

B1 : The scenario aims at eliminating all tariffs and the following reductions in the cost of NTMs

- 20% overall reduction in Japan,
- 6.6% reduction in the EU for goods, 20% reduction in the EU for services

B2: The scenario aims at eliminating all tariffs and 20% overall reduction in the costs of NTMs both in Japan and in the EU

Ambitious

B3: The scenario aims at eliminating all tariffs and the following reductions in the cost of NTMs

- 50% overall reduction in Japan,
- 16.5% reduction in the EU for goods, 50% reduction in the EU for services

B4: The scenario aims at eliminating all tariffs and 50% overall reduction in the costs of NTMs both in Japan and in the EU.

Benefit of FTA/EPA for EU and Japan

“Assessment of barriers to trade and investment between the EU and Japan”

Prepared for the European Commission, DG Trade by Copenhagen Economics

(February 2010)

The study estimates that

- trade flows could increase by

€43 billion for the EU

€53 billion for Japan

- The welfare benefits are

€33 billion for the EU

€18 billion for Japan

Growth in the EU depends on Global growth

"By 2015, 90% of future economic growth will be generated outside of Europe."

"Focus on Asia"

- **Fastest growing economies in the world**
- **Fast regional economic integration**
- **Japan - 3rd largest national economy**
- **Crucial part in Europe's supply chain**

**(by João Aguiar Machado, Deputy Director-General, DG Trade,
European Commission at RIETI/JETRO Symposium on 7 June 2012)**

Japan as Strategic Partner

"An FTA/EPA with Japan, which is the third-largest economy in the world, possesses high technology and boasts a network of FTA/EPAs in Asia, would benefit the EU more than any agreement the EU has concluded in the past."

"As the center of gravity of the global economy shifts to the east, it is imperative for the EU and Japan, which share such basic values as democracy, rule of law and a commitment to the market economy, to take the lead in making business rules and setting standards for goods and services, and to join forces to have emerging economies on board with us."

(Keidanren "Chairman Calls on European Leaders to Start Negotiations on an EU-Japan FTA/EPA" on 26 April 2012)

NON-TARIFF MEASURES

European Commission (18 July 2012)

(Press Release - Background)

At the EU-Japan Summit of May 2011, the EU and Japan decided to start preparations for both an FTA and a political framework agreement and stated that on the basis of a successful scoping exercise, the Commission would seek the necessary authorisation from the Council for negotiations.

After one year of intensive discussions, in May 2012, the Commission has agreed with Japan on a very ambitious agenda for the future negotiations covering all EU market access priorities. The Commission has also agreed with Japan on specific 'roadmaps' for the removal, in the context of the negotiations, of non-tariff barriers as well as on the opening up of public procurement for Japan's railways and urban transport market.

Now that the scoping exercise has been successfully concluded, the Commission has decided to request the Member States' green light to start negotiating a Free Trade Agreement.

European Commission (18 July 2012)

(Press Release)

Given the importance that the elimination of non-tariff barriers has for realising the level playing field for European businesses on the Japanese market, the negotiating directives foresee that:

- Japanese non-tariff barriers will have to be eliminated in parallel to any tariff reductions on the EU side, and that
- The European Commission should suspend negotiations if progress as specified in the non-tariff barriers and railways and urban transport roadmaps does not materialise within one year from the start of the negotiations.

Policy on Regulatory and Institutional Reform (Cabinet Decision, 10 July 2012)

- The reform policy was determined by the cabinet based upon the results of the examination conducted on regulatory and institutional reform by “the Committee on Regulatory and Institutional Reform” established under the Government Revitalization Unit(GRU).
- For those items contained, the relevant Ministries shall take measures in a prompt manner, and the Cabinet Office shall confirm and publish the contents of such measures and their progress quarterly.

Automobile

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>UN/ECE Regulations</u>	The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) shall draft and publish a roadmap toward the adoption of UN/ECE regulations of which there is a substantial need for the adoption among the existing UN/ECE regulations, including assessing its validity and proposing necessary revision at the UN/ECE/WP 29, as part of efforts toward the realization of an International Whole Vehicle Type Approval (IWVTA) which are currently ongoing at the UN/ECE/WP 29, while taking into consideration safety and environmental protection in Japan	Take measures in FY 2012
<u>Gas container</u>	The Ministry of Economy, Trade and Industry (METI) shall examine issues and decide on actions to be taken concerning regulations such as the High Pressure Gas Safety Act and Container Safety Regulations (Ministerial Notice No. 50, 25 May 1966), so that fuel tanks which conform to Global Technical Regulations (gtr) be approved when gtr are established at the UN/ECE/WP29.	Examine issues and decide on actions to be taken promptly upon the establishment of Global Technical Regulations (expected to be completed in November 2012).
	With regard to high pressure gas tanks mounted in hydrogen fuel cell vehicles, METI shall cooperate with the relevant authorities of the EU to address this issue in a pragmatic manner, for instance through an ad-hoc bilateral arrangement to recognize each other’s requirements and approval procedures, pending the adoption of the Global Technical Regulations (gtr) at the UN/ECE/WP 29.	Start examination in accordance with the establishment of Global Technical Regulations (expected to be completed in November 2012).

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>Zoning for automobile service shops</u>	<p>The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) shall investigate the situation of automobile service shops to examine whether the issue of the Technical Guideline (“The application of approval based upon Article 48 of the Building Standard Law in relation to the establishment of automobile service shops [technical guidance]) (MLIT Circular Notice No.257, 31 March 2012) addressed to local government entities, has actually facilitated the establishment of automobile service shops of necessary sizes facing link roads, and publish its findings.</p> <p>If the above-mentioned examination shows that the establishment of automobile service shops of necessary sizes is not facilitated, MLIT shall investigate causes in cooperation with local government entities, based upon local government entities’ authority for urban planning in line with local autonomy reforms, then examine and take necessary further measures toward facilitating the establishment of automobile service shops of necessary sizes, such as the amendment of the Building Standard Law and the facilitation of authorization process, while respecting local government entities’ autonomy.</p>	<p>Take measures in FY 2012.</p> <p>Start examination in FY2012, and take measures in FY 2013.</p>

Policy on Regulatory and Institutional Reform in the Energy Sector (Cabinet Decision, 3 April, 2012)

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>Convergence of Japanese and the EU’s emission gas regulations</u>	<p>With regard to emission regulations of passenger vehicles and commercial vehicles, MLIT and MOE will promptly examine the possibility of the introduction of those regulations in Japan at the Central Environment Council and others with a view to pursuing international harmonization, based upon discussion at UNECE/WP 29 and others and introduce international standards upon reaching conclusion.</p>	<p>Examine in FY2012 onward and take measures promptly upon reaching conclusion</p>

Notice that Designates Explosive Devices to which the Explosive Control Act shall not be Applied (3 February 2012)

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>Automotive pyrotechnic safety devices from explosives legislation</u>	<p>Explosive Control Act shall not be applied to the following items:</p> <ol style="list-style-type: none"> 1.Explosive devices used for automobiles which meet requirements certain requirements 2.The L-type gas-generators for automobile seat belt pretensioners which meet certain requirements 3.The gas-generators for sealing plate opening devices for gas pressure vessels for automobile airbags which meet certain requirements. 	<p>Adopted on 3 February 2012</p>

Radio Equipment

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<p><u>Expansion of the scope of self-confirmation of technical regulations conformity for radio equipment</u></p>	<p>The Ministry of Internal Affairs and Communications (MIC) shall examine, in cooperation with relevant associations, toward the expansion of the scope of special specified radio equipment, so that manufacturers and importers of radio equipment conduct self-confirmation of technical regulations conformity stipulated under the Radio Law with regard to specified radio equipment including wireless LAN, and decide on actions to be taken, while taking into consideration international trends.</p>	<p>Examine issues and decide on actions to be taken in FY 2012.</p>

Food Additives

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<p><u>Streamlining and acceleration of the procedures for designation of food additives</u></p>	<p>With regard to the undesignated 15 food additives among the “internationally commonly used food additives,” the Food Safety Commission and the Ministry of Health, Labour and Welfare (MHLW) have already commenced the reviews of all the food additives based upon the measures taken for “<i>streamlining and acceleration of the procedures for designation of food additives</i>,” as set out in “<i>Policy on Regulatory and Institutional Reform</i>” (Cabinet Decision on 8 April 2011). The MHLW shall designate within FY 2012 the three food additives for which the Food Safety Commission has completed its assessment of their effects on human health.</p> <p>For the other 12 food additives, the Food Safety Commission and the MHLW shall, on the basis of increased resources for prompt designation, draft and publish a roadmap toward designation with ordinary period of one year or around, reflecting the time required for the already designated food additives, excluding time required for collection of further data and documents, then take actions.</p> <p>The Food Safety Commission and the MHLW shall examine the effects of the measures taken based upon “<i>Policy on Regulatory and Institutional Reform</i>” (Cabinet Decision on 8 April 2011) for the sake of “<i>streamlining and acceleration of the procedures for designation of food additives</i>,” and publish the findings.</p>	<p>Take measures by the end of the first half of FY 2012. (Designate the three food additives within FY 2012.)</p> <p>Take measures in FY 2012.</p>

Medical Devices

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>Review of the system based upon the characteristics of medical devices</u>	The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken to establish new clauses in the Pharmaceutical Affairs Law, separately from clauses on pharmaceuticals, based upon the characteristics of medical devices, to establish a new “chapter” on medical devices, and to change the title of the Law, taking fully into account opinions from relevant stakeholders such as industrial associations on medical devices.	Examine issues and decide on actions to be taken in FY 2012
<u>Acceleration of approval review process for medical devices</u>	The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken toward establishing a new system of approval/certification utilizing private certification bodies covering medical devices such as generic medical devices among specially controlled medical devices, and the MHLW shall continue to examine the further expansion of the scope for which third-party certification bodies are to be employed.	Examine issues and decide on actions to be taken in FY 2012
	The MHLW shall examine issues and decide on actions to be taken toward streamlining the approval review process through measures such as the employment of data used in the approval/certification application in foreign countries which have the same levels of standards as Japan such as the United States, the EU, Canada and Australia.	Examine issues and decide on actions to be taken in FY 2012
<u>Enhancement of international harmonization and streamlining of QMS audits</u>	The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken toward the revision on the QMS Ministerial Order with a view to further improving the harmonization with international standards.	Examine issues and decide on actions to be taken in FY 2012.
	The MHLW shall examine and decide on actions to be taken on the revision of the current system of product-by-product QMS audits with a view to conducting QMS audits based upon for instance a manufacturing site or groups of products, in cooperation with associations of manufacturers and others.	
	The MHLW shall examine issues and decide on actions to be taken toward implementing measures to address issues of duplications of QMS audits in terms of document reviews and on-site audits by sharing results of QMS audits among different audit agents.	
	The MHLW shall examine issues and decide on actions to be taken toward further streamlining of the QMS audit system, including the possible convergence of audit agents to registered certification bodies specializing, irrespective of risk classification of medical devices.	

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<u>Rationalization and acceleration of approval procedures for partially changed medical devices</u>	The Ministry of Health, Labour and Welfare (MHLW) shall conduct intensive examination for expanding the scope of the changes of medical devices that do not require approval for partial change, and for streamlining approval procedures for partially changed medical devices, taking into consideration requests from relevant industrial organizations, then take measures to promote improvement and amelioration of medical devices in a prompt manner.	Take measures in FY 2012.
<u>Improvement of “certification” system of medical devices</u>	<p>The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken, after conducting hearings from certification bodies and industrial associations concerned, on the possibility of the following measures under the Pharmaceutical Affairs Law:</p> <p>With regard to a person who acquired marketing certification of medical devices on a product-by-product basis (“acquirer of certification”), when inheritance, merger or divestiture (limited to divestiture by which materials regarding the product concerned are succeeded) occurs, the inheritor, the judicial person that survives or is incorporated following the merger, or the judicial person that succeeds materials regarding the products concerned following the divestiture, succeeds the status of acquirer of certification;</p> <p>When the acquirer of certification transfers materials regarding the products concerned, for the purpose of transferring the status of acquirer of certification, the transferee succeeds its status, and in such a case, also changes the certification body from which certification was originally acquired.</p>	Examine issues and decide on actions to be taken in FY 2012.
<u>Omission of package insert “Tempu-Bunsho” of medical devices</u>	The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken toward deregulating the obligation to package insert “Tempu-Bunsho” to medical devices, including the abolition of “Tempu-Bunsho” with prescribed formats.	Examine issues and decide on actions to be taken in FY 2012.
<u>Clarifying the position of stand-alone medical software in laws and regulations</u>	The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken on the status of stand-alone medical software under laws and regulations, including clarification that stand-alone computer-aided diagnosis software shall be classified as medical device.	Examine issues and decide on actions to be taken in FY 2012.

Pharmaceuticals

Subjects	Outline of Regulatory and Institutional Reform	Timeline
<p><u>International harmonization of the GCP Ordinance</u></p>	<p>The Ministry of Health, Labour and Welfare (MHLW) shall examine issues toward the revision of the GCP Ordinance with a view to ensuring consistency of the GCP Ordinance with the contents of ICH-GCP Guidelines, and amend the Ordinance.</p>	<p>Take measures in FY 2012.</p>
	<p>The MHLW shall examine toward ensuring consistency of the Notification on GCP Ordinance with the contents of ICH-GCP, and amend the Notification. In addition to the amendment of the Notification, the MHLW shall make public and ensure that the Notification shall be a guidance.</p>	<p>Take measures in FY 2012.</p>
<p><u>Elimination of Vaccine Gap</u></p>	<p>The Ministry of Health, Labour and Welfare (MHLW) shall conduct revisions in a timely manner for already approved “Minimum Requirements for Biological Products” with a view to ensuring consistency with international standards in terms of specifications and testing methods for vaccines.</p>	<p>Take measures in a timely manner starting from FY 2012.</p>
	<p>The Ministry of Health, Labour and Welfare (MHLW) shall examine issues for enhancing mutual environment between Japan and the EU and decide on actions to be taken, in order to exempt duplicate items among domestic requirements and in-house tests overlapping with overseas requirements for on release test, where the equivalence of GMP of the exporting country is perceived, while ensuring the system which enables Japan to verify directly the quality of vaccines manufactured in overseas manufacturing sites, with a view to resolving the overlaps in quality test when importing vaccines.</p>	<p>Examine issues and decide on actions to be taken in FY 2012.</p>
	<p>The Ministry of Health, Labour and Welfare (MHLW) shall examine and decide on actions to be taken toward expanding the scope of the Japan-EU MRA to products other than chemical pharmaceuticals, following the expansion of the MRA’s country coverage.</p>	<p>Examine issues and decide on actions to be taken in FY 2012.</p>
	<p>The Ministry of Health, Labour and Welfare (MHLW) shall examine issues and decide on actions to be taken in a timely manner on vaccines recommended by the WHO toward the introduction of routine immunization, while taking into consideration their safety, effectiveness and cost-effectiveness.</p>	<p>Examine issues and decide on actions to be taken in FY 2012.</p>

Liquor Selling Licenses

Official Notice on the Implementation of the Liquor Tax Law as well as the Liquor Administration Laws and Regulations (The National Tax Agency amended the Official Notice on September 1, 2012)

Article 9 Liquor Selling Licenses.

8. Classifications and Definitions of Liquor Selling Licenses.

(The following classifications shall be newly established:)

(e) Over-the-counter liquor wholesale license.

“Over-the-counter liquor wholesale license” means a liquor wholesale license which allows for wholesaling liquor products by handing liquor products over the counter directly to liquor retailers having license-owner’s membership, who bring back such products.

(g) Trademark owners’ liquor wholesale license.

“Trademark owners’ liquor wholesale license” means a liquor wholesale license which allows for wholesaling liquor products with the trademark or brand mark of the wholesaler’s own creation.

10. The Decision on Screening Orders and the Screening of Applications for Liquor Wholesale Licenses of All Kinds and Beer Wholesale Licenses.

The decision on screening orders and the screening of applications for liquor wholesale licenses of all kinds and beer wholesale licenses shall be conducted as follows: (Items only,)

- i. Public announcement of application forms.
- ii. Submission period for application forms subject to open lot.
- iii. Treatment of application forms received within the submission period.
- iv. Confirmation at the receipt of application forms.
- v. Confirmation on the previous day of open lot.
- vi. Open lot.(date, venue, notification, methods)
- vii. Notification on screening orders.
- viii. Notification on the commencement of screenings.
- ix. Screening of application forms subject to lot and the decision on the granting of licenses.
- x. Treatment of application forms within a certain length of time prior to the first date of a license year.

Article 10 Requirements for Production Licenses.

(Regarding Article 10, Section 11 of the Liquor Tax Law.)

5. Demand-Supply Adjustment Requirements for Liquor Wholesale Licenses of All Kinds.

i. Wholesaling areas.

A wholesaling area ...shall be established in each prefecture as a unit.

ii. Maximum license slots.

The maximum license slot allowing for the grant of licenses in a license year within a wholesaling area shall be calculated by the following calculation method, eliminating the numbers less than one. Provided that, when the slot calculated by the following calculation method is less than one, the maximum license slots shall be one for the time being.

[[Total wholesaled quantity) minus (Wholesaled quantity in large-scale selling sites) multiplied by (increase/decrease rate) divided by 3,400 (kilolitres)] minus
[[Number of wholesaling sites) minus (Number of large-scale wholesaling sites)]

Policy on Regulatory and Institutional Reform (Cabinet Decision, 10 July 2012)

Statement by Mr. Katsuya Okada, Deputy Prime Minister of Japan and Minister in charge of Administrative Reform

Today, the Cabinet of the Government of Japan decided on a “ Policy on Regulatory and institutional Reform,” which notably includes a considerable number of measures addressing the interests of the EU, which is presently in a critical stage toward the launch of Japan- EU Economic Partnership Agreement (EPA) negotiations.

I am quite confident that this Cabinet Decision fully addresses the EU's requests or concerns on non-tariff measures in Japan, such as “Harmonization of automotive technical requirements and certification procedures with international standards,” “Easing of the area size restrictions for automobile service shops,” and “Streamlining and acceleration of the procedures for designation of food additives.”

A crucial decision was made today toward the launch of the Japan- EU EPA negotiations.

As I believe that a Japan-EU EPA is extremely important for Japan and the EU, I sincerely hope that the EU will take proper account of a great effort made by the Japanese side and do its utmost toward an early launch of the Japan-EU EPA negotiations.

Policy on Regulatory and Institutional Reform (Cabinet Decision, 10 July 2012)

Press Conference by Foreign Minister Koichiro Gemba

At today's Cabinet Meeting a decision was made on policy regarding "Regulation and System Reform." The decision this time contains many initiatives meant to respond to the interests of the European Union (EU) as we approach an important phase aiming toward the beginning of Economic Partnership Agreement (EPA) negotiations, our initiatives on reform of non-tariff measures based on indicate that Japan is firmly determined toward the early start of negotiations on a Japan-EU EPA. I hope that the EU side will properly respond to our resolution.

Policy on Regulatory and Institutional Reform (Cabinet Decision, 10 July 2012)

Statement by Minister for Economy, Trade and Industry Yukio Edano

- 1. On July 10, the Cabinet determined the “Policy on Regulatory and Institutional Reform” drafted by the Government Revitalization Unit.**
- 2. The Cabinet Decision formulates regulatory and institutional reforms which encourage socio-economical revitalization for a strong and renewed Japan. The decision considers consistency with international standards from the viewpoints of Japan's revival through EPAs in addition to those of economic growth. It responds to interests by the EU, which is in the critical phase for the launch of the negotiation of the Japan-EU EPA.**
- 3. I will make my best efforts for the launch of the Japan-EU EPA as soon as possible. I commit to implement the reform policy in accordance with the decision collaborating with relevant ministers. This shows the strong will of the Japanese government, and therefore I firmly believe that the EU will understand it.**

VOICE OF EUROPEAN INDUSTRIES

Speech by EU Trade Commissioner (18 July 2012)

(Karel De Gucht "Why we should open free trade negotiations with Japan")

"First of all, Japan is our second biggest trading partner in Asia and a key partner with which we share common values like democracy and the rule of law. If growth in the next twenty years is likely to come from Asia, then overlooking Japan would be a serious mistake in our trade strategy."

"We need these jobs, and we need this growth in the current economic climate. This is probably also the reason why a number European industry associations including the agri-food and drink, pharma, chemicals, ICT, express deliveries and services industry – to cite only a few - have expressed their strong support to this initiative."

"Trade liberalisation remains the cheapest way we have to stimulate our economy – we don't need tax payers' money for this. If we conclude all our FTAs that are currently underway, we could boost the EU's GDP by more than 2 per cent, or €250 billion, which equals the size of Denmark or Austria. This is real growth, these are real jobs, and a trade deal with Japan would be a major piece in that puzzle."

European Industries in favor of FTA/EPA with Japan

The following list is not exhaustive:

Cefic (The European Chemical Industry Council)

DIGITALEUROPE (European Digital Technology Industry Association)

FoodDrinkEurope (Confederation of Food and Drink Industries in the EU)

ANDEC (National Association of Civil Electronics Manufactures and Importers)

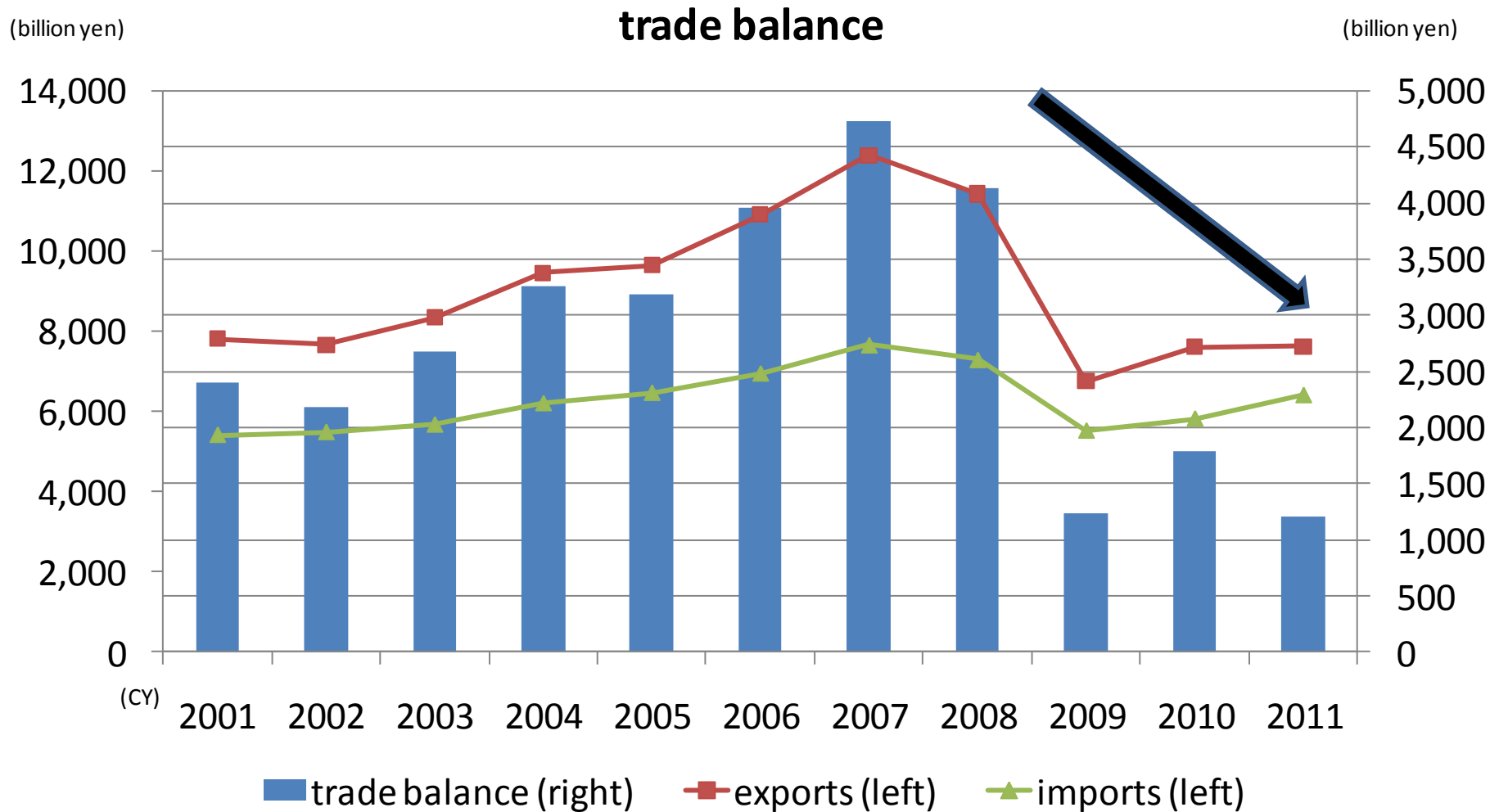
ANITEC (IT electronics industries of Italy)

INTELLECT (the UK Technology Industry)

SIMAVELEC (audiovisuals and electronics industry of France)

STATISTICS

Japan's Trade Relations with the EU ①

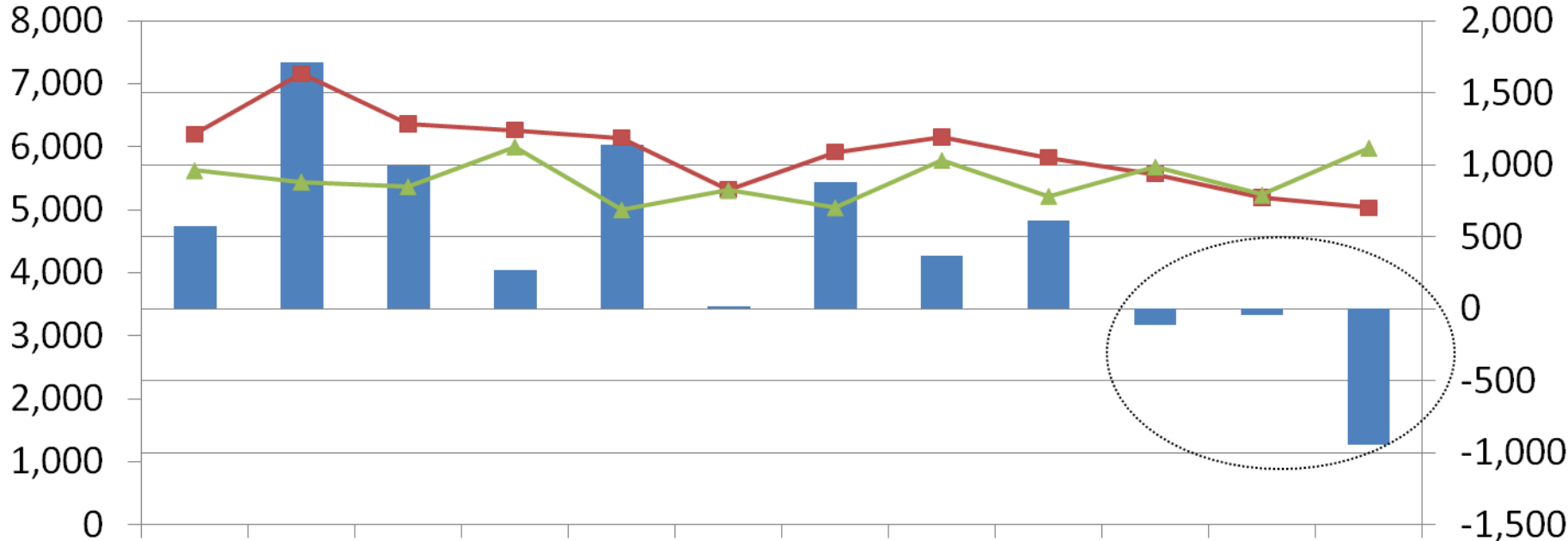


Japan's Trade Relations with the EU ②

(100 million yen)

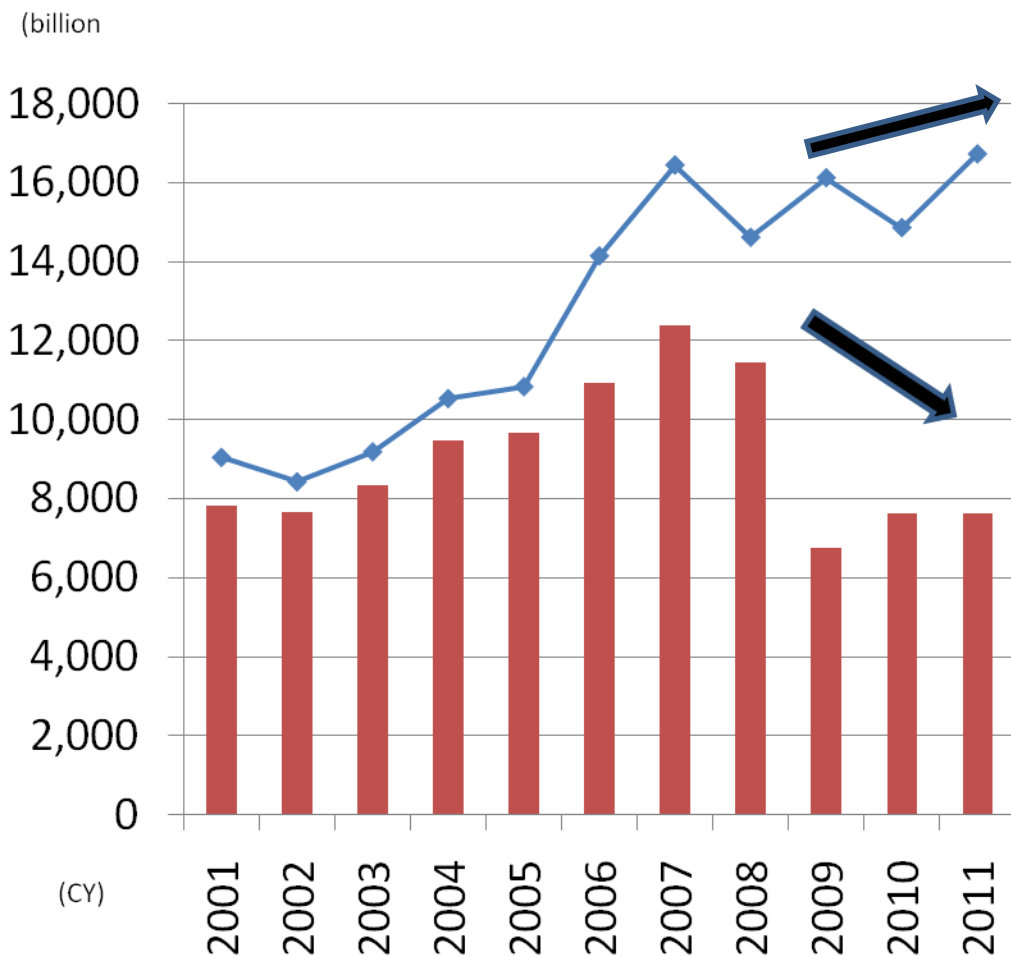
trade balance

(100 million yen)



■ trade balance (right) ■ exports (left) ▲ imports (left)

Japan's Direct Investment and employment in the EU



■ JPN Exports to EU ◆ Direct investment (stock)

Japanese overseas affiliates in the EU in 2010

Number of employees: over 470,000

UK 137,053

Netherland 97,960

Germany 61,911

Belgium 31,653

France 26,599

(Ministry of Economy, Trade and Industry)

Bigger share of imported EU cars in Japan than that of imported Japanese cars in Europe

Share of import cars

(Passenger cars)

5.5% Share of European imported cars in the Japanese Market.

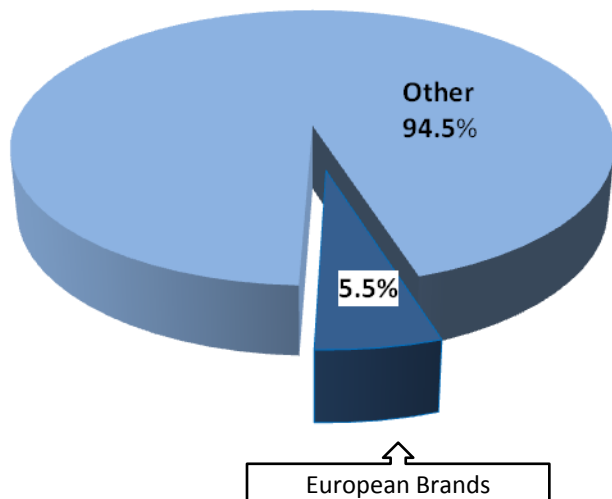
new car registrations of 2011 in Japan: 3,524,788 imported cars from Europe : 193,981

3.9% Share of import cars from Japan in the EU Market

new car registrations of 2011 in the EU: 13,111,209 imported cars from Japan : 507,371

Market Share in Japan

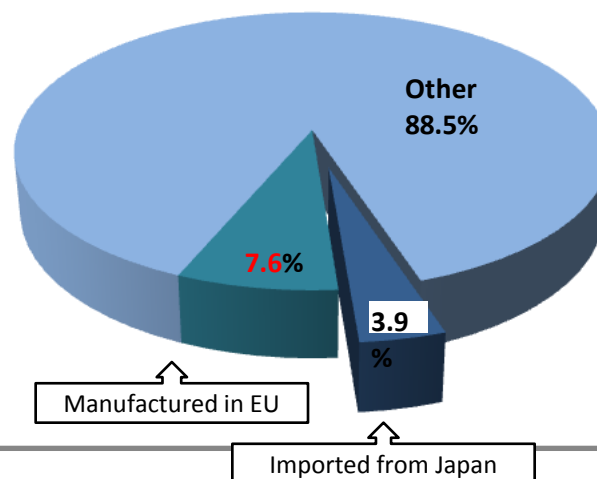
(2011)



(Source : JAMA)

Market Share in the EU

(2011)



(Source : ACEA, JAMA)³⁰

EU car sales increase in the Japanese Market

Imported car sales from Europe in Japan increased compared from 2010 to 2011.

Group	2010	2011	%Change
VW(VW , Audi) *1	63,561	71,801	12.9%
BMW(*BMW, BMWmini) *1	43,764	48,545	10.9%
Daimler(Mercedes, smart)	32,037	34,426	7.5%
Peugeot(Peugeot, Citroen)	8,423	9,231	9.6%
FIAT(Fiat, Alfa Romeo, Maserati, Lancia) *2	8,226	8,554	4.0%
Renault	2,537	3,068	20.9%
Total European Car Sales in Japanese Market	172,571	193,981	12.4%
Total Car Sales in Japanese Market	4,212,267	3,524,788	▲16.3%

*1; Including brands that their headquarters are located in Germany.

*2; Including brands that their headquarters are located in Italy.

Source: JAPAN AUTOMOBILE IMPORTERS ASSOCIATION(JAIA)

(Passenger cars, trucks and buses)

Sharp Increase of Japan's Imports of Cars from EU

- **In the first half (Jan-Jun) of 2012, Japan's imports of motor vehicles* from EU increased by 27.6% in quantity and 31.7% in value from the same term in the preceding year.**

(*passenger cars, buses and trucks)

- **In July 2012, change over the same month in the preceding year was more significant, 62.3% in quantity and 61.1% in value.**

(Figures in July 2012 are provisional.)

{Ministry of Finance, "Trade Statistics"}

WHAT KEIDANREN HAS DONE

KEIDANREN proposals for FTA/EPA with EU

- "Call for the Start of Joint Study for a Japan-EU EPA" (12 June 2007)
<http://www.keidanren.or.jp/english/policy/2007/050.html>
- "Keidanren and BDI Call for a Framework for Enhancing Economic Relations Between the EU and Japan" (30 August 2007)
<http://www.keidanren.or.jp/english/policy/2007/066.html>
- "Toward Japan-EU Economic Integration: 2nd Proposal for Japan-EU EPA" (14 April 2009) <http://www.keidanren.or.jp/english/policy/2009/037.html>
- "Call for the start of Negotiations on Japan-EU Economic Integration Agreement: 3rd Proposal for Japan-EU EPA" (17 November 2009)
<http://www.keidanren.or.jp/english/policy/2009/099.html>
- "Japan-EU Summit: Time for an EIA" (20 April 2010) jointly with EBC
<http://www.keidanren.or.jp/english/policy/2010/036.pdf>
- "Time for an EU-Japan EIA" (13 May 2011) jointly with European associations
<http://www.keidanren.or.jp/english/policy/2011/044.html>
- "Urgent Call for an EU-Japan EIA" (31 October 2011)
<http://www.keidanren.or.jp/english/policy/2011/102.html>

KEIDANREN Mission to Europe (since 2007)

- 26 June - 4 July 2007: Denmark, Finland and Italy
(headed by Vice Chairman Hiromasa YONEKURA)
- 2 June - 6 June 2008: Hungary, Czech, and Poland
(headed by Chairman Fujio MITARAI)
- 21 April - 29 April 2009:
Brussels, Italy (G8 Business Summit) and Spain
(headed by Chairman Fujio MITARAI)
- 19 July - 24 July 2010: Slovakia, Romania and Bulgaria
(headed by Chairmen of Committee on Europe Shinichi YOKOYAMA and Yoshimitsu KOBAYASHI)
- 4 July - 8 July 2011: France, Germany, UK and Brussels
(headed by Chairman Hiromasa YONEKURA)
- 12 April - 20 April 2012: Denmark, Poland and Croatia
(headed by Chairmen of Committee on Europe Shinichi YOKOYAMA and Yoshimitsu KOBAYASHI)

KEIDANREN on NTMs ①

Chairman's Observations on Keidanren Mission to Europe

(8 July 2011)

"When Keidanren suggested to German Chancellor Angela Merkel that *business dialogue on a sectoral basis* could be effective in resolving the NTB issue, she agreed that this was an excellent idea. "

"Overall, a shared recognition of the importance of an EIA (Economic Integration Agreement) was a key outcome of discussions with the EU side. All countries repeatedly requested that Japan address the NTB issue, but we were able to confirm that the trend is toward accepting the start of EIA negotiations if conditions are met during the scoping exercise."

<http://www.keidanren.or.jp/english/policy/2011/073.html>

KEIDANREN on NTMs ②

Chairman Yonekura interviewed by "eurobiz JAPAN" (September 2011)

Q: What is the EU-side seeking?

They have long asked for *non-tariff barriers (NTBs)* to be removed. ***This issue is expected to be resolved, given the strong commitment of the Japanese government to open up the country and promote high-level economic partnerships.***

Q: So NTBs are the main issue?

I always say that the term “non-tariff barriers” has bad connotations of protectionism. But NTBs are not about protectionism any more. That may have been true back in the 1970s or early 1980s, but these days no advanced economies have protectionist NTBs. The barriers are there for legitimate reasons, such as safety or hygiene.

So we have to talk about this. Government-to-government talks may take a long time, which is why I proposed we should get industry-to-industry dialogues going to eliminate non-tariff barriers and seek a win-win relationship.

Q: It sounds like Japanese business is keen to move forward with an EIA?

Yes. If we leave the matter only to government-level negotiations, we may encounter stumbling blocks. So I propose getting both Japanese and European industries involved. ***We can talk about how to promote technology cooperation, how to achieve harmonisation and standardisation, and how to strengthen both sides' competitiveness.***

KEIDANREN on NTMs ③

Urgent Call for an EU-Japan Economic Integration Agreement

(31 October 2011)

"As part of the efforts to prevent new problems from emerging and to create a more seamless business environment between the EU and Japan, **some industrial associations are also exploiting existing frameworks or channels to conduct dialogue with their European counterparts**; for instance, Japan Automobile Manufacturers Association, Inc. (JAMA), Japan Electronics & Information Technology Industries Association (JEITA), Japan Iron and Steel Federation, Japan Chemical Industry Association (JCIA), Japan Textile Federation, Japan Pharmaceutical Manufacturers Association (JPMA), and Japan Industries Association of Radiological Systems (JIRA)."

KEIDANREN on NTMs ④

Urgent Call for an EU-Japan Economic Integration Agreement

(31 October 2011)

"Keidanren will continue to make every possible effort, such as ***promoting industrial dialogue on a sectoral basis, to resolve in a mutually beneficial manner all issues including non-tariff measures*** which stand in the way of even better relationships between the EU and Japan."



Sector-to-Sector Meeting
on 7 March 2012
at BUSINESSEUROPE

KEIDANREN on NTMs ⑤

BUSINESSEUROPE-KEIDANREN Joint Meeting

Between European and Japanese Industrial Associations

(7 March 2012)

- "As was reported to the Annual Meeting of the EU-Japan Business Round Table (BRT) held in Tokyo on 3-4 April, the March joint meeting provided a good opportunity for those who attended to realize the common tasks they face to create a seamless business environment of Europe and Japan."
- "At the top of the list of common challenges is harmonization and mutual recognition of regulations, standards and conformity assessment procedures that could be applied to third country markets."

(Keidanren Chairman Calls on European Leaders to Start Negotiations on an EU-Japan FTA/EPA on 26 April 2012)

Key Issues to be addressed in FTA/EPA with EU

Urgent Call for an EU-Japan Economic Integration Agreement

(31 October 2011)

1. Improving transparency and business certainty such as through notification and consultation when changing tariff classifications and duty suspension measures, and carrying out trade remedy investigations
2. Driving **regulatory coherence** such as through notification, consultation and early solicitation of comments when introducing or revising domestic regulations, and continuous consultation on better regulations
3. Promoting **harmonization and mutual recognition** of technical regulations, standards and conformity assessment procedures where possible; and at least mandating prior notification of information on their introduction and revision at a sufficiently early stage
4. Establishing a framework for cooperation in the development of new technologies and thus prompting the development of new international standards
5. Enhancing cooperation among patent offices and promoting global patent harmonization
6. Fighting against counterfeit and pirated products
7. Facilitating the movement of businesspersons such as intra-corporate transferees
8. Improving **access to government procurement markets**
9. Promoting cooperation to ensure fair access to raw materials including rare earths and metals
10. Promoting **cooperation with regard to third country markets**

Japan's FTA/EPA

KEIDANREN Chairman's address at the EU Heads of Mission's Meeting

(21 February 2012)

- KEIDANREN has been calling on the GOJ to develop ***high-level economic partnerships in the Asia-Pacific as well as with the EU.***
- Particularly, Japan should enter into the ***TPP*** and form a ***Japan-China-Korea FTA*** and a Comprehensive Economic Partnership in East Asia (***ASEAN+6***) , eventually establish a Free Trade Area of the Asia-Pacific (***FTAAP***) by 2020.
- If we could put in place both an EU-Japan FTA/EPA and an FTAAP , we could have ***a free trade area encompassing the EU and APEC economies that would account for nearly 90% of global GDP.***