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Plenary sitting

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B7-0297/2012

MOTION FOR A RESOLUTION

pursuant to Rules 90 (2) and 110(2) of the Rules of Procedure

on EU Trade negotiations with Japan
(2012/2711(RSP))

Vital Moreira, Metin Kazak
on behalf of the Committee on International Trade

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B7-0297/2012

**European Parliament resolution on EU Trade negotiations with Japan
(2012/2711(RSP))**

The European Parliament,

- having regard its resolution of 25 November 2010 on Human Rights and Social and Environmental Standards in International Trade Agreements,
- having regard its resolution of 25 November 2010 on International Trade Policy in the Context of Climate Change Imperatives
- having regard its resolution of 25 November 2010 on Corporate and Social Responsibility in International Trade Agreements
- having regard to its resolution of 6 April 2011 on Future European International Investment Policy,
- having regard to its resolution of 27 September 2011 on a New Trade Policy for Europe under the Europe 2020 Strategy,
- having regard to its resolution of 13 December 2011 on Trade and Investment Barriers
- having regard to the Communication from the Commission entitled 'Trade, Growth and World Affairs - Trade Policy as a core component of the EU's 2020 strategy' COM(2010)0612/3,
- having regard to the Commission's report on 'Trade and Investment Barriers' published on 21 February 2012,
- having regard to the Mutual Recognition Agreement between the EU and Japan concluded in 2001,
- having regard to Agreement on Cooperation on Anti-competitive Activities between the EU and Japan concluded in 2003,
- having regard the Agreement on Co-operation and Mutual Administrative Assistance in Customs Matters between the European Community and Japan concluded in 2008,
- having regard to the report by Copenhagen Economics entitled 'Assessment of barriers to trade and investment between the EU and Japan', published on 30 November 2009,
- having regard to the results of the Commission's public consultation on EU - Japan trade relations published on 21 February 2011,
- having regard to the European Council's conclusions of 24/25 March 2011,
- having regard to the joint statement adopted at the 20th EU-Japan Summit, held in Brussels on 28 May 2011,

- having regard to its resolution of 11 May 2011 on EU-Japan Trade relations,
 - having regard to Rules 90 (2) and 110(2) of its Rules of Procedure,
 - having regard to its resolution of 19 February 2009 on Community action in relation to whaling (2008/2101(INI))
 - having regard to the 1997 Treaty of Amsterdam amending the Treaty on European Union - Protocol on protection and welfare of animals.
 - having regard to the Agreement between the European Community and the Government of Japan on cooperation in science and technology signed on 2 July, 2012;
 - having regard to its resolution of 13 June 2012 on EU trade negotiations with Japan;
- A. whereas the EU and Japan represent together more than a third of world GDP and more than 20% of world trade,
 - B. whereas in 2011 the total amount of bilateral trade in goods between the EU and Japan was worth only €116.4 billion in contrast to €444.7 billion for EU-USA, €428.3 billion for EU-China and €306.6 billion for EU-Russia,
 - C. Whereas in 2011 the Japanese trade surplus with the European Union was worth €18,5 billion, 30% of which only in automotive products
 - D. whereas Japan is ranked 16th for "Trading Across Borders" in the World Bank's "Ease of Doing Business" 2012 rankings ahead of 18 EU Member States,
 - E. whereas the European Parliament, the Council and Commission have noted that Japan's capacity to remove non-tariff barriers (NTBs) and obstacles to market access in public procurement is a precondition for launching negotiations on the EU-Japan free trade agreement (FTA),
 - F. whereas the Copenhagen Economics study of November 2009 estimated a potential increase of 71% for EU exports to Japan and an increase of 61% for Japanese exports to the EU if tariffs and non-tariff barriers are reduced to their fullest possible extent,
 - G. whereas the European Union and Japan agreed at the joint summit on 28 May 2011 to launch a scoping exercise to investigate the feasibility and shared ambition towards launching negotiations for a free trade agreement; whereas the scoping exercise has been concluded,
 - H. whereas Commission, Council and European Parliament support the maintenance of the global moratorium on commercial whaling and a ban on international commercial trade in whale products; and seek to end so-called scientific whaling and support the designation of substantial regions of ocean and seas as sanctuaries in which all whaling is indefinitely prohibited;
 - I. whereas there is a parallel political scoping exercise for a political framework agreement which has also been concluded successfully,

The Economic and Political Context

1. Believes that the importance of Japan as a political ally with a similar approach to the EU when facing the new challenges of a globalised world should be taken into consideration.
2. Believes that it is crucial for the EU to comprehensively deepen its economic and trade relationships with major global economies such as Japan in order to maximise the jobs and growth potential under the EU 2020 strategy; considers this is particularly urgent in the light of the ongoing economic crisis, high unemployment rates and poor growth projections in the EU;
3. Is concerned, in this regard, that the EU's bilateral trading volume with Japan is dramatically lower than with other partners such as the USA, China and Russia; concludes that the huge potential of the EU-Japanese commercial relationship has not yet been realised to the benefit of EU businesses, workers and consumers, mainly due to the impact of Japanese non-tariff barriers on market access opportunities for European businesses;
4. Notes that Japan is pursuing its interest in other major free trade agreements such as the potential Japan-China-South Korea FTA and the Trans-Pacific Partnership, as well as negotiating several other bilateral agreements; believes that the EU should draw on its experience with the South Korea FTA to achieve comparable market access penetration in negotiations with Japan;

The Scoping Exercise

5. Notes the conclusion of the EU-Japan scoping exercise to the mutual satisfaction of the Commission and Japanese Government;
6. Welcomes the emphasis on the removal of NTBs and obstacles to market access in public procurement within the scoping exercise negotiations, as demanded by the Parliament;
7. Cautions that, while the roadmaps represent a partial step forward, some lack precision and leave room for interpretation, e.g. the railway procurement provisions; therefore greater ambition must be demonstrated by Japan from the outset of future negotiations; emphasises that the implementation on these commitments is crucial and, therefore, calls for concrete results as soon as possible, ideally in advance of the dates established;
8. Calls on the Japanese Government to reconfirm at the onset of formal negotiations of an EU-Japan FTA its commitments made in the scoping exercise, especially with regards to removing non-tariff barriers to trade (NTBs).
9. Calls on the Commission to dedicate one of the initial negotiation rounds of the EU-Japan FTA to removing NTBs and to therefore ensure that an independent impact assessment can be conducted as part of the review clause one year after the start of the negotiations to objectively assess the progress made on this key concern for the European Parliament.
10. Accordingly, requests that, as a condition for adopting negotiating directives for an FTA with Japan, the Council insists on a binding review clause activated within one year of the launch of negotiations to assess whether Japan has delivered clear results in eliminating

NTBs in particular those affecting the EU's automotive sector and obstacles to public procurement for railways and urban transport agreed in the scoping exercise;

A Mandate for Negotiations

11. Calls on the Council to authorise the Commission to start negotiations for a free trade agreement with Japan on the basis of the outcome of the scoping exercise and clear targets;
12. Calls on the Commission to dedicate one of the initial negotiation rounds of the EU-Japan FTA to removing NTBs and to therefore ensure that an independent impact assessment can be conducted as part of the review clause one year after the start of the negotiations to objectively assess the progress made on this key concern for the European Parliament.
13. Underlines that such a free trade agreement must be comprehensive, ambitious and fully binding in all its commercial provisions; stresses an FTA must lead to a genuine market openness and trade facilitation on the ground rather than just a hypothetical, legal openness; calls on the Commission to formally and periodically update the European Parliament and the Council on the state of play of the negotiations and on the progress made on dismantling NTBs; considers that if, during the negotiations, Japan does not demonstrate sufficient ambition in meeting the EU's priority demands, the Commission should suspend negotiations after consultations with the European Parliament and the Council;
14. Notes that the removal of non-tariff barriers is significantly more difficult to monitor and implement than the elimination of import tariffs; urges the Commission to fully take into account Parliament's recommendations as outlined in its resolution of 13 December 2011 on Trade and Investment Barriers and to draw conclusions from the NTB commitments in the EU-South Korea FTA to develop best practise implementation and monitoring mechanisms;
15. Notes that serious divergences remain between the EU and Japan on issues related to the management of fisheries and whaling, notably Japan's whaling under the guise of scientific whaling, and calls for broader discussions on the matter of the abolition of whale hunting and of trade in whale products.
16. Stresses that, for an FTA to be truly advantageous to the EU's economy, the Council should establish a clear timetable and include the following aspects in the Commission's negotiating directives:
 - Concrete and measurable results from the Japanese government on NTBs with a view to eliminating the large majority of barriers hindering EU-Japan trade; underlines that these commitments should go considerably further than the roadmaps already agreed under the scoping exercise; the Commission shall regularly report on progress in this area to the Council and Parliament;
 - Eliminating existing NTBs in the automotive sector such as the "zoning regulations", other anti-competitive restrictions and the treatment of electric and hybrid vehicles; the preferential treatment for "kei cars" should also be addressed to ensure fair competition in this important segment;

- Significant concessions on public procurement guaranteeing market access for European companies in strategic Japanese sectors including railways and urban transport and to the same degree of openness as that of the EU's public procurement markets;
- A strict and effective dispute resolution mechanism requiring early consultations among the parties to combat the development of new NTBs and obstacles to market access in public procurement in Japan after the entry into force of the agreement;
- A staggered schedule for sensitive tariff reductions in the EU to allow EU industry sufficient time to adapt to increased competition; considers that the removal of such tariffs should be inextricably linked via a 'safety clause' to the progress in removing obstacles to market access in public procurement and NTBs in Japan so that sensitive EU tariffs are not reduced without corresponding elimination of Japanese non-tariff barriers and obstacles to public procurement;
- Effective bilateral safeguard measures to prevent a surge in imports that would cause, or threaten to cause, serious injury to EU and Japanese industry, especially in sensitive sectors such as the automotive and electronics industries;
- The removal of a substantial number of the most problematic barriers that inhibit market access for European SMEs;
- Reference to international health and plant-health standards and disciplines, in particular those laid down by the Codex alimentarius, the OIE and the IPPC;
- Enforceable measures to protect Geographical Indications (GIs) for agricultural and foodstuff products, including wines and spirits;
- In light of the March 2011 disaster, a heavy emphasis on energy cooperation and enhanced market access in environmental goods and services, and a robust and ambitious sustainable development chapter with core labour standards, including the four ILO priority conventions for industrialised countries;
- This chapter should also include the establishment of a civil society forum that monitors and comments on its implementation and the effective implementation of multilateral agreements on the environment, animal welfare and the conservation of biological diversity;
- Real market access opportunities for both sides in each others services market through the elimination of regulatory barriers particularly in investment, access to all tiers of government procurement and significant commitments on competition rules including addressing unfair advantages in the postal service sector;
- The strengthening and extension of regulatory cooperation dialogues with binding disciplines to improve respect of international standards and regulatory harmonisation, in particular through the adoption and implementation of UNECE standards;
- A comprehensive chapter on investment addressing both investment protection and market access.

- Reiterates its belief that, if these conditions are met, an EU-Japan FTA has the potential to lead to a win-win situation, beneficial for both economies, and that a deeper degree of integration through an EIA would multiply the gains considerably to both economies;

Beyond the Negotiations

17. Demands that, if negotiations are successful, the Commission undertakes a second impact assessment to evaluate the expected advantages and disadvantages of the agreement for EU jobs and growth, including an analysis of the impact on sensitive sectors such as automotives and electronics, and the benefits for the EU's offensive interests;
18. Recalls that the European Parliament will be asked to give its consent to the potential EU-Japan FTA as stipulated by the treaty of Lisbon
19. Instructs its President to forward this resolution to the Council and the Commission, the governments and parliaments of the Member States and to the Government and Parliament of Japan.