**Toward a Closer and Stronger Economic Partnership between Japan and Europe**

- *Nippon Keidanren's Observation and Views on European Integration and the Japan-Europe Business*

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**EU Enlargement**

Realizing a single market of 25 countries with about 450 million people and a GDP of 10 trillion euros

**The EU's expansion eastward**
- Adding 10 new members in May 2004 offers new business opportunities.

**Further enlargement**
- Accession of Bulgaria and Romania is approaching, while the Japanese Business community has expectations for Turkey's accession as well.

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**Basic Perspectives on European Integration**

**The European Constitution**
- It has become uncertain when the treaty will take effect. A way to ensure effective integration of its 25 members is necessary.

**EU 2007–2013 budget**
- It has great influence on the policy regarding business environment improvement.

**The single currency**
- It is hoped that EU member countries that have not already adopted the Euro will do so in the near future.

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**Issues Needing Resolution to Promote Closer Japan-Europe Economic Ties**

**EU Directives and Laws of Member States**
- The opinions of companies within and outside the EU should be carefully heard, at the same time the economic effects of legislation should be carefully considered. It is hoped that EU member states will modify their domestic systems to appropriately reflect the directives e.g., EUCD, Societas Europaea (SE)

**Environmental Policies**
- **REACH:** Environmental protection measures should not end up discriminating between entities based upon whether they are inside or outside the EU.
- **WEEE:** Some flexibility in recycling systems is needed.

**Removing Trade Barriers**
- The EU still maintains tariffs on major industrial products e.g., electric appliances, as high as 14%; trucks, 22%; and passenger cars, 10%. Nippon Keidanren supports the elimination or harmonization of tariffs for specific sectors in the NAMA negotiations within the WTO New Round.

**International Financial Reporting Standards (IFRS)**
- The EU should deem Japanese accounting standards as equivalent to IFRS.

**Competition Policy**
- Transparency in the EU decision making process and rational implementation of the Extraterritorial Application should be ensured.

**Labor Market Flexibility**
- Promoting more flexibility in the EU labor market is desirable.

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**Toward a New Stage in Japan-Europe Economic Ties**

Care must be taken to ensure that favorable relations do not lead to a state of inertia and deteriorate into mutual disinterest.

* Expanding the coverage of the MRA is a good example of how to strengthen economic ties.

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**Coordination and cooperation to address global issues**

- **WTO New Round**
- **Global Environmental issue**
- **ISO's standardization process of SR**
- **Intellectual Property Rights**
- **BRIC countries**
- **Declining birthrates, aging populations**

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**Multiple approaches to strengthening Japan-Europe relations**

- **Bilateral exchanges**
  - Japan-European Union Regulatory Reform Dialogue, EPA, Policy dialogue with key figures in Europe

- **Multiple levels**
  - WTO
  - OECD (BIAC)

- **Regional basis**
  - AEBF