

## Japan-EU Summit: Time for an EIA

### Joint Statement

April 20, 2010, Tokyo

**Chairmen of the Nippon Keidanren's Committee on Europe and the European Business Council in Japan (EBC) jointly call for Japanese and EU leaders to take the opportunity of the 2010 Japan-EU Summit on April 28 to agree on starting negotiations on an Economic Integration Agreement.**

As two of the world's largest economies, Japan and the European Union enjoy an economic relationship vital not only to their own prosperity, but also to the global economy. We are, however, now at a crossroads. Both regions are at risk of falling off each others' radar and interest in the bilateral relationship appears to be waning in comparison with other fast-growing economies.

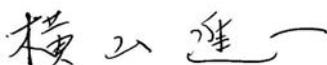
At last year's EU-Japan Summit in Prague, both sides reaffirmed the critical importance of the EU-Japan bilateral economic and commercial relationship for global prosperity, and decided to focus on a few specific non-tariff issues "in order to tackle trade restrictive barriers, to increase market access opportunities and to create the best possible environment to promote bilateral investment flows", thereby "strengthening the integration of our economies with a view to better exploiting the full potential of our economic relationship". It is now crucial for this year's Summit to build ambitiously on the goals of 2009.

As the current ten-year EU-Japan Action Plan draws to a close, we are convinced that an entirely new approach is required to achieve the step-change that can unleash this full potential, increase trade and investment, and drive competition, which in turn will fuel economic growth. That approach is an Economic Integration Agreement (EIA), which both the Nippon Keidanren and the EBC have been advocating in recent years.

An overwhelming platform of evidence shows that further integration of the economies could lead to significant trade increases and welfare gains for the people of both Japan and the EU. Findings of a recent study by the European think-tank, Copenhagen Economics, show that trade flows between Japan and the EU could be markedly strengthened with EU exports to Japan potentially increasing by 71% and Japanese exports to EU by 61% if non-tariff and tariff barriers were reduced through an EIA. Moreover, additional welfare gains through increased national income of 33 billion euro (4.1 trillion yen) for the EU and 18 billion euro (2.2 trillion yen) for Japan could also be achieved.<sup>i</sup> With this order of increase in trade and economic welfare, Japan and the EU could mutually improve their overall competitive advantage on the world market leading to further gains.

It is vital that recommendations which have already emerged, such as "Call for the Start of Negotiations on Japan-EU Economic Integration Agreement - Keidanren Third Proposal for Japan-EU Economic Partnership Agreement"<sup>ii</sup> and "Time for Change - The EBC Report on the Japanese Business Environment 2009",<sup>iii</sup> should serve as a starting point for a comprehensive EIA. This will transform the platform of the bilateral relationship from mere discussion into action. Given the enormous growth potential at stake, we strongly request both authorities to aim for an EIA in which tariff and non-tariff issues are addressed in a balanced, integrated and mutually beneficial manner to achieve a win-win relationship.

The window of opportunity has never been better than now. Accordingly, we, Shinichi Yokoyama, Yoshimitsu Kobayashi and Tommy Kullberg, urge both authorities to start negotiations on an EIA without delay. Now is the time to act!



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## ***About the Nippon Keidanren:***

*Nippon Keidanren (Japan Business Federation) is a comprehensive economic organization born in May 2002 by amalgamation of Keidanren (Japan Federation of Economic Organizations) and Nikkeiren (Japan Federation of Employers' Associations). Its membership of 1,600 is comprised of 1,424 companies, 129 industrial associations, and 47 regional economic organizations (as of April 8, 2010).*

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## ***About the EBC:***

*The European Business Council in Japan (EBC)/European (EU) Chamber of Commerce in Japan is the trade policy arm of 17 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the business and investment environment in Japan. It currently represents more than 3,000 local European companies and individuals, some 300 of whom participate directly in the EBC's 28 sector-based committees.*

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- i Copenhagen Economics, "Assessment of barriers to trade and investment between the EU and Japan", November 2009
  - ii <http://www.keidanren.or.jp/english/policy/2009/099proposal.pdf>
  - iii <http://www.ebc-jp.com/downloads/2009-WP-E.pdf>