

Call for the Start of Joint Study for a Japan-EU Economic Partnership Agreement

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Nippon Keidanren (Japan Business Federation)

Building New Japan-EU relations and an EPA

(1) Japan-Europe economic relations needs to be advanced to a new stage so that current favorable economic relations do not lead to a state of mutual indifference.

(2) It is necessary to promote both multilateral and bilateral EPAs simultaneously and expeditiously.

⇒ It is likely agreements will soon be reached on bilateral EPAs with almost all of the ASEAN countries.

⇒ Taking into account other countries' actions, it continues to be necessary for Japan to move forward energetically to conclude more EPAs. In addition to Japan's East Asian neighbors and countries supplying natural resources, energy, and food to Japan, countries and regions meeting the following criteria should be also be considered.

- ① those with which EPAs would certainly expand or facilitate trade and investment (major destinations of Japan's exports and direct investment, and those which currently have high barriers against them)
- ② those with which countries competing with Japan in many industrial sectors have signed FTAs or are negotiating to sign FTAs
- ③ those with which Japan should maintain and reinforce relations from a political or security perspective

(3) Japan should not delay in jointly commencing with the EU an industry-academia-government study on an EPA.

- ① The EU is Japan's second-largest export and direct investment partner after the US. The EU still sets high tariff barriers on home electronic appliances, passenger cars, and other products.
- ② South Korea has started negotiations on an FTA with the EU.
- ③ Japan and the EU share basic values.

2. Benefits expected from an EPA with the EU

- Comprehensive and high quality EPA as a model for other FTAs
- Development and improvement of respective rules and systems for economic activity; promotion of their harmonization

(1) Tariffs and tariff classification

- Reduction in tariffs on passenger cars (10%) and electronic appliances (14% maximum); tariff classification of ITA items

(2) Business and investment environment

- Improvement in procedure for obtaining and renewing work and residence permits; establishment of a framework for review by both governments and private sectors

(3) Intellectual property rights

- Stronger enforcement of regulations and penalties on counterfeited and pirated products; cooperation in third countries.

(4) Electronic commerce

- Exemption of digital content from custom duties, etc.

(5) Mechanism for settling disputes related to EU directives

3. Matters to be considered when concluding an EPA with the EU

(1) Maintaining and strengthening the multilateral free trade system under the WTO

- Taking the initiative in reaching agreement on DDA by the end of this year
- Concluding a comprehensive and high-quality EPA commensurate with one between highly developed countries.

(2) Establishment of healthy domestic agriculture, with due consideration for agricultural products

- Construction of competitive and healthy domestic agriculture
 - Promotion and acceleration of agricultural structural reform
 - Due consideration for agricultural products (processed foods, etc)
- Estimation and clarification of consumers' costs caused by border measures and potential industrial adjustment costs incurred when the measures are abolished.