

# **Research Workshop “Understanding the EU-Japan EPA and the Partnership on Sustainable Connectivity and Quality”, IN-EAST Duisburg, 10 November 2020**

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## **Introduction**

**Werner PASCHA, IN-EAST**

# „Frequently Asked Questions“

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1. EPA and SPA between Japan and the EU since 2019  
– why so late?
2. Why „EPA“, not „FTA“?
3. Specific provisions of the EPA?
4. Early experiences with the EPA?
5. What specifically is the SPA about?
6. Early work in the wider context?

# FAQ 1: EPA and SPA between Japan and the EU since 2019 – why so late?

- EU and Japan make up approx. 30% of global GDP and 40% of world trade
- Japan is the 7th largest export market and import source for the EU; EU is Japan´s 3rd most important trading partner

*Agreements started in February 2019. Indeed, why so late?*

- A decade ago, emphasis rather on TPP, TTIP, WTO
- When such hopes proved overoptimistic ...
- Japan and the EU realized the potential of their bilateral relations
  - *„as a model of economic order in the 21st century based on free and fair rules“* (MOFA Japan on EPA in Oct. 2020, <https://www.mofa.go.jp/files/000013835.pdf>)
  - *“Our prosperity hinges on an open and rules-based economic system with a true level playing field, which our economic diplomacy will further promote.”*  
EU Global Strategy of 2016, p.41, [https://eeas.europa.eu/sites/eeas/files/eugas\\_review\\_web\\_0.pdf](https://eeas.europa.eu/sites/eeas/files/eugas_review_web_0.pdf))
- What about the SPA? → **Julie GILSON**

## FAQ 2: Why „EPA“, not „FTA“?

An „Economic Partnership Agreement“ (EPA) goes *beyond* a „Free Trade Area“ (FTA):

It is about abolishing tariffs and other trade barriers, but also covers issues like government procurement, competition and sustainability.

# The structure of the EU-Japan EPA

- Preamble
- Chapter 1 General provisions
- Chapter 2 Trade in goods
- Chapter 3 Rules of origin and origin procedures
- Chapter 4 Customs matters and trade facilitation
- Chapter 5 Trade remedies
- Chapter 6 Sanitary and phytosanitary measures
- Chapter 7 Technical barriers to trade
- Chapter 8 Trade in services, investment liberalisation and electronic commerce
- Chapter 9 Capital movements, payments and transfers and temporary safeguard measures
- Chapter 10 Government procurement
- Chapter 11 Competition policy
- Chapter 12 Subsidies
- Chapter 13 State-owned enterprises, enterprises granted special rights or privileges and designated monopolies
- Chapter 14 Intellectual property
- Chapter 15 Corporate governance
- Chapter 16 Trade and sustainable development
- Chapter 17 Transparency
- Chapter 18 Good regulatory practices and regulatory cooperation
- Chapter 19 Cooperation in the field of agriculture
- Chapter 20 Small and medium-sized enterprises
- Chapter 21 Dispute settlement
- Chapter 22 Institutional provisions
- Chapter 23 Final provisions



## FAQ 4: Specific provisions of the EPA?

- Tariffs: more than 90% of items in Japan free from 2019, eventually 97% (in agri-food: 85%); in EU eventually 99%
  - Industrial products eventually fully liberalized for both
- Geographical Indications (GIs) like Irish Whiskey and Japanese Sake
- Reduction of non-tariff barriers
  - For instance, both will apply the same international standards for motor vehicles
- Sustainable development: E. g. commitment to ILO labour standards, recognise SDG, Paris climate goals, conservation and sustainable management of natural resources; dialogue with civil society

# More on some specific provisions of the EPA

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- Investment: EPA supports investment, but does not include an Investment Protection Agreement
- EPA is an ongoing process, for instance for discussing standards, regulatory cooperations, etc. There is thus a Joint Committee, 10 Committees and Working Groups

## FAQ 4: Early experiences with the EPA?

Both exports and imports have increased by more than 3 bn Euro each in 2019 compared to the previous year.

Trade in Goods (bn Euro)	EU Exports to Japan	EU Imports from Japan
2019	61.1	62.9
2018	57.7	59.4

Source: Data from EC, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/japan/>

But can one attribute the rise of some 6% in one year to the EPA?



According to EC News Release on behalf of the first year of the EPA (31 January 2020), „EU exports to Japan went up by 6.6%”, while “Japanese exports to Europe grew by 6.3%” in the first ten months.

Some selected goods profited even more (here, seen from the EU perspective):

- **Meat** exports increased by 12%, with a 12.6% increase for pork exports, and frozen beef exports have more than tripled.
- **Dairy** exports were up by 10.4% (including a 47% increase in butter exports).
- **Beverages** exports went up by 20%, with 17.3% growth in wine exports.
- **Leather articles** exports and **apparel** have seen an increase of 14% and 9.5%, respectively.
- **Electrical machinery exports**, such as telecommunications equipment, storage devices and electronic circuits went up by 16.4%”. (EC, 31 January 2020)

Still, can it be attributed to the EPA? → **Jens WRONA**  
(more on the views of business, politics, etc. in next week's symposium)

## FAQ 5: What specifically is the SPA be about?

The Strategic Partnership Agreement (SPA) between EU, EU members and Japan covers *wider* topics than the EPA, as „like-minded global partners“, furthering

*„political and sectoral cooperation and joint actions on issues of common interest, including regional and global challenges”* (from Article 1),

plus, among others,

*“the promotion of shared values and principles, in particular democracy, the rule of law, human rights and fundamental freedoms”* (ibid.)

Some issues for action: Cyber crime, disaster management, energy security, climate change, ageing populations

Entered into force provisionally on 1 February 2019

## FAQ 6: Early work in the wider context?

### **EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure, September 2019**

*„Japan and the EU intend to work together on all dimensions of connectivity, bilaterally and multilaterally, including digital, transport, energy and people-to-people exchanges”. Agreement, Item 2*

The Connectivity Partnership was the focus of the 2<sup>nd</sup> meeting of the SPA Joint Committee in February 2020.

(MOFA Japan, [https://www.mofa.go.jp/erp/ep/page22e\\_000945.html](https://www.mofa.go.jp/erp/ep/page22e_000945.html))

→ **YOSHINO Naoyuki; Maaikje OKANO-HEIJMANS**

# The EU-Japan EPA in action: First experiences and further steps

Thursday,  
November 19, 2020

09.00 – 11:00 CET (Central European Time)  
17.00 – 19.00 JST (Japan Standard Time)

*Let us move on to the presentations,  
and please do not forget to join  
next week's symposium ...*

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## GREETINGS

**Markus TAUBE**

Director, Institute of East-Asian Studies IN-EAST, University of Duisburg-Essen,  
Duisburg, Germany

**IWAMA Kiminori**

Consul General of Japan in Düsseldorf, Germany

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## INPUT STATEMENTS

**The significance of the EU-Japan EPA from a European perspective**  
Rolf LANGHAMMER, Kiel Institute for World Economy, Kiel, Germany

**The significance of the EU-Japan EPA from an East Asian perspective**  
URATA Shujiro, Waseda University, Tokyo, Japan

**Insights from the preceding research workshop**

Werner PASCHA, Institute of East Asian Studies IN-EAST, University of Duisburg-Essen, Duisburg, Germany

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## PANEL DISCUSSION with Q&A

**Nicole BASTIAN**

Head of Department Foreign Affairs, Handelsblatt, Düsseldorf, Germany

**Marco CHIRULLO**

Former EU's Deputy Chief Negotiator of the EPA

**Petra SIGMUND**

Director, Directorate General for Asia and the Pacific, Federal Foreign Office, Berlin,  
Germany

**NAKANISHI Yumiko**

Hitotsubashi University, Tokyo, Japan

**Friedolin STRACK**

Head of International Markets, BDI (The Federation of German Industries), Berlin,  
Germany

**SHIMOKAWA Makita**

Extraordinary and Plenipotentiary Ambassador of Japan to Belgium and to NATO,  
Ambassador in charge of External Communications in Europe, Brussels, Belgium