



## EU-JAPAN BILATERAL ECONOMIC RELATIONS

### KEY MESSAGES

- 1** The EU and Japan should further strengthen and deepen bilateral relations. The focus should be on achievable targets relating to the elimination of non-tariff barriers.
- 2** Before negotiations of a new bilateral framework are entered into, a thorough assessment needs to be made of the achievements and shortcomings of the outgoing Ten-Year Action Plan.
- 3** BUSINESSEUROPE advocates the creation of a high-level EU-Japan Economic Partnership Council (EUJ-EPC) which should set achievable targets on specific regulatory issues, based on a straightforward timeframe with progress measured annually.

### BACKGROUND

Japan and the European Union are key economic partners, accounting for close to 40% of global GDP. With a share of 3.3% (2009) of EU exports, Japan is the EU's seventh largest export market. Europe is equally a very important market for Japan. In 2008, the EU occupied third position in Japan's imports and exports.

The EU and Japan have to work closely together in order to tackle common challenges, be it the protectionist threat, the stumbling Doha Round negotiations, or climate change. Furthermore there is a lot of growth potential in a further strengthening and deepening of bilateral relations between the EU and Japan.

The concepts of an Economic Integration Agreement (EIA), Economic Partnership Agreement (EPA) or Free Trade Agreement (FTA) are not considered the appropriate formats for future bilateral relations as there are strong doubts that these approaches would lead to an acceptable balance between different interests from the EU and Japan in the areas of tariffs, regulatory and non-tariff barriers.

At this year's bilateral Political Summit on 28 April 2010, EU and Japan leaders agreed to set up a High-Level Group that will conduct a joint examination of the ways to strengthen the Japan-EU economic relationship. It will address all issues of interest to both sides, including tariffs, non-tariff measures, services, investment in services and non-services sectors, intellectual property rights and government procurement. It will report back to the next Political Summit in 2011 which will decide on a follow-up to the outgoing EU-Japan Ten-Year Action Plan (2001-2010).

### WHAT DOES BUSINESSEUROPE AIM FOR?

- Removing existing barriers to trade and investment with a focus on the elimination of non-tariff measures, as well as dealing with cultural barriers.
- A thorough assessment needs to be made of the achievements and shortcomings of the outgoing Ten-Year Action Plan.
- The creation of a high-level EU-Japan Economic Partnership Council (EUJ-EPC) to strengthen and deepen EU-Japan relations. The EUJ-EPC should set achievable targets on specific regulatory issues and monitor progress annually.