

BUSINESSEUROPE



EPP workshop on EU-Japan trade relations

Carsten Dannöhl

Senior Adviser, International Relations, BUSINESSEUROPE

General objectives

- Open mind, but need concrete results
- Effective and comparable market access
 - Factual openness of Japanese market
- Comprehensive scope: all issues of significant economic interest to either party
- Scoping exercise:
 - High level of ambition / broad scope
 - Concrete initiatives beforehand



NTBs & regulatory divergence

Issues:

- Divergent standards and certification processes
- Technical barriers to trade, SPS related barriers
- Lengthy and complex conformity assessment procedures
- Impact of attitudes, incl. the habitual buying behaviour

Possible approaches:

- Adoption of international product standards
- Mutual recognition of products certified under similar and equivalent product standards
- Regulatory convergence
- Address issue of attitudes



Tariffs

Issues:

- On average low tariff rates (applied rate of 4.9%)
- Some high peaks in e.g. dairy products, clothing, cereals, food and drink, leather, etc.
- Annual temporary suspension of applied import duties that covers over 400 products (needs to be renewed on a yearly basis by the Japanese Parliament)

Possible approaches:

- Match market opening through tariff dismantling by respective NTB elimination in case of non-reciprocal tariff liberalisation
- Replace yearly renewal of tariff import suspension by permanently eliminating import duties



Investment

Issues:

- lowest FDI stocks (as GDP percentage) of all OECD members
- High degree of limits on foreign ownership, screening requirements and restrictions on foreign personnel and operational freedom; high labour costs and taxes
- Triangular merger scheme, making investments / merger-acquisition very difficult

Possible approaches:

- Ambitious investment provisions (free market access, non-discrimination, national treatment, greater transparency, full pre- and post-investment protection)
- Mechanism for investor-to-state dispute settlement
- Restrictions only on the basis of national security



Procurement

Issues:

- Complex system of diverse statutes and regulations at central and local level, poor dissemination of information and absence of a single point of access
- Rail sector: longstanding problem, without being solved today

Possible approaches:

- Reciprocal and effective market access with simplified rules (equal treatment of foreign and domestic suppliers)
- Improve transparency and dissemination of information
- Suppression of exemptions and derogations of GPA rules (“operational safety clause” in railway procurement)



Further areas

- Services
- Trade facilitation
- IPR
- Competition policy
- Dispute settlement
- Transparency & better regulation



Way forward

Results of scoping exercise concluded in May 2012:

- Expect that it overall tackled all priorities for EU businesses
- Welcome efforts to define roadmaps for NTB elimination (including GRU proposals) → implementation necessary!
- Positive momentum, but still some scepticism in certain sectors

Draft mandate to be presented to College on 18 July:

- Must ensure a high level of ambition
- Need for transparency
- Decision to be based on clear economic criteria (result of IA)



THANK YOU

