

# EU statement at the Trade Policy Review of Japan, 9 & 11 March 2015

*Statement by Ambassador Angelos Pangratis*

I would first like to welcome the Delegation of Japan, led by Mr. Tomochika UYAMA, Deputy Director-General of the Ministry of Foreign Affairs. I would also like to thank the WTO Secretariat and the Japanese delegation for their excellent reports which form the basis for our discussion today. My appreciation is extended to the Discussant, Mr. Jean-Paul Thuillier (Permanent Representative of France to the WTO), for getting us started today with his remarks.

Madame Chair, needless to say that Japan is a strategic partner for the EU on many issues that include, but are not limited to trade and investment.

Since the last review in 2013, Japan has put in place an ambitious reform programme to overcome deflation and to revitalize its economy after more than a decade of slow performance. The EU, while appreciating the package of reforms in its entirety, looks with a particular interest to the measures that will be implemented to further open the Japanese economy to foreign trade and investment. The EU is fully aware that the reforms and measures are not easy to push through, but we can only encourage Japan to pursue the good work undertaken.

A word, Madame Chair, on our bilateral relationship with Japan. The trade and economic relationships between the EU and Japan date back in time and have gradually developed into multiple policy dialogues that are helping foster closer cooperation between two like-minded partners. The EU and Japan now work closely on a wide range of issues ranging from economic, trade and investment matters to regional security, development, disaster relief



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and management, human rights, energy and environment, social policy and science and technology.

The EU is willing to further intensify its relations with Japan and in this respect negotiations aiming at conclusion of a Free Trade Agreement (FTA) and a Strategic Partnership Agreement (SPA) are on-going. The conclusion of an FTA between the two of the world major economies must result in more transparent and open markets in Japan. Moreover, the EU remains convinced that the issues currently being negotiated under the FTA would complement the “third arrow” of Abenomics aimed at structural reform.

I also wish to convey the EU's appreciation for the constructive role played by Japan in putting the WTO back on the negotiation track. The EU trusts Japan will continue to be fully engaged to the multilateral trading system as expressed in its report and shares with Japan the willingness to assess the possibility of reflecting the outcomes of the bilateral and plurilateral initiatives in the multilateral trading system.

Madame Chair, despite Japan's efforts to reform its economy, there are a **number of barriers to trade** in goods, services, investment and public procurement that continue to hinder exports in sectors where demands for European products and services would be otherwise high. The EU hopes that Japan's commitment to regulatory reform will remain unaltered and, if anything, strengthened under the renewed government of Prime Minister Abe.

In particular, the EU notes that the **FDI restrictions** have been in place for a long time and have led to a very low level of inward FDI in Japan compared to other major world economies. In its report Japan mentions measures to attract FDI. The EU is interested to know more which measures Japan will adopt to encourage FDI.

Then, turning to the EU questions, let me stress that the issues we raised are considered and confirmed by EU operators as obstacles to trade. Today, I will only focus on a few of them:

Regarding **Public Procurements**, the EU notes that the procurement market remains difficult to access for foreign bidders. The EU welcomes Japan's reply stating that voluntary measures to ensure non-discriminatory, transparent, fair, competitive and open public sector procurement procedures have been implemented and hopes that these measures will allow a larger opening of its procurement market in the near future. The same way, the EU hopes that on-going policy developments on government procurement such as green procurement or measures in favour of SMES will be conducted on the basis of objective criteria and a non-discriminatory approach.

Regarding **services**, the EU has submitted to Japan several questions showing the EU concerns for the insufficient liberalisation of the services sector. The EU considers that further

liberalisation of services is needed for enhancing competition and fair and equal treatment of all companies, both domestic and foreign, for example in the postal and courier sector.

Finally, in the field of **sanitary and phytosanitary measures**, the EU would like to reiterate its call on Japan to align its domestic standards with the international ones such as the OIE in case of regionalisation and on beef and bovine products in case of import conditions. Concerning the additive and pesticide approvals, the EU similarly hopes to see that alignment with international standards leads to accelerated approval procedures while maintaining an adequate balance between security concerns and legitimate trade.

Madame Chair, concluding, I thank you and the delegation of Japan for your kind attention. The EU looks forward to Japan's responses to the questions that have been put forward today and that have been submitted previously in writing.