



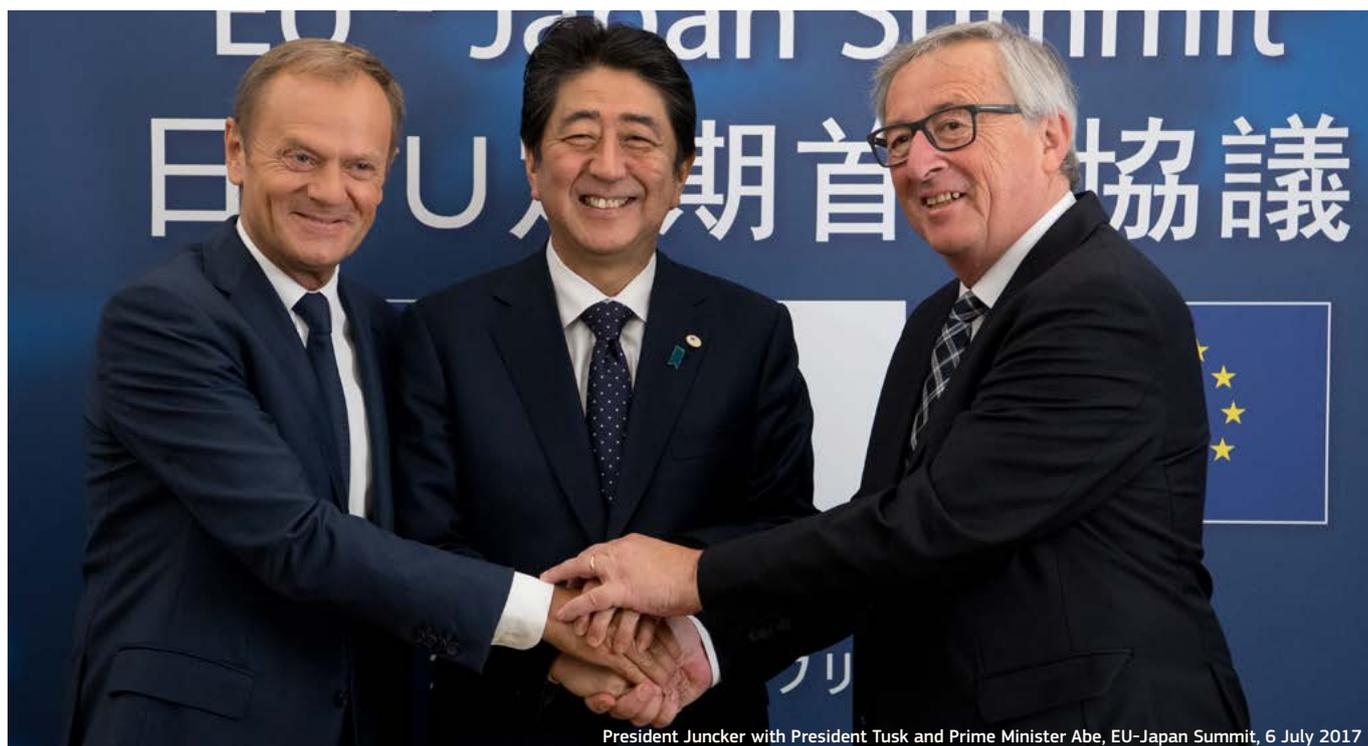
EU JAPAN



ECONOMIC PARTNERSHIP AGREEMENT

WHY IT MATTERS

- ▶ The EU stands for **free and fair trade**. And in a world where global trade accounts for 50% of GDP, we want to continue to look outwards, rather than turning towards isolationism. The EU is open for business.
- ▶ **In the current international environment a trade agreement between the EU and Japan would send a powerful signal to the rest of the world that two of the largest economies are resisting protectionism.** Openness to trade and investment remains one of the best tools to harness globalisation and create more economic growth and jobs. There is no protection in protectionism; on the contrary, every €1billion in exports supports 14.000 jobs across the EU.



- ▶ Reaching a trade agreement with Japan will be a clear statement of the EU's interest in the region. **Japan is the EU's second biggest trading partner in Asia** (after China); it is the EU's sixth most important trade partner world-wide. Together, **the EU and Japan account for almost a third of global GDP.**



- ▶ The EU exports already over €80 billion of goods and services to Japan every year. More than 600.000 jobs in the EU are linked to exports to Japan. In addition 550.000 people are employed by Japanese companies who have invested in the EU.

***550.000** people employed by Japanese companies in the EU

***600.000** jobs in the EU linked to exports to Japan



THE OPPORTUNITIES IT BRINGS

An EU-Japan trade agreement will create new opportunities **for selling European goods and services to the fourth richest economy in the world** with 127 million potential customers.

When the agreement is fully in place, **it could increase our annual exports to Japan by 13.2%, or €13.5 billion**. For some sectors, this increase may be even more significant. The agreement has the potential to more than triple exports of both dairy products and textiles from Europe to Japan. Processed foods, chemicals, machinery, cars and business services are other sectors where we expect major new opportunities.

EU companies could **save up to €1 billion a year** on customs duties compared to what they are required to pay today upon exports to Japan. Based on 2013–2015 figures, EU exporters currently pay €134 million in customs duties on **wine**, €174 million on **leather and footwear products** and €50 million on **forestry products** on average per year.

EU companies will benefit from **reinforced international standards**, for example on motor vehicles, on food and on wine additives. The high benchmark the agreement is going to set in many areas will be a model for agreements with other countries in the region, for example on state enterprises or intellectual property.

At the same time, the agreement will respect each other's sensitive areas by protecting selected products, through different tools:

- longer transition periods, limitations to tariff elimination and safeguard clauses;
- ensuring that public authorities remain free to choose, organise and run public services as they wish;
- preserving public authorities' right to regulate for legitimate public policy objectives.

Concerning **data protection**, the EU and Japan concluded the negotiations on reciprocal adequacy on 16 July, which will complement the Economic Partnership Agreement. They agreed to recognise each other's data protection systems as 'equivalent', which will allow data to flow safely between the EU and Japan, creating **the world's largest area of safe data flows**.

NEXT STEPS

- ▶ Following the approval of the agreement by EU Member States in the Council and its signature by the EU and Japanese leaders at the EU-Japan Summit on 17 July 2018, the European Parliament and Japanese Diet are expected to vote upon it. Once procedures are finalised both at the EU level and in Japan, the agreement will enter into force in 2019.
- ▶ At the same time, negotiations with Japan continue on investment protection standards and investment protection dispute resolution. The firm commitment on both sides is to reach convergence in the investment protection negotiations as soon as possible.