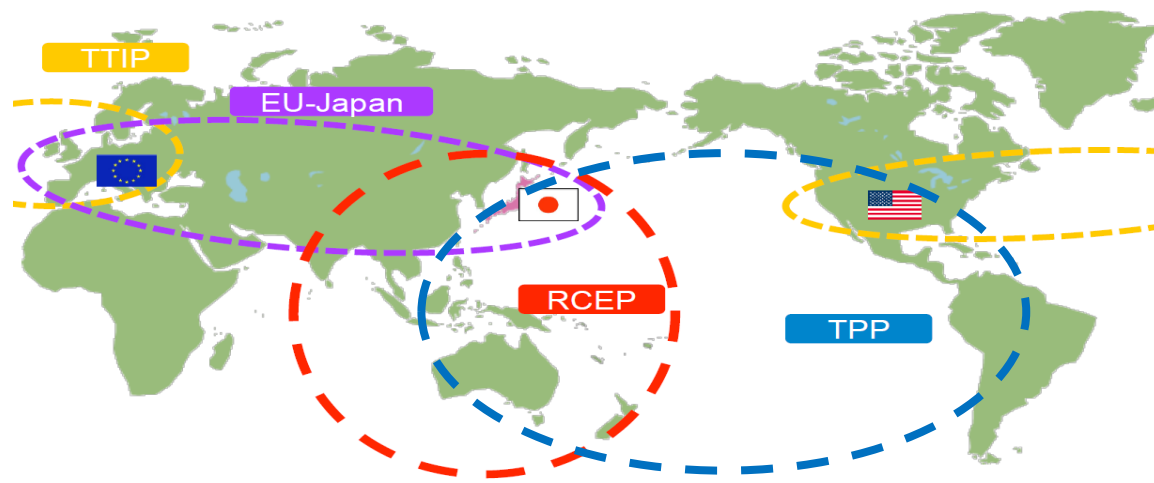


Increasing Productivity and Competitiveness through Trade (EU-Japan FTA/EPA, TPP)



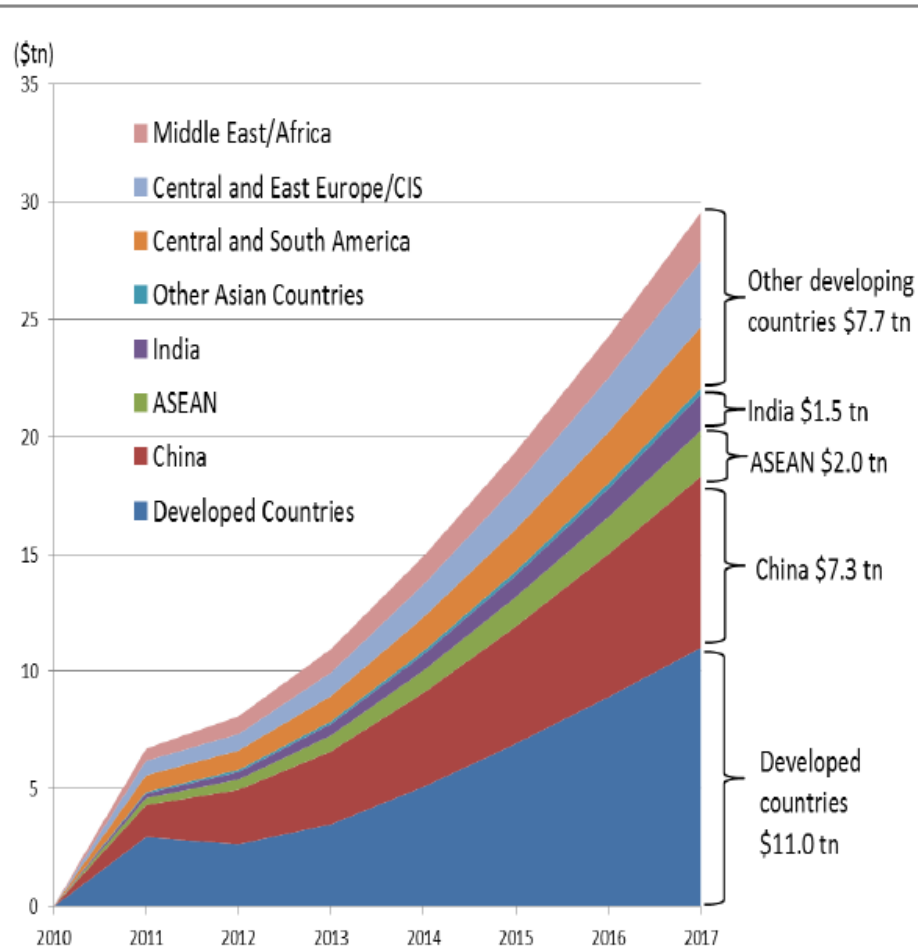
June 2014

Jun ARIMA

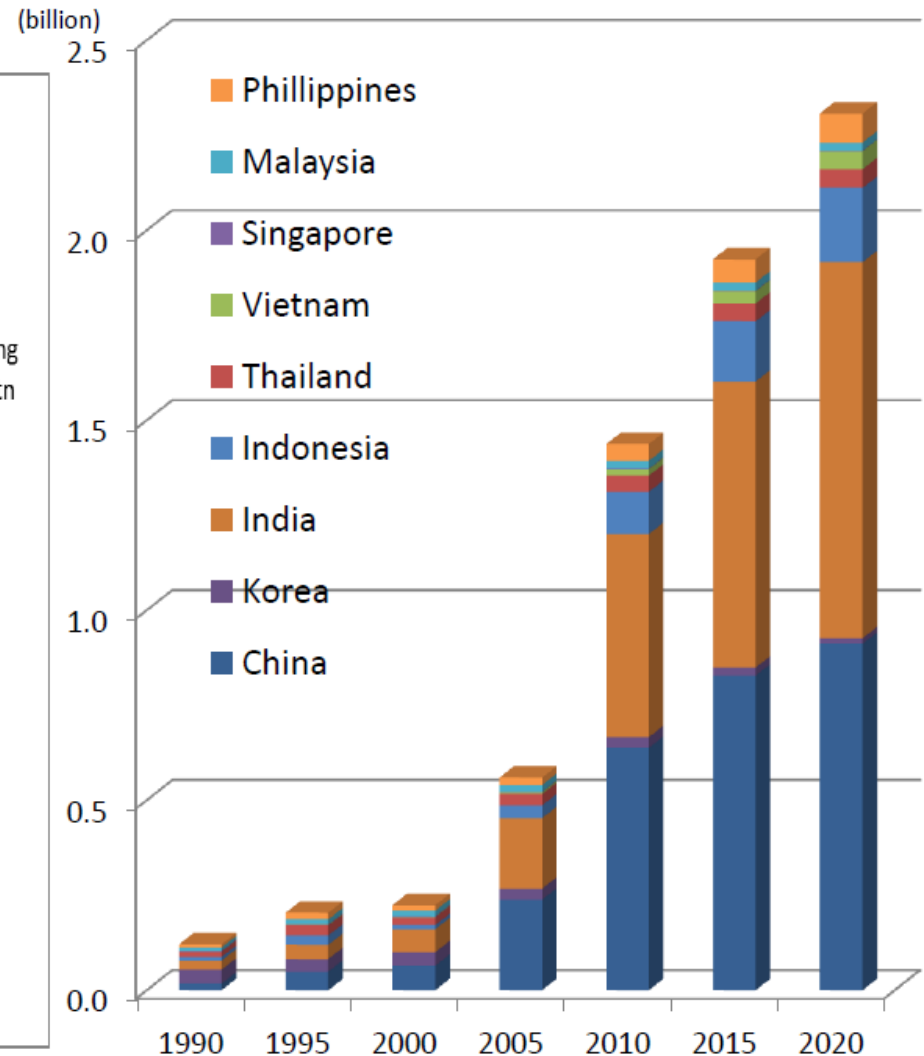
Director General, JETRO London

Rapid Expansion of Asian Market

Expected growth of GDP in the world
(growth from 2010)

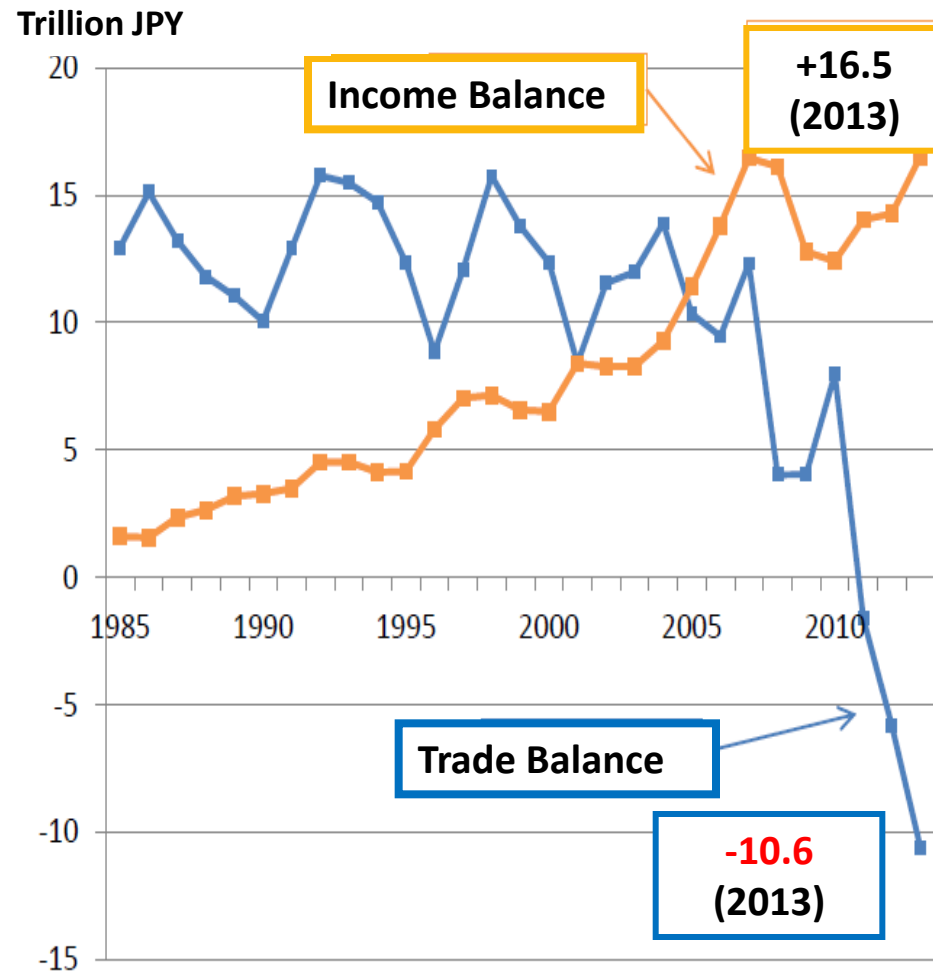


Expansion of high/middle income population



Export and Investment Profit are Crucial for Japan

Japan's Trade and Income Balance



Source: MOF

Expected Benefit of EPA

Companies Investing Overseas

Ensure Conducive Overseas Business Environment

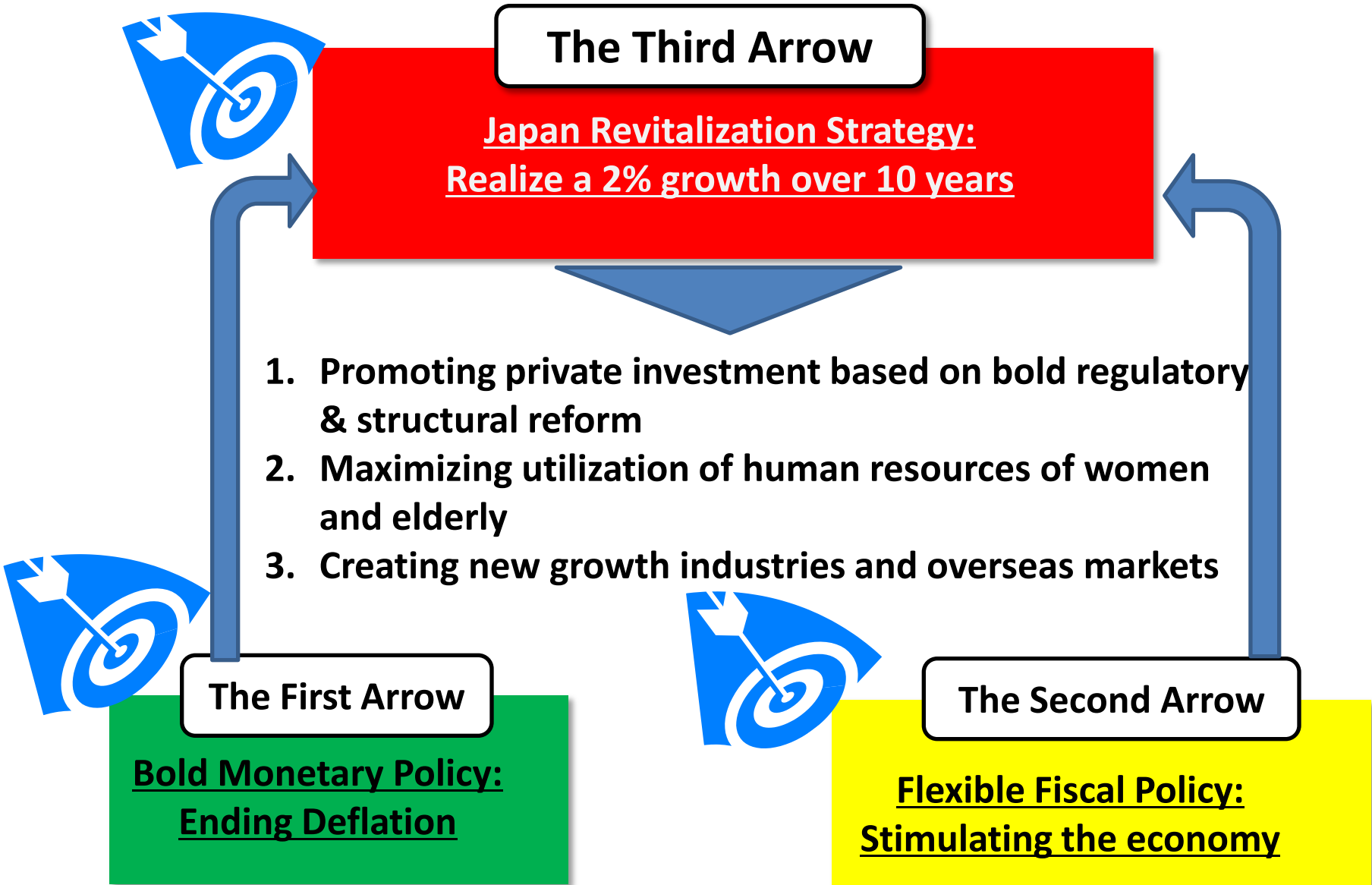
- Free remittance
- Transparent investment regime
- Smooth supply chain
- Open government procurement
- Liberalization of service/investment

Companies Operating in Japan

Enhance Domestic Competitiveness

- Elimination or Reduction of tariff
- Trade remedy
- Environment and labour regulation in developing countries

Targets of the 3rd Arrow “Growth Strategy”



Global Outreach Strategy

🌐 Promoting Economic Partnership

- ◆ Raise FTA ratio from 19% to 70% by 2018

- TPP : Drawing up new rules in Asia Pacific

- RCEP and China-Japan-Korea FTA

- EU-Japan EPA

- Stimulating and activating each economic partnership

} FTAAP

- ◆ Accelerate Regulatory Reform

🌐 Tap into Global Market

(e.g. infrastructure export, Cool Japan)

🌐 Domestic Globalization

(e.g., Inward FDI, Global Talents)



Source: Cabinet Office HP

Development of Japan's EPA/FTA Networks

Took Effect/Signed

12 countries and 1 region

Substantive Agreement

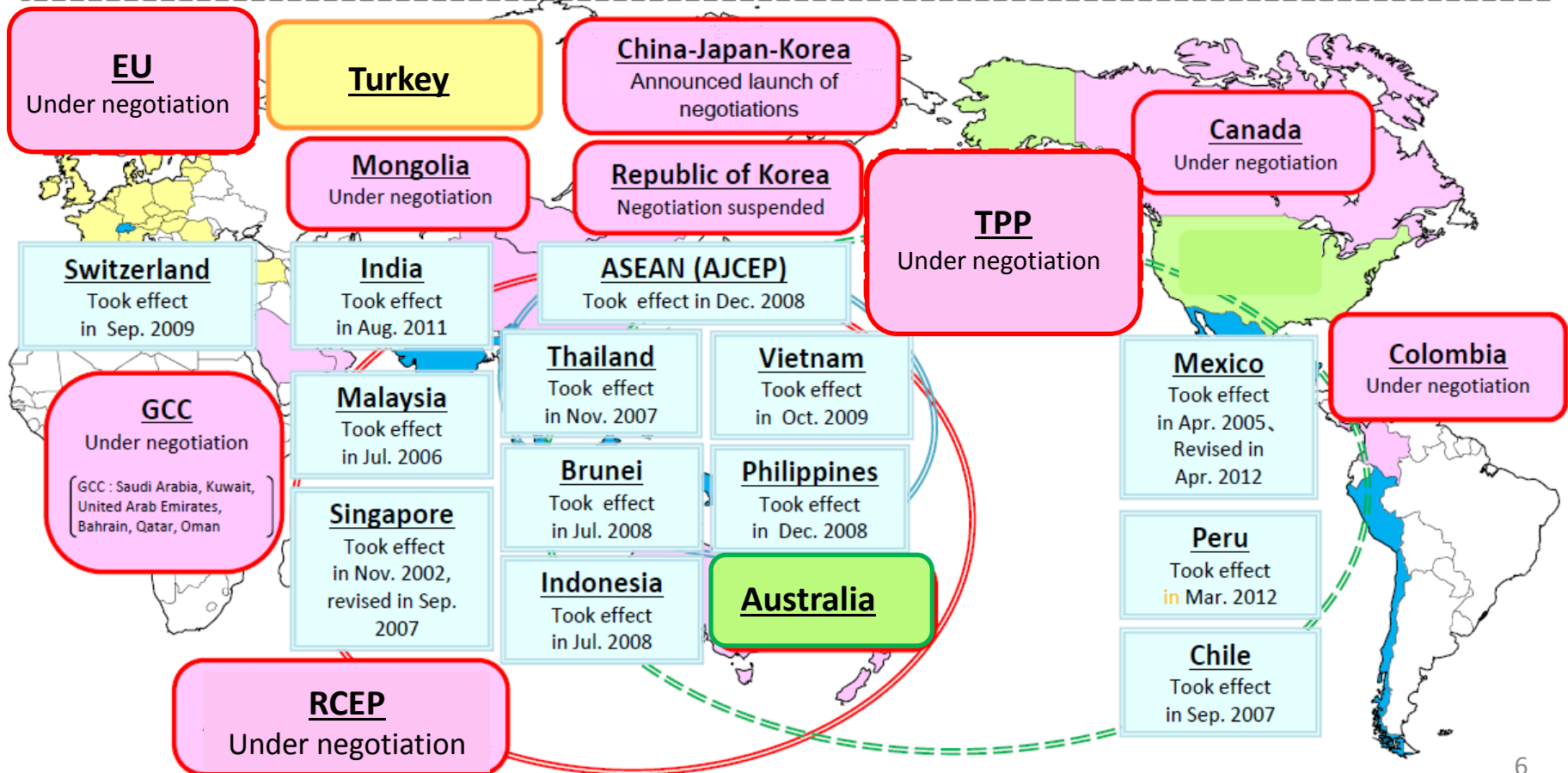
1 Country

Under Negotiation

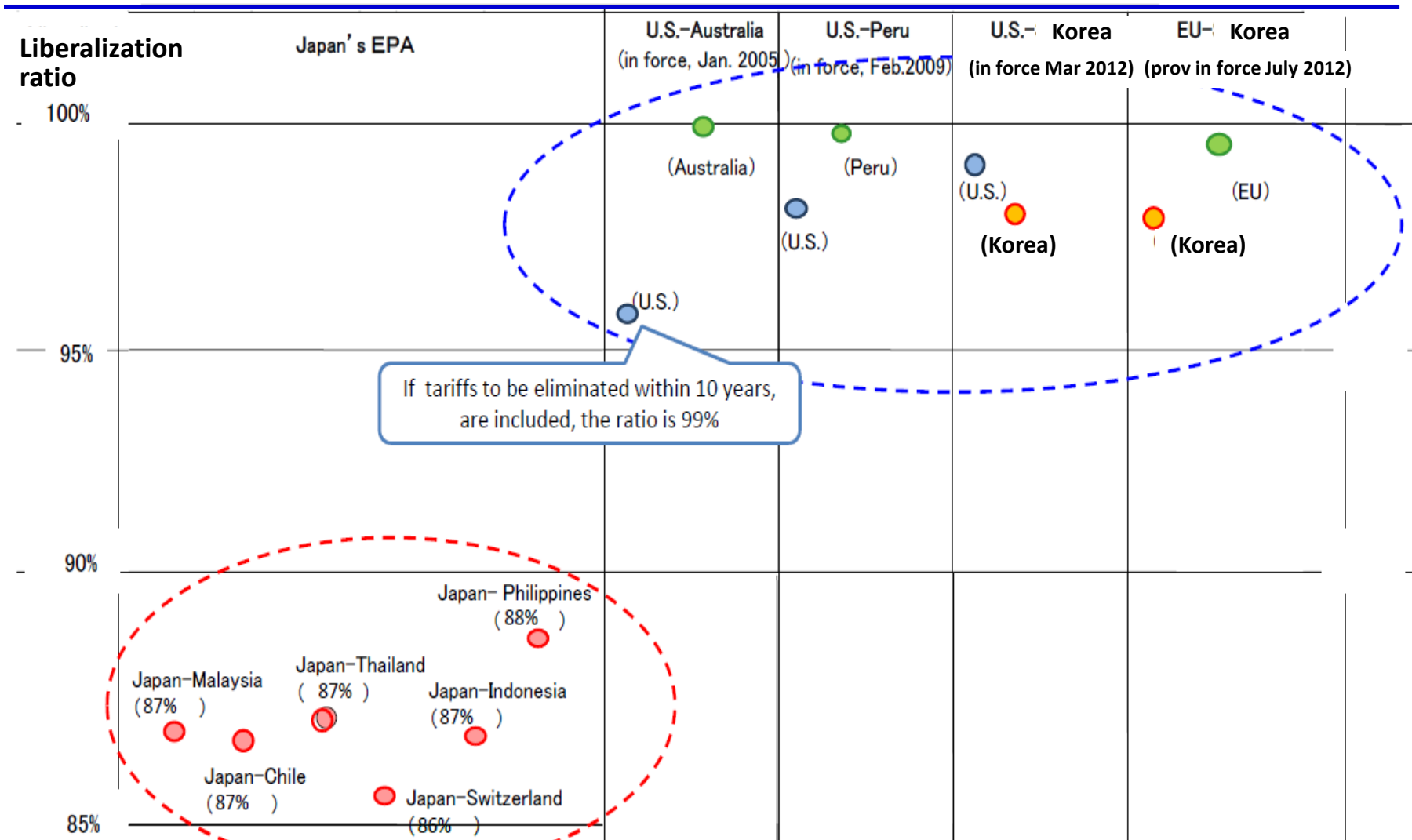
5 countries and 5 regions

Launched Negotiation

1 Country

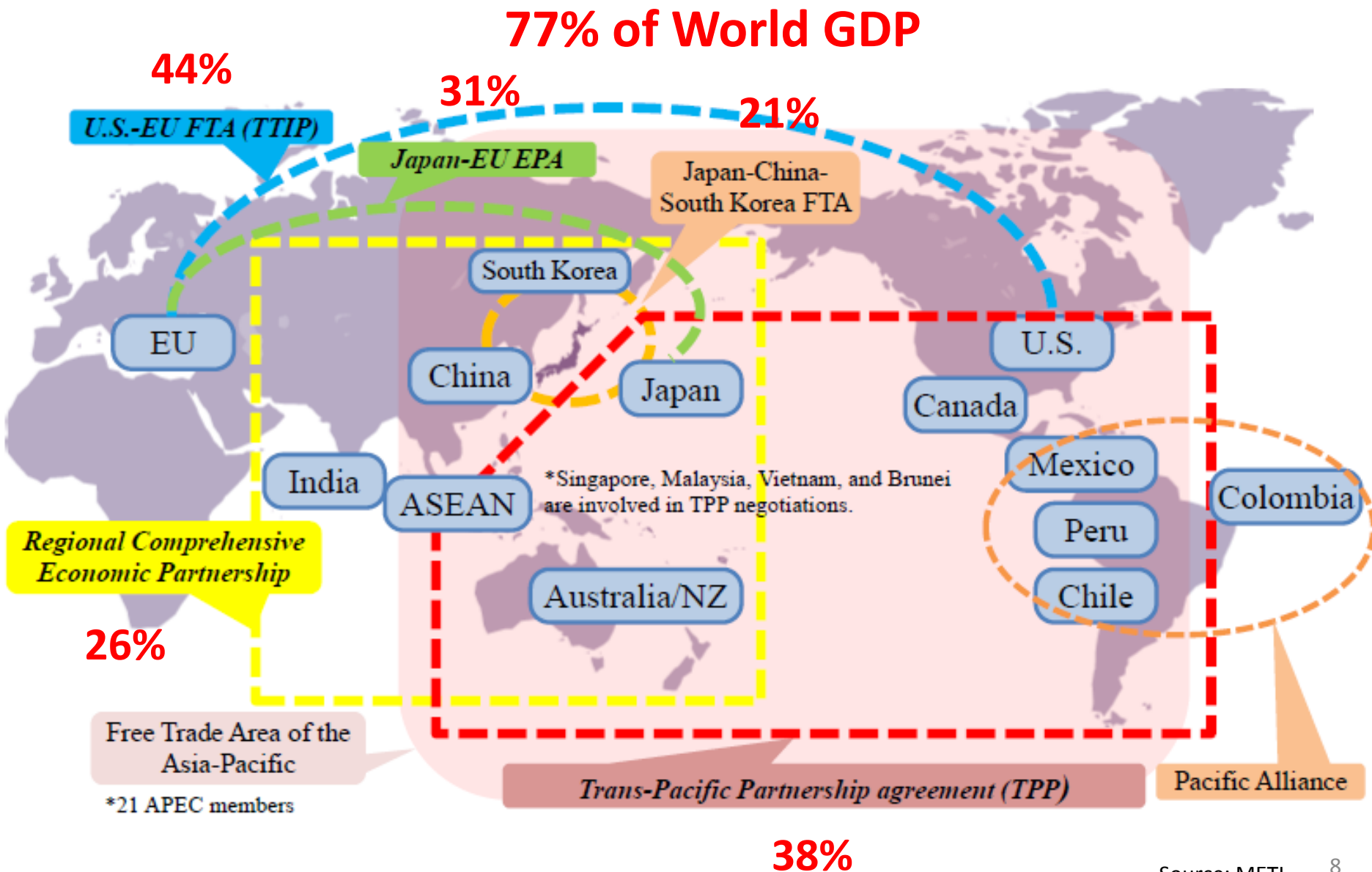


Higher Liberalization Ratio of FTAs by US and EU



Note: Liberalization ratio = number of items of which tariff will be removed within 10 years/ total number of items.
As for trade value based liberalization, Japan has achieved more than 90% liberalization.

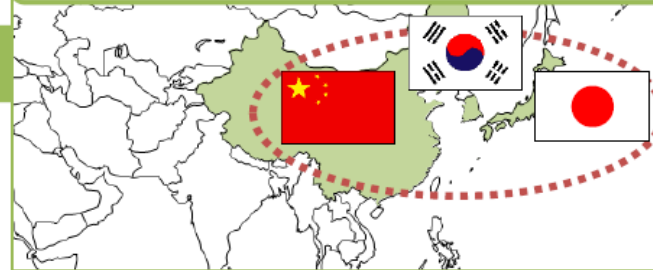
Mega FTAs and Pivotal Role of Japan



Road to Free Trade Area of Asia Pacific (FTAAP)

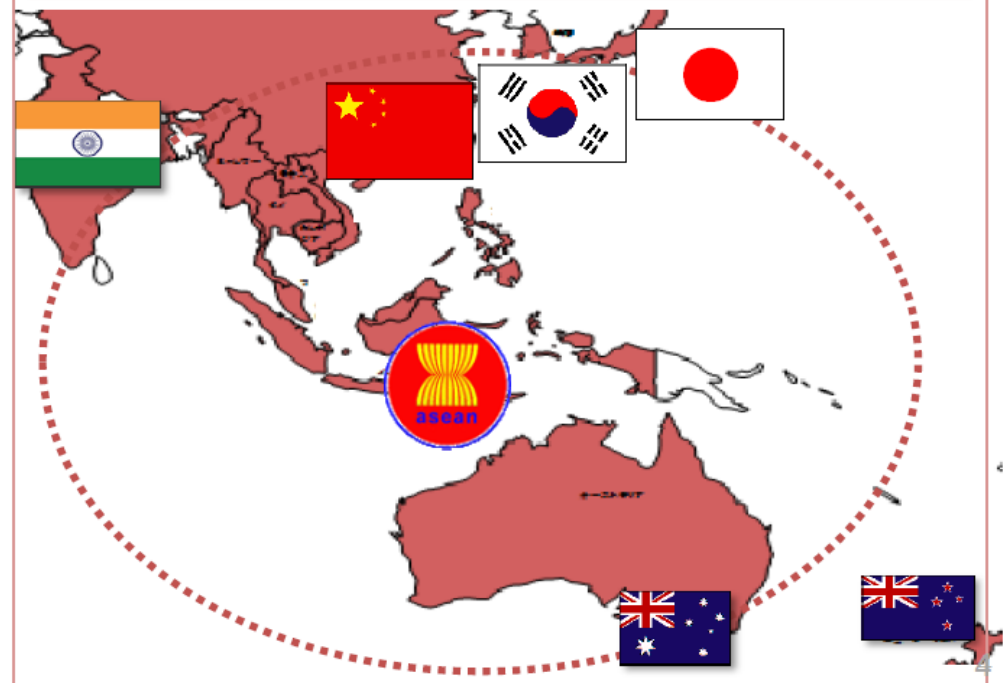


China-Japan-Korea FTA

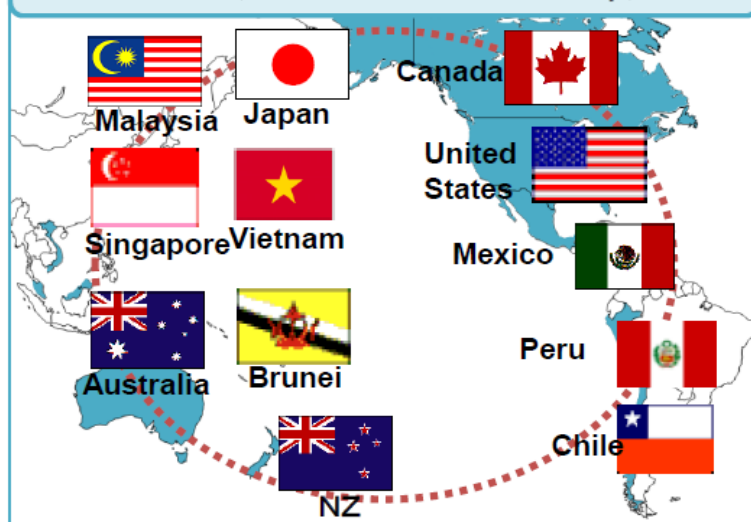


RCEP (Regional Comprehensive Economic Partnership)

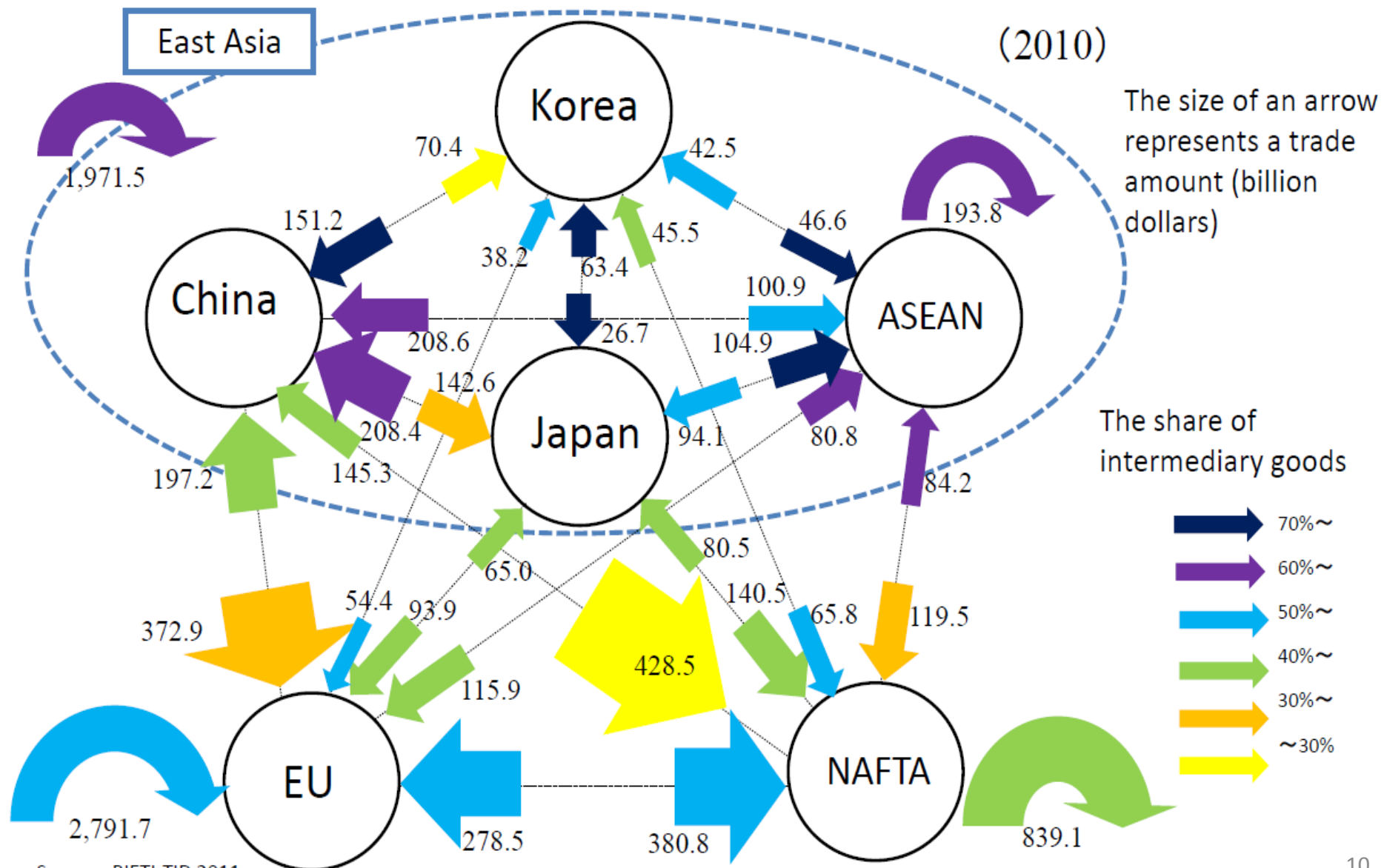
ASEAN 10 + Japan, China, Korea, India, Australia, NZ



TPP (Trans-Pacific Partnership)

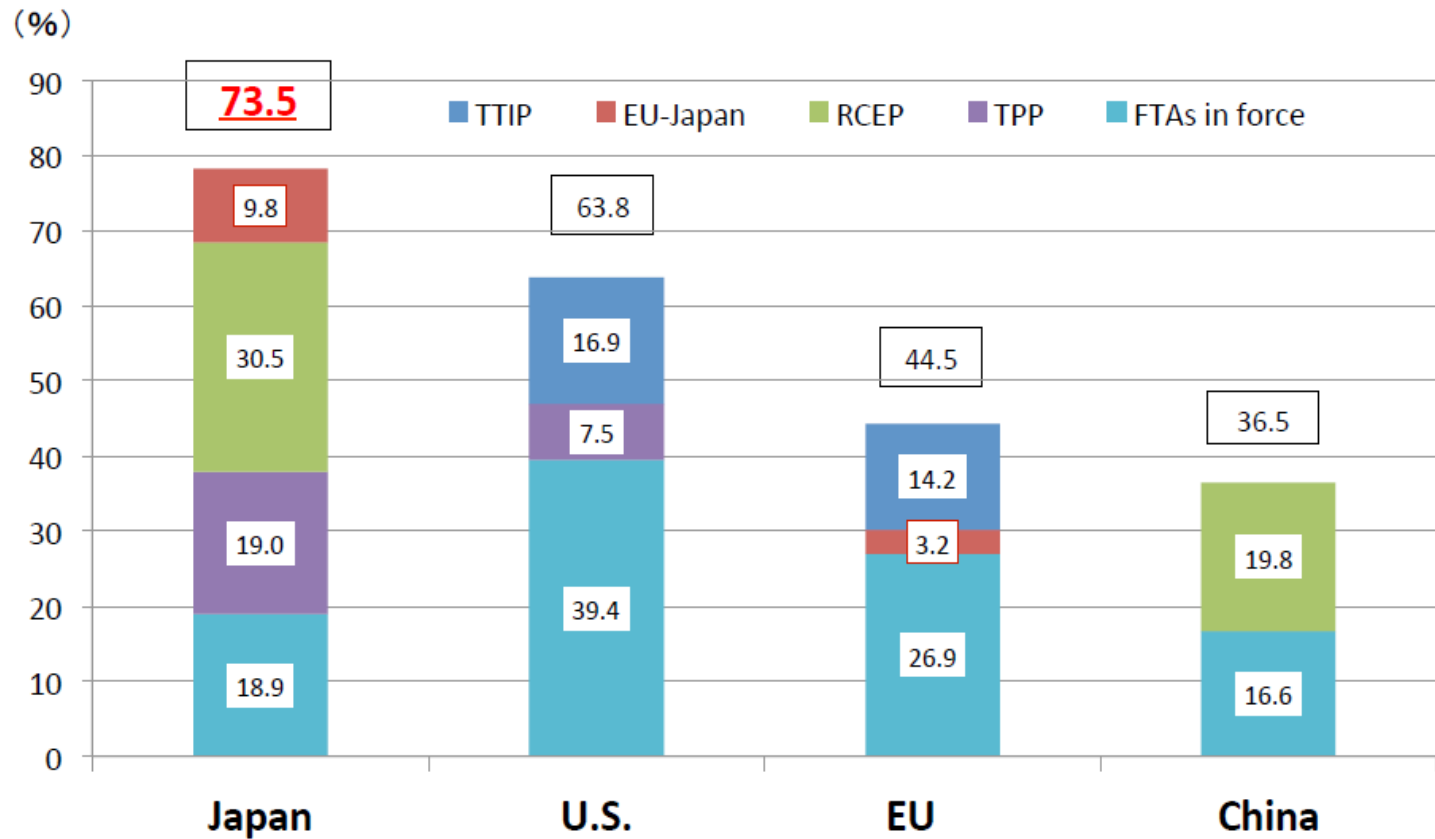


Supply Chain in East Asia



Expected Outcome of 4 Mega-FTAs

FTA covering ratio of regional integration (estimate)



Note: This estimation is calculated with the date in 2012. TPP and RCEP figures in Japan's bar graph are incremental ones from FTAs in force. Australia and NZ are counted both in TPP and RCEP.

Source: Trade statistics of each country/region

Benefits of Mega-FTA

- Precursor of New International Trade Order
- Comprehensive rule making covering not only trade but also investment, service and government procurement etc
- WTO Plus => High Standard, Ambitious
- Wider coverage than WTO (Environment, Labour, SOE etc)
- Facilitating global value chain
 - improved market access
 - clear rule for trade, investment, IPR, finance, environment => predictable business environment, confidence with business partners, lower business risk
- Stimulate each other (FTA Domino)

EU-Japan EPA/FTA Negotiation

**Started in April 2013. Five rounds of negotiation to date
EU will review the progress in May/June 2014**

Japan's interest

- ◆ Elimination of high tariffs on industrial products (e.g. automobiles: 10%, electronic devices: 14%) to improve competitive condition for Japanese products in the European market
- ◆ Regulatory issues facing Japanese companies in Europe

EU's interest

- ◆ Non-Tariff Measures(NTMs) on automobiles, chemicals, electronic devices, food safety, processed food, medical devices, pharmaceuticals etc
- ◆ Government procurement(e.g. railways)
- ◆ Elimination of tariffs on the main export products to Japan.

Japan is addressing NTMs

◆ Automobile

- 35 out of 47 UNECE passenger vehicle regulation adopted. 8 regulations under adoption process.
- Zoning approval for automobile service shop more than doubled (14 in 2011FY to 32 in 2012FY) based on Technical Guideline
- Expanded exemption of Pyrotechnic Safety Devices (Feb 2012)
- Adopting GTR for high pressure gas tank by June 2014

◆ Pharmaceutical/Medical Devices

- Amendment of Pharmaceutical Affairs Law (autumn 2013) to address authorization procedures, QMS, labelling requirement etc
- Revision of Minimum Requirement for Biological Products (Sept 2013)
- Amendment of Good Clinical Practice Ordinance (Dec 2012)
- Applying membership in Pharmaceutical Inspection Cooperation Scheme

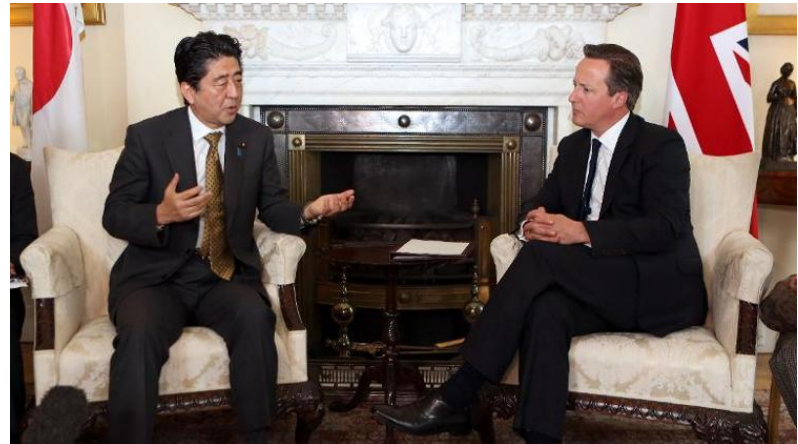
◆ Food Safety

- 37 out of 45 internationally used food additives designated. Remaining 8 in the process of designation
- Lifting import ban of cattle meat and offal in Feb 2013 (France, Netherlands) and Dec 2013 (Ireland)
- Amendment of Ministerial Ordinance on Organic Food (April 2013)

Let's Strike a Deal in 2015 !

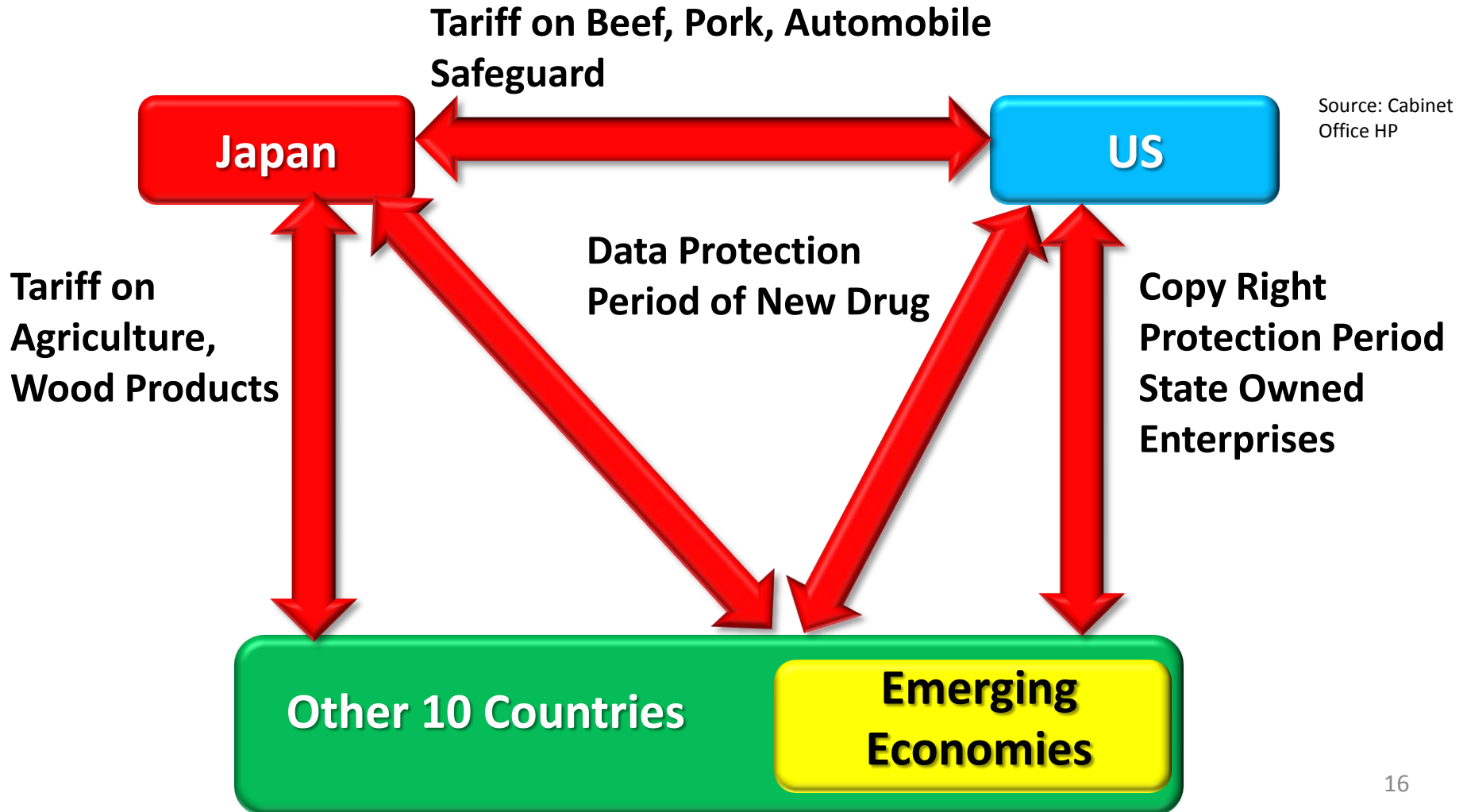
"We confirmed the importance of an early conclusion, and 2015 is the target date for a basic agreement"

- Prime Minister Shinzo Abe @Brussels 7 May 2014 -



TPP Negotiation (1)

Japan announced it would participate in the negotiation in March 2013 and participated in the negotiation in July 2013



TPP Negotiation (2)

U.S.-Japan Joint Statement (25 April 2014)

- ◆ Committed to taking the bold steps necessary to complete a high-standard, ambitious, comprehensive TPP agreement
- ◆ Identified a path forward on important bilateral TPP issues
=> a key milestone in the TPP negotiations, fresh momentum into the broader talks.
- ◆ Call upon all TPP partners to move as soon as possible to take the necessary steps to conclude the agreement.



Source: Cabinet Office HP

Joint Statement at the TPP Ministers Meeting in Singapore (20 May 2014)

- ◆ Cemented shared views on what is needed to bring negotiations to a close.
- ◆ Focused on making meaningful progress on market access and also advanced outstanding rules issues in an effort to narrow our remaining differences.
- ◆ Decided on a pathway of intensified engagement over the coming weeks on market access and rules.
- ◆ Instructed Chief Negotiators to meet in July.
- ◆ Ministers will continue to engage bilaterally to direct negotiations, coordinate, and tackle the most challenging outstanding issues.

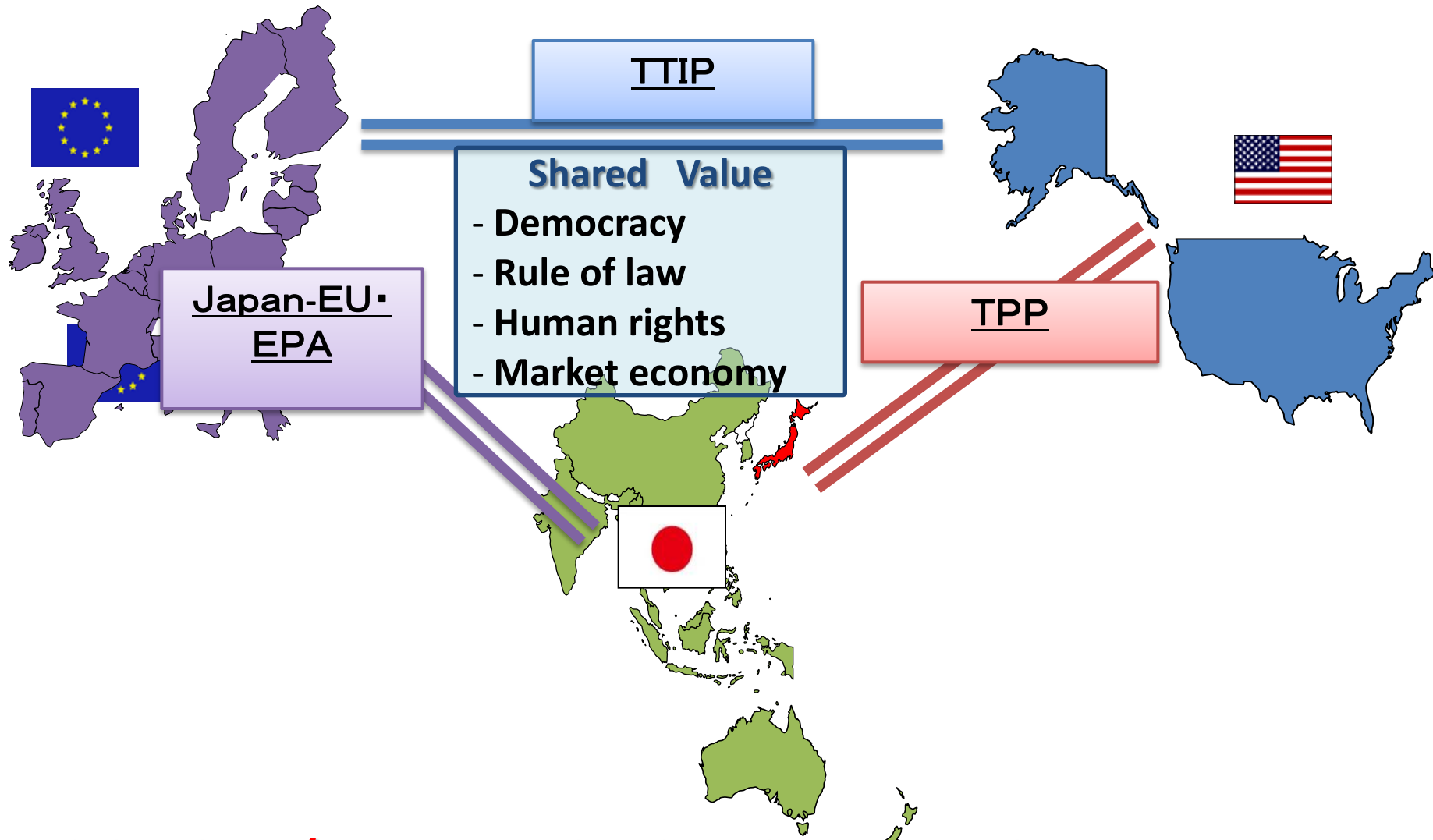


Source: Cabinet Office HP

Major Negotiation Issues in EU-Japan EPA, TTP, TTIP

EU-Japan FTA/EPA	TPP	TTIP
Trade in Goods		
Technical Barriers to Trade		
Rules of Origin		
Trade Facilitation		
Sanitary and Phytosanitary Measures (SPS)		
Service, Electronic Commerce		
Investment		
Government Procurement		
Intellectual Property Rights		
Competition		
Dispute Settlement		
Sustainable Development (Environment, Labour)		
Non Tariff Measures (Auto Safety, Pharmaceutical, Medical Devices etc)	Cooperation	Sector Annex/ Regulatory Cooperation (Auto, Chemical, Medicine, ICT etc) NTM
Others (Regulatory Cooperation)	Cross Sector Issues	Energy/Natural Resources

Forming Mega FTA Triangle



High-level EPA/FTA among developed countries sharing common values => Rule making for global trade and investment

Thank you!

