



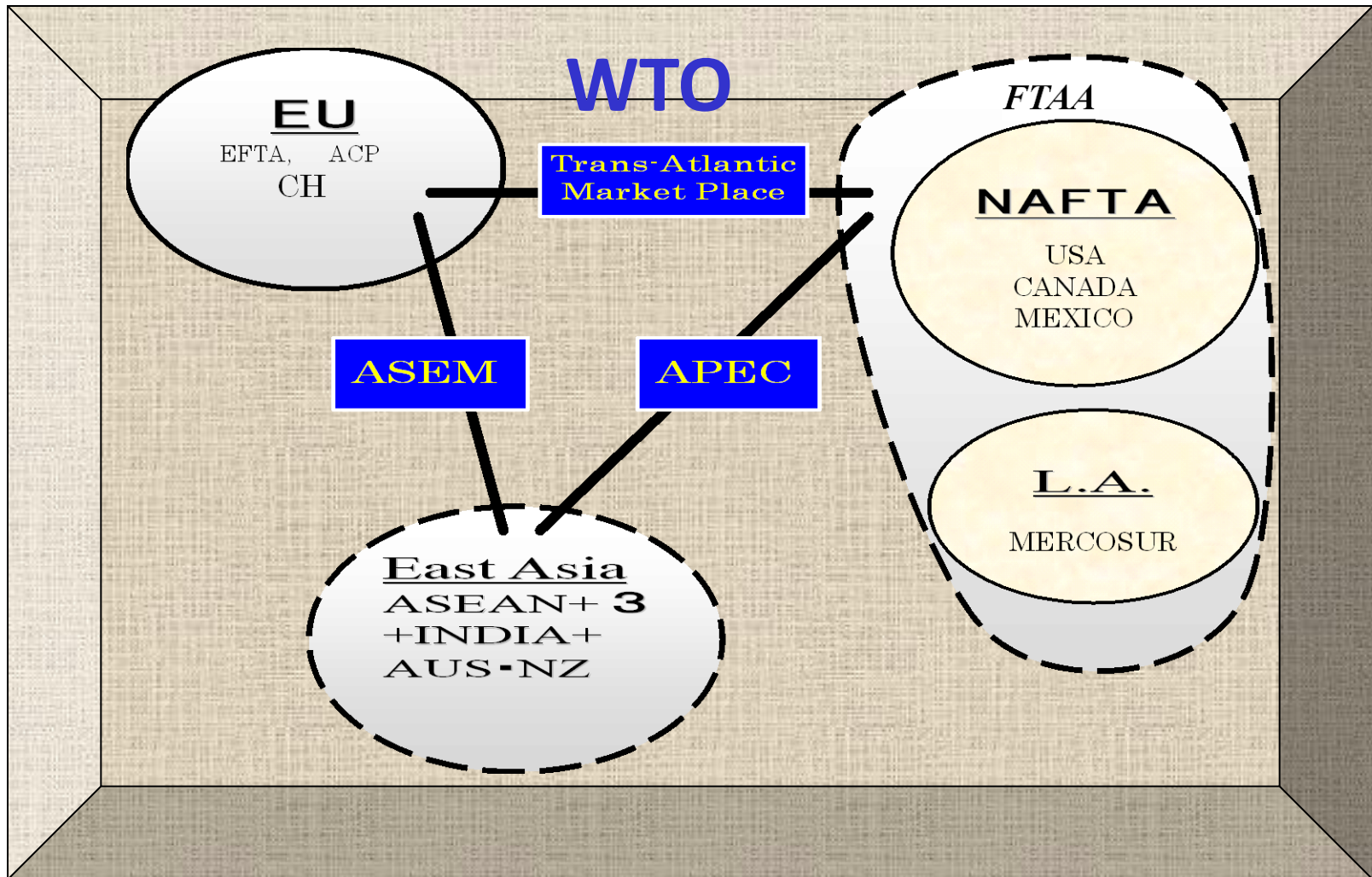
# Strengthening and Institutionalizing Japan – EU Economic Relations

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Berlin, February 16, 2012

# Outline

- Recent Development in Asia-Pacific: APEC 2010/2011 and beyond
- Japan's FTA: Economic Partnership Agreement (EPA)---Achievements and Challenges
- Japan – EU Economic Relations: from Conflicts to Cooperation
- Institutionalizing Cooperation through Japan-EU Comprehensive Partnership Agreement

# Three Mega-Regions



# Competitive Liberalization in Asia-Pacific

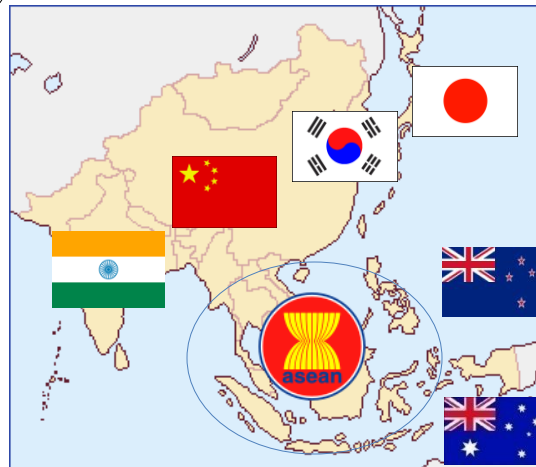
## ASEAN+3 FTA (ASEAN, Japan, China, Korea)



November 2004  
Proposed by China at  
ASEAN+3 Summit

Population (thousand)	2,059,400
Trade (million \$)	2,533,847
GDP (million \$)	9,899,420
Intra-regional trade	43.1%

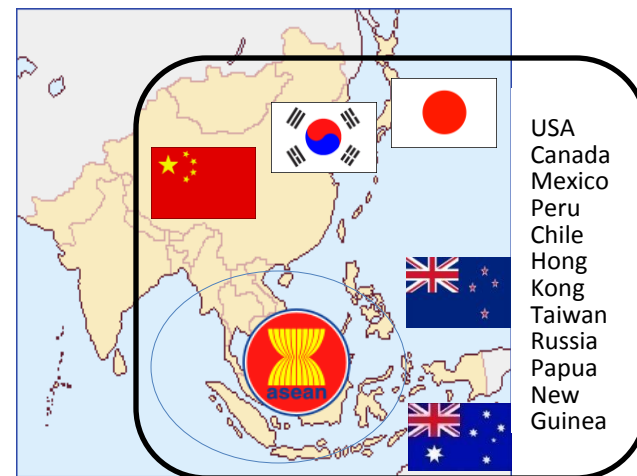
## ASEAN+6 EPA (ASEAN, Japan, China, Korea India, Australia, New Zealand)



August 2006  
Proposed by Japan at ASEAN  
Economic Ministers' Meeting

Population (thousand)	3,207,960
Trade (million \$)	2,893,252
GDP (million \$)	13,835,060
Intra-regional trade	43.6%

## Free Trade Area of Asia-Pacific (FTAAP)

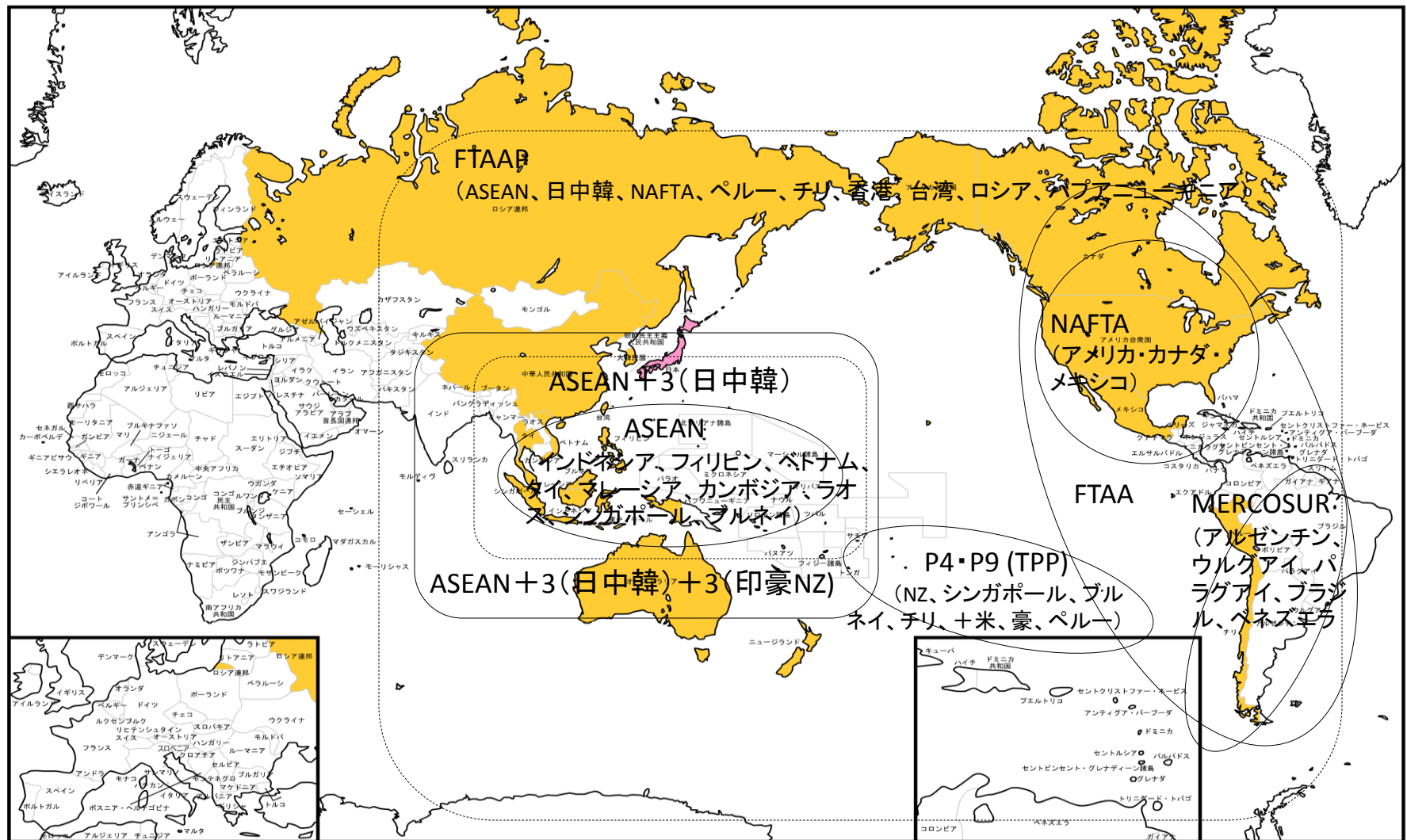


November 2006  
Proposed by the US

Population (thousand)	2,677,790
Trade (million \$)	8,469,530
GDP (million \$)	35,412,050
Intra-regional trade	67.1%

# APEC-wide Free Trade

## Emergence of TPP (Trans-Pacific Partnership)



APEC参加メンバー: ASEAN7カ国(ブルネイ、インドネシア、マレーシア、フィリピン、タイ、ベトナム、シンガポール)、日本、韓国、中国、中国香港、チャイニーズタイペイ、メキシコ、パプアニューギニア、豪、NZ、米、カナダ、ペルー、チリ、ロシア、

# 地域経済統合の深化 APEC-wide Economic Integration

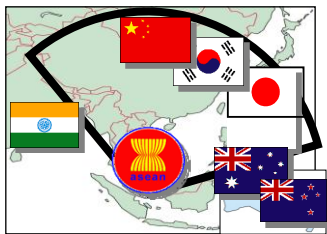
## FTAAP(アジア太平洋自由貿易圏)構想の実現に向けた具体的取組

・日中韓FTA、ASEAN+3(EAFTA)、ASEAN+6(CEPEA)、TPP等の広域連携をFTAAPにつなげる

・日本は、09年12月に新成長戦略(基本方針)において、以下を閣議決定。  
「2020年を目標にFTAAPを構築する。我が国としての道筋(ロードマップ)を策定する」

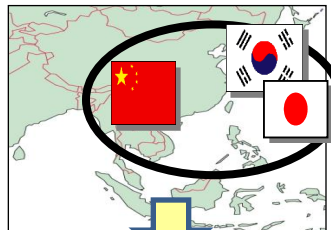
### ASEAN+3(EAFTA)

(ASEAN・日・中・韓)

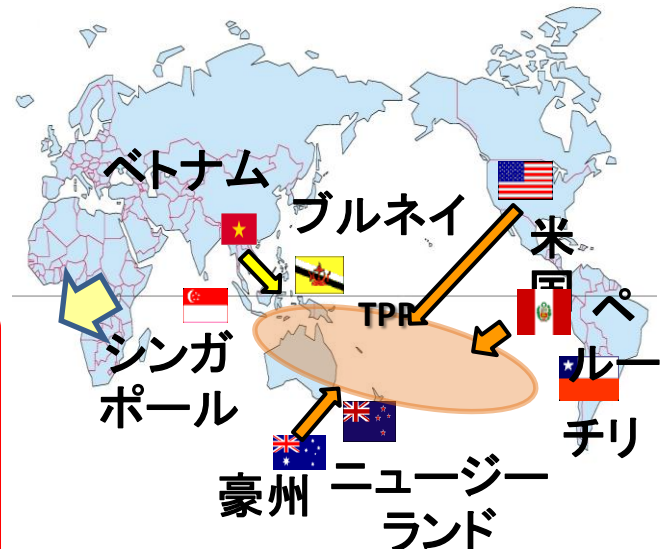


### FTAAP構築に向けた広域経済連携の推進

### 日中韓(Japan, China, Korea)



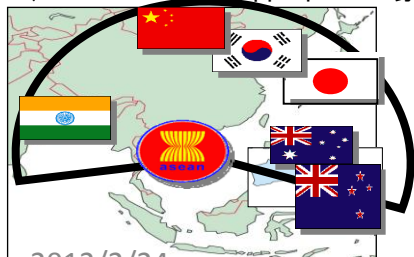
### TPP(環太平洋経済連携協定)



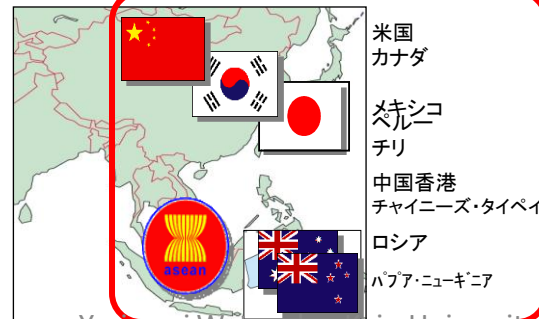
### ASEAN+6(CEPEA)

セビア

(ASEAN・日・中・韓・印・NZ・豪)



### FTAAP(APEC)



米国  
カナダ  
メキシコ  
チリ  
中国香港  
チャイニーズ・タイペイ  
ロシア  
パプア・ニューギニア

2012/2/24

ASEAN10か国のうち、ミャンマー、カンボジア、ラオスはAPECに加盟していない



# Intra-regional Trade (%)

		East Asia	EU(15)	NAFTA
Export	1980年	33.9	61.0	33.6
	2003年	50.5	61.4	55.4
Import	1980年	34.8	56.9	32.6
	2003年	59.7	63.5	39.9
Source: Japan Economic Journal (5/11/2004)				

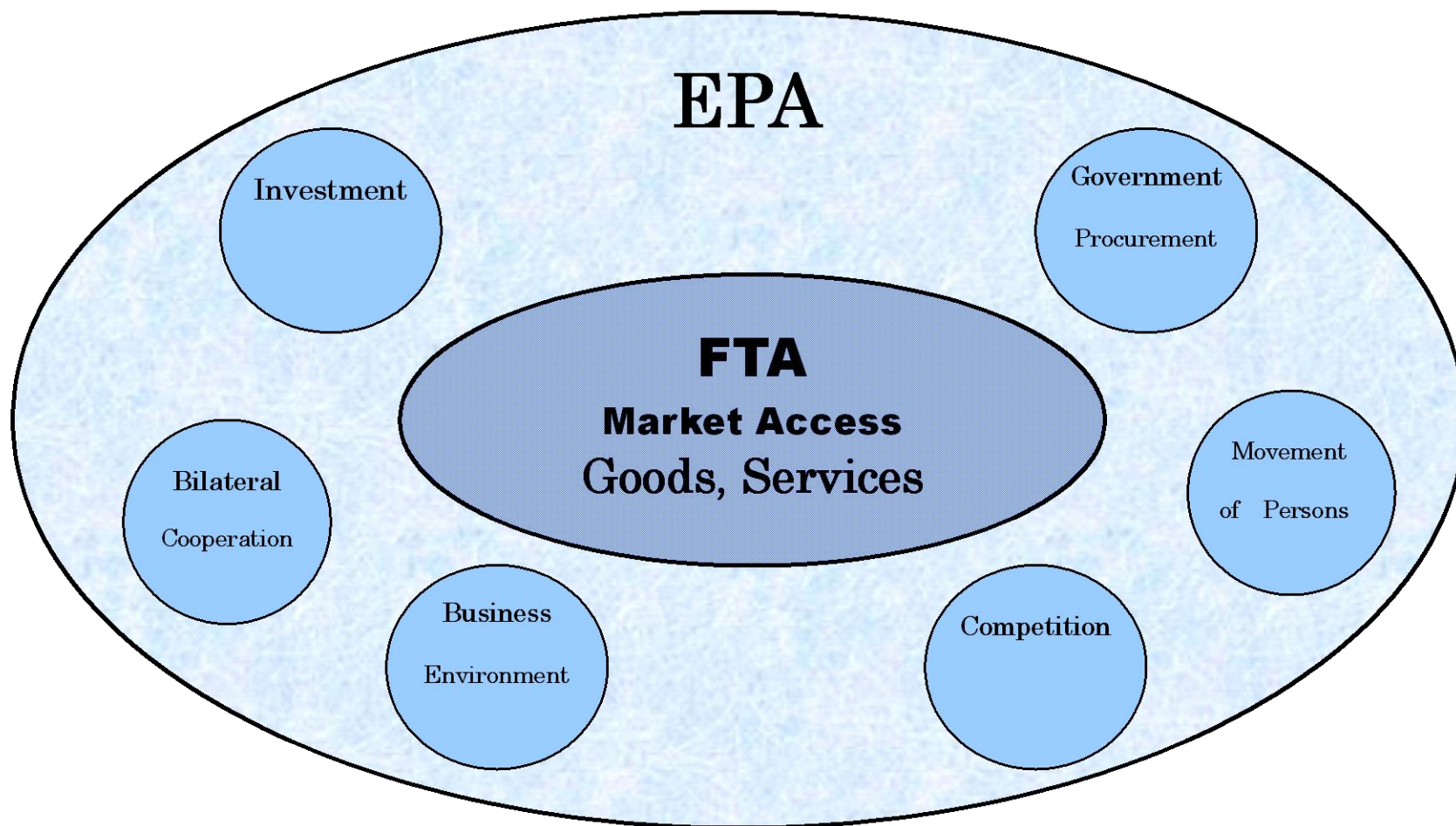
# Regional Economic Integration in East Asia and TPP

- **Business-driven** integration through FDI
- Production networking = *de facto* integration
- How to consolidate and improve the merits of such development ?
- ⇒ **Economic Partnership Agreement** (EPA) since 2001
- **APEC** as an Incubator of free trade/investment
- **TPP** to legally bind liberalization efforts within APEC ⇒ FTAAP by 2020



# Economic Partnership Agreement

## EPA: Japan's FTA Strategy



# Substance of Japan's EPA

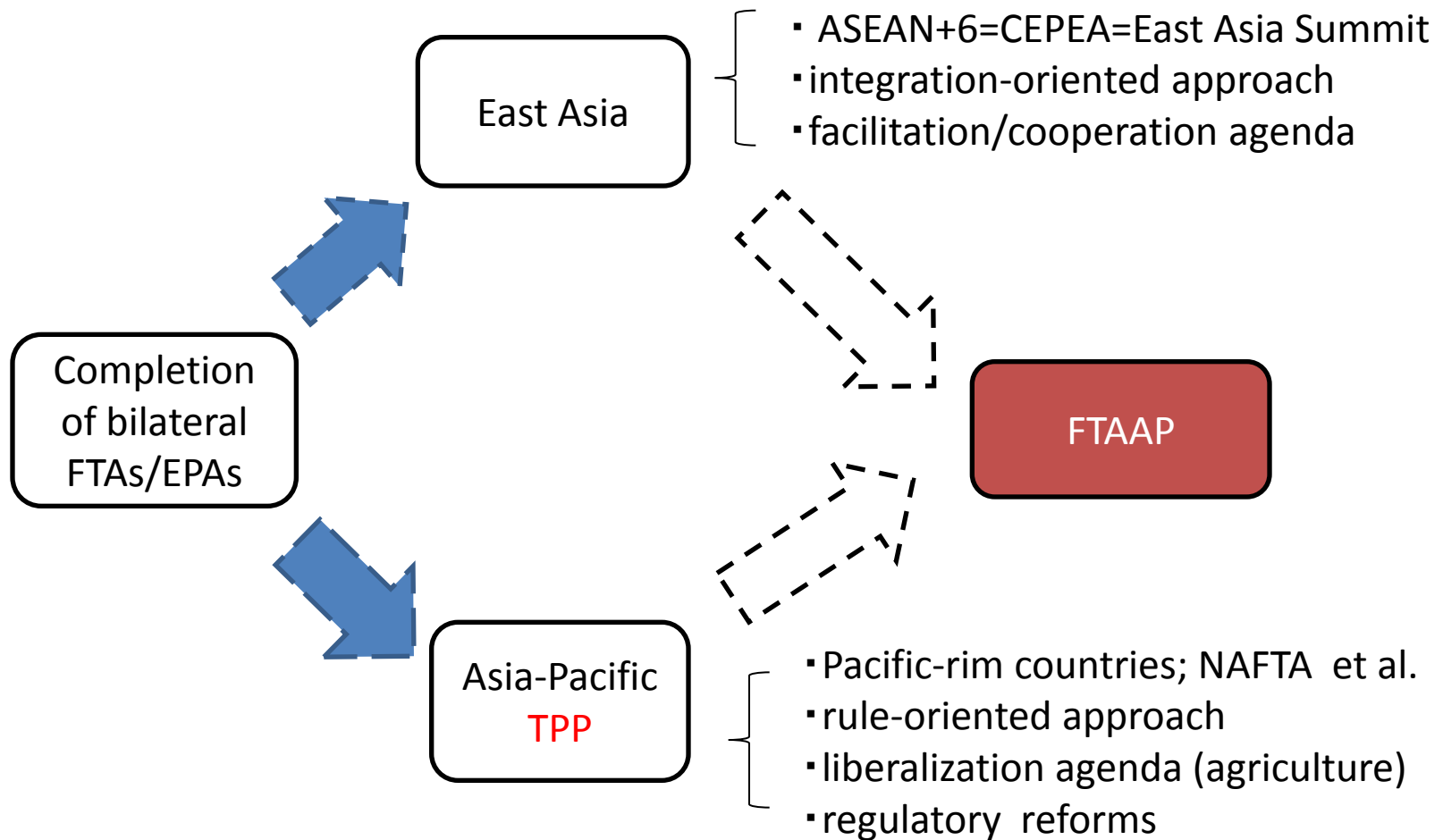
		Trade in goods			Trade in service				Investment				Government Procurement	Intellectual Property	Competition	Improvement Of Business Environment	Cooperation	Energy and Mineral Resources
		Market Access	SPS/TBT	Mutual Recognition	Market Access	National Treatment	MFN Treatment	Movement of Natural Person	National Treatment	MFN	Prohibition of performance requirements	Dispute Settlement between state and investor						
ASEAN	Vietnam	○	○		○	○		○			○				○	○		
	Philippine	○		○	○	○	○	○	○	○	○			○	○	○	○	
	ASEAN	○	○														○	
	Brunei	○			○	○	○	○	○	○	○	○				○	○	○
	Indonesia	○			○	○	○	○	○	○	○	○		○	○	○	○	○
	Thailand	○		○	○	○	○	○	○	○	○	○		○	○	○	○	
	Malaysia	○	○		○	○	○	○	○	○	○	○		○	○	○	○	
	Singapore	○		○	○	○		○	○		○	○	○	○	○			
Latin America	Chile	○	○			○	○	○	○	○	○	○	○	○	○	○		
	Mexico	○	○			○	○	○	○	○	○	○	○		○	○	○	
Europe	Switzerland	○	○		○	○	○	○	○	○	○	○	○	○	○	○		

# Japan's FTA/EPA

## Achievement so far

- Japan-Singapore EPA (in force since 2002.11)
  - Japan-Mexico EPA (negotiations started in 2002.11, in force since 2005.4)
  - Japan-Malaysia EPA (in force since 2006.7)
  - Japan-Chile EPA (negotiations started in 2006.2, in force since 2007.9 )
  - Japan-Thailand EPA (agreement in substance 2005.9, in force 2007.11)
  - Japan-Indonesia EPA (negotiations started in 2005.7, in force 2008.7)
  - Japan-Brunei EPA (negotiations started in 2006.6, in force 2008.7)
  - Japan-ASEAN EPA (negotiations started in 2005.4, in force 2008.12)
  - Japan-Philippines EPA (agreement in substance 2004.11, in force 2008.12)
  - Japan-Switzerland EPA (negotiations started in 2007.5, in force 2009.2)
  - Japan-Vietnam EPA (negotiations started in 2007.1, signed 2008.12)
  - Japan-India EPA (negotiations started in 2007.1, agreed in substance 2010.10)
  - Japan-Peru EPA (negotiations started in 2009.5, agreed in substance 2010.11)
- 
- Japan-Korea EPA (negotiations started in 2003.12, suspended in 2004.11)
  - Japan-GCC EPA (negotiations started in 2006.9)
  - Japan-Australia EPA (negotiations started in 2007.4)

# Direction of Japan's EPA strategy in the Asia-Pacific Region



# Japan-EU Trade Relations

## --- From Conflict to Cooperation ---

- **The Japan-EC Joint Declaration in 1991:** wider cooperation encompassing from economic matters to political dialogue
- **The Decade of Japan-EU Cooperation (2001-2010)**
- **The Action Plan for Japan-EU Cooperation in December 2001**
- **Shared Common Values:** Democracy, Human Rights, Rule of Law, Market Economy

# Japan's Concept on EIA

- Japan and EU are close partners **sharing the same values of western democracy** such as human rights, market principles, rule of law
- Both Japan and EU are heavily involved in the **regional integration in respective regions**
- Japan should like to share the notion of “**Four Freedoms**” sought by EC during last 50 years
- Even closer relations between Japan & EU shall be **beneficial also to the multilateral system**
- EIA should be **more than mere FTA/EPA**

# Japan's Proposals on EIA

- Joint works on **Innovative Society**: cooperation in IPRs, in building next-generation networks, human resource exchanges, etc
- Joint works on **Environment-friendly Society**: cooperation in rule-making, climate change
- Joint works on **infrastructure for secure society** :secure trade, wider scope for MR, e-commerce
- **Mutual improvement on Trade & Investment**: elimination of duties, more investment, etc.



# Possible Benefit of FTA for EU (RIETI Study)

- Nominal GDP (US\$ trillion, 2010):  
**5.5 with Japan** compared to 1.0 with Korea,  
1.7 with India
- FTA's Impact on EU's Real GDP (%):  
**0.12 with Japan** compared to 0.07 with Korea,  
0.09 with India



# The Japan-EU Summit

## May 27-28 2011

- An agreement on the launch of preliminary talks: “scoping exercise”
- EU seeks tangible improvement in NTMs (Non-Tariff Measures), Government Procurement, more Investment Possibilities, and Agriculture
- Japan wants to accelerate the process to fill in the preferential gap with Korea in the EU market

# Some Suggestions

- EIA **should be more clearly defined**;  
to the Japanese side EIA=FTA/EPA + more cooperation,  
to the European side EIA=FTA/EPA – tariffs ?
- Any agreement between Japan and the EU **should be consistent with the WTO rules**
- The principle of “**Single Undertaking**” should be applied from the outset of the negotiations i.e. “Nothing is agreed until everything is agreed”

# Railway Products trade balance of Japan with the European countries

(Source : Trade statistics of the Ministry of Finance, Japan)

Nations	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Average	Total
France	-811	-490	-528	-44	-330	-892	111	-3,394	-236	-164	-678	-6,778
Germany	-2,150	-2,645	-2,405	-834	-1,308	-2,325	-2,380	-3,455	-248	-318	-1,807	-18,069
Italy	-1,556	-27	-733	-2,493	-1,285	-2,815	-608	-899	-1,314	-2,146	-1,388	-13,876
U.K.	-572	-284	-582	-322	-513	-1,523	5,555	14,975	14,026	-54	3,071	30,706
Austria	-1,258	-1,225	-1,078	-679	-3,622	-5,312	-4,619	-4,598	-5,908	-4,953	-3,325	-33,252
EU Total	-5,639	-4,868	-3,527	-1,666	-7,628	-14,477	-3,613	2,141	6,202	-8,375	-4,145	-41,451
World Total	50,214	36,507	32,145	77,940	127,812	69,685	57,899	81,443	55,797	47,998	63,744	637,440

JPY in millions

# Today's Conclusion

- **TPP has been gaining a momentum**: US seems successful in associating herself with the dynamic development of the Asian economy
- **Japan-EU EPA/EIA could be a solid platform** for EU to strengthen its economic ties with East Asia
- The Scoping Exercise should be defined as an **integral part** of the entire negotiations towards a possible Japan – EU EPA/EIA

Thank you for your attention  
--- Free Trade for a Better Future ---  
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