

## EU POLICY UPDATE

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### EU and Japan launch FTA negotiation

European Council President Herman Van Rompuy, European Commission President José Manuel Barroso and Prime Minister of Japan Shinzo Abe have officially agreed to launch the negotiation of EU-Japan Free Trade Agreement (FTA) in a joint statement on 25<sup>th</sup> March 2013.<sup>1</sup> Both sides committed to conclude as earliest possible a deep and comprehensive agreement which addresses all issues of shared interest with the goal of economic growth in the EU and Japan as well as the development of the world economy.

The EU and Japan account for more than a third of the world GDP and Japan is the second biggest trading partner of the



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EU in Asia. The free trade agreement, in a comprehensive context, could boost EU's GDP by 0.8% and EU's export to Japan by 32.7%. It is also expected that 420,000 more jobs will be created in the EU resulting from this deal.

Japan has high tariff in the agricultural, processed food and beverages sectors in which the EU is an important exporter while the EU has relatively high tariff in sectors such as motor vehicles, electronics and machinery for Japanese exporters. Concerning the non-tariff aspects, the EU is concerned with some sectors<sup>2</sup> or products which

are almost totally closed to EU exports, as a result of the technical standards, safety and environmental rules, lack of transparency in public procurement and IPR issues.

The FTA with other countries is one of the emphases of the EU's trade policy to boost economic growth and enhance global competitiveness. In addition to the FTA concluded between the EU-Korea and EU-Singapore, the EU is also negotiating FTAs with different countries including the US, Thailand, Malaysia and Vietnam.

### SPECIAL POINTS OF INTEREST:

- 1) Since May 2011, both side have worked together in a joint scoping exercise to examine the possibility of a FTA and concluded its completion in 2012. After the European Commission has subsequently requested the EU Member States for mandate of negotiation in July 2012, the European Council authorized the negotiation on 29<sup>th</sup> November 2012.
- 2) Non-tariff barrier that limits the EU trade with Japan concerns some agricultural products, transport equipment and aeronautical products and seven business sectors: chemicals (including pharmaceuticals), automotive, medical devices, processed foods, transport equipment, telecommunication and financial services.

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Should you have any comments or feedbacks on the issue, please feel free to e-mail at [kpleung@hkbu.edu.hk](mailto:kpleung@hkbu.edu.hk)

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