



EUROCHAMBRES

Connecting **business** to Europe

Position Paper

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THE FUTURE OF EU-JAPAN ECONOMIC RELATIONS

EUROCHAMBRES' VIEWS ON A POTENTIAL ECONOMIC INTEGRATION AGREEMENT

As the current ten-year plan governing EU-Japan trade relations elapses this year, EUROCHAMBRES calls upon European and Japanese policy makers to use the upcoming EU-Japan Summit to pave the way for a new framework to further strengthen EU-Japan trade relations.

Europe and Japan have long standing economic and political relations and are both among the world's four biggest economies. Witnessing the fast growth of emerging markets and the little progress achieved by the existing dialogues supposed to tackle obstacles to trade between Japan and the EU, companies increasingly look for other options if they internationalise. The conclusion of a comprehensive Economic Integration Agreement (EIA) between the EU and Japan which covers tariffs, non-tariffs barriers, investment, public procurement and areas for enhanced cooperation would draw the attention of businesses back to the potential of these markets and enable companies to seize the opportunities they see, but so far do not seize as the existing and perceived barriers prevent them from doing so.

Japan has traditionally been a difficult market for EU companies because of cultural, technical and tariff barriers. Therefore, negotiating an EIA will be a complicated case and EUROCHAMBRES urges the European Commission to make the start and the actual conclusion of such an EIA conditional to a comprehensive dismantling of non-tariff barriers in Japan, better access to the government procurement market for EU companies and the inclusion of a balanced chapter on investment.

EUROCHAMBRES, who has managed the EU Gateway to Japan programme for 13 years, has seen that well prepared companies can overcome the cultural barriers, but diverging standards, the non-recognition of European certificates, tests and results of scientific studies as well as a complicated regulatory framework make business costly and cumbersome, if not uneconomical, especially for SMEs with limited resources.

Seeing the insufficient progress under the current framework of EU-Japan trade cooperation and the potential welfare gains of 33 billion Euros an EIA could bring to the EU, in addition to 18 billion Euros that could be generated in Japan¹, negotiations to achieve a balanced EIA are the right approach to give a needed stimulus to both the EU and Japanese economies.

We insist that negotiations should only be concluded if all kind of barriers to trade and investment in the above mentioned fields are tackled in a satisfactory way which means a visible and effective improvement of market access for companies from both regions. In addition to opening up their respective markets, we call on policy makers to also include further areas of cooperation into the agreement which are not directly linked to the opening of markets but will help building as strong and comprehensive partnership for the future of our two economies (e.g. research cooperation in all fields related to clean technologies, incl. transportation and energy, IPR, enhanced exchange of students researchers and skilled workers, etc.).

This paper has been produced by **EUROCHAMBRES: the Brussels-based Association of European Chambers of Commerce and Industry.**

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¹ According to a study conducted by Copenhagen Economics:
http://trade.ec.europa.eu/doclib/docs/2010/february/tradoc_145772.pdf , p. 82