

## EU-Japan Summit: What are we waiting for?

**EUROCHAMBRES**, the Association of European Chambers of Commerce and Industry, and the **European Business Council (EBC)**, the trade policy arm of the 18 European national chambers of commerce and business associations in Japan, jointly call on the leaders of the EU and Japan to turn the current economic crisis into an opportunity to make a sea-change in their trade relationship and long-term prospects for economic growth. The EU-Japan Summit on May 4 offers a unique chance for two of the world's largest economies, representing some 40% of global GDP, to create a unique platform to promote mutual trade and prosperity and secure the positions of Europe and Japan as leaders on the global economic stage. In particular, we request the EU and Japanese authorities to ensure that the following issues are raised during their meetings.

### Trade and Investment

Bilateral collaboration between the EU and Japan is already extensive, with the current 10-year Action Plan for EU-Japan Cooperation and high-level government Regulatory Reform Dialogue. However, output from such collaboration in terms of real reform has been disappointing, suffering from a lack of binding undertakings and means of implementation. Issues of acute concern to EU and Japanese business have not been resolved. Prohibitively complex rules and regulations have led to Japan having the lowest level of inward foreign direct investment of all OECD countries. This situation must be resolved and concrete action is needed – not just words, but tangible, concrete concessions to the benefit of consumers in the EU and Japan. The EU and Japan should jointly tackle fundamental issues that will deliver strong, competitive businesses and quality, sustainable jobs. The European Single Market concept has been proven to do just that. EUROCHAMBRES and the EBC, therefore, call upon both authorities to work towards launching an EU-Japan Economic Integration Agreement inspired by the principles of the EU single market. Such an agreement, based on the concept of a free market for goods, people, services and capital, reflecting fairly and equally the interests of both the EU and Japan, would increase markedly trade between and investment to both regions. Consumers would get access to a wider choice of quality goods and services, as well as the opportunity to move across borders for work without foregoing welfare protection. Businesses, especially small and medium-sized enterprises, would benefit from reduced administrative costs following harmonised rules and standards at the same time as it would give consumers faster access to new products, like state-of-the-art medical devices, without compromising on safety.

### Protectionism

EUROCHAMBRES and the EBC request that neither party introduces protectionist measures as a consequence of the global economic crisis. Hasty measures to counter perceived or real threats risk not only unduly restricted trade in goods and services but also distort the global economy at large. A case in point is the revision to Japan's Financial Instruments Exchange Law, currently under discussion in the parliament, aimed at protecting Japanese consumers from excessive exposure to financial risk. The revised bill is likely, however, to have adverse unintended effects in the form of a complete end to sales of foreign government bonds, as well as severely limited liquidity of securities, because of impractical trading rules. Rather than developing such measures in isolation, the EU and Japan should together find more constructive solutions, bringing benefits to both parties.

## **WTO**

The WTO has played a crucial role in fostering global economic growth and serving as a trade-dispute body. In the face of burgeoning protectionism, it must continue to play this role to avoid putting the whole multilateral trading system at risk. As EUROCHAMBRES and the EBC are committed to the principles of free trade, we call on both authorities to work harder to achieve an ambitious Doha Development Agenda (DDA) agreement in the coming months. This result will boost confidence at all levels.

## **In Conclusion**

The current economic crisis is a wake-up call for leadership and decisive action. The time was never better for the EU and Japan to stand up against protectionist pressures and become dynamic architects of their future success. Japan and the EU have both the means and opportunity to jointly create a common foundation for a more prosperous future. What are we waiting for?

### **About EUROCHAMBRES:**

*EUROCHAMBRES is the Association of European Chambers of Commerce and Industry. Based in Brussels since 1958, it represents over 19 million enterprises in Europe through members in 45 countries and a European network of 2,000 regional and local Chambers.*

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### **About the EBC:**

*The European Business Council (EBC) is the trade policy arm of the 18 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the trade and investment environment for European companies in Japan. The EBC currently represents more than 3,000 local European companies and individuals who are members of their national chambers of commerce in Japan. Some 350 of these companies participate directly in the EBC's 28 sector-based committees.*

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