



Key elements of the EU-Japan Economic Partnership Agreement

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The EU-Japan Economic Partnership Agreement will boost trade in goods and services as well as create opportunities for investment.

The agreement will further improve the position of EU exporters and investors on Japan's large market, while including strong guarantees for the protection of EU standards and values. It will help cement Europe's leadership in setting global trade rules and send a powerful signal that cooperation, not protectionism, is the way to tackle global challenges.

This Agreement, as other agreements concluded recently by the EU, goes beyond trade issues only. It represents a significant strengthening of our partnership with Japan, as reflected in the name of the agreement.

What is the Economic Partnership Agreement about?

1. Elimination of customs duties – more than 90% of the EU's exports to Japan will be duty free at entry into force of the agreement. Once the agreement is fully implemented, Japan will have scrapped customs duties on 97% of goods imported from the EU (in tariff lines), with the remaining tariff lines being subject to partial liberalisation through tariff rate quotas or tariff reductions. This, in turn, will save EU exporters around €1 billion in customs duties per year.

2. Agriculture and food products – Japan is a highly valuable export market for European farmers and food producers. With annual exports worth over €5.7 billion, Japan is already the EU's fourth biggest market for agricultural exports. Over time around 85% of EU agri- food products (in tariff lines) will be allowed to enter Japan entirely duty-free. This corresponds to 87% of current agri-food exports by value.

The agreement will eliminate or sharply reduce duties on agricultural products in which the EU has a major export interest, such as **pork**, the EU's main agricultural export to Japan, ensuring duty-free trade with processed pork meat and almost duty-free trade for fresh pork meat exports. Tariffs on **beef** will be cut from 38.5% to 9% over 15 years for a significant volume of beef products.

EU wine exports to Japan are already worth around €1 billion and represent the EU's second biggest agricultural export to Japan by value. The 15% tariff on wine will be scrapped from day one, as will tariffs for other alcoholic drinks.

As regards **cheese exports**, where the EU is already the main player on the Japanese market, high duties on many hard cheeses such as Gouda and Cheddar (which currently are at 29.8%) will be eliminated, and a duty-free quota will be established for fresh cheeses such as Mozzarella. The EU-Japan agreement will also scrap today's customs duties (with a transitional period) for **processed agricultural products** such as pasta, chocolates, cocoa powder, candies, confectionary, biscuits, starch derivatives, prepared tomatoes and tomato sauce. There will also be significant quotas for EU exports (duty-free or with reduced duty) of malt, potato starch, skimmed milk powder, butter and whey.

3. Geographical Indications – the EU-Japan agreement recognises the special status and offers protection on the Japanese market to more than 200 European agricultural products from a specific European geographical origin, known as Geographical Indications (GIs) – for instance Roquefort, Aceto Balsamico di Modena, Prosecco, Jambon d'Ardenne, Tiroler Speck, Polska Wódka, Queso Manchego, Lübecker Marzipan and Irish Whiskey. These products will be given the same level of protection in Japan as they experience in the EU today.

4. Industrial products – tariffs on industrial products will be fully abolished, for instance in sectors where the EU is very competitive, such as chemicals, plastics, cosmetics as well as textiles and clothing. For leather and shoes, the existing quota system that has been significantly hampering EU exports will be abolished at the agreement's entry into force. Tariffs on shoes will go down from 30% to 21% at entry into force, with the rest of the duties being eliminated over 10 years. Tariffs on EU exports of leather products, such as handbags, will go down to zero over 10 years, as will be those on products that are traditionally highly protected by Japan, such as sports shoes and ski boots.

5. Fisheries – Majority of tariffs will be eliminated on both sides, meaning better prices for EU consumers and big export opportunities for EU industry.*

6. Forestry – tariffs on all wood products will be fully eliminated, with seven years staging for the most important priorities. Most tariffs on wood products will be dropped immediately, with some less important tariff lines being scrapped after 10 years.

7. Non-tariff barriers – The EU-Japan negotiations addressed many non-tariff measures that had constituted a concern for EU companies, as some Japanese technical requirements and certification procedures often make it difficult to export safe European products to Japan. The agreement will make it easier for EU companies to access the highly regulated Japanese market. Examples of such barriers addressed include:

- **Motor vehicles** – the agreement ensures that both Japan and the EU will fully align themselves to the same international standards on product safety and the protection of the environment, meaning that European cars will be subject to the same requirements in the EU and Japan, and will not need to be tested and certified again when exported to Japan. With Japan now committing itself to international car standards, EU exports of cars to Japan will become significantly simpler. This also paves the way for even stronger cooperation between the EU and Japan in international standard setting fora. It includes an accelerated dispute settlement between the two sides specifically for motor vehicles, similar to the one agreed under the EU-South Korea trade agreement. It also includes a safeguard and a clause allowing the EU to reintroduce tariffs in the event that Japan would (re)introduce non-tariff barriers to EU exports of vehicles. The agreement will also mean that hydrogen-fuelled cars that approved in the EU can be exported to Japan without further alterations.
- **Medical devices** – In November 2014, Japan adopted the international standard on quality management systems (QMS), on which the EU QMS system for medical devices is based. This reduces the costs of certification of European products exported to Japan considerably.
- **Textiles labelling** – In March 2015, Japan adopted the international textiles labelling system similar to the one used in the EU. Textiles labels therefore do no longer need to be changed on every single garment exported to Japan, as was the case before.
- **"Quasi drugs", medical devices and cosmetics** - a complicated and duplicative notification system that hampered the marketing of many European pharmaceuticals, medical devices and cosmetics in Japan was finally abolished on 1 January 2016.
- **Beer** - From 2018 onwards, European beers can be exported as beers and not as "alcoholic soft drinks". This will also lead to similar taxation, thus doing away with differences between different beers.

In addition, the Economic Partnership Agreement also contains general rules on certain types of non-tariff barriers, which will help level the playing field for European products exported to Japan, and increase transparency and predictability:

- **Technical barriers to trade** – the agreement puts the focus on Japan and the EU's mutual commitment to ensure that their standards and technical regulations are based on international standards to the greatest possible extent. Combined with the provisions on non-tariff measures, this is good news for European exporters of electronics, pharmaceuticals, textiles and chemicals. For instance, reliance on international standards will be helpful for easier and less costly compliance of food products with Japanese labelling rules.
- **Sanitary and phytosanitary measures** – the agreement creates a more predictable regulatory environment for EU products exported to Japan. The EU and Japan have agreed to simplify approval and clearance processes and that import procedures are completed without undue delays, making sure that undue bureaucracy does not put a spanner in the works for exporters. The agreement will not lower safety standards or require parties to change their domestic policy choices on matters such as the use of hormones or genetically modified organisms (GMOs).

8. Trade in services

The EU exports some €28 billion of services to Japan each year. The agreement will make it easier for EU firms to provide services on the highly lucrative Japanese market. The agreement contains a number of provisions that apply horizontally to all trade in services, such as a provision to reaffirm the Parties' right to regulate. It maintains the right of EU Member States' authorities to keep **public services** public and it will not force governments to privatise or deregulate any public service at national or local level. Likewise, Member States' authorities retain the right to bring back to the public sector any privately provided services. Europeans will continue to decide for themselves how they want, for example, their healthcare, education and water delivered.

- **Postal and courier services** – the agreement includes provisions on universal service obligations, border procedures, licences and the independence of the regulators. The agreement will also ensure a level-playing field between EU suppliers of postal and courier services and their Japanese competitors, such as Japan Post.
- **Telecommunications** – the agreement includes provisions focused on establishing a level playing field for telecommunications services providers and on issues such as universal service obligations, number portability, mobile roaming and confidentiality of communications.
- **International maritime transport services** – the agreement contains obligations to maintain open and non-discriminatory access to international maritime services (transport and related services) as well as access to ports and port services.
- **Financial services** – the agreement contains specific definitions, exceptions and disciplines on new financial services, self-regulating organisations, payment and clearing systems and transparency, and rules on insurance services provided by postal entities. Many of these are based on rules developed under the World Trade Organisation, while addressing specificities of the financial services sector.
- **Temporary movement of company personnel** – the agreement includes the most advanced provisions on movement of people for business purposes (otherwise known as "mode 4") that the EU has negotiated so far. They cover all traditional categories such as intra-corporate transferees, business visitors for investment purposes, contractual service suppliers, and independent professionals, as well as newer categories such as short-term business visitors and investors. The EU and Japan have also agreed to allow spouses and children to accompany those who are either service suppliers or who work for a service supplier (covered by "mode 4" provisions). This will, in turn, support investment in both directions.

9. State owned enterprises – state-owned enterprises will not be allowed to treat EU companies, services or products differently to their Japanese counterparts when buying and selling on commercial markets.

10. Public procurement – EU companies will be able to participate on an equal footing with Japanese companies in bids for procurement tenders in the 54 so-called 'core cities' of Japan (i.e. cities with around 300.000 to 500.00 inhabitants or more). The agreement also removes existing obstacles to procurement in the railway sector.

11. Investment – The agreement aims to promote investment between the EU and Japan. At the same time, the text explicitly reaffirms the right of each party to regulate to pursue legitimate policy objectives, highlighted in a non- exhaustive list. The agreement does not cover the protection of investment, on which negotiations are ongoing between the two sides for a potential agreement on the protection of investments. The EU has also tabled to Japan its reformed proposal on the Investment Court System. For the EU, it is clear that there can be no return to the old-style Investor to State Dispute Settlement System (ISDS).

12. Intellectual Property Rights (IPR) – the agreement builds on and reinforces the commitments that both sides have taken in the World Trade Organization (WTO), in line with the EU's own rules. The agreement sets out provisions on protection of trade secrets, trademarks, copyright protection, patents, minimum common rules for regulatory test data protection for pharmaceuticals, and civil enforcement provisions.

13. Data protection – Data protection is a fundamental right in the European Union and is not up for negotiation. Privacy is not a commodity to be traded. Since January 2017, the European Union and Japan engaged in a dialogue to facilitate the transfers of personal data for commercial exchanges, while ensuring the highest level of data protection. With the EU General Data Protection Regulation that entered into force last year and the new Japanese privacy law that entered into force in May, the EU and Japan have modernised and strengthened their respective data protection regimes. In July 2018, the Commission and the Japanese government reached a satisfactory conclusion on the robustness each other's data protection rules, and hence they intend to move forward with the adoption of a so-called "mutual adequacy" arrangement, which will create the world's largest area of safe transfers of data based on a high level of protection for personal data.

14. Sustainable development – the agreement includes all the key elements of the EU approach on sustainable development and is in line with other recent EU trade agreements. The EU and Japan commit themselves to implementing the core labour standards of the International Labour Organisation (ILO) and international environmental agreements, including the UN Framework Convention on Climate Change, as well as the Paris climate agreement. The EU and Japan commit not to lower domestic labour and environmental laws to attract trade and investment. The parties also commit to the conservation and sustainable management of natural resources, and to addressing biodiversity,

forestry, and fisheries issues. The parties agree to promote Corporate Social Responsibility and other trade and investment practices supporting sustainable development. The agreement sets up mechanisms for giving civil society oversight over commitments taken in the field of Trade and Sustainable Development. The agreement will have a dedicated, binding mechanism for resolving disputes in this area, which includes governmental consultations and recourse to an independent panel of experts.

Whaling and illegal logging – The EU has banned all imports of whale products for more than 35 years, and this will not change with the Economic Partnership Agreement. The EU and its Member States are committed to the conservation and protection of whales and have consistently expressed strong reservations about whaling for scientific purposes. Whales receive special protection under EU law and the EU strictly enforces the ban on trade under the Convention on Trade in Endangered Species (CITES). The EU addresses whaling by all third countries, including Japan, both in bilateral relations and in the international fora that are best suited to deal with this issue – for example, at the International Whaling Commission, where we work with like-minded partners to address whaling with Japan. The sustainable development chapter of the EU-Japan economic partnership agreement will provide an additional platform to foster dialogue and joint work between the EU and Japan on environmental issues of relevance in a trade context.

The EU and Japan share a common commitment to combat illegal logging and related trade. Trade in illegal timber is not an issue between the EU and Japan. The EU has a very clear legislation on illegal logging, just like Japan, which applies to imports from any country of origin. Both partners have surveillance and certification systems in place to prevent the import of illegal timber. The two partners also work closely with third countries to support them in setting up efficient mechanisms to address the problem. The agreement includes a legal provision committing both partners to the prevention of illegal logging and related trade.

15. Corporate governance – for the first time in an EU trade agreement, there will be a specific chapter on corporate governance. It is based on the G20/OECD's Principles on Corporate Governance and reflects the EU's and Japan's best practices and rules in this area. The EU and Japan commit themselves to adhere to key principles and objectives, such as transparency and disclosure of information on publicly listed companies; accountability of the management towards shareholders; responsible decision-making based on an objective and independent standpoint; effective and fair exercise of shareholders' rights; and transparency and fairness in takeover transactions.

16. Competition – the agreement contains important principles that ensure that both sides commit themselves to maintaining comprehensive competition rules and implementing these rules in a transparent and non-discriminatory manner.

17. State-to-State dispute settlement mechanism – the agreement ensures that rights and obligations under the agreement are fully observed. It provides an effective, efficient and transparent mechanism with a pre-established list of qualified and experienced panellists for avoiding and solving disputes between the EU and Japan.

18. Anti-Fraud – The EU and Japan will include an anti-fraud clause in the economic partnership agreement. The anti-fraud clause is a condition for the EU to grant tariff preferences to any third country. It makes it possible for the EU to withdraw tariff preferences in cases of fraud and refusal to co-operate, while ensuring that legitimate traders are not adversely affected. The aim is to prevent abuse of preferential tariff treatment.

At the same time, negotiations with Japan continue on investment protection standards and investment protection dispute resolution.

For More Information

[Press Release](#)

[Dedicated website](#) including thematic [factsheets](#), [text of the trade agreement](#), [exporter testimonies](#) and an [interactive map](#) of EU businesses exporting to Japan

FACTSHEET on the [Strategic Partnership Agreement](#)

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