



Japan-EU Summit: Time for an Economic Integration Agreement

Challenges to the EU of continuing weak economic growth, high unemployment and fierce competition will no doubt be at the forefront of concerns at the EU-Japan Summit today. The good news is that there is huge untapped potential in the EU-Japan trade relationship. Most recently, a study for the European Commission¹ has suggested that removing current tariffs and non-tariff measures could increase EU exports to Japan by 70% and Japanese exports to the EU by 60%. Such potential for growth and jobs cannot be ignored: the question can only be how best to realise it.

The “Action Plan for EU-Japan Cooperation” launched at the EU-Japan Summit in 2001 was itself intended to facilitate trade and investment so that “our economic relationship can realise its full potential”. Regrettably, however, that promise was never fulfilled: over the ten years of the Action Plan, progress towards lifting barriers to trade has been patchy and painfully slow, and the mechanisms for promoting change ineffective - both business and the economy have suffered as a result. The Action Plan has had an inbuilt weakness: a reliance on dialogue to achieve results normally only associated with intense negotiation and binding commitments.

The European Business Council in Japan (EBC) urges the 2010 EU-Japan Summit to remedy this situation. As the trade policy arm of 17 European national chambers of commerce and business associations in Japan, the EBC has first-hand experience of the local conditions for doing business and the obstacles faced by the many foreign companies seeking to develop here. Based on the work of 28 sector-based committees, the EBC has for the past 38 years presented evidence, analysis and recommendations for appropriate reforms to the authorities in Japan and the EU. The EBC believes that the 2010 Summit offers an unmissable opportunity for the EU and Japan to capitalise on this work by agreeing a new Action Plan that will adequately address not only the challenges we face but also the many opportunities we perceive. The time for change and the window of opportunity have never been better than now.

The EBC therefore calls on the EU-Japan Summit to take a new approach, based on a firm commitment from both sides to address all barriers to trade through a negotiated, comprehensive and binding Economic Integration Agreement. According to EBC Chairman, Tommy Kullberg, “The EBC recognises the complexities involved, but believes that negotiating such an agreement is essential in order to avoid a repeat of the failure of the 2001-2011 Action Plan to deliver on the very same commitment. The European Commission has ample experience in negotiating difficult agreements and the EBC places full confidence in the Commission to do so with Japan”.

The background to this proposal is set out in the EBC’s attached policy paper, *Message to the EU-Japan Summit, 28 April 2010 - The Future of EU-Japan Relations Recommendations from The European Business Council in Japan (EBC)*.

About the EBC:

The European Business Council in Japan (EBC)/European (EU) Chamber of Commerce in Japan is the trade policy and advocacy arm of 17 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the business and investment environment in Japan. It currently represents more than 3,000 local European companies and individuals, some 350 of whom participate directly in the EBC’s 28 sector-based committees. For more information, please contact: Mr. Bjorn Kongstad, EBC Policy Director; Tel: +81-3-3263-6224, E-mail: ebc@gol.com

¹ Copenhagen Economics, “Assessment of barriers to trade and investment between the EU and Japan”, November 2009