Resolution on EU trade negotiations with Japan

2012/2711(RSP) - 25/10/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution tabled by the Committee on International Trade on EU trade negotiations with Japan.

The economic and political context: Members feel it is crucial for the EU to deepen its economic and trade relationships with major global economies such as Japan in order to maximise jobs and growth potential and are concerned that the EU's bilateral trading volume with Japan is dramatically lower than with other partners such as the USA, China and Russia. Also recalling a study of 2009 estimating a potential increase of 71 % for EU exports to Japan, and an increase of 61 % for Japanese exports to the EU, if tariffs and non-tariff barriers were reduced to the fullest possible extent, Parliament concludes that **the huge potential of the EU-Japanese commercial relationship has not yet been realised mainly due to the impact of Japanese non-tariff barriers on market access opportunities for European businesses.** It believes that the EU should draw on its experience with the EU-South Korea FTA to achieve comparable market access penetration in negotiations with Japan.

The scoping exercise: noting the conclusion of the EU-Japan scoping exercise to the mutual satisfaction of the Commission and the Japanese Government, Parliament calls on the Japanese Government to reconfirm at the onset of formal negotiations of an EU-Japan FTA its commitments made in the scoping exercise, especially with regards to **removing non-tariff barriers to trade (NTBs)**. As a condition for adopting negotiating directives for an FTA with Japan, the Council should insist on a **binding review clause activated within one year** of the launch of negotiations to assess whether Japan has delivered clear results in eliminating NTBs, in particular those affecting the EU's automotive sector, as well as the obstacles to public procurement for railways and urban transport agreed on in the scoping exercise.

A mandate for negotiations: Members call on the Council to authorise the Commission to start negotiations for a free trade agreement with Japan on the basis of the outcome of the scoping exercise and clear targets. They call on the Commission to dedicate one of the initial negotiation rounds of the EU-Japan FTA to removing NTBs and, therefore, to ensuring that an independent impact assessment can be conducted as part of the review clause one year after the start of the negotiations to objectively assess the progress made on this key concern for Parliament.

Parliament makes a series of detailed recommendations on the Commission's negotiating directives, the main ones being:

- measurable results from the Japanese Government on NTBs with a view to **eliminating the large majority of barriers hindering EU-Japan trade**. These commitments should go considerably further than the roadmaps already agreed under the scoping exercise; the Commission shall regularly report on progress in this area to the Council and Parliament;
- significant concessions on **public procurement** guaranteeing market access for European companies in strategic Japanese sectors including railways and urban transport and the same degree of openness as that of the EU's public procurement markets;
- **eliminating existing NTBs in the automotive sector**, noting that in 2011 the Japanese trade surplus with the European Union was worth EUR 18.5 billion, of which automotive products alone accounted for 30 %;
- a strict and effective dispute resolution mechanism requiring early consultations among the parties to combat the development of new NTBs and obstacles to market access in public procurement in Japan after the entry into force of the agreement;

- a staggered schedule for sensitive tariff reductions in the EU, (ii) effective bilateral safeguard measures, (iii) enforceable measures to protect Geographical Indications (GIs) for agricultural and foodstuff products, (iv) a robust sustainable development chapter with core labour standards, (v) the elimination of regulatory barriers particularly in investment, (vi) a heavy emphasis on energy cooperation and enhanced market access in environmental goods and services and (vii) the strengthening and extension of regulatory cooperation dialogues.

If these conditions are met, an EU-Japan FTA has the potential to lead to a win-win situation, beneficial for both economies, and that a deeper degree of integration through an economic integration agreement would multiply the gains considerably to both economies.

On the issue of whaling, Members note that serious divergences remain between the EU and Japan on **issues related to the management of fisheries and whaling**, notably Japan's whaling under the guise of scientific whaling, and they call for broader discussions on the matter of the abolition of whale hunting and of trade in whale products.

Beyond the negotiations: lastly, Members state that, if negotiations are successful, the Commission must undertake a second impact assessment to evaluate the expected advantages and disadvantages of the agreement for EU jobs and growth, including an analysis of the impact on sensitive sectors such as automotives and electronics, and the benefits for the EU's offensive interests.