



JEFTA: the EU and Japan reach agreement in principle

Reminder: the EU-Japan Free Trade Agreement (JEFTA) negotiations were officially launched on 25 March 2013, after the release of an impact assessment of the future agreement in July 2012.

The 18th round of negotiations on the agreement took place in Tokyo in April 2017. The two parties have expressed on several occasions their shared determination to close the negotiations of the agreement at the end of 2017 so as to entry into force in 2019.

A Strategic Partnership Agreement between the EU and Japan is also being negotiated in parallel with the Free Trade Agreement.

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On 6 July, the European Union and Japan have reached an [agreement in principle](#) on the main elements of the envisaged Economic Partnership Agreement.

Japan is one of the biggest markets in volume for EU exports, as every year EU firms already export to Japan €58 billion of goods. The trade relationships between the EU and Japan have been traditionally characterized by big trade surpluses in favor of Japan with exports to the EU of €66 billion of goods.

Japan is the EU's second biggest trading partner in Asia after China. Together the EU and Japan account for more than a third of the world's GDP. Japan remains a major trade partner for the EU and Europe is a very important market for Japan with imports from Japan to the EU dominated by machinery, electrical machinery, motor vehicles, optical and medical instruments, and chemicals.

Today, firms from both sides face trade barriers when exporting to Japan or to European countries which make it hard for them to compete. A free trade agreement will have as a major consequence to lower or even to eliminate these trade barriers and to facilitate the flow of goods and services between the two partners.

From EU side, the food industry will be the biggest winner, as according to some estimation, around 85% of EU agri-food products could enter Japan without customs duties even it s in some cases after a transitional period. In general, Japan will liberalise 91% of its imports from the EU at entry into force. At the end of the staging period

99% of its imports from the EU will be liberalised, while the remaining imports (1%) will be partly liberalised through quotas and tariff reductions (in agriculture).

In return EU offers important concessions to Japan exporters, as the overall level of liberalisation of the EU is set at 99% with 96% of its lines eliminated at entry into force, and namely in the automotive sector as tariff lines on automobiles will be fully liberalised in 7 years. Japan's interests in the food industry will be also protected as there will be a mutual exclusion of liberalization for rice and seaweeds.

The Japan Desk and the team of Customs & Trade Department, based in Paris and in Brussels, of DS Avocats follow closely the negotiations progress of such an ambitious agreement and are at your disposal to present you the advantages and major issues of the agreement in more detail.

For further information, please contact:

Reiga SHIMIZU

Responsible for Japan Desk

shimizu@dsavocats.com

Jean-Marie SALVA

Partner, Customs & Trade Department

salva@dsavocats.com

Bernard TEZE

Partner, Corporate Department

teze@dsavocats.com

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www.dsavocats.com

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