



## **Joint JCIA-Cefic Statement on an EU-Japan Free Trade Agreement**

**25 June 2012**

### **EU Japan FreeTrade Agreement**

The European Chemical Industry Council (Cefic) and Japan Chemical Industry Association (JCIA) strongly support an ambitious and comprehensive trade agreement between the European Union and Japan. As an agreement between two advanced economies, it should go beyond WTO standards for free trade agreements to include “21<sup>st</sup> century” trade issues such as a framework for real and authentic regulatory cooperation and other potential non-tariff barriers. It should, moreover, serve as a precedent for future bilateral and multilateral negotiations.

In light of the need to promote continued economic recovery, we very much welcome that the scoping exercise has been officially finalised. Once the EU Commission has put forward a negotiating mandate, we hope that approval according to the EU procedures will be given without unnecessary delay. This will enable the EU and Japan to open FTA negotiations along a non-tariff barrier roadmap as soon as possible.

Also, we welcome the efforts made by the Japanese Government Revitalisation Unit to further support co-operation between EU and Japan. In this context, we urge the EU and Japan to promote a trade policy which rejects protectionism at home and focuses on the opening of markets abroad.

Any effort to strengthen the current EU-Japan trade relationship should include the following areas.

### **Tariff liberalisation and Market Access**

**Tariff barriers:** In the context of an EU-Japan bilateral trade agreement, we call for full elimination of chemical tariffs without exceptions as well as the elimination of non-tariff barriers, with short transition periods. In 2011, chemical trade between the EU and Japan was not only practically in balance - with some Euro 6 billion worth of chemicals going both ways, it was also very complementary, which suggests win-win situations. Since tariffs are already very low, they do not provide any protective effect but have simply become a cost for doing business (roughly Euro 300 million on the EU side and Euro 150 million on the Japanese side). Eliminating the duties will thus mean benefits for both industrial users and consumers. Furthermore, elimination of tariffs would reduce administrative costs and bureaucracy.

**Non-Tariff Barriers:** The reduction or elimination of tariffs should go hand in hand with the reduction or elimination of non-tariff barriers (NTBs). Reduced tariffs must not be countered with new NTBs. NTBs include regulatory measures and other policy instruments that result in increased red tape and barriers to entry. Cefic and JCIA advocate for the inclusion of provisions in the EU-Japan FTA that result in transparent, effective, enforceable, and mutually coherent regulatory systems which are both risk and science based, adhere to international best practices and standards, and ensure high levels of collaboration among governments and their stakeholders. Cefic and JCIA recognise that several industry sectors - particularly in Europe - oppose or do not support an



EU/Japan FTA. To overcome this resistance, the FTA has to deliver by fully eliminating non-tariff barriers.

### **Regulatory cooperation**

For the chemicals sector, the existing Mutual Recognition Agreement is incomplete. So the currently diverging regulatory standards between both parties remain a big challenge that needs to be addressed adequately within the bilateral trade agreement negotiations. Both Cefic and JCIA support the continued efforts for regulatory dialogue between the two parties.

### **Protection of Intellectual Property**

We equally call for a strong intellectual property rights regime, including protection of trade secrets, going beyond WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) through active regulatory and enforcement cooperation, and with clear rules to protect the free flow of cross border data.

### **Rules of Origin**

Rules of Origin for chemicals are a vitally important aspect in the achievement of genuine market liberalisation for our products. We support rules of origin based on “change of tariff heading” and “added value”, which should be the criteria to confer origin.

### **WTO plus items**

Furthermore, the FTA should contain provisions prohibiting dual pricing, export taxes and other restrictions regarding raw materials. It should improve access to public procurement and strengthen further the framework for bilateral investment.

### **Conclusion**

Cefic and JCIA are in favour of an ambitious and comprehensive EU-Japan trade agreement which contains full tariff liberalisation and with a strong commitment to improve market access. In addition, simplifying the regulatory processes, having a strong intellectual property rights regime and a harmonised set of rules of origin should be the key objectives within the framework of the bilateral trade negotiations.

You can thus count on our continued strong support for an ambitious EU-Japan Free Trade Agreement, and we are confident that this approach can also serve as a model for other current or future bilateral negotiations.

A handwritten signature in black ink that reads 'Giorgio Squinzi'.

Giorgio Squinzi  
President  
European Chemical Industry Council

A handwritten signature in black ink that reads 'K. Takahashi'.

Kyohei Takahashi  
Chairman  
Japan Chemical Industry Association