



Belgium-Japan Association  
Chamber of Commerce  
日白協会兼商工会議所



## EU - Japan Economic Partnership Agreement: first positive evaluation!

On 1 February 2020, the Economic Partnership Agreement (EPA) between the European Union and Japan celebrated the *first anniversary* of its implementation. This ambitious trade agreement, the culmination of almost four years of negotiations, significantly lowered the barriers to trade with this strategic partner of the European Union. Together with the political agreement, the two treaties form the cornerstone of the strengthened relationship between Europe, Belgium and Japan.

Japan is the EU's second largest trading partner in Asia. Together, the two economies account for almost one third of global GDP and cover a free trade area of more than 600 million people. Furthermore, Japan is Belgium's fifth biggest non-EU trade partner and of particular importance for our agri-food, chemicals, technology and automotive industries. More than 1,500 Belgian companies export to Japan, while 300 Japanese companies have operations in Belgium, good for over 25,000 jobs.

### Main achievements of the EPA

The trade agreement provides - over time - for a reduction of 99% of European customs tariffs on Japanese exports, while Japan will gradually eliminate up to 97% of the taxes it levies on European imports (in tariff lines). 90% of these tariffs have already been removed. One key benefit of the agreement alongside the 'textbook' abolition of customs tariffs, which remain high in certain sectors, can be found in the regulatory domain. On Japan's highly regulated domestic market, the deal allows for a reduction of redundant non-tariff barriers for Belgian exporters and importers working in the manufacturing and services sectors.

Luc Van den hove, CEO of imec, says: *"Japanese industry is a key partner for imec, accounting for nearly one fifth of our research revenue. This agreement, which forms the basis for closer economic ties between Japan and the EU, is a vital step towards making it easier to establish partnerships with Japanese companies. This will, for example, facilitate matters for industrial experts from Japanese businesses coming to Belgium and for signing contracts with Japanese companies. We hope in the future that Belgium will streamline its single-permit arrangements for Japanese nationals – and indeed for all non-EU citizens."*

### First positive trends

In the period from January to November 2019, European exports were up 6.6%. The positive impact of market liberalisation is also starting to be felt in Belgium. For the first 10 months of 2019, we observe strong growth in the level of bilateral trade. At the end of October 2019, Belgian exports and imports of goods with Japan witnessed an increase of respectively 10.2% (€3.0 billion) and 21.1% (€9.3 billion), compared with the same period in 2018. Adding to these bilateral exports, we must include our indirect exports via our European neighbours (specifically, Belgian components included in goods exported to Japan from another EU Member State). For every €100 in direct exports, we export €80 to the Japanese market through our value chains.

Pieter Timmermans, CEO of the Federation of Enterprises in Belgium (FEB), says: *"The first positive trends we are observing about the trade agreement with Japan are very promising. The Japanese market has traditionally been difficult to penetrate, albeit several of our companies are already firmly established there. With this deal, trade between Belgium and Japan has been*

*considerably facilitated. Our exporters and importers are becoming ever more competitive with the Americans, Canadians and Chinese on the Japanese market. This isn't trivial in a climate of international trade tensions. After all, let's not forget that free trade, increasingly important with countries outside of Europe, is vital for the prosperity of our economy!"*

**The Federation of Enterprises in Belgium (FEB) and the Belgium-Japan Association & Chamber of Commerce (BJA) welcome this first positive evaluation of the agreement and call on Belgian and Japanese companies to tap into areas where the EPA's potential has not yet been realised.**

In this regard, we again encourage Belgian companies trading with Japan to contact Customs and Excise to obtain a REX number so that they can benefit from the preferential tariff rates negotiated under the trade agreement. We also remain attentive to the full implementation of the agreement by the European and Japanese authorities, especially on the simplification of customs procedures.

### **Contacts**

Mr. Bart Croes (FEB): [bcr@vbo-feb.be](mailto:bcr@vbo-feb.be)

Mrs. Anja Oto-Kellens (BJA): [Oto-kellens@bja.be](mailto:Oto-kellens@bja.be)