



Global Trade Advisory Alert

The EU and Japan Sign Economic Partnership Agreement

On 17 July 2018, the European Union (EU) and Japan signed an [Economic Partnership Agreement \(EPA\)](#) at a joint summit in Tokyo. The EU-Japan EPA will create an open trade zone with a (gradual) removal of tariff barriers. The agreement is expected to be ratified by each party by the end of 2018 in order to allow for entry into force in early 2019. The [joint statement](#) released at the EU-Japan Summit refers to the EPA as a tool to improve prosperity domestically and globally and as a reaction against protectionism.

Road to implementation

The signing of the EPA marks an important step on the road to implementation. The signing was preceded by a [Council mandate to the European Commission](#). The EPA will only become effective after it passes through the internal legislative decision-making processes of both jurisdictions.

For the EU, the next steps are as follows:

1. The European Parliament must provide its consent with the content of the EPA through single vote, and
2. the Council must adopt the decision on the conclusion of the EPA, after which the Agreement will be concluded.

With chapters on investment protection standards and dispute resolution negotiated separately, the EPA only covers EU-exclusive competencies, which will not require separate approval on an EU Member State level. In principle, this should allow a smooth and relatively quick entry into force of the EPA.

For Japan, the ratification process is set forth in Japan's national legislation, which requires submitting the EPA for ratification through the Diet, i.e., the Japanese Parliament.

Once the national requirements for ratification have been completed, the EU and Japan will notify each other. In principle, the EPA will then enter into force on the first day of the second month following that bilateral notification.

What does it mean for you?

The EPA will create an open trade zone covering more than 600 million people and almost a third of the global gross domestic product, i.e., the biggest free trade agreement ever concluded by the EU. Under the EPA, both parties will bilaterally reduce or remove import duties. In addition, the agreement will end a number of long-standing non-tariff barriers between the parties (e.g., safety regulations in the food and automotive industries).

The EPA will regulate the following objectives between the EU and Japan:

- Creating market access for goods, services, and investments in each party's respective territory;
- Breaking down non-tariff measures;
- Promoting sustainable development;
- Harmonizing rules on intellectual property rights; and
- Protecting geographical indications.

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- Assessing duty impacts,
- Examining how to potentially leverage trade preference programs,

- Looking for potential supply chain optimization opportunities,
- Assisting with meeting administrative requirements to benefit from the EPA advantages, e.g., REX registration

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