

Customs Flash

EU - Japan Economic Partnership Agreement gets closer

Introduction

The EU and Japan have finalized negotiations for the Economic Partnership Agreement, thus achieving one of the critical milestones on the road to a bilateral trade agreement. The next steps will be legal work on the final text of the agreement and the legislative process. Further to the official announcements, there is a strong commitment for the agreement to become effective without undue delay—the goal is to implement the agreement by the end of the mandate of the current European Commission in 2019.

What does this mean for you?

The EU-Japan Economic Partnership Agreement will create various opportunities for EU businesses in the following areas:

- Bilateral trade due to reduced (or eliminated) customs and regulatory barriers (for exports and imports);
- Financial services;
- E-commerce; and
- Telecommunications and transport.

Although not all details of the agreement have been released to the public, the agreement should result in a mutual and reciprocal opening of both markets, i.e. the Japanese market should be opened to EU business and the EU market should be opened to Japanese business. Despite the defined transition periods before the opening of the markets in sensitive areas (e.g. automotive sector), the agreement may have a direct or an indirect impact on the EU market and businesses operating in this market.

What to do?

With a political consensus reached and the negotiations completed, the goal for a 2019 effective date for the EU-Japan Economic Partnership Agreement seems realistic. Potentially affected businesses, therefore, should start preparing for

implementation and, in particular, assessing the impact of the agreement on the following:

- The supply chain and options/benefits for the replacement of procurement channels not covered by EU's free trade agreements or the generalized system of preferences system on procurement from Japan, which likely should result in customs savings;
- Competitiveness of EU businesses in the EU market, considering an anticipated easier access of Japanese goods and entrepreneurs to the EU market; and
- Options for investing in the Japanese market.

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