

# New Era of Japan-EU Economic Partnership

Shigehiro TANAKA

Director-General, Multilateral Trade System Department  
Ministry of Economy, Trade and Industry of JAPAN  
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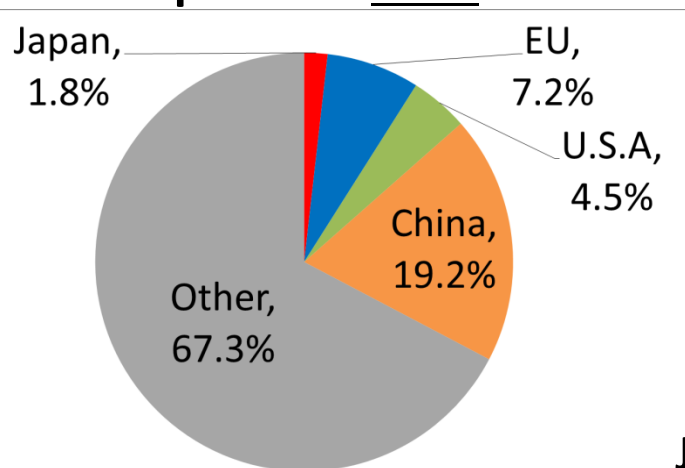
# Japan-EU Economic Relationship

# Japan-EU Position in the World

- Japan and the EU combined account for approximately 10% of the world's population, more than 30% of the world's GDP and global trade.

## Population(2012)

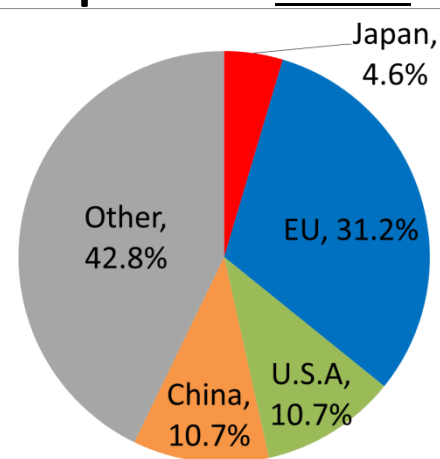
**Japan+EU=9.0%**



Source; World Bank, World Development Indicators, October 2013

## Trade(2012)

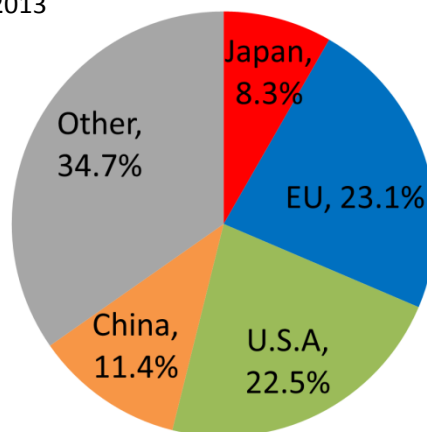
**Japan+EU=35.8%**



Source; IMF, Direction of Trade Statistics, October 2013

## GDP(2012)

**Japan+EU=31.4%**



Source; IMF, World Economics Outlook Database, October 2013

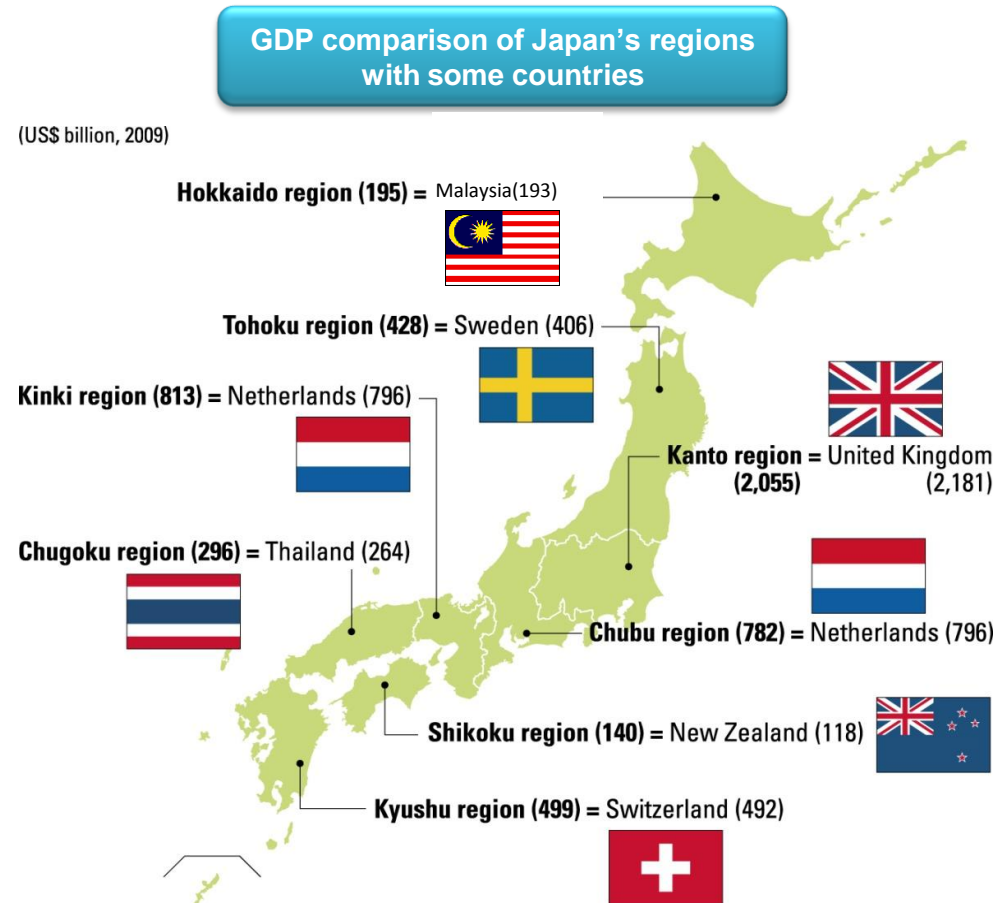
# Global Consumer Market

- The EU is the 2<sup>nd</sup> largest consumer market, while Japan is the 3<sup>rd</sup>. By concluding the EPA/FTA, these two markets will be integrated into the largest consumer market.

(in BN \$)

1.	U.S.A	111,496
2.	(EU)	97,197
3.	Japan	36,310
4.	China	29,928
5.	Germany	19,708
6.	U.K.	16,268
7.	France	15,062
8.	(ASEAN)	12,770
9.	Italy	12,258
10.	India	12,253

Source: United Nation "National Accounts Main Aggregates Database" GDP by Expenditure at current prices-US\$, Household consumption expenditure

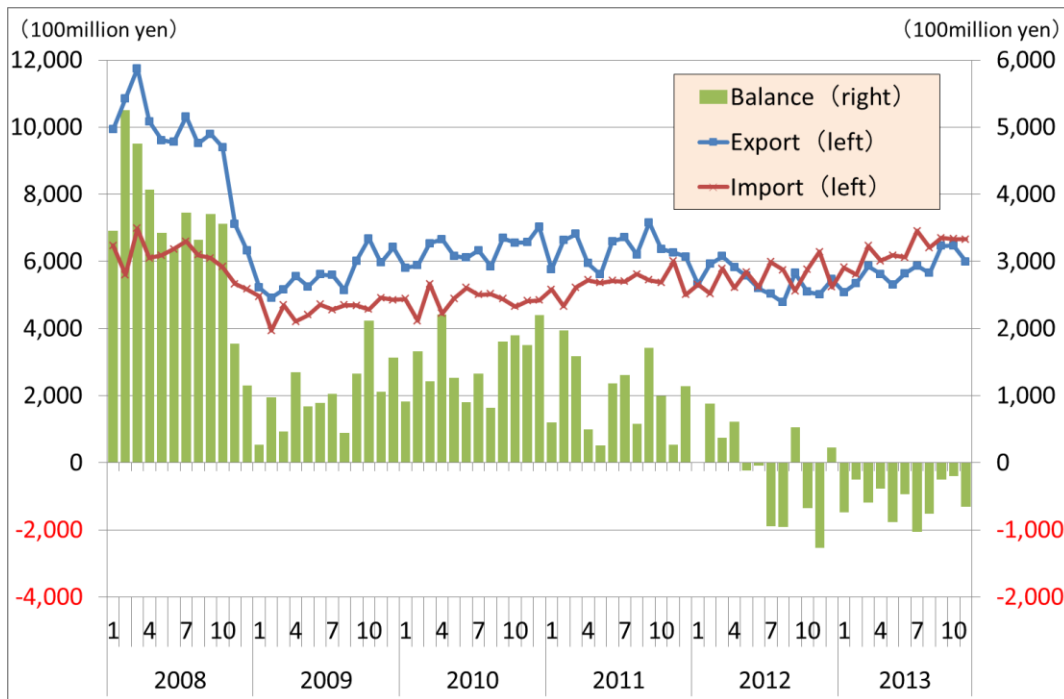


Sources: IMF, *World Economic Outlook Database* (April 2012); Economic and Social Research Institute, Cabinet Office, *Prefectural Economic Almanac* (February 2012).

# The EU marks Export Surplus to Japan

- The imports from the EU increased by 3.6 % in 2012 and 15.2 % in 2013 compared to the previous year.
- In 2012, the trade balance with the EU registered a deficit for the first time in 2012 since 1980, In 2013, it registered another deficit.

Japan's trade balance with the EU



Japan's trade balance with the EU

	2013 (Growth rate)	2012 (Growth rate)	2011 (Growth rate)
Export	7,0 T yen (7.7%)	6,5 T yen (▲14.7%)	7.6 T yen (0.0%)
Import	7,6 T yen (15.2%)	6.6 T yen (3.6%)	6.4 T yen (10.1%)
Balance	▲0,6 T yen	▲0,1 T yen	1.2 T yen

(Preliminary figures)

Japan's trade balance with Member States

		2013 (Growth rate)	2012 (Growth rate)	2011 (Growth rate)
Germany	Export	1850 B yen (11.5%)	1,660 B yen (▲11.3%)	1,871 B yen (5.3%)
	Import	2,324 B yen (17.9%)	1,971 B yen (6.2%)	1,856 B yen (9.9%)
	Balance	▲474 B yen	▲311 B yen	15 B yen
France	Export	613 B yen (14.9%)	534 B yen (▲16.3%)	638 B yen (9.1%)
	Import	1,138 B yen (11.2%)	1,023 B yen (8.5%)	944 B yen (4.7%)
	Balance	▲525 B yen	▲489 B yen	▲306 B yen

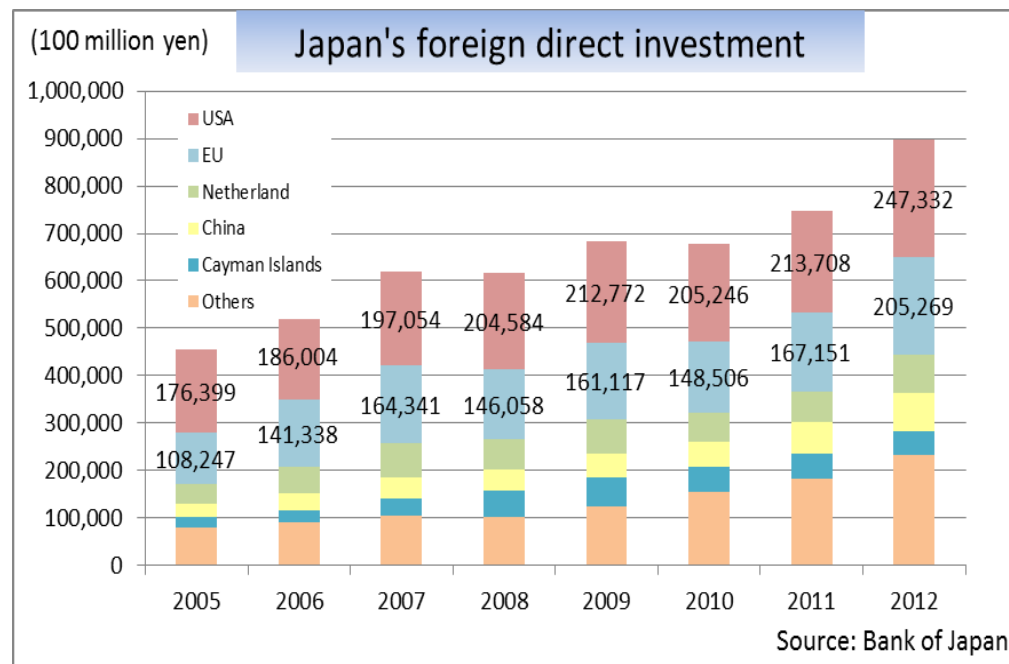
(Preliminary figures)

# Significant Investment and Job Creation by Japanese Companies in Europe

The EU: No.1 Investor to Japan 68 billion euro(2012)

Japan: No.3 Investor to the EU 144 billion euro(2011)

Source: BOJ(calculated in arbitrated foreign exchange rate by BOJ), Eurostat



## Japanese overseas affiliates in Europe

Survey of Overseas Business Activities as of 2011(FY), METI

Number of employees: over 465,000

Number of companies: over 2,600

### \*Number of Employees by Japanese affiliates

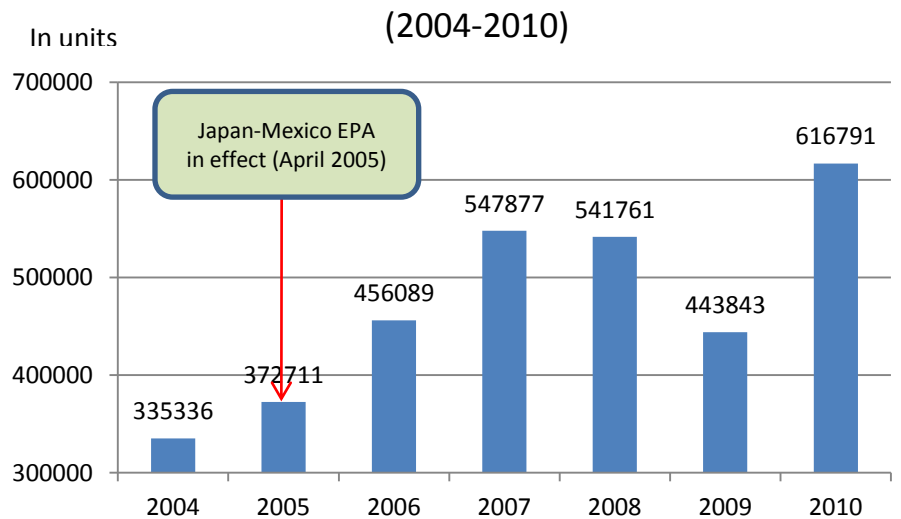
UK	140,705
Germany	59,304
Netherland	58,227
Belgium	33,226
France	25,319
Italy	21,545
Spain	12,848

# Surge of Investment to Mexico after the Japan-Mexico EPA

- The Japan-Mexico EPA stimulated the new direct investment for Japan to Mexico, especially in automotive sector.
- Tariff reduction on auto parts through the Japan-Mexico EPA, in effect from April 2005, encouraged an 84% increase in local production by Japanese automakers between 2004 and 2010.
- Japanese automakers currently operate 6 production facilities in Mexico. Mazda and Honda recently announced the construction of new production plants in Salamanca City (starting in FY2013) and Celaya (starting in 2014), respectively.

Vehicle Production by Japanese Automakers in Mexico

Japanese Automakers' Production Facilities in Mexico



Source: Marklines Database

Manufacturer	Location
Honda	El Salto
Toyota	Tijuana
Nissan	Aguascalientes
	Civac (Cuernavaca)
Isuzu	Cuautitlan
Hino	Silao



# Surge of Investment with the Japan-Switzerland EPA

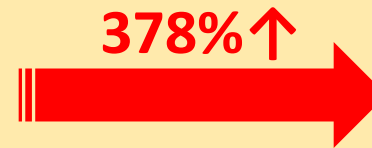
- The Japan- Switzerland EPA increased direct investment from Japan to Switzerland.
- Approximately four-fold increase from 2008, before the EPA entered into force.

**(2008)**

**(2012)**

**Investment\***  
(Japan→Switzerland)

**120 BN yen**



**454 BN yen**

\*Stock Basis

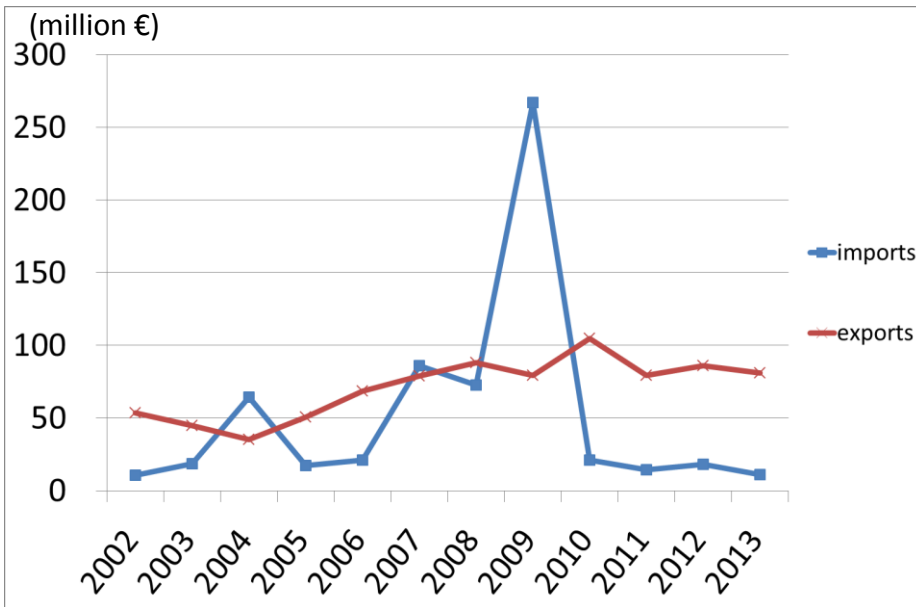
Source: Bank of Japan

**Japan-  
Switzerland  
EPA  
(2009)**

# The EU Transport Equipment Trade with Japan

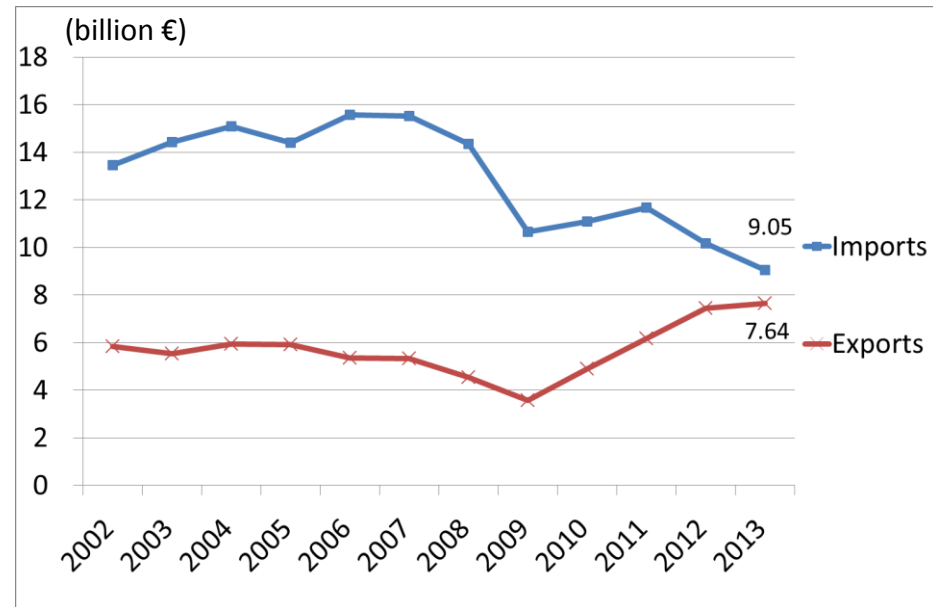
- In railway trade, the EU has increased exports to Japan for the last decade.
- In passenger cars and parts, the EU still registers a deficit with Japan, but in the last five years, the gap between import and export has decreased.

## The EU Railway Trade with Japan



Railway; 86  
Source; World Trade Atlas

## The EU Passenger Cars and Parts Trade with Japan

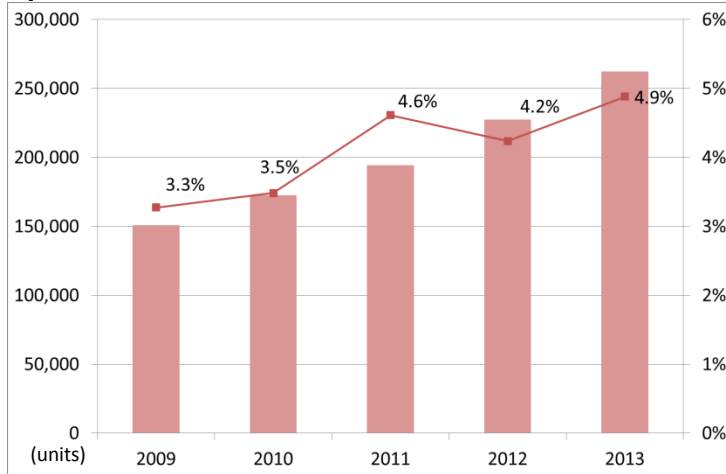


Passenger cars; 8703 Parts; 8708  
Source; World Trade Atlas

# Imported Vehicles in Japan and Europe

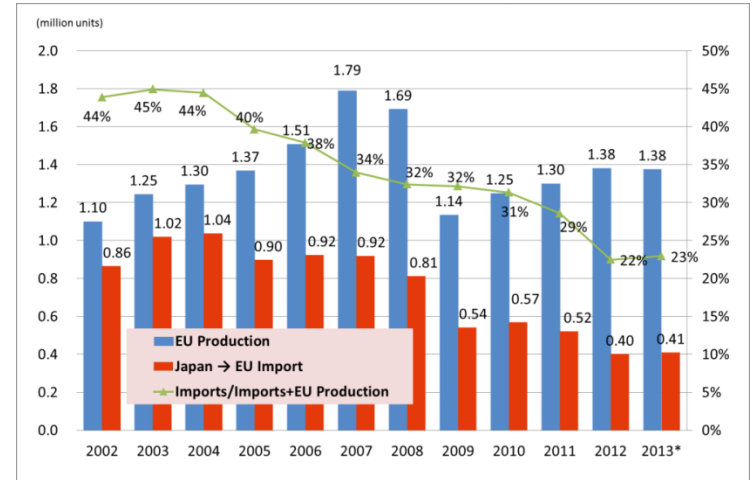
- The share of European vehicles in Japan's domestic market has rapidly increased in the last 5 years.
- The EU production by Japanese automakers increased to 1.38 million units in 2013.
- More than two-thirds of Japanese vehicles sold in the EU is locally manufactured.

## ➤ Share of European vehicles in Japan



Source: JADA, JAIA

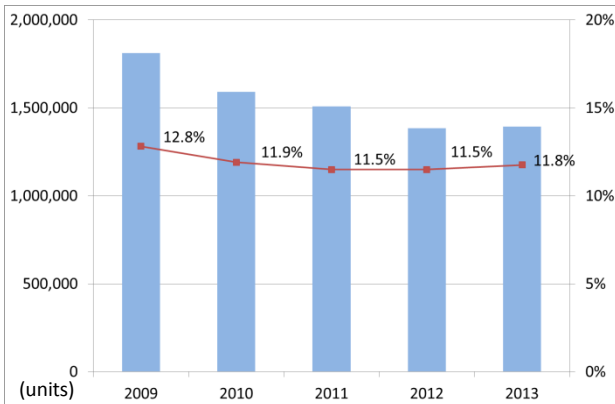
## The EU production vs. imports by Japanese automakers



Source: JAMA

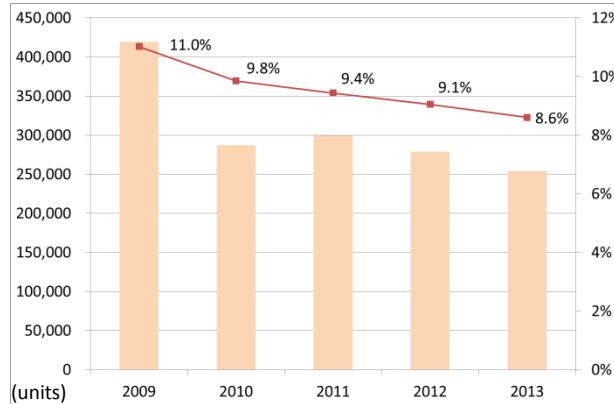
\*Preliminary figures

## Share of Japanese vehicles in the EU



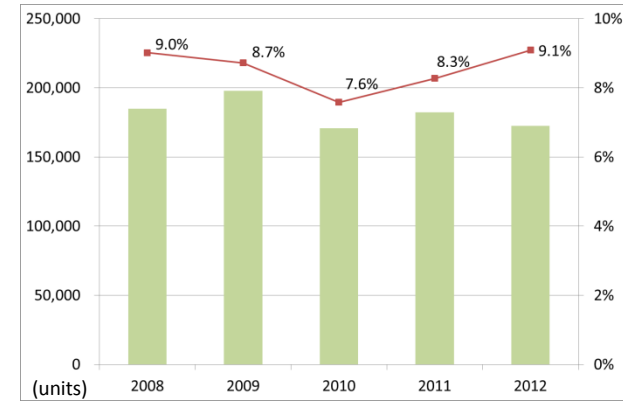
Source: ACEA

## Share of Japanese vehicles in Germany



Source: JAMA, VDA

## Share of Japanese vehicles in France



Source: JAMA, VDA

# Government Procurement is Open to European Companies

- European companies have increased government procurement orders and its operation in Japan

Veolia Water Japan  
A Japanese corporation under a French company (environment)

Succeeded in signing contracts with five local governments (more than 19 billion yen)

Main example: Contents of the contract with Matsuyama City, Ehime Prefecture

- Contract period: Five years from 2012
- Contract value: Around 1.3 billion yen
- Order details: Entrusted management of institutions, including a water purification plant in Matsuyama City

Other examples

- Signed similar contracts with Hiroshima City, Saitama Prefecture, Chiba Prefecture, and so on (more than 19 billion yen in total since 2006)

Siemens Japan  
A Japanese corporation under a German company (industrial machinery)

Received orders for expensive medical instruments from institutions, including national university hospitals (more than 4 billion yen)

Main example: An order for medical instruments from a Japanese national university hospital

- Time of order: July 2011 (Bid)
- Contract value: Around 700 million yen
- Content of Order: Radiotherapy systems

Other examples

Received orders from national university hospitals throughout the country (More than 4 billion yen in total since 2010)

GlaxoSmithKline (Japanese corporation)  
A Japanese corporation under a British company (pharmaceuticals)

Received a large order for an anti-influenza drug for government stock (more than 5 billion yen)

Main example: An order for medicine from the Ministry of Health, Labour and Welfare of Japan

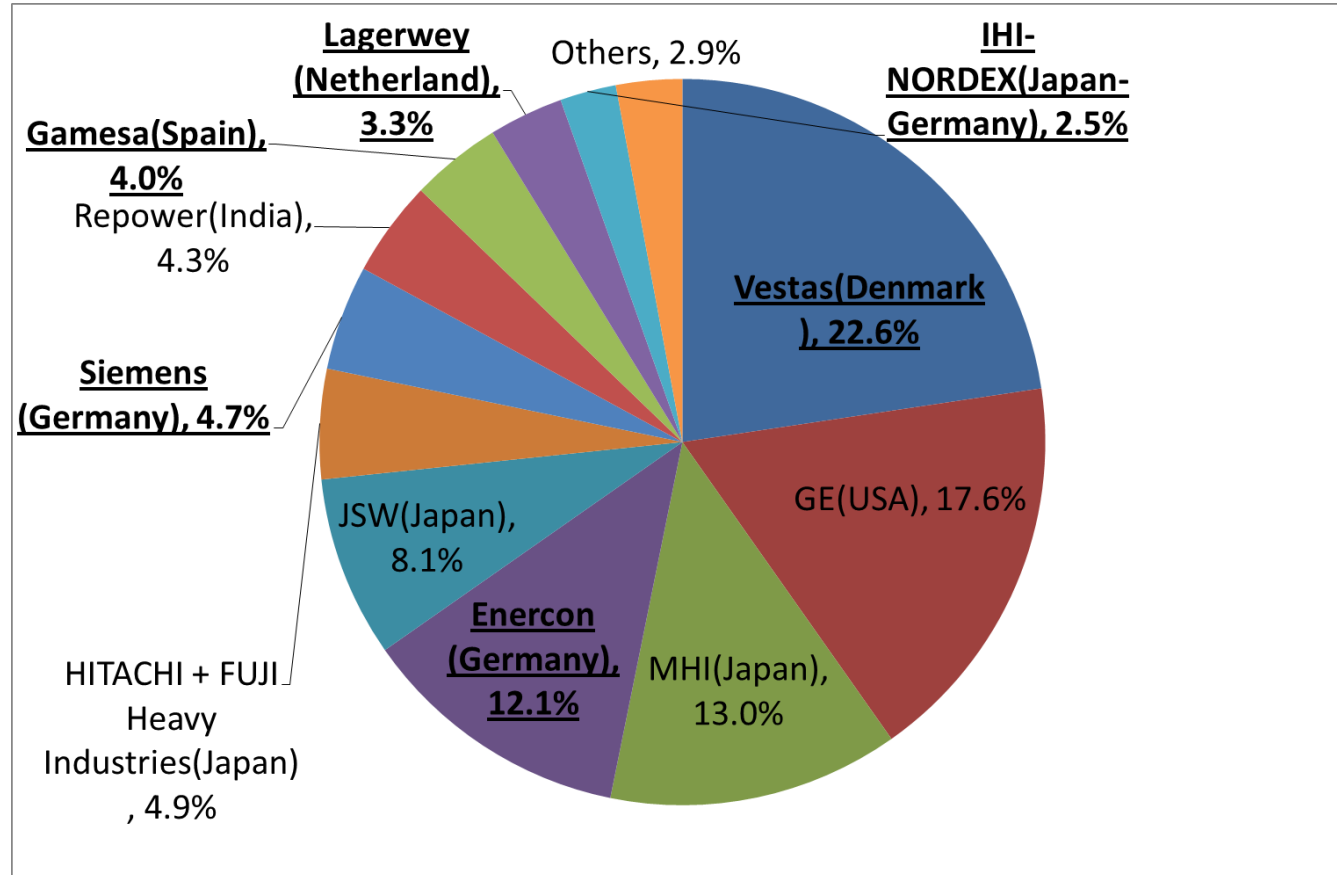
- Time of order: March 2009 (bid)
- Contract value: Around 3.7 billion yen
- Content of Order: Anti-influenza drug

Other examples

- Received orders for Relenza from the Ministry of Foreign Affairs, Osaka Prefecture, Yamanashi Prefecture, and so on (more than 5 billion yen in total since 2009)

# Share of Installed Wind Power Capacity in Japan – Companies (FY 2013\*)

- Nearly half of Japanese wind power capacity is provided by European companies.



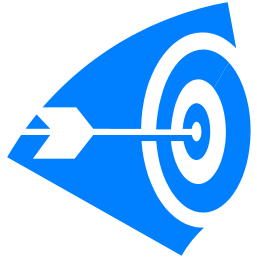
\*Preliminary figures

Source; Japan Wind Power Association

# Abenomics

# Three Arrows of Abenomics

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**The First Arrow:  
Bold Monetary Policy**



**The Second Arrow:  
Flexible Fiscal Policy**



**The Third Arrow:  
Growth Strategy to Encourage Private  
Investment**

# Fundamental Principles of the Third Arrow ①

## 1) Creation of New Markets

- Create new markets while also addressing common global challenges
  - Streamline the approval process of leading edge medical equipment, and establish an institution that comprehensively manages leading-edge research and development.

### ○ Major Key Performance Indicators (KPI)

- Expand the market size of health care, disease prevention and other health-related industry to 10 trillion yen in 2020 (currently 4 trillion yen).
- Expand the market size of pharmaceutical products, medical equipment, regenerative medicine and other medical-care-related industry to 16 trillion yen in 2020 (currently 12 trillion yen).
- Expand the size of PPP/PFI projects to 12 trillion yen over the next 10 years (currently 4.1 trillion yen).

## 2) Strengthen Utilization of Human Resources

- Increase workforce participation of women, youth and the elderly in the workforce.
  - Support the advancement of women's roles in the workforce and support youth in their search for employment.

### ○ Major Key Performance Indicators (KPI)

- Improve female (25 to 44 years of age) participation in the workforce from the current rate of 68% to 73% by 2020.
- Reduce by 20% the number of long-term unemployed (more than 6 months) over the next five years and increase the rate of employment change and new hiring from 7.4% in 2011 to 9%.
- Double the number of international students by 2020 (university students and other students from 60,000 to 120,000).



# Fundamental Principles of the Third Arrow ②

## 3) Promotion of Investment

- Corporate investment is to be encouraged to maximize the potential of the private sector.
  - Bold regulatory and institutional reform, bold tax incentives for capital investment.

### ○ Major Key Performance Indicators (KPI)

- Return capital investment to the pre-global-financial-crisis level within three years (target: 70 trillion per year; FY2012: 63 trillion yen).
- Enhance the ratio of business startups to exceed the ratio of business closures and bring those ratios to a level comparable to the U.S. and UK, which is above 10% (current rate in Japan is approximately 5%).

## 4) Global Economic Integration

- Promote integration with the global economy through encouraging overseas expansion of Japanese companies and foreign direct investment.
  - Promote economic cooperation such as TPP and the Japan-EU EPA, create the most business friendly environment through regulatory reform driven by the establishment of the National Strategic Special Zones, and enhance foreign direct investment.

### ○ Major Key Performance Indicators (KPI)

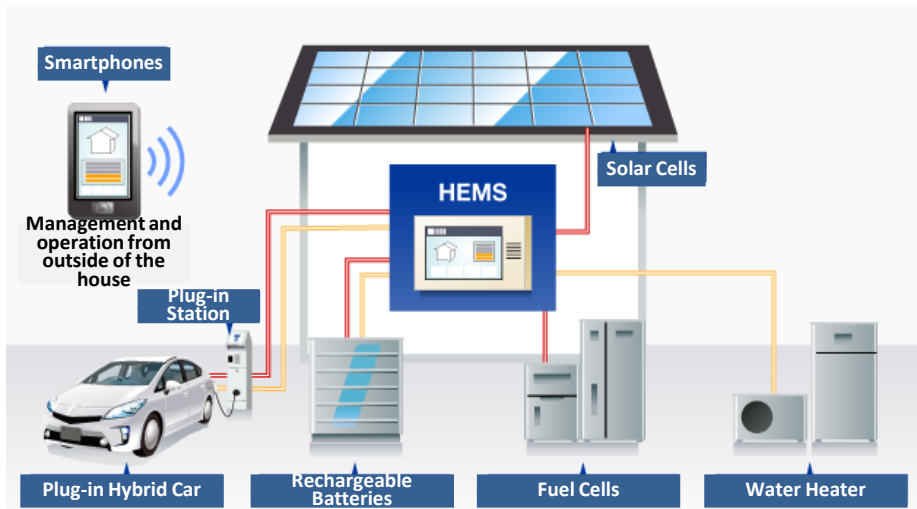
- Increase the trade conducted under FTAs to 70% by 2018 (currently 19%).
- Double the amount of direct investment in Japan by foreign companies to 35 trillion yen by 2020.
- Attract 10 million international tourists annually in 2013 and 30 million in 2030.

# 1) Creation of New Markets

# Creating New Businesses and Reforming in the Electric Power Systems

- Japanese government enhances new business in the energy market through implementing the reform of the Electricity Power System.

## Energy Control Using an Energy Management System



Home Energy Management System (HEMS) by Denso Corporation

## Implementing Reforms of the Electricity System

### 1st stage (by approx. 2015)

➡ Enacted the related bill

- ◆ Establishment of the Organization for Cross-regional Coordination of Transmission Operators (OCCTO).

→nation-wide grid system

### 2nd stage (by around 2016 )

➡ The related bill was submitted to the current Diet session

- ◆ Full liberalization of the retail market.

### 3rd stage (by around 2018 - 2020)

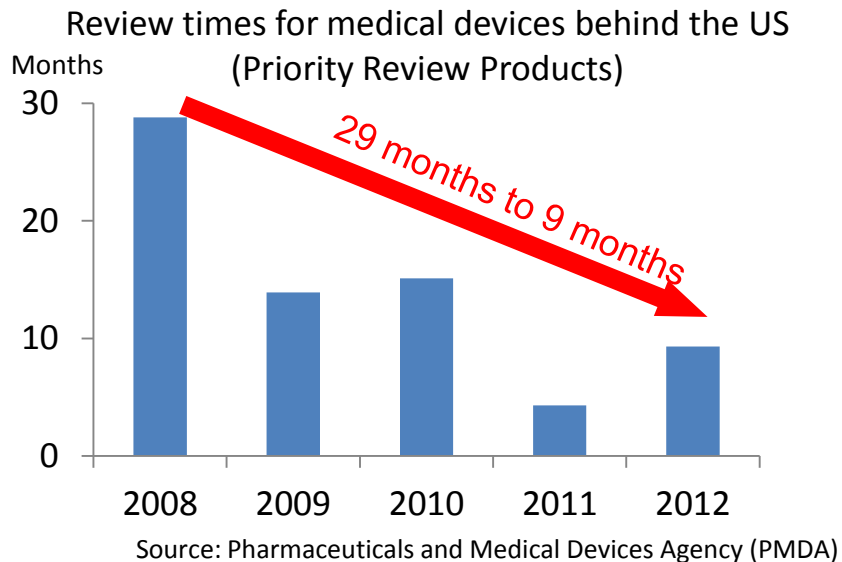
- ◆ Unbundling of transmission and distribution sector.
- ◆ Full liberalization of retail rates.

# Creation of New Industries in Response to Japan's Aging Society - Examples from the Healthcare Sector

- Pharmaceutical Affairs Law was revised last autumn  
(As part of the regulatory reform in the field of healthcare)

Major revisions in the related bills  
of the Pharmaceutical Affairs Law, etc.

## (1) Speed up the certification for innovative medical devices.



## (2) Faster authorization in Regenerative Medicine.

Establish an early authorization system.

Medical Device Making Use of SME Manufacturing Technology

### Example.



#### Tailor-made Joint Prostheses

- Apply its propeller manufacturing technique for tankers.
- Develop decreased-wear and more durable joint prostheses suited for Japanese body type and lifestyle.

Nakashima Medical Co., Ltd,  
(Okayama pref. Capital: 50 million yen Employees: 153)

Productivity Improvement in Nursing Care Business



Reduce the burden on nurses

[Example] SMART SUPPORT Corporation  
Use of nursing care robots contributes  
to improving the productivity  
of nursing service.)

# Sector-Specific Regulatory Reform

## ~Medical Devices and Pharmaceutical~

### Medical Devices

- Authorization procedures
- Labelling requirements
- Quality Management System : QMS
- Stand-alone medical software

Revision of the Pharmaceutical Affairs Law was enacted in the extraordinary Diet session in Autumn 2013.

Details will be stipulated by lower level legislation (ministerial orders, etc.)

### Pharmaceutical

#### ● Vaccines

In order to ensure consistency with international standards in terms of specifications and testing methods for vaccines, “Minimum Requirements for Biological Products” was revised on September 2013.

#### ● Good Clinical Practice : GCP

To ensure consistency of the GCP Ordinance with the content of ICH-GCP Guidelines, GCP Ordinance was amended in December 2012.

#### ● Expansion of Japan-EU MRA (Good Manufacturing Practice :GMP)

Japan is now proceeding with application for membership in Pharmaceutical Inspection Co-operation Scheme (PIC/S).

## ● Adoption of UNECE regulations

MLIT (Ministry of Land, Infrastructure, Transport and Tourism) published roadmap on 29 March, 2013.

- 35/47 passenger vehicle regulations adopted
- 8 regulations are in the process of adaptation
- additional work is also in progress

## ● Zoning for automobile service shops

On addressing the Technical Guideline from 2011, the number of approvals in FY2012 is more than double (32) that of FY 2011 (14).

## ● Automotive Safety Devices

### -Pyrotechnic Safety devices-

METI expanded the scope of exemptions for the Explosive Control Act concerning automotive pyrotechnic safety devices in February 2012.

### -Hydrogen Gas Airbags-

(the generic exemption of airbags containing hydrogen gas from import inspection)

METI has decided to finalize examination by March 2014 and amend the relevant regulations afterwards, by the end of 2014.

## ● High-pressure gas tanks

The gtr (Phase 1) was adopted in June 2013 at UNECE/WP29. Japan will adopt the gtr by the end of June 2014.

## ● Food additives

With the following 7 food additives newly designated since the Cabinet Decision in July 2012, 37 out of 45 common, internationally used food additives have been designated to date.

- Magnesium hydrogen phosphate
- Calcium saccharin
- Potassium lactate
- Potassium sulfate
- Calcium acetate
- Calcium oxide
- Isopropanol

The remaining 8 additives and Sunflower lecithin are in the process of designation

## ● Beef Import

The ban on imports of cattle meat and offal was lifted.

- France (Feb 2013)  
cattle aged 30 months or under
- Netherlands (Feb 2013)  
cattle aged 12 months or under
- Ireland (Dec 2013)  
cattle aged 30 months or under

## ● Organic food

(labelling, documentation requirements, etc.)

A comprehensive package agreed on by MAFF and DG-AGRI was implemented on 1 April, 2013.

The Ministerial Ordinance was amended on 1 April, 2013.

## 2) Strengthen Utilization of Human Resources



# Attract Human Resources from Overseas

- Review the points-based preferential immigration system for foreign professionals
  - ➡ Increase the number of people accepted through this system (about 430 since the program was introduced in 2012)
- Regarding university reform, increase the number of foreign researchers
  - ➡ Offer 1,500 full-time positions for overseas researchers over the next 3 years

## Review of the immigration process for highly-skilled foreign professionals

- Relax annual income criteria (e.g. reviewing the definition of annual income to include rewards from overseas institutions)
- Reduce the time that foreign nationals are required to reside in Japan before being eligible for permanent resident status (from 5 years to 3 years)



**The related bill to be submitted to the current Diet session**

# Enhancing Flexibility of Labor Market

A drastic shift in employment policy in supporting labor mobility to support new industries

- Enhancing skills for career changes

Current: Mainly support people in maintaining current jobs in companies.

→ Shift policies to supporting training programs to upgrade skills for career changes.

- Strengthening job matching

Current: Information owned by "Hello Work" (governmental unemployment office) is not shared with private sector.

→ i) Disclosing information to private sector on job offers/ job seeking held by public sector.

ii) Enhancing matching function by utilizing private-sector human resources.

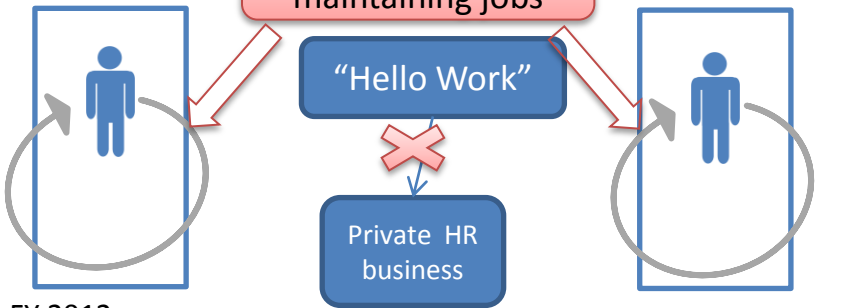
## Current

Low labor mobility

Support for  
maintaining jobs

Old Industries

New Industries



<FY 2012>

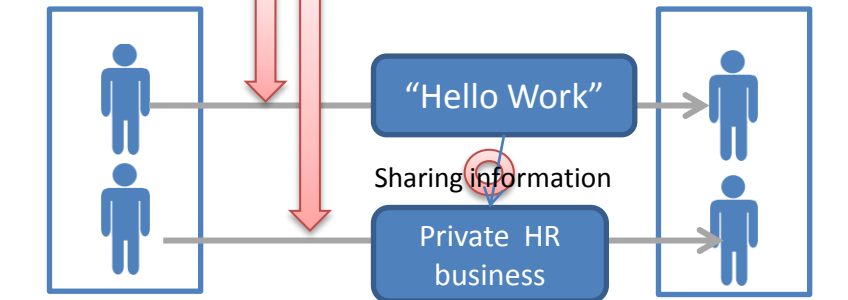
- Majority of labor budget is allocated to training programs to let the people maintain their jobs. (3 digits larger than training programs for career changes) (\113.4 billion allocated to maintain jobs; \240 million for career changes)

## After reform

Support training programs  
for career changes

Old Industries

New Industries



- More budgets for training programs for career changes than those to maintaining jobs.

<FY 2014 Proposal>

\54.5 billion to maintain jobs, \ 30 billion for career changes.

<FY 2015>

Reverse budgetary balance between two types of programs.

## Other issues related to labor policy

- Reviewing rules on working hours, diversified ways of working.
- Establishment of a committee composed of government, labor and management to discuss the distribution of the fruits of growth and structural reforms in the labor market.

### 3) Promotion of Investment

# Promotion of Business Restructuring

## Promotion of investment for venture/start-up business

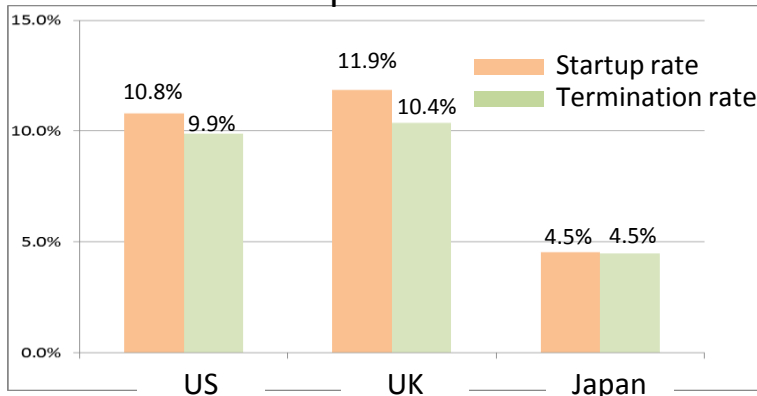
- Level of business startup and termination rates has stayed lower in Japan, less than half that of US and UK.
- Counteract shrinking risk-money flow to venture companies after Lehman crisis.



To promote venture/start up investment,

- ✓ Accept 80% of investment amount for venture funds as deductible expense.

Business startup and termination rates



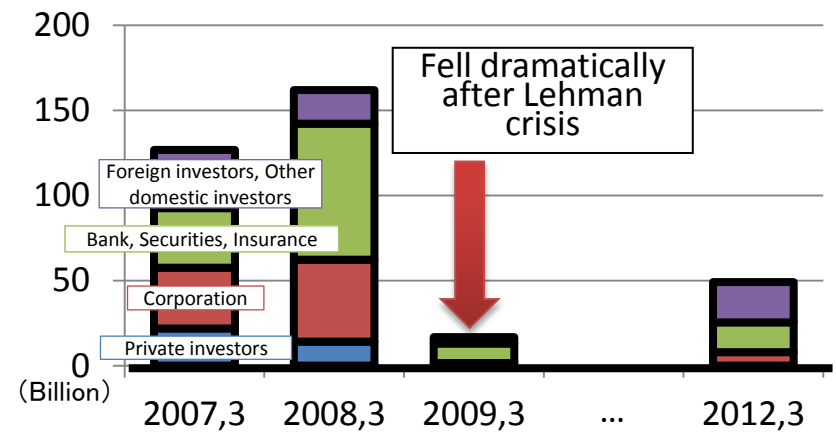
US: U.S. Small Business Administration "The Small Business Economy: A report to the President(2011)"

UK: Office for National Statistics "Business Demography(2010)"

Japan: Ministry of internal affairs and communications

※ US: Average of year 2004 to 2008    ※ UK, Japan: Average of year 2004 to 2009

Trends of money flow to venture companies



Source: METI based on researches of Venture Enterprise Centre

## Enhanced corporate governance



Revision of corporate law to require at least one outside director.

### "Comply or Explain Rule"

If a company will not comply with the rule, the company must explain why the company cannot have an outside director.

# Subsidy Program for Projects Promoting Asian Site Location in Japan

- The central government and local governments offer a variety of subsidies, and both central and local government subsidies may be receivable for the same project.

Subsidized Projects	Eligible Costs	Subsidy Rates/ Maximum Amount
Establishment of R&D facilities or Regional Headquarters in Japan by Global Companies	Survey Design Costs, Facility Costs, Equipment Costs, Facility Rental Fees	Up to 1/2 for SMEs; Up to 1/3 for non-SMEs; Up to 2/3 for disaster afflicted areas;

# Subsidy Program for Projects Promoting Asian Site Location in Japan

## Companies Selected for the Subsidy Programs

### <FY 2010 Subsidy Program>

\* alphabetical order

No	Company name	Global HQ	Sector
1	Eurocopter Japan T&E Co., Ltd.	France	Special-purpose helicopters

### <FY 2011 Subsidy Program>

No	Company name	Global HQ	Sector
1	DSM Japan Engineering Plastics K.K.	Netherlands	Chemicals (Plastic)
2	Intelligent Energy Holdings Plc	U.K.	Fuel cells
3	Medasys Japan K.K.	France	Medical information system
4	Mikado Kyowa Seed Co., Ltd. (Subsidiary of Vilmorin & Cie S.A.)	France	Vegetable seeds
5	Sanofi-Aventis K.K.	France	Pharmaceuticals
6	Umicore N.V.	Belgium	Industrial chemicals (Catalyst)
7	Volvo Technology AB	Sweden	Technology development related to automobiles

### <FY 2012 Subsidy Program>

No	Company name	Global HQ	Sector
1	Faurecia Japan K.K.	France	Automotive component (Automotive seating)

### <FY 2013 Subsidy Program>

No	Company name	Global HQ	Sector
1	BASF Japan, Ltd.	Germany	Chemistry (battery materials)
2	Nippon Busch K.K.	Germany	Vacuum pumps and systems
3	Siemens Japan K.K.	Germany	Fields related to Positron Emission Tomography (PET) drug products

# Subsidy Program for Projects Promoting Asian Site Location in Japan

## Companies selected for the Subsidy Programs

**Apr. 09, 2013**

**Eurocopter Japan Co., Ltd., establishes an R&D center in Kobe**



Eurocopter Japan Co., Ltd., the Japanese subsidiary of European helicopter manufacturer, Eurocopter, established an R&D center in Kobe. It is the first foreign aviation manufacturer to establish an R&D center in Japan. The center is located in the aircraft maintenance facilities and training center in Kobe Airport, has a key role in developing optional equipment for special-mission helicopters, designing onboard installation and installing equipment.



**Jul. 18, 2013**

**Subsidiary of major French pharmaceutical company Sanofi establishes regional headquarters in Tokyo**



The company had designated Japan, Korea, Australia and New Zealand as its JPAC (Japan & Pacific) Region, an area of advanced markets for medical and pharmaceutical products, establishing its regional office in Tokyo to comprehensively manage the region's financing, human resources, strategies, and regulatory affairs. By positioning supervisory functions for its JPAC Region in Japan, it is expected that the Japanese subsidiary will grow in importance in the region and become a focal point for global resources.

# Preferential Treatment by the Act (\*)

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For R&D facilities and Regional Headquarters

- Corporate tax breaks  
(from approximately 36% to 29% )
- Acceleration of visa issuing procedures  
(ordinarily 1 month → around 10 days)
- Acceleration of patent examinations  
(ordinarily: around 16 months  
→ around 2 months)

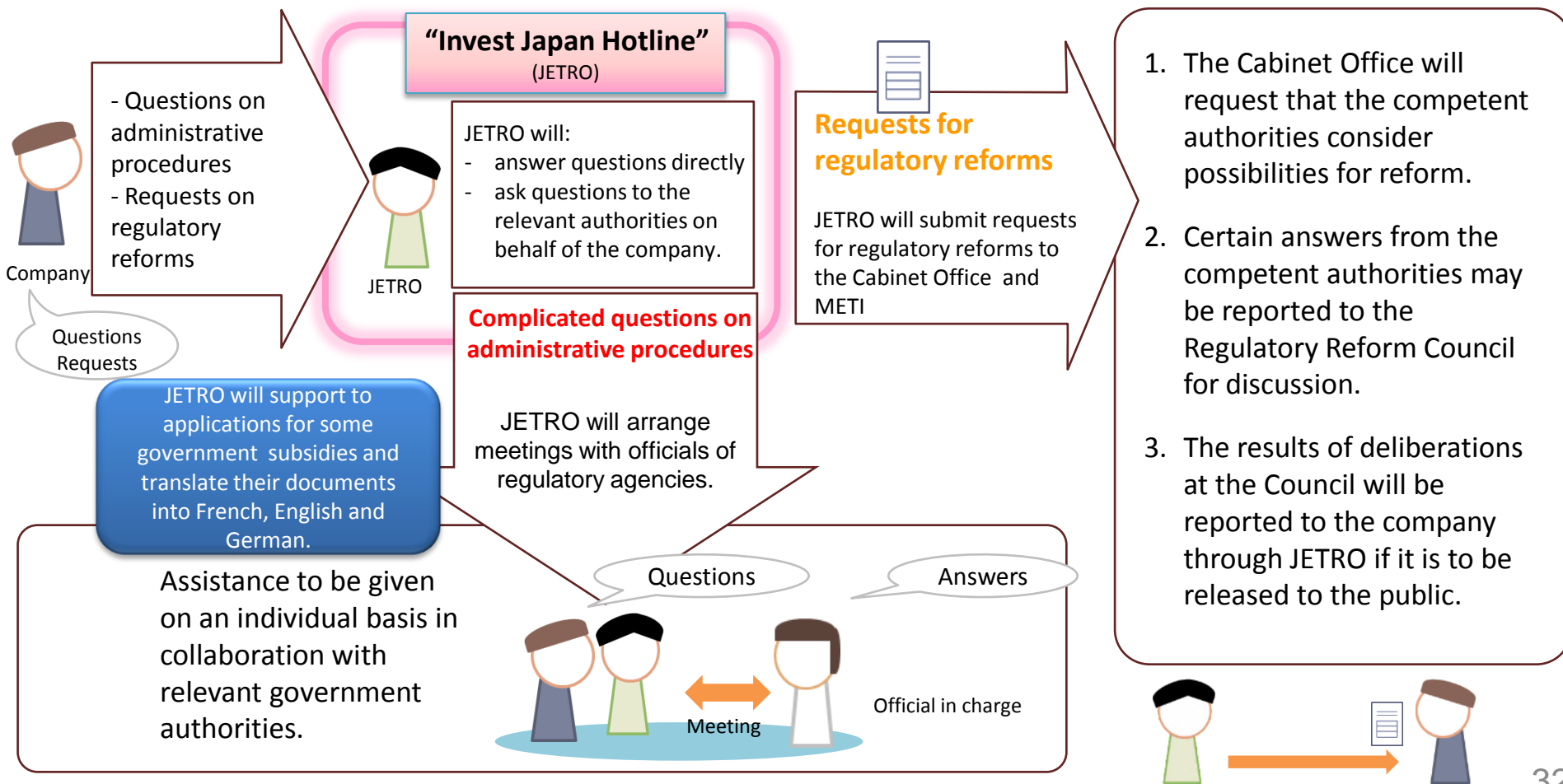
(\*) *Act for Promotion of Japan as an Asian Business Center*



# “Invest Japan Hotline”

JETRO supports foreign companies by

- Providing consultation regarding administrative procedures required for FDI into Japan.
- Arranging meetings with officials of regulatory agencies if needed.
- Relaying requests for regulatory reforms to the Japanese government.

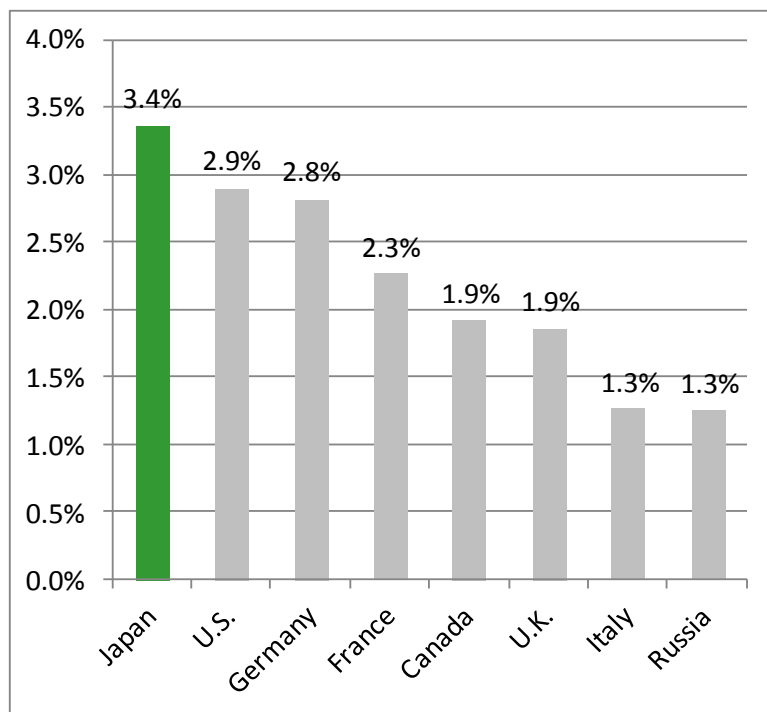


# Optimized for Innovation

## ➤ Japan provides an ideal environment for R&D.

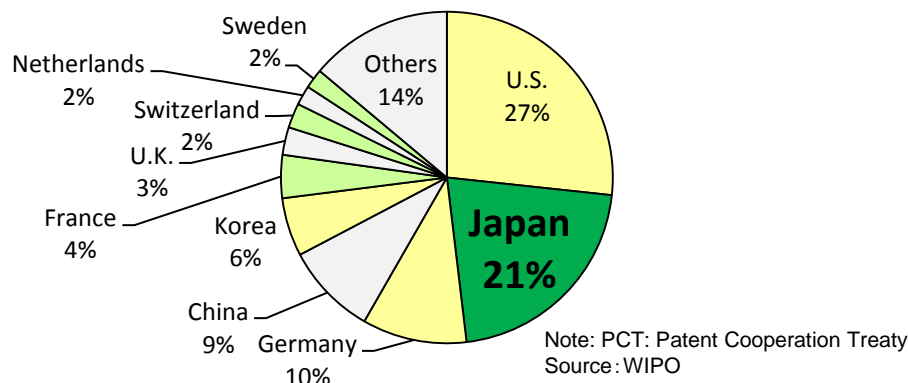
- R&D expenditures per GDP and the number of researchers per capita is No.1 among G8 countries.
- Japanese firms rank high in global patent applications.
- Japan has produced many Nobel Prize laureates. 15 Japanese scientists received the Nobel prize.

Gross domestic expenditure on R&D  
as a percentage of GDP (2009)



Source: OECD, "Main Science and Technology Indicators: Volume 2012/1"

Share of PCT applications by  
country of origin (2011)



Japanese Nobel Prize  
Laureates since 2008

Year	Name	Category
2012	Shinya Yamanaka	Physiology or Medicine
2010	Ei-ichi Negishi	Chemistry
2010	Akira Suzuki	Chemistry
2008	Makoto Kobayashi	Physics
2008	Toshihide Maskawa	Physics
2008	Osamu Shimomura	Chemistry

Source: Nobel Prize.Org

# All Japan Innovation Strategy

- Reinforcing headquarter functions of the “Council for Science and Technology Policy”
  - ➔ The related bill to be submitted to the current Diet session

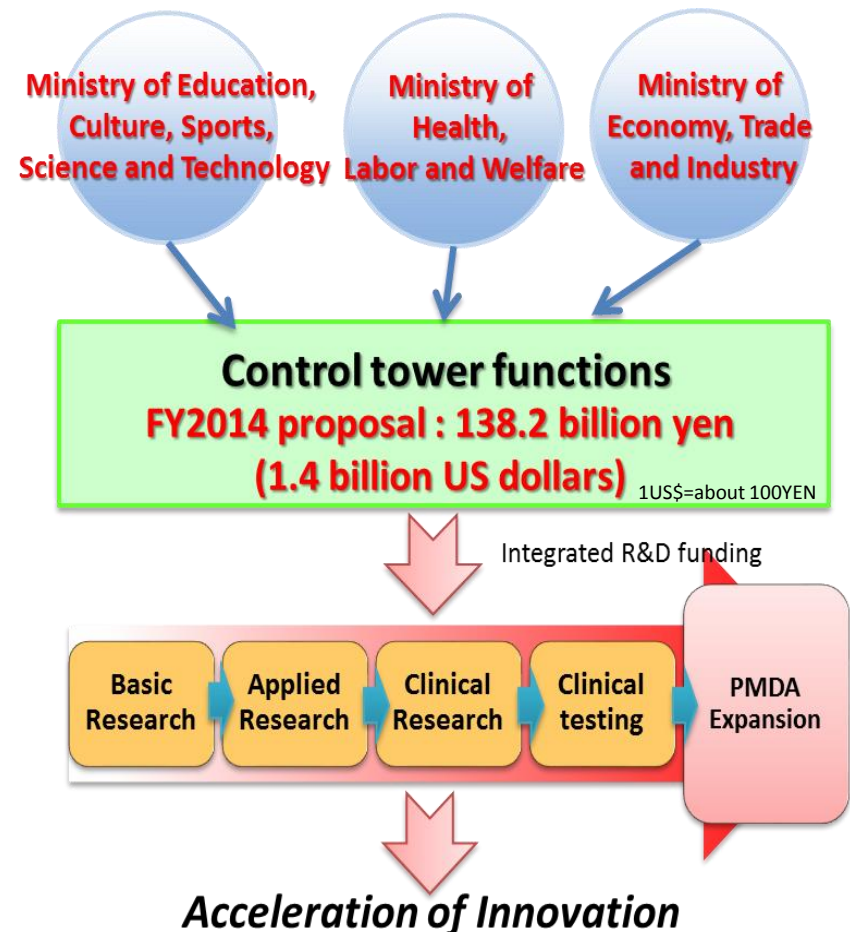
- Establishing control tower functions in medical R&D
  - ➔ The related bill to be submitted to the current Diet session

## ○ Cross-ministerial Strategic Innovation Promotion Program (SIP)

- A cross-ministerial program that facilitates cooperation across ministerial boundaries and industrial sectors.
- The Council for Science and Technology Policy identifies challenges and allocates budgets accordingly.

## ○ Impulsing PARadigm Change through disruptive Technologies (ImPACT)

- Drives high risk, high impact research and development that will bring huge paradigm change to Japan's industry, economy and society.



# EU-Japan Investment in Innovation

**Apr. 07, 2010**

## **Umicore Japan KK to invest JPY4 billion to produce lithium ion battery materials in Kobe**

Umicore's JPY 4 billion investment in Kobe-city will provide a vital production presence in Japan and will employ 40 people once it reaches its designed capacity. The investment will also incorporate a new technical center for the testing and validation of materials for customers. This center will mostly employ university graduates and will expand according to customer requirements.



Source; [http://www.umicore.jp/ja/umsjInfo/ujpPressRelease/show\\_20100407\\_umicore\\_investment\\_in\\_Kobe\\_EN.pdf](http://www.umicore.jp/ja/umsjInfo/ujpPressRelease/show_20100407_umicore_investment_in_Kobe_EN.pdf)

**Jan. 24, 2013**

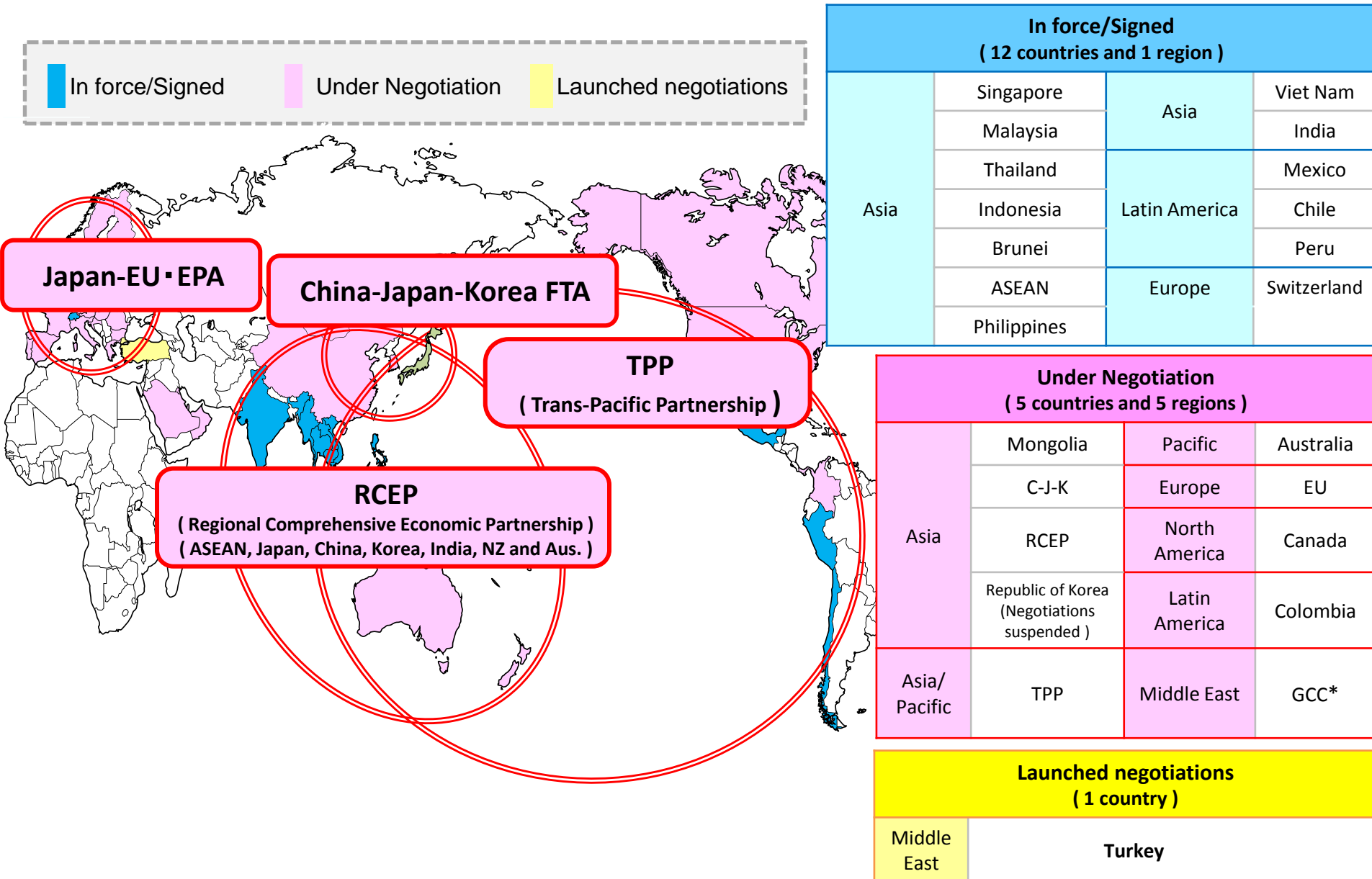
## **BMW Group and Toyota Motor Corporation Deepen Collaboration by Signing Binding Agreements**

Munich. BMW Group and Toyota Motor Corporation (TMC) are pursuing their successful strategic long-term cooperation in the field of sustainable mobility today by signing binding agreements aimed at long-term collaboration between the two companies for the joint development of a fuel cell system, joint development of architecture and components for a sports vehicle, and joint research and development of lightweight technologies. These agreements follow a memorandum of understanding signed in June 2012.

Source; [http://www.bmwgroup.com/e/0\\_0\\_www\\_bmwgroup\\_com/investor\\_relations/corporate\\_news/news/2013/Vertragsunterz\\_Toyota\\_Jan\\_13.html](http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/investor_relations/corporate_news/news/2013/Vertragsunterz_Toyota_Jan_13.html)

## 4) Global Economic Integration

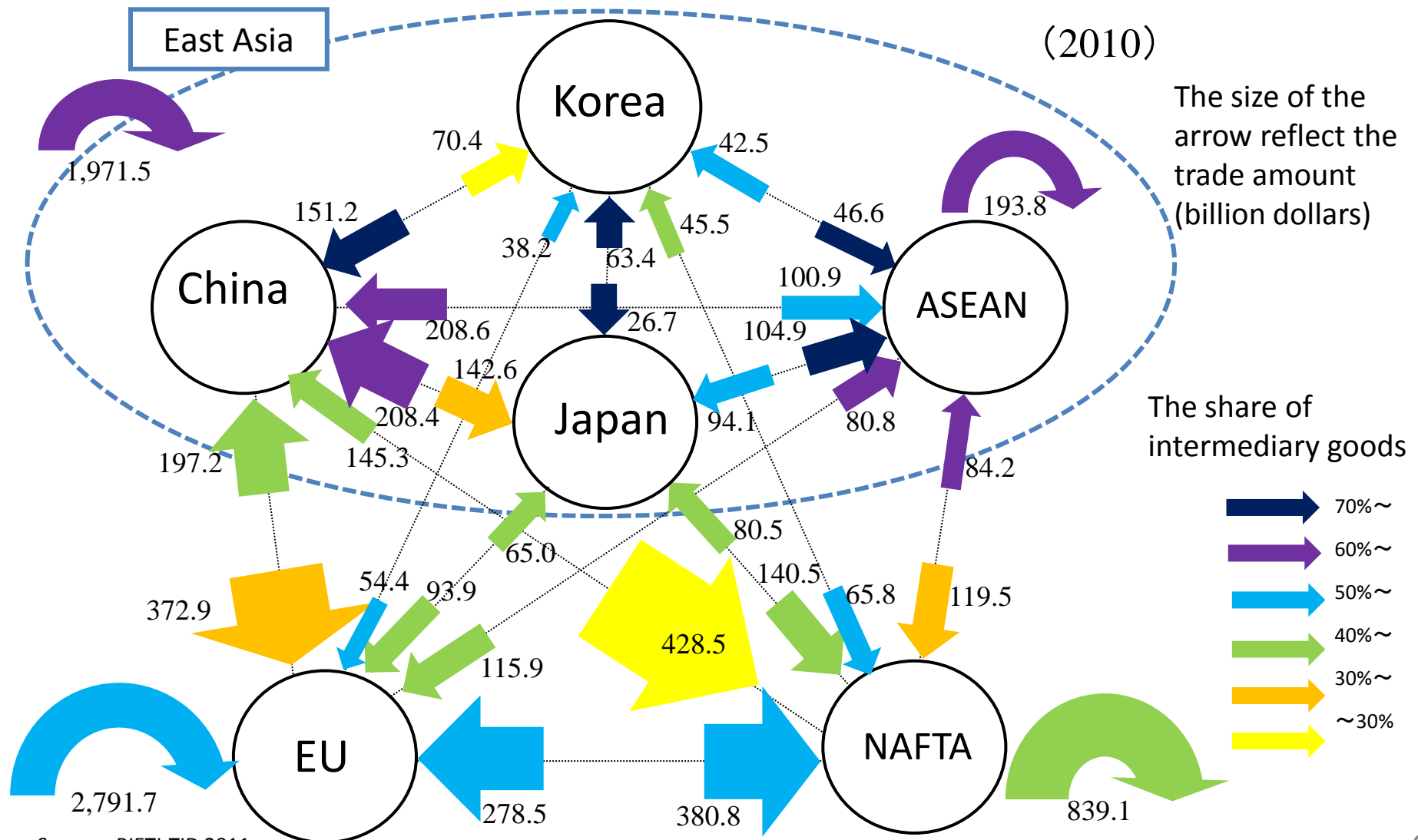
# Development of Japan's EPA/FTA Networks



\* GCC: Gulf Cooperation Council (UAE, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia)

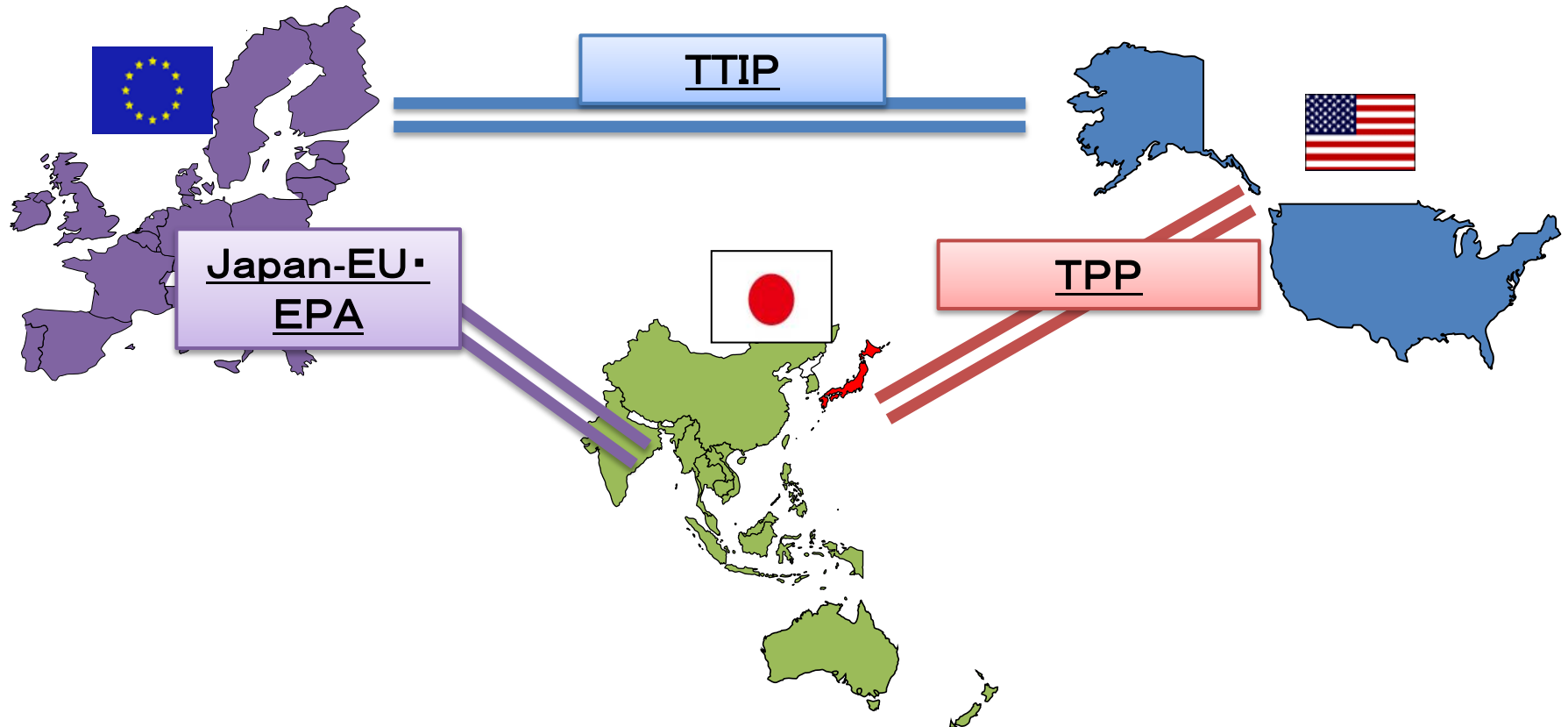
# Supply Chain in East Asia

Many intermediary goods are traded within East Asia. They are assembled in East Asia and exported to huge markets including East Asia itself as well as the EU and NAFTA.



# Japan-EU EPA/FTA

1. Japan and the EU combined account for approximately 10% of the world's population, more than 30% of the world's GDP and global trade.
2. Both are highly sophisticated economies and societies. The integration of these markets will contribute to global economic development.
3. At the same time, both can lead the rule-making globally along with TPP(Trans-Pacific Partnership) and TTIP (Trans-Atlantic Trade and Investment Partnership).





# Japan-EU EPA/FTA

- In March 2013, the launch of the negotiation in the conference call between the EU and Japan leaders. Since April 2013, four rounds of negotiation meetings have taken place.
- Leaders on both sides committed to an early conclusion of the agreement.

## Japan's interest

- 1) Elimination of high tariffs on industrial products( e.g. automobiles: 10%, electronic devices: 14%) will improve competitive condition for Japanese products in the European market.
- 2) Regulatory issues facing Japanese companies in Europe should also be proactively addressed in the negotiations.

## EU's interest

- 1) Non-Tariff Measures(NTMs) on automobiles, chemicals, electronic devices, food safety, processed food, medical devices, and pharmaceuticals, among others.
- 2) Government procurement(e.g. railways).
- 3) Elimination of tariffs on the main export products to Japan.



## 21st Japan-EU Summit Joint Press Statement -19 Nov, 2013

**Para3 :** Summit leaders underlined the importance of continued progress in the ongoing negotiations for a Strategic Partnership Agreement (SPA) on a comprehensive basis and an ambitious Economic Partnership Agreement (EPA) / Free Trade Agreement (FTA) since the start of the negotiations in April. With a shared perception of the great importance of these two agreements as long-standing foundations for their future partnership, Summit leaders reiterated their commitment to the earliest possible conclusion of these two agreements and instructed the Ministers/Commissioners to press forward the negotiations further. They will, therefore, present without delay ambitious market access offers on trade in goods, trade in services and

**Para39 :** Summit leaders recognized the important contribution of the Japan-EU Business Round Table (BRT) to the development of bilateral economic relationships, and reaffirmed their determination to continue cooperation with the business communities on both sides, notably through the BRT, in order to strengthen relations further.

# Supporters for the earliest conclusion of the Japan-EU EPA/FTA

1. EU-Japan Business Round Table 
2. BUSINESSEUROPE 
3. KEIDANREN 
3. EUROCHAMBERS 
4. European Business Council In Japan (EBC) 
5. European Chemical Industry Council (CEFIC) 
6. European Ceramic Industry Association (Ceram-Union) 
7. Confederation of National Association of Tanners and Dressers of the European Community (COTANCE) 
8. Digital Europe (DE) 
9. European Federation of Pharmaceutical Industries and Associations (EFPIA) 
10. European Cultural and Creative Industries Alliance (ECCIA) 
11. European Apparel and Textile Confederation (EURATEX) 
12. Retail, Wholesale and International Trade Representation to the EU (EuroCommerce) 
13. European Association of Metals (Eurometaux) 
14. European Services Forum (ESF) 
15. Federation of the European Sporting Goods Industry (FESI) 
16. FoodDrinkEurope 
17. Foreign Trade Association (FTA) 
18. International Federation of the Phonographic Industry (IFPI) 
19. European Confederation of the Footwear Industry (CEC) 
20. European Committee of Domestic Equipment Manufacturers (CECED) 
21. European Furniture Industries Confederation (EFIC) 
22. European Semiconductor Industry Association (ESIA) 
24. LIGHTING EUROPE 
26. Japan Chemical Industry Association (JCIA) 
28. Japan Textile Federation (JTF) 
30. COPA-COGECA 
31. European Liaison Committee for Agricultural and Agri-Food Trade (CELCAA) 
32. Japan Electronics and Information Technology Industries Association (JEITA) 
33. Japan Business Council in Europe (JBCE) 

Thank you.