

<b>Publication</b>	Kyodo News
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<b>Title</b>	<i>Japan, EU businesses to push political leaders for FTA-plus pact</i>

Japanese and European business leaders will urge their political leaders on Wednesday to start intergovernmental talks on a “dynamic economic accord” that goes beyond the level of a free trade agreement, Japanese government officials said Tuesday.

The business leaders will lodge their proposal with Japanese Prime Minister Shinzo Abe, German Chancellor Angela Merkel and European Commission President Jose Manuel Barroso ahead of an annual Japan-European Union summit to be held the same day in Berlin, and the political leaders are expected to consider it, the officials said.

With the move, Japan and the European Union are likely to start joint government-private sector talks as early as the summer on what the business leaders call a bilateral “economic integration agreement,” which calls for regulatory convergence and common action on climate change and energy security, as well as facilitation of trade and investment, they said.

If concluded, a bilateral FTA-plus accord would cover about 40 percent of the world's gross domestic product.

The 27-nation European Union has already begun negotiations with South Korea for a bilateral FTA.

The business leaders approved a proposal for the envisaged accord during an EU-Japan Business Dialogue Roundtable meeting that took place Sunday and Monday in Berlin.

The proposal was drafted by the European Business Council in Japan, a Tokyo-based lobby representing about 3,000 European companies and individuals in Japan.

“The EBC is urging the Japanese government to enter a deeper agreement that places less emphasis on tariff-barriers and related issues and has less potential impact on the WTO (World Trade Organization) negotiations,” the EBC said in a statement issued Monday.

“Pursuing a reasoned, cooperative Economic Integration Agreement promises to open up business opportunities for industry and to secure the positions of Europe and Japan as leaders in global trade,” it said.

Specifically, the proposal calls for harmonizing bilateral certification and regulatory processes and ensuring free competition, fair investment and transparent government procurement practices.

It also seeks to promote coactive policies on intellectual property rights, promote responsible climate change policies, expand cooperation on energy security issues, and foster innovation in science and technology.

The EBC, headed by Richard Collasse, president of Chanel K.K., urges the Japanese government and the European Commission to “act with resolute political will to overcome bureaucratic inertia, which itself can act as a regulatory barrier,” according to the statement.

Key figures in Japan-EU relations are in favor of the business leaders' proposal for an FTA-plus pact, provided the two sides continue efforts to push forward the Doha Round talks under the WTO.

“I would support that. But I would support that as a last resort,” Georg Jarzembowski, head of the European Parliament delegation to Japan, said during a recent visit to Tokyo for an annual EU-Japan Interparliamentary Conference.

“We should still try to have a reform of the multilateral agreement,” said Jarzembowski of Germany, alluding to the stalled round of WTO talks. “And only if this fails, we should have bilateral agreements.”

A group of six influential trading players -- Australia, Brazil, the European Union, India, Japan and the United States -- have agreed they will strive to conclude the Doha Round by the end of the year.

Since its launch in 2001, the Doha Round has missed deadline after deadline as negotiators have failed to find common ground on issues related mainly to farming but also market access for industrial goods and services.

Developing countries are calling for greater cuts in farm subsidies by the United States and other rich nations, while advanced economies are pushing developing countries to allow more access to their markets.