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Title	<i>Europe lobby prods Japan, EU to launch talks on new economic pact</i>

A European business lobby in Japan urged Japan and the European Union on Wednesday to launch bilateral negotiations for an ambitious “economic integration agreement,” saying such a step would provide businesses with greater opportunities for growth despite the global financial crisis.

The European Business Council in Japan “believes that, in this time of crisis, the moment has arrived for Japan and the EU to recognize the significance of their combined strength and shared values, and unleash their potential as global economic leaders,” EBC Chairman Richard Collasse said in releasing its annual report on the Japanese business environment for 2008.

“The EBC firmly believes that working towards a bilateral agreement would provide both Japan and the EU with a unique opportunity to not only address longstanding trade issues, but more importantly, also lay the foundations for growth in both economies,” the report said, referring to a Japan-EU Economic Integration Agreement, or an EIA.

Going beyond the level of a free trade agreement, a Japan-EU EIA would include unification of product standards and environmental regulations, liberalization of trade in goods and services and free movements of people and capital, leading to a giant market covering some 40 percent of global gross domestic product.

An EIA “would offer consumers a wider choice of quality goods and services, in many cases at lower prices, as well as the opportunity to move across borders for work without foregoing welfare protection,” the report said.

“It would deliver benefits for business in terms of a single set of rules and unified certification schemes, especially valuable to small and medium-sized enterprises, which might otherwise be deterred from entering new markets by the costs and difficulties involved,” it said. “It seems to us an agreement worth working for.”

Japanese and EU business leaders have each formed task forces to explore the feasibility of an EIA, but the governments from the two sides have yet to launch such an initiative.

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

“We believe that Japan and the EU should start working now, together, on a new approach to international trade and investment, starting with their own relationship,” said Collasse, president of Chanel K.K.

“Right now, that relationship suffers from endless differences in rules and regulations and very little vision of a way forward,” he said. “It is obvious a step change is needed.”

Consisting of 33 chapters, the report highlights current situations, problems and recommendations on outstanding issues in various sectors in Japan such as banking, automobiles, medical equipment and construction materials, along with a section on the prospects for an EIA with the European Union.

The report hails Japan's efforts to allow more foreign carriers to fly into Tokyo's Haneda airport.

The council is the trade policy arm of the 18 European national chambers of commerce in Japan, representing more than 3,000 European companies and individuals operating in the country.