**CIVIL SOCIETY DIALOGUE**

**TRADE SUSTAINABILITY IMPACT ASSESSMENT (SIA) IN SUPPORT OF NEGOTIATIONS BETWEEN THE EU AND JAPAN, DRAFT FINAL REPORT**

**Date:** 20/11/2015  
**Time:** 14:30 – 16:30  
**Location:** Albert Borschette Conference Centre, Room 3C, Rue Froissart 36, Brussels

**Speakers**

Peter Berz, Head of Unit, Far East, Directorate-General for Trade  
Timothée Sautter, Co-ordinator of bilateral trade relations with Japan, Directorate-General for Trade  
Jana Votoupal, Evaluation Coordinator, Directorate-General for Trade  
Alessandra Tucci, Economist, Chief Economist and Trade Analysis Unit, Directorate-General for Trade  
Hosuk Lee-Makiyama, LSE Enterprise  
Patrick Messerlin, LSE Enterprise  
Stefania Lovo, LSE Enterprise  
Philipp Lamprecht, LSE Enterprise

**Introduction**

DG Trade (PB) started the meeting with an introduction on the state of play of the negotiations, with recent exchange of offers on services and public procurement. He stressed that the results of the Trans-Pacific Partnership (TPP) agreement cannot set the limits on the outcome of the EU-Japan FTA. The EU aims at obtaining higher results and is willing to make higher concessions for it. He also stated that the EU-Japan FTA will likely not be finished in 2015.

**Discussion Highlights / Questions and Answers**

EESC (European Economic and Social Committee) inquired about an update on a sustainability chapter and about the structure of involving civil society.

DG Trade (PB) replied that there is progress in the negotiations on the Trade and Sustainable Development (TSD), but Japan is still reluctant to engage in details on the issue of the civil society monitoring mechanism.

Eurogroup for Animals inquired to what extent animal welfare will be included and whether the proposals for the negotiations will be disclosed.
DG Trade (PB) stated that it has been agreed that animal welfare will be included into the agreement and that negotiations on the text are currently ongoing under the SPS chapter. Regarding transparency on the proposals for negotiations, the approach is discussed with the Council and the European Parliament.

ZVEI (Zentralverband Elektrotechnik- und Elektronikindustrie e.V.) inquired on offers in negotiations on government procurement, on the state of play on market access in goods and the linkage with the rules of origin, and TBT.

DG Trade (PB) replied that negotiators aim at GPA-plus and TBT-plus outcomes. Concerning preferential rules of origin, the Commission is well aware of their importance for market access in goods.

EOS (European Organisation of the Sawmill industry) inquired about the issues of illegal timber and timber, domestic preferences and NTMs in the construction industry.

DG Trade (PB) replied that it is a serious offensive interest for the EU and that the Commission pays attention both to tariffs and relevant NTMs. LSE Enterprise (HLM) also referred to the NTMs that are discussed in the case study under the environmental analysis of the Trade SIA.

**Presentation of the Draft Final Report**

LSE Enterprise gave a brief overview of the findings of the Trade SIA (presentation available online).

DG Trade (PB) pointed out that stakeholders can submit feedback on the draft final report until 11th December 2015. He also mentioned that a position paper will be presented by DG Trade in spring next year.

**Discussion Highlights / Q&As**

EESC inquired how the gini coefficient is calculated concerning the social analysis. EESC also inquired if ISDS would be included in the FTA.

ACEA (Association des Constructeurs Européens d'Automobiles) pointed out that demographics should be included when assessing the impact of the EU-Japan FTA. The Japanese market does not appear to be growing in the future and car ownership is also on a downward trend in Japan. ACEA made reference to the importance of the kei car market for European business. Finally, ACEA stated that if the tariffs on motor vehicles in the EU are abolished, increased trade might have a negative effect on investment by Japan and might thus have a negative effect on EU employment.

JAMA (Japan Automobile Manufacturers Association) mentioned that the taxes on kei cars have increased. Furthermore, they stressed that despite a decline of the Japanese market during this year, Japan still has the potential of a market size of 5 million, which is still the third largest in size. Also, the Tokyo Olympics in 2020 could promote market growth. On the issue of the young generation losing interest in car ownership, JAMA stated that other countries have the same problem, including EU countries with a mature economy.

ACEA remained sceptical about the effect from the Tokyo Olympics on the passenger car market. It also referred to projections that the Japanese population will decrease in the future. The Trade SIA should take more into account that Japan is a declining market.
LSE Enterprise (HLM) referred to the references already made on population changes in the report. However, the Trade SIA is meant to assess how the EU-Japan FTA impacts a baseline (a no-FTA scenario). Population size is unaffected by the FTA. He explained that the gini coefficient relies on the calculation of wages, taking into account skill groups used in different sectors. On the issue of ISDS, he stated that the LSE Enterprise team could not find a case of a Japanese firm involved in an investor-state dispute.

DG Trade (PB) stated that there is a reform of ISDS provisions in the context of the Transatlantic Trade and Investment Partnership (TTIP) and that this will be reflected in the EU-Japan negotiations.

COPA-COGECA declared that it has offensive interests and it is thus supportive of the EU-Japan FTA. However, it inquired to what extent the positive impacts for its industry resulting from the EU-Japan FTA could be outweighed by negative impacts resulting from TPP and other agreements.

LSE Enterprise (HLM) answered that it depends on the degree of liberalisation envisaged in the EU-Japan FTA, which is, according to LSE Enterprise, likely to be between 50-100%.

EESC also inquired about whether Japan has a similar communication strategy as to the EU Trade SIA process, and if there are further follow-up activities to the Trade SIA. It also thanked the LSE Enterprise team for a pleasant cooperation.

LSE Enterprise (HLM) repaid acknowledgement. DG Trade (PB) replied that it is not aware of any similar communication strategy by Japan, and that after the completion of the Trade SIA, the Commission will prepare a position paper on the findings of the Trade SIA.