



Report of the 18th EU-Japan FTA/EPA negotiating round

Tokyo, Week of 3 April 2017

The **18th round of the EU-Japan FTA/EPA negotiations took place in the week of 3 April 2017 in Tokyo**. Some working groups also had additional meetings in the week before and in the week after the round.

The talks were led on the EU side by Deputy Director General Mauro Petriccione, DG Trade. The Japanese delegation was led by the new Japanese chief negotiator, Ambassador Yoichi Suzuki.

The negotiations were divided, as during the previous rounds, between the various **Working Groups** which covered the following areas: 1) Trade in goods (including Market Access, and General Rules); 2) Non-Tariff Measures; 3) Rules of Origin; 4) Trade in Services; 5) Procurement; 6) Intellectual Property (including Geographical Indications); 7) Other issues (Institutions and Regulatory Cooperation).

Below is the summary of the subject matters that were discussed during the 18th negotiating round:

1. Trade in Goods

1.1. Market Access

On market access, the Parties discussed industrial products, in particular car and leather products. On agricultural and processed agricultural products as well as forestry issues, the discussion focussed on how to structure negotiators' work in the months ahead.

1.2. General rules

On rules for trade in goods the Parties discussed issues such as origin marking and classification of goods. There are few remaining open issues which EU and Japan will address in the coming weeks.

2. Non-Tariff Measures

The Parties continued to review progress on all outstanding NTM issues presented by the EU and by Japan. The discussion focussed on possible timelines for solving open issues or on specific ways to address them. A few specific NTM issues of higher complexity and difficulty were discussed with special attention, trying to identify appropriate solutions. In this respect, special efforts were dedicated to food additives. A main difficulty in relation to some of these issues is the lack of applications or of appropriate data from industry or Member States without which regulators are not able to advance further. Generally speaking, the discussion was constructive, building on shared views between Japan and the EU on the need to achieve recognition of food additives with the objective to ensure food safety and quality. The car-specific regulatory issues were not discussed during this round.

3. Rules of Origin

On Section A, both sides agreed on the list of “Neutral Elements/Indirect Material”.

Both sides discussed the possible alternative text to “Accounting Segregation/Fungible Materials” and progress was made.

Discussions continued on “Cumulation /Accumulation”, which is linked to “Insufficient Working or Processing/Non-Qualifying Operations”.

On product specific rules (PSRs) both sides discussed the PSR for the following Chapters: 25, 26, 28 to 43, 45, 51, 64, 69 to 72, 84, 87, 94 to 97, and made substantial progress on several Chapters.

4. Services

In the Trade in Services sessions the scope of the cross-border trade in services chapter was discussed. The EU insisted on a full carve-out for audio-visual services. The last outstanding issues of the text on entry and temporary stay of natural persons were also discussed. This text is now almost entirely agreed. The Parties exchanged views on the general exceptions applicable to trade in services, investment and e-commerce. The EU and Japan also discussed the future exchange of revised offers for services and investment both in terms of contents (level of ambition) and format.

In the e-commerce sessions, the Parties discussed outstanding issues with regard to the general provisions of the chapter and the article dealing with the conclusion of contracts by electronic means. In addition, a fruitful discussion took place regarding source codes. Japan reiterated its interest in having provisions ensuring the free flow of data and the prohibition

of data localisation requirements. The EU took note, and would revert to this issue following internal discussions.

5. Procurement

Talks on public procurement focussed on the drafting text, where substantial progress was reached on the overall architecture of the chapter as well as on specific rules concerning qualification requirements, the mutual recognition of test report, and the exchange of statistics. Issues regarding market access remain open as there is a wide gap to be bridged between the respective levels of ambition.

6. Intellectual Property Rights (including Geographical Indications)

Intellectual Property Rights (IPR),

On Intellectual Property Rights (IPR), considerable progress has been achieved towards finalizing the Chapter. During the 18th round the Parties reached agreement on almost all remaining non-contentious provisions of the Chapter text: on general rules and trademarks. Some issues remain to be discussed regarding IPR border measures and protection of plant variety rights. Overall, most sections of the Chapter have been agreed and closed.

The discussion remains more difficult on patent and certain copyright provisions, where there are differences between the respective positions of the Parties. Nevertheless, the Parties are actively seeking ways to bridge gaps between the positions. New compromise wordings on the remaining copyright and patent issues were discussed during the 18th round and both Parties are holding internal discussions before the next negotiating session. Discussion at the next session will focus on those outstanding issues.

Geographical Indications (GIs)

On Geographical Indications (GIs), both sides extensively reviewed the draft text regarding provisions applying to geographical indications, including its annexes. They also exchanged views on the work ahead to ensure a rapid conclusion of the Chapter, in particular with the view to prepare for the publication of EU GIs in Japan.

7. Other topics

7.1 Regulatory Cooperation.

The EU side presented its proposal for the chapter on good regulatory practices and regulatory cooperation and responded to a number of requests for clarifications by Japan. Clarifications were requested regarding, among others, definitions, competences of the

Regulatory Cooperation Committee and the regulatory authorities, exchange of information as well as relations with other FTA chapters and committees. Japan provided brief explanations of its administrative system, laws and processes. Japan will further examine the consistency of the EU proposal with its laws and regulations. The EU will provide Japan with further relevant information on its own regulatory processes. EU and Japan will continue discussions at the next round.

7.2 General Provisions and Institutions

In a short session, the Parties went through the pending issues and discussed articles such as the ones on fulfilment of obligations and territorial application. While some progress was made in fine-tuning the text, most open issues depend on the finalisation of the negotiations of the other chapters. The Parties agreed to monitor progress in all areas and to reflect such progress as appropriate in the General Provisions and Institutions Chapter.
