



CIVIL SOCIETY DIALOGUE

MEETING ON EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT

Date: 18 July 2017

Time: 10-12.00

Location: Charlemagne Building, Room Jenkins

Lead speaker: Mauro Petriccione, Deputy Director General, DG Trade

Presentation of the agreement in principle

Mauro Petriccione opened the floor by explaining what was and what was not included in the agreement in principle reached on 6 July 2017 for the Economic Partnership Agreement with Japan. In an agreement in principle both parties normally agree on all important elements that are to be covered by the agreement. In the case of the agreement in principle with Japan two issues had to be left out at this stage. First, as regards the investor-to-state dispute settlement mechanism in the investment chapter, the EU and Japan still have considerable divergences of views, with the EU making clear that no old-style ISDS provisions could be included in the agreement and that the reformed investment court system is the only option for the EU going forward.

Second, on regulatory cooperation there was simply not enough time to conclude the discussions because the EU proposal, which is publicly available, could only be tabled at a relatively late stage in the negotiations.

Mr Petriccione then provided more information about the main chapters of the agreement. On tariffs a very ambitious outcome was achieved with 99% of tariff lines to be liberalised by Japan (some after a transition period), and very good conditions being granted for key EU interests such as beef, pig meat and dairy products which are sensitive for Japan, via a combination of different instruments like safeguards or quotas.

On the EU side, the EU accepted to liberalise its tariffs for cars with a 7 years staging.

Similarly ambitious provisions were agreed on procurement (with Japan accepting to remove its operational safety clause on railways and granting additional market access via a commitment of non-discrimination of EU companies in procurement tenders for 48 so-called 'core' cities), Non-tariff measures (with all issues identified in the two lists tabled by the EU addressed by Japan, and with Japan accepting a clear commitment to international standards as the best basis for closer cooperation, notably in the automotive sector), services (where Japan has

traditionally been very open), intellectual property and geographical indications (with Japan accepting to protect a list of 205 geographical indications, which was put forward by the EU based on key interests flagged to the Commission by Member States), trade and sustainable development (with commitments similar to the ones included in recent agreements) and, for the first time in EU trade agreements, a chapter on Small and Medium Sized Enterprises (SMEs).

Discussion Highlights / Questions and Replies

The **Irish Farmers' Association** expressed its strong support to the agreement and asked about measures foreseen to monitor the implementation of concessions on beef, pig meat and dairy as well as on the possible timing for entry into force of the agreement.

The **Comité Vins** thanked the Commission for the very good outcome achieved and offered its help on communicating on the benefits of this agreement.

Mr Petriccione confirmed that the Commission always monitors the implementation of trade agreements and that Japan had a good record in implementing trade agreements; furthermore, concessions on the products mentioned were very clear, so there should be no ambiguity in their implementation. In terms of timing, the Commission's was to finish the negotiations by the end of the year, after which it would proceed with the next steps, notably the legal scrubbing and the translations, as fast as possible. He also highlighted the importance of civil society in implementing trade agreements and more generally in participating in a healthy and rational debate on trade policy.

Insurance Europe asked about provisions on insurance in the EPA.

The European Federation of Public Service Unions asked about enforceable mechanisms to harness globalisation, about the status of core ILO conventions not yet ratified by Japan and about the possibility to conduct an assessment of the impact of the agreement on public services.

The Humane Society International/Europe stated that Japan had a long history of not properly implementing Multilateral Environmental Agreements, like on whaling or CITES, and asked how the Commission would use this agreement to ensure a proper implementation of multilateral environmental agreements.

On insurance services, **Mr Petriccione** noted that commitments undertaken by Japan in the EPA were meant to ensure that Japan Post would operate under competitive conditions and underlined the Commission's efforts to convince Japan to reopen the space for European insurance providers.

He then reminded that the ratification of ILO conventions is a sovereign right of Japan as is the case for every Member State, but that the 8 core ILO conventions were already mandatory under international law. The Trade and Sustainable Development (TSD) Chapter contains mandatory commitments enforceable via a dedicated dispute system which foresees the creation of a panel and the publication of a report without the possibility for any party to block it. A debate on the effectiveness of the EU's TSD chapters in trade agreements, including their enforcement, is now starting to take place with relevant stakeholders, Member States and the European Parliaments, but a conclusion had not yet been reached; furthermore, as regards Japan, the TSD chapter was fully in line with the negotiating directives received by the Commission.

Mr Petriccione then explained that an impact assessment had been conducted before the launch of the negotiations, followed by a Sustainable Impact Assessment completed before the end of the negotiating process. 5 years after entry into force of the agreement a full-scale evaluation would then be done.

On Multilateral Environmental Agreements, it should be noted that Japan took reservation from CITES [on what exactly?] as it is allowed to. But in the EPA there is a commitment to implement in good faith MEAs to which both sides are party.

Greenpeace criticised the provisions on illegal logging contained in the agreement for being weaker than the ones contained in TPP.

The **Organisation pour un réseau international d'indications géographiques** asked for more information on the outcome on GIs.

The **US Dairy Export Council** expressed its disagreement with the EU policy on GIs.

The **International Confederation of European Beet Growers** asked about the quota granted by Japan on sugar.

On illegal logging, **Mr Petriccione** underlined that the agreement would certainly not weaken import conditions in Europe, which were enshrined in the EU Timber Regulation. As regards Japan's import regime, he recalled the dialogue launched with Japan on their new law on illegal logging and explained that the agreement would provide an additional element to foster cooperation, including with third countries. The Agreement with Japan will also certainly not hinder in anyway our VPAs (Voluntary partnership Agreements) with Malaysia or Indonesia, and on this issue of illegal logging, our efforts should first focus on other priority countries.

On GIs, a legal process is now ongoing in Japan which would result in the implementation of the outcome of the negotiations. As regards criticisms of the EU's GI regime, the EU does not protect generic names and we disagree with the US view of territoriality.

On sugar, a small quota was granted by Japan. In addition, Japan also accepted rules of origin that allow access to the Japanese market for sugar containing products from the EU.

European farmers stated that this agreement was very positive. They also asked if a specific review clause had been included, especially in view of a possible revival of TPP.

The European Association of Dairy Trade expressed its satisfaction with the agreement and asked for further info on dairy quotas.

The representative of an **association active on labour rights** asked about the impact of the agreement on collective bargaining systems.

Mr Petriccione acknowledged the very good cooperation with all stakeholders on agricultural issues that had allowed to produce this very positive agreement. On quotas there are no end use conditions for cheeses. As regards collective bargaining, nothing in this agreement or any other agreements will interfere with the issue of collective bargaining in Europe as was made clear in the clarification issues by the Commission last year.

Landsorganisationen i Danmark asked if a provision was included to renegotiate the trade and sustainable development chapter.

The **Confederazione Cooperative Italiane** asked about provisions on fruits and vegetables and on SPS cooperation.

Eurogroup for Animals asked where in the agreement the provisions on animal welfare would be included.

Euro meat industry welcomed the agreement and asked about SPS related issues for lamb export and regionalisation.

Mr Petriccione noted that the whole agreement was covered by a review clause. He then outlined the concessions negotiated for fruits and vegetables and on SPS, highlighting that Japan had accepted the principle of regionalisation. On lamb, a reply would need to be provided later.