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## Report

# EU – Japan Economic Partnership Agreement: Strengthening economic ties as a way out of recession

Jana Záhořová



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## Introduction

On 6 July 2017, after four years of negotiation, the EU reached an agreement with Japan over the main elements of an Economic Partnership Agreement (EPA), the biggest trade agreement ever negotiated by the EU that created an open trade zone covering over 600 million people. The breakthrough came at a time when progress on multilateral trade negotiations at the global level seemed out of reach and EU bilateral trade agreements faced strong public resistance. Today, Japan remains an important international trading partner of the EU. Following China, Japan is the EU's second-most important trading partner in Asia. According to experts from the European Commission, the Economic Research Institute for ASEAN and East Asia and the University of Pavia, the EU-Japan EPA is a success because it is a great example of a higher degree of economic integration that can put pressure on other countries to feel obliged to adhere to free trade rules rather than protectionism. However, the cooperation is not without obstacles, such as the inability to overcome constitutional restraints and forces within their own domestic sphere.

This year's second debate in a series of expert discussions on the EU's relations with the Pacific took place online on Tuesday 26 October. The guests offered their views on the progress made within the framework of the EU-Japan cooperation – whether the expectations of the EPA were met, both economically and politically, and also what are the next steps awaiting both partners in terms of their cooperation and what challenges are they facing.

Dominika Svozilová from DG Trade of the European Commission provided a deeper understanding of the specific work and action taken by the DG, which was responsible for the negotiation of the agreement and is now in charge of the implementation phase. Apart from building the institutional structure, an important part of their work is to raise awareness of the EPA agreement. At the moment, the biggest challenge for the agreement implementation is posed by the strict Japanese rules and procedures for market access of certain products.

Prof. Axel Berkovsky from the University of Pavia drew attention to the role of China and its ambitions in the region. China challenges on a daily basis the territorial status quo in East and Southeast Asia. As such, there is an increased motivation for the EU and Japan to be prepared to face China together. According to professor Berkovsky, “the EPA may not be directed at China, but it is also very much about China”. The dimension of EU-Japan Partnership on Sustainable Connectivity in quality infrastructure certainly is a counterinitiative to Chinese style. He also considers the lack of transparency to be a major shortcoming. Not so much for the EPA, but certainly for the Strategic Partnership Agreement (SPA) between the EU and Japan.

Professor Shujiro Urata from the Economic Research Institute for ASEAN and East Asia focused on the economic aspect of the EU-Japan relationship and was mostly concerned with the Japanese protectionist policies. As Japanese agriculture is not as productive or competitive as the EU's, and Japan is experiencing rapid aging of its population, the protectionist policies should therefore be lifted to allow the movement of resources from agriculture to other sectors. Professor Urata also expressed his wishes for Japan to become more open and for the EU to place greater pressure on Japan to do so.

The guests then went to answer several other questions regarding the partnership between EU and Japan, whether they think regional trade agreements lead to a global free trade or are creating more of a regionalist regime, whether the philosophy of the free trade in the current global climate is still possible and feasible and their ideas on what role the WTO should play in promoting free trade going forward.

"If you missed the debate and would like to hear more, you can watch it on the Facebook page of the EUROPEUM Institute for European Policy, which hosts the EU-Pacific Talks debate."



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## Contact

Web: [europeum.org](http://europeum.org)

Prague Office address: Staroměstské náměstí 4/1, 110 00, Praha 1

Tel.: +420 212 246 552

E-mail: [europeum@europeum.org](mailto:europeum@europeum.org)

Brussels Office address: 77, Avenue de la Toison d'Or. B-1060 Brusel, Belgie

Tel: +32 484 14 06 97

E-mail: [brussels@europeum.org](mailto:brussels@europeum.org)

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