

# EU-Japan FTA: a very political agreement?

Blog post by Senior Associate Guillaume Ferlet, 6 July 2017

It is now expected that the EU and Japan will use this week's G20 summit to announce a political agreement on an FTA between the two sides after four years of negotiating. This is certainly big news in the generally calm waters of global trade negotiations. An agreement between the EU and Japan would create the prospect of the largest free trade zone in the world by GDP - the EU and Japan together account for almost a third of global output. But this deal had seemed rather becalmed a year ago. So, what is the significance of the 'political' in the 'agreement'?

First, the agreement is very political indeed in one specific global sense. The agreement allows the EU and Japan to tell their G20 audience tomorrow, that when they speak about free trade, they mean it. The audience for that signalling is, of course, Donald Trump. The Trump administration's rejection of the TPP with Japan (where the Abe administration had burnt valuable political capital pushing it through the Diet) and 10 other Asia-Pacific nations seems to have enthused the Abe government for a deal with the EU that might force a US reassessment. Brussels has its own interests in showing the US who the real 'dealmakers' are, and in advancing its interests in Asia in the wake of US retrenchment. However, it is far from clear that this US president will be much moved by a return to competitive liberalisation.

Second, politically agreed does not mean finished. The political agreement that was struck has resolved the most politically difficult concessions in the talks, such as lifting EU tariffs on cars (with a seven-year phase-out period) and Japanese tariffs on agricultural products, as well as opening Japanese public procurement markets. This is concrete progress on very difficult issues. But no FTA is going to be signed this week. A lot remains to be discussed and included in the final text of the agreement. There is reportedly little at the moment on data flows and services, and no compromise in sight over the thorny question of investment dispute settlement, where Japan refuses to sign up to the EU's investment court system.

Don't break out the sake just yet...EU FTAs from political agreement to entry into force

	Official launch	Political agreement	Final text agreed	Signature by both parties	Vote European Parliament	Entry into force
EU-Korea	May 2007	July 2009	October 2009	October 2010	February 2011	July 2011
CETA	May 2009	October 2013	August 2014	October 2016	February 2017	-
EU-Singapore	March 2010	December 2012	October 2014	-	-	-
EU-Vietnam	June 2012	August 2015	December 2015	-	-	-
EU-Japan	March 2013	July 2017	-	-	-	-

Practically speaking, this means that it will take a couple more years at least before the final FTA text is hashed out, signed and sent for approval to the European and Japanese parliaments before entry into force. Not to mention the EU's lengthy ratification process if the FTA has to go to member states' parliaments to secure agreement for investment protection clauses. NGOs have already dubbed the agreement 'TTIP in Japanese' – so this may not be a smooth ride. It might be worth remembering that 'political agreement' on CETA was struck in 2013 and this has not yet been even provisionally applied. Launching an FTA is always a political statement. In this case, so is declaring one agreed.