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TRADE

# EU-Japan to launch biggest free-trade zone in 2019

Reuters in Strasbourg

The European Union and Japan will launch the world's largest free-trade zone early next year after their economic partnership has cleared a final hurdle.

Some 70 per cent of European Parliament lawmakers backed the agreement that binds two economies accounting for about one-third of global gross domestic product and signals their rejection of protectionism.

Although they have agreed to start separate trade talks with the United States, both face trade tensions with Washington and their steel and aluminium producers remain subject to American tariffs

imposed by US President Donald Trump.

EU Trade Commissioner Cecilia Malmstrom said the deal would bring clear benefits to EU companies and farmers. Japan's parliament approved it on Saturday.

"If all goes well, it should be able to enter force on February 1," she said. "The agreement is not only sending a signal to the world. It is also extremely advanced when it comes to opening markets."

Japan had been part of the 12-nation Trans-Pacific Partnership that Trump rejected on his first day in office, turning Tokyo's focus to other potential partners.

The EU has also looked else-

where after TTIP (Transatlantic Trade and Investment Partnership) negotiations with the US stalled in 2016. It concluded an updated trade deal with Mexico earlier this year.

"Everyone knows there is a tariff man on the other side of the

Atlantic. Our answer is clear. We are not tariff men, but the people of fair trade," said Bernd Lange, who heads the European Parliament's trade committee.

The EU-Japan agreement would remove EU tariffs of 10 per cent on Japanese cars and 3 per

cent for most car parts. It would scrap Japanese duties of some 30 per cent on EU cheese and 15 per cent on wines as well as open access to public tenders in Japan.

It would also open up services markets, such as financial services, telecoms, e-commerce and transport. The flagship deal comes after widespread anti-globalisation protests threatened the earlier EU-Canada Comprehensive Economic and Trade Agreement which a region of Belgium objected to in 2016. It finally came into force in 2017.

Critics said the EU-Japan deal would give too much power to multinationals and could undermine environmental and labour standards.

10%

This proportion of EU tariffs on Japanese cars will be removed under the EU-Japan trade agreement which will take effect early next year

