



TOP STORIES

NEWS

EU and Japan create world's biggest free trade zone

Almost all tariffs on trade between the European Union and the world's third-biggest economy have been removed. European companies could save around a billion euros in duties each year.



A free trade agreement between Japan and the EU entered into force on February 1, covering 635 million people and almost one-third of the world's economy.

Dubbed the world's largest free trade agreement, the [EU-Japan Economic Partnership Agreement](#) removes duties on almost all agricultural and industrial products and opens up the service sector and procurement. It also moves to eliminate non-tariff barriers to trade.

The highlights of the deal

Japan will have scrapped duties on 97 percent of goods imported from the EU once the agreement is fully implemented.

Open access to the Japanese market will save EU companies from paying €1 billion (\$1.14 billion) of duties annually.

The EU will eliminate tariffs on 99 percent of imports from Japan.

In the automotive sector, the EU will eliminate duties over a seven-year transition period.

Both sides will eliminate duties on nearly all food and agricultural products.

The service market will be opened, including financial services, e-commerce, telecommunications and transport.

For the first time, the trade agreement includes countries' Paris climate deal commitments.

The text also addresses sustainable development and sets standards for labor, safety, environmental and consumer protection.

'Protecting brand names'

EU Trade Commissioner Cecilia Malmstrom said: "This agreement has it all: it scraps tariffs and contributes to the global rulebook, whilst at the same time demonstrating to the world that we both remain convinced by the benefits of open trade."

The president of the European Commission, Jean-Claude Juncker, said: "The new agreement will give consumers greater choice and cheaper prices; it will protect great European products in Japan and vice-versa, such as the Austrian Tiroler Speck or Kobe Beef; it will give small businesses on both sides the chance to branch out to a completely new market; it will save European companies 1 billion euro in duties every year and turbo-boost the trade we already do together."

Trade groups also welcomed the move.

"This agreement is the perfect example that building bridges is better than raising walls," said Pierre Gattaz, president of BusinessEurope. "When protectionism is on the rise, the EU and Japan show to the world they remain open to modern and rules-based trade."

Hiroaki Nakanishi, chairman of the Japan Business Federation, said the agreement "will stimulate additional growth and create jobs for both sides."

Read more: [Japan wants to attract more European travelers](#)



The deal protects 'Geographical Indications' such as Cheddar, Kobe beef and Scotch whiskey

What is the status of EU-Japan trade?

Japan is the EU's second-largest trade partner in Asia after China. EU businesses export €58 billion in goods and €28 billion in services to Japan every year. The EU estimates exports to Japan will increase 13 percent, or €13 billion, as a result of the free trade zone. Japan exports €69 billion in goods and €18 billion in services to the EU annually.

How did we get here and what's next?

The EU and Japan began negotiations for a free trade agreement in 2013. [The European Parliament](#) and Japan's parliament approved the deal last year after both sides finalized negotiations in December 2017.

EU and Japan are continuing investment protection negotiations and hope to reach an understanding as soon as possible.

EU and Japan in record free trade deal

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EU to fight US tariffs on Spanish olives at WTO

The European Commission will back Spain's fight to defend its olive exporters, who were hit by Donald Trump's tariffs in June 2018. Madrid considers the punitive measure to be "an evident prejudice" on olive producers. (28.01.2019)

EU, Mercosur aim to make world's biggest trade bloc by end of 2019

The EU and Japan will soon become the world's biggest free trade area. But this record might be short-lived with Brussels chasing a deal with South America's Mercosur, EU's Cecilia Malmström has said. (29.12.2018)

EU parliament approves 'world's largest' free trade deal with Japan

The world's largest free trade agreement — one between the EU and Japan — is expected to go into force in February. Nearly all duties will be removed. (12.12.2018)

EU and Japan agree trade deal

EU and Japanese officials have reached agreement "in principle" on a free trade deal. Both the EU and Japan have stressed that the pact is a rejection of the kind of protectionism US President Donald Trump advocates. (06.07.2017)

Japan wants to attract more European travelers

As Japan gears up to host the 2020 Summer Olympic Games, the country's tourism industry has launched a campaign to highlight unique experiences in the land of the rising sun that will appeal to international travelers. (09.02.2018)

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