

Poland-Japan Trade & Free Trade Agreement (FTA)

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Competition for the new growth in Asia-Pacific

- Difficulties in global trade liberalisation (WTO) led to proliferation of bilateral free trade agreements (FTAs)
- The US and Europe are engaged in friendly competition to conclude ‘second generation’ FTAs with Asia-Pacific, emerging markets
- Korea—Singapore, Vietnam, Malaysia
- North America—Mexico, Canada (CETA), the US (TTIP)
- EU also attempted India, ASEAN, Mercosur
- Japan since 2013
- Since then, the Trans-Pacific Partnership (TPP) centred around the US, Japan, Australia-New Zealand, South East Asia (Singapore, Malaysia, Vietnam) and the market-oriented part of Latin America) now concluded.

Why free trade agreements, why Japan?

- World's third largest national economy after China
- High quality spending; 82% of the economy is in consumption, twice the rate of Chinese economy
- Until recently, not a buyer of European goods, with only 3% of Japanese consumption coming from Europe (5% in the US); European exporters tend to focus on China's emerging middle-class in Asia.
- The EU-Japan FTA designed to counter US dominance in Asia in key economic sectors – food & beverages, machineries, electronics, manufacturing, retail
- Further facilitate Polish business to do business in Japan – in particular SMEs
- Regulations: food and product standards, services, investment rules

Polish exports to Japan

- Unlike other target markets, Polish exports to Japan are well-diversified
- Agriculture (pork products, fruit juices)
- Raw and basic materials (graphite, porcelain)
- High technology (aerospace, circuits, telecom devices, medical devices)
- Consumer products (razors, furniture)
- Also the exports going via other EU countries (Germany, Scandinavia)

Top 15 products representing 73% of PL to JP trade (million USD)	
Tobacco products	206
Transistors	92
Aircraft engines	90
Aircraft parts	73
Passenger cars	67
Car parts	51
Graphite	48
Laboratory equipment	32
Turbo jets and propellers	31
Pork meat products	29
Furniture	24
Razors	23
Telecom devices	22
Medical instruments	20
Fruit juices	18

Likely to be concluded in 2016/2017

- Political leadership committed to 2016
- Europe has no choice but to conclude FTAs with Japan
- Building a common future based on rule of law, non-discrimination
- Over reliance of China—‘soft landing’; rapid slowdown since 2015-Q3
- Industrial cooperation; need for ‘smart money’ investments in Europe
- Unique consumer culture in Japan
- The European Commission has now published its impact assessment published for interested the public tsia-eujapantrade.com