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## **ANDEC position paper on the negotiation of a Free Trade Agreement with Japan**

***ANDEC, the National Association of Civil Electronics Manufacturers and Importers member of Confcommercio, asks that the EU moves ahead without delay to negotiate a Free Trade Agreement with Japan***

With reference to the free trade agreements recently signed by the EU with some countries and to those currently being defined with others, ANDEC underlines the urgent need to begin negotiating an Economic Integration Agreement (EIA) between Europe and Japan, for the following reasons:

- **The mutual importance of the traditional close economic relations between Europe and Japan**

The economic relations between the EU and Japan, respectively the first and fourth largest economy in the world, have since the beginning of the second post-war period continuously developed with significant outcomes for the commercial trade, especially in the IT and Electronics sectors. The close cooperation relations of recent decades have generated important synergies not solely in terms of trade relations but, above all, they have permitted significant transfers of resources in the research and development sectors and provided new technological solutions to the benefit of consumers.

- **Overcoming the crisis by focusing on greater efficiency in production, economy and technology**

At times such as the present, when global competitiveness demands the implementation of the highest levels of efficiency in production economy, the relations between Japan and the EU - in view of the political and strategic role covered by these two market areas in the global geopolitical context - should be entirely freed from any barrier to their further mutual growth process, especially for the technology market whose innovation capacity positively permeates all productive sectors of society, and thus resultantly enhance their competitiveness level.

- **The importance of a free trade agreement**

Hence, the removal of barriers for the free trade of IT and Electronic products by means of an Economic Integration Agreement between Japan and the EU seems a fundamental key element - both for the fact that the two economies have based their industrial development on a strong technological innovative capacity and in view of the rapidly changing global economy - in order to avoid holding back the economic and trade development of both. The consolidation and strengthening of these relations would indeed have a positive effect on Europe and Japan's economies for many aspects, including:

- the increase and expansion of R & D activities in Europe,
- the further opening of markets through the mutual removal of tariffs and non-tariff barriers, with possible benefits for European investment in Japan and for Japanese ones in Europe,
- the setting up of international technical standards to counteract protectionist policies of some emerging countries.

The EU would gain big benefits by adopting a free trade policy, both in terms of exports to Japan and more generally towards the Asian continent, and from the larger investments attracted by that country. The simplification of procedures and standardization of some regulations, as for instance those on energy consumption or environmental impact, would improve trade relations and make more efficient the transfer of resources between the two markets and would encourage the localization and setting up of Japanese manufacturing plants in Europe which would allow significant savings in distribution costs due to the proximity of the production and sales market.

In contrast, not exploiting the current willingness to dialogue from such an important economic power as Japan, especially on fundamental areas such as those linked to technological development, could dangerously shift Japan's interests towards cooperating with more receptive partners such as those of the Trans-Pacific Partnership (TPP), with a dramatic negative outcome for the European economy which, as currently forecasted by the International Monetary Fund, over the next five years will register a growth rate lower than that of other advanced economies.

- **Other agreements already reached by the EU**

At present, consultations for a Free Trade Agreement have been started at Community level with Canada and India and an agreement has already been ratified with Korea. It would be important for the EU to not underestimate the significance of extending these negotiations also to Japan, particularly when considering the common shared views and interests in the opportunity of forging a strategic alliance - confirmed by the expressed will by the Japanese government to deal with such issues as the removal of non-tariff barriers - which, for the IT and Electronics industry, would mean having reached a consistent and uniformed standard for opening both markets.

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For these reasons, ANDEC urges that the EU start a negotiation which, in the short period of time, aims at an Economic Integration Agreement with Japan and asks to the Italian Government to strongly support this initiative within the European Union. As well as to the IT and Electronics industry, the benefits of said agreement would certainly result in a greater opening of the Japanese market to very important industrial Italian sectors promoting high quality exports such as food or furniture.