

EU and Japan sign historic free trade deal after rush to agree terms before Brexit

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Experts say UK on its own is unlikely to improve on the deal, which will remove virtually all tariffs and covers a third of the global economy

The European Union and [Japan](#) are signing a widespread trade deal that will eliminate nearly all tariffs, seemingly defying the worries about trade tensions set off by President Donald Trump's policies.

The signing in Tokyo on Tuesday for the deal, largely reached late last year, is ceremonial. It was delayed from earlier this month because Japanese Prime Minister Shinzo Abe cancelled going to [Brussels](#) over a disaster in southwestern Japan, caused by extremely heavy rainfall. [More than 200 people died from flooding and landslides.](#)

European Council President Donald Tusk and [European Commission](#) President Jean-Claude Juncker, who arrived Monday, will also attend a gala dinner at the prime minister's official residence.



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Both sides are heralding the deal, which covers a third of the global economy and more than 600 million people.

Prices of European wine and pork will fall for Japanese consumers. Japanese machinery parts, tea and fish will get cheaper for Europe.

The deal eliminates about 99 percent of the tariffs on Japanese goods to the [EU](#), but remaining at around 94 percent for European imports into Japan for now and rising to 99 percent over the years. The difference is due to exceptions such as rice, a product that's culturally and politically sensitive and has been protected for decades in Japan.

The major step towards liberalising trade was discussed in talks since 2013 but is striking in the timing of the signing, as China and the US are embroiled in trade conflicts.

The US is proposing 10 per cent tariffs on a \$200bn list of Chinese goods. That follows an earlier move by Washington to impose 25 per cent tariffs on \$34bn of Chinese goods. Beijing has responded by imposing identical penalties on a similar amount of American imports.

Besides the latest deal with the EU, Japan is working on other trade agreements, including a far-reaching trans-Pacific deal. The partnership includes Australia, Mexico, Vietnam and other nations, although the US has withdrawn.

Japan praised the deal with the EU as coming from Abe's "Abenomics" policies, designed to wrest the economy out of stagnation despite a shrinking population and cautious spending. Japan's growth continues to be heavily dependent on exports.

By strengthening ties with the EU, Japan hopes to vitalise mutual direct investment, fight other global trends towards protectionism and enhance the stature of Japanese brands, the foreign ministry said in a statement.

The EU said the trade liberalisation will lead to the region's export growth in chemicals, clothing, cosmetics and beer to Japan, leading to job security for Europe. Japanese will get cheaper cheese, such as Parmesan, gouda and cheddar, as well as chocolate and biscuits.

Japanese consumers have historically coveted European products, and a drop in prices is likely to boost spending.

Japan's ambassador for international economic affairs, Yoichi Suzuki, previously said it was "a very high priority that [the deal] enter force before the end of March 2019," referring to the date when [Britain](#) is set to leave the EU.

The European Commission had also hoped the deal could come into force before [Brexit](#) after a signing by leaders this month - an ambitious deadline based on past experience.

If the deal does enter into force before Brexit, it could apply automatically to Britain during a post-March 2019 transition period of around two years. Otherwise, it might not.

Suzuki said at a meeting in Brussels earlier this year that, if an EU-Japan deal were in force in the [UK](#) during the Brexit transition phase, it would buy Japan more time to establish a separate trade deal with Britain.

Experts have [previously suggested](#) the UK would struggle to better the terms of the EU-Japan deal in any negotiations on its own.

AP, Reuters