
EU AND JAPAN IN DELICATE TRADE TALKS

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Top EU officials will meet Japanese prime minister Shinzo Abe on Thursday (25 April) in Brussels as world leaders prepare for their G20 meeting in June in Osaka, Japan.

The prime minister will meet with EU Council president Donald Tusk and EU Commission president Jean-Claude Juncker, only three months after a landmark free trade deal between Japan and the EU came into force, in February.

On his European tour, Abe has already held discussions in France, Italy, and met central European leaders in Bratislava.

The visit comes as Japan and the US entered into bilateral talks on trade last week, while US president Donald Trump's "America First" and knee-jerk trade war policy has put pressure on the trading giants to uphold the multilateral, rules-based global trading system.

Japan is a "very important strategic and like-minded partner", an EU official said ahead of the summit.

One crucial issue is the reform of the World Trade Organization (WTO), where the EU will seek Japan's support.

The EU's aim is to convince the US to lift its opposition to the appointment of new judges to the WTO's appellate body - the ultimate arbiter of trade disputes - risking its ability to function by the end of the year when the mandates of two judges expire.

Currently, it runs with only three judges, the smallest number with which it can operate. If the US continues to oppose the nomination of further judges, the global trade dispute resolution system can collapse.

The Trump administration views the WTO as being a threat to national sovereignty.

The EU last year put forward proposals to reform the appellate body.

Japan and Australia, however, have recently put forward their own proposals in an attempt to alleviate US criticisms and stop the appeals process being paralysed.

An EU official said that Japan and the EU will have a "reference to the multilateral system" at the end of their meeting, and will work together on making sure the appellant body of the World Trade Organisation (WTO) continues to function.

"The commonalities between the EU and Japan are very high," the EU official said adding that the bloc and Japan will back settling trade disputes through negotiations, a reference to the WTO reform, a key priority for the EU.

Abe will be careful not to upset his American partners as he wants to fend off any threat of tariffs imposed on car imports from Japan, and is also keen to avoid Trump being isolated - as during the last G20 summit in Buenos Aires in 2018.

After Brussels, Abe will continue his trip to Washington for talks with Trump.

Japan, the world's third-largest economy, will have to walk a fine line as the US is a key guarantor of Japan's security in the region, with China's increasing global role and North Korea's nuclear threat.

EU and Japanese officials will also look at how best to implement the trade deal signed last year, after four years of negotiations - a key achievement that earned Trump's envy.

Since the economic and strategic partnership agreement entered into force between Japan and the EU, EU official said, it has already provided for ambitious reciprocal market access, with 91 percent of all EU exports to Japan benefiting from zero duties.

"Full liberalisation is on the way," said an official, adding that 85-87 percent of current agrifood exports will also be fully liberalised, increasing the €6bn worth of EU exports.

The EU and Japan account for about a quarter of the world's GDP.

Brexit

Brexit will also be on the menu for the summit, as Japan is worried about the economic impact it may suffer due to the UK leaving the EU.

"Brexit is something regularly brought up by the Japan prime minister," an EU official said, pointing out that Japan immediately provided a policy paper on where it sees the future relationship with the UK, only six weeks after the Brexit referendum in 2016.

Fifty percent of Japan's foreign direct investment in the EU is in the UK, the official added.

Earlier this month Abe asked British foreign secretary Jeremy Hunt to minimise the negative impact of its departure from the EU on Japanese firms, AFP reported at the time.

Around 1,000 Japanese companies operate in Britain, supporting about 140,000 jobs.

China

Abe's Brussels visit comes only a few weeks after the EU secured a joint statement after its summit with China, after last-minute concessions from the Chinese officials on pledging to open up further to European companies and to treat them more equally. The EU and China also pledged to maintain multilateral rules.

China is pushing its infrastructure investment project, the Belt and Roads initiative, to which 13 European states, notably Italy, have joined.

World leaders from 37 countries and dozens of officials are due to attend a three-day summit on the initiative in Beijing, including Russian president Vladimir Putin and Italian prime minister Giuseppe Conte.

Hungary's Viktor Orban, Austria's Sebastian Kurz, and Greece's Alexis Tsipras will also be attending the summit in Beijing.

Abe is expected to push Japan's own infrastructure initiative, highlighting its basis on financial sustainability and transparency.

Kaynak/Source: