

FREE TRADE AGREEMENT EU-Japan

Automotive Perspective

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Agenda

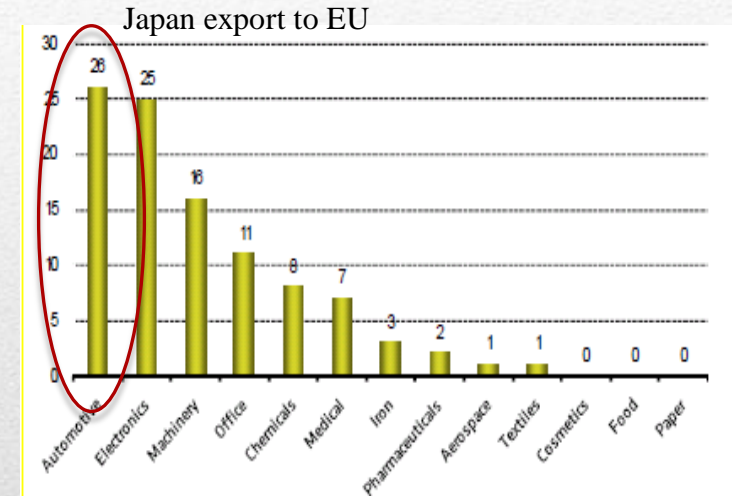
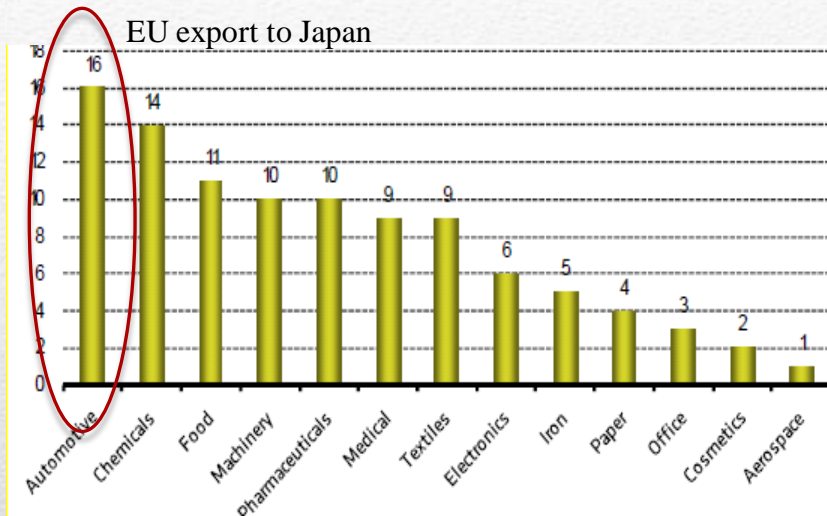
- Automotive Trade EU-Japan
 - FTA Challenges & Opportunities
 - The FTA in Global Perspective
 - Conclusions
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EU JAPAN AUTOMOTIVE

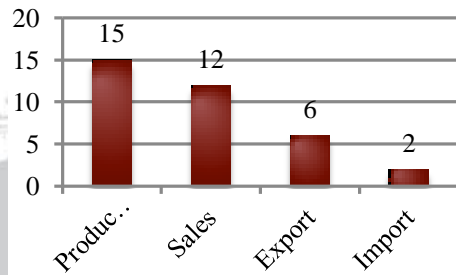
Trade Picture

Trade overview EU-Japan



- European Export to Japan spreads across several sectors
- EU imports from Japan are concentrated to certain sectors

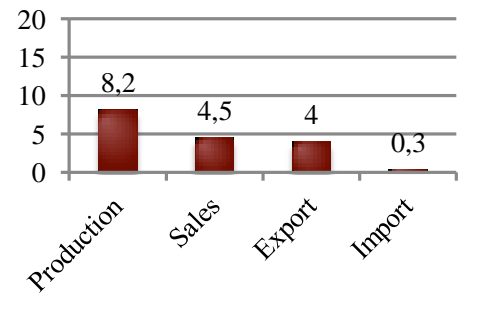
EU Japan Automotive Trade



EU Export to Japan:
245 364 PC
6390 Mio€
26043€/PC

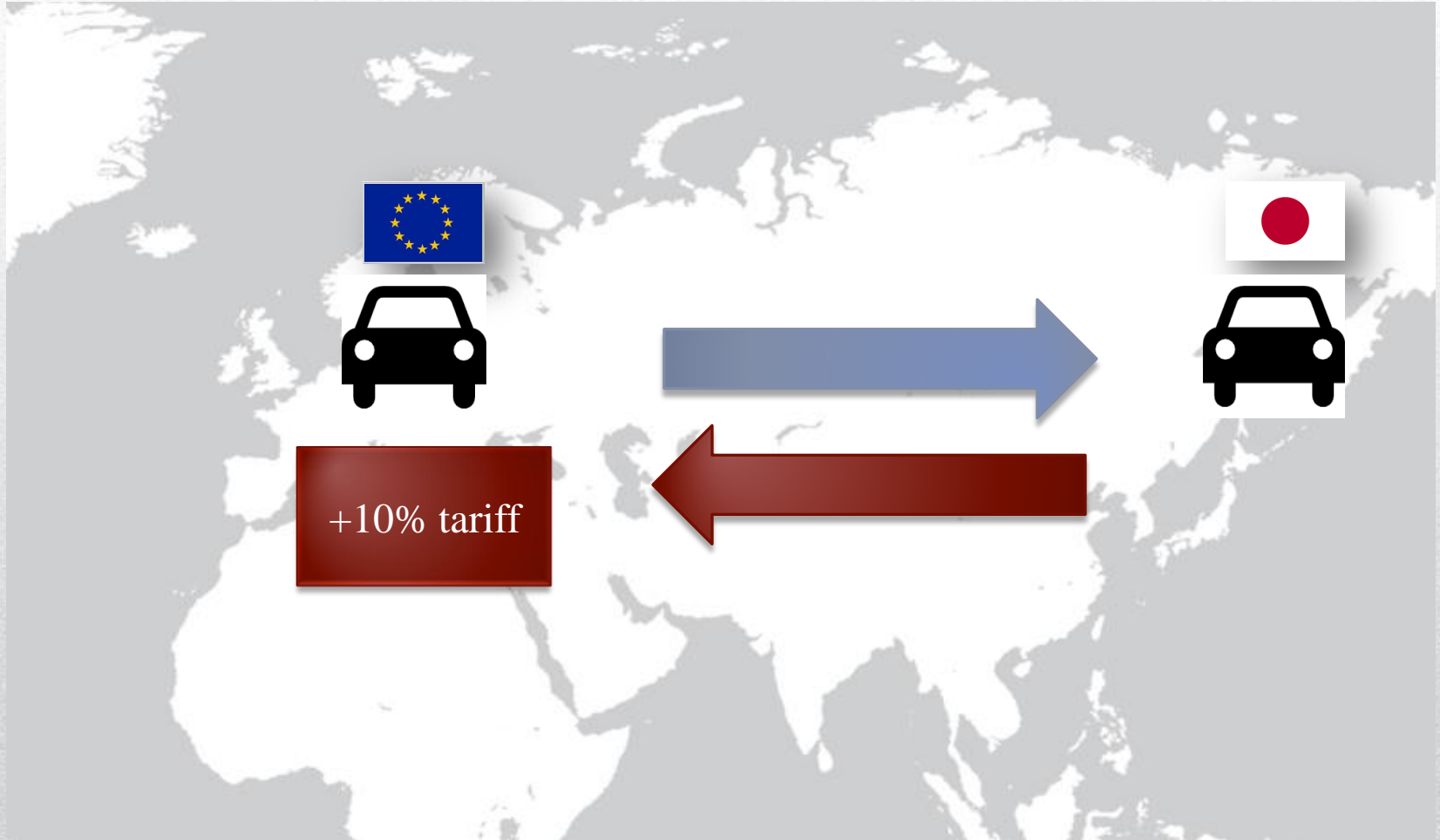


Japan Exports to EU:
365 897 PC
5678 Mio€
15518€/PC

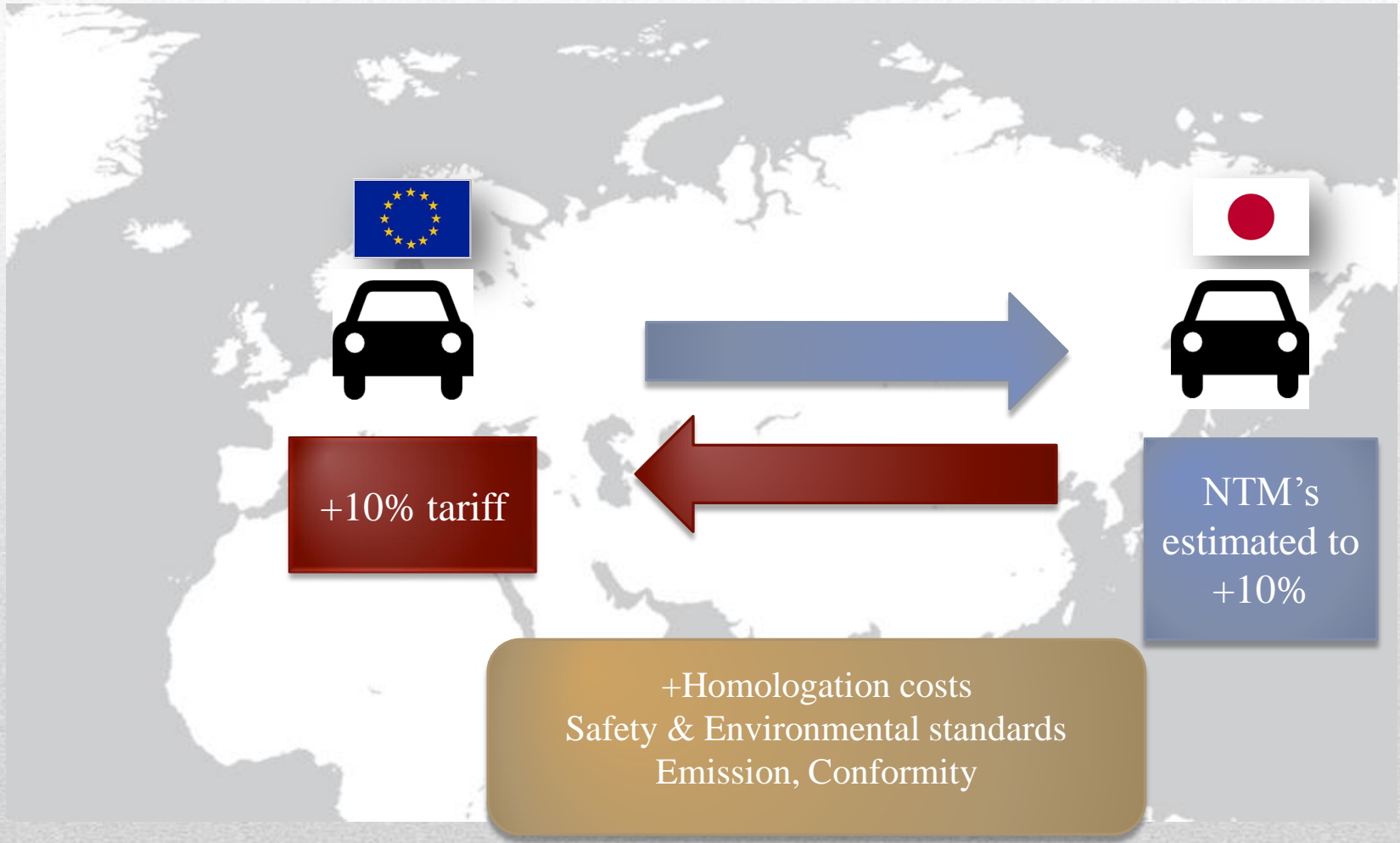


- Overcapacity in both EU and Japan
- High competition on domestic markets
- Dependency on export

Cost of Trade - Tariffs



Cost of Trade - Total





FTA CHALLENGES & OPPORTUNITIES

Dismantling the NTMs

- Task force and roadmaps by GOJ
 - Progress made
 - Relaxation of zoning requirements
 - Approval of international standards for high pressure tanks & pyrotechnic safety device
 - Negotiations continued after year 1
 - **Harmonization** of standards and certification requirements
 - UN ECE Regulations
 - International Whole Vehicle Type Approval
 - Mutual Recognition
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Kei (light) Cars (軽自動車)

- Kei car definition: <660 cc
- 39% of passenger car market
- Benefits
 - Acquisition tax 2% Kei vs 3% PC (abolished 2016)
 - Tonnage tax ¥3300 flat rate, PC ¥4100/tonne
 - Automotive based on cylinder capacity – flat for kei cars (¥7200)
 - Parking exemption, toll roads benefits
- Too high investment for EU makers
- ACEA demands regulatory change so that European cars can compete on equal terms



Japanese Import – a threat?

Japanese Manufacturers already integrated in EU

- 85% of Japanese cars sold in EU are produced locally
 - 14 production plants & 16 R&D centers
 - 162 000 jobs in the EU are tied to Japanese manufacturers
 - 80% of parts sourced locally
 - 243 000 vehicles exported globally from EU
- Strong – weak yen
- Taste cannot be regulated!

Japanese imported cars **3% market share in EU**
EU imported cars **5% market share in Japan**



Potential of Japanese Market?

Challenges on the Japanese Market

- Japan aging and decreasing population
- Between 2010 and 2020 market set to decline by 660 000 units.
- Demanding customers
- Complicated distribution network

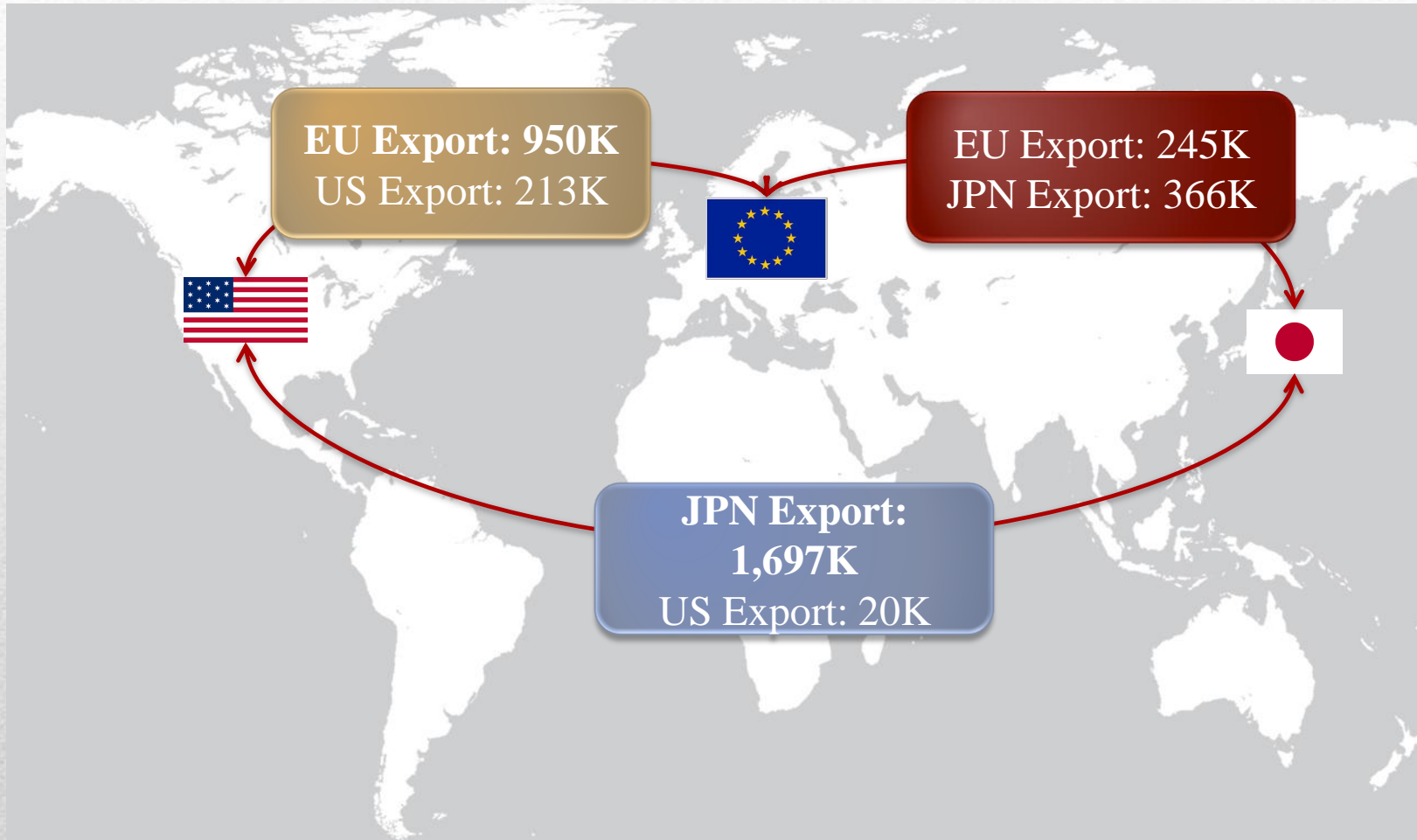
...but

- 127 million homogeneous & loyal consumers
 - High standard of living & high purchase power
 - European brands popular in Japan
 - European car producers >90% of Japan's import
 - Export can increase by 84% with removal of NTMs through a FTA
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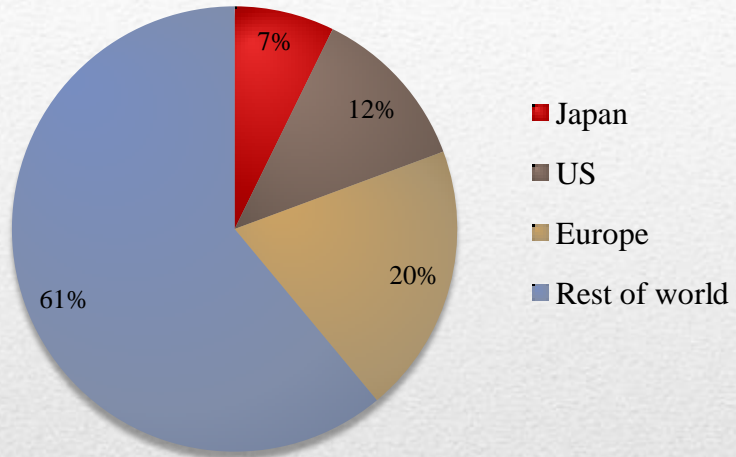


THE FTA IN A GLOBAL PERSPECTIVE

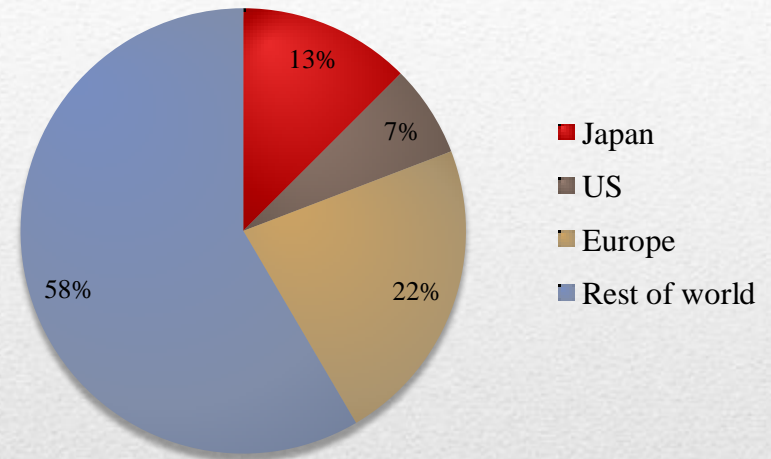
Three major Trade partners



Importance of working together



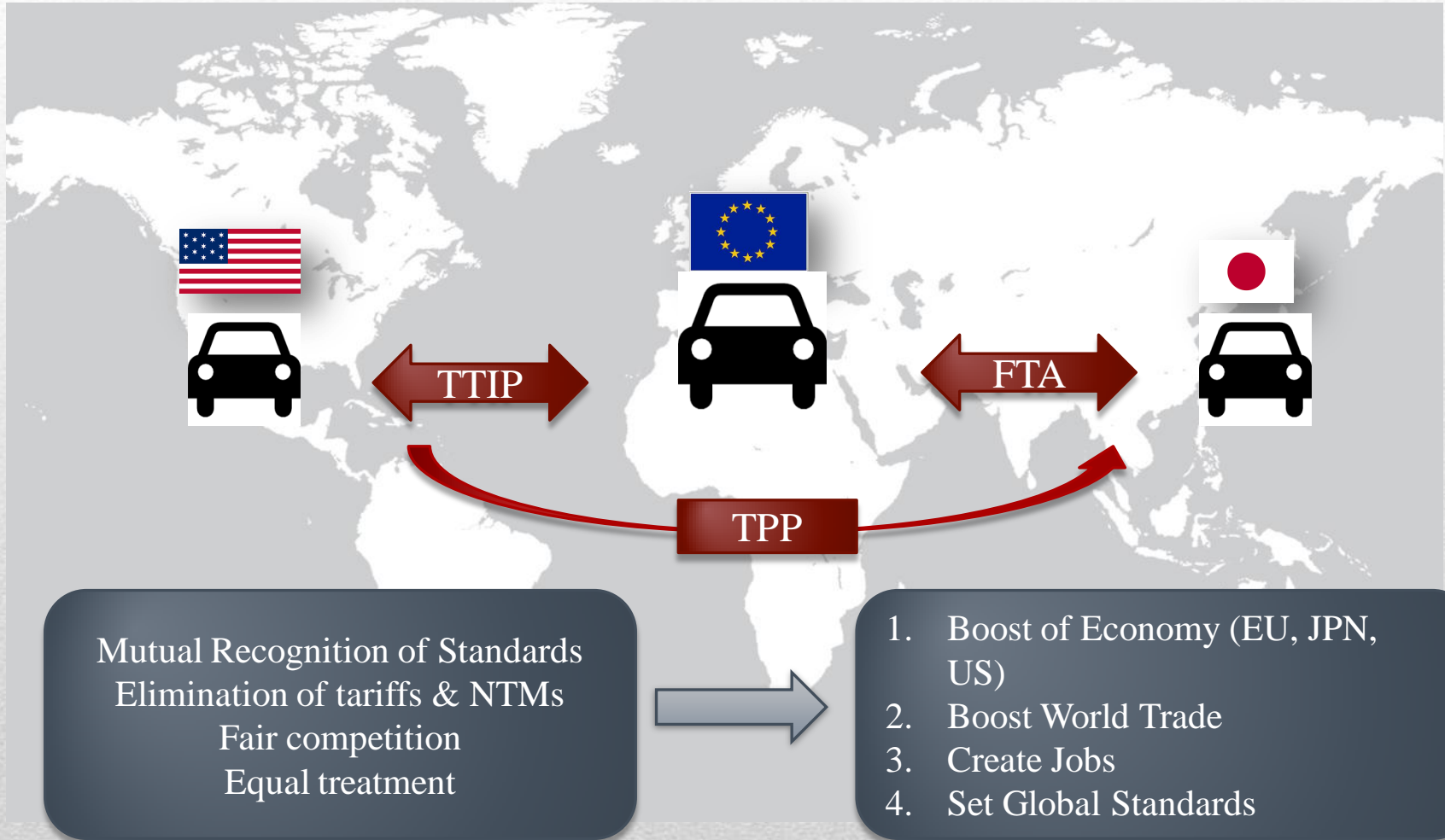
Global sales of cars 2013. Source OICA



Global production of cars 2013. Source OICA

The EU, US and Japan make up
40% of global production & sales

Automotive is Global!





THANK YOU

Questions?

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