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## Waiting for new deliverables: Can the EU-Japan strategic partnership measure up to global and regional challenges?

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The EU and Japan are now concluding two partnership agreements that should facilitate bilateral trade, streamline political and security cooperation and reinforce shared values. While they buttress the strategic scope of their cooperation as "like-minded" partners, their ratification may take a while. Furthermore, in order to measure up to contemporary global and regional challenges, the political and economic agreements need to be followed up by concrete initiatives in such realms as infrastructure investment (connectivity), maritime security and nuclear non-proliferation.

### **BACKGROUND – WORDS THAT SPOKE LOUDER THAN ACTION**

Since 2013, the European Union (EU) and Japan have been simultaneously negotiating two agreements: an Economic Partnership Agreement (EPA) and a Strategic Partnership Agreement (SPA). Both should be ready for signing and ratification in 2018. While this marks a milestone in the relationship between Brussels and Tokyo, it also bolsters the global significance of the EU-Japan partnership in an unfolding 'Asian century'. What remains to be seen is whether concrete cooperation will measure up to the challenges the partnerships purport to address.

The EU and Japan have had a longstanding relationship that originated in 1959 when Tokyo accredited its ambassador to the European Communities in Brussels. In 1991, Brussels and Tokyo issued a Joint Declaration to "intensify their dialogue and to strengthen their co-operation and partnership" and they started holding annual summits. Ten years later, a Japan-EU Action Plan was signed to put "greater focus on concrete measures and concerted action." Neither the Joint Declaration nor the Action Plan have proved sufficient, however, to catalyse major joint initiatives.

In May 2011, Tokyo and Brussels agreed to start exploring the possibility of a Free Trade Agreement (FTA). Actual negotiations began in 2013, with the aim to address those obstacles barring EU-Japan trade from realising its full potential. With Japan and the EU representing 30% of global GDP, the EPA would make it the world's largest trading bloc. For the EU, economic gains would be of a magnitude comparable to those accruing from an FTA with the United States.<sup>1</sup> For Japan, an FTA would reportedly contribute to raising its GDP by 0,7%.<sup>2</sup>

Boosting trade is not the sole issue at stake, however, and the EU insists on negotiating in parallel a legally-binding agreement covering political and security issues. For Brussels, the aim of the two-track negotiation is to give strategic depth to the EU-Japan partnership and make it more operational. This shift is reflected in the change of wording from "like-minded global partners and major economies"<sup>3</sup> to "like-minded strategic partners and major economies sharing common values and principles."<sup>4</sup> The agreements thus link the geo-economics with the geopolitics of the partnership. For both, this means "focusing resources and energy on negotiating major deals" with these pivotal countries to shape the global order.<sup>5</sup>

### **Common challenges**

The EU and Japan each face the common challenge of slow economic growth, ageing societies and "post-industrial productive re-conversion".<sup>6</sup> In December 2012, the return to power of Shinzo Abe ushered in a new era of political

stability and wide-ranging economic reforms for Japan. The prime minister's electoral selling point was a 'Growth strategy', coined 'Abenomics'.

In the foreign policy field, both partners have also risen to security challenges. The Abe government has been dealing with fast-changing regional conditions, marked by territorial disputes with Japan's neighbours (China, Russia, and South Korea), the rise of China, growing uncertainty over Trump's Asia policy and an expanding North Korean nuclear threat. Japan has thus embarked on a set of unprecedented security reforms. Regarding the role of its Self-Defence Forces, it has introduced a limited right of 'collective self-defence', whereby Japanese forces could be allowed to use force not only if Japan itself is under attack but also in the event of a close ally being struck. It has also expanded the scope of the US-Japan alliance and authorised the export of Japanese-made defence products.

Meanwhile, the EU has experienced profound changes of its own from the consequences of a traumatic economic crisis to the geopolitical developments in Ukraine, Syria, Iraq or Libya. It has also been addressing rapidly evolving domestic security and terrorist threats. More fundamentally, the Ukrainian crisis has challenged the EU's 'idealist strategic paradigm', namely the comfortable post-modern perception that "geopolitics and power politics no longer existed".<sup>7</sup> As a result, in 2016, the EU launched a revamped 'Global Strategy', confirming that it was now pursuing its foreign policy interests more pragmatically: "our fundamental values", it stated, "are embedded in our interests."

## **STATE OF PLAY – CHANGING GEAR**

To finalise both agreements, European and Japanese negotiators have had to overcome divergences that provide insights both into bilateral relations and multilateral cooperation as a whole.

### **The ratification process**

The EPA and SPA were agreed upon in principle at the 24<sup>th</sup> EU-Japan Summit in July 2017. Additional time was required, however, to address legal issues. Negotiators have grappled with the "mixed" character of the partnerships and its implication on the ratification process.<sup>8</sup> In the post-Lisbon Union, mixed agreements must be ratified by member states following their domestic ratification procedures. In 2017, the Parliament of Wallonia (Belgium) has thus been able to block the ratification of the EU-Canada Free Trade Agreement until it was given reassurances in the realm of investment protection. In Japan too, resistance to the EPA has surfaced in legislative debates around the interests of local farmers. Subject to heightened public scrutiny, global strategic ambitions are increasingly gauged on domestic or political considerations.

### **Shared values**

As democratic societies with common positions on the rule of law, human rights and due process, the EU and Japan share converging views on the rules and principles that should underpin global order. Negotiators have long differed, however, on the integration in the SPA of so-called "essential elements" clauses (required by the EU). The latter allows for a suspension of obligations in case either partner violates human rights.<sup>9</sup> At stake, here, is mainly a divergence on capital punishment: there were 123 death row inmates in Japan by the end of 2017.<sup>10</sup> For Brussels, the suspensive clause is part of a foreign policy rationale based on 'principled pragmatism'. With Canada, the agreement referred to a "particularly serious and substantial violation", the nature and gravity of which should be "of an exceptional sort".<sup>11</sup> With Japan, similar arrangements are expected. Such contentious issues as whaling have already been put aside. Nevertheless, the EU's exigence has been unnecessarily uncompromising in the eyes of Tokyo: why impose a suspending clause on Japan, a democratic partner "sharing common values and principles"?

### **In support of free and fair trade**

Domestically, the EPA takes on particular significance. In Japan, boosting international trade is the third "arrow" of 'Abenomics'. As of 2012, Shinzo Abe had staked much political capital in defending against domestic resistance a trans-regional free trade agreement with the United States, the Trans-Pacific Partnership (TPP). In 2016, President Trump's withdrawal from TPP negotiations and overall 'America First' policy has put Japan's economic plans in need of alternatives. The same year, the Brexit referendum raised concerns about trade with Europe, especially as many Japanese businesses are located in the UK. Trump's election and Brexit have thus prompted Japan to conclude trade negotiations rapidly. Tokyo now boasts that the 'TPP 2.0' (TPP minus the US) it has recently signed with ten regional economies as well as the EPA with the EU will together generate an additional US\$ 114 billion (+2,5%) in GDP.<sup>12</sup>

In the EU, the EPA belongs to the "new generation"<sup>13</sup> free trade agreements that Brussels promotes as part of its economic diplomacy. In Asia, the EU seeks to become a reliable and prominent trading partner. It has recently signed such FTAs with the Republic of Korea, Vietnam and Singapore while economic partnership and investment protection discussions are progressing (albeit unevenly) with China, India, Indonesia, Myanmar, the Philippines and Thailand. Brussels is also pushing for a restart of negotiations over a region-to-region FTA with the Association of Southeast Asian Nations (ASEAN).

## **Cooperation in the field of international security**

In security terms, both the EU and Japan see the global rule-based order being eroded by such developments as nuclear blackmail by North Korea, 'hybrid' warfare in Ukraine, maritime and territorial disputes in the South China Sea or the risk of a rivalry between the US and China. In this regard, the SPA builds on bilateral cooperation on a wide array of issues: post-war reconstruction in the Balkans; stability and development in Central Asia, the Sahel and Sub-Saharan Africa; non-proliferation and nuclear security; disaster management and climate change. The expected introduction of joint (political and technical) committees overseeing cooperation in and providing information on the many areas covered by the agreement can contribute to making the partnership more effective. It is expected to streamline the more than 30 sectoral dialogue mechanisms that the EU and Japan have put in place over the years. In that regard, concrete instances of cooperation such as Japan's support to the EU's naval operations or its missions in Niger and Mali may serve as examples.

For Brussels, the agreements should also give substance to an Asia policy that relies on five pillars: promoting open markets and free and fair trade regimes; building on strategic bilateral relationships to tackle global issues; contributing to the development of rules-based regional orders; fostering connectivity; and ensuring peace and stability. The EU is thus expecting to raise its profile as a relevant security partner in Asia. In Japan, the government should update in 2018 its 2013 National Security Strategy and defence guidelines to integrate a "sense of urgency" in the design of its defence collaborations.<sup>14</sup> Tokyo thus intends to step up its cooperation with Australia, India and the US (the "Quad") on maritime security. These initiatives translate the Abe government's emphasis on global and proactive diplomacy in support of its self-styled role as "proactive contributor to peace".

In practical terms, the partnership agreements should thus serve as a leverage for both Brussels and Tokyo in furthering their respective regional policies and strengthening their common global interests.

## **PROSPECTS – TRANSLATING COMMITMENTS INTO ACTION**

The EU and Japan must follow up on the promise of the partnership agreements by detailing specific initiatives that they could spearhead.

Regarding trade, the EPA will bring two major manufacturing powerhouses under a 'quality' FTA. When it comes into force, it will constitute a strong signal that neither the EU nor Japan considers retrenchment from a fair and open trade regime an option. The potential for such an agreement to constitute a 'building block' towards further global trade liberalisation, however, will hinge on the tangible benefits that should accrue from the EPA. Moreover, it will be critical to scale up the level of investment in infrastructure for this trade agreement to bear. Through its Indo-Pacific initiative, Japan is already promoting the notion of 'connectivity for stability and prosperity' through 'quality infrastructure'. Similarly, the EU is preparing a strategy on better connecting Europe to Asia. These agendas must fuel more joint initiatives that could help scale up efforts. For example, Japan and the EU should coordinate their promotion of international standards and best practices vis-à-vis third parties, including – but not limited to – China and its Belt and Road initiative. More coordination could also be foreseen in the context of the Asia-Europe Meeting (ASEM) where connectivity and infrastructure development are a cornerstone of cooperation.

In geopolitical terms, the SPA will hopefully contribute to bolstering the impact of the cooperation between the EU and Japan in the G7, the Organization of Economic Co-operation and Development (where the two partners represent 60% of members' official development assistance), and the United Nations. The EU and Japan are also strong supporters of the Iran deal. Bilateral cooperation must now expand in critical domains such as space and cyber<sup>15</sup>, maritime domain awareness, counter-terrorism and disaster risk management. More specifically, Japan and the EU should take further action on the ever more critical issues of nuclear non-proliferation and maritime security, where they both have specific interests, expertise, and competences.

The 'normalisation' of Japan's security and defence profile, as well as the EU's growing involvement in defence through its Permanent Structured Cooperation and European Defence Fund, might also incentivise cooperation in defence research and development, perhaps even procurement. Another prospect may be for Tokyo to negotiate a

Framework Participation Agreement with the EU that would provide the legal grounds for its participation in operations and missions under the Common Security and Defence Policy.

External challenges and uncertainties can, however, hamper the effectiveness of the EU-Japan 'natural partnership'. Globally, the erosion of a rule-based order is a challenge that neither the EU nor Japan can manage separately or jointly. Both parties will continue to need the involvement of such global players as the US or China. At a time when China promotes a "New Type of International Relations Featuring Win-Win Cooperation"<sup>16</sup> and the US an 'America First' policy of uncertain consequences, Japan and the EU should serve as standard bearers of stable regional and global regimes that serve the security and economic interests of a large number of countries. It is paramount to translate commitments into action to preserve the shared interests that underpin the EU-Japan partnerships.

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*The views expressed in this Policy Brief are the sole responsibility of the author.*

- <sup>1</sup> As argued by the LSE Enterprise team in their study: Trade Sustainability Impact Assessment of the Free Trade Agreement between the European Union and Japan - final report, 2015, available at [http://www.tsia-eujapantrade.com/uploads/4/0/4/6/40469485/japantsia\\_final.pdf](http://www.tsia-eujapantrade.com/uploads/4/0/4/6/40469485/japantsia_final.pdf)
- <sup>2</sup> Andrea Frontini, "Advancing the EU-Japan strategic partnership in a transforming global environment: challenges, opportunities and prospects", European Policy Centre Policy Brief, 3 March 2016, available at [http://www.epc.eu/documents/uploads/pub\\_6363\\_eu-japan\\_strategic\\_partnership.pdf](http://www.epc.eu/documents/uploads/pub_6363_eu-japan_strategic_partnership.pdf)
- <sup>3</sup> "20<sup>th</sup> EU-Japan Summit Brussels", 28 May 2011, Joint Press Statement, available at [https://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/er/122305.pdf](https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/122305.pdf)
- <sup>4</sup> "EU-Japan relations and the 21<sup>st</sup> EU-Japan Summit - Tokyo, 19 November 2013", Memo, Brussels, 15 November 2013, available at [http://europa.eu/rapid/press-release\\_MEMO-13-999\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-999_en.htm)
- <sup>5</sup> Thomas Renard, "The EU's strategic partnership agreements: balancing geo-economics and geopolitics", Egmont Commentaries, 9 June 2015, available at <http://www.egmontinstitute.be/eu-strategic-partnership-agreement/>
- <sup>6</sup> Andrea Frontini, *op. cit.*
- <sup>7</sup> Sven Biscop, "Geopolitics with European characteristics: An essay on pragmatic idealism, equality, and strategy", Egmont Papers, 14 March 2016.
- <sup>8</sup> Whenever an international agreement includes shared competences or concurrent competences or member states' competences, then the agreement is said to be 'mixed'.
- <sup>9</sup> Bart Gaens, "The EU-Japan partnership: Stepping stone for a stronger presence in Asia?", FIIA Briefing Paper 218, March 2017, available at <https://www.fiaa.fi/julkaisu/the-eu-japan-partnership?read>
- <sup>10</sup> "Number of inmates awaiting death penalty in Japan at end of 2017 expected to be 123", The Japan Times, 28 December 2017, available at <https://www.japantimes.co.jp/news/2017/12/28/national/crime-legal/number-inmates-awaiting-death-penalty-japan-end-2017-expected-123/#.Wstwdk26yAh>
- <sup>11</sup> Council of the European Union, Strategic Partnership Agreement between the European Union and its Member States, of the one part, and Canada, of the other part, 5368/2/16, Brussels, 5 August 2016, available at [https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/13529/EU-Canada%20Strategic%20Partnership%20Agreement](https://eeas.europa.eu/headquarters/headquarters-homepage_en/13529/EU-Canada%20Strategic%20Partnership%20Agreement)
- <sup>12</sup> "Japanese government says TPP, EU trade deals to boost Japan GDP by 13 trillion yen", Nikkei Asian Review, 21 December 2017.
- <sup>13</sup> In addition to provisions on customs and non-tariff barriers to trade, "new generation" free trade agreements also contain provisions on issues such as intellectual property protection, investment, public procurement, competition and sustainable development.
- <sup>14</sup> Yuki Tatsumi, "Japan's Defense Policy Decisions in 2018", The Diplomat, 3 January 2018, available at <https://thediplomat.com/2018/01/japans-defense-policy-decisions-in-2018/>
- <sup>15</sup> See: Thomas Renard, "EU cyber partnerships: assessing the EU strategic partnerships with third countries in the cyber domain", European Politics and Society, published online 29 January 2018.
- <sup>16</sup> "Build a New Type of International Relations Featuring Win-Win Cooperation", Ministry of Foreign Affairs of the People's Republic of China, 1 July 2017, available at [http://www.fmprc.gov.cn/mfa\\_eng/wjzb\\_663304/wjzb\\_663308/2461\\_663310/t1376908.shtml](http://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzb_663308/2461_663310/t1376908.shtml)

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