UNIFE – *Promote rail market growth for sustainable mobility.*

FTA negotiations with Japan – the European rail industry perspective
What is UNIFE?

UNIFE represents the European Rail (Supply) Industry

- Based in Brussels since 1992
- 22 permanent employees
- A trusted partner of the **European institutions** in all matters related to rail and transport
- **Full members:** Over **80** of the largest and medium-sized companies in the rail supply sector
- **Associated members:** 15 National Associations, representing almost 1,000 suppliers of railway equipment + EFRTC and UNISIG
- **UNIFE members** have an **80% market share in Europe** and supply more than **50% of the worldwide production** of rail equipment and services.
UNIFE Members

82 Full Members

17 Associate members, incl. 15 National Associations
<table>
<thead>
<tr>
<th>Country</th>
<th>Domestic Market</th>
<th>Global Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>Transparent as per EU procurement rules</td>
<td>Punctual governmental support as per OECD rules</td>
</tr>
<tr>
<td>JAPAN</td>
<td>Almost entirely closed to foreign competitors (Operational safety Clause) Complex/untransparent tender procedures</td>
<td>Significant governmental support (e.g. soft loans), JICA, etc.</td>
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<tr>
<td>CHINA</td>
<td>Protective procurement rules (no contract without technology transfers/Joint Ventures, etc.)</td>
<td>Strong support from government, including financing of projects Not bound by international rules (OECD, compliance, etc.)</td>
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<tr>
<td>S.KOREA</td>
<td>Market partly closed (Rolling Stock) Technology transfers required to access some markets, etc.</td>
<td>Punctual governmental support as per OECD rules</td>
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<tr>
<td>US</td>
<td>Market relatively opened despite « Buy American » requirements; Additional constraints e.g. Recovery and Reinvestment Act</td>
<td>Punctual governmental support as per OECD rules</td>
</tr>
</tbody>
</table>
EU-Japan relations - timeline

2008-9: launch of UNIFE initiative

February & October 2010: EU-Japan railway safety workshop

October 2011: EU Japan railway safety workshop and « industry dialogue »

December 2011: review of GPA agreement, specific exchange of letters on rail

S1 2012:
- FTA scoping exercise
- Commission legislative instrument
- New EU-Japan industry dialogue
Reminder: the general context

Javelin trains (£370mn),
Intercity Express Program
(£4.5 Bn), …

Only 2% of rail market open
according to international
procurement rules
Only 15% of those 2%
awarded to non-Japanese
firms on grounds of
“operational safety”

UNIFE POSITION: A LEVEL
PLAYING FIELD MUST BE
ENSURED
Barriers to entering the Japanese rail market

- Operational Safety Clause

- Japanese operators have set up complex and restrictive procedures in the supply of railway equipment, promoting de facto Japanese suppliers.
UNIFE finds the lack of level playing field on the global rail market unacceptable and has launched a campaign to open the Japanese rail market.

- This is not sustainable and ultimately costs growth and jobs!

The EU should further encourage a comparable and effective opening of global rail markets.
FTA negotiations – UNIFE objectives

- The Japanese government should take immediate steps to ensure that European suppliers have a comparable and effective access to the Japanese market;

- UNIFE wishes the immediate application of the operational safety clause (OSC) in a 'transparent', 'predictable' and 'non-discriminatory' way, as the Japanese authorities have politically committed in December 2011, pending for its quick withdrawal.

- The three JRIs, which represent the major share of the Japanese rail procurement market, should remain within the scope of the WTO Agreement on Government Procurement (GPA).
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www.unife.org