

[Art. 4.1(b)] **From:** [REDACTED] (TRADE)
Sent: Thursday, February 21, 2013 4:57 PM
To: PETRICCIONE Mauro Raffaele (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (ENTR)
Cc: [REDACTED] (EEAS-TOKYO); [REDACTED] (EEAS-TOKYO)
Subject: Meeting with ACEA on EU-Japan FTA

COM ([REDACTED] for DG TRADE, and [REDACTED] for DG ENTR) had a meeting with ACEA [REDACTED] [REDACTED] today to discuss EU-Japan FTA negotiations.

This meeting was a follow up to a technical meeting that DG ENTR had with ACEA the day before.

ACEA made the following points:

- The **final objective of the nego** with Japan should be that any European vehicle certified in Europe as complying with the relevant UNECE Regulations should be accepted in Japan without testing and certification to show compliance to Japanese standards.
- By end of February ACEA will come up with more specific proposals on what in their view **should be achieved in the first 12 months in the FTA negotiations**.
- Out of the 128 **UNECE regulations**, 82 apply to passenger cars. Japan has domestic requirements for areas covered by 61 of them. 50 of those are part of the Japanese whole vehicle type approval. Japan so far applies UNECE regulations for 34 of them. The immediate focus should therefore be on 16 remaining UNECE Regulations out of the 50 for which Japan has national type approval requirements and does not accept the UNECE ones. Out of these 16, Japan says that 6 of them could be accepted by 2016 without additional changes. But for the remaining 10 Japan could only accept them if they are amended in the context of WP29 in Geneva. ACEA is currently consulting its members regarding the possible impact of these amendments. But given that Europe will already have to give up on its tariffs ACEA considers that it is certainly more for Japan to do the necessary efforts rather than for us to accept the Japanese modifications.
- Particularly important is the issue of the **testing cycle for emissions (WLTP)**. There are ongoing discussions in WP29 (in the context of the 1998 Agreement) to develop a Global Technical Regulation (GTR) on this which should then be also translated into the 1958 Agreement (N.B. to benefit from the mutual recognition mechanism). Industry's priorities in this regard is for both the EU and Japan to adopt the harmonized test driving cycle once ready, and to do it at the same time.
- In general ACEA has noticed that in the last few months **MLIT has become very reluctant to given any indicative schedule** re. the future adoption of international standards, possibly because they want to keep these as negotiating chips.

- We asked how they view the **possible participation of Japan in TPP negotiations**, and whether joint pressure on Japan with the US may help for some issues. ACEA answered that there is little scope for that in the regulatory area; The US is a 'Galapagos island', with unique standards and no type approval system, who is not interested in international efforts on motor vehicles; therefore, the TPP should not be regarded as a model. If Japan joins TPP, US are likely to request recognition of American standards. By contrast, the EU is pushing Japan to adopt more international standards, which is in line with Japan's active participation in UNECE WP29. Also, Japan is unlikely to stop its efforts for harmonisation at multilateral level in the UNECE since they also have in mind the Chinese and the Indian markets as ultimate objectives.
- On **Kei cars** ACEA sent suggestions on how to tackle the problems.
- On **hydrogen airbags** ACEA considers that the 'paperwork only' solution proposed by METI is not feasible, and is instead advocating for a generic exemption from the High Pressure Gas Law of compressed gas inflated airbags. ACEA will come with a more detailed proposal for a solution.
- **Zoning** is still an issue. No European companies have applied since the new guidelines have been issued since they are very vague and still require political intervention by the MLIT to get the licence (although ACEA acknowledged that a US company had received such a licence).
- ACEA has no common position on **yen devaluation**. But we should keep in mind that it could become an issue. Japan carmakers' competitiveness has already increased since the depreciation of yen by 25% since December so there is a question whether they will be willing to make serious efforts on standards and NTBs for just an extra 10% (tariffs).

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