

Briefing on UK-Japan FTA negotiations

Agreement expected to be closely modelled upon the [EU-Japan EPA](#) in force since February 2019. Reduces duties levied on both parties compared with the baseline of no preferential trade deal in place between the UK and Japan. There is an opportunity to improve upon the terms of the existing EPA agreement for both parties believes DiT. Call for inputs was made by DiT last year.

The UK Government believes this agreement could be a logical stepping stone into subsequent accession to [CPTPP](#) (although there are issues over regulatory standards which could prove difficult for the UK in that agreement).

Bundle of [supporting documents including an economic scoping assessment](#) were published on 13 May. Could be a benefit of £1.5bn to the UK economy compared with baseline of no agreement at all with Japan.

High standards for consumers, environmental and animal welfare protection are proposed to be maintained in this agreement. Trade between the two countries could increase by £15.2bn, with increased real wages in all nations and regions of the UK. Perhaps around £275m in tariff reductions for Japanese imports coming into the UK. £33m less on tariffs for UK exports to Japan – both compared with baseline of no preferential deal in place. Could be growth in imports and exports in sectors where EU tariffs are higher.

Digital trade chapter would be new compared with the EU-Japan EPA. UK Government would seek a chapter on professional and business services. Build upon financial services chapter in the EPA. Creative industries - more to be done there.

Staging of potential tariff reductions as per the EPA or not? UK Government not sure as yet on its position in this area.

The UK Government would like to pursue chapters on AI and e-commerce with Japan which move beyond those in the current EPA.

UK Government not sure as yet on whether will publish legal text proposals.

Avoid double testing with Japan - conformity assessment chapters from the EPA could be beefed up.

Diagonal cumulation - not that many sectors where this is important in accessing a preferential tariff. Many Japanese preferential tariffs are zero in any case. Looking at simplifying paperwork to make use of preferential rules of origin for UK exports to Japan.

Some scope to simplify customs processes for UK exports to Japan laying framework for closer collaboration in the future. Textiles and leather are seen to be areas where the most benefit could be derived from a Japan-UK FTA in comparison with no agreement. Were there to be no agreement tariffs could rise on these goods to around 10%.

Perhaps complete definite legal text in July and then have scrubbing and full text by September to put to the Japanese Diet.