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ANNEX VIII

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Asia Pacific region for 2022 Part 1

Action Document for Business to Business (B2B) cooperation with Japan and the Republic of Korea

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans of Article 23 of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Business to Business (B2B) cooperation with Japan and the Republic of Korea OPSYS number: ACT-60873/ JAD.981614 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Asia-Pacific Region, namely in Japan and in the Republic of Korea
4. Programming document	Regional Multiannual Indicative Programme for Asia and the Pacific 2021-2027 (RIP for Asia and the Pacific)
5. Link with relevant MIP(s) objectives / expected results	<p>In line with priority area 2.2.4 of the RIP for Asia and the Pacific 2021-2027, the proposed action intends to pursue European Union (EU) interests with Asian partners in Asia and the Pacific (High Income Countries and other key partners).</p> <p>Relevant specific objectives from the 2021-2027 Regional MIP:</p> <p>SO 3 – Economic diplomacy: FTAs, level playing field, market access, investment promotion and protection, business opportunities</p> <p>The aim is to support the implementation of trade and investment agreements and economic partnerships. A key priority will be to support action on business cooperation and Foreign Direct Investment to further enhance and facilitate access to Asian markets for EU companies, notably SMEs. Working on green/digital/responsible and equitable supply chains will be key to promote more resilient, just and greener post-COVID-19 economies and build back better. Promotion of EU know-how, common standards and facilitation of interoperable standards, also through business-to-business and people-to-people contacts, will also be included.</p>

	<p>Relevant expected results from the 2021-2027 Regional MIP¹:</p> <p>ER 3.2: Enhanced market access (including agreements on Sanitary and Phyto-sanitary conditions), improved business cooperation and partnerships (B2B), in particular SMEs, and a level playing field and fair and equal treatment for European businesses leading to improved competitiveness of EU business in Asia, as well as enhanced capacities of European business organisations.</p> <p>ER 3.3: Increased inward FDI.</p>			
PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	<p>Business Cooperation</p> <p>DAC code 250 - Business and other services</p>			
7. Sustainable Development Goals (SDGs)	<p>Main SDG (1 only): SDG 17 'Partnerships for the Goals'</p> <p>Other significant SDGs (up to 9) and where appropriate, targets:</p> <p>SDG 7 Affordable and Clean Energy</p> <p>SDG 8 Economic Growth and Decent work</p> <p>SDG 9 Industry, Innovation and Infrastructure</p> <p>SDG 13 Climate Action</p>			
8 a) DAC code(s)	25030 - Business development services			
8 b) Main Delivery Channel	61000 - Private sector in provider country			
9. Involvement of multilateral partners	No			
10. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
11. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ MIP 2021-2027, Section 2.2.4. Pursuing EU Interests with Asian partners in Asia and the Pacific (High Income Countries and other key partners) page 30

	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @ digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ transport people2people energy digital connectivity	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
13. Amounts concerned	Budget line(s) (article, item): 14 02 01 31 (South and East Asia) Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 15 000 000			
MANAGEMENT AND IMPLEMENTATION				
14. Type of financing²	Direct management through: Procurement			

1.2 Summary of the Action

This action will promote EU business cooperation with Japan and the Republic of Korea. More specifically, it aims to increase EU companies' competitiveness and internationalisation by facilitating business to business (b2b) matchmaking, by promoting exchange of know-how and the identification of market opportunities, and by building partnerships between European and Asian enterprises. In doing so, the action will pursue greater visibility of EU branding and standards.

² Art. 27 NDICI

The COVID-19 pandemic has adversely impacted the world socio-economic outlook and continues to disrupt value chains and to challenge global, regional and bilateral trade. Supporting business internationalisation and open rules-based trade have been recognised as a critical component of an economic strategy to recover from the COVID-19 outbreak. EU support to the multilateral trading system, as well as the effective implementation of EU trade agreements, the facilitation of business opportunities and targeted support to businesses' recovery (especially European Small and Medium Enterprises (SMEs), Start-Ups and clusters organisations representing them, in the Asia-Pacific region) will contribute towards the EU strategic priorities, specifically the EU Indo-Pacific Strategy (ref. Digital Governance and Partnership) and the EU Green Deal. Equally important is to enhance the visibility of the EU in the region as part of the EU Economic Diplomacy objectives.

The Asia-Pacific region is the largest destination of Foreign Direct Investments (FDIs) globally and is a powerhouse for global trade. Global trade and trade in global value chains remain as the most prominent form of business internationalisation. Bilateral trade, business cooperation and the supply chains of the future present a rapidly changing context for EU economic and policy interests as well as recovery plans. This is especially relevant considering the recent trends toward regionalisation, decoupling of some supply chains, near-shoring trends, and additive manufacturing. Within the Asian region, strategic high-income countries like Japan (JP) and the Republic of Korea (RoK), relying on EU bilateral trade agreements already in force, are important EU political and economic partners, as well as key commercial markets in themselves or as a launch pad for access to other Asian markets. Japan is in fact the EU's second biggest trading partner in Asia. The EU is South Korea's biggest foreign direct investor and South Korea's third largest export market. Importantly, Japan and the Republic of Korea are like-minded countries who have recently agreed to strengthen green and digital partnerships with the EU through new bilateral agreements and joint statements. The EU's Global Gateway strategy opens new opportunities for cooperation and investments in secure and sustainable infrastructure in the Indo-Pacific region and elsewhere, notably on concrete projects.

Against this background, this project aims to support the following general objectives: (i) enhancing access to important Asian markets for EU companies, notably SMEs and clusters organisations representing them, to pursue EU strategic autonomy by reinforcing the backbone of EU's economy; (ii) building resilience and diversification of supply chains and exploiting EU-Asia connectivity; (iii) ensuring economic security of the EU industrial ecosystems addressing the vulnerabilities of the globalised economy; (iv) maximising the benefits of economic interdependence via promoting business partnership and access to markets.

The action will contribute to EU's objectives under the NDICI in supporting innovative policies/initiatives and deepening EU relations and dialogues, forging alliances and partnerships with partners of strategic interest across political, economic and security issues, notably in: (i) responding to challenges of global concern; (ii) supporting the new EU trade policy, access to partner country markets, boosting trade, investment and business opportunities for companies from the EU while promoting sustainability and accountability (iii) contributing to the implementation of the international dimension of internal EU policies such as, inter alia, environment, climate change; and digitalisation; and (iv) enhancing and widening understanding and visibility of the EU and of its role globally. The action will target mainly SDG 17 Partnership for the Goals while also targeting other significant SDGs such as SDG 7 Affordable and Clean Energy; SDG 8 Economic Growth and Decent work; SDG 9 Industry, Innovation and Infrastructure and SDG 13 Climate Action. The principal/significant DAC markers are Trade Policies and Regulations and Business and other services.

The action will build on the lessons learnt from previous EU flagship programmes (EU Green Gateway to Japan, Korea and EU Business Avenues for South East Asia) that supported European businesses' internationalisation (mainly SMEs), market access, and increased turnover and business partnerships (including for technology development and innovation in key industry ecosystems). The EU Gateway/Business Avenues projects came to an end in 2020/2021; this successor programme will enable the consolidation of EU bilateral business cooperation efforts while opening-up opportunities in new priority sectors in Japan and the Republic of Korea. As EU's largest trade and investment partner in ASEAN and gateway to South East Asia for many EU businesses, Singapore had a central role under the aforementioned Business Avenue project. While Singapore is currently not included in this new action, consideration will be given to adding it a later stage, if conditions related to the feasibility of implementing these activities in Singapore will permit and in agreement with other relevant EU services.

Finally, the Action will help operationalise recent bilateral agreements and joint statements aiming to strengthen green and digital partnerships with these two countries (including their hub dimension in the Indo-Pacific) and will seek synergies with EU existing cooperation frameworks (e.g. European Cluster Collaboration Platform/ECCP, Europe Enterprise Network/EEN). It will be articulated into country-specific components (i.e. JP and ROK) that will be developed taking into consideration the national context, business environment, priority sectors and market opportunities. A common implementation methodology, coordination and visibility framework will ensure a coherent and consistent approach while taking into consideration the national specificities at the regional level as well as the economies of scale benefits.

2 RATIONALE

2.1 Context

Asia's relative importance and key role in global trade and global supply chains has only increased with the onset of the COVID-19 pandemic. Key supply chains, notably for the green and digital transition, and the post-COVID-19 recovery (e.g. for raw materials, medical goods or electronics), are deeply integrated in the Asian region and directly impact European economic interests and broader policy objectives.

The COVID-19 crisis has also spurred debates about the benefits of international trade and globalisation. There is a clear role for the EU in supporting the multilateral trading system, facilitating business opportunities for businesses' recovery, especially European SMEs, Start-Ups and clusters organisations representing them.

The EU has been at the forefront in introducing policies and strategies for a sustainable and resilient COVID-19 recovery underpinned by fair green and digital transitions. These efforts build on long-standing EU efforts to promote an economy that works for all, both within the EU and externally, as a stronger global actor ensuring the highest standards of climate, environmental and labour protections.

This policy framework notably includes the EU Green Deal (2019), the EU Circular Economy Action Plan (2020), the "Farm to Fork Strategy" (2020), and the new EU Industrial Strategy (2021) and the Communication on decent work worldwide (2022). The EU Trade Strategy 'An Open, Sustainable and Assertive Trade Policy' (2021) highlights the importance of strengthening the implementation and enforcement of its agreements to create the conditions for businesses to develop, grow and innovate. "Supporting the business case for the twin transitions" is in turn one of the key objectives of the EU Industrial Strategy. In particular, this Action may contribute to section 4. "PLANET" of Annex II of the NDICI Regulation, i.e. Developing and/or strengthening sustainable green and blue growth and circular economy in all economic sectors. The action will contribute to the EU GREEN DEAL and precisely to ensure European Businesses promote their greener technologies and grow into greener and more sustainable ways; as well as to section 5. "PROSPERITY" of Annex II of the NDICI Regulation (Inclusive and sustainable economic growth and decent employment), namely point (c) Improving the business environment and investment climate at local and national levels, creating an enabling regulatory environment for economic development and supporting companies, in particular SMEs, including start-ups, as well as cooperatives, social enterprises and women entrepreneurs in expanding their business and creating jobs, supporting the development of a solidarity economy and enhancing responsible business conduct and private sector accountability.

The EU Trade Strategy also promotes responsible and sustainable value chains as one of its main pillars and refers to autonomous measures in this regard. Additionally, sustainable and inclusive prosperity, green and just transition as well as digital governance and partnerships are also at the core of the EU geopolitical strategic framework for the region, as laid down in the EU's strategy for cooperation in the Indo-Pacific (2021)³. This has been consequently reinforced by the adoption of the Global Gateway communication: our connectivity strategy with all countries worldwide.

These policies and strategies emphasise the role of and contribution of the private sector to broader policy objectives, notably with regard to promoting and enabling a level playing field for EU businesses in the global

³ https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf

market, while reinforcing commitment to multilateralism and an open and rules-based trade and investment environment. This is especially true in the Asian countries. It is within this context that the action aims at strengthening business cooperation with Japan and the Republic of Korea. These high-income countries are key EU political partners in the region.

Japan

Japan is the EU's second biggest trading partner in Asia. The EU and Japan are like-minded and strategic partners. The EU-Japan strategic partnership was further strengthened in 2019 through the entry into force of three landmark agreements, namely the EU-Japan Strategic Partnership Agreement (SPA), the EU-Japan Economic Partnership Agreement (EPA) and a Partnership on Sustainable Connectivity and Quality Infrastructure with Japan (Connectivity Partnership). The EU and Japan are also like-minded partners when it comes to greening our economy: circular economy, decarbonisation, renewable energies and international sustainable finance are priority topics in our dialogues. The signature of an EU-Japan Green Alliance at the joint summit in May 2021 envisaged increased cooperation to protect the environment, fight climate change and achieve green transition⁴. At the most recent EU-Japan summit on 12 May 2022, the EU and Japan concluded a Digital Partnership, the first that the EU signs with a partner country. The partnership is expected to enhance cooperation with Japan on digital technologies in areas such as network technologies, artificial intelligence, platforms, cybersecurity, and the resilience of global supply chains in the semiconductor industry. At the same summit it was also agreed to step up further the implementation of EU Japan Green Alliance. Recent policy developments in relevant sectors most notably the Green Alliance and the Digital partnership provide further opportunities for the proposed action.

Japan is also an important strategic partner of the EU in the Indo-Pacific (IP) through which there is potential to deepen engagement to reinforce the rules-based international order, address global challenges and lay the foundations for a rapid, just and sustainable post-Covid-19 economic recovery.

Japan is the world's third-largest economy and a leading exporter of vehicles, machinery, electronics and robotics. Japan is the EU's second largest trading partner in Asia (after China) and seventh largest partner for EU exports and imports of goods. Together, the EU and Japan account for a quarter of the global GDP. As a highly developed economy, Japan is a very attractive destination for EU products, services and investments. Japan continues to command an important part of global wealth and is therefore an important market for EU companies, in particular those with high value added and sophisticated technological solutions.

The EU and Japan are both major international trading countries. In 2021, Japan was the EU's 8th largest overall trading partner, accounting for 3% of the EU's external trade, whilst the EU was Japan's 3rd largest overall trading partner (after China and the US). Machinery and transport equipment represent 35% of the total EU exports to Japan, chemicals about 24% and all other manufactured products 12.5%, while primary products (such as agriculture, raw materials and energy) represent 16%. Machinery and transport equipment alone account for over 63% of the total EU imports from Japan, while chemicals account for 14% and primary products for 2.5%.

In recent years, the EU27 deficit in trade in goods with Japan has seen an overall decrease from €1.8 billion in 2018, €401million in 2019 – shifting to a surplus of €252 million in 2020 and a rough balance in 2021(€8million deficit). The EU runs a surplus in its trade in services with Japan (EU27, 2020). As for services, exports to Japan declined from €30.8 billion in 2019 to €25.5 billion in 2020, whilst services imports to the EU from Japan decreased from €16.2 billion in 2019 to €12.5 billion in 2020. The EU's surplus of almost €15 billion in its service trade with Japan was mainly due to trade in telecommunications/computer/information services (€7.4 billion surplus), IPR-related financial flows, other business services and financial services.

1 February 2022 marked the third anniversary of the entry into force of the EU-Japan Economic Partnership Agreement (EPA). During the first year of its implementation bilateral trade in goods increased significantly for key categories of European products, but the coronavirus pandemic has had a negative effect on bilateral trade

⁴ As outlined in the 27th EU-Japan Joint Summit Statement in May 2021, the EU and Japan are joining forces to: (i) defeat the COVID-19 pandemic and build more resilient, inclusive, green and digital economies, (ii) facilitate trade relations, step up joint work on connectivity cooperation, and (iii) increase bilateral research, innovation and industrial cooperation.

flows based on initial data for the second year. Comparing 2021 and 2020 figures, one sees an increase of about 13% in trade in goods (5.7% for agricultural products and 14% for industrial products).

The Action in Japan will focus on creating opportunities for business cooperation in key sectors for the twin transition, namely: (i) clean technology and infrastructure, including in the area of energy; (ii) circular economy; and (iii) digital economy, including services and infrastructure. Moreover, the action will further enable EU businesses to take full advantage of the opportunities created by the EU-Japan EPA, focusing on specific goods and services with growth potential.

Republic of Korea (RoK)

The Republic of Korea is the tenth largest world economy and is the fourth largest in Asia. The EU is South Korea's biggest foreign direct investor and South Korea's third largest export market (2021). The RoK is an important strategic partner of the EU in the Indo-Pacific (IP), and the EU sees potential to deepen its engagement to reinforce the rules-based international order, address global challenges and lay the foundations for a rapid, just and sustainable post-Covid-19 economic recovery. The EU and the RoK already have a well-developed cooperation, but the Indo-Pacific strategy provides an opportunity to deepen EU engagement in selected priority areas that are of EU-RoK mutual interest.

The RoK and the EU are like-minded and strategic partners since 2010. Year 2021 marked the 10th Anniversary of the EU-Korea FTA, which has greatly strengthened bilateral trading relationship. EU exports of goods to South Korea increased by 78% in 2020 as compared to 2010, and bilateral trade grew by 46% over the same period. The FTA has removed barriers to trade and created new business opportunities and jobs in Europe and in the RoK.

Year 2020 marked the 10-year anniversary of the EU-ROK strategic partnership and both sides committed to achieving carbon neutrality by 2050. The Korean and the European Green Deals will leverage green investments and digital innovation that is expected to contribute greatly to the Covid-19 economic recovery in the medium-term while transforming economies in the longer run. To support this shared agenda, and in line with the outcomes of the 17th EU-ROK Joint Committee (Feb. 2021) and recent high-level bilateral meetings, key areas of possible bilateral cooperation relate to 'sustainable, green and digital economies' with close links to the field of Science and Technology⁵. In addition, a Working Group on Energy, Environment and Climate is established and a Green Partnership discussed with Korea.

The effective implementation of the EU-RoK FTA remains a priority, including a close monitoring of market access issues. There is significant potential for European SMEs to explore business opportunities and establish local partnerships in key economic sectors such as the green and digital technologies, services and infrastructures, medical/health technologies and procurement, green energy and circular economy, and other related sub-sectors. The potential for business partnerships and cooperation between European and Korean enterprises lies in the 'sustainable, green and digital economies' as per the outcomes of the 10th EU-RoK Summit held in May 2020 which identified these as areas of mutual interest and future cooperation

SMEs and entrepreneurship are key to ensuring economic growth, innovation, job creation, and social integration in the EU. They are the backbone of the European and the Korean economies, representing 99% of the EU as well as the RoK's businesses. EU SMEs growth (in value added to the GDP) can benefit from targeted EU support that boosts their business opportunities, access to foreign markets, visibility and overall internationalisation. The EU and the RoK share similar priorities and challenges on SMEs. By establishing a policy dialogue dedicated to SMEs in 2019, both parties went on confirming alignment with respect to priorities for the dual digital and green transition in 2020.

In view of the above, business cooperation to exploit opportunities and access-to-market for European companies in the RoK is very timely and relevant, and can contribute towards the consolidation of, and the possible expansion of bilateral trade and investment relations, enhanced business to business (B2B) partnerships and a closer monitoring of market access issues (e.g. technical barriers to trade). It will also contribute towards the consolidation of interoperability of standards (digital service, data) and building more resilient supply chains (e.g.

⁵ The 7th EU-RoK Joint Science and Technology Cooperation Committee (JSTCC) meeting took place in Seoul on 14 February and lead to the exchange of a Letter of Intent on the RoK's Association to Horizon Europe.

vaccine procurement), supporting value-based innovation and promotion of green, responsible and more resilient and sustainable supply chains (including the respect of ESG and human rights in business operations) and overall access to business opportunities.

2.2 Problem Analysis

The EU political and economic relations with Japan and with the Republic of Korea rest on solid grounds. These relations are framed by strategic agreements and economic partnerships described in the previous sections. Recent political commitments and agreements with Japan and the Republic of Korea on cooperation in the green and digital sectors are ambitious in relative terms. However, they are not guaranteed to be translated into action unless targeted EU support programmes create concrete opportunities for European enterprises, especially SMEs, to enter these countries' markets.

The experience gained through the previous EU flagship programmes (EU Green Gateway and Business Avenues) shows that there is a critical role for EU business cooperation showcasing EU's excellence, brands and standards through visible presence of SMEs and clusters organisations in these three countries.

Japan

Economic growth is expected to accelerate in Japan in 2022, buoyed by growing consumer and business sentiment as social and economic activities normalise after the pandemic, and as external demand for machinery and electronics remain firm. Demographic ageing has hindered economic expansion, weak wage growth and persistent low inflation continues to weigh on private consumption. The government has prioritised digitalisation and clean energy to drive long-term growth.

Despite bilateral trade preferences and trade facilitation brought about by the EPA since its inception in 2019, Japan is still a difficult market to penetrate for EU companies. This is due to Japan-specific longstanding challenges such as unique market structure and rules, practices of doing business, customer preferences but also cultural and linguistic differences, the physical distance from Europe and still existing market access barriers. The more recent adverse impacts of the pandemic such as supply chain disruptions and entry restrictions has been challenging for EU companies and continues to have a negative impact on bilateral trade.

The effective implementation of the EPA remains a priority and there is significant potential for European companies to explore opportunities and establish local partnerships in key economic sectors. Furthermore, there remain important areas of untapped opportunities for EU businesses in sectors such as the green and digital technologies, services and infrastructure, green energy and circular economy, and other related sub-sectors and efforts are required to preserve and further the economic gains achieved to support sustainable growth in Europe.

Japan is also considered a hub for accessing third country markets in particular in the Indo-Pacific area, and there is a growing trend of joint ventures and other types of collaboration between European and Japanese companies in third country markets, in ASEAN, Latin America and Africa. This emerging trend is transforming how European businesses consider Japan: not only as a market to access, but increasingly a hub from which to access other markets via partnering with Japanese companies.

The emergence of green growth and digitalisation priorities as well as economic recovery after the pandemic provides increased impetus for much needed business cooperation between European and Japanese companies. The Action aims to enhance opportunities and access-to-market for European companies in Japan, especially to in the context of maximising benefits of the EPA for SMEs. The specific sectors with most potential include energy efficiency technologies and services, IoT, AI, block chain, renewables (such as off-shore wind power, green hydrogen, etc.) as well as semiconductors and health and medical technologies /vaccines supply chain.

Republic of Korea

In 2020, the Korean economy contracted by a modest 1.0 %, far less than its OECD peer countries, thanks to the rigorous virus containment efforts, rebounded exports and major national fiscal support. Rebounding from the COVID-19 shock, the Korean economy posted a 4% growth in 2021 on the back of soaring exports. However, the

Korean economy remains greatly exposed to the impact of global supply disruptions⁶. Equally, supply bottleneck and rising energy costs are relevant factors influencing the RoK's economic interests and recovery plans.

The RoK has been making efforts to diversify its trading partners' portfolio by joining forces with emerging nations, given that 40% of the country's exports currently depend on China and the US. Importantly, the RoK is accelerating its efforts to join new digital partnership agreements, including with the EU, going beyond⁷ the scope of existing FTAs.

The RoK is a global leader in innovation and technology and major high-tech exporter of computer chips, mobile phones, and next-generation vehicles. The country has a well-established digital infrastructure and the world's highest level of internet availability and is one of the first countries to roll out the 5G network. Under its 'Digital New Deal' initiative, the former Moon administration has been pushing for investment in new technologies to harness cutting-edge digital technologies—such as artificial intelligence and blockchain—in all economic and social aspects.

While at corporate level, conventional manufacturing industries are pushing for digital technology transformation, - with the automotive industry competing on the leading edge of EV and autonomous driving technology deployment – Korean SMEs are not harnessing the full benefits of digitalisation as yet. For instance, Korean SMEs' cloud computing uptake was lower than the OECD average before COVID-19; and adoption rates among businesses of all sizes, including large companies, were below the OECD average.

Notwithstanding the bilateral trade facilitation brought about by the FTA in 2011, the country is still a difficult market to penetrate for EU companies. The Korean business environment is characterized by a fast-changing legislation and local homologations and standards, which make access for European SMEs challenging. Hence, the effective implementation of the EU-RoK FTA remains a priority as well as the close monitoring of market access issues (e.g. technical barriers to trade).

Given the shared green growth and digitalisation priorities for both the EU and South Korea, as well as the impact of COVID-19 on both economies, business cooperation to enhance opportunities and access-to-market for European companies in South Korea is timelier than ever, also to continue to take full advantage of the EU-RoK FTA. The specific areas that require further deepening after 2022 in the green and digital sectors are the area of hydrogen, energy efficiency technologies and services, IoT, AI, block chain, renewables (such as off-shore wind energy, green hydrogen, etc.) as well as semiconductors and health and medical technologies /vaccines supply chain.

Importantly, this B2B cooperation project will support an effective implementation of the EU-ROK FTA while also providing useful data and direct observations of market access (goods and services), technical barriers and connections between European and Korean businesses. This action will offer a concrete follow up tool to the current parallel EU-RoK dialogues and working groups focusing on European technical, policy and regulatory aspects. It can accompany the implementation of EU policies (EU Green Deal, Digital Agenda, An Open, Sustainable and Assertive Trade Policy, etc.) and complement EU Climate Action and the Global Gateway (on connectivity) and open up opportunities to businesses and build more resilient value chains in the green and digital sectors

Identification of main stakeholders:

European stakeholders relevant for all 3 countries: business in Europe, including SMEs; Europe-based networks of European companies, such as the Enterprise Europe Network (EEN) that has 600 members throughout Europe and in third countries; the European Cluster Collaboration Platform (ECCP) which is the key hub connecting over 1300 cluster organisations across Europe and beyond, including 150 clusters from third countries (currently 3 from Japan); European Trade Promotion Organisations' Association (ETPOA) as well as Europe-wide business intermediary organizations, including regional associations in the relevant sectors (e.g. in services, agro-food,

⁶ As shown in a recent shortage of urea solution and its surging prices after China's tightening of urea exports amid a power crisis caused by a coal supply shortage.

⁷ The RoK is looking for 90% of its external trade under the FTAs, whilst the EU is only at around 40%.

circular economy ,digital economy etc.), SMEs EU business associations, EU Member States networks and sector associations/institutions.

The Action will also benefit local businesses in the targeted countries, as local enterprises will engage in commercial activities with EU enterprises, which would lead to more business deals and therefore to a win-win situation.

Japan stakeholders: business in Japan, including SMEs, Member States' local trade promotion offices, their bilateral Chambers of Commerce, the European Business Council in Japan. The EU Japan Centre for Industrial Cooperation (CIC) is a unique entity, a joint venture of the European Commission, DG GROW and the Ministry of Economy, Trade and Industry (METI). The CIC has extensive expertise and experience in activities ranging from cluster and regional cooperation, public procurement helpdesk, B2Bs and people mobility in industry, among others. Other relevant Japanese institutions includes the Ministry of Internal Affairs and Communication (MIC), the Ministry of Environment (MoE) and JETRO. DG CNECT and Japanese counterparts involved in the Digital Partnership. DG CLIMA/DG ENV and Japanese partners in the Green Alliance.

Republic of Korea stakeholders: SMEs, Korean Associations and Institutions and line Ministries such as MoTIE, MoSME-Start-ups, and KITA, KOTRA, KICOX; KOIMA, KFSMB. European stakeholders: SMEs, business associations, EU Member States (networks and sector associations/institutions, local trade promotion offices, their bilateral Chambers of Commerce), the European Chamber of commerce of Korea (ECCK), and Europe-based networks of European companies as well as Europe-wide business intermediary organizations, including sectoral or regional associations in Europe, as appropriate.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to strengthen the presence and visibility of EU companies in Japan and the Republic of Korea through an increase and diversification of export and/or investments and more resilient, green and digital value chains.

The action will implement an innovative Business-to-Business (B2B) matchmaking methodology that builds on the methodology and lessons learnt from previous EU Business Avenues/Green Gateway programmes in support of EU SMEs internationalisation. Specifically, it will enhance the matchmaking methodology by introducing on-line/digital tools into a standard in-person business missions (visit to the countries targeted by this action). It will focus on EU priority sectors (green, digital and connectivity) and other areas relevant for securing resilient supply chains in line with the EU Green Deal, the Indo-Pacific strategy and other relevant strategic frameworks.

The Specific(s) Objective(s) (Outcomes) of this action are to

1. Trade and business cooperation with Japan and the Republic of Korea facilitated that will be closely aligned with the objectives and opportunities under the recent Green and Digital partnerships;
2. EU companies, in particular SMEs and clusters organisations representing them assisted in creating business links in Japan and the Republic of Korea;
3. EU companies assisted in gaining a better understanding of the local business culture, market rules and practices to enhance their structural potential for accessing these important markets in Asia; and
4. Visibility and presence of European businesses and the EU brand and standards in Japan and in the Republic of Korea promoted.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

5. contributing to Outcome 1 (or Specific Objective 1)

Increased number of Business contacts (B2B) with intermediaries in Japan and the Republic of Korea, as well as direct contacts with SMEs in these countries through an innovative B2B approach.

2.1 contributing to Outcome 2 (or Specific Objective 2)

Increased number of direct business cooperation deals and partnership negotiations between European and SMEs and clusters organisations representing them, in Japan and in the Republic of Korea has increased through expanded local partnerships with selected organisations for cooperation with the project.

3.1 contributing to Outcome 3 (or Specific Objective 3)

SMEs interested in doing business with Japan and the Republic of Korea are better prepared and the overall networking between EU and companies in these three countries is enhanced, resulting in new trade and investment opportunities.

4.1 contributing to Outcome 4 (or Specific Objective 4)

The participation to international fairs or organising stand-alone missions in a country will contribute to the visibility of EU businesses, the EU brand of excellence and high quality digital and green standards in Japan and the Republic of Korea, resulting in increased EU visibility and business opportunities. This will support the knowledge about the EU as a single market full of opportunities and potential business cooperation for third countries businesses

3.2 Indicative Activities

The Action will build upon the success and comparative advantages generated by the previous EU Gateway/Business Avenues to Japan, Korea and South East Asia programmes, which ended in 2020/2021 (ref. to section 'Lessons Learnt'). It will cover the following macro areas of intervention:

- Programme promotion and outreach, through local business intermediaries, e.g. Business and Industrial Association, as well as Chambers of Commerce, including entities being part of the European Cluster Collaboration Platform/ECCP and European Enterprise Network/EEN;
- Companies' selection and coaching, i.e. preparatory meetings and coaching sessions in Europe, which include market intelligence and match-making (on-line and in person i.e. hybrid), prior to business missions;
- Organisation of business missions (integrating digital tools, i.e. hybrid format) in the field of green and digital technologies (products, equipment and services for: a) Renewable Energy, Energy Efficiency and Environment (wind, hydrogen, solar, etc.; b) Digital (AI, IoT, semiconductors); c) Health and medical technologies and services (including biotech, vaccine production value chains); d) just transitions. Other priority sectors related to the EU-RoK and EU-Japan EPA implementation will also be considered, as appropriate and in line with emerging EU strategic priorities;
- Promotion of EU brand and standards including on labour, and increased visibility of EU businesses and excellence, Businesses participating in the programme will be promoted via targeted promotional and visibility activities (e.g. presence in the sector fairs in the country of implementation under the EU brand).

To facilitate exchanges of best practices for cross-fertilisation and maximise the use of resources, the Action will have a common approach and use the same b2b methodology but will have two country-specific components. Each country component will focus on priority areas defined at national level. EU promotion, communication and visibility and a collaborative platform (e.g. programme promotion in Europe among European businesses, stakeholders and multipliers, digital tools for the implementation of the b2b methodology that includes training and coaching, EU brand promotion and visibility, etc.) will be common to the two country components to achieve economy of scale benefits.

Activities related to Output 1.1

- Identification/selection of European companies / potential partnerships.

Activities related to Output 2.1:

- Provision of key services such as (on-line) trainings on industry, markets, national import/export requirements and local standards in Japan and in the Republic of Korea;
- Provision of B2B matchmaking support (incl. coaching and logistical services); and
- Organisation of physical (in-person) business-to-business events in Japan and in the Republic of Korea.

Activities related to Output 3.1:

- Connecting the programme with a selected number of EU-financed business support structures/network/initiatives existing in Japan and the Republic of Korea via digital/ on-line tools;
- hybrid and online session for EU companies with interlocutors in Japan and the Republic of Korea.

Activities related to Output 4.1

- Promoting the visibility of EU businesses (selected/ participating in the programme) and EU branding through EU-business event, showcase and networking initiatives and events in Japan and the Republic of Korea as well as via on-line channels.

Innovative methodology

The action will be implemented in central management mode and services will be procured via a tender process. The action will build on the methodology of the previous EU Green Gateway (Republic of Korea, Japan) and Business Avenues in South East Asia but will integrate new digital elements such as hybrid events, online briefing and coaching sessions as feasible.

The hybrid elements and formats (i.e. mix of on-line and in-person) will be used for modules of the programme that do not necessarily require travel to another country (e.g. attend preparatory informative and/or training session, industry briefs, meetings between project organisers and representatives of participating European companies, coaching sessions on markets, debriefings after b2b business events/visits).

The physical (in person) contact between European business representatives with those in JP and the ROK, (business meeting) will be a critical feature of the matchmaking and business-to-business events supported by this action. Hence, the action's methodology will integrate digital elements into the b2b 'traditional approach' of the previous phases of the EU Gateway/Business Gateway projects, to achieve more cost-efficient and sustainable outcomes ('business missions' / b2b events) in Japan and the Republic of Korea.

This new approach will modernize parts of the previous methodology (i.e. use of digital and on-line tools to provide remote services replacing costly travel and extended in-country stays, as feasible). For instance, on-line distance trainings/ coaching will replace subsidised travel and in-person events in the countries, as well as the 'one-day class-trainings type'. Hybrid business missions will be an alternative option where appropriate and/or travel or other restrictions exist. They will contribute to obtain efficiencies and cost savings.

The improved approach will introduce elements of digital connectivity as/where feasible while still keeping the physical/in-person business to business discussions (i.e. B2B meetings). On this basis, there will be a key role for local service providers to play (for logistical and coaching support). Yet, the duration/length and format of the business event ('business missions') may vary based on a more flexible, yet structured, approach in the execution of logistics and coaching.

Additionally, the digital/ online elements promoted through this new approach may be used to establish bridges with other EU actions on the ground (e.g. EEN, ECCP/Clusters) and key organisations and initiatives in the ROK and JP. It will also enable a better integration of the three country-specific components as the action will use an integrated 'collaborative platform' (tool) to connect the components and enable the interoperability of digital tools (e.g. shared database on the SMEs and local partners, training and visibility materials).

The action will establish business partnerships with national trade promotion associations/ institutions and explore synergies with EU MS trade promotion agencies (e.g. defining a recruitment strategy of business candidates from the EU27 MS and related EU-wide promotion strategy for the programme).

Finally, the project could possibly be linked to other national (similar) initiatives if and where feasible (e.g. in countries with the EU “industrial centres” in the region - Japan).

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

3.3 Mainstreaming

Environmental Protection & Climate Change

The Action will focus on key sectors directly linked to environmental protection and climate change (i.e. renewable energy such as wind and hydrogen, energy efficiency technologies and services)

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the gender dimension will be integrated in so far female entrepreneurs will be among target recipients of the action and the role of women in business will be a significant objective.

Human Rights

The action will ensure coherence with key principles of EU guidelines related to ESG and Human Rights and Business Conduct.

Disability

not applicable (N.A.)

Democracy

not applicable (N.A.)

Conflict sensitivity, peace and resilience

not applicable (N.A.)

Disaster Risk Reduction

not applicable (N.A.)

Other considerations if relevant

not applicable (N.A.)

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Support by EU member states (MS) and relevant business organisations in the Republic of Korea and Japan decreases over time.	Risk 1	Low	Low	To maintain and enhance EUMS support, a two way communication mechanism on the project will be established locally (JP, ROK) through Trade counsellors meetings and collaboration during trade fairs and events. The promotion of the programme in the 27 EUMS will ensure geographical balance and widest outreach to SMEs.
Lack of interest by companies in the three target countries in importing goods from Europe and in establishing new	Risk 2	Low	Medium	A successful launch of the programme and an extensive marketing campaign will be carried out throughout the duration of the programme. Maintain flexibility in the Action to tailor activities to suit specific needs and opportunities in the three

partnership with European companies.				countries and according to national and sector market dynamics
Lack of interest by European companies in the markets of the three target countries and in participating in structured business missions due to lack of resources.	Risk 3	Low	High	<p>There is the assumption that EU companies are very interested in a B2B matchmaking project. This results from very positive feedback, in particular from the previous Gateway projects in Republic of Korea and Japan.</p> <p>In order to inform the largest number of companies, in particular SMEs and clusters organisations representing them, about the opportunities offered by the markets in the Republic of Korea and Japan, an extensive marketing campaign will be carried out throughout the duration of the programme in Europe.</p> <p>Involvement of EU member states relevant business institutions via a standard promotional campaign will also be designed and run throughout the programme.</p>
Duplication among business organisations working on trade promotion and facilitation	Risk 4	Low	Low	<p>Maintain regular exchange of information with the EUMS and relevant Trade and Business Promotion Organisations and other key multipliers in the three countries.</p> <p>Focus on the action's methodology for b2b and its added-value, e.g. expertise in trade and investment, industry briefings; preparatory briefings, sector market studies, local business visits/tours and pre-arranged b2b matchmaking.</p>
Duplication among business organisations working on trade promotion and facilitation	Risk 5	Medium	Medium	<p>The activities will build on lessons learnt from the previous phase of the projects and make use of the hybrid or online formats as necessary and planned according to the local context.</p> <p>Each national component of the action will have a contingency and risk management plan to ensure back up plans are in place to ensure the continuation of the action.</p>

Lessons Learnt:

The EU Business Avenues/Gateway (Country) Programmes in support of SMEs internationalisation, i.e. EU (Green) Gateway to Korea programme, the EU Green Gateway Programme to Japan and the EU Business Avenues in South East Asia ended in 2020/2021. The EU Business Avenues programme established a common operational framework in the Asian region to enhance opportunities for Business to Business (B2B) cooperation and support the internationalisation of EU SMEs in key sectors to pursue EU interests.

During the period 2016-2020, over 1200 European SMEs participated into these programme and travelled to JP and ROK on sector-specific 'Business Missions' (b2b events). These programmes provided a solid and successful framework for business cooperation by smoothening the path for hundreds of European companies in EU pivotal

sectors to meet the right contacts and set-up permanent operations in Japan and in the Republic of Korea. The EU brand has gained momentum that a successor programme can exploit.

The above mentioned programmes have well-tested the ‘EU Gateway’ methodological approach and proved its contribution to create concrete business partnerships that make use of the EPA Partnership with Japan and the long-standing EU-Republic of Korea FTA. This represents a critical and solid basis for the development of a successor B2B programme(s) in these two countries.

The feedback gathered from the host/partner countries, the participants, and other stakeholders involved - including a number of EU Member States embassies – has consistently indicated the broad support to such actions. Based on this feedback and the experience of EU Delegations teams, some areas for improvements however exist and can be addressed through the new programme. Enhanced business partnerships can push forward a broader political and trade policy agenda between countries. This is why EU business missions have proven more successful when matching the EU’s internationalisation agenda on strategic topics and in the context of preferential market access opportunities for SMEs in countries with FTAs and EPAs. Being part of an EU-branded business mission has given companies a quality EU label, allowing them to have increased opportunities for business matchmaking. Experience gained through the previous programmes⁸ has shown that the EU branding did facilitate SMEs companies to establish useful contacts for business-to-business (b2b) cooperation and economic partnerships.

The EU Delegations, EUMS and local organisations in the three countries (collaborating in the roll-out of the previous EU gateway programmes) recognised that the success of the previous programme lays in its methodology. The latter enabled European businesses to develop their knowledge about these two countries’ markets and business environment through i) industry briefings and coaching, (ii) study tours/business visits/missions, (iii) product exhibitions, and (iv) pre-arranged matchmaking. The methodology used by the previous EU Business avenues | Gateway national programmes developed a recognisable EU brand for b2b cooperation in Japan and the RoK.

The evaluation⁹ of the programme showed that it contributed to establishing and consolidating business partnerships leading to increased internationalisation and competitiveness of the participating European companies. Additionally, it significantly contributed to increasing the EU visibility as global player and supported the implementation of the EU bilateral agreements, notably the EU-RoK FTA and EU-Japan Economic Partnership Agreement.

Moreover, during the Covid-19 outbreak in 2020, the previous Gateway projects gained significant experience in the use of on-line digital tools for business visits/ matchmaking events. The testing of the hybrid format (i.e. a combined use of digital tools, of a physical exhibition for display of companies’ products and access by local business/visitors to the business exhibition venue) during the Covid-19 pandemic (especially within the framework of the EU Gateway to Korea project) showed the feasibility of using digital/ on-line tools to modernise business events and activities, especially of certain business missions’ preparatory phases.

The new approach (use of hybrid business to business events, on-line coaching and briefing session while still keeping the physical/in-person business to business discussions) allowed cost savings while introducing elements of digital connectivity as/where feasible (i.e. B2B matchmaking).

Japan

The EU Gateway to Japan programme has been in operation for more than 20 years. Since the early 1990s, over 100 business missions¹⁰ have been organised in the framework of the EU Green Gateway to Japan programme and its predecessor Gateway to Japan programmes having benefitted thousands of companies in diverse sectors. It has been a longstanding flagship programme of the EU in Japan highlighting the important trade and investment ties between both parties. The impact of the Gateway programme was significant in supporting EU companies understanding and access to the Japanese market as well as creating awareness of European companies in Japan.

8 EU Business Avenues in Singapore / South East Asia and the EU Green Gateway Programmes to Japan and the Republic of Korea

9 Mid-term evaluation of the EU Business Avenues | EU Gateway, 2019

10 Construction, Environment/Energy, Fashion, ICT, Interior Design, Healthcare and Medical technologies

In the final report of the EU Green Gateway Programme, 90-100 percent of participating companies (480) were satisfied with the business missions organised to Japan during the project. This finding was confirmed in a report of the EU Gateway project¹¹ and concluded that 84 percent of companies that participated in business missions to Japan had the highest success rates of establishing new business collaboration. There was an equally high rate of satisfaction with the meetings organised in Japan from both the European and Japanese companies indicative of high quality of match-making.

The participating companies in the EU Green Gateway Programme have developed their knowledge of the Japanese market through i) industry briefings, (ii) study tours/missions, (iii) product exhibitions, and (iv) matchmaking. This methodology has worked well in Japan and is boosted by a very rigorous selection process with 480 companies selected of 1,300 applicants. Close collaboration with EU member states enhanced the impact of the most recent Green Gateway programme through facilitation of tailor-made business services and consolidation of emerging business opportunities and will be continued in the new action.

Since the methodology for concrete B2B cooperation has already been tested (and considered very successful), a framework for cooperation for a successor EU Gateway to Japan exists and has momentum to be further strengthened. Being part of EU business missions gives companies a quality label, allowing them to have increased opportunities for business matchmaking. For smaller member states with less trade promotion resources, the action will provide an opportunity to be part of large trade fairs and receive professional assistance for SME's and pre-scheduled business meetings. The participation of companies under the EU label in international trade missions renders the EU visible, underpins its policy role and demonstrates its concrete economic and trade interests.

The operational focus of the EU-Japan CIC to ensure utilisation of the EPA by SME's, including by providing services such as an EPA helpdesk, a Public Procurement helpdesk, a Technology Transfer helpdesk, a Regional Cooperation helpdesk and other services, highlights their important role in providing information to European companies interested in the Japanese market. To ensure maximum impact, this action will be closely coordinated with the EU-Japan CIC, to ensure there is no duplication of efforts, and to build on the centre's activities, complement them, and add value to them. Areas of value added could be, cooperation in third countries, joint actions with EU member states trade promotion offices and digitalisation of business support to help SME internationalisation.

Republic of Korea

The EU Gateway to Korea programme has been operational for nearly 10 years. The most recent programme (2016-2020 phase) delivered its last b2b matchmaking events (i.e. Business Mission/BM) in December 2020, amidst the Covid-19 pandemic. Overall, the programme contributed to improve EU SMEs' internationalisation by smoothening the path for hundreds of European companies (732) in five pivotal sectors — Green Energy Technologies, Healthcare & Medical Technologies, Environment & Water Technologies, Organic Food & Beverage and Contemporary European Design — to meet the right contacts and set-up permanent operations in the Republic of Korea. The 18 BM - two of which hybrid i.e. a combination of on-line and in-person elements- organised under the programme led European SME entrepreneurs and companies to gain valuable insights into local industry trends and to set foot and/or further consolidate their businesses in a foreign market.

The b2b events in the Republic of Korea gathered over 3400 expressions of interest in total from companies from across all EU Member States. A total of 784 European companies took part in the EU-funded missions to substantial success. The standalone business exhibitions events organised back to back with major sector fairs drew in substantial crowds of potential Korean clients and partners — 9100 representatives from local companies visited the European product exhibitions. The exhibitions contributed to generate nearly 9000 business matchmaking (b2b) meetings deemed useful by the participating companies. Additionally, the networking events based on targeted invitations drew in over 2000 guests, allowing for more exclusive one-to-one B2B conversations on the spot.

After the first 4 years of EU-funded business missions to Seoul, the technical evaluation of the EU Business Avenues showed that more than 1400 jobs were created in Europe following the growing business demands from the Republic of Korea. In the same period, between 2016 and 2019, 82% of the companies shared they either established long-

¹¹ EU Gateway/Business Avenues, Successful in Asia, December 2020

lasting business collaborations or expected to do so in the future, and 29.5% of the respondents to our survey declared an increase in turnover in the target market within one year from the exhibition. A second survey recorded that 91% of the participating European companies improved their understanding of the target market, thanks to the EU Gateway programme that delivered i) industry briefings and coaching, (ii) study tours/missions, (iii) product exhibitions, and (iv) matchmaking. Additionally, the EU Gateway programme is very appreciated by the EU Delegation, EU Member States and other stakeholders as largely effective not only in enabling market access and creating business opportunities for European SMEs, but also in increasing the EU visibility as global player and supporting implementation of the EU-RoK FTA. A successor programme should focus more on green and digital and health/medical sector but could ideally replicate/retain the prioritisation of the specific priority areas of the prior EU Gateway to Korea.

3.5 The Intervention Logic

The underlying intervention logic for this action is that by providing support to European SMEs on how to access markets in the three targeted countries and relevant contacts, the action will create business to business (B2B) meetings that in turn create concrete opportunities for business partnerships. Hence the intervention will support the implementation of the EU-RoK and the EU-Japan Economic Partnership Agreement (EPA). It will also increase the EU visibility as global player and presence of EU business in these three countries. This in turn will contribute to increased business partnerships and diversified export and/or investments and more resilient, responsible green and digital value chains. The above logic has been implemented for over 10 years through the previous EU Business Avenues/Gateway (Country) Programmes in support of SMEs internationalisation, i.e. EU (Green) Gateway to Korea programme, the EU Business Avenues South East Asia (e.g. in Singapore) and the EU Green Gateway Programme to Japan, ended in 2020/2021. These programmes provided a solid and successful framework for business cooperation and a well proven methodology by smoothening the path for hundreds of European companies in EU pivotal sectors to meet the right contacts and set-up permanent operations in Japan and the Republic of Korea. The EU brand and EU Gateway methodology has gained momentum that this successor programme aims at exploiting and ensure follow-up and continuity to EU-led efforts towards SMEs internationalisation. Moreover, based on lessons learnt through such previous programmes, IF the activities listed in section 3.2 are implemented (i.e. Programme promotion and outreach; Companies' selection and coaching and assistance to SMEs on strategies for market access via coaching sessions in Europe –including market intelligence and match-making prior to B2B meetings; and Organisation of business missions; and Promotion of EU brand and standards), then this action will lead to the expected outputs and outcomes (ref. section 3, i.e. increased visibility of EU businesses and excellence, businesses participating in the programme will gain a visible presence in countries of implementation under the EU brand and will be facilitated to establish significant business contacts to establish cooperation and access these markets that in turn will increase EU trade and FDI volume in the targeted countries and support more resilient and greener value chains.). The undertaking of these activities and meeting relevant outputs (if assumptions hold true), should contribute to achieving the expected outcomes of this action.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest.

New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To strengthen the presence and visibility of EU companies in Japan and in the Republic of Korea through an increase and diversification of export and/or investments and more resilient, green and digital value chains.	1 Degree of implementation of the EU-Korea FTA, EU-Japan EPA	Trade & investment statistics in targeted sectors in year 2022	1 tbc	BM Narrative Reports and BM monitoring reports; Trade data (Eurostat)	<i>Not applicable</i>
Outcome 1	Trade and business cooperation with the Japan and in the Republic of Korea facilitated	1.1 Volume of EU foreign trade and investment with JP, ROK in targeted sectors 1.2 EU share of foreign trade and investment flows with JP and ROK in targeted sectors	1.1 Trade & investment statistics in targeted sectors in year 2022	1.1 25% of SMEs participating in the BM report increased business 1.2 EU share of foreign trade and investment flows with the ROK and JP in targeted sectors in 2026	1.1 BM surveys 1.2 BM reports	The overall political and economic situation in the target countries does not deteriorate. The key stakeholders in JP,ROK interest is maintained and/or

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
						increased over time
Outcome 2	EU companies, in particular SMEs and clusters organisations representing them, assisted in creating business links in Japan, and in the Republic of Korea	<p>2.1 Number of EU companies benefitting from the action and participating in trade BM in JP, and in the ROK in targeted sectors (including both companies with business contacts, and companies with actual revenues)</p> <p>2.2 Number of non- EU companies participating in BM in JP and the ROK, in targeted sectors</p>	<p>2.1 zero in 2022</p> <p>2.2 zero in 2022</p>	<p>2.1 A total of 1500 SMEs (600 in JP, 600 in the ROK)</p> <p>2.2 Number of non- EU companies participating in BM in JP and in the ROK in targeted sectors</p>	<p>2.1 BM surveys</p> <p>2.2 BM reports</p>	There is the assumption that EU companies are very interested in a B2B matchmaking project. This results from very positive feedback, in particular from the previous Gateway projects in Republic of Korea and Japan.
Outcome 3	in gaining a better understanding of the local business culture, market rules and practices to enhance their structural potential for accessing these important markets in Asia.	<p>3.1 Number of EU companies involved in trade with JP and the ROK in targeted sectors (including both companies with business contacts, and companies with actual revenues)</p> <p>3.2 Number of EU companies that report better understanding on markets in JP and the ROK in targeted sectors</p>	<p>3.1 Zero in 2022</p> <p>3.2 Zero in 2022</p>	<p>3.1 35% of the total of 1500 SMEs assisted by 2026</p> <p>3.1 75% of the total of 1500 SMEs assisted by 2026</p>	<p>3.1 BM Surveys</p> <p>3.2 BM Reports</p>	EU SMEs companies are interested in accessing markets in JP and the ROK in targeted sectors
Outcome 4	The visibility and presence of European businesses and the EU brand and standards in Japan and in the Republic of Korea promoted.	4.1 Number of events organised or supported	4.1 Zero in 2022	4.1 One media coverage per BM (a total of 30 BM events for the three countries) and increased promotion in JP, ROK	<p>4.1. Coverage on media outlets in JP, ROK</p> <p>4.2 Narrative description of communication product (e.g.</p>	The targeted sectors are relevant.

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
					article, opinion piece, press release, video interview, leaflet, etc.).	
Output 1 related to Outcome 1	1.1 Increased number of Business contacts (B2B) with intermediaries in Japan and the Republic of Korea, as well as direct contacts with SMEs in these countries through an innovative B2B approach	1.1.1 Number of events organised or supported 1.1.2 Number of EU companies that participated in the events organised/supported	1.1.1 Zero in 2022 1.1.2 Zero in 2022	1.1.1 Number of events organised or supported 1.1.2 Number of EU companies that participated in the events organised/supported	1.1.1 BM Reports 1.1.2 BM Surveys	The target market companies are interested in importing goods from Europe and to establish new partnership with European companies.
Output 1 related to Outcome 2	2.1 Increased number of direct business cooperation deals and partnership negotiations between European and SMEs and clusters organisations representing them, in the Republic of Korea and Japan has increased through expanded local partnerships with selected organisations for cooperation with the project	2.2.1 Percentage of EU companies which report having benefited from the events organised/supported 2.2.2 Percentage of non-EU companies which report having benefited from the events organised/supported	2.2.1 Zero in 2022 2.2.2 Zero in 2022	2.2.1 75% of total EU companies report having benefited from the events organised/supported 2.2.2 Percentage of non-EU companies which report having benefited from the events organised/supported	1.2.1 BM Surveys 2.2.2 BM Surveys	
Output 1 related to Outcome3	3.1 SMEs interested in doing business with the Republic of Korea and Japan are better prepared and the overall networking between EU and companies in these three countries is enhanced, resulting in new trade and investment opportunities	3.1.1 Number of EU companies that participated in the events organised/supported 3.1.2 Number of non-EU companies that participated in the events organised/supported	3.1.1 Zero in 2022 3.1.2 Zero in 2022	3.1.1 Number of EU companies that participated in the events organised/supported 3.1.2 Number of non-EU companies that participated in	3.1.1 BM Reports 3.1.2 BM Reports	

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
				the events organised/supported		
Output 1 related to Outcome 4	4.1 The participation to international fairs or organising stand-alone missions in a country will contribute to the visibility of EU businesses, the EU brand of excellence and high quality digital and green standards in Japan and in the Republic of Korea, resulting in increased EU visibility and business opportunities. This will support the knowledge about the EU as a single market full of opportunities and potential business cooperation for third countries businesses	<p>4.2.1 Number of non-EU companies that participated in the events organised/supported</p> <p>4.2.2 Percentage of non-EU companies which report having benefited from the events organised/supported</p> <p>4.2.3 Number of communication products developed</p>	<p>4.2.1 Zero in 2022</p> <p>4.2.2 Zero in 2022</p>	<p>4.2.1 Number of non-EU companies that participated in the events organised/supported</p> <p>4.2.2 Percentage of non-EU companies which report having benefited from the events organised/supported</p> <p>4.2.3 Number of communications products</p>	<p>4.2.1 Narrative reports</p> <p>4.2.2 Knowledge-based products</p> <p>4.2.3 Communication products</p>	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country

4.2 Indicative Implementation Period

The indicative operational implementation period of this action is 84 months from the date of adoption by the Commission of this Financing Decision. This includes a period of maximum 18 months for procurement, an indicative 48 months of action implementation and 18 months until the FDI.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Direct Management (Procurement)

This entire Action will be implemented through procurement.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.2	
Procurement (direct management) – total envelope under section 4.2.1	15 000 000
Totals	15 000 000

4.6 Organisational Set-up and Responsibilities

This action will encompass three country-specific components. It will be implemented through an improved version of the 'EU Gateway/Business Avenues methodology' that will be common to the three country components and provide the overall framework of implementation while ensuring coherence, consistency and governance of the action. Specific activities under each country component will be outlined in the overall

implementation plan developed to respond to each national context, sector priorities, business environment and logistical requirements.

A Project Steering Committee (PSC) will be set-up in charge of the strategic coordination and monitoring of the action. It will include representatives of FPI, TRADE and other EU services as deemed relevant.

Progress on the implementation will be shared with DG GROW and DG TRADE and EU key stakeholders (e.g. EU Member States Commercial Counsellors, Trade Promotion Organisations (TPOs), EBOs, European Enterprise Network (EEN)), as appropriate.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action

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4.7 Pre-conditions [Only for project modality]

N/A

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

The implementing partner will be responsible for the data collection, analysis and monitoring. The EC will also ensure monitoring of the action.

5.2 Evaluation

Having regard to the importance of the action, a mid-term evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for problem solving and learning purposes, in particular with respect to for learning purposes, in particular with respect to the intention to fine-tune on priority sectors and/or launch a second phase of the action, and/or address implementation issues.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation shall be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as:

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action