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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX IX**

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 Support Facility for the implementation of the EU-Japan Economic Partnership Agreement**

**ANNUAL PLAN**

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

## 1 SYNOPSIS

### 1.1 Action Summary Table

|   |   |
|---|---|
| <b>1. Title<br/>CRIS/OPSYS<br/>business reference<br/>Basic Act</b> | <b>Support Facility for the implementation of the EU-Japan Economic Partnership Agreement</b><br>OPSYS number: ACT-60869/ JAD.981614<br>Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )   |
| <b>2. Team Europe Initiative</b>                                    | No  |
| <b>3. Zone benefiting from the action</b>                           | The action shall be carried out in Asia-Pacific region, namely in Japan   |
| <b>4. Programming document</b>                                      | Regional Multiannual Indicative Programme for Asia and the Pacific 2021-2027 (RIP for Asia and the Pacific)   |
| <b>5. Link with relevant MIP(s) objectives / expected results</b>   | In line with <b>priority area 2.2.4 of the RIP for Asia and the Pacific 2021-2027</b> , the proposed action intends to pursue EU and mutual interests with Asian partners in Asia and the Pacific (High Income Countries and other key partners).<br><br>Relevant <b>specific objectives</b> from the 2021-2027 Regional MIP:<br><br>SO 3 – Economic diplomacy: FTAs, level playing field, market access, investment promotion and protection, business opportunities<br><br><i>The aim is to support the negotiation and implementation of trade and investment agreements, compliance with tax good governance standards, circular economy, raw materials, clean energy technology goods and products, international labour standards, competition, trade and sustainable development, (green) procurement WTO-related and other similar actions.[...] Working on green/digital/responsible, equitable supply chains will be key to promote more resilient and greener post-COVID economies and build back better.</i><br><br>Relevant <b>expected results</b> from the 2021-2027 Regional MIP: |

|  |  |                                     |                                     |                                     |
|--|--|-------------------------------------|-------------------------------------|-------------------------------------|
|  | <p>ER 3.1: Effective implementation of trade and investment agreements, including successful negotiations and enhanced cooperation on norms, regulations, standards and interoperability and the effective implementation of commitments by the Parties to adhere to international labour and environmental conventions.</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 3.4: Convergence on SPS, raw materials, international labour standards, intellectual property rights, competition, (green) procurement and WTO-related actions.</p> <p>ER: 3.6 Sustainable and resilient supply chains and sustainable food systems, as well as promotion of decent work.</p> |                                     |                                     |                                     |
| <b>PRIORITY AREAS AND SECTOR INFORMATION</b>   |  |                                     |                                     |                                     |
| <b>6. Priority Area(s), sectors</b>            | Trade Policy<br>DAC code 1 - 330 - Trade Policies and Regulations  |                                     |                                     |                                     |
| <b>7. Sustainable Development Goals (SDGs)</b> | Main SDG (1 only): SDG 17 Partnership for Goals<br>Other significant SDDG's (up to 9) and where appropriate, targets:<br>SDG 7 Affordable and Clean Energy<br>SDG 8 Economic Growth and Decent Work<br>SDG 9 Industry, Innovation and Infrastructure   |                                     |                                     |                                     |
| <b>8 a) DAC code(s)</b>                        | 33120 – Trade facilitation   |                                     |                                     |                                     |
| <b>8 b) Main Delivery Channel</b>              | 61000 - Private sector in provider country   |                                     |                                     |                                     |
| <b>9. Involvement of multilateral partners</b> | No   |                                     |                                     |                                     |
| <b>10. Targets</b>                             | <input type="checkbox"/> Migration<br><input checked="" type="checkbox"/> Climate<br><input type="checkbox"/> Social inclusion and Human Development<br><input type="checkbox"/> Gender<br><input type="checkbox"/> Biodiversity<br><input type="checkbox"/> Education<br><input type="checkbox"/> Human Rights, Democracy and Governance  |                                     |                                     |                                     |
| <b>11. Markers (from DAC form)</b>             | <b>General policy objective @</b>  | <b>Not targeted</b>                 | <b>Significant objective</b>        | <b>Principal objective</b>          |
|  | Participation development/good governance  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Aid to environment @   | <input checked="" type="checkbox"/> | <input 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"/>   |
|                                       | Nutrition @  | <input checked="" type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/>   |
|                                       | <b>RIO Convention markers</b>  | <b>Not targeted</b>                 | <b>Significant objective</b>   | <b>Principal objective</b>   |
|                                       | 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"/>   |
| <b>12. Internal markers and Tags:</b> | <b>Policy objectives</b>   | <b>Not targeted</b>                 | <b>Significant objective</b>   | <b>Principal objective</b>   |
|                                       | Digitalisation @<br>digital connectivity<br>digital governance<br>digital entrepreneurship<br>digital skills/literacy<br>digital services  | <input type="checkbox"/>            | <input checked="" type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input checked="" type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> |
|                                       | Connectivity @<br>transport<br>people2people<br>energy<br>digital connectivity   | <input checked="" type="checkbox"/> | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/>   | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/>                             |
|                                       | Migration @<br>(methodology for tagging under development)   | <input checked="" type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/>   |
|                                       | Reduction of Inequalities<br>(methodology for marker and tagging under development)  | <input checked="" type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/>   |
|                                       | Covid-19   | <input type="checkbox"/>            | <input checked="" type="checkbox"/>  | <input type="checkbox"/>   |
|                                       | <b>BUDGET INFORMATION</b>  |                                     |  |  |
| <b>13. Amounts concerned</b>          | Budget line(s) (article, item): 14 02 01 31<br>Total estimated cost: EUR 1 000 000<br>Total amount of EU budget contribution EUR 1 000 000 |                                     |  |  |
| <b>MANAGEMENT AND IMPLEMENTATION</b>  |  |                                     |  |  |
| <b>14. Type of financing</b>          | <b>Direct management</b> through: Procurement  |                                     |  |  |

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## 1.2 Summary of the Action

The EU has a close strategic partnership with Japan and it is an important political and economic partner in Asia. EU-Japan relations were strengthened through the entry into force in 2019 of two landmark agreements, namely the EU-Japan Strategic Partnership Agreement (SPA) and the EU-Japan Economic Partnership Agreement (EPA). Furthermore, a Green Alliance was signed between the EU and Japan in May 2021 which envisages increased cooperation to protect the environment, fight climate change and achieve green transition, including through trade-related actions under the EPA. Japan is the EU's second biggest trading partner and a key commercial market for European products and services.

The Action aims to contribute to the economic diplomacy of the EU in Japan by helping to create the enabling conditions for European companies to access the Japanese market. This action is particularly timely in the context of supporting economic recovery and prosperity, promoting private sector engagement, mitigating the economic impact of the Covid-19 pandemic and maximising the benefits offered by the EPA.

The Action aims to 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: (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. The Action aims to 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 and SDG 9 Industry, Innovation and Infrastructure. The principal DAC markers are Trade Policies and Regulations and Business and other services

The Action aims to improve conditions for EU companies accessing the Japanese market through an increase and diversification of exports and/or investments and more resilient, green and digital value chains and to support implementation of the EPA. The project aims to conduct a series of legal and technical studies with a strong emphasis on communication, outreach and awareness of the EPA among European operators. The project aims to support the actions of the European Commission to make progress, in partnership with Japan and in the context of the institutions set up by the EPA, on core issues for EU-Japan trade and will thus contribute to the effective implementation of the EPA which is a key objective of EU trade policy.

The expected results of this action are;(i) increased utilisation rate of the EPA by EU companies and increased trade and investment flows from the EU to Japan especially in priority sectors for the EU, namely clean energy, digital and connectivity, government procurement and agri-food sector; (ii) support to the removal of the existing trade barriers, including SPS barriers, by the Government of Japan in line with the provisions and deadlines set out in the EPA; and (iii) identification of new trade barriers with a view to support discussions with the Government of Japan with the aim of their removal as well as new market opportunities for EU companies.

The expected results of the proposed Action are aligned with those defined in the 2021-2027 Regional MIP, namely *'effective implementation of trade and investment agreements'*, *'enhanced market access (including agreements on SPS conditions)'* and *'increased inward FDI'*.

## 2 RATIONALE

### 2.1 Context

The Action will address the priorities of the European Commission ‘*to strengthen EU’s contribution to rules-based multilateralism<sup>1</sup> ...through a more active role and stronger voice for the EU in the world<sup>2</sup>*’ by deepening its cooperation with like-minded countries such as Japan.

It will also address the EU Trade policy<sup>3</sup> Objective 1, namely “*supporting the recovery and fundamental transformation of the EU economy in line with its green and digital objectives.*” and Objective 3, “*increasing the EU’s capacity to pursue its interests and enforce its rights, including autonomously where needed.*” It will facilitate the effective implementation and enforcement of the EPA and will support economic growth and jobs through increased EU exports to and investments in Japan.

The EU strategy for cooperation in the Indo-Pacific<sup>4</sup> cites the importance of working with Indo-Pacific partners ‘*to reinforce value chains by strengthening and diversifying trade relations and implementing existing trade agreements...and developing cooperation in strategic sectors, including to address strategic dependencies in supply chains*’. The Indo-Pacific strategy also gives a clear priority to cooperation on green transition and digital policy. It is important that European businesses are able to take advantage of the EPA, for the agreement to fully deploy its potential to support sustainable growth and jobs. In particular, market access to Japan remains a priority especially in key strategic industry ecosystems (such as digital and green technologies) and in areas recently opened to increased international competition in Japan (agricultural markets).

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 dialogue. Japan is the fifth largest export partner for the EU agri-food sector and a particularly important market for EU high quality and sustainable farm products: improving access to the high-returns Japanese market supports the objectives of the ‘Farm to Fork strategy’ in the context of the EU ‘Green Deal’.

The EPA has created a comprehensive legal framework sustaining a more open, transparent and harmonised business environment conducive to trade and investment across all sectors. At a time of rising anti-multilateralism, the Action will reinforce the credibility of EU’s external action and trade policies and demonstrate that its agreements are effectively implemented and widely used. As a highly developed economy, Japan is a very attractive destination for EU products, services and investments. Japan continues to command an important share of global wealth and is therefore an important market for EU companies, in particular those with high value added and innovative technologies. Together, the EU and Japan account for about a quarter of the world’s GDP.

The EPA, which entered into force in 2019, is one of the most important free trade agreements concluded by the EU. The agreement removes or significantly reduces customs duties on EU products exported to Japan as well as eliminates a number of long-standing non-tariff barriers, e.g. by endorsing international standards. The EPA increased opportunities for EU companies in trade in services, investment and government procurement. It has been estimated that annual trade between the EU and Japan has the potential to increase by nearly €36 billion once the agreement is implemented in full. Moreover, the EPA has provided the EU with a platform for dialogue with Japan on trade-related matters, including the interface between trade and a range of issues such as digitalisation, decent work, climate change, biodiversity, circular economy, fighting pollution and clean energy technologies. By ensuring implementation of the EPA with Japan, the action will contribute to section 7(2) of Annex II of the NDICI Regulation: “PARTNERSHIP” - Deepening political, economic, social, environmental and cultural dialogue between the Union and third countries and regional and international organisations, and supporting implementation of bilateral and international commitments’.

<sup>1</sup>[https://eeas.europa.eu/sites/default/files/en\\_strategy\\_on\\_strengthening\\_the\\_eus\\_contribution\\_to\\_rules-based\\_multilateralism.pdf](https://eeas.europa.eu/sites/default/files/en_strategy_on_strengthening_the_eus_contribution_to_rules-based_multilateralism.pdf), February 2021

<sup>2</sup> [A stronger Europe in the world | European Commission \(europa.eu\)](https://eeas.europa.eu/sites/default/files/en_strategy_on_strengthening_the_eus_contribution_to_rules-based_multilateralism.pdf)

<sup>3</sup> [https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc\\_159541.0270\\_EN\\_05.pdf](https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159541.0270_EN_05.pdf)

<sup>4</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/104126/joint-communication-indo-pacific\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/104126/joint-communication-indo-pacific_en)

In its first year of implementation, the EPA achieved very positive results as EU exports to Japan increased by an average of 6.6% compared to the previous year. It is worth noting that the increased exports was more significant for certain products for example, meat exports increased by 12%, dairy exports by 10.4%, beverage exports by 20% and electrical machinery exports, such as telecommunications equipment, storage devices and electronic circuits, increased by 16.4%. In 2020, however, the bilateral trade in goods and services between the EU and Japan slowed down due to declining consumer demand and disruptions of supply chains caused by the Covid-19 pandemic. Fortunately, that negative trend was reversed in 2021, and the EU exports to Japan increased by 14.5%, in comparison to the same period (Jan-Oct) of the previous year. That said, trade flows remain fragile as they can be affected by changes in sanitary policies and industrial or transportation disruptions linked to the emergence of new virus variants (e.g. in November-December 2021 with the Omicron variant).

While the EPA has already brought numerous benefits to EU exporters and business operators, resulting in increased exports of EU products and services to Japan, the Covid-19 pandemic continues to have negative impact on bilateral trade. Furthermore, there remain important areas of untapped opportunities for EU businesses and important efforts are required to preserve and further the economic gains achieved in some sectors.

## 2.2 Problem Analysis

Japan is still a difficult market to penetrate for EU companies despite bilateral trade preferences and trade facilitation brought about by the EPA since its inception in 2019. This is due to Japan-specific longstanding challenges such as unique market structure and rules, practices of doing business, customer preferences as well as cultural and linguistic differences, the physical distance from Europe. These challenges persist alongside more recent difficulties such as the adverse impacts of the Covid-19 pandemic (e.g. supply chains disruptions or entry restrictions) and challenges in identifying the market opportunities brought about by the EPA.

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, clean 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.

### Recent policy developments:

Through a series of trade agreements (CPTPP, US-Japan trade agreement, UK-Japan trade agreement) Japan has recently opened its agricultural markets to some degree of international competition. In parallel, Japan has engaged in a long-term process for the development of its own exports, through an Agricultural Export Expansion Plan. In 2021 Japan's agricultural exports reached for the first time the symbolic threshold of one trillion yen, and the government's aim is to reach five trillion yen of agricultural exports by 2030. These developments create opportunities for the EU to engage with Japan with a view to supporting increased high-value and sustainably produced agri-food exports. In areas such as agricultural geographical indications, Japan and the EU successfully cooperate to protect quality products: two amendments to the EPA list of protected indications have been agreed in 2021 and 2022 respectively. Negotiations on organic products should also commence. Yet, there is significant untapped potential in areas subject to SPS measures.

The development of offshore wind power (OWP) has shown rapid capacity increases and declines in product costs globally. The potential for OWP is increasing in Japan with the establishment of a legal framework enabling the development of OWP projects. The EU companies operating in this sector, both turbine manufacturers and developers, are among leading companies globally and the emergence of new markets provides them with considerable opportunities to increase their output and market share. In the case of Japan, the country has made ambitious commitments regarding carbon neutrality and increasing the share of renewables in its energy mix. One of the key new sectors in reaching these targets is OWP. Japan has issued a list of approximately 20 new projects and is continuously seeking new areas for OWP development. The EPA includes ambitious provisions and cooperation structures for regulatory cooperation with Japan. It also presents opportunities that should be fully utilized to enhance bilateral cooperation with a view to sharing European best practices and tools with Japan to

meet its ambitious targets and to maximize the participation of EU operators in this growing market. The OWP sector is new and as a result European companies are facing a number of market access challenges that need to be addressed.

The EU strategy for cooperation in the Indo-Pacific proposes that the EU explore the possibility to launch negotiations with Japan for a Digital Partnership Agreement enhancing cooperation on and interoperability of standards for emerging technologies, building more resilient technology supply chains, supporting values-based innovation and facilitating business opportunities for start-ups and SMEs. The EPA recognises the importance of digital technologies to boosting economic growth and trade and includes a range of provisions on electronic-commerce, and telecom services. The Covid-19 pandemic exposed significant gaps in the rate of digitalisation<sup>5</sup> within Japan and has been a catalyst for the business and government to move forward with digital transformation. In response, the government has undertaken multiple initiatives to encourage companies towards digital transition. There is limited data and information on the scale and trends of e-commerce and digital oriented business activities between the EU and Japan. In-depth analysis is needed to assess the market opportunities for European companies in the Japanese market arising from recent digital transformation.

At a time when both political and commercial EU-Japan relations are strengthening, and to mitigate the impact of the Covid-19 pandemic on EU companies, there is a need for the EU to continue to support the EPA implementation to, inter alia, further analyse the new market opportunities brought about by recent policy priorities of digitalisation and green growth; and to work towards the opening up of market segments in Japan which remain closed to EU operators as a result of non-tariff restrictions (particularly sanitary and phytosanitary (SPS) procedures). Under the on-going facility, due to COVID-19 and the consequent possible limited support to outreach activities on the potential of the EPA, there is in particular a need to enhance the out-reach to the relevant stakeholders to increase awareness of the EPA.

Therefore, the new action will play a crucial role to create awareness and inform EU business operators on how to use and benefit from the EPA. It will also provide in-depth analysis to explore potential new markets in Japan for European products especially given the emergence of green growth and digitalisation as priorities for both EU and Japan. Most of the activities covered by the action require local knowledge including legislation and language. A stand-alone project will ensure a more tailored approach to support the implementation of the EPA.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Close coordination between DG TRADE, AGRI, FPI, GROW, ENER, CNECT, SANTE, TAXUD and the EU Delegation to Japan and the EU-Japan Centre for Industrial Cooperation will be necessary throughout the action.

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 experience in activities ranging from cluster and regional cooperation, government procurement helpdesk, B2Bs and people mobility in industry, among others.

Japan stakeholders: business in Japan, including SMEs, Member States' local trade promotion offices, their bilateral Chambers of Commerce and 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 experience in activities ranging from cluster and regional cooperation, government 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.

European stakeholders: business in Europe, including SMEs, Europe-based networks of European companies, such as the Enterprise Europe Network (EEN), the European Cluster Collaboration Platform (ECCP), European Trade Promotion Organisations Association (ETPOA) as well as Europe-wide business intermediary organisations,

<sup>5</sup> Refers to enabling or improving processes by leveraging digital technologies and digitalised data

including regional associations in the relevant sectors e.g. in services, agri-food, green technologies, digital economy etc..

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to improve conditions for EU companies accessing the Japanese market through an increase and diversification of exports and/or investments and more resilient, green and digital value chains.

The Specific Objectives (Outcomes) of this action are to:

1. Support high utilisation rate of the EPA by EU companies and increased trade and investment flows from the EU to Japan especially in priority sectors for the EU, namely clean energy, digital and connectivity, government procurement and agri-food sector.
2. Support the removal of the existing trade barriers, including SPS barriers, by the Government of Japan in line with the provisions and deadlines set out in the EPA.
3. Identify new trade barriers with a view to support discussions with the Government of Japan with the aim of their removal as well as new market opportunities for EU companies.

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

- 1.1 contributing to Outcome 1 (or Specific Objective 1) increased awareness by EU industry and relevant stakeholders on the EPA and its benefits, in particular on how to claim tariff preferences, use tariff rate quotas, participate in government procurement tenders, etc.;
- 2.1 contributing to Outcome 2 (or Specific Objective 2) monitoring and analysis of the existing legislative and regulatory measures, including market access procedures, especially in the area of SPS or government procurement, to help ensure Japan's compliance with the EPA has increased.
- 3.1 contributing to Outcome 3 (or Specific Objective 3) in-depth sectoral analysis with a view to provide market intelligence in key priority areas, in sectors which offer market access potential for EU business, e.g. digital and e-commerce or clean energy.

#### 3.2 Indicative Activities

Activities related to Output 1.1

- Preparation and distribution of outreach material on the EPA;
- Organisation of a series workshops for sharing knowledge about the EPA (physical, hybrid and online) with policy makers, industry participants and European partners;
- Organisation of workshops on specific sectors and new market opportunities facilitated by the EPA involving policymakers, the research community, and industry participants and European partners;
- Conduct impact analysis of trade under the EPA after the entry into force of new regional/bilateral free trade agreements such as RCEP, CPTPP, US-Japan trade agreement, UK-Japan trade agreement, etc.

Activities related to Output 2.1:

- Provision of technical support to monitor the implementation of the EPA in particular in the areas of government procurement, investment, services, SPS. Monitoring should assess progress on existing market access barriers and provide recommendations for remedial action;
- Provision of technical support to monitor compliance with the EPA, for example following the legislative and administrative processes in order to ensure no measures are passed that would be in breach of the EPA;
- Provide translation services of relevant policies, legislation, regulations etc.

Activities related to Output 3.1:



- Provision of technical support to monitor the implementation of the EPA in particular in the areas of government procurement, investment, services, SPS. Monitoring should identify potential new market access barriers and provide recommendations for remedial action;
- Conduct studies and sectoral analysis providing market intelligence and focusing on key market access opportunities for the EU, in particular renewables and digital sectors;
- Provide translation services of relevant policies, legislation, regulations etc.

### 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 as female entrepreneurs will be among target recipients of the action for outreach events.

#### **Human Rights**

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

#### **Disability**

This action does not target the promotion of social, economic or political inclusion of persons with disabilities. However, the European Union recognises and respects the right of persons with disabilities. The Commission is committed to making project information and activities as accessible as possible to the largest possible number of users and participants including those with visual, auditory, cognitive or physical disabilities.

#### **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<br>(High/<br>Medium/<br>Low) | Impact<br>(High/<br>Medium/<br>Low) | Mitigating measures  |
|--------------------------------|--------|---|-------------------------------------|--|
| Covid-19 pandemic continues to | Risk 1 | Medium                                  | Medium                              | Adaptation of events to hybrid, online format and tailoring of outputs to mitigate impact of public health restrictions. |

|  |        |            |            |   |
|--|--------|------------|------------|---|
| impact organisation of events and outreach activities  |        |            |            | Maintain flexibility in the log-frame to account for possible contingency plans.<br><br>Utilise local expertise to carry out research and organisational support for events.  |
| The EU member states and relevant business organisations contribute and engage effectively in the events organised by the EPA facility | Risk 2 | <b>Low</b> | <b>Low</b> | Continuous dialogue and feedback mechanisms between engaged stakeholders and the implementing partner to ensure usefulness of outputs produced. By using the Delegations regular consultation with EU member states commercial counsellors meetings to share information etc. |

#### **Lessons Learnt:**

The current EPA facility has provided invaluable support to the implementation of the EPA for the last three years. The contractor has produced inter alia a step-by-step web tool on how to use the EPA; Analysis of leather and footwear sector; Guides for government procurement and Services Mode 4; Annual business survey; event on rules of origin and a webinar on the EPA. The contractor provides quarterly monitoring reports on developments in the area of government procurement. The facility has recently launched studies on market access issues of off-shore wind power.

The main challenge during implementation of the EPA facility was finding suitable qualified experts that had the technical qualifications and Japanese language skills to conduct thematic and sectoral studies. The Delegation was very closely involved in the selection of CV's and recruitment of experts. A Terms of Reference with defined profiles for technical experts will be important to ensure contractor has adequate capacity to conduct sectoral and market access studies in Japan as well as to implement the outreach activities needed for increased visibility of the EPA.

The trade and regulatory focus of the action would be complemented by activities carried out by the EU-Japan Centre for Industrial Cooperation (CIC), outside the context of this project, to maximise cost-effectiveness and impact. The CIC has put in place a dedicated EPA helpdesk to help SMEs to be informed and benefit from the EPA. Furthermore, the strength and success from the EPA helpdesk comes from its close and integrated connections with the other activities of the such as the B2B matchmakings, helpdesks on government procurement, technology transfer, cluster cooperation, EEN, analytical reports on opportunities in Japan for EU businesses.

The EPA helpdesk takes also advantage of the close relationships the Centre has with the Trade Promotion Organisations (TPOs) of the EU Member States. The CIC dedicated EPA helpdesk is also instrumental to the success of the EU-Japan industrial policy dialogue and the work of the EU-JP Business Roundtable. In conclusion, this action will be implemented in close synergy with the EU-Japan CIC in order to maximize the benefits and outputs from this action. A close coordination and cooperation with the CIC will also avoid risks of duplication and overlapping of activities.

EUD Japan will work closely with the OECD to avoid any duplication of activities under the Responsible Business Conduct for green, digital and resilient supply chains in Asia project.

### 3.5 The Intervention Logic

The underlying intervention logic for this action is that by providing support to the removal of the existing trade barriers, including SPS barriers, the products and services of European companies will have access to the Japanese market. Hence the intervention will support the implementation of the (EPA). It will also increase the EU visibility and presence of EU business in Japan. This in turn will contribute to increased and diversified export and/or investments and more resilient, green and digital value chains.

The above logic has been implemented for 3 years through the previous EPA facility programme to Japan that will come to an end in June 2022. The current programme was an invaluable tool for the Delegation/DG Trade in solving some initial implementation issues of the EPA such as claiming preferences and rules of origin. The new action would help tackle the remaining issues (SPS, government procurement) and facilitate market access in new sectors such as off-shore wind power, digitalisation, etc. Moreover the new action aims to enhance communication to the relevant stakeholders to increase awareness of the EPA that was not possible during the last 2 years due to the pandemic.

### 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 (a):<br>Main expected results (maximum 10)  | Indicators (a):<br>(at least one indicator per expected result)  | Baselines<br>(values and years) | Targets<br>(values and years) | Sources of data   | Assumptions  |
|------------------|---|--|---------------------------------|-------------------------------|---|--|
| <b>Impact</b>    | To improve conditions for EU companies accessing the Japanese market through an increase and diversification of exports and/or investments and more resilient, green and digital value chains.  | 1 Number of regulations and standards relating to trade, investment and business in Japan which have been aligned to EU / international standards                                    |                                 |                               |   | <i>Not applicable</i>  |
| <b>Outcome 1</b> | Increased utilisation rate of the EPA by EU companies and increased trade and investment flows from the EU to Japan especially in priority sectors for the EU, namely green energy, digital and connectivity, government procurement and agri-food sector | 1.1 Percentage of EU companies which acknowledge a positive change in their perceptions of the business, trade and investment climate in Japan<br><br>1.2 Number of events organised | 2022- 0                         | 2023-3<br>2024-3<br>2025-3    | 1.1 EU company surveys<br><br>1.2 List of participants & evaluations from outreach events | EU companies are interested in benefiting from the EPA with Japan    |
| <b>Outcome 2</b> | Supporting the removal of the existing trade barriers, including SPS barriers, by the Government of Japan in line with the provisions and deadlines set out in the EPA  | 2.1 Number of processes related to the removal of barriers to market access, investment and business which have been influenced  | 2022-0                          | 2023-2<br>2024-2<br>2025-2    | EPA Progress Reports, Minutes of EPA Committee meetings                                   | Political stability and policy continuity: GoJ implements EPA as per |

| Results                                  | Results chain (a):<br>Main expected results (maximum 10)  | Indicators (a):<br>(at least one indicator per expected result)  | Baselines<br>(values and years) | Targets<br>(values and years) | Sources of data  | Assumptions   |
|--|---|--|---------------------------------|-------------------------------|--|---|
|  |   |  |                                 |                               |  | its commitment  |
| <b>Outcome 3</b>                         | New trade barriers identified with a view to support discussions with the Government of Japan with the aim of their removal as well as new market opportunities for EU companies  | 3.1 Number of new trade barriers which have been identified<br><br>3.2 Percentage of Exports of European products to Japan   |                                 |                               | EPA Progress Reports<br>Sectoral reports<br>Thematic reports | EU business engage with EU & communicate barriers encountered |
| <b>Output 1<br/>related to Outcome 1</b> | Increased awareness by EU industry and relevant stakeholders on the EPA and its benefits, in particular on how to claim tariff preferences, use tariff rate quotas, participate in government procurement tenders, etc.;                | 1.1.1 Number of EU companies that participated in events organised<br><br>1.1.2 Number of communication products developed<br><br>1.1.3 Percentage of participants in an event who report having benefited from an event |                                 |                               |  |   |
| <b>Output 2<br/>related to Outcome 2</b> | Monitoring and analysis of the existing legislative and regulatory measures, including market access procedures, especially in the area of SPS or government procurement, to help ensure Japan's compliance with the EPA has increased. | 2.1 Number of SPS/GP monitoring reports issued<br><br>2.2 Number of outreach events organised  |                                 |                               |  |   |
| <b>Output 3<br/>related to Outcome 3</b> | In-depth sectoral analysis with a view to provide market intelligence in key priority areas, in sectors which offer market access potential for EU business, e.g. digital and e-commerce or green energy                                | 3.1 Number of knowledge based reports developed<br><br>3.2 Percentage of companies who report having benefited from the EPA<br><br>3.3 Number of outreach events organised   |                                 |                               |  |   |

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with Japan.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action is 72 months from the date of adoption by the Commission of this Financing Decision. This includes a period of 18 months for procurement, an indicative 36 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)

The 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<br>(amount in EUR) |
|---|------------------------------------|
| <b>Implementation modalities</b> – cf. section 4.3                          |                                    |
| <b>Procurement</b> (direct management) – total envelope under section 4.3.1 | 1 000 000                          |
| <b>Total</b>  | 1 000 000                          |

## 4.6 Organisational Set-up and Responsibilities

The action will establish an enhanced version of the previous EPA facility with more emphasis on outreach activities.

The action will be managed by the EUD in Japan under the responsibility of FPI and the policy lead of the Trade Section. This action will be implemented in close synergy with the activities of the EU-Japan CIC.

A Project Steering Committee (PSC) will be set up including EU relevant services.

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.

## 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 data collection, analysis and monitoring. The EU Delegation will also ensure regular monitoring and follow-up of project deliverables.

## 5.2 Evaluation

Having regard to the importance of the action, a final evaluation(s) may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular to address implementation issues and/or launch a new phase of the action.

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:

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