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in Lublin



World Economy and European Integration Chair

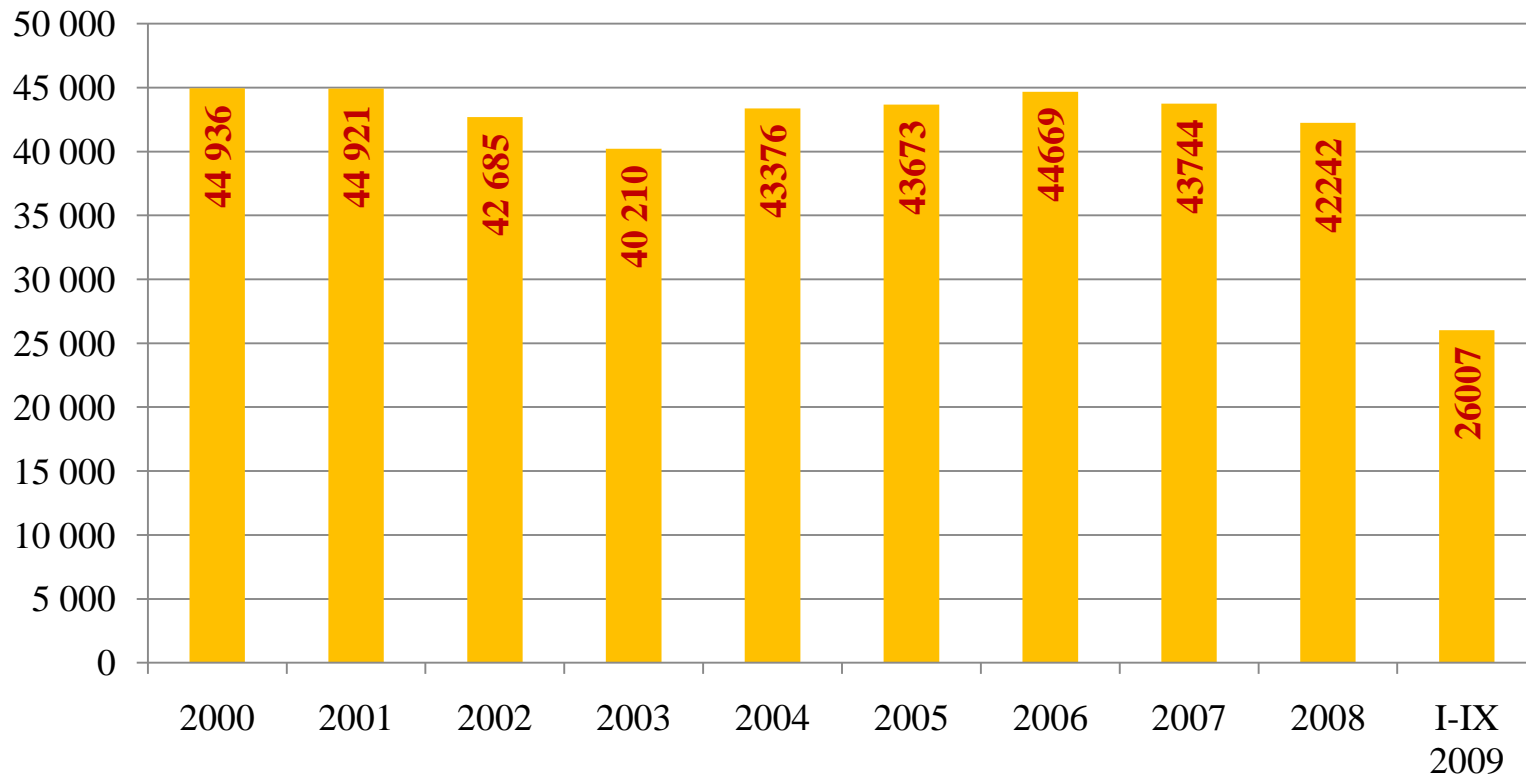
BARRIERS OF THE DEVELOPMENT OF THE EU'S EXPORTS INTO JAPAN

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Main goal of the research

Indication of current barriers which impede development
of EU's exports to Japan

Exports Development of EU into Japan in the years 2000-2009, in millions of EUR



EU's exports into Japan by product the period of 2000-2009, in %

SITC		2000	2008	I-VII 2009
0+1	- Food, drinks and tobacco	8,7	9,2	10,2
2+4	- Raw materials	3,2	3,2	3,0
3	- Energy products	0,1	1,2	0,8
5	- Chemicals	18,1	20,7	24,4
7	- Machinery and transport equipment	39,0	34,7	29,4
6+8	- Other manufactured goods	27,2	26,3	26,3
9	- Products not classified elsewhere	3,7	4,6	5,9

MAIN STRUCTURAL IMPEDIMENTS

1. the *keiretsu* business groups whose interlocking corporate relationships reduce the scope for foreign competition
2. an ineffective competition policy that overlooks the potential and actual welfare reducing outcomes from the above
3. the lack of independent dealership networks and underdeveloped retail sector
4. a particularly idiosyncratic trade financing system and business associations that enjoy government support and occasional protection
5. a convoluted system of multiple layers of wholesalers that has advantaged domestic producers at the expense of foreign rivals
6. Japan's predilection for savings-led growth as opposed to consumption-led growth which leads to low import demand

SECTORS AFFECTED BY NON-TARIFF BARRIERS (NTB):

1. pharmaceuticals
2. medical devices
3. processed food
4. motor vehicles
5. transport equipment
6. chemicals, metal products and wood products (to a lesser degree)

EU pharmaceutical exports into Japan are affected by:

- Non-recognition of foreign clinical data
- The approval process for marketing new medicines in Japan is slow and overly burdensome
- The reimbursement rules in Japan

EU exports of medical devices into Japan are affected by:

- requests for additional clinical trials from the Japanese authorities
- excessive Japanese standards and regulatory requirements
- the pricing and reimbursement system creates disincentives for introducing new and innovative products on the Japanese market

EU exports of motor vehicles into Japan are affected by:

- Japanese TRIAS regulation requires special testing on emissions and durability of exhaust systems
- Japanese regulations regarding steady running noise and proximity stationary noise levels are not harmonized with UNECE standards
- Japan is introducing new safety standards that are not present in the UNECE

Influence of reduction of non-tariff barriers on costs and value of EU's export into Japan in selected sectors, in % and bln of EUR

	Additional export costs caused by non-tariff measures	Lowest possible level of additional export costs	Export growth of the EU into as a consequence of export costs reduction	
			[in %]	[in bln EUR]
Pharmaceuticals	22%	2%	60-100%	up to 3,4
Medical devices	30%	18%	51%	1,1
Processed food	25%	16%	7-24%	up to 1,1
Motor vehicles	10%	3%	84%	4,7

CONCLUSIONS

- The dynamics of the EU's exports into Japan was relatively low in the period under scrutiny. Simultaneously, a higher average rate of the total EU's exports over an average rate of its exports into Japan has caused a drop in a ranking of the EU's main exports markets.
- There are three groups of barriers which impede the EU's exports into Japan:
 - Structural barriers – their significance is diminishing
 - Tariff barriers – of the least importance
 - Non-tariff barriers – constitute main impediments



**Barriers of the development of the
European Union's exports to Japan**

THANK YOU!