



# Japan



# EUGATEWAY TO JAPAN

Over the past decades the EU and Japan have developed strong economic ties and Japan, the world's third largest economy, is the EU's 7th largest trading partner.

Trade between the two partners is expected to increase by a prospective FTA for which the negotiations were launched during the EU-Japan summit in March 2013. Both parties aim to conclude a comprehensive agreement for goods, services and investment, eliminating tariffs, non-tariff barriers and covering other trade-related issues, such as public procurement.

The Free Trade Agreement is expected to increase the EU's GDP by 0.6 to 0.8% and EU export to Japan by more than 32.7%. Despite the joint efforts made to foster economic co-operation, SMEs are still encountering challenges when entering the Japanese market:

- High business costs related to: taxes, salaries, purchasing or renting office, social security;
- Legal restrictions and rigid/complicated administrative procedures required for business permits and licenses;
- Lack of mobility in the labour market leading to difficulties in finding human resources;
- Specificities of the Japanese market and difficulty in communicating in foreign languages.



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