

# **10<sup>th</sup> Anniversary Japan-Switzerland FTEPA: „10 Years FTEPA between Switzerland and Japan – A Swiss Perspective“**

**Referat der Direktorin des SECO,  
Staatssekretärin Marie-Gabrielle Ineichen-Fleisch**

Montag, 2. September 2019, Hotel Schweizerhof, Bern

## **Introduction**

- Dear Minister Ikkatai [Chargé d'affaires a.i., Japanische Botschaft]
  - Frau Regierungspräsidentin (Carmen Walker-Späh)
  - Herr Landammann (Urs Hofmann)
  - Dear Members of Parliament
  - Mister President [Martin Herb, Handelskammer Schweiz-Japan]
  - Colleagues, Ladies and Gentlemen,
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- Ten years – and a day – ago, our Free Trade and Economic Partnership Agreement entered into force. On that very 1<sup>st</sup> of September, my colleague, Ambassador Yokota, and I chaired the first Joint Committee in Zurich. We had to work – laying down rules on the working of the Joint Committee for example – before we could celebrate. But celebrate we did.
  - Ten years – and a day – later, I am delighted to see such a diverse group of people interested in the Agreement between Switzerland and Japan. It is my great pleasure to be here with you and to look back over ten successful years of the Agreement and ahead to its future.
  - At the same time, much has happened since 2009. We are no longer quite in the same world. Today, trade is again in the headlines and mostly not in a good way. It is all the more important, therefore, to keep up our efforts to maintain the rule-based international trading system – together with Japan and other like-minded states.
  - Also the shape of free trade agreements has developed. New trade-related areas are integrated, and FTAs have become more and more comprehensive agreements.

- Looking at the most recent FTAs, both Japan and Switzerland have concluded, I think it is fair to assess that our Agreement is not entirely up to today's standards any longer.
- But before making the case for its renewal, let me talk about some of the benefits, the Agreement has brought to Swiss and Japanese economic operators.

### **The Economic benefits of 10 years FTEPA**

- First of all, and I think our Japanese colleagues will agree with me, the our Free Trade and Economic Partnership Agreement has served our industries well for a decade now. After the FTA with the EU in 1972, this has been the most important agreement Switzerland has concluded.
- It is one of the main reasons for the success of our bilateral economic relations. It came into force at a difficult point in time, when the great financial crisis hit all countries hard. Yet, over the following years, the Agreement was of great importance to stabilise bilateral trade.
- At a time when world trade is again slowing down, it is my hope that the Agreement will once more be of help.
- According to our foreign trade statistics, Swiss exports have increased by 12 per cent, while Japanese exports to Switzerland have increased by 22 per cent since entry into force of the Agreement. Excluding trade in gold and jewellery, our bilateral trade volume reached its highest level in 2018 breaking the 11 billion Swiss francs barrier for the first time. These results are encouraging and demonstrate that the Agreement adds value to our economies.
- Again excluding the significant gold and jewellery sector, Switzerland mainly imports cars, machinery and electronic equipment from Japan. While Swiss exports predominantly consist of pharmaceutical and chemical products as well as watches.
- Besides this, preferential trade in agricultural products between our two countries has also shown a positive development since the entry into force of the Agreement.
- Studies indicate that the Swiss exporters have realized annual customs savings of approximately 20 million Swiss francs per year

thanks to the FTEPA, while the Japanese exporters have realised approximately 10 million francs of savings per year.

- Exporters on both sides realise approximately two thirds of the total possible savings the Agreement brings. Compared to other FTAs, this means a rather good use of the tariff preferences.

### **FTEPA Update**

- Together with our Japanese colleagues, we have been monitoring the success of the Agreement through the meetings of the Joint Committee.
- Over the past ten years, we have worked very efficiently in making sure that economic operators can best benefit from the Agreement.
- This has increasingly taken place in an international environment where protectionism has become the new normal but also where new trade deals of vast importance have been signed.
- In light of these developments, our FTEPA has aged a little bit. Some areas, like the rules of origin, could use a makeover, other areas, like trade and sustainable development, would need to be newly added to the Agreement.
- Last November, the Joint Committee met for a fourth time here in Bern. Despite a very friendly exchange of opinions, I regret that the Japanese side was not yet able to respond positively to our proposals to modernize our Agreement in order to upgrade it to level of more recent agreements both Switzerland and Japan have concluded.
- From our point of view, the need to update the FTPA has become even more important since the conclusion of the EU-Japan Economic Partnership Agreement.
- Our analysis shows that Swiss and Japanese economic operators in certain sectors such as the food industry could be at a disadvantage compared with those operating between the EU and Japan following the entry into force of the EU-Japan agreement.
- I am of the opinion that Switzerland and Japan, as preferential trading partners for the past 10 years, should not create a situation of

disadvantage between them on the basis of more recent free trade agreements with other preferential partners.

- On the Swiss side, we can envisage additional market access for Japanese agricultural products, taking into account new free trade agreements recently concluded and the development of the agricultural sector since we negotiated the FTEPA.
- We are ready to sit down with our counterparts to bring our Agreement to the highest standard again.

## **Conclusion**

- To conclude, I once again want to stress that the FTEPA is a good agreement that has served the economic operators of both Switzerland and Japan well.
- At the same time, revising our FTEPA is the main priority for Switzerland when it comes to the further development of our bilateral economic relations.
- I am glad that we have support for this endeavour from the highest levels after the Economic and Scientific Mission by Federal Councillor Guy Parmelin to Japan in July, in which some of you participated.
- My Minister discussed this issue with both the Minister of Agriculture, Forestry and Fisheries, Takamori YOSHIKAWA, as well as the State Minister of Economy, Trade and Industry, Toshihiko ISOZAKI.
- I hope I can count on your political support as well in order to undertake the necessary work. I am convinced that the modernisation of our Agreement will provide companies on both sides with an up-to-date economic instrument that meets their needs and interests and creates added value over to the current situation.
- Ladies and gentlemen, ten years – and a day – ago, we celebrated. Tonight we have again reason to celebrate what we have achieved and hope the best for the future.
- Thank you for your attention!