Japan-India Comprehensive Economic Partnership Agreement (CEPA)

Significance of Japan-India CEPA

- FTA/CEPA with the biggest GDP partner
- For India: Access to US$ 5 trillion GDP
- For Japan: More business opportunities in India
- Trade in Goods: About 94% of the tariffs between Japan and India will be eliminated within 10 years (about 97% by Japan and about 90% by India) (on a trade value basis)

GDP of India’s FTA/CEPA Partners (among the recently signed agreements) (Amount: US$)

- Japan 5,068,996,399,491
- Korea 832,511,649,033
- ASEAN 1,446,468,714,132 (except for Brunei and Myanmar, whose figures are not available)
- Thailand 263,772,103,261
- Singapore 182,231,748,149

(Source: World Bank, Year 2009)

History

November 2004: Agreement by the leaders to set up Joint Study Group (JSG)
July 2005 – April 2006: 1st to 4th JSG meetings
December 2006: Agreement by the leaders to start negotiations
January 2007 - September 2010: 1st to 14th round of negotiations
September 2010: Agreement-in-principle
October 2010: Declaration of the conclusion of the negotiations by the leaders
16th February 2011: Signed by H.E. Mr. Anand Sharma, Minister of Commerce and Industry of India, and H.E. Mr. Seiji Maehara, Minister for Foreign Affairs of Japan, in Tokyo

Japan’s existing EPA/FTAs

Came into effect for:
② Mexico (2005) ⑧ ASEAN (except Indonesia)
④ Chile (2007) ⑩ Swiss (2009)
⑥ Indonesia (2008)
Japan’s Investment into India

The number of Japanese companies in India has doubled in 3 years. (Japan’s FDI: More than 800 billion yen (FY:2008), supporting employment, technical transfer, and export of Indian goods.)

Japan-India Trade

Has been increasing rapidly. But, still the trade with India is merely 0.9% of the Japanese total trade (FY:2009).
### Trade in Goods, Market Access (1) Liberalisation by Japan

※ Tariffs of many items will be eliminated immediately

#### Industrial Products

※ Almost all the items will be eliminated on entering into force

#### Agricultural Products (Examples)

<table>
<thead>
<tr>
<th>Farm products</th>
<th>Durian (2.5%), Asparagus (3%), etc.</th>
<th>elimination on entering into force</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capsicum (red pepper) other than large bell type (3%), Sweet corn (6%), etc.</td>
<td>elimination in 7 years</td>
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<tr>
<td></td>
<td>Curry (3.6%), Black Tea (for beverage, exceeding 3kg) (2.5%)</td>
<td>elimination in 10 years</td>
</tr>
<tr>
<td>Forest products</td>
<td>Lumbers (3.6%)</td>
<td>elimination on entering into force</td>
</tr>
<tr>
<td>Marine products</td>
<td>Shrimps and Prawns (1-2%)</td>
<td>elimination on entering into force</td>
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<td></td>
<td>Octopus (frozen)(5%)</td>
<td>elimination in 7 years</td>
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<tr>
<td></td>
<td>Shrimps and prawns (prepared ) (3.2-5.3%)</td>
<td>elimination in 10 years</td>
</tr>
</tbody>
</table>

※ Tariff ratios mentioned above are from the ratios as in 2007 April, which was used as the base for negotiations.
Trade in Goods, Market Access (2)
Liberalisation by India

※ More liberalised than other Indian FTA/CEPAs

Industrial Products (Example)

Car parts
- Car muffler (10%): elimination in 10 years
- Diesel engine (12.5%): reduction down to 5% in 6 years
- Gear box (12.5%): reduction down to 6.25% in 8 years

Steel sheet, Steel plates, Alloy (5%): elimination in 5 years

DVD players, Video cameras (10%): elimination in 10 years

Agricultural Products (Examples)

Chinese yam, Peach, Strawberry, Japanese persimmon (30%): elimination in 10 years

※ Tariff ratios mentioned above are from the ratios as in 2007 April, which was used as the base for negotiations
Main Points

Cooperation on Generic Medicine

Each Party provides “National Treatment” to the person of the other Party for the application of approvals for release of generic medicine in accordance with its laws and regulations and completes the procedures within a reasonable period of time.

Mutual Recognition

Through the Sub-Committee, the feasibility of MRAs (Mutual Recognition Arrangements) will be discussed in sectors such as electrical products, telecommunications terminal equipment and radio equipment, and other sectors. The Sub-Committee will meet within 3 months from the date of entry into force of CEPA.
Promotion of trade in services and improvement of transparency of rules between Japan and India

To promote further liberalization of trade in services, WTO plus commitments are made in the areas including the following:

**Japan**
- Services incidental to mining
- Scientific and Technical consulting services related to petroleum, petroleum products, gas and minerals
- Telephone answering services
- Environmental services
- Tourism and Travel related services

**India**
- Telecommunication services
- Distribution services (i.e. Single Brand Product Retail Services and Franchising Services in respect of Single Brand retailing services)
- Financial services
Movement of Natural Persons

Main Points

Specific Commitments of Japan

There are specific commitments on entry and temporary stay for Indian Instructors of (i) Indian Yoga, (ii) Indian cuisine, (iii) Indian classical music and dance or (iv) English language.

Social Security Agreement

Japan and India shall enter into negotiations in order to complete the consultations and negotiations within 36 months after the commencement of the consultations.
（※ Consultations already started in January 2011）

Nurses and Careworkers

Japan shall enter into negotiations with India regarding the acceptance of Indian qualified nurses and certified careworkers by Japan, with a view to reaching a conclusion of the negotiations within one year if possible, but not later than two years, after the entry into force of this Agreement.
Intellectual Property

※ Ensuring adequate, effective and non-discriminatory protection of intellectual property

Main Points

● Possibility of patent protection of inventions including computer programs
● Protection of well-known trademarks
● Enabling a trademark applicant to file a request for preferential examination (i.e., accelerated examination)

Investment

※ Including provisions that cover not only “protection” aspect (post-investments stage), but also “liberalisation/promotion” aspect (pre-investments stage)

Main Points

● All basic provisions of “Investment Treaty” including “Investors-State Dispute Settlement”, “Expropriation and Compensation” and “Transfers” to protect investors and their investments
● Advanced provisions such as “National Treatment for ‘pre-investment activities’ and “post-investments” and “Prohibition of Performance Requirements” to liberalise and promote investment activities further
Improvement of Business Environment

※ Create Mechanisms to promote trade and investment

Joint Committee
- Sub-Committee on Improvement of Business Environment
  - Representatives of both Parties (Private sector can be invited)

Consultative Group in India
- Representatives of Govt. of India, Japanese Embassy, (JETRO, Private sector can be invited)
  - Govt. of Japan will designate Liaison Office
  - Complaints, inquiries
    - ① Authorities' responses, ② Information and advice

Consultative Group in Japan
- Representatives of Govt. of Japan, Indian Embassy (Private sector can be invited)
  - Govt. of India will designate Liaison Office
  - Complaints, inquiries
    - ① Authorities' responses, ② Information and advice

Japanese companies

Indian companies

Relevant authorities of Govt. of India
- Report, Recommendations

Relevant authorities ofGovt. of Japan
- Report, Recommendations

Govt. of Japan will designate Liaison Office

Govt. of India will designate Liaison Office
Government Procurement

- Provide to the goods, services and suppliers of the other Party treatment no less favourable than that it accords to non-Party’s goods, services and suppliers in accordance with its laws and regulations
- Ensure transparency of the measures regarding Government Procurement
- Exchange information of policies and practices on Government Procurement at the national level

Cooperation

- Promote cooperation in order to liberalise and facilitate trade and investment
- Fields of cooperation:
  ① environment,
  ② trade and investment promotion,
  ③ infrastructure, ④ ICT,
  ⑤ science and technology,
  ⑥ energy, ⑦ tourism, ⑧ textiles,
  ⑨ SMEs, ⑩ health,
  ⑪ entertainment and information,
  ⑫ metallurgy

Competition

- Take measures against anticompetitive activities
- Cooperate in the field of controlling anticompetitive activities
- Apply competition laws and regulations in non-discriminatory manner
- Implement administrative and judicial procedures in a fair manner
- Promote transparency of implementation of competition laws and policy