

EU-Japan FTA: Rail industry not reassured

Progress on non-discriminatory market access is too weak and implementation on the ground uncertain, says UNIFE

By Isabelle Smets • 13 May 2014



"For now, we don't have enough guarantees of transparent and non-discriminatory access to the Japanese market in the future," Philippe Citroën (UNIFE) said - Photo: UNIFE

Europe's railway industry is not pleased with the turn taken by negotiations for a trade agreement with Japan. The European Commission could hardly claim not to understand: at the 8 May [Trade Council](#), Commissioner Karel De Gucht boasted of the considerable progress on non-tariff barriers, except, he admitted, in public procurement and especially in the rail sector. "For now, we don't have enough guarantees of transparent and non-discriminatory access to the Japanese market in the future," Philippe Citroën, director-general of UNIFE, the association representing the European rail industry (Alstom, Siemens, Thales, etc), told *Europolitics*.

What is the problem? In the rail sector, the EU wants to boost the transparency of tender procedures for Japanese public procurement and set rules for use of the operational safety clause, which Japan is dead set on keeping. That clause de facto allows the Japanese to reject European equipment for reasons of non-conformity with safety standards. When it opened the talks with Japan, the Commission hoped at least to obtain a concrete definition of this safety clause and of what it covers in terms of equipment, so as to make this constraint more foreseeable for European suppliers.

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But the record so far is patchy. "What we are seeing is that the operational safety clause is still there and the Commission has not obtained a sufficiently precise definition of what it covers," explains Citroën. "If this clause is defined with reference to all rolling stock and all infrastructure that will not help us access the Japanese market. It will simply set in stone an existing situation of exclusion. This is still a major problem."

The rail industry also has concerns about follow-up – or rather the absence thereof - to Japan's few commitments to facilitate Europeans' access to their market. "We've already had commitments in the past on which there was no concrete implementation." It is therefore insisting on being able to assess the delivery of commitments on the ground before closing the rail chapter. But there are no guarantees here either. The Japanese, who say they have made enough concessions, clearly wish to close the chapter. "We are not at all sure that the Japanese concessions will result in improvements on the ground for our suppliers. We insist on having an assessment period and the opportunity to continue to negotiate if need be," said UNIFE.

The negotiations for a comprehensive free trade agreement with Japan began in April 2013. The Commission has to decide, in principle by 23 May, whether to continue the talks with Tokyo based on the progress achieved during the last year. In that case, De Gucht has said that the Commission would try to bring the talks to conclusion next year.