

RIETI-CEPR Symposium

Brexit:

On the future of the UK and the global economy

Handout



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<http://www.rieti.go.jp/en/index.html>

Japan's Response to Brexit

November 7, 2016

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1. METI's Initial Response

- METI held a government-private sector meeting (6/27) to exchange information about Brexit and to listen to Japanese companies' major concerns.
- To research and understand Japanese SMEs' concerns, METI interviewed about 270 SMEs until the end of July.

Major companies' concerns about Brexit

1. General requests

- Ensuring transparency of the Brexit negotiations
- Granting a sufficient time period for transition and publicizing of the changes

2. Specific requests

- Maintaining the free trade system
- Reaching agreement in principle on Japan-EU EPA
- Maintaining the current tariff rates
- To maintain customs duty-free trade between the UK and the EU
- Maintaining the access to workers who are nationals of the UK or the EU

Request

Ministerial meeting with the UK government (7/11, 7/26)

Japan's Minister expressed to the UK Minister his concerns about Brexit based on the opinions of Japanese companies and industrial groups.

UK minister's response

- **Japanese investments in the UK are very important, and the relationship between Japan and the UK is crucial.**
- Japanese companies' opinions are reflected to the UK-EU negotiations

[About 270 Japanese companies including SMEs]

Automobiles (14), Electronics (11), Contents (3), Metals (12), Pharmaceuticals (4), Consulting firms (2), Retail (4), Materials (29), Cosmetics (2), IT (2), Consumer goods (10), Reagent perfumes (5), Transportation (2), Plants (3), Trading (4), SMEs (143), Industrial machinery (11), Finance (9), Aircrafts (4)

(Reference) Government Agencies' Responses

JETRO and other organizations have established consultation desks all over Japan (1,050 areas). The Japanese government is concerned about Brexit's influence especially on Japanese SMEs including exchange rate fluctuations.

- **JETRO created a Brexit website**
JETRO delivered 75 news
Number of access has already reached 41,795
<https://www.jetro.go.jp/world/europe/uk/referendum/>
- **JETRO organized Brexit seminars**
Over 900 people attended in Tokyo, Osaka and Nagoya.
※7/25 Nagoya (140 people), 7/26 Osaka (200 people), 7/28 Tokyo (238 people),
7/29 Tokyo (283 people)
- **JETRO local offices have established 44 consultation desks since 6/27.**

2. Actions of the Japanese Government

- The Japanese government has established a Brexit Taskforce (7/26). This taskforce produced “Japan’s Message to the UK and the EU” which is based on the concerns of Japanese companies. METI contributed to input the interest of companies to the taskforce.
- Japan’s Message was transmitted to the UK and the EU through diplomatic channel (9/2). Japan Prime Minister Shinzo Abe mentioned Japan’s message to UK Prime Minister Theresa May (9/20). METI also assisted Minister Lord Price in holding explanatory meetings for Japanese companies in the UK.
- METI Parliamentary Vice-Minister Takumi Ihara said that many other Japanese companies in addition to Nissan need support from the UK government.

Cf. Prime Minister May and Nissan president confirmed the UK government will consider providing compensation for losses related to Brexit.

Japan’s message to the UK and the EU

Brexit Taskforce

(Chair) Koichi Hagiuda, Deputy Chief Cabinet Secretary

(Members) DG from METI and the other ministries

- Granting a sufficient time period for transition and publicizing of the changes
- Maintaining the free trade system (Japan-EU EPA)
- Maintaining the current tariff rates and customs clearance procedures
- Maintaining the access to workers who are nationals of the UK or the EU, etc.

Japan-UK summit (9/20)

- Prime Minister May stated that the UK government will work to help Japanese companies continue doing business there.

Minister Price’s comment (10/4, 10/20)

【Explanatory meeting in the UK (10/4)】

- UK government kick-off talk with Japanese firms.
- No priority set between freedom of movement and single market.
- Japan-EU EPA is the key

【Meeting with Parliamentary Vice-Minister Ihara(10/20)】

- UK government will strive to keep the current working circumstances.
- After concluding Japan-EU EPA, Japan-UK EPA may be applied. 4