

# Italy and Japan. Booming trade thanks to the FTA and new agreements in high tech.

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Since the start of 2019, Japan and Italy, and the European Union as a whole, got closer together more than anyone could expect in such a short time. Amidst trade wars, and protectionist fever dreams, Tokyo and Brussels saw their Free Trade Agreement finally entering into force in February: now this arrangement is already bearing fruits.

According to a SACE Simest report, in the first six months of the year, Italian export to Japan saw a 17% yearly growth, worth 3.6 billion euros. Moreover, according to the same forecast, volume in trade will peak at 6.7 billion at the end of 2019. This performance is mainly due to the food and beverages industry (+47.4%); transport vehicles (+16%) and textiles, clothing, leather and accessories (+8.4) played a big part.

The EU-Japan FTA removed most trade barriers: over 90% of tariffs on European goods sold to Japan have been abolished, or reduced since the agreement entered into force. As explained by Pierluigi Ciabattoni, SACE senior economist, Italian SMEs already selling to Japanese partners will benefit the most from the agreement. The elimination of non-tariff barriers, such as products standards, (Phyto) sanitary rules and the likes, will relive Italian and Japanese companies of much of the financial burdens previously placed upon them. Before the agreement some sectors forecasts were negative. We can now say that they recorded some good results: Lamborghini, safeguards on the automotive sector notwithstanding, is a good example. Ciabattoni is particularly confident that sectors in which Italy is remarkably competitive, such as food and wines, fashion and textiles, chemical products and plastics, will no longer face trade barriers.

Over in Tokyo, the Japanese customs office announced that, in July, imports from Italy grew by 11.3% and Japanese export to Rome by 4.1%. A more definitive assessment on the new business opportunities created by the Free Trade Agreement will take place on 5 September at Ca' Vendramin Calergi in Venice (during the Japan Week), while on 9 October the Italy-Japan Business Group will organize a symposium in Milan before the annual meeting of 15 November in Tokyo.

To further drive the point home, seven pre agreements on high tech research and scientific cooperation were signed between the leading Japanese firms and Emilia Romagna. Bologna, thanks to its Big data technopole, is quietly becoming the main hub for supercomputing research; now is joining forces with the heart of Japan's research in artificial intelligence and strategic research in Ibarazaki prefecture.

According to Patrizio Bianchi, Emilian regional assessor: "Our country continues to undersell its excellent efforts in this field: we are among the only five European countries and the fourteen in the world engaged in the discussion on supercomputing every year. Here in Bologna, we will have

to think about ourselves as a "City of science" and start to develop a suiting brand". The partnership, which is already operative, will be officially presented by Japan Prime Minister, Shinzo Abe, on April 2020, and will greatly benefit Italian companies given that, as Bianchi notes, "we have manufacturing skills in the sectors of Japanese interest that will open up business opportunities on a global scale, thanks to the direct contact we now have in Japan".

Sources: Sole 24 Ore, Sole 24 Ore