

Standards and International Trade between Japan and the European Union

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Abstract

Japan and the European Union are currently negotiating a Free Trade Agreement where both parties seek to eliminate tariff and non-tariff measures to trade. Against this background, our paper examines bilateral trade between Japan and the EU 15 countries between 1995 and 2012 for manufactured machinery product. Besides tariff measures, we focus on the role of technical standards developed by the Japanese Industrial Standards Committee (JISC) and the European Committee for Standardization (CEN) and Electrotechnical Standardization (CENELEC). The results of our gravity type model show that tariffs negatively impact trade but technical standards encourage bilateral trade. For European exporters standards that not aligned with international standards have a larger trade creating effect than non-harmonized standards. We conclude that policy makers should use studies employing multiple methodologies to assess the role of standards on trade.

Key Words:

Standards. Free Trade Agreement. International Trade. Gravity Model