

(Tentative Translation)

Report from the Government of Japan

Concerning the Recommendations

Government of Japan

from the Japan-EU Business Round Table (BRT)

April 2020

Note: The content of this report is based on the situation as of December 31, 2019.

Contents

Working Party 1: Trade Relations; Investment and Regulatory Cooperation; Financial Services, Accounting and Taxation	3
1. WP-1 / # 01 / EJ to EJ Strengthening the EU-Japan Economic Relationship Post –EPA	3
2. WP-1 / # 02 / EJ to EJ Recommendations for an ambitious multilateral trade agenda following the WTO Ministerial Conference in Buenos Aires	4
3. WP-1 / # 03 / EJ to EJ Applying international standards and enhancing regulatory cooperation	4
4. WP-1 / # 05 / EJ to EJ Recommendation on BEPS Action Plan and Other Tax Issues	6
5. WP-1 / # 06 / EJ to EJ Recommendation on Rules of Origin	7
6. WP-1 / # 08 / EJ to J Harmonisation & mutual recognition of standards and product certifications; acceptance of international standards where applicable	8
7. WP-1 / # 09 / EJ to J Self-verification and Risk Assessment	10
8. WP-1 / # 10 / E to J Automobiles	10
9. WP-1 / # 11 / EJ to EJ Freight and logistics	11
10. WP-1 / # 12 / E to J Retrospective application of the EPA	11
Working Party 2: Life Sciences and Biotechnologies, Healthcare and Well-being	12
1. WP-2 / # 01 / EJ to EJ Extension and clarification of coverage for mutual recognition of Pharmaceuticals GMP	12
2. WP-2 / # 02 / EJ to EJ Mutual recognition should be improved for Medical Devices	12
3. WP-2 / # 04 / EJ to EJ Ensure mutual recognition of GMP for Animal Health products	12
4. WP-2 / # 06 / EJ to J Reform of the pharmaceutical pricing system should provide a stable, predictable environment that rewards innovation	13
5. WP-2 / # 09 / EJ to J Careful introduction of Health Technology Assessment (HTA)	13
3. WP-2 / # 10 / EJ to J A harmonized approach for integration of health-related data and construction of data health infrastructures	14
4. WP-2 / # 11 / EJ to J Reviewing period for Plant Protection & Biotechnology products should be shortened	14

Working Party 3: Digital Innovation and Mobility	15
1. WP-3 / # 01 / EJ to EJ Cooperation for Global Digital Trade Rule Making	12
2. WP-3 / # 03 / EJ to EJ Cybersecurity for Trusted Society	12
3. WP-3 / # 05 / EJ to EJ Skill Development for Digital Economy	13
4. WP-3 / # 09 / EJ to EJ R&D cooperation	13
5. WP-3 / # 10 / EJ to EJ Cooperation Towards Digital Economy.....	13
Working Party 4: Environment and Sustainable Development	14
1. WP-4 / #01 / EJ to EJ Cooperate closely to promote the stabilisation of energy supply and prices in order to improve energy security, conservation and efficiency and address global warming	14
2. WP-4 / #04 / EJ to EJ Future direction of usage on nuclear power.....	14
3. WP-4 / #09 /EJ to EJ Efforts toward the prevention of global warming following the Paris Agreement reached at COP21	15
4. WP-4/ #10 /EJ to EJ Promotion of resource efficiency and the circular economy	15
5. WP-4 / #12 / EJ to EJ Initiatives and measures as a response to accelerated urbanization in the world.....	16
6. WP-4 / #13 / EJ to EJ Challenge to solve social issues in new era	16
7. WP-4/ #14 / EJ to EJ Support of sustainable finance	16

Working Party 1: Trade Relations; Investment and Regulatory Cooperation; Financial Services, Accounting and Taxation

WP-1 / # 01 / EJ to EJ Strengthening the EU-Japan Economic Relationship

Post – EPA

Enhancing Regulatory cooperation

Japan and EU will continue to promote discussion on regulatory cooperation through the specialized committee on Regulatory Cooperation as the Japan-EU Economic Partnership Agreement (EPA) stipulates. (Arrangement is currently made for the first specialized committee on Regulatory Cooperation to be held by February, 2020.)

Encouraging the use of EU-Japan EPA, particularly by SMEs

Chapter 20 of the Japan-EU EPA stipulates that each Party should offer useful information on trade with the other Party on their websites and cooperate in order to facilitate the use of the EPA by small and medium sized enterprise. In accordance with this provision, we, the Ministry of Foreign Affairs, Ministry of Economy, Trade and Industry and Japan External Trade Organization (JETRO), utilize the official website to provide relevant information which is including information provided by the EU side. Furthermore, we also establishes consultation desk and publishes materials explaining how to utilize Japan-EU EPA.

Joint investment in 3rd countries

Both sides welcome the Memorandum of Understanding (MoU)* between the Japan International Cooperation Agency (JICA) and the European Investment Bank (EIB), which was signed in Brussels on the occasion of the Europa Connectivity Forum on September 27, and promote cooperation based on it. *This MoU is expected to enhance close collaboration between the two entities and promote investment responding to the demand for private sector finance in developing countries.

Moreover, we believe that the MoU between Japan Bank for International Cooperation (JBIC) and European Investment Bank (EIB) and the MoU between Nippon Export and Investment Insurance (NEXI) and EIB, which are signed in October 2018, also contribute to cooperation of joint investment in 3rd countries.

Minimising the impact of Brexit

The bilateral economic relations between Japan and the United Kingdom (UK) is extremely close, as there are around 1,000 Japanese enterprises operating in the UK and creating more than 170,000 jobs. The Government of Japan will continue to urge the UK and the EU to avoid “no-deal” Brexit and aim to further consolidate trade and investment relations through establishing a new economic partnership with the UK once

withdrawn from the EU.

WP-1 / # 02 / EJ to EJ Recommendations for an ambitious multilateral trade agenda following the WTO Ministerial Conference in Buenos Aires

WTO is the cornerstone for the rules-based multilateral trading system. However, as a matter of fact WTO cannot always adequately address today's trade issues and is facing various challenges. Given these circumstances, at the G20 Osaka Summit, leaders reaffirmed their "support for the necessary reform of the World Trade Organization (WTO) to improve its functions". Regarding the new rulemaking, Japan co-chairs the negotiations on electronic commerce at the WTO and supports it by setting up the "Osaka Track" a process which promotes international policy discussions on digital economy. Furthermore, Japan, along with Australia and Chile, has submitted a proposal on the functioning of the Appellate Body. Japan also submitted a reform proposal, together with the U.S. and EU for the notification to strengthen the monitoring of implementation of the agreements. To enable the WTO to sufficiently address these issues, Japan would like to continue its active contribution to these discussions.

WP-1 / # 03 / EJ to EJ Applying international standards and enhancing regulatory cooperation

General recommendations

The Ministry of Economy, Trade and Industry (METI) and the European Commission (EC) DG for Internal Market, Industry, Entrepreneurship and SMEs (DG Growth) had been propelling regulatory cooperation from an early stage in order to avoid future misalignments of regulations between Japan and the EU and facilitate the commercialization of new technologies. Also, Japan and EU will continue to promote discussion on regulatory cooperation through the specialized committee on Regulatory Cooperation as the Japan-EU Economic Partnership Agreement (EPA) stipulates. (Arrangement is currently made for the first specialized committee on Regulatory Cooperation to be held by February, 2020.)

1. Create a common chemicals regulation

The regulatory authorities of the EU and Japan have shared information on the current situation of each regulation and have exchanged views on regulatory cooperation through the Chemical WG of EU-Japan Industrial Policy Dialogue. Specifically, at the 5th Chemical WG in June 2019, the EU and Japan exchanged information on the progress of chemicals regulations and discussed risk assessment

approach of existing chemicals.

The EU and Japan are going to exchange information continuously with regards to chemical management.

Japan accepts test results carried out in the EU based on OECD Test Guidelines, OECD GLP Principles of Good Laboratory Practice (GLP), and the Decision of the OECD Council Concerning the Mutual Acceptance of Data in the Assessment of Chemicals.

2. Create a common resource efficiency policy

Regarding International cooperation of Energy Efficiency, at the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth which was held in June 2019 under the presidency of Japan, Ministers agreed on the Communiqué which recognizes the importance of further promotion of Energy efficiency, for example, by further exploring the potential and impact of energy efficiency, in such areas as heating and cooling, and buildings through international cooperation and sharing best practices. The Japanese government also has been conducting the capacity building cooperation in emerging countries especially in Asia since 2004. In the program, Japan has been supporting these countries to develop regulations such as Energy Efficiency Law, energy management system and relevant labelling rules. In addition, Japan continues leading working groups to introduce each country's best practice of energy efficient policy and regulation under the framework of International Partnership for Energy Efficiency Cooperation (IPEEC) which was established at the G8 Energy Ministerial Meeting in 2009. After 2020, Japan will also contribute to international cooperation to promote Energy Efficiency under the framework of Energy Efficiency Hub which will be established whose secretariat will be hosted by the IEA.

Following the government-sponsored experimental research project on Type III Environmental Labels, a private organization has taken over it and has been implementing since 2002 known as the EcoLeaf Environmental Label Program. Separately, following the government-sponsored pilot program for the Carbon Footprint of Products (CFP), a private organization has taken over it and has been implementing since 2012. In April 2017, these two programs were integrated into a single program, called the Environmental Label Program.

Through regular communication with the private-sector organization operating the Environmental Label Program, the Japanese government will encourage to make the program consistent with relevant international guidelines such as ISO as before.

3. Expand the benefits of AEOs

The Government of Japan will continue to give consideration on possible measures to further simplify customs procedures for the AEOs, taking into account the particular issues of the operators raised through exchanging views and information with them.

4. Adoption of UN Regulations and promotion of regulatory cooperation in the automobile sector

The Government of Japan has been cooperating to develop the international standards for autonomous driving cars and environmental regulations by not only holding regular bilateral meetings with the European Commission, but also comparing and adjusting opinions on the several challenges in WP29, etc. at the World Forum for Harmonization of Vehicle Regulations (WP29) under the United Nations Economic Commission for Europe.

Recently, a framework document for autonomous driving composed of international guidelines for autonomous driving cars, standards development schedules for priority consideration items, etc. was prepared in cooperation among Japan, Europe, etc. and has just been agreed at WP29 in June 2019.

In addition, the Government of Japan, together with the European Commission, has been actively contributing to ensuring the safety of autonomous driving, such as co-chairing the expert meetings on collision damage mitigation brakes established at WP29. We will be continuously promoting the international harmonization of vehicle regulations at WP29, while considering safety securing and environmental preservation in Japan.

WP-1 / # 05 / EJ to EJ Recommendation on BEPS Action Plan and Other Tax

Issues

Japan has played a central role with the EU Member States in the BEPS (Base Erosion and Profit Shifting) Project to promote a level playing field and improve tax certainty, where the Organization for Economic Co-operation and Development (OECD) had public consultations several times to reflect opinions of business sectors in international tax rules. Now that the BEPS Project is in its implementation phase, Japan has contributed to expanding participation in the Inclusive Framework on BEPS (currently more than 130 jurisdictions participate in the Framework).

In addition, the Government of Japan has taken into account the potential compliance costs of companies and predictability for compliant taxpayers based on discussions with business sectors and relevant authorities in designing its tax systems and relevant

procedures in accordance with the recommendations of the Project.

The Government of Japan, while taking into account opinions from business sectors, will keep considering tax systems that can prevent aggressive tax planning by multinational enterprises in order to effectively implement the agreed BEPS measures. Japan will also continue to work with international counterparts, including the EU, to secure the timely, consistent and widespread implementation of the BEPS package and address the remaining challenges with a view to ensuring a level playing field.

The Government of Japan will continue to make every effort to resolve APA cases effectively and efficiently through bilateral and multilateral MAP negotiations, so as to avoid double taxation between Japan and each of the EU Member States.

Japan has realized the aimed reduction of the percentage level of the effective corporate income tax rate down to the twenties through FY 2016 Tax Reform, and will study the effects hereafter. Also, Japan is considering revising “Consolidated tax payment system” from the point of pursuing simpler and lighter tax systems which leads to reducing business administrative cost, to enabling more efficient management, and to ensuring competitive environment.

The Government of Japan has actively been promoting the goal of attracting 35 trillion yen inward foreign direct investment (FDI) by 2020. Toward expansion of inward FDI, improvements in regulations and administrative procedures and reform of corporate governance have been implemented. The Government introduced the New Regulatory Sandbox framework as one of the mechanisms for regulatory reform in order to facilitate realization of innovative technologies and business models in Japan. These measures promote healthy competition in attracting investment. The Government will implement improvement of business-friendly environment through removing impediments to business and growth.

From the viewpoint of further promoting investments and economic ties between Japan and the EU Member States by eliminating double taxation through reducing the source country taxation on investment income and introducing arbitration proceedings, the Government of Japan will actively continue to expand its tax treaty network with the EU Member States.

WP-1 / # 06 / EJ to EJ Recommendation on Rules of Origin

In regards to Rules of Origin in the Japan-EU Economic Partnership Agreement, on 26 June 2019, the Committee on Rules of Origin and Customs-Related Matters (CROCRM) of the agreement was held and the representatives of Japan and the EU decided actions including issuing new guidance which explains the details of the

customs procedures in a reciprocal manner to facilitate a smoother and more efficient implementation of the agreement. The Government of Japan will, in cooperation with EU authorities, continue to work on the appropriate implementation of the agreement to contribute to the expansion of trade between both Parties.

WP-1 / # 08 / EJ to J Harmonisation & mutual recognition of standards and product certifications; acceptance of international standards where applicable

Automobiles

The transition period was agreed through long-standing negotiations on the Japan-EU EPA, and at this time we have not recognized the need to revise the contents. However, on the four UN regulations described in the Japan-EU Economic Partnership Agreement Annex 2-C (Motor Vehicle and Parts), two of them are steadily promoted, with being indicated that they will be adopted as the domestic standards much earlier than seven years. Furthermore, at the Working Group on Motor Vehicle and Parts held in November 2019, the effective progress of the standards harmonization has been just confirmed by such as the report that the UN Regulations 145 and 146 have been newly adopted as domestic standards in addition to the rules described in 2-C. From now on it will be continued to actively promote efforts towards the standards harmonization by also utilizing bilateral meetings between authorities which are functioning, etc. Regarding the fields of exhaust and fuel consumption, UN regulations for the Worldwide Harmonized Light Vehicles Test Procedure (WLTP) and Real Driving Emissions (RDE) are currently under development. Since, after the realization of this standards harmonization, the same requirements apply in both EU and Japan, and re-examination and certification are not required for exporting to Japan, we would like to continue to consider towards the development of these UN regulations.

Railway

Railway safety standards have been developed in each country, reflecting its own specific situations relating to transportation and past experiences of rail accidents as well as other considerations. Accordingly, there is a deference in how to ensure conformity with safety standards between Japan and the EU. In Japan, the Government of Japan conducts conformity assessment with respect to Technical Regulatory Standards, and thus, unlike the EU, Japan has not established any particular regulations with respect to compliance for product safety based on third-party certification systems. Besides, even when Japanese suppliers' goods have conformed to the technical standards in Japan, the conformity assessment procedure of the EU is applied to those

goods exported from Japan to the EU. In addition, the Government of Japan recognizes that, both in Japan and in the EU, railway operators have rights to test whether the goods conform to their requirement.

The Government of Japan establishes a legally-binding ministerial ordinance on “Technical Regulatory Standards” and also sets out a non-binding guideline on “Approved Model Specifications”, which stipulates definitive and interpretative standards with indication of precise figures, in a manner consistent with the above “Technical Regulatory Standards”. These standards are published in English at the following website.

(http://www.mlit.go.jp/english/2006/h_railway_bureau/Laws_concerning/index.html)

Japan proactively engages in its standardization activities, with the Japanese Railway International Standards Center (J-RISC) playing its central role, as exemplified in information exchange sessions held on a regular basis with the EU, including JISC-CEN/CENELEC meetings. Japan also promotes harmonization between JIS and such international standards as ISO/IEC, with respect to those relating to testing methods, based on its active cooperation extended to development of international standards.

Some Japanese railway operators publish a list of potential future procurements. It is recognized that Japanese railway operators continue to seek safe and reliable products and that they are ready to continue to proactively procure qualified and conforming products including those from the EU.

The Government of Japan composed the comparing list between TSI (Technical Specification for Interoperability) in the EU and Technical Regulatory Standards in Japan, and instructed related railway operators to apply testing and demonstrating obligations on a non-discriminatory basis. The Government of Japan understands that such railway operators take concrete measures. The Government of Japan expects the EU suppliers to take concrete approach to Japanese operators.

Processed food

In Japan, the use of food additives are prohibited unless they are designated by the Minister of Health, Labour and Welfare as substances that are unlikely to harm to human health under the Food Sanitation Act. The designation procedure of food additives including enzymes is basically started from an application notified by an applicant such as a business operator. The Government of Japan understands that the EU also adopts a similar system for the authorization of food additives.

As necessary data for the designation of food additives including enzymes, published journals and data used for evaluation in the Joint FAO/WHO Expert Committee on Food

Additives (JECFA) etc. have been used.

Specifications and standards of food additives in Japan are established based on global consistency, referring to regulations established in the EU and other countries, and Codex standards.

Since 2002, the Government of Japan has advanced the designation procedures for the 45 food additives (excluding flavorings) that have been proven safe and used internationally, and had already finished the procedures for the 41 substances. For three of the remaining four substances, the Government of Japan cancelled the procedure deciding they do not fall under the food additives used internationally from the results of the second survey for exporting countries to Japan. The remaining one substance has been under review by the Experts Committee of the Food Safety Commission.

For many products which are imported to Japan via Agriculture & Livestock Industries Corporation (ALIC) under the WTO rule, Japan-EU EPA improved market access by creating tariff-rate quota (TRQ) and other trade mechanism, not using ALIC. On the other hand, the Government of Japan will maintain ALIC importation mechanism when it is necessary to use ALIC for ensuring domestic production and stabilizing supply of imported products.

WP-1 / # 09 / EJ to J Self-verification and Risk Assessment

Currently, a conformity assessment body certifies the conformity of wireless devices with technical standards under Japan's certification system for radio equipment. Further, there is an established system that allows manufacturers and importers to self-confirm the conformity of wireless devices with technical standards, provided that such wireless devices are less likely to interfere with the operation of other radio stations.

Japan is expanding the scope of wireless devices that may be self-confirmed in accordance with the progress of technology and the usage situation of wireless devices, and Japan will continue this effort.

WP-1 / # 10 / E to J Automobiles

Fiscal incentives for light-weight vehicles have been introduced as a social policy, taking into consideration Japan's specific circumstances such as dense population in narrow lands. The rationale necessitating such measures still validly exists. In addition, these incentives have broad social benefits, since they make it easier for people living in rural local areas, who are in need of cars for their daily life, to buy them.

Japan is of the view that the taxation system is an issue to be discussed through

domestic tax reform process in each country. As regards the Ownership Tax on light-weight vehicles, a decision was made to increase it in accordance with the Tax Reform Plan in FY2014 (1 April 2014 - 31 March 2015), and has been implemented since April 2015. In addition, in tandem with the increase in the consumption tax rate to 10% in October 2019, reductions in the automobile tax on passenger cars registered for the first time on or after October 1, 2019 have been applied. Through these reforms, the tax gap between passenger cars and light-weight vehicles is narrowing.

WP-1 / # 11 / EJ to EJ Freight and logistics

The Government of Japan will continue to give consideration on possible measures to further simplify customs procedures for the AEOs, taking into account the particular issues of the operators raised through exchanging views and information with them.

With respect to digitalization in logistics, the Government of Japan aims to digitalize the exchange of information regarding all port information and trade procedures through constructing “Port Data Collaboration Platform” by 2020.

WP-1 / # 12 / E to J Retrospective application of the EPA

In Japan, “Before Permit” procedure, which has similar effect to retrospective application of the EPA in the EU, enables imported goods to be released before the payment of customs duties on the condition that importers of the goods provide a certain amount of guarantee, when importers cannot prepare the necessary documents to claim for preferential tariff treatment. This “Before Permit” procedure is widely used, and of course, importers wishing to use the Japan-EU EPA may use it.

WP-1 / # 13 / E to J Retrospective application of the EPA

As a part of D-Runway reaches over to the outlet of the Tama River, a part of the runway and the connected taxiway were constructed as a pier structure in order to avoid the water flow disturbance.

The load limit of the pier section was determined by examining various factors such as the length of the runway and the pier structure in a comprehensive manner.

For your information, it is possible for new and large aircraft including A350 to use D-Runway as long as the weight falls within the range of the load limit value published in AIP*.

* It is possible for A380 to use D-Runway as long as the weight falls within the range of the load limit and departure/arrived time is at late night or early morning.

Working Party 2 Life Sciences and Biotechnologies, Healthcare and Well-being

WP-2 / # 01 / EJ to EJ Extension and clarification of coverage for mutual recognition of Pharmaceuticals GMP

The product scope of mutual recognition on good manufacturing practice (GMP) for medicinal products, based on the Agreement on Mutual Recognition between Japan and the European Community, has been extended since July 17 2018. Regarding medicinal products derived from human blood or plasma or from other substances of unspecified human donor origin and medicinal gases (oxygen gas, nitrogen gas, carbon dioxide gas, nitrous oxide gas, mixture of oxygen gas and nitrous oxide gas), the EU and Japanese authorities have agreed that those products remain excluded from the coverage of the scope, since the applicable GMP requirements and their implementation are not equivalent between EU and Japan.

WP-2 / # 02 / EJ to EJ Mutual recognition should be improved for Medical Devices

The global harmonization of medical device regulation including QMS regulations needs to be discussed. The Government of Japan will move forward with the global harmonization of medical device regulations through the activities such as in the International Medical Device Regulators Forum (IMDRF) together not only with the EU but also with the U.S. and other countries.

WP-2 / # 04 / EJ to EJ Ensure mutual recognition of GMP for Animal Health products

The discussions between Japan and the EU authorities on the mutual recognition of GMP for veterinary medicinal products (VMPs) have already started. VMPs in the EU are as strict as for human medicinal products; therefore, bridging a gap between Japan and the EU on VMPs is a task to be worked out from now on.

Drug Master Files (DMFs) enable the manufacturers of active pharmaceutical ingredients (APIs) to optionally register their data on APIs, including production chemistry, directly to the regulatory authorities. DMFs registration is voluntary system, not subject to the authorities' approval; therefore, is not for mutual recognition with Japan's GMP, as proposed by the BRT.

Please note that review of APIs is not conducted in the DMFs registration process, but is conducted during the review process of the approval application for the products which also examines the APIs data included in the DMF registration. This DMF registration does not confirm the validity and suitability of the APIs.

WP-2 / # 06 / EJ to J Reform of the pharmaceutical pricing system should provide a stable, predictable environment that rewards innovation

In FY2018, the Government of Japan conducted the Fundamental Reform of Drug Pricing System in order to take care both of “sustainability of the universal health coverage” and the “promotion of innovation”, which was developed taking into consideration of opinions from interested parties including western pharmaceutical associations presented at the Central Social Insurance Medical Council.

Regarding the Premium for the promotion of new drug development and the elimination/resolution of off label use(so called PMP), there had been criticism that it could be applicable to virtually all new drugs as long as the manufacturers would meet the company criteria. In the 2018 reform, the Government of Japan established new eligibility criteria for the PMP to ensure that it shall be given to truly innovative and beneficial drugs. The company indicators were introduced to promote innovative drug development and resolution of drug lag.

The Government of Japan continued to review the eligibility criteria and the company indicators in discussions for revision of drug price system in FY2020. On December 20, 2019, the Government of Japan compiled the draft for the reform that includes expansion of the eligibility criteria and refining of company indicators so that companies working on the development of innovative drugs would be rated high.

The scope of the drug price revisions in FY2021 will be discussed and set by end of 2020.

WP-2 / # 09 / EJ to J Careful introduction of Health Technology Assessment (HTA)

In Japan, the necessary and proper drugs/medical devices with confirmed efficacy and safety are basically reimbursed under the universal health coverage. In the trial adoption, cost-effectiveness evaluation was used for repricing, not for initial reimbursement pricing decision. From FY2016, the trial adoption of cost-effectiveness evaluation was initiated for 13 drugs and medical-devices. Based on the results of the trial adoption, some of the target items were repriced in the revision of the medical treatment fee in FY 2018. Through the trial adoption, the technical problems of cost-effectiveness evaluation were revealed.

The government discussed the issues clarified in the trial adoption at the Central Social Insurance Medical Council in FY 2018, and Japan formally introduced cost-effectiveness evaluation in April 2019. In Japan, the result of cost-effectiveness evaluation is applied for price adjustment after reimbursement under the current pricing rules.

WP-2 / # 10 / EJ to J A harmonized approach for integration of health-related data and construction of data health infrastructures

We have worked on the Data-based Health Management Initiatives, which promote the use of ICT and data in healthcare and long-term care sectors in order to expand healthy life-expectancy as well as to enhance the efficacy and efficiency of care provision. In September 2019, we developed the new plan of Initiatives up to FY2025 to achieve the envisioned future. The plan consists of the following 4 areas; “promotion of genomic medicine and AI technology,” “promotion of PHR which helps improvement in daily life habits,” “promotion of utilizing personal records in medical and long-term care” and “promotion of effective utilization of databases.” We will promote the initiatives described in this plan to achieve a bright future which delivers benefits to citizens and workplaces of medical and long-term care provision.

WP-2 / # 11 / EJ to J Reviewing period for Plant Protection & Biotechnology products should be shortened

Japan is working on harmonization of data and dossier requirement with OECD guidelines. However, the acceptance of dossier in English would prolong the evaluation period because evaluation report must be released in Japanese.

Evaluation for pesticide registration should be based on the usage of pesticide and the amount of intake of each food commodity in Japan. Thus, it is unacceptable to use the result of risk assessment in other countries as it is.

Japan requires applicants to conduct the local confined field testing to examine the characteristics in the growth under the natural conditions in Japan. Only with the data obtained in foreign countries, where the natural conditions are different from Japan, Japan cannot review adverse effects on biological diversity. Therefore, the exclusion of the local confined field testing is inappropriate.

On the other hand, the requirements for commercial release have been revised based on previous risk assessments and available scientific information. There are no wild species sexually compatible with corns or cottons in Japan, and neither corn nor cotton can keep growing in the environment of Japan. Thus, the revision of requirements was published about corn in December 2014 and cotton in March 2019, in which conducting the confined field testing in Japan is not required with the certain conditions for applications for commercial release of genetically modified corn or cotton events.

Working Party 3 Digital Innovation and Mobility

WP-3 / # 01 / EJ to EJ Cooperation for Global Digital Trade Rule Making

Japan launched the “Osaka Track” at the sideline of the G20 Osaka Summit in June with the broad participation of leaders of the countries for international rule-making on digital economy. Under the “Osaka Track”, Japan will continue to promote efforts on the international rule-making including the negotiation on electronic commerce at the WTO, where more than 80 members including the EU are engaged in the discussion on data flow and other issues.

Also, with regard to Japan-EU Economic Partnership Agreement (EPA), Japan and the EU affirmed the need for inclusion of provisions on the free flow of data into this Agreement. We will continue the discussion.

Japan will continue to work to find common ground and promote cooperation through the international fora such as G20, G7, OECD, APEC, WTO and FTA/EPA in order to promote digital trade and to prevent the proliferation of digital protectionism. At the same time, Japan will exercise its leadership to form high-standard rules on digital trade in those fora.

Regarding ITA/ITA-Expansion, Japan will continue to achieve increased number of participants.

WP-3 / # 03 / EJ to EJ Social Deployment of AI Technology

The Government of Japan established initiatives for cybersecurity human resource development in 2018 and for research and technological development in 2019, and is promoting measures in coordination with relevant organizations.

The Government of Japan adopted an interagency agreement for government procurement in December 2018, in order to reduce serious cybersecurity risks on procuring IT system, equipment and services for the government’s operation. It aims to take measures countering supply chain risks in procuring IT system, equipment and services to be utilized by each ministry and fallen into categories, as stipulated in the interagency agreement.

In addition, in order to verify the supply chain risk more technically, NISC is conducting a research and a study on verification measures and policy frameworks.

The Government of Japan established an initiative for cybersecurity awareness raising in 2019 and is promoting measures in coordination with relevant organizations.

WP-3 / # 05 / EJ to EJ Skill Development for Digital Economy

Based on the AI Strategy 2019 of Japan (decided by the Integrated Innovation Strategy Promotion Council in June, 2019), we are tackling with some actions which were established with the aim for human resources to be active in all fields of society and for all citizens to be cultivated the capability to participate in creating society, the power which includes the knowledge and skills related to “Mathematics, Data Science, and AI”, as the basic knowledge of the digital society (the so-called "Reading, Writing, Abacus" basics).

WP-3 / # 09 / EJ to EJ R&D cooperation

Based on the direction presented in the Integrated Innovation Strategy, which was approved by the Cabinet in June, 2019, we are working to build a virtuous circulation system for human resources, knowledge, and funds to create innovation.

In addition, in order to improve the innovation environment, by selecting the “Startup City” in Japan that on par with the world by the end of 2019, we will implement intensive support such as to invite the landmark program and to enhance information dissemination to the world.

WP-3 / # 10 / EJ to EJ Cooperation Towards Digital Economy

Japan and the EU advanced the discussions of important issues in the ICT field through the framework of Japan-EU ICT Policy Dialogue and Japan-EU ICT Strategy Workshop. Regarding the challenges shared by Japan and the EU on data economy such as 5G, Cybersecurity and free flow of information, Japan and the EU will continue to further their discussions through the framework of Japan-EU ICT Policy Dialogue and the Japan-EU ICT Strategy Workshop based on the expectations of related industries.

Working Party 4 Environment and Sustainable Development

WP-4 / # 01 / EJ to EJ Cooperate closely to promote the stabilisation of energy supply and prices in order to improve energy security, conservation and efficiency and address global warming

In 2019, Japan served as the G20 Presidency, sharing the importance of global energy security with major countries and regions including EU at the Osaka Summit and Ministerial Meetings on Energy Transitions and Global Environment for Sustainable Growth in June. Through these actions, each country can share the same view with each other, and that might contribute to stabilization of international resource price. Japan will continue to make significant efforts to ensure energy security through various

multilateral and bilateral frameworks.

Energy supports the basis of industrial activities. In particular, stable energy supply and energy cost greatly affect business strategies, including where to locate business operations, as well as business activities. Therefore, based on the Fifth Strategic Energy Plan, which was approved by the Cabinet in July 2018, and according to the international energy supply-demand structure, Japan endeavors to first and foremost ensure stable supply, to realize low-cost energy supply by enhancing efficiency and to pursue environment suitability all on the premise of safety. As the energy demand is growing in the world, it is necessary to simultaneously achieve sustainable economic growth and climate change countermeasures in line with the aspiration of the Paris Agreement.

Therefore, Japan has established “The Long-term Strategy under the Paris Agreement” in June 2019, which proposes a vision to achieve a "decarbonized society" through a virtuous cycle of environment and growth. To achieve the goal, it is essential to promote breakthrough innovation. Exploring all possible options of energy sources and its technologies, Japan continues working on its various options in both reducing CO2 emission and decarbonization.

WP-4 / # 04 / EJ to EJ Future direction of usage on nuclear power

The Government of Japan has been sharing the findings and lessons on nuclear safety learned from the accident at TEPCO’s Fukushima Daiichi NPS with the international community, and collaborating with nuclear regulatory bodies in other countries and international organizations through collecting information and exchanging opinions for the improvement of nuclear safety including international nuclear safety standards at bilateral meetings and multilateral meetings.

The Government of Japan will continue to contribute to the improvement of global nuclear safety and the enhancement of information sharing and cooperation through these bilateral and multilateral cooperation frameworks.

On the premise of ensuring safety, the Government of Japan recognizes nuclear energy as indispensable energy source to accomplish its responsibility for the Japanese energy policy, from the viewpoint of ①supplying stable and economically-efficient electricity, ②tackling climate change, and ③reducing energy dependency to overseas.

Because the safety is the top priority for using nuclear energy, the principle of restarting nuclear power plants in Japan is as follows; only when reviewed scientifically and technically, and approved by the Nuclear Regulation Authority (NRA), which is highly independent, as requires the new regulatory standards of the most stringent level in the

world, then the nuclear power plants will restart with understanding of the local people.

WP-4 / # 09 / EJ to EJ Efforts toward the prevention of global warming following the Paris Agreement reached at COP21

Based on “the Long-term Strategy under the Paris Agreement”, proclaiming a “decarbonized society” as its ultimate goal, the Government of Japan, will achieve a virtuous cycle of environment and growth with business-led disruptive innovation, thereby greatly reducing GHG emissions domestically. At the same time, Japan will contribute as much as possible to global emission reductions and achieve economic growth, pursuing efforts to achieve targets of the Paris Agreement. We have been promoting decarbonization inside and outside of the country with three major pillars of measures: the "promotion of innovation"; the "promotion of green finance" to direct financial flow into innovation; and the “business-led international application and international cooperation” as a means for sharing the outcomes of innovation world-wide.

The Government of Japan will realize disruptive innovation through technological innovation and its dissemination as well as creating systems of financial flow towards initiatives for decarbonization through visualizing companies’ efforts to combatting climate change. As for a directions of policy measures of business-led international application and international cooperation, the Government of Japan creates co-innovation that benefits both countries by introducing Japanese decarbonizing technology and institution to the partner country in supporting necessary changes in the economic and social systems and life-styles that with further improvement of environment such as creating markets, human resource development, and institutional development. The Government of Japan will promote the Joint Crediting Mechanism, JCM, as a tool to implement our policies.

The Government of Japan contributed to the negotiations for Article 6 of the Paris Agreement and other agenda with Minister Koizumi leading the discussions through intensive participations in bilateral and ministerial consultations.

WP-4 / # 10 / EJ to EJ Promotion of resource efficiency and the circular economy

Japan formulated the “Resource Circulation Strategy for Plastics” in May 2019, to comprehensively promote the resource circulation of plastics. Furthermore, as the G20 Presidency, Japan held the “G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth” in June 2019, where the “G20 Implementation Framework for Actions on Marine Plastic Litter” was established to solve challenges

through voluntary activities. At the “G20 Osaka Summit”, the Framework was endorsed and the “Osaka Blue Ocean Vision” that aim to reduce additional pollution from marine plastic litter to zero by 2050 was shared. Further, Japan led discussions in the "G20 Resource Efficiency Dialogue and Follow up of the G20 Implementation Framework for Actions on Marine Plastic Litter" in October, where the “G20 Report on Actions against Marine Plastic Litter” and the “Roadmap for the G20 Resource Efficiency Dialogue” were adopted. A virtuous cycle of environment and growth, which will be realized by such efforts as support for innovation and development of business environments, rather than exceedingly regulatory approaches, is important to promote resource efficiency and the transition to a circular economy. Japan will continue to lead global efforts toward realizing this virtuous cycle.

WP-4 / # 12 / EJ to EJ Initiatives and measures as a response to accelerated urbanization in the world

It is necessary to promote city development at the same level as state and urban area and timely review master plans at developing countries. In order to realize this, the Government of Japan will propose review plan to those countries, utilizing our accumulated knowledge, considering countries’ requests and properly understanding city’s situation, and reflect the knowledge when reviewing master plans. Also, we will establish bilateral frameworks of information sharing and dialogue between governments and continue to promote these approaches.

WP-4 / # 13 / EJ to EJ Challenge to solve social issues in new era

The Government of Japan will prepare “the data collaboration platform among the fields” and start to operate it within 3 years by utilizing Cross-ministerial Strategic Innovation Promotion Program (SIP) and cooperating with the private sector, mainly led by Council for Science, Technology and Innovation (CSTI) and IT Strategic Headquarter. Also, we will promote “the data collaboration platform of each fields” at 11 fields such as agriculture, automated driving and disaster prevention etc. and ensure interoperability with “the data collaboration platform among the fields”.

WP-4 / # 14 / EJ to EJ Support of sustainable finance

Following measures are taken to promote financial flows proactively to companies making efforts to tackle climate change; ESG Finance High Level Panel in which top players in both financial and investment sectors participate, and support for dialogue between companies and investors through ESG Dialogue Platform, scenario analysis in

line with recommendation of the FSB Task Force on Climate-related Financial Disclosures (TCFD), and target setting such as Science Based Targets (SBT). Furthermore, revision of Green Bond Guideline, and establishment of Green Loan and Sustainability Linked Loan Guideline has been proceeding.

In addition, from the perspective of promoting climate-related information disclosure based on the TCFD recommendations, the TCFD Consortium has been facilitating dialogues between industrial and financial sectors. In October 2019, the TCFD Summit was held in Tokyo, where the Green Investment Guidance was announced for its release. Discussions on expanding the TCFD guidance will be proceeded in the future. Regarding the promotion of sustainable finance, it will also be considered to promote innovation and support substantial progress by encouraging the continuous improvement from the current status.

Furthermore, Japan announced to make contributions of up to 1.5 billion US dollars for the First Replenishment of the Green Climate Fund (GCF) at the High-Level Pledging Conference in October, 2019.