

## 25<sup>th</sup> Annual Meeting of the EU-Japan Business Round Table

7 November 2023, Brussels

### *“The EU & Japan – partnering on economic security for sustainable growth”*

#### JOINT RECOMMENDATIONS

The 25<sup>th</sup> Annual Meeting of the EU-Japan Business Round Table (“BRT”) took place in Brussels, in the Berlaymont, and addressed economic security, standardisation and regulatory harmonisation, the green and digital transitions, and other issues of common interest. The meeting took place as a hybrid meeting with many members and authorities from the EU and Japan joining in-person, and additional participants joining the meeting remotely. The meeting was co-chaired by Nobuhiro Endo, Executive Advisor of NEC Corporation, new BRT co-Chair, and by Philippe Wahl, Chairman and CEO of La Poste Groupe, who co-chaired his last session.

#### YEAR-IN-REVIEW

At the BRT’s 24<sup>th</sup> Annual Meeting in November 2022, NEC Corporation took over the BRT co-chairmanship, having been the first Japan-side chair of the BRT in 1999. Together with La Poste Groupe as its counterpart, it is committed to continue the fruitful cooperation between the Japanese and EU-sides. In 2023, some large companies and SMEs joined the BRT which has now 91 members<sup>1</sup>.

Since the last Annual Meeting, the health situation has significantly improved worldwide while the geopolitical context has remained complex with the multiplication of crises becoming the new normal. In particular, Russia’s aggression of Ukraine has had significant impact on energy prices globally and has further increased global supply chains tensions. Japan in December 2022<sup>2</sup> and the EU in June 2023<sup>3</sup>, have both formulated policies regarding economic security. In response to the rapidly increasing importance of addressing economic security challenges, the G7 included it as an agenda item for the first time. Recognising that economic security is a strategic issue that the BRT should work on in close cooperation, the BRT co-Chairs Joint Statement<sup>4</sup> reacting to the outcome of the 2023 EU-Japan Summit applauded the emphasis the Summit put on that issue and the concrete initiatives taken to implement the twin green and digital transitions.

In September 2023, the BRT held its third Joint Sherpa Call – bringing together participants from both sides and their respective Authorities to share updates on common issues of interest in a less formal format.

The BRT values the EU’s lifting of the remaining import restrictions on Japanese food products linked to the 2011 Great East Japan Earthquake and Tsunami. It is important that decisions are based on scientific and technical evidence as they are effective at dispelling reputational damage and valuable for helping drive the reconstruction.

The BRT calls on the EU and Japanese Authorities to implement fully and without further delays all the provisions of the EU-Japan Economic Partnership Agreement (EPA).

---

<sup>1</sup> <https://www.eu-japan.eu/brt/brt-members>

<sup>2</sup> <https://www.cas.go.jp/jp/siryou/221216anzenhoshou/nss-e.pdf>

<sup>3</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_3358](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3358)

<sup>4</sup> [https://www.eu-japan.eu/sites/eu-japan-brt.eu/files/recommendations/brt\\_ejs2023\\_final\\_both.pdf](https://www.eu-japan.eu/sites/eu-japan-brt.eu/files/recommendations/brt_ejs2023_final_both.pdf)

## JOINT RECOMMENDATIONS

Complex times which bring new challenges and new opportunities require multifaceted answers. Thus, several interlinked topics are priorities for the BRT. The themes selected for this year's BRT Annual Meeting have been identified through an extensive consultation of the BRT members. The topic of Economic Security appears today as a priority topic for both regions. The twin Green and Digital transitions remain important pillars for ensuring the sustainable development of our economies supported by adequate standardisation and enhanced regulatory harmonisation.

**The topic of "ECONOMIC SECURITY"** is a growing priority for the BRT which emphasises:

- Accelerating the twin transition relies on ensuring secured critical infrastructure in particular technological one, and on the resilience of supply chains including energy security. The EU-Japan partnership is essential for ensuring economic security and the resilience of supply chains in times of particular turmoil at the international level. The BRT welcomes the particular focus put on this matter by July's EU-Japan Summit, including the signing of an administrative arrangement between DG GROW and JOGMEC on critical raw materials supply chains<sup>5</sup> and by May's G7 Hiroshima Summit 2023.
- That finding the right balance between enhancing economic security and maintaining open markets is essential for promoting effective trade relations between the EU and Japan while fostering a more secured world. The BRT is committed to working hand-in-hand with the EU and Japanese Authorities to enhance cooperation in this field.

**On the issue of the "GREEN TRANSITION"**, an on-going priority for achieving the objectives set in the Paris Agreement, the BRT:

- Urges the EU and Japanese Authorities to support the efforts of business to identify carbon neutral technologies and economically feasible alternatives in order to achieve an ambitious goal for a society that is free of carbon emissions.
- Calls on the EU and Japanese Authorities to guarantee that no actions taken by both authorities will result in a slowdown of corporate investments in R&D and capital or promote protectionist trade practices that hinder innovation.
- Calls for the operational implementation of the Green Alliance with a particular focus on exchanging know-how and expertise between both regions to drive the development and investment of clean energies and grid infrastructure including energy storage and supporting supply chains, especially in the field of wind-power and clean hydrogen.
- Considers that the greening of the energy matrix and carbon pricing are essential levers for ensuring the carbon transition and it is important to manage well the social impacts of this green transition.
- The BRT welcomes the EU Net Zero Industry Act<sup>6</sup> as a positive step towards addressing the challenges that EU industry currently faces in terms of energy sustainability. The BRT believes that the Act can serve as a useful tool in promoting the adoption of greener practices. The road towards carbon neutrality requires the joint efforts of all public and private stakeholders. In that context, innovation, R&D and digitalisation are essential for finding new solutions.
- Carbon pricing is an important tool to achieve the EU and Japan's objectives of a net-zero emission economy by 2050. For this measure to be successful, it is important to have the support from the private sectors which are key players in reducing greenhouse gas emissions. The market and regulatory environment should consider the autonomy, ingenuity, and flexibility of industries needed to bolster efforts towards net-zero emissions. The BRT calls on the Authorities of Japan and the EU to guide and promote the formation of a reliable, common rules-based framework on international organisations and government-led standards to secure a high degree of integrity and alignment in the carbon credit mechanism and market.

---

<sup>5</sup> [https://single-market-economy.ec.europa.eu/news/enhancing-cooperation-japan-critical-raw-materials-supply-chains-through-new-administrative-2023-07-06\\_en](https://single-market-economy.ec.europa.eu/news/enhancing-cooperation-japan-critical-raw-materials-supply-chains-through-new-administrative-2023-07-06_en)

<sup>6</sup> [https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act\\_en](https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act_en)

**On the topic of “DIGITAL”,** the BRT believes that the full and effective implementation of the EU-Japan Digital Partnership launched in 2022 is essential. In particular:

- The BRT congratulates the EU and Japanese Authorities for having reached agreement on EU-Japan data flows<sup>7</sup>, and welcomes this development. Such an agreement is vital for companies that depend on free data flows between our two regions. It should cover both personal and non-personal data and be implemented as soon as is practicable. It is, furthermore, essential that such an agreement is future proof.
- To realise cooperation on cross-border flow of data, the BRT welcomes the establishment of the Institutional Arrangement for Partnership<sup>8</sup> (IAP) endorsed by G7 leaders to operationalise DFFT (Data Free Flow with Trust). The BRT believes IAP brings governments and varied stakeholders together for solutions-oriented cooperation. The BRT supports the further development of the appropriate framework for secured and resilient digital infrastructures as well as secured and trustworthy AI. It takes stock of the outcome of discussions at October’s UN Internet Governance Forum in Kyoto<sup>9</sup>, and at last week’s AI Safety Summit<sup>10</sup>.
- The BRT expresses support for the G7’s decision to establish the “Hiroshima AI Process” to discuss generative AI in 2023 and is looking forward to contributing to discussions regarding AI governance; safeguarding intellectual property rights including copyright; promotion of transparency; responses to foreign information manipulation, including disinformation; and responsible utilisation of these technologies. Additionally, international standardisation is of crucial importance to ensure compliance with AI requirements across countries and regions regardless of whether individual regulatory approaches follow a hard law or soft law approach. This is also very important with regard to generative AI as generative AI solutions are entering markets in rapidly increasing numbers and a wide variety of applications. To start with, standardised terminology with regard to generative AI (as well as Foundation Models and Large language Models) must be developed swiftly.
- The BRT welcomes the full use of opportunities brought by digital transformation with, in particular, further cooperation on quantum and high-performance computing, bio-medical research, climate modelling, and ‘5G and beyond 5G/6G’ as priority areas of cooperation. In that context, semi-conductors are crucial hence the need to enhance measures against supply chain disruption and to promote research cooperation on this issue.
- The BRT reaffirms the importance of submarine cables as the communication infrastructure that covers most intercontinental communications. The BRT welcomes the “Memorandum of Cooperation on submarine cables for secure, resilient and sustainable global connectivity”<sup>11</sup> signed on 3 July 2023. The BRT highly values the signing of a “Memorandum of Cooperation on semiconductors”<sup>12</sup>, which can help ensure more robust and reliable supply chains of semiconductors. With the cooperation between Japan and the EU, it is hoped that both regions will be able to maintain their technological edge and stay at the forefront of global innovation.

**On the theme of “STANDARDISATION, REGULATORY HARMONISATION, R&D AND SKILLS”,** the BRT highlights the following:

- The BRT calls for a further enhancing of standardisation and regulatory harmonisation in particular in areas driven by innovation, like food products, bio-economy and pharmaceuticals.
- Positioning the EU and Japan as leaders of the twin green and digital transitions relies on fostering R&D and innovation between our regions. To that end, the BRT hopes that discussions around Japan becoming an associate country to the Horizon Europe programme will positively evolve in the near future.
- The BRT underlines that enhanced cooperation between the EU and Japan also relies on the mutual exchange of skills and knowledge which would be particularly fostered by the facilitation of employees’ movement between the EU and Japan, especially in terms of fiscal simplification.

---

<sup>7</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_5378](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_5378),  
[https://www.mofa.go.jp/press/release/press4e\\_003322.html](https://www.mofa.go.jp/press/release/press4e_003322.html)

<sup>8</sup> <https://www.digital.go.jp/en/dfft-iap-en>

<sup>9</sup> <https://www.intgovforum.org/en/content/igf-2023>

<sup>10</sup> <https://www.gov.uk/government/topical-events/ai-safety-summit-2023>

<sup>11</sup> <https://ec.europa.eu/newsroom/dae/redirection/document/96835> and  
[https://www.meti.go.jp/english/press/2023/0703\\_002.html](https://www.meti.go.jp/english/press/2023/0703_002.html)

<sup>12</sup> <https://ec.europa.eu/newsroom/dae/redirection/document/96834>

- The BRT is convinced that investing in women’s economic empowerment and skills’ development is one of the most urgent and effective means to drive progress on gender equality. It calls on both sides to further continue the efforts on that issue through concrete actions.

## **WORKING PARTY RECOMMENDATION HIGHLIGHTS**

The BRT also endorsed the Recommendations to the Authorities prepared by the BRT’s four Working Parties.

While the full sets of recommendations from Working Parties (WP) are available as separate sets of recommendations<sup>13</sup>, the key, overarching points that each WP would like to highlight include:

*(WP1) Trade Relations; Investment and Regulatory Cooperation; Financial Services, Accounting and Taxation:*

- Continue to strive for free trade between the EU and Japan without obstacles.
- Reinforce the negotiating pillars of the WTO.
- Coordinate and harmonise the policies on human rights in the supply chain.

*(WP2) Life Sciences & Biotechnology, Healthcare and Well-Being:*

- Properly evaluate innovation in pharmaceutical and medical devices through optimal pricing and reimbursement systems so as not to become a barrier to patient access.
- Expedite regulatory harmonisation to ensure fast access to ground-breaking innovations, vaccines, and low-risk class II medical device products.
- Promote new technologies to achieve sustainable agriculture and food supply through harmonisation of rules and regulations, data requirements, and risk assessment processes.

*(WP3) Digital Innovation & Mobility:*

- Strengthening EU-Japan Cooperation to realise DFFT through WTO e-commerce negotiation, the establishment of IAP (Institutional Arrangement for Partnership) at the OECD, and through the EU-Japan Digital Partnership.
- Cooperate on the social Implementation of human-centred AI Technology.
- Cooperate on the Supply Chain Resilience on semiconductor and critical minerals.

*(WP4) Environment & Sustainable Development:*

- Support the creation of a ‘level playing field’ for manufacturers to be able to publish their energy results using a common calculation method. This level playing field is more important now with the Carbon Border Adjustment Mechanism.
- Avoid the pursuit of resource efficiency through exceedingly regulatory approaches that inhibit innovation and economic growth. Instead promote business support and consumer protection by means of associated incentives.
- Address with utmost priority the development and implementation of secure, safe, resilient, and high-quality city infrastructures that consider life-cycle cost. This is necessary because city design and management have a serious and tremendous impact on creating attractive and ideal residential circumstances compatible with both societies and people.

## **IN CONCLUSION**

- At a moment of increased instability in different parts of the world, the BRT would like to reiterate the importance of shared values such as human rights, the rule of law, democracy and fundamental freedoms. Ensuring a rules-based international order and multilateralism is essential.
- The BRT calls on EU and Japan to strengthen ties with like-minded countries and to operationalise the EU-Japan Connectivity Partnership in order to bring lasting benefits and create sustainable growth in partner countries.

---

<sup>13</sup> Via the 2023 annual meeting webpage at <https://www.eu-japan.eu/brt/annual-meeting-2023>