

EU-Japan Economic Partnership Agreement: **How to revolutionize our Industries by a strong Digital Cooperation?**

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This seminar looked at how the EU-Japan Economic Partnership Agreement and closer digital cooperation will bring short and long-term tangible economic and social benefits to both the EU and Japan and can provide inspiration and standards for the rest of the world to follow.

Japan and the EU face similar challenges (aging population, rising global protectionism), concerns (safeguarding privacy when it comes to data and upholding cybersecurity, particularly for the IoT), values (economic, environmental and social) and strategies (seeing industry of the future/connected industries as providing solutions to today's problems and innovative opportunities for the future). Moreover, all the speakers – be they from the Japanese, French or EU Authorities or from industry recognised that we can and must learn from each other, sharing best practices. The signature, at the seminar, of a Memorandum of Understanding for cooperation in the field of IoT will provide a basis for future France-Japan industrial cooperation in the field of IoT.

The EU-Japan Economic Partnership Agreement

Last December, the EU and Japan brought their negotiations for an EU-Japan Economic Partnership Agreement (EPA) to a successful conclusion. Both sides recognise that the agreement should be signed, ratified and enter into force quickly (by this time next year) if its benefits are to be felt by industry and consumers alike. The EPA will build upon the already close and strong EU-Japan trade and investment relationship, it will eliminate/reduce tariffs; agree highest-level norms in areas such as digital areas, environment, services, food safety; and ensure fair competition.

Previous trade frictions between France and Japan, have given way to products made in France by companies with Japanese parentage contributing to French exports. The EPA will build upon this. **Ambassador Masato Kitera** gave the example of tariffs on alcohol imports. Thanks to the 2007 Chile-Japan EPA, Chile is currently Japan's leading exporter of wine overtaking France for the volume of wine exported to Japan. The EU-Japan EPA will eliminate the 94 yen tariff per bottle as soon as it enters into force, simultaneously the EU tariff on sake imports will also be eliminated – providing tangible benefits to consumers and boost to exports.

Marco Chirullo (DG TRADE) saw non-tariff measures as a strategic element in the EPA. Japan and the EU have agreed to regulatory alignment around international standards in areas such as food safety, sanitary and phytosanitary measures, cars. He recognised that Japan is already applying these new standards in many areas even before the EPA takes force. More importantly, the EU and Japan will work together to design future standards that can be taken up internationally. The EPA will be a fundamental tool to ensure the competitiveness of our economies and to support our societies.

France-Japan and EU-Japan cooperation in the digital sphere

Xavier Merlin (DGE) noted that many countries have policies aimed at encouraging companies and industries to embrace digital technologies. The terminology and details may vary, but the basic concept is the same – transform industries and business models to the digital environment. France’s industry of the future policy has 5 main pillars: ensuring that French technology is internationally competitive; supporting businesses (particularly SMEs) through the transition phase (using ‘diagnoses’ to encourage the SMEs’ development and adaptation; providing staff training including through the new [Grande Ecole de Numérique](#); supporting international cooperation with standards – markets and cooperation are global; and promoting French industry and the industry of the future policy at national and international levels (hence the “La French FAB” symbol to identify French companies engaged in digital transformation). France-Japan cooperation at institutional and industry level is important. Examples of DGE cooperation with METI and MIC to encourage and facilitate the development of business cooperation include a smart-metering experiment by Veolia in Tsukuba; a partnership between bpifrance and NEDO involving joint calls with many digital economy projects; cluster cooperation; and start-up support through a French-Tech hub in Tokyo and a forthcoming Japan-Tech initiative in France. The digital transformation of industry is at the heart of this policy. The Memorandum of Understanding to be signed today will strengthen this cooperation.

For **Hiroshi Oikawa** (METI), Japan’s ‘connected industries’ strategy is the key to generating new value and will realise a new digital society in which man, machines and technology work together. Connections via AI, IoT and big data, etc. would provide solutions to societal challenges and improve our living standards. Japan’s strategy has 5 priority areas and cross-sectoral issues such as data-sharing and use for which international cooperation is important. 2017 saw the launch of a France-Japan IoT Working Group to address enhanced cooperation on joint R&D projects, support for SMEs and a policy implementation dialogue; the creation of a best-practice use-case online map; and the launch of NEDO-bpifrance cooperation. METI hopes its international cooperation can be expanded EU-wide.

Tonnie de Koster (DG CNECT) noted that the digital revolution is affecting all sectors of the economy; and challenges must be transformed into opportunities. He saw the single market as the EU’s fundamental asset, however digital technologies could risk fragmenting it. As a result, realising the digital single market (DSM) and thereby alleviating new/potential barriers (ending roaming charges, ensuring the portability of legally-acquired content and removing geoblocking) is one of the priorities of the Juncker Commission. Some aspects of the DSM strategy are still under negotiation. Given the importance of cybersecurity, the EU is proposing certification for IoT technology. Global success means having global standards. The EU’s most intense cooperation is with Japan. Since launching the DSM two years ago, the EU and Japan have organised regular workshops with the participation of industry. Ultimately, we are both faced with the same policy issues so can share best practice and look towards more effective and regulatory cooperation. The EU and Japan also cooperate on R&D and are working towards a common aim to have global standards for technology and for IoT.

Industries' priorities for digital issues

Products are increasingly connected. Not only are our populations aging, but young people want to engage in different ways. Digital technology will allow more flexible forms of working, assisting workers and will create new added value and attract the young talents necessary to keep our economy working. Challenges for the future include cybersecurity and interoperability (the need to be able to work with every component in a factory). Both **Grégory Bouchery** (Alliance Industrie du Futur) and **Greg Kinsey** (HITACHI Vantara) felt that in the same way that Europe was inspired by Japanese lean production methods, we should cooperate with each other on our digital approaches. The EU-Japan relationship is not just about exchanging wine and sake – co-creation and learning from each other will be very important. Analytics and AI will boost productivity through predicting and preventing downtime and production bottlenecks.

The digital revolution still has to answer some challenges. For **Yannick Leprêtre** (FIVES) the main obstacle to implementing new technology is social – technology alone cannot create flexibility. Instead corporate culture and strategy must be transformed. SMEs need help (such as from the AIF) to do this. For **Alexis Van** (FUJITSU), given the sheer amount of data involved, GDPR will not help AI, but GDPR-compliant EU-Japan standards will. Fujitsu is working with some start-ups to develop GDPR-compliant IPs, has opened a blockchain center of excellence to enhance AI security and has opened a center of excellence on Artificial Intelligence to help its customers move with the future and to teach AI skills. For **Antoine Larpin** (JBCE), privacy is a fundamental right and can give a comparative advantage, so companies must build trust with their consumers. Protectionist measures including geolocalisation or the forced disclosure of source code or encryption keys must be addressed. Adequacy decisions, preferably by mid-2018, should allow for equivalent levels of protection for EU-Japan data transfers in both directions. JBCE calls on legislators to build appropriate regulatory and legislative environments conducive to innovation and to a high-level of trust for digital services and data solutions. EPA and adequacy will help EU-Japan digital cooperation. **Jean-François Sencerin** (Nouvelle France industrielle) saw the challenge as designing intelligent vehicles with safe navigation as machine perceptions are not yet perfect so it is not yet possible to simulate all real-world conditions in tests. Man/machine interaction still needs investigation. Cybersecurity is also challenging. This is why we need national programmes to regulate product liability, insurance, driver education. We are in a 'learning by doing' approach. Many topics such as cybersecurity, safety and vehicle/vehicle or vehicle/infrastructure communication are areas ripe for France/Japan and EU/Japan cooperation.

In his summary, **Hiroo Inoue** (JMCEU) noted that the EU and Japan share common values and a common social agenda. The EPA agreement comes at a time of rising protectionism and anti-globalisation. Both the EU and Japan should promote free trade and investment. Today's MoU will encourage our industries to cooperate further on IoT and on connected industries, bringing mutual economic and social benefits.

Signature of a Memorandum of Understanding

During the seminar, the Robot Revolution Initiative (RRI) and the Alliance industrie du futur (AIF) concluded an [MoU for cooperation in the field of IoT](#) to increase productivity through a new business model based on IoT. The MoU will mark the beginning of a new phase of cooperation and will push French and Japanese firms to strengthen their cooperation and become more competitive by introducing both digital and non-digital technologies.

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