



# EU-JAPAN CENTRE FOR INDUSTRIAL COOPERATION

## 日欧産業協力センター

### REPORT

#### 17<sup>th</sup> Annual Meeting of the EU-Japan Business Round Table (BRT)

#### *EU and Japan – Paving the way for a renewed industrial partnership*

(Brussels, 27 & 28 April 2015)

#### Summary

The meeting held on 28 April focused on four main topics: FTA/EPA; regulatory cooperation; COP21; cooperation on the transport sector. 75 Recommendations and a position paper on the COP21 were adopted. On 29 April, the BRT's 2015 Recommendations were formally given a 'handover' to European Commission President Juncker followed by a similar ceremony on the 18<sup>th</sup> of May in Tokyo to Prime Minister Abe. European Council President Tusk will also receive the Recommendations before the EU-Japan Summit.

As in previous years, the FTA/EPA was at the heart of the debate, with 'speed vs. substance' as the main paradigm. Some BRT Members expressed their optimism regarding the prospects of reaching an initial agreement on concluding the FTA/EPA before the BRT's next annual meeting. On 'regulatory cooperation,' the BRT welcomed and declared its support to the Authorities' recent initiative on signing a Joint Document, while emphasising at the same time that the new METI/DG GROW initiative should not preclude the negotiation on the regulatory aspects under the FTA/EPA and that industry should be involved in the process. Regarding COP21, during their discussions the BRT Members emphasised that whilst a reduction in energy consumption is essential, for green energy solutions considerable investment and technology transfer are required. In their Recommendations, the BRT Members also expressed their support for the sage use of nuclear energy. The BRT also considered current and potential possibilities on cooperation in transport-related sectors.

The next (18<sup>th</sup>) BRT annual meeting will be held in Tokyo in 2016.

#### DETAILS

The 17<sup>th</sup> EU-Japan Business Round Table meeting proper took place in Brussels on 28 April 2015 at the Palais d'Egmont, having been preceded by a drink and dinner reception the previous evening. The theme was "EU and Japan – Paving the way for a renewed industrial partnership" and in addition to the formal opening and closing sessions and the Joint Session with the Authorities, it had 4 topical sessions: on the FTA/EPA, regulatory cooperation, COP21 and on EU-Japan transport cooperation.

#### Attendance

140 people took part in the meeting (57 Europeans and 83 Japanese) which was co-chaired by Fabrice BRÉGIER (President & CEO, Airbus S.A.S.) and Kazuo TSUKUDA (Senior Executive Adviser, Mitsubishi Heavy Industries, Ltd.). The EU and Japanese Authorities sent high-level participants: From the European Commission – Carlos MOEDAS, Commissioner, Research, Science & Innovation; Daniel CALLEJA-CRESPO, Director-General for Internal Market, Industry, Entrepreneurship and SMEs; Jean-Luc DEMARTY, Director-General for Trade; Maria ÅSENIUS, Head of Cabinet for Cecilia MALMSTRÖM; and Zoran STANČIČ, Deputy Director-General for Communications Networks, Content & Technology. From Japan: Yoshihiro SEKI, Parliamentary Vice-Minister of Economy, Trade and Industry; Naoki ITO, Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs; and Kiyoshi MORI, Director-General for International Affairs, Global ICT Strategy Bureau, Ministry of Internal Affairs & Communications.

## Monday, 27 April 2014

### Drinks Reception and Gala Dinner

Yoshihiro SEKI (Parliamentary Vice-Minister of Economy, Trade and Industry, METI) and Daniel CALLEJA-CRESPO (Director-General for Internal Market, Industry, Entrepreneurship and SMEs, European Commission) gave the keynote addresses during the drinks reception. Elżbieta BIENKOWSKA, Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs had intended to take part but was unable to do so, due to an unexpected flight delay.

Carlos MOEDAS, the Commissioner for Research, Science and Innovation gave the keynote dinner speech and Jean-Luc Demarty, Director-General for Trade, European Commission also spoke.

## Tuesday, 28 April 2014

### EU and Japan-side Preparatory Meetings

At the EU-side meeting, following the usual tour de table, the guest speaker was Dominique LAMBERT (Policy Officer – Japan, DG GROW). The guest speakers at the Japan-side Preparatory Meeting were H.E. Keiichi KATAKAMI (Ambassador of Japan to the EU), MOFA's Naoki ITO and Tetsuro FUKUNAGA (Executive Director, Japan Machinery Center for Trade and Investment).

### Opening Session

**Fabrice BRÉGIER** stressed the importance of cooperation for the future of the European and Japanese economies, and the impact the EU-Japan FTA/EPA would have on trade and investment. **Kazuo TSUKUDA** addressed the notable improvements in the Japanese economy and how business activities are becoming more global: 19% of Japan's trade is with its FTA partners, it hopes to increase this to 70% by 2018. The EU-Japan FTA/EPA, TTP, etc. are the foundation of global cooperation. For the FTA/EPA to be concluded by the end of 2015, negotiations must accelerate, but attention must also be paid to NTBs and to shared values (environmental issues, rule of law, labour rights, etc.).

### THEME 1: EU-Japan FTA / EPA – the current status

*The first themed discussion looked at the current status of the FTA/EPA and the expectations of EU and Japanese industry. It was chaired by Fabrice BRÉGIER.*

#### Presentation by Members

**Markus BEYRER** emphasised BUSINESSEUROPE's commitment to the FTA/EPA negotiations and the hope that an agreement is on the way, as soon as the substantive issues will be addressed. However, much work is still needed to remove NTBs and improve investment opportunities. He insisted that the European businesses expect a 'living FTA' to include regulatory cooperation. The regulatory cooperation process within the industrial dialogue should not be a substitute for the legally enforceable regulatory cooperation chapter in the FTA. Furthermore, he mentioned that it is expected that the EU-Japan FTA should be more ambitious than the TPP.

**Noriaki HASHIMOTO** (JBCE) said the FTA/EPA should be supported for the economic benefits it will give both regions; for enabling the EU and Japan to tackle common societal challenges together; for increasing scope for R&D investment and cooperation and the resulting economic benefits; and, for creating a predictable business environment in both regions, underpinned by regulatory cooperation.

Furthermore, the representative of the Japan Business Council in Europe reminded of the large number of Japanese companies present in Europe (26,000) and the large number of working places they generate (500,000) and emphasised the strong support of the Japanese business community for the early conclusion of the FTA/EPA, by the end of 2015.

## Discussion

Mr YONEKURA (Sumitomo Chemical) stressed the importance of the EU market for Japan and the significant benefits the FTA/EPA will have for both regions and for the global economy. The EU-Japan industry dialogue must continue and firms should advise Authorities on the important matter of NTBs. After a few years of not-so smooth negotiations, now is the time for industry to speak up and urge the Authorities to follow the timeline and conclude the agreement in 2015.

Mr FUKUKAWA (GISPRI) warned that as the 3 regional agreements (FTA/EPA, TTP and TTIP) could have contrary results due to differences in business environments, the BRT plays a crucial role in advising the Authorities when it comes to creating rules for free, but regulated, worldwide trade. Mr ISRAËL (Arianespace) addressed satellite launch services and the risks that the Japanese market may be becoming more closed and hoped that it would open more thanks to the FTA/EPA. Mr WITT (Siemens) supported Mr HASHIMOTO's call for an ambitious agreement as well as Mr BEYRER's call to place substance over speed, and expressed his hope that both could be combined.

In conclusion, Mr BRÉGIER said, the FTA/EPA can be mutually and globally beneficial, but concessions are needed from both sides to reach a solid agreement.

## **THEME 2: Developing 'Regulatory Cooperation' (in the Post FTA era)**

*The second themed discussion addressed the 'Regulatory Cooperation' and the 'Joint Document' issued in the context of the EU-Japan Industrial Dialogue. Regulatory cooperation will remain essential after the conclusion of the FTA/EPA to ensure consistency and transparency and create sustainable cooperation through common rules. This session was chaired by Kazuo TSUKUDA.*

### Report by the Japanese and EU Authorities

**Kazushige NOBUTANI** (METI) explained the link between regulatory cooperation and the removal of NTBs: the cooperation must start in the early stages; it should be forward-looking, with new regulations for new products, creating a more efficient global value chain which also benefits SMEs; and it must be developed in close cooperation with industry as the Authorities' ideas must be based on economic reality. Only if EU-Japan regulatory cooperation is developed further, can the FTA/EPA be a living agreement and can both regions reach economic integration.

**Carlo CORAZZA** (European Commission, DG GROW) agreed that regulatory cooperation is essential to increase the competitiveness of Japanese and European companies and expressed his appreciation for the joint document. He identified a few strategic industrial sectors for regulatory cooperation: robotics, chemical, automotive, sustainable building, medical devices and advanced manufacturing.

### Presentation by Members

**Hitoshi KAWAGUCHI** (Nissan) used the automotive sector to illustrate the importance of the FTA/EPA and regulatory cooperation: Japanese automotive companies are deeply rooted in the EU market, contributing to local economies, and sales of European automotive brands in Japan have been rising over the past two decades. Regulatory cooperation in the framework of the FTA/EPA will allow firms to avoid wasting time and money on different products for different markets with different rules, and instead spend their resources in more strategic areas. The EU and Japan already play a leading role in the global harmonisation of rules in the automotive industry, and the FTA/EPA will enhance this.

**Wolfgang WEBER** (BASF) explained how chemical companies are wasting time and money in much the same way, through diverging labels, test methods, etc. Regulatory cooperation should be an ongoing process and not stop when an FTA/EPA has been reached. Regulatory cooperation should promote a common understanding on chemicals management and create regulatory certainty and transparency for stakeholders. It will allow global standards to be further developed and implemented by EU and Japanese companies. Mr Weber expressed the full support of the European industries for the regulatory cooperation joint document.

## Discussion

Mr NAGAYAMA (Chugai) explained that regulatory harmonisation has improved in the healthcare sector, but issues of redundancy still remain. A mutual agreement on good manufacturing practices was created in 2002, but does not include all EU Member States. Including this in the FTA/EPA will be good for future business opportunities, and cooperation will lead to increased R&D and innovative medicine. Kyohei TAKAHASHI (Showa Denko) explained that as chemical industry goods are traded globally, their usage should be controlled globally as well. The EU and Japan can set an example for global cooperation which will lead to greater transparency in the industry.

Mr STEIN agreed with Mr KAWAGUCHI and added that regulatory cooperation should be extended to areas which are not covered by EU legislation so far. Mr ISRAËL expressed his hopes for openness in the satellite sector. Mr BEYRER wondered how we can oblige EU Directorates-General and Japanese Ministries to continue their efforts. Mr RISBERG, the EBC representative, insisted that the new regulatory dialogue should make a change with the past and ensure that an implementation structure should be in place instead of yet another 'empty discussion' forum. He said the Authorities should create a structure to deal with any issues which may arise, to prevent standstills. Mr NOBUTANI stressed the importance of industry involvement. Mr KAWAGUCHI said the issues were different for each industry, and that business-to-business dialogue should continue.

In conclusion, Mr TSUKUDA said several regulatory issues will still need to be tackled, and discussions between the Authorities and business must continue for this reason.

## **THEME 3: Energy & Climate Change – BRT Position on COP 21**

*The third discussion addressed how the EU and Japan should tackle the issue of CO<sub>2</sub> emissions. Considerable investment is needed to improve and develop the necessary technologies and it should be supported by new financing frameworks. Reducing energy consumption is also a key element. Progress and technologies attained in developed countries should be exported to third countries, especially to emerging economies. Session chaired by Fabrice BRÉGIER.*

### Presentation by Members

**Baptiste BUET** (AREVA) reminded everyone that reaching an agreement to keep global temperature increases over the coming decade to below 2°C (as opposed to a 5°C) is a major priority. France and the EU are doing quite well in reducing their CO<sub>2</sub> emissions, thanks to renewable energies and especially nuclear plants. Investment in low CO<sub>2</sub>/GHG technologies should be accelerated.

**Hideichi OKADA** (NEC) pointed out that as a result of closing all its nuclear power plants after the Fukushima disaster, Japan had to import more oil and has two major challenges: restarting its nuclear power plants, and creating a new energy policy to combat GHG emissions. Energy-saving and technology innovation are keys to tackling the climate issue. Emerging economies need to be helped with this, as these countries' CO<sub>2</sub> emissions already exceed the emissions from developed economies. He reminded the BRT of the establishment of the 'Fukushima Renewable Energy Institute' and the Keidanren proposal on 'Voluntary Action Plan on Environment'.

### Discussion

Mr LIENHART (Saint-Gobain) highlighted the neglected importance of 'energy efficiency' over energy saving and energy generation. He emphasised that the energy transition is costly and that CO<sub>2</sub> emissions should have a cost in the future (taxes, fees etc.) – generated additional revenues should be directed towards renewable energy products and solutions. Considerable energy reductions are possible, particularly in the building sector. The extra energy should go to industry, maintaining sufficiently-low energy prices and keeping the companies from moving production to lower-cost countries. This should be accomplished mostly through innovation and cost savings.

Mr FRANC (Air Liquide) stressed that energy transition is very costly, but has a very strong growth potential. Companies cannot take the financial risk alone, so new financing frameworks should be developed. There should be a guarantee that investments will be paid back, through a CO<sub>2</sub> tax for example. Mr FORCEVILLE (La Poste Group) declared that the postal sector is committed to reduce emissions. His company has started discussions with Japan to exchange technologies. Mr AVRIL (BNP Paribas) highlighted the fact that Public-Private Partnerships currently do not exist in Japan. He suggested that the Japanese Government should allow

private money to finance semi-public projects as energy transition, since such a framework is working well in Europe.

Mr KOIZUMI (Toray) saw 3 objectives: providing solutions to environmental issues; ensuring energy security; and creating sustainable economic growth. This can be reached by combining both Japanese and European technologies and expertise in order to build the highest interrelated system on the commercial stage. Continuously-adapting the available technologies is key. Carbon emission reductions need a viable, transparent and sustainable regulatory framework. Mr LOCHBIHLER stated that two thirds of Rolls-Royce's R&D and innovation budget goes on improvements on environmental footprint and energy cost savings. He welcomed the emphasis put on the call for technological innovation and called on the Authorities to establish a good framework. He ended by stating that global problems call for global solutions.

Mr BRÉGIER concluded that the goal of CO<sub>2</sub> emission reduction is not yet fixed, but having a clear aim is already an important step. A reduction of energy consumption is definitely worth considering.

#### **THEME 4: EU-Japan Transport Cooperation**

*The final discussion addressed cooperation in transport: Close cooperation on many advanced sectors can enhance the competitiveness of products and therefore satisfy customers. Specific platforms of exchange should be created. Some bilateral agreements already exist covering the aeronautical, space and automobile industries. Session chaired by Kazuo TSUKUDA.*

##### Presentation by Members

**Yoji OHASHI** (ANA) explained that with the rapid growth of air traffic in Asia, Japan is expected to become a major regional hub. There is a lot of cooperation between airlines, aircraft manufacturers and related companies (e.g. ANA/Airbus, Rolls-Royce and MRJ). ANA hopes to collaborate with EU companies in third markets – such as a regional hub in Indonesia.

**Eckart VON KLAEDEN** (Daimler AG) addressed the emerging market for autonomous and connected driving, identifying advantages it offers and the steps that industry and the Authorities should take to raise awareness and shape its framework. He hoped that Japan and the EU would harmonise standards and establish pilot projects (e.g. at the 2020 Tokyo Olympics).

##### Discussion

Mr ITO (Fujitsu) insisted on the prevalence of information technology in the transport sector and the crucial role of cyber security. Also the spread of the 'IoT' is bringing a more-and-more connected world, which further increases the need for cooperation on cyber security. He stressed that operators and internet providers are already aware of the challenge and the need for continuous improvement. Outcomes could also be shared with third countries. Mr FORESTIER (Dassault Systèmes) mentioned that strong partnerships between the EU and Japan exist – such as a number of initiatives on the 'Future of Industries' and also EU-Japan cooperation in the space sector (the first joint launches of 2 new space rockets are planned for 2020). He hoped for more cooperation. Mr FUKUKAWA (GISPRI) hoped that the BRT will make further efforts to promote tourism cooperation between Japan and the EU. Mr WITT (Siemens) told the BRT that he would have private discussions on aeronautical cooperation that afternoon.

#### **Endorsement of Recommendations, Press Release & COP21 paper**

Mr BRÉGIER called for the approval of the press release, COP21 and joint recommendations by a round of applause. He explained that European Commission President JUNKER would receive the documents the following day; and that PM ABE would get them at a slightly later date, but before the EU-Japan Summit (in Tokyo on 29 May). The co-Chairmen thanked the Sherpas for the clear and thorough job they have done in order to provide the recommendations and for their help.

#### **Lunch by Working Party**

During the lunch, BRT Members and their main Sherpas were seated according to working party so as to facilitate discussions.

## **Joint Session with the Authorities**

### Conclusions of the Themed Discussions

**Mr BRÉGIER** restated the BRT's wish for a balanced, ambitious and urgent FTA/EPA including mechanisms to avoid new barriers emerging. He pointed out that the EU and Japan have similar views on topics such as security, R&D, energy and climate change. To increase efficiency, concessions will have to be made by both sides in order to provide harmonisation such as on labelling issues Japan and the EU should work even closer together in the future to combine their technologies.

**Mr TSUKUDA** stated that the voices of the business community are crucial to accomplishing regulatory harmonisation. He reiterated the call for an ambitious FTA/EPA, and pointed out that the BRT strongly believes that the FTA must and will benefit both sides. A lot of cooperation between Japan and the EU could reduce carbon emissions. More should be done through partnerships in the areas of aircraft certification and tourism. Responding to Mr ISRAËL's comment on Japan's 'closed' launcher market, Mr Tsukuda hoped that more could be done together in the future.

### Brief reports by Working Party Leaders

*Working Party Leaders or their Representatives presented the key priorities and issues of concern to their Working Party. Kazuo TSUKUDA chaired this part of the session.*

#### *WPA: Trade Relations, Investment & Regulatory Cooperation*

**Danny RISBERG** (EBC) restated the benefits of an FTA/EPA and called for effective and quick implementation of the WTO Doha agenda in order to boost global trade by reducing its associated costs by 10-15%. The mutual recognition of products certified under similar international standards should be implemented as rapidly as possible in order to benefit end consumers and thus increase the turnover of EU and Japanese companies. Other recommendations included the expansion of bilateral social security agreements and information exchanges between the EU and Japan in order to improve regulation in both regions; more help for SMEs to boost global trade and investment; and that alternative-fuelled cars would reduce global carbon emissions. The Government of Japan should ensure free and open competition in services; revise its AEO system and introduce tangible benefits for operators; and increase efforts to open up the Japanese public procurement market.

**Hitoshi KAWAGUCHI** (Nissan) voiced his strong support for Europe 2020 and called upon the EU and its Member States to redouble their efforts to harmonise rules and to eliminate legislative duplications. He hoped that the EU Authorities would eliminate high customs tariffs (e.g. 14% on a/v products and 10% on passenger cars) and recommended a common methodology and interpretation for chemical regulation. This could be achieved through an FTA/EPA. Consumers should be able to buy low-consumption products at affordable prices in order to reduce carbon emissions. The BRT supports the EU's CCCTB directive proposal, and hoped for its adoption. To improve the competitiveness of the EU economy, the CCCTB will need to meet several objectives. International trade must also focus on CSR – especially regarding conflict minerals (by increasing traceability).

#### *WPB: Life Sciences & Biotechnology, Healthcare & Well-being*

**Osamu NAGAYAMA** (Chugai Pharmaceutical) welcomed the EU's ratification of the Nagoya Protocol, however, industry should be consulted on the Protocol's adoption and implementation to avoid enormous financial burdens being placed on certain industries. Operational burdens could harm productivity. Regulatory harmonisation in healthcare would overcome issues such as unclear definitions and vague legislation. Mutual recognition of medical devices product licenses and quality management audit results would widen access to genetic resources and help ensure a fair and equitable sharing of benefits. Japan should abolish its system of 14-day prescriptions, thereby ending the need for long-term patients to visit hospitals on a regular basis. Authorities and stakeholders should address the introduction of health technology assessments into the drug pricing system. The private sector should speed up research into GMOs, and keep the public informed. MAFF and the EU agencies should collaborate more closely and reach common positions on mutual recognition and marketing authorisation for animal health products.

**Bernd HALLING** (Bayer AG) called for the increasing use of drug prescriptions thanks to the prevalence of databases and for the preservation of innovation platforms and biotech clusters.

*WPC: Innovation, Information & Communication Technologies*

**Chiaki ITO** (Fujitsu) welcomed the EC's decision to prioritise the DSM within its broader policy agenda and to highlight the single data protection rule as an important part of it. More must be done on cybersecurity for critical infrastructure. Further cooperation between the EU and Japanese Authorities on a safe and robust infrastructure based on ICT support should be encouraged. They should cooperate on maintaining an open and transparent internet through harmonised governance. Cooperation has to remain strong if the Horizon 2020 objectives and EU-Japan strategic efforts in R&D are to be achieved. The EU and Japan should seek to shape international negotiations on cybersecurity, in particular in the area of forced localisation measures. International standardisation projects should be promoted, and joint R&D calls should be issued.

**Stéphane ISRAËL** (Arianespace) urged both sides to: conclude an aviation FTA agreement as soon as possible; increase bilateral cooperation, particularly in the field of helicopter navigation regulations; and introduce a mutual backup cooperation scheme of government satellite launches using Japanese and European launcher fleets. Cooperation between the EU and Japanese defence industries is showing promising signs of improvement thanks to significant changes in Japan's defence sector, but must be nurtured and developed by both sides. On railways, both sides should establish an open description of compliance requirements; and there should be full implementation of the current validation processes and commitments made by both sides on transparency and non-discrimination in procurement, and of the operational safety clause agreed in 2014.

*WPD: Financial Services; Accounting and Taxation*

**Makoto KINONE** (Nomura Securities) called for uniformity in cross-border regulations so as to realise free and fair taxation and to enhance direct investment in both regions. International standards would undoubtedly boost economic growth on both sides. The BRT is concerned by the proposed EU Financial Transaction Tax which will reduce the volume of financial transactions and decrease liquidity in the EU and Japanese economy in the long term. Regulatory reform is needed, regulators should continue to address the impact of reforms and new regulations on the real economy and take a coordinated approach in reducing the extraterritorial impact of rules introduced in one jurisdiction.

**Philippe AVRIL** (BNP Paribas) felt that anti-tax measures would benefit large companies widely considered to be experts in tax avoidance. Therefore, the EU and Japanese Authorities should carefully consider the risks of excessive disclosure requirements and anti-tax avoidance measures so as not to hamper multinational enterprises' business activities. The Government of Japan should develop a detailed roadmap towards its goal of a primary-balance surplus by the 2020 FY. Both sides should modernise their existing tax treaties.

*WPE: Energy, Environment and Sustainable Development*

**Hideichi OKADA** (NEC) welcomed the fact that Japan and the EU are developing low carbon technologies. Nuclear power is still considered to be a competitive source of energy. Climate change issues must be answered at a global level, and the EU and Japan should redouble their efforts to raise this issue with other GHG-emitting countries. In addition, Japan and the EU should accelerate the development of next generation renewable energy technologies and to promote these technologies globally. Furthermore, in order to reduce greenhouse emissions, Japan should seriously consider restarting its nuclear power plants that are located in 'safe' areas.

**Baptiste BUET** (AREVA) emphasised the importance of energy savings in the building sector, considering it to be a key pillar within the carbon emissions reduction strategy. He encouraged the BRT participants to attend and involve themselves in the COP21, stating that an ambitious agreement at COP21 is of paramount importance. Decarbonisation efforts must be cost-effective. Furthermore, the EU and Japan share the same priorities regarding global warming, and should work together to raise this issue at the COP21 in Paris.

Presentations by the Authorities

*This mini-session provided an opportunity for Japanese and European Authorities to respond to the reports presented by the 5 Working Parties and to outline their own views on the key issues discussed at this 17<sup>th</sup> Meeting, particularly in the context of the FTA/EPA negotiations. The Authorities were unanimous in congratulating the EU-Japan BRT for a very successful meeting, and thanked the Members for their impressive work and the high quality input presented by the different Working Parties. They all noted the timeliness and relevance of proposals made, and vouched to consider them carefully. The Authorities recognised the prime importance EU and Japanese industries' input into the ongoing bilateral discussions, notably in the perspective of the FTA/EPA process. They stressed that both sides' Industries were in a unique position to*

*actively inform discussions by the EU and Japanese Authorities, and, due of their hands-on knowledge of technologies and markets, to provide detailed, constructive solutions on key issues, including on regulatory dialogue. The Authorities strongly encouraged BRT and its Members to remain actively involved in the FTA/EPA process in order to keep the momentum, and to ensure a speedy adoption of an ambitious and comprehensive agreement. The Japanese Authorities insisted on the possibility of reaching an agreement before the end of 2015, while the EU Authorities insisted on the issue of ‘substance’ which should prevail over ‘speed’. This part was chaired by Fabrice BRÉGIER.*

**Yoshihiro SEKI** (Parliamentary Vice-Minister of Economy, Trade and Industry, METI) warmly congratulated the BRT for a highly successful meeting, and thanked the co-Chairs for their leadership. He recalled President JUNCKER’s and Prime Minister ABE’s commitment last November to accelerate negotiations in order to achieve an ‘agreement in principle’ on a comprehensive FTA/EPA by the end of this year. In that perspective, the BRT Meeting represented an important milestone. Vice-Minister SEKI set out his expectations from BRT Members in two key areas: the FTA/EPA negotiations and regulatory cooperation. As regards the FTA/EPA, he noted that this was a key year for both partners to achieve agreements not only on tariffs, but also on domestic measures impacting trade and investment. The EU and Japan were now in a unique position to lead global rule-making in areas such as investments, IP, standards and regulations. EU-Japanese relations have become stronger, with the progress of the Japanese economy and the strengthening of trade between the two partners. He recalled that, for the third year in a row, the EU has enjoyed a trade surplus, and that Japanese companies were responsible for over 500,000 jobs in Europe. At the same time Japan has become the most investment-friendly country in the world with active investments from EU companies.

Mr SEKI saluted the new level of cooperation between Japanese and European companies, particularly in aeronautics and in the car sector (Nissan-Daimler joint venture in Mexico), and their success in winning jointly large international infrastructure contracts (Thales-Mitsubishi for the new Qatar metro). A successful FTA/EPA would considerably increase such investments and economic opportunities, boost innovation, and even have a positive impact on third countries. For that, strong continued support from industry will be needed.

In the area of regulatory cooperation, Vice-Minister SEKI called for ongoing resolute engagement by BRT companies. The public and private sectors needed to collaborate closely from the early stages of policy setting in order to achieve effective regulation. In this perspective, he welcomed the achievements of the METI/DG GROW Industrial Policy Dialogue. He strongly encouraged BRT Members to keep contributing to this regulatory cooperation dialogue, as well as to the FTA/EPA process. He underlined that the Japanese Government welcomed the BRT recommendations to deepen regulatory cooperation. Through such cooperation, Japan and the EU should be a driving force in global rule-making – and in the development of the world economy.

**Daniel CALLEJA-CRESPO** (Director-General, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, European Commission) expressed his keen interest in the very detailed recommendations, presented by the 5 Working Parties. He took note of the very precise set of concrete proposals put forward by BRT in a wide variety of sectors, and assured participants that the measures proposed would be carefully considered by the Authorities. Congratulating the BRT for its key role in strengthening the political and economic relationship between the EU and Japan, he encouraged the BRT to continue providing the Authorities with their recommendations.

Underlining the progress made by both the private sector and public authorities since the last BRT meeting, he outlined some of the key measures taken by the new European Commission – including the launch of the Strategic Investment Fund, the proposal on the Energy Union, the forthcoming Digital Single Market Strategy, the ambitious Internal Market Package on goods and services under preparation for the end of the year, as well as the new Trade and Investment Strategy. Boosting growth, jobs and investments, these measures will have a direct positive impact on EU-Japan economic relationship. He underlined the commonality of challenges facing both the EU and Japan, already mentioned by Vice-Minister SEKI. Japan and the EU are natural partners, and innovation and internationalisation are key to success for both sides. This is why both the EU and Japan are fully engaged to reach an ambitious and comprehensive FTA/EPA agreement. He stressed that substantial differences still remained in many areas before reaching a satisfactory outcome, but reiterated both sides’ commitment to complete negotiations ‘as soon as possible’ with focus on substance and comprehensiveness.



Director-General CALLEJA-CRESPO reminded participants of the excellent progress achieved in the area of regulatory cooperation, in conjunction with the METI. The objective is to remove existing obstacles and improve the business environment. However, regulatory cooperation should also be forward-looking and seek to prevent future NTBs. The legislative process has started on both sides. The earlier both sides cooperate, the better they can avoid future regulatory hurdles. However, he underlined the fact that regulatory cooperation under the industrial dialogue cannot be a substitute for the regulatory aspects to be dealt with under the FTA/EPA negotiations. Thus, the new dialogue can complement but cannot substitute the FTA negotiations. Both processes are mutually supportive in the context of a broader vision of EU-Japan cooperation. The support and input from the industries is essential in the regulatory cooperation, for a win-win result.

**Naoki ITO** (Deputy Director-General, Economic Affairs Bureau, MOFA), in his turn, congratulated the BRT for its achievements and its contribution to strengthen EU-Japan relationship over many years. He thanked, in particular, BRT Members for their precise and forward-looking recommendations in the FTA/EPA process.

Like the previous speakers, he stressed the commonality of challenges faced by Japan and the EU – fiscal consolidation and economic growth – which make them natural partners. Achieving a common FTA/EPA framework should provide a new source of growth. In this context, he outlined the Japanese Government's engagement in a series of bilateral trade agreements, complementary to the WTO process – notably the TTP and the EU-Japan FTA/EPA. All these agreements share a common timeline and a common logic – to provide more growth. Like previous speakers, he noted that the EU and Japan are uniquely well positioned to influence global values and global rule-making, if they succeed in reaching an agreement on the FTA/EPA. He debriefed participants on the recent 10<sup>th</sup> round of negotiations which should provide input into the forthcoming EU-Japan Summit. As regards timing, he agreed that it was natural to aim at a high level of ambition, but that, most importantly, the need was to reach an agreement speedily. The target date of end 2015 was ambitious but doable.

On substance, he outlined a number of key issues part of the FTA/EPA, preferring the term 'non-tariff measures' to the more negative 'non-tariff barriers'. In the area of automotive, he noted that Japan had already adopted 38 of the 47 WTO regulations, and 40 out of 45 in the area of food additives. For pharmaceuticals, including regenerative medicine, despite substantial progress, some difficulties remain, in particular with the second list of issues put forward by the EU. Mr Ito stressed, also like previous speakers, the importance of regulatory cooperation to ensure transparent and predictable mechanisms for better business environment. Japan is currently discussing how to integrate the process of regulatory cooperation into the FTA/EPA. He also raised the issue of the ratification by Japan of the Nagoya Protocol, which has been opposed by part of the industry. The previous Government's decision to ratify the Protocol is now on hold, pending further consultations with stakeholders. One promising area of industrial cooperation between EU and Japan is undoubtedly railways, where obstacles such as safety issues in procurement by Japan have been identified and are being addressed.

In conclusion, he reiterated his thanks for the extremely valuable and forward-looking contributions from the BRT on how to improve business environment, how to conduct economic diplomacy. These are being duly taken into consideration by the MOFA and other Japanese Ministries.

**Maria ÅSENIUS** (Head of Cabinet for Cecilia Malmström, Commissioner for Trade, European Commission) reminded participants of the EU's ambitious trade agenda – and the fast growing importance of free trade agreements. Previously, free trade agreements covered less than ¼ of EU trade, now they cover ⅓ and tomorrow, if we succeed, they will account for a full ⅔ of EU trade.

She stressed that 2015 was a key year for EU-Japan FTA/EPA negotiations. Both sides need to keep the momentum, but also to ensure that the future agreement is ambitious and comprehensive – covering a wide range of issues: trade in goods; but also NTBs, service, investment, public procurement. A successful agreement should create considerable opportunities for growth and jobs. For example, there is currently not a lot of EU investment in Japan, and this shows the potential that exists. Tariffs are low on both sides, but there are still opportunities to remove tariffs in many areas – food, drinks, and agricultural products, while respecting each other's sensitivities. However, the EU cannot accept being treated differently from what has been offered by Japan to its other partners. Beyond tariffs, the FTA/EPA should address the business environment and

NTBs – for example in public procurement. The railway sector shows what can be achieved. She focused on these NTBs which are unnecessary and create needless delays and costs. For example an agreement in the automotive sector, where Japan is closer to the EU than the US standards, could help Japanese and European manufacturers develop global standards, and global markets. Many other sectors (pharmaceuticals, construction materials, electrical equipment, cosmetics, etc.) could benefit from a similar agreement.

Acknowledging that there is still a lot of work to do, Ms ÅSENIUS called for a level of ambition which ‘made sense’ – which proved to Member States and EU and Japanese citizens that there are concrete benefits for them. This is why, in the EU’s view, substance is more important than speed. Like other speakers, Ms ÅSENIUS thanked the BRT for its extremely useful contributions, and asked for continued support from the EU and Japanese industries. Active and vocal support as well as technical expertise from EU and Japanese industries will be essential to succeed. The business community has a crucial role to play – as they know better than most others what true benefits a successful FTA/EPA can deliver.

**Kiyoshi MORI** (Director-General for International Affairs, Global ICT Strategy Bureau, MIC) outlined four key issues. On internet governance, he reminded participants that in an environment where many governments try to control the internet, Japan and the EU, as well as the US, share a common view to maintain the free flow of information on the internet. The EU-Japan ICT Policy Dialogue, reconfirmed this fundamental principle recently. Mr MORI called upon industry for its support. Cybersecurity is a key issue on which business, private sector and public authorities should work closely together. In this area the BRT has a key role to play, and its recommendations are important for both Authorities. As regards data protection, there is a need to promote a balanced system whereby personal data is protected, while allowing for the innovation opportunities provided to business by ‘big data’. Japan and the EU are both developing regulations to ensure a proper balance. On 5G, EU-Japan cooperation will be social to create innovation across all industries. This is a crucial area where the EU and Japan can build global leadership. The recent MoU between the two sides is a first step in this direction.

**Zoran STANČIČ** (Deputy Director-General for Communications Networks, Content & Technology, European Commission) stressed the value of this now well-established EU-Japan ICT Dialogue. Issues discussed match the preoccupations the BRT’s ICT Working Party, and are particularly relevant in the context of the FTA/EPA negotiations. Like Mr. Mori, he outlined the commonalities of approach between Japan and the EU on many key issues in the area of ICT including internet governance, data protection, and cybersecurity. On internet governance, the EU and Japan share the same values, and will closely coordinate positions before the forthcoming big meeting under the auspices of the UN. Both partners will keep pushing to maintain the present multi-stakeholder governance, leading a group of like-minded ‘friends of the multi-stakeholder approach’. On telecom regulation, both sides are defending the key principle of the independence of the telecoms regulator. On data protection, EU and Japan are in agreement to protect citizens, while not hampering data flows. Both sides work also closely in the area of cybersecurity, a key issue for business, as well as governments. Additionally, both partners are closely involved in each other research programmes, with 10 ongoing projects (5G, Internet of things, cloud computing, ‘Big Data’ etc.), and a forthcoming joint call targeting new areas (Healthy Ageing, Robotics).

Like previous speakers, Mr. STANČIČ stressed the importance of the industry’s voice to prepare government to government discussions. Concrete proposals from BRT are extremely valuable. Industry and public authorities need to work collectively, particularly to ensure the success of the Tokyo 2020 Olympics.

## Discussion

Opening the discussion, Mr BRÉGIER, summarised the key message of this session: the need for both ambition and speed to complete the FTA/EPA negotiations. This BRT Meeting was hopefully the last before an agreement between the EU and Japan on concluding the negotiations. Subsequent speakers commented and addressed the Authorities on a wide range of issues, including the recent progresses in harmonisation, simplification and clarity in the area of medical devices (Mr NAKAO, Terumo); the issue of EU NTBs (excessively strict regulations) in the area of Japanese cultural heritage foodstuffs like ‘dashi’ (Mr YAMAGUCHI, Ajinomoto); the difficulties posed for e-commerce operators by the adoption of EADs

(electronic advance data) for customs declarations, and by the need to comply with divergent data protection rules (Mr FORCEVILLE, La Poste Group). Other speakers called for increased cooperation in research and, in particular, better information on the opportunities offered to Japanese organisations by Horizon 2020 (Mr KOIZUMI, Toray); for deeper regulatory cooperation, with the setting of clear and transparent milestones to measure progress (Mr HASHIMOTO, JBCE); for clear and efficient mechanisms to share best practices between industrial sectors (Mr RISBERG, EBC and Philips) – an area where BRT could play a key role. Mr BRÉGIER concluded that in view of the future conclusion of the FTA/EPA, we will have to consider what the future role of the BRT will be and suggested that the BRT and business organisations should be involved in monitoring FTA compliance/implementation.

### **Closing Session**

**Fabrice BRÉGIER** commended all participants on a very productive session. He thanked the EU and Japanese teams, praising the detail of their Recommendations as well as the increasing alignment of both sides on many issues. He also remarked that a signed FTA agreement between the EU and Japan will be extremely useful, and vowed that the BRT will do everything in its power to make this happen.

**Kazuo TSUKUDA** began by quoting Victor HUGO, who described the Grand Place in Brussels as the world's most gorgeous square. It was a privileged to witness a well-organised and hosted BRT in such a beautiful setting. Mr. TSUKUDA also remarked that it was his first time participating in the BRT and he thanked Mr. BRÉGIER for his support. He also expressed his hope that the positive message from the BRT will be projected to the EU and Japan, and that the BRT's recommendations will be implemented in order to increase economic growth in both regions.

## **BRT documents**

Documents relating to the 2015 meeting can be found online at <http://www.eu-japan-brt.eu/annual-meeting-2015>, these include photographs, the [summary of recommendations](#), the press releases issued following the meetings with [President JUNCKER](#) and [Prime Minister ABE](#), the [recommendations by working party](#) and the [position paper on COP21](#).

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